Enduring Value

ITC Limited

REPORT AND ACCOUNTS

OF

SUBSIDIARY COMPANIES

2021

SUBSIDIARY COMPANIES

REPORT OF THE BOARD OF DIRECTORS & MANAGEMENT DISCUSSION AND ANALYSIS FOR THE FINANCIAL YEAR ENDED 31ST MARCH, 2021

1. Your Directors submit their Report for the financial year ended 31st March, 2021.

2. **ECONOMIC ENVIRONMENT**

The year 2020 proved to be a tumultuous one for the global economy in the wake of the COVID-19 pandemic that unleashed unprecedented disruption to human life and economic activity the world over. The long-term implication on societies and economies will be far reaching and are yet unknown.

The second wave of the pandemic has caused an unprecedented health crisis in India since February 2021, with large sections of urban and rural India becoming adversely impacted. Localised lockdowns have been announced across most states, with consequent disruptions in economic activities.

During the year, private consumption slowed significantly and de-grew by 9% (vs. growth of 5.5% in the previous year). The slowdown gathered momentum with disruptions in the supply chain and large scale job losses consequent to the pandemic induced lockdowns. The weakness in consumption and investment demand was partly offset by increase in Government spending.

In the above backdrop, Indian economy de-grew by 8.0% in real terms in 2020-21 compared to growth of 4.0% in 2019-20. Fiscal deficit for the year, which was earlier expected to be 3.5% of GDP, is now expected to be 9.5% of GDP, due to lower revenue collections in the first half of the year and additional government expenditure for stimulus. Current account deficit is expected to contract to about 1.2% of GDP from 0.9% in the previous year, aided by lower imports due to weak demand conditions.

3. **FINANCIAL PERFORMANCE**

Your Company delivered another year of decent performance across all financial parameters. Revenue from operations during the year was ₹ 6,138.81 lakhs (previous year: ₹ 6,290.40 lakhs). Net Profit for the year was ₹ 4,946.97 lakhs (previous year: ₹ 4,175.36 lakhs) and Total Comprehensive Income stood at ₹ 8,638.25 lakhs (previous year: ₹ (6,885.64) lakhs), reflecting the sharp recovery in market value of certain long-term strategic investments over the previous year which were severely impacted due to the pandemic. The Company continues to monitor its investments closely in the face of volatile market conditions and explore opportunities to make strategic investments for the ITC Group. Temporary surplus liquidity of the Company is mainly deployed in bonds, debt mutual funds, bank fixed deposits, etc.

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

	For the year ended 31st March, 2021 (₹ in lakhs)	For the year ended 31st March, 2020 (₹ in lakhs)
Profits		
a. Profit Before Tax	**5,840.59**	5,065.39
b. Less : Tax Expense	**893.62**	890.03
c. Profit After Tax	**4,946.97**	4,175.36
d. Add : Other Comprehensive Income	**3,691.28**	(11,061.00)
e. Total Comprehensive Income	**8,638.25**	(6,885.64)
Retained Earnings		
a. At the beginning of the year	**3,160.47**	6,448.14
b. Add : Profit for the year	**4,946.97**	4,175.36
c. Add : Other Comprehensive Income	**0.41**	(3.36)
d. Less : Transfer from Retained Earnings to Special Reserve	**989.39**	835.07
e. Less : Interim Dividend paid	**1,292.96**	5,495.07
f. Less : Income Tax on Interim Dividend	**–**	1,129.53
g. At the end of the year	**5,825.50**	3,160.47

4. **DIVIDEND**

During the year under review, Interim Dividend of ₹ 0.20 per Equity Share was declared by the Board of Directors of your Company ('the Board') on 30th March, 2021. 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 ₹ 1,292.96 lakhs has been proposed to be confirmed as the Final Dividend for the financial year ended 31st March, 2021.

5. **DIRECTORS AND KEY MANAGERIAL PERSONNEL**

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

During the year under review, Ms. Sheela Mukherjee (DIN: 08069509), consequent to her retirement from the services of ITC Limited, the Holding Company, stepped down as a Non-Executive Director of your Company with effect from close of work on 31st July, 2020. Your Directors place on record their appreciation for the contribution made by Ms. Mukherjee during her tenure.

The Board at the Meeting held on 21st October, 2020, on the recommendation of the Nomination and Remuneration Committee, appointed Ms. Priti Balaji (DIN: 08900013) as an Additional Non-Executive Director of the Company with effect from 22nd October, 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. Balaji 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 6th May, 2021, on the recommendation of the Nomination and Remuneration Committee, recommended for the approval of the Members, the appointment of Ms. Balaji 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. Balaji, who has also filed her consent to act as a Director of your Company, if appointed. Appropriate resolution seeking your approval to the said appointment is appearing in the Notice convening the ensuing AGM of the Company.

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

(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 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 also functioning of the Board Committees, in terms of Section 134 of the Act. The performance evaluation of the Board and the Directors, as in the previous year, was based on criteria approved by the Nomination and Remuneration Committee. Reports on functioning of Committees were placed before the Board by the respective Committee Chairmen after discussions with the Committee members.

(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 are as follows:

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

Risk Management Committee

Mr. R. Tandon (Chairman)

Mr. Saradindu Dutta

Ms. P. Balaji

Five meetings of the Board were held during the year ended 31st March, 2021.

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 2020-21 (₹ in lakhs)	FY 2019-20 (₹ in lakhs)	**FY 2020-21 (₹ in lakhs)**	FY 2019-20 (₹ in lakhs)
Subsidiary company				
Greenacre Holdings Limited	**564.72**	570.38	**371.10**	133.26
Associate companies				
International Travel House Limited	**6,215.66**	21,051.77	**(4,506.50)**	(741.08)
Divya Management Limited	**51.94**	53.34	**16.53**	16.37
Antrang Finance Limited	**28.27**	31.14	**10.17**	5.70
Russell Investments Limited	**349.68**	473.41	**226.51**	249.86
Maharaja Heritage Resorts Limited	**229.77**	368.59	**(68.37)**	38.96

10. **HUMAN RESOURCES**

Human Resource Development (HRD) practices in your Company are aligned with those of ITC Limited and are guided by the principles of relevance, consistency and fairness. In addition to the Key Managerial Personnel, the Company had 8 employees as on 31st March, 2021.

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

The details of 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 addresses risks intrinsic to operations, financials and compliances arising out of the overall strategy of the Company. Management of risks vest with the executive management which is responsible for the day-to-day conduct of the affairs of the Company, within the overall framework approved by the Board. The Internal Auditor of the Company periodically carries out risk focused audits with the objective of identifying areas where risk management processes could be strengthened.

The Risk Management Committee of the Board constituted in terms of the Non-Banking Financial Company - Systemically Important Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, 2016 periodically reviews the risk management framework of the Company, with the objective of addressing the existing and emerging challenges in a dynamic business environment. The Company has a Liquidity Risk Management Policy in terms of which the overall responsibility for management of liquidity risk vests with the Board. The Asset Liability Management Committee of the Board monitors the liquidity risks, if any, of the Company at periodic intervals. The IT Strategy Committee constituted in terms of the RBI's Master Direction on Information Technology Framework for NBFCs reviews and monitors the cyber security risks in the Company. In addition, the Audit Committee and the Board annually review the effectiveness of the Company's risk management systems and policies.

A combination of policies and processes as outlined above adequately addresses the various risks associated with the Company's businesses.

12. **INTERNAL CONTROL SYSTEMS**

Your Company has in place adequate internal control systems with respect to its operations, compliances as also internal financial controls with respect to the financial statements, commensurate with its size and scale of operations. The Internal Auditor periodically evaluates the adequacy and effectiveness of internal control systems in the Company. The Audit Committee which provides guidance on internal controls, also reviews internal audit findings and implementation of internal audit recommendations, if any.

During the year, the internal financial controls in the Company with respect to the financial statements were tested and no material weakness in the design or operation of such controls was observed. Nonetheless, your Company recognises that any internal financial control framework, no matter how well designed, has inherent limitations and accordingly, regular audit and review processes 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 (RPT) of the Company, as approved by the Board, is enclosed as **Annexure 4** to this Report.

During the year ended 31st March, 2021, the RPTs entered into by the Company were in the ordinary course of business and at arm's length basis. The details of material RPTs 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. **COST RECORDS**

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

18. **AUDITORS**

(a) **Statutory Auditors**

Messrs. 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 2021-22. 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, 2021. The Report of Messrs. S. M. Gupta & Co., in terms of Section 204 of the Act, is enclosed as **Annexure 6** to this Report.

19. **COMPLIANCE WITH SECRETARIAL STANDARDS**

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

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

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

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

On behalf of the Board

R. Tandon *Chairman*

Dated : 6th May, 2021

Saradindu Dutta *Director*

Annexure 1 to the Report of the Board of Directors &
Management Discussion and Analysis for the financial year ended 31st March, 2021

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, 2021

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

Name	Age	Designation	Gross Remuneration (₹)	Net Remuneration (₹)	Qualifications	Experience (Years)	Date of commencement of employment / deputation	Previous Employment / Position held
1	2	3	4	5	6	7	8	9
S. Suresh Kumar *	45	Chief Financial Officer	1,26,61,505/-	61,04,383/-	B. Com. (Hons.), A.C.A., C.M.A.	21	01.01.2015	Manager (Domestic Treasury) - ITC Limited
N. Bajaj*	37	Manager & Company Secretary	69,17,086/-	44,26,453/-	B. Com. (Hons.), A.C.S., M.B.L.	13	01.10.2019	Assistant Secretary - ITC Limited
T. Sarkar	57	Manager	14,17,559/-	10,29,944/-	B. Com.	31	01.04.2015	Accounts Supervisor - Russell Investments Limited
S. Bose	55	Office Associate	10,26,000/-	7,88,711/-	B. Sc., Post Graduate Diploma in Computers	25	01.02.1999	Secretarial Assistant - Sage Investments Limited
S. Mondal	52	Assistant Manager	10,17,038/-	8,24,625/-	B. Com. (Hons.)	26	01.04.2015	Accounts Supervisor - Divya Management Limited
A. Kumar	39	Accounts Supervisor	8,53,269/-	7,19,006/-	B. A. (Hons.), M.B.A. (Finance)	15	01.08.2015	Information Analyst - Centre for Monitoring Indian Economy Private Limited
D. K. Das	49	Accounts Supervisor	7,02,297/-	6,24,392/-	B. Com.	24	01.04.2015	Junior Assistant - Russell Investments Limited
J. Venkat Rao	44	Accounts Supervisor	6,47,663/-	5,58,377/-	B. Com.	15	01.04.2015	Junior Assistant - Divya Management Limited
A. Bose	31	Accounts Assistant	6,25,062/-	4,76,206/-	B. Com. (Hons.)	8	01.06.2013	Junior Assistant - Russell Investments Limited
U. Choudhury	28	Assistant Manager	71,627/-	65,576/-	B. Com. (Hons.), C.M.A.	4	01.03.2021	Finance Executive - Hindustan Unilever Limited

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

Notes:

a. Gross remuneration includes salary, variable pay / performance bonus, allowances & other benefits / applicable perquisites borne by the Company, except provisions for gratuity and leave encashment which are actuarially determined on an overall Company basis. The term 'remuneration' has the meaning assigned to it under the Companies Act, 2013.

b. Net remuneration comprises cash income less tax 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 contractual in accordance with terms and conditions as per the Company's rules.

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

On behalf of the Board

R. Tandon — *Chairman*

Saradindu Dutta — *Director*

Dated : 6th May, 2021

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, 2021

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

   The Company, a wholly owned subsidiary of ITC Limited (ITC), discharges its corporate social responsibilities (CSR) by aligning itself with the CSR Policy of ITC and by undertaking CSR activities in areas or subjects which are independent of the normal conduct of the Company's business and are covered under the activities listed in Schedule VII read with Section 135 of the Companies Act, 2013 and the Companies (Corporate Social Responsibility Policy) Rules, 2014.

   The Company will undertake CSR activities (a) directly, or (b) through a registered public trust or a registered society or a company incorporated under Section 8 of the Companies Act, 2013, having track record of at least three years in undertaking CSR activities, or (c) through other eligible implementing agencies.

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

2. **Composition of the CSR Committee:**

Sl. No.	Name of Director	Designation / Nature of Directorship	Number of meetings of CSR Committee held during the year	Number of meetings of CSR Committee attended during the year
1.	Mr. R. Tandon (Chairman of the Committee)	Chairman & Non-Executive Director	2	2
2.	Mr. Saradindu Dutta	Non-Executive Director		2
3.	Mr. R. K. Singhi	Non-Executive Director		2

3. The web-link where composition of CSR Committee, CSR Policy and CSR projects approved by the Board are disclosed on the website of the Company: **Not Applicable**

4. The details of Impact Assessment of CSR projects carried out in pursuance of sub-rule (3) of Rule 8 of the Companies (Corporate Social Responsibility Policy) Rules, 2014, if applicable (attach the report): **Not Applicable**

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

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

6. Average net profits of the Company as per Section 135(5): ₹ **5,501.90 lakhs**

7.

(a)	Two percent of average net profits of the Company as per Section 135(5)	**₹ 110 lakhs**
(b)	Surplus arising out of the CSR projects or programmes or activities of the previous financial years	**Nil**
(c)	Amount required to be set off for the financial year, if any	**Nil**
(d)	Total CSR obligation for the financial year (7a+7b-7c)	**₹ 110 lakhs**

8. (a) CSR amount spent or unspent for the financial year:

Total Amount Spent for the Financial Year (in ₹)	Amount Unspent (in ₹)				
	Total Amount transferred to Unspent CSR Account as per Section 135(6)		Amount transferred to any fund specified under Schedule VII as per second proviso to Section 135(5)		
	Amount (₹)	Date of transfer	Name of the Fund	Amount (₹)	Date of transfer
₹ 111 lakhs	**Not Applicable**				

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

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

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

(1)	(2)	(3)	(4)	(5)		(6)	(7)	(8)	
Sl. No.	Name of the Project	Item from the list of activities in Schedule VII to the Act	Local area (Yes / No)	Location of the project		Amount spent for the project (in ₹)	Mode of Implementation - Direct (Yes / No)	Mode of Implementation - Through Implementing Agency	
				State	District			Name	CSR Registration No.
1.	Contribution to ITC Education and Health Care Trust towards reimbursement / funding of expenditure pertaining to contributions made to various disaster management / relief funds by the said Trust	Schedule VII, clause (xii) [disaster management, including relief, rehabilitation and reconstruction activities]	No	N.A.	N.A.	111 lakhs	No	ITC Education and Health Care Trust	CSR 00002775
	Total					**111 lakhs**			

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

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

(f) Total amount spent for the Financial Year (8b+8c+8d+8e): ₹ **111 lakhs**

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

Sl. No.	Particulars	Amount (in ₹)
(i)	Two percent of average net profit of the Company as per Section 135(5)	**Not Applicable**
(ii)	Total amount spent for the Financial Year	
(iii)	Excess amount spent for the Financial Year [(ii)-(i)]	
(iv)	Surplus arising out of the CSR projects or programmes or activities of the previous financial years, if any	
(v)	Amount available for set off in succeeding financial years [(iii)-(iv)]	

9. (a) Details of Unspent CSR amount for the preceding three financial years:

Sl. No.	Preceding Financial Year	Amount transferred to Unspent CSR Account under Section 135(6) (in ₹)	Amount spent in the reporting Financial Year (in ₹)	Amount transferred to any fund specified under Schedule VII as per Section 135(6), if any			Amount remaining to be spent in succeeding financial years (in ₹)
				Name of the Fund	Amount (in ₹)	Date of transfer	
Not Applicable							

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

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

10. In case of creation or acquisition of capital asset, furnish the details relating to the asset so created or acquired through CSR spent in the financial year **(asset-wise details): Not Applicable**

(a) Date of creation or acquisition of the capital asset(s)

(b) Amount of CSR spent for creation or acquisition of capital asset

(c) Details of the entity or public authority or beneficiary under whose name such capital asset is registered, their address etc.

(d) Provide details of the capital asset(s) created or acquired (including complete address and location of the capital asset)

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

On behalf of the Board

R. Tandon — *Chairman – CSR Committee*

Saradindu Dutta — *Director*

Dated : 6th May, 2021

Annexure 4 to the Report of the Board of Directors &

Management Discussion and Analysis for the financial year ended 31st March, 2021

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, 2021

FORM NO. AOC-2

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

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

1. Details of contracts or arrangements or transactions not at arm's length basis

a)	Name(s) of the related party and nature of relationship	NIL
b)	Nature of contracts / arrangements / transactions	
c)	Duration of the contracts / arrangements / transactions	
d)	Salient terms of the contracts or arrangements or transactions including the value, if any	
e)	Justification for entering into such contracts or arrangements or transactions	
f)	Date(s) of approval by the Board	
g)	Amount paid as advances, if any	
h)	Date on which the resolution was passed in general meeting as required under first proviso to Section 188	

2. Details of material contracts or arrangements or transactions at arm's length basis

a)	Name(s) of the related party and nature of relationship	ITC Infotech India Limited (I3L), fellow subsidiary	ITC IndiVision Limited (IIVL), fellow subsidiary
b)	Nature of the contracts / arrangements / transactions	Unsecured inter-corporate loan of ₹ 10,000 lakhs to I3L	Unsecured inter-corporate loan of ₹ 900 lakhs to IIVL
c)	Duration of the contracts / arrangements / transactions	Not exceeding one year from 17th December, 2020	4th September, 2020 to 26th August, 2022
d)	Salient terms of the contracts or arrangements or transactions including the value, if any	• Interest payable on quarterly basis @ 7.75% per annum : Nil • Loan disbursed during the year and outstanding as on 31st March, 2021 : Nil	• Interest payable on quarterly basis @ 9.00% per annum • Loan disbursed during the year : ₹ 900 lakhs • Loan outstanding as on 31st March, 2021 : 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 : 6th May, 2021

Saradindu Dutta *Director*

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

Form No. MR-3

SECRETARIAL AUDIT REPORT

FOR THE FINANCIAL YEAR ENDED – 31.03.2021

[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, 2021. 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, 2021, 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, 2021 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, 2021 according to the provisions of the following laws specifically applicable to the Company and as shown to us during our audit:

(i) Non-Banking Financial Company - Systemically Important Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, 2016 and other RBI Regulations as applicable to Systemically Important Non-Deposit taking NBFCs.

(ii) Information Technology Framework for the NBFC Sector.

(iii) Reserve Bank of India and Securities and Exchange Board of India guidelines relating to Mutual Fund Advisor.

- The Company is registered with Reserve Bank of India as a NBFC under the relevant provisions of the Reserve Bank of India Act, 1934 under Registration Certificate No. B.05.05246.
- The Company is registered with Association of Mutual Funds in India (AMFI) as an Intermediary of Mutual Funds and the Registration Certificate is valid upto 21st October, 2021.

4. We have also examined compliance with the applicable clauses of the following:

(a) Secretarial Standards issued by The Institute of Company Secretaries of India under Section 118 of the Companies Act, 2013.

5. On the basis of the audit as referred above and to the best of our knowledge, understanding and belief, we are of the view that during the period under review, the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards, etc. mentioned above in paragraphs 3(a), 3(b) and paragraph 4 of this report.

6. We further report that:

(a) The Board of Directors of the Company is duly constituted in compliance with the applicable provisions of law.

(b) Adequate notice is given to all Directors to schedule the Board Meetings. Agenda and detailed notes on agenda were generally sent at least seven days in advance and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.

(c) The total amount required to be spent by the Company on CSR was Rs. 1.10 Crores and the amount actually spent during the year under report was Rs. 1.11 Crores which was given to ITC Education and Health Care Trust towards reimbursement / funding of the contribution made by the said Trust to various disaster management / relief funds during the year.

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.

9. This certificate is being issued under precautionary measures of work from home due to COVID-19 with limited resources available to us.

Place: Kolkata
Date: 06.05.2021
Enclo.: Annexure A

(S. M. Gupta)
Proprietor
S. M. GUPTA & CO.
Company Secretaries
Firm Registration No.: P1993WB046600
Membership No.: FCS - 896
CP No.: 2053
Peer Review No.: 718/2020
UDIN: F000896C000250068

'Annexure A'

(To the Secretarial Audit Report of Russell Credit Limited for the Financial Year ended 31/03/2021)

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 31/03/2021 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.

Place: Kolkata
Date: 06.05.2021

(S. M. Gupta)
Proprietor
S. M. GUPTA & CO.
Company Secretaries
Firm Registration No.: P1993WB046600
Membership No.: FCS - 896
CP No.: 2053
Peer Review No.: 718/2020
UDIN: F000896C000250068

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, 2021, 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, 2021, 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 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 judgements 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 judgement and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the Ind AS financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under Section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Company has adequate internal financial controls with reference to financial statements in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the Ind AS financial statements, including the disclosures, and whether the Ind AS financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

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

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 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, 2021 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2021 from being appointed as a director in terms of Section 164 (2) of the Act;

(f) With respect to the adequacy of the internal financial controls with reference to these Ind AS financial statements and the operating effectiveness of such controls, refer to our separate Report in "Annexure 2" to this report;

(g) In our opinion, the managerial remuneration for the year ended March 31, 2021 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 22(ii) 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: 21109360AAAABM2528

Place of Signature: Mumbai
Date: May 06, 2021

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 and audit procedures performed by us, the title deeds of immovable properties included in property, plant and equipment 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 and audit procedures performed by 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 and audit procedures performed by us, no undisputed amounts payable in respect of provident fund, employees' state insurance, income-tax, service tax, sales-tax, value added tax, goods and services tax, cess and other statutory dues 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 the dues	Amount (₹ in lakhs)	Period to which the amount relates	Forum where the 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 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 ₹ 91.03 lakhs as above, ₹ 80.50 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 and audit procedures performed by us, 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 and audit procedures performed by us, the managerial remuneration has been paid 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 and audit procedures performed by us, transactions with the related parties are in compliance with Section 177 and 188 of the 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 and audit procedures performed by us, the Company has not entered into any non-cash transactions with directors or persons connected with him as referred to in Section 192 of Companies Act, 2013.

(xvi) According to the information and explanations given to us and audit procedures performed by 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: 21109360AAAABM2528

Place of Signature: Mumbai
Date: May 06, 2021

ANNEXURE 2 TO THE INDEPENDENT AUDITOR'S REPORT OF EVEN DATE ON THE IND AS 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 with reference to financial statements of Russell Credit Limited ("the Company") as of March 31, 2021 in conjunction with our audit of the Ind AS financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

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

Auditor's Responsibility

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

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

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

Meaning of Internal Financial Controls with reference to these Financial Statements

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

Inherent Limitations of Internal Financial Controls with reference to Financial Statements

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

Opinion

In our opinion, the Company has, in all material respects, adequate internal financial controls with reference to financial statements and such internal financial controls with reference to financial statements were operating effectively as at March 31, 2021, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note issued by the ICAI.

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

per Firoz Pradhan
Partner
Membership Number: 109360
UDIN: 21109360AAAABM2528

Place of Signature: Mumbai
Date: May 06, 2021

BALANCE SHEET AS AT 31ST MARCH, 2021

	Note		As at 31st March, 2021 (₹ in lakhs)		As at 31st March, 2020 (₹ in lakhs)
ASSETS					
1. Financial Assets					
a) Cash and cash equivalents	3	28.85		31.07	
b) Bank Balance other than (a) above	4	10,204.49		5.78	
c) Receivables	5				
(I) Trade Receivables		27.68		18.83	
(II) Other Receivables		1,357.13		1,757.32	
d) Loans	6	1,220.00		1,467.54	
e) Investments	7	74,518.67		63,784.77	
f) Other financial assets	8	71.31	87,428.13	12,500.07	79,565.38
2. Non-financial Assets					
a) Current tax assets (Net)	9	141.76		120.90	
b) Property, Plant and Equipment	10	96.76		134.71	
c) Other non-financial assets	11	8.04	246.56	8.14	263.75
TOTAL ASSETS			**87,674.69**		**79,829.13**
LIABILITIES AND EQUITY					
LIABILITIES					
1. Financial Liabilities					
a) Other financial liabilities	12		66.81		56.27
2. Non-Financial Liabilities					
a) Provisions	13	216.05		126.73	
b) Deferred tax liabilities (Net)	14	667.41		367.38	
c) Other non-financial liabilities	15	123.14	1,006.60	22.76	516.87
EQUITY					
a) Equity Share capital	16	64,647.88		64,647.88	
b) Other Equity		21,953.40	86,601.28	14,608.11	79,255.99
TOTAL LIABILITIES AND EQUITY			**87,674.69**		**79,829.13**

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

R. TANDON *Chairman* SARADINDU DUTTA *Director*

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

Mumbai, India
Dated: May 06, 2021

Kolkata, India
Dated: May 06, 2021

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31ST MARCH, 2021

		Note	For the year ended 31st March, 2021 (₹ in lakhs)	For the year ended 31st March, 2020 (₹ in lakhs)
	Revenue from operations			
	(i) Interest Income	17 (A)	2,721.14	4,004.54
	(ii) Dividend Income		–	149.67
	(iii) Rental Income		60.84	212.13
	(iv) Fees and commission Income		1,320.15	781.58
	(v) Net gain on fair value changes	17 (B)	2,036.68	1,142.48
I	**Total Revenue from operations**		**6,138.81**	**6,290.40**
II	Other income	17 (C)	297.85	208.69
III	**Total Income (I+II)**		**6,436.66**	**6,499.09**
	Expenses			
	(i) Finance cost	18	69.27	–
	(ii) Employee Benefits expense	19	262.44	210.94
	(iii) Depreciation and amortization expense		1.90	265.83
	(iv) Other expenses	20	262.46	956.93
IV	**Total expenses (IV)**		**596.07**	**1,433.70**
V	**Profit before tax (III-IV)**		**5,840.59**	**5,065.39**
VI	**Tax expense:**			
	Current tax	21	593.72	807.50
	Deferred tax	21	299.90	82.53
VII	**Profit for the year(V-VI)**		**4,946.97**	**4,175.36**
VIII	**Other Comprehensive Income**			
	(i) Items that will not be reclassified to profit or loss:			
	- Remeasurements of defined benefit plans	22(iv)	0.54	(4.49)
	- Equity instruments through other comprehensive income		3,690.87	(11,057.64)
	(ii) Income tax relating to items that will not be reclassified to profit or loss	21	(0.13)	1.13
	Other Comprehensive Income [(i)+(ii)]		**3,691.28**	**(11,061.00)**
IX	**Total Comprehensive Income for the year (VII+VIII)**		**8,638.25**	**(6,885.64)**
	Earnings per Share (Face Value ₹ 10.00 each)	22(i)		
	- Basic and Diluted (in ₹)		0.77	0.65

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

R. TANDON *Chairman* SARADINDU DUTTA *Director*

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

Mumbai, India
Dated: May 06, 2021

Kolkata, India
Dated: May 06, 2021

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31ST MARCH, 2021

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, 2020	64,647.88	-	64,647.88
For the year ended 31st March, 2021	**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, 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**
Profit for the year	-	-	-	4,946.97	-	4,946.97
Other Comprehensive Income for the year (net of tax)	-	-	-	0.41	3,690.87	3,691.28
Total Comprehensive Income for the year	-	-	-	**4,947.38**	**3,690.87**	**8,638.25**
Transfer from Retained Earnings to Special Reserve	989.39	-	-	(989.39)	-	-
Interim Dividend paid	-	-	-	(1,292.96)	-	(1,292.96)
Balance as at 31st March, 2021	**15,350.48**	**287.67**	**235.95**	**5,825.50**	**253.80**	**21,953.40**

Special Reserve under Section 45-IC of the RBI Act, 1934: This Reserve represents profits transferred before declaration of dividend by the Company as per the requirement of the Reserve Bank of India (RBI). The same can be utilised in accordance with the RBI Act, 1934.

Capital Reserve: This Reserve represents the difference between value of the net assets transferred to the Company in the course of business combinations and the consideration paid for such combinations.

General Reserve: This Reserve is created by an appropriation from one component of equity (generally retained earnings) to another, not being an item of Other Comprehensive Income. The same can be utilized by the Company in accordance with the provisions of the Companies Act, 2013.

Retained Earnings: This Reserve represents the cumulative profits of the Company and effects of remeasurement of defined benefit obligations. This Reserve can be utilized in accordance with the provisions of the Companies Act, 2013.

Equity Instruments through Other Comprehensive Income: This Reserve represents the cumulative gains (net of losses) arising on the revaluation of Equity Instruments measured at fair value through Other Comprehensive Income, net of amounts reclassified, if any, to Retained Earnings when those instruments are disposed of.

The accompanying notes 1 to 23 are an integral part of the Financial Statements.

In terms of our report attached.

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

On behalf of the Board

Firoz Pradhan
Partner

R. TANDON *Chairman* SARADINDU DUTTA *Director*

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

Mumbai, India
Dated: May 06, 2021

Kolkata, India
Dated: May 06, 2021

CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2021

		For the year ended 31st March, 2021 (₹ in lakhs)		For the year ended 31st March, 2020 (₹ in lakhs)
A. Cash Flow from Operating Activities				
PROFIT BEFORE TAX		5,840.59		5,065.39
ADJUSTMENTS FOR :				
Depreciation and amortization expense	1.90		265.83	
Finance Cost	69.27		–	
Interest Income from bank deposits	(286.40)		(0.48)	
(Gain) / loss on disposal of property, plant and equipment	(3.71)		0.47	
Net Loss / (Gain) arising on investments mandatorily measured at fair value through profit and loss	(1,912.00)	(2,130.94)	(958.55)	(692.73)
OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES		**3,709.65**		**4,372.66**
ADJUSTMENTS FOR :				
(Increase)/decrease in Trade and other receivables	391.33		(629.62)	
(Increase)/decrease in Investments	(5,131.04)		13,588.85	
(Increase)/decrease in Other financial assets	12,500.00		(12,500.00)	
(Increase)/decrease in Other non-financial assets	0.09		1.19	
(Increase)/decrease in Loans and Advances	247.54		2,184.46	
Increase/(decrease) in Other financial liabilities and provisions	131.52	8,139.44	9.40	2,654.28
CASH GENERATED FROM OPERATIONS		**11,849.09**		**7,026.94**
Income tax paid		(614.55)		(785.73)
NET CASH GENERATED FROM OPERATING ACTIVITIES		**11,234.54**		**6,241.21**
B. Cash Flow from Investing Activities				
Purchase of property, plant and equipment	–		(62.22)	
Sale of property, plant and equipment	39.75		8.76	
Interest Income from bank deposits	215.16		0.44	
Investment in bank deposits (original maturity more than 3 months)	(10,198.71)		–	
Redemption / maturity of bank deposits (original maturity more than 3 months)	–		9.81	
NET CASH USED IN INVESTING ACTIVITIES		**(9,943.80)**		**(43.21)**
C. Cash Flow from Financing Activities				
Interim Dividend paid	(1,292.96)		(5,495.07)	
Income tax on interim dividend paid	–		(1,129.53)	
NET CASH USED IN FINANCING ACTIVITIES		**(1,292.96)**		**(6,624.60)**
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS (A+B+C)		**(2.22)**		**(426.60)**
OPENING CASH AND CASH EQUIVALENTS		**31.07**		**457.67**
CLOSING CASH AND CASH EQUIVALENTS (Note 3)		**28.85**		**31.07**

The above Cash Flow Statement has been prepared under the "Indirect Method" as set out in Ind AS - 7 "Statement of Cash Flows".

The accompanying notes 1 to 23 are an integral part of the Financial Statements.

In terms of our report attached.

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

On behalf of the Board

Firoz Pradhan
Partner

R. TANDON *Chairman*
SARADINDU DUTTA *Director*

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

Mumbai, India
Dated: May 06, 2021

Kolkata, India
Dated: May 06, 2021

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 de-recognised when the right to receive cashflows from the assets has expired, or has been transferred, and the Company has transferred substantially all of the risks and rewards of ownership. Concomitantly, if the asset is one that is measured at:

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

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

Any sale out of amortised cost business model portfolios requires prior approval of the Chief Financial Officer (CFO) or the delegated authority as may be determined by 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 de-recognised when the liability is extinguished, that is, when the contractual obligation is discharged, cancelled and on expiry.

Offsetting Financial Instruments

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

Equity Instruments

Equity instruments are recognised at the value of the proceeds, net of direct costs of the capital issue.

Revenue

Revenue is measured at the fair value of the consideration received or receivable for services rendered, net of allowances to customers, if any. Revenue from sale of services is recognised when the Company performs its obligations to its customers and the amount of revenue can be measured reliably and recovery of the consideration is probable. The timing of such recognition in case of services is in the period in which such services are rendered.

Dividend Distribution

Dividend paid (including income tax thereon) is recognised in the period in which the interim dividend are approved by the Board of Directors, or in respect of the final dividend when approved by shareholders.

Employee Benefits

The Company makes contributions to defined contribution schemes which are mainly administered through duly constituted and approved trusts. Provident Fund contributions are in the nature of defined contribution scheme. Provident Funds are deposited with the Government and recognised as expense. The Company also makes contribution to a Gratuity Fund maintained with approved trust. The employees of the Company are entitled to compensated leave and gratuity for which the Company records the liability based on actuarial valuation.

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

Employee Share Based Compensation

The cost of stock options and stock appreciation units granted by ITC Limited, the Holding Company, to its eligible employees deputed to the Company is recognised at fair value. These Schemes are in the nature of equity settled / cash settled share based compensation and are assessed, managed / administered by the Holding Company.

In case of stock options, the fair value of stock options at the grant date is amortised on a straight line basis over the vesting period and cost recognised as an employee benefits expense in the Statement of Profit and Loss with a corresponding credit in equity, net of reimbursements, if any.

In case of stock appreciation units, the fair value of stock appreciation units at the grant date is initially recognised and remeasured at each reporting date, until settled, and cost recognised as an employee benefits expense in the Statement of Profit and Loss with a corresponding increase in other financial liabilities.

Leases

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

Company as a Lessee

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

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

Company as a Lessor

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

Taxes on Income

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

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities and the amounts used for taxation purposes (tax base), at the tax rates and tax laws enacted or substantively enacted by the end of the reporting period.

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

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

Deferred tax assets and liabilities are offset when there is legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances relate to the same taxation authority. Current tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on net basis, or to realize the asset and settle the liability simultaneously.

Claims

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

Provisions

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

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

Operating Segments

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker (CODM). The CODM, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Board of Directors of the Company.

2. Use of estimates and judgement

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent liabilities at the date of the financial statements and the results of operations during the reporting period end. Although these estimates are based upon management's best knowledge of current events and actions, actual results could differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Key sources of estimation uncertainty

The following are the key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting period that may have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

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 each reporting period.

ii. 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.

iii. Actuarial valuation:

The determination of Company's liability towards defined benefit obligation to employees is made through independent actuarial valuation including determination of amounts to be recognised in the Statement of Profit and Loss and in other comprehensive income. Such valuation depend upon assumptions determined after taking into account inflation, seniority, promotion and other relevant factors such as supply and demand factors in the employment market. Information about such valuation is provided in the notes to the financial statements.

iv. 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 the notes to the financial statements.

v. 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, 2021 (₹ in lakhs)	As at 31st March, 2020 (₹ in lakhs)
3. Cash and cash equivalents@		
Cash on hand	0.04	0.05
Balances with banks		
Current accounts	28.81	20.69
Cheques, drafts on hand	–	10.33
TOTAL	**28.85**	**31.07**

@ Cash and cash equivalents include cash on hand, cheques on hand, cash at bank and deposits with bank with original maturity of 3 months or less etc. as applicable.

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

* 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 (2020: ₹ 5.78 lakhs)

5. Receivables (Unsecured, considered good)		
I. Trade Receivables	27.68	18.83
II. Other Receivables		
Interest accrued but not due#	1,334.13	1,736.32
Income accrued but not due	23.00	21.00
TOTAL	**1,384.81**	**1,776.15**

Includes an amount of ₹ 840.55 lakhs (2020: ₹ 925.44 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	1,220.00	247.54
Non-Current:		
(a) Term Loans to Related Party	–	1,220.00
Total - Gross	**1,220.00**	1,467.54
Less: Impairment loss allowance	–	–
Total - Net	**1,220.00**	**1,467.54**
(I) Loans in India		
(i) Public Sector	–	–
(ii) Others (Term Loans to Related Party & others)	1,220.00	1,467.54
Total - Gross	**1,220.00**	**1,467.54**
Less: Impairment loss allowance	–	–
Total - Net	**1,220.00**	**1,467.54**

(₹ in lakhs)

	As at 31st March, 2021						As at 31st March, 2020					
	Amortised cost	At Fair Value			Others *	Total	Amortised cost	At Fair Value			Others *	Total
		Through Other Comprehensive Income	Through profit or loss	Sub-Total				Through Other Comprehensive Income	Through profit or loss	Sub-Total		
	(1)	(2)	(3)	(4)=(2)+(3)	(5)	(6)=(1) + (4)+(5)	(7)	(8)	(9)	(10)=(8)+(9)	(11)	(12)=(7)+(10)+(11)
7. Investments												
Current Investments												
Mutual funds - Unquoted												
Aditya Birla Sun Life Savings Fund 15,43,944 units of ₹ 100.00 each	-	-	6,590.11	6,590.11	-	6,590.11	-	-	6,188.58	6,188.58	-	6,188.58
DSP Liquidity Fund 11,477 (2020 - Nil) units of ₹ 1000.00 each	-	-	335.08	335.08	-	335.08	-	-	-	-	-	-
Axis Liquid Fund Nil (2020 -28,015) units of ₹ 1000.00 each	-	-	-	-	-	-	-	-	614.70	614.70	-	614.70
ICICI Prudential Savings Fund 2,15,192 units of ₹ 100.00 each	-	-	903.14	903.14	-	903.14	-	-	840.04	840.04	-	840.04
SBI Savings Fund 31,88,615 units of ₹ 10.00 each	-	-	1,090.37	1,090.37	-	1,090.37	-	-	1,032.06	1,032.06	-	1,032.06
Kotak Savings Fund 2,50,11,498 units of ₹ 10.00 each	-	-	8,674.69	8,674.69	-	8,674.69	-	-	8,217.20	8,217.20	-	8,217.20
Nippon India Liquid Fund 3,250 (2020 - Nil) units of ₹ 1000.00 each	-	-	162.42	162.42	-	162.42	-	-	-	-	-	-
UTI Liquid Cash Plan 6,595 (2020 - Nil) units of ₹ 1000.00 each	-	-	221.13	221.13	-	221.13	-	-	-	-	-	-
Bonds / Debentures - Quoted												
A. Taxable												
Canfin Homes Limited Nil (2020- 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	-	-	3,548.33	3,548.33	-	3,548.33	-	-	3,418.76	3,418.76	-	3,418.76
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	-	-	1,568.44	1,568.44	-	1,568.44	-	-	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	-	-	15,710.96	15,710.96	-	15,710.96	-	-	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	-	-	931.07	931.07	-	931.07	-	-	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	-	-	1,302.08	1,302.08	-	1,302.08	-	-	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	-	-	520.96	520.96	-	520.96	-	-	506.57	506.57	-	506.57
REC Limited 60,000 8.12% For Category I & II Tax Free Secured Redeemable Non-Convertible Bonds (27 March 2027) of ₹ 1000.00 each, fully paid	-	-	708.40	708.40	-	708.40	-	-	653.23	653.23	-	653.23
Equity Shares												
Others - Quoted												
UltraTech Cement Limited 3 Equity Shares of ₹ 10.00 each, fully paid	-	-	0.20	0.20	-	0.20	-	–	0.10	0.10	–	0.10
Others - Unquoted												
SKH Metals Limited 40,000 Equity Shares of ₹ 1.00 each, fully paid	-	-	...	...	-	...	-	–	...	...	–	...
Patheja Brothers Forgings and Stampings Limited 50,000 Equity Shares of ₹ 1.00 each, fully paid	-	-	...	...	-	...	-	–	...	...	–	...
Jind Textiles Limited 5,00,000 Equity Shares of ₹ 1.00 each, fully paid	-	-	...	...	-	...	-	–	...	...	–	...

(₹ in lakhs)

	As at 31st March, 2021						As at 31st March, 2020					
	Amortised cost	At Fair Value			Others *	Total	Amortised cost	At Fair Value			Others *	Total
		Through Other Comprehensive Income	Through profit or loss	Sub-Total				Through Other Comprehensive Income	Through profit or loss	Sub-Total		
	(1)	(2)	(3)	(4)=(2)+(3)	(5)	(6)=(1) + (4)+(5)	(7)	(8)	(9)	(10)=(8)+(9)	(11)	(12)=(7)+(10)+(11)
Taib Capital Corporation Limited 2,45,000 Equity Shares of ₹ 1.00 each, fully paid	-	-	...	...	-	...	-	-	...	...	-	...
Current Portion of Non-Current Investment												
Bonds / Debentures - Quoted												
Taxable												
REC Limited Nil (2020 - 500) 8.37% Secured Redeemable Non-Convertible Taxable Bonds Tranche Series 3A (14 August 2020) of ₹ 1000000.00 each, fully paid	-	-	-	-	-	-	4,997.92	-	-	-	-	4,997.92
Non-Current Investment												
Bonds / Debentures - Quoted												
Taxable												
Power Finance Corporation Limited 850 (2020 - Nil) 6.75% Non-Cumulative Non-Convertible Redeemable Taxable Bonds in the nature of Debentures Series 202A (22 May 2023) of ₹ 1000000.00 each, fully paid	8,747.82	-	-	-	-	8,747.82	-	-	-	-	-	-
Equity instruments												
Subsidiaries - Unquoted												
Greenacre Holdings Limited 4,20,60,166 Equity Shares of ₹ 10.00 each, fully paid	-	-	-	-	4,210.34	4,210.34	-	-	-	-	4,210.34	4,210.34
Associates - Quoted												
International Travel House Limited 36,26,633 Equity Shares of ₹ 10.00 each, fully paid	-	-	-	-	2,121.58	2,121.58	-	-	-	-	2,121.58	2,121.58
Associates - Unquoted												
Russell Investments Limited 42,75,435 Equity Shares of ₹ 10.00 each, fully paid	-	-	-	-	427.57	427.57	-	-	-	-	427.57	427.57
Divya Management Limited 41,82,915 Equity Shares of ₹ 10.00 each, fully paid	-	-	-	-	693.08	693.08	-	-	-	-	693.08	693.08
Antrang Finance Limited 43,24,634 Equity Shares of ₹ 10.00 each, fully paid	-	-	-	-	439.56	439.56	-	-	-	-	439.56	439.56
Maharaja Heritage Resorts Limited (a joint venture of the Holding Company) 90,000 Equity Shares of ₹ 100.00 each, fully paid	-	-	-	-	90.00	90.00	-	-	-	-	90.00	90.00
Others - Quoted												
HLV Limited 50,27,565 Equity Shares of ₹ 2.00 each, fully paid	-	289.08	-	289.08	-	289.08	-	158.37	-	158.37	-	158.37
EIH Limited 1,52,32,129 (2020 - 65,56,551) Equity Shares of ₹ 2.00 each, fully paid	-	14,158.26	-	14,158.26	-	14,158.26	-	4,314.21	-	4,314.21	-	4,314.21
Others - Unquoted												
Lotus Court Limited 2 Class G Shares of ₹ 48,000.00 each, fully paid	-	234.00	-	234.00	-	234.00	-	234.00	-	234.00	-	234.00
Adyar Property Holding Company Private Limited 311 Equity Shares of ₹ 100.00 each, ₹ 65.00 per share paid - up	-	840.00	-	840.00	-	840.00	-	840.00	-	840.00	-	840.00
Total – Gross (A)	**8,747.82**	**15,521.34**	**42,267.38**	**57,788.72**	**7,982.13**	**74,518.67**	**4,997.92**	**5,546.58**	**45,258.14**	**50,804.72**	**7,982.13**	**63,784.77**
(i) Investments outside India	-	-	-	-	-	-	-	-	-	-	-	-
(ii) Investments in India	8,747.82	15,521.34	42,267.38	57,788.72	7,982.13	74,518.67	4,997.92	5,546.58	45,258.14	50,804.72	7,982.13	63,784.77
Total - Gross (B)	**8,747.82**	**15,521.34**	**42,267.38**	**57,788.72**	**7,982.13**	**74,518.67**	**4,997.92**	**5,546.58**	**45,258.14**	**50,804.72**	**7,982.13**	**63,784.77**
(i) Quoted investments	8,747.82	14,447.34	24,290.44	38,737.78	2,121.58	49,607.18	4,997.92	4,472.58	28,365.56	32,838.14	2,121.58	39,957.64
(ii) Unquoted investments	-	1,074.00	17,976.94	19,050.94	5,860.55	24,911.49	-	1,074.00	16,892.58	17,966.58	5,860.55	23,827.13
Total - Gross (C)	**8,747.82**	**15,521.34**	**42,267.38**	**57,788.72**	**7 ,982.13**	**74,518.67**	**4,997.92**	**5,546.58**	**45,258.14**	**50,804.72**	**7,982.13**	**63,784.77**
Less: Allowance for Impairment loss (D)	-	-	-	-	-	-	-	-	-	-	-	-
Total – Net E=(A)-(D)	**8,747.82**	**15,521.34**	**42,267.38**	**57,788.72**	**7,982.13**	**74,518.67**	**4,997.92**	**5,546.58**	**45,258.14**	**50,804.72**	**7,982.13**	**63,784.77**

* 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, 2021 (₹ in lakhs)	As at 31st March, 2020 (₹ in lakhs)
8. Other financial assets		
Current		
Deposits	–	12,500.00
Interest accrued on bank deposits	71.31	0.07
TOTAL	**71.31**	**12,500.07**

9. Current tax assets (Net)		
Advance Tax (net of provisions)	141.76	120.90
TOTAL	**141.76**	**120.90**

NOTES TO THE FINANCIAL STATEMENTS (Contd.)

10. Property, Plant and Equipment

(₹ in lakhs)

Particulars	Gross Block							Depreciation							Net Book Value	
	As at 31st March, 2019	Additions	Withdrawals and adjustments	As at 31st March, 2020	Additions	Withdrawals and adjustments	As at 31st March, 2021	Upto 31st March, 2019	For the year	On Withdrawals and adjustments	Upto 31st March, 2020	For the year	On Withdrawals and adjustments	Upto 31st March, 2021	As at 31st March, 2021	As at 31st March, 2020
Tangible assets																
Building – Freehold	39.25	62.22	-	101.47	-	-	101.47	1.80	1.13	-	2.93	1.88	-	4.81	96.66	98.54
Plant and Equipment	530.55	-	86.79	443.76	-	443.60	0.16	220.46	264.70	77.57	407.59	0.02	407.55	0.06	0.10	36.17
TOTAL	**569.80**	**62.22**	**86.79**	**545.23**	-	**443.60**	**101.63**	**222.26**	**265.83**	**77.57**	**410.52**	**1.90**	**407.55**	**4.87**	**96.76**	**134.71**

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

Particulars	As at 31st March, 2021				As at 31st March, 2020			
	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	3.60	35.65	0.90	39.25	2.70	36.55	0.90
TOTAL	**39.25**	**3.60**	**35.65**	**0.90**	**39.25**	**2.70**	**36.55**	**0.90**

* Note: The lease rental from these leased assets of ₹ 17.28 lakhs (2020: ₹ 172.52 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, 2021 (₹ in lakhs)	As at 31st March, 2020 (₹ in lakhs)
11. Other non-financial assets		
Unsecured, considered good		
Current		
Deposits with statutory authorities	0.21	0.21
Security Deposits (Others)	0.37	0.37
Prepaid Expenses	0.21	0.31
Others	0.13	0.13
Non-Current		
Deposits with statutory authorities	7.12	7.12
TOTAL	**8.04**	**8.14**
12. Other financial liabilities		
Current		
Other payable to Related Party [Refer Note 22 {vii (b)}]	24.99	34.22
Other payables - Liabilities for expenses	22.50	8.93
Non-Current		
Other payable to Related Party [Refer Note 22 {vii (b)}]	19.32	13.12
TOTAL	**66.81**	**56.27**
13. Provisions		
Current		
Provision for employee benefits [Refer Note 22 (iv)]		
Other benefits	3.43	–
Retirement benefits	6.25	–
Others		
Provision for litigation/disputes [Refer Note 22 (viii)]	169.49	81.24
Non-Current		
Provision for employee benefits [Refer Note 22 (iv)]		
Other benefits	7.83	10.07
Retirement benefits	–	6.37
Others		
Contingent provision against standard assets	29.05	29.05
TOTAL	**216.05**	**126.73**
14. Deferred tax liabilities (Net)		
Deferred tax liabilities	796.33	490.73
Less: Deferred tax assets	128.92	123.35
TOTAL	**667.41**	**367.38**

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

2020-21	Opening Balance	Recognised in profit or loss	Recognised in OCI	Closing Balance
Deferred tax liabilities / assets in relation to:				
On fiscal allowances on property, plant and equipment etc.	120.05	(18.43)	-	101.62
On employees separation and retirement etc.	3.30	0.41	(0.13)	3.58
Other timing differences	-	23.72	-	23.72
Total deferred tax assets	**123.35**	**5.70**	**(0.13)**	**128.92**
On current investments - FVTPL	490.73	305.60	-	796.33
Total deferred tax liabilities	**490.73**	**305.60**	**-**	**796.33**
Deferred tax liabilities / (assets) (Net)	**367.38**	**299.90**	**0.13**	**667.41**

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**

NOTES TO THE FINANCIAL STATEMENTS (Contd.)

	As at 31st March, 2021 (₹ in lakhs)	As at 31st March, 2020 (₹ in lakhs)
15. Other non-financial liabilities		
Current		
Statutory liabilities	123.14	22.76
TOTAL	**123.14**	**22.76**

	As at 31st March, 2021 (No. of Shares)	As at 31st March, 2021 (₹ in lakhs)	As at 31st March, 2020 (No. of Shares)	As at 31st March, 2020 (₹ 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	5,97,45.42	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, 2021 (No. of Shares)	As at 31st March, 2021 %	As at 31st March, 2020 (No. of Shares)	As at 31st March, 2020 %
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, 2021

	As at 31st March, 2021 (Aggregate no. of Shares)	As at 31st March, 2020 (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, 2021 (₹ in lakhs)		For the year ended 31st March, 2020 (₹ 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	190.17	–	218.30	–
Interest on deposits with Financial Institution	311.48	–	688.52	–
Interest income from Investments	462.19	1,757.30	426.80	2,670.92
TOTAL	**963.84**	**1,757.30**	**1,333.62**	**2,670.92**

NOTES TO THE FINANCIAL STATEMENTS (Contd.)

	For the year ended 31st March, 2021 (₹ in lakhs)	For the year ended 31st March, 2020 (₹ in lakhs)
17(B). Net gain / (loss) on fair value changes		
On Financial Instruments measured at fair value through profit or loss	2,036.68	1,142.48
Total Net gain / (loss) on fair value changes	**2,036.68**	**1,142.48**
Fair Value changes:		
- Realised (on sale of investments)	124.68	183.93
- Unrealised	1,912.00	958.55
Total Net gain / (loss) on fair value changes	**2,036.68**	**1,142.48**
17(C). Other Income		
Interest on deposits with banks	286.40	0.48
Interest income		
- Others (from statutory authorities)	11.45	7.42
Recovery of Debts	–	200.00
Other non-operating income	–	0.79
TOTAL	**297.85**	**208.69**

	For the year ended 31st March, 2021 (₹ in Lakhs)		For the year ended 31st March, 2020 (₹ 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 Expense				
- Others (to statutory authorities)	–	69.27	–	–
TOTAL	–	**69.27**	–	–

	For the year ended 31st March, 2021 (₹ in lakhs)	For the year ended 31st March, 2020 (₹ in lakhs)
19. Employee Benefits expense		
Salaries and wages	58.91	58.09
Contribution to provident and other funds	4.39	3.86
Share Based Payments to employees on deputation *	10.90	11.63
Staff welfare expenses	7.27	3.47
Remuneration of managers' salary on deputation	180.97	133.89
TOTAL	**262.44**	**210.94**

* Includes reimbursement on account of share based payments as under :
ITC - Employee Stock Option Scheme (ESOS) : ₹ 3.71 lakhs (2020 : ₹ 14.73 lakhs)
ITC - Employee Stock Appreciation Linked Reward Plan (ESAR): ₹ 7.19 lakhs [2020 : (₹ 3.10) lakhs] [Refer Note 22(ix)]

20. Other expenses		
Rent, taxes and energy costs	39.15	21.87
Communication Costs	0.43	0.39
Printing and stationery	0.21	1.04
Auditor's fees and expenses *	7.17	8.30
Legal and Professional charges	50.03	57.07
Insurance	2.68	0.68
Bank, custodial and depository charges	0.09	0.33
Travelling and conveyance	3.70	2.19
Expenditure on Corporate Social Responsibility (CSR) activities	111.00	112.00
(Gain) / loss on disposal of Property, Plant and Equipment	(3.71)	0.47
Contributions under Section 182 of the Companies Act, 2013	50.00	500.00
Contributions under Section 181 of the Companies Act, 2013	-	250.00
Other expenditure	1.71	2.59
TOTAL	**262.46**	**956.93**
*Auditor's fees and expenses excluding taxes:		
Audit fees	3.00	3.00
Tax audit fees	1.00	1.00
Fees for other services	2.80	4.30
Reimbursement of expenses	0.37	–

NOTES TO THE FINANCIAL STATEMENTS (Contd.)

	For the year ended 31st March, 2021 (₹ in lakhs)	For the year ended 31st March, 2020 (₹ in lakhs)
21. Income Tax Expenses		
A. Amount recognised in profit or loss		
Current tax		
Income tax for the year	752.00	807.50
Adjustments / (credits) related to previous years - Net	(158.28)	–
Total current tax	**593.72**	**807.50**
Deferred tax		
Deferred tax for the year	299.90	82.53
Total deferred tax	**299.90**	**82.53**
TOTAL	**893.62**	**890.03**

B. Amount recognised in other comprehensive income

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

Deferred tax		
On items that will not be reclassified to profit or loss - Remeasurement of defined benefit plans	(0.13)	1.13
TOTAL	**(0.13)**	**1.13**

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	**5,840.59**	**5,065.39**
Income tax expense calculated @ 25.168%	1,469.96	1,274.86
Effect of tax relating to uncertain tax positions	53.37	74.68
Effect of income taxable at different tax rate	(100.16)	–
Effect on deferred tax balances due to the change in income tax rate	–	(80.01)
Effect of income not taxable	(358.86)	(447.98)
Other differences	(12.41)	68.48
Total	**1,051.90**	**890.03**
Adjustments recognised in the current year in relation to the current tax of prior years	(158.28)	–
Income tax recognised in profit or loss	**893.62**	**890.03**

The tax rate used for the above reconciliations is the corporate tax rate of 25.168% (22% + surcharge @ 10% and cess @ 4%) payable on taxable profits under the Income-tax Act, 1961.

22. Additional Notes to the Financial Statements

(i) Earnings per share :

		2021	2020
Earnings per share has been computed as under:			
(a)	Profit for the year (₹ in lakhs)	4,946.97	4,175.36
(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)]	0.77	0.65

(ii) Contingent liabilities and commitments :

(a) Claims against the Company not acknowledged as debts ₹ 68.96 lakhs (2020 - ₹ 90.32 lakhs). This comprises the following :

- Sales tax claims disputed by the Company relating to issues of applicability ₹ 38.63 lakhs (2020 - ₹ 57.99 lakhs);
- Lease tax on account of non-accrual of lease rental ₹ 32.33 lakhs (2020 - ₹ 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 (2020 - ₹ 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 lease. The total cash outflow for such leases for the year is ₹ 11.34 lakhs (2020 - ₹ 11.34 lakhs).

As a Lessor

The Company has leased out certain buildings and plant & equipment under operating lease for lease terms ranging from 1 year 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 ₹ 60.84 lakhs (2020 - ₹ 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:

(₹ in lakhs)

Term	2021	2020
Within 1 year	60.84	60.84
Between 1-5 years	43.56	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, 2021 (₹ in lakhs)		For the year ended 31st March, 2020 (₹ 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	1.38	0.65	1.13	0.54
	2	Past Service Cost	-	-	-	-
	3	Net Interest Cost	0.31	0.63	0.13	0.64
	4	**Total expense recognised in the Statement of Profit and Loss**	**1.69**	**1.28**	**1.26**	**1.18**
	– Remeasurements recognised in Other Comprehensive Income (OCI)					
	5	Return on plan assets (excluding amounts included in Net interest cost)	(0.59)	-	0.98	-
	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	0.14	(0.09)	1.67	(0.46)
	10	**Total remeasurements included in Other Comprehensive Income**	**(0.45)**	**(0.09)**	**4.11**	**0.38**
	11	**Total defined benefit cost recognised in Profit and Loss and Other Comprehensive Income (4+10)**	**1.24**	**1.19**	**5.37**	**1.56**
	The current service cost and net interest cost for the year pertaining to Gratuity expenses have been recognised in "Contribution to provident and other funds" and Leave Encashment in "Salaries and wages" under Note 19. The remeasurements of the net defined benefit liability are included in Other Comprehensive Income.					

			For the year ended 31st March, 2021 (₹ in lakhs)		For the year ended 31st March, 2020 (₹ in lakhs)	
			Gratuity	Leave Encashment	Gratuity	Leave Encashment
			Funded	Unfunded	Funded	Unfunded
II	**Actual Returns**		1.44	-	(0.11)	-
III	**Net Asset/(Liability) recognised in Balance Sheet**					
	1	Present Value of Defined Benefit Obligation	21.25	11.26	18.57	10.07
	2	Fair Value of Plan Assets	15.00	-	12.20	-
	3	Status [Surplus/(Deficit)]	(6.25)	(11.26)	(6.37)	(10.07)
	4	Restrictions on Asset Recognised	-	-	-	-

			As at 31st March, 2021 (₹ in lakhs)		As at 31st March, 2020 (₹ in lakhs)	
	5	**Net Asset/(Liability) recognised in Balance Sheet**				
			Current	Non-current	Current	Non-current
		- Gratuity	(6.25)	–	–	(6.37)
		- Leave Encashment	(3.43)	(7.83)	–	(10.07)

NOTES TO THE FINANCIAL STATEMENTS (Contd.)

			For the year ended 31st March, 2021 (₹ in lakhs)		For the year ended 31st March, 2020 (₹ 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	18.57	10.07	13.31	8.65
	2	Current Service Cost	1.38	0.65	1.13	0.54
	3	Past Service Cost	-	-	-	-
	4	Interest Cost	1.16	0.63	1.00	0.64
	5	Remeasurement 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	0.14	(0.09)	1.67	(0.46)
	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)
	11	**Present Value of DBO at the end of the year**	**21.25**	**11.26**	**18.57**	**10.07**

V		Best Estimate of Employers' Expected Contribution for the next year	As at 31st March, 2021 (₹ in lakhs)	As at 31st March, 2020 (₹ in lakhs)
		- Gratuity	7.91	0.36
		- Leave Encashment	0.65	0.54

			For the year ended 31st March, 2021 (₹ in lakhs)		For the year ended 31st March, 2020 (₹ 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	12.20	–	11.00	–
	2	Asset acquired in Business Combination	–	–	–	–
	3	Interest Income	0.85	–	0.87	–
	4	Remeasurement Gains/(Losses) on plan assets	0.59	–	(0.98)	–
	5	Actual Company Contributions	1.36	–	1.31	–
	6	Benefits Paid	-	–	–	–
	7	**Plan Assets at the end of the year**	**15.00**	–	**12.20**	–

VII	Actuarial Assumptions		As at 31st March, 2021	As at 31st March, 2020
			Discount Rate (%)	Discount Rate (%)
	1	Gratuity	6.25	6.25
	2	Leave Encashment	6.25	6.25
	The estimates of future salary increases, considered in actuarial valuations take account of inflation, seniority, promotion and other relevant factors such as supply and demand factors in the employment market.			

VIII	Major Category of Plan Assets as a % of the Total Plan Assets		As at 31st March, 2021	As at 31st March, 2020
	1	Government Securities/Special Deposit with RBI	5.89%	6.43%
	2	High Quality Corporate Bonds	2.56%	2.71%
	3	Insurer Managed Funds*	86.71%	83.17%
	4	Mutual Funds	2.91%	1.85%
	5	Cash and Cash Equivalents	1.93%	5.84%
	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, 2021 (₹ in lakhs)		For the year ended 31st March, 2020 (₹ 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	21.25	11.26	18.57	10.07
	2	Fair Value of Plan Assets	15.00	-	12.20	-
	3	Status [Surplus/(Deficit)]	(6.25)	(11.26)	(6.37)	(10.07)
	4	Experience Adjustment of Plan Assets [Gain / (Loss)]	0.59	-	(0.98)	-
	5	Experience Adjustment of obligation [(Gain) / Loss]	0.14	(0.09)	1.67	(0.46)

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, 2021		DBO as at 31st March, 2020	
		Gratuity	Leave Encashment	Gratuity	Leave Encashment
		Funded	Unfunded	Funded	Unfunded
1	Discount Rate + 100 basis points	20.13	10.62	17.46	9.43
2	Discount Rate - 100 basis points	22.48	12.00	19.80	10.79
3	Salary Increase Rate + 1%	22.37	11.95	19.71	10.74
4	Salary Increase Rate – 1%	20.20	10.66	17.52	9.46

Maturity Analysis of the Benefit Payments (₹ in lakhs)

		DBO as at 31st March, 2021		DBO as at 31st March, 2020	
		Gratuity	Leave Encashment	Gratuity	Leave Encashment
		Funded	Unfunded	Funded	Unfunded
1	Year 1	7.54	3.65	–	–
2	Year 2	–	–	6.73	3.41
3	Year 3	6.25	3.52	–	–
4	Year 4	–	–	6.11	3.61
5	Year 5	–	–	–	–
6	Next 5 Years	9.10	4.73	8.38	4.44

Amount towards Defined Contribution Plans have been recognised under 'Contribution to provident and other funds' in Note 19: ₹ 2.70 lakhs (2020 - ₹ 2.60 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, 2021. 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)

	2021	2020
Non-current assets (in India)	103.88	141.82

NOTES TO THE FINANCIAL STATEMENTS (Contd.)

(vii) Related Party Disclosures

(a) RELATIONSHIP:

(i) Holding Company:

– ITC Limited

(ii) Subsidiary Company:

– Greenacre Holdings Limited

(iii) Fellow Subsidiary Company with whom the Company had transactions:

– North East Nutrients Private Limited

– ITC IndiVision Limited

(iv) Associate Company with whom the Company had transactions:

– International Travel House Limited

(v) Key Management Personnel (KMP):

– Mr. R. Tandon	Chairman & Non-Executive Director
– Mr. Saradindu Dutta	Non-Executive Director
– Mr. Supratim Dutta	Non-Executive Director
– Ms. S. G. Mukherjee	Non-Executive Director (upto 31.07.2020)
– Mr. R. K. Singhi	Non-Executive Director
– Ms. P. Balaji	Additional Non-Executive Director (w.e.f . 22.10.2020)
– Mr. S. Suresh Kumar	Chief Financial Officer
– Ms. N. Bajaj	Manager & Company Secretary

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

(₹ in lakhs)

	RELATED PARTY TRANSACTION SUMMARY	Holding Company		Subsidiary Company		Fellow Subsidiaries		Associate of Holding Company		Key Management Personnel		Total	
		2021	2020	**2021**	2020	**2021**	2020	**2021**	2020	**2021**	2020	**2021**	2020
1.	Rent Received	**60.84**	56.88	-	-	-	-	-	-	-	-	**60.84**	56.88
2.	Purchase of Services – ITC Limited – International Travel House Limited	 **1.13** –	 1.13 –	 – –	 – –	 – –	 – –	 – **3.83**	 – 1.71	 – –	 – –	 **1.13** **3.83**	 1.13 1.71
3.	Rent Paid	**13.38**	13.38	-	-	-	-	-	-	-	-	**13.38**	13.38
4.	Expenses Reimbursed	**4.41**	2.43	-	-	-	-	-	-	-	-	**4.41**	2.43
5.	Dividend Income – International Travel House Limited	-	-	-	-	-	-	-	90.67	-	-	-	90.67
6.	Loans Disbursed - ITC IndiVision Limited	-	-	-	-	**900.00**	-	-	-	-	-	**900.00**	-
7.	Interest Income - North East Nutrients Private Limited - ITC IndiVision Limited	 – –	 – –	 – –	 – –	 **160.79** **29.38**	 218.30 –	 – –	 – –	 – –	 – –	 **160.79** **29.38**	 218.30 –
8.	Receipt towards Loan Repayment - North East Nutrients Private Limited - ITC IndiVision Limited	 – –	 – –	 – –	 – –	 **247.54** **900.00**	 2,184.46 –	 – –	 – –	 – –	 – –	 **247.54** **900.00**	 2,184.46 –
9.	Interim Dividend paid	**1,292.96**	5,495.07	–	–	–	–	–	–	–	–	**1,292.96**	5,495.07
10.	Remuneration of manager on deputation reimbursed - for Chief Financial Officer	**111.92**	87.88	–	–	–	–	–	–	–	–	**111.92**	87.88
11.	Remuneration of managers on deputation reimbursed -for Manager & Company Secretary Ms. N. Bajaj Mr. K.S. Madia	 **69.05** –	 21.99 24.02	 – –	 – –	 – –	 – –	 – –	 – –	 – –	 – –	 **69.05** –	 21.99 24.02
12.	Remuneration on account of share based payment for managers on deputation	**10.90**	11.63	-	-	-	-	-	-	-	-	**10.90**	**11.63**
13.	Purchase of Investment	**644.78**	-	-	-	-	-	-	-	-	-	**644.78**	-
14.	**Outstanding Balances** i) Deposits Taken - ITC Limited	**36.00**	36.00	–	–	–	–	–	–	–	–	**36.00**	36.00
	ii) Loans given - North East Nutrients Private Limited	–	–	–	–	**1,220.00**	1,467.54	–	–	–	–	**1,220.00**	1,467.54
	iii) Payables - ITC Limited	**8.31**	11.34	-	-	-	-	-	-	-	-	**8.31**	11.34

NOTES TO THE FINANCIAL STATEMENTS (Contd.)

(viii) Provision for litigation/disputes:

(₹ in lakhs)

	2021	2020
Balance as at the beginning of the year	81.24	81.24
Additions during the year	88.25	–
Balance as at the end of the year	169.49	81.24
Classified as provision (Current) (Refer Note 13)	169.49	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 managers deputed to the Company under the ITC Employee Cash Settled Stock Appreciation Linked Reward Plan (ITC ESAR Plan).

The cost of equity settled options granted under ITC ESOS / cash settled units granted under ITC ESAR Plan have been recognised as equity settled / cash settled share based payments, respectively, in accordance with Ind AS 102 – Share Based Payment. In terms of the deputation arrangement, the Company has accounted for the cost of the fair value of Stock Options / ESAR Units granted to the deputed employees on-charge by ITC. Accordingly, an amount of ₹ 3.71 lakhs (2020 – ₹ 14.73 lakhs) towards Stock Options and ₹ 7.19 lakhs [2020 – ₹ (3.10) lakhs] towards ESAR Units have been recognised as employee benefits expense (Refer Note 19). The net liability of ₹ 8.31 lakhs (2020 - ₹ 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, 2021	As at 31st March, 2020
	No. of Options	No. of Options
Outstanding at the beginning of the year	46,088	54,068
Add: Granted during the year	-	-
Add / (Less): Movement due to transfer of employees within the group	-	-
(Less): Lapsed during the year	(4,788)	-
(Less): Exercised during the year	(3,192)	**(7,980)**
Outstanding at the end of the year	**38,108**	**46,088**
Options exercisable at the end of the year	38,108	42,736

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

Since the above-mentioned Stock Options and ESAR Units are not tradeable, no perquisite or benefit is conferred upon the employee by grant of such Options / Units.

(x) Disclosures for comparison between provisions required under prudential norms on Income Recognition, Asset Classification and Provisioning (IRACP) and impairment allowances made under Ind AS 109:

(₹ in lakhs)

Asset Classification as per RBI Norms	Asset classification as per Ind AS 109	Gross Carrying Amount as per Ind AS	Loss Allowance (Provision) as required under Ind AS 109	Net Carrying Amount	Provision required as per IRACP norms	Difference between Ind AS 109 provision and IRACP norms
(1)	(2)	(3)	(4)	(5)=(3)-(4)	(6)	(7)=(4)-(6)
Performing Assets						
Standard	Stage 1	1,306.33	29.05*	1,277.28	5.23	23.82
	Stage 2	–	–	–	–	–
Subtotal		**1,306.33**	**29.05**	**1,277.28**	**5.23**	**23.82**
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**	1,306.33	29.05	1,277.28	5.23	23.82
	Stage 2	–	–	–	–	–
	Stage 3	–	–	–	–	–
	Total	**1,306.33**	**29.05**	**1,277.28**	**5.23**	**23.82**

* 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		2021	2020
i)	CRAR (%)	112.24	99.08
ii)	CRAR - Tier I Capital (%)	112.20	99.04
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			2021	2020
(1)	Value of Investments			
	(i)	Gross Value of Investments		
		(a) In India	74,518.67	63,784.77
		(b) Outside India	–	–
	(ii)	Provisions for Depreciation		
		(a) In India	–	–
		(b) Outside India	–	–
	(iii)	Net Value of Investments		
		(a) In India	74,518.67	63,784.77
		(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 securitisation / 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	 – –	 – –	 – –	 – –	 – –	 10,198.71 –	 5.78 –	 – –	 – –	 – –	 10,204.49 –
Advances / Loans	–	–	304.00	–	–	304.00	612.00	–	–	–	1,220.00
Investments	42,267.38	–	–	–	–	–	–	8,747.82	–	23,503.47	74,518.67
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 responsibility for management of liquidity risk. The Board decides the strategies, policies and procedures of the Company to manage liquidity risk. The Risk Management Committee is responsible for evaluating the overall risks faced by the Company. The Asset Liability Management Committee is responsible for adherence to the policies and procedures adopted by the Board for managing liquidity risk.

ii. Funding concentration (borrowings) based on significant counterparty: Nil

iii. Funding concentration based on significant instrument/product: Nil

iv. Top 10 borrowings (amount in ₹ crore and % of total borrowings): Nil

v. Stock Ratios:

a. Short-Term Liabilities as a % of Total Assets: 0.40%

b. Short-Term Liabilities as a % of Total Liabilities: 32.59%

NOTES TO THE FINANCIAL STATEMENTS (Contd.)

g) Exposure to Real Estate Sector : Nil

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

Particulars		2021	2020
(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;	16,569.12	6,594.26
(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		**16,569.12**	**6,594.26**

** 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, 2021 : 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		2021	2020
Provisions for Depreciation on Investment		–	–
Provision towards NPA		–	–
Provision made towards Income tax (including deferred tax)		893.62	890.03
Other Provision and Contingencies (with details)			
A	Provision for compensated absences	1.28	1.18
B	Provision for gratuity	1.69	1.26
Provision for Standard Assets		–	–

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, 2021			As at 31st March, 2020		
	Principal	Interest Accrued	Percentage to Total Exposure	Principal	Interest Accrued	Percentage to Total Exposure
North East Nutrients Private Limited	1,220.00	-	100.00%	1,467.54	-	100.00%
Total	**1,220.00**	-	**100.00%**	**1,467.54**	-	**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

NOTES TO THE FINANCIAL STATEMENTS (Contd.)

(xii) Disclosures under Reserve Bank of India directions relating to COVID-19 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 FY 2021 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

Schedule to the Balance Sheet as at 31st March, 2021

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, 2021	
	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	1,220.00	
	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	**35.65**	
	(a) Financial lease	–	
	(b) Operating lease	35.65	
	(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:	**24,290.44**	
	(i) Shares : (a) Equity	0.20	
	(b) Preference	–	
	(ii) Debentures and Bonds	24,290.24	
	(iii) Units of mutual funds	–	
	(iv) Government Securities	–	
	(v) Others (please specify)	–	
	2. Unquoted:	**17,976.94**	
	(i) Shares : (a) Equity	–	
	(b) Preference	–	
	(ii) Debentures and Bonds	–	
	(iii) Units of mutual funds	17,976.94	
	(iv) Government Securities	–	
	(v) Certificate of Deposits	–	
	Long Term Investments		
	1. Quoted:	**25,316.74**	
	(i) Shares : (a) Equity	16,568.92	
	(b) Preference	-	
	(ii) Debentures and Bonds	8,747.82	
	(iii) Units of mutual funds	-	
	(iv) Government Securities	-	
	(v) Others (please specify)	-	

(₹ in lakhs)

	Assets Side:			Amount Outstanding
	2. Unquoted :			**6,934.55**
	(i) Shares : (a) Equity			6,934.55
	(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	1,220.00	35.65	1,255.65
	(c) Other related parties	–	–	–
	2. Other than related parties	–	–	–
	Total	**1,220.00**	**35.65**	**1,255.65**
(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	5,091.31	4,210.34	
	(b) Companies in the same group	-	-	
	(c) Other related parties	8,124.49	3,771.79	
	2. Other than related parties	66,560.15	66,536.54	
	Total	**79,775.95**	**74,518.67**	
(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 6th May, 2021.

23. Financial Instruments and Related Disclosures

1. Categories of Financial Instruments

(₹ in lakhs)

Particulars			Note	As at 31st March, 2021		As at 31st March, 2020	
				Carrying Value	Fair Value	Carrying Value	Fair Value
A. Financial assets							
a)	**Measured at amortised cost**						
	i)	Cash and cash equivalents	3	28.85	28.85	31.07	31.07
	ii)	Bank Balance other than (i) above	4	10,204.49	10,204.49	5.78	5.78
	iii)	Trade Receivables	5 (I)	27.68	27.68	18.83	18.83
	iv)	Loans	6	1,220.00	1,220.00	1,467.54	1,467.54
	v)	Investment in Bonds	7	8,747.82	8,771.43	4,997.92	5,039.80
	vi)	Other financial assets	5 (II) & 8	1,428.44	1,428.44	14,257.39	14,257.39
		Sub - total		**21,657.28**	**21,680.89**	**20,778.53**	**20,820.41**
b)	**Measurement at Fair value through OCI**						
	i)	Investment in Equity Shares	7	15,521.34	15,521.34	5,546.58	5,546.58
		Sub - total		**15,521.34**	**15,521.34**	**5,546.58**	**5,546.58**
c)	**Measured at Fair value through Profit or Loss**						
	i)	Investment in Mutual Funds	7	17,976.94	17,976.94	16,892.58	16,892.58
	ii)	Investment in Bonds	7	24,290.24	24,290.24	28,365.46	28,365.46
	iii)	Investment in Equity Shares	7	0.20	0.20	0.10	0.10
		Sub - total		**42,267.38**	**42,267.38**	**45,258.14**	**45,258.14**
		Total financial assets		**79,446.00**	**79,469.61**	**71,583.25**	**71,625.13**
B. Financial liabilities							
a)	**Measured at amortised cost**						
	i)	Other financial liabilities	12	66.81	66.81	56.27	56.27
		Total financial liabilities		**66.81**	**66.81**	**56.27**	**56.27**

2. Financial risk management objectives

The Company has a system-based approach to risk management, anchored to policies and procedures and internal financial controls aimed at ensuring early identification, evaluation and management of key financial risks (such as market risk, credit risk and liquidity risk) that may arise as a consequence of its business operations as well as its investing and financing activities. Accordingly, the Company's risk management framework has the objective of ensuring that such risks are managed within acceptable and approved risk parameters in a disciplined and consistent manner and in compliance with applicable regulation. It also seeks to drive accountability in this regard.

Market risk

Market risk is the risk of loss owing to changes in the general level of market prices or interest rates. As the Company is debt-free, the exposure to interest rate risk from the perspective of Financial Liabilities is negligible.

The Company's investment activities focus on managing its investment, primarily in debt instruments and are administered under a set of approved policies and procedures guided by the tenets of liquidity, safety and return. This ensures that investments are only made within acceptable risk parameters after due evaluation.

The Company's investments are predominantly held in bonds, fixed deposits and debt mutual funds etc. Mark to market movements in respect of the Company's investments in bonds that are held at amortised cost are temporary and get recouped through fixed coupon accruals. Other investments in bonds are fair valued through the Statement of Profit and Loss to recognise market volatility, which is not considered to be significant. Fixed deposits are held with highly rated banks and companies and have a short tenure and are not subject to interest rate volatility.

The Company also invests in mutual fund schemes of leading fund houses. Such investments are susceptible to market price risks that arise mainly from changes in interest rate which may impact the return and value of such investments. However, given the relatively short tenure of underlying portfolio of the mutual fund schemes in which the Company has invested, such price risk is not significant.

Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting obligations from its financial liabilities. The Company's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation.

The Company's financial liabilities are ₹ 66.81 lakhs (2020: ₹ 56.27 lakhs) as against cash and cash equivalents of ₹ 28.85 lakhs (2020: ₹ 31.07 lakhs).

Further, the Company's total equity stands at ₹ 86,601.28 lakhs (2020: ₹ 79,255.99 lakhs). In such circumstances, liquidity risk or the risk that the Company may not be able to settle or meet its obligations as they become due does not exist.

NOTES TO THE FINANCIAL STATEMENTS (Contd.)

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 Note 13, 22(viii), 22 (xi)(b), 22 (xi)(r). There is no movement in the contingent provision against standards assets during the year (Refer Note 13).

3. Fair value measurement

Fair value hierarchy

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

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

Level 2: Inputs other than quoted price included within Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices).

The fair value of financial instruments that are not traded in an active market is determined using market approach and valuation techniques which maximise the use of observable market data and rely as little as possible on entity-specific estimates. If significant inputs required to fair value an instrument are observable, the instrument is included in Level 2.

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

If one or more of the significant inputs is not based on observable market data, the fair value is determined using generally accepted pricing models based on a discounted cash flow analysis, with the most significant inputs being the discount rate that reflects the credit risk of counterparty.

The fair value of trade receivables, trade payables and other current financial assets and liabilities, where applicable, is considered to be equal to the carrying amounts of these items due to their short-term nature. Where such items are non-current in nature, the same has been classified as Level 3 and fair value determined using discounted cash flow basis.

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

(₹ in lakhs)

Particulars		Fair Value Hierarchy (Level)	Fair Value	
			As at 31st March, 2021	As at 31st March, 2020
A. Financial assets				
a)	**Measured at amortised cost**			
	i) Investment in Bonds	2	8,771.43	5,039.80
b)	**Measured at Fair value through Other Comprehensive Income**			
	i) Investment in Equity Shares	1,3	15,521.34	5,546.58
c)	**Measured at Fair value through Profit or Loss**			
	i) Investment in Mutual Funds	1	17,976.94	16,892.58
	ii) Investment in Bonds	2	24,290.24	28,365.46
	iii) Investment in Equity Shares	1	0.20	0.10

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, India
Dated: May 06, 2021

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**	:	885.29
8.	**Total Assets**	:	5,218.32
9.	**Total Liabilities**	:	5,218.32
10.	**Investments (excluding Investments made in subsidiaries)**	:	3,181.42
11.	**Turnover***	:	564.72
12.	**Profit before taxation**	:	232.28
13.	**Provision for taxation**	:	(138.82)
14.	**Profit after taxation**	:	371.10
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-2021	31-Mar-2021	31-Mar-2021	31-Mar-2021	31-Mar-2021
2.	**Date on which the Associate or Joint Venture was associated or acquired**	14-Jun-1999	23-Nov-2007	21-Jan-2008	14-Jun-1999	11-Aug-2008
3.	**Shares of Associate/Joint Venture held by the Company on the year end**					
	Number	42,75,435	41,82,915	43,24,634	36,26,633	90,000
	Amount of Investment in Associate / Joint Venture (₹ in lakhs)	427.57	693.08	439.56	2,121.58	90.00
	Extent of Holding %	25.43	33.33	33.33	45.36	25.00
4.	**Description of how there is significant influence**	Associate	Associate	Associate	Associate	Associate
5.	**Reason why the Associate/Joint Venture is not consolidated**	Not Applicable*	Not Applicable*	Not Applicable*	Not Applicable*	Not Applicable*
6.	**Net worth attributable to Shareholding as per latest audited Balance Sheet (₹ in lakhs)**	2,314.54	639.52	483.66	4,781.30	(57.34)
7.	**Profit / (Loss) for the year (₹ in lakhs)**	253.57	16.53	10.17	(4,506.5)	(68.37)
i.	Considered in Consolidation (₹ in lakhs)*	-	-	-	-	-
ii.	Not Considered in Consolidation (₹ in lakhs)	253.57	16.53	10.17	(4,506.5)	(68.37)

* 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, India
Dated: May 06, 2021

REPORT OF THE BOARD OF DIRECTORS FOR THE FINANCIAL YEAR ENDED 31ST MARCH, 2021

1. Your Directors submit their Report for the financial year ended 31st March, 2021.

2. **PERFORMANCE OF THE COMPANY**

During the year, your Company earned revenue of ₹ 335.68 lakhs from its operations, with total income being ₹ 564.72 lakhs. The net profit of the Company for the year was ₹ 371.10 lakhs after considering once-off reversals of certain deferred tax liabilities aggregating ₹ 138.81 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 (ITC). The Company is also into the business of providing Engineering, Procurement and Construction Management Services & Project Management Consultancy Services, and has received few contracts during the year.

During the year, the Company laid down appropriate systems and processes to ensure business continuity in the context of the COVID-19 pandemic.

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

	For the year ended 31st March, 2021 (₹)	For the year ended 31st March, 2020 (₹)
Profits		
a. Profit Before Tax	**2,32,28,316**	2,47,69,968
b. Less : Tax Expense	**(1,38,81,284)**	1,14,43,853
c. Profit After Tax	**3,71,09,600**	1,33,26,115
d. Add : Other Comprehensive Income	**1,08,971**	(2,30,614)
e. Total Comprehensive Income	**3,72,18,571**	1,30,95,501
Retained Earnings		
a. At the beginning of the year	**5,13,10,299**	3,82,14,798
b. Add : Profit for the year	**3,71,09,600**	1,33,26,115
c. Add : Other Comprehensive Income	**1,08,971**	(2,30,614)
d. At the end of the year	**8,85,28,870**	5,13,10,299

3. **DIRECTORS AND KEY MANAGERIAL PERSONNEL**

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

As you are aware, at the 34th Annual General Meeting ('AGM') held on 6th August, 2020, Ms. Nidhi Bajaj (DIN: 02171721) was appointed as a Non-Executive Director of your Company with effect from the said date.

During the year under review, Mr. Chitranjan Dar (DIN: 03191054), consequent to his retirement from the services of ITC Limited, stepped down as a Non-Executive Director of your Company with effect from close of work on 23rd September, 2020. Your Directors place on record their appreciation for the contribution made by Mr. Dar during his tenure.

The Board of Directors of your Company ('the Board') re-appointed Mr. Pretiush Kumar as the Manager for a period of two years with effect from 27th December, 2020, 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 Mr. Kumar's re-appointment as Manager is appearing in the Notice convening the ensuing AGM of the Company. Mr. Kumar is also the Company Secretary of the Company. The appointment of Mr. 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.

There were no other changes in the composition of the Board and the Key Managerial Personnel of your Company during the year under review.

(b) **Retirement by Rotation**

In accordance with the provisions of Section 152 of the Act read with the Articles of Association of the Company, Mr. SaradIndu Dutta (DIN: 00058639), 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**

Four meetings of the Board were held during the year ended 31st March, 2021.

5. **DIRECTORS' RESPONSIBILITY STATEMENT**

As required under Section 134 of the Act, your Directors confirm having:

i) followed in the preparation of the Annual Accounts, the applicable Accounting Standards with proper explanation relating to material departures, if any;

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

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

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

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

6. **SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES**

The Company does not have any subsidiary, associate or joint venture.

7. **PARTICULARS OF EMPLOYEES**

The details of top ten employees of the Company in terms of remuneration drawn, as required under Rule 5(2) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, are provided in **Annexure 1** to this Report.

The Company seeks to enhance equal opportunities for men and women and is committed to a gender-friendly workplace. Your Company has constituted an Internal Complaints Committee in compliance with the applicable provisions of the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013. During the year under review, no complaint for sexual harassment was received.

8. **RISK MANAGEMENT**

The Company's risk management framework addresses risks intrinsic to operations, financials and compliances arising out of the overall strategy of the Company.

Management of risks vest with the executive management which is responsible for the day-to-day conduct of the affairs of the Company, within the overall framework approved by the Board. The Internal Auditor of the Company periodically carries out risk focused audits with the objective of identifying areas where risk management processes could be strengthened. The 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.

9. **INTERNAL FINANCIAL CONTROLS**

Your Company has in place adequate internal financial controls with respect to the financial statements, commensurate with its size and scale of operations. The Internal Auditor of the Company periodically evaluates the adequacy and effectiveness of internal financial controls. The Board which provides guidance on internal controls, also reviews internal audit findings and implementation of internal audit recommendations, if any.

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

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

During the year ended 31st March, 2021, 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, 2021, the RPTs entered into by the Company were in the ordinary course of business and at arm's length basis. 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. **COST RECORDS**

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

14. **STATUTORY AUDITORS**

Messrs. S R B C & CO LLP, Chartered Accountants ('SRBC'), were appointed as the Auditors of your Company at the 33rd AGM held on 20th June, 2019 to hold such office till the conclusion of the 38th AGM (up to financial year 2023-24). Pursuant to Section 142 of the Act, the Board has recommended for the approval of the Members, remuneration of SRBC for the financial year 2021-22. Appropriate resolution in respect of the same is being placed for your approval at the ensuing AGM of the Company.

15. **COMPLIANCE WITH SECRETARIAL STANDARDS**

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

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

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

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

On behalf of the Board
R. Tandon *Chairman*
Dated : 6th May, 2021 S. Dutta *Director*

Annexure 1 to the Report of the Board of Directors for the financial year ended 31st March, 2021

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

Name	Age	Designation	Gross Remuneration (₹)	Net Remuneration (₹)	Qualifications	Experience (Years)	Date of commencement of employment / deputation	Previous Employment / Position held
1	2	3	4	5	6	7	8	9
M. Seth *	40	Chief Financial Officer	53,03,180/-	37,79,470/-	B. Com (Hons.), A.C.A. CISA, CISM	15	01.01.2015	Manager (Finance), ITC Limited
P. Kumar	30	Manager & Company Secretary	11,98,568/-	10,07,446/-	B. Com (Hons.), A.C.S.	6	05.12.2016	Executive - Secretarial, Bata India Limited
A. Bhattacharya	52	Assistant Manager - Finance	11,59,447/-	9,80,148/-	B. Com, P.G.D.P. (Insurance & Risk Mngt.)	23	01.10.1997	–
A. Kanjilal	48	Security & Fire Officer	10,73,256/-	9,26,078/-	B.A.	28	16.02.2015	Site Security Leader, IBM India Private Limited
S. K. Singh	54	Administrative Assistant	7,33,593/-	6,16,626/-	Madhyamik	23	01.10.1997	–
S. Bhattacharya	58	Maintenance Supervisor	6,21,753/-	5,34,865/-	B.Sc. (Hons.)	29	16.04.1992	–
G. B. Das	53	Maintenance Superintendent	5,87,684/-	5,13,382/-	Madhyamik	29	01.11.1991	–
S. Lama	47	Administrative Assistant I	5,58,885/-	4,84,941/-	H.S.	23	01.10.1997	–
A. Chakraborty	37	Maintenance Supervisor	5,21,265/-	4,59,069/-	B. Tech (Electronics & Telecommunication)	12	16.01.2018	Technical Consultant, G4S Secure Solutions (India) Private Limited
B. Barash	41	Project Engineer	5,20,340/-	4,44,607/-	H.S., Diploma in Architecture	16	01.09.2017	Assistant Project Manager - Touch Point Consultancy Private Limited

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

Notes:

a. Gross remuneration includes salary, variable pay / performance bonus, allowances & other benefits / applicable perquisites borne by the Company, except provisions for gratuity and leave encashment which are actuarially determined on an overall Company basis. The term 'remuneration' has the meaning assigned to it under the Companies Act, 2013.

b. Net remuneration comprises cash income less tax 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 contractual in accordance with terms and conditions as per the Company's rules.

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

On behalf of the Board
R. Tandon *Chairman*
Dated : 6th May, 2021 S. Dutta *Director*

Annexure 2 to the Report of the Board of Directors for the financial year ended 31st March, 2021

FORM NO. AOC-2

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

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

1. Details of contracts or arrangements or transactions not at arm's length basis

a)	Name(s) of the related party and nature of relationship	**NIL**
b)	Nature of contracts / arrangements / transactions	
c)	Duration of the contracts / arrangements / transactions	
d)	Salient terms of the contracts or arrangements or transactions including the value, if any	
e)	Justification for entering into such contracts or arrangements or transactions	
f)	Date(s) of approval by the Board	
g)	Amount paid as advances, if any	
h)	Date on which the resolution was passed in general meeting as required under first proviso to Section 188	

2. Details of material contracts or arrangements or transactions at arm's length basis

a)	Name(s) of the related party and nature of relationship	ITC Limited, the ultimate Holding Company (ITC)
b)	Nature of the contracts / arrangements / transactions	Maintenance of ITC Centre, Kolkata, and certain other properties owned by ITC
c)	Duration of the contracts / arrangements / transactions	Maintenance of ITC Centre - 1st August, 2020 to 31st July, 2021 Maintenance of other properties - 1st April, 2020 to 31st March, 2021
d)	Salient terms of the contracts or arrangements or transactions including the value, if any	Value of transaction during the year - ₹ 300.90 lakhs
e)	Date(s) of approval by the Board, if any	17th March, 2020
f)	Amount paid as advances, if any	Nil

On behalf of the Board

R. Tandon *Chairman*

Dated : 6th May, 2021 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, 2021, 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, 2021, its profit including other comprehensive income, its cash flows and the changes in equity for the year ended on that date.

Basis for Opinion

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

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

The Company's Board of Directors is responsible for the other information. The other information comprises the information included in the Board report but does not include the Ind AS financial statements and our auditor's report thereon.

Our opinion on the Ind AS financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the Ind AS financial statements, our responsibility is to read the other information and, in doing so, consider whether such other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibility of Management for the Ind AS Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Act with respect to the preparation of these Ind AS financial statements that give a true and fair view of the financial position, financial performance including other comprehensive income, cash flows and changes in equity of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) specified under Section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgements 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 judgement and maintain professional skepticism throughout the audit. We also :

- Identify and assess the risks of material misstatement of the Ind AS financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under Section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Company has adequate internal financial controls with reference to financial statements in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the Ind AS financial statements, including the disclosures, and whether the Ind AS financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

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

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 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, 2021 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2021 from being appointed as a director in terms of Section 164 (2) of the Act;

   (f) With respect to the adequacy of the internal financial controls with reference to these Ind AS financial statements and the operating effectiveness of such controls, refer to our separate Report in "Annexure 2" to this report;

   (g) In our opinion, the managerial remuneration for the year ended March 31, 2021 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 5 to the Ind AS financial statements;

      ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses;

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

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

per Firoz Pradhan
Partner
Membership Number: 109360
UDIN: 21109360AAAABN6073

Place of Signature: Mumbai
Date: May 06, 2021

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 and audit procedures performed by us, the title deeds of immovable properties included in property, plant and equipment 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 and audit procedures performed by 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 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 Company is not in the business of sale of any goods. Therefore, in our opinion, the provisions of clause 3(vi) of the Order are not applicable to the Company.

(vii) (a) The Company is regular in depositing with appropriate authorities undisputed statutory dues including provident fund, employees' state insurance, income-tax, goods and services tax, cess and other statutory dues applicable to it. Customs duty and excise duty are not applicable to the Company.

(b) According to the information and explanations given to us and audit procedures performed by us, no undisputed amounts payable in respect of provident fund, employees' state insurance, income-tax, service tax, sales-tax, value added tax, goods and services tax, cess and other statutory dues applicable to it were outstanding, at the year end, for a period of more than six months from the date they became payable. Customs duty and excise duty are not applicable to the Company.

(c) According to the information and explanations given to us, there are no dues of income-tax, sales-tax, service tax, customs duty, excise duty, value added tax, goods and services tax 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 and audit procedures performed by us, 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 and audit procedures performed by us, the managerial remuneration has been paid 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 and audit procedures performed by us, transactions with the related parties are in compliance with Section 188 of the Companies Act, 2013 where applicable and the details have been disclosed in the notes to the financial statements, as required by the applicable accounting standards. The provisions of Section 177 are not applicable to the Company and accordingly reporting under clause 3(xiii) of the Order insofar as it relates to Section 177 of the Act is not applicable to the Company and hence not commented upon.

(xiv) 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 and audit procedures performed by us, the Company has not entered into any non-cash transactions with directors or persons connected with him as referred to in Section 192 of the Companies Act, 2013.

(xvi) 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: 21109360AAAABN6073

Place of Signature: Mumbai
Date: May 06, 2021

ANNEXURE 2 TO THE INDEPENDENT AUDITOR'S REPORT OF EVEN DATE ON THE IND AS FINANCIAL STATEMENTS OF GREENACRE HOLDINGS LIMITED

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

We have audited the internal financial controls with reference to financial statements of Greenacre Holdings Limited ("the Company") as of March 31, 2021 in conjunction with our audit of the Ind AS financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

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

Auditor's Responsibility

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

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

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

Meaning of Internal Financial Controls with reference to these Financial Statements

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

Inherent Limitations of Internal Financial Controls with reference to Financial Statements

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

Opinion

In our opinion, the Company has, in all material respects, adequate internal financial controls with reference to financial statements and such internal financial controls with reference to financial statements were operating effectively as at March 31, 2021, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note issued by the ICAI.

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

per Firoz Pradhan
Partner
Membership Number: 109360
UDIN: 21109360AAAABN6073

Place of Signature: Mumbai
Date: May 06, 2021

BALANCE SHEET AS AT 31ST MARCH, 2021

	Note		As at 31st March, 2021 (₹)		As at 31st March, 2020 (₹)
ASSETS					
Non-current assets					
(a) Property, plant and equipment	3		14,84,34,991		14,83,17,989
(b) Deferred tax assets (Net)	4		6,48,225		–
(c) Other non-current assets	5		5,26,58,382		5,23,10,894
Current assets					
(a) Financial assets					
(i) Investments	6	31,81,41,896		29,55,47,173	
(ii) Trade receivables	7	11,43,250		–	
(iii) Other receivables	8	–		1,400	
(iv) Cash and cash equivalents	9	5,04,348	31,97,89,494	40,82,070	29,96,30,643
(b) Other current assets	5		3,00,995		4,26,568
TOTAL ASSETS			**52,18,32,087**		**50,06,86,094**
EQUITY AND LIABILITIES					
Equity					
(a) Equity share capital	10	42,06,01,660		42,06,01,660	
(b) Other equity		8,85,28,870	50,91,30,530	5,13,10,299	47,19,11,959
Liabilities					
Non-current liabilities					
(a) Financial liabilities					
Other financial liabilities	11		24,86,704		80,29,169
(b) Provisions	12		19,39,152		15,57,975
(c) Deferred tax liabilities (Net)	4		–		1,37,38,649
Current liabilities					
(a) Financial liabilities					
Other financial liabilities	11		77,11,960		46,67,920
(b) Provisions	12		62,251		3,27,028
(c) Other current liabilities	13		5,01,490		4,53,394
TOTAL EQUITY AND LIABILITIES			**52,18,32,087**		**50,06,86,094**

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

In terms of our report attached
For S R B C & CO LLP
Chartered Accountants
Firm Registration Number: 324982E/E300003

Firoz Pradhan
Partner

Mumbai, India
Dated: May 06, 2021

On behalf of the Board

R. TANDON *Chairman* S. DUTTA *Director*

M. SETH *Chief Financial Officer* P. KUMAR *Manager & Company Secretary*

Kolkata, India
Dated: May 06, 2021

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31ST MARCH, 2021

		Note	For the year ended 31st March, 2021 (₹)	For the year ended 31st March, 2020 (₹)
I	Revenue from operations	14	**3,35,67,768**	3,23,82,103
II	Other income	15	**2,29,04,429**	2,46,55,909
III	**Total income (I+II)**		**5,64,72,197**	**5,70,38,012**
IV	**EXPENSES**			
	Maintenance and service expense		**1,08,57,265**	1,04,13,218
	Employee benefits expense	16	**2,01,91,572**	1,97,99,237
	Depreciation expense		**4,01,166**	2,13,858
	Other expenses	17	**17,93,878**	18,41,731
	Total expenses (IV)		**3,32,43,881**	**3,22,68,044**
V	**Profit before tax (III - IV)**		**2,32,28,316**	**2,47,69,968**
VI	**Tax expense:**			
	Current tax	18A	**5,42,240**	7,31,054
	Deferred tax	18A	**(1,44,23,524)**	1,07,12,799
VII	**Profit for the year (V - VI)**		**3,71,09,600**	**1,33,26,115**
VIII	**Other Comprehensive Income / (Loss)**			
	A (i) Items that will not be reclassified to profit or loss:			
	- Remeasurements of defined benefit plans	19(ii)	**1,45,621**	(3,08,176)
	(ii) Income tax relating to items that will not be reclassified to profit or loss	18B	**(36,650)**	77,562
	Other Comprehensive Income / (Loss) [A (i)+(ii)]		**1,08,971**	**(2,30,614)**
IX	**Total Comprehensive Income for the year (VII+VIII)**		**3,72,18,571**	**1,30,95,501**
X	Earnings per equity share (Face Value ₹ 10.00 each): - Basic and Diluted (in ₹)	19(i)	0.88	0.32

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

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

Firoz Pradhan
Partner

Mumbai, India
Dated: May 06, 2021

On behalf of the Board

R. TANDON *Chairman* S. DUTTA *Director*

M. SETH *Chief Financial Officer* P. KUMAR *Manager & Company Secretary*

Kolkata, India
Dated: May 06, 2021

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31ST MARCH, 2021

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, 2020	42,06,01,660	–	42,06,01,660
For the year ended 31st March, 2021	**42,06,01,660**	**–**	**42,06,01,660**

B. Other Equity (₹)

	Reserves & Surplus	
	Retained Earnings	**Total**
Balance as at 1st April, 2019	**3,82,14,798**	**3,82,14,798**
Profit for the year	1,33,26,115	1,33,26,115
Other Comprehensive Income (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**
Profit for the year	3,71,09,600	3,71,09,600
Other Comprehensive Income (net of tax)	1,08,971	1,08,971
Total Comprehensive Income for the year	**3,72,18,571**	**3,72,18,571**
Balance as at 31st March, 2021	**8,85,28,870**	**8,85,28,870**

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

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

In terms of our report attached
For S R B C & CO LLP
Chartered Accountants
Firm Registration Number: 324982E/E300003

Firoz Pradhan
Partner

Mumbai, India
Dated: May 06, 2021

On behalf of the Board

R. TANDON *Chairman* S. DUTTA *Director*

M. SETH *Chief Financial Officer* P. KUMAR *Manager & Company Secretary*

Kolkata, India
Dated: May 06, 2021

CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2021

	For the year ended 31st March, 2021 (₹)	For the year ended 31st March, 2020 (₹)
A. Cash Flow from Operating Activities		
PROFIT BEFORE TAX	**2,32,28,316**	**2,47,69,968**
ADJUSTMENTS FOR :		
Depreciation expense	4,01,166	2,13,858
Net gain arising on investments mandatorily measured at Fair value through profit and loss (FVTPL)	(1,98,56,429)	(2,14,94,219)
OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES	**37,73,053**	**34,89,607**
ADJUSTMENTS FOR :		
Other assets	1,25,573	(92,931)
Other financial liabilities	(24,98,425)	44,80,237
Trade receivables	(11,43,250)	–
Other receivables	1,400	(1,400)
Other current liabilities	48,096	84,534
Provisions	2,62,021	3,328
CASH GENERATED FROM OPERATIONS	5,68,468	79,63,375
Income tax paid	(8,89,728)	(15,27,031)
NET CASH GENERATED FROM / (USED IN) OPERATING ACTIVITIES	**(3,21,260)**	**64,36,344**
B. Cash Flow from Investing Activities		
Purchase of property, plant & equipment	(5,18,168)	(8,66,320)
Purchase of current investments	(2,01,00,000)	(4,24,05,000)
Sale / redemption of current investments	1,73,61,706	3,91,99,057
NET CASH USED IN INVESTING ACTIVITIES	**(32,56,462)**	**(40,72,263)**
C. Cash Flow from Financing Activities		
NET CASH GENERATED FROM / (USED IN) FINANCING ACTIVITIES	–	–
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS (A+B+C)	**(35,77,722)**	**23,64,081**
OPENING CASH AND CASH EQUIVALENTS	**40,82,070**	**17,17,989**
CLOSING CASH AND CASH EQUIVALENTS (Note 9)	**5,04,348**	**40,82,070**

The above Cash Flow Statement has been prepared under the "Indirect Method" as set out in Ind AS - 7 "Statement of Cash Flows".

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

In terms of our report attached

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

Firoz Pradhan
Partner

Mumbai, India
Dated: May 06, 2021

On behalf of the Board

R. TANDON *Chairman* S. DUTTA *Director*

M. SETH *Chief Financial Officer* P. KUMAR *Manager & Company Secretary*

Kolkata, India
Dated: May 06, 2021

NOTES TO THE FINANCIAL STATEMENTS

Company Information:

Greenacre Holdings Limited, a wholly owned subsidiary of Russell Credit Limited, is engaged in property infrastructure maintenance, providing engineering, procurement & construction management services and project management consultancy services.

1. Significant Accounting Policies

Statement of Compliance

These financial statements have been prepared in accordance with Indian Accounting Standards (Ind AS) notified under Section 133 of the Companies Act, 2013. The financial statements have also been prepared in accordance with the relevant presentation requirements of the Companies Act, 2013. The Company adopted Ind AS from 1st April, 2016.

Basis of Preparation

The financial statements are prepared in accordance with the historical cost convention, except for certain items that are measured at fair values, as explained in the accounting policies.

Fair Value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique.

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

Operating Cycle

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

Property, Plant and Equipment – Tangible Assets

Property, plant and equipment are stated at cost of acquisition or construction less accumulated depreciation and impairment, if any. For this purpose, cost includes deemed cost which represents the carrying value of property, plant and equipment recognised as at 1st April, 2015 measured as per the previous GAAP.

Cost is inclusive of inward freight, duties and taxes and incidental expenses related to acquisition. All upgradation / enhancements are charged off as revenue expenditure unless they bring similar significant additional benefits.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in Statement of Profit and Loss.

Depreciation of these assets commences when the assets are ready for their intended use which is generally on commissioning. Items of property, plant and equipment are depreciated in a manner that amortises the cost of the assets after commissioning (or other amount substituted for cost), less its residual value, over their useful lives as specified in Schedule II of the Companies Act, 2013 on a straight-line basis. Land is not depreciated.

Property, plant and equipment's residual values and useful lives are reviewed at each Balance Sheet date and changes, if any, are treated as changes in accounting estimate. The estimated useful lives of property, plant and equipment of the Company are as follows:

Buildings	5 - 60 years
Plant and Equipment	15 years

Impairment of Assets

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

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

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

Financial instruments, Financial assets, Financial liabilities and Equity Instruments

Financial assets and financial liabilities are recognised when the Company becomes a party to the contractual provisions of the relevant instrument and are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities measured at fair value through profit or loss) are added to or deducted from the fair value on initial recognition of financial assets or financial liabilities. Purchase or sale of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognised on the trade date, i.e., the date when the Company commits to purchase or sell the asset.

Financial Assets

Recognition: Financial assets include investments, trade receivables, advances, security deposits, cash and cash equivalents. Such assets are initially recognised at transaction price when the Company becomes party to contractual obligations. The transaction price includes transaction costs unless the asset is being fair valued through the Statement of Profit and Loss.

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

Financial assets are classified as those measured at :

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

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

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

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

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

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

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

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

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

Income Recognition: Interest income is recognised in the Statement of Profit and Loss using the effective interest method. Dividend income is recognised in the Statement of Profit and Loss when the right to receive dividend is established.

Financial Liabilities

Trade payables and other financial liabilities are initially recognised at the value of the respective contractual obligations. They are subsequently measured at amortised cost. Any discount or premium on redemption / settlement is recognised in the Statement of Profit and Loss as finance cost over the life of the liability using the effective interest method and adjusted to the liability figure disclosed in the Balance Sheet.

Financial liabilities are de-recognised when the liability is extinguished, that is, when the contractual obligation is discharged, cancelled and on expiry.

Offsetting Financial Instruments

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

Equity Instruments

Equity instruments are recognised at the value of the proceeds, net of direct costs of the capital issue.

Revenue from sale of services

Revenue from the sale of services is recognised, net of allowances, if any, when the Company performs its obligations to its customers and the amount of revenue can be measured reliably and recovery of the consideration is probable. The timing of such recognition in case of services is in the period in which such services are rendered.

Employee Benefits

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

Provident Fund contributions are in the nature of defined contribution scheme. In respect of employees who are members of constituted and approved trusts, the Company recognises contribution payable to such trusts as an expense including any shortfall in interest between the amount of interest realised by the investment and the interest payable to members at the rate declared by the Government of India.

The Company also makes contribution to defined benefit gratuity plan. The cost of providing benefits under the defined benefit obligation is calculated by Independent actuary using the projected unit credit method. Service costs and net interest expense or income is reflected in the Statement of Profit and Loss. Gain or Loss on account of remeasurements are recognised immediately through other comprehensive income in the period in which they occur.

The employees of the Company are entitled to compensated leave for which the Company records the liability based on actuarial valuation computed using projected unit credit method. These benefits are unfunded.

Employee Share Based Compensation

The cost of stock options and stock appreciation units granted by ITC Limited, the ultimate Holding Company, to its eligible employees deputed to the Company is recognised at fair value. These Schemes are in the nature of equity settled / cash settled share based compensation and are assessed, managed / administered by the ultimate Holding Company.

In case of stock options, the fair value of stock options at the grant date is amortised on a straight line basis over the vesting period and cost recognised as an employee benefits expenses in the Statement of Profit and Loss with a corresponding credit in equity, net of reimbursements, if any.

In case of stock appreciation units, the fair value of stock appreciation units at the grant date is initially recognised and remeasured at each reporting date, until settled, and cost recognised as an employee benefits expenses in the Statement of Profit and Loss with a corresponding increase in other financial liabilities.

Leases

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

Company as a Lessor

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

Taxes on Income

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

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities and the amounts used for taxation purposes (tax base), at the tax rates and tax laws enacted or substantively enacted by the end of the reporting period.

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

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are re-assessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Income tax, 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, 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 ₹)

	Gross Block							Depreciation and Amortization						Net Book Value	
Particulars	As at 31st March, 2019	Additions	Withdrawals and adjustments	As at 31st March, 2020	Additions	Withdrawals and adjustments	As at 31st March, 2021	Upto 31st March, 2019	For the year	On Withdrawals and adjustments	Upto 31st March, 2020	For the year	On Withdrawals and adjustments	Upto 31st March, 2021	As at 31st March, 2021	As at 31st March, 2020
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	8,66,320	-	85,89,987	5,18,168	-	91,08,155	6,88,148	2,13,858	-	9,02,006	4,01,166	-	13,03,172	78,04,983	76,87,981
Plant and Equipment	5,179	-	-	5,179	-	-	5,179	4,920	-	-	4,920	-	-	4,920	259	259
TOTAL	14,83,58,595	8,66,320	-	14,92,24,915	5,18,168	-	14,97,43,083	6,93,068	2,13,858	-	9,06,926	4,01,166	-	13,08,092	14,84,34,991	14,83,17,989

The above includes following assets given on operating lease :

Particulars	As at 31st March, 2021				As at 31st March, 2020			
	Gross Block	Accumulated Depreciation	Net Block	Depreciation Charge for the year	Gross Block	Accumulated Depreciation	Net Block	Depreciation Charge for the year
Buildings (#)	77,23,667	10,32,460	66,91,207	1,71,920	77,23,667	8,60,540	68,63,127	1,72,392
TOTAL	**77,23,667**	**10,32,460**	**66,91,207**	**1,71,920**	**77,23,667**	**8,60,540**	**68,63,127**	**1,72,392**

(#) 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 2020 - ₹ 30,48,000) is included in Lease rental income under Other income (Note 15).

	As at 31st March, 2021 (₹)	As at 31st March, 2020 (₹)
4. Deferred tax liabilities / (assets) (Net)		
Deferred tax liabilities	14,446	1,42,45,734
Less : Deferred tax assets	6,62,671	5,07,085
TOTAL	**(6,48,225)**	**1,37,38,649**

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

2020-21	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	1,42,45,734	(1,42,31,288)	–	14,446
Total deferred tax liabilities	**1,42,45,734**	**(1,42,31,288)**	**–**	**14,446**
On fiscal allowances on property, plant and equipment, etc.	32,667	20,585	–	53,252
On employees separation and retirement etc.	4,74,418	65,945	(36,650)	5,03,713
Other timing differences	–	1,05,706	–	1,05,706
Total deferred tax assets before MAT credit entitlement	**5,07,085**	**1,92,236**	**(36,650)**	**6,62,671**
Total deferred tax liabilities / (assets) before MAT credit entitlement (Net) Less: MAT credit entitlement	**1,37,38,649** –	**(1,44,23,524)** –	**36,650** –	**(6,48,225)** –
Deferred tax liabilities/ (assets) (Net)	**1,37,38,649**	**(1,44,23,524)**	**36,650**	**(6,48,225)**

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) Less: MAT credit entitlement	**93,03,412** **62,00,000**	**45,12,799** **(62,00,000)**	**(77,562)** –	**1,37,38,649** –
Deferred tax liabilities/ (assets) (Net)	**31,03,412**	**1,07,12,799**	**(77,562)**	**1,37,38,649**

The Company has long term capital losses of ₹ 48,24,96,476/- (2020 - ₹ 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.

NOTES TO THE FINANCIAL STATEMENTS (Contd.)

	As at 31st March, 2021 (₹)		As at 31st March, 2020 (₹)	
	Current	Non-Current	Current	Non-Current
5. Other assets				
(A) Capital Advances	–	42,85,855	–	42,85,855
(B) Advances other than capital advances				
(i) Security Deposits - Others	–	1,55,000	–	1,55,000
(ii) Advance Tax (net of provisions)	–	30,55,338	–	27,07,850
(iii) Other Advances				
- Assignable claims [Refer Note 21]	–	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.)	3,00,995	–	4,26,568	–
TOTAL	**3,00,995**	**5,26,58,382**	**4,26,568**	**5,23,10,894**

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

	As at 31st March, 2021 (₹)	As at 31st March, 2020 (₹)
6. Current Investments	**Unquoted**	Unquoted
INVESTMENT IN MUTUAL FUNDS (at fair value through profit or loss unless stated otherwise)		
Aditya Birla Sun Life Floating Rate Fund 2,01,797 units of ₹ 100.00 each	5,36,40,761	5,00,82,319
Aditya Birla Sun Life Liquid Fund Nil (2020 - 7,058) units of ₹ 100.00 each	–	22,42,505
Aditya Birla Sun Life Savings Fund 2,78,830 units of ₹ 100.00 each	11,90,14,597	11,17,63,018
ICICI Prudential Savings Fund 2,24,080 units of ₹ 100.00 each	9,40,43,764	8,74,74,059
Kotak Savings Fund 12,53,702 units of ₹ 10.00 each	4,34,81,910	4,11,88,763
Nippon India Liquid Fund 443 (2020 - 430) units of ₹ 1000.00 each	22,15,411	20,72,252
Axis Liquid Fund 1,112 (2020-330) units of ₹ 1000.00 each	25,26,753	7,24,257
UTI Liquid - Cash Plan 960 (2020 - Nil) units of ₹ 1000.00 each	32,18,700	–
Aggregate amount of unquoted investments	**31,81,41,896**	**29,55,47,173**
TOTAL	**31,81,41,896**	**29,55,47,173**

	As at 31st March, 2021 (₹)	As at 31st March, 2020 (₹)
7. Trade receivables		
Unsecured, considered good	11,43,250	–
TOTAL	**11,43,250**	–

	As at 31st March, 2021 (₹)	As at 31st March, 2020 (₹)
8. Other receivables		
Other receivables	–	1,400
TOTAL	–	**1,400**

	As at 31st March, 2021 (₹)	As at 31st March, 2020 (₹)
9. Cash and cash equivalents@		
Balances with Banks		
Current accounts	5,01,415	40,74,018
Cash on hand	2,933	8,052
TOTAL	**5,04,348**	**40,82,070**

@ Cash and cash equivalents include cash on hand, cash at bank and deposits with bank with original maturity of 3 months or less, etc. as applicable.

	As at 31st March, 2021 (No. of Shares)	As at 31st March, 2021 (₹)	As at 31st March, 2020 (No. of Shares)	As at 31st March, 2020 (₹)
10. 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

NOTES TO THE FINANCIAL STATEMENTS (Contd.)

	As at 31st March, 2021 (No. of Shares)	As at 31st March, 2021 (₹)	As at 31st March, 2020 (No. of Shares)	As at 31st March, 2020 (₹)
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, 2021 (No. of Shares)	As at 31st March, 2021 (%)	As at 31st March, 2020 (No. of Shares)	As at 31st March, 2020 (%)
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, 2021 (₹)	As at 31st March, 2020 (₹)
11. Other financial liabilities		
Non-current		
Other liabilities [includes deposits from ITC Limited, the ultimate Holding Company]	24,00,000	80,11,000
Other payables [payable to ITC Limited, the ultimate Holding Company]	86,704	18,169
TOTAL	**24,86,704**	**80,29,169**
Current		
Other liabilities	56,11,000	–
Other payables [includes payable to ITC Limited, the ultimate Holding Company]	11,54,005	26,02,920
Others (Liabilities for expenses)	9,46,955	20,65,000
TOTAL	**77,11,960**	**46,67,920**

	As at 31st March, 2021 (₹)		As at 31st March, 2020 (₹)	
	Current	Non-Current	Current	Non-Current
12. Provisions				
Provision for employee benefits				
Retirement benefits	50,864	–	1,38,756	–
Other benefits	11,387	19,39,152	1,88,272	15,57,975
TOTAL	**62,251**	**19,39,152**	**3,27,028**	**15,57,975**

	As at 31st March, 2021 (₹)	As at 31st March, 2020 (₹)
13. Other liabilities		
Current		
Statutory liabilities	2,61,490	4,53,394
Progress payments and advance received against projects	2,40,000	–
TOTAL	**5,01,490**	**4,53,394**

	For the year ended 31st March, 2021 (₹)	For the year ended 31st March, 2020 (₹)
14. Revenue from operations		
Sale of Services	3,35,67,768	3,23,82,103
TOTAL	**3,35,67,768**	**3,23,82,103**

	For the year ended 31st March, 2021 (₹)	For the year ended 31st March, 2020 (₹)
15. Other income		
Interest income	–	1,13,690
Lease rental income	30,48,000	30,48,000
Other gains and losses	1,98,56,429	2,14,94,219
TOTAL	**2,29,04,429**	**2,46,55,909**

Interest income comprises interest from:		
Others (from statutory authorities)	–	1,13,690
TOTAL	**–**	**1,13,690**

Other gains and losses:		
Net gain arising on financial assets (current investments) mandatorily measured at FVTPL*	1,98,56,429	2,14,94,219
TOTAL	**1,98,56,429**	**2,14,94,219**

* Includes ₹ 1,27,017 (2020 - ₹ 1,77,369) being net gain on sale of investments.

NOTES TO THE FINANCIAL STATEMENTS (Contd.)

	For the year ended 31st March, 2021 (₹)	For the year ended 31st March, 2020 (₹)
16. Employee benefits expense		
Salaries and wages	1,29,70,577	1,24,62,528
Remuneration of manager's salary on deputation *	55,10,541	52,50,407
Contribution to Provident and other funds	11,99,474	11,04,391
Staff welfare expenses	5,10,980	9,81,911
TOTAL	**2,01,91,572**	**1,97,99,237**

* Includes reimbursement on account of share based payments as under :
- Employee Stock Option Scheme (ESOS) : ₹ 1,09,881 (2020 : ₹ 4,35,205)
- Employee Stock Appreciation Linked Reward (ESAR) Plan : ₹ 81,734 [2020 : (₹ 52,452)] [Refer Note 19(vi)]

	For the year ended 31st March, 2021 (₹)	For the year ended 31st March, 2020 (₹)
17. Other expenses		
Rates and taxes	2,44,189	3,44,514
Insurance	3,21,078	4,40,365
Bank charges	2,658	2,340
Travelling and conveyance	1,415	14,063
Consultancy / Professional fees	8,75,250	7,59,850
Telephone expenses	9,751	11,748
Miscellaneous expenses	3,39,537	2,68,851
TOTAL	**17,93,878**	**18,41,731**
Miscellaneous expenses include :		
Auditors' remuneration and expenses *		
Audit fees	1,50,000	1,50,000
Tax audit fees	50,000	50,000
Fees for other services	20,000	20,000
* Excluding taxes.		

	For the year ended 31st March, 2021 (₹)	For the year ended 31st March, 2020 (₹)
18. Income tax expenses		
A. Amount recognised in profit or loss		
Current tax		
Income tax for the year	6,20,000	7,70,000
Adjustments / (credits) related to previous years - Net	(77,760)	(38,946)
Total current tax	**5,42,240**	**7,31,054**
Deferred tax		
Deferred tax for the year	(1,44,23,524)	45,12,799
MAT credit entitlement	–	62,00,000
Total deferred tax	**(1,44,23,524)**	1,07,12,799
TOTAL	**(1,38,81,284)**	**1,14,43,853**
B. Amount recognised in other comprehensive income		
The tax (charge) / credit arising on income and expenses recognised in other comprehensive income is as follows:		
Deferred tax		
On items that will not be reclassified to profit or loss		
- Remeasurement of defined benefit plans	(36,650)	77,562
TOTAL	**(36,650)**	**77,562**

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, 2021 (₹)	For the year ended 31st March, 2020 (₹)
Profit before tax	**2,32,28,316**	**2,47,69,968**
Income tax expense calculated @ 25.168%	58,46,103	62,34,105
Effect of tax relating to uncertain tax positions	48,226	1,14,163
Effect of different tax rates on certain items@	(1,91,81,939)	–
Effect of remeasurement of opening Deferred Tax Liabilities (net)	–	(8,86,867)
Other differences	(5,15,914)	(1,78,602)
Total	**(1,38,03,524)**	**52,82,799**
Adjustments recognised in the current year in relation to the current tax of prior years	(77,760)	**(38,946)**
MAT credit entitlement reversed during the year	–	**62,00,000**
Income tax recognised in profit or loss	**(1,38,81,284)**	**1,14,43,853**

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

The tax rate used for the above reconciliations is the corporate tax rate of 25.168% (22% + surcharge @ 10% + cess @ 4%) payable on taxable profits under the Income Tax Act, 1961.

NOTES TO THE FINANCIAL STATEMENTS (Contd.)

19. Additional Notes to the Financial Statements

(i) Earnings per share:

		2021	2020
Earnings per share has been computed as under:			
(a)	Profit for the year (₹)	**3,71,09,600**	1,33,26,115
(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)]	**0.88**	0.32

(ii) Defined Benefit Plans/Long Term Compensated Absences: Description of Plans

The Company makes contributions to both Defined Benefit (Gratuity) and Defined Contribution Plans (Provident Fund) for qualifying employees. The Defined Contribution Plan is administered through approved Trust, which operate in accordance with the Trust Deed, Rules and applicable Statutes. The Company contributes for gratuity to Life Insurance Corporation of India. The concerned Trust is managed by Trustees, who provide strategic guidance with regard to the management of their investments and liabilities and also periodically review their performance.

Provident Fund and Gratuity Benefits are funded and Leave Encashment Benefits are unfunded in nature. Under the Provident Fund, Gratuity and Leave Encashment Schemes, employees are entitled to receive lump sum benefits.

The liabilities arising in the Defined Benefit Schemes are determined in accordance with the advice of Independent, professionally qualified actuaries, using the projected unit credit method at the year end. The Company makes regular contributions to Employee Benefit Contribution Plan.

Risk Management

The Defined Benefit Plans expose the Company to risk of actuarial deficit arising out of investment risk, interest rate risk and salary cost inflation risk.

Investment Risk: This may arise from volatility in asset values due to market fluctuations and impairment of assets due to credit losses. The Company makes contribution to Life Insurance Corporation of India (LIC) and due to its diverse portfolio, the risk is expected to be diversified.

Interest Rate Risk: The present value of Defined Benefit Plans liability is determined using the discount rate based on the market yields prevailing at the end of reporting period on Government bonds. A decrease in yields will increase the fund liabilities and vice-versa.

Salary Cost Inflation Risk: The present value of the Defined Benefit Plan liability is calculated with reference to the future salaries of participants under the Plan. Increase in salary due to adverse inflationary pressures might lead to higher liabilities.

The Trustees regularly monitor the funding and investments of these Plans. Risk mitigation systems are in place to ensure that the health of the portfolio is regularly reviewed and investments do not pose significant risk of impairment. Periodic audits are conducted to ensure adequacy of internal controls.

			For the year ended 31st March, 2021 (₹)		For the year ended 31st March, 2020 (₹)	
			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	2,75,485	1,31,785	2,61,585	1,24,610
	2	Past Service Cost	–	–	–	–
	3	Net Interest Cost	(5,994)	1,09,140	(19,064)	1,12,017
	4	**Total expense recognised in the Statement of Profit and Loss**	**2,69,491**	**2,40,925**	**2,42,521**	**2,36,627**
	- Re-measurements recognised in Other Comprehensive Income					
	5	Return on plan assets (excluding amounts included in Net interest cost)	(27,232)	–	19,743	–
	6	Effect of changes in demographic assumptions	–	–	–	–
	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	(81,756)	(36,633)	(70,581)	(73,665)
	10	**Total re-measurements included in Other Comprehensive Income [(Gain)/Loss]**	(1,08,988)	(36,633)	2,12,167	96,009
	11	**Total defined benefit cost recognised in Statement of Profit and Loss and Other Comprehensive Income [(Gain)/Loss] (4+10)**	1,60,503	2,04,292	4,54,688	3,32,636

The current service cost and net interest cost for the year pertaining to Gratuity expenses have been recognised in "Contribution to Provident and other funds" and Leave Encashment in "Salaries and wages" under Note 16. The re-measurements of the net defined benefit liability are included in Other Comprehensive Income.

NOTES TO THE FINANCIAL STATEMENTS (Contd.)

			For the year ended 31st March, 2021 (₹)		For the year ended 31st March, 2020 (₹)	
			Gratuity	Leave Encashment	Gratuity	Leave Encashment
			Funded	Unfunded	Funded	Unfunded
II	Actual Returns		2,28,352	–	2,34,833	–
III	Net Asset / (Liability) recognised in Balance Sheet					
	1	Present Value of Defined Benefit Obligation	33,84,579	19,50,539	30,03,153	17,46,247
	2	Fair Value of Plan Assets	33,33,715	–	28,64,397	-
	3	Status [Surplus / (Deficit)]	(50,864)	(19,50,539)	(1,38,756)	(17,46,247)
	4	Restrictions on Asset Recognised	–	–	–	–

			As at 31st March, 2021 (₹)		As at 31st March, 2020 (₹)	
			Gratuity	Leave Encashment	Gratuity	Leave Encashment
	5	Net Asset/(Liability) recognised in Balance Sheet	Funded	Unfunded	Funded	Unfunded
		- Current	(50,864)	(11,387)	(1,38,756)	(1,88,272)
		- Non-current	–	(19,39,152)	–	(15,57,975)

			For the year ended 31st March, 2021 (₹)		For the year ended 31st March, 2020 (₹)	
			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	30,03,153	17,46,247	26,94,013	15,73,499
	2	Current Service Cost	2,75,485	1,31,785	2,61,585	1,24,610
	3	Interest Cost	1,87,697	1,09,140	1,89,512	1,12,017
	4	Re-measurement (Gains) / Losses:				
		a. Effect of changes in demographic assumptions	–	–	–	–
		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	(81,756)	(36,633)	(70,581)	(73,665)
	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)
	10	**Present Value of DBO at the end of the year**	**33,84,579**	**19,50,539**	**30,03,153**	**17,46,247**

V	Best Estimate of Employers' Expected Contribution for the next year	As at 31st March, 2021 (₹)	As at 31st March, 2020 (₹)
	- Gratuity	2,71,958	2,48,395
	- Leave Encashment	1,31,785	1,24,610

NOTES TO THE FINANCIAL STATEMENTS (Contd.)

			For the year ended 31st March, 2021 (₹)		For the year ended 31st March, 2020 (₹)	
			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	28,64,397	–	26,97,613	–
	2	Asset acquired in Business Combination	–	–	–	–
	3	Expected Return on Plan Assets	1,93,691	–	2,08,575	–
	4	Re-measurement Gains / (Losses) on plan assets	27,232	–	(19,743)	–
	5	Actual Company Contributions	2,48,395	–	3,12,333	–
	6	Benefits Paid	–	–	(3,34,381)	–
	7	**Plan Assets at the end of the year**	**33,33,715**	–	**28,64,397**	–

			As at 31st March, 2021	As at 31st March, 2020
			Discount Rate (%)	Discount Rate (%)
VII	**Actuarial Assumptions**			
	1	Gratuity	6.25	6.25
	2	Leave Encashment	6.25	6.25

VIII	Major Category of Plan Assets as a % of the Total Plan Assets		As at 31st March, 2021	As at 31st March, 2020
	1	Government Securities / Special Deposit with RBI	–	–
	2	High Quality Corporate Bonds	–	–
	3	Insurer Managed Funds*	100%	100%
	4	Mutual Funds	–	–
	5	Cash and Cash Equivalents	–	–
	6	Term Deposits	–	–

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

The employee benefit plans do not hold any securities issued by the Company.

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

The expected rate of return on plan assets is based on expectation of the average long term rate of return expected to prevail over the estimated term of the obligation on the type of the investments assumed to be held by the Life Insurance Corporation of India (LIC), since the fund is managed by LIC.

			For the year ended 31st March, 2021 (₹)		For the year ended 31st March, 2020 (₹)	
			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	33,84,579	19,50,539	30,03,153	17,46,247
	2	Fair Value of Plan Assets	33,33,715	-	28,64,397	-
	3	Status [Surplus / (Deficit)]	(50,864)	(19,50,539)	(1,38,756)	(17,46,247)
	4	Experience Adjustment of Plan Assets [Gain / (Loss)]	(27,232)	-	(19,743)	-
	5	Experience Adjustment of obligation [(Gain) / Loss]	(81,756)	(36,633)	(70,581)	(73,665)

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, 2021		DBO as at 31st March, 2020	
		Gratuity	Leave Encashment	Gratuity	Leave Encashment
		Funded	Unfunded	Funded	Unfunded
1	Discount Rate + 100 basis points	31,54,239	18,02,648	27,90,141	16,11,154
2	Discount Rate - 100 basis points	36,44,986	21,20,207	32,43,702	19,00,732
3	Salary Increase Rate + 1%	36,28,403	21,10,609	32,28,965	18,92,134
4	Salary Increase Rate - 1%	31,64,657	18,08,292	27,99,165	16,16,135

Maturity Analysis of the Benefit Payments (Amount in ₹)

		DBO as at 31st March, 2021		DBO as at 31st March, 2020	
		Gratuity	Leave Encashment	Gratuity	Leave Encashment
		Funded	Unfunded	Funded	Unfunded
1	Year 1	–	–	3,98,606	2,00,786
2	Year 2	7,16,881	3,50,720	–	–
3	Year 3	–	–	2,85,372	1,45,506
4	Year 4	7,68,318	4,50,920	–	–
5	Year 5	4,24,289	2,09,546	7,33,822	4,46,981
6	Next 5 Years	15,77,675	9,60,397	17,95,870	10,40,050

Amount towards Defined Contribution Plans have been recognised under "Contribution to Provident and other funds" in Note 16: ₹ 9,29,983 (2020- ₹ 8,61,870).

(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, 2021. 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 ₹)

	2021	2020
Non-current assets (In India)	20,10,93,373	20,06,28,883

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

(Amount in ₹)

	2021	2020
ITC Limited - ultimate Holding Company	3,00,90,267	3,01,82,103

The Operating segments have been reported in a manner consistent with the internal reporting provided to the Board of Directors, which is the Chief Operating Decision Maker.

(v) Related Party Disclosures:

(a) RELATIONSHIP:

(i) Ultimate Holding Company:

- ITC Limited

(ii) Holding Company:

- Russell Credit Limited

(iii) Other related parties with whom the Company had transactions:

- Associate of the Holding Company with whom the Company had transactions during the year:
  - International Travel House Limited

(iv) Key Management Personnel (KMP):

- Mr. R. Tandon	Chairman & Non-Executive Director
- Ms. N. Bajaj	Non-Executive Director (w.e.f. 06.08.2020)
- Mr. S. Dutta	Non-Executive Director
- Mr. C. Dar	Non-Executive Director (upto 23.09.2020)
- 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

NOTES TO THE FINANCIAL STATEMENTS (Contd.)

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

(Amount in ₹)

RELATED PARTY TRANSACTION SUMMARY		Ultimate Holding Company		Holding Company		Associate of Holding Company		Key Management Personnel		Employee Trusts		Total	
		2021	2020	**2021**	2020	**2021**	2020	**2021**	2020	**2021**	2020	**2021**	2020
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	**31,63,720**	19,56,000	–	–	–	–	–	–	–	–	**31,63,720**	19,56,000
3.	Sale of Services	**3,00,90,267**	3,01,82,103	–	–	–	–	–	–	–	–	**300,90,267**	3,01,82,103
4.	Expenses Recovered	**1,05,668**	2,59,002	–	–	–	–	–	–	–	–	**1,05,668**	2,59,002
5.	Remuneration of manager on deputation (For CFO)	**53,18,926**	48,67,654	–	–	–	–	–	–	–	–	**53,18,926**	48,67,654
6.	Remuneration on account of share based payment for manager on deputation (For CFO)	**1,91,615**	3,82,753	–	–	–	–	–	–	–	–	**1,91,615**	3,82,753
7.	Expenses Reimbursed	**32,826**	75,000	–	–	–	–	–	–	–	–	**32,826**	75,000
8.	Contribution to Greenacre Holdings Limited Provident Fund	–	–		–	–	–	–	–	**9,29,983**	8,61,870	**9,29,983**	8,61,870
9.	Contribution to Greenacre Holdings Limited Gratuity Fund	–	–	–	–	–	–	–	–	**2,48,395**	3,12,333	**2,48,395**	3,12,333
10.	Remuneration to Key Management Personnel (Manager & Company Secretary)	–	–	–	–	–	–	**12,04,279**	9,83,838	–	–	**12,04,279**	9,83,838
11.	**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	**10,06,763**	23,34,089	–	–	–	–	–	–	–	–	**10,06.763**	23,34,089

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 ₹ 1,09,881/- (2020- ₹ 4,35,205/-) towards Stock Options and ₹ 81,734/- [2020 - ₹ (52,452)] towards ESAR Units have been recognised as employee benefits expense (Refer Note 16) and the liability on account of ESAR Units is presented under Note 11 of the financial statements.

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

Particulars	As at 31st March, 2021	As at 31st March, 2020
	No. of Options	No. of Options
Outstanding at the beginning of the year	8,875	8,875
Add: Granted during the year	-	-
Less: Lapsed during the year	-	-
Add / (Less): Movement due to transfer of employees within the group	-	-
Less: Exercised during the year	-	-
Outstanding at the end of the year	8,875	8,875
Options exercisable at the end of the year	8,875	7,884

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

Since the above-mentioned Stock Options / ESAR Units are not tradeable, no perquisite or benefit is conferred upon the employee by grant of such Options / Units.

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

(viii) Leases :

As a lessor

The Company has leased out certain buildings under operating lease for lease terms upto 2 years. Lease payments are structured with periodic escalations consistent with the prevailing market conditions. There are no variable lease payments that do not depend on an Index or rate. Rental income recognised from the leases during the year is ₹ 30,48,000/- (2020 : ₹ 30,48,000/-).

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

	2021	2020
Term	Lease Payments	Lease Payments
Within 1 year	₹ 27,18,000/-	₹ 30,48,000/-
Between 1-5 years	–	9,90,000/-
Later than 5 years	–	–

20. 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, 2021		As at 31st March, 2020	
		Carrying Value	Fair Value	Carrying Value	Fair Value
A. Financial assets					
a) Measured at amortised cost					
i) Trade receivables	7	11,43,250	11,43,250	–	–
ii) Other receivables	8	–	–	1,400	1,400
iii) Cash and cash equivalents	9	5,04,348	5,04,348	40,82,070	40,82,070
Sub - total		16,47,598	16,47,598	40,83,470	40,83,470
b) Measured at fair value through profit or loss					
i) Investment in mutual funds	6	31,81,41,896	31,81,41,896	29,55,47,173	29,55,47,173
Sub - total		31,81,41,896	31,81,41,896	29,55,47,173	29,55,47,173
Total financial assets		**31,97,89,494**	**31,97,89,494**	29,96,30,643	29,96,30,643
B. Financial liabilities					
a) Measured at amortised cost					
i) Other financial liabilities	11	1,01,98,664	1,01,98,664	1,26,97,089	1,26,97,089
Total financial liabilities		**1,01,98,664**	**1,01,98,664**	1,26,97,089	1,26,97,089

C. Financial risk management objectives

The Company has a system-based approach to risk management, anchored to policies and procedures and internal financial controls aimed at ensuring early identification, evaluation and management of key financial risks (such as market risk, credit risk and liquidity risk) that may arise as a consequence of its business operations as well as its investing and financing activities. Accordingly, the Company's risk management framework has the objective of ensuring that such risks are managed within acceptable and approved risk parameters in a disciplined and consistent manner and in compliance with applicable regulation. It also seeks to drive accountability in this regard.

Market Risks

As the Company is debt-free and its deferred payment liabilities do not carry interest, the exposure to interest rate risk from the perspective of Financial liabilities is negligible. Investments are made in debt instruments, within approved policies and procedures guided by the tenets of liquidity, safety and returns. This ensures that investments are only made within acceptable risk parameters.

The Company's investments are predominantly held in debt mutual funds etc. The Company invests in mutual fund schemes of leading fund houses. Such investments are susceptible to market price risk that arises mainly from changes in interest rate which may impact the return and value of such investments. However, given the relatively short tenure of underlying portfolio of the mutual fund schemes in which the Company has invested, such price risk is not significant.

Liquidity Risk

The Company's Current assets aggregate ₹ 32,00,90,489 (2020 – ₹ 30,00,57,211) including Current investments, Trade receivables and Cash and cash equivalents of ₹ 31,97,89,494 (2020 – ₹ 29,96,30,643) against an aggregate Current liability of ₹ 82,75,701 (2020 – ₹ 54,48,342); Non-current liabilities due between one year to three years amount to ₹ 24,86,704 (2020 – ₹ 80,29,169) 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, 2021	As at 31st March, 2020
A. Financial assets			
Measured at fair value through profit or loss			
Investment in mutual funds	1	**31,81,41,896**	29,55,47,173

21. During the year 1999-2000, erstwhile Classic Infrastructure & Development Limited (CIDL) [since amalgamated with the Company] acquired assignable claims amounting to ₹ 920.59 lakhs together with any interest that may accrue on the said amount till the date of actual repayment, at an agreed consideration of ₹ 200.00 lakhs. This amount is included in "Other assets" under Note 5.

On behalf of the Board

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

Kolkata, India
May 06, 2021

REPORT OF THE BOARD OF DIRECTORS FOR THE FINANCIAL YEAR ENDED 31st MARCH, 2021

Your Directors submit their Report for the financial year ended 31st March, 2021.

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,	**2021**	**2020**	**2021**	**2020**
Total Income	**2469.29**	2268.63	**1883.91**	1560.77
Total Expenses	**1865.16**	1980.29	**1291.44**	1294.44
Profit before Tax	**604.13**	288.34	**592.47**	266.33
Tax Expenses	**152.83**	78.87	**144.68**	71.64
Profit after Tax	**451.30**	209.47	**447.79**	194.69

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

DIVIDEND

During the year, the Board of Directors of the Company declared, on Equity Share of ₹ 10/- each, the first interim dividend of ₹ 17.75 per share and the second interim dividend of ₹ 14.75 per share on 8,52,00,000 Equity Shares, totalling ₹ 32.50 per share (previous year - ₹ 11.75 per share) and aggregating ₹ 276,90,00,000/- (Rupees Two Hundred Seventy-Six crores and Ninety lakhs only). The Board recommends the above as the final dividend for the financial year ended 31st March, 2021.

BUSINESS REVIEW

2020-21 was a year of structural shifts in the IT services industry due to the impact of the COVID-19 pandemic. Despite the disruptions due to the pandemic, the Indian IT Services and Business Process Management (BPM) industry grew by 2.3% in dollar terms in 2020-21, according to NASSCOM estimates.

The year 2020-21 saw the pandemic-led accelerated mainstream adoption of certain digital technologies like Cloud, Intelligent Automation, Digital workplace and Cyber security in the Enterprise technology landscape. Enterprises are adopting these technologies with a view of making their technology infrastructure and applications flexible, scalable and collaborative to enable continuous operations with a distributed workforce, expanding channels of reaching out to their customers and reducing the dependence on human workforce in the case of repetitive and well-defined tasks. 2020-21 also saw the IT services industry demonstrating its resilience in seamlessly delivering services to clients globally by adapting to a distributed delivery model to overcome the supply side disruption of the pandemic through the effective use of mobile computing devices and enterprise collaboration software.

On the back of the pandemic led disruption, businesses are increasingly looking at digital technologies as not just differentiators but as an important driver of continuous operations. In this regard, enterprises are looking at IT service providers as partners who can guide them in their journey of delivering business impact using digital technologies while understanding and sharing their risks. To cater to the accelerated adoption of certain digital technologies, IT service providers continue their focus on sharpening their offerings in these technology areas by collaborating with relevant Independent Software Vendors (ISVs) and start-ups. IT service providers are also focusing on winning large transformation opportunities from enterprise clients through differentiated client centric deal constructs. Re-skilling and up-skilling employees in digital technologies and acquiring targets with digital or domain related capabilities continue to be other key areas of focus of technology service providers through the pandemic year.

In this context, your Company remains focused on providing domain-led digital services and solutions to customers in identified industry verticals. Your Company also successfully adapted to a distributed working environment during the year ensuring safety of its employees and seamless delivery to its clients. During the year, your Company grew on the back of good growth in geographic markets like America, Europe and India. Global In-house Centers (GIC) Services, Digital Experience using Data analytics and Infrastructure services were some of the key drivers of growth during the year. Your Company also forged new alliances and strengthened existing relationships with ISVs in areas such as Automation, Digital Manufacturing and Data analytics.

During the year, your Company's consolidated Revenue from Operations was ₹ 2,453.86 crores (previous year ₹ 2,249.31 crores), representing a growth of 9.09 %, with Profit Before Tax of ₹ 604.13 crores (previous year ₹ 288.34 crores). Net Profit stood at ₹ 451.30 crores (previous year ₹ 209.47 crores).

Your Company's superior service delivery and technology capabilities continue to earn global recognition. During the year, your Company improved its positioning in Avasant's Intelligent Automation RadarView report, amongst the Top 24 service providers globally, from the 'Disruptors' category in the previous year to the 'Innovators' category in 2020. Likewise, your Company was also featured as a 'Strong Performer' in the Forrester wave report on mid-sized RPA service providers. Your Company's capability on Manufacturing Execution Systems (MES) was recognized and featured in a note on 'An innovative approach for accelerating MES implementation' by Information Services Group. Your Company received the PR world awards during the year for its efforts in effectively responding to the COVID-19 pandemic. Your Company was also awarded 'Best of The Global Outsourcing 100' service providers by International Association of Outsourcing Professionals (IAOP) and was featured as a 'Leader' in their 'Global Outsourcing 100' report.

Your Company remains committed in its journey of providing differentiated, business-friendly offerings to select industry verticals. With a view of thriving in the new normal post the pandemic, your Company will focus on expanding its presence in strategic accounts, creating and winning large transformation opportunities, building and sharpening its domain-specific digital solutions across identified areas, investing in strengthening its distributed delivery framework and in re-skilling and up-skilling its employees in digital technologies.

WHOLLY OWNED SUBSIDIARY COMPANIES

The statement in Form No. AOC-1 containing the salient features of the financial statements of Infotech UK and Infotech USA, wholly owned subsidiaries of your Company, and Indivate Inc., wholly owned subsidiary of Infotech USA, for the financial year 2020-21 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	
	2020-21	2019-20	**2020-21**	2019-20
Infotech UK (*) (in GBP million)	**48.80**	49.82	**0.90**	1.23
Infotech USA (#) (in USD million)	**107.93**	105.12	**2.57**	3.28
Indivate Inc. (in USD million)	**0.43**	0.50	**0.02**	0.03

* for the year under review, Infotech UK declared and paid an interim dividend of GBP 1.25 per Ordinary share (previous year: NIL) of GBP 1/- each on 6,85,815 shares aggregating GBP 8,57,269/- (previous year: NIL).

for the year under review, Infotech USA declared and paid a dividend of USD 14 per share (previous year: USD 11 per share) on 1,82,000 Common Shares-without par value aggregating USD 2.548 million (previous year: USD 2.002 million).

DIRECTORS AND KEY MANAGERIAL PERSONNEL

Changes in Directors during the year

Ms. Sheela Gopalakrishna Mukherjee (DIN: 08069509) resigned as Director of the Company with effect from 31st July, 2020. Your Board of Directors place on record its appreciation for the contribution made by Ms. Mukherjee during her tenure as Director.

In accordance with the provisions of Section 161 of the Companies Act, 2013 (the Act) read with Article 130 of the Articles of Association of the Company, and on the recommendation of the Nomination and Remuneration Committee, the Board of Directors of your Company appointed Ms. Priti Balaji as Additional Non-Executive Director of your Company with effect from 30th October, 2020. Ms. Balaji will vacate office at the 25th Annual General Meeting of the Company (25th AGM).

The Board, on the recommendation of the Nomination and Remuneration Committee, has recommended the appointment of Ms. Balaji as Non-Executive Director of your Company for a period of 3 years with effect from the date of the 25th AGM. Notice under Section 160 of the Act has been received from Ms. Balaji proposing her candidature for appointment as Director of the Company. Requisite consent, pursuant to Section 152 of the Act, has been filed by Ms. Balaji to act as Director, if appointed.

Appropriate resolution seeking your approval for appointment of Ms. Balaji is included in the Notice convening the 25th AGM.

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

Retirement by Rotation

In accordance with the provisions of Section 152 of the Act read with Articles 143 to 145 of the Articles of Association of the Company, Messrs. Partho Chatterjee and Surampudi Sivakumar will retire by rotation at the 25th AGM and, being eligible, offer themselves for re-election. The Board has recommended their re-election.

BOARD COMMITTEES

Your Company has 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 Committees, 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 Permanent 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. The Company Secretary serves as the Secretary to the Committee.

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 Permanent 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 and Board Committees held during the year under review are as given below:

	No. of meetings held
Board	8
Audit Committee	6
Nomination and Remuneration Committee	4
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 the Directors of the Company.

All the Non-Executive Directors of your Company are liable to retire by rotation, one-third of whom retire every year and are eligible for re-election. All the Non-Executive Directors are / were executives / directors of ITC Limited, the Holding Company. They fulfil the fit and proper criteria for appointment as Directors.

BOARD EVALUATION

The Board carried out for the year under review an evaluation of its own performance and that of the individual Directors and functioning of the Board Committees as required under the Act based on the criteria approved by the Nomination and Remuneration Committee. Reports on functioning of the Board Committees were placed before the Board by the respective Committee Chairman.

REMUNERATION POLICY

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

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

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

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

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

RISK MANAGEMENT

Your Company's Risk Management 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 (CSR Rules), is provided in **Annexure 1** to this Report.

OTHER INFORMATION

I. CONSERVATION OF ENERGY & TECHNOLOGY ABSORPTION

Considering that your Company is in the business of providing information technology services and solutions, no comment is required on conservation of energy and technology absorption.

Your Company being a software solution provider requires minimal energy consumption and every endeavour is made to ensure the optimal use of energy. During the year, your Company encouraged employees to continue working from home due to the COVID-19 pandemic.

Your Company ensured effective recycling of wastepaper translating to saving 3 trees, 3.5 KL of water, 62 units of energy, and 0.15 cubic meters in landfill space.

II. FOREIGN EXCHANGE EARNINGS AND OUTGO

The foreign exchange earnings of your Company during the year were ₹ 1,32,942/- lakhs (previous year – ₹ 1,05,988/- lakhs) while the outgoings were ₹ 16,045/- lakhs (previous year – ₹ 19,168/- lakhs).

III. PARTICULARS OF EMPLOYEES

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

IV. ANNUAL RETURN

As per provisions of Section 92(3) and Section 134(3)(a) of the Act as amended from time to time, the Annual Return in Form MGT-7 is available on the Company's website and can be accessed at https://www.itcinfotech.com/compliance.

V. PARTICULARS OF LOANS, GUARANTEES OR INVESTMENTS

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

VI. PARTICULARS OF CONTRACTS OR ARRANGEMENTS WITH RELATED PARTIES

All contracts or arrangements entered into by the Company with its related parties during the financial year were in the ordinary course of business and on arm's length basis. The details of material transaction(s) entered into by your Company with its related parties are provided in **Annexure 3** (Form No. AOC-2) to this Report. For this purpose, a transaction with a related party is considered material if the transaction(s) to be entered into individually or taken together with previous transactions during a financial year, exceeds 10% of the revenue from operations of the Company, as per its latest audited financial statements or ₹ 5,000 lakhs, whichever is lower.

VII. COST RECORDS

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

DIRECTORS' RESPONSIBILITY STATEMENT

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

i. followed in the preparation of the Financial Statements for the financial year ended 31st March, 2021, 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, 2021, 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 2021-22.

Appropriate resolution seeking your approval in respect of the remuneration to DHS is included in the Notice convening the 25th AGM of the Company.

(b) Secretarial Auditor

Your Board appointed Ms. Medha Gokhale, CP No. 15494, Practising Company Secretary, to conduct the secretarial audit of your Company for the financial year ended 31st March, 2021. The report of Ms. Gokhale, in terms of Section 204 of the Act is provided in **Annexure 4** to this Report.

SECRETARIAL STANDARDS

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

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

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

ACKNOWLEDGEMENTS

Your Directors thank the 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, co-operation and stellar performance under the unprecedented situation due to COVID-19 pandemic and lockdown during the year under review.

On behalf of the Board

	S. Sivakumar	**S. Singh**
	Vice Chairman	Managing Director
Date: 4th May, 2021	Hyderabad	Bengaluru

ANNEXURE 1 TO THE REPORT OF THE BOARD OF DIRECTORS

Annual Report on CSR Activities for the Financial Year ended 31st March, 2021

1. **Brief outline:**

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

The CSR Policy of the Company has been revised in line with the amended CSR Rules incorporating the approach and direction that may be specified by the Board, taking into account the recommendations of the CSR Committee, on the principles for selection, implementation and monitoring of CSR activities as well as formulation of the CSR Annual Action Plan.

Salient features of the Company's revised CSR Policy:

The Company -

- ✓ Will undertake CSR activities (a) directly, or (b) through a registered public trust or a registered society or a company under Section 8 of the Act, established by ITC or otherwise, having track record of at least three years in undertaking CSR activities, or (c) through other implementing agencies.
- ✓ May collaborate with ITC or other companies for undertaking CSR activities in such a manner that the respective companies are in a position to report separately on the CSR activities being undertaken.
- ✓ Will endeavour to spend in every financial year, two percent of its average net profits during the three immediately preceding financial years (or such other limit as may be prescribed under the Companies Act, 2013), on CSR activities in pursuance of this Policy.

2. **Composition of CSR Committee:**

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

3. Provide the web-link where composition of CSR committee, CSR Policy and CSR projects approved by the Board are disclosed on the website of the Company – https://www.itcinfotech.com/compliance
4. Provide the details of Impact assessment of CSR projects carried out in pursuance of sub-rule (3) of rule 8 of the Companies (Corporate Social Responsibility Policy) Rules, 2014, if applicable (attach the report) - Not Applicable
5. Details of the amount available for set off in pursuance of sub-rule (3) of rule 7 of the Companies (Corporate Social Responsibility Policy) Rules, 2014 and amount required for set off for the financial year, if any – Nil

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

6. Average net profits of the Company as per Section 135(5) – ₹ 140,37,36,364/-
7. (a) Two percent of average net profit of the Company as per Section 135(5) – ₹ 2,80,74,727/-

   (b) Surplus arising out of the CSR projects or programmes or activities of the previous financial years - Nil

   (c) Amount required to be set off for the financial year, if any - Nil

   (d) Total CSR obligation for the financial year (7a+7b-7c) - ₹ 2,80,74,727/-
8. (a) CSR amount spent or unspent for the financial year:

Total Amount Spent for the Financial Year (in ₹)	Amount Unspent (in ₹)				
	Total Amount transferred to Unspent CSR Account as per Section 135(6)		Amount transferred to any fund specified under Schedule VII as per second proviso to Section 135(5)		
	Amount	Date of transfer	Name of the Fund	Amount	Date of transfer
₹ 2,81,00,000	Nil				

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

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

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

(1)	(2)	(3)	(4)	(5)		(6)	(7)	(8)	
Sl. No.	Name of the Project	Item from the list of activities in schedule VII to the Act	Local area (Yes/ No)	Location of the project		Amount spent for the project (in ₹)	Mode of implementation - Direct (Yes/No)	Mode of implementation - Through implementing agency	
				State	District			Name	CSR registration number
1	Disaster management, including relief, activities	Covered under Clause (xii) of Schedule VII to the Companies Act, 2013	N.A.	N.A.		₹ 281 Lakhs	No	ITC Education and Health Care Trust, Kolkata	CSR00002775

(d) Amount spent in Administrative Overheads – Not Applicable

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

(f) Total amount spent for the Financial Year (8b+8c+8d+8e) – ₹ 2,81,00,000/-

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

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

9. (a) Details of Unspent CSR amount for the preceding three financial years:

Sl. No.	Preceding Financial Year	Amount transferred to Unspent CSR Account under Section 135(6) (in ₹)	Amount spent in the reporting Financial Year (in ₹)	Amount transferred to any fund specified under Schedule VII as per Section 135(6), if any			Amount remaining to be spent in succeeding financial years (in ₹)
				Name of the Fund	Amount (in ₹)	Date of transfer	
Not Applicable							

(b) Details of CSR amount spent in the financial year for ongoing projects of the preceding financial year(s):– Not applicable

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

10. In case of creation or acquisition of capital asset, furnish the details relating to the asset so created or acquired through CSR spent in the financial year – Not Applicable

(asset wise details)

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

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

S. Sivakumar
Chairman - CSR Committee
Hyderabad

S. Singh
Managing Director
Bengaluru

Date: 4th May, 2021

ANNEXURE 2 TO THE REPORT OF THE BOARD OF DIRECTORS
FOR THE FINANCIAL YEAR ENDED 31ST MARCH, 2021

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

Top ten employees in terms of remuneration drawn

Name	Age	Designation	Gross Remuneration (₹)	Net Remuneration (₹)	Qualifications	Experience (Years)	Date of Commencement of Employment / Deputation	Previous Employment/ Position held
1	2	3	4	5	6	7	8	9
KUMAR VISHAL #	50	President - ROW	31993546	31993546	B.E.	28	13-Jan-03	PSI Data Systems Ltd. Sales & Marketing Manager
SINGH SUDIP	48	Managing Director & Chief Executive Officer	31176482	16829886	M.B.A.	23	28-Jan-19	Infosys Ltd., Global Industry Head - Energy, Utilities, Resources & Services Segment
OCHANI ANUP #	44	General Manager - Business Development	23399281	23399281	B.E.	23	12-Nov-07	Aptiva Consulting Project Manager
KSHETRAPAL ADITYA	44	Vice President - Business Development	21290138	13321606	M.B.A.	20	10-Nov-14	Capgemini India Private Ltd. Senior Manager
BATRA RAKESH ###	57	Chief Financial Officer	18685680	8414379	B.Com (H), FCA	35	01-Sep-06	–
PAUL DEBJYOTI	48	President - IT Services	14082566	8766106	PGDM	23	30-Dec-19	Microsoft Architect Manager
ALUVALA VEMENDER	34	Manager - Business Development	13628623	9012667	M.B.A.	11	04-Feb-16	Infinite Computer Solutions Assistant Manager
PATNI MUDIT ##	40	General Manager - Business Development	12984775	8584529	PGDM	17	01-Feb-19	Rockwell Automation Business Development Manager
AKHAURY UMANG #	39	Senior Manager - Business Development	12701213	7407282	M.B.A.	14	08-Nov-15	Tata Consultancy Services Business Development Manager
BURMAN SUCHISMITA	45	Chief Human Resources Officer	11435671	7288225	M.P.M.	21	07-Jun-19	Deloitte Consulting Vice President

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

Name	Age	Designation / Nature of Duties	Gross Remuneration (₹)	Net Remuneration (₹)	Qualifications	Experience (Years)	Date of Commencement of Employment / Deputation	Previous Employment/ Position held
1	2	3	4	5	6	7	8	9
RAJESH B.A.B #	53	General Manager - IT Services	10998943	7371003	B.Sc.	29	12-Jan-10	Bristlecone India Ltd. Manager - Delivery
SHAH SANJAY V ###	60	Sr. Vice President & Company Secretary	10797884	5172920	B.Com, ACA, ACS	37	13-Dec-00	-
MALHOTRA HIMANSHU #	36	Senior Manager - Business Development	10782865	10782865	B.TECH.	13	14-Feb-08	-
SINHA PANKAJ KUMAR #	49	Senior Manager - Business Development	10404668	6130128	M.B.A.	21	11-Apr-13	Intertec Systems LLCMajor Account Manager

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

Name	Age	Designation / Nature of Duties	Gross Remuneration (₹)	Net Remuneration (₹)	Qualifications	Experience (Years)	Date of Commencement of Employment / Deputation	Previous Employment/ Position held
1	2	3	4	5	6	7	8	9
GAREWAL HARDEEP SINGH (return from secondment)	57	President - Europe	984906	861355	PGDM	32	01-Oct-00	–
KODIPALLI PAVAN KUMAR # (separated from the services of the Company)	39	Technical Architect	9962878	5157110	B.S.	15	21-May-15	Wipro Technologies Lead Consultant
NARAYANAN VIJAY # (separated from the services of the Company)	40	Service Delivery Manager	8788191	4543765	B.E.	16	25-Apr-11	Goldman Sachs Services Pvt. Ltd. Senior Technology Analyst
RAMASAMY ANANTHARAMAN	45	General Manager	4427136	3259133	M.C.S	23	15-Jun-15	Symphoy Teleca Director IT

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, allowances, performance bonus / incentives, contribution to Provident Fund & approved Pension Fund and other benefits / applicable perquisites, except the contribution to approved Gratuity Fund and provisions for leave encashment which are actuarially determined on an overall Company basis. The term 'remuneration' has the meaning assigned to it under the Companies Act, 2013.
4. Net Remuneration comprises cash income less (a) income tax, surcharge (as applicable) & education cess deducted at source and (b) managers own contribution to Provident Fund.
5. Some of the employees listed above have been granted Stock Options by ITC 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 deputed employees under its Employee Cash Settled Stock Appreciation Linked Reward Plan. Since these Stock Options and ESAR Units are not tradeable, no perquisite or benefit is conferred upon the employees 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
Vice Chairman
Hyderabad

S. Singh
Managing Director
Bengaluru

Date: 4th May, 2021

ANNEXURE 3 TO THE REPORT OF THE BOARD OF DIRECTORS FOR THE FINANCIAL YEAR ENDED 31ST MARCH, 2021

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: None
2. Details of material contracts or arrangements or transactions at arm's length basis:

a)	Name(s) of the related party and nature of relationship	ITC Limited (Holding Company)
b)	Nature of contracts / arrangements / transactions	Sale of IT Services
c)	Duration of the contracts / arrangements / transactions	Continuing
d)	Salient terms of the contracts or arrangements or transactions including the value, if any	- Provision of IT Services - Pricing based on arm's length margin - Monthly invoicing; payment upon receipt of invoice - Value of transactions during the year - ₹ 16,717 lakhs
e)	Date(s) of approval by the Board, if any	N.A.
f)	Amount paid as advances, if any	Nil

a)	Name(s) of the related party and nature of relationship	ITC Infotech Limited (Subsidiary)
b)	Nature of contracts / arrangements / transactions	Sale of IT Services
c)	Duration of the contracts / arrangements / transactions	Continuing
d)	Salient terms of the contracts or arrangements or transactions including the value, if any	- Subcontracting of execution and management of customer contracts - Pricing based on arm's length margin - Periodic invoicing; payment within 120 days - Value of transactions during the year - ₹ 24,124 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 120 days - Value of transactions during the year - ₹ 41,740 lakhs
e)	Date(s) of approval by the Board, if any	N.A.
f)	Amount paid as advances, if any	Nil

a)	Name(s) of the related party and nature of relationship	Russell Credit Limited (Russell), Fellow Subsidiary
b)	Nature of contracts / arrangements / transactions	Unsecured Inter-Corporate Loan of ₹ 10,000 lakhs from Russell
c)	Duration of the contracts / arrangements / transactions	One year
d)	Salient terms of the contracts or arrangements or transactions including the value, if any	- Simple Interest payable at 7.75% per annum - The Company may from time to time repay the loan in part or in full and may again borrow depending on business requirements provided that the total amount of loan outstanding at any point of time shall not exceed ₹ 10,000 lakhs - Loan received during the year- Nil - Loan repaid during the year- Nil - Interest paid during the year- Nil
e)	Date(s) of approval by the Board, if any	4th February, 2019 17th December, 2020 (Audit Committee)
f)	Amount paid as advances, if any	Nil

On behalf of the Board

S. Sivakumar
Vice Chairman
Hyderabad

S. Singh
Managing Director
Bengaluru

Date: 4th May, 2021

ANNEXURE 4 TO THE REPORT OF THE BOARD OF DIRECTORS

FOR THE FINANCIAL YEAR ENDED 31st MARCH, 2021

FORM NO. MR-3

SECRETARIAL AUDIT REPORT

FOR THE FINANCIAL YEAR ENDED 31ST MARCH, 2021

[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, West Bengal, India - 700071

I have conducted the Secretarial Audit of the compliance of applicable statutory provisions and the adherence to good corporate practice by 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, 2021, 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, 2021, according to the applicable provisions of:

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

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

c. Other laws applicable to the Company, namely:

1. The Information Technology Act, 2000 and the rules made thereunder;
2. The Employees' Provident Funds and Miscellaneous Provisions Act, 1952;
3. The Shops & Establishments Act, 1961.

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

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

I FURTHER REPORT THAT:

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

b. Adequate notices were given to all the Directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent in compliance with the provisions of the Companies Act, 2013, the Rules made thereunder and the Secretarial Standard as applicable and an appropriate system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.

c. There was no prosecution initiated and no fines or penalties were imposed during the year under review under the Acts mentioned above, the Rules, Regulations and Guidelines framed under the said Acts against / on the Company, its Directors and Officers.

I further report that based on the information provided by the Company and also on the review of the compliance certificates / reports taken on record by the Board of Directors of the Company, in my opinion, there are adequate systems and processes in the Company commensurate with the size and operations of the Company to monitor and ensure compliance with applicable Laws, Rules, Regulations and Guidelines.

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

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

Medha Gokhale
CP No.: 15494
ACS No.: 32735
UDIN: A032735C000234411

Date: May 04, 2021
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, 2021, is to be read along with this letter.

1. It is the responsibility of the management of the Company to maintain secretarial records, devise proper systems to ensure compliance with the provisions of all applicable laws and regulations and to ensure that the systems are adequate and operate effectively. My responsibility is to express an opinion on these secretarial records, standards and procedures followed by the Company with respect to compliances.
2. I have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the records so provided. I believe that the processes and practices I followed provide a reasonable basis for my opinion.
3. Whenever required, I have obtained the Management representation about the compliance of Laws, Rules and Regulations and happening of events etc.
4. The compliance of various provisions of applicable Laws, Rules, Regulations and Standards is the responsibility of management. My examination was limited to the verification of procedures on test basis.
5. The compliance by the Company of applicable financial & tax Laws and maintenance, correctness & appropriateness of financial records and books of accounts have not been reviewed in this audit.
6. The Secretarial Audit Report is neither an assurance as to the future viability of the Company nor of the efficacy or effectiveness with which the management has conducted the affairs of the Company.

Medha Gokhale
CP No.: 15494
ACS No.: 32735
UDIN: A032735C000234411

Date: May 04, 2021
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, 2021, 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, 2021, 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 judgements and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the 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 judgement and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the standalone financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal financial 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, 2021 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2021 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, 2021 for which there were no material foreseeable losses. The Company did not have any long-term derivative contracts as at March 31, 2021.

      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

Place: Bengaluru (Membership No. 110815)
Date: May 4, 2021 UDIN - 21110815AAAABF9930

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, 2021 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, 2021, 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 - 21110815AAAABF9930

Place: Bengaluru
Date: May 4, 2021

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 and hence reporting under clause (i)(c) of the Order is not applicable.

(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, 2021 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, Goods and Services Tax, Customs Duty, 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, Goods and Services Tax, Customs Duty, Cess and other material statutory dues in arrears as at March 31, 2021 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, 2021 on account of disputes are given below:

Name of the statute	Nature of dues	Forum where the dispute is Pending	Period to which the Amount Relates	Amount (₹ in lakhs)
Finance Act, 1994	Service tax including interest and penalty	CESTAT	April 1, 2007 to June 30, 2011	120*
Finance Act, 1994	Service tax including interest and penalty	Commissioner	July 1, 2011 to June 30, 2017	505#

* Net of amount deposited under protest ₹ 15.00 lakhs.

#Net of amount deposited under protest ₹ 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.

(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 - 21110815AAAABF9930

Place: Bengaluru
Date: May 4, 2021

BALANCE SHEET AS AT 31ST MARCH, 2021

		Note No.	As at 31st March, 2021 (₹ in Lakhs)	As at 31st March, 2020 (₹ in Lakhs)
I	**ASSETS**			
	1 Non-current Assets			
	(a) Property, Plant and Equipment	2	3,458	4,438
	(b) Other Intangible Assets	2	504	562
	(c) Right-of-Use Assets	2	85	366
	(d) Financial Assets			
	(i) Investments	3 (a)	8,704	8,704
	(ii) Loans	4 (a)	–	3
	(iii) Others	5 (a)	–	144
	(e) Deferred Tax Assets (Net)	9	2,684	1,940
	(f) Income Tax Assets (Net)	10	1,813	2,335
	(g) Other Non-Current Assets	11 (a)	283	225
	Sub-Total		**17,531**	**18,717**
	2 Current Assets			
	(a) Financial Assets			
	(i) Investments	3 (b)	26,767	15,101
	(ii) Trade Receivables	6	17,897	23,095
	(iii) Cash and Cash Equivalents	7	852	1,219
	(iv) Other Bank Balances	8	10,000	-
	(v) Loans	4 (b)	3	3
	(vi) Others	5 (b)	16,523	14,017
	(b) Other Current Assets	11 (b)	4,044	1,906
	Sub-Total		**76,086**	**55,341**
	TOTAL		**93,617**	**74,058**
II	**EQUITY AND LIABILITIES**			
	1 Equity			
	(a) Equity Share Capital	12	8,520	8,520
	(b) Other Equity		62,574	45,012
	Sub-Total		**71,094**	**53,532**
	2 Non-current Liabilities			
	(a) Financial Liabilities			
	(i) Lease Liabilities		–	98
	(ii) Other Financial Liabilities	13 (a)	1,340	550
	(b) Provisions	14 (a)	1,411	1,745
	Sub-Total		**2,751**	**2,393**
	3 Current Liabilities			
	(a) Financial Liabilities			
	(i) Trade Payable and Accrued expenses			
	- Total outstanding dues of micro and small enterprises		112	244
	- Total outstanding dues other than micro and small enterprises		5,865	5,457
	(ii) Lease Liabilities		98	285
	(iii) Other Financial Liabilities	13 (b)	10,167	9,284
	(b) Other Current Liabilities	15	2,486	1,477
	(c) Provisions	14 (b)	1,044	1,386
	Sub-Total		**19,772**	**18,133**
	TOTAL		**93,617**	**74,058**

The accompanying notes 1 to 38 are an integral part of the Financial Statements.

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

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

Anand Subramanian
Partner
Membership Number : 110815

Place : Bengaluru
Date : 04 May, 2021

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

Date : 04 May, 2021

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31ST MARCH, 2021

		Note No.	For the year ended 31st March, 2021 (₹ in Lakhs)	For the year ended 31st March, 2020 (₹ in Lakhs)
I	**Revenue from Operations**	16	183,498	152,987
II	**Other Income**	17	4,893	3,090
III	**Total Income**		**188,391**	**156,077**
IV	**Expenses**			
	Employee Benefits Expense	18	102,870	95,876
	Finance Costs	19	19	39
	Depreciation and Amortisation Expense	2	2,583	1,737
	Other Expenses	20	23,672	31,792
	Total Expenses		**129,144**	**129,444**
V	**Profit Before Tax (III-IV)**		**59,247**	**26,633**
VI	**Tax Expenses**	21 (a)		
	Current Tax		15,425	6,312
	Deferred Tax Charge/ (Credit)		(957)	852
			14,468	7,164
VII	**Profit for the Year (V-VI)**		**44,779**	**19,469**
VIII	**Other Comprehensive Income**			
(a)	Items that will not be Reclassified Subsequently to Profit or Loss			
	- Remeasurement of Net Defined Benefit Liability		846	(359)
	- Less: Tax Relating to Items that will not be reclassified subsequently to Profit or Loss	21 (b)	213	(90)
(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		**633**	**(269)**
IX	**Total Comprehensive Income for the Year (VII+VIII)**		**45,412**	**19,200**
X	**Earnings Per Share (in ₹) (Face value ₹ 10 each)** (Basic and Diluted)	27	**52.56**	**22.85**

The accompanying notes 1 to 38 are an integral part of the Financial Statements.
This is the Statement of Profit and Loss referred to in our Report of even date.

For Deloitte Haskins & Sells LLP,
Firm Registration Number : 117366 W/W- 100018
Chartered Accountants
Anand Subramanian
Partner
Membership Number : 110815

Place : Bengaluru
Date : 04 May, 2021

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

Date : 04 May, 2021

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31ST MARCH, 2021

A. Equity Share Capital (₹ in Lakhs)

Balance at 1st April, 2019	Changes in Equity Share Capital during the year	Balance at 31st March, 2020	Changes in Equity Share Capital during the year	Balance at 31st March, 2021
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, 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 Interim 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 29)	–	490	490
- Options Lapsed during the Year	528	(528)	–
Balance as at 31st March, 2020	**33,041**	**11,971**	**45,012**
- Profit for the Year	44,779	–	44,779
- Remeasurement of Net Defined Benefit Liability (Net of Tax)	633	–	633
Total Comprehensive Income	**45,412**	–	**45,412**
- Payment of Interim Dividend : @ ₹ 17.75/- per share on 85,200,000 Shares: ₹ 15,123 Lakhs @ ₹ 14.75/- per share on 85,200,000 Shares: ₹ 12,567 Lakhs	(27,690)	–	(27,690)
- Recognition of Share Based Payment (Refer Note 29)	–	(160)	(160)
- Options Lapsed during the Year	818	(818)	–
Balance as at 31st March, 2021	**51,581**	**10,993**	**62,574**

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

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

The accompanying notes 1 to 38 are an integral part of the Financial Statements

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

For Deloitte Haskins & Sells LLP,
Firm Registration Number : 117366 W/W- 100018
Chartered Accountants
Anand Subramanian
Partner
Membership Number : 110815

Place : Bengaluru
Date : 04 May, 2021

On behalf of the Board

S. Singh
Managing Director
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S. Sivakumar
Vice Chairman
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R. Batra
Chief Financial Officer
Bengaluru

S. V. Shah
Company Secretary
St. Louis, USA

Date : 04 May, 2021

CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2021

		For the year ended 31st March, 2021 (₹ in Lakhs)		For the year ended 31st March, 2020 (₹ in Lakhs)	
A	**CASH FLOW FROM OPERATING ACTIVITIES :**				
	PROFIT BEFORE TAX		59,247		26,633
	ADJUSTMENTS FOR :				
	Depreciation and Amortisation Expense	2,583		1,737	
	Dividend Income from Subsidiary Company	(2,739)		(1,420)	
	Net Gain on Sale of Investments	(970)		(927)	
	Property, Plant and Equipment - Loss on Sale / Discarded [net]	21		86	
	Unrealised Loss / (Gain) on Exchange [net]	221		(233)	
	Share based Payments to Employees [(credit) / charge]	(112)		336	
	Provision for Doubtful Receivables and Advances [charge]	689		417	
	Interest Income	(167)		–	
	Finance Costs	19		39	
	Liabilities no Longer Required Written Back	–	(455)	(408)	(373)
	OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES		58,792		26,260
	ADJUSTMENTS FOR :				
	Trade Receivables, Loans and Advances and Other Assets	(174)		(11,367)	
	Trade Payables, Other Liabilities and Provisions	3,182	3,008	6,404	(4,963)
	CASH FROM OPERATIONS		61,800		21,297
	Income Tax Paid (Net)		(14,902)		(7,047)
	NET CASH FROM OPERATING ACTIVITIES		46,898		14,250
B	**CASH FLOW FROM INVESTING ACTIVITIES :**				
	Purchase of Property, Plant and Equipment	(1,257)		(2,601)	
	Purchase of Current Investments	(355,186)		(207,301)	
	Investment in Bank Deposits (original maturity more than 3 months)	(10,000)		–	
	Sale / Redemption of Current Investments	344,490		207,138	
	Sale of Property, Plant and Equipment	22		14	
	Dividend Income from Subsidiary Company	2,739		1,420	
	NET CASH (USED) IN INVESTING ACTIVITIES		(19,192)		(1,330)
C	**CASH FLOW FROM FINANCING ACTIVITIES :**				
	Interim Dividend on Equity Shares	(27,690)		(10,011)	
	Dividend Distribution Tax	–		(1,764)	
	Lease Payments	(308)		(312)	
	NET CASH (USED) IN FINANCING ACTIVITIES		(27,998)		(12,087)
	NET (DECREASE) / INCREASE IN CASH AND CASH EQUIVALENTS		(292)		834
	OPENING CASH AND CASH EQUIVALENTS		1,145		311
	CLOSING CASH AND CASH EQUIVALENTS		853		1,145
	CASH AND CASH EQUIVALENTS COMPRISE :				
	Cash and Cash Equivalents as above	853		1,145	
	Unrealised (Loss) / Gain on Foreign Currency Cash and Cash Equivalents	(1)		74	
	Cash and Cash Equivalents (Note 7)		852		1,219

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

The accompanying notes 1 to 38 are an integral part of the Financial Statements.

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

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

On behalf of the Board

Anand Subramanian
Partner
Membership Number : 110815

Place : Bengaluru
Date : 04 May, 2021

S. Singh
Managing Director
Bengaluru

S. Sivakumar
Vice Chairman
Hyderabad

R. Batra
Chief Financial Officer
Bengaluru

S. V. Shah
Company Secretary
St. Louis, USA

Date : 04 May, 2021

NOTES TO THE FINANCIAL STATEMENTS

Note No.

NATURE OF OPERATIONS

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

1 SIGNIFICANT ACCOUNTING POLICIES

a) Statement of Compliance

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

b) Basis of Preparation

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

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

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

Estimation of uncertainties relating to the global health pandemic from COVID-19 (COVID-19) :

The Company has considered the possible effects that may arise out of the 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.

c) Operating Cycle

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

d) Property, Plant and Equipment – Tangible Assets

Property, plant and equipment are stated at cost of acquisition or construction less accumulated depreciation and impairment, if any. 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 credit loss in future and has taken into account estimates of possible effect from the COVID - 19 scenario.

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

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

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

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

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

Financial Liabilities

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

Offsetting Financial Instruments

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

Investment in Subsidiaries

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

j) Revenue from Sale of Products and Services

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

NOTES TO THE FINANCIAL STATEMENTS (Contd.)

pension and gratuity plans which are mainly administered through duly constituted and approved Trusts.

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

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

l) Employee Share Based Compensation

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

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

m) Leases

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

Company as a Lessee

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

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

Company as a Lessor

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

n) Taxes on Income

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

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities and the amounts used for taxation purposes (tax base), at the tax rates and tax laws enacted or substantively enacted by the end of the reporting period.

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

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

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

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

o) Dividend Distribution

Dividends paid (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 2020-21 (₹ in Lakhs)

	DESCRIPTION	GROSS BLOCK				DEPRECIATION AND AMORTISATION				NET BLOCK	
		As at 1st April, 2020	Additions	Withdrawals / Adjustments	As at 31st March, 2021	As at 1st April, 2020	Charge for the Year	Withdrawals/ Adjustments	As at 31st March, 2021	As at 31st March, 2021	As at 1st April, 2020
(i)	TANGIBLE ASSETS										
	Leasehold Properties - Building Improvement	923	–	119	804	812	22	119	715	89	111
	Plant and Equipment	438	1	0	439	152	198	0	350	89	286
	Furniture and Fixtures	937	8	–	945	477	316	–	793	152	460
	Motor Vehicles	9	–	–	9	7	1	–	8	1	2
	Office Equipment	855	22	7	870	646	63	6	703	167	209
	Computers, Servers and Networks	5,400	1,052	529	5,923	2,985	928	487	3,426	2,497	2,415
	Electrical Installations and Equipment	1,739	8	0	1,747	784	500	0	1,284	463	955
	SUB TOTAL	10,301	1,091	655	10,737	5,863	2,028	612	7,279	3,458	4,438
(ii)	INTANGIBLE ASSETS										
	Capitalised Software	2,953	215	–	3,168	2,391	273	–	2,664	504	562
	SUB TOTAL	2,953	215	–	3,168	2,391	273	-	2,664	504	562
(iii)	Right-of-Use Assets										
	Right-of-Use Assets-Buildings [Refer Note 1(m)]	656	–	60	596	290	282	61	511	85	366
	SUB TOTAL	656	–	60	596	290	282	61	511	85	366
	GRAND TOTAL	13,910	1,306	715	14,501	8,544	2,583	673	10,454	4,047	5,366

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

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.

(₹ in Lakhs)

	As at 31st March, 2021	As at 31st March, 2020
3. INVESTMENTS		
3 (a) Non-Current		
In Subsidiaries		
Investments in Equity Instruments- (At Cost) Unquoted		
ITC Infotech Limited (UK) 685,815 (2020 - 685,815) Equity Shares of GBP 1 each, fully paid	687	687
ITC Infotech (USA), Inc. 182,000 (2020 - 182,000) Ordinary Shares without par value, fully paid	8,017	8,017
Total	8,704	8,704
3 (b) Current (at fair value through profit or loss)		
Investment in Mutual Funds - Unquoted		
SBI Liquid Fund - 371,803 Units (2020 - Nil Units) of ₹ 1,000 Each	11,909	–
Kotak Liquid Plan - 287,577 Units (2020 - Nil Units) of ₹ 1,000 Each	11,908	–
UTI Liquid Cash Plan - 87,975 Units (2020 - Nil Units) of ₹ 1,000 Each	2,950	–
Nippon India Overnight Fund - Nil Units (2020 - 6,445,869 Units) of ₹ 100 Each	–	6,900
DSP Overnight Fund - Nil Units (2020 - 646,486 Units) of ₹ 1,000 Each	–	6,901
UTI Overnight Fund - Nil Units (2020 - 47,928 Units) of ₹ 1,000 Each	–	1,300
Total	26,767	15,101

(₹ in Lakhs)

	As at 31st March, 2021	As at 31st March, 2020
4 LOANS		
4 (a) Non-Current		
Loans to Employees		
– Unsecured, Considered Good	–	3
Total	–	3
4 (b) Current		
Loans to Employees		
- Unsecured, Considered Good	3	3
- Unsecured, Considered Doubtful	–	22
	3	25
Less : Allowance for Doubtful Loans	–	(22)
Total	3	3
5 OTHER FINANCIAL ASSETS		
5 (a) Non-Current		
Security Deposits (includes deposits for Company accommodations, offices etc.)	–	144
Total	–	144

NOTES TO THE FINANCIAL STATEMENTS (Contd.)

(₹ in Lakhs)

	As at 31st March, 2021	As at 31st March, 2020
5 (b) Current		
Unbilled Revenue - time and material basis *	16,026	13,685
Security Deposits (includes deposits for Company accommodations, offices etc.)	218	78
Foreign Currency Forward Contracts	60	129
Interest Accrued on Deposits	154	–
Advances (includes advance to employees)		
- Considered Good	65	125
- Considered Doubtful	–	35
	65	160
Less : Allowance for Doubtful Advances	–	(35)
Total	16,523	14,017

* Right to consideration is unconditional upon passage of time

	As at 31st March, 2021	As at 31st March, 2020
6 TRADE RECEIVABLES		
Unsecured, Considered Good	17,897	23,095
Unsecured, Considered Doubtful	1,244	702
	19,141	23,797
Less: Allowance for Doubtful Receivables	(1,244)	(702)
Total	17,897	23,095
7 CASH AND CASH EQUIVALENTS *		
Balances with Banks :		
Current Accounts	852	1,219
Total	852	1,219

* 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, 2021	As at 31st March, 2020
8 OTHER BANK BALANCES		
In Deposit Accounts*	10,000	–
Total	10,000	–

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

	As at 31st March, 2021	As at 31st March, 2020
9 DEFERRED TAX ASSETS (NET)		
Deferred Tax Assets	2,689	1,940
Less: Deferred Tax Liabilities	5	0
Deferred Tax Assets (Net)	2,684	1,940

Movement in Deferred Tax

	Opening Balance	Recognized in profit or loss	Recognized in OCI	Closing Balance
FY 2020-21				
Deferred Tax Assets :				
On provision for employees' separation and retirement etc.	693	519	(213)	999
On provision for doubtful receivables and advances	191	122	–	313
On fiscal allowances on property, plant and equipment	616	126	–	742
Other timing differences	440	195	–	635
Total Deferred Tax Assets	1,940	962	(213)	2,689
Deferred Tax Liabilities :				
Other timing differences	0	5	–	5
Total Deferred Tax Liabilities	0	5	–	5
Deferred Tax Assets (Net)	1,940	957	(213)	2,684

	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

(₹ in Lakhs)

	As at 31st March, 2021	As at 31st March, 2020
10 INCOME TAX ASSETS (NET)		
Advance Tax (Net of Provision for Income Tax)	1,813	2,335
Total	1,813	2,335
11 OTHER ASSETS		
11(a)Non-Current		
Advances other than Capital Advances		
Advances with Statutory Authorities	84	84
Other Advances (Unexpired Expenses)	199	141
Total	283	225
11(b)Current		
Unbilled Revenue - percentage of completion *	2,175	926
Advances other than Capital Advances		
Advances with Statutory Authorities	–	19
Other Advances (includes Unexpired Expenses)	1,483	961
Advance to related parties (Refer Note 35)	386	–
Total	4,044	1,906

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

	As at 31st March, 2021	As at 31st March, 2020
12 EQUITY SHARE CAPITAL		
Authorised:		
86,000,000 (2020 - 86,000,000) Equity Shares of ₹10 each	8,600	8,600
Issued and subscribed :		
85,200,000 (2020 - 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. No new equity shares have been issued during the year.)		
Total	8,520	8,520
13 OTHER FINANCIAL LIABILITIES		
13 (a)Non- Current		
Employee Payable	1,302	540
ESAR Liability	38	10
Total	1,340	550
13 (b)Current		
Employee Payable	9,910	8,701
Foreign Currency Forward Contracts	50	412
ESAR Liability	5	0
Other Liabilities [includes payables for property, plant and equipment ₹ 201 Lakh (2020 - ₹ 152 Lakh)]	202	171
Total	10,167	9,284
14 PROVISIONS		
14 (a)Non- Current		
Provision for Employee Benefits*		
Retirement Benefits	414	451
Compensated Absences	997	1,294
Total	1,411	1,745
14 (b)Current		
Provision for Employee Benefits*		
Retirement Benefits	39	935
Compensated Absences	1,005	451
Total	1,044	1,386

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

	As at 31st March, 2021	As at 31st March, 2020
15 OTHER CURRENT LIABILITIES		
Statutory Dues	2,098	868
Inter-company payable (Refer to Note 35)	214	186
Unearned Revenue	174	423
[Out of last year's amount of ₹ 423 Lakhs, revenue recognised in current year is ₹ 420 Lakhs]		
Total	2,486	1,477

(₹ in Lakhs)

	For the year ended 31st March, 2021	For the year ended 31st March, 2020
16 REVENUE FROM OPERATIONS		
Sale of Services*		
Exports	130,076	104,453
Domestic	52,824	47,768
Resale of Software and Hardware (including Support Charges)*		
Exports	128	115
Domestic	470	651
Total	183,498	152,987

* For disaggregated revenues from contracts with customers by geography, please refer Note 34 on Segment Reporting

NOTES TO THE FINANCIAL STATEMENTS (Contd.)

(₹ in Lakhs)

		For the year ended 31st March, 2021	For the year ended 31st March, 2020
17	**OTHER INCOME**		
	Interest Income	167	–
	Dividend Income	2,739	1,420
	Other Gains	1,902	1,229
	Miscellaneous Income	85	441
	Total	4,893	3,090
	Interest income comprises Interest from:		
	Deposits	167	–
		167	–
	Dividend income comprises dividend from:		
	Investment in Subsidiary Company	2,739	1,420
		2,739	1,420
	Other Gains		
	Net Foreign Exchange Gains	932	302
	Net Gain on Investments [includes unrealised gain/(loss): ₹ 19 Lakhs (FY 20: ₹ (38) Lakhs)]	970	927
		1,902	1,229
18	**EMPLOYEE BENEFITS EXPENSE**		
	Salaries and Bonus	96,529	89,976
	Contribution to Provident and Other Funds (Refer Note 26)	4,563	3,608
	Share based Payments to Employees (Refer Note 29)	(78)	324
	Staff Welfare Expenses	1,058	1,412
	Reimbursement of Contractual Remuneration, net	798	556
	Total	102,870	95,876
19	**FINANCE COSTS**		
	Interest Expense for Lease Liabilities	19	39
	Total	19	39
20	**OTHER EXPENSES**		
	Rent (Refer Note 25)	2,074	1,904
	Rates and Taxes	51	88
	Insurance	769	770
	Travelling and Conveyance	3,395	9,744
	Recruitment Expenses	685	997
	Communication	758	557
	Power and Fuel	531	867
	Outsourcing Charges	7,311	7,163
	Software and Related Expenses	3,245	2,860
	Purchase of Hardware and Software for Resale (including Support Charges)	461	576
	Business Development Expenses	581	452
	Repairs and Maintenance		
	- Buildings	115	359
	- Machinery	186	250
	- Others	66	119
	Legal, Professional and Consultancy Expenses	1,382	1,648
	Doubtful and Bad Receivables	689	417
	Property, Plant and Equipment Discarded, net	21	86
	Auditor's Remuneration and Expenses (Refer Note 28)	38	40
	Expenditure on Corporate Social Responsibility (Refer Note 22)	281	122
	Training and Development	452	506
	Bank Charges	85	79
	Printing and Stationery	8	34
	Miscellaneous Expenses [Includes contributions under Section 182 of the Companies Act, 2013 aggregating ₹ Nil Lakhs (2020: ₹ 1500 Lakhs)]	488	2,154
	Total	23,672	31,792
21	**TAX EXPENSES**		
21 (a)	**Tax Expense Recognised in Statement of Profit and Loss**		
	Current Tax [including tax on foreign branches ₹ 201 Lakhs (2020 - ₹ 130 Lakhs)]	15,125	6.900
	Charge / (Credits) related to previous years	300	(588)
		15,425	6,312
	Deferred Tax Charge / (Credit)	(657)	264
	Charge / (Credits) related to previous years	(300)	588
		(957)	852
	Total	14,468	7,164
21 (b)	**Tax Expense Recognised in Other Comprehensive Income**		
	Deferred Tax Charge / (Credit)		
	Arising on Remeasurement of Net Defined Benefit Liability	213	(90)
	Total	213	(90)
21 (c)	**The reconciliation between the income tax expenses and amounts computed by applying the standard rate of income tax to profit before taxes is as follows:**		
	Profit before tax	59,247	26,633
	Income tax expense calculated at 25.168% (2020- 25.168%)	14,911	6,703
	Effects of:		
	-Effect of tax relating to uncertain tax positions	–	85
	-Effect of different tax rate on certain items	–	(114)
	-Other differences	(443)	(102)
	-Change in Tax Rates	–	592
	Income Tax expenses recognised in Statement of Profit and Loss	14,468	7,164

22 Expenditure on Corporate Social Responsibility

a) Gross amount required to be spent by the Company during the year ₹ 281 Lakhs (2020 - ₹ 122 Lakhs).

b) Amount spent during the year in cash for purpose other than construction / acquisition of an asset ₹ 281 Lakhs (2020 - ₹ 122 Lakhs).

23 Commitments and Contingencies

a) There are contracts remaining to be executed on capital account and not provided ₹ 106 Lakhs (2020 - ₹ 148 Lakhs).

b) Claims against the Company not acknowledged as debts ₹ 1,059 Lakhs (2020 - ₹ 1,147 Lakhs). These comprise:

i) Service tax claims disputed by the Company relating to issues of applicability aggregating ₹ 657 Lakhs (2020 - ₹ 618 Lakhs)

ii) Income tax claims disputed by the Company relating to issues of applicability and determination aggregating ₹ 402 Lakhs (2020 - ₹ 529 Lakhs)

It is not practicable for the Company to estimate the closure of these issues and the consequential timing of cash flow, if any, in respect of the above. An amount of ₹ 32 Lakhs (2020 - ₹ 32 Lakhs) has been deposited under protest and is included under Other Non-Current Assets. (Refer Note 11(a)).

24 Micro and Small Enterprises

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

(₹ in Lakhs)

		31st March, 2021	31st March, 2020
(a)	The principal amount and the interest due thereon remaining unpaid to any supplier at the end of each accounting year.		
	Principal amount due	112	244
	Interest amount due thereon	–	–
(b)	The amount of interest paid by the buyer in terms of Section 16 of the Micro, Small and Medium Enterprises Development Act, 2006, along with the amount of the payment made to the supplier beyond the appointed day during each accounting year.	–	–
(c)	The amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under the Micro, Small and Medium Enterprises Development Act, 2006.	–	–
(d)	The amount of interest accrued and remaining unpaid at the end of each accounting year; and	–	–
(e)	The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues above are actually paid to the small enterprise, for the purpose of disallowance of a deductible expenditure under Section 23 of the Micro, Small and Medium Enterprises Development Act, 2006.	–	–

25 Leases

The amount of ROU Asset and Lease Liabilities recognised in the Balance Sheet are disclosed in Note 2 and on the face of the Balance Sheet respectively. The total cash outflow for leases for the year is ₹ 2,382 Lakhs (2020 - ₹ 2,216 Lakhs) [including payments in respect of short-term leases aggregating ₹ 2,074 Lakhs (2020 - ₹ 1,904 Lakhs)].

26 Employee Benefits

Description of Plans

(a) **Defined Contribution Plan**

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

Such amounts have been recognised under "Contribution to Provident and Other Funds" in Note 18 ₹ 2,997 Lakhs (2020 - ₹ 2,090 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, 2021 and recognised in the financial statements in respect of Employee Benefit Schemes:

(₹ in Lakhs)

			For the year ended 31st March, 2021			For the year ended 31st March, 2020		
			Pension	Gratuity	Compensated absences	Pension	Gratuity	Compensated absences
			Partly Funded	Partly Funded	Unfunded	Partly Funded	Partly Funded	Unfunded
I	**Components of Employer Expense**							
	–	**Recognised in Profit or Loss**						
	1	Current Service Cost	109	907	777	211	788	672
	2	Net Interest Cost	27	(14)	88	18	1	93
	3	**Total expense recognised in the Statement of Profit and Loss**	136	893	865	229	789	765
	-	**Re-measurements recognised in Other Comprehensive Income**						
	4	(Return) on plan assets (excluding amounts included in Net interest cost)	(225)	(52)	-	61	(7)	-
	5	Effect of changes in demographic assumptions	-	(14)	-	-	(14)	(2)
	6	Effect of changes in financial assumptions	-	-	-	510	165	60
	7	Effect of experience adjustments	(194)	(257)	(104)	35	(311)	(138)
	8	Total re-measurements included in OCI	(419)	(323)	(104)	606	(167)	(80)
	9	**Total defined benefit cost recognised in Profit and Loss and Other Comprehensive Income (3+8)**	(283)	570	761	835	622	685
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**		447	290	-	183	242	-
III	**Net (Asset)/Liability recognised in Balance Sheet**							
	1	Present Value of Defined Benefit Obligation	3,914	4,246	1,755	4,213	3,785	1,579
	2	Obligation w.r.t Overseas branches			247	-	-	165
	3	Fair Value of Plan Assets	(3,925)	(4,167)	-	(3,166)	(3,447)	-
	4	Status [(Surplus)/Deficit]	(11)	79	2,002	1,047	338	1,744
	5	Restrictions on Asset Recognised	-	-	-	-	-	-
	6	**Net (Asset)/Liability recognised in Balance Sheet**	As at 31st March, 2021			As at 31st March , 2020		
				Current	Non-Current	Current		Non-Current
		- Pension		(273)	262	717		330
		- Gratuity		(73)	152	217		121
		- Compensated absences		1,005	997	451		1,294

			For the year ended 31st March, 2021			For the year ended 31st March, 2020		
			Pension	Gratuity	Compensated absences	Pension	Gratuity	Compensated absences
			Partly Funded	Partly Funded	Unfunded	Partly Funded	Partly Funded	Unfunded
IV	**Change in Defined Benefit Obligation (DBO)**							
	1	Present Value of DBO at the beginning of the year	4,213	3,785	1,579	3,817	3,389	1,428
	2	Current Service Cost	109	907	521	211	788	518
	3	Interest Cost	250	224	88	263	237	93
	4	Remeasurement gains / (losses):						
		Effect of changes in demographic assumptions	-	(14)	-	-	(14)	(2)
		Effect of changes in financial assumptions	-	-	-	510	165	60
		Changes in asset ceiling (excluding interest income)	-	-	-	-	-	-
		Effect of experience adjustments	(194)	(257)	(104)	35	(311)	(138)
	5	Benefits Paid	(464)	(399)	(329)	(623)	(469)	(380)
	6	**Present Value of DBO at the end of the year**	3,914	4,246	1,755	4,213	3,785	1,579
		Best Estimate of Employers' Expected Contribution for the next year	As at 31st March, 2021			As at 31st March, 2020		
		- Pension	574			111		
		- Gratuity	1,483			1,338		
		- Compensated Absences	520			518		

NOTES TO THE FINANCIAL STATEMENTS (Contd.)

			For the year ended 31st March, 2021			For the year ended 31st March, 2020		
			Pension	Gratuity	Compensated absences	Pension	Gratuity	Compensated absences
			Partly Funded	Partly Funded	Unfunded	Partly Funded	Partly Funded	Unfunded
V	Change in Fair Value of Assets (for funded obligations)							
	1	Plan Assets at the beginning of the year	3,166	3,447	-	3,355	2,841	-
	2	Expected Return on Plan Assets	222	238	-	245	236	-
	3	Remeasurement Gains/(Losses) on plan assets	225	52	-	(61)	7	-
	4	Actual Company Contributions	776	829	-	158	791	-
	5	Benefits Paid	(464)	(399)	-	(531)	(428)	-
	6	**Plan Assets at the end of the year**	3,925	4,167	-	3,166	3,447	-

VI	Actuarial Assumptions		As at 31st March, 2021	As at 31st March, 2020
	1	Discount Rate (%)	6.25%	6.25%
	2	Expected Return on Plan Assets (%)	6.25%	6.25%
	3	Long term rate of compensation increase	7.50%	7.50%

VII	The net liability disclosed in Pension relates to funded and unfunded plans as follows:		As at 31st March, 2021	As at 31st March, 2020
	1	Present Value of Funded Obligation	3,650	3,881
	2	Fair Value of Plan Assets	3,925	3,166
	3	Deficit of Funded Plan	(275)	715
	4	Unfunded Plan	264	332
	5	Net Deficit	(11)	1,047

VIII	Major Category of Plan Assets as a % of the Total Plan Assets		As at 31st March, 2021	As at 31st March, 2020
	1	Government Securities/Special Deposit with RBI	23%	26%
	2	High Quality Corporate Bonds	11%	15%
	3	Insurer Managed Funds*	54%	45%
	4	Mutual Funds	4%	2%
	5	Cash and Cash Equivalents	6%	9%
	6	Term Deposits	2%	2%

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

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

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

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

(₹ in Lakhs)

			For the year ended 31st March, 2021			For the year ended 31st March, 2020		
			Pension	Gratuity	Compensated absences	Pension	Gratuity	Compensated absences
			Partly Funded	Partly Funded	Unfunded	Partly Funded	Partly Funded	Unfunded
X	Net Asset / (Liability) recognised in Balance Sheet (including experience adjustment impact)							
	1	Present Value of Defined Benefit Obligation	3,914	4,246	1,755	4,213	3,785	1,579
	2	Fair Value of Plan Assets	3,925	4,167	-	3,166	3,447	-
	3	Status [Deficit / (Surplus)]	(11)	79	1,755	1,047	338	1,579
	4	Experience Adjustment of Plan Assets [Gain/ (Loss)]	(225)	(52)	-	(61)	7	-
	5	Experience Adjustment of obligation [(Gain)/ Loss]	(194)	(257)	(104)	35	(311)	(138)

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, 2021	DBO as at 31st March, 2020
	1	Discount Rate + 100 basis points	**9,507**	9,123
	2	Discount Rate - 100 basis points	**10,356**	10,074
	3	Long term Compensation Increase Rate + 1%	**10,297**	10,017
	4	Long term Compensation Increase Rate – 1%	**9,554**	9,166

			For the year ended 31st March, 2021 (₹ in Lakhs)	For the year ended 31st March, 2020 (₹ in Lakhs)
27	**Earnings per share**			
(a)	Profit after Tax	₹ in Lakhs	**44,779**	19,469
(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)	₹	**52.56**	22.85

	For the year ended 31st March, 2021 (₹ in Lakhs)	For the year ended 31st March, 2020 (₹ in Lakhs)
28 Auditor's Remuneration and Expenses		
(Net of input tax credit)		
Audit Fees	**21**	21
Tax Audit Fees	**2**	2
Fees for Auditor's Certifications and Reports	**13**	13
Reimbursement of Expenses	**2**	4
Total	**38**	40

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

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

(b) employee cash settled stock appreciation linked reward units (ESAR units) under the ITC Employee Cash Settled Stock Appreciation Linked Reward Plan (ITC ESAR plan)

in accordance with the terms and conditions of such schemes, details of which are as under:

ITC ESOS:

Each option entitles the holder thereof to apply for and be allotted ten Ordinary Shares of ITC of ₹ 1.00 each upon payment of exercise price. These options vest over a period of three years from the date of grant and are exercisable within a period of five years from the date of vesting. These options have been granted at 'market price' within the meaning of the Securities and Exchange Board of India (Share Based Employee Benefits) 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, 2021 No. of Options	As at 31st March, 2020 No. of Options
Outstanding at the beginning of the year	**1,598,020**	2,019,998
Add: Granted during the year	**4,300**	–
Less: Lapsed during the year	**(248,550)**	(112,460)
Add / (Less): Movement due to transfer of employees within the group	**–**	(66,148)
Less: Exercised during the year	**(82,428)**	(243,370)
Outstanding at the end of the year	**1,271,342**	1,598,020
Options exercisable at the end of the year	**1,267,042**	1,476,097

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 ₹ (-)112 Lakhs (2020: ₹ 336 Lakhs) towards ITC ESOS and ₹ 34 Lakhs [2020: ₹ (-)12 Lakhs] towards ITC ESAR Plan (Refer Note 18). Such charge has been recognised as employee benefits expense.

Out of the above, ₹ 38 Lakhs (2020: ₹ 100 Lakhs) is attributable to key management personnel [Mr. R. Batra ₹ 32 Lakhs (2020: ₹ 37 Lakhs); Mr. A. Talwar ₹ Nil (2020: ₹ 23 Lakhs); Mr. V. Sreenivasan ₹ Nil Lakhs (2020: ₹ 28 Lakhs) and Mr. S.V. Shah ₹ 6 Lakhs (2020: ₹ 12 Lakhs)].

30 Capital Management

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

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

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

NOTES TO THE FINANCIAL STATEMENTS (Contd.)

31 Categories of Financial Instruments

(₹ in Lakhs)

	As at 31st March, 2021		As at 31st March, 2020	
	Carrying Value	Fair Value	Carrying Value	Fair Value
Financial Assets				
Measured at amortised cost				
Cash and Cash Equivalents	852	852	1,219	1,219
Other Bank Balances	10,000	10,000	-	-
Trade Receivables	17,897	17,897	23,095	23,095
Loans	3	3	6	4
Other Financial Assets	16,463	16,463	14,032	13,988
	45,215	45,215	38,352	38,307
Mandatorily measured at fair value through profit and loss (FVTPL)				
Investments in Mutual Funds	26,767	26,767	15,101	15,101
Foreign Currency Forward Contracts	60	60	129	129
	26,827	26,827	15,230	15,230
Total	72,042	72,042	53,582	53,537
Financial Liabilities				
Measured at amortised cost				
Trade Payables	5,977	5,977	5,701	5,701
Lease Liability	98	98	383	383
Other Financial Liabilities	11,457	11,192	9,422	9,357
	17,532	17,267	15,506	15,441
Measured at fair value through profit and loss (FVTPL)				
Foreign Currency Forward Contracts	50	50	412	412
	50	50	412	412
Total	17,582	17,317	15,918	15,853

32 Financial Risk Management Objectives

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

a) **Market Risk**

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

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

i) **Foreign Currency Risk**

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

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

(₹ in Lakhs)

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

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

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, 2021		31st March, 2020	
		Buy	Sell	Buy	Sell
GBP	USD	–	24	–	29
EUR	USD	–	13	–	21
USD	INR	–	223	–	175
AUD	USD	–	5	–	3

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% (2020 - 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, 2021 and pre-tax total equity as at 31st March, 2021 will be higher by ₹ 304 Lakhs (2020 - ₹ 314 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, 2021 is ₹ 26,767 Lakhs (2020 - ₹ 15,101 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, 2021 Contractual Cash flows*							
	Carrying value	**Less than 3 months**	**More than 3 months up to 6 months**	**More than 6 months up to 1 year**	**More than 1 year up to 3 years**	**Beyond 3 years**	**Total**
Trade Payables	**5,977**	**5,977**	**-**	**-**	**-**	**-**	**5,977**
Lease Liability	**98**	**73**	**26**	**-**	**-**	**-**	**99**
Other Financial Liabilities	**11,507**	**1,305**	**8,857**	**5**	**1,331**	**9**	**11,507**
Total	**17,582**	**7,355**	**8,883**	**5**	**1,331**	**9**	**17,583**
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

** 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, 2021	As at 31st March, 2020
Opening Balance	**702**	723
Effects of foreign exchange fluctuation	**27**	-
Add: Expected credit loss provisions made during the year	**689**	417
Less: Utilisation for Impairment / De-recognition	**(174)**	(249)
Less: Expected credit loss provision written back during the year	**-**	(189)
Closing Balance	**1,244**	702

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

(₹ in Lakhs)

	As at 31st March, 2021	As at 31st March, 2020
Overdue Period		
Less than 1 month	**1,006**	7,230
1 to 3 months	**1,722**	1,789
3 to 6 months	**789**	1,389
6 to 12 months	**355**	459
1 year to 2 years	**(37)**	55
2 years to 3 years	**(58)**	-
More than 3 years	**(80)**	(72)
Balances not yet due	**14,200**	12,245
Total	**17,897**	23,095

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

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, 2021 is ₹ 73,366 Lakhs (2020 - ₹ 53,289 Lakhs) represented by carrying amounts of Investments (except investments in subsidiaries), Trade Receivables, Unbilled Revenue, Loans, Other financial assets measured at amortised cost and Other financial assets measured at Fair Value.

d Fair Value Measurement

Fair value hierarchy

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

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

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

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

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

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

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 2021	31st March 2020
Financial Assets			
Mandatorily Measured at Fair Value Through Profit and Loss (FVTPL)			
Investments in Mutual Funds	1	26,767	15,101
		26,767	15,101
Derivatives measured at fair value			
Foreign Currency Forward Contracts	2	60	129
		60	129
Total		26,827	15,230
Financial Liabilities			
Measured at amortized cost			
Other Financial Liabilities*	3	1,074	485
		1,074	485
Derivatives measured at fair value			
Foreign Currency Forward Contracts	2	50	412
		50	412
Total		1,124	897

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

33 Transactions with subsidiaries of Tobacco Manufacturers (India) Limited's* ultimate parent company comprise sale of services ₹ 16,851 Lakhs (2020 – ₹ 11,437 Lakhs)

**of which the Holding Company is an associate*

34 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, 2021	For the year ended 31st March, 2020
Segment Revenue		
India	53,295	48,419
North America	41,860	29,432
Europe	59,916	46,966
Middle East and Africa	22,653	23,651
Rest of the World	5,774	4,519
Total	183,498	152,987

(₹ in Lakhs)

	As at 31st March, 2021	As at 31st March, 2020
Non-Current Assets*		
India	6,104	7,863
Middle East and Africa	38	63
Total	6,142	7,926

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

35 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.

NOTES TO THE FINANCIAL STATEMENTS (Contd.)

(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

(iv) **KEY MANAGEMENT PERSONNEL**

Non-Executive Directors
Mr. S. Puri - Chairman
Mr. S. Sivakumar - Vice Chairman
Mr. B. B. Chatterjee
Mr. P. Chatterjee
Ms. S. Mukherjee (up to 30th July, 2020)
Mr. R. Tandon
Ms. P. Balaji (w.e.f. 30th October, 2020)

Others (Members of Executive Management Committee)
Mr. S. Singh, Managing Director & CEO
Mr. R. Batra, Chief Financial Officer
Mr. S. V. Shah, Company Secretary
Ms. S. Burman

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

Sl. No.	Description	Holding Company		Wholly Owned Subsidiaries				Fellow Subsidiaries	
		2021	2020	2021		2020		2021	2020
				ITC Infotech Limited (UK)	ITC Infotech (USA), Inc.	ITC Infotech Limited (UK)	ITC Infotech (USA), Inc.		
1	Sale of Goods / Services	16,717	17,397	24,124	41,740	19,002	28,990	401	395
2	Purchase of Goods / Services	36	77	–	–	–	–	–	–
3	Rent Paid	2,097	1,806	–	–	–	–	–	–
4	Reimbursement of Contractual Remuneration [includes remuneration to KMP ₹ 262 Lakhs (2020 ₹ 225 Lakhs)]	799	573	–	–	–	–	–	–
5	Recovery of Contractual Remuneration	2	17	–	–	–	–	–	–
6	Expenses Recovered	35	24	46	31	200	159	–	–
7	Expenses Reimbursed	454	857	29	–	118	–	–	–
8	Capital Contribution for Share Based Payments	(160)	490	–	–	–	–	–	–
9	Employee Share Based Payments	34	(12)	–	–	–	–	–	–
10	Reimbursement of Capital Contribution for Share Based Payments	–	–	10	(59)	94	61	–	–
11	Interim Dividend	27,690	10,011	–	–	–	–	–	–
12	Dividend Income	–	–	826	1,913	–	1,420	–	–

(₹ in Lakhs)

Sl. No.	Description	Associates of the Holding Company		Employee Trusts		Key Management Personnel	
		2021	2020	2021	2020	2021	2020
1	Sale of Goods / Services	256	282	–	–	–	–
2	Purchase of Goods / Services	1,248	2,397	–	–	–	–
3	Remuneration to Key Management Personnel (KMP)						
	(i) Directors	–	–	–	–	473	466
	(ii) Others	–	–	–	–	153	521
4	Contribution to Employees' Benefit Plans	–	–	1,557	949	–	–

(vi) **DISCLOSURE OF OUTSTANDING BALANCES**

(₹ in Lakhs)

Description	Holding Company		Wholly Owned Subsidiaries				Fellow Subsidiaries	
	2021	2020	2021		2020		2021	2020
			ITC Infotech Limited (UK)	ITC Infotech (USA), Inc.	ITC Infotech Limited (UK)	ITC Infotech (USA), Inc.		
Balances as at 31st March,								
i) Trade Receivables	115	189	2,502	1,334	5,119	2,861	203	233
ii) Trade Payables	84	364	214	–	186	–	–	–
iii) Other Payables	43	10	–	–	–	–	–	–

(₹ in Lakhs)

Description	Associates of the Holding Company		Employee Trusts	
	2021	2020	2021	2020
Balances as at 31st March,				
i) Trade Receivables	–	35	–	–
ii) Trade Payables	59	38	–	–
iii) Advances Given	–	–	386	–
iv) Other Payables	–	–	–	876

NOTES TO THE FINANCIAL STATEMENTS (Contd.)

(vii) INFORMATION REGARDING SIGNIFICANT TRANSACTIONS

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

(₹ in Lakhs)

Related Party Transactions	2021	2020	Related Party Transactions	2021*	2020*
Purchase of Goods / Services			**Remuneration to Key Management Personnel (KMP)**		
International Travel House Limited	1,248	2,397	Mr. S. Singh	473	466
			Mr. R. Batra	166	142
Contribution to Employees' Benefit Plans			Mr. S. Shah	96	83
ITC Management Staff Gratuity Fund	781	791	Mr. V. Sreenivasan (up to 10th October, 2019)	-	191
ITC Pension Fund	776	158	Mr. A. Talwar (up to 2nd October, 2019)	-	220
			Ms. S. Burman	153	110

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

(viii) INFORMATION REGARDING SIGNIFICANT BALANCES

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

(₹ in Lakhs)

Related Party Balances	2021	2020
Trade Payables		
International Travel House Limited	59	38
Advances Given		
ITC Management Staff Gratuity Fund	111	–
ITC Pension Fund	275	–
Other Payables		
ITC Management Staff Gratuity Fund	–	160
ITC Pension Fund	–	716

(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)

	2021	2020
Short-Term Employee Benefits	888	1,212
Others	4	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 29 for details..*

(x) SIGNIFICANT TERMS AND CONDITIONS OF OUTSTANDING BALANCES

All outstanding balances are unsecured and are repayable in cash.

36 Subsequent Events

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

37 Approval of Financial Statements

The financial statements were approved for issue by the Board of Directors on 4th May, 2021.

38 Comparatives

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

FORM AOC–1
(PURSUANT TO FIRST PROVISO TO SUB–SECTION (3) OF SECTION 129 OF THE COMPANIES ACT, 2013 READ WITH RULE 5 OF THE COMPANIES (ACCOUNTS) RULES, 2014)
STATEMENT CONTAINING SALIENT FEATURES OF THE FINANCIAL STATEMENT OF SUBSIDIARIES / ASSOCIATE COMPANIES / JOINT VENTURES
PART A: SUBSIDIARIES

(₹ in Lakhs)

1	Sl. No.	1	2	3
2	Name of the Subsidiary	ITC Infotech Limited (UK)	ITC Infotech (USA), Inc.	Indivate Inc. (Note 2)
3	The date since when subsidiary was acquired	19th June, 2001	24th May, 2001	18th November, 2016
4	Reporting period for the subsidiary concerned, if different from the holding company's reporting period	Not Applicable	Not Applicable	Not Applicable
5	Reporting currency and exchange rate as on the last date of the relevant financial year in the case of foreign subsidiaries	Reporting currency - GBP Exchange rate GBP 1 = ₹ 100.7525	Reporting currency - USD Exchange rate USD 1 = ₹ 73.1100	Reporting currency - USD Exchange rate USD 1 = ₹ 73.1100
6	Share Capital	691	13,306	73
7	Reserves and Surplus	5,933	3,828	10
8	Total Assets	13,258	25,552	176
9	Total Liabilities	13,258	25,552	176
10	Investments (excluding Investments in subsidiaries)	-	-	-
11	Turnover (Note 1)	48,523	78,911	313
12	Profit before Taxation	1,121	2,479	16
13	Provision for Taxation	213	601	-
14	Profit after Taxation	909	1,878	16
15	Proposed Dividend (Paid during the year)	864	1,863	-
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

Date : 04 May, 2021

Strategic Report

The Directors present their Strategic Report for the year ended 31st March, 2021.

Key Performance Indicators

	£ (million)	
Year Ended March 31,	**2021**	**2020**
Total Revenue	**48.80**	49.82
Cost of Sales	**42.68**	43.76
Gross Profit	**6.12**	6.06
Profit before Tax	**1.11**	1.39
Profit after Tax	**0.90**	1.23

Section 172(1) statement

During the year ended 31st March 2021, the directors have complied with their duties with regard to the matters set out in Section 172(1) (a)-(f) of the Companies Act 2006. The directors believe that they have acted in a way they consider, in good faith, would be most likely to promote the success of the company for the benefit of its members as a whole. Further information is set out in the Directors Report and the Strategic Report.

Business review

In 2020-21 the Company achieved a revenue of GBP 48.80 million while the net profit was GBP 0.90 million. The Company successfully overcame the disruptive impact of COVID-19 on some of its clients, especially in the Travel vertical, through a strong performance in its strategic clients and in verticals such as Banking Financial Services, Consumer packaged goods and Hospitality. The Company also saw good demand for its Digital experience, Testing and Digital workplace offerings. During the year, the Company continued to strengthen its domain specific offerings and ecosystem of software vendor partnerships in areas such as Digital Banking and Digital Manufacturing. Majority of the customers of the Company are based in UK, please refer to Note 13. The Company has limited dependency for manpower in Europe as significant onsite delivery is provided by employees based in UK. On account of these factors, the Company had no major impact due to Brexit.

Future Outlook

Mining and growing existing large accounts will continue to be a key focus area of the Company. The Company will continue to invest, and shape well defined offerings aligned to the theme of delivering Business Friendly Solutions to select industry verticals. The Company will also strengthen its alliance ecosystem with future ready Software Vendors in identified capability areas.

Principal Risks and Uncertainties

The eventuality of a prolonged recovery from the COVID-19 pandemic negatively impacting the business of Company's clients especially in the travel vertical poses a risk for the Company. However, the Company's client portfolio is diversified across industry verticals to mitigate such an eventuality. In addition, the volatility around British Pound, USD and Euro are also key risks for the Company. The Company will focus on the stated strategy to grow the business in identified markets in the European region, which present a significant growth opportunity. 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 3rd May, 2021 and signed on behalf of the Board by

S. Singh
Director

S. Sivakumar
Vice Chairman

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

Directors' Report

Your Directors present their Report together with the Audited Financial Statements for the year ended 31st March 2021.

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, 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% (2020: 19%) of its sales in the year under review were in US dollars and 8% (2020: 7%) in Euro. The Company has bank accounts in multiple currencies. The Company reviews its foreign exchange management processes on a regular basis and ensures that fund flow position is maintained in a manner to minimize the impact of foreign exchange fluctuations.

b) **Credit risk**

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

c) **Liquidity risk**

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

Dividend

Your Directors are pleased to recommend the interim dividend of GBP 1.25 (2020: NIL) on 685,815 shares of GBP 1 each, aggregating GBP 857,269 (2020: NIL) declared by the Board of Directors on 29th October, 2020, as the final dividend for the year ended 31st March, 2021.

Directors

The Directors in office at the end of the year are listed below. All the Directors served on the Board throughout the year. The Directors did not have any interest in the shares of the Company as at 31st March, 2021 and 1st April, 2020 as indicated below:

	31st March, 2021 and 1st April, 2020 Ordinary Shares
S. Puri	-
S. Sivakumar	-
B. B. Chatterjee	-
S. Singh	-
R. Tandon	-

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

President

Mr. Hardeep S. Garewal relinquished office as the President of the Company with effect from 23rd March, 2021. Your Board of Directors place on record its appreciation for the contribution made by Mr. Garewal during his tenure as the President.

Mr. Anindya Roy, a Business leader with about twenty-five years of experience in the industry, joined the Company in December 2020 and has been appointed as the President of the Company with effect from 1st April, 2021.

Equal Opportunities for Employees

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

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

Business Relationships

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

Impact of COVID-19 and Going Concern

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

Carrying value of assets

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

Going Concern

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

1. The transfer pricing arrangements with its parent company, whereby the Company will earn a minimum return on relevant costs.
2. The results of the forecasts and projections prepared by the Company for its business plan for FY 2021-22 which, taking into account reasonably possible changes in trading performance, show that the Company should be able to operate within the level of its current cash reserves.
3. The Company's FY 2020-21 collections from customers have remained robust which is evident in reduction in Trade Receivables (£7.73 million as at 31st March 2020 to £6.12 million as at 31st March 2021) and contract assets-unbilled revenue accrual (£5.12 million as at 31st March 2020 to £3.93 million as at 31st March 2021).

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

Statement of directors' responsibilities in respect of the financial statements

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with International Financial Reporting Standards (IFRSs) as adopted by the 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 these financial statements, International Accounting Standard 1 requires that directors:

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

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

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

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 auditor are unaware; and
- they have taken all the steps that they ought to have taken as a Director in order to make themselves aware of any relevant audit information and to establish that the company's auditors are aware of that information.

Independent Auditor

On completion of their term, Messrs. PricewaterHouseCoopers LLP vacated office at the conclusion of the Annual General Meeting (AGM) of the Company held on 20th November, 2020 for the year ended 31st March, 2020.

Messrs. Deloitte LLP, UK, Reg. no. OC303675 (Deloitte LLP), were appointed as the Auditor of the Company to hold office until the conclusion of the next AGM for audit of the Financial Statements for the financial year 2020-21.

The Board has recommended for the approval of the Members, the appointment of Deloitte LLP, in accordance with the provisions of Section 485 of the Companies Act, 2006, to conduct the audit of the Financial Statements of the Company for the financial year 2021-22. Appropriate resolution seeking your approval in respect of the said appointment is included in the Notice convening the AGM of the Company for the year ended 31st March, 2021.

Approved by the Board on 3rd May, 2021 and signed on behalf of the Board by

S. Singh, Director
S. Sivakumar, Vice Chairman

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

Independent auditors' report to the members of ITC Infotech Limited

Report on the audit of the financial statements

Opinion

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

- give a true and fair view of the state of the company's affairs as at 31 March 2021 and of its profit for the year then ended;
- have been properly prepared in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006 and International Financial Reporting Standards (IFRSs) as issued by the International Accounting Standards Board (IASB)]; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements which comprise:

- the income statement;
- the statement of comprehensive income;
- the statement of financial position;
- the statement of changes in equity;
- the statement of cash flows; and
- the related notes 1 to 19

The financial reporting framework that has been applied in their preparation is applicable law and international accounting standards in conformity with the requirements of the Companies Act 2006 and IFRSs as issued by the IASB.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of our report.

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

Other information

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

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

We have nothing to report in this regard.

Responsibilities of directors

As explained more fully in the directors' responsibilities statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

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

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

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

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

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

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

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

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

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

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

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

Report on other legal and regulatory requirements

Opinions on other matters prescribed by the Companies Act 2006

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

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

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

Matters on which we are required to report by exception

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

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

We have nothing to report in respect of these matters.

Use of our report

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

Lyn Cowie FCA (Senior statutory auditor)
For and on behalf of Deloitte LLP
Statutory Auditor
Aberdeen, UK
12th May 2021

Income Statement

		Year ended March 31,			
		2021	**2021**	**2020**	**2020**
		£	**₹**	**£**	**₹**
			Unaudited		**Unaudited**
Revenue					
-Sale of Services		**48,310,856**	**4,867,439,539**	49,505,537	4,628,767,693
-Resale of Software/Hardware		**493,845**	**49,756,090**	316,130	29,558,142
Total Revenue	13	**48,804,701**	**4,917,195,629**	**49,821,667**	**4,658,325,835**
Cost of sales	14	**(42,681,736)**	**(4,300,291,633)**	(43,762,870)	(4,091,828,421)
Gross profit		**6,122,965**	**616,903,996**	**6,058,796**	**566,497,414**
Selling, general and administrative expenses	14	**(4,366,256)**	**(439,911,217)**	(4,985,342)	(466,129,554)
Operating Profit		**1,756,709**	**176,992,779**	**1,073,454**	**100,367,860**
Foreign exchange (loss)/gain		**(644,660)**	**(64,951,126)**	304,966	28,514,295
Finance and other income	16	**939**	**94,631**	9,529	890,944
Profit before income tax		**1,112,988**	**112,136,284**	**1,387,949**	**129,773,099**
Income tax expense	11	**(211,266)**	**(21,285,581)**	(158,394)	(14,809,781)
Profit for the year		**901,722**	**90,850,703**	**1,229,555**	**114,963,318**

All the above results relate to continuing activities.

The accompanying notes on pages 99 to 107 form an integral part of these financial statements.

Statement of Comprehensive Income

	2021 £	2021 ₹ Unaudited	2020 £	2020 ₹ Unaudited
	Year ended March 31,			
Profit for the year	901,722	90,850,703	1,229,554	114,963,318
Total comprehensive income for the year	901,722	90,850,703	1,229,554	114,963,318
Attributable to:				
Owners of the Company	901,722	90,850,703	1,229,554	114,963,318
	901,722	90,850,703	1,229,554	114,963,318

The accompanying notes on pages 99 to 107 form an integral part of these financial statements.

Statement of Financial Position

Company Reg No. - 02777705

	Note	As at 31 March 2021 £	As at 31 March 2021 ₹ Unaudited	As at 31 March 2020 £	As at 31 March 2020 ₹ Unaudited
Assets					
Property, plant and equipment	4	206,054	20,760,613	247,782	23,167,864
Other non-current assets	7	2,713	273,341	7,138	667,403
Right-of-Use Asset	17	216,137	21,776,356	294,733	27,557,536
Total non-current assets		424,904	42,810,310	549,653	51,392,803
Current tax Asset		28,496	2,871,043	26,814	2,507,109
Trade receivables	5	6,124,252	617,033,700	7,734,166	723,144,520
Contract Assets-Unbilled revenue	5	3,928,525	395,808,715	5,107,836	477,582,662
Other current assets	7	103,602	10,438,072	148,885	13,920,747
Cash and cash equivalents	6	2,548,754	256,793,337	2,318,423	216,772,551
Total current assets		12,733,629	1,282,944,867	15,336,124	1,433,927,589
Total assets		13,158,533	1,325,755,177	15,885,777	1,485,320,392
Equity					
Share Capital	12	685,815	69,097,576	685,815	64,123,703
Retained earnings		5,888,931	593,324,439	5,844,478	546,458,647
Equity attributable to owners of the company		6,574,746	662,422,015	6,530,293	610,582,350
Total equity		6,574,746	662,422,015	6,530,293	610,582,350
Non Current - Lease Liability	17	149,932	15,106,047	233,282	21,811,948
Deferred income tax Liability	11	29,461	2,968,269	33,590	3,140,666
Total Non Current Liabilities		179,393	18,074,316	266,872	24,952,614
Trade payables and accrued expenses	8	3,324,244	334,925,948	6,422,656	600,518,589
Unearned revenue		138,143	13,918,253	402,471	37,631,038
Current - Lease Liability	17	84,153	8,478,588	80,305	7,508,471
Other current liabilities	9	2,857,855	287,936,056	2,183,180	204,127,330
Total current liabilities		6,404,395	645,258,846	9,088,612	849,785,428
Total liabilities		6,583,788	663,333,162	9,355,484	874,738,042
Total equity and liabilities		13,158,533	1,325,755,177	15,885,777	1,485,320,392

These financial statements on pages 96 to 107 were approved by the directors on 3rd May, 2021 and are signed on their behalf by:

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

The accompanying notes on pages 99 to 107 form an integral part of these financial statements.

Statement of Changes in Equity for the year ended 31st March, 2021

	Note	No. of Shares	Share Capital £	Share Capital ₹ Unaudited	Retained Earnings £	Retained Earnings ₹ Unaudited	Total equity £	Total equity ₹ Unaudited
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
Profit for the year		–	–	–	1,229,555	114,963,318	1,229,555	114,963,318
Other comprehensive income		–	–	–	–	–	–	–
Total comprehensive income for the year		–	–	–	1,229,555	114,963,318	1,229,555	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
Balance as at April 1, 2020		685,815	685,815	69,097,576	5,844,478	588,845,731	6,530,293	657,943,307
Profit for the year		–	–	–	901,722	90,850,703	901,722	90,850,703
Other comprehensive income		–	–	–	–	–	–	–
Total comprehensive income for the year		–	–	–	901,722	90,850,703	901,722	90,850,703
Transactions with owners in their capacity as owners:								
Cash dividend paid	12	–	–	–	(857,269)	(86,371,995)	(857,269)	(86,371,995)
		–	–	–	(857,269)	(86,371,995)	(857,269)	(86,371,995)
Balance as at March 31, 2021		685,815	685,815	69,097,576	5,888,931	593,324,439	6,574,746	662,422,015

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

The accompanying notes on pages 99 to 107 form an integral part of these financial statements.

Statement of Cash Flows

	Note	Year ended March 31, 2021 £	2021 ₹ Unaudited	2020 £	2020 ₹ Unaudited
Cash flows from operating activities					
Profit for the year		901,722	90,850,703	1,229,555	114,963,318
Adjustment for:					
Depreciation	4	53,620	5,402,311	42,988	4,019,419
Loss on disposal of asset		–	–	–	–
Lease Liability (Net Amount)		(908)	(91,383)	18,590	1,738,165
Interest income		(939)	(94,632)	(9,529)	(890,944)
Income tax expense	11	211,266	21,285,581	158,394	14,809,781
Effect of exchange differences on translation		–	–	–	–
Effect of exchange differences on translation of foreign currency cash and cash equivalents		–	–	13,720	1,282,835
Changes in operating assets and liabilities					
Trade receivables		1,609,914	162,202,821	762,736	71,315,862
Contract Assets-Unbilled revenues		1,179,311	118,818,523	(1,112,911)	(104,057,217)
Other assets		49,707	5,008,152	(8,580)	(802,224)
Trade payables and accrued expenses		(3,098,409)	(312,172,420)	135,461	12,665,613
Unearned revenues		(264,328)	(26,631,750)	294,673	27,551,942
Other liabilities		674,674	67,975,083	(862,946)	(80,685,458)
Net cash provided by operating activities before taxes		1,315,630	132,552,989	662,151	61,911,092
Income tax paid		(217,077)	(21,871,092)	(137,605)	(12,866,050)
Net cash generated from operating activities		1,098,553	110,681,897	524,546	49,045,042
Cash flows from investing activities					
Purchases of property, plant and equipment	4	(11,892)	(1,198,110)	(72,867)	(6,813,149)
Interest received		939	94,632	9,529	890,944
Net cash used in investing activities		(10,953)	(1,103,478)	(63,338)	(5,922,205)
Cash flows from financing activities					
Dividends paid to the parent company	12	(857,269)	(86,371,995)	–	–
Net cash used in financing activities		(857,269)	(86,371,995)	–	–
Effect of exchange differences on translation of foreign currency cash and cash equivalents		–	–	(13,720)	(1,282,835)
Net increase in cash and cash equivalents		230,331	23,206,424	461,207	43,122,837
Cash and cash equivalents at beginning of the year	6	2,318,423	233,586,913	1,870,936	174,932,549
Cash and cash equivalents at end of the year	6	2,548,754	256,793,337	2,318,423	216,772,551

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 99 to 107 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 = ₹100.75(2020: £1 = ₹93.50) 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, 2021 have been prepared in accordance with The Companies Act 2006 as applicable to companies using International Financial Reporting Standards ("IFRS") and interpretations issued by the IFRS Interpretations Committee (IFRS IC).

(b) **Basis of measurement**

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

(c) **Impact of COVID-19 & Going Concern**

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

<u>Carrying value of assets</u>

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

<u>Going Concern</u>

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

1. The transfer pricing arrangements with its parent company, whereby the Company will earn a minimum return on relevant costs.
2. The results of the forecasts and projections prepared by the Company for its business plan for FY 2021-22 which, taking into account reasonably possible changes in trading performance, show that the Company should be able to operate within the level of its current cash reserves.
3. The Company's FY 2020-21 collections from customers have remained robust which is evident in reduction in Trade Receivables (£7.73 million as at 31st March 2020 to £6.12 million as at 31st March 2021) and contract assets-unbilled revenue accrual (£5.12 million as at 31st March 2020 to £3.93 million as at 31st March 2021).

Based on the above, the Directors are confident that the business plan projections support their reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. The Company therefore continues to adopt the going concern basis in preparing its financial statements. The Company has considered the possible effects that may arise out of the still unfolding COVID-19 pandemic on the carrying amounts of trade receivables, contract assets-unbilled revenues etc, and on the Going Concern status of the Company

(d) **Functional and presentation currency**

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

(e) **Use of estimates**

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. Contract assets-unbilled revenues represent amounts recognised based on services performed in advance of billing in accordance with contract terms. The Company recognises contract assets-unbilled revenues based on underlying contractual documents for services rendered, further evidenced by timesheet approval where applicable.

ii) *Other estimates:* The preparation of financial statements involves estimates and assumptions that affect the reported amount of assets, liabilities and the reported amount of revenues and expenses for the reporting period. None of these are deemed significant enough to warrant further disclosure.

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 values of Trade Receivables and provisions.

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

(ii) Cash and cash equivalents

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

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

(iii) Trade and other payables

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

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.

Notes to the financial statements (Contd.)

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.

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 £154,654 (including payments in respect short-term leases and lease of low value of assets of £69,599)

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		Computer equipment		Fixtures & fittings		Total	
	£	₹ Unaudited	£	₹ Unaudited	£	₹ Unaudited	£	₹ Unaudited
Gross carrying value:								
As at 1 April 2019	140,765	13,161,516	98,775	9,235,463	68,955	6,447,442	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	–	–	72,866	6,813,056
Disposal	–	–	(34,739)	(3,248,097)	(8,355)	(781,193)	(43,093)	(4,029,290)
As at March 31, 2020	147,829	13,822,016	134,214	12,549,070	56,224	5,257,100	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	1,165,026	42,988	4,019,301
Disposal	–	–	(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	1,858,381	90,486	8,460,323
Net carrying value as at March 31, 2020	**131,911**	**12,333,683**	**79,523**	**7,435,461**	**36,348**	**3,398,719**	**247,782**	**23,167,864**
Gross carrying value:								
As at 1 April 2020	147,829	14,894,141	134,215	13,522,497	56,224	5,664,709	338,268	34,081,504
Additions	–	–	11,056	1,113,931	836	84,179	11,892	1,198,110
Disposal	–	–	(9,967)	(1,004,180)	–	–	(9,967)	(1,004,180)
As at March 31, 2021	**147,829**	**14,894,141**	**135,304**	**13,632,248**	**57,060**	**5,748,888**	**340,193**	**34,275,434**
Accumulated depreciation:								
As at 1 April 2020	15,918	1,603,778	54,691	5,510,255	19,877	2,002,657	90,486	9,116,690
Depreciation	14,791	1,490,230	26,123	2,631,958	12,706	1,280,123	53,620	5,402,311
Disposal	–	–	(9,967)	(1,004,180)	–	–	(9,967)	(1,004,180)
As at March 31, 2021	**30,709**	**3,094,008**	**70,847**	**7,138,033**	**32,583**	**3,282,780**	**134,139**	**13,514,821**
Net carrying value as at March 31, 2021	**117,120**	**11,800,133**	**64,457**	**6,494,215**	**24,477**	**2,466,108**	**206,054**	**20,760,613**

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 2021 £	As at 31 March 2021 ₹ Unaudited	As at 31 March 2020 £	As at 31 March 2020 ₹ Unaudited
Trade Receivables	**6,124,252**	**617,033,700**	7,734,166	723,144,520
Contract Assets-Unbilled Revenue				
- Time & Material	**3,679,010**	**370,669,455**	3,631,024	339,500,717
- Fixed Price contracts based on % Completion	**249,515**	**25,139,260**	1,476,812	138,081,945
Total	**10,052,777**	**1,012,842,415**	**12,842,002**	**1,200,727,182**

An expected credit loss provision of £159,359 (2020: 159,359) against Trade Receivables is included in the figures above. Contract assets-unbilled revenue receivables represent amounts recognised based on services performed in advance of billing in accordance with contract terms, (refer to note 2(e)(i) for further details):

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

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

For receivables from group companies, please refer to Note 18

6. Cash and cash equivalents

Cash and cash equivalents consist of the following:	As at 31 March 2021 £	As at 31 March 2021 ₹ Unaudited	As at 31 March 2020 £	As at 31 March 2020 ₹ Unaudited
Cash at bank	**2,548,754**	**256,793,337**	2,318,423	216,772,551
Cash and cash equivalents on statement of financial position	**2,548,754**	**256,793,337**	**2,318,423**	**216,772,551**
Cash and cash equivalents in the cash flow statement	**2,548,754**	**256,793,337**	**2,318,423**	**216,772,551**

7. Other Assets

	As at 31 March 2021 £	As at 31 March 2021 ₹ Unaudited	As at 31 March 2020 £	As at 31 March 2020 ₹ Unaudited
Non-current				
Security deposits	**463**	**46,648**	2,038	190,553
Loans and Advances to employees	**2,250**	**226,693**	5,100	476,850
	2,713	**273,341**	**7,138**	**667,403**
Current				
Prepaid Expenses	**54,603**	**5,501,389**	48,400	4,525,400
Loans and Advances to Employees	**47,523**	**4,787,972**	99,009	9,257,342
Others	**1,476**	**148,711**	1,476	138,006
	103,602	**10,438,072**	**148,885**	**13,920,748**
Total	**106,315**	**10,711,413**	**156,023**	**14,588,151**

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 2021 £	As at 31 March 2021 ₹ Unaudited	As at 31 March 2020 £	As at 31 March 2020 ₹ Unaudited
Trade payables	2,733,882	275,445,533	5,711,706	534,044,419
Accrued expenses	590,362	59,480,415	710,950	66,474,170
Total	3,324,244	334,925,948	6,422,656	600,518,589

For payables to group companies, please refer to Note 18

9. Other current liabilities

	As at 31 March 2021 £	As at 31 March 2021 ₹ Unaudited	As at 31 March 2020 £	As at 31 March 2020 ₹ Unaudited
Current				
Employee and other liabilities	1,417,140	142,780,418	1,287,616	120,392,096
Statutory dues payable	1,440,715	145,155,638	895,564	83,735,234
Total	2,857,855	287,936,056	2,183,180	204,127,330

10. Financial instruments

Financial instruments by category

The carrying value and fair value of financial instruments by categories as at March 31, 2021 are as follows:

	Trade and Other receivables		Financial liabilities measured at amortized cost		Total carrying amount		Fair value	
	£	₹ Unaudited	£	₹ Unaudited	£	₹ Unaudited	£	₹ Unaudited
Assets:								
Trade receivables	6,124,252	617,033,700	–	–	6,124,252	617,033,700	6,124,252	617,033,700
Contract Assets-Unbilled revenue	3,928,525	395,808,715	–	–	3,928,525	395,808,715	3,928,525	395,808,715
Cash and cash equivalents	2,548,754	256,793,337	–	–	2,548,754	256,793,337	2,548,754	256,793,337
Other Assets	106,315	10,711,413	–	–	106,315	10,711,413	106,315	10,711,502
Total assets	12,707,846	1,280,347,165	–	–	12,707,846	1,280,347,165	12,707,846	1,280,347,254
Liabilities:								
Trade payables and accrued expenses	–	–	3,324,244	334,925,949	3,324,244	334,925,949	3,324,244	334,925,949
Unearned revenue	–	–	138,143	13,918,253	138,143	13,918,253	138,143	13,918,253
Total liabilities	–	–	3,462,387	348,844,202	3,462,387	348,844,202	3,462,387	348,844,202

Revenue of 2020-21 includes an amount of £402,471 recognised as 'Unearned Revenue' in financial year 2019-20.

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	723,144,520
Contract Assets-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	14,588,152	–	–	156,023	14,588,152	156,023	14,588,152
Total assets	15,316,448	1,432,087,885	–	–	15,316,448	1,432,087,885	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	37,631,038	402,471	37,631,038	402,471	37,631,038
Total liabilities	–	–	6,825,127	638,149,627	6,825,127	638,149,627	6,825,127	638,149,627

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, 2021 £	2021 ₹ Unaudited	2020 £	2020 ₹ Unaudited
Revenue from top customer	25,255,808	2,544,585,811	21,252,102	1,987,071,542
Revenue from top 5 customers	36,977,754	3,725,601,168	35,544,865	3,323,444,915

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 (2019-20: 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 2021 £	As at 31 March 2021 ₹ Unaudited	As at 31 March 2020 £	As at 31 March 2020 ₹ Unaudited
Past due 0-30 days	1,300,474	131,026,037	1,188,914	111,163,459
Past due 30-60 days	113,368	11,422,094	305,937	28,605,110
Past due 60-90 days	43,875	4,420,520	288,234	26,949,879
Past due over 90 days	(102,753)	(10,352,622)	(5,871)	(548,939)
Total past due and not impaired	1,354,964	136,516,029	1,777,214	166,169,509

The allowance for impairment in respect of trade receivables for the year ended March 31, 2021 and March 31, 2020 was £159,359 and £159,359, respectively. The movement in the allowance for impairment in respect of trade receivables is as follows:

	For the year ended / As at 31 March 2021 £	For the year ended / As at 31 March 2021 ₹ Unaudited	For the year ended / As at 31 March 2020 £	For the year ended / As at 31 March 2020 ₹ Unaudited
Balance at the beginning of the year	159,359	16,055,818	–	–
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	16,055,818	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 cash position of the company is given below:

	As at 31 March 2021 £	As at 31 March 2021 ₹ Unaudited	As at 31 March 2020 £	As at 31 March 2020 ₹ Unaudited
Cash and cash equivalents	2,548,754	256,793,337	2,318,423	216,772,551
Total	2,548,754	256,793,337	2,318,423	216,772,551

The table below provides details regarding the contractual maturities of significant financial liabilities as at March 31, 2021 and March 31, 2020:

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

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

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% (2020: 19%) of its sales in the year under review were in US dollars and 8% (2020: 7%) 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, 2021 and March 31, 2020.

	As at 31st March 2021							
	EUR £	EUR ₹ Unaudited	USD £	USD ₹ Unaudited	Other Currencies* £	Other Currencies* ₹ Unaudited	Total £	Total ₹ Unaudited
Asset								
Trade Receivables	1,527,223	153,871,544	2,556,296	257,553,239	143,184	14,426,144	4,226,703	425,850,927
Contract Assets-Unbilled Revenue	375,816	37,864,362	707,530	71,285,451	94,710	9,542,262	1,178,056	118,692,075
Cash and cash equivalents	150,304	15,143,538	420,712	42,387,798	192,814	19,426,480	763,830	76,957,816
Other assets	–	–	–	–	(13,678)	(1,378,095)	(13,678)	(1,378,095)
Liabilities								
Trade payables and accrued expenses	251,571	25,346,394	284,865	28,700,880	22,177	2,234,363	558,613	56,281,637
Unearned Sales	–	–	7,865	792,445	–	–	7,865	792,445
Other liabilities	–	–	–	–	6,745	679,583	6,745	679,583
Net assets/liabilities	1,801,772	181,533,050	3,391,808	341,733,163	388,108	39,102,845	5,581,688	562,369,058

Notes to the financial statements (Contd.)

	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
Contract Assets-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**

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

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

For the year ended March 31, 2021 and 2020 respectively, every 1% appreciation/depreciation of the respective foreign currencies compared to functional currency of the Company would increase/ decrease operating margins by £55,817 and £40,980,respectively.

11. Income tax expense

In the Budget announced in March 2021 it was announced the tax rate would increase to 25% from April 2023, with marginal reliefs available. This is not yet enacted into law. Income tax expense in the statement of income consists of:

	Year ended March 31,			
	2021 £	2021 ₹ Unaudited	2020 £	2020 ₹ Unaudited
Current taxes				
UK Corporation tax on profits of the year	217,620	21,925,762	225,430	21,077,647
Adjustment in respect of previous years	(2,225)	(224,174)	(70,233)	(6,566,786)
Total	215,395	21,701,588	155,197	14,510,861
Deferred taxes				
Origination and reversal of timing differences	(4,129)	(416,007)	3,197	298,920
Total	(4,129)	(416,007)	3,197	298,920
Grand Total	211,266	21,285,581	158,394	14,809,781

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,			
	2021 £	2021 ₹ Unaudited	2020 £	2020 ₹ Unaudited
Profit before income tax	1,112,988	112,136,284	1,387,949	129,773,099
Profit on ordinary activities multiplied by rate of tax	211,468	21,305,907	263,710	24,656,896
Expenses not deductible for tax purposes	3,481	350,751	50,101	4,684,444
Movement in capital allowances	7,619	767,618	(3,563)	(333,141)
Tax credit on employee share based payments	(4,948)	(498,514)	(84,818)	(7,930,597)
Adjustment in respect of previous years	(2,225)	(224,174)	(70,233)	(6,566,741)
Deferred tax	(4,129)	(416,007)	3,197	298,920
Total tax expense	211,266	21,285,581	158,394	14,809,781

The standard rates of UK corporation tax, for the year ended March 31, 2021 and March 31, 2020 are 19% and 19% respectively.

Changes in tax rates and factors affecting the future tax charge

The components of deferred tax liability are as follows:

	As at 31 March 2021 £	As at 31 March 2021 ₹ Unaudited	As at 31 March 2020 £	As at 31 March 2020 ₹ Unaudited
Property, Plant and Equipment	(37,002)	(3,728,011)	(39,924)	(3,732,895)
Provision	7,541	759,742	6,334	592,229
Net deferred tax liability	(29,461)	(2,968,269)	(33,590)	(3,140,666)

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

	As at 31 March 2021 £	As at 31 March 2021 ₹ Unaudited	As at 31 March 2020 £	As at 31 March 2020 ₹ Unaudited
Deferred tax liability	(29,461)	(2,968,269)	(33,590)	(3,140,666)
Balance brought forward	(33,590)	(3,384,276)	(30,393)	(2,841,746)
Profit and loss account movement arising during the year	4,129	416,007	(3,197)	(298,920)
Total deferred tax liability	(29,461)	(2,968,269)	(33,590)	(3,140,666)

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 (2020: 1,629,700) equity shares of £1 each. Par value of the equity shares is recorded as share capital and each equity share carries the same voting rights.

The Issued, subscribed and paid-up capital of the Company is 685,815 (2020: 685,815) equity shares of £1 each amounting to £685,815 (2020: £685,815).

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

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

The Board of Directors recommended the interim dividend of GBP 1.25(2020:NIL) on 685,815 shares of GBP 1 each, aggregating GBP 857,269 (2020: NIL) declared by the Board of Directors on 29th October, 2020, and paid on 5th November, 2020, as the final dividend for the year ended 31st March, 2021.

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 2021 £	As at 31 March 2021 ₹ Unaudited	As at 31 March 2020 £	As at 31 March 2020 ₹ Unaudited
Total equity attributable to the equity share holders of the company	**6,574,746**	**662,422,015**	6,530,293	610,582,350
As percentage of total capital	**100%**	**100%**	100%	100%
Total capital	**6,574,746**	**662,422,015**	**6,530,293**	**610,582,350**

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,			
	2021 £	2021 ₹ Unaudited	2020 £	2020 ₹ Unaudited
Country				
United Kingdom	**40,543,633**	**4,084,872,384**	40,504,830	3,787,201,605
Europe	**7,201,543**	**725,573,461**	8,269,477	773,196,100
Singapore	**369,413**	**37,219,275**	403,388	37,716,748
Others	**690,112**	**69,530,509**	643,972	60,211,382
Total	**48,804,701**	**4,917,195,629**	**49,821,667**	**4,658,325,835**

14. Expenses by nature

	Year ended March 31,			
	2021 £	2021 ₹ Unaudited	2020 £	2020 ₹ Unaudited
Employee benefits	**18,353,632**	**1,849,174,324**	20,402,941	1,907,674,979
Sub-contractor charges/Outsourced charges	**26,968,330**	**2,717,126,636**	25,296,923	2,365,262,311
Travel and conveyance	**565,602**	**56,985,859**	1,390,265	129,989,807
Sales & Marketing expenses	**23,093**	**2,326,713**	229,521	21,460,251
Staff welfare	**164,598**	**16,583,675**	308,258	28,822,148
Legal, Professional and Consultancy Expenses	**248,784**	**25,065,624**	218,482	20,428,042
Communication expenses	**85,068**	**8,570,845**	184,329	17,234,743
Lease rentals/charges	**69,599**	**7,012,279**	65,484	6,122,764
Recruitment	**52,956**	**5,335,449**	51,872	4,850,027
Fees for audit of financial statements	**73,202**	**7,375,320**	36,081	3,373,612
Depreciation charges	**132,215**	**13,320,957**	121,584	11,368,143
Provision for doubtful trade receivables	–	–	159,359	14,900,067
Others	**310,912**	**31,325,169**	283,113	26,471,081
Total cost of sales, selling, general and administrative expenses	**47,047,991**	**4,740,202,850**	**48,748,212**	**4,557,957,975**

The total cost of sales, selling, general and administrative expenses in the table above includes £42,681,736 (2020: £43,762,871) towards cost of sales and £4,366,256 (2020: £4,985,343) towards selling, general and administrative expenses. Additional cost of £18,000 were incurred and accounted for during FY 2021 in relation to the finalization of the audit for the year ended 31st March, 2020. No non-audit fee was paid to statutory auditor of the Company during the year. Depreciation charges above includes depreciation on Property, Plant and Equipment (refer Note 5) and depreciation on ROU assets (refer Note 17).

Cost of Sales

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

Selling, general and administrative expenses

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

Notes to the financial statements (Contd.)

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

All audit fees are for statutory audit services.

15. Employee benefits

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

	2021	2020
By Activity	**No**	No
Delivery	**253**	297
Marketing	**12**	14
Administration	**9**	9
	274	320

Employee benefits include:

	Year ended March 31,			
	2021	**2021**	**2020**	**2020**
	£	**₹**	**£**	**₹**
		Unaudited		**Unaudited**
Wages and salaries	**16,243,747**	**1,636,598,080**	18,016,062	1,684,501,834
Social security costs	**2,098,680**	**211,447,312**	2,282,909	213,451,964
ESOS Cost	**11,205**	**1,128,932**	103,970	9,721,181
Total	**18,353,632**	**1,849,174,324**	**20,402,941**	**1,907,674,979**

An amount of £ 2,098,681 (2020: **£** 2,282,909) 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,			
	2021	**2021**	**2020**	**2020**
	£	**₹**	**£**	**₹**
		Unaudited		**Unaudited**
Cost of sales	**14,730,530**	**1,484,137,751**	17,003,052	1,589,785,330
Selling, general and administrative expenses	**3,623,102**	**365,036,573**	3,399,889	317,889,649
Total	**18,353,632**	**1,849,174,324**	20,402,941	1,907,674,979

16. Finance and other income

	Year ended March 31,			
	2021	**2021**	**2020**	**2020**
	£	**₹**	**£**	**₹**
		Unaudited		**Unaudited**
Interest Income	**185**	**18,664**	9,529	890,944
Others	**754**	**75,967**	–	–
Total	**939**	**94,631**	**9,529**	**890,944**

17. Leases

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

Right of Use Asset	**As at 31 March 2021**	**As at 31 March 2021**	**As at 31 March 2020**	**As at 31 March 2020**
	£	**₹**	**£**	**₹**
		Unaudited		**Unaudited**
Right of Use Asset - Buildings	**373,328**	**37,613,729**	373,328	34,906,209
Less: Accumulated Depreciation	**(157,191)**	**(15,837,373)**	(78,595)	(7,348,673)
Right of Use Asset Net	**216,137**	**21,776,356**	294,733	27,557,536

	As at 31 March 2021	**As at 31 March 2021**	**As at 31 March 2020**	**As at 31 March 2020**
	£	**₹**	**£**	**₹**
		Unaudited		**Unaudited**
Lease Liability				
Opening Lease Liability	**313,587**	**31,594,716**	373,328	34,906,168
Add: Interest Cost on the Leases	**5,553**	**559,486**	7,097	663,608
Less: Lease Payments	**(85,056)**	**(8,569,604)**	(66,838)	(6,249,353)
Closing Lease Liability	**234,084**	**23,584,598**	**313,587**	**29,320,423**

18. Related party relationships and transactions

Name of related party

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

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

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

Notes to the financial statements (Contd.)

Indivate Inc.

Transactions with the above related parties during the year were:

	Holding Company				Fellow Subsidiaries			
	For the year ended / As at 31 March 2021 £	For the year ended / As at 31 March 2021 ₹ Unaudited	For the year ended / As at 31 March 2020 £	For the year ended / As at 31 March 2020 ₹ Unaudited	For the year ended / As at 31 March 2021 £	For the year ended / As at 31 March 2021 ₹ Unaudited	For the year ended / As at 31 March 2020 £	For the year ended / As at 31 March 2020 ₹ Unaudited
Sale of goods/Services	–	–	–	–	51,392	5,177,853	50,891	4,758,325
Expenses Recovered	29,586	2,980,913	128,833	12,045,851	–	–	1,857	173,668
Purchase of goods/Services	24,841,516	2,502,844,864	21,182,961	1,980,606,874	–	–	–	–
Balance as on 31st March								
Trade receivables	222,038	22,370,884	192,457	17,994,730	–	–	–	–
Trade payables	2,477,353	249,599,558	5,358,081	500,980,580	–	–	–	–

Key Managerial Personnel:

Non-Executive Directors

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

Others

H.S. Garewal	President (1st April, 2020 - 23rd March, 2021)
Anindya Roy	President - Designate (21st December, 2020 - 31st March, 2021)

Transactions with key management personnel are as given below:

Key management personnel comprise directors and president of the Company. Particulars of compensation of the key management personnel during the year ended March 31, 2021 and March 31, 2020 have been detailed below:

	Year ended March 31,			
	2021 £	2021 ₹ Unaudited	2020 £	2020 ₹ Unaudited
President:				
Salaries	255,407	25,732,886	165,367	15,461,815
Social security contribution	59,591	6,003,992	32,467	3,035,693
Incentives	178,949	18,029,559	311,849	29,157,882
Total	493,947	49,766,437	509,683	47,655,390

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, 2021.

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

Principal Activities

The Corporation is engaged in providing information technology services to customers, majority of which are commercial entities throughout the United States of America.

Financial Results (*)

(US $ million)

Year Ended March 31,	2021	2020
Total Revenue	108.36	105.62
Operating Income	3.41	4.13
Profit / (Loss) After Tax	2.59	3.31

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

For the year under review, the Corporation declared and paid a dividend of US$ 14 per Share (2020: US$ 11) on 182,000 Common Shares-without par value aggregating US$ 2.548 million (2020: US$ 2.002 million).

Business Review

Corporation

For the year ended March 31, 2021, the Corporation posted total revenues of US$ 107.93 million (**) while the net profit after tax was US$ 2.57 million (**). While the Corporation saw muted IT services spend from some of its clients negatively impacted by COVID-19, the Corporation successfully overcame the disruptive impact of the pandemic on the back of strong growth in its strategic accounts in technology offerings such as Digital workplace, Digital experience, Testing and Application development and maintenance. During the year, the Corporation continued to strengthen its domain specific offerings and ecosystem of software vendor partnerships in areas such as Data analytics and Automation.

(**) Standalone Results

In the coming year, the focus will be on driving growth by scaling existing strategic accounts and on strengthening the Corporation's domain specific Business friendly solutions. The Corporation will also focus on strengthening its alliances and partnership ecosystem with ISV partners in emerging digital technologies.

Primary challenges seen by the Corporation are macro-economic headwinds due to a protracted recovery from the COVID-19 pandemic and volatility in the US dollar. The Corporation is well equipped to deal with these challenges and deliver a strong 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 is also engaged in trading activities wherein the Corporation imports goods into the United States of America for distributing / marketing the same. During the year under review, Indivate recorded Revenue of US$ 428,532 (2020: US$ 502,082) and Net Profit of US$ 21,571 (2020: US$ 28,420).

Directors

Messrs. S. Puri, S. Sivakumar, B. B. Chatterjee, (Ms.) B. Parameswar, S. Singh and R. Tandon, Directors of the Corporation, will retire at the next Annual Meeting, and, being eligible, offer themselves for re-appointment.

Auditors

Messrs. Deloitte Haskins & Sells LLP, Chartered Accountants, India, Firm Registration Number 117366W/W-100018 (Deloitte India), were appointed as the Auditors of the Corporation to hold office until the conclusion of the next Annual Meeting for audit of the Financial Statements for the financial year 2020-21.

The Board has recommended for the approval of the Shareholders, the appointment of Deloitte India to conduct the audit of the Financial Statements of the Corporation for the financial year 2021-22.

Appropriate resolution seeking your approval in respect of the said appointment is included in the Notice convening the Annual Meeting of the Corporation for the year ended March 31, 2021.

On behalf of the Board

	S. Sivakumar	**S. Singh**
Date: May 3, 2021	**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, 2021 and 2020, 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.

Auditors' 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 special-purpose financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the special purpose financial statements. 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. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the special-purpose 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 special-purpose 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, 2021 and 2020, 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 special-purpose 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., ITC Infotech India Limited and ITC Limited and is not intended to be and should not be used by anyone other than these specified parties.

Deloitte Haskins & Sells LLP
Bengaluru, India
Date: May 3, 2021

SPECIAL PURPOSE BALANCE SHEET AS OF MARCH 31,

	2021	2021	2020	2020
Assets	**(US $)**	**(₹)**	(US $)	(₹)
Current assets				
Cash and cash equivalents	**4,108,478**	**300,370,827**	4,022,441	304,378,110
Accounts receivable, net of allowance for doubtful accounts of US $1,238,514 (₹ 90,547,756) as of March 2021 and US $2,458,124 (₹ 186,006,243) as of March 2020	**27,706,699**	**2,025,636,764**	29,145,133	2,205,412,214
Receivable from Indivate	**–**	**–**	2,642	199,920
Advances to employees	**6,541**	**478,212**	62,561	4,733,990
Total current assets	**31,821,718**	**2,326,485,803**	33,232,777	2,514,724,234
Property and Equipment	**414,592**	**30,310,821**	742,476	56,183,159
Less: Accumulated depreciation and amortization	**375,796**	**27,474,446**	652,453	49,371,119
	38,796	**2,836,375**	90,023	6,812,040
Right of Use Asset	**464,737**	**33,976,922**	560,452	42,409,403
Less: Accumulated Depreciation	**285,992**	**20,908,875**	150,972	11,424,051
	178,745	**13,068,047**	409,480	30,985,352
Investment in subsidiary (Indivate Inc.)	**100,000**	**7,311,000**	100,000	7,567,000
Deferred income taxes	**1,886,520**	**137,923,477**	2,428,823	183,789,036
Other assets, principally unsecured advances	**924,451**	**67,586,613**	797,156	60,320,795
	34,950,230	**2,555,211,315**	37,058,259	2,804,198,457
Liabilities and Stockholder's Equity				
Current liabilities				
Accounts payable	**133,173**	**9,736,278**	168,297	12,735,034
Accrued expenses and other current liabilities	**8,493,975**	**620,994,512**	8,074,045	610,962,984
Accrued payroll and payroll taxes	**1,023,514**	**74,829,109**	1,390,314	105,205,060
Due to ITC Infotech India Ltd., net	**1,824,497**	**133,388,976**	3,780,594	286,077,548
Total current liabilities	**11,475,159**	**838,948,875**	13,413,250	1,014,980,626
Non-current liabilities				
Lease Liability	**39,068**	**2,856,261**	229,813	17,389,950
Stockholder's equity				
Paid up Share Capital	**18,200,000**	**1,330,602,000**	18,200,000	1,377,194,000
Retained earnings	**5,236,003**	**382,804,179**	5,215,196	394,633,881
Total stockholder's equity	**23,436,003**	**1,713,406,179**	23,415,196	1,771,827,881
	34,950,230	**2,555,211,315**	37,058,259	2,804,198,457

On behalf of the Board

Date: May 3, 2021	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,

	2021	2021	2020	2020
	(US $)	**(₹)**	(US $)	(₹)
Revenues				
Sale of Services	**107,311,500**	**7,845,543,765**	104,983,974	7,944,137,313
Resale of Software and Hardware	**622,728**	**45,527,644**	133,221	10,080,833
Total revenues	**107,934,228**	**7,891,071,409**	105,117,195	7,954,218,146
Cost of revenues, principally employment costs and fees charged by affiliates	**96,286,536**	**7,039,508,649**	88,633,570	6,706,902,242
Gross profit	**11,647,692**	**851,562,760**	16,483,625	1,247,315,904
General and administrative expenses	**8,244,731**	**602,772,283**	12,365,742	935,715,697
Operating income	**3,402,961**	**248,790,477**	4,117,883	311,600,207
Other income	**1**	**73**	8,223	622,234
Income before interest and income tax expense	**3,402,962**	**248,790,550**	4,126,106	312,222,441
Interest Expense	**11,684**	**854,217**	28,611	2,164,994
Income before income tax expense	**3,391,278**	**247,936,333**	4,097,495	310,057,447
Income tax expense / (benefit)				
Current	**280,167**	**20,483,009**	581,354	43,991,057
Deferred	**542,304**	**39,647,845**	234,862	17,772,008
Total income tax expense	**822,471**	**60,130,854**	816,216	61,763,065
Net income	**2,568,807**	**187,805,479**	3,281,279	248,294,382
Retained earnings at beginning of year	**5,215,196**	**381,282,980**	3,935,917	297,830,838
Less : Dividend Paid	**2,548,000**	**186,284,280**	2,002,000	151,491,339
Retained earnings at end of year	**5,236,003**	**382,804,179**	5,215,196	394,633,881

On behalf of the Board

Date: May 3, 2021	Soumyarup Roy	A Raghavapudi	S Singh	S Sivakumar
	Financial Controller	President	Director	Vice Chairman

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

SPECIAL PURPOSE STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED MARCH 31,

	2021	2021	2020	2020
Cash flows from operating activities	(US $)	(₹)	(US $)	(₹)
Net income	2,568,807	187,805,479	3,281,279	248,294,382
Adjustments to reconcile net income to net cash provided by operating activities				
Depreciation and amortization	238,091	17,406,833	374,209	28,316,395
Deferred income taxes	542,304	39,647,845	234,862	17,772,008
Write off of Fixed Assets	(689)	(50,373)	(4,474)	(338,548)
Provision for Bad debt expense	(647,967)	(47,372,867)	1,775,543	134,355,339
(Increase) decrease in assets				
Accounts receivable	2,086,401	152,536,777	(5,264,531)	(398,367,061)
Receivable from Indivate	2,642	193,157	5,707	431,849
Advances to employees	56,019	4,095,549	6,526	493,822
Other assets, principally unsecured advances	(127,295)	(9,306,537)	1,186,267	89,764,824
Receivable from ITC Infotech India Ltd.	–	–	680,457	51,490,181
Increase (decrease) in liabilities				
Accounts payable	(35,122)	(2,567,769)	(521,698)	(39,476,888)
Accrued expenses and other liabilities	419,930	30,701,082	(1,364,879)	(103,280,394)
Accrued payroll and payroll taxes	(366,800)	(26,816,748)	79,821	6,040,055
Due to ITC Infotech Ltd. (UK), net	–	–	(70,132)	(5,306,888)
Due to ITC Infotech India Ltd., net	(1,956,097)	(143,010,252)	3,780,594	286,077,548
Lease Liability (Net Amount)	(146,187)	(10,687,732)	(469,622)	(35,536,297)
Net cash provided by operating activities	2,634,037	192,574,444	3,709,929	280,730,327
Cash flows from investing activities				
Capital expenditures	–	–	(25,173)	(1,904,841)
Net cash used in investing activities	–	–	(25,173)	(1,904,841)
Payout of Dividend	(2,548,000)	(186,284,280)	(2,002,000)	(151,491,339)
Net cash used in financing activities	(2,548,000)	(186,284,280)	(2,002,000)	(151,491,339)
Net increase / (decrease) in cash and cash equivalents	86,037	6,290,164	1,682,756	127,334,147
Cash and cash equivalents at beginning of year	4,022,441	294,080,663	2,339,685	177,043,963
Cash and cash equivalents at end of year	4,108,478	300,370,827	4,022,441	304,378,110

On behalf of the Board

Date: May 3, 2021	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, 2021 AND 2020

NOTE A - BUSINESS BACKGROUND AND PRINCIPAL TRANSACTIONS WITH AFFILIATES

ITC Infotech (USA), Inc. (the “Company”), a New Jersey corporation, is engaged in providing information technology services to customers, majority of which are commercial entities throughout the United States of America. The Company is a wholly-owned subsidiary of ITC Infotech India Ltd., an Indian company. There are 185,000 common shares authorized of which 182,000 have been issued, and are outstanding, to ITC Infotech India Ltd. ITC Infotech Ltd. is also a wholly-owned subsidiary of ITC Infotech India Ltd.

The Company has entered into an agreement with its parent company ITC Infotech India Ltd. on April 1, 2014 wherein the Company has agreed to sub-contract the execution and management of customer contracts to ITC Infotech India Ltd. Under the terms of this agreement, ITC Infotech India Ltd shall assume the overall execution and management responsibilities for such customer contracts.

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

[1] Basis of presentation:

As required by its parent company ITC Infotech India Ltd., the financial statements of the Company are not prepared in accordance with accounting principles generally accepted in the United States of America as the results of operations of its wholly-owned subsidiary Indivate were not included since the date of acquisition. Accordingly, these financial statements do not purport to follow US GAAP.

These financial statements are presented in U.S. dollars. However, as required by the parent company ITC Infotech India Ltd., the Indian Rupee equivalent figures, arrived at by applying the average interbank exchange rate of US$1 = ₹ 73.11 for fiscal year ended March 31, 2021 (2020 US$1 = ₹ 75.67) 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.

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, 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.

[3] Recognition of revenue:

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 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.

NOTES TO THE FINANCIAL STATEMENTS MARCH 31, 2021 AND 2020 (Contd.)

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 US $ 234,989 (₹ 17,180,013) (including payments in respect short-term leases of US $ 38,146 (₹ 2,788,845))

[8] Income taxes:

The Company accounts for income taxes pursuant to ASC 740, *Income Taxes* ("ASC 740"). ASC 740 requires recognition of deferred tax assets and liabilities for the expected future tax consequences of events that have been included in the financial statements or tax returns. Under this method, deferred tax assets and liabilities are determined based on the differences between the financial reporting and tax bases of assets and liabilities using enacted tax rates in effect for the year in which the differences are expected to reverse. Future tax benefits, such as net operating loss carry forwards, are recognized to the extent that realization of these benefits is considered to be more likely than not. If the future realization of such benefits is uncertain, then a valuation allowance is recorded.

The Company provides for income tax in accordance with the FASB issued ASC 740-10, *Income Taxes* ("ASC 740-10"). ASC 740-10 provides recognition criteria and a related measurement model for uncertain tax positions taken or expected to be taken in income tax returns. ASC 740-10 requires that a position taken or expected to be taken in a tax return be recognized in the financial statements when it is more likely than not that the position would be sustained upon examination by tax authorities. Tax positions, that meet the more likely than not threshold, are then measured using a probability-weighted approach recognizing the largest amount of tax benefit that is greater than 50% likely of being realized upon ultimate settlement.

There were no significant matters determined to be unrecognized tax benefits taken or expected to be taken in a tax return that have been recorded in the Company's consolidated financial statements for the year ended March 31, 2021. The Company's Federal and State tax returns are subject to examination by taxing authorities for the years ended March 31, 2018 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, 2021 or 2020.

[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, 2021 or 2020.

[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, 2021. 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, 2021 AND 2020 (Contd.)

NOTE C - RELATED PARTY TRANSACTIONS

The Company had transactions with the following parties :

	2021 (US $)	2021 (₹)	2020 (US $)	2020 (₹)
Transactions with ITC Infotech India Ltd				
Costs for project consultations / other expenses, included in cost of revenues / general and administrative expenses	56,671,120	4,143,225,583	40,615,504	3,073,375,202
Dividend Paid	2,548,000	186,284,280	2,002,000	151,491,340
Transactions with ITC Infotech Ltd				
Costs for project consultations / other expenses, included in cost of revenues / general and administrative expenses	68,205	4,986,468	66,242	5,012,536
Transactions with Technico Technologies Inc.				
Costs for project consultations / other expense reimbursements, included in cost of revenues / general and administrative expenses	279,026	20,399,591	143,254	10,840,049
Transactions with ITC Limited				
Reimbursement of advances paid	-	-	8,522	644,871
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	5,026	367,451	20,949	1,585,211

There was no amount receivable/ payable to Technico Technologies (fellow subsidiary of ultimate parent, ITC Limited) and ITC Infotech Ltd. as on 31st March, 2021 and 31st March, 2020 respectively. The receivable/ payable amount as on 31st March, 2021 and 31st March, 2020 for the other related parties have been disclosed in the Balance Sheet.

NOTE D - ACCOUNTS RECEIVABLE

Accounts receivable as on March 31, 2021 of US $ 27,706,699 (₹ 2,025,636,764) and March 31, 2020 of US $ 29,147,775 (₹ 2,205,612,134) includes both billed and unbilled receivables. Unbilled receivables were approximately US $ 9,423,707 (₹ 688,967,239) and US $ 10,455,515 (₹ 791,168,821) as of March 31, 2021 and 2020, respectively.

Unbilled Revenue consist of the following:

Particulars	2021 (US $)	2021 (₹)	2020 (US $)	2020 (₹)
Time & Material and others	8,638,379	631,551,902	9,068,459	686,210,293
Fixed Price contracts based on % Completion	785,328	57,415,337	1,387,056	104,958,528
Total	9,423,707	688,967,239	10,455,515	791,168,821

Changes in the allowance for doubtful accounts in 2021 and 2020 are as follows:

	2021 (US $)	2021 (₹)	2020 (US $)	2020 (₹)
Beginning balance	2,458,124	179,713,446	1,175,099	88,919,741
Increase / (Decrease) to allowance	(647,967)	(47,372,867)	1,767,374	133,737,191
Accounts written off	571,643	41,792,823	484,349	36,650,689
Ending balance	1,238,514	90,547,756	2,458,124	186,006,243

NOTE E – PROPERTY AND EQUIPMENT

Property and equipment consist of the following:

	Estimated useful lives (Years)	As of 31-Mar-21 (US $)	31-Mar-21 (₹)	31-Mar-20 (US $)	31-Mar-20 (₹)
Leasehold Improvements	4	26,074	1,906,270	26,074	1,973,020
Office Equipment	4	43,136	3,153,673	98,944	7,487,092
Computers etc.	4	212,318	15,522,569	463,575	35,078,720
Furniture and Fixtures	4	131,421	9,608,189	152,240	11,520,001
Capitalised Software	5	1,643	120,120	1,643	124,326
		414,592	30,310,821	742,476	56,183,159
Less: Accumulated depreciation		(375,796)	(27,474,446)	(652,453)	(49,371,119)
Property and Equipment, net		38,796	2,836,375	90,023	6,812,040

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

	FY 2020-21 (US $)	FY 2020-21 (₹)	FY 2019-20 (US $)	FY 2019-20 (₹)
Depreciation expense	51,226	3,745,122	78,964	5,975,196

NOTE F - LEASES

Right of use asset:

	As on 31-Mar-21 (US $)	31-Mar-21 (₹)	31-Mar-20 (US $)	31-Mar-20 (₹)
Right of use asset - Buildings	464,737	33,976,922	560,452	42,409,403
	464,737	33,976,922	560,452	42,409,403
Less: Accumulated depreciation	(285,992)	(20,908,875)	(150,972)	(11,424,051)
Right of use asset, net	178,745	13,068,047	409,480	30,985,352

Lease Liability:

	As on 31-Mar-21 (US $)	31-Mar-21 (₹)	31-Mar-20 (US $)	31-Mar-20 (₹)
Lease Liability				
Current	150,189	10,980,289	189,161	14,313,782
Non - Current	39,068	2,856,261	229,813	17,389,950
	189,257	13,836,550	418,974	31,703,732

Impact for the period	FY 2020-21 (US $)	FY 2020-21 (₹)	FY 2019-20 (US $)	FY 2019-20 (₹)
Depreciation expense	186,865	13,661,700	295,246	22,341,265
Interest on Lease Liability	11,684	854,217	28,611	2,164,994
	198,549	14,515,917	323,857	24,506,259

NOTES TO THE FINANCIAL STATEMENTS MARCH 31, 2021 AND 2020 (Contd.)

NOTE G - INCOME TAXES

The income taxes expense consists of the following:

	Year ended			
	2021 (US $)	2021 (₹)	2020 (US $)	2020 (₹)
Federal Taxes				
Current	226,025	16,524,688	487,145	36,862,262
Deferred	462,670	33,825,803	196,312	14,854,929
State and local taxes				
Current	54,142	3,958,321	94,209	7,128,795
Deferred	79,634	5,822,042	38,550	2,917,079
Total current expense	822,471	60,130,854	816,216	61,763,065

Deferred tax assets and liabilities consist of the following:

	2021 (US $)	2021 (₹)	2020 (US $)	2020 (₹)
Provision for Doubtful Debts	298,468	21,820,995	592,348	44,822,973
Depreciation under State Taxes	5,748	420,236	4,769	360,870
Depreciation under Federal Taxes	(8,782)	(642,052)	(18,371)	(1,390,134)
Accrued vacation	361,567	26,434,164	369,453	27,956,509
Accrued bonus	654,583	47,856,563	591,815	44,782,641
Amortization of intangible assets and goodwill	178,062	13,018,113	411,589	31,144,940
ESOS Expense	232,078	16,967,223	251,200	19,008,304
Prepaid Expenses	(24,424)	(1,785,639)	(20,210)	(1,529,291)
Foreign tax credit carry-over	185,412	13,555,471	242,667	18,362,612
Lease Depreciation and Interest	3,808	278,403	3,563	269,612
	1,886,520	137,923,477	2,428,823	183,789,036

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 US $ 510,813 (₹ 37,345,533) and US $ 92,185 (₹ 6,975,639) as at March 31, 2021 and 2020, respectively.

Revenue recognized in FY 2020-21 that was included as Unearned Sales balance at the beginning of the FY 2020-21 was US $ 67,435 (₹ 4,930,173).

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 23% (9%, 8% and 6%) and approximately 16% (7%, 5% and 4%) of the Company's revenues for the years ended March 31, 2021 and 2020, respectively. Accounts receivable from these customers approximated 21 % (7%, 4%, 10%) and 15 % (11%, 3%, 1%) of total accounts receivable as at March 31, 2021 and 2020, respectively. Additionally, one customer accounted for 7% of the accounts receivables as of March 31, 2021 and 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 financial institution are insured by the Federal Deposit Insurance Corporation up to regulatory limits. The Company has not experienced any losses in such accounts.

NOTE J - EMPLOYEES STOCK BASED COMPENSATION

Certain employees of the Company are covered under the stock option plans of the Company's ultimate Parent, ITC Limited. These plans are assessed, managed and administered by the Holding Company of ITC Infotech India Ltd. Fair value of such stock options is calculated using the Black Scholes pricing model at the grant date. Expense related to these stock options have been reflected in the statement of operations in the amount of (-) US $84,381 [(-) ₹ 6,169,095] and US $64,495 (₹ 4,880,306) for the Fiscal Year 2020-21 and 2019-20 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, 2021 and 2020 was US $584,300 (₹ 42,718,193) and US $679,963 (₹ 51,452,834), respectively.

NOTE L - SUBSEQUENT EVENTS

The Company evaluated subsequent events through May 3, 2021 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, 2021.

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

Principal Activities

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

Financial Results

(US $)

Year Ended March 31,	2021	2020
Total Revenue	**428,532**	502,082
Operating Income / (loss)	**21,571**	28,420
Profit/(Loss) After Tax	**21,571**	28,420

Business Review

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

Directors

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

Auditors

Messrs. Deloitte Haskins & Sells LLP, Chartered Accountants, India, Firm Registration Number 117366W/W-100018 (Deloitte India), were appointed as the Auditors of the Corporation to hold office until the conclusion of the next Annual Meeting for audit of the Financial Statements for the financial year 2020-21.

The Board has recommended for the approval of the Shareholders, the appointment of Deloitte India to conduct the audit of the Financial Statements of the Corporation for the financial year 2021-22.

Appropriate resolution seeking your approval in respect of the said appointment is included in the Notice convening the Annual Meeting of the Corporation for the year ended March 31, 2021.

On behalf of the Board
Bhavani Parameswar
May 3, 2021 **Director & President**

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, 2021 and 2020, 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 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, 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, 2021 and 2020 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
Bengaluru, India
Date: May 3, 2021

BALANCE SHEET AS OF MARCH 31,

	2021 (US $)	2021 (₹)	2020 (US $)	2020 (₹)
Assets				
Current assets				
Cash and cash equivalents	**138,741**	**10,143,355**	186,845	14,138,561
Inventory	**15,681**	**1,146,438**	19,808	1,498,871
Accounts receivable	**1,016**	**74,280**	–	–
Due from ITC Limited	**29,103**	**2,127,720**	94,650	7,162,166
Total current assets	**184,541**	**13,491,793**	301,303	22,799,598
Property and Equipment	**7,070**	**516,888**	3,859	292,011
Less: Accumulated depreciation and amortization	**3,926**	**287,030**	3,121	236,166
	3,144	**229,858**	738	55,845
Other assets, principally unsecured advances	**53,304**	**3,897,055**	1,507	114,035
	240,989	**17,618,706**	303,548	22,969,478
Liabilities and Stockholder's Equity				
Current liabilities				
Accounts payable	**12,160**	**889,018**	7,703	582,886
Accrued expenses and other current liabilities	**13,788**	**1,008,039**	15,440	1,168,345
Accrued payroll and payroll taxes	**101,170**	**7,396,539**	185,463	14,033,985
Due to ITC Infotech (USA), Inc., net	–	–	2,642	199,920
Total current liabilities	**127,118**	**9,293,596**	211,248	15,985,136
Stockholder's equity				
Paid up Capital	**100,000**	**7,311,000**	100,000	7,567,000
Retained earnings	**13,871**	**1,014,110**	(7,700)	(582,658)
Total Stockholder's equity	**113,871**	**8,325,110**	92,300	6,984,342
	240,989	**17,618,706**	303,548	22,969,478

On behalf of the Board

Date: May 3, 2021

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,

	2021 (US $)	2021 (₹)	2020 (US $)	2020 (₹)
Revenue				
Service income- Related party	409,977	29,973,418	502,082	37,992,545
Total Service income	409,977	29,973,418	502,082	37,992,545
Sale of Traded Goods	18,555	1,356,556	–	–
Total Revenue	428,532	31,329,974	502,082	37,992,545
Cost of revenues, principally employment costs	386,771	28,276,828	473,662	35,842,004
Purchase of Stock-in-trade	6,851	500,877	19,808	1,498,871
Change in Inventories of Stock-in-trade	4,127	301,725	(19,808)	(1,498,871)
Cost of Sales	10,978	802,602	–	–
Gross profit	30,783	2,250,544	28,420	2,150,541
General and administrative expenses	9,212	673,489	–	–
Operating Income	21,571	1,577,055	28,420	2,150,541
Less: Income tax	–	–	–	–
Net Income	21,571	1,577,055	28,420	2,150,541
Retained earnings at beginning of period	(7,700)	(562,945)	(36,120)	(2,733,199)
Retained earnings at end of period	13,871	1,014,110	(7,700)	(582,658)

On behalf of the Board

Date: May 3, 2021

Bhavani Parameswar, Director and President

Soumyarup Roy, Director

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

STATEMENT OF CASH FLOWS
FOR THE YEARS ENDED MARCH 31,

	2021 (US $)	2021 (₹)	2020 (US $)	2020 (₹)
Cash flows from operating activities				
Net income	21,571	1,577,055	28,420	2,150,541
Adjustments to reconcile net income to net cash provided by operating activities				
Depreciation and amortization	805	58,854	965	73,022
(Increase) decrease in assets				
Inventory	4,127	301,725	(19,808)	(1,498,871)
Accounts receivable	(1,016)	(74,280)	–	–
Due from ITC Limited	65,547	4,792,141	(94,650)	(7,162,166)
Other assets, principally unsecured advances	(51,797)	(3,786,878)	1,636	123,796
Increase (decrease) in liabilities				
Accounts payable	4,457	325,851	5,982	452,658
Accrued expenses and other liabilities	(1,652)	(120,778)	5,905	446,832
Accrued payroll and payroll taxes	(84,293)	(6,162,660)	64,515	4,881,850
Due to ITC Infotech (USA), Inc., net	(2,642)	(193,157)	(5,707)	(431,849)
Net cash used in operating activities	(44,893)	(3,282,127)	(12,742)	(964,187)
Cash flows from investing activities				
Capital expenditures	(3,211)	(234,756)	–	–
Net cash used in investing activities	(3,211)	(234,756)	–	–
Cash flows from financing activities	–	–	–	–
Net cash used in financing activities	–	–	–	–
Net increase / (decrease) in cash and cash equivalents	(48,104)	(3,516,883)	(12,742)	(964,187)
Cash and cash equivalents at beginning of year	186,845	13,660,238	199,587	15,102,748
Cash and cash equivalents at end of year	138,741	10,143,355	186,845	14,138,561

On behalf of the Board

Date: May 3, 2021

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, 2021 AND 2020

NOTE A - BUSINESS BACKGROUND AND PRINCIPAL TRANSACTIONS WITH AFFILIATES

Indivate Inc. (the "Company") was formed as a New Jersey State incorporated company and 100% of the shareholder interest is owned by ITC Infotech (USA), Inc.

It is principally engaged in providing business consulting services to related party entities that operate in India. The Company is also engaged in trading activities wherein the Company is importing goods into US and distributing/marketing the same.

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

[1] Basis of presentation:

The financial statements of the Company are prepared in accordance with accounting principles generally accepted in the United States of America, the country of formation. The amounts are represented in U.S. dollars. As required by ITC Infotech India Limited, the sole shareholder of the Parent Company, the Indian Rupee equivalent figures, arrived at by applying the year end interbank exchange rate of US $1 = ₹ 73.11 for the fiscal year ended March 31, 2021 (2020: US $1 = ₹ 75.67) 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.

NOTES TO THE FINANCIAL STATEMENTS MARCH 31, 2021 AND 2020 (Contd.)

[3] Inventory:

Inventories are stated at lower of cost and net realisable value. The cost is calculated on weighted average method. Cost comprises expenditure incurred in the normal course of business in bringing such inventories to its present location and condition and includes product cost from the Company's suppliers, as well as inbound freight, import duties, taxes, insurance and logistics and other handling fees. Net realisable value is the estimated selling price less estimated costs for completion and sale. Obsolete, slow moving and defective inventories are identified from time to time and, where necessary, a provision is made for such inventories.

[4] Recognition of revenue:

Service revenue is based upon services provided by the Company on customer assignments and is recognized when the work is performed. Substantially, the customers are invoiced on a monthly basis.

Revenue from sales of goods is measured at the fair value of the consideration received or receivable for goods supplied and services rendered, net of returns and discounts to customers. Revenue from the sale of goods is shown excluding taxes such as State Sales tax which are payable in respect of sale of goods. Revenue from the sale of goods 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] Property and equipment:

Property and Equipment purchased are stated at cost. Depreciation is provided under the straight-line method based upon the estimated useful lives of the assets, with such lives ranging 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, 2021. The amendment should be applied through a modified retrospective approach. Early adoption as of the fiscal years beginning after December 15, 2018 is permitted. The Company does not expect the adoption of this ASU to have a material effect on its financial position or results of operations.

[9] Employees stock based compensation:

Employee of the Company is covered under the stock option plans of the Company's ultimate Parent, ITC Limited. These plans are assessed, managed and administered by ITC Limited. Fair value of such stock options is calculated using the Black Scholes pricing model at the grant date. Expense related to these stock options have been reflected in the statement of operations aggregating US $ 5,026 (₹ 367,451) and US $20,949 (₹ 1,585,211) for the Financial Year 2020-21 and 2019-20 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, 2021 and 2020 was US $ 9,776 (₹ 714,688) and US $ 9,384 (₹ 710,122), respectively.

NOTE C – RELATED PARTY TRANSACTIONS

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

	2021 (US $)	2021 (₹)	2020 (US $)	2020 (₹)
Transactions with ITC Limited				
Service / Account Management fees / others recognized as revenue by Indivate	**409,977**	**29,973,418**	502,082	37,992,545
Purchase of Goods	**3,695**	**270,141**	17,461	1,321,299
Re-imbursement of Expenses	**17,419**	**1,273,503**	–	–

Accounts receivable consist of trade accounts receivable and unbilled accounts receivable, if any (representing services performed prior to the balance sheet date, but not invoiced to the customer until thereafter). Related parties receivable total US $ 29,103 (₹ 2,127,720) and US $ 94,650 (₹ 7,162,166) as of March 31, 2021 and 2020, respectively.

	2021 (US $)	2021 (₹)	2020 (US $)	2020 (₹)
Transactions with Parent Company				
Payroll related expenditure	**5,026**	**367,451**	20,949	1,585,211

NOTE D – PROPERTY AND EQUIPMENT

Property and equipment consist of the following:

	Estimated useful lives (Years)	As of 31-Mar-21 (US $)	31-Mar-21 (₹)	31-Mar-20 (US $)	31-Mar-20 (₹)
Computers etc.	4	**3,710**	**271,238**	1,138	86,113
Office Equipment	4	**639**	**46,718**	–	–
Furniture and Fixtures	4	**2,721**	**198,932**	2,721	205,898
		7,070	**516,888**	3,859	292,011
Less: Accumulated depreciation		**(3,926)**	**(287,030)**	(3,121)	(236,166)
Property and Equipment, net		**3,144**	**229,858**	738	55,845

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

	FY 2020-21 (US $)	FY 2020-21 (₹)	FY 2019-20 (US $)	FY 2019-20 (₹)
Depreciation expense	**805**	**58,854**	965	73,022

NOTE E – SUBSEQUENT EVENTS

The Company evaluated subsequent events through May 3, 2021 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, 2021

1. Your Directors submit their Report for the financial year ended 31st March, 2021.

2. **FINANCIAL PERFORMANCE**

During the year under review, your Company recorded an Operating Income of ₹ 2,279.91 lakhs (previous year: ₹ 5,820.05 lakhs) reflecting de-growth of 61%. Other Income of the Company was ₹ 393.87 lakhs (previous year: ₹ 428.29 lakhs). Loss for the year was ₹ 841.90 lakhs (previous year profit: ₹ 323.78 lakhs).

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

	For the year ended 31st March, 2021 (₹ in lakhs)	For the year ended 31st March, 2020 (₹ in lakhs)
Profits		
a. Profit / (Loss) Before Tax	(1,124.90)	300.70
b. Less : Tax Expense		
Current Tax	–	–
Deferred Tax	(283.00)	(23.08)
c. Profit / (Loss) for the year	(841.90)	323.78
d. Other Comprehensive Income	7.54	(7.60)
e. Total Comprehensive Income	(834.36)	316.18
Retained Earnings		
a. At the beginning of the year	6,610.26	6,294.08
b. Add : Profit / (Loss) for the year	(841.90)	323.78
c. Add : Other Comprehensive Income	7.54	(7.60)
d. At the end of the year	5,775.90	6,610.26

3. **OPERATIONAL PERFORMANCE**

The Company's owns 'ITC Kakatiya' – a 188 key luxury hotel located in Hyderabad city. ITC Kakatiya has received several accolades, establishing itself as one of the finest luxury hotel and F&B destinations in the city. The Hotel received Silver Award under 'Commercial Buildings' category for promoting energy conservation measures by the Telangana State Renewable Energy Development Corporation Limited, and also received an award from the Society to Save Rocks, Telangana, for its efforts to conserve the 2500 million year old rocks of Deccan / Telangana. 'Dakshin', the fine dining restaurant at the Hotel, was adjudged the 'Best South Indian Fine Dining Restaurant' at the Times Food Guide Nightlife Awards 2021 for the 11th consecutive year. 'Kebabs and Kurries' the fine dining restaurant at the Hotel, was adjudged the 'Best North Indian Fine Dining Restaurant' at the Times Food Guide Nightlife Awards 2021. 'Gourmet Couch' was adjudged the 'Best Takeaway' at the Times Food Guide Nightlife Awards 2021.

The Company was adversely impacted by the lockdown and resultant disruptions due to the COVID-19 pandemic. With the progressive easing of restrictions, the hotel resumed operations following the highest standards of safety and hygiene for all stakeholders. The Company has adopted enhanced safety and hygiene protocols including 'We Assure' to protect the health of its guests and employees. The Company has also invested in upgradation and addition of digital platforms with the concept of "contact-less" interaction among people and businesses. This has prepared the Company for the "new normal", in an era of changed customer perception about product consumption and services.

The Company has also instituted robust spend optimisation measures to reduce fixed costs and rationalise variable costs & resources.

4. **DIRECTORS AND KEY MANAGERIAL PERSONNEL**

a) Changes in Directors during the year

During the year under review, Mr. Kuldeep Bhartee (DIN: 08696702) was appointed, with your approval, as a Non-Executive Director of the Company, liable to retire by rotation, at the Annual General Meeting ('AGM') held on 24th August, 2020.

There were no other changes in the composition of the Board of Directors of the Company ('the Board') during the year.

b) Changes in Key Managerial Personnel during the year

Mr. Rakshit Kapoor resigned as the Chief Financial Officer (CFO) of the Company with effect from close of work on 11th September, 2020. The Board appointed Mr. Bhanu Dwarkani as the CFO of the Company with effect from 12th September, 2020, in terms of the provisions of Section 203 of the Companies Act, 2013 ('the Act'). Mr. Dwarkani also resigned as the CFO of the Company with effect from close of work on 3rd March, 2021. The Board has now appointed Ms. Mandrita Bose as the CFO of the Company with effect from 4th March, 2021

c) 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. Ramanapradeep Reddy Nallari (DIN: 00096144), Mr. Bommireddi Narasimhasuresh Reddy (DIN: 00218223) and Mr. Jagdish Singh (DIN: 00042258), 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:

Audit Committee

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

Corporate Social Responsibility Committee

Mr. G. S. Reddy	–	Chairman
Mr. J. Singh	–	Member
Mr. A. Chadha	–	Member

Six meetings of the Board were held during the year ended 31st March, 2021.

6. **DIRECTORS' RESPONSIBILITY STATEMENT**

As required under Section 134 of the Act, your Directors confirm having:

i. followed in the preparation of the Annual Accounts, the applicable Accounting Standards with proper explanation relating to material departures, if any;

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

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

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

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

7. **SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES**

The Company does not have any subsidiary, associate or joint venture.

8. **PARTICULARS OF EMPLOYEES**

The details of employees of the Company as required under Rule 5(2) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, are provided in the **Annexure** to this Report.

The Company seeks to enhance equal opportunities for men and women and is committed to a gender-friendly workplace. Your Company has constituted an Internal Complaints Committee as per the provisions of the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 and the Rules thereunder. During the year, no complaint for sexual harassment was received.

9. **RISK MANAGEMENT**

The risk management framework of the Company is commensurate with its size and nature of business. Management of risks vests with the executive management which is responsible for the day-to-day conduct of the affairs of the Company, within the overall framework approved by the Board. The Internal 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.

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 COVID-19 pandemic.

10. INTERNAL FINANCIAL CONTROLS

Your Company has in place adequate internal financial controls with respect to the financial statements, commensurate with its size and scale of operations. The Internal Auditor of the Company periodically evaluates the adequacy and effectiveness of such internal financial controls. The Audit Committee which provides guidance on internal controls, also reviews internal audit findings and implementation of internal audit recommendations.

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

11. CORPORATE SOCIAL RESPONSIBILITY (CSR)

The requirement of CSR expenditure was not applicable to the Company for the financial year 2020-21, since its profits for the financial year 2019-20 were less than the prescribed threshold.

12. PARTICULARS OF LOANS, GUARANTEES AND INVESTMENTS

During the year ended 31st March, 2021, 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, 2021, the Company has neither entered into any contract or arrangement with its related parties which is not at 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. COST RECORDS

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

16. STATUTORY AUDITORS

The Company's 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. 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 2021-22. Appropriate resolution seeking your approval to the above is appearing in the Notice convening 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

Conservation of Energy

Steps taken on Conservation of Energy and impact thereof:

a. Up-gradation of Building management system (BMS) - Better control of Heating, Ventilation, and Air Conditioning (HVAC) system effecting estimated savings of 5% from the current consumption levels.
b. Optimum use of walk-in & deep freezers in kitchens.
c. Zoning of guest floors / wings based on occupancy.
d. Dynamic adjustment of chilled water temperature set point based on load.
e. Reduction of water pressure to reduce consumption.
f. Laundry hours optimisation.

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

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:
   a. Installation of Contact less elevators - Ease of use for guests and staff, avoiding high touch points during the pandemic
   b. Installation of Thermal Scanners - Temperature screening of guests and staff at the point of entry to ensure safety of all
   c. Installation of Ultraviolet C (UVC) technology - UVC boxes being used for disinfection for increased safety.
   d. Up-gradation of Building management system (BMS) - Better control of HVAC system, estimated savings of 5% from the current consumption levels
   e. Closed-Circuit Television (CCTV) & Access Controls - For surveillance and security of the building
   f. Installation of Steam machines in Spa - Increased guest comfort

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 ₹ 101.54 lakhs (previous year: ₹ 1,521.08 lakhs), while the foreign exchange outflow aggregated ₹ 36.01 lakhs (previous year: ₹ 239.08 lakhs).

On behalf of the Board

Date: 13th April, 2021 **G. S. Reddy**
Place: Hyderabad **Chairman**

Annexure to the Report of the Board of Directors for the financial year ended 31st March, 2021

[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*	52	Managing Director	61,53,864/-	27,69,300/-	Diploma in Hotel Management	30	09.03.2019	ITC Limited, General Manager
Srinivas Rao Mortha	54	Kitchen Specialist Group	8,52,572/-	7,91,999/-	Graduate	26	31.07.1995	Marriot Hotel & Convention Centre, Hyderabad, F & B Production Associate
Ammisetti Lakshman Raja	51	Executive	7,56,251/-	7,32,251/-	Graduate	26	06.06.1995	APSIDC Limited, Executive Secretary
Venu Gopal	48	Laundry Incharge	7,55,869/-	7,31,869/-	Matriculate	5	11.07.2016	The Park, Hyderabad, Laundry Manager
Teja Sundar Raj	54	Executive Secretary	6,84,400/-	6,60,400/-	Graduate	20	11.10.1999	Orbit Technologies Pvt. Limited, Executive Secretary
Sambasiva Rao Bhimavarapu	53	Executive	6,82,538/-	6,58,538/-	Matriculate	26	01.10.1995	J.J Associates, Electrical Supervisor
Anupama Jha	28	Company Secretary	6,42,308/-	6,18,308/-	B.Com, A.C.S	3	12.11.2018	Landbase India Limited, Company Secretary
Kamal Sharma	46	Kitchen Specialist Group	6,12,388/-	5,88,388/-	Non-Matriculate	23	24.11.1997	Belavina Secundrabad, Cook
Ghosh Shiben	58	Key Craftsman	6,07,767/-	5,83,767/-	Non-Matriculate	26	06.06.1995	--
Balakrishnama Raju Srinivasan	49	Executive	5,47,967/-	5,23,967/-	Matriculate	26	04.12.1995	--

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

Notes:

a. Gross remuneration includes salary, variable pay / performance bonus, allowances & other benefits / applicable perquisites borne by the Company, except provisions for gratuity and leave encashment, which are actuarially determined on an overall Company basis. The term 'remuneration' has the meaning assigned to it under the Companies Act, 2013.

b. Net remuneration comprises cash income less income tax, education cess deducted at source and employee's own contribution to provident fund.

c. Mr. A. Chhibba, Managing Director, who is on deputation from ITC has been granted Stock Options by ITC in previous year(s)under its Employee Stock Option Schemes at 'market price' [within the meaning of the Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014]. ITC has also granted Employee Stock Appreciation Linked Reward Units (ESAR Units) to Mr. Chhibba under its Stock Appreciation Linked Reward Plan. Since these Stock Options and ESAR Units are not tradeable, no perquisite or benefit is conferred upon Mr. Chhibba by such grant of Options / Units, and accordingly the said grants have not been considered as remuneration.

d. All appointments (except deputed employees) are / were contractual in accordance with terms and conditions as per the Company's rules.

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

Dated: 13th April, 2021 — **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, 2021, 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, 2021, and its loss, total comprehensive loss, its cash flows and the changes in equity for the year ended on that date.

Basis for Opinion

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

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

- The Company's Board of Directors is responsible for the other information. The other information comprises the Report of the Board of Directors and the annexures thereto (but does not include the financial statements and our auditor's report thereon). The Report of the Board of Directors and the annexures thereto is expected to be made available to us after the date of this auditor's report.
- Our opinion on the financial statements does not cover the other information and we will not express any form of assurance conclusion thereon.
- In connection with our audit of the financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained during the course of our audit or otherwise appears to be materially misstated.
- When we read the Report of the Board of Directors and the annexures thereto, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance as required under SA 720 'The Auditor's responsibilities Relating to Other Information'.

Management's Responsibility for the Financial Statements

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

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

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

Auditor's Responsibility for the Audit of the Financial Statements

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

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

- Identify and assess the risks of material misstatement of the 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, 2021 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2021 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:21209354AAAAFH3175

Place: Secunderabad
Date: April 13, 2021

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, 2021 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, 2021, based on the criteria for internal financial control over financial reporting established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

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For Deloitte Haskins & Sells LLP
Chartered Accountants
(F.R.N: 117366W/W - 100018)

Sumit Trivedi
Partner
Membership No. 209354
UDIN:21209354AAAAFH3175

Place: Secunderabad
Date: April 13, 2021

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, 2021 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, 2021 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	32.87	21.92
Finance Act, 1994	Service Tax	Joint Commissioner (Service Tax)	2011-12 to 2014-15	346.64	346.64

The total disputed dues aggregating ₹ 379.51 lakhs as above has 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, 2021 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:21209354AAAAFH3175

Place: Secunderabad
Date: April 13, 2021

Balance Sheet as at 31st March, 2021

	Note		As at 31st March, 2021 (₹ in Lakhs)		As at 31st March, 2020 (₹ in Lakhs)
ASSETS					
Non-current assets					
(a) Property, plant and equipment	3A		4010.68		4147.95
(b) Capital work-in-progress	3B		56.66		51.64
(c) Intangible assets	3C		3.96		2.30
(d) Other financial assets	9		8.37		6.40
(e) Other non-current assets	10		195.22		370.55
Total Non-current assets			4274.89		4578.84
Current assets					
(a) Inventories	4		166.64		176.44
(b) Financial assets					
(i) Investments	5	3851.18		4754.36	
(ii) Trade receivables	6	92.25		239.81	
(iii) Cash and cash equivalents	7	101.86		43.71	
(iv) Bank balances, other than (iii) above	8	1575.00		1485.00	
(v) Others	9	43.03	5663.32	58.30	6581.18
(c) Other current assets	10		186.37		116.66
Total Current assets			6016.33		6874.28
Total Assets			10291.22		11453.12
EQUITY AND LIABILITIES					
Equity					
(a) Equity share capital	11	2400.00		2400.00	
(b) Other equity		6583.28	8983.28	7417.64	9817.64
Total Equity			8983.28		9817.64
Liabilities					
Non-current liabilities					
(a) Other financial liabilities	12		13.19		9.59
(b) Provisions	13		21.34		22.70
(c) Deferred tax liabilities (net)	15		141.71		422.18
Total Non-current liabilities			176.24		454.47
Current liabilities					
(a) Financial liabilities					
(i) Trade payables					
- Total outstanding dues to micro enterprises and small enterprises	25	–		2.08	
- Total outstanding dues to creditors other than micro enterprises and small enterprises		891.05		962.25	
(ii) Other financial liabilities	12	97.40	988.45	98.87	1063.20
(b) Other current liabilities	14		137.44		108.45
(c) Provisions	13		5.81		9.36
Total Current liabilities			1131.70		1181.01
Total Equity and Liabilities			10291.22		11453.12

The accompanying notes 1 to 32 are an integral part of the Financial Statements

In terms of our report attached

On behalf of the Board

For Deloitte Haskins & Sells LLP
Chartered Accountants

Sumit Trivedi
Partner

Gunupati Sivakumar Reddy
Chairman
Hyderabad

Ashutosh Chhibba
Managing Director
Hyderabad

Mandrita Bose
Chief Financial Officer
Kolkata

Anupama Jha
Company Secretary
New Delhi
Date: April 13, 2021

Place: Secunderabad
Date: April 13, 2021

Statement of Profit and Loss account for the year ended 31st March, 2021

		Note	For the Year ended 31st March, 2021 (₹ in Lakhs)	For the Year ended 31st March, 2020 (₹ in Lakhs)
I	**Revenue from operations**	16	**2279.91**	5820.05
II	**Other income**	17	**393.87**	428.29
III	**Total income (I+II)**		**2673.78**	6248.34
IV	**Expenses**			
	Cost of materials consumed		**382.89**	884.33
	Changes in inventories of stock-in-trade		**0.11**	0.30
	Employee benefits expense	18	**1281.34**	1428.31
	Depreciation and amortization expense	19	**307.80**	336.65
	Other expenses	20	**1826.54**	3298.05
	Total expenses (IV)		**3798.68**	5947.64
V	**Profit / (Loss) before tax (III- IV)**		**(1124.90)**	300.70
VI	**Tax expense:**			
	Deferred tax	15	**(283.00)**	(23.08)
VII	**Profit /(Loss) for the year (V - VI)**		**(841.90)**	323.78
	Other Comprehensive Income			
	Items that will not be reclassified to profit or loss:			
	(I) Remeasurements of defined benefit plans	26	**10.07**	(10.15)
	(II) Income tax relating to items that will not be reclassified to profit or loss	15	**2.53**	(2.55)
VIII	**Other comprehensive income / (loss) for the year (i - ii)**		**7.54**	(7.60)
IX	**Total comprehensive income / (loss) for the year (VII+VIII)**		**(834.36)**	316.18
X	**Earnings per equity share (Face value of ₹10 each)**	21		
	Basic (in ₹)		**(3.51)**	1.35
	Diluted (in ₹)		**(3.51)**	1.35

The accompanying notes 1 to 32 are an integral part of the Financial Statements

In terms of our report attached

For Deloitte Haskins & Sells LLP
Chartered Accountants

Sumit Trivedi
Partner

Place: Secunderabad
Date: April 13, 2021

On behalf of the Board

Gunupati Sivakumar Reddy
Chairman
Hyderabad

Ashutosh Chhibba
Managing Director
Hyderabad

Mandrita Bose
Chief Financial Officer
Kolkata

Anupama Jha
Company Secretary
New Delhi
Date: April 13, 2021

Cash Flow Statement for the year ended 31st March, 2021

		For the year ended 31st March, 2021 (₹ in Lakhs)		For the year ended 31st March, 2020 (₹ in Lakhs)	
A.	**Cash flow from operating activities**				
	Net Profit / (Loss) before tax		**(1124.90)**		300.70
	Adjustments for:				
	- Depreciation and amortization expense	**307.80**		336.65	
	- Interest income	**(118.55)**		(50.05)	
	- (Gain) / Loss on sale / transfer of property, plant and equipment	–		8.72	
	- Provision for doubtful receivables	**1.51**		–	
	- Net (gain)/loss arising on investments mandatorily measured at fair value through Profit or Loss	**(251.69)**		(339.15)	
			(60.93)		(43.83)
	Operating Profit/ (Loss) before working capital changes		**(1185.83)**		256.87
	Adjustments for:				
	- Trade receivables	**146.05**		63.31	
	- Inventories	**9.80**		(10.85)	
	- Other assets	**(82.45)**		24.03	
	- Trade payables	**(73.28)**		(44.51)	
	- Other payables	**34.44**		14.48	
			34.56		46.46
	Cash generated/ (used in) operations		**(1151.27)**		303.33
	Income tax paid/ refund		**160.39**		(75.27)
	NET CASH GENERATED/ (USED IN) FROM OPERATING ACTIVITIES		**(990.88)**		228.06
B.	**Cash Flow from investing activities**				
	- Purchase of property, plant and equipment	**(146.66)**		(179.41)	
	- Proceeds from sale of property, plant and equipment	–		1.23	
	- Purchase of current investments	**(6078.85)**		(6430.00)	
	- Sale/redemption of current investments	**7233.72**		7647.99	
	- Redemption / proceeds from bank deposits (original maturity more than 3 months)	**1485.00**		83.57	
	- Investment in bank deposits (original maturity more than 3 months)	**(1575.00)**		(1485.00)	
	- Interest income	**130.82**		9.91	
	NET CASH GENERATED/ (USED IN) FROM INVESTING ACTIVITIES		**1049.03**		(351.71)
C.	**Cash Flow from financing activities**		**–**		–
	NET INCREASE/ (DECREASE) IN CASH AND CASH EQUIVALENTS (A+B+C)		**58.15**		(123.65)
	OPENING CASH AND CASH EQUIVALENTS		**43.71**		167.36
	CLOSING CASH AND CASH EQUIVALENTS		**101.86**		43.71

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, 2021 (₹ in Lakhs)	As at March 31, 2020 (₹ in Lakhs)
- Balances with banks in current accounts	**98.24**	38.93
- Cheques on hand	**–**	1.57
- Cash on hand	**3.62**	3.21
Total	**101.86**	43.71

The accompanying notes 1 to 32 are an integral part of the Financial Statements

In terms of our report attached

On behalf of the Board

For Deloitte Haskins & Sells LLP
Chartered Accountants

Sumit Trivedi
Partner

Gunupati Sivakumar Reddy
Chairman
Hyderabad

Ashutosh Chhibba
Managing Director
Hyderabad

Mandrita Bose
Chief Financial Officer
Kolkata

Anupama Jha
Company Secretary
New Delhi
Date: April 13, 2021

Place: Secunderabad
Date: April 13, 2021

Statement of changes in equity for the year ended 31st March, 2021

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, 2020	2400.00	–	2400.00
For the year ended March 31, 2021	**2400.00**	**–**	**2400.00**

B. Other equity

	Reserves and surplus			Total
	Capital reserve (Refer note 1)	Retained earnings (Refer note 2)	General reserve (Refer note 3)	
	(₹ in Lakhs)	(₹ in Lakhs)	(₹ in Lakhs)	(₹ in Lakhs)
Balance as at March 31, 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	-	316.18	-	316.18
Balance as at March 31, 2020	**0.95**	**6610.26**	**806.43**	**7417.64**
Profit / (Loss) for the year	-	(841.90)	-	(841.90)
Other comprehensive income / (loss) [net of tax]	-	7.54	-	7.54
Total comprehensive income / (loss)	-	**(834.36)**	-	**(834.36)**
Balance as at March 31, 2021	**0.95**	**5775.90**	**806.43**	**6583.28**

Notes:

1. Capital reserve represents the difference between value of the net assets transferred to the Company in the course of business combinations and the consideration paid for such combinations.
2. Retained earnings represents the cumulative profits of the Company and effects of remeasurement of defined benefit obligations. This reserve can be utilised in accordance with the provisions of Companies Act, 2013.
3. General reserve is created by an appropriation from one component of equity to another not being an item of Other Comprehensive Income, the same can be utilised by the Company in accordance with the provisions of the Companies Act, 2013.

The accompanying notes 1 to 32 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
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Chief Financial Officer
Kolkata

Anupama Jha
Company Secretary
New Delhi
Date: April 13, 2021

Place: Secunderabad
Date: April 13, 2021

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

Notes to the Financial Statements (Contd.)

equipment are depreciated in a manner that amortizes the cost (or other amount substituted for cost) of the assets after commissioning, less its residual value, over their useful lives as specified in Schedule II of the Companies Act, 2013 on a straight line basis. Land is not depreciated.

The estimated useful lives of property, plant and equipment of the Company are as follows:

Buildings	60 years
Plant and Equipment (Other than Televisions)	15 years
Television	7 years
Furniture and Fixtures	8 years
Vehicles	8 years
Office Equipment	5 years
Computers	3 years
Computer servers and networks	6 years

Property, plant and equipment's residual values and useful lives are reviewed at each Balance Sheet date and changes, if any, are treated as changes in accounting estimate.

Intangible Assets

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

a. for assets acquired in a business combination, at fair value on the date of acquisition.

b. for separately acquired assets, at cost comprising the purchase price (including import duties and non-refundable taxes) and directly attributable costs to prepare the asset for its intended use.

The carrying value of intangible assets includes deemed cost which represents the carrying value of intangible assets recognised as at 1st April, 2015 measured as per the previous GAAP.

Intangible assets that have finite lives are amortized over their estimated useful lives by the straight line method unless it is practical to reliably determine the pattern of benefits arising from the asset. An intangible asset with an indefinite useful life is not amortized.

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

The useful lives of intangible assets are reviewed annually to determine if a reset of such useful life is required for assets with finite lives and to confirm that business circumstances continue to support an indefinite useful life assessment for assets so classified. Based on such review, the useful life may change or the useful life assessment may change from indefinite to finite. The impact of such changes is accounted for as a change in accounting estimate.

Impairment of Assets

Impairment loss, if any, is provided to the extent, the carrying amount of assets or cash generating units exceed their recoverable amount.

Recoverable amount is higher of an asset's net selling price and its value in use. Value in use is the present value of estimated future cash flows expected to arise from the continuing use of an asset or cash generating unit and from its disposal at the end of its useful life.

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

Inventories

Inventories are stated at lower of cost and net realisable value. The cost is calculated on weighted average method. Cost comprises expenditure incurred in the normal course of business in bringing such inventories to its present location and condition and includes, where applicable, appropriate overheads based on normal level of activity. Net realisable value is the estimated selling price less estimated costs for completion and sale.

Obsolete, slow moving and defective inventories are identified from time to time and, where necessary, a provision is made for such inventories.

Foreign Currency Transactions

The presentation currency of the Company is Indian Rupees.

The Company accounts for transactions in foreign currency at the exchange rate prevailing on the date of transactions. The date of the transaction for the purpose of determining the exchange rate on initial of recognition of the asset, expense or income is the date on which an entity initially recognizes the related non – monetary asset or non – monetary liability on the payment or receipt of the advance consideration. Gains/Losses arising on settlement of transactions as also 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 is recognised in the Statement of Profit or Loss immediately unless the derivative is designated and effective as a hedging instrument, in which event the timing of recognition in profit or loss / inclusion in the initial cost of non-financial asset depends on the nature of the hedging relationship and the nature of the hedged item.

Financial instruments, Financial assets and Financial liabilities

Financial assets and financial liabilities are recognized when the Company becomes a party to the contractual provisions of the relevant instrument and are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issues of financial assets and financial liabilities (other than financial assets and financial liabilities measured at fair value through profit or loss) are added to or deducted from the fair value on initial recognition of financial assets or financial liabilities. Purchase or sale of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognized on the trade date, i.e., the date when the Company commits to purchase or sell the asset.

Financial Assets

Recognition: Financial assets includes investments, trade receivables, advances, security deposits, cash and cash equivalents. Such assets are initially recognized at transaction price when the Company becomes party to contractual obligations. The transaction price includes transaction costs unless the cost is being fair valued through the Statement of Profit and Loss.

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

Financial assets are classified as those measured at :

- amortised cost, where the financial assets are held solely for collection of cash flows arising from payments of principal and/or interest
- fair value through other comprehensive income (FVTOCI), where the financial assets are held not only for collection of cash flows arising from payments of principal and interest but also from the sale of such assets. Such assets are subsequently measured at fair value, with unrealized gains and losses arising from changes in the fair value being recognized in other comprehensive income.
- fair value through profit or loss (FVTPL), where the assets are managed in accordance with an approved investment strategy and triggers purchase and sale decisions based on the fair value of such assets. Such assets are subsequently measured at fair value, with unrealized gains and losses arising from changes in the fair value being recognized in the Statement of Profit and Loss in the period in which they arise.

Trade receivables, advances, security deposits, cash and cash equivalents, etc. are classified for measurement at amortised cost while current investments are classified for measurement at fair value through profit or loss (FVTPL).

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

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

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

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

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

Income Recognition: Interest income is recognised in the Statement of Profit or Loss using effective interest rate method. Dividend income is recognized in the Statement of Profit or Loss when the right to receive dividend is established.

Financial Liabilities

Borrowings, trade payables and other financial liabilities are initially recognized at the value of the respective contractual obligations. They are subsequently 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.

Notes to the Financial Statements (Contd.)

Revenue from the sale of services is recognised when the Company performs its obligations to its customers and the amount of revenue can be measured reliably and recovery of the consideration is probable. The timing of such recognition in case of services, in the periods in which such services are rendered.

Government Grant

The Company may receive Government grants that require compliance with certain conditions related to the Company's operating activities or are provided to the Company by way of Financial assistance on the basis of certain qualifying criteria.

Government Grants are recognized when there is reasonable assurance that the grant will be received, and the company will comply with the conditions attached to the grant. Accordingly, government grants :

(a) related to or used for assets, are deducted from the carrying amount of the asset.

(b) related to incurring specific expenditures are taken to the Statement of Profit and Loss on the same basis and in the same periods as the expenditures incurred.

(c) by way of financial assistance on the basis of certain qualifying criteria are recognised as they become receivable.

In the unlikely event that a grant previously recognised is ultimately not received, it is treated as a change in estimate and the amount cumulatively recognised is expensed in the Statement of Profit and Loss.

Dividend Distribution

Dividends paid (including income tax thereon) is recognised in the period in which the interim dividends are approved by the Board of Directors, or in respect of the final dividend when approved by shareholders.

Employee Benefits

The Company makes contributions to both defined benefit and defined contribution schemes.

Contributions to Provident Fund are in the nature of defined contribution scheme which are deposited with the Government and recognized as expense.

The Company also makes contribution to defined benefit gratuity plan. The cost of providing benefits under the defined benefit obligation is calculated by independent actuary using the projected unit credit method. Service costs and net interest expense or income is reflected in the Statement of Profit and Loss. Gain or Loss on account of re-measurements are recognised immediately through other comprehensive income in the period in which they occur. Gratuity is funded under a scheme of the Life Insurance Corporation of India.

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

Employee Share Based Compensation

The cost of stock options and stock appreciation units granted by ITC Limited, the Holding Company, to its eligible employees deputed to the Company is recognized at fair value. These Schemes are in the nature of equity settled / cash settled share based compensation and are assessed, managed / administered by the Holding Company.

In case of stock options, the fair value of stock options at the grant date is amortised on a straight line basis over the vesting period and cost is recognized as an employee benefits expenses in the Statement of Profit and with a corresponding credit in current financial liabilities where such reimbursement is sought by the Holding Company.

In case of stock appreciation units, the fair value of stock appreciation units at the grant date is initially recognised and remeasured at each reporting date, until settled, and cost recognized as an employee benefits expenses in the Statement of Profit and Loss with a corresponding increase in in other financial liabilities, where such reimbursement is sought by the Holding Company.

Leases

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

Company as Lessee

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

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

Company as a Lessor

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

Taxes on Income

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

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities and the amounts used for taxation purposes (tax base), at the tax rates and tax laws enacted or substantively enacted by the end of the reporting period.

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

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

Deferred tax assets and liabilities are offset when there is legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances related to the same taxation authority. Current tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on net basis, or to realize the asset and settle the liability simultaneously.

Claims

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

Provisions and Contingent Liabilities

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

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

2. Use of estimates and judgements

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent liabilities at the date of financial statements and the results of operations during the reporting period end. Although these estimates are based upon management's best knowledge of current events and actions, actual results could differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

The key estimates and assumptions used in the preparation of financial statements are set out below :

(i) The determination of Company's liability towards defined benefit obligation to employees is made through independent actuarial valuation including determination of amounts to be recognized in the Statement of Profit and Loss and in other comprehensive income. Such valuation depends upon assumptions determined after taking into account inflation, seniority, promotion and other relevant factors such as supply and demand factors in the employment market. Information about such valuation is provided in notes to the financial statements.

(ii) The Company has ongoing litigations with various regulatory authorities and third parties. Where an outflow of funds is believed to be probable and a reliable estimate of the outcome of the dispute can be made based on management's assessment of specific circumstances of each dispute and relevant external advice, management provides for its best estimate of the liability. Accruals so made are by nature complex and can take number of years to resolve and can involve estimation uncertainty. Information about such litigations is provided in notes to the financial statements.

(iii) The Company has significant carry forward unabsorbed depreciation for which deferred tax asset has been recognized since there is a reasonable certainty of significant profits in the near future.

(iv) As described in the significant accounting policies, the Company reviews the estimated useful lives of property, plant and equipment and intangible assets at the end of each reporting period.

(v) The Company has considered the possible effects that may arise out of the still unfolding COVID-19 pandemic on the carrying amounts of property, plant & equipment, intangible assets, investments, inventories, trade receivables, etc. For this purpose, the Company has considered internal and external sources of information up to the date of approval of these financial statements including credit reports and related information, economic forecasts, market value of certain investments etc. Based on the current estimates, the Company does not expect any significant impact on such carrying values. The impact of COVID-19 on the Company's financial statements may differ from that estimated as at the date of approval of financial statements.

(₹ in Lakhs)

	Particulars	Gross Block							Depreciation and Amortisation							Net Book Block	
		As at 31st March, 2019	Additions	Withdrawals and Adjustments	As at 31st March, 2020	Additions	Withdrawals and Adjustments	As at 31st March, 2021	Upto 31st March, 2019	For the year	Withdrawals and Adjustments	Upto 31st March, 2020	For the year	Withdrawals and Adjustments	Upto 31st March, 2021	As at 31st March, 2021	As at 31st March, 2020
3A.	**Property, Plant and Equipment**																
	Land	100.00	–	–	100.00	–	–	100.00	–	–	–	–	–	–	–	100.00	100.00
	Buildings	2565.86	–	–	2565.86	1.56	–	2567.42	210.39	53.24	–	263.63	53.26	–	316.89	2250.53	2302.23
	Plant and Equipment	2526.51	94.69	22.94	2598.26	72.80	–	2671.06	902.55	231.80	13.72	1120.63	199.68	–	1320.31	1350.75	1477.63
	Furnitures and Fixtures	283.52	0.78	1.06	283.24	34.21	–	317.45	114.60	21.27	0.55	135.32	22.06	–	157.38	160.07	147.92
	Vehicles	194.84	–	-	194.84	–	–	194.84	83.34	20.51	-	103.85	20.51	–	124.36	70.48	90.99
	Office Equipment	0.91	–	0.10	0.81	–	–	0.81	0.23	0.03	0.09	0.17	0.03	–	0.20	0.61	0.64
	Computers	67.84	5.53	0.21	73.16	19.45	–	92.61	54.46	2.53	–	56.99	4.56	–	61.55	31.06	16.17
	Computer servers and networks	56.56	–	–	56.56	40.04	–	96.60	39.90	4.29	–	44.19	5.23	–	49.42	47.18	12.37
	Total (A)	**5796.04**	**101.00**	**24.31**	**5872.73**	**168.06**	**-**	**6040.79**	**1405.47**	**333.67**	**14.36**	**1724.78**	**305.33**	**–**	**2030.11**	**4010.68**	**4147.95**
3B.	**Capital work-in-progress (B)**	–	**152.64**	**101.00**	**51.64**	**177.21**	**172.19**	56.66	–	–	–	–	–	–	–	56.66	**51.64**
3C.	**Intangible assets**																
	Software	24.43	–	–	24.43	4.13	–	28.56	19.15	2.98	-	22.13	2.47	–	24.60	**3.96**	2.30
	Total (C)	**24.43**	–	–	**24.43**	4.13	–	**28.56**	**19.15**	**2.98**	-	**22.13**	**2.47**	–	**24.60**	**3.96**	**2.30**

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 (Contd.)

	As at 31st March, 2021 (₹ in Lakhs)	As at 31st March, 2020 (₹ in Lakhs)
4. Inventories		
(At lower of cost and net realisable value)		
Food and beverages	119.06	132.33
Stores and spares	46.99	43.41
Finished goods held for resale	0.59	0.70
Total	166.64	176.44

Cost of inventory recognised as expense during the year amount to ₹ 507.98 Lakhs (2019-2020 - ₹ 1033.34 Lakhs)

	As at 31st March, 2021 (₹ in Lakhs)	As at 31st March, 2020 (₹ in Lakhs)
5. Current investments		
Unquoted investment in mutual funds [Measured at fair value through profit or loss(FVTPL)] (Refer note below)		
- Axis Liquid Fund (75,724.615 units of ₹ 1000 each)	–	1,661.55
- Aditya Birla Sun Life Liquid Fund (1,65,618.052 units of ₹ 100 each)	545.40	–
- Aditya Birla Sun Life Savings Fund (2,56,820.511 units of ₹ 100 each)	1,096.20	1,029.41
- ICICI Prudential Savings Fund (2,66,231.609 units of ₹ 100 each)	1,107.53	1,031.24
- Axis Treasury Advantage Fund (44,391.142 units of ₹ 1000 each)	1,102.05	1,032.16
Total	3,851.18	4,754.36

Note:
Gain as at year end on account of measuring the investments at fair value through profit or loss amounts to ₹ 306.20 Lakhs (March 31, 2020: ₹ 99.36 Lakhs).

	As at 31st March, 2021 (₹ in Lakhs)	As at 31st March, 2020 (₹ in Lakhs)
6. Trade receivables (Current)		
Considered good - secured	11.35	12.45
Considered good - unsecured	80.90	227.36
Which have significant increase in credit risk	31.36	29.85
Credit impaired	(31.36)	(29.85)
Total	92.25	239.81

	As at 31st March, 2021 (₹ in Lakhs)		As at 31st March, 2020 (₹ in Lakhs)	
7. Cash and cash equivalents				
Balances with banks in current accounts	98.24		38.93	
Cheques on hand	–		1.57	
Cash on hand	3.62		3.21	
Total		101.86		43.71
8. Other bank balances				
In deposit accounts (refer note below)	1,575.00		1,485.00	
Total		1,575.00		1,485.00

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

	Current	Non-Current	Current	Non-Current
9. Other financial assets				
Security deposits	6.35	8.37	10.38	6.40
Interest accrued on deposits	29.17	–	41.44	–
Recoverable from employees	7.51	–	6.48	–
Total	43.03	8.37	58.30	6.40

	Current	Non-Current	Current	Non-Current
10. Other assets				
Capital advances	–	–	–	28.71
Advances other than capital advances:				
Prepaid Expenses	58.75	0.23	71.08	5.08
Balances with government authorities	–	–	14.39	–
Commercial advance	4.52	–	6.69	–
Advance tax (net of provisions)	–	99.08	–	259.47
Security deposits				
- With Statutory Authorities	–	29.41	–	29.41
- With others	–	66.50	–	47.88
Service Exports from India Scheme (SEIS)				
Duty Credit Entitlement Account	123.10	–	24.50	–
Total	186.37	195.22	116.66	370.55

11. Equity share capital

	As at 31st March, 2021		As at 31st March, 2020	
	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, 2021	As at 31st March, 2020
	No. of Shares	No. of Shares
As at beginning of the year	2,40,00,000	2,40,00,000
Changes during the year	–	–
As at end of the year	2,40,00,000	2,40,00,000

B) Equity shares held by Holding Company

	As at 31st March, 2021		As at 31st March, 2020	
	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, 2021		As at 31st March, 2020	
	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, 2021 (₹ in Lakhs)		As at March 31, 2020 (₹ in Lakhs)	
		Current	Non-Current	Current	Non-Current
12.	**Other financial liabilities**				
	Sundry deposits	9.13	12.95	12.63	9.45
	Payable to employees	81.71	–	82.51	–
	Payable for property, plant and equipment	4.94	–	3.10	–
	Payable towards employee share based payments	1.62	0.24	0.63	0.14
	Total	97.40	13.19	98.87	9.59
13.	**Provisions**				
	Provision for employee benefits:				
	— Gratuity [Refer Note 26]	0.62	2.47	2.90	7.52
	— Compensated absences	5.19	18.87	6.46	15.18
	Total	5.81	21.34	9.36	22.70
14.	**Other current liabilities**				
	Advances received from customers	122.87	–	97.80	–
	Statutory liabilities	14.57	–	10.65	–
	Total	137.44	–	108.45	–

Notes to the Financial Statements (Contd.)

		As at 31st March, 2021		As at 31st March, 2020	
		(₹ in Lakhs)		(₹ in Lakhs)	
15.	**Deferred tax liabilities (Net)**				
	Deferred tax liabilities	583.82		537.88	
	Deferred tax assets	442.11		115.70	
	Total		141.71		422.18

	Opening balance	Recognized in profit or loss	Recognized in other comprehensive income	Closing balance
	(₹ in Lakhs)		(₹ in Lakhs)	
2019-20				
Deferred tax liabilities in relation to:				
On depreciation	581.01	(68.13)	–	512.88
On financial assets at fair value through profit or loss	2.25	22.75	–	25.00
Total deferred tax liabilities (A)	**583.26**	**(45.38)**	–	**537.88**
Deferred tax assets in relation to:				
On provision for employee benefits	16.66	(11.15)	2.55	8.06
On provision for doubtful debts	8.30	(0.78)	–	7.52
On unabsorbed depreciation	110.49	(10.37)	–	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**
2020-21				
Deferred tax liabilities in relation to:				
On depreciation	512.88	(6.12)	–	506.76
On financial assets at fair value through profit or loss	25.00	52.06	–	77.06
Total deferred tax liabilities (A)	**537.88**	**45.94**	–	**583.82**
Deferred tax assets in relation to:				
On provision for employee benefits	8.06	1.30	(2.53)	6.83
On provision for doubtful debts	7.52	0.39	–	7.91
On unabsorbed depreciation and business losses	100.12	327.25	–	427.37
Total deferred tax assets (B)	**115.70**	**328.94**	**(2.53)**	**442.11**
Deferred tax liabilities (net) [A-B]	**422.18**	**(283.00)**	**2.53**	**141.71**

	For the year ended 31st March, 2021 (₹ in Lakhs)	For the year ended 31st March, 2020 (₹ in Lakhs)
16. Revenue from operations		
Sale of services:		
Rooms	743.79	2,607.75
Food and beverage	1,348.19	2,950.73
Recreation and other services	61.19	162.17
Total	2,153.17	5,720.65
Other operating revenue *	126.74	99.40
Total	2,279.91	5,820.05

Note:
* Includes Government Grants received/ accrued of ₹ 108.12 Lakhs (2019-2020: ₹ 38.39 Lakhs) on account of Service Exports from India Scheme (SEIS)

	For the year ended 31st March, 2021 (₹ in Lakhs)	For the year ended 31st March, 2020 (₹ in Lakhs)
17. Other Income		
Interest income	118.55	50.05
Other non operating income	23.07	39.38
Other gains and losses	252.25	338.86
Total	393.87	428.29
Interest income comprises interest from:		
a) Deposits with bank - carried at amortised cost	95.37	46.98
b) Others - from statutory authorities	23.18	3.07
Total	118.55	50.05
Other gains and losses:		
a) Net foreign exchange (loss) / gain	0.56	(0.29)
b) Net gain arising on financial assets mandatorily measured at FVTPL (Refer Note below)	251.69	339.15
Total	252.25	338.86

Note:
Includes net gain / (loss) on sale of current investments amounting to ₹ (54.51) Lakhs (2019-2020: ₹ 239.79 Lakhs).

	For the year ended 31st March, 2021 (₹ in Lakhs)	For the year ended 31st March, 2020 (₹ in Lakhs)
18. Employee benefits expense		
Salaries, wages and bonus	705.89	719.14
Contribution to provident and other funds	48.91	47.95
Gratuity (Refer Note 26)	11.25	12.29
Remuneration of managers on deputation reimbursed	381.47	489.84
Employee share based payments	3.55	3.91
Staff welfare expenses	130.27	155.18
Total	1,281.34	1,428.31

	For the year ended 31st March, 2021 (₹ in Lakhs)	For the year ended 31st March, 2020 (₹ in Lakhs)
19. Depreciation and amortisation expense		
Depreciation-Tangible Assets	305.33	333.67
Amortisation on Intangible Assets	2.47	2.98
Total	307.80	336.65
20. Other expenses		
Consumption of stores and supplies	194.73	252.48
Power and fuel	405.98	699.32
Rent	79.33	90.62
Repairs to building	39.28	83.66
Repairs to machinery	129.82	156.84
Repairs - others	22.48	91.25
Insurance	38.81	43.13
Rates and taxes	172.65	179.15
Travelling and conveyance	36.77	121.46
Technical and consultancy fees	110.49	322.22
Printing and stationary	15.38	31.75
Information technology services	110.20	171.07
Advertising / Sales Promotion	19.56	58.45
Training and development	22.78	50.73
Legal expenses	4.40	1.61
Postage, telephone, etc.	8.46	8.60
Commission paid to travel agents	59.23	65.64
Bank and credit card charges	19.43	55.12
Hotel reservation/ marketing expenses	51.57	197.87
Contract services	195.68	438.04
Loss on property, plant and equipment sold / discarded	–	8.72
Provision for doubtful debts	1.51	–
Miscellaneous expenses	75.48	157.68
Auditors' remuneration and expenses (excluding taxes)		
Audit Fees	11.00	11.00
Tax Audit Fees	1.00	1.00
Reimbursement of Expenses	0.52	0.64
Total	1,826.54	3,298.05

Notes to the Financial Statements (Contd.)

	31st March, 2021 (₹ in Lakhs)	31st March, 2020 (₹ in Lakhs)
21. Earnings per share		
Profit / (Loss) after taxation [A]	(841.90)	323.78
Weighted average number of equity shares outstanding [B] [No's]	2,40,00,000	2,40,00,000
Earnings per share - Basic and Diluted (In ₹) (Face value of ₹ 10 per share) [A/B]	(3.51)	1.35
22. Commitments		
The estimated amount of contracts remaining to be executed on capital account (net of advances: ₹ Nil; March 31, 2020: ₹ 28.71 Lakhs)	40.54	176.41
23. Contingent liability		
Claims against the Company not acknowledged as debts:		
i) Indirect taxation matters *	379.52	378.56
ii) Others	18.45	18.45

*including interest on claims, where applicable, estimated to be ₹ 15.33 Lakhs (March 31, 2020 : ₹ 14.37 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, 2021 (₹ in Lakhs)	31st March, 2020 (₹ in Lakhs)
a) **Segment Revenue**		
-Within India	2153.17	5720.65
-Outside India	–	–
b) **Non Current Assets**		
-Within India	4274.89	4578.84
-Outside India	–	–

c) The Company is not reliant on revenues from transactions with any single external customer and does not receive 10% or more of it's revenues from transactions with any single external customer.

25. A sum of ₹ NIL is payable to Micro and Small Enterprises as at 31st March, 2021 (2020 - ₹ 2.08 Lakhs) 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, 2021. 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.

26. Defined Benefit Plans

The Company makes contributions to both Defined Benefit and Defined Contribution Plans for qualifying employees. Gratuity Benefits are funded with the Life Insurance Corporation of India . Under the Provident Fund, Gratuity and Leave Encashment Schemes, employees are entitled to receive lump sum benefits.

The liabilities arising in the Defined Benefit Schemes are determined in accordance with the advice of independent, professionally qualified actuary, using the projected unit credit method at the year end. The Company makes regular contributions to these Employee Benefit Plans. Additional contributions are made to these plans as and when required based on actuarial valuation. The net Defined Benefit cost is recognised in the Financial Statements.

	For the year ended 31st March, 2021 (₹ in Lakhs)	For the year ended 31st March, 2020 (₹ in Lakhs)
	Gratuity Funded	Gratuity Funded
I. Components of Employer Expense		
A. Recognised in Statement of Profit and Loss		
- Current Service Cost	11.15	11.89
- Past Service Cost	–	-
- Net interest Cost	0.10	0.40
Total expense recognised in the Statement of Profit and Loss (A)	11.25	12.29
B. Re-measurements recognised in Other Comprehensive Income		
- Return on plan assets (excluding amounts included in net interest cost)	(0.30)	6.54
- Effect of changes in financial assumptions	–	5.90
- Effect of changes in demographic assumptions	(0.52)	(0.11)
- Effect of experience adjustments	(9.25)	(2.18)
Total re-measurements included in Other Comprehensive Income (B)	(10.07)	10.15
Total defined benefit cost recognised in Statement of Profit and Loss and Other Comprehensive Income (A+B)	1.18	22.44
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	151.83	146.72
- Fair Value of Plan Assets	148.74	136.30
- Status [Surplus/(Deficit)]	(3.09)	(10.42)
- Non-Current	2.47	7.52
- Current	0.62	2.90
III. Change in Defined Benefit Obligation		
Present Value of DBO at the beginning of the year	146.72	132.05
- Current Service cost	11.15	11.89
- Interest cost	9.00	9.52
- Re-measurements gains/ (losses)		
a. Effect of changes in demographic assumptions	(0.52)	(0.11)
b. Effect of changes in financial assumptions	–	5.90
c. Effect of experience adjustments	(9.25)	(2.18)
- Benefits paid	(5.27)	(10.35)
Present Value of DBO at the end of the year	151.83	146.72
IV. Best Estimate of Employer's Expected Contribution for the next year	32.52	44.25
V. Change in Fair Value of Assets		
Plan Assets at the beginning of the year	136.30	106.70
- Interest Income	8.91	9.12
- Re-measurements gains/ (losses) on plan assets	0.30	(6.54)
- Actual company contributions	8.50	37.37
- Benefits paid	(5.27)	(10.35)
Plan Assets at the end of the year	148.74	136.30
VI. Actuarial Assumptions		
- Discount rate	6.25%	6.25%
- Salary increase rate	6%	6%
- Attrition Rate	20%	28%
- Retirement Age	58	58

Notes to the Financial Statements (Contd.)

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, 2021	DBO as at 31st March, 2020
- Discount rate +100 basis points	**146.47**	142.87
- Discount rate -100 basis points	**157.62**	150.80
- Salary Increase Rate +1%	**156.84**	150.06
- Salary Increase Rate -1%	**147.11**	143.50
- Attrition Rate +1%	**151.92**	146.73
- Attrition Rate -1%	**151.76**	146.70
Maturity analysis of the benefit payments		
- Year 1	**28.16**	32.41
- Year 2	**21.95**	24.79
- Year 3	**19.24**	17.93
- Year 4	**15.56**	13.72
- Year 5	**13.06**	9.79
- Next 5 years	**31.64**	19.85

27. 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
Kuldeep Bhartee	Non-Executive Director (from June 5, 2020)
G Pranav Reddy	Non-Executive Director
Anil Chadha	Non-Executive Director
N.R.Pradeep Reddy	Non-Executive Director
Ashwin Moodliar	Non-Executive Director
Ashutosh Chhibba	Managing Director

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	
	2021	2020	**2021**	2020	**2021**	2020	**2021**	**2020**
Sales of services	18.38	25.69	2.27	5.87	-	-	-	-
Purchase of goods	33.75	73.64	-	-	-	-	-	-
Purchase of services:								
- Hotel services	12.87	69.17	-	-	-	-	-	-
- Service fee	88.34	337.73	-	-	-	-	-	-
- Others	-	-	13.82	31.52	-	-	-	-
Rent paid	-	-	-	-	-	-	11.76	11.76
Employee share based payments	3.55	3.91	-	-	-	-	-	-
Managerial Remuneration (includes reimbursement to holding company amounting to ₹ 50.95 Lakhs; March 31, 2020: ₹ 50.52 Lakhs)	-	-	-	-	66.24	66.78	-	-
Reimbursement of contractual remuneration:								
- Others	399.18	527.50	-	-	-	-	-	-
Expenses recovered	34.51	112.14	-	-	-	-	-	-
Expenses reimbursed:								
- Others	142.91	252.94	-	-	-	-	-	-

Notes to the Financial Statements (Contd.)

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

	Holding Company		Others		Key Management Personnel		Relatives of Key Management Personnel	
	2021	2020	2021	2020	2021	2020	2021	2020
Balance outstanding at the year end :								
- Receivables	7.27	1.22	0.61	0.60	-	-	-	-
- Deposits taken	-	-	0.50	0.50	-	-	-	-
- Payables (Refer note below)	42.81	75.12	3.00	4.00	-	-	0.98	0.98

Note: Net of TDS amounting to ₹ 14.41 Lakhs (March 31, 2020: ₹ 22.99 Lakhs)

28. Reconciliation of effective tax rate:

	For the year ended 31st March, 2021 (₹ in Lakhs)	For the year ended 31st March, 2020 (₹ in Lakhs)
Profit/ (Loss) before income tax expense	(1124.90)	300.70
Income tax calculated @ 25.17%	(283.14)	75.68
Tax effect of amounts which are not deductible in calculating taxable income	–	(11.16)
Effect of tax relating to uncertain tax positions	0.89	1.10
Benefit of previously unrecognised tax losses	(0.75)	(47.65)
Effect of different tax rates on certain items	–	–
Effect of change in tax rates	–	(41.05)
Income tax expense	(283.00)	(23.08)

29. Employee Share Based Compensation:

(i) The eligible employees of ITC Limited (ITC), who are deputed to the Company at its request, are covered under the ITC Employee Stock Option Schemes (ITC ESOS) and the ITC Employee Cash Settled Stock Appreciation Linked Reward Plan (ITC ESAR Plan) in accordance with the terms and conditions of such schemes, details of which are as under:

ITC ESOS:

Each Option entitles the holder thereof to apply for and be allotted ten ordinary shares of ₹ 1.00 each of ITC upon payment of the exercise price during the exercise period. These options vest over a period of three years from the date of grant and are exercisable within a period of five years from the date of vesting.

The options have been granted at the 'market price' as defined under the Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014.

ITC ESAR:

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

(ii) The cost of stock options granted under ITC ESOS / SARs granted under ITC ESAR have been recognized as equity settled / cash settled share based payments respectively in accordance with Ind AS 102 – Share Based Payment. In terms of said deputation arrangement, the Company has accounted for the cost of the fair value of options / stock appreciation units granted to the deputed employees on-charge by ITC. The fair value of the options / SARs granted is determined, using the Black Scholes Option Pricing model, by ITC for all the grantees covered under ITC ESOS / ITC ESAR as a whole.

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

Particulars	As at March 31, 2021	As at March 31, 2020
	No. of Options	No. of Options
Outstanding at the beginning of the year	4,950	4,950
Add: Granted during the year	–	–
Options Forfeited / Surrendered during the year	(1350)	–
Options due to transfer in and transfer out	9,090	–
Less: Exercised during the year	(1147)	–
Outstanding at the end of the year	11,543	4,950
Options exercisable at the end of the year	11,543	3,959
Options Vested and Exercisable during the year	1,439	1,733

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

In accordance with Ind AS 102, an amount of ₹ 1.83 Lakhs (2020 – ₹ 4.35 Lakhs) towards ITC ESOS and ₹ 1.72 Lakhs (2020 - ₹ (0.44) 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 (Contd.)

30. Financial instruments and related disclosures

I. Capital management

The Company's financial strategy aims to provide adequate capital for its growth plans for generating superior guest experience and sustained stakeholder value. Depending on the financial market scenario, nature of the funding requirements and cost of such funding, the Company decides the optimum capital structure. Currently, there are no borrowings and operations are being funded through internal accruals. The Company aims at maintaining a strong capital base so as to maintain adequate supply of funds towards future growth of its business as a going concern.

II. Categories of financial instruments

	Note	As at 31st March, 2021		As at 31st March, 2020	
		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	101.86	101.86	43.71	43.71
ii) Other bank balances	8	1575.00	1575.00	1485.00	1485.00
iii) Trade receivables	6	92.25	92.25	239.81	239.81
iv) Other financial assets	9	43.03	43.03	58.30	58.30
Sub - total		1812.14	1812.14	1826.82	1826.82
b) Measured at Fair value through Profit or Loss					
i) Investment in mutual funds	5	3851.18	3851.18	4754.36	4754.36
Sub - total		3851.18	3851.18	4754.36	4754.36
Total financial assets		5663.32	5663.32	6581.18	6581.18
B. Financial liabilities					
a) Measured at amortised cost					
i) Trade payables	–	891.05	891.05	964.33	964.33
ii) Other financial liabilities	12	110.59	110.59	108.46	108.46
Sub - total		1001.64	1001.64	1072.79	1072.79
Total financial liabilities		1001.64	1001.64	1072.79	1072.79

* The fair value of trade payables, other financial liabilities, cash and cash equivalents, other bank balances, trade receivables and other financial assets are considered to be the same as their carrying amounts due to their short term nature.

III. Financial risk management objectives

The Company has a system - based approach to risk management, anchored to policies and procedures and internal financial controls aimed at ensuring early identification, evaluation and management of key financial risks (such as foreign currency risk, credit risk and liquidity risk) that may arise as a consequence of its business operations as well as its investing activities. Accordingly, the Company's risk management framework has the objective of ensuring that such risks are managed within acceptable and approved risk parameters in a disciplined and consistent manner and in compliance with applicable regulations. It also seeks to drive accountability in this regard.

a) Liquidity Risk:

The Company's current assets aggregates ₹ 6016.33 Lakhs (March 31, 2020 – ₹ 6874.28 Lakhs) including Current investments, Cash and cash equivalents and Other bank balances of ₹ 5528.04 Lakhs (March 31, 2020 – ₹ 6283.07 Lakhs) against an aggregate Current liability of ₹ 1131.70 Lakhs (March 31, 2020 – ₹ 1181.01 Lakhs). Further, while the Company's total equity stands at ₹ 8983.28 Lakhs (March 31, 2020 – ₹ 9817.64 Lakhs), it has no borrowings.

In such circumstances, liquidity risk or the risk that the Company may not be able to settle or meet its obligations as they become due does not exist.

b) Foreign currency risk

The Company undertakes transactions denominated in foreign currency (mainly US Dollar) which are subject to exchange rate fluctuations. Financial assets and liabilities denominated in foreign currency are also subject to reinstatement risks.

There are no outstanding foreign currency denominated financial assets and financial liabilities, as at the end of the reporting period.

As the transactions undertaken by the Company are in smaller denominations, taking forward cover for each transaction may not be economically feasible. Hence, the Company uses Forward Exchange Contracts for select exposures, although not designated under hedge accounting. As there are no large exposures, sensitivity analysis has not been provided.

c) Credit risk

Credit risk is the risk that counterparty will not meet its obligations under a financial instrument which may lead to a financial loss to the Company. The Company is exposed to credit risk from its operating and investing activities (primarily trade receivables and investments).

The Company has policy of dealing on cash terms, to the extent practicable. Credit is extended only after due approvals and evaluation in terms of the Credit Policy applicable for such sale. The process of extending credit, takes into account various factors such as publicly available financial information, market feedback, and past business patterns etc. Many of the Company's customers have been transacting for many years and the incidence of bad debts has been low. Such credit limits extended to trade receivables are monitored by the dual structure of Hotel Unit Credit Committee and Board of Directors and protective actions are initiated to avoid a default. In view of the short - term nature of its trade receivables, the Company makes provision for credit risk on an individual basis, if any. All customer balances which are overdue for more than 180 days are evaluated for provision and considered for impairment on an individual basis. Write offs are made with the approval of the Board of Directors.

The Company's exposure to trade receivables on the reporting date, net of expected loss provisions, stood at ₹ 92.25 Lakhs (2020 - ₹ 239.81 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, 2021	As at 31st March, 2020
Opening Balance	29.85	29.85
Add: Provisions made (net)	1.51	–
Closing Balance	31.36	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 ₹ 3851.18 Lakhs (2020 - ₹ 4754.36 Lakhs).

31. Fair value hierarchy

The following table presents the fair value hierarchy of assets and liabilities:

	Fair value hierarchy level	As at 31st March, 2021 Fair Value (₹ in Lakhs)	As at 31st March, 2020 Fair Value (₹ in Lakhs)
Financial assets **a) Measured at Fair Value through Profit or Loss** (i) Investment in mutual funds	1	**3851.18**	4754.36
Total		**3851.18**	4754.36

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.

32. The Financial Statements were approved for issue by the Board of Directors on April 13, 2021.

On behalf of the board

Gunupati Sivakumar Reddy
Chairman
Hyderabad

Ashutosh Chhibba
Managing Director
Hyderabad

Mandrita Bose
Chief Financial Officer
Kolkata

Anupama Jha
Company Secretary
New Delhi

Date: April 13, 2021

REPORT OF THE BOARD OF DIRECTORS FOR THE FINANCIAL YEAR ENDED 31ST MARCH, 2021

1. Your Directors submit their Report for the financial year ended 31st March, 2021.

2. FINANCIAL PERFORMANCE

During the year under review, your Company recorded an Operating Income of ₹ 1716.15 lakhs (previous year: ₹ 3,740.65 lakhs) reflecting de-growth of 54%. Other Income of the Company was ₹ 54.40 lakhs (previous year: ₹ 226.99 lakhs) and loss for the year was ₹ 627.55 lakhs (previous year profit: ₹ 269.29 lakhs).

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

		For the year ended 31st March, 2021 (₹ in lakhs)	For the year ended 31st March, 2020 (₹ in lakhs)
Profits			
a.	Profit / (Loss) Before Tax	**(834.12)**	412.18
b.	Less : Tax Expense		
	Current Tax	**(2.04)**	183.04
	Deferred Tax	**(204.53)**	(40.15)
c.	Profit / (Loss) for the year	**(627.55)**	269.29
d.	Other Comprehensive Income	**(0.63)**	6.43
e.	Total Comprehensive Income	**(628.18)**	275.72
Retained Earnings			
a.	At the beginning of the year	**2,110.20**	2,808.28
b.	Add : Profit / (Loss) for the year	**(627.55)**	269.29
c.	Add : Other Comprehensive Income	**(0.63)**	6.43
d.	Less:		
	- Dividend Paid	**–**	807.76
	- Income Tax on Dividend Paid	**–**	166.04
e.	At the end of the year	**1,482.02**	2,110.20

3. OPERATIONAL PERFORMANCE

Your Company, which caters to the 'Mid-market to Upscale' segment through a chain of Fortune hotels, continues to forge new alliances and expand its footprint. Fortune Park Dalhousie, a 57 rooms leisure hotel, which was commissioned during the year has received a good response and is scaling up operations on a month on month basis. Currently, the Company has an aggregate inventory of nearly 4,000 rooms spread over 50 properties of which 39 are operating hotels. Of the balance 11 properties, 3 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 front runner in its operating segment and is well positioned to sustain its leadership position in the industry.

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 COVID-19 pandemic, which has significantly impacted the travel & tourism industry across all markets, caused severe disruption in all properties in the first half of the year. There was progressive recovery thereafter, especially in the leisure properties. 'Safe Stays' programme has been implemented at the hotels with enhanced focus on safety, health and hygiene. In the context of current situation arising due to resurgent second wave of the pandemic, the impact on the business operations is difficult to assess at this stage but your Company is constantly reviewing the situation and will ensure compliance with all the directives of the Authorities to contain the spread of the virus.

4. DIRECTORS AND KEY MANAGERIAL PERSONNEL

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

The Board of Directors of the Company ('the Board') at the Meeting held on 11th January, 2021, appointed Mr. Samir Mecherivalappil Chandrasekharan, as an Additional Director, and also as the Managing Director of the Company with effect from 2nd February, 2021 up to 15th October, 2023, 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.

In accordance with Section 161 of the Act, Mr. Samir M.C. 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 aforesaid Meeting also recommended for approval of the Members, the appointment of Mr. Samir M.C. as a Director, not liable to retire by rotation, and also as the Managing Director of the Company. The appointment of Mr. Samir M.C. 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.

Requisite Notice under Section 160 of the Act has been received from Mr. Samir M.C., who has filed his consent to act as the Managing Director of the Company, if appointed. Appropriate resolution seeking your approval to the above is appearing in the Notice convening the Twenty Sixth AGM of your Company.

There were no other changes in the composition of the Board of the Company during the year under review.

(b) Retirement by Rotation

In accordance with the provisions of Section 152 of the Act and Articles 143 and 144 of the Articles of Association of the Company, Mr. Nakul Anand (DIN: 00022279), Director, will retire by rotation at the ensuing AGM of the Company, and being eligible, offers himself for re-appointment. Your Board has recommended his re-appointment.

5. BOARD AND BOARD COMMITTEES

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

A. Corporate Social Responsibility Committee

Mr. N. Anand	-	Chairman
Mr. J. Singh	-	Member
Mr. Samir M.C.	-	Member

B. New Alliance Approval Committee

Mr. J. Singh	-	Member
Mr. Samir M.C.	-	Member

Six meetings of the Board were held during the year ended 31st March, 2021.

6. DIRECTORS' RESPONSIBILITY STATEMENT

As required under Section 134 of the Act, your Directors confirm having:

i) followed in the preparation of the Annual Accounts, the applicable Accounting Standards with proper explanation relating to material departures, if any;

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

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

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

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

7. SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES

The Company does not have any subsidiary, associate or joint venture.

8. PARTICULARS OF EMPLOYEES

The details of 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 the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 and the Rules thereunder. During the year, no complaint for sexual harassment was received.

9. RISK MANAGEMENT

The risk management framework of the Company is commensurate with its size and nature of business. Management of risks vests with the executive management which is responsible for the day-to-day conduct of the affairs of the Company, within the overall framework approved by the Board. The Internal Audit Department of ITC Limited 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 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 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.

11. CORPORATE SOCIAL RESPONSIBILITY (CSR)

The Annual Report on CSR Activities of the Company for the financial year ended 31st March, 2021 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.

12. PARTICULARS OF LOANS, GUARANTEES AND INVESTMENTS

During the year ended 31st March, 2021, 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, 2021, 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.

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 Annual Return of the Company is available on the website of the Company at https://www.fortunehotels.in/annual-return.

16. COST RECORDS

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

17. STATUTORY AUDITORS

Messrs. S R B C & CO LLP, Chartered Accountants ('SRBC') were appointed as the Auditors of your Company at the Twenty-Fourth AGM to hold such office till the conclusion of the Twenty-Ninth AGM. Pursuant to Section 142 of the Act, the Board has recommended for the approval of the Members, remuneration of SRBC for the financial year 2021-22. 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

During the year, there were no foreign exchange earnings (previous year: Nil), and foreign exchange outflow aggregated ₹ 2.92 lakhs (previous year: ₹ 14.27 lakhs).

On behalf of the Board
Fortune Park Hotels Limited

Dated : 16th April, 2021
Place : Gurugram

Samir M.C.
Managing Director
Din: 08064002

J. Singh
Director
Din: 00042258

Annexure 1 to the Report of the Board of Directors for the financial year ended on 31st March, 2021

[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*	45	Managing Director	2,01,88,022/-	1,02,73,349/-	MBA, Diploma in Hotel Management	25	16.10.2017	ITC Limited, Executive Vice President
N. Ramamoorthy*	55	Head, Technical Services, EHS & Projects	69,39,403/-	27,45,029/-	B. Tech in Electrical Engineering	31	1.01.2020	ITC Limited, Chief Engineer, ITC Grand Chola
Dhananjay Saliankar*	56	Head-Sales & Marketing	63,84,009/-	30,72,064/-	B. A. (Economics)	30	01.12.2017	ITC Limited, General Manager – Sales & Marketing
Arindam Kunar*	51	Vice President – Operations	57,31,567/-	33,89,179/-	Diploma in Hotel Management	30	01.01.2019	ITC Limited, General Manager Operations
Jugal Kishore Batra*	50	Vice President – Finance	44,92,902/-	23,73,478/-	M.Com, ACA	25	10.11.2016	ITC Limited, Manager Finance – Projects
Raj Kamal Chopra*	54	Corporate Chef	44,01,189/-	22,95,929/-	B.Com (P), Diploma in Hotel Management	34	01.04.2013	ITC Limited, Executive Chef
Kovid Sharma*	43	Head-Human Resources	38,17,396/-	22,20,818/-	B.Sc. (Hons.) Statistics, Masters in IR & HRM	20	15.09.2017	ITC Limited – Manager – Human Resource
Ajay Joginderlal Sharma	54	General Manager	32,76,813/-	23,60,115/-	Diploma in Hotel Management	33	19.05.2015	Elixir Enterprises and Hotels Private Limited, Manager
Vipin Ganesha Kudva	38	Regional Manager (West), Sales	31,46,347/-	22,12,707/-	Post Graduate Diploma in Management	15	01.10.2019	Keys Hotels, Director - Regional Sales
Sharad Bhargava	45	Head – Business Development	30,45,162/-	20,49,122/-	Diploma in Hotel Management	25	01.08.2018	Sarovar Hotels Private Limited, GM-Development

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

 # Mr. Jugal K. Batra's deputation from ITC to the Company ended on 3rd December, 2020.

Notes:

a. Gross remuneration includes salary, variable pay / performance bonus, allowances & other benefits / applicable perquisites borne by the Company, except provisions for gratuity and leave encashment which are actuarially determined on an overall Company basis. The term 'remuneration' has the meaning assigned to it under the Companies Act, 2013.

b. Net remuneration comprises cash income less income tax & education cess deducted at source and employee's own contribution to provident fund.

c. 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 grants have not been considered as remuneration.

d. All appointments (except deputed employees) are / were contractual in accordance with terms and conditions as per the Company's rules.

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

On behalf of the Board

Fortune Park Hotels Limited

Dated : 16th April, 2021
Place : Gurugram

Samir M.C.
Managing Director
Din: 08064002

J. Singh
Director
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, 2021

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

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

The Company will undertake CSR activities (i) directly, or (ii) through a registered public trust or a registered society or a company under Section 8 of the Companies Act, 2013, established by ITC or otherwise, having track record of at least three years in undertaking CSR activities, or (iii) through other eligible implementing agencies.

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

2. **Composition of the CSR Committee**

Sl. No.	Name of Director	Designation / Nature of Directorship	Number of meetings of CSR Committee held during the year	Number of meetings of CSR Committee attended during the year
1.	Mr. N. Anand (Chairman of the Committee)	Chairman & Non-Executive Director	1	1
2.	Mr. Samir M.C.	Managing Director		1
3.	Mr. J. Singh	Non- Executive Director		1

3. The web-link where composition of CSR Committee, CSR Policy and CSR projects approved by the Board are disclosed on the website of the Company at https://www.fortunehotels.in/csr

4. The details of Impact Assessment of CSR projects carried out in pursuance of sub-rule (3) of Rule 8 of the Companies (Corporate Social Responsibility Policy) Rules, 2014, if applicable (attach the report): **Not Applicable**

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

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

6. Average net profits of the Company as per Section 135(5): ₹ **7,29,11,947**/-

7.

(a)	Two percent of average net profits of the Company as per Section 135(5)	₹ **14,58,239**/-
(b)	Surplus arising out of the CSR projects or programmes or activities of the previous financial years	**Nil**
(c)	Amount required to be set off for the financial year, if any	**Nil**
(d)	Total CSR obligation for the financial year (7a+7b-7c)	₹ **14,58,239**/-

8. (a) CSR amount spent or unspent for the financial year

Total Amount Spent for the Financial Year (in ₹)	Amount Unspent (in ₹)				
	Total Amount transferred to Unspent CSR Account as per Section 135(6)		Amount transferred to any fund specified under Schedule VII as per second proviso to Section 135(5)		
	Amount (₹)	Date of transfer	Name of the Fund	Amount (₹)	Date of transfer
₹ 14,59,000/-	Not Applicable				

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

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

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

(1)	(2)	(3)	(4)	(5)		(6)	(7)	(8)	
Sl. No.	Name of the Project	Item from the list of activities in Schedule VII to the Act	Local area (Yes / No)	Location of the project		Amount spent for the project (in ₹)	Mode of Implementation - Direct (Yes / No)	Mode of Implementation - Through Implementing Agency	
				State	District			Name	CSR Registration No.
1	Contribution to Clean Ganga Fund set-up by the Central Government for rejuvenation of river Ganga.	Undertaking rejuvenation of river Ganga [covered under Clause (iv) of Schedule VII to the Companies Act, 2013]	No	N.A.	N.A.	₹ 14,59,000/-	Yes	Not Applicable	
	Total					**₹ 14,59,000/-**			

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

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

(f) Total amount spent for the Financial Year (8b+8c+8d+8e): ₹ **14,59,000**/-

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

Sl. No.	**Particular**	**Amount (in ₹)**
(i)	Two percent of average net profit of the Company as per Section 135(5)	**Not Applicable**
(ii)	Total amount spent for the Financial Year	
(iii)	Excess amount spent for the financial year [(ii)-(i)]	
(iv)	Surplus arising out of the CSR projects or programmes or activities of the previous financial years, if any	
(v)	Amount available for set off in succeeding financial years [(iii)-(iv)]	

9. (a) Details of Unspent CSR amount for the preceding three financial years:

(1)	(2)	(3)	(4)	(5)			(6)
Sl. No.	Preceding Financial Year	Amount transferred to Unspent CSR Account under Section 135 (6) (in ₹)	Amount spent in the reporting Financial Year (in ₹)	Amount transferred to any fund specified under Schedule VII as per Section 135(6), if any			Amount remaining to be spent in succeeding financial years. (in ₹)
				Name of the Fund	Amount (in ₹)	Date of transfer	
Not Applicable							

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

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

10. In case of creation or acquisition of capital asset, furnish the details relating to the asset so created or acquired through CSR spent in the financial year (asset-wise details): **Not Applicable**

    (a) Date of creation or acquisition of the capital asset(s)

    (b) Amount of CSR spent for creation or acquisition of capital asset

    (c) Details of the entity or public authority or beneficiary under whose name such capital asset is registered, their address etc.

    (d) Provide details of the capital asset(s) created or acquired (including complete address and location of the capital asset)

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

On behalf of the Board

Fortune Park Hotels Limited

Dated : 16th April, 2021	**N. Anand**	**Samir M.C.**	**J. Singh**
Place : Gurugram	**Chairman- CSR Committee**	**Managing Director**	**Director**

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, 2021, 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, 2021, 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 judgements 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 judgement 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.

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, 2021 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2021 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, 2021 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 **SRBC & CO LLP**

Chartered Accountants

ICAI Firm Registration Number: 324982/E300003

per Tanmoy Das Mahapatra
Partner
Membership Number: 058259
UDIN: 21058259AAAABB3438
Place of Signature: Kolkata
Date: 16th April, 2021

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 Tanmoy Das Mahapatra

Partner

Membership Number: 058259

UDIN: 21058259AAAABB3438

Place of Signature: Kolkata

Date: 16th April, 2021

ANNEXURE 2 TO THE INDEPENDENT AUDITOR'S REPORT OF EVEN DATE ON THE FINANCIAL STATEMENTS OF FORTUNE PARK HOTELS LIMITED

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

We have audited the internal financial controls over financial reporting of Fortune Park Hotels Limited ("the Company") as of March 31, 2021 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, 2021, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

For **SRBC & CO LLP**
Chartered Accountants
ICAI Firm Registration Number: 324982/E300003

per Tanmoy Das Mahapatra
Partner
Membership Number: 058259
UDIN: 21058259AAAABB3438
Place of Signature: Kolkata
Date: 16th April, 2021

BALANCE SHEET

(All amounts in rupees unless otherwise stated)

	Notes	As at 31st March, 2021	As at 31st March, 2020
ASSETS			
Non-current assets			
Property, plant and equipment	3	**18,49,467**	26,02,098
Deferred tax assets (net)	4	**4,72,50,301**	2,67,76,452
Income tax assets (net)	5	**4,65,84,708**	5,46,18,648
Total non-current assets		**9,56,84,476**	8,39,97,198
Current assets			
Financial assets			
i. Investments	6(a)	**2,31,79,522**	5,69,89,556
ii. Trade receivables	6(b)	**12,31,88,720**	16,06,79,003
iii. Cash and cash equivalents	6(c)	**33,92,239**	62,72,920
iv. Others	6(d)	**59,08,502**	1,54,19,149
Other current assets	7	**10,74,954**	11,28,284
Total current assets		**15,67,43,937**	24,04,88,912
Total assets		**25,24,28,413**	32,44,86,110
EQUITY AND LIABILITIES			
Equity share capital	8	**45,00,080**	45,00,080
Other equity		**18,49,49,544**	24,77,67,713
Total equity		**18,94,49,624**	25,22,67,793
LIABILITIES			
Non-current liabilities			
Other financial liabilities	9(a)	**23,53,327**	7,92,220
Provisions	10(a)	**66,67,666**	95,43,421
Total non-current liabilities		**90,20,993**	1,03,35,641
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		**1,04,04,251**	1,61,64,233
ii. Other financial liabilities	9(c)	**1,79,45,048**	2,06,68,770
Provisions	10(b)	**72,69,638**	1,17,95,412
Other current liabilities	11	**1,83,38,859**	1,32,54,261
Total current liabilities		**5,39,57,796**	6,18,82,676
Total liabilities		**6,29,78,789**	7,22,18,317
Total equity and liabilities		**25,24,28,413**	32,44,86,110

The accompanying notes 1 to 26 are an integral part of the financial statements.

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

For **SRBC & CO LLP**
Firm Registration No. : 324982/E300003

Tanmoy Dasmahapatra
Partner
Membership Number : 058259

Place : Kolkata
Date : 16th April, 2021

On behalf of the Board of Directors

Samir Mecherivalappil Chandrasekharan
Managing Director
DIN 08064002

Place : Gurugram
Date : 16th April, 2021

Jagdish Singh
Director
DIN 00042258

Place : Gurugram
Date : 16th April, 2021

STATEMENT OF PROFIT AND LOSS

(All amounts in rupees unless otherwise stated)

	Notes	For the year ended 31st March, 2021	For the year ended 31st March, 2020
Revenue from operations	12	17,16,15,152	37,40,64,755
Other income	13	54,39,852	2,26,99,094
Total income		17,70,55,004	39,67,63,849
Expenses			
Employee benefits expense	14	21,55,63,708	26,82,24,401
Depreciation expense	3	7,52,631	8,30,472
Other expenses	15	4,41,50,770	8,64,90,519
Total expenses		26,04,67,109	35,55,45,392
Profit/(Loss) before tax		(8,34,12,105)	4,12,18,457
Income tax expense			
-Current tax	16	(2,04,407)	1,83,03,791
-Deferred tax	16	(2,04,52,627)	(40,14,531)
Total tax expense		(2,06,57,034)	1,42,89,260
Profit/(Loss) for the year		(6,27,55,071)	2,69,29,197
Other comprehensive income			
Items that will not be reclassified to profit or loss			
-Remeasurements of post-employment benefit obligations		(84,320)	8,59,600
-Income tax relating to these items		21,222	(2,16,344)
Other comprehensive income for the year, net of tax		(63,098)	6,43,256
Total comprehensive income for the year		(6,28,18,169)	2,75,72,453
Earnings per equity share			
Basic earnings per share	17	(139.45)	59.84
Diluted earnings per share	17	(139.45)	59.84

The accompanying notes 1 to 26 are an integral part of the financial statements.

This is the Statement of Profit and Loss referred to in our report of even date.

For **SRBC & CO LLP**
Firm Registration No. : 324982/E300003

Tanmoy Dasmahapatra
Partner
Membership Number : 058259

Place : Kolkata
Date : 16th April, 2021

On behalf of the Board of Directors

Samir Mecherivalappil Chandrasekharan
Managing Director
DIN 08064002

Place : Gurugram
Date : 16th April, 2021

Jagdish Singh
Director
DIN 00042258

Place : Gurugram
Date : 16th April, 2021

Statement of changes in equity

(All amounts in rupees unless otherwise stated)

A. Equity share capital

Balance as at 1st April, 2019	**45,00,080**
Changes in equity share capital	–
Balance as at 31st March, 2020	**45,00,080**
Changes in equity share capital	–
Balance at 31st March, 2021	**45,00,080**

B. Other equity

	Reserves and Surplus			
	Capital Reserve	Retained Earnings	General Reserve	Total
Balance as at 1st April, 2019	30,00,000	28,08,27,533	3,37,47,999	31,75,75,532
Profit/(Loss) 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**
Profit/(Loss) for the year	–	(6,27,55,071)	–	(6,27,55,071)
Other comprehensive income (net of tax)	–	(63,098)	–	(63,098)
Total comprehensive income	–	**(6,28,18,169)**	–	**(6,28,18,169)**
Balance as at 31st March, 2021	30,00,000	14,82,01,545	3,37,47,999	18,49,49,544

*The Company paid a final dividend of ₹ 12.50 per share on equity shares of ₹ 10/- each, aggregating ₹ 56,25,100 for the year ended 31st March, 2019. The tax impact on dividend was ₹ 11,56,256. During 2019-20, an interim dividend of ₹ 167.00 per share on equity shares of ₹ 10/- each, aggregating to ₹ 7,51,51,336 has been paid. The tax impact on dividend was ₹ 1,54,47,580.

- Capital reserve represents amount received as compensation of rights under contract.
- Retained Earnings: This Reserve represents the cumulative profits of the Company and effects of remeasurement of defined benefit obligations. This Reserve can be utilized in accordance with the provisions of the Companies Act, 2013.
- General Reserve: This Reserve is created by an appropriation from one component of equity (generally retained earnings) to another, not being an item of Other Comprehensive Income. The same can be utilized in accordance with the provisions of the Companies Act, 2013.

The accompanying notes 1 to 26 are an integral part of the financial statements.

This is the Statement of changes in equity referred to in our report of even date.

For **SRBC & CO LLP**
Firm Registration No. : 324982/E300003

Tanmoy Dasmahapatra
Partner
Membership Number : 058259

Place : Kolkata
Date : 16th April, 2021

On behalf of the Board of Directors

Samir Mecherivalappil Chandrasekharan
Managing Director
DIN 08064002

Place : Gurugram
Date : 16th April, 2021

Jagdish Singh
Director
DIN 00042258

Place : Gurugram
Date : 16th April, 2021

CASH FLOW STATEMENT

(All amounts in rupees unless otherwise stated)

	For the year ended 31st March, 2021	For the year ended 31st March, 2020
Cash flow from operating activities		
Profit/(Loss) before tax	(8,34,12,105)	4,12,18,457
Adjustments for :		
Depreciation expense	7,52,631	8,30,472
Loss on sale of property, plant and equipment - Net	–	67,449
Provisions for doubtful debts and other financial assets	1,63,81,810	2,00,46,497
Bad debts written off	57,87,007	–
Net (gain)/loss arising on investments mandatorily measured at fair value through profit and loss	(27,68,250)	(82,93,681)
Operating profit/(loss) before working capital changes	(6,32,58,907)	5,38,69,194
Adjustments for :		
Trade receivables, advances and other assets	2,48,85,443	(3,20,68,604)
Trade payables, other liabilities and provisions	(93,23,848)	1,22,48,476
Cash generated from/(used) operations	(4,76,97,312)	3,40,49,066
Income tax (paid)/refund received	82,38,347	(1,49,44,185)
Net cash generated/(used) in operating activities	(3,94,58,965)	1,91,04,881
Cash flow from investing activities		
Purchase of property, plant and equipment	–	(12,66,023)
Purchase of current investments	(8,11,00,000)	(51,97,69,316)
Sale/redemption of current investments	11,76,78,284	59,24,60,099
Net cash from investing activities	3,65,78,284	7,14,24,760
Cash flow from financing activities		
Dividend paid	–	(8,07,76,436)
Income tax on dividend paid	–	(1,66,03,836)
Net cash used in financing activities	–	(9,73,80,272)
Net increase/(decrease) in cash and cash equivalents	(28,80,681)	(68,50,631)
Opening cash and cash equivalents	62,72,920	1,31,23,551
Closing cash and cash equivalents	33,92,239	62,72,920
Cash and cash equivalents comprise of :		
Balances with Banks	33,79,645	62,49,970
Cash on hand	12,594	22,950
Cash and cash equivalents at the end of the year [Refer note 6(c)]	33,92,239	62,72,920

Notes:

1. The above cash flow statement has been prepared under the "Indirect Method" as set out in Ind AS 7 "Statement of Cash flows".
2. Net Cash Flow from Operating Activities includes an amount of ₹14,59,000 (Previous Year: ₹15,34,000) spent towards Corporate Social Responsibility.

The accompanying notes 1 to 26 are an integral part of the financial statements.

This is the cash flow statement referred to in our report of even date.

For **SRBC & CO LLP**
Firm Registration No. : 324982/E300003

Tanmoy Dasmahapatra
Partner
Membership Number : 058259

Place : Kolkata
Date : 16th April, 2021

On behalf of the Board of Directors

Samir Mecherivalappil Chandrasekharan
Managing Director
DIN 08064002

Place : Gurugram
Date : 16th April, 2021

Jagdish Singh
Director
DIN 00042258

Place : Gurugram
Date : 16th April, 2021

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

BACKGROUND OF THE COMPANY

Fortune Park Hotels Limited, a 100% subsidiary of ITC Limited is in the business of operating hotels in the mid – market to upscale segment under 'Fortune' Brands. It currently operates 39 hotels.

Note 1: SIGNIFICANT ACCOUNTING POLICIES

This note provides a list of the significant accounting policies adopted in the preparation of these financial statements. These policies have been applied to all the years presented, unless otherwise stated.

a) BASIS OF PREPARATION

(i) Compliance with IND AS

The financial statements comply in all material aspects with Indian Accounting Standards (Ind AS) notified under section 133 of the Companies Act, 2013 (the Act) [Companies (Indian Accounting Standards) Rules, 2015] and other relevant provisions of the Act.

(ii) Historical Cost Convention

The financial statements have been prepared on a historical cost basis, except for the following:

- certain financial assets and liabilities are measured at fair value;
- defined benefit plans – plan assets measured at fair value.

All assets and liabilities have been classified as current or non-current as per the Company's normal operating cycle and other criteria set out in the Schedule III to the Companies Act, 2013. Based on the nature of services, the company has ascertained its operating cycle as twelve months for the purpose of current and non-current classification of assets and liabilities.

b) PROPERTY, PLANT AND EQUIPMENT

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

Cost is inclusive of inward freight, duties and taxes and incidental expenses related to acquisition. Subsequent costs are included in the asset's carrying amount only when it is probable that future economic benefits associated with the item will be realized. The carrying amount of a replaced part is derecognized. All upgradations / enhancements are charged off as revenue expenditure unless they bring similar significant additional benefits.

On transition to Ind AS, it has been elected to continue with the carrying value of all the tangible assets recognised as at 1st April, 2015 measured as per previous GAAP and use that carrying value as the deemed cost of the tangible asset.

Losses arising from the retirement of, and gains or losses arising from disposal of Property, plant and equipment are recognised in the Statement of Profit and Loss.

c) DEPRECIATION

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

Category of property, plant and equipment	Useful life
Office equipment	5 Years
Computers end users devices	3 Years
Computer, network and servers	6 Years
Furniture and fixtures	10 Years
Vehicles	8 Years

d) IMPAIRMENT OF ASSETS

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

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

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

Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are considered to modify the amortisation period or method, as appropriate, and are treated as changes in accounting estimates.

e) FOREIGN CURRENCY TRANSACTIONS

The Company accounts for transactions in foreign currency at the exchange rate prevailing on the date of transactions. The date of the transaction for the purpose of determining the exchange rate on initial recognition of the asset, expense or income is the date on which an entity initially recognizes the related non-monetary asset or non-monetary liability on the payment or receipt of the advance consideration. Gains/Losses arising on settlement of transactions as also the translation of monetary items at period ends due to fluctuations in the exchange rate are recognized in the Statement of Profit and Loss.

f) FINANCIAL INSTRUMENT, FINANCIAL ASSETS, FINANCIAL LIABILITIES AND EQUITY INSTRUMENTS

FINANCIAL ASSETS AND LIABILITIES

Financial assets and financial liabilities are recognised when the Company becomes a party to the contractual provisions of the relevant instrument and are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities measured at fair value through profit or loss) are added to or deducted from the fair value on initial recognition of financial assets or financial liabilities. Purchase or sale of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognised on the trade date, i.e., the date when the Company commits to purchase or sell the asset.

Financial Assets

Recognition: Financial assets include Investments, Trade Receivables, Advances, Security Deposits, Cash and cash equivalents. Such assets are initially recognised at transaction price when the Company becomes party to contractual obligations. The transaction price includes transaction costs unless the asset is being fair valued through the Statement of Profit and Loss.

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

Financial assets are classified as those measured at:

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

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

NOTES FORMING PART OF THE FINANCIAL STATEMENTS (Contd.)

(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 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.

k) LEASES

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

Company as Lessee

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

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

Company as a Lessor

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

l) TAXES ON INCOME

Taxes on income comprises of current taxes and deferred taxes. Current tax in the Statement of Profit and Loss is provided as the amount of tax payable in respect of taxable income for the period using tax rates enacted during the period, together with any adjustment to tax payable in respect of previous years. Income tax, in so far as it relates to items disclosed under Other Comprehensive Income, are disclosed separately under Other Comprehensive Income, as applicable.

Deferred tax is recognized on temporary differences between the carrying amounts of assets and liabilities and the amounts used for taxation purposes (tax base), at the tax rates and tax laws enacted or substantively enacted by the end of the period.

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

Deferred tax assets and liabilities are offset when there is legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances related to the same taxation authority. Current tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on net basis, or to realize the asset and settle the liability simultaneously.

m) CLAIMS

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

n) PROVISIONS

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

o) CASH AND CASH EQUIVALENTS

For the purpose of presentation in the cash flow statement, cash and cash equivalents include cash on hand, demand deposits with banks, other short-term highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of change in value.

p) EARNINGS PER SHARE

Basic earnings per share computed by dividing the net profit or loss for the period attributable to equity shareholders by the weighted average number of equity shares outstanding during the period.

For the purpose of calculating diluted earnings per share, the net profit or loss for the period attributable to equity shareholders and the weighted average number of shares outstanding during the period is adjusted for the effects of all dilutive potential equity shares.

q) SEGMENT REPORTING

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker (CODM). The CODM, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Management Committee headed by the Managing Director.

Note 2: Use of critical estimates and judgements

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent liabilities at the date of the financial statements and the results of operations during the reporting period end. Although these estimates are based upon management's best knowledge of current events and action, actual results could defer from these estimates.

The estimates and underlying assumption are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

The areas involving critical estimates or judgements are:

- Estimation of defined benefit obligations Note 10 and 14

- Impairment of trade receivables and other financial assets Note 6 (b) and 6 (d)

NOTES FORMING PART OF THE FINANCIAL STATEMENTS (Contd.)

(All amounts in rupees 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, 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 as at 31st March, 2020	**1,69,922**	**15,995**	**53,714**	**13,89,470**	**9,72,997**	**26,02,098**
Year ended 31st March, 2021						
Gross carrying amount						
Opening gross carrying amount	4,30,824	46,069	3,07,691	55,56,354	23,12,008	86,52,946
Additions	–	–	–	–	–	–
Disposals	–	–	–	–	–	–
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	**2,60,902**	**30,074**	**2,53,977**	**41,66,884**	**13,39,011**	**60,50,847**
Depreciation charge during the year	**20,886**	**6,015**	**14,682**	**4,28,522**	**2,82,527**	**7,52,631**
Disposals	–	–	–	–	–	–
Closing accumulated depreciation	**2,81,788**	**36,088**	**2,68,659**	**45,95,406**	**16,21,537**	**68,03,479**
Net carrying amount as at 31st March, 2021	**1,49,036**	**9,981**	**39,031**	**9,60,948**	**6,90,471**	**18,49,467**

Note 4 : Deferred tax assets (net)

	Deferred tax assets					Deferred tax liabilities			Net Deferred Tax Assets (A-B)
	On employee benefit	Business losses and unabsorbed depreciation	On allowances for doubtful trade receivables and other financial assets	Other timing differences	Deferred tax assets (A)	Property, plant and equipment	Financial assets at fair value through profit or loss	Deferred tax liabilities (B)	
At 1st April, 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**
(Charged)/credited:									
- to profit or loss	(18,80,556)	1,83,38,208	41,22,974	–	2,05,80,626	11,066	(1,39,066)	(1,27,999)	2,04,52,627
- to other comprehensive income	21,222	–	–	–	21,222	–	–	–	21,222
At 31st March, 2021	**37,48,241**	**1,83,38,208**	**2,55,29,120**	**1,76,476**	**4,77,92,043**	**(52,954)**	**(4,88,789)**	**(5,41,744)**	**4,72,50,301**

(a) 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.

(b) An amount of ₹ 1,81,59,852 (Previous year : ₹ Nil) has been recognised as deferred tax assets on the business loss which is available for set off against future profits up to financial year 2028-29.

Note 5: Income tax assets (net)

	As at 31st March, 2021	As at 31st March, 2020
Advance tax [Net of provisions ₹ 4,18,38,000 (31.03.2020 ₹ 10,20,67,000)]	**4,65,84,708**	5,46,18,648
Total income tax assets (net)	**4,65,84,708**	**5,46,18,648**

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, 2021	As at 31st March, 2020
Unquoted		
Investment in mutual funds measured at FVTPL		
ICICI Prudential Corporate Bond Fund		
[688057.13 units: Previous year (1609302.056 units)] of ₹ 10/- each	1,61,73,953	3,46,16,248
Kotak Liquid Fund		
[Nil units: Previous year (4373.109 units)] of ₹ 1,000/- each	–	1,75,57,460
SBI Liquid Fund		
[2174.549 units: Previous year (1548.993 units)] of ₹ 1,000/- each	70,05,569	48,15,848
Total investments	**2,31,79,522**	**5,69,89,556**

Note 6(b) Trade receivables

	As at 31st March, 2021	As at 31st March, 2020
Unsecured, Considered Good	12,31,88,720	16,06,79,003
Credit impaired	9,33,74,131	8,05,51,473
Less: Provision for impairment	(9,33,74,131)	(8,05,51,473)
Total trade receivables	**12,31,88,720**	**16,06,79,003**

Note 6(c) Cash and cash equivalents

	As at 31st March, 2021	As at 31st March, 2020
Balances with banks		
- in current accounts	33,79,645	62,49,970
Cash on hand	12,594	22,950
Total cash and cash equivalents	**33,92,239**	**62,72,920**

Note 6(d) Others

	As at 31st March, 2021	As at 31st March, 2020
Other assets - Unsecured unless stated otherwise		
- Contractually reimbursable cost - Considered good	55,28,502	1,47,27,149
- Contractually reimbursable cost - Credit impaired	80,60,706	45,01,554
Less: Provision for impairment	(80,60,706)	(45,01,554)
- Security deposits	3,80,000	6,92,000
Total others	**59,08,502**	**1,54,19,149**

Note 7 : Other current assets

	As at 31st March, 2021	As at 31st March, 2020
Prepayment expenses	2,27,700	3,10,190
GST recoverable	8,47,254	8,18,094
Total other current assets	**10,74,954**	**11,28,284**

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, 2021	As at 31st March, 2020
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, 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**
Add: Increase / less changes during the year	–	–
As at 31st March, 2021	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. 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, 2021	As at 31st March, 2020
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, 2021		As at 31st March, 2020	
	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, 2021	As at 31st March, 2020
Non-Current		
Payable to holding company (Refer Note 21)	23,53,327	7,92,220
Total other financial liabilities	23,53,327	7,92,220

Note 9(b) : Trade payables

	As at 31st March, 2021	As at 31st March, 2020
Current		
Total outstanding dues of micro and small enterprises #	–	–
Total outstanding dues of creditors other than micro and small enterprises	1,04,04,251	1,61,64,233
Total trade payables	1,04,04,251	1,61,64,233

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, 2021	As at 31st March, 2020
Current		
Employee benefits payable	62,23,874	75,52,398
Payable to holding Company (Refer Note 21)	1,17,21,174	1,31,16,372
Total other financial liabilities	1,79,45,048	2,06,68,770

Note 10 (a) Provisions

	As at 31st March, 2021	As at 31st March, 2020
Non-current		
Provision for employee benefits (Refer Note 14)		
- Retirement benefits	55,69,338	57,58,438
- Other benefits	10,98,328	37,84,983
Total provision	66,67,666	95,43,421

NOTES FORMING PART OF THE FINANCIAL STATEMENTS (Contd.)

(All amounts in rupees unless otherwise stated)

Note 10 (b) Provisions

	As at 31st March, 2021	As at 31st March, 2020
Current		
Provision for employee benefits (Refer Note 14)		
- Retirement benefits	37,36,238	34,37,372
- Other benefits	35,33,400	83,58,040
Total provision	72,69,638	1,17,95,412

Note 11: Other current liabilities

	As at 31st March, 2021	As at 31st March, 2020
Deferred revenue received in advance #	1,05,34,531	52,39,531
Advance from customers	28,39,021	29,45,122
Statutory dues	49,65,307	50,69,608
Total other current liabilities	1,83,38,859	1,32,54,261

 # Revenue recognised in relation to contract liabilities

	As at 31st March, 2021	As at 31st March, 2020
Opening balance	52,39,531	38,49,531
Add: Received during the year net of revenue recognised during the year	59,85,000	26,00,000
Less: Revenue recognised that relates to carried-forward contract liabilities	6,90,000	12,10,000
Closing Balance	1,05,34,531	52,39,531

Note 12: Revenue from operations

	For the year ended 31st March, 2021	For the year ended 31st March, 2020
Rendering of services		
- Operating and marketing services	9,30,89,378	25,14,07,785
- Recoveries of salary*	7,85,25,775	12,26,56,970
Total revenue	17,16,15,152	37,40,64,755

* Recoveries of salary cost of deputed personnel from alliances.

Note 13 : Other income

	For the year ended 31st March, 2021	For the year ended 31st March, 2020
Interest income - from Others - (statutory authorities)	26,15,986	76,95,616
Net gain/(loss) arising on financial assets mandatorily measured at FVTPL**	27,68,250	82,93,681
Liabilities no longer required written-back	–	50,84,767
Miscellaneous income	55,615	16,25,030
Total other income	54,39,852	2,26,99,094

** Includes ₹ 22,15,701/- (Previous year: ₹ 82,90,783/-) being net gain/(loss) on sale of investments.

Note 14: Employee benefits expense

	For the year ended 31st March, 2021	For the year ended 31st March, 2020
Salary, wages and bonus	14,97,15,252	20,26,34,119
Reimbursement of remuneration of deputed managers	5,16,62,002	4,89,80,484
Share based payments expense for deputed managers	25,88,057	11,51,524
Contribution to employees provident and other funds	99,87,317	99,62,872
Staff welfare expenses	16,11,081	54,95,402
Total employee benefits expense	21,55,63,708	26,82,24,401

The Company has accounted for the defined benefit and retirement benefit plan and contribution scheme as under:

[a] Defined benefit plans / 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, 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**	-

	Present value of obligation	Fair value of plan assets	Total	Impact of asset ceiling	Net amount
1st April, 2020	**1,27,89,287**	**(1,30,53,567)**	**(2,64,280)**	**2,64,280**	-
Current service cost	22,59,023	-	22,59,023	-	22,59,023
Past service cost	-	-	-	-	-
Interest expense/(income)	6,58,409	(7,08,168)	(49,759)	-	(49,759)
Change in asset ceiling, excluding amounts included in interest expense	-	-	-	(2,64,280)	(2,64,280)
Total amount recognised in profit or loss	**29,17,432**	**(7,08,168)**	**22,09,264**	**(2,64,280)**	**19,44,984**
Remeasurements					
Return on plan assets, excluding amounts included in interest expense/(income)	-	(2,05,582)	(2,05,582)	-	(2,05,582)
(Gain)/loss from change in demographic assumptions	-	-	-	-	-
(Gain)/loss from change in financial assumptions	-	-	-	-	-
Experience (gains)/losses	(4,54,516)	-	(4,54,516)	-	(4,54,516)
Change in asset ceiling, excluding amounts included in interest expense	-	-	-	-	-
Total amount recognised in other comprehensive income	**(4,54,516)**	**(2,05,582)**	**(6,60,098)**	-	**(6,60,098)**
Contributions:					
Employers					
Plan participants	-	(1,49,990)	(1,49,990)	-	(1,49,990)
Benefit payments	(45,09,489)	45,09,489	-	-	-
31st March, 2021	**1,07,42,714**	**(96,07,818)**	**11,34,896**	-	**11,34,896**

The net liability disclosed above relates to funded and unfunded plans are as follows:

	31st March, 2021	31st March, 2020
Present value of funded obligations	**1,07,42,714**	1,27,89,287
Fair value of plan assets	**(96,07,818)**	(1,30,53,567)
Funded status	**11,34,896**	(2,64,280)
Effect of asset ceiling	–	2,64,280
Net defined benefit liability (asset)		
- Current obligation	**11,34,896**	–
- Non-current obligation	–	–
Total	**11,34,896**	–

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, 2021	31st March, 2020
Discount rate	**6.25% p.a.**	6.25% p.a.
Salary Growth Rate	**5.00% p.a.**	5.00% p.a.
Attrition Rate	**30.00% p.a.**	30.00% p.a.

NOTES FORMING PART OF THE FINANCIAL STATEMENTS (Contd.)

(All amounts in rupees 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, 2021 ₹	As At 31st March, 2020 ₹
Discount Rate + 100 basis points	1,04,66,600	1,24,85,956
Discount Rate - 100 basis points	1,10,34,923	1,31,10,046
Salary Increase Rate + 1%	1,09,83,454	1,30,48,833
Salary Increase Rate – 1%	1,05,10,966	1,25,39,431
Attrition Rate + 1%	1,07,18,286	1,27,67,873
Attrition Rate – 1%	1,07,67,135	1,28,10,524

Leave encashment - unfunded

	As At 31st March, 2021 ₹	As At 31st March, 2020 ₹
	Present value of obligation	Present value of obligation
Opening Balance	91,95,810	94,44,989
Current service cost	6,05,513	9,34,391
Past service cost	–	–
Interest expense/(income)	4,85,350	6,42,807
Total amount recognised in profit or loss	10,90,863	15,77,198
Remeasurements		
Return on plan assets, excluding amounts included in interest expense/(income)	–	–
(Gain)/loss from change in demographic assumptions	–	(25,283)
(Gain)/loss from change in financial assumptions	–	2,14,422
Experience (gains)/losses	7,44,418	(2,67,065)
Change in asset ceiling, excluding amounts included in interest expense	–	–
Total amount recognised in other comprehensive income	7,44,418	(77,926)
Contributions: Employers		
Plan participants	–	–
Benefit payments	(28,60,411)	(17,48,451)
Closing Balance	81,70,680	91,95,810
- Current obligation	26,01,342	34,37,372
- Non- current obligation	55,69,338	57,58,438

The significant actuarial assumptions were as follows:

	31st March, 2021	31st March, 2020
Discount rate	6.25% p.a.	6.25% p.a.
Salary Growth Rate	5.00% p.a.	5.00% p.a.
Attrition Rate	30.00% p.a.	30.00% p.a.

Sensitivity Analysis

	Defined Benefit Obligation	
	As At 31st March, 2021 ₹	As At 31st March, 2020 ₹
Discount Rate + 100 basis points	79,78,928	89,90,981
Discount Rate - 100 basis points	83,73,206	94,12,038
Salary Increase Rate + 1%	83,34,105	93,68,059
Salary Increase Rate – 1%	80,13,142	90,29,771
Attrition Rate + 1%	81,83,228	92,07,921
Attrition Rate – 1%	81,57,507	91,82,968

[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 ₹ 75,19,847/- (Previous year : ₹ 85,78,299/-).

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, 2021	For the year ended 31st March, 2020
Repairs and maintenance - others	11,64,900	10,52,507
Rent (Refer note 22)	52,17,583	62,54,228
Printing and stationery	1,62,033	4,84,436
Travelling and conveyance	10,81,081	1,62,18,169
Advertisement / sales promotion	44,04,232	1,68,56,092
Legal expenses	3,42,950	47,58,000
Consultancy / professional fees	16,33,645	89,90,092
Postage and telephone	4,33,964	10,50,682
Insurance	19,27,693	30,78,235
Information technology services	36,37,337	31,26,587
Training and development	29,610	23,13,696
Bad debts written-off	57,87,007	–
Provisions for doubtful debts and other financial assets	1,63,81,810	2,00,46,497
Loss on sale of property, plant and equipment - Net	–	67,449
Payment to the auditors [Refer note 15(a)]	4,63,750	4,13,500
Expenditure towards corporate social responsibility activities [Refer note 15(b)]	14,59,000	15,34,000
Miscellaneous	24,174	2,46,348
Total other expenses	**4,41,50,770**	**8,64,90,519**

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	–	–
Re-imbursement of expenses	13,750	63,500
Total payments to auditors	4,63,750	4,13,500

Note 15 (b): Corporate social responsibility expenditure

Contribution to Clean Ganga Fund (Previous Year paid to ITC Rural Development Trust)	14,59,000	15,34,000
Total	14,59,000	15,34,000
Amount required to be spent as per Section 135 of the Act	14,58,239	15,33,539
Amount spent during the year on		
(i) Construction/acquisition of an asset	–	–
(ii) On purposes other than (i) above	14,59,000	15,34,000

Note 16: Income tax expense

(a) Income tax expense

	For the year ended 31st March, 2021	For the year ended 31st March, 2020
Current tax		
Current tax on profits/(losses) for the year	–	1,83,03,791
Tax pertaining to prior years	(2,04,407)	–
Total current tax expense	(2,04,407)	1,83,03,791
Deferred tax		
Decrease / (increase) in deferred tax assets	(2,05,80,626)	(39,62,746)
(Decrease) / increase in deferred tax liabilities	1,27,999	(51,784)
Total deferred tax expense/(benefit)	(2,04,52,627)	(40,14,531)
Income tax expense	(2,06,57,034)	**1,42,89,260**

(b) Reconciliation of tax expense and the accounting profit multiplied by India's tax rate

	For the year ended 31st March, 2021	For the year ended 31st March, 2020
Profit/(Loss) before income tax expenses	(8,34,12,105)	4,12,18,457
Indian tax rate	25.17%	25.17%
Tax based on normal tax rate	(2,09,93,159)	1,03,73,861
Items not considered while determining taxable profits	3,36,126	18,10,347
Effect of deferred tax balances due to changes in income tax rate notified under Income Tax Act, 1961	–	21,05,052
Total tax expense	(2,06,57,034)	**1,42,89,260**

Note 17: Earnings per equity share

	For the year ended 31st March, 2021	For the year ended 31st March, 2020
Profit/(Loss) after tax	(6,27,55,071)	2,69,29,197
Weighted average number of shares outstanding	4,50,008	4,50,008
Basic and diluted earnings per share	(139.45)	**59.84**

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, 2021		As at 31st March, 2020	
		Carrying value	Fair value	Carrying value	Fair value
A. Financial assets					
a) Measured at amortised cost					
i) Trade receivables	6(b)	12,31,88,720	12,31,88,720	16,06,79,003	16,06,79,003
ii) Cash and cash equivalents	6(c)	33,92,239	33,92,239	62,72,920	62,72,920
iii) Others	6(d)	59,08,502	59,08,502	1,54,19,149	1,54,19,149
Sub-total		13,24,89,461	13,24,89,461	18,23,71,072	18,23,71,072
b) Measured at fair value through profit or loss					
i) Investments in mutual funds	6(a)	2,31,79,522	2,31,79,522	5,69,89,556	5,69,89,556
Sub-total		2,31,79,522	2,31,79,522	5,69,89,556	5,69,89,556
Total financial assets		15,56,68,983	15,56,68,983	23,93,60,628	23,93,60,628
B. Financial liabilities					
a) Measured at amortised cost					
i) Other financial liabilities-non current	9(a)	23,53,327	23,53,327	7,92,220	7,92,220
ii) Trade payables	9(b)	1,04,04,251	1,04,04,251	1,61,64,233	1,61,64,233
iii) Other financial liabilities - current	9(c)	1,79,45,048	1,79,45,048	2,06,68,770	2,06,68,770
Total financial liabilities		3,07,02,626	3,07,02,626	3,76,25,223	3,76,25,223

Fair value hierarchy

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

Level 1: Quoted prices (unadjusted) in active market for identical assets or liabilities. The Mutual Funds are valued using the closing NAV.

Level 2: Inputs other than quoted price included within level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

The fair value of financial instruments that are not traded in an active market is determined using valuation techniques which maximize the use of observable market data and rely as little as possible on entity-specific estimates. If significant inputs required to fair value an instrument are observable, the instrument is included in Level 2.

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

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

The fair value of trade receivables and payables is considered to be equal to the carrying amounts of these items due to their short – term nature.

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

Particulars	Fair Value Hierarchy (Level)	As at 31st March, 2021	As at 31st March, 2020
		Fair value	Fair value
A Financial Assets a) Measured at fair value through profit or loss i) Investment in mutual funds	1	2,31,79,522	5,69,89,556
Total financial assets		2,31,79,522	5,69,89,556

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, 2021				
		Contractual cash flows *			
	Carrying value	0 - 1 month	1 - 3 months	More than 3 months	Total
Trade payables	1,04,04,251	–	1,04,04,251	–	1,04,04,251
Other financial liabilities	1,79,45,048	–	1,75,90,306	3,54,742	1,79,45,048
Total	2,83,49,299	–	2,79,94,557	3,54,742	2,83,49,299
Particulars	**As at 31st March, 2020**				
		Contractual cash flows *			
	Carrying value	0 - 1 month	1 - 3 months	More than 3 months	Total
Trade payables	1,61,64,233	–	1,61,64,233	–	1,61,64,233
Other financial liabilities	2,06,68,770	–	2,06,52,279	16,491	2,06,68,770
Total	**3,68,33,003**	–	**3,68,16,512**	**16,491**	**3,68,33,003**

NOTES FORMING PART OF THE FINANCIAL STATEMENTS (Contd.)

(All amounts in rupees unless otherwise stated)

Non-Current

Particulars	As at 31st March, 2021				
	Contractual cash flows *				
	Carrying value	1 - 2 years	2 - 3 years	More than 3 years	Total
Other financial liabilities	23,53,327	8,92,971	9,82,098	4,78,258	23,53,327
Total	**23,53,327**	**8,92,971**	**9,82,098**	**4,78,258**	**23,53,327**
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**

* 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, 2021	As At 31st March, 2020
Balance at the beginning of the year	**(8,50,53,027)**	(6,50,06,530)
Provided during the year	**(2,52,08,749)**	(3,00,42,689)
Adjusted during the year	**88,26,939**	99,96,192
Balance at the end of the year	**(10,14,34,837)**	**(8,50,53,027)**

Note 20: Capital Management

Risk Management

The Company's financial strategy aims to provide adequate capital for its growth plans in 'upscale to mid-market segment' for generating superior returns and sustained stakeholder value. The Company funds its operations mainly through internal accruals. The Company does not have borrowings and continues to invest its surplus funds for its future growth as a going concern within the tenets of Safety, Liquidity and Returns.

Note 21: Related party disclosures

a) Names of related parties and nature of relationship:

i) Where control exists:

Holding Company	ITC Limited

ii) Key Management Personnel:

Nakul Anand	Non-Executive Chairman
Jagdish Singh	Non-Executive Director
Samir Mecherivalappil Chandrasekharan	Managing Director

iii) Other related parties with whom transactions have taken place during the year :

Associate of Holding Company	International Travel House Limited
Entity under control of the ITC Group	ITC Infotech India Limited

NOTES FORMING PART OF THE FINANCIAL STATEMENTS (Contd.)

(All amounts in rupees unless otherwise stated)

b) Summary of transactions / balances :

	Transactions / balances	Holding Company		Other Related Parties		Key Management Personnel	
		31st March, 2021	31st March, 2020	31st March, 2021	31st March, 2020	31st March, 2021	31st March, 2020
1	Sale of services Operating and marketing fees * Recoveries of salary*	 9,52,107 1,10,40,716	 54,18,696 93,72,460	 – –	 – –	 – –	 – –
2	Purchase of services* - ITC Limited - International Travel House Limited - ITC Infotech India Limited	 4,31,625 – –	 16,07,951 – –	 – 5,78,800 7,08,000	 – 48,26,869 7,08,000	 – – –	 – – –
3	Rent *	26,91,420	26,91,420	–	–	–	–
4	Remuneration of managers / staff on deputation recovered - ITC Limited	 7,93,520	 17,06,263	 –	 –	 –	 –
5	Remuneration of managers on deputation reimbursed ((including remuneration of Managing Director) ₹ 1,90,27,392 (Previous year - ₹ 1,85,05,061) as disclosed below)	5,42,50,059	5,01,32,008	–	–	–	–
6	Dividend payments	–	8,07,76,436	–	–	–	–
7	Expense recovered during the year (amount due on account of payments made on behalf of related parties) - ITC Limited	 2,53,710	 12,91,238	 –	 –	 –	 –
8	Expense reimbursed during the year (amount due to related parties on account of payments made by them on behalf of the Company) - ITC Limited - International Travel House Limited	 77,37,852 –	 3,03,91,493 –	 – 38,940	 – 1,37,127	 – –	 – –
9	Remuneration to Key Management Personnel #@ - Samir Mecherivalappil Chandrasekharan	 –	 –	 –	 –	 2,06,95,627	 2,03,50,207
10	Closing Balances: (i) Trade receivables - ITC Limited (ii) Trade payables - ITC Limited - International Travel House Limited (iii) Other financial liabilities - Current - ITC Limited (iv) Other financial liabilities - Non current - ITC Limited	 12,55,514 28,88,285 – 1,17,21,174 23,53,327	 13,31,329 32,58,275 – 1,31,16,372 7,92,220	 – – 1,21,169 – –	 – – 3,51,737 – –	 – – – – –	 – – – – –

* Includes Goods and Services Tax.

\# Subject to approval of the Shareholders in General Meeting.

@ Excludes ESOS / ESAR (Refer Note 24)

Note 22 Lease arrangements

The Company's significant leasing arrangements are in respect of operating leases for premises (residential, office etc.). These leasing arrangements which are cancellable range between 11 months and 2 years generally, or longer, and are usually renewable/cancellable by mutual consent on mutually agreeable terms. The aggregate lease rentals payable are charged as rent under Note 15.

Note 23 Segment reporting

The operating segment of the company has been identified in a manner consistent with the internal reporting provided to the Management Committee headed by the Managing Director. The Committee is the chief operating decision maker based on which there is only one operating segment in which the company operates i.e. operating hotels in the mid - market to upscale segment and within one geographical segment i.e. India. The Company is not reliant on revenues from operations with any single operating hotel, customer and does not receive 10% or more of its revenue from operating fee from any single external operating hotel. All the non-current assets are located in India.

Note 24 Employee share based compensation

(i) The eligible employees of ITC Limited (ITC), who are deputed to the Company at its request, are covered under the ITC Employee Stock Option Schemes (ITC ESOS) and the ITC Employee Cash Settled Stock Appreciation Linked Reward Plan (ITC ESAR Plan) in accordance with the terms and conditions of such schemes, details of which are as under:

ITC ESOS:

Each Option entitles the holder thereof to apply for and be allotted ten ordinary shares of ₹ 1.00 each of ITC upon payment of the exercise price during the exercise period. These options vest over a period of three years from the date of grant and are exercisable within a period of five years from the date of vesting.

The options have been granted at the 'market price' as defined under the Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014.

ITC ESAR:

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

(ii) The cost of stock options granted under ITC ESOS / SARs granted under ITC ESAR have been recognized as equity settled / cash settled share based payments respectively in accordance with Ind AS 102 – Share Based Payment. In terms of said deputation arrangement, the Company has accounted for the cost of the fair value of options / stock appreciation units granted to the deputed employees on-charge by ITC. The fair value of the options / SARs granted is determined, using the Black Scholes Option Pricing model, by ITC for all the grantees covered under ITC ESOS / ITC ESAR as a whole.

NOTES FORMING PART OF THE FINANCIAL STATEMENTS (Contd.)

(All amounts in rupees unless otherwise stated)

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

Particulars	As at 31st March, 2021	As at 31st March, 2020
	No. of Options	No. of Options
Outstanding at the beginning of the year	72,416	51,423
Add: Granted during the year *	2,550	–
Add / (Less) : Options due to transfer in and transfer out	(11,790)	28,174
Less: Options Forfeited / Surrendered during the year	7,017	–
Less: Exercised during the year	2,394	7,181
Outstanding at the end of the year	53,765	72,416
Options exercisable at the end of the year	51,215	67,789
Options Vested and Exercisable during the year	3,799	7,588

* Includes 2,550 (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 ₹ 6,88,698 (Previous Year ₹ 17,15,574) towards ITC ESOS and ₹ 18,99,359 (Previous year - ₹ (5,64,050)) towards ITC ESAR has been recognized as employee benefits expense (Refer Note 14). Such charge has been recognized as employee benefits expense with corresponding impact in current/non – current financial liabilities, as applicable.

Out of the above, amount attributable to key management personnel for ITC ESOS ₹ 1,46,422 (Previous Year ₹ Nil) and ₹ 8,81,028 (Previous year ₹ (3,90,535)) for ITC ESAR respectively.

Note 25 Other Disclosure

(i) The Company has considered the possible effects that may arise out of the still unfolding COVID-19 pandemic on the carrying amounts of its financial assets. For this purpose, the Company has considered internal and external sources of information up to the date of approval of these financial statements, including credit reports and related information, economic forecasts, market value of certain investments etc. Based on the current estimates, the Company does not expect any significant impact on such carrying values.

The impact of COVID-19 on the Company's financial statements may differ from that estimated as at the date of approval of these financial statements.

(ii) Previous Year's figures have been regrouped/re-casted wherever necessary, so as to make them comparable.

Note 26 The Financial statements were authorised for issue by the directors on 16th April, 2021.

For SRBC & CO LLP
Firm Registration No. : 324982/E300003

Tanmoy Dasmahapatra
Partner
Membership Number : 058259

Place : Kolkata
Date : 16th April, 2021

On behalf of the Board of Directors

Samir Mecherivalappil Chandrasekharan
Managing Director
DIN 08064002

Place : Gurugram
Date : 16th April, 2021

Jagdish Singh
Director
DIN 00042258

Place : Gurugram
Date : 16th April, 2021

REPORT OF THE BOARD OF DIRECTORS FOR THE FINANCIAL YEAR ENDED 31ST MARCH, 2021

1. Your Directors submit their Report for the financial year ended 31st March, 2021.

2. **FINANCIAL PERFORMANCE**

During the year under review, your Company earned license fees of ₹ 52.35 lakhs (previous year: ₹ 100.34 lakhs) reflecting de-growth of 48%. This was mainly due to lower Hotel revenue on account of the COVID – 19 pandemic and consequent lockdown(s). Other Income for the year aggregated ₹ 58.45 lakhs (previous year: ₹ 69.13 lakhs) and the profit for the year was ₹ 77.32 lakhs (previous year: ₹ 123.16 lakhs).

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

	For the year ended 31st March, 2021 (₹ in lakhs)	For the year ended 31st March, 2020 (₹ in lakhs)
Profits		
a. Profit Before Tax	**103.32**	161.32
b. Less: Tax Expense		
- Current Tax	**26.60**	38.81
- Deferred Tax	**(0.60)**	(0.65)
c. Profit for the year and Total Comprehensive Income	**77.32**	123.16
Retained Earnings		
a. At the beginning of the year	**1,691.56**	1,578.42
b. Add: Profit for the year	**77.32**	123.16
c. Less:		
- Dividend Paid	**8.31**	8.31
- Income Tax on Dividend Paid	**–**	1.71
d. At the end of the year	**1,760.57**	1,691.56

3. **DIVIDEND**

The Board of Directors of the Company (the Board) 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, 2021. Total cash outflow in this regard will be ₹ 8,31,250/- (PY: ₹ 8,31,250/-).

4. **OPERATIONAL PERFORMANCE**

The Company's Hotel in Port Blair, licensed to ITC Limited, the Holding Company ('ITC'), continues to offer a unique gateway to the Andamans with its strategic location, excellent architectural design and superior quality. Consequent to a comprehensive renovation and expansion program towards enhancing its market positioning, the Hotel was rebranded from 'Fortune' to 'Welcomhotel' with effect from 1st December, 2020. Accordingly, the operation and marketing of the Hotel is now being managed by ITC.

With the outbreak of COVID-19, the hospitality industry has been severely impacted and the Hotel remained shut during the first quarter of the year. The hotel resumed operations from July 2020 after easing of lockdown restrictions and has demonstrated progressive improvement. Appropriate measures relating to safety, health and hygiene protocols have been put in place to ensure safety of all stakeholders. With the current fresh wave of the pandemic, the situation is being monitored closely for impact on operations.

5. **DIRECTORS**

(a) Changes in Directors

During the year under review, there was no change in the composition of the Board of the Company.

(b) Retirement by Rotation

In accordance with the provisions of Section 152 of the Companies Act, 2013 ('the Act') read with Articles 143 and 144 of the Articles of Association of the Company, Mr. Samir Mecherivalappil Chandrasekharan (DIN: 08064002), 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, 2021.

7. **DIRECTORS' RESPONSIBILITY STATEMENT**

As required under Section 134 of the Act, your Directors confirm having:

i) followed in the preparation of the Annual Accounts, the applicable Accounting Standards with proper explanation relating to material departures, if any;

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

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

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

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

8. **SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES**

The Company does not have any subsidiary, associate or joint venture.

9. **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 **Annexure 1** to this Report.

The Company seeks to enhance equal opportunities for men and women and is committed to a gender-friendly workplace. Your Company has an Internal Complaints Committee as per the provisions of the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 and the Rules thereunder. During the year, no complaint for sexual harassment was received.

10. **RISK MANAGEMENT**

The risk management framework of the Company, 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. 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 COVID-19 pandemic.

11. **INTERNAL FINANCIAL CONTROLS**

Your Company has in place adequate internal financial controls with respect to the financial statements, commensurate with its size and scale of operations.

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

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

During the year ended 31st March, 2021, 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 are enclosed under **Annexure 2** to this Report.

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

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

15. COST RECORDS

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

16. STATUTORY AUDITORS

The Company's Auditors, Messrs. S B Dandeker & Co., Chartered Accountants, were appointed with your approval at the Forty-First AGM to hold such office till the conclusion of the Forty-Sixth AGM. Pursuant to Section 142 of the Act, the Board has recommended for the approval of the Members, remuneration of Messrs. S B Dandeker & Co. for the financial year 2021-22. Appropriate resolution seeking your approval to the above is appearing in the Notice convening the ensuing AGM of your 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

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 under review, there were no foreign exchange earnings or outflow.

On behalf of the Board of
Bay Islands Hotels Limited

	J. Singh	**Samir M.C.**
Dated : 12th April, 2021	**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, 2021

[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	30	Jr. Sous Chef	5,67,558/-	5,41,995/-	Bachelor of Hotel Management	5	01.02.2016	Fortune Park Hotels Limited, Jr. Sous Chef
Gurusamy Subramanian	31	Asst. Manager	4,34,862/-	4,09,299/-	B.S.C Hotel Management	12	05.05.2017	Taj Fishermens Cove-Chennai, Assistant Manager – House Keeping
Georgina Baa	43	Asst. Manager	3,95,187/-	3,71,915/-	B.A. –Tourism	22	28.11.1998	Nil
Manu Mon	31	Executive	3,66,786/-	3,43,395/-	Diploma in Hotel Management	11	06.12.2017	Key Aqua Green, Restaurant Supervisor
Agnatus Kindo	55	Jr. Executive	3,69,662/-	3,45,969/-	Intermediate	35	01.07.1986	Nil
Johnson David	57	Jr. Executive	3,40,806/-	3,17,188/-	Intermediate	36	01.03.1986	Nil
Vivek Tiwari	28	Supervisor	3,33,530/-	3,09,686/-	B.Tech-Mechanical	4	16.10.2018	Umrao Hotels-Shift Engineer
Gouri Hari Roy	43	Executive	3,20,509/-	2,97,193/-	B.A Graduate	15	28.01.2017	Nil
Abdul Rehman	55	Sr. Supervisor	3,20,220/-	2,97,181/-	Under Matric	36	16.09.1985	Nil
Nimbulal	56	Sr. Supervisor	3,20,164/-	2,96,320/-	Intermediate	31	01.01.1989	Nil

Notes :

a. Gross Remuneration includes salary, variable pay, allowances & other benefits / applicable perquisites borne by the Company except provisions for gratuity and leave encashment which are actuarially determined on an overall Company basis. The term 'remuneration' has the meaning assigned to it under the Companies Act, 2013.

b. Net remuneration comprises cash income less income tax, education cess deducted at source and employee's own contribution to provident fund.

c. All appointments are contractual in accordance with terms and conditions as per the Company's rules.

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

On behalf of the Board of
Bay Islands Hotels Limited

Dated : 12th April, 2021	**J. Singh**	**Samir M.C.**
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, 2021

FORM NO. AOC-2

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

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

1. Details of contracts or arrangements or transactions not at arm's length basis

a)	Name(s) of the related party and nature of relationship	NIL
b)	Nature of contracts / arrangements / transactions	
c)	Duration of the contracts / arrangements / transactions	
d)	Salient terms of the contracts or arrangements or transactions including the value, if any	
e)	Justification for entering into such contracts or arrangements or transactions	
f)	Date(s) of approval by the Board	
g)	Amount paid as advances, if any	
h)	Date on which the resolution was passed in general meeting as required under first proviso to Section 188	

2. Details of material contracts or arrangements or transactions at arm's length basis

a)	Name(s) of the related party and nature of relationship	ITC Limited, the Holding Company
b)	Nature of contracts / arrangements / transactions	Operating Licence Agreement
c)	Duration of the contracts / arrangements / transactions	50 years effective 15th March, 1993
d)	Salient terms of the contracts or arrangements or transactions including the value, if any	Licence to operate Hotel 'Welcomhotel Bay Islands'. Value of transaction during the year - ₹ 61,77,719 /- (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 : 12th April, 2021
Place : Gurugram

J. Singh	**Samir M.C.**
Director	**Director**
DIN: 00042258	**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, 2021, 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, 2021, 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 judgement, were of most significance in our audit of the standalone financial statements of the current period. We have determined that there are no Key Audit matters to communicate in our report.

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

The Company's Board of Directors is responsible for the other information. The other information comprises the information included in the report of the Board of Directors, but does not include the financial statements and our auditor's report thereon. The report of the Board of Directors is expected to be made available to us after the date of this auditor's report.

Our opinion on the financial statements does not cover the other information and we will not express any form of assurance or conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

When we read the report of the Board of Directors, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance and describe actions applicable in the applicable laws and regulations.

Responsibility of Management for the Standalone Financial Statements

The Company's Board of Directors is responsible for the matters stated in section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these standalone financial statements that give a true and fair view of the financial position, financial performance, changes in equity and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the accounting Standards specified under section 133 of the Act. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate implementation and maintenance of accounting policies; making judgements and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statement that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

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

Auditor's Responsibility for the Audit of the Financial Statements

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

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

- Identify and assess the risks of material misstatement of the standalone financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal financial controls relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Company has adequate internal financial controls system in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the standalone financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the standalone financial statements, including the disclosures, and whether the standalone financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

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

Report on Other Legal and Regulatory Requirements

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, 2021 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2021 from being appointed as a director in terms of Section 164 (2) of the Act.

f. With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in Annexure B.

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

   i. The Company does not have any pending litigations which would impact its financial position.

   ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.

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

For and on behalf of
S.B.DANDEKER & CO.
Chartered Accountants
Firm Regn No.301009E

Kedarashish Bapat
Partner
M.No.- 057903

UDIN: 21057903AAAAEO3837

Place: Port Blair,
Date: 14-04-2021

ANNEXURE "A" TO THE AUDITOR'S REPORT

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

(i) In respect of its 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. Thus 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, Service tax, Customs duty, Value added tax, Sales 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, Service tax, Customs duty, Value added tax, Sales tax, Goods & Services Tax, Cess and other material statutory dues in arrears as at 31st March, 2021 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 2021 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

Kedarashish Bapat
Partner
M.No.- 057903

UDIN: 21057903AAAAEO3837

Place: Port Blair,
Date: 14-04-2021

ANNEXURE B TO INDEPENDENT AUDITOR'S REPORT

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

Report on the Internal Financial Controls Over Financial Reporting under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")

We have audited the internal financial controls over financial reporting of Bay Islands Hotels Limited ("the Company") as of March 31, 2021 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, 2021, based on "the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India".

For and on behalf of
S.B.DANDEKER & CO.
Chartered Accountants
Firm Regn No.301009E

Kedarashish Bapat
Partner
M.No.- 057903

UDIN: 21057903AAAAEO3837

Place: Port Blair,
Date: 14-04-2021

BALANCE SHEET AS AT 31ST MARCH, 2021

	Note		As at 31st March, 2021 (₹)		As at 31st March, 2020 (₹)
ASSETS					
Non-current Assets					
(a) Property, Plant and Equipment	3	6,56,51,394		6,59,61,462	
(b) Other non-current assets	4	13,73,548	6,70,24,942	12,32,276	6,71,93,738
Current assets					
Financial Assets					
(i) Investments	5	3,81,02,377		2,98,00,458	
(ii) Trade Receivables	6	10,26,597		59,67,866	
(iii) Cash and cash equivalents	7	28,19,303		38,41,999	
(iv) Other Bank Balances	8	8,23,21,726		7,88,39,050	
(v) Others	9	19,69,517	12,62,39,520	12,90,593	11,97,39,966
TOTAL ASSETS			19,32,64,462		18,69,33,704
EQUITY AND LIABILITIES					
Equity					
(a) Share Capital	10	11,87,500		11,87,500	
(b) Other Equity		18,78,89,116	18,90,76,616	18,09,88,451	18,21,75,951
Liabilities					
Non-current liabilities					
(a) Provisions	11	3,89,103		8,59,845	
(b) Deferred tax liabilities	12	24,34,837	28,23,940	24,94,633	33,54,478
Current liabilities					
(a) Financial Liabilities					
(i) Trade payables		47,282		54,282	
(ii) Other financial liabilities	13	4,60,594	5,07,876	5,77,386	6,31,668
(b) Other current liabilities	14		6,04,864		5,63,700
(c) Provisions	11		2,51,166		2,07,907
TOTAL EQUITY AND LIABILITIES			19,32,64,462		18,69,33,704

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: 14th April, 2021

On Behalf of the Board

Jagdish Singh — **Director**
Samir MC — **Director**

Place: Gurugram
Date: 12th April, 2021

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31ST MARCH, 2021

		Note	For the year ended 31st March, 2021 (₹)	For the year ended 31st March, 2020 (₹)
I	Revenue From Operations	15	52,35,355	1,00,34,315
II	Other Income	16	58,44,699	69,12,617
III	**Total Income (I+II)**		1,10,80,054	1,69,46,932
IV	**EXPENSES**			
	Employee benefits expense	17	3,41,772	3,41,292
	Depreciation and amortization expense	3	3,10,068	3,10,068
	Other expenses	18	95,848	1,63,793
	Total expenses (IV)		7,47,688	8,15,153
V	**Profit before tax (III - IV)**		1,03,32,366	1,61,31,779
VI	**Tax expense:**			
	Current Tax	19	26,60,247	38,81,458
	Deferred Tax	19	(59,796)	(65,456)
VII	**Profit for the year (V - VI)**		77,31,915	1,23,15,777
VIII	**Other Comprehensive Income**		–	–
IX	**Total Comprehensive Income for the year (VII+VIII)**		77,31,915	1,23,15,777
X	Earnings per equity share (Face value of ₹ 100 each):			
	(1) Basic (in ₹)	20	651	1,037
	(2) Diluted (in ₹)	20	651	1,037

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: 14th April, 2021

On Behalf of the Board

Jagdish Singh — **Director**
Samir MC — **Director**

Place: Gurugram
Date: 12th April, 2021

CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2021

	For the year ended 31st March, 2021 (₹)	(₹)	For the year ended 31st March, 2020 (₹)	(₹)
A. CASH FLOW FROM OPERATING ACTIVITIES				
PROFIT BEFORE TAX		1,03,32,366		1,61,31,779
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	(12,55,338)		(17,34,547)	
Interest Income	(45,89,361)		(51,78,070)	
		(55,34,631)		(66,02,549)
OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES		47,97,735		95,29,230
ADJUSTMENTS FOR :				
Trade receivables, loans, advances and other assets	48,86,524		(6,41,155)	
Trade payables, other liabilities and provisions	(5,10,111)		1,01,051	
		43,76,413		(5,40,104)
CASH GENERATED FROM OPERATIONS		91,74,148		89,89,126
Income Tax Paid		(26,60,247)		(38,81,457)
NET CASH FROM OPERATING ACTIVITIES		65,13,901		51,07,669
B. CASH FLOW FROM INVESTING ACTIVITIES :				
Sale of current investments	1,61,53,418		1,37,24,694	
Purchase of current investments	(2,32,00,000)		(1,68,00,000)	
Interest Received	38,23,911		53,22,745	
NET CASH (USED IN) / FROM INVESTING ACTIVITIES		(32,22,671)		22,47,439
C. CASH FLOW FROM FINANCIAL ACTIVITIES :				
Dividend Paid	(8,31,250)		(8,31,250)	
Income Tax on Dividend Paid	–		(1,70,866)	
NET CASH FLOW USED IN FINANCING ACTIVITIES		(8,31,250)		(10,02,116)
NET INCREASE IN CASH AND CASH EQUIVALENTS		24,59,980		63,52,992
OPENING CASH AND CASH EQUIVALENTS		8,26,81,049		7,63,28,057
CLOSING CASH AND CASH EQUIVALENTS		8,51,41,029		8,26,81,049

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: 14th April, 2021

On Behalf of the Board

Jagdish Singh — **Director**
Samir MC — **Director**

Place: Gurugram
Date: 12th April, 2021

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31ST MARCH, 2021

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, 2020	11,87,500	–	11,87,500
For the year ended 31st March, 2021	**11,87,500**	**–**	**11,87,500**

B. Other Equity (₹)

	Reserves and Surplus			Total
	Retained Earnings	Subsidy Reserve	General Reserve	
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	8,31,250	–	–	8,31,250
Income tax on Dividend paid	1,70,866	–	–	1,70,866
Balance as at 31st March, 2020	**16,91,56,158**	**43,38,099**	**74,94,194**	**18,09,88,451**
Profit for the year	77,31,915	–	–	77,31,915
Total Comprehensive Income	**17,68,88,073**	**43,38,099**	**74,94,194**	**18,87,20,366**
Dividend paid	8,31,250			8,31,250
Balance as at 31st March, 2021	**17,60,56,823**	**43,38,099**	**74,94,194**	**18,78,89,116**

The Board of Directors recommended a dividend of ₹ 70 per share for the year ended 31st March, 2021, subject to deduction of income tax. This equity dividend is subject to approval by shareholders at the Annual General Meeting and has not been included as a liability in these financial statements. The total estimated equity dividend to be paid is ₹ 8,31,250 (for the year ended 31st March, 2020 - ₹ 8,31,250).

Retained Earnings - It represents the cumulative profits of the Company. This Reserve can be utilized in accordance with the provisions of the Companies Act, 2013

Subsidy Reserve - It represents Central Subsidy received from Andaman & Nicobar Administration.

General Reserve - This Reserve is created by an appropriation from one component of equity (generally retained earnings) to another, not being an item of Other Comprehensive Income. The same can be utilized by the Company in accordance with the provisions of the Companies Act, 2013.

In terms of our report attached
For and on behalf of
S.B.DANDEKER & CO.
Chartered Accountants
Firm Regn No.301009E

Kedarashish Bapat
Partner
M.No.- 057903

Place: Port Blair
Date: 14th April, 2021

On Behalf of the Board

Jagdish Singh — **Director**
Samir MC — **Director**

Place: Gurugram
Date: 12th April, 2021

NOTES TO THE FINANCIAL STATEMENTS

1. SIGNIFICANT ACCOUNTING POLICIES

(i) Statement of Compliance

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

The Company adopted Ind AS from 1st April, 2016. The date of transition to Ind AS is 1st April, 2015.

(ii) Basis of Preparation

The financial statements are prepared in accordance with the historical cost convention, except for certain items that are measured at fair values, as explained in the accounting policies below. The financial statements are presented in Indian Rupees (INR) which is also the Company's functional currency.

Fair Value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Company takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date.

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

.(iii) Operating Cycle

All assets and liabilities have been classified as current or non-current as per the Company's normal operating cycle and other criteria set out in the Schedule III to the Companies Act, 2013 based on the nature of products and the time between the acquisition of assets for processing and their realisation in cash and cash equivalents.

(iv) Property, Plant & Equipment – Tangible Assets

Property, plant & equipment are stated at cost of acquisition or construction less accumulated depreciation and impairment, if any. For this purpose, cost includes deemed cost which represents the carrying value of property, plant and equipment recognised as at 1st April, 2015 measured as per the previous GAAP.

Cost is inclusive of inward freight, duties and taxes and incidental expenses related to acquisition. In respect of major projects involving construction, related pre-operational expenses form part of the value of assets capitalised. Expenses capitalised also include applicable borrowing costs for qualifying assets, if any. All upgradation / enhancements are charged off as revenue expenditure unless they bring similar significant additional benefits.

NOTES TO THE FINANCIAL STATEMENTS (Contd.)

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in the Statement of Profit and Loss.

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

The estimated useful lives of property, plant and equipment of the Company are as follows:

Buildings	60 years

Land is not depreciated. Property, plant and equipments residual values and useful lives are reviewed, and are treated as changes in accounting estimates, at each balance sheet date.

(v) Impairment of Assets

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

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

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

(vi) Financial instruments, Financial assets, Financial liabilities and Equity instruments

Financial assets and financial liabilities are recognized when the Company becomes a party to the contractual provisions of the relevant instrument and are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issues of financial assets and financial liabilities (other than financial assets and financial liabilities measured at fair value through profit or loss) are added to or deducted from the fair value measured on initial recognition of financial assets or financial liabilities. Purchase or sale of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognized on the trade date, i.e., the date when the Company commits to purchase or sell the asset.

a) Financial assets

Recognition: Financial assets include Investments, Trade receivables, Advances, Security Deposits, Cash and cash equivalents. Such assets are initially recognised at transaction price when the Company becomes party to contractual obligations. The transaction price includes transaction costs unless the asset is being fair valued through the Statement of Profit and Loss.

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

Financial assets are classified as those measured at:

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

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

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

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

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

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

De-recognition: Financial assets are derecognized when the rights to receive benefits have expired or been transferred, and the Company has transferred substantially all risks and rewards of ownership. Concomitantly, if the asset is one that is measured at:

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

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

Income recognition: Interest income from financial assets is recognised in profit or loss using effective interest rate method, where applicable. Dividend income is recognised in the Statement of Profit and Loss when the right to receive dividend is established.

b) Financial liabilities

Financial liabilities are classified according to the substance of the contractual arrangements entered into. Financial liabilities are classified, at initial recognition, as subsequently measured at amortized cost unless they fulfil the requirement of measurement at fair value through profit or loss. Where the financial liability has been measured at amortised cost, the difference between the initial carrying amount of the financial liabilities and their redemption value is recognized in the statement of profit and loss over the contractual terms using the effective interest rate method. Financial liabilities at fair value through profit or loss are carried at fair value with changes in fair value recognized in the finance income or finance cost in the statement of profit or loss.

Financial liabilities are derecognised when the liability is extinguished, that is, when the contractual obligation is discharged, cancelled and on expiry.

c) Offsetting Financial Instruments

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

d) Equity Instruments

Equity instruments are recognised at the value of the proceeds, net of direct costs of the capital issue.

(vii) Revenue Recognition

Income from operating license fees is recognized at fair value of amount received or receivable for services rendered in the Statement of Profit and Loss in accordance with the provision of Operating License agreement with licensee viz. ITC Limited. Revenue does not include Goods and Services Tax (GST).

Revenue from the sale of services is recognized when the company perform its obligations to its customer and the amount of revenue can be measured reliably and recovery of the consideration is probable

(viii) Employee Benefits

(i) **Provident Fund:** Contribution towards provident fund for employees is made to the regulatory authorities, where the Company has no further obligations. Such benefits are classified as Defined Contribution Schemes as the Company does not carry any further obligations, apart from the contributions made on a monthly basis. The contributions are charged to the Statement of Profit and Loss of the year, when the contributions to the respective funds are due.

(ii) **Gratuity:** The Company has taken a Policy with Life Insurance Corporation of India (LIC) to cover the gratuity liability with respect to the employees and the premium paid to LIC is charged to Statement of Profit & Loss.

(iii) **Leave Encashment:** Short term leave encashment and long term leave encashment are provided for based on actuarial valuation at the year end. The actuarial valuation is done as per projected unit credit method and impact of such valuation is recognised in Profit and Loss account.

(ix) Claims

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

(x) Provisions

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

(xi) Leases

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

Company as a Lessee

Right–of–Use (ROU) assets are recognised at inception of a contract or arrangement for significant lease components at cost less lease incentives, if any. ROU assets are subsequently measured at cost less accumulated depreciation and

NOTES TO THE FINANCIAL STATEMENTS (Contd.)

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

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

Company as a Lessor

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

(xii) Taxes on Income

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

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities and the amounts used for taxation purposes (tax base), at the tax rates and tax laws enacted or substantively enacted by the end of the reporting period.

Deferred tax assets are recognised for the future tax consequences to the extent it is probable that future taxable profits will be available against which the deductible temporary differences can be utilised. Income tax, in so far as it relates to items disclosed under other comprehensive income or equity, are disclosed separately under other comprehensive income or equity, as applicable.

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

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

(xiii) Dividend Distribution

Dividends paid (including income tax thereon) are recognised in the period in which the interim dividends are approved by the Board of Directors, or in respect of the final dividend when approved by shareholders.

2. Use of Estimates and Judgements

i. The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent liabilities at the date of the financial statements and the results of operations during the reporting period end. Although these estimates are based upon management's best knowledge of current events and actions, actual results could differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

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

The Company has considered the possible effects that may arise out of the still unfolding COVID-19 pandemic on the carrying amounts of property, plant & equipment, intangible assets, investments, inventories, trade receivables, etc. For this purpose, the Company has considered internal and external sources of information up to the date of approval of these financial statements including credit reports and related information, economic forecasts, market value of certain investments etc. Based on the current estimates, the Company does not expect any significant impact on such carrying values. The impact of COVID-19 on the Company's financial statements may differ from that estimated as at the date of approval of financial statements.

3. Property, Plant and Equipment (₹)

	Gross Block							Depreciation and Amortization							Net Book Value	
Particulars	As at 1st April, 2019	Additions	Withdrawals and Adjustments	As at 31 March, 2020	Additions	Withdrawals and Adjustments	As at 31 March, 2021	Upto 1st April, 2019	For the year	Withdrawals and Adjustments	As at 31st March, 2020	For the year	Withdrawals and Adjustments	As at 31st March, 2021	As at 31st March, 2021	As at 31st March, 2020
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	12,54,795	3,10,068	–	15,64,863	3,10,068	–	18,74,931	86,51,394	89,61,462
TOTAL	6,75,26,325	–	–	6,75,26,325	–	–	6,75,26,325	12,54,795	3,10,068	–	15,64,863	3,10,068	–	18,74,931	6,56,51,394	6,59,61,462

Note :
All Assets mentioned above have been given under an operating license to the Holding Company.

	As at 31st March, 2021 (₹)	As at 31st March, 2020 (₹)
4. Other Non-Current Assets		
Advance Tax (net of provisions)	13,73,548	12,32,276
TOTAL	13,73,548	12,32,276

	As at 31st March, 2021 (₹)	As at 31st March, 2020 (₹)
5. Current Investments	Unquoted	Unquoted
(at fair value through profit or loss)		
Investment in Mutual Funds		
ICICI Prudential Liquid Fund 61,111.66 (P.Y. NIL) units of Rs. 100 each	1,86,22,948	–
Aditya Birla Sun Life Liquid Fund 15,353.74 (P.Y. 49,854.26) units of Rs. 100 each	50,90,269	1,59,31,394
Nippon India Liquid Fund 2,859.195 (P.Y. 2,859.195) units of Rs. 1000 each	1,43,89,160	1,38,69,064
Aggregate amount of unquoted Investments	3,81,02,377	2,98,00,458

	As at 31st March, 2021 (₹)	As at 31st March, 2020 (₹)
6. Trade Receivables		
Unsecured, considered good	10,26,597	59,67,866
Less: Allowance for doubtful receivables	–	–
TOTAL	10,26,597	59,67,866

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, 2021 (₹)	As at 31st March, 2020 (₹)
7. Cash and Cash Equivalents @		
Balances with Banks		
Current accounts	28,19,303	38,41,999
TOTAL	28,19,303	38,41,999

@ 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, 2021 (₹)	As at 31st March, 2020 (₹)
8. Other Bank Balances		
In deposit accounts *	8,23,21,726	7,88,39,050
TOTAL	8,23,21,726	7,88,39,050

* 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, 2021 (₹)	As at 31st March, 2020 (₹)
9. Other Financial Assets		
Unsecured		
a) Interest accrued on Deposits with Bank	16,81,826	9,16,376
b) Others*	2,87,691	3,74,217
TOTAL	19,69,517	12,90,593

* Others comprise of amount recoverable from the Holding Company

NOTES TO THE FINANCIAL STATEMENTS (Contd.)

	As at 31st March, 2021 No. of Shares	As at 31st March, 2021 (₹)	As at 31st March, 2020 No. of Shares	As at 31st March, 2020 (₹)
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, 2021 (No. of Shares)	As at 31st March, 2021 %	As at 31st March, 2020 (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, 2021 (No. of Shares)	As at 31st March, 2021 (₹)	As at 31st March, 2020 (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, 2021 (₹) Current	As at 31st March, 2021 (₹) Non- Current	As at 31st March, 2020 (₹) Current	As at 31st March, 2020 (₹) Non- Current
11. Provisions				
Provision for employee benefits				
- Provision for Leave Encashment	2,51,166	3,89,103	2,07,907	8,59,845
TOTAL	2,51,166	3,89,103	2,07,907	8,59,845

	As at 31st March, 2021 (₹)	As at 31st March, 2020 (₹)
12. Deferred tax liabilities		
Deferred tax liabilities	(24,34,837)	(24,94,633)
TOTAL	(24,34,837)	(24,94,633)

Movement in deferred tax (liabilities) / assets balances (₹)

As at 31st March, 2021	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	(22,33,207)	75,816				(21,57,391)
Other timing differences	(2,61,426)	(16,020)				(2,77,446)
Deferred tax liabilities	**(24,94,633)**	**59,796**	**–**	**–**	**–**	**(24,34,837)**

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 assets/ (liabilities) 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)
Deferred tax liabilities	**(25,60,089)**	**65,456**	**–**	**–**	**–**	**(24,94,633)**

NOTES TO THE FINANCIAL STATEMENTS (Contd.)

	As at 31st March, 2021 (₹)	As at 31st March, 2020 (₹)
13. Other Financial liabilities		
Other Payables	4,60,594	5,77,386
TOTAL	4,60,594	5,77,386

	As at 31st March, 2021 (₹)	As at 31st March, 2020 (₹)
14. Other Current liabilities		
Statutory liabilities		
- Taxes payable (other than Income tax)	6,04,864	5,63,700
TOTAL	6,04,864	5,63,700

	For the year ended 31st March, 2021 (₹)	For the year ended 31st March, 2020 (₹)
15. Revenue from operations		
Operating Licence Fee	52,35,355	1,00,34,315
TOTAL	52,35,355	1,00,34,315

	For the year ended 31st March, 2021 (₹)	For the year ended 31st March, 2020 (₹)
16. Other income		
Interest income - Deposits with Banks	45,89,361	51,78,070
Net Gain / (Loss) arising on financial assets designated at FVTPL*	12,55,338	17,34,547
TOTAL	58,44,699	69,12,617

* Includes ₹ 2,22,025/- (P.Y. 7,24,694) being net gain on sale on investment

	For the year ended 31st March, 2021 (₹)	For the year ended 31st March, 2020 (₹)
17. Employee Benefit Expenses		
Salaries and Wages	1,17,05,799	1,57,09,132
Contribution to Provident and other funds	12,77,102	17,06,826
Staff welfare expenses	22,694	48,117
	1,30,05,595	1,74,64,075
Less: Recoveries made / reimbursements received	(1,26,63,823)	(1,71,22,783)
TOTAL	3,41,772	3,41,292

	For the year ended 31st March, 2021 (₹)	For the year ended 31st March, 2020 (₹)
18. Other Expenses		
Travelling and conveyance	–	59,950
Miscellaneous expenses	95,848	1,03,843
TOTAL	95,848	1,63,793
Miscellaneous expenses include :		
Auditors' remuneration and expenses*		
Audit fees	19,000	15,000
Tax audit fees	7,000	7,000
Others	–	8,000
TOTAL	26,000	30,000

*Excluding taxes

	For the year ended 31st March, 2021 (₹)	For the year ended 31st March, 2020 (₹)
19. Income Tax Expenses		
A. Amount Recognized in profit and loss	–	
Current tax		
Income tax for the period		
Current tax	26,60,247	38,81,458
Total Current Tax	26,60,247	38,81,458
Deferred tax		
Deferred tax for the period	(59,796)	(65,456)
Total Deferred Tax	(59,796)	(65,456)
TOTAL	26,00,451	38,16,002
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	1,03,32,366	1,61,31,779
Income Tax expense calculated at 25.168% (2020 - 25.168%)	26,00,451	40,60,047
Effect on deferred tax balances due to the change in Income Tax Rate	–	(2,44,045)
Income Tax recognised in Statement of profit or loss	26,00,451	38,16,002

20. Earnings per Share

		For Year ended March 31, 2021	For Year ended March 31, 2020
Earnings per share has been computed as under:			
(a)	Profit for the period	₹ 77,31,915	₹ 1,23,15,777
(b)	Weighted average number of shares outstanding for the purpose of basic earnings per share	11,875	11,875
(c)	Weighted average number of shares in computing diluted earnings per share	11,875	11,875
(d)	Earnings per share on profit for the period (Face Value ₹ 100 per share)		
	- Basic [(a)/(b)]	651	1037
	- Diluted [(a)/(b)]	651	1037

21. **Additional Notes to the Financial Statements**

(i) Bay Islands Hotels Limited, a wholly owned subsidiary of ITC Limited, owns a hotel in Port Blair known as “Welcomhotel Bay Island”. The hotel operations are under an Operating License Agreement with ITC Limited.

NOTES TO THE FINANCIAL STATEMENTS (Contd.)

(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	2020-21 (₹)	2019-20 (₹)
1.	Operating Licence Fee Received*	**61,77,719**	1,18,40,492
2.	Expense Reimbursed	**15,21,818**	10,40,123
3.	Expenses Recovered **	**1,26,63,823**	1,71,22,783
4.	Dividend Payment	**8,31,250**	8,31,250
5.	Balance as at period end	**13,14,288**	63,42,083
	a. Trade Receivables	**10,26,597**	59,67,866
	b. Other Recoverables	**2,87,691**	3,74,217

*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 31.03.2021. 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. ₹ 5,85,630/-), which is currently under Appeal with the Commissioner of Income-tax Appeals.

(vi) Provision for Leave Encashment - As per Actuarial Valuations as on March 31, 2021 and recognised in the financial statements under the head of Employee benefits expense.

(vii) Company as a Lessor

a) The Company's leasing arrangements that existed during the period are in respect of agreement with Holding Company.

b) Such leasing arrangement is secured by agreements / contracts, which provide for adequate safeguards to mitigate any risk that may arise to the underlying assets given out on lease.

c) Since the lease payments from the agreement with ITC Ltd is contingent on the future Net income likely to accrue to the Hotel, the Company expects to receive a minimum of ₹ 25 lakhs for each of the next 5 financial years and beyond.

d) Items of property, plant and equipment disclosed under note 3 which are subject to an operating lease are mentioned below:

Asset Class	As on 31st March, 2021	
	Gross Block (₹)	Net Block (₹)
Land	**5,70,00,000**	**5,70,00,000**
Building	**1,05,26,325**	**86,51,394**

(viii) The financial statements were approved for issue by the Board of Directors on 12th April, 2021.

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.

2. Categories of Financial Instruments

Particulars	Note	As at 31st March 2021 Carrying Value (₹)	As at 31st March 2021 Fair Value (₹)	As at 31st March 2020 Carrying Value (₹)	As at 31st March 2020 Fair Value (₹)
A. Financial Assets					
a) Measured at amortised cost					
i) Trade Receivables	6	**10,26,597**	**10,26,597**	59,67,866	59,67,866
ii) Cash and cash Equivalents	7	**28,19,303**	**28,19,303**	38,41,999	38,41,999
iii) Other Bank Balances	8	**8,23,21,726**	**8,23,21,726**	7,88,39,050	7,88,39,050
vi) Other Financial Assets	9	**2,87,691**	**2,87,691**	3,74.217	3,74.217
Sub Total		**8,64,55,317**	**8,64,55,317**	8,90,23,132	8,90,23,132
b) Measured at Fair Value through Profit & Loss					
i) Investment in Mutual Fund	5	**3,81,02,377**	**3,81,02,377**	2,98,00,458	2,98,00,458
Total Financial Assets		**12,45,57,694**	**12,45,57,694**	11,88,23,590	11,88,23,590
B. Financial Liabilities					
a) Measured at amortised cost					
i) Trade Payables		**47,282**	**47,282**	54,282	54,282
ii) Others	13	**4,60,594**	**4,60,594**	5,77,386	5,77,386
Total Financial Liability		**5,07,876**	**5,07,876**	6,31,668	6,31,668

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 bank fixed deposits measured at fair value through profit/loss and at amortized cost respectively. Aggregate value of such investments as at 31st March, 2021 is ₹ 12,04,24,103/- (P.Y. - ₹ 10,86,39,508/-).

Investments in the mutual fund schemes which are current in nature have short tenor. Accordingly, these do not pose any significant price risk.

Interest rate risk refers to the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. As majority of the financial assets and liabilities of the Company are either non-interest bearing or fixed interest bearing instruments, the Company's net exposure to interest risk is negligible

b) Liquidity risk

Liquidity risk is defined as the risk that the Company will not be able to settle or meet its obligations as they become due. On account of insignificant payables, the exposure to liquidity risk in negligible.

c) Credit risk

Credit risk is the risk that counterparty will not meet its obligations under a financial instrument which may lead to a financial loss to the Company. Apart from its operating activities, the Company is also exposed to credit risk from its investing and financing activities.

Trade receivables are initially recognized at fair value plus any directly attributable transaction costs. The net carrying value of trade receivables is not significantly different from their carrying values due to the short - term duration of trade receivables. Further, there is no significant credit risk involved with trade receivable since all the receivables are from Holding Company.

Investment in debt mutual funds are made only with approved mutual funds and credit risk in such funds are limited because the underlying investments are diversified and the Company's investment framework considers the credit quality of the underlying investments made by the fund house. There are limits for any exposure to financial institutions.

Company's deployment in debt instruments are primarily in fixed deposits with highly rated banks that are held at amortised cost amounting to ₹ 8,23,21,726/- (P.Y. – ₹ 7,88,39,050/-). As these counter parties are public sector undertakings with investment grade credit ratings and taking into account the experience of the Company over time, the counter party risk attached to such assets is considered to be insignificant

4. Fair value measurement

Fair value hierarchy

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

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

Level 2: Inputs other than quoted price included within level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

The fair value of financial instruments that are not traded in an active market is determined using valuation techniques which maximize the use of observable market data and rely as little as possible on entity-specific estimates. If significant inputs required to fair value an instrument are observable, the instrument is included in Level 2.

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

If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3.

The fair value of trade receivables and payables is considered to be equal to the carrying amounts of these items due to their short – term nature. Further, debt mutual funds have been considered at Level 1 and there is no change in classification of instruments between periods covered in the financial statements.

On behalf of the board

Place: Gurugram
Date: 12th April, 2021

Jagdish Singh — **Director**
Samir MC — **Director**

ANNUAL REPORT OF WELCOMHOTELS LANKA (PRIVATE) LIMITED FOR THE FINANCIAL YEAR ENDED 31ST MARCH, 2021

The Board of Directors of WelcomHotels Lanka (Private) Limited hereby submit their ninth Annual Report for the financial year ended 31st March, 2021.

Business Environment

The overall business environment in the country remained subdued during the year in the backdrop of the prevailing COVID-19 pandemic. The Travel & Hospitality industry was the hardest hit with negligible tourist arrivals in the country. While the Government has implemented several measures to alleviate the challenges posed by the pandemic, the drop in export earnings, private consumption and investment, tourism earnings, etc. has resulted in contraction in the economy during the year. With the roll out of vaccination programmes in the country, it is expected that sentiment would improve and the economy would revive in the future.

Nature of Business

The Company is engaged in constructing a mixed use development project ('Project') on 5.86 acres of prime sea-facing land in Colombo, including a luxury hotel and a premium residential condominium 'Sapphire Residences'.

Project construction activity was progressing on schedule till the Easter Sunday terror attacks and its aftermath in 2019 and were further impacted by the COVID-19 pandemic from early 2020. Project activities, which were progressively being ramped up from May, 2020 when the restrictions to curtail the spread of the pandemic were relaxed by the authorities, were again adversely impacted by the second wave of the pandemic in October, 2020. Despite the challenges, the residential and hotel tower structures were completed in July, 2019 and September, 2020 respectively. Finishing and other works are in progress across the development. Project activity is being progressed while adhering to the highest standards of health and safety protocols. Sales of 'Sapphire Residences' luxury apartments continue to be adversely impacted due to the muted business environment in the country.

Financial Statements

The Financial Statements, including the Auditor's Report thereon, for the year ended 31st March, 2021, 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, 2021.

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, 2021.

Mr. A. Pathak, Managing Director, 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, 2021.

Directors of the Company

There has been no change in the Board of Directors of the Company during the year.

The Directors of the Company, as at 31st March, 2021, are as follows:

Mr. Nakul Anand	Chairman & Non-Executive Director
Mr. Supratim Dutta	Non-Executive Director
Mr. Vidyaprakash P Menon	Non-Executive Director
Mr. Shatanshu Panda	Non-Executive Director
Mr. Rajendra K Singhi	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 2020-21 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 19th day of April, 2021

INDEPENDENT AUDITOR'S REPORT
TO THE SHAREHOLDERS OF WELCOMHOTELS LANKA (PVT) LIMITED

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of WelcomHotels Lanka (Private) Limited ("the Company"), which comprise the statement of financial position as at 31 March, 2021, 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 31 March, 2021, 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 is 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 judgement and maintain professional skepticism throughout the audit. We also :

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we 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
19 April 2021

STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31ST MARCH, 2021

	Note	2020/21 LKR	2020/21 INR	2019/20 LKR	2019/20 INR
Revenue		–	–	–	–
Cost of sales		–	–	–	–
Gross profit		–	–	–	–
Other income	3	**20,951,351**	**8,022,272**	–	–
Administrative expenses	4	**(10,801,931)**	**(4,136,059)**	(10,616,508)	(4,210,029)
Marketing expenses		**(10,347,254)**	**(3,961,964)**	(24,280,615)	(9,628,599)
Finance expense	5	–	–	(4,911,204)	(1,947,563)
Pre operating profit/ (loss) before tax	6	**(197,834)**	**(75,751)**	(39,808,327)	(15,786,191)
Taxation	7	–	–	–	–
Pre operating profit / (loss) for the year		**(197,834)**	**(75,751)**	(39,808,327)	(15,786,191)
Other comprehensive income					
Other comprehensive income		–	–	–	–
Total comprehensive income/ (loss) for the year		**(197,834)**	**(75,751)**	(39,808,327)	(15,786,191)
Earnings / (loss) per share	8	**(0.001)**	**(0.001)**	(0.285)	(0.113)

The accounting policies and notes from 1 to 23 form an integral part of these financial statements.

STATEMENT OF FINANCIAL POSITION AS AT 31ST MARCH, 2021

	Note	31.03.2021 LKR	31.03.2021 INR	31.03.2020 LKR	31.03.2020 INR
Assets					
Non Current Assets					
Property, plant and equipment	9	**41,307,217**	**15,139,095**	47,633,081	19,019,413
Capital work-in-progress	10	**17,505,250,740**	**6,415,674,397**	12,108,834,728	4,834,936,619
Right of use asset	11	**8,479,249,256**	**3,107,644,852**	8,573,497,439	3,423,311,793
Non current prepayments	12	**953,685,620**	**349,525,780**	1,988,830,839	794,120,266
		26,979,492,833	**9,887,984,124**	22,718,796,087	9,071,388,091
Current Assets					
Inventories	13	**16,084,834,156**	**5,895,091,718**	12,862,282,023	5,135,780,589
Current prepayments	14	**152,263,387**	**55,804,531**	142,058,038	56,722,354
Cash and bank balances	15	**262,821,526**	**96,324,089**	172,951,639	69,057,860
		16,499,919,069	**6,047,220,338**	13,177,291,700	5,261,560,803
Total Assets		**43,479,411,902**	**15,935,204,462**	35,896,087,787	14,332,948,893
Equity and Liabilities					
Capital and Reserves					
Stated capital	16	**43,518,650,002**	**18,393,448,537**	35,585,010,002	15,277,769,337
Accumulated loss		**(432,397,182)**	**(2,602,336,879)**	(432,199,348)	(1,241,603,570)
		43,086,252,820	**15,791,111,658**	35,152,810,654	14,036,165,767
Non Current Liabilities					
Right of use lease liability - Non current		**292,824**	**107,320**	266,969	106,598
Advance from customers		**349,534,013**	**128,104,216**	317,455,871	126,756,955
		349,826,837	**128,211,536**	317,722,840	126,863,553
Current Liabilities					
Right of use lease liability - Current		**32**	**12**	25,833	10,315
Other payables	17	**43,332,213**	**15,881,256**	425,528,460	169,909,259
		43,332,245	**15,881,268**	425,554,293	169,919,574
Total Equity and Liabilities		**43,479,411,902**	**15,935,204,462**	35,896,087,787	14,332,948,893

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 19th April 2021.

Arun Pathak — Managing Director

Nakul Anand — Chairman

The accounting policies and notes from 1 to 23 form an integral part of these financial statements.
Figures in brackets indicate deductions.

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31ST MARCH, 2021

	Stated Capital LKR	Stated Capital INR	Retained Earnings LKR	Retained Earnings INR	Total LKR	Total INR
Balance as at 31st March 2019	30,551,330,002	13,303,839,357	(190,295,303)	(1,347,056,672)	30,361,034,699	11,956,782,685
Prior period adjustment	–	–	(202,095,718)	(80,142,067)	(202,095,718)	(80,142,067)
Shares issued during the period 13.5% Cumulative non convertible preference shares redeemable at the option of the company and dividend payable at the sole option of the company	5,033,680,000	1,973,929,980	–	–	5,033,680,000	1,973,929,980
Pre operating loss for the period	–	–	(39,808,327)	(15,786,191)	(39,808,327)	(15,786,191)
Foreign Exchange Translation Reserve	–	–	–	201,381,360	–	201,381,360
Balance as at 31st March 2020	35,585,010,002	15,277,769,337	(432,199,348)	(1,241,603,570)	35,152,810,654	14,036,165,767
Shares issued during the period 13.5% Cumulative non convertible preference shares redeemable at the option of the company and dividend payable at the sole option of the company	7,933,640,000	3,115,679,200	–	–	7,933,640,000	3,115,679,200
Pre operating loss for the period	–	–	(197,834)	(75,751)	(197,834)	(75,751)
Foreign Exchange Translation Reserve	–	–	–	(1,360,657,558)	–	(1,360,657,558)
Balance as at 31st March 2021	**43,518,650,002**	**18,393,448,537**	**(432,397,182)**	**(2,602,336,879)**	**43,086,252,820**	**15,791,111,658**

The accounting policies and notes from 1 to 23 form an integral part of these financial statements.

STATEMENT OF CASH FLOW FOR THE YEAR ENDED 31ST MARCH, 2021

	Note	**2020/21 LKR**	**2020/21 INR**	2019/20 LKR	2019/20 INR
Cash Flows From Operating Activities					
Profit before tax		**(197,834)**	**(75,751)**	(39,808,327)	(15,786,191)
Adjustment for:					
Depreciation expenses	4	**9,032,902**	**3,458,698**	8,981,028	3,561,472
Operating profit before working capital changes		**8,835,068**	**3,382,947**	(30,827,299)	(12,224,720)
Adjustment for:					
(Increase) / decrease in inventory		**(3,193,964,968)**	**(1,170,588,161)**	–	–
(Increase)/decrease in Pre payments		**1,024,939,870**	**375,640,462**	203,391,836	81,212,326
(Decrease)/increase in other payables		**(382,196,247)**	**(140,074,925)**	147,513,233	58,900,559
(Decrease)/ increase in advance from customers		**32,078,142**	**11,756,639**	237,951,971	95,011,843
Net cash flow from operating activities		**(2,510,308,135)**	**(919,883,037)**	558,029,741	222,900,008
Cash Flows From Investing Activities					
Additions to Capital Work in progress	10	**(5,330,729,107)**	**(1,953,712,119)**	(5,991,869,712)*	(2,392,493,657)*
Purchase of property, plant and equipment, etc.	9	**(2,707,038)**	**(992,129)**	(1,817,572)	(725,738)
Net cash flow used in investing activities		**(5,333,436,145)**	**(1,954,704,248)**	(5,993,687,284)	(2,393,219,395)
Cash Flows From Financing Activities					
Lease rental payment		**(25,833)**	**(9,468)**	(25,833)	(10,315)
Proceeds from issue of shares	16	**7,933,640,000**	**3,115,679,200**	5,033,680,000	1,973,929,980
Net cash flow from financing activities		**7,933,614,167**	**3,115,669,732**	5,033,654,167	1,973,919,665
Net increase/(decrease) in cash and cash equivalents		**89,869,887**	**241,082,447**	(402,003,376)	(196,399,722)
Cash and cash equivalents at the beginning of the period		**172,951,639**	**69,057,860**	574,955,015	226,428,784
Foreign exchange translation gain/ (loss)		**–**	**(213,816,218)**	–	39,028,798
Cash and cash equivalents at the end of the period	18	**262,821,526**	**96,324,089**	172,951,639	69,057,860

(*) Represents cash outflows towards development of the mixed used property which comprise payments made for residential units (inventory) and hotel (capital work in progress improvements). As segregation of spends between CWIP and Inventory was made at period end, the disclosure of cashflows towards CWIP and inventory was not separately provided.

The accounting policies and notes from 1 to 23 form an integral part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2021

1. Company Information

1.1. Domicile and Legal Form

WelcomHotels Lanka (Private) Limited is a limited liability company incorporated in Sri Lanka on April 23, 2012 under the Companies Act No.07 of 2007. The registered office of the Company is at 216, DeSaram Place, Colombo 10.

1.2. Principal activity and nature of operations

WelcomHotels Lanka (Private) Limited is in the business of hospitality trade and currently is engaged in developing a mixed use project comprising hotel, residential condominium, retail space, etc. on a plot of land in Colombo leased from the Board of Investment of Sri Lanka for 99 years.

1.3. Parent Entity

The Company's parent and ultimate parent entity is ITC Limited which is incorporated in India.

1.4. Date of Authorisation for issue

The financial statements of the Company for the year ended 31 March, 2021 were authorised for issue by the Board of Directors on 19 April, 2021.

2. Summary of Key Accounting Policies

2.1 Statement of Compliance

The Statement of Financial Position, Statement of Comprehensive Income, Statement of Changes in Equity, Statement of Cash Flow and Notes together with the Summary of Significant Accounting Policies (being the "Financial Statements") of the Company have been prepared in accordance with Sri Lanka Accounting Standards (SLFRSs/LKAS) as issued by The Institute of Chartered Accountants of Sri Lanka (ICASL) which is based on International Financial Reporting Standards and International Accounting Standards ("IFRSs" & "IAS"), as issued by the International Accounting Standards Board.

2.2 Basis of Preparation

The financial statements, presented in Sri Lankan Rupees, have been prepared on a historical cost basis, except where otherwise stated in the accounting policies below.

2.3 Significant Accounting Policies

The accounting policies have been consistently applied by the Company with those of the previous financial year.

2.4 Comparative Information

Previous year's figures and phrases are rearranged, wherever necessary, to conform to the current year's presentation.

2.5 Going Concern

When preparing the financial statements, the Directors have assessed the ability of the Company to continue as a going concern. The Directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. The Company does not foresee a need for liquidation or cessation of business activities taking into account all available information about the future. Accordingly, the Company continues to adopt the going concern basis in preparing the financial statements.

NOTES TO THE FINANCIAL STATEMENTS

2.6 Use of Estimates and Judgements

The preparation of the Company's financial statements require management to make judgements, 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. Based on the current estimates, the Company does not expect any significant impact on such carrying values. The impact of COVID-19 on the Company's financial statements may differ 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

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 and Equipment	7 – 15 years
Computers	3 years

2.12.3. Work In Progress Balances

All expenses which are directly related to the project are reflected in work-in-progress balances till it is ready for the intended use and sale.

2.13 Inventories

Inventories are stated at the lower of cost and net 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 issue of the preference shares, the quantum and timing of such pay-out, subject to adequacy of profits, being at the discretion of the issuer. The preference shares are cumulative, non-convertible, and redeemable at the option of the issuer.

Incremental costs directly attributable to the issue of ordinary shares and preference shares are recognised as a deduction from equity, net of any tax effects.

2.16 Financial Instruments

Trade and other receivables are initially recognised at the transaction price. All sales are made on the basis of normal credit terms, and the receivables do not bear interest.

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

Financial liabilities are initially recognised at the fair value of consideration received less directly attributable transaction costs.

Subsequent to initial measurement, financial liabilities are recognised at amortised cost unless they are a part of a fair value hedge relationship. The difference between the initial carrying amount of the financial liability and their redemption value is recognised in the Statement of Comprehensive Income over the contractual terms using the effective interest rate.

Financial liabilities at amortised cost are further classified as current and non-current depending whether these will fall due within 12 months after the date of statement of financial position or beyond.

Financial liabilities are derecognised when either the Company is discharged from its obligation or they expire, are cancelled or replaced by a new liability with substantially modified terms.

Financial liabilities include trade and other payables and other financial liabilities.

2.17 Provisions, Contingent Assets, and Contingent Liabilities

Provisions are made for all obligations existing as at the date of statement of financial position when it is probable that such an obligation will result in an outflow of resources and a reliable estimate can be made of the quantum of the outflow.

Contingent liabilities are possible obligations that arise from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the entity. All contingent liabilities are disclosed as a note to the financial statements unless the outflow of resources is remote.

Contingent assets are disclosed where inflow of economic benefits is probable.

2.18 Borrowing Costs

Borrowing costs are recognised as an expense in the period in which they are incurred, except to the extent where borrowing costs that are directly attributable to the acquisition, construction, or production of a Qualifying Asset that takes a substantial period of time to get ready for its intended use or sale, are capitalised as part of that asset.

2.19 Statement of Cash Flows

The statement of cash flow has been prepared using the "indirect method".

NOTES TO THE FINANCIAL STATEMENTS (Contd.)

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.

	2020/21 LKR	2020/21 INR	2019/20 LKR	2019/20 INR
3. Other Income				
Foreign exchange gain	**20,951,351**	**8,022,272**	–	–
4. Administrative Expenses				
(a) Auditor's remuneration and expenses				
Audit fees*	**535,000**	**204,851**	500,000	198,278
Reimbursement of expenses and taxes	**66,875**	**25,606**	62,500	24,785
(b) Secretarial remuneration and expenses				
Secretarial fees*	**90,000**	**34,461**	90,000	35,690
Reimbursement of expenses and taxes	**43,308**	**16,583**	42,380	16,806
(c) Consultancy fees	**1,033,846**	**395,860**	940,600	373,000
(d) Depreciation	**9,032,902**	**3,458,698**	8,981,028	3,561,470
	10,801,931	**4,136,059**	10,616,508	4,210,029
*Excluding taxes				
5. Finance expense				
Foreign exchange loss	–	–	4,911,204	1,947,563

6. Pre-operating Profit / (Loss)

The following items have been charged in arriving at the pre-operating profit/ (loss)

	2020/21 LKR	2020/21 INR	2019/20 LKR	2019/20 INR
Auditor's remuneration and expenses	**601,875**	**230,458**	562,500	223,062
Secretarial remuneration and expenses	**133,308**	**51,044**	132,380	52,496
Consultancy fees	**1,033,846**	**395,860**	940,600	373,000

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.

	2020/21 LKR	2020/21 INR	2019/20 LKR	2019/20 INR
Amount used as the Numerator				
Profit/ (loss) attributable to ordinary shareholders	**(197,834)**	**(75,751)**	(39,808,327)	(15,786,191)
Amount used as the Denominator				
Weighted average no of ordinary shares in issue	**139,642,260**	**139,642,260**	139,642,260	139,642,260
Earnings/ (Loss) Per Share	**(0.001)**	**(0.001)**	(0.285)	(0.113)

NOTES TO THE FINANCIAL STATEMENTS (Contd.)

Particulars	Gross Block							Depreciation							Net Block			
9. Property, Plant and Equipment	Original Cost as at 01.04.2020 (LKR)	Original Cost as at 01.04.2020 (INR)	Additions during the year (LKR)	Additions during the year (INR)	**Original Cost as at 31.03.2021 (LKR)**	Foreign Currency Translation Reserve Adjustments (INR)	**Original Cost as at 31.03.2020 (INR)**	Accumulated Depreciation as at 01.04.2020 (LKR)	Accumulated Depreciation as at 01.04.2020 (INR)	Depreciation for the year (LKR)	Depreciation for the year (INR)	**Depreciation upto 31.03.2021 (LKR)**	Foreign Currency Translation Reserve Adjustments (INR)	**Depreciation upto 31.03.2021 (INR)**	Net Block as at 01.04.2020 (LKR)	**Net Block as at 01.04.2020 (INR)**	**Net Block as at 31.03.2021 (LKR)**	**Net Block as at 31.03.2021 (INR)**
Furniture & fixtures	2,074,037	828,142	1,471,548	563,456	3,545,585	(92,141)	1,299,457	540,437	215,791	354,855	135,874	895,293	(23,541)	328,124	1,533,600	612,351	2,650,292	971,333
Vehicles	52,350,000	20,902,832	–	–	52,350,000	(1,716,557)	19,186,275	10,412,000	4,157,407	6,210,932	2,378,166	16,622,931	(443,269)	6,092,304	41,938,000	16,745,424	35,727,069	13,093,970
Plant and equipment	589,787	235,496	642,190	245,895	1,231,977	(29,871)	451,520	88,728	35,428	66,021	25,279	154,749	(3,992)	56,716	501,059	200,068	1,077,228	394,804
Computers	8,514,339	3,399,690	593,300	227,175	9,107,639	(288,915)	3,337,950	4,853,917	1,938,120	2,401,094	919,379	7,255,011	(198,538)	2,658,961	3,660,422	1,461,570	1,852,628	678,988
Total	**63,528,163**	**25,366,160**	**2,707,038**	**1,036,525**	**66,235,201**	**(2,127,484)**	**24,275,201**	**15,895,082**	**6,346,747**	**9,032,902**	**3,458,698**	**24,927,984**	**(669,340)**	**9,136,105**	**47,633,081**	**19,019,413**	**41,307,217**	**15,139,095**

NOTES TO THE FINANCIAL STATEMENTS (Contd.)

10. Capital Work-in- Progress

	Balance as at 31-Mar-21 LKR	Balance as at 31-Mar-21 INR	Balance as at 31-Mar-20 LKR	Balance as at 31-Mar-20 INR
Original cost as at 01.04.2020	12,108,834,728	4,834,936,619	18,234,062,683	7,180,938,566
SLFRS 16 adjustment	–	–	651,030,423	258,169,370
Additions during the year	8,618,968,145	3,300,202,903	6,086,023,645	2,413,443,107
Foreign currency translation adjustments		(485,549,913)		82,987,824
Transfers to inventories	(3,222,552,133)	(1,233,915,212)	(12,862,282,023)	(5,100,602,248)
Net cost as at 31.03.2021*	17,505,250,740	6,415,674,397	12,108,834,728	4,834,936,619

(*) Capital work-in- progress as at 31-March-2021 includes during the year interest cost on lease liability of LKR. 18,037 INR 6,610 (2019/20-LKR.18,027 INR 7,198) and during the year amortization of ROU asset - LKR. 65,668,868 INR 24,067,640 (2019/20- LKR 65,585,185 INR 26,187,508).

11. Right of Use Asset

	Balance as at 31-Mar-21 LKR	Balance as at 31-Mar-21 INR	Balance as at 31-Mar-20 LKR	Balance as at 31-Mar-20 INR
Land				
Recognition on the adoption of SLFRS 16	8,667,625,478	3,176,684,738	8,667,625,499	3,460,896,186
Less: Amortization for the period	188,376,222	69,039,885	94,128,060	37,584,393
	8,479,249,256	3,107,644,852	8,573,497,439	3,423,311,793

	31.03.2021 LKR	31.03.2021 INR	31.03.2020 LKR	31.03.2020 INR
12. Non Current Prepayments				
Security deposit	13,670,874	5,010,375	15,296,949	6,107,918
Capital advances	910,089,981	333,547,978	1,949,864,896	778,561,554
Contract costs	29,924,765	10,967,426	23,668,994	9,450,794
	953,685,620	349,525,780	1,988,830,839	794,120,266
13. Inventories				
Work In Progress*	16,084,834,156	5,895,091,718	12,862,282,023	5,135,780,589

(*) Work-in- progress as at 31st March, 2021 includes during the year interest cost on lease liability of LKR 7,850 INR 2,877 (2019/20-LKR 7,846 INR 3,133) and during the year amortization of ROU asset - LKR 28,579,294 INR 10,474,311 (2019/20-LKR 28,542,875 INR 11,396,884) .

	31.03.2021 LKR	31.03.2021 INR	31.03.2020 LKR	31.03.2020 INR
14. Current Prepayments				
Security deposit	5,518,714	2,022,609	3,294,717	1,315,547
Other advances	146,744,673	53,781,923	138,763,321	55,406,807
	152,263,387	55,804,531	142,058,038	56,722,354
15. Cash and Bank balances				
Cash at bank	262,079,669	96,052,199	172,059,614	68,701,683
Cash in hand	741,857	271,891	892,025	356,177
	262,821,526	96,324,089	172,951,639	69,057,860

	31.03.2021 No. of Shares	31.03.2021 Amount LKR	31.03.2021 Amount INR	31.03.2020 No. of Shares	31.03.2020 Amount LKR	31.03.2020 Amount INR
16. Stated Capital						
Equity capital						
Opening balance	139,642,260	13,905,916,002	6,391,674,861	139,642,260	13,905,916,002	6,391,674,861
Issued during the quarter	–	–	–	–	–	–
Closing balance	139,642,260	13,905,916,002	6,391,674,861	139,642,260	13,905,916,002	6,391,674,861
Preference shares						
Opening balance	216,790,940	21,679,094,000	8,886,094,476	166,454,140	16,645,414,000	6,912,164,496
Issued during the period	79,336,400	7,933,640,000	3,115,679,200	50,336,800	5,033,680,000	1,973,929,980
Closing balance	296,127,340	29,612,734,000	12,001,773,676	216,790,940	21,679,094,000	8,886,094,476
Total Stated Capital	435,769,600	43,518,650,002	18,393,448,537	356,433,200	35,585,010,002	15,277,769,337

The preference shares are entitled to a dividend of 13.5% and are cumulative, non-convertible, and redeemable at the option of the issuer and dividend payable at the sole option of the company.

	31.03.2021 LKR	31.03.2021 INR	31.03.2020 LKR	31.03.2020 INR
17. Other Payables				
Auditor's remuneration and expenses	562,500	206,156	562,500	224,601
Retention - Contractor	7,679,338	2,814,477	17,871,849	7,136,051
Sundries*	35,090,375	12,860,623	407,094,111	162,548,608
	43,332,213	15,881,256	425,528,460	169,909,259

* Includes payables to related parties LKR 5,415,990 INR 2,025,394 (2019/20 LKR 19,370,703 INR 7,734,528.00) (refer note 21)

18. Notes to the Cash Flow Statement

Cash and Cash Equivalents at the End of the Year

	31.03.2021 LKR	31.03.2021 INR	31.03.2020 LKR	31.03.2020 INR
Cash at bank	262,079,669	96,052,199	172,059,614	68,701,683
Cash in hand	741,857	271,891	892,025	356,177
	262,821,526	96,324,089	172,951,639	69,057,860

19. Contingencies and Commitments

Capital Commitments pending as at Balance Sheet date - LKR. 28,319,845,384 INR.10,379,223,333 (2019/20 LKR. 34,375,183,297 INR. 13,725,666,939)

Above capital commitments include LKR. 15,821,766 INR. 5,798,677 (2019/20 LKR. 32,157,896 INR. 12,840,326) 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.

20. Events after the date of Statement of Financial Position

There were no significant events occurring after the date of statement of financial position.

21. Related Party Transactions

21.1 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	7,933,640,000 (5,033,680,000)	3,115,679,200 (1,973,929,980)	43,576,960,000 (35,643,320,000)	18,420,304,376 (15,304,628,176)
ITC Ltd	Parent Company	Purchase of goods and Services	284,496 (3,358,138)	105,311 (1,331,686)	246,613 (574,252)	90,218 (229,293)
ITC Ltd	Parent Company	Technical Service fee	11,225,865 (10,839,710)	4,397,433 (4,298,541)	2,960,720 (2,805,722)	1,088,947 (1,120,297)
ITC Ltd	Parent Company	Reimbursement of Expenses #	8,831,782 (25,384,353)	3,488,198 (10,244,742)	2,208,658 (15,990,729)	846,229 (6,384,938)

Note: Figures in brackets relate to the previous year

*The amounts are classified as Other Payables except share issue which is classified as stated capital.

- includes compensation costs charged to the Company by the parent company LKR. 6,338,440 INR. 2,509,636 (2019/20- LKR.14,818,674 INR. 5,831,676) for the employees of the Company who are covered under the share based compensation plans of the parent company. These plans are assessed, managed, and administered by the parent company.

Above related party payables are interest free and payable on demand.

NOTES TO THE FINANCIAL STATEMENTS (Contd.)

22. 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.

	2020/21	2020/21	2019/20	2019/20
	LKR	INR	LKR	INR
Compensation to Key Management Personnel				
Short term employee benefits	38,395,044	14,701,462	36,210,404	14,359,417

23. 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 2021 (LKR)	As at 31st March 2021 (INR)
USD denominated bank balances	238,184,026	87,294,446
Impact of 1% increase in USD rate - gain/(loss)	2,381,840	872,944
Impact of 1% decrease in USD rate - gain/(loss)	(2,381,840)	(872,944)

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. 262,079,669 INR. 96,052,199 (2019/20 - LKR. 172,059,614 INR. 68,701,683), 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. 43,518,650,002 INR.18,393,448,537 (2019/20 - LKR. 35,585,010,002 INR. 15,277,769,337) in the equity and preference capital of the Company to fund the project and is expected to subscribe to further equity or preference shares as may be required by the Company for the smooth execution of the project. The Company closely monitors its fund requirements and has a system in place to seek timely fund infusions from the parent company.

REPORT OF THE BOARD OF DIRECTORS FOR THE FINANCIAL YEAR ENDED 31ST MARCH, 2021

1. Your Directors submit their Report for the financial year ended 31st March, 2021.

2. **FINANCIAL PERFORMANCE**

During the year under review, your Company recorded Total Income of ₹ 2503.11 lakhs (previous year: ₹ 2,837.27 lakhs), representing a decrease of 11.78% over the previous year. Other Income for the year aggregated ₹ 169.29 lakhs (previous year: ₹ 182.06 lakhs) and profit for the year was ₹ 380.30 lakhs (previous year: ₹ 284.89 lakhs).

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

	For the year ended 31st March, 2021 (₹ in lakhs)	For the year ended 31st March, 2020 (₹ in lakhs)
Profits		
a. Profit Before Tax	380.30	284.89
b. Less : Tax Expense	–	–
c. Profit for the year	380.30	284.89
d. Other Comprehensive Income	4.46	(2.55)
e. Total Comprehensive Income	384.76	282.34
Statement of Retained Earnings		
a. At the beginning of the year	(8,638.83)	(8,921.17)
b. Add : Profit for the year	380.30	284.89
c. Add : Other Comprehensive Income	4.46	(2.55)
d. At the end of the year	(8,254.07)	(8,638.83)

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, Travel + Leisure, one of the world's leading magazines in the travel and hospitality sector, declared ITC Grand Bharat as the "Best Wellness Retreat" in the domestic category as part of India's Best Awards, 2020.

During the year, the Classic Golf & Country Club continued to enjoy strong brand equity with its members, guests & golfing fraternity and continued to promote Junior, amateur and Woman's golf game in the country. In view of the COVID-19 pandemic, operations at the Club had been suspended in March, 2020. The Club was re-opened in May, 2020 after implementing the highest safety and hygiene standards, social distancing norms etc., leading to progressive improvement in member footfalls. The Club also focused on cost reduction in several areas.

4. **DIRECTORS AND KEY MANAGERIAL PERSONNEL**

(a) Changes in Directors and Key Managerial Personnel

During the year under review, Mr. Bhagwateshwaran Hariharan (DIN: 02953902) stepped down as the Managing Director of the Company with effect from close of work on 30th April, 2020.

Mr. Deepak Cedric Menezes who was appointed, with your approval, as the Manager of the Company with effect from 1st May, 2020, resigned with effect from close of work on 10th December, 2020.

Your Directors place on record their appreciation for the contribution made by Messrs. Hariharan and Menezes during their respective tenure with the Company.

The Board of Directors of the Company ('the Board') at the Meeting held on 11th December, 2020 appointed Mr. Rajat Sethi as the Manager 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'), subject to approval of the Members of the Company. Appropriate resolution seeking your approval to Mr. Sethi's appointment is appearing in the Notice convening the ensuing Annual General Meeting ('AGM') of the Company. The appointment of Mr. Sethi will be 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.

There were no other changes in the composition of the Board of the Company during the year under review.

(b) Retirement by Rotation

In accordance with the provisions of Section 152 of the Act read with Articles 106, 107 and 108 of the Articles of Association of the Company, Ms. Ratna Chadha (DIN: 01027402), Director, will retire by rotation at the ensuing AGM of the Company and, being eligible, offers herself for re-election. Your Board has recommended her re-election.

(c) Board Evaluation

The Board carried out annual performance evaluation of its own performance and that of the individual Directors, as also functioning of the Audit Committee, as required under Section 134(3)(p) of the Act, based on criteria approved by the Board.

5. **BOARD AND BOARD COMMITTEES**

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

Six meetings of the Board were held during the year ended 31st March, 2021.

6. **DIRECTORS' RESPONSIBILITY STATEMENT**

As required under Section 134 of the Act, your Directors confirm having:

i) followed in the preparation of the Annual Accounts, the applicable Accounting Standards with proper explanation relating to material departures, if any;

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

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

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

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

7. **SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES**

The Company does not have any subsidiary, associate or joint venture.

8. **PARTICULARS OF EMPLOYEES**

The details of employees of the Company as required under Rule 5(2) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, are provided in Annexure 1 to this Report.

The Company seeks to enhance equal opportunities for men and women and is committed to a gender-friendly workplace. Your Company has an Internal Complaints Committee as per the provisions of the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 and the Rules thereunder. During the year, no complaint for sexual harassment was received.

9. **RISK MANAGEMENT**

The risk management framework of the Company is commensurate with its size and nature of business. Management of risks vests with the executive management which is responsible for the day-to-day conduct of the affairs of the Company, within the overall framework approved by the Board. The Internal Audit Department of ITC Limited, the 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 Reportback is prepared on a half-yearly basis and reviewed by the Manager of the Company. Further, an annual update is provided to the Audit Committee on the effectiveness of the Company's risk management systems and policies.

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

10. INTERNAL FINANCIAL CONTROLS

Your Company has in place adequate internal financial controls with respect to the financial statements, commensurate with its size and scale of operations. The Internal Auditor of the Company periodically evaluates the adequacy and effectiveness of internal financial controls. The Audit Committee which provides guidance on internal controls, also reviews internal audit findings and implementation of internal audit recommendations.

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

11. PARTICULARS OF LOANS, GUARANTEES AND INVESTMENTS

During the year ended 31st March, 2021, 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 were approved by the Audit Committee.

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.

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. ANNUAL RETURN

The Annual Return of the Company is available on the website of the Company at https://cgronline.com/wp-content/uploads/2021/06/Annual-Return_2019-20_LBIL.pdf.

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

Messrs. Deloitte Haskins & Sells LLP, Chartered Accountants ('DHS'), were appointed as the Auditors of the Company for a period of five years from the conclusion of the Twenty-Seventh AGM till the conclusion of the Thirty-Second AGM of the Company. Pursuant to Section 142 of the Act the Board, on the recommendation of the Audit Committee, has recommended for the approval of the Members, the remuneration of DHS to conduct the statutory audit of the Company for the financial year 2021-22. 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, 2021. The Report of Messrs. PB & Associates, Company Secretaries, in terms of Section 204 of the Act is enclosed as **Annexure 3** 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:

35 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 ₹ 37.43 lakhs (previous year: ₹ 128.62 lakhs), while the foreign exchange outflow was Nil (previous year: ₹ 90.50 lakhs).

On behalf of the Board

	N. Anand	**J. Singh**
Dated : 20th April, 2021	**Chairman**	**Director**
	New Delhi	**Gurugram**

Annexure1 to the Report of the Board of Directors for the financial year ended 31st March, 2021

[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
Ravi Khyani*	38	Chief Financial Officer	57,33,242/-	35,63,617/-	B.Com, A.C.A	14	01.03.2016	ITC Limited, Finance Controller
Col. Rajesh Singh Bains*	57	Manager - Loss Prevention	37,52,239/-	23,86,773/-	B.Sc., PG Degree in Defence Armanent Technology	37	01.04.2018	ITC Limited, Manager - Loss Prevention
Pradeep Singh	56	Vice President-HR & Liaison	23,50,564/-	18,98,264/-	B.Com, L.L.B., M.B.A.	32	10.11.2006	Amira Foods (India) Limited, Sr. Manager-HR & IR
Alok Rastogi*	55	Executive Chef	24,42,779/-	14,64,456/-	Graduation - B. A, Diploma Holder	35	01.04.2019	ITC Limited – Hotels Division, Chef
Jayprakash KB*	28	Assistant Financial Controller	18,70,010/-	13,48,886/-	B.Com (Hons), ACA	4	01.09.2018	ITC Limited, Assistant Manager - Finance
Rajat Sethi*	45	Manager	16,45,389/-	9,91,802/-	Bachelors in Hotel Management, Bachelors in Arts	22	11.12.2020	ITC Limited. General Manager
Vikas Kumar	46	D.G.M Maintenance	13,51,795/-	11,67,956/-	B.Sc., M.Sc., P.G.D in Plantation Technology	19	05.10.2006	Soka Bodhi Tree Garden, Horticulturist
Shiv Charan*	49	Manager - Engineering	13,33,126/-	12,43,646/-	M.B.A, B.E.	31	16.05.2011	ITC Limited, Assistant Manager Engineering
Keshav Kumar	44	D.G.M - Golf Operations & Marketing	13,24,175/-	11,53,114/-	B.Com	13	17.04.2009	Golden Greens Golf & Resorts Limited, Manager-Golf Operations
Rajbir Singh	53	Assistant Manager – Land & Legal	10,85,670/-	10,02,770/-	Matriculation	29	01.04.2008	Central Park, Unitech, Land Officer

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

Notes:

a. Gross remuneration includes salary, variable pay / performance bonus, allowances & other benefits / applicable perquisites borne by the Company, except provisions for gratuity and leave encashment which are actuarially determined on an overall Company basis. The term 'remuneration' has the meaning assigned to it under the Companies Act, 2013.

b. Net remuneration comprises cash income less income tax & education cess deducted at source and employee's own contribution to provident fund.

c. The Chief Financial Officer and Manager – Loss Prevention have been granted Stock Options by ITC 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 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.

d. All appointments (except deputed employees) are contractual in accordance with terms and conditions as per the Company's rules.

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

On behalf of the Board

N. Anand — **J. Singh**
Chairman — **Director**
New Delhi — **Gurugram**

Dated : 20th April, 2021

Annexure 2 to the Report of the Board of Directors for the financial year ended 31st March, 2021

FORM NO. AOC-2

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

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

1. Details of contracts or arrangements or transactions not at arm's length basis

a)	Name(s) of the related party and nature of relationship	NIL
b)	Nature of contracts / arrangements / transactions	
c)	Duration of the contracts / arrangements / transactions	
d)	Salient terms of the contracts or arrangements or transactions including the value, if any	
e)	Justification for entering into such contracts or arrangements or transactions	
f)	Date(s) of approval by the Board	
g)	Amount paid as advances, if any	
h)	Date on which the resolution was passed in general meeting as required under first proviso to Section 188	

2. Details of material contracts or arrangements or transactions at arm's length basis

a)	Name(s) of the related party and nature of relationship	ITC Limited, the Holding Company
b)	Nature of contracts / arrangements / transactions	License Agreement
c)	Duration of the contracts / arrangements / transactions	99 years with effect from 14th November, 2014
d)	Salient terms of the contracts or arrangements or transactions including the value, if any	License to operate Hotel 'ITC Grand Bharat' Value of the transaction during the year - ₹ 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 — **J. Singh**
Chairman — **Director**
New Delhi — **Gurugram**

Dated : 20th April, 2021

FORM NO. MR – 3

SECRETARIAL AUDIT REPORT

FOR THE FINANCIAL YEAR ENDED 31st MARCH, 2021

[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, Gurugram, Haryana 122001 (hereinafter referred to as the 'Company') for the period commencing from 1st April,2020 to 31st March, 2021 (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. The audit was conducted on the basis of the information/documents submitted by the Company electronically and no physical audit was carried out due to Covid-19 restrictions imposed by the Government.

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 2020-21, we hereby report that in our opinion, the Company has, during the audit period covering the Financial Year ended 31st March, 2021 complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

We have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended 31st March, 2021 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.

All meetings of the Board of Directors and Committees Meetings were called at shorter notice, agenda and detailed notes on agenda were sent along with the notice as aforesaid in compliance with the provisions of the law, and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting for meaningful participation at the meeting.

All decisions at Board Meetings and Committee Meetings are carried out unanimously 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 ongoing situation due to COVID-19 pandemic and Lockdown in Delhi & NCR.

For **P B & Associates**
Company Secretaries
Pooja Bhatia
FCS: 7673
CP: 6485
Place: New Delhi
Dated: 20th April, 2021
UDIN: F007673C000161079

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: 20th April 2021
UDIN: F007673C000161079

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, 2021, and the Statement of Profit and Loss (including Other Comprehensive income), Cash Flow Statement and the Statement of Changes in Equity for the year then ended, and a summary of significant accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Companies Act, 2013 ("the Act") in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards prescribed under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended, ("Ind AS") and other accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2021, 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 inaccordance 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.

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 judgements and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statement that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

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

Auditor's Responsibility for the Audit of the Financial Statements

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal financial control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Company has adequate internal financial controls system in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

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

Report on Other Legal and Regulatory Requirements

1. As required by Section 143(3) of the Act, based on our audit, we report that:
    a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
    b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
    c) The Balance Sheet, the Statement of Profit and Loss including Other Comprehensive Income, Cash Flow Statement and Statement of Changes in Equity dealt with by this Report are in agreement with the relevant books of account.
    d) In our opinion, the aforesaid financial statements comply with the Ind AS specified under Section 133 of the Act.
    e) On the basis of the written representations received from the directors as at March 31, 2021 taken on record by the Board of Directors, none of the directors is disqualified as at March 31, 2021 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) to the financial statements;

ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses - Refer note 29 to the financial statements;

iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company - Refer note 30 to 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)

Vijay Agarwal
Partner
(Membership No.: 094468)
(UDIN - 21094468AAAADB8798)

Place : Gurugram
Dated : April 20,2021

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, 2021 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 unauthorized 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, 2021, 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)

Vijay Agarwal
Partner
(Membership No.: 094468)
(UDIN - 21094468AAAADB8798)

Place : Gurugram
Dated : April 20, 2021

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, 2021.

(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, 2021 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 & Services Tax as at March 31, 2021 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)

Vijay Agarwal
Partner
(Membership No.: 094468)
(UDIN - 21094468AAAADB8798)

Place : Gurugram
Dated : April 20, 2021

Balance Sheet as at 31st March, 2021

	Particulars	Note		As at 31st March, 2021 (₹ in lakhs)		As at 31st March, 2020 (₹ in lakhs)
	ASSETS					
1	Non-current assets					
	(a) Property, plant and equipment	3		24,159.63		24,525.86
	(b) Capital work-in-progress	3		293.57		295.81
	(c) Intangible assets	3		7.18		9.79
	(d) Financial assets					
	(i) Investments	4	0.00 *		0.00 *	
	(ii) Other financial assets	5	2,187.81	2,187.81	623.33	623.33
	(e) Other non-current assets	6		426.92		512.39
	Total Non - Current Assets			27,075.11		25,967.18
2	Current assets					
	(a) Inventories	7		102.99		97.75
	(b) Financial assets					
	(i) Investments	8	165.12		–	
	(ii) Trade receivables	9	38.42		56.49	
	(iii) Cash and cash equivalents	10	125.24		116.13	
	(iv) Other bank balances	11	611.47		1,573.99	
	(v) Other financial assets	5	53.28	993.53	12.42	1,759.03
	(c) Other current assets	6		91.60		111.39
	Total Current Assets			1,188.12		1,968.17
	TOTAL ASSETS (1+2)			28,263.23		27,935.35
	EQUITY AND LIABILITIES					
1	Equity					
	(a) Equity share capital	12		31,700.00		31,700.00
	(b) Other equity			(7,642.45)		(8,027.21)
	Total equity			24,057.55		23,672.79
	Liabilities					
2	Non-current liabilities					
	(a) Financial Liabilities					
	- Other financial liabilities	13		3,103.68		3,136.78
	(b) Provisions	14		110.04		98.59
	(c) Other non-current liabilities	15		272.93		351.93
	Total Non - Current Liabilities			3,486.65		3,587.30
3	Current liabilities					
	(a) Financial liabilities					
	(i) Trade payables					
	(a) Total outstanding dues of micro enterprises and small enterprises; and	22	0.60			
	(b) Total outstanding dues of creditors other than micro enterprises and small enterprises		276.90		209.81	
	(ii) Other financial liabilities	13	106.77	384.27	88.97	298.78
	(b) Other current liabilities	15		323.37		366.40
	(c) Provisions	14		11.39		10.08
	Total Current Liabilities			719.03		675.26
	TOTAL EQUITY AND LIABILITIES (1+2+3)			28,263.23		27,935.35

* Represents ₹ 150

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

Vijay Agarwal
Partner

Place : Gurugram
Date: 20th April 2021

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, 2021

	Particulars	Note	For the year ended 31st March, 2021 (₹ in lakhs)	For the year ended 31st March, 2020 (₹ in lakhs)
I	Revenue from operations	16	**2,333.82**	2,655.21
II	Other income	17	**169.29**	182.06
III	**Total Income (I+II)**		**2,503.11**	**2,837.27**
IV	**EXPENSES**			
	(a) Cost of materials consumed		**50.96**	76.40
	(b) Purchase of Stock in Trade		**2.67**	2.29
	(c) Changes in inventories of Stock in Trade		**(0.24)**	(0.21)
	(d) Employee benefit expenses	18	**664.98**	719.42
	(e) Depreciation and amortization expenses	3	**511.62**	496.69
	(f) Other expenses	19	**892.82**	1,257.79
	Total Expenses (IV)		**2,122.81**	**2,552.38**
V	**Profit before tax (III - IV)**		**380.30**	**284.89**
VI	**Tax Expense**		**–**	–
VII	**Profit for the year (V-VI)**		**380.30**	**284.89**
VIII	**Other comprehensive income**			
	Items that will not be reclassified to profit or loss			
	- Remeasurements gains/ (losses) on defined benefit plans		**4.46**	(2.55)
	- Income tax expense on remeasurement of defined benefit plans		**–**	–
IX	**Total Comprehensive Income for the year (VII+VIII)**		**384.76**	**282.34**
X	**Earnings per equity share (Face Value ₹ 10.00 each)**			
	Basic/Diluted (in ₹)	20	**0.12**	0.09

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

Vijay Agarwal
Partner

Place : Gurugram
Date: 20th April, 2021

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, 2021

	Particulars	For the year ended 31st March, 2021 (₹ in lakhs)	For the year ended 31st March, 2020 (₹ in lakhs)
A	**Cash Flow from Operating Activities**		
	Profit before tax	380.30	284.89
	Adjustments for:		
	Depreciation and amortization expenses	511.62	496.69
	Interest Income	(149.97)	(123.73)
	Net (gain)/ loss on sale and write off of property, plant and equipment	5.10	(1.23)
	Net (gain)/ loss arising on financial assets mandatorily measured at Fair value through profit and loss	(5.45)	(46.37)
	Liabilities no longer required written back	5.22	4.02
	Bad debts & Advances written off	1.07	3.18
	Provision for bad and doubtful debts & Advances	0.01	2.18
	Operating Profit Before Working Capital Changes	747.90	619.63
	Adjustment in working capital:		
	(Increase) / Decrease in trade receivables	18.06	(2.97)
	Increase in inventories	(5.24)	(5.47)
	Decrease in other assets	19.60	75.53
	(Increase) / Decrease in other financial assets	–	(0.54)
	Increase / (Decrease) in trade payables	62.47	(122.55)
	Increase / (Decrease) in other financial liabilities	(9.14)	10.41
	Increase in provisions	17.22	20.01
	Increase / (Decrease) in other liabilities	(122.03)	44.53
	Cash generated from operations	728.84	638.58
	Income taxes refund/ (paid)	84.59	(6.17)
	Net Cash from Operating Activities	813.43	632.41
B	**Cash Flow from Investing Activities**		
	Purchase of property, plant and equipment	(159.84)	(920.07)
	Sale of property, plant and equipment	8.04	14.06
	Purchase of current investments	(3,345.48)	(7,722.89)
	Sale / redemption of current investments	3,185.81	8,688.92
	Interest received	105.61	158.14
	Investment in bank deposits (original maturity more than 3 months)	(2,172.45)	(2,344.99)
	Redemption/maturity of bank deposits (original maturity more than 3 months)	1,573.99	1,545.29
	Net Cash used in Investing Activities	(804.32)	(581.54)
C	**Cash Flow from Financing Activities**	–	–
	Net increase/ (decrease) in Cash and cash equivalents	9.11	50.87
	Opening Cash and cash equivalents	116.13	65.26
	Closing Cash and cash equivalents (Refer note 10)	125.24	**116.13**

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 34 are an integral part of the financial statements.

In terms of our report attached

For **Deloitte Haskins & Sells LLP**
Chartered Accountants

Vijay Agarwal
Partner

Place : Gurugram
Date : 20th April, 2021

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, 2021

A. Equity Share capital

	Equity Share capital	
	Number of Shares	**(Amount ₹ in lakhs)**
Balance as at 1st April, 2019	**31,70,00,000**	**31,700**
Add: Issue of equity shares	–	–
Balance as at 31st, March 2020	**31,70,00,000**	**31,700**
Add: Issue of equity shares	–	–
Balance as at 31st March, 2021	**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, 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)**
Profit for the year ended 31st March, 2021	-	**380.30**	**380.30**
Other Comprehensive Income	-	4.46	4.46
Total Comprehensive Income for the year 2020-21	-	**384.76**	**384.76**
Balance as at 31st March, 2021	**611.62**	**(8,254.07)**	**(7,642.45)**

General Reserve: This Reserve is created by an appropriation from one component of equity (generally retained earnings) to another, not being an item of Other Comprehensive Income. The same can be utilized by the Company in accordance with the provisions of the Companies Act, 2013.

Retained Earnings: This Reserve represents the cumulative profits/ losses of the Company and effects of remeasurement of defined benefit obligations.

The accompanying notes 1 to 34 are an integral part of the Financial Statements.

In terms of our report attached

For **Deloitte Haskins & Sells LLP**
Chartered Accountants

Vijay Agarwal
Partner

Place : Gurugram
Date : 20th April, 2021

On behalf of the Board

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.

   ii. **Basis of Preparation**

   The financial statements are prepared in accordance with the historical cost convention, except for certain items that are measured at fair values, as explained in the accounting policies. The financial statements are presented in Indian Rupees which is also the Company's functional currency.

   Fair Value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Company takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date.

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

   All assets and liabilities have been classified as current or non-current as per the Company's normal operating cycle and other criteria set out in the Schedule III to the Companies Act, 2013 based on the nature of products and the time between the acquisition of assets for processing and their realisation in cash and cash equivalents.

   iii. **Property, Plant & Equipment – Tangible Assets**

   Property, plant & equipment are stated at cost of acquisition or construction less accumulated depreciation and impairment, if any. For this purpose, cost includes deemed cost which represents the carrying value of property, plant and equipment recognised as at 1st April, 2015 measured as per the previous GAAP.

   Cost is inclusive of inward freight, duties and taxes and incidental expenses related to acquisition. In respect of major projects involving construction, related pre-operational expenses form part of the value of assets capitalised. Expenses capitalised also include applicable borrowing costs for qualifying assets, if any. All upgradation / enhancements are charged off as revenue expenditure unless they bring similar significant additional benefits.

   An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in the Statement of Profit and Loss.

   Depreciation of these assets commences when the assets are ready for their intended use which is generally on commissioning. Items of Property, Plant and Equipment are depreciated in a manner that amortises the cost of the assets after commissioning (or other amount substituted for cost), less its residual value, over their useful lives as specified in Schedule II of the Companies Act, 2013 on a straight line basis. Land is not depreciated.

   Property, plant and equipment's residual values and useful lives are reviewed at each Balance Sheet date and changes, if any, are treated as changes in accounting estimate.

   The estimated useful lives of property, plant and equipment of the Company are as follows:

Building	3 - 60 years
Plant & Machinery/ Golf Course	3 - 15 years
Office & Other Equipment	5 years
Furniture & Fixtures	8 - 10 years
Computers	3 - 6 years
Vehicles	8 - 10 years
Golf Carts	8 years

   iv. **Intangible Assets**

   Software is capitalised where it is expected to provide future enduring economic benefits. Capitalisation costs include licence fees and costs of implementation/system integration services. The costs are capitalised in the year in which the relevant software is implemented for use and is amortised across a period not exceeding 5 years. Useful lives are periodically reviewed and are treated as changes in accounting estimates, at each balance sheet date.

   v. **Impairment of Assets**

   Impairment loss, if any, is provided to the extent, the carrying amount of assets exceed their recoverable amount. Recoverable amount is higher of an asset's net selling price and its value in use. Value in use is the present value of estimated future cash flows expected to arise from the continuing use of an asset and from its disposal at the end of its useful life.

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

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

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 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 unabsorbed depreciation and business losses 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, 2019	Additions	Withdrawals and adjustments	Upto 31st March, 2020	Additions	Withdrawals and adjustments	As at 31st March, 2021	Upto 1st April, 2019	For the year	Withdrawals and adjustments	Upto 31st March, 2020	For the year	Withdrawals and adjustments	Upto 31st March, 2021	As at 31st March, 2021	As at 31st March, 2020
Land (Freehold)	7,025.53	503.20	-	7,528.73	-	-	7,528.73	-	-	-	-	-	-	-	7,528.73	7,528.73
Building	16,411.19	132.66	-	16,543.85	25.39	-	16,569.24	1,102.70	279.10	-	1,381.80	280.76	-	1,662.56	14,906.68	15,162.05
Plant & Machinery	1,236.96	280.11	21.49	1,495.58	89.26	35.04	1,549.80	289.27	99.10	11.09	377.28	105.14	22.59	459.83	1,089.97	1,118.30
Office & Other Equipment	0.38	-	0.07	0.31	-	0.04	0.27	0.23	-	-	0.23	-	0.03	0.20	0.07	0.08
Golf Course	127.38	-	-	127.38	-	-	127.38	14.49	-	-	14.49	-	-	14.49	112.89	112.89
Furniture & Fixtures	331.22	25.41	2.74	353.89	8.66	-	362.55	144.76	42.99	1.57	186.18	43.10	-	229.28	133.27	167.71
Computers	26.32	16.33	1.49	41.16	3.77	-	44.93	15.77	5.73	1.31	20.19	7.64	-	27.83	17.10	20.97
Vehicles	104.01	6.03	-	110.04	0.69	3.22	107.51	28.89	11.78	-	40.67	11.49	2.81	49.35	58.16	69.37
Golf Carts	423.98	92.41	5.42	510.97	28.15	1.45	537.67	113.49	56.12	4.40	165.21	60.88	1.18	224.91	312.76	345.76
Total (A)	25,686.97	1,056.15	31.21	26,711.91	155.92	39.75	26,828.08	1,709.60	494.82	18.37	2,186.05	509.01	26.61	2,668.45	24,159.63	24,525.86
B. Capital work in progress (B)	440.33	3.77	148.29	295.81	1.53	3.77	293.57	-	-	-	-	-	-	-	293.57	295.81
C. Intangible Assets																
Computer Software	6.47	9.25	-	15.72	-	-	15.72	4.06	1.87	-	5.93	2.61	-	8.54	7.18	9.79
Total (C)	6.47	9.25	-	15.72	-	-	15.72	4.06	1.87	-	5.93	2.61	-	8.54	7.18	9.79
Grand Total (A+B+C)	26,133.77	1,069.17	179.50	27,023.44	157.45	43.52	27,137.37	1,713.66	496.69	18.37	2,191.98	511.62	26.61	2,676.99	24,460.38	24,831.46

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, 2021 Unquoted	As at 31st March, 2020 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, 2021		As at 31st March, 2020	
	Current	Non-Current	Current	Non-Current
5. Other Financial Assets				
(A) Bank deposits with more than 12 months maturity				
- In Deposit Accounts*	*	2,170.98	*	610.00
(B) Other financial assets				
- Interest accrued on Fixed and other deposits	51.87	16.83	11.01	13.33
- Advances	–	7.60	–	7.60
Less : Advances - credit impaired		(7.60)	–	(7.60)
- Deposits	1.41	–	1.41	–
Total	**53.28**	**2,187.81**	**12.42**	**623.33**

* Refer note 11 for deposits with original maturity of more than or equal to 12 months and remaining maturity of less than 12 months.

(₹ in lakhs)

	As at 31st March, 2021		As at 31st March, 2020	
	Current	Non-Current	Current	Non-Current
6. Other assets				
Advances other than capital advances				
(i) Security Deposits				
– Utility deposits	–	9.52	–	9.52
– With Statutory Authorities	–	7.00	–	7.00
(ii) Advance Tax	–	130.02	–	214.61
(iii) Other Advances				
– With Statutory Authorities*	20.48	277.00	21.44	277.00
– Others (Prepaid expenses, advances, etc.,)	69.51	3.38	88.34	4.26
(iv) Other Receivables	1.61	–	1.61	–
Total	**91.60**	**426.92**	**111.39**	**512.39**

* Non-current other advances with Statutory Authorities include

(₹ in lakhs)

Particulars	As at 31st March, 2021	As at 31st March, 2020
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, 2021	As at 31st March, 2020
7. Inventories		
(At lower of cost and net realisable value)		
Tobacco Stock	0.45	0.21
Food & Beverages	12.99	15.16
Stock of Parking Slot/ Servant quarters	13.20	13.20
Stores and spares	89.55	82.38
Less : Provision for Stock of Parking Slot/ Servant quarters	(13.20)	(13.20)
Total	**102.99**	**97.75**

Notes to the Financial statements (Contd.)

(₹ in lakhs)

	As at 31st March, 2021 Unquoted	As at 31st March, 2020 Unquoted
8. Current investments		
Investment in Mutual Funds (at fair value through profit or loss, unless stated otherwise)		
SBI Liquid Fund-Direct Plan		
5,125.331 Units (2020 - Nil) of ₹ 1000 each.	165.12	–
Total	**165.12**	–
9. Trade receivables (Current)		
(a) Trade Receivable considered good - Secured	–	–
(b) Trade Receivable considered good - Unsecured	38.42	56.49
(c) Trade Receivable which have significant increase in Credit Risk	–	–
(d) Trade Receivable - Credit impaired	2.18	2.18
Less : Provision for doubtful debts	(2.18)	(2.18)
Total	**38.42**	**56.49**
10. Cash and cash equivalents		
Balances with Banks		
- Current accounts	110.61	29.80
- Deposit accounts (Original maturity of 3 months or less)	1.83	82.72
Cheques in hand	10.50	0.90
Cash on hand	2.30	2.71
Total	**125.24**	**116.13**
11. Other bank balances		
In Deposit accounts*	611.47	1,573.99
Total	**611.47**	**1,573.99**

*Represents deposits with original maturity of more than 12 months and remaining maturity of less than 12 months.

Particulars	As at 31st March, 2021		As at 31st March, 2020	
	No. of Shares	(₹ in Lakhs)	No. of Shares	(₹ in Lakhs)
12. Equity Share Capital				
Authorised				
Equity shares of ₹ 10 each	31,70,00,000	31,700	31,70,00,000	31,700
Redeemable, Non-convertible Preference Shares of ₹ 100 each	1,87,00,000	18,700	1,87,00,000	18,700
Issued and Subscribed				
Equity shares of ₹ 10 each, fully paid	31,70,00,000	31,700	31,70,00,000	31,700
a) Reconciliation of number of Shares				
Equity shares				
As at beginning of the year	31,70,00,000	31,700	31,70,00,000	31,700
Add: Issue of Shares	–	–	–	–
As at end of the year	**31,70,00,000**	**31,700**	**31,70,00,000**	**31,700**

b) The equity shares are issued by the Company at par value of ₹ 10 per share.

c) **Rights, preferences and restrictions attached to Equity shares**

This class of shares having par value of ₹ 10 per share, rank pari passu in all respects including voting rights and entitlement to dividend.

d) **Shareholders holding more than 5% of the aggregate Shares in the Company**

Equity shares	As at 31st March, 2021		As at 31st March, 2020	
	No. of Shares	%	No. of 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, 2021		As at 31st March, 2020	
Non-Current				
Deposits received from Members				
Security deposits received	3,153.54		3,195.21	
Less: Subscription fees receivable	(53.05)	3,100.49	(60.73)	3,134.48
ITC ESARs compensation payable		3.19		2.30
Total		3,103.68		3,136.78
Current				
Deposits received from Members				
Security deposits received	69.00		45.96	
Less: Subscription fees receivable	(1.85)	67.15	(2.84)	43.12
Other deposits received		1.55		5.21
Others				
- Retention money payable on purchase of property, plant and equipments		10.44		16.60
- Employee benefits payable		27.23		15.78
- ITC ESOS compensation payable		–		8.24
- ITC ESARs compensation payable		0.40		0.02
Total		106.77		88.97

14. Provisions

(₹ in lakhs)

	As at 31st March, 2021		As at 31st March, 2020	
	Current	Non- Current	Current	Non- Current
Provision for employee benefits (Refer Note 24)				
Retirement benefits	7.34	71.42	6.57	64.36
Other benefits	4.05	38.62	3.51	34.23
Total	11.39	110.04	10.08	98.59

15. Other Liabilities

Advances received from customers	22.62	–	47.83	–
Revenue received in advance	258.95	272.93	291.19	351.93
Statutory liabilities	41.80	–	27.38	–
Total	323.37	272.93	366.40	351.93

16. Revenue from Operations

	For the year ended 31st March, 2021 (₹ in Lakhs)	For the year ended 31st March, 2020 (₹ in Lakhs)
(A) Sale of services & goods		
Membership income*	958.35	874.26
Green fees	311.88	554.53
Caddie fees	37.63	223.88
Cart rental	354.55	221.76
Guest Entry Fees, Golf Set Rental & Range Income	55.62	82.31
Advertisement income	25.13	42.08
License fees	455.67	460.25
Food & Beverages	117.27	179.46
Tobacco	2.74	2.33
Total (A)	2,318.84	2,640.86
(B) Other Operating Revenues		
Insurance claim received	3.60	0.50
Liabilities Written Back	5.22	4.02
Others including scrap sales	6.16	9.83
Total (B)	14.98	14.35
Revenue from operations (A+B)	2,333.82	2,655.21

*Includes amortisation of Corporate and Tenure membership fees of ₹ 289.66 lakhs (2020: ₹ 323.84 lakhs).

17. Other Income

	For the year ended 31st March, 2021 (₹ in Lakhs)	For the year ended 31st March, 2020 (₹ in Lakhs)
Interest Income		
- Deposits with banks etc. - carried at amortized cost	149.97	123.73
- Interest on refund of Income Tax	6.78	3.64
- From members on delayed payments	3.43	3.55
- Others (from statutory authorities etc.)	2.10	–
Other gains and losses		
- Net foreign exchange gain / (loss)	–	1.88
- Net gain arising on financial assets mandatorily measured at FVTPL*	5.45	46.37
- Net gain on property, plant and equipment sold and written offs	–	1.23
Others	1.56	1.66
Total	169.29	182.06

* Includes ₹ 5.49 lakhs (Previous Year ₹ 49.02 lakhs) being net gain on sale of investments.

Notes to the Financial statements (Contd.)

(₹ in lakhs)

	For the year ended 31st March, 2021	For the year ended 31st March, 2020
18. Employee benefit expenses		
Salaries and wages, including bonus	**400.32**	378.95
Contribution to Provident and other funds	**29.85**	28.49
Staff welfare expenses	**47.63**	54.53
Reimbursement of manager's salary on deputation	**183.74**	232.79
Share based payments to employees (Refer note 25)	**3.44**	24.66
Total	**664.98**	719.42
19. Other expenses		
Power & Fuel	**137.02**	165.59
Consumption of Stores and Spare parts	**133.43**	126.63
Contracted Manpower and Services	**234.41**	400.78
Rates and taxes	**31.72**	55.14
Insurance	**23.69**	25.76
Repairs and maintenance - Buildings	**22.88**	23.60
Repairs and maintenance - Machinery	**37.14**	40.28
Repairs and maintenance - Others	**58.37**	53.97
Maintenance and upkeep	**32.58**	48.36
Advertising / Sales promotion	**6.76**	37.04
Travelling and Conveyance Expenses	**15.23**	53.33
Hire Charges	**11.14**	14.28
Legal Expenses	**15.85**	54.23
Consultancy / Professional fees	**43.18**	51.82
Bank and credit card charges	**19.49**	15.05
Postage, telephone etc.	**5.46**	7.51
Printing and Stationery	**3.75**	8.98
Information Technology Services	**35.20**	38.58
Bad debts & Advance written off	**1.07**	3.18
Provision for bad and doubtful debts & Advances	**0.01**	2.18
Net loss on property, plant and equipment sold and written off	**5.10**	-
Auditors remuneration and expenses*	**15.51**	15.18
Miscellaneous expenses	**3.83**	16.32
Total	**892.82**	1,257.79
* Auditors remuneration and expenses (excluding taxes):		
- Audit fees	**12.50**	12.50
- Tax audit fees	**2.00**	2.00
- Fees for other services	**0.31**	0.30
- Reimbursement of expenses	**0.70**	0.38
	15.51	15.18

	For the year ended 31st March, 2021	For the year ended 31st March, 2020
20. Earnings per share		
Earnings per share has been computed as under:		
(a) Profit for the year (₹ in lakhs)	**380.30**	284.89
(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 ₹)	**0.12**	0.09

	As at 31st March, 2021	As at 31st March, 2020
21. Contingent liabilities and commitments :		
(a) Claims against the Company not acknowledged as debts :		
(i) Legal cases	**13.34**	11.64
(ii) Entertainment duty	**552.62**	552.62

All the above matters are subject to legal proceedings in the ordinary course of business. In the opinion of management the legal proceedings, when ultimately concluded, will not have a material effect on results of operations or financial position of the Company.

	As at 31st March, 2021	As at 31st March, 2020
(b) Outstanding capital commitments:		
Estimated value of contracts in capital account remaining to be executed	**116.41**	38.35

Notes to the Financial statements (Contd.)

22. Micro, Small and Medium Enterprises

(₹ in lakhs)

Details relating to micro, small and medium enterprises is disclosed below:	As at 31st March, 2021	As at 31st March, 2020
(a) The principal amount and the interest due thereon remaining unpaid to any supplier;*	0.60	–
(b) The amount of interest paid in terms of Section 16 of the Micro, Small and Medium Enterprises Development Act, 2006 (27 of 2006), along with the amount of the payment made to the supplier beyond the appointed day;	–	–
(c) The amount of interest due and payable for the period of delay in making payment but without adding the interest specified under the Micro, Small and Medium Enterprises Development Act, 2006;	–	–
(d) The amount of interest accrued and remaining unpaid; and	–	–
(e) The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues above are actually paid to the small enterprise, for the purpose of disallowance of a deductible expenditure under Section 23 of the Micro, Small and Medium Enterprises Development Act, 2006.	–	–

*The Company does not have any interest due which is remaining unpaid to any supplier at the end of the accounting year. This information as required to be disclosed under the Micro, Small and Medium Enterprises Development Act, 2006 has been determined to the extent such parties have been identified on the basis of information available with the Company.

23. Disclosures in respect of leases

a. Company as Lessee:

The Company's leasing arrangement is in respect of residential accommodation taken on rent for staff and certain equipment obtained on hire for the operations of the Company. These leases have been classified as Short term leases in accordance with "Ind AS 116 Leases" and the exemption available under Para 5 of Ind AS 116 Leases has been availed. Accordingly, the lease payments are recognised as an expense on straight-line basis over the lease term in accordance with respective agreements.

With regard to above leases:

Particulars	31st March, 2021 (₹ in Lakhs)	31st March, 2020 (₹ in Lakhs)
Expense relating to short-term leases	16.61	13.50
Expense relating to leases of low-value assets	–	–
Total cash outflow for leases	16.64	12.74
Lease liabilities payable - Not later than a year	7.05	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 2021		As on 31st March 2020	
	Gross Block	Net Block	Gross Block	Net Block
Land	100.00	100.00	100.00	100.00
Building	13,317.01	12,043.95	13,317.01	12,256.12
Plant & Machinery	152.02	93.27	152.02	103.06
Furniture and Fixtures	19.42	5.17	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 2021 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.

(₹ in lakhs)

Notes to the Financial statements (Contd.)

		For the year ended 31st March, 2021 Gratuity Unfunded	For the year ended 31st March, 2020 Gratuity Unfunded
I	**Components of Employer Expense Recognised in Profit or Loss**		
1	Current Service Cost	8.78	8.74
2	Net Interest Cost	4.41	4.21
3	**Total expense recognised in the Statement of Profit and Loss**	13.19	12.95
	Re-measurements recognised in Other Comprehensive Income		
4	Effect of changes in demographic assumptions	–	-
5	Effect of changes in financial assumptions	–	4.86
6	Effect of experience adjustments	(4.46)	(2.31)
7	**Total re-measurements included in Other Comprehensive Income**	(4.46)	2.55
8	**Total defined benefit cost recognised in Profit and Loss and Other Comprehensive Income (3+7)**	8.73	15.50

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, 2021 Gratuity	As at 31st March, 2020 Gratuity
II	**Net Asset/(Liability) recognised in Balance Sheet**		
1	Present Value of Defined Benefit Obligation (DBO)	78.76	70.93
2	Fair value of plan assets	–	-
3	Net defined benefit liability (asset)	78.76	70.93
	- Current	7.34	6.57
	- Non current	71.42	64.36

		For the year ended 31st March, 2021 Gratuity	For the year ended 31st March, 2020 Gratuity
III	**Change in Defined Benefit Obligation (DBO)**		
1	Present Value of DBO at the beginning of the year	70.93	56.99
2	Current Service Cost	8.78	8.74
3	Interest Cost	4.41	4.21
	Remeasurement gains / (losses):		
5	Effect of changes in demographic assumptions	–	–
6	Effect of changes in financial assumptions	–	4.86
7	Effect of experience adjustments	(4.46)	(2.31)
8	Benefits Paid	(0.90)	(1.56)
9	**Present Value of DBO at the end of the year**	78.76	**70.93**
IV	**Actuarial Assumptions**	Gratuity	Gratuity
1	Discount Rate (%)	6.25%	6.25%
2	Pre-retirement mortality	Indian Assured Lives Mortality (2012-14) Ultimate	Indian Assured Lives Mortality (2012-14) Ultimate
3	Salary increase rate	7.50%	7.50%
4	Attrition Rate	10%	10%
5	Retirement Age	58	58
6	Disability	Nil	Nil

The estimates of future salary increases, considered in actuarial valuations take account of inflation, seniority, promotion and other relevant factors such as supply and demand factors in the employment market.

		Gratuity	Gratuity
V	**Net Asset / (Liability) recognised in Balance Sheet (including experience adjustment impact)**		
1	Present Value of Defined Benefit Obligation	(78.76)	(70.93)
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: ₹ 29.85 lakhs (2020 - ₹ 28.49 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, 2021	DBO as at 31st March, 2020
1	Discount Rate + 100 basis points	74.11	66.62
2	Discount Rate - 100 basis points	83.96	75.77
3	Salary Increase Rate + 1%	83.46	75.31
4	Salary Increase Rate – 1%	74.47	66.94
5	Attrition Rate + 1%	78.27	70.50
6	Attrition Rate - 1%	79.30	71.41

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 ₹ 2.17 lakhs (2020: ₹ 28.92 lakhs) towards ITC ESOS and ₹ 1.27 lakhs (2020: ₹ -4.26 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, ₹ 2.47 lakhs (2020: ₹ 22.02 lakhs) is attributable to key management personnel [Mr. B. Hariharan ₹ Nil (2020 : ₹ 18.00 lakhs); Mr. Deepak C Menezes ₹ 0.47 lakh (2020: Nil) and Mr. Ravi Khyani ₹ 2.00 lakhs (2020 : ₹ 4.02 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, 2021 No. of Options	As at 31st March, 2020 No. of Options
No. of Options Outstanding at the beginning of the year	**1,14,778**	1,21,278
Options Granted during the year	**–**	–
Options Forfeited / Surrendered during the year	**1,350**	–
Options due to transfer in and transfer out	**-94,680**	–
Options Exercised during the year	**–**	6,500
Number of options Outstanding at the end of the year	**18,748**	1,14,778
Number of Options exercisable at the end of the year	**18,748**	1,08,347
Options Vested and Exercisable during the year	**1,535**	12,049

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 ₹ 3,002.79 lakhs (Previous year ₹ 3,016.46 lakhs) as deposits received from individuals towards golf memberships and ₹ 150.75 lakhs (Previous year ₹ 178.75 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 ₹ 69.00 lakhs (Previous year ₹ 45.96 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, 2021	As at 31st March, 2020
Deferred tax assets		
On Unabsorbed depreciation	**2,553.38**	2,573.69
On Unabsorbed business loss	**1.82**	1.89
Other timing differences	**52.95**	55.78
Deferred tax liabilities		
Depreciation	**(1,798.12)**	(1,699.87)
Net Deferred Tax Asset	**810.03**	931.49

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, 2021 has not been recognized in the books of accounts.

The Company has exercised the option permitted under Section 115BAA of the Income-tax Act, 1961 with effect from the year ended 31st March, 2021. Pursuant to the above, the applicable tax rate of the Company has been considered as 25.168% (22% + surcharge @ 10% and cess @4%) as against the applicable rate of 26% (25% + Cess @4%) in FY 2019-20. There is no material impact on the financial statements due to exercise of the above option.

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. Jagdish Singh	Non-Executive Director
Ms. Ratna Chadha	Non-Executive Director
Mr. B. Hariharan	Managing Director (upto 30th April 2020)
Mr. Deepak C Menezes	Manager (w.e.f 1st May 2020 upto 10th December 2020)
Mr. Rajat Sethi	Manager (w.e.f 11th December 2020)
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	
		2021	**2020**	**2021**	**2020**	**2021**	**2020**	**2021**	**2020**
1	Sale of Services#	**41.50**	102.29	-	-	**0.71**	1.50	**42.21**	103.79
2	Purchase of Goods#	-	0.68	-	-	-	-	-	0.68
3	Purchase of Fixed Assets#	-	99.67	-	-	-	-	-	99.67
4	Purchase of Services#	**5.34**	15.49	-	2.18	-	-	**5.34**	17.67
5	Recovery of Contractual Remuneration	**3.59**	5.38	-	-	-	-	**3.59**	5.38
6	Expenses Recovered	**1.05**	94.31	-	-	-	-	**1.05**	94.31
7	License Fees Received#	**531.00**	531.00	-	-	-	-	**531.00**	531.00
8	Expenses Reimbursed**	**259.41**	350.27	-	-	**3.99**	7.91	**263.40**	358.18
9	Director Sitting Fee	-	-	-	-	**1.40**	0.90	**1.40**	0.90
10	**Share based payments**								
	Equity Settled Share Based Payments	**2.17**	28.92	-	-	-	-	**2.17**	28.92
	Cash Settled Share Based Payments	**1.27**	(4.26)	-	-	-	-	**1.27**	(4.26)

	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 *	**2021**	2020
	Short term benefits	**93.10**	128.67

* 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 ₹ 183.74 lakhs (Previous Year ₹ 232.79 lakhs). This includes salary paid to Key management personnel of ₹ 97.59 lakhs (Previous year ₹ 137.78 lakhs).

\# Includes GST

(v) **DISCLOSURE OF THE STATUS OF OUTSTANDING BALANCES**

(₹ in Lakhs)

	RELATED PARTY TRANSACTIONS SUMMARY	Holding Company		Associates		Key Management Personnel	
		2021	2020	**2021**	2020	**2021**	2020
1	Payables	**27.18**	33.81	–	0.24	**0.19**	–
2	Receivables	**1.62**	3.12	–	–	–	–

Notes to 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, 2021		As at 31st March, 2020	
		Carrying Value	Fair Value	Carrying Value	Fair Value
A. Financial assets					
a) Measured at amortised cost					
i) Cash and cash equivalents	10	**125.24**	**125.24**	116.13	116.13
ii) Other bank balances	11	**611.47**	**611.47**	1,573.99	1,573.99
iii) Trade receivables	9	**38.42**	**38.42**	56.49	56.49
iv) Other financial assets	5	**2,241.09**	**2,241.09**	635.75	635.75
Sub - total		**3,016.22**	**3,016.22**	2,382.36	2,382.36
b) Measured at Fair value through Profit & Loss					
- Investments in Mutual Funds	8	**165.12**	**165.12**	-	-
Sub - total		**165.12**	**165.12**	-	-
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		**3,181.34**	**3,181.34**	2,382.36	2,382.36
B. Financial liabilities					
a) Measured at amortised cost					
(i) Trade Payables		**277.50**	**277.50**	209.81	209.81
(ii) Other financial liabilities	13	**3,210.45**	**3,210.45**	3,225.75	3,225.75
Total financial liabilities		**3,487.95**	**3,487.95**	3,435.56	3,435.56

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 ₹ 1,188.12 lakhs (2020 - ₹ 1,968.17 lakhs) including Current investments, Cash and cash equivalents and Other bank balances of ₹ 901.83 lakhs (2020 - ₹ 1,690.12 lakhs) against an aggregate Current liability of ₹ 719.03 lakhs (2020 - ₹ 675.26 lakhs); Non-current liabilities due between one year to three years amounting to ₹ 77.84 lakhs (2020 - ₹ 95.95 lakhs) and Non-current liability due after three years amounting to ₹ 72.24 lakhs (2020 - ₹ 81.26 lakhs) on the reporting date.

Further, the Company's total equity stands at ₹ 24,057.55 lakhs (2020 - ₹ 23,672.79 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 ₹ 2,784.28 lakhs (2020 - ₹ 2,266.71 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 ₹ 38.42 lakhs (2020 – ₹ 56.49 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.

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.

Notes to the Financial statements (Contd.)

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 instrument.

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, 2021**	**As at 31st March, 2020**
A. Financial assets			
a) Measured at amortised cost			
- Others financial assets	3	**2,187.81**	623.33
b) Measured at Fair value through Profit & Loss			
- Investments in Mutual Funds	1	**165.12**	-
c) Measured at Fair value through Other Comprehensive Income			
- Equity shares (designated upon initial recognition)	3	**0.00**	0.00
Total financial assets (a+b+c)		**2,352.93**	**623.33**
B. Financial liabilities			
a) Measured at amortised cost			
- Other financial liabilities	3	**3,103.68**	3,136.78
Total financial liabilities		**3,103.68**	**3,136.78**

35. 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, 2021**	As at 31st March, 2020
0 to 1 years	**230.06**	268.27
1 to 3 years	**220.16**	273.00
3 to 5 years	**52.77**	78.93

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. The financial statements were approved for issue by the Board of Directors on 20th April, 2021.

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, 2021

Your Board of Directors ('the Board') hereby submit their Report for the financial year ended 31st March, 2021.

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.

The Indian Potato crop witnessed a lower production by approx. 10% over previous year at 47.5 Million MT owing to lower planting (by approx. 8%) followed by adverse climatic conditions. As a result, table potato prices, at harvest, were 2 to 2.5 times higher than previous year and remained firm for the rest of the year. A poor Kharif crop coupled with a delayed early Rabi crop accentuated the upward spiral in table potato and seed potato prices.

The Company leveraged the opportunity and the strength of its brand, superior product quality, better on-field performance and strong trade and customer relationship to capture better value realisation for its seed potatoes, thereby increasing its Revenue from Operations to ₹ 287.09 crores (previous year ₹ 202.26 crores) and Net Profit to ₹ 72.92 crores (previous year ₹ 20.34 crores). Total Comprehensive Income for the year stood at ₹ 72.92 crores (previous year ₹ 20.26 crores).

During the year, along with the Global and Indian economy, your Company has also been impacted by the COVID-19 pandemic in various ways. However, the laid down systems and processes of the Company enabled a seamless transition to Work From Home environment for all key employees and functions with enhanced cyber security and anti virus protection of all its IT systems and equipments. These steps aided your Company's ability to mitigate supply chain constraints to a large extent and facilitated restoration of normalcy in operations.

SEEDS BUSINESS

(a) Growing of TECHNITUBER® Seed Potatoes

During the year under review, your Company harvested 167.37 lakhs TECHNITUBER® seed potatoes (previous year: 161.80 lakhs) at its facility in Manpura, Himachal Pradesh. Considering the increase in demand for TECHNITUBER® seed, the Company added four more green houses to enhance production.

(b) Field agricultural operations

During the year, supported by good weather, your Company harvested 92,766 MT of early generation seed potatoes (previous year: 77,144 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 these 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 58,884 MT of early generation seed potatoes as against 69,068 MT in the previous year. TECHNITUBER® seed potato exports were lower at 3.12 lakhs vs 11.73 lakhs in the previous year, since domestic 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, fuelled by its superior technology and the expertise of the farmers associated with the Company and employees.

FRUITS AND VEGETABLES BUSINESS

Your Company has been building capabilities for sourcing fruits and vegetables, specially potatoes and onions, 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 launched by its parent company.

FINANCIAL PERFORMANCE

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

(₹ in lakhs)

	For the year ended 31st March, 2021	For the year ended 31st March, 2020
Profits		
a. Profit Before Tax	9,322.09	3,245.81
b. Less : Tax Expense	2,030.14	1,212.04
c. Profit After Tax	7,291.95	2,033.77
d. Add : Other Comprehensive Income	(0.07)	(7.69)
e. Total Comprehensive Income	7,291.88	2,026.08

DIVIDEND & RETAINED EARNINGS

During the year under review, Interim Dividend of ₹ 16/- per Equity Share was declared by the Board on 24th March, 2021, out of the profits of the Company. Such dividend was paid to the members whose names appeared in the Register of Members of the Company on the aforesaid date. The said Interim Dividend aggregating ₹ 6,074.05 lakhs, has been proposed by your Directors to be confirmed as the Final Dividend for the financial year ended 31st March, 2021.

The movement in Retained Earnings is summarised below:

(₹ in lakhs)

	For the year ended 31st March, 2021	For the year ended 31st March, 2020
Retained Earnings		
a. At the beginning of the year	3,972.31	3,776.87
b. Add : Profit for the year	7,291.95	2,033.77
c. Add : Other Comprehensive Income	(0.07)	(7.69)
d. Less: Interim Dividend paid	6,074.05	1,518.51
e. Less: Income Tax on Interim Dividend	–	312.13
f. At the end of the year	5,190.14	3,972.31

DIRECTORS AND KEY MANAGERIAL PERSONNEL

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

During the year under review, Mr. Sachidanand Shivprakash Madan (DIN: 00419076), consequent to his retirement from the services of ITC Limited, the Holding Company, stepped down as the Wholetime Director and Company Secretary of the Company with effect from 28th November, 2020. Considering Mr. Madan's deep knowledge in the seed potato business, the Board at the meeting held on 28th October, 2020 approved appointment of Mr. Madan as a Retainer of the Company.

Further, the Board at the meeting held on 27th January, 2021, recommended for the approval of the Members appointment of Mr. Madan as a Non-Executive Director of the Company. Thereafter, at the Extra-ordinary General Meeting held on 1st February, 2021, Mr. Madan was appointed as the Non-Executive Director of the Company for the period from 1st February, 2021 to 27th November, 2021 and necessary approval of Members for the said appointment was also obtained under Section 188 of the Companies Act, 2013 ('the Act').

In accordance with the provisions of Section 152 of the Act read with Article 123 of the Articles of Association of the Company, Messrs. Dharmarajan Ashok (DIN: 02009735) and Sivakumar Surampudi (DIN: 00341392), Directors, will retire by rotation at the ensuing annual general meeting ('AGM') of the Company, and being eligible, offer themselves for re-election. Your Board has recommended their re-election.

The Board at the meeting held on 28th October, 2020 appointed Messrs. Soundararadjane S. and Debanjan Sarkar as the Chief Executive Officer and Company Secretary of the Company, respectively, both with effect from 28th November, 2020 in terms of the provision of Section 203 of the Act.

(b) Board Evaluation

The Board carried out annual performance evaluation of its own performance and that of the Directors as also the functioning of the

CSR Committee, as required under Section 134 of the Act, based on the criteria approved by the Board. Report on functioning of the CSR Committee was placed before the Board by the Chairman of the Committee after discussion with the Committee members.

BOARD 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, 2021.

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 judgements 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 farmers associated with your Company 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) who had drawn remuneration more than the limit specified in Rule 5(2) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 along with the details of top ten employees of the Company in terms of remuneration drawn, as required under the said Rule, are provided in **Annexure 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 Committees in compliance with the applicable provisions of the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013. During the year under review, no complaint for sexual harassment was received.

CORPORATE SOCIAL RESPONSIBILITY (CSR)

The Annual Report on CSR Activities of 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, 2021, the Company has neither given any loan or guarantee nor has made any investment under Section 186 of the Act.

RELATED PARTY TRANSACTIONS

During the year ended 31st March, 2021, the related party transactions entered into by the Company were in the ordinary course of business and at arm's length basis. The details of material related party transactions of the Company in the prescribed Form No. AOC-2 are disclosed 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.

ANNUAL RETURN

The Annual Return of the Company is available on its website at http://technituberindia.com/wp-content/uploads/2021/02/Annual%20Return%202019-20.pdf.

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 (i.e. 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 2021-22. 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 4** to this Report.

On behalf of the Board

S. Sivakumar

Dated : 5th May, 2021 **Chairman**

Annexure 1 to the Report of the Board of Directors for the financial year ended 31st March, 2021

[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 *	62	Wholetime Director & Company Secretary	1,93,97,126/-	1,07,18,295 /-	B.Com. (Hons.), A.C.A., A.C.S.	39	01.04.2012	Russell Credit Limited - on deputation to Technico Agri Sciences Limited
Soundararadjane S **	51	Chief Executive Officer	1,27,70,237/-	62,36,212/-	M.Sc. (Agriculture)	28	28.11.2020	Chief Operating Officer - Technico Agri Sciences Limited
S. Pal Singh #	59	Vice President – Agronomy	90,29,548/-	53,19,734/-	M.Sc. (Agronomy)	35	01.04.2012	Russell Credit Limited - on deputation to Technico Agri Sciences Limited
Sanjeev Madan	55	Chief Financial Officer	60,84,626/-	39,87,392/-	B.Com. (Hons.), F.C.A.	29	01.08.2005	Saboo Coatings Limited - Chief Finance Officer
N. K. Jha #	45	Head - Sales, Marketing & New Business	72,79,747/-	46,68,576/-	M.Sc. (Agriculture), M.S. (IT in Agriculture), M.B.A. (Marketing)	17	16.08.2007	Reliance Retail Limited - State Head - Planning & MIS
A. Aggarwal	42	Deputy General Manager – Finance	31,30,302/-	22,61,837/-	B.Com., A.C.A.	19	03.03.2006	Satyam Computer Services Limited - Sr. Associate
T. Pant	54	Deputy General Manager – Agronomy	27,93,957/-	20,91,750/-	M.Sc. (Agriculture)	26	01.08.2001	Indomint Agriproducts Private Limited - Area Manager
R. Singh	50	Deputy General Manager – Facility	27,02,537/-	20,53,420/-	M.Sc. (Agriculture)	26	15.05.2000	Salora Floritech Limited - Horticulturist
S. Manjkhola	47	Manager - Facility	19,33,572/-	15,06,876/-	M.Sc. (Env. Science), Ph.D.	22	02.07.2007	Reliance Retail Limited - Dy. Manager
Jatin Khurana	27	Manager - Finance	15,68,031/-	13,13,586/-	B.Com. (Hons.), A.C.A,	4	23.09.2019	Price Waterhouse - Associate

* *Was on deputation from ITC Limited, the Holding Company (ITC) and ceased to be the Wholetime Director and Company Secretary of the Company with effect from 28th November, 2020.*

** *On deputation from ITC and appointed as the Chief Executive Officer of the Company with effect from 28th November, 2020.*

 # On deputation from ITC.

Notes:

a. Gross remuneration includes salary, variable pay / performance bonus, allowances & other benefits / applicable perquisites borne by the Company except provisions for gratuity and leave encashment which are actuarially determined on an overall Company basis. The term 'remuneration' has the meaning assigned to it under the Companies Act, 2013.

b. Net remuneration comprises cash income less income tax, education cess deducted at source and employee's own contribution to provident fund.

c. 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 the 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

Dated : 5th May, 2021 **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, 2021

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

   The Company, a wholly owned subsidiary of ITC Limited (ITC), discharges its corporate social responsibilities (CSR) by aligning itself with the CSR Policy of ITC and by undertaking CSR activities in areas or subjects which are independent of the normal conduct of the Company's business and are covered under the activities listed in Schedule VII read with Section 135 of the Companies Act, 2013 and the Companies (Corporate Social Responsibility Policy) Rules, 2014.

   The Company will undertake CSR activities (a) directly, or (b) through a registered public trust or a registered society or a company incorporated under Section 8 of the Companies Act, 2013, having track record of at least three years in undertaking CSR activities, or (c) through other eligible implementing agencies.

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

2. **Composition of the CSR Committee:**

Sl. No.	Name of Director	Designation / Nature of Directorship	Number of meetings of CSR Committee held during the year	Number of meetings of CSR Committee attended during the year
1.	Mr. S. Sivakumar (Chairman of the Committee)	Chairman & Non-Executive Director	2	2
2.	Mr. D. Ashok	Member - Non- Executive Director		2
3.	Mr. Sachidanand S. Madan	Member - Non- Executive Director		2

3. The composition of CSR Committee, CSR Policy and CSR projects approved by the Board are disclosed on the website of the Company: **http://technituberindia.com/corporate-social-responsibility/**

4. The details of Impact Assessment of CSR projects carried out in pursuance of sub-rule (3) of Rule 8 of the Companies (Corporate Social Responsibility Policy) Rules, 2014, if applicable (attach the report): **Not Applicable**

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

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

6. Average net profit of the Company as per Section 135(5): ₹ **815.90 lakhs**

7.

(a)	Two percent of average net profits of the Company as per Section 135(5)	**₹ 16.32 lakhs**
(b)	Surplus arising out of the CSR projects or programmes or activities of the previous financial years	**Nil**
(c)	Amount required to be set off for the financial year, if any	**Nil**
(d)	Total CSR obligation for the financial year (7a+7b-7c)	**₹ 16.32 lakhs**

8. (a) CSR amount spent or unspent for the financial year:

Total Amount Spent for the Financial Year (in ₹)	Amount Unspent (in ₹)				
	Total Amount transferred to Unspent CSR Account as per Section 135(6)		Amount transferred to any fund specified under Schedule VII as per second proviso to Section 135(5)		
	Amount (₹)	Date of transfer	Name of the Fund	Amount (₹)	Date of transfer
₹ 16.50 lakhs	Not Applicable				

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

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

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

(1)	(2)	(3)	(4)	(5)		(6)	(7)	(8)	
Sl. No.	Name of the Project	Item from the list of activities in Schedule VII to the Act	Local area (Yes / No)	Location of the project		Amount spent for the project (in ₹)	Mode of Implementation - Direct (Yes / No)	Mode of Implementation - Through Implementing Agency	
				State	District			Name	CSR Registration No.
1.	Contribution to Clean Ganga Fund	Schedule VII, clause (iv) [rejuvenation of river Ganga]	No	N.A.	N.A.	16.50 lakhs	No	N.A.	N.A.
	Total					**16.50 lakhs**			

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

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

(f) Total amount spent for the Financial Year (8b+8c+8d+8e): ₹ **16.50 lakhs**

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

Sl. No.	Particular	Amount (in ₹)
(i)	Two percent of average net profit of the Company as per Section 135(5)	**Not Applicable**
(ii)	Total amount spent for the Financial Year	
(iii)	Excess amount spent for the Financial Year [(ii)-(i)]	
(iv)	Surplus arising out of the CSR projects or programmes or activities of the previous financial years, if any	
(v)	Amount available for set off in succeeding financial years [(iii)-(iv)]	

9. (a) Details of Unspent CSR amount for the preceding three financial years:

Sl. No.	Preceding Financial Year	Amount transferred to Unspent CSR Account under Section 135 (6) (in ₹)	Amount spent in the reporting Financial Year (in ₹)	Amount transferred to any fund specified under Schedule VII as per Section 135(6), if any			Amount remaining to be spent in succeeding financial years (in ₹)
				Name of the Fund	Amount (in ₹)	Date of transfer	
Not Applicable							

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

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

10. In case of creation or acquisition of capital asset, furnish the details relating to the asset so created or acquired through CSR spent in the financial year (asset-wise details): **Not Applicable**

(a) Date of creation or acquisition of the capital asset(s)

(b) Amount of CSR spent for creation or acquisition of capital asset

(c) Details of the entity or public authority or beneficiary under whose name such capital asset is registered, their address etc.

(d) Provide details of the capital asset(s) created or acquired (including complete address and location of the capital asset)

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

On behalf of the Board

Sachidanand Madan
Director

S. Sivakumar
Chairman

Dated : 5th May, 2021

Annexure 3 to the Report of the Board of Directors for the financial year ended 31st March, 2021

FORM NO. AOC-2

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

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

1. Details of contracts or arrangements or transactions not at arm's length basis

a)	Name(s) of the related party and nature of relationship	NIL
b)	Nature of contracts / arrangements / transactions	
c)	Duration of the contracts / arrangements / transactions	
d)	Salient terms of the contracts or arrangements or transactions including the value, if any	
e)	Justification for entering into such contracts or arrangements or transactions	
f)	Date(s) of approval by the Board	
g)	Amount paid as advances, if any	
h)	Date on which the resolution was passed in general meeting as required under first proviso to Section 188	

2. Details of material contracts or arrangements or transactions at arm's length basis

A.

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, 2020 to 31st March, 2021
d)	Salient terms of the contracts or arrangements or transactions including the value, if any	The Company sold potatoes, fruits and vegetables to ITC having aggregate sale value of ₹ 5,588.46 lakhs
e)	Date(s) of approval by the Board, if any	12th March, 2020, 28th October, 2020, 27th January, 2021 and 24th March, 2021.
f)	Amount paid as advances, if any	Nil

B.

a)	Name(s) of the related party and nature of relationship	Mr. Sachidanand Shivprakash Madan - Retainer and a Non-Executive Director of the Company.
b)	Nature of contracts / arrangements / transactions	Mr. Madan is providing professional advisory services to the Company in the areas of global potato variety development, their imports specially for chipstock, potato minituber production and sale including export, seed potato multiplication and sale, contract farming of potatoes, global & local breeder and processor relationships etc.
c)	Duration of the contracts / arrangements / transactions	1st February, 2021 to 27th November, 2021.
d)	Salient terms of the contracts or arrangements or transactions including the value, if any	Remuneration: Monthly fee of ₹ 5,50,000/- plus goods and services tax as applicable, and variable pay linked to agreed deliverables not exceeding ₹ 30,00,000/- per annum.
e)	Date(s) of approval by the Board, if any	27th January, 2021
f)	Amount paid as advances, if any	Nil

On behalf of the Board

Dated : 5th May, 2021

S. Sivakumar
Chairman

Annexure 4 to the Report of the Board of Directors for the financial year ended 31st March, 2021

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

i. Conservation of Energy:

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. 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 the farmers associated with the Company, 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	:	14.37
Foreign Exchange Outgo	:	6.82

On behalf of the Board

Dated : 5th May, 2021

S. Sivakumar
Chairman

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, 2021, 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, 2021, 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 judgements 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 judgement and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the Ind AS financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under Section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Company has adequate internal financial controls with reference to financial statements in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the Ind AS financial statements, including the disclosures, and whether the Ind AS financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

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

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 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, 2021 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2021 from being appointed as a director in terms of Section 164 (2) of the Act;

(f) With respect to the adequacy of the internal financial controls with reference to these Ind AS financial statements and the operating effectiveness of such controls, refer to our separate Report in "Annexure 2" to this report;

(g) In our opinion, the managerial remuneration for the year ended March 31, 2021 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 34 to the Ind AS financial statements;

ii. The Company have long-term contracts as at March 31, 2021 for which there were no material foreseeable losses. The Company did not have any derivative contracts as at March 31, 2021;

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 Tanmoy Dasmahapatra
Partner
Membership Number: 058259
UDIN: 21058259AAAABH6379
Place of Signature: Kolkata
Date: May 05, 2021

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, 2021.

(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-tax on 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 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 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 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) 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 Tanmoy Dasmahapatra
Partner
Membership Number: 058259
UDIN: 21058259AAAABH6379
Place of Signature: Kolkata
Date: May 05, 2021

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, 2021 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, 2021, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

For **S R B C & CO LLP**
Chartered Accountants
ICAI Firm Registration Number: 324982E/E300003
per Tanmoy Dasmahapatra
Partner
Membership Number: 058259
UDIN: 21058259AAAABH6379
Place of Signature: Kolkata
Date: May 05, 2021

BALANCE SHEET AS AT 31 MARCH, 2021

(Amount in ₹ lakhs)

Particulars	Notes	As at 31 March 2021	As at 31 March 2020
ASSETS			
Non-current assets			
(a) Property, plant and equipment	3.1	1185.38	1033.72
(b) Capital work-in-progress	3.1	5.67	–
(c) Intangible assets	3.2	4.02	2.45
(d) Right-of-use assets	3.3,35	159.43	188.92
(e) Financial assets			
(i) Other financial assets	6	11.03	10.03
(f) Deferred tax assets (Net)	7	6.10	431.93
(g) Other non-current assets	8	33.77	12.70
Total non-current assets		1405.40	1679.75
Current assets			
(a) Inventories	9	3723.83	2613.41
(b) Biological assets other than bearer plants	4	10796.32	8393.42
(c) Financial assets			
(i) Investments	5	–	2750.15
(ii) Trade receivables	10	345.94	60.38
(iii) Cash and cash equivalents	11	6.21	95.73
(iv) Other bank balances	12	5387.00	–
(v) Other financial assets	6	130.34	6.00
(d) Other current assets	8	155.53	217.41
Total current assets		20545.17	14136.50
Total assets		21950.57	15816.25
EQUITY AND LIABILITIES			
Equity			
(a) Equity share capital	13	3796.28	3796.28
(b) Other equity	14	5190.14	3972.31
Total equity		8986.42	7768.59
Liabilities			
Non-current liabilities			
(a) Financial liabilities			
(i) Lease liabilities	35	163.99	182.22
(ii) Other financial liabilities	18	34.04	8.43
(b) Provisions	15	26.76	22.11
Total non-current liabilities		224.79	212.76
Current liabilities			
(a) Financial liabilities			
(i) Borrowings	16	387.54	–
(ii) Lease liabilities	35	19.52	20.40
(iii) Trade payables			
- total outstanding dues of micro enterprises and small enterprises	17	2.64	80.27
- total outstanding dues of creditors other than micro enterprises and small enterprises	17	7820.79	5319.98
(iv) Other financial liabilities	18	371.26	174.21
(b) Contract liabilities	19	1526.39	994.05
(c) Other current liabilities	20	499.72	38.08
(d) Liabilities for current tax (net of advance income tax including TDS recoverable)		2053.67	1153.32
(e) Provisions	15	57.83	54.59
Total current liabilities		12739.36	7834.90
Total liabilities		12964.15	8047.66
Total equity and liabilities		21950.57	15816.25

The accompanying notes 1 to 45 are an integral part of the financial statements

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

For SRBC & Co LLP
Firm registration number: 324982E/E300003
Chartered Accountants

Tanmoy Dasmahapatra
Partner
Membership no.: 058259

Place: Kolkata
Date: 05 May, 2021

For and on behalf of the Board of Directors of Technico Agri Sciences Limited

S. Sivakumar
Chairman
Hyderabad

Sachidanand S. Madan
Director
Gurugram

Soundararadjane S
Chief Executive Officer
Chandigarh

Sanjeev Madan
Chief Financial Officer
Chandigarh

Debanjan Sarkar
Company Secretary
Kolkata
Date : 05 May, 2021

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31 MARCH, 2021

(Amount in ₹ lakhs)

	Particulars	Notes	For the year ended 31 March 2021	For the year ended 31 March 2020
I	Revenue from operations	21	28708.62	20226.06
II	Other income	22	519.22	277.11
III	Total Income (I+II)		29227.84	20503.17
IV	**Expenses**			
	Cost of raw material and components consumed	23	1185.92	1024.79
	Purchases of stock-in-trade and biological assets	24	8172.71	5993.56
	Changes in inventories of finished goods, stock-in-trade and biological assets	25, 4	(3498.93)	(1462.89)
	Employee benefits expense	26	1598.33	1075.11
	Finance costs	27	16.69	70.42
	Depreciation and amortisation expense	28	165.47	140.60
	Other expenses	29	12265.56	10415.77
	Total expenses (IV)		19905.75	17257.36
V	**Profit before tax (III-IV)**		9322.09	3245.81
VI	**Tax expenses :**			
	(1) Current tax	30	1604.30	1351.86
	(2) Deferred tax	7, 30	425.84	(139.82)
	Total tax expenses		2030.14	1212.04
VII	**Profit for the year (V-VI)**		7291.95	2033.77
VIII	**Other comprehensive income**			
	(i) Items that will not be reclassified to profit or loss			
	- Remeasurements of net defined benefit liability	36	(0.07)	(7.97)
	(ii) Tax relating to items that will not be reclassified to profit or loss	30.2	–	0.28
	Total other comprehensive income/(loss) (i + ii)		(0.07)	(7.69)
IX	**Total comprehensive income for the year (VII+VIII)**		7291.88	2026.08
	Earnings per share (in ₹) [(Face value ₹ 10 each (31 March 2020 : ₹ 10)]	31		
	(1) Basic		19.21	5.36
	(2) Diluted		19.21	5.36

The accompanying notes 1 to 45 are an integral part of the financial statements

This is the Statement of Profit and Loss referred to in our report of even date.

For SRBC & Co LLP
Firm registration number: 324982E/E300003
Chartered Accountants

Tanmoy Dasmahapatra
Partner
Membership no.: 058259

Place: Kolkata
Date: 05 May, 2021

For and on behalf of the Board of Directors of Technico Agri Sciences Limited

S. Sivakumar
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Soundararadjane S
Chief Executive Officer
Chandigarh

Sanjeev Madan
Chief Financial Officer
Chandigarh

Debanjan Sarkar
Company Secretary
Kolkata
Date : 05 May, 2021

CASH FLOW STATEMENT FOR THE YEAR ENDED 31 MARCH, 2021

(Amount in ₹ lakhs)

Particulars	For the year ended 31 March 2021	For the year ended 31 March 2020
Cash flow from operating activities		
Profit before tax	9322.09	3245.81
Adjustments for :		
Depreciation and amortization expense and Right-of-use assets	165.47	140.60
Provision for doubtful debts	–	1.40
Loss on disposal of property, plant and equipment	0.14	2.25
Gain on sale of current investments	(74.08)	(160.56)
Gain on fair value measurement of investments	–	(0.15)
Interest expense	16.69	70.42
Interest income	(280.47)	(1.71)
Provisions/Liabilities written back to the extent no longer required	(50.00)	(1.03)
Operating profit before changes in working capital	9099.84	3297.03
Changes in operating assets and liabilities		
(Increase)/decrease in trade receivables	(235.56)	373.85
(Increase)/decrease in inventories	(1110.42)	(1207.57)
(Increase)/decrease in biological assets other than bearer plants	(2402.90)	(233.10)
(Increase)/decrease in other financial assets	(125.34)	0.15
Decrease/(increase) in other non-current assets	(1.71)	0.17
(Increase)/decrease in other current assets	61.88	8.82
Increase/(decrease) in trade payables	2423.18	1522.03
Increase/(decrease) in provisions	7.82	10.78
Increase/(decrease) in other financial liabilities	230.37	41.28
Increase/(decrease) in other current liabilities	993.98	(379.53)
Increase/(decrease) in right to return asset and prepayments	(35.07)	(35.15)
Cash generated from operations	8906.07	3398.76
Taxes paid (Including TDS recoverable)	(715.68)	(83.45)
Net cash inflow from operating activities (A)	8190.39	3315.31
Cash flows from investing activities		
Payments for property, plant and equipment	(326.77)	(265.38)
Payments for purchase of investments	(29558.84)	(27295.00)
Proceeds from sale of investments	32383.07	26007.45
Investment in bank deposits	(14052.00)	–
Maturity of bank deposits	8804.67	–
Proceeds from sale of property, plant and equipment	6.72	7.57
Interest received	150.47	1.68
Net cash (outflow) from investing activities (B)	(2592.68)	(1543.68)
Cash flows from financing activities		
Interest paid	(0.72)	(50.24)
Interim dividends paid to holding company	(6074.05)	(1518.51)
Proceeds/(Repayment) from borrowings	387.54	–
Dividends distribution tax on interim dividend	–	(312.13)
Net cash (outflow) from financing activities (C)	(5687.23)	(1880.88)
Net increase in cash and cash equivalents (A+B+C)	(89.52)	(109.25)
Cash and cash equivalents at the beginning of the financial year	95.73	204.98
Cash and cash equivalents at end of the year (Refer Note 11)	6.21	95.73
Cash and cash equivalents as per above comprise of the following		
(a) Balances with Banks		
- In current account	6.21	95.73
(b) Cash on hand*	0.00	0.00
Total Cash and cash equivalents (Refer Note 11)	6.21	95.73

* Amount is below the rounding off norm adopted by the Company.

Notes :

1. The above cash flow statement has been prepared under the "Indirect Method" as set out in Indian Accounting Standard 7 " Statement of cash flows".
2. The accompanying notes 1 to 45 are an integral part of the financial statements.

This is the cash flow statement referred to in our report of even date.

For SRBC & Co LLP
Firm registration number: 324982E/E300003
Chartered Accountants

Tanmoy Dasmahapatra
Partner
Membership no.: 058259

Place: Kolkata
Date: 05 May, 2021

For and on behalf of the Board of Directors of Technico Agri Sciences Limited

S. Sivakumar
Chairman
Hyderabad

Sachidanand S. Madan
Director
Gurugram

Soundararadjane S
Chief Executive Officer
Chandigarh

Sanjeev Madan
Chief Financial Officer
Chandigarh

Debanjan Sarkar
Company Secretary
Kolkata
Date : 05 May, 2021

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 MARCH, 2021

A. Equity Share Capital

(Amount in ₹ lakhs)

Balance at 1 April 2019	Changes in equity share capital during the year	Balance at 31 March 2020	Changes in equity share capital during the year	**Balance at 31 March 2021**
3796.28	–	3796.28	–	**3796.28**

B. Other Equity

(Amount in ₹ lakhs)

Particulars	Retained Earnings
Balance as at 1 April 2019	**3776.87**
- Profit for the Year	2033.77
- Other Comprehensive income/(loss) (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**
- Profit for the Year	7291.95
- Other comprehensive income/(loss) (net of tax)	(0.07)
Total comprehensive income	**7291.88**
Transactions with owners in their capacity as owners :	
Interim dividend paid	(6074.05)
Income tax on interim dividend paid	–
Balance as at 31 March 2021	**5190.14**

The accompanying notes 1 to 45 are an integral part of the financial statements.

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

For SRBC & Co LLP
Firm registration number: 324982E/E300003
Chartered Accountants

Tanmoy Dasmahapatra
Partner
Membership no.: 058259

Place: Kolkata
Date: 05 May, 2021

For and on behalf of the Board of Directors of Technico Agri Sciences Limited

S. Sivakumar
Chairman
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Chief Executive Officer
Chandigarh

Sanjeev Madan
Chief Financial Officer
Chandigarh

Debanjan Sarkar
Company Secretary
Kolkata
Date : 05 May, 2021

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.
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 - 43)

Segments are organised based on business which have similar economic characteristics as well as exhibit similarities in nature of products and services offered, the nature of production processes, the type and class of customer and distribution methods.

Segment revenue arising from third party customers is reported on the same basis as revenue in the financial statements. Segment results represent profits before finance charges, unallocated corporate expenses and taxes.

"Unallocated Corporate Expenses" include revenue and expenses that relate to initiatives / costs attributable to the Company as a whole and are not attributable to segments.

u. Cash and cash equivalents

Cash and cash equivalents in the cash flow statement include cash on hand, demand deposits with banks, other short-term highly liquid investments with original maturities of three months or less.

v. Earnings per share

Basic earnings per share are calculated by dividing the net profit or loss for the period attributable to equity shareholders (after deducting attributable taxes) by the weighted average number of equity shares outstanding during the period. Partly paid equity shares are treated as a fraction of an equity share to the extent that they were entitled to participate in dividends relative to a fully paid equity share during the reporting period.

For the purpose of calculating diluted earnings per share, the net profit or loss for the period attributable to equity shareholders and the weighted average number of shares outstanding during the period are adjusted for the effects of all dilutive potential equity shares.

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH, 2021 (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 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**
Additions	-	-	261.83	2.97	-	0.18	12.20	14.08	291.26
Disposals	-	-	(10.44)	-	-	-	-	(7.64)	(18.08)
At 31 March 2021	**151.93**	**275.20**	**1231.65**	**7.21**	**23.35**	**1.72**	**65.89**	**62.35**	**1819.30**

(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 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**
Charge for the year	-	12.52	103.45	0.10	-	0.10	9.25	7.78	133.20
Disposals	-	-	(4.84)	-	-	-	-	(6.84)	(11.68)
At 31 March 2021	-	**75.12**	**455.36**	**3.26**	**20.89**	**1.08**	**41.36**	**36.85**	**633.92**
Net carrying amount									
At 31 March 2020	**151.93**	**212.60**	**623.51**	**1.08**	**2.46**	**0.56**	**21.58**	**20.00**	**1033.72**
At 31 March 2021	**151.93**	**200.08**	**776.29**	**3.95**	**2.46**	**0.64**	**24.53**	**25.50**	**1185.38**
Capital work-in-progress									
At 31 March 2020	-	-	-	-	-	-	-	-	-
At 31 March 2021	-	-	-	-	-	-	-	-	**5.67**

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 2019	-	15.18	0.50	15.68
Additions	-	0.20	-	0.20
At 31 March 2020	-	**15.38**	**0.50**	**15.88**
Additions	-	2.77	-	2.77
At 31 March 2021	-	**18.15**	**0.50**	**18.65**
Accumulated amortization				
At 1 April 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**
Charge for the year	-	1.15	0.05	1.20
At 31 March 2021	-	**14.38**	**0.25**	**14.63**
Net carrying amount				
At 31 March 2020	-	**2.15**	**0.30**	**2.45**
At 31 March 2021	-	**3.77**	**0.25**	**4.02**

* 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	–	–	–
At 31 March 2020	18.63	201.49	220.12
Additions	0.12	1.46	1.58
At 1 April 2021	**18.75**	**202.95**	**221.70**
Accumulated amortization			
At 1 April 2019	–	–	–
Charge for the year	8.60	22.60	31.20
At 31 March 2020	8.60	22.60	31.20
Charge for the year	8.33	22.74	31.07
At 31 March 2021	**16.93**	**45.34**	**62.27**
Net carrying amount			
At 31 March 2020	10.03	178.89	188.92
At 31 March 2021	**1.82**	**157.61**	**159.43**

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH, 2021 (Contd.)

4. Biological assets other than bearer plants

(Amount in ₹ lakhs)

Particulars	For the year ended 31 March 2021	For the year ended 31 March 2020
Opening value of biological assets	**8393.42**	8160.32
Biological assets acquired during the year	**547.76**	83.41
Cost Incurred during the year	**11078.76**	9838.10
Changes in fair value*	**11006.27**	4680.69
Biological assets sold during the year	**(19259.27)**	(13736.01)
Harvested potatoes transferred to inventories and sold during the year	**(493.11)**	(218.78)
Harvested potatoes transferred to inventories	**(477.51)**	(414.31)
Closing value of biological assets	**10796.32**	8393.42

* Represents aggregate gain/(loss) arising on account of change in fair value less costs to sell during the year.

As at 31 March, 2021, the Company had 10044470 Nos. TECHNITUBER® Seed Potatoes (31 March, 2020 - 9763063 Nos.).

As at 31 March, 2021, there were 84802 MT of field generated seed potatoes (31 March, 2020 - 70407 MT). During the year, output of agricultural produce (potatoes) is 10748 MT (31 March, 2020 - 4897 MT).

In October, 2020 -14464 MT (October, 2019 - 13589 MT) of seed potatoes were planted and in February/March, 2021 - 92766 MT (February/March, 2020 - 75051 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, 2021 ₹ 16.35 lakhs (31 March, 2020 - ₹ 108.49 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, 2021, 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 2021	As at 31 March 2020
Investment in mutual funds (measured at fair value through profit or loss)		
Unquoted		
Nippon India Overnight Fund Nil (2020- 16,32,728) Units of ₹ 100.00 each	–	1750.07
DSP Overnight Fund Nil (2020- 93,580) Units of ₹ 1000.00 each	–	1000.08
Total unquoted investments	**–**	**2750.15**
Total current investments		
Aggregate amount of quoted investments and market value thereof	–	–
Aggregate amount of unquoted investments	–	2750.15
Aggregate amount of impairment in the value of investments	–	–

6. Other Financial assets

(Amount in ₹ lakhs)

Particulars	As at 31 March 2021	As at 31 March 2020
Non-Current		
Security deposits	11.03	10.03
Total	**11.03**	10.03
Current		
Interest accrued on fixed deposits	**130.34**	0.34
Incentive receivable	–	5.66
Total	**130.34**	6.00

7. Deferred tax assets/(liabilities) (net)

(Amount in ₹ lakhs)

Particulars	As at 31 March 2021	As at 31 March 2020
Deferred tax assets	6.10	431.97
Deferred tax liabilities	–	(0.04)
Total	**6.10**	431.93

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH, 2021 (Contd.)

Movement in deferred tax assets/(liabilities) balances

FY 2020-21 (Amount in ₹ lakhs)

Particulars	Opening Balance	Recognized in profit or loss	Recognized in OCI	Closing Balance
Deferred tax assets in relation to:				
Unabsorbed business loss	428.52	(428.52)	-	-
Others	3.45	2.65	-	6.10
Total Deferred tax assets (I)	431.97	(425.87)	-	6.10
Deferred tax liabilities in relation to :				
Gain on financial assets designated at FVTPL	0.04	(0.04)	-	-
Remeasurements of net defined benefit liability	-	-	-	-
Total Deferred tax liabilities (II)	0.04	(0.04)	-	-
Deferred tax assets/(liabilities) (net) before MAT credit entitlement (II - I)	431.93	(425.83)	-	6.10
MAT Credit Entitlement	-	-	-	-
Deferred tax assets/(liabilities) (net)	431.93	(425.83)	-	6.10

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:				
Unabsorbed business loss	-	428.52	-	428.52
Others	-	3.45	-	3.45
Total Deferred tax assets (I)	-	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 (II)	0.77	(0.45)	(0.28)	0.04
Deferred tax assets/(liabilities) (net) before MAT credit entitlement (II - I)	(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

8. Other assets

(Amount in ₹ lakhs)

Particulars	As at 31 March 2021	As at 31 March 2020
Non-current		
Capital Advances	19.36	–
Unsecured considered good		
- Prepaid expenses	3.78	2.07
- Security deposits	10.63	10.63
Total	33.77	12.70
Current		
Unsecured considered good		
- Advances to suppliers	23.49	106.98
- Advances to employees	1.18	1.70
- Prepaid expenses	53.19	25.37
- Balance with government authorities	77.67	83.36
Unsecured considered doubtful		
- Advances to suppliers	3.28	3.28
- Provision for doubtful advances	(3.28)	(3.28)
Total	155.53	217.41

9. Inventories

(Amount in ₹ lakhs)

Particulars	As at 31 March 2021	As at 31 March 2020
Inventories (valued at lower of cost and net realisable value)		
Raw materials and components (Refer Note 23)	194.94	183.91
Finished goods (Agricultural Produce)*	477.51	414.31
Traded goods	3031.21	1998.38
Stores & Spares	20.17	16.81
Total	3723.83	2613.41

* Agricultural produce has been valued at fair value less cost to sell at the time of harvest and written down by ₹ 495.07 lakhs (31 March 2020 ₹ Nil lakhs) to arrive at fair value less cost to sell..

10. Trade receivables

(Amount in ₹ lakhs)

Particulars	As at 31 March 2021	As at 31 March 2020
Current		
Unsecured, considered good (Refer Note 40,42)	345.94	60.38
Unsecured, considered doubtful	1.40	185.11
Less : Allowance for doubtful receivables	(1.40)	(185.11)
Total	345.94	60.38

11. Cash and cash equivalents

(Amount in ₹ lakhs)

Particulars	As at 31 March 2021	As at 31 March 2020
(a) Balances with Banks – In current account	6.21	95.73
(b) Cash on hand*	0.00	0.00
Total	6.21	95.73

* Amount is below the rounding off norm adopted by the company.

12. Other bank balances

(Amount in ₹ lakhs)

Particulars	As at 31 March 2021	As at 31 March 2020
In deposit accounts**	5387.00	–
Total	5387.00	–

** Represents deposits with original maturity of more than 3 months and less than 12 months.

13. Equity share capital

Authorised Equity Share capital

(Amount in ₹ lakhs)

Particulars	Number of Shares	Amount
As at 1 April 2019	40000000	4000.00
Increase during the year	–	–
As at 31 March 2020	40000000	4000.00
Increase during the year	–	–
As at 31 March 2021	40000000	4000.00
Issued, subscribed and fully paid-up		
As at 1 April 2019	37962800	3796.28
Increase during the year	–	–
As at 31 March 2020	37962800	3796.28
Increase during the year	–	–
As at 31 March 2021	37962800	3796.28

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH, 2021 (Contd.)

13.1 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 2019	37962800	3796.28
Shares issued/(bought back) during the year	–	–
Balance at 31 March 2020	37962800	3796.28
Shares issued/(bought back) during the year	–	–
Balance at 31 March 2021	**37962800**	**3796.28**

13.2 Right, preferences and restrictions attached to share

The equity shares of the company, having par value of ₹ 10 per share, rank pari passu in all respects including voting rights and entitlement to dividend.

13.3 Details of shares held by the holding company

Out of equity shares issued by the company, shares held by its holding company are as below :

(Amount in ₹ lakhs)

Particulars	Numbers	Amount
As at 31 March 2021		
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 2020		
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.

13.4 Details of shares held by each shareholder holding more than 5% shares

Particulars	As at 31 March 2021		As at 31 March 2020	
	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%

14. Other equity

Retained Earnings

(Amount in ₹ lakhs)

Particulars	For the year ended 31 March 2021	For the year ended 31 March 2020
Balance at beginning of year	3972.31	3776.87
Add : Profit for the year	7291.95	2033.77
Add : Other comprehensive income/(loss) arising from remeasurement of net defined benefit obligation (net of income tax)	(0.07)	(7.69)
Less : Payment of interim dividend	(6074.05)	(1518.51)
Less : Dividend distribution tax on interim dividend	-	(312.13)
Balance at end of year	**5190.14**	**3972.31**

15. Provisions

(Amount in ₹ lakhs)

Particulars	Non-Current		Current	
	As at 31 March 2021	As at 31 March 2020	As at 31 March 2021	As at 31 March 2020
Provision for employee benefits (refer note 36)				
Provision for gratuity	26.76	22.11	-	-
Provision for leave benefits	-	-	57.83	54.59
Total	26.76	22.11	57.83	54.59

16. Current borrowings

(Amount in ₹ lakhs)

Particulars	As at 31 March 2021	As at 31 March 2020
Secured		
Short term loan from bank	387.54	–
Total	387.54	–

Other information :

a) Short term loan is secured by way of exclusive charge on current assets.

b) Loan is in the nature of fixed rate short tenure loan at 7.05% p.a.

17. Trade payables

(Amount in ₹ lakhs)

Particulars	As at 31 March 2021	As at 31 March 2020
- Dues to micro enterprises and small enterprises	2.64	80.27
- Dues to creditors other than micro enterprises and small enterprises	7820.79	5319.98
Total	7823.43	5400.25

18. Other current financial liabilities

(Amount in ₹ lakhs)

Particulars	Non-Current		Current	
	As at 31 March 2021	As at 31 March 2020	As at 31 March 2021	As at 31 March 2020
Employee related payables	-	-	315.48	117.67
Deposit from dealers	-	-	1.70	1.70
Payable for fixed asset	-	-	1.41	9.12
Payable to holding company (Refer Note 42)	34.04	8.43	52.67	45.72
Total	34.04	8.43	371.26	174.21

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH, 2021 (Contd.)

19. Contract liabilities (Amount in ₹ lakhs)

Particulars	As at 31 March 2021	As at 31 March 2020
Contract liabilities	1526.39	994.05
Total	1526.39	994.05

Note : Out of balance as on 31 March, 2020, ₹ 832.15 lakhs (previous year ₹ 1122.78 lakhs) was recognised as revenue during the year.

20. Other current liabilities (Amount in ₹ lakhs)

Particulars	As at 31 March 2021	As at 31 March 2020
Statutory dues including provident fund and tax deducted at source	499.72	38.08
Total	499.72	38.08

21. Revenue from operations (Amount in ₹ lakhs)

Particulars	For the year ended 31 March 2021	For the year ended 31 March 2020
Sale of products		
Biological assets	19259.27	13736.01
Agricultural Produce	1029.93	615.97
Traded Goods	8167.03	5691.95
	28456.23	20043.93
Other operating revenues		
Sale of old empty bags	154.10	152.36
Others*	98.29	29.77
	252.39	182.13
Total	28708.62	20226.06

* Others comprise incentives from suppliers, incentive from farmer funding by bank etc.

Notes :

1) Generally the goods are dispatched against advance payment. However, in certain cases credit is allowed based on market requirements which is generally less than one year. Accordingly, there is no significant financing component.
2) The Company primarily deals in biological assets and agricultural produce, where performance depends on germination / edible quality of product. The customer claims, if any, are generally settled within the same financial year.

22. Other income (Amount in ₹ lakhs)

Particulars	For the year ended 31 March 2021	For the year ended 31 March 2020
Interest income on Bank Deposits and Others	280.47	1.71
Lease rental income [Refer Note 35(ii)]	113.42	112.12
Provisions/Liabilities written back to the extent no longer required	50.00	1.03
Exchange differences (net)	1.25	1.54
Gain on sale of current investments	74.08	160.56
Gain on fair value measurement of investments	–	0.15
Total	519.22	277.11

23. Cost of raw material and components consumed (Amount in ₹ lakhs)

Particulars	For the year ended 31 March 2021	For the year ended 31 March 2020
Inventory at the beginning of the year	183.91	204.98
Add: purchases	1196.95	1003.72
	1380.86	1208.70
Less: inventory at the end of the year	194.94	183.91
Cost of raw material and components consumed	1185.92	1024.79

Details of raw material and components consumed

(Amount in ₹ lakhs)

Particulars	For the year ended 31 March 2021	For the year ended 31 March 2020
Plantlets	16.60	10.68
Chemicals and fertilizers	99.71	86.38
Packing stores	1069.61	927.73
Total	1185.92	1024.79

Details of inventory

(Amount in ₹ lakhs)

Particulars	As at 31 March 2021	As at 31 March 2020
Raw materials and components		
Chemicals and fertilizers	22.28	26.40
Packing stores	172.66	157.51
Total	194.94	183.91

24. Purchases of stock-in-trade and biological assets

(Amount in ₹ lakhs)

Particulars	For the year ended 31 March 2021	For the year ended 31 March 2020
Biological assets		
- Field generated seed potatoes	393.73	83.41
- Banana Tissue Culture Plantlets	154.03	–
Stock-in-trade		
- Potatoes	7522.31	5722.10
- Apples	–	161.64
- Onions	102.64	26.41
Total	8172.71	5993.56

25. Changes in inventories of finished goods, stock-in-trade and biological assets

(Amount in ₹ lakhs)

Particulars	For the year ended 31 March 2021	For the year ended 31 March 2020
Finished goods - Traded goods		
Inventories at the end of the year	3031.21	1998.38
Inventories at the beginning of the year	1998.38	900.60
(Increase) (a)	(1032.83)	(1097.78)
Finished Goods - Agricultural Produce		
Inventories at the end of the year	477.51	414.31
Inventories at the beginning of the year	414.31	282.30
(Increase) (b)	(63.20)	(132.01)
Biological assets		
Inventories at the end of the year	10796.32	8393.42
Inventories at the beginning of the year	8393.42	8160.32
(Increase) (c)	(2402.90)	(233.10)
Total Changes in inventories of finished goods, stock-in- trade and biological assets (a+b+c)	(3498.93)	(1462.89)

Details of inventory and Biological assets (Amount in ₹ lakhs)

Particulars	As at 31 March 2021	As at 31 March 2020
Finished Goods		
Field generated potatoes (Agriculture Produce)	477.51	414.31
Total (a)	477.51	414.31
Traded goods		
Potatoes	3031.21	1998.38
Total (b)	3031.21	1998.38
Total (a+b)	3508.72	2412.69
Biological assets	10796.32	8393.42
Total	10796.32	8393.42

26. Employee benefits expense (Amount in ₹ lakhs)

Particulars	For the year ended 31 March 2021	For the year ended 31 March 2020
Salaries and wages	1472.32	964.49
Contribution to provident and other funds (Refer Note 36)	45.22	40.39
Share-based payments to employees (Refer Note 37)	53.37	44.59
Staff welfare expenses	27.42	25.64
Total	1598.33	1075.11

27. Finance costs (Amount in ₹ lakhs)

Particulars	For the year ended 31 March 2021	For the year ended 31 March 2020
Interest expense :		
- On financial liabilities measured at amortised cost	0.72	50.02
- Others	–	2.75
Interest on lease liabilities (Refer Note 35)	15.97	17.65
Total	16.69	70.42

28. Depreciation and amortisation expense (Amount in ₹ lakhs)

Particulars	For the year ended 31 March 2021	For the year ended 31 March 2020
Depreciation of property, plant and equipment (Refer Note 3.1)	133.20	108.60
Amortisation of intangible assets (Refer Note 3.2)	1.20	0.80
Depreciation of Right-of-use assets (Refer Note 3.3,35)	31.07	31.20
Total	165.47	140.60

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH, 2021 (Contd.)

29. Other expenses

(Amount in ₹ lakhs)

Particulars	For the year ended 31 March 2021	For the year ended 31 March 2020
Consumption of stores and spares	8.91	6.32
Farming Charges	6437.83	5050.00
Power and fuel	134.49	127.57
Freight and forwarding charges	1632.30	1416.07
Lease rent [Refer Note 35(i)]		
- Agricultural land	1147.69	1001.64
- Office and Others	39.02	46.68
Storage and handling cost	2365.38	2303.87
Rates and taxes	4.67	5.03
Insurance	76.77	34.57
Repairs and maintenance		
- Plant and machinery	42.91	49.60
- Buildings	0.84	4.85
- Others	35.83	33.26
Advertising and sales promotion	13.14	20.65
Sales commission	6.83	17.16
Travelling and conveyance	94.26	117.44
Telephone, postage and telegram expenses	14.45	11.85
Printing and stationery	6.36	6.65
Legal and professional fees	63.77	30.48
Payment to auditors including taxes (Refer Note 29.1 below)	11.36	13.57
Provision for doubtful debts	–	1.40
Expenditure towards corporate social responsibility (CSR) (Refer Note 32)	16.50	6.10
Loss on sale of plant and equipment (net)	0.14	2.25
Miscellaneous expenses	112.11	108.76
Total	12265.56	10415.77

29.1.Payment to auditors including taxes

(Amount in ₹ lakhs)

Particulars	For the year ended 31 March 2021	For the year ended 31 March 2020
As Auditor:		
Audit fee	9.44	9.44
Tax audit fee	1.77	1.77
In other capacities		
Re-imbursement of expenses	0.15	1.18
Other services	–	1.18
Total	11.36	13.57

30. Income taxes

30.1Tax expenses recognised in Statement of Profit and Loss

(Amount in ₹ lakhs)

Particulars	For the year ended 31 March 2021	For the year ended 31 March 2020
Current tax		
In respect of the current year (Refer Note 34)	1583.05	69.10
In respect of the prior year (Refer Note 34)	21.25	1282.76
Total (a)	1604.30	1351.86
Deferred tax		
In respect of the current year (Refer Note 34)	425.84	(432.42)
MAT credit entitlement (Refer Note 34)	–	292.60
Total (b)	425.84	(139.82)
Grand Total (a+b)	2030.14	1212.04

30.2 Tax expenses recognised in Other comprehensive income

(Amount in ₹ lakhs)

Particulars	For the year ended 31 March 2021	For the year ended 31 March 2020
Deferred tax charge/(credit) :		
Arising on remeasurements of net defined benefit liability	–	0.28
Total	–	0.28

30.3 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 2021	For the year ended 31 March 2020
Profit before tax	9322.09	3245.81
Income Tax expense calculated at 25.168%	2346.18	816.91
Effects of :		
- Agricultural income - exempt from Income tax in determining taxable profit	(302.43)	(458.67)
- Adjustments for current tax of prior periods	21.25	1282.76
- MAT Credit Written off	–	292.60
- Others	(34.86)	(721.56)
Income Tax expenses recognised in Statement of Profit and Loss	2030.14	1212.04

The tax rates used for the above periods is 25.168% (22% + surcharge @ 10% and education cess @ 4%) for calculation of tax under the Income Tax Act, 1961.

31. Earnings per share (EPS)

(Amount in ₹ lakhs)

Particulars	For the year ended 31 March 2021	For the year ended 31 March 2020
Profit after tax	7291.95	2033.77
Net profit for calculation of basic EPS	7291.95	2033.77
Net profit as above	7291.95	2033.77
Net profit for calculation of diluted EPS	7291.95	2033.77
	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)]	19.21	5.36
Diluted [Nominal value of shares ₹ 10 (Previous Year : ₹ 10)]	19.21	5.36

32. CSR Expenditure

(a) Gross amount required to be spent by the Company during the year ₹ 16.50 lakhs (previous year ₹ 6.05 lakhs).

(b) Amount spent during the year on:

(₹ in lakhs)

S.No.	Particulars	For the year ended 31 March 2021	For the year ended 31 March 2020
(i)	Construction/acquisition of any asset	–	–
(ii)	On purposes other than (i) above	16.50	6.10
		(6.10)	(–)

(Figures in bracket indicate previous year figures)

33. Estimated amount of contracts remaining to be executed on capital account and not provided for:

(₹ in lakhs)

Particulars	As at 31 March 2021	As at 31 March 2020
Capital Commitment	58.00	–

34. During the year, the Company has reviewed its outstanding legal disputes and considering recent Courts / Tribunals decisions, have made appropriate provisions for the same.

35. Leases

i. **As lessee** - General description of the Company's operating lease arrangements:

The Company has entered into cancellable operating lease arrangements primarily for office premises, guest house, godowns etc. Some of the significant terms and conditions for the arrangements are:

- agreements range for periods from 1 to 3 years except for lease of office which is for nine years and can be terminated by either party by serving one to three months notice or by paying the notice period rent in lieu thereof;

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH, 2021 (Contd.)

- 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	For the year ended March 31, 2021	For the year ended March 31,2020
Depreciation charge for right-of-use assets		
- Land	**8.33**	8.60
- Building	**22.74**	22.60
Interest expense on lease liabilities	**15.97**	17.65
Expense relating to short-term leases		
- Agriculture Land	**123.44**	114.99
- Office and others	**39.02**	46.68
Expense relating to variable lease payments		
- Agriculture Land	**1024.25**	886.65
Carrying amount of right-of-use assets		
- Land	**1.82**	10.03
- Building	**157.61**	178.89
Lease liabilities	**183.51**	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.

36. Employee benefit plans:

Defined Benefit Plan

Gratuity: The Company has a gratuity plan for its employees as per the Payment of Gratuity Act, 1972. Employees who have completed five years or more of service are eligible for gratuity on departure at 15 days last drawn salary for each completed year of service. The scheme is funded with an insurance company in the form of a qualifying insurance policy.

Leave Encashment: The employees are entitled for leave for each year of service and part thereof and subject to the limits specified. The unavailed portion of such leaves can be accumulated or encashed during/at the end, of the service period. The plan is unfunded. The Company presents the entire liability towards compensated absences as a current liability in the Balance Sheet, since it does not have an unconditional right to defer its settlement for 12 months after reporting date.

Defined Contribution Plan

The Company has defined contribution plans and contributions are made to provident fund and employee's state insurance scheme for employees as per regulations. The provident fund is being deposited with the Regional Provident Fund Commissioner, Chandigarh and Himachal Pradesh. The employee state insurance is being deposited with the Employee State Insurance Corporation, Chandigarh and Himachal Pradesh. The obligation of the Company is limited to the amount contributed.

Risk Management

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

The following tables sets out the Defined Benefits Plan as per Actuarial Valuation as on 31 March, 2021 and 31 March, 2020 and recognised in the financial statements in respect of Employee Benefit Scheme.

(₹ in Lakhs)

		Particulars	For the year ended 31 March 2021	For the year ended 31 March 2020
I	**Components of Employer Expense**			
	(A) Recognised in Statement of Profit and Loss			
	1	Current Service Cost	**11.85**	10.04
	2	Past Service Cost	–	–
	3	Net Interest Cost	**0.98**	0.46
	4	**Total expense recognised in the Statement of Profit and Loss**	**12.83**	10.50
	(B)	**Re-measurements recognised in Other Comprehensive Income**		
	5	(Return) on plan assets (excluding amounts included in Net interest cost)	**(0.02)**	0.47
	6	Effect of changes in demographic assumptions	–	(2.87)
	7	Effect of changes in financial assumptions	–	13.61
	8	Changes in asset ceiling (excluding interest income)	–	–
	9	Effect of experience adjustments	**0.09**	(3.23)
	10	**Total re-measurements included in OCI**	**0.07**	7.97
	11	**Total defined benefit cost recognised in Statement of Profit and Loss and Other Comprehensive Income (4+10)**	**12.90**	18.47

The current service cost and net interest expense for the year pertaining to Gratuity expenses have been recognized in 'Contribution to provident and other fund' under Note 26. The remeasurement of the net defined benefit liability are included in Other Comprehensive Income.

(₹ in Lakhs)

		Particulars	For the year ended 31 March 2021	For the year ended 31 March 2020
II	Actual Returns		**4.53**	4.10
III	**Net (Asset/Liability recognised in Balance Sheet)**			
	1	Present Value of Defined Benefit Obligation	**104.78**	88.41
	2	Fair Value of Plan Assets	**78.02**	66.30
	3	Status [(Surplus/Deficit)]	**26.76**	22.11

			As at 31 March 2021		As at 31 March 2020	
			Current	Non-Current	Current	Non-Current
	4	Net (Asset)/Liability recognised in Balance Sheet	–	**26.76**	–	22.11

(₹ in Lakhs)

		Particulars	For the year ended 31 March 2021	For the year ended 31 March 2020
IV	**Change in Defined Benefit Obligation (DBO)**			
	1	Present Value of DBO at the beginning of the year.	**88.41**	68.16
	2	Current Service Cost	11.85	10.04
	3	Past Service Cost	-	-
	4	Interest Cost	**5.49**	5.03
	5	Re-measurement gains/(losses):		
		Effect of changes in demographic assumptions.	-	(2.87)
		Effect of changes in financial assumptions.	-	13.61
		Effect of experience adjustments.	**0.09**	(3.23)
	6	Benefits Paid	**(1.06)**	(2.32)
	7	**Present Value of DBO at the end of the year.**	**104.78**	88.41

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH, 2021 (Contd.)

(₹ in Lakhs)

		Particulars	For the year ended 31 March 2021	For the year ended 31 March 2020
V		**Change in Fair Value of Assets**		
	1	Plan Assets at the beginning of the year	**66.30**	55.52
	2	Return on Plan Assets	**4.51**	4.57
	3	Re-measurement of Gains/(Losses) on plan assets	**0.02**	(0.47)
	4	Actual Company Contributions	**8.25**	8.99
	5	Benefits paid	**(1.06)**	(2.32)
	6	Plan Assets at the end of the year	**78.02**	66.30

		Particulars	As at 31 March 2021	As at 31 March 2020
VI		**Actuarial Assumptions**		
	1	Discount Rate (%)	**6.25**	6.25
	2	Expected Return on plan Assets (%)	**6.25**	6.25
	3	Attrition Rate	**8.00**	8.00
	4	Long term rate of compensation increase (%)	**12.00**	12.00

The estimates of future salary increases, considered in actuarial valuations take account of inflation, seniority, promotion and other relevant factors such as supply and demand factors in the employment market.

The major categories of plan assets as a percentage of the fair value of total plan assets are as follows:

	Particulars	31 March 2021	31 March 2020
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 2021	For the year ended 31 March 2020
IX		**Net Asset/Liability recognised in Balance sheet (Including Experience adjustment impact)**		
	1	Present Value of Defined Benefits Obligations	**104.78**	88.41
	2	Fair Value of Plan Assets	**78.02**	66.30
	3	Status [(Surplus)/Deficit]	**26.76**	22.11
	4	Experience Adjustment of Plan Assets [Gain/ (loss)]	**0.02**	(0.47)
	5	Experience Adjustment of Obligation [Gain/ (loss)]	**0.09**	(3.23)

X Details of expected cash flows for following years is given below:

(₹ in Lakhs)

	Particulars	For the year ended 31 March 2021	For the year ended 31 March 2020
1	Expected employer contributions next year	**13.50**	10.69
2	Expected benefits payment		
	Year 1	**6.50**	5.47
	Year 2	**5.48**	5.64
	Year 3	**16.04**	4.74
	Year 4	**8.90**	13.22
	Year 5	**8.61**	7.38
	Next 5 years	**29.67**	27.32

XI Sensitivity Analysis

The sensitivity analysis below has been determined based on reasonably possible change of the respective assumptions occurring at the end of the reporting period, while holding all other assumptions constant. These sensitivities show the hypothetical impact of a change in each of the listed assumptions in isolation. While each of these sensitivities holds all other assumptions constant, in practice such assumptions rarely change in isolation and the asset value changes may offset the impact to some extent. For presenting the sensitivities, the present value of defined benefit obligation has been calculated using the projected unit credit method at the end of the reporting period, which is the same as that applied in calculating the Defined Benefit Obligation presented above.

(₹ in Lakhs)

		Particulars	DBO as at 31 March 2021	DBO as at 31 March 2020
	1	Discount Rate + 100 basis points	**97.02**	81.62
	2	Discount Rate - 100 basis points	**113.67**	96.18
	3	Attrition Rate +1%	**102.25**	86.17
	4	Attrition Rate -1%	**107.64**	90.92
	5	Long term rate of Compensation Increase Rate +1%	**112.04**	94.81
	6	Long term rate of Compensation Increase Rate -1%	**98.11**	82.57

Amount towards defined contribution plans have been recognised under 'Contribution to provident and other fund' in Note 26 - ₹ 32.39 lakhs (2020: ₹ 29.89 lakhs).

XII. Weighted Average Duration of Defined Benefit Obligations

The weighted average duration of defined benefit obligation is 8 years (2020: 8 years).

37. Share Based Payment

The eligible employees of the Company, including employees deputed from ITC Limited (ITC), are covered under the ITC Employee Stock Option Schemes (ITC ESOS) and the ITC Employee Cash Settled Stock Appreciation Linked Reward Plan (ITC ESAR Plan) in accordance with the terms and conditions of such schemes, details of which are as under:

ITC ESOS: Each Option entitles the holder thereof to apply for and be allotted ten ordinary shares of ₹ 1.00 each of ITC upon payment of the exercise price during the exercise period. These options vest over a period of three years from the date of grant and are exercisable within a period of five years from the date of vesting.

The options have been granted at the 'market price' as defined under the Securities and Exchange Board of India (Share Based Employee Benefits) 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 ₹ 23.39 lakhs (2020 - ₹ 49.63 lakhs) towards ITC ESOS and ₹ 29.98 lakhs (2020 - ₹ (5.04) lakhs) towards ITC ESAR has been recognized as employee benefits expense (Refer Note 26). Such charge has been recognised as employee benefits expense with corresponding credit to current / non – current financial liabilities, as applicable. Out of the above ₹ 33.73 lakhs (2020- ₹ 20.62 lakhs) is attributable to key management personnel [Mr. Sachidanand S. Madan ₹ 31.37 lakhs (2020 - ₹ 16.27 lakhs); Mr. Soundararadjane S. ₹ 1.26 lakhs (2020 - Nil), Mr. Sanjeev Madan ₹ 1.10 lakhs (2020 - ₹ 4.35 lakhs)]

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH, 2021 (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 2021	As at 31 March 2020
	No. of Options	No. of Options
Outstanding at the beginning of the year	138,397	140,767
Add: Granted during the year @	1,800	-
Less: Lapsed/Expired during the year	6,960	-
Less: Movement due to transfer of employees within the group.	(62,947)	-
Less: Exercised during the year	1,500	2,370
Outstanding at the end of the year	68,790	138,397
Options exercisable at the end of the year	66,990	124,778

* 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 1,800 (2020 – Nil) number of options granted to Key Management Personnel of the Company.

38. Capital Management

a. Risk Management

The Company manages its capital to ensure that the Company will be able to continue as going concern while maximising the return of the stakeholders through optimum fund utilization. The capital structure of the Company comprises of equity as detailed in the Statement of Changes in Equity as well as borrowings. The Company does not have any long-term debt obligation and funds its operations mainly through internal accruals and short term borrowings. The Company's objective when managing capital is to maintain an optimal structure so as to maximize shareholder value. Further, the Company is not exposed to any externally imposed capital requirements.

b. Dividend (₹ in lakhs)

Particulars	31st March 2021	31st March 2020
Equity shares Interim dividend for the year ended 31 March 2021 of ₹ 16 per fully paid share (31 March 2020 - of ₹ 4 per fully paid share)	6074.05	1518.51

39. Categories of Financial Instrument

(₹ in lakhs)

Particulars	As at 31 March 2021		As at 31 March 2020	
	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
b) Measured at amortised cost				
Cash and Other Bank Balances	5393.21	5393.21	95.73	95.73
Trade Receivables	345.94	345.94	60.38	60.38
Other Financial Assets	141.37	141.37	16.03	16.03
B. Financial Liabilities				
Measured at amortised cost				
Borrowings	387.54	387.54	-	-
Trade Payables	7823.43	7823.43	5400.25	5400.25
Other Financial Liabilities	405.30	405.30	182.64	182.64
Lease Liabilities	183.51	183.51	202.62	202.62

40. Financial Risk Management Objectives

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

(a) Market risk

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

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

i) Foreign currency risk

The Company undertakes transactions denominated in foreign currency which results in exchange rate fluctuations. Such exchange rate risk primarily arises from transactions made in foreign exchange and reinstatement risks arising from recognised assets and liabilities which are not in the Company's functional currency (INR). Further, in view of low proportion of export/ imports, as compared to the overall operations, the exposure of the Company to foreign exchange risk is also not considered to be material. There are no unhedged foreign currency exposures as at the year end.

As the Company's foreign Currency exposure is Nil, no sensitivity analysis has been provided.

ii) Interest rate risk

Interest rate risk refers to the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company's main interest rate risk arises from short-term borrowings where the rate of interest is fixed. The Company's borrowings are carried at amoritsed cost. The borrowings of the Company at the end of the reporting period are ₹ 387.54 lakhs (2020: ₹ Nil).

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, 2021 is ₹ Nil (31 March 2020 - ₹ 2750.15 lakhs). Accordingly, these do not pose any significant price risk, hence, no sensitivity analysis is given.

The deployment in fixed deposits are made with highly rated banks and stood at ₹ 5387.00 lakhs (2020 – ₹ Nil), which does not exposure the Company to price risk arising out of interest rate movement.

(b) Liquidity risk

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

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

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH, 2021 (Contd.)

(₹ in lakhs)

As at 31 March 2021 Contractual cash flows *						
Particulars	Carrying Value	Less than 3 months	More than 3 months up to 6 months	More than 6 months up to 1 year	More than 1 year	Total
Borrowings	387.54	387.54	-	-	-	387.54
Trade Payables	7823.43	6091.71	1327.00	404.72	-	7823.43
Other Financial Liabilities	405.30	80.35	105.45	185.46	34.04	405.30
Lease Liability	183.51	11.46	7.44	15.01	209.99	243.90
Total	**8799.78**	**6571.06**	**1439.89**	**605.19**	244.03	**8860.17**

(₹ 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**

* 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 2021	For the year ended 31 March 2020
Balance at the beginning of the year	**185.11**	183.70
Provided during the year	-	**1.41**
Adjusted during the year	**183.71**	-
Balance at the end of the year	**1.40**	185.11

Investment in mutual funds are made only with approved mutual funds and credit risk in such funds are limited because the underlying investments are diversified and the Company's investment framework considers the credit quality of the underlying investments made by the fund house.

41. Fair Value Measurement

Fair value hierarchy:

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

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

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

Level 3: Inputs for the assets or liabilities that are not based on observable market data (unobservable inputs). If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3. This is the case with listed instruments where market is not liquid and for unlisted instruments.

There are no assets or liabilities, the fair value of which has been benchmarked / derived with quoted benchmarks and accordingly, there are no assets / liabilities classified at Level 2.

The following table provides the fair value measurement hierarchy for financial assets measured at fair value:

(₹ in lakhs)

Financial Asset	Fair Value Hierarchy	Valuation Techniques	Fair Value as at	
			31 March 2021	31 March 2020
Investments in Mutual Funds	Level 1	Net Asset Value as declared by the Fund / quoted prices in active markets	–	2750.15

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, 2021 (Contd.)

42. Related party disclosures

(a) Names of related parties and nature of relationship

Holding Company : ITC Limited

(b) Other related parties with whom transactions have taken place during the year

Enterprises under common control : Technico Pty Limited, Australia (TPL)
ITC Infotech India Limited

(c) Key Management Personnel (KMP)

Mr. Surampudi Sivakumar : Director
Mr. Dharmarajan Ashok : Director
Mr. Ganesh Kumar Sundararaman : Director
Mr. David Charles McDonald : Director
Mr. Sachidanand Shivprakash Madan : Whole Time Director & Company Secretary (till 27 November, 2020) & Director (w.e.f 1 February, 2021)
Mr. Soundararadjane S. : Chief Executive Officer (w.e.f 28 November, 2020)
Mr. Sanjeev Kumar Madan : Chief Financial Officer
Mr. Debanjan Sarkar : Company Secretary (w.e.f 28 November, 2020)

(d) Details of transactions carried out during the financial year ended 31 March, 2021 with related parties in the ordinary course of business:

(₹ in lakhs)

Particulars	Holding Company (ITC Limited)		Entities under Common Control		KMP	
	31 March 2021	31 March 2020	**31 March 2021**	31 March 2020	**31 March 2021**	31 March 2020
Sale of products						
- ITC Limited	**5588.46**	4097.08	–	–	–	–
- Technico Pty Limited	–	–	**12.77**	44.83	–	–
Purchase of products						
- ITC Limited	–	–	–	–	–	–
Lease rental income						
- ITC Limited	**113.42**	112.12	–	–	–	–
Remuneration of managers on deputation reimbursed #						
- ITC Limited	**506.98**	307.10	–	–	–	–
Value of Share based payment						
- Reimbursement	**53.37**	44.59	–	–	–	–
Interim Dividend						
- ITC Limited	**6074.05**	1518.51	–	–	–	–
Purchase of services						
- ITC Limited	**6.25**	6.25	–	–	–	–
-ITC Infotech India Limited	–	–	**14.02**	13.74	–	–
Expenses reimbursed						
- ITC Limited	**28.29**	19.79	–	–	–	–
- Technico Pty Limited	–	–	**0.84**	–	–	–
Expenses recovered						
- ITC Limited	–	–	–	–	–	–
- Technico Pty Limited	–	–	**1.61**	3.97	–	–
Remuneration paid**						
- Mr. Sachidanand S. Madan	–	–	–	–	**188.71**	168.25
- Mr Soundararadjane S	–	–	–	–	**116.05**	14.03
- Other KMP	–	–	–	–	**60.84**	48.16

\# Reimbursement of managers on deputation includes remuneration paid to Mr. Sachidanand S. Madan (Whole time Director & Company Secretary till 27 Nov, 2020) and Mr Soundararadjane S (CEO) disclosed separately.

(e) Details of balances with the related parties :

(₹ in lakhs)

Particulars	Holding Company (ITC Limited)		Entities under Common Control	
	31 March 2021	31 March 2020	**31 March 2021**	31 March 2020
Trade receivables				
– ITC Limited	**339.52**	45.59	–	–
– Technico Pty Limited	–	–	–	–
Other payables				
– ITC Limited	**86.70**	54.15	–	–

****Compensation of key managerial personnel**

(₹ in lakhs)

The remuneration of directors and other members of key managerial personnel #	**For the year ended 31 March 2021**	For the year ended 31 March 2020
Short term benefits	**365.60**	230.44

\# Post-employment benefits and other long term employee benefits are actuarially determined on overall basis and hence not separately provided. Also refer note 37 on share based payments. Since such Options are not tradeable, no perquisite or benefit is immediately conferred upon the employee by such grant of Options, and accordingly the said grant has not been considered as remuneration.

Significant terms & conditions :

All the transactions with related parties are in ordinary course of business and on arm's length basis. The amount outstanding are unsecured and will be settled in cash.

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH, 2021 (Contd.)

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.

A. Segment Results : (₹ in lakhs)

Particulars	For the year ended 31 March 2021	For the year ended 31 March 2020
Segment Revenue:		
- Seed (Biological assets and Agricultural Produce)	20289.20	14351.98
- Fruits and Vegetables (Traded goods)	8167.03	5691.95
Gross Revenue from sale of products	28456.23	20043.93
Segment Results:		
- Seed	8610.44	3088.34
- Fruits and Vegetables	260.68	(44.97)
Segment Total	8871.12	3043.37
Unallocated Income (net of unallocated Expenses)	113.42	112.12
Profit before Interest etc. and taxation	8984.54	3155.49
Finance Costs	(16.69)	(70.42)
Gain on sale of current investments, interest earned on bank deposits, gain on fair value measurement of investments etc.	354.24	160.74
Profit before tax	9322.09	3245.81
Tax expenses	(2030.14)	(1212.04)
Profit for the year	7291.95	2033.77

B. Segment Assets and Liabilities: (₹ in lakhs)

Particulars	As at 31 March 2021		As at 31 March 2020	
	Assets	Liabilities	Assets	Liabilities
Seed	13031.30	7615.91	10384.17	5157.29
Fruits and Vegetables	3389.98	2414.55	2154.27	1712.39
Segment Total	16421.28	10030.46	12538.44	6869.68
Unallocated Assets and Liabilities	5529.29	2933.69	3277.81	1177.98
Total	21950.57	12964.15	**15816.25**	**8047.66**

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 2021	For the year ended 31 March 2021
(a)	Revenue from domestic market	28443.46	19978.97
(b)	Revenue from overseas market	12.77	64.96
	Total	28456.23	**20043.93**

D. Depreciation and Amortization :

(₹ in lakhs)

Particulars	For the year ended 31 March 2021	For the year ended 31 March 2020
Seed	164.19	139.32
Fruits and Vegetables	1.28	1.28
Total	165.47	**140.60**

Includes depreciation of Right-of-use assets (refer note 3.3, 35)

E. Non Cash expenditure other than depreciation and amortization : (₹ in lakhs)

Particulars	For the year ended 31 March 2021	For the year ended 31 March 2020
Seed	-	-
Fruits and Vegetables	-	-
Total	-	-

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH, 2021 (Contd.)

44. Use of Estimates and Judgements

The key estimates and assumptions used in the preparation of financial statements are set out below:

- The Company has ongoing litigations with income tax authorities. Where an outflow of funds is believed to be probable and a reliable estimate of the outcome of the dispute can be made based on management's assessment of specific circumstances of each dispute and relevant external advice, management provides for its best estimate of the liability. Such accruals are by nature complex and can take number of years to resolve and can involve estimation uncertainty.
- The determination of Company's liability towards defined benefit obligation to employees is made through independent actuarial valuation including determination of amounts to be recognized in the Statement of Profit and Loss and in other comprehensive income. Such valuation depends upon assumptions determined after taking into account inflation, seniority, promotion and other relevant factors such as supply and demand factors in the employment market.
- On initial recognition and at the end of each reporting period, the biological assets are measured at fair value less cost to sell. Gains and losses arising on initial recognition of both biological asset and agricultural produce and any subsequent changes in fair value are recognised in the statement of Profit and Loss in the period in which they arise.
- The Company has considered the possible effects that may arise out of the still unfolding COVID-19 pandemic on the carrying amounts of its assets. For this purpose, the Company has considered internal and external sources of information up to the date of approval of these financial statements, including economic forecasts, trade receivables, market value of investments etc. The impact of COVID-19 on the Company's financial statements may differ from that estimated as at the date of approval of these financial statements.

45. The financial statement for the year ended 31 March, 2021 are adopted and authorized for issue by Board of Directors on 05 May, 2021.

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**		
Tanmoy Dasmahapatra Partner Membership no.: 058259	**S. Sivakumar** Chairman Hyderabad	**Sachidanand S. Madan** Director Gurugram	**Soundararadjane S** Chief Executive Officer Chandigarh
	Sanjeev Madan Chief Financial Officer	**Debanjan Sarkar** Company Secretary	
Place: Kolkata Date: 05 May, 2021	Chandigarh	Kolkata Date : 05 May, 2021	

DIRECTORS' REPORT FOR THE YEAR ENDED 31 MARCH, 2021

The directors submit their report for the financial year ended 31 March, 2021.

Directors

The names of the directors in office at any time during or since the end of the year are:

Mr Surampudi Sivakumar
Mr Allan Hendry
Mr Dharmarajan Ashok
Mr David Charles McDonald
Mr Sachidanand Madan

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, commercialisation and activities associated therewith. The company owns the proprietary TECHNITUBER® Technology and has undertaken commercialisation of such technology through its wholly owned subsidiaries in different geographies viz.:

- Technico Horticultural (Kunming) Co. Limited, China (wholly owned subsidiary of Technico Asia Holdings Pty Limited, a 100% subsidiary of the Company); and
- Technico Technologies Inc., Canada

Review and results of operations

Your company is focused on ensuring the continuous upgrading of the TECHNITUBER® Technology and customising its application across various geographies. Your company is also engaged in the marketing of TECHNITUBER ® seeds to global customers by leveraging the production facilities of its subsidiaries in China and Canada as well as the facilities of its group company Technico Agri Sciences Limited, India.

For the year under review, your company has reported revenues from sale of goods of A$2,085,050 (2020: A$2,492,141) and earned a net profit of A$793,203 (2020: A$1,559,121). Net Profit for the current year is lower, largely owing to unfavourable forex translations of A$0.32 million (2020: favourable forex translations of A$0.26 million) apart from decline in margins due to lower sales.

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, 2021 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: 5 May, 2021

DIRECTORS' DECLARATION FOR THE YEAR ENDED 31 MARCH, 2021

In accordance with a resolution of the directors of Technico Asia Holdings Pty Limited, the directors have determined:

(a) the company is not a reporting entity;

(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, 2021 and of their performance for the year ended on that date;

(ii) complying with Australian Accounting Standards to the extent described in Note 1, the Corporations Regulations 2001 and

(c) There are reasonable grounds to believe that the registered entity will be able to pay its debts as and when they become due and payable.

On behalf of the Board:

Allan Hendry

Director

Sydney, Australia

Date: 5 May, 2021

AUDITOR'S INDEPENDENCE DECLARATION

UNDER SECTION 307C OF THE CORPORATIONS ACT 2001

To the Directors of Technico Pty Limited

I declare that, to the best of my knowledge and belief, during the year ended 31 March, 2021 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
Dated this 5th day of May 2021

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, 2021, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and the directors' declaration.

In our opinion, the accompanying financial report of Technico Pty Limited 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, 2021 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 & 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, 2021, 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 of the financial report, which describes the basis of accounting. The financial report has been prepared for the purpose of fulfilling the directors' financial reporting responsibilities 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 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 the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Report

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

As part of an audit in accordance with the Australian Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

  We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Kelly Partners (South West Sydney) Partnership

Daniel Kuchta

Registered Auditor Number 335565
Campbelltown
Dated this 5thday of May 2021

Statement of Profit or Loss and Other Comprehensive Income for the year ended 31 March, 2021

		2021		2020	
	Notes	$	₹	$	₹
Sale of goods	2(a)	**20,85,050**	**10,61,05,692**	24,92,141	11,84,95,074
Cost of sales		**(8,70,705)**	**(4,43,09,133)**	(10,26,330)	(4,87,99,426)
Gross Profit		**12,14,345**	**6,17,96,560**	14,65,811	6,96,95,648
Other revenue	2(a)	**1,15,222**	**58,63,509**	4,18,268	1,98,87,597
Other income	2(a)	**56,927**	**28,96,945**	363	17,261
Research and development expenses		**(25,706)**	**(13,08,147)**	(48,538)	(23,07,861)
Occupancy expenses		**(3,273)**	**(1,66,559)**	(3,273)	(1,55,623)
Administrative expenses	2(d)	**(4,94,301)**	**(2,51,54,409)**	(1,91,878)	(91,23,318)
Profit before income tax expense		**8,63,214**	**4,39,27,899**	16,40,753	7,80,13,703
Income tax expense	3	**(70,011)**	**(35,62,776)**	(81,632)	(38,81,398)
Total Comprehensive income for the year		**7,93,203**	**4,03,65,123**	15,59,121	7,41,32,305

STATEMENT OF FINANCIAL POSITION AS AT THE 31 MARCH, 2021

	Notes	2021 $	2021 ₹	2020 $	2020 ₹
CURRENT ASSETS					
Cash and cash equivalents	4	71,86,390	40,02,99,889	54,35,248	25,04,29,052
Trade and other receivables	5	9,37,715	5,22,33,070	25,69,916	11,84,08,880
Other assets	6	25,202	14,03,814	74,678	34,40,789
Total Current Assets		81,49,307	45,39,36,773	80,79,842	37,22,78,721
NON-CURRENT ASSETS					
Other financial assets	7	9,69,736	5,40,16,720	9,69,736	4,46,80,586
Intangible assets	8	19,736	10,99,345	13,246	6,10,309
Total non-current assets		9,89,472	5,51,16,064	9,82,982	4,52,90,895
Total assets		91,38,779	50,90,52,837	90,62,824	41,75,69,616
CURRENT LIABILITIES					
Trade and other payables	9	3,63,919	2,02,71,194	10,88,165	5,01,37,202
Current tax liabilities	3	9,673	5,38,810	2,674	1,23,205
Total current liabilities		3,73,592	2,08,10,004	10,90,839	5,02,60,407
Total liabilities		3,73,592	2,08,10,004	10,90,839	5,02,60,407
Net assets		87,65,187	48,82,42,833	79,71,985	36,73,09,209
Represented by					
EQUITY					
Contributed equity	10	1,94,89,182	1,08,55,96,160	1,94,89,182	89,79,64,061
Accumulated losses	11	(1,30,76,318)	(72,83,83,602)	(1,30,76,318)	(60,47,87,157)
Reserves	17	23,52,324	13,10,30,277	15,59,121	7,41,32,305
Total equity		87,65,187	48,82,42,833	79,71,985	36,73,09,209

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 MARCH, 2021

	Contributed equity $	Accumulated losses $	Reserves $	Total $
At 1 April 2019	**1,94,89,182**	**(1,30,76,318)**	–	**64,12,864**
Total comprehensive income for the year		15,59,121		15,59,121
Transfer to reserves	–	(15,59,121)	15,59,121	–
At 31 March 2020	**1,94,89,182**	**(1,30,76,318)**	**15,59,121**	**79,71,985**
Total comprehensive income for the year	–	7,93,203		7,93,203
Transfer to reserves		(7,93,203)	7,93,203	–
At 31 March 2021	**1,94,89,182**	**(1,30,76,318)**	**23,52,324**	**87,65,187**

	Contributed equity INR	Accumulated losses INR	Reserves INR	Total INR
At 1 April 2019	**95,53,59,702**	**(64,10,01,111)**	–	**31,43,58,591**
Total comprehensive income for the year		7,41,32,305		7,41,32,305
Transfer to reserves		(7,41,32,305)	7,41,32,305	–
Exchange rate variance	(5,73,95,641)	3,62,13,954	–	(2,11,81,687)
At 31 March 2020	**89,79,64,061**	**(60,47,87,157)**	**7,41,32,305**	**36,73,09,209**
Total comprehensive income for the period		4,03,65,123		4,03,65,123
Transfer to reserves	–	(4,03,65,123)	4,03,65,123	–
Exchange rate variance	18,76,32,099	(12,35,96,445)	1,65,32,850	8,05,68,503
At 31 March 2021	**1,08,55,96,160**	**(72,83,83,602)**	**13,10,30,277**	**48,82,42,833**

CASH FLOW STATEMENT FOR THE YEAR ENDED 31 MARCH, 2021

	2021 $	2021 ₹	2020 $	2020 ₹
CASH FLOW FROM OPERATING ACTIVITIES				
Receipts from customers	**37,58,996**	**19,12,90,817**	22,73,981	10,81,22,112
Payments to supplier and employees	**(20,56,927)**	**(10,46,74,561)**	(11,76,210)	(5,59,25,845)
Income tax paid	**(63,012)**	**(32,06,605)**	(81,293)	(38,65,279)
Interest received	**1,21,646**	**61,90,401**	1,13,920	54,16,611
Net cash flows from operating activities - Note 4 (b)	**17,60,703**	**8,96,00,052**	11,30,398	5,37,47,599
CASH FLOW FROM INVESTING ACTIVITIES				
Payments for protection of technology	**(9,561)**	**(4,86,558)**	(390)	(18,544)
Net cash flows from/(used in) investing activities	**(9,561)**	**(4,86,558)**	(390)	(18,544)
CASH FLOW FROM FINANCING ACTIVITIES				
Net cash flows (used in)/from financing activities	**–**	**–**	–	–
Net increase/(decrease) in cash held	**17,51,142**	**8,91,13,494**	11,30,008	5,37,29,055
Add opening cash brought forward	**54,35,248**	**27,65,93,248**	43,05,240	20,47,03,399
Non cash exchange gain/(loss) on translation	**–**	**3,45,93,146**	–	(80,03,402)
Cash and cash equivalents at end of period - Note 4	**71,86,390**	**40,02,99,889**	54,35,248	25,04,29,052

Notes to the Financial Statements for the year ended 31st March, 2021

Note 1: Statement of significant accounting policies

Corporate information

Technico Pty Limited is a for profit proprietary company limited by shares that is incorporated and domiciled in Australia. Its parent entity is ITC Limited, a public company listed in National Stock Exchange and Bombay Stock Exchange in India.

The registered office of Technico Pty Limited is located at:

49 Bowral Street BOWRAL NSW 2576 Australia

(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, as requested by the parent company.

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 = INR 55.7025 for the current year balance sheet (2020: INR 46.075) and the average rate of 1 AUD = INR 50.8888 for the current year income statement and cash flow statement (2020: INR 47.5475), 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) *Significant accounting judgements, estimates and assumptions*

The carrying amounts of certain assets and liabilities are often determined based on estimates and assumptions of future events. The key estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of certain assets and liabilities within the next annual reporting period are:

Investment in subsidiaries

The carrying value of the investment in subsidiaries is assessed at each reporting date as to whether there is an indication that the asset may be impaired. The assessment includes estimates and assumptions of future events including anticipated rates of growth, gross margins, together with the application of a discount rate. These assumptions correspond with the best estimates of management at reporting date.

(c) *Foreign currency translation*

The functional and presentation currency of Technico Pty Limited is Australian dollars ($).

Transactions in foreign currencies are initially recorded in the functional currency by applying the exchange rates ruling at the date of transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange ruling at the balance sheet date. FEDAI exchange rates provided by the parent company are used for FX translation of debtors and foreign currency bank accounts using year end rates.

All exchange differences in the financial report are taken to profit or loss.

(d) *Cash and cash equivalents*

Cash and cash equivalents in the balance sheet comprise cash at bank and in hand and short-term deposits with an original maturity of six months or less.

For the purposes of the cash flow statement, cash and cash equivalents consist of cash and cash equivalents as defined above, net of outstanding bank overdrafts.

(e) *Receivables*

Trade receivables are recognised and carried at the original amount less any provision for doubtful debts. Bad debts are written off as incurred.

A provision is recognised using the Expected Credit Loss (ECL) model, simplified approach when collection of the full amount is no longer probable.

(f) *Other financial assets*

Investments in controlled entities are recorded at cost less impairment of the investment value.

(g) *Impairment of assets*

The company assesses at each reporting date whether there is an indication that an asset may be impaired. If any such indication exists, or when annual impairment testing for an asset is required, the company makes an estimate of the asset's recoverable amount. An asset's recoverable amount is the higher of its fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets and the asset's value in use cannot be estimated to be close to its fair value. In such cases the asset is tested for impairment as part of the cash-generating unit to which it belongs. When the carrying amount of an asset or cash-generating unit exceeds its recoverable amount, the asset or cash-generating unit is considered impaired and is written down to its recoverable amount.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Impairment losses relating to continuing operations are recognised in those expense categories consistent with the function of the impaired asset.

(h) *Payables*

Trade payables and other payables are carried at amortised costs and represent liabilities for goods and services provided to the company prior to the end of the financial year that are unpaid and arise when the company becomes obliged to make future payments in respect of the purchase of these goods and services.

NOTES TO THE FINANCIAL STATEMENTS (Contd.)

(i) ***Contributed equity***

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

(j) ***Revenue recognition***

Revenue arises from the sale of goods and delivery of services.

Sale of goods

To determine whether to recognise revenue, the entity follows a 5-step process:

1. Identifying the contract with a customer
2. Identifying the performance obligations
3. Determining the transaction price
4. Allocating the transaction price to the performance obligations
5. Recognising revenue when/as performance obligation(s) are satisfied.

The entity enters into transactions for delivery of goods (TT seeds) to the customers. In all cases, the total transaction price for a contract is allocated to this sole performance obligation i.e. delivery of goods.

Revenue is recognised at a point in time when the entity satisfies the performance obligation by transferring the promised goods or services to its customers. The control of the goods passes to the customers upon delivery of the goods, based on locations specified on the respective invoices.

The entity recognises contract liabilities for consideration received in respect of unsatisfied performance obligations and reports these amounts as other liabilities in the statement of financial position. Similarly, if the entity satisfies a performance obligation before it receives the consideration, the entity recognises either a contract asset or a receivable in its statement of financial position, depending on whether something other than the passage of time is required before the consideration is due.

Interest

Interest revenue is recognised on a proportional basis taking into account the interest rates applicable to the financial assets.

Rendering of services

Revenue from the provision of services is recognised when control of the right to be compensated for the services and the stage of completion can be reliably measured.

(k) ***Taxation***

Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the balance sheet date.

Deferred income tax is provided on all temporary differences at the balance sheet date between the tax basis of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred income tax liabilities are recognised for all taxable temporary differences except:

- when the deferred income tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and that, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; or
- when the taxable temporary difference is associated with investments in subsidiaries, associates or interests in joint ventures, and the timing of the reversal of the temporary difference can be controlled and it is probable that the temporary difference will not reverse in the foreseeable future.

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

- when the deferred income tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; or
- when the deductible temporary difference is associated with investments in subsidiaries, associates or interests in joint ventures, in which case a deferred tax asset is only recognised to the extent that it is probable that the temporary difference will reverse in the foreseeable future and taxable profit will be available against which the temporary difference can be utilised.

Unrecognised deferred income tax assets are reassessed at each balance sheet date and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

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

Income taxes relating to items recognised directly in equity are recognised in equity and not in profit or loss.

Deferred tax assets and deferred tax liabilities are offset only if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred tax assets and liabilities relate to the same taxable entity and the same taxation authority.

(l) ***Other taxes***

Revenues, expenses and assets are recognised net of the amount of GST except:

- when the GST incurred on a purchase of goods and services is not recoverable from the taxation authority, in which case the GST is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and
- receivables and payables, which are stated with the amount of GST included.

The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the balance sheet.

Cash flows are included in the cash flow statement on a gross basis and the GST component of cash flows arising from investing and financing activities, which are recoverable from, or payable to, the taxation authority, are classified as operating cash flows.

Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the taxation authority.

(m) ***Employee benefits***

Wages, salaries and annual leave

Liabilities for wages and salaries, including non-monetary benefits and annual leave expected to be settled within twelve months of the reporting date are recognised in other payables in respect of employees' services up to the reporting date. They are measured at the amounts expected to be paid when the liabilities are settled.

Long service leave

The liability for long service leave is recognised in the provision for employee benefits and measured as the present value of expected future payments to be made in respect of services provided by employees up to the reporting date using the projected unit credit method. Consideration is given to expected future wage and salary levels, experience of employee departures, and periods of service. Expected future payments are discounted using market yields at the reporting date on corporate bonds with terms to maturity and currencies that match, as closely as possible, the estimated future cash outflows.

(n) ***Intangibles other than goodwill on acquisition***

Technology, patents and trademarks

Intangibles include TECHNITUBER® technology of the company and trademarks and are considered to have finite lives, and are amortised over the useful lives and assessed for impairment whenever there is an indication that the intangible asset may be impaired. If benefit is no longer expected to be received, the asset will be written down to its net realisable value

(o) ***Financial Instruments***

Financial instruments are recognised initially on the date that the Company becomes party to the contractual provisions of the instrument.

On initial recognition, all financial instruments are measured at fair value plus transaction costs (except for instruments measured at fair value through profit or loss where transaction costs are expensed as incurred

Financial assets

All recognised financial assets are subsequently measured in their entirety at either amortised cost or fair value, depending on the classification of the financial assets.

Classification

On initial recognition, the Company classifies its financial assets into the following categories, those measured at:

- amortised cost
- fair value through profit or loss - FVTPL

Financial assets are not reclassified subsequent to their initial recognition unless the Company changes its business model for managing financial assets.

Amortised cost

Assets measured at amortised cost are financial assets where:

- the business model is to hold assets to collect contractual cash flows; and
- the contractual terms give rise on specified dates to cash flows are solely payments of principal and interest on the principal amount outstanding.

The Company's financial assets measured at amortised cost comprise trade and other receivables and cash and cash equivalents in the statement of financial position.

NOTES TO THE FINANCIAL STATEMENTS (Contd.)

Subsequent to initial recognition, these assets are carried at amortised cost using the effective interest rate method less provision for impairment.

Interest income, foreign exchange gains or losses and impairment are recognised in profit or loss. Gain or loss on derecognition is recognised in profit or loss.

Impairment of financial assets

Impairment of financial assets is recognised on an expected credit loss (ECL) basis for the following assets:

- financial assets measured at amortised cost.

When determining whether the credit risk of a financial assets has increased significant since initial recognition and when estimating ECL, the Company considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis based on the Company's historical experience and informed credit assessment and including forward looking information.

The Company uses the presumption that an asset which is more than 180 days past due has seen a significant increase in credit risk.

The Company uses the presumption that a financial asset is in default when:

- the other party is unlikely to pay its credit obligations to the Company in full, without recourse to the Company to actions such as realising security (if any is held); or
- the financial assets is more than 180 days past due.

Credit losses are measured as the present value of the difference between the cash flows due to the Company in accordance with the contract and the cash flows expected to be received. This is applied using a probability weighted approach.

Trade receivables

Impairment of trade receivables have been determined using the simplified approach in AASB 9 which uses an estimation of lifetime expected credit losses. The Company has determined the probability of non payment of the receivable and multiplied this by the amount of the expected loss arising from default.

The amount of the impairment is recorded in a separate allowance account with the loss being recognised in finance expense. Once the receivable is determined to be uncollectable then the gross carrying amount is written off against the associated allowance.

Where the Company renegotiates the terms of trade receivables due from certain customers, the new expected cash flows are discounted at the original effective interest rate and any resulting difference to the carrying value is recognised in profit or loss.

Financial liabilities

The Company measures all financial liabilities initially at fair value less transaction costs, subsequently financial liabilities are measured at amortised cost using the effective interest rate method.

The financial liabilities of the Company comprise trade payables.

(p) ***Comparatives***

When required by Accounting Standards, comparative figures have been adjusted to conform to changes in presentation for the current financial year.

	Notes	2021		2020	
		$	₹	$	₹
Note 2: Revenues and expenses					
(a) Revenue					
Sales - TT seeds		**20,85,050**	**10,61,05,692**	24,92,141	11,84,95,074
Other revenue					
Finance revenue	AA	**73,478**	**37,39,207**	1,16,777	55,52,454
Freight outwards		**41,744**	**21,24,302**	45,527	21,64,695
Realised foreign exchange gain		–	–	18,056	8,58,518
Unrealised foreign exchange gain		–	–	2,37,908	1,13,11,930
		1,15,222	**58,63,509**	4,18,268	1,98,87,597
AA. Breakdown of finance revenue:					
Bank interest		**73,478**	**37,39,207**	1,16,777	55,52,454
Other income					
Liability extinguished		**56,927**	**28,96,945**	–	–
Miscellaneous income		–	–	363	17,261
		56,927	**28,96,945**	363	17,261
(b) ***Depreciation and amortisation included in the income statement***					
Amortisation of non-current assets:					
Technology and trademarks		**3,071**	**1,56,280**	2,778	1,32,087
Total amortisation of non-current assets		**3,071**	**1,56,280**	2,778	1,32,087
(c) ***Employee benefit expense***					
Wages and salaries - incl super and travel allowance		**25,993**	**13,22,753**	43,266	20,57,190
Workers' compensation costs		**785**	**39,948**	283	13,456
Payroll tax		**204**	**10,381**	4,950	2,35,360
		26,982	**13,73,082**	48,499	23,06,006
(d) ***Administration expenses***					
Consultancy expense		**12,083**	**6,14,889**	31,163	14,81,723
Audit and accounting fee		**19,000**	**9,66,887**	18,000	8,55,855
Overseas travel		**256**	**13,028**	40,600	19,30,429
Freight and cartage		**1,23,100**	**62,64,411**	78,585	37,36,520
Others		**3,39,862**	**1,72,95,193**	23,530	11,18,791
Total		**4,94,301**	**2,51,54,409**	1,91,878	91,23,318

NOTES TO THE FINANCIAL STATEMENTS (Contd.)

Note 3: Income tax

	2021 $	2021 ₹	2020 $	2020 ₹
The major components of income tax expenses are:				
Current income tax charge	**70,011**	**35,62,776**	81,632	38,81,398
Income tax expense	**70,011**	**35,62,776**	81,632	38,81,398
A reconciliation between income tax expense and the product of accounting profit before income tax multiplied by the company's applicable income tax rate is as follows:				
Accounting profit at the statutory income tax rate of 30%	2,58,964	1,31,78,370	4,92,226	2,34,04,116
Other assessable income (prior year interest accrual and Unrealised FC gain now realised)	92,995	47,32,404	20,765	9,87,324
Non deductible expenses (current year accruals and unrealised FX loss)	20,362	10,36,198	7,726	3,67,352
Non assessable income (current year interest accrual and unrealised FX gain)	(7,172)	(3,64,974)	(92,995)	(44,21,680)
Other deductible expenses (prior year accruals, current year trade mark renewal fee)	(9,764)	(4,96,878)	(13,348)	(6,34,664)
Recoupment of prior year tax losses	(2,85,374)	(1,45,22,340)	(3,32,742)	(1,58,21,050)
Income tax attributed to ordinary activities	70,011	35,62,776	81,632	38,81,398
Provision for income tax	9,673	5,38,810	2,674	1,23,205

Income tax losses

Future income tax benefits arising from revenue timing differences and tax losses of the parent entity amounted to $26,56,830 (2020: $29,42,204). This has not been brought to account at balance sheet date as realisation is not considered probable. Capital loss carried forward for both years are $3,46,091.

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) no changes in tax legislation adversely affect the economic entity in realising the benefit.

Note 4: Cash and cash equivalents

	2021 $	2021 ₹	2020 $	2020 ₹
Current				
Cash at bank and on hand	**21,331**	**11,88,190**	1,21,358	55,91,570
Deposits at call	**71,65,059**	**39,91,11,699**	53,13,890	24,48,37,482
	71,86,390	**40,02,99,889**	54,35,248	25,04,29,052

(a) Terms and conditions relating to the above financial instruments:

(i) cash at bank has a weighted average interest rate of 0% (2020: 0%); and

(ii) deposits at call has a weighted average effective interest rate of 0.58% AUD account (2020: 2.21% AUD Account)

(b) Reconciliation of net profit/(loss) after tax to the net cash flows from operations:	Note	2021 $	2021 ₹	2020 $	2020 ₹
Net profit after tax		**7,93,203**	**4,03,65,126**	15,59,121	7,41,93,119
Non-cash items:					
Amortisation of non-current assets		**3,071**	**1,56,290**	2,778	1,32,087
Changes in assets and liabilities:					
(Increase)/decrease in trade and other receivables		**16,32,201**	**8,30,60,750**	(5,20,017)	(2,47,25,508)
Decrease/(increase) in other current assets		**49,476**	**25,17,774**	(3,236)	(1,53,864)
Increase/(decrease) in trade creditors and accruals		**(7,17,248)**	**(3,64,99,890)**	91,752	43,01,765
Cash flows from operations		**17,60,703**	**8,96,00,052**	11,30,398	5,37,47,599

NOTES TO THE FINANCIAL STATEMENTS (Contd.)

	Notes	2021 $	2021 ₹	2020 $	2020 ₹
Note 5: Trade and other receivables					
Current					
Trade debtors	(a)	9,37,715	5,22,33,070	25,69,916	11,84,08,880
Provision for doubtful debts		–	–	–	–
		9,37,715	5,22,33,070	25,69,916	11,84,08,880

(a) Terms and conditions

Terms and conditions relating to the above financial instrument:

(i) current trade debtors are non-interest bearing and generally on 180-day terms; and debtors have a history of paying before time.

	Notes	2021 $	2021 ₹	2020 $	2020 ₹
Note 6: Other assets					
Current					
Prepayments and other receivables		1,295	72,135	2,603	1,19,933
Interest accrued		23,907	13,31,680	72,075	33,20,856
		25,202	14,03,814	74,678	34,40,789
Note 7: Other financial assets					
Non-current					
Shares in subsidiaries:					
At cost		48,80,863	27,18,76,271	48,80,863	22,48,85,763
Provision for write-down	(a)	(39,11,127)	(21,78,59,552)	(39,11,127)	(18,02,05,177)
Total other financial assets		9,69,736	5,40,16,720	9,69,736	4,46,80,586

(a) Provision for write-down of subsidiaries

The losses generated within the subsidiaries have resulted in a provision for write-down to net assets being recorded against the cost amount of the investment.

The investments are recorded at amortised cost.

Interest in subsidiaries

Technico Asia Holdings Pty Ltd (formerly known as Technico China Pty Ltd)
Percentage of equity interest held by country of incorporation: Australia - 100%

	2021 $	2021 ₹	2020 $	2020 ₹
Cost	36,84,522	20,52,37,087	36,84,522	16,97,64,351
Accumulated impairment	(27,14,786)	(15,12,20,367)	(27,14,786)	(12,50,83,765)
	9,69,736	5,40,16,720	9,69,736	4,46,80,586

Technico Technologies Inc
Percentage of equity interest held by country of incorporation: Canada - 100%

	2021 $	2021 ₹	2020 $	2020 ₹
Cost	11,96,341	6,66,39,185	11,96,341	5,63,17,753
Accumulated impairment	(11,96,341)	(6,66,39,185)	(11,96,341)	(5,63,17,753)
	–	–	–	–

	2021 $	2021 ₹	2020 $	2020 ₹
Note 8: Intangible assets				
Non-current				
TECHNITUBER® technology, patents and trademarks at cost	34,27,422	19,09,15,974	34,17,861	15,74,77,946
Less: accumulated amortisation	(34,07,686)	(18,98,16,629)	(34,04,615)	(15,68,67,637)
	19,736	10,99,345	13,246	6,10,309
Movement in intangibles				
Balance at beginning of the year	13,246	7,37,835	15,634	7,20,337
Additions	9,561	5,32,572	390	17,969
Amortisation expense	(3,071)	(1,71,062)	(2,778)	(1,27,997)
Balance at the end of the year	19,736	10,99,345	13,246	6,10,309

NOTES TO THE FINANCIAL STATEMENTS (Contd.)

	2021 $	2021 ₹	2020 $	2020 ₹
Note 9: Trade and other payables				
Current				
Trade creditors	2,55,735	1,42,45,075	9,99,696	4,60,60,993
Sundry creditors and accruals	1,08,184	60,26,119	88,469	40,76,209
	3,63,919	2,02,71,194	10,88,165	5,01,37,202

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

	2021 $	2021 ₹	2020 $	2020 ₹
Ordinary shares fully paid 1,00,15,502 shares (2020: 1,00,15,502)	1,95,98,046	1,09,16,60,157	1,95,98,046	90,29,79,969
Share capital redemption	–	–		
Discount on issue	(1,08,864)	-60,63,997	(1,08,864)	(50,15,909)
	1,94,89,182	1,08,55,96,160	1,94,89,182	89,79,64,061

(b) Terms and conditions of contributed equity

Ordinary shares

Ordinary shares have the right to receive dividends as declared and, in the event of winding up the company, to participate in the proceeds from the sale of all surplus assets in proportion to the number of and amounts paid up on shares held. Ordinary shares entitle their holder to one vote, either in person or by proxy, at a meeting of the company.

Note 11: Accumulated losses	**Notes**	2021 $	2021 ₹	2020 $	2020 ₹
Accumulated losses		1,30,76,318	72,83,83,602	1,30,76,318	60,24,91,367
Balance at beginning of year		1,30,76,318	60,47,87,157	1,30,76,318	64,10,00,111
Net (profit)/loss attributable to the members of Technico Pty Ltd		(7,93,203)	(4,03,65,123)	(15,59,121)	(7,41,32,305)
Transfer to reserves	17	7,93,203	4,03,65,123	15,59,121	7,41,32,305
Exchange rate variance		–	12,35,96,445	–	(3,62,12,954)
Total available for appropriation		1,30,76,318	72,83,83,602	1,30,76,318	60,47,87,157
Dividends paid or provided for		–	–	–	–
Balance at end of period		1,30,76,318	72,83,83,602	1,30,76,318	60,47,86,157

Note 12: Contingent liabilities

	2021 $	2021 ₹	2020 $	2020 ₹
Estimates of material amounts of contingent liabilities, not provided for in the financial report	–	–	–	–

Note 13: Events Subsequent to the End of the Reporting Period

No matters or circumstances have arisen since the end of the financial year which significantly affected or may significantly affect the operations of the Company, the results of those operations, or the state of affairs of the Company in future financial years.

Note 14: Capital and lease commitments

There are no capital and operating lease commitments. Using the short-term practical expedient under AASB 16, monthly rental repayments of $273 for storage filing space are expensed.

Note 15: Related party transactions

Technico Pty Ltd purchases TT seeds from Technico Horticultural (Kunming) Co. Limited, China ('THKL' - 100% subsidiary of Technico Asia Holdings Pty Limited – 'TAHL') and Technico Agri Sciences Limited, India ('TASL'). THKL is a 100% owned subsidiary of TAHL, which is 100% owned by TPL. TASL is a 100% subsidiary of ITC Limited (ultimate parent company) in India. The purchases made during the year are reflected in cost of sales in AUD. Any amounts outstanding as payable is recorded in trade payables.

Note 16: Remuneration of auditors

	2021 $	2021 ₹	2020 $	2020 ₹
Amounts received or due and receivable by auditor:				
Audit of the entity by auditor/group auditor	12,000	6,10,666	12,000	5,70,570
Other services in relation to the entity	7,000	3,56,222	6,000	2,85,285
	19,000	9,66,887	18,000	8,55,855

Note 17: Reserves	2021 $	2021 ₹	2020 $	2020 ₹
2021 Profit	7,93,203	4,41,83,348	–	–
2020 Profit	15,59,121	8,68,46,930	15,59,121	7,41,32,305
	23,52,324	13,10,30,277	15,59,121	7,41,32,305

Profits are set aside for declaration of future dividends.

DIRECTORS' REPORT FOR THE YEAR ENDED 31 MARCH, 2021

Your directors submit their Report for the financial year ended 31 March, 2021.

Directors

The following directors held office since the start of the financial year until the date of this report:

Ms Bhavani Parameswar
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
501 - 140 Carleton Street, Fredericton,
New Brunswick E3B 3T4, Canada

Principal activities

The principal activities of your company during the financial year under review were production of TECHNITUBER® seed potatoes for sale in the Canadian and export markets.

Review and results of operations

Technico Technologies Inc., Canada registered sales of Canadian Dollar C$106,201 (previous year C$ 80,765) and posted a net profit of C$ 655 (previous year C$ 998). Sale are higher than last year due to higher TECHNITUBER® seed potatoes sales though profits are lower due to higher production costs related to crop output on account of warmer weather.

No dividends have been paid or declared during the financial year.

Auditors

The Company has engaged M/s Teed Saunders Doyle & Co as auditors for the year under review whose report is annexed to the financial report.

Future developments and results

The growth of the business has been impacted due to warmer weather and higher disease pressure which has had far reaching impact for the Seed Potato industry in the province. The business is trialling changes in growing practices to meet these environmental challenges and expects a gradual recovery over the next two to three 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: 4th May, 2021

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, 2021 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, 2021, 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 judgement and maintain professional skepticism throughout the audit. We also :

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

May 4, 2021

Fredericton, New Brunswick CHARTERED PROFESSIONAL ACCOUNTANTS

BALANCE SHEET AS AT MARCH 31, 2021

ASSETS

	2021 $	2021 ₹	2020 $	2020 ₹
Current Assets				
Cash	168,577	9,781,680	128,242	6,807,406
Accounts receivable	62,303	3,615,132	94,099	4,995,010
Inventory	111,601	6,475,648	123,946	6,579,364
Prepaid expenses	7,883	457,411	6,926	367,649
	350,364	20,329,871	353,213	18,749,429
Property and Equipment (note 4)	50,781	2,946,568	50,952	2,704,660
	401,145	23,276,439	404,165	21,454,089
LIABILITIES				
Current Liabilities				
Accounts payable and accrued liabilities	42,612	2,472,561	46,992	2,494,453
Deferred revenue	1,035	60,056	–	–
	43,647	2,532,617	46,992	2,494,453
STOCKHOLDER'S EQUITY				
Capital Stock (note 7)	1,139,244	66,104,633	1,139,574	60,491,437
Deficit	(781,746)	(45,360,811)	(782,401)	(41,531,801)
	357,498	20,743,822	357,173	18,959,636
	401,145	23,276,439	404,165	21,454,089

Approved by the Board:

Ms. Bhavani Parameswar

(Director)

STATEMENT OF RETAINED EARNINGS (DEFICIT)
FOR THE YEAR ENDED MARCH 31, 2021

	2021 $	2021 ₹	2020 $	2020 ₹
Deficit At Beginning Of Year	(782,401)	(41,531,801)	(783,399)	(40,376,386)
Net Income For The Year	655	36,387	998	52,206
Change In Unrealized Foreign Exchange During The Year	–	(3,865,397)	–	(1,207,621)
Deficit At End Of Year	(781,746)	(45,360,811)	(782,401)	(41,531,801)

STATEMENT OF INCOME
FOR THE YEAR ENDED MARCH 31, 2021

	2021 $	2021 ₹	2020 $	2020 ₹
Sales	106,201	5,899,868	80,765	4,224,921
Cost Of Sales	90,619	5,034,230	46,281	2,421,019
Gross Profit	15,582	865,638	34,484	1,803,902
Expenses				
Advertising and trade shows	154	8,555	1,086	56,810
Amortization of property and equipment	67	3,722	2,097	109,697
Bank charges	667	37,054	844	44,151
Bad debts	–	–	447	23,383
Insurance	6,286	349,211	7,641	399,711
Occupancy costs	6,040	335,545	7,756	405,726
Office and supplies	37	2,055	271	14,176
Professional services	14,733	818,474	10,360	541,945
Staff training	–	–	130	6,800
Telephone	3,445	191,383	3,405	178,120
Vehicle and travel	505	28,055	1,078	56,392
Wages and benefits	14,093	782,920	14,288	747,424
	46,027	2,556,974	49,403	2,584,335
	(30,445)	(1,691,336)	(14,919)	(780,433)
Other Income				
Net revenue - Support services (note 8)	31,100	1,727,723	15,917	832,639
Net Income For The Year	655	36,387	998	52,206

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED MARCH 31, 2021

	2021 $	2021 ₹	2020 $	2020 ₹
Cash Provided By (Required For):				
Operating Activities				
Net income for the year	655	36,387	998	52,206
Items not affecting cash:				
Amortization of property and equipment	67	3,722	2,097	109,697
Amortization capitalized to inventory	856	47,554	1,433	74,962
Foreign currency fluctuations	–	637,736	–	325,351
	1,578	725,399	4,528	562,216
Changes in non cash operating working capital (note 6)	39,837	2,311,542	(44,970)	(2,387,119)
	41,415	3,036,941	(40,442)	(1,824,903)
Investing Activities				
Capital expenditures	(750)	(43,519)	(4,216)	(223,796)
Financing Activities				
Capital stock issuance (redemption)	(330)	(19,148)	(20,760)	(1,101,993)
Repayment of long-term debt	–	–	(14,325)	(760,407)
Unamortized government assistance	–	–	(675)	(35,831)
	(330)	(19,148)	(35,760)	(1,898,231)
Increase (Decrease) In Cash During The Year	40,335	2,974,274	(80,418)	(3,946,930)
Cash Position At Beginning Of Year	128,242	6,807,406	208,660	10,754,336
Cash Position At End Of Year	168,577	9,781,680	128,242	6,807,406

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021

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. 58.0250 (2020 CAD $1 = Rs. 53.0825) to the balance sheet and the average annual exchange rate of CAD $1 = Rs. 55.5538 (2020 CAD $1 = Rs. 52.3113) 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 $856 (2020 $1,433).

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 $272,074 (2020 $271,865).

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, 2021.

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	2021 Net	2020 Net
	$	$	$	$
Land	46,564	–	46,564	46,564
Buildings	293,913	290,480	3,433	4,289
Equipment	290,954	290,170	784	99
	631,431	580,650	50,781	50,952

	Cost	Accumulated Amortization	2021 Net	2020 Net
	₹	₹	₹	₹
Land	2,701,876	–	2,701,876	2,471,734
Buildings	17,054,302	16,855,103	199,200	227,670
Equipment	16,882,606	16,837,114	45,492	5,256
	36,638,784	33,692,217	2,946,568	2,704,660

5. Income Taxes

The company has non-capital losses for income tax purposes of $879,102 which may be carried forward to reduce taxable income in future years. If not applied against taxable income, the non-capital losses will expire as follows:

	$	₹
2026	225,849	13,104,888
2027	283,750	16,464,594
2028	214,636	12,454,254
2030	115,010	6,673,455
2031	12,550	728,214
2032	7,695	446,502
2040	8,787	509,866
2041	10,825	628,121
	879,102	51,009,893

The company has investment tax credits of $38,318 available to reduce taxes payable of future years. The benefit of investment tax credits and non-capital losses carried forward have not been recorded in the financial statements.

6. Changes In Non-Cash Operating Working Capital

	2021 $	2021 ₹	2020 $	2020 ₹
Accounts receivable	31,796	1,844,963	(11,500)	(610,449)
Inventory	12,345	716,319	(57,982)	(3,077,830)
Prepaid expenses	(957)	(55,530)	(1,048)	(55,630)
Accounts payable and accrued liabilities	(4,382)	(254,266)	25,560	1,356,790
Deferred revenue	1,035	60,056	–	–
	39,837	2,311,542	(44,970)	(2,387,119)

7. Capital Stock

	2021 $	2021 ₹	2020 $	2020 ₹
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	63,131,084	1,087,998	57,753,654
51,576 Class A preferred shares (2020 - 51,576 shares)	51,246	2,973,549	51,576	2,737,783
	1,139,244	66,104,633	1,139,574	60,491,437

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 330 Class A preferred shares for $330 (2020 20,760 Class A preferred shares for $20,760).

8. Net Revenue - Support Services

	2021 $	2021 ₹	2020 $	2020 ₹
Revenue	348,518	19,361,499	182,820	9,563,552
Expenses				
Wages and benefits	297,426	16,523,145	162,124	8,480,917
Work visa charges	15,213	845,139	–	–
Office rent	4,779	265,492	4,779	249,996
	317,418	17,633,776	166,903	8,730,913
Net Revenue - Support services	31,100	1,727,723	15,917	832,639

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.

9. Significant 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, 2021

Your directors present their report on the company for the financial year ended 31 March, 2021.

Directors

The names of directors in office at any time during or since the end of the year are:

Mr David Charles McDonald
Mr Sachidanand Madan
Mr Allan Hendry
Mr Dharmarajan Ashok

Directors have been in office since the start of the financial year to the date of this report unless otherwise stated.

Corporate information

Technico Asia Holdings Pty Limited is a company limited by shares that is incorporated and domiciled in Australia. It is a wholly owned subsidiary of Technico Pty Ltd, a company incorporated in Australia.

The registered office of Technico Asia Holdings Pty Limited is located at:

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.

Significant Changes in the State of Affairs

No significant changes in the Company's state of affairs occurred during the financial year.

Review and results of operations

During the year, the company earned a profit of A$ Nil [2020: nil].

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.

Environmental regulation and performance

The Company's operations are not regulated by any significant environmental regulation under a law of the Commonwealth or of a state or territory.

Indemnification of Officers

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, 2021 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: 5th May, 2021

DIRECTORS' DECLARATION FOR THE YEAR ENDED 31 MARCH, 2021

In accordance with a resolution of the directors of Technico Asia Holdings Pty Limited, the directors have determined::

(a) the company is not a reporting entity;

(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, 2021 and of their performance for the year ended on that date;

(ii) complying with Australian Accounting Standards to the extent described in Note 1, the Corporations Regulations 2001 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: 5th May, 2021

AUDITOR'S INDEPENDENCE DECLARATION UNDER SECTION 307C OF THE *CORPORATIONS ACT 2001*

To the Directors of Technico Asia Holdings Pty Limited

I declare that, to the best of my knowledge and belief, during the year ended 31 March, 2021 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
Dated this 5thday of May, 2021

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, 2021, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and the directors' declaration.

In our opinion, the accompanying financial report of Technico Asia Holdings Pty Limited 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, 2021 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 & 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, 2021, 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 of the financial report, which describes the basis of accounting. The financial report has been prepared for the purpose of fulfilling the directors' financial reporting responsibilities 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 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 the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Report

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

As part of an audit in accordance with the Australian Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Kelly Partners (South West Sydney) Partnership

Daniel Kuchta
Registered Auditor Number 335565

Campbelltown
Dated this 5th day of May, 2021

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 MARCH, 2021

	Notes	2021 $	2021 ₹	2020 $	2020 ₹
Sale of goods		–	–	–	–
Cost of sales:					
Other cost of sales		–	–	–	–
Inventory write off and write down		–	–	–	–
Gross profit					
Other income		–	–	–	–
Marketing expenses		–	–	–	–
Research and development expenses		–	–	–	–
Occupancy expenses		–	–	–	–
Administration expenses:		–	–	–	–
Other administration expenses		–	–	–	–
Recovery investments and loans		–	–	–	–
Finance costs		–	–	–	–
Other expenses		–	–	–	–
Profit before income tax expense		–	–	–	–
Income tax expense		–	–	–	–
Total comprehensive income for the year		–	–	–	–

STATEMENT OF FINANCIAL POSITION AS AT 31 MARCH, 2021

	Notes	2021 $	2021 ₹	2020 $	2020 ₹
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	54,016,720	969,736	44,680,586
Property, plant and equipment		–	–	–	–
Intangible assets		–	–	–	–
Total non-current assets		969,736	54,016,720	969,736	44,680,586
Total assets		969,736	54,016,720	969,736	44,680,586
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	54,016,720	969,736	44,680,586
Represented by					
EQUITY					
Contributed equity	3	3,684,522	205,237,087	3,684,522	169,764,351
Accumulated losses	4	(2,714,786)	(151,220,367)	(2,714,786)	(125,083,765)
Total equity		969,736	54,016,720	969,736	44,680,586

STATEMENT OF CHANGES IN EQUITY AS AT 31 MARCH, 2021

	Contributed equity $	Accumulated losses $	Total $
At 1 April 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
Total Comprehensive income for the period	–	–	–
At 31 March 2021	3,684,522	(2,714,786)	969,736

	Contributed equity ₹	Accumulated losses ₹	Total ₹
At 1 April 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
Unrealised exchange gain/(loss)	35,472,736	(26,136,602)	9,336,134
At 31 March 2021	205,237,087	(151,220,367)	54,016,720

STATEMENT OF CASH FLOW FOR THE YEAR ENDED 31 MARCH, 2021

	Notes	2021 $	2021 ₹	2020 $	2020 ₹
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 THE FINANCIAL STATEMENTS AS AT 31 MARCH, 2021

Note 1: Statement of significant accounting policies

(a) Basis of preparation

The financial report is a special purpose financial report prepared for distribution to members 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 55.7025 for the current year balance sheet (2020: INR 46.075) and the average rate of 1 AUD = INR 50.8888 for the current year income statement and cash flow statement (2020: INR 47.5475), 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, AASB 1048 Interpretation of Standards and AASB 1054 Australian Additional Disclosures.

Even though the entity is a 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.

	2021 $	2021 ₹	2020 $	2020 ₹
Note 2: Other financial assets				
Non-current				
Shares in subsidiaries:				
At cost	**3,684,522**	**205,237,087**	3,684,522	169,764,351
Provision for write-down	**(2,714,786)**	**(151,220,367)**	(2,714,786)	(125,083,765)
Total other financial assets	**969,736**	**54,016,720**	969,736	44,680,586

Provision for write-down of subsidiaries

The losses generated within the subsidiaries have resulted in a provision for write-down to net assets being recorded against the cost amount of the investment.

Technico Horticultural (Kunming) Co Ltd
Percentage of equity interest held by country of incorporation: China - 100%

	2021		2020	
	$	**₹**	$	₹
Cost	**3,684,522**	**205,237,087**	3,684,522	169,764,351
Accumulated impairment	**(2,714,786)**	**(151,220,367)**	(2,714,786)	(125,083,765)
	969,736	**54,016,720**	969,736	44,680,586

	2021		2020	
	$	**₹**	$	₹
Note 3: Contributed equity				
Issued and paid up capital				
3,684,522 Ordinary shares fully paid	**3,684,522**	**205,237,087**	3,684,522	169,764,351
	3,684,522	**205,237,087**	3,684,522	169,764,351

Terms and conditions of contributed equity
Ordinary shares
Ordinary shares have the right to receive dividends as declared and, in the event of winding up the company, to participate in the proceeds from the sale of all surplus assets in proportion to the number of and amounts paid up on shares held. Ordinary shares entitle their holder to one vote, either in person or by proxy, at a meeting of the company.

Note 4: Accumulated losses

Accumulated losses				
Balance at beginning of year	**2,714,786**	**151,220,367**	(2,714,786)	(125,083,765)
Net profit attributable to the members of Technico Asia Holdings Ltd	–	–	–	–
Total available for appropriation	**2,714,786**	**151,220,367**	(2,714,786)	(125,083,765)
Dividends paid or provided for	–	–	–	–
Aggregate amount transferred (to)/from reserves	–	–	–	–
Balance at end of year	**2,714,786**	**151,220,367**	(2,714,786)	(125,083,765)

Note 5: Events Subsequent to the End of the Reporting Period

No matters or circumstances have arisen since the end of the financial year which significantly affected or may significantly affect the operations of the Company, the results of those operations, or the state of affairs of the Company in future financial years.

MANAGEMENT REPORT FOR THE YEAR ENDED 31 DECEMBER, 2020

Your management submits its report for the financial year ended 31 December, 2020.

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 6,294,218 (2019: CNY 5,407,385) and posted a profit of CNY 3,111,452 (2019: CNY 880,890). Higher sales, lower cost of sales and foreign exchange gain 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 The Yunnan branch of China Audit Asia Pacific Certified Public Accountants LLP as auditors for the year under review whose report is annexed to the financial report.

Environmental regulation and performance

Your Company complies with the applicable environmental regulations set by the Songming Environmental Bureau.

Haoxuan Shen
Legal Representative

Place: Songming Date: 5th May, 2021

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, 2020, 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, 2020, 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 judgement and maintain professional skepticism. We also perform the following procedures:

A. Identify and assess the risks of material misstatement of the financial statements due to fraud and error, design and implement audit procedures to address these risks, and obtain sufficient and appropriate audit evidence as a basis for forming the audit opinion. As fraud may involve collusion, forgery, willful omission, misrepresentation or override of internal control, the risk of not discovering a material misstatement due to fraud is higher than the risk of failing to detect a material misstatement resulting from a mistake.

B. Understand the internal controls related to auditing in order to design appropriate audit procedures.

C. Evaluate the appropriateness of accounting policies adopted by the management and the reasonableness of accounting estimates and relevant disclosures made by management.

D. Conclude on the appropriateness of management's application of the going concern assumption. Meanwhile, based on the audit evidence obtained, conclude whether there is material uncertainty about the Company's ability to continue as a going-concern. If we conclude that there is material uncertainty, the auditing standards require us to draw attention of the users of the financial statements to the relevant disclosures in the financial statements. If the disclosure is inadequate, we shall express a qualified opinion. Our conclusion is based on information available as of the date of the audit report. However, future events or circumstances may cause the Company not being able to continue as a going-concern.

E. Evaluate the overall presentation, structure and content of financial statements (including disclosures), and evaluate whether the financial statements present fairly the relevant transactions and events.

F. Obtain sufficient and appropriate audit evidence regarding to the Company's financial information of the entities or business activities in order to express opinion on the financial statements. We are responsible for the guidance, supervision and execution of the group audit. We take full responsibility for the audit opinion.

We communicate with those charged with governance on the scope and time schedule of the audit, and significant audit findings, etc., including deficiency of internal control that we identified during the audit which warrants attention.

We also provide a statement to those charged with governance regarding the fact that we comply with the requirements of professional ethics relating to independence, and also communicate with them about all relationships and other matters that may be reasonably deemed to affect our independence as well as, where applicable, the relevant precautions.

Through the matters we communicate with those charged with governance, we identify matters that are significant in the audit of the financial statements for the current period, which therefore become the key audit items. We disclose these items in the audit report, unless public disclosure of such items is prohibited by laws and regulations; in exceptional circumstances, where the benefit arising from public disclosure of certain matters is outweighed by the negative consequence brought by such disclosure in consideration of public interest, we do not disclosure such items in the audit report.

China Audit Asia Pacific Certified Public Accountants LLP
Beijing, The People's Republic of China

Chinese Certified Public Accountants:
Chinese Certified Public Accountants:

Date: 5th May, 2021

BALANCE SHEET AS ON 31ST DECEMBER 2020

Printed by Technico Horticultural (Kunming) Co. Ltd.

ITEMS	LINE	31-Dec-19		31-Dec-20	
	NO.	CNY	INR	CNY	INR
CURRENT ASSETS :	1				
Cash and cash equivalents	2	7,170,293.13	73,535,658.22	10,151,415.60	113,367,964.00
Transaction monetary assets	3				
Short-term investments	4				
Notes receivable	5				
Accounts receivable	6	4,058,631.18	41,623,697.93	4,163,694.02	46,498,885.71
Advance to suppliers debts	7				
Dividend receivable	8				
Interest receivable	9	38,599.56	395,861.65	82,266.52	918,727.82
Other notes receivable	10				
Inventories	11	427,528.72	4,384,563.54	402,500.06	4,494,999.92
Including: Raw materials	12				
Finished goods	13				
In one year expired non-current assets	14				
Other current assets	15	15,017.55	154,013.99	13,697.73	152,972.14
Total current assets	16	11,710,070.14	120,093,795.33	14,813,573.93	165,433,549.58
NON-CURRENT ASSETS	17				
Financial assets available for sale	18				
Hold investment due	19				
Long-term investment on bonds	20				
Long-term account receivable	21				
Long-term investment on stocks	22				
Right to trade in previously non-tradable shares	23				
Investment real eastate	24				
Fixed assets-cost	25	25,717,796.00	263,751,428.66	25,717,796.00	287,208,630.39
Less: Accumulated depreciation	26	23,324,930.80	239,211,160.31	23,459,309.61	261,986,531.93
Fixed assets-net value	27	2,392,865.20	24,540,268.35	2,258,486.39	25,222,098.46
Less: Fixed assets depreciation reserves	28				
Fixed assets-net equity	29	2,392,865.20	24,540,268.35	2,258,486.39	25,222,098.46
Construction in progressliab	30				
Project goods and material	31				
Liquidation of fixed assets	32				
Productive living assets	33				
Oil and gas assets	34				
Intangible assets	35	1,168,143.75	11,980,015.04	1,127,156.25	12,587,742.85
Including: right to use land	36	1,168,143.75	11,980,015.04	1,127,156.25	12,587,742.85
Development expenditures	37				
Business reputation	38				
Cost-book value differentials	39				
Long-term deferred and prepaid expenses	40				
Deferred income tax assets	41				
Deferred taxes debit	42				
Other non-current assets	43				
Including: specially approved reserving materials	44				
Total non-current assets	45	3,561,008.95	36,520,283.39	3,385,642.64	37,809,841.31
TOTAL ASSETS	46	15,271,079.09	156,614,078.72	18,199,216.57	203,243,390.89
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	124,508.34	1,276,907.73	82,708.36	923,662.15
Including: accrued wages	55	124,508.34	1,276,907.73	82,708.36	923,662.15
accrued welfarism	56				
Including: staff and worker' bonus and welfare fund	57				

BALANCE SHEET AS ON 31ST DECEMBER, 2020 (Contd.)

Printed by Technico Horticultural (Kunming) Co. Ltd.

ITEMS	LINE	31-Dec-19		31-Dec-20	
	NO.	CNY	INR	CNY	INR
Taxes and dues payable	58	2,149.12	22,040.52	1,728.25	19,300.58
Including: Taxes payable	59	2,149.12	22,040.52	1,728.25	19,300.58
Interest payable	60				
Dividends payable	61				
Other payables	62	192,190.85	1,971,032.48	51,097.35	570,639.88
Due within one year of non-current liabilities	63				
Other current liabilities	64				
Total current liabilities	65	318,848.31	3,269,980.73	135,533.96	1,513,602.61
NON-CURRENT LIABILITIES	66				
Long-term loans	67				
Bonds payable	68				
Long-term account payable	69				
Special payable	70				
Projected liabilities	71				
Deferred income tax liabilities	72				
Deferred taxes credit	73				
Other non-current liabilities	74				
Including: special reserve fund	75				
Total non-current liabilities	76				
Total liabilities	77	318,848.31	3,269,980.73	135,533.96	1,513,602.61
OWNERS' EQUITY	78				
Practical capital collected (or share capital)	79	19,013,598.02	194,995,855.85	19,013,598.02	212,338,158.61
National capital	80				
Collective capital	81				
Legal person"s capital	82				
Including: State-owned legal person"s capital	83				
Collective legal person"s capital	84				
Personal capital	85				
Foreign businessmen"s capital	86	19,013,598.02	194,995,855.85	19,013,598.02	212,338,158.61
Less: Investment returned	87				
Net paid in capital	88	19,013,598.02	194,995,855.85	19,013,598.02	212,338,158.61
Capital reserves	89	42,666.57	437,571.28	42,666.57	476,487.45
Less: treasury stock	90				
Surplus reserves	91				
Including: Legal surplus	92				
Free surplus reserves	93				
Reserve fund	94				
Enterprise expension fund	95				
Profits capitalizad on return of investment	96				
Unaffirmed investment loss	97				
Undistributed profit	98	-4,104,033.81	-7,609,779.68	-992,581.98	25,719,158.88
Including: cash dividends	99				
*Margin of Translation of Foreign Currency Financial Statements	100		-34,479,549.46		-36,804,016.66
Total equity attributable to equity holders of the Parent	101	14,952,230.78	153,344,097.99	18,063,682.61	201,729,788.29
*minority stockholder's interest	102				
Total owners' equity	103	14,952,230.78	153,344,097.99	18,063,682.61	201,729,788.29
Less: assets loss	104				
Total owners'equity: net value less loss on assets)	105	14,952,230.78	153,344,097.99	18,063,682.61	201,729,788.29
TOTAL LIABILITIES AND OWNERS' EQUITY	106	15,271,079.09	156,614,078.71	18,199,216.57	203,243,390.89

Income statement and profit appropriation 2020

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ITEMS	LINE NO.	2020		2019	
		CNY	INR	CNY	INR
Income for main business	1	6,294,218	67,421,770	5,407,385	55,142,346
Less: cost of main business	2	3,088,158	33,079,422	4,247,834	43,317,708
Taxation and additional of main	3	0	0	0	0
Main business profit	4	3,206,060	34,342,348	1,159,551	14,834,542
Add: other profit	5	0	0	0	0
Less: Operating expenses	6	210,026	2,249,738	174,402	1,778,483
Management expenses	7	232,351	2,488,872	218,183	2,224,943
Including: Business entertainment	8	0	0	0	0
Research and development expense	9	0	0	0	0
Financial Expenses	10	-340,389	-3,646,140	-118,659	-1,210,038
Including: Interest exchange	11	0	0		0
Interest income	12	158,857	1,701,629	100,851	1,028,433
Foreign exchange profit and loss	13	210,026	2,249,738	174,402	-191,904
Operation Profit	14	3,104,071	33,249,879	885,625	9,031,250
Add: Investment income	15	0	0	0	0
Including: for the investment benefits from the invested business and the united business and joint venture	16	0	0	0	0
Subsidy Income	17		0		0
Non-operating income	18	7,381	79,060	0	0
Including: income from disposal of long term assets	19		0		0
Income from non-monetary assets exchage	20	0	0	0	0
Government grands (subsidy income)	21	0	0	0	0
Income from debt restructuring	22	0	0	0	0
Less: Non-operating expenses	23	0	0	4,735	48,289
Including: Loss on disposal of long-term assets	24		0	0	0
Loss on non-monetary assets exchange	25		0	0	0
Loss on debt restructuring	26		0	0	0
Total Profit	27	3,111,452	33,328,939	880,890	8,982,961
Less: Income tax	28	0	0	0	0
Net Profit	29	3,111,452	33,328,939	880,890	8,982,961
Add:Undistributed Profit at the beginning of year	30	-4,104,034	-43,961,179	-4,984,924	-50,834,256
Other transfer-in	31	0	0	0	0
Profit available for distribution	32	-992,582	-10,632,240	-4,104,034	0
Less: Appropriation of statutory surplus reserves	33		0		0
Appropriation of Company expand fund	34		0		0
Appropriation of staff incentive and welfare fund	35		0		0
Capital redemption	36		0		0
Profit available for owners' distribution	37	-992,582	-10,632,240	-4,104,034	-41,851,295
Less: Appropriated profit	38		0		0
Common stock turn to capital	39		0		0
Undivided Profit	40	-992,582	-10,632,240	-4,104,034	-41,851,295
Supplementary Information:	41				
Gains on disposal of operating divisions or investments	42				
Losses from natural disaster	43				
Increase (decrease) in profit due to changes in accounting policies	44				
Increase (decrease) in profit due to changes in accounting estimates	45				
Losses from debt restructuring	46				
Other	47				

CASHFLOW STATEMENT FOR THE YEAR ENDED 31 DECEMBER, 2020

Printed by Technico Horticultural (Kunming) Co. Ltd.

ITEMS	LINE NO.	2019		2020	
		CNY	INR	CNY	INR
1. Cash Flow from Operating Activities:	1				
Cash from selling commodities or offering labor	2	4,597,493	47,150,046	**6,818,632**	**73,039,136**
Refund of tax and fee received	3	–	–	**7,245**	**77,601**
Other cash received related to operating activities	4	88,711	909,784	**158,857**	**1,701,629**
Cash Inflow Subtotal	5	4,686,204	48,059,830	**6,984,733**	**74,818,366**
Cash paid for commodities or labor	6	997,956	10,234,638	**785,972**	**8,419,101**
Cash paid to and for employees	7	1,951,961	20,018,527	**2,010,574**	**21,536,671**
Taxes and fees paid	8	168,504	1,728,114	**191,167**	**2,047,728**
Other cash paid related to operating activities	9	467,132	4,790,717	**1,015,856**	**10,881,540**
Cash Outflow Subtotal	10	3,585,553	36,771,995	**4,003,570**	**42,885,039**
Cash flow generated from operating activities Net Amount	11	1,100,651	11,287,834	**2,981,163**	**31,933,327**
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	11,769	120,701	–	–
Other cash received related to investing activities	17		–		
Cash Inflow Subtotal	18	11,769	120,701	–	–
Cash paid for buying fixed assets intangible assets and other long-term investment	19	180,999	1,856,255	–	
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	180,999	1,856,255	–	–
Cash flow generated from investing activities Net Amount	24	-169,230	-1,735,554	–	–
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	370	3,798	**-40**	**-429**
5. Net Increase Of Cash and Cash Equivalents	38	931,791	9,556,078	**2,981,123**	**31,932,898**
Add: cash and cash equivalents beginning bal.	39	6,238,502	63,979,580	**7,170,292**	**76,806,020**
6. cash and cash equivalents ending bal.	40	7,170,293	73,535,658	**10,151,416**	**108,738,919**

STATEMENT OF CASHFLOW (II) 2020

Printed by Technico Horticultural (Kunming) Co. Ltd.

MONETARY UNIT RMB YUAN

ITEMS	LINE NO.	2020 CNY	2020 INR	2019 CNY	2019 INR
Supplementary Information	1				
1. Reconciliation of Net Profit to Cash Flow from Operating Activities:	2				
Net Profit	3	**3,111,451.83**	**33,328,938.57**	880,871.78	9,033,868.63
Add: Impairment losses on assets	4			4,990.82	51,367.63
Depreciation of fixed assets	5	**134,378.81**	**1,439,425.50**	500,079.29	5,128,613.17
Amortisation of intangible assets	6	**40,987.50**	**439,045.80**	40,987.50	420,351.41
Amortisation of long-term deferred expenses	7	**1,319.82**	**14,137.52**		
Decrease (increase) in deferred expenses	8				
Increase (decrease) in accrued expenses	9				
Losses (gains) on disposal of fixed assets, intangible assets and other long-term assets	10			-11,769.23	-120,700.52
Losses on write-off of fixed assets	11				
Finance expense (income)	12				
Losses (gains) arising from investments	13				
Deferred tax credit (debit)	14				
Decrease (increase) in inventories	15	**25,028.66**	**268,099.50**	740,198.05	7,591,175.12
Decrease (increase) in receivables under operating activities	16	**-84,667.71**	**-906,935.11**	-1,012,042.46	-10,379,102.65
Increase (decrease) in payables under operating activities	17	**-247,335.59**	**-2,649,384.64**	-42,682.86	-437,738.34
Others	18				
Net cash flow from operating activities	19	**2,981,163.32**	**31,933,327.13**	1,100,650.81	11,287,834.45
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	**10,151,415.60**	**108,738,918.48**	7,170,293.13	73,535,658.22
Less: Cash at the beginning of the year	25	**7,170,292.34**	**76,806,020.46**	6,238,501.87	63,979,579.78
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	**2,981,123.26**	**31,932,898.02**	931,791.26	9,556,078.45

NOTES TO THE FINANCIAL STATEMENTS

1. Brief information on the Company

Technico Horticultural (Kunming) Co., Ltd. (the "company") was established as a wholly foreign-owned enterprise invested by Technico Asia Holdings Pty Limited., under the "laws of the People's Republic of China (the "PRC") on Enterprises Operated Exclusively with Foreign Capital" and through the approval by the Foreign Economic and Trade Department of Yunnan province in the certification Dian zi (1997) No.0049. The Company of the registered capital USD2,300,000.00 was registered, with the business license number of Qi Du Zong zi No.000716, on 8 December, 1997. The tenure of the Company is 50 years and may be extended upon application by the Company and approval of the relevant government authorities. The principal activities of the Company are the development, production and supply of microtuber potato.

2. Significant accounting policies and accounting estimates

(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 to convert into currency and their value does not fluctuate significantly.

(7) Allowances for uncollectible accounts

The Company uses the allowance method in which the allowances for uncollectible accounts for the receivable items (including the accounts receivable and other receivable) are recognized in the aging receivable account method and are dealt with in the profit and loss account and the balance sheet. The aging receivable account method is made as follows:

a. Within 1 year, provision created at 0.5 percent of the receivable value;

b. 1-2 year, provision created at 10 percent part of the receivable value;

c. 2-3 year, provision created at 30 percent the receivable value.

If any receivable is evidently different from the others, the specific identification method is made for such receivable item.

(8) Inventories

Inventories, which are recorded at actual cost, include finished goods, work-in-progress and raw material.

For the unrecoverable inventory cost due to the damage, partly or wholly obsolescent, or where market price is lower than the cost, the provision for decline in value of inventories is determined according to the difference of the actual cost lower than net realizable value on an item-by-item basis, at the end of the period, and accounted for in the books.

(9) Fixed assets and depreciation

Fixed assets are recorded based on the actual cost. At the inception of a lease, the fixed assets used by a lessee under a finance lease are recorded at an amount equal to the lower of the carrying amount of the leased asset originally recorded in the books of the lessor and the present value of the minimum lease payments. (If the proportion of the recorded amount of the leased assets to the total amount of assets is lower than 30 percent, the leased assets are recorded at an amount equal to the total minimum lease payments.)

The standard about fixed asset: House and building, machinery and equipment, Motor vehicle and so on of the useful life more than one year, and non-principle operating equipment of the unit value over 2000 RMB with useful life more than two years

Depreciation is calculated on the straight-line basis to write off the cost of each asset over its estimated useful life after deducting the estimated residual value. The categories, useful life, residual value and annual depreciation rate are as follows:

Category	Estimated useful life	Annual depreciation rate	Residual value
House and building	20 years	4.50%	10.00%
Production equipment	10 years	9.00%	10.00%
Motor vehicle	5 years	18.00%	10.00%
Office equipment and other	5 years	18.00%	10.00%

Provision for impairment: At the end of each period, The Company examines its fixed assets and if market value of the fixed asset has declined continually, become obsolete in technology, been not in use in the long term, or has been damaged, and the recoverable amount of the fixed asset is less than its carrying amount, the provision for impairment is determined according to the difference between the recoverable amount of the fixed asset and its carrying amount, on an item-by-item basis.

(10) Intangible assets

An intangible asset, which is acquired separately, is recorded based on the actual purchase price paid.

The cost of an intangible asset is amortized evenly over its expected useful life starting in the month in which it is obtained.

If the expected useful life exceeds the beneficial period stipulated in the relevant contract or the effective period stipulated by law, the amortization period of an intangible asset is determined in accordance with the following rules :

a. If the relevant contract stipulates the beneficial period but the law does not stipulate the effective period, the amortization period is not longer than the beneficial period stipulated by the relevant contract;

b. If the relevant contract does not stipulate the beneficial period but the law stipulates the effective period, the amortization period is not longer than the effective period stipulated by law;

c. If the relevant contract stipulates the beneficial period but the laws also stipulate the effective period, the amortization period is not longer than the shorter of the beneficial period and the effective period.

d. If the relevant contract does not stipulate the beneficial period and the law does not stipulate the effective period, the amortization period does not exceed 10 years.

e. If an intangible asset is no longer expected to be able to generate any economic benefits that flow to the enterprise, the carrying amount of the intangible asset is written off and is recognized in the books as gain or loss of the current period.

The Company reviews the carrying amount of the intangible asset at the end of each period. The difference between the expected receivable amount and the carrying amount of the intangible asset is recognized in the books as provision for impairment, on an item-by-item basis.

(11) Long-term prepaid expense

Long-term prepaid expenses are recorded based on the actual payments and amortized on the straight-line basis over the beneficial period.

The expenses (except for acquiring fixed assets), which occur in the preparative duration, are recorded as long-term expense, and are amortized over a period of five years starting from the month in which operations commence.

(12) Principle for recognition of revenue

a. Revenue from the sale of goods

The revenue is recognized when all the following conditions have been satisfied: the Company has transferred to the buyer significant risks and rewards of ownership of the goods; the enterprise retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold; it is probable that the economic benefits will flow to the Company; the relevant amount of revenue and costs can be measured reliably.

b. Revenue from rendering of services

When the provision of services is started and completed within the same accounting year, revenue is recognized at the time of completion of the services, and receipt of money or holding the qualification of acquiring money;

When the provision of services is started and completed in different accounting years, the total income and the completion degree involving the service contract can be estimated reliably, it is probable that the economic benefits will flow to the Company and the outcome of a transaction involving the rendering of services can be estimated reliably, the service revenue is recognized at the balance sheet date by the use of the percentage of completion method.

The revenue referred to above is recognized when all the following conditions have been satisfied:

a. It is probable that the economic benefits will flow to the Company;

b. The amount of the revenue can be measured reliably.

(13) Corporation income tax

Corporation income tax is accounted on the tax payable basis.

3. Tax

VAT: According to the relevant tax laws in the PRC, the Company is exempted from VAT for the sales of the agricultural produce harvested by the Company.

Corporation income tax is accounted on the tax payable basis at a rate of 25% on its taxable income. However, according to the new income tax-laws in the PRC, the Company is an agricultural production company which is exempted from corporate income tax.

4. Notes to significant items in the financial statements

(1) Cash

Items	Ending Balance	Beginning Balance
Cash on hand	10,096.25	10,753.98
Cash in bank	10,141,319.35	7,159,539.15
Total	10,151,415.60	7,170,293.13

(2) Account receivable

Aging	Ending Balance			Beginning Balance		
	Amount	Percentage (%)	Provision for bad debts	Amount	Percentage (%)	Provision for bad debts
Within 1 year	4,184,617.11	100.00	20,923.09	4,079,026.31	100.00	20,395.13
Total	4,184,617.11	100.00	20,923.09	4,079,026.31	100.00	20,395.13

(3) Inventories and provision for loss on realization of inventory

Item	Ending balance	Beginning balance
Work-in-progress	326,291.82	326,291.82
Finished goods	76,208.24	101,236.90
Total	402,500.06	427,528.72
Less: Provision for loss on realization of inventory		
Total	402,500.06	427,528.72

(4) Fixed assets

Item	Beginning balance	Increase of this year	Decrease of this year	Ending book balance
(1) Total original book value	25,717,796.00			25,717,796.00
Including: Houses and building	11,705,911.00			11,705,911.00
Production equipment	13,512,126.72			13,512,126.72
Transportation	168,499.12			168,499.12
Office and other equipment	331,259.16			331,259.16
(2) Total accumulated Depreciation	23,324,930.80	134,378.81		23,459,309.61
Including: Houses and building	10,629,413.87	6,256.26	-351,887.55	10,987,557.68
Production equipment	12,383,672.72	90,210.24	350,834.43	12,123,048.53
Transportation	10,531.20	37,912.31	1,053.12	47,390.39
Office and other equipment	301,313.01			301,313.01
(3) Total net book value	2,392,865.20			2,258,486.39
Including: Houses and building	1,076,497.13			1,070,240.87
Production equipment	1,128,454.00			1,038,243.76
Transportation	157,967.92			120,055.61
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	2,392,865.20			2,258,486.39
Including: Houses and building	1,076,497.13			718,353.32
Production equipment	1,128,454.00			1,389,078.19
Transportation	157,967.92			121,108.73
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	881,231.25	40,987.50		**922,218.75**
Land use rights	881,231.25	40,987.50		**922,218.75**
(3) Total impairment provision				
Including: Land use rights				
(4) Total book value	1,168,143.75			**1,127,156.25**
Including: Land use rights	1,168,143.75			**1,127,156.25**

(6) Other payables

Aging	**Ending balance**	Beginning balance
Within 1 year (including 1 year)	**51,097.35**	192,190.85
1-2 years (including 2 years)		
2-3 years (including 3 years)		
Over 3 years		
Total	**51,097.35**	192,190.85

(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	**-4,104,033.81**
Add: Net Profit	**3,111,451.83**
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	**-992,581.98**

(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	**6,294,217.58**	5,407,384.70	**3,088,158.00**	4,247,833.6
Total	**6,294,217.58**	5,407,384.70	**3,088,158.00**	4,247,833.6

(11) Finance expense

Item	**Amount incurred this year**	Amount incurred last year
Interest expense		
Less: Interest income	**158,857.06**	100,850.54
Foreign exchange loss	**33,601.77**	66,341.22
Less: Foreign exchange gain	**215,561.29**	85,159.79
Bank fee	**428.00**	1,010.00
Total	**-340,388.58**	-118,659.11

5. Contingencies

Up to 31 December 2020, there are no material contingencies for the Company.

6. Promised events

Up to 31 December 2020, there are no material promised events for the Company.

7. Non-adjusting events subsequent to the balance sheet date

There are no material non-adjusting events subsequent to the balance sheet date for the Company.

8. Other material events stated

Up to 31 December 2020, there are no other material matters specially stated for the Company.

REPORT OF THE BOARD OF DIRECTORS FOR THE PERIOD ENDED 31ST MARCH, 2021

1. Your Directors submit their First Report for the period from 9th July, 2020, being the date of incorporation of the Company, to 31st March, 2021.

2. **PERFORMANCE OF THE COMPANY**

   The Company was incorporated on 9th July, 2020 as a wholly owned subsidiary of ITC Limited under the jurisdiction of the Registrar of Companies, West Bengal, with its main object being manufacture of tobacco and related products, including Nicotine Bitartrate (NiBT) etc.

   In the last decade, the global market for ANDS (Alternative Nicotine Delivery Systems), comprising vapour products and nicotine pouches, has grown rapidly and is expected to continue to grow at a robust pace on the back of demand from cigarette smokers and other tobacco consumers for alternative low risk products and harm reduction.

   The Company has obtained necessary regulatory clearances and is in the process of setting up a factory in Nanjangud, Mysuru, for manufacture of nicotine and its salts.

   The civil works for the pilot plant are in advanced stage, and construction for the main plant and equipment procurement is on schedule to commission the plant by the end of 2022.

   The facility & processes have been designed in accordance with the principles of GMP (Good Manufacturing Practice) which minimise the risks involved in any pharmaceutical production, thereby ensuring that products are consistently produced and controlled according to quality standards. The Company's facility will also be compliant with Indian Drug Rules as well as US FDA Regulations.

   The total expenditure on the Project representing capital work-in-progress, fixed assets and intangible assets under development as at 31st March, 2021 was ₹ 2,818.20 lakhs, and the net loss for the period ended 31st March, 2021 stood at ₹ 126.46 lakhs.

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

	For the period from 9th July, 2020 to 31st March, 2021 (₹ in lakhs)
a. Profit Before Tax	(127.83)
b. Less: Tax Expense	1.37
c. Profit After Tax	(126.46)

   The Company was incorporated with an Authorised Share Capital of ₹ 10 crores and initial Subscribed Capital of ₹ 1 crore. During the reporting period, the Company raised funds through rights issue to the tune of ₹ 49 crores, divided into 4,90,00,000 Equity Shares of ₹ 10/- each. Consequently, the Issued and Paid-up Share Capital of the Company as on 31st March, 2021 stood at ₹ 50 crores, divided into 5,00,00,000 Equity Shares of ₹ 10/- each.

3. **DIRECTORS AND KEY MANAGERIAL PERSONNEL**

   (a) **Directors**

   The First Directors of your Company are Messrs. S. Sivakumar (DIN: 00341392), A. Kumar (DIN: 08786753), H. N. Ramaprasad (DIN: 08786702) and S. Rangrass (DIN: 08786754), and Ms. N. Bajaj (DIN: 02171721).

   In accordance with the provisions of Section 152 of the Companies Act, 2013 ('the Act'), the First Directors of your Company will retire by rotation at the ensuing Annual General Meeting ('AGM') and, being eligible, offer themselves for re-election. Your Board of Directors ('the Board') has recommended their re-election.

   (b) **Key Managerial Personnel**

   The Board appointed Mr. Sunil Nair as the Manager of the Company for a period of two years with effect from 5th May, 2021, in terms of the provisions of Sections 196, 197 and 203 of the Act, subject to the approval of the Members of the Company.

   Appropriate resolution seeking your approval to Mr. Nair's appointment as Manager is appearing in the Notice convening the ensuing AGM of the Company. The appointment of Mr. Nair will be 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.

   The Board also, in terms of Section 203 of the Act, appointed Mr. Shubhradip Bose as the Company Secretary and Ms. Bushra as the Chief Financial Officer of the Company effective 5th May, 2021.

4. **BOARD MEETINGS**

   Seven Meetings of the Board were held during the period ended 31st March, 2021.

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 as at 31st March, 2021 and of the loss of the Company for the period ended on that date;

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

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

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

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. During the period ended 31st March, 2021, no complaint for sexual harassment was received. Your Company has constituted an Internal Complaints Committee in compliance with the applicable provisions of the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013.

8. **RISK MANAGEMENT**

   The Company has formulated a Risk Management Policy which is designed to bring robustness to the risk management processes, and addresses risks intrinsic to operations, financials and compliances arising out of the overall strategy of the Company. The risk management framework of the Company is commensurate with its size and nature of business.

   In terms of the aforesaid Risk Management Policy approved by the Board, management of risks vest with the executives responsible for the day-to-day conduct of the affairs of the Company. Annual update is provided to the Board on 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 Governance processes (including Standard Operating Procedures and Policies) approved by the Board, delineate the roles, responsibilities and authorities of the key functionaries involved in governance, and provide foundation for the Company's internal financial controls with reference to the financial statements.

   The financial statements of the Company are prepared on the basis of Significant Accounting Policies that are carefully selected by the management and approved by the Board. This, along with the transactional controls built into the systems, ensure appropriate segregation of duties and approval mechanisms commensurate with the level of responsibility.

   During the period ended 31st March, 2021, 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 period ended 31st March, 2021, 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 period ended 31st March, 2021, the Company has not entered into any contract or arrangement with its related parties which is not at arm's length. The details of material related party 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 period under review, no significant or material orders were passed by the Regulators / Courts / Tribunals impacting the going concern status of the Company and its future operations.

13. **COST RECORDS**

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

14. **STATUTORY AUDITORS**

Messrs. S. R. Batliboi & Associates LLP ('SRBA'), Chartered Accountants, were appointed by the Board as the First Auditors of your Company.

The Board has recommended for the approval of the Members, the appointment of SRBA as the Auditors of the Company for a period of five years from the conclusion of the ensuing 1st AGM till the conclusion of the 6th AGM. SRBA have given their consent to act as the Auditors of the Company and have confirmed that the said appointment, if made, will be in accordance with the conditions prescribed under Sections 139 and 141 of the Act.

The Board has also recommended for the approval of the Members, the remuneration of SRBA for the financial year 2021-22. Appropriate resolution seeking your approval to the appointment and remuneration of SRBA as the Auditors is appearing in the Notice convening the 1st AGM of the Company.

15. **COMPLIANCE WITH SECRETARIAL STANDARDS**

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

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

The design of the Company's upcoming factory incorporates maximisation of natural lighting, insulation for minimal heat transfer and use of energy efficient lighting fixtures. The equipment & process flow design and technology selection are aimed at achieving high efficiencies with optimal energy utilisation.

After evaluating multiple methods, a novel extraction process yielding Nicotine salts at required purity levels has been developed in the lab and scaled-up to 50 kg-product / batch scales. The developed process provides flexibility to manufacture products of different grades and purity levels for different kinds of Nicotine salts to cater to varied customer requirements. An amount of ₹ 3.33 crores has been spent for development of the said process during the period under review.

There has been no foreign exchange earnings or outflow during the period under review.

On behalf of the Board

Date: 5th May, 2021	**S. Sivakumar**	*Chairman*
	A. Kumar	*Director*

Annexure 1 to the Report of the Board of Directors for the period ended 31st March, 2021

[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 deputation	Previous Employment / Position held
1	2	3	4	5	6	7	8	9
Sunil Nair	50	Project Manager	18,91,801/-	10,54,167/-	B.E.(Mechanical) and M.B.A.(Finance)	28	01.11.2020	Factory Manager - AGLT, ITC Limited
Rishav Jain #	28	Project Manager	12,84,420/-	8,17,193/-	B.Tech. (Electrical & ECE)	6	01.09.2020	Manager - Projects, ITC Limited
Bushra	23	Project Finance Manager	11,90,510/-	7,58,316/-	A.C.A.	1	01.09.2020	Assistant Manager - Finance, ITC Limited
B. Thirupathi Rao	37	Associate Scientist – Projects	7,45,081/-	5,42,022/-	M.Sc.(Organic Chemistry)	14	01.11.2020	Associate Scientist - Projects, ITC Limited
Nikhil P. N.	28	Assistant Manager – Projects	7,38,742/-	5,04,159/-	B.E.(Mechanical)	7	01.11.2020	Assistant Manager - Projects, ITC Limited
Vineet Gopakumar	23	Assistant Manager – Projects	5,95,205/-	3,64,548/-	B.Tech. (Chemical)	2	01.01.2021	Assistant Manager - Projects, ITC Limited
Ajay Mahendrakar	35	Assistant Manager – Projects	5,15,210/-	4,29,522/-	DECE, B.E.(Electrical & Commn)	14	01.01.2021	Assistant Manager - Quality Control, ITC Limited
Akshay Prabhakar Bhamare	22	Assistant Manager – Projects	5,07,625/-	4,04,258/-	B.Tech. (Chemical)	1	01.01.2021	Assistant Manager - Projects, ITC Limited
W. Keerthana	22	Assistant Manager – Projects	4,99,642/-	4,04,062/-	B.Tech. Dual Degree (Data Sciences & Mechanical)	1	01.01.2021	Assistant Manager - Projects, ITC Limited
Chiriki Harish Kumar	30	Associate Manager – Projects	4,97,488/-	3,23,882/-	B.Tech. (Chemical)	8	01.11.2020	Associate Manager - Projects, ITC Limited
Nikhil Brijlal Kadam	33	Associate Manager – Quality Assurance	4,32,731/-	3,78,434/-	M.Sc. (Life Sciences)	10	01.11.2020	Associate Manager - Projects, ITC Limited

All the above employees are on deputation from ITC Limited, the Holding Company (ITC).

 # Resigned with effect from 15th December, 2020.

Notes:

a. Gross remuneration includes salary, variable pay / performance bonus, allowances & other benefits / applicable perquisites borne by the Company, except provisions for gratuity and leave encashment which are actuarially determined on an overall Company basis. The term 'remuneration' has the meaning assigned to it under the Companies Act, 2013.

b. Net remuneration comprises cash income less income tax, education cess deducted at source and employee's own contribution to provident fund.

c. Mr. Sunil Nair, Project Manager, 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 Mr. Nair 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. 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

Date: 5th May, 2021

S. Sivakumar *Chairman*

A. Kumar *Director*

Annexure 2 to the Report of the Board of Directors for the period ended 31st March, 2021

FORM NO. AOC-2

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

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

1. **Details of contracts or arrangements or transactions not at arm's length basis**

a)	Name(s) of the related party and nature of relationship	**NIL**
b)	Nature of contracts / arrangements / transactions	
c)	Duration of the contracts / arrangements / transactions	
d)	Salient terms of the contracts or arrangements or transactions including the value, if any	
e)	Justification for entering into such contracts or arrangements or transactions	
f)	Date(s) of approval by the Board	
g)	Amount paid as advances, if any	
h)	Date on which the resolution was passed in general meeting as required under first proviso to Section 188	

2. **Details of material contracts or arrangements or transactions at arm's length basis**

a)	Name(s) of the related party and nature of relationship	ITC Limited, the Holding Company (ITC)	Russell Credit Limited, fellow subsidiary (RCL)
b)	Nature of contracts / arrangements / transactions	Procurement of assets from ITC	Unsecured inter-corporate loan of ₹ 900 lakhs from RCL
c)	Duration of the contracts / arrangements / transactions	29th March, 2021	4th September, 2020 to 26th August, 2022
d)	Salient terms of the contracts or arrangements or transactions including the value, if any	Value of assets procured - ₹ 1,262.18 lakhs	• Interest payable on quarterly basis @ 9.00% per annum • Loan availed and repaid during the year: ₹ 900 lakhs • Loan outstanding as on 31st March, 2021: Nil
e)	Date(s) of approval by the Board, if any	16th March, 2021	17th August, 2020
f)	Amount paid as advances, if any	Nil	

On behalf of the Board

Date: 5th May, 2021

S. Sivakumar *Chairman*

A. Kumar *Director*

INDEPENDENT AUDITOR'S REPORT

To the Members of ITC IndiVision Limited

Report on the Audit of the Ind AS Financial Statements

Opinion

We have audited the accompanying Ind AS financial statements of ITC IndiVision Limited ("the Company"), which comprise the Balance Sheet as at 31 March, 2021, 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 period from 09 July, 2020 to 31 March, 2021 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 31 March, 2021, its loss, including other comprehensive loss, its cash flows and the changes in equity for the period 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 Board of 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 judgements 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 judgement 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.

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 31 March, 2021 taken on record by the Board of Directors, none of the directors is disqualified as on 31 March, 2021 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 31 March, 2021 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; and
     - iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

For **S.R. Batliboi & Associates LLP**
Chartered Accountants
ICAI Firm Registration Number: 101049W/E300004

per Darshan Varma
Partner
Membership Number: 212319
UDIN: 21212319AAAABN4923

Place of Signature: Hyderabad
Date: 05 May 2021

ANNEXURE 1 REFERRED TO THE INDEPENDENT AUDITOR'S REPORT

Re: ITC IndiVision Limited ("the Company")

(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 and audit procedures performed by us, 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 has not commenced commercial production 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 and audit procedures performed by 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) Since the Company has not commenced commercial production, in our opinion, the provisions of clause 3(vi) of the Order are not applicable to the Company.

(vii) (a) The Company is regular in depositing with appropriate authorities undisputed statutory dues including 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 and audit procedures performed by us, no undisputed amounts payable in respect of provident fund, employees' state insurance, income-tax, 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 information and explanations given to us, there are no dues of income tax, customs duty, goods and service tax and cess which have not been deposited on account of any dispute.

(viii) In our opinion and according to the information and explanations given by the management, the Company has not defaulted in repayment of loans or borrowing to a financial institution, bank or government or dues to debenture holders.

(ix) According to the information and explanations given by the management and audit procedures performed by us, 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 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 and audit procedures performed by us, 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 and audit procedures performed by us, 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 Ind AS 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 and audit procedures performed by us, the Company has not entered into any non-cash transactions with directors or persons connected with him as referred to in Section 192 of 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. Batliboi & Associates LLP**
Chartered Accountants
ICAI Firm Registration Number: 101049W/E300004

per Darshan Varma
Partner

Membership Number: 212319
UDIN: 21212319AAAABN4923

Place of Signature: Hyderabad
Date: 05 May 2021

ANNEXURE – 2 TO THE INDEPENDENT AUDITOR'S REPORT OF EVEN DATE ON THE FINANCIAL STATEMENTS OF ITC INDIVISION LIMITED

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

We have audited the internal financial controls over financial reporting of ITC IndiVision Limited ("the Company") as of 31 March 2021 in conjunction with our audit of the financial statements of the Company for the period from 09 July 2020 to 31 March 2021.

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 Ind AS financial statements based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") and the Standards on Auditing as specified under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting with reference to these Ind AS financial statements was established and maintained and if such controls operated effectively in all material respects.

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

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the internal financial controls over financial reporting with reference to these Ind AS financial statements.

Meaning of Internal Financial Controls Over Financial Reporting With Reference to these Ind AS 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 Ind AS Financial Statements

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

Opinion

In our opinion, the Company has, in all material respects, adequate internal financial controls over financial reporting with reference to these Ind AS financial statements and such internal financial controls over financial reporting with reference to these Ind AS financial statements were operating effectively as at 31 March, 2021, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

For **S.R. Batliboi & Associates LLP**
Chartered Accountants
ICAI Firm Registration Number: 101049W/E300004

per Darshan Varma
Partner

Membership Number: 212319
UDIN: 21212319AAAABN4923

Place of Signature: Hyderabad
Date: 05 May 2021

ITC IndiVision Limited
Balance Sheet as at 31 March 2021
(All amounts in Indian Rupees in Lakhs except as otherwise stated)

Particulars	Note No.	As at 31 March 2021
Assets		
Non-current assets		
Property, plant and equipment	3A	64.55
Capital work-in-progress	3B	2,420.02
Right-of-use assets	3C	769.07
Intangible assets under development	3B	333.63
Deferred tax assets (net)	8	1.37
Other non-current assets	4	1,000.63
		4,589.27
Current assets		
Financial assets		
Investments	5	1,063.93
Cash and cash equivalents	6	93.95
Others	7	4.13
Other current assets	4	114.67
		1,276.68
Total assets		5,865.95
Equity and liabilities		
Equity		
Equity share capital	9	5,000.00
Other equity	10	(126.46)
		4,873.54
Liabilities		
Non-current liabilities		
Financial liabilities		
Right-of-Use Lease Liability		790.12
Other financial liabilities	11	1.68
Provisions	13	0.13
		791.93
Current liabilities		
Financial liabilities		
Trade payables		–
Other financial liabilities	11	163.72
Other current liabilities	12	36.76
		200.48
Total equity and liabilities		5,865.95
Summary of significant accounting policies	2	

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

As per our report of even date

For S.R. BATLIBOI & ASSOCIATES LLP
Chartered Accountants
ICAI Firm Registration No. 101049W/E300004

Darshan Varma
Partner
Membership No.: 212319

Place : Hyderabad
Date : 05 May 2021

For and on behalf of the Board of Directors of
ITC IndiVision Limited
CIN: U16007WB2020PLC237915

S. Sivakumar
Chairman
DIN No.: 00341392
Place: Hyderabad

Ashit Kumar
Director
DIN No.: 08786753
Place: Hyderabad

Shubhradip Bose
Company Secretary
M. No.: F10386
Place: Kolkata
Date : 05 May 2021

Bushra
Chief Financial Officer
Place: Hyderabad
Date : 05 May 2021

ITC IndiVision Limited

Statement of Profit and Loss for the period from 09 July 2020 to 31 March 2021

(All amounts in Indian Rupees in Lakhs except as otherwise stated)

Particulars	Note No.	For the period from 09 July 2020 to 31 March 2021
Income		
Revenue from operations		–
Other income	14	**0.20**
Total income		**0.20**
Expenses		
Depreciation and amortisation expense	3A	**0.80**
Other expenses	15	**127.23**
Total expenses		**128.03**
Loss before tax		**(127.83)**
Tax expenses		
Current tax		–
Deferred tax	16	**1.37**
Total tax expenses		**1.37**
Loss for the period		**(126.46)**
Other comprehensive income (OCI)		–
Total comprehensive Loss for the period		**(126.46)**
Earnings per equity share (Face value of share Rs. 10)	17	
Basic and Diluted		**(3.36)**
Summary of significant accounting policies	2	

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

As per our report of even date

For S.R. BATLIBOI & ASSOCIATES LLP
Chartered Accountants
ICAI Firm Registration No. 101049W/E300004

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ITC IndiVision Limited

Cash Flow Statement for the period from 09 July 2020 to 31 March 2021

(All amounts in Indian Rupees in Lakhs except as otherwise stated)

Particulars		For the period from 09 July 2020 to 31 March 2021
A. Cash flow used in operating activities		
Loss before tax		(127.83)
Adjustment for		
Depreciation and amortisation		0.80
Gain on fair value measurement of investments		(0.20)
Operating loss before working capital changes		(127.23)
Adjustment for working capital changes		
Increase in other financial assets		(4.13)
Increase in other non-current and current assets		(114.67)
Increase in provisions		0.13
Increase in non-current and current other financial liabilities		165.40
Increase in other current liabilities		36.76
Net cash used in operation		(43.74)
Taxes paid		–
Net cash used in operating activities	(A)	(43.74)
B. Cash flow used in investing activities		
Purchase of property, plant and equipment, including capital work in progress, intangible under development and capital advances		(3,798.58)
Investments in Mutual funds		(1,063.73)
Net cash used in investing activities	(B)	(4,862.31)
C. Cash flow from financing activities		
Proceeds from issue of equity shares		5,000.00
Net cash flow from financing activities	(C)	5,000.00
Net decrease in cash and cash equivalents	(A+B+C)	93.95
Cash and cash equivalents at the beginning of the period		–
Cash and cash equivalents at the end of the period		93.95
Components of cash and cash equivalents		
Balances with banks		
On current accounts		93.95
Total cash and cash equivalents (refer note 6)		93.95
Summary of significant accounting policies	2	

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

As per our report of even date

For S.R. BATLIBOI & ASSOCIATES LLP
Chartered Accountants
ICAI Firm Registration No. 101049W/E300004

Darshan Varma
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M. No.: F10386
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Date : 05 May 2021

Bushra
Chief Financial Officer
Place: Hyderabad
Date : 05 May 2021

ITC IndiVision Limited
Statement of Changes in Equity for the period from 09 July 2020 to 31 March 2021
(All amounts in Indian Rupees in Lakhs except as otherwise stated)

a) Equity share capital

Equity shares of Rs. 10 each, issued, subscribed and fully paid up	No. of shares	Amount
As at 09 July 2020		
Issued during the period	5,00,00,000	5,000
As at 31 March 2021	5,00,00,000	5,000

b) Other equity

	Retained earnings	Amount
As at 09 July 2020		
Loss for the period	(126.46)	(126.46)
Total Other comprehensive Loss for the period	-	-
As at 31 March 2021	(126.46)	(126.46)

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

As per our report of even date.

For S.R. BATLIBOI & ASSOCIATES LLP
Chartered Accountants
ICAI Firm Registration No. 101049W/E300004

Darshan Varma
Partner
Membership No.: 212319

Place : Hyderabad
Date : 05 May 2021

For and on behalf of the Board of Directors of
ITC IndiVision Limited
CIN: U16007WB2020PLC237915

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DIN No.: 00341392
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Company Secretary
M. No.: F10386
Place: Kolkata
Date : 05 May 2021

Bushra
Chief Financial Officer
Place: Hyderabad
Date : 05 May 2021

ITC IndiVision Limited
Notes to the Financial Statements for the period from 09 July 2020 to 31 March 2021
(All amounts in Indian Rupees in Lakhs except as otherwise stated)

1. Corporate Information:

ITC Indivision limited ("IIVL" or "the Company") is a public limited company incorporated in India on 09 July 2020 under the provisions of Companies Act, 2013 ("Act") with its registered office at Virginia House, 37 Jawaharlal Nehru Road, Kolkata, West Bengal, India - 700071.

The Company is the wholly owned subsidiary of ITC Limited. The Company is carrying out business activities relating to manufacturing and dealing in nicotine in liquid or other forms, including nicotine salts such as nicotine bitartrate (NiBt).

The company is preparing its Financial Statements for the first time for the period from 09 July 2020 to 31 March 2021 and accordingly there are no comparative numbers.

2. Significant accounting policies

2.1 Basis of preparation

The Financial Statements for the period ended 31 March 2021 comprising of Balance Sheet as at 31 March 2021, Statement of Profit and Loss for the period from 09 July 2020 to 31 March 2021, including the Statement of Other Comprehensive Income, Cash Flow Statement and Statement of Changes in Equity for the period then ended, and a summary of explanatory notes (together hereinafter referred to as "Financial Statements") have been prepared in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind As) specified under Section 133 of the Act read with the Companies (Indian Accounting Standards) rules, 2015, as amended and other accounting principles generally accepted in India and presentation requirements of Division II of Schedule III of Companies act, 2013.

The financial statements are prepared in accordance with the historical cost convention, except for certain items that are measured at fair values, as explained in the accounting policies.

Fair Value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Company takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these financial statements is determined on such a basis, except for share-based payment transactions that are within the scope of Ind AS 102 – Share-based Payment, leasing transactions that are within the scope of Ind AS 116 – Leases, and measurements that have some similarities to fair value but are not fair value, such as net realisable value in Ind AS 2 – Inventories or value in use in Ind AS 36 – Impairment of Assets.

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

2.2 Summary of Significant accounting policies

a. Operating Cycle

All assets and liabilities are classified as current or non-current as per the Company's normal operating cycle and other criteria set out in the Schedule III to the Companies Act, 2013 and Ind AS 1 – Presentation of Financial Statements based on the nature of products and the time between the acquisition of assets for processing and their realisation in cash and cash equivalents.

b. Property, Plant and Equipment – Tangible Assets

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

Cost is inclusive of inward freight, duties and taxes and incidental expenses related to acquisition. In respect of major projects involving construction, related pre-operational expenses form part of the value of assets capitalised. Expenses capitalised also include applicable borrowing costs for qualifying assets, if any. All upgradation / enhancements are charged off as revenue expenditure unless they bring similar significant additional benefits.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in Statement of Profit and Loss.

Depreciation of these assets commences when the assets are ready for their intended use which is generally on commissioning. Items of property, plant and equipment are depreciated in a manner that amortizes the cost (or other amount substituted for cost) of the assets after commissioning, less its residual value, over their useful lives as specified in Schedule II of the Companies Act, 2013 on a straight line basis. Land is not depreciated.

The estimated useful lives of property, plant and equipment of the Company are as follows:

Buildings	30-60 Years
Leasehold Improvements	Shorter of lease period or estimated useful lives
Plant and Equipment	8- 15 Years
Furniture and Fixtures	10 Years
Vehicles	8 – 10 Years
Office Equipment	5 Years

Property, plant and equipment's residual values and useful lives are reviewed at each Balance Sheet date and changes, if any, are treated as changes in accounting estimate.

c. Intangible Assets

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

i. for assets acquired in a business combination at fair value on the date of acquisition.

ii. for separately acquired assets, at cost comprising the purchase price (including import duties and non-refundable taxes) and directly attributable costs to prepare the asset for its intended use.

Internally generated assets for which the cost is clearly identifiable are capitalised at cost. Research expenditure is recognised as an expense when it is incurred. Development costs are capitalised only after the technical and commercial feasibility of the asset for sale or use has been established. Thereafter, all directly attributable

ITC IndiVision Limited
Notes to the Financial Statements for the period from 09 July 2020 to 31 March 2021
(All amounts in Indian Rupees in Lakhs except as otherwise stated)

expenditure incurred to prepare the asset for its intended use are recognised as the cost of such assets. Internally generated brands, websites and customer lists are not recognised as intangible assets.

The useful life of an intangible asset is considered finite where the rights to such assets are limited to a specified period of time by contract or law (e.g., patents, licences, trademarks, franchise and servicing rights) or the likelihood of technical, technological obsolescence (e.g., computer software, design, prototypes) or commercial obsolescence (e.g., lesser known brands are those to which adequate marketing support may not be provided). If, there are no such limitations, the useful life is taken to be indefinite.

Intangible assets that have finite lives are amortized over their estimated useful lives by the straight line method unless it is practical to reliably determine the pattern of benefits arising from the asset. An intangible asset with an indefinite useful life is not amortized.

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

The useful lives of intangible assets are reviewed annually to determine if a reset of such useful life is required for assets with finite lives and to confirm that business circumstances continue to support an indefinite useful life assessment for assets so classified. Based on such review, the useful life may change or the useful life assessment may change from indefinite to finite. The impact of such changes is accounted for as a change in accounting estimate.

d. Impairment of Assets

Impairment loss, if any, is provided to the extent, the carrying amount of assets or cash generating units exceed their recoverable amount.

Recoverable amount is higher of an asset's net selling price and its value in use. Value in use is the present value of estimated future cash flows expected to arise from the continuing use of an asset or cash generating unit and from its disposal at the end of its useful life.

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

e. Inventories

Inventories are stated at lower of cost and net realisable value. The cost is calculated on weighted average method. Cost comprises expenditure incurred in the normal course of business in bringing such inventories to its present location and condition and includes, where applicable, appropriate overheads based on normal level of activity. Net realisable value is the estimated selling price less estimated costs for completion and sale.

Obsolete, slow moving and defective inventories are identified from time to time and, where necessary, a provision is made for such inventories.

f. Foreign Currency Transactions

The functional and presentation currency of the Company is Indian Rupee.

Transactions in foreign currency are accounted for at the exchange rate prevailing on the transaction date. Gain/Losses arising out of fluctuations in the exchange rates are recognized in the Profit & Loss in the period in which they arise except in respect of Fixed Assets where exchange variance is adjusted in the carrying amount of the respective Fixed Assets.

To account for Profit/loss arising on cancellation or renewal of forward exchange contracts as income/expense for the period, except in case of forward exchange contracts relating to liabilities incurred for acquiring Fixed Assets, in which case such profit / loss are adjusted in the carrying amount of the respective Fixed Assets.

To account for gain/losses on foreign exchange rate fluctuations relating to current assets and liabilities at the year end. / (Gains / losses arising on settlement as also on translation of monetary items are recognised in the Statement of Profit and Loss.)

g. Financial instrument, Financial assets, Financial liabilities and Equity Instruments

Financial assets and financial liabilities are recognised when the Company becomes a party to the contractual provisions of the relevant instrument and are initially measured at fair value. 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.

i. Financial assets are classified as those measured at:
   - amortised cost, where the financial assets are held solely for collection of cash flows arising from payments of principal and / or interest.
   - fair value through other comprehensive income (FVTOCI), where the financial assets are held not only for collection of cash flows arising from payments of principal and interest but also from the sale of such assets. Such assets are subsequently measured at fair value, with unrealised gains and losses arising from changes in the fair value being recognised in other comprehensive income.
   - fair value through profit or loss (FVTPL), where the assets are managed in accordance with an approved investment strategy that triggers purchase and sale decisions based on the fair value of such assets. Such assets are subsequently measured at fair value, with unrealised gains and losses arising from changes in the fair value being recognised in the Statement of Profit and Loss in the period in which they arise.

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

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

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

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

i. amortised cost, the gain or loss is recognised in the Statement of Profit and Loss;

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

Income Recognition: Interest income is recognised in the Statement of Profit and Loss using the effective interest method. Dividend income is recognised in the Statement of Profit and Loss when the right to receive dividend is established.

Financial Liabilities

Borrowings, trade payables and other financial liabilities are initially recognised at the value of the respective contractual obligations. They are subsequently measured at amortised cost. Any discount or premium on redemption / settlement is recognised in the Statement of Profit and Loss as finance cost over the life of the liability using the effective interest method and adjusted to the liability figure disclosed in the Balance Sheet.

Financial liabilities are derecognised when the liability is extinguished, that is, when the contractual obligation is discharged, cancelled and on expiry.

Offsetting Financial Instruments

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

Equity Instruments

Equity instruments are recognised at the value of the proceeds, net of direct costs of the capital issue.

h. Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of the asset. All other borrowing costs are expensed in the period in which they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

i. Revenue

Revenue is measured at the fair value of the consideration received or receivable for goods supplied and services rendered, net of returns and discounts to customers. Revenue from the sale of goods excludes Goods and Services Tax.

Revenue from the sale of goods and services is recognised when the Company performs its obligations to its customers and the amount of revenue can be measured reliably and recovery of the consideration is probable. The timing of such recognition in case of goods is when the control over the same is transferred to the customer, which is mainly upon delivery and in case of services, in the periods in which such services are rendered.

j. Government Grant

The Company may receive government grants that require compliance with certain conditions related to the Company's operating activities or are provided to the Company by way of financial assistance on the basis of certain qualifying criteria.

Government grants are recognised when there is reasonable assurance that the grant will be received, and the Company will comply with the conditions attached to the grant. Accordingly, government grants:

a. related to or used for assets are deducted from the carrying amount of the asset.

b. related to incurring specific expenditures are taken to the Statement of Profit and Loss on the same basis and in the same periods as the expenditures incurred.

by way of financial assistance on the basis of certain qualifying criteria are recognised as they become receivable.

In the unlikely event that a grant previously recognised is ultimately not received, it is treated as a change in estimate and the amount cumulatively recognised is expensed in the Statement of Profit and Loss.

k. Dividend Distribution

Dividends paid (including income tax thereon, if any) is recognised in the period in which the interim dividends are approved by the Board of Directors, or in respect of the final dividend when approved by shareholders.

l. Employee Benefits

Provident Fund and Employee State Insurance Scheme: Contribution towards provident fund and employee state insurance scheme for employees is made to the regulatory authorities, where the Company has no further obligations. Such benefits are classified as Defined Contribution Schemes as the Company does not carry any further obligations, apart from the contributions made on a monthly basis. The contributions are charged to the statement of Profit and Loss of the year, when the contributions to the respective funds are due.

Gratuity: Gratuity liability is a defined benefit obligation and is provided for on the basis of an independent actuarial valuation on projected unit credit method made at the end of each financial year. Service costs and net interest expense or income is reflected in the Statement of Profit and Loss. Gain or loss on account of re-measurement are recognised immediately through Other Comprehensive Income in the period in which they occur

ITC IndiVision Limited
Notes to the Financial Statements for the period from 09 July 2020 to 31 March 2021
(All amounts in Indian Rupees in Lakhs except as otherwise stated)

Compensated Leave: The employees of the Company are entitled to compensated leave for which the Company records the liability based on actuarial valuation computed using projected unit credit method. These benefits are unfunded.

Short Term Employee Benefits: Liability is recognised during the period when the employee renders the services.

m. Leases

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

Company as a Lessee

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

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

Company as a Lessor

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

n. Taxes on Income

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

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities and the amounts used for taxation purposes (tax base), at the tax rates and tax laws enacted or substantively enacted by the end of the reporting period.

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

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

Deferred tax assets and liabilities are offset when there is legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances related to the same taxation authority. Current tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on net basis, or to realize the asset and settle the liability simultaneously.

o. Claims

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

p. Provisions

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

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

q. Financial and Management Information Systems

The Company's Accounting System is designed to unify the Financial and Cost Records and also to comply with the relevant provisions of the Companies Act, 2013, to provide financial and cost information appropriate to the businesses and facilitate Internal Control.

3A. Property, plant and equipment

Particulars	Plant and equipment	Furniture and fixtures	Office equipment	Computers, servers & other IT equipments	Total
Gross carrying amount					
Additions during the period	36.24	13.08	7.40	8.63	65.35
Disposals during the period	–	–	–	–	–
As at 31 March 2021	**36.24**	**13.08**	**7.40**	**8.63**	**65.35**
Depreciation and amortisation					
Charge for the period	0.20	0.24	0.19	0.17	0.80
Disposals	–	–	–	–	–
As at 31 March 2021	**0.20**	**0.24**	**0.19**	**0.17**	**0.80**
Net block					
As at 31 March 2021	**36.04**	**12.84**	**7.21**	**8.46**	**64.55**

3B. Capital Work-in-Progress and Intangible Assets under development

Particulars	Capital Work-in-Progress	Intangible Assets under development
Additions	2,420.02	333.63
Capitalised during the period	–	–
As at 31 March 2021	**2,420.02**	**333.63**

3C. Right-of-use assets

Particulars	As at 31 March 2021
Gross carrying amount	
Additions	783.73
Disposals	–
At March 31, 2021	**783.73**
Accumulated amortization	
Charge for the period	14.66
Disposals	–
At 31 March 2021	**14.66**
Net block	
At 31 March 2021	**769.07**

ITC IndiVision Limited
Notes to the Financial Statements for the period from 09 July 2020 to 31 March 2021
(All amounts in Indian Rupees in Lakhs except as otherwise stated)

4. Other assets

Particulars	31 March 2021
Non-current	
Capital Advances	1,000.63
	1,000.63
Current	
Advances to employees	0.16
Balance with government authorities	114.51
	114.67

5. Current investments

Particulars	31 March 2021
Investment in mutual funds	
(measured at fair value through profit or loss)	
Unquoted	
1149 Units of UTI liquid fund cash plan	38.74
31822 Units of SBI Liquid Fund Growth	1,025.19
	1,063.93
Aggregate amount of unquoted investments	1,063.93

6. Cash and cash equivalents

Particulars	31 March 2021
Balances with banks	
On current accounts	93.95
	93.95

7. Financial assets - Others

Particulars	31 March 2021
Current	
Security deposits	4.13
	4.13

Breakup of Financial assets

Particulars	31 March 2021
Carried at Fair value	
Current investments	1,063.93
Carried at amortised cost	
Cash and cash equivalents	93.95
Security deposits	4.13
	1,162.01

8. Deferred tax assets (net)

Particulars	31 March 2021
Deferred tax asset arising on account of timing differences relating to:	
On unabsorbed depreciation	0.93
On unabsorbed losses	0.07
On preliminary expenses	1.21
	2.21
Deferred tax liability arising on account of timing differences relating to:	
On difference in value of PPE	0.83
On gain on mutual fund	0.01
	0.84
	1.37

Break up of deferred tax assets / (liabilities)

Particulars	Recognised in the statement of profit and loss	Recognised in OCI	Closing balance
For the period ended 31 March 2021:			
Unabsorbed depreciation	0.93	–	0.93
Unabsorbed losses	0.07	–	0.07
Preliminary expenses	1.21	–	1.21
Written down value difference of property, plant and equipment between tax and financial books	(0.83)	–	(0.83)
Gain on mutual fund	(0.01)	–	(0.01)
	1.37	–	**1.37**

9. Equity share capital

	31 March 2021	
Particulars	Number of shares	Amount
Authorised share capital		
Equity shares of Rs. 10 each	16,50,00,000	16,500
Issued, subscribed and fully paid up shares		
Equity shares of Rs. 10 each	5,00,00,000	5,000

a) Reconciliation of the equity shares outstanding at the beginning and at the end of the reporting period

	31 March 2021	
Particulars	Number of shares	Amount
At the beginning of the period	–	–
Issued during the period	5,00,00,000	5,000
Outstanding at the end of the period	**5,00,00,000**	**5,000**

b) Rights, preferences and restrictions attached to shares

The equity shares of the company, having par value of ₹ 10 per share, rank pari passu in all respects including voting rights and entitlement to dividend.

c) Details of shareholders held by Holding Company

Out of equity shares issued by the Company, shares held by its Holding Company are as below:

	31 March 2021 Amount
ITC Limited, Holding Company	
5,00,00,000 equity shares of Rs. 10/- each fully paid	5,000.00

d) Details of shareholders holding more than 5% shares in the company

	31 March 2021	
Name of the shareholder	Number of shares	% holding
Equity shares of Rs. 10 each fully paid		
ITC Limited, Holding Company	5,00,00,000	100%

As per the records of the Company, including its register of shareholders/members, the above shareholding represents legal ownership.

10. Other equity

Particulars	31 March 2021
Retained earnings	
Balance, at the beginning of the period	–
Add: Loss for the period	(126.46)
Total Other comprehensive Loss for the period	–
Balance at the end of the period	**(126.46)**

11. Other financial liabilities

Particulars	31 March 2021
Non-current	
Payable to holding company (Refer Note 19)	1.68
	1.68
Current	
Employee related payables	24.55
Payable to capital creditors	125.12
Other payables	1.00
Payable to holding company (Refer Note 19)	13.05
	163.72

Breakup of Financial liabilities

Particulars	31 March 2021
At Amortised cost	
Employee related payables	24.55
Payable to capital creditors	125.12
Other payables	1.00
Payable to holding company	14.73
	165.40

12. Other current liabilities

Particulars	31 March 2021
Current	
Statutory Liabilities	36.76
	36.76

13. Provisions

Particulars	31 March 2021
Provision for Employee Benefits	
- Gratuity	0.13
	0.13

ITC IndiVision Limited
Notes to the Financial Statements for the period from 09 July 2020 to 31 March 2021
(All amounts in Indian Rupees in Lakhs except as otherwise stated)

14. Other income

Particulars	For the period from 09 July 2020 to 31 March 2021
Gain arising on financial assets mandatorily measured at FVTPL	0.20
	0.20

15. Other expenses

Particulars	For the period from 09 July 2020 to 31 March 2021
Rates and taxes	116.34
Bank Charges	0.03
Information technology services	0.64
Rent on building	0.34
Auditors' remuneration	
- Statutory audit fees	1.00
Preliminary expenses	8.88
	127.23

16. Tax expense

Particulars	For the period from 09 July 2020 to 31 March 2021
A. Current tax	–
B. Deferred tax	1.37
	1.37

Reconciliation for effective tax rate

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

Particulars	For the period from 09 July 2020 to 31 March 2021
Loss before tax	(127.83)
Income Tax expense calculated @ 17.16%	(21.94)
Effect of Expenses not allowed	19.96
Others	0.60
Income Tax recognised in profit or loss	**(1.37)**

17. Earnings per share (EPS)

The following reflects the profit and share data used in the basic EPS computations:

Particulars	For the period from 09 July 2020 to 31 March 2021
Loss after tax	(126)
Weighted average number of equity shares of Rs. 10 each outstanding during the year	37,66,917
Earning per share - Basic and Diluted (Rs.)	(3.36)

18. Capital commitments

Particulars	31 March 2021
Estimated amount of contracts remaining to be executed on capital accounts and not provided for	10,011.12
	10,011.12

19. Related party disclosures

A. Names of related parties and description of relationship:

(a) Holding Company	ITC Limited
(b) Enterprises under common control	Russell Credit Limited
(c) Key Management Personnel	Mr. Sivakumar Surampudi - Chairman & Non-Executive Director
	Mr. Sanjiv Rangrass - Non-Executive Director
	Mr. Ashit Kumar - Non-Executive Director
	Mr. Hebbale Narasimhaiah Ramaprasad - Non-Executive Director
	Ms. Nidhi Bajaj - Non-Executive Director

B. Summary of transactions with the above related parties is as follows:

	For the period from 09 July 2020 to 31 March 2021
(a) Holding Company	
ITC Limited	
Allotment of equity shares	5,000.00
Purchase of products	1.48
Lease rental expense	32.92
Remuneration of managers on deputation reimbursed	100.41
Purchase of assets	1,262.18
Purchase of Services	258.56
Expenses reimbursed	12.35
(b) Enterprises under common control	
Russell Credit Limited	
Loan Taken	900.00
Interest on Loan paid	29.38
Loan Repaid	900.00

C. Disclosure of outstanding balances:

	As at 31 March 2021
Others payables - ITC Limited	14.73

Significant terms & conditions:

All the transactions with related parties are in ordinary course of business and on arm's length basis. The amount outstanding are unsecured and will be settled in cash.

20. Financial instruments and related disclosures

a. Capital 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. The Company does not have any long-term debt obligation and funds its operations mainly through equity share capital 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.

ITC IndiVision Limited
Notes to the Financial Statements for the period from 09 July 2020 to 31 March 2021
(All amounts in Indian Rupees in Lakhs except as otherwise stated)

b. Categories of Financial Instrument

Particulars	As at 31 March 2021	
	Carrying Value	Fair Value
A. Financial Assets		
a) Measured at fair value through profit and loss (FVTPL)		
Investments in Mutual Funds	**1063.93**	**1063.93**
b) Measured at amortised cost		
Cash and Bank Balances	**93.95**	**93.95**
Other Financial Assets	**4.13**	**4.13**
B. Financial Liabilities		
Measured at amortised cost		
Other Financial Liabilities	**165.41**	**165.41**
Lease Liabilities	**790.12**	**790.12**

c. Financial Risk Management Objectives

The Company's exposure to financial risks such as market risk, foreign currency risk, liquidity risk and credit risk is limited. The Company has designed its Risk Management System in line with the nature and scale of its operations to address risks intrinsic to operations, financials and compliances arising out of the overall strategy of the Company.

i) Market risk

The Company is not an active investor in Equity market. The Company's investments are predominantly held in debt mutual funds. The Company invest in mutual fund schemes of leading fund houses. However, given the relatively short tenure of underlying portfolio of the mutual fund schemes in which the Company has invested such price risk are not significant.

ii) Interest rate risk

Interest rate risk refers to the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. As majority of the financial assets and liabilities of the Company are either short term or fixed interest-bearing instruments, the Company's net exposure to interest risk is negligible.

iii) Foreign currency risk

The Company has not undertaken any transactions during the period in any currency other than the company's functional currency.

iv) Liquidity risk

The Company manages its liquidity risk by ensuring that it will always have sufficient liquidity to meet its liabilities when due.
The table below provides details regarding the remaining contractual maturities of significant financial liabilities at the reporting date.

Particulars	Other Financial Liabilities	Lease Liability	Total
Carrying Value	165.41	790.12	955.53
Less than 3 months	35.23	–	35.23
More than 3 months up to 6 months	24.23	–	24.23
More than 6 months up to 1 year	104.27	–	104.27
More than 1 year	1.68	790.12	791.8
Total	165.41	790.12	955.53

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

(v) Credit risk

Credit risk is the risk that counterparty will not meet its obligations under a financial instrument which may lead to a financial loss to the Company. There is no significant credit risk in the year as the Company has not started sales operations.
Investment in mutual funds are made only with mutual funds and credit risk in such funds are limited because the underlying investments are diversified and the Company's investment framework considers the credit quality of the underlying investments made by the fund house.

21. Fair Value Measurement

Fair value hierarchy:

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

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

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

Level 3: Inputs for the assets or liabilities that are not based on observable market data (unobservable inputs). If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3. This is the case with listed instruments where market is not liquid and for unlisted instruments.

There are no assets or liabilities, the fair value of which has been benchmarked / derived with quoted benchmarks and accordingly, there are no assets / liabilities classified at Level 2.

The following table provides the fair value measurement hierarchy for financial assets measured at fair value:

Financial Asset	Fair Value Hierarchy	Valuation Techniques	Fair Value as at 31 March 2021
Investments in Mutual Funds	Level 1	Net Asset Value as declared by the Fund / quoted prices in active markets	1063.93

ITC IndiVision Limited
Notes to the Financial Statements for the period from 09 July 2020 to 31 March 2021
(All amounts in Indian Rupees in Lakhs except as otherwise stated)

22. Share Based Payment

The eligible employees deputed from ITC Limited (ITC), covered under the ITC Employee Stock Option Schemes (ITC ESOS) and the ITC Employee Cash Settled Stock Appreciation Linked Reward Plan (ITC ESAR Plan) in accordance with the terms and conditions of such schemes, details of which are as under:

ITC ESOS: Each Option entitles the holder thereof to apply for and be allotted ten ordinary shares of ₹ 1.00 each of ITC upon payment of the exercise price during the exercise period. These options vest over a period of three years from the date of grant and are exercisable within a period of five years from the date of vesting.

The options have been granted at the 'market price' as defined under the Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014. ITC ESAR: Under the ITC ESAR Plan, eligible employees would receive cash linked to appreciation in the value of the shares of ITC in accordance with the terms and conditions of this Plan. The stock appreciation units (SARs) vest over a period of five years from the date of grant and entitles each ESAR grantee to the appreciation for the total number of ESAR Units vested.

The cost of stock options granted under ITC ESOS / ESARs granted under ITC ESAR have been recognized as equity settled / cash settled share based payments respectively in accordance with Ind AS 102 – Share Based Payment. In terms of said deputation arrangement, the Company has accounted for the cost of the fair value of options / stock appreciation units granted to the deputed employees on-charge by ITC. The fair value of the options / SARs granted is determined, using the Black Scholes Option Pricing model, by ITC for all the grantees covered under ITC ESOS / ITC ESAR as a whole.

In accordance with Ind AS 102, an amount of ₹ 1.92 lakhs towards ITC ESAR has been recognized as employee benefits expense, forming part of CWIP with corresponding credit to current / non – current financial liabilities, as applicable.

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

Particulars	As at 31 March, 2021
	No. of Options
Outstanding at the beginning of the year	–
Add: Granted during the year	–
Less: Lapsed during the year	–
Add / (Less): Movement due to transfer of employees within the group.	13,908
Less: Exercised during the year	
Outstanding at the end of the year	13,908
Options exercisable at the end of the year	13,908
Options Vested and Exercisable during the year	859

23. 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 period and also as at 31 March, 2021. 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.

24. 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.

The key estimates and assumptions used in the preparation of financial statements are set out below:

The Company has considered the possible effects that may arise out of the 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 credit reports and related information, economic forecasts, market value of certain investments etc. Based on the current estimates, the Company does not expect any significant impact on such carrying values. The impact of COVID-19 on the Company's financial statements may differ from that estimated as at the date of approval of financial statements.

For S.R. BATLIBOI & ASSOCIATES LLP
Chartered Accountants
ICAI Firm Registration No. 101049W/E300004

Darshan Varma
Partner
Membership No.: 212319

Place : Hyderabad
Date : 05 May 2021

For and on behalf of the Board of Directors of
ITC IndiVision Limited
CIN: U16007WB2020PLC237915

S. Sivakumar
Chairman
DIN No.: 00341392
Place: Hyderabad

Ashit Kumar
Director
DIN No.: 08786753
Place: Hyderabad

Shubhradip Bose
Company Secretary
M. No.: F10386
Place: Kolkata
Date : 05 May 2021

Bushra
Chief Financial Officer
Place: Hyderabad
Date : 05 May 2021

DIRECTORS REPORT

Your Directors are pleased to submit their Report and the Audited Accounts of your Company for the year ended 31st Asadh, 2077 (15th July, 2020).

SOCIO ECONOMIC AND REGULATORY ENVIRONMENT

The year under review was marked by the outbreak of the COVID-19 pandemic which has unleashed unprecedented disruption to human lives and economic activity the world over. The Government of Nepal responded swiftly to contain the spread of the virus by announcing lockdowns and other restrictions in Chaitra, 2076 (March, 2020). While this was required in the initial phase to protect lives, the Government also took subsequent steps to support livelihoods.

Disruptions caused by COVID-19, low agricultural output due to delayed monsoon and subdued growth in service sector on the back of lower tourist arrivals, resulted in a sharp deceleration in GDP growth to 2.3% during the year as per latest estimates (previous year: 7.0%). A steep decline in imports, reflecting subdued aggregate domestic demand and industrial activity, led to a lower Current Account Deficit of 0.9% of GDP (previous year: 7.7%) while the Balance of Payments position turned surplus at 7.5% of GDP (previous year: -1.9%). Lower inward remittances on account of job losses suffered by migrant workers abroad, significant drop in tourism and substantial supply chain disruptions are expected to weigh on economic growth in the near term. The Government has announced several fiscal and monetary measures to limit the socio-economic fallout of the crisis. These measures, along with comprehensive and timely operating guidelines for industries that are helping industries to effectively function amidst the pandemic, are expected to support revival of economic activity.

The Government of Nepal continues to focus on policies and reforms to promote the country as an attractive investment destination. The year under review saw, amongst others, the enactment of the Industrial Enterprises Act, 2076 and Environment Protection Rules, 2077 which are expected to improve the ease of doing business in Nepal. As reported in earlier years, policy measures and regulations that support technology transfer, contract manufacturing, contemporary laws on intellectual property and allowing set-off of losses of one business with the profits of another business carried out by the same entity would go a long way in enhancing the competitiveness of domestic industry.

While structural reforms and recent measures announced by the Government are expected to boost economic activity in the country, there remains immense headroom to further spur the growth in the manufacturing sector in Nepal.

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;
- contributing around 3% of the total revenue collection of the Government;
- contributing around 11% 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.

Despite its far-reaching economic impact, the legal cigarette industry continues to face significant challenges from an increasingly punitive and discriminatory taxation and regulatory regime. These challenges have been further compounded by the significant operational disturbances across the value chain due to the outbreak of COVID-19 during the year under review. Excessive taxation in cigarettes is providing a fillip to the illicit cigarette trade resulting in proliferation of counterfeits and smuggled products in the country. This is adversely impacting the interest of all stakeholders, including the tobacco farmers, the exchequer and the consumers.

The steep increase in duties in recent years has had a deleterious impact on the legal cigarette industry. The unprecedented increase of 100% in the Health Risk Tax (HRT) on cigarettes, announced in May, 2020, exacerbated the situation resulting in a steep decline in legal cigarette industry volumes during the year, even as illicit cigarette trade continued to grow unabated. It is pertinent to note that taxes on cigarettes have doubled in all segments and trebled in the Plains segment over the last five years. Consequently, tax incidence on cigarettes is currently about three times higher than that on other tobacco products such as gutkha, khaini, bidi etc. Such consecutive and steep increase in duties is adversely impacting the legal cigarette industry in Nepal and driving consumption of tobacco to other lightly taxed/tax-evaded forms of tobacco products, comprising illegal cigarettes, chewing tobacco, gutkha, zarda, snuff, etc. thereby sub-optimising the revenue potential of this sector.

The rapid increase in illicit cigarette trade in the country in recent years has emerged as a serious threat to the domestic legal cigarette industry and is adversely impacting revenue collections and undermining the tobacco control policies of the Government. The sharp increase in tax incidence on cigarettes as aforestated, has created an extremely lucrative arbitrage opportunity for trade in illicit cigarettes in the country, which are available in the market at considerably lower prices compared to legal tax-paid cigarettes. Markets, particularly in Terai region and Kathmandu, have been flooded with smuggled international brands and counterfeits of domestic brands. During the year under review, the Nepal Police seized substantial quantities of counterfeit stocks of your Company's flagship Surya trademark in Birgunj while the Customs authorities in Janakpur in eastern Terai seized the counterfeits of your Company's popular brands like Shikhar and Khukuri. It is estimated that the revenue loss to the exchequer on account of illegal cigarettes, i.e., tax-evaded / counterfeit and other tobacco products is about NRs. 800 crores (Rs. 500 crores) per annum. Your Company continues to engage with the revenue and enforcement authorities to highlight the rapidly growing menace of illegal cigarette trade in Nepal.

Results of STEPS Survey, 2019[1] released during the year, indicate an increase in the number of users of smokeless tobacco products during the period 2013 to 2019, while that of manufactured cigarettes decreased during the same period. This clearly evidences the shift of consumption from cigarettes to other tobacco products. Unlike most countries, cigarettes account for a relatively lower share of total tobacco consumption in Nepal. Manufacture of smokeless tobacco products, which constitute the major share of tobacco consumption in Nepal, is widely dispersed and largely in the unorganised sector which is prone to tax evasion, leading to major challenges in revenue administration. 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.

In addition to the discriminatory and punitive taxation regime as aforestated, Nepal has one of the most stringent tobacco regulatory frameworks in the world. As per the provisions of the Tobacco Products Control and Regulation Act, 2068 (TOPCA), cigarette packets are required to carry Graphic Health Warnings (GHW) covering at least 75% of the total surface area of the cigarette packet as against the requirement of printing health warnings on the principal display area (front and back) prevalent in most countries. This unique requirement translates to the GHW covering the entire principal display area of the cigarette packet, thereby impeding the legal cigarette industry from providing comprehensive brand information on the cigarette packet and depriving consumers the opportunity of making fully informed choices across brands. The consequential commoditization of the market, making price the prime driver of consumer choice, drives the increase in consumption of cheap smuggled cigarettes at the cost of revenue loss to the exchequer besides leading to erosion in the value of your Company's distinctive trademarks and pack designs that have been developed and nurtured through substantial investments over time.

It is pertinent to note that 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 instead prescribed only text-based warnings on cigarette packets. Whilst the legal cigarette industry ensures scrupulous statutory compliance, smuggled international cigarette brands do not bear the GHW mandated under Nepali 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 will provide an added impetus to the growth of illicit trade and counterfeit products of dubious quality with consequential adverse impact on consumers, the Exchequer and the legal cigarette industry. It 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.

Tobacco control is a matter that falls under health policy, which as per the Constitution is within the exclusive jurisdiction of the Federal Government. However, in addition to the TOPCA enacted by the Federal Government of Nepal (Federal TOPCA), the Gandaki Province had in Baishakh'76 (May 2019) enacted the Tobacco Products (Control & Regulatory) Act,

[1] STEPS Survey, 2019 was carried out by the National Health Research Council during February-May, 2019

2076 (Provincial TOPCA), which is applicable only in the said Province. Apart from the fact that the Provincial TOPCA has been enacted beyond jurisdiction, several of its provisions are inconsistent with those under Federal TOPCA.

As reported in earlier years, the new Directive on GHW and the Provincial TOPCA have been challenged by industry players, including your Company, before the Supreme Court. Pending the Supreme Court's verdict on the matter, as per the direction from the Ministry of Industry, the implementing agency under TOPCA, the Company continues to print 75% GHW on cigarette packages manufactured by it.

Your Company continues to engage with policy makers for equitable, non-discriminatory, pragmatic, evidence based regulations and taxation policies that balance the economic imperatives of the country and the tobacco control objectives, having regard to the unique tobacco consumption pattern in Nepal.

COMPANY PERFORMANCE

While the performance of your Company was relatively robust during the first eight months of the year, disruptions in business operations in the wake of the COVID-19 pandemic and subsequent containment measures including a nationwide lockdown enforced since Chaitra, 2076 (24th March, 2020) resulted in decline in revenue and profits during the last four months of the year.

For the year ended 31st Asadh, 2077, your Company posted Gross Revenue of NRs. 3670 (₹ 2294) crores against NRs. 3747 (₹ 2342) crores during the previous year. Profit Before Tax marginally decreased to NRs. 1425 (₹ 891) crores from NRs. 1428 (₹ 893) crores during the previous year. Profit for the year (after Tax expense) stood at NRs. 985 (₹ 616) crores (previous year: NRs. 989 (₹ 618) crores). Total Comprehensive Income for the year stood at NRs. 985 (₹ 616) crores (previous year: NRs. 990 (₹ 619) crores). Earnings per share for the year stood at NRs. 489 (₹ 306) (previous year: NRs. 490 (₹ 306)). Net cash flows from operations aggregated NRs. 804 (₹ 503) crores compared to NRs. 1158 (₹ 724) 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. 2313 (₹ 1446) 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. 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, 2077. The total cash outflow on this account will amount to NRs. 163.30 (₹ 102) crores.

Your Board has also recommended a Final Dividend of NRs. 407 (₹ 254) per Ordinary Share, which if approved, will take the total Dividend for the year to NRs. 488 (₹ 305) per Ordinary Share.

All dividends declared in the past have been paid after obtaining necessary statutory approvals and there are no unclaimed dividends lying with your Company.

FAST MOVING CONSUMER GOODS (FMCG) BUSINESSES

- **CIGARETTES**

  Steep increase in tax incidence on the legal cigarette industry over the years coupled with severe disruption in operations in the aftermath of the COVID-19 pandemic rendered the operating environment extremely challenging during the year. Against this backdrop, the Company reinforced its market standing by leveraging its robust portfolio of offerings, superior product quality and, a deep and wide distribution network. Differentiated and innovative portfolio interventions under the Surya and Shikhar trademarks received encouraging response. Several initiatives were successfully deployed to ensure product availability and efficient market servicing notwithstanding the significant disruptions to sales operations.

  The manufacturing systems of your Company continued to set new benchmarks in Responsiveness, Quality and Productivity. The agility of the supply chain coupled with proactive scenario planning ensured quick normalization of operations.

  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 Company, with a robust portfolio of brands that have been developed and nurtured over time, is well positioned to further consolidate its market standing.

- **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. During the year, the Business deployed targeted marketing investments, on-ground consumer activation programmes and launched a new multi-fragrance offering which has received encouraging response from consumers. 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, your Company continues to strengthen its relationships with small and medium enterprises, which provide employment opportunities to the disadvantaged sections of society.

  SAFETY MATCHES

  During the year, your Company enhanced its market standing and leadership position in the Safety Matches industry driven by strong performance in both Wax and Wooden segments. The Business continued to focus on delivering superior product quality, enhancing distribution across markets leveraging the strong trade marketing and distribution capabilities of your Company, along with cost optimization initiatives.

  BRANDED PACKAGED FOOD PRODUCTS

  During the year under review, your Company commenced commercial manufacturing of confectionery products from the month of Mangsir, 2076 (November, 2019) at its new facility in Biratnagar. The facility is capable of manufacturing a diverse range of confectionery products such as Hard-Boiled candy, Deposited Candy and Toffee. Sales during the year were relatively subdued in line with lower demand for discretionary and out-of-home categories in the wake of the pandemic. The Business focused on scaling up availability of products across markets in line with the progressive easing of restrictions.

  APPAREL

  As reported earlier, your Company exited the Apparel business during the year.

  LEAF TOBACCO

  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 and marketability of the crop, and farmer returns.

  During the year, your Company continued to partner with tobacco farmers in Nepal to enhance productivity and quality at the farm level through induction of best practices for sustainable agriculture.

  Your Company's exports of leaf tobacco produced in Nepal saw healthy growth during the year. Efforts are underway to scale up the Business further with a view to supporting domestic tobacco farmers and boosting the foreign exchange earnings of the country.

  HOTELS

  As reported last year, the Board of Directors of your Company had approved the construction of a luxury hotel in Kathmandu on land owned by your Company. In this regard, your Company has filed applications for obtaining necessary statutory approvals which are yet to be received.

ENVIRONMENT HEALTH AND SAFETY (EHS)

Your Company continues to adopt various initiatives towards sustaining its position as a benchmark manufacturing facility in the country. Measures to mitigate COVID-19 risks have been taken across your Company's operating and stakeholders' locations. Heightened safety protocols were implemented at all units that resumed operations, with end-to-end solutions from transportation of workmen, screening, regular deep cleaning and sanitisation, innovations to ensure safe distancing and strict adherence to hygiene standards and use of personal protective equipment where required. Standard Operating Procedures (SOPs) were developed to ensure safe and hygienic conditions both at the work place as well as in the market. This was supplemented with training materials like posters, pamphlets and guidelines.

TAX MATTERS

As reported previously, the Inland Revenue Department had issued Show Cause Notices ("SCNs") and raised demands related to Excise Duty, Income Tax and Value Added Tax ("VAT") on the basis of alleged theoretical production of cigarettes for the period prior to 16th July, 2008.

The Hon'ble Supreme Court of Nepal ("Supreme Court") vide its orders dated 29th October, 2009 and 1st April, 2010 was pleased to set aside the Excise Duty demands for the Financial year ("FY") 1998-99 to 2002-2003 and the Income Tax demand for FY 2001-2002, on the self-same issue. Subsequently, the Inland Revenue Department has also set aside similar demands for FY 2001-02 and 2007-08 in respect of VAT and Income Tax demand for FY 2005-06.

Your attention is drawn to Note 29 (vii) (a) in the 'Notes to the Financial Statements' with respect to the demands raised and SCNs issued by the Department for various financial years on similar grounds which are pending for disposal in the Hon'ble Supreme Court.

Your Company has been advised by eminent counsel that the demands raised have no legal or factual basis and therefore are not sustainable. This advice is reinforced by the decisions of the Hon'ble Supreme Court and the Inland Revenue Department on similar matters. Accordingly, your 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 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. Robust internal control system consisting of the following key elements are also in place:

- organizational Policies for key areas of operations e.g. Financial Policies and Procedures, IT Policy etc. and a Risk Management Policy.
- comprehensive Standard Operating Procedures (SOPs) across 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

Your Company, as a responsible corporate citizen, places immense emphasis on making significant contributions towards building the societal and environmental capital of the nation. The Board of Directors of your Company during the period under review approved the CSR policy of the Company. In line with its CSR policy, your 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.

The unprecedented situation due to the outbreak of COVID-19 has created an urgent need for allocation of significant resources towards managing the health and economic crisis in the country. Your Company contributed NRs. 1 (₹ 0.63) crore each (Total NRs. 7 (₹ 4) crores) to the "Funds for treatment and control of COVID-19" established by all seven provinces in Nepal. Your Company also supported the local governments and communities in the immediate vicinities of its manufacturing locations in dealing with the pandemic.

Considering the severe impact of COVID-19 on lives and livelihoods, your Company, among other CSR activities, continues to explore initiatives towards supporting health and livelihood related requirements in the country particularly in the catchment areas of its operating locations.

During the year under review, the new Industrial Enterprises Act, 2076 was enacted replacing the erstwhile Industrial Enterprises Act, 2073. The new Act requires industries to allocate 1% of their annual net profit for CSR activities. Your Company continues to utilize the amount allocated towards CSR in the areas as prescribed under Industrial Enterprises Rules, 2076.

EMPLOYMENT GENERATION

Your Company, through its multiple businesses, continues to be one of the largest employers in the country providing direct / indirect employment to more than a lakh people in the country 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 the 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. The terms and conditions of employment offered by your Company are competitive and it has a strong employer equity in the country. Against the backdrop of rising cases of COVID-19 in the country, your Company continues to adopt all possible measures towards safety and well-being of the employees.

Detailed advisories have been issued to employees on how to safeguard themselves, their colleagues and associates, and their families both at the workplace as well as at their homes. These guidelines also provide details on social distancing norms, how they should seek help on any aspect concerning their health from within the organisational support system. Senior management is frequently interacting with teams to bolster employee morale.

During disruption in the operations due to the outbreak of COVID-19, employees of your Company displayed an extraordinary resilience and deep commitment which made it possible to resume operations expeditiously and effectively service consumer demand. Your Directors place on record their sincere appreciation of the contribution made by the employees during the year under review.

DIRECTORS

The details of shares held in your Company by the Directors as on 31st Asadh, 2077 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 2076-77 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: 28th September, 2020	**S Puri**	**B Sumant**	**A K Poddar**
(12th Ashwin, 2077)	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 2077 (15th July 2020)
1.	S Puri	Nil
2.	S Dutta	Nil
3.	S R Pandey	67,212
4.	R K Singhi	Nil
5.	B Sumant	Nil
6.	Siddhartha SJB Rana	2,088
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 2076/77, the following amounts have been paid to the Directors:

- Board Meeting Fee - NRs. 88,235 (₹ 55,147)
- Incidental expenses - NRs. 23,529 (₹ 14,706)

Payment to / on behalf of the Managing Director for the financial year 2076/77:

- Salary – NRs. 20,337,940 (₹ 12,711,213)
- Allowances – NRs. 10,598,869 (₹ 6,624,293)

The Managing Director has also been provided the following:

- Furnished accommodation with necessary security at residence.
- Company car with driver and telephone at residence.
- Fuel for generator and reimbursement of water tanker charges for residence.
- Entrance fees and annual subscription charges for two clubs.
- Personal accident insurance.

Payment to / on behalf of Company officials for the financial year 2076/77:

- Salary – NRs. 26,195,473 (₹ 16,372,171)
- Allowances – NRs. 17,446,746 (₹ 10,904,216)

Some of the other Company officials, have also been provided the following:

- Personal accident insurance.
- Company car and telephone at residence.

The Managing Director and other officials also receive benefits/ facilities from the Company Level Welfare Fund under the Labour Act, 2074 and Rules made thereunder, as may be decided by the Labour Relation Committee.

The Managing Director and some other employees of the Company had been granted stock options in the past by the Holding Company (ITC Limited) under its Employee Stock Option Scheme(s). Such options were granted at 'market price' [within the meaning of Securities and Exchange Board of India (Share Based Employee Benefit) Regulations, 2014]. Since such options are not tradeable, no benefit is conferred upon the employee at the time of grant of options. 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. 5,134,191 (₹ 3,208,869) is attributable to Managing Director and NRs. 5,212,260 (₹ 3,257,663) is attributable to other officials. During the year, no options were granted to the Managing Director or other employees of the Company.

Annexure III

MANAGEMENT EXPENSES

The expenses incurred by the Company for its management and administration for the financial year 2076/77 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. 1,408,824,487 (₹ 880,515,304).

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF SURYA NEPAL PRIVATE LIMITED

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Surya Nepal Private Limited (the Company), which comprise the statement of financial position as at 31st Asadh 2077 (15th July 2020), and the statement of profit or loss and other comprehensive income, the statement of changes in equity, the statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at 31st Asadh 2077 (15th July 2020), and its financial performance and its cash flows for the year then ended in accordance with Nepal Financial Reporting Standards (NFRSs).

Basis for opinion

We conducted our audit in accordance with Nepal Standards on Auditing (NSAs). Our responsibilities under those standards are further described in the auditors' responsibilities for the audit of the financial statements section of our report. We are independent of the Company in accordance with the code of ethics for professional accountant issued by Institute of Chartered Accountants of Nepal (ICAN) together with the ethical requirements that are relevant to our audit of the financial statements under the provisions of the Companies Act, 2063 and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ICAN's Code of Ethics for professional accountants. We believe that the audit evidence obtained by us is sufficient and appropriate to provide a basis for our audit opinion on the financial statements.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the financial year ended on 31st Asadh 2077 (15th July 2020). These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. We have determined the matters described below to be the key audit matters to be communicated in our report.

Key audit matters	How our audit addressed the key audit matter
Revenue recognition *(Refer Note 1 "Revenue" and Note 19 of the financial statements)*	
Revenue from sale of goods (hereinafter referred to as "Revenue") is recognised when the Company transfers significant risks and rewards of ownership to the customer, which is mainly upon delivery,the amount of revenue can be measured reliably and recovery of the consideration is probable. The timing of revenue recognition is relevant to the reported performance of the Company. The management considers revenue as a key measure of evaluation of performance. There is a risk of revenue being recorded before significant risks and rewards of ownership are transferred.	Our audit procedures included the following: • Assessed the Company's accounting policies on revenue recognition in line with NAS 18 (Revenue) and tested thereof. • Evaluated the integrity of the Company's general information and technology control environment and tested the operating effectiveness of IT application controls over Revenue recognition. • Performed detailed analysis of Revenue, analytical testing with monthly sales information filed with tax authorities, tested the timing of its recognition and accuracy of the amounts recognized and verification of the supporting information of the Revenue transactions. • Tested the supporting documentation for selected sample of sales transactions recorded during the period closer to the year end and subsequent to the year end to evaluate whether Revenue was recognised in the correct period.
Related party transactions *(refer Note 29(vi) of the financial statements)*	
The Company has undertaken transactions with its related parties which include purchase of goods and services, advance payments in the ordinary course of business and dividend payments. We identified related party transactions as a key audit matter due to their significance and risk of such transactions remaining undisclosed.	Our audit procedures included the following: • Reviewed Company's processes and procedures in respect of identifying related parties, recording and disclosure of related party transactions in accordance with NAS 24. • Verified that the transactions are approved in accordance with internal procedures including involvement of key personnel at the appropriate level. • Tested, on a sample basis, related party transactions with the underlying contracts approved by the appropriate authority, wherever necessary, confirmation letters and other supporting documents. • Agreed the related party information disclosed in the financial statements with the underlying supporting documents, on a sample basis.
Litigations – Contingencies *(refer Note 1 "claims" and "provisions" and Note 29(vii) of the financial statements*	
The Company has ongoing litigations on Excise, Income Tax and Value Added Tax (VAT) which could have a significant impact on results, if the potential exposures were to materialize. The amounts involved are significant, and the application of accounting standards to determine the amount, if any, to be provided as a liability or disclosed as a contingent liability, is inherently subjective. Claim against the Company not acknowledged as debts are disclosed in the Financial Statements by the Company after a careful evaluation of the facts and legal aspects of the matter involved.The outcome of such litigation is uncertain and the position taken by the Company involves significant judgement and estimation to determine the likelihood and / or timing of the cash outflows.	Our audit procedures included the following: • Obtained and read the Company's accounting policies in respect of claims, provisions and contingent liabilities to assess compliance with the applicable Accounting Standard (NAS 37). • Assessed the design and implementation of the Company's controls over the assessment of litigations and completeness of disclosures. Supporting documentation were tested for the positions taken by the management and meetings were conducted with in-house legal team, to test the operating effectiveness of these controls. • Assessed in accordance with accounting standard, the provisions in respect of litigations and assessed disclosures relating thereto, including those for contingencies.

Information other than the financial statements and auditors' report thereon

The management of the Company is responsible for the other information. The other information comprises the information included in the annual report, but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained during the course of audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement therein, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of management and those charged with governance for the financial statements

The management of the Company is responsible for the preparation and fair presentation of the financial statements in accordance with NFRSs, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditors' responsibilities for the audit of the financial statements

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with ethical requirements in accordance with the Code of Ethics for professional accountants regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

We have obtained information and explanations asked for, which, to the best of our knowledge and belief, were necessary for the purpose of our audit. In our opinion, the statement of financial position as at 31st Asadh, 2077 (15th July, 2020), the statement of profit or loss and other comprehensive income, statement of changes in equity and the statement of cash flows for the year then ended have been prepared in accordance with the requirements of the Company Act, 2063 and are in agreement with the books of account of the Company and proper books of account as required by law have been kept by the Company.

To the best of our information and according to explanations given to us and so far appeared from our examination of the books of account of the Company necessary for the purpose of our audit, we have not come across cases where Board of Directors or any employees of the Company have acted contrary to the provisions of law relating to the accounts or committed any misappropriation or caused loss or damage to the Company relating to the accounts in the Company.

	Nem Lal Amatya Partner	Shashi Satyal Partner
Date: 12th Ashwin, 2077 (28th September, 2020) Place: Kathmandu	N. Amatya & Co. Chartered Accountants UDIN: 200929CA00034mygKq	T R Upadhya & Co. Chartered Accountants 200930CA00008JAwmr

STATEMENT OF FINANCIAL POSITION AS AT 31ST ASADH 2077 (15TH JULY 2020)

	Note	Figures in NRs. As at 31st Asadh 2077 (15th July 2020)	Figures in ₹ As at 31st Asadh 2077 (15th July 2020)	Figures in NRs. As at 31st Asadh 2076 (16th July 2019)	Figures in ₹ As at 31st Asadh 2076 (16th July 2019)
ASSETS					
NON-CURRENT ASSETS					
a) Property, Plant and Equipment	3A	4,501,538,256	2,813,461,410	4,737,421,372	2,960,888,359
b) Capital Work-in-Progress	3B	167,991,140	104,994,463	330,429,445	206,518,404
c) Intangible Assets	3C	472,529	295,331	66,210	41,380
d) Intangible Assets under Development	3D	18,001,979	11,251,237	9,489,998	5,931,249
e) Financial Assets					
i) Loans	4	29,040,736	18,150,460	31,363,435	19,602,147
ii) Others	5	–	–	880,825	550,516
f) Deferred Tax Assets (Net)	6	146,193,997	91,371,248	119,788,384	74,867,740
g) Other Non-Current Assets	7	2,667,419,736	1,667,137,335	2,329,680,469	1,456,050,293
CURRENT ASSETS					
a) Inventories	8	5,507,168,260	3,441,980,163	3,665,245,426	2,290,778,391
b) Financial Assets					
i) Trade Receivables	9	27,242,276	17,026,423	34,732,027	21,707,517
ii) Cash and Cash Equivalents	10	63,002,876	39,376,798	27,032,594	16,895,371
iii) Other Bank Balances	11	7,822,970,123	4,889,356,327	7,816,467,936	4,885,292,460
iv) Loans	4	8,657,227	5,410,767	7,518,404	4,699,003
v) Others	5	48,817,648	30,511,030	56,539,227	35,337,016
c) Other Current Assets	7	759,195,229	474,497,018	399,589,646	249,743,528
TOTAL ASSETS		21,767,712,012	13,604,820,010	19,566,245,398	12,228,903,374
EQUITY AND LIABILITIES					
EQUITY					
a) Equity Share Capital	12	2,016,000,000	1,260,000,000	2,016,000,000	1,260,000,000
b) Other Equity		13,106,177,963	8,191,361,230	13,117,588,406	8,198,492,749
LIABILITIES					
NON-CURRENT LIABILITIES					
a) Provisions	13	177,333,573	110,833,482	164,236,735	102,647,959
CURRENT LIABILITIES					
a) Financial Liabilities					
i) Borrowings	14	1,968,037,964	1,230,023,728	449,332,304	280,832,690
ii) Trade Payables	15	1,387,656,234	867,285,146	866,234,915	541,396,822
iii) Other Financial Liabilities	16	1,692,334,197	1,057,708,873	1,781,121,345	1,113,200,841
b) Other Liabilities	17	782,859,530	489,287,206	710,152,610	443,845,386
c) Provisions	13	50,258,499	31,411,562	24,940,496	15,587,810
d) Current Tax Liabilities (Net)	18	587,054,052	366,908,783	436,638,587	272,899,117
TOTAL EQUITY AND LIABILITIES		21,767,712,012	13,604,820,010	19,566,245,398	12,228,903,374

The accompanying notes 1 to 30 are an integral part of the Financial Statements.

This is the Statement of Financial Position referred to in our Report of even date.

Vikas Bhutra
Head of Finance

Abhimanyu Kumar Poddar
Managing Director

Siddhartha SJB Rana
Director

B Sumant
Director

S Puri
Chairman

S R Pandey
Director

S Dutta
Director

R K Singhi
Director

Nem Lal Amatya
Partner
N. Amatya & Co.
Chartered Accountants

Shashi Satyal
Partner
T R Upadhya & Co.
Chartered Accountants

Date: 12th Ashwin 2077 (28th September 2020)

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED 31ST ASADH 2077 (15TH JULY 2020)

	Note	Figures in NRs. For the year ended 31st Asadh 2077 (15th July 2020)	Figures in ₹ For the year ended 31st Asadh 2077 (15th July 2020)	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)
Gross Revenue from sale of products	19	36,701,302,047	22,938,313,779	37,469,593,326	23,418,495,829
Less: Duties	20	12,258,976,464	7,661,860,290	12,346,317,541	7,716,448,463
Net Revenue from sale of products		24,442,325,583	15,276,453,489	25,123,275,785	15,702,047,366
Other Operating Revenue	21	28,304,261	17,690,163	13,540,134	8,462,584
Net Revenue from operations		24,470,629,844	15,294,143,652	25,136,815,919	15,710,509,950
Raw Materials Consumed etc.	22	5,382,230,529	3,363,894,081	5,864,717,577	3,665,448,486
Employee Benefits Expenses	23	2,342,243,737	1,463,902,336	2,266,833,572	1,416,770,984
Manufacturing, Admin, Selling Expenses etc.	24	2,526,538,516	1,579,086,573	2,514,074,735	1,571,296,712
Operating Profit		14,219,617,062	8,887,260,662	14,491,190,035	9,056,993,768
Other Income	25	719,633,795	449,771,122	553,243,149	345,776,969
Finance Cost	26	25,242,312	15,776,445	59,169,503	36,980,939
Depreciation and Amortization Expenses		664,073,761	415,046,104	700,535,931	437,834,957
Profit before Tax		14,249,934,784	8,906,209,235	14,284,727,750	8,927,954,841
Tax Expense	27	4,401,585,341	2,750,990,838	4,399,582,769	2,749,739,231
Profit for the year		9,848,349,443	6,155,218,397	9,885,144,981	6,178,215,610
Other Comprehensive Income					
(i) Items that will not be reclassified to profit or loss:					
- Remeasurements of defined benefit plans	28.a	(2,171,266)	(1,357,041)	19,804,542	12,377,839
(ii) Income tax relating to items that will not be reclassified to profit or loss	27	651,380	407,113	(5,941,363)	(3,713,352)
Other Comprehensive Income		(1,519,886)	(949,928)	13,863,179	8,664,487
Total Comprehensive Income for the year		9,846,829,557	6,154,268,469	9,899,008,160	6,186,880,097

The accompanying notes 1 to 30 are an integral part of the Financial Statements.
This is the Statement of Profit or Loss and Other Comprehensive Income referred to in our Report of even date.

Vikas Bhutra
Head of Finance

Abhimanyu Kumar Poddar
Managing Director

Siddhartha SJB Rana
Director

B Sumant
Director

S Puri
Chairman

S R Pandey
Director

S Dutta
Director

R K Singhi
Director

Nem Lal Amatya
Partner
N. Amatya & Co.
Chartered Accountants

Shashi Satyal
Partner
T R Upadhya & Co.
Chartered Accountants

Date: 12th Ashwin 2077 (28th September 2020)

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31ST ASADH 2077 (15TH JULY 2020)

A. Equity Share Capital Figures in NRs. Figures in ₹

	Balance at the beginning of the reporting year (NRs.)	Changes in equity share capital during the year (NRs.)	Balance at the end of the reporting year (NRs.)	Balance at the beginning of the reporting year (₹)	Changes in equity share capital during the year (₹)	Balance at the end of the reporting year (₹)
For the year ended 31st Asadh 2076 (16th July 2019)	2,016,000,000	–	2,016,000,000	1,260,000,000	–	1,260,000,000
For the year ended 31st Asadh 2077 (15th July 2020)	2,016,000,000	–	2,016,000,000	1,260,000,000	–	1,260,000,000

B. Other Equity Figures in NRs. Figures in ₹

	Figures in NRs.					Figures in ₹				
	Reserves and Surplus			Items of Other Comprehensive Income	Total	Reserves and Surplus			Items of Other Comprehensive Income	Total
	General Reserve	Employees' Housing Reserve	Retained Earnings	Remeasurement of Net Defined Benefit Plan		General Reserve	Employees' Housing Reserve	Retained Earnings	Remeasurement of Net Defined Benefit Plan	
Balance as at 32nd Asadh 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**
Profit for the year	-	-	9,848,349,443	-	9,848,349,443	-	-	6,155,218,397	-	6,155,218,397
Other Comprehensive Income (net of tax)	-	-	-	(1,519,886)	(1,519,886)	-	-	-	(949,928)	(949,928)
Total Comprehensive Income for the year	-	-	**9,848,349,443**	**(1,519,886)**	**9,846,829,557**	-	-	**6,155,218,397**	**(949,928)**	**6,154,268,469**
Interim Dividend	-	-	(1,632,960,000)	-	(1,632,960,000)	-	-	(1,020,600,000)	-	(1,020,600,000)
Final Dividend	-	-	(8,225,280,000)	-	(8,225,280,000)	-	-	(5,140,800,000)	-	(5,140,800,000)
Total	-	-	(9,890,557)	(1,519,886)	(11,410,443)	-	-	(6,181,603)	(949,928)	(7,131,531)
Balance as at 31st Asadh 2077 (15th July 2020)	**108,778,401**	**2,556,108,099**	**10,474,625,483**	**(33,334,020)**	**13,106,177,963**	**67,986,501**	**1,597,567,561**	**6,546,640,927**	**(20,833,759)**	**8,191,361,230**

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31ST ASADH 2077 (15TH JULY 2020 (Contd.)

For the year ended 31st Asadh 2077 (15th July 2020), the Board of Directors of the Company at its meeting held on 12th Ashwin 2077 (28th September 2020) have:

a) declared interim dividend of NRs. 81.00 {₹ 50.625} per share, amounting to NRs. 1,632,960,000 {₹ 1,020,600,000} and

b) recommended final dividend of NRs. 407.00 {₹ 254.375} per share amounting to NRs. 8,205,120,000 {₹ 5,128,200,000}.

General Reserve: The reserve is an outcome of appropriation from one component of equity to another, neither being an item of other comprehensive income. It can be distributed / utilized by the Company.

Employees' Housing Reserve: Reserve represents the amounts set aside for providing employees' housing as per the provisions of the erstwhile Labour Act, 2048, which has since been replaced by the Labour Act, 2074.

Retained Earnings: This reserve represents the cumulative profits of the Company and can be distributed / utilized by the Company.

The accompanying notes 1 to 30 are an integral part of the Financial Statements.

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

Vikas Bhutra Head of Finance	**Abhimanyu Kumar Poddar** Managing Director	**Siddhartha SJB Rana** Director	**B Sumant** Director	**S Puri** Chairman
S R Pandey Director	**S Dutta** Director	**R K Singhi** Director	**Nem Lal Amatya** Partner N. Amatya & Co. Chartered Accountants	**Shashi Satyal** Partner T R Upadhya & Co. Chartered Accountants

Date: 12th Ashwin 2077 (28th September 2020)

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31ST ASADH 2077 (15TH JULY 2020)

		Figures in NRs. For the year ended 31st Asadh 2077 (15th July 2020)	Figures in ₹ For the year ended 31st Asadh 2077 (15th July 2020)	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)
A Cash Flow From Operating Activities					
Profit Before Tax		14,249,934,784	8,906,209,235	14,284,727,750	8,927,954,841
Adjustments for :					
Depreciation and amortization expenses		664,073,761	415,046,101	700,535,931	437,834,957
Finance Cost		25,242,312	15,776,445	59,169,503	36,980,939
Interest from Investments		–	–	(541,915)	(338,697)
Interest on Short Term / Call Deposits		(699,427,639)	(437,142,274)	(550,662,700)	(344,164,187)
Foreign currency translations and transactions - Net		(13,365,144)	(8,353,210)	1,884,938	1,178,086
Loss / (Gain) on sale of property, plant and equipment - Net		(6,534,859)	(4,084,287)	(1,957,756)	(1,223,597)
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		(13,539,955)	(8,462,472)	(132,018)	(82,511)
Doubtful and bad advances		(6,751)	(4,219)	(11,134)	(6,959)
Operating Profit Before Working Capital Changes		14,206,376,509	8,878,985,319	14,496,236,430	9,060,147,766
Adjustments for :					
Trade Receivables, Loans, Advances and Other Assets		(663,988,708)	(414,992,943)	(553,635,416)	(346,022,135)
Inventories		(1,841,922,834)	(1,151,201,771)	1,853,387,476	1,158,367,174
Trade Payables, Other Liabilities and Provisions		632,881,699	395,551,062	525,387,405	328,367,129
Cash Generated From Operation		12,333,346,666	7,708,341,667	16,321,375,895	10,200,859,934
Income Tax Paid		(4,293,251,522)	(2,683,282,201)	(4,744,491,792)	(2,965,307,370)
Net Cash From Operating Activities	**(A)**	8,040,095,144	5,025,059,466	11,576,884,103	7,235,552,564
B Cash Flow From Investing Activities					
Purchase of property, plant and equipment, Intangibles etc.		(380,636,517)	(237,897,823)	(604,010,822)	(377,506,764)
Disposal of property, plant and equipment		10,425,193	6,515,746	2,762,169	1,726,356
Sale / redemption of Current Investments		–	–	22,625,000	14,140,625
Investment in Bank Deposits (Original Maturity more than 3 months)		(12,881,700,000)	(8,051,062,500)	(9,745,800,000)	(6,091,125,000)
Redemption / Maturity of Bank Deposits (Original Maturity more than 3 months)		12,875,200,000	8,047,000,000	8,019,400,000	5,012,125,000
Interest Received		720,177,770	450,111,106	526,370,436	328,981,524
Net Cash Used in Investing Activities	**(B)**	343,466,446	214,666,529	(1,778,653,217)	(1,111,658,259)
C Cash Flow From Financing Activities					
Interest Paid		(8,959,724)	(5,599,828)	(9,757,037)	(6,098,148)
Dividends Paid		(9,858,240,000)	(6,161,400,000)	(9,132,480,000)	(5,707,800,000)
Net Cash Used in Financing Activities	**(C)**	(9,867,199,724)	(6,166,999,828)	(9,142,237,037)	(5,713,898,148)
Net Increase / (Decrease) in Cash and Cash Equivalents (A+B+C)		(1,483,638,134)	(927,273,833)	655,993,849	409,996,157
Opening Cash and Cash Equivalents		(425,471,372)	(265,919,608)	(1,081,465,221)	(675,915,764)
Closing Cash and Cash Equivalents		(1,909,109,506)	(1,193,193,441)	(425,471,372)	(265,919,607)

Notes:

1 The above Statement of Cash Flows has been prepared under the “Indirect Method” as set out in NAS - 7 “Statement of Cash Flows ”.

2 **Cash and Cash Equivalents:**

Cash and Cash Equivalents as above	(1,909,109,506)	(1,193,193,441)	(425,471,372)	(265,919,607)
Unrealised gain / (Loss) on foreign currency cash and cash equivalents	4,074,418	2,546,511	3,171,662	1,982,288
Current Borrowings (Note 14)	1,968,037,964	1,230,023,728	449,332,304	280,832,690
Cash and Cash Equivalents (Note 10)	63,002,876	39,376,798	27,032,594	16,895,371

The accompanying notes 1 to 30 are an integral part of the Financial Statements.
This is the Statement of Cash Flows referred to in our Report of even date.

Vikas Bhutra
Head of Finance

Abhimanyu Kumar Poddar
Managing Director

Siddhartha SJB Rana
Director

B Sumant
Director

S Puri
Chairman

S R Pandey
Director

S Dutta
Director

R K Singhi
Director

Nem Lal Amatya
Partner
N. Amatya & Co.
Chartered Accountants

Shashi Satyal
Partner
T R Upadhya & Co.
Chartered Accountants

Date: 12th Ashwin 2077 (28th September 2020)

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 factors in the employment market. Information about such valuation is provided in notes to the financial statements.

C. Claims, Provisions and Contingent Liabilities:

The Company has ongoing litigations with various regulatory authorities. Where an outflow of funds is believed to be probable and a reliable estimate of the outcome of the dispute can be made based on management's assessment of specific circumstances of each dispute and relevant external advice, management provides for its best estimate of the liability. Such accruals are by nature complex and can take number of years to resolve and can involve estimation uncertainty. Information about such litigations is provided in notes to the financial statements.

D. COVID -19:

The Company has considered the possible effects that may arise out of the still unfolding COVID -19 pandemic on the carrying amounts of property, plant & equipment, intangible assets, inventories, trade receivables, etc. For this purpose, the Company has considered internal and external sources of information up to the date of approval of these financial statements. Based on the current estimates, the Company does not expect any significant impact on such carrying values. The impact of COVID - 19 on the Company's financial statements may differ from that estimated as at the date of approval of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS (Contd.)

[Amount in NRs]

Particulars	Gross Block							Depreciation and Amortization							Net Block	
	As at 32.03.2075 (16.07.2018)	Additions	Withdrawals/ Adjustments	As at 31.03.2076 (16.07.2019)	Additions	Withdrawals/ Adjustments	As at 31.03.2077 (15.07.2020)	Upto 32.03.2075 (16.07.2018)	For the Year	On Withdrawals/ Adjustments	Upto 31.03.2076 (16.07.2019)	For the Year	On Withdrawals/ Adjustments	Upto 31.03.2077 (15.07.2020)	As at 31.03.2077 (15.07.2020)	As at 31.03.2076 (16.07.2019)
3A. Property, Plant and Equipment																
Land and Land Development	305,147,856	-	-	305,147,856	-	-	305,147,856	-	-	-	-	-	-	-	305,147,856	305,147,856
Buildings	1,907,902,840	328,670,975	216,714	2,236,357,101	57,273,425	-	2,293,630,526	718,273,585	79,848,016	216,712	797,904,889	63,607,865	-	861,512,754	1,432,117,772	1,438,452,212
Plant and Equipment	7,442,550,153	206,213,518	52,249,260	7,596,514,411	325,754,620	77,548,578	7,844,720,453	4,303,596,025	540,564,698	52,123,513	4,792,037,210	545,582,191	76,118,954	5,261,500,447	2,583,220,006	2,804,477,201
Furniture and Fixtures	89,849,965	3,669,288	7,614,061	85,905,192	1,509,377	4,750,296	82,664,273	52,929,579	7,001,839	7,240,527	52,690,891	6,687,704	2,981,544	56,397,051	26,267,222	33,214,301
Vehicles	132,969,333	20,516,343	3,366,213	150,119,463	34,057,168	11,351,435	172,825,196	85,067,044	19,217,732	3,364,157	100,920,619	19,024,461	10,899,987	109,045,093	63,780,103	49,198,844
Computers	139,060,619	55,231,547	7,259,513	187,032,653	11,384,920	14,309,458	184,108,115	125,804,776	10,247,112	7,259,435	128,792,453	18,270,873	14,249,970	132,813,356	51,294,759	58,240,200
Office Equipment	114,314,641	6,737,484	1,593,487	119,458,638	1,943,416	2,947,447	118,454,607	62,325,424	9,732,947	1,290,491	70,767,880	10,742,614	2,766,425	78,744,069	39,710,538	48,690,758
Total	**10,131,795,407**	**621,039,155**	**72,299,248**	**10,680,535,314**	**431,922,926**	**110,907,214**	**11,001,551,026**	**5,347,996,433**	**666,612,344**	**71,494,835**	**5,943,113,942**	**663,915,708**	**107,016,880**	**6,500,012,770**	**4,501,538,256**	**4,737,421,372**
3B. Capital Work-in-Progress*	**232,950,476**	**696,161,939**	**598,682,970**	**330,429,445**	**226,700,046**	**389,138,351**	**167,991,140**	-	-	-	-	-	-	-	**167,991,140**	**330,429,445**
3C. Intangible Assets																
Capitalised Software	289,032,926	-	-	289,032,926	564,372	-	289,597,298	255,043,129	33,923,587	-	288,966,716	158,053	-	289,124,769	472,529	66,210
3D. Intangible assets under development	-	**9,489,998**	-	**9,489,998**	**9,076,353**	**564,372**	**18,001,979**	-	-	-	-	-	-	-	**18,001,979**	**9,489,998**

NOTES TO THE FINANCIAL STATEMENTS (Contd.)

[Amount in ₹]

Particulars	Gross Block							Depreciation and Amortization							Net Block	
	As at 32.03.2075 (16.07.2018)	Additions	Withdrawals/ Adjustments	As at 31.03.2076 (16.07.2019)	Additions	Withdrawals/ Adjustments	As at 31.03.2077 (15.07.2020)	Upto 32.03.2075 (16.07.2018)	For the Year	On Withdrawals/ Adjustments	Upto 31.03.2076 (16.07.2019)	For the Year	On Withdrawals/ Adjustments	Upto 31.03.2077 (15.07.2020)	As at 31.03.2077 (15.07.2020)	As at 31.03.2076 (16.07.2019)
3A. Property, Plant and Equipment																
Land & Land Development	19,07,17,410	–	–	19,07,17,410	–	–	19,07,17,410	–	–	–	–	–	–	–	19,07,17,410	19,07,17,410
Buildings	1,19,24,39,275	20,54,19,359	1,35,446	1,39,77,23,188	3,57,95,891	–	1,43,35,19,079	44,89,20,991	4,99,05,010	1,35,445	49,86,90,556	3,97,54,919	–	53,84,45,475	89,50,73,604	89,90,32,632
Plant and Equipment	4,65,15,93,846	12,88,83,449	3,26,55,788	4,74,78,21,507	20,35,96,638	4,84,67,861	4,90,29,50,284	2,68,97,47,516	33,78,52,935	3,25,77,196	2,99,50,23,255	34,09,88,869	4,75,74,346	3,28,84,37,778	1,61,45,12,506	1,75,27,98,252
Furniture and Fixtures	5,61,56,228	22,93,305	47,58,788	5,36,90,745	9,43,361	29,68,935	5,16,65,171	3,30,80,987	43,76,149	45,25,329	3,29,31,807	41,79,815	18,63,465	3,52,48,157	1,64,17,014	2,07,58,938
Vehicles	8,31,05,833	1,28,22,714	21,03,883	9,38,24,664	2,12,85,730	70,94,647	10,80,15,747	5,31,66,903	1,20,11,082	21,02,598	6,30,75,387	1,18,90,288	68,12,492	6,81,53,183	3,98,62,564	3,07,49,277
Computers	8,69,12,887	3,45,19,717	45,37,196	11,68,95,408	71,15,575	89,43,411	11,50,67,572	7,86,27,985	64,04,445	45,37,147	8,04,95,283	1,14,19,296	89,06,231	8,30,08,348	3,20,59,224	3,64,00,125
Office Equipment	7,14,46,651	42,10,928	9,95,929	7,46,61,650	12,14,635	18,42,154	7,40,34,131	3,89,53,390	60,83,092	8,06,557	4,42,29,925	67,14,134	17,29,016	4,92,15,043	2,48,19,088	3,04,31,725
Total	**6,33,23,72,130**	**38,81,49,472**	**4,51,87,030**	**6,67,53,34,572**	**26,99,51,830**	**6,93,17,008**	**6,87,59,69,394**	**3,34,24,97,772**	**41,66,32,713**	**4,46,84,272**	**3,71,44,46,213**	**41,49,47,321**	**6,68,85,550**	**4,06,25,07,984**	**2,81,34,61,410**	**2,96,08,88,359**
3B. Capital Work-in-Progress*	14,55,94,048	43,51,01,212	37,41,76,856	20,65,18,404	14,16,87,529	24,32,11,470	10,49,94,463	–	–	–	–	–	–	–	10,49,94,463	20,65,18,404
3C. Intangible Assets																
Capitalised Software	18,06,45,579	–	–	18,06,45,579	3,52,733	–	18,09,98,312	15,94,01,956	2,12,02,243	–	18,06,04,199	98,783	–	18,07,02,981	2,95,331	41,380
3D. Intangible assets under development	–	59,31,249	–	59,31,249	56,72,721	3,52,733	1,12,51,237	–	–	–	–	–	–	–	1,12,51,237	59,31,249

1. The amount of expenditures recognised in the carrying amount of property, plant and equipment in the course of construction is NRs. 38,856,653 {₹ 24,285,408} (2075/76 - NRs. 6,048,463 {₹ 3,780,289}).
2. The amortization expense of intangible assets have been included under 'Depreciation and Amortization expense' in the Statement of Profit or Loss and Other Comprehensive Income.
3. * Capital Work-in-Progress includes an amount of NRs. 66,990,266 {₹ 41,868,916} incurred on pre-construction activities including design development work carried out in relation to construction of a luxury hotel in Kathmandu. The Company has filed application for obtaining necessary statutory approval.

NOTES TO THE FINANCIAL STATEMENTS (CONTD.)

	Figures in NRs. As at 31st Asadh 2077 (15th July 2020)	Figures in ₹ As at 31st Asadh 2077 (15th July 2020)	Figures in NRs. As at 31st Asadh 2076 (16th July 2019)	Figures in ₹ As at 31st Asadh 2076 (16th July 2019)
4. LOANS				
NON-CURRENT				
Employee Loans	29,040,736	18,150,460	31,363,435	19,602,147
Total	29,040,736	18,150,460	31,363,435	19,602,147
CURRENT				
Employee Loans	8,657,227	5,410,767	7,518,404	4,699,003
Total	8,657,227	5,410,767	7,518,404	4,699,003
5. OTHER FINANCIAL ASSETS				
NON-CURRENT				
Deposits	–	–	880,825	550,516
Total	–	–	880,825	550,516
CURRENT				
Interest Accrued on				
- Call and Other Deposit with Banks	32,261,642	20,163,526	53,010,050	33,131,281
- Commercial Advances	6,900	4,312	8,623	5,389
Derivative instruments not designated as hedging instruments	12,435,323	7,772,077	913,810	571,131
Deposits	880,825	550,516	–	–
Recoverable from Holding Company	3,232,958	2,020,599	200,744	125,465
Claims Receivable	–	–	2,406,000	1,503,750
Total	48,817,648	30,511,030	56,539,227	35,337,016
6. DEFERRED TAX ASSETS /(LIABILITIES) (NET)				
Deferred Tax Assets	181,538,133	113,461,333	144,755,593	90,472,246
Less: Deferred Tax Liabilities	35,344,136	22,090,085	24,967,209	15,604,506
Deferred Tax Assets / (Liabilities) (Net)	146,193,997	91,371,248	119,788,384	74,867,740

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
2076/77								
Deferred Tax Assets in relation to:								
On Provision for Retirement and Other Employee Benefits	59,951,108	37,469,444	9,605,799	6,003,624	651,380	407,113	70,208,287	43,880,181
On Provision for Doubtful Advances	607,612	379,757	(2,025)	(1,266)	–	–	605,587	378,491
On Fiscal Allowances on Property, Plant and Equipment etc.	46,633,412	29,145,883	24,586,778	15,366,736	–	–	71,220,190	44,512,619
On Provision for Inventories	21,738,070	13,586,293	(1,078,958)	(674,349)	–	–	20,659,112	12,911,944
Other Timing Difference	15,825,391	9,890,869	3,019,566	1,887,229	–	–	18,844,957	11,778,098
Total Deferred Tax Assets	144,755,593	90,472,246	36,131,160	22,581,974	651,380	407,113	181,538,133	113,461,333
Deferred Tax Liabilities in relation to:								
On Overheads Allocation on Finished Goods	2,55,32,498	1,59,57,811	6,597,226	4,123,266	–	–	32,129,724	20,081,077
Other Timing Difference	(5,65,289)	(3,53,305)	3,779,701	2,362,313	–	–	3,214,412	2,009,008
Total Deferred Tax Liabilities	**2,49,67,209**	**1,56,04,506**	**10,376,927**	**6,485,579**	**–**	**–**	**35,344,136**	**22,090,085**
Deferred Tax Assets / (Liabilities) (Net)	**11,97,88,384**	**7,48,67,740**	**25,754,233**	**16,096,395**	**651,380**	**407,113**	**146,193,997**	**91,371,248**
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**

The Company has tax losses of NRs. 391,200,602 (₹ 244,500,376) [2075/76 - NRs. 379,316,465 (₹ 237,072,791)] for which no deferred tax assets have been recognised. These losses will expire between financial year 2077/78 to 2083/84. (2021-22 to 2026-27)

NOTES TO THE FINANCIAL STATEMENTS (CONTD.)

	Figures in NRs. As at 31st Asadh 2077 (15th July 2020)	Figures in ₹ As at 31st Asadh 2077 (15th July 2020)	Figures in NRs. As at 31st Asadh 2076 (16th July 2019)	Figures in ₹ As at 31st Asadh 2076 (16th July 2019)
7. OTHER ASSETS				
NON-CURRENT				
Capital Advances	**25,739,815**	**16,087,384**	437,836	273,648
Advances other than Capital Advances				
- Commercial Advances to Holding Company	**2,562,847,488**	**1,601,779,680**	2,264,244,141	1,415,152,588
- Security Deposits				
- With Statutory Authorities	**70,539,892**	**44,087,433**	64,869,892	40,543,682
- Others	**8,292,541**	**5,182,838**	128,600	80,375
Total	**2,667,419,736**	**1,667,137,335**	2,329,680,469	1,456,050,293
CURRENT				
Commercial Advances				
- Green Leaf bought from Tobacco Farmers (net of loan disbursed by Bank)	**8,700,646**	**5,437,903**	5,136,007	3,210,004
- Other Goods and Services	**14,285,851**	**8,928,657**	4,296,604	2,685,377
Advance with Statutory Authorities	**274,529,665**	**171,581,041**	46,413,665	29,008,541
Deposit with Statutory Authorities	**297,960,318**	**186,225,199**	210,649,366	131,655,854
Employee Advances	**608,843**	**380,527**	819,264	512,040
Unexpired Expenses	**134,464,301**	**84,040,188**	128,076,742	80,047,964
Margin Money Deposit	**28,645,605**	**17,903,503**	4,197,998	2,623,748
Total	**759,195,229**	**474,497,018**	399,589,646	249,743,528
8. INVENTORIES				
(At lower of cost and net realisable value)				
Raw Materials (including in-transit)	**2,248,470,187**	**1,405,293,867**	2,107,530,324	1,317,206,453
Stock - In - Process	**133,578,858**	**83,486,786**	119,236,199	74,522,624
Finished Goods	**2,887,371,852**	**1,804,607,408**	1,177,076,852	735,673,032
Stores and Supplies (including in-transit)	**237,747,363**	**148,592,102**	261,402,051	163,376,282
Total	**5,507,168,260**	**3,441,980,163**	3,665,245,426	2,290,778,391
The above includes goods in transit as under				
Raw Materials	**227,843,765**	**142,402,353**	200,633,329	125,395,831
Stores and Supplies	**11,627,259**	**7,267,037**	3,167,128	1,979,455
Total	**239,471,024**	**149,669,390**	203,800,457	127,375,286

The cost of inventories recognised as an expense includes NRs. 1,158,181 {₹ 723,863} (2075/76: NRs. Nil) in respect of write-downs of inventory to net realisable value. During the year, reversal of previous write-downs of NRs. Nil (2075/76: NRs. 919,601 {₹ 574,751}) have been made owing to subsequent increase in realisable value.

	Figures in NRs. As at 31st Asadh 2077 (15th July 2020)	Figures in ₹ As at 31st Asadh 2077 (15th July 2020)	Figures in NRs. As at 31st Asadh 2076 (16th July 2019)	Figures in ₹ As at 31st Asadh 2076 (16th July 2019)
9. TRADE RECEIVABLES				
Secured, considered good	**2,501,618**	**1,563,512**	3,042,844	1,901,778
Unsecured, considered good	**24,740,658**	**15,462,911**	31,689,183	19,805,739
Doubtful	**339,012**	**211,883**	339,012	211,883
Less: Allowance for doubtful receivables	**(339,012)**	**(211,883)**	(339,012)	(211,883)
Total	**27,242,276**	**17,026,423**	34,732,027	21,707,517
10. CASH AND CASH EQUIVALENTS*				
Cash on Hand	**30,000**	**18,750**	30,000	18,750
Balances with Banks				
- Current Accounts	**1,458,814**	**911,759**	4,449,232	2,780,770
Short Term - Call Deposits	**61,514,062**	**38,446,289**	22,553,362	14,095,851
Total	**63,002,876**	**39,376,798**	27,032,594	16,895,371

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

11. OTHER BANK BALANCES				
In Deposit Accounts *	**7,822,900,000**	**4,889,312,500**	7,816,400,000	4,885,250,000
Earmarked Balance (Savings Account - Provident Fund)	**70,123**	**43,827**	67,936	42,460
Total	**7,822,970,123**	**4,889,356,327**	7,816,467,936	4,885,292,460

* 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 2077 (15th July 2020)	Figures in ₹ As at 31st Asadh 2077 (15th July 2020)	Figures in NRs. As at 31st Asadh 2076 (16th July 2019)	Figures in ₹ As at 31st Asadh 2076 (16th July 2019)
12. EQUITY SHARE CAPITAL				
Authorised				
180,000,000 (2075/76 - 65,000,000) Ordinary Shares of NRs. 100/- {Rs. 62.50} each	18,000,000,000	18,000,000,000	6,500,000,000	4,062,500,000
Issued, Subscribed & Paid up				
20,160,000 (2075/76 - 20,160,000) Ordinary Shares of NRs.100/- {Rs. 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 {Rs. 62.50} per share, rank pari passu in all respects including voting rights and entitlement to dividend.

13. PROVISIONS				
NON-CURRENT				
Provision for Retirement and Other Employee Benefits [Refer Note 28]				
Retirement Benefits	80,670,449	50,419,029	77,532,357	48,457,723
Other Benefits	96,663,124	60,414,453	86,704,378	54,190,236
Total	177,333,573	110,833,482	164,236,735	102,647,959
CURRENT				
Provision for Retirement and Other Employee Benefits				
Retirement Benefits	30,949,809	19,343,631	12,606,955	7,879,347
Other Benefits	19,308,690	12,067,931	12,333,541	7,708,463
Total	50,258,499	31,411,562	24,940,496	15,587,810
14. BORROWINGS (CURRENT)				
Secured				
Overdrafts / Other Demand Loans from Banks*	1,968,037,964	1,230,023,728	449,332,304	280,832,690
Total	1,968,037,964	1,230,023,728	449,332,304	280,832,690

* Overdrafts / Other Demand Loans from Banks are secured by hypothecation of Property, Plant and Equipment, Inventories and Trade Receivables, both present and future.

15. TRADE PAYABLES (CURRENT)				
Trade Payables for Goods and Services				
- Holding Company	938,748,160	586,717,600	438,590,185	274,118,866
- Others	448,908,074	280,567,546	427,644,730	267,277,956
Total	1,387,656,234	867,285,146	866,234,915	541,396,822
16. OTHER FINANCIAL LIABILITIES (CURRENT)				
Payable for Property, Plant and Equipment	33,803,280	21,127,050	77,596,539	48,497,837
Retention Money				
- For Property, Plant and Equipment	31,239,774	19,524,859	64,220,079	40,137,549
- Others	1,978,374	1,236,484	1,947,667	1,217,292
Payable for Employee Benefits	30,241,522	18,900,951	29,204,580	18,252,863
Provision for Employee's Bonus under The Bonus Act, 2030				
- Distribution by Company	287,604,736	179,752,960	259,860,277	162,412,673
- Deposit with Welfare Funds established under The Labour Act	907,004,946	566,878,091	936,898,294	585,561,434
- Deposit with National Level Welfare Fund established by Govt. of Nepal	388,716,405	242,947,753	401,527,840	250,954,900
Security Deposits from Customers	7,119,000	4,449,375	6,400,000	4,000,000
Others (derivatives not designated as hedging instrument)	4,626,160	2,891,350	3,466,069	2,166,293
Total	1,692,334,197	1,057,708,873	1,781,121,345	1,113,200,841
17. OTHER LIABILITIES (CURRENT)				
Advances received from Customers	286,296,052	178,935,032	203,444,690	127,152,931
Statutory Liabilities	164,517,711	102,823,569	213,707,344	133,567,090
Provision for Corporate Social responsibility	283,747,449	177,342,156	236,876,427	148,047,767
Others	48,298,318	30,186,449	56,124,149	35,077,598
Total	782,859,530	489,287,206	710,152,610	443,845,386
18. CURRENT TAX LIABILITIES (NET)				
Provision for Income Tax	4,842,234,209	3,026,396,381	4,818,949,492	3,011,843,433
Less: Advance Tax paid / Withholding Tax deducted	(4,255,180,157)	(2,659,487,598)	(4,382,310,905)	(2,738,944,316)
Total	587,054,052	366,908,783	436,638,587	272,899,117

NOTES TO THE FINANCIAL STATEMENTS (CONTD.)

	Figures in NRs. For the Year 31st Asadh 2077 (15th July 2020)	Figures in ₹ For the Year 31st Asadh 2077 (15th July 2020)	Figures in NRs. For the Year 31st Asadh 2076 (16th July 2019)	Figures in ₹ For the Year 31st Asadh 2076 (16th July 2019)
19. GROSS REVENUE FROM SALE OF PRODUCTS				
FMCG				
- Cigarettes	36,240,315,600	22,650,197,249	36,939,829,547	23,087,393,467
- Branded Packaged Food Products	23,077,102	14,423,189	65,481,656	40,926,035
- Others (Agarbatti, Safety Matches, Apparel)	416,240,299	260,150,187	451,781,960	282,363,725
Others				
- Unmanufactured Tobacco	21,669,046	13,543,154	12,500,163	7,812,602
Total	36,701,302,047	22,938,313,779	37,469,593,326	23,418,495,829
20. DUTIES				
Excise Duty	9,911,263,835	6,194,539,897	9,964,590,545	6,227,869,091
Health Risk Tax	2,244,168,775	1,402,605,484	2,260,126,325	1,412,578,953
Sticker Charges	103,543,854	64,714,909	121,600,671	76,000,419
Total	12,258,976,464	7,661,860,290	12,346,317,541	7,716,448,463
21. OTHER OPERATING REVENUE				
Liability no longer required written back	13,539,955	8,462,472	132,018	82,511
Provision for doubtful advance / debts written back	6,751	4,219	11,134	6,959
Miscellaneous Income	14,757,555	9,223,472	13,396,982	8,373,114
Total	28,304,261	17,690,163	13,540,134	8,462,584
22. RAW MATERIALS CONSUMED ETC.				
Leaf and Casing Materials	2,852,702,193	1,782,938,870	3,002,482,317	1,876,551,448
Wrapping Materials	2,234,851,220	1,396,782,013	2,390,020,518	1,493,762,824
Purchases and Contract Manufacturing Charges	312,867,897	195,542,436	401,131,486	250,707,179
Sugar, Liquid Glucose, Laminates, Jar etc.	24,047,133	15,029,458	–	–
Fabrics, Trims etc.	2,553,863	1,596,164	4,918,500	3,074,063
	5,427,022,306	3,391,888,941	5,798,552,821	3,624,095,514
Allocation of overheads etc. on Finished Goods (manufactured)				
Opening	137,691,316	86,057,073	203,856,072	127,410,045
Closing	(182,483,093)	(114,051,933)	(137,691,316)	(86,057,073)
Total	5,382,230,529	3,363,894,081	5,864,717,577	3,665,448,486
23. EMPLOYEE BENEFITS EXPENSES				
Salaries, Wages and Allowances	662,647,378	414,154,612	558,326,601	348,954,126
Contribution to Provident and Other Funds	27,730,379	17,331,487	24,956,409	15,597,756
Provision for Retirement Benefits {Refer (I) of Note 28.a}	27,910,391	17,443,994	27,080,681	16,925,426
Cost of Stock Option Reimbursable	12,362,432	7,726,520	30,129,915	18,831,197
Labour and Staff Welfare	28,267,070	17,666,919	28,053,555	17,533,472
Provision for Employees' Bonus	1,583,326,087	989,578,804	1,598,286,411	998,929,007
Total	2,342,243,737	1,463,902,336	2,266,833,572	1,416,770,984
24. MANUFACTURING, ADMIN, SELLING EXPENSES ETC.				
Hired Machine Expenses	66,459,492	41,537,183	72,915,515	45,572,197
Rent	68,202,910	42,626,819	64,210,793	40,131,746
Electricity, Fuel and Water	115,384,322	72,115,201	143,251,611	89,532,257
Rates and Taxes	25,807,257	16,129,536	26,643,025	16,651,891
Insurance Premium	115,373,837	72,108,648	97,110,164	60,693,853
Repairs and Improvements - Depreciable Assets	158,997,369	99,373,356	178,334,933	111,459,333
Maintenance - Owned Properties	9,791,298	6,119,561	6,840,547	4,275,342
Maintenance - Other Properties	5,382,744	3,364,215	6,436,836	4,023,023
Safety and Pollution Control Cost	30,217,885	18,886,178	32,331,869	20,207,418
Consumption of Stores and Spare Parts *	47,429,965	29,643,728	43,976,752	27,485,470
Freight and Handling charges	65,655,352	41,034,595	85,265,396	53,290,873
Product and Packaging Development - Tools / Accessories	6,696,367	4,185,229	9,374,981	5,859,363
Product Development and License Fees	614,501,546	384,063,466	630,631,962	394,144,976
Advertising	7,524,362	4,702,726	8,063,802	5,039,876
Market Research	15,328,931	9,580,582	23,725,720	14,828,575
Retail Accessories	11,769,871	7,356,169	11,820,336	7,387,710
Trade Distribution Expenses	117,749,996	73,593,748	126,865,377	79,290,861
Information Technology Services	132,304,148	82,690,093	114,338,422	71,461,514
Travel and Conveyance	59,533,366	37,208,354	84,711,711	52,944,819
Training and Recruitment Expenses	1,773,801	1,108,626	2,814,518	1,759,074
Postage, Telephone, Fax etc.	4,806,532	3,004,083	5,368,329	3,355,206
Bank Charges and Commission	4,511,723	2,819,827	4,860,986	3,038,116
Audit Fees	1,110,000	693,750	1,110,000	693,750
Legal Fees	7,929,582	4,955,989	1,966,700	1,229,188
Printing and Stationery	6,113,557	3,820,973	6,855,972	4,284,983
Consultancy Charges	518,014,984	323,759,365	457,233,799	285,771,124
Professional Service Charges and Other Fees	134,502,331	84,063,957	129,624,824	81,015,515
Business Entertainment Expenses	7,512,495	4,695,309	5,631,409	3,519,631
Promotion and Sponsorship	8,046,007	5,028,754	16,840,827	10,525,517
Board Meeting Fees	88,235	55,147	88,235	55,147
Donations	1,672,500	1,045,313	618,000	386,250
Books and Periodicals	156,297	97,686	326,130	203,831
Membership Fee	271,270	169,544	705,690	441,056
Loss / (gain) on Property, Plant and Equipment Sold / Discarded (Net)	(6,534,859)	(4,084,287)	(1,957,756)	(1,223,598)
Corporate Social Responsibility {Refer (xi) of Note 29}	159,931,928	99,957,455	99,849,949	62,406,218
Doubtful and Bad Advances, Loans and Deposits	–	–	216,493	135,308
Miscellaneous Expenses {Refer (v) of Note 29}	2,521,115	1,575,695	15,070,878	9,419,299
Total	2,526,538,516	1,579,086,573	2,514,074,735	1,571,296,712

* Consumption of Stores and Spare Parts includes writeback of provision for obsolescence of spares NRs. 3,596,524 {₹ 2,247,828} (2075/76 - NRs. Nil {₹ Nil}).

NOTES TO THE FINANCIAL STATEMENTS (CONTD.)

	Figures in NRs. For the Year 31st Asadh 2077 (15th July 2020)	Figures in ₹ For the Year 31st Asadh 2077 (15th July 2020)	Figures in NRs. For the Year 31st Asadh 2076 (16th July 2019)	Figures in ₹ For the Year 31st Asadh 2076 (16th July 2019)
25. OTHER INCOME				
Interest Income from:				
a) Deposits with bank - carried at amortised cost	699,427,639	437,142,275	550,662,700	344,164,188
b) Investments - measured at amortised cost	–	–	(2,465,423)	(1,540,889)
c) Employee loans - measured at amortised cost	612,791	382,994	732,001	457,501
d) Others - Interest received from customers etc.	14,351,451	8,969,657	10,659,832	6,662,395
Net foreign exchange gain / (loss)	5,241,914	3,276,196	(6,345,961)	(3,966,226)
Total	719,633,795	449,771,122	553,243,149	345,776,969
26. FINANCE COST				
Interest expenses:				
a) On financial liabilities measured at amortised cost				
- Interest on Short Term Loans / Overdrafts	3,614,266	2,258,916	3,471,677	2,169,798
b) Others				
- Interest on Trading Debts	5,345,458	3,340,911	4,597,826	2,873,641
- Others	16,282,588	10,176,618	51,100,000	31,937,500
Total	25,242,312	15,776,445	59,169,503	36,980,939
27. TAX EXPENSE				
A. Amount recognised in Profit or Loss				
Current Tax	4,427,022,549	2,766,889,093	4,441,747,650	2,776,092,281
Deferred Tax	(25,754,233)	(16,096,396)	(66,632,413)	(41,645,258)
Adjustments / (credits) related to previous years - Net	317,025	198,141	24,467,532	15,292,208
Total	4,401,585,341	2,750,990,838	4,399,582,769	2,749,739,231
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	651,380	407,113	(5,941,363)	(3,713,352)
Total	651,380	407,113	(5,941,363)	(3,713,352)
C. Reconciliation between tax expense and accounting profit				
Profit before tax	14,249,934,784	8,906,209,240	14,284,727,750	8,927,954,844
Income Tax expense calculated at the applicable tax rate (Cigarettes Manufacturing @ 30%, Other Manufacturing @ 20% and Trading @ 25%)	4,279,006,078	2,674,378,798	4,319,194,935	2,699,496,834
Factors affecting tax charge for the year				
Effects of:				
– Difference in tax treatment of certain expense	106,287,881	66,429,926	47,074,432	29,421,520
– Adjustments recognised in the current year in relation to previous years	317,025	198,141	24,467,532	15,292,208
– Unused tax losses not recognised (net)	11,487,125	7,179,453	1,140,618	712,886
– Others	4,487,232	2,804,520	7,705,252	4,815,783
Income Tax recognised in profit or loss	4,401,585,341	2,750,990,838	4,399,582,769	2,749,739,231

28.a. Defined Benefit Plans

The Company provides defined benefit in the form of Gratuity and other retirement benefits. Gratuity is funded and deposited with the designated funds {e.g. Citizen Investment Trust (CIT)} 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.

			Figures in NRs.		Figures in ₹		Figures in NRs.		Figures in ₹	
			For the year ended 31st Asadh, 2077 (15th July, 2020)		For the year ended 31st Asadh, 2077 (15th July, 2020)		For the year ended 31st Asadh, 2076 (16th July, 2019)		For the year ended 31st Asadh, 2076 (16th July, 2019)	
			Gratuity	Other Retirement Benefits	Gratuity	Other Retirement Benefits	Gratuity	Other Retirement Benefits	Gratuity	Other Retirement Benefits
			Funded	Unfunded	Funded	Unfunded	Funded	Unfunded	Funded	Unfunded
1	Components of Employer Expense									
	–	Recognised in Profit or Loss								
	1	Current Service Cost	14,607,624	7,761,065	9,129,765	4,850,666	11,151,870	6,820,885	6,969,919	4,263,053
	2	Past Service Cost	–	–	–	–	–	3,400,905	–	2,125,566
	3	Net Interest Cost	(183,850)	5,725,552	(114,906)	3,578,470	355,429	5,351,592	222,143	3,344,745
	4	Total expense recognised in the Statement of Profit or Loss	14,423,774	13,486,617	9,014,859	8,429,136	11,507,299	15,573,382	7,192,062	9,733,364

NOTES TO THE FINANCIAL STATEMENTS (CONTD.)

			Figures in NRs.		Figures in ₹		Figures in NRs.		Figures in ₹	
			For the year ended 31st Asadh, 2077 (15th July, 2020)		For the year ended 31st Asadh, 2077 (15th July, 2020)		For the year ended 31st Asadh, 2076 (16th July, 2019)		For the year ended 31st Asadh, 2076 (16th July, 2019)	
			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)	(638,738)	–	(399,211)	–	373,908	–	233,693	–
	6	Effect of Changes in demographic assumptions	(21,477)	(568,416)	(13,423)	(355,260)	–	(663,863)	–	(414,914)
	7	Effect of Changes in financial assumptions	–	–	–	–	–	–	–	–
	8	Changes in asset ceiling (excluding interest income)	–	–	–	–	–	–	–	–
	9	Effect of experience adjustments	13,123,469	(9,723,572)	8,202,168	(6,077,233)	(10,202,354)	(9,312,234)	(6,376,471)	(5,820,146)
	10	**Total re-measurements included in Other Comprehensive Income**	**12,463,254**	**(10,291,988)**	**7,789,534**	**(6,432,493)**	**(9,828,446)**	**(9,976,097)**	**(6,142,778)**	**(6,235,060)**
	11	**Total defined benefit cost recognised in Statement of Profit or Loss and Other Comprehensive Income (4+10)**	**26,887,028**	**3,194,629**	**16,804,393**	**1,996,643**	**1,678,853**	**5,597,285**	**1,049,284**	**3,498,304**

The current service cost, past service cost and net interest cost for the year pertaining to Gratuity and Other Retirement Benefit expenses have been recognised in "Provision for Retirement Benefits" under Note 23. The remeasurements of the net defined benefit liability are included in Other Comprehensive Income.

		Figures in NRs.		Figures in ₹		Figures in NRs.		Figures in ₹	
		For the year ended 31st Asadh, 2077 (15th July, 2020)		For the year ended 31st Asadh, 2077 (15th July, 2020)		For the year ended 31st Asadh, 2076 (16th July, 2019)		For the year ended 31st Asadh, 2076 (16th July, 2019)	
		Gratuity	Other Retirement Benefits	Gratuity	Other Retirement Benefits	Gratuity	Other Retirement Benefits	Gratuity	Other Retirement Benefits
II	**Actual Returns**	13,343,565	–	8,339,728	–	10,960,975	–	6,850,609	–

III		**Net Asset/(Liability) recognised in Statement of Financial Position**								
	1	Present Value of Defined Benefit Obligation	218,958,643	84,733,231	136,849,152	52,958,269	179,014,146	82,048,602	111,883,841	51,280,376
	2	Fair Value on Plan Assets	192,071,616	–	120,044,760	–	170,923,436	–	106,827,148	–
	3	Status [Surplus/(Deficit)]	(26,887,027)	(84,733,231)	(16,804,392)	(52,958,269)	(8,090,710)	(82,048,602)	(5,056,694)	(51,280,376)
	4	Restriction on Asset recognised	–	–	–	–	–	–	–	–

	5	Net Asset/(Liability) recognised in Statement of Financial Position	Figures in NRs.		Figures in ₹		Figures in NRs.		Figures in ₹	
			As at 31st Asadh, 2077 (15h July, 2020)		As at 31st Asadh, 2077 (15h July, 2020)		As at 31st Asadh, 2076 (16th July, 2019)		As at 31st Asadh, 2076 (16th July, 2019)	
			Current	Non-current	Current	Non-current	Current	Non-current	Current	Non-current
		Gratuity	(26,887,027)	–	(16,804,392)	–	(8,090,710)	–	(5,056,694)	–
		Other Retirement Benefits	(4,062,782)	(80,670,449)	(2,539,239)	(50,419,031)	(4,516,245)	(77,532,357)	(2,822,653)	(48,457,723)

			Figures in NRs.		Figures in ₹		Figures in NRs.		Figures in ₹	
			For the year ended 31st Asadh, 2077 (15th July, 2020)		For the year ended 31st Asadh, 2077 (15th July, 2020)		For the year ended 31st Asadh, 2076 (16th July, 2019)		For the year ended 31st Asadh, 2076 (16th July, 2019)	
			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	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	Current Service Cost	14,607,624	7,761,065	9,129,765	4,850,666	11,151,870	6,820,885	6,969,919	4,263,053
	3	Past service cost	–	–	–	–	–	3,400,905	–	2,125,566
	4	Interest Cost	12,520,977	5,725,552	7,825,611	3,578,470	11,690,312	5,351,592	7,306,445	3,344,745
	5	Remeasurement gains / (losses):	–	–	–	–	–	–	–	–
	a	Effect of Changes in demographic assumptions	(21,477)	(568,416)	(13,423)	(355,260)	–	(663,863)	-	(414,914)
	b	Effect of Changes in financial assumptions	–	–	–	–	–	–	–	–
	c	Changes in asset ceiling (excluding interest income)	–	–	–	–	–	–	–	–
	d	Effect of experience adjustments	13,123,469	(9,723,572)	8,202,168	(6,077,233)	(10,202,354)	(9,312,234)	(6,376,471)	(5,820,146)
	6	Curtailment Cost / (Credits)	–	–	–	–	–	–	–	–
	7	Settlement Cost / (Credits)	–	–	–	–	–	–	–	–
	8	Liabilities assumed in business combination	–	–	–	–	–	–	–	–
	9	Exchange difference on foreign plans	–	–	–	–	–	–	–	–
	10	Benefits Paid	(286,096)	(510,000)	(178,810)	(318,750)	(1,260,265)	–	(787,666)	–
	11	**Present Value of DBO at the end of the year**	218,958,643	84,733,231	136,849,152	52,958,269	**179,014,146**	**82,048,602**	**111,883,841**	**51,280,377**

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, 2077 (15th July, 2020)	As at 31st Asadh, 2077 (15th July, 2020)	As at 31st Asadh, 2076 (16th July, 2019)	As at 31st Asadh, 2076 (16th July, 2019)
	Gratuity	26,887,027	16,804,392	8,090,710	5,056,694

NOTES TO THE FINANCIAL STATEMENTS (Contd.)

			Figures in NRs.		Figures in ₹		Figures in NRs.		Figures in ₹	
			For the year ended 31st Asadh, 2077 (15th July, 2020)		For the year ended 31st Asadh, 2077 (15th July, 2020)		For the year ended 31st Asadh, 2076 (16th July, 2019)		For the year ended 31st Asadh, 2076 (16th July, 2019)	
			Gratuity	Other Retirement Benefits	Gratuity	Other Retirement Benefits	Gratuity	Other Retirement Benefits	Gratuity	Other Retirement Benefits
VI	**Change in Fair Value of Assets**									
	1	Plan Assets at beginning of the year *	170,923,436	–	106,827,148	–	152,930,363	–	95,581,477	–
	2	Asset acquired in Business Combination	–	–	–	–	–	–	–	–
	3	Interest Income	12,704,827	–	7,940,517	–	11,334,883	–	7,084,302	–
	4	Remeasurement Gains / (Losses) on plan assets	638,738	–	399,211	–	(373,908)	–	(233,693)	–
	5	Actual Company Contributions	8,090,710	510,000	5,056,694	318,750	8,292,363	–	5,182,727	–
	6	Benefits Paid	(286,095)	(510,000)	(178,809)	(318,750)	(1,260,265)	–	(787,666)	–
	7	**Plan Assets at the end of the year**	192,071,616	–	120,044,761	–	170,923,436	–	106,827,147	–

The Plan Assets as on 31st Asadh, 2077 (15th July, 2020) do not include NRs. 125,511,918 {₹ 78,444,949} (including interest of NRs. 15,536,673 {₹ 9,710,421}), currently lying with CIT, which was determined as per erstwhile defined benefit plan relating to Gratuity for certain employees, which was replaced by a defined contribution plan consequent to the enactment of Labour Act, 2074. Such amount will be dealt with as per the provisions of the Labour Act, 2074 and Contribution Based Social Security Act, 2074.

VII	Actuarial Assumptions	As at 31st Asadh, 2077 (15th July, 2020)	As at 31st Asadh, 2076 (16th July, 2019)
		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, 2077 (15th July, 2020)	As at 31st Asadh, 2076 (16th July, 2019)
	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.		Figures in ₹		Figures in NRs.		Figures in ₹	
			For the year ended 31st Asadh, 2077 (15th July, 2020)		For the year ended 31st Asadh, 2077 (15th July, 2020)		For the year ended 31st Asadh, 2076 (16th July, 2019)		For the year ended 31st Asadh, 2076 (16th July, 2019)	
			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	218,958,643	84,733,231	136,849,152	52,958,269	179,014,146	82,048,602	111,883,841	51,280,376
	2	Fair Value on Plan Assets	192,071,616	–	120,044,760	–	170,923,436	–	106,827,148	–
	3	Status [Surplus / (Deficit)]	(26,887,027)	(84,733,231)	(16,804,392)	(52,958,269)	(8,090,710)	(82,048,602)	(5,056,694)	(51,280,376)
	4	Experience Adjustment of Plan Assets [Gain / (loss)]	638,738	–	399,211	–	(373,908)	–	(233,693)	–
	5	Experience Adjustment of Obligation [(Gain) / Loss]	13,123,469	(9,723,572)	8,202,168	(6,077,233)	(10,202,354)	(9,312,234)	(6,376,471)	(5,820,146)

XI Sensitivity Analysis

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

			Figures in NRs.	Figures in ₹	Figures in NRs.	Figures in ₹
			DBO as at 31st Asadh, 2077 (15th July, 2020)	DBO as at 31st Asadh, 2077 (15th July, 2020)	DBO as at 31st Asadh, 2076 (16th July, 2019)	DBO as at 31st Asadh, 2076 (16th July, 2019)
	1	Discount rate +100 basis points	287,049,225	179,405,766	245,778,812	153,611,757
	2	Discount rate -100 basis points	322,205,683	201,378,552	278,039,292	173,774,558
	3	Salary Increase Rate +1%	316,508,141	197,817,588	272,232,702	170,145,439
	4	Salary Increase Rate -1%	292,007,587	182,504,742	250,901,518	156,813,449

Maturity Analysis Of The Benefit Payments

	1	Year 1	46,791,537	29,244,711	13,911,428	8,694,643
	2	Year 2	30,352,303	18,970,189	32,661,901	20,413,688
	3	Year 3	21,083,627	13,177,267	25,871,044	16,169,403
	4	Year 4	28,821,279	18,013,299	18,386,249	11,491,406
	5	Year 5	34,489,687	21,556,054	23,982,024	14,988,765
	6	Next 5 Years	111,172,875	69,483,047	109,401,598	68,375,999

b. Amounts towards Defined Contribution Plans have been recognised under “Contribution to Provident and Other Funds” in Note 23.

NOTES TO THE FINANCIAL STATEMENTS (Contd.)

29. Additional Notes to the Financial Statements

(i) These financial statements were authorised for issue by the Board of Directors on 12th Ashwin, 2077 (28th September, 2020).

(ii) Cost of inventory recognized as expense during the year amount to NRs. 6,790,002,158 (₹ 4,243,751,349) [2075/76–NRs. 7,200,559,738 (₹ 4,500,349,836)].

(iii) Estimated amount of contracts remaining to be executed on capital account and not provided for NRs. 609,037,231 (₹ 380,648,269)[2075/76- NRs. 177,367,970 (₹ 110,854,981)].

(iv) Remuneration to Managing Director :

Particulars	**For the year ended 31st Asadh, 2077 (15th July, 2020) In NRs.**	**For the year ended 31st Asadh, 2077 (15th July, 2020) In ₹**	For the year ended 31st Asadh 2076 (16th July 2019) In NRs.	For the year ended 31st Asadh 2076 (16th July 2019) In ₹
Salary & Allowances	**30,936,809**	**19,335,506**	23,844,149	14,902,593
Other Benefits *	**2,923,126**	**1,826,954**	2,742,040	1,713,775
Post Employment Benefits	**	**	**	**
Total	**33,859,935**	**21,162,460**	**26,586,189**	**16,616,368**

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.12,362,432 (₹ 7,726,520) for the year ended 31st Asadh, 2077 [2075/76– NRs. 30,129,915 (₹ 18,831,197)], out of which NRs.5,134,191 (₹ 3,208,869) [2075/76– NRs. 12,156,352 (₹ 7,597,720)] is attributable to the Managing Director. No options were granted to the Managing Director during the aforementioned periods.

* Other Benefits includes amounts incurred/reimbursed by the Company towards Residential Rent and Maintenance, Fuel and Driver Salary for Vehicle, Vehicle Repairs and Maintenance etc.

**Post employment benefits are actuarially determined on overall basis for all employees.

(v) Miscellaneous Expenses include reimbursement of expenses to statutory auditors amounting to NRs.149,100 (₹ 93,188)[2075-76- NRs. 136,600 (₹ 85,375)].

(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
      – being associates of Russell Credit Limited, India and

NOTES TO THE FINANCIAL STATEMENTS (Contd.)

d) ATC Limited, India
– being associate of Gold Flake Corporation Limited, India

5. Joint Ventures of Holding Company
   a) Maharaja Heritage Resorts Limited, India
   b) Espirit Hotels Private Limited, India
   c) Logix Developers Private Limited, India
6. Joint Venture of Holding Company's Subsidiary
   a) ITC Essentra Limited, India
   – being joint venture of Gold Flake Corporation Limited, India
7. Key Management Personnel:

S Puri	Chairman & Non-Executive Director
S Kaul	Alternate Director to Mr. S Puri
B Sumant	Non-Executive Director
S Dutta	Non-Executive Director
R K Singhi	Non-Executive Director
S R Pandey	Non-Executive Director
S SJB Rana	Non-Executive Director
Saurya SJB Rana	Alternate Director to Mr. S. SJB Rana
Abhimanyu Kumar Poddar	Managing Director

Disclosure of transactions between the Company and related parties and the status of outstanding balances as at 31st Asadh, 2077 (15th July, 2020):

Related Party Transactions Summary	For the year ended 31st Asadh, 2077 (15th July, 2020) In NRs.			For the year ended 31st Asadh, 2076 (16th July, 2019) In NRs.		
	Holding Company	Fellow Subsidiaries	Key Management Personnel*	Holding Company	Fellow Subsidiaries	Key Management Personnel*
Purchase of Goods/ Services	4,712,267,262	64,694,865	-	4,483,342,190	54,019,119	-
Sitting Fees/ Incidental Expenses to Other Directors	-	-	111,765	-	-	123,529
Cost of Stock Option Reimbursable	12,362,432	-	-	30,129,915	-	-
Hired Machine Expenses	58,684,224	-	-	58,862,231	-	-
Dividend Payments	5,816,361,600	-	-	5,388,163,200	-	-
Expenses recovered	5,347,703	-	-	2,726,174	-	-
Expenses reimbursed	500,656	-	-	12,160,223	-	-
Advances Given	2,601,883,240	-	-	2,699,505,888	-	-
Outstanding Balances						
- Advances / Other Receivables	2,566,080,446	-	-	2,264,444,885	-	-
- Creditors / Payables	938,748,160	37,507,266	-	438,590,185	35,376,162	-

* also refer to Note 29(iv).

Related Party Transactions Summary	For the year ended 31st Asadh, 2077 (15th July, 2020) In NRs.		For the year ended 31st Asadh, 2076 (16th July, 2019) 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	3,000,112	365,569	5,727,850	670,869
Outstanding Balances				
- Creditors / Payables	18,897	-	199,565	-

Related Party Transactions Summary	For the year ended 31st Asadh, 2077 (15th July, 2020) In ₹			For the year ended 31st Asadh, 2076 (16th July, 2019) In ₹		
	Holding Company	Fellow Subsidiaries	Key Management Personnel*	Holding Company	Fellow Subsidiaries	Key Management Personnel*
Purchase of Goods/ Services	2,945,167,039	40,434,291	-	2,802,088,869	33,761,949	-
Sitting Fees/ Incidental Expenses to Other Directors	-	-	69,853	-	-	77,206
Cost of Stock Option Reimbursable	7,726,520	-	-	18,831,197	-	-
Hired Machine Expenses	36,677,640	-	-	36,788,894	-	-
Dividend Payments	3,635,226,000	-	-	3,367,602,000	-	-
Expenses recovered	3,342,314	-	-	1,703,859	-	-
Expenses reimbursed	312,910	-	-	7,600,139	-	-
Advances Given	1,626,177,025	-	-	1,687,191,180	-	-
Outstanding Balances						
- Advances / Other Receivables	1,603,800,279	-	-	1,415,278,053	-	-
- Creditors / Payables	586,717,600	23,442,041	-	274,118,866	22,110,101	-

* also refer to Note 29 (iv).

NOTES TO THE FINANCIAL STATEMENTS (Contd.)

Related Party Transactions Summary	For the year ended 31st Asadh, 2077 (15th July, 2020) In NRs.		For the year ended 31st Asadh, 2076 (16th July, 2019) 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	**1,875,070**	**228,481**	3,579,906	419,293
Outstanding Balances				
- Creditors / Payables	**11,811**	**–**	124,728	-

(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. 146,585,645 (₹ 91,616,028)[2075/76- NRs. 139,972,413 (₹ 87,482,758)] (net of provision made for the above assessment years) including interest on claims, where applicable, estimated to be NRs. 72,421,985 (₹ 45,263,741)[2075/76 - NRs. 65,808,753 (₹ 41,130,471)] 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. 40,133,061 (₹ 25,083,163)[2075/76- NRs. 38,358,897 (₹ 23,974,311)] including interest on claims, where applicable, estimated to be NRs. 10,185,959 (₹ 6,366,224)[2075/76 - NRs. 8,411,795 (₹ 5,257,372)] 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 Note24 -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 interalia 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. 12,362,432 (₹ 7,726,520)[2075/76– NRs. 30,129,915 (₹ 18,831,197)] (Refer Note 23) which represents the on-charge from ITC has been recognized as employee benefits expense with a corresponding payable, when such reimbursement is sought by ITC.

NOTES TO THE FINANCIAL STATEMENTS (Contd.)

The details of such options granted by ITC and status of the outstanding options is as under:

Particulars	2076/77 (2019/20)	2075/76 (2018/19)
	No. of Options	No. of Options
Outstanding at the beginning of the year	308,807	359,103
Add: Granted during the year	–	–
Add / (Less): Movement due to transfer of employees within group	(2,475)	–
Less: Exercised during the year	31,644	50,296
Outstanding at the end of the year	274,688	308,807
Options exercisable at the end of the year	250,281	247,753

(x) Figures have been rounded off to the nearest Nepalese Rupee.

(xi) Pursuant to the enactment of Industrial Enterprise Act (IEA), 2076, the Company has included Corporate Social Responsibility (CSR) expense for the year 2076-77 under "Manufacturing, Admin and Selling expenses etc". CSR expense for the previous year has been re-arranged/re-grouped to facilitate comparison.

30. Financial Instruments and Related Disclosures

1. Capital Management

The primary objective of the company's capital management is to maximize the shareholder value. The Company aims at maintaining a strong capital base and augments its internal generations with a judicious use of borrowing facilities to fund spikes in working capital that arise from time to time as well as requirements to finance business growth. The Company monitors the return on capital employed based on asset turnover and profitability ratio.

The Company is not subject to any capital adequacy norms under regulations presently in force.

2. Categories of Financial Instruments

Particulars	Note	Amount in NRs.		Amount in ₹		Amount in NRs.		Amount in ₹	
		As at 31st Asadh, 2077 (15th July, 2020)		As at 31st Asadh, 2077 (15th July, 2020)		As at 31st Asadh, 2076 (16th July, 2019)		As at 31st Asadh, 2076 (16th July, 2019)	
		Carrying Value	Fair Value	Carrying Value	Fair Value	Carrying Value	Fair Value	Carrying Value	Fair Value
A. Financial assets									
a) Measured at amortised cost									
i) Cash and Cash Equivalents	10	63,002,876	63,002,876	39,376,798	39,376,798	27,032,594	27,032,594	16,895,371	16,895,371
ii) Other Bank Balances	11	7,822,970,123	7,822,970,123	4,889,356,327	4,889,356,327	7,816,467,936	7,816,467,936	4,885,292,460	4,885,292,460
iii) Loans	4	37,697,963	24,695,150	23,561,227	15,434,469	38,881,839	25,620,625	24,301,149	16,012,891
iv) Trade Receivables	9	27,242,276	27,242,276	17,026,423	17,026,423	34,732,027	34,732,027	21,707,517	21,707,517
v) Other Financial assets	5	36,382,325	36,382,325	22,738,953	22,738,953	56,506,242	56,385,067	35,316,401	35,240,667
Sub - total		**7,987,295,563**	**7,974,292,750**	**4,992,059,728**	**4,983,932,970**	**7,973,620,638**	**7,960,238,249**	**4,983,512,898**	**4,975,148,906**
b) Derivatives measured at fair value									
i) Derivative instruments not designated as hedging instruments	5	12,435,323	12,435,323	7,772,077	7,772,077	913,810	913,810	571,131	571,131
Sub - total		**12,435,323**	**12,435,323**	**7,772,077**	**7,772,077**	**913,810**	**913,810**	**571,131**	**571,131**
Total financial assets		**7,999,730,886**	**7,986,728,073**	**4,999,831,805**	**4,991,705,047**	**7,974,534,448**	**7,961,152,059**	**4,984,084,029**	**4,975,720,037**
B. Financial liabilities									
a) Measured at amortised cost									
i) Borrowings	14	1,968,037,964	1,968,037,964	1,230,023,728	1,230,023,728	449,332,304	449,332,304	280,832,690	280,832,690
ii) Trade Payables	15	1,387,656,234	1,387,656,234	867,285,146	867,285,146	866,234,915	866,234,915	541,396,822	541,396,822
iii) Other financial liabilities	16	1,687,708,037	1,687,708,037	1,054,817,523	1,054,817,523	1,777,655,276	1,777,655,276	1,111,034,548	1,111,034,548
Sub - total		**5,043,402,235**	**5,043,402,235**	**3,152,126,397**	**3,152,126,397**	**3,093,222,495**	**3,093,222,495**	**1,933,264,060**	**1,933,264,060**
b) Derivatives measured at fair value									
i) Derivative instruments not designated as hedging instruments	16	4,626,160	4,626,160	2,891,350	2,891,350	3,466,069	3,466,069	2,166,293	2,166,293
Sub - total		**4,626,160**	**4,626,160**	**2,891,350**	**2,891,350**	**3,466,069**	**3,466,069**	**2,166,293**	**2,166,293**
Total financial liabilities		**5,048,028,395**	**5,048,028,395**	**3,155,017,747**	**3,155,017,747**	**3,096,688,564**	**3,096,688,564**	**1,935,430,353**	**1,935,430,353**

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, 2077 (15th July, 2020)	USD	EURO	GBP	Total
Financial Assets	9,898,579	8,194,201	–	18,092,780
Financial Liabilities	61,749,257	2,240,838	32,838	64,022,933

(Amount in 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, 2077 (15th July, 2020)	USD	EURO	GBP	Total
Financial Assets	6,186,612	5,121,376	–	11,307,988
Financial Liabilities	38,593,286	1,400,524	20,524	40,014,333

(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

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, 2077 (15th July, 2020) Buy	As at 31st Asadh, 2077 (15th July, 2020) Sell	As at 31st Asadh, 2076 (16th July, 2019) Buy	As at 31st Asadh, 2076 (16th July, 2019) Sell
US Dollar	NRs	**2,088,760**	–	1,444,083	63,113
Euro	NRs	**1,478,614**	–	–	–
GBP	NRs	**31,274**	–	–	–

(Amount in Foreign Currency)

Currency	Cross Currency	As at 31st Asadh, 2077 (15th July, 2020) Buy	As at 31st Asadh, 2077 (15th July, 2020) Sell	As at 31st Asadh, 2076 (16th July, 2019) Buy	As at 31st Asadh, 2076 (16th July, 2019) Sell
US Dollar	₹	**1,305,475**	–	902,552	39,446
Euro	₹	**924,134**	–	–	–
GBP	₹	**19,546**	–	–	–

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.

NOTES TO THE FINANCIAL STATEMENTS (Contd.)

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

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.14,237,053,639 (₹ 8,898,158,526)[2075/76– NRs. 12,007,125,260 (₹ 7,504,453,286)] including Cash and cash equivalents and Other bank balances of NRs.7,885,972,999 (₹ 4,928,733,125)[2075/76–NRs. 7,843,500,530 (₹ 4,902,187,831)] against an aggregate Current liability (excluding borrowings) of NRs. 4,500,162,512 (₹ 2,812,601,570) [2075/76–NRs. 3,819,087,953 (₹ 2,386,929,976)] on the reporting date.

Further, while the Company's total equity stands at NRs.15,122,177,963 (₹ 9,451,361,230)[2075/76–NRs. 15,133,588,406 (₹ 9,458,492,749)], it has borrowings of NRs. 1,968,037,964 (₹ 1,230,023,728)[2075/76–NRs. 449,332,304 (₹ 280,832,690)]. 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.7,884,414,062 (₹ 4,927,758,789) [2075/76– NRs. 7,838,953,362 (₹ 4,899,345,851)] 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. 27,242,276 (₹ 17,026,423)[2075/76– NRs. 34,732,027 (₹ 21,707,517)]. 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, 2077 (15th July, 2020)	31st Asadh, 2076 (16th July, 2019)
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, 2077 (15th July, 2020)	31st Asadh, 2076 (16th July, 2019)
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, 2077 (15th July, 2020)	As at 31st Asadh, 2077 (15th July, 2020)	As at 31st Asadh, 2076 (16th July, 2019)	As at 31st Asadh, 2076 (16th July, 2019)
A. Financial Assets					
a) Measured at amortised cost					
i) Loans *	3	16,037,923	10,023,702	18,102,221	11,313,888
ii) Other Financial Assets *	3	–	–	759,650	474,781
Sub-Total		16,037,923	10,023,702	**18,861,871**	**11,788,669**
b) Derivatives measured at fair value					
i) Derivative instruments not designated as hedging instruments	2	12,435,323	7,772,077	913,810	571,131
Sub-Total		12,435,323	7,772,077	**913,810**	**571,131**
Total financial assets		28,473,246	17,795,779	**19,775,681**	**12,359,800**

NOTES TO THE FINANCIAL STATEMENTS (Contd.)

B. Financial liabilities						
a) Derivatives measured at fair value						
	i) Derivative instruments not designated as hedging instruments	2	**4,626,160**	**2,891,350**	3,466,069	2,166,293
	Total financial liabilities		**4,626,160**	**2,891,350**	**3,466,069**	**2,166,293**

* 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

Siddhartha SJB Rana
Director

B Sumant
Director

S Puri
Chairman

S R Pandey
Director

S Dutta
Director

R K Singhi
Director

Nem Lal Amatya
Partner
N. Amatya & Co.
Chartered Accountants

Shashi Satyal
Partner
T R Upadhya & Co.
Chartered Accountants

Date: : 12th Ashwin 2077 (28th September 2020)

REPORT OF THE BOARD OF DIRECTORS FOR THE FINANCIAL YEAR ENDED 31ST MARCH, 2021

1. Your Directors submit their Report for the financial year ended 31st March, 2021.

2. **COMPANY PERFORMANCE**

Your Company earned total income of ₹ 841.07 lakhs during the year under review. The Company remains committed to its growth strategy through its joint venture interest in ITC Essentra Limited and continues to explore newer growth opportunities. The temporary surplus funds of the Company, in the meantime, have been deployed in bank fixed deposits and debt mutual funds.

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

	For the year ended 31st March, 2021 (₹)	For the year ended 31st March, 2020 (₹)
Profits		
a. Profit Before Tax	**7,43,68,364**	7,45,24,064
b. Less : Tax Expense	**13,66,313**	15,48,541
c. Profit After Tax	**7,30,02,051**	7,29,75,523
d. Add : Other Comprehensive Income	**(12,608)**	(1,931)
e. Total Comprehensive Income	**7,29,89,443**	7,29,73,592
Retained Earnings		
a. At the beginning of the year	**15,93,47,869**	8,63,74,277
b. Add : Profit for the year	**7,30,02,051**	7,29,75,523
c. Add : Other Comprehensive Income	**(12,608)**	(1,931)
d. Less : Interim Dividend paid	**9,99,89,906**	–
e. At the end of the year	**13,23,47,406**	15,93,47,869

3. **DIVIDEND**

During the year under review, Interim Dividend of ₹ 6.25 per Equity Share was declared by your Directors on 30th March, 2021. Such Dividend was paid to the Members whose names appeared in the Register of Members of the Company on the aforesaid date. The said Interim Dividend aggregating ₹ 999.90 lakhs have been recommended by your Directors as the Final Dividend for the financial year ended 31st March, 2021.

4. **DIRECTORS AND KEY MANAGERIAL PERSONNEL**

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

As you are aware, at the 86th Annual General Meeting ('AGM') held on 6th August, 2020, Ms. Nidhi Bajaj (DIN: 02171721) was appointed as a Non-Executive Director of your Company with effect from the said date.

There were no other changes in the composition of the Board of Directors ('the Board') and Key Managerial Personnel of your Company during the year under review.

(b) Retirement by Rotation

In accordance with the provisions of Section 152 of the Companies Act, 2013 ('the Act') read with the Articles of Association of the Company, Mr. Saradindu Dutta (DIN: 00058639), Director, will retire by rotation at the ensuing AGM of the Company, and being eligible, offers himself for re-election. Your Board has recommended his re-election.

5. **BOARD MEETINGS**

Five meetings of the Board were held during the year ended 31st March, 2021.

6. **DIRECTORS' RESPONSIBILITY STATEMENT**

As required under Section 134 of the Act, your Directors confirm having:

i) followed in the preparation of the Annual Accounts, the applicable Accounting Standards with proper explanation relating to material departures, if any;

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

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

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

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

7. **ASSOCIATE AND JOINT VENTURE**

The statement in Form 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 2020-21 (₹ in lakhs)	FY 2019-20 (₹ in lakhs)	FY 2020-21 (₹ in lakhs)	FY 2019-20 (₹ in lakhs)
ATC Limited (associate company)	**2,547.35**	2,532.44	**24.03**	12.09
ITC Essentra Limited (joint venture company)	**34,218.10**	38,581.37	**3,622.78**	4,208.51

8. **PARTICULARS OF EMPLOYEES**

The details of employees of the Company as required under Rule 5(2) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, are provided in the **Annexure** to this Report.

The Company seeks to enhance equal opportunities for men and women and is committed to a gender-friendly workplace. During the year, no complaint for sexual harassment was received. However, the Company is not required to constitute Internal Complaints Committee in terms of the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013.

9. **RISK MANAGEMENT**

The risk management framework of the Company is commensurate with its size and nature of business. Management of risks vest with the executive management which is responsible for the day-to-day conduct of the affairs of the Company, within the overall framework approved by the Board. The Internal Auditor of the Company periodically carries out risk focused audits with the objective of identifying areas where risk management processes could be strengthened. The Board annually reviews the effectiveness of the Company's risk management systems and policies.

10. **INTERNAL FINANCIAL CONTROLS**

Your Company has in place adequate internal financial controls with respect to the financial statements, commensurate with its size and scale of operations. The Internal Auditor of the Company periodically evaluates the adequacy and effectiveness of such internal financial controls. The Board which provides guidance on internal controls, also reviews internal audit findings and implementation of internal audit recommendations, if any.

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

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

During the year ended 31st March, 2021, the Company has neither given any loan or guarantee nor has made any investment under Section 186 of the Act.

12. **RELATED PARTY TRANSACTIONS**

During the year ended 31st March, 2021, the Company has neither entered into any contract or arrangement with its related parties which is not at arm's length nor has the Company entered into any material contract or arrangement with them, in terms of Section 188 of the Act.

13. **SIGNIFICANT AND MATERIAL ORDERS PASSED BY THE REGULATORS / COURTS / TRIBUNALS**

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

14. **COST RECORDS**

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

15. **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 2021-22. 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 : 5th May, 2021 S. Dutta *Director*

Annexure to the Report of the Board of Directors for the financial year ended 31st March, 2021

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

Name	Age	Designation	Gross Remuneration (₹)	Net Remuneration (₹)	Qualifications	Experience (Years)	Date of commencement of employment / deputation	Previous Employment / Position held
1	2	3	4	5	6	7	8	9
V. Luharuka *	37	Chief Financial Officer	81,12,187/-	46,43,761/-	B. Com (Hons.), A.C.A.	13	01.01.2015	ITC Limited – Manager (Finance)
S. Rampuria	31	Manager & Company Secretary	13,84,793/-	11,90,293/-	B. Com (Hons.), A.C.S.	7	01.01.2020	Antrang Finance Limited – Manager & Company Secretary

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

Notes:

1. Gross Remuneration includes salary, variable pay / performance bonus, allowances & other benefits / applicable perquisites borne by the Company, except provisions for gratuity and leave encashment which are actuarially determined on an overall Company basis. The term 'remuneration' has the meaning assigned to it under the Companies Act, 2013.
2. Net Remuneration comprises cash income less tax deducted at source and employee's own contribution to providend fund, if applicable.
3. The Chief Financial Officer (CFO) 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 CFO 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. Appointment (except for deputed employee) is contractual in accordance with terms and conditions as per the Company's rules.
5. The aforesaid employees are neither relative of any Director / Manager of the Company nor hold any equity share in the Company.

On behalf of the Board

R. Tandon *Chairman*
Dated : 5th May, 2021 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, 2021, 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, 2021, its profit including other comprehensive income, its cash flows and the changes in equity for the year ended on that date.

Basis for Opinion

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

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

The Company's Board of Directors is responsible for the other information. The other information comprises the information included in the Board report but does not include the Ind AS financial statements and our auditor's report thereon.

Our opinion on the Ind AS financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the Ind AS financial statements, our responsibility is to read the other information and, in doing so, consider whether such other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibility of Management for the Ind AS Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Act with respect to the preparation of these Ind AS financial statements that give a true and fair view of the financial position, financial performance including other comprehensive income, cash flows and changes in equity of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) specified under Section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgements 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 judgement and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the Ind AS financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under Section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Company has adequate internal financial controls with reference to financial statements in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the Ind AS financial statements, including the disclosures, and whether the Ind AS financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit fIndings, including any significant deficiencies in internal control that we identify during our audit.

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

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 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, 2021 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2021 from being appointed as a director in terms of Section 164 (2) of the Act;

(f) With respect to the adequacy of the internal financial controls with reference to these Ind AS financial statements and the operating effectiveness of such controls, refer to our separate Report in "Annexure 2" to this report;

(g) In our opinion, the managerial remuneration for the year ended March 31, 2021 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 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

Place of Signature: Mumbai
Date: May 05, 2021

Membership Number: 109360
UDIN: 21109360AAAABK9846

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 and audit procedures performed by us, 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 and hence not commented upon.

(iii) According to the information and explanations given to us and audit procedures performed by 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) 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 and audit procedures performed by us, no undisputed amounts payable in respect of provident fund, employees' state insurance, income-tax, service tax, sales-tax, value added tax, goods and services tax, cess and other statutory dues 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, there are no dues of income-tax, sales-tax, service tax, 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 and audit procedures performed by us, 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 and audit procedures performed by us, the managerial remuneration has been paid 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 and audit procedures performed by us, transactions with the related parties are in compliance with Section 188 of the Companies Act, 2013 where applicable and the details have been disclosed in the notes to the financial statements, as required by the applicable accounting standards. The provisions of Section 177 are not applicable to the Company and accordingly reporting under clause 3(xiii) of the Order insofar as it relates to Section 177 of the Act is not applicable to the Company and hence not commented upon.

(xiv) 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 and audit procedures performed by us, the Company has not entered into any non-cash transactions with directors or persons connected with him as referred to in Section 192 of Companies Act, 2013.

(xvi) According to the information and explanations given to us and audit procedures performed by 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

Place of Signature: Mumbai
Date: May 05, 2021

Membership Number: 109360
UDIN: 21109360AAAABK9846

ANNEXURE 2 TO THE INDEPENDENT AUDITOR'S REPORT OF EVEN DATE ON THE IND AS FINANCIAL STATEMENTS OF GOLD FLAKE CORPORATION LIMITED

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

We have audited the internal financial controls with reference to financial statements of Gold Flake Corporation Limited ("the Company") as of March 31, 2021 in conjunction with our audit of the Ind AS financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

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

Auditor's Responsibility

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

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

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

Meaning of Internal Financial Controls with reference to these Financial Statements

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

Inherent Limitations of Internal Financial Controls with reference to Financial Statements

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

Opinion

In our opinion, the Company has, in all material respects, adequate internal financial controls with reference to financial statements and such internal financial controls with reference to financial statements were operating effectively as at March 31, 2021, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note issued by the ICAI.

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

per Firoz Pradhan
Partner

Place of Signature: Mumbai
Date: May 05, 2021

Membership Number: 109360
UDIN: 21109360AAAABK9846

BALANCE SHEET AS AT 31ST MARCH, 2021

	Note		As at 31st March, 2021 (₹)		As at 31st March, 2020 (₹)
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
(c) Income Tax Assets (Net)	5A		98,90,010		–
Current assets					
(a) Financial Assets					
(i) Investments	6	1,19,71,364		3,03,30,675	
(ii) Cash and cash equivalents	7	1,96,086		7,15,785	
(iii) Other Bank Balances	8	22,58,91,216		21,64,30,007	
(iv) Others	9	11,80,096	23,92,38,762	2,20,12,828	26,94,89,295
TOTAL ASSETS			30,91,94,609		32,95,55,132
EQUITY AND LIABILITIES					
Equity					
(a) Equity Share capital	10	15,99,83,850		15,99,83,850	
(b) Other Equity		14,10,73,629	30,10,57,479	16,80,74,092	32,80,57,942
Liabilities					
Non-current liabilities					
(a) Financial Liabilities					
(i) Other financial liabilities	11		1,46,977		58,178
(b) Provisions	12		1,22,385		78,258
(c) Deferred tax liabilities (Net)	13		2,84,698		2,65,015
Current liabilities					
(a) Financial Liabilities					
(i) Other financial liabilities	11		83,771		5,76,562
(b) Current Tax Liabilities (Net)	5B		–		4,95,992
(c) Other liabilities	14		74,99,299		23,185
TOTAL EQUITY AND LIABILITIES			30,91,94,609		32,95,55,132

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
Mumbai, India
Dated: May 05, 2021

R. TANDON *Chairman*
V. LUHARUKA *Chief Financial Officer*
S. DUTTA *Director*
S. RAMPURIA *Manager & Company Secretary*
Kolkata, India
Dated: May 05, 2021

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31ST MARCH, 2021

		Note	For the year ended 31st March, 2021 (₹)	For the year ended 31st March, 2020 (₹)
I	Other Income	15	8,41,07,313	8,47,70,087
	Total Income (I)		8,41,07,313	8,47,70,087
II	**EXPENSES**			
	Employee benefits expense	16	94,78,960	1,00,26,177
	Other expenses	17	2,59,989	2,19,846
	Total Expenses (II)		97,38,949	1,02,46,023
III	**Profit before tax (I - II)**		7,43,68,364	7,45,24,064
IV	**Tax expense:**			
	Current Tax	18A	13,42,390	12,82,876
	Deferred Tax	18A	23,923	2,65,665
V	**Profit for the year (III - IV)**		7,30,02,051	7,29,75,523
VI	**Other Comprehensive Income**			
	(i) Items that will not be reclassified to profit or loss			
	- Remeasurements of Defined benefit plans	19(iii)	(16,848)	(2,581)
	(ii) Income tax on items that will not be reclassified to profit or loss	18B	4,240	650
	Other Comprehensive Income [(i)+(ii)]		(12,608)	(1,931)
VII	**Total Comprehensive Income for the year (V + VI)**		7,29,89,443	7,29,73,592
VIII	Earnings per equity share (Face Value of ₹ 10.00 each): - Basic and Diluted (in ₹)	19 (i)	4.56	4.56

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

In terms of our report attached.

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

On behalf of the Board

Firoz Pradhan
Partner
Mumbai, India
Dated: May 05, 2021

R. TANDON *Chairman*
V. LUHARUKA *Chief Financial Officer*
S. DUTTA *Director*
S. RAMPURIA *Manager & Company Secretary*
Kolkata, India
Dated: May 05, 2021

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31ST MARCH, 2021

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, 2020	15,99,83,850	–	15,99,83,850
For the year ended 31st March, 2021	**15,99,83,850**	**–**	**15,99,83,850**

B. Other Equity

(₹)

	Reserves and Surplus		Total
	General Reserve	Retained Earnings	
Balance as at 1st April, 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)
Total Comprehensive Income	–	**7,29,73,592**	**7,29,73,592**
Dividend paid	–	–	–
Balance as at 31st March, 2020	**87,26,223**	**15,93,47,869**	**16,80,74,092**
Profit for the year	–	7,30,02,051	7,30,02,051
Other Comprehensive Income (net of tax)	–	(12,608)	(12,608)
Total Comprehensive Income	–	**7,29,89,443**	**7,29,89,443**
Interim Dividend Paid	–	(9,99,89,906)	(9,99,89,906)
Balance as at 31st March, 2021	**87,26,223**	**13,23,47,406**	**14,10,73,629**

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
Mumbai, India
Dated: May 05, 2021

R. TANDON *Chairman*
V. LUHARUKA *Chief Financial Officer*

S. DUTTA *Director*
S. RAMPURIA *Manager & Company Secretary*
Kolkata, India
Dated: May 05, 2021

CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2021

		For the year ended 31st March, 2021 (₹)	For the year ended 31st March, 2020 (₹)
A.	**Cash Flow from Operating Activities**		
	PROFIT BEFORE TAX	**7,43,68,364**	7,45,24,064
	ADJUSTMENTS FOR:		
	Interest Income	(1,32,10,092)	(1,57,54,125)
	Dividend Income	(6,75,00,000)	(6,75,00,000)
	Net (gain)/loss arising on investments mandatorily measured at Fair value through profit or loss	(33,97,221)	(15,15,962)
	OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES	**(97,38,949)**	(1,02,46,023)
	ADJUSTMENTS FOR:		
	Security deposit	–	90,000
	Provisions	27,279	75,678
	Other current asset	(1,136)	(294)
	Other financial liabilities	70,72,122	4,21,898
	CASH USED IN OPERATIONS	(26,40,684)	(96,58,741)
	Income tax paid	(1,17,28,393)	(1,40,173)
	NET CASH USED IN OPERATING ACTIVITIES	**(1,43,69,077)**	(97,98,914)
B.	**Cash Flow from Investing Activities**		
	Purchase of current investments	(7,02,00,000)	(7,78,49,000)
	Sale / redemption of current investments	9,19,56,533	5,52,06,337
	Dividend Income	6,75,00,000	6,75,00,000
	Interest received	1,40,43,960	1,52,27,571
	Investment in bank deposits (original maturity more than 3 months)	(34,64,89,712)	(23,82,41,070)
	Redemption / maturity of bank deposits (original maturity more than 3 months)	33,70,28,503	20,85,42,566
	Maturity / (Investment) in deposit with housing finance company	2,00,00,000	(2,00,00,000)
	NET CASH FROM INVESTING ACTIVITIES	**11,38,39,284**	1,03,86,404
C.	**Cash Flow from Financing Activities**		
	Interim Dividend paid	(9,99,89,906)	–
	NET CASH GENERATED FROM / (USED IN) FINANCING ACTIVITIES	**(9,99,89,906)**	–
	NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS (A+B+C)	**(5,19,699)**	5,87,490
	OPENING CASH AND CASH EQUIVALENTS	**7,15,785**	1,28,295
	CLOSING CASH AND CASH EQUIVALENTS (Note 7)	**1,96,086**	7,15,785

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
Mumbai, India
Dated: May 05, 2021

R. TANDON *Chairman*
V. LUHARUKA *Chief Financial Officer*

S. DUTTA *Director*
S. RAMPURIA *Manager & Company Secretary*
Kolkata, India
Dated: May 05, 2021

NOTES TO THE FINANCIAL STATEMENTS

Company Information:

Gold Flake Corporation Limited, a wholly owned subsidiary of ITC Limited, is a Company within the meaning of the Companies Act, 2013. While the main objects of the Company are primarily to manufacture and deal in tobacco & tobacco related products, it continues to explore newer growth opportunities. It remains committed to its growth strategy through its joint venture and associate. The temporary surplus funds of the Company, in the meantime, are deployed in bank fixed deposits and debt mutual funds.

1. Significant Accounting Policies

Statement of Compliance

These financial statements have been prepared in accordance with Indian Accounting Standards (Ind AS) notified under Section 133 of the Companies Act, 2013. The financial statements have also been prepared in accordance with the relevant presentation requirements of the Companies Act, 2013. The Company adopted Ind AS from 1st April, 2016.

Basis of Preparation

The financial statements are prepared in accordance with the historical cost convention, except for certain items that are measured at fair values, as explained in the accounting policies.

Fair Value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique.

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

Operating Cycle

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

Property, Plant and Equipment – Tangible Assets

Property, plant and equipment are stated at cost of acquisition less accumulated depreciation and impairment, if any. For this purpose, cost includes deemed cost which represents the carrying value of property, plant and equipment recognised as at 1st April, 2015 measured as per the previous GAAP.

Cost is inclusive of inward freight, duties and taxes and incidental expenses related to acquisition. All upgradation / enhancements are charged off as revenue expenditure unless they bring similar significant additional benefits.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in Statement of Profit and Loss.

Depreciation of these assets commences when the assets are ready for their intended use which is generally on commissioning. Items of property, plant and equipment are depreciated in a manner that amortises the cost of the assets after commissioning (or other amount substituted for cost), less its residual value, over their useful lives as specified in Schedule II of the Companies Act, 2013 on a straight line basis. Land is not depreciated.

Property, plant and equipment's residual values and useful lives are reviewed at each Balance Sheet date and changes, if any, are treated as changes in accounting estimate. The estimated useful lives of property, plant and equipment of the Company are as follows:

Office Equipment - Desktop	3 years

Inventories

Inventories are stated at lower of cost and net realisable value. The cost is calculated on weighted average method. Cost comprises expenditure incurred in the normal course of business in bringing such inventories to its present location and condition and includes, where applicable, appropriate overheads based on normal level of activity. Net realisable value is the estimated selling price less estimated costs for completion and sale.

Investment in Subsidiaries, Associates and Joint 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.

NOTES TO THE FINANCIAL STATEMENTS (Contd.)

Income Recognition: Interest income is recognised in the Statement of Profit and Loss using the effective interest method. Dividend income is recognised in the Statement of Profit and Loss when the right to receive dividend is established.

Financial Liabilities

Trade payables and other financial liabilities are initially recognised at the value of the respective contractual obligations. They are subsequently measured at amortised cost. Any discount or premium on redemption / settlement is recognised in the Statement of Profit and Loss as finance cost over the life of the liability using the effective interest method and adjusted to the liability figure disclosed in the Balance Sheet.

Financial liabilities are de-recognised when the liability is extinguished, that is, when the contractual obligation is discharged, cancelled and on expiry.

Offsetting Financial Instruments

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

Equity Instruments

Equity instruments are recognised at the value of the proceeds, net of direct costs of the capital issue.

Employee Share Based Compensation

The cost of stock options and stock appreciation units granted by ITC Limited, the Holding Company, to its eligible employees deputed to the Company is recognised at fair value. These Schemes are in the nature of equity settled / cash settled share based compensation and are assessed, managed / administered by the Holding Company.

In case of stock options, the fair value of stock options at the grant date is amortised on a straight line basis over the vesting period and cost 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 recognised as an employee benefits expenses in the Statement of Profit and Loss with a corresponding increase in other financial liabilities.

Taxes on Income

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

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities and the amounts used for taxation purposes (tax base), at the tax rates and tax laws enacted or substantively enacted by the end of the reporting period.

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

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

Deferred tax assets and liabilities are offset when there is legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances related to the same taxation authority. Current tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on net basis, or to realise the asset and settle the liability simultaneously.

Dividend Distribution

Dividends paid (including income tax thereon) is recognised in the period in which the interim dividends are approved by the Board of Directors, or in respect of the final dividend when approved by shareholders.

Operating Segments

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker (CODM). The CODM, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Board of Directors of the Company.

Provisions

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

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

2. Use of Estimates and Judgements

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent liabilities at the date of the financial statements and the results of operations during the reporting period end. Although these estimates are based upon management's best knowledge of current events and actions, actual results could differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Key sources of estimation uncertainty

The following are the key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting period that may have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

i. Fair value measurements and valuation processes:

Some of the Company's assets and liabilities are measured at fair value for financial reporting purposes. In estimating the fair value of an asset or a liability, the Company uses market-observable data to the extent it is available. Where Level 1 inputs are not available, the Company uses other methods, including third party valuers, where required, to perform the valuation. Information about the valuation techniques and inputs used in determining the fair value of various assets, liabilities and share based payments are disclosed in the notes to the financial statements.

ii. Actuarial Valuation:

The determination of Company's liability towards defined benefit obligation to employees is made through independent actuarial valuation including determination of amounts to be recognised in the Statement of Profit and Loss and in other comprehensive income. Such valuation depend upon assumptions determined after taking into account inflation, seniority, promotion and other relevant factors such as supply and demand factors in the employment market. Information about such valuation is provided in notes to the financial statements.

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

The Company has considered the possible effects that may arise out of the 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.

(₹)

Particulars	Gross Block							Depreciation and Amortization							Net Book Value	
	As at 31st March, 2019	Additions	Withdrawals and adjustments	As at 31st March, 2020	Additions	Withdrawals and adjustments	As at 31st March, 2021	Upto 31st March, 2019	For the year	On Withdrawals and adjustments	Upto 31st March, 2020	For the year	On Withdrawals and adjustments	Upto 31st March, 2021	As at 31st March, 2021	As at 31st March, 2020
3. Property, plant and equipment Office Equipment	41,739	–	–	41,739	–	–	41,739	39,652	–	–	39,652	–	–	39,652	2,087	2,087
TOTAL	41,739	–	–	41,739	–	–	41,739	39,652	–	–	39,652	–	–	39,652	2,087	2,087

NOTES TO THE FINANCIAL STATEMENTS (contd.)

	As at 31st March, 2021 (₹)	As at 31st March, 2020 (₹)
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
5A. Income Tax Assets (Net)		
Income Tax Assets (net of provisions)	98,90,010	–
TOTAL	**98,90,010**	–
5B. Current Tax Liabilities (Net)		
Current taxation (net of advance payment)	–	4,95,992
TOTAL	–	4,95,992
6. Current investments	**Unquoted**	Unquoted
INVESTMENT IN MUTUAL FUNDS		
(at fair value through profit or loss, unless stated otherwise)		
Axis Liquid Fund		
176 (2020 - Nil) units of ₹ 1000.00 each	4,00,021	–
Aditya Birla Sun Life Liquid Fund		
Nil (2020 - 3,097) units of ₹ 100.00 each	–	9,84,043
ICICI Prudential Savings Fund		
Nil (2020 - 34,959) units of ₹ 100.00 each	–	1,36,47,128
Kotak Corporate Bond Fund		
3,609 (2020 - 5,688) units of ₹ 1000.00 each	1,07,71,297	1,56,99,504
Nippon India Liquid Fund		
80 (2020 - Nil) units of ₹ 1000.00 each	4,00,020	–
UTI Liquid Cash Plan		
119 (2020 - Nil) units of ₹ 1000.00 each	4,00,026	–
TOTAL	**1,19,71,364**	3,03,30,675
7. Cash and cash equivalents[@]		
Balances with Banks		
Current accounts	1,96,086	6,58,081
Cheques, drafts on hand	–	57,704
TOTAL	**1,96,086**	7,15,785

[@] Cash and cash equivalents include cash on hand, cheques, cash at bank, deposits with banks with original maturity of 3 months or less etc., as applicable.

	As at 31st March, 2021 (₹)	As at 31st March, 2020 (₹)
8. Other bank balances		
In deposit accounts *	22,58,91,216	21,64,30,007
TOTAL	**22,58,91,216**	21,64,30,007

* 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, 2021 (₹)	As at 31st March, 2020 (₹)
9. Other Financial assets		
Current		
Deposits	–	2,00,00,000
Interest accrued on deposits	11,78,666	20,12,534
Other Advances		
- Prepaid expenses	1,430	294
TOTAL	**11,80,096**	2,20,12,828

	As at 31st March, 2021 (No. of Shares)	As at 31st March, 2021 (₹)	As at 31st March, 2020 (No. of Shares)	As at 31st March, 2020 (₹)
10. 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, 2021 (No. of Shares)	As at 31st March, 2021 (%)	As at 31st March, 2020 (No. of Shares)	As at 31st March, 2020 (%)
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.

NOTES TO THE FINANCIAL STATEMENTS (Contd.)

	As at 31st March, 2021 (₹) Non-Current	As at 31st March, 2021 (₹) Current	As at 31st March, 2020 (₹) Non-Current	As at 31st March, 2020 (₹) Current
11. Other financial liabilities				
Other payables to related parties [Refer Note No.19 (vi)(b)]	1,46,977	26,829	58,178	5,22,562
Others (Liabilities for expenses)	–	56,942	–	54,000
TOTAL	1,46,977	83,771	58,178	5,76,562
12. Provisions				
Provision for employee benefits [Refer Note No. 19 (iii)]				
Retirement benefits	62,009	–	39,008	–
Other benefits	60,376	–	39,250	–
TOTAL	1,22,385	–	78,258	–

	As at 31st March, 2021 (₹)	As at 31st March, 2020 (₹)
13. Deferred tax liabilities (Net)		
Deferred tax liabilities	3,15,500	2,70,188
Less: Deferred tax assets	30,802	5,173
TOTAL	2,84,698	2,65,015

Amount in (₹)

Movement in Deferred tax liabilities / (assets) balances

2020-21	Opening Balance	Recognised in profit or loss	Recognised in OCI	Closing Balance
Deferred tax liabilities in relation to :				
Other timing differences:				
On current investments - FVTPL	2,70,188	45,312	–	3,15,500
Total deferred tax liabilities	**2,70,188**	**45,312**	**–**	**3,15,500**
On employees separation and retirement etc.	5,173	21,389	4,240	30,802
Total deferred tax assets	**5,173**	**21,389**	**4,240**	**30,802**
Deferred tax liabilities/ (assets) (Net)	**2,65,015**	**23,923**	**(4,240)**	**2,84,698**

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 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, 2021 (₹)	As at 31st March, 2020 (₹)
14. Other liabilities		
Statutory liabilities	74,99,299	23,185
TOTAL	74,99,299	23,185

	For the year ended 31st March, 2021 (₹)	For the year ended 31st March, 2020 (₹)
15. Other income		
Interest income	1,32,10,092	1,57,54,125
Dividend income	6,75,00,000	6,75,00,000
Other gains and losses	33,97,221	15,15,962
TOTAL	8,41,07,313	8,47,70,087

NOTES TO THE FINANCIAL STATEMENTS (Contd.)

	For the year ended 31st March, 2021 (₹)	For the year ended 31st March, 2020 (₹)
Interest income comprises interest from:		
a) Deposits with banks - carried at amortised cost	1,26,68,626	1,37,42,663
b) Other financial assets measured at amortised cost	5,41,466	19,07,516
c) Others (from statutory authorities)	–	1,03,946
TOTAL	**1,32,10,092**	1,57,54,125
Dividend income comprises dividend from:		
Other investments	6,75,00,000	6,75,00,000
TOTAL	**6,75,00,000**	6,75,00,000
Other gains and losses		
Net gain / (loss) arising on financial assets mandatorily measured at FVTPL *	33,97,221	15,15,962
TOTAL	**33,97,221**	15,15,962

* Includes ₹ 25,90,273 (2020 - ₹ 2,55,438) being net gain / (loss) on sale of investments.

16. Employee benefits expense

	2021	2020
Salaries and wages	13,57,543	2,70,336
Remuneration of managers' salary on deputation@	80,19,709	96,60,328
Staff welfare expenses	74,429	77,540
Provisions for Retirement and Other Benefits [Refer Note 19 (iii)]	27,279	17,973
TOTAL	**94,78,960**	1,00,26,177

@ Includes charge/ (credit) on account of share based payments as under :

- Employee Stock Option Scheme (ESOS) : ₹ 1,62,327 (2020 : ₹ 6,43,172) [Refer Note 19(vii)]

- Employee Stock Appreciation Linked Reward (ESAR) Plan : ₹ 1,15,628 [2020 : ₹ (1,13,048)] [Refer Note 19(vii)]

17. Other expenses

	2021	2020
Rates and taxes	50,444	35,237
Insurance	3,896	206
Bank charges	2,149	2,045
Consultancy / Professional fees	1,05,200	95,158
Miscellaneous expenses	98,300	87,200
TOTAL	**2,59,989**	2,19,846
Miscellaneous expenses include:		
Auditors' remuneration and expenses*		
Audit fees	60,000	60,000
Tax audit fees	10,000	10,000
Fees for other services	25,000	16,000

* Excluding taxes.

18. Income tax expenses

A. Amount recognised in profit or loss

	2021	2020
Current tax		
Income tax for the year	18,10,000	17,90,000
Adjustments / (credits) related to previous years - Net	(4,67,610)	(5,07,124)
Total current tax	**13,42,390**	12,82,876
Deferred tax		
Deferred tax for the year	23,923	2,65,665
Total deferred tax	**23,923**	2,65,665
TOTAL	**13,66,313**	15,48,541

B. Amount recognised in other comprehensive income

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

	2021	2020
Deferred tax		
On items that will not be reclassified to profit or loss		
Remeasurements of defined benefit plans	4,240	650
TOTAL	**4,240**	650

C. Reconciliation of effective tax rate

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

	2021	2020
Profit before tax	**7,43,68,364**	**7,45,24,064**
Income tax expense calculated @ 25.168%	1,87,17,030	1,87,56,216
Effect of tax relating to uncertain tax positions	69,956	2,84,590
Effect of difference in taxable income / deductible expense	(1,69,88,400)	–
Effect of income not taxable	–	(1,69,88,400)
Other Differences	35,337	3,259
Total	**18,33,923**	20,55,665
Adjustments recognised in the current year in relation to the current tax of prior years	(4,67,610)	(5,07,124)
Income tax recognised in profit or loss	**13,66,313**	15,48,541

The tax rate used for the above reconciliations is the corporate tax rate of 25.168% (22% + surcharge @ 10% + cess @ 4%) payable on taxable profits under the Income-tax Act, 1961.

NOTES TO THE FINANCIAL STATEMENTS (Contd.)

19. Additional Notes to the Financial Statements

(i) Earnings per share:

	2021	2020
Earnings per share has been computed as under:		
(a) Profit for the year (₹)	**7,30,02,051**	7,29,75,523
(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**	4.56

(ii) Uncalled liability in respect of partly paid-up 1,39,125 shares of ATC Limited @ ₹ 90.00 per share (includes ₹ 60.00 per share as premium) is ₹ 1,25,21,250 (2020 - ₹ 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, 2021 (₹)		For the year ended 31st March, 2020 (₹)	
			Gratuity	**Leave Encashment**	Gratuity	Leave Encashment
			Unfunded	**Unfunded**	Unfunded	Unfunded
I		**Components of Employer Expense**				
	-	**Recognised in Profit or Loss**				
	1	Current Service Cost	15,088	7,300	12,136	5,837
	2	Past Service Cost	–	–	–	–
	3	Net Interest Cost	2,438	2,453	–	–
	4	**Total expense recognised in the Statement of Profit and Loss**	**17,526**	**9,753**	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	5,475	11,373	(8,660)	(6,141)
	10	**Total re-measurements included in Other Comprehensive Income [(Gain)/Loss]**	**5,475**	**11,373**	(822)	3,403
	11	**Total defined benefit cost recognised in Statement of Profit and Loss and Other Comprehensive Income [(Gain)/Loss] (4+10)**	**23,001**	**21,126**	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 16. 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	62,009	60,376	39,008	39,250
	2	Fair Value of Plan Assets	–	–	–	–
	3	Status [Surplus / (Deficit)]	(62,009)	(60,376)	(39,008)	(39,250)
	4	Restrictions on Asset Recognised	–	–	–	–

			As at 31st March, 2021 (₹)		As at 31st March, 2020 (₹)	
	5	**Net Asset / (Liability) recognised in Balance Sheet**	**Gratuity**	**Leave Encashment**	Gratuity	Leave Encashment
		- Current	–	–	–	–
		- Non-current	(62,009)	(60,376)	(39,008)	(39,250)

NOTES TO THE FINANCIAL STATEMENTS (Contd.)

			For the year ended 31st March, 2021 (₹)		For the year ended 31st March, 2020 (₹)	
			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	39,008	39,250	–	–
	2	Current Service Cost	15,088	7,300	12,136	5,837
	3	Interest Cost	2,438	2,453	–	–
	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	5,475	11,373	(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**	**62,009**	**60,376**	39,008	39,250

			As at 31st March, 2021	As at 31st March, 2020
V	**Actuarial Assumptions**		**Discount Rate (%)**	Discount Rate (%)
	1	Gratuity	**6.25**	6.25
	2	Leave Encashment	**6.25**	6.25

			For the year ended 31st March, 2021 (₹)		For the year ended 31st March, 2020 (₹)	
			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	62,009	60,376	39,008	39,250
	2	Fair Value of Plan Assets	–	–	–	–
	3	Status [Surplus / (Deficit)]	(62,009)	(60,376)	(39,008)	(39,250)
	4	Experience Adjustment of Plan Assets [Gain / (Loss)]	–	–	–	–
	5	Experience Adjustment of obligation [(Gain) / Loss]	5,475	11,373	(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. There was no change in the methods and assumptions used in the preparation of sensitivity analysis from previous year.

Amount in (₹)

			DBO as at 31st March, 2021		DBO as at 31st March, 2020	
			Gratuity	Leave Encashment	Gratuity	Leave Encashment
			Unfunded	Unfunded	Unfunded	Unfunded
	1	Discount Rate + 100 basis points	48,350	47,095	30,133	30,343
	2	Discount Rate - 100 basis points	79,800	77,675	50,678	50,960
	3	Salary Increase Rate + 1%	79,470	77,354	50,469	50,751
	4	Salary Increase Rate - 1%	48,322	47,069	30,109	30,321

NOTES TO THE FINANCIAL STATEMENTS (Contd.)

Maturity Analysis of the Benefit Payments

Amount in (₹)

			DBO as at 31st March, 2021		DBO as at 31st March, 2020	
			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, 2021. 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:

Amount in (₹)

	2021	2020
Non-current assets (in India)	98,92,097	2,087

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. A. Roy — Non-Executive Director
- Ms. N. Bajaj — Non-Executive Director (w.e.f. 06.08.2020)
- Mr. V. Luharuka — Chief Financial Officer
- Ms. S. Rampuria — Manager & Company Secretary

(iii) Other related parties with whom the Company had transactions:

Joint Venture

– ITC Essentra Limited

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

Amount in (₹)

	Related Party Transaction Summary	Holding Company		Joint Venture		Key Management Personnel		Total	
		2021	2020	2021	2020	2021	2020	2021	2020
1.	Purchase of Internal audit services	33,040	33,040	–	–	–	–	33,040	33,040
2.	Dividend Income	–	–	6,75,00,000	6,75,00,000	–	–	6,75,00,000	6,75,00,000
3.	Remuneration of managers on deputation reimbursed - for Chief Financial Officer - for Manager & Company Secretary	77,41,754 –	60,96,746 30,33,458	– –	– –	– –	– –	77,41,754 –	60,96,746 30,33,458
4.	Remuneration on account of share based payment for managers on deputation	2,77,955	5,30,124	–	–	–	–	2,77,955	5,30,124
5.	Expenses Reimbursed	44,979	75,000	–	–	–	–	44,979	75,000
6.	Remuneration of Key Management Personnel (Manager & Company Secretary)	–	–	–	–	13,86,993	2,72,876	13,86,993	2,72,876
7.	Interim Dividend Paid	9,99,89,906	–	–	–	–	–	9,99,89,906	–
Outstanding Balances									
8.	Payables [Refer Note 11]	1,73,806	5,80,740	–	–	–	–	1,73,806	5,80,740

(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 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 employee on-charge by ITC. Accordingly, an amount of ₹ 1,62,327/- (2020 – ₹ 6,43,172/-) towards Stock Options and ₹ 1,15,628/- [2020 - ₹ (1,13,048)/-] towards ESAR Units have been recognized as employee benefits expense (Refer Note 16). The liability of ₹ 1,73,806/- (2020 – ₹ 58,178/-) on account of ESAR Units is presented under Note 11 of the financial statements.

The summary of movement of the aforesaid Stock Options granted by ITC and status of the outstanding options is as under:

Particulars	As at 31st March, 2021	As at 31st March, 2020
	No. of Options	No. of Options
Outstanding at the beginning of the year	7,320	7,320
Add: Granted during the year	–	–
Less: Lapsed during the year	–	–
Less: Exercised during the year	–	–
Outstanding at the end of the year	7,320	7,320
Options exercisable at the end of the year	7,320	5,856

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

Since the above-mentioned Stock Options / ESAR Units are not tradeable, no perquisite or benefit is conferred upon the employee by grant of such Options / Units.

(viii) **List of significant investments:**

a. Interest in Associate:

Name of the Investee	Principal Place of Business	Proportion of the ownership interest *		Method used to account for the investments in Separate Financial Statement
		As at 31st March, 2021	As at 31st March, 2020	
ATC Limited	Hosur, India	47.50%	47.50%	At cost

b. Interest in Joint Venture:

The Company's interest, as a venturer, in jointly controlled entity (incorporated Joint Venture) is:

Name of the Investee	Principal Place of Business	Percentage of ownership interests *		Method used to account for the investments in Separate Financial Statement
		As at 31st March, 2021	As at 31st March, 2020	
ITC Essentra Limited	Bengaluru, India	50.00%	50.00%	At cost

* Also refer Note 4.

20. Financial Instruments and Related Disclosures

a. Capital Management

The Company funds its operations mainly through internal accruals and do not have any borrowings. The Company aims at maintaining a strong capital base largely towards supporting the future growth of its businesses as a going concern.

b. Categories of Financial Instruments Amount in (₹)

Particulars	Note	As at 31st March, 2021		As at 31st March, 2020	
		Carrying Value	Fair Value	Carrying Value	Fair Value
A. Financial assets					
a) Measured at amortised cost					
i) Cash and cash equivalents	7	1,96,086	1,96,086	7,15,785	7,15,785
ii) Other bank balances	8	22,58,91,216	22,58,91,216	21,64,30,007	21,64,30,007
iii) Other financial assets	9	11,80,096	11,80,096	2,20,12,828	2,20,12,828
Sub-total		**22,72,67,398**	**22,72,67,398**	23,91,58,620	23,91,58,620
b) Measured at Fair Value through Profit or Loss					
i) Investment in Mutual Funds	6	1,19,71,364	1,19,71,364	3,03,30,675	3,03,30,675
Sub-total		**1,19,71,364**	**1,19,71,364**	3,03,30,675	3,03,30,675
Total financial assets		**23,92,38,762**	**23,92,38,762**	26,94,89,295	26,94,89,295
B. Financial liabilities					
a) Measured at amortised cost					
i) Other financial liabilities	11	2,30,748	2,30,748	6,34,740	6,34,740
Total financial liabilities		**2,30,748**	**2,30,748**	6,34,740	6,34,740

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 return. This ensures that investments are only made within acceptable risk parameters.

The Company's investments are predominantly held in debt mutual funds, fixed deposits etc. The Company invests in mutual fund schemes of leading fund houses. Such investments are susceptible to market price risk that arise mainly from changes in interest rate which may impact the return and value of such investments. However, given the relatively short tenure of underlying portfolio of the mutual fund schemes in which the Company has invested, such price risk is not significant.

Fixed deposits are held with highly rated banks and companies, have a short tenure and are not subject to interest rate volatility.

Liquidity Risk

The Company's Current assets aggregate to ₹ 23,92,38,762/- (2020 – ₹ 26,94,89,295/-) including Current Investments, Cash and cash equivalents, and Other Bank Balances of ₹ 23,80,58,666/- (2020 – ₹ 24,74,76,467/-) against an aggregate total liability of ₹ 81,37,130/- (2020 – ₹ 14,97,190/-) 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: Amount in (₹)

Particulars	**Fair Value**		
	Hierarchy (Level)	**As at 31st March, 2021**	As at 31st March, 2020
A. Financial assets			
Measured at Fair value through Profit or Loss			
Investment in Mutual Funds	1	**1,19,71,364**	3,03,30,675

On behalf of the Board

R. TANDON *Chairman* S. DUTTA *Director*

Kolkata, India V. LUHARUKA *Chief Financial Officer* S. RAMPURIA *Manager & Company Secretary*

Dated: May 05, 2021

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-2021	31-March-2021
2.	**Date on which the Associate or Joint Ventures was associated or acquired**	06-April-1996	30-June-1994
3.	**Shares of Associate / Joint Ventures held by the Company on the year end**		
	Number	1,94,775#	22,50,000
	Amount of Investment in Associates/Joint Venture (₹)	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 (₹)**	6,71,88,829	89,35,23,500
7.	**Profit/(Loss) for the year (₹)**	24,02,604	36,22,78,000
	i. Considered in Consolidation (₹)*	–	–
	ii. Not Considered in Consolidation (₹)	24,02,604	36,22,78,000

* 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*

V. LUHARUKA *Chief Financial Officer* S. RAMPURIA *Manager & Company Secretary*

Kolkata, India
Dated: May 05, 2021

REPORT OF THE BOARD OF DIRECTORS FOR THE FINANCIAL YEAR ENDED 31ST MARCH, 2021

1. Your Directors submit their Report for the financial year ended 31st March, 2021.

2. **COMPANY PERFORMANCE**

During the year under review, the Company earned total revenue of ₹ 5.56 lakhs, primarily from deployment of its temporary surplus funds in bank fixed deposits.

The Company, an Unregistered Core Investment Company within the meaning of the Core Investment Companies (Reserve Bank) Directions, 2016, continues to explore suitable investment opportunities.

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

	For the year ended 31st March, 2021 (₹)	For the year ended 31st March, 2020 (₹)
a. Profit Before Tax	**1,12,502**	2,90,827
b. Less : Tax Expense	**18,717**	68,307
c. Profit After Tax	**93,785**	2,22,520
d. Add : Profit brought forward from previous years	**95,87,691**	93,65,171
e. Profit carried forward	**96,81,476**	95,87,691

3. **DIRECTORS**

As you are aware, at the 8th Annual General Meeting ('AGM') held on 6th August, 2020, Ms. Nidhi Bajaj (DIN: 02171721) was appointed as a Non-Executive Director of your Company with effect from the said date.

There was no other change in the composition of the Board of Directors of your Company ('the Board') during the year under review.

In accordance with the provisions of Section 152 of the Companies Act, 2013 ('the Act') read with Article 19 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**

Four meetings of the Board were held during the year ended 31st March, 2021.

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 2020-21	FY 2019-20	**FY 2020-21**	FY 2019-20
MRR Trading & Investment Company Limited	**7,26,407/-**	7,33,046/-	**33,000/-**	23,795/-

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 the **Annexure** to this Report.

The Company seeks to enhance equal opportunities for men and women and is committed to a gender-friendly workplace. During the year, no complaint for sexual harassment was received. However, the Company is not required to constitute Internal Complaints Committee in terms of the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013.

8. **RISK MANAGEMENT**

The risk management framework of the Company is commensurate with its size and nature of business. The Internal Auditor of the Company periodically carries out risk focused audits with the objective of identifying areas where risk management processes could be strengthened. The Board annually reviews the effectiveness of the Company's risk management systems and policies.

9. **INTERNAL FINANCIAL CONTROLS**

Your Company has in place adequate internal financial controls with respect to the financial statements, commensurate with its size and scale of operations. The Internal Auditor of the Company periodically evaluates the adequacy and effectiveness of such internal financial controls. The Board which provides guidance on internal controls, also reviews internal audit findings and implementation of internal audit recommendations, if any.

During the year, the internal financial controls in the Company with respect to the financial statements were tested and no material weakness in the design or operation of such controls was observed. Nonetheless, your Company recognises that any internal financial control framework, no matter how well designed, has inherent limitations and accordingly, regular audit and review processes 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, 2021, 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. **COST RECORDS**

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

14. **STATUTORY AUDITORS**

Messrs. S R B C & CO LLP, Chartered Accountants ('SRBC'), were appointed as the Auditors of your Company at the 7th AGM held on 20th June, 2019 to hold such office till the conclusion of the 12th AGM (up to financial year 2023-24). Pursuant to Section 142 of the Act, the Board has recommended for the approval of the Members, remuneration of SRBC for the financial year 2021-22. Appropriate resolution in respect of the same is being placed for your approval at the ensuing AGM of the Company.

15. **COMPLIANCE WITH SECRETARIAL STANDARDS**

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

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

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

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

On behalf of the Board

R. Tandon — *Chairman*

Dated: 5th May, 2021

Saradindu Dutta — *Director*

Annexure to the Report of the Board of Directors for the financial year ended 31st March, 2021

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

Name	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	27	Manager - Accounts	3,31,296/-	3,12,490/-	B.Com (Hons.)	5	11.03.2019	Executive Accountant - Spectrum Automotive Private Limited

Notes:

a. Gross remuneration includes salary, variable pay, allowances and other benefits / applicable perquisites borne by the Company, except provision for gratuity and leave encashment which is actuarially determined on an overall Company basis. 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: 5th May, 2021

Saradindu Dutta *Director*

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ITC INVESTMENTS & HOLDINGS LIMITED

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of ITC Investments & Holdings Limited ("the Company"), which comprise the Balance Sheet as at March 31, 2021, the Statement of Profit and Loss, the Cash Flow Statement for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Companies Act, 2013, as amended ("the Act") in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2021, 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, 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 judgements 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 judgement and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under Section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Company has adequate internal financial controls with reference to financial statements in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

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

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 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, 2021 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2021 from being appointed as a director in terms of Section 164 (2) of the Act;

(f) With respect to the adequacy of the internal financial controls with reference to these financial statements and the operating effectiveness of such controls, refer to our separate Report in "Annexure 2" to this report;

(g) In our opinion, the Company has not paid / provided any managerial remuneration to its directors during the year and hence the provisions of Section 197 read with Schedule V to the Act are not applicable;

(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: 21109360AAAABJ4300

Place of Signature: Mumbai
Date: May 05, 2021

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 are not applicable to the Company.

(iii) According to the information and explanations given to us and audit procedures performed by 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, services 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 and audit procedures performed by us, no undisputed amounts payable in respect of provident fund, income-tax and other statutory dues 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 borrowing 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 and audit procedures performed by us, the Company has not raised any money by way of initial public offer / 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 / 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 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 and audit procedures performed by us, transactions with the related parties are in compliance with Section 188 of the 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 and audit procedures performed by us, the Company has not entered into any non-cash transactions with directors or persons connected with him as referred to in Section 192 of the Companies Act, 2013.

(xvi) 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: 21109360AAAABJ4300

Place of Signature: Mumbai
Date: May 05, 2021

ANNEXURE 2 TO THE INDEPENDENT AUDITOR'S REPORT OF EVEN DATE ON THE FINANCIAL STATEMENTS OF ITC INVESTMENTS & HOLDINGS LIMITED

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

We have audited the internal financial controls with reference to financial statements of ITC Investments & Holdings Limited ("the Company") as of March 31, 2021 in conjunction with our audit of the financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

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

Auditor's Responsibility

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

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

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

Meaning of Internal Financial Controls with reference to these Financial Statements

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

Inherent Limitations of Internal Financial Controls with reference to Financial Statements

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

Opinion

In our opinion, the Company has, in all material respects, adequate internal financial controls with reference to financial statements and such internal financial controls with reference to financial statements were operating effectively as at March 31, 2021, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note issued by the ICAI.

For **S R B C & CO LLP**
Chartered Accountants
ICAI Firm Registration Number: 324982E/E300003
per Firoz Pradhan
Partner
Membership Number: 109360
UDIN: 21109360AAAABJ4300

Place of Signature: Mumbai
Date: May 05, 2021

BALANCE SHEET AS AT 31ST MARCH, 2021

	Note	**As at 31st March, 2021 (₹)**	As at 31st March, 2020 (₹)
EQUITY AND LIABILITIES			
Shareholders' funds			
Share capital	1	4,50,00,000	4,50,00,000
Reserves and surplus	2	96,81,476	95,87,691
Current liabilities			
Current tax liabilities (Net)	3	–	3,906
Other current liabilities	4	50,128	76,250
TOTAL		**5,47,31,604**	5,46,67,847
ASSETS			
Non-current assets			
Non-current investments	5	4,51,62,645	4,51,62,645
Long-term loans and advances	6	18,780	–
Current assets			
Cash and bank balances	7	95,01,210	93,88,738
Other current assets	8	48,969	1,16,464
TOTAL		**5,47,31,604**	5,46,67,847

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

Firoz Pradhan
Partner
Mumbai, India
Dated: May 05, 2021

On behalf of the Board

R. TANDON *Chairman* SARADINDU DUTTA *Director*

Kolkata, India
Dated: May 05, 2021

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31ST MARCH, 2021

	Note	For the year ended 31st March, 2021 (₹)	For the year ended 31st March, 2020 (₹)
Other income	9	5,56,130	6,55,028
Total Revenue		**5,56,130**	6,55,028
Expenses			
Employee benefits expense	10	3,32,725	2,58,688
Other expenses	11	1,10,903	1,05,513
Total expenses		**4,43,628**	3,64,201
Profit before tax		**1,12,502**	2,90,827
Tax expense:			
Current tax	12	18,717	68,307
Profit for the year		**93,785**	2,22,520
Earnings per equity share (Face Value ₹ 10.00 each) (Basic and Diluted) (in ₹)	13 (i)	**0.02**	0.05

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
Mumbai, India
Dated: May 05, 2021

R. TANDON *Chairman* SARADINDU DUTTA *Director*

Kolkata, India
Dated: May 05, 2021

CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2021

		For the year ended 31st March, 2021 (₹)		For the year ended 31st March, 2020 (₹)
A. Cash Flow from Operating Activities				
PROFIT BEFORE TAX		**1,12,502**		2,90,827
ADJUSTMENTS FOR:				
Interest income on bank deposits		(5,56,130)		(6,53,230)
Interest on Income tax refund		–		(1,798)
OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES		**(4,43,628)**		(3,64,201)
ADJUSTMENTS FOR:				
Security deposit		–		18,000
Other current assets		622		(1,772)
Other current liabilities		(26,122)		22,250
CASH USED IN OPERATIONS		**(4,69,128)**		(3,25,723)
Income tax paid		(41,405)		(45,497)
NET CASH USED IN OPERATING ACTIVITIES		**(5,10,533)**		(3,71,220)
B. Cash Flow from Investing Activities				
Interest received on deposits & others	6,23,004		6,46,930	
Investment in bank deposits (original maturity more than 3 months)	(1,16,05,196)		(97,41,980)	
Redemption / maturity of bank deposits (original maturity more than 3 months)	1,16,16,178		94,53,108	
NET CASH GENERATED FROM INVESTING ACTIVITIES		**6,33,986**		3,58,058
C. Cash Flow from Financing Activities		–		–
NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS		**1,23,453**		(13,162)
OPENING CASH AND CASH EQUIVALENTS		**12,051**		25,213
CLOSING CASH AND CASH EQUIVALENTS		**1,35,504**		12,051

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 :**

	2021	2020
Cash and Cash Equivalents as above	**1,35,504**	12,051
Other bank balances	**93,65,706**	93,76,687
Cash and bank balances (Note 7)	**95,01,210**	93,88,738

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
Mumbai, India
Dated: May 05, 2021

R. TANDON *Chairman* SARADINDU DUTTA *Director*

Kolkata, India
Dated: May 05, 2021

NOTES TO THE FINANCIAL STATEMENTS

	As at 31st March, 2021 (No. of Shares)	As at 31st March, 2021 (₹)	As at 31st March, 2020 (No. of Shares)	As at 31st March, 2020 (₹)
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, 2021 (No. of Shares)	As at 31st March, 2021 (%)	As at 31st March, 2020 (No. of Shares)	As at 31st March, 2020 (%)
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, 2021 (₹)		As at 31st March, 2020 (₹)
2. Reserves and surplus				
Surplus in Statement of Profit and Loss				
At the beginning of the year	95,87,691		93,65,171	
Add: Profit for the year	93,785		2,22,520	
At the end of the year		96,81,476		95,87,691
TOTAL		96,81,476		95,87,691
3. Current tax liabilities				
Current tax liabilities (Net)		–		3,906
TOTAL		–		3,906
4. Other current liabilities				
Other payables				
Statutory liabilities		170		5,380
Liability for expenses		49,958		70,870
TOTAL		50,128		76,250
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)		18,780		–
TOTAL		18,780		–
7. Cash and bank balances				
Cash and cash equivalents@				
Balances with banks				
Current accounts		1,35,504		12,051
Other bank balances				
In deposit accounts*		93,65,706		93,76,687
TOTAL		95,01,210		93,88,738

@ 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, 2021 (₹)	As at 31st March, 2020 (₹)
8. Other current assets		
Interest accrued on bank deposits	47,819	1,14,692
Prepaid expenses	1,150	1,772
TOTAL	48,969	1,16,464

	For the year ended 31st March, 2021 (₹)	For the year ended 31st March, 2020 (₹)
9. Other income		
Interest income on bank deposits	5,56,130	6,53,230
Interest income on income tax refund	–	1,798
TOTAL	5,56,130	6,55,028
10. Employee benefits expense		
Salaries and wages	3,13,919	2,28,778
Staff welfare expenses	18,806	29,910
TOTAL	3,32,725	2,58,688
11. Other expenses		
Rates and taxes	23,664	16,476
Consultancy / Professional fees	32,200	34,678
Insurance	4,874	3,993
Auditors' remuneration and expenses		
Audit fees	50,000	50,000
Miscellaneous expenses	165	366
TOTAL	1,10,903	1,05,513
12. Tax expenses		
Current tax		
Income tax for the year	28,500	73,000
Adjustment/(credits) related to previous years	(9,783)	(4,693)
TOTAL	18,717	68,307

13. Additional Notes to the Financial Statements

i. **Earnings per share:**

	2021	2020
Earnings per share has been computed as under:		
(a) Profit for the year (₹)	93,785	2,22,520
(b) Weighted average number of Equity Shares outstanding	45,00,000	45,00,000
(c) Earnings per share on profit for the year (Face Value - ₹ 10.00 per share) - Basic and Diluted [(a)/(b)] (in ₹)	0.02	0.05

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, 2021. 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
- Ms. N. Bajaj — Non-Executive Director (w.e.f. 06-08-2020)

b. DISCLOSURE OF TRANSACTIONS BETWEEN THE COMPANY AND RELATED PARTIES AND THE STATUS OF OUTSTANDING BALANCES AS ON 31.03.2021

Related Party Transaction Summary		Holding Company	
		2021	2020
1.	Purchase of Services – Internal Audit services (₹)	**23,600**	23,600
2.	Outstanding 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 an 'unregistered core investment company' within the meaning of the Core Investment Companies (Reserve Bank) Directions, 2016, and was incorporated in the year 2012. The Company holds investment in its subsidiary company and continues to explore other suitable investment opportunities.

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) 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, India	R. TANDON	*Chairman*
Dated: May 05, 2021	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, 2021 (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**	₹ (3,42,562)
8.	**Total Assets**	₹ 5,81,245
9.	**Total Liabilities**	₹ 5,81,245
10.	**Investments (excluding Investments made in subsidiaries)**	–
11.	**Turnover***	₹ 7,26,407
12.	**Profit before taxation**	₹ 44,110
13.	**Provision for taxation**	₹ 11,110
14.	**Profit after taxation**	₹ 33,000
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, India — R. TANDON *Chairman* — SARADINDU DUTTA *Director*

Dated: May 05, 2021

REPORT OF THE BOARD OF DIRECTORS FOR THE FINANCIAL YEAR ENDED 31ST MARCH, 2021

1. Your Directors submit their Report for the financial year ended 31st March, 2021.

2. **COMPANY PERFORMANCE**

During the year, your Company earned revenue of ₹ 7.20 lakhs from its operations, with total income being ₹ 7.26 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, 2021 (₹)	For the year ended 31st March, 2020 (₹)
a.	Profit Before Tax	44,110	31,795
b.	Less : Tax Expense	11,110	8,000
c.	Profit After Tax	33,000	23,795
d.	Add: Other Comprehensive Income	–	–
e.	Total : Comprehensive Income	33,000	23,795
f.	Add: Loss brought forward from previous years	(3,75,562)	(3,99,357)
g.	Balance carried forward	(3,42,562)	(3,75,562)

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. B. Ray Chaudhuri (DIN: 07125295), 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, 2021.

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 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 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. 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, 2021, the Company has neither given any loan or guarantee nor has made any investment under Section 186 of the Act.

11. **RELATED PARTY TRANSACTIONS**

The details of material related party transactions of the Company in the prescribed Form No. AOC-2 are enclosed as **Annexure** to this Report.

12. **SIGNIFICANT AND MATERIAL ORDERS PASSED BY THE REGULATORS / COURTS / TRIBUNALS**

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

13. **COST RECORDS**

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

14. **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 2021-22, pursuant to Section 142 of the Act. Appropriate resolution in respect of the above is appearing in the Notice convening the ensuing AGM of the Company.

15. **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 : 19th April, 2021 **On behalf of the Board**

C. V. Sarma **Director**
V. Radhakrishnan **Director**

Annexure to the Report of the Board of Directors for the financial year ended 31st March, 2021

FORM NO. AOC-2

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

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

1. Details of contracts or arrangements or transactions not at arm's length basis

a)	Name(s) of the related party and nature of relationship	NIL
b)	Nature of contracts / arrangements / transactions	
c)	Duration of the contracts / arrangements / transactions	
d)	Salient terms of the contracts or arrangements or transactions including the value, if any	
e)	Justification for entering into such contracts or arrangements or transactions	
f)	Date(s) of approval by the Board	
g)	Amount paid as advances, if any	
h)	Date on which the special resolution was passed in general meeting as required under first proviso to Section 188	

2. Details of material contracts or arrangements or transactions at arm's length basis

a)	Name(s) of the related party and nature of relationship	ITC Limited (ITC), the Ultimate Holding Company
b)	Nature of contracts / arrangements / transactions	Rendering of estate maintenance services to ITC
c)	Duration of the contracts / arrangements / transactions	One year from 1st April, 2020 to 31st March, 2021
d)	Salient terms of the contracts or arrangements or transactions including the value, if any	Receipt of Service Charges @ Rs.7.20 lakhs per annum
e)	Date(s) of approval by the Board, if any	10th January, 2020
f)	Amount paid as advances, if any	Nil

On behalf of the Board

C.V. Sarma **Director**

Dated: 19th April, 2021 **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, 2021, 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, 2021, 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 judgements and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statement that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

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

Auditor's Responsibility for the Audit of the Financial Statements

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

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

- Identify and assess the risks of material misstatement of the 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 IndAS specified under Section 133 of the Act.
   e. On the basis of the written representations received from the directors as on March 31, 2021 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2021 from being appointed as a director in terms of Section 164(2) of the Act.
   f. With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure A". Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the Company's internal financial controls over financial reporting.
   g. With respect to the other matters to be included in the Auditor's Report in accordance with the requirements of section 197(16) of the Act, as amended, in our opinion and to the best of the information and according to the explanations given to us, the Company has not paid any remuneration to its directors during the year.
   h. With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, as amended in our opinion and to the best of our information and according to the explanations given to us:
      i. The Company does not have any pending litigations which would impact its financial position.
      ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.
      iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.
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:21209354AAAAFI7470

Place: Hyderabad
Date: April 19, 2021

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, 2021 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, 2021, 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:21209354AAAAFI7470

Place: Hyderabad
Date: April 19, 2021

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 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 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, 2021 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, 2021, 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:21209354AAAAFI7470

Place: Hyderabad
Date: April 19, 2021

Balance Sheet as at 31st March, 2021

(All amounts are in Indian Rupees, unless otherwise stated)

	Note	As at March 31, 2021	As at March 31, 2020
ASSETS			
Non-Current Assets			
Advance tax and TDS receivables [Net of Provisions - Rs.11,110 (March 31, 2020; Rs.9,734)]		181	23,270
Other non-current assets	3	111,978	111,978
Total Non-Current Assets		112,159	135,248
Current Assets			
Financial assets			
Trade receivables	4	–	6,000
Cash and cash equivalents	5	469,086	313,848
Total Current Assets		469,086	319,848
Total Assets		581,245	455,096
EQUITY AND LIABILITIES			
Equity			
Equity share capital	6	500,000	500,000
Other equity	7	(342,562)	(375,562)
Total Equity		157,438	124,438
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	314,353	225,800
Other current liabilities		109,454	104,858
Total Current Liabilities		423,807	330,658
Total Equity and Liabilities		581,245	455,096

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: 19/4/2021

For and on behalf of the Board of Directors

C.V. Sarma
Director
Place: Secunderabad
Date : 19/4/2021

V. Radhakrishnan
Director

Statement of Profit and Loss for the year ended 31st March, 2021

(All amounts are in Indian Rupees unless otherwise stated)

		Note	For the year ended March 31, 2021	For the year ended March 31, 2020
I	Revenue from operations	8	720,000	720,000
II	Other income	9	6,407	13,046
III	**Total Income (I+II)**		726,407	733,046
IV	Expenses			
	Other expenses	10	682,297	701,251
	Total expenses (IV)		682,297	701,251
V	**Profit Before Tax (III- IV)**		44,110	31,795
VI	**Tax Expense:**			
	Current tax	11	11,110	8,000
VII	**Profit for the year (V-VI)**		33,000	23,795
VIII	**Other Comprehensive Income**		–	–
IX	**Total Comprehensive Income for the Year (VII+VIII)**		33,000	23,795
	Earnings per Equity Share :			
	Basic and Diluted (Face value of Rs. 10 each)	13	0.66	0.48

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: 19/4/2021

For and on behalf of the Board of Directors

C.V. Sarma
Director

V. Radhakrishnan
Director

Place: Secunderabad
Date : 19/4/2021

Cash Flow Statement for the year ended 31st March, 2021

(All amounts are in Indian Rupees unless otherwise stated)

	For the year ended March 31, 2021	For the year ended March 31, 2020
Cash Flows from Operating Activities		
Profit before tax	44,110	31795
Adjustments for:		
Interest income	(6,407)	(13,046)
Operating Profit / (loss) before Working Capital Changes	37,703	18,749
Adjustments for:		
Decrease/ (Increase) in other assets	–	10,000
Decrease/ (Increase) in trade receivables	6,000	(6,000)
Increase in trade payables and other liabilities	93,149	150,370
Cash generated from Operations	136,852	173,119
Net income tax (paid) / refunds	11,979	(1,320)
Net Cash generated from Operating Activities	148,831	171,799
Cash Flows from Investing Activities		
Interest Income	6,407	12,181
Net Cash generated from Investing Activities	6,407	12,181
Cash flows from Financing Activities		
Net Cash generated from financing activities	–	–
Net Increase in Cash and Cash Equivalents	155,238	183,980
Cash and Cash Equivalents at the beginning of the year	313,848	129,868
Cash and Cash Equivalents at the end of the year (Refer Note 5)	469,086	313,848

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: 19/4/2021

For and on behalf of the Board of Directors

C.V. Sarma
Director

V. Radhakrishnan
Director

Place: Secunderabad
Date : 19/4/2021

Statement of changes in equity for the year ended 31st March, 2021
(All amounts are in Indian Rupees unless otherwise stated)

	For the year ended March 31, 2021	For the year ended March 31, 2020
A. Equity Share Capital:		
Balance as at April 1, 2020	**500,000**	500,000
Changes in Equity Share Capital during the year	**–**	–
Balance at March 31, 2021	**500,000**	500,000
B. Other Equity - Reserves & Surplus:		
Retained Earnings		
Balance as at April 1, 2020	**(375,562)**	(399,357)
Profit for the Year	**33,000**	23,795
Balance at March 31, 2021	**(342,562)**	(375,562)

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: 19/4/2021

For and on behalf of the Board of Directors

C. V. Sarma
Director

V. Radhakrishnan
Director

Place: Secunderabad
Date : 19/4/2021

Notes forming part of the Financial Statements

1. Company Overview

The Company has tenancy rights in a commercial premise at Eucharistic Congress Building No. 1, 4th Floor, 5 Convent Street, Colaba, Mumbai – 400039. The premise is owned by Roman Catholic Cathedral Trust. The only source of income of this Company is from estate maintenance services of the aforesaid property.

2. Summary of Significant Accounting Policies

2.1 Statement of Compliance and Basis of Preparation

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

The financial statements are prepared in accordance with Indian Accounting Standards (Ind AS) under the historical cost convention, except for certain items that are measured at fair values, as explained in the accounting policies below and on accrual basis. The financial statements are presented in Indian Rupees (INR) which is also the Company's functional currency.

The Company adopted Ind AS 116 'Leases' with the date of initial application being April 1, 2019. Ind AS 116 replaces Ind AS 17 – Leases and related interpretation and guidance. The standard sets out principles for recognition, measurement, presentation and disclosure of leases for both parties to a contract i.e., the lessee and the lessor. Ind AS 116 introduces a single lessee accounting model and requires a lessee to recognise assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that a price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Company takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement or disclosure purposes in these financial statements is determined on such a basis, except for measurements that have some similarities to fair value but are not fair value, such as net realizable value in Ind AS 2 or value in use 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, 2020.

The Company recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the under lying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the end of the lease term.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the incremental borrowing rate. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Company's estimate of the amount expected to be payable under a residual value guarantee, or if the Company changes its assessment of whether it will exercise a purchase, extension or termination option. When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero. The Company has elected not to recognise right-of-use assets and lease liabilities for short-term leases that have a lease term of 12 months or less and leases of low-value assets. The Company recognises the lease payments associated with these leases as an expense over the lease term.

2.8 Taxation

Income-tax expense comprises current tax and deferred tax charge or credit. Current tax is determined in accordance with the Income-tax Act, 1961. Income tax, in so far as it relates to items disclosed under Other Comprehensive Income or Equity, are disclosed separately under Other Comprehensive Income or Equity, as applicable.

Deferred tax is recognized on temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes.

The deferred tax charge or credit and the corresponding deferred tax liabilities or assets are recognised using the tax rates and tax laws that have been enacted or substantively enacted by the balance sheet date. Deferred tax assets are recognised only to the extent there is reasonable certainty that the assets can be realised in future; however, where there is unabsorbed depreciation or carried forward loss under taxation laws, deferred tax assets are recognised only if there is a virtual certainty of realisation of such assets. Deferred tax assets are reviewed as at each balance sheet date and written down or written-up to reflect the amount that is reasonably/virtually certain (as the case may be) to be realised.

2.9 Earnings Per Share ('EPS')

Basic earnings per share ('EPS') is computed by dividing the net profit/(loss) attributable to the equity shareholders for the period by the weighted average number of equity shares outstanding during the reporting period. Diluted EPS is computed by dividing the net profit/(loss) attributable to the equity shareholders for the period by the weighted average number of equity and equivalent dilutive equity shares outstanding during the period, except where the results would be anti-dilutive.

2.10 Operating Segment

Operating segment is reported in a manner consistent with the internal reporting provided to the chief operating decision maker, who is one of the Directors of the Company.

2.11 Operating Cycle

All assets and liabilities have been classified as current or non-current as per the Company's normal operating cycle and other criteria set out in the Schedule III to 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, 2021 (₹)	As at 31st March, 2020 (₹)
Other deposits	1,11,978	1,11,978
TOTAL	1,11,978	1,11,978

4. Trade Receivables

	As at 31st March, 2021 (₹)	As at 31st March, 2020 (₹)
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, 2021 (₹)	As at March 31, 2020 (₹)
Balances with Banks: - In Current Account	469,086	313,848
TOTAL	469,086	313,848

6. Equity Share Capital

	As at March 31, 2021 (₹)	As at March 31, 2020 (₹)
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, 2020 Add: Issued during the year	50,000 –	5,00,000 –
Balance as at March 31, 2021	50,000	5,00,000

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

	As at March 31, 2021		As at March 31, 2020	
	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, 2021 (₹)	As at March 31, 2020 (₹)
Reserves and Surplus: **Retained Earnings** Retained Earnings comprise of the Company's undistributed earnings after taxes.	(3,42,562)	(3,75,562)
	(3,42,562)	(3,75,562)

8. Revenue from Operations

	For the year ended March 31, 2021 (₹)	For the year ended March 31, 2020 (₹)
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, 2021 (₹)	For the year ended 31st March, 2020 (₹)
9. Other Income		
Interest on		
- Other Deposits	5,207	12,181
- Income Tax Refund	1,200	865
TOTAL	6,407	13,046

10. Others Expenses

	For the year ended March 31, 2021 (₹)	For the year ended March 31, 2020 (₹)
Rent	85,836	82,536
Rates and taxes	263,580	259,880
Maintenance and upkeep expenses	252,886	200,988
Bank charges	118	395
Payments to auditors [Refer note 10(a) below]	15,000	15,000
Consultancy and Professional fees	46,500	113,100
Miscellaneous expenses	18,377	29,352
TOTAL	682,297	701,251

10(a) Payment to Auditors

	For the year ended March 31, 2021 (₹)	For the year ended March 31, 2020 (₹)
- Statutory Audit	15,000	15,000
- Reimbursement of Expenses		
TOTAL	15,000	15,000

11. Tax Expense

	For the year ended March 31, 2021 (₹)	For the year ended March 31, 2020 (₹)
Profit before income tax	44,110	31,795
Enacted tax rates	25.17%	25.17%
Income tax expense	11,110	8,000
TOTAL	11,110	8,000

12. Contingent liabilities

	As at March 31, 2021	As at March 31, 2020
Claims against the Company not acknowledged as Debts:	–	–

13. Earnings per share

	For the Year Ended March 31, 2021	For the Year Ended March 31, 2020
Computation of earnings per share is set out below:		
Net Profit attributable to Equity Shareholders (A) (Rs.)	33,000	23,795
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.)	0.66	0.48

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, 2021 (₹)	For the year ended March 31, 2020 (₹)
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	1,11,978

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, 2021 (₹)	For the Year Ended March 31, 2020 (₹)
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, 2021 (₹)	As at March 31, 2020 (₹)
ITC Limited	–	6,000

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, 2021 (₹)		As at March 31, 2020 (₹)	
		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	4,69,086	4,69,086	3,13,848	3,13,848
Total Financials Assets		4,69,086	4,69,086	3,13,848	3,13,848
Financial Liabilities (Measured at amortised cost)					
Trade Payables		3,14,353	3,14,353	2,25,800	2,25,800
Total Financials Liabilities		3,14,353	3,14,353	2,25,800	2,25,800

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 19th April, 2021.

For and on behalf of the Board of Directors

C.V. Sarma
Director

V. Radhakrishnan
Director

Place: Secunderabad
Date: 19/4/2021

REPORT OF THE BOARD OF DIRECTORS FOR THE FINANCIAL YEAR ENDED 31ST MARCH, 2021

Your Board of Directors hereby submit their Eighth Report for the financial year ended 31st March, 2021.

1. COMPANY PERFORMANCE

Your Company has recorded 17% growth in its total income driven by increased "At Home" consumption for trusted and branded Packaged Food products. The Company's revenue from operations for the year stood at Rs. 172.52 Crores (previous year Rs. 147.85 Crores) while Net Profit stood at Rs. 9.06 Crores (previous year Rs. 4.79 Crores) and Total Comprehensive Income for the year stood at Rs. 9.08 Crores (previous year Rs 4.73 Crores). During the year, your Company rose up to cater the unprecedented market demand in a challenging scenario and has serviced the demand with utmost focus on food safety standards. Your Company has consistently improved the performance in the areas of cost optimisation, productivity, safety and has upgraded its FSMS (Food Safety Management System) to the latest version of FSSC 22000.

During the year, your Company has also received the Central Goods & Services Tax and Integrated State Goods & Services Tax refunds from Central Government aggregating Rs. 4.37 Crores for the first time, under the Scheme of Budgetary Support to the units located in North Eastern region.

However, due to the COVID-19 pandemic, refund of State Goods & Services Tax from the Assam State Government was suspended temporarily and appropriate representations have been made to the authorities in this regard.

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	
	31.03.2021	31.03.2020
a) Profit Before Tax	1,276.15	478.90
b) Tax expense	370.11	–
c) Profit After Tax	906.04	478.90
d) Other Comprehensive Income	1.55	(6.24)
e) Total Comprehensive Income	907.59	472.66
Retained Earnings		
a) At the beginning of the year	163.59	(185.87)
b) Add: Profit for the year	906.04	478.90
c) Add: Other Comprehensive Income / (Loss)	1.55	(6.24)
d) Less: Interim Dividend paid	-	(102.20)
e) Less: Income Tax on Interim Dividend	-	(21.01)
f) At the end of the year	1,071.18	163.59

2. 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.

The Board appointed Mr. Giri Venkata Srikanth Yanduru as the Chief Financial Officer of the Company with effect from 1st August, 2020, in terms of the provisions of Section 203 of the Companies Act, 2013 (the Act).

b) Declaration of Independence by Independent Director

Mr. K. V. Raghavaiah (DIN: 07114270), the Independent Director of the Company, has confirmed that he meets the criteria of Independence as prescribed under Section 149(6) of 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 Annual General Meeting (AGM) and being eligible, offer themselves for re-appointment; the Board has recommended their re-election.

d) Board and Board Committee

The Company has a Corporate Social Responsibility Committee comprising of following members:

Mr. Dharmarajan Ashok – Chairman of the Committee
Mr. Samrat Deka – Member
Mr. K.V. Raghavaiah – Member

Your Board met four (4) times during the financial year ended 31st March, 2021.

3. COMPLIANCE WITH SECRETARIAL STANDARDS

Your Company has complied with applicable Secretarial Standards issued by the Institute of Company Secretaries of India.

4. BOARD EVALUATION

The Board carried out for the year under review, an evaluation of its own performance and that of the individual Directors as required under Section 134 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 fulfil expectations of other stakeholders through strategic supervision. Performance evaluation of individual Directors was carried out in the context of the role played by each Director, as a member of the Board in assisting the Board in realizing its role of strategic supervision of the functioning of the Company.

5. 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 calibre 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.

The Nomination and Remuneration Policy is provided in **Annexure 1** forming part of this Report.

6. DIRECTORS' RESPONSIBILITY STATEMENT

As required under Section 134(5) of the Act, the Directors confirm having:

a) followed in the preparation of the Annual Accounts, the applicable Accounting Standards and there are no material departures;

b) selected such accounting policies and applied them consistently and made 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;

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

d) prepared the Annual Accounts on a going concern basis, and

e) devised proper systems to ensure compliance with the provisions of all applicable laws and such systems were adequate and operating effectively.

7. CORPORATE SOCIAL RESPONSIBILITY (CSR)

Your Company has formulated and adopted the CSR Policy in terms of Section 135 of the Act.

The Annual Report on CSR activities of the Company 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 2**, forming part of this Report.

8. PARTICULARS OF CONSERVATION OF ENERGY AND TECHNOLOGY ABSORPTION

Conservation of Energy

Steps taken on conservation of Energy:

Business continued to accrue savings from installation of LED lights and solar light with skylights. Also, it continued to accrue savings from up-draft gasification technology to replace conventional fuel, i.e. High-Speed Diesel (HSD) by biomass

Steps taken by the Company for utilizing alternate sources of energy:

(a) Installed and commissioned Light Viscosity Furnace Oil unit as alternate source of fuel replacing High Speed Diesel (HSD) in FY 2020-21. This will result in cost saving against HSD usage for baking.

(b) Estimated savings of 35 KW of electrical energy for the Company during the FY 2020-21 out of setting up the 5 KL capacity solar water heating plant.

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.

Your Company has neither imported any technology nor incurred any expenditure on Research & Development during the year under review.

9. FOREIGN EXCHANGE EARNINGS AND OUTGO

There has been no foreign exchange earnings and outgo during the year under review.

10. PARTICULARS OF LOAN, GUARANTEES OR INVESTMENTS

During the financial year ended 31st March, 2021, the Company has not given any loan, guarantee or made any investment in terms of the provisions of Section 186 of the Act.

11. RISK MANAGEMENT

Risk management is an integral part of the Company's overall strategy and straddles its planning, execution and reporting processes and systems.

Your Board is fully committed to developing sound and effective systems for identification, assessment and mitigation of anticipated risks. Your Company believes that robust risk management systems and processes ensure adequate control and monitoring mechanism.

Your Company operates in the food processing industry and hence food safety and hygiene are of utmost importance. The manufacturing unit has been re-certified and upgraded to FSSC 22000 Version 5; this upgradation has been done after auditing the Food Safety Management Systems and Quality Management systems prevalent at the Unit. This certification 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 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 years 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. Your Company's primary objective was to protect its employees from exposure to and infection with the COVID-19 hence infection prevention and control strategies based on a thorough workplace hazard assessment were adopted. This was ensured by periodic sanitisation of the whole factory with recommended sanitisers; ensuring social distancing, daily health check-up and compliance to 100% COVID precautions for all employees; availability of warm water for employees; thermal screening and no-contact sanitisation for all visitors and employees; 100% PPE usage among employees to ensure optimum food safety and staggered shifting of the lines to avoid high gathering of people at specific time.

12. INTERNAL FINANCIAL CONTROLS

The Internal Financial Controls (IFC) which form the basis of the Financial Statements are adequate and commensurate with the size and nature of business of the Company. The Company follows approved policies and standard operating procedures to prepare, review and report financial performance.

During the year under review, internal audit of the systems, processes and compliances for all major areas of operations of the Company was carried out by the Internal Audit team of ITC. The Internal Auditors independently evaluate adequacy of design and operating effectiveness of internal controls and compliance with policies laid down by the Company.

IFC system testing including Enterprise Risk Services audit for automated control and IT General Controls were conducted during the year by the Statutory Auditors, Messrs. Deloitte Haskins & Sells.

13. COST RECORDS

Maintenance of cost records and requirement of cost audit as prescribed under the provisions of Section 148(1) of the Act are not applicable for the business activities carried out by your Company.

14. AUDITORS

(a) Statutory Auditors

The Company's Statutory Auditors, Messrs. Deloitte Haskins & Sells (DHS), Chartered Accountants, were reappointed at the Sixth AGM held on 5th July, 2019 for a further period of 5 years to hold such office till the conclusion of the Eleventh AGM and the Board was authorised to fix the remuneration payable to DHS as may be mutually agreed upon to conduct the audit and permit reimbursement of actual out of pocket expenses as may be incurred in the performance of their duties.

(b) Secretarial Auditors

Your Board of Directors appointed Messrs. Anjan Kumar Roy & Co., Practising Company Secretaries, Kolkata (CP No. 4557), as the Secretarial Auditor of the Company for the financial year ended 31st March, 2021 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.

15. PARTICULARS OF RELATED PARTY TRANSACTIONS

All related party transactions entered during the financial year were in the ordinary course of business and on arm's length basis.

Material related party transactions entered 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.

16. SUBSIDIARIES, JOINT VENTURES OR ASSOCIATE COMPANIES

Your Company does not have any subsidiary, joint venture or associate company.

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

During the year under review, there were no significant or material orders passed by the regulators or courts or tribunals impacting the going concern status of the Company and its future operations.

18. PARTICULARS OF EMPLOYEES

The information required under Rules 5(2) and 5(3) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 relating to the names and other particulars of top ten employees in terms of remuneration drawn is provided in **Annexure 5**, forming part of this Report.

19. 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 objective setting. Various employee engagement programs were conducted during the year to bring in a sense of inclusive growth. During the year, Annual Day – Sanmilon 2020 was organized wherein employees participated in cultural activities, indoor and outdoor sports; free medical check-up was also provided to the employees. Your Company believes in promoting merit based and fair work culture leading to result oriented work environment.

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.

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

Your Company provides a gender friendly workplace. In line with the provisions of the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013, and the Rules thereunder, the Company has in place an Internal Complaints Committee for conducting inquiry into the complaints received on harassments at the workplace. During the year under review, no case of sexual harassment was reported.

21. ENVIRONMENT, HEALTH AND SAFETY

Your Company is committed to conducting its operations with due regard to environment and providing a safe and healthy workplace for each employee.

During the year under review, major focus has been 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 and countering pandemic situation etc. Emergency mock drills were organised at regular intervals including training to the security team to handle emergency and safe evacuation of the occupants. Regular safety meetings are held with employees and management representatives to ensure that safety protocols are followed at the Unit.

World Environment Day was observed with the theme "Bio-Diversity" and 100 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 – 2021 was celebrated with the theme "SADAK SURAKSHA" with training sessions regarding road safety measures.

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: 22nd April, 2021	**(P. Wali)**	**(N. K. Jasper)**
Place : Bengaluru	Chairman	Director

Annexure 1 to the Report of Board of Directors for the financial year ended 31st March, 2021

NOMINATION AND REMUNERATION POLICY

1. **PREAMBLE**

The Nomination and Remuneration Committee (the Committee) set up, pursuant to the provisions of the Companies Act, 2013 ('the Act') and the Rules made thereunder, is required to formulate a Policy relating to the remuneration of the Directors, Key Managerial Personnel (KMP) and other employees of the Company and recommend to the Board for its adoption. The Committee is also required to formulate the criteria for identifying persons who are qualified to become Directors determining qualifications, positive attributes and independence of a Director apart from identifying persons who may be appointed in senior management. The policy would be required to be disclosed in the Board's Report as applicable in terms of the Act.

2. **POLICY**

In compliance of the above requirements, the Board of Directors of the Company have adopted this Nomination and Remuneration Policy, as recommended by the Committee, which would be reviewed by the Committee as and when required and the same shall be subject to the provisions of the Act and Articles of Association of the Company.

3. **POLICY OBJECTIVES**

The Nomination and Remuneration Policy is guided by a set of principles, inter alia, pertaining to determining qualifications, positive attributes, integrity, independence, remuneration and objectives particularly envisaged under Section 178 of the Act and the Articles of Association of the Company in respect of Directors, KMP and employees of the Company.

The key objectives of the Policy, inter alia, includes the following:

a) Enable the Company to attract, retain and motivate appropriately qualified persons / members for the Board and executive level.

b) Enable the Company to provide a well-balanced and performance-led compensation package, taking into account industry standards and relevant Indian corporate regulations.

c) Ensure that the interests of the Directors, KMP and senior management are aligned with the business strategy and risk tolerance, objectives, values and long-term interests of the Company and be consistent with the 'Pay for Performance' principle as applicable.

d) Ensure that the remuneration of Directors, KMP and senior management involves a balance between fixed and incentive pay reflecting short and long-term performance objectives appropriate to the working of the Company, its policies and its goals.

4. **APPOINTMENT AND REMOVAL OF DIRECTOR, KMP AND SENIOR MANAGEMENT**

1. **Appointment criteria and qualifications:**

a) In terms of the Articles of Association of the Company, the Board shall have six Non-Executive Directors consisting two Independent Directors, three Directors nominated by ITC Limited (Holding Company) and one Director nominated by SRD. The Party nominating the Director may withdraw its nominated Director and nominate another Director in his place.

b) The Committee shall identify and ascertain the integrity, qualification, expertise and experience of the person for appointment as Independent Director, KMP or at senior management level and recommend to the Board his / her appointment. The Committee has discretion to decide whether qualification, expertise and experience possessed by a person are sufficient / satisfactory for the concerned position.

c) An Independent Director shall possess appropriate skills, experience and knowledge in one or more fields of finance, law, management, sales, marketing, administration, human resources, research, corporate governance, operations or other disciplines related to the Company's business.

d) An Independent Director shall be a person of integrity, who possesses relevant expertise and experience and who shall uphold ethical standards of integrity and probity; act objectively and constructively; exercise his responsibilities in a bona-fide manner in the interest of the Company; devote sufficient time and attention to his professional obligations for informed and balanced decision making; and assist the Company in implementing the best corporate governance practices.

e) An Independent Director should meet the requirements of the Act and Rules made thereunder concerning independence of Directors.

2. **Term / Tenure**

a) Managing Director / Whole-time Director / Manager (Managerial Person):

The Company may appoint or re-appoint any person as its Managerial Person in terms of the provisions of the Act and Articles of Association of the Company, for a term not exceeding five years at a time. No re-appointment shall be made earlier than one year before the expiry of term.

b) Non-Executive Director:

The term of the Non-Executive Directors, unless otherwise specified, shall be in accordance with the Articles of Association of the Company.

c) Non- Executive Independent Director:

An Independent Director shall hold office for a term up to five consecutive years on the Board of the Company and will be eligible for re-appointment on passing of a special resolution by the Company and disclosure of such appointment in the Board's Report.

No Independent Director shall hold office for more than two consecutive terms, but such Independent Director shall be eligible for appointment after expiry of three years of ceasing to become an Independent Director. The Independent Director shall, during the said period of three years, not be appointed in or be associated with the Company in any other capacity, either directly or indirectly.

d) KMP and Senior Management:

The term of the KMP (other than the Managing / Whole-time Director / Manager) and senior management shall be decided on a case to case basis.

3. **Evaluation:**

The Committee shall identify evaluation criteria based on which Directors will evaluate knowledge to perform the role, time and level of participation, performance of duties, level of oversight, professional conduct and independence.

In conformity with the requirement of the Act, the performance evaluation of Independent Directors shall be done by entire Board excluding the Director being evaluated.

The Independent Directors of the Company shall hold atleast one meeting in a year to review the performance of Non-Independent Directors, performance of the Chairman of the Company and the Board as a whole, assess the quality, quantity and timeliness of flow of information between the Company management and the Board that is necessary for the Board to effectively and reasonably perform their duties.

4. **Induction:**

As required by the provisions of Schedule IV to the Act, the Company will impart familiarisation programmes for Independent Directors inducted on the Board of the Company. The Familiarisation Programmes will provide information relating to the Company, its growth plans, the peculiarities of the industry in which the Company operates, its long term plans and objectives and also improve awareness of the Independent Directors on their roles, rights, responsibilities towards the Company.

5. **Removal:**

Due to reasons for any disqualification mentioned in the Act and Rules made thereunder or under any other applicable statutes or the Articles of Association of the Company, the Committee may recommend to the Board with reasons recorded in writing, removal of a Director, KMP or senior management.

6. **Retirement:**

The Director(s), KMP and senior management shall retire as per the applicable Service Rules, provisions of the Act and the Articles of Association of the Company. The Board shall have the discretion to retain the Director, KMP, senior management in the same position / remuneration or otherwise even after attaining the retirement age, for the benefit of the Company, subject to necessary approvals as may be required under the Act.

5. **REMUNERATION OF DIRECTOR, KMP AND OTHER EMPLOYEES**

1. **Remuneration payable to Non-Executive Directors**

The Non-Executive Non-Independent Directors of the Company shall not be paid any commission or fee for attending the meetings. However, they shall be entitled to all travelling, hotel or other expenses incurred by them in attending and returning from the meetings of the Board, Committees, or General Meetings of the Company, including adjourned meetings thereof, and generally in connection with the business of the Company.

2. **Remuneration payable to Non-Executive Independent Directors**

The Board shall, in consultation with the Committee, approve the remuneration by way of sitting fees payable to Non-Executive Independent Directors, which shall take into account the Company's overall performance, Directors' contribution for the same and trends in the industry in general, in a manner which will ensure and support a high performance culture.

The Non-Executive Independent Directors shall be paid sitting fees for attending the Board and Committee Meetings, Independent Directors' Meeting, as may be approved by the Board based on the recommendation of the Committee subject to the ceiling stipulated in the Act and the Rules made thereunder. In addition to the above, they shall be entitled to reimbursement of all reasonable expenses as may be incurred by them, while performing their role as an Independent Director of the Company including obtaining, subject to prior consultation with the Board, professional advice from independent advisors in the furtherance of their duties as an Independent Director.

Increments to the existing remuneration structure may be recommended by the Committee to the Board and shall be subject to approval of Members of the Company, wherever required.

3. **Remuneration of KMP and Employees (other than KMP) and Workmen**

   The Board shall, in consultation with the Committee, approve the remuneration to be paid to KMP in accordance with the statutory provisions of the Act and the Rules made thereunder. It shall also be subject to the approval of the Members of the Company and Central Government, wherever required.

   The remuneration of other employees (other than KMP) and workmen shall be approved by the Board and will be such as to ensure that the relationship of remuneration to performance is clear and meets appropriate performance benchmarks relevant to the industry.

6. **DEVIATIONS FROM THIS POLICY**

   Deviations on elements of this Policy in extraordinary circumstances, when deemed necessary in the interests of the Company, will be made if there are specific reasons to do so in an individual case.

7. **OTHER PROVISIONS**

   This Policy shall continue to guide all future employment of Directors, Company's senior management including KMP and other employees / workmen as applicable.

   Any matter not provided for in this Policy shall be dealt with in accordance with the provisions in the Articles of Association of the Company, the Act, relevant state laws and other applicable statutes. The right to interpret this Policy shall vest in the Board of Directors of the Company.

8. **DISCLOSURE OF INFORMATION**

   Information on the total remuneration of the Company's Board of Directors, KMP / senior management may be disclosed in the Company's annual financial statements as per statutory requirements. This includes any deferred payments and extraordinary contracts during the preceding financial year.

9. **AMENDMENTS**

   Amendments from time to time to the Policy, if any, shall be considered by the Board based on the recommendations of the Committee and / or as may be required by the changes in the regulatory framework.

Annexure 2 to the Report of Board of Directors for the financial year ended 31st March, 2021

ANNUAL REPORT ON CSR ACTIVITIES FOR THE FINANCIAL YEAR ENDED 31st MARCH, 2021

1. **Brief outline on CSR Policy of the Company:**

   North East Nutrients Private Limited (NENPL) being a subsidiary of ITC Limited (ITC) will discharge its Corporate Social Responsibility (CSR) by aligning itself with the 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.

2. **Composition of CSR Committee:**

Sl. No.	Name of Director	Designation / Nature of Directorship	Number of meetings of CSR Committee held during the year	Number of meetings of CSR Committee attended during the year
1	Mr. Dharmarajan Ashok (Chairman of the Committee)	Non-Executive Director	2	2
2	Mr. Samrat Deka	Non-Executive Director	2	2
3	Mr. K. V. Raghavaiah	Independent Director	2	2

3. Provide the web-link where Composition of CSR committee, CSR Policy and CSR projects approved by the board are disclosed on the website of the Company – **Not Applicable**

4. Provide the details of Impact assessment of CSR projects carried out in pursuance of sub-rule (3) of rule 8 of the Companies (Corporate Social Responsibility Policy) Rules, 2014, if applicable (attach the report) – **Not applicable**

5. Details of the amount available for set off in pursuance of sub-rule (3) of rule 7 of the Companies (Corporate Social Responsibility Policy) Rules, 2014 and amount required for set off for the financial year, if any – **Not applicable**

6. Average net profit of the company as per section 135(5). – **Rs. 5,66,37,932**/-

7. (a) Two percent of average net profit of the company as per section 135(5) – **Rs. 11,32,759**/-
   (b) Surplus arising out of the CSR projects or programmes or activities of the previous financial years - **NIL**
   (c) Amount required to be set off for the financial year, if any - **NIL**
   (d) Total CSR obligation for the financial year (7a+7b-7c) - **Rs. 11,32,759**/-

8. (a) CSR amount spent or unspent for the financial year:

Total Amount Spent for the Financial Year. (in Rs.)	Amount Unspent (in Rs.)				
	Total Amount transferred to Unspent CSR Account as per Section 135(6).		Amount transferred to any fund specified under Schedule VII as per second proviso to Section 135(5).		
	Amount.	Date of transfer.	Name of the Fund	Amount.	Date of transfer.
11,40,000/-	-	-	-	-	-

   (b) Details of CSR amount spent against ongoing projects for the financial year: **Not applicable**
   (c) Details of CSR amount spent against other than ongoing projects for the financial year:

(1)	(2)	(3)	(4)	(5)		(6)	(7)	(8)	
Sl. No.	Name of the Project	Item from the list of activities in schedule VII to the Act.	Local area (Yes/ No).	Location of the project.		Amount spent for the project (in Rs.).	Mode of implementation - Direct (Yes/No).	Mode of implementation - Through implementing agency.	
				State.	District.			Name.	CSR registration number.
1.	Contribution to Clean Ganga Fund set by the Central Government	Item iv) ensuring environmental sustainability, ecological balance, protection of flora and fauna, animal welfare, agroforestry, conservation of natural resources and maintaining quality of soil, air and water including contribution to the Clean Ganga Fund set-up by the Central Government for rejuvenation of river Ganga.	-	-		11.40 Lakhs	No	-	-

(d) Amount spent in Administrative Overheads – **Not applicable**

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

(f) Total amount spent for the Financial Year (8b+8c+8d+8e) – **Rs.11,40,000/-**

(g) Excess amount for set off, if any - **Not applicable**

9. (a) Details of Unspent CSR amount for the preceding three financial years: – **Not applicable**

   (b) Details of CSR amount spent in the financial year for ongoing projects of the preceding financial year(s): – **Not applicable**

10. In case of creation or acquisition of capital asset, furnish the details relating to the asset so created or acquired through CSR spent in the financial year – **Not applicable**

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

Dated: 22nd April, 2021	**D. Ashok** Chairman - CSR Committee Kolkata	**S. Deka** Non-Executive Director Guwahati

Annexure 3 to the Report of Board of Directors for the financial year ended 31st March, 2021

SECRETARIAL AUDIT REPORT

FOR THE FINANCIAL YEAR ENDED 31st March, 2021

[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, 2021. 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, as provided to us during the said audit over email and telephone 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, 2021, 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 here in after:
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, according to the provisions of the following laws:

   (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, 2021 according to the provisions of the following law 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, 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 during the period under review. Further, no changes took place in the composition of the Board of Directors during the period under review.

   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, guidelines, and laws related to taxation, local laws applicable to the area of operation of business and other laws generally applicable to Company.
9. This report is to be read with our letter of even date which is annexed as Annexure A and forms an integral part of this report

For, ANJAN KUMAR ROY & CO.

Company Secretaries
ANJAN KUMAR ROY
Proprietor
FCS No. 5684
CP. No. 4557
UDIN: F005684C000113374

Place : Kolkata
Date : 22nd April, 2021

Annexure 'A'

(To the Secretarial Audit Report of M/s. North East Nutrients Private Limited for the Financial Year ended 31st March, 2021)

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, 2021 of even date is to be read along with this letter.

1. Maintenance of secretarial record is the responsibility of the management of the Company. Our responsibility is to express an opinion on these secretarial records based on our audit.
2. We have followed the audit practices and processes as were appropriate, to the best of our understanding, to obtain reasonable assurance about the correctness of the contents of the secretarial records. The verification was done on test basis to check as to whether correct facts are reflected in secretarial records. We believe that the processes and practices, we followed, provide a reasonable basis for our opinion. Due to COVID 19 pandemic, the aforesaid Audit has been conducted through electronic communication in the best possible manner in the prevailing situation.
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 happening of events etc.
5. The compliance of the provisions of corporate and other applicable laws, rules, standards is the responsibility of management. Our examination was limited to the verification of procedures on test basis to assess the compliance of secretarial duties and Board process.
6. The Secretarial Audit Report is neither an assurance as to the future viability of the Company nor of the efficacy or effectiveness with which the management has conducted the affairs of the Company.

For, ANJAN KUMAR ROY & CO.

Company Secretaries
ANJAN KUMAR ROY
Proprietor
FCS No. 5684
CP. No. 4557
UDIN: F005684C000113374

Place : Kolkata
Date : 22nd April, 2021

Annexure 4 to the Report of Board of Directors for the financial year ended 31st March, 2021

FORM AOC – 2
for the Financial Year ended 31st March, 2021

(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 25th November, 2020
(d)	Salient terms of the contracts or arrangements or transactions including the value, if any	Value of transaction during the year Rs. 194.06 Crores.
(e)	Date(s) of approval by the Board	19th August, 2020
(f)	Amount paid as advances, if any.	Nil

By order of the Board
North East Nutrients Private Limited

Dated: 22nd April, 2021	**(P. Wali)**	**(N. K. Jasper)**
Place : Bengaluru	Chairman	Director

Annexure 5 to the Report of Board of Directors for the financial year ended 31st March, 2021

Information pursuant to Rules 5(2) and 5(3) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014
Top 10 employees in terms of remuneration drawn during the Financial Year 2020-21

Sl. No.	Name	Age	Designation	Gross Remuneration (₹)	Net Remuneration (₹)	Qualifications	Experience (Years)	Date of commencement of Employment / Deputation	Position held / Previous Employment
A	B	C	D	E	F	G	H	I	J
1	Mr. Yanduru Giri Venkata Srikanth*#	31	Chief Financial Officer	32,96,650	22,66,328	A.C.A.	8	01.08.20	Category Finance Manager, ITC Limited
2	Mr. Neeraj Jaligam*	26	Process Excellence Manager	27,76,966	20,57,384	B. Tech in Mechanical Engineering	5	05.07.19	Technical AUT, ITC Limited
3	Mr. Aniruddha Patra*##	37	Head of Operations	23,65,382	17,38,419	B. Tech in Chemical Engineering	12	15.05.20	Assistant Manager - Technical
4	Mr. Dipak Shinde*###	29	Head of Operations	17,96,849	12,08,269	B. Tech in Mechanical Engineering	6	01.04.17	Technical AUT, ITC Limited
5	Mr. Sanjeeb Kumar Kanu	49	Assistant Manager – Finance	12,55,644	11,03,398	M.Com	19	08.12.15	Deputy Manager - Accounts, FENA Private Limited
6	Ms. Savitha Bai S.*	38	Manager & Company Secretary	12,63,619	9,87,738	B.Com, A.C.S., MBL	19	01.03.16	Finance Executive ITC Limited
7	Mr. Binit Agarwal*	30	Unit Finance Manager	9,08,419	7,57,918	B.Com, ACMA	9	01.03.19	Finance Executive, ITC Limited
8	Mr. Pramod Kumar Shrivastav	39	Executive – Logistic & Procurement	6,79,174	6,55,978	B.A.	12	20.11.17	Store Manager – Unibics Foods India Private Limited
9	Ms. Indu Choudhury	34	Assistant Manager – Finance	5,92,380	5,69,184	M. Com, ACMA	6	01.12.17	Assistant Manager - Accounts, North West Carrying Co.
10	Mr. Srimanta Banerjee	40	Manager-Quality	5,91,774	5,68,578	B. Science (Chemistry)	14	20.07.16	Quality Supervisor, GEO Nutrients Private Limited

Notes:

* On deputation from ITC Limited, the Holding company (ITC); remuneration borne by the Company as per the terms of deputation of their services.

Appointed with effect from 01.08.2020.

Deputed from 15.05.2020.

Reverted to Holding company from 23.09.2020.

1. None of the employees mentioned above is a relative of any Director or Manager of the Company.
2. None of the employees hold equity shares of the Company, singly or along with spouse and dependent children.
3. Gross Remuneration includes salary, allowances, performance bonus, contribution to Provident Fund & approved Pension Fund and other benefits / applicable perquisites, as the case may be, except the contribution to approved Gratuity Fund and provisions for leave encashment which are actuarially determined on an overall Company basis. The term ‘remuneration’ has the meaning assigned to it under the Companies Act, 2013.
4. Net Remuneration comprises cash income less:
   (a) income tax, surcharge (as applicable) & education cess deducted at source.
   (b) Manager’s own contribution to Provident Fund.
5. All appointments (except in case of employees on deputation) are contractual in accordance with terms and conditions as per Company rules.
6. Experience shown in Column H includes service with previous employers.

By order of the Board
North East Nutrients Private Limited

Dated: 22nd April, 2021 **(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 2021, 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 2021, and its profit, total comprehensive income, its cash flows and the changes in equity for the year ended on that date.

Basis for Opinion

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

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

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

Management's Responsibility for the Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section134(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 judgements and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statement that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

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

Auditor's Responsibility for the Audit of the Financial Statements

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

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

- Identify and assess the risks of material misstatement of the 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, 2021 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2021 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/ provided for the remuneration to its directors during the year, accordingly reporting on compliance with the requirements of Section 197 of the Act 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: 21209252AAAAFF1968

Date : April 22, 2021
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, 2021 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 authorizations 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, 2021, 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: 21209252AAAAFF1968

Date : April 22, 2021
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 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 explanation given to us, no material discrepancies were noticed on such verification.

(c) According to the information and explanations given to us and based on the confirmations directly received by us from lenders in respect of immovable properties of land and building whose title deeds have been pledged as security for loans 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 generally 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, 2021 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, Goods & Service Tax and Value Added Tax as on March 31, 2021 on 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 has not paid/provided for the remuneration to its directors during the year. Accordingly, 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 and 177 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.

(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: 21209252AAAAFF1968

Date : April 22, 2021
Place : Chennai

BALANCE SHEET AS AT 31ST MARCH, 2021

	Note		As at 31st March, 2021 Amount (in Lakhs)		As at 31st March, 2020 Amount (in Lakhs)
ASSETS					
Non-current assets					
(a) Property, Plant and Equipment	1A		7,414.14		7,755.90
(b) Capital work-in-progress	1B		256.59		400.53
(c) Deferred tax Assets (net)	2		143.04		254.84
(d) Other non-current assets	3		119.74		237.16
			7,933.51		8,648.43
Current assets					
(a) Inventories	4		1,349.62		1,079.44
(b) Financial assets					
(i) Investments	5	1,632.21		–	
(ii) Trade receivables	6	602.52		536.20	
(iii) Cash and cash equivalents	7	21.64	2,256.37	12.94	549.14
(c) Other current assets	3		1,086.35		1,129.74
			4,692.34		2,758.32
Total assets			12,625.85		11,406.75
EQUITY AND LIABILITIES					
Equity					
(a) Share capital	8	7,300.00		7,300.00	
(b) Other equity		1,071.18	8,371.18	163.59	7,463.59
			8,371.18		7,463.59
Liabilities					
Non-current liabilities					
(a) Financial liabilities					
(i) Borrowings	9		1,800.00		3,020.00
(b) Provisions	10		81.73		64.15
			1,881.73		3,084.15
Current liabilities					
(a) Financial Liabilities					
(i) Trade payables					
(A) Dues of Micro, Small and Medium Enterprises		66.05		41.46	
(B) Dues of creditors other than Micro, Small and Medium Enterprises		746.30		436.31	
(ii) Other financial liabilities	11	1,425.17	2,237.52	312.38	790.14
(b) Other current liabilities	12		132.24		68.87
(c) Provisions	13		3.17		–
			2,372.94		859.01
Total equity and liabilities			12,625.85		11,406.75

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

In terms of our report attached
For **Deloitte Haskins & Sells**
Chartered Accountants

ANANTHI AMARNATH
Partner

Chennai, 22nd April, 2021

For and on behalf of the Board of Directors
NORTH EAST NUTRIENTS PRIVATE LIMITED

S. DEKA
Director

N. K. JASPER
Director

P. WALI
Chairman

S. YANDURU
Chief Financial Officer

SAVITHA BAI S.
Manager & Company Secretary

Bengaluru, 22nd April, 2021

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31ST MARCH, 2021

		Note	For the year ended 31st March, 2021 Amount (in Lakhs)	For the year ended 31st March, 2020 Amount (in Lakhs)
I	Revenue from operations	14	17,251.87	14,785.17
II	Other income	15	36.73	35.21
III	Total Income (I+II)		17,288.60	14,820.38
IV	EXPENSES			
	Cost of material consumed		10,975.40	9,388.58
	Changes in inventories of finished goods		(10.32)	(50.74)
	Employee benefits expense	16	810.13	706.66
	Finance costs	17	340.79	498.03
	Depreciation and amortization expense	1A	718.07	715.25
	Other expenses	18	3,178.38	3,083.70
	Total expenses (IV)		16,012.45	14,341.48
V	Profit before tax (III- IV)		1,276.15	478.90
VI	Tax expense: Current Tax		258.30	39.84
	Deferred Tax		111.81	(39.84)
VII	Profit for the year (V-VI)		906.04	478.90
	Other comprehensive income			
	Items that will not be reclassified to profit or loss:			
	- Remeasurements of defined benefit plans		1.55	(6.24)
VIII	Total other comprehensive income		1.55	(6.24)
IX	Total comprehensive income for the year (VII+VIII)		907.59	472.66
X	Earnings per equity share (Face Value Rs.10 per share): Basic and Diluted (in ₹)	19	1.24	0.66

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

In terms of our report attached
For **Deloitte Haskins & Sells**
Chartered Accountants

ANANTHI AMARNATH
Partner

Chennai, 22nd April, 2021

For and on behalf of the Board of Directors
NORTH EAST NUTRIENTS PRIVATE LIMITED

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Chief Financial Officer

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Manager & Company Secretary

Bengaluru, 22nd April, 2021

CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2021

		For the year ended 31st March, 2021 Amount (in Lakhs)		For the year ended 31st March, 2020 Amount (in Lakhs)	
A.	**Cash flow from operating activities**				
	Profit before tax		1,276.15		478.90
	Adjustments for:				
	Depreciation and amortisation expenses	718.07		715.25	
	Finance costs	340.79		498.03	
	Income from Investments in Mutual Fund	(23.16)	1,035.70	(35.21)	1,178.07
	Operating profit before working capital changes		2,311.85		1,656.97
	Changes in working capital:				
	Adjustment for (increase) / decrease in operating assets:				
	Trade receivables and other current and non- current assets	(27.22)		(300.39)	
	Inventories	(270.18)		(187.18)	
	Adjustment for increase / (decrease) in operating liabilities:			–	
	Trade payables, other liabilities and provisions	425.58	128.19	204.97	(282.60)
	Cash generated from operations		2,440.04		1,374.37
	Income tax paid (net)		(136.59)		(188.80)
	Net cash generated from operating activities (A)		2,303.45		1,185.57
B.	**Cash flow from investing activities**				
	Capital expenditure on property, plant and equipments including capital work-in-progress	(232.37)		(226.15)	
	Interest received on bank deposits & maturity of bank deposit	–		14.00	
	Purchase of mutual fund	(2,159.92)		(9,740.00)	
	Sales/redemption of mutual fund	550.88		9,869.17	
			(1,841.42)		(82.99)
Net cash used in investing activities (B)			(1,841.42)		(82.99)
C.	**Cash flow from financing activities**				
	Dividend Paid	(45.00)		(587.34)	
	Tax on dividend paid	–		(120.73)	
	Repayment of borrowings	(247.54)		(2,184.46)	
	Interest paid on borrowings	(160.79)	(453.33)	(218.30)	(3,110.83)
Net cash generated used in financing activities (C)			(453.33)		(3,110.83)
Net increase/(decrease) in cash and cash equivalents (A+B+C)			8.70		(2,008.24)
Cash and cash equivalents at the beginning of the year			12.94		2,021.18
Cash and cash equivalents at the end of the year (Refer note 7)			21.64		12.94

Note:
The above Cash Flow Statement has been prepared under the "Indirect Method" (Ind AS 7)

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

In terms of our report attached
For **Deloitte Haskins & Sells**
Chartered Accountants

ANANTHI AMARNATH
Partner

Chennai, 22nd April, 2021

For and on behalf of the Board of Directors
NORTH EAST NUTRIENTS PRIVATE LIMITED

S. DEKA
Director

N. K. JASPER
Director

P. WALI
Chairman

S. YANDURU
Chief Financial Officer

SAVITHA BAI S.
Manager & Company Secretary
Bengaluru, 22nd April, 2021

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31ST MARCH, 2021

		Amount (in Lakhs)
A.	**Equity Share Capital**	
	As at 1st April, 2019	7,300.00
	Changes in equity share capital	–
	As at 31st March, 2020	7,300.00
	Changes in equity share capital	–
	As at 31st March, 2021	**7,300.00**

		Retained Earnings Total Amount (in Lakhs)
B.	**Other Equity (₹)**	
	Balance as at 1st April, 2019	(185.87)
		–
	Profit for the year	478.90
	Other Comprehensive Income (net of tax)	(6.24)
	Total Comprehensive Income	472.66
	Dividend	
	- Interim dividend (2019-20 - Rs. 0.14 per share)	(102.20)
	Tax on Dividend paid	(21.01)
	Balance as at 31st March, 2020	163.59
	Profit for the Year	906.04
	Other Comprehensive Income (Net of Tax)	1.55
	Total Comprehensive Income	907.59
	Balance as at 31st March, 2021	**1,071.18**

In terms of our report attached

For **Deloitte Haskins & Sells**
Chartered Accountants

ANANTHI AMARNATH
Partner

Chennai, 22nd April, 2021

For and on behalf of the Board of Directors
NORTH EAST NUTRIENTS PRIVATE LIMITED

S. DEKA
Director

N. K. JASPER
Director

P. WALI
Chairman

S. YANDURU
Chief Financial Officer

SAVITHA BAI S.
Manager & Company Secretary
Bengaluru, 22nd April, 2021

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 LIABILITIES AND EQUITY INSTRUMENTS

Financial assets and financial liabilities are recognised when the Company becomes a party to the contractual provisions of the relevant instrument and are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities measured at fair value through profit or loss) are added to or deducted from the fair value on initial recognition of financial assets or financial liabilities. Purchase or sale of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognised on the trade date, i.e., the date when the Company commits to purchase or sell the asset.

Financial Assets

Recognition: Financial assets include investments, Trade receivable, Advances, Security Deposits, Cash & Cash equivalents. Such assets are initially recognised at transaction price when the Company becomes party to contractual obligations. The transaction price includes transaction costs unless the assets is being fair valued through the statement of Profit and Loss.

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

Financial assets are classified as those measured at :

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

(b) Fair value through profit or loss (FVTPL), where the assets are managed in accordance with an approved investment strategy that trigger purchase and sale decisions based on the fair value of such assets. Such assets are subsequently measured at fair value, with unrealised gain or losses arising from changes in the fair value being recognised in the statement of profit and loss in the period in which they arise.

Trade receivable, Advances, Security Deposits, Cash & 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

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.

6. Recent pronouncement

On March 24, 2021, the Ministry of Corporate Affairs (MCA) through a notification, amended Schedule III of the Companies Act, 2013. The amendments revise Division I, II and III of Schedule III and are applicable from April 1, 2021. The Company is evaluating the effect of the amendments on its financial statements.

NOTES TO THE FINANCIAL STATEMENTS (Contd.)

All figures in Lakhs

Particulars	Gross Block						
	As at 1st April, 2019	Additions	Withdrawals and adjustments	As at 31st March, 2020	Additions	Withdrawals and adjustments	As at 31st March, 2021
1A. Property, plant and equipment*							
Land Freehold	397.35	-	-	397.35	-	-	**397.35**
Buildings - Freehold	5,567.65	26.19	-	5,593.85	-	-	**5,593.85**
Plant and Equipment	5,718.85	106.77	-	5,825.63	**365.82**	-	**6,191.45**
Furniture and Fixtures	63.96	19.20	-	83.16	**3.46**	-	**86.62**
Vehicles	43.04	-	-	43.04	-	-	**43.04**
Office Equipment	42.53	6.49	-	49.02	**7.03**	-	**56.06**
Total	11,833.38	158.66	-	11,992.04	**376.32**	-	**12,368.36**
1B. Capital work-in-progress	335.04	224.15	158.66	400.53	**232.37**	**376.32**	**256.59**
Total	12,168.42	382.81	158.66	12,392.57	**608.69**	**376.32**	**12,624.95**

Particulars	Depreciation and Amortisation					Net Book Value	
	As at 1st April, 2019	For the year	Upto 31st March, 2020	For the year	Upto 31st March, 2021	As at 31st March, 2021	As at 31st March, 2020
1A. Property, plant and equipment*							
Land Freehold	-	-	-	-	-	**397.35**	397.35
Buildings - Freehold	748.77	215.40	964.17	184.85	**1,149.02**	**4,444.83**	4,629.68
Plant and Equipment	2,728.78	477.85	3,206.63	513.00	**3,719.63**	**2,471.82**	2,619.00
Furniture and Fixtures	13.23	7.68	20.92	8.04	**28.96**	**57.67**	62.24
Vehicles	14.05	5.11	19.17	5.11	**24.28**	**18.76**	23.87
Office Equipment	16.06	9.20	25.27	7.07	**32.34**	**23.72**	23.76
Total	3,520.89	715.25	4,236.15	718.07	**4,954.22**	**7,414.14**	7,755.90
1B. Capital work-in-progress	-	-	-	-	-	**256.59**	400.53
Total	3,520.89	715.25	4,236.15	718.07	**4,954.22**	**7,670.73**	8,156.43

	As at 31st March, 2021 Amount (in lakhs)		As at 31st March, 2020 Amount (in lakhs)	
	Current	Non-Current	Current	Non-Current
2. Deferred Tax Assets (net)		**143.04**		254.84
				–
TOTAL		**143.04**	–	254.84

Particulars	As at 1st April, 2020	Recognised in Profit and loss account	As at 31st Mar, 2021
Deferred Tax Assets			
MAT Credit Entitlement	254.84	258.30	**513.14**
Provision for expenses	–	107.69	**107.69**
Provision for employee benefit expenses	–	30.84	**30.84**
	254.84	396.83	**651.68**
Deferred Tax Liabilities			
Impact of difference in carrying amount of Property, plant and equipment as per tax accounts and books	–	508.64	**508.64**
	–	508.64	**508.64**
Net Deferred Tax Asset	**254.84**	**(111.81)**	**143.04**

	2021 Current	2021 Non-Current	2020 Current	2020 Non-Current
3. Other Non-Current & Current Assets				
(i) Security Deposits				
1) With Statutory Authorities		**51.45**	–	51.45
2) With Others	**–**	**5.57**	–	5.57
(ii) Advance Tax, net of provision Rs. 389.76 Lakhs (2020: Rs. 254.84 Lakhs)	**–**	**62.72**		180.14
(iii) Other Advances (including advances with statutory authorities, prepaid expenses, employee etc.)	**1,086.35**	**–**	1,129.74	–
TOTAL	**1,086.35**	**119.74**	1,129.74	237.16

NOTES TO THE FINANCIAL STATEMENTS (Contd.)

	As at 31st March, 2021 Amount (in lakhs)		As at 31st March, 2020 Amount (in lakhs)	
	Current	Non-Current	Current	Non-Current
4. Inventories				
(At lower of cost and net realisable value)				
Raw materials (including packing materials)	719.64	–	508.45	–
Finished goods (manufactured)	220.94	–	210.62	–
Stores and Spares	409.05	–	360.37	–
TOTAL	1,349.62	–	1,079.44	–

	As at 31st March, 2021 Amount (in lakhs)	As at 31st March, 2020 Amount (in lakhs)
5. Investments - Current		
Investment in Mutual Fund (mandatorily measured at FVTPL) - Unquoted	1,632.21	–
TOTAL	1,632.21	–
6. Trade Receivables - Current		
Receivable from related Party	602.52	536.20
TOTAL	602.52	536.20
7. Cash and cash equivalents		
Balances with Banks		
Current account	21.64	12.94
TOTAL	21.64	12.94

	As at 31st March, 2021 (No. of Shares in lakhs)	As at 31st March, 2021 Amount (in lakhs)	As at 31st March, 2020 (No. of Shares in lakhs)	As at 31st March, 2020 Amount (in lakhs)
8. Share capital				
Authorised	–	–	–	–
Equity Shares of ₹ 10 each	750.00	7,500.00	750.00	7,500.00
Preference Shares of ₹ 100 each	20.00	2,000.00	20.00	2,000.00
	–	–	–	–
Issued, Subscribed and paid up	–	–	–	–
Equity Shares of ₹ 10 each, fully paid	730.00	7,300.00	730.00	7,300.00
	–	–	–	–
	–	–	–	–
A) Reconciliation of number of Equity Shares outstanding	–	–	–	–
As at beginning of the year	730.00	7,300.00	730.00	7,300.00
Add: Issue of Shares	–	–	–	–
As at end of the year	730.00	7,300.00	730.00	7,300.00

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

	As at 31st March, 2021 (No. of Shares in lakhs)	As at 31st March, 2021 %	As at 31st March, 2020 (No. of Shares in lakhs)	As at 31st March, 2020 %
ITC Limited (Holding Company)	554.80	76.00	554.80	76.00
Mukul Chandra Deka	43.80	6.00	43.80	6.00
Rajib Kumar Deka	43.80	6.00	43.80	6.00
Anupam Deka	43.80	6.00	43.80	6.00
Samrat Deka	43.80	6.00	43.80	6.00

C) **Rights, preferences and restrictions attached to the Equity Shares**

The Equity Shares of the Company, having par value of ₹ 10 per share, rank pari passu in all respects including voting rights and entitlement to dividend. .

NOTES TO THE FINANCIAL STATEMENTS (Contd.)

	As at 31st March, 2021 Amount (in lakhs)	As at 31st March, 2020 Amount (in lakhs)
9. Long-term borrowings		
Secured		
Term loans		
Loans from Related party [Refer Note 19(vii)]	–	1,220.00
Unsecured		
10%, Redeemable Preference share capital of ₹ 100.00 each	1,800.00	1,800.00
TOTAL	1,800.00	3,020.00

Nature of security and terms for secured long term borrowings including current maturities of long term borrowings are as under:

9.1 Term loan is secured by a first charge by way of hypothecation/equitable mortgage of entire property, plant and equipment, both present and future. Term loan is repayable in 24 quarterly instalments starting from 30th June, 2016 and carry an interest of 12% p.a.

The scheduled maturity of the Long-term borrowings are summarised as under:

Borrowings repayable		
In the first year (Note 11)	1,220.00	247.54
Current maturities of long-term debt	1,220.00	247.54
In the second year	–	1,220.00
In the third to fifth year		–
Long-term borrowings	–	1,220.00

9.2 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.

10. Provisions - Non Current		
Provision for employee benefits [Refer Note 19(ii)(a)]		
Retirement benefits	81.73	64.15
TOTAL	81.73	64.15
11. Other Financial liabilities		
Current		
Current maturities of long-term debt (Note 9.1)	1,220.00	247.54
Provision for preference share dividend	180.00	45.00
Other payables	25.17	19.83
TOTAL	1,425.17	312.38
12. Other current liabilities		
Statutory Liabilities	132.24	68.87
TOTAL	132.24	68.87
13. Provisions - Current		
Provision for employee benefits [Refer Note 19(ii)(a)]		
Retirement benefits - Current	3.17	–
TOTAL	3.17	–

	For the year ended 31st March, 2021 Amount (in lakhs)	For the year ended 31st March, 2020 Amount (in lakhs)
14. Revenue from operations		
Sale of Products	16,315.89	13,622.06
Gross Revenue from sale of products and services	16,315.89	13,622.06
Other Operating Revenues		
Subsidies - SGST, CGST & IGST benefit	829.40	1,069.57
Income from scrap sale	106.57	93.54
TOTAL	17,251.87	14,785.17

NOTES TO THE FINANCIAL STATEMENTS (Contd.)

	For the year ended 31st March, 2021 Amount (in lakhs)	For the year ended 31st March, 2020 Amount (in lakhs)
15. Other income		
Interest income from bank deposits measured at amortised cost	–	0.01
Income from Investments in Mutual Fund*	23.16	29.06
Income from Security Deposit (From Electricity Board - APDCL)	4.44	6.14
Interest on income tax refund	9.13	–
TOTAL	36.73	35.21

*Income from investment in mutual fund comprises

a) Financial assets mandatorily measured at FVTPL Rs. 19.09 Lakhs (2020 - Rs.Nil)

b) Net gain on sale of investments Rs. 4.07 Lakhs (2020 - Rs. 29.06 Lakhs)

16. Employee benefits expense		
Salaries and wages	425.25	376.98
Reimbursement of remuneration of deputed managers	128.52	110.40
Contribution to Provident & other funds	29.40	28.83
Gratuity expenses	25.14	21.87
Staff welfare expenses	201.82	168.58
TOTAL	810.13	706.66
17. Finance cost		
Interest expense on borrowing measured at amortised cost	160.79	218.30
Preference dividend	180.00	279.72
TOTAL	340.79	498.03
18. Other Expenses		
Power and fuel	830.91	643.84
Consumption of stores and spare parts	211.19	302.52
Rent	75.38	78.23
Rates and taxes	12.85	10.04
Insurance	33.91	26.00
Repairs	97.86	113.86
Outward freight and handling charges	527.99	418.44
Contractual charges	1,036.85	1,052.02
Information technology services	59.13	39.94
Travelling and conveyance	13.49	18.99
Consultancy / Professional fees	242.89	342.56
CSR expenses	11.40	7.00
Miscellaneous expenses	24.52	30.26
TOTAL	3,178.38	3,083.70
Consultancy / Professional fees include :		
Auditors' remuneration and expenses *		
as statutory audit fees	8.00	8.00
as tax audit fees	1.25	1.25
as reimbursement of expenses	0.28	0.28
	9.53	9.53

* Excluding taxes.

19. Earnings per equity share has been computed as under:		
(a) Profit for the year (₹ in lakhs)	906.04	478.90
(b) Weighted average number of Equity shares outstanding (in lakhs)	730.00	730.00
(c) Earnings per equity share on profit for the year (Face Value ₹ 10.00 per share)		
- Basic and Diluted [(a)/(b)]	1.24	0.66

19. Additional Notes to the Financial Statements

(i) Contingent liabilities and commitments :

(a) Contingent liabilities: Nil (2020 - Nil)

(b) Commitments

- Estimated amount of contracts remaining to be executed on capital accounts (net of advances) and not provided for: ₹ 33.48 lakhs (2020 - 46.82 lakhs).

(ii) (a) Defined Benefit Plans - As per Actuarial Valuations as on 31st March, 2021 and recognized in the financial statements in respect of gratuity:

Description of Plans

The liabilities arising in the defined benefit scheme of gratuity are determined in accordance with the advice of independent, professionally qualified actuaries, using the projected unit credit method.

Risk Management

The defined benefit plan of gratuity exposes the Company to actuarial deficit arising out of interest rate risk, salary cost inflation risk, longevity risk. These plans are not exposed to any unusual, entity specific or scheme specific risks but there are general risks. The Scheme's accounting liabilities are calculated using a discount rate set with reference to the Government security yields. A decrease in yields will increase the liabilities, leading to accounting deficit in the funds. Increase in salary due to adverse inflationary pressures might lead to higher liabilities. The present value of the defined benefit plan liability is calculated by reference to the best estimate of the mortality of plan participants both during and after their employment. An increase in the life expectancy of the plan participants will increase the plan's liability.

NOTES TO THE FINANCIAL STATEMENTS (Contd.)

			For the year ended 31st March, 2021 in lakhs	For the year ended 31st March, 2020 in lakhs
			Gratuity	Gratuity
			Unfunded	Unfunded
I	**Components of Employer Expense**			
	- Recognised in Profit or Loss			
	1	Current service cost	21.22	19.17
	2	Past service cost	–	–
	3	Net interest cost	3.92	2.70
	4	**Total expense recognised in the Statement of Profit and Loss**	25.14	21.87
	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	(1.30)	–
	7	Effect of changes in financial assumptions	2.83	9.48
	8	Changes in asset ceiling (excluding interest income)	–	–
	9	Effect of experience adjustments	(3.08)	(3.24)
	10	**Total re-measurements included in Other Comprehensive Income**	(1.55)	6.24
	11	**Total defined benefit cost recognised in Profit and Loss and Other Comprehensive Income (4+10)**	23.59	28.11
II	**Actual returns**		–	–
III	**Net Asset/(Liability) recognised in Balance Sheet**			
	1	Present value of Defined Benefit Obligation	84.90	64.15
	2	Fair value of plan assets	–	–
	3	Status [Surplus/(Deficit)]	(84.90)	(64.15)

Net Asset/(Liability) recognised in Balance Sheet	As at 31st March, 2021		As at 31st March, 2020	
	Current	Non-current	Current	Non-current
Gratuity	3.17	81.73	–	64.15

			For the year ended 31st March, 2021 in lakhs	For the year ended 31st March, 2020 in lakhs
			Gratuity	Gratuity
IV	**Change in Defined Benefit Obligation (DBO)**			
	1	Present value of DBO at the beginning of the year	64.15	36.04
	2	Current service cost	21.22	19.16
	3	Interest cost	3.92	2.70
	4	Cash flows	(2.83)	–
	5	Remeasurement losses / (gains):	–	–
		Effect of changes in demographic assumptions	(1.30)	–
		Effect of changes in financial assumptions	2.83	9.48
		Effect of experience adjustments	(3.09)	(3.24)
	10	**Present Value of DBO at the end of the year**	84.90	64.15

V		**Actuarial Assumption**	As at 31st March, 2021	As at 31st March, 2020
			Discount Rate (%)	Discount Rate (%)
	1	Discount rate	6.25%	6.25%
	2	Weighted expected rate of salary increase	12%	10%
	3	Retirement age	60	60
	4	Attrition rate	8%	4%
	5	Mortality table	IALM 2012-14 Ultimate	IALM 2012-14 Ultimate
		The estimates of future salary increase, considered in actuarial valuations take account of inflation, seniority, promotion and other relevant factors such as supply and demand factors in the employment market.		

Sensitivity analysis

	Particulars	As at 31st March, 2021	As at 31st March, 2020
1	Discount rate +100 basis points	74.17	53.59
2	Discount rate -100 basis points	98.12	77.62
3	Salary Increase Rate +1%	96.59	76.62
4	Salary Increase Rate -1%	74.92	54.07
5	Attrition Rate +1%	79.98	59.96
6	Attrition Rate -1%	90.78	69.21

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

NOTES TO THE FINANCIAL STATEMENTS (Contd.)

of the defined benefit obligation has been calculated using the projected unit credit method at the end of the reporting period, which is the same as that applied in calculating the defined benefit obligation liability recognised in the balance sheet. There was no change in the methods and assumptions used in preparing the sensitivity analysis from prior years.

Note: The Company has started its commercial operations from August 2015. Accordingly, the cost towards defined benefit obligations have been recognized with effect from FY 2015-16.

(b) Provident Fund contributions are in the nature of defined contribution scheme. They are deposited with the Government and recognised as expense.

Amounts towards Defined Contribution Plans have been recognised under "Contribution to Provident and other funds" in Note 16 ₹ 29.40 (2020 - ₹ 28.83).

(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, 2021 is ₹ 66.05 lakhs (2020 - ₹ 41.46 lakhs) on account of trade payables and Nil (2020 - Nil) on account of other current liabilities. There are no Micro, Small and Medium Enterprises, to whom the Company owes dues, which are outstanding for more than 45 days during the year and also as at 31st March, 2021. This information as required to be disclosed under the Micro, Small and Medium Enterprises Development Act, 2006 has been determined to the extent such parties have been identified on the basis of information available with the Company.

Particulars	For the year ended 31st March 2021	For the year ended 31st March 2020
The principal amount and the interest due thereon remaining unpaid to any supplier as at the end of each accounting year; - Principal - Interest	–	–
The amount of interest paid by the buyer in terms of Section 16 of the Micro, small, and medium enterprises Development Act, 2006 (the Act) along with the amount of the payment made to the supplier beyond the appointed day during each accounting year;	–	–
The amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under the said Act;	–	–
The amount of interest accrued and remaining unpaid at the end of each year; and	–	–
The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprise.	–	–

(iv) The Company has entered into cancellable operating lease arrangement for office space, residential accommodation, plant & equipment and land for storage of biomass fuel. The lease rentals payable is charged as 'Rent' under Note 18.

(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) **Tax Expense**

(a) **Income Tax recognised in statement of Profit & Loss**

Particulars	**For the year ended 31st Mar, 2021**	For the year ended 31st Mar, 2020
Current tax		
In respect of the current year	258.30	39.84
	258.30	39.84
Deferred Tax		
In respect of the current year	111.80	(39.84)
	370.11	–

(b) **Income Tax recognised in other comprehensive income**

Particulars	**For the year ended 31st Mar, 2021**	For the year ended 31st Mar, 2020
Deferred Tax		
Reimbursement of defined benefit obligation	–	–
Total Income Tax recognised in other comprehensive income	–	–

(c) **Reconciliation of Tax expense and accounting profit**

Particulars		**For the year ended 31st Mar, 2021**	For the year ended 31st Mar, 2020
Profit before tax		1,276.15	478.90
Applicable Tax Rate		29.12%	29.12%
Income Tax calculated at applicable rate	A	371.62	139.46
Adjustment on account of :			
Deferred tax not created on account of reversal during the tax holiday period		(7.35)	–
Others		5.84	–
Adjustment of excess tax recorded in earlier years		–	(139.46)
	B	(1.51)	(139.46)
Income tax expense recognised in statement of profit and loss	(A+B)	370.11	–

(vii) 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	
S. Yanduru	Chief Financial Officer
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	
K V Raghavaiah	Independent Director

(vii) Related Party Disclosures (contd.)

(All Figure in Lakhs)

3. DISCLOSURE OF TRANSACTIONS BETWEEN THE COMPANY AND RELATED PARTIES AND THE STATUS OF OUTSTANDING BALANCES AS AT 31.03.2021

RELATED PARTY TRANSACTIONS SUMMARY		Holding Company		Fellow Subsidiaries				Firm in which Director is interested						KMP		Total	
		ITC Limited		ITC Infotech India Limited		Russell Credit Limited		M/s Sunandaram Deka		M/s Repose		M/s Repose Highway Private Limited					
		2021	2020	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020
1	Sale of goods (incl of & GST)	19,405.81	16,121.67	-	-	-	-	-	-	-	-	-	-	-	-	19,405.81	16,121.67
2	Purchase of goods/ services (incl of & GST)	163.15	314.52	-	-	-	-	0.29	0.33	0.65	13.34	0.50	-	-	-	164.58	328.19
3	Leasing or rental services (incl of & GST)	44.44	43.89	-	-	-	-	-	-	-	-	-	-	-	-	44.44	43.89
4	Management services (incl of & GST)	-	-	9.35	8.92	-	-	218.06	218.06	-	-	-	-	-	-	227.41	226.98
5	Labour contract services (incl of & GST)	-	-	-	-	-	-	1,019.66	1,153.39	-	-	-	-	-	-	1,019.66	1,153.39
6	Internal Audit fees (incl of & GST)	2.07	1.89	-	-	-	-	-	-	-	-	-	-	-	-	2.07	1.89
7	Preference dividend/ interest	180.00	180.00	-	-	160.79	218.30	-	-	-	-	-	-	-	-	340.79	398.30
8	Remuneration to Key Management Personnel	-	-	-	-	-	-	-	-	-	-	-	-	-	-		
	- Directors	-	-	-	-	-	-	-	-	-	-	-	-	0.80	0.70	0.80	0.70
9	Remuneration of managers on deputation reimbursed	128.52	110.40	-	-	-	-	-	-	-	-	-	-	-	-	128.52	110.40
10	Payment towards loan repayment		-	-	-	247.54	2,184.46	-	-	-	-	-	-	-	-	247.54	2,187.46

Compensation of key management personnel

The remuneration of directors and other members of key management personnel during the year was as follows *	2,021	2,020
- K. V. Raghavaiah (Sitting fees)	0.80	0.70

RELATED PARTY BALANCES		Holding Company		Fellow Subsidiaries				Firm in which Director is interested						KMP		Total	
		ITC Limited		ITC Infotech India Limited		Russell Credit Limited		M/s Sunandaram Deka		M/s Repose		M/s Repose Highway Private Limited					
		2021	2020	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020
Balances as at 31st March, 2021 (unsecured unless otherwise stated)																	
1	Receivables	602.52	536.36	-	-	-	-	-	-	-	-	-	-	-	-	602.52	536.36
2	Loans Taken	-	-	-	-	** 12,20.00	** 14,67.54	-	-	-	-	-	-	-	-	1,220.00	1,467.54
3	Payables	0.13	0.16	-	-	-	-	-	3.15	-	-	-	-	-	-	0.13	3.30
4	Preference Share Capital	1,800.00	1,800.00	-	-	-	-	-	-	-	-	-	-	-	-	1,800.00	1,800.00
5	Advances given	-	-	-	-	-	-	-	30.00	-	-	-	-	-	-	-	30.00

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.)

19(viii) **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, 2021 is 0.36:1 (2020 – 0.44:1). 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. 8,371.19 lakhs and debt of Rs. 3,020.00 lakhs. The Company is not subject to any externally imposed capital requirement.

2. **Categories of Financial Instruments**

Particulars	Note	As at 31st March, 2021		As at 31st March, 2020	
		Carrying Value	Fair Value	Carrying Value	Fair Value
A. Financial assets					
a) Measured at amortised cost					
i) Cash and Cash Equivalents	7	21.64	21.64	12.94	12.94
iii) Trade Receivables	6	602.52	602.52	536.20	536.20
b) Measured at Fair Value Through Profit or loss					
i) Investment in Mutual Funds	5	1,632.21	1,632.21	–	–
Total financial assets		2,256.37	2,256.37	549.14	549.14
B. Financial liabilities					
a) Measured at amortised cost					
i) Borrowings	9	1,800.00	1,800.00	3,020.00	3,020.00
ii) Trade Payables		812.34	812.34	477.77	477.77
iii) Other financial liabilities	11	1,425.17	1,425.17	312.38	312.38
Total financial liabilities		4,037.51	4,037.51	3,810.15	3,810.15

3. **Financial risk management objectives**

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

a) **Market risk**

The Company is not an active investor in Equity market. The Company's investments are predominantly held in debt mutual funds. The Company also invest in mutual fund schemes of leading fund houses. However, given the relatively short tenure of underlying portfolio of the mutual fund schemes in which the Company has invested such price risk are not significant. Commodity price risk arising out of movement of prices of raw materials, packing materials, consumables etc. are transferred to customers. Derivative transactions are not undertaken.

i. **Interest rate risk**

Interest rate risk refers to the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. As majority of the financial assets and liabilities of the Company are either short term or fixed interest-bearing instruments, the Company's net exposure to interest risk is negligible.

ii. **Commodity Price risk**

The Company's exposure to commodity price risk price is negligible as it follows the policy of passing on such risk to its customers and maintain adequate inventory cover for its operations.

b) **Liquidity risk**

Liquidity risk is defined as the risk that the Company will not be able to settle or meet its obligations as they become due. The Company manages its liquidity risk by ensuring that it will always have sufficient liquidity to meet its liabilities when due.

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

Particulars	As at 31st March, 2021						
	Contractual Cash flows* (Figures in lakhs)						
	Carrying value	Less than 3 months	More than 3 months upto 6 months	More than 6 months upto 1 year	More than 1 year upto 3 years	Beyond 3 years	Total
Borrowings	1,800.00		-	-	1,800.00	-	1,800.00
Trade Payables	812.34	812.34	-	-	-	-	812.34
Other Financial Liabilities	1,425.17	505.71	307.46	612.00	-	-	1,425.17
	4,037.51	1,318.05	307.46	612.00	1800.00	-	4,037.51

NOTES TO THE FINANCIAL STATEMENTS (Contd.)

Particulars	As at 31st March, 2020						
	Contractual Cash flows* (Figures in lakhs)						
	Carrying value	Less than 3 months	More than 3 months upto 6 months	More than 6 months upto 1 year	More than 1 year upto 3 years	Beyond 3 years	Total
Borrowings	3,020.00	-	-	-	1,220.00	1,800.00	3,020.00
Trade Payables	477.77	477.77	-	-	-	-	477.77
Other Financial Liabilities	312.38	7.28	-	305.09	-	-	312.38
	3,810.15	**485.05**	**-**	**305.09**	**1,220.00**	**1,800.00**	**3.810.15**

* The table has been drawn up based on undiscounted cash flows of financial liabilities based on the earliest date on which the Company is required to pay. The table includes principal cash flows.

c) Credit risk

Credit risk is the risk that counterparty will not meet its obligations under a financial instrument which may lead to a financial loss to the Company.

The Company has sales to a single customer which is also the holding Company. Hence, there is no credit risk to the Company.

4. Fair value measurement

Fair value hierarchy

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

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

Level 2: Inputs other than quoted price included within level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

The fair value of financial instruments that are not traded in an active market is determined using market approach and valuation techniques which maximize the use of observable market data and rely as little as possible on entity-specific estimates. If significant inputs required to fair value an instrument are observable, the instrument is included in Level 2.

Derivatives are valued using valuation techniques with market observable inputs such as foreign exchange spot rates and forward rates at the end of the reporting period, yield curves, risk free rate of returns, volatility etc., as applicable.

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

If one or more of the significant inputs is not based on observable market data, the fair value is determined using generally accepted pricing models based on a discounted cash flow analysis, with the most significant inputs being the discount rate that reflects the credit risk of counterparty.

The fair value of trade receivables and payables and other current financial assets and liabilities are considered to be equal to the carrying amounts of these items due to their short – term nature.

There has been no change in the fair valuation methodology as compared to previous year.

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, 2021	As at 31st March, 2020
A. Financial assets			
Measured at Fair Value Through Profit or Loss			
Investment in Mutual Funds	1	**1,632.21**	–
Total financial assets		**1,632.21**	–
B. Financial liabilities			
Measured at amortised cost			
Borrowings	2	**1,800.00**	3,020.00
Total financial liabilities		**1,800.00**	3,020.00

(ix) Expenditure incurred under Section 135 of the Companies Act, 2013 on Corporate Social Responsibility (CSR) activities amounts to Rs. 11.40 lakhs as contribution given for Clean Ganga Project (2020 – Rs. 7.00 lakhs contribution given to ITC Education Trust).

(x) The financial statements were approved for issue by the board of directors on April 22nd, 2021.

20. **Impact of COVID-19 Pandemic**

The Company has made detailed assessment of its liquidity position for the next one year and of the recoverability and carrying values of its assets as at the balance sheet date and has concluded that there are no material adjustments required in the financial statements. The Company has considered the possible effects that may arise out of the still unfolding COVID-19 pandemic. However, the impact of the COVID 19 pandemic on our business will depend on future developments that cannot be reliably predicted. The impact of the COVID 19 pandemic might be different from that estimated as at the date of approval of these financial statements and the Company will closely monitor any material changes to future economic conditions.

For and on behalf of the Board of Directors

S. DEKA
Director

N. K. JASPER
Director

P. WALI
Chairman

S. Yanduru
Chief Financial Officer

SAVITHA BAI S.
Manager & Company Secretary

Bengaluru, 22nd April, 2021

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, 2021.

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, inter alia, due to slow demand for capital investments, excess capacity in FMCG & Pharmaceutical industries, and stiff competition from national and regional players. The Company's performance during the year was severely impacted by the sluggish demand arising out of subdued business sentiment in the wake of the COVID-19 pandemic. Your Company's Revenue from Operations for the year stood at ₹ 629.07 lakhs (previous year: ₹ 1,232.86 lakhs). The Net Loss for the year was ₹ 242.02 lakhs (previous year: Profit of ₹ 7.02 lakhs) and the Total Comprehensive Income was ₹ (241.64) lakhs (previous year: ₹ 5.58 lakhs).

   Further, the Hon'ble National Company Law Tribunal, Mumbai Bench ('NCLT'), vide Order dated 9th April, 2021, confirmed the reduction of Issued, Subscribed and Paid-up Equity Share Capital of the Company from ₹ 18,84,60,000/- comprising 18,84,60,000 Equity Shares of ₹ 1/- each to ₹ 18,50,81,193/- comprising 18,50,81,193 Equity Shares of ₹ 1/- each, by way of cancelling and extinguishing, in aggregate, 33,78,807 Equity Shares of ₹ 1/- each held by shareholders other than the Promoter, in lieu of payment not exceeding ₹ 1/- to such shareholders. The said reduction of Equity Share Capital of the Company will be given effect to during the financial year 2021-22 on completion of necessary formalities under Section 66 of the Companies Act, 2013 ('the Act') and as directed by the NCLT.

   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

   As you are aware, at the 97th Annual General Meeting ('AGM') held on 23rd September, 2020, Ms. N. Bajaj (DIN: 02171721) was appointed as a Non-Executive Director of your Company with effect from the said date.

   There were no other changes in the composition of the Board of Directors ('the Board') and Key Managerial Personnel of your Company during the year under review.

   Mr. R. Senguttuvan (DIN: 03092725) stepped down as the Managing Director of your Company with effect from 8th May, 2021, consequent to his retirement from the services of ITC Limited, the Holding Company ('ITC'). Your Directors place on record their appreciation for the valuable contribution made by Mr. Senguttuvan during his tenure.

   Consequently, the Board, on the recommendation of the Nomination and Remuneration Committee, appointed Mr. Samir Vijay Limaye (DIN: 01757813) as an Additional Director, and subject to the approval of the Members, also as a Wholetime Director of the Company for a period of two years with effect from 7th June, 2021. In accordance with Section 161 of the Act and Article 119 of the Articles of Association of the Company, Mr. Limaye will vacate office at the ensuing AGM and is eligible for appointment as a Director of your Company. Requisite Notice under Section 160 of the Act has been received by the Company for his appointment and he has filed his consent to act as the Wholetime Director of your Company. Appropriate resolution seeking your approval to the said appointment and remuneration payable to him is appearing in the Notice convening the ensuing AGM of the Company. The appointment of Mr. Limaye will be governed by the resolutions passed by the Board and the shareholders of the Company. The statutory provisions will apply with respect to notice period and severance fee.

   (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 databank of Independent Directors, as required under Rule 6 of 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. All the Directors, other than the Independent Directors, 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 the Articles of Association of the Company, Mr. C. R. Dua (DIN: 00036080), 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)
Ms. N. Bajaj	Mr. S. Banerjee
Mr. S. Banerjee	Mr. D. Dutta
	Mr. R. Tandon

   Securityholders Relationship Committee

   Ms. N. Bajaj (Chairperson)
   Mr. D. Dutta

   Four meetings of the Board were held during the year ended 31st March, 2021.

6. **DIRECTORS' RESPONSIBILITY STATEMENT**

   As required under Section 134 of the Act, your Directors confirm having:

   i) followed in the preparation of the Annual Accounts, the applicable Accounting Standards with proper explanation relating to material departures, if any;

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

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

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

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

7. **SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES**

   The Company does not have any subsidiary, associate or joint venture.

8. **PARTICULARS OF EMPLOYEES**

   The 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 Rule5(2) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, are provided in **Annexure 2** to this Report.

   The Company seeks to enhance equal opportunities for men and women and is committed to a gender-friendly workplace. Your Company has constituted an Internal Complaints Committee in compliance with the applicable provisions of the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013. During the year under review, no complaint for sexual harassment was received.

9. **RISK MANAGEMENT**

   The Company's risk management framework addresses risks intrinsic to operations, financials and compliances arising out of the overall strategy of the Company.

   Management of risks vests with the executive management which is responsible for the day-to-day conduct of the affairs of the Company, within the overall framework approved by the Board. The Internal Auditor of the Company, appointed by the Board, periodically carries out risk focused audits with the objective of identifying areas where risk management processes could be 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.

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, 2021, the Company has neither given any loan or guarantee nor has made any investment under Section 186 of the Act.

12. RELATED PARTY TRANSACTIONS

During the year ended 31st March, 2021, all the related party transactions entered into by the Company were in the ordinary course of business and at arm's length. The details of material related party transaction of the Company in the prescribed Form 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. COST RECORDS

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

15. STATUTORY AUDITORS

Messrs. Deloitte Haskins & Sells, Chartered Accountants ('DHS'), were re-appointed as the Auditors of your Company at the 96th AGM held on 9th August, 2019 to hold such office till the conclusion of the 101st AGM (up to financial year 2023-24). Pursuant to Section 142 of the Act, the Board, on the recommendation of the Audit Committee, has recommended for the approval of the Members, remuneration of DHS for the financial year 2021-22. Appropriate resolution in respect of the same is being placed for your approval at the ensuing AGM of the Company.

16. COMPLIANCE WITH SECRETARIAL STANDARDS

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

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

The Company's operations do not involve substantial consumption of power in comparison to the costs of production. However, the Company takes due care to efficiently utilise and manage energy resources resulting in cost savings for the Company. The Company continuously works on productivity improvements during fabrication and assembly of machinery for various customers.

No new technology was adopted by the Company during the year.

During the year under review, the Company earned foreign exchange of ₹ 23.05 lakhs, while there was no outflow of foreign exchange.

18. ACKNOWLEDGEMENT

The Board acknowledges the support of the Government, shareholders, banks, customers, suppliers and business associates and the dedication and hard work of its employees.

On behalf of the Board

	R. Tandon	Chairman
Date: 7th June, 2021	**N. Bajaj**	Director

Annexure 1 to the Report of the Board of Directors for the financial year ended 31st March, 2021

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, 2021

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

Names	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*	35	Chief Financial Officer	59,55,212/-	35,61,111/-	B.Com., A.C.A.	11	01.07.2017	Assistant Manager (Finance) - ITC Limited
S. V. Limaye #	55	Vice President	33,81,994/-	24,23,555/-	B.E. (Prodn.), P.G.P.M.	28	11.01.2021	Deputy General Manager – Cosmo Films Limited
Y. V. Potdar	43	Manager – Purchase	8,35,646/-	7,61,612/-	Diploma in Mechanical Engineering	22	13.08.2018	Factory Head - Wraptech Private Limited
A. G. Gaikar	32	Manager – Sales	7,23,803/-	6,75,538/-	B.E. (Mechanical)	10	16-08-2019	Deputy Manager - FBF Homogenizers India Private Limited
V. S. Jadhav	46	Manager – Accounts	6,80,106/-	6,03,470/-	B.Com	25	05.02.2006	Accounts Assistant – Fudkor India Private Limited
A. K. Dhule	35	Production Manager	5,74,210/-	5,28,510/-	B. E. (Mechanical)	10	01.11.2018	Production Engineer – Dalal Engineering Private Limited
G. S. Patil	34	Manager – Service	5,47,708/-	5,02,008/-	B.E. (Instruments)	12	17.07.2017	Service Engineer – Sipa India Private Limited
R. S. Reddy	26	Manager – Sales	5,16,160/-	4,70,460/-	B. Tech (Mechanical)	7	14-11-2018	Sr. Sales and Service Engineer - Chamunda Pharma Machinery Private Limited
A. H. Mendon	57	Manager – IT	4,96,905/-	4,05,794/-	B. Sc., P.G.D.B.A	33	18.09.1995	System Analyst – Lateral Management Computer Consultants
R G Pawar	56	Technician	4,79,304/-	4,33,604/-	H.Sc.	30	16-07-1991	N.A.

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

\# On deputation from ITC. Ceased to be the Vice President of the Company with effect from 31st December, 2020 and was re-appointed with effect from 11th January, 2021.

Notes:

(a) Gross remuneration includes salary, variable pay / performance bonus, allowances & other benefits / applicable perquisites borne by the Company, except provisions for gratuity and leave encashment which are actuarially determined on an overall Company basis. The term 'remuneration' has the meaning assigned to it under the Companies Act, 2013.

(b) Net remuneration comprises cash income less tax deducted at source and employee's own contribution to provident fund.

(c) Certain employees of the Company have been granted Stock Options by ITC in previous year(s) under its Employee Stock Option Schemes at 'market price' [within the meaning of the Securities and Exchange Board of India (Share Based Employee Benefits) 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 grants have not been considered as remuneration.

(d) All appointments (except deputed employees) are contractual in accordance with terms and conditions as per the Company's rules.

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

On behalf of the Board

R. Tandon Chairman

Dated : 7th June, 2021 **N. Bajaj** Director

Annexure 3 to the Report of the Board of Directors for the financial year ended 31st March, 2021

FORM NO. AOC-2

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

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

1. Details of contracts or arrangements or transactions not at arm's length basis

a)	Name(s) of the related party and nature of relationship	**NIL**
b)	Nature of contracts / arrangements / transactions	
c)	Duration of the contracts / arrangements / transactions	
d)	Salient terms of the contracts or arrangements or transactions including the value, if any	
e)	Justification for entering into such contracts or arrangements or transactions	
f)	Date of approval by the Board	
g)	Amount paid as advances, if any	
h)	Date on which the resolution was passed in general meeting as required under first proviso to Section 188	

2. Details of material contracts or arrangements or transactions at arm's length basis

a)	Name(s) of the related party and nature of relationship	ITC Limited, the Holding Company
b)	Nature of contracts / arrangements / transactions	Sale of machineries and related spares / services related to machine maintenance, installation, repairs, etc.
c)	Duration of the contracts / arrangements / transactions	Ongoing
d)	Salient terms of the contracts or arrangements or transactions including the value, if any	Value of transaction during the year - ₹ 57 lakhs
e)	Date of approval by the Board, if any	–
f)	Amount paid as advances, if any	Nil

On behalf of the Board

R. Tandon Chairman

Dated : 7th June, 2021 **N. Bajaj** Director

INDEPENDENT AUDITOR'S REPORT

To the Members of WIMCO Limited

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of WIMCO Limited ("the Company"), which comprise the Balance Sheet as at 31st March, 2021, 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, 2021, 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 judgements and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statement that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

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

Auditor's Responsibility for the Audit of the Financial Statements

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

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

- Identify and assess the risks of material misstatement of the 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, 2021 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2021 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 : 21209252AAAAGE1256

Place: Chennai
Date : May 19, 2021

ANNEXURE "A" TO THE INDEPENDENT AUDITOR'S REPORT

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

Report on the Internal Financial Controls Over Financial Reporting under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")

We have audited the internal financial controls over financial reporting of WIMCO Limited ("the Company") as of March 31, 2021 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, 2021, based on the criteria for internal financial control over financial reporting established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India

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For Deloitte Haskins & Sells
Chartered Accountants
(Firm's Registration No.302009E)
Ananthi Amarnath
Partner
(Membership No. 209252)
UDIN : 21209252AAAAGE1256

Place: Chennai
Date : May 19, 2021

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 provide 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, 2021 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, 2021 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) 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 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 : 21209252AAAAGE1256

Place: Chennai
Date : May 19, 2021

BALANCE SHEET AS AT 31ST MARCH, 2021

	Note		As at 31st March, 2021 (₹ in Lakhs)		As at 31st March, 2020 (₹ in Lakhs)
ASSETS					
Non-current assets					
(a) Property, Plant and Equipment	1A		64.13		66.17
(b) Intangible assets	1B		4.51		8.13
(c) Deferred Tax Assets (net)	2		–		–
(d) Other non-current assets	3		38.90		59.47
Total Non-current assets			107.54		133.77
Current assets					
(a) Inventories	4		149.84		198.09
(b) Financial Assets					
(i) Investments	5	300.59		342.82	
(ii) Trade receivables	6	74.39		122.14	
(iii) Cash and cash equivalents	7	138.26		100.16	
(iv) Other Bank Balance	8	17.53	530.77	16.87	581.99
(c) Other current assets	3		4.50		103.61
Total Current assets			685.11		883.69
Total Assets			792.65		1,017.46
EQUITY AND LIABILITIES					
Equity					
(a) Equity Share capital	9	1,884.60		1,884.60	
(b) Other Equity		(2,139.35)	(254.75)	(1,898.81)	(14.21)
Liabilities					
Non-current liabilities					
(a) Financial Liabilities					
(i) Borrowings	10		500.00		500.00
(ii) Other Financial Liabilities	11		0.94		0.34
(b) Provisions	12		6.86		12.10
Total Non-current liabilities			507.80		512.44
Current liabilities					
(a) Financial Liabilities					
(i) Borrowings	10	–		2.64	
(ii) Trade payables					
Total outstanding dues of Micro Enterprises and Small Enterprises					
Total outstanding other than dues of Micro Enterprises and Small Enterprises		232.31		355.09	
(iii) Other financial liabilities	11	79.92	312.23	25.93	383.66
(b) Other current liabilities	13		225.22		134.91
(c) Provisions	12		2.15		0.66
Total Current liabilities			539.60		519.23
Total Equity and Liabilities			792.65		1,017.46

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 : 19th May, 2021

For and on behalf of the Board

RAJIV TANDON
Chairman

Place : Kolkata
Date : 7th May, 2021

R SENGUTTUVAN
Managing Director

Place : Chennai
Date : 7th May, 2021

S K SIPANI
Company Secretary

Place : Chennai
Date : 7th May, 2021

SHARAD MUNDRA
Chief Financial Officer

Place : Chennai
Date : 7th May, 2021

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31ST MARCH, 2021

		Note	For the year ended March 31, 2021 (₹ in Lakhs)	For the year ended March 31, 2020 (₹ in Lakhs)
I	Revenue From Operations	14	629.07	1,232.86
II	Other Income	15	26.96	16.53
III	**Total Income (I+II)**		656.03	1,249.39
IV	**EXPENSES**			
	Cost of materials consumed		396.56	658.61
	Changes in inventories of finished goods, Stock-in -Trade and work-in-progress		21.05	(22.58)
	Employee benefits expense	16	238.77	245.18
	Finance costs	17	45.00	28.52
	Depreciation and amortization expense	1	5.66	10.35
	Other expenses	18	191.01	322.29
	Total expenses (IV)		898.05	1,242.37
V	**Profit before tax (III- IV)**		(242.02)	7.02
VI	Tax expense	19	–	–
VII	**Profit for the period/year (V-VI)**		(242.02)	7.02
VIII	**Other Comprehensive Income**			
	A (i) Items that will not be reclassified to profit or loss: - Remeasurements of defined benefit plans		0.38	(1.44)
	(ii) Income tax relating to items that will not be reclassified to profit or loss		–	–
IX	**Other Comprehensive Income**		0.38	(1.44)
X	**Total Comprehensive Income for the period/year (VII+IX)**		(241.64)	5.58
XI	Earnings per equity share (Face Value ₹ 1.00 each)	20		
	Basic (in ₹)		(0.13)	–
	Diluted (in ₹)		(0.13)	–

The accompanying notes 1 to 26 are an integral part of the Financial Statements.

In terms of our report attached

For Deloitte Haskins & Sells

Chartered Accountants

For and on behalf of the Board

ANANTHI AMARNATH
Partner

RAJIV TANDON
Chairman

Place : Kolkata
Date : 7th May, 2021

R SENGUTTUVAN
Managing Director

Place : Chennai
Date : 7th May, 2021

S K SIPANI
Company Secretary

Place : Chennai
Date : 7th May, 2021

SHARAD MUNDRA
Chief Financial Officer

Place : Chennai
Date : 7th May, 2021

Place : Chennai
Date : 19th May, 2021

CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2021

		For the year ended March 31, 2021 (₹ in Lakhs)	For the year ended March 31, 2020 (₹ in Lakhs)
A.	**Cash flow from operating activities**		
	Profit / (Loss) before Tax	**(242.02)**	7.02
	Adjustments for:		
	Depreciation and amortisation Expense	**5.66**	10.35
	Finance Cost	**45.00**	28.52
	Interest Income	**(1.21)**	(1.82)
	Doubtful and Bad debts	**0.38**	14.00
	Remeasurement of Defined Benefit Plans	**0.38**	(1.44)
	Share Based Payments	**1.10**	4.35
	Net (gain)/loss arising on investments mandatorily measured at fair value through profit or loss “	**(12.77)**	(2.82)
	Operating Profit/(loss) before working capital changes	**(203.48)**	58.16
	Adjustments for:		
	Trade receivables	**47.37**	(33.36)
	Other Current and Non Current Assets	**119.68**	96.79
	Inventories	**48.25**	36.92
	Trade Payables, Other Financial Liabilities & Provisions	**(26.63)**	(14.35)
	Cash (used in) / generated from operations before taxation	**(14.81)**	144.16
	Income tax paid (net of refunds)	**–**	–
	Net cash (used in) / generated from operations	**(14.81)**	144.16
B.	**Cash flow from investing activities**		
	Interest Received	**1.21**	1.82
	Redemption/(Investment) in Mutual Fund	**55.00**	(340.00)
	Maturity /(Investment) in bank deposit (original maturity more than 3 months)	**(0.66)**	(12.39)
	Net cash (used in) / generated from investing activities	**55.55**	(350.57)
C.	**Cash flow from financing activities**		
	Interest Paid	**–**	(13.15)
	Issue of Redeemable Preference share	**–**	500.00
	Net cash (used in) / generated from financing activities	**–**	486.85
D.	**Net increase / (decrease) in cash and cash equivalents (A+B+C)**	**40.74**	280.44
E.	**Reconciliation**		
	Cash and cash equivalents at the beginning of the period	**97.52**	(182.92)
	Cash and cash equivalents at the end of the period	**138.26**	97.52
		40.74	280.44
	Cash and cash equivalents		
	Cash and cash equivalents as above	**138.26**	97.52
	Cash Credit Facility (Note 10)	**–**	2.64
	Cash and Cash Equivalent (Note 7)	**138.26**	100.16

Note : The above Cash Flow Statement has been prepared under the “Indirect Method” as set out in Ind AS - 7 - “Statement of Cash Flow”

The accompanying notes 1 to 26 are an integral part of the Financial Statements.

In terms of our report attached

For Deloitte Haskins & Sells

Chartered Accountants

ANANTHI AMARNATH
Partner

Place : Chennai
Date : 19th May, 2021

For and on behalf of the Board

RAJIV TANDON
Chairman

Place : Kolkata
Date : 7th May, 2021

R SENGUTTUVAN
Managing Director

Place : Chennai
Date : 7th May, 2021

S K SIPANI
Company Secretary

Place : Chennai
Date : 7th May, 2021

SHARAD MUNDRA
Chief Financial Officer

Place : Chennai
Date : 7th May, 2021

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31ST MARCH, 2021

A. Equity Share Capital (₹ in Lakhs)

Balance at 1st April, 2019	**1,884.60**
Issue of equity shares	–
Balance at 31st March, 2020	**1,884.60**
Issue of equity shares	–
Balance at 31st March, 2021	**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, 2019	14.93	73.17	(1,996.84)	(1,908.74)
Profit for the period	–	–	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)
Profit for the period	–	–	**(242.02)**	**(242.02)**
Other Comprehensive Income (net of tax)	–	–	0.38	0.38
Total Comprehensive Income	–	–	**(241.64)**	**(241.64)**
Recognition of share based payment	–	1.10	–	1.10
Transfer from Capital Contribution for Share Based Payments on lapse		(2.11)	2.11	–
Balance as at 31st March, 2021	**14.93**	**76.51**	**(2,230.79)**	**(2,139.35)**

* Represents receipt of subsidy from government

The accompanying notes 1 to 26 are an integral part of the Financial Statements.

In terms of our report attached

For Deloitte Haskins & Sells

Chartered Accountants

For and on behalf of the Board

ANANTHI AMARNATH
Partner

RAJIV TANDON
Chairman
Place : Kolkata
Date : 7th May, 2021

R SENGUTTUVAN
Managing Director
Place : Chennai
Date : 7th May, 2021

S K SIPANI
Company Secretary
Place : Chennai
Date : 7th May, 2021

SHARAD MUNDRA
Chief Financial Officer
Place : Chennai
Date : 7th May, 2021

Place : Chennai
Date : 19th May, 2021

NOTES TO THE FINANCIAL STATEMENTS

(₹ in Lakhs)

Particulars	Gross Block							Depreciation and Amortisation					Net Book Value	
	As at 31st March, 2019	Addition	Disposals	As at 31st March, 2020	Addition	Disposals	**As at 31st March, 2021**	Upto 1st April, 2019	For the period	Upto 31st March, 2020	For the period	**Upto 31st March, 2021**	**As at 31st March, 2021**	As at 31st March, 2020
1A. Property, plant and equipment - owned														
Land Freehold	47.92	–	–	47.92	–	–	47.92	–	–	–	–	–	**47.92**	47.92
Buildings	10.63	–	–	10.63	–	–	10.63	1.87	0.25	2.12	0.25	**2.37**	**8.26**	8.51
Plant and Equipment	6.19	–	–	6.19	–	–	6.19	2.21	0.50	2.71	0.23	**2.94**	**3.25**	3.48
Computers	20.60	–	–	20.60	–	–	20.60	13.92	4.22	18.14	0.88	**19.02**	**1.58**	2.46
Office Equipment	5.65	–	–	5.65	–	–	5.65	2.17	0.82	2.99	0.66	**3.65**	**2.00**	2.66
Furniture and Fixtures	3.38	–	–	3.38	–	–	3.38	2.51	0.09	2.60	0.02	**2.62**	**0.76**	0.78
Vehicles	4.51	–	–	4.51	–	–	4.51	3.32	0.83	4.15	–	**4.15**	**0.36**	0.36
Total	**98.88**	–	–	**98.88**	–	–	**98.88**	**26.00**	**6.71**	**32.71**	**2.04**	**34.75**	**64.13**	**66.17**
1B. Intangible Assets														
Computer Software	18.12	–	–	18.12	–	–	**18.12**	6.35	3.64	9.99	3.62	**13.61**	**4.51**	8.13
Total	**18.12**	–	–	**18.12**	–	–	**18.12**	**6.35**	**3.64**	**9.99**	**3.62**	**13.61**	**4.51**	**8.13**
Grand Total	**117.00**	–	–	**117.00**	–	–	**117.00**	**32.35**	**10.35**	**42.70**	**5.66**	**48.36**	**68.64**	**74.30**

	As at 31st March, 2021 (₹ in Lakhs)	As at 31st March, 2020 (₹ in Lakhs)
2. Deferred tax Assets (Net)		
Deferred tax liabilities		
On difference between book balance and tax balance of Property Plant and Equipment	**–**	0.29
On other timing differences	**3.33**	0.71
Sub-Total	**3.33**	1.00
Deferred tax assets		
On difference between book balance and tax balance of Property Plant and Equipment	**2.03**	–
Unabsorbed depreciation carried forward	**32.56**	31.41
Disallowances under Section 40(a)(i), 43B of the Income Tax Act, 1961	**3.13**	4.07
Provision for doubtful debts, advances and diminution in value of Investments.	**6.28**	6.18
Brought forward business losses	**132.22**	108.60
Sub-Total	**176.22**	150.26
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 ₹ 525.36 Lakhs (2020 - ₹ 431.51 lakhs) for which no deferred tax assets have been recognised. These losses will expire between financial year 2021-22 to 2028-29.

	As at 31st March, 2021 (₹ in Lakhs)		As at 31st March, 2020 (₹ in Lakhs)	
	Current	**Non-Current**	Current	Non-Current
3. Other Assets				
Advances other than capital advances				
(i) Advance Tax (net of provisions)	**–**	**38.90**	–	59.47
(ii) Other Advances (including advances with statutory authorities, prepaid expenses, suppliers, employees etc.) Unsecured - considered good	**4.50**	**–**	103.61	–
TOTAL	**4.50**	**38.90**	103.61	59.47

	As at 31st March, 2021 (₹ in Lakhs)	As at 31st March, 2020 (₹ in Lakhs)
4. Inventories		
(At lower of cost and net realisable value)		
Raw materials (including packing materials)	**55.09**	82.29
Work-in-progress	**94.75**	115.80
TOTAL	**149.84**	198.09

NOTES TO THE FINANCIAL STATEMENTS (Contd.)

	As at 31st March, 2021 (₹ in Lakhs)	As at 31st March, 2020 (₹ in Lakhs)
5. Investments - Current		
(at fair value through profit or loss, unless stated otherwise)		
INVESTMENT IN MUTUAL FUNDS		
Nippon India Liquid Fund	300.59	342.82
5,973 (2020 - 7,067) units of ₹ 1000 each		
TOTAL	300.59	342.82
6. Trade Receivables (Current)		
Trade Receivables considered good - Secured	–	–
Trade Receivables considered good - Unsecured	74.39	122.14
Trade Receivables - Credit impaired	24.95	24.57
Less: Allowance for doubtful receivables	24.95	24.57
TOTAL	74.39	122.14
7. Cash and cash equivalents@		
Balances with Banks		
Current Accounts	23.24	0.12
In deposit Accounts	115.00	100.00
Cash on hand	0.02	0.04
TOTAL	138.26	100.16

@ 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, 2021 (₹ in Lakhs)	As at 31st March, 2020 (₹ in Lakhs)
8. Other Bank Balances		
In deposit Accounts*	17.53	16.87
TOTAL	17.53	16.87

* 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, 2021 (No. of Shares)	As at 31st March, 2021 (₹ in Lakhs)	As at 31st March, 2020 (No. of Shares)	As at 31st March, 2020 (₹ in Lakhs)
9. Share capital				
Authorised				
35,00,00,000 (2020: 35,00,00,000) Equity shares of ₹ 1 (2020: ₹ 1) each [see note (D)below]	35,00,00,000	3,500.00	35,00,00,000	3,500.00
1,13,00,000 (2020: 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 (2020: 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 and Note 24 (vii) for reduction in Issued, Subscribed & Paid up Equity Capital of the Company

A) Reconciliation of number of Ordinary Shares outstanding

	As at 31st March, 2021 (No. of Shares)	As at 31st March, 2021 (₹ in Lakhs)	As at 31st March, 2020 (No. of Shares)	As at 31st March, 2020 (₹ in Lakhs)
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, 2021 (No. of Shares)	As at 31st March, 2021 %	As at 31st March, 2020 (No. of Shares)	As at 31st March, 2020 %
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, 2021 (No. of Shares)	As at 31st March, 2021 %	As at 31st March, 2020 (No. of Shares)	As at 31st March, 2020 %
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, 2021 (₹ in Lakhs) Current	Non-Current	As at 31st March, 2020 (₹ in Lakhs) Current	Non-Current
10. Borrowings				
Secured				
Loan from Bank				
Cash credit facility*	–	–	2.64	–
Unsecured				
9% Redeemable Preference share capital of ₹ 100 each#	–	500.00	–	500.00
TOTAL	–	500.00	2.64	500.00

* Secured by hypothecation of all stock in trade present and future of the Company including raw materials, finished goods, stock-in-process and present and future book debts, outstanding receivables.

Redeemable non-convertible preference shares have been issued during the FY 2019-20 with a tenure of 5 years and are cumulative in nature. These redeemable preference shares have been considered as borrowing in view of the presentation requirement under Ind AS 32 on Financial Instruments - Presentation.

	As at 31st March, 2021 (₹ in Lakhs) Current	Non-Current	As at 31st March, 2020 (₹ in Lakhs) Current	Non-Current
11. Other Financial liabilities				
Employee Benefits Payable	13.12	–	7.07	–
Payable to the Holding Company	6.43	0.94	3.49	0.34
Provision for Preference Share dividend	60.37	–	15.37	–
TOTAL	79.92	0.94	25.93	0.34

	As at 31st March, 2021 (₹ in Lakhs) Current	Non-Current	As at 31st March, 2020 (₹ in Lakhs) Current	Non-Current
12. Provisions				
Provision for employee benefits				
Retirement benefits	2.15	6.86	0.66	12.10
TOTAL	2.15	6.86	0.66	12.10

	As at 31st March, 2021 (₹ in Lakhs)	As at 31st March, 2020 (₹ in Lakhs)
13. Other Current Liabilities		
Statutory Liabilities	8.70	21.18
Advances received from customers	212.52	107.13
Others	4.00	6.60
TOTAL	225.22	134.91

	For the year ended 31st March, 2021 (₹ in Lakhs)	For the year ended 31st March, 2020 (₹ in Lakhs)
14. Revenue from operations		
Sale of Products	562.93	821.35
Sale of Services	66.12	411.40
Gross Revenue from sale of products and services	629.05	1,232.75
Other Operating Revenues	0.02	0.11
TOTAL	629.07	1,232.86
15. Other income		
Interest Income	13.30	14.17
Net Foreign Exchange Gain / (Loss)	0.89	(0.46)
Other gains and losses	12.77	2.82
TOTAL	26.96	16.53
Other gains and losses:		
Net gain arising on financial assets (Current investments) mandatorily measured at FVTPL*	12.77	2.82
TOTAL	12.77	2.82

* Includes ₹ 1.91 Lakhs (2020 - ₹ NIL) being net gain on sale of investments.

	For the year ended 31st March, 2021 (₹ in Lakhs)	For the year ended 31st March, 2020 (₹ in Lakhs)
16. Employee benefits expense		
Salaries and wages	217.31	216.23
Contribution to Provident and other funds	9.63	9.00
Share based payment	1.84	3.84
Staff welfare expenses	9.99	16.11
TOTAL	238.77	245.18
17. Finance costs		
Interest expense	–	13.15
Preference Dividend	45.00	15.37
TOTAL	45.00	28.52

NOTES TO THE FINANCIAL STATEMENTS (Contd.)

	For the year ended 31st March, 2021 (₹ in Lakhs)	For the year ended 31st March, 2020 (₹ in Lakhs)
18. Other Expenses		
Consumption of stores and spare parts	**0.25**	0.20
Sub-Contracting Expenses	**55.93**	69.58
Power and fuel	**11.39**	12.14
Repairs and Maintenance		
- Buildings	**3.59**	11.50
- Machinery	**0.54**	0.03
- Others	**4.12**	4.07
Rates and taxes	**7.42**	8.96
Insurance	**1.73**	1.50
Maintenance and upkeep	**14.86**	20.92
Travelling and conveyance	**30.59**	69.31
Printing and stationery	**1.27**	6.83
Freight and forwarding	**9.60**	17.82
Advertising and sales promotion charges	**1.87**	26.14
Bank charges	**2.00**	1.05
Information technology services	**–**	1.35
Training and development	**0.86**	1.42
Professional fees	**17.52**	26.33
Postage and telephone charges	**4.85**	5.18
Directors' sitting fees	**4.90**	3.80
Doubtful and Bad debts	**0.38**	14.00
Miscellaneous expenses	**17.34**	20.16
TOTAL	**191.01**	322.29
Miscellaneous expenses include :		
1) Auditors' remuneration and expenses		
Audit fees	**1.75**	1.75
Tax audit fees	**1.00**	1.00
Others	**–**	0.50
19. Tax Expenses		
Current Tax		
Adjustments related to previous years	**–**	–
TOTAL	**–**	–
"For Deferred Tax, refer Note 2"		
20. Earnings per share		
Profit/ (Loss) after tax, attributable to equity shareholders (A)	**(242.02)**	7.02
Weighted average number of Equity Shares (B)	**18,84,60,000**	18,84,60,000
Earnings per share - Basic & Diluted (in ₹) (A / B)	**(0.13)**	–
Nominal value of an equity share (in ₹)	**1.00**	1.00

21 Segment Reporting

A. Information about primary business segments :

The company's operations comprise of only one segment i.e. Fabrication/Assembly of Machines and allied services and is consistent with the internal reporting provided to the Executive Committee, which is the Chief Operating Decision Maker. Hence, separate segmental information is not required to be given as per the requirements of Indian Accounting Standard 108.

B. Information about secondary business segments

	2021	**(₹ in Lakhs) 2020**
1. Segment Revenue		
- Within India	**584.51**	1,068.16
- Outside India	**44.54**	164.59
Total	**629.05**	1,232.75
2. Non Current Assets		
- Within India	**107.54**	133.77
- Outside India	**–**	–
TOTAL	**107.54**	133.77

Note : Revenue of ₹ NIL (2020 : ₹ 556.96 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
N. Bajaj	Non-Executive Director
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 31.03.2021

(₹ in Lakhs)

	RELATED PARTY TRANSACTIONS SUMMARY	Holding Company		Key Management Personnel		Total	
		ITC Limited					
		2021	2020	**2021**	2020	**2021**	2020
1	Sale of Goods/ Services	**67.26**	657.22	**-**	-	**67.26**	657.22
2	Expenses Recovered	**212.64**	211.00	**-**	-	**212.64**	211.00
3	Expenses Reimbursed	**0.19**	-				
4	Preference dividend	**45.00**	15.37	**-**	-	**45.00**	15.37
5	Share Based Payments* Equity Settled Share Based Payments - Capital Contribution (net of vested lapse) Cash Settled Share Based Payments - Other Payables	 **(1.01)** **0.74**	 4.35 (0.51)	 **-** **-**	 - -	 **(1.01)** **0.74**	 4.35 (0.51)
6	Remuneration of Key Management Personnel on Deputation reimbursed * Other Remuneration#	 **67.08**	 45.59	 **-**	 -	 **67.08**	 45.59
7	Issue of Redeemable Preference Share	**-**	500.00	**-**	-	**-**	500.00
8	Director's Sitting Fees	**-**	-	**4.90**	3.80	**4.90**	3.80
9	Outstanding receivable	**-**	58.35			**-**	58.35
10	Outstanding payables	**7.37**	4.43	**-**	-	**7.37**	4.43
11	Redeemable Preference Share Outstanding	**500.00**	500.00	**-**	-	**500.00**	500.00
12	Interest accrued but not due - Preference Share	**60.37**	15.37	**-**	-	**60.37**	15.37

* Post employment benefits are actuarially determined on overall basis and hence not separately provided. Further, for share based payments, Refer Note 16

\# Out of the above, ₹ 59.55 Lakhs (2020 - ₹ 45.59 Lakhs) is attributable to the Chief Financial Officer of the Company

23. Financial Instruments and Related Disclosures

1. Capital Management

The Company funds its operations through mix of equity and borrowings. The primary objective of the company's capital management strategy is to provide adequate capital for sustaining operational activities, meeting its growth plans and maximizing shareholder value.

The capital structure of the Company consists of equity Rs. 1884.60 Lakhs and preference shares issued to the holding company of Rs. 500 Lakhs. The Company is not subject to any externally imposed capital requirement.

The Company has taken approval of Shareholders for reduction of Issued, Subscribed and Paid-up Equity Share Capital [Refer note 24 (vii)].

2. Categories of Financial Instruments

							₹ Lakhs
Particulars			Note	**As at 31st March, 2021**		As at 31st March, 2020	
				Carrying Value	**Fair Value**	Carrying Value	Fair Value
A. Financial assets							
a)	**Measured at amortised cost**						
	i)	Cash and Cash Equivalents	7	**138.26**	**138.26**	100.16	100.16
	ii)	Other Bank Balances	8	**17.53**	**17.53**	16.87	16.87
	iii)	Trade Receivables	6	**74.39**	**74.39**	122.14	122.14
b)	**Measured at Fair Value Through Profit or loss**						
	i)	Investment in Mutual Funds	5	**300.59**	**300.59**	342.82	342.82
		Total financial assets		**530.77**	**530.77**	581.99	581.99
B. Financial liabilities							
c)	**Measured at amortised cost**						
	i)	Non – Current Borrowings	10	**500.00**	**500.00**	500.00	500.00
	ii)	Cash credit Facility	10	**-**	**-**	2.64	2.64
	iii)	Trade Payables		**232.31**	**232.31**	355.09	355.09
	iv)	Other financial liabilities	11	**80.86**	**80.62**	26.27	26.15
		Total financial liabilities		**813.17**	**812.93**	884.01	883.89

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 2021	As at 31st March 2020
USD	8.77	9.08

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, 2021						
	Contractual Cashflows*						
	Carrying value	Less than 3 months	More than 3 months upto 6 months	More than 6 months upto 1 year	More than 1 year upto 3 years	Beyond 3 year	Total
Trade Payables	232.31	34.02	198.29	-	-	-	232.31
Other Financial Liabilities	80.86	64.41	-	15.51	0.81	0.13	80.86
	313.17	98.43	198.29	15.51	0.81	0.13	313.17

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

* 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, 2021	As at 31st March, 2020
Opening Balance	24.57	10.57
Add: Provision made	0.38	14.00
Less: Utilisation for impairment/de-recognition	–	–
Closing Balance	24.95	24.57

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 current financial liabilities is considered to be equal to the carrying amounts of these items due to their short – term nature.

There has been no change in the fair valuation methodology as compared to previous year.

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

Particulars	Fair Value Hierarchy (Level)	As at 31st March, 2021	As at 31st March, 2020
A. Financial assets			
Measured at Fair Value Through Profit or loss			
Investment in Mutual Funds	1	**300.59**	342.82
Total financial assets		**300.59**	342.82
B. Financial liabilities			
Measured at amortised cost			
Borrowings	2	**500.00**	500.00
Other Financial liabilities*	3	**0.70**	0.22
Total financial liabilities		**500.70**	500.22

* Represents Fair value of Non-Current Financial Instruments

24. Additional Notes to the Financial Statements

(i) Micro, Small and Medium scale business entities:

There are no Micro, Small and Medium Enterprises, to whom the Company owes dues, which are outstanding for more than 45 days during the year and as at March 31, 2021 and March 31, 2020. 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, 2021	As at 31st March, 2020
	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	**1,237**	-
Add / (Less): Movement due to transfer of employees within group	-	-
Less: Exercised during the year	-	-
Outstanding at the end of the year	**11,963**	13,200
Options exercisable at the end of the year	**11,963**	12,209

Note :

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

In accordance with Ind AS 102, an amount of ₹ 1.10 lakhs (2020: ₹ 4.35 lakhs) towards ITC ESOS and ₹ 0.74 lakhs (2020 : ₹ (0.51) 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, ₹ 0.74 Lakhs (2020 - ₹ (0.51)) is attributable to the Chief Financial Officer of the Company.

(iii) Cost of inventory recognized as expense during the year amount to ₹ 456.97 Lakhs (2020 - ₹ 675.81 Lakhs).

(iv) Defined Benefit Plans / Long Term Compensated Absences - As per Actuarial Valuations as on March 31, 2021 and recognized in the financial statements in respect of Employee Benefit Schemes:

Description of Plans :

In respect of Gratuity, the Company makes contributions to defined benefit scheme for qualifying employees, in a group-cum-life assurance cash accumulation policy offered by LIC. The liabilities arising in the defined benefit scheme are determined in accordance with the advice of independent, professionally qualified actuaries, using the projected unit credit method. Additional funding requirements are based on actuarial measurement.

NOTES TO THE FINANCIAL STATEMENTS (Contd.)

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

Risk Management :

The defined benefit plans expose the Company to actuarial deficit arising out of investment risk, interest rate risk, salary cost inflation risk. These plans are not exposed to any unusual, entity specific or scheme specific risks but there are general risks. The Scheme's accounting liabilities are calculated using a discount rate set with reference to the Government security yields. A decrease in yields will increase the fund liabilities, leading to accounting deficit in the funds. However, this may be partially offset by an increase in capital value of the Scheme assets that have similar characteristics. Increase in salary due to adverse inflationary pressures might lead to higher liabilities. To manage the risk, gratuity scheme has been funded by a policy offered by Life Insurance Corporation of India.

We understand that LICs overall portfolio of assets is well diversified and as such the long term return on the policy is expected to be higher than the rate of return on Central Government Bonds

(₹ Lakhs)

			For the year ended 31st March, 2021		For the year ended 31st March, 2020	
			Gratuity	Leave Encashment	Gratuity	Leave Encashment
I	–	**Recognised in Profit or Loss**				
	1	Current Service Cost	2.43	1.19	3.22	1.32
	2	Past Service Cost	–	–	–	–
	3	Net Interest Cost	(1.53)	0.64	(1.16)	0.77
	4	**Total expense recognised in the Statement of Profit and Loss**	**0.90**	**1.83**	**2.06**	**2.09**
	-	**Re-measurements recognised in Other Comprehensive Income**				
	5	(Return) on plan assets (excluding amounts included in Net interest cost)	(1.06)	–	(2.39)	–
	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	(0.07)	(0.38)	0.74	0.59
	10	Total re-measurements included in OCI	**(1.13)**	**(0.38)**	**2.05**	**1.44**
	11	Total defined benefit cost recognised in Profit and Loss and Other Comprehensive Income (4+10)*	**(0.23)**	**1.45**	**4.11**	**3.53**

II			For the year ended 31st March, 2021		For the year ended 31st March, 2020	
			Gratuity	Leave Encashment	Gratuity	Leave Encashment
	1	Present Value of Defined Benefit Obligation	56.25	9.01	59.17	12.76
	2	Fair Value of Plan Assets	80.84	-	83.52	-
	3	Status [Surplus/(Deficit)] *	24.59	(9.01)	24.35	(12.76)
	4	**Net Asset/(Liability) recognised in Balance Sheet**	As at 31st March, 2021		As at 31st March, 2020	
			Current	Non Current	Current	Non Current
		- Gratuity	-	-	-	-
		- Leave Encashment	(2.15)	(6.86)	(0.66)	(12.10)

* 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, 2021		For the year ended 31st March, 2020	
			Gratuity	**Leave Encashment**	Gratuity	Leave Encashment
III		**Change in Defined Benefit Obligations (DBO)**				
	1	Present Value of DBO at the beginning of the year	**59.17**	**12.76**	51.13	11.28
	2	Current Service Cost	**2.43**	**1.19**	3.22	1.32
	3	Interest Cost	**3.43**	**0.64**	3.71	0.77
	4	Others	**(0.42)**	-	-	-
	5	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	**(0.07)**	**(0.38)**	0.74	0.59
	6	Curtailment Cost / (Credit)				
	7	Settlement Cost / (Credits)				
	8	Liabilities assumed in business combination				
	9	Exchange difference on foreign plans				
	10	Benefits Paid	**(8.29)**	**(5.20)**	(3.34)	(2.05)
	11	**Present Value of DBO at the end of the year**	**56.25**	**9.01**	59.17	12.76

NOTES TO THE FINANCIAL STATEMENTS (Contd.)

IV	Best Estimate of Employer's Expected Contribution for the next year	As at 31st March, 2021	As at 31st March, 2020
	- Gratuity	Nil	Nil
	- Leave Encashment	NA	NA

			For the year ended 31st March, 2021		For the year ended 31st March, 2020	
			Gratuity	Leave Encashment	Gratuity	Leave Encashment
V	Change in Fair Value of Assets					
	1	Plan Assets at the beginning of the year	83.52	-	79.60	-
	2	Asset acquired in Business Combination				
	3	Expected Return on Plan Assets	4.97	-	4.87	-
	4	Remeasurement Gains/(Losses) on plan assets	1.06	-	2.39	-
	5	Actual Company Contributions				
	6	Benefits Paid	(8.29)	-	(3.34)	-
		Others	(0.42)			
	7	Plan Assets at the end of the year	80.84	-	83.52	-

VI	Actuarial Assumptions		As at 31st March, 2021	As at 31st March, 2020
			Discount Rate (%)	Discount Rate (%)
	1	Gratuity	6.25%	6.25%
	2	Leave Encashment	6.25%	6.25%
	The estimates of future salary increases, considered in actuarial valuations take account of inflation, seniority, promotion and other relevant factors such as supply and demand factors in the employment market.			

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

VIII	Net Asset / (Liability) recognised in Balance Sheet (including experience adjustment impact)		As at 31st March, 2021		As at 31st March, 2020	
			Gratuity	Leave Encashment	Gratuity	Leave Encashment
	1	Present Value of Defined Benefit Obligation	56.25	9.01	59.17	12.76
	2	Fair Value of Plan Assets	80.84	-	83.52	-
	3	Status [Surplus/(Deficit)]	(24.59)	(9.01)	24.35	(12.76)
	4	Experience Adjustment of Plan Assets [Gain/(Loss)]	1.06	-	2.39	-
	5	Experience Adjustment of obligation [(Gain)/Loss]	(0.07)	(0.38)	0.74	0.59

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 2021	DBO as at 31 March 2020
	1	Discount Rate + 100 basis points	62.61	68.25
	2	Discount Rate - 100 basis points	68.23	76.06
	3	Salary Increase Rate + 1%	68.66	76.40
	4	Salary Increase Rate – 1%	62.16	67.87

(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 ₹ 18.51 Lakhs (2020 – ₹ 17.01 Lakhs), including interest on claims, estimated to be ₹ 1.82 Lakhs (2020 - ₹ 0.32 Lakhs) for GST disputed by the Company.

(vii) 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 National Company Law Tribunal, Mumbai Bench, vide Order dated 9th April, 2021, has confirmed the aforesaid reduction of Equity Share Capital of the Company. This will be given effect to in FY 2021-22 on completion of necessary formalities under Section 66 of the Companies Act, 2013.

NOTES TO THE FINANCIAL STATEMENTS (Contd.)

(viii) The Company has settled its outstanding income tax disputes for Assessment Years 1996-1997 to 1999-2000, 2001-2002, 2003-2004 to 2008-2009 and 2011-12 under the "Direct Tax Vivaad se Vishwas Act, 2020". However, there was neither additional liability nor cash outflow involved and consequently no impact on the financial statements of the Company resulting from the settlement of these tax disputes.

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 the still unfolding COVID-19 pandemic on the carrying amounts of property, plant & equipment, intangible assets, investments, inventories, trade receivables, etc. For this purpose, the Company has considered internal and external sources of information up to the date of approval of these financial statements including credit reports and related information, economic forecasts, market value of certain investments etc. Based on the current estimates, the Company does not expect any significant impact on such carrying values. The impact of COVID-19 on the Company's financial statements may differ from that estimated as at the date of approval of financial statements.

26. SIGNIFICANT ACCOUNTING POLICIES

a) Statement of Compliance

These financial statements have been prepared in accordance with Indian Accounting Standards (Ind AS) notified under section 133 of the Companies Act, 2013. The financial statements have also been prepared in accordance with the relevant presentation requirements of the Companies Act, 2013. The Company adopted Ind AS from 1st April, 2016.

b) Basis of Preparation

The financial statements are prepared in accordance with the historical cost convention, except for certain items that are measured at fair values, as explained in the accounting policies below. The financial statements are presented in Indian Rupees (INR) which is also the Company's functional currency. The financial statements are presented in Rupees Lakhs.

Fair Value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Company takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date.

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

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

c) Going Concern Assumption

As at 31 March 2021, the net worth of the Company has been eroded due to accumulated losses / restructuring. The financial statements have been prepared on a going concern basis taking into consideration the sale orders currently on hand, investments in mutual funds and bank balances which are considered adequate to meet its obligations for the next 12 months from the Balance Sheet date.

d) Property, Plant & Equipment and Intangible Assets

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

Cost is inclusive of inward freight, duties and taxes and incidental expenses related to acquisition. Subsequent costs are included in the asset's carrying amount only when it is probable that future economic benefits associated with the item will be realized. The carrying amount of a replaced part is derecognized. All other repairs and maintenance are charged to the statement of Profit & Loss.

Software is capitalised where it is expected to provide future enduring economic benefits. Capitalisation costs include licence fees and costs of implementation/ system integration services. The costs are capitalised in the year in which the relevant software is implemented for use.

Depreciation or amortization of these assets commences when the assets are ready for their intended use. Depreciation or amortization is calculated in a manner that amortises the cost of the assets less its residual value, over their useful lives as specified in Schedule II of the Companies Act, 2013 on a straight line basis. Land is not depreciated.

Residual values and useful lives are reviewed, and are treated as changes in accounting estimates, at each balance sheet date.

e) Impairment of Assets

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

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

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

Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are considered to modify the amortisation period or method, as appropriate, and are treated as changes in accounting estimates.

f) Inventories

Inventories including work-in-progress are stated at lower of cost and net realisable value. The cost is calculated on weighted average method. Cost comprises expenditure incurred in the normal course of business in bringing such inventories to its present location and condition and includes, where applicable, appropriate overheads based on normal level of activity. Net realisable value is the estimated selling price less estimated costs for completion and sale.

Obsolete, slow moving and defective inventories are identified from time to time and, where necessary, a provision is made for such inventories.

g) Revenue from sale of products and services

Revenue is measured at the 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 account for transactions in foreign currency at the exchange rate prevailing on the date of transactions. Gains/Losses arising on settlement of such transactions as also the translation of monetary items at period ends due to fluctuations in the exchange rates are recognized in the Statement of Profit and Loss. Monetary assets and liabilities denominated in foreign currencies as at the balance sheet date are translated at the closing exchange rates on that date; the resultant exchange differences are recognized in the statement of profit and loss.

l) Financial instruments

Financial assets and financial liabilities are recognized when the Company becomes a party to the contractual provisions of the relevant instrument. Financial assets are derecognized when the rights to receive benefits have expired or been transferred, and the Company has transferred substantially all risks and rewards of ownership of such financial asset. Financial liabilities are derecognized when the liability is extinguished, that is when the contractual obligation is discharged, cancelled or expires. Purchase or sale of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognized on the trade date, i.e., the date when the Company commits to purchase or sell the asset.

Recognition: Financial assets include investments, Trade receivable, Advances, Security Deposits, Cash & Cash equivalents. Such assets are initially recognised at transaction price when the Company becomes party to contractual obligations. The transaction price includes transaction costs unless the assets is being fair valued through the statement of Profit and Loss.

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

Financial assets are classified as those measured at:

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

(b) Fair value through profit or loss (FVTPL), where the assets are managed in accordance with an approved investment strategy that trigger purchase and sale decisions based on the fair value of such assets. Such assets are subsequently measured at fair value, with unrealised gain or losses arising from changes in the fair value being recognised in the statement of profit and loss in the period in which they arise.

Trade receivable, Advances, Security Deposits, Cash & Cash equivalents etc are classified for measurement at amortised cost while investment may fall under any of aforesaid classes.

m) Earnings per Share (EPS)

Basic earnings per share is computed by dividing the net profit for the period attributable to the equity shareholders by the weighted average number of equity shares outstanding during the reporting period. Diluted EPS is computed by dividing the net profit for the period attributable to the equity shareholders by the weighted average number of equity and equivalent dilutive equity shares outstanding during the period, except where the results would be anti-dilutive.

n) Taxes on Income

To provide current tax in the statement of profit and loss as the amount of tax payable in respect of taxable income for the period using tax rates enacted or substantively enacted during the period, together with any adjustment to tax payable in respect of previous years. Income tax, in so far as it relates to items disclosed under Other Comprehensive Income are disclosed separately under Other Comprehensive Income.

Deferred tax is provided using the balance sheet approach, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. At each balance sheet date the Company re-assesses unrecognised deferred tax assets. It recognizes, unrecognised deferred tax assets to the extent that it has become reasonably certain, as the case may be, that sufficient future taxable income will be available against which such deferred tax assets can be realised.

For and on behalf of the Board

RAJIV TANDON *Chairman*	**R SENGUTTUVAN** *Managing Director*
Place : Kolkata Date : 7th May, 2021	Place : Chennai Date : 7th May, 2021
S K SIPANI *Company Secretary*	**SHARAD MUNDRA** *Chief Financial Officer*
Place : Chennai Date : 7th May, 2021	Place : Chennai Date : 7th May, 2021

REPORT OF THE BOARD OF DIRECTORS FOR THE FINANCIAL YEAR ENDED 31ST MARCH, 2021

1. Your Directors submit their Report for the financial year ended 31st March, 2021.

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 ₹ 9.51 lakhs (previous year: ₹ 8.36 lakhs) and the Net Loss of the Company was ₹ 3.17 lakhs (previous year Profit: ₹ 0.03 lakhs).

During 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**

(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. Surendra Kumar Sipani (DIN: 02513625), 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, 2021.

6. **DIRECTORS' RESPONSIBILITY STATEMENT**

As required under Section 134 of the Act, your Directors confirm having:

i) followed in the preparation of the Annual Accounts, the applicable Accounting Standards with proper explanation relating to material departures, if any;

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

iii) taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of 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, 2021, 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 to this Report.

13. **SIGNIFICANT AND MATERIAL ORDERS PASSED BY THE REGULATORS / COURTS / TRIBUNALS**

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

14. **COST RECORDS**

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

15. **STATUTORY AUDITORS**

Messrs. Deloitte Haskins & Sells, Chartered Accountants ('DHS'), were appointed as the Auditors of your Company at the 22nd AGM held on 21st June, 2019 to hold such office till the conclusion of the 27th AGM (up to financial year 2023-24). Pursuant to Section 142 of the Act, the Board has recommended for the approval of the Members, remuneration of DHS for the financial year 2021-22. Appropriate resolution in respect of the same is being placed for your approval at the ensuing AGM of the Company.

16. **COMPLIANCE WITH SECRETARIAL STANDARDS**

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

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

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

There has been no foreign exchange earnings or outgo during the year under review.

On behalf of the Board

S. S. Bandyopadhyay Director

Dated: 19th April, 2021 S. K. Pandey Director

Annexure to the Report of the Board of Directors for the financial year ended 31st March, 2021

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 - ₹ 2.90 lakhs
e)	Date(s) of approval by the Board, if any	15th January, 2021
f)	Amount paid as advances, if any	Nil

Dated : 19th April, 2021

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, 2021, 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, 2021, 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 judgements and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statement that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

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

Auditor's Responsibility for the Audit of the Financial Statements

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

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

- Identify and assess the risks of material misstatement of the 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, 2021 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2021 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:21209252AAAAFE5224)

Place : Chennai
Date : April 19, 2021

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, 2021 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, 2021, 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:21209252AAAAFE5224)

Place : Chennai
Date : April 19, 2021

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 19 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 19 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 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, 2021 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, 2021, 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
Place : Chennai (Membership No. 209252)
Date : April 19, 2021 (UDIN: 21209252AAAAFE5224)

BALANCE SHEET AS AT 31ST MARCH, 2021
(All amounts are in Indian Rupees unless otherwise stated)

	Note	As at March 31st, 2021 (₹)	As at March 31st, 2020 (₹)
ASSETS			
Non-current Assets			
Property, Plant and Equipment	20	–	–
Advance Tax and TDS Receivables [Net of Provisions Rs. 4,03,114 (March 31, 2020; Rs 4,83,114)]		8,46,813	8,51,537
Total Non-current Assets		8,46,813	8,51,537
Current Assets			
Biological assets other than bearer plants	3	–	–
Financial Assets			
Cash and Cash Equivalents	4	90,97,971	93,91,589
Other Financial Assets	5	8,72,406	4,91,949
Total Current Assets		99,70,377	98,83,538
Total Assets		1,08,17,190	1,07,35,075
EQUITY AND LIABILITIES			
Equity			
Equity Share Capital	6	1,28,00,020	1,28,00,020
Other Equity	7	(24,96,975)	(21,79,616)
Total Equity		1,03,03,045	1,06,20,404
Liabilities			
Current Liabilities			
Financial Liabilities			
Trade Payables	18		
- total outstanding dues of micro enterprises and small enterprises		–	–
- total outstanding dues of creditors other than micro enterprises and small enterprises		5,09,629	1,09,182
Other Current Liabilities	7	4,516	5,489
Total Current Liabilities		5,14,145	1,14,671
Total Liabilities		5,14,145	1,14,671
Total Equity and Liabilities		1,08,17,190	1,07,35,075

See accompanying notes forming part of the Financial Statements

In terms of our report attached
For Deloitte Haskins & Sells
Chartered Accountants
(Firm's Registration No. 3020092E)

Ananthi Amarnath
Partner

Place: Chennai
Date: April 19, 2021

For and on behalf of the Board of Directors

Suneel Pandey
Director

Sib Sankar Bandyopadhyay
Director

Place: Secunderabad
Date: April 19, 2021

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED MARCH 31ST, 2021

(All amounts are in Indian Rupees unless otherwise stated)

		Note	For the year ended March 31,2021 (₹)	For the year ended March 31,2020 (₹)
I	Revenue from Operations	7	3,20,000	2,88,000
II	Other Income	8	6,30,617	5,48,292
III	Total Income (I+II)		9,50,617	8,36,292
IV	EXPENSES:			
	Purchases of Stock-in-Trade		2,90,000	2,52,000
	Other Expenses	9	9,48,272	5,02,840
	Total Expenses (IV)		12,38,272	7,54,840
V	Profit / (Loss) Before Tax (III-IV)		(2,87,655)	81,452
VI	Tax Expense:			
	Current Tax	12(b)	29,800	77,900
	Taxation of prior years (net)		(96)	80
			29,704	77,980
VII	Profit/ (Loss) for the Year (V-VI)		(3,17,359)	3,472
VIII	Other Comprehensive Income		–	–
IX	Total Comprehensive Income / (Loss) for the Year (VII+VIII)		(3,17,359)	3,472
	Earnings per equity share: Basic and Diluted (face value of Rs. 1 each)	15	(0.0248)	0.0003

See accompanying notes forming part of the Financial Statements

In terms of our report attached
For Deloitte Haskins & Sells
Chartered Accountants
(Firm's Registration No. 3020092E)

Ananthi Amarnath
Partner

Place: Chennai
Date: April 19, 2021

For and on behalf of the Board of Directors

Suneel Pandey
Director

Sib Sankar Bandyopadhyay
Director

Place: Secunderabad
Date: April 19, 2021

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED MARCH 31, 2021

(All amounts are in Indian Rupees unless otherwise stated)

		For the year ended March 31,2021 (₹)	For the year ended March 31,2020 (₹)
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	(21,79,616)	(21,83,088)
	Profit/(Loss) for the Year	(3,17,359)	3,472
	Balance at March 31	(24,96,975)	(21,79,616)

See accompanying notes forming part of the Financial Statements

In terms of our report attached
For Deloitte Haskins & Sells
Chartered Accountants
(Firm's Registration No. 3020092E)

Ananthi Amarnath
Partner

Place: Chennai
Date: April 19, 2021

For and on behalf of the Board of Directors

Suneel Pandey
Director

Sib Sankar Bandyopadhyay
Director

Place: Secunderabad
Date: April 19, 2021

CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2021
(All amounts are in Indian Rupees unless otherwise stated)

	For the year ended March 31, 2021 (₹)	For the year ended March 31, 2020 (₹)
Cash Flow from Operating Activities		
Profit / (Loss) Before Tax	(2,87,655)	81,452
Adjustments for:		
Interest Income	(6,30,617)	(5,48,292)
Operating Loss Before Working Capital Changes	(9,18,272)	(4,66,840)
Adjustments for:		
Decrease in Other Assets	–	25,13,389
Increase in Trade Payables	4,00,447	8,197
Decrease in Other Current Liabilities	(973)	(305)
Cash (used in) / flow from Operations	(5,18,798)	20,54,441
Income Taxes Paid (Net of Refunds)	(24,980)	(91,408)
Net Cash (used in) / flow from Operating Activities	(5,43,778)	19,63,033
Cash Flows from Investing Activities		
Interest Received	2,50,160	2,10,292
Net Cash generated from Investing Activities	2,50,160	2,10,292
Cash Flow from Financing Activities	–	–
Net (Decrease) / Increase in Cash and Cash Equivalents	(2,93,618)	21,73,325
Cash and Cash Equivalents at the beginning of the year	93,91,589	72,18,264
Cash and Cash Equivalents at the end of the year (Refer Note 4)	90,97,971	93,91,589

See accompanying notes forming part of the Financial Statements

In terms of our report attached
For Deloitte Haskins & Sells
Chartered Accountants
(Firm's Registration No. 3020092E)

Ananthi Amarnath
Partner

Place: Chennai
Date: April 19, 2021

For and on behalf of the Board of Directors

Suneel Pandey
Director

Sib Sankar Bandyopadhyay
Director

Place: Secunderabad
Date: April 19, 2021

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.

When an impairment loss subsequently reverses, the carrying amount of the asset (or a cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit and loss.

NOTES TO THE FINANCIAL STATEMENTS (Contd.)

2.12 Contingencies and Provisions

A provision is recognised when the Company has a present obligation (legal or constructive) as a result of past events and it is probable that an outflow of resources will be required to settle the obligation in respect of which a reliable estimate can be made. The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settlement to settle the present obligation, its carrying amount is the present value of those cash flows (when the effect of the time value of money is material).

2.13 Operating Cycle

Based on the nature of products / activities of the Company which consists of harvesting and selling of poplar wood on an annual basis from the existing trees which have attained maturity and the normal time between acquisition of assets and their realisation in cash or cash equivalents, the Company has determined its operating cycle as 12 months for the purpose of classification of its assets and liabilities as current and non-current. In the process of trading of agri produce also, the operating cycle has been determined as 12 months.

Notes forming part of Financial Statements

(All amounts are in Indian Rupees unless otherwise stated)

(Amount in ₹)

		As at March 31, 2021	As at March 31, 2020
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, 2021	As at March 31, 2020
4.	**Cash and Cash Equivalents**		
	Balances with Banks:		
	Current Account	1,40,033	54,566
	Deposit Accounts (Refer Note below)	89,57,938	93,37,023
	Cash on Hand	–	–
		90,97,971	93,91,589

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, 2021	As at March 31, 2020
5.	**Other Financial Assets**		
	Current:		
	Interest Accrued on Bank Deposits	8,70,406	4,89,949
	Others (Receivable on National Savings Certificate and Kisan Vikas Patra)	2,000	2,000
		8,72,406	4,91,949

		As at 31 March 2021	As at 31 March 2020
6.	**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, 2019	1	1,28,00,020	1,28,00,020
Add: issued during the year		–	–
Balance as at March 31, 2020	1	1,28,00,020	1,28,00,020
Add: issued during the year		–	–
Balance at March 31, 2021	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, 2021 No. of Shares	%	As at March 31, 2020 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, 2021	As at March 31, 2020
7.	**Other Equity**		
	Reserves and Surplus		
	Retained Earnings		
	Retained earnings comprise of the Company's undistributed earnings after taxes.	(24,96,975)	(21,79,616)
		(24,96,975)	(21,79,616)
8.	**Other Liabilities**		
	Current:		
	Statutory Liabilities	4,516	5,489
		4,516	5,489

		For the year ended March 31, 2021	For the year ended March 31, 2020
9.	**Revenue from Operations**		
	Sale of Products (Saplings)	3,20,000	2,88,000
		3,20,000	2,88,000
10.	**Other Income**		
	Interest Income on:		
	Bank Deposits	6,29,927	5,44,082
	Income tax refund	690	–
	Others	–	4,210
		6,30,617	5,48,292
11.	**Other Expenses**		
	Rent	8,197	8,197
	Rates and Taxes	2,000	10,753
	Insurance	2,443	2,443
	Repairs and Maintenance - Others	2,860	–
	Security Charges	2,92,186	2,91,030
	Legal Expenses	5,70,850	1,24,150
	Miscellaneous Expenses	69,736	66,267
		9,48,272	5,02,840
	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

12. **Tax Expenses**

(a) The Company is in the business of Agro Forestry and related income and expenses are agricultural income, which are exempt u/s 10 of the Income Tax Act, 1961. (Also Refer Note 20).

(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, 2021	For the year ended March 31, 2020
(Loss)/ Profit before Income Tax	(2,87,655)	81,452
Enacted tax rates	25.17%	25.17%
Computed Expected Tax Expense	(72,403)	20,501
Tax on Income after excluding expenses for income exempt u/s 10	1,02,203	57,399
Income tax expense	29,800	77,900

13. **Reduction of Issued, Subscribed and Paid-Up Equity Share Capital:**

The Shareholders, in the Extra-Ordinary General Meeting held on June 15, 2016, approved reduction of Issued, Subscribed and Paid-up Equity Share Capital of the Company from Rs. 12,80,00,200 comprising 1,28,00,020 equity shares of Rs. 10 each to Rs. 1,28,00,020 comprising 1,28,00,020 equity shares of Rs. 1 each, and such reduction be effected by cancelling the Issued, Subscribed and Paid-up Equity Share Capital of the Company to the extent of Rs. 9 per share. Such cancellation of Share Capital was to be adjusted against the debit balance in Statement of Profit and Loss as at April 1, 2016. The aforesaid reduction of Share Capital was confirmed by the Hon'ble High Court at Bombay vide Order dates September 29, 2016 and became effective from November 22, 2016 consequent to the registration of the said order by the Registrar of Companies, Mumbai.

NOTES TO THE FINANCIAL STATEMENTS (Contd.)

Consequently, the Authorised Share Capital of the Company was amended to ₹ 13,00,00,000 comprising 13,00,00,000 Equity Shares of Rs. 1 each in the year 2016-17.

14. **Contingent Liabilities***

	As at March 31, 2021	As at March 31, 2020
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.

15. **Earnings Per Share**

	For the year ended March 31, 2021	For the year ended March 31, 2020
Computation of earnings per share is set out below:		
Net Profit / (Loss) attributable to		
Equity Shareholders (A) (₹)	(3,17,359)	3,472
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 (₹)	1.00	1.00
Earnings Per Share (Basic and Diluted) (A/B) (₹)	(0.0248)	0.0003

16. **Segment Information**

The Board of the Company has been identified as the Chief Operating Decision Maker (CODM) as defined by IND AS 108 operating segments. The Company's activities involve predominantly business of growing and selling agricultural produce in India, which is considered to be a single business segment since these are subject to similar risks and returns. Further, the business is carried out in India and product sold primarily in India and hence there are no reportable geographical segments.

The Company receives more than 10% of its total revenue from operations from a single customer as under

	For the year ended March 31, 2021	For the year ended March 31, 2020
Mr. Narendra Juneja	0%	22%
Mr. Shubham Sharma	0%	11%
Mr. Paramjeet Singh	0%	11%

17. **Related Party Disclosures**

a) **Details of Related Parties**

Name	**Relationship**
ITC Limited	Holding Company
Key Management Personnel	**Relationship**
S. K. Sipani	Non-Executive Director
Suneel Pandey	Non-Executive Director
Sib Sankar Bandyopadhyay	Non-Executive Director

(b) **Details of Related Party Transactions:**

	For the year ended March 31, 2021	For the year ended March 31, 2020
ITC Limited:		
Purchases	2,90,000	2,52,000

(c) **Details of Related Party Balances:**

	As at March 31 2021	As at March 31 2020
ITC Limited:	–	–

18. 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.

19. During the year 2013-14, the Hon'ble High Court of Uttarakhand at Nainital, passed an Order directing the State Authorities to take possession of the land leased to the Company. The Company filed an appeal against the said order, which had been admitted and the matter is pending in the Hon'ble High Court.

Consequent to the aforesaid Order, as a matter of prudence, cost of the land amounting to Rs. 7,10,09,678 (being the difference between the premium of Rs. 10,16,90,195 paid on acquisition of such leasehold land and amortised to the extent of Rs. 3,06,80,517) was fully impaired in 2013-14. On transition to Ind AS, deemed cost of such leasehold land as on April 1, 2015 is Nil. Further, as the Company does not have access to such land, biological assets (including agri-produce) thereon were fully provided for in 2013-14 and consequently, cost of such assets is Nil.

In the interim, the Company has been examining alternate business opportunities and basis its long experience of trading in poplar wood/ saplings, the company continues to engage in trading of poplar wood / saplings in proximate markets.

In view of the above and taking into account that the Company's assets primarily include current assets, the Board has determined that it would be appropriate to prepare its financial statements on a going concern basis. "

20. **Financial Instruments and Related Disclosures**

A. **Capital Management**

The Company's financial strategy aims to strengthen its financial position through optimum deployment of capital in the business of agro forestry and other related activities, which consists of harvesting and selling of poplar wood, and in trading of agri produce and nurture opportunities available in the markets. The Company aims at maintaining a strong capital base so as to maintain adequate supply of funds towards future growth of its businesses as a going concern.

B. **Categories of Financial Instruments**

	Note	As at March 31, 2021		As at March 31, 2020	
		Carrying Value	Fair Value	Carrying Value	Fair Value
Financial Assets (Measured at amortised cost)					
i) Cash and Cash Equivalents	4	90,97,971	90,97,971	93,91,589	93,91,589
ii) Other Financial Assets	5	8,72,406	8,72,406	4,91,949	4,91,949
Total Financial Assets		99,70,377	99,70,377	98,83,538	98,83,538
Financial Liabilities (Measured at amortised cost)					
(i) Trade Payables		5,09,629	5,09,629	1,09,182	1,09,182
Total Financial Liabilities		5,09,629	5,09,629	1,09,182	1,09,182

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 Rs. 89,57,938 (As at March 31, 2020 - Rs. 93,37,023) and is represented by carrying amount of Balance with Banks - Deposit Accounts (Refer Note 4).

ii) **Price Risk**

The Company invests its surplus funds in bank deposits measured at amortized cost. Accordingly, these do not pose any significant price risk.

iii) **Liquidity Risk**

Liquidity risk is defined as the risk that the Company will not be able to settle or meet its obligations as they become due. The Company has cash and cash equivalents of Rs. 90,97,971 while the trade payables is Rs. 5,09,629 as at March 31, 2021. Trade payables is about 6% of the total cash and cash equivalents, hence the company does not foresee any liquidity risk.

iv) **Credit risk**

Credit risk is the risk that the counterparty will not meet its obligations under a financial instrument which may lead to a financial loss to the Company. The company does not deal in credit unless specifically approved by the Chief Operating Decision Maker (CODM) and such credit extension is short term in nature ranging from 0 - 15 days. There are no outstanding debtors for which ECL provision is required to be assessed.

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

	For the year ended March 31, 2021	For the year ended March 31, 2020
Revenue from Top Customer	10%	22%
Revenue from Top 5 Customers	41%	60%

The Company's credit period generally ranges from 0-15 days.

NOTES TO THE FINANCIAL STATEMENTS (Contd.)

D. Fair value measurement

As at March 31, 2021, the Company does not have any Non-current Financial Assets and Non-current Financial Liabilities. Fair value of Current Financial Assets and Current Financial Liabilities is equivalent to their carrying values.

21. Previous year's figures have been regrouped/ reclassified wherever necessary to correspond with the current year's classification/ disclosure.

22. The financial statements were approved for issue by the Board of Directors on 19/04/2021.

For and on behalf of the Board of Directors

Suneel Pandey Director	Sib Sankar Bandyopadhyay Director

Place: Secunderabad

Date: April 19, 2021

REPORT OF THE BOARD OF DIRECTORS FOR THE FINANCIAL YEAR ENDED 31ST MARCH, 2021

1. Your Directors submit their Report for the financial year ended 31st March, 2021.

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 ₹ 22.06 lakhs (previous year: ₹ 6.61 lakhs). The Net Profit of the Company was ₹ 9.11 lakhs (previous year Loss: ₹ 14.00 lakhs) and the Total Comprehensive Income for the said year was ₹ 8.99 lakhs (previous year Loss: ₹ 14.11 lakhs).

   During 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 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. Surendra Kumar Sipani (DIN: 02513625), 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, 2021.

6. **DIRECTORS' RESPONSIBILITY STATEMENT**

   As required under Section 134 of the Act, your Directors confirm having:

   i) followed in the preparation of the Annual Accounts, the applicable Accounting Standards with proper explanation relating to material departures, if any;

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

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

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

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

7. **SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES**

   The Company does not have any subsidiary, associate or joint venture.

8. **PARTICULARS OF EMPLOYEES**

   The details of top ten employees of the Company in terms of remuneration drawn, as required under Rule 5(2) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, are provided in Annexure 1 to this Report.

   The 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, 2021, the Company has neither given any loan or guarantee nor has made any investment under Section 186 of the Act.

12. **RELATED PARTY TRANSACTIONS**

    The details of material related party transaction of the Company in the prescribed Form No. AOC-2 are enclosed under Annexure 2 to this Report.

13. **SIGNIFICANT AND MATERIAL ORDERS PASSED BY THE REGULATORS / COURTS / TRIBUNALS**

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

14. **COST RECORDS**

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

15. **STATUTORY AUDITORS**

    Messrs. Deloitte Haskins & Sells, Chartered Accountants ('DHS'), were appointed as the Auditors of your Company at the 24th AGM held on 21st June, 2019 to hold such office till the conclusion of the 29th AGM (up to financial year 2023-24). Pursuant to Section 142 of the Act, the Board has recommended for the approval of the Members, remuneration of DHS for the financial year 2021-22. Appropriate resolution in respect of the same is being placed for your approval at the ensuing AGM of the Company.

16. **COMPLIANCE WITH SECRETARIAL STANDARDS**

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

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

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

    There has been no foreign exchange earnings or outgo during the year under review.

On behalf of the Board

S. S. Bandyopadhyay Director

Dated: 19th April, 2021 S. K. Pandey Director

Annexure 1 to the Report of the Board of Directors for the financial year ended 31st March, 2021

[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
P. S. Rawat	52	Assistant Manager	1,37,764/-	1,33,012/-	B.A. and M.A. (Economics)	25	01.01.1996	N.A.
K. C. Pandey	52	Assistant Manager	2,67,901/-	2,50,178/-	B.A. and M.A. (Political Science)	25	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: 19th April, 2021

S. K. Pandey Director

Annexure 2 to the Report of the Board of Directors for the financial year ended 31st March, 2021

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 - ₹ 2.90 lakhs
e)	Date(s) of approval by the Board, if any	15th January, 2021
f)	Amount paid as advances, if any	Nil

On Behalf of the Board

S. S. Bandyopadhyay Director

Dated: 19th April, 2021

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, 2021, 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, 2021, 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 judgement and maintain professional skepticism throughout the audit. We also :

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal financial control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Company has adequate internal financial controls system in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

We 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, 2021 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2021 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: 21209252AAAAFD9525)

Place : Chennai
Date: April 19, 2021

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, 2021 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, 2021, 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: 21209252AAAAFD9525)

Place : Chennai
Date: April 19, 2021

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 Services 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 Services Tax, cess and other material statutory dues in arrears as at March 31, 2021 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, 2021, 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 and 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.

(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: 21209252AAAAFD9525)

Place : Chennai
Date: April 19, 2021

BALANCE SHEET AS AT 31ST MARCH, 2021

(All amounts are in Indian Rupees unless otherwise stated)

	Note	As at 31st March, 2021 (₹)	As at 31st March, 2020 (₹)
ASSETS			
Non-current assets			
Property, Plant and Equipment	23	–	–
"Advance Tax and TDS Receivables [Net of Provisions Rs. 70,880 (March 31, 2020 - Rs. 2,13,180)]"		23,260	38,228
Total Non-current Assets		23,260	38,228
Current Assets			
Biological assets other than bearer plants	3	–	–
Financial Assets			
Trade Receivables	4	–	–
Cash and Cash Equivalents	5	38,75,210	49,77,487
Other Financial Assets	6	82,034	1,77,816
Other Current Assets	7	42,340	42,340
Total Current Assets		39,99,584	51,97,643
Total Assets		40,22,844	52,35,871
EQUITY AND LIABILITIES			
Equity			
Equity Share Capital	8	5,51,00,040	5,51,00,040
Other Equity	9	(5,13,53,010)	(5,22,51,922)
Total Equity		37,47,030	28,48,118
Liabilities			
Non-current Liabilities			
Provisions	10	1,18,264	2,65,596
Total Non-current Liabilities		1,18,264	2,65,596
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		1,45,400	4,37,850
Other Financial Liabilities	11	4,391	21,589
Other Current Liabilities	12	4,707	16,56,154
Provisions	10	3,052	6,564
Total Current Liabilities		1,57,550	21,22,157
Total Liabilities		2,75,814	23,87,753
Total Equity and Liabilities		40,22,844	52,35,871

See accompanying notes forming part of the Financial Statements

In terms of our report attached

For Deloitte Haskins & Sells
Chartered Accountants
(Firm's Registration No. 3020092E)

Ananthi Amarnath
Partner

Place: Chennai
Date: April 19, 2021

For and On behalf of the Board of Directors

Suneel Pandey
Director

Sib Sankar Bandyopadhyay
Director

Place: Secunderabad
Date: April 19, 2021

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED MARCH 31, 2021

(All amounts are in Indian Rupees unless otherwise stated)

		Note	For the year ended March 31,2021 (₹)	For the year ended March 31,2020 (₹)
I	Revenue from Operations	13	**3,20,000**	2,88,000
II	Other Income	14	**18,85,910**	3,73,145
III	Total Income (I+II)		**22,05,910**	6,61,145
IV	EXPENSES:			
	Purchases of Stock-in-Trade		**2,90,000**	2,52,000
	Employee Benefits Expense	15	**4,22,365**	11,52,880
	Other Expenses	16	**6,00,624**	6,53,159
	Total Expenses (IV)		**13,12,989**	20,58,039
V	Profit / (Loss) Before Tax (III-IV)		**8,92,921**	(13,96,894)
VI	Tax Expense:			
	Current Tax	17(c)	**–**	20,200
	Taxation of prior years written back (net)		**(17,903)**	(17,261)
	Total Tax Expense (VI)		**(17,903)**	2,939
VII	Profit / (Loss) for the Year (V-VI)		**9,10,824**	(13,99,833)
A	Other Comprehensive Income:			
	(i) Items that will not be reclassified to profit and loss			
	- Remeasurement of the defined benefit liability	24	**(11,912)**	(11,660)
	(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)]		**(11,912)**	(11,660)
IX	Total Comprehensive Income / (Loss) for the Year (VII+VIII)		**8,98,912**	(14,11,493)
	Earnings per Equity Share: Basic and Diluted (face value of Rs. 10 each)	19	**0.17**	(0.25)

See accompanying notes forming part of the Financial Statements

In terms of our report attached

For Deloitte Haskins & Sells
Chartered Accountants
(Firm's Registration No. 3020092E)

Ananthi Amarnath
Partner

Place: Chennai
Date: April 19, 2021

For and On behalf of the Board of Directors

Suneel Pandey
Director

Sib Sankar Bandyopadhyay
Director

Place: Secunderabad
Date: April 19, 2021

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED MARCH 31, 2021

(All amounts are in Rupees unless otherwise stated)

		Amount
A.	**Equity Share Capital:**	
	Balance at April 1, 2019	**5,51,00,040**
	Changes in Equity Share Capital during the year	–
	Balance at March 31, 2020	**5,51,00,040**
	Changes in Equity Share Capital during the year	–
	Balance at March 31, 2021	**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, 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)
Profit for the year	–	9,10,824	–	9,10,824
Remeasurement of the Defined Benefit Liability [Refer Note 17(b)]	–	–	(11,912)	(11,912)
Balance at March 31, 2021	**5,00,000**	**(5,10,18,480)**	**(8,34,530)**	**(5,13,53,010)**

See accompanying notes to the Financial Statements

In terms of our report attached

For Deloitte Haskins & Sells
Chartered Accountants
(Firm's Registration No. 3020092E)

Ananthi Amarnath
Partner

Place: Chennai
Date: April 19, 2021

For and On behalf of the Board of Directors

Suneel Pandey
Director

Sib Sankar Bandyopadhyay
Director

Place: Secunderabad
Date: April 19, 2021

CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2021

(All amounts are in Rupees unless otherwise stated)

	For the year ended March 31, 2021 (₹)	For the year ended March 31, 2020 (₹)
Cash Flow from Operating Activities		
Profit / (Loss) Before Tax	8,92,921	(13,96,894)
Adjustments for:		
Provision no longer required written back	(16,49,000)	-
Interest Income	(2,36,910)	(3,73,145)
Operating Loss Before Working Capital Changes	(9,92,989)	(17,70,039)
Adjustments for:		
Decrease in Other Current Assets	–	45,000
(Decrease) in Trade Payable	(2,92,450)	(69,400)
Increase / (Decrease) in Other Current Liabilities, Other Financial Liabilities and Provisions	(1,82,401)	20,706
Cash used in Operations	(14,67,840)	(17,73,733)
Income Taxes Paid (Net of Refunds)	32,871	(2,402)
Net Cash used in Operating Activities	(14,34,969)	(17,76,135)
Cash Flow from Investing Activities		
Interest Received	3,32,692	13,15,796
Net Cash generated from Investing Activities	3,32,692	13,15,796
Cash Flow from Financing Activities	–	–
Net decrease in Cash and Cash Equivalents	(11,02,277)	(4,60,339)
Cash and Cash Equivalents at the beginning of the year	49,77,487	54,37,826
Cash and Cash Equivalents at the end of the year (Refer Note 5)	38,75,210	49,77,487

See accompanying notes forming part of the Financial Statements

In terms of our report attached

For Deloitte Haskins & Sells
Chartered Accountants
(Firm's Registration No. 3020092E)

Ananthi Amarnath
Partner

Place: Chennai
Date: April 19, 2021

For and On behalf of the Board of Directors

Suneel Pandey
Director

Sib Sankar Bandyopadhyay
Director

Place: Secunderabad
Date: April 19, 2021

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.

Notes forming part of the Financial Statements (Contd.)

2.10 Earnings Per Share ('EPS')

Basic earnings per share ('EPS') is computed by dividing the net profit/(loss) attributable to the equity shareholders for the period by the weighted average number of equity shares outstanding during the reporting period. Diluted EPS is computed by dividing the net profit/(loss) attributable to the equity shareholders for the period by the weighted average number of equity and equivalent dilutive equity shares outstanding during the period, except where the results would be anti-dilutive.

2.11 Taxation

Income-tax expense comprises current tax and deferred tax charge or credit. Current tax is determined in accordance with the Income-tax Act, 1961. Income tax, in so far as it relates to items disclosed under Other Comprehensive Income or Equity, are disclosed separately under Other Comprehensive Income or Equity, as applicable.

Deferred tax is recognized on temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes.

The deferred tax charge or credit and the corresponding deferred tax liabilities or assets are recognised using the tax rates and tax laws that have been enacted or substantively enacted by the balance sheet date. Deferred tax assets are recognised only to the extent there is reasonable certainty that the assets can be realised in future; however, where there is unabsorbed depreciation or carried forward loss under taxation laws, deferred tax assets are recognised only if there is a virtual certainty of realisation of such assets. Deferred tax assets are reviewed as at each balance sheet date and written down or written-up to reflect the amount that is reasonably/virtually certain (as the case may be) to be realised. As the Company is currently engaged in trading of agricultural produce, such income is exempt from income tax. Accordingly, there are no deferred tax assets/liabilities arising therefrom.

2.12 Impairment of Assets

To provide for impairment loss, if any, to the extent, the carrying amount of assets exceed their recoverable amount. Recoverable amount is the higher of an asset's fair value less costs of disposal and its value in use. Value in use is the present value of estimated future cash flows expected to arise from the continuing use of an asset and from its disposal at the end of its useful life.

When an impairment loss subsequently reverses, the carrying amount of the asset (or a cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit and loss.

2.13 Contingencies and Provisions

A provision is recognised when the Company has a present obligation (legal or constructive) as a result of past events and it is probable that an outflow of resources will be required to settle the obligation in respect of which a reliable estimate can be made. The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settlement to settle the present obligation, its carrying amount is the present value of those cash flows (when the effect of the time value of money is material).

2.14 Operating Cycle

Based on the nature of products / activities of the Company which consists of harvesting and selling of poplar wood on an annual basis from the existing trees which have attained maturity and the normal time between acquisition of assets and their realisation in cash or cash equivalents, the Company has determined its operating cycle as 12 months for the purpose of classification of its assets and liabilities as current and non-current. In the process of trading of agri produce also, the operating cycle has been determined as 12 months.

Notes forming part of Financial Statements
(All amounts are in Indian Rupees unless otherwise stated)

(Amount in ₹)

		As at 31 March 2021	As at 31 March 2020
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 2021	As at 31 March 2020
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	61,879	3,75,245
	Deposit Accounts (Refer Note below)	38,06,072	46,00,000
	Cash on Hand	7,259	2,242
		38,75,210	49,77,487

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 2021	As at 31 March 2020
6.	**Other Financial Assets**		
	Current		
	Interest Accrued on the Bank Deposits	82,034	1,77,816
		82,034	1,77,816
7.	**Other Assets**		
	Current		
	Deposits with Statutory Authorities	42,340	42,340
		42,340	42,340
8.	**Equity Share Capital**		
	Authorised Share Capital:		
	1,00,00,000 Equity Shares of ₹ 10 each fully paid-up	10,00,00,000	10,00,00,000
	Issued, Subscribed and Paid-Up Capital:		
	55,10,004 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, 2019	55,10,004	55,10,040
Add: Issued during the year	–	–
Balance at March 31, 2020	55,10,004	55,10,040
Add: Issued during the year	–	–
Balance at March 31, 2021	55,10,004	55,10,040

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

	As at March 31, 2021 (No. of Shares)	%	As at March 31, 2020 (No. of Shares)	%
ITC Limited and its nominees	55,10,004	100	55,10,004	100

* 55,09,998 shares are held by ITC Limited, the Holding Company and the balance 6 shares are held by nominees of the Holding Company jointly with the Holding Company.

C) Rights, preferences and restrictions attached to the Equity Shares:

The equity shares of the Company, having par value of ₹ 10 per share, rank pari passu in all respects including voting rights and entitlement to dividend.

(Amount in ₹)

		As at 31 March 2021	As at 31 March 2020
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.	(5,10,18,480)	(5,19,29,304)
	Other items of other comprehensive income		
	Other items of other comprehensive income consist of remeasurement of net defined benefit liability/asset.	(8,34,530)	(8,22,618)
		(5,13,53,010)	(5,22,51,922)

Notes forming part of the Financial Statements (Contd.)

(Amount in ₹)

		As at 31 March 2021	As at 31 March 2020
10.	**Provisions**		
	Employee Benefits:		
	Gratuity (Refer Note 24)	1,06,251	2,35,155
	Compensated Absences	15,065	37,005
		1,21,316	2,72,160
	Non-current		
	Gratuity (Refer Note 24)	1,03,578	2,29,483
	Compensated Absences	14,686	36,113
		1,18,264	2,65,596
	Current		
	Gratuity (Refer Note 24)	2,673	5,672
	Compensated Absences	379	892
		3,052	6,564
		1,21,316	2,72,160
11.	**Other Financial Liabilities**		
	Current:		
	Employee Dues Payable	4,391	21,589
		4,391	21,589
12.	**Other Liabilities**		
	Current:		
	Statutory Liabilities	4,707	16,56,154
		4,707	16,56,154

		For the year ended 31 March 2021	For the year ended 31 March 2020
13.	**Revenue from Operations**		
	Sale of Products (Saplings)	3,20,000	2,88,000
		3,20,000	2,88,000
14.	**Other Income**		
	Interest Income on:		
	Bank Deposits	2,34,680	3,68,719
	Income tax refund	2,230	–
	Others	–	4,426
	Provision no longer required written back	16,49,000	–
		18,85,910	3,73,145
15.	**Employee Benefits Expense**		
	Salaries and Wages (Refer Note 26)	3,73,157	10,86,857
	Contribution to Provident and Other Funds	32,218	34,121
	Gratuity Expense (Refer Note 24)	13,410	23,240
	Staff Welfare Expenses	3,580	8,662
		4,22,365	11,52,880
16.	**Other Expenses**		
	Power and Fuel	27,337	1,45,079
	Rent	7,760	7,760
	Rates and Taxes	2,600	2,000
	Insurance	3,151	3,151
	Repairs and Maintenance - Others	550	600
	Security Charges	1,50,008	1,45,515
	Travelling and Conveyance	–	12,387
	Legal and Consultancy Expenses	3,37,500	2,63,365
	Miscellaneous Expenses	71,718	73,302
		6,00,624	6,53,159
	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 2021	For the year ended 31 March 2020
Profit / (Loss) before Income Tax	8,92,921	(13,96,894)
Enacted Tax Rates	25.17%	25.17%
Computed Expected Tax Expense	2,24,748	(3,51,598)
Tax on Income after excluding expenses for income exempt u/s 10	(2,24,748)	3,71,798
Income Tax Expense	–	20,200

18. Contingent Liabilities *

Claims against the Company not acknowledged as Debts		
Local Authority Taxes	–	6,64,524
Revision of Land Lease Rent	1,07,00,000	1,07,00,000
Other Matters	42,340	42,340
	1,07,42,340	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 Profit/(Loss) attributable to Equity Shareholders (A) (₹)	9,10,824	(13,99,833)
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) (₹)	0.17	(0.25)

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 2021	For the year ended 31 March 2020
Mr. Vivek Agarawal	0%	33%
Mr. Pavan Juneja	0%	19%

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 2021	For the year ended 31 March 2020
ITC Limited:		
Purchases	2,90,000	2,52,000

(c) Details of Related Party Balances:

Description	As at 31 March 2021	As at 31 March 2020
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.

Consequent to the aforesaid Order, as a matter of prudence, cost of the land amounting to ₹ 2,34,10,906 (being the difference between the premium paid on acquisition of such leasehold land amounting to ₹ 4,49,33,855 and amortised to the extent of ₹ 2,15,22,949) was fully impaired in 2013-14. On transition to

Notes forming part of the Financial Statements (Contd.)

Ind AS, deemed cost of such leasehold land as on April 1, 2015 is Nil. Further, as the Company does not have access to such land, biological assets (including agri-produce) thereon were fully provided for and consequently, cost of such assets is Nil.

In the interim, the Company has been examining alternate business opportunities and basis its long experience of trading in poplar wood/saplings, the Company continues to engage in trading of poplar wood / saplings in the proximate markets.

In view of the above and taking into account that the Company's assets primarily include current assets (Cash and Cash Equivalents), the Board has determined that it would be appropriate to prepare its financial statements on a going concern basis

24. **Employee Benefits**

Description of Plans

The Company makes contribution to defined contribution scheme (Provident Fund) for qualifying employees. The Company makes a monthly contribution as a percentage of eligible salary to Provident Fund.

The liabilities arising in the defined benefit schemes are determined in accordance with the actuarial valuation. Gratuity and Compensated Absences benefits are unfunded.

Risk Management

The defined benefit plans expose the Company to actuarial deficit arising out of interest rate risk, longevity risk and salary cost inflation risk. These plans are not exposed to any unusual, entity specific or scheme specific risks but there are general risks. The Scheme's accounting liabilities are calculated using a discount rate set 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, 2021 and March 31, 2020:

(Amount in ₹)

	For the year ended 31 March 2021	For the year ended 31 March 2020
Change in Benefit Obligation		
Benefit Obligation at the beginning	2,35,155	2,00,255
Current Service Cost	3,532	8,221
Interest Expense	9,878	15,019
Remeasurements - Actuarial Losses	11,912	11,660
Benefits Paid	(1,54,226)	–
Benefit Obligations at the end	1,06,251	2,35,155

Amount for the year ended March 31, 2021 and March 31, 2020 recognised in the Statement of Profit and Loss under employee benefit expense:

Current Service Cost	3,532	8,221
Interest Expense	9,878	15,019
Gratuity Expense	13,410	23,240

Amount for the year ended March 31, 2021 and March 31, 2020 recognised in the Statement of Other Comprehensive Income:

Remeasurements of the Defined Benefit Liabilities		
Effect of changes in Financial Assumptions	–	21,490
Effect of Experience Adjustments	11,912	(9,830)
Cost recognised in the Statement of Other Comprehensive Income	11,912	11,660

Liability recognised in the Balance Sheet	As at March 31, 2021	As at March 31, 2020
Remeasurements of the Defined Benefit Liabilities		
Present Value of Defined Benefit Obligation	1,06,251	2,35,155
Liability recognised in Balance Sheet		
- Current	2,673	5,672
- Non-Current	1,03,578	2,29,483
Liability recognised in Balance Sheet	1,06,251	2,35,155

The principal assumptions used for the purpose of the actuarial valuation were as follows:

	As at March 31, 2021	As at March 31, 2020
Discount Rates	6.25%	6.25%
Expected rates of salary increase	7.00%	7.00%
Mortality Table	Indian Assured Lives Mortality (2012-14) Ultimate	Indian Assured Lives Mortality (2012-14) Ultimate
Retirement Age	58 Years	58 Years

The Company assesses these assumptions with its projected long-term plans of growth and prevalent industry standards. The discount rate is based on the government securities yield.

As at March 31, 2021, every percentage point increase / decrease in discount rate will affect the Company's gratuity benefit obligation by approximately ₹ 6,000.

As at March 31, 2020, every percentage point increase / decrease in compensation levels will affect the Company's gratuity benefit obligation by approximately ₹ 15,000.

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, 2021		As at March 31, 2020	
		Fair Value	Carrying Value	Fair Value	Carrying Value
Financial Assets (Measured at amortised cost)					
i) Trade Receivables	4	–	–	–	–
ii) Cash and Cash Equivalents	5	38,75,210	38,75,210	49,77,487	49,77,487
iii) Other Financial Assets	6	82,034	82,034	1,77,816	1,77,816
Total Financial Assets		39,57,244	39,57,244	51,55,303	51,55,303
Financial Liabilities (Measured at amortised cost)					
(i) Trade Payables		1,45,400	1,45,400	4,37,850	4,37,850
(ii) Other Financial Liabilities	11	4,391	4,391	21,589	21,589
Total Financials Liabilities		1,49,791	1,49,791	4,59,439	4,59,439

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 Rs.38,06,072 (As at March 31, 2020 - Rs. 46,00,000) 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. 38,75,210 while the aggregate of trade payables and other financial liabilities is Rs.1,49,791. Aggregate of trade payables and other financial liabilities is about 4% of the total cash and cash equivalents, hence the company does not foresee any liquidity risk.

iv) Credit risk

Credit risk is the risk that counterparty will not meet its obligations under a financial instrument which may lead to a financial loss to the Company. The company does not deal in credit unless specifically approved by the Chief Operating Decision Maker and such credit extension is short term in nature ranging from 0 - 15 days. There are no outstanding debtors for which ECL provision is required to be assessed.

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

(Amount in ₹)

	For the year ended 31, March 2021	For the year ended 31, March 2020
Revenue from top customer	10%	33%
Revenue from top 5 customers	32%	77%

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 2021	As at 31, March 2020
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. Previous year's figures have been regrouped/ reclassified wherever necessary to correspond with the current year's classification/ disclosure.

27. The financial statements were approved for issue by the Board of Directors on 19/04/2021.

On behalf of the Board of Directors

Suneel Pandey
Director

Sib Sankar Bandyopadhyay
Director

Place: Secunderabad
Date: April 19, 2021

REPORT OF THE BOARD OF DIRECTORS FOR THE FINANCIAL YEAR ENDED 31ST MARCH, 2021

1. Your Directors submit their Report for the financial year ended 31st March, 2021.

2. **FINANCIAL PERFORMANCE**

During the year under review, your Company did not earn any income. Net Loss for the year was ₹ 3.97 lakhs (previous year: ₹ 0.24 lakh).

The Company was a wholly owned subsidiary of Sunrise Foods Private Limited ('Sunrise'). Consequent to acquisition of 100% of the share capital of Sunrise by ITC Limited ('ITC') on 27th July, 2020, the Company became a step down wholly owned subsidiary of ITC with effect from the said date. Subsequently, Sunrise amalgamated with ITC effective from 1st April, 2021, with appointed date being 27th July, 2020. Accordingly, the Company became a direct wholly owned subsidiary of ITC with effect from 1st April, 2021.

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

		Year ended 31.03.2021 (₹)	Year ended 31.03.2020 (₹)
Profits			
a.	Profit / (Loss) before Tax	**(3,96,930)**	(23,609)
b.	Less: Tax expense	**Nil**	Nil
c.	Profit / (Loss) after Tax	**(3,96,930)**	(23,609)
d.	Add: Other Comprehensive Income	**Nil**	Nil
e.	**Total Comprehensive Income**	**(3,96,930)**	(23,609)
Retained Earnings			
a.	At the beginning of the year	**(4,29,023)**	(4,05,414)
b.	Add: Profit / (Loss) for the year	**(3,96,930)**	(23,609)
c.	Add: Other Comprehensive Income	**Nil**	Nil
d.	At the end of the year	**(8,25,953)**	(4,29,023)

The Company adopted Indian Accounting Standards (Ind AS) from 1st April, 2020 with the date of transition to Ind AS being 1st April, 2019. There was no material impact of such transition and consequently, no reconciliations for impact of transition have been provided.

3. **AMALGAMATION OF THE COMPANY WITH ITC**

During the year under review, the Board of Directors of your Company ('the Board') approved the Scheme for amalgamation of your Company and Hobbits International Foods Private Limited, fellow subsidiary, with ITC with appointed date being 27th July, 2020. Necessary petition seeking sanction of the Hon'ble National Company Law Tribunal, Allahabad Bench, to the said amalgamation is pending.

4. **DIRECTORS**

During the year under review, Messrs. Amit Prakash Sharma (DIN: 00238405) and Anirudh Bhardwaj (DIN: 03511252) resigned as Non-Executive Directors of your Company with effect from 27th July, 2020. Your Directors place on record appreciation for the contribution made by them during their tenure with the Company.

Messrs. Sundararaman Ganesh Kumar (DIN: 02782447), Neel Kingston Jasper (DIN: 07462201), Piyush Mishra (DIN: 08809871) and Mayank Bhardwaj (DIN: 03442781) were appointed, with your approval, as Non-Executive Directors of your Company with effect from 27th July, 2020.

In accordance with the provisions of Section 152 of the Companies Act, 2013 ('the Act'), Mr. S. Ganesh Kumar 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**

Eight meetings of the Board were held during the year ended 31st March, 2021.

6. **DIRECTORS' RESPONSIBILITY STATEMENT**

As required under Section 134 of the Act, your Directors confirm having:

(a) followed in the preparation of the Annual Accounts, the applicable Accounting Standards with proper explanation relating to material departures, if any;

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

(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 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. **PARTICULAR OF EMPLOYEES**

The Company does not have any employee and hence, the required disclosures are not applicable. The Company is also not required to constitute Internal Complaints Committee in terms of the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013.

9. **RISK MANAGEMENT**

The risk management framework of the Company is commensurate with its size and nature of business. Management of risks vest with the executives who are responsible for the day-to-day conduct of the affairs of the Company, within the overall framework approved by the Board. The Internal Auditor of the Company periodically carries out risk focused audits with the objective of identifying areas where risk management processes could be strengthened. The Board annually reviews the effectiveness of the Company's risk management systems and policies.

10. **INTERNAL FINANCIAL CONTROLS**

Your Company has in place adequate internal financial controls with respect to the financial statements, commensurate with its size and scale of operations. The Internal Auditor of the Company periodically evaluates the adequacy and effectiveness of such internal financial controls. The Board which provides guidance on internal controls, also reviews internal audit findings and implementation of internal audit recommendations, if any.

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

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

During the year ended 31st March, 2021, the Company has neither given any loan or guarantee nor has made any investment under Section 186 of the Act.

12. **RELATED PARTY TRANSACTIONS**

During the year ended 31st March, 2021, the Company did not enter into any transaction with its related parties.

13. **SIGNIFICANT AND MATERIAL ORDERS PASSED BY THE REGULATORS / COURTS / TRIBUNALS**

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

14. COST RECORDS

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

15. STATUTORY AUDITORS

Messrs. Malhotra Rajesh & Co., Chartered Accountants, were appointed as the Statutory Auditors of your Company at the AGM held on 30th September, 2019 for a period of five years.

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.

Dated : 10th May, 2021

On behalf of the Board

Neel Kingston Jasper
Director

Piyush Mishra
Director

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF SUNRISE SHEETGRAH PRIVATE LIMITED

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of SUNRISE SHEETGRAH PRIVATE LIMITED ("the Company"), which comprise the Balance Sheet as at March 31, 2021, 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, 2021, and its loss, total comprehensive income, its cash flows and the changes in equity for the year ended on that date.

Basis for Opinion

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

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

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

Management's Responsibility for the Financial Statements

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

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

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

Auditor's Responsibility for the Audit of the Financial Statements

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal financial control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Company has adequate internal financial controls system in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

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

Report on Other Legal and Regulatory Requirements

1. As required by Section 143(3) of the Act, based on our audit we report, that:
   a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
   b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
   c) The Balance Sheet, the Statement of Profit and Loss including Other Comprehensive Income, the Cash Flow Statement and Statement of Changes in Equity dealt with by this Report are in agreement with the relevant books of account.
   d) In our opinion, the aforesaid financial statements comply with the Ind AS specified under Section 133 of the Act.
   e) On the basis of the written representations received from the directors as on March 31, 2021 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2021 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 **Malhotra Rajesh & Co.**
Chartered Accountants
(Firm's Registration No. 006145C)

Rajesh Malhotra
(Partner)
(Membership No. 074124)
UDIN: 21074124AAAAHW9490

Date: 10th May, 2021
Place: AGRA

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 Sunrise Sheetgrah Private Limited ("the Company") as of March 31, 2021 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 authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized 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, 2021, 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 **Malhotra Rajesh & Co.**
Chartered Accountants
(Firm's Registration No. 006145C)
Rajesh Malhotra
(Partner)
(Membership No. 074124)
UDIN: 21074124AAAAHW9490

Date: 10th May, 2021
Place: AGRA

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 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 explanation given to us, no material discrepancies were noticed on such verification.

(c) The title deeds of immovable properties are held in the name of the company.

(ii) The company did not have any inventories during the year 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. 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) 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 generally 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, 2021 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, Goods & Service Tax and Value Added Tax as on March 31, 2021 on 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) The Company is a private company and hence provisions of Section 177 of the Companies Act, 2013 is not applicable to the Company. 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 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.

(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 **Malhotra Rajesh & Co.**
Chartered Accountants
(Firm's Registration No. 006145C)
Rajesh Malhotra
(Partner)
(Membership No. 074124)
UDIN: 21074124AAAAHW9490

Date: 10th May, 2021
Place: AGRA

SUNRISE SHEETGRAH PRIVATE LIMITED
BALANCE SHEET AS AT 31ST MARCH, 2021

Particulars	Note	As at 31st March, 2021 ₹	As at 31st March, 2020 ₹	As at 1st April, 2019 ₹
ASSETS				
Non-current assets				
(a) Property, plant and equipment	2	52,53,220	55,79,552	55,79,552
		52,53,220	55,79,552	55,79,552
Current assets				
(a) Financial assets				
(i) Cash and cash equivalents	3	36,108	88,085	1,21,774
(b) Other current assets	4	1,125	31,000	31,000
		37,233	1,19,085	1,52,774
Total Assets		52,90,453	56,98,637	57,32,326
EQUITY AND LIABILITIES				
Equity				
(a) Share capital	5	55,73,500	55,73,500	55,73,500
(b) Other equity		(8,25,953)	(4,29,023)	(4,05,414)
		47,47,547	51,44,477	51,68,086
Liabilities				
Current liabilities				
(a) Financial Liabilities				
(i) Trade payables				
(A) Dues of Micro, Small and Medium Enterprises		–	–	–
(B) Dues of creditors other than Micro, Small and Medium Enterprises		5,42,906	5,54,160	5,64,240
		5,42,906	5,54,160	5,64,240
Total Equity and Liabilities		52,90,453	56,98,637	57,32,326

The accompanying notes 1 to 9 are an integral part of the Financial Statements.

In terms of our report attached

For Malhotra Rajesh & Co.
Chartered Accountants

Rajesh Malhotra
Partner

Date: 10th May, 2021
Location : Agra

For and On behalf of the Board of Directors

Piyush Mishra
Director

Date: 10th May, 2021
Location : Kolkata

Neel Kingston Jasper
Director

Date: 10th May, 2021
Location : Bengaluru

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31ST MARCH, 2021

	Particulars	Note	For the year ended 31st March, 2021 (₹)	For the year ended 31st March, 2020 (₹)
I	Revenue from operations		–	–
II	Other income		–	–
III	**Total Income (I+II)**		–	–
IV	**EXPENSES**			
	Cost of material consumed		–	–
	Changes in inventories of Stock in Trade		–	–
	Employee benefits expense		–	–
	Finance costs		–	–
	Depreciation and amortization expense		–	–
	Other expenses	6	3,96,930	23,609
	Total expenses (IV)		3,96,930	23,609
V	Profit before tax (III- IV)		(3,96,930)	(23,609)
VI	Tax expense:			
	Current Tax		–	–
	Deferred Tax		–	–
			–	–
VII	Profit for the year (V-VI)		(3,96,930)	(23,609)
	Other comprehensive income		–	–
VIII	Total other comprehensive income		–	–
IX	Total comprehensive income for the year (VII+VIII)		(3,96,930)	(23,609)
X	Earnings per equity share (Face Value ₹ 10 per share): Basic and Diluted (in ₹)	7	(0.71)	(0.04)

The accompanying notes 1 to 9 are an integral part of the Financial Statements.

In terms of our report attached

For Malhotra Rajesh & Co.
Chartered Accountants

Rajesh Malhotra
Partner

Date: 10th May, 2021
Location : Agra

For and On behalf of the Board of Directors

Piyush Mishra
Director

Date: 10th May, 2021
Location : Kolkata

Neel Kingston Jasper
Director

Date: 10th May, 2021
Location : Bengaluru

CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2021

	For the year ended 31st March, 2021		For the year ended 31st March, 2020	
	(₹)	(₹)	(₹)	(₹)
A. Cash Flow from Operating Activities				
Profit / (loss) before tax		(3,96,930)		(23,609)
Adjustments for:				
CWIP written off	3,26,332			
Provision for bad & doubtful advances	31,000	3,57,332	–	
Operating profit before working capital changes		(39,598)		(23,609)
Changes in working capital:				
Adjustment for (increase) / decrease in operating assets:				
Trade receivables and other current and non- current assets	(1,125)		–	
Adjustment for increase / (decrease) in operating liabilities:				
Trade payables, other liabilities, borrowings and provisions	(11,254)	(12,379)	(10,080)	(10,080)
Cash generated from operations		(51,977)		(33,689)
Income tax paid (net)		–		–
Net cash generated from / (used in) operating activities (A)		(51,977)		(33,689)
B. Cash flow from investing activities		–		–
Net cash used in investing activities (B)		–		–
C. Cash flow from financing activities		–		–
Net cash generated from financing activities (C)		–		–
Net increase / (decrease) in cash and cash equivalents (A+B+C)		(51,977)		(33,689)
Cash and cash equivalents at the beginning of the year		88,085		1,21,774
Cash and cash equivalents at the end of the year (Refer note 3)		36,108		88,085

Note:

The above Cash Flow Statement has been prepared under the "Indirect Method" (Ind AS 7)

The accompanying notes 1 to 9 are an integral part of the Financial Statements.

In terms of our report attached

For Malhotra Rajesh & Co.
Chartered Accountants

Rajesh Malhotra
Partner

Date: 10th May, 2021
Location : Agra

For and On behalf of the Board of Directors

Piyush Mishra
Director

Date: 10th May, 2021
Location : Kolkata

Neel Kingston Jasper
Director

Date: 10th May, 2021
Location : Bengaluru

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31ST MARCH, 2021

	Particulars	Amount (₹)
A.	**Equity Share Capital**	
	As at 1st April, 2019	**55,73,500**
	Changes in equity share capital	–
	As at 31st March, 2020	**55,73,500**
	Changes in equity share capital	–
	As at 31st March, 2021	**55,73,500**
B.	**Other Equity**	
	Balance as at 1st April, 2019	**(4,05,414)**
	Profit for the year	(23,609)
	Other Comprehensive Income (net of tax)	–
	Total Comprehensive Income	**(23,609)**
	Balance as at 31st March, 2020	**(4,29,023)**
	Profit for the Year	(3,96,930)
	Other Comprehensive Income (net of tax)	–
	Total Comprehensive Income	**(3,96,930)**
	Balance as at 31st March, 2021	**(8,25,953)**

The accompanying notes 1 to 9 are an integral part of the Financial Statements.

In terms of our report attached	For and On behalf of the Board of Directors	
For Malhotra Rajesh & Co. **Chartered Accountants**		
Rajesh Malhotra **Partner**	**Piyush Mishra** **Director**	**Neel Kingston Jasper** **Director**
Date: 10th May, 2021 Location : Agra	Date: 10th May, 2021 Location : Kolkata	Date: 10th May, 2021 Location : Bengaluru

NOTES TO THE FINANCIAL STATEMENTS

1. COMPANY OVERVIEW AND SIGNIFICANT ACCOUNTING POLICIES

A COMPANY OVERVIEW

Sunrise Sheetgrah Private Limited (the Company) is a Company incorporated in India with its registered office in Naufri, Agra. The Company, till 26th July, 2020 was a 100% subsidiary of M/s Sunrise Foods Private Limited (Sunrise). M/s ITC Limited (ITC), on 27th July, 2020, acquired 100% equity shares of Sunrise in an all cash deal. Subsequently, the scheme of amalgamation of Sunrise into ITC have been approved by Hon'ble National Company Law Tribunal, Kolkata bench vide order dated 18th March, 2021. The certified copy of the order was filed with the Registrar of Companies, West Bengal on 1st April, 2021. Consequently, the Company became a 100% subsidiary of ITC w.e.f. 27th July, 2020 and also adopted Indian Accounting Standards (Ind AS) w.e.f. financial year 2020-21.

The Company adopted Ind AS from 1st April, 2020 with the date of transition to Ind AS from 1st April 2019. There was no material impact of such transition and consequently no reconciliations for impact of transition are provided.

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 recognized in the period in which the estimate is revised if the revision affects only that period; they are recognized 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 realization 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 recognized as at 1st April, 2019 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 capitalized. Expenses capitalized 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 amortizes 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.

Property, plant and equipment's 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.

NOTES TO THE FINANCIAL STATEMENTS (Contd.)

Impairment losses recognized in prior years are reversed when there is an indication that the impairment losses recognized no longer exist or have decreased. Such reversals are recognized as an increase in carrying amounts of assets to the extent that it does not exceed the carrying amounts that would have been determined (net of amortization or depreciation) had no impairment loss been recognized 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 amortization period or method, as appropriate, and are treated as changes in accounting estimates.

G. INVENTORIES

Inventories are stated at lower of cost and net realizable value. The cost is calculated on weighted average method. Cost comprises expenditure incurred in the normal course of business in bringing such inventories to their present location and condition and includes, where applicable, appropriate overheads based on normal level of activity. Net realizable 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.

H. 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 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 receivable, Advances, Security Deposits, Cash & 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 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) Amortized 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 unrealized gain or 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 receivable, Advances, Security Deposits, Cash & Cash equivalents etc. are classified for measurement at amortized cost while investment may fall under any of aforesaid classes.

Financial Liabilities

Borrowings, trade payables and other financial liabilities are initially recognized at the value of the respective contractual obligations. They are subsequently measured at amortized cost.

Financial liabilities are derecognized when the liability is extinguished, that is, when contractual obligation is discharged, cancelled and on expiry.

I. PROVISIONS AND CLAIMS

Provisions are recognized 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 recognized 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.

J. REVENUE

Revenue is measured at the fair value of the consideration received or receivable for goods supplied and services rendered, net of returns and discounts to customers. Revenue from the sale of goods excludes taxes such as VAT and Goods and Services Tax which are payable in respect of sale of goods and services. Revenue from the sale of goods and services is 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 and in case of services, in the period in which such services are rendered.

K. 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 during the period, together with any adjustment to tax payable in respect of previous years. Deferred tax is recognized on temporary differences between the carrying amounts of assets and liabilities and the amounts used for taxation purposes (tax base), at the tax rates and tax laws enacted or substantively enacted by the end of the reporting period. Deferred tax assets are recognized for the future tax consequences to the extent it is probable that future taxable profits will be available against which the deductible temporary differences can be utilized. Income tax, insofar 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 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.

L. 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 recognized 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.

	As at 31st March, 2021 (₹)	As at 31st March, 2020 (₹)	As at 1st April, 2019 (₹)
2. Property, plant and equipment			
Freehold land	**52,53,220**	52,53,220	52,53,220
Capital work in progress	**–**	3,26,332	3,26,332
Total	**52,53,220**	55,79,552	55,79,552
3. Cash & cash equivalents			
Balances with banks			
Current accounts	**36,108**	88,085	1,21,774
Total	**36,108**	88,085	1,21,774
4. Other current assets			
Other Advances:			
Unsecured, considered good	**1,125**	31,000	31,000
Doubtful	**31,000**	–	–
Less: Allowance for doubtful advances	**(31,000)**	–	–
Total	**1,125**	31,000	31,000

NOTES TO THE FINANCIAL STATEMENTS (Contd.)

5. Share capital

Particulars	As at 31st March, 2021		As at 31st March, 2020		As at 1st April, 2019	
	No. of Shares	₹	No. of Shares	₹	No. of Shares	₹
Authorized Share Capital						
Equity Shares of Rs.10 each	10,00,000	1,00,00,000	10,00,000	1,00,00,000	10,00,000	1,00,00,000
	10,00,000	1,00,00,000	10,00,000	1,00,00,000	10,00,000	1,00,00,000
Issued, Subscribed and Paid Up						
Equity Shares of Rs.10 each, fully paid	5,57,350	55,73,500	5,57,350	55,73,500	5,57,350	55,73,500
	5,57,350	55,73,500	5,57,350	55,73,500	5,57,350	55,73,500

(A) Reconciliation of Number of Shares Outstanding

Particulars	As at 31st March, 2021		As at 31st March, 2020	
	No. of Shares	₹	No. of Shares	₹
Equity Shares of Rs. 10 each				
As at the beginning of the year	5,57,350	55,73,500	5,57,350	55,73,500
Add: Issue of shares	-	-	-	-
As at the end of the year	5,57,350	55,73,500	5,57,350	55,73,500

(B) Shareholder(s) Holding more than 5% of the Equity Shares in the Company

Particulars	As at 31st March, 2021		As at 31st March, 2020		As at 1st April, 2019	
	No. of Shares	₹	No. of Shares	₹	No. of Shares	₹
Equity Shares of Rs. 10 each						
Sunrise Foods Private Limited (till 26-July-2020)	–	–	5,57,340	100%	5,57,340	100%
ITC Limited & its nominees (w.e.f. 27- July-2020) (refer note 1A)	5,57,350	100%	–	–	–	–

6. Other expenses

	For the year ended 31st March, 2021 (₹)	For the year ended 31st March, 2020 (₹)
CWIP written off	3,26,332	–
Provision for bad & doubtful advances	31,000	–
Miscellaneous expenses	39,598	23,609
Total	3,96,930	23,609
Miscellaneous expenses include :		
Auditor's remuneration*		
Audit fees	21,240	21,560
Fees for other services (certification etc.)	17,700	–
*Including taxes		

7. Earnings per share

	For the year ended 31st March, 2021 (₹)	For the year ended 31st March, 2020 (₹)
(a) Profit / (loss) for the year (₹)	(3,96,930)	(23,609)
(b) Weighted average number of equity shares outstanding	5,57,350	5,57,350
(c) Earnings per equity share on profit for the year (face value ₹ 10 per share)		
- Basic and diluted [(a)/(b)]	(0.71)	(0.04)

8. Related party disclosures

(A) The Company has the following related parties

Holding Company - Sunrise Foods Private Limited (till 26-July-2020)
ITC Limited (w.e.f. 27-July-2020)

Key Management Personnel

Amit Prakash Sharma - Non Executive Director (till 27-July-2020)
Anirudh Bhardwaj - Non Executive Director (till 27-July-2020)
Neel Kingston Jasper - Non Executive Director (w.e.f. 27-July-2020)
Ganesh K Sundararaman - Non Executive Director (w.e.f. 27-July-2020)
Piyush Mishra - Non Executive Director (w.e.f. 27-July-2020)
Mayank Bhardwaj - Non Executive Director (w.e.f. 27-July-2020)

(B) Related party transactions

There are no transactions with any related parties during the year.

(C) Related party balances

Related Party	Nature of Balances	As at 31 March 2021 (₹)	As at 31 March 2020 (₹)	As at 1st April 2019 (₹)
ITC Limited	Trade Payables	5,10,000	–	–
Sunrise Foods Private Limited	Trade Payables	–	5,10,000	5,10,000

9 Financial instruments and related disclosures

Capital Management

The Company funds its operations through equity. 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 ₹ 47,47,547 (2020 - ₹ 51,44,477). The Company is not subject to any externally imposed capital requirement.

Categories of Financial Instruments

Particulars	As at 31st March, 2021 (₹)		As at 31st March, 2020 (₹)		As at 1st April, 2019 (₹)	
	Carrying Value	Fair Value	Carrying Value	Fair Value	Carrying Value	Fair Value
A. Financial Assets, Level 3 Hierarchy						
a) Measured at amortized cost						
(i) Cash and cash equivalents	36,108	36,108	88,085	88,085	1,21,774	1,21,774
Total Financial Assets	36,108	36,108	88,085	88,085	1,21,774	1,21,774
B. Financial Liabilities, Level 3 Hierarchy						
a) Measured at amortized cost						
(i) Trade payables	5,42,906	5,42,906	5,54,160	5,54,160	5,64,240	5,64,240
Total Financial Liabilities	5,42,906	5,42,906	5,54,160	5,54,160	5,64,240	5,64,240

In terms of our report attached

For and On behalf of the Board of Directors

For Malhotra Rajesh & Co.
Chartered Accountants

Rajesh Malhotra
Partner

Date: 10th May, 2021
Location : Agra

Piyush Mishra
Director

Date: 10th May, 2021
Location : Kolkata

Neel Kingston Jasper
Director

Date: 10th May, 2021
Location : Bengaluru

REPORT OF THE BOARD OF DIRECTORS FOR THE FINANCIAL YEAR ENDED 31ST MARCH, 2021

1. Your Directors submit their Report for the financial year ended 31st March, 2021.

2. **COMPANY PERFORMANCE**

During the year under review, your Company recorded Total Income of ₹ 67.47 lakhs (previous year: ₹ 154.31 lakhs). Net Loss for the year was ₹ 13.30 lakhs (previous year: Profit of ₹ 0.20 lakh).

The Company was a wholly owned subsidiary of Sunrise Foods Private Limited ('Sunrise'). Consequent to acquisition of 100% of the share capital of Sunrise by ITC Limited ('ITC') on 27th July, 2020, the Company became a step down wholly owned subsidiary of ITC with effect from the said date. Subsequently, Sunrise amalgamated with ITC effective from 1st April, 2021, with appointed date being 27th July, 2020. Accordingly, the Company became a direct wholly owned subsidiary of ITC with effect from 1st April, 2021.

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

		Year ended 31.03.2021 (₹)	Year ended 31.03.2020 (₹)
Profits			
a.	Profit / (Loss) before Tax	**(13,30,435)**	20,357
b.	Less: Tax expense	**Nil**	Nil
c.	Profit / (Loss) after Tax	**(13,30,435)**	20,357
d.	Add: Other Comprehensive Income	**Nil**	Nil
e.	**Total Comprehensive Income**	**(13,30,435)**	20,357
Retained Earnings			
a.	At the beginning of the year	**(1,31,133)**	(1,51,490)
b.	Add: Profit / (Loss) for the year	**(13,30,435)**	20,357
c.	Add: Other Comprehensive Income	**Nil**	Nil
d.	At the end of the year	**(14,61,568)**	(1,31,133)

The Company adopted Indian Accounting Standards (Ind AS) from 1st April, 2020 with the date of transition to Ind AS being 1st April, 2019. There was no material impact of such transition and consequently, no reconciliations for impact of transition have been provided.

3. **AMALGAMATION OF THE COMPANY WITH ITC**

During the year under review, the Board of Directors of your Company ('the Board') approved the Scheme for amalgamation of your Company and Sunrise Sheetgrah Private Limited, fellow subsidiary, with ITC with appointed date being 27th July, 2020. Necessary petition seeking sanction of the Hon'ble National Company Law Tribunal, Allahabad Bench, to the said amalgamation is pending.

4. **DIRECTORS**

During the year under review, Messrs. Anand Prakash Sharma (DIN: 00238313), Anoop Prakash Sharma (DIN: 00238362) and Amit Prakash Sharma (DIN: 00238405) resigned as Non-Executive Directors of your Company with effect from 27th July, 2020. Your Directors place on record appreciation for the contribution made by them during their tenure with the Company.

Messrs. Sundararaman Ganesh Kumar (DIN: 02782447), Neel Kingston Jasper (DIN: 07462201), Piyush Mishra (DIN: 08809871) and Mayank Bhardwaj (DIN: 03442781) were appointed, with your approval, as Non-Executive Directors of your Company with effect from 27th July, 2020.

In accordance with the provisions of Section 152 of the Companies Act, 2013 ('the Act'), Mr. S. Ganesh Kumar 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**

Eight meetings of the Board were held during the year ended 31st March, 2021.

6. **DIRECTORS' RESPONSIBILITY STATEMENT**

As required under Section 134 of the Act, your Directors confirm having:

(a) followed in the preparation of the Annual Accounts, the applicable Accounting Standards with proper explanation relating to material departures, if any;

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

(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 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 Company does not have any employee and hence, the required disclosures are not applicable. The Company is also not required to constitute Internal Complaints Committee in terms of the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013.

9. **RISK MANAGEMENT**

The risk management framework of the Company is commensurate with its size and nature of business. Management of risks vest with the executives who are responsible for the day-to-day conduct of the affairs of the Company, within the overall framework approved by the Board. The Internal Auditor of the Company periodically carries out risk focused audits with the objective of identifying areas where risk management processes could be strengthened. The Board annually reviews the effectiveness of the Company's risk management systems and policies.

10. **INTERNAL FINANCIAL CONTROLS**

Your Company has in place adequate internal financial controls with respect to the financial statements, commensurate with its size and scale of operations. The Internal Auditor of the Company periodically evaluates the adequacy and effectiveness of such internal financial controls. The Board which provides guidance on internal controls, also reviews internal audit findings and implementation of internal audit recommendations, if any.

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

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

During the year ended 31st March, 2021, 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 to this Report.

13. **SIGNIFICANT AND MATERIAL ORDERS PASSED BY THE REGULATORS / COURTS / TRIBUNALS**

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

14. **COST RECORDS**

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

15. **STATUTORY AUDITORS**

Messrs. Malhotra Rajesh & Co., Chartered Accountants, were appointed as the Statutory Auditors of your Company at the AGM held on 30th September, 2019 for a period of five years.

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

	Neel Kingston Jasper	Piyush Mishra
	Director	Director
Dated : 10th May, 2021	Bengaluru	Kolkata

Annexure to the Report of the Board of Directors for the financial year ended 31st March, 2021

FORM NO. AOC-2

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

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

1. Details of contracts or arrangements or transactions not at arm's length basis

a)	Name(s) of the related party and nature of relationship	NIL
b)	Nature of contracts / arrangements / transactions	
c)	Duration of the contracts / arrangements / transactions	
d)	Salient terms of the contracts or arrangements or transactions including the value, if any	
e)	Justification for entering into such contracts or arrangements or transactions	
f)	Date(s) of approval by the Board	
g)	Amount paid as advances, if any	
h)	Date on which the resolution was passed in general meeting as required under first proviso to Section 188	

2. Details of material contracts or arrangements or transactions at arm's length basis

a)	Name(s) of the related party and nature of relationship	Sunrise Foods Private Limited, Holding Company	ITC Limited, ultimate Holding Company
b)	Nature of contracts / arrangements / transactions	Purchase of spices as super stockist (basic, blended and whole), mustard oil and papad	
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 - ₹ 30,48,840/-	Value of transaction during the year - ₹ 34,75,331/-
e)	Date(s) of approval by the Board, if any	N.A.	
f)	Amount paid as advances, if any	Nil	

On behalf of the Board

	Neel Kingston Jasper	Piyush Mishra
	Director	Director
Dated : 10th May, 2021	Bengaluru	Kolkata

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF HOBBITS INTERNATIONAL FOODS PRIVATE LIMITED

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of **HOBBITS INTERNATIONAL FOODS PRIVATE LIMITED** ("the Company"), which comprise the Balance Sheet as at March 31, 2021, 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, 2021, and its loss, total comprehensive income, its cash flows and the changes in equity for the year ended on that date.

Basis for Opinion

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

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

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

Management's Responsibility for the Financial Statements

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

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

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

Auditor's Responsibility for the Audit of the Financial Statements

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal financial control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under Section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Company has adequate internal financial controls system in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

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

Report on Other Legal and Regulatory Requirements

1. As required by Section 143(3) of the Act, based on our audit we report, that:
   a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
   b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
   c) The Balance Sheet, the Statement of Profit and Loss including Other Comprehensive Income, the Cash Flow Statement and Statement of Changes in Equity dealt with by this Report are in agreement with the relevant books of account.
   d) In our opinion, the aforesaid financial statements comply with the Ind AS specified under Section 133 of the Act.
   e) On the basis of the written representations received from the directors as on March 31, 2021 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2021 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 was 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 **Malhotra Rajesh & Co.**
Chartered Accountants
(Firm's Registration No. 006145C)

Rajesh Malhotra
(Partner)
(Membership No. 074124)
UDIN: 21074124AAAAHX3412

Date: 10th May, 2021
Place: AGRA

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 Hobbits International Foods Private Limited ("the Company") as of March 31, 2021 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 authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized 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, 2021, 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 **Malhotra Rajesh & Co.**
Chartered Accountants
(Firm's Registration No. 006145C)

Rajesh Malhotra
(Partner)
(Membership No. 074124)
UDIN: 21074124AAAAHX3412

Date: 10th May, 2021
Place: AGRA

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 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 explanation given to us, no material discrepancies were noticed on such verification.

(c) The title deeds of immovable properties are held in the name of the company.

(ii) 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. 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) 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 generally 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, 2021 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, Goods & Service Tax and Value Added Tax as on March 31, 2021 on 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) The Company is a private company and hence provisions of Section 177 of the Companies Act, 2013 is not applicable to the Company. 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 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.

(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 **Malhotra Rajesh & Co.**
Chartered Accountants
(Firm's Registration No. 006145C)

Rajesh Malhotra
(Partner)
(Membership No. 074124)
UDIN: 21074124AAAAHX3412

Date: 10th May, 2021
Place: AGRA

HOBBITS INTERNATIONAL FOODS PRIVATE LIMITED
BALANCE SHEET AS AT 31ST MARCH, 2021

Particulars	Note	As at 31st March, 2021 ₹	As at 31st March, 2020 ₹	As at 1st April, 2019 ₹
ASSETS				
Non-current assets				
(a) Property, plant and equipment	2	64,45,480	64,45,480	64,45,480
(b) Other non-current assets	3	2,596	–	–
		64,48,076	64,45,480	64,45,480
Current assets				
(a) Inventories	4	–	22,501	3,76,493
(b) Financial assets				
(i) Trade receivables	5	–	19,89,856	19,01,581
(ii) Cash and cash equivalents	6	1,94,515	11,76,970	6,14,390
(c) Other current assets	7	7,544	7,48,974	6,29,544
		2,02,059	39,38,301	35,22,008
Total Assets		**66,50,135**	1,03,83,781	99,67,488
EQUITY AND LIABILITIES				
Equity				
(a) Share capital	8	33,00,000	33,00,000	33,00,000
(b) Other equity		17,38,432	30,68,867	30,48,510
		50,38,432	63,68,867	63,48,510
Liabilities				
Current liabilities				
(a) Financial Liabilities				
(i) Trade payables				
(A) Dues of Micro, Small and Medium Enterprises		–	–	–
(B) Dues of creditors other than Micro, Small and Medium Enterprises		16,11,703	39,97,313	36,18,978
(b) Other current liabilities	9	–	17,601	–
		16,11,703	40,14,914	36,18,978
Total equity and liabilities		**66,50,135**	1,03,83,781	99,67,488

The accompanying notes 1 to 15 are an integral part of the Financial Statements.

In terms of our report attached

For and On behalf of the Board of Directors

For Malhotra Rajesh & Co.
Chartered Accountants

Rajesh Malhotra	**Piyush Mishra**	**Neel Kingston Jasper**
Partner	**Director**	**Director**
Date: 10th May, 2021	Date: 10th May, 2021	Date: 10th May, 2021
Location : Agra	Location : Kolkata	Location : Bengaluru

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31ST MARCH, 2021

	Particulars	Note	For the year ended 31st March, 2021 (₹)	For the year ended 31st March, 2020 (₹)
I	Revenue from operations	10	67,47,174	1,54,31,437
II	Other income		–	–
III	**Total Income (I+II)**		**67,47,174**	**1,54,31,437**
IV	**EXPENSES**			
	Cost of material consumed		–	–
	Purchases of stock in trade		65,24,171	1,48,45,495
	Changes in inventories of stock in trade		22,501	3,53,992
	Employee benefits expense	11	–	42,000
	Finance costs		–	–
	Depreciation and amortization expense		–	–
	Other expenses	12	15,30,937	1,69,593
	Total expenses (IV)		**80,77,609**	**1,54,11,080**
V	**Profit before tax (III- IV)**		**(13,30,435)**	**20,357**
VI	**Tax expense:**			
	Current Tax		–	–
	Deferred Tax		–	–
			–	–
VII	**Profit for the year (V-VI)**		(13,30,435)	20,357
	Other comprehensive income		–	–
VIII	**Total other comprehensive income**		–	–
IX	**Total comprehensive income for the year (VII+VIII)**		**(13,30,435)**	20,357
X	Earnings per equity share (Face Value Rs.10 per share): Basic and Diluted (in Rs.)	13	(4.03)	0.06

The accompanying notes 1 to 15 are an integral part of the Financial Statements.

In terms of our report attached

For and On behalf of the Board of Directors

For Malhotra Rajesh & Co.
Chartered Accountants

Rajesh Malhotra	**Piyush Mishra**	**Neel Kingston Jasper**
Partner	**Director**	**Director**
Date: 10th May, 2021	Date: 10th May, 2021	Date: 10th May, 2021
Location : Agra	Location : Kolkata	Location : Bengaluru

CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2021

	For the year ended 31st March, 2021 (₹)	(₹)	For the year ended 31st March, 2020 (₹)	(₹)
A. Cash Flow from Operating Activities				
Profit / (loss) before tax		(13,30,435)		20,357
Adjustments for:				
Provision for bad & doubtful advances	7,63,389			
Provision for bad & doubtful debts	6,56,273	14,19,662		
Operating profit before working capital changes		89,227		20,357
Changes in working capital:				
Adjustment for (increase) / decrease in operating assets:				
Trade receivables and other current and non-current assets	13,09,028		(2,07,705)	
Inventories	22,501		3,53,992	
Adjustment for increase / (decrease) in operating liabilities:				
Trade payables, other liabilities and provisions	(24,03,211)	(10,71,682)	3,95,936	5,42,223
Cash generated from operations		(9,82,455)		5,62,580
Income tax paid (net)		–		–
Net cash generated from / (used in) operating activities (A)		**(9,82,455)**		**5,62,580**
B. Cash flow from investing activities		–		–
Net cash used in investing activities (B)		–		–
C. Cash flow from financing activities		–		–
Net cash generated from financing activities (C)		–		–
Net increase/(decrease) in cash and cash equivalents (A+B+C)		(9,82,455)		5,62,580
Cash and cash equivalents at the beginning of the year		11,76,970		6,14,390
Cash and cash equivalents at the end of the year (Refer note 6)		**1,94,515**		**11,76,970**

Note:

The above Cash Flow Statement has been prepared under the "Indirect Method" (Ind AS 7)

The accompanying notes 1 to 15 are an integral part of the Financial Statements.

In terms of our report attached

For Malhotra Rajesh & Co.
Chartered Accountants

Rajesh Malhotra
Partner

Date: 10th May, 2021
Location : Agra

For and On behalf of the Board of Directors

Piyush Mishra
Director

Date: 10th May, 2021
Location : Kolkata

Neel Kingston Jasper
Director

Date: 10th May, 2021
Location : Bengaluru

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31ST MARCH, 2021

	Particulars	Amount (₹)
A.	**Equity Share Capital**	
	As at 1st April, 2019	33,00,000
	Changes in equity share capital	–
	As at 31st March, 2020	33,00,000
	Changes in equity share capital	–
	As at 31st March, 2021	**33,00,000**
B.	**Other Equity**	
	(i) Securities Premium	
	Balance as at 1st April, 2019	32,00,000
	Changes during the Year	–
	Balance as at 31st March, 2020	32,00,000
	Changes during the Year	–
	Balance as at 31st March, 2021	**32,00,000**
	(ii) Retained Earnings	
	Balance as at 1st April, 2019	(1,51,490)
	Profit for the year	20,357
	Other Comprehensive Income (net of tax)	–
	Total Comprehensive Income	20,357
	Balance as at 31st March, 2020	(1,31,133)
	Profit for the Year	(13,30,435)
	Other Comprehensive Income (net of tax)	–
	Total Comprehensive Income	(13,30,435)
	Balance as at 31st March, 2021	**(14,61,568)**
	Total Other Equity	17,38,432

The accompanying notes 1 to 15 are an integral part of the Financial Statements.

In terms of our report attached	For and On behalf of the Board of Directors	
For Malhotra Rajesh & Co. **Chartered Accountants**		
Rajesh Malhotra **Partner**	**Piyush Mishra** **Director**	**Neel Kingston Jasper** **Director**
Date: 10th May, 2021 Location : Agra	Date: 10th May, 2021 Location : Kolkata	Date: 10th May, 2021 Location : Bengaluru

NOTES TO THE FINANCIAL STATEMENTS

1. COMPANY OVERVIEW AND SIGNIFICANT ACCOUNTING POLICIES

A. COMPANY OVERVIEW

Hobbits International Foods Private Limited (the Company) is a Company incorporated in India with its registered office in Naufri, Agra. The Company is engaged in the business of trading of spices. The Company, till 26th July, 2020 was a 100% subsidiary of M/s Sunrise Foods Private Limited (Sunrise). M/s ITC Limited (ITC), on 27th July, 2020, acquired 100% equity shares of Sunrise in an all cash deal. Subsequently, the scheme of amalgamation of Sunrise into ITC have been approved by Hon'ble National Company Law Tribunal, Kolkata bench vide order dated 18th March, 2021. The certified copy of the order was filed with the Registrar of Companies, West Bengal on 1st April, 2021. Consequently, the Company became a 100% subsidiary of ITC w.e.f. 27th July, 2020 and also adopted Indian Accounting Standards (Ind AS) w.e.f. financial year 2020-21.

The Company adopted Ind AS from 1st April, 2020 with the date of transition to Ind AS from 1st April, 2019. There was no material impact of such transition and consequently no reconciliations for impact of transition are provided.

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 recognized in the period in which the estimate is revised if the revision affects only that period; they are recognized 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 realization 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 recognized as at 1st April, 2019 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 capitalized. Expenses capitalized 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 amortizes 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.

NOTES TO THE FINANCIAL STATEMENTS (Contd.)

Property, plant and equipment' 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 recognized in prior years are reversed when there is an indication that the impairment losses recognized no longer exist or have decreased. Such reversals are recognized as an increase in carrying amounts of assets to the extent that it does not exceed the carrying amounts that would have been determined (net of amortization or depreciation) had no impairment loss been recognized 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 amortization period or method, as appropriate, and are treated as changes in accounting estimates.

G. INVENTORIES

Inventories are stated at lower of cost and net realizable value. The cost is calculated on weighted average method. Cost comprises expenditure incurred in the normal course of business in bringing such inventories to their present location and condition and includes, where applicable, appropriate overheads based on normal level of activity. Net realizable 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.

H. 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 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 receivable, Advances, Security Deposits, Cash & 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 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) Amortized 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 unrealized gain or 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 receivable, Advances, Security Deposits, Cash & Cash equivalents etc. are classified for measurement at amortized cost while investment may fall under any of aforesaid classes.

Financial Liabilities

Borrowings, trade payables and other financial liabilities are initially recognized at the value of the respective contractual obligations. They are subsequently measured at amortized cost.

Financial liabilities are derecognized when the liability is extinguished, that is, when contractual obligation is discharged, cancelled and on expiry.

I. PROVISIONS AND CLAIMS

Provisions are recognized 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 recognized 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.

J. REVENUE

Revenue is measured at the fair value of the consideration received or receivable for goods supplied and services rendered, net of returns and discounts to customers. Revenue from the sale of goods excludes taxes such as VAT and Goods and Services Tax which are payable in respect of sale of goods and services. Revenue from the sale of goods and services is 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 and in case of services, in the period in which such services are rendered.

K. 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 during the period, together with any adjustment to tax payable in respect of previous years.

Deferred tax is recognized on temporary differences between the carrying amounts of assets and liabilities and the amounts used for taxation purposes (tax base), at the tax rates and tax laws enacted or substantively enacted by the end of the reporting period.

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

Income tax, insofar 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 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.

L. OPERATING 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 Board of Directors. As the Company is operating in the single business of trading of spices, there is only a single reportable segment.

M. 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 recognized 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.

		As at 31st March, 2021 (₹)	As at 31st March, 2020 (₹)	As at 1st April, 2019 (₹)
2.	**Property, plant and equipment**			
	Freehold land	**64,45,480**	64,45,480	64,45,480
	Total	**64,45,480**	64,45,480	64,45,480
3.	**Other non-current assets**			
	Others	2,596	–	–
	Total	**2,596**	–	–
4.	**Inventories**			
	Stock in trade	–	22,501	3,76,493
	Total	–	22,501	3,76,493

NOTES TO THE FINANCIAL STATEMENTS (Contd.)

	As at 31st March, 2021 (₹)	As at 31st March, 2020 (₹)	As at 1st April, 2019 (₹)
5. Trade receivables			
Unsecured, Considered Good	–	19,89,856	19,01,581
Unsecured, Considered Doubtful	6,56,273	–	–
Less: Provisions for Doubtful Debts	-6,56,273	–	–
Total	–	19,89,856	19,01,581
6. Cash & cash equivalents			
Cash on Hand	28,722	11,23,727	5,89,446
Balances with Bank			
Current Accounts	1,65,793	53,243	24,944
Total	1,94,515	11,76,970	6,14,390
7. Other current assets			
Other Advances			
Unsecured, considered good	7,544	7,48,974	6,29,544
Doubtful	7,63,389	–	–
Less : Allowance for doubtful Advances	-7,63,389	–	–
Total	7,544	7,48,974	6,29,544

8. Share capital

Particulars	As at 31st March, 2021		As at 31st March, 2020		As at 1st April, 2019	
	No. of Shares	₹	No. of Shares	₹	No. of Shares	₹
Authorized Share Capital						
Equity Shares of Rs.10 each	10,00,000	1,00,00,000	10,00,000	1,00,00,000	10,00,000	1,00,00,000
	10,00,000	1,00,00,000	10,00,000	1,00,00,000	10,00,000	1,00,00,000
Issued, Subscribed and Paid Up						
Equity Shares of Rs.10 each, fully paid	3,30,000	33,00,000	3,30,000	33,00,000	3,30,000	33,00,000
	3,30,000	33,00,000	3,30,000	33,00,000	3,30,000	33,00,000

(A) Reconciliation of Number of Shares Outstanding

Particulars	As at 31st March, 2021		As at 31st March, 2020	
	No. of Shares	₹	No. of Shares	₹
Equity Shares of Rs. 10 each				
As at the beginning of the year	3,30,000	33,00,000	3,30,000	33,00,000
Add: Issue of shares	–	–	–	–
As at the end of the year	3,30,000	33,00,000	3,30,000	33,00,000

(B) Shareholder(s) Holding more than 5% of the Equity Shares in the Company

Particulars	As at 31st March, 2021		As at 31st March, 2020		As at 1st April, 2019	
	No. of Shares	₹	No. of Shares	₹	No. of Shares	₹
Equity Shares of Rs. 10 each						
Sunrise Foods Private Limited (till 26-July-2020)	–	–	3,29,990	100%	3,29,990	100%
ITC Limited & its nominees (w.e.f. 27- July-2020) (refer note 1A)	3,30,000	100%	–	–	–	–

	As at 31st March, 2021 (₹)	As at 31st March, 2020 (₹)	As at 1st April, 2019 (₹)
9. Other current liabilities			
Statutory Liabilities	–	17,531	–
Others	–	70	–
Total	–	17,601	–

10. Revenue from operations

	For the year ended 31st March, 2021 (₹)	For the year ended 31st March, 2020 (₹)
Gross revenue from sale of products	67,47,174	1,54,31,437
Total	67,47,174	1,54,31,437

NOTES TO THE FINANCIAL STATEMENTS (Contd.)

11. Employee benefits expenses

	For the year ended 31st March, 2021 (₹)	For the year ended 31st March, 2020 (₹)
Salaries	–	42,000
Total	–	42,000

12. Other expenses

Provision for bad & doubtful advances	7,63,389	–
Provision for bad & doubtful debts	6,56,273	–
Bank charges	11,765	14,053
Printing and stationery	8,908	9,080
Sales promotion expenses	3,798	74,330
Rates & taxes	–	34,622
Miscellaneous expenses	86,804	37,508
Total	15,30,937	1,69,593
Miscellaneous expenses include:		
Auditor's remuneration*		
Audit fees	20,000	20,000
Fees for other services (certification etc.)	15,000	-

* Excluding taxes

13. Earnings per share

	For the year ended 31st March, 2021 (₹)	For the year ended 31st March, 2020 (₹)
(a) Profit / (loss) for the year (Rs.)	(13,30,435)	20,357
(b) Weighted average number of equity shares outstanding	3,30,000	3,30,000
(c) Earnings per equity share on profit for the year (face value Rs. 10 per share)		
- Basic and diluted [(a)/(b)]	(4.03)	0.06

14. Related party disclosures

(A) The Company has the following related parties

Holding Company - Sunrise Foods Private Limited (till 26-July-2020)
ITC Limited (w.e.f. 27-July-2020)

Key Management Personnel

Amit Prakash Sharma - Non Executive Director (till 27-July-2020)
Anand Prakash Sharma - Non Executive Director (till 27-July-2020)
Anoop Prakash Sharma - Non Executive Director (till 27-July-2020)
Neel Kingston Jasper - Non Executive Director (w.e.f. 27-July-2020)
Ganesh K Sundararaman - Non Executive Director (w.e.f. 27-July-2020)
Piyush Mishra - Non Executive Director (w.e.f. 27-July-2020)
Mayank Bhardwaj - Non Executive Director (w.e.f. 27-July-2020)

(B) Related party transactions

There are no transactions with any related parties during the year.

Related Party	Nature of Transactions	For the Year Ended 31st March, 2021 (Rs.)	For the Year Ended 31st March, 2020 (Rs.)
ITC Limited	Purchase of Stock in Trade	34,75,331	–
Sunrise Foods Private Limited	Purchase of Stock in Trade	30,48,840	1,48,45,495

(C) Related party balances

Related Party	**Nature of Balances**	As at 31 March 2021 (₹)	As at 31 March 2020 (₹)	As at 1st April 2019 (₹)
ITC Limited	Trade Payables	15,81,703	–	–
Sunrise Foods Private Limited	Trade Payables	–	39,56,113	35,11,496

15. Financial instruments and related disclosures

Capital Management

The Company funds its operations through equity. 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. 50,38,432 (2020 - Rs. 63,68,867). The Company is not subject to any externally imposed capital requirement.

NOTES TO THE FINANCIAL STATEMENTS (Contd.)

Categories of Financial Instruments

Particulars	As at 31st March, 2021 (₹)		As at 31st March, 2020 (₹)		As at 1st April, 2019 (₹)	
	Carrying Value	Fair Value	Carrying Value	Fair Value	Carrying Value	Fair Value
A. Financial Assets, Level 3 Hierarchy						
a) Measured at amortized cost						
(i) Trade receivables	–	–	19,89,856	19,89,856	19,01,581	19,01,581
(ii) Cash and cash equivalents	1,94,515	1,94,515	11,76,970	11,76,970	6,14,390	6,14,390
Total Financial Assets	1,94,515	1,94,515	31,66,826	31,66,826	25,15,971	25,15,971
B. Financial Liabilities, Level 3 Hierarchy						
a) Measured at amortized cost						
(i) Trade payables	16,11,703	16,11,703	39,97,313	39,97,313	36,18,978	36,18,978
Total Financial Liabilities	16,11,703	16,11,703	39,97,313	39,97,313	36,18,978	36,18,978

In terms of our report attached

For Malhotra Rajesh & Co.
Chartered Accountants

Rajesh Malhotra
Partner

Date: 10th May, 2021
Location : Agra

For and On behalf of the Board of Directors

Piyush Mishra
Director

Date: 10th May, 2021
Location : Kolkata

Neel Kingston Jasper
Director

Date: 10th May, 2021
Location : Bengaluru

ITC: Transforming Lives and Landscapes

ITC Enduring Value

Combating COVID-19: Contributing to National Efforts

- Importing oxygen generators, containers and concentrators to ease supply
- Supporting setting up of temporary medical facilities
- Income generation through rural engagements and schemes under MGNREGA
- Online training for farmers and government personnel
- In-kind relief support across India
- PPE Kits and masks for hospital staff

ITC e-Choupal & Sustainable Agriculture

- Empowering 4 million farmers
- Increasing productivity and farmer incomes

Afforestation

- Over 8,76,000 acres greened
- Generating about 160 million person-days of employment

Watershed Development

- Over 12,31,000 acres covered

Women Empowerment

- Over 77,000 poor women benefitted

Primary Education

- Reaching over 8,08,000 children

Skilling and Vocational Training

- Helping over 90,000 youth become more employable

Health & Sanitation

- Over 38,000 toilets built

Pioneer of green building movement in India

- 33 Platinum-rated green buildings

Responsible Luxury

- ITC Hotels: Trailblazer in Responsible Luxury and Green Hoteliering

Solid Waste Management

- Well Being Out of Waste (WOW) programme covers over 1.5 crore citizens

ITC is the only enterprise in the world of comparable dimensions to be Carbon Positive, Water Positive and Solid Waste Recycling Positive.

ITC's business and value chains support over 6 million sustainable livelihoods.

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