ITC Limited

REPORT AND ACCOUNTS

OF

SUBSIDIARY COMPANIES

2015

SUBSIDIARY COMPANIES

Russell Credit Limited	2
Greenacre Holdings Limited	23
ITC Infotech India Limited	35
ITC Infotech Limited	53
ITC Infotech (USA), Inc.	60
Pyxis Solutions, LLC. USA	66
Srinivasa Resorts Limited	70
Fortune Park Hotels Limited	85
Bay Islands Hotels Limited	99
WelcomHotels Lanka Pvt. Ltd.	109
Landbase India Limited	115
Technico Pty Limited	135
Technico Technologies Inc.	146
Technico Agri Sciences Limited	150
Technico Asia Holdings Pty Limited	170
Technico Horticultural (Kunming) Company Limited	175
Surya Nepal Private Limited	183
Wills Corporation Limited	197
Gold Flake Corporation Limited	207
ITC Investments & Holdings Limited	218
MRR Trading & Investment Company Limited	225
BFIL Finance Limited	232
North East Nutrients Pvt. Ltd.	243
Wimco Limited	258
Prag Agro Farm Limited	280
Pavan Poplar Limited	290
King Maker Marketing, Inc.	301

REPORT OF THE BOARD OF DIRECTORS & MANAGEMENT DISCUSSION AND ANALYSIS FOR THE FINANCIAL YEAR ENDED 31ST MARCH, 2015

1. Your Directors submit their Report for the financial year ended 31st March, 2015.

2. **ECONOMIC ENVIRONMENT**

India's macro-economic environment during financial year 2014-15 witnessed marked improvement. GDP grew at the fastest pace over the last five years while inflation and Current Account Deficit declined significantly. CPI inflation eased by over 500 bps. WPI inflation moved into negative zone. These improvements were largely attributed to decline in global commodity prices (particularly of crude oil) and lower gold imports. Besides the support from lower commodity prices, initiatives taken by the Central Government such as deregulation of diesel prices, lower increase in minimum support price for grain procurement etc., also complemented RBI's efforts in controlling inflation.

The fall in inflation in the current financial year provided the much needed space for monetary accommodation that was utilised by the RBI to reduce Policy rates by a cumulative 50 bps in the fourth quarter of the financial year 2014-15. The cut in Policy interest rates alongwith strong foreign institutional investor interest in Indian Bonds, with capital inflows exceeding USD 26 billion, resulted in decline in market interest rates across tenures. Considering the low level of inflation and an outlook of benign commodity prices, market expectation is for the RBI to reduce Policy rates further in the near term, which should help provide impetus to economic growth in the financial year 2015-16.

3. **FINANCIAL PERFORMANCE**

The overall performance of your Company has been satisfactory. During the year, the revenue from operations grew by 6.90% to ₹ 6,985.82 lakhs (previous year : ₹ 6,535.10 lakhs). Income from debt market deployments by the Company aggregated ₹ 5,180.95 lakhs (previous year : ₹ 4,188.96 lakhs), while revenue from equity market operations aggregated ₹ 289.88 lakhs (previous year : ₹ 585.86 lakhs). Income from the Company's mutual fund distribution and leasing activities aggregated ₹ 1,414.75 lakhs during the year (previous year : ₹ 1,675.50 lakhs). Profit Before Tax and exceptional items registered a growth of 7.29% to ₹ 6,746.26 lakhs while Net Profit stood at ₹ 5,638.04 lakhs. Cash flows from Operations aggregated ₹ 24,134.97 lakhs compared to ₹ 8,606.55 lakhs in the previous year.

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

	For the year ended 31st March, 2015	For the year ended 31st March, 2014
	(₹ in lakhs)	(₹ in lakhs)
a. Profit Before Tax and Exceptional Items	**6,746.26**	6,287.94
Less : Exceptional Items (Provision for diminution of non-current investments)	—	2,067.50
b. Profit Before Tax	**6,746.26**	4,220.44
Less : Tax Expense	**1,108.22**	763.51
c. Profit After Tax	**5,638.04**	3,456.93
d. Add : Profit brought forward from previous years (after adjustment under Schedule II of the Companies Act, 2013)	**9,508.84**	14,435.11
e. Surplus available for Appropriation	**15,146.88**	17,892.04
f. Less: Interim Dividend paid (recommended as Final Dividend)	**9,050.70**	6,500.00
g. Less: Income Tax on Interim Dividend	**1,809.61**	1,104.68
h. Less : Transferred to General Reserve	—	86.43
i. Less : Transferred to Special Reserve under Section 45-IC of the Reserve Bank of India Act, 1934	**1,127.61**	691.39
j. Balance carried forward to the following year	**3,158.96**	9,509.54

4. **DIVIDEND**

Interim Dividend of ₹ 1.40 per Equity Share having nominal value of ₹ 10/- per Share, aggregating ₹ 9,050.70 lakhs, was declared by your Directors on 18th December, 2014, in proportion to the amount paid-up on each Equity Share, out of the profits of the Company for payment to the Members whose names appeared on the Register of Members on the said date; the said Interim Dividend has been recommended by your Directors as the Final Dividend for the financial year ended 31st March, 2015.

5. **DIRECTORS AND KEY MANAGERIAL PERSONNEL**

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

During the year under review, Mr. Partho Chatterjee (DIN: 00042208) and Ms. Anindita Guhamallick (DIN: 07120151) were appointed by the Members at the Extraordinary General Meeting held on 16th March, 2015, as Independent Directors of the Company under Section 149 of the Companies Act, 2013 ('the Act'), for a period of three years with effect from the said date.

The Board of Directors of your Company ('the Board'), on the recommendation of the Nomination and Remuneration Committee, re-appointed Mr. Sharad Jain as the Manager of the Company for a further period of two years with effect from 1st July, 2015, in terms of the provisions of Sections 196 and 203 of the Act, subject to the approval of the Members of the Company. Appropriate resolution seeking your approval to Mr. Jain's re-appointment as Manager is appearing in the Notice convening the ensuing Annual General Meeting ('AGM') of the Company.

The Board during the year appointed Mr. Subramani Suresh Kumar as the Chief Financial Officer of the Company with effect from 1st January, 2015.

(b) Retirement by rotation

In accordance with the provisions of Section 152(6) of the Act, Mr. R. 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) 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(6) of the Act read with Rule 5 of the Companies (Appointment and Qualification of Directors) Rules, 2014.

(d) Attributes, qualifications and appointment of Directors

The Nomination and Remuneration Committee of the Board 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, in respect of Independent Directors, and to the extent applicable in respect of Non-Independent Directors.

Your Board, on the recommendation of the Nomination and Remuneration Committee, approved the Policy for laying down fit and proper criteria of Directors, as required in terms of the Non-Banking Financial Companies - Corporate Governance (Reserve Bank) Directions, 2015. All the Non-Executive Directors of the Company, other than Independent Directors, are executives of ITC Limited, the Holding Company, who fulfil the fit and proper criteria. Further, all Directors of the Company, other than Independent Directors, are liable to retire by rotation. One-third of the Directors who are liable to retire by rotation, retire every year and are eligible for re-election.

(e) Remuneration Policy

The Board, on the recommendation of the Nomination and Remuneration Committee, approved the Remuneration Policy for the Directors, Key Managerial Personnel and other employees of the Company, a copy of which is enclosed as **Annexure 1** to this Report.

(f) Remuneration of Non-Executive Directors

Amongst the Directors, the Independent Directors of the Company are entitled to sitting fees for attending meetings of the Board and Committees thereof, the quantum of which has been presently determined by the Board at ₹ 20,000/- and ₹ 10,000/- for attending each meeting of the Board and Board Committee respectively.

The Directors did not have any pecuniary relationship or transaction with the Company, other than as stated above.

(g) 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, as required under Section 134(3)(p) of the Act. The performance evaluation of the Board and individual Directors was based on criteria approved by the Nomination and Remuneration Committee. Reports of functioning of Committees were placed by the respective Committee Chairman before the Board. The Directors expressed their satisfaction with the quality, quantity and timeliness of flow of information between the management and the Board.

6. **NUMBER OF BOARD MEETINGS**

During the year ended 31st March, 2015, seven meetings of the Board were held.

7. **BOARD COMMITTEES**

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

Audit Committee	**Nomination and Remuneration Committee**
Mr. R. Tandon (Chairman)	Mr. B. B. Chatterjee (Chairman)
Mr. P. Chatterjee	Mr. P. Chatterjee
Ms. A. Guhamallick	Ms. A. Guhamallick
	Mr. R. Tandon

CSR Committee

Mr. R. Tandon (Chairman)

Mr. B. B. Chatterjee

Mr. P. Chatterjee

Asset Liability Management Committee

Mr. R. Tandon (Chairman)

Mr. B. B. Chatterjee

Mr. Saradindu Dutta

Risk Management Committee

Mr. R. Tandon (Chairman)

Mr. Supratim Dutta

8. 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 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.

9. NBFC REGULATIONS

The disclosures as required under the Systemically Important Non-Banking Financial (Non-Deposit Accepting or Holding) Companies Prudential Norms (Reserve Bank) Directions, 2015 and the Non-Banking Financial Companies - Corporate Governance (Reserve Bank) Directions, 2015, are provided in the notes to the Financial Statements of the Company and the Schedule required in terms of Para 13 of the aforesaid Prudential Norms is appended to the Balance Sheet.

10. SUBSIDIARY AND ASSOCIATES

The statement in Form AOC-1 containing the salient features of the financial statements of the Company's subsidiary and associates is attached to the Financial Statements of the Company.

Report on the performance and financial position of the Company's subsidiary and associates in terms of Rule 8 of the Companies (Accounts) Rules, 2014 is not being provided, as the Company, being an intermediate wholly owned subsidiary, is not required to prepare Consolidated Financial Statements.

11. PARTICULARS OF EMPLOYEES

None of the employees of your Company is covered under the provisions of Rule 5(2) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014.

12. HUMAN RESOURCES DEVELOPMENT

Human Resources Development (HRD) practices in your Company are guided by the principles of relevance, consistency and fairness. A productive workplace has been and remains a key requirement for successful business performance of your Company. The Company believes that HRD strategies and practices will continue to provide competitive advantage to the Company. In addition to the Key Managerial Personnel, the Company presently has six employees.

13. RISK MANAGEMENT

The Company's risk management framework is designed to bring robustness to the risk management processes within the Company and addresses risks intrinsic to operations, financials and compliances arising out of the overall strategy of the Company.

The responsibility for management of risks vests with the Managers responsible for the day-to-day conduct of the affairs of the Company. The Internal Auditor of the Company (Internal Audit Department of ITC Limited, the Holding Company) periodically carries out risk focused audits with the objective of identifying areas where risk management processes could be strengthened. Annual update is provided to the Audit Committee on the effectiveness of the Company's risk management systems and policies. The Company has also constituted a Risk Management Committee, as required in terms of the Non-Banking Financial Companies - Corporate Governance (Reserve Bank) Directions, 2015; the said Committee periodically reviews the risk management framework of the Company so as to effectively address the existing and emerging challenges in a dynamic business environment. During the year under review, the Risk Management Policy of the Company was approved by the Board, on the recommendation of the Risk Management Committee.

14. INTERNAL CONTROL SYSTEMS

Your Company has in place adequate internal control systems with respect to its operations and compliances as also internal financial controls with respect to the financial statements, commensurate with its size and scale of operations. The Internal Auditor evaluates the adequacy and efficacy of internal control systems in the Company. The Audit Committee provides guidance on internal controls, reviews internal audit findings and ensures that internal audit recommendations are implemented.

During the year, 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 and accordingly, regular audit and review processes ensure that such systems are reinforced on an ongoing basis.

15. CORPORATE SOCIAL RESPONSIBILITY (CSR)

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

16. 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.

17. RELATED PARTY TRANSACTIONS

The Board, on the recommendation of the Audit Committee, approved the Policy on dealing with Related Party Transactions of the Company, a copy of which is enclosed as **Annexure 3** to this Report.

During the year ended 31st March, 2015, the Company has not entered into any contract or arrangement with its related parties which is not on arm's length basis. The details in Form No. AOC-2 of a material transaction between the Company and its related party are enclosed under **Annexure 4** to this Report.

18. 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.

19. EXTRACT OF ANNUAL RETURN

The details forming part of the extract of Annual Return in Form No. MGT-9 are enclosed under **Annexure 5** to this Report.

20. AUDITORS

(a) Statutory Auditors

The Company's Statutory Auditors, Messrs. A. F. Ferguson & Co., Chartered Accountants ('AFF'), were appointed with your approval at the Twentieth AGM to hold such office till the conclusion of the Twenty-Fifth AGM. Your Board, in terms of Section 139 of the Act, on the recommendation of the Audit Committee, has recommended for the ratification of the Members the appointment of AFF from the conclusion of the ensuing AGM till the conclusion of the Twenty-Second AGM. The Board, in terms of Section 142 of the Act, on the recommendation of the Audit Committee, has also recommended for the approval of the Members the remuneration of AFF for the financial year 2015-16. Appropriate resolution in respect of the above is appearing in the Notice convening the ensuing AGM of the Company.

(b) Secretarial Auditor

Your Board appointed Messrs. Anjan Kumar Roy & Co., Company Secretaries, to conduct secretarial audit of the Company for the financial year ended 31st March, 2015. The Report of Messrs. Anjan Kumar Roy & Co. is enclosed in terms of Section 204 of the Act as **Annexure 6** to this Report.

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

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

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

On behalf of the Board

R. TANDON *Chairman*

S. DUTTA *Director*

Dated : 28th April, 2015

Annexure 1 to the Report of the Board of Directors & Management Discussion and Analysis for the financial year ended 31st March, 2015

Remuneration Policy

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. The expenses of the Independent Directors for attending meetings of the Board and Board Committees and General Meetings are also borne by the Company.

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

Annual Report on CSR Activities of the Company for the financial year ended 31st March, 2015

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

1.	A brief outline of the Company's CSR Policy, including overview of projects or programs proposed to be undertaken		The Company, a wholly owned subsidiary of ITC Limited (ITC), discharges its corporate social responsibilities (CSR) by aligning itself with the CSR Policy of ITC. The Company undertakes CSR activities: ● as listed in Schedule VII to the Companies Act, 2013, in line with the CSR initiatives of ITC and as approved by the CSR Committee of the Company; ● directly or through a registered trust or a registered society or a company established under Section 8 of the Companies Act, 2013. The Company may collaborate with ITC or other companies for undertaking CSR activities.
2.	Composition of the CSR Committee		Mr. R. Tandon (Chairman) Mr. B. B. Chatterjee Mr. P. Chatterjee
3.	Average net profits of the Company for last three financial years		₹ 4,460.47 lakhs
4.	Prescribed CSR expenditure (2% of the amount stated under 3 above)		₹ 89.21 lakhs
5.	Details of CSR spends during the financial year:	a) Total amount to be spent for the financial year b) Amount unspent, if any	₹ 90 lakhs Nil

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

Sl. No.	CSR project or activity identified	Sector in which the project is covered	Projects or programs (1) Local area or other (2) Specify the State and district where projects or programs were undertaken	Amount outlay (Budget) project or program wise	Amount spent on the projects or programs Sub-heads: (1) Direct expenditure on projects or programs (2) Overheads	Cumulative expenditure upto the reporting period	Amount spent: Direct or through implementing agency
1.	Contribution to ITC Sangeet Research Academy	Preservation & propagation of Hindustani Classical Music [covered under Clause (v) of Schedule VII to the Companies Act, 2013]	N.A.	₹ 90 lakhs	₹ 90 lakhs	₹ 90 lakhs	Implementing Agency - ITC Sangeet Research Academy, Kolkata

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

On behalf of the Board
R. TANDON *Chairman-CSR Committee*
S. DUTTA *Director*

Dated : 28th April, 2015

Annexure 3 to the Report of the Board of Directors &
Management Discussion and Analysis for the financial year ended 31st March, 2015

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, subject to the following being approved by the Committee:
   (a) The name(s) of the related party, nature of transaction, period of transaction, maximum amount of transaction that can be entered into;
   (b) The indicative base price / current contracted price and the formula for variation in the price, if any; and
   (c) Such other conditions as the Audit Committee may deem fit to stipulate.
3. 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 shall be valid for a period not exceeding one year and shall require fresh approvals after the expiry of one year.
4. 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.
5. 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 4 to the Report of the Board of Directors &
Management Discussion and Analysis for the financial year ended 31st March, 2015

FORM NO. AOC-2

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

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

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

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

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

a)	Name(s) of the related party and nature of relationship	ITC Infotech India Limited (ITC Infotech), fellow subsidiary
b)	Nature of contracts / arrangements / transactions	Unsecured inter-corporate loan of ₹ 100 crores to ITC Infotech
c)	Duration of the contracts / arrangements / transactions	Not exceeding one year from the date of first disbursement of the loan
d)	Salient terms of the contracts or arrangements or transactions including the value, if any	Interest payable on quarterly basis @ 10% per annum
e)	Date(s) of approval by the Board, if any	Pursuant to delegation by the Board of Directors at the meeting held on 18th December, 2014
f)	Amount paid as advances, if any	—

On behalf of the Board

R. TANDON *Chairman*

Dated : 28th April, 2015 S. DUTTA *Director*

Annexure 5 to the Report of the Board of Directors & Management Discussion and Analysis

FORM NO. MGT-9
EXTRACT OF ANNUAL RETURN
as on the financial year ended on 31st March, 2015

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

I. REGISTRATION AND OTHER DETAILS

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

II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

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

Sl. No.	Name and Description of main products / services	NIC Code of the Product / service	% of total turnover of the Company
1.	Brokerage Income	66120	12.12%
2.	Other financial service activities:	64990	
	● Net profit on sale of stock-in-trade		21.68%
	● Dividend income from mutual funds held as stock-in-trade		39.99%
	● Interest Income from Bonds		10.34%

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES

Sl. No.	Name and Address of the Company	CIN / GLN	Holding / Subsidiary / Associate	% of shares held in/by the Company	Applicable Section
1.	ITC Limited Virginia House 37 Jawaharlal Nehru Road Kolkata - 700 071	L16005WB1910PLC001985	Holding company	100.00%	2(46)
2.	Greenacre Holdings Limited ITC Centre 37 J. L. Nehru Road Kolkata - 700 071	U55202WB1986PLC049467	Subsidiary company	100.00%	2(87)
3.	International Travel House Limited Travel House, T-2 Community Centre Sheikh Sarai, Phase-I New Delhi - 110 017	L63040DL1981PLC011941	Associate company	45.36%	2(6)
4.	Divya Management Limited 8/2 Kiron Sankar Roy Road 2nd floor, Room No. 28 Kolkata - 700 001	U51109WB1995PLC069518	Associate company	33.33%	2(6)
5.	Antrang Finance Limited 4 Ripon Street, 2nd Floor Kolkata - 700 016	U65993WB1993PLC060271	Associate company	33.33%	2(6)
6.	Classic Infrastructure & Development Limited ITC Centre, 4th Floor 37 J. L. Nehru Road Kolkata - 700 071	U45201WB1996PLC116323	Associate company	29.41%	2(6)
7.	Russell Investments Limited 21 Prafulla Sarkar Street Kolkata - 700 072	U65993WB1987PLC043324	Associate company	25.43%	2(6)
8.	Maharaja Heritage Resorts Limited 25, Community Centre, Basant Lok, Vasant Vihar New Delhi - 110 057	U74899DL1995PLC099649	Associate company	25.00%	2(6)

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

(i) Category-wise Shareholding:

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

(ii) Shareholding of Promoters:

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

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

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

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

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

V. INDEBTEDNESS

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

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

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

(₹ in lakhs)

Sl. No.	Particulars of Remuneration	S. Jain (Manager & Company Secretary) *(refer note)*
1.	Gross Salary	
	(a) Salary as per provisions contained in Section 17(1) of the Income-tax Act, 1961	—
	(b) Value of perquisites under Section 17(2) of the Income-tax Act, 1961	—
	(c) Profits in lieu of salary under Section 17(3) of the Income-tax Act, 1961	—
2.	Stock Option	—
3.	Sweat Equity	—
4.	Commission - as % of profit - others, specify	—
5.	Others, please specify	—
Total Amount (A)		—
Ceiling as per the Act *(5% of the net profits of the Company computed in accordance with Section 198 of the Companies Act, 2013)*		334.18

Note: ITC Limited (ITC), the Holding Company, has deputed the services of Mr. S. Jain to the Company without levy of any charge. Accordingly, Mr. Jain's remuneration for the financial year ended 31st March, 2015 has been borne by ITC.

B. Remuneration to other Directors:

(₹ in lakhs)

Sl. No.	Name of the Directors	Particulars of Remuneration			Total Amount
		Fee for attending Board and Board Committee meetings	Commission	Others, please specify	
1.	**Independent Directors**				
	P. Chatterjee	0.50	Nil	Nil	0.50
	A. Guhamallick	0.40			0.40
	Total Amount (B)(1)	**0.90**			**0.90**
2.	**Other Non-Executive Directors**				
	R. Tandon	Nil	Nil	Nil	Nil
	B. B. Chatterjee				
	Saradindu Dutta				
	Supratim Dutta				
	Total Amount (B)(2)				**Nil**
Total Amount (B) = (B)(1) + (B)(2)					**0.90**
Total Managerial Remuneration (A + B)					**0.90**
Overall ceiling as per the Act *(11% of the net profits of the Company computed in accordance with Section 198 of the Companies Act, 2013)*					735.19

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

(₹ in lakhs)

Sl. No.	Particulars of Remuneration	S. Suresh Kumar (Chief Financial Officer) *(refer note)*
1.	Gross Salary	
	(a) Salary as per provisions contained in Section 17(1) of the Income-tax Act, 1961	5.93
	(b) Value of perquisites under Section 17(2) of the Income-tax Act, 1961	—
	(c) Profits in lieu of salary under Section 17(3) of the Income-tax Act, 1961	—
2.	Stock Option	—
3.	Sweat Equity	—
4.	Commission - as % of profit - others, specify	—
5.	Others, please specify	—
Total Amount		**5.93**

Note: Mr. S. Suresh Kumar has been appointed as the Chief Financial Officer of the Company with effect from 1st January, 2015.

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

On behalf of the Board

R. TANDON *Chairman*

S. DUTTA *Director*

Dated : 28th April, 2015

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

SECRETARIAL AUDIT REPORT

FOR THE FINANCIAL YEAR ENDED ON 31ST MARCH, 2015

[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. Russell Credit Limited
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 **M/s. Russell Credit Limited** (hereinafter called 'the Company'). Secretarial Audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conducts / statutory compliances and expressing our opinion thereon.
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 authorized representatives during the conduct of secretarial audit, we hereby report that in our opinion and to the best of our understanding, the Company has, during the audit period covering the financial year ended on 31st March, 2015, 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. We have examined the secretarial compliance based on the books, papers, minute books, forms and returns filed and other records maintained by M/s. Russell Credit Limited for the financial year ended on 31st March, 2015 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 Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder, as applicable;
   (iii) The Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act') viz. :-
      a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
   (iv) and the following laws specifically applicable to the Company:
      (a) Non-Banking Financial (Non - Deposit Accepting or Holding) Companies Prudential Norms (Reserve Bank) Directions, 2007 and other RBI Regulations as applicable to Non-Deposit taking NBFCs;
      (b) Reserve Bank of India and Securities and Exchange Board of India guidelines on Mutual Fund Advisor.
4. To the best of our understanding, we are of the view that during the period under review the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines, etc. mentioned above.
5. We further report that,
   (a) The Board of Directors of the Company is duly constituted with proper balance of Non-Executive Directors and Independent Directors, in compliance with the applicable provisions of law. The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act.
   (b) Adequate notice is given to all directors to schedule the Board Meetings, agenda and detailed notes on agenda were 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.
6. 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.
7. 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

Place : Kolkata
Date : 22/04/2015

'Annexure A'

(To the Secretarial Audit Report of M/s. Russell Credit Limited for the Financial Year ended 31/03/2015)

To,
The Members,
M/s. Russell Credit Limited
Virginia House,
37, J. L. Nehru Road,
Kolkata - 700 071

Our Secretarial Audit Report for the financial year ended 31/03/2015 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 obtain reasonable assurance about the correctness of the contents of the secretarial records. The verification was done on test basis to ensure that correct facts are reflected in secretarial records. We believe that the processes and practices, we followed provide a reasonable basis for our opinion.
3. We have not verified the correctness and appropriateness of financial records and Books of Accounts of the Company.
4. Wherever necessary, we have obtained the Management representation about the compliance of laws, rules and regulations and happening of events etc.
5. The compliance of the provisions of corporate and other applicable laws, rules, regulations, standards is the responsibility of management. Our examination was limited to the verification of procedures on test basis.
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

Place : Kolkata
Date : 22/04/2015

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF RUSSELL CREDIT LIMITED

Report on the Financial Statements

We have audited the accompanying financial statements of **RUSSELL CREDIT LIMITED** ("the Company"), which comprise the Balance Sheet as at 31st March, 2015, the Statement of Profit and Loss, the Cash Flow Statement for the year then ended, and a summary of the significant accounting policies and other explanatory 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 Companies Act, 2013 ("the Act") with respect to the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit.

We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.

We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due

to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on whether the Company has in place an adequate internal financial controls system over financial reporting and the operating effectiveness of such controls. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, 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 on the financial statements.

Opinion

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 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 31st March, 2015, and its profit and its cash flows for the year ended on that date.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2015 ("the Order") issued by the Central Government in terms of Section 143(11) of the Act, we give in the Annexure a statement on the matters specified in paragraphs 3 and 4 of the Order.
2. As required by Section 143 (3) of the Act, we report that:
   (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
   (b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
   (c) The Balance Sheet, the Statement of Profit and Loss and the Cash Flow Statement dealt with by this Report are in agreement with the books of account.
   (d) In our opinion, the aforesaid financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
   (e) On the basis of the written representations received from the directors as on 31st March, 2015 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2015 from being appointed as a director in terms of Section 164 (2) of the Act.
   (f) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
      i. The Company has disclosed the impact of pending litigations on its financial position in its financial statements - Refer Note 19(ii)(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;
      iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

For A. F. FERGUSON & CO.
Chartered Accountants
(Firm's Registration No. 112066W)

Ketan Vora
Partner
(Membership No. 100459)

MUMBAI
28th April, 2015

ANNEXURE TO THE INDEPENDENT AUDITORS' REPORT

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

Having regard to the nature of the Company's business / activities / results during the year, clauses (ii), (v), (vi), (ix) and (xi) of paragraph 3 of the Order are not applicable to the Company. In respect of the other clauses, we report as under:

(i) In respect of its 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.

(ii) The Company has not granted any loans, secured or unsecured, to companies, firms or other parties covered in the Register maintained under Section 189 of the Companies Act, 2013.

(iii) In our opinion and according to the information and explanations given to us, there is an adequate internal control system commensurate with the size of the Company and the nature of its business with regard to purchases of fixed assets and the sale of services. During the course of our audit, we have not observed any major weakness in such internal control system.

(iv) According to the information and explanations given to us, in respect of statutory dues:
   (a) The Company has been generally regular in depositing undisputed statutory dues, including Provident Fund, Employees' State Insurance, Income-tax, Sales Tax, Service Tax, 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, Value Added Tax, Cess and other material statutory dues in arrears as at March 31, 2015 for a period of more than six months from the date they became payable.
   (c) Details of dues of Income-tax, Sales Tax, Service Tax, Value Added Tax and Cess which have not been deposited as on March 31, 2015 on account of disputes are given below:

Name of the statute	Nature of the dues	Amount (₹ in lakhs)	Period to which the amount relates	Forum where pending
Tamil Nadu General Sales Tax Act & Central Sales Tax Act	Sales Tax	1.79	2003-04	Sales Tax Appellate Tribunal
Tamil Nadu General Sales Tax Act & Central Sales Tax Act	Sales Tax	19.24	2004-05	Commercial Tax Officer
Tamil Nadu General Sales Tax Act & 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

   (d) There are no amounts that are due to be transferred to the Investor Education and Protection Fund in accordance with the relevant provisions of the Companies Act, 1956 (1 of 1956) and Rules made thereunder.

(v) The Company does not have accumulated losses at the end of the financial year and the Company has not incurred cash losses during the financial year covered by our audit and in the immediately preceding financial year.

(vi) According to the information and explanations given to us, the Company has not given guarantees for loans taken by others from banks and financial institutions.

(vii) To the best of our knowledge and according to the information and explanations given to us, no fraud by the Company and no significant fraud on the Company has been noticed or reported during the year.

For A. F. FERGUSON & CO.
Chartered Accountants
(Firm's Registration No. 112066W)

Ketan Vora
Partner
(Membership No. 100459)

MUMBAI
28th April, 2015

BALANCE SHEET AS AT 31ST MARCH, 2015

	Note	As at 31st March, 2015 (₹ in lakhs)		As at 31st March, 2014 (₹ in lakhs)	
EQUITY AND LIABILITIES					
Shareholders' funds					
Share capital	1	64,647.88		64,647.88	
Reserves and surplus	2	13,579.71	78,227.59	18,802.68	83,450.56
Non-current liabilities					
Deferred tax liabilities (Net)	3	93.48		85.62	
Long-term provisions	4	11.68	105.16	11.13	96.75
Current liabilities					
Other current liabilities	5	36.31	36.31	53.69	53.69
TOTAL			78,369.06		83,601.00
ASSETS					
Non-current assets					
Fixed assets	6				
Tangible assets		1,508.64		1,703.99	
Non-current investments	7	17,342.65		17,488.76	
Long-term loans and advances	8	541.92	19,393.21	487.94	19,680.69
Current assets					
Inventories	9	45,823.82		63,042.82	
Trade receivables	10	383.77		540.93	
Cash and bank balances	11	12,543.49		150.00	
Short-term loans and advances	12	140.00		186.56	
Other current assets	13	84.77	58,975.85	—	63,920.31
TOTAL			78,369.06		83,601.00

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

In terms of our report attached

For A. F. Ferguson & Co.
Chartered Accountants

KETAN VORA
Partner

Mumbai, 28th April, 2015

On behalf of the Board

S. DUTTA	*Director*	R. TANDON	*Chairman*
S. SURESH KUMAR	*Chief Financial Officer*	S. JAIN	*Manager & Company Secretary*

Kolkata, 28th April, 2015

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31ST MARCH, 2015

	Note	For the year ended 31st March, 2015 (₹ in lakhs)	For the year ended 31st March, 2014 (₹ in lakhs)
Revenue from operations	14	6,985.82	6,535.10
Other income	15	95.35	16.77
Total Revenue		7,081.17	6,551.87
Expenses			
Employee benefits expense	16	15.84	16.18
Depreciation expense		194.29	217.90
Other expenses	17	124.78	29.85
Total Expenses		334.91	263.93
Profit before tax and exceptional items		6,746.26	6,287.94
Exceptional items			
Provision for diminution of non-current investments	19(ix)	—	2,067.50
Profit before tax		6,746.26	4,220.44
Tax expense:			
Current tax	18	1,100.00	734.25
Deferred tax	18	8.22	29.26
Profit for the year		5,638.04	3,456.93
Earnings per share (Face Value ₹ 10.00 each) (Basic and Diluted)	19 (i)	₹ 0.87	₹ 0.53

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

In terms of our report attached

For A. F. Ferguson & Co.
Chartered Accountants

KETAN VORA
Partner

Mumbai, 28th April, 2015

On behalf of the Board

S. DUTTA	*Director*	R. TANDON	*Chairman*
S. SURESH KUMAR	*Chief Financial Officer*	S. JAIN	*Manager & Company Secretary*

Kolkata, 28th April, 2015

CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2015

	For the year ended 31st March, 2015 (₹ in lakhs)		For the year ended 31st March, 2014 (₹ in lakhs)	
A. Cash Flow from Operating Activities				
PROFIT BEFORE TAX AND EXCEPTIONAL ITEMS		**6,746.26**		6,287.94
ADJUSTMENTS FOR:				
Depreciation expense	**194.29**		217.90	
Interest Income	**(1,057.71)**		(890.94)	
Dividend Income from Long Term Investments	**(226.29)**		(310.27)	
Dividend Income from mutual funds held as stock-in-trade	**(2,793.79)**		(3,161.42)	
Gain on sale of Long Term Investments	**(63.59)**		(35.26)	
		(3,947.09)		(4,179.99)
OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES		**2,799.17**		2,107.95
ADJUSTMENTS FOR:				
Trade Receivables, Loans and Advances	**13.13**		27.46	
Inventories	**17,219.00**		2,142.02	
Other Liabilities and Provisions	**(16.83)**		(33.51)	
		17,215.30		2,135.97
CASH GENERATED FROM OPERATIONS BEFORE INTEREST AND DIVIDEND		**20,014.47**		4,243.92
Interest income other than deposits with banks	**1,100.42**		890.94	
Dividend income from Long Term Investments	**226.29**		310.27	
Dividend income from mutual funds held as stock-in-trade	**2,793.79**		3,161.42	
		4,120.50		4,362.63
CASH GENERATED FROM OPERATIONS		**24,134.97**		8,606.55
Income Tax paid		**(1,090.87)**		(895.31)
NET CASH FROM OPERATING ACTIVITIES		**23,044.10**		7,711.24
B. Cash Flow from Investing Activities				
Purchase of Long Term Investments	—		(2,575.58)	
Sale of Long Term Investments	**209.70**		2,579.40	
Investment in bank deposits (original maturity more than 3 months)	**(12,500.00)**		—	
NET CASH USED IN INVESTING ACTIVITIES		**(12,290.30)**		3.82
C. Cash Flow from Financing Activities				
Interim Dividend Paid	**(9,050.70)**		(6,500.00)	
Income Tax on Interim Dividend Paid	**(1,809.61)**		(1,104.68)	
NET CASH USED IN FINANCING ACTIVITIES		**(10,860.31)**		(7,604.68)
NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS		**(106.51)**		110.38
OPENING CASH AND CASH EQUIVALENTS		**150.00**		39.62
CLOSING CASH AND CASH EQUIVALENTS		**43.49**		150.00

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. Since the Company is an investment company, purchase and sale of investments and investments in fixed deposits have been considered as part of "Cash Flow from Investing Activities" and income earned on investments have been considered as part of "Cash Flow from Operating Activities".

3. CASH AND CASH EQUIVALENTS :

Cash and cash equivalents as above	**43.49**	150.00
Other bank balances	**12,500.00**	—
Cash and bank balances (Note 11)	**12,543.49**	150.00

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

In terms of our report attached

For A. F. Ferguson & Co.
Chartered Accountants

KETAN VORA
Partner

Mumbai, 28th April, 2015

On behalf of the Board

S. DUTTA	*Director*	R. TANDON	*Chairman*
S. SURESH KUMAR	*Chief Financial Officer*	S. JAIN	*Manager & Company Secretary*

Kolkata, 28th April, 2015

NOTES TO THE FINANCIAL STATEMENTS

	As at 31st March, 2015 (No. of Shares)	As at 31st March, 2015 (₹ in lakhs)	As at 31st March, 2014 (No. of Shares)	As at 31st March, 2014 (₹ in lakhs)
1. Share capital				
Authorised				
Equity Shares of ₹ 10.00 each	**70,00,00,000**	**70,000.00**	70,00,00,000	70,000.00
Issued and Subscribed				
Equity Shares of ₹ 10.00 each, fully paid	**59,74,54,177**	**59,745.42**	59,74,54,177	59,745.42
Equity Shares of ₹ 10.00 each, ₹ 6.50 per share paid up	**7,54,22,400**	**4,902.46**	7,54,22,400	4,902.46
TOTAL		**64,647.88**		64,647.88
A) Reconciliation of number of Equity Shares outstanding				
As at the beginning and at the end of the year (fully paid up)	**59,74,54,177**	**59,745.42**	59,74,54,177	59,745.42
As at the beginning and at the end of the year (partly paid up)	**7,54,22,400**	**4,902.46**	7,54,22,400	4,902.46
TOTAL		**64,647.88**		64,647.88

B) Shareholders holding more than 5% of the Equity Shares in the Company	**As at 31st March, 2015 (No. of Shares)**	**As at 31st March, 2015 %**	As at 31st March, 2014 (No. of Shares)	As at 31st March, 2014 %
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.

		As at 31st March, 2015 (₹ in lakhs)		As at 31st March, 2014 (₹ in lakhs)
2. Reserves and surplus				
Capital Reserve				
At the beginning and at the end of the year		**287.67**		287.67
General Reserve				
At the beginning of the year	**224.79**		138.36	
Add: Transfer from Surplus in Statement of Profit and Loss	**—**		86.43	
At the end of the year		**224.79**		224.79
Special Reserve u/s 45-IC of the Reserve Bank of India Act, 1934				
At the beginning of the year	**8,780.68**		8,089.29	
Add: Transfer from Surplus in Statement of Profit and Loss	**1,127.61**		691.39	
At the end of the year		**9,908.29**		8,780.68
Surplus in Statement of Profit and Loss				
At the beginning of the year	**9,509.54**		14,435.11	
Less : Depreciation on transition to Schedule II of the Companies Act, 2013 on Tangible Fixed Assets (Net of Deferred Tax ₹ 0.36 lakhs) [Refer Note 19(viii)]	**0.70**		—	
Add : Profit for the year	**5,638.04**		3,456.93	
Less : Transfer to Special Reserve u/s 45-IC of the Reserve Bank of India Act, 1934	**1,127.61**		691.39	
Transfer to General Reserve	**—**		86.43	
Interim Dividend [₹ 1.40 (2014- ₹ 1.01) per share]	**9,050.70**		6,500.00	
Income Tax paid on Interim Dividend	**1,809.61**		1,104.68	
At the end of the year		**3,158.96**		9,509.54
TOTAL		**13,579.71**		18,802.68

	As at 31st March, 2015 (₹ in lakhs)	As at 31st March, 2014 (₹ in lakhs)
3. Deferred tax liabilities (Net)		
Deferred tax liabilities		
On fiscal allowances on fixed assets	**100.00**	91.46
	100.00	91.46
Deferred tax assets		
On employees' separation and retirement etc.	**6.52**	5.84
	6.52	5.84
TOTAL	**93.48**	85.62

	As at 31st March, 2015 (₹ in lakhs)	As at 31st March, 2014 (₹ in lakhs)
4. Long-term provisions		
Provision for employee benefits		
Provision for gratuity	**1.04**	0.81
Provision for compensated absences	**2.10**	1.78
Others		
Contingent provision against standard assets	**8.54**	8.54
TOTAL	**11.68**	11.13

NOTES TO THE FINANCIAL STATEMENTS (Contd.)

	As at 31st March, 2015 (₹ in lakhs)	As at 31st March, 2014 (₹ in lakhs)
5. Other Current Liabilities		
Security deposits - from Holding Company	**12.00**	12.00
Other payables		
Statutory liabilities	**2.73**	19.61
Liabilities for expenses	**21.58**	22.08
TOTAL	**36.31**	53.69

6. Fixed Assets

(₹ in lakhs)

Particulars	GROSS BLOCK							DEPRECIATION								NET BOOK VALUE		
	As at 31st March, 2013	Additions	Withdrawals & adjustments	As at 31st March, 2014	Additions	Withdrawals & adjustments	As at 31st March, 2015	Upto 31st March, 2013	For the year	On Withdrawals & adjustments	Upto 31st March, 2014	Transition Adjustment recorded against surplus balance in Statement of Profit & Loss	For the year	On Withdrawals & adjustments	Upto 31st March, 2015	As at 31st March, 2015	As at 31st March, 2014	As at 31st March, 2013
Tangible assets																		
Plant and Equipment	2,508.57	–	–	2,508.57	–	–	2,508.57	587.90	217.82	–	805.72	–	194.29	–	1,000.01	1,508.56	1,702.85	1,920.67
Office Equipment	1.60	–	–	1.60	–	–	1.60	0.38	0.08	–	0.46	1.06	–	–	1.52	0.08	1.14	1.22
TOTAL	**2,510.17**	**–**	**–**	**2,510.17**	**–**	**–**	**2,510.17**	**588.28**	**217.90**	**–**	**806.18**	**1.06**	**194.29**	**–**	**1,001.53**	**1,508.64**	**1,703.99**	**1,921.89**

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

	As at 31st March, 2015				As at 31st March, 2014			
	Gross Block	Accumulated Depreciation	Net Block	Depreciation charge for the year	Gross Block	Accumulated Depreciation	Net Block	Depreciation charge for the year
Plant and Equipment (*)	**2,508.31**	**999.96**	**1,508.35**	**194.28**	2,508.31	805.68	1,702.63	217.81
TOTAL	**2,508.31**	**999.96**	**1,508.35**	**194.28**	**2,508.31**	**805.68**	**1,702.63**	**217.81**

(*) The lease rental from these leased assets of ₹ 531.95 lakhs (2014 - ₹ 593.51 lakhs) is included in Lease and other rental income under "Revenue from operations" (Note 14)

7. Non-current Investments (at cost unless stated otherwise)	As at 31st March, 2015 Quoted	As at 31st March, 2015 Unquoted (₹ in lakhs)	As at 31st March, 2014 Quoted	As at 31st March, 2014 Unquoted (₹ in lakhs)
Long Term				
A. TRADE INVESTMENTS				
INVESTMENT IN EQUITY INSTRUMENTS				
In Subsidiaries				
Greenacre Holdings Limited		**4,210.34**		4,210.34
4,20,60,166 Equity Shares of ₹ 10.00 each, fully paid				
In Associates				
Russell Investments Limited		**427.57**		427.57
42,75,435 Equity Shares of ₹ 10.00 each, fully paid				
Classic Infrastructure & Development Limited		**376.88**		376.88
37,50,000 Equity Shares of ₹ 10.00 each, fully paid				
Divya Management Limited		**693.07**		693.07
41,82,915 Equity Shares of ₹ 10.00 each, fully paid				
Antrang Finance Limited		**439.56**		439.56
43,24,634 Equity Shares of ₹ 10.00 each, fully paid				
International Travel House Limited	**2,121.58**		2,121.58	
36,26,633 Equity Shares of ₹ 10.00 each, fully paid				
Maharaja Heritage Resorts Limited				
(a joint venture of the Holding Company)		**90.00**		90.00
90,000 Equity Shares of ₹ 100.00 each, fully paid				
In Others				
Hotel Leelaventure Limited	**1,592.77**		1,592.77	
50,27,565 Equity Shares of ₹ 2.00 each, fully paid				
EIH Limited	**4,837.88**		4,837.88	
65,56,551 Equity Shares of ₹ 2.00 each, fully paid				
Ballarpur Industries Limited	—		146.11	
Nil (2014 - 11,14,503) Equity Shares of ₹ 10.00 each, fully paid				
B. OTHER INVESTMENTS				
INVESTMENT IN EQUITY INSTRUMENTS				
Lotus Court Limited		**234.00**		234.00
2 Class G Shares of ₹ 48,000.00 each, fully paid				
Adyar Property Holding Company Private Limited		**2,319.00**		2,319.00
311 Equity Shares of ₹ 100.00 each, ₹ 65.00 per share paid				
Net of Provision for Diminution in Value ₹ 2,067.50 lakhs				
(2014 - ₹ 2,067.50 lakhs) [Refer Note 19 (ix)]				
Aggregate amount of quoted and unquoted Investments	**8,552.23**	**8,790.42**	8,698.34	8,790.42
TOTAL NON-CURRENT INVESTMENTS		**17,342.65**		17,488.76

Aggregate market value of quoted investments ₹ 17,060.47 lakhs (2014 - ₹ 11,460.61 lakhs)
Aggregate provision for diminution in value ₹ 2,067.50 lakhs (2014 - ₹ 2,067.50 lakhs)

NOTES TO THE FINANCIAL STATEMENTS (Contd.)

	As at 31st March, 2015 (₹ in lakhs)	As at 31st March, 2014 (₹ in lakhs)
8. Long-term loans and advances		
Secured, considered good		
Term loans to others	**280.00**	420.00
Unsecured, considered good		
Term loan to related party	**200.00**	—
Deposits with statutory authorities	**6.49**	3.39
Advance Tax (net of provisions)	**55.43**	64.55
TOTAL	**541.92**	487.94

	As at 31st March, 2015		As at 31st March, 2014	
	Number	Value (₹ in lakhs)	Number	Value (₹ in lakhs)
9. Inventories (at lower of cost and fair value)				
Stock-in-trade				
Equity Shares of ₹ 10.00 each, fully paid				
SKH Metals Limited [book value ₹ 1.00] (*)	**40,000**	**...**	40,000	...
Patheja Brothers Forgings and Stampings Limited [book value ₹ 1.00] (*)	**50,000**	**...**	50,000	...
Jind Textiles Limited [book value ₹ 1.00] (*)	**5,00,000**	**...**	5,00,000	...
Taib Capital Corporation Limited [book value ₹ 1.00] (*)	**2,45,000**	**...**	2,45,000	...
Preference Shares of ₹ 1,00,00,000.00 each, fully paid				
ICICI Bank Limited Non-Cumulative Redeemable Non-Convertible Non-Participative Preference Shares (20 April 2018)	**34**	**1,529.71**	34	1,529.71
Units of Mutual funds of ₹ 10.00 each, fully paid				
Birla Sun Life Fixed Term Plan - Series KI (368 Days)	—	—	1,00,00,000	1,000.00
Birla Sun Life Fixed Term Plan - Series-KN (366 Days)	—	—	2,00,00,000	2,000.00
Birla Sun Life Fixed Term Plan - Series KS (369 Days)	—	—	1,50,00,000	1,500.00
DWS Fixed Maturity Plan - Series 55	—	—	1,50,00,000	1,500.00
HDFC Liquid Fund	**3,55,62,781**	**9,800.00**	—	—
HDFC Fixed Maturity Plan 366D March 2014 (1) Series 29	—	—	2,00,00,000	2,000.00
HDFC Fixed Maturity Plan 366D March 2014 (2) Series 29	—	—	1,50,00,000	1,500.00
HDFC Fixed Maturity Plan 371D August 2013 (1) Series 27	—	—	3,50,00,000	3,500.00
ICICI Prudential Interval Fund II Quarterly Interval Plan B	—	—	2,49,91,253	2,500.00
ICICI Prudential Interval Fund Series VI Annual Interval Plan D	—	—	2,50,00,000	2,500.00
IDFC Yearly Series Interval Fund Direct Plan - Series III	—	—	99,84,524	1,000.00
Reliance Fixed Horizon Fund - XXIV - Series 4	—	—	4,00,00,000	4,000.00
TATA Fixed Maturity Plan Series 46 Scheme O	—	—	2,50,00,000	2,500.00
TATA Fixed Maturity Plan Series 43 Scheme A	—	—	2,50,00,000	2,500.00
J P Morgan India Liquid Fund SuperInstitutional Plan	**3,85,44,465**	**6,975.03**	—	—
Units of Mutual funds of ₹ 1,000.00 each, fully paid				
ICICI Prudential Liquid	**47,40,987**	**9,800.00**	—	—
L&T Liquid Fund	—	—	2,47,199	2,500.76
Reliance Liquidity Fund	—	—	3,18,545	3,187.08
Religare Invesco Liquid Fund	—	—	2,49,810	2,500.79
SBI Premier Liquid Fund	—	—	2,49,408	2,502.19
Tata Money Market Fund Plan A	**4,45,837**	**9,800.00**	12,99,225	13,011.93
Non-Convertible Debentures				
Tata Sons Limited 9.70% Unsecured Redeemable Non Convertible Debentures (25 July 2022) of ₹ 10,00,000.00 each, fully paid	**80**	**800.00**	80	800.00
Bonds				
Indian Railway Finance Corporation Limited (*) 7.18% Tax Free Non Cumulative Non Convertible Redeemable Bonds in the nature of Debentures 86th Series (19 February 2023) of ₹ 1,000.00 each, fully paid	**7,50,000**	**7,029.08**	7,50,000	7,010.36
India Infrastructure Finance Company Limited 9.41% Secured Redeemable Taxable Non Convertible Bonds in the nature of Debentures. Series X-A (27 July 2037) of ₹ 10,00,000.00 each, fully paid	**9**	**90.00**	200	2,000.00
TOTAL		**45,823.82**		63,042.82
* Aggregate value of stock-in-trade written off/Aggregate excess of cost over fair value		**501.32**		520.04

NOTES TO THE FINANCIAL STATEMENTS (Contd.)

	As at 31st March, 2015 (₹ in lakhs)	As at 31st March, 2014 (₹ in lakhs)
10. Trade receivables		
Others		
Unsecured, considered good*	**383.77**	540.93
TOTAL	**383.77**	540.93

(*) Include interest accrued but not due ₹ 307.19 lakhs (2014 - ₹ 429.32 lakhs)

	As at 31st March, 2015 (₹ in lakhs)	As at 31st March, 2014 (₹ in lakhs)
11. Cash and bank balances		
Cash and cash equivalents@		
Balances with banks		
Current accounts	**13.49**	114.80
In other deposit accounts	**30.00**	—
Cheques on hand	—	35.19
Cash on hand	...	0.01
	43.49	150.00
Other bank balances*		
In deposit accounts	**12,500.00**	—
TOTAL	**12,543.49**	150.00

@ 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.

* Represents deposits with original maturity of more than 3 months but does not include deposits with remaining maturity of more than 12 months from the balance sheet date.

	As at 31st March, 2015 (₹ in lakhs)	As at 31st March, 2014 (₹ in lakhs)
12. Short-term loans and advances		
Secured, considered good		
Term loans to others	**140.00**	186.56
TOTAL	**140.00**	186.56

	As at 31st March, 2015 (₹ in lakhs)	As at 31st March, 2014 (₹ in lakhs)
13. Other Current Assests		
Interest accrued on bank deposits	**84.77**	—
TOTAL	**84.77**	—

	For the year ended 31st March, 2015 (₹ in lakhs)	For the year ended 31st March, 2014 (₹ in lakhs)
14. Revenue from operations		
Net Profit/(loss) on sale of stock-in-trade (*)	**1,514.46**	223.23
Profit on sale of long-term investments	**63.59**	35.26
Dividend income		
- Long-term investments	**226.29**	310.27
- Mutual funds held as stock-in-trade	**2,793.79**	3,161.42
Interest income		
- Loans	**100.24**	84.78
- Bonds	**722.06**	726.70
- Non - convertible Debentures	**150.64**	77.61
Brokerage income	**846.80**	1,045.99
Lease and other rental income	**567.95**	629.51
Net Profit from other equity market operations	—	240.33
TOTAL	**6,985.82**	6,535.10
(*) Net Profit/(loss) on sale of stock-in-trade		
Sales	**8,72,487.59**	10,61,249.94
Less: Purchases	**8,53,754.13**	10,58,884.69
	18,733.46	2,365.25
Add: Increase/(Decrease) in closing stock-in-trade	**(17,219.00)**	(2,142.02)
Net Profit/(loss) on sale of stock-in-trade	**1,514.46**	223.23

	For the year ended 31st March, 2015 (₹ in lakhs)	For the year ended 31st March, 2014 (₹ in lakhs)
15. Other income		
Interest income		
- Deposits with banks	**84.77**	—
- Others (on income tax refund)	—	1.85
Miscellaneous income	**10.58**	14.92
TOTAL	**95.35**	16.77

	For the year ended 31st March, 2015 (₹ in lakhs)	For the year ended 31st March, 2014 (₹ in lakhs)
16. Employee benefits expense		
Salaries and wages	**13.52**	7.14
Contribution to provident and other funds	**2.03**	8.82
Staff welfare expenses	**0.29**	0.22
TOTAL	**15.84**	16.18

	For the year ended 31st March, 2015 (₹ in lakhs)	For the year ended 31st March, 2014 (₹ in lakhs)
17. Other expenses		
Rent	**8.71**	1.21
Bank, custodial and depository charges	**0.50**	0.37
Directors' sitting Fees	**0.90**	—
Rates and taxes	**0.84**	0.15
Repairs to buildings	**0.38**	2.52
Electricity charges	**2.72**	5.21
Insurance	**1.71**	5.01
Travelling and conveyance	**0.62**	0.76
Professional/Legal fees	**7.82**	6.22
Auditors' remuneration and expenses		
Audit fees	**2.25**	2.02
Tax audit fees	**1.12**	1.12
Fees for other services	**2.47**	2.20
Reimbursement of expenses	**0.41**	0.39
Communication expenses	**0.31**	0.28
Printing, stationery and periodicals	**0.38**	0.62
Expenditure on Corporate Social Responsibility (CSR) activities	**90.00**	—
Miscellaneous expenses	**3.64**	1.77
TOTAL	**124.78**	29.85

	For the year ended 31st March, 2015 (₹ in lakhs)	For the year ended 31st March, 2014 (₹ in lakhs)
18. Tax expense		
Current tax		
Income tax for the year	**1,100.00**	760.00
- for adjustments/(credits) related to previous years - Net	—	(25.75)
	1,100.00	734.25
Deferred tax		
- for the year	**8.22**	29.26
	8.22	29.26
TOTAL	**1,108.22**	763.51

19. Additional Notes to the Financial Statements

i. **Earnings per share**

		2015	2014
Earnings per share has been computed as under :			
(a)	Profit for the year (₹ in lakhs)	**5,638.04**	3,456.93
(b)	Weighted average number of Equity Shares outstanding	**64,64,78,737**	64,64,78,737
(c)	Earnings per share on profit for the year (Face Value - ₹ 10.00 per share) - Basic and Diluted [(a)/(b)]	**₹ 0.87**	₹ 0.53

ii. **Contingent liabilities and commitments**

(a) Contingent liabilities

- Claims against the Company not acknowledged as debts ₹ 57.99 lakhs (2014 - ₹ 57.99 lakhs) of Sales tax claims disputed by the Company relating to issues of applicability.

(b) Commitments

- Uncalled liability on shares partly paid ₹ 0.11 lakhs (2014 - ₹ 0.11 lakhs)

iii. **Segment Reporting**

The Company operates in a single business segment namely Financial Services and in a single geographical segment in India.

iv. 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, 2015. 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. **Related Party Disclosures**

(a) Relationship:

Holding Company
- ITC Limited

Subsidiary Company
- Greenacre Holdings Limited

Key Management Personnel

- Mr. Rajiv Tandon	Non - Executive Chairman
- Mr. B.B.Chatterjee	Non - Executive Director
- Mr. Saradindu Dutta	Non - Executive Director
- Mr. Supratim Dutta	Non - Executive Director
- Mr. Partho Chatterjee	Independent Director (w.e.f.16.03.2015)
- Ms. Anindita Guhamallick	Independent Director (w.e.f.16.03.2015)
- Mr. S. Suresh Kumar	Chief Financial Officer (CFO) (w.e.f.01.01.2015)
- Mr. Sharad Jain	Manager and Company Secretary

NOTES TO THE FINANCIAL STATEMENTS (Contd.)

Other related parties with whom the Company had transactions during the year

(i) Fellow Subsidiary Companies
- ITC Infotech India Limited
- Landbase India Limited

(ii) Associate Company
- International Travel House Limited

(iii) Other Entity under control of the Holding Company
- ITC Sangeet Research Academy

(b) DISCLOSURE OF TRANSACTIONS BETWEEN THE COMPANY AND RELATED PARTIES AND THE STATUS OF OUTSTANDING BALANCES AS AT 31.03.2015

(₹ in lakhs)

RELATED PARTY TRANSACTION SUMMARY		Holding Company		Fellow Subsidiaries		Associates		Key Management Personnel		Other Entity under control of the Holding Company	
		2015	2014	**2015**	2014	**2015**	2014	**2015**	2014	**2015**	2014
1.	Sale of unquoted investments (at cost)	—	169.32	—	—	—	—	—	—	—	—
2.	Rent Received	**36.00**	36.00	—	—	—	—	—	—	—	—
3.	Purchase of Services										
	— ITC Limited	**0.96**	—	—	—	—	—	—	—	—	—
	— International Travel House Limited	—	—	—	—	**0.02**	0.28	—	—	—	—
4.	Rent Paid	**8.71**	1.21	—	—	—	—	—	—	—	—
5.	Expenses Reimbursed	**2.78**	7.36	—	—	—	—	—	—	—	—
6.	Dividend Income										
	— International Travel House Limited	—	—	—	—	**154.13**	154.13	—	—	—	—
7.	Loans Disbursed										
	— ITC Infotech India Limited	—	—	**10,000.00**	—	—	—	—	—	—	—
	— Landbase India Limited	—	—	**200.00**	—	—	—	—	—	—	—
8.	Interest Income										
	— ITC Infotech India Limited	—	—	**30.51**	—	—	—	—	—	—	—
	— Landbase India Limited	—	—	**7.95**	—	—	—	—	—	—	—
9.	Receipt towards Loan Repayment										
	— ITC Infotech India Limited	—	—	**10,000.00**	—	—	—	—	—	—	—
10.	CSR Contribution										
	— ITC Sangeet Research Academy	—	—	—	—	—	—	—	—	**90.00**	—
11.	Interim Dividend Paid	**9,050.70**	6,500.00	—	—	—	—	—	—	—	—
12.	Remuneration of manager on deputation reimbursed (for CFO)	**5.93**	—	—	—	—	—	—	—	—	—
13.	Directors' sitting fees										
	— Mr. Partho Chatterjee	—	—	—	—	—	—	**0.50**	—	—	—
	— Ms. Anindita Guhamallick	—	—	—	—	—	—	**0.40**	—	—	—
14.	**Balances as at 31st March**										
	i) Deposits Taken	**12.00**	12.00	—	—	—	—	—	—	—	—
	ii) Loans Given										
	— Landbase India Limited	—	—	**200.00**	—	—	—	—	—	—	—
	iii) Payables										
	— Mr. Partho Chatterjee	—	—	—	—	—	—	**0.10**	—	—	—
	— Ms. Anindita Guhamallick	—	—	—	—	—	—	**0.10**	—	—	—

vi. Amounts towards Defined Contribution Plans have been recognized under "Contribution to provident and other funds" under "Employee benefits expense" in Note 16 – ₹ 1.57 lakhs (2014 – ₹ 4.37 lakhs).

vii. Defined Benefit Plans / Long Term Compensated Absences - As per Actuarial Valuations as on 31st March, 2015 and recognised in the Financial Statements in respect of Employee Benefit Schemes:

	For the year ended 31st March, 2015 (₹ in lakhs)		For the year ended 31st March, 2014 (₹ in lakhs)	
	Gratuity	**Leave Encashment**	Gratuity	Leave Encashment
	Funded	**Unfunded**	Funded	Unfunded
I. Components of Employer Expenses				
1. Current Service Cost	**0.23**	**0.12**	0.21	0.12
2. Interest Cost	**0.17**	**0.14**	2.30	1.41
3. Expected Return on Plan Assets	**(0.13)**	—	(1.37)	—
4. Curtailment Cost/(Credit)	—	—	—	—
5. Settlement Cost/(Credit)	—	—	—	—
6. Past Service Cost	—	—	4.50	—
7. Actuarial Losses/(Gains)	**0.19**	**0.06**	(1.19)	(0.80)
8. Total expense recognised in the Statement of Profit & Loss	**0.46**	**0.32**	4.45	0.73

The Gratuity expenses have been recognized in "Contribution to provident and other funds" and Leave encashment in "Salaries and wages" under "Employee benefits expense" under Note 16.

	For the year ended 31st March, 2015 (₹ in lakhs)		For the year ended 31st March, 2014 (₹ in lakhs)	
	Gratuity	**Leave Encashment**	Gratuity	Leave Encashment
	Funded	**Unfunded**	Funded	Unfunded
II. Actual Returns	**0.11**	—	0.19	—
III. Net Asset / (Liability) recognised in Balance Sheet				
1. Present Value of Defined Benefit Obligation	**2.78**	**2.10**	2.20	1.78
2. Fair Value of Plan Assets	**1.74**	—	1.39	—
3. Status [Surplus/(Deficit)]	**(1.04)**	**(2.10)**	(0.81)	(1.78)
4. Unrecognised Past Service Cost	—	—	—	—
5. Net Asset / (Liability) recognised in Balance Sheet	**(1.04)**	**(2.10)**	(0.81)	(1.78)

NOTES TO THE FINANCIAL STATEMENTS (Contd.)

	For the year ended 31st March, 2015 (₹ in lakhs)		For the year ended 31st March, 2014 (₹ 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	**2.20**	**1.78**	25.56	30.23
2. Current Service Cost	**0.23**	**0.14**	0.21	0.12
3. Interest Cost	**0.17**	**0.12**	2.30	1.41
4. Curtailment Cost/(Credit)	—	—	—	—
5. Settlement Cost/(Credit)	—	—	—	—
6. Plan Amendments	—	—	—	—
7. Past Service Cost	—	—	4.50	—
8. Transfer Out	—	—	(28.00)	—
9. Actuarial (Gains)/Losses	**0.18**	**0.06**	(2.37)	(0.80)
10. Benefits Paid	—	—	—	(29.18)
11. Present Value of DBO at the end of the year	**2.78**	**2.10**	2.20	1.78
V. Change in Fair Value of Assets				
1. Plan Assets at the beginning of the year	**1.39**	—	29.00	—
2. Acquisition Adjustment	—	—	—	—
3. Expected Return on Plan Assets	**0.13**	—	1.37	—
4. Transfer Out	—	—	(28.00)	—
5. Actuarial Gains/(Losses)	**(0.01)**	—	(1.18)	—
6. Actual Company Contributions	**0.23**	—	0.20	—
7. Benefits Paid	—	—	—	—
8. Plan Assets at the end of the year	**1.74**	—	1.39	—
VI. Actuarial Assumptions				
1. Discount Rate (%)	**7.75**	**7.75**	9.00	9.00
2. Expected Return on Plan Assets (%)	**7.75**	—	9.00	—

The estimates of future salary increases, considered in actuarial valuation, take account of inflation, seniority, promotion and other relevant factors, such as supply and demand factors in the employment market.

VII. Major Category of Plan Assets as a % of the Total Plan Assets	As at 31st March, 2015	As at 31st March, 2014
1. Government Securities/Special Deposit with RBI	**12.00**	11.00
2. High Quality Corporate Bonds	**13.00**	13.00
3. Insurance Companies*	**68.00**	66.00
4. Mutual Funds	**4.00**	3.00
5. Cash and Cash Equivalents	**3.00**	7.00
6. Term Deposit	—	—
7. Equity	—	—

* 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 have not been disclosed.

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

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

IX. Net Asset / (Liability) recognised in Balance Sheet (including experience adjustment)	For the year ended 31st March, 2015 (₹ in lakhs)		For the year ended 31st March, 2014 (₹ in lakhs)		For the year ended 31st March, 2013 (₹ in lakhs)		For the year ended 31st March, 2012 (₹ in lakhs)		For the year ended 31st March, 2011 (₹ in lakhs)	
	Gratuity	Leave Encashment	Gratuity	Leave Encashment	Gratuity	Leave Encashment	Gratuity	Leave Encashment	Gratuity	Leave Encashment
	Funded	Unfunded	Funded	Unfunded	Funded	Unfunded	Funded	Unfunded	Funded	Unfunded
Present Value of Defined Benefit Obligation	**2.78**	**2.10**	2.20	1.78	25.56	30.23	21.78	28.87	19.09	10.64
Fair Value of Plan Assets	**1.74**	**—**	1.39	—	29.00	—	25.00	—	20.00	—
Status [Surplus/ (Deficit)]	**(1.04)**	**(2.10)**	(0.81)	(1.78)	3.44	(30.23)	3.22	(28.87)	0.91	(10.64)
Experience Adjustment of Plan Assets [Gain / (Loss)]	**(0.03)**	**—**	(1.03)	—	1.18	—	(1.62)	—	(0.81)	—
Experience Adjustment of Obligation [(Gain) / Loss]	**(0.12)**	**(0.17)**	(1.91)	(0.47)	(1.70)	(3.45)	(1.87)	15.78	11.66	1.59

viii. Pursuant to the enactment of the Companies Act, 2013, (the 'Act'), the Company has, effective 1st April, 2014, reviewed and revised the estimated useful lives of its fixed assets, in accordance with the provisions of Schedule II of the Act. In respect of assets, whose useful life is exhausted as at 1st April, 2014, the related carrying amount aggregating to ₹ 0.70 lakhs (net of deferred tax of ₹ 0.36 lakhs) has been adjusted against opening balance of Surplus in the Statement of Profit and Loss. The consequential impact on the depreciation charged to the Statement of Profit and Loss during the year on account of the aforesaid change in useful lives is not material.

ix. During the year ended 31st March, 2014, on a review of the Company's unquoted long-term investments, supported by an independent valuation, management considered it prudent to recognize diminution, other than temporary of ₹ 2,067.50 lakhs, in the carrying value of the Company's investment in the equity share capital of Adyar Property Holding Company Private Limited, which was transferred consequent to the amalgamation of Sage Investments Limited with Russell Credit Limited in 1999.

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

xi. Disclosures under Non-Banking Financial Companies - Corporate Governance (Reserve Bank) Directions, 2015 and Systemically Important Non-Banking Financial (Non-Deposit Accepting or Holding) Companies Prudential Norms (Reserve Bank) Directions, 2015 :

a) Capital

(₹ in lakhs)

Particulars	2015	2014
i) CRAR (%)	**118.79**	99.70
ii) CRAR - Tier I Capital (%)	**118.78**	99.69
iii) CRAR - Tier II Capital (%)	**0.01**	0.01
iv) Amount of subordinated debt raised as Tier - II Capital	—	—
v) Amount raised by issue of Perpetual Debt Instruments	—	—

NOTES TO THE FINANCIAL STATEMENTS (Contd.)

b) Investments (₹ in lakhs)

	Particulars	2015	2014
(1)	Value of Investments		
(i)	Gross Value of Investments (including Inventories)		
	(a) In India	**65,735.29**	83,119.12
	(b) Outside India	—	—
(ii)	Provisions for Depreciation		
	(a) In India	**2,568.82**	2,587.54
	(b) Outside India	—	—
(iii)	Net Value of Investments (including Inventories)		
	(a) In India	**63,166.47**	80,531.58
	(b) Outside India	**—**	—
(2)	Movement of provisions held towards depreciation on investments (including Inventories)		
(i)	Opening balance	**2,587.54**	30.40
(ii)	Add : Provisions made during the year	—	2,557.14
(iii)	Less : Write-off / (write-back) of excess provisions during the year	**(18.72)**	—
(iv)	Closing balance	**2,568.82**	2,587.54

c) Derivatives

i. Forward Rate Agreement/ Interest Rate Swap : Nil
ii. Exchange Traded Interest Rate Derivatives : Nil
iii. Disclosures on Risk Exposure in Derivatives :
- Qualitative Disclosure : The Company does not use Derivatives to hedge its risks.
- 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)

	Upto 30/31 Days	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	30.00	—	—	—	12,500.00	—	—	—	12,530.00
— Others	—	—	—	—	—	—	—	6.49	6.49
Advances / Loans	35.00	—	—	35.00	70.00	480.00	—	—	620.00
Investments (including Inventories)	45,823.82 [1]	—	—	—	—	—	—	17,342.65 [2]	63,166.47
Borrowings	—	—	—	—	—	—	—	—	—
Foreign Currency assets	—	—	—	—	—	—	—	—	—
Foreign Currency liabilities	—	—	—	—	—	—	—	—	—

[1] Investments classified as Inventories (Note 9)

[2] Investments classified as Non-current investments (Note 7)

f) Exposure to Real Estate Sector : Nil

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

	Particulars	2015	2014
(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;	**8,552.23**	8,698.34
(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	**8,552.23**	8,698.34

* Only quoted equity investments considered

NOTES TO THE FINANCIAL STATEMENTS (Contd.)

h) Details of financing of parent company products : Nil
i) Details of Single Borrower Limit / Group Borrower Limit exceeded by the Company : Nil
j) Unsecured Advances / Loans as on 31st March, 2015 : ₹ 200 lakhs
k) Registration obtained from other financial sector regulators : None
l) Penalties imposed by RBI and other regulators : Nil
m) 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.
n) Ratings assigned by credit rating agencies and migration of ratings during the year : None
o) Remuneration of Directors : Details of remuneration and pecuniary relationship & transactions of the Non-Executive Directors of the Company are disclosed in the Report of the Board of Directors & Management Discussion and Analysis.
p) Provisions and Contingencies:

(₹ in lakhs)

Break up of 'Provisions and Contingencies' shown under the head Expenditure in the Statement of Profit and Loss	2015	2014
Provisions for depreciation on Investment	(18.72)	2,557.14
Provision towards NPA	—	—
Provision made towards Income tax (including deferred tax)	1,108.22	763.51
Other Provision and Contingencies (with details)		
A Provision for compensated absences	0.32	0.73
B Provision for gratuity	0.46	4.45
Provision for Standard Assets	—	—

q) Draw Down from Reserves : Nil
r) Concentration of Deposits : Not Applicable
s) Concentration of Advances and Exposures :

(₹ in lakhs)

	As at 31st March, 2015			As at 31st March, 2014		
Borrower	Principal	Interest Accrued	Percentage to Total Exposure	Principal	Interest Accrued	Percentage to Total Exposure
ATC Limited	420.00	12.93	68.40%	560.00	17.25	92.48%
Landbase India Limited	200.00	—	31.60%	—	—	—
Big Boss Foods Private Limited	—	—	—	46.56	0.36	7.52%
TOTAL	620.00	12.93	100.00%	606.56	17.61	100.00%

t) Concentration of NPAs : Nil
u) Sector-wise NPAs : Nil
v) Movement of NPAs : Nil
w) Overseas Assets : Nil
x) Off-Balance Sheet SPVs sponsored : Nil
y) 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

SCHEDULE TO THE BALANCE SHEET AS AT 31ST MARCH, 2015 [as required in terms of Paragraph 13 of Systemically Important Non-Banking Financial (Non-Deposit Accepting or Holding) Companies Prudential Norms (Reserve Bank) Directions, 2015]

(₹ in Lakhs)

	Particulars	31st March, 2015	
	Liabilities Side :	**Amount Outstanding**	**Amount Overdue**
(1)	**Loans and advances availed by the NBFCs inclusive of interest accrued thereon but not paid**		
	a) Debentures (other than falling within the meaning of public deposits)	—	—
	- Secured	—	—
	- Unsecured	—	—
	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		420.00
	b) Unsecured		200.00
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		**1,508.35**
	(a) Financial lease		—
	(b) Operating lease		1,508.35
	(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 repossessed		—
	(b) Loans other than (a) above		

(₹ in Lakhs)

	Particulars	31st March, 2015	
	Assets Side :		**Amount Outstanding**
(4)	**Break-up of Investments : Current Investments**		
	1. Quoted :		**7,029.08**
	(i) Shares : (a) Equity		—
	(b) Preference		—
	(ii) Debentures and Bonds (included in Note 9)		7,029.08
	(iii) Units of Mutual Funds (included in Note 9)		—
	(iv) Government Securities		—
	(v) Others		—
	2. Unquoted :		**38,794.74**
	(i) Shares : (a) Equity		—
	(b) Preference (included in Note 9)		1,529.71
	(ii) Debentures and Bonds (included in Note 9)		890.00
	(iii) Units of Mutual Funds (included in Note 9)		36,375.03
	(iv) Government Securities		—
	(v) Others		—
	Long Term Investment :		
	1. Quoted :		**8,552.23**
	(i) Shares : (a) Equity		8,552.23
	(b) Preference		—
	(ii) Debentures and Bonds		—
	(iii) Units of Mutual Funds		—
	(iv) Government Securities		—
	(v) Others		—

(₹ in Lakhs)

Particulars	31st March, 2015
Assets Side :	**Amount Outstanding**
2. Unquoted :	**8,790.42**
(i) Shares : (a) Equity	8,790.42
(b) Preference	—
(ii) Debentures and Bonds	—
(iii) Units of Mutual Funds	—
(iv) Government Securities	—
(v) Others	—

(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	420.00	200.00	620.00
(c) Other related parties	—	—	—
2. Other than related parties	—	1,508.35	1,508.35
Total	**420.00**	**1,708.35**	**2,128.35**

(₹ in Lakhs)

(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	5,649.22	4,210.34
(b) Companies in the same group	8,995.73	4,148.66
(c) Other related parties	—	—
2. Other than related parties	56,382.81	54,807.47
Total	**71,027.76**	**63,166.47**

(7) Other Information

Particulars	Amount (₹)
(i) Gross Non-Performing Assets	—
(a) Related Parties	—
(b) Other related parties	—
(ii) Net Non-Performing Assets	—
(a) Related Parties	—
(b) Other than related parties	—
(iii) Assets acquired in satisfaction of debt	—

20. Significant Accounting Policies

IT IS CORPORATE POLICY

Convention

To prepare financial statements in accordance with applicable Accounting Standards in India. A summary of important accounting policies is set out below. The financial statements have also been prepared in accordance with relevant presentational requirements of the Companies Act, 2013.

Basis of Accounting

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 based on the nature of services.

Fixed Assets

To state Fixed Assets at cost of acquisition inclusive of inward freight, duties and taxes and incidental expenses related to acquisition. Expenses capitalised also include borrowing costs, if any.

Depreciation

To calculate depreciation on Fixed Assets, on 'Straight Line' basis over the useful lives specified in Schedule II to the Companies Act, 2013.

Investments

To state Current Investments at lower of cost and fair value and Long Term Investments, including in Joint Ventures and Associates, at cost. Where applicable, provision is made to recognise a decline, other than temporary, in valuation of Long Term Investments. Investments are accounted for based on the trade date. The Investments are accounted in compliance with the Prudential Norms as prescribed by the Reserve Bank of India for Non-Banking Financial Companies.

Revenue Recognition

To recognise revenue including lease rentals on an accrual basis at the time of rendering of services excluding taxes recovered except in case of default where accrual is guided by Prudential Norms prescribed by the Reserve Bank of India for Non-Banking Financial Companies.

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.

Inventories

To state inventories comprising of stock-in-trade at lower of cost or at available market quotation or their fair values, whichever is lower. The cost is calculated on weighted average method. Stock-in-trade is accounted for based on trade date.

Foreign Currency Translation

To account for transactions in foreign currency at the exchange rate prevailing on the date of transactions. Gains/Losses arising out of fluctuations in the exchange rates are recognized in the Statement of Profit and Loss in the period in which they arise.

To account for differences between the forward exchange rates and the exchange rates at the date of transactions, as income or expense over the life of the contracts.

To account for profit/loss arising on cancellation or renewal of forward exchange contracts as income/expense for the period.

To account for gains/losses in the Statement of Profit and Loss on foreign exchange rate fluctuations relating to monetary items at the year-end.

Employee Benefits

To make regular monthly contributions to Provident Fund which are in the nature of defined contribution schemes and such paid/payable amounts are charged against revenue.

To determine the liabilities towards gratuity and employee leave encashment by an independent actuarial valuation as per the requirements of Accounting Standard -15 on "Employee Benefits". To determine actuarial gains or losses and to recognise such gains or losses immediately in the Statement of Profit and Loss as income or expense.

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

S. DUTTA	*Director*	R. TANDON	*Chairman*
S. SURESH KUMAR	*Chief Financial Officer*	S. JAIN	*Manager & Company Secretary*

Kolkata, 28th April, 2015

Form AOC-I

[Pursuant to first proviso to sub-section (3) of section 129 read with rule 5 of Companies (Accounts) Rules, 2014]

Statement containing salient features of the financial statements of subsidiaries/associate companies/joint ventures

Part "A": Subsidiaries

1.	**Sl. No.**	:	1
2.	**Name of the subsidiary**	:	Greenacre Holdings Limited
3.	**Reporting period for the subsidiary concerned, if different from the holding company's reporting period**	:	Year ended 31st March (same as the Holding Company)
4.	**Reporting currency and Exchange rate as on the last date of the relevant Financial year in the case of foreign subsidiaries.**	:	Not applicable
5.	**Share capital (₹ in lakhs)**	:	4,206.02 (4,20,60,166 Equity Shares of Rs. 10/- each)
			(₹ in lakhs)
6.	**Reserves & surplus**	:	1,448.80
7.	**Total assets**	:	6,054.77
8.	**Total liabilities**	:	6,054.77
9.	**Investments**	:	1,570.14
10.	**Turnover**	:	252.02
11.	**Profit before taxation**	:	133.37
12.	**Provision for taxation**	:	29.78
13.	**Profit after taxation**	:	103.59
14.	**Proposed Dividend**	:	NIL
15.	**% of shareholding**	:	100

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	Classic Infrastructure & Development Limited	Divya Management Limited	Antrang Finance Limited	International Travel House Limited	Maharaja Heritage Resorts Limited
1. Latest audited Balance Sheet Date	31-Mar-15	31-Mar-15	31-Mar-15	31-Mar-15	31-Mar-15	31-Mar-15
2. Shares of Associates/Joint Ventures held by the company on the year end						
No.	42,75,435	37,50,000	41,82,915	43,24,634	36,26,633	90,000
Amount of Investment in Associates/ Joint Ventures (₹ in lakhs)	427.57	376.88	693.08	439.56	2,121.58	90.00
Extend of Holding %	25.43	29.41	33.33	33.33	45.36	25.00
3. Description of how there is significant influence	Associate	Associate	Associate	Associate	Associate	Associate
4. Reason why the associate/joint venture is not consolidated	Not Applicable*	Not Applicable*	Not Applicable*	Not Applicable*	Not Applicable*	Not Applicable*
5. Net worth attributable to Shareholding as per latest audited Balance Sheet (₹ in lakhs)	1,162.30	248.10	600.88	466.79	6,592.20	(6.51)
6. Profit / (Loss) for the year (₹ in lakhs)	603.25	20.16	8.36	19.80	1,837.83	23.70
i. Considered in Consolidation *	—	—	—	—	—	—
ii. Not Considered in Consolidation (₹ in lakhs) *	603.25	20.16	8.36	19.80	1,837.83	23.70

* In accordance with the Companies (Accounts) Amendment Rules, 2014 dated 14th October 2014, requirement of Consolidated Financial Statement shall not apply to an intermediate wholly owned subsidiary. As the Company is an intermediate wholly owned subsidiary, whose parent prepares Consolidated Financial Statement, the said requirements are not applicable to the Company.

1. Names of the associates or joint ventures which are yet to commence operations : None
2. Names of associates or joint ventures which have been liquidated or sold during the year : None

On behalf of the Board

S. DUTTA	*Director*	R. TANDON	*Chairman*
S. SURESH KUMAR	*Chief Financial Officer*	S. JAIN	*Manager and Company Secretary*

REPORT OF THE BOARD OF DIRECTORS FOR THE FINANCIAL YEAR ENDED 31ST MARCH, 2015

1. Your Directors submit their Report for the financial year ended 31st March, 2015.

2. **PERFORMANCE OF THE COMPANY**

During the year, your Company earned revenue of ₹ 252.02 lakhs from its operations, with Total Revenue being ₹ 350.81 lakhs. The Company continues to provide maintenance services for commercial office buildings. The Board of Directors of your Company ('the Board') is also exploring opportunities to grow the business further.

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

	For the year ended 31st March, 2015 (₹)	For the year ended 31st March, 2014 (₹)
a. Profit Before Tax	**1,33,37,353**	1,05,04,445
b. Less : Tax Expense	**29,78,177**	18,42,593
c. Profit After Tax	**1,03,59,176**	86,61,852
d. Add : Profit brought forward from previous years (after adjustment under Schedule II of the Companies Act, 2013)	**12,07,49,971**	11,20,94,411
e. Balance carried forward to the following year	**13,11,09,147**	12,07,56,263

3. **DIRECTORS AND KEY MANAGERIAL PERSONNEL**

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

During the year under review, Mr. Subhatosh Banerjee (DIN: 07081375) and Ms. Anindita Guhamallick (DIN: 07120151) were appointed by the Members at the Extraordinary General Meeting held on 16th March, 2015, as Independent Directors of the Company under Section 149 of the Companies Act, 2013 ('the Act'), for a period of three years with effect from the said date.

Approval of the Members was also taken for appointment of Mr. Ravi Varma as the Manager of the Company for a period of two years with effect from 29th September, 2014. Mr. Varma was also appointed as the Company Secretary of the Company with effect from the said date. Ms. Komal Pansari resigned as the Manager and Company Secretary of the Company with effect from close of work on 31st August, 2014.

The Board during the year appointed Mr. Monojit Seth as the Chief Financial Officer of the Company with effect from 1st January, 2015.

(b) Retirement by rotation

In accordance with the provisions of Section 152(6) of the Act, Mr. Saradindu Dutta (DIN: 00058639), 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.

(c) 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(6) of the Act read with Rule 5 of the Companies (Appointment and Qualification of Directors) Rules, 2014.

(d) Attributes, qualifications and appointment of Directors

The Nomination and Remuneration Committee of the Board 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, in respect of Independent Directors, and to the extent applicable in respect of Non-Independent Directors.

All the Non-Executive Directors of the Company, other than Independent Directors, are executives of ITC Limited, the ultimate Holding Company, who fulfil the fit and proper criteria for appointment as Directors. Further, all Directors of the Company, other than Independent Directors, are liable to retire by rotation. One-third of the Directors who are liable to retire by rotation, retire every year and are eligible for re-election.

(e) Remuneration Policy

The Board, on the recommendation of the Nomination and Remuneration Committee, approved the Remuneration Policy for the Directors, Key Managerial Personnel and other employees of the Company, a copy of which is enclosed as **Annexure 1** to this Report.

(f) 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, as required under Section 134(3)(p) of the Act. The performance evaluation of the Board and individual Directors was based on criteria approved by the Nomination and Remuneration Committee. Reports of functioning of Committees were placed by the respective Committee Chairman before the Board. The Directors expressed their satisfaction with the quality, quantity and timeliness of flow of information between the management and the Board.

4. **NUMBER OF BOARD MEETINGS**

During the year ended 31st March, 2015, five meetings of the Board were held.

5. **BOARD COMMITTEES**

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

Audit Committee	Nomination and Remuneration Committee
Mr. R. Tandon (Chairman)	Mr. A. Nayak (Chairman)
Mr. S. Banerjee	Mr. S. Banerjee
Ms. A. Guhamallick	Ms. A. Guhamallick
	Mr. R. Tandon

6. **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 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**

None of the employees of your Company is covered under the provisions of Rule 5(2) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014.

9. **RISK MANAGEMENT**

The Company's risk management framework is designed to bring robustness to the risk management processes within the Company and addresses risks intrinsic to operations, financials and compliances arising out of the overall strategy of the Company.

The responsibility for management of risks vests with the Managers responsible for the day-to-day conduct of the affairs 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. Annual update is provided to the Audit Committee on the effectiveness of the Company's risk management systems and policies. During the year under review, the Risk Management Policy of the Company was approved by the Board.

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 Audit Department of ITC Limited evaluates the adequacy and efficacy of such internal financial controls. The Audit Committee provides guidance on internal controls, reviews internal audit findings and ensures that internal audit recommendations are implemented.

During the year, 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 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, 2015, 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, 2015, the Company has not entered into any contract or arrangement with its related parties which is not on arm's length basis. The details in Form No. AOC-2 of a material transaction between the Company and its related party 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. **EXTRACT OF ANNUAL RETURN**

The details forming part of the extract of Annual Return in Form No. MGT-9 are enclosed under **Annexure 3** to this Report.

15. **AUDITORS**

The Company's Auditors, Messrs. A. F. Ferguson & Co., Chartered Accountants ('AFF'), were appointed with your approval at the Twenty-Eighth AGM to hold such office till the conclusion of the Thirty-Third AGM. Your Board, in terms of Section 139 of the Act, on the recommendation of the Audit Committee, has recommended for the ratification of the Members the appointment of AFF from the conclusion of the ensuing AGM till the conclusion of the Thirtieth AGM. The Board, in terms of Section 142 of the Act, on the recommendation of the Audit Committee, has also recommended for the approval of the Members the remuneration of AFF for the financial year 2015-16. Appropriate resolution in respect of the above is appearing in the Notice convening the ensuing AGM of the Company.

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

Considering the nature of business of your Company, no comment is required on conservation of energy and technology absorption. There has been no foreign exchange earnings or outflow during the year under review.

On behalf of the Board

R. TANDON *Chairman*
A. NAYAK *Director*

Dated: 28th April, 2015

Annexure 1 to the Report of the Board of Directors for the financial year ended 31st March, 2015

Remuneration Policy

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 / ultimate 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. The expenses of the Independent Directors for attending meetings of the Board and Board Committees and General Meetings are also borne by the Company.

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 for the financial year ended 31st March, 2015

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), ultimate Holding Company
b)	Nature of contracts / arrangements / transactions	Maintenance of ITC Centre, Kolkata and various other properties owned by ITC
c)	Duration of the contracts / arrangements / transactions	Maintenance of ITC Centre - 1st August, 2014 to 31st July, 2015 Maintenance of other properties - 1st April, 2014 to 31st March, 2015
d)	Salient terms of the contracts or arrangements or transactions including the value, if any	Value of the transaction during the year - ₹ 2,52,02,451/-
e)	Date(s) of approval by the Board, if any	—
f)	Amount paid as advances, if any	Nil

On behalf of the Board

R. TANDON *Chairman*
A. NAYAK *Director*

Dated: 28th April, 2015

Annexure 3 to the Report of the Board of Directors

FORM NO. MGT-9
EXTRACT OF ANNUAL RETURN

as on the financial year ended on 31st March, 2015

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

I. REGISTRATION AND OTHER DETAILS

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

II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

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

Sl. No.	Name and Description of main products / services	NIC Code of the product / service	% to total turnover of the Company
1.	Providing maintenance services for commercial office buildings	68200	100%

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES

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

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

(i) Category-wise Shareholding:

Category of Shareholders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
A. Promoters									
(1) **Indian**									
a) Individual/HUF	—	—	—	—	—	—	—	—	N.A.
b) Central Govt.	—	—	—	—	—	—	—	—	N.A.
c) State Govt.(s)	—	—	—	—	—	—	—	—	N.A.
d) Bodies Corp.	—	4,20,60,166	4,20,60,166	100.00	—	4,20,60,166	4,20,60,166	100.00	Nil
e) Banks / FI	—	—	—	—	—	—	—	—	N.A.
f) Any Other	—	—	—	—	—	—	—	—	N.A.
Sub-total (A)(1)	—	**4,20,60,166**	**4,20,60,166**	**100.00**	**—**	**4,20,60,166**	**4,20,60,166**	**100.00**	**Nil**
(2) **Foreign**									
a) NRIs - Individuals	—	—	—	—	—	—	—	—	N.A.
b) Other - Individuals	—	—	—	—	—	—	—	—	N.A.
c) Bodies Corp.	—	—	—	—	—	—	—	—	N.A.
d) Banks / FI	—	—	—	—	—	—	—	—	N.A.
e) Any Other	—	—	—	—	—	—	—	—	N.A.
Sub-total (A)(2)	—	—	—	—	—	—	—	—	**N.A.**
Total shareholding of Promoter (A) = (A)(1)+(A)(2)	—	**4,20,60,166**	**4,20,60,166**	**100.00**	**—**	**4,20,60,166**	**4,20,60,166**	**100.00**	**Nil**
B. Public Shareholding									
1. **Institutions**									
a) Mutual Funds	—	—	—	—	—	—	—	—	N.A.
b) Banks / FI	—	—	—	—	—	—	—	—	N.A.
c) Central Govt.	—	—	—	—	—	—	—	—	N.A.
d) State Govt.(s)	—	—	—	—	—	—	—	—	N.A.
e) Venture Capital Funds	—	—	—	—	—	—	—	—	N.A.
f) Insurance Companies	—	—	—	—	—	—	—	—	N.A.
g) FIIs	—	—	—	—	—	—	—	—	N.A.
h) Foreign Venture Capital Funds	—	—	—	—	—	—	—	—	N.A.
i) Others (specify)	—	—	—	—	—	—	—	—	N.A.
Sub-total (B)(1)	—	—	—	—	—	—	—	—	**N.A.**

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

Category of Shareholders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
2. Non-Institutions									
a) Bodies Corp.									
i) Indian	—	—	—	—	—	—	—	—	N.A.
ii) Overseas	—	—	—	—	—	—	—	—	N.A.
b) Individuals									
i) Individual shareholders holding nominal share capital upto Rs. 1 lakh	—	—	—	—	—	—	—	—	N.A.
ii) Individual shareholders holding nominal share capital in excess of Rs. 1 lakh	—	—	—	—	—	—	—	—	N.A.
c) Others (specify)	—	—	—	—	—	—	—	—	N.A.
Sub-total (B)(2)	—	—	—	—	—	—	—	—	**N.A.**
Total Public Shareholding (B)=(B)(1) + (B)(2)	—	—	—	—	—	—	—	—	**N.A.**
C. Shares held by Custodian for GDRs & ADRs	—	—	—	—	—	—	—	—	N.A.
Grand Total (A+B+C)	—	**4,20,60,166**	**4,20,60,166**	**100.00**	**—**	**4,20,60,166**	**4,20,60,166**	**100.00**	**Nil**

(ii) **Shareholding of Promoters:**

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

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

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

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

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

V. INDEBTEDNESS

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

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

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

Sl. No.	Particulars of Remuneration	R. Varma (Manager & Company Secretary) *(refer note 1)*
1.	Gross Salary	
	(a) Salary as per provisions contained in Section 17(1) of the Income-tax Act, 1961	3,20,979
	(b) Value of perquisites under Section 17(2) of the Income-tax Act, 1961	7,406
	(c) Profits in lieu of salary under Section 17(3) of the Income-tax Act, 1961	—
2.	Stock Option	—
3.	Sweat Equity	—
4.	Commission - as % of profit - others, specify	—
5.	Others, please specify	—
Total Amount (A)		**3,28,385**
Ceiling as per the Act		42,00,000 per annum *(refer note 2)*

Note 1: Mr. R. Varma has been appointed as the Manager and Company Secretary of the Company with effect from 29th September, 2014.

Note 2: Ceiling as per Part II of Schedule V to the Companies Act, 2013 has been disclosed, considering that the profits of the Company for the financial year ended 31st March, 2015 are inadequate.

B. Remuneration to other Directors: **(Amount in ₹)**

Sl. No.	Name of the Directors	Particulars of Remuneration			Total Amount
		Fee for attending Board and Board Committee meetings	Commission	Others, please specify	
1.	**Independent Directors**				
	S. Banerjee	40,000	Nil	Nil	40,000
	A. Guhamallick	40,000			40,000
	Total Amount (B)(1)	**80,000**			**80,000**
2.	**Other Non-Executive Directors**				
	R. Tandon	Nil	Nil	Nil	**Nil**
	Saradindu Dutta				
	A. Nayak				
	Total Amount (B)(2)				**Nil**
Total Amount (B) = (B)(1) + (B)(2)					**80,000**
Total Managerial Remuneration (A + B)					**4,08,385**
Overall ceiling as per the Act					42,00,000 per annum *(refer note)*

Note: Ceiling as per Part II of Schedule V to the Companies Act, 2013 has been disclosed, considering that the profits of the Company for the financial year ended 31st March, 2015 are inadequate.

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

Sl. No.	Particulars of Remuneration	M. Seth (Chief Financial Officer) *(refer note)*
1.	Gross Salary	
	(a) Salary as per provisions contained in Section 17(1) of the Income-tax Act, 1961	4,93,875
	(b) Value of perquisites under Section 17(2) of the Income-tax Act, 1961	—
	(c) Profits in lieu of salary under Section 17(3) of the Income-tax Act, 1961	—
2.	Stock Option	—
3.	Sweat Equity	—
4.	Commission - as % of profit - others, specify	—
5.	Others, please specify	—
Total Amount		**4,93,875**

Note: Mr. M. Seth has been appointed as the Chief Financial Officer of the Company with effect from 1st January, 2015.

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

Dated: 28th April, 2015

R. TANDON *Chairman*
A. NAYAK *Director*

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF GREENACRE HOLDINGS LIMITED

Report on the Financial Statements

We have audited the accompanying financial statements of **GREENACRE HOLDINGS LIMITED** ("the Company"), which comprise the Balance Sheet as at 31st March, 2015, the Statement of Profit and Loss, the Cash Flow Statement for the year then ended, and a summary of the significant accounting policies and other explanatory 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 Companies Act, 2013 ("the Act") with respect to the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit.

We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.

We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on whether the Company has in place an adequate internal financial controls system over financial reporting and the operating effectiveness of such controls. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, 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 on the financial statements.

Opinion

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 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 31st March, 2015, and its profit and its cash flows for the year ended on that date.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2015 ("the Order") issued by the Central Government in terms of Section 143 (11) of the Act, we give in the Annexure a statement on the matters specified in paragraphs 3 and 4 of the Order.

2. As required by Section 143 (3) of the Act, we report that:

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

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

   (c) The Balance Sheet, the Statement of Profit and Loss and the Cash Flow Statement dealt with by this Report are in agreement with the books of account.

   (d) In our opinion, the aforesaid financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.

   (e) On the basis of the written representations received from the directors as on 31st March, 2015 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2015 from being appointed as a director in terms of Section 164 (2) of the Act.

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

      i. The Company has disclosed the impact of pending litigations on its financial position in its financial statements - Refer Note 11 to the financial statements;

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

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

For A. F. FERGUSON & CO.
Chartered Accountants
(Firm's Registration No.112066W)

Ketan Vora
Partner
MUMBAI, 28th April, 2015 (Membership No. 100459)

ANNEXURE TO THE INDEPENDENT AUDITORS' REPORT

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

Having regard to the nature of the Company's business / activities / results during the year, clauses (ii), (v), (vi), (ix) and (xi) of paragraph 3 of the Order are not applicable to the Company. In respect of the other clauses, we report as under:

(i) In respect of its 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.

(ii) The Company has not granted any loans, secured or unsecured, to companies, firms or other parties covered in the Register maintained under Section 189 of the Companies Act, 2013.

(iii) In our opinion and according to the information and explanations given to us, there is an adequate internal control system commensurate with the size of the Company and the nature of its business for the purchase of fixed assets and for the sale of services. During the course of our audit, we have not observed any major weakness in such internal control system.

(iv) 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, Service Tax, Cess and other material statutory dues applicable to it with the appropriate authorities.

   (b) There are no dues of Income-tax, Service Tax and Cess which have not been deposited as on 31st March, 2015 on account of disputes.

   (c) There are no amounts that are due to be transferred to the Investor Education and Protection Fund in accordance with the relevant provisions of the Companies Act, 1956 (1 of 1956) and Rules made thereunder.

(v) The Company does not have accumulated losses at the end of the financial year and the Company has not incurred cash losses during the financial year covered by our audit and in the immediately preceding financial year.

(vi) According to the information and explanations given to us, the Company has not given guarantees for loans taken by others from banks and financial institutions.

(vii) To the best of our knowledge and according to the information and explanations given to us, no fraud by the Company and no significant fraud on the Company has been noticed or reported during the year.

For A.F.FERGUSON & CO.
Chartered Accountants
(Firm's Registration No. 112066W)

Ketan Vora
Partner
MUMBAI, 28th April, 2015 (Membership No. 100459)

BALANCE SHEET AS AT 31ST MARCH, 2015

	Note	As at 31st March, 2015 (₹)		As at 31st March, 2014 (₹)	
EQUITY AND LIABILITIES					
Shareholders' funds					
Share capital	1	**42,06,01,660**		42,06,01,660	
Reserves and surplus	2	**14,48,80,125**	**56,54,81,785**	13,45,27,241	55,51,28,901
Non-current liabilities					
Other Long term liabilities	3	**2,80,11,000**		2,80,11,000	
Long-term provisions	4	**12,99,664**	**2,93,10,664**	14,57,145	2,94,68,145
Current liabilities					
Other current liabilities	5	**1,02,21,504**		1,07,01,179	
Short-term provisions	6	**4,63,066**	**1,06,84,570**	2,59,972	1,09,61,151
TOTAL			**60,54,77,019**		59,55,58,197
ASSETS					
Non-current assets					
Fixed assets	7				
Tangible assets		**43,05,37,073**		43,07,19,600	
Non-current investments	8	**6,63,26,700**		6,63,26,700	
Deferred tax assets	9	**5,59,936**		5,35,300	
Long-term loans and advances	10	**36,33,832**		51,85,371	
Other non-current assets	11	**1,23,71,911**	**51,34,29,452**	1,23,71,911	51,51,38,882
Current assets					
Current investments	12	**9,06,87,143**		7,92,01,761	
Cash and bank balances	13	**11,87,177**		9,74,670	
Short-term loans and advances	14	**1,73,247**	**9,20,47,567**	2,42,884	8,04,19,315
TOTAL			**60,54,77,019**		59,55,58,197

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

In terms of our report attached

For A. F. Ferguson & Co.
Chartered Accountants

KETAN VORA
Partner

Mumbai, 28th April, 2015

On behalf of the Board

A. NAYAK — *Director*
M. SETH — *Chief Financial Officer*
R. TANDON — *Chairman*
R. VARMA — *Manager & Company Secretary*

Kolkata, 28th April, 2015

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31ST MARCH, 2015

	Note	For the year ended 31st March, 2015 (₹)	For the year ended 31st March, 2014 (₹)
Revenue from operations	15	**2,52,02,451**	2,47,48,139
Other income	16	**98,78,933**	83,23,529
Total Revenue		**3,50,81,384**	3,30,71,668
Expenses			
Maintenance and service expense		**83,56,497**	72,24,798
Employee benefits expense	17	**1,04,21,157**	1,04,86,860
Depreciation expense		**1,73,422**	1,81,744
Other expenses	18	**27,92,955**	46,73,821
Total Expenses		**2,17,44,031**	2,25,67,223
Profit before tax		**1,33,37,353**	1,05,04,445
Tax expense:			
Current tax	19	**30,00,000**	18,00,000
Deferred tax	19	**(21,823)**	42,593
Profit for the year		**1,03,59,176**	86,61,852
Earnings per share (Face Value ₹ 10.00 each) (Basic and Diluted)	20(i)	₹ **0.25**	₹ 0.21

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

In terms of our report attached

For A. F. Ferguson & Co.
Chartered Accountants

KETAN VORA
Partner

Mumbai, 28th April, 2015

On behalf of the Board

A. NAYAK — *Director*
M. SETH — *Chief Financial Officer*
R. TANDON — *Chairman*
R. VARMA — *Manager & Company Secretary*

Kolkata, 28th April, 2015

CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2015

		For the year ended 31st March, 2015 (₹)		For the year ended 31st March, 2014 (₹)
A. Cash Flow from Operating Activities				
PROFIT BEFORE TAX		**1,33,37,353**		1,05,04,445
ADJUSTMENTS FOR:				
Depreciation Expense	**1,73,422**		1,81,744	
Interest Income	**(76,960)**		—	
Dividend Income from Current Investments	**(32,24,122)**		(50,20,493)	
Net gain on sale of Current Investments	**(30,57,851)**		(53,036)	
		(61,85,511)		(48,91,785)
OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES		**71,51,842**		56,12,660
ADJUSTMENTS FOR:				
Loans and Advances and Other Assets	**1,38,137**		4,31,873	
Other Liabilities and Provisions	**(4,34,062)**		4,39,753	
		(2,95,925)		8,71,626
CASH GENERATED FROM OPERATIONS		**68,55,917**		64,84,286
Income Tax Paid		**(14,82,711)**		(29,00,783)
NET CASH FROM OPERATING ACTIVITIES		**53,73,206**		35,83,503
B. Cash Flow from Investing Activities				
Purchase of Current Investments	**(76,27,53,124)**		(40,29,55,493)	
Sale of Current Investments	**75,43,25,593**		39,43,55,911	
Interest Received	**76,960**		—	
Loans Given	**(34,250)**		(1,23,050)	
Dividend Income from Current Investments Received	**32,24,122**		50,20,493	
NET CASH USED IN INVESTING ACTIVITIES		**(51,60,699)**		(37,02,139)
C. Cash Flow from Financing Activities		—		—
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		**2,12,507**		(1,18,636)
OPENING CASH AND CASH EQUIVALENTS		**9,74,670**		10,93,306
CLOSING CASH AND CASH EQUIVALENTS		**11,87,177**		9,74,670

Notes:

1. The above Cash Flow Statement has been prepared under the "Indirect Method" as set out in Accounting Standard - 3 "Cash Flow Statements."

2. CASH AND CASH EQUIVALENTS :

Cash and Cash Equivalents as above			**11,87,177**	9,74,670
Cash and bank balances (Note 13)			**11,87,177**	9,74,670

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

In terms of our report attached

For A. F. Ferguson & Co.
Chartered Accountants

KETAN VORA
Partner

Mumbai, 28th April, 2015

On behalf of the Board

A. NAYAK	*Director*	R. TANDON	*Chairman*
M. SETH	*Chief Financial Officer*	R. VARMA	*Manager & Company Secretary*

Kolkata, 28th April, 2015

NOTES TO THE FINANCIAL STATEMENTS

	As at 31st March, 2015 (No. of Shares)	As at 31st March, 2015 (₹)	As at 31st March, 2014 (No. of Shares)	As at 31st March, 2014 (₹)
1. 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
A) Reconciliation of number of Equity Shares outstanding				
At the 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 Share in the Company

	As at 31st March, 2015 (No. of Shares)	As at 31st March, 2015 (%)	As at 31st March, 2014 (No. of Shares)	As at 31st March, 2014 (%)
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.

NOTES TO THE FINANCIAL STATEMENTS (Contd.)

			As at 31st March, 2015 (₹)	As at 31st March, 2014 (₹)
2. Reserves and surplus				
General Reserve				
At the beginning and at the end of the year			**1,37,70,978**	1,37,70,978
Surplus in Statement of Profit and Loss				
At the beginning of the year	**12,07,56,263**		11,20,94,411	
Less : Depreciation on transition to Schedule II of the Companies Act, 2013 on Tangible Fixed Assets (Net off Deferred Tax ₹ 2,813/-) [Refer Note 20(vi)]	**6,292**		—	
Add: Profit for the year	**1,03,59,176**		86,61,852	
At the end of the year		**13,11,09,147**		12,07,56,263
TOTAL		**14,48,80,125**		13,45,27,241

	As at 31st March, 2015 (₹)	As at 31st March, 2014 (₹)
3. Other Long term liabilities		
Security deposits [includes deposits from ITC Limited, the Ultimate Holding Company ₹ 2,24,00,000/- (2014 - ₹ 2,24,00,000/-)]	**2,80,11,000**	2,80,11,000
TOTAL	**2,80,11,000**	2,80,11,000

	As at 31st March, 2015 (₹)	As at 31st March, 2014 (₹)
4. Long-term provisions		
Provision for employee benefits		
Provision for compensated absences	**12,99,664**	14,57,145
TOTAL	**12,99,664**	14,57,145

	As at 31st March, 2015 (₹)	As at 31st March, 2014 (₹)
5. Other current liabilities		
Other Payables		
Statutory liabilities	**99,146**	2,64,363
Progress payments and advance received against projects	**1,00,00,000**	1,00,00,000
Liabilities for expenses	**1,22,358**	4,36,816
TOTAL	**1,02,21,504**	1,07,01,179

	As at 31st March, 2015 (₹)	As at 31st March, 2014 (₹)
6. Short-term provisions		
Current portion of long-term employee benefits		
Provision for gratuity	**2,30,598**	—
Provision for compensated absences	**2,32,468**	2,59,972
TOTAL	**4,63,066**	2,59,972

7. Fixed Assets

(Amounts in ₹)

Particulars	Gross Block							Depreciation								Net Book Value		
	As at 31st March, 2013	Additions	Withdrawals & adjustments	As at 31st March, 2014	Additions	Withdrawals & adjustments	As at 31st March, 2015	Upto 31st March, 2013	For the year	On Withdrawals & adjustments	Upto 31st March, 2014	Transition Adjustment recorded against surplus balance in Statement of Profit & Loss	For the year	On Withdrawals & adjustments	Upto 31st March, 2015	As at 31st March, 2015	As at 31st March, 2014	As at 31st March, 2013
Tangible assets																		
Land																		
Freehold	42,28,08,227	—	—	42,28,08,227	—	—	**42,28,08,227**	—	—	—	—	—	—	—	—	**42,28,08,227**	42,28,08,227	42,28,08,227
Buildings																		
Freehold	1,10,04,119	—	—	1,10,04,119	—	—	**1,10,04,119**	29,29,165	1,79,367	—	31,08,532	—	**1,71,920**	—	**32,80,452**	**77,23,667**	78,95,587	80,74,954
Plant and Equipment	57,783	—	—	57,783	—	—	**57,783**	39,620	2,377	—	41,997	**9,105**	**1,502**	—	**52,604**	**5,179**	15,786	18,163
TOTAL	43,38,70,129	—	—	43,38,70,129	—	—	**43,38,70,129**	29,68,785	1,81,744	—	31,50,529	**9,105**	**1,73,422**	—	**33,33,056**	**43,05,37,073**	43,07,19,600	43,09,01,344

The above includes following assets given on operating lease, which are not non-cancellable and are usually renewable by mutual consent on mutually agreeable terms:

Particulars	As at 31st March, 2015				As at 31st March, 2014			
	Gross Block	Accumulated Depreciation	Net Block	Depreciation charge for the year	Gross Block	Accumulated Depreciation	Net Block	Depreciation charge for the year
Buildings (#)	**1,10,04,119**	**32,80,452**	**77,23,667**	**1,71,920**	1,10,04,119	31,08,532	78,95,587	1,79,367
TOTAL	**1,10,04,119**	**32,80,452**	**77,23,667**	**1,71,920**	1,10,04,119	31,08,532	78,95,587	1,79,367

(#) The lease rental of ₹ 25,20,000/- (2014 - ₹ 22,50,000/-) is included in Lease Rental income under Other income (Note 16)

NOTES TO THE FINANCIAL STATEMENTS (Contd.)

	As at 31st March, 2015 (₹)	As at 31st March, 2014 (₹)
8 Non-current investments (at cost unless stated otherwise)		
Long term		
TRADE INVESTMENTS (Unquoted)		
INVESTMENTS IN EQUITY INSTRUMENTS		
Classic Infrastructure & Development Limited 16,50,000 Equity Shares of ₹ 10.00 each, fully paid up	**6,63,26,700**	6,63,26,700
TOTAL	**6,63,26,700**	6,63,26,700

	As at 31st March, 2015 (₹)	As at 31st March, 2014 (₹)
9. Deferred tax assets		
On fiscal allowances on fixed assets	**15,253**	10,851
On employees' separation and retirement etc.	**5,44,683**	5,24,449
TOTAL	**5,59,936**	5,35,300

	As at 31st March, 2015 (₹)	As at 31st March, 2014 (₹)
10. Long-term loans and advances		
Unsecured, considered good		
Security deposits	**1,55,000**	1,55,000
Project advances	**32,90,278**	32,90,278
Advance Tax (net of provisions)	**1,88,554**	17,05,843
Advances to employees	**—**	34,250
TOTAL	**36,33,832**	51,85,371

	As at 31st March, 2015 (₹)	As at 31st March, 2014 (₹)
11. Other non-current assets		
Unsecured, considered good		
Payments towards land / project development (*)	**1,23,71,911**	1,23,71,911
TOTAL	**1,23,71,911**	1,23,71,911

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

	As at 31st March, 2015 (₹)	As at 31st March, 2014 (₹)
12. Current investments (at lower of cost and fair value)		
Investment in Mutual Funds (Unquoted)		
Birla Sun Life Floating Rate Fund - Long Term 2,01,946 (2014 - 3,13,438) units of ₹ 100.00 each	**3,37,87,143**	3,13,59,027
Franklin India Treasury Management Account - Super Institutional Plan 18,996 (2014 - Nil) units of ₹ 1000.00 each	**3,96,00,000**	—
HDFC Liquid Fund 6,27,792 (2014 - Nil) units of ₹ 10.00 each	**1,73,00,000**	—
ICICI Prudential Money Market Fund Nil (2014 - 3,97,498) units of ₹ 100.00 each	**—**	3,98,01,297
Reliance Liquidity Fund Nil (2014 - 8,037) units of ₹ 1000.00 each	**—**	80,41,437
TOTAL	**9,06,87,143**	7,92,01,761

	As at 31st March, 2015 (₹)	As at 31st March, 2014 (₹)
13. Cash and bank balances		
Cash and cash equivalents@		
Balances with Banks		
Current accounts	**11,67,177**	6,92,276
Cheques on hand	**—**	2,75,630
Cash on hand	**20,000**	6,764
TOTAL	**11,87,177**	9,74,670

@ Cash and cash equivalents include cash on hand, cheques on hand and cash at bank.

	As at 31st March, 2015 (₹)	As at 31st March, 2014 (₹)
14. Short-term loans and advances		
Unsecured, considered good		
Advances to employees	**34,250**	88,800
Prepaid expenses	**1,26,637**	1,06,165
Advance towards gratuity fund	**—**	19,873
Balances with Statutory authorities		
Service tax credit receivable	**12,360**	28,046
TOTAL	**1,73,247**	2,42,884

	For the year ended 31st March, 2015 (₹)	For the year ended 31st March, 2014 (₹)
15. Revenue from operations		
Sale of services	**2,52,02,451**	2,47,48,139
TOTAL	**2,52,02,451**	2,47,48,139

	For the year ended 31st March, 2015 (₹)	For the year ended 31st March, 2014 (₹)
16. Other income		
Dividend income from current investments	**32,24,122**	50,20,493
Lease Rental income	**35,20,000**	32,50,000
Net Gain on sale of current investments	**30,57,851**	53,036
Interest on income tax refund	**76,960**	—
TOTAL	**98,78,933**	83,23,529

	For the year ended 31st March, 2015 (₹)	For the year ended 31st March, 2014 (₹)
17. Employee benefits expense		
Salaries and wages	**86,39,637**	89,99,915
Contribution to provident and other funds	**12,60,561**	8,95,322
Staff welfare expenses	**5,20,959**	5,91,623
TOTAL	**1,04,21,157**	1,04,86,860

	For the year ended 31st March, 2015 (₹)	For the year ended 31st March, 2014 (₹)
18. Other expenses		
Rates and taxes	**54,406**	45,796
Insurance	**3,696**	3,297
Travelling and conveyance	**16,608**	10,655
Professional/Legal fees	**24,36,405**	43,86,761
Auditors' remuneration and expenses*		
Audit fees	**1,00,000**	90,000
Tax audit fees	**50,000**	50,000
Fees for other services	**12,000**	12,000
Reimbursement of expenses	**126**	3,149
Directors' sitting fees	**80,000**	—
Communication expenses	**4,551**	6,744
Miscellaneous expenses	**35,163**	65,419
TOTAL	**27,92,955**	46,73,821

* Excluding taxes.

	For the year ended 31st March, 2015 (₹)	For the year ended 31st March, 2014 (₹)
19. Tax expense		
Current tax		
Income tax for the year	**30,00,000**	18,00,000
	30,00,000	18,00,000
Deferred tax		
for the year	**(21,823)**	42,593
	(21,823)	42,593
TOTAL	**29,78,177**	18,42,593

20. Additional notes to the Financial Statements

i. Earnings per share

	2015	2014
Earnings per share has been computed as under :		
(a) Profit for the year (₹)	**1,03,59,176**	86,61,852
(b) Weighted average number of Equity shares outstanding	**4,20,60,166**	4,20,60,166
(c) Earnings per share on profit for the year (Face Value - ₹ 10.00 per share) - Basic and Diluted [(a)/(b)]	**₹ 0.25**	₹ 0.21

ii. Segment Reporting

The Company operates in a single business segment namely property maintenance and in a single geographical segment in India.

iii. There are no Micro, Small and Medium Enterprises, to whom the Company owes dues, which are outstanding for more than 45 days during the year and also as at 31st March, 2015. 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. Related Party Disclosures:

a) Relationship:

Ultimate Holding Company :-	ITC Limited
Holding Company :-	Russell Credit Limited
Fellow Subsidiary Company :-	Landbase India Limited

Employee Trusts where there is significant influence:
Greenacre Holdings Limited Provident Fund
Greenacre Holdings Limited Gratuity Fund

Key Management Personnel

Mr. R. Tandon	Non - Executive Chairman
Mr. S. Banerjee	Independent Director (w.e.f. 16.03.2015)
Mr. S. Dutta	Non - Executive Director
Ms. A. Guhamallick	Independent Director (w.e.f. 16.03.2015)
Mr. A. Nayak	Non - Executive Director
Mr. M. Seth	Chief Financial Officer (CFO) (w.e.f. 01.01.2015)
Mr. R. Varma	Manager and Company Secretary (w.e.f. 29.09.2014)
Ms. K. Pansari	Manager and Company Secretary (till 31.08.2014)

NOTES TO THE FINANCIAL STATEMENTS (Contd.)

(b) DISCLOSURE OF TRANSACTIONS BETWEEN THE COMPANY AND RELATED PARTIES AND THE STATUS OF OUTSTANDING BALANCES AS AT 31.03.2015 (Amount in ₹)

	RELATED PARTY TRANSACTION SUMMARY	Ultimate Holding Company		Fellow Subsidiary Company		Employee Trusts		Key Management Personnel	
		2015	2014	**2015**	2014	**2015**	2014	**2015**	2014
1.	Rent Received	**24,40,000**	24,40,000	—	—	—	—	—	—
2.	Purchase of Services	**40,000**	—	—	—	—	—	—	—
3.	Sale of Services	**2,52,02,451**	2,47,48,139	—	—	—	—	—	—
4.	Expenses Recovered	**3,43,288**	2,83,526	—	—	—	—	—	—
5.	Expenses Reimbursed -	**1,500**	25,648			—	—	—	—
	Landbase India Limited			—	22,472				
6.	Remuneration of Managers on Deputation Reimbursed (For CFO)	**4,93,875**	—	—	—	—	—	—	—
7.	Contribution to Greenacre Holdings Limited Provident Fund	—	—	—	—	**5,27,703**	5,27,938	—	—
8.	Contribution to Greenacre Holdings Limited Gratuity Fund	—	—	—	—	**4,82,387**	55,883	—	—
9.	Remuneration to Key Management Personnel								
	— Ms. Anjali Prasad							—	19,38,324
	— Ms. Komal Pansari	—	—	—	—	—	—	**2,45,229**	2,28,100
	— Mr. Ravi Varma							**3,46,290**	—
10.	Directors' Sitting Fees:								—
	— Mr. S. Banerjee	—	—	—	—	—	—	**40,000**	
	— Ms. A. Guhamallick						—	**40,000**	
11.	Deposits Received during the year	—	4,00,000	—	—	—	—	—	—
12.	**Balances as at 31st March**								
	i) Deposits Taken	**2,24,00,000**	2,24,00,000	—	—	—	—	—	—
	ii) Payable								
	Directors' Sitting Fees:								
	— Mr. S. Banerjee	—	—	—	—	—	—	**10,000**	—
	— Ms. A. Guhamallick							**10,000**	

v. Defined Benefit Plans / Long Term Compensated Absences - As per Actuarial Valuations as at 31st March, 2015 and recognised in the financial statements in respect of Employee Benefit Schemes:

			For the year ended 31st March, 2015 (₹)		For the year ended 31st March, 2014 (₹)	
			Gratuity	**Leave Encashment**	Gratuity	Leave Encashment
			Funded	**Unfunded**	Funded	Unfunded
I.	**Components of Employer Expenses**					
	1.	Current Service Cost	**1,86,444**	**97,396**	2,07,653	1,14,197
	2.	Interest Cost	**1,60,018**	**1,13,066**	2,16,540	1,59,028
	3.	Expected Return on Plan Assets	**(1,75,716)**	—	(2,58,833)	—
	4.	Curtailment Cost/(Credit)	—	—	—	—
	5.	Settlement Cost/(Credit)	—	—	—	—
	6.	Past Service Cost	—	—	—	—
	7.	Actuarial Losses/(Gains)	**5,62,112**	**1,20,961**	2,02,024	72,607
	8.	**Total expense recognised in the Statement of Profit and Loss**	**7,32,858**	**3,31,423**	3,67,384	3,45,832
		The Gratuity expenses have been recognized in "Contribution to provident and other funds" and Leave Encashment in "Salaries and wages" under Note 17.				
II.	**Actual Returns**		**2,43,174**	—	2,21,225	—
III.	**Net Asset/(Liability) recognised in Balance Sheet**					
	1	Present Value of Defined Benefit Obligation	**(22,46,244)**	**(15,32,132)**	(24,99,091)	(17,17,117)
	2	Fair Value of Plan Assets	**20,15,646**	—	25,18,964	—
	3	Status [Surplus/(Deficit)]	**(2,30,598)**	**(15,32,132)**	19,873	(17,17,117)
	4	Unrecognised Past Service Cost	—	—	—	—
	5	**Net Asset / (Liability) recognised in Balance Sheet**	**(2,30,598)**	**(15,32,132)**	19,873	(17,17,117)
IV.	**Change in Defined Benefit Obligation (DBO)**					
	1	Present Value of DBO at the beginning of the year	**24,99,091**	**17,17,117**	29,01,509	21,62,678
	2	Current Service Cost	**1,86,444**	**97,396**	2,07,653	1,14,197
	3	Interest Cost	**1,60,018**	**1,13,066**	2,16,540	1,59,028
	4	Curtailment Cost/(Credit)	—	—	—	—
	5	Settlement Cost/(Credit)	—	—	—	—
	6	Plan Amendments	—	—	—	—
	7	Past Service Cost	—	—	—	—
	8	Actuarial (Gains)/Losses	**2,69,365**	**1,20,961**	1,64,415	72,607
	9	Benefits Paid	**(8,68,674)**	**(5,16,408)**	(9,91,026)	(7,91,393)
	10	**Present Value of DBO at the end of the year**	**22,46,244**	**15,32,132**	24,99,091	17,17,117
V.	**Best Estimate of Employer's Expected Contribution for the next year**		**4,80,000**	—	—	—
VI.	**Change in Fair Value of Assets**					
	1	Plan Assets at the beginning of the year	**25,18,964**	—	32,32,883	—
	2	Acquisition Adjustment	—	—	—	—
	3	Expected Return on Plan Assets	**1,75,716**	—	2,58,833	—
	4	Actuarial Gains/(Losses)	**(2,92,747)**	—	(37,609)	—
	5	Actual Company Contributions	**4,82,387**	—	55,883	—
	6	Benefits Paid	**(8,68,674)**	—	(9,91,026)	—
	7	**Plan Assets at the end of the year**	**20,15,646**	—	25,18,964	—

NOTES TO THE FINANCIAL STATEMENTS (Contd.)

			For the year ended 31st March, 2015 (₹)		For the year ended 31st March, 2014 (₹)	
			Gratuity	Leave Encashment	Gratuity	Leave Encashment
			Funded	Unfunded	Funded	Unfunded
VII. Actuarial Assumptions						
	1	Discount Rate (%)	7.75	7.75	9.00	9.00
	2	Expected Return on Plan Assets (%)	7.75	—	9.00	—

The estimates of future salary increases, considered in actuarial valuation 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, 2015	As at 31st March, 2014
1	Government Securities/Special Deposit with RBI	—	—
2	High Quality Corporate Bonds	—	—
3	Insurance Companies*	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 have 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 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 Life Insurance Corporation of India (LIC), since the fund is managed by LIC.

X. Net Asset / (Liability) recognised in Balance Sheet (including experience adjustment)

	For the year ended 31st March, 2015 (₹)		For the year ended 31st March, 2014 (₹)		For the year ended 31st March, 2013 (₹)		For the year ended 31st March, 2012 (₹)		For the year ended 31st March, 2011 (₹)	
	Gratuity	Leave Encashment	Gratuity	Leave Encashment	Gratuity	Leave Encashment	Gratuity	Leave Encashment	Gratuity	Leave Encashment
	Funded	Unfunded	Funded	Unfunded	Funded	Unfunded	Funded	Unfunded	Funded	Unfunded
Present Value of Defined Benefit Obligation	22,46,244	15,32,132	24,99,091	17,17,117	29,01,509	21,62,678	28,42,884	20,49,819	27,27,984	19,41,994
Fair Value of Plan Assets	20,15,646	—	25,18,964	—	32,32,884	—	29,73,180	—	23,58,462	—
Status [Surplus/ (Deficit)]	(2,30,598)	(15,32,132)	19,873	(17,17,117)	3,31,375	(21,62,678)	1,30,296	(20,49,819)	(3,69,522)	(19,41,994)
Experience Adjustment of Plan Assets [Gain / (Loss)]	(3,21,088)	—	(2,66,267)	—	(3,684)	—	(8,203)	—	(61,732)	—
Experience Adjustment of Obligation [(Gain) / Loss]	77,294	(25,137)	4,63,285	2,15,253	(1,40,706)	(69,488)	(1,07,738)	(66,852)	6,41,666	(4,49,894)

- Amounts towards Defined Contribution Plans have been recognized under 'Contribution to provident and other funds' in Note 17 - ₹ 5,27,703/- (2014 - ₹ 5,27,938/-)

vi. Pursuant to the enactment of the Companies Act, 2013 (the "Act"), the Company has, effective 1st April 2014, reviewed and revised the estimated useful lives of its fixed assets in accordance with the provisions of Schedule II of the Act. In respect of assets, whose useful life is exhausted as at 1st April, 2014, the related carrying amount aggregating to ₹ 6,292 (net of deferred tax of ₹ 2,813) has been adjusted against opening balance of Surplus in the Statement of Profit and Loss. The consequential impact on the depreciation charged to the Statement of Profit and Loss during the year on account of the aforesaid change in useful lives is not material.

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

21. Significant Accounting Policies

IT IS CORPORATE POLICY

Convention

To prepare financial statements in accordance with applicable Accounting Standards in India. A summary of important accounting policies is set out below. The financial statements have also been prepared in accordance with relevant presentational requirements of the Companies Act, 2013.

Basis of Accounting

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 based on the nature of services and the time between the acquisition of assets for processing and their realization in cash and cash equivalents.

Fixed Assets

To state Fixed Assets at cost of acquisition inclusive of inward freight, duties and taxes and incidental expenses related to acquisition. Expenses capitalized also include borrowing costs, if any.

To charge off as revenue expenditure, all upgradation/enhancements unless they bring similar significant additional benefits.

Depreciation

To calculate depreciation on Fixed Assets, on 'Straight Line' basis over the useful lives specified in Schedule II to the Companies Act, 2013.

Investments

To state Current Investments at lower of cost and fair value; and Long Term Investments at cost. Where applicable, provision is made to recognise a decline, other than temporary, in valuation of Long Term Investments.

Revenue Recognition

To recognize revenue at the time of rendering of services net of taxes recovered from customers.

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.

Method of Accounting - Projects

To recognize revenue on projects using percentage of completion method of accounting, if work completed can be reasonably estimated.

Employee Benefits

To make regular monthly contributions to Provident Fund which are in the nature of defined contribution schemes and such paid/payable amounts are charged against revenue. To administer such funds through duly constituted and approved independent trusts.

To determine the liabilities towards gratuity and employee leave encashment by an independent actuarial valuation as per the requirements of Accounting Standard-15 on "Employee Benefits". To determine actuarial gains or losses and to recognise such gains or losses immediately in the Statement of Profit and Loss as income or expense.

Lease Rentals

To accrue Rentals in respect of leased properties in the Statement of Profit and Loss.

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 substantially enacted by the Balance Sheet date.

Not to recognize 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

A. NAYAK *Director* R. TANDON *Chairman*
M. SETH *Chief Financial Officer* R. VARMA *Manager & Company Secretary*

Kolkata, 28th April, 2015

REPORT OF THE BOARD OF DIRECTORS FOR THE FINANCIAL YEAR ENDED 31st MARCH, 2015

Your Directors submit their Report for the financial year ended 31st March, 2015.

FINANCIAL RESULTS

Your Company's consolidated and standalone financial results are tabulated below:

	Consolidated(*) ₹ (lakhs)		Standalone ₹ (lakhs)	
Year Ended March 31,	**2015**	**2014**	**2015**	**2014**
Total Revenue	**147640**	**127875**	**100602**	**92590**
Total Expenditure	**130589**	**113541**	**82588**	**77502**
Profit before Tax	**17051**	**14334**	**18014**	**15088**
Provision for Tax	**6421**	**5708**	**5814**	**4968**
Profit after Tax	**10630**	**8626**	**12200**	**10120**

(*) including ITC Infotech Limited, UK and ITC Infotech (USA), Inc.(I2A), wholly owned subsidiaries of the Company, and Pyxis Solutions, LLC, USA, a wholly owned subsidiary of I2A.

BUSINESS REVIEW

During year under review, the global IT industry grew 4.6% and the Indian IT industry has grown by 12.3% (estimated) as per NASSCOM.

Significant shifts were observed in how businesses use and deploy technology to better understand and service their customers and use the growing volume, variety and velocity of data around them to gain competitive advantage. The magnitude of shift is seen in newer digital business models, in the growing number of business buyers of technology as opposed to the CIO and the traditional software licensing model being challenged by subscriptions and as-a-service models.

Your Company has maintained a growth rate in line with that of industry and its consolidated Total Revenue grew at 15.5% to ₹ 1,47,640 lakhs, while its Net Profit grew by 23.2% to ₹ 10,630 lakhs.

Your Company has reviewed and revitalised its strategic and operating approach in (i) sharply focussing on domain, delivery excellence, digital and data in its objective of creating meaningful, differentiated and specialised scale; (ii) continuing to build solutions and capabilities around the products of global software vendors and partnering with them to take the products to the market; (iii) recalibrating the organisation structure which included delineation of industry verticals and lines of business to drive the re-architected strategic direction; (iv) focussed geographical expansion to develop new markets and acquire customers, and (v) cost management and resource optimisation while balancing growth led investment imperatives as well as create future ready business whilst improving overall profitability.

During the year under review, your Company created an independent business unit focussed on Product Engineering Services and Data Analytics which has shown rapid growth within a short period of time and has a healthy pipeline of prospective customers.

Your Company's expansion in the Asia-Pacific region in the previous year, particularly in Australia, has been successful and through a combination of partner driven initiatives as well as a direct sales approach, has seen good growth during the year. In addition, expansion of its footprint in the Middle-East, through the setting up of a branch office in Dubai in 2013, has gained traction and generated significant interest amongst prospective clients in that region.

Your Company continues to expand its service lines, sales channels and presence in Europe and USA. Growth in USA over the past few years has made that region the highest contributor to the consolidated revenues.

Your Company's superior service delivery capability continued to earn global recognition; the Company won the 2014 European Outsourcing award in recognition of its long term engagement with a leading Danish bank, under the category "Delivering Business Value in European Outsourcing", awarded by the European Outsourcing Association; the Company continued to feature in the Leaders' Category of the "2015 Global Outsourcing 100" by the International Association of Outsourcing Professional (IAOP) for the 9th consecutive year.

With its enhanced focus encompassing new technologies and driven by domain knowledge and delivery excellence, your Company is poised to generate an increasing share of the India based IT exports and sustain its growth trajectory. Key risk remains the availability of good talent. However, as stated last year, your Company has reinforced its supply chain of skilled resources thereby ensuring a seamless and scalable business operation. It has continued with its successful strategy of broadening its channels and strengthening its capability building processes through college affiliations, technology incubation cells and employee ideation panels.

The outlook for the Indian IT industry remains buoyant with NASSCOM predicting an export growth of 12% - 14% in the forthcoming year. Your Company is poised to leverage its leadership in knowledge centric IT services and increasing global presence in attaining its strategic and financial objectives.

DIVIDEND

Your Directors are pleased to recommend the interim dividend of ₹ 9/- (2014: Nil) per Equity Share of ₹ 10/- each on 8,52,00,000 Equity shares, aggregating ₹ 76,68,00,000/- (Rupees Seven Thousand Six Hundred and Sixty Eight lakhs only) (2014: Nil), declared by the Board of Directors on 20th December, 2014, as the final dividend for the financial year ended 31st March, 2015.

DIRECTORS AND KEY MANAGERIAL PERSONNEL

The Members of the Company at the Extraordinary General Meeting held on 24th November, 2014 approved, subject to approval of the Central Government and such other approvals as may be necessary, the appointment of Ms. S. Rajagopalan (DIN:05337845) as Wholetime Director and Chief Operating Officer of your Company from 4th August, 2014 to 31st October, 2014 and as Managing Director and Chief Executive Officer from 1st November, 2014 to 3rd August, 2019; approval of the Central Government has been received vide Ministry of Corporate Affairs letter dated 5th January, 2015 for the said appointment.

Mr. B. Sumant (DIN: 01732482) resigned as the Managing Director of your Company with effect from close of business on 31st October, 2014 and as Director of the Company with effect from close of business on 20th December, 2014. Your Board of Directors places on record its appreciation of the contribution made by Mr. B. Sumant during his tenure as Managing Director.

In accordance with the provisions of Section 149(4) read with Rule 4 of Companies (Appointment and Qualification of Directors) Rules, 2014, Mr. P. Chatterjee (DIN: 00042208) and Mr. R. G. Jacob (DIN: 07103329) were appointed by the Members as Independent Directors of the Company at the Extraordinary General Meeting held on 23rd February, 2015. As required under Section 149(6) of the Companies Act, 2013 (Act), declarations have been received from Mr. P. Chatterjee and Mr. R. G. Jacob that they meet the criteria of Independence prescribed under Section 149 of the Act and Companies (Appointment and Qualification of Directors) Rules, 2014. In the opinion of your Board, the aforesaid Directors fulfil the conditions specified in the Act and the Rules thereunder for their appointment as Independent Directors and that they are independent of the management of the Company.

In accordance with the provisions of Section 203 of the Act read with Rule 8 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, Mr. Sanjay V. Shah, whose term of appointment expired on 31st March, 2015, was re-appointed as Company Secretary of the Company with effect from 1st April, 2015 by the Board of Directors at the meeting held on 23rd February, 2015.

In accordance with the provisions of Section 152 of the Act and Articles 143 & 144 of the Articles of Association of the Company, Mr. A. Nayak (DIN: 00973758) and Mr. B. B. Chatterjee (DIN: 00045140) will retire by rotation at the ensuing Annual General Meeting of your Company and, being eligible, offer themselves for re-election.

BOARD COMMITTEES

Audit Committee

The Board of Directors at the meeting held on 23rd February, 2015, reconstituted the Audit Committee of your Company to comprise Mr. R. Tandon as Chairman of the Committee, Mr. P. Chatterjee and Mr. R. G. Jacob as Members of the Committee. The Managing Director and the Chief Financial Officer are Invitees to the Committee. The Company Secretary serves as the Secretary to the Committee.

Nomination and Remuneration Committee

The Board of Directors at the meeting held on 23rd February, 2015, constituted the Nomination and Remuneration Committee of your Company comprising Mr. S. Sivakumar as Chairman of the Committee, Mr. A. Nayak, Mr. P. Chatterjee and Mr. R. G. Jacob as Members of the Committee.

Corporate Social Responsibility Committee

The Board of Directors at the meeting held on 23rd February, 2015, constituted the Corporate Social Responsibility Committee of your Company comprising Mr. S. Sivakumar as Chairman of the Committee, Mr. A. Nayak, Mr. P. Chatterjee and Mr. R. G. Jacob as Members of the Committee. The Managing Director and the Chief Financial Officer are Invitees to the Committee. The Company Secretary serves as the Secretary to the Committee.

ATTRIBUTES, QUALIFICATIONS AND APPOINTMENT OF DIRECTORS

The Nomination and Remuneration Committee of the Board 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, in respect of Independent Directors and, to the extent applicable, in respect of the Non-Independent Directors.

All the Non-Executive Directors of the Company, other than the Independent Directors, are executives of ITC Limited, the Holding Company, who fulfil the fit and proper criteria for appointment as Directors. Further, all the Non-Executive Directors of the Company, other than the Independent Directors, are liable to retire by rotation. One-third of the Directors who are liable to retire by rotation, retire every year and are eligible for re-election.

BOARD EVALUATION

For the year under review, the Board carried out an annual performance evaluation of its own performance and that of the individual Directors and functioning of the Board Committees, as required in terms of Section 134(3)(p) of the Act. The performance evaluation of the Board and the individual Directors has been done based on the criteria approved by the Nomination and Remuneration Committee. Reports of functioning of the Committees were placed by the respective Committee Chairman before the Board. The Directors expressed satisfaction with the quality, quantity and timeliness of flow of information between the management and the Board.

REMUNERATION POLICY

The Board, on the recommendation of the Nomination and Remuneration Committee, has approved the Remuneration Policy for the Directors, Key Managerial Personnel, Senior Management and other employees of the Company, a copy of which is enclosed as **Annexure 1** to this Report.

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 the Company. The Internal Audit Department of ITC Limited, the Holding Company, as the Internal Auditors, 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 the Company, consisting of identified Managers, continuously verify compliance with laid down policies and procedures, and help plug control gaps by assisting operating management in the formulation of control procedures for new 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) POLICY AND CSR INITIATIVES

As required under Section 134(3)(o) read with Section 135 of the Act and Rule 8 of the Companies (Corporate Social Responsibility Policy) Rules, 2014, the Annual Report on CSR activities covering, inter-alia, the CSR Policy adopted by the Board and the CSR activities undertaken during the financial year, is provided in **Annexure 2** to this Report.

WHOLLY OWNED SUBSIDIARIES

The Statement in Form AOC-1 containing the salient features of the financial statements of (i) ITC Infotech Limited, UK, and ITC Infotech (USA), Inc., wholly owned subsidiaries of the Company and (ii) Pyxis Solutions, LLC, wholly owned subsidiary of ITC Infotech (USA), Inc., is attached to the Financial Statements of the Company.

Report on the performance and financial position of the Company's wholly owned subsidiaries in terms of Rule 8 of the Companies (Accounts) Rules, 2014 is not being provided, as the Company is not required to prepare Consolidated Financial Statements.

OTHER INFORMATION

I. CONSERVATION OF ENERGY & TECHNOLOGY ABSORPTION

In view of the nature of activities that are being carried on by your Company, particulars as required under Section 134(3)(m) read with Rule 8 of Companies (Accounts) Rules, 2014, of the Act concerning conservation of energy and technology absorption, respectively, are not applicable to your Company.

Your Company being a software solution provider requires minimal energy consumption and every endeavour has been made to ensure the optimal use of energy.

During the year under review, your Company has organized several energy conservation awareness programs in association with Karnataka Renewable Energy Development Limited (KREDL) and Green Peace including renewable energy products utilization, display of live model of rain water harvesting and sale of solar energy and environment friendly products.

Your Company continues to receive energy from the wind energy developed by ITC Limited in Karnataka, where the power so generated is banked into the State Grid.

II. FOREIGN EXCHANGE EARNINGS AND OUTGO

The foreign exchange earnings of your Company during the year were ₹ 78,724 lakhs (previous year- ₹ 76,008 lakhs) while the outgoings were ₹ 17,106 lakhs (previous year- ₹ 18,707 lakhs).

III. PARTICULARS OF EMPLOYEES

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

IV. EXTRACT OF ANNUAL RETURN

As required under Section 134(3)(a) read with Section 92(3) of the Act, the extract of Annual Return, in Form MGT 9, is provided in **Annexure 4** to this Report.

V. BOARD MEETINGS HELD DURING THE FINANCIAL YEAR

During the financial year under review, five meetings of the Board were held.

VI. PARTICULARS OF LOANS, GUARANTEES OR INVESTMENTS

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

VII. PARTICULARS OF CONTRACTS OR ARRANGEMENTS WITH RELATED PARTIES

During the financial year under review , your Company has not entered into any contracts or arrangements with related parties as is referred to in Section 188 of the Act i.e. contracts or arrangements which are not on arm's length basis. The details in Form AOC-2 of material transaction(s) entered into by the Company with its related party(ies) are provided in **Annexure 5** 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.

DIRECTORS' RESPONSIBILITY STATEMENT

As required under Section 134(3)(c) read with Section 134(5) of the Act, your Directors confirm having:

(i) followed in the preparation of the Financial Statements for the financial year ended 31st March, 2015, 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, 2015, 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.

ORDERS OF REGULATORS/COURTS/TRIBUNALS

There are no significant and material orders passed by the regulators or courts or tribunals impacting the going concern status and the Company's future operations.

AUDITORS

(a) Statutory Auditors

The Company's Auditors, M/s. Lovelock & Lewes, Chartered Accountants, (L&L), (Registration No. 301056E), were appointed with your approval at the Eighteenth Annual General Meeting (AGM) to hold such office till the conclusion of Twenty-First AGM. Your Board, in terms of Section 139 of the Act, on the recommendation of the Audit Committee, has recommended for the ratification of the Members the appointment of L&L from the conclusion of the Nineteenth AGM till the conclusion of the Twentieth AGM. The Board, in terms of Section 142 of the Act, on the recommendation of the Audit Committee, has also recommended for the approval of the Members the remuneration of L&L for the financial year 2015-16.

(b) Secretarial Auditor

Your Company appointed M/s. K. Dushyantha & Associates, Company Secretaries, to conduct the secretarial audit of the Company for the financial year ended 31st March, 2015. The report of M/s. K. Dushyantha & Associates, in terms of Section 204 of the Act is provided under **Annexure 6** to this Report.

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; your Company's consistent growth was made possible by their unstinted support, hard work, solidarity and co-operation.

Place: New Delhi
Date: 30th April, 2015

On behalf of the Board

Registered Office:
Virginia House
37 J. L. Nehru Road
Kolkata 700 071
India.

S. Rajagopalan
Managing Director

S. Sivakumar
Vice Chairman

ANNEXURE 1 TO THE REPORT OF THE BOARD OF DIRECTORS

Remuneration Policy

It is ITC Infotech's belief that the quality of talent is a source of unique competitive advantage and hence its Remuneration Strategy is designed to attract and retain high quality talent. In an industry in which the war for talent will only intensify, it is imperative that ITC Infotech adopts a Remuneration Policy that is contemporary, innovative and unique and is an integral component of the broader Human Resource Strategy of the Company, so that it is aligned with and reinforces the employee value proposition of a superior quality of work life - an enabling work environment, an empowering and engaging work culture and opportunities to learn and grow.

Remuneration practices 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.

ITC Infotech's remuneration practices will continue to be anchored on the principles of fairness, equity and consistency and will be free of discrimination.

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 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 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 creates an organisation that is an Employer of Choice.

Remuneration of Key Managerial Personnel

1. Remuneration of Key Managerial Personnel 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 members.
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 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 Key Managerial Personnel who may be on deputation from the Holding Company / subsidiaries / fellow subsidiaries / associate companies, will be in terms of 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. The Company also bears the expenses of the Independent Directors for attending meetings of the Board and Board Committees, in terms of the Articles of Association of the Company.

Remuneration of employees other than Key Managerial Personnel

1. Remuneration of Senior Management is determined and recommended by the Nomination and Remuneration Committee and approved by the Board. Remuneration of all other personnel is approved by persons / Committee as authorised under the Corporate Governance Policy of the Company.
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 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.
4. Remuneration of employees in Specialist positions are tailor-made to suit their unique and specialized skills.
5. Remuneration of all personnel who may be on deputation from the Holding Company/subsidiaries/fellow subsidiaries/associate companies, will be in terms of the Remuneration Policy of that company.

ANNEXURE 2 TO THE REPORT OF BOARD OF DIRECTORS

Annual Report on CSR Activities of the Company for the financial year ended 31st March, 2015

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

1.	A brief outline of the Company's CSR policy, including overview of projects or programs proposed to be undertaken and a reference to the web-link to the CSR policy and projects or programs		ITC Infotech India Limited (ITC Infotech) being a wholly owned subsidiary of ITC Limited (ITC) will discharge its corporate social responsibility by aligning itself with the Corporate Social Responsibility (CSR) Policy of ITC. The Company will: ✔ undertake CSR activities as listed in Schedule VII of the Companies Act, 2013 (Act); ✔ undertake CSR activities through a registered trust or a registered society or a company established under Section 8 of the Act by ITC; ✔ contribute to the Corpus of a registered trust or a registered society or a company established under section 8 of the Act by ITC where (i) such trust / society / company is created exclusively for undertaking CSR activities or (ii) where the corpus is created exclusively for a purpose directly relatable to a subject covered in Schedule VII of the Act, and ✔ collaborate with ITC for undertaking CSR activities
2.	Composition of the CSR Committee		Mr. S. Sivakumar (Chairman) Mr. P. Chatterjee Mr. R. G. Jacob Mr. A. Nayak
3.	Average net profits of the Company for last three financial years		₹ 9250 lakhs
4.	Prescribed CSR Expenditure (two percent of the amount stated under 3 above)		₹ 185 lakhs
5.	Details of CSR spent during the financial year	a. Total amount to be spent for financial year	₹ 185 lakhs
		b. Amount unspent, if any	—

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

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
Sl. No.	CSR project or activity identified	Sector in which the project is covered	Projects or programs (1) Local area or other (2) Specify the State and district where projects or programs was undertaken	Amount outlay (budget) project or programs wise	Amount spent on the projects or programs Sub heads: (1)Direct expenditure on projects or programs (2) Overheads	Cumulative expenditure upto the reporting period	Amount spent: Direct or through implementing agency
1	Contribution to the Corpus of ITC Sangeet Research Academy	Preservation & propagation of Hindustani Classical Music [covered under Clause (v) of Schedule VII to the Companies Act, 2013]	N.A	₹ 190 lakhs	₹ 190 lakhs	₹ 190 lakhs	Implementing Agency – ITC Sangeet Research Academy, Kolkata

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

Dated: 30th April, 2015

S. Sivakumar
Chairman - CSR Committee

S. Rajagopalan
Managing Director

ANNEXURE 3 TO THE REPORT OF THE BOARD OF DIRECTORS

FOR THE FINANCIAL YEAR ENDED 31ST MARCH 2015

Particulars of Employees - Statement pursuant to Rule 5(2) of Companies (Appointment & Remuneration of Managerial Personnel) Rules, 2014

Employed throughout the year and in receipt of remuneration aggregating ₹ 60,00,000 /- or more p.a.

Name	Age	Designation / Nature of Duties	Gross Remuneration (₹)	Net Remuneration (₹)	Qualifications	Experience (Years)	Date of Joining	Previous Employment/ Position held
1	2	3	4	5	6	7	8	9
AYMAR ABRAHAM ##	30	Program Manager	6620599	3633208	B.E.	7	23-Jul-12	FCL Automotive, Gyancourt PLM Manager
BATRA RAKESH ####	51	Chief Financial Officer	7308428	3609274	B.COM(H), FCA	33	1-Sep-06	—
BRINK AB ##	47	General Manager - Business Development	12421754	6265218	Havo, MTS - WTB (Mech Engg.), NIMA (Mkg)	21	1-Mar-13	Computer Sciences Corporation Sr. Business Development Executive
DUNGERN CAROLINA ##	52	Process Consultant	6402417	2917429	B.S.	23	7-Jan-14	Phenometex GmbH Senior Consultant
GHOSH ANIRBAN #	32	Account Manager	7155683	4483500	M.B.A.	9	30-Jan-12	ABOVE Solutions India Pvt. Ltd. Senior Sales
GUPTA PRASHANT	44	Vice President - IT Services	6907614	4739285	B.E.	23	4-Mar-02	HCL Perot Systems Associate (PM)

Name	Age	Designation / Nature of Duties	Gross Remuneration (₹)	Net Remuneration (₹)	Qualifications	Experience (Years)	Date of Joining	Previous Employment/ Position held
1	2	3	4	5	6	7	8	9
KUMAR VISHAL #	44	Senior Vice President - Middle East & Africa	16776473	16699849	B.E.	22	13-Jan-03	PSI Data Systems Ltd. Sales & Marketing Manager
MOHAN NARAYANAN #	34	Manager - Business Development	5365123	5088623	M.B.A.	11	21-May-07	Changepond Technologies Business Development Executive
PARANJAPE P ##	44	General Manager - Business Development	9937471	6164865	M.Sc.	22	1-Mar-12	L&T Infotech GmbH Area Director
PATNI MUDIT #	35	Senior Manager - Business Development	9054018	6022107	PGDM	11	31-Dec-07	Patni Computers Systems Ltd. Assistant Manager- Business Development
PERIVIER MARC ##	46	Senior Manager - Business Development	13011052	7192048	M.Fin.	22	23-Apr-12	PTC Business Development Manager
RAJAKUMAR PREMKUMAR #	40	Project Manager	6432866	3582259	M.Com.	16	11-Jun-09	Coastal Training Technologies Project Manager
RAJESH B.A.B #	47	General Manager - Managed Services	8983508	5930531	B.Sc.	23	12-Jan-10	Bristlecone India Ltd. Manager- Delivery
SANDNES TORGEIR ##	51	General Manager - Business Development	15133264	9278620	M.E. (Economy)	26	3-Feb-14	NIPUNN Engineering AS Director BD
SEETHARAM SUDHINDRA #	38	Account Manager	10099334	4615270	M.Sc., PGDBA	15	11-Aug-10	Mindtree Ltd. Test Lead
SENGUPTA MOHUA	46	Senior Vice President - IT Services	6804675	4820393	M.B.A.	22	30-Aug-13	iGate Global Solutions Ltd. Head of Solutions & Vertical Innovation
SIVAGNANAM SANKAR #	35	Solution Lead	6792848	3545852	B.E.	15	2-May-12	Accenture Technology Solutions Integration Lead
SREENIVASAN V.	52	Senior Vice President - IT Services	6584436	4462346	B.E.	30	1-Oct-00	ITC Ltd. Head Software Development Centre
TALWAR ANAND	56	Senior Vice President - Talent Management	6181809	4203724	M.B.A.	31	9-Apr-01	Reliance Telecom Ltd. Vice President - HRD

Employed for a part of the year and in receipt of remuneration aggregating ₹ 5,00,000/- or more per month

Name	Age	Designation / Nature of Duties	Gross Remuneration (₹)	Net Remuneration (₹)	Qualifications	Experience (Years)	Date of Joining	Previous Employment/ Position held
1	2	3	4	5	6	7	8	9
ABRAHAM BABUJI	51	Senior Vice President - IT Services	5121067	3670169	B.E.	28	9-Jun-14	Mindtree Ltd. Senior Vice President
ANISH OSWIN KOSTKA #	40	Lead Consultant	505766	336341	B.E.	15	6-Dec-12	Tech Mahindra Ltd. Tech Lead
BABU V.V.R.	60	Senior Vice President - IT Services	9654076	5807112	M.Sc., M.Phil.	38	1-Oct-00	ITC Ltd. Divisional Head - India Operations (ISD)
BHARATH K.S. ###	45	Vice President - IT Services	1121946	953421	B.E.	22	3-Feb-03	Jay Gee Fashions Pvt. Ltd., Sr. Manager - Info Systems
CHINDALUR BADRINATH #	41	IT Consultant	1588658	1525458	B.E.	18	19-Feb-03	Digital Global Soft Sr Software Specialist
G. LAKSHMINARAYANAN	58	Vice President - IT Services	2218673	1798404	M.B.A.	37	1-Oct-00	ITC Ltd. Software Development Manager
GHARPURE RAVINDRA ##	41	General Manager - Business Development	2959781	1524717	M.E.	16	1-Dec-14	NIIT technologies BV Director BD
GUNTUPALLI VENKATA #	40	Lead Consultant	1620400	990854	B.S.	10	1-Jul-11	Sonata Software Consultant
HERLEKAR SUMEET #	35	Senior Manager - Business Development	10885946	6020181	PGPM	12	7-Jan-08	Wipro Technologies Project Leader
J. VANCHINATHAN	58	Vice President - IT Services	2717790	2084604	B.Sc.	37	1-Dec-00	ITC Ltd. Manager Software Support Group
K. LINGESH ##	30	Lead Consultant	1564279	878391	PGDIM	8	2-Jan-15	NIPUNN Engineering AS Senior Piping Engineer
KHURANA RAJEEV #	44	National Business Development Manager	3448169	3371545	PGDM	19	15-Feb-10	Wipro Infotech Ltd. Regional Manager
KRISHNAMURTHY RAMESH #	36	Service Delivery Manager	3562175	2192418	B.Com.	15	5-Nov-12	Microsoft Corporation Field Solutions manager
KUMAR RAJIV #	40	Manager - Business Development	5816358	2988284	PGDM	13	1-Aug-06	Steel RX Pvt. Ltd. Manager - Operations
OCHANI ANUP #	38	General Manager - Key Accounts	6951370	6874747	B.E.	17	12-Nov-07	Aptiva Consulting Project Manager
OYVIND TONNESSEN ##	49	General Manager - Business Development	8925609	4140663	B.Sc.	25	13-Aug-14	Infosys Ltd. Nordic head of Oil & Energy
PANDEY SUNIL #	30	Lead Consultant	5302347	2926181	B.Tech.	10	15-Apr-11	Aditya Birla Ltd. Assistant Manager (PLM)
PULAVORTY RAGHURAM #	40	General Manager - Delivery	5880083	3383452	M.B.A.	15	1-Oct-00	ITC Ltd. Asst.Systems Engineer
RAJAGOPALAN SUSHMA	51	Managing Director and Chief Executive Officer	9584000	6588589	M.B.A.	30	1-Aug-14	LiquidHub Inc. Global Partner
RAVINDRANATH SINGH #	36	Lead Consultant	1909087	1118563	B.E.	13	25-Apr-05	CLI3L E- services Ltd. Lead
S.C. GIRISH #	29	Lead Consultant	662375	447658	B.E.	6	7-Jul-08	NA

Name	Age	Designation / Nature of Duties	Gross Remuneration (₹)	Net Remuneration (₹)	Qualifications	Experience (Years)	Date of Joining	Previous Employment/ Position held
1	2	3	4	5	6	7	8	9
SAXENA SANDEEP ##	33	General Manager - Business Development	8064253	3576569	M.B.A.	13	6-Jun-14	Hexaware Technologies New BD
SINGH NEERAJ #	38	Head - PLM Services & Alliances (Europe)	9475853	5408603	B.Sc.	14	1-Oct-01	—
UDAY KOKATE ##	36	Senior Project Manager	3673552	2130874	PGDBM	13	18-Sep-14	NIPUNN Engineering AS Sr. Mechanical Engineer
VENKATRAMAN SRINIVAS ##	36	Senior Manager - Business Development	3660887	2043083	B.E.	14	1-Oct-14	Suntec Business Solutions Sales Director

Notes :

1. # On secondment to foreign branch / return from secondment; Remuneration includes Indian salary and foreign salary; foreign salary converted into Indian rupees at the average of the month end inter bank exchange rate.

2. ## Employed directly by the foreign branch.

3. ### On secondment to subsidiary company.

4. #### On deputation from ITC Ltd, the holding company; remuneration borne by the Company as per the terms of deputation of his services.

5. Remuneration includes salary, performance effectiveness pay, allowances, incentives, other benefits/applicable perquisites except contribution to the approved Group Pension under the Defined Benefit Scheme and Gratutity Funds 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.

6. 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.

7. Some of the employees listed above have been granted Stock Options by ITC Limited, the holding company, at 'market price' [within the meaning of the erstwhile SEBI (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999] under the ITC Employee Stock Option Schemes.

8. All appointments are / were contractual in accordance with terms and conditions as per Company's rules.

On behalf of the Board

New Delhi, 30th April 2015

S.Rajagopalan
Managing Director

S.Sivakumar
Vice Chairman

ANNEXURE 4 TO THE REPORT OF THE BOARD OF DIRECTORS

FORM MGT-9
EXTRACT OF ANNUAL RETURN

as on the financial year ended on 31st March, 2015

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

I. REGISTRATION AND OTHER DETAILS:

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

II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

All the business activities contributing 10% or more of the total turnover of the Company:-

Sl. No.	Name and Description of main products / services	NIC Code of the Product / service	% of total turnover of the Company
1.	Computer programming, consultancy and related activities	620	95.03%

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES

Sl. No.	NAME AND ADDRESS OF THE COMPANY	CIN / GLN	HOLDING/SUBSIDIARY/ ASSOCIATE	% of shares held	Applicable Section
1.	ITC Limited Virginia House 37 J. L. Nehru Road Kolkata - 700071	L16005WB1910PLC001985	Holding	100.00	2(46)
2.	ITC Infotech (USA), Inc. 12 Route, 17 North, Suite 303, Paramus, New Jersey 07652 United States	NA	Subsidiary	100.00	2(87)(ii)
3.	ITC Infotech Limited, UK Norfolk House, 118 Saxon Gate West, Milton Keynes. MK9 2 DN, United Kingdom	NA	Subsidiary	100.00	2(87)(ii)
4.	Pyxis Solutions, LLC 55 Broad St. Fl. 14 New York, NY 10004-2501	NA	Subsidiary	100% *ITC Infotech (USA), Inc. holds the entire Membership Interest*	2(87)(ii)(a)

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

(i) *Category-wise Shareholding:*

Category of Shareholders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
A. Promoters									
(1) **Indian**									
a) Individual/HUF	—	—	—		—	—	—	—	N.A
b) Central Govt	—	—	—		—	—	—	—	N.A
c) State Govt (s)	—	—	—		—	—	—	—	N.A
d) Bodies Corp.	—	8,52,00,000	8,52,00,000	100.00	—	8,52,00,000	8,52,00,000	100.00	Nil
e) Banks / FI	—	—	—		—	—	—	N.A	N.A
f) Any Other….	—	—	—		—	—	—	N.A	N.A
Sub-total (A)(1):-	**—**	**8,52,00,000**	**8,52,00,000**	**100.00**	**—**	**8,52,00,000**	**8,52,00,000**	**100.00**	**Nil**
(2) **Foreign**									
a) NRIs - Individuals	—	—	—	—	—	—	—	—	N.A
b) Other - Individuals	—	—	—	—	—	—	—	—	N.A
c) Bodies Corp.	—	—	—	—	—	—	—	—	N.A
d) Banks / FI	—	—	—	—	—	—	—	—	N.A
e) Any Other….	—	—	—	—	—	—	—	—	N.A
Sub-total (A)(2):-	—	—	—	—	—	—	—	—	N.A
Total shareholding of Promoter (A) = (A)(1)+(A)(2)	**—**	**8,52,00,000**	**8,52,00,000**	**100.00**	**—**	**8,52,00,000**	**8,52,00,000**	**100.00**	**Nil**
B. Public Shareholding									
1. **Institutions**									
a) Mutual Funds	—	—	—	—	—	—	—	—	N.A
b) Banks / FI	—	—	—	—	—	—	—	—	N.A
c) Central Govt	—	—	—	—	—	—	—	—	N.A
d) State Govt(s)	—	—	—	—	—	—	—	—	N.A
e) Venture Capital Funds	—	—	—	—	—	—	—	—	N.A
f) Insurance Companies	—	—	—	—	—	—	—	—	N.A
g) FIIs	—	—	—	—	—	—	—	—	N.A
h) Foreign Venture Capital Funds	—	—	—	—	—	—	—	—	N.A
i) Others (specify)	—	—	—	—	—	—	—	—	N.A
Sub-total (B)(1):-	—	—	—	—	—	—	—	—	**N.A**
2. **Non-Institutions**				NOT APPLICABLE					
a) Bodies Corp									
i) Indian	—	—	—	—	—	—	—	—	N.A
ii) Overseas	—	—	—	—	—	—	—	—	N.A
b) Individuals									
i) Individual shareholders holding nominal share capital upto ₹ 1lakh	—	—	—	—	—	—	—	—	N.A
ii) Individual shareholders holding nominal share capital in excess of ₹1 lakh	—	—	—	—	—	—	—	—	N.A
c) Others (specify)	—	—	—	—	—	—	—	—	N.A
Sub-total (B)(2):-	—	—	—	—	—	—	—	—	**N.A**
Total Public Shareholding (B)=(B)(1)+(B)(2)	—	—	—	—	—	—	—	—	**N.A**
C. Shares held by Custodian for GDRs & ADRs	—	—	—	—	—	—	—	—	**N.A**
Grand Total (A+B+C)	**—**	**8,52,00,000**	**8,52,00,000**	**—**	**—**	**8,52,00,000**	**8,52,00,000**	**100.00**	**Nil**

(ii) *Shareholding of Promoters:*

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

(iii) Change in Promoters' Shareholding

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

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

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

V. INDEBTEDNESS

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

Amount in (₹ Lakhs)

	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
Indebtedness at the beginning of the financial year i) Principal Amount ii) Interest due but not paid iii) Interest accrued but not due	NIL	NIL	NIL	NIL
Total (i+ii+iii)	NIL	NIL	NIL	NIL
Change in Indebtedness during the financial year ● Addition ● Reduction	NIL	10,000 (excluding interest) 10,000 (excluding interest)	NIL	10,000 (excluding interest) 10,000 (excluding interest)
Net Change	NIL	NIL	NIL	NIL
Indebtedness at the end of the financial year i) Principal Amount ii) Interest due but not paid iii) Interest accrued but not due	NIL	NIL	NIL	NIL
Total (i+ii+iii)				

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

A. Remuneration to Managing Director, Whole-time Directors and/or Manager:

Amount in (₹)

Sl. No.	Particulars of Remuneration	Sushma Rajagopalan - Managing Director & CEO **(Refer Note)**
1.	Gross salary	
(a)	Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	9088710/-
(b)	Value of perquisites u/s 17(2) Income-tax Act, 1961	—
(c)	Profits in lieu of salary under section 17(3) Income-tax Act, 1961	—
2.	Stock Option	—
3.	Sweat Equity	—
4.	Commission - as % of profit - others, specify…	—
5.	Others, please specify	—
	Total (A)	**9088710**/-
	Ceiling as per the Act	**91200000**/-

Note: Ms. Sushma Rajagopalan was appointed as Wholetime Director and Chief Operating Officer with effect from 4th August, 2014 and as Managing Director and Chief Executive Officer with effect from 1st November, 2014.

B. Remuneration to other Directors:

Amount in (₹)

Sl. No.	Particulars of Remuneration	Name of Director		Total Amount
		Partho Chatterjee	Ranjit G Jacob	
1.	**Independent Directors**			
	● Fee for attending Board / Committee meetings	45,000/-	30,000/-	75,000/-
	● Commission	NIL	NIL	NIL
	● Others, please specify	NIL	NIL	NIL
	Total (1)	**45,000**/-	**30,000**/-	**75,000**/-
2.	**Other Non-Executive Directors**			
	● Fee for attending Board / Committee meetings	NIL	NIL	NIL
	● Commission			
	● Others, please specify			
	Total (2)	NIL	NIL	NIL
	Total (B) = (1+2)	**45,000**/-	**30,000**/-	**75,000**/-
	Total Managerial Remuneration (A+B)			N.A.*
	Overall Ceiling as per the Act			

**** The Company has a Managing Director details of whom are provided under VI (A) above and the Independent Directors of the Company are not entitled to any remuneration other than sitting fees for attending Board / Board Committee Meetings and Independent Directors Meetings.***

C. *REMUNERATION TO KEY MANAGERIAL PERSONNEL OTHER THAN MD / MANAGER / WTD:* Amount in (₹)

Sl. No.	Particulars of Remuneration	Key Management Personnel		
		Rakesh Batra (Chief Financial Officer)**	Sanjay V Shah (Company Secretary)**	Total
1.	Gross salary			
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	5875228	4375200	10250428
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	1096840	607210	1704050
	(c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961	—	—	—
2.	Stock Option	—	—	—
3.	Sweat Equity	—	—	—
4.	Commission - as % of profit - others, specify…	—	—	—
5.	Others, please specify	—	—	—
	Total	**69,72,068**	**49,82,410**	**1,19,54,478**

** Notes:
1.On deputation from ITC Ltd, the holding company; remuneration borne by the Company as per the terms of deputation of services.
2. Have been granted Stock Options by ITC Limited, the holding company, at 'market price' [within the meaning of the erstwhile SEBI (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999] under the ITC Employee Stock Option Schemes.

VII. PENALTIES / PUNISHMENT / COMPOUNDING OF OFFENCES : Company / Directors / Other Officers in Default.

Type	Section of the Companies Act	Brief Description	Details of Penalty / Punishment / Compounding fees imposed	Authority [RD / NCLT / COURT]	Appeal made, if any (give details)
None					

On behalf of the Board

Dated: 30th April, 2015

S. Rajagopalan — **Managing Director**
S. Sivakumar — **Vice Chairman**

ANNEXURE 5 TO THE REPORT OF BOARD OF DIRECTORS

FORM AOC-2

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

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

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

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

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

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

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

a)	Name(s) of the related party and nature of relationship	Russell Credit Limited (Russell), fellow subsidiary
b)	Nature of contracts / arrangements / transactions	Unsecured Inter-Corporate Loan of ₹ 10,000 lakhs from Russell
c)	Duration of the contracts / arrangements / transactions	Not exceeding one year commencing from the date of first disbursement of the loan i.e. 30th December, 2014
d)	Salient terms of the contracts or arrangements or transactions including the value, if any	- Simple Interest payable at 10% 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
e)	Date(s) of approval by the Board, if any	14th November, 2014
f)	Amount paid as advances, if any	Nil

On behalf of the Board

Dated: 30th April, 2015

S. Rajagopalan — **Managing Director**
S. Sivakumar — **Vice Chairman**

ANNEXURE 6 TO THE REPORT OF BOARD OF DIRECTORS

Form No. MR-3
SECRETARIAL AUDIT REPORT
FOR THE FINANCIAL YEAR ENDED 31.03.2015

[Pursuant to section 204(1) of the Companies Act, 2013 and Rule No.9 of the Companies (Appointment and Remuneration Personnel) Rules, 2014]

To,

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

In connection with issue of a **SECRETARIAL AUDIT REPORT** pursuant to Sec.204 (1) of the Companies Act, 2013 and Rule No.9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 in respect of ITC Infotech India Limited (Company), we wish to state as under:

A. ITC Infotech India Limited is incorporated under the Companies Act, 1956 vide CIN.U65991WB1996PLC077341 dated 16.02.1996 issued by the Registrar of Companies, West Bengal, Kolkata.

B. We have verified the records maintained by the Company under the provisions of the Companies Act, 2013 (Act) from 01.04.2014 to 31.03.2015 and report that the Company has complied with the various provisions of the said Act.

C. The Authorised Capital of the Company is ₹ 86,00,00,000 (Eighty Six Crores) divided into 8,60,00,000 (Eight Crores Sixty Lakhs) Equity Shares of ₹10/- (Ten) each. The Issued, subscribed and Paid up Capital of the Company is ₹ 85,20,00,000 (Eighty Five Crores Twenty Lakhs) divided into 8,52,00,000 (Eight Crores Fifty Two Lakhs) Equity Shares of ₹10/- (Ten) each.

We have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by the Company. Secretarial Audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing our opinion thereon.

Based on our verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company and its officers during the conduct of secretarial audit, we hereby report that in our opinion, the Company has, during the audit period covering the financial year ended 31st March, 2015, complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanisms in place to the extent, in the manner and subject to the reporting made hereinafter.

We have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on 31st March, 2015 according to the provisions of:

a. The Companies Act, 2013 (the Act) and the Rules made thereunder;
b. Foreign Exchange Management Act, 1999 and the Rules and Regulations made thereunder.

We have also examined forms and returns filed and other records maintained by the Company for the financial year ended on 31st March, 2015 according to the rules and provisions of:

a. Software Technology Park of India (STPI) and the Rules made thereunder,
b. Employees Provident Fund Scheme, 1952
c. Income Tax Act, 1961
d. Service Tax Rules, 1994
e. Payment of Bonus Act, 1965
f. Payment of Gratuity Act, 1972
g. Payment of Wages Act, 1936
h. Maternity Benefit Act, 1961
i. The Minimum Wages Act, 1948
j. The Contract Labour (Regulation & Abolition) Act, 1970

We further report that:

The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent 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 the provisions of the Act.

Adequate notices were given to all the directors to schedule the Board Meetings, agenda and detailed notes on agenda were 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.

All Board decisions have been passed without any dissent.

The Company has duly complied with the provisions of the Companies Act, 2013. The Company has held board meetings during the year under report as under:-

Sl. No.	Dates	No of Meetings in a year
1.	7th May, 2014	Five
2.	4th August, 2014	
3.	14th November, 2014	
4.	20th December, 2014	
5.	23rd February, 2015	

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.

We further report that during the audit period the company has NIL events / actions having a major bearing on the Company's affairs in pursuance of the above referred laws, rules, regulations, guidelines, standards, etc.

This Report is issued based on the information that were made available at the time of verification of the records and clarifications furnished for queries raised by us and inspection of the documents, files, book, registers and other relevant papers made available for verification.

K Dushyantha & Associates
Company Secretaries in Practice

K. Dushyantha Kumar
C.P.No.: 6003
FCS No.:6662

Date: 30th April, 2015
Place: Bengaluru

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF ITC INFOTECH INDIA LIMITED

Report on the Financial Statements

1. We have audited the accompanying financial statements of ITC Infotech India Limited ("the Company"), which comprise the Balance Sheet as at March 31, 2015, the Statement of Profit and Loss, the Cash Flow Statement for the year then ended, and a summary of the significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

2. 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 financial statements to give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities, selection and application of appropriate accounting policies, making judgments and estimates that are reasonable and prudent, and design, implementation and maintenance of adequate internal financial controls, 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.

Auditors' Responsibility

3. Our responsibility is to express an opinion on these financial statements based on our audit.

4. We have taken into account the provisions of the Act and the Rules made thereunder including the accounting standards and matters which are required to be included in the audit report.

5. We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act and other applicable authoritative pronouncements issued by the Institute of Chartered Accountants of India. Those Standards and pronouncements require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

6. An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the financial statements that give a true and fair view, in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on whether the Company has in place an adequate internal financial controls system over financial reporting and the operating effectiveness of such controls. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the financial statements.

7. 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.

Opinion

8. 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 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, 2015, and its profit and its cash flows for the year ended on that date.

Report on Other Legal and Regulatory Requirements

9. As required by 'the Companies (Auditor's Report) Order, 2015', issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act (hereinafter referred to as the "Order"), and on the basis of such checks of the books and records of the Company as we considered appropriate and according to the information and explanations given to us, we give in the Annexure a statement on the matters specified in paragraphs 3 and 4 of the Order.

10. As required by Section 143(3) of the Act, we report that:

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

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

(c) The Balance Sheet, the Statement of Profit and Loss, and the Cash Flow Statement dealt with by this Report are in agreement with the books of account.

(d) In our opinion, the aforesaid financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.

(e) On the basis of the written representations received from the directors as on March 31, 2015 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2015 from being appointed as a director in terms of Section 164(2) of the Act.

(f) 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 knowledge and belief and according to the information and explanations given to us:

i) The Company has disclosed the impact of pending litigations as at March 31, 2015 on its financial position in its financial statements - refer Note 23(b);

ii) The company did not have any long-term contracts with material forseeable losses and did not have any long-term derivative contracts as at March 31, 2015.

iii) There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company during the year ended March 31, 2015.

for Lovelock & Lewes

Chartered Accountants

Sunit Kumar Basu

Partner

Membership Number: 55000

Place : New Delhi

Date : 30th April, 2015

ANNEXURE TO INDEPENDENT AUDITORS' REPORT

Referred to in paragraph 9 of the Independent Auditors' Report of even date to the members of ITC Infotech India Limited on the standalone financial statements for the year ended March 31, 2015

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

(b) The fixed assets are physically verified by the Management according to a phased programme designed to cover all the items over a period of three years which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. Pursuant to the programme, a portion of the fixed assets has been physically verified by the Management during the year and no material discrepancies have been noticed on such verification.

ii. The Company is in the business of rendering services, and consequently, does not hold any inventory. Therefore, the provisions of Clause 3(ii) of the said Order are not applicable to the Company.

iii. The Company has not granted any loans, secured or unsecured, to companies, firms or other parties covered in the register maintained under Section 189 of the Act. Therefore, the provisions of Clause 3(iii), (iii)(a) and (iii)(b) of the said Order are not applicable to the Company.

iv. In our opinion, and according to the information and explanations given to us, there is an adequate internal control system commensurate with the size of the Company and the nature of its business for the purchase of fixed assets and for the sale of goods and services. Further, on the basis of our examination of the books and records of the Company, and according to the information and explanations given to us, we have neither come across, nor have been informed of, any continuing failure to correct major weaknesses in the aforesaid internal control system.

v. The Company has not accepted any deposits from the public within the meaning of Sections 73, 74, 75 and 76 of the Act and the rules framed thereunder to the extent notified.

vi. The Central Government of India has not specified the maintenance of cost records under sub-section (1) of Section 148 of the Act for any of the products of the Company.

vii. (a) According to the information and explanations given to us and the records of the Company examined by us, in our opinion, the Company is regular in depositing the undisputed statutory dues, including provident fund, employees' state insurance, income tax, sales tax, wealth tax, service tax, duty of customs, duty of excise, value added tax and other material statutory dues, as applicable, with the appropriate authorities.

(b) According to the information and explanations given to us and the records of the Company examined by us, there are no dues of sales-tax, wealth-tax, customs duty and duty of excise which have not been deposited on account of any dispute. The particulars of dues of income tax and service tax as at March 31, 2015 which have not been deposited on account of a dispute, are as follows:

Name of the statute	Nature of dues	Amount (₹ in Lakhs)	Period to which the amount relates	Forum where the dispute is pending
Finance Act,1994	Service tax including Interest & Penalty	77*	April 01, 2007 to June 30, 2011	The Commissioner (Appeals), Bangalore
Income tax Act, 1961	Income tax including interest	629**	Assessment Year 2010-11	The Commissioner of Income Tax (Appeals) I, Kolkata
Income tax Act, 1961	Income tax including interest	559	Assessment Year 2011-12	The Commissioner of Income Tax (Appeals) I, Kolkata

* Net of amount deposited under protest ₹ 15 Lakhs.

** Net of amount deposited under protest ₹ 775 Lakhs.

(c) There are no amounts required to be transferred by the Company to the Investor Education and Protection Fund in accordance with the provisions of the Companies Act, 1956 and the rules made thereunder.

viii. The Company has no accumulated losses as at the end of the financial year and it has not incurred any cash losses in the financial year ended on that date or in the immediately preceding financial year.

ix. As the Company does not have any borrowings from any financial institution or bank nor has it issued any debentures as at the balance sheet date, the provisions of Clause 3(ix) of the Order are not applicable to the Company.

x. In our opinion, and according to the information and explanations given to us, the Company has not given any guarantee for loans taken by others from banks or financial institutions during the year. Accordingly, the provisions of Clause 3(x) of the Order are not applicable to the Company.

xi. The Company has not raised any term loans. Accordingly, the provisions of Clause 3(xi) of the Order are not applicable to the Company.

xii. During the course of our examination of the books and records of the Company, carried out in accordance with the generally accepted auditing practices in India, and according to the information and explanations given to us, we have neither come across any instance of material fraud on or by the Company, noticed or reported during the year, nor have we been informed of any such case by the Management.

Chartered Accountants

Sunit Kumar Basu
Partner
Membership Number: 55000

Place : New Delhi
Date : 30th April, 2015

BALANCE SHEET AS AT 31st MARCH, 2015

	Note	As at 31st March, 2015 (₹ in Lakhs)	As at 31st March, 2014 (₹ in Lakhs)
I EQUITY AND LIABILITIES			
1 Shareholders' Funds			
(a) Share Capital	2	**8,520**	8,520
(b) Reserves and Surplus	3	**28,984**	25,500
2 Non-current Liabilities			
(a) Long-term Provisions	4	**1,113**	1,076
3 Current Liabilities			
(a) Trade Payables	5	**3,015**	5,197
(b) Other Current Liabilities	6	**5,419**	5,274
(c) Short-term Provisions	7	**552**	2,370
TOTAL		**47,603**	47,937
II ASSETS			
1 **Non-current Assets**			
(a) Fixed Assets	8		
(i) Tangible Assets		**7,126**	6,388
(ii) Intangible Assets		**972**	909
(b) Non-current Investments	9	**8,704**	8,704
(c) Deferred Tax Assets	10	**1,597**	1,687
(d) Long-term Loans and Advances	11	**1,532**	235
2 Current Assets			
(a) Current Investments	12	**2,001**	5,409
(b) Trade Receivables	13	**18,881**	19,165
(c) Cash and Bank Balances	14	**1,131**	1,866
(d) Short-term Loans and Advances	15	**962**	931
(e) Other Current Assets	16	**4,697**	2,643
TOTAL		**47,603**	47,937
Significant Accounting Policies	1		

The accompanying notes 1 to 37 are an integral part of the Financial Statements

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

for Lovelock & Lewes
Firm Registration Number: 301056E
Chartered Accountants

Sunit Kumar Basu
Partner
Membership Number: 55000

Place : New Delhi
Date : 30th April, 2015

On behalf of the Board

S. Rajagopalan
Managing Director

S. Sivakumar
Vice Chairman

R. Batra
Chief Financial Officer

S. V. Shah
Company Secretary

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31st MARCH, 2015

		Note	For the year ended 31st March, 2015 (₹ in Lakhs)	For the year ended 31st March, 2014 (₹ in Lakhs)
I	**Revenue from Operations**	17	**95,916**	90,294
II	**Other Income**	18	**4,686**	2,296
	Total Revenue		**100,602**	92,590
III	**Expenses**			
	Employee Benefits Expense	19	**55,932**	51,040
	Other Expenses	20	**24,553**	23,878
	Finance Costs	21	**31**	71
	Depreciation and Amortisation Expense	8	**2,072**	2,513
	Total Expenses		**82,588**	77,502
IV	**Profit Before Tax**		**18,014**	15,088
V	**Tax Expenses**	22		
	Current Tax		**5,680**	5,749
	Deferred Tax		**134**	(781)
			5,814	4,968
VI	**Profit After Tax**		**12,200**	10,120
	Earnings Per Share (in ₹) (Face value ₹ 10 each) (Basic and Diluted)	28	**14.32**	11.88
	Significant Accounting Policies	1		

The accompanying notes 1 to 37 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 Lovelock & Lewes
Firm Registration Number: 301056E
Chartered Accountants

Sunit Kumar Basu
Partner
Membership Number: 55000

Place : New Delhi
Date : 30th April, 2015

On behalf of the Board

S. Rajagopalan
Managing Director

S. Sivakumar
Vice Chairman

R. Batra
Chief Financial Officer

S. V. Shah
Company Secretary

CASH FLOW STATEMENT FOR THE YEAR ENDED 31st MARCH, 2015

		For the year ended 31st March, 2015 (₹ in Lakhs)	(₹ in Lakhs)	For the year ended 31st March, 2014 (₹ in Lakhs)	(₹ in Lakhs)
A	**PROFIT BEFORE TAX**		**18,014**		15,088
	ADJUSTMENTS FOR :				
	Depreciation and Amortisation Expense	**2,072**		2,513	
	Dividend Income from Subsidiary Company	**(2,844)**		(2,119)	
	Dividend Income from Current Investments	**(270)**		(141)	
	Gain on sale of Current Investments	**(95)**		(6)	
	Fixed Assets - Loss on Sale / Discarded (net)	**130**		29	
	Unrealised (Gain) / Loss on Exchange (net)	**(392)**		386	
	Provision for Doubtful Receivables, Loans and Advances	**49**		421	
	Interest on Deposit	—		(1)	
	Finance Costs - Interest expense	**31**		71	
	Liabilities no longer required written back (included in Other Operating Revenues)	**(7)**		—	
			(1,326)		1,153
	OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES		**16,688**		16,241
	ADJUSTMENTS FOR :				
	Trade Receivables, Loans and Advances and Other Assets	**(1,709)**		(9,461)	
	Trade Payables, Other Liabilities and Provisions	**(2,900)**	**(4,609)**	2,093	(7,368)
	CASH FROM OPERATIONS		**12,079**		8,873
	Income Tax Paid		**(7,244)**		(4,867)
	NET CASH FROM OPERATING ACTIVITIES		**4,835**		4,006
B	**CASH FLOW FROM INVESTING ACTIVITIES :**				
	Purchase of Fixed Assets	**(3,505)**		(2,973)	
	Purchase of Current Investments	**(116,735)**		(61,506)	
	Sale / Redemption of Current Investments	**120,238**		56,103	
	Sale of Fixed Assets	**4**		1	
	Interest Received	—		2	
	Dividend Income from Current Investments	**270**		141	
	Dividend Income from Subsidiary Company	**2,844**		2,119	
	NET CASH FROM / (USED) IN INVESTING ACTIVITIES		**3,116**		(6,113)
C	**CASH FLOW FROM FINANCING ACTIVITIES :**				
	Interim Dividend on Equity Shares	**(7,668)**		—	
	Income Tax on Interim Dividend	**(964)**		—	
	Proceeds from Borrowings	**10,000**		—	
	Repayments of Borrowings	**(10,000)**		—	
	Interest paid	**(31)**		(21)	
	NET CASH USED IN FINANCING ACTIVITIES		**(8,663)**		(21)
	NET DECREASE IN CASH AND CASH EQUIVALENTS		**(712)**		(2,128)
	OPENING CASH AND CASH EQUIVALENTS		**1,870**		3,998
	CLOSING CASH AND CASH EQUIVALENTS		**1,158**		1,870
	CASH AND CASH EQUIVALENTS COMPRISE :				
	Cash and Cash Equivalents as above	**1,158**		1,870	
	Unrealised (Loss) / Gain on Foreign Currency Cash and Cash Equivalents	**(27)**		(4)	
	Cash and Bank Balances (Note 14)		**1,131**		1,866

The above Cash Flow Statement has been prepared under the "Indirect Method" as set out in Accounting Standard 3 "Cash Flow Statements".

The accompanying notes 1 to 37 are an integral part of the Financial Statements

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

for Lovelock & Lewes
Firm Registration Number: 301056E
Chartered Accountants

Sunit Kumar Basu
Partner
Membership Number: 55000

Place : New Delhi
Date : 30th April, 2015

On behalf of the Board

S. Rajagopalan
Managing Director

S. Sivakumar
Vice Chairman

R. Batra
Chief Financial Officer

S. V. Shah
Company Secretary

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 solutions and software development services.

1 SIGNIFICANT ACCOUNTING POLICIES

a) Convention

To prepare financial statements in accordance with applicable Accounting Standards in India. A summary of important accounting policies, which have been applied consistently, is set out below. The financial statements have also been prepared in accordance with relevant presentational requirements of the Companies Act, 2013, as applicable.

b) Basis of Accounting

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 set out in the Schedule III to the Companies Act, 2013, based on the nature of services rendered and their realisation in cash and cash equivalents.

c) Revenue Recognition

To recognise revenues from services performed on a "time and material" basis, as and when the services are performed.

To recognise revenues from services performed on "time bound fixed-price engagements" 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.

To recognise revenue from trading in software packages / licenses / hardware upon delivery to customer.

To treat amounts received or billed in advance of services performed as unearned revenue. Unbilled revenue represents amounts recognised based on services performed in advance of billing in accordance with contract terms.

d) Fixed Assets

To state fixed assets at actual cost less accumulated depreciation. The actual cost capitalised includes material cost, freight, installation cost, duties and taxes, finance charges and other incidental expenses incurred during the construction / installation stage.

To capitalise software 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.

To charge off as revenue expenditure all upgradations / enhancements unless they bring similar significant additional benefits.

e) Capital Work-In-Progress

To treat cost of assets not ready for use before the year-end as capital work-in-progress.

f) Depreciation

To calculate depreciation on Fixed Assets, Tangible and Intangible, in a manner that amortises the cost of the assets after commissioning (or other amount substituted for cost), less its residual value, over their estimated useful lives, or useful lives specified in Schedule II of the Companies Act, 2013.

Leasehold improvements are depreciated over a period shorter of lease period or estimated useful lives.

Capitalised software costs are amortised on the straight-line method over a period of five years or over the estimated useful lives, as is appropriate.

g) 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.

h) Investments

To state Current Investments at lower of cost and fair value; and Long Term Investments, including in Joint Ventures and Associates at cost. Where applicable, provision is made to recognise a decline, other than temporary, in valuation of Long Term Investments.

i) 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.

j) Proposed Dividend

To provide for Dividends (including income tax thereon) in the books of accounts as proposed by the Directors, pending approval at the Annual General Meeting.

k) Lease Rentals

To charge rentals in respect of leased premises and equipment to the Statement of Profit and Loss.

l) Research and Development

To charge off all revenue expenditure incurred on research and development in the year it is incurred. Assets purchased for research and development activities are included in fixed assets.

m) Taxes on Income

To provide and determine current tax as the amount of tax payable in respect of taxable income for the period, measured using applicable tax rates and tax laws.

To provide and recognise 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 losses unless there is virtual certainty that there will be sufficient future taxable income available to realise such assets.

n) Foreign Currency Translation

To account for transactions in foreign currency at the exchange rate prevailing on the date of transactions. Gains / losses arising out of fluctuations in the exchange rates are recognized in the Statement of Profit and Loss in the period in which they arise.

To account for differences between the forward exchange rates and the exchange rates at the date of transactions, as income or expense over the life of the contracts.

To account for profit / loss arising on cancellation or renewal of forward exchange contracts as income / expense for the period.

To account for gains / losses on foreign exchange rate fluctuations relating to monetary assets and liabilities at the Balance Sheet date.

To account for premium paid on currency options in the Statement of Profit and Loss at the inception of the option.

To account for profit / loss arising on settlement or cancellation of currency option as income / expense for the period.

To recognise the net mark to market losses in the Statement of Profit and Loss on the outstanding portfolio of options / forwards / swaps as at the Balance Sheet date, and to ignore the net gain, if any.

To translate the financial statements of the foreign branch offices of the Company using the same principles and procedures stated above as the operations of such branches are integral in nature.

To translate the financial statement of non-integral foreign operations by recording the exchange difference arising on translation of assets / liabilities and income / expenses in a foreign exchange translation reserve.

o) Employee Benefits

To make regular monthly contributions to Provident Fund administered by the Government of India which is in the nature of defined contribution scheme and to charge such amounts paid / payable in the Statement of Profit and Loss.

To administer through duly constituted and approved independent trusts, various Gratuity and Pension Funds which are in the nature of defined benefit schemes. The liabilities towards such schemes including employee leave encashment are ascertained by an independent actuarial valuation as per the requirements of Accounting Standard – 15 (revised 2005) on "Employee Benefits". To determine actuarial gains or losses as the difference between the actual and expected returns on plan assets, effect of changes in discount rates, unexpectedly high or low rates of employee turnover, early retirements, mortality or increase in salary benefits and the effect of changes in any other actuarial assumptions and to recognise such gains and losses immediately in the Statement of Profit and Loss as income or expense.

p) Borrowing Costs

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

q) Claims

To disclose claims against the Company not acknowledged as debts after a careful evaluation of the facts and legal aspects of the matter involved.

r) Segment Reporting

To identify segments having regard to the dominant source and nature of risks and returns and the internal organisation and management structure.

NOTES TO THE FINANCIAL STATEMENTS

	As at 31st March, 2015 (₹ In Lakhs)	As at 31st March, 2014 (₹ in Lakhs)
2 SHARE CAPITAL		
Authorised:		
8,60,00,000 (2014 - 8,60,00,000) Equity Shares of ₹ 10 each	8,600	8,600
Issued and subscribed		
8,52,00,000 (2014 - 8,52,00,000) 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.)		
	8,520	8,520
3 RESERVES AND SURPLUS		
Surplus in Statement of Profit and Loss		
At the beginning of the year	25,500	15,380
Less: Depreciation on transition to Schedule II of the Companies Act, 2013, on Tangible Fixed Assets (Net of Deferred Tax ₹ 44 lakhs) (Refer Note 34)	(84)	—
Add: Profit for the year	12,200	10,120
Less: Appropriations		
Interim Dividend on Equity Shares	(7,668)	—
Income Tax on Interim Dividend	(964)	—
At the end of the year	28,984	25,500

	As at 31st March, 2015 (₹ In Lakhs)	As at 31st March, 2014 (₹ in Lakhs)
4 LONG-TERM PROVISIONS		
Provision for Employee Benefits		
Retirement Benefits	211	198
Compensated Absences	902	878
	1,113	1,076
5 TRADE PAYABLES		
Trade Payables (Refer Note 24)	3,015	5,197
	3,015	5,197
6 OTHER CURRENT LIABILITES		
Other Payables		
Employee	3,747	3,432
Statutory Dues	1,335	1,167
Other Liabilities [includes payable for fixed assets ₹ 144 Lakhs (2014-₹ 514 Lakhs) and	337	675
Unearned Revenue ₹ 177 Lakhs (2014 ₹ 158 Lakhs)]	5,419	5,274
7 SHORT-TERM PROVISIONS		
Current Portion of Long-Term Employee Benefits		
Retirement Benefits	319	1,801
Compensated Absences	233	209
Provision for Income Tax [Net of Advance Tax* - ₹ Nil (2014 - ₹ 9,501 Lakhs)]	—	360
* Advance tax includes MAT credit entitlement of ₹ Nil (2014 - ₹ 1,305 Lakhs)		
	552	2,370

8. FIXED ASSETS 2014-15

(₹ in Lakhs)

DESCRIPTION	GROSS BLOCK					DEPRECIATION AND AMORTISATION					NET BLOCK	
	As at 1st April, 2014	Reclassification / Adjustment#	Additions	Withdrawals	As at 31st March, 2015	As at 1st April, 2014	Reclassification / Adjustment #*	For the Year	On Withdrawals	As at 31st March, 2015	As at 31st March, 2015	As at 31st March, 2014
(I) TANGIBLE ASSETS												
Leasehold Properties - Building Improvement	3,491	—	386	40	3,837	2,504	—	223	35	2,692	1,145	987
Plant and Equipment	4,480	(3,696)	123	12	895	2,216	(1,802)	26	11	429	466	2,264
Furniture and Fixtures	1,671	(4)	380	68	1,979	1,065	(4)	101	65	1,097	882	606
Motor Vehicles	—	13	—	—	13	—	—	2	—	2	11	—
Office Equipment	276	945	170	76	1,315	104	393	180	72	605	710	172
Computers, Servers and Networks*	5,122	(5)	1,168	641	5,644	2,763	124	968	608	3,247	2,397	2,359
Electrical Installations and Equipment	—	2,747	366	150	2,963	—	1,417	146	115	1,448	1,515	—
SUB TOTAL	15,040	—	2,593	987	16,646	8,652	128	1,646	906	9,520	7,126	6,388
Previous Year	12,607	—	2,698	265	15,040	6,706	—	2,180	234	8,652	6,388	
(II) INTANGIBLE ASSETS												
Capitalised Software	4,450	—	542	117	4,875	3,541	—	426	64	3,903	972	909
SUB TOTAL	4,450	—	542	117	4,875	3,541	—	426	64	3,903	972	909
Previous Year	4,140	—	310	—	4,450	3,208	—	333	—	3,541	909	
GRAND TOTAL	19,490	—	3,135	1,104	21,521	12,193	128	2,072	970	13,423	8,098	7,297
Previous Year	16,747	—	3,008	265	19,490	9,914	—	2,513	234	12,193	7,297	

Pursuant to notification of Schedule II of the Companies Act, 2013 , with effect from 1st April, 2014, the Company has reclassified its Fixed Assets in the current year.

* Reclassification / adjustment under Depreciation and Amortisation includes Rs. 128 Lakhs of depreciation adjusted against the opening balance of surplus in Statement of Profit and Loss pursuant to Schedule II of the Companies Act, 2013 (Refer Note 34)

8. FIXED ASSETS 2013-14 (contd.)

(₹ in Lakhs)

DESCRIPTION	GROSS BLOCK				DEPRECIATION AND AMORTISATION				NET BLOCK	
	As at 1st April, 2013	Additions/ Adjustment	Withdrawals	As at 31st March, 2014	As at 1st April, 2013	For the year	On Withdrawals	As at 31st March, 2014	As at 31st March, 2014	As at 31st March, 2013
(I) TANGIBLE ASSETS										
Leasehold Properties - Building Improvement	3,131	360	—	3,491	1,718	786	—	2,504	987	1,413
Plant and Equipment	3,554	947	21	4,480	1,713	522	19	2,216	2,264	1,841
Office Equipment	251	36	11	276	109	4	9	104	172	142
Computers etc.	4,131	1,191	200	5,122	2,251	696	184	2,763	2,359	1,880
Furniture and Fixtures	1,540	164	33	1,671	915	172	22	1,065	606	625
SUB TOTAL	12,607	2,698	265	15,040	6,706	2,180	234	8,652	6,388	5,901
Previous Year	10,812	2,138	343	12,607	5,007	2,012	313	6,706	5,901	
(II) INTANGIBLE ASSETS										
Capitalised Software	4,140	310	—	4,450	3,208	333	—	3,541	909	932
SUB TOTAL	4,140	310	—	4,450	3,208	333	—	3,541	909	932
Previous Year	3,252	888	—	4,140	2,871	337	—	3,208	932	
GRAND TOTAL	16,747	3,008	265	19,490	9,914	2,513	234	12,193	7,297	6,833
Previous Year	14,064	3,026	343	16,747	7,878	2,349	313	9,914	6,833	

	As at 31st March, 2015 (₹ In Lakhs)	As at 31st March, 2014 (₹ in Lakhs)
9 NON-CURRENT INVESTMENT		
Long-Term, Trade Investments - Unquoted (At Cost) Subsidiary Companies		
ITC Infotech Limited (UK) 6,85,815 (2014 - 6,85,815) Equity Shares of GBP 1 each, fully paid	687	687
ITC Infotech (USA), Inc. 1,82,000 (2014 - 1,82,000) Ordinary Shares without par value, fully paid	8,017	8,017
	8,704	8,704

	As at 31st March, 2015 (₹ In Lakhs)	As at 31st March, 2014 (₹ in Lakhs)
10 DEFERRED TAX ASSETS		
On provision for employees' separation and retirement etc.	1,055	1,049
On provision for doubtful receivables and advances	175	230
On fiscal allowances on fixed assets [including ₹ 44 Lakhs on depreciation adjusted against Surplus in Statement of Profit and Loss (2014 - ₹ Nil)] (Refer Note 34)	294	278
Other timing differences	73	130
	1,597	1,687

	As at 31st March, 2015 (₹ in Lakhs)	As at 31st March, 2014 (₹ in Lakhs)
11 LONG-TERM LOANS AND ADVANCES		
Good and Unsecured		
Loans to Employees	69	105
Other Advances (Unexpired Expenses)	25	51
Deposits with Others (includes deposits for Company accommodations, offices)	193	64
Advance Tax * (Net of Provision for Income Tax ₹ 15,368 Lakhs (2014 - ₹ Nil))	1204	—
* Advance tax includes MAT credit entitlement of ₹ 1,305 Lakhs (2014 - ₹ Nil)		
Advances with Government and Public Bodies	41	15
	1,532	235
12 CURRENT INVESTMENTS		
Current Investments (at lower of cost and fair value)		
Investment in Mutual Funds - Quoted		
HDFC Liquid Fund - Growth 72,61,469 Units (2014 Nil) of ₹ 10 each	2,001	—
Aggregate amount of quoted investments	2,001	—
Investment in Mutual Funds - Unquoted		
Reliance Liquid Fund - Treasury Plan - Daily Dividend Option Nil Units (2014 - 1,04,769) of ₹ 1,000 each	—	1,602
Reliance Liquidity Fund - Daily Dividend Reinvestment Nil Units (2014 - 1,90,371) of ₹ 1,000 each	—	1,905
JP Morgan India Liquid Fund Super Institutional - Daily Dividend Reinvestment Nil Units (2014 - 1,89,73,263) of ₹ 10 each	—	1,902
Aggregate amount of unquoted investments	—	5,409
	2,001	5,409
Market value of quoted investments ₹ 2,002 Lakhs (2014 - ₹ Nil)		
Aggregate excess of cost over fair value ₹ Nil (2014 - ₹ Nil)		
13 TRADE RECEIVABLES		
Trade receivables outstanding for a period exceeding six months from the date they are due for payment		
Unsecured, considered good	491	598
Unsecured, considered doubtful	477	639
	968	1,237
Less: Provision for doubtful receivables	(477)	(639)
	491	598
Others		
Unsecured, considered good	18,390	18,567
	18,881	19,165
14 CASH AND BANK BALANCES		
Cash and Cash Equivalents@		
Cash on Hand	—	1
Cheques, Drafts on hand	—	—*
Balances with banks :		
On Current Accounts	1,131	1,865
@ Cash and cash equivalents include cash on hand, cheques, drafts on hand, cash at bank with original maturity of 3 months or less		
	1,131	1,866
*Amount is below the rounding off norm adopted by the Company		
15 SHORT - TERM LOANS AND ADVANCES		
Unsecured, Considered Good		
Advances with Statutory Authorities	428	251
Loans to Employees	28	50
Other Advances (includes advance to employees, unexpired expenses)	420	533
Deposits with Others (includes deposits for Company accommodations, offices)	86	97
Unsecured, Considered Doubtful		
Loans to Employees	22	22
Other Advances (includes advance to employees)	15	15
	37	37
Less : Provision for Short - Term Loans and Advances	(37)	(37)
	962	931
16 OTHER CURRENT ASSETS		
Unsecured, Considered Good		
Unbilled Revenue	4,697	2,643
	4,697	2,643

	For the year ended 31st March, 2015 (₹ in Lakhs)	For the year ended 31st March, 2014 (₹ in Lakhs)
17 REVENUE FROM OPERATIONS		
Sale of Services		
Exports	75,873	73,808
Domestic	19,734	15,761
Resale of Software and Hardware		
Exports	7	81
Domestic	295	644
Other Operating Revenues	7	—
	95,916	90,294
18 OTHER INCOME		
Interest on Deposits (Gross)	—*	1
Interest Others (includes interest on income tax refunds, employee loans)	83	5
Dividend from Subsidiary Company	2,844	2,119
Profit on Sale of Fixed Assets	4	1
Gain on Exchange (Net)	1,350	—
Miscellaneous Income	40	23
Gain on sale of Current Investments	95	6
Dividend Income from Current Investments	270	141
* Amount is below the rounding off norm adopted by the Company	4,686	2,296
19 EMPLOYEE BENEFITS EXPENSE		
Salaries and Bonus	53,100	47,762
Contribution to Provident and Other Funds (Refer Note 27)	2,063	2,496
Workmen and Staff Welfare Expenses	530	476
Reimbursement of Contractual Remuneration	239	306
	55,932	51,040
20 OTHER EXPENSES		
Rent (Refer Note 25)	1,920	654
Rates and Taxes	19	11
Insurance	494	328
Travelling and Conveyance	7,747	6,182
Recruitment Expenses	603	466
Communication	542	443
Power and Fuel	766	726
Outsourcing Charges	7,524	8,575
Software and Related Expenses	1,333	1,132
Purchase of Hardware and Software for Resale	218	621
Business Development Expenses	734	597
Repairs and Maintenance		
- Buildings	217	395
- Machinery	220	196
- Others	208	179
Legal, Professional and Consultancy Expenses	737	1,106
Doubtful and Bad Receivables	49	412
Doubtful and Bad Loans and Advances	—	9
Fixed Assets Discarded	134	30
Auditors' Remuneration and Expenses (Refer Note 29)	20	19
Expenditure on Corporate Social Responsibility	190	—
Training and Development	342	352
Bank Charges	40	60
Printing and Stationery	36	32
Loss on Exchange (Net)	—	998
Miscellaneous Expenses	460	355
	24,553	23,878
21 FINANCE COSTS		
Interest Expense on :		
Borrowings (Refer Note 37)	31	—
Advance Tax	—	71
	31	71
22 TAX EXPENSES		
Current Tax [including tax on foreign branches ₹ 104 Lakhs (2014 - ₹ 131 Lakhs)]	5,680	5,759
Adjustments / (Credits) related to previous years (Net)	—	(10)
	5,680	5,749
Deferred Tax Charge / (Credit)	134	(781)
	5,814	4,968

23 Commitments and Contingencies

a) Estimated amount of contracts remaining to be executed on capital account and not provided for ₹ Nil (2014 - ₹ Nil).

b) Claims against the Company not acknowledged as debts ₹ 1,996 Lakhs (2014 - ₹ 1,886 Lakhs). These comprise:

i) Service tax claims disputed by the Company relating to issues of applicability aggregating ₹ 98 Lakhs (2014 - ₹ 98 Lakhs).

ii) Income tax claims disputed by the Company relating to issues of applicability and determination aggregating ₹ 1,898 Lakhs (2014 - ₹ 1,788 Lakhs).

It is not practicable for the Company to estimate the closure of these issues and the consequential timing of cash flow, if any, in respect of the above. An amount of ₹ 15 Lakhs (2014 - ₹ 15 Lakhs) has been deposited under protest and is included in Note 11 under Long-Term Loans and Advances.

24 Micro and Medium scale business entities

A sum of ₹ 11 Lakhs is payable to Micro and Small Enterprises as at 31st March, 2015 (2014 ₹ 9 Lakhs). There are no Micro, Small and Medium Enterprises, to whom the Company made payments beyond 45 days during the year. Further there are no dues to Micro, Small and Medium Enterprises outstanding for more than 45 days as at 31st March, 2015. 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.

25 The Company's significant leasing arrangements are in respect of operating leases for premises (residential, office etc.). These leasing arrangements, which are not non-cancellable, range between 11 months and 9 years generally, and are usually renewable by mutual consent on mutually agreeable terms. The aggregate lease rentals payable by the Company on account of such not non-cancellable leasing arrangements ₹ 1,748 Lakhs (2014 - ₹ 598 Lakhs) have been charged as Rent under Note 20 to the Accounts.

The Company has a few non-cancellable leasing arrangements, with lock-in period upto 3 years, for which the lease rentals of ₹ 172 Lakhs (2014 - ₹ 56 Lakhs) has been charged as Rent under Note 20 to the Accounts.

The future minimum lease payment for the non-cancellable operating lease are as follows:

	31st March, 2015	31st March, 2014
Not later than one year	₹ 186 Lakhs	₹ 150 Lakhs
Later than one year and not later than five years	₹ 66 Lakhs	₹ 6 Lakhs

26 The Company uses forward exchange contracts to hedge against its foreign currency exposure relating to the underlying transactions and firm commitments. The use of foreign exchange forward contracts reduces the risk or cost to the Company. The Company does not use the foreign exchange forward contracts for trading or speculation purposes. The information on such outstanding contracts as at the year-end is as follows:

Currency	Cross Currency	31st March, 2015 Buy	31st March, 2015 Sell	31st March, 2014 Buy	31st March, 2014 Sell
GBP	USD	—	18	—	12
EUR	USD	—	137	—	96
USD	INR	—	288	22	297
AUD	USD	—	5	—	—
DKK	USD	125	—	75	—
ZAR	USD	—	19	—	—
NOK	USD	28	—	17	—

Foreign exchange currency exposures that have not been hedged by a derivative instrument or otherwise as at year end.

Currency	Cross Currency	31st March, 2015 Buy	Sell	Net	31st March, 2014 Buy	Sell	Net#
GBP	USD	38	34	4	4	—	4
EUR	USD	9	—	9	20	3	17
USD	INR	7	—	7	26	—	26
AUD	USD	5	—	5	3	4	(1)
DKK	USD	182	—	182	185	—	185
AED	USD	3	—	3	2	—*	2
HKD	USD	13	—	13	12	—	12
ZAR	USD	5	—	5	9	8	1
SEK	USD	5	—	5	4	—	4
SAR	USD	—	—	—	—*	—	—*
KRW	USD	—	—	—	8	—	8
NOK	USD	19	—	19	24	—	24

#Figures in brackets indicate open exports. Figures without brackets indicate open imports.
** Amount is below the rounding off norm adopted by the Company*

27 Employee Benefits

(a) The following table sets out the Defined Benefit Plans / Long-Term Compensated Absences as per Actuarial Valuation as on 31st March, 2015 and recognised in the financial statements in respect of Employee Benefit Schemes :

(₹ in Lakhs)

		For the year ended 31st March, 2015			For the year ended 31st March, 2014		
		Pension	Gratuity	Leave Encashment	Pension	Gratuity	Leave Encashment
I.	**Components of Employer Expense**	**Partly Funded**	**Funded**	**Unfunded**	Partly Funded	Funded	Unfunded
1	Current Service Cost	202	197	217	224	165	200
2	Interest cost	203	152	77	220	124	71
3	Expected Return on Plan Assets	(170)	(123)	—	(160)	(100)	—
4	Actuarial Losses / (Gains)	(152)	89	(68)	95	455	92
5	**Total expense recognised in the Statement of Profit & Loss**	83	315	226	379	644	363
	The Pension and Gratuity Expenses have been recognised in "Contribution to Provident and Other Funds" and Leave Encashment in "Salaries & Bonus" in Note 19.						
II.	**Actual Returns**	317	207	—	105	63	—
III.	**Net Asset / (Liability) recognised in Balance Sheet**						
1	Present Value of Defined Benefit Obligation	2,830	2,411	1,135	2,815	2,031	1,087
2	Fair Value on Plan Assets	2,614	2,097	—	1,761	1,084	—
3	Status [Surplus/(Deficit)]	(216)	(314)	(1,135)	(1,054)	(947)	(1,087)
	Current	(5)	(314)	(233)	(856)	(947)	(209)
	Non-current	(211)	—	(902)	(198)	—	(878)
4	**Net Asset / (Liability) recognised in Balance Sheet**	(216)	(314)	(1,135)	(1,054)	(947)	(1,087)
IV.	**Change in Defined Benefit Obligations (DBO)**						
1	Present Value of DBO at beginning of the year	2,815	2,031	1,087	2,568	1,438	853
2	Current Service Cost	202	197	217	224	165	200
3	Interest Cost	203	152	77	220	124	71
4	Actuarial (Gains) / Losses	(6)	172	(68)	40	418	92
5	Benefits Paid	(384)	(141)	(178)	(237)	(114)	(129)
6	**Present Value of DBO at the end of the year**	2,830	2,411	1,135	2,815	2,031	1,087
V.	**Best Estimate of Employer's Expected Contribution for the next year**	491	189	—	920	947	—
VI.	**Change in Fair Value of Assets**						
1	Plan Assets at Beginning of the year	1,761	1,084	—	1,790	1,135	—
2	Expected Return on Plan Assets	170	123	—	160	100	—
3	Actuarial Gains / (Losses)	147	84	—	(55)	(37)	—
4	Actual Company Contributions	920	947	—	104	—	—
5	Benefits Paid	(384)	(141)	—	(238)	(114)	—
6	**Plan Assets at the End of the year**	2,614	2,097	—	1,761	1,084	—

		For the year ended 31st March, 2015	For the year ended 31st March, 2014
VII.	**Actuarial Assumptions**		
1	Discount Rate (%)	7.75%	9%
2	Expected Return on Plan Assets (%)	7.75%	9%
3	Long-term rate of compensation increase (%)	8%	10%

The estimates of future salary increases, considered in actuarial valuations take account of inflation, seniority, promotion and other relevant factors such as supply and demand factors in the employment market.

		As at 31st March, 2015	As at 31st March, 2014
VIII.	**Major Category of Plan Assets as a % of the Total Plan Assets**		
1	Government Securities / Special Deposit with RBI	39%	38%
2	High Quality Corporate Bonds	34%	33%
3	Insurance Companies*	16%	17%
4	Mutual Funds	3%	3%
5	Cash and Cash Equivalents	8%	9%

*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 of 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 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)

X. Net Asset / (Liability) recognised in Balance Sheet (Including experience adjustment impact)	For the year ended 31st March, 2015			For the year ended 31st March, 2014			For the year ended 31st March, 2013			For the year ended 31st March, 2012			For the year ended 31st March, 2011		
	Pension	Gratuity	Leave Encashment	Pension	Gratuity	Leave Encashment	Pension	Gratuity	Leave Encashment	Pension	Gratuity	Leave Encashment	Pension	Gratuity	Leave Encashment
1 Present Value of Defined Benefit Obligation	2,830	2,411	1,135	2,815	2,031	1,087	2,568	1,438	853	1,933	1285	827	1,748	1,098	817
2 Fair Value of Plan Assets	2,614	2,097	—	1,761	1,084	—	1,790	1,135	—	1,267	877	—	1,220	898	—
3 Status [Surplus / (Deficit)]	(216)	(314)	(1,135)	(1,054)	(947)	(1,087)	(778)	(303)	(853)	(666)	(408)	(827)	(528)	(200)	(817)
4 Experience Adjustment of Plan Assets [Gain / (loss)]	120	64	—	(37)	(26)	—	(28)	(20)	—	(10)	(15)	—	(91)	(23)	—
5 Experience Adjustment of Obligation [(Gain) / Loss]	(160)	282	(59)	(67)	260	73	511	120	73	5	62	(56)	(16)	62	28

(b) Amounts towards Defined Contribution Plans have been recognised under "Contribution to Provident and Other Funds" in Note 19 ₹ 1,665 Lakhs (2014 ₹ 1,472 Lakhs).

	For the year ended 31st March, 2015 ₹ in Lakhs	For the year ended 31st March, 2014 ₹ in Lakhs
28 Earnings per share		
(a) Profit after Taxation	12,200	10,120
(b) Weighted average number of Equity Shares Numbers	8,52,00,000	8,52,00,000
(c) Earnings Per Share (Face value of ₹ 10 per share) (Basic and Diluted)	₹ 14.32	₹ 11.88
29 Auditors' Remuneration and Expenses		
(Net of service tax credit)		
Audit Fees	15	14
Tax Audit Fees	2	2
Fees for Auditors' Certifications and Reports	2	2
Reimbursement of Expenses	1	1
	20	19
30 Value of Imports during the year (C.I.F. Basis)		
Capital Goods	1,022	1,084
	1,022	1,084
31 Expenditure in Foreign Currency during the year (On Accrual Basis)		
Travel	3,607	3,016
Professional, Consultancy and Account Management Fees	5,159	6,987
Software and Related Expenses	60	166
Expenditure of Foreign Branches	8,215	8,523
Others	65	15
	17,106	18,707
32 Earnings in foreign exchange during the year (F.O.B. – Accrual Basis)		
Sale of Services and Resale of Software and Hardware	75,880	73,889
Dividend from Subsidiary Company	2,844	2,119
	78,724	76,008

33 Interim Dividend

The Board of Directors of the Company at its meeting held on 20th December, 2014 has declared an interim dividend of ₹ 9/- (2014: Nil) per Equity Share of ₹ 10/- each on 8,52,00,000 Equity Shares, aggregating ₹ 7,668 Lakhs (2014: Nil).

Further, the Board of Directors at its meeting held on 30th April, 2015, recommended the interim dividend as the final dividend for the financial year ended 31st March, 2015.

34 Pursuant to notification of Schedule II of the Companies Act, 2013, with effect from 1st April, 2014, the Company has reviewed and revised the estimated useful life of its fixed assets. In respect of assets, whose useful life is exhausted as at 1st April, 2014, the related carrying amount aggregating ₹ 84 Lakhs (net of Deferred Tax of ₹ 44 Lakhs) has been adjusted against opening balance of surplus in Statement of Profit and Loss. Further, the revision of useful life of the fixed assets, on account of adoption of Schedule II of the Companies Act, 2013, and extension of lease period, has resulted in reduction in depreciation of ₹ 112 Lakhs and ₹ 582 Lakhs respectively.

35 Previous year's figures have been re-grouped / re-classified wherever necessary to correspond with the current year's classification / disclosure.

36 SEGMENT REPORTING

The Company operates in a single business segment - information technology, which is its primary segment. The geographical segments are secondary segments and have been identified accordingly as India and Rest of the World. In view of only one business segment, disclosure of information relating to primary segment is not applicable.

	31st March, 2015 (₹ in Lakhs)	31st March, 2014 (₹ in Lakhs)
SECONDARY SEGMENT INFORMATION (GEOGRAPHICAL SEGMENTS):		
Segment Revenue		
India	20,029	16,405
Rest of the World	75,880	73,889
Total Revenue	95,909	90,294
Segment Assets *		
India	25,225	26,781
Rest of the World	19,577	19,469
Total Assets	44,802	46,250
Capital Expenditure *		
India	3,132	2,991
Rest of the World	3	18
Total Capital Expenditure	3,135	3,009

* Fixed Assets and Capital Expenditure have been considered on the basis of physical location.

37 RELATED PARTY DISCLOSURES AS PER ACCOUNTING STANDARD - 18

(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 Pyxis Solutions, LLC

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

Fellow Subsidiary Companies:

Surya Nepal Private Limited
Wimco Limited
Technico Agri Sciences Limited
North East Nutrients Private Limited
Russell Credit Limited
Srinivasa Resorts Limited

Entities under Common Control

ITC Sangeet Research Academy

(iv) KEY MANAGEMENT PERSONNEL

Non-Executive Directors

Mr. Y.C. Deveshwar - Chairman
Mr. S. Sivakumar - Vice Chairman
Mr. A. Nayak
Mr. B. B. Chatterjee
Mr. R. Tandon
Mr. B. Sumant (w.e.f. 1st November, 2014 till 20th December, 2014)
Mr. P. Chatterjee (w.e.f. 23rd February, 2015)
Mr. R.G. Jacob (w.e.f. 23rd February, 2015)

Management Committee Members

Mr. B. Sumant - Managing Director (till 31st October, 2014)
Ms. S. Rajagopalan (Chief Operating Officer w.e.f. 1st August, 2014, Whole-time Director w.e.f. 4th August, 2014, Managing Director w.e.f. 1st November, 2014)
Mr. R. Batra
Mr. A. Talwar
Mr. V. V. R. Babu (till 19th January, 2015)
Mr. V. V. Rajasekhar
Mr. S. V. Shah
Mr. V. Sreenivasan
Mr. A. Jagannath (w.e.f. 4th August, 2014)
Mr. B. P. Abraham (w.e.f. 4th August, 2014)
Mr. R. K. Iyer (w.e.f. 4th August, 2014)
Ms. M. Sengupta (w.e.f. 4th August, 2014)

(v) DISCLOSURE OF TRANSACTIONS BETWEEN THE COMPANY AND RELATED PARTIES AND THE STATUS OF OUTSTANDING BALANCES AS ON 31ST MARCH, 2015

(₹ in Lakhs)

Description	Holding Company		Wholly Owned Subsidiaries						Fellow Subsidiaries		Entities under common control		Key Management Personnel		Total	
	2015	2014	2015			2014			2015	2014	2015	2014	2015	2014	2015	2014
			ITC Infotech Limited (UK)	ITC Infotech (USA), Inc.	Pyxis Solutions, LLC	ITC Infotech Limited (UK)	ITC Infotech (USA), Inc.	Pyxis Solutions, LLC								
1 Sale of Goods / Services	11,516	9,968	8,368	16,264	150	7,142	16,552	176	568	506	—	—	—	—	36,866	34,344
2 Purchase of Goods / Services	63	46	3,394	129	—	5,865	—	—	—	—*	—	—	—	—	3,586	5,911
3 Rent Paid	1,407	175	—	—	—	—	—	—	—	—	—	—	—	—	1,407	175
4 Remuneration to Key Management Personnel																
(i) Directors	—	—	—	—	—	—	—	—	—	—	—	—	93	—	93	—
(ii) Others	—	—	—	—	—	—	—	—	—	—	—	—	413	388	413	388
5 Reimbursement of Contractual Remuneration [includes remuneration to Key Management Personnel Rs. 117 Lakhs (2014 - Rs. 109 Lakhs)]	239	306	—	—	—	—	—	—	—	—	—	—	—	—	239	306
6 Expenses Recovered	18	23	300	287	—	196	358	—	—	—	—	—	—	—	605	577
7 Expenses Reimbursed	749	906	159	192	—	186	153	—	—	—	—	—	—	—	1,100	1,245
8 Receipt towards Loan Repayment	—	—	—	—	—	—	—	—	—	—	—	—	4	8	4	8
9 Interim Dividend	7,668	—	—	—	—	—	—	—	—	—	—	—	—	—	7,668	—
10 Dividend Income	—	—	2,844	—	—	2,119	—	—	—	—	—	—	—	—	2,844	2,119
11 Interest Paid on Loans	—	—	—	—	—	—	—	—	31	—	—	—	—	—	31	—
12 Interest Recovered on Loans	—	—	—	—	—	—	—	—	—	—	—	—	—	1	—	1
13 Loans Received	—	—	—	—	—	—	—	—	10,000	—	—	—	—	—	10,000	—
14 Loan Repaid	—	—	—	—	—	—	—	—	10,000	—	—	—	—	—	10,000	—
15 Expenditure on Corporate Social Responsibility	—	—	—	—	—	—	—	—	—	—	190	—	—	—	190	—
16 Balances as at 31st March,																
i) Trade Receivables	—	—	4,570	6,255	—*	872	5,237	13	400	248	—	—	—	—	11,225	6,370
ii) Loans Given	—	—	—	—	—	—	—	—	—	—	—	—	—	4	—	4
iii) Trade Payables	3	51	3,652	324	—	3,511	—	—	—	—	—	—	—	—	3,979	3,562

* The amount is below the rounding off norm adopted by the Company

37 RELATED PARTY DISCLOSURES AS PER ACCOUNTING STANDARD - 18

(vi) INFORMATION REGARDING SIGNIFICANT TRANSACTIONS / BALANCES

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

(₹ in Lakhs)

Related Party Transactions Summary	2015	2014
1. Remuneration to Key Management Personnel		
Ms. S. Rajagopalan	92	—
Mr. R. Batra	73	63
Mr. V. V. R. Babu	81	84
2. Receipt towards Loan Repayment		
Mr. V. V. R. Babu	4	—
Mr. S. Janardhanan	—	4
Mr. V. V. Rajasekhar	—	4
3. Interest recovered on Loan		
Mr. S. Janardhanan	—	1
4. Interest paid on Loan		
Russell Credit Limited	31	—

(₹ in Lakhs)

Related Party Transactions Summary	2015	2014
5. Loan Received		
Russell Credit Limited	10,000	—
6. Loan Repaid		
Russell Credit Limited	10,000	—
7. Balances as at 31st March		
i) Loans given		
Mr. V. V. R. Babu	—	4

for Lovelock & Lewes
Firm Registration Number : 301056E
Chartered Accountants

Sunit Kumar Basu
Partner
Membership Number : 55000

Place : New Delhi
Date : 30th April, 2015

On behalf of the Board

S. Rajagopalan
Managing Director

S. Sivakumar
Vice Chairman

R. Batra
Chief Financial Officer

S. V. Shah
Company Secretary

FORM AOC-1

(PURSUANT TO FIRST PROVISO TO SUB-SECTION (3) OF SECTION 129 READ WITH RULE 5 OF COMPANIES (ACCOUNTS) RULES, 2014)
STATEMENT CONTAINING SALIENT FEATURES OF THE FINANCIAL STATEMENT OF SUBSIDIARIES / ASSOCIATE COMPANIES / JOINT VENTURES

PART A: SUBSIDIARIES

Amount in ₹

1	Sl. No.	1	2	3
2	Name of the Subsidiary	ITC Infotech Limited (UK)	ITC Infotech (USA), Inc.	Pyxis Solutions, LLC
3	Reporting period for the subsidiary concerned, if different from the holding company's reporting period	Not Applicable	Not Applicable	Not Applicable
4	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 = ₹ 92.47	Reporting Currency - USD Exchange Rate USD 1 = ₹ 62.50	Reporting Currency - USD Exchange Rate USD 1 = ₹ 62.50
5	Share Capital	6,34,17,313	113,75,00,000	Note 1
6	Reserves and Surplus	34,93,42,505	1,15,43,500	12,81,97,875
7	Total Assets	81,60,24,355	212,03,31,938	13,89,92,938
8	Total Liabilities	81,60,24,355	212,03,31,938	13,89,92,938
9	Investments	—	—	—
10	Turnover	282,21,62,424	486,15,24,526	18,40,48,471
11	Profit before Taxation	9,17,63,650	8,25,67,511	36,87,066
12	Provision for Taxation	2,45,00,850	3,60,94,441	Note 2
13	Profit after Taxation	6,72,62,800	4,64,73,070	36,87,066
14	Proposed Dividend	28,67,49,563	—	—
15	% of Shareholding	100%	100%	100%

Note 1: Pyxis Solutions, LLC ("Pyxis") is a New York Limited Liability Company and does not have any share capital. ITC Infotech (USA), Inc., holds 100% membership interest of Pyxis.
Note 2: Pyxis is a disregarded entity for income tax purposes. ITC Infotech (USA), Inc. pays income tax on the consolidated results of its operations including Pyxis.

PART B: ASSOCIATES AND JOINT VENTURES - NOT APPLICABLE

On behalf of the Board

S. Rajagopalan
Managing Director

S. Sivakumar
Vice Chairman

Place : New Delhi
Date : 30th April, 2015

R. Batra
Chief Financial Officer

S. V. Shah
Company Secretary

STRATEGIC REPORT

The Directors present their Strategic Report for the year ended 31 March 2015.

Key performance indicators

GBP (million)

Year Ended March 31	2015	2014
Total Income	28.69	25.29
Cost of Sales	22.19	17.72
Gross Profit	6.50	7.57
Profit before Tax	0.93	1.57
Profit after Tax	0.68	1.18

Total income at GBP 28.69 million is higher in comparison to the previous year. Profit before tax at GBP 0.93 million is lower in comparison with the previous year due to higher operating costs.

Business review

2014-15 was a year of growth for your company, with revenue 13.4% higher than 2013-14. With the UK economy recovering faster than most other European countries, revenue from strategic clients in banking, consumer packaged goods, manufacturing, and retail showed significant growth.

In new business acquisition, in particular, your Company's strategy of leveraging the deep domain knowledge and technology expertise built in the travel and services vertical was successful, with many new clients added to the portfolio during the year. Your Company today works with leading travel providers in Europe, and is being recognized as a leader in this business.

Our long term strategy of investment in sales representation in Europe, as articulated last year, continued during 2014-15, enabling deeper market penetration across Europe and was instrumental in the Company winning a significant number of new clients during the year, and is also building momentum for 2015-16.

While partnerships with key Independent Software Vendors continued to show traction, direct sales channels saw a renewed thrust, leveraging the investments made in the sales organisation. Increasingly, these channels will drive growth for your Company, in the coming year.

With enhanced sales capability, newly acquired marquee global organisations as clients, and existing accounts presenting new opportunities, your Company looks forward to 2015-16 with confidence.

Principal Risks and Uncertainties

There remains continuing uncertainty in economies of some of the countries in Europe which may impact projected growth. However, your Company follows a long term strategy of investment and is confident of effectively addressing challenges that may arise on the business development front.

As stated last year, a growing demand for IT outsourcing and hence skilled resources, has a corresponding need to rapidly scale up onsite teams which brings with it the twin challenges of identifying and recruiting suitable talent within a short cycle time. Your Company has strengthened the recruitment team in UK to meet this challenge.

Despite the challenges articulated, your Company is confident that it has the depth in talent and will be able to grow business in the extremely competitive environment.

Approved by the Board on 30th April, 2015 and signed on behalf of the Board by

ITC Infotech Limited
Norfolk House
118, Saxon Gate West
Milton Keynes
MK9 2DN

S. Rajagopalan
Director

S. Sivakumar
Vice Chairman

DIRECTORS' REPORT

Your Directors present their Report together with the Audited Financial Statements for the year ended 31st March, 2015.

The Company is a wholly owned subsidiary of ITC Infotech India Limited (I3L), incorporated in India.

Principal activities

The Company is engaged in marketing and sales activities and delivery of IT services.

Financial risk management objectives and policies

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

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

a) Market risk - currency risk

The Company is exposed to translation and transaction foreign exchange risks. While the Company makes payments, mostly in GBP, to its major supplier(s), 6% (2014: 17%) of its sales in the year under review were in US dollars and 16% (2014: 23%) 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.

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 4.25 (2014: GBP 3) per Ordinary share of GBP 1 each on 685,815 shares, aggregating GBP 2,914,714, declared by the Board of Directors on 23rd February, 2015 (2014 : GBP 2,057,445) as the final dividend for the year ended 31st March, 2015.

Directors

In terms of Article 17 of the Articles of Association of the Company and as nominated by I3L, the Board of Directors of the Company at its meeting held on 4th August, 2014 appointed Ms. Sushma Rajagopalan as a Director of the Company.

Mr. B. Sumant resigned as a Director of the Company with effect from close of business on 20th December, 2014. Your Board of Directors places on record its appreciation of the contribution made by Mr. B. Sumant during his tenure as Director of the Company.

The Directors in office at the end of the year are listed below. All the Directors, except Mr. B. Sumant and Ms. S. Rajagopalan, served on the Board throughout the year. The Directors did not have any interest in the shares of the Company as at 31st March, 2015 and 1st April, 2014 as indicated below:

	2015 and 2014 Ordinary Shares
Y. C. Deveshwar	—
S. Sivakumar	—
B. B. Chatterjee	—
S. Rajagopalan (effective 4th August, 2014)	—
B. Sumant (till 20th December, 2014)	—
R. Tandon	—

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

Statement of directors' responsibilities

UK Company Law requires the Directors to prepare strategic report, directors' report and financial statements for each financial year, which give a true and fair view of the affairs of the Company and of the profit or loss of the company for that year. In preparing those financial statements, the Directors are required to:

i. select suitable accounting policies and then apply them consistently;

ii. make judgements and estimates that are reasonable and prudent;

iii. prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business;

The Directors are responsible for keeping proper 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 for taking reasonable steps for the prevention and detection of fraud and other irregularities.

In so far as the directors are aware: (i) there is no relevant audit information of which the Company's Auditors are unaware; and (ii) they have taken all steps that ought to have been taken to make themselves aware of any relevant audit information and to establish that the auditors are aware of that audit information.

Based on a careful consideration of various facts and circumstances including, inter-alia, orders in hand and cash reserves, the Directors are of the opinion that there are no material uncertainties that may cast significant doubt about the Company's ability to continue as a going concern.

Approved by the Board on 30th April, 2015 and signed on behalf of the Board by

ITC Infotech Limited
Norfolk House
118, Saxon Gate West
Milton Keynes
MK9 2DN

S. Rajagopalan
Director

S. Sivakumar
Vice Chairman

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF ITC INFOTECH LIMITED

Report on the financial statements

Our opinion

In our opinion, ITC Infotech Limited's financial statements (the "financial statements"):

- give a true and fair view of the state of the company's affairs as at 31 March 2015 and of its profit and cash flows for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

What we have audited

ITC Infotech Limited's financial statements comprise:

- the balance sheet as at 31 March 2015;
- the profit and loss account and the statement of total recognised gains and losses for the year then ended;
- the cash flow statement for the year then ended; and
- the notes to the financial statements, which include a summary of significant accounting policies and other explanatory information.

The financial reporting framework that has been applied in the preparation of the financial statements is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

In applying the financial reporting framework, the directors have made a number of subjective judgements, for example in respect of significant accounting estimates. In making such estimates, they have made assumptions and considered future events.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion, 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.

Other matters on which we are required to report by exception

Adequacy of accounting records and information and explanations received

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

- we have not received all the information and explanations we require for our audit; or

- adequate accounting records have not been kept, 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.

We have no exceptions to report arising from this responsibility.

Directors' remuneration

Under the Companies Act 2006 we are required to report to you if, in our opinion, certain disclosures of directors' remuneration specified by law are not made. We have no exceptions to report arising from this responsibility.

Responsibilities for the financial statements and the audit

Our responsibilities and those of the directors

As explained more fully in the Statement of Directors' Responsibilities set out on page 6, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland) ("ISAs (UK & Ireland)"). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

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

What an audit of financial statements involves

We conducted our audit in accordance with ISAs (UK & Ireland). An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of:

- whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed;
- the reasonableness of significant accounting estimates made by the directors; and
- the overall presentation of the financial statements.

We primarily focus our work in these areas by assessing the directors' judgements against available evidence, forming our own judgements, and evaluating the disclosures in the financial statements.

We test and examine information, using sampling and other auditing techniques, to the extent we consider necessary to provide a reasonable basis for us to draw conclusions. We obtain audit evidence through testing the effectiveness of controls, substantive procedures or a combination of both.

In addition, we read all the financial and non-financial information in the Annual Report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Mike Robinson (Senior Statutory Auditor)

For and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors

Milton Keynes

30th April, 2015

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31 MARCH, 2015

	Note	**2015** £	**Unaudited 2015** ₹	2014 £	Unaudited 2014 ₹
Turnover	2	**28,686,343**	**2,652,626,137**	25,291,506	2,523,207,096
Cost of sales		**22,188,393**	**2,051,760,701**	17,719,151	1,767,751,136
Gross profit		**6,497,950**	**600,865,436**	7,572,355	755,455,960
Other operating charges	3	**5,569,652**	**515,025,720**	6,006,665	599,254,901
Operating profit	4	**928,298**	**85,839,716**	1,565,690	156,201,059
Operating profit before foreign exchange					
Loss		**1,071,544**	**99,085,674**	2,256,521	225,121,775
Foreign exchange loss		**(143,246)**	**(13,245,958)**	(690,831)	(68,920,716)
Interest receivable and similar income	6	**4,449**	**411,399**	5,446	543,333
Profit on ordinary activities before taxation		**932,747**	**86,251,115**	1,571,136	156,744,392
Tax on profit on ordinary activities	7	**249,043**	**23,029,006**	386,164	38,525,652
Profit for the financial year		**683,704**	**63,222,109**	1,184,972	118,218,740

All of the activities of the company are classed as continuing.

There is no material difference between the profit on ordinary activities before taxation and the profit for the financial years stated above and their historical costs equivalents

BALANCE SHEET AS AT 31 MARCH, 2015

	Note	**2015** £	**Unaudited 2015** ₹	2014 £	Unaudited 2014 ₹
Fixed assets					
Tangible assets	8	**34,117**	**3,154,799**	28,872	2,880,415
Current assets					
Debtors	9	**7,483,316**	**691,982,230**	7,153,481	713,667,032
Cash at bank and in hand		**1,307,314**	**120,887,326**	1,698,040	169,404,961
		8,790,630	**812,869,556**	8,851,521	883,071,993
Creditors: amounts falling due within one year	11	**4,357,990**	**402,983,336**	2,307,270	230,184,787
Provision for liabilities	10	**3,041**	**281,201**	1,220	121,713
		4,361,031	**403,264,537**	2,308,490	230,306,500
Net current assets		**4,429,599**	**409,605,019**	6,543,031	652,765,493
Total assets less current liabilities		**4,463,716**	**412,759,818**	6,571,903	655,645,908
Capital and reserves					
Called up equity share capital	15	**685,815**	**63,417,313**	685,815	68,420,333
Profit and loss account	17	**3,777,901**	**349,342,505**	5,886,088	587,225,575
Total shareholders' funds	18	**4,463,716**	**412,759,818**	6,571,903	655,645,908

These financial statements were approved by the directors on 30th April, 2015 and are signed on their behalf by:

H. S. Garewal	G. Bindal	S. Rajagopalan	S. Sivakumar
President	Financial Controller	Director	Vice Chairman

The accompanying accounting policies and notes form part of these financial statements.

CASH FLOW STATEMENT FOR THE YEAR ENDED 31 MARCH, 2015

	Note	2015 £	Unaudited 2015 ₹	2014 £	Unaudited 2014 ₹
Net cash inflow/ (outflow) from operating activities	19	**2,908,069**	**268,909,140**	2,613,684	260,754,208
Returns on investments and servicing of finance					
Interest received		**4,366**	**403,724**	3,513	350,474
Net cash inflow from returns on investments and servicing of finance		**4,366**	**403,724**	3,513	350,474
Taxation		**(368,629)**	**(34,087,123)**	(353,327)	(35,249,708)
Capital expenditure					
Payments to acquire tangible fixed assets		**(19,818)**	**(1,832,570)**	(8,355)	(833,537)
Net cash outflow from capital expenditure		**(19,818)**	**(1,832,570)**	(8,355)	(833,537)
Equity dividends paid to shareholders	16	**(2,914,714)**	**(269,523,604)**	(2,057,445)	(205,260,983)
Increase / (decrease) in cash	19	**(390,726)**	**(36,130,433)**	198,070	19,760,454

The accompanying accounting policies and notes form part of these financial statements.

STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES

	2015 £	Unaudited 2015 ₹	2014 £	Unaudited 2014 ₹
Profit for the financial year	**683,704**	**63,222,109**	1,184,972	118,218,740
Currency translation (loss) / gain of retained earnings of overseas branches	**122,823**	**11,357,443**	88,243	8,803,543
Total recognised gains and losses relating to the financial year	**806,527**	**74,579,552**	1,273,215	127,022,283

Notes to the financial statements

Supplementary information - Indian Rupee amounts

The financial statements of ITC Infotech Limited are prepared in accordance with accounting principles generally accepted in the United Kingdom, the country of incorporation, 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 GBP 1 = ₹ 92.47 (2014: GBP 1 = ₹ 99.765) as provided by the parent company. The supplementary information has not been audited.

1. Principal accounting policies

Basis of accounting

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 accounting standards in the United Kingdom. The principal accounting policies, which have been applied consistently throughout the year, are set out below.

Financial instruments

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the entity after deducting all of its financial liabilities.

Where the contractual obligations of financial instruments (including share capital) are equivalent to a similar debt instrument, those financial instruments are classed as financial liabilities. Financial liabilities are presented as such in the balance sheet. Finance costs and gains or losses relating to financial liabilities are included in the profit and loss account. Finance costs are calculated so as to produce a constant rate of return on the outstanding liability.

Where the contractual terms of share capital do not have any terms meeting the definition of a financial liability then this is classed as an equity instrument. Dividends and distributions relating to equity instruments are debited direct to equity.

Turnover

Turnover is the total amount received / receivable by the company for goods supplied and services provided, excluding VAT and trade discounts.

Turnover from services performed on a "time and materials" basis is recognised as income as and when the services are performed.

Turnover from services performed on a "time bound fixed price" basis is recognised as income using the percentage of completion method of accounting, if work completed can be reasonably estimated.

Turnover from trading in software packages / licenses / hardware is recognised as income upon delivery to the customer.

An amount received or billed in advance of services performed is recognised as unearned revenue. Unbilled revenue represents amounts recognised based on services performed in advance of billing in accordance with contract terms.

Fixed assets

All fixed assets are initially recorded at cost.

Depreciation

Depreciation is calculated to write down the cost of an asset, less its estimated residual value, over the useful economic life of that asset as follows:

Leasehold improvements	-	25%
Fixtures and fittings	-	25%
Computer equipment	-	25%

Leased assets

All leases are operating leases and the payments made under them are charged to the profit and loss account on a straight-line basis over the lease term.

Deferred taxation

Deferred tax is recognised on all timing differences where the transactions or events that give the company an obligation to pay more tax in the future, or a right to pay less tax in the future, have occurred by the balance sheet date. Deferred tax assets are recognised when it is more likely than not that they will be recovered. Deferred tax is measured using rates of tax that have been enacted or substantively enacted by the balance sheet 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.

Recruitment costs

Legal costs and other charges incurred to obtain visas and other required immigration papers for recruits, recruitment fees and relocation costs are charged to the Profit & Loss Account when such costs are incurred.

2. Turnover

The turnover and profit before tax are attributable to the one principal activity of the company.
An analysis of turnover is given below:

	2015 £	**Unaudited 2015** ₹	2014 £	Unaudited 2014 ₹
United Kingdom	**20,957,231**	**1,937,915,150**	16,186,032	1,614,799,482
India	**3,427,112**	**316,905,047**	6,001,603	598,749,923
US	**36,321**	**3,358,603**	318,843	31,809,372
Singapore	**188,550**	**17,435,218**	129,631	12,932,637
Europe	**3,541,157**	**327,450,788**	2,263,679	225,835,936
Other	**535,972**	**49,561,331**	391,718	39,079,746
	28,686,343	**2,652,626,137**	25,291,506	2,523,207,096

3. Other operating charges

Administrative expenses	**5,569,652**	**515,025,720**	6,006,665	599,254,901
	5,569,652	**515,025,720**	6,006,665	599,254,901

4. Operating profit

Operating profit is stated after charging:				
Depreciation of owned fixed assets	**14,573**	**1,347,564**	13,308	1,327,672
Auditor's remuneration:				
- audit fees	**24,210**	**2,238,699**	22,100	2,204,807
- non audit fees - taxation and other services	**7,500**	**693,525**	—	—
Loss/(gain) on foreign exchange	**143,246**	**13,245,958**	690,831	68,920,716
Operating lease costs:				
Land and buildings	**55,219**	**5,106,101**	53,717	5,359,077
Plant and equipment	**1,732**	**160,158**	1,732	172,793

5. Directors and employees

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

By Activity	**2015 No.**	2014 No.
Delivery	**198**	167
Marketing	**24**	22
Administration	**8**	5
	230	194

The aggregate payroll costs of the above were:

	2015 £	**Unaudited 2015** ₹	2014 £	Unaudited 2014 ₹
Wages and salaries	**10,843,117**	**1,002,663,029**	9,386,295	936,423,712
Social security costs	**1,233,805**	**114,089,948**	1,023,014	102,061,038
	12,076,922	**1,116,752,977**	10,409,309	1,038,484,750

Remuneration in respect of directors was nil (2014: £nil).

6. Interest receivable & similar income

Bank interest receivable	**4,366**	**403,724**	3,513	350,474
Other miscellaneous income	**83**	**7,675**	1,933	192,859
	4,449	**411,399**	5,446	543,333

	2015 £	Unaudited 2015 ₹	2014 £	Unaudited 2014 ₹
7. Tax on profit on ordinary activities				
(a) Analysis of charge in the year				
Current tax:				
- UK Corporation tax on profits of the year	**212,870**	**19,684,089**	323,257	32,249,735
- Adjustment in respect of previous years	**14,340**	**1,326,020**	63,602	6,345,254
- Withholding Tax	**20,012**	**1,850,509**	—	—
Total current tax	**247,222**	**22,860,618**	386,859	38,594,989
Deferred tax:				
Origination and reversal of timing differences	**1,821**	**168,388**	(695)	(69,337)
Tax on profit on ordinary activities	**249,043**	**23,029,006**	386,164	38,525,652
(b) Factors affecting current tax charge				
The tax assessed on the profit on ordinary activities for the year is higher than (2014: higher than)				
the standard rate of corporation tax in the UK of 21% (2014 - 23%).				
Profit on ordinary activities before taxation	**932,747**	**86,251,115**	1,571,136	156,744,392
Profit on ordinary activities multiplied by rate of tax	**195,877**	**18,112,746**	361,262	36,041,304
Expenses not deductible for tax purposes	**30,650**	**2,834,206**	26,663	2,660,034
Movement in capital allowances	**(1,973)**	**(182,443)**	(25)	(2,494)
Adjustments to tax charge in respect of previous years	**2,656**	**245,600**	(1,041)	(103,855)
Withholding tax	**20,012**	**1,850,509**	—	—
Total current tax (note 7(a))	**247,222**	**22,860,618**	386,859	38,594,989

The standard rate of UK corporation tax changed from 23% to 21% with effect from 01 April 2014. Accordingly the company's profits for this accounting year are taxed at 21%.

The standard rate of UK corporation tax will change to 20% from 01 April 2015 and 20% from 01 April 2016. UK deferred tax is therefore recognised at the reduced rate of 20%.

8. Tangible fixed assets

	Leasehold improvements £	Unaudited Leasehold improvements ₹	Fixtures and fittings £	Unaudited Fixtures and fittings ₹	Computer equipment £	Unaudited Computer equipment ₹	Total £	Unaudited Total ₹
Cost								
At 1 April 2014	52,300	4,836,181	60,737	5,616,350	217,172	20,081,895	330,209	30,534,426
Additions	—	—	—	—	19,818	1,832,570	19,818	1,832,570
Disposal	—	—	(22,441)	(2,075,119)	(140,370)	(12,980,014)	(162,811)	(15,055,133)
At 31 March 2015	52,300	4,836,181	38,296	3,541,231	96,620	8,934,451	187,216	17,311,863
Depreciation								
At 1 April 2014	51,549	4,766,736	59,531	5,504,832	190,257	17,593,065	301,337	27,864,633
Charge for the year	334	30,885	130	12,021	14,109	1,304,658	14,573	1,347,564
Eliminated on Disposal	—	—	(22,441)	(2,075,119)	(140,370)	(12,980,014)	(162,811)	(15,055,133)
At 31 March 2015	51,883	4,797,621	37,220	3,441,734	63,996	5,917,709	153,099	14,157,064
Net book value								
At 31 March 2015	417	38,560	1,076	99,497	32,624	3,016,742	34,117	3,154,799
At 31 March 2014	751	69,445	1,206	111,518	26,915	2,488,830	28,872	2,669,793

For simplicity, the brought forward Rupee amounts at 1 April 2014 have been translated at the 31 March 2015 exchange rate.

9. Debtors

	2015 £	Unaudited 2015 ₹	2014 £	Unaudited 2014 ₹
Trade debtors	**7,384,233**	**682,820,025**	4,288,685	427,860,659
Amounts owed by group undertakings	—	—	2,740,085	273,364,580
Other debtors	**22,729**	**2,101,751**	42,221	4,212,178
Prepayments and accrued income	**76,354**	**7,060,454**	82,490	8,229,615
	7,483,316	**691,982,230**	7,153,481	713,667,032

	2015 £	Unaudited 2015 ₹	2014 £	Unaudited 2014 ₹
10. Provision for liabilities				
Deferred taxation				
The deferred tax included in the Balance sheet is as follows:				
Deferred tax (liability) / asset	**(3,041)**	**(281,201)**	(1,220)	(121,713)
The movement in the deferred taxation account during the year was:				
Balance brought forward	**(1,220)**	**(112,813)**	(1,915)	(191,050)
Profit and loss account movement arising during the year	**(1,821)**	**(168,388)**	695	69,337
Balance carried forward	**(3,041)**	**(281,201)**	(1,220)	(121,713)
The balance of the deferred taxation account consists of the tax effect of timing differences in respect of:				
Excess of depreciation over taxation allowances on fixed assets	**(3,041)**	**(281,201)**	(1,220)	(121,713)

For simplicity, the brought forward Rupee amounts at 1 April 2014 have been translated at the 31 March 2015 exchange rate.

11. Creditors: amounts falling due within one year

	2015 £	Unaudited 2015 ₹	2014 £	Unaudited 2014 ₹
Trade creditors	**895,526**	**82,809,289**	384,112	38,320,912
Amounts owed to group undertakings	**1,010,861**	**93,474,317**	—	—
Corporation tax	**1,087**	**100,515**	122,494	12,220,614
Other taxation and social security	**424,251**	**39,230,490**	162,200	16,181,883
Other creditors	**2,026,265**	**187,368,725**	1,638,464	163,461,378
	4,357,990	**402,983,336**	2,307,270	230,184,787

12. Leasing commitments

At 31 March, 2015 the company had annual commitments under non-cancellable operating leases as set out below.

	2015				2014			
	Land & Buildings £	Unaudited Land & Buildings ₹	Other Items £	Unaudited Other Items ₹	Land & Buildings £	Unaudited Land & Buildings ₹	Other Items £	Unaudited Other Items ₹
Operating leases which expire:								
Within 1 year	**55,219**	**5,106,101**	—	—	53,717	5,359,077	—	—
Within 1 to 2 years	—	—	**1,732**	**160,158**	—	—	991	98,867
Within 2 to 5 years	—	—	—	—	—	—	741	73,926
	55,219	**5,106,101**	**1,732**	**160,158**	53,717	5,359,077	1,732	172,793

13. Capital commitments

There were no capital commitments at 31 March 2015 or 31 March 2014.

14. Contingent liabilities

There were no contingent liabilities at 31 March 2015 or 31 March 2014.

15. Called up equity share capital

Authorised share capital:

	2015 £	Unaudited 2015 ₹	2014 £	Unaudited 2014 ₹
1,629,700 (2014: 1,629,700) Ordinary shares of £1 each	**1,629,700**	**150,698,359**	1,629,700	162,587,021

Allotted, called up and fully paid:

	No.	2015 £	Unaudited 2015 ₹	No.	2014 £	Unaudited 2014 ₹
Ordinary shares of £1 each	**685,815**	**685,815**	**63,417,313**	685,815	685,815	68,420,333

16. Dividends

	2015 £	Unaudited 2015 ₹	2014 £	Unaudited 2014 ₹
Ordinary shares				
Interim paid: £4.25 (2014:£3) per £1share	**2,914,714**	**269,523,604**	2,057,445	205,260,983
	2,914,714	**269,523,604**	2,057,445	205,260,983

17. Profit and loss account

		Unaudited
	£	₹
At 1 April 2014	**5,886,088**	**544,286,557**
Profit for the financial year	**683,704**	**63,222,109**
Other recognised losses and gains	**122,823**	**11,357,443**
Dividends	**(2,914,714)**	**(269,523,604)**
At 31 March 2015	**3,777,901**	**349,342,505**

For simplicity, the brought forward Rupee amounts at 1 April 2014 have been translated at the 31 March 2015 exchange rate.

18. Reconciliation of movements in shareholders' funds

		Unaudited		Unaudited
	2015	**2015**	2014	2014
	£	₹	£	₹
Profit for the financial year	**683,704**	**63,222,109**	1,184,972	118,218,740
Other recognised losses and gains	**122,823**	**11,357,443**	88,243	8,803,543
Net addition to shareholders' funds	**806,527**	**74,579,552**	1,273,215	127,022,283
Opening shareholders' funds	**6,571,903**	**607,703,870**	7,356,133	733,884,608
Dividends	**(2,914,714)**	**(269,523,604)**	(2,057,445)	(205,260,983)
Closing shareholders' funds	**4,463,716**	**412,759,818**	6,571,903	655,645,908

For simplicity, the brought forward Rupee amounts at 1 April 2014 have been translated at the 31 March 2015 exchange rate.

19. Notes to the statement of cash flows

		Unaudited		Unaudited
	2015	**2015**	2014	2014
	£	₹	£	₹
Reconciliation of operating profit to net cash inflow/ (outflow) from operating activities				
Operating profit	**928,298**	**85,839,716**	1,565,690	156,201,059
Foreign exchange movement	**122,823**	**11,357,443**	88,243	8,803,543
Depreciation	**14,573**	**1,347,564**	13,308	1,327,672
Miscellaneous Income	**83**	**7,675**	1,933	192,859
Decrease/ (Increase) in debtors	**(329,835)**	**(30,499,842)**	1,513,947	151,038,962
(Decrease)/Increase in creditors	**2,172,127**	**200,856,584**	(569,437)	(56,809,887)
Net cash inflow/(outflow) from operating activities	**2,908,069**	**268,909,140**	2,613,684	260,754,208
Reconciliation of net cash flow to movement in net funds				
Increase/ (decrease) in cash in the year	**(390,726)**	**(36,130,433)**	198,070	19,760,454
Movement in net funds in the year	**(390,726)**	**(36,130,433)**	198,070	19,760,454
Net funds at 1 April 2014	**1,698,040**	**157,017,759**	1,499,970	149,644,507
Net funds at 31 March 2015	**1,307,314**	**120,887,326**	1,698,040	169,404,961

Analysis of changes in net funds

	At 1 April 2014	At 1 April 2014	**Cash flows**	**Cash flows**	**At 31 March 2015**	**At 31 March 2015**
	£	₹	£	₹	£	₹
Net cash:						
Cash in hand and at bank	1,698,040	157,017,759	(390,726)	(36,130,433)	**1,307,314**	**120,887,326**
Net funds	1,698,040	157,017,759	(390,726)	(36,130,433)	**1,307,314**	**120,887,326**

For simplicity, the brought forward Rupee amounts at 1 April 2014 have been translated at the 31 March 2015 exchange rate.

20. Controlling related party

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.

As a wholly owned subsidiary of ITC Infotech India Limited, which is itself a wholly owned subsidiary of ITC Limited, the company is exempt from the requirements of FRS8 to disclose transactions with other members of the group headed by ITC Limited.

REPORT OF THE DIRECTORS

Your Directors present their Report together with the Audited Financial Statements for the year ended 31st March, 2015.

The Corporation is a wholly owned subsidiary of ITC Infotech India Limited, incorporated in India. Pyxis Solutions, LLC (Pyxis), organized and headquartered in New York, USA, is a wholly owned subsidiary of the Corporation.

Principal Activities

The Corporation is engaged in providing IT services, software development and support services.

Financial Results

(US$ million)

	ITC Infotech (USA), Inc. Consolidated (*)	
Year Ended March 31,	**2015**	2014
Total Revenue	**81.62**	70.61
Operating Income before Amortization	**3.55**	2.10
Profit After Tax	**0.82**	0.17

(*) including Pyxis Solutions, LLC

Business Review

Total Revenues grew by 16% (previous year - 12%) to US$ 81.62 million (previous year- US$ 70.61 million), while Operating Income before Amortization grew by 69% (previous year - 18%) to US$ 3.55 million (previous year - US$ 2.10 million).

The robust growth rates are outcomes of the Corporation's successful domain centric service delivery and marketplace strategies. Solution capability aligned to market needs enabled the Corporation to add several marquee customers, thus sustaining the pace of growth. Investments in newer technologies such as Big Data (infrastructure to insights), and enhanced focus on software product engineering services also yielded encouraging revenue growth.

Wholly Owned Subsidiary - Pyxis Solutions, LLC (Pyxis)

Pyxis primarily provides high end, domain-based software quality consulting to marquee clients in the financial services industry. During 2014-15, revenue performance of Pyxis was reflective of uncertainties in capital markets and the resultant sharp cutbacks in IT services spends. Revenues declined by 51% (previous year- declined by 12%) at US$ 3.0 million (previous year- US$ 6.2 million), whereas net income declined by 85% (previous year - increased by 94%) to US$ 0.06 million (previous year- US$ 0.41 million). Client acquisition towards the end of the financial year together with expansion opportunities in existing clients augurs well for Pyxis' return to growth.

Directors

In terms of Article III Clause 4(a) of the By Laws of the Corporation and as nominated by ITC Infotech India Limited, Ms. S. Rajagopalan was appointed as a Director of the Corporation at the Board meeting held on 4th August, 2014, to hold office until the next Annual Meeting of Shareholders of the Corporation. Your approval for appointment of Ms. S. Rajagopalan as Director of the Corporation will be sought at the Annual Meeting of the Corporation for the financial year ended 31st March, 2015.

Consequent to his resignation, Mr. B. Sumant ceased to be a Director of the Corporation with effect from close of business on 20th December, 2014. Your Board of Directors places on record its appreciation of the contribution made by Mr. B. Sumant during his tenure as Director of the Corporation.

M/s. Y. C. Deveshwar, S. Sivakumar, B. B. Chatterjee, (Ms.) B. Parameswar and R. Tandon, Directors of the Corporation, will retire at the Annual Meeting, and, being eligible, offer themselves for re-appointment.

On behalf of the Board

S. Rajagopalan — Director

S. Sivakumar — Vice Chairman

30th April, 2015

INDEPENDENT AUDITORS' REPORT

To the Board of Directors
ITC Infotech (USA), Inc.

Report on the Special-Purpose Financial Statements

We have audited the accompanying special-purpose financial statements of ITC Infotech (USA), Inc. which comprise the special-purpose balance sheets as of March 31, 2015 and 2014, and the related special-purpose statements of operations and retained earnings, and cash flows for each of the years 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 basis described in Note B to the financial statements; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. 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

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, 2015 and 2014, and the results of its operations and its cash flows for each of the years then ended in accordance with the Basis of Presentation as described in Note B[1].

Basis of Accounting

The accompanying special-purpose financial statements were prepared for the purpose of reporting to the members' of ITC Infotech (USA), Inc., and its Parent Company, Infotech India, as described in Note B[1]. The Company does not consolidate Pyxis Solutions, LLC, a 100% owned subsidiary, and the accompanying financial statements are not intended to be a presentation in conformity with generally accepted accounting principles.

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, and is not a representation in conformity with accounting principles generally accepted in the United States of America.

Restriction of Use

This report is intended solely for the information and use of the board of directors and management of ITC Infotech (USA), Inc. and its group Companies and is not intended to be and should not be used by anyone other than these specified parties.

EisnerAmper LLP
Iselin, New Jersey
April 30, 2015

BALANCE SHEET AS AT MARCH 31,

	2015 $	2015 ₹	2014 $	2014 ₹
Assets				
Current assets				
Cash and cash equivalents	**3,579,333**	**223,708,391**	4,475,940	268,198,324
Accounts receivable, net of allowance for doubtful accounts of $904,608 (₹ 56,537,960) and $568,805 (₹ 34,082,796) for 2015 and 2014, respectively	**19,954,428**	**1,247,151,753**	15,151,645	907,886,568
Advances to employees	**420,526**	**26,282,849**	219,300	13,140,456
Deferred income taxes	**1,976,829**	**123,551,788**	1,442,003	86,404,820
Total current assets	**25,931,116**	**1,620,694,781**	21,288,888	1,275,630,168
Equipment, software, furniture and fixtures and leasehold improvements	**786,695**	**49,168,453**	626,046	37,512,676
Less: Accumulated depreciation and amortization	**574,295**	**35,893,438**	504,149	30,208,608
	212,400	**13,275,015**	121,897	7,304,068
Intangible assets, goodwill and net assets in Pyxis Solutions, LLC.	**14,184,523**	**886,532,670**	14,184,523	849,936,618
Less: Accumulated amortization	**7,010,122**	**438,132,598**	4,868,594	291,726,152
	7,174,401	**448,400,072**	9,315,929	558,210,466
Other assets, principally unsecured advances	**1,031,990**	**64,499,363**	114,205	6,843,164
	34,349,907	**2,146,869,231**	30,840,919	1,847,987,866
Liabilities and Stockholder's Equity				
Current liabilities				
Accounts payable	**349,435**	**21,839,691**	182,372	10,927,730
Accrued expenses and other current liabilities	**4,847,782**	**302,986,398**	3,272,699	196,100,124
Accrued payroll and payroll taxes	**1,172,525**	**73,282,818**	884,659	53,008,767
Due to ITC Infotech Ltd. (UK), net	**41,737**	**2,608,556**	301,466	18,063,843
Due to ITC Infotech India Ltd., net	**9,490,021**	**593,126,324**	8,496,075	509,084,814
Total current liabilities	**15,901,500**	**993,843,787**	13,137,271	787,185,278
Non-current liabilities				
Deferred income taxes	**63,711**	**3,981,940**	77,695	4,655,484
Commitments and contingencies (see Note F)				
Stockholder's equity				
Capital stock, no par value; 185,000 shares authorized; 182,000 shares issued and outstanding at March 31, 2015 and 2014	**200,000**	**12,500,000**	200,000	11,984,000
Additional paid-in capital	**18,000,000**	**1,125,000,000**	18,000,000	1,078,560,000
Retained earnings (accumulated deficit)	**184,696**	**11,543,504**	(574,047)	(34,396,896)
Total stockholder's equity	**18,384,696**	**1,149,043,504**	17,625,953	1,056,147,104
	34,349,907	**2,146,869,231**	30,840,919	1,847,987,866

On behalf of the Board

	G. Satish	L. N. Balaji	S. Rajagopalan	S. Sivakumar
Date : April 30, 2015	Financial Controller	President	Director	Vice Chairman

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

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

	2015 $	2015 ₹	2014 $	2014 ₹
Revenues				
Service fees	**45,059,276**	**2,816,204,756**	39,833,139	2,386,801,689
Account management fees - affiliates	**261,371**	**16,335,659**	331,582	19,868,393
Project fees	**34,051,182**	**2,128,198,904**	24,748,474	1,482,928,562
Total revenues	**79,371,829**	**4,960,739,319**	64,913,195	3,889,598,644
Cost of revenues, principally employment costs and fees charged by affiliates	**62,260,913**	**3,891,307,068**	52,226,185	3,129,393,005
Gross profit	**17,110,916**	**1,069,432,251**	12,687,010	760,205,639
General and administrative expenses	**13,621,639**	**851,352,461**	10,998,318	659,019,215
Operating income before amortization	**3,489,277**	**218,079,790**	1,688,692	101,186,424
Amortization of intangible assets and goodwill	**2,141,528**	**133,845,500**	1,323,019	79,275,298
Operating income	**1,347,749**	**84,234,290**	365,673	21,911,126
Other income	**292**	**18,259**	500,142	29,968,509
Income before income tax expense	**1,348,041**	**84,252,549**	865,815	51,879,635
Income tax expense				
Current	**1,138,108**	**71,131,744**	868,820	52,059,694
Deferred	**(548,810)**	**(34,300,655)**	(265,475)	(15,907,262)
Total income tax expense	**589,298**	**36,831,089**	603,345	36,152,432
Net income	**758,743**	**47,421,460**	262,470	15,727,203
Accumulated deficit at beginning of year	**(574,047)**	**(35,877,938)**	(836,517)	(50,124,099)
Retained earnings (accumulated deficit) at end of year	**184,696**	**11,543,522**	(574,047)	(34,396,896)

On behalf of the Board

	G. Satish	L. N. Balaji	S. Rajagopalan	S. Sivakumar
Date : April 30, 2015	Financial Controller	President	Director	Vice Chairman

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

STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED MARCH 31,

	2015 $	2015 ₹	2014 $	2014 ₹
Cash flows from operating activities				
Net income	**758,743**	**47,421,460**	262,470	15,727,203
Adjustments to reconcile net income (loss) to net cash provided by (used in) operating activities				
Depreciation and amortization	**2,211,674**	**138,229,627**	1,370,772	82,136,631
Deferred income taxes	**(548,810)**	**(34,300,598)**	(265,475)	(15,907,262)
Bad debt expense	**335,803**	**20,987,656**	—	—
(Increase) decrease in assets				
Accounts receivable	**(5,138,586)**	**(321,161,597)**	(1,800,862)	(107,907,651)
Due from ITC Infotech Ltd. (UK), net				
Advances to employees	**(201,226)**	**(12,576,599)**	(95,018)	(5,693,479)
Security deposits and other advances	**(917,785)**	**(57,361,551)**	423,807	25,394,515
Increase (decrease) in liabilities				
Accounts payable	**167,063**	**10,441,441**	(785,963)	(47,094,903)
Accrued expenses and other liabilities	**1,575,083**	**98,442,711**	751,702	45,041,984
Accrued payroll and payroll taxes	**287,866**	**17,991,630**	155,834	9,337,573
Due to ITC Infotech Ltd. (UK), net	**(259,729)**	**(16,233,069)**	275,325	16,497,474
Due to Pyxis Solutions, LLC., net	—	—	(6,759)	(404,999)
Due to ITC Infotech India Ltd., net	**993,946**	**62,121,637**	2,087,885	125,106,069
Net cash (used in) provided by operating activities	**(735,958)**	**(45,997,252)**	2,373,718	142,233,155
Cash flows from investing activities				
Capital expenditures	**(160,649)**	**(10,040,578)**	(81,225)	(4,867,002)
Net cash used in investing activities	**(160,649)**	**(10,040,578)**	(81,225)	(4,867,002)
Net (decrease) increase in cash and cash equivalents	**(896,607)**	**(56,037,830)**	2,292,493	137,366,153
Cash and cash equivalents at beginning of year	**4,475,940**	**279,746,221**	2,183,447	130,832,171
Cash and cash equivalents at end of year	**3,579,333**	**223,708,391**	4,475,940	268,198,324

Supplemental disclosures of cash flow information.
Income taxes paid were $592,671 (₹ 37,041,937) and $591,974 (₹ 35,471,082) during 2015 and 2014, respectively.

On behalf of the Board

	G. Satish	L. N. Balaji	S Rajagopalan	S. Sivakumar
Date : April 30, 2015	Financial Controller	President	Director	Vice Chairman

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

NOTES TO THE FINANCIAL STATEMENTS MARCH 31, 2015 AND 2014

NOTE A - BUSINESS BACKGROUND AND PRINCIPAL TRANSACTIONS WITH AFFILIATES

ITC Infotech (USA), Inc. (the "Company"), a New Jersey corporation, is principally engaged in the information technology services business. The majority of its customers are commercial entities throughout the United States of America.. The Company is a wholly-owned subsidiary of ITC Infotech India Ltd. ("Infotech India"), an Indian company. There are 185,000 common shares authorized of which 182,000 have been issued, and are outstanding, to Infotech India. ITC Infotech Ltd. ("Infotech UK") is also a wholly-owned subsidiary of ITC Infotech India Ltd.

The Company has entered into an agreement with its parent company Infotech India on April 1, 2014 wherein the Company has agreed to sub-contract the execution and management of customer contracts to Infotech India. Under the terms of this agreement, Infotech India shall assume the overall execution and management responsibilities for such customer contracts. This agreement, inter alia, provides a percentage of revenue to be paid to Infotech India based on actual financial performance of the Company.

Pyxis Solutions, LLC ("Pyxis"), a wholly owned subsidiary of the Company since 2008, was formed as a New York State limited liability company in 2000. Pyxis is principally engaged in the information technology services business offering Quality Assurance (QA) solutions and testing services. Its customers are commercial entities throughout the United States of America.

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

[1] Basis of presentation:

As required by its parent company Infotech India, the financial statements of the Company are not prepared in accordance with accounting principles generally accepted in the United States as the results of operations of its wholly-owned subsidiary Pyxis were not included since the date of acquisition. Accordingly, these financial statements do not purport to follow US GAAP. Furthermore, as currently permitted by accounting principles generally accepted in the United States, the impact of the acquisition of Pyxis was not pushed-down to Pyxis. Accordingly, the intangible assets presented herein relate to the excess purchase price over the fair value of Pyxis' assets and liabilities as at the date of acquisition.

These financial statements are presented in U.S. dollars. However, as required by the parent company, the Indian Rupee equivalent figures, arrived at by applying the average interbank exchange rate of US$1 = 62.50 for fiscal year ended March 31, 2015 (2014 US$1 = Rs. 59.92) as provided by 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] Recognition of revenue:

Service Fees:

Service revenues are based upon hours worked by Company employees on customer assignments and are recognized when the work is performed. Revenue is determined by multiplying the hours worked by the contractual billing rates. Substantially all customers are invoiced weekly, biweekly, or monthly.

Project Fees:

Revenues on the project business are recognized as earned, typically in the month the service is performed. Costs associated with the use of subcontractors to fulfill such project business are recognized in the same period.

In accordance with Accounting Standards Codification Topic ("ASC") 605, "Revenue Recognition", the Company recognizes revenues on delivery when a non-cancelable agreement has been executed, fees are fixed and determinable and collection is considered probable unless there is significant uncertainty about customer acceptance, in which case revenues are recognized upon such acceptance. Losses on contracts are recognized when probable and determinable.

Account management fees:

Fees for client account management in respect of work contracted by Infotech India and Infotech UK with clients in the United States are billed monthly at a predetermined rate based on contractual agreement and are applied on the amount billed by Infotech India and Infotech UK to their clients.

[3] 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 maturities of ninety days or less, when purchased, to be cash or cash equivalents.

[4] 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. Accounts are written off when they are deemed uncollectible.

[5] Equipment, software, furniture and fixtures and leasehold improvements:

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.

[6] 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 provided.

The Company provides for income tax in accordance with the Financial Accounting Standards Board ("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 financial statements for the year ended March 31, 2015. The Company's Federal and State tax returns are subject to examination by taxing authorities. The Company is no longer subject to tax examination for the year ended March 31, 2011 and prior.

[7] 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.

[8] Advertising costs:

Advertising costs are expensed as incurred.

[9] 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. No impairment charge has been recorded in fiscal years ended March 31, 2015 or 2014.

[10] Intangible assets:

Intangible assets are stated at fair value at the date of Pyxis acquisition and are amortized on the straight line method over their estimated useful life of 4 to 8 years.

[11] Goodwill and change in accounting estimates:

Effective April 1, 2013, the Company adopted Financial Accounting Standards Board Accounting Standards Update 2014-02 Intangibles - Goodwill and Other (Topic 350) ("ASU 2014-02") which includes alternative accounting guidance developed by the Private Company Council that permits private companies to elect to amortize goodwill and to use a simpler impairment test at either the entity level or the reporting unit level.

During the year of adoption, the Company elected to amortize its goodwill on a straight line basis over ten years. During the year ended March 31, 2015, the Company changed the estimated life of goodwill from ten years to five years. Based on the Company's historical experience, five years is a closer approximation of the actual life of the operating assets, associated with the goodwill. The change in estimate was applied prospectively. Expenses for the year ended March 31, 2015 were increased by approximately $898,071 (₹ 56,129,438), (($563,830) (₹ 35,239,375)) compared to the year ended March 31, 2014, as a result of this change.

Under the adoption, the Company has elected to test goodwill for impairment at the reporting unit level. Goodwill is only tested for impairment when a triggering event occurs that indicates that the fair value of the reporting unit may be less than its carrying amount. There is no requirement to test goodwill for impairment on an annual basis. Any impairment would be recognized for the difference between the fair value of the reporting unit and its carrying amount.

[12] 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.

[13] 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. Capitalized software costs are amortized over a period of five years or over the estimated useful lives, whichever is lower. There were no such costs capitalized in fiscal years ended March 31, 2015 or 2014.

[14] Summary of recent accounting pronouncements:

In May 2014, the FASB and the International Accounting Standards Board ("IASB") issued their final standard on revenue from contracts with customers. The standard, issued as ASU 2014-09 by the FASB and as International Financial Reporting Standards 15 by the IASB, outlines a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers and supersedes most current revenue recognition guidance, including industry-specific guidance. The core principle of the revenue model is that "an entity recognizes revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services". This ASU is effective for annual reporting periods beginning after December 15, 2018 for all nonpublic entities. The Company does not expect the adoption of ASU 2014-09 will have a significant impact on the Company.

[15] Subsequent events:

The Company evaluated all events or transactions that occurred after March 31, 2015 up through April 30, 2015, the date when the financial statements were available to be issued.

[16] Reclassifications:

Certain prior year amounts have been reclassified to conform to the current year presentation.

NOTE C - RELATED PARTY TRANSACTIONS

The Company had transactions with the following parties:

Year ended March 31,

	2015 $	2015 (₹)	2014 $	2014 (₹)
Transactions with Infotech India				
Costs for project consultations / other expenses, included in cost of revenues / general and administrative expenses	**26,922,824**	**1,682,676,502**	27,699,787	1,659,711,233
Project / other expenses reimbursements from Infotech India included as a reduction in cost of revenues / general and administrative expenses	**306,090**	**19,130,624**	248,708	14,902,600
Service / account management fees recognized as revenue	**212,015**	**13,250,924**	—	—
Transactions with Infotech UK				
Service / account management fees others, recognized as revenue	—	—	73,532	4,406,050
Costs for project consultations / other expenses, included in cost of revenues / general and administrative expenses	—	—	488,213	29,253,728
Transactions with Pyxis				
Service/account management fees /others, recognized as revenue	**49,356**	**3,084,735**	258,050	15,462,364
Costs for project consultations/ other expense reimbursements, included in cost of revenues/ general and administrative expenses	**706,251**	**44,140,716**	217,560	13,036,195
Other expense reimbursements from Pyxis included as reduction in cost of revenues / general and administrative expenses	**229,849**	**14,365,549**	307,698	18,437,285
Transactions with Technico Technologies				
Costs for project consultations/ other expense reimbursements, included in cost of revenues/ general and administrative expenses	**35,637**	**2,227,294**	—	—

Rent paid includes $98,529 (₹ 6,158,063) and $116,380 (₹ 6,973,490) towards rent paid to King Maker Marketing Inc. (see Note G) for the fiscal years ended March 31, 2015 and 2014, respectively.

NOTE D - ACCOUNTS RECEIVABLE

Accounts receivable includes both billed and unbilled receivable. Changes in the allowance for doubtful accounts in 2015 and 2014 are as follows:

	2015 $	2015 (₹)	2014 $	2014 (₹)
Beginning balance	**568,805**	**35,550,304**	568,805	34,082,796
Increase to allowance	**335,803**	**20,987,656**	—	—
Ending balance	**904,608**	**56,537,960**	568,805	34,082,796

Unbilled receivables were approximately $ 7,578,823 (₹ 473,676,438) and $ 7,448,423 (₹ 446,309,521) as of March 31, 2015 and 2014 respectively.

NOTE E - INTANGIBLE ASSETS AND NET ASSETS IN PYXIS SOLUTIONS, LLC.

The Company has assets arising from the acquisition of 100% membership interest of Pyxis Solutions, LLC in 2008 and was accounted in accordance with ASC 805, "Business Combinations" ("ASC 805"). On April 1, 2013, the Company adopted ASU 2014-12 (see note B [11]). Accordingly, the components of intangible assets (including goodwill) as at March 31, 2015 and 2014 are as follows:

			2015			2014		
Identifiable intangible assets	Estimated useful life	Currency	**Gross carrying amount**	**Accumulated amortization**	**Net carrying amount**	Gross carrying amount	Accumulated amortization	Net carrying amount
Trade name	8	$	**300,000**	**248,938**	**51,062**	300,000	211,438	88,562
		₹	**18,750,000**	**15,558,625**	**3,191,375**	17,976,000	12,669,365	5,306,635
Non-compete agreement	4	$	**90,000**	**90,000**	**—**	90,000	90,000	—
		₹	**5,625,000**	**5,625,00**	**—**	5,392,800	5,392,800	—
Customer relationship	8	$	**3,900,000**	**3,236,199**	**663,801**	3,900,000	2,748,699	1,151,301
		₹	**243,750,000**	**202,262,438**	**41,487,562**	233,688,000	164,702,042	68,985,958
Know how	5	$	**1,100,000**	**1,100,000**	**—**	1,100,000	1,100,000	—
		₹	**68,750,000**	**68,750,000**	**—**	65,912,000	65,912,000	—
Total intangible assets		$	**5,390,000**	**4,675,137**	**714,863**	5,390,000	4,150,137	1,239,863
		₹	**336,875,000**	**292,196,063**	**44,678,937**	322,968,800	248,676,207	74,292,593
Goodwill	5	$	**7,184,566**	**2,334,985**	**4,849,581**	7,184,566	718,457	6,466,109
		₹	**449,035,353**	**145,936,535**	**303,098,818**	430,499,195	43,049,945	387,449,250
Net assets in Pyxis Solutions, LLC. upon acquisition		$	**1,609,957**	**—**	**1,609,957**	1,609,957	—	1,609,957
		₹	**100,622,317**	**—**	**100,622,317**	96,468,623	—	96,468,623
Total intangible assets, goodwill and net assets in Pyxis Solutions, LLC.		$	**14,184,523**	**7,010,122**	**7,174,401**	14,184,523	4,868,594	9,315,929
		₹	**886,532,670**	**438,132,598**	**448,400,072**	849,936,618	291,726,152	558,210,466

Amortization of identifiable intangible assets and goodwill for the years ended March 31, 2015 and 2014 was $2,141,528 (₹ 133,845,500) and $1,323,019 (₹ 79,275,298), respectively. At March 31, 2015 the expected amount of amortization of identifiable intangible assets and goodwill, over the next three years are as follows:

2015-2016	$ 2,141,527	₹ 133,845,459
2016-2017	1,806,390	112,899,397
2017-2018	1,616,527	101,032,899
Total	5,564,444	347,777,755

NOTE F - COMMITMENTS AND CONTINGENCIES

[1] Leases

The Company has leased offices and storage spaces under non-cancelable operating leases, some of these expiring through fiscal 2018. One such office has been leased from King Maker Marketing Inc. whose parent Company (ITC Limited) is same as the Company's ultimate parent company. Total rent and other reimbursements to King Maker Marketing Inc. were approximately $98,529 (₹ 6,158,063) and $116,380 (₹ 6,973,490) for the fiscal years ended March 31, 2015 and 2014, respectively. Total rent expense under all facilities leases was approximately $247,377 (₹ 15,461,063) and $199,915 (₹ 11,978,907) for the fiscal years ended March 31, 2015 and 2014, respectively.

In addition, the Company has entered into various noncancelable operating leases for the rental of equipment.

The future minimum annual lease payments as at March 31, 2015 are as follows:

	Office		Equipment		Total	
	$	(₹)	$	(₹)	$	(₹)
2015-2016	283,817	17,738,563	3,388	211,720	287,205	17,950,283
2016-2017	333,495	20,843,430	2,670	166,848	336,165	21,010,278
2017-2018	318,099	19,881,166	2,430	151,890	320,529	20,033,056
2018-2019	326,111	20,381,918	2,430	151,890	328,541	20,533,808
2019-2020	287,362	17,960,134	810	50,630	288,172	18,010,764
Thereafter	349,176	21,823,485	—	—	349,176	21,823,485

NOTE G - INCOME TAXES

The provision for income taxes consists of the following:

	Year ended March 31,			
	2015	**2015**	2014	2014
	$	**(₹)**	$	(₹)
Federal Taxes				
Current	**833,815**	**52,113,407**	579,988	34,752,886
Deferred	**(526,258)**	**(32,891,141)**	(277,791)	(16,645,208)
State and local taxes				
Current	**161,464**	**10,091,519**	144,250	8,643,477
Deferred	**(22,552)**	**(1,409,515)**	12,316	737,924
Foreign Taxes	**142,829**	**8,926,819**	144,582	8,663,353
Total current expense	**589,298**	**36,831,089**	603,345	36,152,432

Deferred tax assets and liabilities consist of the following:

	2015	**2015**	2014	2014
	$	**(₹)**	$	(₹)
Current assets				
Accounts Receivable Reserve	**339,796**	**21,237,296**	224,012	13,422,799
Accrued vacation	**271,469**	**16,966,786**	235,589	14,116,493
Accrued bonus	**880,889**	**55,055,547**	757,763	45,405,159
Foreign tax credit carry-over	**107,079**	**6,692,426**	224,639	13,460,369
	1,599,233	**99,952,055**	1,442,003	86,404,820
Non-current assets (liability)				
Amortization	**377,596**	**23,599,733**	(56,291)	(3,372,957)
Depreciation	**(63,711)**	**(3,981,940)**	(21,404)	(1,282,527)
	313,885	**19,617,793**	(77,695)	(4,655,484)

NOTE H - 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 26% (10%, 9% and 7%) and approximately 25% (9%, 8% and 8%) of the Company's revenues for the years ended March 31, 2015 and 2014, respectively. Accounts receivable from these customers approximated 13% (4%, 4%, and 5%) and 22% (12%, 5%, and 5%) of total accounts receivable as at March 31, 2015 and 2014, respectively.

Financial instruments that potentially subject the Company to concentrations of credit risk consist principally of cash deposits. Accounts at each institution are insured by the Federal Deposit Insurance Corporation up to regulatory limits. The Company has not experienced any losses in such accounts.

NOTE I - 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, 2015 and 2014 was $ 394,836 (₹ 24,677,250) and $ 265,424 (₹ 15,904,206) respectively.

REPORT OF THE CHIEF EXECUTIVE OFFICER TO THE SOLE MEMBER, ITC INFOTECH (USA), INC.

I take pleasure in presenting my Report together with the Audited Financial Statements of the Company for the financial year ended 31st March, 2015.

Principal Activities

Your Company is engaged in providing Software Testing and Quality Assurance services primarily to the Banking, Financial Services & Insurance business segments.

Business Review

Your Company primarily provides high end, domain-based software quality consulting to marquee clients in the financial services industry.

Your Company's financial performance is tabulated below:

	USD (million)	
Year Ended March 31,	**2015**	2014
Total Revenue	3.0	6.2
Net Income	0.06	0.41

Pyxis primarily provides high end, domain-based software quality consulting to marquee clients in the financial services industry. During 2014-15, revenue performance of Pyxis was reflective of uncertainties in capital markets and the resultant sharp cutbacks in IT services spends. Revenues declined by 51% (previous year- declined by 12%) at USD 3.0 million (previous year- US$ 6.2), whereas net income declined by 85% (previous year – increased by 94%) to USD 0.06 million (previous year- US$ 0.41 million). Client acquisition towards the end of the financial year together with expansion opportunities in existing clients augurs well for Pyxis' return to growth.

Amar Singh Duggal
Chief Executive Officer

30th April, 2015

INDEPENDENT AUDITORS' REPORT

To ITC Infotech (USA), Inc., Sole Member of Pyxis Solutions, LLC.

Report on the Financial Statements

We have audited the accompanying financial statements of Pyxis Solutions, LLC, which comprise the balance sheets as of March 31, 2015 and 2014, and the related statements of operations and member's equity, and cash flows for each of the years 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 audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. 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

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Pyxis Solutions, LLC as of March 31, 2015 and 2014, and the results of its operations and its cash flows for each of the years then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note B[1], the Indian Rupee equivalent figures have been included in the financial statements as required by ITC Infotech India Limited, the parent company of the Sole Member for informational purpose only, and is not intended to be a presentation in conformity with accounting principles generally accepted in the United States of America.

EisnerAmper LLP
Iselin, New Jersey
April 30, 2015

BALANCE SHEET AS AT 31 MARCH, 2015

	March 31, 2015 $	**March 31, 2015 ₹**	March 31, 2014 $	March 31, 2014 ₹
Assets				
Current assets				
Cash and cash equivalents	**1,665,673**	**104,104,563**	1,576,248	94,448,781
Accounts receivable, net of allowance for doubtful accounts of $ 8,391 (₹ 524,438) for 2015 and $ 8,391 (₹ 502,789) for 2014, respectively	**558,215**	**34,888,438**	692,801	41,512,636
Prepaid expenses	—	—	769	46,078
Total current assets	**2,223,888**	**138,993,001**	2,269,818	136,007,495
Liabilities and Member's Equity				
Current liabilities				
Accounts payable	**86,000**	**5,375,000**	86,000	5,153,120
Accrued expenses and other current liabilities	**84,401**	**5,275,063**	170,574	10,220,794
Accrued payroll and payroll taxes	**1,616**	**101,000**	1,443	86,465
Due to ITC Infotech India Ltd.	**704**	**44,000**	20,832	1,248,253
Total current liabilities	**172,721**	**10,795,063**	278,849	16,708,632
Commitments and contingencies (Note E)				
Member's equity	**2,051,167**	**128,197,938**	1,990,969	119,298,863
	2,223,888	**138,993,001**	2,269,818	136,007,495

A. Duggal
Chief Executive Officer

Date : April 30, 2015

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

STATEMENT OF OPERATIONS AND MEMBER'S EQUITY FOR THE YEAR ENDED 31 MARCH, 2015

	Year Ended March 31, 2015 $	Year Ended March 31, 2015 ₹	Year Ended March 31, 2014 $	Year Ended March 31, 2014 ₹
Revenue				
Service Fees	**3,004,873**	**187,804,563**	6,169,980	369,705,202
Total revenue	**3,004,873**	**187,804,563**	6,169,980	369,705,202
Cost of revenue, principally employment cost and subcontractor fees	**2,505,751**	**156,609,438**	5,137,040	307,811,437
Gross profit	**499,122**	**31,195,125**	1,032,940	61,893,765
General and administrative expenses	**440,063**	**27,503,938**	625,886	37,503,089
Operating income	**59,059**	**3,691,187**	407,054	24,390,676
Other income, net	**1,139**	**71,188**	3,686	220,865
Net income	**60,198**	**3,762,375**	410,740	24,611,541
Member's equity at the beginning of year	**1,990,969**	**124,435,563**	2,080,229	124,647,322
Member's distribution	—	—	(500,000)	(29,960,000)
Member's equity at the end of year	**2,051,167**	**128,197,938**	1,990,969	119,298,863

A. Duggal
Chief Executive Officer

Date : April 30, 2015

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

STATEMENT OF CASH FLOW FOR THE YEAR ENDED 31 MARCH, 2015

	Year Ended March 31, 2015 $	Year Ended March 31, 2015 ₹	Year Ended March 31, 2014 $	Year Ended 2014 ₹
Cash flows from operating activities				
Net income	**60,198**	**3,762,375**	410,740	24,611,541
Adjustments to reconcile net income to net cash provided by operating activities				
Changes in assets and liabilities:				
Accounts receivable	**134,586**	**8,411,625**	589,238	35,307,141
Due from ITC Infotech (USA), Inc.	—	—	6,759	404,999
Prepaid expenses	**769**	**48,063**	1,936	116,005
Accrued expenses and other current liabilities	**(86,173)**	**(5,385,813)**	(261,428)	(15,664,766)
Accrued payroll and payroll taxes	**173**	**10,813**	(180,382)	(10,808,489)
Due to ITC Infotech India Ltd., net	**(20,128)**	**(1,258,000)**	(3,820)	(228,894)
Net cash provided by operating activities	**89,425**	**5,589,063**	(563,043)	(33,737,537)
Cash flows from financing activities				
Member's distribution	—	—	(500,000)	(29,960,000)
Net cash used in financing activities	—	—	(500,000)	(29,960,000)
Net increase in cash and cash equivalents	**89,425**	**5,589,063**	63,043	3,777,537
Cash and cash equivalents at beginning of the year	**1,576,248**	**98,515,500**	1,513,205	90,671,244
Cash and cash equivalents at end of the year	**1,665,673**	**104,104,563**	1,576,248	94,448,781

A. Duggal
Chief Executive Officer

Date : April 30, 2015

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

NOTES TO THE FINANCIAL STATEMENTS

March 31, 2015 and 2014

NOTE A - BUSINESS BACKGROUND AND PRINCIPAL TRANSACTIONS WITH AFFILIATES

Pyxis Solutions, LLC (the "Company") is principally engaged in the information technology services business offering Quality Assurance ("QA") solutions and testing services. Customers are commercial entities throughout the United States of America. The Company was formed as a New York State limited liability company in 2000.

The Company became a wholly owned subsidiary of ITC Infotech (USA), Inc. (the "Parent Company") on August 11, 2008 as a result of the acquisition of 100% of the membership interest by ITC Infotech (USA), Inc.

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 Parent Company of the Sole Member, the Indian Rupee equivalent figures, arrived at by applying the yearend interbank exchange rate of US$1 = Rs.62.50 for the fiscal year ended March 31, 2015 (2014: US$1 = Rs.59.92) as provided by the Parent Company of the Sole Member, 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] Recognition of revenue:

Service revenue

Service revenue is based upon hours worked by the Company employees on customer assignments and is recognized when the work is performed. Revenue is determined by multiplying the hours worked by the contractual billing rates. Substantially all customers are invoiced biweekly or monthly.

[3] 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 maturities of ninety days or less, when purchased, to be cash or cash equivalents.

[4] 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. Accounts are written off when they are deemed uncollectible.

[5] Computer equipment:

Computer equipment is 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.

[6] Income taxes:

As a result of the Company electing to be a disregarded entity, it is not liable for any federal or state income taxes and is not entitled to any tax benefits resulting from operating losses. The Parent Company does not allocate any of its tax liabilities or benefits to the Company.

[7] 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 revenue 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.

[8] Foreign currency translation:

The Company maintains a foreign currency bank account denominated in GBP (Pound Sterling). Foreign currency transaction resulting from exchange rate fluctuations on transactions denominated in foreign currencies totaled a gain of $54.25 (Rs. 3,391) and a gain of $2,535 (Rs. 151,897) for the years ended March 31, 2015 and 2014, respectively, and are included in Other Income in the accompanying statements of operations and member's equity.

[9] Summary of recent accounting pronouncements:

In May 2014, the FASB and the International Accounting Standards Board ("IASB") issued their final standard on revenue from contracts with customers. The standard, issued as ASU 2014-09 by the FASB and as International Financial Reporting Standards 15 by the IASB, outlines a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers and supersedes most current revenue recognition guidance, including industry-specific guidance. The core principle of the revenue model is that "an entity recognizes revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services". This ASU is effective for annual reporting periods beginning after December 15, 2018 for all nonpublic entities. The adoption of ASU 2014-09 for the fiscal year ended March 31, 2015, had no impact on the Company.

[10] Subsequent events:

The Company evaluated subsequent events from March 31, 2015 through April 30, 2015, the date the financial statements were available to be issued.

NOTE C - RELATED PARTY TRANSACTIONS

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

	Year Ended March 31, 2015 $	Year Ended March 31, 2015 ₹	Year Ended March 31, 2014 $	Year Ended March 31, 2014 ₹
Transactions with ITC Infotech (USA), Inc.				
Service / Account Management fees / others recognised as revenue by Pyxis	**706,251**	**44,140,716**	217,560	13,036,195
Costs for project consultations / other expenses, included in cost of revenue	**49,356**	**3,084,735**	258,050	15,462,356
Project / other expenses reimbursements incurred by Parent Company, included in general and administrative expenses	**229,849**	**14,365,549**	307,698	18,437,264
Transactions with ITC Infotech India Ltd.				
Costs for project consultations / other expenses, included in cost of revenue	**245,272**	**15,329,500**	290,012	17,377,519

NOTE D - ACCOUNTS RECEIVABLE

Accounts receivable consist of trade accounts receivable and unbilled accounts receivable (representing services performed prior to the balance sheet dates, but not invoiced to the customer until thereafter). Unbilled receivables were $124,903 (Rs. 7,806,444) and $363,817 (Rs. 21,799,915) as of March 31, 2015 and 2014, respectively.

NOTE E - COMMITMENTS AND CONTINGENCIES

[1] Leases:

The Company has leased office space under a non-cancelable operating lease expiring March 31, 2017. Total rent expense under this lease was $84,048 (Rs. 5,253,001) and $77,388 (Rs. 4,637,089) for years ended March 31, 2015 and 2014, respectively. In addition, the Company has entered into a non-cancelable operating lease for rental of equipment expiring through September 2014. In-addition, a new lease has been entered into for rental equipment which will expire in August 2017.Total expense under these leases for years ended March 31, 2015 and 2014 was $2,621 (Rs. 163,813) and $2,862 (Rs. 171,491), respectively.

NOTES TO THE FINANCIAL STATEMENTS (Contd.)

The future minimum annual lease payments at March 31, 2015 are as follows:

	Office Rent		Equipment		Total	
	$	₹	$	₹	$	₹
2015-16	82,005	5,125,313	2,418	151,125	84,423	5,276,438
2016-17	82,005	5,125,313	2,418	151,125	84,423	5,276,438
2017-18			1,008	63,000	1,008	63,000

[2] Others:

The Parent Company extended the consulting agreement with Amar Duggal Enterprises, LLC ("Agency"), to deploy Amar Duggal as the Company's Chief Executive Officer, during fiscal year ended March 31, 2015. The term of this consulting agreement is for a period of six months (expiring May 2015). The consulting agreement provides for a minimum level of compensation and contingent compensation payable to the Agency, all of which are defined in the consulting agreement.

NOTE F - CONCENTRATION OF CREDIT RISK AND SIGNIFICANT CUSTOMERS

A significant portion of the Company's sales are to several key customers. Three such customers accounted for approximately 64% and approximately 84% of the Company's revenues for the years ended March 31, 2015 and 2014, respectively. These three customers accounted for approximately 89% and 82% of total accounts receivable at March 31, 2015 and 2014, respectively.

Financial instruments that potentially subject the Company to concentrations of credit risk consist principally of cash deposits. Accounts at each institution are insured by the Federal Deposit Insurance Corporation ("FDIC") up to regulatory limits. The Company has not experienced any losses in such accounts.

NOTE G - MEMBER'S DISTRIBUTION

The Company paid $0 (Rs. 0) and $500,000 (Rs. 29,960,000) by way of distribution to the Parent Company for the years ended March 31, 2015 and 2014, respectively.

REPORT OF THE BOARD OF DIRECTORS FOR THE FINANCIAL YEAR ENDED 31ST MARCH, 2015

Your Directors have pleasure in presenting the Report of Directors and annexure there to for the financial year ending 31st March 2015.

Financial & Operational Performance

The Company's financial performance for the year ended 31st March, 2015 is summarised below:

Particulars	**Amount (₹ in Lakhs) 31st March, 2015**	Amount (₹ in Lakhs) 31st March, 2014
Sale of Services	**4738.96**	4670.76
Other Operating Income	**113.66**	144.45
Total Revenue from Operations	**4852.62**	**4815.21**
Other Income	**421.86**	512.44
Total Revenue	**5274.48**	**5327.65**
Cost of material consumed	**706.53**	774.66
Employee benefits expense	**1303.36**	1096.51
Depreciation and amortization expense	**640.10**	359.38
Other expenses	**2764.68**	2701.08
Total Expenses	**5414.66**	**4931.63**
Profit/(Loss) before Tax	**(140.18)**	396.02
Tax expenses	**(68.18)**	63.11
Profit/(Loss) after tax	**(72.00)**	**332.91**
Earnings per share (in ₹)	**(0.30)**	1.39

During the financial year ended 31st March, 2015 your Company recorded a net loss after taxes of ₹ 72.00 Lakh as against previous year profit of ₹ 3.33 Crore. This is mainly on account of an incremental charge of ₹ 2.74 Crore towards depreciation in accordance with provisions of Schedule II of the Companies Act, 2013. Your Company has reported loss almost after 17 years and is gearing up to show good performance in the coming years.

Your Company's Hotel in Hyderabad is distinctly poised to take advantage of emerging political activities arising from the bifurcation of the State of Andhra Pradesh. However, it continues to be adversely impacted by the weak economic environment. Focus on superior guest experience and strategic cost management to sustain market standing persists in order to protect margins.

The Company's Amritsar hotel project on a land assigned by ITC Limited (ITC) for the development and operation of a full services hotel is progressing well. Necessary approvals have been obtained from various authorities and the excavation work has been completed, and civil work started. During the year your Company has entered into a Technical Services Agreement with ITC in this regard.

Awards

During the Year, your hotel 'ITC Kakatiya' received the Times Food Guide awards for 'Dakshin' (Best South Indian Fine Dining), for K&K (Best Indian Barbeque), and for Marco Polo (Best Bar). The Hotel also received a special prize for 'Best Landscaping within the 5 acre Category' from the Department of Horticulture, Government of Telangana. The hotel also achieved the '3 Star Rating for Appreciation in EHS Practices' awarded for the year by CII. The Hotel was ranked #1 by the STR (Smith Travel Research) for the year and also achieved the No. 1 Rank on the GDS (Global Distribution System).Tripadvisor (Hotel Review Site) recognized Dakshin and K&K, 2 of ITC Kakatiya's specialty outlets, as the best restaurants in Hyderabad, ranking them #1 and #2 respectively.

Dividend

In view of losses incurred during the year, your Directors are unable to recommend any dividend for the year under review (previous year ₹ 0.50 per equity share of ₹ 10/- each).

Board Meetings

During the year ended 31st March, 2015 six Board Meetings were held.

Directors and Key Managerial Personnel

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

During the year under review, Directors Mr. Ramanapradeep Reddy Nallari (DIN: 00096144) and Mr Chandrasekhar Subrahmoneyan (DIN 00024780) had resigned effective 14th April, 2014 and 28th January, 2015. Your Directors would like to place on record their appreciation of the services rendered by Mr Reddy and Mr Sekhar during their tenure as the Directors of the Company.

Mr. Gunupati Venkata Pranav Reddy (DIN: 06381368) and Mr. Arun Pathak (DIN: 00502850) were appointed as the Additional Directors of the Company with effect from 12th January, 2015 and 2nd February, 2015 respectively.

By virtue of the provisions of Section 161 of the Companies Act, 2013, Messrs Reddy and Pathak will vacate their office at the ensuing Annual General Meeting (AGM) and being eligible offer themselves for re-appointment. Your Board has recommended the appointment of Messrs Reddy and Pathak as Directors of the Company liable to retire by rotation. Due notices under Sec. 160 of the Act have been received by the Company for their appointment as Directors and appropriate resolutions seeking your approval to such appointments are appearing in the Notice convening the ensuing AGM.

Further, the Board appointed Mr. Amit Chandak as the Chief Financial Officer of the Company with effect from 12th January, 2015.

During the year under review, your approval was taken at the Extraordinary General Meeting held on 17th March, 2015 for the appointment of Mr. Subba Rao Tulasi (DIN: 07103605) and Mr. Raghavaiah Veera Kolamala (DIN: 07114270) as Independent Directors of the Company under Section 149 read with Schedule IV of the Companies Act, 2013 ('the Act'), for a period of three years with effect from 17th March, 2015.

(b) Retirement by rotation

In accordance with the provisions of Section 152(6) of the Act and Article 151 and 152 of the Articles of Association of the Company, Mr. Dipak Haksar (DIN: 02952250) and Mr. Nakul Anand (DIN: 00022279) will retire by rotation at the ensuing Annual General Meeting (AGM) of the Company and, being eligible, offer themselves for re-appointment. Your Board has recommended their re-appointment.

(c) Declaration of Independence by the Independent Directors

The Independent Directors of your Company have confirmed that they meet with the criteria of Independence as prescribed under Section 149(6) of the Act read with Rule 5 of the Companies (Appointment and Qualification of Directors) Rules, 2014.

(d) Attributes, qualifications and appointment of Directors

The Nomination and Remuneration Committee has adopted the attributes and qualifications as provided in Section 149(6) of the Act and Rule 5 of the Companies (Appointment and Qualification of Directors) Rules, 2014, in respect of Independent Directors. The Committee has also adopted the same attributes and qualifications, to the extent applicable, in respect of Non-Independent Directors.

All the Non-Executive Directors of the Company, other than Independent Directors, fulfil the fit and proper criteria for appointment as Directors. Further, all Directors of the Company, other than Independent Directors, are liable to retire by rotation. One-third of the Directors who are liable to retire by rotation, retire every year and are eligible for re-appointment.

(e) Remuneration Policy

The Board, on the recommendation of the Nomination and Remuneration Committee, approved the Remuneration Policy for the Directors, Key Managerial Personnel and other employees of the Company, a copy of which is enclosed as **Annexure 1** to this Report.

(f) 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, as required in terms of Section 134(3)(p) of the Act. The performance evaluation of the Board and individual Directors was based on criteria approved by the Nomination and Remuneration Committee. The Directors expressed their satisfaction with the overall evaluation process.

Board Committees

Presently, the Company has two Board Committees with the following members:

Audit Committee	**Nomination and Remuneration Committee**
Mr. Arun Pathak (Chairman)	Mr. Nakul Anand
Mr. Subba Rao Tulasi	Mr. G. Siva Kumar Reddy
Mr. Raghavaiah Veera Kolamala	Mr. Subba Rao Tulasi
	Mr. Raghavaiah Veera Kolamala

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

Subsidiaries, Associates and Joint Ventures

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

Human Resource

The human resource philosophy and strategy of your Company has been designed to attract and retain talent of the highest quality. Your Company has initiated various training and development programmes to meet the challenges posed by ever changing market realities. Your Directors place on record their sincere appreciation of the efforts made and the support rendered by 269 employees of the Company. The Company provides a gender friendly workplace and no case of sexual harassment was reported during the year.

None of the employees of your Company is covered under the provisions of Rule 5(2) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014.

Risk Management

The Board has approved the Risk Management Policy of the Company. The Company's risk management 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.

The responsibility for management of risks vests with the Managers responsible for the day-to-day conduct of the affairs of the Company. Risk focused audits are carried out periodically by the Internal Audit Department of ITC Limited, the Holding Company, which lead to identification of areas where risk management processes need to be strengthened. Annual update is provided to the Board on the effectiveness of the Company's risk management systems and policies.

Internal Financial Controls and Internal Audit

There are adequate internal financial controls in your Company with respect to the financial statements, commensurate with the size and scale of the operations of the Company. The efficacy and adequacy of such internal financial controls have been evaluated by the management during the year. Internal audit of the Company has been carried out during the year. The Audit Committee reviews the internal audit findings, provides guidance on internal controls and ensures that the internal audit recommendations are implemented.

Particulars of Loans, Guarantees and Investments

During the year ended 31st March, 2015, 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, 2015, the Company has not entered into any contract or arrangement with its related parties which is not on arm's length basis.

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 which would impact the going concern status of the Company and its future operations.

Extract of Annual Return

The details forming part of the extract of the Annual Return in Form MGT-9 are provided under **Annexure 2** to this Report.

Conservation of Energy, Technology Absorption, Foreign Exchange Earnings and Outgo

Conservation of Energy

Steps taken on Conservation of Energy and impact thereof:

S. No.	Description
1.	Installed 400 nos 4 W Led lamps in place of 40 W lamps.
2.	Installed 50 nos 7W Led lamps in place of 60 W lamps.
3.	Installed 640 nos 20 W Led tube lights in place of 40 W tube lights.
4.	Installed 17 nos 70 W Led lamps in place of 275 W lamps.
Total Electricity saved over last year due to above initiative is 52875 KWH.	

Steps taken by the company for utilising alternate sources of energy:

Description
Unit used 50891 litres of Bio diesel as a substitute for HSD in Boilers. However no savings in terms of fuel consumption.

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:

S. No.	Description	Benefits
1.	Installed IBMS for HVAC and utilities.	For automation.
2.	Installed Fire suppression system for IT server Room.	For enhanced fire safety.
3.	Replaced old service elevator with new one.	For product improvement.

ii) In case of imported technology (imported during the last 3 years reckoned from the beginning of the financial year), following information may be furnished:

a) Details of technology imported - **NIL**

b) Year of import - **NIL**

c) Whether the technology been fully absorbed - **NIL**

d) If not fully absorbed, areas where absorption has not taken place, and the reasons therefore - **NIL**

iii) Expenditure incurred on Research and Development - **NIL**

Foreign Exchange Earnings and Outgo

During the year the Company has the following Foreign Exchange Earnings & Outgo:

(₹ in Lakhs)

Particulars	As on 31st March	
	2015	2014
Foreign Exchange Earnings	**1444.56**	1336.48
Foreign Exchange Outgo	**177.27**	115.58

Corporate Social Responsibility (CSR)

The Corporate Social Responsibility Committee of the Company comprises of the following members:

Mr. G. Siva Kumar Reddy	-	Chairman
Mr. Subba Rao Tulasi	-	Member
Mr. Dipak Haksar	-	Member

Keeping in view the financial position of the Company and the cash outflow towards the Amritsar project, no contribution towards CSR activities have been made during the financial year 2014-15.

AUDITORS

The Company's Auditors, Messrs. Lovelock & Lewes, Chartered Accountants, were appointed at the Thirty AGM to hold such office till the conclusion of the Thirty Third AGM. Your Board, in terms of Section 139 of the Act, on the recommendation of the Audit Committee, has recommended for the ratification of the Members the appointment of M/s. Lovelock & Lewes from the conclusion of the ensuing AGM till the conclusion of the Thirty Third AGM. The Board, in terms of Section 142 of the Act, on the recommendation of the Audit Committee, has also recommended for the approval of the Members the remuneration of M/s. Lovelock & Lewes for the financial year 2015-16. Appropriate resolution in respect of the above is appearing in the Notice convening the ensuing AGM of the Company.

Your Board, has recommended that the said appointment be placed before the Members of the Company for ratification at the ensuing Annual General Meeting in accordance with Section 139 of the Act.

Dated : 18th May, 2015 **On behalf of the Board**

Hyderabad **G Sivakumar Reddy** **Chairman**

Annexure 1 to the Report of Directors

Remuneration Policy

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 and the overall performance of the 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. The expenses of the Independent Directors for attending meetings of the Board and Board Committees are also borne by the Company, in terms of the Articles of Association of the Company.

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 cognises for the performance rating of the individual employee and the overall performance of the Company.

Annexure I to the Report of Directors

FORM MGT-9

EXTRACT OF ANNUAL RETURN

as on the financial year ended on 31st March, 2015

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

I. REGISTRATION AND OTHER DETAILS

i)	CIN	: U74999TG1984PLC005192
ii)	Registration Date	: 20th December, 1984
iii)	Name of the Company	: Srinivasa Resorts Ltd
iv)	Category / Sub-Category of the Company	: Unlisted Public Company limited by shares
v)	Address of the Registered office and contact details	: 6-3-1187, Begumpet, Hyderabad, Telangana, 500016 Phone: 040 - 40081888 e-mail ID : srl.kakatiya@itchotels.in
vi)	Whether listed company (Yes / No)	: No
vii)	Name, Address and Contact details of Registrar and Transfer Agent, if any	: Not Applicable.

II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

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

Sl. No.	Name and Description of main products / services	NIC Code of the Product / service	% to total turnover of the Company
1.	Hoteliering Services	99631110	100%

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES

Sl. No.	Name and Address of the Company	CIN / GLN	Holding / Subsidiary / Associate	% of shares held in the Company	Applicable Section
1.	ITC Limited Virginia House 37 J. L. Nehru Road Kolkata - 700 071	L16005WB1910PLC001985	Holding company	68	2(46) of the Companies Act, 2013

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

(i) Category-wise Shareholding:

Category of Shareholders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
A. Promoters									
(1) **Indian**									
a) Individual/HUF	—	7,220,040	7,220,040	30.08	—	7,220,040	7,220,040	30.08	—
b) Central Govt.	—	—	—	—	—	—	—	—	—
c) State Govt.(s)	—	—	—	—	—	—	—	—	—
d) Bodies Corp.	—	16,779,960	16,779,960	69.92	—	16,779,960	16,779,960	69.92	—
e) Banks / FI	—	—	—	—	—	—	—	—	—
f) Any Other	—	—	—	—	—	—	—	—	—
Sub-total (A)(1)	—	**24,000,000**	**24,000,000**	**100.00**	**—**	**24,000,000**	**24,000,000**	**100.00**	—
(2) **Foreign**									—
a) NRIs — Individuals	—	—	—	—	—	—	—	—	—
b) Other — Individuals	—	—	—	—	—	—	—	—	—
c) Bodies Corp.	—	—	—	—	—	—	—	—	—
d) Banks / FI	—	—	—	—	—	—	—	—	—
e) Any Other	—	—	—	—	—	—	—	—	—
Sub-total (A)(2)	—	—	—	—	—	—	—	—	—
Total shareholding of Promoter (A) = (A)(1)+(A)(2)	—	**24,000,000**	**24,000,000**	**100.00**	**—**	**24,000,000**	**24,000,000**	**100.00**	—
B. Public Shareholding									
1. **Institutions**									
a) Mutual Funds	—	—	—	—	—	—	—	—	—
b) Banks / FI	—	—	—	—	—	—	—	—	—
c) Central Govt.	—	—	—	—	—	—	—	—	—
d) State Govt.(s)	—	—	—	—	—	—	—	—	—
e) Venture Capital Funds	—	—	—	—	—	—	—	—	—
f) Insurance Companies	—	—	—	—	—	—	—	—	—
g) FIIs	—	—	—	—	—	—	—	—	—
h) Foreign Venture Capital Funds	—	—	—	—	—	—	—	—	—
i) Others (specify)	—	—	—	—	—	—	—	—	—
Sub-total (B)(1):—	—	—	—	—	—	—	—	—	—
2. **Non-Institutions**									—
a) Bodies Corp.									—
i) Indian	—	—	—	—	—	—	—	—	—
ii) Overseas	—	—	—	—	—	—	—	—	—
b) Individuals									
i) Individual shareholders holding nominal share capital upto ₹ 1 lakh	—	—	—	—	—	—	—	—	—
ii) Individual shareholders holding nominal share capital in excess of ₹ 1 lakh	—	—	—	—	—	—	—	—	—
c) Others (specify)	—	—	—	—	—	—	—	—	—
Sub-total (B)(2)	—	—	—	—	—	—	—	—	—
Total Public Shareholding (B)=(B)(1)+ (B)(2)	—	—	—	—	—	—	—	—	—
C. Shares held by Custodian for GDRs & ADRs	—	—	—	—	—	—	—	—	—
Grand Total (A+B+C)	—	**24,000,000**	**24,000,000**	**100.00**	**—**	**24,000,000**	**24,000,000**	**100.00**	—

(ii) Shareholding of Promoters:

Sl. No.	Shareholder's Name	Shareholding at the beginning of the year			Shareholding at the end of the year			% change in shareholding during the year
		No. of Shares	% of total Shares of the Company	% of Shares pledged / encumbered to total Shares	No. of Shares	% of total Shares of the Company	% of Shares pledged / encumbered to total Shares	
1.	ITC Limited	16,320,477	68.00%	—	16,320,477	68.00%	—	—
2.	G. Siva Kumar Reddy	1,304,230	5.43%	—	1,304,230	5.43%	—	—
3.	G. Sulochanamma	1,500,000	6.25%	—	1,500,000	6.25%	—	—
4.	N. Shailaja Reddy	1,000,000	4.17%	—	1,000,000	4.17%	—	—
5.	G. Samyuktha Reddy	615,810	2.57%	—	615,810	2.57%	—	—
6.	B. Bharathi Reddy	1,000,000	4.17%	—	1,000,000	4.17%	—	—
7.	G.V. Pranav Reddy	800,000	3.33%	—	800,000	3.33%	—	—
8.	M.V. Rachita	1,000,000	4.17%	—	1,000,000	4.17%	—	—
9.	GSR Projects Pvt Ltd	459,483	1.91%	—	459,483	1.91%	—	—
	Total	**24,000,000**	**100%**	**—**	**—**	**100%**	—	—

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

Sl. No.		Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of Shares	% of total Shares of the Company	No. of Shares	% of total Shares of the Company
	1 At the beginning of the year	24,000,000	100	24,000,000	100
	2 Date wise Increase / Decrease in Promoters Shareholding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus/ sweat equity etc.)	NIL	NIL	NIL	NIL
	3 At the end of the year	24,000,000	100	24,000,000	100
	Total	**24,000,000**	**100**	**24,000,000**	**100**

(iv) Shareholding Pattern of top ten Shareholders (other than Directors, Promoters and Holders of GDRs and ADRs):

Sl. No.	For each of the top ten Shareholders	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of Shares	% of total Shares of the Company	No. of Shares	% of total Shares of the Company
	At the beginning of the year	NIL	NIL	NIL	NIL
	Date wise Increase / Decrease in Promoters Shareholding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus/ sweat equity etc.)	NIL	NIL	NIL	NIL
	At the end of the year	NIL	NIL	NIL	NIL

(v) Shareholding of Directors and Key Managerial Personnel:

Sl. No.	For each of the Directors and KMP	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of Shares	% of total Shares of the Company	No. of Shares	% of total Shares of the Company
1.	**G. Sivakumar Reddy (DIN: 00439812) — Director**				
	At the beginning of the year	1,304,230	5.43%	1,304,230	5.43%
	Date wise Increase / Decrease in Promoters Shareholding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus/ sweat equity etc.)	—	—	—	—
	At the end of the year	1,304,230	5.43%	1,304,230	5.43%
2.	**G. V. Pranav Reddy (DIN: 06381368) — Director [w.e.f 12th January, 2015]**				
	At the beginning of the year	800,000	3.33%	800,000	3.33%
	Date wise Increase / Decrease in Promoters Shareholding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus/ sweat equity etc.)	—	—	—	—
	At the end of the year	800,000	3.33%	800,000	3.33%
3.	**Nakul Anand (DIN: 00022279) — Director**				
	At the beginning of the year	—	—	—	—
	Date wise Increase / Decrease in Promoters Shareholding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus/ sweat equity etc.)	—	—	—	—
	At the end of the year	—	—	—	—
4.	**Bommireddi Narasimhasuresh Reddy (DIN: 00218223) — Director**				
	At the beginning of the year	—	—	—	—
	Date wise Increase / Decrease in Promoters Shareholding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus/ sweat equity etc.)	—	—	—	—
	At the end of the year	—	—.	—	—
5.	**Arun Pathak (DIN: 00502850) — Director [w.e.f 2nd February, 2015]**				
	At the beginning of the year	—	—	—	—
	Date wise Increase / Decrease in Promoters Shareholding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus/ sweat equity etc.)	—	—	—	—
	At the end of the year	—	—	—	—
6.	**George Verghese (DIN: 02668799) — Managing Director**				
	At the beginning of the year	—	—	—	—
	Date wise Increase / Decrease in Promoters Shareholding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus/ sweat equity etc.)	—	—	—	—
	At the end of the year	—	—	—	—
7.	**Dipak Haksar (DIN: 02952250) — Director**				
	At the beginning of the year	—	—	—	—
	Date wise Increase / Decrease in Promoters Shareholding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus/ sweat equity etc.)	—	—	—	—
	At the end of the year	—	—	—	—

(v) Shareholding of Directors and Key Managerial Personnel (contd):

Sl. No.	For each of the Directors and KMP	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of Shares	% of total Shares of the Company	No. of Shares	% of total Shares of the Company
8.	**Subba Rao Tulasi (DIN: 07103605) — Director**				
	At the beginning of the year	—	—	—	—
	Date wise Increase / Decrease in Promoters Shareholding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus/ sweat equity etc.)	—	—	—	—
	At the end of the year	—	—	—	—
9.	**Raghavaiah Veera Kolamala (DIN: 07114270) — Director**				
	At the beginning of the year	—	—	—	—
	Date wise Increase / Decrease in Promoters Shareholding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus/ sweat equity etc.)	—	—	—	—
	At the end of the year	—	—	—	—
10.	**Amit Chandak (PAN: ACSPC0093R) — Company Secretary and CFO**				
	At the beginning of the year	—	—	—	—
	Date wise Increase / Decrease in Promoters Shareholding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus/ sweat equity etc.)	—	—	—	—
	At the end of the year	—	—	—	—

V. INDEBTEDNESS

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

	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
Indebtedness at the beginning of the financial year				
i) Principal Amount	—	—	—	—
ii) Interest due but not paid	—	—	—	—
iii) Interest accrued but not due	—	—	—	—
Total (i+ii+iii)	**—**	**—**	**—**	**—**
Change in Indebtedness during the financial year				
• Addition	—	—	—	—
• Reduction	—	—	—	—
Net Change	—	—	—	—
Indebtedness at the end of the financial year				
i) Principal Amount	—	—	—	—
ii) Interest due but not paid	—	—	—	—
iii) Interest accrued but not due	—	—	—	—
Total (i+ii+iii)	—	—	—	—

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

A. Remuneration to Managing Director, Whole-time Directors and/or Manager:

(Amount in ₹)

Sl. No.	Particulars of Remuneration per annum	George Verghese (Managing Director)
1.	Gross salary	
	(a) Salary as per provisions contained in Section 17(1) of the Income-tax Act, 1961	3,694,920
	(b) Value of perquisites under Section 17(2) of the Income-tax Act, 1961	796,225
	(c) Profits in lieu of salary under Section 17(3) of the Income-tax Act, 1961	—
2.	Stock Option	—
3.	Sweat Equity	—
4.	Commission - as % of profit - others, specify	 — —
5.	Others, please specify	—
Total (A)		**4,491,145**
Ceiling as per the Act		**** 84,00,000**

**** Considering that the Company had incurred losses during the financial year ended 31st March, 2015, ceiling as per Part II of Schedule V [proviso to Section II (A)(ii)] of the Companies Act, 2013 has been disclosed.**

B. Remuneration to other Directors:

(Amount in ₹)

Sl. No.	Particulars of Remuneration	Name of Directors		Total Amount
		Raghavaiah Veera Kolamala	Subba Rao Tulasi	
1.	**Independent Directors**			
	● Fee for attending Board and Board Committee meetings	10,000	10,000	20,000
	● Commission	—	—	—
	● Others, please specify	—	—	—
	Total (1)	**10,000**	**10,000**	**20,000**

Sl. No.	Particulars of Remuneration	Name of Directors						Total Amount
		Nakul Anand [w.e.f 12th March, 1998]	Bommireddi Narasimha Suresh Reddy [w.e.f 12th March, 1998]	Gunupati Sivakumar Reddy [w.e.f 20th December, 1984]	Arun Pathak [w.e.f 2nd February, 2015]	Dipak Haksar [w.e.f 26th March, 2010]	G.V. Pranav Reddy [w.e.f 12th January, 2015]	
2.	**Other Non-Executive Directors**							
	● Fee for attending Board and Board Committee meetings	-	-	-	-	-	-	-
	● Commission	-	-	-	-	-	-	-
	● Others, please specify	-	-	-	-	-	-	-
	Total (2)	-	-	-	-	-	-	-
Total (B) = (1) + (2)								**20,000**
Total Managerial Remuneration								**N.A.***
Overall ceiling as per the Act								

** The Company has a Managing Director the remuneration details of whom are given under VI (A) above and the Independent Directors of the Company are not entitled to any remuneration other than sitting fees for attending meetings of the Board and Board Committees.*

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

(Amount in ₹)

Sl. No.	Particulars of Remuneration per Annum	Amit Chandak (Chief Financial Officer and Company Secretary)
1.	Gross salary	
	(a) Salary as per provisions contained in Section 17(1) of the Income-tax Act, 1961	1,978,982
	(b) Value of perquisites under Section 17(2) of the Income-tax Act, 1961	423,171
	(c) Profits in lieu of salary under Section 17(3) of the Income-tax Act, 1961	—
2.	Stock Option	—
3.	Sweat Equity	—
4.	Commission - as % of profit - others, specify	 — —
5.	Others, please specify	—
Total		**2,402,153**

VII. PENALTIES / PUNISHMENT / COMPOUNDING OF OFFENCES

Type	Section of the Companies Act	Brief Description	Details of Penalty / Punishment / Compounding fees imposed	Authority [RD / NCLT / COURT]	Appeal made, if any (give details)
A. COMPANY					
Penalty	Not applicable	Not applicable	NIL	Not applicable	Not applicable
Punishment	Not applicable	Not applicable	NIL	Not applicable	Not applicable
Compounding	Not applicable	Not applicable	NIL	Not applicable	Not applicable
B. DIRECTORS					
Penalty	Not applicable	Not applicable	NIL	Not applicable	Not applicable
Punishment	Not applicable	Not applicable	NIL	Not applicable	Not applicable
Compounding	Not applicable	Not applicable	NIL	Not applicable	Not applicable
C. OTHER OFFICERS IN DEFAULT					
Penalty	Not applicable	Not applicable	NIL	Not applicable	Not applicable
Punishment	Not applicable	Not applicable	NIL	Not applicable	Not applicable
Compounding	Not applicable	Not applicable	NIL	Not applicable	Not applicable

Dated : 18th May, 2015
Hyderabad

On behalf of the Board
Srinivasa Resorts Ltd.

G Sivakumar Reddy **Chairman**
(DIN: 00439812)

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF SRINIVASA RESORTS LIMITED

Report on the Financial Statements

1. We have audited the accompanying financial statements of **Srinivasa Resorts Limited** ("the Company"), which comprise the Balance Sheet as at March 31, 2015, the Statement of Profit and Loss, the Cash Flow Statement for the year then ended, and a summary of the significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

2. 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 financial statements to give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, 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.

Auditor's Responsibility

3. Our responsibility is to express an opinion on these financial statements based on our audit.

4. We have taken into account the provisions of the Act and the Rules made thereunder including the accounting standards and matters which are required to be included in the audit report.

5. We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act and other applicable authoritative pronouncements issued by the Institute of Chartered Accountants of India. Those Standards and pronouncements require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

6. An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the financial statements that give a true and fair view, in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on whether the Company has in place an adequate internal financial controls system over financial reporting and the operating effectiveness of such controls. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the financial statements.

7. 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.

Opinion

8. 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 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, 2015, and its loss and its cash flows for the year ended on that date.

Report on Other Legal and Regulatory Requirements

9. As required by 'the Companies (Auditor's Report) Order, 2015', issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act (hereinafter referred to as the "Order"), and on the basis of such checks of the books and records of the Company as we considered appropriate and according to the information and explanations given to us, we give in the Annexure a statement on the matters specified in paragraphs 3 and 4 of the Order.

10. As required by Section 143(3) of the Act, we report that:

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

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

    (c) The Balance Sheet, the Statement of Profit and Loss, and the Cash Flow Statement dealt with by this Report are in agreement with the books of account.

    (d) In our opinion, the aforesaid financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.

    (e) On the basis of the written representations received from the directors as on March 31, 2015 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2015 from being appointed as a director in terms of Section 164(2) of the Act.

    (f) 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 knowledge and belief and according to the information and explanations given to us:

        i) The Company has disclosed the impact of pending litigations as at March 31, 2015 on its financial position in its financial statements in note 29.

        ii) The Company did not have any long-term contracts with material foreseeable losses and did not any derivative contracts as at March 31, 2015.

        iii) There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company during the year ended March 31, 2015.

For Lovelock & Lewes
Firm's Registration Number : 301056E

Sunit Kumar Basu
Partner
Membership No. : 55000

Place: Hyderabad
Date : April 14, 2015

ANNEXURE TO INDEPENDENT AUDITORS' REPORT

Referred to in paragraph 9 of the Independent Auditors' Report of even date to the members of Srinivasa Resorts Limited on the financial statements for the year ended March 31, 2015.

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

   (b) The fixed assets of the Company have been physically verified by the Management during the year and no material discrepancies have been noticed on such verification. In our opinion, the frequency of verification is reasonable.

ii. (a) The inventory has been physically verified by the Management during the year. In our opinion, the frequency of verification is reasonable.

   (b) In our opinion, the procedures of physical verification of inventory followed by the Management are reasonable and adequate in relation to the size of the Company and the nature of its business.

   (c) On the basis of our examination of the inventory records, in our opinion, the Company is maintaining proper records of inventory. The discrepancies noticed on physical verification of inventory as compared to book records were not material.

iii. The Company has not granted any loans secured or unsecured, to companies, firms or other parties covered in the register maintained under Section 189 of the Act. Therefore, the provisions of Clause 3(iii), (iii)(a) and (iii)(b) of the said Order are not applicable to the Company.

iv. In our opinion, and according to the information and explanations given to us, there is an adequate internal control system commensurate with the size of the Company and the nature of its business for the purchase of inventory and fixed assets and for the sale of goods and services. Further, on the basis of our examination of the books and records of the Company, and according to the information and explanations given to us, we have neither come across, nor have been informed of, any continuing failure to correct major weaknesses in the aforesaid internal control system.

v. The Company has not accepted any deposits from the public within the meaning of Sections 73, 74, 75 and 76 of the Act and the rules framed there under to the extent notified.

vi. The Central Government of India has not specified the maintenance of cost records under sub-section (1) of Section 148 of the Act for any of the products of the Company.

vii. (a) According to the information and explanations given to us and the records of the Company examined by us, in our opinion, the Company is regular in depositing the undisputed statutory dues, including provident fund, employees' state insurance, income tax, sales tax, wealth tax, service tax, duty of customs, duty of excise, value added tax, cess and other material statutory dues, as applicable, with the appropriate authorities.

(b) According to the information and explanations given to us and the records of the Company examined by us, there are no dues of income-tax, sales-tax, wealth-tax, service-tax, duty of custom, duty of excise, cess which have not been deposited on account of any dispute. The particulars of dues of value added tax as at March 31, 2015 which have not been deposited on account of a dispute, are as follows:

Name of the statute	Nature of dues	Amount (₹)	Period to which the amount relates	Forum where the dispute is pending
A.P. Value Added Tax Act, 2005	Exclusion of service tax in computation of liability	1,090,519*	April 1, 2005 to January 31, 2008	Hon'ble High Court of Andhra Pradesh, Hyderabad.

* Total amount paid under protest ₹ 895,179

(c) There are no amounts required to be transferred by the Company to the Investor Education and Protection Fund in accordance with the provisions of the Companies Act, 1956 and the rules made thereunder.

viii. The Company has no accumulated losses as at the end of the financial year and it has not incurred any cash losses in the financial year ended on that date or in the immediately preceding financial year.

ix. As the Company does not have any borrowings from any financial institution or bank nor has it issued any debentures as at the balance sheet date, the provisions of Clause 3(ix) of the Order are not applicable to the Company.

x. In our opinion, and according to the information and explanations given to us, the Company has not given any guarantee for loans taken by others from banks or financial institutions during the year. Accordingly, the provisions of Clause 3(x) of the Order are not applicable to the Company.

xi. The Company has not raised any term loans. Accordingly, the provisions of Clause 3(xi) of the Order are not applicable to the Company.

xii. During the course of our examination of the books and records of the Company, carried out in accordance with the generally accepted auditing practices in India, and according to the information and explanations given to us, we have neither come across any instance of material fraud on or by the Company, noticed or reported during the year, nor have we been informed of any such case by the Management.

For Lovelock & Lewes
Firm's Registration Number : 301056E

Sunit Kumar Basu
Partner
Membership No. : 55000

Place: Hyderabad
Date : April 14, 2015

BALANCE SHEET AS AT 31ST MARCH, 2015

	Note No.	31st March, 2015 (₹)	31st March, 2014 (₹)
Equity and liabilities			
Shareholders' funds:			
Share capital	3	**240,000,000**	240,000,000
Reserves and surplus	4	**761,407,580**	774,650,540
Non-current liabilities:			
Deferred tax liabilities (net)	5	**69,704,955**	81,607,839
Other long term liabilities	6	**1,426,800**	1,497,000
Long-term provisions	7	**1,291,789**	1,094,191
Current liabilities:			
Trade payables	8	**53,377,746**	49,510,012
Other current liabilities	9	**36,341,674**	25,724,868
Short-term provisions	10	**3,663,356**	16,690,475
Total		**1,167,213,900**	1,190,774,925
Assets			
Non-current assets:			
Fixed assets:	11		
Tangible assets		**493,085,631**	534,330,430
Intangible assets		**952,625**	1,376,660
Capital work-in-progress		**86,406,019**	46,962,146
Non-current investments	12	**10,000**	10,000
Long-term loans and advances	13	**78,596,685**	73,339,468
Current assets:			
Current investments	14	**283,523,416**	317,891,902
Inventories	15	**10,894,936**	12,297,756
Trade receivables	16	**18,036,683**	24,549,714
Cash and bank balances	17	**174,901,142**	153,034,223
Short-term loans and advances	18	**9,033,888**	8,886,044
Other current assets	19	**11,772,875**	18,096,582
Total		**1,167,213,900**	1,190,774,925
Summary of significant accounting policies	2		

The notes are an integral part of these financial statements.
This is the Balance Sheet referred to in our Report of even date.

For Lovelock & Lewes
Chartered Accountants
Firm's Registration Number : 301056E
Sunit Kumar Basu
Partner
Membership Number : 55000
Place: Hyderabad
Date : April 14, 2015

On behalf of the Board
Gunupati Sivakumar Reddy Chairman
George Verghese Managing Director
Amit Chandak Chief Financial Officer & Company Secretary
Place: Gurgaon
Date: April 14, 2015

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31ST MARCH, 2015

	Note No.	31st March, 2015 (₹)	31st March, 2014 (₹)
Revenue from operations:			
Revenue from Sale of Services		**473,895,880**	467,075,606
Other operating revenue		**11,365,938**	14,445,027
Total revenue from operations	20	**485,261,818**	481,520,633
Other income	21	**42,186,192**	51,244,465
Total revenue		**527,448,010**	532,765,098
Expenses:			
Cost of materials consumed	22	**70,652,535**	77,466,490
Employee benefits expense	23	**130,335,539**	109,650,526
Depreciation and amortization expense	24	**64,010,172**	35,937,759
Other expenses	25	**276,468,076**	270,107,670
Total expenses		**541,466,322**	493,162,445
Profit/ (Loss) before tax		**(14,018,312)**	39,602,653
Tax expense:			
Current tax	26	**2,100,000**	5,200,000
Deferred tax		**(8,918,382)**	1,111,273
Profit/ (Loss) for the year		**(7,199,930)**	33,291,380
Earnings per share: [Nominal value per share: ₹ 10 each (2014: ₹ 10)]	27		
Basic		**(0.30)**	1.39
Diluted		**(0.30)**	1.39
Summary of significant accounting policies	2		

The notes are an integral part of these financial statements.
This is the Statement of Profit and Loss referred to in our Report of even date.

For Lovelock & Lewes
Chartered Accountants
Firm Registration Number : 301056E
Sunit Kumar Basu
Partner
Membership Number : 55000
Place: Hyderabad
Date : April 14, 2015

On behalf of the Board
Gunupati Sivakumar Reddy — Chairman
George Verghese — Managing Director
Amit Chandak — Chief Financial Officer & Company Secretary
Place: Gurgaon
Date: April 14, 2015

CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2015

		(₹)	31st March, 2015 (₹)	(₹)	31st March, 2014 (₹)
A.	**Cash flow from operating activities**				
	Net profit/ (loss) before tax		**(14,018,312)**		39,602,653
	Adjustment for:-				
	Depreciation & Amortisation	**64,010,172**		35,937,759	
	Interest on Deposits	**(15,084,477)**		(13,952,954)	
	Loss on Fixed assets sold/ discarded	**2,042,548**		762,469	
	Income from investment	**(10,918,202)**		(20,329,404)	
	Profit on sale of investment	**(12,545,464)**		(12,595,105)	
	Net loss/ (gain) on foreign currency transactions and translations	**(99,891)**		322,534	
	Provisions for Bad Debts Written Back	**(14,494)**		(148,441)	
	Bad advances, loans and deposits	**115,067**		—	
	Bad debts written off	**121,070**		229,397	
			27,626,329		(9,773,745)
	Operating Profit before Working Capital Changes		**13,608,017**		29,828,908
	Changes in working capital:				
	Adjustments for (increase) / decrease in operating assets:				
	Trade Receivables	**6,406,455**		2,525,891	
	Inventories	**1,402,820**		(4,852,448)	
	Other Receivables	**498,290**		(47,458)	
	Trade Payables	**3,353,908**		6,466,707	
	Other Payables	**197,598**		(222,937)	
			11,859,071		3,869,755
	Cash generated from operations		**25,467,088**		33,698,663
	Income Tax Paid		**(6,374,811)**		(7,060,023)
	Net cash from operating activities		**19,092,277**		26,638,640
B.	**Cash flow from investing activities**				
	Purchase of Fixed Assets (Net of Capital Creditors)	**(60,682,688)**		(78,146,183)	
	Capital advances/ Deposits	**1,020,495**		(50,960,687)	
	Purchase of Current Investments	**(4,067,155,856)**		(2,660,520,651)	
	Sale/ Redemption of Current Investments	**4,124,988,009**		2,791,753,794	
	Interest on Deposits	**18,644,082**		325,787	
	Net cash from investing activities		**16,814,042**		2,452,060
C.	**Cash flow from financing activities**				
	Dividends paid	**(12,000,000)**		(24,000,000)	
	Dividend distribution tax paid	**(2,039,400)**		(4,078,800)	
	Net cash used in financing activities		**(14,039,400)**		(28,078,800)
	Net increase in cash and bank balances (A+B+C)		**21,866,919**		1,011,900
	Opening cash and bank balances		**153,034,223**		152,022,323
	Closing cash and bank balances		**174,901,142**		153,034,223
	CASH AND CASH EQUIVALENTS COMPRISE :				
	Cash, Cheques and Current Accounts	**8,896,064**		10,334,223	
	Other Bank Balances:				
	Deposits Maturing within 3 months (held as margin money)	**4,214,878**		—	
	Deposits with maturity period more than 12 months (held as margin money)	**100,000**		—	
	Long Term Deposits with maturity more than 3 months but less than 12 months	**161,690,200**		142,700,000	
			174,901,142		153,034,223

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

Note:
1. The above Cash Flow Statement has been prepared under the 'Indirect Method' as set out in the Accounting Standard - 3 on Cash Flow Statements
2. Previous year's figures have been regrouped and/ or rearranged wherever considered necessary to conform to those of current year.

For Lovelock & Lewes
Chartered Accountants
Firm Registration Number : 301056E
Sunit Kumar Basu
Partner
Membership Number : 55000
Place: Hyderabad
Date : April 14, 2015

On behalf of the Board
Gunupati Sivakumar Reddy — Chairman
George Verghese — Managing Director
Amit Chandak — Chief Financial Officer & Company Secretary
Place: Gurgaon
Date: April 14, 2015

NOTES TO THE FINANCIAL STATEMENTS

1 General Information

Srinivasa Resorts Limited, subsidiary of ITC Limited, is in the business of Hoteliering. The Company was incorporated on December 20, 1984.

2 Summary of significant accounting policies

I) Convention

To prepare financial statements in accordance with applicable Accounting Standards in India. A summary of important accounting policies is set out below. The financial statements have also been prepared in accordance with relevant presentational requirements of the Companies Act, 2013, as applicable.

II) Basis of preparation of financial statements

To prepare financial statements in accordance with the historical cost convention modified by revaluation of certain Fixed Assets as and when undertaken.

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) Fixed assets

To state fixed assets at cost of acquisition 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 the assets capitalised.

To capitalise software 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.

To charge off as a revenue expenditure all upgradation/enhancements unless they bring similar significant additional benefits.

IV) Depreciation

To calculate depreciation on fixed assets in a manner that amortises the cost of assets after commissioning, less its residual value, over their estimated useful lives based on the rates specified in Schedule II to the Companies Act, 2013, by equal annual instalments. Leasehold properties are amortised over the period of the lease.

To amortise capitalised software costs over a period of five years.

V) Government grants

Grants and subsidies from the government are recognized when there is reasonable assurance that:

(i) the Company will comply with the conditions attached to them, and

(ii) the grant/subsidy will be received/ utilized.

When the grant or subsidy relates to revenue, it is recognized as income on a systematic basis in the statement of profit and loss over the periods necessary to match them with the related costs, which they are intended to compensate. Where the grant relates to an asset, it is shown as deduction from the gross book value of the asset concerned in order to arrive at net book value.

VI) Investments

To state Current Investments at lower of cost and fair value; and long term investments at cost. Where applicable, provision is made to recognize a decline, other than temporary, in valuation of Long Term investments.

VII) Inventories

To state inventories 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 location. Obsolete, slow moving and defective inventories are identified at the time of physical verification of inventories and, where necessary, provision is made for such inventories.

VIII) Revenue from services

To recognize Gross Sales after delivery of goods and rendering of services net of Sales Tax / Value Added Tax/ Service Tax/ Luxury Tax recovered from customers but including all other applicable taxes. Net sales are stated after deducting such applicable taxes.

IX) 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.

X) Proposed dividend

To provide for Dividends (including Income Tax thereon) in the books of account as proposed by the Directors, pending approval at the Annual General Meeting.

XI) Employee benefits

To make regular monthly contributions to Provident Fund which are in the nature of defined contribution scheme and such paid/payable amounts are charged against revenue. The contributions in respect of provident fund and family pension are statutorily deposited with the Government.

To determine the liabilities towards gratuity and leave encashment by an independent actuarial valuation as per requirements of Accounting Standard – 15 (revised 2005) on "Employee benefits". To determine actuarial gains or losses and to recognise such gains or losses immediately in Statement of Profit and Loss as income or expense. The contributions in respect of gratuity fund are made to Life Insurance Corporation.

XII) Lease rentals

To charge rentals in respect of leased premises and equipment to the Statement of Profit and Loss.

To recognise rental income on assets given on operating lease on an accrual basis over the lease term in the Statement of Profit and Loss.

XIII) 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 substantially 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.

XIV) Foreign currency transactions

To account for transactions in foreign currencies at the exchange rate prevailing on the date of the transaction. Gains / Losses arising out of fluctuations in the exchange rates are recognised in the Statement of Profit and Loss in the period in which they arise.

To account for gains / losses in the Statement of Profit and Loss on foreign exchange rate fluctuation relating to monetary items at the year end.

XV) Claims

To disclose claims against the Company not acknowledged as debts after a careful evaluation of the facts and legal aspects of the matter involved.

XVI) Financial and Management Information Systems

To practice an Accounting System which unifies Financial and Cost Records and is designed to comply with the relevant provisions of the Companies Act, 2013, provide financial and cost information appropriate to the businesses and facilitate Internal Control.

NOTES TO THE FINANCIAL STATEMENTS

	As at March 31, 2015 (₹)	As at March 31, 2014 (₹)
3. Share Capital		
Authorised		
2,40,00,000 (March 31, 2014: 2,40,00,000) Equity Shares of ₹ 10/- each	**240,000,000**	240,000,000
	240,000,000	240,000,000
Issued, subscribed & paid up		
2,40,00,000 (March 31,2014: 2,40,00,000) Equity Shares of ₹ 10/- each (fully paid up)	**240,000,000**	240,000,000
Total	**240,000,000**	240,000,000

a) Rights, Preferences, and restrictions attached to shares

The Ordinary Shares of the Company, having par value of ₹ 10/- per share, rank pari passu in all respects including entitlement to dividend.

	As at March 31, 2015 No. of Shares held	As at March 31, 2014 No. of Shares held
b) Equity Shares held by Holding Company		
ITC Limited	**16,320,477**	16,320,477

c) Details of shares held by shareholders holding more than 5% of the aggregate shares in the Company

	As at March 31, 2015		As at March 31, 2014	
Equity Shares	No. of Shares held	% of Holding	No. of Shares held	% of Holding
ITC Limited, the holding company	**16,320,477**	**68.00%**	16,320,477	68.00%
G Siva Kumar Reddy, Promoter	**1,304,230**	**5.43%**	1,304,230	5.43%
G Sulochanamma, Promoter	**1,500,000**	**6.25%**	1,500,000	6.25%

	As at March 31, 2015 (₹)	As at March 31, 2014 (₹)
4. Reserves & Surplus		
Capital reserve (A)	**94,603**	94,603
General reserve (B)	**80,643,117**	80,643,117
Surplus in Statement of Profit and Loss		
Balance as at the beginning of the year	**693,912,820**	674,660,840
Less: Depreciation Adjustment (Net of Deferred Tax of ₹ 29,84,502) (Refer Note 11B)	**(6,043,030)**	—

	As at March 31, 2015	As at March 31, 2014
	(₹)	(₹)
Add: Profit / (Loss) for the year	**(7,199,930)**	33,291,380
Less: Appropriations:		
Proposed dividend on equity shares for the year	—	12,000,000
Dividend distribution tax on proposed dividend on equity shares for the year	—	2,039,400
Balance as at the end of the year (C)	**680,669,860**	693,912,820
Total (A+B+C)	**761,407,580**	774,650,540

5. Deferred tax liabilities (net)

Deferred tax liabilities:		
On depreciation (including ₹ 29,84,502 on depreciation adjusted to Surplus of Profit and Loss, March 31, 2014: Nil) (Refer Note 4 above)	**71,343,275**	82,827,694
Deferred tax assets:		
On provision for employee benefits	**1,638,320**	1,215,152
Other timing differences	—	4,703
Total	**69,704,955**	81,607,839

Note:

Deferred tax assets and deferred tax liabilities have been offset as they relate to the same governing taxation laws.

6. Other long term liabilities		
Sundry deposits	**1,426,800**	1,497,000
Total	**1,426,800**	1,497,000
7. Long-term provisions		
Provision for employee benefits:		
Provision for compensated absences (Refer Note 36)	**1,291,789**	1,094,191
Total	**1,291,789**	1,094,191
8. Trade payables		
Trade payables (Refer Note 38)	**53,377,746**	49,510,012
Total	**53,377,746**	49,510,012
9. Other current liabilities		
Sundry deposits	**1,473,200**	1,340,000
Advances from customers	**5,704,343**	7,832,824
Employee benefits payable	**4,447,396**	3,214,661
Capital creditors	**17,826,983**	5,654,379
Statutory dues (including tax deducted at source)	**6,889,752**	7,683,004
Total	**36,341,674**	25,724,868
10. Short- term provisions		
Provision for employee benefits:		
Provision for gratuity (Refer Note 36)	**3,059,135**	2,138,113
Provision for compensated absences (Refer Note 36)	**604,221**	512,962
Other provisions:		
Provision for proposed dividend on equity shares	—	12,000,000
Provision for dividend distribution tax on proposed dividend on equity shares	—	2,039,400
Total	**3,663,356**	16,690,475

11. Fixed Assets

(₹)

Particulars	Gross Block					Depreciation / Amortisation					Net Block	
	April 1, 2014	Additions	Disposals	Adjustments (Net)	March 31, 2015	April 1, 2014	For the year	Disposals	Adjustments (Net)	March 31, 2015	March 31, 2015	March 31, 2014
Tangible assets												
Land - Freehold	10,000,000	—	—	—	**10,000,000**	—	—	—	—	—	**10,000,000**	10,000,000
Land - Leasehold (Note A)	30,383,243	**1,223,746**	—	—	**31,606,989**	350,884	**653,687**	—	—	**1,004,571**	**30,602,418**	30,032,359
Building	333,384,949	**3,925,912**	**194,328**	—	**337,116,533**	88,711,280	5,097,282	**70,621**	—	**93,737,941**	**243,378,592**	244,673,669
Plant and Machinery	361,314,790	**23,418,221**	**6,524,520**	**772,904**	**378,981,395**	166,831,040	30,657,463	**4,629,608**	**3,833,578**	**196,692,473**	**182,288,922**	194,483,750
Furnitures & fixtures	170,721,393	**576,300**	**412,641**	—	**170,885,052**	137,090,198	17,754,207	**405,852**	**2,796,011**	**157,234,564**	**13,650,488**	33,631,195
Vehicles	14,722,105	**3,082,404**	—	—	**17,804,509**	9,639,338	778,784	—	**1,756,933**	**12,175,055**	**5,629,454**	5,082,767
Office equipments	1,961,951	**13,362**	—	**(772,904)**	**1,202,409**	536,750	670,619	—	**(84,064)**	**1,123,305**	**79,104**	1,425,201
Computers	34,012,800	**1,171,474**	**978,430**	**(9,367,803)**	**24,838,041**	19,011,311	6,890,921	**961,289**	**(4,346,000)**	**20,594,943**	**4,243,098**	15,001,489
Computer servers and networks	—	—	—	**9,367,803**	**9,367,803**	—	1,083,174	—	**5,071,074**	**6,154,248**	**3,213,555**	—
Total (A)	956,501,231	**33,411,419**	**8,109,919**	—	**981,802,731**	422,170,801	63,586,137	**6,067,370**	**9,027,532**	**488,717,100**	**493,085,631**	534,330,430
Previous Year	908,912,556	58,796,688	9,232,233	(1,975,780)	956,501,231	395,301,926	35,739,640	8,469,764	(401,001)	422,170,801	534,330,430	
Capital work-in-progress (B)	46,962,146	**72,855,292**	**33,411,419**	—	**86,406,019**	—	—	—	—	—	**86,406,019**	46,962,146
Intangible assets												
Software	1,975,780	—	—	—	**1,975,780**	599,120	424,035	—	—	**1,023,155**	**952,625**	1,376,660
Total (C)	1,975,780	—	—	—	**1,975,780**	599,120	424,035	—	—	**1,023,155**	**952,625**	1,376,660
Previous Year	—	—	—	1,975,780	1,975,780	—	198,119	—	401,001	599,120	1,376,660	—
Grand Total (A+B+C)	1,005,439,157	**106,266,711**	**41,521,338**	—	**1,070,184,530**	422,769,921	64,010,172	**6,067,370**	**9,027,532**	**489,740,255**	**580,444,275**	582,669,236

Notes:

A. Represents Leasehold Land assigned by ITC Ltd. in favour of the company effective September 10, 2013, pursuant to an assignment deed (Refer Note 13).

B. Pursuant to notification of Schedule II of the Companies Act, 2013 ('the Act'), with effect from April 1, 2014, the company has reviewed and revised the estimated useful life of its Fixed Assets. In respect of assets, whose useful life is exhausted as at April 1, 2014, the related carrying amount aggregating ₹ 60,43,030 (net of Deferred Tax of ₹ 29,84,502) has been adjusted against the opening balance of the surplus (Refer Note-4 'Reserves and Surplus'). Further, the revision of useful life of the fixed assets has resulted in additional depreciation of ₹ 2.74 Crore charged to the Statement of Profit and Loss.

NOTES TO THE FINANCIAL STATEMENTS (Contd.)

	As at March 31, 2015	As at March 31, 2014
12. Non current Investments		
(at cost unless otherwise stated)		
Other Investments (Unquoted)		
Deposit in Government Securities -		
National Savings Certificates	**10,000**	10,000
Total	**10,000**	10,000
13. Long term loans and advances		
Capital Advances:		
Secured, considered good	—	926,975
Unsecured, considered good	**1,305,395**	1,398,915
Unsecured, considered good		
(unless otherwise stated):		
Security Deposit (Refer note below)	**53,162,215**	52,540,306
Advance Income Tax (Net of Provision of ₹ 44,11,04,972, March 31, 2014: ₹ 43,90,04,972)	**23,026,396**	16,897,019
Other loans and advances:		
Prepaid expenses	**7,500**	183,300
Balance with government authorities	**1,095,179**	1,392,953
Total	**78,596,685**	73,339,468
Note:		
Security Deposit includes ₹ 5,00,00,000 of deposit reimbursed to ITC Limited and recoverable from Mr. Gurpal Singh on account of assignment deed dated September 10, 2013. (Refer Note 11A)		
14. Current Investments		
(at cost or market value, which ever is less)		
Investments in Mutual Funds (Unquoted):		
HDFC liquid fund - Growth 53,94,789.71 (PY - Nil) Units of ₹ 27.53 each	**148,523,416**	—
ICICI prudential liquid - Regular plan - Growth 6,53,864.80 (PY - Nil) Units of ₹ 206.46 each	**135,000,000**	—
ICICI prudential money market fund - Growth - Direct plan Nil (PY - 9,18,485.06) Units	—	161,891,902
Reliance liquidity fund - Growth plan - Growth option Nil (PY - 81,282.31) Units	—	156,000,000
Total	**283,523,416**	317,891,902
15. Inventories		
(at lower of cost or net realisable value)		
Food and beverages	**7,648,444**	8,051,887
Stores and spares	**3,047,593**	4,050,285
Finished goods held for resale	**198,899**	195,584
Total	**10,894,936**	12,297,756
16. Trade Receivables		
Secured, considered good:		
Outstanding for a period exceeding 6 months from the date they are due for payment	—	111,111
Others	**1,085,024**	875,412
Unsecured, considered good:		
Outstanding for a period exceeding 6 months from the date they are due for payment	**128,618**	1,373,817
Others	**16,823,041**	22,189,374
Unsecured, considered doubtful:		
Outstanding for a period exceeding 6 months from the date they are due for payment	—	14,494
	18,036,683	24,564,208
Less: Provision for doubtful debts	—	14,494
Total	**18,036,683**	24,549,714
17. Cash and Bank Balances		
Cash and cash equivalents:		
Cash on hand	**578,273**	373,616
Cheques on hand	—	121,101
Bank Balances:		
In current accounts	**8,317,791**	9,839,506
In deposit account (Original Maturity more than 12 months)	**161,690,200**	142,700,000
Pledged with Banks for Bank Guarantee and Letter of Credit	**4,314,878**	—
Total	**174,901,142**	153,034,223
18. Short terms loans and advances		
Unsecured and considered good:		
Advance recoverable in cash or in kind or for value to be received	**968,312**	1,974,983
Other deposits	**1,800,400**	1,567,400
Balances with statutory authorities	**2,819,525**	1,939,684
Prepaid Expenses	**3,445,651**	3,403,977
Total	**9,033,888**	8,886,044
19. Other Current Assets		
Unsecured and considered good:		
Interest accrued on deposits	**8,779,110**	14,193,281
SFIS Duty Credit Entitlement Account (includes ₹ 4,83,500 carried forward from previous year (March 31, 2014: ₹ Nil)	**2,993,765**	3,903,301
Total	**11,772,875**	18,096,582

	For the year ended March 31, 2015	For the year ended March 31, 2014
20 Revenue from operations		
Revenue from Sale of services:		
Rooms	**230,064,278**	229,940,664
Food and Beverage	**209,999,913**	203,397,852
Recreation & Other Services	**33,831,689**	33,737,090
Total (A)	**473,895,880**	467,075,606
Other operating revenue:		
Export Incentive Income (SFIS)	**3,665,368**	5,972,119
Provisions for Bad Debts Written Back	**14,494**	148,441
Others	**7,686,076**	8,324,467
Total (B)	**11,365,938**	14,445,027
Total (A + B)	**485,261,818**	481,520,633
21 Other Income		
Interest Income:		
- with banks	**15,084,477**	13,952,954
- statutory authorities	—	781,775
Dividend Income	**10,918,202**	20,329,404
Net Gain on Sale of Current Investments	**12,545,464**	12,595,105
Other Non Operating Income	**3,638,049**	3,585,227
Total	**42,186,192**	51,244,465
22 Cost of material consumed		
Consumption of food and beverages:		
Opening inventory	**8,051,887**	5,862,317
Add: Purchases (net)	**70,252,407**	79,811,929
	78,304,294	85,674,246
Less: Closing inventory	**7,648,444**	8,051,887
Cost of food and beverages consumed during the year (A)	**70,655,850**	77,622,359
Changes in inventories of finished goods held for resale:		
Opening inventory	**195,584**	39,715
Closing inventory	**198,899**	195,584
(Increase)/ Decrease in stocks (B)	**(3,315)**	(155,869)
Total (A)+(B)	**70,652,535**	77,466,490
23 Employee benefits expense		
Salaries, Wages and Bonus	**60,098,416**	53,782,571
Contribution to Provident and Other Funds (Refer note 36b)	**3,469,704**	3,275,754
Gratuity (Refer note 36a)	**1,308,124**	196,255
Staff welfare expenses	**14,500,333**	13,587,576
Remuneration of managers on deputation reimbursed	**50,958,962**	38,808,370
Total	**130,335,539**	109,650,526
24 Depreciation and amortization expense (Refer Note 11B)		
Depreciation/ amortization on tangible assets	**63,586,137**	35,739,640
Amortization on intangible assets	**424,035**	198,119
Total	**64,010,172**	35,937,759
25 Other Expenses		
Consumption of stores and supplies	**16,424,854**	14,942,350
Power and fuel	**66,298,438**	70,495,168
Rent (Refer Note: 35)	**10,794,684**	9,596,930
Repairs to building	**5,527,435**	5,025,692
Repairs to machinery	**13,302,906**	13,405,676
Repairs - others	**7,178,101**	2,678,535
Insurance	**4,046,128**	4,149,173
Rates and taxes	**17,510,785**	17,378,048
Travelling and conveyance	**12,491,224**	12,529,335
Technical and consultancy fees	**28,460,336**	29,085,227
Printing and stationary	**2,689,940**	2,699,694
Information technology services	**11,026,804**	13,558,098
Advertising / Sales Promotion	**4,303,194**	2,999,166
Bad advances, loans and deposits	**115,067**	—
Bad debts	**121,070**	229,397
Training and development	**1,409,494**	1,298,181
Legal expenses	**95,000**	468,250
Postage, telephone, etc.	**1,311,992**	1,142,455
Commission paid to travel agents	**2,187,807**	2,293,510
Bank and credit card charges	**5,024,512**	4,657,102
Hotel reservation/ marketing expenses	**13,696,048**	13,667,603
Contract services	**28,976,684**	29,322,172
Net (gain)/ loss on foreign currency transactions	**(99,891)**	322,534
Loss on fixed assets sold/ discarded	**2,042,548**	762,469
Miscellaneous Expenses *	**21,532,916**	17,400,905
Total	**276,468,076**	270,107,670
*** Includes Auditors' remuneration and expenses**		
- Audit Fees	**825,000**	825,000
- Tax Audit Fees	**75,000**	75,000
- Reimbursement of Expenses	**21,395**	35,651
26 Current tax		
Income tax for the Year	**2,110,819**	5,801,516
Adjustments/ (credits) related to previous years - Net	**(10,819)**	(601,516)
Total	**2,100,000**	5,200,000
27 Earnings per share		
(Loss)/ Profit after taxation	**(7,199,930)**	33,291,380
Weighted average number of equity shares outstanding	**24,000,000**	24,000,000
Basic & dilluted EPS (face value: ₹10 per share)	**(0.30)**	1.39

NOTES TO THE FINANCIAL STATEMENTS (Contd.)

	As at March 31, 2015	As at March 31, 2014
28. The Estimated Amount of Contracts remaining to be executed on Capital Account and not provided for (net of advances ₹ 13,05,395, March 31, 2014: ₹ 23,25,890)	**341,632,961**	34,145,667
29. Contingent Liability		
Claims against the Company not acknowledged as debts :		
i) Indirect Taxation Matters	**1,985,698**	4,377,139
ii) Direct Taxation Matters	—	1,422,303
30. Earnings in Foreign Exchange * Includes ₹ 13,80,41,348 (March 31, 2014: ₹ 12,53,18,530) being Earnings during the year through International Credit Cards & Travel Agencies etc. as certified by Bankers.	**144,455,811**	133,648,119
31. Expenditure in Foreign Currency		
Fees for Reservation / Marketing Services	**17,482,428**	11,050,431
Technical & Consultancy Fees	**244,924**	507,606
Total	**17,727,352**	11,558,037
32. Value of Imports (CIF Basis)		
Capital Goods	**1,225,781**	1,334,864
Other Goods	**247,680**	626,184
Total	**1,473,461**	1,961,048

	For the year ended March 31, 2015		For the year ended March 31, 2014	
33. Value of Consumption of Raw Materials, Stores & Supplies	₹	%	₹	%
a] Raw Materials				
Indigenous	**70,652,535**	**100**	77,466,490	100
Imported	—	—	—	—
Total	**70,652,535**	**100**	77,466,490	100
b] Stores & Supplies				
Indigenous	**16,361,377**	**100**	14,316,166	96
Imported	**63,477**	—	626,184	4
Total	**16,424,854**	**100**	14,942,350	100

34. The Company operates in one operating segment i.e., Hoteliering and within one geographical segment i.e. India.

35. The Company's significant lease arrangements are in respect of operating leases for residential premises. These leasing arrangements, which are cancellable, are for a period of 11 months or longer and are usually renewable by mutual consent on mutually agreeable terms. The aggregate lease rentals payable are charged as Rent under Note 25.

Note - 36.

Employee Benefits :

a) As per Actuarial Valuations as on March 31, 2014 and recognised in the financial statements in respect of Employee Benefit Schemes :

		For the year ended March 31, 2015		For the year ended March 31, 2014	
		Gratuity Funded (₹)	Leave Encashment Unfunded (₹)	Gratuity Funded (₹)	Leave Encashment Unfunded (₹)
I	**Components of Employer Expense**				
1	Current Service Cost	**808,799**	**182,845**	759,223	164,086
2	Interest Cost	**504,731**	**122,506**	603,709	160,970
3	Expected Return on Plan Assets	**(402,492)**	**—**	(355,536)	—
4	Curtailment Cost/(Credit)	—	—	—	—
5	Settlement Cost/(Credit)	—	—	—	—
6	Past Service Cost	—	—	—	—
7	Actuarial Loss / (Gain)	**860,136**	**36,354**	(811,141)	(380,174)
8	Adjustment to opening fund	**(463,050)**	**—**	—	—
9	Total expense recognised in the Statement of Profit and Loss	**1,308,124**	**341,705**	196,255	(55,118)
	The Gratuity Expense has been recognised in "Gratuity" and Leave Encashment in "Salaries, Wages and Bonus" under Note 23.				
II	**Actual Returns**	—	—	386,551	—
III	**Net Asset / (Liability) recognised in Balance Sheet**				
1	Present Value of Obligation	**8,028,169**	**1,896,010**	6,768,319	1,607,153
2	Fair Value on Plan Assets	**4,969,034**	**—**	4,630,206	—
3	Status [Surplus/ (Deficit)]	**(3,059,135)**	**(1,896,010)**	(2,138,113)	(1,607,153)
4	Unrecognised Past Service Cost	**—**	**—**	—	—
5	**Net Asset/ (Liability) recognised in Balance Sheet:**	**(3,059,135)**	**(1,896,010)**	(2,138,113)	(1,607,153)
	- Current	**(3,059,135)**	**(604,221)**	(2,138,113)	(512,962)
	- Non-Current	—	**(1,291,789)**	—	(1,094,191)
IV	**Change in Defined Benefit Obligations (DBO)**				
1	Present Value of DBO at the Beginning of Period	**6,768,319**	**1,607,153**	7,230,257	1,914,838
2	Current Service Cost	**808,799**	**182,845**	759,223	164,086
3	Interest Cost	**504,731**	**122,506**	603,710	160,970
4	Curtailment Cost / (Credit)	—	—	—	—
5	Settlement Cost / (Credit)	—	—	—	—
6	Plan Amendments	—	—	—	—
7	Acquisitions	—	—	—	—
8	Actuarial (Gains) / Losses	**457,644**	**36,354**	(780,127)	(380,174)
9	Benefits Paid	**(511,324)**	**(52,848)**	(1,044,744)	(252,567)
10	Present Value of DBO at the End of Period	**8,028,169**	**1,896,010**	6,768,319	1,607,153
V	**Change in Fair Value of Assets**				
1	Plan Assets at the Beginning of Period	**4,630,206**	**—**	4,258,200	—
2	Adjustment to opening fund	**463,050**	**—**	—	—
3	Acquisition Adjustment	—	—	—	—
4	Expected Return on Plan Assets	**402,492**	**—**	355,536	—
5	Actuarial Gains / (Losses)	**(402,492)**	**—**	31,015	—
6	Actual Company Contribution	**387,102**	**52,848**	1,030,199	252,567
7	Benefits Paid	**(511,324)**	**(52,848)**	(1,044,744)	(252,567)
8	Plan Assets at the End of Period	**4,969,034**	**—**	4,630,206	—
VI	**Actuarial Assumptions**				
1	Discount Rate (%)	**7.75**	**7.75**	9.00	9.00
2	Expected Return on Plan Assets (%)	**8.00**	**—**	8.00	—
3	Rate of Increase in compensation (%)	**5.00**	**5.00**	5.00	5.00

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.

	For the year ended March 31, 2015		For the year ended March 31, 2014	
	Gratuity Funded (₹)	Leave Encashment Unfunded (₹)	Gratuity Funded (₹)	Leave Encashment Unfunded (₹)
VII Major Categories of Plan Assets as a % of the Total Plan Assets				
1 Insurance Companies	**100%**	—	100%	—

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

	For the year ended 31st March, 2015		For the year ended 31st March, 2014		For the year ended 31st March, 2013		For the year ended 31st March, 2012		For the year ended 31st March, 2011	
	Gratuity	Leave Encashment	Gratuity	Leave Encashment	Gratuity	Leave Encashment	Gratuity	Leave Encashment	Gratuity	Leave Encashment
IX Net Asset / (Liability) recognized in Balance Sheet (including experience adjustment impact)										
1 Present Value of Defined Benefit Obligation	**8,028,169**	**1,896,010**	6,768,319	1,607,153	7,230,257	1,914,838	6,004,512	1,271,090	5,236,642	1,302,107
2 Fair Value on Plan Assets	**4,969,034**	—	4,630,206	—	4,258,200	—	3,712,693	—	3,709,295	—
3 Status [Surplus/(Deficit)]	**(3,059,135)**	**(1,896,010)**	(2,138,113)	(1,607,153)	(2,972,057)	(1,914,838)	(2,291,819)	(1,271,090)	(1,527,347)	(1,302,107)
4 Experience Adjustment of Plan Assets [Gain / (Loss)]	**(402,492)**	—	31,015	—	(364,677)	—	13,407	—	27,139	—
5 Experience Adjustment of Obligation [(Gain) / Loss]	**126,809**	**(19,889)**	(85,810)	(268,205)	(525,993)	(15,408)	127,585	(538,237)	(198,364)	49,724

b) Contribution to provident fund and Employee state insurance scheme charged to the Statement of Profit and Loss (included in Note 23) ₹ 3,469,704/- (March 31,2014: ₹ 3,275,754/-)

37. Related Party Disclosures

Name of related parties and nature of relationships

i) Holding Company : ITC Limited

ii) Other Related Parties with whom transactions have taken place during the year :

International Travel House Ltd. (Associate of the holding company)
Espirit Hotels Pvt. Ltd. (Joint Venture of the holding company)
ITC Infotech India Limited (Fellow Subsidiary)
GSR Ventures Private Limited (Company in which key managerial personnel is a director)

iii) Key Management Personnel :

Board of Directors

G. Sivakumar Reddy	-	Chairman
Nakul Anand	-	Vice Chairman & Director
S. C. Sekhar	-	Director (upto 27.01.2015)
Arun Pathak	-	Director (w.e.f. 02.02.2015)
N.R. Pradeep Reddy	-	Director (upto 14.04.2014)
B.N. Suresh Reddy	-	Director
George Verghese	-	Managing Director
Dipak Haksar	-	Director
G Pranav Reddy	-	Director (w.e.f. 12.01.2015)
K V Raghavaiah	-	Director (w.e.f. 17.03.2015)
Subba Rao Tulasi	-	Director (w.e.f. 17.03.2015)

iv) 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)
Mrs. M V Rachita (Daughter of Mr. G Sivakumar Reddy, Chairman)
Mrs. Shailaja Reddy (Sister of Mr. G Sivakumar Reddy, Chairman)
Mrs. Bharati Reddy (Sister of Mr. G Sivakumar Reddy, Chairman)

v) Summary of transactions during the year : (₹)

Sr. No.	Particulars	Holding Company		Others		Key - Management Personnel		Relatives of Key Management Personnel	
		2015	2014	**2015**	2014	**2015**	2014	**2015**	2014
a	Sale of Goods	—	—	—	—	—	—	—	—
b	Sale of Services	**5,242,942**	4,720,053	**617,150**	764,384	—	—	—	—
c	Purchase of Goods	**4,508,143**	5,623,473	—	—	—	—	—	—
d	Purchase of Services								
	- Hotel Services	**3,213,953**	2,681,554	—	—	—	—	—	—
	- Service Fee	**28,186,931**	30,373,916	—	—	—	—	—	—
	- Others	**674,615**	—	**12,223,556**	11,519,121	—	—	—	—
	- Towards CWIP	**1,229,219**	—	—	—	—	—	—	—
	Total	**33,304,718**	33,055,470	**12,223,556**	11,519,121	—	—	—	—
e	Rent Paid	—	—	—	—	—	—	**1,275,750**	1,332,000
f	Reimbursement of Contractual Remuneration (including remuneration to Key Management Personnel amounting ₹ 36,94,920, March 31,2014: ₹ 34,13,470)	**57,257,490**	38,808,370	—	—	—	—	—	—
g	Expenses recovered	**10,811,278**	17,824,444	—	—	—	—	—	—
h	Expenses reimbursed:								
	Amritsar Project Expenses (Capital work-in-progress)	**5,696,475**	2,264,767	—	—	—	—	—	—
	Others	**11,444,154**	18,231,458	—	—	—	—	—	—
i	Dividend Payments	**8,160,239**	16,320,477	—	—	**1,052,115**	1,303,200	**2,787,646**	6,376,800
j	Transaction pursuant to the assignment deed:								
	Purchase of Services (CWIP)	—	16,484,149	—	—	—	—	—	—
	Acquisition of Fixed Assets	—	11,186,858	—	—	—	—	—	—
	Expenses Reimbursed	—	12,736,872	—	—	—	—	—	—
	Security Deposits Reimbursed	—	50,000,000	—	—	—	—	—	—
k	Balance outstanding at the year end :								
	- Debtors/Receivables	**520,654**	88,292	—	—	—	—	—	—
	- Creditors/Payables (Note 1)	**9,000,091**	10,417,132	**2,553**	467,320	—	—	—	—

Note 1 - Net of tds amounting to ₹ 27,84,815 (PY ₹ 26,19,235)

38 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, 2015. 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 infomation available with the company.

39 Reclassification

The comparitive figures for the previous year have been re arranged to conform with the current year presentation of accounts.

For Lovelock & Lewes
Chartered Accountants
Firm Registration Number : 301056E
Sunit Kumar Basu
Partner
Membership Number : 55000
Place: Hyderabad
Date : April 14, 2015

On behalf of the Board
Gunupati Sivakumar Reddy Chairman
George Verghese Managing Director
Amit Chandak Chief Financial Officer & Company Secretary
Place: Gurgaon
Date: April 14, 2015

REPORT OF THE DIRECTORS FOR THE FINANCIAL YEAR ENDED 31 MARCH, 2015

1. Your Directors hereby submit their Report for the financial year ended 31st March, 2015.

2. PERFORMANCE OF THE COMPANY

During the year, your Company recorded an operating income of ₹ 2524 lakhs (previous year - ₹ 2304 lakhs) registering a growth of 9.5%. The other income of the Company was ₹ 196 lakhs (previous year - ₹ 181 lakhs) also registering a growth of over 8%. Pre-tax profit registered a marginal growth while Post tax profit at ₹ 574 lakhs registered a de-growth of 8% mainly due to change in definition of Long term Capital assets in relation to Debt Mutual Funds and consequent higher taxation.

Your Directors are pleased to recommend a dividend of ₹ 12.50 (previous year ₹ 12.50) per equity share of ₹ 10/- each for the year ended 31st March, 2015. Your Board further recommends a transfer to General Reserve of ₹ 57.40 lakhs (previous year - ₹ 62.50 lakhs).

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

		For the year ended 31 March, 2015 (₹)	For the year ended 31 March, 2014 (₹)
a.	Profit Before Tax	**87,029,889**	85,645,259
b.	Tax Expense	**29,622,024**	23,139,856
c.	Profit After Tax	**57,407,865**	62,505,673
d.	Add : Profit brought forward from previous years	**239,622,535**	189,948,515
e.	Surplus available for appropriation	**297,030,400**	252,454,188
	Less:		
	- Transfer to General Reserve	**5,740,787**	6,250,567
	- Proposed Dividend	**5,625,100**	5,625,100
	- Dividend Distribution Tax on Proposed Dividend	**1,124,682**	955,986
f.	Balance carried forward to the following year	**284,539,831**	239,622,535

The Company's Fortune hotel chain that caters to the 'upscale to mid-market' segment continued its expansion by forging new alliances, taking the total number of hotels in its fold to 76 with an aggregate inventory of over 6034 rooms. The `Fortune' brand now has 46 operating hotels and another 5 hotels are slated to be commissioned in the ensuing year. The remaining 25 hotel projects are under various stages of development. The brand remains a front runner in its operating segment and is well positioned to sustain its leadership position in the industry.

Your Company is well known for providing quality products and services which have helped position 'Fortune' as the premier `value' brand in the Indian hospitality sector.

Two Hotels are already operational under the flagship "My Fortune" brand and another nine hotels (including 1 in Nepal) are in various stages of development under this brand.

During the year, the company bagged the Travel And Hospitality Award 2014 for the 'Most Outstanding Mid-Market Hotel Chain', Today's Traveller Award 2014 for the 'Best First Class Business Hotel Chain', Safari India Award 2014 for the 'Best First Class Business Hotel Chain', Hotel Build India Award 2014 in the 'Best Mid-Market Hotel' category by Hotelier India and ITP Publishing Group India and Hospitality India Award 2014 for the 'Best First Class Hotel Chain'.

3. DIRECTORS AND KEY MANAGERIAL PERSONNEL

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

During the year under review, Mr Chandrasekhar Subrahmoneyan (DIN 24780) and Mr Gaj Singh (DIN 61278) had resigned as the directors of the Company effective 28th January and 28th March, 2015 respectively. The Board place on record its appreciation for the services rendered by them as the directors of the Company.

Mr Suresh Kumar was appointed as an additional director of the Company effective 2nd February, 2015 and was also appointed as the Managing Director effective that date for a period of three years.,

By virtue of the provisions of Section 161 of the Companies Act, 2013, Mr Kumar will vacate office at the ensuing Annual General Meeting (AGM) of your Company. Notice under Section 160 of the Companies Act, 2013 has been received for the appointment of Mr Kumar who has filed his consent to act as a Director of the Company, if appointed.

Your Board at its meeting held on 2nd February, 2015 has recommended for the approval of the Members, appointment of Mr Kumar as Executive Director liable to retire by rotation and also as the Managing Director of the Company.

Appropriate resolutions seeking your approval to the aforesaid appointment are appearing in the Notice of the ensuing AGM.

(b) Retirement by rotation

In accordance with the provisions of Section 152(6) of the Act and Article 143 and 144 of the Articles of Association of the Company, Mr. Nakul Anand (DIN: 22279) will retire by rotation at the ensuing Annual General Meeting of the Company and, being eligible, offers himself for re-appointment. Your Board has recommended his re-appointment.

4. NUMBER OF BOARD MEETINGS

During the year ended 31st March, 2015, seven Board meetings were held.

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 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 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. HUMAN RESOURCE

Your Company continues to attract and retain talent of the highest quality. Your Directors place on record their sincere appreciation of the efforts made and the support rendered by 233 employees of the Company. The Company provides a gender friendly workplace and no case of sexual harassment was reported during the year.

None of the employees of your Company is covered under the provisions of Rule 5(2) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014.

8. RISK MANAGEMENT

The Board has approved the Risk Management Policy of the Company. The Company's risk management 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.

The responsibility for management of risks vests with the Managers responsible for the day-to-day conduct of the affairs of the Company. The Internal Audit Department of ITC Limited, the Holding Company, periodically carries out risk focused audits which lead to identification of areas where risk management processes need to be strengthened. Annual update is provided to the Board on the effectiveness of the Company's risk management systems and policies.

9. INTERNAL CONTROL SYSTEMS

There are adequate internal control systems in your Company commensurate with the size and scale of its operations. The Internal Audit Department of ITC Limited evaluates the efficacy and adequacy of internal control systems in the Company. The Board reviews the internal audit findings, provides guidance on internal controls and ensures that the internal audit recommendations are implemented.

10. PARTICULARS OF LOANS, GUARANTEES AND INVESTMENTS

During the year ended 31st March, 2015, 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, 2015, the Company has not entered into any contract or arrangement with its related parties which is not on arm's length basis.

12. CORPORATE SOCIAL RESPONSIBILITY

The details of CSR initiatives of the Company as required in terms of Section 135 of the Act read with the Companies (Corporate Social Responsibility Policy) Rules, 2014 are provided under Annexure 1 to this Report.

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

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

14. EXTRACT OF ANNUAL RETURN

The details forming part of the extract of the Annual Return in Form MGT-9 are provided under Annexure 2 to this Report.

15. AUDITORS

The Company's Auditors, Messrs. Price Waterhouse, Chartered Accountants, LLP were appointed at the Nineteenth Annual General Meeting to hold such office till the conclusion of the Twenty Fourth Annual General Meeting. Your Board, has recommended that the said appointment be placed before the Members of the Company for ratification at the ensuing Annual General Meeting in accordance with Section 139 of the Act.

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

CONSERVATION OF ENERGY:

Steps taken on conservation of energy and impact thereof: NIL

Steps taken by the company for utilizing 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) In case of imported technology (imported during the last 3 years reckoned from the beginning of the financial year), following information may be furnished: Nil

- A) Details of technology imported -
- B) Year of import -
- C) Whether the technology been fully absorbed -
- D) If not fully absorbed, areas where absorption has not taken place, and the reasons therefore -

III) Expenditure incurred on research and development - Nil

FOREIGN EXCHANGE EARNINGS AND OUTGO

There was no foreign exchange earnings during the year (previous year - Nil) but there was a foreign exchange outflow of ₹27 lakhs (previous year ₹19 lakhs).

Dated : 6th May, 2015

On behalf of the Board

Arun Pathak Director

Suresh Kumar Managing Director

Annexure 1 to the Report of Directors

Annual Report on CSR Activities of the Company for the financial year ended 31st March, 2015

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

1. A brief outline of the Company's CSR Policy including overview of projects or programs proposed to be undertaken		The Company, a wholly owned subsidiary of ITC Limited (ITC), will discharge its corporate social responsibilities (CSR) by aligning itself with the CSR Policy of ITC. The Company will undertake CSR activities: ☐ in line with Schedule VII to the Companies Act, 2013, in line with the CSR initiatives of ITC and as approved by the CSR Committee; ☐ directly or through a registered trust or a registered society or a company established under Section 8 of the Companies Act, 2013. The Company may collaborate with ITC or other companies for undertaking CSR activities.
2. Composition of the CSR Committee		Mr. Nakul Anand (Chairman) Mr. Arun Pathak Mr. Suresh Kumar
3. Average net profits of the Company for last 3 financial years		₹ 80,882,392/-
4. Prescribed CSR expenditure (2% of the amount stated under 3 above)		₹ 1,617,648/-
5. Details of CSR spent during the financial year:	a) Total amount to be spent for the financial year	₹ 1,618,000/-
	b) Amount unspent, if any	NIL

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

Sl. No.	CSR Project or activity identified	Sector in which the project is covered	Projects or programs (1) Local area or other (2) Specify the State and district where projects or programs were undertaken	Amount outlay (Budget) project or program wise	Amount spent on the projects of programs Sub heads: 1. Direct expenditure on projects or programs 2. Overheads	Cumulative expenditure upto the reporting period	Amount spent: Direct or through implementing agency
1.	Contribution to ITC Sangeet Research Academy	Preservation & propagation of Hindustan Classical Music [covered under Clause (v) of Schedule VII to the Companies Act, 2013]	N.A.	₹ 1,618,000	₹ 1,618,000	₹ 1,618,000	Implementing Agency - ITC Sangeet Research Academy, Kolkata

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

Dated : 6th May, 2015

Nakul Anand — Chairman - CSR Committee
Suresh Kumar — Managing Director
Arun Pathak — Director

Annexure 2 to the Report of Directors

FORM MGT-9

EXTRACT OF ANNUAL RETURN

as on the financial year ended on 31st March, 2015

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

I. REGISTRATION AND OTHER DETAILS

i)	CIN		U55101HR1995PLC052281
ii)	Registration Date	:	26th July 1995
iii)	Name of the Company	:	Fortune Park Hotels Limited
iv)	Category / Sub-Category of the Company	:	Unlisted Public Company limited by shares
v)	Address of the Registered office and contact details	:	ITC Green Centre 10, Institutional Area, Sector 32, Gurgaon 122001 Phone : 0124 4171717 Fax : 01244051734 e-mail ID : fphl@fortunehotels.in
vi)	Whether listed company (Yes / No)	:	No
vii)	Name, Address and Contact details of Registrar and Transfer Agent, if any	:	N.A.

II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

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

Sl. No.	Name and Description of main products / services	NIC Code of the Product/ service	% to total turnover of the Company
1.	Room or unit accommodation services for visitors with daily housekeeping services	99631110	91%

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES

Sl. No.	Name and Address of the company	CIN / GLN	Holding / Subsidiary / Associate	% of shares held in the Company	Applicable Section
1.	ITC Limited Virginia House 37 Jawaharlal Nehru Road Kolkata - 700 071	L16005WB1910PLC001985	Holding company	100.00%	2(46)

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

(i) Category-wise Shareholding:

Category of Shareholders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% Change during the year
	Demat	Physical	Total	%of Total Shares	Demat	Physical	Total	%of Total Shares	
A. Promoters									
(1) Indian									
a) Individual/HUF	—	—	—	—	—	—	—	—	N.A.
b) Central Govt.	—	—	—	—	—	—	—	—	N.A.
c) State Govt.(s)	—	—	—	—	—	—	—	—	N.A.
d) Bodies Corp.	—	450,008	450,008	100.00	—	450,008	450,008	100.00	Nil
e) Banks / FI	—	—	—	—	—	—	—	—	N.A.
f) Any Other	—	—	—	—	—	—	—	—	N.A.
Sub-total (A)(1)	**—**	**450,008**	**450,008**	**100.00**	**—**	**450,008**	**450,008**	**100.00**	**Nil**
(2) Foreign									
a) NRIs - Individuals	—	—	—	—	—	—	—	—	N.A.
b) Other - Individuals	—	—	—	—	—	—	—	—	N.A.
c) Bodies Corp.	—	—	—	—	—	—	—	—	N.A.
d) Banks / FI	—	—	—	—	—	—	—	—	N.A.
e) Any Other	—	—	—	—	—	—	—	—	N.A.
Sub-total (A)(2)	—	—	—	—	—	—	—	—	N.A.
Total shareholding of Promoter (A) = (A)(1)+(A)(2)	**—**	**450,008**	**450,008**	**100.00**	**—**	**450,008**	**450,008**	**100.00**	**Nil**
B. Public Shareholding									
1. Institutions									
a) Mutual Funds	—	—	—	—	—	—	—	—	N.A.
b) Banks / FI	—	—	—	—	—	—	—	—	N.A.
c) Central Govt.	—	—	—	—	—	—	—	—	N.A.
d) State Govt.(s)	—	—	—	—	—	—	—	—	N.A.
e) Venture Capital Funds	—	—	—	—	—	—	—	—	N.A.
f) Insurance Companies	—	—	—	—	—	—	—	—	N.A.
g) FIIs	—	—	—	—	—	—	—	—	N.A.
h) Foreign Venture Capital Funds	—	—	—	—	—	—	—	—	N.A.
i) Others (specify)	—	—	—	—	—	—	—	—	N.A.
Sub-total (B)(1)	—	—	—	—	—	—	—	—	**N.A.**
2. Non-Institutions									
a) Bodies Corp.									
i) Indian	—	—	—	—	—	—	—	—	N.A.
ii) Overseas	—	—	—	—	—	—	—	—	N.A.
b) Individuals									
i) Individual shareholders holding nominal share capital upto Rs. 1 lakh									
ii) Individual shareholders holding nominal share capital in excess of Rs. 1 lakh	—	—	—	—	—	—	—	—	N.A.
c) Others (specify)	—	—	—	—	—	—	—	—	N.A.
Sub-total (B)(2)	—	—	—	—	—	—	—	—	**N.A.**
Total Public Shareholding (B)=(B)(1)+ (B)(2)	—	—	—	—	—	—	—	—	**N.A.**
C. Shares held by Custodian for GDRs & ADRs	0	0	0	0	0	0	0	0	Nil
Grand Total (A+B+C)	**0**	**450,008**	**450,008**	**100.00**	**—**	**450,008**	**450,008**	**100.00**	**Nil**

(ii) Shareholding of Promoters:

Sl. No.	Shareholder's Name	Shareholding at the beginning of the year			Shareholding at the end of the year			% change in shareholding during the year
		No. of Shares	% of total Shares of the Company	% of Shares pledged / encumbered to total Shares	No. of Shares	% of total Shares of the Company	%of Shares pledged / encumbered to total Shares	
1.	ITC Limited	450,008	100.00	Nil	450,008	100.00	Nil	Nil

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

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

(iv) Shareholding Pattern of top ten Shareholders (other than Directors, Promoters and Holders of GDRs and ADRs):

Sl. No.	For each of the Top ten Shareholders	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of Shares	% of total Shares of the Company	No. of Shares	% of total Shares of the Company
1.	At the beginning of the year	—	—	—	—
	Date wise Increase / Decrease in Promoters Shareholding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus/ sweat equity etc.)	—	—	—	—
	At the end of the year				

(v) Shareholding of Directors and Key Managerial Personnel:

Sl. No.	For each of the Directors and KMP	Shareholding at the beginning of the year		Cumulative Shareholding at the end of the year	
		No. of Shares	% of total Shares of the Company	No. of Shares	% of total Shares of the Company
1.	**Nakul Anand (Chairman and Non-Executive Director)**				
	At the beginning of the year	Nil	Nil	Nil	Nil
	Date wise Increase / Decrease in Promoters Shareholding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus/ sweat equity etc.)	Nil	Nil	Nil	Nil
	At the end of the year	Nil	Nil	Nil	Nil
2.	**Arun Pathak (Non-Executive Director)**				
	At the beginning of the year	Nil	Nil	Nil	Nil
	Date wise Increase / Decrease in Promoters Shareholding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus/ sweat equity etc.)	Nil	Nil	Nil	Nil
	At the end of the year	Nil	Nil	Nil	Nil
3.	**Suresh Kumar (Managing Director)**				
	At the beginning of the year	Nil	Nil	Nil	Nil
	Date wise Increase / Decrease in Promoters Shareholding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus/ sweat equity etc.)	Nil	Nil	Nil	Nil
	At the end of the year	Nil	Nil	Nil	Nil

V. INDEBTEDNESS

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

	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
Indebtedness at the beginning of the financial year i) Principal Amount ii) Interest due but not paid iii) Interest accrued but not due	Nil	Nil	Nil	Nil
Total (i+ii+iii)	Nil	Nil	Nil	Nil
Change in Indebtedness during the financial year ● Addition ● Reduction	Nil	Nil	Nil	Nil
Net Change	Nil	Nil	Nil	Nil
Indebtedness at the end of the financial year i) Principal Amount ii) Interest due but not paid iii) Interest accrued but not due	Nil	Nil	Nil	Nil
Total (i+ii+iii)	Nil	Nil	Nil	Nil

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

A. Remuneration to Managing Director, Whole-time Directors and/or Manager:

(Amount in Rs.)

Sl. No.	Particulars of Remuneration	Suresh Kumar (Managing Director) (refer note)
1.	Gross Salary	
	(a) Salary as per provisions contained in Section 17(1) of the Income—tax Act, 1961	754,585
	(b) Value of perquisites under Section 17(2) of the Income—tax Act, 1961	214,980
	(c) Profits in lieu of salary under Section 17(3) of the Income—tax Act, 1961	—
2.	Stock Option	—
3.	Sweat Equity	—
4.	Commission — as % of profit — others, specify	—
5.	Others, please specify	22,717
Total (A)		992,282
ceiling as per the Act		**557,974**

Note : Mr. Suresh Kumar has been appointed as the Managing Director of the Company with effect from 2nd February, 2015.

B. REMUNERATION TO OTHER DIRECTORS:

Sl. No.	Particulars of Remuneration	Name of the Director		Total Amount
		Nakul Anand	Arun Pathak	
1.	**Other Non-Executive Directors**			
	● Fee for attending Board and Board Committee meetings	—	—	—
	● Commission	—	—	—
	● Others, please specify	—	—	—
	Total (2)	—	—	—
	Total (B) = (1)			—
	Total Managerial Remuneration			**N.A.**
	Overall ceiling as per the Act			

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

(Amount in Rs.)

Sl. No.	Particulars of Remuneration	
1.	Gross Salary	
	(a) Salary as per provisions contained in Section 17(1) of the Income—tax Act, 1961	
	(b) Value of perquisites under Section 17(2) of the Income—tax Act, 1961	—
	(c) Profits in lieu of salary under Section 17(3) of the Income—tax Act, 1961	—
2.	Stock Option	—
3.	Sweat Equity	—
4.	Commission — as % of profit — others, specify	—
5.	Others, please specify	—
Total		—

VII. PENALTIES/PUNISHMENT / COMPOUNDING OF OFFENCES

Type	Section of the Companies Act	Brief Description	Details of Penalty/ Punishment/ Compounding fees imposed	Authority [RD/NCLT/ COURT]	Appeal made, if any (Give details)
A. COMPANY					
Penalty	N.A.	N.A.	Nil	N.A.	N.A.
Punishment	N.A.	N.A.	Nil	N.A.	N.A.
Compounding	N.A.	N.A.	Nil	N.A.	N.A.
B. DIRECTORS					
Penalty	N.A.	N.A.	Nil	N.A.	N.A.
Punishment	N.A.	N.A.	Nil	N.A.	N.A.
Compounding	N.A.	N.A.	Nil	N.A.	N.A.
C. OTHER OFFICERS IN DEFAULT					
Penalty	N.A.	N.A.	Nil	N.A.	N.A.
Punishment	N.A.	N.A.	Nil	N.A.	N.A.
Compounding	N.A.	N.A.	Nil	N.A.	N.A.

Dated : 6th May, 2015

On behalf of the Board

Arun Pathak Director
Suresh Kumar Managing Director

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF FORTUNE PARK HOTELS LIMITED

Report on the Financial Statements

1. We have audited the accompanying financial statements of **Fortune Park Hotels Limited** ("the Company"), which comprise the Balance Sheet as at March 31, 2015, the Statement of Profit and Loss, the Cash Flow Statement for the year then ended, and a summary of the significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

2. 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 financial statements to give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, 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.

Auditor's Responsibility

3. Our responsibility is to express an opinion on these financial statements based on our audit.
4. We have taken into account the provisions of the Act and the Rules made thereunder including the accounting standards and matters which are required to be included in the audit report.
5. We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act and other applicable authoritative pronouncements issued by the Institute of Chartered Accountants of India. Those Standards and pronouncements require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.
6. An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the financial statements that give a true and fair view, in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on whether the Company has in place an adequate internal financial controls system over financial reporting and the operating effectiveness of such controls. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the financial statements.
7. 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.

Opinion

8. 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 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, 2015, and its profit and its cash flows for the year ended on that date.

Report on Other Legal and Regulatory Requirements

9. As required by 'the Companies (Auditor's Report) Order, 2015' issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act (hereinafter referred to as the "Order"), and on the basis of such checks of the books and records of the Company as we considered appropriate and according to the information and explanations given to us, we give in the Annexure a statement on the matters specified in paragraphs 3 and 4 of the Order.
10. 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.
    (e) In our opinion, the aforesaid financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
    (f) On the basis of the written representations received from the directors as on March 31, 2015 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2015 from being appointed as a director in terms of Section 164 (2) of the Act.
    (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 knowledge and belief and according to the information and explanations given to us:
        (i) The Company has disclosed the impact of pending litigations as at March 31, 2015 on its financial position in its financial statements - Refer Note 19;
        (ii) The Company has long-term contracts but no derivative contracts as at March 31, 2015 for which there were no material foreseeable losses.
        (iii) There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company during the year ended March 31, 2015.

For Price Waterhouse Chartered Accountants LLP
Firm Registration Number: 012754N/N500016
[Formerly Price Waterhouse (FRN : 012754N)]
Chartered Accountants

Ashok Narayanaswamy
Partner
Membership Number: 095665

Place : Gurgaon
Date : April 13, 2015

Annexure to Independent Auditors' Report

Referred to in paragraph 9 of the Independent Auditors' Report of even date to the members of Fortune Park Hotels Limited on the financial statements as of and for the year ended March 31, 2015

i. (a) The Company is maintaining proper records showing full particulars, including quantitative details and situation, of fixed assets.
   (b) The fixed assets of the Company have been physically verified by the Management during the year and no material discrepancies have been noticed on such verification. In our opinion, the frequency of verification is reasonable.

ii. The Company is in the business of rendering services, and consequently, does not hold any inventory. Therefore, the provisions of Clause 3(ii) of the said Order are not applicable to the Company.

iii. The Company has not granted any loans, secured or unsecured, to companies, firms or other parties covered in the register maintained under Section 189 of the Act. Therefore, the provisions of Clause 3(iii), (iii)(a) and (iii)(b) of the said Order are not applicable to the Company.

iv. In our opinion, and according to the information and explanations given to us, there is an adequate internal control system commensurate with the size of the Company and the nature of its business for the purchase of fixed assets and for the sale of services. Further, on the basis of our examination of the books and records of the Company, and according to the information and explanations given to us, we have neither come across, nor have been informed of, any continuing failure to correct major weaknesses in the aforesaid internal control system. The operations of the Company do not involve purchase of inventory or sale of goods.

v. The Company has not accepted any deposits from the public within the meaning of Sections 73, 74, 75 and 76 of the Act and the rules framed there under to the extent notified.

vi. The Central Government of India has not specified the maintenance of cost records under sub-section (1) of Section 148 of the Act for any of the products of the Company.

vii. (a) According to the information and explanations given to us and the records of the Company examined by us, in our opinion, the Company is regular in depositing the undisputed statutory dues, including provident fund, employees' state insurance, income tax, sales tax, wealth tax, service tax, duty of customs, duty of excise value added tax and other material

statutory dues, as applicable, with the appropriate authorities.

(b) According to the information and explanations given to us and the records of the Company examined by us, there are no dues of sales-tax, wealth-tax, duty of customs, duty of excise or value added tax which have not been deposited on account of any dispute. The particulars of dues of income tax and service tax as at March 31, 2015 which have not been deposited on account of a dispute, are as follows:

Name of the statute	Nature of dues	Amount (₹)	Period to which the amount relates	Forum where the dispute is pending
Finance Act, 1994	Demand u/s 73(1) (a) of the Finance Act, 1994	4,570,992	2003-04 to 18-04-2006	Customs, Excise and Service Tax Appellate Tribunal
Income Tax Act, 1961	Demand u/s 156 of Income Tax Act, 1961	1,729,041	Assessment Year 2001-02	Income Tax Appellate Tribunal
Income Tax Act, 1961	Demand u/s 143(3) of Income Tax Act, 1961	2,625,158	Assessment Year 2011-12	Commissioner of Income Tax (Appeals)
Income Tax Act, 1961	Demand u/s 143(3) of Income Tax Act, 1961	6,757,173	Assessment Year 2012-13	Commissioner of Income Tax (Appeals)
Income Tax Act, 1961	Demand u/s 143(3) of Income Tax Act, 1961	641,418	Assessment Year 2010-11	Income Tax Appellate Tribunal

(c) There are no amounts required to be transferred by the Company to the Investor Education and Protection Fund in accordance with the provisions of the Companies Act, 1956 and the rules made thereunder.

viii. The Company has no accumulated losses as at the end of the financial year and it has not incurred any cash losses in the financial year ended on that date or in the immediately preceding financial year.

ix. As the Company does not have any borrowings from any financial institution or bank nor has it issued any debentures as at the balance sheet date, the provisions of Clause 3(ix) of the Order are not applicable to the Company.

x. In our opinion, and according to the information and explanations given to us, the Company has not given any guarantee for loans taken by others from banks or financial institutions during the year. Accordingly, the provisions of Clause 3(x) of the Order are not applicable to the Company

xi. The Company has not raised any term loans. Accordingly, the provisions of Clause 3(xi) of the Order are not applicable to the Company.

xii. During the course of our examination of the books and records of the Company, carried out in accordance with the generally accepted auditing practices in India, and according to the information and explanations given to us, we have neither come across any instance of material fraud on or by the Company, noticed or reported during the year, nor have we been informed of any such case by the Management.

For Price Waterhouse Chartered Accountants LLP
Firm Registration Number: 012754N/N500016
[Formerly Price Waterhouse (FRN : 012754N)]
Chartered Accountants
Ashok Narayanaswamy
Partner
Membership Number: 095665

Place : Gurgaon
Date : April 13, 2015

Balance Sheet as at March 31, 2015

	Note	As at March 31, 2015 (₹)		As at March 31, 2014 (₹)	
Equity and Liabilities					
Shareholders' funds					
Share capital	2	4,500,080		4,500,080	
Reserves and surplus	3	321,287,830	325,787,910	270,895,556	275,395,636
Non - current liabilities					
Other long - term liabilities	4	16,816,886		27,470,707	
Long - term provisions	5	31,244,097	48,060,983	26,331,970	53,802,677
Current liabilities					
Trade payables	6	7,538,138		6,032,091	
Other current liabilities	7	19,638,537		13,761,640	
Short - term provisions	8	17,325,698	44,502,373	14,809,915	34,603,646
Total			418,351,266		363,801,959
Assets					
Non - current assets					
Fixed assets					
Tangible assets	9	2,987,239		4,205,078	
Intangible assets	10	—	2,987,239	230,590	4,435,668
Deferred tax assets (net)	11		19,681,612		13,826,766
Long - term loans and advances	12		22,885,527		20,490,199
Other non - current assets	13		40,078,904		—
Current assets					
Current investments	14	155,952,200		195,274,982	
Trade receivables	15	102,619,990		87,772,337	
Cash and bank balances	16	39,260,471		13,065,951	
Short - term loans and advances	17	1,150,570		1,435,509	
Other current assets	18	33,734,753	332,717,984	27,500,547	325,049,326
Total			418,351,266		363,801,959

Significant accounting policies 1

The notes are an integral part of these financial statements.

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

For Price Waterhouse Chartered Accountants LLP
Registration No. : 012754N / N500016
[Formerly Price Waterhouse (FRN : 012754N)]
Ashok Narayanaswamy
Partner
Membership Number: 095665
Place: Gurgaon
Date : April 13, 2015

On behalf of the Board of Directors

Suresh Kumar
Managing Director
DIN No. 02741371

Arun Pathak
Director
DIN No. 00502850

Statement of Profit and Loss for the year ended March 31, 2015

	Note		Year ended March 31, 2015 (₹)		Year ended March 31, 2014 (₹)
Revenue from operations (net)	22		247,233,526		225,227,918
Other operating income	23		5,137,837		5,217,072
Other income	24		19,566,024		18,092,198
Total revenue			271,937,387		248,537,188
Expenses :					
Employee benefits expense	25		128,590,576		110,037,616
Depreciation and amortisation expense	26		2,083,501		1,284,420
Other expenses	27		54,233,421		51,569,893
Total expenses			184,907,498		162,891,929
Profit before tax			87,029,889		85,645,259
Tax expense:					
Current tax		35,340,000		23,195,229	
Deferred tax	11	(5,717,976)	29,622,024	(55,643)	23,139,586
Profit for the year			57,407,865		62,505,673
Earnings per equity share [Nominal value per share: ₹ 10 (2014 : ₹ 10)]	29				
Basic			127.57		138.90
Diluted			127.57		138.90
Significant accounting policies	1				

The notes are an integral part of these financial statements.
This is the Statement of Profit and Loss referred to in our report of even date.

For Price Waterhouse Chartered Accountants LLP
Registration No. : 012754N / N500016
[Formerly Price Waterhouse (FRN : 012754N)]
Ashok Narayanaswamy
Partner
Membership Number: 095665
Place: Gurgaon
Date : April 13, 2015

On behalf of the Board of Directors

Suresh Kumar	**Arun Pathak**
Managing Director	Director
DIN No. 02741371	DIN No. 00502850

Cash Flow Statement for the year ended March 31, 2015

		Year ended March 31, 2015 (₹)	Year ended March 31, 2014 (₹)
A.	**Cash Flow from operating activities**		
	Profit before tax	87,029,889	85,645,259
	Adjustments for:		
	Depreciation and amortisation expense	2,083,501	1,284,420
	Bad debts written off	—	1,333,408
	Provision for doubtful debts and receivables made / (written back) (net)	1,350,000	(497,247)
	Loss/(profit) on sale of fixed assets (net)	2,098	9,045
	Profit on sale of current investment	(18,154,179)	(15,961,621)
	Interest income	(384,397)	—
	Liabilities written back to the extent no longer required	—	(317,656)
	Operating profit before working capital changes	71,926,912	71,495,608
	Changes in working capital :		
	Increase / (decrease) in trade payables	1,506,047	(7,077,008)
	Increase in long - term provisions	4,912,127	1,863,573
	Increase / (decrease) in short - term provisions	2,347,087	1,065,969
	Increase / (decrease) in other current liabilities	5,980,230	(9,531,543)
	Increase / (decrease) in other long - term liabilities	(10,653,821)	5,381,352
	(Increase) in trade receivables	(16,197,653)	(28,157,525)
	Decrease in short - term loans and advances	284,939	942,567
	(Increase) in other current assets	(5,933,055)	(3,414,199)
	(Increase) in other non - current assets	(40,000,000)	—
	(Increase) in other bank balance	(26,500,000)	—
	Cash generated from operations	(12,327,187)	32,568,794
	Taxes paid (net of refunds)	(37,735,328)	(27,806,001)
	Net cash generated from operating activities	(50,062,515)	4,762,793
B.	**Cash flow from investing activities**		
	Purchase of fixed assets	(1,153,682)	(1,548,540)
	Sale of fixed assets	10,500	1,500
	Purchases of current investments	(169,700,000)	(217,031,943)
	Sale of current investments	227,176,961	217,718,582
	Interest Received	4,342	—
	Net cash used in investing activities	56,338,121	(860,401)
C.	**Cash flow from financing activities**		
	Dividend paid	(5,625,100)	(5,625,100)
	Dividend distribution tax paid	(955,986)	(955,986)
	Net cash used in financing activities	(6,581,086)	(6,581,086)
	Net Increase /(decrease) in cash and cash equivalents (A+B+C)	(305,480)	(2,678,694)
	Cash and cash equivalents at the beginning of the year	13,065,951	15,744,645
	Cash and cash equivalents at the end of the year	12,760,471	13,065,951
	Notes:		
1	Cash and cash equivalents comprise of:		
	Cash on hand	138,025	32,282
	Cheques on hand	—	395,732
	Balances with banks	12,622,446	12,637,937
	Total	12,760,471	13,065,951

2 The above Cash Flow Statement has been prepared under the indirect method set out in AS-3 notified u/s 211(3C) of The Companies Act, 1956.
3 Previous year figures have been reclassified / regrouped, wherever necessary to conform to the current year classification.

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

For Price Waterhouse Chartered Accountants LLP
Registration No. : 012754N / N500016
[Formerly Price Waterhouse (FRN : 012754N)]
Ashok Narayanaswamy
Partner
Membership Number: 095665
Place: Gurgaon
Date : April 13, 2015

On behalf of the Board of Directors

Suresh Kumar	**Arun Pathak**
Managing Director	Director
DIN No. 02741371	DIN No. 00502850

NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2015

1 **SIGNIFICANT ACCOUNTING POLICIES**

i) CONVENTION

These financial statements have been prepared in accordance with the generally accepted accounting principles in India under the historical cost convention on accrual basis. Pursuant to section 133 of the Companies Act, 2013 read with Rule 7 of the Companies (Accounts) Rules, 2014, till the standards of accounting or any addendum thereto are prescribed by Central Government in consultation and recommendation of the National Financial Reporting Authority, the existing Accounting Standards notified under the Companies Act, 1956 shall continue to apply. Consequently, these financial statements have been prepared to comply in all material aspects with the accounting standards notified under Section 211(3C) [Companies (Accounting Standards) Rules, 2006, as amended] and other relevant provisions of the Companies Act, 2013.

ii) BASIS OF ACCOUNTING

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 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 12 months.

iii) REVENUE

To recognise revenue from operations, which has reasonable certainty of collection, at the time of rendering of services after deducting service tax from invoiced value.

iv) FIXED ASSETS

To state fixed assets at cost of acquisition inclusive of inward freight, duties and taxes and incidental expenses related to acquisition.

To capitalise software where it is expected to provide future enduring economic benefits. The costs are capitalised in the year in which the relevant software is implemented for use.

To charge off as a revenue expenditure all upgradation /enhancements unless they bring similar significant additional benefits.

v) DEPRECIATION / AMORTISATION

To calculate depreciation / amortisation on fixed assets, tangible and intangible in a manner that amortises the cost of the assets after commissioning, over their estimated useful lives as specified in schedule II of the Companies Act, 2013, by equal annual installments as summarized below:

Category of Tangible Assets	Useful life
Office equipment	5 Years
Computers end users devices	3 Years
Computer, network and servers	6 Years
Furniture and fixtures	10 Years
Vehicle	8 Years

To amortise capitalised software cost over a period of 5 years.

vi) INVESTMENT

To state current investments at lower of cost and fair value; and long term investments at cost. Where applicable, provision is made to recognise a decline, other than temporary, in valuation of long term investments.

vii) OTHER 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.

viii) EMPLOYEE BENEFITS

To make regular contributions to the State administered provident fund which are charged against revenue. To provide for all long term defined benefit schemes including gratuity, compensated absences and loyalty on the basis of actuarial valuation on the balance sheet date based on the projected unit credit method.

In respect of gratuity, the Company funds the benefits through annual contributions to Life Insurance Corporation of India (LIC) under its Group Gratuity Scheme. The actuarial valuation of the liability towards the gratuity retirement benefits of the employees is made on the basis of certain assumptions with respect to the variable elements affecting the computations including estimation of interest rate of earnings on contributions to LIC.

The actuarial valuation of the liability towards the loyalty plan for the employees is made on the basis of certain assumptions with respect to the variable elements affecting the computations including performance ratings in the subsequent appraisal cycle.

To recognise the actuarial gains or losses in the Statement of Profit and Loss as income or expense in the period in which they occur.

ix) PROPOSED DIVIDEND

To provide for dividend (including income tax thereon) in the books of account as proposed by the directors, pending approval at the annual general meeting.

x) FOREIGN CURRENCY TRANSLATIONS

To account for transactions in foreign currency at the exchange rate prevailing on the date of the transactions. Gains/Losses arising out of fluctuations in the exchange rates are recognised in Statement of Profit and Loss in the period in which they arise.

To account for gains / losses in the Statement of Profit and Loss on foreign exchange rate fluctuations relating to monetary items at the year end.

xi) TAXES ON INCOME

To provide current tax as the amount of tax payable in respect of taxable income for the period, measured using 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 tax rates 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.

xii) 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 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.

xiii) CLAIMS

To disclose claims against the Company not acknowledged as debts after a careful evaluation of facts and legal aspects of the matter involved.

xiv) LEASES

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating lease. Operating lease charges are recognized as an expense in the Statement of Profit and Loss on a straight line basis over the lease term.

xv) FINANCIAL AND MANAGEMENT INFORMATION SYSTEMS

To practice an accounting system which unifies financial records and is designed to comply with the relevant provisions of the Companies Act, 1956 and Companies Act 2013 provide financial information appropriate to the business and facilitate Internal Control.

NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2015 (Contd.)

	As at March 31, 2015 (₹)	As at March 31, 2014 (₹)
2 Share capital		
Authorised		
2,000,000 (March 31, 2014: 2,000,000) equity shares of ₹ 10 each	**20,000,000**	20,000,000
Issued, subscribed and paid up		
450,008 (March 31, 2014: 450,008) equity shares of ₹ 10 each	**4,500,080**	4,500,080
	4,500,080	**4,500,080**

(a) Reconciliation of number of equity shares

	As at March 31, 2015		As at March 31, 2014	
	No. of Shares	**Amount in ₹**	No of Shares	Amount in ₹
Balance as at the beginning of the year	**450,008**	**4,500,080**	450,008	4,500,080
Add: shares issued during the year	**—**	**—**	—	—
Less: shares bought back during the year	**—**	**—**	—	—
Balance as at the end of the year	**450,008**	**4,500,080**	450,008	4,500,080

(b) Rights, preferences and restrictions attached to shares

The company has one class of equity shares having a par value of ₹ 10 per share. Each shareholder is eligible for one vote per share held. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting. In the event of liquidation, the equity shareholders are eligible to receive the remaining assets of the Company after distribution of all preferential amounts, in proportion to their shareholding.

(c) Shares held by Holding Company

	As at March 31, 2015	As at March 31, 2014
Equity Shares of ₹ 10 each fully paid up held by:		
ITC Limited, the holding company	**450,002**	450,002
Held by management personnel as nominees of ITC Limited	6	6

(d) Details of shares held by shareholders holding more than 5% of the aggregate shares in the Company

	As at March 31, 2015		As at March 31, 2014	
ITC Limited, the holding company	**450,002**	**99.98%**	450,002	99.98%
Held by management personnel as nominees of ITC Limited	**6**	**0.02%**	6	0.02%

3 Reserves And surplus	As at March 31, 2015	As at March 31, 2014
Capital reserve		
At the beginning and at the end of the year	**3,000,000**	**3,000,000**
General reserve		
Balance as at beginning of the year	**28,273,021**	22,022,454
Add : Transferred from surplus in the Statement of Profit and Loss during the year	**5,740,787**	6,250,567
Less : adjustment made towards revision in useful life of fixed assets as per Schedule II of the Companies Act, 2013 (net of tax)	**265,809**	—
Balance as at end of the year	**33,747,999**	**28,273,021**
Surplus in Statement of Profit and Loss		
Balance as at beginning of the year	**239,622,535**	189,948,515
Profit for the year	**57,407,865**	62,505,673
Less : Appropriations		
Proposed dividend on equity shares for the year (Refer note 21)	**(5,625,100)**	(5,625,100)
Dividend distribution tax on proposed dividend on equity shares	**(1,124,682)**	(955,986)
Transfer to general reserve	**(5,740,787)**	(6,250,567)
Balance as at end of the year	**284,539,831**	**239,622,535**
	321,287,830	**270,895,556**

	As at March 31, 2015 (₹)	As at March 31, 2014 (₹)
4. Other long - term liabilities		
Advance from customers	**11,079,855**	15,003,207
Income received in advance	**5,737,031**	12,467,500
	16,816,886	**27,470,707**
5. Long - term provisions		
Provisions for employee benefits:		
Provision for leave encashment (Refer note 25)	**19,865,397**	15,386,470
Provision for loyalty bonus (Refer note 25)	**11,378,700**	10,945,500
	31,244,097	**26,331,970**
6. Trade payables		
Total outstanding dues of micro and small enterprises #	**—**	—
Total outstanding dues of trade payables other than micro and small enterprises	**7,538,138**	6,032,091
	7,538,138	**6,032,091**

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.

7. Other current liabilities		
Advance from customers	**6,862,680**	2,832,766
Statutory dues including provident fund and tax deducted at source	**3,910,150**	3,932,051
Employee benefits payable	**5,130,707**	5,531,490
Income received in advance	**3,735,000**	1,362,000
Payable for fixed assets	**—**	103,333
	19,638,537	**13,761,640**
8. Short - term provisions		
Provision for employee benefits:		
Provisions for leave encashment (Refer note 25)	**6,535,316**	4,574,529
Provision for loyalty bonus (Refer note 25)	**4,040,600**	3,654,300
Other provisions:		
Provision for proposed dividend on equity shares	**5,625,100**	5,625,100
Provision for dividend distribution tax on proposed dividend on equity shares	**1,124,682**	955,986
	17,325,698	**14,809,915**

NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2015 (Contd.)

9. Tangible Assets (Own Assets)

(Amount in ₹)

Particulars	Gross Block				Depreciation					Net Block
	As at April 1, 2014	Additions	Disposal / Adjustments	As at March 31, 2015	As at April 1, 2014	For the year	Adjustment of fixed assets as per schedule II of the Companies Act 2013*	Disposal / Adjustments	As at March 31, 2015	As at March 31, 2015
Office Equipment	758,038	—	—	758,038	379,202	36,041	5,702	—	420,945	337,093
Computers end users devices	6,927,972	801,564	—	7,729,536	4,304,150	1,353,870	396,977	—	6,054,997	1,674,539
Computer, network and servers	1,301,307	—	—	1,301,307	622,158	122,301	—		744,459	556,848
Furniture and fixtures	1,325,244	198,135	—	1,523,379	815,267	335,422	—	—	1,150,689	372,690
Vehicle	41,150	50,650	(41,150)	50,650	27,856	5,277	—	(28,552)	4,581	46,069
Total	**10,353,711**	**1,050,349**	**(41,150)**	**11,362,910**	**6,148,633**	**1,852,911**	**402,679**	**(28,552)**	**8,375,671**	**2,987,239**

Particulars	Gross Block				Depreciation					Net Block
	As at April 1, 2013	Additions	Disposal / Adjustments	As at March 31, 2014	As at April 1, 2013	For the year	Adjustment of fixed assets as per schedule II of the Companies Act 2013*	Disposal / Adjustments	As at March 31, 2014	As at March 31, 2014
Office Equipment	516,524	50,800	190,714	758,038	227,798	40,335	—	111,069	379,202	378,836
Computers end users devices	6,163,917	1,114,943	(350,888)	6,927,972	3,952,563	671,839	—	(320,252)	4,304,150	2,623,822
Computer, network and servers	815,177	486,130	—	1,301,307	488,723	133,435	—	—	622,158	679,149
Furniture and fixtures	1,408,190	—	(82,946)	1,325,244	747,557	91,102	—	(23,392)	815,267	509,977
Vehicle	41,150	—	—	41,150	23,947	3,909	—	—	27,856	13,294
Total	**8,944,958**	**1,651,873**	**(243,120)**	**10,353,711**	**5,440,588**	**940,620**	**—**	**(232,575)**	**6,148,633**	**4,205,078**

10. Intangible assets (Own Assets - Acquired)

(Amount in ₹)

Particulars	Gross Block				Amortisation					Net Block
	As at April 1, 2014	Additions	Disposal / Adjustments	As at March 31, 2015	As at April 1, 2014	For the year	Adjustment of fixed assets as per schedule II of the Companies Act 2013*	Disposal / Adjustments	As at March 31, 2015	As at March 31, 2015
Computer software	2,625,404	—	—	2,625,404	2,394,814	230,590	—	—	2,625,404	—
Total	**2,625,404**	**—**	**—**	**2,625,404**	**2,394,814**	**230,590**	**—**	**—**	**2,625,404**	**—**

Particulars	Gross Block				Amortisation					Net Block
	As at April 1, 2013	Additions	Disposal / Adjustments	As at March 31, 2014	As at April 1, 2013	For the year	Adjustment of fixed assets as per schedule II of the Companies Act 2013*	Disposal / Adjustments	As at March 31, 2014	As at March 31, 2014
Computer software	2,625,404	—	—	2,625,404	2,051,014	343,800	—	—	2,394,814	230,590
Total	**2,625,404**	**—**	**—**	**2,625,404**	**2,051,014**	**343,800**	**—**	**—**	**2,394,814**	**230,590**

* The estimated useful lives of certain fixed assets have been revised in accordance with Schedule II to the Companies Act 2013, with effect from 1st April 2014. Pursuant to the above mentioned changes in useful life of assets, with respect to assets whose remaining useful life was NIL as at April 01, 2014, the net book value of ₹ 402,679 (net of deferred tax of ₹ 136,870) has been adjusted with the opening General Reserve. Further the depreciation expense for the year is higher by ₹ 887,072.

	As at March 31, 2015 (₹)	As at March 31, 2014 (₹)
11. Deferred tax assets (net)		
Deferred tax asset :		
On provision for doubtful debts	4,775,909	4,120,814
On provision for employees benefits	14,271,733	10,088,299
On other timing differences	922,043	227,501
	19,969,685	14,436,614
Deferred tax liabilities :		
Depreciation / amortisation	(288,073)	(609,848)
	19,681,612	13,826,766
Break-up of deferred tax assets and liabilities into major components of the respective balances is as under :		
I. Balance brought forward - deferred tax asset	13,826,766	13,771,123
II. For the year :		
(i) Tax impact of difference between depreciation / amortisation of fixed assets in the financial statements and the income tax return	321,775	(136,190)
(ii) Tax impact of expenses charged in the financial statements but allowable as deduction in future years under income tax.	5,533,071	191,833
Net deferred tax asset (i+ii) (Refer note below)	5,854,846	55,643
Note : Includes ₹ 136,870 adjusted directly to opening General Reserve considering transitional provision stated in Schedule II to the Companies Act, 2013. (Previous year : NIL)		
III. Closing deferred tax asset (I + II)	19,681,612	13,826,766
12. Long - term loans and advances		
Unsecured, considered good		
Advance income tax (net of provisions ₹ 110,233,229 (Previous year ₹ 74,893,229)	22,885,527	20,490,199
	22,885,527	20,490,199
13. Other non - current assets		
Long term deposits with bank with maturity period more than 12 months	40,000,000	—
Interest accrued on deposits	78,904	—
	40,078,904	—

NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2015 (Contd.)

	As at March 31, 2015 (₹)	As at March 31, 2014 (₹)
14. Current investments		
At Cost or fair value whichever is less:		
Mutual funds (quoted)		
HDFC FMP 369 D January 2014 (1) Series 29 - Direct - Growth [0 units: Previous year (1,100,000 units)]	—	11,000,000
ICICI Prudential FMP Series 72 - 368 Days Plan D - Direct Plan Cumulative [0 units: Previous year (1,100,000 units)]	—	11,000,000
DSP BlackRock FMP - Series 151 - 12M - Dir - Growth Mat Dt 18-Mar-2015 [0 units: Previous year (1,500,000 units)]	—	15,000,000
HDFC FMP 369 D March 2014 (3) Series 29 - Direct - Growth [0 units: Previous year (3,000,000 units)]	—	30,000,000
ICICI Prudential FMP Series 73 - 368 Days Plan M Direct Plan Cumulative [0 units: Previous year (3,000,000 units)]	—	30,000,000
Birla Sun Life FTP Series KV (367 days) Gr. - Direct [0 units: Previous year (3,000,000 units)]	—	30,000,000
TATA FMP Series 47 B Direct Plan Growth [0 units: Previous year (3,000,000 units)]	—	30,000,000
DWS FMP Series 62 Direct Plan - Growth [916.15 units: Previous year (3,003,194.37 units)]	9,161	30,031,943
ICICI Prudential Short Term - Direct Plan - Growth Option [349,296.17 units: Previous year (0 units)]	10,000,000	—
ICICI Prudential Ultra Short Term - Direct Plan - Growth [3,152,131.39 units: Previous year (0 units)]	45,000,000	—
HDFC High Interest Fund - Direct Plan - Short Term Plan - Growth Option [363,553.08 units: Previous year (0 units)]	10,000,000	—
Franklin India Ultra Short Bond Fund Super Institutional Plan - Direct - Growth Plan [810,223.95 units: Previous year (0 units)]	15,000,000	—
HDFC Liquid Fund - Direct Plan - Growth Option [1,088,005.11 units: Previous year (0 units)]	30,000,000	—
TATA Money Market Fund Direct Plan - Growth [13,616.13 units: Previous year (0 units)]	30,000,000	—
IDFC Cash Fund - Growth - (Direct Plan) [4,530.84 units: Previous year (0 units)]	7,700,000	—
Mutual funds (unquoted)		
Kotak Floater Short Term - Direct Plan - Growth [4,302.619 units: Previous year (4,302.619 units)]	8,243,039	8,243,039
	155,952,200	195,274,982
Aggregate amount of quoted investments	147,709,161	187,031,943
Aggregate market value of quoted investments	148,211,632	188,019,805
Aggregate amount of unquoted investments	8,243,039	8,243,039
15. Trade receivables		
Unsecured, considered good		
Outstanding for a period exceeding six months from the date they are due for payment	21,240,931	11,292,594
Others	81,379,059	76,479,743
	102,619,990	87,772,337
Unsecured, considered doubtful		
Outstanding for a period exceeding six months from the date they are due for payment	11,684,437	10,334,437
Less: provision for doubtful debts	(11,684,437)	(10,334,437)
	—	—
	102,619,990	87,772,337
16. Cash and bank balances		
Cash and cash equivalents		
Cash on hand	138,025	32,282
Cheques on hand	—	395,732
Bank balances		
- In current accounts	12,622,446	12,637,937
	12,760,471	13,065,951
Other Bank Balances		
Term Deposits with maturity more than 3 months but less than 12 months	26,500,000	—
	39,260,471	13,065,951
17. Short - term loans and advances		
Unsecured, considered good :		
Other loans and advances :		
Prepaid expenses	488,441	629,102
Balance with Government Authorities	14,982	—
Security deposits	603,000	603,000
Advances to employees, vendors etc.	44,147	203,407
	1,150,570	1,435,509

	As at March 31, 2015 (₹)	As at March 31, 2014 (₹)
18. Other current assets		
Unsecured, considered good :		
Gratuity (Refer note 25)	—	3,638,087
Interest accrued on deposits	301,151	—
Contractual reimbursable expenses	33,433,602	23,862,460
	33,734,753	27,500,547
Unsecured, considered doubtful :		
Contractual reimbursable expenses	2,366,486	2,366,486
Less: provision for doubtful receivables	(2,366,486)	(2,366,486)
	—	—
	33,734,753	27,500,547
19. Contingent liabilities		
Claims against the Company not acknowledged as debts		
Service tax matter	4,570,992	4,570,992
Income tax matters	9,382,331	2,625,158

a. The Company has received demand for service tax amounting to ₹ 4,570,992 (inclusive of cess and penalty) dated March 10, 2010 from Additional Commissioner, Service Tax pertaining to service tax on reimbursement of salary received by the Company during the period from 2003 to 2006. The Company has filed its appeal before the Central Excise and Service Tax Appellate Tribunal for the same.

b. Demands from income tax authorities under appeal:
- ₹ 6,757,173 for assessment year 2012 - 13 (March 31, 2014 : NIL).
- ₹ 2,625,158 for assessment year 2011 - 12 (March 31, 2014 : ₹ 2,625,158).

c. It is not practicable for the company to estimate the timings or amount of cash outflows, if any, in respect of the above pending resolution of the respective proceedings.

20. Capital Commitments		
Estimated value of contracts in capital account remaining to be executed	477,222	—
21. Proposed dividend		
The dividend proposed for the year is as follows:		
On equity shares of ₹ 10 each:		
Amount of dividend proposed	5,625,100	5,625,100
Dividend per equity share	₹ 12.50	₹ 12.50
22. Revenue from operations (net)		
Management consultancy and other services	247,233,526	225,227,918
	247,233,526	225,227,918
Details of management consultancy and other services :		
Operating and marketing fees	233,056,060	212,261,923
Other fees	14,177,466	12,965,995
	247,233,526	225,227,918
23. Other operating income		
Income on closure of alliances	5,137,837	5,217,072
	5,137,837	5,217,072
24. Other Income		
Interest Income on bank deposits	384,397	—
Profit on sale / redemption of current investment	18,154,179	15,961,621
Provision for doubtful debts and receivables written back	—	497,247
Bad debts recovered	—	272,653
Liabilities written back to the extent no longer required	—	317,656
Miscellaneous income	1,027,448	1,043,021
	19,566,024	18,092,198
25. Employee benefits expense		
Salaries, wages and bonus	208,831,978	176,133,941
Reimbursement of remuneration of deputed managers	29,466,287	29,123,893
Gratuity [Refer note (a) below] *	5,088,724	814,128
Contribution to provident and other funds [Refer note (b) below]	9,003,696	8,270,214
Staff welfare expenses	13,090,961	10,909,081
	265,481,646	225,251,257
Less : Recoveries **	(136,891,070)	(115,213,641)
	128,590,576	110,037,616

*Includes ₹ 5,309,185 being excess of fair value of plan assets as compared to present value of defined benfit of obligation as at March 31, 2015 which has been charged off as the Company does not have any control over future economic benefits.

** Recoveries of salary cost of deputed personnel from alliances.

The Company has accounted for the defined benefit plan / other long term employee benefit and contribution scheme as under:

(a) Defined benefit plan / other long term employee benefits:

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 retirement/termination. 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 to fund its plan through a trust.

Other long term employee benefits:

i) 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.

ii) Loyalty Bonus Plan : This plan applies to those employees who have participated in the appraisal process for a minimum of three years after confirmation. The employees would be eligible to receive the amount as a lumpsum at the end of a cycle of three successive years of being rated for his / her performance. An amount of ₹ 4,441,700 (Previous year: ₹ 3,811,650) has been charged to the Statement of Profit and Loss during the year.

NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2015 (Contd.)

The reconciliation of opening and closing balances of the present value of defined benefit obligations are as under :

		Gratuity		Leave Encashment	
		As at March 31, 2015 ₹	As at March 31, 2014 ₹	As at March 31, 2015 ₹	As at March 31, 2014 ₹
(i)	**Present value of defined benefit obligation**				
	Balance at the beginning of the year	7,175,338	5,960,887	19,960,999	17,433,307
	Current service cost	2,799,480	2,573,658	3,537,821	3,007,453
	Interest cost	528,585	515,547	1,349,747	1,361,317
	Actuarial (gains) / losses	(1,224,625)	(1,409,581)	6,641,976	2,774,037
	Benefits paid	(709,777)	(465,173)	(5,089,830)	(4,615,115)
	Past service costs	—	—	—	—
	Balance at the end of the year	**8,569,001**	**7,175,338**	**26,400,713**	**19,960,999**
(ii)	**Fair value of plan assets**				
	Balance at the beginning of the year	10,813,425	8,771,860	—	—
	Expected return on plan assets	1,111,122	905,819	—	—
	Actuarial gains/ (losses)	1,323,427	(40,323)	—	—
	Contribution by the company	1,339,988	1,641,242	5,089,830	4,615,115
	Benefits paid	(709,777)	(465,173)	(5,089,830)	(4,615,115)
	Settlements	—	—	—	—
	Balance at the end of the year	**13,878,185**	**10,813,425**	—	—
	Actual return on plan assets	2,434,550	865,496	—	—
(iii)	**Assets and liabilities as at balance sheet date**				
	(Refer Note 5, 8 and 18)				
	Present value of defined benefit obligation	8,569,001	7,175,338	26,400,713	19,960,999
	Less: fair value of plan assets	(13,878,186)	(10,813,425)	—	—
	Less: unrecognised past service costs	—	—	—	—
	Liability / (Assets) as at balance sheet date	*(5,309,185)	(3,638,087)	26,400,713	19,960,999
	*Not recognised				

		Gratuity		Leave Encashment	
		Year ended March 31, 2015 ₹	Year ended March 31, 2014 ₹	Year ended March 31, 2015 ₹	Year ended March 31, 2014 ₹
(iv)	**Expense recognised in the Statement of Profit and Loss**				
	Current service cost	2,799,480	2,573,658	3,537,821	3,007,453
	Interest cost	528,585	515,547	1,349,747	1,361,317
	Expected return on Plan Assets	(1,111,122)	(905,819)	—	—
	Actuarial (gains) / losses	(2,548,052)	(1,369,258)	6,641,976	2,774,037
	Past service costs	—	—	—	—
	Settlements	—	—	—	—
	Curtailments	—	—	—	—
	Total expense	(331,109)	814,128	11,529,544	7,142,807
(v)	**Major category of plan assets as a % of total plan assets**				
	Life Insurance Corporation of India (100%)	13,878,186	10,813,425	—	—
(vi)	**Actuarial assumptions**				
	Discount rate	7.75% p.a.	9.00% p.a.	7.75% p.a.	9.00% p.a.
	Expected return on plan assets	9.00% p.a.	9.25% p.a.	N/A	N/A
	Salary Growth Rate	6.00% p.a.	6.00% p.a.	6.00% p.a.	6.00% p.a.

The estimates of future salary increases, considered in actuarial valuation, takes into account, inflation, seniority, promotions and other relevant factors, such as demand and supply factors in the employment market

		Year ended March 31, 2015 ₹	Year ended March 31, 2014 ₹	Year ended March 31, 2013 ₹	Year ended March 31, 2012 ₹	Year ended March 31, 2011 ₹
(vii)	**Amounts recognised in current year and previous four years**					
	Gratuity					
	Defined benefit obligation	8,569,001	7,175,338	5,960,887	4,152,362	3,277,067
	Plan asset	13,878,186	10,813,425	8,771,860	6,863,747	5,701,093
	Surplus / (deficit)	5,309,185	3,638,087	2,810,973	2,711,385	2,424,026
	Experience adjustments in plan liabilities [(gain) / loss]	(1,363,585)	(1,157,808)	(667,282)	(1,113,179)	(27,056)
	Experience adjustments in plan assets [gain / (loss)]	(1,292,563)	15,842	260,652	(24,348)	(374,493)
	Leave encashment					
	Defined benefit obligation	26,400,713	19,960,999	17,433,307	14,207,739	12,325,265
	Plan asset	—	—	—	—	—
	Surplus / (deficit)	(26,400,713)	(19,960,999)	(17,433,307)	(14,207,739)	(12,325,265)
	Experience adjustments in plan liabilities [(gain) / loss]	5,229,015	3,527,807	2,717,431	2,172,406	3,754,767
	Experience adjustments in plan assets [gain / (loss)]	—	—	—	—	—
(viii)	**Expected contribution to the funds in the next year**					
	Gratuity	—	—	1,181,510	1,081,510	1,051,840

(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 revenue amounts to ₹ 8,644,526/- (Previous year ₹ 8,185,516/-)

		Year ended March 31, 2015 ₹	Year ended March 31, 2014 ₹
26	**Depreciation and amortization expense [refer note 9 & 10]**		
	Depreciation on tangible assets	1,852,911	940,620
	Amortization on intangible assets	230,590	343,800
		2,083,501	1,284,420

NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2014 (Contd.)

	Year ended March 31, 2015 ₹	Year ended March 31, 2014 ₹
27. Other expenses		
Power and fuel	**378,862**	472,323
Rent [refer note 31]	**5,447,206**	4,917,495
Repairs - others	**1,855,126**	1,564,594
Insurance	**169,409**	156,883
Rates and taxes	**35,580**	833,922
Travelling and conveyance	**15,081,939**	13,839,326
Expenditure towards Corporate Social Responsibilty (CSR) activities	**1,618,000**	—
Legal Consultancy / professional fees	**5,380,109**	4,320,705
Printing and stationery	**455,142**	519,685
Communication expenses	**3,040,289**	2,922,235
Advertising / sales promotion	**13,774,549**	12,453,442
Provision for doubtful debts	**1,350,000**	—
Bad debts written off	**—**	1,333,408
Information technology expenses	**3,419,059**	6,297,233
Bank charges	**16,090**	15,586
Loss on sale of fixed assets (net)	**2,098**	9,045
Payment to auditors (excluding service tax)		
As auditor:		
- Audit fee	**250,000**	250,000
- Tax audit fee	**50,000**	50,000
- Other services	**200,000**	200,000
- Reimbursement of expenses	**161,263**	89,702
Miscellaneous expenses	**1,548,700**	1,324,309
	54,233,421	**51,569,893**
28. Expenditure in foreign currency		
Foreign travel	**—**	403,025
Advertising / sales promotion	**2,695,864**	1,495,215
	2,695,864	**1,898,240**

	Year ended March 31, 2015 ₹	Year ended March 31, 2014 ₹
29. Earnings per equity share		
Profit after tax	**57,407,865**	62,505,673
Weighted average number of shares outstanding	**450,008**	450,008
Basic and diluted earnings per share (in ₹) (Face value - ₹ 10/- per share)	**127.57**	138.90

30. Related party disclosures under Accounting Standard 18

a) Names of related parties and nature of relationship:

i) Where control exists

Holding Company — ITC Limited

ii) Other related parties with whom transactions have taken place during the year :

- Fellow subsidiary — Bay Islands Hotels Limited
- Associate of Holding Company — International Travel House Limited
- Entity under control of the ITC Group — ITC Sangeet Research Academy
- **Key Management Personnel:** — Nakul Anand (Non Executive Director); Suresh Kumar (Managing Director w.e.f February 2, 2015); Arun Pathak (Non Executive Director); Gaj Singh Jodhpur (Non Executive Director) (Ceased to be Director w.e.f. close of business on March 28, 2015); Chandrasekhar Subrahmoneyan (Non Executive Director) (Ceased to be Director w.e.f. close of business on January 27, 2015)

b) Summary of transactions/balances (₹) :

	Transactions/balances	Holding Company		Fellow Subsidiary		Other Related Parties		Key Management Personnel	
		March, 31 2015	March 31, 2014	March 31, 2015	March 31, 2014	March 31, 2015	March 31, 2014	March 31, 2015	March 31, 2014
1	Operating and marketing fees [Inclusive of service tax - ₹ 1,592,060/- (Previous year - ₹ 1,135,281/-)]	**14,472,817**	10,320,408	**—**	—	**—**	—	**—**	—
2	Purchase of services								
	- ITC Limited	**471,526**	202,342	**—**	—	**—**	—	**—**	—
	- International Travel House Limited	**—**	—	**—**	—	**3,562,452**	2,887,520	**—**	—
3	Rent [Inclusive of service tax - ₹ 183,857/- (Previous year - ₹ 59,239/-)]	**1,671,372**	557,124	**—**	—	**—**	—	**—**	—
4	Remuneration of managers / staff on deputation recovered								
	- ITC Limited [Inclusive of service tax - ₹ 1,354,630/- (Previous year - ₹ 388,274/-)]	**12,254,522**	3,529,715	**—**	—	**—**	—	**—**	—
	- Bay Islands Hotels Limited [Inclusive of service tax - ₹ 121,178/- (Previous year - ₹ 42,954/-)]	**—**	—	**1,101,573**	390,840	**—**	—	**—**	—
5	Remuneration of managers on deputation reimbursed (including remuneration of Suresh Kumar - Managing Director ₹ 754,585 as disclosed below)	**29,466,287**	29,123,893	**—**	—	**—**	—	**—**	—
6	Dividend payments	**5,625,100**	5,625,100	**—**	—	**—**	—	**—**	—
7	Expense recovered during the year (amount due on account of payments made on behalf of related parties)								
	- ITC Limited	**3,274,406**	7,745,108	**—**	—	**—**	—	**—**	—
	- Bay Islands Hotels Limited	**—**	—	**99,256**	—	**—**	—	**—**	—
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 (including remuneration of Suresh Kumar - Managing Director ₹ 98,214 as disclosed below)	**12,525,596**	13,452,384	**—**	—	**—**	—	**—**	—
	- International Travel House Limited	**—**	—	**—**	—	**288,668**	696,851	**—**	—
9	Remuneration to Key Management Personnel (Refer note below)								
	- Suresh Kumar	**—**	—	**—**	—	**—**	—	**992,282**	—
10	Expenditure towards Corporate Social Responsibilty (CSR) activities								
	- ITC Sangeet Research Academy	**—**	—	**—**	—	**1,618,000**	—	**—**	—
11	Closing Balances:								
	(i) Trade receivables								
	- ITC Limited	**1,061,729**	433,314	**—**	—	**—**	—	**—**	—
	(ii) Other current assets								
	- ITC Limited	**977,074**	898,564	**—**	—	**—**	—	**—**	—
	- Bay Islands Hotels Limited	**—**	—	**103,729**	81,425	**—**	—	**—**	—
	- International Travel House Limited	**—**	—	**—**	—	**—**	—	**—**	—
	(iii) Trade payables								
	- ITC Limited	**2,295,113**	1,428,253	**—**	—	**—**	—	**—**	—
	- International Travel House Limited	**—**	—	**—**	—	**115,466**	313,103	**—**	—
	(iv) Other current liabilities								
	- Suresh Kumar (Refer note below)	**—**	—	**—**	—	**—**	—	**98,462**	—

Note : The Remuneration paid to the Managing Director due to the inadequacy of profits, is subject to the approval of shareholders by special resolution in the ensuing Annual General Meeting of the Company.

31. 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 by mutual consent on mutually agreeable terms. The aggregate lease rentals payable are charged as rent under Note 27.

32. Segment reporting

The Company operates in a single operating segment i.e. Hoteliering and within one geographical segment i.e. India and accordingly, in accordance with Accounting Standard 17 - "Segment Reporting", no segment disclosures have been made.

33. Previous year figures

Previous year figures have been reclassified / regrouped to conform to current year's classification.

For **Price Waterhouse Chartered Accountants LLP**
Registration No : 012754N / N500016
[Formerly Price Waterhouse (FRN : 012754N)]

Ashok Narayanaswamy
Partner
Membership Number: 095665

Place: Gurgaon
Date : April 13, 2015

On behalf of the Board of Directors

Suresh Kumar
Managing Director
DIN No. 02741371

Arun Pathak
Director
DIN No. 00502850

REPORT OF THE BOARD OF DIRECTORS FOR THE FINANCIAL YEAR ENDED 31ST MARCH, 2015

1. Your Board of Directors ('the Board') hereby submit their Report for the financial year ended 31st March, 2015.

2. PERFORMANCE OF THE COMPANY

During the financial year ended 31st March, 2015, the Company recorded a Total Revenue of ₹ 1.58 crores (previous year ₹ 1.62 crores) and a Net Profit after tax of ₹ 0.99 crores (previous year ₹ 1.03 crores).

The Company's hotel, Fortune Resort Bay Island in Port Blair, continues to command patronage in the city primarily due to its location, excellent architectural design and superior service quality. The Company has commenced a comprehensive renovation and expansion programme with a view to enhance the market standing of the hotel. Andaman Nicobar Coastal Zone Management Authority (ANCZMA) has recommended the project for granting clearance under Coastal Regulation Zone Rules.

3. DIVIDEND

The Board of Directors of the Company has recommended a dividend of ₹ 70 (previous year ₹ 70) per equity share of ₹ 100/- each for the year ended 31st March, 2015.

4. TRANSFER TO RESERVES

The Company has transferred ₹ 9,86,917/- (previous year ₹ 10,33,427/-) to General Reserve during the financial year ended 31st March, 2015.

5. DIRECTORS AND KEY MANAGERIAL PERSONNEL

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

During the year under review, Mr Chandrasekhar Subrahmoneyan (DIN 00024780) Director had resigned effective 28th January, 2015. Your Directors would like to place on record their appreciation of the services rendered by him during his tenure.

Mr. Suresh Kumar (DIN 02741371) was appointed as an additional director of the Company effective 2nd February, 2015. By virtue of the provisions of Article 130 of the Articles of Association of your Company and Section 161 of the Companies Act, 2013, Mr Kumar will vacate office at the ensuing Annual General Meeting (AGM) of your Company. Your Board at its meeting held on 6th May, 2015 has recommended for the approval of the Members the appointment of Mr Kumar as Non-Executive Director of the Company liable to retire by rotation, with effect from the date of the ensuing AGM of your Company.

Notice under Section 160 of the Companies Act, 2013 has been received for the appointment of Mr Kumar who has filed his consent to act as a Director of the Company, if appointed.

Appropriate resolution seeking your approval to the aforesaid appointment is appearing in the Notice convening the 39th AGM of the Company.

(b) Retirement by rotation

In accordance with the provisions of Section 152(6) of the Act and Article 143 and 144 of the Articles of Association of the Company, Mr. Nakul Anand (DIN 00022279) will retire by rotation at the ensuing Annual General Meeting of the Company and, being eligible, offers himself for re-appointment. Your Board has recommended his re-appointment.

6. NUMBER OF BOARD MEETINGS

During the year ended 31st March, 2015, four Board meetings were held.

7. 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 your Company and for preventing and detecting fraud and other irregularities;

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

v) proper systems have been devised to ensure compliance with the provisions of all applicable laws and 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. HUMAN RESOURCE

Your Company continues to attract and retain talent of the highest quality. Your Directors place on record their sincere appreciation of the efforts made and the support rendered by 54 employees of the Company. The Company provides a gender friendly work environment and no cases of sexual harassment were reported during the year.

None of the employees of your Company is covered under the provisions of Rule 5(2) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014.

10. RISK MANAGEMENT

The Board has approved the Risk Management Policy of the Company. The Company's risk management 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.

The responsibility for management of risks vests with the Managers responsible for the day-to-day conduct of the affairs of the Company. The Internal Audit Department of ITC Limited, the Holding Company, periodically carries out risk focused audits which lead to identification of areas where risk management processes need to be strengthened. Annual update is provided to the Board on the effectiveness of the Company's risk management systems and policies.

11. INTERNAL FINANCIAL CONTROLS

There are adequate internal financial controls in your Company with respect to the financial statements, commensurate with the size and scale of the operations of the Company. The Internal Audit Department of ITC Limited evaluates the efficacy and adequacy of such internal financial controls. The Board reviews the internal audit findings, provides guidance on internal controls and ensures that the internal audit recommendations are implemented.

12. PARTICULARS OF LOANS, GUARANTEES AND INVESTMENTS

During the year ended 31st March, 2015, 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, 2015, the Company has not entered into any contract or arrangement with its related parties which is not on arm's length basis nor has the Company entered into any material contract or arrangement with its related parties under Section 188 of the Act. The details in Form AOC-2 of a material transaction entered into by the Company with its related party are provided under Annexure 1 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 which would impact the going concern status of the Company and its future operations.

15. EXTRACT OF ANNUAL RETURN

The details forming part of the extract of the Annual Return in Form MGT-9 are provided under Annexure 2 to this Report.

16. AUDITORS

The Company's Auditors, Messrs. S. B. Dandeker & Co., Chartered Accountants, were appointed at the Thirty Eighth Annual General Meeting to hold such office till the conclusion of the Forty-First Annual General Meeting. Your Board, has recommended that the said appointment be placed before the Members of the Company for ratification at the ensuing Annual General Meeting in accordance with Section 139 of the Act.

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

CONSERVATION OF ENERGY: NIL

Steps taken on conservation of energy and impact thereof:

Steps taken by the company for utilizing alternate sources of energy:

Capital investment on energy conservation equipment:

TECHNOLOGY ABSORPTION: NIL

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 :

II) In case of imported technology (imported during the last 3 years reckoned from the beginning of the financial year), following information may be furnished:

A) Details of technology imported -

B) Year of import -

C) Whether the technology been fully absorbed -

D) If not fully absorbed, areas where absorption has not taken place, and the reasons therefore -

III) Expenditure incurred on research and development - NIL

Foreign exchange earnings and outgo

The foreign exchange earnings of the hotel during the year were Rs. 16.68 Lakhs as against Rs. 40.27 Lakhs in the previous year. There was no foreign exchange outgo during the year. (Previous year-Nil)

On behalf of the Board

Arun Pathak Director

Suresh Kumar Director

Date : 6th May, 2015

Annexure 1 to the Report of Directors

FORM AOC-2

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

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

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

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 (ITC), Holding Company
b)	Nature of contracts / arrangements / transactions	Licence fees received.
c)	Duration of the contracts / arrangements / transactions	50 years effective 15th March 1993.
d)	Salient terms of the contracts or arrangements or transactions including the value, if any	Licence to operate Hotel Fortune Resort Bay Island. Value - ₹ 1,28,92,937/-
e)	Date(s) of approval by the Board, if any	—
f)	Amount paid as advances, if any	—

On behalf of the Board

Arun Pathak Director
Suresh kumar Director

Dated : 6th May, 2015

Annexure 2 to the Report of the Board of Directors

FORM MGT-9

EXTRACT OF ANNUAL RETURN

as on the financial year ended on 31st March, 2015

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

I. REGISTRATION AND OTHER DETAILS

i) CIN : U74899HR1976PLC052282
ii) Registration Date : 24th March, 1976
iii) Name of the Company : Bay Islands Hotels Limited
iv) Category / Sub-Category of the Company : Unlisted Public Company limited by shares
v) Address of the Registered office and contact details : ITC Green Centre
10, Institutional Area
Sector 32,
Gurgaon 122001
Phone: 0124 4171717
Fax: 01244051734
e-mail ID : janakiaggarwal@ith.co.in

vi) Whether listed company (Yes / No) : No
vii) Name, Address and Contact details of Registrar and Transfer Agent, if any : N.A.

II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

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

Sl. No.	Name and Description of main products / services	NIC Code of the Product / service	% of total turnover of the Company
1.	Room or unit accommodation services for visitors with daily housekeeping services	99631110	100%

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES

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

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

(i) Category-wise Shareholding:

Category of Shareholders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
A. Promoters									
(1) **Indian**									
a) Individual/HUF	—	—	—	—	—	—	—	—	N.A.
b) Central Govt.	—	—	—	—	—	—	—	—	N.A.
c) State Govt.(s)	—	—	—	—	—	—	—	—	N.A.
d) Bodies Corp.	—	11,875	11,875	100.00	—	11,875	11,875	100.00	Nil
e) Banks / FI	—	—	—	—	—	—	—	—	N.A.
f) Any Other	—	—	—	—	—	—	—	—	N.A.
Sub-total (A)(1)	—	11,875	11,875	100.00	—	11,875	11,875	100.00	**Nil**
(2) **Foreign**									
a) NRIs - Individuals	—	—	—	—	—	—	—	—	N.A.
b) Other - Individuals	—	—	—	—	—	—	—	—	N.A.
c) Bodies Corp.	—	—	—	—	—	—	—	—	N.A.
d) Banks / FI	—	—	—	—	—	—	—	—	N.A.
e) Any Other	—	—	—	—	—	—	—	—	N.A.
Sub-total (A)(2)	—	—	—	—	—	—	—	—	N.A.
Total shareholding of Promoter (A) = (A)(1)+(A)(2)	—	11,875	11,875	100.00	—	11,875	11,875	100.00	Nil
B. Public Shareholding									
1. **Institutions**									
a) Mutual Funds	—	—	—	—	—	—	—	—	N.A.
b) Banks / FI	—	—	—	—	—	—	—	—	N.A.
c) Central Govt.	—	—	—	—	—	—	—	—	N.A.
d) State Govt.(s)	—	—	—	—	—	—	—	—	N.A.
e) Venture Capital Funds	—	—	—	—	—	—	—	—	N.A.
f) Insurance Companies	—	—	—	—	—	—	—	—	N.A.
g) FIIs	—	—	—	—	—	—	—	—	N.A.
h) Foreign Venture Capital Funds	—	—	—	—	—	—	—	—	N.A.
i) Others (specify)	—	—	—	—	—	—	—	—	N.A.
Sub-total (B)(1):-	—	—	—	—	—	—	—	—	N.A.
2. **Non-Institutions**									
a) Bodies Corp.									
i) Indian	—	—	—	—	—	—	—	—	N.A.
ii) Overseas	—	—	—	—	—	—	—	—	N.A.
b) Individuals	—	—	—	—	—	—	—	—	N.A.
i) Individual shareholders holding nominal share capital upto Rs. 1 lakh									
ii) Individual shareholders holding nominal share capital in excess of Rs. 1 lakh	—	—	—	—	—	—	—	—	N.A.
c) Others (specify)	—	—	—	—	—	—	—	—	N.A.
Sub-total (B)(2)	—	—	—	—	—	—	—	—	N.A.
Total Public Shareholding (B)=(B)(1)+ (B)(2)	—	—	—	—	—	—	—	—	N.A.
C. Shares held by Custodian for GDRs & ADRs	0	0	0	0	0	0	0	0	Nil
Grand Total (A+B+C)	0	11,875	11,875	100.00	—	11,875	11,875	100.00	**Nil**

(ii) Shareholding of Promoters:

Sl. No.	Shareholder's Name	Shareholding at the beginning of the year			Shareholding at the end of the year			% change in shareholding during the year
		No. of Shares	% of total Shares of the Company	% of Shares pledged / encumbered to total Shares	No. of Shares	% of total Shares of the Company	% of Shares pledged / encumbered to total Shares	
1.	ITC Limited	11,875	100.00	Nil	11,875	100.00	Nil	Nil

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

Sl. No.		Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of Shares	% of total Shares of the Company	No. of Shares	% of total Shares of the Company
1.	At the beginning of the year	**No change during the year**			
	Date wise Increase / Decrease in Promoters Shareholding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus/ sweat equity etc.)				
	At the end of the year				

(iv) Shareholding Pattern of top ten Shareholders (other than Directors, Promoters and Holders of GDRs and ADRs):

Sl. No.	For each of the Top ten Shareholders	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of Shares	% of total Shares of the Company	No. of Shares	% of total Shares of the Company
1.	At the beginning of the year	—	—	—	—
	Date wise Increase / Decrease in Promoters Shareholding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus/ sweat equity etc.)	—	—	—	—
	At the end of the year				

(v) Shareholding of Directors and Key Managerial Personnel:

Sl. No.	For each of the Directors and KMP	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of Shares	% of total Shares of the Company	No. of Shares	% of total Shares of the Company
1.	**Nakul Anand (Non-Executive Director)**				
	At the beginning of the year	—	N.A.	—	—
	Date wise Increase / Decrease in Promoters Shareholding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus/ sweat equity etc.)	—	N.A.	—	—
	At the end of the year	—	N.A.	—	—
2.	**Arun Pathak (Non-Executive Director)**				
	At the beginning of the year	—	N.A.	—	—
	Date wise Increase / Decrease in Promoters Shareholding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus/ sweat equity etc.)	—	N.A.	—	—
	At the end of the year	—	N.A.	—	—
3.	**Suresh Kumar (Non-Executive Director)**				
	At the beginning of the year	—	N.A.		—
	Date wise Increase / Decrease in Promoters Shareholding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus/ sweat equity etc.)			—	—
	At the end of the year	—	N.A.	—	N.A.
4.	**G H C Jadwet (Non-Executive Director)**				
	At the beginning of the year	—	N.A.	—	—
	Date wise Increase / Decrease in Promoters Shareholding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus/ sweat equity etc.)	—	N.A.	—	—
	At the end of the year	—	N.A.	—	—

V. INDEBTEDNESS

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

	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
Indebtedness at the beginning of the financial year i) Principal Amount ii) Interest due but not paid iii) Interest accrued but not due	Nil	Nil	Nil	Nil
Total (i+ii+iii)	Nil	Nil	Nil	Nil
Change in Indebtedness during the financial year ● Addition ● Reduction	Nil	Nil	Nil	Nil
Net Change	Nil	Nil	Nil	Nil
Indebtedness at the end of the financial year i) Principal Amount ii) Interest due but not paid iii) Interest accrued but not due	Nil	Nil	Nil	Nil
Total (i+ii+iii)	Nil	Nil	Nil	Nil

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

A. Remuneration to Managing Director, Whole-time Directors and/or Manager:

(Amount in Rs.)

Sl. No.	Particulars of Remuneration	
1.	Gross Salary	—
	(a) Salary as per provisions contained in Section 17(1) of the Income—tax Act, 1961	—
	(b) Value of perquisites under Section 17(2) of the Income—tax Act, 1961	—
	(c) Profits in lieu of salary under Section 17(3) of the Income—tax Act, 1961	—
2.	Stock Option	—
3.	Sweat Equity	—
4.	Commission — as % of profit — others, specify	—
5.	Others, please specify	—
Total (A)		—
Ceiling as per the Act		**N. A**

B. Remuneration to other Directors:

(Amount in Rs.)

Sl. No.	Particulars of Remuneration	Name of Directors				Total Amount
		Nakul Anand	Arun Pathak	Suresh Kumar	G H C Jadwet	
1.	**Other Non—Executive Directors**					
	• Fee for attending Board and Board Committee meetings	—	—	—	—	—
	• Commission	—				—
	• Others, please specify	—				—
	Total (2)	—				—
	Total (B) = (1)					—
	Total Managerial Remuneration					N.A.
	Overall ceiling as per the Act					

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

(Amount in Rs.)

Sl. No.	Particulars of Remuneration	
1.	Gross Salary	
	(a) Salary as per provisions contained in Section 17(1) of the Income—tax Act, 1961	—
	(b) Value of perquisites under Section 17(2) of the Income—tax Act, 1961	—
	(c) Profits in lieu of salary under Section 17(3) of the Income—tax Act, 1961	—
2.	Stock Option	—
3.	Sweat Equity	—
4.	Commission — as % of profit — others, specify	—
5.	Others, please specify	—
Total		—

VII. PENALTIES / PUNISHMENT / COMPOUNDING OF OFFENCES

Type	Section of the Companies Act	Brief Description	Details of Penalty / Punishment / Compounding fees imposed	Authority [RD / NCLT / COURT]	Appeal made, if any (give details)
A. COMPANY					
Penalty	N.A.	N.A.	Nil	N.A.	N.A.
Punishment	N.A.	N.A.	Nil	N.A.	N.A.
Compounding	N.A.	N.A.	Nil	N.A.	N.A.
B. DIRECTORS					
Penalty	N.A.	N.A.	Nil	N.A.	N.A.
Punishment	N.A.	N.A.	Nil	N.A.	N.A.
Compounding	N.A.	N.A.	Nil	N.A.	N.A.
C. OTHER OFFICERS IN DEFAULT					
Penalty	N.A.	N.A.	Nil	N.A.	N.A.
Punishment	N.A.	N.A.	Nil	N.A.	N.A.
Compounding	N.A.	N.A.	Nil	N.A.	N.A.

On behalf of the Board

Arun Pathak **Director**
Suresh kumar **Director**

Dated : 6th May, 2015

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF BAY ISLANDS HOTELS LIMITED.

We have audited the accompanying standalone financial statements of **BAY ISLANDS HOTELS LIMITED** ("the Company"), which comprise the Balance Sheet as at 31st March, 2015, the Statement of Profit and Loss, the Cash Flow Statement for the year then ended, and a summary of the significant accounting policies and other explanatory information.

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 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 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, read with Rule 7 of the Companies (Accounts) Rules, 2014. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these standalone financial statements based on our audit.

We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made there under.

We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on whether the Company has in place an adequate internal financial controls system over financial reporting and the operating effectiveness of such controls. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, 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 on the standalone financial statements.

Opinion

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 31st March, 2015, and its profit and its cash flows for the year ended on that date.

Report on Other Legal and Regulatory Requirements

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, 2015 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2015 from being appointed as a director in terms of Section 164 (2) of the Act.

(f) 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 Registration No : 301009E

KEDARASHISH BAPAT
Partner
Membership No : 057903

Place: Port Blair
Date: 15th April, 2015

ANNEXURE TO THE AUDITORS' REPORT

Statement on matters specified in paragraphs 3 & 4 of the Companies (Auditor's Report) Order 2015 ("the order"), issued by the Central Government in terms of section (11) of section 143 of the Companies Act 2013, for the year ended 31st March 2015

(i) The Company is maintaining proper records to show full particulars, including quantitative details and situation of fixed assets.

The fixed assets have been physically verified by the management at reasonable intervals during the year, and no material discrepancies were noticed on such verification.

(ii) As the company did not hold any inventory during the year, 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 or other parties covered in the register maintained under section 189 of the Companies Act 2013. As such clause (iii) of para 3 the order is not applicable.

(iv) The Company has an internal control procedure commensurate with the size of the Company and nature of the business for the purchase of fixed assets and sale of services. The company has no purchase of inventory or sale of goods during the year. We have not come across or have been informed of any major weaknesses in the internal control procedures.

(v) In accordance with information and explanations given to us, the company has not accepted any deposits during the year and hence directives issued by the Reserve bank of India and provisions of section 73 to 76 and other applicable provisions of the Companies Act 2013, and rules framed there under are not applicable. No order in this regard, in respect of the company, has been passed by the Company Law Board or Reserve Bank of India or National Company Law Tribunal.

(vi) As explained to us the Central Government has not prescribed maintenance of cost records for the Company under subsection (1) of section 148 of the Companies Act 2013.

(vii) The Company is regular in depositing of all undisputed statutory dues including Provident Fund, Employees' State Insurance, Income-tax, Sales-tax, Wealth tax, service tax, duty of customs, duty of excise, Value added tax, cess and any other statutory dues, so far as applicable to the Company, with the appropriate authorities and the company has no outstanding statutory dues as at the last day of the financial year concerned for a period of more than six months from the date they became payable.

The Company has no disputed statutory dues on account of Income-tax, Sales-tax, Wealth tax, service tax, duty of customs, duty of excise or value added tax or cess.

The company has no amount required to be transferred to investor education and protection fund in accordance with the relevant provisions of the Companies Act, 1956 and rules made there under

(viii) The Company has no accumulated losses as at 31st March 2015. It has not incurred any cash losses in the financial year as well as in the immediately preceding financial year.

(ix) In accordance with the information and explanations given to us the company has no dues of any financial institution or bank or debenture holder.

(x) In accordance with the information and explanation given to us the Company has not given any guarantee for loans taken by others from banks or financial institutions.

(xi) In accordance with the information given to us, the Company has not taken any term loans.

(xii) In accordance with our audit as per generally accepted auditing practices and the information and explanation given to us, no fraud by or on the Company has been noticed or reported during the year nor have we been informed of any such case by the management.

For and on behalf of
S. B. DANDEKER & CO.
Chartered Accountants
Firm Registration No : 301009E
KEDARASHISH BAPAT
Partner
Membership No : 057903

Place: Port Blair
Date: 15th April, 2015

BALANCE SHEET AS AT 31ST MARCH, 2015

	Note No.	(₹)	As at 31st March, 2015 (₹)	(₹)	As at 31st March, 2014 (₹)
EQUITY AND LIABILITIES					
Shareholders' Funds					
Share Capital	1	**1,187,500**		1,187,500	
Reserves & Surplus	2	**134,181,821**	**135,369,321**	125,310,107	126,497,607
Non Current Liabilities					
Long Term Provisions	3		**244,745**	203,304	203,304
Current liabilities					
Trade Payables			**20,064**		20,664
Other Current liabilities	4		**411**		427
Short Term Provisions	5		**1,784,065**		1,919,418
TOTAL			**137,418,606**		128,641,420
ASSETS					
Non-Current Assets					
Fixed Assets	6				
Tangible Assets			**69,171,130**		69,510,591
Deferred Tax Asset (Net)	7		**2,609,900**		2,714,649
Long Term Loans & Advances	8		**983,508**		882,535
Current Assets					
Current Investments	9	**10,000,000**		10,000,000	
Trade Receivables	10	**3,360,420**		3,980,481	
Cash and cash equivalents	11	**49,108,574**		40,609,650	
Other Current Assets	12	**2,185,074**		943,514	
		64,654,068		55,533,645	
			64,654,068		55,533,645
TOTAL			**137,418,606**		128,641,420
Significant Accounting Policies	18				

The accompanying notes 1 to 18 are an integral part of the Financial Statements.

In terms of our Report of even date
For S.B. DANDEKER & COMPANY
Chartered Accountants
Firm Registration No : 301009E
KEDARASHISH BAPAT
Partner
Membership No : 057903
Place: Port Blair
Date : 15th April, 2015

On behalf of the Board

Arun Pathak Director
Suresh Kumar Director
Place: Gurgaon
Date : 14th April, 2015

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31ST MARCH, 2015

	Note No.	For the year ended 31st March, 2015 (₹)	For the year ended 31st March, 2014 (₹)
Revenue from operations	13	**11,474,669**	12,964,853
Other Income	14	**4,300,900**	3,215,623
Total Revenue		**15,775,569**	16,180,476
Expenses:			
Employee benefits expense	15	**249,104**	233,830
Depreciation and amortization expense		**339,460**	255,223
Other Expenses	16	**267,809**	166,368
Total Expenses		**856,373**	655,421
Profit Before Taxation		**14,919,196**	15,525,055
Tax expense for the year			
Current Tax		**4,945,282**	5,113,970
Deferred Tax		**104,749**	76,819
Profit/(Loss) for the period		**9,869,165**	10,334,266
Basic and Diluted Earnings Per Share (Rs.) (Face value : Rs 100 per share)	17	**831**	870
Significant Accounting Policies	18		

The accompanying notes 1 to 18 are an integral part of the Financial Statements.

In terms of our Report of even date
For S.B. DANDEKER & COMPANY
Chartered Accountants
Firm Registration No : 301009E
KEDARASHISH BAPAT
Partner
Membership No : 057903.
Place: Port Blair
Date : 15th April, 2015

On behalf of the Board

Arun Pathak Director
Suresh Kumar Director
Place: Gurgaon
Date : 14th April, 2015

CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2015

(Figures for the previous year have been rearranged to conform with the revised presentation)

	For the year ended 31st March, 2015 (₹)	(₹)	For the year ended 31st March, 2014 (₹)	(₹)
A. NET PROFIT BEFORE TAX		**14,919,196**		15,525,055
ADJUSTMENTS FOR :				
Depreciation	**339,460**		255,223	
Interest income	**(4,300,900)**		(3,215,623)	
		(3,961,440)		(2,960,400)
OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES		**10,957,756**		12,564,655
ADJUSTMENTS FOR :				
Trade Receivables, Loans & Advances and Other Current Assets	**(621,499)**		(22,907)	
Trade Payables & Other Liabilities	**(119,458)**	**(740,957)**	612,034	589,127
CASH GENERATED FROM OPERATIONS		**10,216,798**		13,153,782
Income Tax Paid		**4,844,642**		4,877,716
NET CASH FROM OPERATING ACTIVITIES		**5,372,156**		8,276,066
B. CASH FLOW FROM INVESTING ACTIVITIES :				
Investments made	—		(10,000,000)	
Interest Received	**4,099,287**	**4,099,287**	2,894,048	(7,105,952)
NET CASH FROM INVESTING ACTIVITIES		**4,099,287**		(7,105,952)
C. CASH FLOW FROM FINANCIAL ACTIVITIES :				
Dividend Paid	**(831,250)**		(831,250)	
Income Tax on Dividend Paid	**(141,271)**	**(972,521)**	(141,271)	
NET CASH FLOW USED IN FINANCING ACTIVITIES		**(972,521)**		(972,521)
NET INCREASE IN CASH AND CASH EQUIVALENTS		**8,498,923**		197,593
OPENING CASH AND CASH EQUIVALENTS		**40,609,650**		40,412,057
CLOSING CASH AND CASH EQUIVALENTS		**49,108,574**		40,609,650

Notes: 1. The above Cash Flow Statement has been prepared under the "Indirect Method" as set out in the Accounting Standard - 3 Cash Flow Statements.

2. **CASH AND CASH EQUIVALENTS COMPRISE :**

Cash and Bank Balances	**49,108,574**	40,609,650

The accompanying notes 1 to 18 are an integral part of the Financial Statements.

In terms of our Report of even date
For S.B. DANDEKER & COMPANY
Chartered Accountants
Firm Registration No : 301009E
KEDARASHISH BAPAT
Partner
Membership No : 057903
Place: Port Blair
Date : 15th April, 2015

On behalf of the Board

Arun Pathak Director
Suresh Kumar Director
Place: New Delhi
Date : 14th April, 2015

NOTES TO THE ACCOUNTS

(Figures for the previous year have been rearranged to conform with the revised presentation)

	As at 31st March, 2015 (₹)	As at 31st March, 2014 (₹)
1. SHARE CAPITAL		
Authorised		
90,000 Equity Shares of ₹ 100/- each	**9,000,000**	9,000,000
30,000 13.5% Redeemable Cumulative Preference Shares of ₹ 100/- each	**3,000,000**	3,000,000
	12,000,000	12,000,000
Issued, Subscribed & Paid-up		
11,875 Equity Shares of ₹ 100/- each fully paid-up	**1,187,500**	1,187,500
	1,187,500	1,187,500

Reconciliation of number of equity shares

	As at 31st March, 2015		As at 31st March, 2014	
	No. of Shares	**Amount in ₹**	No. of Shares	Amount in ₹
Balance as at the beginning of the year	**11,875**	**1,187,500**	11,875	1,187,500
Balance as at the end of the year	**11,875**	**1,187,500**	11,875	1,187,500

Shareholders holding more than 5 percent shares

Name of Shareholder	As at 31st March, 2015		As at 31st March, 2014	
	No. of Shares	**% of Holding**	No. of Shares	% of Holding
ITC Limited	**11,875**	**100**	11,875	100

Terms / Rights attached to Equity Shares.

The Ordinary Shares of the Company, having par value of ₹ 100/- per share, rank pari passu in all respects including entitlement to dividend.

		As at 31st March, 2015 (₹)	As at 31st March, 2015 (₹)	As at 31st March, 2014 (₹)	As at 31st March, 2014 (₹)
2	**RESERVES & SURPLUS**				
	Revaluation Reserve				
	At the commencement of the year	**61,080,586**		61,906,646	
	Less: Depreciation	**—**	**61,080,586**	826,060	61,080,586
	Subsidy Reserve				
	At the beginning and at the end of the year		**4,338,099**		4,338,099
	General Reserve				
	At the commencement of the year	**6,507,277**		5,473,850	
	Add: Transferred from current years surplus	**986,917**	**7,494,194**	1,033,427	6,507,277
	Surplus in Statement of Profit & Loss				
	At the commencement of the year	**53,384,145**		45,055,827	
	Add: Profit for the current year	**9,869,165**		10,334,266	
	Less: Transfer to General Reserve	**(986,917)**		(1,033,427)	
	Less: Proposed Dividend [Rs.70 (2014 - Rs 70) per share]	**(831,250)**		(831,250)	
	Less : Income Tax on Proposed Dividends	**(166,201)**		(141,271)	
	At the end of the year		**61,268,943**		53,384,145
			134,181,821		125,310,107
3	**LONG TERM PROVISIONS**				
	Provision for employee benefits				
	Other than retirememt benefits		**244,745**		203,304
			244,745		203,304
4	**Other Current Liabilities**				
	Statutory Liabilities		**411**		427
			411		427
5	**SHORT TERM PROVISIONS**				
	Current portion of employee benefits		**786,614**		946,897
	Proposed Dividend		**831,250**		831,250
	Dividend Distribution tax on proposed dividend		**166,201**		141,271
			1,784,065		1,919,418

6. FIXED ASSETS - Tangible Assets

	Particulars	Gross Block: @ Original Cost / Professional Valuation as at 31.03.2014 (₹)	Gross Block: Additions during the year (₹)	Gross Block: Withdrawals during the year (₹)	Gross Block: Original Cost Professional Valuation as at 31.03.2015 (₹)	Depreciation: Accumulated Depreciation as at 31.03.2014 (₹)	Depreciation: Depreciation for the year (₹)	Depreciation: Depreciation on withdrawals (₹)	Depreciation: Depreciation upto 31.03.2015 (₹)	Net Block: Net Block as at 31.03.2015 (₹)	Net Block: Net Block as at 31.03.2014 (₹)
1.	Land	57,000,000	—	—	**57,000,000**	0	—	—	—	**57,000,000**	57,000,000
2.	Building	38,989,750	—	—	**38,989,750**	26,479,159	**339,460**	—	**26,818,619**	**12,171,131**	12,510,591
3.	Plant & Machinery	5,558,845	—	—	**5,558,845**	5,558,845	—	—	**5,558,845**	—	—
4.	Office Equipment	185,415	—	—	**185,415**	185,415	—	—	**185,415**	—	—
5.	Furniture & Fittings	407,319	—	—	**407,319**	407,319	—	—	**407,319**	—	—
	TOTAL	102,141,329	—	—	**102,141,329**	32,630,738	**339,460**	—	**32,970,198**	**69,171,130**	69,510,591
	Previous Year	102,141,329	—	—	102,141,329	31,549,455	1,084,818	—	32,630,738	69,510,591	70,591,874

@Original Cost / Professional Valuation as on 31st March 1999. Depreciation for the year includes ₹ Nil (2014 ₹ 826,060) transferred from Revaluation Reserve in respect of revalued assets.

Note: All assets mentioned above have been given under an Operating Lease to the Holding Company.

	As at 31st March, 2015 (₹)	As at 31st March, 2014 (₹)
7. DEFERRED TAX ASSET (NET)		
Deferred Tax Asset	**2,714,649**	2,791,468
	2,714,649	2,791,468
Less: Depreciation - Timing Difference	104,749	76,819
Net Deferred Tax Asset	2,609,900	2,714,649

Deferred Tax Assets are recognised only to the extent that there is virtual certainty supported by convincing evidence that sufficient future taxable income will be available against which such deferred tax assets can be realised.

8. LONG TERM LOANS AND ADVANCES		
Others - Unsecured, Considered Good		
Advance with statutory authorities (net of provisions)	**983,508**	882,535
	983,508	882,535
9. CURRENT INVESTMENT (at lower of cost and fair value)		
Investment in Mutual Funds:		
Quoted: ICICI Prudential Fixed Maturity Plan - Series 72 - Direct Plan - Cumluative - 10,00,000 Units of Rs 10 each (PY - Nil)	**10,000,000**	10,000,000
	10,000,000	10,000,000

Aggregate market value of quoted investments : Rs 1.11 cr (PY - 1.02 Cr)

	As at 31st March, 2015 (₹)	As at 31st March, 2014 (₹)
10. TRADE RECEIVABLES		
Outstanding for a period exceeding six months from the date they are due for payment	—	—
Others		
Unsecured, Considered good	**3,360,420**	3,980,481
	3,360,420	3,980,481
11. CASH AND CASH EQUIVALENTS*		
Current Accounts	**1,358,563**	1,907,604
Deposit Accounts*	**4,279,827**	4,012,676
Other Bank balances		
Deposit Accounts#	**43,470,184**	34,689,370
	49,108,574	40,609,650

"*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.

12. OTHER CURRENT ASSETS		
Interest accrued on deposit with banks	**1,748,479**	697,157
Others* - Unsecured, considered good	**436,595**	246,357
	2,185,074	943,514

*Others comprise of amount recoverable from the Holding Company - ₹ 436,595/- (PY- ₹ 2,46,357/-)

NOTES TO THE ACCOUNTS (Contd.)

	For the year ended 31st March, 2015 (₹)	For the year ended 31st March, 2014 (₹)
13. REVENUE FROM OPERATIONS		
Operating Licence Fee	**11,474,669**	12,964,853
	11,474,669	12,964,853
14. OTHER INCOME		
Interest on Fixed Deposit	**4,300,900**	3,215,623
	4,300,900	3,215,623
15. EMPLOYEE BENEFITS EXPENSE		
Salaries, Wages and Bonus	**8,940,626**	10,464,843
Contribution to Provident Fund & Other Funds	**766,380**	1,169,674
Workmen and Staff Welfare Expenses	**199,663**	329,120
	9,906,669	11,963,637
Less: Recoveries	**(9,657,565)**	(11,729,807)
	249,104	233,830
16. OTHER EXPENSES		
Consumption of Stores and Spare Parts	**35,300**	34,800
Travelling and Conveyance	**36,000**	36,000
Miscellaneous Expenses	**196,510**	95,568
	267,809	166,368
Miscellaneous Expenses include:		
Payment to Auditors		
Audit Fees	**13,484**	13,484
Tax Audit fees	**6,180**	6,180
17. EARNINGS PER SHARE		
Profit/ (loss) after Taxation	**9,869,165**	10,334,266
Weighted average number of equity shares outstanding	**11,875**	11,875
Basic and diluted earnings per share in rupees (face value - ₹100/- per share)	**831**	870

Significant Accounting Policies

Convention

These financial statements have been prepared in accordance with applicable Accounting Standards in India. A summary of important accounting policies is set out below. The financial statements have also been prepared in accordance with relevant presentational requirements of the Companies Act, 2013, as applicable.

Basis of Accounting

To prepare Financial Statements in accordance with the historical cost convention, modified by revaluation of certain fixed assets as and when undertaken.

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 the time between the acquisition of assets for processing and their realization in cash and cash equivalents. The Company has ascertained its operating cycle as 12 months.

Fixed Assets

To state Fixed Assets at cost of acquisition inclusive of inward freight, duties and taxes and incidental expenses related to acquisition.

Depreciation

To calculate depreciation on Fixed Assets, Tangible and Intangible assets in a manner that amortises the cost of the assets after commissioning (or other amount substituted for cost), less its residual value, over their estimated useful lives or useful lives specified in Schedule II to the Companies Act, 2013.

Revaluation of Assets

As and when Fixed Assets are revalued, to adjust the provision for depreciation on such revalued Fixed Assets, where applicable, in order to make allowance for consequent additional diminution in value on considerations of age, condition and unexpired useful life of such Fixed Assets and to transfer to Revaluation Reserve the difference between the written up value of the Fixed Assets revalued and depreciation Write back of revaluation reserve is done only when the asset is discarded / written off.

Impairment of Assets

To provide for impairment loss, if any, to the extent, the carrying amount of assets exceeds 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.

Investments

To state Current Investments at lower of cost and fair value; and Long Term Investments, at cost. Where applicable, provision is made to recognise a decline, other than temporary, in valuation of Long Term Investments.

Revenue Recognition

Income from operating license fees is booked on accrual basis in accordance with the provisions of operating license agreement / arrangements with the licensee viz, ITC Limited.

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.

Proposed Dividend

To provide for Dividends (including income tax thereon) in the books of account, as proposed by the Directors, pending approval at the Annual General Meeting.

Employee Benefits

To make regular monthly contributions to Provident Fund which are in the nature of defined contribution scheme and such paid/payable amounts are charged against revenue. The contribution in respect of Gratuity Fund is made to Life Insurance Corporation.

To determine the liabilities towards leave encashment by an independent actuarial valuation as per the requirements of Accounting Standard - 15 (revised 2005) on "Employee Benefits". To determine actuarial gains or losses and to recognize such gains or losses immediately in Profit & Loss Account as income or expense.

Lease Rentals

To charge Rentals in respect of leased premises and equipment to the Statement of Profit and Loss. To recognise rental income on assets given on operating lease on an accrual basis over the lease term in the Statement of Profit and Loss.

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.

Deferred Tax Assets are recognized only to the extent that there is virtual certainty supported by convincing evidence that sufficient future taxable income will be available against which such deferred tax assets can be realized.

Claims

To disclose claims against the Company not acknowledged as debts after a careful evaluation of the facts and legal aspects of the matter involved.

(A) Notes to Accounts

1. General Information:
   Bay Islands Hotels Limited, a fully owned subsidiary of ITC Limited, owns a hotel in Port Blair known as 'Fortune Resort Bay Island'. The Hotel Operations are under an Operating Licence Agreement with ITC Limited.
2. 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 31st March 2015. 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.
3. Contingent liabilities/claims against the company not acknowledged as debts - Nil (PY Nil).
4. The Company operates in a single reportable segment and hence the disclosure requirements of AS-17 are not applicable.
5. Value of Imports during the period - NIL (PY - NIL)
6. Long Term Compensated Absences- As per Actuarial Valuations as on March 31, 2015, and recognized in the financial statements in respect of Employee Benefit Schemes:

	Particulars	2014-15	2013-14
I	**Components of Employer Expense**		
1	Current Service Cost	1,11,007	1,06,958
2	Interest Cost	27,846	24,249
3	Expected Return On plan assets	—	—
4	Net Actuarial (gain) loss recognised in the year	1,44,079	2,67,136
5	Past Service Cost	—	—
6	Expenses Recognised in the statement of P & L	2,82,932	3,97,983
II	**Net Asset / (Liability) recognised in Balance Sheet**		
1	Present Value Of Obligation	5,15,679	4,85,868
2	Fair Value Of Plan Assets	—	—
3	Liability (assets)	5,15,679	4,85,868
4	Unrecognised Past Service Cost	—	—
5	Liability (asset) recognised in the Balance Sheet	5,15,679	4,85,868
	Current	2,70,934	2,82,564
	Non-Current	2,44,745	2,03,304
III	**Change in Defined Benefit Obligation**		
1	Present Value Of obligation Beginning Of The Period	4,85,868	4,50,982
2	Interest Cost	27,846	24,249
3	Current Service Cost	1,11,007	1,06,598
4	Past Service Cost	—	—
5	Benefits Paid	(2,53,121)	(3,63,097)
6	Actuarial (gain) loss on Obligation	1,44,079	2,67,136
7	Present Value Of obligation End Of The Period	5,15,679	4,85,868
IV	**Change in Fair Value of Assets**		
1	Fair value of plan Assets Beginning Of The Period	—	—
2	Expected Return On plan assets	—	—
3	Contributions	2,53,121	3,63,097
4	Benefits Paid	(2,53,121)	(3,63,097)
5	Actuarial gain (Loss) Plan Assets	—	—
6	Fair value of plan Assets End Of The Period	—	—
V	**Actuarial Assumptions**		
1	Discount Rate (%)	7.75%	9.00%

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.

VI Net Asset / (Liability) recognized in Balance Sheet (Including experience adjustment Impact)

	Particulars	Leave Encashment (Unfunded) For the Year ended 31st March, 2015	31st March, 2014
1	Defined Benefit Obligation at the end of the period	**(5,15,679)**	(4,85,868)
2	Plan Assets at the end of the period	—	—
3	Funded Status [Surplus / (Deficit)]	**(5,15,679)**	(4,85,868)
4	Experience Gain / (Loss) adjustments on Plan Liabilities	—	—
5	Experience Gain / (Loss) adjustments on Plan Assets	—	—

7. RELATED PARTY DISCLOSURES

Related party disclosures under Accounting Standard 18 are as follows

i) Holding Company : ITC Limited

ii) Key Management Personnel:

Board of Directors

Nakul Anand
Chandrasekhar Subrahmoneyan (Till 27th January, 2015)
G.H.C.Jadwet
Arun Pathak
Suresh Kumar (Effective 2nd February, 2015)

iii) Summary of transactions during the year (Rupees) :

(a) Transactions with Holding Company:-

		2014-15	2013-14
1.	Rent Received*	**12,892,937**	14,567,308
2.	Expenses Reimbursed	**1,858,095**	491,258
3.	Expenses Recovered	**10,688,924**	12,880,008
4.	Dividend Payment	**831,250**	831,250
5.	Balance as at period end		
	- Trade Receivables	**3,360,420**	3,980,481
	- Other recoverables	**436,595**	246,357

includes Service Tax – ₹ 1,418,268 (PY – ₹ 1,602,455)

(b) Transaction with Key Management Personnel - Nil (Previous Year - Nil).

8. Previous Year's figures have been regrouped/rearranged wherever necessary.

For S.B. DANDEKAR & COMPANY
Chartered Accountants
Firm Registration No : 301009E
KEDARASHISH BAPAT
Partner
Membership No : 057903

On behalf of the Board
Arun Pathak Director
Suresh Kumar Director
Place: Gurgaon
Date : 14 April, 2015

ANNUAL REPORT OF WELCOMHOTELS LANKA (PRIVATE) LIMITED FOR THE FINANCIAL YEAR ENDED 31ST MARCH, 2015

The Board of Directors of WelcomHotels Lanka (Private) Limited hereby submit their Third Annual Report for the financial year ended 31st March, 2015.

Nature of the business of the Company

The Company, a wholly-owned subsidiary of ITC Limited, India, was incorporated with the objective of constructing, building and operating a mixed use development project ('Project') including a luxury hotel at Colombo. The Board of Investment of Sri Lanka provided the Company about 5.86 acres of prime sea facing land in Colombo on a 99 years lease for this purpose. The Project was approved as a Strategic Development Project and accorded certain fiscal concessions by the Government of Sri Lanka.

Performance of the Company

The ground breaking ceremony for the Project was held on 19th November, 2014. The excavation and other related works commenced immediately thereafter and is progressing satisfactorily.

Based on current estimates it is expected that the piling and main civil works of the Project would commence shortly.

The Financial Statements, including the Auditors Report thereon, for the year ended 31st March, 2015, 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, 2015.

Remuneration and other benefits of Directors

The Directors are not entitled to and nor have they received any remuneration or other benefit from the Company during the year ended 31st March, 2015.

Donations

The Company has not made any donation during the year ended 31st March, 2015.

Directors of the Company

The Directors of the Company, as at 31st March, 2015, are as follows:

1. Mr. Biswa Behari Chatterjee	Chairman & Non Executive Director
2. Mr. Arun Pathak	Non Executive Director
3. Mr. Supratim Dutta	Non Executive Director
4. Ms. Devkanya Roy Choudhury	Non Executive Director

Audit Fees

The Audit Fee to the Auditors of the Company, Messrs. SJMS Associates, Chartered Accountants, 2, Castle Lane, Colombo 4, Sri Lanka, for Statutory Audit of the Accounts of the Company, is set out in Note 4. to the attached Financial Statements.

The said Auditors were not engaged for rendering any other services to the Company and hence there were no other fees paid or payable to them.

The Auditors do not have any other relationship (other than as Auditor) with the Company.

Arun Pathak
Director

Supratim Dutta
Director

Corporate Services (Private) Limited
Secretaries

On this 13th day of April, 2015

INDEPENDENT AUDITORS' REPORT TO THE MANAGEMENT OF WELCOMHOTELS LANKA (PRIVATE) LIMITED

Report on the Financial Statements

We have audited the accompanying financial statements of WelcomHotels Lanka Private Limited, ("the Company"), which comprise the statement of financial position as at March 31, 2015, and statement of comprehensive income, statement of changes in equity and statement of cash flow for the year then ended, and a summary of significant accounting policies and other explanatory information.

Board's Responsibility for the Financial Statements

The Board of Directors ("Board") is responsible for the preparation of these financial statements that give a true and fair view in accordance with Sri Lanka Accounting Standards, and for such internal control as Board determines is necessary to enable the preparation 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 Sri Lanka Auditing Standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by Board, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, the financial statements give a true and fair view of the financial position of the Company as at March 31, 2015 and of its financial performance and cash flow for the year then ended in accordance with Sri Lanka Accounting Standards.

Report on Other Legal and Regulatory Requirements

As required by section 163 (2) of the Companies Act No. 07 of 2007, we state the following:

a) The basis of opinion and scope and limitations of the audit are as stated above

b) In our opinion:

- 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,
- the financial statements of the Company, comply with the requirements of section 151 of the Companies Act.

SJMS ASSOCIATES
Chartered Accountants
Colombo
13th April 2015

STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31ST MARCH, 2015

	Note	2014/2015 Rs.	2014/2015 INR	2013/2014 Rs.	2013/2014 INR
Revenue		—	—	—	—
Cost of sales		—	—	—	—
Gross profit		—	—	—	—
Other income	3	—	—	4,783,764	2,152,694
Administrative expenses	4	(1,311,493)	(616,402)	(562,766)	(253,245)
Finance cost	5	(579,116)	(272,184)	(177,682,341)	(79,957,053)
Pre operating loss before tax	6	(1,890,609)	(888,586)	(173,461,343)	(78,057,604)
Taxation	7	—	—	—	—
Pre operating loss for the year		(1,890,609)	(888,586)	(173,461,343)	(78,057,604)
Other comprehensive income					
Other comprehensive income		—	—	—	—
Total comprehensive loss for the year		(1,890,609)	(888,586)	(173,461,343)	(78,057,604)
Loss per share	8	(0.01)	(0.00)	(2.36)	(1.06)

The accounting policies and notes from 1 to 21 form an integral part of these financial statements.

STATEMENT OF FINANCIAL POSITION AS AT 31ST MARCH, 2015

Assets	Note	31.03.2015 Rs.	31.03.2015 INR	31.03.2014 Rs.	31.03.2014 INR
Non Current Assets					
Capital work in progress	9	825,916,324	388,180,672	478,077,051	219,915,443
Prepaid lease rental	10	9,318,363,160	4,379,630,685	9,318,363,160	4,286,447,054
		10,144,279,484	4,767,811,357	9,796,440,211	4,506,362,497
Current Assets					
Prepayments	11	135,596,425	63,730,320	660,094	303,643
Cash and bank balances	12	104,501,242	49,115,584	71,293,841	32,795,167
		240,097,667	112,845,904	71,953,935	33,098,810
Total Assets		10,384,377,151	4,880,657,261	9,868,394,146	4,539,461,307
Equity and Liabilities					
Capital and Reserves					
Stated capital	13	10,577,430,682	4,845,135,506	10,066,398,682	4,605,769,426
Accumulated loss		(200,926,751)	31,821,342	(199,036,142)	(66,782,658)
		10,376,503,931	4,876,956,848	9,867,362,540	4,538,986,768
Current Liabilities					
Other payables	14	7,873,220	3,700,413	1,031,606	474,539
Total Liabilities		7,873,220	3,700,413	1,031,606	474,539
Total Equity and Liabilities		10,384,377,151	4,880,657,261	9,868,394,146	4,539,461,307

I certify that the financial statements have been prepared in compliance with the requirements of the Companies Act No 07 of 2007.

.....
Subi Koshy George
Vice President

The Board of Directors is responsible for the preparation and presentation of these financial statements.

Signed for and on behalf of the Board.

.....
Arun Pathak
Director
13th April 2015

.....
Supratim Dutta
Director
13th April 2015

The accounting policies and notes from 1 to 21 form an integral part of these financial statements.

Figures in brackets indicate deductions.

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31ST MARCH, 2015

	Stated Capital Rs.	Stated Capital INR	Retained Earnings Rs.	Retained Earnings INR	Total Rs.	Total INR
Balance as at 01st April 2013	374,387,257	158,436,321	(25,574,799)	(8,446,964)	348,812,458	149,989,357
Shares issued during the year	9,740,715,000	4,469,736,750	—	—	9,740,715,000	4,469,736,750
Pre operating loss for the year	—	—	(173,461,343)	(78,057,604)	(173,461,343)	(78,057,604)
Share issue cost	(48,703,575)	(22,403,645)	—	—	(48,703,575)	(22,403,645)
Foreign Exchange Translation Reserve	—	—	—	19,721,910	—	19,721,910
Balance as at 01st April 2014	10,066,398,682	4,605,769,426	(199,036,142)	(66,782,658)	9,867,362,540	4,538,986,768
Shares issued during the year	513,600,000	240,573,040	—	—	513,600,000	240,573,040
Pre operating loss for the year	—		(1,890,609)	(888,586)	(1,890,609)	(888,586)
Share issue cost	(2,568,000)	(1,206,960)	—	—	(2,568,000)	(1,206,960)
Foreign Exchange Translation Reserve	—	—	—	99,492,586	—	99,492,586
Balance as at 31st March 2015	10,577,430,682	4,845,135,506	(200,926,751)	31,821,342	10,376,503,931	4,876,956,848

The accounting policies and notes from 1 to 21 form an integral part of these financial statements.

STATEMENT OF CASH FLOW FOR THE YEAR ENDED 31ST MARCH, 2015

	2014/2015 Rs.	2014/2015 INR	2013/2014 Rs.	2013/2014 INR
Cash Flows From Operating Activities				
Pre operating loss before tax	(1,890,609)	(888,586)	(173,461,343)	(78,057,604)
Adjustments For:				
Exchange difference on loan conversion	—	—	169,200,000	76,140,000
Loss before working capital changes	(1,890,609)	(888,586)	(4,261,343)	(1,917,604)
Changes in Working Capital				
(Increase)/decrease in trade & other receivables	(134,936,331)	(63,420,076)	788,306	362,621
(Decrease)/increase in trade and other payables	6,841,614	3,215,558	(329,161,203)	(151,414,153)
Net cash flow generated from /(used in) operating activities	(129,985,326)	(61,093,104)	(332,634,240)	(152,969,136)
Cash Flows From Investing Activities				
Capital work in progress	(347,839,273)	(163,484,458)	(131,140,060)	(60,324,428)
Net cash flow from/(used in) investing activities	(347,839,273)	(163,484,458)	(131,140,060)	(60,324,428)
Cash Flows From Financing Activities				
Proceeds from issue of shares	513,600,000	240,573,040	510,315,000	240,132,750
Share issue cost	(2,568,000)	(1,206,960)	(48,703,575)	(22,403,645)
Net cash flow from/(used in) investing activities	511,032,000	239,366,080	461,611,425	217,729,105
Net increase/(decrease) in cash and cash equivalents	33,207,401	14,788,518	(2,162,875)	4,435,541
Cash and cash equivalents at the beginning of the period	71,293,841	32,795,167	73,456,716	31,586,388
Foreign Exchange Translation (Gain)/ Loss		1,531,899		(3,226,762)
Cash and cash equivalents at the end of the period (Note 15.1)	104,501,242	49,115,584	71,293,841	32,795,167

The accounting policies and notes from 1 to 21 form an integral part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2015

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 of 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 entity is ITC Ltd. which is incorporated in India.

1.4. Date of Authorisation for issue

The financial statements of the Company for the year ended 31st March 2015 were authorised for issue by the Directors on 13th April 2015

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 Financial Reporting Standards (SLFRSs/LKAS) as issued by The Institute of Chartered Accountants of Sri Lanka (CA) 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

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2015

liquidation or cessation of business activities taking into account all available information about the future. Accordingly, the Company continues to adopt the going concern basis in preparing the financial statements.

2.6. Use of Estimates and Judgments

The preparation of the Company's financial statements require management to make judgments, estimates and assumptions that affect the reported amounts of revenue, expenses, assets and liabilities and the disclosure of contingent liabilities at the reporting date. Actual results may differ from these estimates.

2.7. Functional and Presentation Currency

These financial statements are being presented in Sri Lankan Rupees which is the Company's functional currency.

2.8. Events after the date of Statement of Financial Position

All material events after the Statement of Financial Position date have been considered and appropriate adjustments or disclosures have been made in the respective notes to the financial statements.

2.9. Foreign Currency Transactions

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing on the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies, are recognised in Statement of Comprehensive Income.

2.10. Leased Assets

Leasing contracts which transfers substantially all the risks and rewards incidental to ownership of the assets are treated as finance lease. All other leases are classified as operating lease. Payments made under operating leases are charged to the Statement of Comprehensive Income on a straight-line basis over the period of the lease unless another systematic basis is more representative of the time pattern of the user's benefit.

2.11. Taxation

Current Taxes

The provision for income taxes are based on the elements of income and expenditure as reported in the financial statements and computed in accordance with provisions of the Inland Revenue Act, No 10 of 2006 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.

2.11 Property, Plant and Equipment

2.11.1 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.

2.11.2 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.

2.11.3 Capital Work In Progress

All expenses which are directly related to the project are reflected in capital work-in-progress till it is ready for the intended use.

2.12 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. It excludes the borrowing costs. 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.

2.13 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.

2.14 Stated Capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of ordinary shares are recognised as a deduction from equity, net of any tax effects.

2.15 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. At the end of each reporting period, the carrying amounts of trade and other receivables are reviewed to determine whether there is any objective evidence that the amounts are not recoverable. If so, an impairment loss is recognised immediately in Statement of Comprehensive Income.

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; 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.

2.16 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 statement unless the outflow of resources is remote.

Contingent assets are disclosed where inflow of economic benefits is probable.

2.17 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 capitalized as part of that asset.

2.18 Statement of Cash Flow

The statement of cash flow has been prepared using the "indirect method".

2.19 Revenue Recognition

2.19.1 Revenue from operations

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue and associated costs incurred or to be incurred can be reliably measured. Revenue is measured at the fair value of the consideration received or receivable net of trade discounts and sales taxes.

2.19.2 Interest Income

Interest income is recognised using the Effective Interest Rate (EIR) method.

2.19.3 Other Income

Other income is recognised on an accrual basis.

2.20 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. 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.

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.

NOTES TO THE FINANCIAL STATEMENTS (Contd.)

	2014/2015 Rs.	2014/2015 INR	2013/2014 Rs.	2013/2014 INR
3. Other Income				
Foreign exchange gain	—	—	4,783,764	2,152,694
4. Administrative Expenses				
(a) Auditor's remuneration and expenses				
Audit fees*	425,000	199,750	400,000	180,000
Reimbursement of expenses and taxes	59,500	27,965	59,000	26,550
(b) Secretarial remuneration and expenses				
Secretarial fees*	60,000	28,200	60,000	27,000
Reimbursement of expenses and taxes	29,224	13,735	43,766	19,695
(c) Tax consultancy fees	737,769	346,752	—	—
	1,311,493	616,402	562,766	253,245
*Excluding taxes				
5. Finance Cost				
Foreign exchange loss	579,116	272,184	177,682,341	79,957,053
6. Pre-operating Loss				
The following items have been charged in arriving at the pre-operating loss				
Auditor's remuneration and expenses	484,500	227,715	459,000	206,550
Secretarial remuneration and expenses	89,224	41,935	103,766	46,695
Tax consultancy fees	737,769	346,752	—	—

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 2006 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.

	2014/2015 Rs.	2014/2015 INR	2013/2014 Rs.	2013/2014 INR
8. Loss Per Share				
Loss per share is calculated by dividing the net loss for the year attributable to ordinary shareholders by the weighted average number of shares in issue during the year.				
Amount used as the Numerator				
Loss attributable to ordinary shareholders	(1,890,609)	(888,586)	(173,461,343)	(78,057,604)
Amount used as the Denominator				
Weighted average no of ordinary shares in issue	236,986,671	236,986,671	73,354,005	73,354,005
Loss Per Share	(0.01)	(0.00)	(2.36)	(1.06)
	31.03.2015 Rs.	**31.03.2015 INR.**	**31.03.2014 Rs.**	**31.03.2014 INR.**
9. Capital Work In Progress				
Project consultancy charges	302,587,644	142,216,193	46,408,288	21,347,813
Interest on loan	411,633,591	193,467,788	411,633,591	189,351,452
Site development/excavation charges	88,588,713	41,636,695	13,954,944	6,419,274
Rates and taxes	7,377,854	3,467,591	5,379,343	2,474,498
Project management expenses	15,728,522	7,392,405	700,885	322,406
	825,916,324	388,180,672	478,077,051	219,915,443
10 Prepaid Lease Rental				
Prepaid lease rentals (note 10.1)	9,318,363,160	4,379,630,685	9,318,363,160	4,286,447,054

10.1 Prepaid Lease Rental

Prepaid lease rentals amounting to LKR 9,224,250,000 (USD 73,500,000) was paid to the Board of Investment of Sri Lanka (BOI) on 4th May 2012 for 5.86 acres of land taken on a 99 year lease for developing a mixed use project.

On completion of the project, the prepaid lease rentals for the leasehold land area will be amortised on a straight line basis over the balance period of the lease.
The details of the land and stamp duty on lease are as follows:

	Rs.	INR
Prepaid lease premium for land	9,224,250,000	4,335,397,500
Stamp duty on lease of land	94,113,160	44,233,185
	9,318,363,160	4,379,630,685

	31.03.2015 Rs.	31.03.2015 INR	31.03.2014 Rs.	31.03.2014 INR
11 Prepayments				
Capital advances	134,861,425	63,384,870	660,094	303,643
Security deposit	735,000	345,450	—	—
	135,596,425	63,730,320	660,094	303,643
12. Cash and Bank balances				
CITI Bank (FCBU a/c)	104,501,242	49,115,584	71,293,841	32,795,167
	104,501,242	49,115,584	71,293,841	32,795,167
13. Stated Capital				
Opening balance	10,066,398,682	4,605,769,426	374,387,257	158,436,321
Issued during the year	513,600,000	240,573,040	9,740,715,000	4,469,736,750
Share issue cost	(2,568,000)	(1,206,960)	(48,703,575)	(22,403,645)
Closing balance	10,577,430,682	4,845,135,506	10,066,398,682	4,605,769,426
No. of Shares issued:- 2014/ 2015 - 5,136,000 and 2013/2014 - 97,407,150				
14 Other Payables				
Auditor's remuneration and expenses	484,500	227,715	459,000	211,140
Retention - Contractor	5,197,887	2,443,007	572,606	263,399
Tax consultancy fees	737,769	346,752	—	—
Sundries	1,453,064	682,939	—	—
	7,873,220	3,700,413	1,031,606	474,539
15. Notes to the Cash Flow Statement				
15.1Cash and Cash Equivalents at the End of the Year				
Cash at bank	104,501,242	49,115,584	71,293,841	32,795,167
	104,501,242	49,115,584	71,293,841	32,795,167
16. Interest Bearing Borrowings				
Opening balance	—	—	9,061,200,000	3,896,316,000
Loan obtained during the year	—	—	—	—
Exchange difference on conversion	—	—	169,200,000	76,140,000
Converted to equity	—	—	(9,230,400,000)	(4,229,604,000)
Foreign Exchange Translation Reserve	—	—	—	257,148,000
Closing balance	—	—	—	—
17. Operating Lease				
Lease rental for land payable to Board of Investment of Sri Lanka.				
Not later than one year	19,536	9,182	19,346	8,899
Later than one year and not later than five years	78,146	36,729	77,383	35,596
Later than five years	1,777,816	835,574	1,779,811	818,713

18. Contingencies and Commitments

There were no significant contingent liabilities as at the date of statement of financial position.

Estimated amount of contracts remaining to be executed on capital accounts and not provided for is Rs. 1,660,732,369, INR 780,544,213 (Previous year Rs NIL, INR NIL)

19. Events after the date of Statement of Financial Position

There were no significant events occurring after the date of statement of financial position.

NOTES TO THE FINANCIAL STATEMENTS (Contd.)

20. Related Party Transactions

20.1 The company had the following transactions with it's related parties during the financial year.

Related Party	Nature of Relationship	Nature of Transaction	Transaction Value		Outstanding Balance as at the date of Statement of Financial Position	
			Rs.	INR	Rs.	INR
ITC Ltd	Parent Company	Share issue	513,600,000 (510,315,000)	240,573,040 (240,132,750)	513,600,000 (510,315,000)	240,573,040 (240,132,750)
ITC Ltd	Parent Company	Hotel expenses of consultants in India	2,496,079 (—)	1,173,157 (—)	NIL (—)	NIL (—)
ITC Ltd	Parent Company	Interest paid on loan	— (420,115,932)	— (197,072,843)	— (NIL)	— (197,072,843)
ITC Ltd	Parent Company	Loan conversion	— (9,230,400,000)	— (4,229,604,000)	— (9,230,400,000)	— (4,229,604,000)

Note: Figures in bracket relates to the previous year

21 Transactions with the Key Management Personnel of the Company

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Company. Key management personnel include members of the Board of Directors of the Company.

	2014/2015 Rs.	2014/2015 INR.	2013/2014 Rs.	2013/2014 INR.
Key Management Personnel Compensation				
Short term employee benefits	**Nil**	**Nil**	Nil	Nil

No significant transactions had taken place involving key management personnel and their close family members.

REPORT OF THE BOARD OF DIRECTORS FOR THE FINANCIAL YEAR ENDED 31ST MARCH, 2015

1. Your Board of Directors ('the Board') hereby submits its Report for the financial year ended 31st March, 2015.

2. PERFORMANCE OF THE COMPANY

During the year, your Company recorded Total Revenue of ₹ 1740.18 lakhs (previous year ₹ 1284.83 lakhs), representing an increase of 35% over the previous year mainly due to higher usage of the Golf Course, coupled with higher license fees of ₹ 176 lakhs. The Company recorded a Net Profit of ₹ 107.47 lakhs during the financial year ended 31st March, 2015 as compared to a Net Loss of ₹ 275.53 lakhs in the previous year.

The Company continues to own and operate the 'Classic Golf and Country Club', a Jack Nicklaus Signature Golf Course. During the year, 15 weekend tournaments took place as against 11 in the previous year and 13 weekday tournaments took place as against 17 in the previous year. Your Company's Golf course was the venue for professional tournaments such as Indian Golf Union, Professional Golf Tour of India and Women's Golf Association of India. It was also a venue for high profile tournaments sponsored by Business Today, BBC, Vodafone, Audi, Turkish Airlines, FICCI, KPMG, Gibson etc., which were also covered extensively by the electronic media.

During the year the Company outsourced the pro shop and practice / training range to third party operators.

The Company's destination luxury resort hotel 'ITC Grand Bharat - A Luxury Collection Retreat' was opened on 14th November, 2014. The Hotel is licensed to and operated by ITC Limited, the Holding Company. This marks the completion of a key segment of the master plan for the overall development of the Resort.

During the year, the Company raised further capital by issuing 28,00,000 Equity shares of ₹ 10/- each for cash at par, aggregating ₹ 28 crores to ITC Limited, the Holding Company. After the above issue, the total paid up share capital of the Company stands at ₹ 307 crores (₹ 120 crores Equity share capital and ₹ 187 crores redeemable non-convertible Preference share capital). The proceeds were utilised towards the construction of the destination Resort, Club complex and upgrading Golf Course Operations.

The Company had received an assessment order and notice of demand for the financial year 2008-09 and 2009-10 from the Entertainment Tax Department of the State of Haryana, aggregating ₹ 1.54 crores seeking to levy entertainment tax on the game of golf. The Company has filed a Special Leave Petition (SLP) before the Supreme Court against the aforesaid demand and deposited ₹ 77 lakhs with the Entertainment Tax Department as per the direction of the Honourable Supreme Court of India. The matter is pending.

3. DIRECTORS AND KEY MANAGERIAL PERSONNEL

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

During the year under review, Mr Chandrasekhar Subrahmoneyan (DIN 00024780) Managing Director, resigned effective 28th January, 2015 coinciding with his superannuation from ITC Limited. Your Directors would like to place on record their appreciation of the services rendered by him during his tenure.

During the year under review, your approval was taken at the Extraordinary General Meeting held on 16th March 2015 for the appointment of Ms. Ratna Chadha (DIN: 01027402) and Mr. Hari Mohan Jha (DIN: 07112845) as Independent Directors of the Company under Section 149 read with Schedule IV of the Companies Act, 2013 ('the Act'), for a period of three years with effect from 16th March 2015.

Your approval was also taken for the appointment of Mr A. Anand Rao as a Director liable to retire by rotation and also as the Managing Director of the Company with effect from 12th March, 2015 to 27th January, 2018.

Further, the Board appointed Mr. V. Chandar as the Chief Financial Officer of the Company with effect from 8th December, 2014.

(b) Retirement by rotation

In accordance with the provisions of Section 152(6) of the Act and Article 143 and 144 of the Articles of Association of the Company, Mr. Rajiv Tandon (DIN: 00042227) 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.

(c) Declaration of Independence by the Independent Directors

The Independent Directors of your Company have confirmed that they meet with the criteria of Independence as prescribed under Section 149(6) of the Act read with Rule 5 of the Companies (Appointment and Qualification of Directors) Rules, 2014.

(d) Attributes, qualifications and appointment of Directors

The Nomination and Remuneration Committee has adopted the attributes and qualifications as provided in Section 149(6) of the Act and Rule 5 of the Companies (Appointment and Qualification of Directors) Rules, 2014, in respect of Independent Directors. The Committee has also adopted the same attributes and qualifications, to the extent applicable, in respect of Non-Independent Directors.

All the Non-Executive Directors of the Company, other than Independent Directors, are executives of ITC Limited, the Holding Company, who fulfil the fit and proper criteria for appointment as Directors. Further, all Directors of the Company, other than Independent Directors, are liable to retire by rotation. One-third of the Directors who are liable to retire by rotation, retire every year and are eligible for re-election.

(e) Remuneration Policy

The Board, on the recommendation of the Nomination and Remuneration Committee, approved the Remuneration Policy for the Directors, Key Managerial Personnel and other employees of the Company, a copy of which is enclosed as **Annexure 1** to this Report.

(f) 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, as required in terms of Section 134(3)(p) of the Act. The performance evaluation of the Board and individual Directors was based on criteria approved by the Nomination and Remuneration Committee. The Directors expressed their satisfaction with the overall evaluation process.

4. NUMBER OF BOARD MEETINGS

During the year ended 31st March, 2015, fourteen meetings of the Board were held.

5. BOARD COMMITTEES

Presently, the Company has two Board Committees with the following members:

Audit Committee	Nomination and Remuneration Committee
Mr. Rajiv Tandon (Chairman)	Mr. B Hariharan (Chairman)
Mr. Hari Mohan Jha	Mr. Hari Mohan Jha
Ms. Ratna Chadha	Ms. Ratna Chadha
	Mr. Nakul Anand

6. 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 your Company and for preventing and detecting fraud and other irregularities;

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

v) proper systems have been devised to ensure compliance with the provisions of all applicable laws and 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. HUMAN RESOURCE

Your Company continues to attract and retain talent of the highest quality. Your Directors place on record their sincere appreciation of the efforts made and the support rendered by 137 employees of the Company. The Company provides a gender friendly workplace and no case of sexual harassment was reported during the year.

None of the employees of your Company is covered under the provisions of Rule 5(2) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014.

9. RISK MANAGEMENT

The Board has approved the Risk Management Policy of the Company. The Company's risk management 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.

The responsibility for management of risks vests with the Managers responsible for the day-to-day conduct of the affairs of the Company. 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. Annual update is provided to the Board on the effectiveness of the Company's risk management systems and policies.

10. INTERNAL FINANCIAL CONTROLS & INTERNAL AUDIT

There are adequate internal financial controls in your Company with respect to the financial statements, commensurate with the size and scale of the operations of the Company. The efficacy and adequacy of such internal financial controls have been evaluated by the management during the year. Internal audit of the Company has been carried out during the year. The Audit Committee reviews the internal audit findings, provides guidance on internal controls and ensures that the internal audit recommendations are implemented.

11. PARTICULARS OF LOANS, GUARANTEES AND INVESTMENTS

During the year ended 31st March, 2015, 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, 2015, the Company has not entered into any contract or arrangement with related parties which is not on arm's length basis. The details in Form AOC-2 of material transactions entered into by the Company with its related party are provided in **Annexure 2** to this Report.

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

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

14. EXTRACT OF ANNUAL RETURN

The details forming part of the extract of the Annual Return in Form MGT-9 are provided under **Annexure 3** to this Report.

15. AUDITORS

The Company's Auditors, Messrs. Deloitte Haskins & Sells (DHS), Chartered Accountants, were appointed at the Twenty-Second AGM to hold such office till the conclusion of the Twenty-Seventh AGM. Your Board, in terms of Section 139 of the Act, on the recommendation of the Audit Committee, has recommended for the ratification of the Members the appointment of DHS from the conclusion of the ensuing AGM till the conclusion of the Twenty-Fourth AGM. The Board, in terms of Section 142 of the Act, on the recommendation of the Audit Committee, has also recommended for the approval of the Members the remuneration of DHS for the financial year 2015-16. Appropriate resolution in respect of the above is appearing in the Notice convening the ensuing AGM of the Company.

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

CONSERVATION OF ENERGY:

Steps taken on conservation of energy and impact thereof: Efforts to conserve electricity by operating only necessary lights, fittings and fixtures and judicious use of diesel generating sets by saving 4904 ltrs. of diesel during the financial year 2014-15.

Steps taken by the company for utilizing 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) In case of imported technology (imported during the last 3 years reckoned from the beginning of the financial year), following information may be furnished:

A) Details of technology imported - NIL

B) Year of import - NIL

C) Whether the technology been fully absorbed - NIL

D) If not fully absorbed, areas where absorption has not taken place, and the reasons therefore - NIL

III) Expenditure incurred on research and development - NIL

FOREIGN EXCHANGE EARNINGS AND OUTGO

The Company had foreign exchange earnings of ₹ 57.86 lakhs (previous year ₹ 65.63 lakhs) and foreign exchange outflow of ₹ 18.34 lakhs (previous year ₹ 61.74 lakhs) during the year

17. SECRETARIAL AUDIT REPORT

The Secretarial Audit Report for the financial year 2014-15 by M/s PB & Associates, Company Secretaries in terms of Sec. 204 of the Companies Act, 2013 in MR- 3 is provided under **Annexure 4** to this Report.

On behalf of the Board

B. Hariharan **Director**

Dated : 18th April, 2015 **A. Anand Rao** **Managing Director**

Annexure 1 to the Report of Directors

Remuneration Policy

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 and the overall performance of the 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. The expenses of the Independent Directors for attending meetings of the Board and Board Committees are also borne by the Company, in terms of the Articles of Association of the Company.

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 cognises for the performance rating of the individual employee and the overall performance of the Company.

Annexure 2 to the Report of Directors

FORM AOC-2

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

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

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

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

Name(s) of the related party and nature of relationship ITC Limited, the Holding Company				
Nature of contracts / arrangements / transactions	**Duration of the contracts / arrangements / transactions**	**Salient terms of the contracts or arrangements or transactions including the value, if any**	**Date(s) of approval by the Board, if any**	**Amount paid as advances, if any**
License fees received	99 years with effect from 14th November, 2014.	Licence to operate Hotel 'ITC Grand Bharat' and certain additional land and building. Value - ₹ 1,96,78,392/-	—	—

On behalf of the Board
A. Anand Rao Managing Director
B. Hariharan Director

Dated : 18th April, 2015

Annexure 3 to the Report of Directors

FORM MGT-9

EXTRACT OF ANNUAL RETURN

as on the financial year ended on 31st March, 2015

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

I. REGISTRATION AND OTHER DETAILS

i) CIN	:	U74899HR1992PLC052412
ii) Registration Date	:	24th January, 1992
iii) Name of the Company	:	Landbase India Ltd
iv) Category / Sub-Category of the Company	:	Unlisted Public Company limited by shares
v) Address of the Registered office and contact details	:	ITC Green Centre, Plot No.10, Institutional Area, Sector-32, Gurgaon Haryana - 122001 Phone No.09971674503 e-mail ID : Lbase.cgr@itchotels.in
vi) Whether listed company (Yes / No)	:	No
vii) Name, Address and Contact details of Registrar and Transfer Agent, if any	:	N.A.

II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

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

Sl. No.	Name and Description of main products / services	NIC Code of the Product / service	% to total turnover of the Company
1.	Sports & recreational sports facility operation services - Golf	99965200	87%
2.	Hotels - Licence fee	99531291	10%

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES

Sl. No.	Name and Address of the Company	CIN / GLN	Holding / Subsidiary / Associate	% of shares held in the Company	Applicable Section
1.	ITC Limited Virginia House 37 J. L. Nehru Road Kolkata - 700 071	L16005WB1910PLC001985	Holding company	100%	2(46)

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

(i) *Category-wise Shareholding:*

Category of Shareholders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
A. Promoters									
(1) **Indian**									
a) Individual/HUF	—	—	—	—	—	—	—	—	N.A.
b) Central Govt.	—	—	—	—	—	—	—	—	N.A.
c) State Govt.(s)	—	—	—	—	—	—	—	—	N.A.
d) Bodies Corp.		9,20,00,000	9,20,00,000	100.00	—	12,00,00,000	12,00,00,000	100.00	N.A
e) Banks / FI	—	—	—	—	—	—	—	—	N.A.
f) Any Other	—	—	—	—	—	—	—	—	N.A.
Sub-total (A)(1)	—	9,20,00,000	9,20,00,000	100.00	—	12,00,00,000	12,00,00,000	100.00	**Nil**
(2) **Foreign**									
a) NRIs - Individuals	—	—	—	—	—	—	—	—	N.A.
b) Other - Individuals	—	—	—	—	—	—	—	—	N.A.
c) Bodies Corp.	—	—	—	—	—	—	—	—	N.A.
d) Banks / FI	—	—	—	—	—	—	—	—	N.A.
e) Any Other	—	—	—	—	—	—	—	—	N.A.
Sub-total (A)(2)	—	—	—	—	—	—	—	—	N.A.
Total shareholding of Promoter (A) = (A)(1)+(A)(2)	—	**9,20,00,000**	**9,20,00,000**	**100.00**	**—**	**12,00,00,000**	**12,00,00,000**	**100.00**	**Nil**
B. Public Shareholding									
1. **Institutions**									
a) Mutual Funds	—	—	—	—	—	—	—	—	N.A.
b) Banks / FI	—	—	—	—	—	—	—	—	N.A.
c) Central Govt.	—	—	—	—	—	—	—	—	N.A.
d) State Govt.(s)	—	—	—	—	—	—	—	—	N.A.
e) Venture Capital Funds	—	—	—	—	—	—	—	—	N.A.
f) Insurance Companies	—	—	—	—	—	—	—	—	N.A.
g) FIIs	—	—	—	—	—	—	—	—	N.A.
h) Foreign Venture Capital Funds	—	—	—	—	—	—	—	—	N.A.
i) Others (specify)	—	—	—	—	—	—	—	—	N.A.
Sub-total (B)(1):-	—	—	—	—	—	—	—	—	**N.A.**
2. **Non-Institutions**									
a) Bodies Corp.									
i) Indian	—	—	—	—	—	—	—	—	N.A.
ii) Overseas	—	—	—	—	—	—	—	—	N.A.
b) Individuals									
i) Individual shareholders holding nominal share capital upto Rs. 1 lakh									
ii) Individual shareholders holding nominal share capital in excess of Rs. 1 lakh	—	—	—	—	—	—	—	—	N.A.
c) Others (specify)	—	—	—	—	—	—	—	—	N.A.
Sub-total (B)(2)	—	—	—	—	—	—	—	—	N.A.
Total Public Shareholding (B)=(B)(1)+ (B)(2)	—	—	—	—	—	—	—	—	N.A.
C. Shares held by Custodian for GDRs & ADRs	0	0	0	0	0	0	0	0	Nil
Grand Total (A+B+C)	**0**	**9,20,00,000**	**9,20,00,000**	**100.00**	**—**	**12,00,00,000**	**12,00,00,000**	**100.00**	**Nil**

(ii) Shareholding of Promoters:

Sl. No.	Shareholder's Name	Shareholding at the beginning of the year			Shareholding at the end of the year			% change in shareholding during the year
		No. of Shares	% of total Shares of the Company	% of Shares pledged / encumbered to total Shares	No. of Shares	% of total Shares of the Company	% of Shares pledged / encumbered to total Shares	
1.	ITC Limited	9,20,00,000	100.00	Nil	12,00,00,000	100.00	Nil	Nil

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

Sl. No.		Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of Shares	% of total Shares of the Company	No. of Shares	% of total Shares of the Company
1.	At the beginning of the year	9,20,00,000	100.00	9,20,00,000	100.00
	Date wise Increase / Decrease in Promoters Shareholding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus/ sweat equity etc.)				
	4th September, 2014 - Allotment	2,00,00,000		11,20,00,000	
	2nd February, 2015 - Allotment	80,00,000		12,00,00,000	
	At the end of the year	12,00,00,000	100.00	12,00,00,000	100.00

(iv) Shareholding Pattern of top ten Shareholders (other than Directors, Promoters and Holders of GDRs and ADRs):

Sl. No.	For each of the Top ten Shareholders	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of Shares	% of total Shares of the Company	No. of Shares	% of total Shares of the Company
1.	**NIL**				
	At the beginning of the year Date wise Increase / Decrease in Promoters Shareholding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus/ sweat equity etc.)				
	At the end of the year				

(v) Shareholding of Directors and Key Managerial Personnel:

Sl. No.	For each of the Directors and KMP	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of Shares	% of total Shares of the Company	No. of Shares	% of total Shares of the Company
1.	**Nakul Anand (Chairman)**				
	At the beginning of the year	—	N.A.	—	—
	Date wise Increase / Decrease in Promoters Shareholding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus/ sweat equity etc.)	—	N.A.	—	—
	At the end of the year	—	N.A.	—	—
2.	**A. Anand Rao (Managing Director)**				
	At the beginning of the year	—	N.A.	—	—
	Date wise Increase / Decrease in Promoters Shareholding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus/ sweat equity etc.)	—	N.A.	—	—
	At the end of the year	—	N.A.	—	—
3.	**Rajiv Tandon (Director)**				
	At the beginning of the year	—	N.A.	—	—
	Date wise Increase / Decrease in Promoters Shareholding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus/ sweat equity etc.)	—	—	—	—
	At the end of the year	—	N.A.	—	—
4.	**B. Hariharan (Director)**				
	At the beginning of the year	—	N.A.	—	—
	Date wise Increase / Decrease in Promoters Shareholding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus/ sweat equity etc.)	—	N.A.	—	—
	At the end of the year	—	N.A.	—	—
5.	**Ratna Chadha (Director)**				
	At the beginning of the year	—	N.A.	—	—
	Date wise Increase / Decrease in Promoters Shareholding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus/ sweat equity etc.)	—	N.A.	—	—
	At the end of the year	—	N.A.	—	—

(v) Shareholding of Directors and Key Managerial Personnel *(Contd.)*:

Sl. No.	For each of the Directors and KMP	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of Shares	% of total Shares of the Company	No. of Shares	% of total Shares of the Company
6.	**Hari Mohan Jha (Director)**				
	At the beginning of the year	—	N.A.	—	—
	Date wise Increase / Decrease in Promoters Shareholding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus/ sweat equity etc.)	—	N.A.	—	—
	At the end of the year	—	N.A.	—	—
7.	**V.Chandar (Chief Financial Officer)**				
	At the beginning of the year	—	N.A.	—	—
	Date wise Increase / Decrease in Promoters Shareholding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus/ sweat equity etc.)	—	N.A.	—	—
	At the end of the year	—	N.A.	—	—
8.	**Sonali Grover (Company secretary)**				
	At the beginning of the year	—	N.A.	—	—
	Date wise Increase / Decrease in Promoters Shareholding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus/ sweat equity etc.)	—	N.A.	—	—
	At the end of the year	—	N.A.	—	—

V. INDEBTEDNESS

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

	Secured Loans excluding deposits	Unsecured Loans	Deposits Refer Note below	Total Indebtedness
Indebtedness at the beginning of the financial year	—	—	—	—
i) Principal Amount				
ii) Interest due but not paid				
iii) Interest accrued but not due				
Total (i+ii+iii)	—	—	—	—
Change in Indebtedness during the financial year	—			
• Addition		2,00,00,000	1,00,00,000	3,00,00,000
• Reduction				
Net Change	—	2,00,00,000	1,00,00,000	3,00,00,000
Indebtedness at the end of the financial year	—			
i) Principal Amount		2,00,00,000	1,00,00,000	3,00,00,000
ii) Interest due but not paid				
iii) Interest accrued but not due				
Total (i+ii+iii)	—	2,00,00,000	1,00,00,000	3,00,00,000

Note: Lien on Company's Fixed Deposit kept by the Banker for giving Letter of Credit for importing goods.

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

A. Remuneration to Managing Director, Whole-time Directors and/or Manager:

(Amount in Rs.)

Sl. No.	Particulars of Remuneration	A. Anand Rao (Managing Director) (refer note)
1.	Gross Salary	
	(a) Salary as per provisions contained in Section 17(1) of the Income-tax Act, 1961	
	(b) Value of perquisites under Section 17(2) of the Income-tax Act, 1961	—
	(c) Profits in lieu of salary under Section 17(3) of the Income-tax Act, 1961	—
2.	Stock Option	—
3.	Sweat Equity	—
4.	Commission - as % of profit - others, specify	—
5.	Others, please specify	—
Total (A)		—
Ceiling as per the Act		**(5% of the net profits of the Company)**

Note: ITC Limited (ITC), the Holding Company, has deputed the services of Mr. A. Anand Rao, who has been appointed as the Managing Director of Landbase India Limited with effect from 12th March, 2015. Mr. Rao's remuneration till 31st March, 2015 has been borne by ITC.

B. Remuneration to other Directors:

(Amount in Rs.)

Sl. No.	Particulars of Remuneration	Name of Directors		Total Amount
		Ratna Chadha	Hari Mohan Jha	
1.	**Independent Directors**			
	• Fee for attending Board and Board Committee meetings	10,000	10,000	20,000
	• Commission	—	—	—
	• Others, please specify	—	—	—
	Total (1)	**10,000**	**10,000**	**20,000**

Sl. No.	Particulars of Remuneration	Name of Directors			Total Amount
		Nakul Anand	Rajiv Tandon	B Hariharan	
2.	**Other Non-Executive Directors**				
	• Fee for attending Board and Board Committee meetings	—	—	—	—
	• Commission	—	—	—	—
	• Others, please specify	—	—	—	—
	Total (2)	—	—	—	—
Total (B) = (1) + (2)					**20,000**
Total Managerial Remuneration					**N.A. ***
Overall ceiling as per the Act					

** The Company has a Managing Director the remuneration details of whom are given under VI(A) above and the Independent Directors of the Company are not entitled to any remuneration other than sitting fees for attending meetings of the Board and Board Committees.*

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

(Amount in Rs.)

Sl. No.	Particulars of Remuneration	Sonali Grover* Company Secretary	V. Chandar* Chief Financial Officer
1.	Gross salary		
	(a) Salary as per provisions contained in Section 17(1) of the Income-tax Act, 1961	3,24,000	11,91,304
	(b) Value of perquisites under Section 17(2) of the Income-tax Act, 1961	—	—
	(c) Profits in lieu of salary under Section 17(3) of the Income-tax Act, 1961	—	—
2.	Stock Option	—	—
3.	Sweat Equity	—	—
4.	Commission - as % of profit - others, specify	—	—
5.	Others, please specify	—	—
	Total	3,24,000	**11,91,304**

* Mr. V.Chandar has been appointed as the Chief Financial Officer of the Company with effect from 8th December, 2014.
* Ms. Sonali Grover has been appointed as the Company Secretary of the Company with effect from 1st July, 2014.

VII. PENALTIES / PUNISHMENT / COMPOUNDING OF OFFENCES

Type	Section of the Companies Act	Brief Description	Details of Penalty / Punishment / Compounding fees imposed	Authority [RD / NCLT / COURT]	Appeal made, if any (give details)
A. COMPANY					
Penalty	N.A.	N.A.	Nil	N.A.	N.A.
Punishment	N.A.	N.A.	Nil	N.A.	N.A.
Compounding	N.A.	N.A.	Nil	N.A.	N.A.
B. DIRECTORS					
Penalty	N.A.	N.A.	Nil	N.A.	N.A.
Punishment	N.A.	N.A.	Nil	N.A.	N.A.
Compounding	N.A.	N.A.	Nil	N.A.	N.A.
C. OTHER OFFICERS IN DEFAULT					
Penalty	N.A.	N.A.	Nil	N.A.	N.A.
Punishment	N.A.	N.A.	Nil	N.A.	N.A.
Compounding	N.A.	N.A.	Nil	N.A.	N.A.

On behalf of the Board

Dated : 18th April, 2015

B. Hariharan — Director
A. Anand Rao — Managing Director

FORM NO. MR - 3

SECRETARIAL AUDIT REPORT

FOR THE FINANCIAL YEAR ENDED 2014-2015

[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]

The Members,
Landbase India Limited
ITC Green Centre, 10 Institutional Area, Sector 32,
Gurgaon, Haryana - 122001

We have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by Landbase India Limited, a Company incorporated under the provisions of the Companies Act, 1956 and having its registered office at ITC Green Centre, 10 Institutional Area, Sector 32, Gurgaon Haryana 122001 (hereinafter referred to as the **'Company'**) for the period commencing from 1st April 2014 till 31st March 2015 (hereinafter referred to as the **'Audit Period'**). Secretarial Audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing our opinions thereon.

Based on our verification of the books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the company, its officers, agents and authorised representatives during the conduct of secretarial audit, we hereby report that in our opinion, the Company has, during the audit period covering the financial year ended on 31st March 2015 complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

We have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on 31st March 2015,according to the provisions of:

(i) The Companies Act, 2013 (the Act) and the rules made thereunder;

(ii) Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder;

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.

Further the Secretarial Standards issued by The Institute of Company Secretaries of India, since not notified hence not applicable to the Company during the audit period.

We further report that

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

Adequate notice is given to all directors to schedule the Board Meetings agenda and detailed notes on agenda were 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.

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 following major events took place in the Company:

(a) The Company has changed its Statutory Auditors from M/s Price Waterhouse, Chartered Accountants to M/s Deloitte Haskins & Sells LLP, Chartered Accountants as Statutory Auditors of the Company in the Annual General Meeting held on 23rd June, 2014;

(b) The Company has made Right Issue of 2,00,00,000 Equity Shares of ₹ 10/- each in the Board Meeting held on 4th September, 2014 to its holding company - ITC Limited;

(c) The Company has made Alteration in the Memorandum of Association and the Articles of Association through Increase in Authorised Share Capital of the Company in the Extra Ordinary General Meeting held on 6th December 2014 from ₹ 3,05,00,00,000 to ₹ 3,07,00,00,000 by creation of further 20,00,000 (Twenty Lacs) equity shares of ₹ 10/- each;

(d) The Company has made Right Issue of 80,00,000 Equity Shares of ₹ 10/- each in the Board Meeting held on 2nd February 2015 to its holding Company- ITC Limited.

(e) Mr. Chandrasekhar Subrahmoneyan resigned as Managing Director of the Company with effect from 28th January, 2015 and Mr. Aragula Anand Rao was appointed as the Managing Director of the Company with effect from 12th March, 2015;

(f) The Company has made Alteration of Article No. 96 of Articles of Association of the Company with respect to the sitting fees payable to the Directors in the Extra Ordinary General Meeting held on 16th March, 2015.

For **P B & Associates**
Company Secretaries

Pooja Bhatia
FCS: 7673 CP:6485
Place : New Delhi
Dated: 18th April 2015

Note: This report is to be read with our letter of even date which is annexed as Annexure A and form forms an integral part of this report.

Annexure: A

The Members,
Landbase India Limited
ITC Green Centre, 10 Institutional Area, Sector 32,
Gurgaon, Haryana - 122001

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: 18th April 2015

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF LANDBASE INDIA LIMITED

Report on the Financial Statements

We have audited the accompanying financial statements of **LANDBASE INDIA LIMITED** ("the Company"), which comprise the Balance Sheet as at 31st March, 2015, the Statement of Profit and Loss, the Cash Flow Statement for the year then ended, and a summary of the significant accounting policies and other explanatory 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 Companies Act, 2013 ("the Act") with respect to the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit.

We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.

We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on whether the Company has in place an adequate internal financial controls system over financial reporting and the operating effectiveness of such controls. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, 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 on the financial statements.

Opinion

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 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 31st March, 2015, and its profit and its cash flows for the year ended on that date.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2015 ("the Order") issued by the Central Government in terms of Section 143 (11) of the Act, we give in the Annexure a statement on the matters specified in paragraph 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.
   - (e) In our opinion, the aforesaid financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
   - (g) On the basis of the written representations received from the directors as on 31st March, 2015 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2015 from being appointed as a director in terms of Section 164 (2) 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, 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 27 to the financial statements;
     - ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.
     - iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company

For **Deloitte Haskins & Sells LLP**
Chartered Accountants
(Firm's Registration No.: 117366W/ W-100018)

Jaideep Bhargava
Partner
(Membership No. 90295)

GURGAON, April 18 , 2015

ANNEXURE TO THE AUDITORS' REPORT

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

Having regard to the nature of the Company's business/activities/result during the year, clauses (vi) and (ix) of the Order are not applicable.

(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.

(ii) In respect of its inventories:

(a) As explained to us, the inventories were physically verified during the year by the Management at reasonable intervals.

(b) In our opinion and according to the information and explanations given to us, the procedure of physical verification of inventories followed by the Management were reasonable and adequate in relation to the size of the Company and the nature of its business.

(c) In our opinion and according to the information and explanations given to us, the Company has maintained proper records of its inventories. The discrepancies noticed on physical verification of inventories as compared to book records were not material and have been properly dealt with in the books of account.

(iii) The Company has not granted any loans, secured or unsecured, to companies, firms or other parties covered in the Register maintained under Section 189 of the Companies Act, 2013.

(iv) In our opinion and according to the information and explanations given to us, there is an adequate internal control system commensurate with the size of the Company and the nature of its business with regard to purchases of inventory and fixed assets and for the sale of goods and services. During the course of our audit, we have not observed any major weakness in such internal control system.

(v) According to the information and explanations given to us, the Company has not accepted any deposit during the year.

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

The Company has generally been regular in depositing undisputed dues, including provident fund, employees' state insurance, income tax, sales tax, wealth tax, service tax, customs duty, excise duty, value added tax and other material statutory dues applicable to it with the appropriate authorities. There were no undisputed amounts payable in respect of provident fund, employees' state insurance, income tax, sales tax, wealth tax, service tax, customs duty, excise duty, value added tax and other material statutory dues in arrears as at 31st March, 2015 for a period of more than six months from the date they became payable.

(b) There are no disputed dues in respect of sales tax, wealth tax, service tax, customs duty, excise duty, value added tax and cess as at 31st March 2015 which have not been deposited on account of dispute. Details of dues of Income tax which have not been deposited as on March 31, 2015 on account of dispute are given below:

Nature of the statute	Nature of dues	Amount (₹)	Period to which the amount relates	Forum where the dispute is pending
Income tax Act, 1961	Income tax	11,59,41,813	A.Y.2001-02	Income Tax Appellate Tribunal
Income tax Act, 1961	Income tax	32,98,817	A.Y.2003-04	Income Tax Appellate Tribunal
Income tax Act, 1961	Income tax	26,62,65,172	A.Y.2005-06	Income Tax Appellate Tribunal
Income tax Act 1961	Income tax	3,700	A.Y.2012-13	Commissioner Income tax (Appeals)

(c) There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company

(vii) The Accumulated losses of the Company does not exceed fifty percent of its net worth as at March 31, 2015. The Company has not incurred cash losses during the financial year ended on that date or in the immediately preceding financial year.

(viii) The Company has not given any guarantee for loans taken by others from banks and financial institutions.

(ix) In our opinion and according to the information and explanations given to us, the term loans have been applied by the Company during the year for the purpose for which they were obtained.

(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 has been noticed or reported during the year.

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

Jaideep Bhargava
Partner
(Membership No. 90295)

GURGAON, April 18, 2015

Balance Sheet as at 31st March, 2015

	Note No.	As at 31st March, 2015 (₹)		As at 31st March, 2014 (₹)	
EQUITY AND LIABILITIES					
Shareholders' funds					
Share capital	1	**3,070,000,000**		2,790,000,000	
Reserves and surplus	2	**(990,286,772)**	**2,079,713,228**	(901,568,782)	1,888,431,218
Non-current liabilities					
Long-term borrowings	3	**20,000,000**		—	
Other Long term liabilities	4	**332,388,779**		322,677,919	
Long-term provisions	5	**3,335,739**	**355,724,518**	2,375,783	325,053,702
Current liabilities					
Trade payables	6	**11,014,443**		9,237,293	
Other current liabilities	7	**123,307,758**		90,582,979	
Short-term provisions	8	**1,308,725**	**135,630,926**	1,101,919	100,922,191
TOTAL			**2,571,068,672**		**2,314,407,111**
ASSETS					
Non-current assets					
Fixed assets	9				
Tangible assets		**2,393,062,410**		923,453,779	
Intangible assets		**265,676**		734,211	
Capital work-in-progress - Tangible assets		**23,457,142**		1,146,669,373	
		2,416,785,228		2,070,857,363	
Non-current investments	10	**150**		150	
Long-term loans and advances	11	**40,566,048**		48,516,509	
Other non-current assets	12	**3,203,305**	**2,460,554,731**	2,588,320	2,121,962,342
Current assets					
Inventories	13	**5,384,067**		9,168,403	
Trade receivables	14	**5,298,030**		2,864,561	
Cash and bank balances	15	**95,116,055**		171,958,580	
Short-term loans and advances	16	**3,275,160**		6,842,323	
Other current assets	17	**1,440,629**	**110,513,941**	1,610,902	192,444,769
TOTAL			**2,571,068,672**		**2,314,407,111**

The accompanying notes 1 to 40 are an integral part of the Financial Statements.

In terms of our report attached.

For **Deloitte Haskins & Sells LLP**
Chartered Accountants

On behalf of the Board

Jaideep Bhargava
Partner
Place: Gurgaon
Date: April 18, 2015

B. Hariharan Director
A. Anand Rao Managing Director
V. Chandar Chief Financial Officer
Sonali Grover Company Secretary

Statement of Profit and Loss for the year ended on 31st March, 2015

	Note No.	For the year ended 31st March, 2015 (₹)	For the year ended 31st March, 2014 (₹)
Gross Income			
Revenue from sale of products and services	18	**160,511,583**	117,157,615
Other operating revenue	19	**1,818,104**	1,883,786
Revenue from operations		**162,329,687**	119,041,401
Other income	20	**11,689,014**	9,441,154
Total Revenue		**174,018,701**	**128,482,555**
Expenses			
Cost of materials consumed	21(A)	**8,096,599**	6,484,703
Purchases of Stock-in-Trade	21(B)	**2,773,815**	1,524,139
Changes in inventories of finished goods, work-in-process and Stock-in-Trade	21(C)	**2,023,257**	954,605
Employee benefits expense	22	**42,290,094**	36,414,064
Finance costs	23	**794,521**	—
Depreciation and amortisation expense	24	**27,595,658**	33,307,939
Other expenses	25	**79,697,868**	77,350,359
Total Expenses		**163,271,812**	**156,035,809**
Profit/(Loss) before tax		**10,746,889**	**(27,553,254)**
Tax expense:			
Current tax		—	—
Deferred tax		—	—
Profit/(Loss) for the year		**10,746,889**	(27,553,254)
Earnings per share (Face value of ₹ 10/- each)			
Basic and Diluted	30	**0.10**	(0.43)

The accompanying notes 1 to 40 are an integral part of the Financial Statements.

In terms of our report attached.

For **Deloitte Haskins & Sells LLP**
Chartered Accountants

On behalf of the Board

Jaideep Bhargava
Partner
Place: Gurgaon
Date: April 18 , 2015

B. Hariharan Director
A. Anand Rao Managing Director
V. Chandar Chief Financial Officer
Sonali Grover Company Secretary

Cash Flow Statement for the year ended 31st March, 2015

	For the year ended 31st March, 2015		For the year ended 31st March, 2014	
	(₹)	(₹)	(₹)	(₹)
A. Cash Flow from Operating Activities :				
Profit/(Loss) before tax		**10,746,889**		(27,553,254)
Adjustments for:-				
Depreciation and amortisation expense	**27,595,658**		33,307,939	
(Profit) / loss on sale / write off of assets	**6,897,239**		1,052,419	
Finance costs	**794,521**		—	
Interest Income	**(11,689,014)**		(9,441,154)	
Liabilities / provisions no longer required written back	**(634,944)**	**22,963,460**	(533,249)	24,385,955
Operating Profit/(Loss) Before Working Capital Changes		**33,710,349**		**(3,167,299)**
Changes in working capital:				
Adjustments for increase / (decrease) in operating liabilities:				
Trade payable	**2,412,094**		2,770,978	
Long term provisions	**959,956**		350,126	
Short term provisions	**206,806**		(17,343)	
Other current liabilities	**(2,288,514)**		(2,689,829)	
Other Long-term liabilities	**9,710,860**		1,670,651	
Adjustments for (increase) / decrease in operating assets:				
Trade receivables	**(2,433,469)**		2,346,951	
Inventories	**3,784,336**		1,568,829	
Long-term loans and advance	**(7,817,434)**		(19,919,593)	
Short-term loans and advances	**3,567,163**		2,829,392	
Other current assets	**46,105**	**8,147,903**	(423,394)	(11,513,232)
Cash Generated/(Used) from Operations		**41,858,252**		**(14,680,531)**
Tax Paid		**(3,290,068)**		(4,033,787)
Net Cash Generated/(Used) from Operating Activities (A)		**38,568,184**		**(18,714,318)**
B Cash Flow from Investing Activities				
Capital expenditure on fixed assets, including capital advances and capital work in progress	**(425,814,385)**		(354,356,755)	
Interest received	**11,198,197**		10,420,044	
Net Generated/(Used) Investing Activities (B)		**(414,616,188)**		(343,936,711)
C Cash Flow from Financing Activities				
Proceeds from long term borrowings	**20,000,000**		—	
Proceeds from Issue of Share Capital	**280,000,000**		500,000,000	
Finance costs	**(794,521)**		—	
Net Cash Generated/(Used) Financing Activities (C)		**299,205,479**		500,000,000
Net increase / (decrease) in Cash and cash equivalents (A+B+C)		**(76,842,525)**		**137,348,971**
Cash and Cash Equivalents at the Beginning of the year		**171,958,580**		34,609,609
Cash and Cash Equivalents at the End of the year		**95,116,055**		**171,958,580**
Notes to Cash Flow Statement				
1 **Cash and Cash Equivalents at year end comprise:**				
Cash on hand		**201,722**		69,830
Balance with Scheduled Banks				
Current accounts		**79,708,411**		159,013,512
Deposit accounts		**15,205,922**		12,875,238
Cash and Cash Equivalents		**95,116,055**		**171,958,580**
Total Cash and bank balances (Note 15)		**95,116,055**		**171,958,580**

2 Previous year figures have been regrouped/reclassified wherever necessary to correspond with the current year's classification/disclosure.

3 Figures in brackets indicate cash outgo.

The accompanying notes 1 to 40 are an integral part of the Financial Statements.

In terms of our report attached.

For **Deloitte Haskins & Sells LLP**
Chartered Accountants

Jaideep Bhargava
Partner
Place: Gurgaon
Date: April 18, 2015

On behalf of the Board

B. Hariharan	Director
A. Anand Rao	Managing Director
V. Chandar	Chief Financial Officer
Sonali Grover	Company Secretary

Notes forming part of the financial statements

	As at 31st March, 2015 Number of Shares	As at 31st March, 2015 (₹)	As at 31st March, 2014 Number of Shares	As at 31st March, 2014 (₹)
NOTE 1				
Share Capital				
Authorised				
Equity shares of ₹ 10/- each	**120,000,000**	**1,200,000,000**	118,000,000	1,180,000,000
Redeemable, Non-convertible Preference Shares of ₹ 100/- each	**18,700,000**	**1,870,000,000**	18,700,000	1,870,000,000
Issued and Subscribed and fully paid up				
Equity shares of ₹ 10/- each	**120,000,000**	**1,200,000,000**	92,000,000	920,000,000
Redeemable, Non-convertible Preference Shares of ₹ 100/- each	**18,700,000**	**1,870,000,000**	18,700,000	1,870,000,000
TOTAL	**138,700,000**	**3,070,000,000**	110,700,000	2,790,000,000

	As at 31st March, 2015 Number of Shares	As at 31st March, 2015 (₹)	As at 31st March, 2014 Number of Shares	As at 31st March, 2014 (₹)
(a) Reconciliation of number of shares				
Equity Shares:				
As at beginning of the year	**92,000,000**	**920,000,000**	50,000,000	500,000,000
Add: issue of Shares	**28,000,000**	**280,000,000**	42,000,000	420,000,000
As at end of the year	**120,000,000**	**1,200,000,000**	92,000,000	920,000,000
	Number of Shares	**(₹)**	Number of Shares	(₹)
Preference Shares:				
As at beginning of the year	**18,700,000**	**1,870,000,000**	17,900,000	1,790,000,000
Add: issue of Shares	**—**	**—**	800,000	80,000,000
As at end of the year	**18,700,000**	**1,870,000,000**	18,700,000	1,870,000,000

(b) The Company has two clauses of shares, namely equity shares having of par value of ₹ 10 per share and redeemable, non-convertible preference shares having a par of value of ₹ 100 per share.

(c) Rights, preferences and restrictions attached to shares

Equity shares : This class of shares having a par value of ₹ 10 per share, rank pari passu in all respects including voting rights and entitlement to dividends.

Preference shares : This class of Preference shares having a par value of ₹ 100 per share, are not entitled to any dividend. They are redeemable on or after 5 years from the date of allotment and carry a call / put option exercisable any time after 3 years after giving 3 month's notice to either party. The voting rights of the person holding the said shares shall be in accordance with the provisions of the Section 47 of the Companies Act, 2013. The nature, terms and conditions of all classes of preference shares issued at different point of time are same. The said shares shall, in the case of winding up be entitled to rank, as regards repayment of capital, in priority to the equity shares.

(d) Details of shares held by shareholders holding more than 5% of the aggregate shares of the Company	As at 31st March, 2015 Number of Shares	As at 31st March, 2015 %	As at 31st March, 2014 Number of Shares	As at 31st March, 2014 %
Equity Shares				
ITC Limited, the Holding Company jointly with its nominees	**120,000,000**	**100**	92,000,000	100
Preference shares				
ITC Limited, the Holding Company	**18,700,000**	**100**	18,700,000	100

	As at 31st March, 2015 Number of Shares	As at 31st March, 2015 (₹)	As at 31st March, 2014 Number of Shares	As at 31st March, 2014 (₹)
(e) Shares held by holding company and subsidiary of holding company				
Equity Shares				
ITC Limited, the Holding Company	**119,999,994**	**1,199,999,940**	91,999,994	919,999,940
ITC Limited, the Holding Company jointly with its nominees	**6**	**60**	6	60
Preference Shares				
ITC Limited, the Holding Company	**18,700,000**	**1,870,000,000**	18,700,000	1,870,000,000

NOTE 2				
Reserves and Surplus				
General Reserve				
At the beginning of the year		**61,162,181**		61,162,181
Surplus/(Deficit) in the Statement of Profit and Loss				
At the beginning of the year	**(962,730,963)**		(935,177,709)	
Less: Depreciation on transition to schedule II of the Companies Act, 2013 on tangible fixed assets with nil remaining useful life (refer note 38)	**(99,464,879)**			
Add: Profit/(Loss) for the current year	**10,746,889**	**(1,051,448,953)**	(27,553,254)	(962,730,963)
TOTAL		**(990,286,772)**		(901,568,782)

Notes forming part of the financial statements

	As at 31st March, 2015 (₹)	(₹)	As at 31st March, 2014 (₹)	(₹)
NOTE 3				
Long-term borrowings				
Unsecured				
Term loan from a related party*		**20,000,000**		—
TOTAL		**20,000,000**		—

* Loan repayable after 3 years from the date of disbursement and carrying rate of interest of 10% p.a. payable on quarterly basis.

NOTE 4				
Other Long term liabilities				
Income received in advance		**16,816,084**		17,148,327
Membership deposits (refer note 28)	**311,891,364**		309,106,652	
Less: Subscription fees receivable	**(2,948,573)**	**308,942,791**	(5,104,948)	304,001,704
Others*		**6,629,904**		1,527,888
* (Includes ₹ 6,504,904 (Previous year: ₹ 1,527,888) payable towards retention money under capital contract)				
TOTAL		**332,388,779**		**322,677,919**
NOTE 5				
Long-term provisions				
Provision for employee benefits: (refer note 26)				
Provision for gratuity		**1,952,913**		1,377,112
Provision for compensated absences		**1,382,826**		998,671
TOTAL		**3,335,739**		**2,375,783**
NOTE 6				
Trade payables				
Trade payables (refer note 29)		**11,014,443**		9,237,293
TOTAL		**11,014,443**		**9,237,293**
NOTE 7				
Other current liabilities				
Income received in advance		**16,108,204**		15,617,531
Advances received from customers		**384,236**		543,357
Statutory liabilities		**5,667,436**		4,983,745
Payables on purchase of fixed assests		**74,254,879**		39,241,586
Employee benefits payable		**1,187,426**		759,271
Sundry deposits		**918,166**		2,170,677
Other payables		**24,787,411**		27,266,812
TOTAL		**123,307,758**		**90,582,979**
NOTE 8				
Short-term provisions				
Provision for employee benefits: (refer note 26)				
Provision for gratuity		**596,543**		488,170
Provision for compensated absences		**712,182**		613,749
TOTAL		**1,308,725**		**1,101,919**

Note 9 Fixed Assets

(Amount in ₹)

Particulars	Gross Block								Depreciation and Amortisation									Net Book Value		
	As at 31st March, 2013	Additions	Withdrawals and adjustments	As at 31st March, 2014	Additions	Intra group Transfer (out)	Withdrawals and adjustments	As at 31st March, 2015	Upto 31st March, 2013	For the year	On Withdrawals and adjustments	Upto 31st March, 2014	Intra group Transfer (Out)	Transitional Impact*	For the year	On Withdrawals and adjustments	Upto 31st March, 2015	As at 31st March, 2015	As at 31st March, 2014	As at 31st March, 2013
Tangible assets:																				
Land (Freehold)	590,310,474	5,307,928	—	595,618,402	3,962,550	—	—	**599,580,952**	—	—	—	—	—		—	—	—	**599,580,952**	595,618,402	590,310,474
Building	232,924,664	359,705	—	233,284,369	1,522,487,417	—	6,393,133	**1,749,378,653**	60,850,319	3,721,810	—	64,572,129	—	33,172,081	12,330,447	1,654,921	**108,419,736**	**1,640,958,917**	168,712,240	172,074,345
Plant & Machinery	253,496,431	6,757,359	1,769,259	258,484,531	43,886,020	—	6,090,433	**296,280,118**	153,842,990	12,441,148	729,743	165,554,395	—	31,689,261	6,729,756	4,054,470	**199,918,942**	**96,361,176**	92,930,136	99,653,441
Golf Course	225,778,037	—	—	225,778,037	—	—	—	**225,778,037**	165,694,212	10,724,458	—	176,418,670	—	33,187,564	3,433,620	—	**213,039,854**	**12,738,183**	49,359,367	60,083,825
Office & Other Equipment	1,848,945	101,845	59,038	1,891,752	—	—	56,741	**1,835,011**	713,518	146,374	59,036	800,856	—	475,761	363,289	52,901	**1,587,005**	**248,006**	1,090,896	1,135,427
Furniture & Fixtures	7,535,644	649,034	72,497	8,112,181	28,180,124	—	2,306,390	**33,985,915**	4,385,680	895,860	72,495	5,209,045	—	21,501	1,243,695	1,410,334	**5,063,907**	**28,922,008**	2,903,136	3,149,964
Computers	6,613,098	1,874,300	1,440,465	7,046,933	—	—	1,404,249	**5,642,684**	4,722,496	875,870	1,427,566	4,170,800	—	352,797	1,013,637	1,227,400	**4,309,834**	**1,332,850**	2,876,133	1,890,602
Vehicles	8,936,011	52,500	—	8,988,511	109,382	—	1,604,447	**7,493,446**	3,684,093	848,950	—	4,533,043	—	565,912	724,711	1,522,364	**4,301,302**	**3,192,144**	4,455,468	5,251,918
Golf Carts	18,426,344	—	—	18,426,344	5,735,849	—	—	**24,162,193**	9,420,480	3,497,863	—	12,918,343	—	2	1,515,674	—	**14,434,019**	**9,728,174**	5,508,001	9,005,864
Tent	2,739,620	—	—	2,739,620	—	—	—	**2,739,620**	2,739,620	—	—	2,739,620	—	—	—	—	**2,739,620**	—	—	—
Total (A)	1,348,609,268	15,102,671	3,341,259	1,360,370,680	1,604,361,342	—	17,855,393	**2,946,876,629**	406,053,408	33,152,333	2,288,840	436,916,901	—	99,464,879	27,354,829	9,922,390	**553,814,219**	**2,393,062,410**	923,453,779	942,555,860
Capital work in progress (B)	794,334,898	352,334,475	—	1,146,669,373	466,866,096		1,590,078,327	**23,457,142**	—	—	—	—		—	—	—	—	**23,457,142**	1,146,669,373	794,334,898
Total (C) = (A)+ (B)	2,142,944,166	367,437,146	3,341,259	2,507,040,053	2,071,227,438	—	1,607,933,720	**2,970,333,771**	406,053,408	33,152,333	2,288,840	436,916,901	—	99,464,879	27,354,829	9,922,390	**553,814,219**	**2,416,519,552**	2,070,123,152	1,736,890,758

* refer note 38

Particulars	Gross Block								Depreciation and Amortisation									Net Book Value		
	As at 31st March, 2013	Additions	Withdrawals and adjustments	As at 31st March, 2014	Additions	Intra group Transfer (out)	Withdrawals and adjustments	As at 31st March, 2015	Upto 31st March, 2013	For the year	On Withdrawals and adjustments	Upto 31st March, 2014	Intra group Transfer (Out)	Transitional Impact	For the year	On Withdrawals and adjustments	Upto 31st March, 2015	As at 31st March, 2015	As at 31st March, 2014	As at 31st March, 2013
Intangible assets:																				
Software	743,956	303,232	—	1,047,188	—	—	457,496	**589,692**	157,371	155,606	—	312,977	—	—	240,829	229,790	**324,016**	**265,676**	734,211	—
Total (D)	743,956	303,232	—	1,047,188	—	—	457,496	**589,692**	157,371	155,606	—	312,977	—	—	240,829	229,790	**324,016**	**265,676**	734,211	—
Grand Total (C) + (D)	2,143,688,122	367,740,378	3,341,259	2,508,087,241	2,071,227,438	—	1,608,391,216	**2,970,923,463**	406,210,779	33,307,939	2,288,840	437,229,878	—	99,464,879	27,595,658	10,152,180	**554,138,235**	**2,416,785,228**	2,070,857,363	1,736,890,758

Notes forming part of the financial statements

	As at 31st March, 2015		As at 31st March, 2014	
	(₹)	(₹)	(₹)	(₹)
NOTE 10				
Non current investment (at cost unless stated otherwise)				
Prime Golf Ranking Private Limited (Unquoted)				
150 (Previous year: 150) Equity Share of ₹ 1/- each fully paid	**150**	**150**	150	150
TOTAL		**150**		**150**
NOTE 11				
Long-term loans and advances				
Unsecured, considered good				
Capital advances		**200,000**		19,257,963
Security deposits		**1,097,837**		1,047,837
Other Loans and Advances				
Advance tax				
[net of provision of ₹ 1,669,500 (previous year ₹ 1,659,500)]	**10,740,122**		7,450,054	
Prepaid expenses	**68,089**		655	
Entertainment Tax paid under protest considered good	**27,700,000**		20,000,000	
Others	**760,000**	**39,268,211**	760,000	28,210,709
Unsecured, considered doubtful				
Entertainment Tax paid under protest	**649,767**		649,767	
Less: Provision for doubtful loans and advances	**(649,767)**	—	(649,767)	—
TOTAL		**40,566,048**		**48,516,509**
NOTE 12				
Other non-current assets				
Interest accrued on deposits		**3,203,305**		2,588,320
TOTAL		**3,203,305**		**2,588,320**
NOTE 13				
Inventories				
(At lower of cost and net realisable value)				
Raw materials		—		473,709
Stock-in-trade proshop (traded goods)		—		2,023,257
Stock of parking slot/servant quarters		**1,319,908**		1,319,908
Stores and Spares		**5,433,713**		6,721,083
Less: Provision for slow moving inventory of parking slot/servant quarters	**(1,319,908)**		(1,319,908)	
Less: Provision for slow moving stores and spares	**(49,646)**	**(1,369,554)**	(49,646)	(1,369,554)
TOTAL		**5,384,067**		**9,168,403**
NOTE 14				
Trade receivables				
Outstanding for a period exceeding six months from the date they are due for payment				
Unsecured considered good	**10,549**		—	
Doubtful	**502,688**		502,688	
Less: Provision for Doubtful Debts	**(502,688)**	**10,549**	(502,688)	—
Others				
Unsecured, considered good	**5,287,481**	**5,287,481**	2,864,561	2,864,561
TOTAL		**5,298,030**		**2,864,561**
NOTE 15				
Cash and bank balances				
Cash and cash equivalents*				
Balances with Banks				
Current accounts	**79,708,411**		159,013,512	
Deposit accounts	**10,171,986**		4,500,000	
Cash on hand	**201,722**	**90,082,119**	69,830	163,583,342
Other bank balances				
In deposit accounts**		**5,033,936**		8,375,238
TOTAL		**95,116,055**		**171,958,580**

* 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 and includes deposits with remaining maturity of more than 12 months from the balance sheet date ₹ 5,033,936 (Previous year: ₹ 5,033,936)

NOTE 16				
Short-term loans and advances				
Unsecured, considered good				
Sundry deposits		**92,000**		220,000
Other loans and advances				
With Statutory authorities		**263,962**		2,299,474
Prepaid expenses		**384,365**		1,524,327
Advance to employees		—		3,000
Advance to vendors		**2,534,833**		2,795,522
TOTAL		**3,275,160**		**6,842,323**

Notes forming part of the financial statements

		As at 31st March, 2015		As at 31st March, 2014
	(₹)	(₹)	(₹)	(₹)
NOTE 17				
Other current assets				
SFIS credit entitlement	**1,425,510**		1,471,615	
Interest accrued on deposits	**15,119**	**1,440,629**	139,287	1,610,902
TOTAL		**1,440,629**		**1,610,902**

		For the year ended 31st March, 2015		For the year ended 31st March, 2014
	(₹)	(₹)	(₹)	(₹)
NOTE 18				
Revenue from sale of products and services				
Sale of products				
Proshop items	**3,152,236**	**3,152,236**	3,350,547	3,350,547
Sale of services				
Membership income	**56,509,462**		47,854,322	
Green fees	**38,742,798**		31,647,993	
Food and Beverage sale	**14,614,869**		11,914,652	
Caddiee fees	**11,761,674**		9,494,706	
Cart rental	**11,940,366**		8,480,499	
Health club and other facilities	**3,632,066**		3,266,545	
Tented accommodation income	**67,951**		843,351	
Sponsorship income	**2,481,462**	**139,750,648**	305,000	113,807,068
License Fees		**17,608,699**		—
TOTAL (A)		**160,511,583**		**117,157,615**
NOTE 19				
Other operating revenue				
Liability written back	**634,944**		533,249	
SFIS income	**230,624**		533,201	
Insurance claim received	**32,590**		62,700	
Others	**919,946**	**1,818,104**	754,636	1,883,786
TOTAL (B)		**1,818,104**		**1,883,786**
Revenue from operations (A+B)		**162,329,687**		**119,041,401**
NOTE 20				
Other income				
Interest income				
On deposits	**8,388,323**		6,928,782	
Income tax refund	—		43,121	
Others - from members	**3,300,691**	**11,689,014**	2,469,251	9,441,154
TOTAL		**11,689,014**		**9,441,154**
NOTE 21				
(A) Cost of materials consumed				
Opening stock	**473,709**		624,173	
Purchases	**7,622,890**		6,334,239	
Less:Closing stock	—	**8,096,599**	(473,709)	6,484,703
(B) Purchases of Stock-in-Trade Proshop		**2,773,815**		1,524,139
(C) Changes in inventories of finished goods, work-in-progress, Stock-in-Trade				
Stock-in-Trade				
Opening stock	**2,023,257**		2,977,862	
Less: Closing stock	—	**2,023,257**	(2,023,257)	954,605
TOTAL (A+B+C)		**12,893,671**		**8,963,447**
NOTE 22				
Employee benefits expense				
Salaries and wages		**30,827,319**		26,324,777
Contribution to Provident and other funds		**2,297,969**		2,041,526
Staff welfare expenses		**2,646,129**		2,487,543
Reimbursement of manager's salary on deputation		**6,518,677**		5,560,218
TOTAL		**42,290,094**		**36,414,064**
NOTE 23				
Finance Costs				
Interest expense on borrowings		**794,521**		—
TOTAL		**794,521**		—
NOTE 24				
Depreciation and amortisation expense				
Depreciation on tangible assets		**27,354,829**		33,152,333
Amortisation on intangible assets		**240,829**		155,606
TOTAL		**27,595,658**		**33,307,939**

Notes forming part of the financial statements

	For the year ended 31st March, 2015 (₹)	For the year ended 31st March, 2014 (₹)
NOTE 25		
Other Expenses		
Power and fuel	**15,273,417**	17,021,015
Consumption of stores and spare parts	**5,856,771**	8,116,090
Rent	**183,410**	160,600
Contracted services	**18,191,861**	17,690,007
Rates and taxes	**2,370,022**	5,712,998
Insurance	**2,369,556**	1,999,842
Repairs		
- Buildings	**2,853,508**	1,115,841
- Machinery	**1,762,069**	1,532,956
- Others	**3,569,104**	4,031,656
Maintenance and upkeep	**4,860,222**	3,334,620
Advertising / Sales promotion	**1,035,075**	978,289
Travelling and conveyance	**3,043,520**	2,788,975
Vehicle maintenance	**182,774**	218,920
Hire charges	**1,375,864**	1,197,887
Legal expenses	**1,780,580**	2,149,196
Consultancy / Professional fees	**2,724,304**	2,811,879
Bank and credit card charges	**633,479**	660,175
Payment to auditors*	**1,009,359**	954,178
Printing and stationery	**1,402,168**	934,388
Postage, telephone etc	**929,432**	988,091
Bad debts written off	**142,106**	520,042
Advances written off	**—**	236,528
Loss on assets sold and written offs (net)	**6,897,239**	1,052,419
Miscellaneous expenses	**1,252,028**	1,143,767
TOTAL	**79,697,868**	**77,350,359**
* Payment to auditors (excluding service tax) :		
To Statutory Auditors		
- For Audit	**750,000**	750,000
- For Tax Audit	**50,000**	50,000
- Reimbursement of expenses	**209,359**	154,178
TOTAL	**1,009,359**	**954,178**

26. Disclosure required under Accounting Standard (AS) - 15 (Revised)

The details of liabilities recognized by the Company in respect of long term defined benefits and contribution schemes in accordance with Accounting Standard 15 (Revised 2005) for its employees are given below.

The Company has classified the various benefits provided to the employees as under:

I. Defined contribution plan

Employer's Contribution	For the year ended 31st March, 2015 (₹)	For the year ended 31st March, 2014 (₹)
Provident fund	**1,793,865**	1,540,593
Employee's State Insurance Corporation	**504,104**	500,933
Total	**2,297,969**	**2,041,526**

II. Defined benefit plans

II.a Gratuity for employees

Gratuity Plan of the Company is unfunded, this liability is determined by Actuarial Valuation based on Projected Unit Credit Method.

During the current year the Company has recognised the following amounts in the Statement of Profit and Loss:-

(A) Present value of defined benefit obligation

	Employee's Gratuity Fund	
	For the year ended 31st March, 2015 (₹)	For the year ended 31st March, 2014 (₹)
Balance at the beginning of the year	**1,865,282**	1,669,111
Interest cost	**130,580**	139,480
Current service cost	625,817	454,506
Benefits paid	**(360,763)**	(238,674)
Actuarial (gain)/ loss recognised.	**288,540**	(159,141)
Balance at the end of the year	**2,549,456**	**1,865,282**
Disclosure of defined benefit into:		
Long-term provision	**1,952,913**	1,377,112
Short-term provision	**596,543**	488,170

Notes forming part of the financial statements

(B) Reconciliation of present value of defined obligation and fair value of plan assets:

	Employee's Gratuity Fund	
	As at 31st March 2015	As at 31st March 2014
	(₹)	(₹)
Present value of the obligation at the end of the year	**2,549,456**	1,865,282
Fair value of plan assets	—	—
Net liability recognised in balance sheet	**2,549,456**	**1,865,282**

(C) Expense recognised in Statement of Profit and Loss

	Employee's Grautity Fund	
	For the year ended 31st March, 2015	For the year ended 31st March, 2014
	(₹)	(₹)
Current service cost	**625,817**	454,506
Interest cost	**130,580**	139,480
Net actuarial (gain)/loss to be recognised	**288,540**	(159,141)
Expense recognised in Statement of Profit and Loss Account	**1,044,937**	**434,845**

(D) Assets and Liabilities recognised in the Balance Sheet

	Employee's Gratuity Fund				
	As at 31st March, 2015	As at 31st March, 2014	As at 31st March, 2013	As at 31st March, 2012	As at 31st March, 2011
	(₹)	(₹)	(₹)	(₹)	(₹)
Present value of the obligation at the end of the year	**(2,549,456)**	(1,865,282)	(1,669,111)	(1,266,788)	(900,003)
Fair value of plan assets	—	—	—	—	—
Asset/(liability) recognised in the Balance Sheet	**(2,549,456)**	**(1,865,282)**	**(1,669,111)**	**(1,266,788)**	**(900,003)**

Acturial Assumptions

In accordance with Accounting Standard 15, actuarial valuation was done in respect of the aforesaid plans based on the following assumptions –

II.b Compensated absences

(A) Present Value of long term benefits obligation

	Compensated Absences	
	For the year Ended 31st March, 2015	For the year Ended 31st March, 2014
	(₹)	(₹)
Balance at the beginning of the year	**1,551,274**	1,411,487
Interest cost	**111,571**	121,173
Current service cost	**369,471**	223,477
Benefits paid	**(223,307)**	(130,242)
Actuarial (gain)/ loss due to change in assumption/ interest guarantee	**234,787**	(74,621)
Balance at the end of the year	**2,043,796**	**1,551,274**
Disclosure of defined benefit into:		
Long-term provision	**1,382,826**	998,671
Short-term provision*	**660,970**	552,603

* Provision for compensated absences as disclosed under Note 8 includes ₹ 51,212 (Previous Year ₹ 61,146) provided for short term leave of the employees.

(B) Reconciliation of present value of defined obligation and fair value of plan assets:

	Compensated Absences	
	As at 31st March, 2015	As at 31st March, 2014
	(₹)	(₹)
Present value of the obligation at the end of the year	**2,043,796**	1,551,274
Fair value of plan assets	—	—
Net liability recognised in balance sheet	**2,043,796**	**1,551,274**

(C) Expense recognised in Statement of Profit and Loss

	Compensated Absences	
	For the year Ended 31st March, 2015	For the year Ended 31st March, 2014
	(₹)	(₹)
Current service cost	**369,471**	223,477
Interest Cost	**111,571**	121,173
Net actuarial (gain)/loss to be recognised	**234,787**	(74,621)
Expense recognised in Statement of Profit and Loss Account	**715,829**	**270,029**

notes forming part of the financial statements

(D) Assets and Liabilities recognised in the Balance Sheet

	Compensated Absences				
	As at 31st March, 2015	As at 31st March, 2014	As at 31st March, 2013	As at 31st March, 2012	As at 31st March, 2011
	(₹)	(₹)	(₹)	(₹)	(₹)
Present value of the obligation at the end of the year	**(2,043,796)**	(1,551,274)	(1,411,487)	(1,205,352)	(888,260)
Fair value of plan assets	—	—	—	—	—
Asset/(liability) recognised in the Balance Sheet	**(2,043,796)**	**(1,551,274)**	**(1,411,487)**	**(1,205,352)**	**(888,260)**

Actuarial assumptions for gratuity and compensated absences

In accordance with Accounting Standard 15, actuarial valuation was done in respect of the aforesaid plans based on the following assumptions –

Assumptions	**For the year ended 31st March, 2015** (₹)	For the year ended 31st March, 2014 (₹)	For the year ended 31st March, 2013 (₹)	For the year ended 31st March, 2012 (₹)	For the year ended 31st March, 2011 (₹)
Employee's gratuity fund (Unfunded)					
Discount rate	**7.75%**	9.00%	8.00%	8.25%	8.00%
Salary escalation rate	**5.00%**	5.00%	5.00%	5.00%	5.00%
Normal retirement age	**58 years**	58 years	58 years	58 years	58 years
Attrition rate	**10% p.a**	10% p.a	10% p.a	10% p.a	10% p.a

Estimates of future salary increases considered in acturial valuation take account of inflation, seniority, promotion and other relevant factors such as supply and demand in the employment market.

	As at 31st March, 2015 (₹)	As at 31st March, 2014 (₹)
27. Contingent liabilities		
a) Claims against the Company not acknowledged as debts:*		
(i) Income Tax matters**	**385,509,502**	385,505,802
(ii) Legal cases	**394,800**	321,784
(iv) Entertainment duty demand raised by Excise department	**55,262,350**	55,262,350

* All the above matters are subject to legal proceedings in the ordinary course of business. In the opinion of management the legal proceedings, when ultimately concluded, will not have a material effect on results of operations or financial position of the Company.

** The Company had received Income Tax demands of ₹ 115,941,813 (Previous Year ₹ 115,941,813) for Assessment Year 2001-02, ₹ 3,298,817 (Previous Year ₹ 3,298,817) for the Assessment Year 2003-04 and ₹ 266,265,172 (Previous Year ₹ 266,265,172), for Assessment Year 2005-06, ₹ 3,700 (Previous Year Nil) for Assessment Year 2012-13. All the assessments are currently under appeal with Income Tax Authorities.

b) Outstanding Capital Commitments:

	As at 31st March, 2015 (₹)	As at 31st March, 2014 (₹)
Estimated value of contracts in capital account remaining to be executed	**42,316,311**	326,571,892

28. Other long term liabilities include ₹ 304,500,082 (Previous year ₹ 302,206,652) as deposits received from individuals towards golf memberships and ₹ 7,391,282 (Previous year ₹ 6,900,000) received from Corporates towards Golf Memberships. These represent long term tradeable memberships which, are to be refunded at the time of termination of the membership.

29. There are no Micro and Small Enterprises, to whom the Company owes dues, which are outstanding for more than 45 days during the year and also as at 31st March 2015. 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.

30. Earning per share:

Basic/Diluted Earnings Per Share	**As at 31st March, 2015** (₹)	As at 31st March, 2014 (₹)
Net Profit/(Loss) after tax available for Equity Shareholders (₹)	**10,746,889**	(27,553,254)
Weighted Average Number of Equity Shares outstanding during the year	**104,723,288**	64,142,466
Nominal Value of Equity Shares (₹)	**10**	10
Basic/Diluted (Loss)/Earnings per Share of ₹ 10/- each	**0.10**	(0.43)

31. Accounting for Taxes on Income:

Components of deferred tax asset/liability are:

Defered tax asset

	As at 31st March, 2015 (₹)	As at 31st March, 2014 (₹)
On Unabsorbed depreciation	**217,354,708**	201,551,749
On Unabsorbed business loss	**26,663,680**	41,972,638
Other timing differences	**1,541,951**	1,193,810
Defered Tax Liability		
Depreciation	**(54,208,552)**	(65,924,782)
Net Deferred Tax Asset	**191,351,787**	178,793,415

In view of the significant carry forward income tax losses (business and depreciation) and there being no virtual certainty of profits in the near future, net deferred tax asset as at March 31, 2015 has not been recognized in the books of accounts.

	For the year ended 31st March, 2015 (₹)	For the year ended 31st March, 2014 (₹)
32. Value of Imports calculated on CIF basis during the year in respect of:		
Capital Goods	**9,690,031**	10,945,131
	For the year ended 31st March, 2015 (₹)	For the year ended 31st March, 2014 (₹)
33. Expenditure in Foreign Currency:		
Professional and Consultancy	**1,834,592**	6,174,943
	For the year ended 31st March, 2015 (₹)	For the year ended 31st March, 2014 (₹)
34. Earnings in Foreign Exchange:		
Sale of Golf Services	**5,786,243**	6,563,107

35. Value of indigenous and imported Raw material, Stores and Spares parts consumed during the period and percentage of each to the total consumption:

(a) Details of Raw Material Consumed

	For the year ended 31st March, 2015 (₹)	For the year ended 31st March, 2014 (₹)
Raw Material	**8,096,599**	6,484,703
Total	**8,096,599**	6,484,703

(b) Value of imported and indigenous materials consumed

Particulars	**For the year ended 31st March, 2015**		For the year ended 31st March, 2014	
	Value (₹)	**%**	Value (₹)	%
Raw Material - F&B				
Imported	—	—	—	—
Indigenous	**8,096,599**	**100**	6,484,703	100
Total	**8,096,599**	**100**	6,484,703	100
Stores and Spare Parts				
Imported	—	—	—	—
Indigenous	**5,856,771**	**100**	8,116,090	100
Total	**5,856,771**	**100**	8,116,090	100

Notes forming part of the financial statements

36. Segment Information

As the Company's business activity falls within a single business segment i.e. Leisure and Hospitality and is a single geographical segment, the disclosure requirements of Accounting Standard – 17 "Segment Reporting" notified under the Companies (Accounting Standard) Rules 2006 as amended, are not applicable.

37. Related party disclosure

(i) Names of related parties and nature of relationship

Holding Company	ITC Limited
Fellow Subsidiaries	Fortune Park Hotels Limited Greenacre Holdings Limited Russell Credit Limited
Associates	International Travel House Limited Classic Infrastructure and Development Limited

Key Management Personnel (KMP):

Mr. Nakul Anand	Chairman
Mr. S. C. Sekhar (upto 27.01.2015)	Managing Director
Mr. A. Anand Rao (w.e.f. 12.03.2015)	Managing Director
Mr. Rajiv Tandon	Director
Mr. B. Hariharan	Director
Ms. Ratna Chadha (w.e.f. 16.03.2015)	Director
Mr. Hari Mohan Jha (w.e.f. 16.03.2015)	Director

(ii) Other Related Parties with whom transactions have taken place during the year:

iii) Details of Transactions carried out during the financial year ended March 31, 2015 with related party in the ordinary course of business :

(Amount in ₹)

S. No.	Particulars	Holding Company		Fellow Subsidiaries		Associates		KMP	
		31st March, 2015	31st March, 2014	**31st March, 2015**	31st March, 2014	**31st March, 2015**	31st March, 2014	**31st March, 2015**	31st March, 2014
1	Sale of Services	**6,944,916**	373,009	—	—	**7,265**	—	—	69,495
2	Sale of Goods	**23,240**							
3	Purchase of Goods	**2,893,627**	2,912,239	—	—	**—**	—	—	—
4	Purchase of Services	**6,937,497**	211,802		—	**—**	162,081	—	—
5	Expenses Recovered	**48,679,064**	11,063,496	—	22,472	**17,124**	16,478	—	—
6	License Fees Received*	**19,678,392**	—						
7	Expenses Reimbursed*	**8,572,202**	5,481,973	—	—	—	—	—	—
8	Director Remuneration Fee	—	—	—	—	—	—	**20,000**	—
9	Project Expenses Reimbursed**	**3,710,518**	6,574,266	—	—	—	—	—	—
10	Amount written back	—	310,705	—	—	—	—	—	—
11	Issue of Equity Share Capital	**280,000,000**	420,000,000	—	—	—	—	—	—
12	Issue of Preference Share Capital	**—**	80,000,000	—	—	—	—	—	—
13	Loan taken	—	—	**20,000,000**	—	—	—	—	—
14	Interest Expense on borrowings	—	—	**794,521**	—	—	—	—	—
15	Balances Outstanding at the year end	—	—	—	—		—	—	—
i)	Trade Receivables/Payable	—	—	—	—	**9,301**	9,301	—	—
ii)	Other Payables	24,684,790	27,164,191	—	—	—	—	—	—
iii)	Unsecured long term borrowings payable	—	—	**20,000,000**	—	—	—	—	—

* includes service tax

** Expenses Reimbursed and Project Expenses Reimbursed includes expenses on account of salary of personnel deputed of ₹ 10,166,165 (Previous Year ₹ 9,090,283)

(iv) Disclosure in respect of transactions which are more than 10% of the total transactions of the same type with related parties

S. No.	Particulars	Holding Company		Fellow Subsidiaries		Associates		KMP	
		31st March, 2015	31st March, 2014	**31st March, 2015**	31st March, 2014	**31st March, 2015**	31st March, 2014	**31st March, 2015**	31st March, 2014
1	Sale of Services								
	- ITC Limited	**6,944,916**	373,009	—	—	—	—	—	—
	- International Travel House Limited	—	—	—	—	**7,265**	—	—	—
2	- KMP	—	—	—	—	—	—	—	—
	Purchase of Fixed Assets	—	—	—	—	—	—	—	—
	Fortune Park Hotels Limited	—	—	—	—	—	—	—	—
3	Purchase of Goods				—		—		
	- ITC Limited	**2,893,627**	2,912,239	—	—	—	—	—	—
4	Sale of Goods								
	- ITC Limited	**23,240**	—	—	—	—	—	—	—
5	Purchase of Services								
	- ITC Limited	**6,937,497**	211,802	—	—	—	—	—	—
	- International Travel House Limited	—	—	—	—	—	162,081	—	—
6	Expenses Recovered								
	- ITC Limited	**48,679,064**	11,063,496	—	—	—	—	—	—
	- Classic Infrastructure Development Limited	—	—	—		**17,124**	16,478		
	- Green Acres Holding Limited	—	—	—	22,472	—	—	—	—
7	Expenses Reimbursed								
	- ITC Limited	**8,572,202**	5,481,973	—	—	—	—	—	—
8	License Fees Received								
	- ITC Limited	**19,678,392**	—	—	—	—	—	—	—
9	Project Expenses Reimbursed								
	- ITC Limited	**3,710,518**	6,574,266	—	—	—	—	—	—
10	Issue of Equity Share Capital								
	- ITC Limited	**280,000,000**	420,000,000	—	—	—	—	—	—
11	Issue of Preference Share Capital								
	- ITC Limited	—	80,000,000	—	—	—	—	—	—
12	Loan taken				—	—	—	—	—
	- Russell Credit Limited	—	—	**20,000,000**	—	—	—	—	—
13	Interest Expense on borrowings								
	- Russell Credit Limited	—		**794,521**	—	—	—	—	—
12	Balances Outstanding at the year end								
i)	Trade Receivables								
	- Classic Infrastructure Development Limited	—	—	—	—	**9,301**	9,301	—	—
ii)	Other Payables	—	—	—	—	—			
	- ITC Limited	**24,684,790**	27,164,191	—	—	—	—	—	—
iii)	Unsecured long term borrowings payable								
	- Russell Credit Limited	—	—	20,000,000	—	—	—	—	—

38. During the year, pursuant to the notification of Schedule II to the Companies Act, 2013 with effect from April 1, 2014, the Company revised the estimated useful life of some of its assets to align the useful life with those specified in Schedule II.
Pursuant to the transition provisions prescribed in Schedule II to the Companies Act, 2013, the Company has fully depreciated the carrying value of assets, net of residual value, where the remaining useful life of the asset was determined to be Nil as on April 1, 2014, and has adjusted an amount of ₹ 99,464,879 against the opening retained earnings under the head 'Reserves and Surplus'.

The depreciation expense in the Statement of Profit and Loss for the year is lower by ₹ 15,020,212 consequent to the change in the useful life of the assets.

39. Previous year figures have been regrouped/reclassified wherever necessary to correspond with the current year's classification/disclosure.

NOTES FORMING PART OF FINANCIAL STATEMENTS

40. SIGNIFICANT ACCOUNTING POLICIES

Accounting Convention

To prepare financial statements in accordance with applicable Accounting Standards notified under section 133 of the Companies Act, 2013 read with Rule 7 of the Companies (Accounts) Rules, 2014 and the relevant provisions of the Companies Act, 2013. in India. A summary of important accounting policies is set out below. The financial statements have also been prepared in accordance with relevant presentational requirements of the Companies Act, 2013.

Basis of Accounting

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 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 12 months.

Fixed Assets

To state Fixed Assets at cost of acquisition 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 capitalised also include applicable borrowing costs, if any.

To capitalise software where it is expected to provide future enduring economic benefits. Capitalization costs include licence fees and costs of implementation / system integration services.

All upgradation / enhancements are generally charged off as revenue expenditure unless they bring similar significant additional benefits.

Depreciation and Amortisation

Depreciable amount for assets is the cost of an asset, or other amount substituted for cost, less its estimated residual value.

Depreciation on tangible fixed assets has been provided on the straight-line method as per the useful life prescribed in Schedule II to the Companies Act, 2013

Intangible assets are amortised over their estimated useful life on straight line method.

The estimated useful life of the intangible assets and the amortisation period are reviewed at the end of each financial year and the amortisation period is revised to reflect the changed pattern, if any.

Assets costing less than ₹ 5,000 are fully depreciated in the year.

Investments

To state Long Term Investments at cost. Where applicable, provision is made to recognise a decline, other than temporary in valuation of long term investments.

Inventories

To state inventories 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 location and includes, where applicable, appropriate overheads based on normal level of activity. Obsolete, slow moving and defective inventories are identified at the time of physical verification of inventories and, where necessary, provision is made for such inventories.

Revenue Recognition

i) License Fees income is recognised as per the terms of the agreement.

ii) Membership Income:

   a) Revenue from Corporate membership fee is accounted for over the period of membership.

   b) Entrance fees are accounted for in the year of receipt.

   c) Interest charged on delayed receipt of Subscription is accounted for on receipt basis.

iii) Green Fee Income, Caddie Rental, Cart Rental, Income from Health Club and other facilities and Income from Food & Beverage Sales is recognized at the time such services are rendered to the customer.

Employee Benefits

To make regular contributions to State plan namely Employee Provident Fund Employee's 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/schemes. To determine the liabilities towards such schemes, as applicable, and towards employee compensated absences by an independent actuarial valuation using the projected unit credit method as per the requirements of Accounting Standard - 15 (revised 2005) on "Employee Benefits". To determine actuarial gains or losses and to recognise such gains or losses immediately in Statement of Profit and Loss Account as income or expense.

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 substantially 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.

Foreign Currency Transactions and Translations

To account for transactions in foreign currency at the exchange rate prevailing on the date of transactions. Gains/Losses arising out of fluctuations in the exchange rates are recognised in the Profit and Loss Account in the period in which they arise.

To account for gains/losses in the Profit and Loss Account on foreign exchange rate fluctuations relating to monetary items at the year end.

Claims

To disclose claims against the Company not acknowledged as debt after a careful evaluation of the facts and legal aspects of the matter involved.

Provisions and Contingent Liabilities

A provision is recognised when there is a present obligation 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.

Financial and Management Information Systems

To practice an Integrated Accounting System which unifies Financial Books. The books of account and other records have been designed to facilitate compliance with the relevant provisions of the Companies Act on one hand, and meet the internal requirements of information and systems for Planning, Review and Internal Control on the other.

For **Deloitte Haskins & Sells LLP**
Chartered Accountants

Jaideep Bhargava
Partner
Place: Gurgaon
Date: April 18, 2015

On behalf of the Board

B. Hariharan	Director
A. Anand Rao	Managing Director
V. Chandar	Chief Financial Officer
Sonali Grover	Company Secretary

DIRECTORS' REPORT FOR THE YEAR ENDED 31st MARCH, 2015

Your directors submit their report for the financial year ended 31st March, 2015.

Directors

The names of the directors in office at any time during or since the end of the year are:

Mr. Surampudi Sivakumar
Mr. David Charles McDonald
Mr. Arup Kumar Mukerji
Mr. Allan Hendry
Mr. Sachidanand S. 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:

Suite 5, 20 Bundaroo Street
BOWRAL NSW 2576
Australia

Principal activities

The principal activities of your company during the financial year under review were anchored on horticulture technology, its downstream implementation and commercialisation and activities associated therewith. The company owns the proprietary TECHNITUBER® Technology in this field and has undertaken commercialisation of such technology through its wholly owned subsidiaries in different geographies viz.:

- Technico Agri Sciences Limited, India
- Technico Asia Holdings Pty Limited, Australia ('TAHL')
- Technico Horticultural (Kunming) Co. Limited, China (100% subsidiary of TAHL)
- Technico Technologies Inc., Canada

Review and results of operations

Your company is focused on ensuring the continuous upgrading of the TECHNITUBER® Technology and customising its application across various geographies. Your company is also engaged in the marketing of TECHNITUBER® seeds to global customers by leveraging the production facilities of its subsidiaries in India and China.

For the year under review, your company registered a turnover of A$2,209,874 (2014:A$2,232,963) and a net profit of A$777,770 (2014: A$437,225). Profits have improved due to lower operating costs.

No dividends have been paid or declared during the financial year.

Significant changes in the state of affairs

No significant changes in the state of affairs occurred during the financial year.

Significant events after balance sheet date

There are no significant events after the balance sheet date to be reported.

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

During the financial year, the company paid premiums in respect of a contract insuring all directors and officers of Technico Pty Limited for general directors' and officers' liability. The amount of the premium paid was $6,300 (2014:$6,610).

The indemnification covers, on behalf of all directors and officers, all losses which they become legally obligated to pay on account of any claim first made against them during the policy period for a wrongful act committed before or during the policy period.

Auditor independence

The auditor's independence declaration from Gillespies is on page 135 of this report.

Signed in accordance with a resolution of the Board of Directors:

Place: Sydney, Australia — Allan Hendry
Date: 1st May, 2015 — Director

DIRECTORS' DECLARATION FOR THE YEAR ENDED 31st MARCH, 2015

In accordance with a resolution of the directors of Technico Pty Limited, we state that in the opinion of the directors:

(a) the company is not a reporting entity as defined in the Australian Accounting Standards;

(b) the financial statements and notes of the company are in accordance with the *Corporations Act, 2001*, including:

(i) giving a true and fair view of the company's financial position as at 31st March, 2015 and of their performance for the year ended on that date; and

(ii) complying with Accounting Standards and Corporations Regulations; and

(c) there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

On behalf of the Board

Place : Sydney, Australia — Allan Hendry
Date: 1st May, 2015 — Director

AUDITOR'S INDEPENDENCE DECLARATION TO THE DIRECTORS OF TECHNICO PTY LIMITED FOR THE YEAR ENDED 31st MARCH, 2015

In relation to our audit of the financial report of Technico Pty Limited for the financial year ended 31st March, 2015, to the best of my knowledge and belief, there have been no contraventions of the auditor independence requirements of the *Corporations Act, 2001* or any applicable code of professional conduct.

GILLESPIES
Chartered Accountants

Suite 5, 20 Bundaroo Street
BOWRAL NSW 2576 — David Duff
Dated: 1st May, 2015 — Partner

INDEPENDENT AUDIT REPORT TO THE DIRECTORS OF TECHNICO PTY LIMITED FOR THE YEAR ENDED 31st MARCH, 2015

We have audited the accompanying financial report, being a special purpose financial report of Technico Pty Limited, which comprises the statement of financial position as at 31st March, 2015, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration.

Directors' responsibility for the financial report

The directors of the company are responsible for the preparation of the financial report and have determined that the basis of preparation described in Note 1 to the financial report is appropriate to meet the requirements of the *Corporations Act, 2001* and is appropriate to meet the needs of the members.

The directors' responsibility also includes such internal control as the directors determine is necessary to enable the preparation of a financial report that is free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We have conducted our audit in accordance with Australian Auditing Standards. Those standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of the financial report that gives a true and fair view in order to design audit procedures that are appropriate in the circumstance, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

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

Independence

In conducting our audit, we have complied with the independence requirements of the *Corporations Act, 2001*. We confirm that the independence declaration required by the *Corporations Act, 2001*, which has been given to the directors of Technico Pty Limited, would be in the same terms if given to the directors as at the time of the auditor's report.

Audit opinion

In our opinion, the 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 31st March, 2015 and of its performance for the year ended on that date; and

(b) complying with Australian Accounting Standards to the extent described in Note 1, and the *Corporations Regulations, 2001*.

Basis of accounting

Without modifying our opinion, we draw attention to Note 1(a) to the financial report, which describes the basis of accounting. The financial report has been prepared for the purpose of fulfilling the directors' financial reporting responsibilities under the *Corporations Act, 2001*. As a result, the financial report may not be suitable for another purpose.

Chartered Accountants

Suite 5, 20 Bundaroo Street
BOWRAL NSW 2576
Dated: 1st May, 2015

David Duff
Partner

STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31st MARCH, 2015

	Notes	2015 $	2015 ₹	2014 $	2014 ₹
Continuing operations					
Sale of goods	2(a)	**2,209,874**	**113,626,196**	2,232,963	124,959,512
Cost of sales:					
Other cost of sales		**(1,007,987)**	**(51,828,171)**	(1,349,441)	(75,516,473)
Inventory write off and write down		—	—	—	—
Gross profit		**1,201,887**	**61,798,025**	883,522	49,443,040
Other income	2(a)	**124,639**	**6,408,626**	127,617	7,141,613
Marketing expenses		—	—	—	—
Middle East & North Africa expenses		**(180,663)**	**(11,418,645)**	(164,744)	(9,219,288)
Research and development expenses		**(111,910)**	**(5,754,132)**	(157,492)	(8,813,457)
Occupancy expenses		**(3,248)**	**(167,004)**	(3,175)	(177,677)
Administration expenses:					
Other administration expenses		**(252,935)**	**(10,875,881)**	(248,503)	(13,906,551)
Recovery/(write-down) investments and loans		—	—	—	—
Finance costs	2(b)	—	—	—	—
Reversal of provision for employee share scheme		—	—	—	—
Profit from continuing operations before income tax expense		**777,770**	**39,990,989**	437,225	24,467,679
Income tax expense	3	—	—	—	—
Total comprehensive income attributable to members of Technico Pty Ltd		**777,770**	**39,990,989**	437,225	24,467,679
Other comprehensive income		—	—	—	—
Total comprehensive income for the period		**777,770**	**39,990,989**	437,225	24,467,679
Profit from continuing operations after income tax expense		**777,770**	**39,990,989**	437,225	24,467,679
Net profit for the period		**777,770**	**39,990,989**	437,225	24,467,679
Net profit attributable to members of Technico Pty Limited		**777,770**	**39,990,989**	437,225	24,467,679

BALANCE SHEET AS AT 31st MARCH, 2015

	Notes	2015 $	2015 ₹	2014 $	2014 ₹
Current assets					
Cash and cash equivalents	4	**1,288,202**	**61,234,682**	625,432	34,584,826
Trade and other receivables	5	**1,740,532**	**82,736,189**	1,747,430	96,628,510
Other	6	**15,177**	**721,438**	20,175	1,115,627
Total current assets		**3,043,911**	**144,692,309**	2,393,037	132,328,964
Non-current assets					
Other financial assets	7	**14,269,282**	**678,290,320**	14,269,282	789,055,621
Property, plant and equipment	8	—	—	—	—
Intangible assets	9	**13,365**	**635,305**	15,842	876,023
Total non-current assets		**14,282,647**	**678,925,625**	14,285,124	789,931,644
Total assets		**17,326,558**	**823,617,934**	16,678,161	922,260,608
Current liabilities					
Trade and other payables	10	**1,402,638**	**66,674,397**	1,523,790	84,261,778
Provisions	11	**24,086**	**1,144,928**	32,307	1,786,496
Total current liabilities		**1,426,724**	**67,819,325**	1,556,097	86,048,274
Non-current liabilities					
Provisions	11	—	—	—	—
Total non-current liabilities		—	—	—	—
Total liabilities		**1,426,724**	**67,819,325**	1,556,097	86,048,274
Net assets		**15,899,834**	**755,798,609**	15,122,064	836,212,334
Equity					
Contributed equity	12	**43,989,182**	**2,091,025,766**	43,989,182	2,432,491,792
Accumulated losses	13	**(28,089,348)**	**(1,335,227,157)**	(28,867,118)	(1,596,279,458)
Total equity		**15,899,834**	**755,798,609**	15,122,064	836,212,334

STATEMENT OF CHANGES IN EQUITY AS AT 31st MARCH, 2015

	Contributed equity $	Retained earnings $	Share based payment reserve $	Total $
At 1st April, 2013	43,989,182	(29,304,343)	—	14,684,839
Profit for the period	—	437,225	—	437,225
At 31st March, 2014	43,989,182	(28,867,118)	—	15,122,064
Profit for the period	—	777,770	—	777,770
At 31st March, 2015	**43,989,182**	**(28,089,348)**	**—**	**15,899,834**

	Contributed equity ₹	Retained earnings ₹	Share based payment reserve ₹	Total ₹
At 1st April, 2013	2,490,887,431	(1,659,358,479)	—	831,528,952
Profit for the period	—	24,467,674	—	24,467,674
Balance sheet exchange rate variance	(58,395,639)	38,611,347	—	(19,784,292)
At 31st March, 2014	2,432,491,792	(1,596,279,458)	—	836,212,334
Profit for the period	—	39,990,989	—	39,990,989
Balance sheet exchange rate variance	(341,466,026)	211,061,312	—	(120,404,714)
At 31st March, 2015	**2,091,025,766**	**(1,335,227,157)**	—	**755,798,609**

CASH FLOW STATEMENT FOR THE YEAR ENDED 31st MARCH, 2015

	2015		2014	
	$	₹	$	₹
Cash Flow from Operating Activities				
Receipts from customers	**2,216,772**	**113,980,874**	1,238,377	69,301,187
Receipts of sundry income	**90,993**	**4,678,633**	105,273	5,891,214
Payments to suppliers and employees	**(1,682,912)**	**(86,531,128)**	(1,289,344)	(72,153,366)
Goods and services tax received/(paid)	**5,586**	**287,218**	8,905	498,335
Interest received	**33,646**	**1,729,993**	22,345	1,250,455
Borrowing costs	—	—	—	—
Net Cash Flows from Operating Activities	**664,085**	**34,145,590**	85,556	4,787,825
Cash Flow from Investing Activities				
Proceeds from sale of property, plant and equipment	—	—	—	—
Additions to intangible assets	**(1,315)**	**(67,614)**	(2,183)	(122,164)
Payments for protection of technology	—	—	—	—
Net Cash Flows from/(used in) Investing Activities	**(1,315)**	**(67,614)**	(2,183)	(122,164)
Cash Flows from Financing Activities				
Repayment of borrowings	—	—	—	—
Net Cash Flows (used in)/from Financing Activities	—	—	—	—
Net increase/(decrease) in cash held	**662,770**	**34,077,976**	83,373	4,665,661
Add Opening Cash brought forward	**625,432**	—	542,059	—
Cash and Cash Equivalents at end of period	**1,288,202**	**61,234,682**	625,432	34,584,826

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS AS AT 31st MARCH, 2015

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 listed in National Stock Exchange and Bombay Stock Exchange in India.

The registered office of Technico Pty Limited is located at:

Suite 5, 20 Bundaroo Street
BOWRAL NSW 2576
Australia

The company employed two employees at 31st March, 2015. The company also utilises the services of consultants to support its operations.

Note 1: Statement of significant accounting policies

(a) Basis of preparation

The directors have prepared the financial statements on the basis that the company is a non-reporting entity because there are no users dependent on general purpose financial statements. The financial statements are therefore special purpose financial statements that have been prepared in order to meet the requirements of the *Corporations Act, 2001*.

The financial report is prepared for distribution to members of the company to fulfil the directors' financial reporting requirements under Chapter 2M of the *Corporations Act, 2001*, wherein the company is considered to be a large proprietary company. The accounting policies used in the preparation of this report, as described below, are in the opinion of the directors, appropriate to meet the needs of members.

The financial report has been prepared on a historical cost basis and is presented in Australian Dollars. The supplementary information in INR (Indian Rupees), which are unaudited, have been arrived at by applying the year end inter-bank exchange rate of 1 AUD = INR 47.5350 for the current year balance sheet (2014: INR 55.2975) and the average rate of 1 AUD = INR 51.4175 for the current year income statement (2014: INR 55.9613), and have been included in the financial report as required by the parent entity.

The directors have determined that the company is not a "Reporting Entity". Consequently the requirements of Accounting Standards issued by the AASB and other professional reporting requirements do not have mandatory applicability to Technico Pty Limited in relation to the year ended 31st March, 2015. However, 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.

Accordingly, the directors have prepared the financial report in accordance with the following Accounting Standards:

AASB 101: Presentation of Financial Statements
AASB 107: Cash Flow Statements
AASB 108: Accounting Policies, Changes in Accounting Estimates and Errors
AASB 1048: Interpretation and Application of Standards

The material accounting policies that have been adopted in the preparation of these statements 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.

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. A provision is recognised when collection of the full amount is no longer probable. Bad debts are written off as incurred.

(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) Property, plant and equipment

Plant and equipment is stated at cost less accumulated depreciation and any accumulated impairment losses.

Depreciation is calculated on a straight-line basis over the estimated useful life of the assets as follows:

Class of fixed asset	*2015*	*2014*
Buildings	—	—
Plant and equipment	**27%**	27%

The assets' residual values, useful lives and amortisation methods are reviewed and adjusted, if appropriate, at each financial year end.

Derecognition and disposal

An item of property, plant and equipment is derecognised upon disposal or when no further future economic benefits are expected from its use or disposal.

Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in profit or loss in the year the asset is derecognised.

(i) Leases

The determination of whether an arrangement is or contains a lease is based on the substance of the arrangement and requires an assessment of whether the fulfilment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset.

Operating lease payments are recognised as an expense in the income statement on a straight-line basis over the lease term. Lease incentives are recognised in the income statement as an integral part of the total lease expense.

Finance leases, which transfer to the company substantially all the risks and benefits incidental to ownership of the leased item, are capitalised at the inception of the lease at the fair value of the leased property or, if lower, the present value of the minimum lease payments. Lease payments are apportioned between the finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognised as an expense in profit and loss.

(j) Payables

Trade payables and other payables are carried at amortised costs and represent liabilities for goods and services provided to the company prior to the end of the financial year that are unpaid and arise when the company becomes obliged to make future payments in respect of the purchase of these goods and services.

(k) Provisions

Provisions are recognised when the company has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

When the company expects some or all of a provision to be reimbursed, for example under an insurance contract, the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain. The expense relating to any provision is presented in the income statement net of any reimbursement. Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the balance sheet date.

If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a borrowing cost.

(l) 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.

(m) Revenue recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the company and the revenue can be reliably measured. The following recognition criteria must also be met before revenue is recognised:

Sale of goods

Revenue from the sale of goods is recognised upon the delivery of goods to customers.

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.

(n) Taxation

Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the balance sheet date.

Deferred income tax is provided on all temporary differences at the balance sheet date between the tax basis of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred income tax liabilities are recognised for all taxable temporary differences except:

- when the deferred income tax liability arises from the initial

recognition of goodwill or of an asset or liability in a transaction that is not a business combination and that, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; or

- when the taxable temporary difference is associated with investments in subsidiaries, associates or interests in joint ventures, and the timing of the reversal of the temporary difference can be controlled and it is probable that the temporary difference will not reverse in the foreseeable future.

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

- when the deferred income tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; or
- when the deductible temporary difference is associated with investments in subsidiaries, associates or interests in joint ventures, in which case a deferred tax asset is only recognised to the extent that it is probable that the temporary difference will reverse in the foreseeable future and taxable profit will be available against which the temporary difference can be utilised.

The carrying amount of deferred income tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilised.

Unrecognised deferred income tax assets are reassessed at each balance sheet date and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

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

Income taxes relating to items recognised directly in equity are recognised in equity and not in profit or loss.

Deferred tax assets and deferred tax liabilities are offset only if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred tax assets and liabilities relate to the same taxable entity and the same taxation authority.

(o) 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.

(p) Employee benefits

(i) Wages, salaries and annual leave

Liabilities for wages and salaries, including non-monetary benefits and annual leave expected to be settled within twelve months of the reporting date are recognised in other payables in respect of employees' services up to the reporting date. They are measured at the amounts expected to be paid when the liabilities are settled.

(ii) Long service leave

The liability for long service leave is recognised in the provision for employee benefits and measured as the present value of expected future payments to be made in respect of services provided by employees up to the reporting date using the Projected Unit Credit Method. Consideration is given to expected future wage and salary levels, experience of employee departures, and periods of service. Expected future payments are discounted using market yields at the reporting date on national government bonds with terms to maturity and currencies that match, as closely as possible, the estimated future cash outflows.

(q) 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.

(r) Comparatives

When required by Accounting Standards, comparative figures have been adjusted to conform to changes in presentation for the current financial year.

NOTES TO AND FORMING PART OF FINANCIAL STATEMENTS AS AT 31st MARCH, 2015

	2015		2014	
	$	₹	$	₹
Note 2: Revenues and Expenses				
Revenue and expenses from continuing activities				
(a) Revenue				
Sale of goods	**2,209,874**	**113,626,196**	2,232,963	124,959,512
Finance revenue	**33,646**	**1,729,993**	22,345	1,250,455
Agronomy support income	**77,205**	**3,969,688**	59,749	3,343,632
Sundry income	**13,788**	**708,945**	45,523	130,002
Profit on sale of assets	—	—	—	—
	2,334,513	**120,034,822**	2,360,580	132,101,126
Breakdown of finance revenue:				
Bank interest	**33,646**	**1,729,993**	22,345	1,250,455
(b) Finance costs				
Bank loans and overdrafts	—	—	—	—
(c) Depreciation, amortisation and costs of inventories included in the income statement				
Depreciation of non-current assets:				
Buildings	—	—	—	—
Plant and equipment	—	—	146	8,170
Total depreciation of non-current assets	—	—	146	8,170
Amortisation of non-current assets:				
Leased plant and equipment	—	—	—	—
Technology and trademarks	**3,792**	**194,975**	3,840	214,891
Total amortisation of non-current assets	**3,792**	**194,975**	3,840	214,891
Total depreciation and amortisation expenses	**3,792**	**194,975**	3,986	223,062
Cost of inventories recognised as an expense includes write down of inventory to net realisable value	—	—	—	—
(d) Employee benefit expense				
Wages and salaries	**226,047**	**11,622,772**	296,716	16,604,613
Workers' compensation costs	**435**	**22,367**	561	31,394
Annual leave provision	**(8,221)**	**(422,703)**	3,686	206,273
Share options	—	—	—	—
Note 3: Income tax				
The major components of income tax expenses are:				
Income statement				
Current income tax				
Current income tax charge	—	—	—	—
Adjustments in respect of current income tax of previous years	—	—	—	—
Deferred income tax				
Relating to origination and reversal of temporary differences	—	—	—	—
Income tax expense reported in the income statement	—	—	—	—
A reconciliation between income tax expense and the product of accounting profit before income tax multiplied by the company's applicable income tax rate is as follows:				
Accounting profit before income from continuing operations at the statutory income tax rate of 30%	**233,331**	**11,997,297**	131,168	7,340,332
Amortisation of technology	**(101)**	**(5,193)**	(101)	(5,652)
Movement in employee entitlements	**(2,466)**	**(126,796)**	1,106	61,893
Write back or write down of investments in wholly owned subsidiaries	—	—	—	—
Non-deductible expenses/timing differences	**(48,017)**	**(2,468,914)**	11,057	618,763
(Recoupment of prior year tax losses)/Future income tax benefits not brought to account	**(182,747)**	**(9,396,394)**	(142,230)	(8,015,336)
Income tax attributable to ordinary activities	—	—	—	—

Income tax losses

Future income tax benefits arising from revenue timing differences and tax losses of the parent entity amounted to $(182,747) (2014: $(142,230)). This has not been brought to account at balance sheet date as realisation is not considered probable.

The future income tax benefit will only be obtained if:

(i) future assessable income is derived of a nature and of an amount sufficient to enable the benefit to be realised;
(ii) the conditions for deductibility imposed by tax legislation continue to be complied with; and
(iii) no changes in tax legislation adversely affect the economic entity in realising the benefit.

NOTES TO AND FORMING PART OF FINANCIAL STATEMENTS AS AT 31st MARCH, 2015 (Contd.)

	Notes	2015 $	2015 ₹	2014 $	2014 ₹
Note 4: Cash and cash equivalents					
Current					
Cash at bank		**11,571**	**550,027**	23,729	1,312,154
Deposits at call		**1,276,631**	**60,684,655**	601,702	33,272,616
		1,288,202	**61,234,682**	625,431	34,584,771

(a) Terms and conditions relating to the above financial instruments:
(i) Cash at bank has a weighted average interest rate of 0% (2014: 0%); and
(ii) Deposits at call has a weighted average effective interest rate of 3.33% (2014: 3.56%).

(b) Reconciliation of net profit/(loss) after tax to the net cash flows from operations:

Net profit	**777,770**	**39,990,989**	437,225	24,467,679
Non-cash items:				
Amortisation of non-current assets	**3,792**	**194,975**	3,840	214,891
Depreciation of non-current assets	—	—	146	8,170
Decrease in value of inventories	—	—	—	—
Provision for doubtful debts	—	—	69,316	3,879,013
Decrease/(increase) in value of receivables in subsidiaries	—	—	—	—
(Increase)/decrease in value of investments in subsidiaries	—	—	—	—
Unrealised foreign currency revaluation	—	—	—	—
(Profit)/loss on sale of property, plant and equipment	—	—	—	—
Employee benefits equity reserve	—	—	—	—
(Profit)/loss on sale of assets	—	—	—	—
(Profit)/loss on disposal of assets	—	—	—	—
Changes in assets and liabilities:				
(Increase)/decrease in trade and other receivables	**6,898**	**354,678**	(1,054,997)	(58,338,697)
(Increase)/decrease in inventories	—	—	—	—
Decrease/(increase) in other current assets	**4,998**	**256,985**	(9,111)	(503,816)
Increase/(decrease) in trade creditors and accruals	**(121,152)**	**(6,229,333)**	635,450	35,138,796
Increase/(decrease) in employee provisions	**(8,221)**	**(422,703)**	3,686	203,827
Cash flows from operations	**664,085**	**34,145,591**	85,555	4,787,825

	Notes	2015 $	2015 ₹	2014 $	2014 ₹
Note 5: Trade and other receivables					
Current					
Trade debtors	(a)	**1,741,893**	**82,800,884**	1,842,100	101,863,525
Provision for doubtful debts		—	—	(94,670)	(5,235,014)
		1,741,893	**82,800,884**	1,747,430	96,628,510
Other debtors	(a)	**(1,361)**	**(64,695)**	116	6,415
		1,740,532	**82,736,189**	1,747,546	96,634,925
Non-current					
Amounts receivable from wholly-owned subsidiaries		—	—	—	—
Provision for doubtful debts		—	—	—	—
		—	—	—	—

(a) Terms and conditions

Terms and conditions relating to the above financial instruments:

(i) Current trade debtors are non-interest bearing and generally on 180 day terms; and

(ii) Other debtors are non-interest bearing and generally have repayment terms of 30 days.

	Notes	2015 $	2015 ₹	2014 $	2014 ₹
Note 6: Other assets					
Current					
Prepayments		**10,491**	**498,689**	14,437	798,330
Interest accrual		**4,686**	**222,749**	5,622	310,882
		15,177	**721,438**	20,059	1,109,212
Note 7: Other financial assets					
Non-current					
Shares in subsidiaries:					
At cost		**18,180,409**	**864,205,742**	18,180,409	1,005,331,167
Provision for write-down	(a)	**(3,911,127)**	**(185,915,422)**	(3,911,127)	(216,275,545)
Total other financial assets		**14,269,282**	**678,290,320**	14,269,282	789,055,621

(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.

NOTES TO AND FORMING PART OF FINANCIAL STATEMENTS AS AT 31st MARCH, 2015 (Contd.)

Interest in Subsidiaries

	Country of incorporation	Percentage of equity interest held by the consolidated entity (%)	Investment (Provision for diminution) 2015 $	2015 ₹	2014 $	2014 ₹
Technico Asia Holdings Pty Limited						
(formerly known as Technico China Pty Limited)	Australia	100	**3,684,522**	**175,143,753**	3,684,522	203,744,855
			(2,714,786)	**(129,047,352)**	(2,714,786)	(150,120,879)
			969,736	**46,096,401**	969,736	53,623,976
Technico Technologies Inc	Canada	100	**1,196,341**	**56,868,069**	1,196,341	66,154,666
			(1,196,341)	**(56,868,069)**	(1,196,341)	(66,154,666)
			—	—	—	—
Technico Agri Sciences Limited	India	100	**13,299,546**	**632,193,919**	13,299,546	735,431,645
			13,299,546	**632,193,919**	13,299,546	735,431,645

	2015 $	2015 ₹	2014 $	2014 ₹
Note 8: Property, plant and equipment				
Non-current				
Plant and equipment at cost	**2,838**	**134,904**	2,838	156,934
Accumulated depreciation and impairment	**(2,838)**	**(134,904)**	(2,838)	(156,934)
Net carrying amount	**—**	**—**	—	—
Total net carrying amount of plant and equipment	**—**	**—**	—	—
Total property, plant and equipment at cost	**2,838**	**134,904**	2,838	156,934
Accumulated depreciation, amortisation and impairment	**(2,838)**	**(134,904)**	(2,838)	(156,934)
Total property, plant and equipment	—	—	—	—
Land				
Balance at beginning of the year - net of accumulated depreciation and impairment	—	—	—	—
Disposals	—	—	—	—
Balance at end of the year - net of accumulated depreciation and impairment	—	—	—	—
Buildings at cost				
Balance at beginning of the year - net of accumulated depreciation and impairment	—	—	—	—
Disposals	—	—	—	—
Depreciation expense	—	—	—	—
Balance at end of the year - net of accumulated depreciation and impairment	—	—	—	—
Plant and equipment at cost				
Balance at beginning of the year - net of accumulated depreciation and impairment	—	—	145	8,018
Additions	—	—	—	—
Disposals	—	—	—	—
Depreciation expense	—	—	(145)	(8,018)
Balance at end of the year - net of accumulated depreciation and impairment	—	—	—	—

NOTES TO AND FORMING PART OF FINANCIAL STATEMENTS AS AT 31st MARCH, 2015

	2015		2014	
	$	₹	$	₹
Note 9: Intangible assets				
Non-current				
TECHNITUBER® technology, patents and trademarks at cost	**3,411,011**	**162,142,408**	3,409,697	188,547,720
Less: Accumulated amortisation	**(3,397,646)**	**(161,507,103)**	(3,393,855)	(187,671,697)
	13,365	**635,305**	15,842	876,023
Movement in intangibles				
Balance at beginning of the year	**15,842**	**753,049**	17,500	967,706
Additions	**1,315**	**62,509**	2,182	120,714
Amortisation expense	**(3,792)**	**(180,253)**	(3,840)	(212,342)
Balance at the end of the year	**13,365**	**635,305**	15,842	876,023

	2015		2014	
	$	₹	$	₹
Note 10: Trade and other payables				
Current				
Trade creditors	**748,193**	**35,565,354**	914,904	50,591,904
Sundry creditors and accruals	**654,445**	**31,109,043**	608,886	33,669,874
	1,402,638	**66,674,397**	1,523,790	84,261,778

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.

	2015		2014	
	$	₹	$	₹
Note 11: Provisions				
Current				
Employee entitlements	**24,086**	**1,144,928**	32,307	1,786,496
Non-current				
Employee entitlements	—	—	—	—

	2015		2014	
	$	₹	$	₹
Note 12: Contributed equity				
(a) Issued and paid up capital				
Ordinary shares fully paid 22,606,065 shares (2014: 22,606,065)	**44,098,046**	**2,096,200,617**	44,098,046	2,438,511,699
Discount on issue	**(108,864)**	**(5,174,851)**	(108,864)	(6,019,907)
	43,989,182	**2,091,025,766**	43,989,182	2,432,491,792

(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 of 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.

NOTES TO AND FORMING PART OF FINANCIAL STATEMENTS AS AT 31st MARCH, 2015 (Contd.)

	2015		2014	
	$	₹	$	₹
Note 13: Reserves and accumulated losses				
Accumulated losses	**28,089,348**	**1,335,227,157**	28,867,118	1,596,279,458
Balance at the beginning of the year	**28,867,118**	**1,372,198,454**	29,304,344	1,620,456,962
Net (profit)/loss attributable to the members of Technico Pty Ltd	**(777,770)**	**(36,971,297)**	(437,225)	(24,177,449)
Total unavailable for appropriation	**28,089,348**	**1,335,227,157**	28,867,119	1,596,279,513
Dividends paid or provided for	—	—	—	—
Aggregate amount transferred (to)/from reserves	—	—	—	—
Balance at the end of the period	**28,089,348**	**1,335,227,157**	28,867,119	1,596,279,513
Note 14: Contingent liabilities				
Estimates of material amounts of contingent liabilities, not provided for in the financial report	—	—	—	—
Note 15: Events subsequent to reporting date				
There are no subsequent events to be reported.				
Note 16: Remuneration of auditors				
Amounts received or due and receivable by auditor:				
Audit of the entity by auditor/group auditor	**33,578**	**1,722,486**	37,500	2,098,549
Other services in relation to the entity	**6,500**	**338,224**	6,500	363,748
	40,078	**2,060,710**	44,000	2,462,297

DIRECTORS' REPORT FOR THE YEAR ENDED 31st MARCH, 2015

Your directors submit their Report for the financial year ended 31st March, 2015.

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
Mr. Sachidanand S. 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 Limited, a company incorporated in Australia.

The registered office of Technico Technologies Inc. is located at:

Stewart McKelvey Stirling Scales
Suite 600, Frederick Square,
77 Westmoreland
Fredericton, New Brunswick
E3B 5B4 Canada

Employees

The company operates through employees engaged on seasonal & casual basis with technical and management support from its parent entity.

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 and production of early generation field seed potatoes under a joint farming arrangement with local potato farmers.

Review and results of operations

The TECHNITUBER® brand continues to gain recognition in Canada, though the scale of operations remains small.

Technico Technologies Inc., Canada registered sales of Canadian Dollar (C$) 0.30 million (previous year C$ 0.23 million) and posted a net profit of C$ 0.11 million (previous year C$ 0.03 million).

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

Your company's early generation seed potatoes continue to demonstrate superior quality and farmer interest in the product has been gaining strength. The focus of this business will be to build on the reputation of its technology and its isolated seed production environment to obtain a price premium commensurate with the quality and performance. The company will continue to build on exports to new markets.

Environmental regulation and performance

Your company is not subject to any particular or significant environmental regulation.

Place: NJ, USA
Date: 28th April, 2015

Bhavani Parameswar
Director

INDEPENDENT AUDITOR'S REPORT

To the Shareholder of Technico Technologies Inc.

We have audited the accompanying financial statements of Technico Technologies Inc., which comprise the balance sheet as at 31st March, 2015 and the statements of income, retained earnings (deficit) and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with 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.

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 Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatements.

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 entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, these financial statements present fairly, in all material respects, the financial position of Technico Technologies Inc. as at 31st March, 2015 and the results of its operations and its cash flows for the year then ended in accordance with Canadian accounting standards for private enterprises.

Place : Fredericton,
New Brunswick
Date : 8th April, 2015

CHARTERED PROFESSIONAL ACCOUNTANTS

BALANCE SHEET AS AT 31st MARCH, 2015

	2015 $	2015 ₹	2014 $	2014 ₹
ASSETS				
Current Assets				
Cash	**168,405**	**8,257,318**	99,938	5,423,885
Accounts receivable	**10,546**	**517,097**	11,130	604,053
Inventory	**175,268**	**8,593,828**	170,745	9,266,758
Prepaid expenses	**3,436**	**168,476**	2,873	155,925
	357,655	**17,536,719**	284,686	15,450,621
Property and Equipment (note 4)	**89,428**	**4,384,878**	74,199	4,026,965
	447,083	**21,921,597**	358,885	19,477,586

BALANCE SHEET AS AT 31st MARCH, 2015 (Contd.)

	2015 $	2015 ₹	2014 $	2014 ₹
LIABILITIES				
Current Liabilities				
Accounts payable and accrued liabilities	**26,532**	**1,300,930**	18,871	1,024,176
Current portion of long-term debt	**24,116**	**1,182,468**	43,666	2,369,863
Deferred revenue	**1,466**	**71,882**	—	—
	52,114	**2,555,280**	62,537	3,394,039
Unamortized Government Assistance (note 5)	**13,152**	**644,875**	12,254	665,055
Long-Term Debt (note 6)	**93,497**	**4,584,392**	84,846	4,604,805
	158,763	**7,784,547**	159,637	8,663,899
SHAREHOLDERS' EQUITY				
Capital Stock (note 9)	**1,251,691**	**61,373,539**	1,268,053	68,820,406
Deficit	**(963,371)**	**(47,236,489)**	(1,068,805)	(58,006,719)
	288,320	**14,137,050**	199,248	10,813,687
	447,083	**21,921,597**	358,885	19,477,586

STATEMENT OF RETAINED EARNINGS (DEFICIT) FOR THE YEAR ENDED 31st MARCH, 2015

	2015 $	2015 ₹	2014 $	2014 ₹
Deficit at the beginning of the year	**(1,068,805)**	**(58,006,719)**	(1,101,528)	(58,862,903)
Net income for the year	**105,434**	**5,445,803**	32,723	1,762,296
Change in unrealized foreign exchange during the year	**—**	**5,324,427**	—	(906,112)
Deficit at the end of the year	**(963,371)**	**(47,236,489)**	(1,068,805)	(58,006,719)

STATEMENT OF INCOME FOR THE YEAR ENDED 31st MARCH, 2015

	2015 $	2015 ₹	2014 $	2014 ₹
Sales	**301,646**	**15,580,408**	230,046	12,389,127
Cost Of Sales	**133,220**	**6,880,986**	126,468	6,810,934
Gross Profit / (Loss)	**168,426**	**8,699,422**	103,578	5,578,193
Expenses				
Advertising and trade shows	**5,735**	**296,220**	2,786	150,040
Amortization of property and equipment	**10,172**	**525,397**	8,849	476,563
Bank charges	**677**	**34,968**	357	19,226
Bad debts	—	—	250	13,464
Insurance	**6,045**	**312,232**	5,628	303,096
Interest on long-term debt	**6,334**	**327,159**	8,584	462,291
Occupancy costs	**9,346**	**482,733**	7,847	422,600
Office and supplies	**737**	**38,067**	2,108	113,526
Professional services	**10,995**	**567,906**	9,100	490,081
Staff training	—	—	257	13,841
Telephone	**2,777**	**143,436**	2,647	142,554
Vehicle and travel	**1,061**	**54,802**	14,540	783,052
Wages and benefits	**19,633**	**1,014,070**	16,486	887,854
	73,512	**3,796,990**	79,439	4,278,188
	94,914	**4,902,432**	24,139	1,300,005
Other Income				
Government assistance - Interest subsidy	**6,334**	**327,159**	8,584	462,291
Gain on sale of capital assets	**1,000**	**51,651**	—	—
Net revenue - Support services (note 10)	**3,186**	**164,561**	—	—
	10,520	**543,371**	8,584	462,291
Net Income For The Year	**105,434**	**5,445,803**	32,723	1,762,296

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31st MARCH, 2015

	2015 $	2015 ₹	2014 $	2014 ₹
Cash Provided By (Required For):				
Operating Activities				
Net income for the year	**105,434**	**5,445,803**	32,723	1,762,297
Items not affecting cash				
Amortization of property and equipment	**10,172**	**525,397**	8,849	476,563
Amortization capitalized to inventory	**2,325**	**120,089**	14,173	763,287
Foreign currency fluctuations	**—**	**(832,513)**	—	126,820
	117,931	**5,258,776**	55,745	3,128,967
Changes in non-cash operating working capital (note 8)	**4,625**	**226,776**	(21,272)	(1,154,485)
	122,556	**5,485,552**	34,473	1,974,482
Investing Activities				
Purchase of property and equipment	**(27,726)**	**(1,359,475)**	—	—
Proceeds on sale of capital assets	**1,000**	**49,033**	—	—
	(26,726)	**(1,310,442)**	—	—
Financing Activities				
Capital stock issuance (redemption)	**(16,362)**	**(802,270)**	(8,543)	(463,650)
Repayment of long-term debt	**(11,901)**	**(583,536)**	(41,416)	(2,247,750)
Unamortized government assistance	**900**	**44,129**	(8,584)	(465,875)
	(27,363)	**(1,341,677)**	(58,543)	(3,177,275)
Increase / (Decrease) in cash during the year	**68,467**	**2,833,433**	(24,070)	(1,202,793)
Cash position at the beginning of the year	**99,938**	**5,423,885**	124,008	6,626,678
Cash position at the end of the year	**168,405**	**8,257,318**	99,938	5,423,885

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH, 2015

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 include Indian Rupee equivalent figures, arrived at by applying the year-end exchange rate of CAD $1 = ₹ 49.03 (2014 : CAD $1 = ₹ 54.27) to the balance sheet and the average annual exchange rate of CAD $1 = ₹ 51.65 (2014 : CAD $1 = ₹ 53.86) 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.

Inventory

Inventory is valued at the lower of production cost and net realizable value. Inventory includes capitalized amortization of $2,325 (2014 : $14,173)

Revenue

Revenue is recognized when products and services are delivered to the customer and ultimate collection is reasonably assured.

Amortization

Amortization of property and equipment is recorded on a straight-line basis at the following annual rates:

Buildings	10%
Equipment	13.34%, 20%

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 future taxes at year end is a future income tax asset of $284,107 (2014 : $ 305,637).

3. Financial Instruments

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	2015 Net	2014 Net
	$	$	$	$
Land	**46,564**	**—**	**46,564**	46,564
Buildings	**289,698**	**286,670**	**3,028**	3,576
Equipment	**290,202**	**250,366**	**39,836**	24,059
	626,464	**537,036**	**89,428**	74,199

	Cost	Accumulated Amortization	2015 Net	2014 Net
	₹	₹	₹	₹
Land	**2,283,149**	**—**	**2,283,149**	2,527,145
Buildings	**14,204,617**	**14,056,147**	**148,470**	194,079
Equipment	**14,229,330**	**12,276,071**	**1,953,259**	1,305,741
	30,717,096	**26,332,218**	**4,384,878**	4,026,965

5. Unamortized Government Assistance

Unamortized government assistance represents the unamortized amount of interest subsidy relative to a non-market rate loan received from the Atlantic Canada Opportunities Agency. The amortization of the loan interest subsidy is recorded as other income in the statement of income.

6. Long-Term Debt

	2015 $	2015 ₹	2014 $	2014 ₹
Non-interest bearing loan payable to the Atlantic Canada Opportunities Agency, net of an unamortized fair value discount of $13,153 (2014 : $12,254) at 4.5%, in annual installments of $30,000, $40,000 and one payment of $60,766, unsecured, due August, 2017.	**117,613**	**5,766,860**	128,512	6,974,668
Less : Current portion	**24,116**	**1,182,468**	43,666	2,369,863
	93,497	**4,584,392**	84,846	4,604,805

Principal repayment of long-term debt net of implicit interest over the next three years is as follows:

Year	$	₹
2016	24,116	1,182,468
2017	35,466	1,738,987
2018	58,031	2,845,405
	117,613	5,766,860

7. Income Taxes

The company has non-capital losses for income tax purposes of $920,383 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:

Year	$	₹
2026	286,742	14,059,677
2027	283,750	13,912,972
2028	214,636	10,524,140
2030	115,010	5,639,228
2031	12,550	615,358
2032	7,695	377,305
	920,383	45,128,680

The company has investment tax credits of $37,896 available to reduce taxes payable of future years. The benefit of investment tax credits and non-capital losses carried forward have not been recorded in the financial statements.

8. Changes In Non-Cash Operating Working Capital

	2015 $	2015 ₹	2014 $	2014 ₹
Accounts receivable	**584**	**28,635**	(8,118)	(440,584)
Inventory	**(4,523)**	**(221,774)**	(11,305)	(613,551)
Prepaid expenses	**(563)**	**(27,605)**	(112)	(6,079)
Accounts payable and accrued liabilities	**7,661**	**375,638**	(1,737)	(94,271)
Deferred revenue	**1,466**	**71,882**	**—**	**—**
	4,625	**226,776**	(21,272)	(1,154,485)

9. Capital Stock

		2015 $	2015 ₹	2014 $	2014 ₹
	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**	**53,347,262**	1,087,998	59,048,371
163,693	Class A preferred shares (2014 -180,055 shares)	**163,693**	**8,026,277**	180,055	9,772,035
		1,251,691	**61,373,539**	1,268,053	68,820,406

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 50% 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 16,362 Class A preferred shares (2014 : 8,543 Class A preferred shares).

10. Net Revenue - Support Services

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.

REPORT OF THE DIRECTORS FOR THE FINANCIAL YEAR ENDED 31st MARCH, 2015

Your Board of Directors ('the Board') hereby submit their Report for the financial year ended 31st March, 2015.

During the year under review, production of potato in India estimated at about 40.4 Million MT, declined by 13% from the previous year due to adverse weather conditions. As a result, potato prices were at a record high in most markets. In this situation, the demand for your Company's seeds remained strong, driven by the strength of its brand, its product quality, on-field performance and strong trade and customer relationships. This coupled with the exceptionally firm prices enabled your Company to post robust increases in its turnover and profits.

The ultimate Holding Company continued to leverage your Company's leadership in the area of early generation seed potatoes and strengths in agronomy, not only for sourcing chip stock for the 'Bingo! Yumitos' range of potato chips but also in servicing the seed potato requirements of its farmer base anchored to its e-choupal system.

FINANCIAL RESULTS

(₹ in crores)

Particulars	2014-15	2013-14
a. Turnover	105.08	73.24
b. Profit before tax	46.61	14.12
c. Deferred Tax	1.36	0.03
d. Profit after tax	45.25	14.09
e. Balance carried forward to Balance Sheet	83.08	39.82

COMPANY'S PERFORMANCE

(a) Growing of TECHNITUBER® Seed Potatoes

During the year under review, your Company stepped up its harvest of TECHNITUBER® seed potatoes to 131.27 lakhs (Previous Year: 108.43 lakhs) at its nursery facility at Manpura, Himachal Pradesh.

(b) Field Agricultural operations

Due to favourable weather conditions in the growing period of Rabi 2015, seed crop yields were higher. However, the heavy and frequent unseasonal showers in the seed growing belt of North India at the time of harvest, adversely impacted the crop with the consequential losses offsetting the higher yields that were achieved.

The Indian Potato crop is expected to hit a new record high of about 50 Million MTs in 2015 due to higher planting and favourable weather in Uttar Pradesh and West Bengal. In spite of the depressed market prices driven by the record crop, your Company continues to provide an assured price to its contract farmers. Additionally, your Company has declared an incentive for its contract farmers to reward their loyalty and commitment to quality. Your Company is hopeful that such measures would help to sustain the interest of its farmers over the longer term.

Your Company continued to trial and introduce new varieties to improve farm yields, augment farmer incomes and support the processing industry. It continued to promote farm and storage mechanisation and showcased the latest technology, quality seed and agronomy practices to farmers in the first potato field day held in Punjab with leading German organisations.

(c) Marketing

Consequent to a lower seed potato crop at its contract farms in 2014 on account of adverse weather and environmental conditions, your Company sold 29,758 MT of early generation field seed potatoes against 37,469 MT in the previous year. The volume of TECHNITUBER® seed potato exports increased from 30.21 lakhs in the previous year to 42.43 lakhs in the current year.

Your Company recognises that its business is subject to climatic, agricultural and cyclical risks. The year ahead is likely to be challenging as potato prices bottom out in the face of the bumper Rabi crop and record production of 50 Million MT. However, your Company is confident of its competitive edge in the marketplace 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 the technology of its parent and the expertise of its contract farmers and employees.

DIRECTORS AND KEY MANAGERIAL PERSONNEL

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

During the year under review, your approval was taken at the Extraordinary General Meeting held on 16th March, 2015, for the appointment of Mr. Pawan Kumar Verma (DIN: 00115866) and Mr. Hari Mohan Jha (DIN: 07112845) as Independent Directors of the Company under Section 149 read with Schedule IV of the Companies Act, 2013 ('the Act'), for a period of three years with effect from 16th March, 2015.

The Board during the year appointed Mr. Sanjeev K. Madan as the Chief Financial Officer of the Company with effect from 1st September, 2014.

(b) Retirement by rotation

In accordance with the provisions of Section 152(6) of the Act, Mr. David McDonald (DIN : 00419180) and Mr. Sundararaman Ganesh Kumar (DIN: 02782447),Directors, will retire by rotation at the ensuing Annual General Meeting of the Company and, being eligible, offer themselves for re-election. Your Board has recommended their re-election.

(c) Declaration of Independence by the Independent Directors

The Independent Directors of your Company have confirmed that they meet the criteria of Independence as prescribed under Section 149(6) of the Act read with Rule 5 of the Companies (Appointment and Qualification of Directors) Rules, 2014.

(d) Attributes, qualifications and appointment of Directors

The Nomination and Remuneration Committee has adopted the attributes and qualifications as provided in Section 149(6) of the Act and Rule 5 of the Companies (Appointment and Qualification of Directors) Rules, 2014, in respect of Independent Directors. The Committee has also adopted the same attributes and qualifications, to the extent applicable, in respect of Non-Independent Directors.

Majority of the Non-Executive Directors of the Company, other than Independent Directors, are executives of ITC Limited, the ultimate Holding Company, who fulfil the fit and proper criteria for appointment as Directors. Further, all Directors of the Company, other than Independent Directors, are liable to retire by rotation. One-third of the Directors who are liable to retire by rotation, retire every year and are eligible for re-election.

(e) Remuneration Policy

The Board, on the recommendation of the Nomination and Remuneration Committee, approved the Remuneration Policy for the Directors, Key Managerial Personnel (KMP) and other employees of the Company, a copy of which is enclosed as **Annexure 1** to this Report.

(f) Board Evaluation

The Board has carried out the annual performance evaluation of its own performance and that of the individual Directors as also functioning of the Board Committees, as required in terms of Section 134(3)(p) of the Act. The performance evaluation of the Board and individual Directors was based on criteria approved by the Nomination and Remuneration Committee. The Directors expressed their satisfaction with the quality, quantity and timeliness of flow of information between the management and the Board.

NUMBER OF BOARD MEETINGS

During the year ended 31st March, 2015, six Board Meetings were held.

BOARD COMMITTEES

Presently, the Company has three Board Committees with the following members:

(a) Audit Committee

Mr. Arup K. Mukerji	-	Chairman
Mr. Pawan Kumar Verma	-	Member
Mr. Hari Mohan Jha	-	Member

(b) Nomination and Remuneration Committee

Mr. Arup K. Mukerji	-	Chairman
Mr. S. Sivakumar	-	Member
Mr. Pawan Kumar Verma	-	Member
Mr. Hari Mohan Jha	-	Member

(c) Corporate Social Responsibility (CSR) Committee

Mr. S. Sivakumar	-	Chairman
Mr. Hari Mohan Jha	-	Member
Mr. Sachidanand S. Madan	-	Member

DIRECTOR'S RESPONSIBILITY STATEMENT

As required under Section 134(5) of the Act, your Directors confirm having:

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

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

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

d) prepared the Annual Accounts on a going concern basis;

e) devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were 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 its Code of Conduct that commits management to the Company's financial and accounting policies, systems and processes, provide the foundation for Internal Financial Controls with reference to the Financial Statements.

Financial Statements are prepared on the basis of the Significant Accounting Policies that are carefully selected by the management and approved by the Audit Committee and 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, in tandem 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 Audit Committee 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 the nature of its operations. Such controls have been tested during the year and no reportable material weakness in the design or operation was observed. Nonetheless your Company recognizes that any internal financial control framework, no matter how well designed, has inherent limitations and accordingly, regular audit and review processes ensure that such systems are reinforced on an ongoing basis.

RISK MANAGEMENT

The Board has approved the Risk Management Policy of the Company during the year under review. Such Policy is designed to assess, mitigate and monitor risks arising out of the overall strategy of the Company and its regulatory environment. The Internal Auditors of the Company are mandated to carry out risk focused audits that enable review of risk management processes by the Audit Committee and the Board.

The management of market risk is rooted in your Company's strategy of continually reinforcing its competitive edge in the marketplace premised on the proprietary technology of its parent and the expertise of its employees and contract farmers on the one hand and its loyal customer and farmer bases 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's Board and its Audit Committee will continue to focus on strengthening the risk management framework to protect business value from uncertainty and consequent losses through measures that are effective in the long-term and are embedded in the business strategies and processes to the extent practical.

SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES

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

PARTICULARS OF EMPLOYEES

None of the employees of your Company are covered under the provisions of Rule 5(2) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014.

CORPORATE SOCIAL RESPONSIBILITY (CSR)

The Annual Report on CSR activities of the Company as required 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, 2015, 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, 2015, the Company has not entered into any contract or arrangement with its related parties which is not on arm's length basis or is not in the ordinary course of business. Nor has the Company entered into any material contract or arrangement with its related parties under Section 188 of the Act.

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 which would impact the going concern status of the Company and its future operations.

EXTRACT OF ANNUAL RETURN

The details forming part of the extract of the Annual Return in Form MGT-9 are enclosed as **Annexure 3** to this Report.

AUDITORS

The Company's Auditors Messrs. Price Waterhouse, Chartered Accountants, (Firm Registration No. 301112E), were appointed with your approval at the 15th Annual General Meeting (AGM) held on 25th June, 2014 to hold such office till the conclusion of the 20th Annual General Meeting. Your Board, in terms of Section 139 of the Act, on the recommendation of the Audit Committee, has recommended for the ratification of the Members the appointment of Messrs. Price Waterhouse from the conclusion of the ensuing AGM till the conclusion of the 17th AGM. The Board, in terms of Section 142 of the Act, on the recommendation of the Audit Committee, has also recommended for the approval of the Members the remuneration of Messrs. Price Waterhouse for the financial year 2015-16. Appropriate resolution in respect of the above is appearing in the Notice convening the ensuing AGM of the Company.

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

The information with regard to conservation of energy, technology absorption and foreign exchange earnings and outgo in terms of Section 134(3)(m) of the Act read with Rule 8(3) of the Companies (Accounts) Rules, 2014 is enclosed as **Annexure 4** to this Report.

On behalf of the Board of Directors

S Sivakumar
Chairman

Dated : 4th May, 2015

Annexure 1 to the Report of the Board of Directors

Remuneration Policy

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 and the overall performance of the Company which may be in terms of an annual and/or a long term scheme.

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. The expenses of the Independent Directors for attending meetings of the Board and Board Committees are also borne by the Company, in terms of the Articles of Association of the Company.

Remuneration of employees other than KMP

1. Remuneration of employees other than KMP is approved as per the Corporate Governance document of the company as 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 cognises for the performance rating of the individual employee and the overall performance of the Company which may be in terms of an annual and/or a long term scheme.

On behalf of the Board

Dated : 4th May, 2015

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, 2015

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

1. A brief outline of the Company's CSR Policy including overview of projects or programs proposed to be undertaken		The Company, a wholly-owned subsidiary of Technico Pty Limited, Australia, which in turn is a wholly-owned subsidiary of ITC Limited (ITC), discharges its Corporate Social Responsibilities (CSR) by aligning itself with the CSR Policy of ITC. The Company undertakes its CSR activities: • in line with Schedule VII to the Companies Act, 2013, in line with the CSR initiatives of ITC and as approved by the CSR Committee; • directly or through a registered trust or a registered society or a company established under Section 8 of the Companies Act, 2013. The Company may collaborate with ITC or other companies for undertaking CSR activities.
2. Composition of the CSR Committee		Mr. S. Sivakumar (Chairman) Mr. Sachidanand S. Madan Mr. H. M. Jha
3. Average net profits of the Company for last 3 financial years		₹ 1190 lakhs
4. Prescribed CSR expenditure (2% of the amount stated under 3 above)		₹ 23.80 lakhs
5. Details of CSR spent during the financial year:	a) Total amount to be spent for the financial year	₹ 24 lakhs
	b) Amount unspent, if any	—

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

Sl. No.	CSR Project or activity identified	Sector in which the project is covered	Projects or programs (1)Local area or other (2)Specify the State and district where projects or programs were undertaken	Amount outlay (Budget) project or program wise	Amount spent on the projects of programs Sub heads: 1. Direct expenditure on projects or programs 2. Overheads	Cumulative expenditure upto the reporting period	Amount spent: Direct or through implementing agency
1.	Contribution to ITC Sangeet Research Academy	Preservation & propagation of Hindustan Classical Music [covered under Clause (v) of Schedule VII to the Companies Act, 2013]	N.A.	₹ 24 lakhs	₹ 24 lakhs	₹ 24 lakhs	Implementing Agency - ITC Sangeet Research Academy, Kolkata

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

On behalf of the Board

Dated : 4th May, 2015

Sachidanand S. Madan
Whole Time Director

S.Sivakumar
Chairman

Annexure 3 to the Report of the Board of Directors

FORM MGT - 9

EXTRACT OF ANNUAL RETURN

as on the financial year ended on 31st March, 2015

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

I. REGISTRATION AND OTHER DETAILS

i)	CIN	:	U01111DL1999PLC098646
ii)	Registration Date	:	3rd March, 1999
iii)	Name of the Company	:	Technico Agri Sciences Limited
iv)	Category / Sub-Category of the Company	:	Unlisted Public Company limited by shares
v)	Address of the Registered office and contact details	:	25, Community Centre Basant Lok, Vasant Vihar New Delhi - 110057 Phone: 91-11-46015209 Fax: 91-11-26145372 e-mail ID : technico@technituberindia.com
vi)	Whether listed company (Yes / No)	:	No
vii)	Name, Address and Contact details of Registrar and Transfer Agent, if any	:	N.A.

II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

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

Sl. No.	Name and Description of main products / services	NIC Code of the Product/ service	% to total turnover of the Company
1.	Sale of field generated Seed Potatoes	01135	89.95%

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES

Sl. No.	Name and Address of the company	CIN / GLN	Holding / Subsidiary / Associate	% of shares held in the Company	Applicable Section
1.	Technico Pty Limited Suite 5, 20 Bundaroo Street, BOWRAL, NSW 2576, Australia	N.A.	Holding company	100.00%	2(46)
2.	ITC Limited Virginia House 37 Jawaharlal Nehru Road Kolkata - 700 071	L16005WB1910PLC001985	Ultimate Holding company	—	2(46)

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

(i) Category-wise Shareholding:

Category of Shareholders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
A. Promoters									
(1) Indian									
a) Individual/HUF	—	—	—	—	—	—	—	—	N.A.
b) Central Govt.	—	—	—	—	—	—	—	—	N.A.
c) State Govt.(s)	—	—	—	—	—	—	—	—	N.A.
d) Bodies Corp.	—	—	—	—	—	—	—	—	N.A.
e) Banks / FI	—	—	—	—	—	—	—	—	N.A.
f) Any Other	—	—	—	—	—	—	—	—	N.A.
Sub-total (A)(1)	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**N.A.**
(2) Foreign									
a) NRIs - Individuals	—	—	—	—	—	—	—	—	N.A.
b) Other - Individuals	—	—	—	—	—	—	—	—	N.A.
c) Bodies Corp.	—	3,79,62,800	3,79,62,800	100.00	—	3,79,62,800	3,79,62,800	100.00	Nil
d) Banks / FI	—	—	—	—	—	—	—	—	N.A.
e) Any Other	—	—	—	—	—	—	—	—	N.A.
Sub-total (A)(2)	—	**3,79,62,800**	**3,79,62,800**	**100.00**	**—**	**3,79,62,800**	**3,79,62,800**	**100.00**	**Nil**
Total shareholding of Promoter (A) = (A)(1)+(A)(2)	—	**3,79,62,800**	**3,79,62,800**	**100.00**	**—**	**3,79,62,800**	**3,79,62,800**	**100.00**	**Nil**
B. Public Shareholding									
1. Institutions									
a) Mutual Funds	—	—	—	—	—	—	—	—	N.A.
b) Banks / FI	—	—	—	—	—	—	—	—	N.A.
c) Central Govt.	—	—	—	—	—	—	—	—	N.A.
d) State Govt.(s)	—	—	—	—	—	—	—	—	N.A.
e) Venture Capital Funds	—	—	—	—	—	—	—	—	N.A.
f) Insurance Companies	—	—	—	—	—	—	—	—	N.A.
g) FIIs	—	—	—	—	—	—	—	—	N.A.
h) Foreign Venture Capital Funds	—	—	—	—	—	—	—	—	N.A.
i) Others (specify)	—	—	—	—	—	—	—	—	N.A.
Sub-total (B)(1)	—	—	—	—	—	—	—	—	**N.A.**
2. Non-Institutions									
a) Bodies Corp.									
i) Indian	—	—	—	—	—	—	—	—	N.A.
ii) Overseas	—	—	—	—	—	—	—	—	N.A.
b) Individuals									
i) Individual shareholders holding nominal share capital upto Rs. 1 lakh									
ii) Individual shareholders holding nominal share capital in excess of Rs. 1 lakh	—	—	—	—	—	—	—	—	N.A.
c) Others (specify)	—	—	—	—	—	—	—	—	N.A.
Sub-total (B)(2)	—	—	—	—	—	—	—	—	**N.A.**
Total Public Shareholding (B)=(B)(1)+ (B)(2)	—	—	—	—	—	—	—	—	**N.A.**
C. Shares held by Custodian for GDRs & ADRs	—	—	—	—	—	—	—	—	N.A.
Grand Total (A+B+C)	**—**	**3,79,62,800**	**3,79,62,800**	**100.00**	**—**	**3,79,62,800**	**3,79,62,800**	**100.00**	**Nil**

(ii) Shareholding of Promoters:

Sl. No.	Shareholder's Name	Shareholding at the beginning of the year			Shareholding at the end of the year			% change in shareholding during the year
		No. of Shares	% of total Shares of the Company	% of Shares pledged / encumbered to total Shares	No. of Shares	% of total Shares of the Company	%of Shares pledged / encumbered to total Shares	
1.	Technico Pty Limited	3,79,62,800	100.00	Nil	3,79,62,800	100.00	Nil	Nil

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

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

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

(v) Shareholding of Directors and Key Managerial Personnel:

Sl. No.	For each of the Directors and KMP	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of Shares	% of total Shares of the Company	No. of Shares	% of total Shares of the Company
1.	**S. Sivakumar (Chairman and Non-Executive Director)**				
	At the beginning of the year	Nil	N.A.		
	Date wise Increase / Decrease in Shareholding during the year	—	N.A.	—	N.A.
	At the end of the year			Nil	N.A.
2.	**S. Ganesh Kumar (Non-Executive Director)**				
	At the beginning of the year	Nil	N.A.		
	Date wise Increase / Decrease in Shareholding during the year	—	N.A.	—	N.A.
	At the end of the year			Nil	N.A.
3.	**H. M. Jha (Independent Director)**				
	At the beginning of the year	Nil	N.A.		
	Date wise Increase / Decrease in Shareholding during the year	—	N.A.	—	N.A.
	At the end of the year			Nil	N.A.
4.	**D. C. McDonald (Non-Executive Director)**				
	At the beginning of the year	Nil	N.A.		
	Date wise Increase / Decrease in Shareholding during the year	—	N.A.	—	N.A.
	At the end of the year			Nil	N.A.
5.	**A. K. Mukerji (Non-Executive Director)**				
	At the beginning of the year	Nil	N.A.		
	Date wise Increase / Decrease in Shareholding during the year	—	N.A.	—	N.A.
	At the end of the year			Nil	N.A.
6.	**P. K. Verma (Independent Director)**				
	At the beginning of the year	Nil	N.A.		
	Date wise Increase / Decrease in Shareholding during the year	—	N.A.	—	N.A.
	At the end of the year			Nil	N.A.
7.	**Sachidanand S. Madan (Wholetime Director and Company Secretary)**				
	At the beginning of the year	Nil	N.A.		
	Date wise Increase / Decrease in Shareholding during the year	—	N.A.	—	N.A.
	At the end of the year			Nil	N.A.
8.	**Sanjeev K. Madan (Chief Financial Officer)**				
	At the beginning of the year	Nil	N.A.		
	Date wise Increase / Decrease in Shareholding during the year	—	N.A.	—	N.A.
	At the end of the year			Nil	N.A.

V. INDEBTEDNESS

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

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

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

Sl. No.	Particulars of Remuneration	Sachidanand S. Madan (Wholetime Director and Company Sectetary) (refer note)
1.	Gross Salary	
	(a) Salary as per provisions contained in Section 17(1) of the Income-tax Act, 1961	—
	(b) Value of perquisites under Section 17(2) of the Income-tax Act, 1961	—
	(c) Profits in lieu of salary under Section 17(3) of the Income-tax Act, 1961	—
2.	Stock Option	—
3.	Sweat Equity	—
4.	Commission - as % of profit - others, specify	—
5.	Others, please specify	—
Total Amount (A)		—
Ceiling as per the Act		**2,27,41,671/-**

Note: ITC Limited (ITC), the Ultimate Holding Company, has deputed the services of Mr. Sachidanand S. Madan to the Company without levy of any charge. Accordingly, Mr. Madan's remuneration for the financial year ended 31st March, 2015 has been borne by ITC.

B. Remuneration to other Directors:

(Amount in Rs.)

Sl. No.	Name of the Directors	Particulars of Remuneration			Total Amount
		Fee for attending Board and Board Committee meetings	Commission	Others, please specify	
1.	**Independent Directors**				
	H. M. Jha	50,000	—	—	50,000
	P. K. Verma	40,000	—	—	40,000
	Total Amount (B)(1)	90,000	—	—	90,000
2.	**Other Non-Executive Directors**				
	S. Sivakumar	—	—	—	—
	S. Ganesh Kumar	—	—	—	—
	D. C. McDonald	—	—	—	—
	A. K. Mukerji	—	—	—	—
	Sachidanand S. Madan				
	Total Amount (B)(2)	—	—	—	—
Total Amount (B) = (B)(1) + (B)(2)					90,000
Total Managerial Remuneration (A + B)					90,000
Overall ceiling as per the Act					5,00,31,675

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

(Amount in Rs.)

Sl. No.	Particulars of Remuneration	Mr. Sanjeev Kumar Madan (Chief Financial Officer) (refer note)
1.	Gross Salary	
	(a) Salary as per provisions contained in Section 17(1) of the Income-tax Act, 1961	20,59,209
	(b) Value of perquisites under Section 17(2) of the Income-tax Act, 1961	—
	(c) Profits in lieu of salary under Section 17(3) of the Income-tax Act, 1961	—
2.	Stock Option	—
3.	Sweat Equity	—
4.	Commission - as % of profit - others, specify	—
5.	Others, please specify	—
Total Amount		**20,59,209**

Note: Mr. Sanjeev K. Madan has been appointed as the Chief Financial Officer of the Company with effect from 1st September, 2014.

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

On behalf of the Board

S.Sivakumar
Chairman

Dated : 4th May, 2015

Annexure 4 to the Report of the Board of Directors

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

i. Conservation of Energy

The Company continued its 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 installing / switching over to higher efficiency Light Emitting Diodes (LEDs).
2. Utilising natural sunlight in the Company's office through large glass windows to reduce electrical 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 agricultural risk of its contract farmers, enhancing farm yields etc. In order to further leverage its tissue culture capabilities, your Company has undertaken trial production of banana tissue culture plantlets and its test marketing in select States.

iii. Technology Absorption, Adaptation and Innovation

Based on the efforts made towards technology absorption, your Company achieved smooth nursery operations since the declaration of commercial production. Field progeny of the seed potatoes grown with the use of TECHNITUBER® seed potato technology has exhibited qualitative and quantitative improvement over traditional seed at affordable cost.

a) Technology Imported : Nursery and Growout Facility at Manpura, Himachal Pradesh, is based on TECHNITUBER® Seed Potato Technology from Technico Pty Limited, Australia, the Holding Company.

b) Year of import : 2000

c) Whether Technology fully absorbed : The absorption of the Technology has taken place through two-phases. Your Company has been successfully growing TECHNITUBER® seed potatoes (G0) in its facility at Manpura.

d) If not fully absorbed areas where this has not taken place, reasons therefore and future plans of action: Subsequent stage multiplications have been successfully undertaken in leased and contract farms. However, your Company continues to drawing on the technical expertise of the Holding Company.

iv. Foreign Exchange Earnings and Outgo (₹ in crores)

Foreign Exchange Earnings	:	2.26
Foreign Exchange Outgo	:	0.11

On behalf of the Board

S. Sivakumar
Chairman

Dated: 4th May, 2015

INDEPENDENT AUDITOR'S REPORT

To the Members of Technico Agri Sciences Limited

Report on the Financial Statements

1. We have audited the accompanying financial statements of **Technico Agri Sciences Limited** ("the Company"), which comprise the Balance Sheet as at 31st March, 2015, the Statement of Profit and Loss, the Cash Flow Statement for the year then ended, and a summary of the significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

2. 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 to give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and 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.

Auditor's Responsibility

3. Our responsibility is to express an opinion on these standalone financial statements based on our audit.

4. We have taken into account the provisions of the Act and the Rules made thereunder including the accounting standards and matters which are required to be included in the audit report.

5. We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act and other applicable authoritative pronouncements issued by the Institute of Chartered Accountants of India. Those Standards and pronouncements require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

6. An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the financial statements that give a true and fair view, in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on whether the Company has in place an adequate internal financial controls system over financial reporting and the operating effectiveness of such controls. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the financial statements.

7. 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.

Opinion

8. 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 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 31st March, 2015, and its profit and its cash flows for the year ended on that date.

Other Matter

9. The financial statements of the Company as at 31st March, 2014 and for the year then ended were audited by another firm of chartered accountants under the Companies Act, 1956 who, vide their report dated 25th April, 2014, expressed an unmodified opinion on those financial statements.

Our opinion is not qualified in respect of this matter.

Report on Other Legal and Regulatory Requirements

10. As required by the 'Companies (Auditor's Report) Order, 2015', issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act (hereinafter referred to as the "Order"), and on the basis of such checks of the books and records of the Company as we considered appropriate and according to the information and explanations given to us, we give in the Annexure a statement on the matters specified in paragraphs 3 and 4 of the Order.

11. As required by Section 143 (3) of the Act, we report that:

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

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

(c) The Balance Sheet, the Statement of Profit and Loss, and the Cash Flow Statement dealt with by this Report are in agreement with the books of account.

(d) In our opinion, the aforesaid financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.

(e) On the basis of the written representations received from the directors as on 31st March, 2015 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2015 from being appointed as a director in terms of Section 164 (2) of the Act.

(f) 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 knowledge and belief and according to the information and explanations given to us:

i. The Company has disclosed the impact of pending litigations as at 31st March, 2015 on its financial position in its financial statements - Refer Note 29;

ii. The Company has long-term contracts as at 31st March, 2015 for which there were no material foreseeable losses. The Company did not have any derivative contracts as at March 31, 2015.

iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company during the year ended 31st March, 2015

For Price Waterhouse
Firm Registration Number: 301112E
Chartered Accountants

Avijit Mukerji
Partner
Membership No.: 056155

Place : Gurgaon
Date : 4th May, 2015

ANNEXURE TO THE INDEPENDENT AUDITOR'S REPORT

(Referred to in paragraph 10 of of even date to the members of Technico Agri Sciences Limited on the financial statements as of and for the year ended 31st March, 2015)

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

(b) The fixed assets of the Company have been physically verified by the Management during the year and no material discrepancies have been noticed on such verification. In our opinion, the frequency of verification is reasonable.

ii. (a) The inventory excluding stocks with third parties has been physically verified by the Management during the year. In respect of inventory lying with third parties, these have substantially been confirmed by them. In our opinion, the frequency of verification is reasonable.

(b) In our opinion, the procedures of physical verification of inventory followed by the Management are reasonable and adequate in relation to the size of the Company and the nature of its business.

(c) On the basis of our examination of the inventory records, in our opinion, the Company is maintaining proper records of inventory. The discrepancies noticed on physical verification of inventory as compared to book records were not material.

iii. The Company has not granted any loans, secured or unsecured, to companies, firms or other parties covered in the register maintained under Section 189 of the Act. Therefore, the provisions of Clause 3(iii), (iii)(a) and (iii)(b) of the said Order are not applicable to the Company.

iv. In our opinion, and according to the information and explanations given to us, there is an adequate internal control system commensurate with the size of the Company and the nature of its business for the purchase of inventory and fixed assets and for the sale of goods and services. Further, on the basis of our examination of the books and records of the Company, and according to the information and explanations given to us, we have neither come across, nor have been informed of, any continuing failure to correct major weaknesses in the aforesaid internal control system.

v. The Company has not accepted any deposits from the public within the meaning of Sections 73, 74, 75 and 76 of the Act and the rules framed there under to the extent notified.

vi. The Central Government of India has not specified the maintenance of cost records under sub-section (1) of Section 148 of the Act for any of the products of the Company.

vii. (a) According to the information and explanations given to us and the records of the Company examined by us, in our opinion, the Company is regular in depositing the undisputed statutory dues, including provident fund, employees' state insurance, income tax, sales tax, wealth tax, service tax, duty of customs, duty of excise, value added tax, cess and other material statutory dues, as applicable, with the appropriate authorities.

(b) According to the information and explanations given to us and the records of the Company examined by us, there are no dues of sales-tax, wealth-tax, service-tax, duty of customs, duty of

excise, value added tax, cess which have not been deposited on account of any dispute. The particulars of dues of income tax as at March 31, 2015 which have not been deposited on account of a dispute, are as follows:

Name of the statute	Nature of dues	Amount (Rs.)	Period to which the amount relates	Forum where the dispute is pending
Income Tax Act, 1961	Penalty under section 271 (1)(c)	1,71,62,209	A/Y 2001-02 to A/Y 2006-07	Commissioner of Income Tax (Appeals)
Income Tax Act, 1961	Income tax demand	9,61,060	A/Y 2011-12	Deputy Commissioner of Income Tax
Income Tax Act, 1961	Income tax demand	2,35,30,480	A/Y 2012-13	Commissioner of Income Tax (Appeals)

c) There are no amounts required to be transferred by the Company to the Investor Education and Protection Fund in accordance with the provisions of the Companies Act, 1956 and the rules made thereunder.

viii. The Company has no accumulated losses as at the end of the financial year and it has not incurred any cash losses in the financial year ended on that date or in the immediately preceding financial year.

ix. As the Company does not have any borrowings from any financial institution or bank nor has it issued any debentures as at the balance sheet date, the provisions of Clause 3(ix) of the Order are not applicable to the Company.

x. In our opinion, and according to the information and explanations given to us, the Company has not given any guarantee for loans taken by others from banks or financial institutions during the year. Accordingly, the provisions of Clause 3(x) of the Order are not applicable to the Company

xi. The Company has not raised any term loans. Accordingly, the provisions of Clause 3(xi) of the Order are not applicable to the Company.

xii. During the course of our examination of the books and records of the Company, carried out in accordance with the generally accepted auditing practices in India, and according to the information and explanations given to us, we have neither come across any instance of material fraud on or by the Company, noticed or reported during the year, nor have we been informed of any such case by the Management.

For Price Waterhouse
Firm Registration Number: 301112E
Chartered Accountants

Avijit Mukerji
Partner
Membership No.: 056155

Place : Gurgaon
Date : 4th May, 2015

BALANCE SHEET AS AT 31st MARCH, 2015

(Amount in ₹ '000)

Particulars	Notes	As at 31st March, 2015	As at 31st March, 2014
Equity and Liabilities			
Shareholders' funds			
Share capital	3	**3,79,628**	379,628
Reserves and surplus	4	**8,30,809**	3,98,256
		12,10,437	7,77,884
Non-current liabilities			
Long-term provisions	5	**3,711**	2,966
		3,711	2,966
Current liabilities			
Trade payables	6.1	**2,66,033**	1,96,987
Other current liabilities	6.2	**1,78,566**	19,813
Short-term provisions	5	**452**	808
		4,45,051	2,17,608
Total		**16,59,199**	9,98,458
Assets			
Non-current assets			
Fixed assets			
Tangible assets	7.1	**94,319**	1,11,675
Intangible assets	7.2	**1,166**	945
Capital work-in-progress		**—**	51
Deferred tax assets	8.1	**24,162**	37,703
Long-term loans and advances	8.2	**13,795**	4,517
		1,33,442	1,54,891
Current assets			
Current investments	10	**9,70,542**	3,91,088
Inventories	11	**5,29,302**	4,32,557
Trade receivables	9.1	**16,128**	12,839
Cash and bank balances	12	**3,725**	1,578
Short-term loans and advances	8.2	**6,039**	4,685
Other current assets	9.2	**21**	820
		15,25,757	8,43,567
Total		**16,59,199**	9,98,458
Nature of operations	1		
Statement of significant accounting policies	2.1		

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

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

For Price Waterhouse
Firm registration number: 301112E
Chartered Accountants

Avijit Mukerji
Partner
Membership no.: 056155

Place: Gurgaon
Date: 4th May, 2015

For and on behalf of the Board of Directors of Technico Agri Sciences Limited

Arup Kumar Mukerji
Director

Sachidanand S. Madan
Director and Company Secretary

Sanjeev K. Madan
Chief Financial Officer

Place: New Delhi
Date: 1st May, 2015

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31st MARCH, 2015

(Amount in ₹ '000)

Particulars	Notes	For the year ended 31st March, 2015	For the year ended 31st March, 2014
Revenue			
Revenue from operations (net)	13	**10,55,413**	7,39,408
Other income	14	**49,243**	30,023
Total Revenue		**1,104,656**	7,69,431
Expenses			
Cost of raw material and components consumed	15	**51,137**	43,137
Purchase of traded goods	16.1	**58,441**	44,972
(Increase)/ decrease in inventories of finished goods and work-in-progress	16.2	**(92,720)**	17,133
(Increase)/ decrease in inventories of traded goods	16.3	**(3,725)**	5,574
Employee benefits expense	17	**60,488**	52,429
Finance costs	18	**316**	7
Depreciation and amortization expense	19	**9,118**	8,894
Other expenses	20	**5,55,531**	4,56,060
Total Expenses		**6,38,586**	6,28,206
Profit before tax		**4,66,070**	1,41,225
Tax expenses:			
Current tax		**8,350**	169
MAT credit entitlement		**(8,350)**	(169)
Deferred tax (refer note 25)		**13,541**	301
Total tax expense		**13,541**	301
Profit for the year		**4,52,529**	1,40,924
Earnings per share [nominal value of equity share ₹10 (31 March 2014: ₹10)]	22		
Basic			
Computed on the basis of total profit for the year		**₹11.92**	₹3.71
Diluted			
Computed on the basis of total profit for the year		**₹11.92**	₹3.71
Nature of operations	1		
Statement of significant accounting policies	2.1		

The accompanying notes 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 Price Waterhouse
Firm registration number: 301112E
Chartered Accountants

Avijit Mukerji
Partner
Membership no.: 056155
Place: Gurgaon
Date: 4th May, 2015

For and on behalf of the Board of Directors of Technico Agri Sciences Limited

Arup Kumar Mukerji
Director

Sachidanand S. Madan
Director and Company Secretary

Sanjeev K. Madan
Chief Financial Officer

Place: New Delhi
Date: 1st May, 2015

CASH FLOW STATEMENT FOR THE YEAR ENDED 31st MARCH, 2015

(Amount in ₹ '000)

Particulars	For the year ended 31st March, 2015	For the year ended 31st March, 2014
Cash flow from operating activities		
Profit before tax	**4,66,070**	1,41,225
Adjustments for :		
Depreciation and amortization expense	**9,118**	8,894
Tangible fixed assets written off	**52**	14
Loss/(profit) on sale of fixed assets	**(153)**	(244)
Unrealized foreign exchange loss	**1,323**	292
Interest expense	**316**	7
Interest income	**(90)**	(3)
Dividend income on current investments	**(18,546)**	(20,361)
Net gain on sale of current investments	**(11,288)**	—
Provisions/Liabilities written back to the extent no longer required	**(9,792)**	—
Operating profit before working capital changes	**437,010**	1,29,824
Movements in working capital :		
Increase/(decrease) in trade payables	**78,838**	(9,242)
Increase / (decrease) in long-term provisions	**745**	91
Increase / (decrease) in short-term provisions	**(356)**	(105)
Increase/(decrease) in other current liabilities	**1,58,753**	(63,728)
Decrease/(increase) in trade receivables	**(4,612)**	(2,309)
Decrease/(increase) in inventories	**(96,745)**	23,290
Decrease / (increase) in long-term loans and advances	**74**	(1,032)
Decrease / (increase) in short-term loans and advances	**(1,354)**	(1,586)
Decrease/(increase) in other current assets	**801**	(52)
Cash generated from operations	**5,73,154**	75,151
Taxes paid (net of refunds)	**(8,561)**	—
Net cash generated from operating activities (A)	**5,64,593**	75151
Cash flow from investing activities		
Purchase of fixed assets, including intangible assets, capital work-in-progress and capital advances	**(12,875)**	(15,900)
Proceeds from sale of fixed assets	**277**	887
Purchase of current investments	**(39,27,100)**	(33,67,962)
Proceeds from sale/maturity of current investments	**33,58,934**	32,85,362
Interest received	**88**	—
Dividends received	**18,546**	22,711
Net cash used in investing activities (B)	**(5,62,130)**	(74,902)
Cash flow from financing activities		
Interest paid	**(316)**	(7)

CASH FLOW STATEMENT FOR THE YEAR ENDED 31st MARCH, 2015 (Contd)

(Amount in ₹ '000)

	For the year ended 31st March, 2014	For the year ended 31st March, 2013
Net cash used in financing activities (C)	**(316)**	(7)
Net increase/(decrease) in cash and cash equivalents (A + B + C)	**2,147**	242
Cash and cash equivalents at the beginning of the year	**1,578**	1,336
Cash and cash equivalents at the end of the year	**3,725**	1,578

Notes :

1. The above Cash Flow Statement has been prepared under the "Indirect Method" as set out in Accounting Standard-3 Cash Flow Statements.
2. **Cash and cash equivalents :**

Cash and cash equivalents comprise :		
Cash on hand	**24**	16
Balances with banks - on current accounts	**3,701**	1,562
Total Cash and cash equivalents (Note 12)	**3,725**	1,578

The accompanying notes are an integral part of the financial statements.
This is the Cash Flow Statement referred to in our report of even date.

For Price Waterhouse
Firm registration number: 301112E
Chartered Accountants

Avijit Mukerji
Partner
Membership no.: 056155
Place: Gurgaon
Date: 4th May, 2015

For and on behalf of the Board of Directors of Technico Agri Sciences Limited

Arup Kumar Mukerji
Director

Sachidanand S. Madan
Director and Company Secretary

Sanjeev K. Madan
Chief Financial Officer

Place: New Delhi
Date: 1st May, 2015

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2015

1 Nature of Operations

The Company is in the Agricultural Bio-Technology business of growing and selling TECHNITUBER® Seed Potatoes and Field Generated Seed Potatoes. In the first stage called the G-0 stage, the TECHNITUBER® Seed Potatoes are multiplied through Tissue Culture and grown under a controlled environment in the nurseries maintained at the facility situated at Village Manpura, District Solan, Himachal Pradesh. The TECHNITUBER® Seed Potatoes produced in the G-0 stage are taken for field planting for further growing to the next stage i.e. G-1, which is again taken for subsequent growing for another generation i.e. G-2 and so on depending on the quality and sales requirement. Due to agricultural land ceiling constraints as well as to provide gainful opportunities to farmers, the field production is currently done under contract farming with select trained farmers, as per strict agronomy protocols, under the supervision and guidance of the Company's agronomy team. In order to maintain the traceability and quality of each seed potato generation i.e. each multiplication from G-0 to say G-3 and to avoid any break in the chain due to agricultural and environmental risks, which can lead to substantial losses, the Company takes the seed potatoes back from the farmer at the end of each Generation and maintains the same in the cold stores till the next planting. In order to ensure quality seed potato production, the Company also supplies bought out Agri Inputs comprising Insecticides, Fungicides and Micronutrients to farmers associated with the Company for growing Field Generated Seed Potatoes. The trial growing of Tissue Culture Plantlets of Banana continues in the facility situated at Village Manpura, District Solan, Himachal Pradesh.

2 Basis of Preparation

The financial statements have been prepared in accordance with the generally accepted accounting principles in India under the historical cost convention on an accrual basis. Pursuant to section 133 of the Companies Act, 2013 read with Rule 7 of the Companies (Accounts) Rules, 2014, till the standards of accounting or any addendum thereto are prescribed by Central Government in consultation and recommendation of the National Financial Reporting Authority, the existing Accounting Standards notified under the Companies Act, 1956 shall continue to apply. The accounting policies have been consistently applied by the Company and are consistent with those used in the previous year.

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 of 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.

2.1 Statement of Significant Accounting Policies

a) 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 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.

b) Fixed Assets

Fixed Assets are stated at historical cost less accumulated depreciation and impairment losses, if any. Cost comprises the purchase price and any attributable cost of bringing the asset to its working condition for its intended use.

c) Depreciation on Tangible Fixed Assets

Depreciation on Fixed Assets, except as set out below, is provided on the basis of useful life of assets at the rates prescribed in Schedule II to the Companies Act, 2013. All assets costing ₹ 5,000 or below are fully depreciated in the year of addition. Certain part of Plant and Machinery used in field operations is depreciated over five to eight years which is determined based on technical evaluation.

Assets	Useful life	Useful life (years) as per Schedule II
Plant and Equipment - Irrigation equipments	5 - 8 years	15 years
Licenced Properties - Building Improvements	Over the period of primary lease	—

d) Intangible Assets

Intangible assets acquired separately are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less accumulated amortization and accumulated impairment losses, if any. Intangible assets representing computer software are capitalized when they are expected to provide enduring benefit and amortized on a straight line basis over the estimated useful life of one to five years. The amortization period and the amortization method are reviewed at each financial year end. If the expected useful life of the asset is significantly different from previous estimates, the amortization period is changed accordingly.

e) Impairment of Assets

(i) The carrying amounts of assets are reviewed at each balance sheet date, if there is any indication of impairment based on internal/external factors. An impairment loss is recognized wherever the carrying amount of an asset exceeds its recoverable amount. The recoverable amount is the greater of the assets net selling price and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value at the weighted average cost of capital.

(ii) After impairment, depreciation is provided on the revised carrying amount of the asset over its remaining useful life.

f) Inventories

Inventories are valued as follows:

(i) Stores & Spares

At cost , arrived at on FIFO basis or net realizable value, whichever is lower.

(ii) TECHNITUBER® Seed Potatoes, Field Generated Seed Potatoes and Banana Tissue Culture Plantlets

At cost or net realizable value whichever is lower. Cost for this

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH, 2015

purpose includes all direct costs incurred up to the stage of production of the respective inventories. Cost is determined on FIFO basis for TECHNITUBER® Seed Potatoes and Banana Tissue Culture Plantlets and weighted average basis for Field Generated Seed Potatoes.

Net realizable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and estimated costs necessary to make the sale.

(iii) Potatoes, Insecticides, Fungicides and Micronutrients

At cost arrived at on FIFO basis or net realizable value, whichever is lower.

g) Foreign Currency Transactions

(i) Initial Recognition

Foreign currency transactions are recorded in the reporting currency, by applying to the foreign currency amount, the exchange rate between the reporting currency and the foreign currency at the date of the transaction.

(ii) Conversion

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.

(iii) Exchange Differences

Exchange differences arising on the settlement of monetary items or on reporting monetary items of the Company, at rates different from those at which they were initially recorded during the year, or reported in previous financial statements are recognised as income or as expenses in the year in which they arise.

h) Investment

Investments that are readily realisable and intended to be held for not more than one year from the date, on which such investments are made, are classified as current investments. All other investments are classified as long-term investments. Current investments are carried at lower of cost and fair value, determined on an individual investment basis. Long-term investments are carried at cost. However, provision for diminution in value is made to recognise a decline other than temporary in the value of the investments,such reduction being determined and made for each investment individually.

i) Revenue Recognition

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured.

(i) Sale of Goods

Sales are recognized when significant risks and rewards of ownership in the goods are transferred to the buyer which normally coincides with the dispatch/delivery of goods to the customers.

(ii) Interest

Interest income is recognized on a time proportion basis taking into account the amount outstanding and the rate applicable.

(iii) Dividend

Dividend is recognised when right to receive dividend is established.

(iv) Rental Income

Rental income is recognised in the Statement of Profit and Loss as per lease terms.

j) Proposed Dividend

To provide for Dividends (including income tax thereon) in the books of accounts as proposed by the Directors, pending approval at the Annual General Meeting.

k) 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: 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. Actuarial losses / gains are recognised in the Statement of Profit and Loss in the year in which they arise.

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: Short term compensated absences and Long term compensated absences are provided for based on actuarial valuation at the year end. The actuarial valuation is done as per Projected Unit Credit Method. Actuarial gains / losses are recognised in the Statement of Profit and Loss in the year in which they arise.

(iv) Short Term Employee Benefits: Liability is recognised during the period when the employee renders the services.

l) Income Tax

Tax expense for the period, comprising current tax and deferred tax are included in the determination of the net profit or loss for the period. Current tax is measured at the amount expected to be paid to the tax authorities in accordance with the Indian Income Tax Act. Deferred tax reflects the impact of current year timing differences between taxable income and accounting income for the year and reversal of timing differences of earlier years.

Deferred tax is measured based on the tax rates and the tax laws enacted or substantively enacted at the balance sheet date. Deferred tax assets are recognised only to the extent that there is reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realised. If the Company has unabsorbed depreciation or carry forward tax losses, deferred tax assets are recognised only if there is virtual certainty supported by convincing evidence that such deferred tax assets can be realized against future taxable profits.

At each balance sheet date the Company re-assesses unrecognised deferred tax assets. It recognises unrecognised deferred tax assets to the extent that it has become reasonably certain or virtually certain, as the case may be, that sufficient future taxable income will be available against which such deferred tax assets can be realised.

m) Leases

Leases where the lessor effectively retains substantially all the risks and benefits of ownership over the leased term are classified as operating leases.

Where the Company is the lessee, the operating lease payments are recognized as an expense in the Statement of Profit and Loss over the lease term.

Where the Company is the lessor, the assets subject to operating leases are included in the fixed assets and lease income is recognised in the Statement of Profit and Loss over the lease term.

n) 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.

o) Provisions

A provision is recognised when an enterprise has a present obligation as a result of past event 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. Provisions are not discounted to its present value and are determined based on best estimate required to settle the obligation at the balance sheet date. These are reviewed at each balance sheet date and adjusted to reflect the current best estimates.

p) 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.

q) 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.

r) Identification of Segments

(i) Primary segment- Business Segment

The Company's operations predominantly comprise of only one segment i.e. Seed Potatoes. In view of the same, separate segmental information is not required to be given as per the requirements of Accounting Standard 17.

(ii) Secondary Segment- Geographical Segment

The analysis of geographical segment is based on the geographical location of the customers. The geographical segments considered for disclosure are as follows:

Revenue from domestic market includes sales to customers located within India.

Revenue from overseas market includes sales to customers located outside India.

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH, 2015

3. Share Capital

(Amount in ₹ '000)

Particulars	As at 31st March, 2015	As at 31st March, 2014
Authorized		
4,00,00,000 (31st March, 2014: 4,00,00,000) equity shares of ₹10 each	**4,00,000**	4,00,000
Issued, subscribed and fully paid-up		
3,79,62,800 (31st March, 2014: 3,79,62,800) equity shares of ₹10 each	**3,79,628**	3,79,628
Total issued, subscribed and fully paid-up share capital	**3,79,628**	3,79,628

a. Reconciliation of the shares outstanding at the beginning and at the end of the reporting period

Particulars	As at 31st March, 2015		As at 31st March, 2014	
	Numbers	(Amount in ₹ '000)	Numbers	(Amount in ₹ '000)
At the beginning of the period	**3,79,62,800**	**3,79,628**	3,79,62,800	3,79,628
Issued during the period	—	—	—	—
Outstanding at the end of the period	**3,79,62,800**	**3,79,628**	3,79,62,800	3,79,628

b. Rights, 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.

c. Shares held by holding company

Out of equity shares issued by the company, shares held by its holding company are as below:

Name of the Company	As at 31st March, 2015		As at 31st March, 2014	
	Numbers	(Amount in ₹ '000)	Numbers	(Amount in ₹ '000)
Technico Pty Ltd., the Holding Company Equity shares of ₹10 each fully paid	**3,79,62,794**	**3,79,628**	3,79,62,794	3,79,628
Technico Pty Ltd., the Holding Company , jointly with other share holders Equity shares of ₹10 each fully paid	6	...	6	...

d. Details of Shareholders holding more than 5% shares in the company

Name of the Shareholders	As at 31st March, 2015		As at 31st March, 2014	
	Numbers	% holding	Numbers	% holding
Equity shares of ₹10 each fully paid				
Technico Pty Ltd., the holding company	**3,79,62,794**	**99.99%**	3,79,62,794	99.99%

4. Reserves and Surplus

(Amount in ₹ '000)

Particulars	As at 31st March, 2015	As at 31st March, 2014
Surplus in the Statement of Profit and Loss		
Balance as at the beginning of the year	**3,98,256**	2,57,332
Profit for the year	**4,52,529**	1,40,924
Net surplus in the Statement of Profit and Loss	**8,50,785**	3,98,256
Less : Depreciation on transition to schedule II of the Companies Act, 2013 on tangible fixed assets with nil remaining useful life (refer note 7.1)	**(19,976)**	—
Total Reserves and surplus	**8,30,809**	3,98,256

5. Provisions

(Amount in ₹ '000)

Particulars	Long term		Short term	
	As at 31st March, 2015	As at 31st March, 2014	As at 31st March, 2015	As at 31st March, 2014
Provision for Employee Benefits (refer note 28)				
Provision for Gratuity	**546**	343	—	—
Provision for Leave benefits	**3,165**	2,623	**452**	808
	3,711	2,966	**452**	808

6.1. Trade Payables

(Amount in ₹ '000)

Particulars	As at 31st March, 2015	As at 31st March, 2014
Trade Payables - due to micro and small enterprises	—	—
Trade Payables - other than micro and small enterprises	**2,66,033**	1,96,987
	2,66,033	1,96,987

Based on information available on the status of the suppliers, the Company does not have any dues to enterprises covered under Micro, Small and Medium Enterprises Development Act, 2006.

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH, 2015

6.2. Other Current Liabilities

(Amount in ₹ '000)

Particulars	As at 31st March, 2015	As at 31st March, 2014
Advances from customers	**176,245**	18,603
Deposit from dealers	**180**	180
Statutory dues including provident fund and tax deducted at source	**2,141**	1,030
	1,78,566	19,813

7.1. Tangible Assets

(Amount in ₹ '000)

Particulars	Land (Freehold)	Buildings	Plant and Equipment	Furniture and Fixtures	Licenced Properties - Building Improvements	Office Equipment	Computers, Servers & Other IT equipments	Vehicles	Total
At Cost									
At 1st April, 2013	15,193	46,548	1,23,820	2,322	5,029	728	4,514	4,528	2,02,682
Additions	—	—	14,078	—	—	—	353	1,940	16,371
Disposals	—	—	(245)	—	—	(11)	(226)	(2,021)	(2,503)
At 31st March, 2014	15,193	46,548	1,37,653	2,322	5,029	717	4,641	4,447	2,16,550
Additions	—	—	10,820	—	—	82	679	—	11,581
Disposals	—	—	(368)	(80)	—	(313)	(625)	(475)	(1,861)
At 31st March, 2015	**15,193**	**46,548**	**1,48,105**	**2,242**	**5,029**	**486**	**4,695**	**3,972**	**2,26,270**
Depreciation									
At 1st April, 2013	—	16,464	73,225	1,666	1,632	265	2,573	2,107	97,932
Charge for the year	—	1,313	5,958	91	531	33	448	415	8,789
Disposals	—	—	(139)	—	—	(3)	(130)	(1,574)	(1,846)
At 31st March, 2014	—	17,777	79,044	1,757	2,163	295	2,891	948	1,04,875
Charge for the year	—	1,251	5,334	71	531	144	941	513	8,785
Transitional impact*	—	—	19,331	113	—	230	250	52	19,976
Disposals	—	—	(359)	(76)	—	(296)	(584)	(370)	(1,685)
At 31st March, 2015	—	**19,028**	**103,350**	**1,865**	**2,694**	**373**	**3,498**	**1,143**	**1,31,951**
Net Block									
At 31st March, 2014	15,193	28,771	58,609	565	2,866	422	1,750	3,499	1,11,675
At 31st March, 2015	**15,193**	**27,520**	**44,755**	**377**	**2,335**	**113**	**1,197**	**2,829**	**94,319**

Note :

1. Land amounting to ₹328 thousand (Previous Year ₹328 thousand) is pending registration in the name of the Company.
2. Land amounting ₹10199 thousand (Previous Year ₹10199 thousand) has been given to Ultimate Parent Company on operating lease.
3. During the year, pursuant to the notification of Schedule II to the Companies Act, 2013 with effect from April 1, 2014, the Company has revised the estimated useful life of some of its assets to align the useful life with those specified in Schedule II. The depreciation expense in the Statement of Profit and Loss for the year is lower by ₹554 thousand consequent to the change in the useful life of the assets.
   *Pursuant to the transition provisions prescribed in Schedule II to the Companies Act, 2013, the Company has fully depreciated net carrying value of certain assets, net of residual value, where the remaining useful life of the asset was determined to be nil as on April 1, 2014, and has adjusted an amount of ₹19976 thousand against the opening retained earnings under the head 'Reserves and surplus'.

7.2 Intangible Assets

(Amount in ₹ '000)

Particulars	Technical know now	Computer Software	Total
Gross block			
At 1st April, 2013	93,837	—	93,837
Purchase	—	1,050	1,050
Internal development	—	—	—
At 31st March, 2014	93,837	1,050	94,887
Purchase	—	554	554
At 31st March, 2015	93,837	1,604	95,441
Amortization			
At 1st April, 2013	93,837	—	93,837
Charge for the year	—	105	105
At 31st March, 2014	93,837	105	93,942
Charge for the year	—	333	333
At 31st March, 2015	93,837	438	94,275
Net block			
At 31st March, 2014	—	945	945
At 31st March, 2015	—	1,166	1,166

8.1. Deferred tax assets

(Amount in ₹ '000)

Particulars	As at 31st March, 2015	As at 31st March, 2014
On account of unabsorbed depreciation	**24,162**	37,703
	24,162	37,703

8.2 Loans and Advances

(Amount in ₹ '000)

Particulars	Long term As at 31st March, 2015	Long term As at 31st March, 2014	Short term As at 31st March, 2015	Short term As at 31st March, 2014
Capital advances				
Secured, considered good	—	—	—	—
Unsecured, considered good	**791**	—	—	—
(A)	**791**	—	—	
Security deposit				
Secured, considered good	—	—	—	—
Unsecured, considered good	**1,449**	1,323	**210**	210
Doubtful	—	—	—	—
(B)	**1,449**	1,323	**210**	210
Advances recoverable in cash or kind				
Secured considered good	—	—	—	—
Unsecured considered good	—	—	**3,664**	2,667
Doubtful	—	—	**393**	393
	—	—	**4,057**	3,060
Provision for doubtful advances	—	—	**393**	393
(C)	—	—	**3,664**	2,667
Other loans and advances				
Unsecured, considered good	—	—	—	—
Prepaid expenses	**55**	60	**1,632**	1,484
Advance income tax including TDS recoverable	**2,981**	2,965	—	—
MAT credit entitlement	**8,519**	169	—	—
Balances with statutory/ government authorities	—	—	**533**	324
(D)	**11,555**	3,194	**2,165**	1,808
Total (A+ B + C +D)	**13,795**	4,517	**6,039**	4,685

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH, 2015

9. Trade Receivables and Other Assets

9.1 Trade Receivables

(Amount in ₹ '000)

Particulars	Current	
	As at 31st March, 2015	As at 31st March, 2014
Unsecured, considered good unless stated otherwise		
Outstanding for a period exceeding six months from the date they are due for payment		
Secured, considered good	—	—
Unsecured, considered good	—	—
Doubtful	18,317	589
	18,317	589
Provision for doubtful receivables	(18,317)	(589)
(A)	—	—
Other receivables		
Secured, considered good	—	—
Unsecured, considered good	16,128	12,839
Doubtful	—	18,513
	16,128	31,352
Provision for doubtful receivables	—	(18,513)
(B)	16,128	12,839
Total (A + B)	16,128	12,839

9.2 Other Assets

(Amount in ₹ '000)

Particulars	Current	
	As at 31st March, 2015	As at 31st March, 2014
Others		
Interest accrued on fixed deposits	20	18
Other receivables from related parties	1	802
[Note 24(e)]	21	820

10. Current Investments

(Amount in ₹ '000)

Particulars	As at 31st March, 2015	As at 31st March, 2014
(At lower of cost and fair value)		
50,00,000 units (Previous Year Nil) - Reliance Fixed Horizon Fund -XXVI - Series 31 (366 D) - Direct Plan (G)-(Quoted)	50,000	—
1,64,95,964 units (Previous Year Nil)- DWS Ultra Short Term Fund-Direct Plan (G)-Unquoted	2,70,000	—
50,00,000 units (Previous Year Nil) Birla Sun Life Fixed Term Plan - Series LQ (368) Regular Plan (G)-(Quoted)	50,000	—
7,54,097 units (Previous Year Nil) Birla Sun Life Cash Manager-Direct Plan (G)-Unquoted	2,50,542	—
24,73,728 units (Previous Year Nil) - Reliance Medium Term Fund -Direct Plan (G) - Unquoted	70,000	—
50,32,098 units (Previous Year Nil) -ICICI Prudential Ultra Short Term Plan-Direct Plan (G) - Unquoted	70,000	—
46,26,539 units (Previous Year Nil) ICICI Prudential Banking & PSU Debt Fund - Direct Plan (G) - Unquoted	70,000	—
13,75,081 units (Previous Year Nil) Birla Sun Life Short Term Fund - Direct Plan (G) - Unquoted	70,000	—
47,12,535 units (Previous Year Nil) HDFC Short Term Opportunities Fund - Direct Plan (G) - Unquoted	70,000	—
20,00,000 units (Previous Year Nil) - Birla Sun Life Fixed Term Plan - Series HY (368 days) -Dividend-Regular-Payout (Quoted)	—	20,000
80,00,000 units (Previous Year Nil) - Birla Sun Life Fixed Term Plan - Series JL (368 days) -Dividend-Direct-Payout (Quoted)	—	80,000
20,00,000 units (Previous Year Nil) - HDFC FMP 370D September 2013 (2) Series 27-Regular-Normal Dividend Payout (Quoted)	—	20,000
64,96,091 units (Previous Year 15,16,704 units) - JPMorgan India Liquid Fund Super Inst. Daily Dividend Reinvestment (Unquoted)	—	65,142
24,530 units (Previous Year 64,423 units) - Reliance Liquid Fund - Treasury Plan - Daily Dividend Reinvestment Option (Unquoted)	—	37,500
80,00,000 units (Previous Year Nil) - LIC Nomura MF Fixed Maturity Plan Series 73 -366 Days-Dividend Plan (Quoted)	—	80,000
88,401 units (Previous Year 97,123 units) - Reliance Liquidity Fund - Daily Dividend Reinvestment Option (Unquoted)	—	88,446
	9,70,542	3,91,088

Aggregate amount of quoted investments - Fair value ₹ 106725 thousands (previous year ₹ 206248 thousands)

11. Inventories (valued at lower of cost and net realizable value)

(Amount in ₹ '000)

Particulars	As at 31st March, 2015	As at 31st March, 2014
Raw materials and components (refer note 15)	9,290	8,698
Work-in-progress (refer note 16.2)	5,665	3,755
Finished goods (refer note 16.2)	4,73,936	3,83,126
Traded goods (refer note 16.3)	37,994	34,269
Stores and spares	2,417	2,709
	5,29,302	4,32,557

12. Cash and bank balances

(Amount in ₹ '000)

Particulars	As at 31st March, 2015	As at 31st March, 2014
Cash and Cash equivalents		
Cash on hand	24	16
Balances with banks :		
On current accounts	3,701	1,562
	3,725	1,578

13. Revenue from Operations

(Amount in ₹ '000)

Particulars	For the year ended 31st March, 2015	For the year ended 31st March, 2014
Revenue from Operations		
Sale of products		
Finished goods	9,57,759	6,68,852
Traded goods	93,036	63,552
Other operating revenue		
Sale of old empty bags	4,164	6,327
Other	454	677
Revenue from operations	10,55,413	7,39,408

Details of products sold

(Amount in ₹ '000)

Particulars	For the year ended 31st March, 2015	For the year ended 31st March, 2014
Finished Goods sold		
TECHNITUBER® seed potatoes	43,876	29,398
Field Generated seed potatoes	9,12,190	637,922
Banana tissue culture plantlets	1,693	1,532
	9,57,759	6,68,852
Traded goods sold		
Field generated seed potatoes	32,953	24,225
Potatoes	48,439	30,511
Insecticides,fungicides and micronutrients	11,644	8,816
	93,036	63,552
	10,50,795	7,32,404

Notes to financial statements for the year ended 31st MARCH, 2015

14. Other Income

(Amount in ₹ '000)

Particulars	For the year ended 31st March, 2015	For the year ended 31st March, 2014
Interest income on		
Bank deposits	**21**	3
Others	**69**	—
Dividend income on current investments	**18,546**	20,361
Net gain on sale of current investments	**11,288**	—
Lease rental income	**9,374**	9,266
Provisions/Liabilities written back to the extent no longer required	**9,792**	—
Profit on sale of fixed assets (net)	**153**	244
Miscellaneous income	**—**	149
	49,243	30,023

15. Cost of Raw Material and Components Consumed

(Amount in ₹ '000)

Particulars	For the year ended 31st March, 2015	For the year ended 31st March, 2014
Inventory at the beginning of the year	**8,698**	10,394
Add: purchases	**51,729**	41,441
	60,427	51,835
Less: inventory at the end of the year	**9,290**	8,698
Cost of raw material and components consumed	**51,137**	43,137

Details of raw material and components consumed

(Amount in ₹ '000)

Particulars	For the year ended 31st March, 2015	For the year ended 31st March, 2014
Plantlets	**747**	193
Chemicals and fertilisers	**6,211**	2,571
Packing stores	**44,179**	40,373
	51,137	43,137

Details of Inventory

(Amount in ₹ '000)

Particulars	As at 31st March, 2015	As at 31st March, 2014
Raw Materials and Components		
Chemicals and fertilisers	**1,014**	1,605
Packing stores	**8,276**	7,093
	9,290	8,698

16.1 Purchase of Traded Goods

(Amount in ₹ '000)

Particulars	For the year ended 31st March, 2015	For the year ended 31st March, 2014
Field generated seed potatoes	**24,769**	14,642
Potatoes	**23,544**	22,515
Insecticides, fungicides and micronutrients	**10,128**	7,815
	58,441	44,972

16.2 (Increase)/decrease in inventory of finished goods and work-in-progress

(Amount in ₹ '000)

Particulars	As at 31st March, 2015	As at 31st March, 2014
Finished goods and Work-in-progress		
Inventories at the end of the year	**4,79,601**	3,86,881
Inventories at the beginning of the year	**3,86,881**	4,04,014
(Increase)/decrease	**(92,720)**	17,133

Details of Inventory

(Amount in ₹ '000)

Particulars	As at 31st March, 2015	As at 31st March, 2014
Finished Goods		
TECHNITUBER® seed potatoes	**22,011**	23,195
Field generated seed potatoes	**4,51,925**	3,59,931
Total (A)	**4,73,936**	3,83,126
Work-in-progress		
Standing crop	**5,276**	3,192
Banana tissue culture plantlets	**389**	563
Total (B)	**5,665**	3,755
Grand Total (A+B)	**4,79,601**	3,86,881

16.3 (Increase)/decrease in inventories of traded goods

(Amount in ₹ '000)

Particulars	As at 31st March, 2015	As at 31st March, 2014
Traded goods		
Inventories at the end of the year	**37,994**	34,269
Inventories at the beginning of the year	**34,269**	39,843
(Increase)/decrease	**(3,725)**	5,574

Details of Inventory

(Amount in ₹ '000)

Particulars	As at 31st March, 2015	As at 31st March, 2014
Traded Goods		
Field generated seed potatoes	**27,402**	15,416
Potatoes	**10,578**	18,840
Insecticides, fungicides and micronutrients	**14**	13
	37,994	34,269

17. Employee Benefits Expense

(Amount in ₹ '000)

Particulars	For the year ended 31st March, 2015	For the year ended 31st March, 2014
Salaries, wages and bonus	**55,386**	48,224
Contribution to provident and other fund	**1,221**	1,072
Gratuity expense (refer note 28)	**772**	94
Staff welfare expenses	**3,109**	3,039
	60,488	52,429

18. Finance costs

(Amount in ₹ '000)

Particulars	For the year ended 31st March, 2015	For the year ended 31st March, 2014
Interest expense	**316**	7
	316	7

19. Depreciation and amortization expense

(Amount in ₹ '000)

Particulars	For the year ended 31st March, 2015	For the year ended 31st March, 2014
Depreciation of tangible assets	**8,785**	8,789
Amortization of intangible assets	**333**	105
	9,118	8,894

20. Other Expenses

(Amount in ₹ '000)

Particulars	For the year ended 31st March, 2015	For the year ended 31st March, 2014
Consumption of stores and spares (refer note 34)	**528**	463
Seed farming charges	**3,49,480**	2,28,154
Power and fuel	**11,349**	11,955
Freight and forwarding charges	**60,064**	62,302
Rent (refer note 27)	**5,505**	5,270
Storage and handling cost	**91,683**	97,015
Rates and taxes	**508**	243
Insurance	**1,671**	1,786
Repairs and maintenance		
- Plant and machinery	**2,755**	3,124
- Buildings	**304**	51
- Others	**2,536**	2,187
Advertising and sales promotion	**250**	1,116
Sales commission	**—**	237
Travelling and conveyance	**9,827**	9,943
Telephone, postage and telegram expenses	**2,164**	2,007
Printing and stationery	**549**	584
Legal and professional fees	**3,698**	3,644
Payment to auditor (refer note 21)	**856**	849
Exchange differences (net)	**1,267**	639
Bad debts written off 645		
Less : Existing provision utilised (645)	**—**	—
Provision for doubtful debts and advances	**—**	18,513
Expenditure towards corporate social responsibility (CSR)	**2,400**	—
Miscellaneous expenses	**8,137**	5,978
	5,55,531	4,56,060

21. Payment to auditor

(Amount in ₹ '000)

Particulars	For the year ended 31st March, 2015	For the year ended 31st March, 2014
As Auditor:		
Audit fee	**618**	618
Tax audit fee	**169**	169
Reimbursements	**69**	62
	856	849

22. Earnings per share (EPS)

(Amount in ₹ '000)

Particulars	For the year ended 31st March, 2015	For the year ended 31st March, 2014
Profit after tax	**4,52,529**	1,40,924
Net profit for calculation of basic EPS	**4,52,529**	1,40,924
Net profit as above	**4,52,529**	1,40,924
Net profit for calculation of diluted EPS	**4,52,529**	1,40,924
	Numbers	**Numbers**
Weighted average number of equity shares in calculating basic EPS	3,79,62,800	3,79,62,800
Weighted average number of equity shares in calculating diluted EPS	3,79,62,800	3,79,62,800
Earnings per share		
Basic [Nominal value of shares ₹10 (Previous Year: ₹10)]	**₹11.92**	₹3.71
Diluted [Nominal value of shares ₹10 (Previous Year: ₹10)]	**₹11.92**	₹3.71

23. Segment Reporting

Geographical segment wise revenue (₹. in '000)

S. No.	Particulars	For the year ended 31st March, 2015	For the Year ended 31st March, 2014
(a)	Revenue from Domestic Market	**10,28,184**	7,16,550
(b)	Revenue from Overseas Market	**22,611**	15,854
	Total	**10,50,795**	732,404

Geographical segment wise receivables (Gross): (₹. in '000)

S. No.	Particulars	As at 31st March, 2015	As at 31st March, 2014
(a)	Receivable from Domestic Market	**19,946**	21,540
(b)	Receivable from Overseas Market	**14,499**	10,401
	Total	**34,445**	31,941

The Company has common assets for producing goods for domestic markets and overseas markets. Hence, separate figures for assets/addition to fixed assets cannot be furnished.

24. Related Party Disclosures

(a) Names of related parties and nature of relationship

Ultimate Holding Company : ITC Limited (ITC)
Holding Company : Technico Pty Limited, Australia (TPL)

(b) Other related parties with whom transactions have taken place during the year

Enterprise under common control : ITC Sangeet Research Academy
ITC Infotech India Limited

(c) Key Management Personnel (KMP)

Mr. Surampudi Sivakumar	Director
Mr. Arup Kumar Mukerji	Director
Mr. Ganesh Kumar Sundararaman	Director
Mr. David Charles McDonald	Director
Mr. Sachidanand S. Madan	Whole Time Director
Mr. Hari Mohan Jha (w.e.f. 16.03.2015)	Independent Director
Mr. Pawan Kumar Verma (w.e.f. 16.03.2015)	Independent Director
Mr. Sanjeev Kumar Madan (w.e.f. 01.09.2014)	Chief Financial Officer

(d) Details of transactions carried out during the financial year ended 31st March, 2015 with related parties in the ordinary course of business :

(₹ in '000)

Particulars	Ultimate Holding Company		Holding Company		Common Control		KMP	
	31st Mar, 2015	31st Mar, 2014	31st Mar, 2015	31st Mar, 2014	31st Mar, 2015	31st Mar, 2014	31st Mar, 2015	31st Mar, 2014
Sale of products	**8,673**	3,388	**17,277**	13,684	**—**	—	**—**	—
Lease rental income	**9,374**	9,266	**—**	—	**—**	—	**—**	—
Remuneration of managers on deputation reimbursed	**9,169**	7,617	**—**	—	**—**	—	**—**	—
Purchase of services	**371**	230	**—**	—	**751**	468	**—**	—
Expenses reimbursed	**939**	651	**—**	—	**—**	—	**—**	—
Expenses recovered	**35**	37	**1,227**	901	**—**	—	**—**	—
Sitting fees - Directors	**—**	—	**—**	—	**—**	—	**90**	—
Remuneration paid	**—**	—	**—**	—	**—**	—	**2,122**	—
CSR expenditure	**—**	—	**—**	—	**2,400**	—	**—**	—
Balances as at year end								
Trade receivables	**—**	—	**14,499**	9,723	**—**	—	**—**	—
Other receivables	**1**	802	**—**	—	**—**	—	**—**	—
Trade payables	**663**	549	**—**	—	**—**	—	**—**	—

Notes to financial statements for the year ended 31st March, 2015

(e) Disclosure in respect of transactions which are more than 10% of the total transactions of the same type with related parties :

(₹ in '000)

Particulars	Ultimate Holding Company		Holding Company		Common Control		KMP	
	31st Mar, 2015	31st Mar, 2014	**31st Mar, 2015**	31st Mar, 2014	**31st Mar, 2015**	31st Mar, 2014	**31st Mar, 2015**	31st Mar, 2014
Sale of products								
- ITC Limited	**8,673**	3,388	—	—	—	—	—	—
- Technico Pty Limited	—	—	**17,277**	13,684	—	—	—	—
Lease rental income								
- ITC Limited	**9,374**	9,266	—	—	—	—	—	—
Remuneration of managers on deputation reimbursed								
- ITC Limited	**9,169**	7,617	—	—	—	—	—	—
Purchase of services								
- ITC Limited	**371**	230	—	—	—	—	—	—
- ITC Infotech India Limited	—	—	—	—	**751**	468	—	—
Expenses reimbursed								
- ITC Limited	**939**	651	—	—	—	—	—	—
Expenses recovered								
- ITC Limited	**35**	37	—	—	—	—	—	—
- Technico Pty Limited	—	—	**1,227**	901	—	—	—	—
Sitting fees - Directors								
- Mr. Hari Mohan Jha	—	—	—	—	—	—	**50**	—
- Mr. Pawan Kumar Verma	—	—	—	—	—	—	**40**	—
Remuneration paid								
- Mr. Sanjeev Kumar Madan	—	—	—	—	—	—	**2,122**	—
CSR expenditure								
- ITC Sangeet Research Academy	—	—	—	—	**2,400**	—	—	—
Balances as at year end								
Trade receivables								
- Technico Pty Limited	—	—	**14,499**	9,723	—	—	—	—
Other receivables								
- ITC Limited	**1**	802	—	—	—	—	—	—
Trade payables								
- ITC Limited	**663**	549	—	—	—	—	—	—

25. The Company has unabsorbed depreciation. The Company's main business comprises of production and sale of TECHNITUBER® Seed Potatoes and field generated Seed Potatoes which is an agricultural income. The Company also has future taxable income of lease rental as per the lease agreement for 35 years effective 18th February, 2009, short term capital gains arising from sale of current investments and income arising from sale of trading goods. Considering these income streams and the expected future taxable income on the same, the management is virtually certain that the Company will generate taxable profits to set-off the unabsorbed depreciation resulting into deferred tax asset. The Company recognised an amount of ₹ 38004 thousands towards deferred tax asset in the year ended 31st March, 2013 and an amount of ₹ 13541 thousands has been adjusted against the deferred tax asset during the year.

26. Estimated amount of contracts remaining to be executed on capital account and not provided for ₹ 170 thousands (net of advance ₹ 698 thousands) (Previous Year ₹ Nil).

27. Operating Lease

General description of the Company's operating lease arrangements: The Company has entered into operating lease arrangements primarily for Office premises, Godowns etc. Some of the significant terms and conditions for the arrangements are:

- agreements can generally be terminated by lessee/either parties by serving one to three months notice or by paying the notice period rent in lieu thereof;
- the lease is 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 risk factors like fire, flood, riots, natural calamities, etc.

(₹ in '000)

Particulars	**For the Year ended 31st March, 2015**	For the Year ended 31st March, 2014
Lease rentals charged to the statement of profit and loss	**5,505**	5,270

28. Employee benefit plans:

The Company has a defined benefit gratuity plan. Every employee who has completed five years or more of service gets a gratuity on departure at 15 days salary (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.

The Provident Fund is being deposited with the Regional Provident Fund Commissioner, Chandigarh and Himachal Pradesh, is a defined contribution scheme.

The following table summarises the components of net benefit expense recognised in the Statement of Profit and Loss, the funded / unfunded status and amounts recognised in the balance sheet for the Gratuity and Leave encashment.

Statement of Profit and Loss

Net employee benefit expense (recognised in Employee Cost)

(₹ in '000)

Particulars	**For the year ended 31st March, 2015**		For the year ended 31st March, 2014	
	Gratuity (Funded)	**Leave Encashment (Unfunded)**	Gratuity (Funded)	Leave Encashment (Unfunded)
Current service cost	**466**	**143**	376	149
Interest cost on benefit obligation	**204**	**235**	220	256
Expected return on plan assets	**(216)**	—	(201)	—
Net actuarial (gain)/ loss recognised in the year	**318**	**244**	(301)	(47)
Past service cost	—	—	—	—
Net benefit expense	**772**	**622**	94	358
Actual return on plan assets	**431**	—	181	—

Balance Sheet

Details of Provision for Gratuity and Leave Encashment

(₹ in '000)

Particulars	**As at 31st March, 2015**		As at 31st March, 2014	
	Gratuity	**Leave Encashment**	Gratuity	Leave Encashment
Defined benefit obligation	**(3,834)**	**(3,617)**	(2,632)	(3,068)
Fair value of plan assets	**3,288**	—	2,289	—
Less: Un-recognized past service cost	—	—	—	—
Plan asset / (liability)	**(546)**	**(3617)**	(343)	(3068)

Changes in the present value of the defined benefit obligation are as follows:

(₹ in '000)

Particulars	**For the year ended 31st March, 2015**		For the year ended 31st March, 2014	
	Gratuity	**Leave Encashment**	Gratuity	Leave Encashment
Opening defined benefit obligation	**2,632**	**3,068**	2,541	2,988
Interest cost	**204**	**235**	220	256
Current service cost	**466**	**143**	376	149
Past service cost	—	—	—	—
Benefits paid	**—**	**(73)**	(184)	(278)
Actuarial (gains)/ losses on obligation	**532**	**244**	(321)	(47)
Closing defined benefit obligation	**3,834**	**3,617**	2,632	3,068

Notes to financial statements for the year ended 31st March, 2015

Changes in the fair value of plan assets are as follows:

(₹ in '000)

Particulars	For the year ended 31st March, 2015		For the year ended 31st March, 2014	
	Gratuity	Leave Encashment	Gratuity	Leave Encashment
Opening fair value of plan assets	2,289	—	2,176	—
Expected return	216	—	201	—
Contributions by employer	569	73	116	278
Benefits paid	—	(73)	(184)	(278)
Actuarial gains / (losses)	214	—	(20)	—
Closing fair value of plan assets	3,288	—	2,289	—

Amounts for the current and previous year are as follows: (₹ in '000)

Particulars	Gratuity				
	As at 31st Mar, 2015	As at 31st Mar, 2014	As at 31st Mar, 2013	As at 31st Mar, 2012	As at 31st Mar, 2011
Defined benefit obligation	(3,834)	(2,632)	(2,541)	(1,840)	(1,519)
Fair value of Plan assets	(3,288)	2,289	2,176	1,874	1,600
Plan asset / (liability)	(546)	(343)	(365)	34	81
Experience loss/(gain) on plan liabilities	532	(321)	154	11	81
Experience loss/(gain) on plan assets	(214)	(20)	137	(8)	(93)

The Company expects to contribute ₹ **300** (Previous year ₹ **300**) thousands to gratuity fund in 2015-16.

The major categories of plan assets as a percentage of the fair value of total plan assets are as follows:

Particulars	31st March, 2015	31st March, 2014
Investments with insurer	100%	100%

The principal assumptions are the discount rate & salary increase. The discount rate is based upon the market yields available on Government bonds at the accounting date with a term that matches that of liabilities and the salary increase takes into account inflation, seniority, promotion and other relevant factors on long term basis.

The principal assumptions used in determining gratuity obligations for the Company's plans are shown below:

Particulars	For the year ended 31st March, 2015 (In %)	For the year ended 31st March, 2014 (In %)
Discount rate	7.75	9.00
Expected rate of return on plan assets	7.75	9.00

29. Contingent liabilities

Particulars	As at 31st March, 2015	As at 31st March, 2014
Claims against the Company not acknowledged as debts		
Disputed income tax matters	17,162	—

30. Particulars of Un-hedged Foreign Currency Exposure

(Figure in '000)

Particulars	Currency	As at 31st Mar, 2015	As at 31st Mar, 2014
Trade receivables	AUD$	305.023	175.834
Trade receivables	EURO	—	8.20

31. Earnings in foreign currency

Particulars	For the year ended 31st March, 2015	For the year ended 31st March, 2014
FOB value of Exports	22,611	15,854

32. Expenditure in foreign currency

Particulars	For the year ended 31st March, 2015	For the year ended 31st March, 2014
Travelling	107	119
Testing Charges and Plantlets	1,034	426

33. Cost of Raw Material and Components consumed

Particulars	For the year ended 31st March, 2015	%	For the year ended 31st March, 2014	%
Imported—	—	—	—	
Indigenous	51,137	100.00	43,137	100.00
Total	**51,137**		**43,137**	

34. Consumption of Stores and Spares (₹ in '000)

Particulars	For the year ended 31st March, 2015	%	For the year ended 31st March, 2014	%
Imported	—	—	—	—
Indigenous	528	100.00	463	100.00
Total	**528**		**463**	

35. Previous years' figures have been regrouped and/or rearranged wherever necessary to make their classification comparable with that of the current year.

For Price Waterhouse
Firm registration number: 301112E
Chartered Accountants

Avijit Mukerji
Partner
Membership no.: 056155

Place: Gurgaon
Date: 4th May, 2015

For and on behalf of the Board of Directors of Technico Agri Sciences Limited

Arup Kumar Mukerji
Director

Sachidanand S. Madan
Director and Company Secretary

Sanjeev K. Madan
Chief Financial Officer

Place: New Delhi
Date: 1st May, 2015

DIRECTORS' REPORT FOR THE YEAR ENDED 31st MARCH, 2015

Your directors submit their report for the financial year ended 31st March, 2015.

Directors

The names of the directors in office at any time during or since the end of the year are:

Mr. David Charles McDonald
Mr. Sachidanand S. Madan
Mr. Arup Kumar Mukerji
Mr. Allan Hendry

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 Limited, a company incorporated in Australia.

The registered office of Technico Asia Holdings Pty Limited is located at:

Suite 5, 20 Bundaroo Street
BOWRAL NSW 2576
Australia

The company had no employees during the year.

Principal activities

During the year, the entity did not have any activity other than holding 100% of the shares of Technico Horticultural (Kunming) Co Limited, China.

Review and results of operations

During the year, the company earned a profit of A$ Nil [2014: Nil].

Significant events after balance sheet date

There are no significant events after the balance date to be reported.

Environmental regulation and performance

The company is not subject to any particular or significant environmental regulation.

Indemnification and insurance of directors

Indemnification

The company has not, during or since the financial year, indemnified or agreed to indemnify a current or former director or officer or auditor of the company or of any related body corporate against a liability incurred whilst engaged as a director or officer or auditor.

Insurance

The company has not, during or since the financial year, paid any insurance premium or agreed to pay a premium insuring directors, 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 from Gillespies is on page 170 of this report.

Signed in accordance with a resolution of the Board of Directors:

Place: Sydney, Australia
Dated: 1st May, 2015

Allan Hendry
Director

DIRECTORS' DECLARATION FOR THE YEAR ENDED 31st MARCH, 2015

In accordance with a resolution of the directors of Technico Asia Holdings Pty Limited, we state that in the opinion of the directors:

(a) the company is not a reporting entity as defined in the Australian Accounting Standards;

(b) the financial statements and notes of the company are in accordance with the *Corporations Act, 2001*, including:

(i) giving a true and fair view of the company's financial position as at 31st March, 2015 and of their performance for the year ended on that date; and

(ii) complying with Accounting Standards and Corporations Regulations; and

(c) there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

Place: Sydney, Australia
Date: 1st May, 2015

On behalf of the Board:
Allan Hendry
Director

AUDITOR'S INDEPENDENT DECLARATION TO THE DIRECTORS OF TECHNICO ASIA HOLDINGS PTY LIMITED FOR THE YEAR ENDED 31st MARCH, 2015

In relation to our audit of the financial report of Technico Asia Holdings Pty Limited for the financial year ended 31st March, 2015, to the best of my knowledge and belief, there have been no contraventions of the auditor independence requirements of the *Corporations Act, 2001* or any applicable code of professional conduct.

GILLESPIES
Chartered Accountants

Suite 5, 20 Bundaroo Street
BOWRAL NSW 2576
Australia
Dated: 1st May, 2015

David Duff
Partner

INDEPENDENT AUDIT REPORT TO THE DIRECTORS OF TECHNICO ASIA HOLDINGS PTY LIMITED FOR THE YEAR ENDED 31st MARCH, 2015

We have audited the accompanying financial report, being a special purpose financial report of Technico Asia Holdings Pty Limited, which comprises the statement of financial position as at 31st March, 2015, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, notes comprising a summary or significant accounting policies and other explanatory information, and the directors' declaration.

Directors' responsibility for the financial report

The directors of the company are responsible for the preparation of the financial report and have determined that the basis of preparation described in Note 1 to the financial report is appropriate to meet the requirements of the *Corporations Act, 2001* and is appropriate to meet the needs of the members.

The directors' responsibility also includes such internal control as the directors determine is necessary to enable the preparation of a financial report that is free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We have conducted our audit in accordance with Australian Auditing Standards. Those standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of the financial report that gives a true and fair view in order to design audit procedures that are appropriate in the circumstance, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

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

Independence

In conducting our audit, we have complied with the independence requirements of the *Corporations Act, 2001*. We confirm that the independence declaration required by the *Corporations Act, 2001*, which has been given to the directors of Technico Asia Holdings Pty Limited, would be in the same terms if given to the directors as at the time of the auditor's report.

Audit opinion

In our opinion, the 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 31st March, 2015 and of its performance for the year ended on that date; and

(b) complying with Australian Accounting Standards to the extent described in Note 1, and the *Corporations Regulations, 2001*.

Basis of accounting

Without modifying our opinion, we draw attention to Note 1(a) to the financial report, which describes the basis of accounting. The financial report has been prepared for the purpose of fulfilling the directors' financial reporting responsibilities under the *Corporations Act, 2001*. As a result, the financial report may not be suitable for another purpose.

GILLESPIES
Chartered Accountants

Suite 5, 20 Bundaroo Street
BOWRAL NSW 2576
Australia
Dated: 1st May, 2015

David Duff
Partner

INCOME STATEMENT FOR THE YEAR ENDED 31st MARCH, 2015

	Notes	2015 $	2015 ₹	2014 $	2014 ₹
Continuing operations					
Sale of goods		—	—	—	—
Cost of sales:					
Other cost of sales		—	—	—	—
Inventory write off and write down		—	—	—	—
Gross profit					
Other income		—	—	—	—
Marketing expenses		—	—	—	—
Research and development expenses		—	—	—	—
Occupancy expenses		—	—	—	—
Administration expenses:		—	—	—	—
Other administration expenses		—	—	—	—
Recovery investments and loans		—	—	—	—
Finance costs		—	—	—	—
Other revenues/(expenses) from ordinary activities		—	—	—	—
Profit from continuing operations before income tax expense		—	—	—	—
Income tax expense		—	—	—	—
Net profit attributable to members of Technico Asia Holdings Pty Ltd		—	—	—	—

BALANCE SHEET AS AT 31st MARCH, 2015

	Notes	2015 $	2015 ₹	2014 $	2014 ₹
Current assets					
Cash and cash equivalents		—	—	—	—
Trade and other receivables	2	—	—	—	—
Inventories		—	—	—	—
Other		—	—	—	—
Total current assets		—	—	—	—
Non-current assets					
Receivables		—	—	—	—
Other financial assets	3	**969,736**	**46,096,401**	969,736	53,623,976
Property, plant and equipment		—	—	—	—
Intangible assets		—	—	—	—
Total non-current assets		**969,736**	**46,096,401**	969,736	53,623,976
Total assets		**969,736**	**46,096,401**	969,736	53,623,976
Current liabilities					
Trade and other payables	4	—	—	—	—
Loans and borrowings	5	—	—	—	—
Provisions		—	—	—	—
Total current liabilities		—	—	—	—
Non-current liabilities					
Interest free loans and borrowings		—	—	—	—
Provisions		—	—	—	—
Total non-current liabilities		—	—	—	—
Total liabilities		—	—	—	—
Net assets		**969,736**	**46,096,401**	969,736	53,623,976
Equity					
Contributed equity	6	**3,684,522**	**175,143,753**	3,684,522	203,744,855
Accumulated losses	7	**(2,714,786)**	**(129,047,352)**	(2,714,786)	(150,120,879)
Total equity		**969,736**	**46,096,401**	969,736	53,623,976

STATEMENT OF CHANGES IN EQUITY AS AT 31st MARCH, 2015

	Contributed Equity $	Retained Earnings $	Total $
At 1st April, 2013	3,684,522	(2,714,786)	969,736
Profit for the period	—	—	—
At 31st March, 2014	3,684,522	(2,714,786)	969,736
Profit for the period	—	—	—
At 31st March, 2015	**3,684,522**	**(2,714,786)**	**969,736**

	Contributed Equity ₹	Retained Earnings ₹	Total ₹
At 1st April, 2013	175,143,753	(129,047,352)	46,096,401
Profit for the period	—	—	—
At 31st March, 2014	175,143,753	(129,047,352)	46,096,401
Profit for the period	—	—	—
At 31st March, 2015	**175,143,753**	**(129,047,352)**	**46,096,401**

CASH FLOW STATEMENT FOR THE YEAR ENDED 31st MARCH, 2015

	Notes	2015 $	2015 ₹	2014 $	2014 ₹
Cash Flow from Operating Activities					
Net cash flows (used in)/from operating activities		—	—	—	—
Cash Flow 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 the end of the period		—	—	—	—

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS AS AT 31st MARCH, 2015

Note 1: Statement of Significant Accounting Policies

(a) Basis of preparation and going concern

The financial report is a special purpose financial report prepared for distribution to members of the company to fulfil the directors' financial reporting requirements under Chapter 2M of the *Corporations Act, 2001*. The accounting policies used in the preparation of this report, as described below, are in the opinion of the directors, appropriate to meet the needs of members.

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 is unaudited, have been arrived at by applying the year end inter-bank exchange rate of 1 AUD = ₹ 47.5350 for the current year balance sheet (2014: ₹ 55.2975) and the average rate of 1 AUD = ₹ 51.4175 for the current year income statement (2014: ₹ 55.9613) and have been included in the financial report as required by the Indian holding company of the parent entity.

The directors have determined that the company is not a "reporting entity". Consequently the requirements of Accounting Standards issued by the AASB and other professional reporting requirements do not have mandatory applicability to Technico Asia Holdings Pty Limited in relation to the year ended 31st March, 2015. However, 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.

Accordingly, the directors have prepared the financial report in accordance with the following Accounting Standards:

AASB 101 : Presentation of Financial Statements
AASB 107 : Cash Flow Statements
AASB 108 : Accounting Policies, Changes in Accounting Estimates and Errors
AASB 1048 : Interpretation and Application of Standards

(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) Receivables

Trade/other receivables are recognised and carried at the original amount less any provision for doubtful debts. A provision is recognised when collection of the full amount is no longer probable. Bad debts are written off as incurred.

(d) Other financial assets

Investments in controlled entities are recorded at cost less impairment of the investment value.

(e) 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.

(f) 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.

(g) 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.

Note 2: Trade and Other Receivables

	2015		2014	
	$	₹	$	₹
Current				
Trade and other receivables	—	—	—	—

Note 3: Other Financial Assets

	2015		2014	
	$	₹	$	₹
Non-current				
Shares in subsidiaries:				
At cost	**3,684,522**	**175,143,753**	3,684,522	203,744,855
Provision for write-down	**(2,714,786)**	**(129,047,352)**	(2,714,786)	(150,120,879)
Total other financial assets	**969,736**	**46,096,401**	969,736	53,623,976

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.

	Country of incorporation	Percentage of equity interest held by the consolidated entity (%)	Investment (Provision for diminution) 2015 $	2015 ₹	2014 $	2014 ₹
Technico Horticultural (Kunming) Co Limited	**China**	**100**	**3,684,522**	**175,143,753**	3,684,522	203,744,855
			(2,714,786)	**(129,047,352)**	(2,714,786)	(150,120,879)
			969,736	**46,096,401**	969,736	53,623,976

Note 4: Trade and Other Payables

		2015		2014	
		$	₹	$	₹
Current					
Trade creditors	(i)	—	—	—	—

Terms and conditions relating to the above financial instruments:

(i) Trade creditors are non-interest bearing and are normally settled on 30 day terms.

Note 5: Loans and Borrowings

	2015		2014	
	$	₹	$	₹
Current				
Loans and borrowings	—	—	—	—

Note 6: Contributed Equity

	2015		2014	
	$	₹	$	₹
Issued and paid up capital				
3,684,522 Ordinary shares fully paid	**3,684,522**	**175,143,753**	3,684,522	203,744,855

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 7: Reserves and accumulated losses

	2015		2014	
	$	₹	$	₹
Accumulated losses				
Balance at the beginning of the year	**(2,714,786)**	**(129,047,352)**	(2,714,786)	(150,120,879)
Net profit attributable to the members of Technico Asia Holdings Limited	—	—	—	—
Total available for appropriation	**(2,714,786)**	**(129,047,352)**	(2,714,786)	(150,120,879)
Dividends paid or provided for	—	—	—	—
Aggregate amount transferred (to)/from reserves	—	—	—	—
Balance at the end of the period	**(2,714,786)**	**(129,047,352)**	(2,714,786)	(150,120,879)

Note 8: Events subsequent to reporting date

There are no subsequent events to be reported.

MANAGEMENT REPORT FOR THE YEAR ENDED 31st DECEMBER, 2014

Your management submits its report for the financial year ended 31st December, 2014.

Corporate Information

Technico Horticultural (Kunming) Co Ltd ("The 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.

Employees

There were 42 employees on the rolls of the Company as at 31st December, 2014.

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 RMB 5,145,271 (2013: RMB 3,237,726) and a profit of RMB 454,679 (2013: Loss of RMB 57,340). Increase in turnover and profit is largely on account of increase in sales volume.

In view of the accumulated losses, no dividend has been paid or declared during the financial year.

Auditors

The Company has engaged M/s. Yunnan Tianying Certified Public Accountants 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.

Place: Songming
Date: 7th April, 2015

Min Zhang
Legal Representative

AUDITOR'S REPORT TO THE MANAGEMENT TECHNICO HORTICULTURAL (KUNMING) CO. LTD.

We have audited the accompanying financial statements of Technico Horticultural (Kunming) Company, which comprise the balance sheet as at 31st December 2014, and the income statement and profit appropriation, the cash flow statement for the year then ended, and the notes to the financial statements.

1. Management's responsibility for the financial statements

Management of Technico Horticultural (Kunming) Company is responsible for the preparation and fair presentation of these financial statements. This responsibility includes: (1) preparing the financial statements in accordance with Accounting Standards for Business Enterprises and "The Accounting Systems of PRC Enterprises" to achieve fair presentation of the financial statements; (2) designing, implementing and maintaining internal control which is necessary to enable that the financial statements are free from material misstatement, whether due to fraud or error.

2. Auditor's responsibility

Our responsibility is to express an audit opinion on these financial statements based on our audit. We conducted our audit in accordance with China Standards on Auditing. China Standards on Auditing require that we comply with the Code of Ethics for Chinese Certified Public Accountants and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatements.

An audit involves performing audit procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, Certified Public Accountants consider the internal control relevant to the 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 internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

3. Opinion

In our opinion, the financial statements of Technico Horticultural (Kunming) Company present fairly, in all material respects, the company's financial position as of 31st December 2014, and the company's results of operations and cash flows for the year then ended in accordance with Accounting Standards for Business Enterprises and "The Accounting Systems of PRC Enterprises".

Yunnan Tianying Certified Public Accountants
Chinese Certified Public Accountants

Kunming, The People's Republic of China
7th April, 2015

BALANCE SHEET AS AT 31st DECEMBER 2014

Printed by Technico Horticultural (Kunming) Co. Ltd.

ITEMS	LINE NO	31st Dec, 2013 RMB	31st Dec, 2013 ₹	31st Dec, 2014 RMB	31st Dec, 2014 ₹
CURRENT ASSETS :	1				
Cash and cash equivalents	2	2,511,907	25,379,809	**4,830,588**	**50,041,025**
Transaction monetary assets	3	0	0	**0**	**0**
Short-term investments	4	0	0	**0**	**0**
Notes receivable	5	0	0	**0**	**0**
Accounts receivable	6	2,638,819	26,662,104	**2,171,182**	**22,491,708**
Advance to suppliers debts	7	0	0	**0**	**0**
Dividend receivable	8	0	0	**0**	**0**
Interest receivable	9	0	0	**0**	**0**
Other notes receivable	10	3,603	36,408	**0**	**0**
Inventories	11	2,194,354	22,171,317	**1,391,248**	**14,412,216**
Including: Raw materials	12	0	0	**0**	**0**
Finished goods	13	1,868,063	18,874,530	**1,064,956**	**11,032,094**
In one year expired non-current assets	14	0	0	**0**	**0**
Other current assets	15	16,238	164,068	**14,557**	**150,798**
Total current assets	16	7,364,923	74,413,706	**8,407,575**	**87,095,747**
NON-CURRENT ASSETS :	17				
Financial assets available for sale	18	0	0	**0**	**0**
Hold investment due	19	0	0	**0**	**0**
Long-term investment on bonds	20	0	0	**0**	**0**
Long-term account receivable	21	0	0	**0**	**0**
Long-term investment on stocks	22	0	0	**0**	**0**
Right to trade in previously non-tradable shares	23	0	0	**0**	**0**
Investment real estate	24	0	0	**0**	**0**
Fixed assets - Cost	25	26,839,779	271,183,757	**26,906,463**	**278,729,430**
Less: Accumulated depreciation	26	21,753,180	219,789,781	**22,269,550**	**230,694,720**
Fixed assets - Net value	27	5,086,599	51,393,976	**4,636,913**	**48,034,709**
Less: Fixed assets depreciation reserves	28	0	0	**0**	**0**
Fixed assets - Net equity	29	5,086,599	51,393,976	**4,636,913**	**48,034,709**
Construction-in-progress	30	0	0	**0**	**0**
Project goods and material	31	0	0	**0**	**0**
Liquidation of fixed assets	32	0	0	**0**	**0**
Productive living assets	33	0	0	0	0
Oil and gas assets	34	0	0	**0**	**0**
Intangible assets	35	1,414,069	14,287,468	**1,373,081**	**14,224,023**
Including: Right to use land	36	1,414,069	14,287,468	**1,373,081**	**14,224,023**
Development expenditures	37	0	0	**0**	**0**
Business reputation	38	0	0	**0**	**0**
Cost-book value differentials	39	0	0	**0**	**0**
Long-term deferred and prepaid expenses	40	0	0	**0**	**0**
Deferred income tax assets	41	0	0	**0**	**0**
Deferred taxes debit	42	0	0	**0**	**0**
Other non-current assets	43	0	0	**0**	**0**
Including: Specially approved reserving materials	44	0	0	**0**	**0**
Total non-current assets	45	6,500,667	65,681,444	**6,009,994**	**62,258,733**
TOTAL ASSETS	46	13,865,590	140,095,150	**14,417,569**	**149,354,480**
CURRENT LIABILITIES :	47				
Short term loans	48	0	0	**0**	**0**
Transaction financial liabilities	49	0	0	**0**	**0**
Warrants payable	50	0	0	**0**	**0**
Notes payable	51	0	0	**0**	**0**
Accounts payable	52	69,800	705,245	**10,350**	**107,218**
Advances from customers	53	0	0	**0**	**0**
Employee pay payable	54	220,340	2,226,267	**198,400**	**2,055,270**

BALANCE SHEET AS AT 31st DECEMBER 2014 (Contd.)

Printed by Technico Horticultural (Kunming) Co. Ltd.

ITEMS	LINE NO	31st Dec, 2013 RMB	31st Dec, 2013 ₹	31st Dec, 2014 RMB	31st Dec, 2014 ₹
Including: Accrued wages	55	217,042	2,192,945	**198,400**	**2,055,270**
Accrued welfarism	56	3,298	33,322	**0**	**0**
Including: Staff and Workers' bonus and welfare fund	57	0	0	**0**	**0**
Taxes and dues payable	58	0	0	**7,089**	**73,432**
Including: Taxes payable	59	0	0	**0**	**0**
Interest payable	60	0	0	**0**	**0**
Dividends payable	61	0	0	**0**	**0**
Other payables	62	15,781	159,446	**190,679**	**1,975,282**
Due within one year of non-current liabilities	63	0	0	**0**	**0**
Other current liabilities	64	0	0	**0**	**0**
Total current liabilities	65	309,218	2,677,399	**406,518**	**4,211,202**
NON-CURRENT LIABILITIES :	66				
Long-term loans	67	0	0	**0**	**0**
Bonds payable	68	0	0	**0**	**0**
Long-term account payable	69	0	0	**0**	**0**
Special payable	70	0	0	**0**	**0**
Projected liabilities	71	0	0	**0**	**0**
Deferred income tax liabilities	72	0	0	**0**	**0**
Deferred taxes credit	73	0	0	**0**	**0**
Other non-current liabilities	74	0	0	**0**	**0**
Including: Special Reserve Fund	75	0	0	**0**	**0**
Total non-current liabilities	76	0	0	**0**	**0**
Total liabilities	77	309,218	2,677,399	**406,518**	**4,211,202**
OWNERS' EQUITY :	78				
Practical capital collected (or share capital)	79	19,013,598	164,631,140	**19,013,598**	**196,965,665**
National capital	80	0	0	**0**	**0**
Collective capital	81	0	0	**0**	**0**
Legal person's capital	82	0	0	**0**	**0**
Including: State-owned legal person's capital	83	0	0	**0**	**0**
Collective legal person's capital	84	0	0	**0**	**0**
Personal capital	85	0	0	**0**	**0**
Foreign businessmen's capital	86	19,013,598	130,033,997	**19,013,598**	**130,328,708**
Less: Investment returned	87	0	0	**0**	**0**
Net paid-in-capital	88	19,013,598	130,033,997	**19,013,598**	**130,033,997**
Capital reserves	89	42,667	369,433	**42,667**	**441,992**
Less: Treasury stock	90	0	0	**0**	**0**
Surplus reserves	91	0	0	**0**	**0**
Including: Legal surplus	92	0	0	**0**	**0**
Free surplus reserves	93	0	0	**0**	**0**
Reserve fund	94	0	0	**0**	**0**
Enterprise expension fund	95	0	0	**0**	**0**
Profits capitalised on return of investment	96	0	0	**0**	**0**
Unaffirmed investment loss	97	0	0	**0**	**0**
Undistributed profit	98	(5,499,893)	(33,990,525)	**(5,045,214)**	**(29,667,027)**
Including: Cash dividends	99	0	0	**0**	**0**
*Margin of Translation of Foreign Currency Financial Statements	100	0	41,004,846	**0**	**44,334,316**
Total equity attributable to equity holders of the Parent	101	13,556,372	137,417,751	**14,011,051**	**145,143,278**
*minority stockholder's interest	102	0	0	**0**	**0**
Total owners' equity	103	13,556,372	137,417,751	**14,011,051**	**145,143,278**
Less: Assets loss	104	0	0	**0**	**0**
Total owners' equity (net value less loss on assets)	105	13,556,372	137,417,751	**14,011,051**	**145,143,278**
TOTAL LIABILITIES AND OWNERS' EQUITY	106	13,865,590	140,095,150	**14,417,569**	**149,354,480**

INCOME STATEMENT AND PROFIT APPROPRIATION FOR THE YEAR ENDED 31st DECEMBER, 2014

Printed by Technico Horticultural (Kunming) Co. Ltd.

ITEMS	LINE NO	2013 RMB	2013 ₹	**2014 RMB**	**2014 ₹**
Income for main business	1	3,237,725.83	30,373,753.56	**5,145,271.30**	**48,925,870.26**
Less: Cost of main business	2	2,641,710.53	24,782,414.82	**4,220,522.48**	**40,132,526.21**
Taxation and additional of main business	3	0	0	**0**	**0**
Main business profit	4	596,015.30	5,591,338.73	**924,748.82**	**8,793,344.05**
Add: Other profit	5	0	0	**0**	**0**
Less: Operating expenses	6	241,245.40	2,263,171.35	**296,939.22**	**2,823,565.35**
Management expenses	7	(17,968.84)	(168,569.28)	**859,641.49**	**8,174,244.96**
Including: Business entertainment	8	0	0	**0**	**0**
Research and development expense	9	0	0	**0**	**0**
Financial Expenses	10	431,714.79	4,050,002.79	**(214,050.36)**	**(2,035,383.47)**
Including: Interest exchange	11	0	0	**0**	**0**
Interest income	12	85,936.81	806,190.40	**82,390.59**	**783,443.88**
Foreign exchange profit and loss	13	514,062.39	4,822,522.09	**(134,221.76)**	**(1,276,301.29)**
Operation Profit	14	(58,976.05)	(553,266.12)	**(17,781.53)**	**(169,082.79)**
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	**0**	**0**
Non-operating income	18	1,636.44	15,351.77	**472,460.63**	**4,492,580.88**
Including: Income from disposal of long term assets	19	0	0	**0**	**0**
Income from non-monetary assets exchange	20	0	0	**0**	**0**
Government grants (subsidy income)	21	0	0	**0**	**0**
Income from debt restructuring	22	0	0	**0**	**0**
Less: Non-operating expenses	23	0	0	**0**	**0**
Including: Loss on disposal of long-term assets	24	0	0	**0**	**0**
Loss on non-monetary assets exchange	25	0	0	**0**	**0**
Loss on debt restructuring	26	0	0	**0**	**0**
Total Profit	27	(57,339.61)	(537,914.35)	**454,679.10**	**4,323,498.09**
Less: Income tax	28				
Net Profit	29	(57,339.61)	(537,914.35)	**454,679.10**	**4,323,498.09**
Add: Undistributed Profit at the beginning of year	30	(5,442,553.27)	(51,057,680.74)	**(5,499,892.88)**	**(52,297,931.41)**
Other transfer-in	31	0	0	**0**	**0**
Profit available for distribution	32	0	0	**0**	**0**
Less: Appropriation of statutory surplus reserves	33	0	0	**0**	**0**
Appropriation of Company expand fund	34	0	0	**0**	**0**
Appropriation of staff incentive and welfare fund	35	0	0	**0**	**0**
Capital redemption	36	0	0	**0**	**0**
Profit available for owners' distribution	37	(5,499,892.88)	(51,595,595.09)	**(5,045,213.78)**	**(47,974,433.31)**
Less: Appropriated profit	38	0	0	**0**	**0**
Common stock turn to capital	39	0	0	**0**	**0**
Undivided Profit	40	(5,499,892.88)	(51,595,595.09)	**(5,045,213.78)**	**(47,974,433.31)**
Supplementary Information:	41				
Gains on disposal of operating divisions or investments	42	0	0	**0**	**0**
Losses from natural disaster	43	0	0	**0**	**0**
Increase/(decrease) in profit due to changes in accounting policies	44	0	0	**0**	**0**
Increase/(decrease) in profit due to changes in accounting estimates	45	0	0	**0**	**0**
Losses from debt restructuring	46	0	0	**0**	**0**
Other	47	0	0	**0**	**0**

CASH FLOW STATEMENT FOR THE YEAR ENDED 31st DECEMBER, 2014

Printed by Technico Horticultural (Kunming) Co. Ltd.

ITEMS	LINE NO	2013 RMB	2013 ₹	**2014 RMB**	**2014 ₹**
1. Cash Flow from Operating Activities	1				
Cash from selling commodities or offering labor	2	3,548,449	33,288,707	**6,133,665**	**58,324,404**
Refund of tax and fee received	3	0	0	**0**	**0**
Other cash received related to operating activities	4	87,832	823,968	**789,239**	**7,504,798**
Cash Inflow Subtotal	5	3,636,281	34,112,675	**6,922,904**	**65,829,201**
Cash paid for commodities or labor	6	1,411,669	13,243,154	**2,331,815**	**22,173,000**
Cash paid to and for employees	7	1,873,649	17,577,076	**1,960,434**	**18,641,571**
Taxes and fees paid	8	150,571	1,412,537	**244,907**	**2,328,797**
Other cash paid related to operating activities	9	439,273	4,120,909	**251**	**2,388**
Cash Outflow Subtotal	10	3,875,163	36,353,676	**4,537,408**	**43,145,756**
Cash flow generated from Operating Activities - Net Amount	11	(238,882)	(2,241,001)	**2,385,496**	**22,683,445**
2. Cash Flow from Investing Activities	12				
Cash from investment withdrawal	13	0	0	**0**	**0**
Cash from investment income	14	0	0	**0**	**0**
Net cash from disposing fixed assets: intangible assets and other long-term assets	15	0	0	**0**	**0**
Net cash inflows of disposal of subsidiaries and other business entities	16	0	0	**0**	**0**
Other cash received related to investing activities	17	0	0	**0**	**0**
Cash Inflow Subtotal	18	0	0	**0**	**0**
Cash paid for buying fixed assets intangible assets and other long-term investments	19	711,678	6,676,394	**66,684**	**634,091**
Cash paid for investments	20	0	0	**0**	**0**
Net cash outflows of procurement of subsidiaries and other business units	21	0	0	**0**	**0**
Other cash paid related to investing activities	22	0	0	**0**	**0**
Cash Outflow Subtotal	23	711,678	6,676,394	**66,684**	**634,091**
Cash flow generated from Investing Activities - Net Amount	24	(711,678)	(6,676,394)	**(66,684)**	**(634,091)**
3. Cash Flow from Financing Activities	25				
Cash received from accepting investment	26	0	0	**0**	**0**
Including: Cash inflows from minority investment in subsidiaries	27	0	0	**0**	**0**
Borrowings	28	0	0	**0**	**0**
Other cash received related to financing activities	29	0	0	**0**	**0**
Cash Inflow Subtotal	30	0	0	**0**	**0**
Cash paid for debt	31	0	0	**0**	**0**
Cash paid for dividend profit or interest	32	0	0	**0**	**0**
Including: Dividends and earnings paid to minorities by subsidiaries	33	0	0	**0**	**0**
Other cash paid related to financing activities	34	0	0	**0**	**0**
Cash Outflow Subtotal	35	0	0	**0**	**0**
Cash flow generated from Financing Activities - Net Amount	36	0	0	**0**	**0**
4. Foreign Currency Translation Gains / (Losses)	37	287	2,692	**(132)**	**(1,253)**
5. Net Increase of Cash and Cash Equivalents	38	(950,273)	(8,914,702)	**2,318,680**	**22,048,101**
Add: Cash and Cash Equivalents beginning balance	39	3,462,180	32,479,406	**2,511,907**	**23,885,475**
6. Cash and Cash Equivalents ending balance	40	2,511,907	23,564,704	**4,830,588**	**45,933,576**

NOTES TO 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 8th December, 1997. The tenure of the Company is 50 years and may be extended upon application by the board of directors and approval of the relevant government authorities. The principal activities of the Company are the development, production and supply of microtuber potato.

2. Significant accounting policies and accounting estimates

(1) *Accounting regulations*

The Company implements "The Accounting Standards for Enterprises" and "The Accounting Regulations of Enterprises" and the supplementary stipulate.

(2) *Fiscal year*

The fiscal year for the Company is from 1st January to 31st 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 no relation to acquiring fixed assets.

(6) *Cash equivalents*

Cash equivalents are the short-term investments, which are held by the Company at the short-term (generally within 3 months from the purchasing date to the date due), are easy in currency and conversion to known-account cashes, are of little value fluctuations.

(7) *Allowances for uncollectible accounts*

The Company uses the allowance method in which the allowances for uncollectible accounts for the receivable items (including the accounts receivable and other receivable) are recognized in the aging receivable account method and are dealt with in the profit and loss account at the balance sheet. The aging receivable account method is made as follows:

a. Within 1 year, at 0.5 percent on the amount of the part;

b. 1-2 year, at 10 percent on the amount of the part;

c. 2-3 year, at 30 percent on the amount of the part.

If any receivable is evidently different from the others, the specific identification method is made for the receivable item.

(8) *Inventories*

Inventories, which are recorded at actual cost, include finished goods, work-in-progress and raw material.

For the unrecoverable inventory cost due to the damage, partly or wholly obsolescence, or market price lower than the cost, the provision for decline in value of inventories is determined according to the difference of the actual cost lower than net realizable value on an item-by-item basis, at the end of the period.

(9) *Fixed assets and depreciation*

Fixed assets are recorded based on the actual cost. At the inception of a lease, the fixed assets by a lessee under a finance lease are recorded at an amount equal to the lower of the carrying amount of the leased asset originally recorded in the books of the lessor and the present value of the minimum lease payments. (If the proportion of the recorded amount of the leased assets to the total amount of assets is lower than 30 percent, the leased assets are recorded at an amount equal to the total minimum lease payments.)

The standard about fixed asset: House and Building, Machinery and Equipment, Motor vehicle and so on of the useful life more than one year, and non-principle operating equipment of the unit value over 2000 yuan and the useful life more than two years.

Depreciation is calculated on the straight-line basis to write off the cost of each asset over its estimated useful life after deducting the estimated residual value. The categories, useful life and residual value, annual depreciation rate are as follows:

Category	Estimated useful life rate	Annual depreciation	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 been damage, and the recoverable amount of the fixed asset is less than its carrying amount, the provision for impairment is determined according to the difference of the recoverable amount of the fixed asset lower than its carrying amount on an item-by-item basis.

(10) *Intangible assets*

An intangible asset, which is acquired separately, is recorded based on the actual purchase price paid.

The cost of an intangible asset is amortized evenly over its expected useful life starting in the month in which it is obtained.

If the expected useful life exceeds the beneficial period stipulated in the relevant contract or the effective period stipulated by law, the amortization period of an intangible asset is determined in accordance with the following rules:

a. If the relevant contract stipulates the beneficial period but the law does not stipulate the effective period, the amortization period is not longer than the beneficial stipulated by the relevant contract;

b. If the relevant contract does not stipulate the beneficial period but the law stipulates the effective period, the amortization period is not longer than the effective period stipulated by law;

c. If the relevant contract stipulates the beneficial period but the law also stipulates the effective period, the amortization period is not longer than the shorter of the beneficial period and the effective period.

If the relevant contract does not stipulate the beneficial period and the law does not stipulate the effective period, the amortization period does not exceed 10 years.

If an intangible asset is no longer expected to be able to generate any economic benefits that flow to the enterprise, the carrying amount of the intangible asset is written off and is recognized as gain or loss in the current period.

The Company reviews the carrying amount of the intangible asset at the end of each period. The difference of the expected receivable amount lower than the carrying amount of the intangible asset is recognized as provision for impairment on an item-by-item basis.

(11) *Long-term prepaid expense*

Long-term prepaid expenses are recorded based on the actual payments and amortized on the straight-line basis in the beneficial period.

The expenses (except for acquiring fixed assets), which occur in the preparative duration, are recorded as long-term expense, and are amortized in the month starting the operations.

(12) *Principle for recognition of revenue*

a. Revenue from the sale of goods

The revenue is recognized when all the following conditions have been satisfied: the Company has transferred to the buyer the significant risks and rewards of ownership of the goods; the enterprise retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold; it is probable that the economic benefits will flow to the Company; the relevant amount of revenue and costs can be measured reliably.

b. Revenue from rendering of services

When the provision of services is started and completed within the same accounting year, revenue is recognized at the time

NOTES TO FINANCIAL STATEMENTS (Contd.)

of completion of the services, and receipt of money or holding the qualification of acquiring money;

When the provision of services is started and completed in different accounting year, the total income and the completion degree involving the service contract can be estimated reliably, it is probable that the economic benefits will flow to the Company, the outcome of a transaction involving the rendering of services can be estimated reliably, the service revenue is recognized at the balance sheet date by the use of the percentage of completion method.

The revenue referred to above is recognized when all the following conditions have been satisfied:

a. It is probable that the economic benefits will flow to the Company;

b. The amount of the revenue can be measured reliably.

(13) *Corporation income tax*

Corporation income tax is accounted on the tax payable basis.

3. Tax

VAT: According to the relevant tax laws in the PRC, the Company is exempted from VAT for the sales of the agricultural produce harvested by the Company.

Corporation income tax is accounted on the tax payable basis at a rate of 25% on its taxable income. However, according to the new income tax laws in the PRC, the Company is an agricultural production company which is exempted from corporate income tax.

4. Notes to significant items in the financial statements

(1) Cash

Items	31st Dec, 2013 RMB	**31st Dec, 2014 RMB**
Cash on hand	1,826.22	**20,237.38**
Cash in bank	2,510,081.05	**4,810,350.36**
Total	2,511,907.27	**4,830,587.74**

(2) Accounts Receivable

The age of accounts receivable	31st Dec, 2013			**31st Dec, 2014**		
	RMB	Percentage	Provision for bad debts	**RMB**	**Percentage**	**Provision for bad debts**
Within 1 year	2,652,079.87	100.00%	13,260.40	**2,182,092.42**	**100.00%**	**10,910.46**
Total	2,652,079.87	100.00%	13,260.40	**2,182,092.42**	**100.00%**	**10,910.46**

(3) Other Receivables

Length after occurrence	31st Dec, 2013			**31st Dec, 2014**		
	RMB	Percentage	Provision for bad debts	**RMB**	**Percentage**	**Provision for bad debts**
Within 1 year	3,603.40	100.00%	—	—	—	—
Total	3,603.40	100.00%	—	—	—	—

(4) Inventories and Provision for Loss on Realization of Inventory

Items	31st Dec, 2013		**31st Dec, 2014**	
	RMB	Provision for loss on realization of inventory	**RMB**	**Provision for loss on realization of inventory**
Finished goods	1,868,062.53	—	**1,064,956.18**	—
Work-in-progress	326,291.82	—	**326,291.82**	—
Total	2,194,354.35	—	**1,391,248.00**	—

(5) Fixed assets

Items	31st Dec, 2013 RMB	**Add RMB**	**Less RMB**	**31st Dec, 2014 RMB**
Total Capex	26,839,778.82	**66,684.00**	—	**26,906,462.82**
Accumulated depreciation				
Total depreciation	21,753,180.14	**516,369.65**	—	**22,269,549.79**
Fixed assets depreciation reserves				
Net book value	5,086,598.68			**4,636,913.03**

(6) Intangible assets

Items	31st Dec, 2013 RMB	**Add RMB**	**Less RMB**	**31st Dec, 2014 RMB**
Land-use-right	2,049,375.00	—	—	**2,049,375.00**
Amortization	635,306.25	**40,987.50**	—	**676,293.75**
Total	1,414,068.75	**40,987.50**		**1,373,081.25**

The amortization term is 50 years, and there have been 33 years and 6 months left by 31st December, 2014.

NOTES TO FINANCIAL STATEMENTS (Contd.)

(7) Accounts Payable

Length after occurrence	31st Dec, 2013 RMB	**31st Dec, 2014 RMB**
Within 1 year	69,800.00	**10,350.00**
Total	69,800.00	**10,350.00**

(8) Tax Payable

Item	31st Dec, 2013 RMB	**31st Dec, 2014 RMB**
Personal income tax	—	**7,088.60**
Total	—	**7,088.60**

(9) Other Payables

Length after occurrence	31st Dec, 2013 RMB	**31st Dec, 2014 RMB**
Within 1 Year	15,780.80	**190,679.00**
Total	15,780.80	**190,679.00**

(10) Paid-in Capital

Investors	31st Dec, 2013		**Add**	**Less**	**31st Dec, 2014**	
	RMB	Proportion			**RMB**	**Proportion**
Technico Asia Holding Pty Ltd.	19,013,598.02	100.00%	—	—	**19,013,598.02**	**100.00%**
Total	19,013,598.02	100.00%	—	—	**19,013,598.02**	**100.00%**

(11) Capital Surplus

Items	31st Dec, 2013 RMB	**Add RMB**	**Less RMB**	**31st Dec, 2014 RMB**
Translation reserve	42,666.57	—	—	**42,666.57**
Total	42,666.57	—	—	**42,666.57**

(12) Retained Earning

Items	**31st Dec, 2014 RMB**
Undistributed Profit at the beginning of year	**(5,499,892.88)**
Add: Net Profit	**454,679.10**
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	**(5,045,213.78)**

(13) Primary operating profit

Operating revenue	**Operating cost**
5,145,271.30	**4,220,522.48**

(14) Finance expense

Items	**From 1st Jan, 2014 to 31st Dec, 2014**
Interest expense	
Less: Interest income	**82,390.59**
Foreign exchange loss	**(134,221.76)**
Other	**2,561.99**
Total	**(214,050.36)**

5. Contingencies

Upto 31st December, 2014, there are no material contingencies for the Company.

6. Promised events

Upto 31st December, 2014, there are no material promised events for the Company.

7. Non-adjusting events subsequent to the balance sheet date

Not material non-adjusting events subsequent to the balance sheet date for the Company.

8. Other material events stated

Upto 31st December, 2014, there are no other material matters specially stated for the Company.

REPORT OF THE DIRECTORS FOR THE FINANCIAL YEAR ENDED 32ND ASADH 2071 (16TH JULY, 2014)

Your Directors are pleased to submit their Report and Audited Accounts of your Company for the year ended 32nd Asadh 2071 (16th July 2014).

SOCIO-ECONOMIC ENVIRONMENT

General elections held in November 2013 have ushered in greater political stability in the country. The economy aided by gradual improvement in investment environment, a favourable monsoon, strong remittance inflows and timely release of budget grew at 5.2% (Last Year - 3.5%) in the year 2070-71 (2013-14). The agriculture sector grew by 4.7% (Last Year - 1.1%), the services sector by 6.1% (Last Year - 5.2%) while the industry sector grew by 2.7% (Last Year - 2.5%). The industry sector's contribution to GDP reduced from 14.6% to 14% during the year and the country's negative balance of trade deteriorated further.

The Government in its pursuit of a balanced economic growth has initiated various policy and legislation reviews in the areas of Investment, Labour and Social Security. These are required for industrial development as cordial and harmonious employer-employee relationship will lead to better productivity, improving competitiveness in domestic and international markets and ultimately in strengthening the Nepalese economy and general investment climate in the country. Public private dialogue initiated on investment, trade and taxation polices including implementation of bilateral & multilateral treaties on trade and intellectual property/trademark rights, coupled with investment friendly progressive policies and regulatory environment is likely to enhance investor confidence and provide impetus to overall growth of the economy in the medium to long term.

In order to attract investors and assure that their investments and trademarks in Nepal are protected, the Government of Nepal should address the current Patent, Design and Trade Mark Act with a view to making such legislation compatible with International provisions of the Paris Convention, World Trade Organization (WTO) and World Intellectual Property Organization (WIPO).

Amidst the general buoyancy and optimism in the economy, the discriminatory taxation and regulatory framework continues to shrink the legal cigarette market share in the overall tobacco industry. A report on Tobacco Control in Nepal published by the Ministry of Health and Population has, amongst other matters, highlighted that low taxation on bidis and lack of uniformity in taxation on all forms of tobacco products are some of the weaknesses in the Government's tobacco industry related policies. High incidence of tax on cigarettes is forcing the shift to cheaper forms of non-cigarette products such as Bidis, Khaini, Gutkha and other non-smoking tobacco products which are either lightly taxed or evade taxation. This has led to several unintended and adverse consequences like increase in smuggling of cigarettes. Even the World Health Organisation (WHO) in its Technical Manual on Tobacco Administration, recognizing such impact has highlighted the importance of increasing taxes on other forms of tobacco products.

Contrary to most of the countries in the world where cigarettes account for more than 90% of the total tobacco consumption, in Nepal, cigarettes account for nearly 40% of overall tobacco consumption and the balance is in the form of non-cigarette tobacco products. Non-cigarette tobacco products are highly fragmented amongst thousands of manufacturers, predominantly in the unorganized sector making revenue administration challenging. As a result, more than 80% of revenue from tobacco is collected from the cigarette industry and less than 20% from the rest. This has consistently been brought to the attention of the Government by your Company in its various submissions, recommending a more equitable taxation structure covering all forms of tobacco.

In Poush, 2070 (December 2013), the Hon'ble Supreme Court of Nepal vacated the stay on implementation of the Tobacco Products (Control & Regulation) Act, 2011 and the Directive and Rules framed under it. The legislation inter alia, requires all tobacco manufacturers and sellers to print/declare on all sides of tobacco packaging, certain prescribed pictorial and health warnings covering at least 75% of the total pack surface. While the company has implemented the provisions of the Tobacco Products (Control & Regulation) Act, 2011 and the Directive and Rules framed under it including the pictorial and health warning, it continues to engage with policy makers with the objective of having a practical, reasonable and non-discriminatory legislation.

The steady increase of tax incidence on cigarettes and disproportionately stringent Tobacco Control legislation is fuelling the growth of illicit cigarettes which is evidenced by increasing presence of counterfeits and contraband cigarettes in the market. The growth of tobacco products which evade both taxation as well as tobacco control regulations pose severe challenge to legitimate players in the cigarette industry which contributes more than 80% of the total revenue of the Government from tobacco. The Company in its various interfaces with the Government officials continues to stress the need to have moderation in cigarette taxation as well as to improve border vigilance to contain smuggling which otherwise results in significant loss of revenue to the exchequer.

COMPANY PERFORMANCE

Your Company posted Gross revenue of NRs.1,993 (₹ 1,246) Crores for the year ended 32nd Asadh 2071 as against NRs.1,738 (₹ 1,086) Crores during the previous year. Profit before taxation increased to NRs. 625 (₹ 391) Crores from NRs. 545 (₹ 341) Crores during previous year. The Company registered Net Profit of NRs. 437 (₹ 273) Crores as against NRs. 379 (₹ 237) Crores of previous year. Earnings per share for the year stands at NRs. 200 (₹ 125) {Previous year NRs. 173(₹ 108)}. Net cash flows from operations aggregated NRs. 580 (₹ 363) Crores compared to NRs. 487 (₹ 304) Crores in the previous year. Your Company during the year under review invested NRs. 379 (₹ 237) Crores towards capacity expansion, quality upgradation, process improvements and sustainability initiatives.

CONTRIBUTION TO THE EXCHEQUER

Your Company continues to be one of the largest contributors to the Government Exchequer, accounting for about 3% of the total revenues of the Government of Nepal. Your Company paid NRs. 1,003 (₹ 627) Crores by way of Excise Duty, VAT, Income Tax and other taxes during the year {Previous Year: NRs. 896 (₹ 560) Crores}.

Your Company's Excise Duty contribution to the exchequer constitutes nearly 12.4% of the Government's total Excise revenue while the VAT and Income tax contribution constitute nearly 2.5% of the Government's total VAT & Income Tax revenue.

The corporate income tax policy of the Government acts as a disincentive to invest in new areas in the country, as it has limited scope for set-off of losses from new ventures with the profits generated from other businesses. Your Company, along with leading Trade Bodies like FNCCI and NICCI, continues to represent to the Government to widen the scope of business loss set-off to create an investment friendly environment intended to help companies to set up other businesses, which may generate loss in the initial stages but will eventually support diversification leading to industrialisation and employment generation thus helping in the economic development of the country.

EMPLOYMENT GENERATION

Your Company, through its multiple businesses, continues to be one of the largest employers in the country providing direct / indirect employment / livelihood to more than a lakh people in the country, which includes 8,500 farmers and 21,000 farm labourers. Further, the Company's entry in the Agarbatti business and commencement of operation of new factory at Seratar (near Pokhara) has substantially increased the employment created by your Company.

At a time when the contribution of the manufacturing sector in the GDP is falling and overall manufacturing activity in the country is in declining trend, your Company's investment in manufacturing infrastructure and technology is expected to increase the overall confidence of investors in the Manufacturing Sector. Establishment of the new factory at Seratar is not only accelerating the overall economic activities but also helping to begin the development of an industrial belt in that region of the country. In addition to generating employment at Seratar, the new factory will attract other investors to set up ancillary businesses which will vitalise the economy of the region.

As a responsible corporate citizen of the country, your Company will continue to create enablers for generating employment and economic surplus for the nation.

BUSINESS SEGMENTS

AGARBATTI BUSINESS

During the year, your Company entered the Agarbatti Business, with the launch of "Mangaldeep" Agarbattis under a Brand Licensing Agreement with ITC Limited, India with due approvals from Department of Industries, Government of Nepal. This Business leverages the core strengths of your Company in nation-wide distribution and marketing, brand building and supply chain management to offer Nepalese consumers high quality Agarbattis. The focus is on building local Supply Chain capacity which involves Small and Medium Enterprises (SMEs) that provide employment opportunities to economically deprived sections of society, especially women, thereby reinforcing your Company's commitment of contribution to society at large.

Apart from creating employment opportunities, your Company's partnership with SMEs for domestic manufacturing of Agarbattis will also help in import substitution as Nepal is net importer of Agarbattis. However, low rate of custom duty and the valuation system for imported Agarbatti works as disadvantage to domestic industry. Your Company is working to bring these aspects of the industry to the attention of the Government.

CIGARETTE BUSINESS

Your Company continues to engage in augmenting investment in product quality and value addition to its product portfolio. The drive towards development of products that are "world class" and offer superior and differentiated value proposition to the consumers through product innovation and adoption of international standards continued during the year. The Product & Packaging Development Agreement entered into by your Company with ITC Limited, during the previous year has been instrumental in helping the Company in its thrust to develop and offer "best-in-class" products to the consumers.

Your Company, in its pursuit of continuously offering superior and differentiated products to its consumers continues to add value in all segments .Together with continued investment in quality enhancement of products, your Company continues to invest in enhancing availability of its products by augmenting distribution and supply chain infrastructure, resulting in improvement in market standing and consumer franchise.

The manufacturing system of your Company continued to deliver benchmarks in Quality, Productivity and Sustainability in pursuit of achieving excellence through constant innovations and continuous improvement. During the year, a long-term agreement with workmen of your Company's cigarette factory in Simara has been signed for a period of two years in a cordial environment.

The second cigarette factory at Seratar, with state-of-art manufacturing facility started its operation during the year. Your Company has been able to quickly induct new technologies supported by intensive training resulting in enhanced productivity and de-risking of the supply chain. The new Cigarette factory with several environment-friendly features which has been designed to achieve LEED (Leadership in Energy and Environmental Design) GOLD rating is a first of its kind in Nepal further enhancing your Company's position as one of the leading responsible Corporates in the country.

In response to the prolonged power outages and spiralling costs of energy, your Company has been constantly exploring and implementing energy saving initiatives with focus on renewable energy. During the year, installation of light pipes and turbo ventilators in the new leaf re drying plant, extension of low energy consumption lights in the factory and tapping of waste heat to increase boiler feed water temperature have helped to contain the cost of energy of the Company.

LEAF TOBACCO

Your Company continued to partner with Tobacco farmers in Nepal to ensure higher productivity and quality enhancement at the farm level through the induction of agricultural best practices. The adoption of such practices and other inputs provided by the Company has led to a consistent improvement in quality

of domestic grades of tobacco thereby improving usage, marketability of the crop and farmer returns.

The state-of-art leaf re-drying unit in your Company's facility near Simara commenced operation during the year which will help the company in improving the quality of domestic grades.

GARMENT BUSINESS

Your Company's offers under the brand names "John Players" and "Springwood" continue to be significant players in the premium and economy segments respectively. John Players presents a complete wardrobe of meticulously crafted smart formals, trendy casuals, dazzling party wear, edgy denims incorporating the most contemporary trends in an exciting mix of colours, styling and fits. Available through exclusive stores, departmental stores and multi-brand outlets, these brands have established a strong presence in the market. The Business continued to strengthen its market standing by continuing to invest in brand building, improving supply chain efficiencies, enhancing range architecture and product vitality to serve as the foundation for future growth and expansion.

SAFETY MATCHES BUSINESS

Despite some interruption in supplies during the year, your Company's brand "Tir" in the Safety Matches Business continued with its strong consumer franchise. Your Company continues to partner the small-scale sector by sourcing its Safety Matches requirement from multiple units in this sector. Your Company is further augmenting contract manufacturing capacities for wax matches to further improve its market standing in that category.

In order to enhance the competitiveness and raising quality standards of the local supply chain partners, your Company is continuously providing technical and process inputs which will not only help in the empowerment of the local partners but also in improving the quality of the products of your Company.

ENVIRONMENT HEALTH AND SAFETY

The Company continues to focus on ensuring a safe and healthy workplace by institutionalizing systems with respect to environment, occupational, health and safety enabling creation of a benchmarked and safe work environment for all employees.

DIVIDEND

Your Directors have declared an Interim Dividend of NRs. 25 (₹ 16) per Ordinary Share for the year ended 32nd Asadh 2071. The consequent outflow on this account, including Dividend Tax, amounts to NRs. 50.40 (₹ 32) Crores. Your Board has also recommended a Final Dividend of NRs. 175 (₹ 109) per Ordinary Share.

All dividends have been paid within the prescribed period and there are no unclaimed dividends lying with your Company.

TAX MATTERS

As reported in earlier years, the Hon'ble Supreme Court of Nepal, during the year 2009-10, passed judgments in favour of your Company, with regard to certain Excise and Income Tax demands on the issue of theoretical production.

The Inland Revenue Department, citing the judgments passed in favour of your Company by the Hon'ble Supreme Court of Nepal, on 11th February, 2011 and 12th August 2013 decided the following administrative review petitions in favour of the Company:

1. VAT demand - NRs. 19.01 (₹ 12) Crores for the financial years 2058-59 (2001-02) and 2064-65 (2007-08).
2. Income Tax demand - NRs. 4.91 (₹ 3) Crores for the financial year 2062-63 (2005-06).

All other pending Show Cause Notices (SCNs) and demands related to excise, income tax and VAT received from time to time on the issue of theoretical production, are similarly based on an untenable contention by the Revenue authorities that the Company could have produced more cigarettes than it has actually produced in a given year, based on an input-output ratio allegedly submitted by the Company in the year 2047-48 and, that the Company is liable to pay taxes on such cigarettes that could have been theoretically produced. This, despite the fact that the Company's cigarette factory is under 'physical control' of the Revenue authorities and the cigarettes produced are duly accounted for and certified as such by the Revenue authorities. No fresh demand has been received during the year and the cumulative demand on the Company on account of theoretical production that remains pending stands at NRs. 68.97 (₹ 43) Crores and comprise:

(a) Excise Demands - NRs. 27.80 (₹ 17) Crores.

(b) VAT Demands - NRs. 17.49 (₹ 11) Crores.

(c) Income Tax Demands - NRs. 23.68 (₹ 15) Crores.

Out of the above NRs. 68.97 (₹ 43) Crores, demands aggregating NRs. 66.81 (₹ 42) Crores are under appeal before the Supreme Court and demands aggregating NRs. 2.16 (₹ 1) Crores are under appeal before the Revenue Tribunal / DG-Inland Revenue Department.

Your Company has been advised by its eminent counsel that the cases made out by the Department have no legal or factual basis and that the demand notices raised against your Company are not sustainable, particularly in the light of the decision passed on 29th October, 2009 in favour of your Company by the Full Bench of the Hon'ble Supreme Court on similar matters. The subsequent decisions of the Supreme Court of Nepal and the Inland Revenue Department have further reinforced this position.

RISK MANAGEMENT

Your Company's Corporate Governance Policy has laid down the structure, roles and responsibilities of the key entities in the governance process and also mandated periodic reviews of the key areas of operations. In addition, your Company has amongst others, robust policies, procedures and internal control systems covering areas such as Finance & Accounting and Information Technology. Your Company implemented a company-wide Enterprise Resource Planning (ERP) system (SAP) during the year which has further strengthened the control environment.

During the year, there was an incident of fire at one of the leased godowns of your Company near Pokhara where duty paid Cigarettes were stored. The Cigarettes in the godown were entirely damaged and rendered unfit for use. The revenue authorities have been intimated and insurance claim lodged with the insurance company; a settlement is expected shortly. Your company has carried out a detailed fire risk assessment across all the godowns and is working on strengthening the control systems.

CORPORATE SOCIAL RESPONSIBILITY (CSR) INITIATIVES

Your Company continues to support and invest in initiatives that enhance the social and economic capital of the nation. Towards this, progress has been made on several fronts which is expected to provide multiplier benefits to society on a sustainable basis. Your Company pursues an integrated CSR strategy that operates through four distinct platforms, namely:

- "Prakriti" - Platform for intiatives on environmental preservation.
- "Khelparyatan" - Platform to promote sports tourism in the country.
- "Asha" - Platform for intiatives on social empowerment.
- "Suswasthya"- Platform for promoting community health.

All the initiatives under each platform are woven around and are in alignment with the stated priorities of the Government of Nepal and are based on identified social needs. Your Company accordingly:

- Continued with its programme to assist village farmers, proximate to the Simara factory, in agro forestry through high quality Poplar plantation promoting "Grow Wood Grow Food" concept through inter cropping.
- Continued to support an initiative in the animal husbandry sector by providing extension services covering animal breeding, health and nutrition that will drive yield improvement and higher returns for underprivileged farmers.
- Under its CSR platform "Khelparyatan", continued to sponsor sports tournaments and leverage the same to promote sports tourism in the country. With the Nepal Government prioritising Tourism development, the focus has been on promoting Golf Tourism which has great potential for revenue generation for the country. The SNPL Nepal Masters Golf Tournament, a co-sanctioned event by the Professional Golf Tour of India showcases the Golf Tourism potential of Nepal. The Company has partnered with Nepal Tourism Board in hosting Nepal's premier professional golf tournament - the "Surya Nepal Private Limited Masters", with the objective of promoting Nepal as an attractive tourist destination.
- Pioneered and instituted the Annual "Surya Nepal Private Limited Asha Social Entrepreneurship Awards", under which five entrepreneurs from amongst a large number of nominees are recognised and rewarded to help scale up their ventures. This award has received wide acclaim. These entrepreneurs are individuals who have made a difference in society and have created employment opportunities amongst local communities engaged in enterprises for the development of society with a focus on employment generation and sustainability.
- Continued to focus on providing community health services through various programmes such as periodic health camps and awareness programmes in the catchment areas of the manufacturing units.

EMPLOYEES

The Directors of your Company place on record their sincere appreciation for the contribution made by the employees during the year.

Your Company continues to provide one of the best employment conditions in the country, which include facilities like housing, medical etc.

DIRECTORS

Mr. Syed Mahmood Ahmad, who was on secondment to your Company, stepped down as the Managing Director of your Company with effect from 16th January, 2014, on being recalled by ITC Limited.

Mr. Abhimanyu Kumar Poddar who has been seconded from ITC Limited and was working as Vice President-Marketing was appointed the Managing Director of your Company with effect from 16th January 2014.

There were no other changes in the composition of the Board of Directors during the year.

The number of shares held by your Directors in the Company as on 32nd Asadh 2071 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, Managing Director or their close relatives.

The details of payments made during the year to the Directors, Managing Director and other officials, by way of Board meeting fees etc., are also annexed to this Report (Annexure II).

Further, details of Management expenses for the year 2070 / 71 are annexed to this Report (Annexure III).

AUDITORS

M/s. N Amatya & Company, Chartered Accountants, Kathmandu, Nepal, and M/s. T R Upadhya & Co, Chartered Accountants, Kathmandu, Nepal, Auditors of the Company, retire at the ensuing Annual General Meeting and being eligible, have offered themselves for re-appointment.

FUTURE OUTLOOK

Your Company continues to explore and pursue opportunities for profitable 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 : 4th Ashwin 2071 (20th September 2014)	Y C Deveshwar Chairman	K N Grant Director	A K Poddar Managing Director

Annexure I

Sl. No.	Name of Director	Number of Ordinary Shares of NRs. 100/- (₹ 63) each held singly and / or jointly as on 32nd Asadh 2071 (16th July-2014)
1.	Y. C. Deveshwar	Nil
2.	A. K. Mukerji	Nil
3.	B. B. Chatterjee	Nil
4.	K. N. Grant	Nil
5.	S. R. Pandey	67,212
6.	S. SJB Rana	600
7.	A. K. Poddar	Nil

Annexure II

THE AMOUNT OF REMUNERATION, ALLOWANCE AND FACILITIES PAID TO DIRECTOR, MANAGING DIRECTOR, CHIEF EXECUTIVE AND COMPANY OFFICIALS

During the financial year 2070/71, the following amounts have been paid to the Directors:

- Board Meeting Fee paid - NRs. 80,735 (₹ 50,459)
- Incidental expenses paid - NRs. 7,500 (₹ 4,688)

Payment to / on behalf of the Managing Directors for the financial year 2070/71:

- Salary - NRs. 1,13,03,143 (₹ 70,64,464)
- Allowances - NRs. 32,84,246 (₹ 20,52,654)

In addition to the above, the Managing Directors, as applicable, have been provided the following as per their terms of appointment:

- Furnished accommodation with necessary security at residence.
- Entrance fees and annual subscription charges for two clubs.
- Personal accident insurance.
- Company car with driver and telephone at residence.
- Fuel for generator and reimbursement of water tanker charges for residence.

Payment to/ on behalf of Company officials for the financial year 2070/71:

- Salary - NRs. 2,73,90,570 (₹ 1,71,19,106)
- Allowances - NRs. 72,93,051 (₹ 45,58,157)

In addition to the above, some of the Company officials, as applicable, have been provided the following as per their terms of appointment:

- Furnished accommodation with necessary security at residence.
- Entrance fees and annual subscription charges for clubs as applicable.
- Personal accident insurance.
- Company car with driver and telephone at residence.
- Fuel for generator and reimbursement of water tanker charges for residence.

Annexure III

MANAGEMENT EXPENSES

The expenses incurred by the Company for its management and administration for the financial year 2070/71 comprising rent, electricity, fuel & water, rates & taxes, insurance premium, repairs & improvements, safety & pollution control cost, maintenance , travel & conveyance, postage, telephone, telex, 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. 1,05,55,35,072 (₹ 65,97,09,420).

AUDITORS' REPORT TO THE SHAREHOLDERS OF SURYA NEPAL PRIVATE LIMITED

We have audited the accompanying financial statements of **Surya Nepal Private Limited**, which comprise the Balance Sheet as at 32nd Asadh 2071 (16 July 2014), the Profit & Loss Account, Statement of Changes in Equity and Cash Flow Statement for the year then ended and a summary of significant accounting policies and other explanatory notes.

Management's responsibility for the financial statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Nepal Accounting Standards. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditors' responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Nepal Standards on Auditing. Those standards require that we comply with relevant ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting principles used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, the financial statements give a true and fair view of the financial position of Surya Nepal Pvt Ltd as of 32nd Ashad 2071 (16 July 2014) and of its financial performance and its cash flows for the year then ended in accordance with Nepal Accounting Standards and the requirements of the Companies Act 2063.

Report on the Requirements of the Companies Act 2063

We have obtained information and explanations asked for, which, to the best of our knowledge and belief, were necessary for the purpose of our audit. In our opinion, the balance sheet, the profit and loss account, cash flows statement and the statement of changes in equity have been prepared in accordance with the requirements of the Companies Act 2063 and are in agreement with the books of account of the Company; and proper books of account as required by law have been kept by the Company.

To the best of our information and according to explanations given to us and from our examination of the books of account of the Company necessary for the purpose of our audit, we have not come across cases where Board of Directors or any employees of the Company have acted contrary to the provisions of law relating to the accounts or committed any misappropriation or caused loss or damage to the Company, relating to the accounts, in the Company.

	Nem Lal Amatya	Shashi Satyal
Date : 4th Ashwin 2071	Partner	Partner
(20th September 2014)	N. Amatya & Co.	T R Upadhya & Co.
Place : Kathmandu	Chartered Accountants	Chartered Accountants

BALANCE SHEET AS AT 32ND ASADH 2071 (16TH JULY, 2014)

	Note	Figures in NRs. As at 32nd Asadh 2071 (16th July, 2014)	Figures in ₹ As at 32nd Asadh 2071 (16th July, 2014)	Figures in NRs. As at 31st Asadh 2070 (15th July, 2013)	Figures in ₹ As at 31st Asadh 2070 (15th July, 2013)
CAPITAL & LIABILITIES					
SHARE CAPITAL AND RESERVES					
(a) Share Capital	1	**2,016,000,000**	**1,260,000,000**	2,016,000,000	1,260,000,000
(b) Reserves & Surplus	2	**5,610,235,630**	**3,506,397,265**	4,723,292,719	2,952,057,945
LONG TERM BORROWINGS - INTEREST BEARING	3				
(a) Secured Loan		**1,282,500,000**	**801,562,500**	1,710,000,000	1,068,750,000
CURRENT LIABILITIES AND PROVISIONS					
(a) Trade and Other Payables	4	**2,391,044,106**	**1,494,402,572**	1,924,757,568	1,202,973,484
(b) Short Term Borrowings	5	**1,182,008,879**	**738,755,549**	—	—
(c) Provisions for Taxation	6	**63,556,105**	**39,722,565**	234,822,821	146,764,263
(d) Provisions	7	**172,141,431**	**107,588,394**	124,051,459	77,532,162
Total		**12,717,486,151**	**7,948,428,845**	10,732,924,567	6,708,077,854
ASSETS					
FIXED ASSETS	8				
(a) Tangible Assets - Property, Plant & Equipment		**4,724,833,331**	**2,953,020,832**	2,485,815,992	1,553,634,994
(b) Intangible Assets		**230,696,483**	**144,185,302**	—	—
(c) Capital Work-in-Progress - Tangible Assets		**1,956,740,936**	**1,222,963,084**	852,433,122	532,770,701
(d) Intangible Assets under Development		—	—	109,619,993	68,512,495
INVESTMENTS	9	**25,632,338**	**16,020,211**	109,882,338	68,676,461
DEFERRED TAX ASSET - NET	10	**27,006,005**	**16,878,752**	46,220,383	28,887,740
CURRENT ASSETS					
(a) Cash and Cash Equivalents	11	**27,773,054**	**17,358,159**	686,796,228	429,247,642
(b) Trade and Other Receivables	12	**56,760,189**	**35,475,118**	44,010,482	27,506,552
(c) Inventories	13	**2,996,499,270**	**1,872,812,045**	2,751,535,766	1,719,709,855
(d) Loans and Advances	14	**2,667,936,307**	**1,667,460,193**	3,646,327,031	2,278,954,394
(e) Other Current Assets	15	**3,608,238**	**2,255,149**	283,232	177,020
Total		**12,717,486,151**	**7,948,428,845**	10,732,924,567	6,708,077,854

The accompanying notes 1 to 24 are an integral part of the Financial Statements.

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

Subhraketan Mitra Head of Finance	Abhimanyu Kumar Poddar Managing Director	Siddhartha SJB Rana Director	K N Grant Director	Y C Deveshwar Chairman
S R Pandey Director	A K Mukerji Director	B B Chatterjee Director	Nem Lal Amatya Partner N. Amatya & Co. Chartered Accountants	Shashi Satyal Partner T R Upadhya & Co. Chartered Accountants

Date: 4th Ashwin 2071 (20th September 2014)

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 32nd ASADH 2071 (16TH JULY, 2014)

	Note	Figures in NRs. For the year ended 32nd Asadh 2071 (16th July, 2014)	Figures in ₹ For the year ended 32nd Asadh 2071 (16th July, 2014)	Figures in NRs. For the year ended 31st Asadh 2070 (15th July, 2013)	Figures in ₹ For the year ended 31st Asadh 2070 (15th July, 2013)
Gross Revenue from sale of products	16	**19,927,753,626**	**12,454,846,016**	17,384,267,457	10,865,167,161
Less: Duties	17	**5,587,669,280**	**3,492,293,300**	5,026,366,783	3,141,479,239
Net Revenue from sale of products		**14,340,084,346**	**8,962,552,716**	12,357,900,674	7,723,687,922
Other Operating Income	18	**8,177,824**	**5,111,140**	7,044,560	4,402,850
Net Revenue from operations		**14,348,262,170**	**8,967,663,856**	12,364,945,234	7,728,090,772
Raw Materials Consumed, etc.	19	**4,536,342,264**	**2,835,213,915**	3,886,041,973	2,428,776,233
Manufacturing, Admin, Selling Expenses etc.	20	**2,441,126,384**	**1,525,703,991**	1,993,924,807	1,246,203,006
Provision for Employees' Bonus		**590,639,328**	**369,149,580**	515,034,356	321,896,473
Operating Profit		**6,780,154,193**	**4,237,596,370**	5,969,944,098	3,731,215,060
Other Income	21	**34,313,831**	**21,446,145**	50,058,232	31,286,395
Finance Cost	22	**258,500,546**	**161,562,841**	219,049,847	136,906,154
Depreciation and Amortisation Expenses		**307,625,118**	**192,265,698**	352,431,140	220,269,462
Profit before Taxation		**6,248,342,360**	**3,905,213,976**	5,448,521,343	3,405,325,839
Provision for Taxation (Refer 2H of Note 24)	23	**1,873,719,449**	**1,171,074,655**	1,659,245,499	1,037,028,436
Net Profit		**4,374,622,911**	**2,734,139,321**	3,789,275,844	2,368,297,403
Transferred from Accumulated Profit / Loss		**3,487,680,000**	**2,179,800,000**	2,802,240,000	1,751,400,000
Available for Appropriation		**7,862,302,911**	**4,913,939,321**	6,591,515,844	4,119,697,403
Appropriation					
Provision for Employees' Housing		**341,949,084**	**213,718,178**	298,177,785	186,361,116
Interim Dividend		**504,000,000**	**315,000,000**	403,200,000	252,000,000
Final Dividend		**2,983,680,000**	**1,864,800,000**	2,399,040,000	1,499,400,000
Balance Carried Over to Balance Sheet		**4,032,673,827**	**2,520,421,143**	3,491,098,059	2,181,936,287
		7,862,302,911	**4,913,939,321**	6,591,515,844	4,119,697,403

The accompanying notes 1 to 24 are an integral part of the Financial Statements.

This is the Profit & Loss Account referred to in our Report of even date.

Subhraketan Mitra Head of Finance	Abhimanyu Kumar Poddar Managing Director	Siddhartha SJB Rana Director	K N Grant Director	Y C Deveshwar Chairman
S R Pandey Director	A K Mukerji Director	B B Chatterjee Director	Nem Lal Amatya Partner N. Amatya & Co. Chartered Accountants	Shashi Satyal Partner T R Upadhya & Co. Chartered Accountants

Date: 4th Ashwin 2071 (20th September 2014)

CASH FLOW STATEMENT FOR THE YEAR ENDED 32ND ASADH 2071 (16TH JULY, 2014)

			Figures in NRs.	Figures in ₹	Figures in NRs.	Figures in ₹
			For the year ended 32nd Asadh 2071 (16th July, 2014)	For the year ended 32nd Asadh 2071 (16th July, 2014)	For the year ended 31st Asadh 2070 (15th July, 2013)	For the year ended 31st Asadh 2070 (15th July, 2013)
A	**Cash Flow From Operating Activities**					
	Profit Before Tax		**6,248,342,360**	**3,905,213,976**	5,448,521,343	3,405,325,839
	Adjustments for :					
	Depreciation		**307,625,118**	**192,265,699**	352,431,140	220,269,462
	Interest		**258,500,546**	**161,562,841**	219,049,847	136,906,154
	Interest from Investments		**(5,602,337)**	**(3,501,461)**	(5,683,125)	(3,551,953)
	Interest on Short Term/Call Deposits		**(19,341,077)**	**(12,088,173)**	(33,301,811)	(20,813,632)
	Unrealised Loss/(Gain) on Foreign Exchange (Net)		**49,721**	**31,076**	(491,659)	(307,287)
	Loss on Fixed Assets sold/discarded (Net)		**830,569**	**519,106**	—	—
	Provision for Doubtful Debts and Advance		—	—	1,305,781	816,113
	Provision for Sales Return		**7,980,542**	**4,987,839**	2,356,907	1,473,067
	Liability no longer required written back		**(98,829)**	**(61,768)**	(583,279)	(364,549)
	Provision for Doubtful Advance/Debts written back		**(119,208)**	**(74,505)**	(89,051)	(55,657)
	Operating Profit Before Working Capital Changes		**6,798,167,405**	**4,248,854,630**	5,983,516,093	3,739,697,557
	Adjustments for :					
	Trade and Other Receivables, Loans and Advances and Other Current Assets		**900,398,136**	**562,748,835**	15,663,948	9,789,968
	Inventories		**(244,963,506)**	**(153,102,191)**	(327,450,327)	(204,656,454)
	Trade and Other Payables and Provisions		**370,125,022**	**231,328,139**	803,642,012	502,276,258
	Cash Generated From Operation		**7,823,727,057**	**4,889,829,413**	6,475,371,726	4,047,107,329
	Income Tax Paid		**(2,025,771,787)**	**(1,266,107,367)**	(1,603,205,569)	(1,002,003,481)
	Net Cash From Operating Activities	**(A)**	**5,797,955,270**	**3,623,722,046**	4,872,166,157	3,045,103,848
B	**Cash Flow From Investing Activities**					
	Purchase of Fixed Assets		**(3,590,134,368)**	**(2,243,833,980)**	(835,670,263)	(522,293,914)
	Proceeds from Disposal of Fixed Assets		**15,814,605**	**9,884,128**	—	—
	Proceeds from redemption of Investment		**84,250,000**	**52,656,250**	—	—
	Interest Received		**25,027,737**	**15,642,335**	39,252,014	24,532,508
	Net Cash Used in Investing Activities	(B)	**(3,465,042,026)**	**(2,165,651,267)**	(796,418,249)	(497,761,406)
C	**Cash Flow From Financing Activities**					
	Proceeds from Long Term Borrowing		**(427,500,000)**	**(267,187,500)**	—	—
	Net Increase/(Decrease) in Cash Credit/Overdraft Facilities		**1,182,008,879**	**738,755,549**	(404,210,497)	(252,631,561)
	Interest Paid		**(258,715,577)**	**(161,697,236)**	(219,449,603)	(137,156,002)
	Dividends Paid		**(3,487,680,000)**	**(2,179,800,000)**	(2,802,240,000)	(1,751,400,000)
	Net Cash Used in Financing Activities	(C)	**(2,991,886,698)**	**(1,869,929,187)**	(3,425,900,100)	(2,141,187,563)
	Net Increase/(Decrease) in Cash & Cash Equivalents (A+B+C)		**(658,973,453)**	**(411,858,408)**	649,847,808	406,154,879
	Cash and Cash Equivalents (Opening balance)		**684,660,283**	**427,912,677**	34,812,475	21,757,797
	Cash and Cash Equivalents (Closing balance)		**25,686,830**	**16,054,269**	684,660,283	427,912,677
	Cash and Cash Equivalents:					
	Cash and Cash Equivalents as above		**25,686,830**	**16,054,269**	684,660,283	427,912,677
	Unrealised Gain / (Loss) on Foreign Currency Cash and Cash Equivalents - Net		**2,086,224**	**1,303,890**	2,135,945	1,334,966
	Cash and Cash Equivalents (Note 11)		**27,773,054**	**17,358,159**	686,796,228	429,247,642

The accompanying notes 1 to 24 are an integral part of the Financial Statements.

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

Subhraketan Mitra Head of Finance	Abhimanyu Kumar Poddar Managing Director	Siddhartha SJB Rana Director	K N Grant Director	Y C Deveshwar Chairman
S R Pandey Director	A K Mukerji Director	B B Chatterjee Director	Nem Lal Amatya Partner N. Amatya & Co. Chartered Accountants	Shashi Satyal Partner T R Upadhya & Co. Chartered Accountants

Date: 4th Ashwin 2071 (20th September 2014)

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 32ND ASADH 2071 (16TH JULY, 2014)

	Figures in NRs. Share Capital	Figures in ₹ Share Capital	Figures in NRs. Revaluation Reserve	Figures in ₹ Revaluation Reserve	Figures in NRs. General Reserve	Figures in ₹ General Reserve	Figures in NRs. Employees' Housing Reserve	Figures in ₹ Employees' Housing Reserve	Figures in NRs. Surplus	Figures in ₹ Surplus	Figures in NRs. Total	Figures in ₹ Total
Balance as at 31st Asadh 2069 (15th July 2012)	2,016,000,000	1,260,000,000	12,181,280	7,613,300	105,360,342	65,850,210	816,475,253	510,297,033	2,802,240,000	1,751,400,000	5,752,256,875	3,595,160,547
Net Profit for the year	—	—	—	—	—	—	—	—	**3,789,275,844**	**2,368,297,403**	**3,789,275,844**	**2,368,297,403**
Transferred to Employees' Housing Reserve	—	—	—	—	—	—	**298,177,785**	**186,361,116**	**(298,177,785)**	**(186,361,116)**	—	—
Interim Dividend	—	—	—	—	—	—	—	—	**(403,200,000)**	**(252,000,000)**	**(403,200,000)**	**(252,000,000)**
Final Dividend	—	—	—	—	—	—	—	—	**(2,399,040,000)**	**(1,499,400,000)**	**(2,399,040,000)**	**(1,499,400,000)**
Transferred to Reserve	—	—	—	—	**3,418,059**	**2,136,287**	—	—	**(3,418,059)**	**(2,136,287)**	—	—
Total	—	—	—	—	3,418,059	2,136,287	298,177,785	186,361,116	685,440,000	428,400,000	987,035,844	616,897,403
Balance as at 31st Asadh 2070 (15th July 2013)	2,016,000,000	1,260,000,000	1,2181,280	7,613,300	108,778,401	67,986,497	1,114,653,038	696,658,149	3,487,680,000	2,179,800,000	6,739,292,719	4,212,057,950
Net Profit for the year	—	—	—	—	—	—	—	—	**4,374,622,911**	**2,734,139,321**	**4,374,622,911**	**2,734,139,321**
Transferred to Employees' Housing Reserve	—	—	—	—	—	—	**341,949,084**	**213,718,178**	**(341,949,084)**	**(213,718,178)**	—	—
Interim Dividend	—	—	—	—	—	—	—	—	**(504,000,000)**	**(315,000,000)**	**(504,000,000)**	**(315,000,000)**
Final Dividend	—	—	—	—	—	—	—	—	**(2,983,680,000)**	**(1,864,800,000)**	**(2,983,680,000)**	**(1,864,800,000)**
Transferred to Reserve	—	—	—	—	—	—	—	—	—	—	—	—
Total	—	—	—	—	—	—	**341,949,084**	**213,718,178**	**544,993,827**	**340,621,143**	**886,942,911**	**554,339,321**
Balance as at 32nd Asadh 2071 (16th July 2014)	**2,016,000,000**	**1,260,000,000**	**12,181,280**	**7,613,300**	**108,778,401**	**67986,497**	**1,456,602,122**	**910,376,327**	**4,032,673,827**	**2,520,421,143**	**7,626,235,630**	**4,766,397,271**

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

The accompanying notes 1 to 24 are an integral part of the Financial Statements.

Subhraketan Mitra Head of Finance	Abhimanyu Kumar Poddar Managing Director	Siddhartha SJB Rana Director	K N Grant Director	Y C Deveshwar Chairman
S R Pandey Director	A K Mukerji Director	B B Chatterjee Director	Nem Lal Amatya Partner N. Amatya & Co. Chartered Accountants	Shashi Satyal Partner T R Upadhya & Co. Chartered Accountants

Date: 4th Ashwin 2071 (20th September 2014)

NOTES TO THE FINANCIAL STATEMENTS

	Figures in NRs. As at 32nd Asadh 2071 (16th July, 2014)	**Figures in ₹ As at 32ndAsadh 2071 (16th July, 2014)**	Figures in NRs. As at 31st Asadh 2070 (15th July, 2013)	Figures in ₹ As at 31st Asadh 2070 (15th July, 2013)
1: SHARE CAPITAL				
Authorised				
65,000,000 Ordinary Shares of NRs. 100/- each	**6,500,000,000**	**4,062,500,000**	6,500,000,000	4,062,500,000
Issued, Subscribed & Paid up				
20,160,000 Ordinary Shares of NRs.100/- each, fully paid	**2,016,000,000**	**1,260,000,000**	2,016,000,000	1,260,000,000
	2,016,000,000	**1,260,000,000**	2,016,000,000	1,260,000,000

Out of the above:

1. 16,800,000 Ordinary Shares were issued as fully paid up bonus shares in 2065-66 (2008-09).
2. 2,800,000 Ordinary Shares were issued as fully paid up bonus shares in 2060-61 (2003-04).
3. 280,000 Ordinary Shares were issued as fully paid up bonus shares in 2052-53 (1995-96).
4. 11,894,400 Ordinary Shares are held by the Holding Company, ITC Limited.

Reconciliation of number of Shares outstanding:

			Number of Shares	
At the beginning of the year	**20,160,000**	**20,160,000**	20,160,000	20,160,000
At the end of the year	**20,160,000**	**20,160,000**	20,160,000	20,160,000

	Figures in NRs. As at 31st Asadh 2070 (15th July, 2013)	Figures in ₹ As at 31st Asadh 2070 (15th July, 2013)	**Figures in NRs. Addition**	**Figures in ₹ Addition**	**Figures in NRs. Withdrawal**	**Figures in ₹ Withdrawal**	**Figures in NRs.** As at 32nd Asadh 2071 (16th July, 2014)	**Figures in ₹** As at 32nd Asadh 2071 (16th July, 2014)
2: RESERVES & SURPLUS								
Revaluation Reserve								
Revaluation of Land	12,181,280	7,613,300	—	—	—	—	12,181,280	7,613,300
Revenue Reserve								
General Reserve	108,778,401	67,986,497	—	—	—	—	108,778,401	67,986,497
Housing Fund								
Provision for Employee Housing	1,114,653,038	696,658,148	**341,949,084**	**213,718,178**	—	—	1,456,602,122	910,376,326
Accumulated Profit/loss								
(Refer 2A of Note 24)	3,487,680,000	2,179,800,000	**4,032,673,827**	**2,520,421,142**	**(3,487,680,000)**	**(2,179,800,000)**	4,032,673,827	2,520,421,142
	4,723,292,719	295,2057,945	**43,746,22,911**	**2,734,139,320**	**(3,487,680,000)**	**(2,179,800,000)**	5,610,235,630	3,506,397,265

	Figures in NRs. As at 32nd Asadh 2071 (16th July, 2014)	**Figures in ₹ As at 32nd Asadh 2071 (16th July, 2014)**	Figures in NRs. As at 31st Asadh 2070 (15th July, 2013)	Figures in ₹ As at 31st Asadh 2070 (15th July, 2013)
3: LONG TERM BORROWINGS - INTEREST BEARING				
Secured Loan *				
Current Maturiti.es	**570,000,000**	**356,250,000**	427,500,000	267,187,500
Non-current Maturities (repayable after 12 months)	**712,500,000**	**445,312,500**	1,282,500,000	801,562,500
	1,282,500,000	**801,562,500**	1,710,000,000	1,068,750,000

* Long term loan availed from Holding Company, ITC Limited.
Secured by hypothecation, on a first charge over movable fixed assets and inventories of the Company, both present and future.

NOTES TO THE FINANCIAL STATEMENTS (Contd.)

	Figures in NRs. As at 32nd Asadh 2071 (16th July, 2014)	Figures in ₹ As at 32nd Asadh 2071 (16th July, 2014)	Figures in NRs. As at 31st Asadh 2070 (15th July, 2013)	Figures in ₹ As at 31st Asadh 2070 (15th July, 2013)
4. TRADE AND OTHER PAYABLES				
(Payable within twelve months, unless otherwise stated)				
Trade Payables				
- Goods and Services				
- Holding Company	**619,165,332**	**386,978,334**	304,250,063	190,156,289
- Others	**343,560,135**	**214,725,085**	281,038,163	175,648,853
- Advances from Customers	**404,805,030**	**253,003,145**	548,865,099	343,040,687
Payable for Fixed Assets	**185,054,438**	**115,659,024**	92,083,478	57,552,174
Retention Money				
- Capital Items	**61,375,133**	**38,359,459**	21,170,616	13,231,635
- Others	**2,403,262**	**1,502,039**	4,118,936	2,574,336
Statutory Liabilities	**155,088,884**	**96,930,553**	138,854,990	86,784,370
Payable for Employee Benefits	**15,434,556**	**9,646,598**	5,808,828	3,630,518
Provision for Employee's Bonus under The Bonus Act, 2030				
- Distribution by Company	**110,526,263**	**69,078,914**	69,305,068	43,315,668
- Deposit with Welfare Funds established under				
The Labour Act, 2048	**336,079,145**	**210,049,466**	312,010,502	195,006,564
Deposit with National Level Welfare Fund				
established by Govt. of Nepal	**144,033,919**	**90,021,200**	133,718,786	83,574,241
Interest Accrued but not due				
- On Term Loan (from Holding Company)	**6,752,626**	**4,220,391**	8,432,877	5,270,548
- On Cash Credit / Overdrafts	**1,465,382**	**915,864**	162	101
Security Deposits from Customers	**5,300,000**	**3,312,500**	5,100,000	3,187,500
	2,391,044,106	**1,494,402,572**	1,924,757,568	1,202,973,484
5. SHORT TERM BORROWINGS				
Secured				
Cash Credit/Overdraft Facilities from Banks *	**1,182,008,879**	**738,755,549**	—	—
	1,182,008,879	**738,755,549**	—	—

* Secured by hypothecation, on a first charge over immovable fixed assets, certain current assets and investments of the Company and on inter se pari passu second charge over movable fixed assets and inventories of the Company, both present and future, as applicable.

6. PROVISIONS FOR TAXATION				
Provision for Income Tax	**1,947,542,215**	**1,217,213,884**	1,763,201,712	1,102,001,070
Less: Advance Tax paid / Withholding Tax deducted	**(1,883,986,110)**	**(1,177,491,319)**	(1,528,378,891)	(955,236,807)
	63,556,105	**39,722,565**	234,822,821	146,764,263
7. PROVISIONS				
Provision for Retirement and Other Employee Benefits (payable after 12 months NRs. 116,483,122 (₹ 72,801,951) {2069-70 - NRs. 87,978,260 (₹ 54,986,413)}	**172,141,431**	**107,588,394**	124,051,459	77,532,162
	172,141,431	**107,588,394**	124,051,459	77,532,162

8 - FIXED ASSETS
TANGIBLE ASSETS - PROPERTY, PLANT & EQUIPMENT

Description	Basic Depreciation Rates (%)	GROSS BLOCK								DEPRECIATION								NET BLOCK			
		NRs. As at 31.03.2070 (15.07.2013)	₹ As at 31.03.2070 (15.07.2013)	NRs. Additions	₹ Additions	NRs. Withdrawals/ Adjustments	₹ Withdrawals/ Adjustments	NRs. As at 32.03.2071 (16.07.2014)	₹ As at 32.03.2071 (16.07.2014)	NRs. As at 31.03.2070 (15.07.2013)	₹ As at 31.03.2070 (15.07.2013)	NRs. For the year*	₹ For the year*	NRs. Withdrawals/ Adjustments	₹ Withdrawals/ Adjustments	NRs . As at 32.03.2071 (16.07.2014)	₹ As at 32.03.2071 (16.07.2014)	NRs. As at 32.03.2071 (16.07.2014)	₹ As at 32.03.2071 (16.07.2014)	NRs. As at 31.03.2070 (15.07.2013)	₹ As at 31.03.2070 (15.07.2013)
Land & Land Development		272,854,744	170,534,215	**2,946,264**	**1,841,415**	—	—	**275,801,008**	**172,375,630**	—	—	—	—	—	—	—	—	**275,801,008**	**172,375,630**	272,854,744	170,534,215
Buildings	1.65	624,486,187	390,303,867	**965,178,758**	**603,236,724**	—	—	**1,589,664,945**	**993,540,591**	144,343,603	90,214,752	**17,117,551**	**10,698,469**	—	—	**161,461,154**	**100,913,221**	**1,428,203,791**	**892,627,370**	480,142,584	300,089,115
Plant and Machinery	5.30	3,472,112,418	2,170,070,261	**1,460,504,837**	**912,815,523**	—	—	**4,932,617,255**	**3,082,885,784**	1,982,338,014	1,238,961,259	**245,902,737**	**153,689,211**	—	—	**2,228,240,751**	**1,392,650,470**	**2,704,376,504**	**1,690,235,314**	1,489,774,404	931,109,002
Furniture and Fixtures	3.40 & 5.30	62,156,657	38,847,911	**36,359,872**	**22,724,920**	4,269,631	2,668,519	**94,246,898**	**58,904,312**	28,651,604	17,907,253	**4,184,255**	**2,615,159**	**4,269,571**	**2,668,482**	**28,566,288**	**17,853,930**	**65,680,610**	**41,050,382**	33,505,053	20,940,658
Vehicles	5.30	137,767,961	86,104,976	**30,464,471**	**19,040,294**	28,611,904	17,882,440	**139,620,528**	**87,262,830**	33,601,607	21,001,004	**10,398,725**	**6,499,203**	**12,044,441**	**7,527,776**	**31,955,891**	**19,972,431**	**107,664,637**	**67,290,399**	104,166,354	65,103,972
Computers	7.30	117,941,882	73,713,676	**33,129,846**	**20,706,154**	1,016,896	635,560	**150,054,832**	**93,784,270**	44,260,046	27,662,529	**10,579,464**	**6,612,165**	**966,685**	**604,178**	**53,872,825**	**33,670,516**	**96,182,007**	**60,113,754**	73,681,836	46,051,147
Office Equipments	5.30	58,514,330	36,571,456	**18,946,730**	**11,841,706**	330,354	206,471	**77,130,706**	**48,206,691**	26,823,313	16,764,571	**3,685,533**	**2,303,458**	**302,914**	**189,321**	**30,205,932**	**18,878,708**	**46,924,774**	**29,327,983**	31,691,017	19,806,885
Total		4,745,834,179	2,966,146,362	**2,547,530,778**	**1,592,206,736**	34,228,785	21,392,990	**7,259,136,172**	**4,536,960,108**	2,260,018,187	1,412,511,368	**291,868,265**	**182,417,665**	**17,583,611**	**10,989,757**	**2,534,302,841**	**1,583,939,276**	**4,724,833,331**	**2,953,020,832**	2,485,815,992	1,553,634,994
Capital Work-in-Progress		852,433,122	532,770,701	**3,619,937,930**	**2,262,461,206**	2,515,630,116	1,572,268,823	**1,956,740,936**	**1,222,963,084**	—	—	—	—	—	—	—	—	**1,956,740,936**	**1,222,963,084**	852,433,122	532,770,701
Grand Total		5,598,267,301	3,498,917,063	**6,167,468,708**	**3,854,667,942**	2,549,858,901	1,593,661,813	**9,215,877,108**	**5,759,923,192**	2,260,018,187	1,412,511,368	**291,868,265**	**182,417,665**	**17,583,611**	**10,989,757**	**2,534,302,841**	**1,583,939,276**	**6,681,574,267**	**4,175,983,916**	3,338,249,114	2,086,405,695
Previous Year		4,836,947,349	3,023,092,093	1,**024,475,409**	**640,297,131**	263,155,457	164,472,161	**5,598,267,301**	**3,498,917,063**	1,911,187,885	1,194,492,428	352,431,140	220,269,462	3,600,838	2,250,524	2,260,018,187	1,412,511,366	3,338,249,114	2,086,405,697		

INTANGIBLE ASSETS

Description	Basic Depreciation Rates (%)	GROSS BLOCK								AMORTISATION								NET BLOCK			
		NRs. As at 31.03.2070 (15.07.2013)	₹ As at 31.03.2070 (15.07.2013)	NRs. Additions	₹ Additions	NRs. Withdrawals/ Adjustments	₹ Withdrawals/ Adjustments	NRs. As at 32.03.2071 (16.07.2014)	₹ As at 32.03.2071 (16.07.2014)	NRs. As at 31.03.2070 (15.07.2013)	₹ As at 31.03.2070 (15.07.2013)	NRs. For the year	₹ For the year	NRs. Withdrawals/ Adjustments	₹ Withdrawals/ Adjustments	NRs . As at 32.03.2071 (16.07.2014)	₹ As at 32.03.2071 (16.07.2014)	NRs. As at 32.03.2071 (16.07.2014)	₹ As at 32.03.2071 (16.07.2014)	NRs. As at 31.03.2070 (15.07.2013)	₹ As at 31.03.2070 (15.07.2013)
Capitalised Software	20	40,630,720	25,394,200	**246,453,336**	**154,033,335**	—	—	**287,084,056**	**179,427,535**	40,630,720	25,394,200	**15,756,853**	**9,848,033**	—	—	**56,387,573**	**35,242,233**	**230,696,483**	**1,441,85,302**	—	—
Total		40,630,720	25,394,200	**246,453,336**	**154,033,335**	—	—	**287,084,056**	**179,427,535**	40,630,720	25,394,200	**15,756,853**	**9,848,033**	—	—	**56,387,573**	**35,242,233**	**230,696,483**	**144,185,302**	—	—
Intangible assets under development		109,619,993	68,512,495	**136,833,343**	**85,520,839**	**246,453,336**	**154,033,334**	—	—	—	—	—	—	—	—	—	—	—	—	109,619,993	68,512,495
Grand Total		150,250,713	93,906,695	**383,286,679**	**239,554,174**	**246,453,336**	**154,033,334**	**287,084,056**	**179,427,535**	40,630,720	25,394,200	**15,756,853**	**9,848,033**	—	—	**56,387,573**	**35,242,233**	**230,696,483**	**144,185,302**	109,619,993	68,512,495
Previous Year		86,168,506	53,855,316	68,701,104	42,938,190	4,618,897	2,886,811	15,250,713	93,906,695	40,630,720	25,394,200	—	—	—	—	40,630,720	25,394,200	109,619,993	68,512,495		

* Includes additional depreciation amounting to NRs. 3,714,093 (₹ 2,321,308) {2069-70 - NRs. 77,994,215 (₹ 48,746,384)} arising from change in estimated useful life of certain Plant and Machinery, old Computers and Other Assets.

NOTES TO THE FINANCIAL STATEMENTS (Contd.)

	Figures in NRs. As at 32nd Asadh 2071 (16th July, 2014)	Figures in ₹ As at 32nd Asadh 2071 (16th July, 2014)	Figures in NRs. As at 31st Asadh 2070 (15th July, 2013)	Figures in ₹ As at 31st Asadh 2070 (15th July, 2013)
9. INVESTMENTS *				
Investment in Stocks issued by Nepal Government				
5% Bikash Rinpatra, 2071 #	—	—	84,250,000	52,656,250
Investment in Promissory Note issued by Nepal Government				
6.5% Bikash Rinpatra, 2075	**25,632,338**	**16,020,211**	25,632,338	16,020,211
	25,632,338	**16,020,211**	109,882,338	68,676,461
* Pledged with a bank for obtaining letter of credit, guarantee facilities.				
# Maturing within 12 months from the Balance Sheet Date.				
10. DEFERRED TAX ASSET - NET				
Deferred Tax Asset				
On Provision for Retirement and Other Employee Benefits	**51,642,429**	**32,276,518**	37,215,437	23,259,648
On Fixed Assets	—	—	13,587,932	8,492,458
On Doubtful Advance	**664,991**	**415,619**	700,753	437,971
On Provision for Inventories	**14,473,723**	**9,046,077**	11,832,099	7,395,062
	666,781,143	**41,738,214**	63,336,221	39,585,139
Deferred Tax Liability				
On finished goods	**17,461,753**	**10,913,596**	17,115,838	10,697,399
On Fixed Assets	**22,313,385**	**13,945,866**	—	—
Deferred Tax Asset - Net	**27,006,005**	**16,878,752**	46,220,383	28,887,740
11. CASH AND CASH EQUIVALENTS				
Cash on Hand	**74,325**	**46,453**	93,722	58,576
Cash at Bank				
Current Account	**862,904**	**539,315**	19,122,982	11,951,864
Short Term - Call Deposits	**11,775,531**	**7,359,707**	638,176,810	398,860,506
Savings Account (Provident Fund)	**60,294**	**37,684**	58,795	36,747
Cheques on Hand	**15,000,000**	**9,375,000**	29,343,919	18,339,949
	27,773,054	**17,358,159**	686,796,228	429,247,642
12. TRADE AND OTHER RECEIVABLES				
(Receivable within twelve months, unless otherwise stated)				
Trade Receivables				
Due for more than six months				
Good and Secured	—	—	—	—
Good and Unsecured				
From Holding Company	—	—	—	—
From Others	**892,190**	**557,619**	3,612,624	2,257,890
Doubtful and Unsecured - From Others	—	—	—	—
Less: Provision for Doubtful Debts	—	—	—	—
Due for less than six months - considered good				
Secured	**350,000**	**218,750**	389,243	243,277
Unsecured				
From Holding Company	—	—	—	—
From Others	**54,383,498**	**33,989,686**	37,275,182	23,296,989
Other Receivables				
Unsecured - Considered Good				
From Holding Company	**1,134,501**	**709,063**	2,733,433	1,708,396
	56,760,189	**35,475,118**	44,010,482	27,506,552
13. INVENTORIES				
Stores & Supplies (including in-transit)	**144,437,156**	**90,273,223**	133,225,113	83,265,696
Raw Materials (including in-transit)	**1,395,082,169**	**871,926,356**	1,082,778,455	676,736,535
Stock - In - Process	**111,768,239**	**69,855,149**	88,120,058	55,075,036
Finished Goods				
At Cost	**1,335,332,444**	**834,582,778**	1,428,853,513	893,033,446
At Net Realisable Value	**9,879,262**	**6,174,539**	18,558,627	11,599,142
	2,996,499,270	**1,872,812,045**	2,751,535,766	1,719,709,855
14. LOANS & ADVANCES				
Recoverable within 12 months				
Short Term				
Commercial Advances				
- Green Leaf / Sapling / Seeds Bought from Tobacco Farmers (net of loan disbursed by Bank)	**4,289,677**	**2,681,048**	3,570,716	2,231,698
- Less: Provision for Old Advance	**(1,116,911)**	**(698,069)**	(1,236,118)	(772,574)
- Other Goods and Services	**22,722,378**	**14,201,486**	15,793,448	9,870,904
- Less: Provision for Doubtful Advance	**(4,528)**	**(2,830)**	(4,528)	(2,830)
Capital Advances	**15,098,054**	**9,436,284**	80,460,144	50,287,590
Excise Duty Advance	**5,532,030**	**3,457,519**	59,486,025	37,178,766
Deposit with Govt. Authorities (Excise Sticker, Excise on Import, etc.)	**434,229,832**	**271,393,645**	105,790,678	66,119,174
Less: Provision for Import License for Tobacco	**(1,030,063)**	**(643,789)**	(1,030,063)	(643,789)
Employee Loans and Advances	**11,678,093**	**7,298,808**	11,241,876	7,026,172
Unexpired Expenses	**99,371,622**	**62,107,264**	6,227,804	3,892,378
Margin Money Deposit	**1,162,592**	**726,620**	104,812	65,508
Less: Provision for Margin Money Deposit	**(104,812)**	**(65,508)**	(104,812)	(65,508)
Other Deposits	**1,497,527**	**935,954**	2,403,795	1,502,371
Recoverable after 12 months				
Long Term				
Commercial Advances				
- Advance to Holding Company {Refer 2E of Note 24}	**1,927,796,961**	**1,204,873,100**	3,152,490,974	1,970,306,859
- Other Goods and Services	**2,000,000**	**1,250,000**	2,000,000	1,250,000
Employee Loans and Advances	**63,288,388**	**39,555,243**	67,880,812	42,425,507
Deposits with Government Authorities - Appeals	**81,525,468**	**50,953,418**	141,251,468	88,282,168
	2,667,936,307	**1,667,460,193**	3,646,327,031	2,278,954,394
15. OTHER CURRENT ASSETS				
Accrued Interest receivable				
- On Investments	**193,397**	**120,873**	274,185	171,366
- On Call Deposit with Banks	**3,275**	**2,047**	9,047	5,654
- On Commercial Advances	**2,237**	**1,398**	—	—
Unexpired Premium on Forward Contracts	**3,409,329**	**2,130,831**	—	—
	3,608,238	**2,255,149**	283,232	177,020

NOTES TO THE FINANCIAL STATEMENTS (Contd.)

	Figures in NRs. For the year ended 32nd Asadh 2071 (16th July, 2014)	Figures in ₹ For the year ended 32nd Asadh 2071 (16th July, 2014)	Figures in NRs. For the year ended 31st Asadh 2070 (15th July, 2013)	Figures in ₹ For the year ended 31st Asadh 2070 (15th July, 2013)
16. GROSS REVENUE*				
Cigarette	**19,711,189,359**	**12,319,493,349**	17,152,298,078	10,720,186,299
Apparel	**73,906,042**	**46,191,276**	58,807,728	36,754,830
Safety Matches	**129,966,976**	**81,229,360**	173,161,651	108,226,032
Agarbatti	**12,691,249**	**7,932,031**	—	—
	19,927,753,626	**12,454,846,016**	17,384,267,457	10,865,167,161
* Net of Sales return.				
17. DUTIES				
Excise Duty	**5,463,043,869**	**3,414,402,418**	4,905,321,981	3,065,826,238
Sticker Charges	**124,625,411**	**77,890,882**	121,044,802	75,653,001
	5,587,669,280	**3,492,293,300**	5,026,366,783	3,141,479,239
18. OTHER OPERATING INCOME				
Liability no longer required written back	**98,829**	**61,768**	583,279	364,549
Provision for doubtful advance/debts written back	**119,208**	**74,505**	89,051	55,657
Miscellaneous Income	**7,959,787**	**4,974,867**	6,372,230	3,982,644
	8,177,824	**5,111,140**	7,044,560	4,402,850
19. RAW MATERIALS CONSUMED ETC.				
Leaf and Casing Materials	**2,201,864,109**	**1,376,165,068**	2,089,734,725	1,306,084,204
Wrapping Materials	**2,100,257,182**	**1,312,660,738**	1,648,592,438	1,030,370,274
Fabrics, Trims etc. *	**14,490,606**	**9,056,629**	21,070,554	13,169,096
Purchase and Contract Manufacturing Charges	**149,798,704**	**93,624,190**	158,826,866	99,266,791
Finished Goods Written off **	**90,842,476**	**56,776,547**	—	—
	4,557,253,076	**2,848,283,172**	3,918,224,583	2,448,890,365
Allocation of overheads etc. on Finished Goods				
Opening	**130,029,561**	**81,268,476**	97,846,951	61,154,344
Closing	**(150,940,373)**	**(94,337,733)**	(130,029,561)	(81,268,476)
	4,536,342,264	**2,835,213,915**	3,886,041,973	2,428,776,233

* Includes write back of provision amounting to NRs. 1,659,088 (₹ 1,036,930) {2069-70 - Write down of inventories NRs. 1,379,363 (₹ 862,102).

** Book value of 102.78 million of Cigarettes completely destroyed due to fire incident at Company's leased warehouse in the month of June 2014.

20. MANUFACTURING, ADMIN, SELLING EXPENSES ETC.				
Salaries, Wages & Allowances	**365,705,524**	**228,565,953**	274,297,502	171,435,939
Contribution to Provident Fund	**11,698,375**	**7,311,484**	9,481,778	5,926,111
Provision for Retirement and Other Employee Benefits	**88,503,054**	**55,314,409**	43,460,071	27,162,544
Labour & Staff Welfare	**45,098,217**	**28,186,386**	40,697,308	25,435,818
Hired Machine Expenses	**99,935,413**	**62,459,633**	65,917,743	41,198,589
Rent	**70,889,342**	**44,305,839**	57,312,225	35,820,141
Electricity, Fuel & Water	**148,502,943**	**92,814,339**	139,725,360	87,328,350
Rates & Taxes	**9,576,293**	**5,985,183**	1,781,976	1,113,735
Insurance Premium	**55,043,519**	**34,402,199**	49,938,826	31,211,766
Repairs & Improvements - Depreciable Assets	**140,797,376**	**87,998,360**	115,483,043	72,176,902
Maintenance - Owned Properties	**12,714,678**	**7,946,674**	2,497,847	1,561,154
Maintenance - Other Properties	**25,871,247**	**16,169,529**	14,149,447	8,843,403
Safety & Pollution Control Cost	**11,995,552**	**7,497,220**	12,520,957	7,825,598
Consumption of Stores & Spare Parts *	**51,238,563**	**32,024,102**	27,754,089	17,346,306
Freight	**65,628,660**	**41,017,913**	66,120,039	41,325,024
Product & Packaging Development - Tools / Accessories	**87,357,846**	**54,598,654**	154,429,967	96,518,729
Product Development & License Fees	**358,195,777**	**223,872,361**	128,360,410	80,225,256
Advertising	**6,199,930**	**3,874,956**	5,842,918	3,651,824
Market Research	**16,952,187**	**10,595,117**	19,310,696	12,069,185
Retail Accessories	**17,969,341**	**11,230,838**	88,857,485	55,535,928
Trade Distribution Expenses	**89,077,305**	**55,673,316**	94,415,772	59,009,858
Information Technology Services	**109,985,269**	**68,740,793**	74,230,471	46,394,044
Travel & Conveyance	**130,868,214**	**81,792,634**	103,539,182	64,711,989
Training & Recruitment Expenses	**34,629,957**	**21,643,723**	39,413,625	24,633,516
Postage, Telephone, Telex, Fax etc.	**6,290,183**	**3,931,364**	5,928,971	3,705,607
Bank Charges and Commission	**12,418,499**	**7,761,562**	8,536,993	5,335,621
Premium on Forward Contracts	**26,312,863**	**16,445,539**	—	—
Audit Fees	**720,000**	**450,000**	720,000	450,000
Legal Fees	**248,000**	**155,000**	230,300	143,938
Printing & Stationery	**7,477,218**	**4,673,261**	9,387,609	5,867,256
Consultancy Charges	**220,636,592**	**137,897,870**	194,404,046	121,502,529
Professional Service Charges & Other Fees	**68,562,741**	**42,851,713**	77,433,206	48,395,754
Business Entertainment Expenses	**5,163,697**	**3,227,311**	6,537,133	4,085,708
Promotion & Sponsorship	**17,579,877**	**10,987,423**	35,955,342	22,472,089
Board Meeting Fees	**80,735**	**50,459**	52,941	33,088
Donations **	**2,731,730**	**1,707,331**	7,804,884	4,878,053
Books & Periodicals	**442,192**	**276,370**	400,241	250,151
Membership Fee	**1,860,437**	**1,162,773**	652,174	407,609
Loss on Fixed Assets Sold / Discarded (Net)	**830,569**	**519,106**	—	—
Provision for Doubtful Debts and Advances	—	—	1,305,781	816,113
Net Loss / (gain) on Foreign Currency Transactions and Translations	**97,418**	**60,886**	(551,544)	(344,715)
Miscellaneous Expenses {Refer 2G of Note 24} ***	**15,239,052**	**9,524,408**	15,587,993	9,742,496
	2,441,126,384	**1,525,703,991**	1,993,924,807	1,246,203,006

* Includes provision for obsolescence of spares, relating to plant & machinery with no residual useful life for NRs. 8,682,744 (₹ 5,426,715) {2069-70 - NRs. 2,824,034 (₹ 1,765,021)}.

** Includes cost of construction of School Building in Pokhara NRs. Nil {2069-70 NRs. 5,194,217 (₹ 3,246,386)}

*** Includes provision for sales return, relating to Garments domestic business, for NRs. 7,980,542 (₹ 4,987,898) {2069-70 NRs. 2,356,907 (₹ 1,473,067)}

NOTES TO THE FINANCIAL STATEMENTS (Contd.)

	Figures in NRs. For the year ended 32nd Asadh 2071 (16th July, 2014)	Figures in ₹ For the year ended 32nd Asadh 2071 (16th July, 2014)	Figures in NRs. For the year ended 31st Asadh 2070 (15th July, 2013)	Figures in ₹ For the year ended 31st Asadh 2070 (15th July, 2013)
21. OTHER INCOME				
Interest Received	**9,370,417**	**5,856,511**	11,073,296	6,920,810
Interest on Short Term/Call Deposit with Bank	**19,341,077**	**12,088,173**	33,301,811	20,813,632
Interest from Investments	**5,602,337**	**3,501,461**	5,683,125	3,551,953
	34,313,831	**21,446,145**	50,058,232	31,286,395
22. FINANCE COST				
Interest on Term Loan (from Holding Company)	**190,816,704**	**119,260,440**	205,200,000	128,250,000
Interest on Short Term Loan / Overdrafts	**63,456,309**	**39,660,193**	7,124,786	4,452,991
Interest on Trading Debts	**4,227,533**	**2,642,208**	4,140,650	2,587,906
Interest on Suppliers' Credit	—	—	2,584,411	1,615,257
	258,500,546	**161,562,841**	219,049,847	136,906,154
23. PROVISION FOR TAXATION				
Current Tax	**1,854,505,071**	**1,159,065,669**	1,672,242,391	1,045,151,494
Deferred Tax	**19,214,378**	**12,008,986**	(12,996,892)	(8,123,058)
	1,873,719,449	**1,171,074,655**	1,659,245,499	1,037,028,436

NOTES TO THE FINANCIAL STATEMENTS (Contd.)

Note- 24

1. Significant Accounting Policies

i) Convention

These Financial Statements have been prepared in accordance with applicable Accounting Standards and Generally Accepted Accounting Principles (GAAPs) in Nepal. A summary of Significant Accounting Policies, which have been applied consistently, is set out below. The Financial Statements have also been prepared in accordance with the relevant presentational requirements of the Company Act, 2063 of Nepal.

ii) Basis of Accounting

These Financial Statements have been prepared in accordance with the historical cost convention modified by revaluation of certain freehold land as detailed in (iii) below.

The preparation of the accounts requires management to make estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities at the date of the Financial Statements. The key estimates and assumptions are set out in the Accounting Policies below, together with the related notes to the Financial Statements.

The most significant items include:

a) The estimation of and accounting for retirement benefit costs. The determination of the carrying value of assets and liabilities, as well as the charge for the year, involves judgements made in conjunction with independent actuaries. These involve estimates about uncertain future events including life expectancy of members, attrition rate, salary increases as well as discount rates.

b) The estimation of provisions for taxation, which are subject to uncertain future events, may extend over several years and so the amount and/or timing may differ from current assumptions. The Accounting Policy for taxation is disclosed below in point no. (xiv) including the recognised Deferred Tax Assets and Liabilities.

iii) Fixed Assets

Freehold land acquired up to 17.12.2043 (31.03.1987) was revalued and the resultant increase in the value of such land was credited to Revaluation Reserve. Subsequent acquisition of the above asset and the other assets are stated at cost of acquisition inclusive of inward freight, duties and taxes and incidental expenses related to acquisition.

Depreciation on Tangible Fixed Assets has been provided on straight-line basis at the rates prescribed by the erstwhile Income Tax (First Amendment) Rules, 2039. The said rates have further been increased by 33 1/3 % as prescribed in the Industrial Enterprises Act, 2049 in respect of assets deployed at factories running on three shift basis. Additional depreciation arising from a change in estimated useful life of assets is charged against revenue.

To capitalise software where it is expected to provide future enduring economic benefits.Capitalisation costs include licence fees and cost of implementation / system integration services. The costs are capitalised in the year when the relevant software is implemented for use and are amortised over a period of five years.

Impairment loss, if any, ascertained as per Nepal Accounting Standard - 18 "Impairment of Assets" issued by Institute of Chartered Accountants of Nepal, is recognised.

iv) Inventories

Inventories are valued at cost or net realisable value whichever is lower. The cost is calculated on weighted average method. Cost comprises expenditure incurred in the normal course of business in bringing such inventories to its location and includes, where applicable, appropriate overheads based on normal level of activity.

Obsolete, slow moving and defective inventories are identified at the time of physical verification of inventories and where necessary, provision is made for such inventories.

v) Investments

Long Term Investments are valued at cost. Provision is made where there is a permanent fall in the valuation of such Investments.

vi) Revenue from sale of products

To recognise revenue at the time of delivery of goods net of trade discounts to customers and Value Added Tax recovered from customers but including excise duty and sticker charges payable by the Company. Net revenue is stated after deducting such excise duty and sticker charges.

vii) Investment Income

Income from investments is accounted for on an accrual basis, inclusive of related tax deducted at source.

viii) Foreign Exchange Transaction

Foreign Exchange transactions are recorded at the exchange rate prevailing on the date of transactions or where applicable, at the exchange rate covered by forward exchange contracts. Gains/losses arising out of fluctuations in the exchange rates are recognised in the Profit and Loss Account in the period in which they arise.

To account for differences between the forward exchange rates and the exchange rates at the inception of forward exchange contracts as income or expense over the life of the contracts.Gain/loss arising on cancellation or renewal of forward exchange contracts is recognised as income/expense for the period. Gains/losses on account of foreign exchange rate fluctuations relating to monetary items are accounted for in the Profit and Loss Account at the year end.

ix) Lease Rentals

Operating lease rentals are charged to the Profit and Loss Account as incurred.

x) Retirement Benefits

(a) Gratuity

Liability for gratuity benefits payable to the employees is actuarially determined at the year end and provided for.

(b) Provident Fund

Regular monthly contributions are made to Provident Funds, which are charged against revenue.

(c) Leave Encashment and Other Retirement Benefits

Leave encashment and other retirement benefits, wherever applicable, are determined on the basis of actuarial valuation at the year end and provided for.

xi) Bonus

Bonus is provided as per the provisions of the Bonus Act, 2030.

xii) Employees' Housing

Employees' Housing is provided as per the provisions of Labour Act, 2048.

xiii) Cash and Cash Equivalents

Cash and cash equivalents represent cash and cheques on hand and balance in Bank Accounts.

xiv) Tax on Income

Provision for current tax is made with reference to profit for the period covered by the Financial Statements as per the provisions of Income Tax Act, 2058.

Deferred Tax is recognised and provided for on temporary differences between carrying amount of assets and liabilities and their respective tax base,subject to consideration of prudence.

Deferred Tax Assets are recognised to the extent it is probable that future taxable profit will be available against which the temporary difference, unused tax losses and unused tax credit can be utilised, unless the Deferred Tax Asset arises from the initial recognition of an asset or liability in a transaction.

Deferred Tax is determined using the tax rates that have been enacted or substantively enacted at the Balance Sheet date and are expected to apply when the related deferred tax asset is realised or deferred tax liability is settled.

xv) Dividend

Interim Dividend is distributed to the shareholders after its declaration by the Board of Directors based on the audited financial statements of the Company. Final dividend is distributed to the shareholders after its approval at the Annual General Meeting.

The dividend per share and the amount of dividend, declared / proposed after the balance sheet date for the period covered by the financial statements are disclosed in the notes to the Financial Statements in accordance with NAS 05 - "Events After Balance Sheet Date" read with NAS 01 - "Presentation of Financial Statements". Interim and Final dividend, are recognised as appropriation in the financial statements of the period in which they are declared/ approved.

2. Notes to the Accounts

A. Consistent with NAS 05 - "Events After Balance Sheet Date" which prescribes the treatment of dividends declared or proposed after the balance sheet date for the period covered by the financial statements as a non-adjusting event and in accordance with NAS 01 - "Presentation of Financial Statements":

(a) Interim and Final Dividend recognised as Provisions in the Financial Statements of the previous years have been reclassified as Reserves & Surplus and included in the balances of Accumulated Profit & Loss in the Statement of Changes in Equity, as such dividends were declared / proposed after the balance sheet date.

(b) Such dividends have been recognised as appropriation in the financial statements of the period in which they were declared /approved and became a present obligation.

B. For the year ended 32nd Asadh 2071(16th July, 2014), the Board of Directors of the Company at its meeting held on 4th Ashwin 2071(20th September 2014) have:

a) declared interim dividend of NRs. 25 (₹ 16) per share, amounting to NRs. 50.40 (₹ 32) Crores and

b) recommended final dividend of NRs. 175 (₹ 109) per share amounting to NRs. 352.80 (₹ 221) Crores.

C. Claims against the Company not acknowledged as debts:

SCHEDULES TO THE ACCOUNTS (Contd.)

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 is under 'physical control' of the Revenue Authorities and cigarettes produced are duly accounted for and certified as such by the Revenue Authorities.

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, on 11th February, 2011 and 12th August 2013 decided the following administrative review petitions in favour of the Company relating to theoretical production:

(i) Value Added Tax - NRs. 190,142,762 (₹ 118,839,226) for the financial years 2058-59 and 2064-65 (2001-02 and 2007-08).

(ii) Income Tax - NRs. 49,070,474 (₹ 30,669,046) for the financial year 2062-63 (2005-06).

The Company's counsel appearing in the matter has opined that the verdict of the Supreme Court of Nepal dated 29th October, 2009, which was delivered by a Full Bench of the Court, will add substantial strength to Company's case in all the other matters relating to the issue of theoretical production.

Following is the status of pending demands and Show Cause Notices received from the Revenue Authorities based on similar untenable contention:

Excise Demands and Show Cause Notice

1. Excise demand letter dated 22nd February 2008 for NRs. 149,515,509 (₹ 93,447,193) relating to the financial years 2060-61 to 2062-63 (2003-04 to 2005-06). The Company's writ petition, challenging the demand, has been admitted by the Supreme Court of Nepal on 2nd April 2008 and it has issued Show Cause Notices to the respondents.
2. Excise demand letter dated 30th November 2008 for NRs. 128,510,757 (₹ 80,319,223) relating to the financial year 2063-64 (2006-07). The Company's writ petition, challenging the demand, has been admitted by the Supreme Court of Nepal on 6th January 2009 and it has issued Show Cause Notices to the respondents.
3. Show Cause Notice dated 19th January 2010 seeking to demand NRs. 196,537,807 (₹ 122,836,129) by way of Excise Duty for the financial year 2064-65 (2007-08). Company's writ petition challenging the Notice was admitted by the Supreme Court of Nepal. On 7th March 2010, Supreme Court of Nepal issued interim order directing Inland Revenue Department not to raise demand, pending final disposal of the writ petition.

VAT Demands

4. VAT demand letter dated 8th August 2007 for NRs. 57,238,860 (₹ 35,774,288) relating to the financial year 2059-60 (2002-03). The Company's writ petition, challenging the demand, has been admitted by the Supreme Court of Nepal on 12th September 2007 and it has issued Show Cause Notices to the respondents.
5. VAT demand letter dated 5th August 2008 for NRs. 10,718,107 (₹ 6,698,817) relating to the financial year 2060-61 (2003-04). The Company's writ petition, challenging the demand, has been admitted by the Supreme Court of Nepal on 5th September 2008 and it has issued Show Cause Notices to the respondents.
6. VAT demand letter dated 10th July 2009, for NRs. 106,966,056 (₹ 66,853,785) relating to the financial years 2061-62 to 2063-64 (2004-05 to 2006-07). The Company's writ petition, challenging the demand, has been admitted by the Supreme Court of Nepal on 9th August 2009 and it has issued Show Cause Notices to the respondents.

Income Tax Demands

7. Income Tax demand letter dated 12th August 2007 for NRs. 196,092,971 (₹ 122,558,107) relating to the financial year 2059-60 (2002-03). The Company's writ petition, challenging the demand, has been admitted by the Supreme Court of Nepal on 12th September 2007 and it has issued Show Cause Notices to the respondents.
8. Income Tax demand letter dated 15th September 2008 for the financial year 2060-61 (2003-04). Out of total demand of NRs. 22,536,944 (₹ 14,085,590), the basis of the demand for NRs. 19,139,653 (₹ 11,962,283) is on theoretical production. The Company's writ petition, challenging the demand, has been admitted by the Supreme Court of Nepal on 8th December 2008 and it has issued Show Cause Notices to the respondents.
9. Income Tax demand letter dated 16th October 2009 for the financial year 2061-62 (2004-05). Out of a total demand of NRs. 22,626,609 (₹ 14,141,631), the basis of the demand for NRs. 21,565,409 (₹ 13,478,381) is on theoretical production. The Company filed an administrative review petition before the Director General, Inland Revenue Department on 18th December 2009. The Director General without dealing with the issues raised by the Company, summarily dismissed the petition by an order dated 2nd March 2010. The Company thereafter filed an appeal before the Revenue Tribunal, on 17th June 2010. The Revenue Tribunal, vide its order dated 9th July, 2012 (received by the Company on 2nd November, 2012), has directed Director General, Inland Revenue Department to reassess the case, which is pending.

The Management 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. 137,675,943 (₹ 86,047,464) {Previous year - NRs. 134,860,511(₹ 84,287,819)} (net of provision made for the above assessment years) 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. 5,419,717 (₹ 3,387,323) {(Previous year - NRs. 4,742,064 (₹ 2,963,790)}, which are under appeal /reassessment.

D. Estimated amount of contracts remaining to be executed on capital account NRs.771,639,109 (₹ 482,274,443) {(2069-70 NRs. 2,821,802,340 (₹ 1,763,626,463)}.

E. Commercial advance to Holding Company towards purchase of unmanufactured tobacco is adjusted against invoices received for dispatch of such tobacco by the Holding Company. The timing of such dispatches, based on the Company's indent, cannot be determined with precision. Accordingly, for the advance, it is not possible to segregate amounts that are recoverable within or beyond 12 months and the entire amount, on principle of conservatism, has been classified as long term.

F. Remuneration to Managing Director:

Particulars	For the year ended 32nd Asadh 2071 (16th July 2014)		For the year ended 31st Asadh 2070 (15th July 2013)	
	In NRs.	In ₹	In NRs.	In ₹
Salary& Allowances	14,587,389	9,117,118	17,006,647	10,629,154
Other Benefits *	2,597,291	1,623,307	2,195,009	1,371,881
Post Employment Benefits	**	**	**	**
Total	17,184,680	10,740,425	19,201,656	12,001,035

* Other Benefits includes amounts incurred/reimbursed by the Company towards Residential Rent & Maintenance, Fuel & Driver Salary for Vehicle, Vehicle Repairs & Maintenance etc,

** Post employment benefits are actuarially determined on overall basis for all employees.

G. Miscellaneous Expenses include reimbursement of expenses to statutory auditors amounting to NRs. 193,569 (₹ 120,981) {2069-70- NRs. 145,000 (₹ 90,625)}.

H. Reconciliation between tax expenses and accounting profit:

	For the year ended 32nd Asadh 2071 (16th July 2014)		For the year ended 31st Asadh 2070 (15th July 2013)	
	In NRs.	In ₹	In NRs.	In ₹
Accounting Profit	6,248,342,360	3,905,213,976	5,448,521,343	3,405,325,839
Tax at the applicable tax rate (Cigarette manufacturing @ 30%, Garments Manufacturing @ 20% and Trading @ 25%)	1,876,296,521	1,172,685,326	1,637,533,486	1,023,458,429
Factors affecting tax charge for the year				
Effect of :				
Unused Tax Losses not recognised	2,162,663	1,351,664	7,787,174	4,866,984
Expenses not deductible for tax purposes	1,051,952	657,470	7,966,857	4,979,286
Others	(5,791,687)	(3,619,804)	5,957,982	3,723,739
Total Tax Expense	1,873,719,449	1,171,074,655	1,659,245,499	1,037,028,436

I. Capital

The Company is not subject to any capital adequacy norms under regulations presently in force. Employees Housing Reserve is set aside as required by law. It is the Company's policy to maintain a sound capital base that is supportive of the Company's business plans. Return on capital employed is monitored based on asset turnover and profitability ratio.

NOTES TO THE FINANCIAL STATEMENTS (Contd.)

J. Related Party Disclosures

Nature of relationship and name of the related parties:

1. Holding Company
   ITC Limited, India
2. Fellow Subsidiaries
   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 Agri Sciences Limited, India
      Technico Technologies Inc., Canada
      Technico Asia Holdings Pty Limited, Australia and its subsidiary
      Technico Horticultural (Kunming) Co. Limited, China
   h) Wimco Limited, India and its subsidiaries
      Pavan Poplar Limited, India
      Prag Agro Farm Limited, India
   i) ITC Infotech India Limited, India and its subsidiaries
      ITC Infotech Limited, United Kingdom
      ITC Infotech (USA), Inc., United States of America and its subsidiary
      Pyxis Solutions, LLC, United States of America
   j) Wills Corporation Limited, India
   k) Gold Flake Corporation Limited, India
   l) ITC Investments & Holdings Limited, India
   m) King Maker Marketing, Inc., United States of America
   n) BFIL Finance Limited, India and its subsidiary
      MRR Trading & Investment Company Limited, India
   p) North East Nutrients Private Limited (w.e.f. 06-02-2014)

The above list does not include ITC Global Holdings Pte. Limited, Singapore (in liquidation)

3. Key Management Personnel:

Y C Deveshwar	Chairman & Non-Executive Director
S Puri	Alternate Director to Mr Y C Deveshwar
A K Mukerji	Non-Executive Director
B B Chatterjee	Non-Executive Director
K N Grant	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
S M Ahmad	Managing Director (till 15th January, 2014)
Abhimanyu Kumar Poddar	Managing Director (w.e.f. 16th January, 2014)

Disclosure of transactions between the Company and related parties during the year and outstanding balances as on 16th July 2014 / 15th July 2013

	For the year ended 32nd Asadh 2071 (16th July 2014)						For the year ended 31st Asadh 2070 (15th July 2013)					
	Holding Company		Fellow Subsidiaries		Key Management Personnel		Holding Company		Fellow Subsidiaries		Key Management Personnel	
	In NRs.	In ₹	In NRs.	In ₹	In NRs.	In ₹	In NRs.	In ₹	In NRs.	In ₹	In NRs.	In ₹
Sale of Goods/Services	–	–	–	–	–	–	–	–	–	–	–	–
Purchase of Goods/ Services	3,794,676,370	2,371,672,731	53,757,662	33,598,539	–	–	3,155,602,223	1,972,251,389	121,107,977	75,692,486	–	–
Remuneration to Managing Director	–	–	–	–	17,184,680	10,740,425	–	–	–	–	19,201,656	12,001,035
Sitting Fees/ Incidental Expenses to Other Directors	–	–	–	–	88,235	55,147	–	–	–	–	67,941	42,463
Interest Expense	190,816,704	119,260,440	–	–	–	–	205,200,000	128,250,000	–	–	–	–
Machine Hire Charges	45,824,261	28,640,163	–	–	–	–	22,794,067	14,246,292	–	–	–	–
Rent Received	–	–	–	–	–	–	–	–	–	–	–	–
Dividend Payments	2,057,731,200	1,286,082,000	–	–	–	–	1,653,321,600	1,033,326,000	–	–	–	
Expenses recovered	1,119,050	699,406	–	–	–	–	3,939,062	2,461,914	–	–	–	–
Expenses reimbursed	11,141,871	6,963,669	60,405	37,753			10,093,723	6,308,577	–	–	–	–
Loan Repayment	427,500,000	267,187,500	–	–	–	–	–	–	–	–	–	–
Advances Given	618,383,119	386,489,449	–	–	–	–	1,705,823,120	1,066,139,450	–	–	–	–
Balances as on 16th July, 2014 / 15th July, 2013												
- Debtors	–	–	–	–	–	–	–	–	–	–	–	–
- Advances / Other Receivables	1,928,931,462	1,205,582,164	–	–	–	–	3,155,224,407	1,972,015,254	–	–	–	–
- Creditors / Payables	625,917,958	391,198,724	20,826,124	13,016,328	–	–	312,682,940	195,426,838	59,129,144	36,955,715	–	–
- Loan Outstanding	1,282,500,000	801,562,500	–	–	–	–	1,710,000,000	1,068,750,000	–	–	–	–

K. Figures have been rounded off to the nearest rupee.

L. Previous Year's figures have been regrouped and/or rearranged wherever necessary.

Subhraketan Mitra Head of Finance	Abhimanyu Kumar Poddar Managing Director	Siddhartha SJB Rana Director	K N Grant Director	Y C Deveshwar Chairman
S R Pandey Director	A K Mukerji Director	B B Chatterjee Director	Nem Lal Amatya Partner N. Amatya & Co. Chartered Accountants	Shashi Satyal Partner T R Upadhya & Co. Chartered Accountants

Date: 4th Ashwin 2071 (20th September 2014)

REPORT OF THE BOARD OF DIRECTORS FOR THE FINANCIAL YEAR ENDED 31ST MARCH, 2015

1. Your Directors submit their Report for the financial year ended 31st March, 2015.

2. COMPANY PERFORMANCE

In view of the uncertainty in the present business environment, your Company has not contracted any fresh business during the year under review. The Board of Directors of the Company ('the Board') continue to explore growth opportunities and in the meantime, the temporary surplus funds have been deployed in bank fixed deposits.

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

		For the year ended 31st March, 2015	For the year ended 31st March, 2014
		(₹)	(₹)
a.	Profit Before Tax	**66,50,282**	74,12,376
b.	Less : Tax Expense	**20,50,000**	22,10,000
c.	Profit After Tax	**46,00,282**	52,02,376
d.	Add : Profit brought forward from previous years	**4,46,02,710**	3,94,00,334
e.	Surplus available for Appropriation	**4,92,02,992**	4,46,02,710
f.	Less: Interim Dividend paid (recommended as Final Dividend)	**3,41,99,382**	—
g.	Less: Income Tax on Interim Dividend	**68,37,865**	—
h.	Balance carried forward to the following year	**81,65,745**	4,46,02,710

3. DIVIDEND

Interim Dividend of ₹ 7.00 per Equity Share having nominal value of ₹ 10/- per Share, aggregating ₹ 341.99 lakhs, was declared by your Directors on 18th December, 2014, out of the profits of the Company for payment to the Members whose names appeared on the Register of Members on the said date; the said Interim Dividend has been recommended by your Directors as the Final Dividend for the financial year ended 31st March, 2015.

4. DIRECTORS

In accordance with the provisions of Article 92 of the Articles of Association of the Company, Mr. B. B. Chatterjee (DIN: 00045140), Director, will retire by rotation at the forthcoming Annual General Meeting ('AGM') of the Company, and being eligible, offers himself for re-election. The Board has recommended his re-election.

5. NUMBER OF BOARD MEETINGS

During the year ended 31st March, 2015, four meetings of the Board were held.

6. DIRECTORS' RESPONSIBILITY STATEMENT

As required under Section 134(5) of the Companies Act, 2013, 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 Companies Act, 2013 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

None of the employees of your Company is covered under the provisions of Rule 5(2) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014.

9. RISK MANAGEMENT

The Company's risk management framework is designed to bring robustness to the risk management processes within the Company and addresses risks intrinsic to operations, financials and compliances arising out of the overall strategy of the Company.

The responsibility for management of risks vests with the Managers responsible for the day-to-day conduct of affairs of the Company. The Internal Audit Department of ITC Limited, the Holding Company, periodically carries out risk focused audits with the objective of identifying areas where risk management processes could be strengthened. Annual update is provided to the Board on the effectiveness of the Company's risk management systems and policies. During the year under review, the Risk Management Policy of the Company was approved by the Board.

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 Audit Department of ITC Limited evaluates the adequacy and efficacy of such internal financial controls. The Board provides guidance on internal controls, reviews internal audit findings and ensures that internal audit recommendations are implemented.

During the year, 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 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, 2015, the Company has neither given any loan or guarantee nor has made any investment under Section 186 of the Companies Act, 2013.

12. RELATED PARTY TRANSACTIONS

During the year ended 31st March, 2015, the Company has not entered into any contract or arrangement with its related parties which is not on arm's length basis. The details in Form No. AOC-2 of a material transaction between the Company and its related party are enclosed under **Annexure 1** to this Report.

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

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

14. EXTRACT OF ANNUAL RETURN

The details forming part of the extract of Annual Return in Form No. MGT-9 are enclosed under **Annexure 2** to this Report.

15. AUDITORS

The Company's Auditors, Messrs. L. B. Jha & Co., Chartered Accountants ('LBJ'), were appointed at the Fifty-Seventh AGM to hold such office till the conclusion of the Sixty-Second AGM. Your Board, in terms of Section 139 of the Companies Act, 2013, has recommended for the ratification of the Members the appointment of LBJ from the conclusion of the ensuing AGM till the conclusion of the Fifty-Ninth AGM. The Board, in terms of Section 142 of the Companies Act, 2013, has also recommended for the approval of the Members the remuneration of LBJ for the financial year 2015-16. Appropriate resolution in respect of the above is appearing in the Notice convening the ensuing AGM of the Company.

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

Considering the nature of business of your Company, no comment is required on conservation of energy and technology absorption. There has been no foreign exchange earnings or outflow during the year under review.

On behalf of the Board

R. TANDON *Chairman*
B. B. CHATTERJEE *Director*

Dated: 29th April, 2015

Annexure 1 to the Report of the Board of Directors for the financial year ended 31st March, 2015

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), Holding Company
b)	Nature of contracts / arrangements / transactions	Licensing of two flats owned by the Company at Raja Santosh Road, Kolkata
c)	Duration of the contracts / arrangements / transactions	1st April, 2013 to 31st March, 2015
d)	Salient terms of the contracts or arrangements or transactions including the value, if any	License fee - ₹ 60,000/- per month per flat Value of the transaction during the year - ₹ 14,40,000/-
e)	Date(s) of approval by the Board, if any	29th March, 2013
f)	Amount paid as advances, if any	Nil

On behalf of the Board

R. TANDON *Chairman*
B. B. CHATTERJEE *Director*

Dated: 29th April, 2015

Annexure 2 to the Report of the Board of Directors

FORM NO. MGT-9

EXTRACT OF ANNUAL RETURN

as on the financial year ended on 31st March, 2015

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

I. REGISTRATION AND OTHER DETAILS

i)	CIN	:	U51494WB1958PLC087149
ii)	Registration Date	:	23rd January, 1958
iii)	Name of the Company	:	Wills Corporation Limited
iv)	Category / Sub-Category of the Company	:	Unlisted Public Company limited by shares
v)	Address of the Registered office and contact details	:	Virginia House 37 J. L. Nehru Road Kolkata - 700 071 Phone: 033 2288 4086 / 6228 / 1946 Fax: 033 2288 9980 E-mail ID : WillsCorporation.Limited@itc.in
vi)	Whether listed company	:	No
vii)	Name, Address and Contact details of Registrar and Transfer Agent, if any	:	N.A.

II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

All the business activities contributing 10% or more of the total turnover of the Company shall be stated :- NOT APPLICABLE

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES

Sl. No.	Name and Address of the company	CIN / GLN	Holding / Subsidiary / Associate	% of shares held in the Company	Applicable Section
1.	ITC Limited Virginia House 37 Jawaharlal Nehru Road Kolkata - 700 071	L16005WB1910PLC001985	Holding company	100.00%	2(46)

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

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

Category of Shareholders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
A. Promoters									
(1) Indian									
a) Individual/HUF	—	—	—	—	—	—	—	—	N.A.
b) Central Govt.	—	—	—	—	—	—	—	—	N.A.
c) State Govt.(s)	—	—	—	—	—	—	—	—	N.A.
d) Bodies Corp.	—	48,85,626	48,85,626	100.00	—	48,85,626	48,85,626	100.00	Nil
e) Banks / FI	—	—	—	—	—	—	—	—	N.A.
f) Any Other	—	—	—	—	—	—	—	—	N.A.
Sub-total (A)(1)	**—**	**48,85,626**	**48,85,626**	**100.00**	**—**	**48,85,626**	**48,85,626**	**100.00**	**Nil**
(2) Foreign									
a) NRIs - Individuals	—	—	—	—	—	—	—	—	N.A.
b) Other - Individuals	—	—	—	—	—	—	—	—	N.A.
c) Bodies Corp.	—	—	—	—	—	—	—	—	N.A.
d) Banks / FI	—	—	—	—	—	—	—	—	N.A.
e) Any Other	—	—	—	—	—	—	—	—	N.A.
Sub-total (A)(2)	—	—	—	—	—	—	—	—	**N.A.**
Total shareholding of Promoter (A) = (A)(1)+(A)(2)	**—**	**48,85,626**	**48,85,626**	**100.00**	**—**	**48,85,626**	**48,85,626**	**100.00**	**Nil**
B. Public Shareholding									
1. Institutions									
a) Mutual Funds	—	—	—	—	—	—	—	—	N.A.
b) Banks / FI	—	—	—	—	—	—	—	—	N.A.
c) Central Govt.	—	—	—	—	—	—	—	—	N.A.
d) State Govt.(s)	—	—	—	—	—	—	—	—	N.A.
e) Venture Capital Funds	—	—	—	—	—	—	—	—	N.A.
f) Insurance Companies	—	—	—	—	—	—	—	—	N.A.
g) FIIs	—	—	—	—	—	—	—	—	N.A.
h) Foreign Venture Capital Funds	—	—	—	—	—	—	—	—	N.A.
i) Others (specify)	—	—	—	—	—	—	—	—	N.A.
Sub-total (B)(1)	—	—	—	—	—	—	—	—	**N.A.**
2. Non-Institutions									
a) Bodies Corp.									
i) Indian	—	—	—	—	—	—	—	—	N.A.
ii) Overseas	—	—	—	—	—	—	—	—	N.A.
b) Individuals	—	—	—	—	—	—	—	—	N.A.
i) Individual shareholders holding nominal share capital upto Rs. 1 lakh									
ii) Individual shareholders holding nominal share capital in excess of Rs. 1 lakh									
c) Others (specify)	—	—	—	—	—	—	—	—	N.A.
Sub-total (B)(2)	—	—	—	—	—	—	—	—	**N.A.**
Total Public Shareholding (B)=(B)(1) + (B)(2)	—	—	—	—	—	—	—	—	**N.A.**
C. Shares held by Custodian for GDRs & ADRs	—	—	—	—	—	—	—	—	N.A.
Grand Total (A+B+C)	**—**	**48,85,626**	**48,85,626**	**100.00**	**—**	**48,85,626**	**48,85,626**	**100.00**	**Nil**

(ii) **Shareholding of Promoters:**

Sl. No.	Shareholder's Name	Shareholding at the beginning of the year			Shareholding at the end of the year			% change in shareholding during the year
		No. of Shares	% of total Shares of the Company	% of Shares pledged / encumbered to total Shares	No. of Shares	% of total Shares of the Company	% of Shares pledged / encumbered to total Shares	
1.	ITC Limited	48,85,626	100.00	Nil	48,85,626	100.00	Nil	Nil

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

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

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

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

V. INDEBTEDNESS

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

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

A. Remuneration to Managing Director, Wholetime Directors and / or Manager: NOT APPLICABLE

B. Remuneration to other Directors:

(Amount in ₹)

Sl. No.	Name of the Directors	Particulars of Remuneration			Total Amount
		Fee for attending Board and Board Committee meetings	Commission	Others, please specify	
1.	**Independent Directors**				
	Total Amount (B)(1)				**Nil**
2.	**Other Non-Executive Directors**				
	R. Tandon	Nil	Nil	Nil	Nil
	B. B. Chatterjee				
	Saradindu Dutta				
	Total Amount (B)(2)				**Nil**
Total Amount (B) = (B)(1) + (B)(2)					**Nil**
Overall ceiling as per the Act *(11% of the net profits of the Company computed in accordance with Section 198 of the Companies Act, 2013)*					7,31,531

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

(Amount in ₹)

Sl. No.	Particulars of Remuneration	T. Ghosal (Company Secretary)
1.	Gross Salary	
	(a) Salary as per provisions contained in Section 17(1) of the Income-tax Act, 1961	16,82,000
	(b) Value of perquisites under Section 17(2) of the Income-tax Act, 1961	1,15,630
	(c) Profits in lieu of salary under Section 17(3) of the Income-tax Act, 1961	—
2.	Stock Option	—
3.	Sweat Equity	—
4.	Commission - as % of profit - others, specify	—
5.	Others, please specify	—
Total Amount		**17,97,630**

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

On behalf of the Board

R. TANDON *Chairman*

Dated : 29th April, 2015 B. B. CHATTERJEE *Director*

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF WILLS CORPORATION LIMITED

Report on the Financial Statements

1. We have audited the accompanying financial statements of Wills Corporation Limited ("the Company"), which comprise the Balance Sheet as at 31st March, 2015, the Statement of Profit and Loss, the Cash Flow Statement for the year then ended, signed by us under reference to this report and a summary of the significant accounting policies and other explanatory information. These financial statements are the responsibility of the company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

Management's Responsibility for the Financial Statements

2. 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 financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

3. Our responsibility is to express an opinion on these financial statements based on our audit.

4. We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.

5. We conducted our audit in accordance with the Standards on Auditing specified under Section 143 (10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

6. An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on whether the Company has in place an adequate internal financial controls system over financial reporting and the operating effectiveness of such controls. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the financial statements.

7. 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.

Opinion

8. 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 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 31st March, 2015, its profit and its cash flows for the year ended on that date.

Report on Other Legal and Regulatory Requirements

9. As required by the Companies (Auditor's Report) Order, 2015 ("the Order") issued by the Central Government of India in terms of Section 143 of the Act, we give in the Annexure a statement on the matters specified in paragraphs 3 and 4 of the Order.

10. As required by Section 143 (3) of the Act, we report that:

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

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

(c) The Balance Sheet, the Statement of Profit and Loss and the Cash Flow Statement dealt with by this Report are in agreement with the books of account.

(d) In our opinion, the aforesaid financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.

(e) On the basis of the written representations received from the directors as on 31st March, 2015 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2015 from being appointed as a director in terms of Section 164 (2) of the Act.

(f) 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:

a. The Company does not have any pending litigations which would impact its financial position.

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

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

For L.B. Jha & Co.
Chartered Accountants
(Firm's Registration number: 301088E)

Kamal Kumar Bhanja
Partner
(Membership number: 14722)

Kolkata
29th April, 2015

ANNEXURE TO THE AUDITORS' REPORT TO THE MEMBERS OF WILLS CORPORATION LIMITED

[Referred to in paragraph 9 of the Independent Auditors' Report of even date]

1. (a) The Company is maintaining proper records showing full particulars including quantitative details and situation of fixed assets.
   (b) The fixed assets of the Company have been physically verified by the management during the year and no material discrepancies between the book records and the physical inventory have been noticed. In our opinion, the frequency of verification is reasonable
2. The Company does not have any inventory.
3. The Company has not granted any loans, secured or unsecured, to companies, firms or other parties covered in the register maintained under Section 189 of the Act.
4. In our opinion and according to the information and explanations given to us, there is an adequate internal control system commensurate with the size of the Company and the nature of its business for the purchase of inventory and fixed assets and for the sale of goods and services. Further, on the basis of our examination of the books and records of the Company, and according to the information and explanations given to us, we have neither come across nor have been informed of any continuing failure to correct major weaknesses in the aforesaid internal control system.
5. The Company has not accepted any deposits within the meaning of Sections 73 or 76 of the Act and the Rules framed there under.
6. The Central Government of India has not prescribed maintenance of cost records under sub-section (1) of Section 148 of the Act for any of the products of the Company.
7. (a) According to the information and explanations given to us and the records of the Company examined by us, in our opinion, the Company is regular in depositing the undisputed statutory dues including provident fund, employees' state insurance, income-tax, sales-tax, wealth tax, service tax, duty of customs, value added tax, cess and any other statutory dues with the appropriate authorities.
   (b) According to the information and explanations given to us and the records of the Company examined by us, there are no dues of income-tax, sales tax, wealth tax, service tax, customs duty, excise duty, value added tax and cess which have not been deposited on account of any dispute.
   (c) According to the information and explanations given to us and the records of the Company examined by us, in our opinion, sub-clause (c) of clause (vii) of paragraph 3 of the Order is not applicable to the Company for the year.
8. The Company has no accumulated losses as at 31st March, 2015 and it has not incurred any cash losses in the financial year ended on that date or in the immediately preceding financial year.
9. According to the records of the Company examined by us and the information and explanation given to us, the Company has neither borrowed money from any financial institution or bank nor has issued any debentures during the year.
10. According to the information and explanations given to us and the records of the Company examined by us, the Company has not given any guarantee for loans taken by others from banks or financial institutions during the year.
11. The Company has not obtained any term loans.
12. During the course of our examination of the books and records of the Company, carried out in accordance with the generally accepted auditing practices in India, and according to the information and explanations given to us, we have neither come across any instance of fraud on or by the Company, noticed or reported during the year, nor have we been informed of such case by the management.

For L.B. Jha & Co.
Chartered Accountants
(Firm's Registration number: 301088E)

Kamal Kumar Bhanja
Partner
(Membership number: 14722)

Kolkata
29th April, 2015

BALANCE SHEET AS AT 31ST MARCH, 2015

	Note	(₹)	As at 31st March, 2015 (₹)	(₹)	As at 31st March, 2014 (₹)
EQUITY AND LIABILITIES					
Shareholders' funds					
Share capital	1	**4,88,56,260**		4,88,56,260	
Reserves and surplus	2	**92,80,946**	**5,81,37,206**	4,57,17,911	9,45,74,171
Non-current liabilities					
Other Long-term liabilities	3	**24,00,000**		24,00,000	
Long-term provisions	4	**4,87,769**	**28,87,769**	3,51,738	27,51,738
Current liabilities					
Other current liabilities	5	**1,75,076**	**1,75,076**	70,893	70,893
TOTAL			**6,12,00,051**		9,73,96,802
ASSETS					
Non-current assets					
Fixed assets					
Tangible assets	6	**41,04,591**		41,94,247	
Long-term loans and advances	7	**36,563**	**41,41,154**	56,563	42,50,810
Current assets					
Cash and bank balances	8	**5,66,69,572**		9,15,68,973	
Short-term loans and advances	9	—		2,54,739	
Other current assets	10	**3,89,325**	**5,70,58,897**	13,22,280	9,31,45,992
TOTAL			**6,12,00,051**		9,73,96,802

The accompanying notes 1 to 16 are an integral part of the Financial Statements.

In terms of our report of even date
For L. B. Jha & Co.
Chartered Accountants

On behalf of the Board

KAMAL KUMAR BHANJA
Partner

B. B. CHATTERJEE *Director*

R. TANDON *Chairman*

T. GHOSAL *Company Secretary*

Kolkata, 29th April, 2015

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31ST MARCH, 2015

	Note	For the year ended 31st March, 2015 (₹)	For the year ended 31st March, 2014 (₹)
Other income	11	**88,90,042**	92,86,997
Total Revenue		**88,90,042**	92,86,997
Expenses			
Employee benefits expense	12	**19,57,566**	16,62,605
Depreciation expense		**89,656**	93,155
Other expenses	13	**1,92,538**	1,18,861
Total Expenses		**22,39,760**	18,74,621
Profit before Tax		**66,50,282**	74,12,376
Tax expense:			
Current tax	14	**20,50,000**	22,10,000
Profit for the year		**46,00,282**	52,02,376
Earnings per share (Face Value ₹ 10.00 each) (Basic and Diluted)	15 (i)	**₹ 0.94**	₹ 1.06

The accompanying notes 1 to 16 are an integral part of the Financial Statements.

In terms of our report of even date

For L. B. Jha & Co.
Chartered Accountants

On behalf of the Board

KAMAL KUMAR BHANJA
Partner

B. B. CHATTERJEE *Director*

R. TANDON *Chairman*

Kolkata, 29th April, 2015

T. GHOSAL *Company Secretary*

CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2015

	For the year ended 31st March, 2015 (₹)		For the year ended 31st March, 2014 (₹)	
A. Cash Flow from Operating Activities				
PROFIT BEFORE TAX		**66,50,282**		74,12,376
ADJUSTMENTS FOR:				
Interest on Income Tax Refund	**17,704**		(3,630)	
Depreciation Expense	**89,656**		93,155	
Interest Income on bank deposits	**(74,32,338)**		(78,43,367)	
		(73,24,978)		(77,53,842)
OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES		**(6,74,696)**		(3,41,466)
ADJUSTMENTS FOR:				
Loans and Advances and Other Assets	**19,503**		(783)	
Other Liabilities and Provisions	**1,05,228**	**1,24,731**	4,71,276	4,70,493
CASH GENERATED FROM / USED IN OPERATIONS		**(5,49,965)**		1,29,027
Income Tax Paid		**(16,60,278)**		(23,36,163)
NET CASH USED IN OPERATING ACTIVITIES		**(22,10,243)**		(22,07,136)
B. Cash Flow from Investing Activities				
Interest on Income Tax Refund	**(17,704)**		3,630	
Interest Received	**83,65,790**		79,94,568	
Investment in bank deposits (original maturity more than 3 months)	**(15,86,21,732)**		(86,14,849)	
Redemption / Maturity of bank deposits (original maturity more than 3 months)	**19,35,41,513**		26,00,000	
NET CASH FROM INVESTING ACTIVITIES		**4,32,67,867**		19,83,349
C. Cash Flow from Financing Activities				
Interim Dividend Paid	**(3,41,99,382)**			
Income Tax on Interim Dividend Paid	**(68,37,865)**			—
NET CASH USED IN FINANCING ACTIVITIES		**(4,10,37,247)**		—
NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS		**20,377**		(2,23,787)
OPENING CASH AND CASH EQUIVALENTS		**1,31,292**		3,55,079
CLOSING CASH AND CASH EQUIVALENTS		**1,51,669**		1,31,292

Notes:

1. The above Cash Flow Statement has been prepared under the "Indirect Method" as set out in Accounting Standard (AS) - 3 "Cash Flow Statements".
2. **CASH AND CASH EQUIVALENTS :**

Cash and Cash Equivalents as above	**1,51,669**	1,31,292
Other bank balances	**5,65,17,903**	9,14,37,681
Cash and bank balances (Note 8)	**5,66,69,572**	9,15,68,973

The accompanying notes 1 to 16 are an integral part of the Financial Statements.

In terms of our report of even date

For L. B. Jha & Co.
Chartered Accountants

On behalf of the Board

KAMAL KUMAR BHANJA
Partner

B. B. CHATTERJEE *Director*

R. TANDON *Chairman*

Kolkata, 29th April, 2015

T. GHOSAL *Company Secretary*

NOTES TO THE FINANCIAL STATEMENTS

	As at 31st March, 2015 (No. of Shares)	As at 31st March, 2015 (₹)	As at 31st March, 2014 (No. of Shares)	As at 31st March, 2014 (₹)
1. Share capital				
Authorised				
Equity Shares of ₹ 10.00 each	**50,00,000**	**5,00,00,000**	50,00,000	5,00,00,000
Issued and Subscribed				
Equity Shares of ₹ 10.00 each, fully paid	**48,85,626**	**4,88,56,260**	48,85,626	4,88,56,260
A) Reconciliation of number of Equity Shares outstanding				
At the beginning and at the end of the year	**48,85,626**	**4,88,56,260**	48,85,626	4,88,56,260

B) Shareholders holding more than 5% of the Equity Shares in the Company	As at 31st March, 2015 (No. of Shares)	As at 31st March, 2015 %	As at 31st March, 2014 (No. of Shares)	As at 31st March, 2014 %
ITC Limited - the Holding Company	**48,85,626**	**100.00**	48,85,626	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, 2015 (₹)	As at 31st March, 2014 (₹)
2. Reserves and surplus		
General Reserve		
At the beginning and at the end of the year	**11,15,201**	11,15,201
Surplus in Statement of Profit and Loss		
At the beginning of the year	**4,46,02,710**	3,94,00,334
Add: Profit for the year	**46,00,282**	52,02,376
Less: Interim Dividend [₹ 7.00 (2014 - Nil) per share]	**3,41,99,382**	—
Income Tax on Interim Dividend	**68,37,865**	—
At the end of the year	**81,65,745**	4,46,02,710
TOTAL	**92,80,946**	4,57,17,911

	As at 31st March, 2015 (₹)	As at 31st March, 2014 (₹)
3. Other Long-term liabilities		
Security deposit (from Holding Company)	**24,00,000**	24,00,000
TOTAL	**24,00,000**	24,00,000
4. Long-term provisions		
Provision for employee benefits		
Provision for gratuity	**2,51,647**	1,82,019
Provision for compensated absences	**2,36,122**	1,69,719
TOTAL	**4,87,769**	3,51,738

	As at 31st March, 2015 (₹)	As at 31st March, 2014 (₹)
5. Other current liabilities		
Other payables		
Statutory liabilities	**2,500**	41,231
Liabilities for expenses	**37,590**	29,662
Provision for tax [net of advance tax]	**1,34,986**	—
TOTAL	**1,75,076**	70,893

6. Fixed Assets

(₹)

Particulars	Gross Block							Depreciation							Net Book Value		
	As at 31st March, 2013	Additions	Withdrawals & adjustments	As at 31st March, 2014	Additions	Withdrawals & adjustments	As at 31st March, 2015	Upto 31st March, 2013	For the year	On Withdrawals & adjustments	Upto 31st March, 2014	For the year	On Withdrawals & adjustments	Upto 31st March, 2015	As at 31st March, 2015	As at 31st March, 2014	As at 31st March, 2013
Tangible Assets																	
Buildings																	
Freehold	57,15,053	—	—	57,15,053	—	—	**57,15,053**	14,27,651	93,155	—	15,20,806	**89,656**	—	**16,10,462**	**41,04,591**	41,94,247	42,87,402
Plant and Equipment	3,42,348	—	—	3,42,348	—	—	**3,42,348**	3,42,348	—	—	3,42,348	—	—	**3,42,348**	—	—	—
TOTAL	60,57,401	—	—	60,57,401	—	—	**60,57,401**	17,69,999	93,155	—	18,63,154	**89,656**	—	**19,52,810**	**41,04,591**	41,94,247	42,87,402

The above includes following assets given on operating leases, which are not non-cancellable and are usually renewable by mutual consent on mutually agreeable terms:

(₹)

Particulars	Year Ended 31st March, 2015				Year Ended 31st March, 2014			
	Gross Block	Accumulated Depreciation	Net Block	Depreciation charge for the year	Gross Block	Accumulated Depreciation	Net Block	Depreciation charge for the year
Buildings (#)	**57,15,053**	**16,10,462**	**41,04,591**	**89,656**	57,15,053	15,20,806	41,94,247	93,155
Total	**57,15,053**	**16,10,462**	**41,04,591**	**89,656**	57,15,053	15,20,806	41,94,247	93,155

(#) The lease rental of ₹ 14,40,000/- (2014 - ₹ 14,40,000/-) is included in Rental income under Other income (Note 11)

NOTES TO THE FINANCIAL STATEMENTS (Contd.)

	As at 31st March, 2015 (₹)	As at 31st March, 2014 (₹)
7. Long-term loans and advances		
Unsecured, considered good		
Sundry deposits	**36,563**	56,563
TOTAL	**36,563**	56,563
8. Cash and bank balances		
Cash and cash equivalents @		
Balances with Banks		
Current accounts **1,51,539**		1,29,384
Cash on hand **130**	**1,51,669**	1,908 1,31,292
Other bank balances		
In deposit accounts *	**5,65,17,903**	9,14,37,681
TOTAL	**5,66,69,572**	9,15,68,973

@ Cash and cash equivalents include cash on hand and cash at bank.

* Represents deposits with original maturity of more than 3 months and includes deposits with remaining maturity of more than 12 months from the balance sheet date - Nil (2014 - ₹ 5,76,56,438).

	As at 31st March, 2015 (₹)	As at 31st March, 2014 (₹)
9. Short-term loans and advances		
Unsecured, considered good		
Advance Tax (net of provisions)	—	2,54,739
TOTAL	—	2,54,739
10. Other current assets		
Interest accrued on bank deposits	**3,86,382**	13,19,834
Prepaid expense	**2,943**	2,446
TOTAL	**3,89,325**	13,22,280

	For the year ended 31st March, 2015 (₹)	For the year ended 31st March, 2014 (₹)
11. Other income		
Interest income		
Deposits with Banks	**74,32,338**	78,43,367
Rental income	**14,40,000**	14,40,000
Other non-operating income		
Interest on income tax refund	**17,704**	3,630
TOTAL	**88,90,042**	92,86,997
12. Employee benefits expense		
Salaries and wages	**16,91,600**	14,85,200
Provision for retirement and other benefits	**1,36,031**	70,408
Staff welfare expenses	**1,29,935**	1,06,997
TOTAL	**19,57,566**	16,62,605
13. Other expenses		
Rates and taxes	**64,592**	44,082
Insurance	**3,734**	2,340
Travelling and conveyance	**1,145**	1,051
Filing fees	**2,980**	1,250
Consultancy/Professional fees	**64,187**	29,826
Auditors' remuneration and expenses		
Audit fees	**28,090**	20,225
Tax audit fees	**5,618**	5,618
Fees for other services	**19,663**	14,045
Miscellaneous expenses	**2,529**	424
TOTAL	**1,92,538**	1,18,861
14. Tax expense		
Current tax		
Income tax for the year	**20,50,000**	22,10,000
TOTAL	**20,50,000**	22,10,000

15. Additional Notes to the Financial Statements

i. **Earnings per share**

Earnings per share has been computed as under :		**2015**	2014
(a)	Profit for the year (₹)	**46,00,282**	52,02,376
(b)	Weighted average number of Equity Shares outstanding	**48,85,626**	48,85,626
(c)	Earnings per share on profit for the year (Face Value ₹ 10.00 per share) - Basic and Diluted [(a)/(b)]	**₹ 0.94**	₹ 1.06

ii. **Segment Reporting**

The Company operates in a single business and geographical segment in India.

iii. The incidence of Deferred Tax, being insignificant is not considered.

iv. 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, 2015. 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. **Related Party Disclosures**

a. Relationship:

Holding Company	-	ITC Limited	
Key Management Personnel	-	Mr. Rajiv Tandon	Non - Executive Chairman
	-	Mr. B. B. Chatterjee	Non - Executive Director
	-	Mr. Saradindu Dutta	Non - Executive Director
	-	Mr. Tunal Ghosal	Company Secretary

b. DISCLOSURE OF TRANSACTIONS BETWEEN THE COMPANY AND RELATED PARTIES AND THE STATUS OF OUTSTANDING BALANCES AS AT 31.03.2015

(₹)

RELATED PARTY TRANSACTION SUMMARY		Holding Company		Key Management Personnel	
		2015	2014	**2015**	2014
1.	Rent Received	**14,40,000**	14,40,000	—	—
2.	Purchase of Services	**22,472**	—	—	—
3.	Interim Dividend Paid	**3,41,99,382**	—	—	—
4.	Remuneration to Company Secretary	—	—	**18,21,535**	15,92,197
5.	**Balances as at 31st March**				
	Deposits Taken	**24,00,000**	24,00,000	—	—

NOTES TO THE FINANCIAL STATEMENTS (Contd.)

vi. Defined Benefit Plans / Long Term Compensated Absences - As per Actuarial Valuations as at 31st March, 2015 and recognised in the financial statements in respect of Employee Benefit Schemes:

			For the year ended 31st March, 2015 (₹)		For the year ended 31st March, 2014 (₹)	
			Gratuity	Leave Encashment	Gratuity	Leave Encashment
			Unfunded	Unfunded	Unfunded	Unfunded
I.	**Components of Employer Expenses**					
	1.	Current Service Cost	**27,844**	**15,692**	23,798	13,967
	2.	Interest Cost	**14,106**	**13,153**	12,462	12,858
	3.	Expected Return on Plan Assets	—	—	—	—
	4.	Curtailment Cost / (Credit)	—	—	—	—
	5.	Settlement Cost / (Credit)	—	—	—	—
	6.	Past Service Cost	—	—	—	—
	7.	Actuarial Losses / (Gains)	**27,678**	**37,558**	7,294	29
	8.	**Total expense recognised in the Statement of Profit & Loss**	**69,628**	**66,403**	43,554	26,854
	The Gratuity and Leave Encashment expenses have been recognized in "Provision for retirement and other benefits" in "Employee benefits expense" under Note 12.					
II.	**Actual Returns**		—	—	—	—
III.	**Net Asset/(Liability) recognised in Balance Sheet**					
	1.	Present Value of Defined Benefit Obligation	**2,51,647**	**2,36,122**	1,82,019	1,69,719
	2.	Fair Value of Plan Assets	—	—	—	—
	3.	Status [Surplus/(Deficit)]	**(2,51,647)**	**(2,36,122)**	(1,82,019)	(1,69,719)
	4.	Unrecognised Past Service Cost	—	—	—	—
	5.	**Net Asset / (Liability) recognised in Balance Sheet**	**(2,51,647)**	**(2,36,122)**	(1,82,019)	(1,69,719)
IV.	**Change in Defined Benefit Obligation (DBO)**					
	1.	Present Value of DBO at the beginning of the year	**1,82,019**	**1,69,719**	1,38,465	1,42,865
	2.	Current Service Cost	**27,844**	**15,692**	23,798	13,967
	3.	Interest Cost	**14,106**	**13,153**	12,462	12,858
	4.	Curtailment Cost/(Credit)	—	—	—	—
	5.	Settlement Cost/(Credit)	—	—	—	—
	6.	Plan Amendments	—	—	—	—
	7.	Past Service Cost	—	—	—	—
	8.	Actuarial (Gains)/Losses	**27,678**	**37,558**	7,294	29
	9.	Benefits Paid	—	—	—	—
	10.	**Present Value of DBO at the end of the year**	**2,51,647**	**2,36,122**	1,82,019	1,69,719
V.	**Change in Fair Value of Assets**					
	1.	Plan Assets at the beginning of the year	—	—	—	—
	2.	Acquisition Adjustment	—	—	—	—
	3.	Expected Return on Plan Assets	—	—	—	—
	4.	Actuarial Gains/(Losses)	—	—	—	—
	5.	Actual Company Contributions	—	—	—	—
	6.	Benefits Paid	—	—	—	—
	7.	Plan Assets at the end of the year	—	—	—	—
VI.	**Actuarial Assumptions**					
	1.	Discount Rate (%)	**7.75**	**7.75**	9.00	9.00
	2.	Expected Return on Plan Assets (%)	—	—	—	—

The estimates of future salary increases, considered in actuarial valuation take account of inflation, seniority, promotion and other relevant factors such as supply and demand factors in the employment market.

VII.	**Major Category of Plan Assets as a % of the Total Plan Assets**	**As at 31st March, 2015**	As at 31st March, 2014
1.	Government Securities/Special Deposit with RBI	—	—
2.	High Quality Corporate Bonds	—	—
3.	Insurance Companies	—	—
4.	Mutual Funds	—	—
5.	Cash and Cash Equivalents	—	—
6.	Term Deposits	—	—

NOTES TO THE FINANCIAL STATEMENTS (Contd.)

VIII. Basis used to determine the Expected Rate of Return on Plan Assets:- Not Applicable

IX. Net Asset / (Liability) recognized in Balance Sheet (including experience adjustment)

	For the year ended 31st March, 2015 (₹)		For the year ended 31st March, 2014 (₹)		For the year ended 31st March, 2013 (₹)		For the year ended 31st March, 2012 (₹)		For the year ended 31st March, 2011 (₹)	
	Gratuity	Leave Encashment	Gratuity	Leave Encashment	Gratuity	Leave Encashment	Gratuity	Leave Encashment	Gratuity	Leave Encashment
	Unfunded	Unfunded	Unfunded	Unfunded	Unfunded	Unfunded	Unfunded	Unfunded	Unfunded	Unfunded
Present Value of Defined Benefit Obligation	2,51,647	2,36,122	1,82,019	1,69,719	1,38,465	1,42,865	1,11,862	1,16,272	96,256	1,00,996
Fair Value of Plan Assets	—	—	—	—	—	—	—	—	—	—
Status [Surplus/ (Deficit)]	(2,51,647)	(2,36,122)	(1,82,019)	(1,69,719)	(1,38,465)	(1,42,865)	(1,11,862)	(1,16,272)	(96,256)	(1,00,996)
Experience Adjustment of Plan Assets [Gain / (Loss)]	—	—	—	—	—	—	—	—	—	—
Experience Adjustment of Obligation [(Gain) / Loss]	—	—	—	—	—	—	—	—	—	—

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

16. Significant Accounting Policies

IT IS CORPORATE POLICY

Convention

To prepare financial statements in accordance with applicable Accounting Standards in India. A summary of important accounting policies is set below. The financial statements have also been prepared in accordance with relevant presentational requirements of the Companies Act, 2013.

Basis of Accounting

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 revised Schedule III to the Companies Act, 2013 based on the nature of services.

Fixed Assets

To state Fixed Assets at cost of acquisition inclusive of inward freight, duties and taxes and incidental expenses related to acquisition. Expenses capitalized also include borrowing costs, if any.

Depreciation

To calculate depreciation of Fixed Assets on "Straight Line Method" based on the useful lives specified in Schedule II to the Companies Act, 2013.

Investments

To state Current Investments at lower of cost and fair value; and Long Term Investments, including in Joint Ventures and Associates, at cost. Where applicable, provision is made to recognise a decline, other than temporary, in valuation of Long Term Investments.

Inventories

To state inventories 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 its location and includes, where applicable, appropriate overheads based on normal level of activity.

Revenue Recognition

To recognize revenue at the time of rendering of services net of trade discounts to customers and taxes recovered from customers.

Lease Rentals

To recognize lease rentals on an accrual basis.

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.

Employee Benefits

To determine the liabilities towards gratuity and employee leave encashment by an independent actuarial valuation as per the requirements of Accounting Standard -15 on "Employee Benefits". To determine actuarial gains or losses and to recognise such gains or losses immediately in Statement of Profit and Loss as income or expense.

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 substantially enacted by the balance sheet date.

Not to recognize 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

B. B. CHATTERJEE *Director* R. TANDON *Chairman*

Kolkata
29th April, 2015

T. GHOSAL *Company Secretary*

REPORT OF THE BOARD OF DIRECTORS FOR THE FINANCIAL YEAR ENDED 31ST MARCH, 2015

1. Your Directors submit their Report for the financial year ended 31st March, 2015.

2. **COMPANY PERFORMANCE**

Your Company earned a total revenue of ₹ 419.99 lakhs during the year under review. The temporary surplus funds of the Company were deployed in bank fixed deposits. The Company remains committed to its growth strategy through its joint venture interest in ITC Essentra Limited (earlier known as ITC Filtrona Limited) and is exploring other business opportunities.

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

		For the year ended 31st March, 2015 (₹)	For the year ended 31st March, 2014 (₹)
a.	Profit Before Tax	**3,97,00,486**	4,22,03,150
b.	Less : Tax Expense	**63,50,000**	71,30,000
c.	Profit After Tax	**3,33,50,486**	3,50,73,150
d.	Add : Profit brought forward from previous years	**17,45,39,833**	13,94,66,683
e.	Surplus available for Appropriation	**20,78,90,319**	17,45,39,833
f.	Less: Interim Dividend paid (recommended as Final Dividend)	**14,39,85,465**	—
g.	Less: Income Tax on Interim Dividend	**2,87,88,625**	—
h.	Balance carried forward to the following year	**3,51,16,229**	17,45,39,833

3. **DIVIDEND**

Interim Dividend of ₹ 9.00 per Equity Share having nominal value of ₹ 10/-per Share, aggregating ₹ 1,439.85 lakhs, was declared by your Directors on 18th December, 2014, out of the profits of the Company for payment to the Members whose names appeared on the Register of Members on the said date; the said Interim Dividend has been recommended by your Directors as the Final Dividend for the financial year ended 31st March, 2015.

4. **DIRECTORS AND KEY MANAGERIAL PERSONNEL**

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

During the year under review, Mr. Subhatosh Banerjee (DIN: 07081375) and Ms. Anindita Guhamallick (DIN: 07120151) were appointed by the Members at the Extraordinary General Meeting held on 16th March, 2015, as Independent Directors of the Company under Section 149 of the Companies Act, 2013 ('the Act'), for a period of three years with effect from the said date.

The Board of Directors of your Company ('the Board') during the year appointed Mr. Vishal Luharuka as the Chief Financial Officer of the Company with effect from 1st January, 2015.

(b) Retirement by rotation

In accordance with the provisions of Section 152(6) of the Act, Mr. B. B. Chatterjee (DIN: 00045140), 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.

(c) 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(6) of the Act read with Rule 5 of the Companies (Appointment and Qualification of Directors) Rules, 2014.

(d) Attributes, qualifications and appointment of Directors

The Nomination and Remuneration Committee of the Board 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, in respect of Independent Directors, and to the extent applicable in respect of Non-Independent Directors.

All the Non-Executive Directors of the Company, other than Independent Directors, are executives of ITC Limited, the Holding Company, who fulfil the fit and proper criteria for appointment as Directors. Further, all Directors of the Company, other than Independent Directors, are liable to retire by rotation. One-third of the Directors who are liable to retire by rotation, retire every year and are eligible for re-election.

(e) Remuneration Policy

The Board, on the recommendation of the Nomination and Remuneration Committee, approved the Remuneration Policy for the Directors, Key Managerial Personnel and other employees of the Company, a copy of which is enclosed as **Annexure 1** to this Report.

5. **NUMBER OF BOARD MEETINGS**

During the year ended 31st March, 2015, five meetings of the Board were held.

6. **BOARD COMMITTEES**

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

Audit Committee	Nomination and Remuneration Committee
Mr. R. Tandon (Chairman)	Mr. B. B. Chatterjee (Chairman)
Mr. S. Banerjee	Mr. S. Banerjee
Ms. A. Guhamallick	Ms. A. Guhamallick
	Mr. R. Tandon

7. **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 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.

8. **ASSOCIATE AND JOINT VENTURE**

The statement in Form AOC-1 containing the salient features of the financial statements of ATC Limited, associate company, and ITC Essentra Limited, joint venture, is attached to the Financial Statements of the Company.

Report on the performance and financial position of the Company's associate and joint venture in terms of Rule 8 of the Companies (Accounts) Rules, 2014 is not being provided, as the Company, being an intermediate wholly owned subsidiary, is not required to prepare Consolidated Financial Statements.

9. **PARTICULARS OF EMPLOYEES**

None of the employees of your Company is covered under the provisions of Rule 5(2) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014.

10. **RISK MANAGEMENT**

The Company's risk management framework is designed to bring robustness to the risk management processes within the Company and addresses risks intrinsic to operations, financials and compliances arising out of the overall strategy of the Company.

The responsibility for management of risks vests with the Managers responsible for the day-to-day conduct of the affairs of the Company. The Internal Audit Department of ITC Limited, the Holding Company, periodically carries out risk focused audits with the objective of identifying areas where risk management processes could be strengthened. Annual update is provided to the Audit Committee on the effectiveness of the Company's risk management systems and policies. During the year under review, the Risk Management Policy of the Company was approved by the Board.

11. **INTERNAL FINANCIAL CONTROLS**

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

During the year, 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 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, 2015, 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, 2015, the Company has neither entered into any contract or arrangement with its related parties which is not on arm's length basis nor has the Company entered into any material contract or arrangement with its related parties, 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 or material orders were passed by the Regulators / Courts / Tribunals impacting the going concern status of the Company and its future operations.

15. **EXTRACT OF ANNUAL RETURN**

The details forming part of the extract of Annual Return in Form No. MGT-9 are enclosed under **Annexure 2** to this Report.

16. **AUDITORS**

The Company's Auditors, Messrs. L. B. Jha & Co., Chartered Accountants ('LBJ'), were appointed with your approval at the Eightieth AGM to hold such office till the conclusion of the Eighty-Fifth AGM. Your Board, in terms of Section 139 of the Act, on the recommendation of the Audit Committee, has recommended for the ratification of the Members the appointment of LBJ from the conclusion of the ensuing AGM till the conclusion of the Eighty-Second AGM. The Board, in terms of Section 142 of the Act, on the recommendation of the Audit Committee, has also recommended for the approval of the Members the remuneration of LBJ for the financial year 2015-16. Appropriate resolution in respect of the above is appearing in the Notice convening the ensuing AGM of the Company.

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 outflow during the year under review.

On behalf of the Board

R. TANDON *Chairman*
B. B. CHATTERJEE *Director*

Dated: 29th April, 2015

Annexure 1 to the Report of the Board of Directors for the financial year ended 31st March, 2015

Remuneration Policy

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. The expenses of the Independent Directors for attending meetings of the Board and Board Committees and General Meetings are also borne by the Company.

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

FORM NO. MGT-9
EXTRACT OF ANNUAL RETURN

as on the financial year ended on 31st March, 2015

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

I. REGISTRATION AND OTHER DETAILS

i)	CIN	:	U16003WB1935PLC008314
ii)	Registration Date	:	26th June, 1935
iii)	Name of the Company	:	Gold Flake Corporation Limited
iv)	Category / Sub-Category of the Company	:	Unlisted Public Company limited by shares
v)	Address of the Registered office and contact details	:	Virginia House 37 J. L. Nehru Road Kolkata - 700 071 Phone: 033 2288 4086 / 6228 / 1946 Fax: 033 2288 9980 E-mail ID: GoldFlakeCorporation.Limited@itc.in
vi)	Whether listed company	:	No
vii)	Name, Address and Contact details of Registrar and Transfer Agent, if any	:	N.A.

II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

All the business activities contributing 10% or more of the total turnover of the Company shall be stated :- NOT APPLICABLE

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES

Sl. No.	Name and Address of the Company	CIN / GLN	Holding / Subsidiary / Associate	% of shares held in / by the Company	Applicable Section
1.	ITC Limited Virginia House 37 Jawaharlal Nehru Road Kolkata - 700 071	L16005WB1910PLC001985	Holding company	100.00%	2(46)
2.	ITC Essentra Limited (earlier known as ITC Filtrona Limited) Survey No. 29 & 30, Doddajala Post Yarthiganahalli, Bettahalasur Post Bengaluru - 562 157	U85110KA1993PLC014278	Associate company	50.00%	2(6)
3.	ATC Limited 35 Rajaji Nagar Hosur - 635 126	U16000TZ1973PLC018100	Associate company	47.50%	2(6)

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

(i) Category-wise Shareholding:

Category of Shareholders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
A. Promoters									
(1) **Indian**									
a) Individual/HUF	—	—	—	—	—	—	—	—	N.A.
b) Central Govt.	—	—	—	—	—	—	—	—	N.A.
c) State Govt.(s)	—	—	—	—	—	—	—	—	N.A.
d) Bodies Corp.	—	1,59,98,385	1,59,98,385	100.00	—	1,59,98,385	1,59,98,385	100.00	Nil
e) Banks / FI	—	—	—	—	—	—	—	—	N.A.
f) Any Other	—	—	—	—	—	—	—	—	N.A.
Sub-total (A)(1)	—	**1,59,98,385**	**1,59,98,385**	**100.00**	**—**	**1,59,98,385**	**1,59,98,385**	**100.00**	**Nil**
(2) **Foreign**									
a) NRIs - Individuals	—	—	—	—	—	—	—	—	N.A.
b) Other - Individuals	—	—	—	—	—	—	—	—	N.A.
c) Bodies Corp.	—	—	—	—	—	—	—	—	N.A.
d) Banks / FI	—	—	—	—	—	—	—	—	N.A.
e) Any Other	—	—	—	—	—	—	—	—	N.A.
Sub-total (A)(2)	—	—	—	—	—	—	—	—	**N.A.**
Total shareholding of Promoter (A) = (A)(1)+(A)(2)	—	**1,59,98,385**	**1,59,98,385**	**100.00**	**—**	**1,59,98,385**	**1,59,98,385**	**100.00**	**Nil**
B. Public Shareholding									
1. **Institutions**									
a) Mutual Funds	—	—	—	—	—	—	—	—	N.A.
b) Banks / FI	—	—	—	—	—	—	—	—	N.A.
c) Central Govt.	—	—	—	—	—	—	—	—	N.A.
d) State Govt.(s)	—	—	—	—	—	—	—	—	N.A.
e) Venture Capital Funds	—	—	—	—	—	—	—	—	N.A.
f) Insurance Companies	—	—	—	—	—	—	—	—	N.A.
g) FIIs	—	—	—	—	—	—	—	—	N.A.
h) Foreign Venture Capital Funds	—	—	—	—	—	—	—	—	N.A.
i) Others (specify)	—	—	—	—	—	—	—	—	N.A.
Sub-total (B)(1)	—	—	—	—	—	—	—	—	**N.A.**
2. **Non-Institutions**									
a) Bodies Corp.									
i) Indian	—	—	—	—	—	—	—	—	N.A.
ii) Overseas	—	—	—	—	—	—	—	—	N.A.
b) Individuals	—	—	—	—	—	—	—	—	N.A.
i) Individual shareholders holding nominal share capital upto Rs. 1 lakh									
ii) Individual shareholders holding nominal share capital in excess of Rs. 1 lakh									
c) Others (specify)	—	—	—	—	—	—	—	—	N.A.
Sub-total (B)(2)	—	—	—	—	—	—	—	—	**N.A.**
Total Public Shareholding (B)=(B)(1) + (B)(2)	—	—	—	—	—	—	—	—	**N.A.**
C. Shares held by Custodian for GDRs & ADRs	—	—	—	—	—	—	—	—	N.A.
Grand Total (A+B+C)	—	**1,59,98,385**	**1,59,98,385**	**100.00**	**—**	**1,59,98,385**	**1,59,98,385**	**100.00**	**Nil**

(ii) Shareholding of Promoters:

Sl. No.	Shareholder's Name	Shareholding at the beginning of the year			Shareholding at the end of the year			% change in shareholding during the year
		No. of Shares	% of total Shares of the Company	% of Shares pledged / encumbered to total Shares	No. of Shares	% of total Shares of the Company	% of Shares pledged / encumbered to total Shares	
1.	ITC Limited	1,59,98,385	100.00	Nil	1,59,98,385	100.00	Nil	Nil

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

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

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

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

V. INDEBTEDNESS

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

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

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

(Amount in ₹)

Sl. No.	Particulars of Remuneration	N. Bajaj (Manager & Company Secretary)
1.	Gross Salary	
	(a) Salary as per provisions contained in Section 17(1) of the Income-tax Act, 1961	13,24,299
	(b) Value of perquisites under Section 17(2) of the Income-tax Act, 1961	90,491
	(c) Profits in lieu of salary under Section 17(3) of the Income-tax Act, 1961	—
2.	Stock Option	—
3.	Sweat Equity	—
4.	Commission - as % of profit - others, specify	—
5.	Others, please specify	—
Total Amount (A)		**14,14,790**
Ceiling as per the Act *(5% of the net profits of the Company computed in accordance with Section 198 of the Companies Act, 2013)*		20,68,133

B. Remuneration to other Directors:

(Amount in ₹)

Sl. No.	Name of the Directors	Particulars of Remuneration			Total Amount
		Fee for attending Board and Board Committee meetings	Commission	Others, please specify	
1.	**Independent Directors**				
	S. Banerjee	40,000	Nil	Nil	40,000
	A. Guhamallick	40,000			40,000
	Total Amount (B)(1)	**80,000**			**80,000**
2.	**Other Non-Executive Directors**				
	R. Tandon	Nil	Nil	Nil	Nil
	B. B. Chatterjee				
	Saradindu Dutta				
	Total Amount (B)(2)				**Nil**
Total Amount (B) = (B)(1) + (B)(2)					**80,000**
Total Managerial Remuneration (A + B)					**14,94,790**
Overall ceiling as per the Act *(11% of the net profits of the Company computed in accordance with Section 198 of the Companies Act, 2013)*					45,49,892

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

(Amount in ₹)

Sl. No.	Particulars of Remuneration	V. Luharuka (Chief Financial Officer) *(refer note)*
1.	Gross Salary	
	(a) Salary as per provisions contained in Section 17(1) of the Income-tax Act, 1961	4,26,753
	(b) Value of perquisites under Section 17(2) of the Income-tax Act, 1961	—
	(c) Profits in lieu of salary under Section 17(3) of the Income-tax Act, 1961	—
2.	Stock Option	—
3.	Sweat Equity	—
4.	Commission - as % of profit - others, specify	—
5.	Others, please specify	—
Total Amount		**4,26,753**

Note: Mr. V. Luharuka has been appointed as the Chief Financial Officer of the Company with effect from 1st January, 2015.

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

On behalf of the Board

R. TANDON — *Chairman*
B. B. CHATTERJEE — *Director*

Dated: 29th April, 2015

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF GOLD FLAKE CORPORATION LIMITED

Report on the Financial Statements

1. We have audited the accompanying financial statements of GoldFlake Corporation Limited ("the Company"), which comprise the Balance Sheet as at 31st March, 2015, the Statement of Profit and Loss, the Cash Flow Statement for the year then ended, signed by us under reference to this report and a summary of the significant accounting policies and other explanatory information. These financial statements are the responsibility of the company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

Management's Responsibility for the Financial Statements

2. 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 financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

3. Our responsibility is to express an opinion on these financial statements based on our audit.
4. We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.
5. We conducted our audit in accordance with the Standards on Auditing specified under Section 143 (10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.
6. An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on whether the Company has in place an adequate internal financial controls system over financial reporting and the operating effectiveness of such controls. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the financial statements.
7. 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.

Opinion

8. 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 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 31st March, 2015, its profit and its cash flows for the year ended on that date.

Report on Other Legal and Regulatory Requirements

9. As required by the Companies (Auditor's Report) Order, 2015 ("the Order") issued by the Central Government of India in terms of Section 143 of the Act, we give in the Annexure a statement on the matters specified in paragraphs 3 and 4 of the Order.
10. As required by Section 143 (3) of the Act, we report that:
    (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
    (b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
    (c) The Balance Sheet, the Statement of Profit and Loss and the Cash Flow Statement dealt with by this Report are in agreement with the books of account.
    (d) In our opinion, the aforesaid financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
    (e) On the basis of the written representations received from the directors as on 31st March, 2015 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2015 from being appointed as a director in terms of Section 164 (2) of the Act.
    (f) 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:
        a. The Company does not have any pending litigations which would impact its financial position.
        b. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.
        c. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

For L. B. Jha & Co.
Chartered Accountants
(Firm's Registration No. 301088E)

Kamal Kumar Bhanja
Partner
(Membership No. 14722)

Kolkata
29th April, 2015

ANNEXURE TO THE AUDITORS' REPORT TO THE MEMBERS OF GOLD FLAKE CORPORATION LIMITED

[Referred to in paragraph 9 of the Independent Auditors' Report of even date]

1. (a) The Company is maintaining proper records showing full particulars including quantitative details and situation of fixed assets.
   (b) The fixed assets of the Company have been physically verified by the management during the year and no material discrepancies between the book records and the physical inventory have been noticed. In our opinion, the frequency of verification is reasonable.
2. The Company does not have any inventory.
3. The Company has not granted any loans, secured or unsecured, to companies, firms or other parties covered in the register maintained under Section 189 of the Act.
4. In our opinion and according to the information and explanations given to us, there is an adequate internal control system commensurate with the size of the Company and the nature of its business for the purchase of inventory and fixed assets and for the sale of goods and services. Further, on the basis of our examination of the books and records of the Company, and according to the information and explanations given to us, we have neither come across nor have been informed of any continuing failure to correct major weaknesses in the aforesaid internal control system.
5. The Company has not accepted any deposits within the meaning of Sections 73 or 76 of the Act and the Rules framed there under.
6. The Central Government of India has not prescribed maintenance of cost records under sub-section (1) of Section 148 of the Act for any of the products of the Company.
7. (a) According to the information and explanations given to us and the records of the Company examined by us, in our opinion, the Company is regular in depositing the undisputed statutory dues including provident fund, employees' state insurance, income-tax, sales-tax, wealth tax, service tax, duty of customs, value added tax, cess and any other statutory dues with the appropriate authorities.
   (b) According to the information and explanations given to us and the records of the Company examined by us, there are no dues of income-tax, sales tax, wealth tax, service tax, customs duty, excise duty, value added tax and cess which have not been deposited on account of any dispute.
   (c) According to the information and explanations given to us and the records of the Company examined by us, in our opinion, sub-clause (c) of clause (vii) of paragraph 3 of the Order is not applicable to the Company for the year.

8. The Company has no accumulated losses as at 31st March, 2015 and it has not incurred any cash losses in the financial year ended on that date or in the immediately preceding financial year.

9. According to the records of the Company examined by us and the information and explanation given to us, the Company has neither borrowed moneys from any financial institution or bank nor has issued any debentures during the year.

10. According to the information and explanations given to us and the records of the Company examined by us, the Company has not given any guarantee for loans taken by others from banks or financial institutions during the year.

11. The Company has not obtained any term loans.

12. During the course of our examination of the books and records of the Company, carried out in accordance with the generally accepted auditing practices in India, and according to the information and explanations given to us, we have neither come across any instance of fraud on or by the Company, noticed or reported during the year, nor have we been informed of such case by the management.

For L. B. Jha & Co.
Chartered Accountants
(Firm's Registration No. 301088E)

Kamal Kumar Bhanja
Partner
(Membership No. 14722)

Kolkata
29th April, 2015

BALANCE SHEET AS AT 31ST MARCH, 2015

	Note	(₹)	As at 31st March, 2015 (₹)	(₹)	As at 31st March, 2014 (₹)
EQUITY AND LIABILITIES					
Shareholder's funds					
Share capital	1	**15,99,83,850**		15,99,83,850	
Reserves and surplus	2	**4,38,42,452**	**20,38,26,302**	18,32,66,056	34,32,49,906
Non-current liabilities					
Other Long-term liabilities	3	—		4,64,204	
Long-term provisions	4	**1,68,027**	**1,68,027**	1,01,081	5,65,285
Current liabilities					
Other current liabilities	5		**60,090**		66,577
TOTAL			**20,40,54,419**		34,38,81,768
ASSETS					
Non-current assets					
Fixed assets					
Tangible assets	6		—		—
Non-current investments	7		**6,00,63,750**		6,00,63,750
Current assets					
Cash and bank balances	8	**14,14,47,128**		27,89,67,294	
Short-term loans and advances	9	**3,69,780**		4,70,596	
Other current assets	10	**21,73,761**	**14,39,90,669**	43,80,128	28,38,18,018
TOTAL			**20,40,54,419**		34,38,81,768

The accompanying notes 1 to 16 are an integral part of the Financial Statements.

In terms of our report of even date

For L. B. Jha & Co.
Chartered Accountants

KAMAL KUMAR BHANJA
Partner

On behalf of the Board

B. B. CHATTERJEE *Director* R. TANDON *Chairman*
V. LUHARUKA *Chief Financial Officer* N. BAJAJ *Manager & Company Secretary*

Kolkata, 29th April, 2015

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31ST MARCH, 2015

	Note	For the year ended 31st March, 2015 (₹)	For the year ended 31st March, 2014 (₹)
Other income	11	**4,19,98,902**	4,36,68,731
Total Revenue		**4,19,98,902**	4,36,68,731
Expenses			
Employee benefits expense	12	**20,75,863**	13,82,764
Other expenses	13	**2,22,553**	82,817
Total Expenses		**22,98,416**	14,65,581
Profit before tax		**3,97,00,486**	4,22,03,150
Tax expense :			
Current tax	14	**63,50,000**	71,30,000
Profit for the year		**3,33,50,486**	3,50,73,150
Earnings per share (Face Value ₹ 10.00 each) (Basic and Diluted)	15(i)	**₹ 2.08**	₹ 2.19

The accompanying notes 1 to 16 are an integral part of the Financial Statements.

In terms of our report of even date

For L. B. Jha & Co.
Chartered Accountants

KAMAL KUMAR BHANJA
Partner

On behalf of the Board

B. B. CHATTERJEE *Director* R. TANDON *Chairman*
V. LUHARUKA *Chief Financial Officer* N. BAJAJ *Manager & Company Secretary*

Kolkata, 29th April, 2015

CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2015

		For the year ended 31st March, 2015 (₹)		For the year ended 31st March, 2014 (₹)
A. Cash Flow from Operating Activities				
PROFIT BEFORE TAX		**3,97,00,486**		4,22,03,150
ADJUSTMENTS FOR:				
Interest Income on bank deposits	**(2,12,84,698)**		(2,34,18,731)	
Dividend Income from Long Term Investments	**(2,02,50,000)**		(2,02,50,000)	
		(4,15,34,698)		(4,36,68,731)
OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES		**(18,34,212)**		(14,65,581)
ADJUSTMENTS FOR :				
Loans and Advances and Other Assets	**5,000**		—	
Other Liabilities and Provisions	**(4,03,745)**	**(3,98,745)**	15,273	15,273
CASH GENERATED FROM OPERATIONS		**(22,32,957)**		(14,50,308)
Income Tax Paid		**(62,54,184)**		(74,54,884)
NET CASH USED IN OPERATING ACTIVITIES		**(84,87,141)**		(89,05,192)
B. Cash Flow from Investing Activities				
Dividend Income from Long Term Investments Received	**2,02,50,000**		2,02,50,000	
Interest Received	**2,34,91,065**		2,46,78,236	
Investment in bank deposits (original maturity more than 3 months)	**(36,65,44,443)**		(3,68,63,514)	
Redemption / Maturity of bank deposits (original maturity more than 3 months)	**50,40,84,604**		7,00,000	
NET CASH FROM INVESTING ACTIVITIES		**18,12,81,226**		87,64,722
C. Cash Flow from Financing Activities				
Interim Dividend Paid	**(14,39,85,465)**			
Income Tax on Interim Dividend Paid	**(2,87,88,625)**			—
NET CASH USED IN FINANCING ACTIVITIES		**(17,27,74,090)**		—
NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS		**19,995**		(1,40,470)
OPENING CASH AND CASH EQUIVALENTS		**3,29,197**		4,69,667
CLOSING CASH AND CASH EQUIVALENTS		**3,49,192**		3,29,197

Notes:

1. The above Cash Flow Statement has been prepared under the "Indirect Method" as set out in Accounting Standard (AS) - 3 "Cash Flow Statements".

2. CASH AND CASH EQUIVALENTS :

Cash and Cash Equivalents as above	**3,49,192**	3,29,197
Other bank balances	**14,10,97,936**	27,86,38,097
Cash and bank balances (Note 8)	**14,14,47,128**	27,89,67,294

The accompanying notes 1 to 16 are an integral part of the Financial Statements.

In terms of our report of even date

For L. B. Jha & Co.
Chartered Accountants

KAMAL KUMAR BHANJA
Partner

On behalf of the Board

B. B. CHATTERJEE — *Director*
V. LUHARUKA — *Chief Financial Officer*
R. TANDON — *Chairman*
N. BAJAJ — *Manager & Company Secretary*

Kolkata, 29th April, 2015

NOTES TO THE FINANCIAL STATEMENTS

	As at 31st March, 2015 (No. of Shares)	As at 31st March, 2015 (₹)	As at 31st March, 2014 (No. of Shares)	As at 31st March, 2014 (₹)
1. 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				
At the 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, 2015 (No. of Shares)	As at 31st March, 2015 %	As at 31st March, 2014 (No. of Shares)	As at 31st March, 2014 %
ITC Limited-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 a 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

	As at 31st March, 2015 (₹)		As at 31st March, 2014 (₹)
2. Reserves and surplus			
General Reserve			
At the beginning and at the end of the year		**87,26,223**	87,26,223
Surplus in the Statement of Profit and Loss			
At the beginning of the year	**17,45,39,833**	13,94,66,683	
Add: Profit for the year	**3,33,50,486**	3,50,73,150	
Less: Interim Dividend [₹ 9.00 (2014 - Nil) per share]	**14,39,85,465**	—	
Income Tax on Interim Dividend	**2,87,88,625**	—	
At the end of the year		**3,51,16,229**	17,45,39,833
TOTAL		**4,38,42,452**	18,32,66,056

	As at 31st March, 2015 (₹)	As at 31st March, 2014 (₹)
3. Other long-term liabilities		
Security deposits	—	4,64,204
TOTAL	—	4,64,204
4. Long-term provisions		
Provision for employee benefits:		
Provision for gratuity	**74,745**	44,059
Provision for compensated absences	**93,282**	57,022
TOTAL	**1,68,027**	1,01,081

	As at 31st March, 2015 (₹)	As at 31st March, 2014 (₹)
5. Other current liabilities		
Other payables		
Statutory liabilities	**4,500**	36,916
Liabilities for expenses	**55,590**	29,661
TOTAL	**60,090**	66,577

6. Fixed Assets (₹)

Particulars	Gross Block							Depreciation							Net Book Value		
	As at 31st March, 2013	Additions	Withdrawals & adjustments	As at 31st March, 2014	**Additions**	**Withdrawals & adjustments**	**As at 31st March, 2015**	Upto 31st March, 2013	For the year	On Withdrawals & adjustments	Upto 31st March, 2014	**For the year**	**On Withdrawals & adjustments**	**Upto 31st March, 2015**	**As at 31st March, 2015**	As at 31st March, 2014	As at 31st March, 2013
Tangible assets																	
Plant and Equipment	85,853	—	—	85,853	**—**	**—**	**85,853**	85,853	—	—	85,853	**—**	**—**	**85,853**	**—**	—	—
Furniture and Fixtures	5,090	—	—	5,090	**—**	**—**	**5,090**	5,090	—	—	5,090	**—**	**—**	**5,090**	**—**	—	—
TOTAL	90,943	—	—	90,943	**—**	**—**	**90,943**	90,943	—	—	90,943	**—**	**—**	**90,943**	**—**	—	—

	As at 31st March, 2015 (₹)		As at 31st March, 2014 (₹)	
7. Non-current investments (at cost unless stated otherwise)				
Long Term				
TRADE INVESTMENTS (Unquoted)				
INVESTMENTS IN EQUITY INSTRUMENTS				
In Associate				
ATC Limited				
55,650 (2014 - 55,650) Equity Shares of ₹ 100.00 each, fully paid	**83,47,500**		83,47,500	
1,39,125 (2014 - 1,39,125) Equity Shares of ₹ 100.00 each, ₹ 70.00 paid	**2,92,16,250**	**3,75,63,750**	2,92,16,250	3,75,63,750
In Joint Venture				
ITC Essentra Limited				
22,50,000 (2014 - 22,50,000) Equity Shares of ₹ 10.00 each, fully paid		**2,25,00,000**		2,25,00,000
Aggregate amount of unquoted investments		**6,00,63,750**		6,00,63,750
Total Non-current Investments		**6,00,63,750**		6,00,63,750

	As at 31st March, 2015 (₹)		As at 31st March, 2014 (₹)	
8. Cash and bank balances				
Cash and cash equivalents@				
Balances with banks				
Current accounts	**3,49,132**		3,27,080	
Cash on hand	**60**	**3,49,192**	2,117	3,29,197
Other bank balances				
In deposits accounts*		**14,10,97,936**		27,86,38,097
TOTAL		**14,14,47,128**		27,89,67,294

@ Cash and cash equivalents include cash on hand and cash at bank.

* Represents deposits with original maturity of more than 3 months and includes deposits with remaining maturity of more than 12 months from the balance sheet date ₹ Nil (2014- ₹ 16,02,11,402)

	As at 31st March, 2015 (₹)	As at 31st March, 2014 (₹)
9. Short-term loans and advances		
Unsecured, considered good		
Advance Tax (net of provisions)	**3,69,780**	4,65,596
Sundry deposits	**—**	5,000
TOTAL	**3,69,780**	4,70,596

	As at 31st March, 2015 (₹)	As at 31st March, 2014 (₹)
10. Other current assets		
Interest accrued on bank deposits	**21,73,761**	43,80,128
TOTAL	**21,73,761**	43,80,128

NOTES TO THE FINANCIAL STATEMENTS (Contd.)

	For the year ended 31st March, 2015 (₹)	For the year ended 31st March, 2014 (₹)
11. Other Income		
Interest income		
Deposits with Banks	**2,12,84,698**	2,34,18,731
Dividend income		
Long-term investments	**2,02,50,000**	2,02,50,000
Other non-operating income	**464,204**	—
TOTAL	**4,19,98,902**	4,36,68,731

	For the year ended 31st March, 2015 (₹)	For the year ended 31st March, 2014 (₹)
12. Employee benefits expense		
Salaries and wages	**18,59,453**	12,30,000
Provision for retirement and other benefits	**66,946**	21,920
Staff welfare expenses	**1,49,464**	1,30,844
TOTAL	**20,75,863**	13,82,764

	For the year ended 31st March, 2015 (₹)	For the year ended 31st March, 2014 (₹)
13. Other expenses		
Rates and taxes	**12,780**	6,650
Insurance	**618**	674
Travelling and conveyance	**1,375**	1,050
Filing fees	**4,821**	2,270
Doctors' sitting fees	**80,000**	—
Consultancy/Professional fees	**66,373**	31,346
Auditors' remuneration and expenses		
Audit fees	**28,090**	20,225
Tax audit fees	**5,618**	5,618
Fees for other services	**19,663**	14,045
Miscellaneous expenses	**3,215**	939
TOTAL	**2,22,553**	82,817

	For the year ended 31st March, 2015 (₹)	For the year ended 31st March, 2014 (₹)
14. Tax expense		
Current tax		
Income tax for the year	**63,50,000**	71,30,000
TOTAL	**63,50,000**	71,30,000

15. Additional Notes to the Financial Statements

i. **Earnings per share:**

	2015	2014
Earnings per share has been computed as under:		
(a) Profit for the year (₹)	**3,33,50,486**	3,50,73,150
(b) Weighted average number of Equity Shares outstanding	**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)]	**₹ 2.08**	₹ 2.19

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 (2014 - ₹ 1,25,21,250).

iii. **Segment Reporting**

The Company operates in a single business and geographical segment in India.

iv. The incidence of Deferred Tax being insignificant is not considered.

v. 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, 2015. 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. **Related Party Disclosures**

a. Relationship :

Holding Company - ITC Limited
Joint Venture - ITC Essentra Limited
Associate Company - ATC Limited
Key Management Personnel
- Mr. Rajiv Tandon — Non-Executive Chairman
- Mr. B. B. Chatterjee — Non-Executive Director
- Mr. Saradindu Dutta — Non-Executive Director
- Mr. Subhatosh Banerjee — Independent Director (w.e.f. 16.03.2015)
- Ms. Anindita Guhamallick — Independent Director (w.e.f. 16.03.2015)
- Mr. Vishal Luharuka — Chief Financial Officer (CFO) (w.e.f. 01.01.2015)
- Ms. Nidhi Bajaj — Manager and Company Secretary

b. DISCLOSURE OF TRANSACTIONS BETWEEN THE COMPANY AND RELATED PARTIES AND THE STATUS OF OUTSTANDING BALANCES AS ON 31.03.2015

(₹)

RELATED PARTY TRANSACTION SUMMARY		Holding Company		Joint Venture		Key Management Personnel	
		2015	2014	2015	2014	2015	2014
1.	Purchase of Services	22,472	—	—	—	—	—
2.	Interim Dividend Paid	14,39,85,465	—	—	—	—	—
3.	Dividend Income	—	—	2,02,50,000	2,02,50,000	—	—
4.	Remuneration of manager on deputation reimbursed (for CFO)	4,26,753	—	—	—	4,26,753	—
5.	Remuneration of Manager and Company Secretary	—	—	—	—	15,82,164	13,60,844
6.	Directors' sitting fees - Mr. Subhatosh Banerjee - Ms. Anindita Guhamallick	—	—	—	—	40,000 40,000	—
7.	**Balances as at 31st March**						
	Payables - Mr. Subhatosh Banerjee - Ms. Anindita Guhamallick	—	—	—	—	10,000 10,000	—

vii. **Interest in Joint Venture :**

The Company's interests, as a venturer, in jointly controlled entities (incorporated Joint Venture) is :

Name	Country of Incorporation	% of ownership interestas at 31st March, 2015	% of ownership interest as at 31st March, 2014
ITC Essentra Limited	India	50%	50%

Financial Statements of ITC Essentra Limited are drawn up according to the Financial Year ended as at 31st December.

The Company's interests in this Joint Venture is reported as Non-current investment (Note 7) and stated at cost. However, the Company's share of each of the assets, liabilities, income and expenses, etc. (each without elimination of the effect of transactions between the Company and the Joint Venture) related to its interests in the Joint Venture are:

	As at 31st December, 2014 (₹)	As at 31st December, 2013 (₹)
ASSETS		
Non-current assets		
1. Fixed assets		
a) Tangible assets	**26,15,40,838**	16,72,48,093
b) Intangible assets	**3,80,961**	5,73,342
c) Capital work-in-progress	—	3,11,29,998
2. Long term loans and advances	**88,87,067**	1,33,10,810
Current Assets, Loans and Advances		
3. Current investments	—	10,57,99,492
4. Inventories	**28,98,57,723**	31,86,36,429
5. Trade receivables	**5,78,64,519**	6,35,18,283
6. Cash and cash equivalents	**3,37,34,785**	61,96,062
7. Short term loans and advances	**1,91,29,508**	30,06,591
8. Other current assets	**11,51,127**	33,45,047
LIABILITIES		
Non-current liabilities		
9. Deferred tax liabilities (Net)	**97,45,300**	66,94,300
10. Long term provisions	**49,50,005**	53,21,312
Current liabilities and provisions		
11. Short-term borrowings	**10,44,02,434**	2,89,05,746
12. Trade payables	**14,28,40,647**	29,22,79,510
13. Other current liabilities	**2,18,31,596**	2,82,03,761
14. Short-term provisions	**2,47,79,596**	2,40,84,364

	For the year ended 31st December, 2014 (₹)	For the year ended 31st December, 2013 (₹)
INCOME		
1. Net revenue from sale of products	**1,46,85,85,794**	1,31,45,41,043
2. Other operating revenue	**53,03,152**	64,40,749
3. Other income	**42,34,817**	21,46,560
EXPENSES		
4. Cost of materials consumed	**1,27,87,42,916**	1,11,72,38,877
5. Change in inventories of finished goods	**12,53,873**	(7,70,827)
6. Employee benefits expense	**2,78,11,150**	2,61,87,738
7. Finance costs	**63,98,542**	21,24,353
8. Depreciation and amortisation expense	**1,68,76,949**	1,88,98,943
9. Other expenses	**5,54,95,114**	5,68,51,413
10. Tax expense	**3,04,51,000**	3,37,51,800

NOTES TO THE FINANCIAL STATEMENTS (Contd.)

viii. Defined Benefit Plans / Long Term Compensated Absences - As per Actuarial Valuations as at 31st March, 2015 and recognised in the financial statements in respect of Employee Benefit Schemes:

		For the year ended 31st March, 2015 (₹)		For the year ended 31st March, 2014 (₹)	
		Gratuity	Leave Encashment	Gratuity	Leave Encashment
		Unfunded	Unfunded	Unfunded	Unfunded
I.	**Components of Employer Expense**				
1.	Current Service Cost	**12,832**	**7,311**	9,213	5,521
2.	Interest Cost	**3,415**	**4,419**	3,020	4,104
3.	Expected Return on Plan Assets	—	—	—	—
4.	Curtailment Cost / (Credit)	—	—	—	—
5.	Settlement Cost / (Credit)	—	—	—	—
6.	Past Service Cost	—	—	—	—
7.	Actuarial Losses / (Gains)	**14,439**	**24,530**	(1,732)	1,794
8.	**Total expense recognised in the Statement of Profit & Loss**	**30,686**	**36,260**	10,501	11,419
The Gratuity and Leave Encashment expenses have been recognized in "Provision for retirement and other benefits" in "Employee Benefits Expense" under Note 12.					
II.	**Actual Returns**	—	—	—	—
III.	**Net Asset / (Liability) recognised in Balance Sheet**				
1.	Present Value of Defined Benefit Obligation	**74,745**	**93,282**	44,059	57,022
2.	Fair Value on Plan Assets	—	—	—	—
3.	Status [Surplus / (Deficit)]	**(74,745)**	**(93,282)**	(44,059)	(57,022)
4.	Unrecognised Past Service Cost	—	—	—	—
5.	**Net Asset / (Liability) recognised in Balance Sheet**	**(74,745)**	**(93,282)**	(44,059)	(57,022)
IV.	**Change in Defined Benefit Obligation (DBO)**				
1.	Present Value of DBO at the beginning of the year	**44,059**	**57,022**	33,558	45,603
2.	Current Service Cost	**12,832**	**7,311**	9,213	5,521
3.	Interest Cost	**3,415**	**4,419**	3,020	4,104
4.	Curtailment Cost / (Credit)	—	—	—	—
5.	Settlement Cost / (Credit)	—	—	—	—
6.	Plan Amendments	—	—	—	—
7.	Past Service Cost	—	—	—	—
8.	Actuarial (Gains) / Losses	**14,439**	**24,530**	(1,732)	1,794
9.	Benefits Paid	—	—	—	—
10.	**Present Value of DBO at the end of the year**	**74,745**	**93,282**	44,059	57,022
V.	**Change in Fair Value of Assets**				
1.	Plan Assets at the beginning of the year	—	—	—	—
2.	Acquisition Adjustment	—	—	—	—
3.	Expected Return on Plan Assets	—	—	—	—
4.	Actuarial Gains / (Losses)	—	—	—	—
5.	Actual Company Contributions	—	—	—	—
6.	Benefits Paid	—	—	—	—
7.	Plan Assets at the end of the year	—	—	—	—
VI.	**Actuarial Assumptions**				
1.	Discount Rate (%)	**7.75**	**7.75**	9.00	9.00
2.	Expected Return on Plan Assets (%)	—	—	—	—
The estimates of future salary increases, considered in actuarial valuation, take account of inflation, seniority, promotion and other relevant factors, such as supply and demand factors in the employment market.					

VII.	**Major Category of Plan Assets as a % of the Total Plan Assets**	**As at 31st March, 2015**	As at 31st March, 2014
1.	Government Securities / Special Deposit with RBI	—	—
2.	High Quality Corporate Bonds	—	—
3.	Insurance Companies	—	—
4.	Mutual Funds	—	—
5.	Cash and Cash Equivalents	—	—
6.	Term Deposits	—	—

VIII.	**Basis used to determine the Expected Rate of Return on Plan Assets :** Not Applicable

IX. Net Asset / (Liability) recognised in Balance Sheet (including experience adjustment)

	For the year ended 31st March, 2015 (₹)		For the year ended 31st March, 2014 (₹)		For the year ended 31st March, 2013 (₹)		For the year ended 31st March, 2012 (₹)		For the year ended 31st March, 2011 (₹)	
	Gratuity	Leave Encashment	Gratuity	Leave Encashment	Gratuity	Leave Encashment	Gratuity	Leave Encashment	Gratuity	Leave Encashment
	Unfunded	Unfunded	Unfunded	Unfunded	Unfunded	Unfunded	Unfunded	Unfunded	Unfunded	Unfunded
Present Value of Defined Benefit Obligation	**74,745**	**93,282**	44,059	57,022	33,558	45,603	18,414	22,342	13,412	17,357
Fair Value on Plan Assets	—	—	—	—	—	—	—	—	—	—
Status [Surplus/ (Deficit)]	**(74,745)**	**(93,282)**	(44,059)	(57,022)	(33,558)	(45,603)	(18,414)	(22,342)	(13,412)	(17,357)
Experience Adjustment of Plan Assets [Gain / (Loss)]	—	—	—	—	—	—	—	—	—	—
Experience Adjustment of Obligation [(Gain) / Loss]	—	—	—	—	—	—	—	—	—	—

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

NOTES TO THE FINANCIAL STATEMENTS (Contd.)

16. Significant Accounting Policies

IT IS CORPORATE POLICY

Convention

To prepare financial statements in accordance with applicable Accounting Standards in India. A summary of important accounting policies is set out below. The financial statements have also been prepared in accordance with relevant presentational requirements of the Companies Act, 2013.

Basis of Accounting

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 based on the nature of services.

Fixed Assets

To state Fixed Assets at cost of acquisition inclusive of inward freight, duties and taxes and incidental expenses related to acquisition. Expenses capitalized also include borrowing costs, if any.

Depreciation

To calculate depreciation of Fixed Assets on "Straight Line Method" based on the useful lives specified in Schedule II to the Companies Act, 2013.

Investments

To state Current Investments at lower of cost and fair value and Long Term Investments, including in Joint Ventures and Associates, at cost. Where applicable, provision is made to recognise a decline, other than temporary, in valuation of Long Term Investments.

Inventories

To state inventories 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 its location and includes, where applicable, appropriate overheads based on normal level of activity.

Revenue Recognition

To recognize revenue at the time of rendering of services net of trade discounts to customers and taxes recovered from customers.

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.

Employee Benefits

To determine the liabilities towards gratuity and employee leave encashment by an independent actuarial valuation as per the requirements of Accounting Standard -15 on "Employee Benefits". To determine actuarial gains or losses and to recognise such gains or losses immediately in the Statement of Profit and Loss as income or expense.

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 substantially enacted by the Balance Sheet date.

Not to recognize 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

	B. B. CHATTERJEE	*Director*	R. TANDON	*Chairman*
Kolkata, 29th April, 2015	V. LUHARUKA	*Chief Financial Officer*	N. BAJAJ	*Manager & Company Secretary*

Form AOC-1

[Pursuant to first provision to sub-section (3) of Section 129 read with Rule 5 of Companies (Accounts) Rules, 2014]

Statement containing salient features of the financial statements 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	ITC Essentra Limited	ATC Limited
1. Latest audited Balance Sheet Date	31-Dec-14	31-Mar-15
2. Shares of Associates/Joint Ventures held by the company on the year end		
No.	22,50,000	1,94,775#
Amount of Investment in Associates / Joint Ventures (₹)	2,25,00,000	3,75,63,750
Extend of Holding %	50	47.50
3. Description of how there is significant influence	Joint Venture	Associate
4. Reason why the Associate / Joint Venture is not consolidated	Not Applicable*	Not Applicable*
5. Net worth attributable to Shareholding as per latest audited Balance Sheet (₹)	36,39,96,948	6,00,05,426
6. Profit / loss for the year (₹)	12,21,88,436	90,79,867
i. Considered in Consolidation *	—	—
ii. Not Considered in Consolidation (₹)	12,21,88,436	90,79,867

* In accordance with the Companies (Accounts) Amendment Rules, 2014 dated 14th October, 2014, requirement of Consolidated Financial Statement shall not apply to an intermediate wholly owned subsidiary. As the Company is an intermediate wholly owned subsidiary, whose parent ITC Limited prepares Consolidated Financial Statement, the said requirements are not applicable to the Company.

includes,
55,650 Equity shares of ₹ 100.00 each, fully paid 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

B. B. CHATTERJEE	*Director*	R. TANDON	*Chairman*
V. LUHARUKA	*Chief Financial Officer*	N. BAJAJ	*Manager & Company Secretary*

REPORT OF THE BOARD OF DIRECTORS FOR THE FINANCIAL YEAR ENDED 31ST MARCH, 2015

1. Your Directors submit their Report for the financial year ended 31st March, 2015.

2. COMPANY PERFORMANCE

During the year, the Company purchased the entire shareholding (50,000 equity shares) of MRR Trading & Investment Company Limited, fellow subsidiary, at an aggregate consideration of ₹ 451.63 lakhs. Consequent to the same, MRR Trading & Investment Company Limited became a wholly-owned subsidiary of the Company with effect from 30th March, 2015.

The Company, a Core Investment Company within the meaning of the Core Investment Companies (Reserve Bank) Directions, 2011, is exploring other investment opportunities.

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

		For the year ended 31st March, 2015 (₹)	For the year ended 31st March, 2014 (₹)
a.	Profit Before Tax	**47,03,443**	30,82,012
b.	Less : Tax Expense	**13,89,067**	30,000
c.	Profit After Tax	**33,14,376**	30,52,012
d.	Add : Profit brought forward from previous years	**46,88,574**	16,36,562
e.	Profit carried forward to the following year	**80,02,950**	46,88,574

3. DIRECTORS

In accordance with the provisions of Article 19 of the Articles of Association of the Company, Mr. B. B. Chatterjee (DIN: 00045140), Director, will retire by rotation at the forthcoming Annual General Meeting ('AGM') of the Company, and being eligible, offers himself for re-election. Your Board of Directors ('the Board') has recommended his re-election.

4. NUMBER OF BOARD MEETINGS

During the year ended 31st March, 2015, four meetings of the Board were held.

5. DIRECTORS' RESPONSIBILITY STATEMENT

As required under Section 134(5) of the Companies Act, 2013, your Directors confirm having : -

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

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

iii) taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013 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.

6. SUBSIDIARY COMPANY

The statement in Form 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.

Report on the performance and financial position of the Company's subsidiary company in terms of Rule 8 of the Companies (Accounts) Rules, 2014 is not being provided, as the Company, being an intermediate wholly owned subsidiary, is not required to prepare Consolidated Financial Statements.

7. PARTICULARS OF EMPLOYEES

None of the employees of your Company is covered under the provisions of Rule 5(2) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014.

8. RISK MANAGEMENT

The Company's risk management framework is designed to bring robustness to the risk management processes within the Company and addresses risks intrinsic to operations, financials and compliances arising out of the overall strategy of the Company.

The responsibility for management of risks vests with the Managers responsible for the day-to-day conduct of affairs of the Company. The Internal Audit Department of ITC Limited, the Holding Company, periodically carries out risk focused audits with the objective of identifying areas where risk management processes could be strengthened. Annual update is provided to the Board on the effectiveness of the Company's risk management systems and policies. During the year under review, the Risk Management Policy of the Company was approved by the Board.

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 Audit Department of ITC Limited evaluates the adequacy and efficacy of such internal financial controls. The Board provides guidance on internal controls, reviews internal audit findings and ensures that internal audit recommendations are implemented.

During the year, 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 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 Companies Act, 2013 relating to loans, guarantees and investments are not applicable to the Company.

11. RELATED PARTY TRANSACTIONS

During the year ended 31st March, 2015, the Company has not entered into any contract or arrangement with its related parties which is not on arm's length basis. The details in Form No. AOC-2 of a material transaction between the Company and its related party are enclosed under **Annexure 1** to this Report.

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

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

13. EXTRACT OF ANNUAL RETURN

The details forming part of the extract of Annual Return in Form No. MGT-9 are enclosed under **Annexure 2** to this Report.

14. AUDITORS

The Company's Auditors, Messrs. Deloitte Haskins & Sells, Chartered Accountants ('DHS'), were appointed at the Second AGM to hold such office till the conclusion of the Seventh AGM. Your Board, in terms of Section 139 of the Companies Act, 2013, has recommended for the ratification of the Members the appointment of DHS from the conclusion of the ensuing AGM till the conclusion of the Fourth AGM. The Board, in terms of Section 142 of the Companies Act, 2013, has also recommended for the approval of the Members the remuneration of DHS for the financial year 2015-16. 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. There has been no foreign exchange earnings or outflow during the year under review.

On behalf of the Board

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

Dated: 29th April, 2015

Annexure 1 to the Report of the Board of Directors for the financial year ended 31st March, 2015

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	BFIL Finance Limited, fellow subsidiary
b)	Nature of contracts / arrangements / transactions	Purchase of 50,000 equity shares of MRR Trading & Investment Company Limited
c)	Duration of the contracts / arrangements / transactions	—
d)	Salient terms of the contracts or arrangements or transactions including the value, if any	Value of the transaction - ₹ 4,50,50,000/-
e)	Date(s) of approval by the Board, if any	27th March, 2015
f)	Amount paid as advances, if any	Nil

On behalf of the Board

Dated: 29th April, 2015

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

Annexure 2 to the Report of the Board of Directors

FORM NO. MGT-9

EXTRACT OF ANNUAL RETURN

as on the financial year ended on 31st March, 2015

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

I. REGISTRATION AND OTHER DETAILS

i) CIN	:	U65923WB2012PLC176166
ii) Registration Date	:	19th March, 2012
iii) Name of the Company	:	ITC Investments & Holdings Limited
iv) Category / Sub-Category of the Company	:	Unlisted Public Company limited by shares
v) Address of the Registered office and contact details	:	Virginia House 37 J. L. Nehru Road Kolkata - 700 071 Phone: 033 2288 4086 / 6228 / 1946 Fax: 033 2288 9980 E-mail ID : ITCInvestments.Holdings@itc.in
vi) Whether listed company	:	No
vii) Name, Address and Contact details of Registrar and Transfer Agent, if any	:	N.A.

II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

All the business activities contributing 10% or more of the total turnover of the Company shall be stated:- NOT APPLICABLE

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES

Sl. No.	Name and Address of the Company	CIN / GLN	Holding / Subsidiary / Associate	% of shares held in / by the Company	Applicable Section
1.	ITC Limited Virginia House 37 Jawaharlal Nehru Road Kolkata - 700 071	L16005WB1910PLC001985	Holding company	100.00%	2(46)
2.	MRR Trading & Investment Company Limited Eucharistic Congress Building, 5 Convent Street, Colaba Mumbai - 400 039	U65990MH1980PLC023259	Subsidiary company	100.00%	2(87)

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

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

Category of Shareholders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
A. Promoters									
(1) **Indian**									
a) Individual/HUF	—	—	—	—	—	—	—	—	N.A.
b) Central Govt.	—	—	—	—	—	—	—	—	N.A.
c) State Govt.(s)	—	—	—	—	—	—	—	—	N.A.
d) Bodies Corp.	—	45,00,000	45,00,000	100.00	—	45,00,000	45,00,000	100.00	Nil
e) Banks / FI	—	—	—	—	—	—	—	—	N.A.
f) Any Other	—	—	—	—	—	—	—	—	N.A.
Sub-total (A)(1)	—	**45,00,000**	**45,00,000**	**100.00**	**—**	**45,00,000**	**45,00,000**	**100.00**	**Nil**
(2) **Foreign**									
a) NRIs - Individuals	—	—	—	—	—	—	—	—	N.A.
b) Other - Individuals	—	—	—	—	—	—	—	—	N.A.
c) Bodies Corp.	—	—	—	—	—	—	—	—	N.A.
d) Banks / FI	—	—	—	—	—	—	—	—	N.A.
e) Any Other	—	—	—	—	—	—	—	—	N.A.
Sub-total (A)(2)	—	—	—	—	—	—	—	—	**N.A.**
Total shareholding of Promoter (A) = (A)(1)+(A)(2)	—	**45,00,000**	**45,00,000**	**100.00**	**—**	**45,00,000**	**45,00,000**	**100.00**	**Nil**
B. Public Shareholding									
1. **Institutions**									
a) Mutual Funds	—	—	—	—	—	—	—	—	N.A.
b) Banks / FI	—	—	—	—	—	—	—	—	N.A.
c) Central Govt.	—	—	—	—	—	—	—	—	N.A.
d) State Govt.(s)	—	—	—	—	—	—	—	—	N.A.
e) Venture Capital Funds	—	—	—	—	—	—	—	—	N.A.
f) Insurance Companies	—	—	—	—	—	—	—	—	N.A.
g) FIIs	—	—	—	—	—	—	—	—	N.A.
h) Foreign Venture Capital Funds	—	—	—	—	—	—	—	—	N.A.
i) Others (specify)	—	—	—	—	—	—	—	—	N.A.
Sub-total (B)(1)	—	—	—	—	—	—	—	—	**N.A.**
2. **Non—Institutions**									
a) Bodies Corp.									
i) Indian	—	—	—	—	—	—	—	—	N.A.
ii) Overseas	—	—	—	—	—	—	—	—	N.A.
b) Individuals	—	—	—	—	—	—	—	—	N.A.
i) Individual shareholders holding nominal share capital upto Rs. 1 lakh									
ii) Individual shareholders holding nominal share capital in excess of Rs. 1lakh									
c) Others (specify)	—	—	—	—	—	—	—	—	N.A.
Sub-total (B)(2)	—	—	—	—	—	—	—	—	**N.A.**
Total Public Shareholding (B)=(B)(1) + (B)(2)	—	—	—	—	—	—	—	—	**N.A.**
C. Shares held by Custodian for GDRs & ADRs	—	—	—	—	—	—	—	—	N.A.
Grand Total (A+B+C)	—	**45,00,000**	**45,00,000**	**100.00**	**—**	**45,00,000**	**45,00,000**	**100.00**	**Nil**

(ii) **Shareholding of Promoters:**

Sl. No.	Shareholder's Name	Shareholding at the beginning of the year			Shareholding at the end of the year			% change in shareholding during the year
		No. of Shares	% of total Shares of the Company	% of Shares pledged / encumbered to total Shares	No. of Shares	% of total Shares of the Company	% of Shares pledged / encumbered to total Shares	
1.	ITC Limited	45,00,000	100.00	Nil	45,00,000	100.00	Nil	Nil

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

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

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

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

V. INDEBTEDNESS

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

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

A. **Remuneration to Managing Director, Wholetime Directors and / or Manager:** NOT APPLICABLE

B. Remuneration to other Directors: **(Amount in ₹)**

Sl. No.	Name of the Directors	Particulars of Remuneration			Total Amount
		Fee for attending Board and Board Committee meetings	Commission	Others, please specify	
1.	**Independent Directors**				
	Total Amount (B)(1)				**Nil**
2.	**Other Non-Executive Directors**				
	R. Tandon	Nil	Nil	Nil	Nil
	B. B. Chatterjee				
	Saradindu Dutta				
	Supratim Dutta				
	Total Amount (B)(2)				**Nil**
Total Amount (B) = (B)(1) + (B)(2)					**Nil**
Overall ceiling as per the Act *(11% of the net profits of the Company computed in accordance with Section 198 of the Companies Act, 2013)*					5,17,379

C. Remuneration to Key Managerial Personnel other than MD / Manager / WTD: NOT APPLICABLE

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

On behalf of the Board

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

Dated: 29th April, 2015

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF ITC INVESTMENTS & HOLDINGS LIMITED

Report on the Financial Statements

We have audited the accompanying financial statements of **ITC INVESTMENTS & HOLDINGS LIMITED** ("the Company"), which comprise the Balance Sheet as at 31st March, 2015, the Statement of Profit and Loss, the Cash Flow Statement for the year then ended, and a summary of the significant accounting policies and other explanatory 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 Companies Act, 2013 ("the Act") with respect to the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit.

We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.

We conducted our audit in accordance with the Standards on Auditing specified under Section 143 (10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on whether the Company has in place an adequate internal financial controls system over financial reporting and the operating effectiveness of such controls. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, 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 on financial statements.

Opinion

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 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 31st March, 2015, and its profit and its cash flows for the year ended on that date.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2015 ("the Order") issued by the Central Government in terms of Section 143(11) of the Act, we give in the Annexure a statement on the matters specified in paragraphs 3 and 4 of the Order.

2. As required by Section 143 (3) of the Act, we report that:

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

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

   (c) The Balance Sheet, the Statement of Profit and Loss, and the Cash Flow Statement dealt with by this Report are in agreement with the books of account.

   (d) In our opinion, the aforesaid financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.

   (e) On the basis of the written representations received from the directors as on 31st March, 2015 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2015 from being appointed as a director in terms of Section 164 (2) of the Act.

   (f) 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 DELOITTE HASKINS & SELLS
Chartered Accountants
(Firm's Registration No.302009E)

Ketan Vora
Partner
(Membership No. 100459)

Mumbai, 29th April, 2015

ANNEXURE TO THE INDEPENDENT AUDITORS' REPORT

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

In our opinion and according to the information and explanations given to us, the nature of the Company's business/activities during the year are such that clauses (i), (ii), (iv), (v), (vi), (viii), (ix) and (xi) of paragraph 3 of the Order are not applicable to the Company. In respect of the other clauses, we report as under:

(i) The Company has not granted any loans, secured or unsecured, to companies, firms or other parties covered in the Register maintained under Section 189 of the Companies Act, 2013.

(ii) 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, Service Tax and Cess and other material statutory dues applicable to it with the appropriate authorities.

(b) There are no dues of Income-tax, Service Tax and Cess which have not been deposited as on 31st March, 2015 on account of disputes.

(c) There are no amounts that are due to be transferred to the Investor Education and Protection Fund in accordance with the relevant provisions of the Companies Act, 1956 (1 of 1956) and Rules made thereunder.

(iii) According to the information and explanations given to us, the Company has not given guarantees for loans taken by others from banks and financial institutions.

(iv) To the best of our knowledge and according to the information and explanations given to us, no fraud by the Company and no significant fraud on the Company has been noticed or reported during the year.

For DELOITTE HASKINS & SELLS
Chartered Accountants
(Firm's Registration No.302009E)

Ketan Vora
Partner
(Membership No. 100459)

Mumbai, 29th April, 2015

BALANCE SHEET AS AT 31ST MARCH, 2015

	Note	As at 31st March, 2015 (₹)	As at 31st March, 2014 (₹)
EQUITY AND LIABILITIES			
Shareholders' funds			
Share capital	1	**4,50,00,000**	4,50,00,000
Reserves and surplus	2	**80,02,950**	46,88,574
Current Liabilities			
Other current liabilities	3	**56,180**	56,180
Short-term provisions	4	**97,007**	10,084
TOTAL		**5,31,56,137**	4,97,54,838
ASSETS			
Non-Current Assets			
Non-current investments	5	**4,51,62,645**	—
Long-term loans and advances	6	**26,700**	—
Current assets			
Cash and bank balances	7	**79,58,007**	4,95,75,583
Other current assets	8	**8,785**	1,79,255
TOTAL		**5,31,56,137**	4,97,54,838

The accompanying notes 1 to 12 are an integral part of the Financial Statements.

In terms of our report attached
For Deloitte Haskins & Sells
Chartered Accountants

KETAN VORA
Partner

Mumbai, 29th April, 2015

On behalf of the Board

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

Kolkata, 29th April, 2015

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31ST MARCH, 2015

	Note	For the year ended 31st March, 2015 (₹)	For the year ended 31st March, 2014 (₹)
Other income	9	**48,26,541**	31,92,907
Total Revenue		**48,26,541**	31,92,907
Expenses			
Other expenses	10	**1,23,098**	1,10,895
Total Expenses		**1,23,098**	1,10,895
Profit before tax		**47,03,443**	30,82,012
Tax expense:			
Current tax		**14,15,767**	30,000
Less: MAT credit		**(26,700)**	—
Profit for the year		**33,14,376**	30,52,012
Earnings per share (Face Value ₹ 10.00 each) (Basic and Diluted)	11 (i)	**₹ 0.74**	₹ 0.68

The accompanying notes 1 to 12 are an integral part of the Financial Statements.

In terms of our report attached
For Deloitte Haskins & Sells
Chartered Accountants

KETAN VORA
Partner

Mumbai, 29th April, 2015

On behalf of the Board

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

Kolkata, 29th April, 2015

CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2015

		For the year ended 31st March, 2015		For the period 31st March, 2014
		(₹)		(₹)
A. Cash Flow from Operating Activities				
PROFIT BEFORE TAX		**47,03,443**		30,82,012
ADJUSTMENTS FOR:				
Net gain on sale of Current Investments		—		(51,652)
Interest income on bank deposits		**(48,26,541)**		(1,99,171)
Dividend income from Current Investments		—		(29,42,084)
OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES		**(1,23,098)**		(1,10,895)
CASH USED IN OPERATIONS		**(1,23,098)**		(1,10,895)
Income Tax paid		**(13,28,843)**		(19,916)
NET CASH USED IN OPERATING ACTIVITIES		**(14,51,941)**		(1,30,811)
B. Cash Flow from Investing Activities				
Purchase of Long Term Investments from fellow Subsidiary	**(4,51,62,645)**		—	
Purchase of Current Investments	—		(39,99,50,000)	
Sale/Redemption of Current Investments	—		44,65,82,167	
Interest Received	**49,97,010**		19,916	
Dividend Income from Current Investments Received	—		29,42,084	
Investment in bank deposits (original maturity more than 3 months)	**(79,48,958)**		(4,95,00,000)	
Redemption / Maturity of bank deposits	**5,10,00,000**		—	
NET CASH FROM INVESTING ACTIVITIES		**28,85,407**		94,167
C. Cash Flow from Financing Activities		—		—
NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS		**14,33,466**		(36,644)
OPENING CASH AND CASH EQUIVALENTS		**75,583**		1,12,227
CLOSING CASH AND CASH EQUIVALENTS		**15,09,049**		75,583

Notes:

1. The above Cash Flow Statement has been prepared under the "Indirect Method" as set out in Accounting Standard (AS) - 3 "Cash Flow Statements".

2. CASH AND CASH EQUIVALENTS :

Cash and Cash Equivalents as above	**15,09,049**	75,583
Other bank balances	**64,48,958**	4,95,00,000
Cash and bank balances (Note 7)	**79,58,007**	4,95,75,583

The accompanying notes 1 to 12 are an integral part of the Financial Statements.

In terms of our report attached
For Deloitte Haskins & Sells
Chartered Accountants
KETAN VORA
Partner
Mumbai, 29th April, 2015

On behalf of the Board
R. TANDON *Chairman* S. DUTTA *Director*
Kolkata, 29th April, 2015

NOTES TO THE FINANCIAL STATEMENTS

	As at 31st March, 2015 (No. of Shares)	As at 31st March, 2015 (₹)	As at 31st March, 2014 (No. of Shares)	As at 31st March, 2014 (₹)
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, 2015 (No. of Shares)	As at 31st March, 2015 %	As at 31st March, 2014 (No. of Shares)	As at 31st March, 2014 %
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, 2015 (₹)		As at 31st March, 2014 (₹)	
2. Reserves and surplus				
Surplus in the Statement of Profit and Loss				
At the beginning of the year	**46,88,574**		16,36,562	
Add: Profit for the year	**33,14,376**		30,52,012	
At the end of the year		**80,02,950**		46,88,574
TOTAL		**80,02,950**		46,88,574

	As at 31st March, 2015 (₹)	As at 31st March, 2014 (₹)
3. Other current liabilities		
Other payables		
Statutory liabilities	**5,000**	5,000
Liability for expenses	**51,180**	51,180
TOTAL	**56,180**	56,180

	As at 31st March, 2015 (₹)	As at 31st March, 2014 (₹)
4. Short-term provisions		
Current taxation (Net of advance tax)	**97,007**	10,084
TOTAL	**97,007**	10,084

	As at 31st March, 2015 (₹)	As at 31st March, 2014 (₹)
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 (2014 - Nil) Equity Shares of ₹ 10.00 each fully paid	**4,51,62,645**	—
TOTAL	**4,51,62,645**	—

	As at 31st March, 2015 (₹)	As at 31st March, 2014 (₹)
6. Long-term loans and advances		
Unsecured, considered good		
Minimum Alternate Tax (MAT) credit entitlement	**26,700**	—
TOTAL	**26,700**	—

	As at 31st March, 2015 (₹)	As at 31st March, 2014 (₹)
7. Cash and bank balances		
Cash and cash equivalents@		
Balances with Banks		
Current accounts	2,34,030	75,583
In deposit accounts	12,75,019	—
Other bank balances		
In deposit accounts*	64,48,958	4,95,00,000
TOTAL	79,58,007	4,95,75,583

@ Cash and cash equivalents include 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.

	As at 31st March, 2015 (₹)	As at 31st March, 2014 (₹)
8. Other current assets		
Interest accrued on fixed deposits	8,785	1,79,255
TOTAL	8,785	1,79,255

	For the year ended 31st March, 2015 (₹)	For the period 31st March, 2014 (₹)
9. Other income		
Dividend income from Current investments	—	29,42,084
Interest income on bank deposit	48,26,541	1,99,171
Net gain on sale of current investment	—	51,652
TOTAL	48,26,541	31,92,907

	For the year ended 31st March, 2015 (₹)	For the period 31st March, 2014 (₹)
10. Other expenses		
Rates and taxes	8,150	6,497
Consultancy / Professional fees	18,416	14,318
Printing and stationery	720	—
Auditors' remuneration and expenses		
Audit fees	56,180	56,180
Tax audit fees	33,708	33,708
Travelling and conveyance	1,130	—
Miscellaneous expenses	4,794	192
TOTAL	1,23,098	1,10,895

11. Additional Notes to the Financial Statements

i. Earnings per share

	2015	2014
Earnings per share has been computed as under :		
(a) Profit for the year (₹)	33,14,376	30,52,012
(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)]	₹ 0.74	₹ 0.68

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, 2015. 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.

iii. Segment Reporting

The Company operates in a single business segment namely acquisition of shares and securities and in a single geographical segment in India.

iv. Related Party Disclosures

a. Relationship:

Holding Company: - ITC Limited

Subsidiary Company: - MRR Trading & Investment Company Limited

Fellow Subsidiary Company: - BFIL Finance Limited

Key Management Personnel

- Mr. Rajiv Tandon — Non – Executive Chairman
- Mr. B. B. Chatterjee — Non – Executive Director
- Mr. Saradindu Dutta — Non – Executive Director
- Mr. Supratim Dutta — Non – Executive Director

b. DISCLOSURE OF TRANSACTIONS BETWEEN THE COMPANY AND RELATED PARTIES

(Amount in ₹)

RELATED PARTY TRANSACTION SUMMARY	Holding Company		Fellow Subsidiary	
	2015	2014	2015	2014
1. Purchases of Services	4,452	—	—	—
2. Investment Purchased	—	—	4,50,50,000	—

12. Significant Accounting Policies

IT IS CORPORATE POLICY

Convention

To prepare financial statements in accordance with applicable Accounting Standards in India. A summary of important accounting policies is set out below. The financial statements have also been prepared in accordance with relevant presentational requirements of the Companies Act, 2013.

Basis of Accounting

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 recognized 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 substantially 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 , 29th April, 2015 S. DUTTA *Director* R. TANDON *Chairman*

Form AOC-1

[Pursuant to first proviso to sub-section (3) of Section 129 read with Rule 5 of Companies (Accounts) Rules, 2014]

Statement containing salient features of the financial statement of subsidiaries/associate companies/joint ventures

Part "A": Subsidiaries

1. Sl. No.	1
2. Name of the subsidiary	MRR Trading & Investment Company Limited
3. Reporting period for the subsidiary concerned, if different from the holding company's reporting period	Year ended 31st March, 2015 (same as the Holding Company)
4. Reporting currency and Exchange rate as on the last date of the relevant financial year in the case of foreign subsidiaries:	Not Applicable
5. Share Capital	₹ 5,00,000 (50,000 Equity Shares of Rs 10/- each)
6. Reserve & Surplus	₹ (4,12,443)
7. Total Assets	₹ 1,07,470
8. Total Liabilities	₹ 1,07,470
9. Investments	-
10. Turnover*	₹ 7,20,000
11. Profit before taxation	₹ 3,717
12. Provision for taxation	Nil
13. Profit after taxation	₹ 3,717
14. Proposed Dividend	Nil
15. % Shareholding	100

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

***** 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

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

REPORT OF THE BOARD OF DIRECTORS FOR THE FINANCIAL YEAR ENDED 31 MARCH, 2015

1. Your Board of Directors hereby submit their Report for the financial year ended 31st March, 2015.

2. COMPANY PERFORMANCE

The Company is primarily engaged in providing estate maintenance services and the operations during the year under review resulted in a profit of Rs. 3,717/-.

Consequent to purchase of the Company's entire shareholding by ITC Investments & Holdings Limited, the Company became a wholly-owned subsidiary of that company with effect from 30th March, 2015.

3. DIVIDEND

In view of the accumulated losses, your Directors are not able to recommend any Dividend.

4. DIRECTORS

During the year, Mr. M. Yelamanda resigned as Director of the Company with effect from close of work on 28th February 2015. Your Directors would like to place on record their appreciation for the services rendered by Mr. Yelamanda during his tenure as a Director of the Company.

Mr. V. Radhakrishnan (DIN: 07091008) was appointed by your Board as an Additional Director of the Company with effect from 25th February, 2015. In accordance with Section 161 of the Companies Act, 2013 and Article 26 of the Articles of Association of the Company, Mr. Radhakrishnan will cease to hold office at the ensuing Annual General Meeting and is eligible for appointment as a Director of the Company. Your Board at its meeting held on 22nd April, 2015, recommended for the approval of the Members, the appointment of Mr. Radhakrishnan as a Director of your Company, liable to retire by rotation. Notice under Section 160 of the Companies Act, 2013 has been received by the Company for appointment of Mr. Radhakrishnan, who has also filed his consent to act as Director of your Company, if appointed. Appropriate resolution seeking your approval to Mr. Radhakrishnan's appointment is appearing in the Notice convening the ensuing Annual General Meeting of the Company.

In accordance with the provisions of the Companies Act 2013, Mr. P. K. Sen (DIN: 02101929), Director, will retire by rotation at the forth coming Annual General Meeting (AGM) of the Company, and being eligible, offers himself for re-election. The Board has recommended his re-election.

5. NUMBER OF BOARD MEETINGS

During the year ended 31st March, 2015, six meetings of the Board were held.

6. DIRECTORS' RESPONSIBILITY STATEMENT

As required under Section 134(5) of the Companies Act, 2013, your Directors confirm having: -

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

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

iii) taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013 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 were 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

None of the employees of your Company is covered under the provisions of Rule 5(2) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014.

9. RISK MANAGEMENT

The Company's risk management framework is designed to bring robustness to the risk management processes within the Company and addresses risks intrinsic to operations, financials and compliances arising out of the overall strategy of the Company. The Risk Management Policy of the Company has been approved by the Board.

The responsibility for management of risks vests with the Managers responsible for the day-to-day conduct of 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

There are adequate internal financial controls in your Company with respect to the financial statements, commensurate with the size and scale of operations of the Company.

11. PARTICULARS OF LOANS, GUARANTEES AND INVESTMENTS

During the year ended 31st March, 2015, the Company has neither given any loan or guarantee nor has made any investment under Section 186 of the Companies Act, 2013.

12. RELATED PARTY TRANSACTIONS

During the year ended 31st March, 2015, the Company has not entered into any contract or arrangement with its related parties which is not on arm's length basis. The details in Form AOC-2 of a material transaction entered into by the Company with its related party are provided under **Annexure 1** to this Report.

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

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

14. EXTRACT OF ANNUAL RETURN

The details forming part of the extract of the Annual Return in Form MGT-9 are provided under **Annexure 2** to this Report.

15. AUDITORS

The Company's Auditors, Messrs. Lovelock & Lewes Chartered Accountants (Lovelock), were appointed at the Thirty-Third AGM to hold such office till the conclusion of the Thirty-Sixth AGM. Your Board, in terms of Section 139 of the Companies Act, 2013, has recommended for the ratification of the Members the appointment of Lovelock from the conclusion of the ensuing AGM till the conclusion of the Thirty-Fourth AGM. The Board, in terms of Section 142 of the Companies Act, 2013, has also recommended for the approval of the Members the remuneration of Lovelock for the financial year 2015-16. Appropriate resolution in respect of the above is appearing in the Notice convening the ensuing AGM of the Company.

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

The Company has no activities relating to conservation of energy and technology absorption. There has been no foreign exchange earnings or outflow during the year under review.

On behalf of the Board

22nd April, 2015

P. K. Sen **Director**
J. Singh **Director**

Annexure 1 to the Report of the Board of Directors

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, ultimate Holding Company
b)	Nature of contracts / arrangements / transactions	Rendering of estate maintenance services to ITC Limited
c)	Duration of the contracts / arrangements / transactions	1 year from 1.4.2014 to 31.3.2015
d)	Salient terms of the contracts or arrangements or transactions including the value, if any	Receipt of Service Charges @ Rs. 7,20,000/- p.a.
e)	Date(s) of approval by the Board, if any	1st April 2014
f)	Amount paid as advances, if any	—

On behalf of the Board

22 April, 2015

P. K. Sen **Director**
J. Singh **Director**

Annexure 2 to the Report of the Board of Directors

FORM NO. MGT-9

EXTRACT OF ANNUAL RETURN

as on the financial year ended on 31st March, 2015

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

I. REGISTRATION AND OTHER DETAILS

i) CIN	:	U65990MH1980PLC023259
ii) Registration Date	:	10th October, 1980
iii) Name of the Company	:	MRR Trading & Investment Company Limited
iv) Category / Sub-Category of the Company	:	Unlisted Public Company limited by shares
v) Address of the Registered office and contact details	:	Eucharistic Congress Building No.1 4th Floor, 5 Convent Street, Colaba Mumbai - 400 039 Phone: 022 22836894 Fax: 022 22832663 e-mail ID : mrrtrading@rediffmail.com
vi) Whether listed company (Yes / No)	:	No
vii) Name, Address and Contact details of Registrar and Transfer Agent, if any	:	N.A.

II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

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

Sl. No.	Name and Description of main products / services	NIC Code of the Product / Service	% to total turnover of the Company
1.	Providing estate maintenance services	92098	100%

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES

Sl. No.	Name and Address of the Company	CIN / GLN	Holding / Subsidiary / Associate	% of shares held in the Company	Applicable Section
1.	ITC Investments & Holdings Limited Virginia House 37 J. L. Nehru Road Kolkata - 700 071	U65923WB2012PLC176166	Holding Company	100.00	2(46)
2.	ITC Limited Virginia House 37 Jawaharlal Nehru Road Kolkata - 700 071	L16005WB1910PLC001985	Ultimate Holding Company	—	2(46)

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

(i) Category-wise Shareholding:

Category of Shareholders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% Change during the year
	Demat	Physical	Total	%of Total Shares	Demat	Physical	Total	%of Total Shares	
A. Promoters									
(1) **Indian**									
a) Individual/HUF	—	—	—	—	—	—	—	—	N.A.
b) Central Govt.	—	—	—	—	—	—	—	—	N.A.
c) State Govt.(s)	—	—	—	—	—	—	—	—	N.A.
d) Bodies Corp.	—	50,000	50,000	100.00	—	50,000	50,000	100.00	Nil
e) Banks / FI	—	—	—	—	—	—	—	—	N.A.
f) Any Other	—	—	—	—	—	—	—	—	N.A.
Sub-total (A)(1)	—	**50,000**	**50,000**	**100.00**	—	**50,000**	**50,000**	**100.00**	**Nil**
(2) Foreign									
a) NRIs - Individuals	—	—	—	—	—	—	—	—	N.A.
b) Other - Individuals	—	—	—	—	—	—	—	—	N.A.
c) Bodies Corp.	—	—	—	—	—	—	—	—	N.A.
d) Banks / FI	—	—	—	—	—	—	—	—	N.A.
e) Any Other	—	—	—	—	—	—	—	—	N.A.
Sub-total (A)(2)	—	—	—	—	—	—	—	—	N.A.
Total shareholding of Promoter (A) = (A)(1)+(A)(2)	—	**50,000**	**50,000**	**100.00**	—	**50,000**	**50,000**	**100.00**	**Nil**
B. Public Shareholding									
1. **Institutions**									
a) Mutual Funds	—	—	—	—	—	—	—	—	N.A.
b) Banks / FI	—	—	—	—	—	—	—	—	N.A.
c) Central Govt.	—	—	—	—	—	—	—	—	N.A.
d) State Govt.(s)	—	—	—	—	—	—	—	—	N.A.
e) Venture Capital Funds	—	—	—	—	—	—	—	—	N.A.
f) Insurance Companies	—	—	—	—	—	—	—	—	N.A.
g) FIIs	—	—	—	—	—	—	—	—	N.A.
h) Foreign Venture Capital Funds	—	—	—	—	—	—	—	—	N.A.
i) Others (specify)	—	—	—	—	—	—	—	—	N.A.
Sub-total (B)(1)	—	—	—	—	—	—	—	—	N.A.
2. **Non-Institutions**									
a) Bodies Corp.									
i) Indian	—	—	—	—	—	—	—	—	N.A.
ii) Overseas	—	—	—	—	—	—	—	—	N.A.
b) Individuals									
i) Individual shareholders holding nominal share capital upto Rs. 1 lakh									
ii) Individual shareholders holding nominal share capital in excess of Rs. 1 lakh	—	—	—	—	—	—	—	—	N.A.
c) Others (specify)	—	—	—	—	—	—	—	—	N.A.
Sub-total (B)(2)	—	—	—	—	—	—	—	—	N.A.
Total Public Shareholding (B)=(B)(1)+ (B)(2)	—	—	—	—	—	—	—	—	N.A.
C. Shares held by Custodian for GDRs & ADRs	—	—	—	—	—	—	—	—	N.A.
Grand Total (A+B+C)	—	**50,000**	**50,000**	**100.00**	—	**50,000**	**50,000**	**100.00**	**Nil**

(ii) Shareholding of Promoters:

Sl. No.	Shareholder's Name	Shareholding at the beginning of the year			Shareholding at the end of the year			% change in shareholding during the year
		No. of Shares	% of total Shares of the Company	% of Shares pledged / encumbered to total Shares	No. of Shares	% of total Shares of the Company	%of Shares pledged / encumbered to total Shares	
1.	BFIL Finance Limited	50,000	100.00	Nil	—	—	N.A.	100.00
2.	ITC Investments & Holdings Limited	—	—	N.A.	50,000	100.00	Nil	100.00

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

Sl. No.		Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of Shares	% of total Shares of the Company	No. of Shares	% of total Shares of the Company
1.	**BFIL Finance Limited**				
	At the beginning of the year	50,000	100.00		
	Date wise Increase / (Decrease) in Promoters Shareholding during the year • Sold on 30th March, 2015	(50,000)	100.00	Nil	N.A.
	At the end of the year			Nil	N.A.
2.	**ITC Investments & Holdings Limited**				
	At the beginning of the year	Nil	N.A.		
	Date wise Increase / (Decrease) in Promoters Shareholding during the year • Acquired on 30th March, 2015	50,000	100.00	50,000	100.00
	At the end of the year			50,000	100.00

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

(v) Shareholding of Directors and Key Managerial Personnel:

Sl. No.	For each of the Directors and KMP	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of Shares	% of total Shares of the Company	No. of Shares	% of total Shares of the Company
1.	**P.K. Sen (Non-Executive Director)**				
	At the beginning of the year	Nil	N.A.		
	Date wise Increase / Decrease in Shareholding during the year	—	N.A.	—	N.A.
	At the end of the year			Nil	N.A.
2.	**J. Singh (Non-Executive Director)**				
	At the beginning of the year	Nil	N.A.		
	Date wise Increase / Decrease in Shareholding during the year	—	N.A.	—	N.A.
	At the end of the year			Nil	N.A.
3.	**V. Radhakrishnan (Non-Executive Director)**				
	At the beginning of the year	Nil	N.A.		
	Date wise Increase / Decrease in Shareholding during the year	—	N.A.	—	N.A.
	At the end of the year			Nil	N.A.

V. INDEBTEDNESS

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

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

A. Remuneration to Managing Director, Whole-time Directors and/or Manager: NOT APPLICABLE

B. Remuneration to other Directors:

Sl. No.	Name of the Directors	Particulars of Remuneration			Total Amount
		Fee for attending Board and Board Committee meetings	Commission	Others, please specify	
1.	**Independent Directors**				
	Total Amount (B)(1)	—	—	—	—
2.	**Other Non-Executive Directors**				
	P. K. Sen	—	—	—	—
	J. Singh	—	—	—	—
	V. Radhakrishnan	—	—	—	—
	Total Amount (B)(2)	—	—	—	—
Total Amount (B) = (B)(1) + (B)(2)					—
Total Managerial Remuneration (A + B)					—
Overall ceiling as per the Act					Rs. 30 lakhs per annum *(refer note)*

Note : Ceiling as per Part II of Schedule V of the Companies Act, 2013 has been disclosed, considering that the profit of the Company for the financial year ended 31st March, 2015 is inadequate.

C. Remuneration to Key Managerial Personnel other than MD / Manager / WTD: NOT APPLICABLE

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

On behalf of the Board

22nd April, 2015

P. K. Sen **Director**
J. Singh **Director**

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF MRR TRADING & INVESTMENT COMPANY LIMITED

Report on the Financial Statements

1. We have audited the accompanying standalone financial statements of MRR Trading & Investment Company Limited ("the Company"), which comprise the Balance Sheet as at March 31, 2015, the Statement of Profit and Loss, the Cash Flow Statement for the year then ended, and a summary of the significant accounting policies and other explanatory information.

Management's Responsibility for the Standalone Financial Statements

2. 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 to give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, 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.

Auditor's Responsibility

3. Our responsibility is to express an opinion on these standalone financial statements based on our audit.
4. We have taken into account the provisions of the Act and the Rules made thereunder including the accounting standards and matters which are required to be included in the audit report.
5. We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act and other applicable authoritative pronouncements issued by the Institute of Chartered Accountants of India. Those Standards and pronouncements require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.
6. An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the financial statements that give a true and fair view, in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on whether the Company has in place an adequate internal financial controls system over financial reporting and the operating effectiveness of such controls. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the financial statements.
7. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the standalone financial statements.

Opinion

8. 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, 2015, and its profit and its cash flows for the year ended on that date.

Report on Other Legal and Regulatory Requirements

9. As required by 'the Companies (Auditor's Report) Order, 2015', issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act (hereinafter referred to as the "Order"), and on the basis of such checks of the books and records of the Company as we considered appropriate and according to the information and explanations given to us, we give in the Annexure a statement on the matters specified in paragraphs 3 and 4 of the Order.

10. 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 March 31, 2015 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2015 from being appointed as a director in terms of Section 164 (2) of the Act.

(f) 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 knowledge and belief and according to the information and explanations given to us:

1) The Company does not have any pending litigations as at March 31, 2015 which would impact its financial position.
2) The Company did not have any long-term contracts including derivative contracts as at March 31, 2015.
3) There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company during the year ended March 31, 2015.

For Lovelock & Lewes
Firm Registration No. 301056E
Chartered Accountants

Sunit Kumar Basu
Partner
Membership No: 55000

Kolkata, April 22, 2015

Annexure to Independent Auditors' Report

Referred to in paragraph 9 of the Independent Auditors' Report of even date to the members of MRR Trading & Investment Company Limited on the financial statements as of and for the year ended March 31, 2015

i. The Company does not hold any fixed assets during the year ended March 31, 2015. Therefore, the provisions of Clause 3(i) of the Order are not applicable to the Company.

ii. The Company is in the business of rendering services, and consequently, does not hold any inventory. Therefore, the provisions of Clause 3(ii) of the said Order are not applicable to the Company.

iii. The Company has not granted any loans, secured or unsecured, to companies, firms or other parties covered in the register maintained under Section 189 of the Act. Therefore, the provisions of Clause 3(iii), (iii)(a) and (iii)(b) of the said Order are not applicable to the Company.

iv. In our opinion, and according to the information and explanations given to us, there is an adequate internal control system commensurate with the size of the Company and the nature of its business for the sale of services. However, according to the information and explanations given to us, there is neither a purchase of inventory nor fixed assets during the year. Further, on the basis of our examination of the books and records of the Company, and according to the information and explanations given to us, we have neither come across, nor have been informed of, any continuing failure to correct major weaknesses in the aforesaid internal control system.

v. The Company has not accepted any deposits from the public within the meaning of Sections 73, 74, 75 and 76 of the Act and the rules framed there under to the extent notified.

vi. The Central Government of India has not specified the maintenance of cost records under sub-section (1) of Section 148 of the Act for any of the products of the Company.

vii. (a) According to the information and explanations given to us and the records of the Company examined by us, in our opinion, the Company is generally regular in depositing undisputed statutory dues applicable, with appropriate authorities.

(b) According to the information and explanations given to us and the records of the Company examined by us, there are no dues of income-tax and service-tax which have not been deposited on account of any dispute.

(c) There are no amounts required to be transferred by the Company to the Investor Education and Protection Fund in accordance with the provisions of the Companies Act, 1956 and the rules made thereunder.

viii. The Company has accumulated losses exceeding fifty percent of its networth as at the end of the financial year and it not incurred any cash losses during the financial year ended on that date. The Company has incurred cash losses in the immediately preceding financial year.

ix. As the Company does not have any borrowings from any financial institution or bank nor has it issued any debentures as at the balance sheet date, the provisions of Clause 3(ix) of the Order are not applicable to the Company.

x. In our opinion, and according to the information and explanations given to us, the Company has not given any guarantee for loans taken by others from banks or financial institutions during the year. Accordingly, the provisions of Clause 3(x) of the Order are not applicable to the Company.

xi. The Company has not raised any term loans. Accordingly, the provisions of Clause 3(xi) of the Order are not applicable to the Company.

xii. During the course of our examination of the books and records of the Company, carried out in accordance with the generally accepted auditing practices in India, and according to the information and explanations given to us, we have neither come across any instance of material fraud on or by the Company, noticed or reported during the year, nor have we been informed of any such case by the Management.

For Lovelock & Lewes
Firm Registration No. 301056E
Chartered Accountants

Sunit Kumar Basu
Partner
Membership No: 55000

Kolkata, April 22, 2015

BALANCE SHEET

(All amounts in ₹, unless otherwise stated)

	Note	As at March 31, 2015	As at March 31, 2014
Equity and Liabilities			
Shareholders' Funds			
Share Capital	3	**500,000**	500,000
Reserves and Surplus	4	**(412,443)**	(416,160)
Current Liabilities			
Trade Payables	5	**19,913**	16,854
Total		**107,470**	100,694
Assets			
Non-current assets			
Long-term loans and advances	6	**7,120**	7,120
Current Assets			
Cash and Bank balances	7	**85,950**	93,574
Other Current Assets	8	**14,400**	—
Total		**107,470**	100,694

The notes are an integral part of these financial statements.
This is the Balance Sheet referred to in our report of even date.

For Lovelock & Lewes

Firm Registration No. 301056E
Chartered Accountants

Sunit Kumar Basu
Partner
Membership No: 55000

Kolkata, April 22, 2015

For and on behalf of the Board of Directors

P. K. Sen Director
Jagdish Singh Director

Kolkata, April 22, 2015

Statement of Profit and Loss

(All amounts in ₹, unless otherwise stated)

	Note	Year ended March 31, 2015	Year ended March 31, 2014
Revenue			
Operating Income	9	**720,000**	—
Total Revenue		**720,000**	—
Expenses			
Employee Benefit Expenses	10	**88,000**	—
Other Expenses	11	**628,283**	718,740
Less: Expenses reimbursed by the Holding Company		—	718,740
Total Expenses		**716,283**	—
Profit/(Loss) before tax		**3,717**	—
Tax expense			
Current Tax		—	—
Deferred Tax		—	—
Profit/(Loss) for the year		**3,717**	—
Earnings per equity share: [Nominal Value per share: Rs.10 (2014: Rs.10)]			
Basic and Diluted	12	**0.07**	—

The notes are an integral part of these financial statements.

This is the Statement of Profit and Loss referred to in our report of even date.

For Lovelock & Lewes
Firm Registration No. 301056E
Chartered Accountants

Sunit Kumar Basu
Partner
Membership No: 55000
Kolkata, April 22, 2015

For and on behalf of the Board of Directors

P. K. Sen Director
Jagdish Singh Director
Kolkata, April 22, 2015

Cash Flow Statement

(All amounts in ₹, unless otherwise stated)

	Year ended March 31, 2015	Year ended March 31, 2014
A. Cash Flow from Operating Activities		
Profit / (Loss) before taxation	**3,717**	—
Changes in Working Capital:		
Increase / (Decrease) in trade payables	**3,059**	(31,772)
(Increase) / Decrease in other current assets	**(14,400)**	—
Cash (used in) /generated from Operations	**(7,624)**	(31,772)
Taxes paid	—	—
Net cash (used in) / generated from operating activities	**(7,624)**	(31,772)
B. Cash flow from Investing Activities:	—	—
C. Cash flow from Financing Activities	—	—
Net (decrease) / increase in cash and cash equivalents	**(7,624)**	(31,772)
Cash and Cash equivalents at the beginning of the year	**93,574**	125,346
Cash and Cash equivalents at the end of the year	**85,950**	93,574
Cash and cash equivalents comprise of:		
Cash on Hand	—	—
Balances with Banks	**85,950**	93,574
Total	**85,950**	93,574

1. The above cash flow statement has been prepared under the "Indirect Method" as set out in AS-3 on 'Cash Flow Statements'.
2. The comparative figures for the previous year have been re-arranged wherever necessary to conform with the revised presentation of the accounts.

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

For Lovelock & Lewes
Firm Registration No. 301056E
Chartered Accountants

Sunit Kumar Basu
Partner
Membership No: 55000
Kolkata, April 22, 2015

For and on behalf of the Board of Directors

P. K. Sen Director
Jagdish Singh Director
Kolkata, April 22, 2015

Notes to the financial statements

(All amounts in ₹, unless otherwise stated)

1 General Information

MRR Trading & Investment Company Limited (MRR) was a wholly owned subsidiary of BFIL Finance Limited (BFIL) till 29.3.2015. MRR is having tenancy rights in a commercial premise at Eucharistic Congress Building No.1, 4th Floor, 5 Convent Street, Colaba, Mumbai 400 039. The premise is owned by Roman Catholic Cathedral Trust. During the year, BFIL has sold its share holding in MRR to ITC Investments & Holdings Limited (IIHL) on 30.3.2015 and thus MRR became wholly owned subsidiary of IIHL.

2 Summary of significant accounting policies

2.1 Basis of preparation

These financial statements have been prepared in accordance with the generally accepted accounting principles in India under the historical cost convention on accrual basis based on the principle of Going Concern.

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, the Company has ascertained its operating cycle as 12 months for the purpose of current – non current classification of assets and liabilities.

2.2 Accruals

All revenue and expenses are accounted on accrual basis.

2.3 Revenue

Income from Estate Maintenance Services are recognized based on Contractual arrangement entered by the Company.

3 Share Capital

3.1 Break up of Share Capital

	As at March 31, 2015	As at March 31, 2014
Authorised:		
50,000 (2014: 50,000) equity shares of Rs. 10 each	**500,000**	500,000
Issued:		
50,000 (2014: 50,000) equity shares of Rs. 10 each	**500,000**	500,000
Subscribed and paid up:		
50,000 (2014: 50,000) equity shares of Rs. 10 each	**500,000**	500,000
Total	**500,000**	**500,000**

3.2 Rights, preferences and restrictions attached to shares

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.

3.3 Out of the above shares, 49,994 shares are held by ITC Investments & Holdings Limited, the holding Company (till March 29, 2015 these shares were held by BFIL Finance Limted) and the balance 6 shares are held by nominees of the holding Company jointly with the holding Company. There is no movement in the shareholder's equity during the year, including the previous year.

4 Reserves and Surplus

	As at March 31, 2015	As at March 31, 2014
Surplus / (Deficit) in Statement of Profit and Loss		
Balance as at the beginning of the year	**(416,160)**	(416,160)
Profit / (Loss) for the year	**3,717**	—
Balance as at the end of the year	**(412,443)**	(416,160)

5 Trade Payables

Trade Payables (Refer note 14 below)	**19,913**	16,854
Total	**19,913**	16,854

6 Long-term loans and advances

Balances with Government Authorities	**7,120**	7,120
Total	**7,120**	7,120

7 Cash and Bank balances

Cash and Cash equivalents		
Bank balance in current account	**85,950**	93,574
Total	**85,950**	93,574

8 Other Current Assets

	As at March 31, 2015	As at March 31, 2014
TDS on Estate Maintenance Services	**14,400**	—
Total	**14,400**	—

9 Operating Income

Income from Estate Maintenance Services	**720,000**	—
Total	**720,000**	—

10 Employee Benefit Expenses

Salary	**88,000**	—
Total	**88,000**	—

11 Other Expenses

Rent	**64,596**	62,113
Service Charges	**38,700**	38,700
Rates & Taxes	**187,553**	570,430
Water Charges	**35,330**	30,175
Payment to Auditors		
- Audit Fee	**15,000**	15,000
- Reimbursement of Expenses (including service tax)	**2,921**	2,244
Bank Charges	**337**	7 8
Professional Fees	**45,187**	—
Expenses on Estate Maintenance Service	**238,659**	—
Total	**628,283**	**718,740**

12 Earnings per share

	Year ended March 31, 2015	Year ended March 31, 2014
Profit / (Loss) after tax	**3,717**	—
Weighted average number of equity shares	**50,000**	50,000
Basic and Diluted earnings per share (face value of Rs. 10 each)	**0.07**	—

The earnings considered in ascertaining the Company's Earning Per Share (EPS) comprise net profit / (loss) after taxation. The number of shares considered in computing Basic and Diluted EPS is the weighted average number of shares outstanding during the year.

13 Segment Reporting

The Company operates in a single business segment and hence no further disclosure is being made.

14 Micro, Small and Medium Enterprise Development Act, 2006

There are no Micro and Small enterprises, to which the company owes dues, or with which the company had transactions during the year, based on the information available with the company.

15 Related party disclosures

(a) Names of related parties and nature of relationship:

Where control exists
Ultimate Holding Company: ITC Limited
Holding Company: ITC Investments & Holdings Limited
BFIL Finance Limited (till March 29, 2015)

(b) Transactions/Balances

	Ultimate Holding Company		Holding Company	
	March 31 2015	March 31 2014	March 31 2015	March 31 2014
Transactions:				
Reimbursement of expenses (BFIL Finance Limited)	—	—	—	718,740
Income from Estate Maintenance Services (ITC Limited)	**720,000**	—	—	—
Balances at the year end	—	—	—	—

16

Previous year figures have also been reclassified wherever necessary to conform to current year's classification.

REPORT OF THE BOARD OF DIRECTORS FOR THE FINANCIAL YEAR ENDED 31 MARCH, 2015

1. Your Board of Directors hereby submit their Report for the financial year ended 31st March, 2015.

2. PERFORMANCE OF THE COMPANY

During the year under review, the Company earned a total revenue of Rs. 34.13 lakhs (previous year Rs. 80.72 lakhs). The gross operating loss of the company for the year was Rs. 437.24 lakhs, compared to a gross operating profit of Rs. 60.65 lakhs in the previous year. The company has not contracted any fresh business and continues to pursue various legal cases initiated against defaulting clients.

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

		For the year ended 31 March 2015 (₹)	For the year ended 31 March 2014 (₹)
a.	Profit / (Loss) Before Tax	**(4,37,24,354)**	60,65,490
b.	Less : Tax Expense	**0.00**	0.00
c.	Profit / (Loss) After Tax	**(4,37,24,354)**	60,65,490
d.	Add : Profit / (Loss) brought forward from previous years	**(58,78,49,742)**	(59,39,15,232)
e.	Balance carried forward to the following year	**(63,15,74,096)**	(58,78,49,742)

3. OPERATIONS

During the last eighteen years your Company has concentrated on recoveries and has collected a total of Rs. 9,673.33 lakhs including by way of property settlements. The collections were largely utilized for repayment of debts - Rs. 955.05 lakhs (Inter corporate deposits), Rs. 687.39 lakhs (Non-convertible debentures), Rs. 161.08 lakhs (Bill Rediscounting), Rs. 1,571.43 lakhs (Fixed Deposits), Rs. 528.67 lakhs (Financial Institutions), Rs. 4,371.72 lakhs (Banks) and Rs. 470 lakhs (Repayment of Loan from Holding Company), an aggregate of Rs. 8,745.34 lakhs.

Your Company has prepared the Annual Accounts on a going concern basis and continues to concentrate its efforts towards recovery of its dues. The future plans for the Company will be reviewed post settlement of major outstandings.

Your Company has no other external liabilities outside the ITC Group.

4. DIRECTORS AND KEY MANAGERIAL PERSONNEL

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

During the year under review, Mr. Subba Rao Tulasi (DIN: 07103605) and Mr. Gadidala Chalapathy (DIN: 07104030) were appointed by the Members as Independent Directors of the Company under Section 149 of the Companies Act, 2013 ('the Act'), for a period of three years with effect from 6th March, 2015.

The Board during the year appointed Mr. M. Yelamanda as the Chief Financial Officer of the Company with effect from 1st February, 2015.

(b) Retirement by rotation

In accordance with the provisions of Section 152(6) of the Act, Mr. Anil Seth(DIN: 03142133), 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 have recommended his re-election.

(c) 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(6) of the Act read with Rule 5 of the Companies (Appointment and Qualification of Directors) Rules, 2014.

(d) Attributes, qualifications and appointment of Directors

The Nomination and Remuneration Committee of the Board 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, in respect of Independent Directors and to the extent applicable in respect of Non-Independent Directors.

All the Non-Executive Directors of the Company, other than Independent Directors, are executives of ITC Limited, the Holding Company, who fulfill the fit and proper criteria. Further, all Directors of the Company, other than Independent Directors, are liable to retire by rotation. One-third of the Directors who are liable to retire by rotation, retire every year and are eligible for re-election.

(e) Remuneration Policy

The Board, on the recommendation of the Nomination and Remuneration Committee, approved the Remuneration Policy for the Key Managerial Personnel and other employees of the Company, a copy of which is provided under **Annexure 1** to this Report.

5. NUMBER OF BOARD MEETINGS

During the year ended 31st March, 2015, seven meetings of the Board were held.

6. BOARD COMMITTEES

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

Audit Committee	Nomination and Remuneration Committee
Mr. J. Singh (Chairman)	Mr. A. Seth (Chairman)
Mr. S.R. Tulasi	Mr. G. Chalapathy
Mr. G. Chalapathy	Mr. J. Singh
	Mr. S. R. Tulasi

7. DIRECTORS' RESPONSIBILITY STATEMENT

As required under Section 134(5) of the Act, your Directors confirm having : -

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

ii) selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the 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 were adequate and operating effectively.

8. SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES

During the year, the Company sold its entire shareholding in MRR Trading & Investment Company Limited (MRR) to ITC Investments & Holdings Limited, fellow subsidiary. Consequently, MRR ceased to be a subsidiary of the Company with effect from 30th March, 2015.

As on 31st March, 2015, the Company does not have any subsidiary, associate or joint venture.

9. PARTICULARS OF EMPLOYEES

None of the employees of your Company is covered under the provisions of Rule 5(2) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014.

10. RISK MANAGEMENT

The Company's risk management framework is designed to bring robustness to the risk management processes within the Company and addresses risks intrinsic to operations, financials and compliances arising out of the overall strategy of the Company. The Risk Management Policy of the Company has been approved by the Board.

The responsibility for management of risks vests with the Managers responsible for the day-to-day conduct of the affairs of the Company. Annual update is provided to the Audit Committee on the effectiveness of the Company's risk management systems and policies.

11. INTERNAL FINANCIAL CONTROLS

There are adequate internal financial controls in your Company with respect to the financial statements, commensurate with the size and scale of operations of the Company.

12. PARTICULARS OF LOANS, GUARANTEES AND INVESTMENTS

During the year ended 31st March, 2015, 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, 2015, the Company has not entered into any contract or arrangement with its related parties which is not on arm's length basis. The details in Form AOC-2 of a material transaction entered into by the Company with its related party are provided 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. DIVIDEND

In view of the accumulated loss, your Board regrets that the Company is not in a dividend paying position.

16. DEPOSITS

The Company has not accepted any deposits during the year under the Companies (Acceptance of Deposits) Rules, 2014. As at 31st March 2015, the Company does not hold any Fixed Deposits.

17. CANCELLATION OF NBFC CERTIFICATE OF REGISTRATION

At the request of the Company, the NBFC Certificate of Registration was cancelled by the Reserve Bank of India vide its order dated 30th March, 2015.

18. EXTRACT OF ANNUAL RETURN

The details forming part of the extract of the Annual Return in Form MGT-9 are provided under Annexure 3 to this Report.

19. AUDITORS

The Company's Auditors, Messrs. Lovelock & Lewes, Chartered Accountants (Lovelock), were appointed with your approval at the Twenty-Third AGM to hold such office till the conclusion of the Twenty-Sixth AGM. Your Board, in terms of Section 139 of the Act, on the recommendation of the Audit Committee, has recommended for the ratification of the Members the appointment of Lovelock from the conclusion of the ensuing AGM till the conclusion of the Twenty-Fourth AGM. The Board, in terms of Section 142 of the Act, on the recommendation of the Audit Committee, has also recommended for the approval of the Members the remuneration of Lovelock for the financial year 2015-16. Appropriate resolution in respect of the above is appearing in the Notice convening the ensuing AGM of the Company.

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. There has been no foreign exchange earnings or outflow during the year under review.

On behalf of the Board

April 22, 2015

A. Seth Director

P.K. Sen Director

Annexure 1 to the Report of the Board of Directors

BFIL Finance Limited - Remuneration Policy

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, will be 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.The expenses of the Independent Directors for attending meetings of the Board and Board Committees and General Meetings are also borne by the Company.

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

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

Name(s) of the related party and nature of relationship	Nature of contracts / arrangements / transactions	Duration of the contracts / arrangements / transactions	Salient terms of the contracts or arrangements or transactions including the value, if any	Date(s) of approval by the Board, if any	Amount paid as advances, if any
ITC Limited, Holding Company	Payment of interest on Non-convertible Debentures and unsecured loans	1 year from 1.4.2014 to 31.3.2015	Payment of interest aggregating Rs. 4.28 crores, @ 9% per annum on Non-convertible Debentures issued to ITC Limited and unsecured loans taken from that company	31st March, 2014	— —
ITC Investments & Holdings Limited, fellow subsidiary	Sale of 50,000 equity shares of MRR Trading & Investment Company Limited	—	Value of the transaction - Rs.4.51 crores	27th March, 2015	—

On behalf of the Board

22nd April, 2015

A. Seth **Director**
P. K. Sen **Director**

Annexure 3 to the Report of the Board of Directors

FORM NO. MGT-9

EXTRACT OF ANNUAL RETURN

as on the financial year ended on 31st March, 2015

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

I. REGISTRATION AND OTHER DETAILS

i) CIN	:	U65910MH1991PLC064662
ii) Registration Date	:	30th December, 1991
iii) Name of the Company	:	BFIL Finance Limited
iv) Category / Sub-Category of the Company	:	Unlisted Public Company limited by shares
v) Address of the Registered office and contact details	:	Eucharistic Congress Building No.1 4th Floor, 5 Convent Street, Colaba Mumbai - 400 039 Phone: 022 22836894, Fax: 022 22832663 e-mail ID : bfilfinanceltd@rediffmail.com
vi) Whether listed company (Yes / No)	:	No
vii) Name, Address and Contact details of Registrar and Transfer Agent, if any	:	N.A.

II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

All the business activities contributing 10% or more of the total turnover of the Company shall be stated:- NOT APPLICABLE

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES

Sl. No.	Name and Address of the Company	CIN / GLN	Holding / Subsidiary / Associate	% of shares held in the Company	Applicable Section
1.	ITC Limited Virginia House 37 Jawaharlal Nehru Road Kolkata - 700 071	L16005WB1910PLC001985	Holding company	100.00%	2(46)

IV. SHAREHOLDING PATTERN (Equity Share Capital Breakup as percentage of Total Equity)
(i) Category-wise Shareholding:

Category of Shareholders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% Change during the year
	Demat	Physical	Total	%of Total Shares	Demat	Physical	Total	%of Total Shares	
A. Promoters									
(1) Indian									
a) Individual/HUF	—	—	—	—	—	—	—	—	N.A.
b) Central Govt.	—	—	—	—	—	—	—	—	N.A.
c) State Govt.(s)	—	—	—	—	—	—	—	—	N.A.
d) Bodies Corp.	—	2,00,00,000	2,00,00,000	100.00	—	2,00,00,000	2,00,00,000	100.00	Nil
e) Banks / FI	—	—	—	—	—	—	—	—	N.A.
f) Any Other	—	—	—	—	—	—	—	—	N.A.
Sub—total (A)(1)	—	2,00,00,000	2,00,00,000	100.00	—	2,00,00,000	2,00,00,000	100.00	Nil
(2) Foreign									
a) NRIs — Individuals	—	—	—	—	—	—	—	—	N.A.
b) Other — Individuals	—	—	—	—	—	—	—	—	N.A.
c) Bodies Corp.	—	—	—	—	—	—	—	—	N.A.
d) Banks / FI	—	—	—	—	—	—	—	—	N.A.
e) Any Other	—	—	—	—	—	—	—	—	N.A.
Sub—total (A)(2)	—	—	—	—	—	—	—	—	N.A.
Total shareholding of Promoter (A) = (A)(1)+(A)(2)	—	**2,00,00,000**	**2,00,00,000**	**100.00**	—	**2,00,00,000**	**2,00,00,000**	**100.00**	**Nil**
B. Public Shareholding									
1. Institutions									
a) Mutual Funds	—	—	—	—	—	—	—	—	N.A.
b) Banks / FI	—	—	—	—	—	—	—	—	N.A.
c) Central Govt.	—	—	—	—	—	—	—	—	N.A.
d) State Govt.(s)	—	—	—	—	—	—	—	—	N.A.
e) Venture Capital Funds	—	—	—	—	—	—	—	—	N.A.
f) Insurance Companies	—	—	—	—	—	—	—	—	N.A.
g) FIIs	—	—	—	—	—	—	—	—	N.A.
h) Foreign Venture Capital Funds	—	—	—	—	—	—	—	—	N.A.
i) Others (specify)	—	—	—	—	—	—	—	—	N.A.
Sub—total (B)(1)	—	—	—	—	—	—	—	—	N.A.
2. Non—Institutions									
a) Bodies Corp.									
i) Indian	—	—	—	—	—	—	—	—	N.A.
ii) Overseas	—	—	—	—	—	—	—	—	N.A.
b) Individuals									
i) Individual shareholders holding nominal share capital upto Rs. 1 lakh									
ii) Individual shareholders holding nominal share capital in excess of Rs. 1 lakh	—	—	—	—	—	—	—	—	N.A.
c) Others (specify)	—	—	—	—	—	—	—	—	N.A.
Sub—total (B)(2)	—	—	—	—	—	—	—	—	N.A.
Total Public Shareholding (B)=(B)(1)+ (B)(2)	—	—	—	—	—	—	—	—	N.A.
C. Shares held by Custodian for GDRs&ADRs	—	—	—	—	—	—	—	—	N.A.
Grand Total (A+B+C)	—	**2,00,00,000**	**2,00,00,000**	**100.00**	—	**2,00,00,000**	**2,00,00,000**	**100.00**	**Nil**

(ii) Shareholding of Promoters:

Sl. No.	Shareholder's Name	Shareholding at the beginning of the year			Shareholding at the end of the year			% change in shareholding during the year
		No. of Shares	% of total Shares of the Company	% of Shares pledged / encumbered to total Shares	No. of Shares	% of total Shares of the Company	%of Shares pledged / encumbered	
1.	ITC Limited	2,00,00,000	100.00	Nil	2,00,00,000	100.00	Nil	Nil

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

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

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

(v) Shareholding of Directors and Key Managerial Personnel:

Sl. No.	For each of the Directors and KMP	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of Shares	% of total Shares of the Company	No. of Shares	% of total Shares of the Company
1.	**A. Seth (Non-Executive Director)**				
	At the beginning of the year	Nil	N.A.		
	Date wise Increase / Decrease in Shareholding during the year	—	N.A.	—	N.A.
	At the end of the year			Nil	N.A.
2.	**P. K. Sen(Non-Executive Director)**				
	At the beginning of the year	Nil	N.A.		
	Date wise Increase / Decrease in Shareholding during the year	—	N.A.	—	N.A.
	At the end of the year			Nil	N.A.
3.	**J. Singh (Non-Executive Director)**				
	At the beginning of the year	Nil	N.A.		
	Date wise Increase / Decrease in Shareholding during the year	—	N.A.	—	N.A.
	At the end of the year			Nil	N.A.
4.	**S. R. Tulasi (Independent Director)**				
	At the beginning of the year	Nil	N.A.		
	Date wise Increase / Decrease in Shareholding during the year	—	N.A.	—	N.A.
	At the end of the year			Nil	N.A.
5.	**G. Chalapathy (Independent Director)**				
	At the beginning of the year	Nil	N.A.		
	Date wise Increase / Decrease in Shareholding during the year	—	N.A.	—	N.A.
	At the end of the year			Nil	N.A.
6.	**V. Radhakrishnan (Manager & Company Secretary)**				
	At the beginning of the year	Nil	N.A.		
	Date wise Increase / Decrease in Shareholding during the year	—	N.A.	—	N.A.
	At the end of the year			Nil	N.A.
7.	**M. Yelamanda (Chief Financial Officer)**				
	At the beginning of the year	Nil	N.A.		
	Date wise Increase / Decrease in Shareholding during the year	—	N.A.	—	N.A.
	At the end of the year			Nil	N.A.

V. INDEBTEDNESS

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

(Amount in Rs.)

	Secured Loans excluding deposits	Unsecured Loans	Debentures	Total Indebtedness
Indebtedness at the beginning of the financial year				
i) Principal Amount	Nil	325,411,077	150,000,000	475,411,077
ii) Interest due but not paid				
iii) Interest accrued but not due				
Total (i+ii+iii)	Nil	325,411,077	150,000,000	475,411,077
Change in Indebtedness during the financial year	Nil	Nil	Nil	Nil
• Addition				
• Reduction				
Net Change	Nil	Nil	Nil	Nil
Indebtedness at the end of the financial year				
i) Principal Amount	Nil	325,411,077	150,000,000	475,411,077
ii) Interest due but not paid				
iii) Interest accrued but not due				
Total (i+ii+iii)	Nil	325,411,077	150,000,000	475,411,077

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

A. Remuneration to Managing Director, Whole-time Directors and/or Manager:

(Amount in Rs.)

Sl. No.	Particulars of Remuneration	Mr. V. Radhakrishnan (Manager & Company Secretary) *(refer note 1)*
1.	Gross Salary	—
	(a) Salary as per provisions contained in Section 17(1) of the Income—tax Act, 1961	—
	(b) Value of perquisites under Section 17(2) of the Income—tax Act, 1961	—
	(c) Profits in lieu of salary under Section 17(3) of the Income—tax Act, 1961	—
2.	Stock Option	—
3.	Sweat Equity	—
4.	Commission — as % of profit — others, specify	—
5.	Others, please specify	—
Total		—
ceiling as per the Act		Rs. 30 lakhs per annum *(refer note 2)*

Note 1: ITC Limited (ITC), the Holding Company, has deputed the services of Mr. V. Radhakrishnan to the Company without levy of any charge. Accordingly, Mr. Radhakrishnan's remuneration for the financial year ended 31st March, 2015 has been borne by ITC.

Note 2: Ceiling as per Part II of Schedule V of the Companies Act, 2013 has been disclosed, considering that the Company has not made profits during the financial year ended 31st March, 2015.

B. Remuneration to other Directors: (Amount in Rs.)

Sl. No.	Name of the Directors	Particulars of Remuneration			Total Amount
		Fee for attending Board and Board Committee meetings	Commission	Others, please specify	
1.	**Independent Directors**				
	G. Chalapathy	10,000	—	—	10,000
	S. R. Tulasi	10,000	—	—	10,000
	Total Amount (B)(1)	**20,000**	—	—	**20,000**
2.	**Other Non-Executive Directors**				
	P. K. Sen	—	—	—	—
	A. Seth	—	—	—	—
	J. Singh	—	—	—	—
	Total Amount (B)(2)	—	—	—	—
Total Amount (B) = (B)(1) + (B)(2)					**20,000**
Total Managerial Remuneration (A + B)					**20,000**
Overall ceiling as per the Act					Rs. 30 lakhs per annum *(refer note)*

Note : Ceiling as per Part II of Schedule V of the Companies Act, 2013 has been disclosed, considering that the Company has not made profits during the financial year ended 31st March, 2015.

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

Sl. No.	Particulars of Remuneration	M. Yelamanda (Chief Financial Officer) *(refer note)*
1.	Gross Salary	
	(a) Salary as per provisions contained in Section 17(1) of the Income—tax Act, 1961	200,430
	(b) Value of perquisites under Section 17(2) of the Income—tax Act, 1961	—
	(c) Profits in lieu of salary under Section 17(3) of the Income—tax Act, 1961	—
2.	Stock Option	—
3.	Sweat Equity	—
4.	Commission — as % of profit — others, specify	—
5.	Others, please specify	—
Total		**200,430**

Note: Mr. M. Yelamanda has been appointed as the Chief Financial Officer of the Company with effect from 1st February, 2015.

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

On behalf of the Board

A. Seth **Director**
P. K. Sen **Director**

22nd April, 2015

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF BFIL FINANCE LIMITED.

Report on the Financial Statements

1. We have audited the accompanying standalone financial statements of BFIL Finance Limited ("the Company"), which comprise the Balance Sheet as at March 31, 2015, the Statement of Profit and Loss, the Cash Flow Statement for the year then ended, and a summary of the significant accounting policies and other explanatory information.

Management's Responsibility for the Standalone Financial Statements

2. 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 to give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, 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.

Auditor's Responsibility

3. Our responsibility is to express an opinion on these standalone financial statements based on our audit.
4. We have taken into account the provisions of the Act and the Rules made thereunder including the accounting standards and matters which are required to be included in the audit report.
5. We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act and other applicable authoritative pronouncements issued by the Institute of Chartered Accountants of India. Those Standards and pronouncements require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.
6. An audit involves performing procedures to obtain audit evidence about the amounts and the Disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the financial statements that give a true and fair view, in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on whether the Company has in place an adequate internal financial controls system over financial reporting and the operating effectiveness of such controls. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the financial statements.
7. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the standalone financial statements.

Opinion

8. 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, 2015, and its loss and its cash flows for the year ended on that date.

Report on Other Legal and Regulatory Requirements

9. As required by 'the Companies (Auditor's Report) Order, 2015', issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act (hereinafter referred to as the "Order"), and on the basis of such checks of the books and records of the Company as we considered appropriate and according to the information and explanations given to us, we give in the Annexure a statement on the matters specified in paragraphs 3 and 4 of the Order.

10. 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 March 31, 2015 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2015 from being appointed as a director in terms of Section 164 (2) of the Act.

(f) 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 knowledge and belief and according to the information and explanations given to us:

i The Company has disclosed the impact of pending litigations as at March 31, 2015 on its financial position in its standalone financial statements (Refer Notes 8.1 and 22).

ii. The Company did not have any long-term contracts including derivative contracts as at March 31, 2015.

iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company during the year ended March 31, 2015.

For Lovelock & Lewes
Firm Registration No. 301056E
Chartered Accountants
Sunit Kumar Basu
Partner
Kolkata, April 22, 2015 Membership No: 55000

Annexure to independent auditors' report

Referred to in paragraph 9 of the Independent Auditors' Report of even date to the members of BFIL Finance Limited on the financial statements as of and for the year ended March 31, 2015.

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

(b) The fixed assets are physically verified by the Management according to a phased programme designed to cover all the items over a period of two years which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. Pursuant to the programme, a portion of the fixed assets has been physically verified by the Management during the year and no material discrepancies have been noticed on such verification.

ii. (a) The inventory other than stock on hire has been physically verified by the Management during the year. In respect of stock on hire lying with third parties, the Company has initiated legal proceedings for recovering its dues and no physical verification was carried out. In our opinion, the frequency of verification of stock in trade is reasonable.

(b) In our opinion, the procedures of physical verification of inventory followed by the Management are reasonable and adequate in relation to the size of the Company and the nature of its business.

(c) On the basis of our examination of the inventory records, in our opinion, the Company is maintaining proper records of inventory. There were no discrepancies noticed on physical verification of inventory as compared to book records.

iii. The Company has not granted any loans, secured or unsecured, to companies, firms or other parties covered in the register maintained under Section 189 of the Act. Therefore, the provisions of Clause 3(iii), (iii)(a) and (iii)(b) of the said Order are not applicable to the Company.

iv. According to the information and explanations given to us, there is neither a purchase of inventory and fixed assets nor there are any sale of goods and services during the year. Therefore, the provision of Clause 3 (iv) of the said Order is not applicable to the Company.

v. The Company has not accepted any deposits from the public within the meaning of Sections 73, 74, 75 and 76 of the Act and the rules framed there under to the extent notified.

vi. The Central Government of India has not specified the maintenance of cost records under sub-section (1) of Section 148 of the Act for any of the products of the Company.

vii. (a) According to the information and explanations given to us and the records of the Company examined by us, in our opinion, the Company is generally regular in depositing the undisputed statutory dues, including income tax, service tax, professional tax and other material statutory dues, as applicable, with the appropriate authorities.

(b) According to the information and explanations given to us and the records of the Company examined by us, the particulars of dues of income tax, sales tax as at March 31, 2015 which have not been deposited on account of a dispute, are as follows:

Name of the statute	Nature of dues	Amount (Net of amount paid under protest) (₹)	Period to which the amount relates	Forum where the dispute is pending
UP Trade Tax Act, 1948	Lease tax	3,701,037	1996-97 to 1999-2000	Joint Commissioner (A), Trade Tax, Kanpur
Rajasthan Sales Tax	Lease tax	488,211*	1996-97	Deputy Commissioner (A), Commercial taxes, Jaipur
Income Tax Act, 1961	Penalty	7,656,074	A.Y 2002-03	Income Tax Appellate Tribunal, Mumbai
Income Tax Act, 1961	Income Tax	5,795,758	A.Y 2005-06	Commissioner of Income Tax (Appeals), Mumbai
Income tax Act, 1961	Income Tax	1,950,310	A.Y 2009-10	Income Tax Appellate Tribunal, Mumbai

*Net of amount paid under protest.

c) There are no amounts required to be transferred by the Company to the Investor Education and Protection Fund in accordance with the provisions of the Companies Act, 1956 and the rules made thereunder.

viii. The Company has accumulated losses exceeding fifty percent of its networth as at the end of the financial year and it has incurred cash losses in the financial year ended on that date. The Company has not incurred any cash losses in the immediately preceding financial year.

ix. According to the records of the Company examined by us and the information and explanation given to us, the Company has not defaulted in repayment of dues to any financial institution or bank or debenture holders as at the balance sheet date.

x. In our opinion, and according to the information and explanations given to us, the Company has not given any guarantee for loans taken by others from banks or financial institutions during the year. Accordingly, the provisions of Clause 3(x) of the Order are not applicable to the Company.

xi. In our opinion, and according to the information and explanations given to us, the term loans have been applied, on an overall basis, for the purposes for which they were obtained.

xii. During the course of our examination of the books and records of the Company, carried out in accordance with the generally accepted auditing practices in India, and according to the information and explanations given to us, we have neither come across any instance of material fraud on or by the Company, noticed or reported during the year, nor have we been informed of any such case by the Management.

For Lovelock & Lewes
Firm Registration No. 301056E
Chartered Accountants

Sunit Kumar Basu
Partner
Kolkata, April 22, 2015 Membership No: 55000

Balance Sheet

(All amounts in ₹, unless otherwise stated)

	Note	As at March 31, 2015	As at March 31, 2014
Equity and Liabilities			
Shareholders' funds			
Share Capital	3	**200,000,000**	200,000,000
Reserves and Surplus	4	**(631,574,096)**	(587,849,742)
Non-current liabilities			
Long-term borrowings	5	**475,411,077**	475,411,077
Current Liabilities			
Trade Payables	6	**181,239**	132,472
Other current liabilities	7	**4,385,879**	21,558
Short-term provisions	8	**8,066,425**	8,066,425
Total		**56,470,524**	95,781,790
Assets			
Non-current assets			
Fixed Assets			
Tangible Assets	9	—	990,710
Capital work-in-progress		**28,172,250**	28,172,250
Non-current investments	10	—	43,023,750
Long-term loans and advances	11	**2,826,262**	2,688,607
Current Assets			
Inventories	12	**1,000**	1,000
Trade Receivables	13	—	—
Cash and Bank balances	14	**23,914,340**	17,742,035
Short term loans and advances	15	—	1,500,000
Other current assets	16	**1,556,672**	1,663,438
Total		**56,470,524**	95,781,790

The notes are an integral part of these financial statements.

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

For Lovelock & Lewes
Firm Registration No. 301056E
Chartered Accountants
Sunit Kumar Basu,
Partner
Membership No. 55000
Kolkata, April 22, 2015

For and On behalf of the Board of Directors
Anil Seth — Director
P. K. Sen — Director
V. Radhakrishnan — Manager & Company Secretary
M. Yelamanda — Chief Financial Officer
Kolkata, April 22, 2015

Statement of Profit and Loss

(All amounts in ₹, unless otherwise stated)

	Note	Year ended March 31, 2015	Year ended March 31, 2014
Revenue			
Other Income	17	**3,412,652**	8,071,907
Total Revenue		**3,412,652**	8,071,907
Expenses			
Employee Benefits Expense	18	**200,430**	106,750
Depreciation and Amortization Expense	19	**56,015**	60,067
Other Expenses	20	**4,093,564**	1,839,600
Interest and Finance Charges	21	**42,786,997**	—
Total Expenses		**47,137,006**	2,006,417
Profit / (Loss) before tax		**(43,724,354)**	6,065,490
Tax expense			
Current Tax		—	—
Deferred Tax		—	—
Profit / (Loss) for the year		**(43,724,354)**	6,065,490
Earnings per equity share: [Nominal Value per share: Rs.10 (2014: Rs.10)]			
Basic and Diluted	27	**(2.19)**	0.30

The notes are an integral part of these financial statements.

This is the Statement of Profit and Loss referred to in our report of even date.

For Lovelock & Lewes
Firm Registration No. 301056E
Chartered Accountants
Sunit Kumar Basu
Partner
Membership No. 55000
Kolkata, April 22, 2015

For and On behalf of the Board of Directors
Anil Seth — Director
P. K. Sen — Director
V. Radhakrishnan — Manager & Company Secretary
M. Yelamanda — Chief Financial Officer
Kolkata, April 22, 2015

Cash Flow Statement

(All amounts in ₹, unless otherwise stated)

	Year ended March 31, 2015	Year ended March 31, 2014
A. Cash flow from Operating Activities		
Profit / (Loss) before taxation	**(43,724,354)**	6,065,490
Adjustments for:		
Depreciation / Amortization	**56,015**	60,067
Profit on sale of assets held for sale	—	(984,324)
Interest on loans and debentures	**42,786,997**	—
Interest income	**(1,376,549)**	(1,060,575)
Profit on sale of non-current investments	**(2,026,250)**	—
Assets written off	**934,695**	—
Advances charged off	**1,500,000**	—
Operating Profit Before Working Capital Changes	**(1,849,446)**	4,080,658
Changes in Working Capital:		
Increase / (Decrease) in trade payables	**48,767**	(10,113)
Increase / (Decrease) in other current liabilities	**4,364,321**	(19,621)
(Increase) / Decrease in long-term loans and advances	**(137,655)**	(864,126)
(Increase) / Decrease in short-term loans and advances	—	(1,500,000)
Cash Generated from Operations	**2,425,987**	1,686,798
Taxes paid	—	—
Net cash generated from operating activities	**2,425,987**	1,686,798
B. Cash flow from Investing Activities:		
Interest received	**1,483,315**	853,902
Investments in bank deposits (Refer note 2 below)	**(1,345,660)**	(4,598,075)
Proceeds from sale of investments	**45,050,000**	—
Net cash used in investing activities	**45,187,655**	(3,744,173)
C. Cash flow from Financing Activities		
Interest on Loans & Debentures	**(42,786,997)**	—
Net cash flow from financing activities	**(42,786,997)**	—
Net (decrease) / increase in cash and cash equivalents	**4,826,645**	(2,057,375)
Cash and Cash equivalents at the beginning of the year	**2,178,930**	4,236,305
Cash and Cash equivalents at the end of the year	**7,005,575**	2,178,930
Cash and cash equivalents comprise of:		
Cash on Hand	—	—
Balances with Banks	**7,005,575**	2,178,930
Total	**7,005,575**	2,178,930

1. The above cash flow statement has been prepared under the "Indirect Method" as set out in AS-3 on 'Cash Flow Statements'.
2. "Other bank balances" included under Cash and Bank balances represent investment in fixed deposits with banks, maturing beyond three months. Such balances have been excluded from opening and closing balances of Cash and Cash equivalents and movements in such balances have been shown under "Investing Activities".
3. The comparative figures for the previous year have been re-arranged wherever necessary to conform with the revised presentation of the accounts.

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

For Lovelock & Lewes
Firm Registration No. 301056E
Chartered Accountants
Sunit Kumar Basu
Partner
Membership No. 55000
Kolkata, April 22, 2015

For and On behalf of the Board of Directors

Anil Seth	Director
P. K. Sen	Director
V. Radhakrishnan	Manager & Company Secretary
M. Yelamanda	Chief Financial Officer

Kolkata, April 22, 2015

Notes to the Financial Statements

1 General Information

BFIL Finance Limited (the 'Company') was registered as Non-Banking Finance Company ('NBFC') and was engaged in the business of Leasing, Hire purchase and other allied finance activities. Currently, there are no operational activities and the Company continues to pursue recovery of its old dues in the normal course of business. During the year, the Company has made an application with Reserve Bank of India ('RBI') for cancellation of NBFC registration, accordingly the RBI has accepted the application and issued an order on March 30, 2015 cancelling the certificate of registration to carry on the business of NBFC and hence cease to be an NBFC.

2 Summary of significant accounting policies

2.1 Basis of preparation

These financial statements have been prepared in accordance with the generally accepted accounting principles in India under the historical cost convention on accrual basis based on the principle of going concern.

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, the Company has ascertained its operating cycle as 12 months for the purpose of current – non current classification of assets and liabilities.

2.2 Tangible Assets

All tangible assets including assets given on lease are valued at cost inclusive of direct and incidental expenses related to acquisition.

Depreciation on tangible assets is provided on written down value method on pro-rata basis over the estimated useful life of the assets which are different from the rates as prescribed under Schedule II to the Companies Act, 2013 in order to reflect the actual usage of the assets. The estimated useful life of the assets based on the technical evaluation, have not under gone a change on account of transition to the Companies Act, 2013. Accordingly, Leasehold improvements (excluding electrical installations) are being depreciated @ 5% on written down value and Electrical Installations included in Lease hold improvements are being amortised @ 15%.

All the tangible assets are assessed for any indication of impairment at the end of each financial year. On such indication, the impairment loss (being the excess of carrying value over the recoverable value of the asset) is charged to the statement of profit and loss in the respective financial year. The impairment loss recognized in the prior years is reversed where the recoverable value exceeds the carrying value of the asset upon re-assessment in the subsequent years.

2.3 Investments

All investments are stated at cost i.e. cost of acquisition, inclusive of expense incidental to acquisition. Where applicable, provision is made to recognise a decline, other than temporary in carrying amount of long term investments. Income from investments is stated in revenue account in the year in which it is accrued and at gross value.

2.4 Inventories

Stock in trade comprising stock of securities are stated at cost or market price whichever is lower. Stock on hire is valued at agreement value less amount receivable.

2.5 Revenue Recognition

As per the directives of the Reserve Bank of India, revenue is recognised upon realisation, on Non-Performing Assets.

Revenue is not recognized on the grounds of prudence until realised in respect of liquidated damages, penalties and delayed payment charges, as recovery of the amounts is uncertain.

2.6 Current and Deferred Tax

Tax expense for the period, comprising current tax and deferred tax, are included in the determination of the net profit or loss for the period. Current tax is measured at the amount expected to be paid to the tax authorities in accordance with the taxation laws prevailing in the respective jurisdictions.

Deferred tax is recognised for all the timing differences, subject to the consideration of prudence in respect of deferred tax assets. Deferred tax assets on unabsorbed depreciation and carry forward of losses are not recognised unless there is virtual certainty that there will be sufficient future taxable income available to realise such assets. Deferred tax assets and liabilities are measured using the tax rates and tax laws that have been enacted or substantively enacted by the Balance Sheet date.

2.7 Provisions and Contingent Liabilities

Provisions are recognised when there is a present obligation as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and there is a reliable estimate of the amount of the obligation. Provisions are measured at the best estimate of the expenditure required to settle the present obligation at the Balance sheet date and are not discounted to its present value.

Contingent liabilities are disclosed when there is a possible obligation arising from past events, the existence of which will be confirmed only by the occurrence or non occurrence of one or more uncertain future events not wholly within the control of the company or a present obligation that arises from past events where it is either not probable that an outflow of resources will be required to settle or a reliable estimate of the amount cannot be made.

NOTES TO THE FINANCIAL STATEMENTS (Contd.)

(All amounts in ₹, unless otherwise stated)

		As at March 31, 2015	As at March 31, 2014
3	**Share Capital**		
3.1	**Break up of Share Capital**		
	Authorised:		
	30,000,000 (2014:30,000,000) equity shares of Rs. 10 each	**300,000,000**	300,000,000
	1,000,000 (2014: 1,000,000) cumulative redeemable/convertible preference share of Rs. 100 each	**100,000,000**	100,000,000
	Issued:		
	20,000,000 (2014:20,000,000) equity shares of Rs. 10 each	**200,000,000**	200,000,000
	Subscribed and paid up:		
	20,000,000 (2014:20,000,000) equity shares of Rs. 10 each	**200,000,000**	200,000,000
	Total	**200,000,000**	200,000,000

3.2 **Rights, preferences and restrictions attached to shares**

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.

		Year Ended March 31, 2015		Year Ended March 31, 2014	
		No of Shares	Amount	No of Shares	Amount
3.3	**Reconciliation of number of shares**				
	Balance as at the beginning of the year	**20,000,000**	**200,000,000**	20,000,000	200,000,000
	Movement	—	—	—	—
	Balance as at the end of the year	**20,000,000**	**200,000,000**	20,000,000	200,000,000

		As at March 31, 2015	As at March 31, 2014
3.4	**Shares held by holding company and subsidiary of holding company**		
	Equity Shares:		
	19,999,994 shares (2014:19,999,994 shares) held by ITC Limited, the holding company	**199,999,940**	199,999,940
	6 shares (2014: 6 shares) are held by nominees of the holding company jointly with the holding company	**60**	60
3.5	**Details of shares held by shareholders holding more than 5% of the aggregate shares in the Company**		
	Equity Shares		
	ITC Limited, the holding company	**20,000,000**	20,000,000
		(100%)	(100%)
4	**Reserves and Surplus**		
	Surplus / (Deficit) in Statement of Profit and Loss		
	Balance as at the beginning of the year	**(587,849,742)**	(593,915,232)
	Profit / (Loss) for the year	**(43,724,354)**	6,065,490
	Balance as at the end of the year	**(631,574,096)**	(587,849,742)
5	**Long-term borrowings**		
5.1	**Break up of Long-term borrowings**		
	Unsecured:		
	Debentures		
	1,500,000 (2014: 1,500,000) Non-convertible debentures of Rs. 100 each issued to holding company	**150,000,000**	150,000,000
	Loans from holding company	**325,411,077**	325,411,077
	Total	**475,411,077**	475,411,077
5.2	**Terms of repayment**		

During the year, the Company has revised the interest and repayment terms relating to long term borrowings due to which all long term borrowings (which include Non - convertible debentures and loans from holding Company) will carry an interest rate of 9% (2014:0%) p.a. with effect from April 01, 2014 payable yearly. The repayment date of long term borrowings is on April 01, 2016.

6	**Trade Payables**		
	Trade Payables (Refer note 29)	**181,239**	132,472
	Total	**181,239**	132,472
7	**Other current liabilities**		
	Statutory dues including tax deducted at source	**4,385,879**	21,558
	Total	**4,385,879**	21,558
8	**Short-term provisions**		
8.1	**Break up of Short-term provisions**		
	Provision for litigation/disputes	**8,066,425**	8,066,425
	Total	**8,066,425**	8,066,425
8.2	**Provision for litigation/disputes**		
	Balance as at the beginning of the year	**8,066,425**	8,066,425
	Additions during the year	—	—
	Balance as at the end of the year	**8,066,425**	8,066,425
	Classified as current	**8,066,425**	8,066,425
	Total	**8,066,425**	8,066,425

8.3 Provision for litigation/disputes represents claims against the company not acknowledged as debts that are expected to materialise in future in respect of matters under litigation.

NOTES TO THE FINANCIAL STATEMENTS (Contd.)

(All amounts in ₹, unless otherwise stated)

9 Tangible Assets

9.1 Break up of Tangible Assets

	Gross Block			Depreciation				Lease Terminal Adjustment		Net Block	
	April 1, 2014	Disposals/ Adjustments	March 31, 2015	April 1, 2014	For the period	Disposals/ Adjustments	March 31, 2015	March 31, 2014	March 31, 2015	March 31, 2015	March 31, 2014
Own Assets											
Office equipment	2,968,955	2,968,955	—	2,896,227	10,116	2,906,343	—	—	—	—	72,728
Furniture and fixtures	14,805,658	14,805,658	—	14,805,658	—	14,805,658	—	—	—	—	—
Leasehold improvements	6,609,094	6,609,094	—	5,691,112	45,899	5,737,011	—	—	—	—	917,982
Total (A)	**24,383,707**	**24,383,707**	**—**	**23,392,997**	**56,015**	**23,449,012**	**—**	**—**	**—**	**—**	**990,710**
Assets given on Lease: Plant and Machinery (Refer Note 24)	184,969,407	126,793,121	58,176,286	92,940,382	—	66,399,707	26,540,675	35,345,463	21,123,037	10,512,574	56,683,562
Less: Provision for doubtful leased assets	—	—	—	—	—	—	—	—	—	(10,512,574)	(56,683,562)
Total (B)	**184,969,407**	**126,793,121**	**58,176,286**	**92,940,382**	**—**	**66,399,707**	**26,540,675**	**35,345,463**	**21,123,037**	**—**	**—**
Total (A) + (B)	**209,353,114**	**151,176,828**	**58,176,286**	**116,333,379**	**56,015**	**89,848,719**	**26,540,675**	**35,345,463**	**21,123,037**	**—**	**990,710**
March 31, 2014	**209,353,114**	**—**	**209,353,114**	**116,273,312**	**60,067**	**—**	**116,333,379**	**35,345,463**	**35,345,463**	**990,710**	**1,050,777**

Notes:

9.2 The disposals/adjustments disclosed above represent assets written off during the year and the net carrying value is charged off to the statement of profit and loss (Refer Note 20).

9.3 Capital work in progress amounting to Rs. 28,172,250 (2014: Rs. 28,172,250) represents the value of the property (i.e. situated at No. 110, Saligramam Village, Saidapet Taluk, Chingleput District) received towards settlement of dues, which is currently under litigation and pending registration.

9.4 Accumulated depreciation as at the year end on Furniture and fixtures includes impairment loss of Rs. 4,886,754 (2014: Rs. 4,886,754).

	As at March 31, 2015	As at March 31, 2014
10. Non-current Investments		
Trade Investments - Unquoted equity instruments (valued at cost unless stated otherwise)		
Investment in subsidiaries:		
Nil (2014: 50,000) equity shares of Rs. 10 each held in MRR Trading & Investment Company Limited) (Refer note 25) (Net of provision of Rs. Nil [2014: Rs. 7,620,770] for other than temporary diminution)	—	43,023,750
Other Investments		
Government and trust securities:		
National Saving Certificate (Net of provision aggregating to Rs. 5,000 [2014: Rs. 5,000])	—	—
Kisan Vikas Patra (Net of provision aggregating to Rs. 5,000 [2014: Rs. 5,000])	—	—
Total	—	43,023,750
Aggregate amount of unquoted investments	—	43,023,750
Aggregate provision for diminution in value of Investments	**10,000**	7,630,770
11. Long-term loans and advances		
Advance Income Tax	**2,826,262**	2,688,607
Total	**2,826,262**	2,688,607
12. Inventories		
(valued at cost or market value whichever is less)		
Stock in Trade		
Quoted equity instruments:		
3 (2014:3) equity shares of Rs. 10 each of Ultra Tech Cemco Limited	**1,000**	1,000
Unquoted investments:		
540,000 (2014: 540,000) Optionally fully convertible debentures of G-Tech Stone Limited – Rs. 59,400,000 (2014 Rs. 59,400,000)	—	—
(Net of provision for erosion in value Rs. 59,400,000 [2014: Rs. 59,400,000])		

	As at 31st March, 2015	As at 31st March, 2014
Stock on hire (Refer Note 24)		
(Net of provision for doubtful assets amounting to Rs.15,064,699 [2014: Rs. 23,903,734] and unmatured finance charges amounting to Rs. 5,635,301 [2014: Rs. 6,762,982])	—	—
Total	**1,000**	1,000
13. Trade receivables		
Unsecured, considered doubtful		
Outstanding for a period exceeding 6 months from the date they are due for payment		
Lease and Hire purchase receivables (Refer Note 24)	**20,096,494**	44,612,700
Trade receivables (Refer Note 24)	**12,790,365**	93,955,367
Less: Provision for doubtful receivables	**(32,886,859)**	(138,568,067)
Total	—	—
14. Cash and Bank balances		
Cash and Cash equivalents		
Bank balance		
In current account	**7,005,575**	2,178,930
	7,005,575	2,178,930
Other bank balances		
Deposits with maturity more than 3 months but less than 12 months	—	—
Deposits with maturity more than 12 months	**16,908,765**	15,563,105
	16,908,765	15,563,105
Total	**23,914,340**	17,742,035
15. Short term loans and advances		
Unsecured, Considered good:		
Other advances	—	1,500,000
Total	—	1,500,000
16. Other current assets		
Unsecured, considered good:		
Interest accrued on deposits	**194,915**	301,681
Assets held for sale (at lower of net cost and net realisable value) (Refer Note 23)	**1,361,757**	1,361,757
Total	**1,556,672**	1,663,438

NOTES TO THE FINANCIAL STATEMENTS (Contd.)

(All amounts in ₹, unless otherwise stated)

		Year Ended March 31, 2015	Year Ended March 31, 2014
17	**Other Income**		
	Interest Income	**1,376,549**	1,060,575
	Service Income (Refer Note 31)	**—**	6,000,000
	Profit on sale of assets held for sale (Refer Note 23)	**—**	984,324
	Profit on sale of non-current investments (Refer Note 25)	**2,026,250**	—
	Miscellaneous Income	**9,853**	27,008
	Total	**3,412,652**	8,071,907
18	**Employee Benefits Expense**		
	Salaries, Wages and Bonus	**200,430**	106,750
	Total	**200,430**	106,750
19	**Depreciation and Amortization Expense**		
	Depreciation	**10,116**	11,752
	Amortization	**45,899**	48,315
	Total	**56,015**	60,067
20	**Other Expenses**		
	Professional and Legal fees	**1,288,039**	887,360
	Travelling Expenses	**121,837**	51,488
	Payment to Auditors		
	Audit Fee	**100,000**	100,000
	Tax Audit Fee	**25,000**	25,000
	Other Services	**80,000**	—
	Reimbursement of expenses (including service tax)	**33,855**	22,192
	Reimbursement of expenses incurred by subsidiary company	**—**	718,740
	Advances charged off	**1,500,000**	—
	Miscellaneous expenses	**10,138**	34,820
	Assets written off (also Refer Note 9)	**934,695**	—
	Total	**4,093,564**	1,839,600
21	**Interest and Finance Charges**		
	Interest on Loans & Debentures*	**42,786,997**	—
	Total	**42,786,997**	—

*Also refer note 5.2 above.

22	**Contingent Liabilities**		
	Claims against the Company not acknowledged as debts		
	Lease tax on account of non-accrual of lease rental	**3,778,897**	3,778,897
	Income Tax matter under dispute	**7,746,068**	5,795,758
	Total	**11,524,965**	9,574,655

23. Assets held for Sale

On February 14, 2012, the Board of Directors of the Company has approved the plan for disposing the buildings comprising of seven bungalows of which, four bungalows with a carrying value of Rs.1,815,676 were sold at Rs.2,800,000 during the year 2013-14. The carrying value of the balance three bungalows as at March 31, 2015 is Rs. 1,361,757 (March 31, 2014: Rs. 1,361,757) which is shown as 'Assets held for sale' under 'Other current assets' in Note 16 above.

24 In the Board of Directors meeting held on October 06, 2014, the Company has decided to write off the following assets which were fully provided for in the earlier years, as the Company is unable to recover their assets.

Nature of Asset	Amount of Write off
Lease and Hire purchase receivable (disclosed under the head "Trade Receivables" in Note 13 above)	24,516,206
Trade receivables (disclosed under the head "Trade Receivables" in Note 13 above)	81,165,002
Leased Assets (disclosed under the head "Tangible Assets" in Note 9 above)	46,170,988
Stock on hire (disclosed under the head "Inventories" in Note 12 above)*	8,839,035
Total	**160,691,231**

* Includes Unmatured finance charges of Rs. 1,127,681 (disclosed under the head "Inventories" in Note 12 above).

25 During the year the Company has sold off the Non-current investment (unquoted 50,000 equity shared of Rs. 10 each in MRR Trading & Investment Company Limited, which was a wholly owned subsidiary) to ITC Investments & Holdings Limited, a fellow subsidiary company at Rs. 901 per share for a consideration of Rs. 45,050,000. The gain on sale of such investment amounting to Rs.2,026,250 is recognized as Other Income under the Note 17.

26 Taxes on Income

26.1 No provision has been made for current tax during the year because of carry forward loss under the Income Tax Act, 1961.

26.2 The Company has not recognized the net deferred tax assets, in respect of accumulated losses and unabsorbed depreciation in view of the uncertainity of availing the benefit in near future.

27. Earnings per share

Profit / (Loss) after tax	**(43,724,354)**	6,065,490
Weighted average number of equity shares	**20,000,000**	20,000,000
Basic and Diluted earnings per share (face value of Rs. 10 each)	**(2.19)**	0.30

The earnings considered in ascertaining the Company's Earning Per Share (EPS) comprise net profit after taxation. The number of shares considered in computing Basic and Diluted EPS is the weighted average number of shares outstanding during the year.

28. Segment Reporting

The Company operates in a single business segment and hence no further disclosure is being made.

29. Micro, Small and Medium Enterprise Development Act, 2006

There are no Micro and Small enterprises, to which the company owes dues, or with which the company had transactions during the year, based on the information available with the company.

30. Related party disclosures

(a) Names of related parties and nature of relationship:

Where control exists

Holding Company:	ITC Limited
Subsidiary Company:	MRR Trading & Investment Company Limited (till March 29,2015)
Fellow Subsidiary Company:	ITC Investment & Holdings Company

(b) Transactions/Balances	Holding Company		Subsidiary Company		Fellow Subsidiary Company	
	March 31 2015	March 31 2014	**March 31 2015**	March 31 2014	**March 31 2015**	March 31 2014
Transactions:						
Service Income (Refer Note 31)	**—**	6,000,000	**—**	—	**—**	—
Reimbursement of expenses	**—**	—	**—**	718,740	**—**	—
Interest and finance charges	**42,786,997**	—	**—**	—	**—**	—
Sale of Investments (Refer Note 25)					**45,050,000**	—
Balances at the year end						
Non-Convertible debentures (Interest bearing from 1.4.2014)	**150,000,000**	150,000,000	**—**	—	**—**	—
Unsecured Loans (Interest bearing from 1.4.2014)	**325,411,077**	325,411,077	**—**	—	**—**	—

31. During the year, the Company has terminated their services to the group companies (recognised as Service Income in Note 17) and accordingly, there is no revenue from such services for the year.

32. Previous year figures have also been reclassified wherever necessary to conform to current year's classification.

REPORT OF THE BOARD OF DIRECTORS FOR THE FINANCIAL YEAR ENDED 31ST MARCH, 2015

Your Board of Directors hereby submit their Second Report for the financial year ended 31st March, 2015.

COMPANY PERFORMANCE

The Company was incorporated with the objective of setting up a food processing facility in Mangaldai, Assam to cater to the fast-growing biscuits market in Assam and other North Eastern States. Construction work on the manufacturing facility is currently in progress and commercial production is expected to start in the financial year 2015-16.

The Net Loss of the Company stood at Rs. 11.74 lakhs for the year mainly on account of administration related expenses.

DIRECTORS

In accordance with the provisions of Section 152 of the Companies Act, 2013 ('the Act') and Article 77(d) of the Articles of Association of the Company, M/s. Murali Ganesan, Dharmarajan Ashok, Paritosh Wali and Samrat Deka will retire at the ensuing Annual General Meeting of the Company and being eligible, offer themselves for re-appointment.

Your Board of Directors have recommended for your approval, the re-appointment of M/s. M. Ganesan, D. Ashok, P. Wali and S. Deka as Directors of the Company.

In accordance with the provisions of Section 149 of the Act read with Rule 4 of the Companies (Appointment and Qualification of Directors) Rules, 2014, the Members of the Company, at the Extraordinary General Meeting held on 31st March, 2015, appointed Mr. Ranjit George Jacob and Mr. Raghavaiah Veera Kolamala as the Independent Directors of the Company, not liable to retire by rotation, for a period of three years with effect from 31st March, 2015 upto 30th March, 2018, or till such earlier date as may be determined by statute.

The Independent Directors have confirmed that they meet the criteria of independence as laid down under Section 149(6) of the Act.

DIRECTORS RESPONSIBILITY STATEMENT

As required under Section 134(5) of the Act, the Directors confirm having:

a) followed in the preparation of the Annual Accounts, the applicable Accounting Standards and there are no material departures.

b) selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the 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 such systems were adequate and operating effectively.

NUMBER OF BOARD MEETINGS HELD DURING THE FINANCIAL YEAR

Ten meetings of the Board of Directors of the Company were held during the financial year.

KEY MANAGERIAL PERSONNEL

Your Board of Directors appointed Mr. Anindya Sengupta as the Chief Financial Officer of the Company with effect from 1st January, 2015 and Ms. Komal Pansari as the Company Secretary of the Company, for a period of one year with effect from 1st January, 2015, in terms of the provisions of Section 203 of the Act read with Rule 8 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014.

Further, the Members of the Company at its Extraordinary General Meeting held on 31st March, 2015 approved the appointment and terms of remuneration of Ms. Komal Pansari as also the Manager of the Company for a period of one year with effect from 1st January, 2015, in terms of the provisions of Sections 197 and 203 of the Act, read with Schedule V thereto.

AUDIT COMMITTEE

Your Board of Directors at its meeting held on 31st March, 2015 re-constituted the Audit Committee of the Company, in accordance with the provisions of Section 177 of the Act and the Rules made thereunder; the Audit Committee now comprises Mr. M. Ganesan as the Chairman and Mr. R. G. Jacob and Mr. K. V. Raghavaiah as Members.

NOMINATION AND REMUNERATION COMMITTEE

Your Board of Directors at its meeting held on 31st March, 2015 constituted the Nomination and Remuneration Committee of the Company, in accordance with the provisions of Section 178 of the Act and the Rules made thereunder, comprising Mr. P. Wali as the Chairman and Mr. S. Deka, Mr. R. G. Jacob and Mr. K. V. Raghavaiah as Members.

NOMINATION AND REMUNERATION POLICY

Your Company's Nomination and Remuneration Policy 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.

The said Policy aims at attracting and retaining high caliber talent, is market-led and takes into account the competitive circumstance of its business so as to attract and retain quality talent and leverage performance significantly. It also aims to support and encourage meritocracy.

The Nomination and Remuneration Policy for Directors, Key Managerial Personnel, Senior Management and other employees is provided under Annexure 1 forming part of this Report.

EVALUATION OF THE BOARD'S PERFORMANCE

Your Board of Directors at its meeting held on 28th April, 2015 on the recommendation of the Nomination and Remuneration Committee, adopted a formal mechanism for evaluating Board's performance and as well as that of its Committees and individual Directors, including the Chairman of the Board.

An exercise was also carried out through a structured evaluation process covering various aspects of the Board's functioning such as composition of the Board & Committees, experience & competencies, performance of specific duties & obligations, quality, quantity and timeliness of flow of information to the Board, etc.

Separate exercise was carried out to evaluate the performance of individual Directors including the Chairman of the Board who were, inter alia, evaluated on parameters such as attendance, contribution at the meetings and independent judgment.

Considering that Independent Directors were appointed on 31st March, 2015, a limited review of the Independent Directors was also carried out by the Board.

The Directors were satisfied with the evaluation results, which reflected the overall engagement of the Board and its Committees with the Company.

SHARE CAPITAL OF THE COMPANY

During the financial year ended 31st March, 2015, the Company had issued and allotted 4,83,33,333 equity shares of Rs. 10/- each at par and the paid-up share capital of the Company stood at Rs. 63,33,33,330/- (Rupees Sixty Three Crores Thirty Three Lakhs Thirty Three Thousand Three Hundred and Thirty Only) divided into 6,33,33,333 equity shares of Rs. 10/- each.

The Company further issued and allotted 96,66,667 equity shares of Rs. 10/- each at par during the period from 1st April, 2015 to 28th April, 2015, i.e. the date of this Report, consequent to which the paid-up share capital of the Company stands at Rs. 73,00,00,000/- (Rupees Seventy Three Crores Only) divided into 7,30,00,000 equity shares of Rs. 10/- each.

AMENDMENT TO THE ARTICLES OF ASSOCIATION OF THE COMPANY

In terms of the provisions of the Act and the Rules made thereunder, the Company was required to appoint at least two Independent Directors, not liable to retire by rotation.

To facilitate compliance with the requirements of the Act, the Articles of Association of the Company was amended with the approval of the Members at the Extraordinary General Meeting held on 31st March, 2015 to appoint two Independent Directors, not liable to retire by rotation.

CONSERVATION OF ENERGY & TECHNOLOGY ABSORPTION

Considering that the Company has not started any commercial operations, the disclosures pertaining to conservation of energy and technology absorption, as specified in Section 134(3) of the Act read with Rule 8 of the Companies (Accounts) Rules, 2014, is not applicable for the year under review.

FOREIGN EXCHANGE EARNINGS AND OUTGO

During the year under review, there has been no foreign exchange earnings. The foreign exchange outgo on account of import of capital goods aggregated Rs. 117.97 lakhs.

PARTICULARS OF LOAN / GUARANTEES OR INVESTMENTS

During the financial year ended 31st March, 2015, the Company has not given any loan / guarantee or made any investment in terms of the provisions of Section 186 of the Act.

RISK MANAGEMENT POLICY

Your Board of Directors on the recommendation of the Audit Committee, at its meeting held on 31st March, 2015 has approved a formal Risk Management Policy of the Company in terms of the requirements of the Act to strengthen the risk management processes prevalent in the Company. The Policy seeks to address business risks intrinsic to operations, financial and compliances relevant to the Company. The Audit Committee shall review the Policy periodically.

INTERNAL FINANCIAL CONTROLS

The internal financial controls 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. The Audit Committee periodically evaluates internal financial controls and risk management system of the Company.

During the year under review, the internal audit of the Company was carried out by Messrs. Singhvi, Dev & Unni, Chartered Accounts, Bengaluru.

PUBLIC DEPOSITS

During the year under review, the Company has not accepted any deposits from public or member within the meaning of Sections 73 and 74 of the Act read with the Companies (Acceptance of Deposits) Rules, 2014.

EXTRACT OF ANNUAL RETURN

The details forming part of the extract of the Annual Return in Form MGT-9, as required under Section 92 of the Act is provided under Annexure 2 forming part of this Report.

STATUTORY AUDITORS

In accordance with the provisions of Section 139 of the Act, the Company has appointed Messrs. Deloitte Haskins & Sells, Chartered Accountants, Kolkata (Registration No. 302009E) at the First Annual General Meeting of the Company to hold such office for a period of five years till the conclusion of the Sixth Annual General Meeting and fixed the remuneration for conducting the audit for the financial year 2014-15 at ₹ 2,00,000/- (Rupees Two Lakhs only) plus Service Tax, as applicable, and reimbursement of out-of pocket expenses incurred .

In terms of Section 139 of the Act, the appointment of the statutory auditors is required to be placed for ratification by the Members at every Annual General Meeting and in terms of Section 142 of the Act, the remuneration of the Auditors is required to be approved by the Members at the General Meeting.

Your Board, on the recommendation of the Audit Committee, has recommended appropriate resolution in respect of the aforesaid as appearing in the Notice convening the ensuing Annual General Meeting of the Company.

There are no qualifications, reservations or adverse remarks in the Auditor's Report for the financial year ended 31st March, 2015.

SECRETARIAL AUDIT REPORT

Your Board of Directors, on the recommendation of the Audit Committee, appointed Messrs. K. Arun & Co., Practising Company Secretaries, Kolkata (CP No. 2270), as the Secretarial Auditor of the Company for the financial year ended 31st March, 2015, 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. K Arun & Co. to the effect that the Company has complied with the relevant laws and regulations is provided under Annexure 3 forming part of this Report.

There are no qualifications, reservations or adverse remarks in the Secretarial Audit Report for the financial year ended 31st March, 2015.

PARTICULARS OF RELATED PARTY TRANSACTIONS

During the financial year ended 31st March, 2015, the Company has not entered into any contract or arrangement or transaction with its related parties which are not at arm's length basis or any material contract or arrangement or transaction with its related parties which are at arm's length basis. Form AOC - 2 is provided under Annexure 4 forming part of this Report.

NOTE ON SUBSIDIARIES, JOINT VENTURES OR ASSOCIATE COMPANIES

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

SIGNIFICANT AND MATERIAL ORDERS PASSED BY THE REGULATORS

There were no significant or material orders passed by the regulators or courts or tribunals impacting the going concern status and Company's operations in future.

PARTICULARS OF EMPLOYEES

None of the employees of the Company is covered by the provisions contained in Rule 5(2) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014.

ACKNOWLEDGEMENT

The Directors record their appreciation for the assistance rendered to the Company by its Members, Employees, Banks, and various authorities under the Central and State Governments.

Your Board of Directors look forward to the future with confidence.

By order of the Board

NORTH EAST NUTRIENTS PRIVATE LIMITED

Dated: 28th April, 2015	**(M. GANESAN)**	**(D. ASHOK)**
Bengaluru	CHAIRMAN	DIRECTOR

Annexure 1

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 to 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 Company is required to disclose the Policy in its Board's Report.

2. POLICY

In compliance of the above requirements, the Board of Directors of the Company has adopted this Nomination and Remuneration Policy, as recommended by the Committee, which would be reviewed at regular intervals by the Committee.

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 and objectives particularly envisaged under Section 178 of the Act and the Articles of Association 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.

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 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 shall appoint or re-appoint any person as its Managerial Person 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.

The Company shall not appoint or continue the employment of any person as Managing Director / Whole-time Director / Manager who has attained the age of seventy years. However, the term of the person holding this position may be extended beyond the age of seventy years with the approval of Members of the Company by passing a special resolution.

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 carry out performance evaluation of every Director, KMP and senior management on yearly basis.

In developing the methodology to be used for evaluation on the basis of best standards and methods, the Board / Committee may take the advice of the Holding Company. It shall be duty of the Chairman of the Committee to organize the evaluation process and accordingly conclude the steps required to be taken.

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. The appointment / re-appointment / continuation of Directors on the Board shall, inter alia, be subject to the outcome of the yearly evaluation process.

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 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 Other Executives

The Board shall, in consultation with the Committee, approve the remuneration to be paid to Managerial Person 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 KMP and senior management of the Company would be guided by the external competitiveness and internal parity. Compensation can also be determined based on identified skill sets critical to success of the Company.

The Remuneration to other employees will be such as to ensure that the relationship of remuneration to performance is clear and meets appropriate performance benchmarks.

The break-up of the pay scale and quantum of perquisites including employer's contribution to Provident Fund, Pension Scheme, medical expenses, etc. shall be decided by the Company.

4. Workmen Compensation / Wages and benefits to workmen

Workmen shall be paid wages as decided by the Company taking into account industry practices, people productivity and applicable laws.

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.

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.

The term "Senior Management" shall mean personnel of the Company who are members of its core management team excluding Board of Directors. This would include all members of management one level below the executive directors, including the functional heads, if any.

Annexure 2

FORM No. MGT-9

EXTRACT OF ANNUAL RETURN

for the financial year ended on 31st March, 2015

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

I. REGISTRATION AND OTHER DETAILS

i.	CIN	U15122WB2013PTC196135
ii.	Registration Date	5th August, 2013
iii.	Name of the Company	North East Nutrients Private Limited
iv.	Category / Sub-Category of the Company	Private Company Limited by Shares
v.	Address of the Registered Office and contact details	Aradhana Building, 2/1 Anandilal Poddar Sarani, Kolkata - 700071 Tel : 033-4070 1204
vi.	Whether listed company	No
vii.	Name, Address and contact details of Registrar & Transfer Agents (RTA), if any	—

II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

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

Sl. No.	Name and Description of main products / services*	NIC Code of the Product/ service	% to total turnover of the Company

* *The Company is in the process of setting up a food processing facility in Mangaldai, Assam for manufacture of biscuits & other food products; commercial production is expected to start in the financial year 2015-16.*

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES

Sl. No.	Name and Address of the company	CIN / GLN	Holding / Subsidiary / Associate	% of Shares held	Applicable Section
1.	ITC Limited, Virginia House, 37 Jawaharlal Nehru Road, Kolkata - 700071	L16005WB1910PLC001985	Holding Company	76%	Section 2(46) of the Companies Act, 2013

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

(i) Category-wise Shareholding:

Category of Shareholders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
A. Promoters									
(1) Indian									
a) Individual/HUF	—	36,00,000	36,00,000	24	—	1,52,00,000	1,52,00,000	24	Nil
b) Central Govt.	—	—	—	—	—	—	—	—	—
c) State Govt.(s)	—	—	—	—	—	—	—	—	—
d) Bodies Corp.	—	1,14,00,000	1,14,00,000	76	—	4,81,33,333	4,81,33,333	76	Nil
e) Banks / FI	—	—	—	—	—	—	—	—	—
f) Any Other	—	—	—	—	—	—	—	—	—
Sub-total (A)(1)	**—**	**1,50,00,000**	**1,50,00,000**	**100**	**—**	**6,33,33,333**	**6,33,33,333**	**100**	**Nil**
(2) Foreign									
a) NRIs - Individuals	—	—	—	—	—	—	—	—	—
b) Other - Individuals	—	—	—	—	—	—	—	—	—
c) Bodies Corp.	—	—	—	—	—	—	—	—	—
d) Banks / FI	—	—	—	—	—	—	—	—	—
e) Any Other	—	—	—	—	—	—	—	—	—
Sub-total (A)(2)	—	—	—	—	—	—	—	—	—
Total shareholding of Promoter (A) = (A)(1)+(A)(2)	**—**	**1,50,00,000**	**1,50,00,000**	**100**	**—**	**6,33,33,333**	**6,33,33,333**	**100**	**Nil**
B. Public Shareholding									
1. Institutions									
a) Mutual Funds	—	—	—	—	—	—	—	—	—
b) Banks / FI	—	—	—	—	—	—	—	—	—
c) Central Govt.	—	—	—	—	—	—	—	—	—
d) State Govt.(s)	—	—	—	—	—	—	—	—	—
e) Venture Capital Funds	—	—	—	—	—	—	—	—	—
f) Insurance Companies	—	—	—	—	—	—	—	—	—
g) FIIs	—	—	—	—	—	—	—	—	—
h) Foreign Venture Capital Funds	—	—	—	—	—	—	—	—	—
i) Others (specify)	—	—	—	—	—	—	—	—	—
Sub-total (B)(1)	—	—	—	—	—	—	—	—	—
2. Non-institutions									
a) Bodies Corp.									
i) Indian	—	—	—	—	—	—	—	—	—
ii) Overseas	—	—	—	—	—	—	—	—	—
b) Individuals	—	—	—	—	—	—	—	—	—
i) Individual shareholders holding nominal share capital upto Rs. 1 lakh	—	—	—	—	—	—	—	—	—
ii) Individual shareholders holding nominal share capital in excess of Rs. 1 lakh	—	—	—	—	—	—	—	—	—
c) Others (specify)	—	—	—	—	—	—	—	—	—
Sub-total (B)(2)	—	—	—	—	—	—	—	—	—
Total Public Shareholding (B)=(B)(1)+ (B)(2)	—	—	—	—	—	—	—	—	—
C. Shares held by Custodian for GDRs & ADRs	—	—	—	—	—	—	—	—	—
Grand Total (A+B+C)	**—**	**1,50,00,000**	**1,50,00,000**	**100**	**—**	**6,33,33,333**	**6,33,33,333**	**100**	**Nil**

(ii) Shareholding of Promoters:

Sl. No.	Shareholder's Name	Shareholding at the beginning of the year			Shareholding at the end of the year			% change in shareholding during the year
		No. of Shares	% of total Shares of the Company	% of Shares pledged / encumbered to total Shares	No. of Shares	% of total Shares of the Company	% of Shares pledged / encumbered to total Shares	
1.	ITC Limited	1,14,00,000	76	Nil	4,81,33,333	76	Nil	Nil
2.	Mr. Mukul Chandra Deka	9,00,000	6	Nil	38,00,000	6	6	Nil
3.	Mr. Rajib Kumar Deka	9,00,000	6	Nil	38,00,000	6	6	Nil
4.	Mr. Anupam Deka	9,00,000	6	Nil	38,00,000	6	6	Nil
5.	Mr. Samrat Deka	9,00,000	6	Nil	38,00,000	6	6	Nil
	TOTAL	**150,00,000**	**100**	**—**	**6,33,33,333**	**100**	**24**	**—**

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

Sl. No.		Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of Shares	% of total Shares of the Company	No. of Shares	% of total Shares of the Company
1.	**ITC Limited**				
	At the beginning of the year	1,14,00,000	76.00	1,14,00,000	76.00
	Date wise Increase / Decrease in Promoters Shareholding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus/ sweat equity etc):				
	19th September, 2014 (Rights issue)	19,00,000	10.86	1,33,00,000	76.00
	18th October, 2014 (Rights issue)	1,58,33,333	41.30	2,91,33,333	76.00
	28th January, 2015 (Rights issue)	1,90,00,000	30.00	4,81,33,333	76.00
	At the end of the year	4,81,33,333	76.00	4,81,33,333	76.00
2.	**Mr. Mukul Chandra Deka**				
	At the beginning of the year	9,00,000	6.00	9,00,000	6.00
	Date wise Increase / Decrease in Promoters Shareholding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus/ sweat equity etc):				
	19th September, 2014 (Rights issue)	1,50,000	0.86	10,50,000	6.00
	18th October, 2014 (Rights issue)	12,50,000	3.26	23,00,000	6.00
	28th January, 2015 (Rights issue)	15,00,000	2.37	38,00,000	6.00
	At the end of the year	38,00,000	6.00	38,00,000	6.00
3.	**Mr. Rajib Kumar Deka**				
	At the beginning of the year	9,00,000	6.00	9,00,000	6.00
	Date wise Increase / Decrease in Promoters Shareholding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus/ sweat equity etc):				
	19th September, 2014 (Rights issue)	1,50,000	0.86	10,50,000	6.00
	18th October, 2014 (Rights issue)	12,50,000	3.26	23,00,000	6.00
	28th January, 2015 (Rights issue)	15,00,000	2.37	38,00,000	6.00
	At the end of the year	38,00,000	6.00	38,00,000	6.00
4.	**Mr. Anupam Deka**				
	At the beginning of the year	9,00,000	6.00	9,00,000	6.00
	Date wise Increase / Decrease in Promoters Shareholding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus/ sweat equity etc):				
	19th September, 2014 (Rights issue)	1,50,000	0.86	10,50,000	6.00
	18th October, 2014 (Rights issue)	12,50,000	3.26	23,00,000	6.00
	28th January, 2015 (Rights issue)	15,00,000	2.37	38,00,000	6.00
	At the end of the year	38,00,000	6.00	38,00,000	6.00
5.	**Mr. Samrat Deka**				
	At the beginning of the year	9,00,000	6.00	9,00,000	6.00
	Date wise Increase / Decrease in Promoters Shareholding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus/ sweat equity etc):				
	19th September, 2014 (Rights issue)	1,50,000	0.86	10,50,000	6.00
	18th October, 2014 (Rights issue)	12,50,000	3.26	23,00,000	6.00
	28th January, 2015 (Rights issue)	15,00,000	2.37	38,00,000	6.00
	At the end of the year	38,00,000	6.00	38,00,000	6.00

(iv) Shareholding Pattern of top ten Shareholders (other than Directors, Promoters and Holders of GDRs and ADRs):

Sl. No.	For Each of the Top 10 Shareholders	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of Shares	% of total Shares of the Company	No. of Shares	% of total Shares of the Company
1.	At the beginning of the year	Nil	Nil	Nil	Nil
2.	Date wise Increase / Decrease in Shareholding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus / sweat equity etc):	Nil	Nil	Nil	Nil
3.	At the End of the year (or on the date of separation, if separated during the year)	Nil	Nil	Nil	Nil

(v) Shareholding of Directors and Key Managerial Personnel:

Sl. No.	For each of the Directors and KMP	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of Shares	% of total Shares of the Company	No. of Shares	% of total Shares of the Company
1.	**Mr. Murali Ganesan (Chairman and Non-Executive Director)**				
	At the beginning of the year	—	N.A.	—	—
	Date wise Increase / Decrease in Promoters Shareholding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus/ sweat equity etc.)	—	N.A.	—	—
	At the end of the year	—	N.A.	—	—
2.	**Mr. D. Ashok (Non-Executive Director)**				
	At the beginning of the year	—	N.A.	—	—
	Date wise Increase / Decrease in Promoters Shareholding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus/ sweat equity etc.)	—	N.A.	—	—
	At the end of the year	—	N.A.	—	—
3.	**Mr. Samrat Deka (Non-Executive Director)**				
	At the beginning of the year	9,00,000	6.00	9,00,000	6.00
	Date wise Increase / Decrease in Promoters Shareholding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus/ sweat equity etc.) :				
	19th September, 2014 (Rights issue)	1,50,000	0.86	10,50,000	6.00
	18th October, 2014 (Rights issue)	12,50,000	3.26	23,00,000	6.00
	28th January, 2015 (Rights issue)	15,00,000	2.37	38,00,000	6.00
	At the end of the year	38,00,000	6.00	38,00,000	6.00
4.	**Mr. R. G. Jacob (Non-Executive Independent Director)**				
	At the beginning of the year	—	N.A.	—	—
	Date wise Increase / Decrease in Promoters Shareholding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus/ sweat equity etc.)	—	N.A.	—	—
	At the end of the year	—	N.A.	—	—
5.	**Mr. K. V. Raghavaiah (Non-Executive Independent Director)**				
	At the beginning of the year	—	N.A.	—	—
	Date wise Increase / Decrease in Promoters Shareholding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus/ sweat equity etc.)	—	N.A.	—	—
	At the end of the year	—	N.A.	—	—
6.	**Mr. Paritosh Wali (Non-Executive Director)**				
	At the beginning of the year	—	N.A.	—	—
	Date wise Increase / Decrease in Promoters Shareholding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus/ sweat equity etc.)	—	N.A.	—	—
	At the end of the year	—	N.A.	—	—
7.	**Mr. Anindya Sengupta (Chief Financial Officer)**				
	At the beginning of the year	—	N.A.	—	—
	Date wise Increase / Decrease in Promoters Shareholding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus/ sweat equity etc.)	—	N.A.	—	—
	At the end of the year	—	N.A.	—	—
8.	**Ms. Komal Pansari (Manager and Company Secretary)**				
	At the beginning of the year	—	N.A.	—	—
	Date wise Increase / Decrease in Promoters Shareholding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus/ sweat equity etc.)	—	N.A.	—	—
	At the end of the year	—	N.A.	—	—

V. INDEBTEDNESS

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

	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
Indebtedness at the beginning of the financial year i) Principal Amount ii) Interest due but not paid iii) Interest accrued but not due	Nil	Nil	Nil	Nil
Total (i+ii+iii)	Nil	Nil	Nil	Nil
Change in Indebtedness during the financial year ● Addition ● Reduction	Nil	Nil	Nil	Nil
Net Change	Nil	Nil	Nil	Nil
Indebtedness at the end of the financial year i) Principal Amount ii) Interest due but not paid iii) Interest accrued but not due	Nil	Nil	Nil	Nil
Total (i+ii+iii)	**Nil**	**Nil**	**Nil**	**Nil**

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

A. Remuneration to Managing Director, Whole-time Directors and/or Manager:

(Amount in Rs.)

Sl. No.	Particulars of Remuneration	Name of MD/WTD/Manager
		Ms. Komal Pansari (Manager & Company Secretary) *(refer note)*
1.	Gross salary :	
	(a) Salary as per provisions contained in Section 17(1) of the Income-tax Act, 1961	1,28,010
	(b) Value of perquisites under Section 17(2) of the Income-tax Act, 1961	54,250
	(c) Profits in lieu of salary under Section 17(3) of the Income-tax Act, 1961	—
2.	Stock Option	—
3.	Sweat Equity	—
4.	Commission - as % of profit - others, specify	—
5.	Others, please specify	—
Total (A)		1,82,260
Ceiling as per the Companies Act, 2013		**42,00,000 p.a.**

Note: Ms. K. Pansari has been appointed as the Manager and Company Secretary of the Company with effect from 1st January, 2015 and the remuneration referred in above is for three months for the period 1st January, 2015 to 31st March, 2015.

B. Remuneration to other Directors:

(Amount in Rs.)

Sl. No.	Particulars of Remuneration	Name of Directors		Total Amount
		Mr. R. G. Jacob	Mr. K. V. Raghavaiah	
1.	**Independent Directors**			
	● Fee for attending Board and Board Committee meetings	—	—	—
	● Commission	—	—	—
	● Others, please specify	—	—	—
	Total (1)	—	—	—

Sl. No.	Particulars of Remuneration	Name of Directors				Total Amount
		Mr. M. Ganesan	Mr. D. Ashok	Mr. S. Deka	Mr. P. Wali	
2.	**Other Non-Executive Directors**					
	● Fee for attending Board and Board Committee meetings	—	—	—	—	—
	● Commission	—	—	—	—	—
	● Others, please specify	—	—	—	—	—
	Total (2)	—	—	—	—	—
	Total (B) = (1) + (2)					**N.A.****
	Total Managerial Remuneration (A) + (B)					**1,82,260**
	Overall ceiling as per the Companies Act, 2013					**42,00,000 p.a.**

*** The Company has a Manager, the remuneration details of whom are given under VI(A) above. The Independent Directors of the Company are not entitled to any remuneration other than sitting fees for attending Board & Board Committees meetings and Independent Directors' meeting. The Independent Directors of the Company have been appointed by the Members at the Extraordinary General Meeting held on 31st March, 2015. During the period under review, no sitting fees has been paid to the Independent Directors.*

C. Remuneration to Key Managerial Personnel other than Managing Director / Manager / Whole-time Director:

(Amount in Rs.)

Sl. No.	Particulars of Remuneration	Key Managerial Personnel
		Mr. Anindya Sengupta (Chief Financial Officer) *(refer note)*
1.	Gross salary :	
	(a) Salary as per provisions contained in Section 17(1) of the Income-tax Act, 1961	3,69,303
	(b) Value of perquisites under Section 17(2) of the Income-tax Act, 1961	—
	(c) Profits in lieu of salary under Section 17(3) of the Income-tax Act, 1961	—
2.	Stock Option	—
3.	Sweat Equity	—
4.	Commission - as % of profit - others, specify	—
5.	Others, please specify	—
Total (C)		**3,69,303**

Note: Mr. A. Sengupta has been appointed as the Chief Financial Officer of the Company with effect from 1st January, 2015 and the remuneration referred in above is for three months for the period 1st January, 2015 to 31st March, 2015.

VII. PENALTIES/PUNISHMENT / COMPOUNDING OF OFFENCES: NIL

Type	Section of the Companies Act	Brief Description	Details of Penalty/ Punishment/ Compounding fees imposed	Authority [RD/NCLT/ COURT]	Appeal made, if any (Give details)
A. COMPANY					
Penalty	Nil	Nil	Nil	Nil	Nil
Punishment	Nil	Nil	Nil	Nil	Nil
Compounding	Nil	Nil	Nil	Nil	Nil
B. DIRECTORS					
Penalty	Nil	Nil	Nil	Nil	Nil
Punishment	Nil	Nil	Nil	Nil	Nil
Compounding	Nil	Nil	Nil	Nil	Nil
C. OTHER OFFICERS IN DEFAULT					
Penalty	Nil	Nil	Nil	Nil	Nil
Punishment	Nil	Nil	Nil	Nil	Nil
Compounding	Nil	Nil	Nil	Nil	Nil

By order of the Board

NORTH EAST NUTRIENTS PRIVATE LIMITED

Dated: 28th April, 2015
Bengaluru

(M. GANESAN) CHAIRMAN

(D. ASHOK) DIRECTOR

Annexure 3

SECRETARIAL AUDIT REPORT

FOR THE FINANCIAL YEAR ENDED 31ST DAY OF MARCH, 2015

[Pursuant to section 204(1) of the Companies Act, 2013 and rule No.9 of the Companies (Appointment and Remuneration Personnel) Rules, 2014]

To,
The Members,
North East Nutrients Private Limited

We have conducted the **Secretarial Audit** of the compliance of applicable statutory provisions and the adherence to good corporate practices by **North East Nutrients Private Limited (hereinafter called "the Company")**. Secretarial Audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing our opinion thereon.

Based on our verification of books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, and authorized representatives during the conduct of **Secretarial Audit**, we hereby report that in our opinion the Company has, during the audit period covering the financial year ended **31st March, 2015** 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, 2015** according to the provisions of:

I. The Companies Act, 2013(the Act) and the rules made thereunder;

We in consultation with the Company came to a conclusion that **no specific laws** were directly applicable with regard to business activities of the Company during the period under review.

During the period under review the Company has complied with the provisions of the Acts and Rules mentioned above.

We further report that:

The Board of Directors of the Company was duly constituted. The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act.

Adequate Notice is given to all Directors to schedule the Board Meetings. Agenda and detailed Notes on Agenda were 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.

Majority decision is carried through, while the dissenting members' views are captured, as and when required and are recorded as part of the minutes.

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 as also represented by the management.

We further report that during the audit period the Company has made **allotment of 48,333,333 Equity Shares of Rs. 10 each fully paid-up at par on Rights Basis.**

For K. Arun & Co.
Company Secretaries

Place : **Kolkata**
Date : **28.04.2015**

Arun Kr. Khandelia
Partner
C.P. No. : 2270

Annexure 4

FORM AOC - 2

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

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

1. Details of contracts or arrangements or transactions not at arm's length basis - **NIL**
   - (a) Name(s) of the related party and nature of relationship
   - (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 - **NIL**
   - a) Name(s) of the related party and nature of relationship
   - 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) Date(s) of approval by the Board, if any
   - f) Amount paid as advances, if any

By order of the Board

NORTH EAST NUTRIENTS PRIVATE LIMITED

Dated : 28th April, 2015
Bengaluru

(M. GANESAN) CHAIRMAN

(D. ASHOK) DIRECTOR

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF NORTH EAST NUTRIENTS PRIVATE LIMITED

Report on the Financial Statements

We have audited the accompanying financial statements of **NORTH EAST NUTRIENTS PRIVATE LIMITED** ("the Company"), which comprise the Balance Sheet as at 31 March, 2015, the Statement of Profit and Loss, the Cash Flow Statement for the year then ended, and a summary of the significant accounting policies and other explanatory 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 Companies Act, 2013 ("the Act") with respect to the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting policies generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with rule 7 of the Companies (Accounts) Rules, 2014. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit.

We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.

We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on whether the Company has in place an adequate internal financial controls system over financial reporting and the operating effectiveness of such controls. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, 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 on the financial statements.

Opinion

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 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, 2015, and its loss and its cash flows for the year ended on that date.

Other matters

The financial statements of the Company for the year ended March 31, 2014, were audited by another auditor who expressed an unmodified opinion on those statements on April 28, 2014.

Our opinion is not modified in respect of this matter.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2015 ("the Order") issued by the Central Government in terms of Section 143(11) of the Act, we give in the Annexure a statement on the matters specified in paragraphs 3 and 4 of the Order.

2. As required by Section 143(3) of the Act, we report that:

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

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

   (c) The Balance Sheet, the Statement of Profit and Loss and the Cash Flow Statement dealt with by this Report are in agreement with the books of account.

   (d) In our opinion, the aforesaid financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.

   (e) On the basis of the written representations received from the directors as on 31st March, 2015 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2015 from being appointed as a director in terms of Section 164 (2) of the Act.

   (f) 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 **DELOITTE HASKINS & SELLS**
Chartered Accountants
(Firm's Registration No. 302009E)

Ketan Vora
(Partner)
(Membership No. 100459)

MUMBAI, 28th April, 2015

ANNEXURE TO THE AUDITORS' REPORT

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

Having regard to the nature of the Company's business/ activities/results during the year, clauses (ii), (v), (vi), (viii), (ix) and (xi) of paragraph 3 of the Order are not applicable to the Company. In respect of the other clauses, we report as under:

(i) In respect of its 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.

(ii) The Company has not granted any loans, secured or unsecured, to companies, firms or other parties covered in the Register maintained under Section 189 of the Companies Act, 2013.

(iii) In our opinion and according to the information and explanations given to us, there is an adequate internal control system commensurate with the size of the Company and the nature of its business for the purchase of fixed assets. During the course of our audit, we have not observed any major weakness in such internal control system. There were no purchase of inventory and sale of goods or services during the year.

(iv) 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, Custom Duty and other material statutory dues applicable to it with the appropriate authorities.

Statutory dues such as Provident Fund, Employees' State Insurance, Sales tax, Wealth tax, Service tax, Excise duty, Value added tax and Cess were not applicable to the Company during the year.

(b) There were no undisputed amounts payable in respect of Income-tax, Custom Duty and other material statutory dues in arrears as at 31 March, 2015 for a period of more than six months from the date they became payable.

(c) There were no dues of Income-tax, Custom Duty other material statutory dues that have not been deposited on account of any dispute.

(d) There are no amounts that are due to be transferred to the Investor Education and Protection Fund in accordance with the relevant provisions of the Companies Act, 1956 (1 of 1956) and Rules made thereunder.

(v) According to the information and explanations given to us, the Company has not given guarantees for loans taken by others from banks and financial institutions.

(vi) To the best of our knowledge and according to the information and explanations given to us, no fraud by the Company and no significant fraud on the Company has been noticed or reported during the year.

For **DELOITTE HASKINS & SELLS**
Chartered Accountants
(Firm's Registration No. 302009E)

Ketan Vora
(Partner)
(Membership No. 100459)

MUMBAI, 28th April, 2015

BALANCE SHEET AS AT 31ST MARCH, 2015

	Note	As at 31st March, 2015 Amount (₹)	As at 31st March, 2014 Amount (₹)
EQUITY AND LIABILITIES			
Shareholders' funds			
Share capital	2	**63,33,33,330**	15,00,00,000
Reserves and surplus	3	**(47,28,378)**	(35,54,840)
Current Liabilities			
Trade payables		**3,17,316**	13,483
Other current liabilities	4	**6,32,52,858**	9,02,467
TOTAL		**69,21,75,126**	14,73,61,110
ASSETS			
Non-current assets			
Fixed assets	5		
Tangible assets		**3,97,34,710**	3,97,34,710
Capital work-in-progress		**47,50,92,541**	33,10,100
Long-term loans and advances	6	**12,68,60,887**	5,09,69,439
Current assets			
Current investments	7	—	4,76,66,850
Cash and cash equivalents	8	**4,90,63,581**	54,70,367
Short-term loans and advances	9	**14,18,665**	2,09,644
Other current assets	10	**4,742**	—
TOTAL		**69,21,75,126**	14,73,61,110

The accompanying notes 1 to 14 are an integral part of the Financial Statements

For and on behalf of the Board of Directors

In terms of our report attached
For Deloitte Haskins & Sells
Chartered Accountants

KETAN VORA
Partner

Mumbai, 28th April, 2015

D. ASHOK
Director

M. GANESAN
Chairman

A. SENGUPTA
Chief Financial Officer

K. PANSARI
Manager & Company Secretary

Bengaluru, 28th April, 2015

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31ST MARCH, 2015

	Note	For the year ended 31st March, 2015 Amount (₹)	For the period 5th August, 2013 to 31st March, 2014 Amount (₹)
Gross Income			
Other income	11	31,86,898	1,66,850
Total Revenue		31,86,898	1,66,850
Expenses			
Employee benefits expense	12	5,54,063	—
Other expenses	13	38,06,373	37,21,690
Total Expenses		43,60,436	37,21,690
Loss for the year/period		(11,73,538)	(35,54,840)
Earnings per Equity Share (Face Value ₹ 10 each)			
Basic and Diluted		(0.04)	(1.21)

The accompanying notes 1 to 14 are an integral part of the Financial Statements

For and on behalf of the Board of Directors

In terms of our report attached
For Deloitte Haskins & Sells
Chartered Accountants

D. ASHOK *Director* — **M. GANESAN** *Chairman*

KETAN VORA *Partner*

A. SENGUPTA *Chief Financial Officer* — **K. PANSARI** *Manager & Company Secretary*

Mumbai, 28th April, 2015 — **Bengaluru, 28th April, 2015**

CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2015

		For the year ended 31st March, 2015 Amount (₹)		For the period 5th August, 2013 to 31st March, 2014 Amount (₹)
A. Cash Flow From Operating Activities				
Loss for the year/period		(11,73,538)		(35,54,840)
ADJUSTMENT FOR:				
Other income	(31,86,898)		(1,66,850)	
OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES		(43,60,436)		(37,21,690)
ADJUSTMENT FOR:				
Loans and Advances	(13,70,538)		(2,09,644)	
Trade Payables and other liabilities	(7,074)	(13,77,612)	9,15,950	7,06,306
CASH GENERATED FROM OPERATIONS		(57,38,048)		(30,15,384)
Income Tax paid		(75,745)		—
NET CASH USED IN OPERATING ACTIVITIES		(58,13,793)		(30,15,384)
B. Cash Flow from Investing Activities				
Capital expenditure on fixed assets, including capital advances	(48,46,99,585)		(9,40,14,249)	
Purchase of Current Investments	(36,15,87,396)		(4,76,66,850)	
Sale/Redemption of Current Investments	41,06,96,306		—	
Interest received on bank deposits	6,76,956		—	
Investment in bank deposits (original maturity more than 3 months)	(5,00,000)		—	
Dividend Income from Current Investments Received	9,87,396		1,66,850	
NET CASH USED IN INVESTING ACTIVITIES		(43,44,26,323)		(14,15,14,249)
C. Cash Flow from Financing Activities				
Proceeds from issue of Share Capital	48,33,33,330		15,00,00,000	
NET CASH GENERATED FROM FINANCING ACTIVITIES		48,33,33,330		15,00,00,000
NET INCREASE IN CASH AND CASH EQUIVALENTS		4,30,93,214		54,70,367
OPENING CASH AND CASH EQUIVALENTS		54,70,367		—
CLOSING CASH AND CASH EQUIVALENTS		4,85,63,581		54,70,367

Notes:

1. The above Cash Flow Statement has been prepared under the "Indirect Method" as set out in Accounting Standard - 3 "Cash Flow Statements".

2. CASH AND CASH EQUIVALENTS:

Cash and cash equivalents as above	4,85,63,581	54,70,367
Other bank balances	5,00,000	—
Cash and cash equivalents (Note 8)	4,90,63,581	54,70,367

The accompanying notes 1 to 14 are an integral part of the Financial Statements

For and on behalf of the Board of Directors

In terms of our report attached
For Deloitte Haskins & Sells
Chartered Accountants

D. ASHOK *Director* — **M. GANESAN** *Chairman*

KETAN VORA *Partner*

A. SENGUPTA *Chief Financial Officer* — **K. PANSARI** *Manager & Company Secretary*

Mumbai, 28th April, 2015 — **Bengaluru, 28th April, 2015**

NOTES TO THE FINANCIAL STATEMENTS

1. CORPORATE INFORMATION & SIGNIFICANT ACCOUNTING POLICIES

A) Corporate Information

North East Nutrients Private Limited (the Company) is a company incorporated on 5th August, 2013 with its registered office at Kolkata. The company is in the process of setting up a biscuits manufacturing facility at Mangaldai, Assam.

B) Significant Accounting Policies

Convention

To prepare financial statements in accordance with applicable Accounting Standards in India. A summary of important accounting policies is set out below. The financial statements have also been prepared in accordance with relevant presentational requirements of the Companies Act, 2013, as applicable.

Basis of Accounting

To prepare financial statements in accordance with the historical cost convention modified by revaluation of certain Fixed Assets as and when undertaken.

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.

Fixed Assets

To state Fixed Assets at cost of acquisition 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, if any.

To capitalise software 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.

To charge off as a revenue expenditure all upgradation /enhancements unless they bring similar significant additional benefits.

Depreciation

To calculate depreciation on Fixed Assets, Tangible and Intangible, in a manner that amortises the cost of the assets after commissioning, over their estimated useful lives or, where specified, lives based on the rates specified in the Schedule II to the Companies Act, 2013, whichever is lower, by equal annual instalments. Leasehold properties are amortised over the period of the lease.

To amortise capitalised software costs over a period of five years.

Investments

To state Current Investments at lower of cost and fair value; and Long Term Investments at cost. Where applicable, provision is made to recognise a decline, other than temporary, in valuation of Long Term Investments.

Inventories

To state inventories including work-in-progress 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 location and includes, where applicable, appropriate overheads based on normal level of activity. Obsolete, slow moving and defective inventories are identified at the time of physical verification of inventories and, where necessary, provision is made for such inventories.

Revenue from sale of products and services

To recognise Revenue at the time of delivery of goods and rendering of services net of trade discounts to customers and Sales tax / Value added tax recovered from customers but including excise duty on goods payable by the Company. Net revenue is stated after deducting such excise duty.

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.

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.

Foreign currency transactions

To 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 recognised in the Statement of Profit and Loss. To account for differences between the forward exchange rates and the exchange rates at the inception of forward exchange contracts, as income or expense over the life of the contracts.

To account for gains/loss arising on cancellation or renewal of forward exchange contracts as income/expense for the period.

For and on behalf of the Board of Directors

D. ASHOK	**M. GANESAN**
Director	*Chairman*
A. SENGUPTA	**K. PANSARI**
Chief Financial Officer	*Manager & Company Secretary*

Bengaluru, 28th April, 2015

NOTES TO THE FINANCIAL STATEMENTS

2. Share capital

	As at 31st March, 2015 (No. of Shares)	As at 31st March, 2015 Amount (₹)	As at 31st March, 2014 (No. of Shares)	As at 31st March, 2014 Amount (₹)
Authorised				
Equity shares of ₹ 10/- each	**7,50,00,000**	**75,00,00,000**	7,50,00,000	75,00,00,000
Issued and Subscribed				
Equity shares of ₹ 10/- each, fully paid	**6,33,33,333**	**63,33,33,330**	1,50,00,000	15,00,00,000
(A) Reconciliation of number of Equity Shares outstanding				
Equity Shares				
As at beginning of the year	**1,50,00,000**	**15,00,00,000**	—	—
Add: Issued during the year	**4,83,33,333**	**48,33,33,330**	1,50,00,000	15,00,00,000
As at the end of the year	**6,33,33,333**	**63,33,33,330**	1,50,00,000	15,00,00,000

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

Name of the Shareholder	As at 31st March, 2015 (No. of Shares)	As at 31st March, 2015 (%)	As at 31st March, 2014 (No. of Shares)	As at 31st March, 2014 (%)
ITC Limited **(Holding Company)**	**4,81,33,333**	**76.0**	1,14,00,000	76.0
Mukul Chandra Deka	**38,00,000**	**6.0**	9,00,000	6.0
Rajib Kumar Deka	**38,00,000**	**6.0**	9,00,000	6.0
Anupam Deka	**38,00,000**	**6.0**	9,00,000	6.0
Samrat Deka	**38,00,000**	**6.0**	9,00,000	6.0

NOTES TO THE FINANCIAL STATEMENTS (Contd.)

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 entitlment to dividend.

3. Reserves and surplus

	As at 31st March, 2015 Amount (₹)	As at 31st March, 2014 Amount (₹)
Surplus in Statement of Profit and Loss		
At the beginning of the year	**(35,54,840)**	—
Add: Loss for the year	**(11,73,538)**	(35,54,840)
At the end of the year	**(47,28,378)**	(35,54,840)
TOTAL	**(47,28,378)**	(35,54,840)

4. Other current liabilities

	As at 31st March, 2015 Amount (₹)	As at 31st March, 2014 Amount (₹)
Other Payables		
Payables for fixed assets	**6,26,61,298**	—
Statutory liabilities	**1,68,007**	8,30,290
Others	**4,23,553**	72,177
TOTAL	**6,32,52,858**	9,02,467

5. Fixed Assets

Amount (₹)

Particulars	GROSS BLOCK							DEPRECIATION AND AMORTISATION							NET BOOK VALUE	
	As at 31st March, 2013	Additions	Withdrawals and adjustments	As at 31st March, 2014	Additions	Withdrawals and adjustments	**As at 31st March, 2015**	Upto 31st March, 2013	For the year	On Withdrawals and adjustments	Upto 31st March, 2014	For the year	On Withdrawals and adjustments	**Upto 31st March, 2015**	**As at 31st March, 2015**	As at 31st March, 2014
Tangible assets																
Land																
Freehold	—	3,97,34,710	—	3,97,34,710	—	—	**3,97,34,710**	—	—	—	—	—	—	—	**3,97,34,710**	3,97,34,710
	—	3,97,34,710	—	3,97,34,710	—	—	**3,97,34,710**	—	—	—	—	—	—	—	**3,97,34,710**	3,97,34,710
Capital work-in-progress	—	33,10,100	—	33,10,100	47,17,82,441	—	**47,50,92,541**	—	—	—	—	—	—	—	**47,50,92,541**	33,10,100
TOTAL	—	**4,30,44,810**	—	**4,30,44,810**	**47,17,82,441**	—	**51,48,27,251**	—	—	—	—	—	—	—	**51,48,27,251**	**4,30,44,810**

6. Long-term loans and advances

	As at 31st March, 2015 Amount (₹)	As at 31st March, 2014 Amount (₹)
Capital advances		
Unsecured, considered good	**12,65,47,880**	5,09,69,439
Security deposits		
Unsecured, considered good	**2,37,262**	—
Advance income tax (net of provisions ₹ Nil) (As at 31 March, 2014 ₹ Nil) - Unsecured, considered good	**75,745**	—
TOTAL	**12,68,60,887**	**5,09,69,439**

7. Current Investments (at lower of cost and fair value)

	As at 31st March, 2015 (₹)		As at 31st March, 2014 (₹)	
	Quoted	**Unquoted**	Quoted	Unquoted
Investment in Mutual Funds				
Reliance Liquidity Fund - Daily Dividend Reinvestment Option (8028.454 units of ₹ 1000/- each)	—	—	—	80,32,549
ICICI Prudential Money Market Fund - Regular Plan - Daily Dividend (395830.411 units of ₹100/- each)	—	—	—	3,96,34,301
TOTAL	—	—	—	4,76,66,850

8. Cash and cash equivalents

	As at 31st March, 2015 Amount (₹)	As at 31st March, 2014 Amount (₹)
Cash and cash equivalents (as per AS 3 Cash Flow Statements)		
Balances with banks		
In Current accounts	**1,78,86,626**	54,70,367
In Deposit accounts*	**3,06,76,955**	—
Other bank balances		
In Deposit accounts#	**5,00,000**	—
TOTAL	**4,90,63,581**	**54,70,367**

*Represents deposits with original maturity of 3 months or less.

#Represents deposits with original maturity of more than 3 months and remaining maturity of less than 12 months from Balance Sheet date

NOTES TO THE FINANCIAL STATEMENTS (Contd.)

9. Short-term loans and advances	As at 31st March, 2015 Amount (₹)	As at 31st March, 2014 Amount (₹)
Others		
With Statutory authorities		
Unsecured, considered good	14,18,665	—
Commercial advances and deposits		
Unsecured, considered good	—	2,09,644
TOTAL	**14,18,665**	**2,09,644**

10. Other current assets	As at 31st March, 2015 Amount (₹)	As at 31st March, 2014 Amount (₹)
Interest accured on deposits	4,742	—
TOTAL	**4,742**	—

11. Other income	For the year ended 31st March, 2015 Amount (₹)	For the period 5th August, 2013 to 31st March, 2014 Amount (₹)
Interest income from bank deposits	7,57,442	—
Dividend income from current investments	9,87,396	1,66,850
Gain on sale of current investments	14,42,061	—
TOTAL	**31,86,898**	**1,66,850**

12. Employee Benefits expense	For the year ended 31st March, 2015 Amount (₹)	For the period 5th August, 2013 to 31st March, 2014 Amount (₹)
Salaries and wages	5,54,063	—
TOTAL	**5,54,063**	**—**

13. Other Expenses	For the year ended 31st March, 2015 Amount (₹)	For the period 5th August, 2013 to 31st March, 2014 Amount (₹)
Rates and taxes	48,600	—
Maintenance and upkeep	2,03,271	—
Bank and credit card charges	62,521	—
Information technology services	26,07,480	—
Consultancy / Professional fees	3,32,967	—
Printing and stationery	10,040	—
Miscellaneous expenses	5,41,494	37,21,690
TOTAL	**38,06,373**	**37,21,690**

Miscellaneous expenses include

Auditors' remuneration and expenses		
Audit fees*	2,00,000	13,483

*Excluding taxes.

14. Additional Notes to the Financial Statements

	For the year ended 31st March, 2015	For the period 5th August, 2013 to 31st March, 2014
A. Earnings per Share		
a) Loss for the year/period (Amount in ₹)	(11,73,538)	(35,54,840)
b) Weighted average number of Equity Shares Outstanding (In numbers)	3,02,26,027	29,27,615
c) Earnings per share on loss for the year/period (Face value ₹ 10 per share) Basic and diluted	(0.04)	(1.21)

NOTES TO THE FINANCIAL STATEMENTS (Contd.)

B. Contingent liabilities and commitments:

(a) Contingent Liabilities - Nil (Previous Year: Nil)

(b) Commitments

- Estimated amount of contracts remaining to be executed on capital accounts and not provided for: ₹ 32,69,42,620 (Previous Year: ₹ 15,26,35,000)

C. Micro, Small and Medium scale business entities

There are no Micro, Small and Medium Enterprises, to whom the Company owes any dues, which are outstanding for more than 45 days during the period and also as at 31st March, 2015. 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.

D. Derivative Instruments:

The Company uses forward exchange contracts to hedge its exposures in foreign currency related to firm commitments and highly probable forecasted transactions. The information on derivative instruments is as follows:

Forward exchange contracts outstanding as at year end:

		As at 31st March, 2015		As at 31st March, 2014	
Currency	**Cross Currency**	**Buy**	**Sell**	**Buy**	**Sell**
Euro	INR	**Euro 48244**	—	—	—
SEK	INR	**SEK 473162**	—	—	—

E. Value of imports during the year (C. I. F. basis)

	For the year ended 31st March, 2015 Amount (₹)	For the period 5tj August, 2013 to 31st March, 2014 Amount (₹)
Capital Goods	**1,35,28,779**	—
Total	**1,35,28,779**	—

F. Segment Reporting

The Company operates in a single business segment and all of its operations are within India.

G. Related Party Disclosures

1. Relationship

Holding Company

ITC Limited

Key Management Personnel

M. Ganesan	Non- Excutive Chairman
P. Wali	Non- Executive Director
D. Ashok	Non- Executive Director
S. Deka	Non- Executive Director
R. Jacob	Non- Executive Director (w.e.f 31.3.15)
K. Raghavaiah	Non- Executive Director (w.e.f 31.3.15)
A. Sengupta	Chief Financial Officer (w.e.f. 1.1.15)
K. Pansari	Manager & Company Secretary (w.e.f. 1.1.15)

2. Related Parties with whom the Company had transactions

Holding Company

ITC Limited

Fellow Subsidiary Company

ITC Infotech India Limited

Key Management Personnel

S. Deka	Non-Executive Director
K. Pansari	Manager & Company Secretary

3. Disclosure of transactions between the Company and Related Parties and the status of Outstanding balances

Amount (₹)

Related party transactions	Holding Company		Fellow Subsidiaries		KMP		KMP	
	ITC Limited		ITC Infotech India Limited		Mr. S. Deka		Ms K. Pansari	
	2015	**2014**	**2015**	**2014**	**2015**	**2014**	**2015**	**2014**
Purchase of services								
Software expenses	—	—	**16,50,511**	—	—	—	—	—
Equity share capital contribution	**36,73,33,330**	11,38,48,000	—	—	**2,90,00,000**	89,76,000	—	—
Remuneration to Key Management Personnel	—	—	—	—	—	—	**1,82,260**	—
Remuneration of Managers on Deputation reimbursed	**3,69,303**	—	—	—	—	—	—	—
Balances as at 31st March								
Payables	**3,69,303**	—	—	—	—	—	**54,250**	—

H. Previous year's figures have been regrouped/reclassified wherever necessary to correspond to current year's classification/disclosure.

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, 2015.

2. COMPANY PERFORMANCE

It may be recalled that the Members had approved the Scheme of Arrangement for demerger of the Non-Engineering Businesses of the Company [comprising Safety Matches Business and Agri (Forestry) Business] ('the Scheme') to ITC Limited, the Holding Company, which had become effective from 27th June, 2014.

Pursuant to the aforesaid demerger, the Company's business activities are mainly focused on fabrication and assembly of machinery for tube filling, cartoning, wrapping, material handling and conveyor solutions for the FMCG and Pharmaceutical Industry.

The Company's order book remained subdued during the year with customers holding back capital expenditure in view of the sluggish demand conditions prevailing in the FMCG and Pharmaceutical Industry in India.

During the year, your Company recorded a Net Revenue of ₹ 1,290.45 lakhs (previous year ₹ 1,717.24 lakhs on a comparable basis) with an operating loss of ₹ 47.61 lakhs (previous year operating profit of ₹ 167.25 lakhs on a comparable basis).

The Company is focusing on building a robust business model, widening its customer base and developing superior solutions towards addressing customer requirements.

3. DIVIDEND

In view of the losses incurred, your Directors are unable to recommend any dividend for the year under review.

4. DIRECTORS AND KEY MANAGERIAL PERSONNEL

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

During the year under review, consequent to re-organisation of the Board of Directors ('the Board') of the Company, Mr. V. M. Rajasekharan stepped down as Managing Director of the Company with effect from close of work on 6th November, 2014. Further, Mr. R. L. Auddy resigned as Director of the Company with effect from 24th February, 2015. Your Directors would like to place on record their appreciation for the contribution made by Messrs. Rajasekharan and Auddy during their tenure with the Company.

The Board at the meeting held on 6th November, 2014 appointed Mr. R. Senguttuvan (DIN: 03092725) as an Additional Director and subject to the approval of the Members, also as Managing Director of the Company for a period of three years with effect from 7th November, 2014. By virtue of the provisions of Section 161 of the Companies Act, 2013 ('the Act') and Article 119 of the Articles of Association of the Company, Mr. Senguttuvan will vacate his office at the ensuing Annual General Meeting ('AGM') of the Company. Your Board, on the recommendation of the Nomination and Remuneration Committee, recommended for the approval of the Members, the appointment of Mr. Senguttuvan as a Director, not liable to retire by rotation, and also as Managing Director of your Company for a period of three years with effect from 7th November, 2014. Notice under Section 160 of the Act has been received for the appointment of Mr. Senguttuvan, who has filed his consent to act as a Director of the 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 under review, Mr. Subhatosh Banerjee (DIN: 07081375) and Mr. Partho Chatterjee (DIN: 00042208) were appointed by the Members as Independent Directors of the Company under Section 149 read with Schedule IV of the Act, for a period of five years with effect from 4th February, 2015.

The Board during the year appointed Mr. Saurabh Pal as the Chief Financial Officer of the Company with effect from 4th February, 2015.

(b) Retirement by rotation

In accordance with the provisions of Section 152(6) of the Act and Article 131 of the Articles of Association of the Company, Mr. C. R. Dua (DIN: 00036080) and Mr. R. Tandon (DIN: 00042227), Directors, will retire by rotation at the ensuing AGM of the Company and, being eligible, offer themselves for re-election. Your Board have recommended their re-election.

(c) Declaration of Independence by the Independent Directors

The Independent Directors of your Company have confirmed that they meet the criteria of Independence as prescribed under Section 149(6) of the Act read with Rule 5 of the Companies (Appointment and Qualification of Directors) Rules, 2014.

(d) Attributes, qualifications and appointment of Directors

The Nomination and Remuneration Committee of the Board 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, in respect of Independent Directors and to the extent applicable, in respect of Non-Independent Directors.

Majority of the Non-Executive Directors of the Company, other than Independent Directors, are executives of ITC Limited, the Holding Company, who fulfil the fit and proper criteria for appointment as Directors of the Company. Further, all Directors of the Company, other than Independent Directors and the Managing Director, are liable to retire by rotation. One-third of the Directors who are liable to retire by rotation, retire every year and are eligible for re-election.

(e) Remuneration Policy

The Board, on the recommendation of the Nomination and Remuneration Committee, approved the Remuneration Policy for the Directors, Key Managerial Personnel and other employees of the Company, a copy of which is enclosed as **Annexure 1** to this Report.

5. NUMBER OF BOARD MEETINGS

During the year ended 31st March, 2015, seven meetings of the Board were held.

6. BOARD COMMITTEES

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

Audit Committee	Nomination and Remuneration Committee
Mr. R. Tandon (Chairman)	Mr. P. Chatterjee (Chairman)
Mr. S. Banerjee	Mr. S. Banerjee
Mr. P. Chatterjee	Mr. K. N. Grant
	Mr. R. Tandon

Securityholders Relationship Committee

Mr. R. Tandon (Chairman)
Mr. R. Senguttuvan
Mr. R. K. Singhi

7. 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 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.

8. SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES

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

It may be recalled that pursuant to the Scheme, Pavan Poplar Limited and Prag Agro Farm Limited ceased to be subsidiaries of the Company with effect from 27th June, 2014.

9. EMPLOYEES

The relations between your Company and its employees have generally been cordial during the year under review. None of the employees of your Company is covered under the provisions of Rule 5(2) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014.

10. RISK MANAGEMENT

The Company's risk management 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.

The responsibility for management of risks vests with the Management responsible for the day-to-day conduct of the affairs of the Company. The Internal Auditor appointed by the Board periodically carries out risk focused audits with the objective of identifying areas where risk management processes could be strengthened. Annual update is provided to the Audit Committee on the effectiveness of the Company's risk management systems and policies. During the year under review, the Risk Management Policy of the Company was approved by the Board.

11. INTERNAL FINANCIAL CONTROLS

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

During the year, 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 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, 2015, 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, 2015, the Company has not entered into any contract or arrangement with its related parties which is not on arm's length basis. The details in Form No. AOC-2 of a material transaction between the Company and its related party 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. EXTRACT OF ANNUAL RETURN

The details forming part of the extract of Annual Return in Form No. MGT-9 are enclosed under **Annexure 3** to this Report.

16. AUDITORS

The Company's Auditors, Messrs. Deloitte Haskins & Sells, Chartered Accountants ('DHS') (Registration No. 302009E), were appointed at the Ninety-First AGM to hold such office till the conclusion of the Ninety-Sixth AGM. Your Board, in terms of Section 139 of the Act, on the recommendation of the Audit Committee, has recommended for the ratification of the Members the appointment of DHS from the conclusion of the ensuing AGM till the conclusion of the Ninety-Third AGM. The Board, in terms of Section 142 of the Act, on the recommendation of the Audit Committee, has also recommended for the approval of the Members the remuneration of DHS for the financial year 2015-16. Appropriate resolution in respect of the above is appearing in the Notice convening the ensuing AGM of the Company.

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, the Company earned foreign exchange of ₹ 32.84 lakhs, while the total outflow of foreign exchange was ₹ 0.55 lakhs.

18. ACKNOWLEDGEMENT

The Board acknowledges the support of the Government, investors, banks, customers, suppliers and business associates and the dedication and hard work of its employees.

Date: 28th April, 2015
Kolkata

For and on behalf of the Board

K. N. Grant
Chairman
R. Senguttuvan
Managing Director

Annexure 1 to the Report of the Board of Directors for the financial year ended 31st March, 2015

Wimco Limited - 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.

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. The expenses of the Non-Executive Directors for attending meetings of the Board and Board Committees are also borne by the Company, in terms of the Articles of Association of the Company.

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, 2015

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 (ITC), the Holding Company
b)	Nature of contracts / arrangements / transactions	Sale of Machineries & related spares and providing services relating to machine maintenance, installation and 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 the transaction during the year - ₹ 201.35 lakhs
e)	Date(s) of approval by the Board, if any	—
f)	Amount paid as advances, if any	Nil

For and on behalf of the Board

Date: 28th April, 2015
Kolkata

K. N. Grant Chairman
R. Senguttuvan Managing Director

Annexure 3 to the Report of the Board of Directors
FORM NO. MGT-9
EXTRACT OF ANNUAL RETURN
as on the financial year ended on 31st March, 2015
[Pursuant to Section 92(3) of the Companies Act, 2013 and Rule 12(1) of the Companies (Management and Administration) Rules, 2014]

I. REGISTRATION AND OTHER DETAILS

i)	CIN	:	U24291MH1923PLC001082
ii)	Registration Date	:	7th September, 1923
iii)	Name of the Company	:	Wimco Limited
iv)	Category / Sub-Category of the Company	:	Unlisted Public Company limited by shares
v)	Address of the Registered office and contact details	:	Indian Mercantile Chambers R. Kamani Marg, Ballard Estate Mumbai - 400001 Phone: 022- 4366 3333 Fax: 022- 2269 2228
vi)	Whether listed company	:	No
vii)	Name, Address and Contact details of Registrar and Transfer Agent, if any	:	N.A.

II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

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

Sl. No.	Name and Description of main products / services	NIC Code of the Product/ service	% to total turnover of the Company
1.	Fabrication / assembly of machinery, including tube filling machines, cartoning machines, wrapping machines, loading machines and conveyor solutions.	28199	100%

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES

Sl. No.	Name and Address of the company	CIN / GLN	Holding / Subsidiary / Associate	% of shares held in the Company	Applicable Section
1.	ITC Limited Virginia House, 37 J. L. Nehru Road Kolkata - 700 071	L16005WB1910PLC001985	Holding company	98.21%	2(46)

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

(i) Category-wise Shareholding:

Category of Shareholders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
A. Promoters									
(1) Indian									
a) Individual/HUF	—	—	—	—	—	—	—	—	N.A.
b) Central Govt.	—	—	—	—	—	—	—	—	N.A.
c) State Govt.(s)	—	—	—	—	—	—	—	—	N.A.
d) Bodies Corp.	18,50,81,193	—	18,50,81,193	98.21	18,50,81,193	—	18,50,81,193	98.21	Nil
e) Banks / FI	—	—	—	—	—	—	—	—	N.A.
f) Any Other	—	—	—	—	—	—	—	—	N.A.
Sub-total (A)(1)	**18,50,81,193**	—	**18,50,81,193**	**98.21**	**18,50,81,193**	—	**18,50,81,193**	**98.21**	**Nil**
(2) Foreign									
a) NRIs - Individuals								—	N.A.
b) Other - Individuals	—	—	—	—	—	—	—	—	N.A.
c) Bodies Corp.	—	—	—	—	—	—	—	—	N.A.
d) Banks / FI	—	—	—	—	—	—	—	—	N.A.
e) Any Other	—	—	—	—	—	—	—	—	N.A.
Sub-total (A)(2)	—	—	—	—	—	—	—	—	**N.A.**
Total shareholding of Promoter (A) = (A)(1)+(A)(2)	**18,50,81,193**	—	**18,50,81,193**	**98.21**	**18,50,81,193**	—	**18,50,81,193**	**98.21**	**Nil**
B. Public Shareholding									
1. Institutions									
a) Mutual Funds	—	4,844	4,844	0	—	4844	4844	0	Nil
b) Banks / FI	5,027	10,090	15,117	0	5,027	10,090	15,117	0	Nil
c) Central Govt.	—	—	—	—	—	—	—	—	N.A.
d) State Govt.(s)	—	—	—	—	—	—	—	—	N.A.
e) Venture Capital Funds	—	—	—	—	—	—	—	—	N.A.
f) Insurance Companies	—	—	—	—	—	—	—	—	N.A.
g) FIIs	—	1,550	1,550	0	—	1,550	1,550	0	Nil
h) Foreign Venture Capital Funds	—	—	—	—	—	—	—	—	N.A.
i) Others (specify)	—	—	—	—	—	—	—	—	N.A.
Sub-total (B)(1)	**5,027**	**16,484**	**21,511**	**0.01**	**5,027**	**16,484**	**21,511**	**0.01**	**Nil**
2. Non-Institutions									
a) Bodies Corp.									
i) Indian	66,789	22,731	89,520	0.05	67,569	22,731	90,300	0.05	0.00
ii) Overseas	—	—	—	—	—	—	—	—	N.A.
b) Individuals									
i) Individual shareholders holding nominal share capital upto Rs. 1 lakh	15,81,292	16,53,567	32,34,859	1.71	15,83,479	16,49,472	32,32,951	1.71	0.00
ii) Individual shareholders holding nominal share capital in excess of Rs. 1 lakh	—	—	—	—	—	—	—	—	N.A.
c) Others (specify)									
- Non-resident Indians	22,057	10,860	32,917	0.02	23,185	10,860	34,045	0.02	0.00
Sub-total (B)(2)	**16,70,138**	**16,87,158**	**33,57,296**	**1.78**	**16,74,233**	**16,83,063**	**33,57,296**	**1.78**	**Nil**
Total Public Shareholding (B)=(B)(1)+ (B)(2)	**16,75,165**	**17,03,642**	**33,78,807**	**1.79**	**16,79,260**	**16,99,547**	**33,78,807**	**1.79**	**Nil**
C. Shares held by Custodian for GDRs&ADRs	—	—	—	—	—	—	—	—	N.A.
Grand Total (A+B+C)	**18,67,56,358**	**17,03,642**	**18,84,60,000**	**100**	**18,67,60,453**	**16,99,547**	**18,84,60,000**	**100.00**	**Nil**

(ii) Shareholding of Promoters:

Sl. No.	Shareholder's Name	Shareholding at the beginning of the year			Shareholding at the end of the year			% change in shareholding during the year
		No. of Shares	% of total Shares of the Company	% of Shares pledged / encumbered to total Shares	No. of Shares	% of total Shares of the Company	% of Shares pledged / encumbered to total Shares	
1.	ITC Limited	18,50,81,193	98.21	Nil	18,50,81,193	98.21	Nil	Nil

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

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

(iv) Shareholding Pattern of top ten Shareholders (other than Directors, Promoters and Holders of GDRs and ADRs):

Sl. No.	For each of the top ten shareholders	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of Shares	% of total Shares of the Company	No. of Shares	% of total Shares of the Company
1.	**Rajdev Singh**				
	At the beginning of the year	30,100	0.02		
	Date wise Increase / Decrease in Shareholding during the year	—	N.A.	—	N.A.
	At the end of the year			30,100	0.02
2.	**Sardar Gur Bachan Singh**				
	At the beginning of the year	13,710	0.01		
	Date wise Increase / Decrease in Shareholding during the year	—	N.A.	—	N.A.
	At the end of the year			13,710	0.01
3.	**Biren Dolatrai Nayak**				
	At the beginning of the year	13,300	0.01		
	Date wise Increase / Decrease in Shareholding during the year	—	N.A.	—	N.A.
	At the end of the year			13,300	0.01
4.	**Prakash T. Tulsiani**				
	At the beginning of the year	12,000	0.01		
	Date wise Increase / Decrease in Shareholding during the year	—	N.A.	—	N.A.
	At the end of the year			12,000	0.01
5.	**MSPL Limited**				
	At the beginning of the year	12,000	0.01		
	Date wise Increase / Decrease in Shareholding during the year	—	N.A.	—	N.A.
	At the end of the year			12,000	0.01
6.	**Mathura Nath Banerjee**				
	At the beginning of the year	11,250	0.01		
	Date wise Increase / Decrease in Shareholding during the year	—	N.A.	—	N.A.
	At the end of the year			11,250	0.01
7.	**Sardar Paramjit Singh**				
	At the beginning of the year	10,230	0.01		
	Date wise Increase / Decrease in Shareholding during the year	—	N.A.	—	N.A.
	At the end of the year			10,230	0.01
8.	**Cawas Mistry**				
	At the beginning of the year	10,000	0.01		
	Date wise Increase / Decrease in Shareholding during the year	—	N.A.	—	N.A.
	At the end of the year			10,000	0.01
9.	**S. Rajdev Singh**				
	At the beginning of the year	10,000	0.01		
	Date wise Increase / Decrease in Shareholding during the year	—	N.A.	—	N.A.
	At the end of the year			10,000	0.01
10.	**M/s. Rishra Investments Limited**				
	At the beginning of the year	10,000	0.01		
	Date wise Increase / Decrease in Shareholding during the year	—	N.A.	—	N.A.
	At the end of the year			10,000	0.01

(v) Shareholding of Directors and Key Managerial Personnel:

None of the Directors and Key Managerial Personnel hold any share in the Company.

V. INDEBTEDNESS

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

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

A. Remuneration to Managing Director, Whole-time Directors and/or Manager:

(Amount in ₹)

Sl. No.	Particulars of Remuneration	R. Senguttuvan (Managing Director) *(refer note 1)*
1.	Gross salary	
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	—
	(b) Value of perquisites under section 17(2) of the Income-tax Act, 1961	—
	(c) Profits in lieu of salary under section 17(3) of the Income-tax Act, 1961	—
2.	Stock Option	—
3.	Sweat Equity	—
4.	Commission - as % of profit - others, specify	—
5.	Others, please specify	—
Total Amount (A)		—
Ceiling as per the Act		**₹ 30,00,000 per annum** *(refer note 2)*

Note 1: ITC Limited (ITC), the Holding Company, has deputed the services of Mr. R. Senguttuvan to the Company without levy of any charge. Accordingly, Mr. Senguttuvan's remuneration for the financial year ended 31st March, 2015 has been borne by ITC.

Note 2: Ceiling as per Part II of Schedule V of the Companies Act, 2013 has been disclosed, considering that the Company has not made profits during the financial year ended 31st March, 2015.

B. REMUNERATION TO OTHER DIRECTORS:

(Amount in ₹)

Sl. No.	Name of the Director	Particulars of Remuneration			Total Amount
		Fee for attending Board and Board Committee meetings	Commission	Others, please specify	
1.	**Independent Directors**				
	S. Banerjee	50,000	Nil	Nil	50,000
	P. Chatterjee	50,000			50,000
	Total Amount (B)(1)	**1,00,000**			**1,00,000**
2.	**Other Non-Executive Directors**				
	K. N. Grant	Nil	Nil	Nil	Nil
	C. R. Dua	20,000			20,000
	D. Dutta	30,000			30,000
	R. K. Singhi	Nil			Nil
	R. Tandon	Nil			Nil
	Total Amount (B)(2)	**50,000**	**Nil**	**Nil**	**50,000**
Total Amount (B) = (B)(1) + (B)(2)					**1,50,000**
Total Managerial Remuneration (A + B)					**1,50,000**
Overall ceiling as per the Act					₹ 30,00,000 per annum (refer note)

Note : Ceiling as per Part II of Schedule V of the Companies Act, 2013 has been disclosed, considering that the Company has not made profits during the financial year ended 31st March, 2015.

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

(Amount in ₹)

Sl. No.	Particulars of Remuneration	S.K. Sipani (Company Secretary) *(refer note 1)*	S. Pal (Chief Financial Officer) *(refer note 2)*
1.	Gross salary		
	(a) Salary as per provisions contained in Section 17(1) of the Income-tax Act, 1961	—	2,54,100
	(b) Value of perquisites under Section 17(2) of the Income-tax Act, 1961	—	54,467
	(c) Profits in lieu of salary under Section 17(3) of the Income-tax Act, 1961	—	—
2.	Stock Option	—	—
3.	Sweat Equity	—	—
4.	Commission - as % of profit - others, specify	—	—
5.	Others, please specify	—	—
Total Amount		—	3,08,567

Note 1: ITC Limited (ITC), the Holding Company, has deputed the services of Mr. S. K. Sipani to the Company without levy of any charge. Accordingly, Mr. Sipani's remuneration for the financial year ended 31st March, 2015 has been borne by ITC.

Note 2: Mr. S. Pal has been appointed as the Chief Financial Officer of the Company with effect from 4th February, 2015.

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

Date : 28th April, 2015
Kolkata

For and on behalf of the Board

K. N. Grant Chairman
R. Senguttuvan Managing Director

INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF WIMCO LIMITED

Report on the Standalone Financial Statements

We have audited the accompanying standalone financial statements of WIMCO LIMITED ("the Company"), which comprise the Balance Sheet as at 31st March, 2015, the Statement of Profit and Loss,the Cash Flow Statement for the year then ended, and a summary of the significant accounting policies and other explanatory information.

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 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 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, read with Rule 7 of the Companies (Accounts) Rules, 2014. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these standalone financial statements based on our audit.

We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.

We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10)of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on whether the Company has in place an adequate internal financial controls system over financial reporting and the operating effectiveness of such controls. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, 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 on the standalone financial statements.

Opinion

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 31st March, 2015, and its loss and its cash flows for the year ended on that date.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2015 ("the Order") issued by the Central Government in terms of Section 143(11) of the Act, we give in the Annexure a statement on the matters specified in paragraphs 3and 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 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, 2015 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2015 from being appointed as a director in terms of Section 164 (2) of the Act.
   (f) 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 **Deloitte Haskins & Sells**
Chartered Accountants
Firm's Registration No. 302009E

Ketan Vora
Partner
Membership No: 100459

Place: Mumbai
Date : 28th April, 2015

ANNEXURE TO THE INDEPENDENT AUDITORS' REPORT

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

(i) Having regard to the nature of the Company's business / activities / results during the year, clauses(vi), and (xi) of paragraph 3 of the Order are not applicable to the Company.

(ii) 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 explanation given to us, no material discrepancies were noticed on such verification.

(iii) In respect of its inventory:
   (a) As explained to us, the inventories were physically verified during the year by the Management at reasonable intervals.
   (b) In our opinion and according to the information and explanation given to us, the procedures of physical verification of inventories followed by the Management were reasonable and adequate in relation to the size of the Company and the nature of its business.
   (c) In our opinion and according to the information and explanations given to us, the Company has maintained proper records of its inventories and no material discrepancies were noticed on physical verification.

(iv) The Company has not granted any loans, secured or unsecured, to companies, firms or other parties covered in the Register maintained under Section 189 of the Companies Act, 2013.

(v) In our opinion and according to the information and explanations given to us, there is an adequate internal control system commensurate with the size of the Company and the nature of its business with regard to purchases of inventory and fixed assets and the sale of goods and services. During the course of our audit, we have not observed any major weakness in such internal control system.

(vi) According to the information and explanations given to us, the Company has not accepted any deposit during the year. In respect of unclaimed deposits, the Company has complied with the provisions of Sections 73 to 76 or any other relevant provisions of the Companies Act.

(vii) According to the information and explanations given to us in respect of statutory dues:
   (a) The Company has been regular in depositing undisputed dues, including Provident Fund, Employees' State Insurance, Income-tax, Value Added Tax, Wealth Tax, Service Tax, Custom Duty, Excise Duty, Cess and other material statutory dues applicable to it with the appropriate authorities. There were no undisputed amounts payable in respect of Provident Fund, Employees' State Insurance, Income-tax, Value Added Tax, Wealth Tax, Service Tax, Custom Duty, Excise Duty, Cess and other material statutory dues in arrears as at 31st March, 2015 for a period of more than six months from the date they became payable.
   (b) There are no dues of Income-tax, Value Added tax, Wealth Tax, Service Tax, Custom Duty, Excise Duty and Cess which have not been deposited as on March 31, 2015 on account of disputes.
   (c) There are no amounts that are due to be transferred to the Investor Education and Protection Fund in accordance with the relevant provisions of the Companies Act, 1956 (1 of 1956) and Rules made thereunder.

(viii) The accumulated losses of the Company at the end of the financial year are not less than fifty percent of its net worth and the Company has not incurred cash losses during the financial year covered by our audit. The Company has incurred cash losses in the immediately preceding financial year.

(ix) In our opinion and according to the information and explanations given to us, the Company has not defaulted in the repayment of dues to banks. The company does not have borrowings from financial institutions and has not issued debentures.

(x) According to the information and explanations given to us, the Company has not given guarantees for loans taken by others from banks and financial institutions.

(xi) 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 has been noticed or reported during the year.

For **Deloitte Haskins & Sells**
Chartered Accountants
Firm's Registration No. 302009E

Ketan Vora
Partner
Membership No: 100459

Place: Mumbai
Date : 28th April, 2015

BALANCE SHEET AS AT MARCH 31, 2015

	Note	As at March 31, 2015 (₹ in Lacs)	As at March 31, 2014 (₹ in Lacs)
EQUITY AND LIABILITIES			
Shareholders' funds			
Share capital	1	**1,884.60**	6,884.60
Reserves and surplus	2	**(1,636.46)**	2,877.60
Non-current liabilities			
Long-term borrowings	3	**—**	200.00
Other long-term liabilities	4	**—**	6,278.91
Long-term provisions	5	**6.17**	93.44
Current liabilities			
Short-term borrowings	6	**—**	11.19
Trade payables	7	**411.60**	1,380.55
Other current liabilities	8	**124.94**	442.13
Short-term provisions	9	**2.05**	13.32
TOTAL		**792.90**	18,181.74
ASSETS			
Non-current assets			
Fixed assets	10		
Tangible assets		**75.61**	13,540.34
Intangible assets		**0.03**	14.99
Capital work-in-progress		**—**	—
Non-current investments	11	**—**	0.09
Deferred tax asset (net)	12	**—**	—
Long-term loans and advances	13	**37.11**	1,623.03
Other non-current assets	14	**—**	0.25
Current assets			
Inventories	15	**278.15**	1,183.63
Trade receivables	16	**192.08**	520.16
Cash and bank balances	17	**86.97**	254.75
Short-term loans and advances	18	**122.95**	633.95
Other current assets	19	**—**	410.55
TOTAL		**792.90**	18,181.74

The accompanying notes 1 to 44 are an integral part of the Financial Statements

In terms of our report attached
For Deloitte Haskins & Sells
Chartered Accountants

KETAN VORA
Partner

Place : Mumbai
Date : 28th April, 2015

For and on behalf of the Board

K N GRANT *Chairman*
R. SENGUTTUVAN *Managing Director*
S K SIPANI *Company Secretary*
SAURABH PAL *Chief Financial Officer*

Place : Kolkata
Date : 28th April, 2015

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED MARCH 31, 2015

	Note	For the year ended March 31, 2015 (₹ in Lacs)	For the year ended March 31, 2014 (₹ in Lacs)
INCOME			
Gross Revenue from sale of products and services	20	**1,379.50**	17,028.57
Less : Excise duty		**89.05**	815.06
Net Revenue from sale of products and services		**1,290.45**	16,213.51
Other operating revenue	21	**1.75**	62.46
Revenue from operations		**1,292.20**	16,275.97
Other income	22	**11.14**	2,031.70
Total Revenue		**1,303.34**	18,307.67
EXPENSES			
Cost of material consumed	23	**824.51**	4,439.88
Cost of seeds	23	—	33.94
Purchase of Stock-in-Trade		—	6,887.33
Changes in inventories of finished goods, work-in-progress and stock-in-trade	24	**(28.21)**	902.94
Employee benefits expense	25	**195.05**	1,923.41
Finance cost	26	**4.82**	0.38
Depreciation and amortisation expense	10	**7.14**	358.58
Other expenses	27	**347.64**	3,476.24
Total Expenses		**1,350.95**	18,022.70
(Loss) / Profit before exceptional items and tax		**(47.61)**	284.97
Exceptional items (see note 34)		—	(1,438.86)
Loss before tax		**(47.61)**	(1,153.89)
(Loss) / Profit from continuing operations before tax		**(47.61)**	167.25
Tax Expense		—	—
(Loss) / Profit from continuing operations after tax		**(47.61)**	167.25
(Loss) from discontinuing operations before tax		—	(1,321.14)
Tax Expense		—	—
(Loss) from discontinuing operations after tax		—	(1,321.14)
Loss after tax		**(47.61)**	(1,153.89)
Earnings per equity share (₹) - basic and diluted	28	**(0.03)**	(0.61)
Face value (₹)		**1.00**	1.00

The accompanying notes 1 to 44 are an integral part of the Financial Statements

In terms of our report attached
For Deloitte Haskins & Sells
Chartered Accountants

KETAN VORA
Partner

Place : Mumbai
Date : 28th April, 2015

For and on behalf of the Board

K N GRANT *Chairman*
R. SENGUTTUVAN *Managing Director*
S K SIPANI *Company Secretary*
SAURABH PAL *Chief Financial Officer*

Place : Kolkata
Date : 28th April, 2015

CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2015

		For the year ended March 31, 2015 (₹ in Lacs)	For the year ended March 31, 2014 (₹ in Lacs)
A.	**Cash flow from operating activities**		
	(Loss) / Profit before exceptional items and taxation	**(47.61)**	284.97
	Exceptional items (See note 34)	—	(1,438.86)
	Loss before taxation	**(47.61)**	(1,153.89)
	Adjustments for:		
	Depreciation and amortisation Expense	**7.14**	358.58
	Profit on sale of tangible assets (net)	—	(69.62)
	Compensation for Compulsory Acquisition of Land (net)	—	(923.66)
	Liabilities no longer required written back	—	(206.68)
	Doubtful and Bad debts	**15.27**	13.57
	Doubtful and Bad advances, loans and deposits	**2.68**	54.51
	Provision for diminution in value of investments	—	599.06
	Interest income	—	(81.90)
	Interest expenditure	**4.82**	0.38
	Operating loss before working capital changes	**(17.70)**	(1,409.65)
	Adjustments for:		
	Trade receivables	**116.77**	81.22
	Loans and advances and Other current assets	**32.37**	687.50
	Inventories	**26.91**	1,502.42
	Trade Payables, Other current and long-term liabilities and Provisions	**(29.91)**	(2,710.61)
	Cash (used in) / generated from operations before taxation	**128.44**	(1,849.12)
	Income tax paid (net of refunds)	**(36.66)**	(90.38)
	Net cash generated / (used in) from operations	**91.78**	(1,939.50)
B.	**Cash flow from investing activities**		
	Purchase of Fixed Assets	**(1.27)**	(91.27)
	Sale of Fixed Assets	—	2,127.54
	Interest received	**—**	81.90
	Net cash (used in) / generated from investing activities	**(1.27)**	2,118.17
C.	**Cash flow from financing activities**		
	Proceeds from rights issue of equity shares	**—**	—
	Interest paid	**(4.82)**	(0.38)
	Repayment of borrowings to holding / subsidiary company	—	(7.21)
	Net cash used in financing activities	**(4.82)**	(7.59)
D.	**Net increase in cash and cash equivalents (A+B+C)**	**85.69**	171.08
E.	**Reconciliation**		
	Cash and cash equivalents at the beginning of the year	**254.75**	83.67
	Less : Cash balance adjusted pursuant to Scheme of Arrangement (see note 33)	**(253.47)**	—
		1.28	83.67
	Cash and cash equivalents at the end of the year	**86.97**	254.75
		85.69	171.08
	Cash and cash equivalents comprise of		
	Cash on hand	**0.36**	2.90
	Balances with banks	**86.61**	251.85
		86.97	254.75

The accompanying notes 1 to 44 are an integral part of the Financial Statements

In terms of our report attached
For Deloitte Haskins & Sells
Chartered Accountants

KETAN VORA
Partner

Place : Mumbai
Date : 28th April, 2015

For and on behalf of the Board

K N GRANT *Chairman*
R. SENGUTTUVAN *Managing Director*
S K SIPANI *Company Secretary*
SAURABH PAL *Chief Financial Officer*

Place : Kolkata
Date : 28th April, 2015

NOTES TO THE FINANCIAL STATEMENTS

	As at March 31, 2015 (₹ in Lacs)	As at March 31, 2014 (₹ in Lacs)
1. Share capital		
Authorised		
35,00,00,000 (2014: 35,00,00,000) Equity shares of ₹ 1 (2014: ₹ 1) each [see note (B)(I) (a) and (b) below]	**3,500.00**	3,500.00
1,13,00,000 (2014: 1,13,00,000) Redeemable preference shares of ₹ 100 each [see note (B)(I)(b) below]	**11,300.00**	11,300.00
TOTAL	**14,800.00**	14,800.00
Issued		
18,84,60,000 (2014: 18,84,60,000) Equity shares of ₹ 1 each [see notes (B)(I)(a) below]	**1,884.60**	1,884.60
Nil (2014: 50,00,000) Zero coupon preference shares of ₹ 100 each [see note (B)(II) below]	—	5,000.00
Subscribed and paid up		
18,84,60,000 (2014: 18,84,60,000) Equity shares of ₹ 1 each fully paid up [see note B(I) (a) below]	**1,884.60**	1,884.60
Nil (2014: 50,00,000) Zero coupon preference shares of ₹ 100 each [see note (B)(II) below]	—	5,000.00
TOTAL	**1,884.60**	6,884.60

A) Reconciliation of number of shares	As at March 31, 2015		As at March 31, 2014	
Equity shares	**(No. of Shares)**	**(₹ in Lacs)**	(No. of Shares)	(₹ in Lacs)
Balance as at the beginning of the year	**18,84,60,000**	**1,884.60**	18,84,60,000	1,884.60
Balance as at the end of the year	**18,84,60,000**	**1,884.60**	18,84,60,000	1,884.60
Zero coupon preference shares				
Balance as at the beginning of the year	**50,00,000**	**5,000.00**	50,00,000	5,000.00
Adjustment pursuant to Scheme of arrangement [see note (B)(II) below and note 33]	**(50,00,000)**	**(5,000.00)**	—	—
Balance as at the end of the year	—	—	50,00,000	5,000.00

B) Rights, preferences and restrictions attached to shares

(I) Equity shares:

(a) 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.

(b) Pursuant to the provisions of Section 94 of the Companies Act, 1956, the Authorised Share Capital of the Company of ₹ 1,48,00,00,000 comprising 55,00,00,000 Equity Shares of ₹ 1/- each and 93,00,000 Redeemable Preference Shares of ₹ 100/- each, was re-classified to ₹ 1,48,00,00,000 comprising 35,00,00,000 Equity Shares of ₹ 1/- each and 1,13,00,000 Redeemable Preference Shares of ₹ 100/- each.

(II) Zero coupon preference shares

50,00,000, Zero Coupon Preference Shares of ₹ 100/- each, redeemable at 6% premium per annum were issued during the year 2010 and were redeemable on or before September 15, 2015. Pursuant to the Scheme of Arrangement, the outstanding preference share capital has been cancelled and adjusted with the deficit in the Statement of Profit and Loss.

	As at March 31, 2015 (₹ in Lacs)	As at March 31, 2014 (₹ in Lacs)
C) Shares held by Holding Company		
Equity shares		
18,50,81,193 (2014: 18,50,81,193) Equity shares of ₹ 1 each, fully paid up are held by ITC Limited (Holding Company)	**1,850.81**	1,850.81
Preference shares		
Nil (2014: 50,00,000) Zero coupon preference shares of ₹ 100 each fully paid held by ITC Limited (Holding Company) - [see note (B)(II) above and note 33]	—	5,000.00

	As at March 31, 2015 (No. of Shares)	As at March 31, 2014 (No. of Shares)
D) Name of share holders holding more than 5% of the shares of the Company		
Equity Shares		
ITC Limited (Holding Company)	**18,50,81,193**	18,50,81,193
	98.21%	98.21%
Zero Coupon Preference Shares		
ITC Limited (Holding Company) - [see note (B)(II) above and note 33]	—	50,00,000
		100.00%

NOTES TO THE FINANCIAL STATEMENTS

			As at March 31, 2015 (₹ in Lacs)		As at March 31, 2014 (₹ in Lacs)
2.	**Reserves and surplus**				
	Capital reserve				
	Balance at the beginning of the year	**29.96**		29.96	
	Less: Adjustment pursuant to Scheme of Arrangement (see note 33)	**(29.96)**	—		29.96
	Capital redemption reserve				
	Balance at the beginning of the year	**500.00**		500.00	
	Less: Adjustment pursuant to Scheme of Arrangement (see note 33)	**(500.00)**	—	—	500.00
	Securities premium				
	Balance at the beginning of the year	**4,141.23**		4,441.23	
	Less : Premium on zero coupon preference shares created during the financial year 2013-14	—		(300.00)	
	Add : Reversal of Premium on zero coupon preference shares created during the financial year 2013-14	**300.00**			
	Add : Adjustment pursuant to Scheme of Arrangement - Reversal of Premium on zero coupon preference shares provided till March 31, 2013 (See Note 33)	**741.68**			
		5,182.91		4,141.23	
	Less: Adjustment pursuant to Scheme of Arrangement (see note 33)	**(5,182.91)**	—		**4,141.23**
	Revaluation reserve				
	Balance at the beginning of the year	**4,320.28**		4,556.85	
	Less : Transfer to General Reserve on compulsory acquisition of Land			(236.57)	
	Add : Reversal of transfer to General Reserve on compulsory acquisition of land	**236.57**			
	Less: Adjustment pursuant to Scheme of Arrangement (see note 33)	**(4,556.85)**	—		4,320.28
	Capital subsidy		**14.93**		14.93
	General reserve				
	Balance at the beginning of the year	—		—	
	Add : Transfer from Revaluation Reserve	—		236.57	
	Less: Transfer to the Profit and Loss balance	—	—	236.57	—
	(Deficit) in the Statement of Profit and Loss				
	Balance at the beginning of the year	**(6,128.80)**		(5,211.48)	
	Add : Transfer from Demerger Adjustment Account	**(1,507.22)**			
	Less: Adjustment of Loss of Non-Engineering Business during the Financial year 2013-14	**1,321.14**			
	Add: Reversal of revaluation reserve credited to Statement of Profit and Loss from General reserve (pertaining to Non-Engineering Business)	**(236.57)**			
	Add : Income Tax payment pertaining to Engineering business for the year 2013-14	**(36.66)**			
	Less: Adjustment pursuant to Scheme of Arrangement (see note 33)	**5,000.00**			
		(1,588.11)			
	Add: Loss for the year	**(47.61)**		(1,153.89)	
	Add: Adjustment on account of depreciation on Fixed assets under Companies Act 2013 (Refer Note 10C)	**(15.67)**			
	Less: Transfer from General Reserve	—	**(1,651.39)**	236.57	(6,128.80)
	Demerger Adjustment Account (pursuant to Scheme of Arrangement (See note 33)	**(1,507.22)**			
	Less : Transfer to Surplus	**1,507.22**	—		
	TOTAL		**(1,636.46)**		2,877.60
3.	**Long-term borrowings**				
	Unsecured :				
	Loans and advances from related parties				
	Pavan Poplar Limited [Fellow Subsidiary (see note 30)]		—		200.00
	TOTAL		—		200.00
4.	**Other long-term liabilities**				
	Security deposit received from Holding Company		—		5,035.00
	Premium on zero coupon preference shares (See note below)		—		1,041.68
	Rent payable		—		202.23
	TOTAL		—		6,278.91

Note - Pursuant to Scheme of Arrangement, Premium on redemption of Preference Share Capital (Premium is payable to ITC Limited, Holding Company) is reversed and credited to Securities Premium account, consequent to cancellation of Preference Share capital.

NOTES TO THE FINANCIAL STATEMENTS

	As at March 31, 2015 (₹ in Lacs)	As at March 31, 2014 (₹ in Lacs)
5. Long-term provisions		
Provisions for employee benefits (see note 25)		
Provision for compensated absences	**6.17**	93.44
TOTAL	**6.17**	93.44
6. Short-term borrowings		
Unsecured :		
Short-term loans and advances from related parties		
Pavan Poplar Limited [Fellow Subsidiary (see note 30)]	—	11.19
TOTAL	—	11.19
7. Trade payables		
Total outstanding dues of micro enterprises and small enterprises (see note 35)	—	—
Total outstanding dues of creditors other than micro enterprises and small enterprises (see note 30 for payables to related parties)	**411.60**	1,380.55
TOTAL	**411.60**	1,380.55
8. Other current liabilities		
Interest accrued but not due on deposits	—	8.26
Advances from customers	**95.07**	106.32
Deposits from customers	—	40.19
Employee benefits payable	**10.65**	208.40
Statutory dues payable*	**16.68**	74.57
Payable to the Holding Company (see note 30 for dues payable to related parties)	**2.54**	—
Rent payable	—	4.39
TOTAL	**124.94**	442.13
*Statutory dues payable include		
Wealth tax and withholding taxes	—	52.00
VAT and Others	**16.68**	22.57
	16.68	74.57
9. Short-term provisions		
Current Taxation	**—**	—
Provisions for employee benefits (See Note 25)		
Provision for gratuity	—	2.93
Provision for compensated absences	**2.05**	10.39
TOTAL	**2.05**	13.32

10. Fixed assets

Fixed Assets Balances as at March 31st, 2015

(₹ in Lacs)

Tangible assets and intangible assets	GROSS BLOCK					ACCUMULATED DEPRECIATION / AMORTISATION / IMPAIRMENT							NET BLOCK
	As at April 1, 2014	Additions during the year	Trasferred out on demerger	Disposal/ Adjustments during the year	As at March 31, 2015	As at April 1,2014		Depreciation for the year	Trasferred out on demerger	Disposal/ Adjustments during the year (Refer note 10C)	As at March 31,2015		As at March 31, 2015
						Depreciation	Impairment				Depreciation	Impairment	
Tangible assets													
Freehold land (see note 10A below)	11,481.72	—	**11,433.80**	—	**47.92**	—	167.73	—	167.73	—	—	—	**47.92**
Leasehold land	247.28	—	**247.28**	—	—	0.66	246.62	—	247.28	—	—	—	—
Buildings	4,127.93	—	**4,022.46**	—	**105.47**	3,723.89	—	0.70	3,623.02	0.16	**101.73**	—	**3.74**
Plant and Equipment (see note - 10A below)	5,572.13	—	**5,554.57**	—	**17.56**	4,022.84	—	0.58	4,012.05	—	**11.37**	—	**6.19**
Computers	153.62	—	**111.31**	—	**42.31**	132.38	—	3.21	104.55	3.38	**34.42**	—	**7.89**
Office Equipments	110.22	**0.96**	**84.75**	—	**26.43**	68.51	—	0.56	56.81	12.00	**24.26**	—	**2.17**
Furniture and Fixtures	403.97	**0.31**	**388.86**	—	**15.42**	251.95	—	1.26	241.11	0.13	**12.23**	—	**3.19**
Motor cars, lorries, tractors	137.96	—	**131.35**	—	**6.61**	79.91	—	0.83	78.64	—	**2.10**	—	**4.51**
TOTAL	**22,234.83**	**1.27**	**21,974.38**	—	**261.72**	**8,280.14**	**414.35**	**7.14**	**8,531.19**	**15.67**	**186.11**	—	**75.61**
Intangible assets													
Computer software	289.84	—	**289.32**	—	**0.52**	**274.85**	—	—	274.36	—	**0.49**	—	**0.03**
TOTAL	**289.84**	—	**289.32**	—	**0.52**	**274.85**	—	—	**274.36**	—	**0.49**	**—**	**0.03**

10A. Assets given on operating lease

(₹ in Lacs)

Tangible asset	Year Ended March 31, 2015				Year Ended March 31, 2014			
	Gross Block	Accumulated Depreciation	Net Block	Depreciation Charge for the year	Gross Block	Accumulated Depreciation	Net Block	Depreciation Charge for the year
Freehold Land	—	—	—	—	7,582.24	—	7,582.24	—
Plant and Equipment	—	—	—	—	622.91	503.44	119.47	20.16
TOTAL	—	—	—	—	8,205.15	503.44	7,701.71	20.16

10B. In terms of the Scheme of Arrangement, the fixed assets pertaining to Non engineering business have been transferred to ITC Limited effective April 1, 2013 (See Note 33)

10C. Pursuant to the enactment of Companies Act, 2013 ("the Act"), effective April 1, 2014, the Company has revised the estimated economic useful life of its fixed assets generally in accordance with that provided in Schedule II to the Act. As a result (after considering the transitional provision specified in the Schedule II of Rs.15.67 lacs which was debited to reserves), the Depreciation charge for the current year is lower by Rs. 0.35 lacs as compared to the depreciation charge that would have arisen had the Company followed the estimated economic useful lives as in the previous year.

NOTES TO THE FINANCIAL STATEMENTS

Fixed Assets Balances as at March 31, 2014

(₹ in Lacs)

Tangible assets and intangible assets	GROSS BLOCK				ACCUMULATED DEPRECIATION / AMORTISATION / IMPAIRMENT						NET BLOCK
	As at April 1, 2013	Additions during the year	Disposal/ Adjustments during the year	As at March 31, 2014	As at April 1, 2013		Depreciation for the year	Disposal/ Adjustments during the year	As at March 31,2014		As at March 31, 2014
					Depreciation	Impairment			Depreciation	Impairment	
Tangible assets											
Freehold land	12,157.16	—	675.44	11,481.72	—	167.73	—	—	—	167.73	11,313.99
Leasehold land	247.28	—	—	247.28	0.66	246.62	—	—	0.66	246.62	—
Buildings	5,268.66	28.63	1,169.36	4,127.93	4,764.78	—	17.30	1,058.19	3,723.89	—	404.04
Plant and Equipment	6,247.52	69.01	744.40	5,572.13	4,164.15	—	314.36	455.67	4,022.84	—	1,549.29
Computers	222.38	10.11	78.87	153.62	196.90	—	1.30	65.82	132.38	—	21.24
Office Equipments	122.61	—	12.39	110.22	74.09	—	4.95	10.53	68.51	—	41.71
Furniture and Fixtures	513.24	0.45	109.72	403.97	304.79	—	13.79	66.63	251.95	—	152.02
Motor cars, lorries, tractors	135.07	30.99	28.10	137.96	100.42	—	6.67	27.18	79.91	—	58.05
TOTAL	**24,913.92**	**139.19**	**2,818.28**	**22,234.83**	**9,605.79**	**414.35**	**358.37**	**1,684.02**	**8,280.14**	**414.35**	**13,540.34**
Intangible assets											
Computer software	289.84	—	—	289.84	274.64	—	0.21	—	274.85	—	14.99
TOTAL	**289.84**	**—**	**—**	**289.84**	**274.64**	**—**	**0.21**	**—**	**274.85**	**—**	**14.99**

	As at March 31, 2015 (₹ in Lacs)	As at March 31, 2014 (₹ in Lacs)
11. Non-current investments		
Unquoted		
Trade investment		
A. Investment in government securities		
National savings certificates (pledged with various Mandi Samitis)	—	0.06
B. Investment in equity instruments		
Investments in wholly owned subsidiary companies		
Pavan Poplar Limited	—	599.06
Nil (2014: 55,10,004) equity shares of ₹ 10 each, fully paid (including 6 Equity Shares held by nominees)		
Prag Agro Farm Limited	—	381.90
Nil (2014: 38,00,020) equity shares of ₹ 10 each, fully paid (including 6 equity shares held by nominees)		
Less : Provision for diminution in value	—	(980.96)
	—	0.06
Other investments		
Investments in other companies		
Woodlands Multispeciality Hospital Limited (Formerly known as Woodlands Hospital& Medical Research Centre Limited)	—	0.02
Nil (2014: : 22) 1/2% debentures of ₹ 100 each fully paid		
Mirage Advertising and Marketing Limited	—	1.25
Nil (2014: 12,488) equity shares of ₹ 10 each fully paid		
Bilaspur Cane Development Corporation Limited	—	0.01
Nil (2014: 100) equity shares of ₹ 10 each fully paid		
Less : Provision for diminution in value	—	(1.25)
	—	0.03
Total non-current investments (at cost) - unquoted	—	982.30
Less : Aggregate provision for diminution in value	—	(982.21)
	—	0.09
12. Deferred tax asset (net)		
Tax effect of items constituting deferred tax liabilities		
On difference between book balance and tax balance of fixed assets	**1.28**	416.03
Tax effect of items constituting deferred tax assets		
Unabsorbed depreciation carried forward	**54.02**	1,174.90
Disallowances under Section 40(a)(i), 43B of the Income Tax Act, 1961	**4.02**	124.51
On VRS cost u/s 35 DDA of the Income tax Act, 1961	—	655.54
Provision for doubtful debts / advances	**20.20**	693.25
Brought forward business losses	**131.79**	3,514.24
	210.03	6,162.44
Deferred tax asset (net) recognised *	—	—

* Deferred tax asset has been recognized only to the extent of the deferred tax liabilities as this amount is considered to be virtually certain of realization

NOTES TO THE FINANCIAL STATEMENTS

	As at March 31, 2015 (₹ in Lacs)	As at March 31, 2014 (₹ in Lacs)
13. Long term loans and advances		
Unsecured, considered good		
Loan / Advance to Fellow Subsidiary (see note 30)	—	839.80
Advances recoverable in cash (employee advances etc.)	—	40.36
Advance Income tax and Tax deducted at source (net of provisions)	**37.11**	1,571.82
Fringe Benefits Tax	**—**	10.85
	37.11	2,462.83
Less: Allowance for bad and doubtful loans and advances	**—**	(839.80)
TOTAL	**37.11**	1,623.03
14. Other non-current assets		
Other bank balances (see note 17)	—	0.25
TOTAL	—	0.25
15. Inventories		
(At lower of cost and net realisable value)		
Raw materials	**89.73**	406.60
Work-in-progress (including plantations in the previous year)	**164.92**	455.43
Finished goods - manufactured	**23.50**	48.18
Finished goods - traded	**—**	—
Stores and spares	**—**	273.42
TOTAL	**278.15**	1,183.63
16. Trade receivables		
Trade receivables outstanding for a period exceeding six months from the date they are due for payment:		
Unsecured, considered good *	**—**	54.75
Unsecured, considered doubtful	**54.36**	499.98
Less: Provision for doubtful debts	**(54.36)**	(499.98)
	—	54.75
Others Trade Receivables*	**192.08**	465.41
TOTAL	**192.08**	520.16
* See note 30 for receivables due from related parties		
17. Cash and Bank Balances		
Cash and cash equivalents (As per AS 3 Cash Flow Statement)		
Cash on hand	**0.36**	2.90
Balances with banks:		
- In Current accounts	**13.71**	128.98
- Cash credit (including working capital demand loan) with banks@	**72.90**	122.12
Total Cash & Cash Equivalents (As per AS 3 Cash Flow Statement)	**86.97**	254.00
Other bank balances		
In restricted bank accounts (non-current)	—	0.25
Deposit with original maturity of more than twelve months (current)	—	0.75
Less: Amounts disclosed under non-current assets (see note 14)	—	(0.25)
Total Other bank balances	—	0.75
TOTAL CASH & BANK BALANCES	**86.97**	254.75

@ Secured by hypothecation of all stock in trade present and future of the Company including raw materials, finished goods, trading products and stock-in-process and present and future book debts, outstanding receivables, claims and bills.

18. Short-term loans and advances		
Unsecured, considered good unless otherwise stated		
Sundry advances to suppliers, employees, etc.		
Considered good	**1.10**	153.75
Considered doubtful	**5.08**	49.62
	6.18	203.37
Less: Allowance for bad and doubtful loans and advances	**(5.08)**	(49.62)
	1.10	153.75
Prepaid expenses	**12.47**	35.89
Balances with government authorities#	**109.28**	221.08
Deposits		
Considered good	**0.10**	223.23
Considered doubtful	**—**	51.12
	0.10	274.35
Less: Provision for doubtful deposits	**—**	(51.12)
	0.10	223.23
TOTAL	**122.95**	633.95
#Balances with government authorities		
CENVAT/ Service Tax credit receivable	**4.41**	120.61
VAT credit receivable	**104.87**	100.47
	109.28	221.08

NOTES TO THE FINANCIAL STATEMENTS

	As at March 31, 2015 (₹ in Lacs)	As at March 31, 2014 (₹ in Lacs)
19. Other current assets		
Consideration receivable towards sale of Fixed Assets	—	410.55
TOTAL	—	410.55

	For year ended March 31, 2015 (₹ in Lacs)	For year ended March 31, 2014 (₹ in Lacs)
20. Gross revenue from sale of products and services (see note 36)		
Sale of Products		
Finished goods (including plantations)	**1,287.75**	9,146.19
Traded goods	—	7,798.39
Sale of services	**91.75**	83.99
TOTAL	**1,379.50**	17,028.57
21. Other operating revenue		
Sale of Scrap	**1.75**	40.67
Income from sale of energy	—	21.79
TOTAL	**1.75**	62.46
22. Other income		
Interest income on Income Tax refund	—	77.20
Interest income - others	—	4.70
Net gain on foreign currency transactions		0.48
Rental Income *		403.90
Liabilities no longer required written back	—	206.68
Income from sale of scrap	—	322.97
Compensation received on compulsory acquisition of Land (net)	—	923.66
Profit on sale / discard of fixed assets (net)	—	69.62
Miscellaneous Income	**11.14**	22.49
TOTAL	**11.14**	2031.70

* Includes income from operating lease of land and office building premises at various locations

23. Cost of materials consumed			
(a) Raw materials including packing materials (including provision made for obsolete Raw materials)			
Opening Stock		**406.60**	771.07
Less: Transfer of stocks to ITC Limited in terms of the Scheme of Arrangement (see note 33)		**(261.75)**	—
		144.85	771.07
Add: Purchases		**769.39**	4,075.41
Less: Closing stock		**(89.73)**	(406.60)
Cost of materials consumed (see note 38)		**824.51**	4,439.88
(b) Cost of seeds		—	33.94
TOTAL		**824.51**	4,473.82
24. Changes in inventories of finished goods, work-in-progress and stock-in-trade (including provision made for obsolete inventories)			
Stock at the end of the year			
Finished goods		**23.50**	48.18
Work-in-progress (including plantations)		**164.92**	455.43
Stock-in-trade		—	—
Total (A)		**188.42**	503.61
Less: Stock at the beginning of the year			
Finished goods	**854.77**		
Work in progress (including plantations)	**516.55**		
Stock in trade	**35.23**		
	1,406.55		
Less: Transfer of stocks to ITC Limited in terms of the Scheme of Arrangement (See note 33)			
Finished goods	**846.79**		854.77
Work in progress (including plantations)	**364.32**		516.55
Stock in trade	**35.23**		35.23
Total (B)	**1,246.34**	**160.21**	1,406.55
Decrease / (Increase) in stocks [B-A]		**(28.21)**	902.94

NOTES TO THE FINANCIAL STATEMENTS

	As at March 31, 2015 (₹ in Lacs)	As at March 31, 2014 (₹ in Lacs)
25. Employee benefits expense		
Salaries and wages	**160.02**	1,487.42
Contribution to provident and other funds	**11.80**	290.21
Workmen and staff welfare expenses	**23.23**	146.43
	195.05	1,924.06
Less: Recoveries	—	(0.65)
TOTAL	**195.05**	1,923.41

(₹ in Lacs)

	Defined Benefit Plans			
	Gratuity (Funded)		Leave Encashment (Unfunded)	
	2015	2014	**2015**	2014
Change in obligation during the year				
1. Obligation at the beginning of the year	**391.26**	389.35	**103.83**	95.51
2. Service cost	**2.75**	26.65	**1.89**	18.78
3. Interest cost	**3.51**	35.04	**0.65**	8.60
4. Actuarial losses / (gains)	**(2.44)**	42.45	**1.31**	6.55
5. Benefits' payments	**(346.95)**	(102.23)	**(99.46)**	(25.61)
6. Obligations at the end of the year	**48.13**	391.26	**8.22**	103.83
Change in plan assets				
1. Plan assets at the beginning of the year	**388.33**	345.02	—	—
2. Expected return on plan assets	**2.44**	25.54	—	—
3. Contribution by employers	—	120.00	—	—
4. Benefits' payments	**(346.95)**	(102.23)	—	—
5. Actuarial (losses) / gains	**8.95**	—	—	—
6. Plan assets at the end of the year	**52.77**	388.33	—	—
Reconciliation of present value of the obligation and the fair value of the plan assets				
1. Fair value of plan assets at the end of the year	**52.77**	388.33	—	—
2. Present value of the defined benefit obligation at the end of the year	**48.13**	391.26	**8.22**	103.83
3. Asset /(liability) recognised in the balance sheet	—	(2.93)	**(8.22)**	(103.83)
Cost for the period				
1. Service cost	**2.75**	26.65	**1.89**	18.78
2. Interest cost	**3.51**	35.04	**0.65**	8.60
3. Return on plan assets	**(2.44)**	(25.54)	—	—
4. Actuarial losses / (gains)	**(11.39)**	42.45	**1.31**	6.55
Net cost	**(7.57)**	78.60	**3.85**	33.93
Investment details of plan assets				
The Gratuity Scheme is invested in a Group-cum-Life Assurance cash accumulation policy offered by Life Insurance Corporation (LIC) of India				
Actuarial Assumptions:				
1. Discount Rate	**7.75%**	9.00%	**7.75%**	9.00%
2. Salary escalation	**5.00%**	5.00%	**5.00%**	5.00%
3. Expected return on plan assets	**5.78%**	7.62%	—	—

(₹ in Lacs)

Net Asset/(Liability) recognized in Balance Sheet (including experience adjustment impact)		For the year ended March 31, 2015		For the year ended March 31, 2014		For the year ended March 31, 2013		For the year ended March 31, 2012	
		Gratuity	**Leave Encashment**	Gratuity	Leave Encashment	Gratuity	Leave Encashment	Gratuity	Leave Encashment
1.	Present value of defined benefit obligation	**48.13**	**8.22**	391.26	103.83	389.35	95.51	367.47	89.93
2.	Fair value on plan assets	**52.77**	**—**	388.33	—	345.02	—	279.70	—
3.	Status [(deficit) / surplus]	**4.64**	**(8.22)**	(2.93)	(103.83)	(44.33)	(95.51)	(87.77)	(89.93)
The experience adjustments as at March 31, 2015 of plan assets is ₹ 0.83 Lacs (2014 - ₹ 6.60 Lacs) and obligations is gain of ₹ 11.40 Lacs (2014 - ₹ 42.45 Lacs)									

A. The excess of fair value of plan assets over present value of defined benefit obligation has not been recognized based on prudence.

B. Basis used to determine expected rate of return on assets:

The Gratuity scheme is invested in a Group-cum-life assurance cash accumulation policy offered by Life Insurance Corporation of India(LIC). The invested return earned on the policy comprises bonuses declared by LIC having regard to LIC's investment earnings. The information on the allocation of the fund into major asset classes and expected return on each major class are not readily available. We understand that LIC's 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.

C. The estimates of future salary increases, considered in actuarial valuation, take account of inflation, seniority, promotion and other relevant factors such as supply and demand in the employment market.

NOTES TO THE FINANCIAL STATEMENTS

	For the year ended March 31, 2015 (₹ in Lacs)	For the year ended March 31, 2014 (₹ in Lacs)
26. Finance cost		
Interest expense	**4.82**	0.38
	4.82	0.38
27. Other expenses		
Consumption of stores and spare parts (including provision made for obsolete spares)	**1.00**	366.67
Sub-Contracting Expenses	**52.50**	101.93
Power and fuel	**20.17**	488.83
Rent *	**—**	294.94
Repairs and Maintenance		
- Buildings	**3.66**	97.62
- Machinery	**0.54**	256.52
- Others	**10.64**	55.25
Rates and taxes	**8.60**	218.31
Insurance	**3.93**	54.49
Maintenance and upkeep	**16.38**	213.99
Travelling and conveyance	**84.40**	197.75
Printing and stationery	**8.08**	18.85
Freight and forwarding	**17.48**	259.89
Warehousing charges	**1.55**	31.77
Advertising and sales promotion charges	**1.75**	45.47
Commission	—	12.35
Bank charges	**1.10**	2.26
Information technology services	**9.90**	102.63
Training and development	**1.51**	1.57
Professional fees	**46.41**	143.85
Postage and telephone charges	**10.14**	30.00
Net loss on foreign currency transactions and translation	**0.16**	—
Payment to Auditors (see note 31)	**5.45**	17.81
Directors' sitting fees	**1.80**	0.50
Plantation, Cultivation and Harvesting Charges	—	230.60
Doubtful and Bad debts	**15.27**	13.57
Doubtful and Bad advances, loans and deposits	**2.68**	54.51
Miscellaneous expenses	**22.54**	164.31
TOTAL	**347.64**	3,476.24

* The Company has taken various office and godown premises under operating lease on leave and license agreements. These are not non-cancellable and range between 11 months and 3 years under leave and license or longer for other leases. The same have been transferred to ITC Limited pursuant to the Scheme of Arrangement (see note 33)

28. Earnings per share		
(Loss) / Profit after tax, attributable to equity shareholders (A)	**(47.61)**	(1,153.89)
Weighted average number of equity shares (B)	**18,84,60,000**	18,84,60,000
Earning per share - basic and diluted (in ₹) (A / B)	**(0.03)**	(0.61)
Nominal value of an equity share (in ₹)	**1.00**	1.00
(Loss) / Profit from continuing operations after tax (A)	**(47.61)**	167.25
Weighted average number of equity shares (B)	**18,84,60,000**	18,84,60,000
Earning per share - basic and diluted (in ₹) (A / B)	**(0.03)**	0.09
(Loss) / Profit from discontinuing operations after tax (A)	**—**	(1,321.14)
Weighted average number of equity shares (B)	**—**	18,84,60,000
Earning per share - basic and diluted (in ₹) (A / B)	**—**	(0.70)

NOTES TO THE FINANCIAL STATEMENTS

29. Segment information for the year ended March 31, 2015

Pursuant to the scheme of arrangement, the Non-engineering businesses have been transferred to ITC Limited with effect from April 1, 2013 and the company is now engaged in Engineering Business alone, which is the only reportable primary business segment.

(₹ in lacs)

Information about primary business segments	March 31, 2015 Engineering	March 31, 2014 Match	Engineering	Agri Forestry	Unallocated	Total
Revenue						
External	**1,379.50**	13,645.74	1,836.94	1,545.89	—	17,028.57
Inter-segment	**—**	—	—	—	—	—
Total	**1,379.50**	13,645.74	1,836.94	1,545.89	—	17,028.57
Less: Eliminations on account of inter segment revenue	**—**	—	—	—	—	—
Total revenue	**1,379.50**	13,645.74	1,836.94	1,545.89	—	17,028.57
Result						
Segment result	**(42.79)**	(906.80)	205.06	668.54	—	(33.20)
Unallocated expenditure net of unallocated income	**—**	—	—	—	236.65	236.65
Operating (Loss) / Profit before exceptional items, interest and taxation	**(42.79)**	(906.80)	205.06	668.54	236.65	203.45
Exceptional Items	**—**	—	—	(1,438.86)	—	(1,438.86)
Operating (Loss) / Profit before interest and taxation	**(42.79)**	(906.80)	205.06	(770.32)	236.65	(1,235.41)
Interest expenses	**(4.82)**	—	—	—	(0.38)	(0.38)
Interest income	**—**	—	—	0.13	81.77	81.90
Provision for taxation	**—**	—	—	—	—	—
Net (Loss) / Profit	**(47.61)**	(906.80)	205.06	(770.19)	318.04	(1,153.89)
Other Information						
Segment assets	**755.79**	2,996.68	780.86	782.18	13,622.02	18,181.74
Segment liabilities	**544.76**	699.29	542.48	307.10	6,870.67	8,419.54
Capital expenditure	**1.27**	22.83	12.89	54.85	0.70	91.27
Depreciation	**7.14**	212.03	5.09	8.21	133.25	358.58

Information about Secondary Business Segments Revenue by Geographical Segments	March 31, 2015 India	Outside India	Total	March 31, 2014 India	Outside India	Total
Sales	**1,326.97**	**52.53**	**1,379.50**	16,726.86	301.71	17,028.57
Carrying Amount of Segment Assets	**749.37**	**6.42**	**755.79**	18,177.48	4.26	18,181.74
Capital Expenditure	**1.27**	**—**	**1.27**	91.27	—	91.27

30. Related party disclosures

1. Parties exercising control over the Company:

Related Party	Relationship
ITC Limited	Holding company

2. Other related Parties with whom the Company had transactions

Related Party	Relationship
Pavan Poplar Limited (PPL)	Fellow Subsidiary (Wholly owned subsidiary till 31.03.2013)
Prag Agro Farm Limited (PAFL)	Fellow Subsidiary (Wholly owned subsidiary till 31.03.2013)
Surya Nepal Private Limited (SNPL)	Fellow subsidiary
ITC Infotech India Limited (ITCIIL)	Fellow subsidiary
International Travel House Limited (ITHL)	Associate of the Holding Company

3. Directors of the Company

Managing Director	**R Senguttuvan (from 7.11.2014)**
	VM Rajasekharan (upto close of work on 6.11.2014)

No remuneration is paid by the Company to the Managing Director in accordance with the terms of his appointment.

4. Transaction with Related Parties

₹ in Lacs

	HOLDING COMPANY		Fellow Subsidiaries								Associate of the Holding Company		Total	
	ITC Limited		PPL		PAFL		SNPL		ITCIIL		ITHL			
	2015	2014	**2015**	2014	**2015**	2014	**2015**	2014	**2015**	2014	**2015**	2014	**2015**	2014
Sale of goods and services	**201.35**	13,922.58	**—**	7.31	**—**	0.74	**13.95**	67.19	**—**	—	**—**	—	**215.31**	13,997.82
Purchase of raw materials and components	**—**	72.69	**—**	—	**—**	0.01	**—**	—	**—**	—	**—**	—	**—**	72.70
Purchase of services	**—**	1.40	**—**	—	**—**	—	**—**	—	**—**	20.60	**—**	23.63	**—**	45.63
Expenses reimbursed	**2.54**	58.30	**—**	—	**—**	—	**—**	—	**—**	—	**—**	—	**2.54**	58.30
Expenses recovered	**136.06**	176.65	**—**	2.49	**—**	15.34	**—**	—	**—**	—	**—**	—	**136.06**	194.48
Rent received	**—**	423.58	**—**	—	**—**	—	**—**	—	**—**	—	**—**	—	**—**	423.58
Loans and advances given during the year	**—**	—	**—**	—	**—**	11.65	**—**	—	**—**	—	**—**	—	**—**	11.65
Outstanding loans and advances (Dr)	**—**	—	**—**	—	**—**	839.80	**—**	—	**—**	—	**—**	—	**—**	839.80
Loans and advances taken during the year	**—**	564.69	**—**	—	**—**	—	**—**	—	**—**	—	**—**	—	**—**	564.69
Repayment of loans and advances by the Company	**—**	2,714.51	**—**	7.21	**—**	—	**—**	—	**—**	—	**—**	—	**—**	2,721.72
Unsecured loans (Cr)	**—**	—	**—**	211.19	**—**	—	**—**	—	**—**	—	**—**	—	**—**	211.19
Outstanding receivables	**33.48**	61.65	**—**	—	**—**	0.74	**—**	60.90	**—**	—	**—**	—	**33.48**	123.29
Outstanding payables	**2.54**	6,086.62	**—**	47.45	**—**	—	**—**	—	**—**	—	**—**	—	**2.54**	6,134.07
Advance payable	**—**	194.52	**—**	—	**—**	—	**—**	—	**—**	—	**—**	—	**—**	194.52

NOTES TO THE FINANCIAL STATEMENTS

	For the year ended March 31, 2015 (₹ in Lacs)	For the year ended March 31, 2014 (₹ in Lacs)
31. Auditors' remuneration		
Payments to the auditor as		
a. Statutory Audit fees	**1.43**	15.50
b. Tax Audit Fees	**2.57**	—
b. Out-of-pocket expenses	**1.45**	2.31
Total	**5.45**	17.81

32. Contingent liabilities and commitments (to the extent not provided for)

A. Contingent liabilities

1. Claims against the Company not acknowledged as debts:		
A. Income tax matters relating to allowability of expenses, unabsorbed depreciation and brought forward losses, etc.	—	7.04
B. Excise duty, sales tax and indirect taxes claims disputed relating to issues of applicability and classification	—	183.76
C. Local authority taxes / Cess/ Royalty on property, utilities etc. disputed relating to issues of applicability and determination	—	200.09
D. Third party claims arising from disputes relating to contracts	—	455.87
E. Other matters	—	57.34
	—	904.10
2. Other matters for which the Company is contingently liable		
A. Test bonds / special valuation bonds equivalent to CIF Value of exports of certain raw materials in respect of which additional liability of custom duty is not likely to exceed the amount.	—	241.00
B. Claims have been filed by farmers in respect of disputes under the WIMCO NABARD Poplar Scheme.	—	19.65
	—	1,164.75

B. Commitments

Capital Expenditure Commitments	—	—
	—	—
Total of contingent liability and commitments [A + B]	—	1,164.75

33. Scheme of arrangement with ITC Limited:

Pursuant to the Scheme of Arrangement ("the Scheme") approved by the Hon'ble High Courts at Bombay and Calcutta and effective from June 27, 2014, the Non-Engineering Business [comprising Safety Matches Business and Agri (Forestry) Business] was demerged from the Company and transferred to ITC Limited, the Holding Company, with effect from April 1, 2013, the appointed date. As per the Scheme, all assets and liabilities of the Non-Engineering Business, including landed property, intellectual properties (brands, licences, trademarks), permissions/approvals, debts/obligations, borrowings, contingent liabilities, legal proceedings, carried forward losses, unavailed credits, exemptions and other statutory benefits stand transferred to ITC Limited from the appointed date. The employees of the Non-Engineering Business have also moved to ITC Limited and consequently the employee related benefits and all contracts and agreements in relation to them have been taken over by ITC Limited.

The Scheme has accordingly been given effect to in the financial statements of the Company for the year ended March 31, 2015.

1. As per the scheme, the assets and liabilities as at April 1, 2013 that have been transferred to ITC Limited are as follows :

	Amount (₹ lacs)
ASSETS	
Fixed Assets - Tangible & Intangible (Net Block)	14,867.50
Less : Revalutaion Reserve	(4,556.85)
Fixed Assets net of Revaluation Reserve	10,310.65
Investments	599.15
Long term Loans and Advances	2,346.41
Other non current Assets	0.25
Inventories	2,300.42
Trade receivables	186.78
Cash and cash equivalents	96.92
Short-term loans and advances	779.71
Other current assets	128.39
TOTAL Assets (A)	**16,748.68**
LIABILITIES	
Long-term borrowings	(200.00)
Other long-term liabilities *	(5,246.79)
Long-term provisions	(85.96)
Short-term borrowings	(18.40)
Trade payables	(3,695.63)
Other current liabilities	(227.93)
Short-term provisions	(53.88)
TOTAL Liabilities (B)	**(9,528.59)**
Excess of assets transferred over liabilities [X = (A) - (B)]	**7,220.09**

2. As per the Scheme, the excess of assets transferred over liabilities, as at April 1, 2013, has been adjusted against the following;

Capital redemption reserve	500.00
Capital reserve	29.96
Securities premium *	5,182.91
TOTAL [Y]	**5,712.87**

* The premium payable on redemption of preference share capital as on April 1, 2013 of ₹ 741.68 lakhs has been reversed and credited to Securities Premium Account

Excess of assets transferred over liabilities (X) after adjustment of reserves [Y] 1,507.22

The excess of assets transferred over liabilities (X) after adjustment of reserves [Y], that is ₹ 1,507.22 Lacs, has been accounted as "Demerger Adjustment Account" in the books of the Company and has been transferred to the opening balance in the Statement of Profit & Loss.

3. As per the Scheme, the Preference Share Capital of ₹ 5000 lacs divided into 50,00,000 zero coupon preference shares of ₹ 100 each stands cancelled and the same has been adjusted with the debit balance of the Profit & Loss Account as appearing in the books of the Company on the appointed date.

NOTES TO THE FINANCIAL STATEMENTS

34. In the previous year, the Company, as a measure of prudence provided for dimunition in value of investments in Pavan Poplar Ltd. and advances given to Prag Agro Farms Ltd consequent to an order passed by Nainital High Court against which Company's appeals have been admitted.

Pursuant to the Scheme of Arrangement, the investments and the provision for such investments have since been transferred to ITC Limited and accordingly the two 100% subsidiaries of the Company, i.e. Pavan Poplar Ltd. (PPL) and Prag Agro Farm Ltd. (PAFL), have become direct subsidiaries of ITC Limited.

35. 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, 2015 and March 31, 2014. 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.

	For the year ended March 31, 2015 (₹ in Lacs)	For the year ended March 31, 2014 (₹ in Lacs)
36. Sale of products and services		
Sale of Finished Goods		
- Safety Matches (manufactured)	—	5,847.35
- ETPs	—	981.19
- Engineering Products including Spares (manufactured)	**1,287.75**	1,752.96
- Others (including Farm & Forest Produce)	—	564.69
Sale of Traded Goods		
- Safety Matches	—	7,798.39
- Others		
Sale of Engineering services	**91.75**	83.99
TOTAL	**1,379.50**	17,028.57
37. Details of Raw Materials and Finished Goods Inventories		
Raw materials		
- Wood	—	1.75
- Splints and veneers	—	28.28
- Card board and paper	—	103.56
- Chemicals	—	110.46
- Machine parts and sub-assemblies	**89.73**	144.85
- Others	—	17.70
TOTAL	**89.73**	406.60
Finished Goods		
- Safety Matches	—	40.20
- Engineering Machines	**23.50**	7.98
TOTAL	**23.50**	48.18
38. Details of consumption and purchases		
(a) Details of raw materials/packing materials consumed		
Wood	—	27.02
Splints and veneers	—	1,255.13
Card board and paper	—	530.09
Chemicals	—	692.19
Others	**824.51**	1,935.45
TOTAL	**824.51**	4,439.88

(b) Value of imported and indigenous materials consumed

	2015 (%)	2014 (%)		
Raw materials				
Imported	—	4.22	—	187.25
Indigenous	**100.00**	95.78	**824.51**	4,252.63
	100.00	100.00	**824.51**	4,439.88
Stores and spare parts				
Imported	—	0.10	—	—
Indigenous	**100.00**	99.90	**1.00**	366.67
	100.00	100.00	**1.00**	366.67

(c) Purchase of traded goods		
Matches	—	6,887.33
TOTAL	—	6,887.33
39. CIF value of imports		
Raw materials	—	89.78
40. Expenditure in foreign currency		
Foreign travel	**0.55**	1.92
41. Earnings in foreign exchange		
Exports of goods calculated on FOB basis	**32.84**	237.75

	As at March 31, 2015		As at March 31, 2014	
	(₹ in Lacs)	(USD in Lacs)	(₹ in Lacs)	(USD in Lacs)
42. Unhedged foreign currency exposure not covered by forward contract				
Trade Receivables	**6.13**	**0.10**	**4.26**	0.07

43. Prior period comparitives

Consequent to the Scheme of Arrangement (see note 33), the financial statements for the current year pertain only to the Engineering business. Hence the figures for the current year are not comparable with those of the previous year

NOTES TO THE FINANCIAL STATEMENTS

44. Significant Accounting Policies

1. Basis of Preparation of Financial Statements

A. The financial statements of the Company have been prepared in accordance with the Generally Accepted Accounting Principles in India (Indian GAAP) to comply with the Accounting Standards specified under Section 133 of the Companies Act, 2013, read with Rule 7 of the Companies (Accounts) Rules, 2014 and the relevant provisions of the Companies Act, 2013 ("the 2013 Act") / Companies Act, 1956 ("the 1956 Act"), as applicable.

The financial statements have been prepared on accrual basis under the historical cost convention. The accounting policies adopted in the preparation of the financial statements are consistent with those followed in the previous year except for change in the accounting policy for depreciation as more fully described in Note 10.

B. Going concern assumption: As at 31 March 2015, the net worth of the Company has been substantially eroded due to accumulated losses. Despite the erosion of net worth, the financial statements have been prepared on a going concern basis as the holding company is committed towards providing continued operational and financial support for the foreseeable future.

2. Use of Estimates

The preparation of the financial statements in conformity with Indian GAAP requires the Management to make estimates and assumptions considered in the reported amounts of assets and liabilities (including contingent liabilities) and the reported income and expenses during the year. The Management believes that the estimates used in preparation of the financial statements are prudent and reasonable. Future results could differ due to these estimates and the differences between the actual results and the estimates are recognised in the periods in which the results are known / materialise.

3. Fixed Assets / Depreciation

Tangible Assets

I. Fixed assets are stated at cost of acquisition less accumulated depreciation and impairment loss except in case of certain Freehold Land and certain Buildings, which are shown at revalued amounts less accumulated depreciation.

Intangible Assets

II. Application software, which is not an integral part of the related hardware, is shown as intangible asset.

Depreciation

III. Depreciation on Fixed Assets, Tangible and Intangible is calculated 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

4. Valuation of Inventories

Inventories are valued at the lower of cost and net realisable value.

Inventories of Raw Materials, Stores and Spares are valued on a weighted average cost basis.

Finished and semi-finished goods include cost of conversion and other costs incurred in bringing the inventories to their present location and condition.

5. Foreign Currency Transactions

Transactions denominated in foreign currency are recorded at the exchange rate prevailing on the date of the transactions. Exchange differences arising on foreign exchange transactions settled during the year are recognized in the statement of profit and loss for the year.

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 recognised in the statement of profit and loss.

6. Revenue Recognition

Revenue from sale of goods is recognised on transfer of all significant risks and rewards of ownership to the buyer. Sales are accounted for inclusive of excise duty but net of sales tax and discounts.

Service income is accrued as services are rendered, based on respective contractual terms.

7. Taxes on Income

Current tax is the amount of tax payable on the taxable income for the year as determined in accordance with the applicable tax rates and the provisions of the Income Tax Act, 1961 and other applicable tax laws.

Minimum Alternate Tax (MAT) paid in accordance with the tax laws, which gives future economic benefits in the form of adjustment to future income tax liability, is considered as an asset if there is convincing evidence that the Company will pay normal income tax. Accordingly, MAT is recognised as an asset in the Balance Sheet when it is highly probable that future economic benefit associated with it will flow to the Company.

Deferred tax is recognised on timing differences, being the differences between the taxable income and the accounting income that originate in one period and are capable of reversal in one or more subsequent periods. Deferred tax is measured using the tax rates and the tax laws enacted or substantively enacted as at the reporting date. Deferred tax liabilities are recognised for all timing differences. Deferred tax assets are recognised for timing differences of items other than unabsorbed depreciation and carry forward losses only to the extent that reasonable certainty exists that sufficient future taxable income will be available against which these can be realised. However, if there are unabsorbed depreciation and carry forward of losses and items relating to capital losses, deferred tax assets are recognised only if there is virtual certainty supported by convincing evidence that there will be sufficient future taxable income available to realise the assets. Deferred tax assets and liabilities are offset if such items relate to taxes on income levied by the same governing tax laws and the Company has a legally enforceable right for such set off. Deferred tax assets are reviewed at each balance sheet date for their realisability.

8. Employee benefits

Employee benefits include provident fund, superannuation fund, employee state insurance scheme, gratuity, and compensated absences.

Short-term employee benefits

The undiscounted amount of short-term employee benefits expected to be paid in exchange for the services rendered by employees are recognised during the year when the employees render the service. These benefits include performance incentive and compensated absences which are expected to occur within twelve months after the end of the period in which the employee renders the related service.

Post-employment benefits

The contributions towards provident fund are made to a Company managed provident fund. The interest rate payable by the Trust to the beneficiaries every year is being notified by the Government. The Company has an obligation to make good the shortfall, if any, between the return from the investments of the Trust and the notified interest rate.

The Company's approved Superannuation Pension Scheme applicable to certain employees is a defined contribution plan funded with the Life Insurance Corporation of India (LIC). The annual contributions made under the policy are recognised as an expense in the statement of profit and loss during the period in which the employee renders the related service.

For defined benefit plans in the form of gratuity fund, the cost of providing benefits is determined using the Projected Unit Credit method, with actuarial valuations being carried out at each balance sheet date. Actuarial gains and losses are recognised in the Statement of Profit and Loss 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, as reduced by the fair value of scheme assets.

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. The discount rates used for determining the present value of the obligation under defined benefit plan are based on the market yields on Government securities as at the balance sheet date.

9. Provisions and Contingencies

A provision is recognised when the Company has a present obligation 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. Provisions (excluding retirement benefits) are not discounted to their present value and are determined based on the best estimate required to settle the obligation at the balance sheet date. These are reviewed at each balance sheet date and adjusted to reflect the current best estimates. Contingent liabilities are disclosed in the Notes. Contingent assets are not recognised in the financial statements.

10. 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.

11. Cash and Cash Equivalents

Cash comprises cash on hand and demand deposits with banks. Cash equivalents are short-term balances (with an original maturity of three months or less from the date of acquisition), highly liquid investments that are readily convertible into known amounts of cash and which are subject to insignificant risk of changes in value.

12. Cash Flow Statement

Cash flows are reported using the indirect method, whereby profit / (loss) before extraordinary items and tax 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 based on the available information.

13. Operating Cycle

Based on the nature of products / activities of the Company 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.

For and on behalf of the Board

K N GRANT	**R. SENGUTTUVAN**
Chairman	*Managing Director*
S K SIPANI	**SAURABH PAL**
Company Secretary	*Chief Financial Officer*

Place: Kolkata
Date : 28th April, 2015

REPORT OF THE BOARD OF DIRECTORS FOR THE FINANCIAL YEAR ENDED 31 MARCH, 2015

1. Your Board of Directors hereby submit their Report for the financial year ended 31st March, 2015.

2. COMPANY PERFORMANCE

The operations of the Company were adversely affected during the current year 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 Company filed an appeal against the High Court Order in March 2014, which was subsequently admitted in April 2014. The Company is actively pursuing the case.

Consequently, the Company's Total Revenue declined from ₹ 0.70 crore in the previous year to ₹ 0.04 crore in the current year. The Company reported a Loss of ₹ 0.08 crore during the year (previous year: Loss of ₹ 4.05 crores after considering an aggregate provision of ₹ 3.99 crores made towards inventory and fixed assets).

Pursuant to the Scheme of Arrangement for demerger of the Non-Engineering Business of Wimco Limited to ITC Limited becoming effective from 27th June, 2014, the Company became a direct wholly-owned subsidiary of ITC Limited with effect from the said date.

3. DIVIDEND

Considering the losses incurred by the Company during the year, your Board has not recommended any dividend.

4. DIRECTORS

During the year, Mr. Dipes Chakraborti resigned as Director of the Company with effect from close of work on 31st December, 2014. Your Directors would like to place on record their appreciation for the contribution made by Mr. Chakraborti.

Dr. R. C. Dhiman (DIN: 07058780) was appointed by your Board as an Additional Director of the Company with effect from 31st December, 2014. In accordance with Section 161 of the Companies Act, 2013 and Article 105 of the Articles of Association of the Company, Dr. Dhiman will cease to hold office at the ensuing Annual General Meeting and is eligible for appointment as a Director of the Company. Your Board at its meeting held on 6th May, 2015, recommended for the approval of the Members, the appointment of Dr. Dhiman as a Director of your Company, liable to retire by rotation. Notice under Section 160 of the Companies Act, 2013 has been received by the Company for appointment of Dr. Dhiman, who has also filed his consent to act as Director of your Company, if appointed. Appropriate resolution seeking your approval to Dr. Dhiman's appointment is appearing in the Notice convening the ensuing Annual General Meeting of the Company.

In accordance with the provisions of Articles 100, 101 and 102 of the Articles of Association of the Company, Mr. S. K. Sipani (DIN: 02513625), Director, will retire by rotation at the forthcoming Annual General Meeting (AGM) of the Company, and being eligible, offers himself for re-election. The Board has recommended his re-election.

5. NUMBER OF BOARD MEETINGS

During the year ended 31st March, 2015, five meetings of the Board were held.

6. DIRECTORS' RESPONSIBILITY STATEMENT

As required under Section 134(5) of the Companies Act, 2013, your Directors confirm having : -

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

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

iii) taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013 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 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

None of the employees of your Company is covered under the provisions of Rule 5(2) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014.

9. RISK MANAGEMENT

The Company's risk management framework is designed to bring robustness to the risk management processes within the Company and addresses risks intrinsic to operations, financials and compliances arising out of the overall strategy of the Company. The Risk Management Policy of the Company has been approved by the Board.

The responsibility for management of risks vests with the Managers responsible for the day-to-day conduct of 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

There are adequate internal financial controls in your Company with respect to the financial statements, commensurate with the size and scale of operations of the Company.

11. PARTICULARS OF LOANS, GUARANTEES AND INVESTMENTS

During the year ended 31st March, 2015, the Company has neither given any loan or guarantee nor has made any investment under Section 186 of the Companies Act, 2013.

12. RELATED PARTY TRANSACTIONS

During the year ended 31st March, 2015, the Company has not entered into any contract or arrangement with its related parties which is not on arm's length basis. The details in Form AOC-2 of a material transaction entered into by the Company with its related party are provided under **Annexure 1** to this Report.

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

During the year 2013-14, the Hon'ble High Court of Uttarakhand at Nainital had passed an Order directing the State authorities to take possession of the land leased to the Company. The appeal filed by the Company against the said Order has been admitted.

For further details, please refer to Note 23 of the Financial Statements of the Company.

14. EXTRACT OF ANNUAL RETURN

The details forming part of the extract of the Annual Return in Form MGT-9 are provided under **Annexure 2** to this Report.

15. AUDITORS

The Company's Auditors, Messrs. Deloitte Haskins & Sells, Chartered Accountants (DHS), were appointed at the Seventeenth AGM to hold such office till the conclusion of the Twenty-Second AGM. Your Board, in terms of Section 139 of the Companies Act, 2013, has recommended for the ratification of the Members the appointment of DHS from the conclusion of the ensuing AGM till the conclusion of the Ninteenth AGM. The Board, in terms of Section 142 of the Companies Act, 2013, has also recommended for the approval of the Members the remuneration of DHS for the financial year 2015-16. Appropriate resolution in respect of the above is appearing in the Notice convening the ensuing AGM of the Company.

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

(a) Conservation of Energy

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

(b) Technology Absorption

There has been no technology absorption during the year and the Company has not incurred any expense on research and development.

(c) Foreign Exchange Earnings and Outgo

There has been no foreign exchange earnings or outgo during the year under review.

17. ACKNOWLEDGEMENT

The Board acknowledges the understanding and support of the government, investors, banks, distributors, customers, suppliers and business associates and the dedication and hard work of its employees.

On behalf of the Board

S. K. Sipani Director
R. C. Dhiman Director

Date: 6 May, 2015

Annexure 1 to the Report of the Board of Directors

FORM AOC-2

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

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

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

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	Pavan Poplar Limited (PPL), fellow subsidiary
b)	Nature of contracts / arrangements / transactions	Advance taken from PPL
c)	Duration of the contracts / arrangements / transactions	One year
d)	Salient terms of the contracts or arrangements or transactions including the value, if any	Value of transaction- Rs 2.50 lacs
e)	Date(s) of approval by the Board, if any	—
f)	Amount paid as advances, if any	—

On behalf of the Board

Date: 6 May, 2015

S. K. Sipani Director
R. C. Dhiman Director

Annexure 2 to the Report of the Board Of Directors

FORM MGT-9

EXTRACT OF ANNUAL RETURN

as on the financial year ended on 31st march, 2015

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

I. REGISTRATION AND OTHER DETAILS

i)	CIN	:	U01100MH1995PLC128846
ii)	Registration Date	:	25th April, 1997
iii)	Name of the Company	:	Prag Agro Farm Limited
iv)	Category / Sub-Category of the Company	:	Unlisted Public Company limited by shares
v)	Address of the Registered office and contact details	:	Indian Mercantile Chambers R. Kamani Marg, Ballard Estate, Mumbai - 400 001 Phone: 022 4366 3333 Fax: 022 2269 2228 e-mail ID : surendra.sipani@itc.in
vi)	Whether listed company (Yes / No)	:	No
vii)	Name, Address and Contact details of Registrar and Transfer Agent, if any	:	N.A.

II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

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

Sl. No.	Name and Description of main products / services	NIC Code of the Product/ service	% to total turnover of the Company
1.	Growing of vegetables, n.e.c	01139	60%
2.	Growing of Mangoes & Growing of Litchis	01221 & 01224	40%

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES

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

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

(i) Category-wise Shareholding:

Category of Shareholders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
A. Promoters									
(1) Indian									
a) Individual/HUF	—	—	—	—	—	—	—	—	N.A.
b) Central Govt.	—	—	—	—	—	—	—	—	N.A.
c) State Govt.(s)	—	—	—	—	—	—	—	—	N.A.
d) Bodies Corp.	—	38,00,020	38,00,020	100.00	—	38,00,020	38,00,020	100.00	Nil
e) Banks / FI	—	—	—	—	—	—	—	—	N.A.
f) Any Other	—	—	—	—	—	—	—	—	N.A.
Sub-total (A)(1)	—	38,00,020	38,00,020	100.00	—	38,00,020	38,00,020	100.00	Nil
(2) Foreign									
a) NRIs - Individuals	—	—	—	—	—	—	—	—	N.A.
b) Other - Individuals	—	—	—	—	—	—	—	—	N.A.
c) Bodies Corp.	—	—	—	—	—	—	—	—	N.A.
d) Banks / FI	—	—	—	—	—	—	—	—	N.A.
e) Any Other	—	—	—	—	—	—	—	—	N.A.
Sub-total (A)(2)	—	—	—	—	—	—	—	—	N.A.
Total shareholding of Promoter (A) = (A)(1)+(A)(2)	—	38,00,020	38,00,020	100.00	—	38,00,020	38,00,020	100.00	Nil
B. Public Shareholding									
1. Institutions									
a) Mutual Funds	—	—	—	—	—	—	—	—	N.A.
b) Banks / FI	—	—	—	—	—	—	—	—	N.A.
c) Central Govt.	—	—	—	—	—	—	—	—	N.A.
d) State Govt.(s)	—	—	—	—	—	—	—	—	N.A.
e) Venture Capital Funds	—	—	—	—	—	—	—	—	N.A.
f) Insurance Companies	—	—	—	—	—	—	—	—	N.A.
g) FIIs	—	—	—	—	—	—	—	—	N.A.
h) Foreign Venture Capital Funds	—	—	—	—	—	—	—	—	N.A.
i) Others (specify)	—	—	—	—	—	—	—	—	N.A.
Sub-total (B)(1)	—	—	—	—	—	—	—	—	N.A.
2. Non-Institutions									
a) Bodies Corp.									
i) Indian	—	—	—	—	—	—	—	—	N.A.
ii) Overseas	—	—	—	—	—	—	—	—	N.A.
b) Individuals									
i) Individual shareholders holding nominal share capital upto Rs. 1 lakh									
ii) Individual shareholders holding nominal share capital in excess of Rs. 1 lakh	—	—	—	—	—	—	—	—	N.A.
c) Others (specify)	—	—	—	—	—	—	—	—	N.A.
Sub-total (B)(2)	—	—	—	—	—	—	—	—	N.A.
Total Public Shareholding (B)=(B)(1)+ (B)(2)	—	—	—	—	—	—	—	—	N.A.
C. Shares held by Custodian for GDRs & ADRs	—	—	—	—	—	—	—	—	N.A.
Grand Total (A+B+C)	—	38,00,020	38,00,020	100.00	—	38,00,020	38,00,020	100.00	Nil

(ii) Shareholding of Promoters:

Sl. No.	Shareholder's Name	Shareholding at the beginning of the year			Shareholding at the end of the year			% change in shareholding during the year
		No. of Shares	% of total Shares of the Company	% of Shares pledged / encumbered to total Shares	No. of Shares	% of total Shares of the Company	% of Shares pledged / encumbered to total Shares	
1.	Wimco Limited	38,00,020	100.00	Nil	—	—	N.A.	100.00
2.	ITC Limited	—	—	N.A.	38,00,020	100.00	Nil	100.00

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

Sl. No.		Shareholding at the beginning of the year		Cumulative Shareholding at the end of the year	
		No. of Shares	% of total Shares of the Company	No. of Shares	% of total Shares of the Company
1.	**Wimco Limited**				
	At the beginning of the year	38,00,020	100.00		
	Date wise Increase / Decrease in Promoters Shareholding during the year	(38,00,020)	100.00	Nil	N.A.
	• Transferred to ITC Limited pursuant to Scheme of Arrangement for demerger of Non-Engineering Business of Wimco Limited to ITC Limited which became effective from 27th June, 2014				
	At the end of the year			Nil	N.A

Sl. No.		Shareholding at the beginning of the year		Cumulative Shareholding at the end of the year	
		No. of Shares	% of total Shares of the Company	No. of Shares	% of total Shares of the Company
2.	**ITC Limited**				
	At the beginning of the year	Nil	N.A.		
	Date wise Increase / Decrease in Promoters Shareholding during the year	38,00,020	100.00	38,00,020	100.00
	• Acquired from Wimco Limited pursuant to Scheme of Arrangement for demerger of Non-Engineering Business of Wimco Limited to ITC Limited which became effective from 27th June, 2014				
	At the end of the year			38,00,020	100.00

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

(v) Shareholding of Directors and Key Managerial Personnel:

Sl. No.	For each of the Directors and KMP	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of Shares	% of total Shares of the Company	No. of Shares	% of total Shares of the Company
1.	**S. K. Sipani (Non-Executive Director)**				
	At the beginning of the year	Nil	N.A.		
	Date wise Increase / Decrease in Shareholding during the year	—	N.A.	—	N.A.
	At the end of the year			Nil	N.A.
2.	**R. C. Dhiman (Non-Executive Director)**				
	At the beginning of the year	Nil	N.A.		
	Date wise Increase / Decrease in Shareholding during the year	—	N.A.	—	N.A.
	At the end of the year			Nil	N.A.
3.	**S. Limaye (Non-Executive Director)**				
	At the beginning of the year	Nil	N.A.		
	Date wise Increase / Decrease in Shareholding during the year	—	N.A.	—	N.A.
	At the end of the year			Nil	N.A.

V. INDEBTEDNESS

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

(Amount in Rs.)

	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
Indebtedness at the beginning of the financial year i) Principal Amount ii) Interest due but not paid iii) Interest accrued but not due	Nil	8,39,79,967	Nil	8,39,79,967
Total (i+ii+iii)	Nil	8,39,79,967	Nil	8,39,79,967
Change in Indebtedness during the financial year • Addition • Reduction	Nil	Nil	Nil	Nil
Net Change	Nil	Nil	Nil	Nil
Indebtedness at the end of the financial year i) Principal Amount ii) Interest due but not paid iii) Interest accrued but not due	Nil	8,39,79,967	Nil	8,39,79,967
Total (i+ii+iii)	Nil	8,39,79,967	Nil	8,39,79,967

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

A. Remuneration to Managing Director, Wholetime Directors and / or Manager: NOT APPLICABLE

B. Remuneration to other Directors: (Amount in Rs.)

Sl. No.	Name of the Directors	Particulars of Remuneration			Total Amount
		Fee for attending Board and Board Committee meetings	Commission	Others, please specify	
1.	**Independent Directors**				
	Total Amount (B)(1)	—	—	—	—
2.	**Other Non-Executive Directors**				
	S. K. Sipani	—	—	—	—
	R. C. Dhiman	—	—	—	—
	S. Limaye	—	—	—	—
	Total Amount (B)(2)	—	—	—	—
Total Amount (B) = (B)(1) + (B)(2)					—
Total Managerial Remuneration (A + B)					—
Overall ceiling as per the Act					Rs. 30 lacs per annum**

***Considering that the Company has incurred losses during the financial year ended 31st March, 2015, ceiling as per Part II of Schedule V of the Companies Act, 2013 has been disclosed.*

C. Remuneration to Key Managerial Personnel other than MD / Manager / WTD: NOT APPLICABLE

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

On behalf of the Board

S. K. Sipani Director
R. C. Dhiman Director

Date: 6th May, 2015

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF PRAG AGRO FARM LIMITED

We have audited the accompanying financial statements of **PRAG AGRO FARM LIMITED** ("the Company"), which comprise the Balance Sheet as at March 31, 2015, the Statement of Profit and Loss, the Cash Flow Statement for the year then ended, and a summary of the significant accounting policies and other explanatory 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 Companies Act, 2013 ("the Act") with respect to the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit.

We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.

We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on whether the Company has in place an adequate internal financial controls system over financial reporting and the operating effectiveness of such controls. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, 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 on the financial statements.

Opinion

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 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, 2015, and its loss and its cash flows for the year ended on that date.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2015 ("the Order") issued by the Central Government in terms of Section 143(11) of the Companies Act, 2013, we give in the Annexure a statement on the matters specified in paragraphs 3 and 4 of the Order.
2. As required by Section143 (3) of the Act, we report that:
   (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
   (b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
   (c) The Balance Sheet, the Statement of Profit and Loss, and the Cash Flow Statement dealt with by this Report are in agreement with the books of account.
   (d) In our opinion, the aforesaid financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
   (e) On the basis of the written representations received from the directors as on March 31, 2015 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2015 from being appointed as a director in terms of Section 164 (2) of the Act.
   (f) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
      i. The Company has disclosed the impact of pending litigation on its financial position in Note 23 to the financial statements.
      ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.
      iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

For **DELOITTE HASKINS & SELLS**
Chartered Accountants
(Firm Registration No. 302009E)

K. Rajasekhar
Partner
(Membership No. 23341)

Secunderabad, 6th May, 2015

ANNEXURE TO THE INDEPENDENT AUDITORS' REPORT

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

(i) Having regard to the nature of the Company's business / activities / result during the year, clauses (v), (vi), (ix) and (xi) of paragraph 3 of the Order are not applicable to the Company.

(ii) In respect of its 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.

(iii) In respect of its inventory:

(a) As explained to us, the inventories were physically verified during the year by the management at reasonable intervals.

(b) In our opinion and according to the information and explanation given to us, the procedures of physical verification of inventories followed by the management were reasonable and adequate in relation to the size of the Company and the nature of its business.

(c) In our opinion and according to the information and explanations given to us, the Company has maintained proper records of its inventories and no material discrepancies were noticed on physical verification.

(iv) The Company has not granted any loans, secured or unsecured, to companies, firms or other parties covered in the Register maintained under Section 189 of the Companies Act, 2013.

(v) In our opinion and according to the information and explanations given to us, there is an adequate internal control system commensurate with the size of the Company and the nature of its business with regard sale of goods. The Company has not purchased fixed assets and inventory during the year. During the course of our audit, we have not observed any major weakness in such internal control system.

(vi) 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, Value Added Tax and other material statutory dues applicable to it with the appropriate authorities.

(b) There were no undisputed amounts payable in respect of Income-tax, Value Added Tax and other material statutory dues in arrears as at March 31, 2015 for a period of more than six months from the date they became payable.

(c) There were no dues with respect to Income-tax, Value Added Tax and Cess which has not been deposited as at 31 March 2015, on account of any dispute.

(d) There are no dues payable to Investors' Education and Protection Fund in accordance with the relevant provisions of the Companies Act, 1956 [1 of 1956] and rules made there under.

(vii) The accumulated losses of the Company at the end of the financial year are not less than fifty percent of its net worth and the Company has incurred cash losses during the financial year covered by our audit and in the immediately preceding financial year.

(viii) According to the information and explanations given to us, the Company has not given guarantees for loans taken by others from banks and financial institutions.

(ix) 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 has been noticed or reported during the year.

For **DELOITTE HASKINS & SELLS**
Chartered Accountants
(Firm Registration No. 302009E)

K. Rajasekhar
Partner
(Membership No. 23341)

Secunderabad, 6th May, 2015

BALANCE SHEET AS AT MARCH 31, 2015

	Note	As at March 31, 2015 (₹)	As at March 31, 2014 (₹)
EQUITY AND LIABILITIES			
Shareholders' Funds			
Share capital	1	**3,80,00,200**	3,80,00,200
Reserves and surplus	2	**(11,49,19,776)**	(11,41,24,223)
Non-current liabilities			
Long-term borrowings	3	—	8,39,79,967
Current liabilities			
Trade payables		**6,22,479**	3,02,108
Other current liabilities	4	**8,42,29,967**	2,54,831
TOTAL		**79,32,870**	84,12,883
ASSETS			
Non-current assets			
Fixed assets	5		
Tangible assets		—	—
Non-current investments	6	**11,000**	16,000
Long-term loans and advances	7	**7,67,834**	7,58,163
Current assets			
Current investments	8	**8,000**	13,000
Inventories	9	—	—
Trade receivables	10	—	3,91,840
Cash and cash equivalents	11	**25,868**	1,11,983
Short-term loans and advances	12	**71,15,206**	71,15,230
Other current assets	13	**4,962**	6,667
TOTAL		**79,32,870**	84,12,883
Significant accounting policies	26		

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

K Rajasekhar
Partner

Place: Secunderabad
Date: May 06, 2015

For and on behalf of the Board

S. K. Sipani
Director

R. C. Dhiman
Director

Place: Chennai
Date: 6th May, 2015

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED MARCH 31, 2015

	Note	For the year ended March 31, 2015 (₹)	For the year ended March 31, 2014 (₹)
Income			
Revenue from sale of products	14	**3,15,077**	69,10,394
Other operating revenue		**64,840**	—
Revenue from operations		**3,79,917**	69,10,394
Other income	15	**1,723**	1,14,844
Total		**3,81,640**	70,25,238
Expenses			
Cost of seeds	16	—	6,32,386
Changes in inventories of finished goods and work-in-progress	17	—	(20,46,845)
Depreciation and amortisation expense	5	—	12,58,164
Other expenses	18	**11,76,637**	77,48,775
Total		**11,76,637**	75,92,480
Loss before tax and exceptional items		**(7,94,997)**	(5,67,242)
Exceptional items (Refer Note 24)		—	(3,99,54,628)
Loss before tax		**(7,94,997)**	(4,05,21,870)
Tax expense			
Current tax		**556**	21,883
Loss for the year		**(7,95,553)**	(4,05,43,753)
Earnings per share (Face value Rs.10 each)	20		
Basic and diluted		**(0.21)**	(10.67)
Significant accounting policies	26		

The accompanying notes 1 to 26 and an integral part of the financial statements.

In terms of our report attached
For Deloitte Haskins & Sells
Chartered Accountants

K Rajasekhar
Partner

Place: Secunderabad
Date: May 06, 2015

For and on behalf of the Board

S. K. Sipani Director
R. C. Dhiman Director

Place: Chennai
Date: 6th May, 2015

CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2015

	For the year ended March 31, 2015 (₹)	For the year ended March 31, 2014 (₹)
A. Cash flow from operating activities		
Loss before tax	**(7,94,997)**	(4,05,21,870)
Adjustments for:		
Depreciation & amortization expense	—	12,58,164
Fixed assets impairment (Refer Note 24)	—	2,00,07,731
Profit on sale of tangible assets (net)	—	(1,12,024)
Interest income	**(1,723)**	(2,820)
Operating loss before working capital changes	**(7,96,720)**	(1,93,70,819)
Adjustment for		
Trade receivable, loan and advances and other assets	**3,91,864**	12,482
Inventories	—	1,79,00,052
Trade payable, other liabilities and provisions	**3,15,540**	1,39,652
Cash used in operations	**(89,316)**	(13,18,633)
Taxes paid (net of refunds)	**(10,227)**	(15,348)
Net cash used in operating activities	**(99,543)**	(13,33,981)
B. Cash flow from investing activities		
Redemption of long term investments	**5,000**	—
Redemption of short term investments	**5,000**	10,000
Proceeds from sale of tangible assets	—	1,19,360
Interest received	**3,428**	6,406
Net cash flow from investing activities	**13,428**	1,35,766
C. Cash flow from financing activities		
Borrowing from holding company (net)	—	11,64,720
Net cash flow from financing activities	—	11,64,720
D. Net decrease in cash and cash equivalents	**(86,115)**	(33,495)
E. Reconciliation		
Cash and cash equivalents at the beginning of the year	**1,11,983**	1,45,478
Cash and cash equivalents at the end of the year	**25,868**	1,11,983
	(86,115)	(33,495)

Note: 1. The Cash Flow Statement has been prepared under the "Indirect Method" as set out in Accounting Standard - 3 on Cash Flow Statement.
2. Cash and Cash Equivalents:

Cash on hand	**461**	14,663
Balances with Banks- In current accounts	**25,407**	97,320
Cash and Cash Equivalent (Refer Note 11)	**25,868**	1,11,983

The accompanying notes 1 to 26 and an integral part of the financial statements.

In terms of our report attached
For Deloitte Haskins & Sells
Chartered Accountants

K Rajasekhar
Partner

Place: Secunderabad
Date: May 06, 2015

For and on behalf of the Board

S. K. Sipani Director
R. C. Dhiman Director

Place: Chennai
Date: 6th May, 2015

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

	As at March 31, 2015		As at March31, 2014	
1. Share capital	**No. of Shares**	(₹)	No. of Shares	(₹)
Authorised				
Equity shares of Rs.10 each	**40,00,000**	**4,00,00,000**	40,00,000	4,00,00,000
	40,00,000	**4,00,00,000**	40,00,000	4,00,00,000
Issued subscribed and paid up				
Equity shares of Rs.10 each	**38,00,020**	**3,80,00,200**	38,00,020	3,80,00,200
	38,00,020	**3,80,00,200**	38,00,020	3,80,00,200

a) Reconciliation of number of shares and amount at beginning and at the end of the reporting year:

	Year ended 31 March, 2015		Year ended 31 March, 2014	
	No. of Shares	(₹)	No. of Shares	(₹)
Opening balance	**38,00,020**	**3,80,00,200**	38,00,020	3,80,00,200
Add: issued during the year	—	—	—	—
Closing balance	**38,00,020**	**3,80,00,200**	38,00,020	3,80,00,200

b) Details of Equity Shares held by holding company:

	As at March 31, 2015	As at March31, 2014
	No. of Shares	No. of Shares
ITC Limited and its nominees (w.e.f. June 27, 2014)	**38,00,020**	—
Wimco Limited and its nominees (upto 26 June, 2014)	—	38,00,020

c) Details of shareholders holding more than 5% of the ordinary shares of the company

	As at March 31, 2015		As at March31, 2014	
	No. of Shares	%	No. of Shares	%
ITC Limited and its nominees (w.e.f. June 27, 2014)	**38,00,020**	**100%**	—	—
Wimco Limited and its nominees (upto 26 June, 2014)	—	—	38,00,020	100%

d) Rights, preferences and restrictions attached to shares

The equity shares of the Company, having par value of Rs.10 per share, rank pari passu in all respects including voting rights and entitlement to dividend.

	As at March 31, 2015 (₹)	As at March 31, 2014 (₹)
2. Reserves and surplus		
Deficit in the statement of profit and loss		
Opening Balance	**(11,41,24,223)**	(7,35,80,470)
Loss for the year	**(7,95,553)**	(4,05,43,753)
Closing Balance	**(11,49,19,776)**	(11,41,24,223)
3. Long term borrowings		
Unsecured :		
Loans and advances from related parties	—	8,39,79,967
Total	—	8,39,79,967

Loans and advances from related party - ITC Limited (holding company)- Interest free repayable by March, 2016

	As at March 31, 2015 (₹)	As at March 31, 2014 (₹)
4. Other current liabilities		
Loans and advances from related parties	**8,39,79,967**	—
Other payable		
Advances from customers	**2,50,000**	2,40,078
Statutory dues payable	—	14,753
Total	**8,42,29,967**	2,54,831

5. Fixed Assets

Amount In (₹)

Particulars	GROSS BLOCK				Amortisation/Impairment							Net book value	
					As at April 1, 2014		For the year		Withdrawals	As at March 31, 2015			
	As at March 31, 2014	Additions	Withdrawals	As at March 31, 2015	Amortisation	Impairment	Amortisation	Impairment		Amortisation	Impairment	As at March 31, 2015	As at March 31, 2014
Tangible assets													
Leasehold land*	10,16,90,195	—	—	**10,16,90,195**	3,06,80,517	7,10,09,678	—	—	—	**3,06,80,517**	**7,10,09,678**	—	—
	10,16,90,195	—	—	*10,16,90,195*	*2,95,37,276*	*5,10,01,947*	*11,43,241*	*2,00,07,731*	—	*3,06,80,517*	*7,10,09,678*	—	—
Building	1,79,500	—	—	**1,79,500**	1,79,500	—	—	—	—	**1,79,500**	—	—	—
	1,79,500	—	—	*1,79,500*	*70,784*	—	*1,08,716*	—	—	*1,79,500*	—	—	—
Plant and machinery	30,500	—	—	**30,500**	30,500	—	—	—	—	**30,500**	—	—	—
	45,500	—	*15,000*	*30,500*	*31,957*	—	*6,207*	—	*7,664*	*30,500*	—	—	—
Furniture and fixture	1,500	—	—	**1,500**	1,500	—	—	—	—	**1,500**	—	—	—
	1,500	—	—	*1,500*	*1,500*	—	—	—	—	*1,500*	—	—	—
Vehicle	—	—	—	—	—	—	—	—	—	—	—	—	—
	36,500	—	*36,500*	—	*36,500*	—	—	—	*36,500*	—	—	—	—
Total	10,19,01,695	—	—	**10,19,01,695**	3,08,92,017	7,10,09,678	—	—	—	**3,08,92,017**	**7,10,09,678**	—	—
Previous year	*10,19,53,195*	—	*51,500*	*10,19,01,695*	*2,96,78,017*	*5,10,01,947*	*12,58,164*	*2,00,07,731*	*44,164*	*3,08,92,017*	*7,10,09,678*	—	—

Previous year numbers are in italics

* Pursuant to the order passed by the Honorable High Court of Uttarakhand, at Nainital in the year 2013-14, State Authorities has taken possession of the land leased to the Company.

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

	As at March 31, 2015 (₹)	As at March 31, 2014 (₹)
6. Non - current investments		
Unquoted :		
Trade investments		
Investment in government securities		
National savings certificates		
(pledged with various Mandi Samitis)	**10,000**	15,000
(held in the name of the employees)		
Kisan Vikas Patra	**1,000**	1,000
Total	**11,000**	16,000
Aggregate amount of unquoted investments	**11,000**	16,000
7. Long term loans and advances		
Unsecured, considered good		
Advance tax and tax deducted at source [net of provision Rs.3,51,314 (31.03.2014 : Rs.3,50,758)]	**7,67,834**	7,58,163
Total	**7,67,834**	7,58,163
8. Current investments		
Unquoted :		
Trade investments		
Investment in government securities		
National savings certificates		
(pledged with various Mandi Samitis)	**8,000**	8,000
(held in the name of the employees)		
Term Deposit with Post Office	**—**	5,000
Total	**8,000**	13,000
Aggregate amount of unquoted investments	**8,000**	13,000
9. Inventories		
Work in progress -agri produce	**41,28,268**	41,28,268
Work in progress - poplar trees	**1,58,18,629**	1,58,18,629
Less: Provisions for write down (Refer Note 24)	**(1,99,46,897)**	(1,99,46,897)
Total	**—**	—
10. Trade receivables		
Trade receivables outstanding for a period less than six months from the date they are due for payment		
Unsecured, considered good	**—**	3,91,840
Total	**—**	3,91,840
11. Cash and cash equivalents		
Cash on hand	**461**	14,663
Balances with bank :		
- In current accounts	**25,407**	97,320
Total	**25,868**	1,11,983
12. Short term loans and advances		
Unsecured, considered good		
With statutory authorities	**70,58,100**	70,64,910
Prepaid expenses	**57,106**	50,320
Total	**71,15,206**	71,15,230
13. Other current assets		
Interest accrued but not due on Investments	**4,962**	6,667
Total	**4,962**	6,667

	Year ended March 31, 2015 (₹)	Year ended March 31, 2014 (₹)
14. Revenue from operations		
Sale of products		
Agri produce	**3,15,077**	65,07,503
Others	**—**	4,02,891
Total	**3,15,077**	69,10,394
15. Other income		
Profit on sale of fixed assets	**—**	1,12,024
Interest income	**1,723**	2,820
Total	**1,723**	1,14,844
16. Cost of seeds		
Poplar entire transplant	**—**	74,350
Seeds	**—**	5,58,036
Total	**—**	6,32,386
17. Changes in inventory of finished goods and work in progress		
(Increase)/decrease in stocks		
Stock at the end of the year		
Finished goods	**—**	—
Work in progress - agri produce	**—**	—
Work in progress - poplar trees	**—**	—
Total A	**—**	—
Less: Stock at the beginning of the year		
Finished goods	**—**	49,613
Work in progress - agri produce	**—**	33,62,931
Work in progress - poplar trees	**—**	1,44,87,508
Total B	**—**	1,79,00,052
Provision for write down(Refer Note 24) C		1,99,46,897
(Increase) / decrease in stocks (B-A-C)	**—**	(20,46,845)
18. Other expenses		
Power and fuel	**1,43,485**	9,22,923
Deputation charges	**—**	14,41,540
Consumption of stores and spare parts	**—**	1,893
Rent	**8,197**	8,197
Rates and taxes	**14,874**	89,820
Insurance	**2,24,810**	2,03,035
Repairs and Maintenance - others	**6,653**	3,21,235
Outward freight and handling charges	**—**	71,055
Plantation and cultivation	**5,59,815**	41,05,671
Bank charges	**100**	2,232
Travelling and conveyance	**23,037**	1,91,465
Legal and professional fees	**1,32,444**	2,15,093
Postage and telephone charges	**501**	32,091
Printing and stationery	**1,243**	7,317
Auditors' remuneration		
- Statutory audit fees	**50,000**	1,00,000
- Reimbursement of expenses	**4,968**	4,709
Miscellaneous expenses	**6,510**	30,499
Total	**11,76,637**	77,48,775

19. Segment information

The Company's activities involve, predominantly, business of growing and selling agricultural produce and trading of poplar wood 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.

20. Earnings per share	Year ended March 31, 2015	Year ended March 31, 2014
The computation of earnings per share is set out below:		
Net loss attributable to equity shareholders (A) (Rs)	**(7,95,553)**	(4,05,43,753)
Weighted average number of equity shares outstanding for the year (B) (No.)	**38,00,020**	38,00,020
Earnings per share of face value Rs.10 each basic and diluted ((A) / (B)) (Rs)	**(0.21)**	(10.67)

21. Related Party Disclosures

a) Details of related parties

Name of Related Party	Description of Relationship
ITC Limited	Holding company (w.e.f. June 27, 2014)
Wimco Limited	Holding company (Fellow Subsidiary w.e.f. June 27, 2014)
Pavan Poplar Limited (PPL)	Fellow subsidiary

(b) Details of related party transactions and balances

	Holding Company		Fellow Subsidiary	
	ITC Limited	Wimco Limited	PPL	
	2014-15	2013-14	2014-15	2013-14
Transactions during the year				
Purchases	—	74,350	—	1,566
Sales	—	1450	—	24,300
Expenses Reimbursed	—	15,34,312	—	25,12,350
Expenses Recovered	—	—	—	52,461
Loans taken	—	11,64,720		—
Advance received	—	—	2,50,000	—
Balances at the year end				
Advance from customers	—	—	2,50,000	—
Trade Payable	74,350	74,350	—	—
Long-term Borrowings	8,39,79,967	8,39,79,967	—	—

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.

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

23. During the year 2013-14 the Hon'ble High Court of Uttarakhand, at Nainital had passed an order directing the State authorities to take possession of the land leased to the Company. The Company has filed an appeal against the said order and the appeal has been admitted.

    In the interim, the Company has been examining alternate business opportunities and basis its long experience of trading in poplar wood, proposes to engage in such trading in proximate markets.

    The Board is hopeful of obtaining certain tax refunds that have been applied for and proposes to utilize such proceeds in the trading business. The Board is also evaluating alternate funding options. Accordingly, the Board has determined that it would be appropriate to prepare its financial statements on a going concern basis.

24. The Company reviewed the balances of its Inventories (Rs.1,99,46,897) and Fixed assets (Rs.2,00,07,731) as at March 31, 2014 and as measure of prudence, had provided for these balances in the financial year ended March 31, 2014, pending appeal in the Hon'ble High Court of Uttarakhand, at Nainital.

25. Previous years' figures have been regrouped/reclassified wherever necessary to correspond with the current year classification/disclosures.

26. Significant accounting policies

(a) Basis of Accounting:

The financial statements of the Company have been prepared in accordance with the Generally Accepted Accounting Principles in India ('Indian GAAP') to comply with the Accounting Standards notified under Section 133 of the Companies Act, 2013 read with Rule 7 of the Companies (Accounts) Rules, 2014 and the relevant provisions of the Companies Act, 2013 ("the 2013 Act") / Companies Act, 1956 ("the 1956 Act"), as applicable. The financial statements have been prepared on accrual basis under the historical cost convention. The accounting policies adopted in the preparation of the financial statements are consistent with those followed in the previous year.

(b) Use of estimates

The preparation of financial statements in conformity with generally accepted accounting principles in India requires management to make estimates and assumptions considered in the reported amounts of assets and liabilities (including contingent liabilities) and the reported amounts of income and expenses during the year. The Management believes that the estimates used in preparation of the financial statements are prudent and reasonable. Future results could differ due to these estimates and the difference between the actual results and the estimates are recognised in the periods in which the results are known / materialise.

(c) Fixed Assets / Depreciation / Amortisation / Impairment

Tangible Assets

To state Fixed Assets at cost of acquisition including of inward freight duties and taxes and incidental expenses related to acquisition.

Depreciation / Amortisation

Depreciation is computed on a straight-line basis as per the useful lives given in the Schedule II of the Companies Act, 2013. Assets are carried at cost less accumulated depreciation.

Leasehold Land is amortized over a period of lease and carried at cost less accumulated amortisation and impairment loss, if any.

Impairment

To provide for impairment loss, if any, to the extent, the carrying amount of assets exceed their recoverable amount. Recoverable amount is higher of an asset's net selling prices 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) and no impairment loss been recognised in previous years.

(d) Inventories

i) In valuing poplar trees included under semi-finished products, 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 realisation / insurance claim for such trees is reduced from the total cost. Every year, plantation cost already incurred is compared with net realizable value which is determined on the basis of estimated selling price less estimated cost likely to be incurred in future for bringing the plantation to maturity and the cost necessarily to be incurred in order to make sale.

ii) Cost includes all direct and indirect expenses in respect of the poplar plantation.

iii) Further, 75% of net standard realizable value of intercropping, waste, etc is reduced from the above cost because entire farm cost is first added to the cost of plantation.

iv) Agriculture produce/standing crops and plants are valued at 75% of their net realizable value.

(e) Revenue recognition

Revenue from sale of goods is recognised on transfer of all significant risks and rewards of ownership to the buyer.

(f) Contingencies and Provisions

A provision is created where there is a present obligation as a result of a past event that probably requires an outflow of resources and a reliable estimate can be made of the amount of the obligation.

A contingent liability is disclosed when there is a possible or a present obligation that may, but probably will not, require an outflow of resources. Where there is a possible or a present obligation and the likelihood of outflow of resources is remote, no provision or disclosure is made.

(g) 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. 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 engaged in growing and selling agricultural produce, such income is exempt from income tax. Accordingly, there are no deferred tax assets/liabilities arising therefrom.

(h) Earnings per share ('EPS')

The basic earnings per share ('EPS') is computed by dividing the net profit 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 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.

On behalf of the Board

S. K. Sipani Director

R. C. Dhiman Director

Place: Chennai
Date: 6th May, 2015

REPORT OF THE BOARD OF DIRECTORS FOR THE FINANCIAL YEAR ENDED 31st, MARCH, 2015

1. Your Board of Directors hereby submit their Report for the financial year ended 31st March, 2015.

2. COMPANY PERFORMANCE

The operations of the Company were adversely affected during the current year 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 Company filed an appeal against the High Court Order in March 2014, which was subsequently admitted in April, 2014. The Company is actively pursuing the case.

Consequently, the Company's Total Revenue declined from Rs. 0.96 crore in the previous year to Rs. 0.02 crore in the current year. The Company reported a Loss of Rs. 0.47 crore during the year (previous year: Loss of Rs. 4.47 crores after considering an aggregate provision of Rs. 4.55 crores made towards inventory and fixed assets).

Pursuant to the Scheme of Arrangement for demerger of the Non-Engineering Business of Wimco Limited to ITC Limited becoming effective from 27th June, 2014, the Company became a direct wholly-owned subsidiary of ITC Limited with effect from the said date.

3. DIVIDEND

Considering the losses incurred by the Company during the year, your Board has not recommended any dividend.

4. DIRECTORS

During the year, Mr. Dipes Chakraborti resigned as Director of the Company with effect from close of work on 31st December, 2014. Your Directors would like to place on record their appreciation for the contribution made by Mr. Chakraborti.

Dr. R. C. Dhiman (DIN: 07058780) was appointed by your Board as an Additional Director of the Company with effect from 31st December, 2014. In accordance with Section 161 of the Companies Act, 2013 and Article 105 of the Articles of Association of the Company, Dr. Dhiman will cease to hold office at the ensuing Annual General Meeting and is eligible for appointment as a Director of the Company. Your Board at its meeting held on 6th May, 2015, recommended for the approval of the Members, the appointment of Dr. Dhiman as a Director of your Company, liable to retire by rotation. Notice under Section 160 of the Companies Act, 2013 has been received by the Company for appointment of Dr. Dhiman, who has also filed his consent to act as Director of your Company, if appointed. Appropriate resolution seeking your approval to Dr. Dhiman's appointment is appearing in the Notice convening the ensuing Annual General Meeting of the Company.

In accordance with the provisions of Articles 100, 101 and 102 of the Articles of Association of the Company, Mr. S. K. Sipani (DIN: 02513625), Director, will retire by rotation at the forthcoming Annual General Meeting (AGM) of the Company, and being eligible, offers himself for re-election. The Board has recommended his re-election.

5. NUMBER OF BOARD MEETINGS

During the year ended 31st March, 2015, five meetings of the Board were held.

6. DIRECTORS' RESPONSIBILITY STATEMENT

As required under Section 134(5) of the Companies Act, 2013, your Directors confirm having: -

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

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

iii) taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013 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 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

None of the employees of your Company is covered under the provisions of Rule 5(2) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014.

9. RISK MANAGEMENT

The Company's risk management framework is designed to bring robustness to the risk management processes within the Company and addresses risks intrinsic to operations, financials and compliances arising out of the overall strategy of the Company. The Risk Management Policy of the Company has been approved by the Board.

The responsibility for management of risks vests with the Managers responsible for the day-to-day conduct of 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

There are adequate internal financial controls in your Company with respect to the financial statements, commensurate with the size and scale of operations of the Company.

11. PARTICULARS OF LOANS, GUARANTEES AND INVESTMENTS

During the year ended 31st March, 2015, the Company has neither given any loan or guarantee nor has made any investment under Section 186 of the Companies Act, 2013.

12. RELATED PARTY TRANSACTIONS

During the year ended 31st March, 2015, the Company has not entered into any contract or arrangement with its related parties which is not on arm's length basis. The details in Form AOC-2 of a material transaction entered into by the Company with its related party are provided under **Annexure 1** to this Report.

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

During the year 2013-14, the Hon'ble High Court of Uttarakhand at Nainital had passed an Order directing the State authorities to take possession of the land leased to the Company. The appeal filed by the Company against the said Order has been admitted.

For further details, please refer to Note 22 of the Financial Statements of the Company.

14. EXTRACT OF ANNUAL RETURN

The details forming part of the extract of the Annual Return in Form MGT-9 are provided under **Annexure 2** to this Report.

15. AUDITORS

The Company's Auditors, Messrs. Deloitte Haskins & Sells, Chartered Accountants (DHS), were appointed at the Nineteenth AGM to hold such office till the conclusion of the Twenty-Fourth AGM. Your Board, in terms of Section 139 of the Companies Act, 2013, has recommended for the ratification of the Members the appointment of DHS from the conclusion of the ensuing AGM till the conclusion of the Twenty-First AGM. The Board, in terms of Section 142 of the Companies Act, 2013, has also recommended for the approval of the Members the remuneration of DHS for the financial year 2015-16. Appropriate resolution in respect of the above is appearing in the Notice convening the ensuing AGM of the Company.

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

(a) Conservation of Energy

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

(b) Technology Absorption

There has been no technology absorption during the year and the Company has not incurred any expense on research and development.

(c) Foreign Exchange Earnings and Outgo

There has been no foreign exchange earnings or outgo during the year under review.

17. ACKNOWLEDGEMENT

The Board acknowledges the understanding and support of the government, investors, banks, distributors, customers, suppliers and business associates and the dedication and hard work of its employees.

On behalf of the Board

S. K. Sipani **Director**
R. C. Dhiman **Director**

Dated: 6th May, 2015

Annexure 1 to the Report of the Board of Directors

FORM AOC-2

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

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

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

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	Prag Agro Farm Limited (PAFL), fellow subsidiary
b)	Nature of contracts / arrangements / transactions	Advance given to PAFL
c)	Duration of the contracts / arrangements / transactions	One year
d)	Salient terms of the contracts or arrangements or transactions including the value, if any	Value of transaction- Rs 2.50 lacs
e)	Date(s) of approval by the Board, if any	
f)	Amount paid as advances, if any	--

On behalf of the Board

Dated: 6th May, 2015

S. K. Sipani **Director**
R. C. Dhiman **Director**

Annexure 2 to the Report of the Board of Directors

FORM MGT-9
EXTRACT OF ANNUAL RETURN
as on the financial year ended on 31st March, 2015

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

I. REGISTRATION AND OTHER DETAILS

i) CIN	:	U01100MH1995PLC128849
ii) Registration Date	:	27th March, 1995
iii) Name of the Company	:	Pavan Poplar Limited
iv) Category / Sub-Category of the Company	:	Unlisted Public Company limited by shares
v) Address of the Registered office and contact details	:	Indian Mercantile Chambers, R. Kamani Marg, Ballard Estate, Mumbai - 400 001 Phone: 022 4366 3333 Fax: 022 2269 2228 e-mail ID : surendra.sipani@itc.in
vi) Whether listed company (Yes / No)	:	No
vii) Name, Address and Contact details of Registrar and Transfer Agent, if any	:	N.A.

II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

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

Sl. No.	Name and Description of main products / services	NIC Code of the Product / service	% of total turnover of the Company
1.	Growing of vegetables, n.e.c.	01139	100%

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES

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

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

(i) Category-wise Shareholding:

Category of Shareholders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
A. Promoters									
(1) **Indian**									
a) Individual/HUF	—	—	—	—	—	—	—	—	N.A.
b) Central Govt.	—	—	—	—	—	—	—	—	N.A.
c) State Govt.(s)	—	—	—	—	—	—	—	—	N.A.
d) Bodies Corp.	**—**	**55,10,004**	**55,10,004**	**100.00**	**—**	**55,10,004**	**55,10,004**	**100.00**	**Nil**
e) Banks / FI	—	—	—	—	—	—	—	—	N.A.
f) Any Other	—	—	—	—	—	—	—	—	N.A.
Sub-total (A)(1)	**—**	**55,10,004**	**55,10,004**	**100.00**	**—**	**55,10,004**	**55,10,004**	**100.00**	**Nil**
(2) **Foreign**									
a) NRIs - Individuals	—	—	—	—	—	—	—	—	N.A.
b) Other - Individuals	—	—	—	—	—	—	—	—	N.A.
c) Bodies Corp.	—	—	—	—	—	—	—	—	N.A.
d) Banks / FI	—	—	—	—	—	—	—	—	N.A.
e) Any Other	—	—	—	—	—	—	—	—	N.A.
Sub-total (A)(2)	—	—	—	—	—	—	—	—	**N.A.**
Total shareholding of Promoter (A) = (A)(1)+(A)(2)	**—**	**55,10,004**	**55,10,004**	**100.00**	**—**	**55,10,004**	**55,10,004**	**100.00**	**Nil**
B. Public Shareholding									
1. **Institutions**									
a) Mutual Funds	—	—	—	—	—	—	—	—	N.A.
b) Banks / FI	—	—	—	—	—	—	—	—	N.A.
c) Central Govt.	—	—	—	—	—	—	—	—	N.A.
d) State Govt.(s)	—	—	—	—	—	—	—	—	N.A.
e) Venture Capital Funds	—	—	—	—	—	—	—	—	N.A.
f) Insurance Companies	—	—	—	—	—	—	—	—	N.A.
g) FIIs	—	—	—	—	—	—	—	—	N.A.
h) Foreign Venture Capital Funds	—	—	—	—	—	—	—	—	N.A.
i) Others (specify)	—	—	—	—	—	—	—	—	N.A.
Sub-total (B)(1)	—	—	—	—	—	—	—	—	**N.A.**
2. **Non-Institutions**									
a) Bodies Corp.									
i) Indian	—	—	—	—	—	—	—	—	N.A.
ii) Overseas	—	—	—	—	—	—	—	—	N.A.
b) Individuals									
i) Individual shareholders holding nominal share capital upto Rs. 1 lakh									
ii) Individual shareholders holding nominal share capital in excess of Rs. 1 lakh	—	—	—	—	—	—	—	—	N.A.
c) Others (specify)	—	—	—	—	—	—	—	—	N.A.
Sub-total (B)(2)	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**N.A.**
Total Public Shareholding (B)=(B)(1)+ (B)(2)	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**N.A.**
C. Shares held by Custodian for GDRs & ADRs	—	—	—	—	—	—	—	—	N.A.
Grand Total (A+B+C)	**—**	**55,10,004**	**55,10,004**	**100.00**	**—**	**55,10,004**	**55,10,004**	**100.00**	**Nil**

(ii) Shareholding of Promoters:

Sl. No.	Shareholder's Name	Shareholding at the beginning of the year			Shareholding at the end of the year			% change in shareholding during the year
		No. of Shares	% of total Shares of the Company	% of Shares pledged / encumbered to total Shares	No. of Shares	% of total Shares of the Company	% of Shares pledged / encumbered to total Shares	
1.	Wimco Limited	55,10,004	100.00	Nil	—	—	N.A.	100.00
2.	ITC Limited	—	—	N.A.	55,10,004	100.00	Nil	100.00

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

Sl. No.		Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of Shares	% of total Shares of the Company	No. of Shares	% of total Shares of the Company
1.	**Wimco Limited**				
	At the beginning of the year	55,10,004	100.00		
	Date wise Increase / Decrease in Promoters Shareholding during the year ● Transferred to ITC Limited pursuant to Scheme of Arrangement for demerger of Non-Engineering Business of Wimco Limited to ITC Limited which became effective from 27th June, 2014	(55,10,004)	100.00	Nil	N.A.
	At the end of the year			Nil	N.A.

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

Sl. No.		Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of Shares	% of total Shares of the Company	No. of Shares	% of total Shares of the Company
2.	**ITC Limited**				
	At the beginning of the year	Nil	N.A.		
	Date wise Increase / Decrease in Promoters Shareholding during the year ● Acquired from Wimco Limited pursuant to Scheme of Arrangement for demerger of Non-Engineering Business of Wimco Limited to ITC Limited which became effective from 27th June, 2014	55,10,004	100.00	55,10,004	100.00
	At the end of the year			55,10,004	100.00

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

(v) Shareholding of Directors and Key Managerial Personnel:

Sl. No.	For each of the Directors and KMP	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of Shares	% of total Shares of the Company	No. of Shares	% of total Shares of the Company
1.	**S. K. Sipani (Non-Executive Director)**				
	At the beginning of the year	Nil	N.A.		
	Date wise Increase / Decrease in Shareholding during the year	—	N.A.	—	N.A.
	At the end of the year			Nil	N.A.
2.	**R. C. Dhiman (Non-Executive Director)**				
	At the beginning of the year	Nil	N.A.		
	Date wise Increase / Decrease in Shareholding during the year	—	N.A.	—	N.A.
	At the end of the year			Nil	N.A.
3.	**S. Limaye (Non-Executive Director)**				
	At the beginning of the year	Nil	N.A.		
	Date wise Increase / Decrease in Shareholding during the year	—	N.A.	—	N.A.
	At the end of the year			Nil	N.A.
4.	**A. Chinnaiya (Company Secretary)**				
	At the beginning of the year	Nil	N.A.		
	Date wise Increase / Decrease in Shareholding during the year	—	N.A.	—	N.A.
	At the end of the year			Nil	N.A.

V. INDEBTEDNESS

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

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

A. Remuneration to Managing Director, Wholetime Directors and / or Manager: NOT APPLICABLE

B. Remuneration to other Directors:

Sl. No.	Name of the Directors	Particulars of Remuneration			Total Amount
		Fee for attending Board and Board Committee meetings	Commission	Others, please specify	
1.	**Independent Directors**				
	Total Amount (B)(1)	—	—	—	—
2.	**Other Non—Executive Directors**				
	S. K. Sipani	—	—	—	—
	R. C. Dhiman	—	—	—	—
	S. Limaye	—	—	—	—
	Total Amount (B)(2)	—	—	—	—
Total Amount (B) = (B)(1) + (B)(2)					—
Total Managerial Remuneration (A + B)					—
Overall ceiling as per the Act					Rs. 30 lacs per annum**

***Considering that the Company has incurred losses during the financial year ended 31st March, 2015, ceiling as per Part II of Schedule V of the Companies Act, 2013 has been disclosed.*

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

(Amount in Rs.)

Sl. No.	Particulars of Remuneration	Ms. A. Chinnaiya (Company Secretary) (refer note)
1.	Gross Salary	
	(a) Salary as per provisions contained in Section 17(1) of the Income-tax Act, 1961	—
	(b) Value of perquisites under Section 17(2) of the Income-tax Act, 1961	—
	(c) Profits in lieu of salary under Section 17(3) of the Income-tax Act, 1961	—
2.	Stock Option	—
3.	Sweat Equity	—
4.	Commission - as % of profit - others, specify	—
5.	Others, please specify	—
Total Amount		—
Overall ceiling as per the Act		Rs. 30 lacs per annum**

Note: Ms. A. Chinnaiya is an employee of ITC Limited, the Holding Company, and her services have been deputed by ITC to the Company without levy of any charge. Accordingly, the remuneration of Ms. Chinnaiya is being borne by ITC and no remuneration is paid to her by the Company.

**Considering that the Company has incurred losses during the financial year ended 31st March, 2015. ceiling as per Part II of Schedule V of the Companies Act, 2013 has been disclosed.

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

On behalf of the Board

S. K. Sipani **Director**
R. C. Dhiman **Director**

Dated: 6th May, 2015

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF PAVAN POPLAR LIMITED

We have audited the accompanying financial statements of **PAVAN POPLAR LIMITED** ("the Company"), which comprise the Balance Sheet as at March 31, 2015, the Statement of Profit and Loss, the Cash Flow Statement for the year then ended, and a summary of the significant accounting policies and other explanatory 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 Companies Act, 2013 ("the Act") with respect to the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit.

We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.

We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on whether the Company has in place an adequate internal financial controls system over financial reporting and the operating effectiveness of such controls. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, 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 on the financial statements.

Opinion

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 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, 2015, and its loss and its cash flows for the year ended on that date.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2015 ("the Order") issued by the Central Government in terms of Section 143(11) of the Companies Act, 2013, we give in the Annexure a statement on the matters specified in paragraphs 3 and 4 of the Order.
2. As required by Section143 (3) of the Act, we report that:
   (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
   (b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
   (c) The Balance Sheet, the Statement of Profit and Loss, and the Cash Flow Statement dealt with by this Report are in agreement with the books of account.
   (d) In our opinion, the aforesaid financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
   (e) On the basis of the written representations received from the directors as on March 31, 2015 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2015 from being appointed as a director in terms of Section 164 (2) of the Act.
   (f) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
      i. The Company has disclosed the impact of pending litigation on its financial position in Note 17 and Note 22 to the financial statements.
      ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.
      iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

For **DELOITTE HASKINS & SELLS**
Chartered Accountants
(Firm Registration No. 302009E)

K. Rajasekhar
Partner
(Membership No. 23341)

SECUNDERABAD, May 6, 2015

ANNEXURE TO THE INDEPENDENT AUDITORS' REPORT

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

(i) Having regard to the nature of the Company's business / activities / result during the year, clauses (v), (vi), (ix) and (xi) of paragraph 3 of the Order are not applicable to the Company.

(ii) In respect of its 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.

(iii) In respect of its inventory:

(a) As explained to us, the inventories were physically verified during the year by the management at reasonable intervals.

(b) In our opinion and according to the information and explanation given to us, the procedures of physical verification of inventories followed by the management were reasonable and adequate in relation to the size of the Company and the nature of its business.

(c) In our opinion and according to the information and explanations given to us, the Company has maintained proper records of its inventories and no material discrepancies were noticed on physical verification.

(iv) The Company has not granted any loans, secured or unsecured, to companies, firms or other parties covered in the Register maintained under Section 189 of the Companies Act, 2013.

(v) In our opinion and according to the information and explanations given to us, there is an adequate internal control system commensurate with the size of the Company and the nature of its business with regard sale of goods. The Company has not purchased fixed assets and inventory during the year. During the course of our audit, we have not observed any major weakness in such internal control system.

(vi) 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, Value Added Tax 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, Value Added Tax and other material statutory dues in arrears as at March 31, 2015 for a period of more than six months from the date they became payable.

(c) There were no dues with respect to Income-tax, Service Tax, Duty of Customs, Duty of Excise, Value Added Tax and Cess which has not been deposited as at 31 March 2015, on account of any dispute.

(d) There are no dues payable to Investors' Education and Protection Fund in accordance with the relevant provisions of the Companies Act, 1956 [1 of 1956] and rules made there under.

(vii) The accumulated losses of the Company at the end of the financial year are more than fifty percent of its net worth and the Company has incurred cash losses during the financial year covered by our audit and in the immediately preceding financial year.

(viii) According to the information and explanations given to us, the Company has not given guarantees for loans taken by others from banks and financial institutions.

(ix) 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 has been noticed or reported during the year.

For **DELOITTE HASKINS & SELLS**
Chartered Accountants
(Firm Registration No. 302009E)

K. Rajasekhar
Partner
(Membership No. 23341)

SECUNDERABAD, May 06, 2015

BALANCE SHEET AS AT MARCH 31, 2015

	Note	As at March 31, 2015 (₹)	As at March 31, 2014 (₹)
EQUITY AND LIABILITIES			
Shareholders' funds			
Share capital	1	**55,100,040**	55,100,040
Reserves and surplus	2	**(33,957,061)**	(29,211,595)
Non-current liabilities			
Long-term provisions	3	**860,030**	688,365
Current liabilities			
Trade payables		**187,301**	151,159
Other current liabilities	4	**2,072,882**	2,225,148
Short-term provisions	5	**118,715**	95,847
TOTAL		**24,381,907**	29,048,964
ASSETS			
Non-current assets			
Fixed assets			
Tangible assets	6	—	—
Long-term loans and advances	7	**9,838**	20,009,838
Current assets			
Inventories	8	—	—
Trade receivables	9	**3,963,448**	7,355,179
Cash and cash equivalents	10	**77,562**	489,642
Short-term loans and advances	11	**20,331,059**	1,194,305
TOTAL		**24,381,907**	29,048,964
Significant accounting policies	26		

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

K RAJASEKHAR
Partner

Place: Secunderabad

Date: May 06, 2015

For and on behalf of the Board

S. K. Sipani
Director

R C Dhiman
Director

A Chinnaiya
Company Secretary

Place: Chennai
Date: 6th May, 2015

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED MARCH 31, 2015

	Note	For the year ended March 31, 2015 (₹)	For the year ended March 31, 2014 (₹)
Income			
Revenue from operations			
Revenue from sale of products	12	**155,200**	9,624,017
Other operating revenue		**64,841**	—
Total		**220,041**	9,624,017
Expenses			
Cost of seeds	13	—	1,349,258
Changes in inventories of finished goods and work-in-progress	14	—	(4,634,455)
Employee benefits expense	15	**3,159,656**	2,678,319
Amortisation expense	6	—	1,151,509
Other expenses	16	**1,805,851**	8,310,055
Total		**4,965,507**	8,854,686
Loss before tax and exceptional items		**(4,745,466)**	769,331
Exceptional items (Refer Note 23)		**—**	(45,464,626)
Loss before tax		**(4,745,466)**	(44,695,295)
Tax expense			
Current tax		—	—
Loss for the year		**(4,745,466)**	(44,695,295)
Earnings per share (Face value Rs.10 each)	19		
Basic and diluted		**(0.86)**	(8.11)

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

K RAJASEKHAR
Partner

Place: Secunderabad
Date: May 06, 2015

For and on behalf of the Board

S. K. Sipani — **Director**
R C Dhiman — **Director**
A Chinnaiya — **Company Secretary**
Place: Chennai
Date: 6th May, 2015

CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2015

	Year ended March 31, 2015 (₹)	Year ended March 31, 2014 (₹)
A. Cash flow from operating activities		
Loss before tax	**(4,745,466)**	(44,695,295)
Adjustments for:		
Amortisation expense	—	1,151,509
Fixed assets Impairment (Refer Note 23)	—	20,151,419
Operating loss before working capital changes	**(4,745,466)**	(23,392,367)
Adjustment for		
Trade receivable, loans and advances and other assets	**3,136,208**	2,029,984
Inventories	—	20,678,752
Trade payable, other liabilities and provisions	**78,409**	220,617
Cash used in operations	**(1,530,849)**	(463,014)
Income tax paid (net of refunds)	—	—
Net cash used in operating activities	**(1,530,849)**	(463,014)
B. Cash flow from Investing activities	—	—
C. Cash flow from financing activities		
Loan repayment from holding Company	**1,118,769**	721,243
Net cash flow from financing activities	**1,118,769**	721,243
Net increase/(decrease) in cash and cash equivalents	**(412,080)**	258,229
Cash and cash equivalents at the beginning of the year	**489,642**	231,413
Cash and cash equivalents at the end of the year	**77,562**	489,642
	(412,080)	258,229

Note: 1. The Cash Flow Statement has been prepared under the "Indirect Method" as set out in Accounting Standard - 3 on Cash Flow Statement.

2. Cash and Cash Equivalents:

Cash on hand	**6249**	4771
Balances with Banks- In current accounts	**71313**	484871
Cash and Cash Equivalent (Refer Note 10)	**77562**	489642

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

K RAJASEKHAR
Partner

Place: Secunderabad
Date: May 06, 2015

For and on behalf of the Board

S. K. Sipani — **Director**
R C Dhiman — **Director**
A Chinnaiya — **Company Secretary**
Place: Chennai
Date: 6th May, 2015

NOTES TO THE FINANCIAL STATEMENTS

	As at 31 March 2015 Number of Shares	As at 31 March 2015 Amount (₹)	As at 31 March 2014 Number of Shares	As at 31 March 2014 Amount (₹)
1. Share capital				
Authorised				
Equity shares of Rs.10 each	**10,000,000**	**100,000,000**	10,000,000	100,000,000
	10,000,000	**100,000,000**	10,000,000	100,000,000
Issued subscribed and fully paid up				
Equity shares of Rs.10 each	**5,510,004**	**55,100,040**	5,510,004	55,100,040
	5,510,004	**55,100,040**	5,510,004	55,100,040

a) Reconciliation of number of shares and amount at beginning and at the end of the reporting year:

Equity Shares	Year Ended March 31, 2015 No. of Shares	₹	Year Ended March 31, 2014 No. of Shares	₹
Opening balance	**5,510,004**	**55,100,040**	5,510,004	55,100,040
Add: issued during the year	—	—	—	—
Closing balance	**5,510,004**	**55,100,040**	5,510,004	55,100,040

b) Details of Equity Shares held by holding Company:

	As at March 31, 2015 No. of shares	As at March 31, 2014 No. of shares
ITC Limited and its nominees (w.e.f. June 27, 2014)	**5,510,004**	—
Wimco Limited and its nominees (upto June 26,2014)	—	5,510,004

c) Details of share held by each shareholder more than 5%

	As at March 31, 2015 No. of Shares	%	As at March 31, 2014 No. of Shares	%
ITC Limited and its nominees (w.e.f. June 27, 2014)	**5,510,004**	**100%**	—	—
Wimco Limited and its nominees (upto June 26,2014)	—	—	5,510,004	100%

d) Rights, preferences and restrictions attached to shares

The equity shares of the Company, having par value of Rs.10 per share, rank pari passu in all respects including voting rights and entitlement to dividend.

	As at March 31, 2015 (₹)	As at March 31, 2014 (₹)
2. Reserves and surplus		
General reserve (As at the beginning and at the end of the year)	**500,000**	500,000
Deficit in the statement of profit and loss		
Opening Balance	**(29,711,595)**	14,983,700
Loss for the year	**(4,745,466)**	(44,695,295)
At the end of the year	**(34,457,061)**	(29,711,595)
Total	**(33,957,061)**	(29,211,595)
3. Long term provisions		
Provision for employee benefits (Refer Note 24)		
Provision for gratuity	**755,827**	601,241
Compensated absences	**104,203**	87,124
Total	**860,030**	688,365
4. Other current liabilities		
Other payable		
Advances from customers	—	155,200
Employee dues payable	**395,778**	378,081
Statutory dues payable	**1,677,104**	1,691,867
Total	**2,072,882**	2,225,148
5. Short term provisions		
Provisions for employee benefits (Refer Note 24)		
Gratuity	**83,981**	66,805
Compensated absences	**34,734**	29,042
Total	**118,715**	95,847

6. Fixed Assets

Amount In (₹)

Particulars	GROSS BLOCK				Amortisation/Impairment							Net book value	
					As at April 1, 2014		For the year		Withdrawals	As at March 31, 2015			
	As at March 31, 2014	Additions	Withdrawals	As at March 31, 2015	Amortisation	Impairment	Amortisation	Impairment		Amortisation	Impairment	As at March 31, 2015	As at March 31, 2014
Tangible asset													
Leasehold land*	44,933,855	—	—	**44,933,855**	21,522,949	23,410,906	—	—		**21,522,949**	**23,410,906**	—	—
Previous year	*44,933,855*	—	—	*44,933,855*	*20,371,440*	*3,259,487*	*1,151,509*	*20,151,419*	—	*21,522,949*	*23,410,906*	—	
Total	44,933,855	—	—	**44,933,855**	21,522,949	23,410,906	—	—	—	**21,522,949**	**23,410,906**	—	—
Previous year	*44,933,855*	—	—	*44,933,855*	*20,371,440*	*3,259,487*	*1,151,509*	*20,151,419*	—	*21,522,949*	*23,410,906*	—	

Previous year numbers are in italics

* Pursuant to the order passed by the Honorable High Court of Uttarakhand, at Nainital in the year 2013-14, State Authorities has taken possession of the land leased to the Company.

	As at March 31, 2014 (₹)	As at March 31, 2013 (₹)
7. Long term loans and advances		
Unsecured, considered good		
Loan and advance to related party	—	20,000,000
Advance tax and tax deducted at source (net of provision Rs.86,817 (31.03.2014: Rs.86,817)	**9,838**	9,838
Total	**9,838**	20,009,838
8. Inventories		
Work in progress -agri produce	**4,327,032**	4,327,032
Work in progress -poplar trees	**20,986,175**	20,986,175
Less: Provision for write down (Refer Note 23)	**(25,313,207)**	(25,313,207)
Total	—	—
9. Trade receivables		
Trade receivables outstanding for a period exceeding six months from the date they are due for payment		
Unsecured, considered good	**3,963,448**	4,744,679
Unsecured, considered doubtful	**18,364**	—
Less: Provision for doubtful	**(18,364)**	—
	3,963,448	4,744,679
Others		
Unsecured, considered good	—	2,610,500
Total	**3,963,448**	7,355,179

	As at March 31, 2014 (₹)	As at March 31, 2013 (₹)
10. Cash and cash equivalents		
Cash on hand	**6,249**	4,771
Balances with bank :		
- In current accounts	**71,313**	484,871
Total	**77,562**	489,642
11. Short term loans and advances		
Unsecured, considered good		
Loans and Advances		
to related parties	**20,250,000**	1,118,769
Security deposits	**42,340**	42,340
Prepaid expenses	**38,421**	29,898
Advances to supplier, employees etc.	**298**	3,298
Total	**20,331,059**	1,194,305

Loans and advances to related parties consist of current portion of the long term loans and advances Rs. 2,00,00,000 (31.03.2014: Rs.11,18,769)

NOTES TO THE FINANCIAL STATEMENTS

	For the year ended March 31, 2015 (₹)	For the year ended March 31, 2014 (₹)
12. Revenue from operations		
Sale of Products		
Agri Produce	**155,200**	9,624,017
Total	**155,200**	9,624,017
13. Cost of seeds		
Poplar entire transplant	—	442,425
Seeds	—	906,833
Total	—	1,349,258
14. Changes in inventory of finished goods and work in progress		
(Increase)/decrease in stocks		
Stock at the end of the year		
Finished goods	—	—
Work in progress - Agri produce	—	—
Work in progress - Poplar trees	—	—
Total A	—	—
Less: Stock at the beginning of the year		
Finished goods	—	37,013
Work in progress - Agri produce	—	2,868,027
Work in progress - Poplar trees	—	17,773,712
Total B	—	20,678,752
Provision for write down (Refer Note 23) C		25,313,207
(Increase) / decrease in stocks (B-A-C)	—	(4,634,455)

	For the year ended March 31, 2015 (₹)	For the year ended March 31, 2014 (₹)
15. Employee benefits expense		
Salaries, wages and bonus	**2,719,341**	2,331,759
Contribution to provident and other funds	**199,698**	240,373
Gratuity expense	**171,762**	52,824
Workmen and staff welfare expenses	**68,855**	53,363
Total	**3,159,656**	2,678,319
16. Other expenses		
Power and fuel	**266,329**	1,289,397
Consumption of stores and spare parts	—	2,229
Rent	**7,760**	7,760
Rates and taxes	**38,119**	75,315
Insurance	**148,760**	131,591
Repairs and Maintenance - others	**13,933**	332,411
Outward freight and handling charges	—	313,217
Plantation and cultivation	**597,025**	5,387,836
Bank charges	**1,217**	7,266
Travelling and conveyance	**216,921**	331,522
Legal and professional fees	**393,370**	233,236
Postage and telephone charges	**4,140**	6,595
Printing and stationery	**4,116**	6,779
Provision for bad debts	**18,364**	—
Auditors' remuneration		
-Statutory audit fee	**50,000**	100,000
-Reimbursement of expenses	**4,971**	5,023
Miscellaneous expenses	**40,826**	79,878
Total	**1,805,851**	8,310,055

	As at March 31, 2015 (₹)	As at March 31, 2014 (₹)
17. Contingent liabilities		
Contingent liabilities		
Claims against the Company not acknowledged as debts		
Local authority taxes -dispute relating to applicability and determination	**664,524**	664,524
Other matters for which the Company is contingently liable	**42,340**	42,340
Total	**706,864**	706,864

18. Segment information

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.

	Year ended March 31, 2015	Year ended March 31, 2014
19. Earnings per share		
The computation of earnings per share is set out below:		
Net loss attributable to equity shareholders (A) `.	**(4,745,466)**	(44,695,295)
Weighted average number of equity shares outstanding during the year (B) No.	**5,510,004**	5,510,004
Earnings per share of face value Rs.10 each basic and diluted (A/B) (Rs.)	**(0.86)**	(8.11)

20. Related Party Disclosures

a) Details of related parties

Name of Related Party	Description of Relationship
ITC Limited	Holding company (w.e.f. June 27, 2014)
Wimco Limited	Holding company (Fellow Subsidiary w.e.f. June 27, 2014)
Prag Agro Farm Limited (PAFL)	Fellow subsidiary

(b) Details of related party transactions and balances

Amount In (₹)

	Holding Company		Fellow subsidiary	
	ITC Limited	Wimco Limited	PAFL	
	2014-15	2013-14	**2014-15**	2013-14
Transactions during the year				
Purchases	—	730,945	—	24,300
Sales	—	—	—	1,566
Expenses reimbursed	—	248,880	—	52,461
Expenses recovered	—	—	—	2,512,350
Advance given	—	—	**250,000**	—
Receipts towards loan repayments (net)	**1,118,769**	721,243	—	—
Balances at the year end				
Loans and advances	**20,000,000**	21,118,769	**250,000**	—
Trade receivables	**3,963,448**	4,744,679	—	—

NOTES TO THE FINANCIAL STATEMENTS

21. 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

22. During the year 2013-14 the Hon'ble High Court of Uttarakhand, at Nainital had passed an order directing the State authorities to take possession of the land leased to the Company. The Company has filed an appeal against the said order and the appeal has been admitted.

In the interim, the Company has been examining alternate business opportunities and basis its long experience of trading in poplar wood, proposes to engage in such trading in proximate markets.

In view of the above and taking into account that the Company's assets primarily include current assets (receivables from parent company), the Board has determined that it would be appropriate to prepare its financial statements on a going concern basis.

23. The Company reviewed the balances of its Inventories (Rs.2,53,13,207) and Fixed assets (Rs.2,01,51,419) as at March 31, 2014 and as measure of prudence, had provided for these balances in the financial statement for the year ended March 31, 2014, pending appeal in the Hon'ble High Court of Uttarakhand, at Nainital.

24 a) Defined benefit plans/Long term compensated absences - As per actuarial valuation on March 31, 2015 and recognised in the financial statements in respect of employee benefit schemes.

Amount In (₹)

Particulars	Defined Benefit Plans			
	Gratuity (unfunded)		Compensated Absences	
	2014-15	2013-14	**2014-15**	2013-14
Components of employer expense				
Current Service cost	**49,197**	41,480	**34,113**	28,860
Interest cost	**51,774**	53,994	**9,003**	8,521
Actuarial (gains) / losses	**70,791**	(42,650)	**(20,345)**	(22,684)
Net cost	**171,762**	52,824	**22,771**	14,697
Present value of the defined benefit obligation	**668,046**	674,922	**116,166**	106,510
Expense as above	**171,762**	52,824	**22,771**	14,697
Net Liability recognised in the balance sheet	**839,808**	727,746	**138,937**	121,207
Change in defined benefit obligation (DBO) during the year				
Present value of DBO at the beginning of the year	**668,046**	**674,922**	**116,166**	106,510
Current Service cost	**49,197**	41,480	**34,113**	28,860
Interest cost	**51,774**	53,994	**9,003**	8,521
Actuarial (gains) / losses	**70,791**	(42,650)	**(20,345)**	(22,684)
Benefits paid	—	(59,700)	—	(5,041)
Present value of DBO at the end of the year	**839,808**	668,046	**138,937**	116,166
Short term Provision	**83,981**	66,805	**34,734**	29,042
Long term Provision	**755,827**	601,241	**104,203**	87,124
Actuarial assumptions:				
Discount rate	**7.75%**	9.00%	**7.75%**	9.00%
Salary escalation	**5.00%**	5.00%	**5.00%**	5.00%
Attrition	**4.00%**	4.00%	**4.00%**	4.00%
Mortality table	2006-08 (Ultimate table)			

Net liability recognized in balance sheet (including experience adjustment impact)	For the year ended March 31, 2015		For the year ended March 31, 2014		For the year ended March 31, 2013		For the year ended March 31, 2012	
	Gratuity	**Compensated Absences**	Gratuity	Compensated Absences	Gratuity	Compensated Absences	Gratuity	Compensated Absences
1. Present value of defined benefit obligation	**839,808**	**138,937**	668,046	116,166	674,922	106,510	777,486	117,486
2. Fair Value on Plan Assets	—	—	—	—	—	—	—	—
3. Status [surplus/(deficit)]	**(839,808)**	**(138,937)**	(668,046)	(116,166)	(674,922)	(106,510)	(777,486)	(117,486)
There are no experience adjustments of plan assets / obligations as at March 31, 2015 (March 31, 2014: Nil)								

The estimates of future salary increases, considered in actuarial valuation, take account of inflation, seniority, promotion and other relevant factors such as supply and demand in the employment market.

25. Previous years figures have been regrouped/reclassifed wherever necessary to correspond with the current year classification/disclosures.

26. Significant accounting policies

(a) Basis of Accounting:

The financial statements of the Company have been prepared in accordance with the Generally Accepted Accounting Principles in India ('Indian GAAP') to comply with the Accounting Standards notified under Section 133 of the Companies Act, 2013 read with Rule 7 of the Companies (Accounts) Rules, 2014 and the relevant provisions of the Companies Act, 2013 ("the 2013 Act") / Companies Act, 1956 ("the 1956 Act"), as applicable. The financial statements have been prepared on accrual basis under the historical cost convention. The accounting policies adopted in the preparation of the financial statements are consistent with those followed in the previous year.

(b) Use of estimates

The preparation of financial statements in conformity with generally accepted accounting principles in India requires management to make estimates and assumptions considered in the reported amounts of assets and liabilities (including contingent liabilities) and the reported amounts of income and expenses during the year. The Management believes that the estimates used in

preparation of the financial statements are prudent and reasonable. Future results could differ due to these estimates and the difference between the actual results and the estimates are recognised in the periods in which the results are known / materialise.

(c) Fixed Assets / Depreciation / Amortisation / Impairment

Tangible Assets

To state Fixed Assets at cost of acquisition including of inward freight duties and taxes and incidental expenses related to acquisition.

Depreciation / Amortisation

Depreciation is computed on a straight-line basis as per the useful lives given in the Schedule II of the Companies Act, 2013. Assets are carried at cost less accumulated depreciation.

Leasehold Land is amortized over a period of lease and carried at cost less accumulated amortisation and impairment loss, if any.

Impairment

To provide for impairment loss, if any, to the extent, the carrying amount of assets exceed their recoverable amount. Recoverable amount is higher of an asset's net selling prices 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) and no impairment loss been recognised in previous years.

(d) Inventories

(i) In valuing poplar trees included under semi-finished products, 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 realisation / insurance claim for such trees is reduced from the total cost. Every year, plantation cost already incurred is compared with net realizable value which is determined on the basis of estimated selling price less estimated cost likely to be incurred in future for bringing the plantation to maturity and the cost necessarily to be incurred in order to make sale.

(ii) Cost includes all direct and indirect expenses in respect of the poplar plantation.

(iii) Further, 75% of net standard realizable value of intercropping, waste, etc. is reduced from the above cost because entire farm cost is first added to the cost of plantation.

(iv) Agriculture produce/standing crops and plants are valued at 75% of their net realizable value.

(e) Retirement benefits

Short-term employee benefits

All employee benefits payable wholly within twelve months of rendering the service are classified as short-term employee benefits. These benefits include compensated absences such as paid annual leave. The undiscounted amount of short-term employee benefits expected to be paid in exchange for the services rendered by employees is recognized during the period.

Contributions to the provident fund, which is a defined contribution scheme, are charged to the Statement of Profit and Loss in the period in which the liability is incurred.

Post-employment benefits

The Company's gratuity benefit scheme is a defined benefit plan which is not funded. The Company's obligation in respect of the gratuity benefit scheme is calculated by estimating the amount of future benefit that employees have earned in return for their service in the current and prior periods; that benefit is discounted to determine its present value.

The present value of the obligation under such defined benefit plan is determined based on actuarial valuation using the Projected Unit Credit Method, which recognizes each period of service as giving rise to additional unit of employee benefit entitlement and measures each unit separately to build up the final obligation. The obligation is measured at the present value of the estimated future cash flows. The discount rates used for determining the present value of the obligation under defined benefit plan are based on the market yields on Government securities as at the balance sheet date.

Actuarial gains and losses are recognized immediately in the Statement of Profit and Loss.

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. The discount rates used for determining the present value of the obligation under defined benefit plan are based on the market yields on Government securities as at the balance sheet date.

(f) Revenue recognition

Revenue from sale of goods is recognised on transfer of all significant risks and rewards of ownership to the buyer.

(g) Contingencies and Provisions

A provision is created where there is a present obligation as a result of a past event that probably requires an outflow of resources and a reliable estimate can be made of the amount of the obligation.

A contingent liability is disclosed when there is a possible or a present obligation that may, but probably will not, require an outflow of resources. Where there is a possible or a present obligation and the likelihood of outflow of resources is remote, no provision or disclosure is made.

(h) 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.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 engaged in growing and selling agricultural produce, such income is exempt from income tax. Accordingly, there are no deferred tax assets/liabilities arising therefrom.

(i) Earnings per share ('EPS')

The basic earnings per share ('EPS') is computed by dividing the net profit 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 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.

On behalf of the Board

S. K. Sipani	**Director**
R C Dhiman	**Director**
A Chinnaiya	**Company Secretary**

Place: Chennai
Date: 6th May, 2015

DIRECTORS' REPORT

King Maker Marketing, Inc. (KMM) is a wholly-owned subsidiary of your Company registered in the State of New Jersey, USA. Its main business is to import and distribute tobacco products to licensed wholesalers and retailers throughout the USA. Your Company is KMM's sole supplier of tobacco products.

Despite the continuing decline in consumption in the US market, the company's Net Sales grew by 9% during the year, driven by robust growth in volumes on the back of focused market interventions. The company recorded Net Sales of US$ 29.3 million (previous year US$ 26.9 million) and earned a Net Income of US$ 0.14 million (previous year US$ 0.07 million) during the financial year ended 31st March, 2015. During the year, KMM also paid a dividend of US$ 2.0 million to your Company.

Increasing presence of major cigarette manufacturers in the discount segment - in direct competition with KMM, illicit trade driven by tax differentials between various States in USA, non-compliant cigarette imports and Native American manufacture continue to pose significant challenges for the company.

INDEPENDENT AUDITOR'S REPORT

Board of Directors, King Maker Marketing, Inc. Paramus, New Jersey

Report on the Financial Statements

We have audited the accompanying financial statements of King Maker Marketing, Inc., which comprise the balance sheets as of March 31, 2015 and 2014, and the related statements of operations and retained earnings and cash flows for the years 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 audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. 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

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of King Maker Marketing, Inc. as of March 31, 2015 and 2014, and the results of its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Supplementary Information

Our audits were conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The accompanying supplementary information presented on page 304 is for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audits of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

New York, New York
April 10, 2015

SaxBST LLP

BALANCE SHEETS

	March 31, 2015 $	March 31, 2015 ₹	March 31, 2014 $	March 31, 2014 ₹
ASSETS				
CURRENT ASSETS				
Cash and cash equivalents	5,659,608	353,725,500	5,036,576	301,791,634
Accounts receivable	352,188	22,011,750	192,475	11,533,102
Accounts receivable, other	92,091	5,755,688	219,155	13,131,768
Inventory	2,284,194	142,762,125	1,271,401	76,182,348
Due from related parties, net	—	—	1,262	75,619
Prepaid expenses	333,623	20,851,438	339,581	20,347,694
Income tax receivable	—	—	238,030	14,262,758
Deferred income taxes	917,904	57,369,000	19,983	1,197,381
Total current assets	9,639,608	602,475,500	7,318,463	438,522,304
PROPERTY AND EQUIPMENT, net	24,166	1,510,375	40,407	2,421,187
OTHER ASSETS	5,360	335,000	10,390	622,569
	9,669,134	604,320,875	7,369,260	441,566,060
LIABILITIES AND STOCKHOLDER'S EQUITY				
CURRENT LIABILITIES				
Accounts payable	2,199,885	137,492,813	722,334	43,282,253
Accrued settlement charges	3,821,116	238,819,750	2,082,749	124,798,320
Income tax payable	897,250	56,078,125	—	—
Deferred income taxes	45,190	2,824,375	—	—
Accrued expenses and other	255,352	15,959,500	188,500	11,294,920
Total current liabilities	7,218,793	451,174,563	2,993,583	179,375,493
LONG-TERM LIABILITIES				
Deferred income taxes	9,514	594,625	77,036	4,615,997
COMMITMENTS AND CONTINGENCIES				
STOCKHOLDER'S EQUITY				
Common stock, voting, no par value, 1,000 shares authorized; 204 shares issued and outstanding	4,080	181,948	4,080	181,948
Retained earnings	2,436,747	97,993,078	4,294,561	192,349,388
Foreign Exchange Translation Reserve	—	54,376,661	—	65,043,234
	2,440,827	152,551,688	4,298,641	257,574,570
	9,669,134	604,320,875	7,369,260	441,566,060

STATEMENTS OF OPERATIONS AND RETAINED EARNINGS

	For the year ended 31st March, 2015 $	For the year ended 31st March, 2015 ₹	For the year ended 31st March, 2014 $	For the year ended 31st March, 2014 ₹
SALES				
Revenues, net of customer returns	29,871,063	1,828,407,766	27,464,214	1,568,481,262
Less quick pay discounts	606,205	37,105,808	612,948	35,005,460
Net sales	29,264,858	1,791,301,958	26,851,266	1,533,475,801
COST OF SALES	22,379,332	1,365,252,194	20,572,238	1,168,172,687
	6,885,526	426,049,764	6,279,028	365,303,114
MSA SETTLEMENT CHARGES				
MSA settlement charges, net	3,145,212	192,518,427	2,392,063	136,610,718
MSA NPM adjustment credits	(355,064)	(21,733,467)	(163,877)	(9,359,015)
MSA settlement charges, adjusted for credits	2,790,148	170,784,959	2,228,186	127,251,702
Gross profit	4,095,378	255,264,805	4,050,842	238,051,412
OPERATING EXPENSES	3,861,361	236,353,907	4,011,666	229,106,245
Profit from operations	234,017	18,910,898	39,176	8,945,167
OTHER				
Interest income	24,915	1,525,047	22,369	1,277,494
Other income	3,935	240,861	2,160	123,358
Bad debt expense	—	—	(5,695)	(325,241)
	28,850	1,765,909	18,834	1,075,610
Income before provision for income taxes	262,867	20,676,807	58,010	10,020,776
PROVISION FOR INCOME TAXES	120,681	7,386,884	(8,386)	(478,924)
Net income	142,186	28,063,691	66,396	10,499,701
RETAINED EARNINGS, beginning of year	4,294,561	192,349,388	6,228,165	296,069,687
Distributions	(2,000,000)	(122,420,000)	(2,000,000)	(114,220,000)
RETAINED EARNINGS, end of year	2,436,747	97,993,078	4,294,561	192,349,388

STATEMENT OF CASH FLOWS

	For the year ended 31st March, 2015 $	For the year ended 31st March, 2015 ₹	For the year ended 31st March, 2014 $	For the year ended 31st March, 2014 ₹
CASH FLOWS PROVIDED (USED) BY OPERATING ACTIVITIES				
Net income	**142,186**	**28,063,691**	66,396	10,499,701
Adjustments to reconcile net income to net cash provided (used) by operating activities				
Depreciation	**16,241**	**994,112**	15,494	884,862
Deferred income taxes	**(920,253)**	**(57,368,616)**	(13,865)	(830,791)
(Increase) decrease in				
Accounts receivable	**(159,713)**	**(10,478,648)**	79,317	3,222,486
Accounts receivable, other	**127,064**	**7,376,080**	9,695	(707,501)
Inventory	**(1,012,793)**	**(66,579,777)**	(159,632)	(15,824,409)
Due from related parties	**1,262**	**75,619**	7,468	398,333
Prepaid expenses	**5,958**	**(503,744)**	(22,690)	(3,143,681)
Accrued settlement charges	—	—	1,197	64,985
Income taxes receivable	**238,030**	**14,262,758**	(238,030)	(14,262,758)
Other assets	**5,030**	**287,569**	3,142	112,084
Increase (decrease) in				
Accounts payable	**1,477,551**	**94,210,559**	105,558	9,797,484
Accrued settlement charges	**1,738,367**	**114,021,430**	2,082,749	124,798,320
Accrued expenses and other	**66,852**	**4,664,580**	(36,079)	(897,473)
Income tax payable	**897,250**	**56,078,125**	(475,111)	(25,793,776)
	2,623,032	**185,103,737**	1,425,609	88,317,866
CASH FLOWS USED BY INVESTING ACTIVITIES				
Payments for the purchase of property and equipment	—	—	(37,226)	2,850,135
CASH FLOWS USED BY FINANCING ACTIVITIES				
Distributions to Stockholder	**(2,000,000)**	**(122,420,000)**	(2,000,000)	(114,220,000)
Net increase (decrease) in cash and cash equivalents	**623,032**	**62,683,737**	(611,617)	(23,051,999)
CASH AND CASH EQUIVALENTS, beginning of year	**5,036,576**	**301,791,634**	5,648,193	306,640,398
Foreign Exchange Translation (Gains)/ Losses	—	**10,749,871**	—	(18,203,235)
CASH AND CASH EQUIVALENTS, end of year	**5,659,608**	**353,725,500**	5,036,576	301,791,634
SUPPLEMENTARY CASH FLOW INFORMATION				
Cash paid during the year for Income taxes	**4,294**	**262,836**	719,467	41,088,760

NOTES TO FINANCIAL STATEMENTS
March 31, 2015 and 2014

Note 1 - Organization

King Maker Marketing, Inc. (Company) is organized and headquartered in New Jersey. Its business is to import and distribute tobacco products to licensed wholesale distributors and retailers throughout the United States. The Company employs an independent warehouse located in Illinois. The Company has significant transactions with ITC Limited (ITC), its sole stockholder, which is organized under the laws of the Republic of India. The Company is subject to the inherent risks associated with the industry, such as new or increased taxes/assessments, regulators as well as litigation.

Note 2 -Summary of Significant Accounting Policies

a. Basis of Accounting and Financial Statement Presentation

The financial statements are prepared in conformity with accounting principles generally accepted in the United States of America (U.S. GAAP).

b. Estimates

The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting year. Actual results could differ from those estimates.

c. Fair Value Measurement

The Company reports certain assets and liabilities at fair 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 on the measurement date.

d. Cash and Cash Equivalents

The Company's cash and cash equivalents are defined as cash and short-term highly liquid investments with an original maturity of three or fewer months.

e. Inventory

Inventory consists mainly of cigarettes and includes bonded, tax paid available for sale and in-transit inventory. The lower of cost (first manufactured, first out) or market method has been used in determining the inventory value. The tax paid available for sale inventory includes the cost of the cigarettes, plus applicable duty, federal excise taxes, tobacco buyout costs, FDA User Fee, MSA, freight-in, storage, and other direct costs. The tax paid available for sale inventory amounts to approximately $788,000 and $407,000 as of March 31, 2015 and 2014, respectively. The bonded inventory includes cost of the cigarettes, plus freight-in, storage, and other direct costs. The bonded inventory amounts to approximately $924,000 and $864,000 as of March 31, 2015 and 2014, respectively. The in-transit inventory amounts to approximately $572,000 and $-0- as of March 31,2015 and 2014 respectively.

f. Property and Equipment, Net

Property and equipment are carried at cost less accumulated depreciation. Major additions and improvements are capitalized, and replacements, maintenance, and repairs that do not improve or extend the useful lite of an asset are expensed as incurred. When equipment is retired or otherwise disposed of, the appropriate accounts are relieved of costs and accumulated depreciation, and any resultant gain or loss is credited or charged to operations. The Company uses the straight-line method of depreciation and depreciates equipment and fixtures over 5 to 7 years, software over 3 to 5 years, and leasehold improvements over 7 to 40 years.

Long-lived assets to be held and used are tested for recoverability whenever events or changes in circumstances indicate that the related carrying amount may not be recoverable. When required, impairment losses on assets to be held and used are recognized based on the excess of the asset's carrying amount over the fair value of the assets. There were no impairment losses deemed necessary for the years ended March 31, 2015 and 2014.

g. Revenue Recognition/Accounts Receivable

The Company recognizes revenue when title is transferred as the product is shipped. Trade discounts are offered to customers on invoiced prices, and are included in net sales. Revenues are reflected net of customer returns. Total customer returns were $375,190 and $423,258 for the years ended March 31,2015 and 2014, respectively.

Accounts receivable are charged to bad debt expense as they are deemed uncollectible based upon management's periodic review of the accounts. Management considers accounts receivable to be fully collectible, and, therefore, no allowance is considered necessary as of March 31, 2015 and 2014.

h. Shipping and Handling Expenses

Shipping and handling expenses are classified under operating expenses. A portion of the expenses relating to inbound receipt of materials is classified under cost of goods sold. The shipping and handling expenses as it relates to operating expenses were $655,173 and $594,179 for the years ended March 31, 2015 and 2014, respectively.

i. Marketing and Promotion Costs

The Company's policy is to expense marketing and promotion costs as incurred. Total marketing and promotion costs, which are included in operating expenses, were $684,386 and $866,214 for the years ended March 31, 2015 and 2014, respectively.

j. Income Tax

The Company records income taxes using the asset and liability method whereby deferred tax assets and liabilities are determined based on the difference between the financial statement and tax bases of assets and liabilities as measured by the enacted tax rates which will be in effect when these differences reverse. Deferred tax expense is the result of changes in deferred tax assets and liabilities.

When income tax returns are filed, some tax positions taken are highly certain to be sustained upon examination by the taxing authorities, while other tax positions are subject to uncertainty about the technical merits of the position or the amount of the position's tax benefit that would be ultimately sustained. The portion of the benefits associated with tax positions taken that exceeds the amount measured as previously described is reflected as a liability for unrecognized tax

benefits in the accompanying balance sheets and includes, where applicable, accrued interest and/or penalties attributable to the unrecognized tax benefits.

The Company presently discloses or recognizes income tax positions based on management's estimate of whether it is reasonably possible or probable that a liability has been incurred for unrecognized income taxes. Management has concluded that the Company has taken no material tax position that requires an adjustment in the financial statements as of March 31,2015.

The Company's tax returns are subject to examination by the respective taxing authorities. The Company is no longer subject to tax examination for the years ended March 31, 2011, and prior.

k. Reclassifications

Certain prior year amounts have been reclassified to conform to current year presentation.

l. Subsequent Events

The Company has evaluated subsequent events for potential recognition or disclosure through April 10, 2015, the date the financial statements were available to be issued.

Note 3 - Property and Equipment, Net

Property and equipment, net, consist of the following:

	March 31, 2015		March 31, 2014	
	$	₹	$	₹
Equipment and fixtures	**147,271**	**9,204,438**	147,271	8,824,478
Leasehold improvements	**2,000**	**125,000**	2,000	119,840
Computer software	**58,482**	**3,655,125**	58,482	3,504,241
	207,753	**12,984,563**	207,753	12,448,559
Less accumulated depreciation	**183,587**	**11,474,188**	167,346	10,027,372
	24,166	**1,510,375**	40,407	2,421,186

Depreciation expense for property and equipment was $16,241 and $15,494 for the years ended March 31, 2015 and 2014, respectively.

Note 4 - Commitments and Contingencies

a. Leases

The Company's main office is located in Paramus, New Jersey. Rent expense for the years ended March 31, 2015 and 2014, was approximately $86,000 and $85,000, respectively.

The Company leased two additional offices in Paramus, New Jersey, through January 31, 2015, which are across the hall from the main office, with the same terms and an annual rent of approximately $99,000 and $116,000 for the years ended March 31, 2015 and 2014, respectively. These offices were sublet to ITC Infotech, Inc. (an ITC Group Company) for the full term of the lease. ITC Infotech, Inc. has fully reimbursed the Company for the rent expense under the lease for the years ended March 31, 2015 and 2014.

The Company leased accommodations through March 31, 2014 for its managers seconded from ITC Ltd. India to ease their transition to the United States. Rent expense was approximately $14,200 for the year ended March 31, 2014.

The Company leases automobiles under noncancelable operating leases with 36-month terms. Vehicle lease expense was $15,169 and $16,514 for the years ended March 31, 2015 and 2014, respectively. Quarterly rental payments for the leasing of office equipment (postage meter) are included in operating expenses.

Future minimum lease payments are as follows:

For the year ending March 31,	
2016	$ 93,209
2017	$ 90,420
2018	$ 19,976
Total minimum payments required	$ 203,605

Total expenses under all operating leases, less sublease rentals recovered, are as follows and are included in operating expenses :

	March 31, 2015		March 31, 2014	
	$	₹	$	₹
Minimum rentals	**201,091**	**12,308,780**	232,914	13,301,719
Less sublease rentals	**98,529**	**6,030,960**	116,380	6,646,462
	102,562	**6,277,820**	116,534	6,655,257

b. Legal Matters

In the ordinary course of business, the Company may be a defendant in legal matters. Management does not believe the impact of such matters will have a material effect on the financial position or results of operations of the Company.

Note 5 - Related Party Transactions

The Company has in place an Exclusive Distribution, Private Label Supply, and a Controlled Label Distribution Agreement with ITC. These agreements designate ITC as the sole supplier to the Company, and the Company as the exclusive importer and distributor for all ITC manufactured tobacco products in the United States, Canada, and Mexico.

Purchases for the years ended March 31, 2015 and 2014, from ITC were $4,692,528 and $3,575,550, respectively. At March 31, 2015 and 2014, respectively, $-0- and $1,262 is due from ITC. At March 31, 2015 and 2014, the Company owed ITC $1,134,036 and $-0-, respectively.

Note 6 - Settlement Charges, Net

The Company is a signatory to the Master Settlement Agreement ("MSA") as a Subsequent Participating Manufacturer ("SPM") as stated in Amendment No. 11 to the MSA, dated February 11, 1999.

The MSA is similar to the Agreement reached by the major cigarette manufacturers. However, it provides small cigarette manufacturers (known as Subsequent Participating Manufacturers or SPMs), such as the Company, exemption from liability for any market share in 1998 (base year). Under the MSA, the Company is required to pay annually, a proportionate share of the ultimate liability as stipulated in the MSA, based on the additional market share gained by the Company over and above the base year, as measured by the federal excise tax paid units of the Company and as calculated by an independent auditor, which is PWC.

MSA settlement charges are as follows :

	March 31, 2015		March 31, 2014	
	$	₹	$	₹
Costs based on current activity, net of credits	**3,118,196**	**190,864,777**	2,406,616	137,441,840
Adjustment to prior period MSA settlement costs	**27,016**	**1,653,649**	(14,553)	(831,122)
	3,145,212	**192,518,427**	2,392,063	136,610,718

The MSA allows the Company, following payment of assessed settlement charges, to separately challenge or dispute certain amounts. The trials for the arbitration of the 2003 NPM Adjustment Dispute began in April 2012. Commencing December 2012 thru March 2013, the PMs reached a settlement with 22 states, comprising about 46% of the state MSA share. In September 2013, the arbitration panel issued its decisions as to the states that did not settle for the 2003 NPM adjustment, finding that six of them were not diligent and awarded the PMs the remaining amount of the NPM adjustment after application of the settlement with 22 states. In April and May 2014, the PMs settled with two additional states, Indiana and Kentucky, both of whom the arbitration panel had found liable for the 2003 NPM Adjustment. The 24 settled states have approx. 50% of the MSA payment share.

The other four "non-diligent" states, have filed motions to vacate the arbitration awards and find them diligent and to vacate the settlement award's "pro rata" judgment reduction and instead calculate their potential NPM liability as if all the 22 states that settled previously, were not diligent. Three out of the four states' trial courts have upheld the Arbitration Panel's ruling that those states were non-diligent. We expect the fourth one to do so as well. However, the position on pro-rata judgment reduction is likely to be more contentious.

The Company received a credit of $890,895 in March 31, 2014, in PWC's final calculations, on account of the 2003 Arbitration award recoverable from the six non-diligent states. However, given the above challenges and the potential liability in relation to the 2003 arbitration, the Company did not recognize this credit as income as of March 31, 2014. Further, the Company paid $178,179 as the 20% owed to these six states per the "Agreement Regarding Arbitration." Since two of the six states, Indiana and Kentucky settled our claims, we have recognized the amounts related to them, of $231,643 in income from these credits. Further, the Company received $168,015 as additional credits as of March 31, 2015 on account of Indiana and Kentucky Settlements and credits for transition years 2013 and 2014.

From March 31, 2013 through March 31, 2015, the Company has received a total net credit, on account of NPM Adjustment disputes, of $2,760,400. The Company has recognized $2,279,326 in income leaving $481,074 in unrealized credit. An amount of approximately $4.5 million is the maximum recoverable amount in NPM Adjustment Disputes, with the balance non-settling states, for the years 2004 onwards, subject to arbitration, as of March 31, 2015.

Note 7- Tobacco Buyout

As required by Title VI of the American Jobs Creation Act of October 2004 and related regulations thereof, the Company was required to pay its share of the "Tobacco Buyout" assessment issued by the Commodity Credit Corporation, USDA. This assessment was for a ten-year period which commenced January 2005 and ended December 31, 2014, and was payable quarterly. Each quarterly payment was based on the Company's market share as determined by the federal excise tax paid units during the previous quarter per the rules and regulations notified. Total payments for the years ended March 31,2015 and 2014, were $703,284 and $946,056, respectively, and are included in cost of sales.

Note 8 - Profit-Sharing Pension Plan

The Company offers a profit-sharing pension plan (Plan) for all eligible employees. Employees become eligible as long as they are twenty-one years of age and have twelve months of credited service. To continue in the plan, employees must have a minimum of 1,000 hours of employment annually and be on the payroll at the end of each plan year, with some exceptions. Employees become fully vested with six or more years of service. Contributions to the Plan are discretionary, with a 3% minimum, under certain circumstances, on an employee's Social Security base income. Expenses for the years ended March 31, 2015 and 2014, were $157,193 and $108,500, respectively.

Note 9 - Concentration of Credit Risk

Financial instruments that potentially subject the Company to concentrations of credit risk consist principally of cash and cash equivalents and accounts receivable.

The Company deposits its cash at four major financial institutions in the United States. At times, the Company's cash balances exceed the current insured amount under the Federal Deposit Insurance Corporation.

For the year ended March 31, 2015, revenue from one customer approximately aggregated 10% of the total sales for the Company. Amounts due from this customer included in accounts receivable at March 31, 2015, was $44,664. This amount was fully recovered as of the date of the issue of this financial statement.

For the year ended March 31, 2014, revenue from one customer approximately aggregated 13% of the total sales for the Company. There were no amounts due from this customer at March 31, 2014.

NOTE 10 - INCOME TAXES

Income taxes consists of the following components:

	Year ended 31st March, 2015 $	Year ended 31st March, 2015 ₹	Year ended 31st March, 2014 $	Year ended 31st March, 2014 ₹
Current income tax expense				
Federal	**823,899**	**50,430,858**	14,590	833,235
States	**217,035**	**13,284,712**	(9,111)	(520,329)
Total current	**1,040,934**	**63,715,570**	5,479	312,906
Deferred income tax expense				
Federal	**(733,106)**	**(44,873,418)**	(9,408)	(537,291)
States	**(187,147)**	**(11,455,268)**	(4,457)	(254,539)
Total deferred	**(920,253)**	**(56,328,686)**	(13,865)	(791,830)
Total income tax expense				
Federal	**90,793**	**5,557,440**	5,182	295,944
States	**29,888**	**1,829,444**	(13,568)	(774,868)
	120,681	**7,386,884**	(8,386)	(478,924)

The Company's effective income tax rate varies from the federal statutory rate primarily as the result of state taxes, net of federal effect.

Significant components of the Company's deferred tax assets and deferred tax liabilities are as follows:

	Year ended 31st March, 2015 $	Year ended 31st March, 2015 ₹	Year ended 31st March, 2014 $	Year ended 31st March, 2014 ₹
Deferred tax assets				
Accrued settelment charges	**889,294**	**55,580,875**	—	—
Inventory	**28,610**	**1,788,125**	19,983	1,197,381
	917,904	**57,369,000**	19,983	1,197,381
Deferred tax liabilities				
Property and Equipment	**(9,514)**	**(594,625)**	(13,897)	(832,708)
Accounts receivable, other	—	—	(19,831)	(1,188,274)
Prepaid expenses	**(45,190)**	**(2,824,375)**	(43,308)	(2,595,015)
	(54,704)	**(3,419,000)**	(77,036)	(4,615,997)

SUPPLEMENTARY INFORMATION – COST OF SALES

	Year ended 31st March, 2015 $	Year ended 31st March, 2015 ₹	Net Sales %	Year ended 31st March, 2014 $	Year ended 31st March, 2014 ₹	Net Sales %
Beginning inventory, net of reserve for write-off	**1,271,401**	**76,182,348**	**4.3**	1,111,769	60,357,939	4.1
Cigarette tax, duty, and harbor processing fees	**17,159,641**	**1,050,341,626**	**58.6**	15,503,225	885,389,180	57.7
Cigarette purchases	**4,692,528**	**287,229,639**	**16.0**	3,575,550	204,199,661	13.3
Tobacco buyout expense	**703,284**	**43,048,014**	**2.4**	946,056	54,029,258	3.5
FDA	**628,896**	**38,494,724**	**2.1**	576,014	32,896,160	2.1
Other expenses	**5,053**	**309,294**	**0.0**	—	—	—
Storage	**152,486**	**9,333,668**	**0.5**	115,229	6,580,728	0.4
Freight-in	**19,851**	**1,215,080**	**0.1**	—	—	—
Customs brokerage	**28,821**	**1,764,133**	**0.1**	14,433	824,269	0.1
Destruction charges	**1,565**	**95,794**	**0.0**	1,363	77,841	0.0
	24,663,526	**1,508,014,319**	**84.2**	21,843,639	1,244,355,035	81.3
Ending inventory, prior to reserve	**(2,284,194)**	**(142,762,125)**	**(7.8)**	(1,271,401)	(76,182,348)	(4.7)
	22,379,332	**1,365,252,194**	**76.4**	20,572,238	1,168,172,687	76.6

SUPPLEMENTARY INFORMATION – OPERATING EXPENSES

	Year ended 31st March, 2015 $	Year ended 31st March, 2015 ₹	Net Sales %	Year ended 31st March, 2014 $	Year ended 31st March, 2014 ₹	Net Sales %
Marketing and promotion	**684,386**	**41,891,267**	**2.3**	866,214	49,469,482	3.2
Salaries	**999,619**	**61,186,679**	**3.4**	985,930	56,306,462	3.7
Shipping and handling	**655,173**	**40,103,139**	**2.2**	594,179	33,933,563	2.2
Professional fees	**383,713**	**23,487,073**	**1.3**	414,841	23,691,570	1.5
Travel	**176,417**	**10,798,485**	**0.6**	217,683	12,431,876	0.8
Fees and licenses	**139,676**	**8,549,568**	**0.5**	150,949	8,620,697	0.6
Group insurance	**120,367**	**7,367,664**	**0.4**	126,690	7,235,266	0.5
Pension	**157,193**	**9,621,784**	**0.5**	108,500	6,196,435	0.4
Payroll tax	**80,197**	**4,908,858**	**0.3**	89,306	5,100,266	0.3
Rent	**86,426**	**5,290,135**	**0.3**	84,937	4,850,752	0.3
General insurance	**88,265**	**5,402,701**	**0.3**	85,737	4,896,440	0.3
Office supplies and expense	**66,446**	**4,067,160**	**0.2**	81,639	4,662,403	0.3
Dues and subscriptions	**77,733**	**4,758,037**	**0.3**	73,763	4,212,605	0.3
Auto	**36,638**	**2,242,612**	**0.1**	44,334	2,531,915	0.2
Miscellaneous/other expenses	**53,261**	**3,260,106**	**0.2**	30,728	1,754,876	0.1
Telephone/communication	**24,568**	**1,503,807**	**0.1**	25,142	1,435,860	0.1
Training and placement fees	**15,042**	**920,721**	**0.1**	15,600	890,916	0.1
Depreciation	**16,241**	**994,112**	**0.1**	15,494	884,862	0.1
	3,861,361	**236,353,907**	**13.2**	4,011,666	229,106,245	14.9

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