SUBSIDIARY COMPANIES

Russell Credit Limited	2
Greenacre Holdings Limited	28
ITC Infotech India Limited	41
ITC Infotech Limited	64
ITC Infotech (USA), Inc.	78
Pyxis Solutions, LLC. USA	84
Srinivasa Resorts Limited	87
Fortune Park Hotels Limited	104
Bay Islands Hotels Limited	118
WelcomHotels Lanka Pvt. Ltd.	128
Landbase India Limited	133
Technico Agri Sciences Limited	153
Technico Pty Limited	174
Technico Technologies Inc.	183
Technico Asia Holdings Pty Limited	187
Technico Horticultural (Kunming) Company Limited	192
Surya Nepal Private Limited	200
Gold Flake Corporation Limited	216
ITC Investments & Holdings Limited	228
MRR Trading & Investment Company Limited	236
North East Nutrients Pvt. Ltd.	243
Wimco Limited	261
Prag Agro Farm Limited	280
Pavan Poplar Limited	290
King Maker Marketing, Inc.	302

REPORT OF THE BOARD OF DIRECTORS & MANAGEMENT DISCUSSION AND ANALYSIS FOR THE FINANCIAL YEAR ENDED 31ST MARCH, 2016

1. Your Directors submit their Report for the financial year ended 31st March, 2016.

2. ECONOMIC ENVIRONMENT

The Indian economy grew by 7.5% in real terms during the first nine months of 2015-16 representing a marginal improvement over 2014-15 (7.2%). However, there has been a marked decline in Nominal GDP growth which stood at 8.1% for the nine month period ended December'15 compared to 11.4% for the corresponding period in 2014-15. Economic indicators such as credit off-take, capacity utilisation and investments point to weakness in the broader economy, although inflation and Current Account Deficit remained in the comfort zone aided, inter-alia, by a sharp decline in crude oil prices. The Government's commitment to contain the Fiscal Deficit also helped maintain macro-economic stability. This provided the much needed space for monetary accommodation, with the RBI reducing policy rates by a cumulative 75 basis points during the year.

Market interest rates, however, remained volatile during the year despite RBI adopting an accommodative monetary stance. Transmission of rate cuts was impeded by lack of corresponding reduction in bank base rates, tepid growth in bank deposits, adverse demand – supply dynamics due to higher issuance of State Development Loans, higher interest rates offered by the Government on small savings schemes and tight banking liquidity conditions which remained in deficit for a large part of the year.

Reaffirmation of commitment to fiscal prudence by the Central Government and continued expansion in monetary stimulus by Central Banks in developed markets improved sentiments in Indian Fixed Income markets during the last quarter of 2015-16. Further, prospects of normal monsoons in 2016 and subdued commodity prices augur well for domestic inflation, which should remain in the comfort zone, and support continued monetary accommodation by the RBI. This alongwith improved transmission of rate cuts is likely to result in lower market interest rates in the financial year 2016-17.

3. FINANCIAL PERFORMANCE

The overall performance of your Company has been healthy, despite decline in market interest rates. During the year, the revenue from operations was lower by 15.57% to ₹ 5,898.34 lakhs (previous year: ₹ 6,985.82 lakhs). Income from debt market deployments by the Company was ₹ 3,655.03 lakhs (previous year: ₹ 5,180.95 lakhs), while revenue from equity market operations was ₹ 382.34 lakhs (previous year: ₹ 289.88 lakhs). Income from the Company's mutual fund distribution and leasing activities aggregated ₹ 1,201.58 lakhs during the year (previous year: ₹ 1,414.75 lakhs). Profit Before Tax registered a decline of 3.46% to ₹ 6,513.09 lakhs while Net Profit declined by 20.16% to ₹ 4,501.22 lakhs.

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

		For the year ended 31st March, 2016 (₹ in lakhs)	For the year ended 31st March, 2015 (₹ in lakhs)
a.	Profit Before Tax	**6,513.09**	6,746.26
	Less : Tax Expense	**2,011.87**	1,108.22
b.	Profit After Tax	**4,501.22**	5,638.04
c.	Add : Profit brought forward from previous years	**3,158.96**	9,509.54
d.	Surplus available for Appropriation	**7,660.18**	15,147.58
e.	Add : Adjustment pursuant to the Scheme of Amalgamation [Refer Note 20(viii) to the Financial Statements]	**81.66**	–
f.	Less : Depreciation on transition to Schedule II of the Companies Act, 2013 on Tangible Fixed Assets	**–**	0.70
g.	Less : Interim Dividend paid (recommended as Final Dividend)	**4,525.35**	9,050.70
h.	Less : Income Tax on Interim Dividend	**921.26**	1,809.61
i.	Less : Transferred to Special Reserve under Section 45-IC of the Reserve Bank of India Act, 1934	**900.24**	1,127.61
j.	Balance carried forward	**1,394.99**	3,158.96

4. DIVIDEND

Interim Dividend of ₹ 0.70 per Equity Share having nominal value of ₹ 10/- per Share, aggregating ₹ 4,525.35 lakhs, was declared by your Directors on 14th December, 2015, 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 in the Register of Members on the said date. The Interim Dividend has been recommended by your Directors as the Final Dividend for the financial year ended 31st March, 2016.

5. DIRECTORS AND KEY MANAGERIAL PERSONNEL

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

There was no change in the composition of the Board of Directors ('the Board') and Key Managerial Personnel of the Company during the year.

(b) Retirement by rotation

In accordance with the provisions of Section 152(6) of the Companies Act, 2013 ('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

As reported last year, the attributes and qualifications of the Independent Directors as provided in Section 149(6) of the Act and Rule 5 of the Companies (Appointment and Qualification of Directors) Rules, 2014 were adopted by the Nomination and Remuneration Committee. The said attributes and qualifications, as applicable, were also adopted in respect of the other Directors.

The Company's Policy for laying down 'fit and proper criteria' of Directors was approved by the Board in terms of the Non-Banking Financial Companies – Corporate Governance (Reserve Bank) Directions, 2015. The Directors of the Company, other than the Independent Directors, are executives of ITC Limited, the Holding Company, and fulfil the fit and proper criteria for appointment as Directors. Further, the Directors of the Company, other than the Independent Directors, are liable to retire by rotation and one-third of them retire every year and are eligible for re-election.

(e) 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, as in the previous year, was based on criteria approved by the Nomination and Remuneration Committee. Reports of functioning of Board Committees were placed by the respective Committee Chairman before the Board.

(f) Remuneration of Non-Executive Directors

The Independent Directors of the Company are entitled to sitting fees of ₹ 20,000/- and ₹ 10,000/-, respectively, for attending meetings of the Board and Committees thereof.

The Directors did not have any pecuniary relationship or transaction with the Company.

(g) Remuneration Policy

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

6. BOARD AND BOARD COMMITTEES

The five Board Committees of the Company and their composition is 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. Saradindu Dutta
Mr. Supratim Dutta

During the year ended 31st March, 2016, the following meetings of the Board and Board Committees were held:

Board / Board Committee	Number of meetings	Date(s) of meeting(s)
Board	6	28th April, 2015 9th June, 2015 24th August, 2015 25th November, 2015 14th December, 2015 7th March, 2016
Audit Committee	4	28th April, 2015 9th June, 2015 24th August, 2015 7th March, 2016
Nomination and Remuneration Committee	2	28th April, 2015 7th March, 2016
CSR Committee	2	28th April, 2015 7th March, 2016
Asset Liability Management Committee	2	24th August, 2015 7th March, 2016
Risk Management Committee	2	24th August, 2015 7th March, 2016

The attendance of Directors of the Company at the Board and Board Committee meetings held during the year is given below:

Sl. No.	Name of the Director	Number of meetings attended					
		Board	Audit Commi -ttee	Nomination and Remuneration Committee	CSR Commi -ttee	Asset Liability Management Committee	Risk Manage -ment Committee
1.	Mr. R. Tandon	6	4	2	2	2	2
2.	Mr. B. B. Chatterjee	6	N.A.	2	2	2	N.A.
3.	Mr. P. Chatterjee	6	4	2	2	N.A.	N.A.
4.	Mr. Saradindu Dutta *	5	N.A.	N.A.	N.A.	2	1
5.	Mr. Supratim Dutta	5	N.A.	N.A.	N.A.	N.A.	2
6.	Ms. A. Guhamallick	6	4	2	N.A.	N.A.	N.A.

** Appointed Member of the Risk Management Committee with effect from 24th August, 2015.*

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 the Company and for preventing and detecting fraud and other irregularities;

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

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

8. NBFC REGULATIONS

The disclosures as required under the 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.

9. SUBSIDIARIES AND ASSOCIATES

During the year, the Company acquired the entire equity share capital of BFIL Finance Limited (BFIL) comprising 2,00,00,000 equity shares of ₹ 10/- each, at fair value of ₹ 1/- based on independent valuation. Consequently, BFIL became a wholly owned subsidiary of the Company with effect from 18th June, 2015. The Company also acquired the entire equity share capital of Wills Corporation Limited (Wills Corporation) comprising 48,85,626 equity shares of ₹ 10/- each at book value of ₹ 488.56 lakhs, consequent to which Wills Corporation also became a wholly owned subsidiary of the Company with effect from 7th September, 2015.

The statement in Form No. AOC-1 containing the salient features of the financial statements of the Company's subsidiary and associates is attached to the Financial Statements of the Company.

The Company, being an intermediate wholly owned subsidiary, is not required to prepare Consolidated Financial Statements, and accordingly 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 required to be provided.

10. AMALGAMATION OF COMPANIES

With a view to enable appropriate consolidation of the undertaking of companies and better and more efficient utilisation of the available resources of BFIL and Wills Corporation in the business of the Company, the Board proposed Schemes of Amalgamation of Wills Corporation and BFIL with the Company under Sections 391 and 394 of the Companies Act, 1956.

The Scheme of Amalgamation of Wills Corporation with the Company was sanctioned by the Hon'ble High Court at Calcutta on 16th February, 2016 and upon completion of requisite formalities, such amalgamation became operative from 1st April, 2015. The Scheme of Amalgamation of BFIL with the Company was sanctioned by the Hon'ble High Court of Judicature at Bombay on 4th May, 2016 and such amalgamation also became operative from 1st April, 2015.

11. HUMAN RESOURCES

Human Resources Development (HRD) practices in your Company are aligned with those of ITC Limited and are guided by the principles of relevance, consistency and fairness. A productive workplace has been and remains a key requirement for successful business performance of your Company. The Company believes that HRD strategies and practices will continue to provide competitive advantage to the Company. In addition to the Key Managerial Personnel, the Company had eight employees as on 31st March, 2016.

None of the employees of the Company is drawing remuneration exceeding that specified in Rule 5(2) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014.

12. RISK MANAGEMENT

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

Management of risks vests with the executive management which is responsible for the day-to-day conduct of the affairs of the Company. The Internal Auditor of the Company, the Internal Audit Department of ITC Limited, 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 and the Board on the effectiveness of the Company's risk management systems and policies. The Risk Management Committee of the Board constituted in terms of the Non-Banking Financial Companies – Corporate Governance (Reserve Bank) Directions, 2015 periodically reviews the risk management framework of the Company, with the objective of addressing the existing and emerging challenges in a dynamic business environment.

13. INTERNAL CONTROL SYSTEMS

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

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

14. CORPORATE SOCIAL RESPONSIBILITY (CSR)

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

15. 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.

16. RELATED PARTY TRANSACTIONS

The Policy on dealing with Related Party Transactions of the Company, as approved by the Board, is enclosed as **Annexure 3** to this Report.

The details of related party transactions of the Company in the prescribed Form No. AOC-2 are enclosed under **Annexure 4** to this Report.

17. 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.

18. EXTRACT OF ANNUAL RETURN

The extract of Annual Return in the prescribed Form No. MGT-9 is enclosed as **Annexure 5** to this Report.

19. 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, 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-Third AGM. The Board, in terms of Section 142 of the Act, has also recommended for the approval of the Members the remuneration of AFF for the financial year 2016-17. 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, 2016. The Report of Messrs. Anjan Kumar Roy & Co. in terms of Section 204 of the Act is enclosed as **Annexure 6** to this Report.

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

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

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

On behalf of the Board

R. Tandon *Chairman*

Dated : 16th May, 2016 Saradindu Dutta *Director*

Annexure 1 to the Report of the Board of Directors &
Management Discussion and Analysis for the financial year ended 31st March, 2016

Remuneration Policy

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

The Company's Remuneration Strategy is designed to attract and retain quality talent that gives its business a competitive advantage and enables the Company to achieve its objectives.

The Company's Remuneration Strategy, whilst focusing on remuneration and related aspects of performance management, is aligned with and reinforces the employee value proposition of a superior quality of work life, that includes an enabling work environment, an empowering and engaging work culture and opportunities to learn and grow.

The Compensation approach endeavours to align each employee with the Company's goals.

POLICY

It is the Company's Policy:

1. To ensure that its Remuneration practices support and encourage meritocracy.
2. To ensure that Remuneration is market-led and takes into account the competitive context of the Company's business.
3. To leverage Remuneration as an effective instrument to enhance performance and therefore to link the remuneration to both individual and collective performance outcomes.
4. To adopt a comprehensive approach to Remuneration in order to support a superior quality of personal and work life, in a manner so as to judiciously balance short term with long term priorities.
5. To design Remuneration practices such that they reinforce the Company's values and culture and to implement them in a manner that complies with all relevant regulatory requirements.

Remuneration of Key Managerial Personnel (KMP)

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

Remuneration of Independent Directors

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

Remuneration of employees other than KMP

1. Remuneration of employees other than KMP is approved by the Board.
2. Remuneration is reviewed and revised periodically, when such a revision is warranted by the market. The quantum of revision is linked to market trends, the competitive context of the Company's business, as well as the track record of the individual employee.
3. Variable Pay is based on the performance rating of the individual employee.

Annexure 2 to the Report of the Board of Directors & Management Discussion and Analysis

Annual Report on CSR Activities of the Company for the financial year ended 31st March, 2016

[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		₹ 5,511.83 lakhs
4.	Prescribed CSR expenditure (2% of the amount stated under 3 above)		₹ 110.24 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	₹ 111 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 - Rural Development Trust	Undertaking rural development projects [covered under Clause (x) of Schedule VII to the Companies Act, 2013]	N.A.	₹ 111 lakhs	₹ 111 lakhs	₹ 111 lakhs	Implementing Agency – ITC Rural Development Trust, Kolkata

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

On behalf of the Board
R. Tandon *Chairman – CSR Committee*
Saradindu Dutta *Director*

Dated : 16th May, 2016

Annexure 3 to the Report of the Board of Directors &
Management Discussion and Analysis for the financial year ended 31st March, 2016
Policy on dealing with Related Party Transactions

1. The Company shall not enter into any contract or arrangement with a related party without the approval of the Audit Committee.
2. The Audit Committee may, in the interest of the conduct of affairs of the Company, grant omnibus approval for related party transactions that are repetitive in nature, provided that the aggregate value of transactions which can be approved by the Committee in a financial year under the omnibus route shall not exceed 5% of the revenue of operations of the Company as per its last audited financial statements, with the value of each such transaction not exceeding 1% of the revenue of operations.
3. While assessing a proposal for approval under the omnibus route, the Audit Committee to satisfy itself on the need for such approval and that the same is in the interest of the Company. For this purpose, the following shall be placed before the Audit Committee while seeking omnibus approval:
   (a) The name(s) of the related party and the nature and duration of the transaction;
   (b) The maximum amount that can be transacted;
   (c) The indicative base price / current contracted price and the formula for variation in the price, if any; For this purpose, (i) price will mean the estimated money consideration under a contract of sale or purchase of goods or services, net of applicable taxes such as Sales Tax / Value Added Tax / Service Tax and (ii) the formula for variation of the price to be based on one of the globally accepted methods of establishing arm's length pricing such as Comparable Uncontrolled Price ('CUP'), Cost Plus, Transaction Net Margin and Resale Price Method.
   (d) Any other information relevant or important for the Audit Committee to take a decision on the proposed transaction.
4. The Audit Committee shall review, at least on a half-yearly basis, the details of related party transactions entered into by the Company pursuant to the omnibus approval; such omnibus approval to be valid for the financial year.
5. Where the need for related party transactions cannot be foreseen and the details mentioned in (3) above are not available, the Audit Committee may grant omnibus approval for such transactions subject to their value not exceeding ₹ 50 lakhs per transaction.
6. Transactions of the following nature are not to be subjected to the omnibus approval mechanism:
   (a) Transactions which are not in the ordinary course of business or not at arm's length;

(b) Transactions exceeding the threshold limits specified in (2) above;

(c) Transactions which are not repetitive or not unforeseen in nature;

(d) Transactions in respect of sale or disposal of any undertaking of the Company.

7. As the term 'transaction' has not been defined in the Companies Act, 2013 and the Rules framed thereunder, it will mean a single transaction or a group of transactions under a single contract or arrangement in line with the definition prescribed for listed companies under the SEBI Regulations.

8. In the event any contract or arrangement with a related party is not in the ordinary course of business or not at arm's length, the Company shall comply with the provisions of the Companies Act, 2013 and the Rules framed thereunder and obtain approval of the Board and / or shareholders, as applicable, for such contract or arrangement.

9. The requisite details of (a) material related party transactions and (b) related party transactions which are not at arm's length, shall be disclosed in the Annual Report in terms of the Companies Act, 2013 & the Rules framed thereunder and the RBI Regulations.

For this purpose, a transaction with a related party shall be considered material if the transaction(s) to be entered into individually or taken together with previous transactions during a financial year, exceeds 10% of the revenue of operations of the Company as per its last audited financial statements.

Annexure 4 to the Report of the Board of Directors &
Management Discussion and Analysis for the financial year ended 31st March, 2016

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	ITC Limited (ITC), the Holding Company
b)	Nature of contracts / arrangements / transactions	Purchase of equity shares of Wills Corporation Limited (Wills Corporation)
c)	Duration of the contracts / arrangements / transactions	N.A.
d)	Salient terms of the contracts or arrangements or transactions including the value, if any	The entire equity share capital of Wills Corporation comprising 48,85,626 equity shares of ₹ 10/- each was purchased from ITC at its carrying cost of ₹ 488.56 lakhs.
e)	Justification for entering into such contracts or arrangements or transactions	To improve operational efficiencies. There is no potential conflict with the interests of the Company and its shareholders arising out of such transaction, since the same is between the Holding Company and its wholly owned subsidiary.
f)	Date(s) of approval by the Board	24th August, 2015
g)	Amount paid as advances, if any	Nil
h)	Date on which the special resolution was passed in general meeting as required under first proviso to Section 188	N.A.

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	North East Nutrients Private Limited (NENPL), fellow subsidiary	
b)	Nature of contracts / arrangements / transactions	Unsecured inter-corporate loan of ₹ 10,000 lakhs to ITC Infotech	Secured inter-corporate loan of ₹ 7,300 lakhs to NENPL	Secured inter-corporate loan of ₹ 1,000 lakhs to NENPL
c)	Duration of the contracts / arrangements / transactions	Not exceeding one year from the date of first disbursement of the loan.	Not exceeding seven years from the date of first disbursement of the loan.	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 @ 9.50% per annum.	• Secured by hypothecation of NENPL's movable fixed assets and equitable mortgage by deposit of title deeds of NENPL's immovable properties. • Interest payable on quarterly basis @ 12% per annum. • Moratorium on repayment of loan for 12 months from the date of first disbursement; thereafter repayable in 24 equal quarterly instalments.	• Secured by hypothecation of NENPL's movable fixed assets, inventory and receivables. • Interest payable on quarterly basis @ 12% per annum.
e)	Date(s) of approval by the Board, if any	The Board of Directors of the Company at the meeting held on 18th December, 2014 delegated the power to two Directors to grant inter-corporate loans to fellow Indian subsidiaries.		
f)	Amount paid as advances, if any	Nil	Nil	Nil

On behalf of the Board
R. Tandon *Chairman*
Saradindu Dutta *Director*

Dated : 16th May, 2016

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, 2016

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

I. REGISTRATION AND OTHER DETAILS

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

II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

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

Sl. No.	Name and Description of main products / services	NIC Code of the product / service	% to total turnover of the Company
1.	Other financial service activities:	64990	
	• Net profit on sale of stock-in-trade		45.28%
	• Interest Income from Bonds		16.28%
	• Interest Income from Loans		11.18%
2.	Lease and other rental income	68100 & 77301	10.82%

III. PARTICULARS OF HOLDING, SUBSIDIARIES AND ASSOCIATE COMPANIES

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

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

(i) Category-wise Shareholding:

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

(ii) Shareholding of Promoters:

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

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

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

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

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

V. INDEBTEDNESS

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

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

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

(₹ in lakhs)

Sl. No.	Particulars of Remuneration	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	17.11
	(b) Value of perquisites under Section 17(2) of the Income-tax Act, 1961	3.48
	(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)		**20.59**
Ceiling as per the Companies Act, 2013 *(5% of the net profits of the Company computed in accordance with Section 198 of the said Act)*		302.98

Note: Mr. S. Jain is on deputation from ITC Limited (ITC) and his remuneration till 30th June, 2015 was borne by ITC. Mr. Jain has been granted Stock Options by ITC at 'market price' [within the meaning of the SEBI (Share Based Employee Benefits) Regulations, 2014] under the ITC Employee Stock Option Schemes.

B. Remuneration to other Directors:

(₹ in lakhs)

Sl. No.	Name of the Directors	Particulars of Remuneration			Total Amount
		Fee for attending Board and Board Committee meetings	Commission	Independent Directors' Meeting Fee	
1.	**Independent Directors**				
	P. Chatterjee	2.00	Nil	0.10	2.10
	A. Guhamallick	1.80		0.10	1.90
	Total Amount (B)(1)	**3.80**		**0.20**	**4.00**
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)					**4.00**
Total Managerial Remuneration (A + B)					**24.59**
Overall ceiling as per the Companies Act, 2013 *(11% of the net profits of the Company computed in accordance with Section 198 of the said Act)*					666.55

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	35.53
	(b) Value of perquisites under Section 17(2) of the Income-tax Act, 1961	7.02
	(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		**42.55**

Note: Mr. S. Suresh Kumar is on deputation from ITC Limited (ITC). Mr. Suresh Kumar has been granted Stock Options by ITC at 'market price' [within the meaning of the SEBI (Share Based Employee Benefits) Regulations, 2014] under the ITC Employee Stock Option Schemes.

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

Dated : 16th May, 2016

On behalf of the Board

R. Tandon *Chairman*

Saradindu Dutta *Director*

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, 2016

[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') for the financial year ended 31st March, 2016. 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, 2016, complied with the statutory provisions listed hereunder and also that the Company has adequate Board processes and compliance mechanism in place to the extent, in the manner and subject to the reporting made hereinafter.
3. (a) We have examined the secretarial compliance based on the books, papers, minute books, forms and returns filed and other records maintained by M/s. Russell Credit Limited for the financial year ended on 31st March, 2016 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;

   (b) We have also examined the secretarial compliance based on the books, papers, forms and returns filed and other records maintained by M/s. Russell Credit Limited for the financial year ended on 31st March, 2016 according to the provisions of the following law specifically applicable to the Company and as shown to us during our audit:
   (i) Systemically Important Non-Banking Financial (Non - Deposit Accepting or Holding) Companies Prudential Norms (Reserve Bank) Directions, 2015 and other RBI Regulations as applicable to Systemically Important Non-Deposit taking NBFCs;
   (ii) Non-Banking Financial Companies – Corporate Governance (Reserve Bank) Directions, 2015;
   (iii) Reserve Bank of India and Securities and Exchange Board of India guidelines relating to Mutual Fund Advisor.
4. We have also examined compliance with the applicable clauses of the following:
   (i) Secretarial Standards issued by The Institute of Company Secretaries of India under Section 118 of the Companies Act 2013.

5. On the basis of the audit as referred above and to the best of our knowledge, understanding and belief, we are of the view that during the period under review the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards, etc. mentioned above in paragraph 3(a), 3(b) and paragraph 4 of this report.
6. We further report that,
   a) The Board of Directors of the Company is duly constituted with proper balance of Non-Executive Directors and Independent Directors, in compliance with the applicable provisions of law. There has been no change in the composition of the Board of Directors of the Company during the period under review.
   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.
7. We further report that there are adequate systems and processes in the Company commensurate with the size and operations of the Company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.
8. This Report is to be read with our letter of even date which is annexed as **Annexure A** and forms an integral part of this Report.

For, **ANJAN KUMAR ROY & CO.**
Company Secretaries
ANJAN KUMAR ROY
Proprietor
FCS No. 5684
CP. No. 4557

Place : Kolkata
Date : 16/05/2016

'Annexure A'

(To the Secretarial Audit Report of M/s. Russell Credit Limited for the Financial Year ended 31/03/2016)

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 31/03/2016 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 required, we have obtained the Management representation about the compliance of laws, rules and regulations and happening of events etc.
5. The compliance of the provisions of corporate and other applicable laws, rules, regulations, standards is the responsibility of management. Our examination was limited to the verification of procedures on test basis.
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 : 16/05/2016

INDEPENDENT AUDITOR'S 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, 2016, the Statement of Profit and Loss and 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 prescribed under Section 133 of the Act, as applicable.

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 and the Order under Section 143 (11) of the Act.

We conducted our audit of the financial statements 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. 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, 2016, 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 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 prescribed under Section 133 of the Act, as applicable.
   e) On the basis of the written representations received from the directors as on 31st March, 2016 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2016 from being appointed as a director in terms of Section 164 (2) of the Act.
   f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure A". Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the Company's internal financial controls over financial reporting.
   g) With respect to the other matters to be included in the Auditor's Report in accordance with 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 in accordance with the generally accepted accounting practice - also refer Note 6 and Note 20(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.
2. As required by the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Central Government in terms of Section 143(11) of the Act, we give in "Annexure B" a statement on the matters specified in paragraphs 3 and 4 of the Order.

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

Ketan Vora
Partner
(Membership No. 100459)

Mumbai
16th May, 2016

ANNEXURE A TO THE INDEPENDENT AUDITOR'S REPORT

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

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

We have audited the internal financial controls over financial reporting of RUSSELL CREDIT LIMITED ("the Company") as of March 31, 2016 in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

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

Auditor's Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") issued by the Institute of Chartered Accountants of India and the Standards on Auditing prescribed under Section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

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

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

Meaning of Internal Financial Controls Over Financial Reporting

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance

of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls Over Financial Reporting

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

Opinion

In our opinion, to the best of our information and according to the explanations given to us, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2016, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

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

Ketan Vora
Partner
(Membership No. 100459)

Mumbai
16th May, 2016

ANNEXURE B TO THE INDEPENDENT AUDITOR'S REPORT

(Referred to in paragraph 2 under 'Report on Other Legal and Regulatory Requirements' section of our report of even date)

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

(b) The fixed assets were physically verified during the year by the Management in accordance with a regular programme of verification which, in our opinion, provides for physical verification of all the fixed assets at reasonable intervals. According to the information and explanation given to us, no material discrepancies were noticed on such verification.

(c) With respect to immovable properties of acquired land and buildings that are freehold, according to the information and explanations given to us and the records examined by us and based on the examination of the registered sale deed / transfer deed / conveyance deed / court orders approving schemes of amalgamations provided to us, we report that, the title deeds, of such immovable properties are held in the name of the Company as at the balance sheet date.

(ii) The Company does not have any inventory and hence reporting under clause (ii) of the Order is not applicable.

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

(iv) In our opinion and according to the information and explanations given to us, the Company has complied with the provisions of Sections 185 and 186 of the Companies Act, 2013 in respect of grant of loans, making investments and providing guarantees and securities, as applicable.

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

(vi) Having regard to the nature of the Company's business / activities, reporting under clause (vi) of the Order is not applicable.

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

(a) The Company has been regular in depositing undisputed statutory dues, including Provident Fund, Employees' State Insurance, Income-tax, Sales Tax, Service Tax, Value Added Tax, Cess and other material statutory dues applicable to it to the appropriate authorities. Customs Duty and Excise Duty are not applicable to the Company.

(b) Details of dues of Income-tax, Sales Tax, Service Tax and Value Added Tax which have not been deposited as on 31st March, 2016 on account of disputes are given below:

Name of Statute	Nature of Dues	Amount (₹ in lakhs)	Period to which the Amount Relates	Forum where Dispute is Pending
			Various years covering the period	
Uttar Pradesh Value Added Tax erstwhile namely "UP Trade Tax Act, 1948"	Lease Tax	37.01	1996-97 to 1999-2000	Joint Commissioner (A), Trade Tax, Kanpur
Income Tax Act, 1961	Income Tax	76.56	2001-02	Income Tax Appellate Tribunal, Mumbai
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
Income Tax Act, 1961	Income Tax	19.50	2008-09	Income Tax Appellate Tribunal, Mumbai

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

(ix) The Company has not raised moneys by way of initial public offer or further public offer (including debt instruments) or term loans and hence reporting under clause (ix) of the Order is not applicable.

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

(xi) In our opinion and according to the information and explanations given to us, the Company has paid / provided managerial remuneration in accordance with the requisite approvals mandated by the provisions of Section 197 read with Schedule V to the Companies Act, 2013.

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

(xiii) In our opinion and according to the information and explanations given to us the Company is in compliance with Sections 177 and 188 of the Companies Act, 2013, where applicable, for all transactions with the related parties and the details of related party transactions have been disclosed in the financial statements etc. as required by the applicable accounting standards.

(xiv) During the year the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures and hence reporting under clause (xiv) of the Order is not applicable to the Company.

(xv) In our opinion and according to the information and explanations given to us, during the year the Company has not entered into any non-cash transactions with its directors or directors of its holding, subsidiary or associate company or person connected with them and hence provisions of Section 192 of the Companies Act, 2013 are not applicable.

(xvi) The Company is required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934 and it has obtained the registration.

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

Ketan Vora
Partner
(Membership No. 100459)

Mumbai
16th May, 2016

BALANCE SHEET AS AT 31ST MARCH, 2016

	Note	As at 31st March, 2016 (₹ in lakhs)		As at 31st March, 2015 (₹ in lakhs)	
EQUITY AND LIABILITIES					
Shareholders' funds					
Share capital	1	64,647.88		64,647.88	
Reserves and surplus	2	12,727.13	77,375.01	13,579.71	78,227.59
Non–current liabilities					
Deferred tax liabilities (Net)	3	90.35		93.48	
Long–term provisions	4	42.68	133.03	11.68	105.16
Current liabilities					
Other current liabilities	5	55.66		36.31	
Short–term provisions	6	81.24	136.90	–	36.31
TOTAL			77,644.94		78,369.06
ASSETS					
Non–current assets					
Fixed assets	7				
Tangible assets		1,351.73		1,508.64	
Non–current investments	8	16,965.77		17,342.65	
Long–term loans and advances	9	6,645.15	24,962.65	541.92	19,393.21
Current assets					
Inventories	10	33,717.71		45,823.82	
Trade receivables	11	1,495.61		383.77	
Cash and bank balances	12	15,852.72		12,543.49	
Short–term loans and advances	13	1,552.50		140.00	
Other current assets	14	63.75	52,682.29	84.77	58,975.85
TOTAL			77,644.94		78,369.06

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

On behalf of the Board

KETAN VORA
Partner

SARADINDU DUTTA — *Director*
S. SURESH KUMAR — *Chief Financial Officer*

R. TANDON — *Chairman*
S. JAIN — *Manager & Company Secretary*

Mumbai, 16th May, 2016

Kolkata, 16th May, 2016

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31ST MARCH, 2016

	Note	For the year ended 31st March, 2016 (₹ in lakhs)	For the year ended 31st March, 2015 (₹ in lakhs)
Revenue from operations	15	5,898.34	6,985.82
Other income	16	1,165.28	95.35
Total Revenue		7,063.62	7,081.17
Expenses			
Employee benefits expense	17	136.32	15.84
Depreciation expense		197.88	194.29
Other expenses	18	216.33	124.78
Total Expenses		550.53	334.91
Profit before tax		6,513.09	6,746.26
Tax expense:			
Current tax	19	2,015.00	1,100.00
Deferred tax	19	(3.13)	8.22
Profit for the year		4,501.22	5,638.04
Earnings per share (Face Value ₹ 10.00 each) (Basic and Diluted)	20(i)	₹ 0.70	₹ 0.87

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

On behalf of the Board

KETAN VORA
Partner

SARADINDU DUTTA — *Director*
S. SURESH KUMAR — *Chief Financial Officer*

R. TANDON — *Chairman*
S. JAIN — *Manager & Company Secretary*

Mumbai, 16th May, 2016

Kolkata, 16th May, 2016

CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2016

		For the year ended 31st March, 2016 (₹ in lakhs)		For the year ended 31st March, 2015 (₹ in lakhs)
A. Cash Flow from Operating Activities				
PROFIT BEFORE TAX		**6,513.09**		6,746.26
ADJUSTMENTS FOR:				
Depreciation expense	**197.88**		194.29	
Interest Income	**(2,789.20)**		(1,057.71)	
Dividend Income from Long–Term Investments	**(298.41)**		(226.29)	
Dividend Income from equity market operations	**(9.73)**		–	
Dividend Income from mutual funds held as stock-in-trade	**(12.86)**		(2,793.79)	
Gain on sale of Long–Term Investments	**(7.49)**		(63.59)	
Loss on Disposal of Fixed Assets	**0.08**		–	
Provision on standard assets created during the year	**20.51**		–	
		(2,899.22)		(3,947.09)
OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES		**3,613.87**		2,799.17
ADJUSTMENTS FOR:				
Trade Receivables	**(1,111.84)**		13.13	
Inventories	**12,106.11**		17,219.00	
Loans and Advances	**(7,545.37)**		–	
Other Liabilities and Provisions	**(45.88)**		(16.83)	
		3,403.02		17,215.30
CASH GENERATED FROM OPERATIONS BEFORE INTEREST AND DIVIDEND		**7,016.89**		20,014.47
Interest income other than deposits with banks	**1,630.52**		1,100.42	
Dividend Income from Long–Term Investments	**298.41**		226.29	
Dividend Income from equity market operations	**9.73**		–	
Dividend Income from mutual funds held as stock-in-trade	**12.86**		2,793.79	
		1,951.52		4,120.50
CASH GENERATED FROM OPERATIONS		**8,968.41**		24,134.97
Income tax paid		**(2,069.74)**		(1,090.87)
NET CASH FROM OPERATING ACTIVITIES		**6,898.67**		23,044.10
B. Cash Flow from Investing Activities				
Purchase of Subsidiary – Wills Corporation Limited {Adjusted subsequently pursuant to the Scheme of Amalgamation [Refer Note 20(viii)]}	**(488.56)**		–	
Sale of Long–term investments	**384.37**		209.70	
Purchase of Subsidiary – BFIL Finance Limited {Adjusted subsequently pursuant to the Scheme of Amalgamation [Refer Note 20(ix)]}	**...**		–	
Investment in Debentures of Subsidiary – BFIL Finance Limited {Adjusted subsequently pursuant to the Scheme of Amalgamation [Refer Note 20(ix)]}	**(52.00)**		–	
Investment in Bank deposits (original maturity more than 3 months)	**(2,548.48)**		(12,500.00)	
Interest income from deposits with banks	**1,207.51**		–	
NET CASH USED IN INVESTING ACTIVITIES		**(1,497.16)**		(12,290.30)
C. Cash Flow from Financing Activities				
Interim Dividend Paid	**(4,525.35)**		(9,050.70)	
Income Tax on Interim Dividend Paid	**(921.26)**		(1,809.61)	
NET CASH USED IN FINANCING ACTIVITIES		**(5,446.61)**		(10,860.31)
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS		**(45.10)**		(106.51)
OPENING CASH AND CASH EQUIVALENTS		**43.49**		150.00
CASH AND CASH EQUIVALENTS PURSUANT TO THE SCHEME OF AMALGAMATION [Refer Note 2(I) below]		**1.52**		–
CASH AND CASH EQUIVALENTS PURSUANT TO THE SCHEME OF AMALGAMATION [Refer Note 2(II) below]		**70.06**		–
CLOSING CASH AND CASH EQUIVALENTS		**69.97**		43.49

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. The following are non–cash transactions:

I. Wills Corporation Limited

(a) Pursuant to the Scheme of Amalgamation [Refer Note 20 (viii)] the entire assets and liabilities of Wills Corporation Limited was transferred to and vested in the Company, from 1st April, 2015 at the values stated below:

(i)	Reserves & Surplus	92.81
(ii)	Other Long–term Liabilities	24.00
(iii)	Long–term provisions	4.88
(iv)	Other Current Liabilities	1.75
(v)	Tangible Assets	41.05
(vi)	Long–term Loans and advances	0.37
(vi)	Cash and cash equivalents	1.52
(vii)	Other bank balances	565.18
(viii)	Other current assets	3.89

(b) As per the Scheme of Amalgamation, 48,85,626 Equity Shares of ₹ 10/– each of Wills Corporation Limited acquired by the Company during the year, stand cancelled.

II. BFIL Finance Limited

(a) Pursuant to the Scheme of Amalgamation [Refer Note 20 (ix)] the entire assets and liabilities of BFIL Finance Limited was transferred to and vested in the Company, from 1st April, 2015 at the values stated below:

(i)	Trade Payables	(1.81)
(ii)	Other Current Liabilities	(43.86)
(iii)	Short–Term Provisions	(80.67)
(iv)	Long–term Loans & Advances	28.26
(v)	Inventories	...
(vi)	Cash and cash equivalents	70.06
(vii)	Other bank balances	169.09
(viii)	Other Current Assets	23.93
	Net Assets	**165.00**

(b) As per the Scheme of Amalgamation,
– 2,00,00,000 Equity Shares of ₹ 10/– each of BFIL Finance Limited acquired at ₹ 1/–,
– 15,00,000, 9% Unsecured Redeemable Non–Convertible Debentures of ₹ 100.00 each, fully paid acquired at ₹ 52.00 lakhs
– Loan and advances (asset) acquired at ₹ 113.00 lakhs,
by the Company during the year, stand cancelled.

3. 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".

4. CASH AND CASH EQUIVALENTS:

Cash and Cash Equivalents as above	**69.97**	43.49
Other bank balances	**15,782.75**	12,500.00
Cash and bank balances (Note 12)	**15,852.72**	12,543.49

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

On behalf of the Board

KETAN VORA
Partner

SARADINDU DUTTA *Director*
S. SURESH KUMAR *Chief Financial Officer*

R. TANDON *Chairman*
S. JAIN *Manager & Company Secretary*

Mumbai, 16th May, 2016

Kolkata, 16th May, 2016

NOTES TO THE FINANCIAL STATEMENTS

	As at 31st March, 2016 (No. of Shares)	As at 31st March, 2016 (₹ in lakhs)	As at 31st March, 2015 (No. of Shares)	As at 31st March, 2015 (₹ 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, 2016 (No. of Shares)	As at 31st March, 2016 %	As at 31st March, 2015 (No. of Shares)	As at 31st March, 2015 %
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, 2016 (₹ in lakhs)		As at 31st March, 2015 (₹ 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**		224.79	
Add: Pursuant to the Scheme of Amalgamation [Refer Note 20 (viii)]	**11.15**		–	
At the end of the year		**235.94**		224.79
Special Reserve u/s 45–IC of the Reserve Bank of India Act, 1934				
At the beginning of the year	**9,908.29**		8,780.68	
Add: Transfer from Surplus in Statement of Profit and Loss	**900.24**		1,127.61	
At the end of the year		**10,808.53**		9,908.29
Surplus in Statement of Profit and Loss				
At the beginning of the year	**3,158.96**		9,509.54	
Add: Pursuant to the Scheme of Amalgamation [Refer Note 20 (viii)]	**81.66**		–	
Add: Profit for the year	**4,501.22**		5,638.04	
Less : Depreciation on transition to Schedule II of the Companies Act, 2013 on Tangible Fixed Assets [Net of Deferred Tax : Nil (2015– ₹ 0.36 lakhs)]	**–**		0.70	
Less: Transfer to Special Reserve u/s 45–IC of the Reserve Bank of India Act, 1934	**900.24**		1,127.61	
Interim Dividend [₹ 0.70 (2015– ₹ 1.40) per share]	**4,525.35**		9,050.70	
Income tax paid on Interim Dividend	**921.26**		1,809.61	
At the end of the year		**1,394.99**		3,158.96
TOTAL		**12,727.13**		13,579.71

NOTES TO THE FINANCIAL STATEMENTS (Contd.)

	As at 31st March, 2016 (₹ in lakhs)	As at 31st March, 2015 (₹ in lakhs)
3. Deferred tax liabilities (Net)		
Deferred tax liabilities		
On fiscal allowances on fixed assets	**95.07**	100.00
	95.07	100.00
Deferred tax assets		
On employees' separation and retirement etc.	**4.72**	6.52
	4.72	6.52
TOTAL	**90.35**	93.48

	As at 31st March, 2016 (₹ in lakhs)	As at 31st March, 2015 (₹ in lakhs)
4. Long–term provisions		
Provision for employee benefits		
Provision for compensated absences	**9.20**	2.10
Provision for gratuity	**4.43**	1.04
Others		
Contingent provision against standard assets	**29.05**	8.54
TOTAL	**42.68**	11.68

	As at 31st March, 2016 (₹ in lakhs)	As at 31st March, 2015 (₹ in lakhs)
5. Other current liabilities		
Security deposits – from Holding Company	**36.00**	12.00
Other payables		
Statutory liabilities	**3.99**	2.73
Liabilities for expenses	**15.67**	21.58
TOTAL	**55.66**	36.31

	As at 31st March, 2016 (₹ in lakhs)	As at 31st March, 2015 (₹ in lakhs)
6. Short-term provision		
Provision for litigation/disputes [Refer Note 20(xi)]	**81.24**	–
TOTAL	**81.24**	–

7. Fixed assets

(₹ in lakhs)

Particulars	Gross Block							Depreciation									Net Book Value		
	As at 31st March, 2014	Additions	Withdrawals & adjustments	As at 31st March, 2015	Additions Pursuant to the Scheme of Amalgamation [Refer Note 20 (viii)]	Withdrawals & adjustments	As at 31st March, 2016	Upto 31st March, 2014	Transition Adjustment recorded against surplus balance in Statement of Profit and Loss	For the year	On Withdrawals & adjustments	Upto 31st March, 2015	Pursuant to the Scheme of Amalgamation [Refer Note 20 (viii)]	For the year	On Withdrawals & adjustments	Upto 31st March, 2016	As at 31st March, 2016	As at 31st March, 2015	As at 31st March, 2014
Tangible assets																			
Building																			
Freehold	–	–	–	–	57.15	–	57.15	–	–	–	–	–	16.10	0.90	–	17.00	40.15	–	–
Plant and Equipment	2,508.57	–	–	2,508.57	3.42	3.42	2,508.57	805.72	–	194.29	–	1,000.01	3.42	196.98	3.42	1,196.99	1,311.58	1,508.56	1,702.85
Office Equipment	1.60	–	–	1.60	–	1.60	–	0.46	1.06	–	–	1.52	–	–	1.52	–	–	0.08	1.14
TOTAL	2,510.17	–	–	2,510.17	60.57	5.02	2,565.72	806.18	1.06	194.29	–	1,001.53	19.52	197.88	4.94	1,213.99	1,351.73	1,508.64	1,703.99

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

	As at 31st March, 2016				As at 31st March, 2015			
	Gross Block	Accumulated Depreciation	Net Block	Depreciation charge for the year	Gross Block	Accumulated Depreciation	Net Block	Depreciation charge for the year
Building								
Freehold *	**57.15**	**17.00**	**40.15**	**0.90**	–	–	–	–
Plant and Equipment *	**2,508.31**	**1,196.92**	**1,311.39**	**196.97**	2,508.31	999.96	1,508.35	194.28
TOTAL	**2,565.46**	**1,213.92**	**1,351.54**	**197.87**	**2,508.31**	**999.96**	**1,508.35**	**194.28**

* Note: The lease rental from these leased assets of ₹ 598.53 lakhs (2015 : ₹ 531.95 lakhs) is included in "Lease and other rental income" under "Revenue from operations" (Note 15).

NOTES TO THE FINANCIAL STATEMENTS (Contd.)

	As at 31st March, 2016 (₹ in lakhs)		As at 31st March, 2015 (₹ in lakhs)	
8. Non–current investments (at cost unless stated otherwise)	**Quoted**	**Unquoted**	Quoted	Unquoted
Long Term				
A. TRADE INVESTMENTS				
INVESTMENT IN EQUITY INSTRUMENTS				
In Subsidiaries				
Greenacre Holdings Limited 4,20,60,166 Equity Shares of ₹ 10.00 each, fully paid		**4,210.34**		4,210.34
In Associates				
Russell Investments Limited 42,75,437 Equity Shares of ₹ 10.00 each, fully paid		**427.57**		427.57
Classic Infrastructure & Development Limited Nil (2015–37,50,000) Equity Shares of ₹ 10.00 each, fully paid		**–**		376.88
Divya Management Limited 41,82,915 Equity Shares of ₹ 10.00 each, fully paid		**693.07**		693.07
Antrang Finance Limited 43,24,634 Equity Shares of ₹ 10.00 each, fully paid		**439.56**		439.56
International Travel House Limited 36,26,633 Equity Shares of ₹ 10.00 each, fully paid	**2,121.58**		2,121.58	
Maharaja Heritage Resorts Limited (a joint venture of the Holding Company) 90,000 Equity Shares of ₹ 100.00 each, fully paid		**90.00**		90.00
In Others				
Hotel Leelaventure Limited 50,27,565 Equity Shares of ₹ 2.00 each, fully paid	**1,592.77**		1,592.77	
EIH Limited 65,56,551 Equity Shares of ₹ 2.00 each, fully paid	**4,837.88**		4,837.88	
B. **OTHER INVESTMENTS**				
INVESTMENT IN EQUITY INSTRUMENTS				
Lotus Court Limited 2 Class G Shares of ₹ 48,000.00 each, fully paid		**234.00**		234.00
Adyar Property Holding Company Private Limited 311 Equity Shares of ₹ 100.00 each, ₹ 65.00 per share paid		**2,319.00**		2,319.00
Net of Provision for Diminution in Value ₹ 2,067.50 lakhs (2015– ₹ 2,067.50 lakhs)				
Aggregate amount of quoted and unquoted Investments	**8,552.23**	**8,413.54**	8,552.23	8,790.42
Total Non–current Investments		**16,965.77**		17,342.65

Aggregate market value of quoted investments ₹ 13,879.71 lakhs (2015 – ₹ 17,060.47 lakhs)
Aggregate provision for diminution in value ₹ 2,067.50 lakhs (2015 – ₹ 2,067.50 lakhs)

	As at 31st March, 2016 (₹ in lakhs)	As at 31st March, 2015 (₹ in lakhs)
9. Long–term loans and advances		
Secured, considered good		
Term loans to related parties	**6,387.50**	–
Term loans to others	**140.00**	280.00
Unsecured, considered good		
Term loans to related party	**–**	200.00
Deposits with statutory authorities	**7.48**	6.49
Advance Tax (net of provisions)	**110.17**	55.43
TOTAL	**6,645.15**	541.92

	As at 31st March, 2016 (₹ in lakhs)		As at 31st March, 2015 (₹ in lakhs)	
10. Inventories (at lower of cost and fair value)	**Number**	**Value**	Number	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	...
Ultratech Cement Limited [book value ₹ 1.00] [Refer Note 20 (ix)]	**3**	**...**	–	–
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				
HDFC Liquid Fund	**–**	**–**	3,55,62,781	9,800.00
J P Morgan India Liquid Fund SuperInstitutional Plan	**–**	**–**	3,85,44,465	6,975.03

NOTES TO THE FINANCIAL STATEMENTS (Contd.)

	As at 31st March, 2016		As at 31st March, 2015	
		(₹ in lakhs)		(₹ in lakhs)
Units of Mutual funds of ₹ 1,000.00 each, fully paid				
ICICI Prudential Liquid	–	–	47,40,987	9,800.00
UTI Money Market Fund – Institutional Plan	4,48,584	7,588.00	–	–
Reliance Liquid Fund Treasury Plan	2,60,788	9,600.00	–	–
Tata Money Market Fund Plan A	–	–	4,45,837	9,800.00
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
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	7,500.00	7,50,000	7,029.08
Infrastructure Leasing & Financial Services Limited 8.74% Taxable Bonds of ₹ 1,000.00 each, fully paid	7,50,000	7,500.00	–	–
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
TOTAL		33,717.71		45,823.82
* Aggregate value of stock–in–trade written off/Aggregate excess of cost over fair value		30.40		501.32

	As at 31st March, 2016 (₹ in lakhs)	As at 31st March, 2015 (₹ in lakhs)
11. Trade receivables		
Others		
Unsecured, considered good	1,495.61	383.77
TOTAL	1,495.61	383.77
12. Cash and bank balances		
Cash and cash equivalents @		
Balances with banks		
Current accounts	69.94	13.49
In other deposit accounts	–	30.00
Cash on hand	0.03	...
	69.97	43.49
Other bank balances *		
In deposit accounts	15,782.75	12,500.00
TOTAL	15,852.72	12,543.49

@ Cash and cash equivalents include cash 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.

13. Short–term loans and advances		
Secured, considered good		
Term loans to related party	1,412.50	–
Term loans to others	140.00	140.00
TOTAL	1,552.50	140.00
14. Other current assets		
Interest accrued on bank deposits	41.76	84.77
Assets held for sale (at lower of net cost and net realisable value) [Refer Note: 20 (x)]	21.99	–
TOTAL	63.75	84.77

	For the year ended 31st March, 2016 (₹ in lakhs)	For the year ended 31st March, 2015 (₹ in lakhs)
15. Revenue from operations		
Net Profit/(Loss) on sale of stock–in–trade (*)	2,671.04	1,514.46
Profit on sale of long–term investments	7.49	63.59
Dividend income		
– Long-term investments	298.41	226.29
– Mutual funds held as stock–in–trade	12.86	2,793.79
– Other equity market operations	9.73	–
Interest income		
– Loans	659.39	100.24
– Bonds	960.16	722.06
– Non – convertible Debentures	10.97	150.64
Brokerage income	563.45	846.80
Lease and other rental income	638.13	567.95
Net Profit from other equity market operations	66.71	–
TOTAL	5,898.34	6,985.82

	For the year ended 31st March, 2016 (₹ in lakhs)	For the year ended 31st March, 2015 (₹ in lakhs)
(*) Net Profit/(Loss) on sale of stock–in–trade		
Sales	7,12,850.55	8,72,487.59
Less: Purchases	6,98,073.40	8,53,754.13
	14,777.15	18,733.46
Less: Decrease in closing stock–in–trade	12,106.11	17,219.00
Net Profit/(Loss) on sale of stock–in–trade	2,671.04	1,514.46
16. Other income		
Interest income		
– Deposits with banks	1,158.68	84.77
Miscellaneous income	6.60	10.58
TOTAL	1,165.28	95.35
17. Employee benefits expense		
Salaries and wages	129.43	13.52
Contribution to provident and other funds	5.47	2.03
Staff welfare expenses	1.42	0.29
TOTAL	136.32	15.84
18. Other expenses		
Rent	8.61	8.71
Bank, custodial and depository charges	0.40	0.50
Directors' sitting fees	4.00	0.90
Rates and taxes	6.74	0.84
Repairs to buildings	0.39	0.38
Electricity charges	3.03	2.72
Insurance	2.26	1.71
Travelling and conveyance	8.00	0.62
Professional/Legal fees	30.98	7.82
Auditors' remuneration and expenses		
Audit fees	2.86	2.25
Tax audit fees	1.14	1.12
Fees for other services	8.15	2.47
Reimbursement of expenses	0.01	0.41
Communication expenses	0.32	0.31
Printing, stationery and periodicals	1.58	0.38
Expenditure on Corporate Social Responsibility (CSR) activities	111.00	90.00
Loss on Disposal of Fixed Assets	0.08	–
Provision for Standard Assets	20.51	–
Miscellaneous expenses	6.27	3.64
TOTAL	216.33	124.78
19. Tax expense		
Current tax		
Income tax for the year	2,015.00	1,100.00
	2,015.00	1,100.00
Deferred tax		
for the year	(3.13)	8.22
	(3.13)	8.22
TOTAL	2,011.87	1,108.22

20. Additional Notes to the Financial Statements

i. **Earnings per share**

		2016	2015
Earnings per share has been computed as under:			
(a)	Profit for the year (₹ in lakhs)	**4,501.22**	5,638.04
(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)]	**₹ 0.70**	₹ 0.87

ii. **Contingent liabilities and commitments**

(a) Contingent liabilities

- Claims against the Company not acknowledged as debts ₹ 109.82 lakhs (2015 – ₹ 57.99 lakhs). This comprises of the following :
  - o Sales tax claims disputed by the Company relating to issues of applicability ₹ 57.99 lakhs (2015 – ₹ 57.99 lakhs);
  - o Lease tax on account of non–accrual of lease rental ₹ 32.33 lakhs (2015 – Nil) considered pursuant to the Scheme of Amalgamation. [Refer Note: 20 (ix)] and
  - o Income Tax matter under dispute ₹ 19.50 lakhs (2015 – Nil) considered pursuant to the Scheme of Amalgamation. [Refer Note: 20 (ix)].

It is not practicable for the Company to estimate the closure of these issues and the consequential timings of cash flows, if any, in respect of the above.

(b) Commitments

- Uncalled liability on shares partly paid ₹ 0.11 lakhs (2015 – ₹ 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 any dues, which are outstanding for more than 45 days during the year and also as at 31st March, 2016. 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

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

(i) Fellow Subsidiary Companies
  – North East Nutrients Private Limited
  – Landbase India Limited

(ii) Associate Company
  – International Travel House Limited

(iii) Other Entity under control of the Holding Company
  – ITC Rural Development Trust

(b) DISCLOSURE OF TRANSACTIONS BETWEEN THE COMPANY AND RELATED PARTIES AND THE STATUS OF OUTSTANDING BALANCES AS ON 31.03.2016

(₹ in lakhs)

	RELATED PARTY TRANSACTION SUMMARY	Holding Company		Subsidiary Company		Fellow Subsidiaries		Associates		Key Management Personnel		Other Entities under control of the Holding Company	
		2016	2015	**2016**	2015	**2016**	2015	**2016**	2015	**2016**	2015	**2016**	2015
1.	Purchase of Investments												
	– BFIL Finance Limited (at fair value) [Refer Note 20 (ix)]												
	• Equity Shares	...	–	–	–	–	–	–	–	–	–	–	–
	• Non–Convertible Debentures	**52.00**	–	–	–	–	–	–	–	–	–	–	–
	– Wills Corporation Limited (at cost)												
	• Equity Shares [Refer Note 20 (viii)]	**488.56**	–	–	–	–	–	–	–	–	–	–	–
2.	Purchase of Unsecured Loan – BFIL Finance Limited (at fair value) [Refer Note 20 (ix)]	**113.00**	–	**–**	–	**–**	–	**–**	–	**–**	–	**–**	–
3.	Sale of Investment : Equity Shares of Classic Infrastructure & Development Limited (at fair value) – Greenacre Holdings Limited	**–**	–	**384.37**	–	**–**	–	**–**	–	**–**	–	**–**	–
4.	Rent Received	**55.20**	36.00	**–**	–	**–**	–	**–**	–	**–**	–	**–**	–
5.	Purchase of Services												
	– ITC Limited	**1.33**	0.96	**–**	–	**–**	–	**–**	–	**–**	–	**–**	–
	– International Travel House Limited	**–**	–	**–**	–	**–**	–	**0.96**	0.02	**–**	–	**–**	–

NOTES TO THE FINANCIAL STATEMENTS (Contd.)

(₹ in lakhs)

	RELATED PARTY TRANSACTION SUMMARY	Holding Company		Subsidiary Company		Fellow Subsidiaries		Associates		Key Management Personnel		Other Entities under control of the Holding Company	
		2016	2015	**2016**	2015	**2016**	2015	**2016**	2015	**2016**	2015	**2016**	2015
6.	Rent Paid	**8.61**	8.71	–	–	–	–	–	–	–	–	–	–
7.	Expenses Reimbursed	**3.06**	2.78	–	–	–	–	–	–	–	–	–	–
8.	Dividend Income – International Travel House Limited	–	–	–	–	–	–	**154.13**	154.13	–	–	–	–
9.	Loans Disbursed – ITC Infotech India Limited – Landbase India Limited – North East Nutrients Private Limited	– – –	– – –	– – –	– – –	– – **7,800.00**	10,000.00 200.00 –	– – –	– – –	– – –	– – –	– – –	– – –
10.	Interest Income – ITC Infotech India Limited – Landbase India Limited – North East Nutrients Private Limited	– – –	– – –	– – –	– – –	– **5.60** **612.16**	30.51 7.95 –	– – –	– – –	– – –	– – –	– – –	– – –
11.	Receipt towards Loan Repayment – ITC Infotech India Limited – Landbase India Limited	– –	– –	– –	– –	– **200.00**	10,000.00 –	– –	– –	– –	– –	– –	– –
12.	Security Deposit taken over pursuant to amalgamation of Wills Corporation Limited [Refer Note 20 (viii)]	**24.00**	–	–	–	–	–	–	–	–	–	–	–
13.	CSR Contribution – ITC Sangeet Research Academy – ITC Rural Development Trust	– –	– –	– –	– –	– –	– –	– –	– –	– –	– –	– **111.00**	90.00 –
14.	Interim Dividend Paid	**4,525.35**	9,050.70	–	–	–	–	–	–	–	–	–	–
15.	Remuneration of manager on deputation reimbursed – for Chief Financial Officer (CFO) – for Manager & Company Secretary	**42.55** **20.83**	5.93 –	– –	– –	– –	– –	– –	– –	– –	– –	– –	– –
16.	Directors' sitting fees – Mr. Partho Chatterjee – Ms. Anindita Guhamallick	– –	– –	– –	– –	– –	– –	– –	– –	**2.10** **1.90**	0.50 0.40	– –	– –
17.	**Balances as at 31st March**												
	i) Deposits Taken	**36.00**	12.00	–	–	–	–	–	–	–	–	–	–
	ii) Loans given – Landbase India Limited – North East Nutrients Private Limited	– –	– –	– –	– –	– **7,800.00**	200.00 –	– –	– –	– –	– –	– –	– –
	iii) Payables – Mr. Partho Chatterjee – Ms. Anindita Guhamallick	– –	– –	– –	– –	– –	– –	– –	– –	– –	0.10 0.10	– –	– –
	iv) Receivables – North East Nutrients Private Limited	–	–	–	–	**229.04**	–	–	–	–	–	–	–

Also refer the Scheme of Amalgamation between Wills Corporation Limited and the Company. [Refer Note 20 (viii)]
Also refer the Scheme of Amalgamation between BFIL Finance Limited and the Company. [Refer Note 20 (ix)]

vi. Amounts towards Defined Contribution Plans have been recognized under 'Contribution to provident and other funds' under "Employee benefits expense" in Note 17 – ₹ 3.74 lakhs (2015 – ₹ 1.57 lakhs)

vii. Defined Benefit Plans / Long Term Compensated Absences – As per Actuarial Valuation as on 31st March, 2016 and recognised in the Financial Statements in respect of Employee Benefit Schemes:

		For the year ended 31st March, 2016 (₹ in lakhs)		For the year ended 31st March, 2015 (₹ in lakhs)	
		Gratuity	**Leave Encashment**	Gratuity	Leave Encashment
		Funded	**Unfunded**	Funded	Unfunded
I.	**Components of Employer Expenses**				
	1. Current Service Cost	**1.06**	**0.57**	0.23	0.12
	2. Interest Cost	**0.40**	**0.33**	0.17	0.14
	3. Expected Return on Plan Assets	**(0.32)**	**–**	(0.13)	–
	4. Curtailment Cost/(Credit)	**–**	**–**	–	–
	5. Settlement Cost/(Credit)	**–**	**–**	–	–
	6. Past Service Cost	**–**	**–**	–	–
	7. Actuarial Losses/(Gains)	**0.59**	**0.53**	0.19	0.06
	8. Total expense recognised in the Statement of Profit & Loss	**1.73**	**1.43**	0.46	0.32
	The Gratuity expenses have been recognized in "Contribution to provident and other funds" and Leave encashment in "Salaries and wages" under "Employee benefits expense" in Note 17.				
II.	**Actual Returns**	**0.14**	**–**	0.11	–
III.	**Net Asset/(Liability) recognised in Balance Sheet**				
	1. Present Value of Defined Benefit Obligation	**11.42**	**9.20**	2.78	2.10
	2. Fair Value of Plan Assets	**6.99**	**–**	1.74	–
	3. Status [Surplus/(Deficit)]	**(4.43)**	**(9.20)**	(1.04)	(2.10)
	4. Unrecognised Past Service Cost	**–**	**–**	–	–
	5. Net Asset / (Liability) recognised in Balance Sheet	**(4.43)**	**(9.20)**	(1.04)	(2.10)

NOTES TO THE FINANCIAL STATEMENTS (Contd.)

	For the year ended 31st March, 2016 (₹ in lakhs)		For the year ended 31st March, 2015 (₹ 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	**2.78**	**2.10**	2.20	1.78
2. Pursuant to the Scheme of Amalgamation [Refer Note 20(viii)]	**2.51**	**2.36**	–	–
3. Current Service Cost	**1.06**	**0.57**	0.23	0.14
4. Interest Cost	**0.40**	**0.33**	0.17	0.12
5. Curtailment Cost/(Credit)	**–**	**–**	–	–
6. Settlement Cost/(Credit)	**–**	**–**	–	–
7. Plan Amendments	**–**	**–**	–	–
8. Past Service Cost	**–**	**–**	–	–
9. Transfer In	**4.26**	**3.31**	–	–
10. Transfer Out	**–**	**–**	–	–
11. Actuarial (Gains)/Losses	**0.41**	**0.53**	0.18	0.06
12. Benefits Paid	**–**	**–**	–	–
13. Present Value of DBO at the end of the year	**11.42**	**9.20**	2.78	2.10
V. Change in Fair Value of Assets				
1. Plan Assets at the beginning of the year	**1.74**	**–**	1.39	–
2. Pursuant to the Scheme of Amalgamation [Refer Note 20(viii)]	**–**	**–**	–	–
3. Expected Return on Plan Assets	**0.32**	**–**	0.13	–
4. Transfer Out	**–**	**–**	–	–
5. Actuarial Gains/(Losses)	**(0.19)**	**–**	(0.01)	–
6. Actual Company Contributions	**5.12**	**–**	0.23	–
7. Benefits Paid	**–**	**–**	–	–
8. Plan Assets at the end of the year	**6.99**	**–**	1.74	–
VI. Actuarial Assumptions				
1. Discount Rate (%)	**7.50**	**7.50**	7.75	7.75
2. Expected Return on Plan Assets (%)	**7.50**	**–**	7.75	–
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, 2016	As at 31st March, 2015
1. Government Securities/Special Deposit with RBI	**10.00 %**	12.00 %
2. High Quality Corporate Bonds	**11.00 %**	13.00 %
3. Insurance Companies *	**70.00 %**	68.00 %
4. Mutual Funds	**3.00 %**	4.00 %
5. Cash and Cash Equivalents	**6.00 %**	3.00 %
6. Term Deposits	**–**	–
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) recognized in Balance Sheet (including experience adjustment)

(₹ in lakhs)

	For the year ended 31st March, 2016		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	
	Gratuity	Leave Encashment	Gratuity	Leave Encashment	Gratuity	Leave Encashment	Gratuity	Leave Encashment	Gratuity	Leave Encashment
1. Present Value of Defined Benefit Obligation	**11.42**	**9.20**	2.78	2.10	2.20	1.78	25.56	30.23	21.78	28.87
2. Fair Value of Plan Assets	**6.99**	**–**	1.74	–	1.39	–	29.00	–	25.00	–
3. Status [Surplus/ (Deficit)]	**(4.43)**	**(9.20)**	(1.04)	(2.10)	(0.81)	(1.78)	3.44	(30.23)	3.22	(28.87)
4. Experience Adjustment of Plan Assets [Gain / (Loss)]	**(0.19)**	**–**	(0.03)	–	(1.03)	–	1.18	–	(1.62)	–
5. Experience Adjustment of Obligation [(Gain) / Loss]	**(1.52)**	**(0.30)**	(0.12)	(0.17)	(1.91)	(0.47)	(1.70)	(3.45)	(1.87)	15.78

viii. Amalgamation of erstwhile Wills Corporation Limited ('Wills'), a wholly owned subsidiary, which was engaged in the business of general trading, with the Company:

a) In accordance with the Scheme of Amalgamation of Wills under Sections 391 and 394 of the Companies Act, 1956 with the Company

NOTES TO THE FINANCIAL STATEMENTS (Contd.)

(as a going concern), as approved by the Board of Directors of the Company on 25th November, 2015, and subsequently sanctioned by the Hon'ble High Court at Calcutta on 16th February, 2016, the assets and liabilities of Wills were transferred to the Company with effect from 1st April, 2015, the Appointed Date. The Scheme became effective on 22nd March, 2016 upon filing of the Order of the Hon'ble High Court with the Registrar of Companies, West Bengal. Consequent to such filing, the Scheme has been given effect to in these Financial Statements.

b) The Amalgamation has been accounted for under the 'pooling of interests' method as prescribed by "Accounting Standard–14 – Accounting for Amalgamations" specified under Section 133 of the Companies Act, 2013, as applicable. Accordingly, the assets, liabilities and reserves of Wills as at 1st April, 2015 have been taken over in the books of account of the Company at their respective book values. [Refer to Note – 2 I(a) to the Cash Flow Statement].

c) As per the Scheme of Amalgamation, 48,85,626 Equity Shares of ₹ 10/– each of Wills, acquired by the Company during the year, stand cancelled.

d) In view of the aforesaid amalgamation with effect from 1st April, 2015, the figures for the current year are not comparable to those of the previous year.

ix. Amalgamation of erstwhile BFIL Finance Limited ('BFIL'), a wholly owned subsidiary, which was engaged in the business of leasing, hire purchase and other allied finance activities and presently focused on recovery of its old dues in the normal course of business, with the Company:

a) In accordance with the Scheme of Amalgamation of BFIL under Sections 391 and 394 of the Companies Act, 1956 with the Company (as a going concern), as approved by the Board of Directors of the Company on 25th November, 2015, and subsequently sanctioned by the Hon'ble High Courts at Calcutta and at Bombay on 27th November, 2015 and on 4th May, 2016 respectively, the assets and liabilities of BFIL were transferred to the Company with effect from 1st April, 2015, the Appointed Date. The Scheme became effective on 16th May, 2016 upon filing of the Order of the Hon'ble High Court at Bombay with the respective Registrar of Companies. Consequent to such filing, the Scheme has been given effect to in these Financial Statements.

b) The Amalgamation has been accounted for under the 'purchase' method as prescribed by "Accounting Standard–14 – Accounting for Amalgamations" specified under Section 133 of the Companies Act, 2013, as applicable. Accordingly, the assets and liabilities of BFIL as at 1st April, 2015 have been taken over in the books of account of the Company at their respective fair values. [Refer to Note – 2 II(a) to the Cash Flow Statement].

c) The value at which the assets and liabilities have been transferred to the Company are given below: (₹ in lakhs)

Fair Value of Net Assets acquired [Refer Note 2 II to the Cash Flow Statement]	**165.00**
Investments made by the Company : [Refer Note (d) below]	
– 2,00,00,000 Equity Shares of ₹ 10.00 each, fully paid	…
– 15,00,000, 9% Unsecured Redeemable Non–Convertible Debentures of ₹ 100.00 each, fully paid	52.00
– Unsecured term loans	113.00
TOTAL	**165.00**
Balance transferred to Goodwill / Capital reserve	**Nil**

d) As per the Scheme of Amalgamation, the above investments made by the Company during the year, stand cancelled.

e) In view of the aforesaid amalgamation with effect from 1st April, 2015, the figures for the current year are not comparable to those of the previous year.

x. The Company has acquired buildings pursuant to the Scheme of Amalgamation referred to in Note 20 (ix) at fair value of ₹ 21.99 lakhs. The Company plans for disposing the buildings comprising of three bungalows which is shown as 'Assets held for sale' under 'Other current assets' in Note 14 above.

xi. Provision for litigation/disputes : (₹ in lakhs)

Balance as at the beginning of the year*	80.67
Additions during the year	0.57
Balance as at the end of the year	81.24
Classified as current	81.24
TOTAL	**81.24**

* Recognized pursuant to the Scheme of Amalgamation [Refer Note 20 (ix)]

Provision for litigation/disputes represents claims against the Company relating to income tax and lease tax for which provision has been made as above and are expected to materialise in future.

xii. Previous Year's figures have been regrouped/reclassified, where necessary, to correspond with current year's classification/disclosure.

xiii. 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	2016	2015
i) CRAR (%)	**128.79**	118.79
ii) CRAR – Tier I Capital (%)	**128.74**	118.78
iii) CRAR – Tier II Capital (%)	**0.05**	0.01
iv) Amount of subordinated debt raised as Tier – II Capital	**–**	–
v) Amount raised by issue of Perpetual Debt Instruments	**–**	–

b) Investments (₹ in lakhs)

Particulars				2016	2015
(1)	Value of Investments				
	(i)	Gross Value of Investments (including Inventories)			
		(a)	In India	**52,781.38**	65,735.29
		(b)	Outside India	**–**	–
	(ii)	Provisions for Depreciation			
		(a)	In India	**2,097.90**	2,568.82
		(b)	Outside India	**–**	–
	(iii)	Net Value of Investments (including Inventories)			
		(a)	In India	**50,683.48**	63,166.47
		(b)	Outside India	**–**	–
(2)	Movement of provisions held towards Depreciation on Investments (including Inventories)				
	(i)	Opening balance		**2,568.82**	2,587.54
	(ii)	Add : Provisions made during the year		**–**	–
	(iii)	Less : Write–off / (write–back) of excess provisions during the year		**(470.92)**	(18.72)
	(iv)	Closing balance		**2,097.90**	2,568.82

NOTES TO THE FINANCIAL STATEMENTS (Contd.)

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 – Others	– –	12.72 –	– –	– –	15,770.03 –	– –	– –	– –	15,782.75 –
Advances / Loans	–	–	35.00	339.17	1,178.33	2,573.33	2,433.33	1,520.84	8,080.00
Investments (including Inventories)	33,717.71[1]	–	–	–	–	–	–	16,965.77[2]	50,683.48
Borrowings	–	–	–	–	–	–	–	–	–
Foreign Currency assets	–	–	–	–	–	–	–	–	–
Foreign Currency liabilities	–	–	–	–	–	–	–	–	–

[1] Investments classified as Inventories (Note 10)

[2] Investments classified as Non–current investments (Note 8).

f) Exposure to Real Estate Sector : Nil

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

	Particulars	2016	2015
(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**	8,552.23
(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**	8,552.23

* Only quoted equity investments considered

h) Details of financing of parent company products : Nil

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

j) Unsecured Advances / Loans as on 31st March, 2016: Nil

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.

NOTES TO THE FINANCIAL STATEMENTS (Contd.)

p) Provisions and Contingencies: (₹ in lakhs)

Break up of 'Provisions and Contingencies' shown under the head Expenditure in the Statement of Profit and Loss		2016	2015
Provisions for Depreciation on Investment		(470.92)	(18.72)
Provision towards NPA		–	–
Provision made towards Income tax (including deferred tax)		2,011.87	1,108.22
Other Provision and Contingencies (with details)			
A	Provision for compensated absences	1.43	0.32
B	Provision for gratuity	1.73	0.46
Provision for Standard Assets		20.51	–

q) Draw Down from Reserves : Nil

r) Concentration of Deposits : Not Applicable

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

Borrower	As at 31st March, 2016			As at 31st March, 2015		
	Principal	Interest Accrued	Percentage to Total Exposure	Principal	Interest Accrued	Percentage to Total Exposure
ATC Limited	280.00	8.71	3.47%	420.00	12.93	68.40%
Landbase India Limited	–	–	–	200.00	–	31.60%
North East Nutrients Private Limited	7,800.00	229.04	96.53%	–	–	–
	8,080.00	237.75	100.00%	620.00	12.93	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, 2016 [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, 2016	
	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		8,080.00
	b) Unsecured		–
(3)	**Break–up of Leased Assets and stock on hire and other assets counting towards AFC activities**		
	(i) Lease assets including lease rentals under sundry debtors		**1,351.54**
	(a) Financial lease		–
	(b) Operating lease		1,351.54

(₹ in lakhs)

	Particulars	31st March, 2016	
	Assets Side :		**Amount Outstanding**
	(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		–
(4)	**Break–up of Investments :**		
	Current Investments		
	1. Quoted :		**15,000.00**
	(i) Shares : (a) Equity		–
	(b) Preference		–
	(ii) Debentures and Bonds (included in Note 10)		15,000.00
	(iii) Units of Mutual Funds (included in Note 10)		–
	(iv) Government Securities		–
	(v) Others		–
	2. Unquoted :		**18,717.71**
	(i) Shares : (a) Equity		–
	(b) Preference (included in Note 10)		1,529.71
	(ii) Debentures and Bonds (included in Note 10)		–
	(iii) Units of Mutual Funds (included in Note 10)		17,188.00
	(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		–

NOTES TO THE FINANCIAL STATEMENTS (Contd.)

(₹ in lakhs)

Particulars	31st March, 2016
Assets Side :	**Amount Outstanding**
2. Unquoted :	**8,413.54**
(i) Shares :	
(a) Equity	8,413.54
(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	7,800.00	40.15	7,840.15
(c) Other related parties	–	–	–
2. Other than related parties	280.00	1,311.39	1,591.39
Total	**8,080.00**	**1,351.54**	**9,431.54**

(₹ 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	4,882.99	4,210.34
(b) Companies in the same group	8,972.12	3,771.78
(c) Other related parties	–	–
2. Other than related parties	44,034.83	42,701.36
Total	**57,889.94**	**50,683.48**

(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	–

21. 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.

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

SARADINDU DUTTA *Director* R. TANDON *Chairman*

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

Kolkata, 16th May, 2016

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.	**SI. 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 ₹ 10/- each) **(₹ in lakhs)**
6.	**Reserves & surplus**	:	682.77
7.	**Total assets**	:	5,097.42
8.	**Total Liabilities**	:	5,097.42
9.	**Investments**	:	2,540.07
10.	**Turnover**	:	255.55
11.	**Profit before taxation**	:	253.21
12.	**Provision for taxation**	:	82.36
13.	**Profit after taxation**	:	170.85
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	Divya Management Limited	Antrang Finance Limited	International Travel House Limited	Maharaja Heritage Resorts Limited
1. Latest audited Balance Sheet Date	31-Mar-16	31-Mar-16	31-Mar-16	31-Mar-16	31-Mar-16
2. Shares of Associate/Joint Ventures held by the company on the year end					
No.	42,75,435	41,82,915	43,24,634	36,26,633	90,000
Amount of Investment in Associates / Joint Venture (₹ in lakhs)	427.57	693.08	439.56	2,121.58	90.00
Extend of Holding %	25.43	33.33	33.33	45.36	25.00
3. Description of how there is significant influence	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*
5. Net worth attributable to Shareholding as per latest audited Balance Sheet (₹ in lakhs)	1,265.56	1,078.09	758.77	6,990.63	(4.51)
6. Profit / (Loss) for the year (₹ in lakhs)	283.56	123.11	87.49	1,288.62	8.01
i. Considered in Consolidation *	–	–	–	–	–
ii. Not Considered in Consolidation *	283.56	123.11	87.49	1,288.62	8.01

* The Company, being an intermediate wholly owned subsidiary, is not required to prepare Consolidated Financial Statements in terms of the Companies (Accounts) Rules, 2014 and ITC Limited, the Holding Company, prepares Consolidated Financial Statements.

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 : During the year, the Company sold its investments in Classic Infrastructure & Development Limited, an associate of the Company, to Greenacre Holdings Limited (a wholly owned subsidiary of the Company).

On behalf of the Board

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

REPORT OF THE BOARD OF DIRECTORS FOR THE FINANCIAL YEAR ENDED 31ST MARCH, 2016

1. Your Directors submit their Report for the financial year ended 31st March, 2016.

2. **PERFORMANCE OF THE COMPANY**

During the year, your Company earned revenue of ₹ 255.55 lakhs from its operations, with Total Revenue being ₹ 487.33 lakhs. The Company continues to manage and provide maintenance services for buildings. The Company 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, 2016 (₹)	For the year ended 31st March, 2015 (₹)
a.	Profit Before Tax	2,53,20,799	1,33,37,353
b.	Less : Tax Expense	82,35,790	29,78,177
c.	Profit After Tax	1,70,85,009	1,03,59,176
d.	Add : Profit brought forward from previous years	13,11,09,147	12,07,56,263
e.	Less : Adjustment pursuant to the Scheme of Amalgamation [Refer Note 21(vi) to the Financial Statements]	7,99,16,998	–
f.	Less : Depreciation on transition to Schedule II of the Companies Act, 2013 on Tangible Fixed Assets	–	6,292
g.	Balance carried forward	6,82,77,158	13,11,09,147

3. **DIRECTORS AND KEY MANAGERIAL PERSONNEL**

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

During the year under review, Mr. A. Nayak stepped down as Non-Executive Director of your Company with effect from close of work on 31st December, 2015. Your Directors place on record their appreciation for the valuable contribution made by Mr. Nayak during his tenure.

The Board of Directors of your Company ('the Board'), on the recommendation of the Nomination and Remuneration Committee, appointed Mr. R. K. Singhi (DIN: 00009931) as Additional Director of the Company with effect from 9th March, 2016. In accordance with Section 161 of the Companies Act, 2013 ('the Act') and Article 130 of the Articles of Association of the Company, Mr. Singhi will vacate office at the ensuing Annual General Meeting ('AGM') and is eligible for appointment as a Director of the Company. Your Board at the meeting held on 2nd May, 2016, on the recommendation of the Nomination and Remuneration Committee, recommended for the approval of the Members, the appointment of Mr. Singhi as a Director of your Company, liable to retire by rotation. Notice under Section 160 of the Act has been received by the Company for appointment of Mr. Singhi, who has also filed his consent to act as Director of your Company, if appointed. Appropriate resolution seeking your approval to Mr. Singhi's appointment is appearing in the Notice convening the ensuing AGM of the Company.

Mr. Ravi Varma resigned as the Manager and Company Secretary of the Company with effect from close of work on 12th May, 2015. The Board, on the recommendation of the Nomination and Remuneration Committee, appointed Md. Jamshed Alam as the Manager of the Company from 1st September, 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 Md. Alam's appointment as Manager is appearing in the Notice convening the ensuing AGM of the Company. Md. Alam was also appointed as the Company Secretary of the Company with effect from the said date.

(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**

As reported last year, the attributes and qualifications of the Independent Directors as provided in Section 149(6) of the Act and Rule 5 of the Companies (Appointment and Qualification of Directors) Rules, 2014 were adopted by the Nomination and Remuneration Committee. The said attributes and qualifications, as applicable, were also adopted in respect of the other Directors.

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

(e) **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, as in the previous year, was based on criteria approved by the Nomination and Remuneration Committee. Reports of functioning of Board Committees were placed by the respective Committee Chairman before the Board.

(f) **Remuneration Policy**

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

4. **BOARD AND BOARD COMMITTEES**

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

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

During the year ended 31st March, 2016, the following meetings of the Board and Board Committees were held:

Board / Board Committee	Number of meetings	Date(s) of meeting(s)
Board	5	28th April, 2015 16th July, 2015 25th August, 2015 14th December, 2015 8th March, 2016
Audit Committee	4	28th April, 2015 16th July, 2015 25th August, 2015 8th March, 2016
Nomination and Remuneration Committee	3	28th April, 2015 25th August, 2015 8th March, 2016

The attendance of Directors of the Company at the Board and Board Committee meetings held during the year is given below:

Sl. No.	Name of the Director	Number of meetings attended		
		Board	Audit Committee	Nomination and Remuneration Committee
1.	Mr. R. Tandon	5	4	3
2.	Mr. S. Banerjee	4	3	3
3.	Mr. Saradindu Dutta	4	N.A.	N.A.
4.	Ms. A. Guhamallick	5	4	3
5.	Mr. A. Nayak *	3	N.A.	2
6.	Mr. R. K. Singhi #	N.A.	N.A.	N.A.

** Ceased to be Director with effect from close of work on 31st December, 2015.*

 # Appointed Director and Member & Chairman of the Nomination and Remuneration Committee with effect from 9th March, 2016.

5. **DIRECTORS' RESPONSIBILITY STATEMENT**

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

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

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

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

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

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

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

During the year, the Company acquired the balance equity share capital of Classic Infrastructure & Development Limited (CIDL) comprising 1,11,00,020 equity shares of ₹ 10/- each (equivalent to 87.06% of CIDL's paid-up capital), at fair value of ₹ 1,137.75 lakhs based on independent valuation. Consequently, CIDL became a wholly owned subsidiary of the Company with effect from 7th December, 2015.

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

7. **AMALGAMATION OF CLASSIC INFRASTRUCTURE & DEVELOPMENT LIMITED**

With a view to enable appropriate consolidation of the undertaking of companies and better and more efficient utilisation of the available resources of CIDL in the business of the Company, the Board proposed a Scheme of Amalgamation of CIDL with the Company under Sections 391 and 394 of the Companies Act, 1956.

The said Scheme of Amalgamation was sanctioned by the Hon'ble High Court at Calcutta on 17th March, 2016 and upon completion of requisite formalities, such amalgamation became operative from 1st October, 2015.

8. **PARTICULARS OF EMPLOYEES**

None of the employees of the Company is drawing remuneration exceeding that specified in Rule 5(2) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014.

9. **RISK MANAGEMENT**

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

Management of risks vests with the executive management which is responsible for the day-to-day conduct of the affairs of the Company. The Internal Audit Department of ITC Limited periodically carries out, at the request of the Company, risk focused audits with the objective of identifying areas where risk management processes could be strengthened. Annual update is provided to the Audit Committee on the effectiveness of the Company's risk management systems and policies.

10. **INTERNAL FINANCIAL CONTROLS**

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

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

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

During the year ended 31st March, 2016, the Company has not given any loan or guarantee under Section 186 of the Act. The Company purchased 1,11,00,020 equity shares of ₹ 10/- each of CIDL at an aggregate consideration of ₹ 1,137.75 lakhs.

12. **RELATED PARTY TRANSACTIONS**

The details of related party transactions of the Company in the prescribed Form No. AOC-2 are enclosed under **Annexure 2** to this Report.

13. **SIGNIFICANT AND MATERIAL ORDERS PASSED BY THE REGULATORS / COURTS / TRIBUNALS**

During the year under review, no significant or material orders were passed by the Regulators / Courts / Tribunals impacting the going concern status of the Company and its future operations.

14. **EXTRACT OF ANNUAL RETURN**

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

15. **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, has recommended for the ratification of the Members the appointment of AFF from the conclusion of the ensuing AGM till the conclusion of the Thirty-First AGM. The Board, in terms of Section 142 of the Act, has also recommended for the approval of the Members the remuneration of AFF for the financial year 2016-17. 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.

Dated : 2nd May, 2016

On behalf of the Board

R. Tandon *Chairman*

Saradindu Dutta *Director*

Annexure 1 to the Report of the Board of Directors for the financial year ended 31st March, 2016

Remuneration Policy

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

The Company's Remuneration Strategy is designed to attract and retain quality talent that gives its business a competitive advantage and enables the Company to achieve its objectives.

The Company's Remuneration Strategy, whilst focusing on remuneration and related aspects of performance management, is aligned with and reinforces the employee value proposition of a superior quality of work life, that includes an enabling work environment, an empowering and engaging work culture and opportunities to learn and grow.

The Compensation approach endeavours to align each employee with the Company's goals.

POLICY

It is the Company's Policy:

1. To ensure that its Remuneration practices support and encourage meritocracy.
2. To ensure that Remuneration is market-led and takes into account the competitive context of the Company's business.
3. To leverage Remuneration as an effective instrument to enhance performance and therefore to link the remuneration to both individual and collective performance outcomes.
4. To adopt a comprehensive approach to Remuneration in order to support a superior quality of personal and work life, in a manner so as to judiciously balance short term with long term priorities.
5. To design Remuneration practices such that they reinforce the Company's values and culture and to implement them in a manner that complies with all relevant regulatory requirements.

Remuneration of Key Managerial Personnel (KMP)

1. Remuneration of KMP is determined and recommended by the Nomination and Remuneration Committee and approved by the Board. Remuneration of the Managing Director / Wholetime Director / Manager is also subject to the approval of the shareholders.
2. Remuneration is reviewed and revised periodically, when such a revision is warranted by the market.
3. Apart from fixed elements of remuneration and benefits, the KMP are also eligible for Variable Pay / Performance Bonus which is linked to their individual performance.
4. Remuneration of KMP on deputation from the Holding Company / 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. Independent Directors are also entitled to reimbursement of expenses for attending meetings of the Board and Board Committees and General Meetings.

Remuneration of employees other than KMP

1. Remuneration of employees other than KMP is approved by the Board.
2. Remuneration is reviewed and revised periodically, when such a revision is warranted by the market. The quantum of revision is linked to market trends, the competitive context of the Company's business, as well as the track record of the individual employee.
3. Variable Pay is based on the performance rating of the individual employee.

Annexure 2 to the Report of the Board of Directors for the financial year ended 31st March, 2016

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	ITC Limited (ITC), the ultimate Holding Company
b)	Nature of contracts / arrangements / transactions	Sale of land
c)	Duration of the contracts / arrangements / transactions	N.A.
d)	Salient terms of the contracts or arrangements or transactions including the value, if any	3,839 sq. mtrs. of land owned by the Company at Parel, Mumbai, was sold to ITC at book value of ₹ 2,821.78 lakhs.
e)	Justification for entering into such contracts or arrangements or transactions	To optimise benefit within the group. There is no potential conflict with the interests of the Company and its shareholders arising out of such transaction, since the same is between the ultimate Holding Company and wholly owned subsidiary.
f)	Date(s) of approval by the Board	16th July, 2015
g)	Amount paid as advances, if any	Nil
h)	Date on which the special resolution was passed in general meeting as required under first proviso to Section 188	N.A.

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

a)	Name(s) of the related party and nature of relationship	ITC Limited (ITC), the ultimate Holding Company	Russell Credit Limited, the Holding Company
b)	Nature of contracts / arrangements / transactions	Maintenance of ITC Centre, Kolkata and other properties owned by ITC	Purchase of 37,50,000 equity shares of Classic Infrastructure & Development Limited
c)	Duration of the contracts / arrangements / transactions	Maintenance of ITC Centre – 1st August, 2015 to 31st July, 2016 Maintenance of other properties – 1st April, 2015 to 31st March, 2016	N.A.
d)	Salient terms of the contracts or arrangements or transactions including the value, if any	Value of the transaction during the year - ₹ 254.95 lakhs	Value of the transaction - ₹ 384.38 lakhs
e)	Date(s) of approval by the Board, if any	–	25th August, 2015
f)	Amount paid as advances, if any	Nil	Nil

On behalf of the Board

R. Tandon *Chairman*
Saradindu Dutta *Director*

Dated : 2nd May, 2016

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, 2016

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

I. REGISTRATION AND OTHER DETAILS

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

II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

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

Sl. No.	Name and Description of main products / services	NIC Code of the product / service	% to total turnover of the Company
1.	Managing and providing maintenance services for buildings	68200	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 ₹ 1 lakh	–	–	–	–	–	–	–	–	N.A.
ii) Individual shareholders holding nominal share capital in excess of ₹ 1 lakh	–	–	–	–	–	–	–	–	N.A.
c) Others (specify)	–	–	–	–	–	–	–	–	N.A.
Sub-total (B)(2)	–	–	–	–	–	–	–	–	**N.A.**
Total Public Shareholding (B)=(B)(1) + (B)(2)	–	–	–	–	–	–	–	–	**N.A.**
C. Shares held by Custodian for GDRs & ADRs	–	–	–	–	–	–	–	–	N.A.
Grand Total (A+B+C)	–	**4,20,60,166**	**4,20,60,166**	**100.00**	–	**4,20,60,166**	**4,20,60,166**	**100.00**	**Nil**

(ii) **Shareholding of Promoters:**

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

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

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

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

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

V. **INDEBTEDNESS**

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

VI. **REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL**

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

(Amount in ₹)

Sl. No.	Particulars of Remuneration	Md. J. Alam (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	4,08,800
	(b) Value of perquisites under Section 17(2) of the Income-tax Act, 1961	23,333
	(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)		**4,32,133**
Ceiling as per the Companies Act, 2013		42,00,000 per annum *(refer Note 2)*

Note 1: Md. J. Alam has been appointed as the Manager and Company Secretary of the Company with effect from 1st September, 2015.

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, 2016 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	Independent Directors' Meeting Fee	
1.	**Independent Directors**				
	S. Banerjee	1,40,000	Nil	10,000	1,50,000
	A. Guhamallick	1,70,000		10,000	1,80,000
	Total Amount (B)(1)	**3,10,000**		**20,000**	**3,30,000**
2.	**Other Non-Executive Directors**				
	R. Tandon	Nil	Nil	Nil	Nil
	Saradindu Dutta				
	R. K. Singhi				
	Total Amount (B)(2)				**Nil**
Total Amount (B) = (B)(1) + (B)(2)					**3,30,000**
Total Managerial Remuneration (A + B)					**7,62,133**
Overall ceiling as per the Companies Act, 2013					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, 2016 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	24,74,367
	(b) Value of perquisites under Section 17(2) of the Income-tax Act, 1961	97,328
	(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		**25,71,695**

Note: Mr. M. Seth is on deputation from ITC Limited.

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

Dated : 2nd May, 2016

On behalf of the Board

R. Tandon *Chairman*
Saradindu Dutta *Director*

INDEPENDENT AUDITOR'S 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, 2016, the Statement of Profit and Loss and 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 prescribed under Section 133 of the Act, as applicable.

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 and the Order under Section 143 (11) of the Act.

We conducted our audit of the financial statements 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. 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, 2016, 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 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 prescribed under Section 133 of the Act, as applicable.

(e) On the basis of the written representations received from the directors as on 31st March, 2016 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2016 from being appointed as a director in terms of Section 164 (2) of the Act.

(f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure A". Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the Company's internal financial controls over financial reporting.

(g) With respect to the other matters to be included in the Auditor's Report in accordance with 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 in accordance with the generally accepted accounting practice - also 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.

2. As required by the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Central Government in terms of Section 143(11) of the Act, we give in "Annexure B" a statement on the matters specified in paragraphs 3 and 4 of the Order.

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

Ketan Vora
Partner
(Membership No. 100459)

Mumbai
2nd May, 2016

ANNEXURE A TO THE INDEPENDENT AUDITOR'S REPORT

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

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

We have audited the internal financial controls over financial reporting of GREENACRE HOLDINGS LIMITED ("the Company") as of March 31, 2016 in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

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

Auditor's Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") issued by the Institute of Chartered Accountants of India and the Standards on Auditing prescribed under Section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

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

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

Meaning of Internal Financial Controls Over Financial Reporting

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

Inherent Limitations of Internal Financial Controls Over Financial Reporting

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

Opinion

In our opinion, to the best of our information and according to the explanations given to us, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2016, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

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

Ketan Vora
Partner
(Membership No. 100459)

Mumbai
2nd May, 2016

ANNEXURE B TO THE INDEPENDENT AUDITOR'S REPORT

(Referred to in paragraph 2 under 'Report on Other Legal and Regulatory Requirements' section of our report of even date)

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

(b) The fixed assets were physically verified during the year by the Management in accordance with a regular programme of verification which, in our opinion, provides for physical verification of all the fixed assets at reasonable intervals. According to the information and explanations given to us, no material discrepancies were noticed on such verification.

(c) With respect to immovable properties of acquired land and buildings that are freehold, according to the information and explanations given to us and the records examined by us and based on the examination of the registered sale deed / transfer deed / conveyance deed / court orders approving schemes of amalgamations provided to us, we report that, the title deeds, of such immovable properties, are held in the name of the Company as at the balance sheet date.

(ii) The Company does not have any inventory and hence reporting under clause (ii) of the Order is not applicable.

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

(iv) In our opinion and according to the information and explanations given to us, the Company has complied with the provisions of Sections 185 and 186 of the Companies Act, 2013 in respect of grant of loans, making investments and providing guarantees and securities, as applicable.

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

(vi) Having regard to the nature of the Company's business / activities, reporting under clause (vi) of the Order is not applicable.

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

(a) The Company has been regular in depositing undisputed statutory dues, including Provident Fund, Employees' State Insurance, Income-tax, Service Tax, Cess and other material statutory dues applicable to it with the appropriate authorities. Sales Tax, Customs Duty, Excise Duty and Value Added Tax are not applicable to the Company.

(b) There are no dues of Income-tax and Service Tax as on March 31, 2016 on account of disputes.

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

(ix) The Company has not raised moneys by way of initial public offer or further public offer (including debt instruments) or term loans and hence reporting under clause (ix) of the Order is not applicable.

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

(xi) In our opinion and according to the information and explanations given to us, the Company has paid / provided managerial remuneration in accordance with the requisite approvals mandated by the provisions of Section 197 read with Schedule V to the Companies Act, 2013. In respect of one manager, remuneration of ₹ 5,34,365 paid/ provided during the year, is subject to the approval of the Members at the forthcoming Annual General Meeting.

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

(xiii) In our opinion and according to the information and explanations given to us the Company is in compliance with Section 177 and 188 of the Companies Act, 2013, where applicable, for all transactions with the related parties and the details of related party transactions have been disclosed in the financial statements etc. as required by the applicable accounting standards.

(xiv) During the year the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures and hence reporting under clause (xiv) of the Order is not applicable to the Company.

(xv) In our opinion and according to the information and explanations given to us, during the year the Company has not entered into any non-cash transactions with its directors or directors of its holding, subsidiary or associate company or person connected with them and hence provisions of Section 192 of the Companies Act, 2013 are not applicable.

(xvi) The Company is not required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934.

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

Ketan Vora
Partner
(Membership No. 100459)

Mumbai
2nd May, 2016

BALANCE SHEET AS AT 31ST MARCH, 2016

	Note	(₹)	As at 31st March, 2016 (₹)	(₹)	As at 31st March, 2015 (₹)
EQUITY AND LIABILITIES					
Shareholders' funds					
Share capital	1	**42,06,01,660**		42,06,01,660	
Reserves and surplus	2	**6,82,77,158**	**48,88,78,818**	14,48,80,125	56,54,81,785
Non-current liabilities					
Other Long term liabilities	3	**90,11,000**		2,80,11,000	
Long-term provisions	4	**13,00,816**	**1,03,11,816**	12,99,664	2,93,10,664
Current liabilities					
Other current liabilities	5	**1,03,04,679**		1,02,21,504	
Short-term provisions	6	**2,46,501**	**1,05,51,180**	4,63,066	1,06,84,570
TOTAL			**50,97,41,814**		60,54,77,019
ASSETS					
Non-current assets					
Fixed assets	7				
Tangible assets		**14,82,07,217**		43,05,37,073	
Non-current investments	8	**–**		6,63,26,700	
Deferred tax assets	9	**5,79,393**		5,59,936	
Long-term loans and advances	10	**3,85,80,562**		36,33,832	
Other non-current assets	11	**1,23,71,911**	**19,97,39,083**	1,23,71,911	51,34,29,452
Current assets					
Current investments	12	**25,40,06,738**		9,06,87,143	
Cash and bank balances	13	**5,54,67,934**		11,87,177	
Short-term loans and advances	14	**2,14,034**		1,73,247	
Other current assets	15	**3,14,025**	**31,00,02,731**	–	9,20,47,567
TOTAL			**50,97,41,814**		60,54,77,019

The accompanying notes 1 to 22 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, 2nd May, 2016

On behalf of the Board

SARADINDU DUTTA *Director* R. TANDON *Chairman*

M. SETH *Chief Financial Officer* J. ALAM *Manager & Company Secretary*

Kolkata, 2nd May, 2016

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31ST MARCH, 2016

	Note	For the year ended 31st March, 2016 (₹)	For the year ended 31st March, 2015 (₹)
Revenue from operations	16	**2,55,54,748**	2,52,02,451
Other income	17	**2,31,78,717**	98,78,933
Total Revenue		**4,87,33,465**	3,50,81,384
Expenses			
Maintenance and service expense		**74,77,056**	83,56,497
Employee benefits expense	18	**1,19,84,904**	1,04,21,157
Depreciation expense		**1,73,895**	1,73,422
Other expenses	19	**37,76,811**	27,92,955
Total Expenses		**2,34,12,666**	2,17,44,031
Profit before tax		**2,53,20,799**	1,33,37,353
Tax expense:			
Current tax	20	**82,00,000**	30,00,000
Deferred tax	20	**35,790**	(21,823)
Profit for the year		**1,70,85,009**	1,03,59,176
Earnings per share (Face Value ₹ 10.00 each) (Basic and Diluted)	21(i)	**₹ 0.41**	₹ 0.25

The accompanying notes 1 to 22 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, 2nd May, 2016

On behalf of the Board

SARADINDU DUTTA *Director* R. TANDON *Chairman*

M. SETH *Chief Financial Officer* J. ALAM *Manager & Company Secretary*

Kolkata, 2nd May, 2016

CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2016

	For the year ended 31st March, 2016		For the year ended 31st March, 2015	
	(₹)	(₹)	(₹)	(₹)
A. Cash Flow from Operating Activities				
PROFIT BEFORE TAX		**2,53,20,799**		1,33,37,353
ADJUSTMENTS FOR:				
Depreciation Expense	**1,73,895**		1,73,422	
Interest Income	**(23,12,012)**		(76,960)	
Dividend Income from Current Investments	**–**		(32,24,122)	
Net gain on sale of Current Investments	**(1,78,37,801)**		(30,57,851)	
		(1,99,75,918)		(61,85,511)
OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES		**53,44,881**		**71,51,842**
ADJUSTMENTS FOR:				
Loans and Advances and Other Assets	**(38,388)**		1,38,137	
Other Liabilities and Provisions	**(5,78,576)**		(4,34,062)	
		(6,16,964)		(2,95,925)
CASH GENERATED FROM OPERATIONS		**47,27,917**		68,55,917
Income Tax Paid		**(93,60,875)**		(14,82,711)
NET CASH (USED IN)/GENERATED FROM OPERATING ACTIVITIES		**(46,32,958)**		53,73,206
B. Cash flow from Investing Activities				
Sale of Fixed Assets	**28,21,78,478**		–	
Purchase of Current Investments	**(4,00,00,22,206)**		(76,27,53,124)	
Sale of Current Investments	**3,85,45,40,412**		75,43,25,593	
Purchase of Long Term Investments (Adjusted subsequently pursuant to the Scheme of Amalgamation [Refer Note 21(vi)])	**(11,37,75,205)**		–	
Interest Received	**41,86,035**		76,960	
Investment in Bank deposits (original maturity more than 3 months)	**(4,66,47,571)**		–	
Redemption/Maturity of bank deposits (original maturity more than 3 months)	**4,47,28,246**		–	
Refund of Security Deposits	**(2,00,00,000)**		–	
Loans Given	**–**		(34,250)	
Dividend Income from Current Investments Received	**–**		32,24,122	
NET CASH (USED IN)/GENERATED FROM INVESTING ACTIVITIES		**51,88,189**		(51,60,699)
C. Cash flow from Financing Activities				
NET CASH USED IN FINANCING ACTIVITIES		**–**		–
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		**5,55,231**		2,12,507
OPENING CASH AND CASH EQUIVALENTS		**11,87,177**		9,74,670
CASH AND CASH EQUIVALENTS PURSUANT TO THE SCHEME OF AMALGAMATION [Refer Note 2 below]		**8,24,483**		–
CLOSING CASH AND CASH EQUIVALENTS		**25,66,891**		11,87,177

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. The following are the non-cash transactions:

(a) Pursuant to the Scheme of Amalgamation [Refer Note 21(vi)], the entire assets and liabilities of Classic Infrastructure & Development Limited was transferred to and vested in the Company, from 1st October, 2015 at the values stated below:

		₹
(i)	Reserves and Surplus	**(4,10,86,271)**
(ii)	Other current liabilities	**14,46,438**
(iii)	Tangible Assets	**22,517**
(iv)	Long-term loans and advances	**3,37,85,855**
(v)	Deferred Tax Asset	**55,247**
(vi)	Cash and cash equivalents	**8,24,483**
(vii)	Other bank balances	**5,09,81,718**
(viii)	Short-term loans and advances	**2,500**
(ix)	Other current assets	**21,88,048**

As per the Scheme of Amalgamation, 1,27,50,020 Equity Shares of ₹ 10/- each of Classic Infrastructure & Development Limited held by the Company (including 1,11,00,020 shares acquired by the Company during the year), stand cancelled.

3. CASH AND CASH EQUIVALENTS:

Cash and Cash Equivalents as above	**25,66,891**	11,87,177
Other bank balances	**5,29,01,043**	–
Cash and bank balances (Note 13)	**5,54,67,934**	11,87,177

The accompanying notes 1 to 22 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, 2nd May, 2016

On behalf of the Board

SARADINDU DUTTA *Director*
R. TANDON *Chairman*
M. SETH *Chief Financial Officer*
J. ALAM *Manager & Company Secretary*
Kolkata, 2nd May, 2016

NOTES TO THE FINANCIAL STATEMENTS

	As at 31st March, 2016 (No. of Shares)	As at 31st March, 2016 (₹)	As at 31st March, 2015 (No. of Shares)	As at 31st March, 2015 (₹)
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				
As 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 Shares in the Company				

	As at 31st March, 2016 (No. of Shares)	As at 31st March, 2016 (%)	As at 31st March, 2015 (No. of Shares)	As at 31st March, 2015 (%)
Russell Credit Limited - the Holding Company	**4,20,60,166**	**100.00**	4,20,60,166	100.00

C) Rights, preferences and restrictions attached to the Equity Shares

The Equity Shares of the Company, having par value of ₹ 10.00 per share, rank *pari passu* in all respects including voting rights and entitlement to dividend.

		As at 31st March, 2016 (₹)		As at 31st March, 2015 (₹)
2. Reserves and surplus				
General Reserve				
At the beginning of the year	**1,37,70,978**		1,37,70,978	
Less : Pursuant to the Scheme of Amalgamation [Refer Note 21(vi)]	**1,37,70,978**		–	
At the end of the year		–		1,37,70,978
Surplus in Statement of Profit and Loss				
At the beginning of the year	**13,11,09,147**		12,07,56,263	
Less : Pursuant to the Scheme of Amalgamation [Refer Note 21(vi)]	**7,99,16,998**		–	
Less : Depreciation on transition to Schedule II of the Companies Act, 2013 on Tangible Fixed Assets. [Net of Deferred Tax - Nil (2015: ₹ 2,813/-)]	–		6,292	
Add: Profit for the year	**1,70,85,009**		103,59,176	
At the end of the year		**6,82,77,158**		13,11,09,147
TOTAL		**6,82,77,158**		14,48,80,125

	As at 31st March, 2016 (₹)	As at 31st March, 2015 (₹)
3. Other Long term liabilities		
Security deposits	**90,11,000**	2,80,11,000
[includes deposits from ITC Limited, the Ultimate Holding Company ₹ 34,00,000/- (2015- ₹ 2,24,00,000/-)]		
TOTAL	**90,11,000**	2,80,11,000

	As at 31st March, 2016 (₹)	As at 31st March, 2015 (₹)
4. Long-term provisions		
Provision for employee benefits		
Provision for compensated absences	**13,00,816**	12,99,664
TOTAL	**13,00,816**	12,99,664

	As at 31st March, 2016 (₹)	As at 31st March, 2015 (₹)
5. Other current liabilities		
Other Payables		
Statutory liabilities	**1,53,154**	99,146
Progress payments and advance received against projects	**1,00,00,000**	1,00,00,000
Liabilities for expenses	**1,51,525**	1,22,358
TOTAL	**1,03,04,679**	1,02,21,504

	As at 31st March, 2016 (₹)	As at 31st March, 2015 (₹)
6. Short-term provisions		
Current portion of long-term employee benefits		
Provision for gratuity	–	2,30,598
Provision for compensated absences	**2,46,501**	2,32,468
TOTAL	**2,46,501**	4,63,066

7. Fixed assets (Amount in ₹)

Particulars	Gross Block								Depreciation							Net Book Value		
	As at 31st March, 2014	Additions	Withdrawals and adjustments	As at 31st March, 2015	Pursuant to the Scheme of Amalgamation	Addition	Withdrawals and adjustments	As at 31st March, 2016	Upto 31st March, 2014	Transition Adjustment recorded against surplus balance in Statement of Profit & Loss	For the year	Upto 31st March, 2015	Pursuant to the Scheme of Amalgamation	For the year	Upto 31st March, 2016	As at 31st March, 2016	As at 31st March 2015	As at 31st March 2014
Tangible assets																		
Land																		
Freehold	42,28,08,227	–	–	42,28,08,227	–	–	**28,21,78,478**	**14,06,29,749**	–	–	–	–	–	–	–	**14,06,29,749**	42,28,08,227	42,28,08,227
Buildings																		
Freehold (*)	1,10,04,119	–	–	1,10,04,119	–	–	–	**1,10,04,119**	31,08,532	–	1,71,920	32,80,452	–	**1,72,390**	**34,52,842**	**75,51,277**	77,23,667	78,95,587
Plant and Equipment	57,783	–	–	57,783	–	–	–	**57,783**	41,997	9,105	1,502	52,604	–	**1,505**	**54,109**	**3,674**	5,179	15,786
Furniture and Fixtures (#)	–	–	–	–	**7,11,877**	–	–	**7,11,877**	–	–	–	–	**6,93,617**	–	**6,93,617**	**18,260**	–	–
Office Equipment (#)	–	–	–	–	**5,93,035**	–	–	**5,93,035**	–	–	–	–	**5,88,778**	–	**5,88,778**	**4,257**	–	–
Total	43,38,70,129	–	–	43,38,70,129	**13,04,912**	–	**28,21,78,478**	**15,29,96,563**	31,50,529	9,105	1,73,422	33,33,056	**12,82,395**	**1,73,895**	**47,89,346**	**14,82,07,217**	43,05,37,073	43,07,19,600

(*) The above represent assets given on operating lease, which are not non-cancellable and are usually renewable by mutual consent on mutually agreeable terms.
The lease rental of ₹ 26,70,000/- (2015 - ₹ 25,20,000/-) is included in Rental income under Other income (Note 17)

(#) Taken over pursuant to the Scheme of Amalgamation. [Refer Note 21 (vi)].
These represent the Gross Block and Accumulated Depreciation of Tangible assets acquired as at 1st October, 2015 and movements during the year 2015-16.

NOTES TO THE FINANCIAL STATEMENTS (Contd.)

	As at 31st March, 2016 (₹)	As at 31st March, 2015 (₹)
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 Adjusted pursuant to the Scheme of Amalgamation [Refer Note 21(vi)]	–	6,63,26,700
TOTAL	–	6,63,26,700

	As at 31st March, 2016 (₹)	As at 31st March, 2015 (₹)
9. Deferred tax assets		
On fiscal allowances on fixed assets	**67,804**	15,253
On employees' separation and retirement etc.	**5,11,589**	5,44,683
TOTAL	**5,79,393**	5,59,936

	As at 31st March, 2016 (₹)	As at 31st March, 2015 (₹)
10. Long-term loans and advances		
Unsecured, considered good		
Capital advances	**42,85,855**	–
Security deposits	**1,55,000**	1,55,000
Project advances	**127,90,278**	32,90,278
Others [Refer Note 21 (vii)]	**200,00,000**	–
Advance Tax (net of provisions)	**13,49,429**	1,88,554
TOTAL	**3,85,80,562**	36,33,832

	As at 31st March, 2016 (₹)	As at 31st March, 2015 (₹)
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, 2016 (₹)	As at 31st March, 2015 (₹)
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 (2015 - 2,01,946) units of ₹ 100.00 each	**3,66,56,113**	3,37,87,143
Franklin India Treasury Management Account - Super Institutional Plan Nil (2015 - 18,996) units of ₹ 1000.00 each	–	3,96,00,000
HDFC Liquid Fund Nil (2015 - 6,27,792) units of ₹ 10.00 each	–	1,73,00,000
Reliance Liquid Fund - Treasury Plan 59,057 (2015 - Nil) units of ₹ 1000.00 each	**21,73,50,625**	–
TOTAL	**25,40,06,738**	9,06,87,143

	As at 31st March, 2016 (₹)	As at 31st March, 2015 (₹)
13. Cash and bank balances		
Cash and cash equivalents@		
Balances with Banks		
Current accounts	**25,48,891**	11,67,177
Cheques on hand	–	–
Cash on hand	**18,000**	20,000
Other bank balances		
In deposit accounts *	**5,29,01,043**	–
TOTAL	**5,54,67,934**	11,87,177

@ Cash and cash equivalents include cash on hand, cheques on hand and cash at bank.
* Represents deposits with original maturity of more than 3 months.

	As at 31st March, 2016 (₹)	As at 31st March, 2015 (₹)
14. Short-term loans and advances		
Unsecured, considered good		
Advances to employees	–	34,250
Prepaid expenses	**44,639**	1,26,637
Advance towards gratuity fund	**1,49,095**	–
Balances with Statutory authorities		
Service tax credit receivable	**20,300**	12,360
TOTAL	**2,14,034**	1,73,247

	As at 31st March, 2016 (₹)	As at 31st March, 2015 (₹)
15. Other current assets		
Interest accrued but not due on bank deposits	**3,14,025**	–
TOTAL	**3,14,025**	–

	For the year ended 31st March, 2016 (₹)	For the year ended 31st March, 2015 (₹)
16. Revenue from operations		
Sale of services	**2,55,54,748**	2,52,02,451
TOTAL	**2,55,54,748**	2,52,02,451

	For the year ended 31st March, 2016 (₹)	For the year ended 31st March, 2015 (₹)
17. Other income		
Dividend income from current investments	–	32,24,122
Lease rental income	**30,28,904**	35,20,000
Net Gain on sale of current investments	**1,78,37,801**	30,57,851
Interest on income tax refund	**44,655**	76,960
Interest income on bank deposits	**22,67,357**	–
TOTAL	**2,31,78,717**	98,78,933

	For the year ended 31st March, 2016 (₹)	For the year ended 31st March, 2015 (₹)
18. Employee benefits expense		
Salaries and wages	**108,22,434**	86,39,637
Contribution to provident and other funds	**4,64,862**	12,60,561
Staff welfare expenses	**6,97,608**	5,20,959
TOTAL	**1,19,84,904**	1,04,21,157

	For the year ended 31st March, 2016 (₹)	For the year ended 31st March, 2015 (₹)
19. Other expenses		
Rates and taxes	**4,95,070**	54,406
Insurance	**3,193**	3,696
Travelling and conveyance	**50,147**	16,608
Professional/Legal fees	**26,24,517**	24,36,405
Auditors' remuneration and expenses*		
Audit fees	**1,25,000**	1,00,000
Tax audit fees	**50,000**	50,000
Fees for other services	**20,000**	12,000
Reimbursement of expenses	–	126
Directors' sitting fees	**3,30,000**	80,000
Communication expenses	**8,143**	4,551
Miscellaneous expenses	**70,741**	35,163
TOTAL	**37,76,811**	27,92,955

* Excluding taxes.

	For the year ended 31st March, 2016 (₹)	For the year ended 31st March, 2015 (₹)
20. Tax expense		
Current tax		
Income tax for the year	**82,00,000**	30,00,000
	82,00,000	30,00,000
Deferred tax		
for the year	**35,790**	(21,823)
	35,790	(21,823)
TOTAL	**82,35,790**	29,78,177

21. Additional Notes to the Financial Statements

i. **Earnings per share**

	Earnings per share has been computed as under :	2016	2015
(a)	Profit for the year (₹)	**1,70,85,009**	1,03,59,176
(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)]	**₹ 0.41**	₹ 0.25

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, 2016. 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

with whom the Company had transactions:

- North East Nutrients Private 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 (till 31.12.2015)
- Mr. R. K. Singhi — Non - Executive Director (w.e.f. 09.03.2016)
- Mr. M. Seth — Chief Financial Officer (CFO) (w.e.f. 01.01.2015)
- Mr. J. Alam — Manager and Company Secretary (w.e.f. 01.09.2015)
- Mr. R. Varma — Manager and Company Secretary (till 12.05.2015)

(b) DISCLOSURE OF TRANSACTIONS BETWEEN THE COMPANY AND RELATED PARTIES AND THE STATUS OF OUTSTANDING BALANCES AS AT 31.03.2016

(Amount in ₹)

	RELATED PARTY TRANSACTION SUMMARY	Ultimate Holding Company		Holding Company		Fellow Subsidiary Company		Employee Trusts		Key Management Personnel	
		2016	2015	**2016**	2015	**2016**	2015	**2016**	2015	**2016**	2015
1.	Rent Received	**19,18,904**	24,40,000	–	–	–	–	–	–	–	–
2.	Purchase of Services	**43,500**	40,000	–	–	–	–	–	–	–	–
3.	Sale of Services	**2,54,94,748**	2,52,02,451	–	–	**60,000**	–	–	–	–	–
4.	Sale of Fixed Assets – Land (at cost)	**28,21,78,478**	–	–	–	–	–	–	–	–	–
5.	Refund of Security Deposit	**2,00,00,000**	–	–	–	–	–	–	–	–	–
6.	Security Deposit taken over pursuant to amalgamation - [Refer Note 21(vi)]	**10,00,000**	–	–	–	–	–	–	–	–	–
7.	Expenses Recovered	**2,31,684**	3,43,288	–	–	–	–	–	–	–	–
8.	Expenses Reimbursed	–	1,500	–	–	–	–	–	–	–	–
9.	Remuneration of Managers on Deputation Reimbursed (For CFO)	**26,65,025**	4,93,875	–	–	–	–	–	–	–	–
10.	Contribution to Greenacre Holdings Limited Provident Fund	–	–	–	–	–	–	**6,15,518**	5,27,703	–	–
11.	Contribution to Greenacre Holdings Limited Gratuity Fund	–	–	–	–	–	–	**2,29,037**	4,82,387	–	–
12.	Remuneration to Key Management Personnel										
	- Ms. Komal Pansari	–	–	–	–	–	–	–	–	–	2,45,229
	- Mr. Ravi Varma									**97,993**	3,46,290
	- Mr. Jamshed Alam(#)									**5,34,365**	–
13.	Directors' Sitting Fees:										
	- Mr. S. Banerjee	–	–	–	–	–	–	–	–	**1,50,000**	40,000
	- Ms. A. Guhamallick									**1,80,000**	40,000
14.	Purchase of Investments (*)	–	–	**3,84,37,500**	–	–	–	–	–	–	–
15.	**Balances as at 31st March**										
	i) Deposits Taken	**34,00,000**	2,24,00,000	–	–	–	–	–	–	–	–
	ii) Payable										
	Directors' Sitting Fees:										
	- Mr. S. Banerjee	–	–	–	–	–	–	–	–	–	10,000
	- Ms. A. Guhamallick										10,000

(*) Also refer the Scheme of Amalgamation between Classic Infrastructure & Development Limited and the Company. [Refer Note 21 (vi)]

(#) Mr. J. Alam, has been appointed as Manager & Company Secretary by the Board of Directors for tenure commencing from 1st September, 2015, which is subject to approval of the Members at the forthcoming Annual General Meeting.

v. Defined Benefit Plans / Long Term Compensated Absences - As per Actuarial Valuations as at 31st March, 2016 and recognised in the financial statements in respect of Employee Benefit Schemes:

		For the year ended 31st March, 2016 (₹)		For the year ended 31st March, 2015 (₹)	
		Gratuity	Leave Encashment	Gratuity	Leave Encashment
		Funded	Unfunded	Funded	Unfunded
I.	**Components of Employer Expenses**				
1.	Current Service Cost	**1,96,024**	**96,771**	1,86,444	97,396
2.	Interest Cost	**1,64,508**	**1,12,393**	1,60,018	1,13,066
3.	Expected Return on Plan Assets	**(1,75,265)**	**–**	(1,75,716)	–
4.	Curtailment Cost/(Credit)	**–**	**–**	–	–
5.	Settlement Cost/(Credit)	**–**	**–**	–	–
6.	Past Service Cost	**–**	**–**	–	–
7.	Actuarial Losses/(Gains)	**(3,35,924)**	**(1,26,857)**	5,62,112	1,20,961
8.	**Total expense recognised in the Statement of Profit and Loss**	**(1,50,656)**	**82,307**	7,32,858	3,31,423
	The Gratuity expenses have been recognized in "Contribution to provident and other funds" and Leave Encashment in "Salaries and wages" under Note 18.				
II.	**Actual Returns**	**2,12,644**	**–**	2,43,174	–
III.	**Net Asset/(Liability) recognised in Balance Sheet**				
1.	Present Value of Defined Benefit Obligation	**(25,08,981)**	**(15,47,317)**	(22,46,244)	(15,32,132)
2.	Fair Value of Plan Assets	**26,58,076**	**–**	20,15,646	–
3.	Status [Surplus/(Deficit)]	**1,49,095**	**(15,47,317)**	(2,30,598)	(15,32,132)
4.	Unrecognised Past Service Cost	**–**	**–**	–	–
5.	Net Asset / (Liability) recognised in Balance Sheet	**1,49,095**	**(15,47,317)**	(2,30,598)	(15,32,132)
IV.	**Change in Defined Benefit Obligation (DBO)**				
1.	Present Value of DBO at the beginning of the year	**22,46,244**	**15,32,132**	24,99,091	17,17,117
2.	Current Service Cost	**1,96,024**	**96,771**	1,86,444	97,396
3.	Interest Cost	**1,64,508**	**1,12,393**	1,60,018	1,13,066
4.	Curtailment Cost/(Credit)	**–**	**–**	–	–
5.	Settlement Cost/(Credit)	**–**	**–**	–	–
6.	Plan Amendments	**–**	**–**	–	–
7.	Past Service Cost	**–**	**–**	–	–
8.	Actuarial (Gains)/Losses	**7,817**	**(1,26,857)**	2,69,365	1,20,961
9.	Benefits Paid	**(1,05,612)**	**(67,122)**	(8,68,674)	(5,16,408)
10.	Present Value of DBO at the end of the year	**25,08,981**	**15,47,317**	22,46,244	15,32,132
V.	**Best Estimate of Employer's Expected Contribution for the next year**	**1,86,000**	**–**	4,80,000	–
VI.	**Change in Fair Value of Assets**				
1.	Plan Assets at the beginning of the year	**20,15,646**	**–**	25,18,964	–
2.	Acquisition Adjustment	**–**	**–**	–	–
3.	Expected Return on Plan Assets	**1,75,265**	**–**	1,75,716	–
4.	Actuarial Gains/(Losses)	**3,43,740**	**–**	(2,92,747)	–
5.	Actual Company Contributions	**2,29,037**	**–**	4,82,387	–
6.	Benefits Paid	**(1,05,612)**	**–**	(8,68,674)	–
7.	Plan Assets at the end of the year	**26,58,076**	**–**	20,15,646	–
VII.	**Actuarial Assumptions**				
1.	Discount Rate (%)	**7.50**	**7.50**	7.75	7.75
2.	Expected Return on Plan Assets (%)	**7.50**	**–**	7.75	–
	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, 2016**	As at 31st March, 2015
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, 2016 (₹)		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 (₹)	
	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	25,08,981	15,47,317	22,46,244	15,32,132	24,99,091	17,17,117	29,01,509	21,62,678	28,42,884	20,49,819
Fair Value of Plan Assets	26,58,076	–	20,15,646	–	25,18,964	–	32,32,884	–	29,73,180	–
Status [Surplus / (Deficit)]	1,49,095	(15,47,317)	(2,30,598)	(15,32,132)	19,873	(17,17,117)	3,31,375	(21,62,678)	1,30,296	(20,49,819)
Experience Adjustment of Plan Assets [Gain / (Loss)]	3,37,899	–	(3,21,088)	–	(2,66,267)	–	(3,684)	–	(8,203)	–
Experience Adjustment of Obligation [(Gain) / Loss]	(35,718)	(1,57,623)	77,294	(25,137)	4,63,285	2,15,253	(1,40,706)	(69,488)	(1,07,738)	(66,852)

- Amounts towards Defined Contribution Plans have been recognized under 'Contribution to provident and other funds' in Note 18 – ₹ 6,15,518 /- (2015 – ₹ 5,27,703/-)

vi. Amalgamation of erstwhile Classic Infrastructure & Development Limited ('CIDL'), a wholly owned subsidiary, which was engaged in the business of managing and providing maintenance services for buildings, with the Company:

a) In accordance with the Scheme of Amalgamation of CIDL under Sections 391 and 394 of the Companies Act, 1956 with the Company (as a going concern), as approved by the Board of Directors of the Company on 14th December, 2015, and subsequently sanctioned by the Hon'ble High Court at Calcutta on 17th March, 2016, the assets and liabilities of CIDL were transferred to the Company with effect from 1st October, 2015, the Appointed Date. The Scheme became effective on 5th April , 2016 upon filing of the Order of the Hon'ble High Court with the Registrar of Companies, West Bengal. Consequent to such filing, the Scheme has been given effect to in these Financial Statements.

b) The Amalgamation has been accounted for under the 'pooling of interests' method as prescribed by "Accounting Standard-14 - 'Accounting for Amalgamations'" specified under Section 133 of the Companies Act, 2013, as applicable. Accordingly, the assets, liabilities and reserves of CIDL as at 1st October, 2015 have been taken over in the books of account of the Company at their respective book values. [Refer to Note – 2(a) to the Cash Flow Statement].

c) As per the Scheme of Amalgamation, 1,27,50,020 Equity Shares of ₹ 10/- each of CIDL held by the Company (including 1,11,00,020 shares acquired by the Company during the year), stand cancelled.

d) Consequent to cancellation of investment, as above, excess of investment over the share capital of CIDL amounting to ₹ 5,26,01,705/- and debit balance of Reserves and Surplus of CIDL of ₹ 4,10,86,271/-, aggregating ₹ 9,36,87,976/- have been first adjusted against General Reserves - ₹ 1,37,70,978/- and the balance against the Surplus in the Statement of Profit and Loss - ₹ 7,99,16,998/- , as specified in the Scheme of Amalgamation.

e) In view of the aforesaid amalgamation with effect from 1st October, 2015, the figures for the current year are not comparable to those of the previous year.

vii. During the year 1999-2000, erstwhile CIDL acquired assignable claims amounting to ₹ 9,20,59,032/- together with any interest that may accrue on the said amount till the date of actual repayment, at an agreed consideration of ₹ 2,00,00,000/-. This amount is included in "Long-term loans and advances" under Note 10.

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

22. 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.

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 substantively 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

SARADINDU DUTTA *Director* R. TANDON *Chairman*

M. SETH *Chief Financial Officer* J. ALAM *Manager & Company Secretary*

Kolkata
2nd May, 2016

REPORT OF THE BOARD OF DIRECTORS FOR THE FINANCIAL YEAR ENDED 31ST MARCH, 2016

Your Directors submit their Report for the financial year ended 31st March, 2016.

FINANCIAL RESULTS

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

	Consolidated(*) ₹ (lakhs)		Standalone ₹ (lakhs)	
Year Ended March 31,	2016	2015	2016	2015
Total Revenue	155518	147640	96132	100602
Total Expenditure	142613	130589	82603	82588
Profit before Tax	12905	17051	13529	18014
Provision for Tax	5185	6421	4711	5814
Profit after Tax	7720	10630	8818	12200

(*) 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

2015–16 saw the Global IT Services and Business Process Management spend grow 0.4% and the Indian IT services industry grow approximately 9.2%, as per Nasscom estimates.

The IT services industry is at a historic inflection point – with the traditional IT services and products model getting disrupted. Innovative technologies, new buyers of technology and newer ways of deployment are beginning to have an impact on the way the industry operates. The industry is currently going through a consolidation phase due to these changing market dynamics. Mid–tier firms are monetising by selling themselves to Private Equity firms or to Tier 1 players. The tier 1 players are beginning to embrace the changing market trends and ramping up investments to build capabilities in newer technologies like digital and disruptive business models for non–linear growth through organic and inorganic means.

In this context, ITC Infotech has commenced on a transformational journey, at the perfect time, to become a Specialized, Global–scale Full service provider led by Business and Technology consulting and creating enduring value to its stakeholders. As part of the transformation efforts and the re–vitalised strategic approach articulated in the previous year, your Company, in the financial year, has aligned the organisation to the identified Go–to–market (GTM) industry verticals and the service lines or Lines of Business (LoB) that can be offered to these target markets. During the year, the Company has undertaken several initiatives aligned to the four strategic pillars, some of them are called out below:

Achieving meaningful scale:

- Testing as a Service (TaaS) and Supply Chain Management (SCM) were seeded as new LoBs. Industry veterans were hired to lead these newly formed LoBs.
- Industry leaders were hired in the predominant markets of USA and Europe to lead new business development efforts.

Becoming future ready:

- Developed a clear definition and framework for Digital offerings which currently contribute ~20% of your Company's revenues.
- Instituted a new "Innoruption" Lab to focus on R&D and innovation in areas like Digital Supply Chain solutions, Mobility Solutions, Internet of Things, Cognitive Automation and to build an ecosystem of startups.

Enhancing Profitability:

- Established a central resource management organization, Operational excellence and resource allocation (OPERA), to drive utilisation and operational efficiency which has already started showing encouraging results.

Building institutional capabilities:

- Launched Achievers' club for sales and other functions to motivate and push sales productivity, innovation and efficiency.
- Dedicated a Thought Partner to ITC businesses to increase co–creation opportunities; a program called Anubhav has been socialised to bring in high performers from ITC businesses to ITC Infotech thereby further strengthening domain knowledge in GTM verticals.

USA and Europe continue to be the dominant markets of your Company. USA continues to be the highest contributor to consolidated revenues. New client additions continue at a healthy rate in these mature markets. Your Company has grown its consolidated Revenues by 5.3% to ₹1555 crores, while consolidated Net Profit was at ₹77 crores. The Company has seen strong client addition during the year across geographies with new clients added in the financial year. During the year, the Company restructured its contract with a key client which set up its own centre in India with the Company's assistance.

Your Company won the "2015 European Outsourcing Awards" in the category: Value creation in outsourcing for engagement with a leading UK based health retailer. The Company was also featured as a "Major Contender" in the Everest Group IT Outsourcing in Banking – Service Provider Landscape with PEAK Matrix™ Assessment 2015 and continued to be featured in the Leader's Category for the 2016 Global Outsourcing 100 by the International Association of Outsourcing Professionals for the tenth consecutive year. The Company was profiled in the Gartner report titled "Market Guide for Trade Promotion Management and Optimization" and also featured prominently in the Gartner report titled "Market Guide for Retail Execution and Monitoring Solutions for the Consumer Goods Industry".

The focus of your Company continues to be achieving the dimensions of the stated strategy and delivering stakeholder value through Domain, Data, Digital, Design and Differentiated delivery. Inorganic growth continues to be an integral part of the Company's strategy. The Company would also be focusing on consolidating its presence in existing markets and will look to opportunistically expand into other geographies. Diversifications into adjacent avenues and exploring new GTM verticals and lines of businesses also would be an important component of your Company's growth story.

The outlook for the Indian IT industry remains muted with NASSCOM predicting an export growth of 10% – 12% in the forthcoming year. With most elements of the Company's strategy already beginning to show green shoots, your Company is poised to differentiate itself and see strong traction in a dynamic market that is undergoing rapid consolidation. The key risks continue to be currency volatility, acquisition of quality talent due to the booming startup ecosystem in India, pricing and consequently margin pressures.

DIVIDEND

Your Directors are pleased to recommend the interim dividend of ₹ 9/– (2015: ₹ 9/) 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) (2015: ₹ 76,68,00,000/–), declared by the Board of Directors on 7th December, 2015, as the final dividend for the financial year ended 31st March, 2016.

DIRECTORS AND KEY MANAGERIAL PERSONNEL

Changes in Directors and Key Managerial Personnel during the year

Mr. A. Nayak (DIN: 00973758) resigned as Director of the Company with effect from 1st January, 2016. Your Board of Directors places on record its appreciation of the contribution made by Mr. Nayak during his tenure as Director.

Retirement by Rotation

In accordance with the provisions of Section 152 of the Companies Act, 2013 ("the Act") and Articles 143–145 of the Articles of Association of the Company, Mr. S. Sivakumar (DIN: 00341392) will retire by rotation at the ensuing Annual General Meeting of your Company and, being eligible, offers himself for re–election.

Declaration of Independence

As required under Section 149(7) of the Companies Act, 2013 (Act), declarations have been received from the Independent Directors of your Company that they meet the criteria of Independence prescribed under Section 149(6) of the Act and Companies (Appointment and Qualification of Directors) Rules, 2014.

BOARD COMMITTEES

Audit Committee

The Audit Committee of your Company comprises 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.

No. of meetings held during the financial year: 5; 30th April, 2015, 11th September, 2015, 7th December, 2015, 25th February, 2016 and 28th March, 2016.

No. of meetings attended by each Committee Member: Mr. R. Tandon (5), Mr. P. Chatterjee (5) and Mr. R. G. Jacob (5).

Nomination and Remuneration Committee

The Nomination and Remuneration Committee of your Company comprises Mr. S. Sivakumar as Chairman of the Committee, Mr. P. Chatterjee and Mr. R. G. Jacob as Members of the Committee. Mr. A. Nayak ceased to be a Member of the Committee with effect from 1st January, 2016.

No. of meetings held during the financial year: 3; 30th April, 2015, 17th August, 2015 and 11th September, 2015.

No. of meetings attended by each Committee Member: Mr. S. Sivakumar (3), Mr. P. Chatterjee (3), Mr. R. G. Jacob (3) and Mr. A. Nayak (3).

Corporate Social Responsibility Committee

The Corporate Social Responsibility Committee of your Company comprises Mr. S. Sivakumar as Chairman of the Committee, Mr. P. Chatterjee and Mr. R. G. Jacob as Members of the Committee. Mr. A. Nayak ceased to be a Member of the Committee with effect from 1st January, 2016. The Managing Director and the Chief Financial Officer are Invitees to the Committee. The Company Secretary serves as the Secretary to the Committee.

No. of meetings held during the financial year: 1; 25th February, 2016.

No. of meetings attended by each Committee Member: Mr. S. Sivakumar (1), Mr. P. Chatterjee (1), Mr. R. G. Jacob (1).

ATTRIBUTES, QUALIFICATIONS AND APPOINTMENT OF DIRECTORS

As mentioned in the Report last year, 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.

Further, the Independent Directors at their meeting held during the year reviewed the performance of the non–independent Directors, Chairman, Vice Chairman and the Board of Directors of the Company.

REMUNERATION POLICY

The Remuneration Policy for the Directors, Key Managerial Personnel, Senior Management and other employees of the Company 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)

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.(I2A), wholly owned subsidiaries of the Company and (ii) Pyxis Solutions, LLC.(Pyxis), wholly owned subsidiary of I2A 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.

ITC Infotech, to position itself as a full services provider in the BFSI segment and optimally utilise the resources and assets of Pyxis and I2A, merged Pyxis into I2A with effect from 1st April, 2016. Consequently Pyxis ceased to be a subsidiary of I2A and that of the Company with effect from that date.

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) of the Act read with Rule 8 of Companies (Accounts) Rules, 2014 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, monitoring mechanisms for conserving energy in different buildings were strengthened by bringing consciousness amongst the workforce. In addition, consumption of paper was reduced by nearly 25%.

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 ₹70508 lakhs (previous year– ₹78724 lakhs) while the outgoings were ₹13487 lakhs (previous year– ₹ 17106 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

No. of Board meetings held during the financial year: 5; 30th April, 2015, 17th August, 2015, 11th September, 2015, 7th December, 2015 and 26th February, 2016.

No. of meetings attended by each Director: Mr. Y. C. Deveshwar (5), Mr. S. Sivakumar (5), Ms. S. Rajagopalan (5), Mr. B. B. Chatterjee (4), Mr. P. Chatterjee (5), Mr. R. G. Jacob (5), Mr. A. Nayak (4) and Mr. R. Tandon (5). Mr. A. Nayak ceased to be a Director with effect from 1st January, 2016.

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 ₹ 5000 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, 2016, 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, 2016, 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 Twentieth AGM till the conclusion of the Twenty First 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 2016–17.

(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, 2016. 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: Kolkata **On behalf of the Board**

Date: 27th April, 2016

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, 2016

[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 http://www.itcinfotech.com/Uploads/GUI/knowledgecentre/corporate–social–responsibility–policy.pdf
2.	Composition of the CSR Committee		Mr. S. Sivakumar (Chairman) Mr. P. Chatterjee Mr. R. G. Jacob
3.	Average net profits of the Company for last three financial years		₹ 14105 lakhs
4.	Prescribed CSR Expenditure (two percent of the amount stated under 3 above)		₹ 282.10 lakhs
5.	Details of CSR spent during the financial year	a. Total amount to be spent for financial year	₹ 282.10 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 Education Trust	Advancement and promotion of General Education for better society [covered under Clause (ii) of Schedule VII to the Companies Act, 2013]	N.A	₹ 283 lakhs	₹ 283 lakhs	₹ 283 lakhs	Implementing Agency – ITC Education Trust, Kolkata

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

27th April, 2016

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, 2016

Information pursuant to Section 197 of the Companies Act, 2013 read with 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 Commencement of Employment	Previous Employment/Position held
1	2	3	4	5	6	7	8	9
ABRAHAM BABUJI	52	Senior Vice President – IT Services	10065665	6774184	B.E.	29	9–Jun–14	Mindtree Ltd. Senior Vice President
BATRA RAKESH ####	52	Chief Financial Officer	7484723	3308228	B.COM(H), FCA	34	1–Sep–86	–
GHARPURE RAVINDRA ##	42	General Manager – Business Development	9557578	6746717	M.E.	17	1–Dec–14	NIIT technologies BV Director BD
GHOSH ANIRBAN #	33	Account Manager	9940548	5703546	M.B.A.	10	30–Jan–12	ABOVE Solutions India Pvt. Ltd. Senior Sales
KASHYAP ANAND	44	Vice President –IT Services	6522890	4469564	M.B.A.	17	16–Mar–15	Dell Services, UAE MD – Healthcare & Life Sciences
KHURANA RAJEEV #	45	National Business Development Manager	8143780	8143780	PGDM	20	15–Feb–10	Wipro Infotech Ltd. Regional Manager
KRISHNAMURTHY RAMESH #	37	Service Delivery Manager	6967549	4253331	B.Com.	16	5–Nov–12	Microsoft Corporation Field Solutions manager
KUMAR SANDEEP	45	Vice President –IT Services	6666764	4402379	M.B.A.	20	26–Mar–12	Infosys Technologies Ltd. Industry Principal
KUMAR VISHAL #	45	Senior Vice President – Middle East & Africa	18049693	18049693	B.E.	23	13–Jan–03	PSI Data Systems Ltd. Sales & Marketing Manager
OCHANI ANUP #	39	General Manager – Key Accounts	11160460	11160460	B.E.	18	12–Nov–07	Aptiva Consulting Project Manager
PARANJAPE P ##	44	General Manager – Business Development	9680894	5393830	M.Sc.	23	1–Mar–12	L&T Infotech GmbH Area Director
PATNI MUDIT #	35	Senior Manager – Business Development	11315091	7367485	PGDM	12	31–Dec–07	Patni Computers Systems Ltd. Assistant Manager– Business Development
PERIVIER MARC ##	47	Senior Manager – Business Development	12679280	6993447	M.Fin.	23	23–Apr–12	PTC Business Development Manager
PERUMAL VENKATESH #	35	Manager – Business Development	7101938	7101938	M.B.A.	12	15–Mar–13	Capgemini Financial Services Sales Manager
RAJAGOPALAN SUSHMA	52	Managing Director and Chief Executive Officer	14570026	7808785	M.B.A.	31	1–Aug–14	LiquidHub Inc. Global Partner
RAJASEKHAR V. V.	51	Senior Vice President–IT Services	7079750	4413431	M.B.A.	27	1–Dec–00	ITC Ltd. Manager IT Projects
RAJESH B.A.B #	48	General Manager – Managed Services	8596095	5742250	B.Sc.	24	12–Jan–10	Bristlecone India Ltd. Manager– Delivery
SAXENA SANDEEP ##	34	General Manager – Business Development	10606686	4247292	M.B.A.	14	6–Jun–14	Hexaware Technologies New BD
SEETHARAM SUDHINDRA #	39	Account Manager	7069632	3325187	M.Sc., PGDBA	16	11–Aug–10	Mindtree Ltd. Test Lead
SENGUPTA MOHUA	47	Senior Vice President – IT Services	7419327	4942086	M.B.A.	23	30–Aug–13	iGate Global Solutions Ltd. Head of Solutions & Vertical Innovation
SINHA PANKAJ #	44	Senior Manager – Business Development	7058345	7058345	M.B.A.	8	11–Apr–13	Intertec Systems LLC Major Account Manager
SIVAGNANAM SANKAR #	36	Solution Lead	6506388	3326308	B.E.	16	2–May–12	Accenture Technology Solutions Integration Lead
SREENIVASAN V.	53	Senior Vice President – IT Services	7535840	4439490	B.E.	31	1–Oct–00	ITC Ltd. Head Software Development Centre
SRINIVASAN RAMAKRISHNAN	45	General Manager–IT Services	6365653	4428327	B.Tech.	19	13–Jun–05	Tata Consultancy Services Project Manager
SRINIVASULU DINESH #	43	General Manager – Business Development	8669104	5039597	B.Tech.	21	15–Jan–07	Accenture Services Pvt. Ltd. Associate Manager
TALWAR ANAND	57	Senior Vice President – Talent Management	7096228	3317533	M.B.A.	32	9–Apr–01	Reliance Telecom Ltd. Vice President – HRD
VENKATRAMAN SRINIVAS ##	37	Senior Manager – Business Development	7371111	4140759	B.E.	15	1–Oct–14	Suntec Business Solutions Sales Director

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

Name	Age	Designation / Nature of Duties	Gross Remuneration ₹	Net Remuneration ₹	Qualifications	Experience (Years)	Date of Commencement of Employment	Previous Employment/Position held
1	2	3	4	5	6	7	8	9
AYMAR ABRAHAM ##	31	Program Manager	4978699	2741448	B.E.	8	23–Jul–12	FCL Automotive, Guyancourt PLM Manager
BRINK AB ##	48	General Manager – Business Development	5166583	2579365	Havo, MTS – WTB (Mech Engg.), NIMA (Mkg)	22	1–Mar–13	Computer Sciences Corporation Sr. Business Development Executive
DUNGERN CAROLINA ##	53	Process Consultant	2238204	1022599	B.S.	24	7–Jan–14	Phenometex GmbH Senior Consultant
GUPTA HIMANSHU ###	31	Senior Manager – Business Development	7130815	5162733	B.Sc.	10	3–Jul–06	–
IYER RAVISHANKAR	53	Vice President –IT Services	2332755	1636319	M.S.	27	18–Jul–13	Polaris Financial Technology Ltd. Sr.VP– Head of Investment Banking Practice

Name	Age	Designation / Nature of Duties	Gross Remuneration ₹	Net Remuneration ₹	Qualifications	Experience (Years)	Date of Commencement of Employment	Previous Employment/Position held
JAGANNATH AJEETH	46	Senior Vice President–IT	3189495	2289364	M.S.	25	12–Mar–12	Symphony Services Corporation Director–Siebel Technology Center
KOKATE UDAY ##	37	Senior Project Manager	1710803	1005729	PGDBM	14	18–Sep–14	NIPUNN Engineering AS Sr. Mechanical Engineer
NAYAK PRAVIN ##	42	Senior Manager – Business Development	1694768	1694768	B.E.	20	27–Dec–15	KPIT Deputy General Manager
PLIESKE HORST–WIHELM ##	56	Vice President – Business Development	8990904	5850381	M.B.A.	28	3–Aug–15	L&T Infotech EVP and Head Dach
RAJAKUMAR PREMKUMAR ###	41	Project Manager	2238405	1417443	M.Com.	17	11–Jun–09	Coastal Training Technologies Project Manager
SANDNES TORGEIR ##	52	General Manager – Business Development	6470845	4488696	M.E. (Economy)	27	3–Feb–14	NIPUNN Engineering AS Director BD
THIBAULT NICOLAS ##	52	Lead Process Consultant	6219389	3423924	M.B.A.	25	25–Aug–15	Intersport France Business Unit Manager
TONNESSEN OYVIND ##	50	General Manager – Business Development	13349021	5902089	B.Sc.	26	13–Aug–14	Infosys Ltd. Nordic head of Oil & Energy

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 Sebi (Share Based Employee Benefits) Regulations, 2014] under the ITC Employee Stock Option Schemes.
8. All appointments are / were contractual in accordance with terms & conditions as per Company's rules.
9. None of the above employees is a relative of any Director of the Company.

On behalf of the Board

27th April, 2016

S. Sivakumar
Chairman – CSR Committee

S. Rajagopalan
Managing Director

ANNEXURE 4 TO THE REPORT OF BOARD OF DIRECTORS

FORM MGT–9
EXTRACT OF ANNUAL RETURN
as on the financial year ended on 31st March, 2016

[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	% to total turnover of the company
1.	Computer programming, consultancy and related activities	620	100%

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES

Sl. No	NAME AND ADDRESS OF THE COMPANY	CIN/GLN	HOLDING/ SUBSIDIARY/ ASSOCIATE	% of shares held	Applicable Section
1.	ITC Limited Virginia House 37 J. L. Nehru Road, Kolkata – 700071	L16005WB-1910PLC001985	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 NY 10004–2501	NA	Subsidiary	*100% ITC Infotech (USA), Inc. holds the entire Membership Interest*	2(87)(ii)(a)

(*) merged with ITC Infotech (USA), Inc. with effect from 1st April, 2016

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

(i) Category–wise Share holding

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 ₹ 1 lakh	–	–	–	–	–	–	–	–	N.A
ii) Individual shareholders holding nominal share capital in excess of ₹ 1 lakh	–	–	–	–	–	–	–	–	N.A
c) Others (specify)	–	–	–	–	–	–	–	–	N.A
Sub–total (B)(2):–	–	–	–	–	–	–	–	–	N.A
Total Public Shareholding (B)=(B)(1)+(B)(2)	–	–	–	–	–	–	–	–	N.A
C. Shares held by Custodian for GDRs & ADRs	–	–	–	–	–	–	–	–	N.A
Grand Total (A+B+C)	**–**	**8,52,00,000**	**8,52,00,000**	**–**	**–**	**8,52,00,000**	**8,52,00,000**	**100.00**	**Nil**

(ii) Shareholding of Promoters

Sl No.	Shareholder's Name	Shareholding at the beginning of the year			Shareholding at the end of the year			% change in shareholding during the year
		No. of Shares	% of total Shares of the company	% of Shares Pledged / 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 – NIL

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

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

Amount in (₹ lakhs)

Sl. no.	Particulars of Remuneration	Sushma Rajagopalan – Managing Director & CEO (**Refer Note**)
1.	Gross salary	129.67
	(a) Salary as per provisions contained in section 17(1) of the Income–tax Act, 1961	
	(b) Value of perquisites u/s 17(2) Income–tax Act, 1961	10.27
	(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)	**139.94**
	Ceiling as per the Act (5% of the net profits of the Company computed in accordance with Section 198 of the Companies Act, 2013)	**736.68**

Note:

Has been granted Stock Options by ITC Limited, the holding company, at 'market price' [within the meaning of the Sebi (Share Based Employee Benefits) Regulations, 2014] under the ITC Employee Stock Option Schemes.

B. Remuneration to other directors:

Amount in (₹ lakhs)

Sl. no.	Particulars of Remuneration	Name of Director		Total Amount
		Partho Chatterjee	Ranjit G Jacob	
1.	**Independent Directors**			
	• Fee for attending board / committee meetings	2.90	2.90	5.80
	• Commission	NIL	NIL	NIL
	• Others, please specify	NIL	NIL	NIL
	Total (1)	2.90	2.90	5.80
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)	**2.90**	**2.90**	**5.80**
	Total Managerial Remuneration (A+B)			145.74
	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)			1620.70

B. REMUNERATION TO KEY MANAGERIAL PERSONNEL OTHER THAN MD/MANAGER/WTD

Amount in (₹lakhs)

Sl. no.	Particulars of Remuneration	Key Managerial Personnel		
		Rakesh Batra (Chief Financial Officer)**	Sanjay V Shah (Company Secretary)**	Total
1.	Gross salary (a) Salary as per provisions contained in section 17(1) of the Income–tax Act, 1961	60.60	49.44	1,10.04
	(b) Value of perquisites u/s 17(2) Income–tax Act, 1961	10.94	6.51	17.45
	(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	71.54	55.95	127.49

** 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 Sebi (Share Based Employee Benefits) Regulations, 2014] under the ITC Employee Stock Option Schemes.

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

On behalf of the Board

27th April, 2016

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 – Value of transactions during the year – ₹ 12,232 Lakhs
e)	Date(s) of approval by the Board, if any	N.A
f)	Amount paid as advances, if any	Nil

a)	Name(s) of the related party and nature of relationship	ITC Infotech Limited, UK (Subsidiary)
b)	Nature of contracts / arrangements / transactions	Sale of IT Services
c)	Duration of the contracts / arrangements / transactions	Continuing
d)	Salient terms of the contracts or arrangements or transactions including the value, if any	– Subcontracting of execution and management of customer contracts – Pricing based on arm's length margin – Periodic invoicing; payment within 90 days – Value of transactions during the year – ₹ 9,963 Lakhs
e)	Date(s) of approval by the Board, if any	N.A
f)	Amount paid as advances, if any	Nil

a)	Name(s) of the related party and nature of relationship	ITC Infotech (USA), Inc. (Subsidiary)
b)	Nature of contracts / arrangements / transactions	Sale of IT Services

c)	Duration of the contracts / arrangements / transactions	Continuing
d)	Salient terms of the contracts or arrangements or transactions including the value, if any	– Subcontracting of execution and management of customer contracts – Pricing based on arm's length margin – Periodic invoicing; payment within 90 days – Value of transactions during the year – ₹ 16,507 Lakhs
e)	Date(s) of approval by the Board, if any	N.A
f)	Amount paid as advances, if any	Nil

a)	Name(s) of the related party and nature of relationship	Russell Credit Limited (Russell), Fellow Subsidiary
b)	Nature of contracts / arrangements / transactions	Unsecured Inter–Corporate Loan of ₹ 10000 lakhs from Russell
c)	Duration of the contracts / arrangements / transactions	Not exceeding one year commencing from the date of first disbursement of the loan.
d)	Salient terms of the contracts or arrangements or transactions including the value, if any	– Simple Interest payable at 9.50% 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 ₹ 10000 lakhs
e)	Date(s) of approval by the Board, if any	7th December, 2015 (Audit Committee)
f)	Amount paid as advances, if any	Nil

On behalf of the Board

S. Rajagopalan — Managing Director

S. Sivakumar — Vice Chairman

27th April, 2016

ANNEXURE 6 TO THE REPORT OF BOARD OF DIRECTORS

Form No. MR-3

SECRETARIAL AUDIT REPORT

FOR THE FINANCIAL YEAR ENDED 31.03.2016

[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 videCIN.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 01.04.2015 to 31.03.2016 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 31stMarch, 2016, 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, 2016 according to the provisions of:

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

b. Secretarial Standards issued by the Institute of Company Secretaries of India under Section 118(10) of the Companies Act, 2013, and

c. 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, 2016 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. The Minimum Wages Act, 1948
i. 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.	30th April, 2015	Five
2.	17th August, 2015	
3.	11th September, 2015	
4.	7th December, 2015	
5.	26th February, 2016	

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: 27th April, 2016
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, 2016, 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, 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 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 auditors' 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. 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, 2016, 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, 2016', 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 B 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, 2016 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2016 from being appointed as a director in terms of Section 164(2) of the Act.
    (f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in Annexure A.
    (g) With respect to the other matters to be included in the Auditors' 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, 2016 on its financial position in its financial statements – refer Note 24(b);
        ii. The Company did not have any long–term contracts with material foreseeable losses and did not have any long–term derivative contracts as at March 31, 2016;
        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, 2016.

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

Sunit Kumar Basu
Partner
Membership Number: 55000

Place: Kolkata
Date: 27th April, 2016

Annexure A to Independent Auditors' Report

Referred to in paragraph 10(f) of the Independent Auditors' Report of even date to the members of ITC Infotech India Limited on the financial statements for the year ended March 31, 2016.

Report on the Internal Financial Controls under Clause (i) of Sub–section 3 of Section 143 of the Act

1. We have audited the internal financial controls over financial reporting of ITC Infotech India Limited ("the Company") as of March 31, 2016 in conjunction with our audit of the financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

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

Auditors' Responsibility

3. Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the"Guidance Note") and the Standards on Auditing deemed to be prescribed under section 143(10) of the Act to the extent applicable to an audit of internal financial controls over financial reporting, both issued by the ICAI. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was

established and maintained and if such controls operated effectively in all material respects.

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

5. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system over financial reporting.

Meaning of Internal Financial Controls Over Financial Reporting

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

Inherent Limitations of Internal Financial Controls Over Financial Reporting

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

Opinion

8. In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2016, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

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

Sunit Kumar Basu
Partner
Membership Number: 55000

Place: Kolkata
Date: 27th April, 2016

Annexure B 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 financial statements as of and for the year ended March 31, 2016

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.

(c) The Company does not own any immovable properties as disclosed in Note 8 on fixed assets to the financial statements. Therefore, the provisions of Clause 3(i)(c) of the said 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, Limited Liability Partnerships or other parties covered in the register maintained under Section 189 of the Act. Therefore, the provisions of Clause 3(iii), (iii)(a), (iii)(b) and (iii)(c) of the said Order are not applicable to the Company.

iv. The Company has not granted any loans or made any investments, or provided any guarantees or security to the parties covered under Section 185 and 186. Therefore, the provisions of Clause 3(iv) of the said Order are 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 regular in depositing the undisputed statutory dues, including provident fund, employees' state insurance, income tax, sales tax, service tax, duty of customs, duty of excise, value added tax, cess and other material statutory dues, 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, duty of customs, duty of excise and 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, 2016 which have not been deposited on account of a dispute, are as follows:

Name of the statute	Nature of dues	Amount (Rs. in lakhs)	Period to which the amount relates	Forum where the dispute is pending
Finance Act, 1994	Service tax including interest and penalty.	93*	April 01, 2007 to June 30, 2011	The Commissioner (Appeals), Bangalore
Income tax Act, 1961	Income tax including interest.	768	Assessment Year 2011 –12	The Commissioner of Income Tax (Appeals) I, Kolkata

*– Net of amount deposited under protest Rs. 15 Lakhs.

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

ix. The Company has not raised any moneys by way of initial public offer, further public offer (including debt instruments) and term loans. Accordingly, the provisions of Clause 3(ix) of the Order are not applicable to the Company.

x. 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 by the Company or on the Company by its officers or employees, noticed or reported during the year, nor have we been informed of any such case by the Management.

xi. The Company has paid/ provided for managerial remuneration in accordance with therequisite approvals mandated by the provisions of Section 197 read with Schedule V to the Act.

xii. As the Company is not a Nidhi Company and the Nidhi Rules, 2014 are not applicable to it, the provisions of Clause 3(xii) of the Order are not applicable to the Company.

xiii. The Company has entered into transactions with related parties in compliance with the provisions of Sections 177 and 188 of the Act.

The details of such related party transactions have been disclosed in the financial statements as required under Accounting Standard (AS) 18, Related Party Disclosures specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.

xiv. The Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year under review. Accordingly, the provisions of Clause 3(xiv) of the Order are not applicable to the Company.

xv. The Company has not entered into any non–cash transactions with its directors or persons connected with them. Accordingly, the provisions of Clause 3(xv) of the Order are not applicable to the Company.

xvi. The Company is not required to be registered under Section 45–IA of the Reserve Bank of India Act, 1934. Accordingly, the provisions of Clause 3(xvi) of the Order are not applicable to the Company.

For Lovelock & Lewes
Firm Registration Number: 301056E
Chartered Accountants
Sunit Kumar Basu
Partner
Membership Number: 55000

Place: Kolkata
Date: 27th April, 2016

BALANCE SHEET AS AT 31st MARCH, 2016

	Note	As at 31st March, 2016 (₹ in Lakhs)	As at 31st March, 2015 (₹ in Lakhs)
I EQUITY AND LIABILITIES			
1 Shareholders' Funds			
(a) Share Capital	2	**8,520**	8,520
(b) Reserves and Surplus	3	**28,882**	28,984
2 Non–current Liabilities			
(a) Long–term Provisions	4	**1,100**	1,113
3 Current Liabilities			
(a) Trade Payables	5		
(i) Total outstanding dues of micro enterprises and small enterprises		**42**	11
(ii) Total outstanding dues of creditors other than micro enterprises and small enterprises		**2,618**	3,004
(b) Other Current Liabilities	6	**5,787**	5,419
(c) Short–term Provisions	7	**229**	552
TOTAL		**47,178**	47,603
II ASSETS			
1 Non–current Assets			
(a) Fixed Assets	8		
(i) Tangible Assets		**5,475**	7,126
(ii) Intangible Assets		**1,599**	972
(b) Non–current Investments	9	**8,704**	8,704
(c) Deferred Tax Assets	10	**1,942**	1,597
(d) Long–term Loans and Advances	11	**1,911**	1,532
2 Current Assets			
(a) Current Investments	12	**3,358**	2,001
(b) Trade Receivables	13	**17,420**	18,881
(c) Cash and Bank Balances	14	**1,639**	1,131
(d) Short–term Loans and Advances	15	**734**	962
(e) Other Current Assets	16	**4,396**	4,697
TOTAL		**47,178**	47,603
Significant Accounting Policies	1		

The accompanying notes 1 to 39 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 : Kolkata
Date : 27th April, 2016

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, 2016

		Note	For the year ended 31st March, 2016 (₹ in Lakhs)	For the year ended 31st March, 2015 (₹ in Lakhs)
I	**Revenue from Operations**	17	**93,244**	95,916
II	**Other Income**	18	**2,888**	4,686
	Total Revenue		**96,132**	100,602
III	**Expenses**			
	Employee Benefits Expense	19	**57,862**	55,932
	Other Expenses	20	**22,608**	24,553
	Finance Costs	21	**–**	31
	Depreciation and Amortisation Expense	8	**2,133**	2,072
	Total Expenses		**82,603**	82,588
IV	**Profit Before Tax**		**13,529**	18,014
V	**Tax Expenses**	22		
	Current Tax		**5,056**	5,680
	Deferred Tax		**(345)**	134
			4,711	5,814
VI	**Profit After Tax**		**8,818**	12,200
	Earnings Per Share (in ₹) (Face value ₹ 10 each) (Basic and Diluted)	29	**10.35**	14.32
	Significant Accounting Policies	1		

The accompanying notes 1 to 39 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 : Kolkata
Date : 27th April, 2016

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, 2016

		For the year ended 31st March, 2016 (₹ in Lakhs)		For the year ended 31st March, 2015 (₹ in Lakhs)	
A	**PROFIT BEFORE TAX**		**13,529**		18,014
	ADJUSTMENTS FOR :				
	Depreciation and Amortisation Expense	**2,133**		2,072	
	Dividend Income from Subsidiary Company	**(1,519)**		(2,844)	
	Dividend Income from Current Investments	**–**		(270)	
	Gain on sale of Current Investments	**(313)**		(95)	
	Fixed Assets – Loss on Sale / Discarded (net)	**1,082**		134	
	Unrealised (Gain) / Loss on Exchange (net)	**23**		(392)	
	Provision for Doubtful Receivables, Loans and Advances	**164**		49	
	Interest Received on Deposit and Others (on Employee Loans etc.)	**(1)**		–	
	Finance Costs – Interest expense	**–**		31	
	Liabilities no longer required written back (included in Other Operating Revenues)	**–**		(7)	
			1,569		(1,322)
	OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES		**15,098**		16,692
	ADJUSTMENTS FOR :				
	Trade Receivables, Loans and Advances and Other Assets	**2,148**		(1,709)	
	Trade Payables, Other Liabilities and Provisions	**(1,662)**	**486**	(2,900)	(4,609)
	CASH FROM OPERATIONS		**15,584**		12,083
	Income Tax Paid		**(5,522)**		(7,244)
	NET CASH FROM OPERATING ACTIVITIES		**10,062**		4,839
B	**CASH FLOW FROM INVESTING ACTIVITIES :**				
	Purchase of Fixed Assets	**(1,138)**		(3,505)	
	Purchase of Current Investments	**(103,300)**		(116,735)	
	Sale / Redemption of Current Investments	**102,256**		120,238	
	Interest Received on Deposit and Others (on Employee Loans etc.)	**1**		–	
	Dividend Income from Current Investments	**–**		270	
	Dividend Income from Subsidiary Company	**1,519**		2,844	
	NET CASH FROM / (USED IN) INVESTING ACTIVITIES		**(662)**		3,112

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31st MARCH, 2016 (Contd)

	Note	For the year ended 31st March, 2016 (₹ in Lakhs)		For the year ended 31st March, 2015 (₹ in Lakhs)	
C CASH FLOW FROM FINANCING ACTIVITIES :					
Interim Dividend on Equity Shares		(7,668)		(7,668)	
Income Tax on Interim Dividend		(1,252)		(964)	
Proceeds from Borrowings		–		10,000	
Repayments of Borrowings		–		(10,000)	
Interest paid		–		(31)	
NET CASH USED IN FINANCING ACTIVITIES			(8,920)		(8,663)
NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS			480		(712)
OPENING CASH AND CASH EQUIVALENTS			1,158		1,870
CLOSING CASH AND CASH EQUIVALENTS			1,638		1,158
CASH AND CASH EQUIVALENTS COMPRISE :					
Cash and Cash Equivalents as above		1,638		1,158	
Unrealised (Loss) / Gain on Foreign Currency Cash and Cash Equivalents		1		(27)	
Cash and Bank Balances (Note 14)			1,639		1,131

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 39 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 : Kolkata
Date : 27th April, 2016

On behalf of the Board

S. Rajagopalan	**S. Sivakumar**
Managing Director	**Vice Chairman**
R. Batra	**S. V. Shah**
Chief Financial Officer	**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 / Amortisation

To calculate depreciation / amortised on Fixed Assets, Tangible and Intangible, in a manner that depreciates / 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

NOTES TO THE FINANCIAL STATEMENTS

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.

	As at 31st March, 2016 (₹ in Lakhs)	As at 31st March, 2015 (₹ in Lakhs)
2. SHARE CAPITAL		
Authorised:		
8,60,00,000 (2015 – 8,60,00,000) Equity Shares of ₹ 10 each	8,600	8,600
Issued and subscribed :		
8,52,00,000 (2015 – 8,52,00,000) Equity Shares of ₹ 10 each, fully paid (All Equity Shares are held by ITC Limited, the Holding Company. The Equity Shares of the Company, having par value of ₹ 10 per share, rank pari passu in all respects including entitlement to dividend.)	8,520	8,520
	8,520	8,520
3. RESERVES AND SURPLUS		
Surplus in Statement of Profit and Loss		
At the beginning of the year	28,984	25,500
Less: Depreciation on transition to Schedule II of the Companies Act, 2013, on Tangible Fixed Assets [Net of Deferred Tax ₹ Nil (2015 ₹ 44 lakhs)] (Refer Note 35)	–	(84)
Add : Profit for the year	8,818	12,200
Less : Appropriations		
Interim Dividend on Equity Shares	(7,668)	(7,668)
Income Tax on Interim Dividend	(1,252)	(964)
At the end of the year	28,882	28,984
4. LONG TERM PROVISIONS		
Provision for Employee Benefits		
Retirement Benefits	191	211
Compensated Absences	909	902
	1,100	1,113
5. TRADE PAYABLES		
Trade Payables (Refer Note 25)		
(i) Total outstanding dues of micro enterprises and small enterprises	42	11
(ii) Total outstanding dues of creditors other than micro enterprises and small enterprises	2,618	3,004
	2,660	3,015
6. OTHER CURRENT LIABILITES		
Unearned Revenue	154	177
Other Payables		
Employee	3,316	3,747
Statutory Dues	1,120	1,335
Other Liabilities [includes payables for Fixed Assets ₹ 1,197 Lakhs (2015 ₹ 144 Lakhs)]	1,197	160
	5,787	5,419
7. SHORT TERM PROVISIONS		
Current Portion of Long–Term Employee Benefits		
Retirement Benefits	–	319
Compensated Absences	229	233
	229	552

NOTES TO THE FINANCIAL STATEMENTS

8. FIXED ASSETS – 2015–16

(₹ in Lakhs)

DESCRIPTION	GROSS BLOCK				DEPRECIATION AND AMORTISATION				NET BLOCK	
	As at 1st April, 2015	Additions / Adjustments	Withdrawals	As at 31st March, 2016	As at 1st April, 2015	For the Year	On Withdrawals/ Adjustments	As at 31st March, 2016	As at 31st March, 2016	As at 31st March, 2015
(i) TANGIBLE ASSETS										
Leasehold Properties-Building Improvement	3,837	76	593	3,320	2,692	292	292	2,692	628	1,145
Plant and Equipment	895	55	188	762	429	32	72	389	373	466
Furniture and Fixtures	1,979	137	215	1,901	1,097	104	174	1,027	874	882
Motor Vehicles	13	–	–	13	2	2	–	4	9	11
Office Equipment	1,315	81	292	1,104	605	201	201	605	499	710
Computers, Servers and Networks	5,644	486	543	5,587	3,247	874	452	3,669	1,918	2,397
Electrical Installations and Equipment	2,963	277	602	2,638	1,448	176	160	1,464	1,174	1,515
SUB TOTAL	16,646	1,112	2,433	15,325	9,520	1,681	1,351	9,850	5,475	7,126
Previous Year	15,040	2,593	987	16,646	8,652	1,646	778	9,520	7,126	
(ii) INTANGIBLE ASSETS										
Capitalised Software	4,875	1,079	–	5,954	3,903	452	–	4,355	1,599	972
SUB TOTAL	4,875	1,079	–	5,954	3,903	452	–	4,355	1,599	972
Previous Year	4,450	542	117	4,875	3,541	426	64	3,903	972	
GRAND TOTAL	21,521	2,191	2,433	21,279	13,423	2,133	1,351	14,205	7,074	8,098
Previous Year	19,490	3,135	1,104	21,521	12,193	2,072	842	13,423	8,098	

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 a 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 during 2014–15

* 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 35)

9. NON–CURRENT INVESTMENTS

	As at 31st March, 2016 (₹ in Lakhs)	As at 31st March, 2015 (₹ in Lakhs)
Long Term, Trade Investments – Unquoted (At Cost)		
Subsidiary Companies		
ITC Infotech Limited (UK)	687	687
6,85,815 (2015 – 6,85,815) Equity Shares of GBP 1 each, fully paid ITC Infotech (USA), Inc.	8,017	8,017
1,82,000 (2015 – 1,82,000) Ordinary Shares without par value, fully paid		
	8,704	8,704

10. DEFERRED TAX ASSETS

	As at 31st March, 2016 (₹ in Lakhs)	As at 31st March, 2015 (₹ in Lakhs)
Deferred Tax Assets		
On provision for employees' separation and retirement etc.	889	1,055
On provision for doubtful receivables and advances	235	175
On fiscal allowances on fixed assets [including ₹ Nil (2015 ₹ 44 Lakhs) on depreciation adjusted against Surplus in Statement of Profit and Loss] (Refer Note 35)	566	294
Other timing differences	252	73
	1,942	1,597

11. LONG – TERM LOANS AND ADVANCES

	As at 31st March, 2016 (₹ in Lakhs)	As at 31st March, 2015 (₹ in Lakhs)
Good and Unsecured		
Loans to Employees	47	69
Other Advances (Unexpired Expenses)	25	25
Deposits with Others (includes deposits for Company accommodations, offices)	128	193
Advance Tax * [Net of Provision for Income Tax ₹ 20,224 Lakhs (2015 ₹ 15,368)]	1,670	1,204
* Advance tax includes MAT credit entitlement of ₹ 1,305 Lakhs (2015 ₹ 1,305 Lakhs) of earlier years		
Advances with Government and Public Bodies	41	41
	1,911	1,532

12. CURRRENT INVESTMENTS

	As at 31st March, 2016 (₹ in Lakhs)	As at 31st March, 2015 (₹ in Lakhs)
Current Investments (at lower of cost and fair value)		
Investment in Mutual Funds – Unquoted		
Reliance Liquid Fund–Treasury Plan– Growth Option 91,211 Units (2015 – Nil) of ₹ 1,000 Each	3,358	–
Aggregate amount of unquoted investments	3,358	–
Investment in Mutual Funds – Quoted		
HDFC Liquid Fund – Growth Option Nil Units (2015 – 72,61,469 Units) of ₹ 10 each		2,001
Aggregate amount of quoted investments	–	2,001
	3,358	2,001

Market value of quoted investments ₹ Nil (2015 ₹ 2,002 Lakhs)
Aggregate excess of cost over fair value ₹ Nil (2015 ₹ Nil)

NOTES TO THE FINANCIAL STATEMENTS

	As at 31st March, 2016 (₹ in Lakhs)	As at 31st March, 2015 (₹ in Lakhs)
13. TRADE RECEIVABLES		
Trade receivables outstanding for a period exceeding six months from the date they are due for payment		
Unsecured, considered good	1,230	491
Unsecured, considered doubtful	641	477
	1,871	968
Less: Provision for doubtful receivables	(641)	(477)
	1,230	491
Others		
Unsecured, considered good	16,190	18,390
	17,420	18,881
14. CASH AND BANK BALANCES		
Cash and Cash Equivalents @		
Cheques, Drafts on hand	477	–
Balances with banks :		
On Current Accounts	1,162	1,131
@ Cash and cash equivalents include cash on hand, cheques, drafts on hand, cash at bank and deposits with banks having original maturity of 3 months or less		
	1,639	1,131
15. SHORT – TERM LOANS AND ADVANCES		
Unsecured, Considered Good		
Advances with Statutory Authorities	170	428
Loans to Employees	55	28
Other Advances (includes advance to employees, unexpired expenses)	411	420
Deposits with Others (includes deposits for Company accommodations, offices)	98	86
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)
	734	962
16. OTHER CURRENT ASSETS		
Unsecured, Considered Good		
Unbilled Revenue	4,313	4,697
Other Current Assets	83	–
	4,396	4,697
17. REVENUE FROM OPERATIONS		
Sale of Services		
Exports	65,751	75,873
Domestic	23,898	19,734
Resale of Software and Hardware		
Exports	1	7
Domestic	357	295
Other Operating Revenues		
[Includes Solicitation Fee ₹ 3,237 Lakhs (2015 ₹ Nil)]	3,237	7
	93,244	95,916

	For the year ended 31st March, 2016 (₹ in Lakhs)	For the year ended 31st March, 2015 (₹ in Lakhs)
18. OTHER INCOME		
Interest on Deposits (Gross)	–*	–*
Interest Others (includes interest on income tax refunds, employee loans)	–*	83
Dividend from Subsidiary Company	1,519	2,844
Gain on Exchange (Net)	1,034	1,350
Miscellaneous Income	22	44
Gain on sale of Current Investments	313	95
Dividend Income from Current Investments	–	270
** Amount is below the rounding off norm adopted by the Company*	2,888	4,686
19. EMPLOYEE BENEFITS EXPENSE		
Salaries and Bonus	54,932	53,100
Contribution to Provident and Other Funds (Refer Note 28)	1,812	2,063
Workmen and Staff Welfare Expenses	838	530
Reimbursement of Contractual Remuneration	280	239
	57,862	55,932
20. OTHER EXPENSES		
Rent (Refer Note 26)	1,920	1,920
Rates and Taxes	51	19
Insurance	471	494
Travelling and Conveyance	7,538	7,747
Recruitment Expenses	434	603
Communication	640	542
Power and Fuel	778	766
Outsourcing Charges	4,571	7,524
Software and Related Expenses	1,240	1,333
Purchase of Hardware and Software for Resale	288	218
Business Development Expenses	734	734
Repairs and Maintenance		
– Buildings	219	217
– Machinery	139	220
– Others	155	208
Legal, Professional and Consultancy Expenses	1,037	737
Doubtful and Bad Receivables	164	49
Fixed Assets Discarded	1,082	134
Auditors' Remuneration and Expenses (Refer Note 30)	22	20
Expenditure on Corporate Social Responsibility (Refer Note 23)	283	190
Training and Development	307	342
Bank Charges	29	40
Printing and Stationery	36	36
Miscellaneous Expenses	470	460
	22,608	24,553
21. FINANCE COSTS		
Interest Expense on :		
Borrowings (Refer Note 39)	–	31
	–	31
22. TAX EXPENSES		
Current Tax	5,061	5,680
[including overseas taxes ₹ 196 Lakhs (2015 ₹ 104 Lakhs)]		
Adjustments / (Credits) related to previous years (Net)	(5)	–
	5,056	5,680
Deferred Tax Charge / (Credit)	(345)	134
	4,711	5,814

23. Expenditure on Corporate Social Responsibility

a) Gross amount required to be spent by the Company during the year ₹ 283 Lakhs (2015 ₹ 185 Lakhs)
b) Amount spent during the year in cash for purpose other than construction / acquisition of an asset ₹ 283 Lakhs (2015 ₹ 190 Lakhs) (Refer Note 39)

24. Commitments and Contingencies

a) There is no contract remaining to be executed on capital account and not provided (2015 ₹ Nil).
b) Claims against the Company not acknowledged as debts ₹ 2,296 Lakhs (2015 ₹ 1,996 Lakhs). These comprise:
i) Service tax claims disputed by the Company relating to issues of applicability aggregating ₹ 108 Lakhs (2015 ₹ 98 Lakhs).
ii) Income tax claims disputed by the Company relating to issues of applicability and determination aggregating ₹ 2,188 Lakhs (2015 ₹ 1,898 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

NOTES TO THE FINANCIAL STATEMENTS

the above. An amount of ₹ 15 Lakhs (2015 ₹ 15 Lakhs) has been deposited under protest and is included in Note 11 under Long–Term Loans and Advances.

25. Micro Enterprises and Small Enterprises

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

		31st March, 2016	31st March, 2015
(a)	The principal amount and the interest due thereon remaining unpaid to any supplier at the end of each accounting year.		
	Principal amount due	**₹ 42 Lakhs**	₹ 11 Lakhs
	Interest amount due thereon	**–**	–
(b)	The amount of interest paid by the buyer in terms of Section 16 of the Micro, Small and Medium Enterprises Development Act, 2006, along with the amount of the payment made to the supplier beyond the appointed day during each accounting year.	**–**	–
(c)	The amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under the Micro, Small and Medium Enterprises Development Act, 2006.	**–**	–
(d)	The amount of interest accrued and remaining unpaid at the end of each accounting year; and	**–**	–
(e)	The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues above are actually paid to the small enterprise, for the purpose of disallowance of a deductible expenditure under Section 23 of the Micro, Small and Medium Enterprises Development Act, 2006.	**–**	–

26. 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 ₹ 1,733 Lakhs (2015 ₹ 1,748 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 2 years, for which the lease rentals of ₹ 187 Lakhs (2015 ₹ 172 Lakhs) has been charged as Rent under Note 20 to the Accounts.

The future minimum lease payments for the non–cancellable operating leases are as follows:

	31st March, 2016	31st March, 2015
Not later than one year	**₹ 80 Lakhs**	₹ 186 Lakhs
Later than one year and not later than five years	**₹ 6 Lakhs**	₹ 66 Lakhs

27. 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:

(in Lakhs)

		31st March, 2016		31st March, 2015	
Currency	**Cross Currency**	**Buy**	**Sell**	Buy	Sell
GBP	USD	**–**	**8**	–	18
EUR	USD	**–**	**27**	–	137
USD	INR	**15**	**150**	–	288
AUD	USD	**–**	**4**	–	5
DKK	USD	**–**	**–**	125	–
ZAR	USD	**–**	**81**	–	19
NOK	USD	**9**	**–**	28	–

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

(in Lakhs)

		31st March, 2016			31st March, 2015		
Currency	Cross Currency	**Buy**	**Sell**	**Net #**	Buy	Sell	Net
GBP	USD	**– ***	**20**	**(20)**	38	34	4
EUR	USD	**9**	**2**	**7**	9	–	9
USD	INR	**–**	**–**	**–**	7	–	7
AUD	USD	**5**	**2**	**3**	5	–	5
DKK	USD	**335**	**1**	**334**	182	–	182
AED	USD	**11**	**2**	**9**	3	–	3
HKD	USD	**17**	**–**	**17**	13	–	13
ZAR	USD	**5**	**3**	**2**	5	–	5
SEK	USD	**–**	**–**	**–**	5	–	5
SAR	USD	**– ***	**–**	**– ***	–	–	–
MYR	USD	**– ***	**–**	**– ***	–	–	–
NOK	USD	**42**	**–**	**42**	19	–	19

Figures in brackets indicate open exports. Figures without brackets indicate open imports.

* Amount is below the rounding off norm adopted by the Company

NOTES TO THE FINANCIAL STATEMENTS

28. Employee Benefits

(a) The following table sets out the Defined Benefit Plans / Long–Term Compensated Absences as per Actuarial Valuation as on 31st March, 2016 and recognised in the financial statements in respect of Employee Benefit Schemes:

(₹ in Lakhs)

		For the year ended 31st March, 2016			For the year ended 31st March, 2015		
		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	**228**	**222**	**214**	202	197	217
2	Interest Cost	**206**	**170**	**77**	203	152	77
3	Expected Return on Plan Assets	**(207)**	**(170)**	**–**	(170)	(123)	–
4	Actuarial Losses/(Gains)	**(182)**	**(250)**	**(79)**	(152)	89	(68)
5	**Total expense recognised in the Statement of Profit and Loss**	**45**	**(28)**	**212**	83	315	226
The Pension and Gratuity Expenses have been recognised in "Contribution to Provident and Other Funds" and Leave Encashment in "Salaries and Bonus" in Note 19.							
II.	**Actual Returns**	**199**	**169**	**–**	317	207	–
III.	**Net Asset / (Liability) recognised in Balance Sheet**						
1	Present Value of Defined Benefit Obligation	**2,917**	**2,270**	**1,138**	2,830	2,411	1,135
2	Fair Value of Plan Assets	**(2,726)**	**(2,298)**	**–**	2,614	2,097	–
3	Status [Surplus/(Deficit)]	**(191)**	**28**	**(1,138)**	(216)	(314)	(1,135)
	Current	**–**	**28**	**(229)**	(5)	(314)	(233)
	Non–current	**(191)**	**–**	**(909)**	(211)	–	(902)
4	**Net Asset / (Liability) recognised in Balance Sheet**	**(191)**	**28**	**(1,138)**	(216)	(314)	(1,135)
IV.	**Change in Defined Benefit Obligations (DBO)**						
1	Present Value of DBO at beginning of the year	**2,830**	**2,411**	**1,135**	2,815	2,031	1,087
2	Current Service Cost	**228**	**222**	**214**	202	197	217
3	Interest Cost	**206**	**170**	**77**	203	152	77
4	Actuarial (Gains)/Losses	**(190)**	**(251)**	**(79)**	(6)	172	(68)
5	Benefits Paid	**(157)**	**(282)**	**(209)**	(384)	(141)	(178)
6	**Present Value of DBO at the end of the year**	**2,917**	**2,270**	**1,138**	2,830	2,411	1,135
V.	**Best Estimate of Employer's Expected Contribution for the next year**	**–**	**370**	**–**	491	189	–
VI.	**Change in Fair Value of Assets**						
1	Plan Assets at beginning of the year	**2,614**	**2,097**	**–**	1,761	1,084	–
2	Expected Return on Plan Assets	**207**	**170**	**–**	170	123	–
3	Actuarial Gains/(Losses)	**(8)**	**(1)**	**–**	147	84	–
4	Actual Company Contributions	**70**	**314**	**–**	920	947	–
5	Benefits Paid	**(157)**	**(282)**	**–**	(384)	(141)	–
6	**Plan Assets at the end of the year**	**2,726**	**2,298**	**–**	2,614	2,097	–

VII.	**Actuarial Assumptions**	**For the year ended 31st March, 2016**	For the year ended 31st March, 2015
1	Discount Rate (%)	**7.50%**	7.75%
2	Expected Return on Plan Assets (%)	**7.75%**	7.75%
3	Long term rate of compensation increase (%)	**8%**	8%

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

VIII.	**Major Category of Plan Assets as a % of the Total Plan Assets**	**As at 31st March, 2016**	As at 31st March, 2015
1	Government Securities / Special Deposit with RBI	**37%**	39%
2	High Quality Corporate Bonds	**29%**	34%
3	Insurance Companies*	**23%**	16%
4	Mutual Funds	**3%**	3%
5	Cash and Cash Equivalents	**8%**	8%

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

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.

NOTES TO THE FINANCIAL STATEMENTS

X.		For the year ended 31st March, 2016			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		
	Net Asset / (Liability) recognized in Balance Sheet (including experience adjustment impact)	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	2,917	2,270	1,138	2,830	2,411	1,135	2,815	2,031	1,087	2,568	1,438	853	1,933	1,285	827
	2 Fair Value of Plan Assets	2,726	2,298	–	2,614	2,097	–	1,761	1,084	–	1,790	1,135	–	1,267	877	–
	3 Status [Surplus/(Deficit)]	(191)	28	(1,138)	(216)	(314)	(1,135)	(1,054)	(947)	(1,087)	(778)	(303)	(853)	(666)	(408)	(827)
	4 Experience Adjustment of Plan Assets [Gain / (Loss)]	(1)	(1)	–	120	64	–	(37)	(26)	–	(28)	(20)	–	(10)	(15)	–
	5 Experience Adjustment of Obligation [(Gain) / Loss]	(238)	(279)	(91)	(160)	282	(59)	(67)	260	73	511	120	73	5	62	(56)

(b) Amounts towards Defined Contribution Plans have been recognised under "Contribution to Provident and Other Funds" in Note 19 ₹ 1,795 Lakhs (2015 ₹ 1,665 Lakhs).

	For the year ended 31st March, 2016 (₹ in Lakhs)	For the year ended 31st March, 2015 (₹ in Lakhs)
29. Earnings per share		
(a) Profit after Taxation	8,818	12,200
(b) Weighted average number of Equity Shares	85,200,000	85,200,000
(c) Earnings Per Share (Face value of ₹ 10 per share) (Basic and Diluted)	10.35	14.32
30. Auditors' Remuneration and Expenses (Net of service tax credit)		
Audit Fees	15	15
Tax Audit Fees	2	2
Fees for Auditors' Certifications and Reports	4	2
Reimbursement of Expenses	1	1
	22	20
31. Value of Imports during the year (C.I.F. Basis)		
Capital Goods	1,151	1,022
	1,151	1,022
32. Expenditure in Foreign Currency during the year (On Accrual Basis)		
Travel	3,521	3,607
Professional, Consultancy and Account Management Fees	2,388	5,159
Software and Related Expenses	66	60
Expenditure of Foreign Branches	7,401	8,215
Others	111	65
	13,487	17,106
33. Earnings in foreign exchange during the year (F.O.B. – Accrual Basis)		
Sale of Services and Resale of Software and Hardware	65,752	75,880
Other Operating Revenue (Solicitation Fee)	3,237	–
Dividend from Subsidiary Company	1,519	2,844
	70,508	78,724

34. Interim Dividend

The Board of Directors of the Company at its meeting held on 7th December, 2015 has declared an interim dividend of ₹ 9 (2015 ₹ 9) per Equity Share of ₹ 10 each on 8,52,00,000 Equity Shares, aggregating ₹ 7,668 Lakhs (2015 ₹ 7,668 Lakhs).
Further, the Board of Directors at its meeting held on 27th April, 2016, recommended the interim dividend as the final dividend for the financial year ended 31st March, 2016.

35. 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 during 2014–15.

36. Pursuant to the approval of the Board of Directors of ITC Infotech (USA), Inc., a wholly owned subsidiary of the Company, on 26th February, 2016, Pyxis Solutions, LLC, merged with ITC Infotech (USA), Inc. with effect from 1st April, 2016.

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

38. 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, North America, Europe, Middle East and Africa and Rest of the World. In view of only one business segment, disclosure of information relating to primary segment is not applicable.

	31st March, 2016 (₹ in Lakhs)	31st March, 2015 (₹ in Lakhs)
SECONDARY SEGMENT INFORMATION (GEOGRAPHICAL SEGMENTS):		
Segment Revenue		
India	27,010	20,029
North America	16,878	16,620
Europe	32,764	48,713
Middle East and Africa	12,693	7,924
Rest of the World	3,899	2,623
Total Revenue	93,244	95,909
Segment Assets *		
India	26,506	25,225
North America	3,356	5,996
Europe	6,167	8,530
Middle East and Africa	5,186	3,212
Rest of the World	2,351	1,839
Total Assets	43,566	44,802
Capital Expenditure *		
India	2,190	3,132
Middle East and Africa	1	3
Total Capital Expenditure	2,191	3,135

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

39. 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 (Refer Note 36)

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

Fellow Subsidiary Companies:	Entities under Common Control
Surya Nepal Private Limited	ITC Education Trust
North East Nutrients Private Limited	ITC Sangeet Research Academy
Technico Agri Sciences Limited	
Russell Credit Limited	
Wimco Limited	

(iv) KEY MANAGEMENT PERSONNEL

Non–Executive Directors	Others
Mr. Y.C. Deveshwar – Chairman	Ms. S. Rajagopalan, Managing Director
Mr. S. Sivakumar – Vice Chairman	Mr. R. Batra, Chief Financial Officer
Mr. A. Nayak (till 31st December, 2015)	Mr. S. V. Shah, Company Secretary
Mr. B. B. Chatterjee	Mr. A. Talwar
Mr. R. Tandon	Mr. V. Sreenivasan
Mr. P. Chatterjee	Mr. H. S. Garewal
Mr. R.G. Jacob	Mr. L. N. Balaji
	Mr. V. V. R. Babu (till 19th January, 2015)
	Mr. V. V. Rajasekhar (till 31st March, 2015)
	Mr. A. Jagannath (till 31st March, 2015)
	Mr. B. P. Abraham (till 31st March, 2015)
	Mr. R. K. Iyer (till 31st March, 2015)
	Ms. M. Sengupta (till 31st March, 2015)

(v) DISCLOSURE OF TRANSACTIONS BETWEEN THE COMPANY AND RELATED PARTIES AND THE STATUS OF OUTSTANDING BALANCES AS ON 31ST MARCH, 2016

(₹ in Lakhs)

Sl. No.	Description	Holding Company		Wholly Owned Subsidiaries						Fellow Subsidiaries		Entities under Common Control		Key Management Personnel		Total	
		2016	2015	2016			2015			2016	2015	2016	2015	2016	2015	2016	2015
				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	12,232	11,516	9,963	16,507	164	8,368	16,264	150	570	568	–	–	–	–	39,436	36,866
2	Purchase of Goods / Services	100	63	–	–	–	3,394	129	–	–	–	–	–	–	–	100	3,586
3	Rent Paid	1,374	1,407	–	–	–	–	–	–	–	–	–	–	–	–	1,374	1,407
4	Remuneration to Key Management Personnel (KMP)																
	(i) Directors	–	–	–	–	–	–	–	–	–	–	–	–	139	93	139	93
	(ii) Others	–	–	–	–	–	–	–	–	–	–	–	–	132	413	132	413
5	Reimbursement of Contractual Remuneration [includes remuneration to KMP ₹ 125 Lakhs (2015 ₹117 Lakhs)]	280	239	–	–	–	–	–	–	–	–	–	–	–	–	280	239
6	Expenses Recovered	25	18	334	429	–	300	287	–	–	–	–	–	–	–	788	605
7	Expenses Reimbursed	793**	749	80	–	–	159	192	–	–	–	1	–	–	–	874	1,100
8	Receipt towards Loan Repayment	–	–	–	–	–	–	–	–	–	–	–	–	–	4	–	4
9	Interim Dividend	7,668	7,668	–	–	–	–	–	–	–	–	–	–	–	–	7,668	7,668
10	Dividend Income	–	–	1,519	–	–	2,844	–	–	–	–	–	–	–	–	1,519	2,844
11	Interest Paid on Loans	–	–	–	–	–	–	–	–	–	31	–	–	–	–	–	31
12	Loans Received	–	–	–	–	–	–	–	–	–	10,000	–	–	–	–	–	10,000
13	Loan Repaid	–	–	–	–	–	–	–	–	–	10,000	–	–	–	–	–	10,000
14	Expenditure on Corporate Social Responsibility	–	–	–	–	–	–	–	–	–	–	283	190	–	–	283	190
15	Balances as at 31st March,																
	i) Trade Receivables	44	–	1,961	3,293	–	4,570	6,255	– *	588	400	–	–	–	–	5,886	11,225
	ii) Trade Payables	2	3	28	–	–	3,652	324	–	–	–	–	–	–	–	30	3,979

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

** Includes expenses reimbursed for KMP ₹ 5 Lakhs (2015 ₹ Nil)

39. 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	2016	2015
1. Remuneration to KMP		
Ms. S. Rajagopalan	133	92
Mr. R. Batra	74	73
Mr. V. Sreenivasan	72	58
Mr. A. Talwar	60	52
Mr. S. V. Shah	56	50
Mr. V. V. R. Babu	–	81
2. Receipt towards Loan Repayment		
Mr. V. V. R. Babu	–	4
3. Interest paid on Loan		
Russell Credit Limited	–	31
4. Loan Received		
Russell Credit Limited	–	10,000
5. Loan Repaid		
Russell Credit Limited	–	10,000
6. Expenditure on Corporate Social Responsibility		
ITC Education Trust	283	–
ITC Sangeet Research Academy	–	190

For Lovelock & Lewes
Firm Registration Number : 301056E
Chartered Accountants
Sunit Kumar Basu
Partner
Membership Number : 55000
Place : Kolkata
Date : 27th April, 2016

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

₹ in Lakhs

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 = ₹ 95.47	Reporting Currency – USD Exchange Rate USD 1 = ₹ 66.26	Reporting Currency – USD Exchange Rate USD 1 = ₹ 66.26
5	Share Capital	655	12,059	Note 2
6	Reserves and Surplus	2,746	1,033	758
7	Total Assets	8,325	21,187	758
8	Total Liabilities	8,325	21,187	758
9	Investments	–	–	–
10	Turnover (Note 1)	29,908	56,786	1,446
11	Profit before Taxation	951	1,123	62
12	Provision for Taxation	256	212	Note 3
13	Profit after Taxation	695	911	62
14	Proposed Dividend	1,440	–	663
15	% of Shareholding	100%	100%	100%

Note 1: Turnover includes other income and other operating revenue.

Note 2: 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 (Refer Note 36).

Note 3: 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

For Lovelock & Lewes
Firm Registration Number : 301056E
Chartered Accountants
Sunit Kumar Basu
Partner
Membership Number : 55000
Place : Kolkata
Date : 27th April, 2016

On behalf of the Board

S. Rajagopalan — **Managing Director**
S. Sivakumar — **Vice Chairman**
R. Batra — **Chief Financial Officer**
S. V. Shah — **Company Secretary**

STRATEGIC REPORT

The Directors present their Strategic Report for the year ended 31st March 2016.

Key Performance Indicators GBP (million)

Year Ended March 31,	**2016**	2015
Total Income	**31.19**	28.69
Cost of Sales	**25.31**	22.19
Gross Profit	**5.88**	6.50
Profit before Tax	**1.00**	0.93
Profit after Tax	**0.73**	0.68

The financial performance in 2015–16 remained healthy; Total Income and Profit before Tax grew at 8.71% and 7.53% over the previous year.

Business review

The spending on IT services was weak in the UK and other western European economies that are still recovering from the recession. Your Company, however, saw good traction in new business acquisition and added 12 new clients in the European region during the year. Your Company also saw strong wins in Digital, Customer experience, PLM, ADM, Infrastructure and Data services and solutions in the region.

During the year, your Company has further invested in building a robust sales presence in the European region and has also strengthened its focused selling in countries such as Germany. Your Company will continue to emphasise its strengths in domain knowledge, data, digital, design and differentiated delivery to win new clients and increase concentration in existing clients. In the coming year, your Company will work on expanding its collaborative partnerships with key participants in the Industry ecosystem, particularly Independent Software Vendors, in areas such as PLM and Digital areas to expand its depth in capability building and thereby reach new clients.

Principal Risks and Uncertainties

Currency volatility and continuing uncertainty in the recovery of economies of some countries in Europe 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.

Approved by the Board on 27th April, 2016 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, 2016.

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

Principal activities

The Company is engaged in marketing, sales 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), 2% (2015: 6%) of its sales in the year under review were in US dollars and 18% (2015: 16%) 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 2.20 (2015: GBP 4.25) per Ordinary share of GBP 1 each on 685,815 shares, aggregating GBP 1,508,793, declared by the Board of Directors on 7th December, 2015 (2015 : GBP 2,914,714) and paid on 8th December, 2015, as the final dividend for the year ended 31st March, 2016.

Directors

The Directors of the Company who were in office during the year and as on the date of signing the financial statements are listed below. The Directors did not have any interest in the shares of the Company as at 31st March, 2016 and 1st April, 2015 as indicated below:

	2016 and 2015 Ordinary Shares
Y. C. Deveshwar	–
S. Sivakumar	–
B. B. Chatterjee	–
S. Rajagopalan	–
R. Tandon	–

Mr. R.Tandon, Director, and Mr. B.B.Chatterjee, Director, will retire by rotation at the Annual General Meeting and, being eligible, offer themselves for re–election.

Statement of directors' responsibilities

The directors are responsible for preparing the Strategic Report, Directors' Report and the financial statements in accordance with applicable law and regulations.

Company Law requires the directors to prepare financial statements for each financial year. Under that law the Directors have prepared the Financial Statements in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union. Under Company Law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing the financial statements, the directors are required to:

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

The Financial Statements are the Company's first European Union adopted IFRS (International Financial Reporting Standards) financial statements. The transition to IFRS has been carried out from the accounting principles generally accepted in the United Kingdom ("UK GAAP").

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.

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

Statement of disclosure of information to auditors

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.

Independent Auditors

PricewaterhouseCoopers LLP, Auditors, offer themselves for re–appointment in accordance with the provisions of Section 485 of the Companies Act, 2006.

Approved by the Board on 27th April, 2016 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 2016 and of its profit and cash flows for the year then ended;
- have been properly prepared in accordance with International Financial Reporting Standards ("IFRSs") as adopted by the European Union; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

What we have audited

The financial statements, included within the Annual Report, comprise:

- the statement of financial position as at 31 March 2016;
- the statement of other comprehensive income 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 IFRSs as adopted by the European Union, and applicable law.

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 [7], 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 parent 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
28th April, 2016

INCOME STATEMENT

	Note	Year ended March 31, 2016 £	2016 ₹ Unaudited	2015 £	2015 ₹ Unaudited
Revenue	14	**31,186,296**	**2,977,433,644**	28,686,343	2,652,626,137
Cost of sales	15	**25,306,730**	**2,416,096,783**	22,188,393	2,051,760,701
Gross profit		**5,879,566**	**561,336,861**	6,497,950	600,865,436
Selling, general and administrative expenses	15	**5,024,478**	**479,699,475**	5,426,406	501,779,762
Operating Profit		**855,088**	**81,637,386**	1,071,544	99,085,674
Foreign exchange gain/(loss)		**136,623**	**13,043,740**	(143,246)	(13,245,958)
Finance and other income	17	**4,541**	**433,541**	4,449	411,399
Profit before income tax		**996,252**	**95,114,667**	932,747	86,251,115
Income tax expense	12	**268,237**	**25,609,257**	249,043	23,029,006
Profit for the year		**728,015**	**69,505,410**	683,704	63,222,109

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

STATEMENT OF COMPREHENSIVE INCOME

	Year ended March 31,			
	2016 £	**2016** ₹ **Unaudited**	2015 £	2015 ₹ Unaudited
Profit for the year	**728,015**	**69,505,410**	683,704	63,222,109
Other comprehensive income, net of taxes				
Items that will not be reclassified to profit or loss				
Translation reserve	**(120,488)**	**(11,503,291)**	122,823	11,357,443
Total other comprehensive income, net of taxes	**(120,488)**	**(11,503,291)**	122,823	11,357,443
Total comprehensive income for the year	**607,527**	**58,002,119**	806,527	74,579,552

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

STATEMENT OF FINANCIAL POSITION

		As at 31 March, 2016 £	**As at 31 March, 2016** ₹ **Unaudited**	As at 31 March, 2015 £	As at 31 March, 2015 ₹ Unaudited	As at 01 April, 2014 £	As at 01 April 2014 ₹ Unaudited
Assets							
Property, plant and equipment	5	**23,396**	**2,233,675**	34,117	3,154,799	28,872	2,880,415
Other non–current assets	8	**4,198**	**400,794**	3,767	348,309	4,043	403,309
Total non–current assets		**27,594**	**2,634,469**	37,884	3,503,108	32,915	3,283,724
Trade receivables	6	**4,011,823**	**383,018,771**	4,044,308	373,977,161	4,758,129	474,694,740
Unbilled revenue		**3,495,086**	**333,684,598**	3,339,925	308,842,864	2,270,641	226,530,499
Other current assets	8	**75,354**	**7,194,235**	95,316	8,813,896	120,668	12,038,484
Cash and cash equivalents	7	**1,110,147**	**105,988,509**	1,307,314	120,887,326	1,698,040	169,404,961
Total current assets		**8,692,410**	**829,886,113**	8,786,863	812,521,247	8,847,478	882,668,684
Total assets		**8,720,004**	**832,520,582**	8,824,747	816,024,355	8,880,393	885,952,408
Equity							
Share Capital		**685,815**	**65,476,473**	685,815	63,417,313	685,815	68,420,333
Retained earnings		**2,876,635**	**274,639,532**	3,777,901	349,342,505	5,886,088	587,225,575
Equity attributable to owners of the company		**3,562,450**	**340,116,005**	4,463,716	412,759,818	6,571,903	655,645,908
Non–controlling interests		**–**	**–**	–	–	–	–
Total equity		**3,562,450**	**340,116,005**	4,463,716	412,759,818	6,571,903	655,645,908
Liabilities							
Deferred income tax liabilities	12	**667**	**63,680**	3,041	281,201	1,220	121,713
Total non–current liabilities		**667**	**63,680**	3,041	281,201	1,220	121,713
Trade payables and accrued expenses	9	**3,182,268**	**303,819,081**	2,520,540	233,074,333	1,037,792	103,535,314
Unearned revenue		**430,366**	**41,088,118**	3,459	319,854	–	–
Current tax liabilities		**11,375**	**1,086,000**	1,087	100,515	122,494	12,220,614
Other current liabilities	10	**1,532,878**	**146,347,698**	1,832,904	169,488,634	1,146,984	114,428,859
Total current liabilities		**5,156,887**	**492,340,897**	4,357,990	402,983,336	2,307,270	230,184,787
Total liabilities		**5,157,554**	**492,404,577**	4,361,031	403,264,537	2,308,490	230,306,500
Total equity and liabilities		**8,720,004**	**832,520,582**	8,824,747	816,024,355	8,880,393	885,952,408

These financial statements were approved by the directors on 27th April, 2016 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 an integral part of these financial statements.

STATEMENT OF CHANGES IN EQUITY

	No. of Shares	Share Capital		Retained Earnings		Total equity	
		£	₹	£	₹	£	₹
			Unaudited		Unaudited		Unaudited
Balance as at April 1, 2014	**685,815**	**685,815**	**63,417,313**	**5,886,088**	**544,286,557**	**6,571,903**	**607,703,870**
Profit for the year	–	–	–	683,704	63,222,109	683,704	63,222,109
Other comprehensive income	–	–	–	122,823	11,357,443	122,823	11,357,443
Total comprehensive income for the year	**–**	**–**	**–**	**806,527**	**74,579,552**	**806,527**	**74,579,552**
Transactions with owners in their capacity as owners:							
Cash dividend paid	–	–	–	(2,914,714)	(269,523,604)	(2,914,714)	(269,523,604)
	–	**–**	**–**	**(2,914,714)**	**(269,523,604)**	**(2,914,714)**	**(269,523,604)**
Balance as at March 31, 2015	**685,815**	**685,815**	**63,417,313**	**3,777,901**	**349,342,505**	**4,463,716**	**412,759,818**
Balance as at April 1, 2015	**685,815**	**685,815**	**65,476,473**	**3,777,901**	**360,685,653**	**4,463,716**	**426,162,126**
Profit for the year	–	–	–	728,015	69,505,410	728,015	69,505,410
Other comprehensive income	–	–	–	(120,488)	(11,503,291)	(120,488)	(11,503,291)
Total comprehensive income for the year	**–**	**–**	**–**	**607,527**	**58,002,119**	**607,527**	**58,002,119**
Transactions with owners in their capacity as owners:							
Cash dividend paid	–	–	–	(1,508,793)	(144,048,240)	(1,508,793)	(144,048,240)
	–	**–**	**–**	**(1,508,793)**	**(144,048,240)**	**(1,508,793)**	**(144,048,240)**
Balance as at March 31, 2016	**685,815**	**685,815**	**65,476,473**	**2,876,635**	**274,639,532**	**3,562,450**	**340,116,005**

For simplicity, the brought forward Rupee amounts as at 1st April have been translated using the exchange rate as at the 31st March of the respective financial year.
The accompanying accounting policies and notes form an integral part of these financial statements.

STATEMENT OF CASH FLOW

		Year ended March 31,			
		2016	**2016**	2015	2015
		£	**₹**	**£**	**₹**
			Unaudited		Unaudited
Cash flows from operating activities					
Profit for the year		**728,015**	**69,505,410**	683,704	63,222,109
Adjustment for:					
Depreciation & amortisation		**15,945**	**1,522,309**	14,573	1,347,564
Interest income		**(4,541)**	**(433,541)**	(4,366)	(403,724)
Income tax expense		**268,237**	**25,609,257**	249,043	23,029,006
Effect of exchange differences on translation		**(120,488)**	**(11,503,291)**	122,823	11,357,443
Effect of exchange differences on translation of foreign currency cash and cash equivalents		**13,555**	**1,294,130**	69,973	6,470,372
Changes in operating assets and liabilities					
Trade receivables		**32,485**	**3,101,424**	713,821	66,007,028
Unbilled revenues		**(155,161)**	**(14,813,609)**	(1,069,284)	(98,876,691)
Other assets		**19,531**	**1,864,673**	25,628	2,369,821
Trade payables and accrued expenses		**661,728**	**63,176,826**	1,482,748	137,109,708
Unearned revenues		**426,907**	**40,757,879**	3,459	319,854
Other liabilities		**(300,026)**	**(28,644,232)**	685,920	63,427,022
Net cash provided by operating activities before taxes		**1,586,187**	**151,437,235**	2,978,042	275,379,512
Income tax paid		**(260,323)**	**(24,853,685)**	(368,629)	(34,087,123)
Net cash generated from operating activities		**1,325,864**	**126,583,550**	2,609,413	241,292,389
Cash flows from investing activities					
Purchases of property, plant and equipment		**(5,224)**	**(498,748)**	(19,818)	(1,832,570)
Interest received		**4,541**	**433,541**	4,366	403,724
Net cash used in investing activities		**(683)**	**(65,207)**	(15,452)	(1,428,846)
Cash flows from financing activities					
Dividends paid to owners of the parent		**(1,508,793)**	**(144,048,240)**	(2,914,714)	(269,523,604)
Net cash used in financing activities		**(1,508,793)**	**(144,048,240)**	(2,914,714)	(269,523,604)
Effect of exchange differences on translation of foreign currency cash and cash equivalents		**(13,555)**	**(1,294,130)**	(69,973)	(6,470,372)
Net decrease in cash and cash equivalents		**(183,612)**	**(17,529,897)**	(320,753)	(29,660,061)
Cash and cash equivalents at beginning of the year	7	**1,307,314**	**124,812,536**	1,698,040	157,017,759
Cash and cash equivalents at end of the year	7	**1,110,147**	**105,988,509**	1,307,314	120,887,326

For simplicity, the brought forward Rupee amounts as at 1st April have been translated using the exchange rate as at the 31st March of the respective financial year.

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

Notes to the financial statements

Supplementary information – Indian Rupee amounts

The financial statements of ITC Infotech Limited are prepared in accordance with International Financial Reporting Standards and are presented in GBP. The supplementary information (comprising the pro–forma financial information disclosed in Indian Rupees) requested by the parent company has been arrived at by applying the year end interbank exchange rate of GBP 1 = ₹95.47 (2015: GBP 1 = ₹ 92.47) as provided by the parent company. The supplementary information has not been audited.

1. Company overview

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

The Company is a private limited company incorporated and domiciled in United Kingdom and has its registered office at Norfolk House, 118 Saxon Gate West, Milton Keynes, Buckinghamshire, MK9 2DN.

2. Basis of preparation of financial statements

(a) Statement of compliance

These financial statements as at and for the year ended March 31, 2016 have been prepared in accordance with the European Union adopted International Financial Reporting Standards ("IFRS") and interpretations issued by the IFRS Interpretations Committee (IFRS IC).

These financial statements are the Company's first IFRS financial statements and are covered by IFRS 1, First time adoption of IFRS. The transition to IFRS has been carried out from the accounting principles generally accepted in the United Kingdom ("UK GAAP") which is considered as the "previous GAAP" for purposes of IFRS 1. An explanation of how the transition to IFRS has effected the Company's equity and its net profit is provided in Note 4.

These financial statements have been prepared on the basis of relevant IFRS that are effective at the Company's first IFRS annual reporting date March 31, 2016.

(b) Basis of measurement

These financial statements are prepared on the going concern basis, under the historical cost convention, and in accordance with the Companies Act 2006 and applicable IFRS. The principal accounting policies, which have been applied consistently throughout the year, are set out below.

(c) Functional and presentation currency

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

(d) Use of estimates and judgement

The preparation of financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on a periodic basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected. In particular, information about significant areas of estimation, uncertainty and critical judgments in applying accounting policies that have the most significant effect on the amounts recognized in the financial statements is included in the following notes:

i) *Revenue recognition:* The Company uses the percentage of completion method using the input (cost expended) method to measure progress towards completion in respect of fixed price contracts. Percentage of completion method accounting relies on estimates of total expected contract revenue and costs. This method is followed when reasonably dependable estimates of the revenues and costs applicable to various elements of the contract can be made. Key factors that are reviewed in estimating the future costs to complete include estimates of future labour costs and productivity efficiencies. Because the financial reporting of these contracts depends on estimates that are assessed continually during the term of these contracts, recognized revenue and profit are subject to revisions as the contract progresses to completion. When estimates indicate that a loss will be incurred, the loss is provided for in the year in which the loss becomes probable.

ii) *Other estimates:* The preparation of financial statements involves estimates and assumptions that affect the reported amount of assets, liabilities and the reported amount of revenues and expenses for the reporting period.

3. Significant accounting policies

Financial instruments

Non derivative financial instruments of the Company comprise of loans and receivables and trade and other liabilities. There is no derivative financial instrument.

The classification of financial instruments depends on the purpose for which those were acquired. Management determines the classification of its financial instruments at initial recognition.

(i) Loans and receivables

Loans and receivables are non–derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are presented as current assets, except for those maturing later than 12 months after the reporting date which are presented as non–current assets. Loans and receivables are measured initially at fair value plus transaction costs and subsequently carried at amortized cost using the effective interest method, less any impairment loss.

Loans and receivables are represented by trade receivables, unbilled revenue, employee loans and other advances.

(ii) Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and in banks and demand deposits with banks which are unrestricted for withdrawal and usage.

For the purposes of the cash flow statement, cash and cash equivalents include cash on hand, in banks and demand deposits with banks, net of outstanding bank overdrafts that are repayable on demand and are considered part of the Company's cash management system.

(iii) Trade and other payables

Trade and other payables are presented as current liabilities, except for those maturing later than 12 months after the reporting date which are presented as non–current liabilities. Trade and other payables are initially recognized at fair value, and subsequently carried at amortized cost using the effective interest method.

Revenue

The Company derives revenue primarily from delivery of IT services. The Company recognizes revenue when the significant terms of the arrangement are enforceable, services have been delivered and the collectability is reasonably assured. The method for recognizing revenues and costs depends on the nature of the services rendered:

a) Time and materials contracts

Revenues and costs relating to time and materials contracts are recognized as the related services are rendered.

b) Fixed–price contracts

Revenues from fixed–price contracts are recognized using the "percentage–of–completion" method. Percentage of completion is determined based

on project costs incurred to date as a percentage of total estimated project costs required to complete the project. The cost expended (or input) method has been used to measure progress towards completion as there is a direct relationship between input and productivity.

'Unbilled revenues' represent cost and earnings in excess of billings as at the end of the reporting period.

'Unearned revenues' represent billing in excess of revenue recognized. Advance payments received from customers for which no services are rendered are presented as 'Advance from customers'.

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

The Company accounts for volume discounts and pricing incentives to customers by reducing the amount of revenue recognized at the time of sale.

Revenues are shown net of value added tax, applicable discounts and allowances.

Property, plant and equipment

All fixed assets are measured at cost less accumulated depreciation and impairment losses, if any. Cost includes expenditures directly attributable to the acquisition of the asset. Deposits and advances paid towards the acquisition of fixed assets outstanding as of each reporting date and the cost of fixed assets not available for use before such date are disclosed under capital work– in–progress.

Depreciation

The Company depreciates fixed assets over the estimated useful life on a straight–line basis from the date the assets are available for use. Assets acquired under finance lease and leasehold improvements are amortized over the shorter of estimated useful life or the related lease term. The estimated useful lives of assets for the current and comparative period of significant items of fixed assets are as follows:

Category	Useful life
Leasehold improvements	4 years
Fixtures & fittings	4 years
Computer equipment	4 years

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

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.

Income tax

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

a) Current income tax

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

b) Deferred income tax

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

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

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

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

Foreign currencies

Transactions in foreign currencies are translated at the exchange rate ruling at the date of the transaction. Monetary assets and liabilities are translated at the rate of exchange ruling at the balance sheet date. All exchange differences are dealt with through the profit and loss account except that gains and losses arising from the retranslation of the opening retained earnings in overseas branches are adjusted against the reserves.

Employee Benefit

The employer and employees each make periodic contributions to the pension fund equal to a specified percentage of the covered employee's salary. It is a defined contribution plan. The expenditure for defined contribution plans is recognized as expense during the period when the employee provides service.

New standards and interpretations not yet adopted

a) **IFRS 9 Financial Instruments:** In November 2009, the IASB issued IFRS 9, Financial Instruments: Recognition and Measurement, to reduce the complexity of the current rules on financial instruments as mandated in IAS 39.

IFRS 9 has fewer classification and measurement categories as compared to IAS 39 and has eliminated the categories of held to maturity, available for sale and loans and receivables. Further, it eliminates the rule–based requirement of segregating embedded derivatives and tainting rules pertaining to held–to maturity investments. For an investment in an equity instrument which is not held for trading, IFRS 9 permits an irrevocable election, on initial recognition, on an individual share–by–share basis, to present all fair value changes from the investment in other comprehensive income. No amount recognized in other comprehensive income would ever be reclassified to profit or loss. IFRS 9, was further amended in October 2010, and such amendment introduced requirements on accounting for financial liabilities. This amendment addresses the issue of volatility in the profit or loss due to changes in the fair value of an entity's own debt. It requires the entity, which chooses to measure a liability at fair value, to present the portion of the fair value change attributable to the entity's own credit risk in the other comprehensive income.

The effective date for adoption of IFRS 9 is annual periods beginning on or after 1 January 2018, though early adoption is permitted. The Company has evaluated the requirements of IFRS 9 and the company does not believe that the adoption of IFRS 9 will have a material impact on the financial statements.

b) **IFRS 15 Revenue from Contracts with Customers:** In May 2014, the IASB issued IFRS 15, Revenue from Contracts with Customers. The standard replaces IAS 11 Construction Contracts, IAS 18 Revenue, IFRIC 13 Customer Loyalty Programmes, IFRIC 15 Agreements for the Construction of Real Estate, IFRIC 18 Transfer of Assets from Customers and SIC–31 Revenue – Barter Transactions Involving Advertising Services.

The new standard applies to contracts with customers. The core principle of the new standard is that an entity should recognize revenue to depict 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. Further, the new standard requires enhanced disclosures about the nature, timing and uncertainty of revenues and cash flows arising from the entity's contracts with customers. The new standard offers a range of transition options. An entity can choose to apply the new standard to its historical transactions – and retrospectively adjust each comparative period. Alternatively, an entity can recognize the cumulative effect of applying the new standard at the date of initial application – and make no adjustments to its comparative information. The chosen transition option can have a significant effect on revenue trends in the financial statements. A change in the timing of revenue recognition may require a corresponding change in the timing of recognition of related costs.

The standard is effective for annual periods beginning on or after 1 January 2017, with early adoption permitted under IFRS. The company is currently evaluating the requirements of IFRS 15, and has not yet determined the impact on the financial statements.

4. Transition to IFRS reporting

As stated in Note 2, the Company's financial statements for the year ended March 31, 2016 are the first annual financial statements prepared in compliance with IFRS.

The adoption of IFRS was carried out in accordance with IFRS 1, using April 1, 2014 as the transition date. IFRS 1 requires that all IFRS standards and interpretations that are effective for the first IFRS Financial Statements for the year ended March 31, 2016, be applied consistently and retrospectively for all fiscal years presented.

All applicable IFRS have been applied consistently and retrospectively wherever required. The resulting difference between the carrying amounts of the assets and liabilities in the financial statements under both IFRS and previous GAAP as of the Transition Date have been recognized directly in equity at the Transition Date.

Reconciliations: The following reconciliations provide a quantification of the effect of significant differences arising from the transition from previous GAAP to IFRS in accordance with IFRS 1:

- equity as at April 1,2014;
- equity as at March 31,2015;
- total comprehensive income for the year ended March 31,2015; and
- explanation of material adjustments to cash flow statements.

In the reconciliations mentioned above, certain reclassifications have been made to previous GAAP financial information to align with the IFRS presentation.

Reconciliation of equity as at 1st April 2014

	Amount as per previous GAAP		Effects of transition to IFRS		Amount as per IFRS	
	£	₹ Unaudited	£	₹ Unaudited	£	₹ Unaudited
Property, plant and equipment	28,872	2,880,415	–	–	28,872	2,880,415
Other non–current and current assets	42,221	4,212,178	82,490	8,229,615	124,711	12,441,793
Trade receivables	7,111,260	709,454,854	(2,353,131)	(234,760,114)	4,758,129	474,694,740
Unbilled revenue	–	–	2,270,641	226,530,499	2,270,641	226,530,499
Cash and cash equivalents	1,698,040	169,404,961	–	–	1,698,040	169,404,961
Total assets	**8,880,393**	**885,952,408**	**–**	**–**	**8,880,393**	**885,952,408**
Share Capital	685,815	68,420,333	–	–	685,815	68,420,333
Retained earnings	5,886,088	587,225,575	–	–	5,886,088	587,225,575
Total Equity	**6,571,903**	**655,645,908**	**–**	**–**	**6,571,903**	**655,645,908**
Deferred income tax liabilities	1,220	121,713	–	–	1,220	121,713
Trade payables and accrued expenses	2,307,270	230,184,787	(1,269,478)	(126,649,473)	1,037,792	103,535,314
Unearned revenue	–	–	–	–	–	–
Current tax liabilities	–	–	122,494	12,220,614	122,494	12,220,614
Other current liabilities	–	–	1,146,984	114,428,859	1,146,984	114,428,859
Total equity and liabilities	**8,880,393**	**885,952,408**	**–**	**–**	**8,880,393**	**885,952,408**

Notes:

1. Under previous GAAP, prepaid expenses were classified as Debtors. Under IFRS, such prepaid expenses have been reclassified from trade receivables to other current assets. As a result, other non–current and current assets under IFRS is higher by £82,490.
2. Under previous GAAP, unbilled revenue was classified as Debtors. Under IFRS, such unbilled revenue amounting to £2,270,641 has been reclassified from trade receivables to unbilled revenue.
3. Under previous GAAP, 'current tax liabilities' and 'other current liabilities' were classified as creditors. Under IFRS, these are reclassified from trade payables to current tax liabilities and other current liabilities. As a result, current tax liabilities and other current liabilities under IFRS are higher by £122,494 and £1,269,478 respectively.

Reconciliation of equity as at 31st March, 2015

	Amount as per previous GAAP		Effects of transition to IFRS		Amount as per IFRS	
	£	₹ Unaudited	£	₹ Unaudited	£	₹ Unaudited
Property, plant and equipment	34,117	3,154,799	–	–	34,117	3,154,799
Other non–current and current assets	22,729	2,101,751	76,354	7,060,454	99,083	9,162,205
Trade receivables	7,460,587	689,880,479	(3,416,279)	(315,903,318)	4,044,308	373,977,161
Unbilled revenue	–	–	3,339,925	308,842,864	3,339,925	308,842,864
Cash and cash equivalents	1,307,314	120,887,326	–	–	1,307,314	120,887,326
Total assets	**8,824,747**	**816,024,355**	**–**	**–**	**8,824,747**	**816,024,355**
Share Capital	685,815	63,417,313	–	–	685,815	63,417,313
Retained earnings	3,777,901	349,342,505	–	–	3,777,901	349,342,505
Total Equity	**4,463,716**	**412,759,818**	**–**	**–**	**4,463,716**	**412,759,818**
Deferred income tax liabilities	3,041	281,201	–	–	3,041	281,201
Trade payables and accrued expenses	4,357,990	402,983,336	(1,837,450)	(169,909,003)	2,520,540	233,074,333
Unearned revenue	–	–	3,459	319,854	3,459	319,854
Current tax liabilities	–	–	1,087	100,515	1,087	100,515
Other current liabilities	–	–	1,832,904	169,488,634	1,832,904	169,488,634
Total equity and liabilities	**8,824,747**	**816,024,355**	**–**	**–**	**8,824,747**	**816,024,355**

Notes:

1. Under previous GAAP, prepaid expenses were classified as Debtors. Under IFRS, such prepaid expenses have been reclassified from trade receivables to other current assets. As a result, other non–current and current assets under IFRS is higher by £76,354.
2. Under previous GAAP, unbilled revenue was classified as Debtors. Under IFRS, such unbilled revenue amounting to £3,339,925 has been reclassified from trade receivables to unbilled revenue.
3. Under previous GAAP, 'current tax liabilities' and 'other current liabilities' were classified as creditors. Under IFRS, these are reclassified from trade payables to current tax liabilities and other current liabilities. As a result, current tax liabilities and other current liabilities under IFRS are higher by £1,087 and £1,832,904 respectively.
4. Under previous GAAP, unearned revenue was classified as creditors. Under IFRS, such unearned revenue amounting to £3,459 has been reclassified from trade payables to unearned revenue.

Reconciliation of total comprehensive income for the year ended 31st March 2015

	Amount as per previous GAAP		Effects of transition to IFRS		Amount as per IFRS	
	£	₹ Unaudited	£	₹ Unaudited	£	₹ Unaudited
Revenue	28,686,343	2,652,626,137	–	–	28,686,343	2,652,626,137
Cost of sales	22,188,393	2,051,760,701	–	–	22,188,393	2,051,760,701
Gross profit	**6,497,950**	**600,865,436**	–	–	**6,497,950**	**600,865,436**
Selling, general and administrative expenses	5,569,652	515,025,720	(143,246)	(13,245,958)	5,426,406	501,779,762
Results from operating activities	**928,298**	**85,839,716**	**143,246**	**13,245,958**	**1,071,544**	**99,085,674**
Foreign exchange loss	–	–	(143,246)	(13,245,958)	(143,246)	(13,245,958)
Finance and other income	4,449	411,399	–	–	4,449	411,399
Profit before income tax	**932,747**	**86,251,115**	–	–	**932,747**	**86,251,115**
Income tax expense	249,043	23,029,006	–	–	249,043	23,029,006
Profit for the year	**683,704**	**63,222,109**	–	–	**683,704**	**63,222,109**

Notes:

1. Under previous GAAP, foreign exchange loss formed part of selling, general and administrative expense. Under IFRS, foreign exchange loss has been shown separately as reduction from 'results from operating activities'.

5. Property, plant and equipment

	Leasehold improvements		Computer equipment		Fixtures & fittings		Total	
	£	₹ Unaudited	£	₹ Unaudited	£	₹ Unaudited	£	₹ Unaudited
Gross carrying value:								
As st 1 April 2014	52,300	4,836,181	217,172	20,081,895	60,737	5,616,350	330,209	30,534,426
Additions	–	–	19,818	1,832,570	–	–	19,818	1,832,570
Disposal / adjustments	–	–	(140,370)	(12,980,014)	(22,441)	(2,075,119)	(162,811)	(15,055,133)
As at March 31, 2015	52,300	4,836,181	96,620	8,934,451	38,296	3,541,231	187,216	17,311,863
Accumulated depreciation:								
At 1 April 2014	51,549	4,766,736	190,257	17,593,065	59,531	5,504,832	301,337	27,864,633
Depreciation	334	30,885	14,109	1,304,658	130	12,021	14,573	1,347,564
Disposal / adjustments	–		(140,370)	(12,980,014)	(22,441)	(2,075,119)	(162,811)	(15,055,133)
As at March 31, 2015	51,883	4,797,621	63,996	5,917,709	37,220	3,441,734	153,099	14,157,064
Net carrying value as at March 31, 2015	**417**	**38,560**	**32,624**	**3,016,742**	**1,076**	**99,497**	**34,117**	**3,154,799**
Gross carrying value:								
As at 1 April 2015	52,300	4,993,212	96,620	9,224,553	38,296	3,656,215	187,216	17,873,980
Additions	–	–	4,848	462,850	376	35,898	5,224	498,748
Disposal / adjustments	–	–	–		–		–	–
As at March 31, 2016	52,300	4,993,212	101,468	9,687,403	38,672	3,692,113	192,440	18,372,728
Accumulated depreciation:								
At 1 April 2015	51,883	4,953,400	63,996	6,109,858	37,220	3,553,486	153,099	14,616,744
Depreciation	334	31,888	15,426	1,472,759	185	17,662	15,945	1,522,309
Disposal / adjustments	–		–		–		–	–
As at March 31, 2016	52,217	4,985,288	79,422	7,582,617	37,405	3,571,148	169,044	16,139,053
Net carrying value as at March 31, 2016	**83**	**7,924**	**22,046**	**2,104,786**	**1,267**	**120,965**	**23,396**	**2,233,675**

For simplicity, the brought forward Rupee amounts as at 1st April have been translated using the exchange rate as at the 31st March of the respective financial year.

6. Trade receivables

	As at 31 March 2016	As at 31 March 2016	As at 31 March 2015	As at 31 March 2015	As at 01 April 2014	As at 01 April 2014
	£	₹ Unaudited	£	₹ Unaudited	£	₹ Unaudited
Trade receivables	**4,679,348**	**446,749,052**	4,321,317	399,592,183	4,999,090	498,734,214
Allowance for doubtful accounts receivable	**(667,525)**	**(63,730,281)**	(277,009)	(25,615,022)	(240,961)	(24,039,474)
Total	**4,011,823**	**383,018,771**	4,044,308	373,977,161	4,758,129	474,694,740

	As at 31 March 2016 £	As at 31 March 2016 ₹ Unaudited	As at 31 March 2015 £	As at 31 March 2015 ₹ Unaudited	As at 01 April 2014 £	As at 01 April 2014 ₹ Unaudited
7. Cash and cash equivalents						
Cash balances	60	5,728	107	9,894	41	4,091
Cash at bank	1,110,087	105,982,781	1,307,207	120,877,432	1,697,999	169,400,870
Total	**1,110,147**	**105,988,509**	1,307,314	120,887,326	1,698,040	169,404,961
8. Other Asset						
Non–current						
Security deposits	198	18,904	198	18,309	198	19,753
Loans and Advance to employees	4,000	381,890	3,569	330,000	3,845	383,556
	4,198	**400,794**	3,767	348,309	4,043	403,309
Current						
Security deposits	292	27,878	666	61,585	1,659	165,510
Prepaid Expenses	41,742	3,985,213	76,354	7,060,454	82,491	8,229,715
Loans and Advance to Employees	31,844	3,040,227	16,820	1,555,370	10,922	1,089,674
Others	1,476	140,917	1,476	136,487	25,596	2,553,585
	75,354	**7,194,235**	95,316	8,813,896	120,668	12,038,484
Total	**79,552**	**7,595,029**	99,083	9,162,205	124,711	12,441,793
9. Trade Payables and accrued expenses						
Trade payables	2,641,479	252,188,603	1,906,386	176,283,513	384,111	38,320,834
Accrued expenses	540,789	51,630,478	614,154	56,790,820	653,681	65,214,480
Total	**3,182,268**	**303,819,081**	2,520,540	233,074,333	1,037,792	103,535,314
10. Other liabilities and provisions						
Non–current	–	–	–	–	–	–
Current						
Employee and other liabilities	929,698	88,760,596	1,402,115	129,653,575	984,784	98,246,976
Statutory dues payable	603,180	57,587,102	430,789	39,835,059	162,200	16,181,883
Total	**1,532,878**	**146,347,698**	1,832,904	169,488,634	1,146,984	114,428,859

11. Financial instruments

Financial instruments by category

The carrying value and fair value of financial instruments by categories as at March 31, 2016 are as follows:

	Loans and receivables		Financial liabilities measured at amortized cost		Total carrying amount		Fair value	
	£	₹ Unaudited	£	₹ Unaudited	£	₹ Unaudited	£	₹ Unaudited
Assets:								
Trade receivables	4,011,823	383,018,771	–	–	4,011,823	383,018,771	4,011,823	383,018,771
Unbilled revenue	3,495,086	333,684,598	–	–	3,495,086	333,684,598	3,495,086	333,684,598
Cash and cash equivalents	1,110,147	105,988,509	–	–	1,110,147	105,988,509	1,110,147	105,988,509
Other Assets	79,552	7,595,028	–	–	79,552	7,595,028	79,552	7,595,028
Total assets	**8,696,608**	**830,286,906**	**–**	**–**	**8,696,608**	**830,286,906**	**8,696,608**	**830,286,906**
Liabilities:								
Trade payables and accrued expenses	–	–	3,182,268	303,819,082	3,182,268	303,819,082	3,182,268	303,819,082
Unearned revenue	–	–	430,366	41,088,118	430,366	41,088,118	430,366	41,088,118
Other current liabilities	–	–	1,532,878	146,347,695	1,532,878	146,347,695	1,532,878	146,347,695
Total liabilities	**–**	**–**	**5,145,512**	**491,254,895**	**5,145,512**	**491,254,895**	**5,145,512**	**491,254,895**

The carrying value and fair value of financial instruments by categories as at March 31, 2015 are as follows:

	Loans and receivables		Financial liabilities measured at amortized cost		Total carrying amount		Fair value	
	£	₹ Unaudited	£	₹ Unaudited	£	₹ Unaudited	£	₹ Unaudited
Assets:								
Trade receivables	4,044,308	373,977,161	–	–	4,044,308	373,977,161	4,044,308	373,977,161
Unbilled revenue	3,339,925	308,842,864	–	–	3,339,925	308,842,864	3,339,925	308,842,864
Cash and cash equivalents	1,307,314	120,887,326	–	–	1,307,314	120,887,326	1,307,314	120,887,326
Other Assets	99,083	9,162,205			99,083	9,162,205	99,083	9,162,205
Total assets	**8,790,630**	**812,869,556**	**–**	**–**	**8,790,630**	**812,869,556**	**8,790,630**	**812,869,556**
Liabilities:								
Trade payables and accrued expenses	–	–	2,520,540	233,074,333	2,520,540	233,074,333	2,520,540	233,074,333
Unearned revenue	–	–	3,459	319,854	3,459	319,854	3,459	319,854
Other current liabilities	–	–	1,832,904	169,488,634	1,832,904	169,488,634	1,832,904	169,488,634
Total liabilities	**–**	**–**	**4,356,903**	**402,882,821**	**4,356,903**	**402,882,821**	**4,356,903**	**402,882,821**

The carrying value and fair value of financial instruments by categories as at April 1, 2014 are as follows:

	Loans and receivables		Financial liabilities measured at amortized cost		Total carrying amount		Fair value	
	£	₹ Unaudited	£	₹ Unaudited	£	₹ Unaudited	£	₹ Unaudited
Assets:								
Trade receivables	4,758,129	474,694,740	–	–	4,758,129	474,694,740	4,758,129	474,694,740
Unbilled revenue	2,270,641	226,530,499	–	–	2,270,641	226,530,499	2,270,641	226,530,499
Cash and cash equivalents	1,698,040	169,404,961	–	–	1,698,040	169,404,961	1,698,040	169,404,961
Other Assets	124,711	12,441,793			124,711	12,441,793	124,711	12,441,793
Total assets	**8,851,521**	**883,071,993**	–	–	**8,851,521**	**883,071,993**	**8,851,521**	**883,071,993**
Liabilities:								
Trade payables and accrued expenses	–	–	1,037,792	103,535,314	1,037,792	103,535,314	1,037,792	103,535,314
Unearned revenue	–	–	–	–	–	–	–	–
Other current liabilities	–	–	1,146,984	114,428,859	1,146,984	114,428,859	1,146,984	114,428,859
Total liabilities	–	–	**2,184,776**	**217,964,173**	**2,184,776**	**217,964,173**	**2,184,776**	**217,964,173**

Financial risk management

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

Credit risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Company's receivables from customer. The Company's principal financial assets are cash and trade debtors. The Company has robust processes to assess customer credit worthiness and consequently there are no significant risks on this count. The Company establishes an allowance for doubtful debts and impairment that represents its estimate of incurred losses in respect of receivables.

The following table gives details in respect of revenues generated from top customer and top 5 customers:

	Year ended March 31,			
	2016	**2016**	2015	2015
	£	₹ **Unaudited**	£	₹ Unaudited
Revenue from top customer	**9,569,582**	**913,631,917**	7,500,195	693,543,015
Revenue from top 5 customer	**18,271,802**	**1,744,454,616**	15,982,722	1,477,922,276

There is no other class of financial assets that is past due but not impaired except for trade receivables. The company's credit period generally ranges from 30–120 days. The age wise break up of trade receivables, net of allowances that are past due, is given below:

Period (in days)	**As at 31 March 2016**	**As at 31 March 2016**	As at 31 March 2015	As at 31 March 2015	As at 01 April 2014	As at 01 April 2014
	£	₹ **Unaudited**	£	₹ Unaudited	£	₹ Unaudited
Past due 0–30 days	**1,507,439**	**143,918,970**	1,366,696	126,378,362	1,059,546	105,705,607
Past due 30–60 days	**82,561**	**7,882,305**	62,004	5,733,495	31,324	3,125,039
Past due 60–90 days	**76,540**	**7,307,465**	176,706	16,340,022	4,050	404,048
Past due over 90 days	**41,226**	**3,935,949**	485,502	42,291,477	290,503	28,982,032
Total past due and not impaired	**1,707,766**	**163,044,689**	2,090,908	190,743,356	1,385,423	138,216,726

The allowance for impairment in respect of trade receivables for the year ended March 31, 2016 and March 31, 2015 was GBP 667,525 and GBP 277,009 respectively. The movement in the allowance for impairment in respect of trade receivables is as follows:

	As at 31 March 2016	**As at 31 March 2016**	As at 31 March 2015	As at 31 March 2015
	£	₹ **Unaudited**	£	₹ Unaudited
Balance at the beginning of the year	**277,009**	**26,446,742**	240,962	22,281,738
Additions during the year	**322,935**	**30,831,412**	36,047	3,333,285
Forex reinstatement	**67,581**	**6,452,127**	–	–
Balance at the end of the year	**667,525**	**63,730,281**	277,009	25,615,023

For simplicity, the brought forward Rupee amounts as at 1st April have been translated using the exchange rate as at the 31st March of the respective financial year.

Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they become due. The Company seeks to manage financial risk by ensuring that sufficient liquidity is available to meet foreseeable needs and to invest cash assets safely and profitably.

The working capital position of the company is given below:

	As at 31 March 2016	**As at 31 March 2016**	As at 31 March 2015	As at 31 March 2015	As at 01 April 2014	As at 01 April 2014
	£	₹ **Unaudited**	£	₹ Unaudited	£	₹ Unaudited
Cash and cash equivalents	**1,110,147**	**105,988,509**	1,307,314	120,887,326	1,698,040	169,404,961
Total	**1,110,147**	**105,988,509**	1,307,314	120,887,326	1,698,040	169,404,961

The table below provides details regarding the contractual maturities of significant financial liabilities as at March 31, 2016 and March 31, 2015:

	As At 31st March 2016					
	Less than 1 year		1–2 years		2 years and above	
	£	₹	£	₹	£	₹
		Unaudited		Unaudited		Unaudited
Loans and borrowings and bank overdraft	–	–	–	–	–	–
Trade payables and accrued expenses	3,182,268	303,819,081	–	–	–	–
Other liabilities	1,532,878	146,347,698	–	–	–	–

	As At 31st March 2015					
	Less than 1 year		1–2 years		2 years and above	
	£	₹	£	₹	£	₹
		Unaudited		Unaudited		Unaudited
Loans and borrowings and bank overdraft	–	–	–	–	–	–
Trade payables and accrued expenses	2,520,540	233,074,333	–	–	–	–
Other liabilities	1,832,904	169,488,634	–	–	–	–

	As At 1st April 2014					
	Less than 1 year		1–2 years		2 years and above	
	£	₹	£	₹	£	₹
		Unaudited		Unaudited		Unaudited
Loans and borrowings and bank overdraft	–	–	–	–	–	–
Trade payables and accrued expenses	1,037,792	103,535,314	–	–	–	–
Other liabilities	1,146,984	114,428,859	–	–	–	–

Market Risk- Foreign Currency risk

The Company is exposed to translation and transaction foreign exchange risks. While the Company makes payments, mostly in GBP, to its major suppliers, 2% (2015: 6%) of its sales in the year under review were in US dollars and 18% (2015: 16%) in Euro. The Company has bank accounts in multiple currencies and during the year under review it did not hold any hedging instruments. Foreign exchange management is, however, kept under regular review.

The following table presents foreign currency risk from non-derivative financial instruments as of March 31, 2016 and March 31, 2015.

	EUR		USD		Other Currencies*		Total	
	£	₹	£	₹	£	£	£	₹
		Unaudited		Unaudited		Unaudited		Unaudited
As at 31st March 2016								
Asset								
Trade Receivables	**971,776**	**92,777,884**	**171,300**	**16,354,439**	**16,180**	**1,544,745**	**1,159,256**	**110,677,068**
Unbilled Revenue	**984,108**	**93,955,251**	**210,231**	**20,071,279**	**133,082**	**12,705,671**	**1,327,421**	**126,732,201**
Cash and cash equivalents	**420,348**	**40,131,674**	**81,930**	**7,822,062**	**166,193**	**15,866,861**	**668,471**	**63,820,597**
Other assets	**6,631**	**633,078**	**–**	**–**	**1,656**	**158,102**	**8,287**	**791,180**
Liabilities								
Trade payables and accrued expenses	**195,027**	**18,619,715**	**–**	**–**	**16,256**	**1,552,001**	**211,283**	**20,171,716**
Unearned Sales	**72,257**	**6,898,556**	**–**	**–**	**–**	**–**	**72,257**	**6,898,556**
Other liabilities	**19,239**	**1,836,795**	**–**	**–**	**–**	**–**	**19,239**	**1,836,795**
Net assets/liabilities	**2,096,340**	**200,142,821**	**463,461**	**44,247,780**	**300,855**	**28,723,378**	**2,860,656**	**273,113,979**
As at 31st March 2015								
Asset								
Trade Receivables	782,422	72,350,562	650,231	60,126,861	104,041	9,620,671	1,536,694	142,098,094
Unbilled Revenue	583,062	53,915,743	456,306	42,194,616	71,827	6,641,843	1,111,195	102,752,202
Cash and cash equivalents	304,491	28,156,283	132,862	12,285,749	149,713	13,843,961	587,066	54,285,993
Other assets	35,952	3,324,481	4,288	396,511	666	61,585	40,906	3,782,577
Liabilities								
Trade payables and accrued expenses	792,846	73,314,470	400,435	37,028,224	19,069	1,763,310	1,212,350	112,106,004
Unearned Sales	3,459	319,854	–	–	–	–	3,459	319,854
Other liabilities	17,864	1,651,884	–	–	–	–	17,864	1,651,884
Net assets/liabilities	**891,758**	**82,460,861**	**843,252**	**77,975,513**	**307,178**	**28,404,750**	**2,042,188**	**188,841,124**
As at 1st April 2014								
Asset								
Trade Receivables	1,555,163	155,150,837	2,021,870	201,711,861	104,937	10,469,040	3,681,970	367,331,738
Unbilled Revenue	421,140	42,015,032	170,074	16,967,433	21,301	2,125,094	612,515	61,107,559
Cash and cash equivalents	323,124	32,236,466	176,352	17,593,757	88,267	8,805,957	587,743	58,636,180
Other assets	50,391	5,027,258	82	8,181	1,812	180,774	52,285	5,216,213
Liabilities								
Trade payables and accrued expenses	186,926	18,648,672	123,167	12,287,756	17,057	1,701,692	327,150	32,638,120
Other liabilities	19,549	1,950,306	–	–	–	–	19,549	1,950,306
Net assets/liabilities	**2,143,343**	**213,830,615**	**2,245,211**	**223,993,476**	**199,260**	**19,879,173**	**4,587,814**	**457,703,264**

The foreign exchange rate sensitivity is calculated by aggregation of the net foreign exchange rate exposure and a simultaneous parallel foreign exchange rates shift of all the currencies by 1% against the functional currencies of the Company.

For the year ended March 31, 2016 and 2015 respectively, every 1% appreciation/depreciation of the respective foreign currencies compared to functional currency of the Company would increase/ decrease operating margins by £28,607 and £20,422 respectively.

12. Income tax expense

Income tax expense in the statement of income consists of:

	Year ended March 31,			
	2016	**2016**	2015	2015
	£	₹	£	₹
		Unaudited		Unaudited
Current taxes				
UK Corporation tax on profits of the year	159,289	15,207,719	212,870	19,684,089
Adjustment in respect of previous years	77,966	7,443,609	14,340	1,326,020
Withholding tax	33,356	3,184,581	20,012	1,850,509
Total	**270,611**	**25,835,909**	247,222	22,860,618
Deferred taxes				
Origination and reversal of timing differences	(2,374)	(226,652)	1,821	168,388
Total	**(2,374)**	**(226,652)**	1,821	168,388
Grand Total	**268,237**	**25,609,257**	249,043	23,029,006

The reconciliation between the provision of corporation tax of the Company and amounts computed by applying the standard rate of UK Corporation tax to profit before tax is as follows:

	Year ended March 31,			
	2016	**2016**	2015	2015
	£	₹	£	₹
		Unaudited		Unaudited
Profit before income tax	996,252	95,114,667	932,747	86,251,115
Profit on ordinary activities multiplied by rate of tax	199,250	19,022,896	195,877	18,112,746
Expenses not deductible for tax purposes	31,992	3,054,356	30,650	2,834,206
Movement in capital allowances	2,300	219,587	(1,973)	(182,443)
Adjustment in respect of previous years	3,713	354,489	2,656	245,600
Withholding tax	33,356	3,184,581	20,012	1,850,509
Total income tax expense	**270,611**	**25,835,909**	247,222	22,860,618

The standard rates of UK corporation tax, for the year ended March 31, 2016 and March 31, 2015 are 20% and 21% respectively.

The components of deferred tax liabilities are as follows:

	As at	**As at**	As at	As at	As at	As at
	31 March 2016	**31 March 2016**	31 March 2015	31 March 2015	01 April 2014	01 April 2014
	£	₹	£	₹	£	₹
		Unaudited		Unaudited		Unaudited
Property, Plant and Equipments	**(1,420)**	**(135,571)**	(3,041)	(281,201)	(1,220)	(121,713)
Provision	**753**	**71,891**	–	–	–	–
Net deferred tax (liabilities)/assets	**(667)**	**(63,680)**	(3,041)	(281,201)	(1,220)	(121,713)

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

	As at	**As at**	As at	As at
	31 March 2016	**31 March 2016**	31 March 2015	31 March 2015
	£	₹	£	₹
		Unaudited		Unaudited
Deferred tax liabilities	**(667)**	**(63,680)**	(3,041)	(281,201)
Balance brought forward	**(3,041)**	**(290,332)**	(1,220)	(112,813)
Profit and loss account movement arising during the year	**2,374**	**226,652**	(1,821)	(168,388)
Total deferred tax liability (net)	**(667)**	**(63,680)**	(3,041)	(281,201)

For simplicity, the brought forward Rupee amounts as at 1st April have been translated using the exchange rate as at the 31st March of the respective financial year.

13. Equity

a) Share capital

The company has only one class of equity shares. The authorized share capital of the Company is 1,629,700 (2015: 1,629,700) equity shares of £1 each. Par value of the equity shares is recorded as share capital.

The Issued, subscribed and paid-up capital of the Company is 685,815 (2015: 685,815) equity shares of £1 each amounting to £685,815 (2015: 685,815).

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

The company declares and pays dividends in GBP/ Euro/ USD.

The Board of Directors recommended the interim dividend of GBP 2.20 (2015: GBP 4.25) per Ordinary share of GBP 1 each on 685,815 shares, aggregating GBP 1,508,793 declared by the Board of Directors on 7th December 2015 (2015 : GBP 2,914,714) , and paid on 8th December, 2015, as the final dividend for the year ended 31st March, 2016.

b) Retained earnings

Retained earnings comprises of the Company's prior years' undistributed earnings after taxes.

Capital Management

The Company's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. The Company monitors the return on capital as well as the level of dividends on its equity shares. The Company's objective when managing capital is to maintain an optimal structure so as to maximize shareholder value.

The capital structure is as follows:

	As at 31 March 2016 £	As at 31 March 2016 ₹ Unaudited	As at 31 March 2015 £	As at 31 March 2015 ₹ Unaudited	As at 01 April 2014 £	As at 01 April 2014 ₹ Unaudited
Total equity attributable to the equity share holders of the company	3,562,450	340,116,005	4,463,716	412,759,818	6,571,903	655,645,908
As percentage of total capital	100%	100%	100%	100%	100%	100%
Total capital	**3,562,450**	**340,116,005**	4,463,716	412,759,818	6,571,903	655,645,908

The Company is equity financed which is evident from the capital structure table. Further, the Company has always been a net cash company with cash and bank balances.

14. Revenue

The Company derives revenue primarily from delivery of IT services. The Company recognizes revenue when the significant terms of the arrangement are enforceable, services have been delivered and the collectability is reasonably assured. An analysis of turnover is given below:

	Year ended March 31,			
	2016 £	**2016** ₹ Unaudited	2015 £	2015 ₹ Unaudited
Country				
United Kingdom	26,364,621	2,517,096,278	20,957,231	1,937,915,150
Europe	4,677,960	446,616,536	3,541,157	327,450,788
India	–	–	3,427,112	316,905,047
Singapore	61,522	5,873,659	188,550	17,435,218
US	48,278	4,609,221	36,321	3,358,603
Others	33,915	3,237,950	535,972	49,561,331
Total	**31,186,296**	**2,977,433,644**	28,686,343	2,652,626,137

15. Expenses by nature

Employee benefits	13,106,479	1,251,308,316	12,076,922	1,116,752,977
Sub-contractor charges/Outsourced charges	13,048,915	1,245,812,537	11,092,067	1,025,683,435
Purchase of Software and Hardware for resale	1,659,827	158,467,833	2,200,505	203,480,697
Travel and conveyance	953,827	91,064,250	769,647	71,169,258
Provision for doubtful trade receivables	322,935	30,831,412	36,047	3,333,266
Sales & Marketing expenses	320,039	30,554,925	615,458	56,911,401
Staff welfare	228,038	21,771,358	198,920	18,394,132
Recruitment	195,504	18,665,256	133,872	12,379,144
Communication expenses	170,990	16,324,842	148,500	13,731,795
Legal, Professional and Consultancy Expenses	128,017	12,222,103	112,984	10,447,630
Lease rentals/charges	68,339	6,524,495	70,819	6,548,633
Audit Fees	29,810	2,846,036	24,210	2,238,699
Depreciation and amortisation charges	15,945	1,522,309	14,573	1,347,565
Others	82,543	7,880,586	120,275	11,121,831
Total cost of sales, selling, general and administrative expenses	**30,331,208**	**2,895,796,258**	27,614,799	2,553,540,463

Cost of Sales

Cost of Sales primarily include employee compensation of personnel engaged in providing services, travel expenses, employee allowances, payroll related taxes, fees to external consultants engaged in providing services, communication costs and other project related expenses.

Selling, general and administrative expenses

Selling costs primarily include employee compensation for sales and marketing personnel, travel costs, advertising, business promotion expenses, allowances for delinquent receivables and market research costs.

General and administrative costs primarily include employee compensation for administrative, supervisory, managerial and practice management personnel, depreciation and amortisation of non-production equipment and software, facility expenses for administrative offices, communication costs, fees to external consultants and other general expenses.

16. Employee benefits

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

	2016 No	2015 No
By Activity		
Delivery	227	198
Marketing	25	24
Administration	9	8
	261	230

Employee benefits include:

	Year ended March 31,			
	2016 £	**2016** ₹ Unaudited	2015 £	2015 ₹ Unaudited
Wages and salaries	11,892,348	1,135,392,194	10,843,117	1,002,663,029
Social security costs	1,214,131	115,916,122	1,233,805	114,089,948
Total	**13,106,479**	**1,251,308,316**	12,076,922	1,116,752,977

The employee benefit cost is recognized in the following line items in the statement of income:

	Year ended March 31,			
	2016	**2016**	2015	2015
	£	₹	£	₹
		Unaudited		Unaudited
Cost of sales	9,871,956	942,500,319	8,419,579	778,558,470
Selling, general and administrative expenses	3,234,523	308,807,997	3,657,343	338,194,507
Total	**13,106,479**	**1,251,308,316**	12,076,922	1,116,752,977

17. Finance and other income

Interest Income	4,541	433,541	4,366	403,724
Others	–	–	83	7,675
Total	**4,541**	**433,541**	4,449	411,399

18. Operating leases

Lease rental expense under non-cancellable operating lease during year ended March 31, 2016 and March 31, 2015 amounted to GBP 1,732 and GBP 1,732 respectively. Future minimum lease payments under non-cancelable operating lease as at March 31, 2016 is as below:

Minimum lease payments

	As at 31 March 2016	**As at 31 March 2016**	As at 31 March 2015	As at 31 March 2015	As at 01 April 2014	As at 01 April 2014
	£	₹	£	₹	£	₹
		Unaudited		Unaudited		Unaudited
Payable – Not later than one year	741	70,745	1,732	160,158	1,732	172,793
Payable – Later than one year and not later than five years	828	79,051	1,569	145,113	3,301	329,324
Payable – Later than five years	–	–	–	–	–	–

The rental expense under cancellable operating lease during year ended March 31, 2016 and March 31, 2015 amounted to GBP 66,607 and GBP 69,087 respectively.

19. Related party relationships and transactions

Name of related party

i) Ultimate Parent Company:

ITC Limited

ii) Immediate Parent Company:

ITC Infotech India Limited

iii) Other Related Parties With Whom The Company Had Transactions.

Subsidiaries of Immediate Parent Company:

ITC Infotech (USA), Inc.

Pyxis Solutions, LLC

Transactions with the above related parties during the year were:

	Holding Company				**Fellow Subsidiaries**			
	As at 31 March 2016	**As at 31 March 2016**	As at 31 March 2015	As at 31 March 2015	**As at 31 March 2016**	**As at 31 March 2016**	As at 31 March 2015	As at 31 March 2015
	£	₹	£	₹	£	₹	£	₹
		Unaudited		**Unaudited**		**Unaudited**		Unaudited
Sale of goods/Services	81,103	7,743,106	3,589,774	331,946,402	52,166	4,980,418	40,525	3,747,347
Purchase of goods/Services	10,458,752	998,523,200	9,036,834	835,636,040	8,606	821,636	–	–
Dividend	1,508,793	144,048,240	2,914,714	269,523,604	–	–	–	–
Balance as on 31st March								
Trade receivables	29,242	2,791,807	3,970,330	367,136,415	–	–	–	–
Trade paybles	2,054,527	196,150,829	4,880,535	451,303,071	–	–	(26,304)	(2,432,331)

Key Managerial Personnel:

Non-Executive Directors

Y. C. Deveshwar	Chairman
S. Sivakumar	Vice Chairman
R. Tandon	Director
B. B. Chatterjee	Director
S. Rajagopalan	Director

Others

H. S. Garewal	President

Transactions with key management personnel are as given below:

Key management personnel comprise directors and president of the Company. Particulars of compensation of the key management personnel during the year ended March 31, 2016 and March 31, 2015 have been detailed below:

	Year ended March 31,			
	2016	**2016**	2015	2015
	£	₹	£	₹
		Unaudited		Unaudited
President:				
Salaries	154,430	14,743,818	154,430	14,280,146
Social security contribution	33,742	3,221,433	35,035	3,239,654
Incentives	98,187	9,374,158	107,402	9,931,463
Total	**286,359**	**27,339,409**	296,867	27,451,263

20. Ultimate parent company and immediate parent company

The immediate parent undertaking is ITC Infotech India Limited, which is incorporated in India and is a wholly owned subsidiary of ITC Limited. This is the smallest group of undertakings for which consolidated financial statements are being drawn up including this company.

The ultimate parent undertaking and controlling related party is ITC Limited, which is incorporated in India. This is the largest group of undertakings for which consolidated financial statements are being drawn up including this company. Copies of ITC Limited consolidated financial statements can be obtained from the Company Secretary at 37 J. L. Nehru Road, Kolkata - 700071, India.

REPORT OF THE DIRECTORS

Your Directors present their Report together with the Audited Financial Statements for the year ended 31st March, 2016.

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, a wholly owned subsidiary of the Corporation, merged with the Corporation with effect from 1st April, 2016.

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,	**2016**	2015
Total Revenue	**86.44**	81.62
Operating Income before Amortization	**3.84**	3.55
Profit After Tax	**0.47**	0.82

(*) including Pyxis Solutions, LLC

Business Review

Total revenues grew by 6% over the previous year. The Corporation saw good traction in the new business development front with the addition of 27 new clients. Strong wins were seen in verticals such as Hi-tech, Manufacturing and Travel. Product Engineering, Customer Experience, Infrastructure, Big Data and Operations Enablement services continued to witness good demand from clients in the USA.

The Corporation continued to strengthen its sales presence in the Americas. In the coming year, the Corporation will sharpen its focus on winning larger deals and selling domain specific solutions with existing and new clients, in its endeavor to increase the annuity and digital revenue streams.

Primary challenges envisaged would be those relating to pricing pressures in a mature market, partly also due to the strengthening US dollar.

Wholly Owned Subsidiary - Pyxis Solutions, LLC (Pyxis)

Pyxis primarily provided high end, domain-based software consulting to clients in the financial services industry. In the financial year, revenues of Pyxis was at USD 2.09 million, with net income at USD 0.09 million.

During the year under review, Pyxis declared and paid US$ 1,000,000 (previous year-Nil) as dividend for the financial year 2015-16 by way of distribution to the Corporation, the Sole Member of Pyxis.

The Corporation, to position itself as a full services provider in the BFSI segment and optimally utilize the resources and assets, merged Pyxis into itself with effect from 1st April, 2016. Consequently Pyxis ceased to be a subsidiary of the Corporation with effect from that date.

Directors

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

Auditors

M/s. EisnerAmper LLP, Accountants and Advisors, Auditors of the Corporation, offer themselves for re-appointment as Auditors of the Corporation to audit the Financial Statements of the Corporation for the financial year ending 31st March, 2017.

On behalf of the Board

S. Rajagopalan — Director

S. Sivakumar — Vice Chairman

27th April, 2016

INDEPENDENT AUDITORS' REPORT

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

Report on the 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, 2016 and 2015, 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 the 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, 2016 and 2015, 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.

Iselin, New Jersey
April 27, 2016

BALANCE SHEETS AS OF MARCH 31

	2016 $	2016 ₹	2015 $	2015 ₹
Assets				
Current assets				
Cash and cash equivalents	**1,287,027**	**85,278,358**	3,579,333	223,708,391
Accounts receivable, net of allowance for doubtful accounts of $904,608 (₹ 59,939,326) and $904,608 (₹ 56,537,960) for 2016 and 2015, respectively	**22,589,156**	**1,496,757,495**	19,954,428	1,247,151,753
Advances to employees	**126,672**	**8,393,296**	420,526	26,282,849
Current deferred income taxes	**2,774,536**	**183,840,755**	1,976,829	123,551,788
Total current assets	**26,777,391**	**1,774,269,904**	25,931,116	1,620,694,781
Equipment, software, furniture and fixtures and leasehold improvements	**939,395**	**62,244,280**	786,695	49,168,453
Less: Accumulated depreciation and amortization	**667,292**	**44,214,745**	574,295	35,893,438
	272,103	**18,029,535**	212,400	13,275,015
Intangible assets, goodwill and interest in net assets in Pyxis Solutions, LLC	**14,184,523**	**939,866,475**	14,184,523	886,532,670
Less: Accumulated amortization	**10,151,649**	**672,648,257**	7,010,122	438,132,598
	4,032,874	**267,218,218**	7,174,401	448,400,072
Other assets, principally unsecured advances	**893,441**	**59,199,489**	1,031,990	64,499,363
	31,975,809	**2,118,717,146**	34,349,907	2,146,869,231
Liabilities and Stockholder's Equity				
Current liabilities				
Accounts payable	**817,059**	**54,138,357**	349,435	21,839,691
Accrued expenses and other current liabilities	**5,171,127**	**342,638,894**	4,847,782	302,986,398
Accrued payroll and payroll taxes	**1,174,955**	**77,852,517**	1,172,525	73,282,818
Due to ITC Infotech Ltd. (UK), net	**–**	**–**	41,737	2,608,556
Due to ITC Infotech India Ltd., net	**4,970,343**	**329,334,911**	9,490,021	593,126,324
Total current liabilities	**12,133,484**	**803,964,679**	15,901,500	993,843,787
Non-current liabilities				
Deferred income taxes	**82,575**	**5,471,420**	63,711	3,981,940
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, 2016 and 2015	**200,000**	**13,252,000**	200,000	12,500,000
Additional paid-in capital	**18,000,000**	**1,192,680,000**	18,000,000	1,125,000,000
Retained earnings	**1,559,750**	**103,349,047**	184,696	11,543,504
Total stockholder's equity	**19,759,750**	**1,309,281,047**	18,384,696	1,149,043,504
	31,975,809	**2,118,717,146**	34,349,907	2,146,869,231

On behalf of the Board

Date: April 27, 2016

G Satish
Financial Controller

L N Balaji
President

S Rajagopalan
Director

S Sivakumar
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

	2016 $	2016 ₹	2015 $	2015 ₹
Revenues				
Service fees	**37,034,912**	**2,453,933,298**	45,059,276	2,816,204,756
Account management fees - affiliates	**–**	**–**	261,371	16,335,659
Project fees	**47,662,573**	**3,158,122,088**	34,051,182	2,128,198,904
Total revenues	**84,697,485**	**5,612,055,386**	79,371,829	4,960,739,319
Cost of revenues, principally employment costs and fees charged by affiliates	**66,325,950**	**4,394,757,441**	62,260,913	3,891,307,068
Gross profit	**18,371,535**	**1,217,297,945**	17,110,916	1,069,432,251
General and administrative expenses	**14,538,652**	**963,331,068**	13,621,639	851,352,461
Operating income before amortization	**3,832,883**	**253,966,877**	3,489,277	218,079,790
Amortization of intangible assets and goodwill	**3,141,527**	**208,157,602**	2,141,528	133,845,500
Operating income	**691,356**	**45,809,275**	1,347,749	84,234,290
Other income	**1,003,687**	**66,504,277**	292	18,259
Income before income tax expense	**1,695,043**	**112,313,552**	1,348,041	84,252,549
Income tax expense / (benefit)				
Current	**1,098,832**	**72,808,578**	1,138,108	71,131,744
Deferred	**(778,843)**	**(51,606,137)**	(548,810)	(34,300,655)
Total income tax expense	**319,989**	**21,202,441**	589,298	36,831,089
Net income	**1,375,054**	**91,111,111**	758,743	47,421,460
Retained earnings / (accumulated deficit) at beginning of year	**184,696**	**12,237,936**	(574,047)	(35,877,938)
Retained earnings at end of year	**1,559,750**	**103,349,047**	184,696	11,543,522

On behalf of the Board

Date: April 27, 2016

G Satish
Financial Controller

L N Balaji
President

S Rajagopalan
Director

S Sivakumar
Vice Chairman

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

STATEMENTS OF CASH FLOWS FOR THE YEAR ENDED MARCH 31

	2016 $	2016 ₹	2015 $	2015 ₹
Cash flows from operating activities				
Net income	**1,375,054**	**91,111,111**	758,743	47,421,460
Adjustments to reconcile net income to net cash provided by (used in) operating activities				
Depreciation and amortization	**3,234,524**	**214,319,560**	2,211,674	138,229,627
Deferred income taxes	**(778,843)**	**(51,606,166)**	(548,810)	(34,300,598)
Bad debt expense	**–**	**–**	335,803	20,987,656
(Increase) / decrease in assets				
Accounts receivable	**(2,634,728)**	**(174,577,093)**	(5,138,586)	(321,161,597)
Advances to employees	**293,853**	**19,470,730**	(201,226)	(12,576,599)
Other assets, principally unsecured advances	**138,549**	**9,180,243**	(917,785)	(57,361,551)
Increase / (decrease) in liabilities				
Accounts payable	**467,624**	**30,984,790**	167,063	10,441,441
Accrued expenses and other liabilities	**323,345**	**21,424,834**	1,575,083	98,442,711
Accrued payroll and payroll taxes	**2,430**	**161,005**	287,866	17,991,630
Due to ITC Infotech Ltd. (UK), net	**(41,737)**	**(2,765,487)**	(259,729)	(16,233,069)
Due to ITC Infotech India Ltd., net	**(4,519,678)**	**(299,473,893)**	993,946	62,121,637
Net cash (used in) operating activities	**(2,139,607)**	**(141,770,366)**	(735,958)	(45,997,252)
Cash flows from investing activities				
Capital expenditures	**(152,699)**	**(10,117,853)**	(160,649)	(10,040,578)
Net cash (used in) investing activities	**(152,699)**	**(10,117,853)**	(160,649)	(10,040,578)
Net (decrease) / increase in cash and cash equivalents	**(2,292,306)**	**(151,888,219)**	(896,607)	(56,037,830)
Cash and cash equivalents at beginning of year	**3,579,333**	**237,166,577**	4,475,940	279,746,221
Cash and cash equivalents at end of year	**1,287,027**	**85,278,358**	3,579,333	223,708,391

Supplemental disclosures of cash flow information
Income taxes paid were $1,093,449 (₹ 72,451,931) and $592,671 (₹ 37,041,937) during 2016 and 2015, respectively.

On behalf of the Board

Date: April 27, 2016

G Satish	L N Balaji	S Rajagopalan	S Sivakumar
Financial Controller	President	Director	Vice Chairman

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

NOTES TO THE FINANCIAL STATEMENTS MARCH 31, 2016 AND 2015

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, 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 = ₹ 66.26 for fiscal year ended March 31, 2016 (2015 US$1 = ₹ 62.50) 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 ("ASC") Topic 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, 2016. The Company's Federal and State tax returns are subject to examination by taxing authorities for the years ended March 31, 2013 and after.

[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, 2016 or 2015.

[10] Intangible assets:

Intangible assets 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 FASB Accounting Standards Update ("ASU") 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.

Upon the adoption of ASU 2014-02, the Company elected to amortize its goodwill on a straight line basis over ten years. Effective April 1, 2014, the Company changed the estimated remaining useful life of goodwill from nine to four years. Effective August 1, 2015, the Company changed the estimated remaining useful life of goodwill from four to three years. These changes in estimates were applied prospectively. Expenses for the year ended March 31, 2016 were increased by $1,000,000 (₹ 66,260,000), (($628,117 net of tax) and (₹ 41,619,695)) compared to the year ended March 31, 2015 as a result of this change.

Under the adoption, the Company had elected to test goodwill for impairment at the reporting unit level. As a result of the Company's decision to merge the operations of Pyxis Solutions, LLC, the Company will have only one reporting unit going forward and therefore goodwill will be tested at an entity 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, 2016 or 2015.

[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.

In November 2015, the FASB issued ASU 2015-17, Income Taxes (Subtopic 740-10). The amendments in this update require deferred tax liabilities and assets be classified as noncurrent regardless of the classification of the underlying assets and liabilities. Effective for annual periods beginning after December 15, 2017, and interim periods within annual periods beginning after December 15, 2018. Earlier application is permitted. The Company does not expect the adoption of ASU 2015-17 to have significant impact on the Company.

In February 2016, the FASB created Topic 842 and issued ASU 2016-02, Leases. The guidance in this update supersedes Topic 840, Leases. This ASU requires lessees to recognize a right-of-use assets and a lease liability, initially measured at the present value of the lease payments on the balance sheet. Effective for fiscal years beginning after December 15, 2019, and interim periods within fiscal years beginning after December 15, 2020. Earlier application is permitted. The Company does not expect the adoption of ASU 2016-02 to have significant impact on the Company.

[15] 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 :

	2016 $	2016 ₹	2015 $	2015 ₹
Transactions with Infotech India				
Costs for project consultations / other expenses, included in cost of revenues / general and administrative expenses	25,713,551	1,703,779,857	26,922,824	1,682,676,502
Project /other expenses reimbursements from Infotech India included as a reduction in cost of revenues / general and administrative expenses	–	–	306,090	19,130,624
Service / account management fees recognized as revenue	–	–	212,015	13,250,924
Transactions with Infotech UK				
Expense reimbursements included as a reduction in cost of revenues / general and administrative expenses	13,455	891,530	–	–
Costs for project consultations / other expenses, included in cost of revenues / general and administrative expenses	82,189	5,445,870	–	–
Transactions with Pyxis				
Service / account management fees / others, recognized as revenue	–	–	49,356	3,084,735
Costs for project consultations / other expense reimbursements, included in cost of revenues / general and administrative expenses	356,195	23,601,466	706,251	44,140,716
Other expense reimbursements from Pyxis included as a reduction in cost of revenues / general and administrative expenses	14,445	957,134	229,849	14,365,549
Transactions with Technico Technologies				
Costs for project consultations / other expense reimbursements, included in cost of revenues / general and administrative expenses	174,814	11,583,160	35,637	2,227,294

Rent paid includes $0 (₹ 0) and $98,529 (₹ 6,158,063) towards rent paid to King Maker Marketing Inc. (see Note F) for the fiscal years ended March 31, 2016 and 2015, respectively.

NOTE D - ACCOUNTS RECEIVABLE

Accounts receivable includes both billed and unbilled receivables. Unbilled receivables were approximately $ 10,920,385 (₹ 723,584,711) and $7,578,823 (₹ 473,676,438) as of March 31, 2016 and 2015, respectively. Changes in the allowance for doubtful accounts in 2016 and 2015 are as follows:

	2016 $	2016 ₹	2015 $	2015 ₹
Beginning balance	904,608	59,939,331	568,805	35,550,304
Increase to allowance	–	–	335,803	20,987,656
Ending balance	904,608	59,939,331	904,608	56,537,960

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 the results of the operations of Pyxis was not included herein since the acquisition, given the basis for these special purpose financial statements. On April 1, 2013, the Company adopted ASU 2014-12 (see note B [11]). Accordingly, the components of intangible assets (including goodwill) and their accumulated amortization as at March 31, 2016 and 2015 are as follows:

			2016			2015		
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	286,438	13,562	300,000	248,938	51,062
		₹	19,878,000	18,979,382	898,618	18,750,000	15,558,625	3,191,375
Non-compete agreement	4	$	90,000	90,000	–	90,000	90,000	–
		₹	5,963,400	5,963,400	–	5,625,000	5,625,000	–
Customer relationship	8	$	3,900,000	3,723,699	176,301	3,900,000	3,236,199	663,801
		₹	258,414,000	246,732,296	11,681,704	243,750,000	202,262,438	41,487,562
Know how	5	$	1,100,000	1,100,000	–	1,100,000	1,100,000	–
		₹	72,886,000	72,886,000	–	68,750,000	68,750,000	–
Total intangible assets		$	5,390,000	5,200,137	189,863	5,390,000	4,675,137	714,863
		₹	357,141,400	344,561,078	12,580,322	336,875,000	292,196,063	44,678,937
Goodwill	4	$	7,184,566	4,951,512	2,233,054	7,184,566	2,334,985	4,849,581
		₹	476,049,320	328,087,179	147,962,141	449,035,353	145,936,535	303,098,818
Net assets in Pyxis Solutions, LLC upon acquisition at historical acquisition value		$	1,609,957	–	1,609,957	1,609,957	–	1,609,957
		₹	106,675,755	–	106,675,755	100,622,317	–	100,622,317
Total intangible assets, goodwill and net assets in Pyxis Solutions, LLC		$	14,184,523	10,151,649	4,032,874	14,184,523	7,010,122	7,174,401
		₹	939,866,475	672,648,257	267,218,218	886,532,670	438,132,598	448,400,072

Amortization of identifiable intangible assets and goodwill for the years ended March 31, 2016 and 2015 was $3,141,527 (₹ 208,157,602) and $2,141,528 (₹ 133,845,500), respectively. At March 31, 2016, the expected amount of amortization of identifiable intangible assets and goodwill, over the remaining one year is $2,422,918 (₹ 160,542,463).

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 $0 (₹ 0) and $98,529 (₹ 6,158,063) for the fiscal years ended March 31, 2016 and 2015, respectively. Total rent expense under all facilities leases was approximately $337,311 (₹ 22,350,227) and $247,377 (₹ 15,461,063) for the fiscal years ended March 31, 2016 and 2015, respectively.

In addition, the Company has entered into various non-cancelable operating leases for the rental of equipment.

The future minimum annual lease payments as at March 31, 2016 are as follows:

	Office		Equipment		Total	
	$	₹	$	₹	$	₹
2016-17	**342,459**	**22,691,342**	**2,430**	**161,028**	**344,889**	**22,852,370**
2017-18	339,577	22,500,358	2,430	161,028	342,007	22,661,386
2018-19	323,976	21,466,649	2,430	161,028	326,406	21,627,677
2019-20	300,852	19,934,486	608	40,257	301,460	19,974,743
Thereafter	345,614	22,900,389	–	–	345,614	22,900,389

NOTE G - INCOME TAXES

The provision for income taxes consists of the following:

	Year ended March 31, 2016 $	2016 ₹	2015 $	2015 ₹
Federal Taxes				
Current	**783,377**	**51,906,579**	833,815	52,113,407
Deferred	**(683,278)**	**(45,274,015)**	(526,258)	(32,891,141)
State and local taxes				
Current	**158,582**	**10,507,647**	161,464	10,091,519
Deferred	**(95,565)**	**(6,332,109)**	(22,552)	(1,409,515)
Foreign Taxes	**156,873**	**10,394,339**	142,829	8,926,819
Total current expense	**319,989**	**21,202,441**	589,298	36,831,089

Deferred tax assets and liabilities consist of the following:

Current assets				
Accounts Receivable Reserve	**336,408**	**22,290,399**	339,796	21,237,296
Accrued vacation	**333,761**	**22,115,036**	271,469	16,966,786
Accrued bonus	**701,413**	**46,475,606**	880,889	55,055,547
Amortization of intangible assets and goodwill	**1,180,416**	**78,214,385**	377,596	23,599,733
Foreign tax credit carry-over	**222,538**	**14,745,329**	107,079	6,692,426
	2,774,536	**183,840,755**	1,976,829	123,551,788
Non-current (liability)				
Depreciation	**(82,575)**	**(5,471,420)**	(63,711)	(3,981,940)

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 28% (14%, 8% and 6%) and approximately 26% (10%, 9% and 7%) of the Company's revenues for the years ended March 31, 2016 and 2015, respectively. Accounts receivable from these customers approximated 14% (2%, 8% and 4%) and 22% (12%, 5%, and 5%) of total accounts receivable as at March 31, 2016 and 2015, 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, 2016 and 2015 was $428,104 (Rs. 28,366,171) and $394,836 (Rs. 24,677,250) respectively.

NOTE J - LINE OF CREDIT

On February 17, 2016, the Company entered into a revolving line of credit agreement for a maximum borrowing of $5,000,000 (Rs. 331,300,000). Interest on this line of credit was chargeable at London Interbank Offered Rate plus 1.35%. There were no amounts outstanding as at March 31, 2016 on account of this credit facility.

NOTE K - SUBSEQUENT EVENTS

The Company evaluated subsequent events through April 27, 2016. Pursuant to approval of the Board of Directors of the Company on February 26, 2016, Pyxis Solutions, LLC, merged with the Company with effect from April 1, 2016.

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, 2016 and 2015, 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, 2016 and 2015, 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.

As discussed in Note B[10], Pyxis Solutions, LLC. merged with ITC Infotech (USA), Inc. effective April 1, 2016.

Iselin, New Jersey
April 27, 2016

BALANCE SHEET AS OF MARCH 31

	2016 $	2016 ₹	2015 $	2015 ₹
Assets				
Current assets				
Cash and cash equivalents	**500,331**	**33,151,979**	1,665,673	104,104,563
Accounts receivable, net of allowance for doubtful accounts of $0 (₹ 0) and $8,391 (₹ 524,438) for 2016 and 2015, respectively	**643,772**	**42,656,286**	558,215	34,888,438
Total current assets	**1,144,103**	**75,808,265**	2,223,888	138,993,001
Liabilities and Member's Equity				
Current liabilities				
Accounts payable	–	–	86,000	5,375,000
Accrued expenses and other current liabilities	–	–	84,401	5,275,063
Accrued payroll and payroll taxes	–	–	1,616	101,000
Due to ITC Infotech India Limited	–	–	704	44,000
Total current liabilities	–	–	172,721	10,795,063
Commitments and contingencies (Note E)				
Member's equity	**1,144,103**	**75,808,265**	2,051,167	128,197,938
	1,144,103	**75,808,265**	2,223,888	138,993,001

Date: April 27, 2016

G Satish
Financial Controller - Sole Member

LN Balaji
President - Sole Member

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

STATEMENTS OF OPERATIONS AND MEMBER'S EQUITY FOR THE YEARS ENDED MARCH 31

	2016 $	2016 ₹	2015 $	2015 ₹
Revenue				
Service fees	2,093,745	138,731,544	3,004,873	187,804,563
Total revenue	2,093,745	138,731,544	3,004,873	187,804,563
Cost of revenue, principally employment cost and subcontractor fees	1,816,130	120,336,774	2,505,751	156,609,438
Gross profit	277,615	18,394,770	499,122	31,195,125
General and administrative expenses	273,051	18,092,359	440,063	27,503,938
Operating income	4,564	302,411	59,059	3,691,187
Other income, net	88,372	5,855,529	1,139	71,188
Net income	92,936	6,157,940	60,198	3,762,375
Member's equity at the beginning of year	2,051,167	135,910,325	1,990,969	124,435,563
Member's distribution	(1,000,000)	(66,260,000)	–	–
Member's equity at the end of year	1,144,103	75,808,265	2,051,167	128,197,938

Date: April 27, 2016

G Satish
Financial Controller - Sole Member

LN Balaji
President - Sole Member

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

STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED MARCH 31

	2016 $	2016 ₹	2015 $	2015 ₹
Cash flows from operating activities				
Net income	92,936	6,157,940	60,198	3,762,375
Adjustments to reconcile net income to net cash (used in) / provided by operating activities				
Changes in assets and liabilities :				
Accounts receivable	(85,557)	(5,668,941)	134,586	8,411,625
Prepaid expenses	–	–	769	48,063
Accrued expenses and other current liabilities	(170,401)	(11,290,770)	(86,173)	(5,385,813)
Accrued payroll and payroll taxes	(1,616)	(107,076)	173	10,813
Due to ITC Infotech India Limited, net	(704)	(46,647)	(20,128)	(1,258,000)
Net cash (used in) / provided by operating activities	(165,342)	(10,955,494)	89,425	5,589,063
Cash flows from financing activities				
Member's distribution	(1,000,000)	(66,260,000)	–	–
Net cash (used in) financing activities	(1,000,000)	(66,260,000)	–	–
Net increase / (decrease) in cash and cash equivalents	(1,165,342)	(77,215,494)	89,425	5,589,063
Cash and cash equivalents at beginning of the year	1,665,673	110,367,473	1,576,248	98,515,500
Cash and cash equivalents at end of the year	500,331	33,151,979	1,665,673	104,104,563

Date: April 27, 2016

G Satish
Financial Controller - Sole Member

LN Balaji
President - Sole Member

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

NOTES TO FINANCIAL STATEMENTS MARCH 31, 2016 AND 2015

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 = ₹ 66.26 for the fiscal year ended March 31, 2016 (2015: US$1 = ₹ 62.50) 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.

During the year ended March 31, 2016, the Company wrote-off $8,391 (Rs. 555,988).

[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 revenues and expenses during the reporting period. Although actual results could differ from those estimates, in the opinion of the management such estimates would not materially affect the financial statements.

[8] Foreign currency translation:

The Company maintained 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 $0 (Rs. 0) and a gain of $54.25 (Rs. 3,391) for the years ended March 31, 2016 and 2015, respectively, and are included in other income in the accompanying statements of operations and member's equity.

[9] Summary of recent accounting pronouncements:

Effective April 1, 2016, the operations of the Company were merged with that of the Parent Company and any applicable recently issued accounting pronouncements will be adopted in the Parent Company's financial statements.

NOTE C - RELATED PARTY TRANSACTIONS

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

	2016 $	2016 ₹	2015 $	2015 ₹
Transactions with ITC Infotech (USA), Inc.				
Service / Account Management fees / others recognized as revenue by Pyxis	356,195	23,601,481	706,251	44,140,716
Costs for project consultations / other expenses, included in cost of revenue	–	–	49,356	3,084,735
Project /other expenses reimbursements incurred by Parent Company, included in general and administrative expenses	14,445	957,126	229,849	14,365,549
Transactions with ITC Infotech India Limited				
Costs for project consultations / other expenses, included in cost of revenue	248,868	16,489,994	245,272	15,329,500

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 $176,407 (Rs.11,688,715) and $124,903 (Rs. 7,806,444) as of March 31, 2016 and 2015, respectively. During the year ended March 31, 2016, the Company wrote-off $8,391 (Rs. 555,988) on account of debts that were deemed uncollectible.

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 $79,983 (Rs. 5,299,641) and $84,048 (Rs. 5,253,001) for the years ended March 31, 2016 and 2015, respectively. Total expense under these leases for years ended March 31, 2016 and 2015 was $2,449 (Rs. 162,246) and $2,621 (Rs. 163,813), respectively. However, the remaining sixteen (16) months of the rental equipment lease will be assumed by ITC Infotech (USA), Inc., the Parent Company.

The future minimum annual lease payments at March 31, 2016 are as follows:

	Office Rent		Equipment		Total	
	$	₹	$	₹	$	₹
2016-17	82,005	5,433,651	2,423	160,548	84,428	5,594,199
2017-18	–	–	1,008	66,790	1,008	66,790

[2] Others:

The Parent Company terminated the consulting agreement with Amar Duggal Enterprises, LLC ("Agency") on July 31, 2015. The consulting agreement had provided for a minimum level of compensation and contingent compensation payable to the Agency, all of which have been 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. Five such customers accounted for approximately 99% and approximately 87% of the Company's revenues for the years ended March 31, 2016 and 2015, respectively. Three customers, however, accounted for approximately 89% of total accounts receivable at March 31, 2016.

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 made a distribution of $1,000,000 (Rs. 66,260,000) and $0 (Rs. 0) to the Parent Company for the years ended March 31, 2016 and 2015, respectively.

NOTE H – SUBSEQUENT EVENTS

The Company evaluated subsequent events through April 27, 2016. Pursuant to approval of the Board of Directors of the Parent Company on February 26, 2016, Pyxis Solutions, LLC, merged with the Parent Company with effect from April 1, 2016.

REPORT OF THE BOARD OF DIRECTORS FOR THE FINANCIAL YEAR ENDED 31ST MARCH, 2016

1. Your Board of Directors ('the Board') hereby submits their Report for the financial year ended 31st March, 2016.

2. **FINANCIAL & OPERATIONAL PERFORMANCE**

The Company's financial performance for the year ended 31st March, 2016 is summarised below:

Particulars	Amount (₹ in Lakhs) 31st March, 2016	Amount (₹ in Lakhs) 31st March, 2015
Sale of Services	**4967.17**	4738.96
Other Operating Income	**98.36**	113.66
Total Revenue from Operations	**5065.53**	**4852.62**
Other Income	**368.01**	422.86
Total Revenue	**5433.54**	**5275.48**
Cost of material consumed	**741.79**	706.53
Employee benefits expense	**1320.80**	1303.35
Depreciation and amortization expense	**478.99**	640.10
Other expenses	**3087.95**	2765.68
Total Expenses	**5629.53**	**5415.66**
Profit/(Loss) before Tax	**(195.99)**	**(140.18)**
Tax expenses	**(30.26)**	(68.18)
Profit/(Loss) after tax	**(165.73)**	**(72.00)**
Earnings per share (in ₹)	**(0.69)**	(0.30)

During the financial year ended 31st March, 2016 your Company recorded a net loss after taxes of ₹ 1.66 Crore as against previous year loss of ₹ 72 Lakhs. However, your Company is gearing up to show good performance in the coming years.

Your Company's hotel ITC Kakatiya continues to focus on superior guest experience and 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 environment, high input cost of power and fuel.

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. Civil and structural works are progressing well and are in advance stages. Major MEP (Mechanical, Electrical, Plumbing) packages have been awarded.

3. **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 2nd prize for 'Hotels Landscape below 5 acre Category' from the Department of Horticulture, Government of Telangana.

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.

4. **DIRECTORS AND KEY MANAGERIAL PERSONNEL**

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

During the year under review, Mr. George Verghese (DIN: 02668799) Managing Director had resigned effective 5th June, 2015. Mr. Arun Pathak (DIN: 00502850), Non–Executive Director had also resigned effective 22nd March, 2016. The Board would like to place on record its appreciation for the services rendered by them during their tenure as the Directors of the Company.

Mr. Krishnan Natarajan (DIN: 07194421) was appointed as an Additional Director effective 26th August, 2015 and was also appointed as the Managing Director effective that date. Mr. Jagdish Singh (DIN: 00042258) was appointed as an Additional Director of the Company with effect from 21st March, 2016. By virtue of the provisions of Article 138 of Articles of Association of your Company and Section 161 of the Companies Act, 2013 ('the Act'), Messrs Krishnan and Singh will vacate their respective office at the ensuing Annual General Meeting ("AGM") and, being eligible, offer themselves for re–appointment. Your Board has recommended the appointment of Mr. Krishnan Natarajan (DIN: 07194421) and Mr. Jagdish Singh (DIN: 00042258) 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.

Resolution proposing the appointment and remuneration of Mr. Krishnan Natarajan as Managing Director of the Company from 26th August, 2015 to 31st July, 2018 is placed before the members at the ensuing AGM.

b) Retirement by rotation

In accordance with the provisions of Section 152(6) of the Act, and Articles 151 and 152 of the Articles of Association of the Company, Mr. G. Sivakumar Reddy (DIN: 00439812) and Mr. B.N. Suresh Reddy (DIN: 00218223), Directors, will retire by rotation at the ensuing AGM of the Company and, being eligible, offer themselves for re–appointment. Your Board has recommended their re–appointment.

c) Attributes, Qualifications & Independence of Directors and their Appointment

As reported last year, 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 were adopted by the Nomination and Remuneration Committee of the Board in respect of the Independent Directors. The said attributes and qualifications, to the extent applicable, were also adopted in respect of the other Directors.

The Nomination and Remuneration Committee of the Board has adopted the criteria for determining qualifications, positive attributes and independence of Directors in terms of the Act and the Rules there under, both in respect of Independent Directors and other Directors as applicable. The criteria inter alia requires that Directors shall possess appropriate skills, experience and knowledge in one or more fields of finance, law, management, sales, marketing, administration or other disciplines related to the Company's business.

Directors are appointed / re-appointed with the approval of the members. All Directors of the Company, other than the Independent Directors, are liable to retire by rotation and one–third of such Directors retire every year and are eligible for re–appointment.

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) Remuneration Policy

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

(e) 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.

Evaluation of functioning of Board Committees is based on discussions amongst Committee members and shared by each Committee Chairman with the Board.

The Directors expressed their satisfaction with the overall evaluation process.

5. **BOARD AND BOARD COMMITTEES**

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

Audit Committee	Nomination and Remuneration Committee	Corporate Social Responsibility Committee
Arun Pathak* (Chairman)	G Sivakumar Reddy	G Sivakumar Reddy
Raghavaiah Veera Kolamala	Nakul Anand	Dipak Haksar
Subba Rao Tulasi	Raghavaiah Veera Kolamala	Subba Rao Tulasi
Jagdish Singh **	Subba Rao Tulasi	

* Ceased to be the Chairman and Member w.e.f 22nd March, 2016.

**Appointed as member and Chairman effective 22nd March, 2016.

During the year ended 31st March, 2016, the following meetings of the Board and Board Committees were held:

Board / Board Committee	Number of meetings held during the year	Dates of meetings
Board	5	14th April, 2015 18th May, 2015 26th August, 2015 4th December, 2015 21st March, 2016
Audit Committee	3	14th April, 2015 26th August, 2015 4th December, 2015
Nomination and Remuneration Committee	4	14th April, 2015 26th August, 2015 4th December, 2015 21st March, 2016
Corporate Social Responsibility Committee	1	4th December, 2015

The attendance of the Directors of the Company at the Board and Board Committee meetings held during the year is given below:

Sl. No.	Name of the Director / Committee Member	Number of meetings attended			
		Board	Audit Committee	Nomination and Remuneration Committee	Corporate Social Responsibility Committee
1.	G Sivakumar Reddy	5	N.A.	4	1
2.	Nakul Anand	3	N.A.	3	N.A.
3.	Raghavaiah Veera Kolamala	5	3	4	N.A.
4.	Subba RaoTulasi	4	3	3	1
5.	B N Suresh Reddy	4	N.A.	N.A.	N.A.
6.	Dipak Haksar	4	N.A.	N.A.	1
7.	George Verghese*	2	N.A.	N.A.	N.A.
8.	Arun Pathak**	3	2	N.A.	N.A.
9.	G. V. Pranav Reddy	4	N.A.	N.A.	N.A.
10.	Krishnan Natarajan***	3	N.A.	N.A.	N.A.
11.	Jagdish Singh****	1	–	N.A.	N.A.

* Ceased to be a Director w.e.f. 5th June, 2015.

** Ceased to be a Director w.e.f. 22nd March, 2016.

*** Appointed as an Additional Director w.e.f. 26th August, 2015.

**** Appointed as an Additional Director w.e.f. 21st March, 2016.

6. DIRECTORS' 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 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 and 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 your Company and for preventing and detecting fraud and other irregularities;

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

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

7. SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES

During the period, the Company does not have any subsidiary, associate or joint venture.

8. PARTICULARS OF EMPLOYEES

No employee of the Company is drawing remuneration more than the limit specified in Rule 5(2) of Companies (Appointment and Remuneration Managerial Personnel) Rules, 2014.

Your Company continues to attract and retain talent of the highest quality. Your Directors place on record their sincere appreciation for the efforts made and the support rendered by the employees of the Company. The Company provides a gender friendly workplace and no case of sexual harassment was reported during the year.

9. RISK MANAGEMENT

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

Management of risks vests with the executive management which is responsible for the day–to–day conduct of the affairs of the Company. The Internal Audit Department of ITC Limited periodically carries out, at the request of the Company, risk focused audits with the objective of identifying areas where risk management processes could be strengthened. As required under the Risk Management Policy of the Company, a Risk Mitigation Report back was prepared on half–yearly basis and reviewed by the Managing Director of the Company. Further, an annual update was provided to the Audit Committee on the effectiveness of the Company's risk management systems and policies. The Board expressed satisfaction with the implementation of the risk mitigation strategies adopted by the Company against various risks.

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 the operations of the Company. The Audit Committee which provides guidance on internal controls, also reviews internal audit findings and implementation of internal audit recommendations.

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

11. CORPORATE SOCIAL RESPONSIBILITY (CSR)

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

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 2015–16.

12. PARTICULARS OF LOANS, GUARANTEES AND INVESTMENTS

During the year ended 31st March, 2016, 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, 2016, the Company has not entered into any contract or arrangement with its related parties which is not on arm's length basis.

14. SIGNIFICANT AND MATERIAL ORDERS PASSED BY THE REGULATORS / COURTS / TRIBUNALS

During the year under review, no significant or material orders were passed by the Regulators / Courts / Tribunals impacting the going concern status of the Company and its future operations.

15. EXTRACT OF ANNUAL RETURN

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

16. STATUTORY AUDITORS

The Statutory Auditors, Messrs. Lovelock & Lewes, (301056E), Chartered Accountants, were appointed with your approval at the 29th AGM to hold such office till the conclusion of 32nd AGM. Your

Board, in terms of Section 139 of the Act, 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 32nd AGM. The Board, in terms of Section 142 of the Act, has also recommended for the approval of the Members the remuneration of M/s. Lovelock & Lewes for the financial year 2016–17. 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

Conservation of Energy

Steps taken on Conservation of Energy and impact thereof:

S. No.	Description
1.	Installation of 250 TR VFD Operated Chiller & achieved saving of 16123 KWH.
2.	Installation of Liquid Off Take (LOT) Gas Bank.

Steps taken by the Company for utilising alternate sources of energy: NIL

Capital investment on energy conservation equipment:

S. No.	Description	Amount in ₹
1.	Investment on 250 TR VFD Operated Chiller.	5,261,558
2.	Investment on Liquid Off Take (LOT) Gas Bank.	550,000

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 DFMD's with inbuilt Cameras	Enhancement of safety and security
2.	Upgradation of CCTV system	Enhancement of safety and security
3.	IBMS upgradation	Technology enhancement for automation

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

Foreign Exchange Earnings and Outgo

During the year the Company had foreign exchange earning of ₹ 1449.31 lakhs (previous year ₹ 1444.56 lakhs) and foreign outflow of ₹ 193.72 lakhs (previous year ₹ 177.27 lakhs).

On behalf of the Board

Date: 16 April, 2016
Place: New Delhi

G Sivakumar Reddy
Chairman

Annexure 1 to the Report of the Board of Directors for the financial year ended 31st March, 2016

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 / Whole-time 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.
4. Remuneration of KMP on deputation from the Holding Company / subsidiary / fellow subsidiary / associate companies, is aligned to the Remuneration Policy of that company.

Remuneration of Independent Directors

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

Remuneration of employees other than KMP

1. Remuneration of employees other than KMP is approved by the Board.
2. Remuneration is reviewed and revised periodically, when such a revision is warranted by the market. The quantum of revision is linked to market trends, the competitive context of the Company's business, as well as the track record of the individual employee.
3. Variable Pay cognises for the performance rating of the individual employee and the overall performance of the Company.

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, 2016
[Section 135 of the Companies Act, 2013 read with the Companies (Corporate Social Responsibility Policy) Rules, 2014]

1.	A brief outline of the Company's CSR Policy including overview of projects or programs proposed to be undertaken:		The Company, a subsidiary of ITC Limited (ITC), discharges its corporate social responsibilities (CSR) by aligning itself with the CSR Policy of ITC. The Company undertakes its CSR activities: • as listed in Schedule VII to the Companies Act, 2013, in line with the CSR initiatives of ITC and as approved by the CSR Committee of the Company; • directly or through a registered trust or a registered society or a company established under Section 8 of the Companies Act, 2013. The Company may collaborate with ITC or other companies for undertaking CSR activities.
2.	Composition of CSR Committee		Mr. G. Sivakumar Reddy (Chairman) Mr. Dipak Haksar Mr. Subba Rao Tulasi
3.	Average net profit of the Company for last three financial years		₹ 19,791,960
4.	Prescribed CSR expenditure (two percent of the amount stated under 3 above)		₹ 395,839
5.	Details of CSR spent during the financial year:	a) Total amount to be spent for the financial year	₹ 395,839
		b) Amount unspent, if any	₹ 395,839

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
–	–	–	–	–	–	–	–
6.	In case the Company has failed to spend the two per cent of the average net profit of the last three financial years or any part thereof, the Company shall provide the reasons for not spending the amount in its Board Report		Keeping in view the financial position and the best interest of the Company, your Directors decided not to spend the amount towards CSR due to the cash flow commitment made towards Amritsar Project.				
7.	A responsibility statement of the CSR committee that the implementation and monitoring of CSR Policy, is in compliance with CSR objectives and Policy of the Company.		As the Company did not implement any of the activities of the CSR Policy no comment is made in this regard.				

Dated : 16th April, 2016 **G. Sivakumar Reddy** **N. Krishnan**
Place : New Delhi **Chairman – CSR Committee** **Managing Director**

Annexure 3 to the Report of the Board of Directors
FORM NO. MGT–9
EXTRACT OF ANNUAL RETURN
as on the financial year ended on 31st March, 2016
[Pursuant to Section 92(3) of the Companies Act, 2013 and Rule 12(1) of the Companies (Management and Administration) Rules, 2014]

I. REGISTRATION AND OTHER DETAILS:

i)	CIN	:	U74999TG1984PLC005192
ii)	Registration Date	:	20th December, 1984
iii)	Name of the Company	:	Srinivasa Resorts Limited
iv)	Category / Sub–Category of the Company	:	Unlisted Public Company limited by shares
v)	Address of the Registered office and contact details	:	6–3–1187, Begumpet, Hyderabad, Telangana, 500016 Phone: 040 – 40081888, e–mail ID :srl.kakatiya@itchotels.in
vi)	Whether listed company (Yes / No)	:	No
vii)	Name, Address and Contact details of Registrar and Transfer Agent, if any	:	N.A.

II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY:

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

Sl. No.	Name and Description of main products / services	NIC Code of the Product/ service	% to total turnover of the Company
1.	Hotel	55101	100%

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES:

Sl. No.	Name and Address of the Company	CIN/GLN	Holding/ Subsidiary/ Associate	% of shares held in the Company	Applicable Section
1.	ITC Limited Virginia House 37, Jawaharlal Nehru Road Kolkata – 700 071	L16005WB1910PLC001985	Holding Company	68%	2(46)

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

(i) Category–wise Shareholding:

Category of Shareholders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
A. Promoters									
(1) Indian									
a) Individual/HUF	–	7,220,040	7,220,040	30.08	–	7,220,040	7,220,040	30.08	N.A.
b) Central Govt.	–	–	–	–	–	–	–	–	N.A.
c) State Govt.(s)	–	–	–	–	–	–	–	–	N.A.
d) Bodies Corp.	–	16,779,960	16,779,960	69.92	–	16,779,960	16,779,960	69.92	N.A.
e) Banks / FI	–	–	–	–	–	–	–	–	N.A.
f) Any Other	–	–	–	–	–	–	–	–	N.A.
Sub–total (A)(1) :-	**–**	**24,000,000**	**24,000,000**	**100.00**	**–**	**24,000,000**	**24,000,000**	**100.00**	**N.A.**
(2) Foreign									
a) NRIs – Individuals	–	–	–	–	–	–	–	–	N.A.
b) Other – Individuals	–	–	–	–	–	–	–	–	N.A.
c) Bodies Corp.	–	–	–	–	–	–	–	–	N.A.
d) Banks / FI	–	–	–	–	–	–	–	–	N.A.
e) Any Other	–	–	–	–	–	–	–	–	N.A.
Sub–total (A)(2) :-	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**N.A.**
Total shareholding of Promoter (A) = (A)(1)+(A)(2)	**–**	**24,000,000**	**24,000,000**	**100.00**	**–**	**24,000,000**	**24,000,000**	**100.00**	**N.A.**
B. Public Shareholding									
1. Institutions									
a) Mutual Funds	–	–	–	–	–	–	–	–	N.A.
b) Banks / FI	–	–	–	–	–	–	–	–	N.A.
c) Central Govt.	–	–	–	–	–	–	–	–	N.A.
d) State Govt.(s)	–	–	–	–	–	–	–	–	N.A.
e) Venture Capital Funds	–	–	–	–	–	–	–	–	N.A.
f) Insurance Companies	–	–	–	–	–	–	–	–	N.A.
g) FIIs	–	–	–	–	–	–	–	–	N.A.
h) Foreign Venture Capital Funds	–	–	–	–	–	–	–	–	N.A.
i) Others (specify)	–	–	–	–	–	–	–	–	N.A.
Sub–total (B)(1):–	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**N.A.**
2. Non–Institutions									
a) Bodies Corp.									
i) Indian	–	–	–	–	–	–	–	–	N.A.
ii) Overseas	–	–	–	–	–	–	–	–	N.A.
b) Individuals i) Individual shareholders holding nominal share capital upto ₹ 1 lakh ii) Individual shareholders holding nominal share capital in excess of ₹ 1 lakh	–	–	–	–	–	–	–	–	N.A.
c) Others (specify)	–	–	–	–	–	–	–	–	N.A.
Sub–total (B)(2):-	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**N.A.**
Total Public Shareholding (B)=(B)(1)+ (B)(2)	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**N.A.**
C. Shares held by Custodian for GDRs & ADRs	–	–	–	–	–	–	–	–	N.A.
Grand Total (A+B+C)	**–**	**24,000,000**	**24,000,000**	**100.00**	**–**	**24,000,000**	**24,000,000**	**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	16,320,477	68.00%	–	16,320,477	68.00%	–	–
2.	G. Sivakumar 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%**	–	**24,000,000**	**100%**	–	–

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

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

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

(v) Shareholding of Directors and Key Managerial Personnel:

Sl. No.	For each of the Directors and KMP	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of Shares	% of total Shares of the Company	No. of Shares	% of total Shares of the Company
1.	**G. Sivakumar Reddy (DIN: 00439812) – Director**				
	At the beginning of the year	1,304,230	5.43%		
	Date wise Increase / Decrease in Shareholding during the year	–	–	–	–
	At the end of the year			1,304,230	5.43%
2.	**G. V. Pranav Reddy(DIN: 06381368) – Director**				
	At the beginning of the year	800,000	3.33%		
	Date wise Increase / Decrease in Shareholding during the year	–	–	–	–
	At the end of the year			800,000	3.33%
3.	**Nakul Anand (DIN: 00022279) – Director**				
	At the beginning of the year	–	–		
	Date wise Increase / Decrease in Shareholding during the year	–	–	–	–
	At the end of the year			–	–
4.	**Bommireddi Narasimhasuresh Reddy (DIN: 00218223) – Director**				
	At the beginning of the year	–	–		
	Date wise Increase / Decrease in Shareholding during the year	–	–	–	–
	At the end of the year			–	–
5.	**Dipak Haksar (DIN: 02952250) – Director**				
	At the beginning of the year	–	–		
	Date wise Increase / Decrease in Shareholding during the year	–	–	–	–
	At the end of the year			–	–

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.	**Subba Rao Tulasi (DIN: 07103605) – Director**				
	At the beginning of the year	–	–		
	Date wise Increase / Decrease in Shareholding during the year	–	–	–	–
	At the end of the year			–	–
7.	**Raghavaiah Veera Kolamala (DIN: 07114270) – Director**				
	At the beginning of the year	–	–		
	Date wise Increase / Decrease in Shareholding during the year	–	–	–	–
	At the end of the year			–	–
8.	**Krishnan Natarajan (DIN: 07194421) – Managing Director**				
	At the beginning of the year	N.A.	N.A.		
	Date wise Increase / Decrease in Shareholding during the year	–	–	–	–
	At the end of the year			–	–
9.	**Jagdish Singh (DIN: 00042258) – Director**				
	At the beginning of the year	N.A.	N.A.		
	Date wise Increase / Decrease in Shareholding during the year	–	–	–	–
	At the end of the year			–	–
10.	**Amit Chandak (PAN: ACSPC0093R) – CS & CFO**				
	At the beginning of the year	–	–		
	Date wise Increase / Decrease in Shareholding during the year	–	–	–	–
	At the end of the year			–	–

V. INDEBTEDNESS

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

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

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

(Amount in ₹)

Sl. No.	Particulars of Remuneration	Krishnan Natarajan (Managing Director) (refer Note 1&2)
1.	Gross Salary	
	(a) Salary as per provisions contained in Section 17(1) of the Income–tax Act, 1961	1,342,867
	(b) Value of perquisites under Section 17(2) of the Income–tax Act, 1961	298,715
	(c) Profits in lieu of salary under Section 17(3) of the Income–tax Act, 1961	
2.	Stock Option	–
3.	Sweat Equity	–
4.	Commission – as % of profit – others, specify	–
5.	Others, please specify	–
Total Amount (A)		**1,641,582**
Ceiling as per the Companies Act, 2013		4,200,000 per annum (refer Note 3)

Note 1: Mr. Krishnan Natarajan has been appointed as the Managing Director of the Company with effect from 26th August, 2015.

Note 2 : Mr. Krishnan Natarajan is on deputation from ITC Limited (ITC). Mr. Natarajan has been granted Stock Options by ITC at 'market price' [within the meaning of the SEBI (Share Based Employee Benefits) Regulations, 2014] under the ITC Employee Stock Option Schemes.

Note 3 : Ceiling as per Part II of Schedule V [proviso to Section II (A) (ii)] of the Companies Act, 2013 has been disclosed, considering that the Company had incurred losses during the financial year ended 31st March, 2016.

B. Remuneration to other Directors:

(Amount in ₹)

Sl. No.	Name of the Directors	Particulars of Remuneration			Total Amount
		Fee for attending Board and Board Committee meetings	Commission	Independent Directors' Meeting Fee	
1.	**Independent Directors**				
	K. V. Raghavaiah	170,000	Nil	10,000	180,000
	S. R. Tulasi	150,000		10,000	160,000
	Total Amount (B) (1)	320,000		20,000	340,000
2.	**Other Non–Executive Directors**				
	N. Anand	**Nil**	**Nil**	**Nil**	**Nil**
	B. N. Suresh Reddy				
	G. Sivakumar Reddy				
	A. Pathak				
	D. Haksar				
	G. Pranav Reddy				
	J. Singh				
	Total Amount (B) (2)				**Nil**
Total Amount (B) = (B) (1) + (B) (2)					**340,000**
Total Managerial Remuneration (A+B)					**1,981,582**
Overall ceiling as per the Companies Act, 2013					4,200,000 per annum (refer Note)

Note: Ceiling as per Part II of Schedule V [proviso to Section II (A) (ii)] of the Companies Act, 2013 has been disclosed, considering that the Company had incurred losses during the financial year ended 31st March, 2016.

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) (refer Note)
1.	Gross salary	
	(a) Salary as per provisions contained in Section 17(1) of the Income–tax Act, 1961	2,226,234
	(b) Value of perquisites under Section 17(2) of the Income–tax Act, 1961	427,383
	(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		**2,653,617**

Note : Mr. Amit Chandak is on deputation from ITC Limited (ITC). Mr. Chandak has been granted Stock Options by ITC at 'market price' [within the meaning of the SEBI (Share Based Employee Benefits) Regulations, 2014] under the ITC Employee Stock Option Schemes.

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

Place: New Delhi
Dated : 16th April, 2016

G. Sivakumar Reddy
Chairman

INDEPENDENT AUDITORS' 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, 2016, 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, 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 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 auditors' 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. 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, 2016, 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, 2016', 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 B 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, 2016 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2016 from being appointed as a director in terms of Section 164 (2) of the Act.
    (f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in Annexure A.
    (g) With respect to the other matters to be included in the Auditors' 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, if any, of pending litigations as at March 31, 2016 on its financial position in its financial statements – Refer Note 29.
        ii. The Company did not have any long–term contracts with material foreseeable losses and did not have any derivative contracts as at March 31, 2016.
        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, 2016.

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

Sunit Kumar Basu
Partner
Membership Number: 55000

Place: Hyderabad
Date: April 16, 2016

ANNEXURE A TO INDEPENDENT AUDITORS' REPORT

Referred to in paragraph 10(f) 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, 2016

Report on the Internal Financial Controls under Clause (i) of Sub–section 3 of Section 143 of the Act

1. We have audited the internal financial controls over financial reporting of Srinivasa Resorts Limited ("the Company") as of March 31, 2016 in conjunction with our audit of the financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

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

Auditors' Responsibility

3. Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") and the Standards on Auditing deemed to be prescribed under section 143(10) of the Act to the extent applicable to an audit of internal financial controls, both issued by the ICAI. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.
4. Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over

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

5. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system over financial reporting.

Meaning of Internal Financial Controls Over Financial Reporting

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

Inherent Limitations of Internal Financial Controls Over Financial Reporting

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

Opinion

8. In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2016, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

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

Sunit Kumar Basu
Partner
Membership Number: 55000

Place: Hyderabad
Date: April 16, 2016

ANNEXURE B 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 as of and for the year ended March 31, 2016

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.

(c) The title deeds of immovable properties, as disclosed in Note 11 on fixed assets to the financial statements, are held in the name of the Company.

ii. The physical verification of inventory have been conducted at reasonable intervals by the Management during the year. 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, Limited Liability Partnerships or other parties covered in the register maintained under Section 189 of the Act. Therefore, the provisions of Clause 3(iii), (iii)(a), (iii)(b) and (iii)(c) of the said Order are not applicable to the Company.

iv. The Company has not granted any loans or made any investments, or provided any guarantees or security to the parties covered under Section 185 and 186. Therefore, the provisions of Clause 3(iv) of the said Order are 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 regular in depositing the undisputed statutory dues, including provident fund, employees' state insurance, income tax, sales tax, service tax, duty of customs, duty of excise, value added tax, cess and other material statutory dues, 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, service–tax, duty of customs, 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, 2016 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
A. P. Value Added Tax Act, 2005	Exclusion of service tax in computation of liability	1,913,455*	April 1, 2005 to January 31, 2008	Honorable High Court of Andhra Pradesh, Hyderabad

* Total amount paid under protest Rs. 895,179.

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

ix. The Company has not raised any moneys by way of initial public offer, further public offer (including debt instruments) and term loans. Accordingly, the provisions of Clause 3(ix) of the Order are not applicable to the Company.

x. 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 by the Company or on the Company by its officers or employees, noticed or reported during the year, nor have we been informed of any such case by the Management.

xi. The Company has paid/ provided for managerial remuneration in accordance with the requisite approvals mandated by the provisions of Section 197 read with Schedule V to the Act.

xii. As the Company is not a Nidhi Company and the Nidhi Rules, 2014 are not applicable to it, the provisions of Clause 3(xii) of the Order are not applicable to the Company.

xiii. The Company has entered into transactions with related parties in compliance with the provisions of Sections 177 and 188 of the Act. The details of such related party transactions have been disclosed in the financial statements as required under Accounting Standard (AS) 18, Related Party Disclosures specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.

xiv. The Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year under review. Accordingly, the provisions of Clause 3(xiv) of the Order are not applicable to the Company.

xv. The Company has not entered into any non cash transactions with its directors or persons connected with him. Accordingly, the provisions of Clause 3(xv) of the Order are not applicable to the Company.

xvi. The Company is not required to be registered under Section 45–IA of the Reserve Bank of India Act, 1934. Accordingly, the provisions of Clause 3(xvi) of the Order are not applicable to the Company.

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

Sunit Kumar Basu
Partner
Membership Number: 55000

Place: Hyderabad
Date: April 16, 2016

BALANCE SHEET AS AT 31st MARCH, 2016

	Note	As at 31st March,2016 (₹)	As at 31st March,2015 (₹)
Equity and liabilities			
Shareholders' funds:			
Share capital	3	**240,000,000**	240,000,000
Reserves and surplus	4	**744,834,113**	761,407,580
Non–current liabilities:			
Deferred tax liabilities (net)	5	**66,678,637**	69,704,955
Other long term liabilities	6	**405,000**	1,426,800
Long–term provisions	7	**1,367,543**	1,291,789
Current liabilities:			
Trade payables:	8		
Total outstanding dues of micro enterprises and small enterprises		–	–
Total outstanding dues of creditors other than micro enterprises and small enterprises		**50,324,476**	53,377,746
Other current liabilities	9	**25,958,236**	36,341,674
Short–term provisions	10	**3,674,469**	3,663,356
Total		**1,133,242,474**	1,167,213,900
Assets			
Non–current assets:			
Fixed assets:	11		
Tangible assets		**512,109,229**	493,085,631
Intangible assets		**1,951,643**	952,625
Capital work–in–progress		**179,185,277**	86,406,019
Non–current investments	12	–	10,000
Long–term loans and advances	13	**81,449,348**	78,596,685
Current assets :			
Current investments	14	**124,726,028**	283,523,416
Inventories	15	**12,962,057**	10,894,936
Trade receivables	16	**25,529,213**	18,036,683
Cash and bank balances	17	**178,883,315**	174,901,142
Short–term loans and advances	18	**9,487,382**	9,033,888
Other current assets	19	**6,958,982**	11,772,875
Total		**1,133,242,474**	1,167,213,900
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 Registration Number: 301056E
Sunit Kumar Basu
Partner
Membership Number: 55000

Place: Hyderabad
Date: April 16, 2016

On behalf of the Board

Gunupati Sivakumar Reddy — Chairman
N Krishnan — Managing Director
Amit Chandak — Chief Financial Officer and Company Secretary

Place: New Delhi
Date: April 16, 2016

STATEMENT OF PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2016

	Note	Year ended 31st March,2016 (₹)	Year ended 31st March,2015 (₹)
Revenue from operations:			
Revenue from sale of services		**496,717,545**	473,895,880
Other operating revenue		**9,835,833**	11,365,938
Total revenue from operations	20	**506,553,378**	485,261,818
Other income	21	**36,800,528**	42,286,083
Total revenue		**543,353,906**	527,547,901
Expenses:			
Cost of materials consumed	22	**74,179,733**	70,652,535
Employee benefits expense	23	**132,079,638**	130,335,539
Depreciation and amortisation expense	24	**47,899,195**	64,010,172
Other expenses	25	**308,795,125**	276,567,967
Total expenses		**562,953,691**	541,566,213
(Loss) before tax		**(19,599,785)**	(14,018,312)
Tax expense:			
Current tax	26	–	2,100,000
Deferred tax		**(3,026,318)**	(8,918,382)
(Loss) for the year		**(16,573,467)**	(7,199,930)
Earnings per share: [Nominal value per share: ₹ 10 each (2015: ₹ 10)]	27		
Basic		**(0.69)**	(0.30)
Diluted		**(0.69)**	(0.30)
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 16, 2016

On behalf of the Board

Gunupati Sivakumar Reddy — Chairman
N Krishnan — Managing Director
Amit Chandak — Chief Financial Officer and Company Secretary

Place: New Delhi
Date: April 16, 2016

CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2016

		31st March,2016 (₹)		31st March,2015 (₹)
A. Cash flow from operating activities				
Net profit/ (loss) before tax		**(19,599,785)**		(14,018,312)
Adjustment for:–				
Depreciation & Amortisation	**47,899,195**		64,010,172	
Interest on Deposits	**(13,062,891)**		(15,084,477)	
Loss on Fixed assets sold/ discarded	**460,196**		2,042,548	
Income from investment	**(16,431)**		(10,918,202)	
Profit on sale of investment	**(17,984,839)**		(12,545,464)	
Net (gain) on foreign currency transactions and translations	**(49,690)**		(99,891)	
Provisions for Bad Debts Written Back	–		(14,494)	
Bad advances, loans and deposits	–		115,067	
Bad debts written off	–		121,070	
		17,245,540		27,626,329
Operating Profit before Working Capital Changes		**(2,354,245)**		13,608,017
Changes in working capital:				
Adjustments for (increase) / decrease in operating assets:				
Trade Receivables	**(7,492,530)**		6,406,455	
Inventories	**(2,067,121)**		1,402,820	
Other Receivables	**(1,573,277)**		498,290	
Trade Payables	**(3,258,051)**		3,353,908	
Other Payables	**75,754**		197,598	
		(14,315,225)		11,859,071
Cash generated from operations		**(16,669,470)**		25,467,088
Income Tax Paid (Net)		**(833,575)**		(6,374,811)
Net cash from operating activities		**(17,503,045)**		19,092,277
B. Cash flow from investing activities				
Purchase of Fixed Assets (net of capital creditors)	**(172,987,882)**		(60,682,688)	
Capital advances	**482,821**		1,020,495	
Purchase of Current Investments	**(926,315,633)**		(4,067,155,856)	
Sale of Fixed Assets	**686,962**		–	
Sale/ Redemption of Current Investments	**1,103,124,291**		4,124,988,009	
Interest on Deposits	**16,494,659**		18,644,082	
Net cash from investing activities		**21,485,218**		16,814,042
C. Cash flow from financing activities				
Dividends paid	–		(12,000,000)	
Dividend distribution tax paid	–		(2,039,400)	
Net cash used in financing activities		–		(14,039,400)
Net increase in cash and bank balances (A+B+C)		**3,982,173**		21,866,919
Opening cash and bank balances		**174,901,142**		153,034,223
Closing cash and bank balances		**178,883,315**		174,901,142
CASH AND CASH EQUIVALENTS COMPRISE :				
Cash, Cheques and Current Accounts	**44,283,315**		8,896,064	
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**		100,000	
Deposits with maturity more than 3 months but less than 12 months	**134,500,000**		161,690,200	
		178,883,315		174,901,142

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 16, 2016

On behalf of the Board

Gunupati Sivakumar Reddy — Chairman
N Krishnan — Managing Director
Amit Chandak — Chief Financial Officer and Company Secretary

Place: New Delhi
Date: April 16, 2016

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.

The Ministry of Corporate Affairs (MCA) has notified the Companies (Accounting Standards) Amendment Rules, 2016 vide its notification dated 30th March, 2016. The said notification read with Rule 3(2) of the Companies (Accounting Standards) Rules, 2006 is applicable to accounting periods commencing on or after the date of notification i.e., 1st April, 2016.

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

3. Share capital

	As at March 31, 2016 (₹)	As at March 31, 2015 (₹)
Authorised:		
2,40,00,000 (March 31, 2015: 2,40,00,000) equity shares of Rs. 10 each	**240,000,000**	240,000,000
	240,000,000	240,000,000
Issued, subscribed and paid up:		
2,40,00,000 (March 31, 2015: 2,40,00,000) equity shares of Rs. 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 Rs. 10 per share, rank pari passu in all respects including entitlement to dividend.

	As at March 31, 2016 (₹)	As at March 31, 2015 (₹)
(b) **Equity shares held by Holding Company**	**No. of Shares held**	No. of Shares held
ITC Limited	**16,320,477**	16,320,477

(c) **Details of equity shares held by shareholders holding more than 5% of the aggregate shares in the Company**

	As at March 31, 2016 (₹)		As at March 31, 2015 (₹)	
	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 Sivakumar Reddy	**1,304,230**	**5.43%**	1,304,230	5.43%
G Sulochanamma	**1,500,000**	**6.25%**	1,500,000	6.25%

		As at March 31, 2016 (₹)	As at March 31, 2015 (₹)
4	**Reserves and 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	**680,669,860**	693,912,820
	Less: Depreciation Adjustment (₹ Nil {March 31, 2015: ₹ 9,027,532}) Net of Deferred Tax (₹ Nil {March 31, 2015: ₹ 2,984,502}) (Refer Note 11B)	**–**	(6,043,030)
	Add: (Loss) for the year	**(16,573,467)**	(7,199,930)
	Balance as at the end of the year (C)	**664,096,393**	680,669,860
	Total (A+B+C)	**744,834,113**	761,407,580
5	**Deferred tax liabilities (net)**		
	Deferred tax liabilities:		
	On depreciation (including ₹ Nil {March 31, 2015: ₹ 2,984,502} on depreciation adjusted to Surplus of Profit and Loss) (Refer Note 4 above)	**68,345,677**	71,343,275
	Deferred tax assets:		
	On provision for employee benefits	**1,667,040**	1,638,320
	Total	**66,678,637**	69,704,955
6	**Other long term liabilities**		
	Sundry deposits	**405,000**	1,426,800
	Total	**405,000**	1,426,800
7	**Long–term provisions**		
	Provision for employee benefits:		
	Provision for compensated absences (Refer Note 36)	**1,367,543**	1,291,789
	Total	**1,367,543**	1,291,789
8	**Trade payables**		
	Total outstanding dues of micro enterprises and small enterprises (Refer Note 38)	**–**	–
	Total outstanding dues of creditors other than micro enterprises and small enterprises	**50,324,476**	53,377,746
	Total	**50,324,476**	53,377,746
9	**Other current liabilities**		
	Sundry deposits	**1,988,200**	1,473,200
	Advances from customers	**5,615,317**	5,704,343
	Employee benefits payable	**5,075,454**	4,447,396
	Capital creditors (net)	**6,687,328**	17,826,983
	Statutory dues (including tax deducted at source)	**6,591,937**	6,889,752
	Total	**25,958,236**	36,341,674
10	**Short– term provisions**		
	Provision for employee benefits:		
	Provision for gratuity (Refer Note 36)	**2,933,952**	3,059,135
	Provision for compensated absences (Refer Note 36)	**740,517**	604,221
	Total	**3,674,469**	3,663,356

11. Fixed Assets

(₹)

Particulars	Gross Block				Depreciaton / Amortisation				Net Block	
	April 1, 2015	Additions	Disposals	March 31, 2016	April 1, 2015	For the year	Disposals	March 31, 2016	March 31, 2016	March 31, 2015
Tangible assets										
Land – Freehold	10,000,000	–	–	**10,000,000**	–	–	–	–	**10,000,000**	10,000,000
Land – Leasehold (Note A)	31,606,989	–	–	**31,606,989**	1,004,571	656,727	–	**1,661,298**	**29,945,691**	30,602,418
Building	337,116,533	9,007,775	255,030	**345,869,278**	93,737,941	5,163,116	80,760	**98,820,297**	**247,048,981**	243,378,592
Plant and Machinery	378,981,395	34,425,971	9,109,426	**404,297,940**	196,692,473	31,651,568	8,249,026	**220,095,015**	**184,202,925**	182,288,922
Furnitures and fixtures	170,885,052	5,878,091	294,391	**176,468,752**	157,234,564	4,753,128	279,776	**161,707,916**	**14,760,836**	13,650,488
Vehicles	17,804,509	13,782,557	–	**31,587,066**	12,175,055	1,276,148	–	**13,451,203**	**18,135,863**	5,629,454
Office equipments	1,202,409	–	56,750	**1,145,659**	1,123,305	19,038	53,913	**1,088,430**	**57,229**	79,104
Computers	24,838,041	2,049,936	4,476,831	**22,411,146**	20,594,943	2,747,367	4,381,795	**18,960,515**	**3,450,631**	4,243,098
Computer servers and networks	9,367,803	2,433,822	–	**11,801,625**	6,154,248	1,140,304	–	**7,294,552**	**4,507,073**	3,213,555
Total (A)	**981,802,731**	**67,578,152**	**14,192,428**	**1,035,188,455**	**488,717,100**	**47,407,396**	**13,045,270**	**523,079,226**	**512,109,229**	**493,085,631**
Previous Year	**956,501,231**	**33,411,419**	**8,109,919**	**981,802,731**	**431,198,333**	**63,586,137**	**6,067,370**	**488,717,100**	**493,085,631**	
Capital work–in–progress (B)	**86,406,019**	**160,357,410**	**67,578,152**	**179,185,277**	–	–	–	–	**179,185,277**	**86,406,019**
Intangible assets										
Software	1,975,780	1,490,817	–	**3,466,597**	1,023,155	491,799	–	**1,514,954**	**1,951,643**	952,625
Total (C)	**1,975,780**	**1,490,817**	**–**	**3,466,597**	**1,023,155**	**491,799**	**–**	**1,514,954**	**1,951,643**	**952,625**
Previous Year	**1,975,780**	–	–	**1,975,780**	**599,120**	**424,035**	–	**1,023,155**	**952,625**	
Grand Total (A+B+C)	**1,070,184,530**	**229,426,379**	**81,770,580**	**1,217,840,329**	**489,740,255**	**47,899,195**	**13,045,270**	**524,594,180**	**693,246,149**	**580,444,275**

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 during the year ended March 31, 2015. In respect of assets, whose useful life is exhausted as at April 1, 2014, the related carrying amount aggregating ₹ Nil (Previous Year: ₹ 6,043,030 (net of Deferred Tax of ₹ Nil (Previous Year ₹ 2,984,502)) has been adjusted against the opening balance of the surplus as at April 1, 2014 (Refer Note-4 'Reserves and Surplus').

		As at March 31, 2016 (₹)	As at March 31, 2015 (₹)
12	**Non–current investments (at cost unless otherwise stated)**		
	Other Investments (Unquoted):		
	Deposit in Government Securities –		
	National Savings Certificates	–	10,000
	Total	–	10,000
13	**Long–term loans and advances**		
	Capital Advances:		
	Unsecured, considered good	822,574	1,305,395
	Unsecured, considered good (unless otherwise stated):		
	Security Deposit (Refer note below)	53,339,033	53,162,215
	Advance Income Tax (Net of provision of ₹ 441,104,972, March 31, 2015: ₹ 441,104,972)	23,859,971	23,026,396
	Other loans and advances:		
	Prepaid expenses	487,191	7,500
	Balance with government authorities	2,940,579	1,095,179
	Total	81,449,348	78,596,685
	Note: Security Deposit includes ₹ 50,000,000 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:		
	Current portion of long–term investments (Unquoted):		
	Deposit in Government Securities –		
	National Savings Certificates	10,000	–
	At cost or market value, which ever is less:		
	Investments in Mutual Funds (Unquoted):		
	Reliance Liquid Fund – Treasury Plan – Growth 27,714.91 (PY – Nil) Units of ₹ 3,680.33 each	102,000,000	–
	Kotak Floater Short Term – Growth (Regular Plan) 9,166.73 (PY – Nil) Units of ₹ 2,478.09 each	22,716,028	–
	HDFC liquid fund – Growth Nil (PY – 5,394,789.71 units of ₹ 27.53 each)	–	148,523,416
	ICICI prudential liquid – Regular plan – Growth Nil (PY – 653,864.80 units of ₹ 206.46 each)	–	135,000,000
	Total	124,726,028	283,523,416
15	**Inventories (at lower of cost or net realisable value)**		
	Food and beverages	9,653,583	7,648,444
	Stores	3,185,428	3,047,593
	Finished goods held for resale	123,046	198,899
	Total	12,962,057	10,894,936
16	**Trade receivables**		
	Secured, considered good:		
	Outstanding for a period exceeding 6 months from the date they are due for payment	8,074	–
	Others	818,627	1,085,024
	Unsecured, considered good:		
	Outstanding for a period exceeding 6 months from the date they are due for payment	332,033	128,618
	Others	24,370,479	16,823,041
	Total	25,529,213	18,036,683
17	**Cash and bank balances**		
	Cash and cash equivalents:		
	Cash on hand	372,731	578,273
	Cheques on hand	506,167	–
	Bank Balances:		
	In current accounts	43,404,417	8,317,791
	In deposit account (original maturity more than 3 months but less than 12 months)	134,500,000	–
	In deposit account (original maturity more than 12 months)	–	161,690,200
	Earmarked Balances	100,000	4,314,878
	Total	178,883,315	174,901,142
18	**Short–terms loans and advances**		
	Unsecured and considered good:		
	Advance recoverable in cash or in kind or for value to be received	1,957,440	968,312
	Other deposits	1,816,400	1,800,400
	Balances with statutory authorities	1,239,691	2,819,525
	Prepaid Expenses	4,473,851	3,445,651
	Total	9,487,382	9,033,888
19	**Other current assets**		
	Unsecured and considered good:		
	Interest accrued on deposits	5,347,342	8,779,110
	SFIS Duty Credit Entitlement Account (includes ₹ 51,392 carried forward from previous year, March 31, 2015: ₹ 483,500)	1,611,640	2,993,765
	Total	6,958,982	11,772,875

		For the year ended March 31, 2016	For the year ended March 31, 2015
20	**Revenue from operations**		
	Revenue from sale of services:		
	Rooms	237,893,166	230,064,278
	Food and Beverage	226,788,648	209,999,913
	Recreation and Other Services	32,035,731	33,831,689
	Total (A)	496,717,545	473,895,880
	Other operating revenue:		
	Export Incentive Income (SFIS)	2,926,176	3,665,368
	Provisions for Bad Debts Written Back	–	14,494
	Others	6,909,657	7,686,076
	Total (B)	9,835,833	11,365,938
	Total (A + B)	506,553,378	485,261,818
21	**Other income**		
	Interest income:		
	– with banks	13,062,891	15,084,477
	– statutory authorities	1,142,710	–
	Dividend Income	16,431	10,918,202
	Net Gain on Sale of Current Investments	17,984,839	12,545,464
	Net gain on foreign currency transactions	49,690	99,891
	Other Non Operating Income	4,543,967	3,638,049
	Total	36,800,528	42,286,083
22	**Cost of material consumed**		
	Consumption of food and beverages:		
	Opening inventory	7,648,444	8,051,887
	Add: Purchases (net)	76,109,019	70,252,407
		83,757,463	78,304,294
	Less: Closing inventory	9,653,583	7,648,444
	Cost of food and beverages consumed during the year (A)	74,103,880	70,655,850
	Changes in inventories of finished goods held for resale:		
	Opening inventory	198,899	195,584
	Closing inventory	123,046	198,899
	(Increase)/ Decrease in stocks (B)	75,853	(3,315)
	Total (A)+(B)	74,179,733	70,652,535
23	**Employee benefits expense**		
	Salaries, Wages and Bonus	62,847,795	60,098,416
	Contribution to Provident and Other Funds (Refer note 36b)	3,687,496	3,469,704
	Gratuity (Refer note 36a)	938,122	1,308,124
	Staff welfare expenses	17,685,205	14,500,333
	Remuneration of managers on deputation reimbursed	46,921,020	50,958,962
	Total	132,079,638	130,335,539
24	**Depreciation and amortisation expense (Refer Note 11B)**		
	Depreciation/ amortisation on tangible assets	47,407,396	63,586,137
	Amortisation on intangible assets	491,799	424,035
	Total	47,899,195	64,010,172
25	**Other Expenses**		
	Consumption of stores and supplies	23,338,380	16,424,854
	Power and fuel	67,218,329	66,298,438
	Rent (Refer Note: 35)	12,371,305	10,794,684
	Repairs to building	9,589,605	5,527,435
	Repairs to machinery	16,918,411	13,302,906
	Repairs – others	3,147,340	7,178,101
	Insurance	4,316,600	4,046,128
	Rates and taxes	18,699,974	17,510,785
	Travelling and conveyance	12,999,323	12,491,224
	Technical and consultancy fees	28,831,167	28,460,336
	Printing and stationary	3,058,481	2,689,940
	Information technology services	15,441,809	11,026,804
	Advertising / Sales Promotion	5,005,710	4,303,194
	Expenditure towards Corporate Social Responsibility (CSR) activities**	–	–
	Bad advances, loans and deposits	–	115,067
	Bad debts	–	121,070
	Training and development	2,283,261	1,409,494
	Legal expenses	90,000	95,000
	Postage, telephone, etc.	1,320,340	1,311,992
	Commission paid to travel agents	3,473,233	2,187,807
	Bank and credit card charges	5,428,098	5,024,512
	Hotel reservation/ marketing expenses	14,555,006	13,696,048
	Contract services	39,104,269	28,976,684
	Loss on fixed assets sold/ discarded	460,196	2,042,548
	Miscellaneous Expenses *	21,144,288	21,532,916
	Total	308,795,125	276,567,967
	*** Includes Auditors' remuneration and expenses (excluding taxes)**		
	– Audit Fees	1,100,000	825,000
	– Tax Audit Fees	100,000	75,000
	– Reimbursement of Expenses	3,725	21,395
	** Amount required to be spent- ₹ 395,839, (PY- ₹ 1,356,120)		
26	**Current tax**		
	Income tax for the Year	–	2,110,819
	Adjustments/ (credits) related to previous years – Net	–	(10,819)
	Total	–	2,100,000
27	**Earnings per share**		
	(Loss) after taxation	(16,573,467)	(7,199,930)
	Weighted average number of equity shares outstanding	24,000,000	24,000,000
	Basic and diluted EPS (face value: ₹10 per share)	(0.69)	(0.30)
28	**The Estimated Amount of Contracts remaining to be executed on Capital Account** (Net of Advances: ₹ 822,574, March 31, 2015: ₹ 1,305,395)	329,621,427	341,632,961
29	**Contingent Liability**		
	Claims against the Company not acknowledged as debts :		
	i) Indirect Taxation Matters	2,808,634	1,985,698
	ii) Others	1,845,400	–
30	**Earnings in Foreign Exchange***	144,930,614	144,455,811
	* Includes ₹ 138,271,386 (March 31, 2015: ₹ 138,041,348) being Earnings during the year through International Credit Cards & Travel Agencies etc. as certified by Bankers.		

	For the year ended March 31, 2016	For the year ended March 31, 2015
31 Expenditure in Foreign Currency		
Fees for Reservation and Marketing Services	**18,773,929**	17,482,428
Technical & Consultancy Fees	**597,888**	244,924
Total	**19,371,817**	**17,727,352**
32 Value of Imports (CIF Basis)		
Capital Goods	**3,594,278**	1,225,781
Other Goods	**870,792**	247,680
Total	**4,465,070**	**1,473,461**

33 Value of Consumption of Raw Materials, Stores & Supplies	₹	%	₹	%
a] **Raw Materials**				
Indigenous	**7,417,933**	**100**	70,652,535	100
Imported	**–**	**–**	–	–
Total	**7,417,933**	**100**	70,652,535	100
b] **Stores & Supplies**				
Indigenous	**23,154,519**	**99.21**	16,361,377	99.61
Imported	**183,861**	**0.79**	63,477	0.39
Total	**23,338,380**	**100**	16,424,854	**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.

36 Employee Benefits

(a) As per Actuarial Valuations as on March 31, 2016 and recognised in the financial statements in respect of Employee Benefit Schemes :

			For the year ended March 31, 2016		For the year ended March 31, 2015	
			Gratuity Funded	Leave Encashment Unfunded	Gratuity Funded	Leave Encashment Unfunded
			(₹)	(₹)	(₹)	(₹)
I	**Components of Employer Expense**					
	1	Current Service Cost	**944,777**	**224,753**	808,799	182,845
	2	Interest Cost	**593,375**	**142,180**	504,731	122,506
	3	Expected Return on Plan Assets	**(446,963)**	**–**	(336,241)	–
	4	Curtailment Cost/(Credit)	**–**	**–**	–	–
	5	Settlement Cost/(Credit)	**–**	**–**	–	–
	6	Past Service Cost	**–**	**–**	–	–
	7	Actuarial Loss / (Gain)	**(153,067)**	**(154,327)**	330,835	36,354
	8	**Total expense recognised in the Statement of Profit and Loss**	**938,122**	**212,606**	1,308,124	341,705

The Gratuity Expense has been recognised in "Gratuity" and Leave Encashment in "Salaries, Wages and Bonus" under Note 23.

II	**Actual Returns**		**–**	**–**	–	–
III	**Net Asset/ (Liability) recognised in Balance Sheet**					
	1	Present Value of Obligation	**9,138,991**	**2,108,060**	8,028,169	1,896,010
	2	Fair Value on Plan Assets	**6,205,039**	**–**	4,969,034	–
	3	Status [Surplus/ (Deficit)]	**(2,933,952)**	**(2,108,060)**	(3,059,135)	(1,896,010)
	4	Unrecognised Past Service Cost	**–**	**–**	–	–
	5	**Net Asset/ (Liability) recognised in Balance Sheet:**	**(2,933,952)**	**(2,108,060)**	(3,059,135)	(1,896,010)
		– Current	**(2,933,952)**	**(740,517)**	(3,059,135)	(604,221)
		– Non–Current	**–**	**(1,367,543)**	–	(1,291,789)
IV	**Change in Defined Benefit Obligations (DBO)**					
	1	Present Value of DBO at the Beginning of Period	**8,028,169**	**1,896,010**	6,768,319	1,607,153
	2	Current Service Cost	**944,777**	**224,753**	808,799	182,845
	3	Interest Cost	**593,375**	**142,180**	504,731	122,506
	4	Curtailment Cost / (Credit)	**–**	**–**	–	–
	5	Settlement Cost / (Credit)	**–**	**–**	–	–
	6	Plan Amendments	**–**	**–**	–	–
	7	Acquisitions	**–**	**–**	–	–
	8	Actuarial (Gains) / Losses	**(194,329)**	**(154,327)**	457,644	36,354
	9	Benefits Paid	**(233,001)**	**(556)**	(511,324)	(52,848)
	10	**Present Value of DBO at the End of Period**	**9,138,991**	**2,108,060**	8,028,169	1,896,010
V	**Change in Fair Value of Assets**					
	1	Plan Assets at the Beginning of Period	**4,969,034**	**–**	4,630,206	–
	2	Acquisition Adjustment	**–**	**–**	–	–
	3	Expected Return on Plan Assets	**446,963**	**–**	336,241	–
	4	Actuarial Gains / (Losses)	**(41,262)**	**–**	126,809	–
	5	Actual Company Contribution	**1,063,305**	**556**	387,102	52,858
	6	Benefits Paid	**(233,001)**	**(556)**	(511,324)	(52,858)
	7	**Plan assets at the End of Period**	**6,205,039**	**–**	4,969,034	–
VI	**Actuarial Assumptions**					
	1	Discount Rate (%)	**7.50**	**7.50**	7.75	7.75
	2	Expected Return on Plan Assets (%)	**8.00**	**–**	8.00	–
	3	Rate of Increase in compensation (%)	**5.00**	**5.00**	5.00	5.00

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.

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 March 31, 2016		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	Gratuity	Leave Encashment
IX	Net Asset / (Liability) recognized in Balance Sheet (including experience adjustment impact)											
	1	Present Value of Defined Benefit Obligation	**9,138,991**	**2,108,060**	8,028,169	1,896,010	6,768,319	1,607,153	7,230,257	1,914,838	6,004,512	1,271,090
	2	Fair Value on Plan Assets	**6,205,039**	**–**	4,969,034	–	4,630,206	–	4,258,200	–	3,712,693	–
	3	Status [Surplus/(Deficit)]	**(2,933,952)**	**(2,108,060)**	(3,059,135)	(1,896,010)	(2,138,113)	(1,607,153)	(2,972,057)	(1,914,838)	(2,291,819)	(1,271,090)
	4	Experience Adjustment of Plan Assets [Gain / (loss)]	**(41,262)**	**–**	(402,492)	–	31,015	–	(364,677)	–	13,407	–
	5	Experience Adjustment of Obligation [(Gain) / Loss]	**(294,811)**	**(171,832)**	126,809	(19,889)	(85,810)	(268,205)	(525,993)	(15,408)	127,585	(538,237)

b) Contribution to provident fund and Employee state insurance scheme charged to the Statement of Profit and Loss (included in Note 23) ₹ 3,687,496 (March 31, 2015: ₹ 3,469,704).

37 Related Party Disclosures

Name of related parties and nature of relationships.

i) Holding Company : ITC Limited

ii) Key Management Personnel :

Board of Directors

G.Sivakumar Reddy : Chairman
Nakul Anand : Vice Chairman & Director
Arun Pathak : Director (upto 21.03.2016)
Jagdish Singh: Director (w.e.f. 21.03.2016)
B. N. Suresh Reddy : Director
George Verghese : Managing Director (upto 04.06.2015)
N. Krishnan : Managing Director (w.e.f. 26.08.2015)
Dipak Haksar : Director
G Pranav Reddy : Director
K V Raghavaiah : Director
Subba Rao Tulasi: Director

iii) 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)

iv) Summary of transactions during the year :

(₹)

Sr. No	Particulars	Holding Company		Key Management Personnel		Relatives of Key Management Personnel	
		2016	2015	2016	2015	2016	2015
a	Sale of Services	5,709,350	5,242,942	–	–	–	–
b	Purchase of Goods	5,183,685	4,508,143	–	–	–	–
c	Purchase of Services						
	– Hotel Services	2,304,471	3,213,953	–	–	–	–
	– Service Fee	27,012,738	28,186,931	–	–	–	–
	– Others	114,577	674,615	–	–	–	–
	– Towards CWIP	102,600	1,229,219	–	–	–	–
	Total	**29,534,386**	**33,304,718**	–	–	–	–
d	Rent Paid	–	–	–	–	1,176,000	1,275,750
e	Reimbursement of Contractual Remuneration (Includes Remuneration to Key Management Personnel amounting to ₹ 3,114,983, March 31, 2015: ₹ 3,694,920)						
	Towards CWIP	1,835,962	–	–	–	–	–
	Others	53,321,722	57,257,490	–	–	–	–
	Total	**55,157,684**	**57,257,490**				
f	Expenses recovered	9,982,211	10,811,278	–	–	–	–
g	Expenses reimbursed:						
	Amritsar Project Expenses (Capital work–in–progress)	634,055	5,696,475	–	–	–	–
	Others	14,338,246	11,444,154	–	–	–	–
h	Dividend Payments	–	8,160,239	–	1,052,115	–	2,787,646
i	Balance outstanding at the year end :						
	– Debtors/Receivables	373,472	520,654	–	–	–	–
	– Creditors/Payables (Note 1)	8,868,855	9,000,091	–	–	–	–

Note 1 – Net of TDS amounting to ₹ 2,648,679 (PY ₹ 2,784,815)

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, 2016. 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 16, 2016

On behalf of the Board

Gunupati Sivakumar Reddy — Chairman
N Krishnan — Managing Director
Amit Chandak — Chief Financial Officer and Company Secretary

Place: New Delhi
Date: April 16, 2016

REPORT OF THE DIRECTORS FOR THE FINANCIAL YEAR ENDED 31ST MARCH, 2016

1. Your Board of Directors ('the Board') hereby submits their Report for the financial year ended 31st March, 2016.

2. PERFORMANCE OF THE COMPANY

During the year, your Company recorded an operating income of ₹ 2668 lakhs (previous year - ₹ 2524 lakhs) registering a growth of 6%. The other income of the Company was ₹ 223 lakhs (previous year – ₹ 196 lakhs) also registering a growth of 14%. All investment decisions in deployment of surplus funds continue to be guided by the tenets of Safety, Liquidity and Return. Pre-tax profit registered a growth of 6% while Post-tax profit at ₹ 623 lakhs registered a growth of 8%.

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

	For the year ended 31st March, 2016 (₹)	For the year ended 31st March, 2015 (₹)
a. Profit Before Tax	**9,22,43,965**	8,70,29,889
b. Tax Expenses	**2,99,58,119**	2,96,22,024
c. Profit After Tax	**6,22,85,846**	5,74,07,865
d. Add : Profit brought forward from previous years	**28,45,39,831**	23,96,22,535
e. Surplus available for appropriation	**34,68,25,677**	29,70,30,400
Less:		
– Transfer to General Reserve	**–**	57,40,787
– Interim Dividend Paid (recommended as Final Dividend)	**10,03,51,784**	–
Proposed Dividend	**–**	56,25,100
– Dividend Distribution Tax	**2,04,29,265**	11,24,682
f. Balance carried forward to the following years	**22,60,44,628**	28,45,39,831

3. DIVIDEND

Interim dividend of ₹ 223 per Equity Share having nominal value of ₹ 10/- per Share aggregating ₹ 10,03,51,784/-, was declared by your Directors on 23rd December, 2015, 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 Final Dividend for the financial year ended 31st March, 2016.

4. OPERATIONAL PERFORMANCE

The Company's Fortune hotel chain that caters to the 'upscale to mid-market' segment now has 75 hotels with an aggregate inventory of nearly 6000 rooms in its fold. The `Fortune' brand including "My Fortune" now has 48 operating hotels and another 5 hotels are slated to be commissioned in 2016-17. The remaining 22 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.

During the year, the company bagged the PATWA International Award for the 'Best First Class Full Service Business Hotel Chain in India', 2016, Today's Traveller Award 2015 for the 'Best First Class Business Hotel Chain', Safari India Award for the 'Best First Class Business Hotel Chain 2015', Hospitality India Award 2015 for the 'Best First Class Business Hotel Chain'and 'Best Hospitality Group' at the 9th edition of the CNBC – Awaaz Travel Awards 2015.

5. DIRECTORS AND KEY MANAGERIAL PERSONNEL

(a) Changes in Directors

During the year under review, Mr. Arun Pathak (DIN 00502850) had resigned as the director of the Company effective 22nd March, 2016. The Board would like to place on record its appreciation for the services rendered by him as the director of the Company.

Mr. Jagdish Singh (DIN 00042258) was appointed as an additional director of the Company effective 21st March, 2016. By virtue of the provisions of Article 130 of the Articles of Association of your Company and Section 161 of the Companies Act, 2013 ('the Act'), Mr. Singh will vacate office at the ensuing Annual General Meeting (AGM) of your Company. Notice under Section 160 of the Act has been received for the appointment of Mr. Singh who has filed his consent to act as a Director of the Company, if appointed.

Your Board at its meeting held on 16th April, 2016 has recommended for the approval of the Members, appointment of Mr. Singh as a Non – Executive Director of the Company liable to retire by rotation.

Appropriate resolution seeking your approval to the aforesaid appointment is 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 Articles 143 and 144 of the Articles of Association of the Company, Mr. Suresh Kumar (DIN 02741371), Director, will retire by rotation at the ensuing AGM of the Company and, being eligible, offers himself for re-appointment. Your Board has recommended his re-appointment.

6. BOARD AND BOARD COMMITTEES

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

Corporate Social Responsibility Committee	New Alliance Approval Committee
Mr. N.Anand (Chairman)	Mr. S. Kumar
Mr. S. Kumar	Mr. J. Singh
Mr. J. Singh	

During the year ended 31st March 2016, the following meetings of the Board and Board Committees were held:

Board / Board Committee	Number of meetings held during the year	Date of meetings
Board	5	13th April, 2015 6th May, 2015 4th September, 2015 23rd December, 2015 21st March, 2016
Corporate Social Responsibility Committee	1	21st March, 2016
New Alliance Approval Committee	12	27th April, 2015 16th June, 2015 30th July, 2015 3rd August, 2015 15th September, 2015 1st October, 2015 25th October, 2015 15th December, 2015 22nd December, 2015 17th February, 2016 22nd March, 2016 30th March, 2016

The attendance of the Directors of the Company at the Board and Board Committee meetings held during the year is given below:

Sl. No.	Name of the Director / Committee Member	Number of meetings attended		
		Board	Corporate Social Responsibility Committee	New Alliance Approval Committee
1.	Mr. N. Anand	5	1	N.A.
2.	Mr. A. Pathak*	5	N.A.	10
3.	Mr. S. Kumar	5	1	12
4.	Mr. J. Singh**	1	1	2

* Ceased to be a Director w.e.f. 22nd March, 2016
** Appointed as an Additional Director w.e.f. 21st March, 2016

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. SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES

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

9. PARTICULARS OF EMPLOYEE

The particulars of employee in terms of Rule 5(2) of the Companies

(Appointment and Remuneration of Managerial Personnel) Rules, 2014, are as detailed below:

Name	Age	Designation	Gross Remuneration (₹)	Qualification	Experience (Years)	Date of Joining	Previous Employment / Position held
Suresh Kumar	58	Managing Director	64,33,114/-	B.Sc.	37	02/02/2015	–

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 the employees of the Company. The Company provides a gender friendly workplace and no case of sexual harassment was reported during the year.

10. RISK MANAGEMENT

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

Management of risks vests with the executive management which is responsible for the day-to-day conduct of the affairs of the Company. The Internal Audit Department of ITC Limited periodically carries out, at the request of the Company, risk focused audits with the objective of identifying areas where risk management processes could be strengthened. As required under the Risk Management Policy of the Company, a Risk Mitigation Report back was prepared on half-yearly basis and reviewed by the Fortune Management Committee. Further, an annual update was provided to the Board on the effectiveness of the Company's risk management systems and policies. The Board expressed satisfaction with the implementation of the risk mitigation strategies adopted by the Company against various risks.

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 Board which provides guidance on internal controls, also reviews internal audit findings and implementation of internal audit recommendations.

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

12. PARTICULARS OF LOANS, GUARANTEES AND INVESTMENTS

During the year ended 31st March, 2016, 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, 2016, the Company has not entered into any contract or arrangement with its related parties which is not on arm's length basis.

14. CORPORATE SOCIAL RESPONSIBILITY (CSR)

The Annual Report on CSR activities of the Company in terms of Section 135 of the Act read with the Companies (Corporate Social Responsibility Policy) Rules, 2014 is enclosed as **Annexure 1** to this Report.

15. SIGNIFICANT AND MATERIAL ORDERS PASSED BY THE REGULATORS / COURTS / TRIBUNALS

During the year under review, no significant or material orders were passed by the Regulators / Courts / Tribunals impacting the going concern status of the Company and its future operations.

16. EXTRACT OF ANNUAL RETURN

The extract of Annual Return in the prescribed Form No. MGT-9 is enclosed as **Annexure 2** to this Report.

17. AUDITORS

The Company's Statutory Auditors, Messrs Price Waterhouse Chartered Accountants LLP (PWCA), Chartered Accountants were appointed with your approval 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 Act, has recommended for the ratification of the Members the appointment of PWCA 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, has also recommended for the approval of the Members the remuneration of PWCA for the financial year 2016-17. Appropriate resolution in respect of the above is appearing in the Notice convening the ensuing AGM of the Company.

18. 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:

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

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

Foreign Exchange Earnings and Outgo:

During the year there were no foreign exchange earnings (previous year – Nil) but there was a foreign exchange outflow of ₹18 lakhs (previous year ₹ 27 lakhs).

On behalf of the Board

Dated : 16th April, 2016 — **Jagdish Singh** — Director
Place : New Delhi — **Suresh Kumar** — Managing Director

Annexure 1 to the Report of the Board of Directors
Annual Report on CSR Activities of the Company for the financial year ended 31st March, 2016

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

1.	A brief outline of the Company's CSR Policy including overview of projects or programs proposed to be undertaken		The Company, a wholly owned subsidiary of ITC Limited (ITC), discharges its corporate social responsibilities (CSR) by aligning itself with the CSR Policy of ITC. The Company undertakes its CSR activities: ● as listed in Schedule VII to the Companies Act, 2013, in line with the CSR initiatives of ITC and as approved by the CSR Committee of the Company. ● directly or through a registered trust or a registered society or a company established under Section 8 of the Companies Act, 2013. The Company may collaborate with ITC or other companies for undertaking CSR activities.
2.	Composition of CSR Committee		Mr. Nakul Anand (Chairman) Mr. Suresh Kumar Mr. Jagdish Singh
3.	Average net profit of the Company for last three financial years		₹ 8,73,68,150/-
4.	Prescribed CSR expenditure (two percent of the amount stated under 3 above)		₹ 17,47,363/-
5.	Details of CSR spent during the financial year:	a) Total amount to be spent for the financial year	₹ 17,48,000/-
		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 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 Rural Development Trust	Undertaking rural development projects [covered under Clause (x) of Schedule VII to the Companies Act, 2013]	N.A.	₹17,48,000	₹17,48,000	₹17,48,000	Implementing Agency - ITC Rural Development Trust, Kolkata

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

Dated : 16th April, 2016 — **Nakul Anand** — Chairman - CSR Committee — **Suresh Kumar** — Managing Director — **Jagdish Singh** — Director
Place : New Delhi

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, 2016

[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.	Hotel services	55101	92%

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.	–	4,50,008	4,50,008	100.00	–	4,50,008	4,50,008	100.00	Nil
e) Banks / FI	–	–	–	–	–	–	–	–	N.A.
f) Any Other	–	–	–	–	–	–	–	–	N.A.
Sub-total (A)(1)	–	**4,50,008**	**4,50,008**	**100.00**	–	**4,50,008**	**4,50,008**	**100.00**	**Nil**
(2) Foreign									
a) NRIs - Individuals	–	–	–	–	–	–	–	–	N.A.
b) Other – Individuals	–	–	–	–	–	–	–	–	N.A.
c) Bodies Corp.	–	–	–	–	–	–	–	–	N.A.
d) Banks / FI	–	–	–	–	–	–	–	–	N.A.
e) Any Other	–	–	–	–	–	–	–	–	N.A.
Sub-total (A)(2)	–	–	–	–	–	–	–	–	**N.A.**
Total shareholding of Promoter (A) = (A)(1)+(A)(2)	–	**4,50,008**	**4,50,008**	**100.00**	–	**4,50,008**	**4,50,008**	**100.00**	**Nil**
B. Public Shareholding									
1. Institutions									
a) Mutual Funds	–	–	–	–	–	–	–	–	N.A.
b) Banks / FI	–	–	–	–	–	–	–	–	N.A.
c) Central Govt.	–	–	–	–	–	–	–	–	N.A.
d) State Govt.(s)	–	–	–	–	–	–	–	–	N.A.
e) Venture Capital Funds	–	–	–	–	–	–	–	–	N.A.
f) Insurance Companies	–	–	–	–	–	–	–	–	N.A.
g) FIIs	–	–	–	–	–	–	–	–	N.A.
h) Foreign Venture Capital Funds	–	–	–	–	–	–	–	–	N.A.
i) Others (specify)	–	–	–	–	–	–	–	–	N.A.
Sub-total (B)(1):	–	–	–	–	–	–	–	–	**N.A.**
2. Non-Institutions					–				
a) Bodies Corp.									
i) Indian	–	–	–	–	–	–	–	–	N.A.
ii) Overseas	–	–	–	–	–	–	–	–	N.A.
b) Individuals	–	–	–	–	–	–	–	–	N.A.
i) Individual shareholders holding nominal share capital upto ₹ 1 lakh									N.A.
ii) Individual shareholders holding nominal share capital in excess of ₹ 1 lakh									
c) Others (specify)	–	–	–	–	–	–	–	–	
Sub-total (B)(2)	–	–	–	–	–	–	–	–	**N.A.**
Total Public Shareholding (B)=(B)(1)+ (B)(2)	–	–	–	–	–	–	–	–	**N.A.**
C. Shares held by Custodian for GDRs & ADRs	–	–	–	–	–	–	–	–	N.A.
Grand Total (A+B+C)	–	**4,50,008**	**4,50,008**	**100.00**	–	**4,50,008**	**4,50,008**	**100.00**	**Nil**

(ii) Shareholding of Promoters:

Sl. No.	Shareholder's Name	Shareholding at the beginning of the year			Shareholding at the end of the year			% change in shareholding during the year
		No. of Shares	% of total Shares of the Company	% of Shares pledged / encumbered to total Shares	No. of Shares	% of total Shares of the Company	% of Shares pledged / encumbered to total Shares	
1.	ITC Limited	4,50,008	100.00	Nil	4,50,008	100.00	Nil	Nil

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

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

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

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

V. INDEBTEDNESS

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

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

A. Remuneration to Managing Director, Whole-time Directors and/or Manager: (Amount in ₹)

Sl. No.	Particulars of Remuneration	Suresh Kumar (Managing Director) (refer Note 1)
1.	Gross salary	
	(a) Salary as per provisions contained in Section 17(1) of the Income-tax Act, 1961	51,89,362
	(b) Value of perquisites under Section 17(2) of the Income-tax Act, 1961	9,06,924
	(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)	60,96,286
	Ceiling as per the Companies Act, 2013	84,00,000 per annum (refer Note 2)

Note 1 : Mr. Suresh Kumar is on deputation from ITC Limited (ITC). Mr. Kumar has been granted Stock Options by ITC at 'market price' [within the meaning of the SEBI (Share Based Employee Benefits) Regulations, 2014] under the ITC Employee Stock Option Schemes.

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, 2016 are inadequate.

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

Sl. No.	Name of Directors	Particulars of Remuneration		Total Amount
		Fee for attending Board and Board Committee meetings	Commission	
1.	Other Non - Executive Directors			
	N. Anand	Nil	Nil	Nil
	J. Singh			
Total Amount (B)				Nil
Total Managerial Remuneration (A+B)				60,96,286
Overall ceiling as per the Companies Act, 2013				84,00,000 per annum (refer Note)

Note: Ceiling as per Part II of Schedule V to the Companies Act, 2013 has been disclosed, considering that the profits of the Company for the financial year ended 31st March, 2016 are inadequate.

C. Remuneration to Key Managerial Personnel other than MD/Manager/WTD: NOT APPLICABLE

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

On behalf of the Board

Dated : 16th April, 2016 — **Jagdish Singh** — Director

Place : New Delhi — **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, 2016, 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, 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 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 auditors' 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. 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, 2016, 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 (Auditors' Report) Order, 2016', 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 B 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, 2016 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2016 from being appointed as a director in terms of Section 164 (2) of the Act.

(f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in Annexure A.

(g) With respect to the other matters to be included in the Auditors' 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, 2016 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, 2016 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, 2016.

For **Price Waterhouse Chartered Accountants LLP**
Firm Registration Number: 012754N/N500016
Chartered Accountants
Ashok Narayanaswamy
Partner
Membership Number : 095665

Place : Gurgaon
Date : April 16, 2016

Annexure A to Independent Auditors' Report

Referred to in paragraph 10(f) of the Independent Auditors' Report of even date to the members of Fortune Park Hotels Limited on the financial statements for the year ended March 31, 2016

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

1. We have audited the internal financial controls over financial reporting of Fortune Park Hotels Limited ("the Company") as of March 31, 2016 in conjunction with our audit of the financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

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

Auditors' Responsibility

3. Our responsibility is to express an opinion on the Company's

internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the"Guidance Note") and the Standards on Auditing deemed to be prescribed under section 143(10) of the Act to the extent applicable to an audit of internal financial controls, both applicable to an audit of internal financial controls and both issued by the ICAI. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

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

5. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system over financial reporting.

Meaning of Internal Financial Controls Over Financial Reporting

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

Inherent Limitations of Internal Financial Controls Over Financial Reporting

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

Opinion

8. In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2016, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

For **Price Waterhouse Chartered Accountants LLP**
Firm Registration Number: 012754N/N500016
Chartered Accountants
Ashok Narayanaswamy
Partner
Membership Number 095665

Place: Gurgaon
Date: April 16, 2016

Annexure B 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, 2016.

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.

(c) The Company does not own any immovable properties as disclosed in Note 9 to the financial statements. Therefore, the provisions of Clause 3(i)(c) of the said 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, Limited Liability Partnerships or other parties covered in the register maintained under Section 189 of the Act. Therefore, the provisions of Clause 3(iii), (iii)(a), (iii)(b) and (iii)(c) of the said Order are not applicable to the Company.

iv. The Company has not granted any loans or made any investments, or provided any guarantees or security to the parties covered under Section 185 and 186. Therefore, the provisions of Clause 3(iv) of the said Order are 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 regular in depositing the undisputed statutory dues, including provident fund, employees' state insurance, income tax, sales 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, 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, 2016 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 under section 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	6,757,173	Assessment Year 2012-13	Commissioner of Income Tax (Appeals)

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

ix. The Company has not raised any moneys by way of initial public offer, further public offer (including debt instruments) and term loans. Accordingly, the provisions of Clause 3(ix) of the Order are not applicable to the Company.

x. 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 by the Company or on the Company by its officers or employees, noticed or reported during the year, nor have we been informed of any such case by the Management.

xi. Except for managerial remuneration aggregating to ₹ 375,846, the managerial remuneration paid for by the Company is in accordance with the requisite approvals as mandated by the provisions of Section 197 read with Schedule V to the Act. The Company intends to obtain approval from the shareholders by special resolution in the ensuing Annual General Meeting of the Company for the excess remuneration paid.

xii. As the Company is not a Nidhi Company and the Nidhi Rules, 2014 are not applicable to it, the provisions of Clause 3(xii) of the Order are not applicable to the Company.

xiii. The Company has entered into transactions with related parties in compliance with the provisions of Section 188 of the Act. The details of such related party transactions have been disclosed in the financial statements as required under Accounting Standard (AS) 18, Related Party Disclosures specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. Further, the Company is not required to constitute an Audit Committee under Section 177 of the Act, and accordingly, to this extent, the provisions of Clause 3(xiii) of the Order are not applicable to the Company.

xiv. The Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year under audit. Accordingly, the provisions of Clause 3(xiv) of the Order are not applicable to the Company.

xv. The Company has not entered into any non-cash transactions with its directors or persons connected with him. Accordingly, the provisions of Clause 3(xv) of the Order are not applicable to the Company.

xvi. The Company is not required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934. Accordingly, the provisions of Clause 3(xvi) of the Order are not applicable to the Company.

For **Price Waterhouse Chartered Accountants LLP**
Firm Registration Number: 012754N/N500016
Chartered Accountants
Ashok Narayanaswamy
Partner
Membership Number 095665

Place: Gurgaon
Date: April 16, 2016

BALANCE SHEET
(all amounts in rupees unless otherwise stated)

	Note	As at March 31, 2016 (₹)	(₹)	As at March 31, 2015 (₹)	(₹)
Equity and Liabilities					
Shareholders' funds					
Share capital	2	**4,500,080**		4,500,080	
Reserves and surplus	3	**262,792,627**	**267,292,707**	321,287,830	325,787,910
Non - current liabilities					
Other long - term liabilities	4	**21,186,886**		16,816,886	
Long - term provisions	5	**17,834,368**	**39,021,254**	31,244,097	48,060,983
Current liabilities					
Trade payables					
A) Total outstanding dues of micro enterprises and small scale enterprises	6	–		–	
B) Total outstanding dues of creditors other than micro enterprises and small scale enterprises	6	**11,654,985**		7,538,138	
Other current liabilities	7	**33,993,005**		19,638,537	
Short - term provisions	8	**7,313,431**	**52,961,421**	17,325,698	44,502,373
Total			**359,275,382**		418,351,266
Assets					
Non - current assets					
Fixed assets					
Tangible assets	9	**3,460,878**		2,987,239	
Intangible assets	10	**–**	**3,460,878**	–	2,987,239
Deferred tax assets (net)	11		**20,931,177**		19,681,612
Long - term loans and advances	12		**25,460,485**		22,885,527
Other non - current assets	13		**–**		40,078,904
Current assets					
Current investments	14	**91,914,032**		155,952,200	
Trade receivables	15	**112,313,082**		102,619,990	
Cash and bank balances	16	**72,158,581**		39,260,471	
Short - term loans and advances	17	**1,777,225**		1,150,570	
Other current assets	18	**31,259,922**	**309,422,842**	33,734,753	332,717,984
Total			**359,275,382**		418,351,266
Significant accounting policies	1				

The accompanying 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
Ashok Narayanaswamy
Partner
Membership Number : 095665
Place : Gurgaon
Date : April 16, 2016

On behalf of the Board of Directors

Suresh Kumar	**Jagdish Singh**
Managing Director	Director
DIN No. 02741371	DIN No. 0042258
Place : New Delhi	Place : New Delhi
Date : April 16, 2016	Date : April 16, 2016

STATEMENT OF PROFIT AND LOSS

(all amounts in rupees unless otherwise stated)	Note		Year ended March 31, 2016 (₹)		Year ended March 31, 2015 (₹)
Revenue from operations (net)	22		266,814,273		247,233,526
Other operating income	23		–		5,137,837
Other income	24		22,299,527		19,566,024
Total revenue			289,113,800		271,937,387
Expenses :					
Employee benefits expense	25		115,668,614		128,590,576
Depreciation and amortisation expense	26		1,383,016		2,083,501
Other expenses	27		79,818,205		54,233,421
Total expenses			196,869,835		184,907,498
Profit before tax			92,243,965		87,029,889
Tax expense:					
Current tax	28	31,207,684		35,340,000	
Deferred tax	11	(1,249,565)	29,958,119	(5,717,976)	29,622,024
Profit for the year			62,285,846		57,407,865
Earnings per equity share [Nominal value per share: ₹ 10 (2015 : ₹ 10)]	30				
Basic			138.41		127.57
Diluted			138.41		127.57
Significant accounting policies	1				

The accompanying 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
Ashok Narayanaswamy
Partner
Membership Number : 095665
Place : Gurgaon
Date : April 16, 2016

On behalf of the Board of Directors

Suresh Kumar	**Jagdish Singh**
Managing Director	Director
DIN No. 02741371	DIN No. 0042258
Place : New Delhi	Place : New Delhi
Date : April 16, 2016	Date : April 16, 2016

CASH FLOW STATEMENT

(all amounts in rupees unless otherwise stated)		Year ended March 31, 2016 (₹)	Year ended March 31, 2015 (₹)
A.	**Cash flow from operating activities**		
	Profit before tax	92,243,965	87,029,889
	Adjustments for:		
	Depreciation and amortisation expense	1,383,016	2,083,501
	Bad debts written off	813,194	–
	Provision for doubtful debts	18,714,255	1,350,000
	Loss on sale of fixed assets	27,228	2,098
	Profit on sale / redemption of current investment	(13,558,432)	(18,154,179)
	Dividend distribution tax paid	20,681	–
	Interest income	(7,101,612)	(384,397)
	Operating profit before working capital changes	92,542,295	71,926,912
	Changes in working capital :		
	Increase / (decrease) in trade payables	4,116,847	1,506,047
	Increase / (decrease) in long - term provisions	(13,409,729)	4,912,127
	Increase / (decrease) in short - term provisions	(3,262,485)	2,347,087
	Increase / (decrease) in other current liabilities	14,354,468	5,980,230
	Increase / (decrease) in other long - term liabilities	4,370,000	(10,653,821)
	(Increase) / decrease in trade receivables	(25,447,369)	(16,197,653)
	(Increase) / decrease in short - term loans and advances	(626,655)	284,939
	(Increase) / decrease in other current assets	1,838,137	(5,933,055)
	Cash generated from operations	74,475,509	54,172,813
	Taxes paid (net of refunds)	(33,144,161)	(37,735,328)
	Net cash generated from operating activities	41,331,348	16,437,485
B.	**Cash flow from investing activities**		
	Purchase of fixed assets	(1,883,883)	(1,153,682)
	Sale of fixed assets	–	10,500
	Purchases of current investments	(357,219,404)	(169,700,000)
	Sale / Redemption of current investments	434,816,005	227,176,961
	Interest Received	3,405,556	4,342
	Proceeds from / (Investment in) bank deposits	26,500,000	(66,500,000)
	Net cash used in investing activities	105,618,274	(10,161,879)
C.	**Cash flow from financing activities**		
	Dividend paid	(105,976,884)	(5,625,100)
	Dividend distribution tax paid	(21,574,628)	(955,986)
	Net cash used in financing activities	(127,551,512)	(6,581,086)
	Net Increase /(decrease) in cash and cash equivalents (A+B+C)	19,398,110	(305,480)
	Cash and cash equivalents at the beginning of the year	12,760,471	13,065,951
	Cash and cash equivalents at the end of the year	32,158,581	12,760,471

Notes:

1 Cash and cash equivalents comprise of:

Cash on hand	29,622	138,025
Balances with banks	32,128,959	12,622,446
Total	32,158,581	12,760,471

2 The above Cash Flow Statement has been prepared under the indirect method set out in Accounting Standard-3 on 'Cash Flow Statements' prescribed by The Companies (Accounting Standard) Rules, 2006.

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
Ashok Narayanaswamy
Partner
Membership Number : 095665
Place : Gurgaon
Date : April 16, 2016

On behalf of the Board of Directors

Suresh Kumar	**Jagdish Singh**
Managing Director	Director
DIN No. 02741371	DIN No. 0042258
Place : New Delhi	Place : New Delhi
Date : April 16, 2016	Date : April 16, 2016

NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2016

1. SIGNIFICANT ACCOUNTING POLICIES

i) 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. 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 there to 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) of the Companies Act, 1956 [Companies (Accounting Standards) Rules, 2006, as amended] and other relevant provisions of the Companies Act, 2013.

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 for the purpose of current and non – current classification of assets and liabilities.

ii) 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.

iii) FIXED ASSETS

To state fixed assets at cost of acquisition inclusive of inward freight, duties and taxes and incidental expenses related to acquisition, net of accumulated depreciation/amortisation and accumulated impairment losses, if any.

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.

Losses arising from the retirement of, and gains or losses arising from disposal of fixed assets are recognised in the Statement of Profit and Loss.

iv) 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 instalments 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 computer software cost over a period of 5 years.

v) INVESTMENT

Investments that are readily realisable and are 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 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, such reduction being determined and made for each investment individually.

vi) OTHER INCOME

To account for income from investments and bank deposits 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.

vii) 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.

viii) 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.

ix) 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.

x) 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.

xi) 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.

xii) CLAIMS

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

xiii) 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.

xiv) 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 and provide financial information appropriate to the business and facilitate Internal Control.

xv) CASH AND CASH EQUIVALENTS

To disclose in the cash flow statement, cash and cash equivalents which includes cash in hand, demand deposits with banks, other short-term highly liquid investments with original maturities of three months or less.

xvi) EARNINGS PER SHARE

To disclose basic earnings per share computed by dividing the net profit or loss for the period attributable to equity shareholders by the weighted average number of equity shares outstanding during the period.

For the purpose of calculating diluted earnings per share, the net profit or loss for the period attributable to equity shareholders and the weighted average number of shares outstanding during the period is adjusted for the effects of all dilutive potential equity shares.

NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2016

(all amounts in rupees unless otherwise stated)

	As at March 31, 2016 (₹)	As at March 31, 2015 (₹)
2 Share capital		
Authorised		
2,000,000 (March 31, 2015: 2,000,000) equity shares of ₹ 10 each	**20,000,000**	20,000,000
Issued, subscribed and paid up		
450,008 (March 31, 2015: 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, 2016 (₹)		As at March 31, 2015 (₹)	
	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, 2016 (₹)	As at March 31, 2015 (₹)
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, 2016 (₹)		As at March 31, 2015 (₹)	
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%

	As at March 31, 2016 (₹)	As at March 31, 2015 (₹)
3 Reserves and surplus		
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	**33,747,999**	28,273,021
Add : transferred from surplus in the Statement of Profit and Loss during the year	**–**	5,740,787
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**	33,747,999
Surplus in Statement of Profit and Loss		
Balance as at beginning of the year	**284,539,831**	239,622,535
Profit for the year	**62,285,846**	57,407,865
Less : Appropriations		
Interim dividend on equity shares for the year*	(100,351,784)	–
Proposed dividend on equity shares for the year (Refer note 21)	**–**	(5,625,100)
Dividend distribution tax on Interim dividend on equity shares	**(20,429,265)**	–
Dividend distribution tax on Proposed dividend on equity shares	**–**	(1,124,682)
Transfer to general reserve	**–**	(5,740,787)
Balance as at end of the year	**226,044,628**	284,539,831
	262,792,627	321,287,830

* The Company has paid an Interim Dividend of ₹ 223 per share (on equity shares of ₹10 each) aggregating ₹ 100,351,784 during the year. No interim dividend was paid during the year ended March 31, 2015.

	As at March 31, 2016 (₹)	As at March 31, 2015 (₹)
4 Other long - term liabilities		
Advance from customers	**12,729,855**	11,079,855
Income received in advance	**8,457,031**	5,737,031
	21,186,886	16,816,886

	As at March 31, 2016 (₹)	As at March 31, 2015 (₹)
5 Long - term provisions		
Provisions for employee benefits:		
Provision for leave encashment (Refer note 25)	**7,961,444**	19,865,397
Provision for loyalty bonus (Refer note 25)	**9,872,924**	11,378,700
	17,834,368	31,244,097

	As at March 31, 2016 (₹)	As at March 31, 2015 (₹)
6 Trade payables		
Total outstanding dues of micro and small enterprises #	**–**	–
Total outstanding dues of trade payables other than micro and small enterprises	**11,654,985**	7,538,138
	11,654,985	7,538,138

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.

	As at March 31, 2016 (₹)	As at March 31, 2015 (₹)
7 Other current liabilities		
Advance from customers	**5,312,680**	6,862,680
Statutory dues including provident fund and tax deducted at source	**4,567,178**	3,910,150
Employee benefits payable	**22,903,147**	5,130,707
Income received in advance	**1,210,000**	3,735,000
	33,993,005	19,638,537

	As at March 31, 2016 (₹)	As at March 31, 2015 (₹)
8 Short - term provisions		
Provision for employee benefits:		
Provisions for leave encashment (Refer note 25)	**3,471,745**	6,535,316
Provision for loyalty bonus (Refer note 25)	**3,064,586**	4,040,600
Provisions for short term compensated absences	**777,100**	–
Other provisions:		
Provision for proposed dividend on equity shares	**–**	5,625,100
Provision for dividend distribution tax on proposed dividend on equity shares	**–**	1,124,682
	7,313,431	17,325,698

NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2016

(all amounts in rupees unless otherwise stated)

9. Tangible assets (Own Assets)

Particulars	Gross Block				Accumulated Depreciation				Net Block
	As at April 1, 2015	Additions	Disposal/ Adjustments	As at March 31, 2016	As at April 1, 2015	For the year	Disposal/ Adjustments	As at March 31, 2016	As at March 31, 2016
Office Equipment	758,038	101,249	(95,060)	764,227	420,945	67,567	(95,060)	393,452	370,775
Computers end users devices	7,729,536	1,782,634	(571,425)	8,940,745	6,054,997	1,032,020	(544,197)	6,542,820	2,397,925
Computer, network and servers	1,301,307	–	–	1,301,307	744,459	113,072	–	857,531	443,776
Furniture and fixtures	1,523,379	–	–	1,523,379	1,150,689	164,342	–	1,315,031	208,348
Vehicle	50,650	–	–	50,650	4,581	6,015	–	10,596	40,054
Total	11,362,910	1,883,883	(666,485)	12,580,308	8,375,671	1,383,016	(639,257)	9,119,430	3,460,878

Particulars	Gross Block				Accumulated Depreciation					Net Block
	As at April 1, 2014	Additions	Disposal/ Adjust-ments	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**

10. Intangible assets (Own Assets - Acquired)

Particulars	Gross Block				Amortisation				Net Block
	As at April 1, 2015	Additions	Disposal/ Adjustments	As at March 31, 2016	As at April 1, 2015	For the year	Disposal/ Adjustments	As at March 31, 2016	As at March 31, 2016
Computer software	2,625,404	–	–	2,625,404	2,625,404	–	–	2,625,404	–
Total	2,625,404	–	–	2,625,404	2,625,404	–	–	2,625,404	–

Particulars	Gross Block				Amortisation					Net Block
	As at April 1, 2014	Addi-tions	Disposal/ Adjust-ments	As at March 31, 2015	As at April 1, 2014	For the year	Adjustment of fixed assets as per schedule II of the Compa-nies Act, 2013 *	Disposal/ Adjust-ments	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	–

* The estimated useful lives of certain fixed assets had 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 ₹ 265,809 (net of deferred tax of ₹ 136,870) had been adjusted with the opening General Reserve.

	As at March 31, 2016 (₹)	As at March 31, 2015 (₹)
11 Deferred tax assets (net)		
Deferred tax asset :		
On provision for doubtful debts	11,339,373	4,775,909
On provision for employees benefits	9,674,664	14,271,733
On other timing differences	242,667	922,043
	21,256,704	19,969,685
Deferred tax liabilities :		
Depreciation / amortisation	(325,527)	(288,073)
	20,931,177	19,681,612
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	19,681,612	13,826,766
II. For the year :		
(i) Tax impact of difference between depreciation / amortisation of fixed assets in the financial statements and the income tax return	(37,454)	321,775
(ii) Tax impact of expenses charged in the financial statements but allowable as deduction in future years under income tax.	1,287,019	5,533,071
Net deferred tax asset (i+ii) (Refer note below)	1,249,565	5,854,846
Note : Includes ₹ Nil adjusted directly to opening General Reserve considering transitional provision stated in Schedule II to the Companies Act, 2013. (Previous year : ₹136,870)		
III. Closing deferred tax asset (I + II)	20,931,177	19,681,612
12 Long - term loans and advances		
Unsecured, considered good		
Advance income tax (net of provisions ₹ 113,862,229) (Previous year ₹ 110,233,229)	25,460,485	22,885,527
	25,460,485	22,885,527
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, 2016

(all amounts in rupees unless otherwise stated)

	As at March 31, 2016 (₹)	As at March 31, 2015 (₹)
14 Current investments		
At Cost or fair value whichever is less:		
Mutual funds (quoted)		
DHFL Pramerica Fixed Maturity Plan Series 62 - Direct Plan - Growth (PY : DWS FMP Series 62 Direct Plan - Growth)		
[916.15 units: Previous year (916.15 units)]	9,161	9,161
Mutual funds (unquoted)		
ICICI Prudential Short Term - Direct Plan - Growth Option		
[0 units: Previous year (349,296.17 units)]	–	10,000,000
ICICI Prudential Ultra Short Term - Direct Plan - Growth		
[0 units: Previous year (3,152,131.39 units)]	–	45,000,000
HDFC High Interest Fund - Direct Plan - Short Term Plan - Growth Option		
[0 units: Previous year (363,553.08 units)]	–	10,000,000
Franklin India Ultra Short Bond Fund Super Institutional Plan - Direct - Growth Plan		
[0 units: Previous year (810,223.95 units)]	–	15,000,000
HDFC Liquid Fund - Direct Plan - Growth Option		
[0 units: Previous year (1,088,005.11 units)]	–	30,000,000
TATA Money Market Fund Direct Plan - Growth		
[0 units: Previous year (13,616.13 units)]	–	30,000,000
IDFC Cash Fund - Growth - (Direct Plan)		
[0 units: Previous year (4,530.84 units)]	–	7,700,000
Kotak Floater Short Term - Direct Plan - Growth		
[0 units: Previous year (4,302.619 units)]	–	8,243,039
ICICI Prudential Money - Market Fund - Direct Plan - Growth		
[15645.896 units: Previous year (0 units)]	3,250,000	–
UTI-Money Market Fund-Institutional Plan-Direct Plan-Growth		
[22,804.416 units: Previous year (0 units)]	38,154,871	–
Reliance Liquid Fund - Treasury Plan - Direct Growth Plan - Growth Option		
[8,132.163 units: Previous year (0 units)]	30,000,000	–
Reliance Liquidity Fund - Direct Growth Plan - Growth Option		
[8,985.95 units: Previous year (0 units)]	20,500,000	–
	91,914,032	155,952,200
Aggregate amount of quoted investments	9,161	9,161
Market value of quoted investments	10,866	9,998
Aggregate amount of unquoted investments	91,904,871	155,943,039
15 Trade receivables		
Unsecured, considered good		
Outstanding for a period exceeding six months from the date they are due for payment	21,024,259	21,240,931
Others	91,288,823	81,379,059
	112,313,082	102,619,990
Unsecured, considered doubtful		
Outstanding for a period exceeding six months from the date they are due for payment	22,142,307	11,684,437
Others	4,483,213	–
Less: provision for doubtful debts	(26,625,520)	(11,684,437)
	–	–
	112,313,082	102,619,990
16 Cash and bank balances		
Cash and cash equivalents		
Cash on hand	29,622	138,025
Bank balances		
- In current accounts	32,128,959	12,622,446
	32,158,581	12,760,471
Other Bank Balances		
Term Deposits with maturity more than 3 months but less than 12 months	40,000,000	26,500,000
	72,158,581	39,260,471
17 Short - term loans and advances		
Unsecured, considered good :		
Other loans and advances :		
Prepaid expenses	545,322	488,441
Balance with Government Authorities	612,384	14,982
Security deposits	401,100	603,000
Advances to employees, vendors etc.	218,419	44,147
	1,777,225	1,150,570

	As at March 31, 2016 (₹)	As at March 31, 2015 (₹)
18 Other current assets		
Unsecured, considered good :		
Interest accrued on deposits	3,437,629	301,151
Contractual reimbursable expenses	27,822,293	33,433,602
	31,259,922	33,734,753
Unsecured, considered doubtful :		
Contractual reimbursable expenses	6,139,658	2,366,486
Less: provision for doubtful receivables	(6,139,658)	(2,366,486)
	–	–
	31,259,922	33,734,753
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	9,382,331

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, 2015 : ₹ 6,757,173)
- ₹ 2,625,158 for assessment year 2011-12 (March 31, 2015 : ₹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.

	As at March 31, 2016 (₹)	As at March 31, 2015 (₹)
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
Dividend per equity share	–	₹ 12.50
22 Revenue from operations (net)		
Management consultancy and other services	266,814,273	247,233,526
	266,814,273	247,233,526
Details of management consultancy and other services :		
Operating and marketing fees	259,543,456	233,056,060
Other fees	7,270,817	14,177,466
	266,814,273	247,233,526
23 Other operating income		
Income on closure of alliances	–	5,137,837
	–	5,137,837
24 Other Income		
Interest Income on bank deposits	6,043,799	384,397
Interest Income on income tax refund	1,057,813	–
Profit on sale / redemption of current investment	13,558,432	18,154,179
Miscellaneous income	1,639,483	1,027,448
	22,299,527	19,566,024
25 Employee benefits expense		
Salaries, wages and bonus *	204,147,525	208,831,978
Reimbursement of remuneration of deputed managers	31,120,751	29,466,287
Gratuity [Refer note (a) below] ** (after adjusting for movement in value of assets not recognised)	100,000	5,088,724
Contribution to provident and other funds [Refer note (b) below]	9,315,654	9,003,696
Staff welfare expenses	12,564,289	13,090,961
	257,248,219	265,481,646
Less : Recoveries ***	(141,579,605)	(136,891,070)
	115,668,614	128,590,576

* Net of ₹ 20,685,075 (P.Y. : ₹ Nil) being provision for leave encashment written back during the year due to change in Company's leave encashment policy.

** Includes ₹ Nil (P. Y.: ₹ 5,309,184) being excess of fair value of plan assets as compared to present value of defined benefit of obligation as at March 31, 2016 which has been charged off as the Company does 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 ₹ 2,805,410 (Previous year: ₹ 4,441,700) 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, 2016

(all amounts in rupees unless otherwise stated)

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, 2016 ₹	As at March 31, 2015 ₹	As at March 31, 2016 ₹	As at March 31, 2015 ₹
(i)	**Present value of defined benefit obligation**				
	Balance at the beginning of the year	**8,569,001**	7,175,338	**26,400,713**	19,960,999
	Current service cost	**3,065,992**	2,799,480	**1,273,939**	3,537,821
	Interest cost	**621,361**	528,585	**1,908,938**	1,349,747
	Actuarial (gains) / losses	**(427,777)**	(1,224,625)	**4,431,089**	6,641,976
	Benefits paid	**(568,364)**	(709,777)	**(1,896,415)**	(5,089,830)
	Past service costs	**–**	–	**(20,685,075)**	–
	Balance at the end of the year	**11,260,213**	8,569,001	**11,433,189**	26,400,713
(ii)	**Fair value of plan assets**				
	Balance at the beginning of the year	**13,878,185**	10,813,425	**–**	–
	Expected return on plan assets	**1,210,065**	1,111,122	**–**	–
	Actuarial gains/ (losses)	**(1,607,734)**	1,323,427	**–**	–
	Contribution by the company	**100,000**	1,339,988	**–**	–
	Benefits paid	**(568,364)**	(709,777)	**–**	–
	Settlements	**–**	–	**–**	–
	Balance at the end of the year	**13,012,152**	13,878,185	**–**	–
	Actual return on plan assets	**397,669**	2,434,550	**–**	–
(iii)	**Assets and liabilities as at balance sheet date**				
	(Refer Note 5 and 8)				
	Present value of defined benefit obligation	**11,260,213**	8,569,001	**11,433,189**	26,400,713
	Less: fair value of plan assets	**(13,012,152)**	(13,878,185)	**–**	–
	Less: unrecognised past service costs		–	**–**	–
	Liability / (Assets) as at balance sheet date	***(1,751,939)**	*(5,309,184)	**11,433,189**	26,400,713

* Not recognised

		Gratuity		Leave Encashment	
		As at March 31, 2016 ₹	As at March 31, 2015 ₹	As at March 31, 2016 ₹	As at March 31, 2015 ₹
(iv)	**Expense recognised in the Statement of Profit and Loss**				
	Current service cost	**3,065,992**	2,799,480	**1,273,939**	3,537,821
	Interest cost	**621,361**	528,585	**1,908,938**	1,349,747
	Expected return on Plan Assets	**(1,210,065)**	(1,111,122)	**–**	–
	Actuarial (gains) / losses	**1,179,957**	(2,548,052)	**4,431,089**	6,641,976
	Past service costs	**–**	–	**(20,685,075)**	–
	Settlements	**–**	–	**–**	–
	Curtailments	**–**	–	**–**	–
	Total expense	**3,657,245**	(331,109)	**(13,071,109)**	11,529,544
(v)	**Major category of plan assets as a % of total plan assets**				
	Life Insurance Corporation of India (100%)	**13,012,152**	13,878,185	**–**	–
(vi)	**Actuarial assumptions**				
	Discount rate	**7.50% p.a.**	7.75% p.a.	**7.50% p.a.**	7.75% p.a.
	Expected return on plan assets	**9.00% p.a.**	9.00% 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.
	Attrition Rate	**25.00% p.a.**	25.00% p.a.	**25.00% p.a.**	25.00% 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, 2016 ₹	Year ended March 31, 2015 ₹	Year ended March 31, 2014 ₹	Year ended March 31, 2013 ₹	Year ended March 31, 2012 ₹
(vii)	**Amounts recognised in current year and previous four years**					
	Gratuity					
	Defined benefit obligation	**11,260,213**	8,569,001	7,175,338	5,960,887	4,152,362
	Plan asset	**13,012,152**	13,878,185	10,813,425	8,771,860	6,863,747
	Surplus / (deficit)	**1,751,939**	5,309,184	3,638,087	2,810,973	2,711,385
	Experience adjustments in plan liabilities [(gain) / loss]	**(511,427)**	(1,363,585)	(1,157,808)	(667,282)	(1,113,179)
	Experience adjustments in plan Assets [gain / (loss)]	**1,607,734**	(1,292,563)	15,842	260,652	(24,348)
	Leave encashment					
	Defined benefit obligation	**11,433,189**	26,400,713	19,960,999	17,433,307	14,207,739
	Plan asset	**–**	–	–	–	–
	Surplus / (deficit)	**(11,433,189)**	(26,400,713)	(19,960,999)	(17,433,307)	(14,207,739)
	Experience adjustments in plan liabilities [(gain) / loss]	**1,779,159**	5,229,015	3,527,807	2,717,431	2,172,406
	Experience adjustments in plan assets [gain / (loss)]	**–**	–	–	–	–
(viii)	**Expected contribution to the funds in the next year**					
	Gratuity	**–**	–	–	–	–

(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 ₹8,892,169/- (Previous year ₹ 8,644,526/-).

		Year ended March 31, 2016 (₹)	Year ended March 31, 2015 (₹)
26	**Depreciation and amortisation expense [refer note 9 & 10]**		
	Depreciation on tangible assets	**1,383,016**	1,852,911
	Amortisation on intangible assets	**–**	230,590
		1,383,016	2,083,501

NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2016
(all amounts in rupees unless otherwise stated)

	Year ended March 31, 2016 (₹)	Year ended March 31, 2015 (₹)
27 Other expenses		
Power and fuel	**596,839**	378,862
Rent [refer note 32]	**6,687,622**	5,447,206
Repairs - others	**2,641,808**	1,855,126
Insurance	**219,502**	169,409
Rates and taxes	**28,641**	35,580
Travelling and conveyance	**14,920,079**	15,081,939
Expenditure towards Corporate Social Responsibilty (CSR) activities	**1,748,000**	1,618,000
Legal Consultancy / professional fees	**6,668,863**	5,380,109
Printing and stationery	**492,250**	455,142
Communication expenses	**3,270,010**	3,040,289
Advertising / sales promotion	**14,225,954**	13,774,549
Provision for doubtful debts	**18,714,255**	1,350,000
Bad debts written off	**813,194**	–
Information technology expenses	**5,565,419**	3,419,059
Bank charges	**14,604**	16,090
Loss on sale / write-off of fixed assets (net)	**27,228**	2,098
Payment to auditors (excluding service tax)		
As auditor:		
- Audit fee	**350,000**	250,000
- Tax audit fee	**50,000**	50,000
- Other services	**875,000**	200,000
- Reimbursement of expenses	**68,006**	161,263
Miscellaneous expenses	**1,840,931**	1,548,700
	79,818,205	54,233,421

	Year ended March 31, 2016 (₹)	Year ended March 31, 2015 (₹)
28 Current tax		
Income tax for the year	**31,150,000**	35,340,000
Adjustments / (credits) related to previous years (Net)	**57,684**	–
	31,207,684	35,340,000
29 Expenditure in foreign currency		
Advertisement / sales promotion	**1,758,804**	2,695,864
	1,758,804	2,695,864
30 Earnings per equity share		
Profit after tax	**62,285,846**	57,407,865
Weighted average number of shares outstanding	**450,008**	450,008
Basic and diluted earnings per share (in ₹) (Face value - ₹ 10/- per share)	**138.41**	127.57

31 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) Key Management Personnel: — Nakul Anand (Director); Suresh Kumar (Managing Director); Jagdish Singh (Additional Director w.e.f. March 21, 2016); Arun Pathak (Director) (Ceased to be Director w.e.f. March 21, 2016)

iii) Other related parties with whom transactions have taken place during the year :
Associate of Holding Company — International Travel House Limited
Entity under control of the ITC Group — ITC Rural Development Trust; ITC Sangeet Research Academy

b) Summary of transactions / balances (₹) :

	Transactions / balances	Holding Company		Other Related Parties		Key Management Personnel	
		March 31, 2016	March 31, 2015	March 31, 2016	March 31, 2015	March 31, 2016	March 31, 2015
1	Operating and marketing fees [Inclusive of service tax -₹24,10,788/- (Previous year - ₹15,92,060/-)]	19,613,742	14,471,817				
2	Purchase of services						
	- ITC Limited	413,488	471,526				
	- International Travel House Limited			3,216,891	3,562,452		
3	Rent [Inclusive of service tax - ₹ 1,99,368/- (Previous year - ₹1,83,857/-)]	1,694,802	1,671,372				
4	Remuneration of managers / staff on deputation recovered						
	- ITC Limited [Inclusive of service tax - ₹ 16,59,780/- (Previous year - ₹ 14,75,808/-)]	13,537,501	13,356,095				
5	Remuneration of managers on deputation reimbursed (including remuneration of Suresh Kumar - Managing Director) ₹ 5,059,362/- (Previous year - ₹ 7,54,585/-) as disclosed below)	31,120,751	29,466,287				
6	Dividend payments	105,976,884	5,625,100				
7	Expense recovered during the year (amount due on account of payments made on behalf of related parties)						
	- ITC Limited	813,747	3,373,662				
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 ₹ 600,000/- (Previous year - ₹ 98,214/-))	11,045,716	12,525,596				
	- International Travel House Limited			67,580	288,668		
9	Remuneration to Key Management Personnel						
	- Suresh Kumar					7,016,637	992,282
10	Expenditure towards Corporate Social Responsibilty (CSR) activities						
	- ITC Rural Development Trust			1,748,000			
	- ITC Sangeet Research Academy				1,618,000		
11	Closing Balances:						
	(i) Trade receivables						
	- ITC Limited	2,361,080	1,061,729				
	(ii) Other current assets						
	- ITC Limited	1,713,382	1,080,803				
	(iii) Trade payables						
	- ITC Limited	3,114,563	2,295,113				
	- International Travel House Limited			534,502	115,466		
	(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.

32 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.

33 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.

34 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
Ashok Narayanaswamy
Partner
Membership Number : 095665
Place : Gurgaon
Date : April 16, 2016

On behalf of the Board of Directors

Suresh Kumar
Managing Director
DIN No. 02741371
Place : New Delhi
Date : April 16, 2016

Jagdish Singh
Director
DIN No. 0042258
Place : New Delhi
Date : April 16, 2016

REPORT OF THE BOARD OF DIRECTORS FOR THE FINANCIAL YEAR ENDED 31ST MARCH, 2016

1. Your Board of Directors ('the Board') hereby submit their Report for the financial year ended 31st March, 2016.

2. **FINANCIAL PERFORMANCE**

Your Company earned an operational revenue of ₹ 1.28 crores (previous year ₹1.15 crores) representing a growth of 12%. However, the other income at ₹ 38.29 lakhs (previous year ₹ 43.01 lakhs) showed a decline of 11% mainly due to reduction in fixed deposit interest rates during the year and roll over of growth oriented Mutual Fund.

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

	For the year ended 31st March, 2016 (₹)	For the year ended 31st March, 2015 (₹)
a. Profit Before Tax	**1,58,91,187**	1,49,19,196
b. Tax Expenses		
Current Tax	**53,61,396**	49,45,282
Deferred Tax	**1,07,293**	1,04,749
c. Profit After Tax	**1,04,22,497**	98,69,165
d. Add : Profit brought forward from previous years	**6,12,68,943**	5,33,84,145
e. Surplus available for appropriation	**7,16,91,440**	6,32,53,310
Less:		
– Transfer to General Reserve	**–**	9,86,917
– Proposed Dividend	**8,31,250**	8,31,250
– Dividend Distribution Tax on Proposed Dividend	**1,69,223**	1,66,201
f. Balance carried forward to the following years	**7,06, 90,967**	6,12,68,943

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, 2016.

4. **OPERATIONAL PERFORMANCE**

The Company has an Operating License Agreement with its Holding Company ITC Limited which in turn has an Operating and Marketing Services Agreement with Fortune Park Hotels Limited,its wholly owned subsidiary and fellow subsidiary of your Company. Fortune Park Hotels Limited have expertise in operating and maintaining four/ three star categories of hotels in India having a wide spread marketing and reservation network for the operations of the hotel.

The Company's hotel Fortune Resort Bay Island in Port Blair commands patronage in the city primarily due to its fabulous location and excellent architectural design.

During the year, the swimming pool of the hotel was revamped and is expected to commence by May 2016. The work of sewerage treatment plant is also expected to be completed by August 2016 and thereafter, renovation of rooms will commence.

5. **DIRECTORS AND KEY MANAGERIAL PERSONNEL**

(a) Changes in Directors

During the year under review, Mr. Arun Pathak (DIN 00502850) had resigned as the director of the Company effective 22nd March, 2016. The Board would like to place on record its appreciation for the services rendered by him as the director of the Company.

Mr. Jagdish Singh (DIN 00042258) was appointed as an additional director of the Company effective 21st March, 2016. By virtue of the provisions of Article 130 of the Articles of Association of your Company and Section 161 of the Companies Act, 2013 ('the Act'), Mr. Singh 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. Singh who has filed his consent to act as a Director of the Company, if appointed.

Your Board at its meeting held on 16th April, 2016 has recommended for the approval of the Members, appointment of Mr.Singh as Non-Executive Director of the Company liable to retire by rotation.

Appropriate resolution seeking your approval to the aforesaid appointment is appearing in the Notice convening the ensuing AGM.

(b) Retirement by rotation

In accordance with the provisions of Section 152(6) of the Act and Article 143 and144 of the Articles of Association of the Company, Mr. G. H. C. Jadwet (DIN 00116150), Director, will retire by rotation at the ensuing Annual General Meeting (AGM) of the Company and, being eligible, offers himself for re-appointment. Your Board has recommended his re-appointment.

6. **BOARD AND BOARD COMMITTEES**

The Company does not have any Board Committee. During the year ended 31st March, 2016, five meetings of the Board were held. The details of Director's attendance at the Board Meetings during the financial year are given below:

Date of Board Meetings	Directors				
	Nakul Anand	Arun Pathak*	Suresh Kumar	G H C Jadwet	Jagdish Singh**
14.04.2015	YES	YES	YES	NO	–
06.05.2015	YES	YES	YES	NO	–
04.09.2015	YES	YES	YES	NO	–
15.12.2015	YES	YES	YES	YES	–
21.03.2015	YES	YES	YES	NO	YES
No. of meetings attended	5	5	5	1	1

* Ceased to be a Director w.e.f. 22nd March, 2016

** Appointed as an Additional Director w.e.f. 21st March, 2016

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 systems are adequate and operating effectively.

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

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

9. **PARTICULAR OF EMPLOYEES**

No employee of the Company is drawing remuneration more than the limit specified in Rule 5(2) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014.

Your Company continues to attract and retain talent of the highest quality. Your Directors place on record their sincere appreciation for the efforts made and the support rendered by the employees of the Company. The Company provides a gender friendly workplace and no case of sexual harassment was reported during the year.

10. **RISK MANAGEMENT**

The Company's risk management framework, designed to bring robustness to the risk management processes in the Company, addresses risks intrinsic to operations, financials and compliances arising out of the overall strategy of the Company. Management of risks vests with the executive management which is responsible for the day-to-day conduct of the affairs of the Company. The Internal Audit Department of ITC Limited periodically carries out, at the request of the Company, risk focused audits with the objective of identifying areas where risk management processes could be strengthened. As required under the Risk Management Policy of the Company, significant risks are periodically reviewed by the General Manager of the Hotel. Further, an annual update was provided to the Board on the effectiveness of the Company's risk management systems and policies. The Board expressed satisfaction with the implementation of the risk mitigation strategies adopted by the Company against various risks.

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.

During the year, the internal financial controls in the Company with respect to the financial statements were tested and no material

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

12. PARTICULARS OF LOANS, GUARANTEES AND INVESTMENTS

During the year ended 31st March, 2016, the Company has neither given any loan or guarantee nor has made any investment under Section 186 of the Act.

13. RELATED PARTY TRANSACTIONS

The details of related party transactions of the Company in the prescribed Form No. AOC-2 are enclosed 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 impacting the going concern status of the Company and its future operations.

15. EXTRACT OF ANNUAL RETURN

The extract of the Annual Return in the prescribed Form No.MGT-9 is enclosed as Annexure 2 to this Report.

16. STATUTORY AUDITORS

The Company's Statutory Auditors, Messrs. S. B. Dandeker & Co., Chartered Accountants, were appointed with your approval at the Thirty Eighth Annual General Meeting to hold such office till the conclusion of the Forty-First Annual General Meeting. Your Board, in terms of Section 139 of the Act, has recommended for the ratification of the Members the appointment of Messrs. S. B. Dandeker & Co., from the conclusion of the ensuing AGM till the conclusion of the Forty-First AGM. The Board, in terms of Section 142 of the Act, has also recommended for the approval of the Members the remuneration of Messrs. S. B. Dandeker & Co. for the financial year 2016-17. 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

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

18. FOREIGN EXCHANGE EARNINGS AND OUTGO

The foreign exchange earnings of the hotel during the year were ₹ 23.22 Lakhs as against (₹ 16.68 Lakhs in the previous year). There was no foreign exchange outgo during the year. (Previous year-Nil)

On behalf of the Board

Dated : 18th April, 2016 — **Jagdish Singh** Director
Place : New Delhi — **Suresh Kumar** Director

Annexure 1 to the Report of the Board of Directors for the financial year ended 31st March, 2016

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), Holding Company
b)	Nature of contracts / arrangements / transactions	Receipt of Licence fees
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 of the transaction during the year - ₹1,46,29,921/-
e)	Date(s) of approval by the Board, if any	–
f)	Amount paid as advances, if any	–

On behalf of the Board

Dated : 18th April, 2016 — **Jagdish Singh** Director
Place: New Delhi — **Suresh Kumar** 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, 2016

[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 : 01244171717 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	% to total turnover of the Company
1.	Hotel services	55101	100%

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES

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

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

(i) Category-wise Shareholding:

Category of Shareholders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
A. Promoters									
(1) Indian									
a) Individual/HUF	–	–	–	–	–	–	–	–	N.A.
b) Central Govt.	–	–	–	–	–	–	–	–	N.A.
c) State Govt.(s)	–	–	–	–	–	–	–	–	N.A.
d) Bodies Corp.	–	11,875	11,875	100.00	–	11,875	11,875	100.00	Nil
e) Banks / FI	–	–	–	–	–	–	–	–	N.A.
f) Any Other	–	–	–	–	–	–	–	–	N.A.
Sub-total (A)(1)	–	11,875	11,875	100.00	–	11,875	11,875	100.00	Nil
(2) Foreign									
a) NRIs - Individuals	–	–	–	–	–	–	–	–	N.A.
b) Other – Individuals	–	–	–	–	–	–	–	–	N.A.
c) Bodies Corp.	–	–	–	–	–	–	–	–	N.A.
d) Banks / FI	–	–	–	–	–	–	–	–	N.A.
e) Any Other	–	–	–	–	–	–	–	–	N.A.
Sub-total (A)(2)	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**N.A.**
Total shareholding of Promoter (A) = (A)(1)+(A)(2)	**–**	**11,875**	**11,875**	**100.00**	**–**	**11,875**	**11,875**	**100.00**	**Nil**
B. Public Shareholding									
1. Institutions									
a) Mutual Funds	–	–	–	–	–	–	–	–	N.A.
b) Banks / FI	–	–	–	–	–	–	–	–	N.A.
c) Central Govt.	–	–	–	–	–	–	–	–	N.A.
d) State Govt.(s)	–	–	–	–	–	–	–	–	N.A.
e) Venture Capital Funds	–	–	–	–	–	–	–	–	N.A.
f) Insurance Companies	–	–	–	–	–	–	–	–	N.A.
g) FIIs	–	–	–	–	–	–	–	–	N.A.
h) Foreign Venture Capital Funds	–	–	–	–	–	–	–	–	N.A.
i) Others (specify)	–	–	–	–	–	–	–	–	N.A.
Sub-total (B)(1):-	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**N.A.**
2. Non-Institutions a) Bodies Corp. i) Indian 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	 – – –	 – – –	 – – –	 – – –	 – – –	 – – –	 – – –	 – – –	 N.A. N.A. 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	–	–	–	–	–	–	–	–	Nil
Grand Total (A+B+C)	**–**	**11,875**	**11,875**	**100.00**	**-**	**11,875**	**11,875**	**100.00**	**Nil**

(ii) Shareholding of Promoters:

Sl. No.	Shareholder's Name	Shareholding at the beginning of the year			Shareholding at the end of the year			% change in shareholding during the year
		No. of Shares	% of total Shares of the Company	% of Shares pledged / encumbered to total Shares	No. of Shares	% of total Shares of the Company	% of Shares pledged / 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
	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): NOT APPLICABLE

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

V. INDEBTEDNESS

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

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

A. Remuneration to Managing Director, Whole-time Directors and/or Manager : NOT APPLICABLE

B. Remuneration to other Directors:

(Amount in ₹)

Sl. No.	Particulars of Remuneration	Name of Directors				Total Amount
		Nakul Anand	Suresh Kumar	G H C Jadwet	Jagdish Singh	
1.	Other Non-Executive Directors					
	• Fee for attending Board and Board Committee meetings	–	–	–	–	–
	• Commission	–	–	–	–	–
	• Others, please specify	–	–	–	–	–
	Total (B)	–	–	–	–	
	Total Managerial Remuneration	–	–	–	–	N.A.
Overall ceiling as per the Act (11% of the net profits of the Company computed in accordance with Section 198 of the Companies Act, 2013)						17,48,031

C. Remuneration to Key Managerial Personnel other than MD/Manager/WTD: NOT APPLICABLE

VII. PENALTIES / PUNISHMENT / COMPOUNDING OF OFFENCES

against the Company, Directors and other Officers in Default under the Companies Act, 2013: NONE

On behalf of the Board

Dated : 18th April, 2016
Place : New Delhi

Jagdish Singh Director
Suresh Kumar Director

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, 2016, 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, 2016, 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, 2016 ("the Order"), issued by the Central Government of India in terms of sub-section (11) of Section 143 of the Act, we give in the "Annexure-A" a statement on the matters specified in paragraphs 3 and 4 of the Order.
2. As required by Section 143 (3) of the Act, 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, 2016 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2016 from being appointed as a director in terms of Section 164 (2) of the Act.
   (f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure B"
   (g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
      I. The Company does not have any pending litigations which would impact its financial position
      II. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses
      III. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company

For and on behalf of
S.B.DANDEKER & CO.
Chartered Accountants
Firm Regn No.301009E
Kedarashish Bapat
Partner
M.No.- 057903

Place: Port Blair,
Date: 18th April, 2016

Annexure A to Independent Auditors' Report

Statement on matters specified in paragraphs 3 & 4 of the Companies (Auditor's Report) Order 2016 ("the order"), issued by the Central Government in terms of sub section (11) of section 143 of the Companies Act 2013, for the year ended 31st March 2016

(i) (a) The Company is maintaining proper records to show full particulars, including quantitative details and situation of fixed assets.
   (b) 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.
   (c) The title deeds of immovable properties are held in the name of the company.

(ii) The company did not hold any inventory during the year. Therefore clause (ii) of para 3 of the order is not applicable

(iii) The Company has not granted any loans, secured or unsecured to companies, firms, limited liability partnerships or other parties covered in the register maintained under section 189 of the Companies Act 2013. Therefore clause (iii) of para 3 of the order is not applicable.

(iv) There are no loans, investments, guarantees and security given, made or provided by the company during the year for which the provisions of sections 185 and 186 of the Companies Act 2013 are applicable.

(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) (a) 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.

(b) 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.

(viii) In accordance with the information and explanations given to us the company had no dues of any financial institution, bank, Government or debenture holder during the year.

(ix) No moneys have been raised by way of initial public offer or further public offer (including debt instruments) and term loans, by the company, during the year. Therefore clause (ix) of para 3 of the order is not applicable.

(x) 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.

(xi) No managerial remuneration has been paid or provided by the company during the year. Therefore clause (xi) of para 3 of the order is not applicable.

(xii) The company is not a Nidhi Company as defined in section 406(1) of the Companies Act 2013. Therefore clause (xii) of para 3 of the order is not applicable.

(xiii) All transactions with the related parties are in compliance with sections 177 and 188 of Companies Act, 2013 where applicable and the details have been disclosed in the Financial Statements etc as required by the applicable accounting standards.

(xiv) The company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year under review. Therefore clause (xiv) of para 3 of the order is not applicable.

(xv) The company has not entered into any non-cash transactions with directors or persons connected with him and therefore compliance of the provisions of section 192 of Companies Act, 2013 is not applicable.

(xvi) The company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934.

For and on behalf of
S.B.DANDEKER & CO.
Chartered Accountants
Firm Regn No.301009E
Kedarashish Bapat
Partner
M.No.- 057903

Place: Port Blair
Date: 18th April, 2016

Annexure B to Independent Auditors' Report

Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act") for the year ended 31st March 2016

We have audited the internal financial controls over financial reporting of Bay Islands Hotels Limited ("the Company") as of March 31, 2016 in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

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

Auditors' Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

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

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

Meaning of Internal Financial Controls over Financial Reporting

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

Inherent Limitations of Internal Financial Controls over Financial Reporting

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

Opinion

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2016, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

For and on behalf of
S.B.DANDEKER & CO.
Chartered Accountants
Firm Regn No.301009E
Kedarashish Bapat
Partner
M.No.- 057903

Place: Port Blair
Date: 18th April, 2016

BALANCE SHEET AS AT 31st MARCH, 2016

	Note	As at 31st March,2016 (₹)	(₹)	As at 31st March,2015 (₹)	(₹)
EQUITY AND LIABILITIES					
Shareholders' Funds					
Share Capital	1	**1,187,500**		1,187,500	
Reserves & Surplus	2	**143,603,846**	**144,791,346**	134,181,821	135,369,321
Non Current Liabilities					
Long Term Provisions	3		**458,179**		244,745
Current liabilities					
Trade Payables			**27,766**		20,064
Total outstanding dues of micro enterprises and small enterprises		–		–	
Total outstanding dues of creditors other than micro enterprises and small enterprises		**27,766**		20,064	
Other current liabilities	4		**637,366**		411
Short Term Provisions	5		**1,130,041**		1,784,065
TOTAL			**147,044,698**		**137,418,606**
ASSETS					
Non-Current Assets					
Fixed Assets	6				
Tangible Assets			**68,831,671**	69,171,130	
Deferred Tax Asset (Net)	7		**2,502,607**	2,609,900	
Long Term Loans & Advances	8		**1,167,718**	983,508	
Current Assets					
Current Investments	9	**10,000,000**		10,000,000	
Trade Receivables	10	**4,729,838**		3,360,420	
Cash and cash equivalents	11	**57,573,315**		49,108,574	
Other Current Assets	12	**2,239,549**		2,185,074	
		74,542,702		64,654,068	
			74,542,702		64,654,068
TOTAL			**147,044,698**		**137,418,606**
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
(M.No.057903)
Place : Port Blair
Date : 18th April, 2016

On behalf of the Board

JAGDISH SINGH Director
SURESH KUMAR Director
Place : New Delhi
Date: 16th April, 2016

STATEMENT OF PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2016

	Note	For the year ended 31st March, 2016 (₹)	For the year ended 31st March, 2015 (₹)
Revenue from operations	13	**12,795,471**	11,474,669
Other Income	14	**3,828,694**	4,300,900
Total Revenue		**16,624,165**	15,775,569
Expenses:			
Employee benefits expense	15	**196,077**	249,104
Depreciation and amortization expense		**339,460**	339,460
Other Expenses	16	**197,441**	267,809
Total Expenses		**732,978**	856,373
Profit Before Taxation		**15,891,187**	14,919,196
Tax expense for the year			
Current Tax		**5,361,396**	4,945,282
Deferred Tax		**107,293**	104,749
Profit/(Loss) for the period		**10,422,497**	9,869,165
Basic and Diluted Earnings Per Share (₹) (Face value : ₹ 100 per share)	17	**878**	831
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
(M.No.057903)
Place : Port Blair
Date : 18th April, 2016

On behalf of the Board

JAGDISH SINGH Director
SURESH KUMAR Director
Place : New Delhi
Date: 16th April, 2016

CASH FLOW STATEMENT FOR THE YEAR ENDED 31st MARCH, 2016

(Figures for the previous year have been rearranged to conform with the revised presentation)

		For the year ended 31st March,2016		For the year ended 31st March,2015
	(₹)	(₹)	(₹)	(₹)
A. NET PROFIT BEFORE TAX		**15,891,187**		14,919,196
ADJUSTMENTS FOR :				
Depreciation	**339,460**		339,460	
Interest income	**(3,828,694)**		(4,300,900)	
		(3,489,234)		(3,961,440)
OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES		**12,401,953**		10,957,756
ADJUSTMENTS FOR :				
Trade Receivables, Loans & Advances and Other Current Assets	**(1,729,393)**		(621,499)	
Trade Payables & Other Liabilities	**201,045**	**(1,528,348)**	(119,458)	(740,957)
CASH GENERATED FROM OPERATIONS		**10,873,605**		10,216,798
Income Tax Paid		**5,145,283**		4,844,642
NET CASH FROM OPERATING ACTIVITIES		**5,728,322**		5,372,156
B. CASH FLOW FROM INVESTING ACTIVITIES :				
Investments made	–		–	
Interest Received	**3,733,870**	**3,733,870**	1,724,557	4,099,287
NET CASH FROM INVESTING ACTIVITIES		**3,733,870**		4,099,287
C. CASH FLOW FROM FINANCIAL ACTIVITIES :				
Dividend Paid	**(831,250)**		(831,250)	
Income Tax on Dividend Paid	**(166,201)**	**(997,451)**	(141,271)	(972,521)
NET CASH FLOW USED IN FINANCING ACTIVITIES		**(997,451)**		(972,521)
NET INCREASE IN CASH AND CASH EQUIVALENTS		**8,464,741**		8,498,923
OPENING CASH AND CASH EQUIVALENTS		**49,108,574**		40,609,650
CLOSING CASH AND CASH EQUIVALENTS		**57,573,315**		49,108,574

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	**57,573,315**	49,108,574

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
(M.No.057903)
Place : Port Blair
Date : 18th April, 2016

On behalf of the Board

JAGDISH SINGH Director
SURESH KUMAR Director
Place : New Delhi
Date: 16th April, 2016

NOTES TO THE ACCOUNTS

(Figures for the previous year have been rearranged to conform with the revised presentation)

	As at 31st March, 2016 (₹)	As at 31st March,2015 (₹)
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 31-Mar-16		As at 31-Mar-15	
	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 2016		As at 31st March 2015	
	No. of Shares held	% of Holding	No. of Shares held	% of Holding
ITC Ltd.	**11,875**	**100**	11,875	100

Terms/Rights attached to Equity Shares:

The Ordinary Equity 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 2016 (₹)		As at 31st March 2015 (₹)
2 RESERVES & SURPLUS				
Revaluation Reserve				
At the beginning and at the end of the year		**61,080,586**		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	**7,494,194**		6,507,277	
Add: Transferred from current year's surplus	**–**	**7,494,194**	986,917	7,494,194

NOTES TO THE ACCOUNTS (Contd.)

		As at 31st March 2016 (₹)		As at 31st March 2015 (₹)
Surplus in Statement of Profit & Loss				
At the commencement of the year	61,268,943		53,384,145	
Add: Profit for the current year	10,422,497		9,869,165	
Less: Transfer to General Reserve	–		(986,917)	
Less: Proposed Dividend [₹-70 (2015-₹ 70) per share]	(831,250)		(831,250)	
Less : Income Tax on Proposed Dividend	(169,223)		(166,201)	
At the end of the year		70,690,967		61,268,943
		143,603,846		134,181,821

		As at 31st March 2016 (₹)	As at 31st March 2015 (₹)
3	**LONG TERM PROVISIONS**		
	Provision for employee benefits		
	Other than retirement benefits	458,179	244,745
		458,179	244,745
4	**Other Current Liabilities**		
	Statutory Liabilities	–	411
	Other Payables	637,366	–
		637,366	411
5	**SHORT TERM PROVISIONS**		
	Current portion of employee benefits	129,568	786,614
	Proposed Dividend	831,250	831,250
	Dividend Distribution tax on proposed dividend	169,223	
		–	166,201
		1,130,041	1,784,065

6. FIXED ASSETS - Tangible Assets

Particulars	Gross Block				Accumulated Depreciation				Net Block	
	@ Original Cost/ Professional valuation as at 31.03.2015	Additions during the year	Withdrawals during the year	Original Cost/ Professional valuation as at 31.03.2016	Accumulated Depreciation as at 31.03.2015	Depreciation for the year	Depreciation on withdrawals	Depreciation upto 31.03.2016	Net Block as at 31.03.2016	Net Block as at 31.03.2015
	(₹)	(₹)	(₹)	(₹)	(₹)	(₹)	(₹)	(₹)	(₹)	(₹)
1. Land	57,000,000	–	–	57,000,000	–	–	–	–	57,000,000	57,000,000
2. Building	38,989,750	–	–	38,989,750	26,818,619	339,460	–	27,158,079	11,831,671	12,171,131
3. Plant & Machinery	5,558,845	–	14,400	5,544,445	5,558,845	–	14,400	5,544,445	–	–
4. Office Equipment	185,415	–	–	185,415	185,415	–	–	185,415	–	–
5. Furniture & Fittings	407,319	–	115,230	292,089	407,319	–	115,230	292,089	–	–
TOTAL	102,141,329	–	129,630	102,011,699	32,970,198	339,460	129,630	33,180,028	68,831,671	69,171,131
Previous Year	102,141,329	–	–	102,141,329	32,630,738	339,460	–	32,970,198	69,171,130	69,510,591

@ Original Cost / Professional Valuation as on 31st March 1999.
Note: All assets mentioned above have been given under an Operating Lease to the Holding Company.

		As at 31st March 2016 (₹)	As at 31st March 2015 (₹)
7	**DEFERRED TAX ASSET (NET)**		
	Deferred Tax Asset	2,609,900	2,714,649
		2,609,900	2,714,649
	Less: Depreciation - Timing Difference	107,293	104,749
	Net Deferred Tax Asset	2,502,607	2,609,900

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)	1,167,718	983,508
		1,167,718	983,508
9	**CURRENT INVESTMENTS** (at lower of cost and fair value)		
	Investment in Mutual Funds:		
	Quoted:		
	ICICI Prudential Fixed Maturity Plan - Series 72 - Direct Plan - Cumulative - 10,00,000 Units of ₹ 10 each (PY - 10,00,000)	10,000,000	10,000,000
		10,000,000	10,000,000
	Aggregate market value of quoted investments : ₹ 1.20 cr (PY - 1.11 Cr)		
10	**TRADE RECEIVABLES**		
	Outstanding for a period exceeding six months from the date they are due for payment	–	–
	Others		
	Unsecured, considered good	4,729,838	3,360,420
		4,729,838	3,360,420

		As at 31st March 2016 (₹)	As at 31st March 2015 (₹)
11	**CASH AND CASH EQUIVALENTS**		
	Current Accounts	6,089,435	1,358,563
	Deposit Accounts*	4,545,511	4,279,827
	Other Bank balances		
	Deposit Accounts#	46,938,369	43,470,184
		57,573,315	49,108,574

"*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	1,442,979	1,748,479
	Others* - Unsecured, considered good	796,570	436,595
		2,239,549	2,185,074

*Others comprise of amount recoverable from the Holding Company

		For the year ended 31st March, 2016 (₹)	For the year ended 31st March, 2015 (₹)
13	**REVENUE FROM OPERATIONS**		
	Operating Licence Fee	12,795,471	11,474,669
		12,795,471	11,474,669
14	**OTHER INCOME**		
	Interest on Fixed Deposit	3,828,694	4,300,900
		3,828,694	4,300,900
15	**EMPLOYEE BENEFITS EXPENSE**		
	Salaries, Wages and Bonus	9,490,887	8,940,626
	Contribution to Provident Fund & Other Funds	919,946	766,380
	Workmen and Staff Welfare Expenses	699,475	199,663
		11,110,308	9,906,669
	Less: Recoveries	(10,914,231)	(9,657,565)
		196,077	249,104

NOTES TO THE ACCOUNTS (Contd.)

	For the year ended 31st March, 2016 (₹)	For the year ended 31st March, 2015 (₹)
16 OTHER EXPENSES		
Consumption of Stores and Spare Parts	**36,000**	35,300
Travelling and Conveyance	**42,000**	36,000
Miscellaneous Expenses	**119,441**	196,509
	197,441	267,809
Miscellaneous Expenses include:		
Payment to Auditors		
Audit Fees	**15,000**	12,000
Tax Audit fees	**7,000**	5,500
Others	**4,000**	–

	For the year ended 31st March, 2016 (₹)	For the year ended 31st March, 2015 (₹)
17 EARNINGS PER SHARE		
Profit/ (loss) after Taxation	**10,422,497**	9,869,165
Weighted average number of equity shares outstanding	**11,875**	11,875
Basic and diluted earnings per share in rupees (face value - ₹100/- per share)	**878**	831

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 transfer to Revaluation Reserve the increase in the net book value of such Fixed Assets arising on revaluation. To account for the depreciation on such revalued Fixed Assets over the unexpired useful life of such Fixed Assets; to transfer to General Reserve the amount standing to the credit of Revaluation Reserve on account of a revalued asset that is retired/derecognised.

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 state administered Provident Fund which are charged against the revenue. The contribution in respect of Gratuity Fund is made to Life Insurance Corporation.

To determine the liabilities towards leave encashment on the basis of an independent actuarial valuation as per the requirements of Accounting Standard – 15 (revised 2005) on "Employee Benefits" and to recognize such actuarial 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 wholly owned subsidiary of ITC Limited, owns a hotel in Port Blair known as 'Fortune Resort Bay Island'. The Hotel Operations are under an Operating 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 2016. 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, 2016, and recognized in the financial statements in respect of Employee Benefit Schemes:

	Particulars	2015-16	2014-15
I	**Components of Employer Expense**	**Unfunded**	**Unfunded**
1	Current Service Cost	133,848	1,11,007
2	Interest Cost	32,312	27,846
3	Expected Return On plan assets	–	–
4	Net Actuarial (gain) loss recognised in the year	75,624	1,44,079
5	Past Service Cost	–	–
6	Expenses Recognised in the statement of P & L	241,784	2,82,932
II	**Net Asset / (Liability) recognised in Balance Sheet**		
1	Present Value Of Obligation	587,747	5,15,679
2	Fair Value Of Plan Assets	–	–
3	Liability (assets)	587,747	5,15,679
4	Unrecognised Past Service Cost	–	–
5	Liability (asset) recognised in the Balance Sheet	587,747	5,15,679
	Current	129,568	2,70,934
	Non-Current	458,179	2,44,745
III	**Change in Defined Benefit Obligation**		
1	Present Value Of obligation Beginning Of The Period	515,679	4,85,868
2	Interest Cost	32,312	27,846
3	Current Service Cost	133,848	1,11,007
4	Past Service Cost	–	–
5	Benefits Paid	(169,716)	(2,53,121)
6	Actuarial (gain) loss on Obligation	75,624	1,44,079
7	Present Value Of obligation End Of The Period	587,747	5,15,679
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	169,716	2,53,121
4	Benefits Paid	(169,716)	(2,53,121)
5	Actuarial gain (Loss) Plan Assets	-	-
6	Fair value of plan Assets End Of The Period	-	-
V	**Actuarial Assumptions**		
1	Discount Rate (%)	7. 50%	7.75%

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 Period	
		31st March, 2016	31st March, 2015
1	Defined Benefit Obligation at the end of the period	**(587,747)**	(5,15,679)
2	Plan Assets at the end of the period	–	–
3	Status [Surplus / (Deficit)]	**(587,747)**	(5,15,679)
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
G.H.C Jadwet
Arun Pathak (till 21st March, 2016)
Suresh Kumar
Jagdish Singh (w.e.f 21st March, 2016)

iii) Summary of Transactions during the period (Rupees):

(a) Transactions with Holding Company :

		2015-16	2014- 15
1.	Operating License fees (Rent Received)*	**1,46,29,921**	1,28,92,937
2.	Expenses Reimbursed	**11,57,629**	18,58,095
3.	Expenses Recovered **	**1,17,71,446**	1,06,88,924
4.	Dividend Payment	**8,31,250**	8,31,250
5.	Balance as at period end		
	- Trade Receivables	**47,29,838**	33,60,420
	- Other recoverables	**33,60,420**	4,36,595

* includes Service Tax – ₹ 18,34,450.87 (PY – ₹ 14,18,268)

**Includes recoveries of staff salaries - ₹1,09,14,231 (PY-₹ 96,57,565)

(b) Transaction with Key Management Personnel-Nil (Previous Year-Nil).

8. Previous Year's figures have been regrouped/rearranged wherever necessary.

As per Our Report of Even Date Attached

On Behalf Of The Board

Jagdish Singh — Director — Place : New Delhi

Suresh Kumar — Director — Date : 16th April 2016

ANNUAL REPORT OF WELCOMHOTELS LANKA (PRIVATE) LIMITED FOR THE FINANCIAL YEAR ENDED 31ST MARCH, 2016.

The Board of Directors of WelcomHotels Lanka (Private) Limited hereby submit their fourth Annual Report for the financial year ended 31st March, 2016.

Nature of Business

The Company, a wholly-owned subsidiary of ITC Limited, India, was incorporated in April 2012 with the objective of constructing, building and operating a mixed use development project ('Project') including a luxury hotel and a premium residential condominium 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 year lease for this purpose. The lease provides for transfer of freehold rights of the proportionate share of the residential condominium property area in favour of purchasers of the residential units subject to fulfilment of certain conditions stipulated in the Lease Deed. As stated in earlier reports the Project, which was approved as a Strategic Development Project, has been accorded fiscal concessions by the Government of Sri Lanka and has also been exempted from Sri Lankan foreign exchange regulations.

Project Status

The excavation and allied works commenced in the previous year and are nearing completion. The piling work being done concurrently is expected to be completed in a few months, after which the civil and structural works for the project would commence. During the year design development by major consultants for the project has progressed substantially and is expected to be completed shortly.

The Financial Statements, including the Auditors Report thereon, for the year ended 31st March, 2016, 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 in the Interests Register

The Directors had no interest in any contract with the Company during the year ended 31st March, 2016.

Remuneration of Directors

The Non-Executive Directors are not entitled to and nor have they received any remuneration or benefit from the Company during the year ended 31st March, 2016.

Mr. A. Pathak, whose services have been seconded to the Company by the holding Company, ITC Limited, has been appointed the Managing Director of the Company with effect from 1st February, 2016 and will be paid such remuneration as may be determined by the Board of Directors and approved by the shareholders. The requisite approvals are expected to be in place in the first quarter of 2016/17.

Donations

The Company has not made any donation during the year ended 31st March, 2016.

Directors of the Company

The Directors of the Company, as at 31st March, 2016, are as follows:

1.	Mr. Biswa Behari Chatterjee	Chairman & Non-Executive Director
2.	Mr. Arun Pathak	Managing 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, 11, Castle Lane, Colombo 4, Sri Lanka, for Statutory Audit of the Accounts of the Company for the year 2015/16, is set out in Note 4 to the attached Financial Statements.

The Auditors were not engaged for rendering any other services to the Company and hence there were no other fees paid or payable to them.

The Auditors do not have any other relationship (other than as Statutory Auditors) with the Company.

Arun Pathak
Managing Director

B B Chatterjee
Director

Corporate Services (Private) Limited
Secretaries

On this 21st day of April, 2016

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, 2016, and the statement of comprehensive income, the statement of changes in equity and the statement of cash flows 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, 2016, 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
21st April, 2016

STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31ST MARCH, 2016

	Note	2015/2016 Rs.	2015/2016 INR	2014/2015 Rs.	2014/2015 INR
Revenue		–	–	–	–
Cost of sales		–	–	–	–
Gross profit		–	–	–	–
Other income	3	**12,036,988**	**5,545,441**	–	–
Administrative expenses	4	**(1,478,809)**	**(681,288)**	(1,311,493)	(616,402)
Finance cost	5	–	–	(579,116)	(272,184)
Pre operating profit / (loss) before tax	6	**10,558,179**	**4,864,153**	(1,890,609)	(888,586)
Taxation	7	–	–	–	–
Pre operating profit / (loss) for the year		**10,558,179**	**4,864,153**	(1,890,609)	(888,586)
Other comprehensive income					
Other comprehensive income		–	–	–	–
Total comprehensive income/ (loss) for the year		**10,558,179**	**4,864,153**	(1,890,609)	(888,586)
Earnings per share	8	**0.09**	**0.04**	(0.02)	(0.01)

The accounting policies and notes from 1 to 20 form an integral part of these financial statements.

STATEMENT OF FINANCIAL POSITION AS AT 31ST MARCH, 2016

	Note	2015/2016 Rs.	2015/2016 INR	2014/2015 Rs.	2014/2015 INR
Assets					
Non Current Assets					
Capital work in progress	9	**2,465,708,010**	**1,113,267,166**	825,916,324	388,180,672
Prepaid lease rental	10	**9,318,363,160**	**4,207,240,967**	9,318,363,160	4,379,630,685
		11,784,071,170	**5,320,508,133**	10,144,279,484	4,767,811,357
Current Assets					
Prepayments	11	**48,532,429**	**21,912,392**	135,596,425	63,730,320
Cash and bank balances	12	**196,478,818**	**88,710,186**	104,501,242	49,115,584
		245,011,247	**110,622,578**	240,097,667	112,845,904
Total Assets		**12,029,082,417**	**5,431,130,711**	10,384,377,151	4,880,657,261
Equity and Liabilities					
Capital and Reserves					
Stated capital	13	**12,132,641,002**	**5,579,179,561**	10,577,430,682	4,845,135,506
Accumulated loss		**(190,368,572)**	**(187,243,559)**	(200,926,751)	31,821,342
		11,942,272,430	**5,391,936,002**	10,376,503,931	4,876,956,848
Current Liabilities					
Other payables	14	**86,809,987**	**39,194,709**	7,873,220	3,700,413
Total Liabilities		**86,809,987**	**39,194,709**	7,873,220	3,700,413
Total Equity and Liabilities		**12,029,082,417**	**5,431,130,711**	10,384,377,151	4,880,657,261

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
Managing Director

.....
B B Chatterjee
Director

21st April, 2016

The accounting policies and notes from 1 to 20 form an integral part of these financial statements.
Figures in brackets indicate deductions.

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31ST MARCH, 2016

	Stated Capital	Stated Capital	Retained Earnings	Retained Earnings	Total	Total
	Rs.	INR	Rs.	INR	Rs.	INR
Balance as at 1st 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
Shares issued during the year	1,560,136,000	736,268,000	–	–	1,560,136,000	736,268,000
Pre operating profit for the year	–	–	10,558,179	4,864,153	10,558,179	4,864,153
Share issue cost	(4,925,680)	(2,223,945)	–	–	(4,925,680)	(2,223,945)
Foreign Exchange Translation Reserve				(223,929,054)		(223,929,054)
Balance as at 31st March 2016	12,132,641,002	5,579,179,561	(190,368,572)	(187,243,559)	11,942,272,430	5,391,936,002

The accounting policies and notes from 1 to 20 form an integral part of these financial statements.

STATEMENT OF CASH FLOW FOR THE YEAR ENDED 31ST MARCH, 2016

	2015/2016 Rs.	2015/2016 INR	2014/2015 Rs	2014/2015 INR
Cash Flows From Operating Activities				
Pre operating profit / (loss) before tax	10,558,179	4,864,153	(1,890,609)	(888,586)
Changes in Working Capital				
(Increase)/decrease in trade and other receivables	87,063,996	39,309,394	(134,936,331)	(63,420,076)
(Decrease)/increase in trade and other payables	78,936,767	35,639,950	6,841,614	3,215,558
Net cash flow generated from /(used in) operating activities	176,558,942	79,813,497	(129,985,326)	(61,093,104)
Cash Flows From Investing Activities				
Capital work in progress	(1,639,791,686)	(740,365,946)	(347,839,273)	(163,484,458)
Net cash flow from/(used in) investing activities	(1,639,791,686)	(740,365,946)	(347,839,273)	(163,484,458)
Cash Flows From Financing Activities				
Proceeds from issue of shares	1,560,136,000	736,268,000	513,600,000	240,573,040
Share issue cost	(4,925,680)	(2,223,945)	(2,568,000)	(1,206,960)
Net cash flow from/(used in) financing activities	1,555,210,320	734,044,055	511,032,000	239,366,080
Net increase/(decrease) in cash and cash equivalents	91,977,576	73,491,606	33,207,401	14,788,518
Cash and cash equivalents at the beginning of the period	104,501,242	49,115,584	71,293,841	32,795,167
Foreign Exchange Translation (Gain)/ Loss		(33,897,004)		1,531,899
Cash and cash equivalents at the end of the period (Note 15.1)	196,478,818	88,710,186	104,501,242	49,115,584

The accounting policies and notes from 1 to 20 form an integral part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2016

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 2016 were authorised for issue by the Directors on 21st April 2016.

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 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.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2016

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.

2.12 Property, Plant and Equipment

2.12.1 Cost

Property, Plant and equipment, including owner-occupied property, is stated at cost, excluding the costs of day-to-day servicing, less accumulated depreciation and accumulated impairment losses, if any. Replacement or major inspection costs are capitalised when incurred and if it is probable that future economic benefits associated with the item will flow to the entity and the cost of the item can be measured reliably.

The cost of property, plant and equipment is the cost of acquisition or construction together with any expenses incurred in bringing the asset to its condition for its intended use.

2.12.2 Depreciation

Depreciation is charged to Statement of Comprehensive Income so as to write off the cost or valuation of assets (other than freehold land) less their residual values over their useful lives, using the straight-line method. The estimated useful lives, residual values and depreciation method are reviewed at each year-end, with the effect of any change in estimate accounted for on a prospective basis.

2.12.3 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.

2.13 Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined by the weighted average method. The cost of the inventory comprises purchase price, taxes (other than those subsequently recoverable by the company from the tax authorities), and transport, handling and other costs directly attributable to the acquisition of finished goods. 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.

2.14 Cash and Cash Equivalents

Cash and cash equivalents for the purpose of statement of cash flow, are defined as cash in hand, demand deposits and short term highly liquid investments which are readily convertible to known amounts of cash and subject to insignificant risk of changes in value.

2.15 Stated Capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of ordinary shares are recognised as a deduction from equity, net of any tax effects.

2.16 Financial Instruments

Trade and other receivables are initially recognised at the transaction price. All sales are made on the basis of normal credit terms, and the receivables do not bear interest. 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.

2.17 Provisions, Contingent Assets and Contingent Liabilities

Provisions are made for all obligations existing as at the date of statement of financial position when it is probable that such an obligation will result in an outflow of resources and a reliable estimate can be made of the quantum of the outflow.

Contingent liabilities are possible obligations that arise from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the entity. All contingent liabilities are disclosed as a note to the financial statement unless the outflow of resources is remote.

Contingent assets are disclosed where inflow of economic benefits is probable.

2.18 Borrowing Costs

Borrowing costs are recognised as an expense in the period in which they are incurred, except to the extent where borrowing costs that are directly attributable to the acquisition, construction, or production of a Qualifying Asset that takes a substantial period of time to get ready for its intended use or sale, are capitalised as part of that asset.

2.19 Statement of Cash Flow

The statement of cash flow has been prepared using the "indirect method".

2.20 Revenue Recognition

2.20.1 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.

2.20.2 Interest Income

Interest income is recognised using the Effective Interest Rate (EIR) method.

2.20.3 Other Income

Other income is recognised on accrual basis

2.21 Expenditure Recognition

Expenses are recognised in the Statement of Comprehensive Income on the basis of a direct association between the cost incurred and the earning of specific items of income. The remuneration of the Managing Director is recognised upon its determination by the Board of Directors. All expenditure incurred in running the business and in maintaining property, plant and equipment in a state of efficiency has been charged to the Statement of Comprehensive Income.

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.)

	2015/2016 Rs.	2015/2016 INR	2014/2015 Rs.	2014/2015 INR
3. Other Income				
Foreign exchange gain	12,036,988	5,545,441	–	–
4. Administrative Expenses				
(a) Auditor's remuneration and expenses				
Audit fees*	425,000	195,798	425,000	199,750
Reimbursement of expenses and taxes	59,500	27,412	59,500	27,965
(b) Secretarial remuneration and expenses				
Secretarial fees*	60,000	27,642	60,000	28,200
Reimbursement of expenses and taxes	46,859	21,588	29,224	13,735
(c) Tax consultancy fees	872,655	402,032	737,769	346,752
(d) Company annual registration levy	14,795	6,816	–	–
	1,478,809	681,288	1,311,493	616,402
*Excluding taxes				
5. Finance Cost				
Foreign exchange loss	–	–	579,116	272,184
6. Pre-operating Loss Profit / (Loss)				
The following items have been charged in arriving at the pre-operating profit / (loss)				
Auditor's remuneration and expenses	484,500	223,209	484,500	227,715
Secretarial remuneration and expenses	106,859	49,230	89,224	41,935
Tax consultancy fees	872,655	402,032	737,769	346,752
Company annual registration levy	14,795	6,816	–	–

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.

8. Earnings Per Share

Earnings per share is calculated by dividing the net profit / (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				
Profit/ (Loss) attributable to ordinary shareholders	10,558,179	4,864,153	(1,890,609)	(888,586)
Amount used as the Denominator				
Weighted average number of ordinary shares in issue	112,494,722	112,494,722	102,530,295	102,530,295
Earnings Per Share	0.09	0.04	(0.02)	(0.01)
9. Capital Work In Progress				
Project consultancy charges	702,783,788	317,306,880	302,587,644	142,216,193
Interest on loan	411,633,591	185,852,566	411,633,591	193,467,788
Site development, Excavation, and Piling charges	1,288,329,721	581,680,869	88,588,713	41,636,695
Rates and taxes	13,197,402	5,958,627	7,377,854	3,467,591
Project management expenses	49,763,508	22,468,224	15,728,522	7,392,405
	2,465,708,010	1,113,267,166	825,916,324	388,180,672

	2015/2016 Rs.	2015/2016 INR	2014/2015 Rs.	2014/2015 INR
10. Prepaid Lease Rental				
Prepaid lease rentals (note 10.1)	9,318,363,160	4,207,240,967	9,318,363,160	4,379,630,685

10.1 Prepaid Lease Rental

Prepaid lease rentals amounting to Rs. 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:

Prepaid lease premium for land	9,224,250,000	4,164,748,875
Stamp duty on lease of land	94,113,160	42,492,092
	9,318,363,160	4,207,240,967

11. Prepayments				
Capital advances	34,109,050	15,400,236	134,861,425	63,384,870
Security deposit	4,031,530	1,820,236	735,000	345,450
Other advances	10,391,849	4,691,920	–	–
	48,532,429	21,912,392	135,596,425	63,730,320
12. Cash and Bank balances				
CITI Bank- FCBU Account	196,329,238	88,642,651	104,501,242	49,115,584
CITI Bank- LKR Account	149,580	67,535	–	–
	196,478,818	88,710,186	104,501,242	49,115,584
13. Stated Capital				
Opening balance	10,577,430,682	4,845,135,506	10,066,398,682	4,605,769,426
Issued during the year	1,560,136,000	736,268,000	513,600,000	240,573,040
Share issue cost	(4,925,680)	(2,223,945)	(2,568,000)	(1,206,960)
Closing balance	12,132,641,002	5,579,179,561	10,577,430,682	4,845,135,506

No. of Shares issued:- 2015/ 2016 - 15,601,360 and 2014/2015 - 5,136,000

14. Other Payables				
Auditor's remuneration and expenses	484,500	218,752	484,500	227,715
Retention - Contractor	76,845,323	34,695,663	5,197,887	2,443,007
Tax consultancy fees	685,750	309,616	737,769	346,752
Sundries	8,794,414	3,970,678	1,453,064	682,939
	86,809,987	39,194,709	7,873,220	3,700,413
15. Notes to the Cash Flow Statement				
15.1 Cash and Cash Equivalents at the End of the Year				
Cash at bank	196,478,818	88,710,186	104,501,242	49,115,584
	196,478,818	88,710,186	104,501,242	49,115,584
16. Operating Lease				
Lease rental for land payable to Board of Investment of Sri Lanka.				
Not later than one year	21,487	9,701	19,536	9,182
Later than one year and not later than five years	85,949	38,806	78,146	36,729
Later than five years	1,912,357	863,429	1,777,816	835,574

17. Contingencies and Commitments

Capital Commitments pending as at Balance Sheet date is Rs. 1,299,508,179, INR 586,727,943 (LY: Rs. 1,660,732,369, INR 780,544,213)

There were no significant contingent liabilities as at the date of statement of financial position other than those disclosed above.

18. Events after the date of Statement of Financial Position

There were no significant events occurring after the date of statement of financial position.

19. Related Party Transactions

19.1 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 (Rs)	Transaction Value (INR)	Outstanding Balance as at the date of Statement of Financial Position Rs.	Outstanding Balance as at the date of Statement of Financial Position (INR)
ITC Ltd	Parent Company	Share issue	1,560,136,000 (513,600,000)	736,268,000 (240,573,040)	12,190,951,000 (10,630,815,000)	5,611,537,232 (4,875,269,232)
ITC Ltd	Parent Company	Purchase of Services	3,858,448 (2,496,079)	1,777,598 (1,173,157)	2,024,818 (NIL)	914,205 (NIL)
ITC Ltd	Parent Company	Technical Service fee	13,331,500 (NIL)	6,141,822 (NIL)	2,179,187 (NIL)	983,903 (NIL)
ITC Ltd	Parent Company	Reimbursement of Expenses	11,212,684 (NIL)	5,165,684 (NIL)	2,267,781 (NIL)	1,023,903 (NIL)

Note: Figures in brackets relate to the previous year

20. 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.

	2015/2016 Rs.	2015/2016 INR	2014/2015 Rs.	2014/2015 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, 2016

1. Your Board of Directors ('the Board') hereby submits their Report for the financial year ended 31st March, 2016.

2. **PERFORMANCE OF THE COMPANY**

During the year, your Company recorded Total Revenue of ₹ 1886.07 lakhs (previous year ₹ 1740.18 lakhs), representing an increase of 8.39% over the previous year mainly due to higher usage of the Golf Course, coupled with receipt of license fees for the full financial year. The Company recorded a Net Profit of ₹ 135.52 lakhs (previous year ₹ 107.47 lakhs) during the financial year ended 31st March, 2016 registering a growth of 26.10% over the last year.

The Company continues to own and operate the 'Classic Golf and Country Club', a Jack Nicklaus Signature Golf Course. During the year, 12 weekend tournaments and 15 weekday tournaments took place. 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, Volvo, Turkish Airlines, FICCI, KPMG, Gibson, Swedish Chamber of Commerce, BILT, etc., which were also covered extensively by the electronic media.

The Company's destination luxury resort hotel 'ITC Grand Bharat - A Luxury Collection Retreat' is licensed to and operated by ITC Limited (ITC), the Holding Company.

During the year, the Company raised further capital by issuing 1,00,00,000 Equity Shares of ₹ 10/- each for cash at par, aggregating ₹ 10 crores to ITC. The proceeds were utilised towards completion of the Hotel Project. Thereafter, the Company raised further capital by issuing 18,70,00,000 Equity Shares of ₹ 10/- each for cash at par, aggregating ₹ 187 crores to ITC. These proceeds were utilised towards redemption of the Preference Share Capital of the Company aggregating ₹ 187 crores comprising 1,87,00,000 Preference Shares of ₹ 100/- each. Consequently, the Paid-up Share Capital of the Company as on 31st March, 2016 stands at ₹ 317 crores comprising of 31,70,00,000 Equity Shares of ₹ 10/- each.

3. **DIRECTORS AND KEY MANAGERIAL PERSONNEL**

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

There was no change in the composition of the Board of the Company during the year.

During the year under review, Ms. Sonali Grover resigned as the Company Secretary of the Company with effect from 25th June, 2015 and Ms. Shripriya Kaushal was appointed as the Company Secretary effective 14th August, 2015. Mr V. Chandar resigned as the Chief Financial Officer of the Company with effect from 10th January, 2016 and Mr Ravi Khyani was appointed as the Chief Financial Officer effective 1st March, 2016.

(b) Retirement by rotation

In accordance with the provisions of Section 152(6) of the Companies Act, 2013 ('the Act') and Articles 106, 107 and 108 of the Articles of Association of the Company, Mr. Nakul Anand (DIN: 00022279), Director, will retire by rotation at the ensuing Annual General Meeting ('AGM') of the Company and, being eligible, offers himself for re-election. Your Board has recommended his 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

As reported last year, 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 were adopted by the Nominations and Remuneration Committee of the Board in respect of Independent Directors. The said attributes and qualifications, to the extent applicable, were also adopted in respect of the other Directors.

The Directors of the Company, other than Independent Directors, are executives of ITC Limited and fulfil the fit and proper criteria for appointment as Directors. Further, the Directors of the Company, other than the Independent Directors, are liable to retire by rotation and one-third of such Directors retire every year and are eligible for re-election.

(e) Remuneration Policy

The Remuneration Policy for the Directors, Key Managerial Personnel and other employees of the Company, as approved by the Board, 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. **BOARD AND BOARD COMMITTEES**

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

Audit Committee	Nomination and Remuneration Committee
Mr. R. Tandon (Chairman)	Mr. B. Hariharan (Chairman)
Mr. H. M. Jha	Mr. N. Anand
Ms. R. Chadha	Mr. H. M. Jha
	Ms. R. Chadha

During the year ended 31st March, 2016, the following meetings of the Board and Board Committees were held:

Board / Board Committee	Number of meetings held during the year	Dates of meetings
Board	7	18th April, 2015 14th August, 2015 14th November, 2015 29th December, 2015 22nd February, 2016 18th March, 2016 18th March, 2016
Audit Committee	3	18th April, 2015 14th August, 2015 14th November, 2015
Nomination and Remuneration Committee	2	18th April, 2015 14th August, 2015

The attendance of the Directors of the Company at the Board and Board Committee meetings held during the year is given below:

Sl. No.	Name of the Director / Committee Member	Number of meetings attended		
		Board	Audit Committee	Nomination and Remuneration Committee
1.	Mr. N. Anand	7	N.A.	2
2.	Mr. R. Tandon	4	2	N.A.
3.	Mr. H. M. Jha	5	3	2
4.	Ms. R. Chadha	5	3	2
5.	Mr. B. Hariharan	6	N.A.	1
6.	Mr. A. Anand Rao	7	N.A.	N.A.

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 that such systems are adequate and operating effectively.

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

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

7. **PARTICULARS OF EMPLOYEES**

No employee of the Company is drawing remuneration more than the limit specified in Rule 5(2) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014.

Your Company continues to attract and retain talent of the highest quality. Your Directors place on record their sincere appreciation for the efforts made and the support rendered by the employees of the Company. The Company provides a gender friendly workplace and no case of sexual harassment was reported during the year.

8. **RISK MANAGEMENT**

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

Management of risks vests with the executive management which is responsible for the day-to-day conduct of the affairs of the Company.

The Internal Audit Department of ITC limited periodically carries out, at the request of the Company, risk focused audits with the objective of identifying areas where risk management processes could be strengthened. As required under the Risk Management Policy of the Company, a Risk Mitigation Reportback was prepared on half-yearly basis and reviewed by the Managing Director of the Company. Further, an annual update was provided to the Audit Committee on the effectiveness of the Company's risk management systems and policies. The Board expressed satisfaction with the implementation of the risk mitigation strategies adopted by the Company against various risks.

9. 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 Audit Committee which provides guidance on internal controls, also reviews internal audit findings and implementation of internal audit recommendations.

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

10. PARTICULARS OF LOANS, GUARANTEES AND INVESTMENTS

During the year ended 31st March, 2016, the Company has neither given any loan or guarantee nor has made any investment under Section 186 of the Act.

11. RELATED PARTY TRANSACTIONS

The details of related party transactions of the Company in the prescribed Form No. AOC-2 are enclosed under **Annexure 2** to this Report.

12. SIGNIFICANT AND MATERIAL ORDERS PASSED BY THE REGULATORS / COURTS / TRIBUNALS

During the year under review, no significant or material orders were passed by the Regulators / Courts / Tribunals impacting the going concern status of the Company and its future operations.

13. EXTRACT OF ANNUAL RETURN

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

14. AUDITORS

(a) Statutory Auditors

The Company's Statutory Auditors, Messrs. Deloitte Haskins & Sells LLP ('DHS'), Chartered Accountants, were appointed with your approval 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, 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-Fifth AGM. The Board, in terms of Section 142 of the Act, has also recommended for the approval of the Members the remuneration of DHS for the financial year 2016-17. Appropriate resolution in respect of the above is appearing in the Notice convening the ensuing AGM of the Company.

(b) Secretarial Auditor

Your Board, during the year, appointed Messrs. PB & Associates, Company Secretaries, to conduct secretarial audit of the Company for the financial year ended 31st March, 2016. The Secretarial Audit Report for the financial year 2015-16 by Messrs. PB & Associates, Company Secretaries, in terms of Section 204 of the Act is enclosed as **Annexure 4** to this Report.

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

Conservation of Energy:

Steps taken on conservation of energy and impact thereof: Efforts were taken to remove the illegal tapping on the dedicated line from Sub-station to the course, thereby reducing the interruptions in power supply and lesser use of DG has resulted in saving of approx 40,269.50 ltrs. of diesel (previous year 4,904 ltrs.) during the financial year 2015-16.

Steps taken by the Company for utilizing alternate sources of energy: NIL

Capital investment on energy conservation equipment: NIL

Technology Absorption:

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

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

Foreign Exchange Earnings and Outgo:

During the year, the Company had foreign exchange earnings of ₹ 69.19 lakhs (previous year ₹ 57.86 lakhs) and foreign exchange outflow of ₹ 8.07 lakhs (previous year ₹ 18.34 lakhs).

On behalf of the Board

Dated : 21st April, 2016 — **B Hariharan** — **Director**

Place : Gurgaon — **A Anand Rao** — **Managing Director**

Annexure 1 to the Report of the Board of Directors for the financial year ended 31st March, 2016

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.
4. Remuneration of KMP on deputation from the Holding Company / subsidiary / fellow subsidiary / associate companies, is aligned to the Remuneration Policy of that company.

Remuneration of Independent Directors

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

Remuneration of employees other than KMP

1. Remuneration of employees other than KMP is approved by the Board.
2. Remuneration is reviewed and revised periodically, when such a revision is warranted by the market. The quantum of revision is linked to market trends, the competitive context of the Company's business, as well as the track record of the individual employee.
3. Variable Pay cognises for the performance rating of the individual employee and the overall performance of the Company.

Annexure 2 to the Report of the Board of Directors for the financial year ended 31st March, 2016

FORM NO. AOC-2

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

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

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

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

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

a)	Name(s) of the related party and nature of relationship	ITC Limited (ITC), the Holding Company
b)	Nature of contracts / arrangements / transactions	Receipt of License fees
c)	Duration of the contracts / arrangements / transactions	99 years with effect from 14th November, 2014.
d)	Salient terms of the contracts or arrangements or transactions including the value, if any	Licence to operate Hotel 'ITC Grand Bharat' and certain additional land and building. Value of the transaction during the year – ₹ 5,11,71,750/-
e)	Date(s) of approval by the Board, if any	–
f)	Amount paid as advances, if any	–

On behalf of the Board

Dated : 21st April, 2016 — **B Hariharan** — **Director**

Place : Gurgaon — **A Anand Rao** — **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, 2016

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

I. REGISTRATION AND OTHER DETAILS

i)	CIN	:	U74899HR1992PLC052412
ii)	Registration Date	:	24th January, 1992
iii)	Name of the Company	:	Landbase India Limited
iv)	Category / Sub-Category of the Company	:	Unlisted Public Company limited by shares
v)	Address of the Registered office and contact details	:	ITC Green Centre, Plot No.10, Institutional Area, Sector-32, Gurgaon– 122001 Phone : 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	:	MCS Share Transfer Agent Limited F – 65, Okhla Industrial Area, Phase – I, New Delhi – 110020 Phone : (011) 41406149-52

II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

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

Sl. No.	Name and Description of main products / services	NIC Code of the Product/ service	% to total turnover of the Company
1.	Sports & recreational sports facility operation services - Golf	93110 & 93120	73%
2.	Hotels - Licence fee	55101	25%

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES

Sl. No.	Name and Address of the Company	CIN/GLN	Holding/ Subsidiary/ Associate	% of shares held in the Company	Applicable Section
1.	ITC Limited Virginia House 37 Jawaharlal Nehru Road Kolkata – 700 071	L16005WB1910PLC001985	Holding company	100%	2(46)

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

(i) Category-wise Shareholding:

Category of Shareholders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
A. Promoters									
(1) Indian									
a) Individual/HUF	–	–	–	–	–	–	–	–	N.A.
b) Central Govt.	–	–	–	–	–	–	–	–	N.A.
c) State Govt.(s)	–	–	–	–	–	–	–	–	N.A.
d) Bodies Corp.	–	120,000,000	120,000,000	100.00	187,000,000	130,000,000	317,000,000	100.00	Nil
e) Banks / FI	–	–	–	–	–	–	–	–	N.A.
f) Any Other	–	–	–	–	–	–	–	–	N.A.
Sub-total (A)(1)	–	**120,000,000**	**120,000,000**	**100.00**	**187,000,000**	**130,000,000**	**317,000,000**	**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)	–	**120,000,000**	**120,000,000**	**100.00**	**187,000,000**	**130,000,000**	**317,000,000**	**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 ₹ 1 lakh	–	–	–	–	–	–	–	–	N.A.
ii) Individual shareholders holding nominal share capital in excess of ₹ 1 lakh	–	–	–	–	–	–	–	–	N.A.
c) Others (specify)	–	–	–	–	–	–	–	–	N.A.
Sub-total (B)(2)	–	–	–	–	–	–	–	–	**N.A.**
Total Public Shareholding (B)=(B)(1)+ (B)(2)	–	–	–	–	–	–	–	–	**N.A.**
C. Shares held by Custodian for GDRs & ADRs	–	–	–	–	–	–	–	–	N.A.
Grand Total (A+B+C)	–	**120,000,000**	**120,000,000**	**100.00**	**187,000,000**	**130,000,000**	**317,000,000**	**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	120,000,000	100.00	Nil	317,000,000	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	120,000,000	100.00		
	Date wise Increase / Decrease in Promoters Shareholding during the year				
	- 3rd March, 2016 - subscription to rights issue	10,000,000	100.00	130,000,000	
	- 22nd March, 2016 - subscription to rights issue	187,000,000	100.00	317,000,000	
	At the end of the year			317,000,000	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:** None of the Directors and Key Managerial Personnel hold any share in the Company in their individual capacity.

V. INDEBTEDNESS

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

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

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

Sl. No.	Particulars of Remuneration	A. Anand Rao (Managing Director) (refer Note 1)
1.	Gross Salary	
	(a) Salary as per provisions contained in Section 17(1) of the Income-tax Act, 1961	3,828,122
	(b) Value of perquisites under Section 17(2) of the Income-tax Act, 1961	952,671
	(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)		**4,780,793**
Ceiling as per the Companies Act, 2013		6,000,000 per annum (refer Note 2)

Note 1: Mr. A. Anand Rao is on deputation from ITC Limited (ITC). Mr. Rao has been granted Stock Options by ITC at 'market price' [within the meaning of the SEBI (Share Based Employee Benefits) Regulations, 2014] under the ITC Employee Stock Option Schemes.

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, 2016 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	Independent Directors' Meeting Fee	
1.	**Independent Directors**				
	R. Chadha	150,000	Nil	10,000	160,000
	H. M. Jha	150,000		10,000	160,000
	Total Amount (B)(1)	**300,000**		**20,000**	**320,000**
2.	**Other Non-Executive Directors**				
	N. Anand		Nil	Nil	Nil
	R. Tandon				
	B. Hariharan				
	Total Amount (B)(2)				**Nil**
Total Amount (B) = (B)(1) + (B)(2)					**320,000**
Total Managerial Remuneration (A + B)					**5,100,793**
Overall ceiling as per the Companies Act, 2013					6,000,000 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, 2016 are inadequate.

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

Sl. No.	Particulars of Remuneration	Shripriya Kaushal (Company Secretary) (refer Note 1)	Ravi Khyani (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	253,904	200,209
	(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		**253,904**	**200,209**

Note 1: Ms.Shripriya Kaushal has been appointed as the Company Secretary of the Company with effect from 14th August, 2015.

Note 2: Mr. Ravi Khyani who is on deputation from ITC Limited (ITC), has been appointed as the Chief Financial Officer of the Company with effect from 1st March, 2016. Mr. Khyani has been granted Stock Options by ITC at 'market price' [within the meaning of the SEBI (Share Based Employee Benefits) Regulations, 2014] under the ITC Employee Stock Option Schemes.

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

On behalf of the Board

Dated : 21st April, 2016
Place : Gurgaon

B Hariharan **Director**
A Anand Rao **Managing Director**

FORM NO. MR – 3

SECRETARIAL AUDIT REPORT

FOR THE FINANCIAL YEAR ENDED 2015-2016

[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 2015 till 31st March 2016 (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 2016 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 2016, according to the provisions of:

(i) The Companies Act, 2013 (the Act) and the rules made thereunder;

Further we have also examined compliance with the applicable clauses of The Secretarial Standards issued by The Institute of Company Secretaries of India.

Further as informed to us and as certified by the management of the Company there are no other laws which are specifically applicable to the Company based on their sector/ industry.

We further report that

The Board of Directors of the Company is duly constituted with proper balance of Executive 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 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 22nd January 2016 from ₹ 3,07,00,00,000 to ₹ 3,17,00,00,000 by creation of further 1,00,00,000 (One Crore) equity shares of ₹ 10/- each and thereafter further increased its Authorised Share Capital in the Extra Ordinary General Meeting held on 18th March 2016 from ₹ 3,17,00,00,000 to ₹ 5,04,00,00,000 by creation of further 18,70,00,000 (Eighteen Crore Seventy Lac) equity shares of ₹ 10/- each;

(b) The Company has made Rights Issue of 1,00,00,000 Equity Shares of ₹ 10/- each and 18,70,00,000 Equity Shares of ₹ 10/- each by the Circular Resolutions passed on 3rd March, 2016 and 22nd March 2016 respectively, to its holding company - ITC Limited;

(c) The Company has redeemed its 1,87,00,000 redeemable non convertible Preference Shares of ₹ 100/- each, issued to its holding company – ITC Limited by the Circular Resolution passed on 22nd March, 2016; and

(d) The Company had entered Tripartite Agreement with NSDL and MCS (being the Registrar & Transfer Agent) for getting the entire share capital of the Company admitted with NSDL.

For **P B & Associates**
Company Secretaries

Pooja Bhatia
FCS: 7673 CP:6485
Place : New Delhi
Dated: 21st April 2016

Note: This report is to be read with our letter of even date which is annexed as Annexure A and forms an integral part of this report.

Annexure: A

The Members,
Landbase India Limited
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: 21st April 2016

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, 2016, the Statement of Profit and Loss andthe 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 prescribed 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 and the Order under section 143 (11) of the Act.

We conducted our audit of the financial statements 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. 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, 2016, 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 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 prescribed 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, 2016 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2016 from being appointed as a director in terms of Section 164 (2) of the Act.
   f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in **Annexure "A"**. Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the Company's internal financial controls over financial reporting.
   g) With respect to the other matters to be included in the Auditor's Report in accordance with 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 26 to the financial statements;
      ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses- Refer Note 38 to the financial statements
      iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company- Refer Note 39 to the financial statements
2. As required by the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Central Government in terms of Section 143(11) of the Act, we give in Annexure "B" a statement on the matters specified in paragraphs 3 and 4 of the Order.

For **Deloitte Haskins & Sells LLP,**
Chartered Accountants
(Firm's Registration No.: 117366W/ W-100018)

Jaideep Bhargava
Partner
(Membership No. 90295)

GURGAON, April 21, 2016

ANNEXURE "A" TO THE INDEPENDENT AUDITOR'S REPORT

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

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

We have audited the internal financial controls over financial reporting of **LANDBASE INDIA LIMITED** ("the Company") as of March 31, 2016 in conjunction with our audit of the financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

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

Auditor's Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") issued by the Institute of Chartered Accountants of India and the Standards on Auditing prescribed under Section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

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

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

Meaning of Internal Financial Controls Over Financial Reporting

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

Inherent Limitations of Internal Financial Controls Over Financial Reporting

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

Opinion

In our opinion, to the best of our information and according to the explanations given to us, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2016, based on "the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India".

For **Deloitte Haskins & Sells LLP,**
Chartered Accountants
(Firm's Registration No.: 117366W/ W-100018)

Jaideep Bhargava
Partner
GURGAON, April 21, 2016 (Membership No. 90295)

ANNEXURE "B" TO THE AUDITORS' REPORT

(Referred to in paragraph 2 under 'Report on Legal and Regulatory Requirements' section of our report of even date)

(i) In respect of its fixed assets:

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

(b) The fixed assets were physically verified during the year by the Management in accordance with a regular programme of verification which, in our opinion, provides for physical verification of all the fixed assets at reasonable intervals. According to the information and explanations given to us, the discrepancies noticed on physical verification of fixed assets as compared to book records were not material and have been properly dealt with in the books of account.

(c) According to the information and explanations given to us and the records examined by us and based on the examination of the registered sale deed and transfer deed provided to us, we report that, the title deeds, comprising all the immovable properties of land and buildings which are freehold, are held in the name of the Company as at the balance sheet date.

(ii) As explained to us, the inventories were physically verified during the year by the Management at reasonable intervals and no material discrepancies were noticed on physical verification.

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

(iv) The Company has not granted any loans, made investments or provided guarantees under Section 185 and 186 of the Companies Act, 2013 and hence reporting under clause (iv) of the CARO 2016 is not applicable.

(v) According to the information and explanations given to us, the Company has not accepted any deposit during the year.

(vi) The maintenance of cost records has not been specified by the Central Government under section 148(1) of the Companies Act, 2013.

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

(a) The Company has generally been regular in depositing undisputed statutory dues, including Provident fund, Employees' state insurance, Income tax, Service tax, Customs duty, Value added tax, Cess and other material statutory dues applicable with the appropriate authorities. We are informed that the Company's operations did not give rise to any dues on account of Excise duty and Sales tax.

(b) There were no undisputed amounts payable in respect of Provident fund, Employees' state insurance, Income tax, Service tax, Customs duty, Value added tax, Cess and other material statutory dues in arrears as at 31st March, 2016 for a period of more than six months from the date they became payable. We are informed that the Company's operations did not give rise to any dues on account of Sales tax and Excise duty.

(c) There are no disputed dues in respect of Sales tax, Service tax, Customs duty, Excise duty and Value added tax as at 31st March 2016 which have not been deposited on account of dispute. Details of dues of Income tax which have not been deposited as on March 31, 2016 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	Income Tax Appellate Tribunal

(viii) The Company has neither taken any loans or borrowings from financial institutions, banks and government nor has it issued any debentures. Hence reporting under clause (viii) of CARO 2016 is not applicable to the Company.

(ix) In our opinion and according to the information and explanations given to us, the money raised by way of term loans have been applied by the Company during the year for the purpose for which they were obtained. The Company has not raised moneys by way of initial public offer or further public offer (including debt instruments).

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

(xi) In our opinion and according to the information and explanations given to us, the Company has paid managerial remuneration in accordance with the requisite approvals mandated by the provisions of section 197 read with Schedule V to the Companies Act, 2013.

(xii) The Company is not a Nidhi Company and hence reporting under clause (xii) of the CARO 2016 Order is not applicable.

(xiii) In our opinion and according to the information and explanations given to us the Company is in compliance with Section 177 and 188 of the Companies Act, 2013, where applicable, for all transactions with the related parties and the details of related party transactions have been disclosed in the financial statements etc. as required by the applicable accounting standards.

(xiv) During the year, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures and hence reporting under clause (xiv) of CARO 2016 is not applicable to the Company.

(xv) In our opinion and according to the information and explanations given to us, during the year the Company has not entered into any non-cash transactions with its directors or persons connected with him and hence provisions of section 192 of the Companies Act, 2013 are not applicable.

(xvi) The Company is not required to be registered under section 45-I of the Reserve Bank of India Act, 1934.

For **Deloitte Haskins & Sells LLP,**
Chartered Accountants
(Firm's Registration No.: 117366W/ W-100018)

Jaideep Bhargava
Partner
GURGAON, April 21, 2016 (Membership No. 90295)

BALANCE SHEET AS AT 31st MARCH, 2016

	Note No.	As at 31st March, 2016 (₹)	(₹)	As at 31st March, 2015 (₹)	(₹)
EQUITY AND LIABILITIES					
Shareholders' funds					
Share capital	1	**3,170,000,000**		3,070,000,000	
Reserves and surplus	2	**(976,734,482)**	**2,193,265,518**	(990,286,772)	2,079,713,228
Non-current liabilities					
Long-term borrowings	3	**–**		20,000,000	
Other Long term liabilities	4	**330,710,236**		330,689,988	
Long-term provisions	5	**5,219,593**	**335,929,829**	3,335,739	354,025,727
Current liabilities					
Trade payables	6				
(A) Total Outstanding dues of micro enterprises and small enterprises, and		**–**		–	
(B) Total Outstanding dues of creditors other than micro enterprises and small enterprises		**18,211,301**		35,801,854	
Other current liabilities	7	**23,992,887**		100,219,138	
Short-term provisions	8	**1,506,759**	**43,710,947**	1,308,725	137,329,717
TOTAL			**2,572,906,294**		**2,571,068,672**
ASSETS					
Non-current assets					
Fixed assets	9				
Tangible assets		**2,393,381,083**		2,393,062,410	
Intangible assets		**132,656**		265,676	
Capital work-in-progress - Tangible assets		**28,850,020**		23,457,142	
		2,422,363,759		2,416,785,228	
Non-current investments	10	**150**		150	
Long-term loans and advances	11	**46,755,931**		40,566,048	
Other non-current assets	12	**3,892,844**	**2,473,012,684**	3,203,305	2,460,554,731
Current assets					
Inventories	13	**7,317,980**		5,384,067	
Trade receivables	14	**3,624,105**		5,298,030	
Cash and bank balances	15	**83,585,106**		95,116,055	
Short-term loans and advances	16	**5,158,254**		3,275,160	
Other current assets	17	**208,165**	**99,893,610**	1,440,629	110,513,941
TOTAL			**2,572,906,294**		**2,571,068,672**

The accompanying notes 1 to 41 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 — **B. Hariharan** — Director
Partner — **A. Anand Rao** — Managing Director
Place : Gurgaon — **Ravi Khyani** — Chief Financial Officer
Date : 21st April, 2016 — **Shripriya Kaushal** — Company Secretary

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED ON 31st MARCH, 2016

	Note No.	For the year ended 31st March, 2016 (₹)	For the year ended 31st March, 2015 (₹)
Gross Income			
Revenue from sale of products and services	18	**184,904,890**	160,511,583
Other operating revenue	19	**560,791**	1,818,104
Revenue from operations		**185,465,681**	162,329,687
Other income	20	**3,141,417**	11,689,014
Total Revenue		**188,607,098**	**174,018,701**
Expenses			
Cost of materials consumed	21(A)	**–**	8,096,599
Purchases of Stock-in-Trade	21(B)	**–**	2,773,815
Changes in inventories of finished goods, work-in-process and Stock-in-Trade	21(C)	**–**	2,023,257
Employee benefits expense	22	**47,315,213**	42,290,094
Finance costs	23	**559,590**	794,521
Depreciation and amortisation expense	9	**44,331,977**	27,595,658
Other expenses	24	**82,848,028**	79,697,868
Total Expenses		**175,054,808**	**163,271,812**
Profit/(Loss) before tax		**13,552,290**	**10,746,889**
Tax expense:			
Current tax		**–**	–
Deferred tax		**–**	–
Profit/(Loss) for the year		**13,552,290**	**10,746,889**
Earnings per share (Face value of ₹ 10/- each)			
Basic and Diluted	29	0.11	0.10

The accompanying notes 1 to 41 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 — **B. Hariharan** — Director
Partner — **A. Anand Rao** — Managing Director
Place : Gurgaon — **Ravi Khyani** — Chief Financial Officer
Date : 21st April, 2016 — **Shripriya Kaushal** — Company Secretary

CASH FLOW STATEMENT FOR THE YEAR ENDED 31st MARCH, 2016

		For the year ended 31st March, 2016		For the year ended 31st March, 2015
	(₹)	(₹)	(₹)	(₹)
A. Cash Flow from Operating Activities:				
Profit/(Loss) before tax		**13,552,290**		10,746,889
Adjustments for:-				
Depreciation and amortisation expense	**44,331,977**		27,595,658	
(Profit) / loss on sale / write off of assets	**1,080,001**		6,897,239	
Finance costs	**559,590**		794,521	
Interest Income	**(3,141,417)**		(11,689,014)	
Liabilities / provisions no longer required written back	**(26,312)**	**42,803,839**	(634,944)	22,963,460
Operating Profit/(Loss) Before Working Capital Changes		**56,356,129**		**33,710,349**
Changes in working capital:				
Adjustments for increase / (decrease) in operating liabilities:				
Trade payable	**(17,564,241)**		27,199,505	
Long term provisions	**1,883,854**		959,956	
Short term provisions	**198,034**		206,806	
Other current liabilities	**(4,689,292)**		(25,377,134)	
Other Long-term liabilities	**20,248**		8,012,069	
Adjustments for (increase) / decrease in operating assets:				
Trade receivables	**1,673,925**		(2,433,469)	
Inventories	**(1,933,913)**		3,784,336	
Long-term loans and advances	**106,294**		(7,817,434)	
Other non-current assets	**–**		–	
Short-term loans and advances	**(1,883,094)**		3,567,163	
Other current assets	**1,425,510**	**(20,762,675)**	46,105	8,147,903
Cash Generated/(Used) from Operations		**35,593,454**		**41,858,252**
Tax Paid		**(5,996,177)**		(3,290,068)
Net Cash Generated/(Used) from Operating Activities (A)		**29,597,277**		**38,568,184**
B. Cash Flow from Investing Activities				
Capital expenditure on fixed assets, including capital advances and capital work in progress	**(122,827,468)**		(425,814,385)	
Investment in bank deposits (Original maturity more than 3 months)	**(48,100,000)**		(5,000,000)	
Redemption or maturity of bank deposits (Original maturity more than 3 months)	**–**		12,841,302	
Interest received	**2,258,832**		11,198,197	
Net Generated/(Used) Investing Activities (B)		**(168,668,636)**		(406,774,886)
C. Cash Flow from Financing Activities				
Proceeds from long term borrowings	**–**		20,000,000	
Repayment of long term borrowings	**(20,000,000)**		–	
Redemption of Preference Share Capital	**(1,870,000,000)**		–	
Proceeds from Issue of Equity Share Capital	**1,970,000,000**		280,000,000	
Finance costs	**(559,590)**		(794,521)	
Net Cash Generated/(Used) Financing Activities (C)		**79,440,410**		299,205,479
Net increase / (decrease) in Cash and cash equivalents (A+B+C)		**(59,630,949)**		**(69,001,223)**
Cash and Cash Equivalents at the Beginning of the year		**90,082,119**		159,083,342
Cash and Cash Equivalents at the End of the year		**30,451,170**		**90,082,119**
Notes to Cash Flow Statement				
1 Cash and Cash Equivalents at year end comprise:				
Cash on hand		**161,826**		201,722
Balance with Scheduled Banks				
Current accounts		**16,667,709**		79,708,411
Deposit accounts		**13,500,000**		10,171,986
Cheques in Hand		**121,635**		
Cash and Cash Equivalents (Refer Note 15)		**30,451,170**		**90,082,119**

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 41 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 : 21st April, 2016

On behalf of the Board

B. Hariharan	Director
A. Anand Rao	Managing Director
Ravi Khyani	Chief Financial Officer
Shripriya Kaushal	Company Secretary

Notes forming part of the financial statements

	As at 31st March, 2016		As at 31st March, 2015	
	Number of Shares	(₹)	Number of Shares	(₹)
NOTE 1				
Share capital				
Authorised				
Equity shares of ₹ 10 each	**317,000,000**	**3,170,000,000**	120,000,000	1,200,000,000
Redeemable, Non-convertible Preference Shares of ₹ 100 each	**18,700,000**	**1,870,000,000**	18,700,000	1,870,000,000
Issued, subscribed and fully paid up				
Equity shares of ₹ 10 each	**317,000,000**	**3,170,000,000**	120,000,000	1,200,000,000
Redeemable, Non-convertible Preference Shares of ₹ 100 each	–	–	18,700,000	1,870,000,000
TOTAL	**317,000,000**	**3,170,000,000**	138,700,000	3,070,000,000

	As at 31st March, 2016		As at 31st March, 2015	
	Number of Shares	(₹)	Number of Shares	(₹)
(a) Reconciliation of number of shares				
Equity Shares :				
As at beginning of the year	**120,000,000**	**1,200,000,000**	92,000,000	920,000,000
Add: Issue of Shares	**197,000,000**	**1,970,000,000**	28,000,000	280,000,000
As at end of the year	**317,000,000**	**3,170,000,000**	120,000,000	1,200,000,000
Preference shares:				
As at beginning of the year	**18,700,000**	**1,870,000,000**	18,700,000	1,870,000,000
Less: Redemption of Shares	**18,700,000**	**1,870,000,000**	–	–
As at end of the year	–	–	18,700,000	1,870,000,000

(b) The Company has two classes of shares, namely equity shares having a 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 were Redeemable and Non-convertible without any entitlement of dividend. The voting rights of the person holding the said shares were in accordance with the provisions of Sec 47 of the Companies Act, 2013. The same were redeemed during the year.

	As at 31st March, 2016		As at 31st March, 2015	
	Number of Shares	(%)	Number of Shares	(%)
(d) Details of shares held by shareholders holding more than 5% of the aggregate shares of the Company				
Equity shares				
ITC Limited, the Holding Company jointly with its nominees	**317,000,000**	**100**	120,000,000	100
Preference shares				
ITC Limited, the Holding Company	–	–	18,700,000	100

	As at 31st March, 2016		As at 31st March, 2015	
	Number of Shares	(₹)	Number of Shares	(₹)
(e) Shares held by holding company and subsidiary of holding company				
Equity Shares				
ITC Limited, the Holding Company	**316,999,994**	**3,169,999,940**	119,999,994	1,199,999,940
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

	Number of Shares	(₹)	Number of Shares	(₹)
NOTE 2				
Reserves and surplus				
General Reserve				
At the beginning and end of the year		**61,162,181**		61,162,181
Surplus/(Deficit) in the Statement of Profit and Loss				
At the beginning of the year	**(1,051,448,953)**		(962,730,963)	
Less : Depreciation on transition to schedule II of the Companies Act, 2013 on tangible fixed assets with nil remaining useful life (refer note 37)	–		(99,464,879)	
Add: Profit/(Loss) for the current year	**13,552,290**	**(1,037,896,663)**	10,746,889	(1,051,448,953)
TOTAL		**(976,734,482)**		(990,286,772)

Notes forming part of the financial statements

		As at 31st March, 2016		As at 31st March, 2015
	(₹)	(₹)	(₹)	(₹)
NOTE 3				
Long-term borrowings				
Unsecured				
Term loan from a related party		–		20,000,000
TOTAL		–		20,000,000
NOTE 4				
Other Long term liabilities				
Advance received from members		**20,333,168**		16,816,084
Membership deposits (refer note 27 a)	**313,041,603**		310,150,082	
Less: Subscription fees receivable	**(4,559,698)**	**308,481,905**	(2,906,082)	307,244,000
Others*		**1,895,163**		6,629,904
* (Includes ₹ 1,895,163 (Previous year: ₹ 6,504,904) payable towards retention money under capital contract)				
TOTAL		**330,710,236**		330,689,988
NOTE 5				
Long-term provisions				
Provision for employee benefits: (refer note 25)				
Provision for gratuity		**3,457,534**		1,952,913
Provision for compensated absences		**1,762,059**		1,382,826
TOTAL		**5,219,593**		3,335,739
NOTE 6				
Trade payables				
Trade payables (refer note 28)				
Total Outstanding dues of micro enterprises and small enterprises and		–		–
Total Outstanding dues of creditors other than micro enterprises and small enterprises		18,211,301		35,801,854
TOTAL		**18,211,301**		35,801,854
NOTE 7				
Other current liabilities				
Advance received from members		**16,153,311**		16,108,204
Membership deposits (refer note 27 b)	**2,455,139**		1,741,282	
Less: Subscription fees receivable	**(12,884)**	**2,442,255**	(42,491)	1,698,791
Advances received from customers		**362,482**		384,236
Statutory liabilities		**298,661**		5,667,436
Payables on purchase of fixed assets		**2,717,920**		74,254,879
Employee benefits payable		**1,395,940**		1,187,426
Sundry deposits		**622,318**		918,166
TOTAL		**23,992,887**		100,219,138
NOTE 8				
Short-term provisions				
Provision for employee benefits: (refer note 25)				
Provision for gratuity		**802,812**		596,543
Provision for compensated absences		**703,947**		712,182
TOTAL		**1,506,759**		1,308,725

NOTE 9 Fixed Assets (Amount in ₹)

Particulars	Gross Block							Depreciation and Amortisation								Net Book Value		
	As At 31st March, 2014	Additions	Withdrawals and adjustments	As At 31st March, 2015	Additions	Withdrawals and adjustments	As At 31st March, 2016	Upto 31st March, 2014	Transitional Impact*	For FY 2014-15	Withdrawals and adjustments	Upto 31st March, 2015	For the year	Withdrawals and adjustments	Upto 31st March, 2016	As At 31st March, 2016	As At 31st March, 2015	As At 31st March, 2014
Tangible assets:																		
Land (Freehold)	595,618,402	3,962,550	–	599,580,952	19,066,025	–	618,646,977	–		–	–	–	–	–	–	618,646,977	599,580,952	595,618,402
Building	233,284,369	1,522,487,417	6,393,133	1,749,378,653	–	–	1,749,378,653	64,572,129	33,172,081	12,330,447	1,654,921	108,419,736	27,460,637	–	135,880,373	1,613,498,280	1,640,958,917	168,712,240
Plant & Machinery	258,484,531	43,886,020	6,090,433	296,280,118	17,565,888	2,733,945	311,112,061	165,554,395	31,689,261	6,729,756	4,054,470	199,918,942	7,960,878	1,691,513	206,188,307	104,923,754	96,361,176	92,930,136
Golf Course	225,778,037	–	–	225,778,037	–	–	225,778,037	176,418,670	33,187,564	3,433,620	–	213,039,854	1,442,994	–	214,482,848	11,295,189	12,738,183	49,359,367
Office & Other Equipment	1,891,752	–	56,741	1,835,011	–	316,559	1,518,452	800,856	475,761	363,289	52,901	1,587,005	154,972	303,251	1,438,726	79,726	248,006	1,090,896
Furniture & Fixtures	8,112,181	28,180,124	2,306,390	33,985,915	2,324,298	2,138,058	34,172,155	5,209,045	21,501	1,243,695	1,410,334	5,063,907	3,956,926	2,056,085	6,964,748	27,207,407	28,922,008	2,903,136
Computers	7,046,933	–	1,404,249	5,642,684	–	50,437	5,592,247	4,170,800	352,797	1,013,637	1,227,400	4,309,834	631,087	48,950	4,891,971	700,276	1,332,850	2,876,133
Vehicles	8,988,511	109,382	1,604,447	7,493,446	559,000	256,287	7,796,159	4,533,043	565,912	724,711	1,522,364	4,301,302	714,460	243,473	4,772,289	3,023,870	3,192,144	4,455,468
Golf Carts	18,426,344	5,735,849	–	24,162,193	6,234,484	386,632	30,010,045	12,918,343	2	1,515,674	–	14,434,019	1,877,003	306,581	16,004,441	14,005,604	9,728,174	5,508,001
Tent	2,739,620	–	–	2,739,620	–	2,739,620	–	2,739,620	–	–	–	2,739,620	–	2,739,620	–	–	–	–
Total (A)	1,360,370,680	1,604,361,342	17,855,393	2,946,876,629	45,749,695	8,621,538	2,984,004,786	436,916,901	99,464,879	27,354,829	9,922,390	553,814,219	44,198,957	7,389,473	590,623,703	2,393,381,083	2,393,062,410	923,453,779
Capital work in progress (B)	1,146,669,373	466,866,096	1,590,078,327	23,457,142	6,194,555	801,677	28,850,020	–	–	–	–	–	–	–	–	28,850,020	23,457,142	1,146,669,373
Total (C) = (A)+ (B)	2,507,040,053	2,071,227,438	1,607,933,720	2,970,333,771	51,944,250	9,423,215	3,012,854,806	436,916,901	99,464,879	27,354,829	9,922,390	553,814,219	44,198,957	7,389,473	590,623,703	2,422,231,103	2,416,519,552	2,070,123,152

* refer note 38

Particulars	Gross Block							Depreciation and Amortisation								Net Book Value		
	As At 31st March, 2014	Additions	Withdrawals and adjustments	As At 31st March, 2015	Additions	Withdrawals and adjustments	As At 31st March, 2016	Upto 31st March, 2014	Transitional Impact*	For FY 2014-15	Withdrawals and adjustments	Upto 31st March, 2015	For the year	Withdrawals and adjustments	Upto 31st March, 2016	As At 31st March, 2016	As At 31st March, 2015	As At 31st March, 2014
Intangible assets:																		
Software	1,047,188	–	457,496	589,692	–	–	589,692	312,977	–	240,829	229,790	324,016	133,020	–	457,036	132,656	265,676	734,211
Total (D)	1,047,188	–	457,496	589,692	–	–	589,692	312,977	–	240,829	229,790	324,016	133,020	–	457,036	132,656	265,676	734,211
Grand Total (C) + (D)	2,508,087,241	2,071,227,438	1,608,391,216	2,970,923,463	51,944,250	9,423,215	3,013,444,498	437,229,878	99,464,879	27,595,658	10,152,180	554,138,235	44,331,977	7,389,473	591,080,739	2,422,363,759	2,416,785,228	2,070,857,363

Notes forming part of the financial statements

		As at 31st March, 2016		As at 31st March, 2015
	(₹)	(₹)	(₹)	(₹)
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		**500,000**		200,000
Security deposits		**1,047,837**		1,097,837
Other Loans and Advances				
Advance tax				
[net of provision of ₹ 1,669,500 (previous year ₹ 1,669,500)]	**16,736,299**		10,740,122	
Prepaid expenses	**11,795**		68,089	
Entertainment Tax paid under protest considered good	**27,700,000**		27,700,000	
Others	**760,000**	**45,208,094**	760,000	39,268,211
Unsecured, considered doubtful				
Entertainment Tax paid under protest	*649,767*		649,767	
Less: Provision for doubtful loans and advances	**(649,767)**	**–**	(649,767)	**–**
TOTAL		**46,755,931**		40,566,048
NOTE 12				
Other non-current assets				
Interest accrued on deposits		**3,892,844**		3,203,305
TOTAL		**3,892,844**		3,203,305
NOTE 13				
Inventories				
(At lower of cost and net realisable value)				
Stock of parking slot/servant quarters		**1,319,908**		1,319,908
Stores and Spares		**7,367,626**		5,433,713
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		**7,317,980**		5,384,067
NOTE 14				
Trade receivables				
Outstanding for a period exceeding six months from the date they are due for payment				
Unsecured considered good	**79,913**		10,549	
Doubtful	**–**		502,688	
Less: Provision for Doubtful Debts	**–**	**79,913**	(502,688)	10,549
Others				
Unsecured, considered good	**3,544,192**	**3,544,192**	5,287,481	5,287,481
TOTAL		**3,624,105**		5,298,030
NOTE 15				
Cash and bank balances				
Cash and cash equivalents*				
Balances with Banks				
Current accounts	**16,667,709**		79,708,411	
Deposit accounts	**13,500,000**		10,171,986	
Cheques, drafts on hand	**121,635**		–	
Cash on hand	**161,826**	**30,451,170**	201,722	90,082,119
Other bank balances				
In deposit accounts**		**53,133,936**		5,033,936
TOTAL		**83,585,106**		95,116,055

* 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 ₹ 13,133,936 (Previous year: ₹ 5,033,936)

NOTE 16				
Short-term loans and advances				
Sundry deposits		**85,000**		92,000
Other loans and advances				
With Statutory authorities		**1,006,439**		263,962
Prepaid expenses		**284,391**		384,365
Advance to employees		**10,000**		–
Advance to vendors		**3,772,424**		2,534,833
TOTAL		**5,158,254**		3,275,160

Notes forming part of the financial statements

		As at 31st March, 2016		As at 31st March, 2015
	(₹)	(₹)	(₹)	(₹)
NOTE 17				
Other current assets				
SFIS credit entitlement	–		1,425,510	
Interest accrued on deposits	**208,165**	**208,165**	15,119	1,440,629
TOTAL		**208,165**		1,440,629
		For the year ended 31st March, 2016		**For the year ended 31st March, 2015**
	(₹)	(₹)	(₹)	(₹)
NOTE 18				
Revenue from sale of products and services				
Sale of products				
Proshop items	–	–	3,152,236	3,152,236
Sale of services				
Membership income	**61,166,818**		56,509,462	
Green fees	**41,377,749**		38,742,798	
Food and Beverage sale	–		14,614,869	
Caddiee fees	**15,896,119**		11,761,674	
Cart rental	**13,691,675**		11,940,366	
Health club and other facilities	**4,700,904**		3,632,066	
Tented accommodation income	–		67,951	
Sponsorship income	**1,389,375**	**138,222,640**	2,481,462	139,750,648
License Fees		**46,682,250**		17,608,699
TOTAL (A)		**184,904,890**		160,511,583
NOTE 19				
Other operating revenue				
Liabilities/provisions no longer required written back	**26,312**		634,944	
Gain on foreign currency transactions and translations	**65,648**		221,898	
Insurance claim received	**64,900**		32,590	
Others	**403,931**	**560,791**	928,672	1,818,104
TOTAL (B)		**560,791**		1,818,104
Revenue from operations (A+B)		**185,465,681**		162,329,687
NOTE 20				
Other income				
Interest income				
On deposits	**2,428,659**		8,388,323	
Others - from members	**712,758**	**3,141,417**	3,300,691	11,689,014
TOTAL		3,141,417		11,689,014
NOTE 21				
(A) Cost of materials consumed				
Opening stock	–		473,709	
Purchases	–		7,622,890	
Less:Closing stock	–	–	–	8,096,599
(B) Purchases of Stock-in-Trade Proshop		–		2,773,815
(C) Changes in inventories of finished goods, work-in-progress, Stock-in-Trade				
Stock-in-Trade				
Opening stock	–		2,023,257	
Less: Closing stock	–	–	–	2,023,257
TOTAL (A+B+C)		–		12,893,671
NOTE 22				
Employee benefits expense				
Salaries and wages		**31,323,750**		30,827,319
Contribution to Provident and other funds (Refer Note 25)		**2,048,557**		2,297,969
Staff welfare expenses		**4,331,031**		2,646,129
Reimbursement of manager's salary on deputation		**9,611,875**		6,518,677
TOTAL		**47,315,213**		42,290,094
NOTE 23				
Finance Costs				
Interest expense on borrowings		**559,590**		794,521
TOTAL		**559,590**		794,521

Notes forming part of the financial statements

	For the year ended 31st March, 2016 (₹)	For the year ended 31st March, 2015 (₹)
NOTE 24		
Other Expenses		
Power and fuel	**10,144,706**	15,273,417
Consumption of stores and spare parts	**6,879,677**	5,856,771
Rent	**176,742**	183,410
Contracted services	**21,992,102**	18,191,861
Rates and taxes	**8,706,019**	2,370,022
Insurance	**2,419,223**	2,369,556
Repairs		
- Buildings	**2,780,263**	2,853,508
- Machinery	**2,188,884**	1,762,069
- Others	**4,431,176**	3,569,104
Maintenance and upkeep	**3,705,058**	4,860,222
Advertising / Sales promotion	**1,288,432**	1,035,075
Travelling and conveyance	**3,160,881**	3,043,520
Vehicle maintenance	**177,370**	182,774
Hire charges	**1,056,419**	1,375,864
Legal expenses	**4,491,679**	1,780,580
Consultancy / Professional fees	**2,517,647**	2,724,304
Bank and credit card charges	**665,988**	633,479
Payment to auditors*	**1,200,000**	1,009,359
Printing and stationery	**980,466**	1,402,168
Postage, telephone etc	**852,506**	929,432
Bad debts written off	**147,309**	142,106
Store & Spare Parts - Written Offs	**887,699**	–
Loss on assets sold and written offs (net)	**1,080,001**	6,897,239
Miscellaneous expenses	**917,781**	1,252,028
TOTAL	**82,848,028**	79,697,868
* Payment to auditors (excluding service tax) :		
To Statutory Auditors		
- For Audit	**900,000**	750,000
- For Tax Audit	**150,000**	50,000
- For ICOFR	**150,000**	–
- Reimbursement of expenses	**–**	209,359
TOTAL	**1,200,000**	1,009,359

25. 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	For the year ended 31st March, 2016 (₹)	For the year ended 31st March, 2015 (₹)
Provident fund	**1,616,990**	1,793,865
Employee's State Insurance Corporation	**431,567**	504,104
Total	**2,048,557**	2,297,969

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	For the year ended 31st March, 2016 (₹)	For the year ended 31st March, 2015 (₹)
Balance at the beginning of the year	**2,549,456**	1,865,282
Interest cost	**181,117**	130,580
Current service cost	**771,522**	625,817
Benefits paid	**(269,126)**	(360,763)
Actuarial (gain)/ loss recognised	**1,027,377**	288,540
Balance at the end of the year	**4,260,346**	2,549,456
Disclosure of defined benefit into:		
Long-term provision	**3,457,534**	1,952,913
Short-term provision	**802,812**	596,543

Notes forming part of the financial statements

(B) Reconciliation of present value of defined obligation and fair value of plan assets:	As at 31st March, 2016 (₹)	As at 31st March, 2015 (₹)
Present value of the obligation at the end of the year	4,260,346	2,549,456
Fair value of plan assets	–	–
Net liability recognised in balance sheet	4,260,346	2,549,456

(C) Expense recognised in Statement of Profit and Loss	For the year ended 31st March, 2016 (₹)	For the year ended 31st March, 2015 (₹)
Current service cost	771,522	625,817
Interest cost	181,117	130,580
Net actuarial (gain)/loss to be recognised	1,027,377	288,540
Expense recognised in Statement of Profit and Loss Account	1,980,016	1,044,937

(D) Assets and Liabilities recognised in the Balance Sheet

	As at 31st March, 2016	As at 31st March, 2015	As at 31st March, 2014	As at 31st March, 2013	As at 31st March, 2012
Present value of the obligation at the end of the year	(4,260,346)	(2,549,456)	(1,865,282)	(1,669,111)	(1,266,788)
Fair value of plan assets	–	–	–	–	–
Asset/(liability) recognised in the Balance Sheet	(4,260,346)	(2,549,456)	(1,865,282)	(1,669,111)	(1,266,788)

Actuarial 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

Compensated absences 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 long term benefits obligation	For the year ended 31st March, 2016 (₹)	For the year ended 31st March, 2015 (₹)
Balance at the beginning of the year	2,043,796	1,551,274
Interest cost	142,736	111,571
Current service cost	436,702	369,471
Benefits paid	(281,301)	(223,307)
Actuarial (gain)/ loss due to change in assumption/ interest guarantee	61,073	234,787
Balance at the end of the year	2,403,006	2,043,796
Disclosure of defined benefit into:		
Long-term provision	1,762,059	1,382,826
Short-term provision*	640,947	660,970

*Provision for compensated absences as disclosed under Note 8 includes ₹63,000 (Previous Year ₹51,212) provided for short term leave of the employees.

(B) Reconciliation of present value of defined obligation and fair value of plan assets:	As at 31st March, 2016 (₹)	As at 31st March, 2015 (₹)
Present value of the obligation at the end of the year	2,403,006	2,043,796
Fair value of plan assets	–	–
Net liability recognised in balance sheet	2,403,006	2,043,796

(C) Expense recognised in Statement of Profit and Loss	For the year ended 31st March, 2016 (₹)	For the year ended 31st March, 2015 (₹)
Current service cost	436,702	369,471
Interest Cost	142,736	111,571
Net actuarial (gain)/loss to be recognised	61,073	234,787
Expense recognised in Statement of Profit and Loss Account	640,511	715,829

Notes forming part of the financial statements

D) Assets and Liabilities recognised in the Balance Sheet

	As at 31st March, 2016 (₹)	As at 31st March, 2015 (₹)	As at 31st March, 2014 (₹)	As at 31st March, 2013 (₹)	As at 31st March, 2012 (₹)
Present value of the obligation at the end of the year	**(2,403,006)**	(2,043,796)	(1,551,274)	(1,411,487)	(1,205,352)
Fair value of plan assets	**–**	–	–	–	–
Asset/(liability) recognised in the Balance Sheet	**(2,403,006)**	(2,043,796)	(1,551,274)	(1,411,487)	(1,205,352)

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 –

	As at 31st March, 2016 (₹)	As at 31st March, 2015 (₹)	As at 31st March, 2014 (₹)	As at 31st March, 2013 (₹)	As at 31st March, 2012 (₹)
Assumptions					
Discount rate	**7.50%**	7.75%	9.00%	8.00%	8.25%
Salary escalation rate	**7.50%**	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 actuarial valuation take account of inflation, seniority, promotion and other relevant factors such as supply and demand in the employment market.

	As at 31st March, 2016 (₹)	As at 31st March, 2015 (₹)
26. Contingent liabilities:		
a) Claims against the Company not acknowledged as debts:		
(i) Income tax matters*	**385,509,502**	385,509,502
(ii) Legal cases	**623,200**	394,800
(iii) 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 ₹ 3,700) for Assessment Year 2012-13. All the assessments are currently under appeal with Income Tax Authorities.

	As at 31st March, 2016 (₹)	As at 31st March, 2015 (₹)
b) Outstanding capital commitments:		
Estimated value of contracts in capital account remaining to be executed	**63,244**	42,316,311

27. a. Other long term Liabilities include ₹ 305,141,603 (Previous year ₹ 304,500,082) as deposits received from individuals towards golf memberships and ₹ 7,900,000 (Previous year ₹ 5,650,000) received from Corporates towards Golf Memberships. These represent long term tradeable memberships which, are to be refunded at the time of termination or expiry of the membership.

27. b. Other current liabilities ₹ 2,455,139 (Previous year ₹ 1,741,282) received from Corporates towards Golf Memberships. These represent short term tradeable memberships which, are to be refunded at the time of termination or expiry of the membership.

28. 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 2016. 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.

	As at 31st March, 2016	As at 31st March, 2015
29. Earning per share:		
Basic/Diluted earnings per share		
Net Profit/(Loss) after tax available for Equity Shareholders (₹)	**13,552,290**	10,746,889
Weighted Average Number of Equity Equity Shares outstanding during the year	**125,917,808**	104,723,288
Nominal Value of Equity Shares (₹)	**10**	10
Basic/Diluted (Loss)/Earnings per Share of ₹ 10 each	**0.11**	0.10

	As at 31st March, 2016 (₹)	As at 31st March, 2015 (₹)
30. Accounting for Taxes on Income:		
Components of deferred tax asset/ liability are:		
Defered tax asset		
On Unabsorbed depreciation	**248,812,009**	217,354,708
On Unabsorbed business loss	**11,141,789**	26,663,680
Other timing differences	**2,355,878**	1,541,951
Defered Tax Liability		
Depreciation	**(92,157,652)**	(54,208,552)
Net Deferred Tax Asset	**170,152,024**	191,351,787

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, 2016 has not been recognized in the books of accounts.

31. Value of Imports calculated on CIF basis during th year in respect of:

	For the year ended 31st March, 2016 (₹)	For the year ended 31st March, 2015 (₹)
Capital Goods	**15,820,241**	9,690,031
Total	**15,820,241**	9,690,031

32. Expenditure in Foreign Currency:

	For the year ended 31st March, 2016 (₹)	For the year ended 31st March, 2015 (₹)
Professional and Consultancy	**807,803**	1,834,592

33. Earnings in Foreign Exchange:

	For the year ended 31st March, 2016 (₹)	For the year ended 31st March, 2015 (₹)
Sale of Golf Services	**6,919,477**	5,786,243

Notes forming part of the financial statements

34. 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 and Stores & Spare Parts Consumed

	For the year ended 31st March, 2016 (₹)	For the year ended 31st March, 2015 (₹)
Raw Material	–	8,096,599
Stores and spares	**6,879,677**	5,856,771
Total	**6,879,677**	13,953,370

(b) Value of imported and indigenous materials consumed

Particulars	For the year ended 31st March, 2016		For the year ended 31st March, 2015	
	Value (₹)	(%)	Value (₹)	(%)
Raw Material - F&B				
Imported	–	–	–	–
Indigenous	–	–	8,096,599	100
TOTAL	–	–	**8,096,599**	**100**
Stores and Spares Parts				
Imported	–	–	–	–
Indigenous	**6,879,677**	**100**	5,856,771	100
TOTAL	**6,879,677**	**100**	**5,856,771**	**100**

35. 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, are not applicable.

36. Related party disclosure

(i) Names of related parties and nature of relationship

Holding Company	ITC Limited
Key Management Personnel (KMP):	
Mr. Nakul Anand	Chairman
Mr. A.Anand Rao	Managing Director
Mr. Rajiv Tandon	Director
Mr. B. Hariharan	Director
Ms. Ratna Chadha	Director
Mr. Hari Mohan Jha	Director

(ii) Other Related Parties with whom transactions have taken place during the year/previous year:

Fellow Subsidiaries	Russell Credit Limited
Associates	International Travel House
	Classic Infrastructure and Development Limited

iii) Details of Transactions carried out during the financial period ended March 31, 2016 with related party in the ordinary course of business:

(Amount in ₹)

Sl. No.	Particulars	Holding Company		Fellow Subsidiaries		Associates		KMP	
		31st March, 2016	31st March, 2015	31st March, 2016	31st March, 2015	31st March, 2016	31st March, 2015	31st March, 2016	31st March, 2015
1	Sale of Services**	**6,317,953**	6,944,916	–	–	–	7,265	–	–
2	Sale of Goods	–	23,240	–	–	–	–	–	–
3	Purchase of Goods	**5,656,250**	2,893,627	–	–	–	–	–	–
4	Purchase of Services	**1,963,116**	6,937,497	–	–	**118,034**	–	–	–
5	Sale of Fixed Assets/Scraps	**869,000**	–	–	–	–	–	–	–
6	Recovery of Contractual Remuneration	**3,162,114**	–	–	–	–	–	–	–
7	Expenses Recovered	**73,097,303**	48,679,064	–	–	–	17,124	–	–
8	License Fees Received**	**51,171,750**	19,678,392	–	–	–	–	–	–
9	Expenses Reimbursed*	**12,127,405**	8,572,202	–	–	–	–	**353,906**	–
10	Director Sitting Fee	–	–	–	–	–	–	**320,000**	20,000
11	Project Expenses Reimbursed	–	3,710,518	–	–	–	–	–	–
12	Amount written back	–	–	–	–	–	–	–	–
13	Issue of Equity Share Capital	**1,970,000,000**	280,000,000	–	–	–	–	–	–
14	Redemption of Preference Share Capital	**1,870,000,000**	–	–	–	–	–	–	–
15	Loan taken	–	–	–	20,000,000	–	–	–	–
16	Payment towards Loan Repayments	–	–	**20,000,000**	–	–	–	–	–
17	Interest Expense on borrowings	–	–	**559,590**	794,521	–	–	–	–
18	Balances Outstanding at the year end	–	–	–	–	–	–	–	–
i)	Trade Receivables/Payable	–	–	–	–	–	–	–	–
ii)	Other Payables	**3,214,445**	24,684,790	–	–	–	9,301	–	–
iii)	Unsecured long term borrowings payable	–	–	–	20,000,000	–	–	–	–

* Expenses Reimbursed includes expenses on account of salary of personnel deputed by ITC Limited (including managerial remuneration) of ₹ 96,11,875 (Previous Year ₹ 10,166,165)

** Inlcudes Service Tax

(iv) Disclosure in respect of transactions which are more than 10% of the total transactions of the same type with related parties.

(Amount in ₹)

Sl. No.	Particulars	Holding Company		Fellow Subsidiaries		Associate		KMP	
		31st March, 2016	31st March, 2015	31st March, 2016	31st March, 2015	31st March, 2016	31st March, 2015	31st March, 2016	31st March, 2015
1	Sale of Services								
	- ITC Limited	**6,317,953**	6,944,916	–	–	–	–	–	–
	-International Travel House Limited	–	–	–	–	–	7,265	–	–
2	Sale of Goods								
	-ITC Limited	–	23,240	–	–	–	–	–	–
3	Purchase of Goods								
	-ITC Limited	**5,656,250**	2,893,627	–	–	–	–	–	–
4	Purchase of Services								
	-ITC Limited	**1,963,116**	6,937,497	–	–	–	–	–	–
	-International Travel House Limited	–	–	–	–	**118,034**	–	–	–
5	Sale of Fixed Assets/Scraps								
	-ITC Limited	**869,000**	–	–	–	–	–	–	–
6	Expenses Recovered								
	-ITC Limited	**73,097,303**	48,679,064	–	–	–	–	–	–
	-Classic Infrastructure Development Limited	–	–	–	–	–	17,124	–	–

Notes forming part of the financial statements

Sl. No.	Particulars	Holding Company		Fellow Subsidiaries		Associate		KMP	
		31st March, 2016	31st March, 2015	31st March, 2016	31st March, 2015	31st March, 2016	31st March, 2015	31st March, 2016	31st March, 2015
7	Recovery of Contractual Remuneration -ITC Limited	3,162,114	–	–	–	–	–	–	–
8	License Fees Received -ITC Limited	51,171,750	19,678,392	–	–	–	–	–	–
9	Expenses Reimbursed -ITC Limited	12,127,405	8,572,202	–	–	–	–	–	–
10	Project Expenses Reimbursed -ITC Limited	–	3,710,518	–	–	–	–	–	–
11	Issue of Equity Share Capital -ITC Limited	1,970,000,000	280,000,000	–	–	–	–	–	–
12	Redemption of Preference Share Capital -ITC Limited	1,870,000,000	–	–	–	–	–	–	–
13	Loan taken -Russell Credit Limited	–	–	–	20,000,000	–	–	–	–
14	Payment towards Loan Repayments -Russell Credit Limited	–	–	20,000,000	–	–	–	–	–
15	Interest Expense on borrowings -Russell Credit Limited	–	–	559,590	794,521	–	–	–	–
16	Balances Outstanding at the year end								
i)	Trade Receivables -Classic Infrastructure Development Limited	–	–	–	–	–	9,301	–	–
ii)	Other Payables -ITC Limited	3,214,445	24,684,790	–	–	–	–	–	–
iii)	Unsecured long term borrowings payable -Russell Credit Limited	–	–	–	20,000,000	–	–	–	–

37. During the previous 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'.

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

39. There are no amounts that are due to be transferred to Investor Education and Protection Fund in accordance with the relevant provisions of the Companies Act, 2013 and rules made thereunder.

40. Previous year figures - Previous year figures have been regrouped/ reclassified wherever necessary to correspond with the current year's classification/disclosure.

41. SIGNIFICANT ACCOUNTING POLICIES

Convention

To prepare financial statements in accordance with applicable Accounting Standards notified under section 133 of the Companies Act, 2013 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 capitalized 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

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) 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.

ii) 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.

iii) License Fees income is recognised as per the terms of the agreement.

Notes forming part of the financial statements

Employee Benefits

To make regular contributions to State plan namely Employee Provident Fund and Employee's State Insurance Fund are charged to revenue every year.

Company has Gratuity (Unfunded Plan) which are in the nature of defined benefit/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 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 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.

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.

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

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:- 21st April, 2016

On behalf of the Board

B. Hariharan	Director
A. Anand Rao	Managing Director
Ravi Khyani	Chief Financial Officer
Shripriya Kaushal	Company Secretary

REPORT OF THE BOARD OF DIRECTORS FOR THE FINANCIAL YEAR ENDED 31st MARCH, 2016

Your Board of Directors ('the Board') hereby submit their Report for the financial year ended 31st March, 2016.

The entire equity shareholding of the Company was acquired by ITC Limited (ITC) from Technico Pty Limited, Australia (Technico Australia), consequent to which the Company became a direct subsidiary of ITC with effect from 22nd March, 2016. During the year, the Company entered into a Memorandum of Agreement dated 29th March, 2016, with Technico Australia in terms of which the Company will continue to have the right to use the TECHNITUBER® Technology (including any improvements thereto) in the geographies of India, Pakistan, Bangladesh, Nepal, Bhutan and Sri Lanka without any obligation to pay technical know-how fee or technology enhancement fee or agronomy fee or royalty or any other fee to Technico Australia. The Company has also taken on assignment from Technico Australia, TECHNITUBER®, TECHNICO™ and all other related trademarks registered / applied for in their name in India and a perpetual, royalty-free, non-exclusive license to use the aforesaid trademarks in Pakistan, Bangladesh, Nepal, Bhutan and Sri Lanka, at a total consideration of AUD$ 1000 payable by the Company to Technico Australia.

During the year under review, production of potatoes in India estimated at about 50 Million MT, increased by 23% over the previous year due to favourable weather conditions leading to a glut in the market. As a result, potato prices moved from record highs in the previous year to record lows this year. Due to your Company's strong brand equity, its product quality, on-field performance and strong trade and customer relationships, in this weak market, the business was able to sell its seed potatoes at reasonable prices, though lower than the previous year. Due to the drop in prices over the previous year, overall turnover at ₹ 94.27 crores (previous year ₹105.08 crores) and profit after tax (PAT) at ₹ 15.76 crores (previous year ₹ 45.25 crores) were also lower.

ITC 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	2015-16	2014-15
a. Turnover	94.27	105.08
b. Profit before tax	17.54	46.61
c. Tax	1.78	1.36
d. Profit after tax	15.76	45.25
e. Balance carried forward to Balance Sheet	98.84	83.08

COMPANY'S PERFORMANCE

(a) Growing of TECHNITUBER® Seed Potatoes

During the year under review, your Company harvested 106.58 lakhs TECHNITUBER® seed potatoes (Previous Year: 131.27 lakhs) at its green houses at Manpura, Himachal Pradesh. Consequent to increase in tuber size, the number of TECHNITUBER® seed potatoes harvested during the year were lower.

(b) Field Agricultural operations

Due to favourable weather conditions in North India during the growing period of October 2015 to January 2016, the seed potato crop was higher than normal. However, the overall potato crop in India is estimated to be lower than last year at 46 million MTs due to adverse weather conditions in Eastern Uttar Pradesh, Bihar and West Bengal. As a result, potato prices are above normal.

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.

(c) Marketing

Due to a better crop and higher seed potato availability in 2015, the Company sold 46,659 MT of early generation field seed potatoes as against 29,758 MT in the previous year. TECHNITUBER® seed potato exports were lower at 34.36 lakhs vs. 42.43 lakhs in the previous year due to increase in size.

Your Company recognises that its business is subject to climatic, agricultural and cyclical risks. However, your Company is confident of its competitive edge in the market place and its capacity to deliver superior product performance, premised on the strong demand for its seed potatoes from loyal customer and farmer bases, fuelled by 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, there has been no change in the composition of the Board and Key Managerial Personnel of the Company.

The Board, on the recommendation of the Nomination and Remuneration Committee, varied the terms of appointment of Mr. Sachidanand S. Madan, Wholetime Director and Company Secretary, with effect from 1st April, 2016 in terms of the provisions of Section 197 and Schedule V of the Companies Act, 2013 ('the Act'), subject to the approval of the Members of the Company. Appropriate resolution seeking your approval to such variation in the terms of appointment of Mr. Madan is appearing in the Notice convening the ensuing Annual General Meeting ('AGM') of the Company.

(b) Retirement by rotation

In accordance with the provisions of Section 152(6) of the Act, Mr. Sachidanand Shivprakash Madan (DIN: 00419076) and Mr. Surampudi Sivakumar (DIN: 00341392), Directors, will retire by rotation at the ensuing AGM of the Company and, being eligible, offer themselves for re-election. Your Board has recommended their re-election.

(c) 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 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 were adopted by the Nomination and Remuneration Committee of the Board in respect of the Independent Directors, as reported last year. The said attributes and qualifications, to the extent applicable, were also adopted in respect of the other Directors.

Majority of the Directors of the Company, other than the Independent Directors, are executives of ITC Limited, the Holding Company, and fulfil the fit and proper criteria for appointment as Directors. Further, the Directors of the Company, other than the Independent Directors, are liable to retire by rotation and one-third of such Directors retire every year and are eligible for re-election.

(e) 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.

(f) Remuneration Policy

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

BOARD AND BOARD COMMITTEES

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

(a) Audit Committee

Mr. A. K. Mukerji	-	Chairman
Mr. H. M. Jha	-	Member
Mr. P. K. Verma	-	Member

(b) Nomination and Remuneration Committee

Mr. A. K. Mukerji	-	Chairman
Mr. H. M. Jha	-	Member
Mr. S. Sivakumar	-	Member
Mr. P. K. Verma	-	Member

(c) CSR Committee

Mr. S. Sivakumar	-	Chairman
Mr. H. M. Jha	-	Member
Mr. Sachidanand S. Madan	-	Member

During the year ended 31st March, 2016, the following meetings of the Board and Board Committees were held:

Board / Board Committee	Number of meetings held during the year	Dates of meetings
Board	4	1st May, 2015 25th August, 2015 9th December, 2015 28th March, 2016
Audit Committee	3	1st May, 2015 9th December, 2015 28th March, 2016
Nomination and Remuneration Committee	3	1st May, 2015 9th December, 2015 28th March, 2016
CSR Committee	1	28th March, 2016

The attendance of the Directors of the Company at the Board and Board Committee meetings held during the year is given below:

Sl. No.	Name of the Director / Committee Member	Number of meetings attended			
		Board	Audit Committee	Nomination and Remuneration Committee	CSR Committee
1.	Mr. S. Sivakumar	4	N.A.	3	1
2.	Mr. S. Ganesh Kumar	4	N.A.	N.A.	N.A.
3.	Mr. H. M. Jha	3	2	2	1
4.	Mr. David McDonald	3	N.A.	N.A.	N.A.
5.	Mr. A. K. Mukerji	4	3	3	N.A.
6.	Mr. P. K. Verma	4	3	3	N.A.
7.	Mr. Sachidanand S. Madan	4	N.A.	N.A.	1

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 judgements and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of your Company at the end of the financial year and of the profit of your Company for that period;

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

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

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

INTERNAL FINANCIAL CONTROLS

The Corporate Governance Policy of your Company that delineates the roles, responsibilities and authorities of the key functionaries involved in governance coupled with its Code of Conduct that commits management to the Company's financial and accounting policies, systems and processes, provide the foundation for the Company's Internal Financial Controls with reference to the Financial Statements.

The Financial Statements of the Company are prepared on the basis of the Significant Accounting Policies that are carefully selected by the management and approved by the 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 material weakness in the design or operation was observed. The instructions given in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India were also followed for preparation of Risk and Control Matrix, Process narratives and sample size / selection for management testing of controls. Nonetheless your Company recognises that any internal financial control framework, no matter how well designed, has inherent limitations and accordingly, regular audit and review processes ensure that such systems are reinforced on an ongoing basis.

RISK MANAGEMENT

The Risk Management Policy of the Company, as approved by the Board, is designed to assess, mitigate and monitor risks arising out of the overall strategy of the Company and its regulatory environment. The Internal 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 market place 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 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

No employee of the Company is drawing remuneration more than the limit specified in 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 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, 2016, the Company has neither given any loan or guarantee nor has made any investment under Section 186 of the Act.

RELATED PARTY TRANSACTIONS

The details of related party transactions of the Company as prescribed in Form No. AOC-2 are enclosed under Annexure 3 to this Report.

SIGNIFICANT AND MATERIAL ORDERS PASSED BY THE REGULATORS / COURTS / TRIBUNALS

During the year under review, no significant or material orders were passed by the Regulators / Courts / Tribunals impacting the going concern status of the Company and its future operations.

EXTRACT OF ANNUAL RETURN

The extract of Annual Return as prescribed in Form No. MGT-9 is enclosed as Annexure 4 to this Report.

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 under Annexure 5 to this Report.

AUDITORS

The Statutory Auditors, Messrs. Price Waterhouse, Chartered Accountants, were appointed with your approval at the 15th AGM to hold such office till the conclusion of the 20th AGM. Your Board, in terms of Section 139 of the Act, 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 18th AGM. The Board, in terms of Section 142 of the Act, has also recommended for the approval of the Members the remuneration of Messrs. Price Waterhouse for the financial year 2016-17. Appropriate resolution in respect of the above is appearing in the Notice convening the ensuing AGM of the Company.

On behalf of the Board

S. Sivakumar
Chairman

Dated : 30.04.2016

Annexure 1 to the Report of the Board of Directors for the financial year ended 31st March, 2016

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.
4. Remuneration of KMP on deputation from the Holding Company / subsidiary / fellow subsidiary / associate companies, is aligned to the Remuneration Policy of that company.

Remuneration of Independent Directors

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

Remuneration of employees other than KMP

1. Remuneration of employees other than KMP is approved 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.

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, 2016

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

1.	A brief outline of the Company's CSR Policy including overview of projects or programs proposed to be undertaken		The Company, a wholly owned subsidiary of ITC Limited (ITC), discharges its corporate social responsibilities (CSR) by aligning itself with the CSR Policy of ITC. The Company undertakes its CSR activities: • as listed in Schedule VII to the Companies Act, 2013, in line with the CSR initiatives of ITC and as approved by the CSR Committee; • 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. H. M. Jha Mr. Sachidanand S. Madan
3.	Average net profits of the Company for last 3 financial years		₹ 2,542 lakhs
4.	Prescribed CSR expenditure (2% of the amount stated under 3 above)		₹ 50.84 lakhs
5.	Details of CSR spent during the financial year:	a) Total amount spent for the financial year	₹ 51 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 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 - Rural Development Trust	Undertaking rural development projects [covered under Clause (x) of Schedule VII to the Companies Act, 2013]	N.A.	₹ 51 lakhs	₹ 51 lakhs	₹ 51 lakhs	Implementing Agency - ITC Rural Development Trust, Kolkata

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

On behalf of the Board

Sachidanand S. Madan
Whole Time Director

S.Sivakumar
Chairman

Dated : 30.04.2016

Annexure 3 to the Report of the Board of Directors for the financial year ended 31st March, 2016

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	Technico Pty Limited (Technico Australia), fellow subsidiary
b)	Nature of contracts / arrangements / transactions	Continuing to have the right to use the TECHNITUBER® Technology and taking on assignment TECHNITUBER®, TECHNICO™ and all other related trademarks
c)	Duration of the contracts / arrangements / transactions	Perpetual
d)	Salient terms of the contracts or arrangements or transactions including the value, if any	The Company has entered into a Memorandum of Agreement dated 29th March, 2016 with Technico Australia in terms of which the Company will:
e)	Justification for entering into such contracts or arrangements or transactions	(a) Continue to have the right to use the TECHNITUBER® Technology (including any improvements thereto) in the geographies of India, Pakistan, Bangladesh, Nepal, Bhutan and Sri Lanka without any obligation to pay technical know-how fee or technology enhancement fee or agronomy fee or royalty or any other fee; (b) Take on assignment from Technico Australia, TECHNITUBER®, TECHNICO™ and all other related trademarks registered / applied for in their name in India and a perpetual, royalty-free, non-exclusive license to use the aforesaid trademarks in Pakistan, Bangladesh, Nepal, Bhutan and Sri Lanka, at a total consideration of AUD$ 1000 payable by the Company to Technico Australia.
f)	Date(s) of approval by the Board	28th March, 2016
g)	Amount paid as advances, if any	Nil
h)	Date on which the special resolution was passed in general meeting as required under first proviso to Section 188	N.A.

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	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)	Date(s) of approval by the Board, if any	
f)	Amount paid as advances, if any	

On behalf of the Board

S. Sivakumar
Chairman

Dated : 30.04.2016

Annexure 4 to the Report of the Board of Directors

FORM NO. MGT-9

EXTRACT OF ANNUAL RETURN

as on the financial year ended on 31st March, 2016

[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	:	No
vii)	Name, Address and Contact details of Registrar and Transfer Agent, if any	:	Zuari Investments Limited Corporate one, First Floor, 5, Commercial Centre, Jasola, New Delhi – 110025 Phone: (011) 46581368

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	88.40%

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 Jawaharlal Nehru Road, Kolkata – 700 071	L16005WB1910PLC001985	Holding company*	100.00%	2(46)

** With effect from 22nd March, 2016*

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

(i) Category-wise Shareholding:

Category of Shareholders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
A. Promoters									
(1) Indian									
a) Individual/HUF	–	–	–	–	–	–	–	–	**N.A.**
b) Central Govt.	–	–	–	–	–	–	–	–	**N.A.**
c) State Govt.(s)	–	–	–	–	–	–	–	–	**N.A.**
d) Bodies Corp.	–	–	–	–	3,79,62,794	6	3,79,62,800	100.00	**100.00**
e) Banks / FI	–	–	–	–	–	–	–	–	**N.A.**
f) Any Other	–	–	–	–	–	–	–	–	**N.A.**
Sub-total (A)(1)	–	–	–	–	**3,79,62,794**	**6**	**3,79,62,800**	**100.00**	**100.00**
(2) Foreign									
a) NRIs - Individuals	–	–	–	–	–	–	–	–	**N.A.**
b) Other – Individuals	–	–	–	–	–	–	–	–	**N.A.**
c) Bodies Corp.	99,80,700	2,79,82,100	3,79,62,800	100.00	–	–	–	–	**100.00**
d) Banks / FI	–	–	–	–	–	–	–	–	**N.A.**
e) Any Other	–	–	–	–	–	–	–	–	**N.A.**
Sub-total (A)(2)	**99,80,700**	**2,79,82,100**	**3,79,62,800**	**100.00**	–	–	–	–	**100.00**
Total shareholding of Promoter (A) = (A)(1)+(A)(2)	**99,80,700**	**2,79,82,100**	**3,79,62,800**	**100.00**	**3,79,62,794**	**6**	**3,79,62,800**	**100.00**	**100.00**
B. Public Shareholding									
1. Institutions									
a) Mutual Funds	–	–	–	–	–	–	–	–	**N.A.**
b) Banks / FI	–	–	–	–	–	–	–	–	**N.A.**
c) Central Govt.	–	–	–	–	–	–	–	–	**N.A.**
d) State Govt.(s)	–	–	–	–	–	–	–	–	**N.A.**
e) Venture Capital Funds	–	–	–	–	–	–	–	–	**N.A.**
f) Insurance Companies	–	–	–	–	–	–	–	–	**N.A.**
g) FIIs	–	–	–	–	–	–	–	–	**N.A.**
h) Foreign Venture Capital Funds	–	–	–	–	–	–	–	–	**N.A.**
i) Others (specify)	–	–	–	–	–	–	–	–	**N.A.**
Sub-total (B)(1)	–	–	–	–	–	–	–	–	**N.A.**
2. Non-Institutions									
a) Bodies Corp.									
i) Indian	–	–	–	–	–	–	–	–	**N.A.**
ii) Overseas	–	–	–	–	–	–	–	–	**N.A.**
b) Individuals i) Individual shareholders holding nominal share capital upto ₹ 1 lakh ii) Individual shareholders holding nominal share capital in excess of ₹ 1 lakh	–	–	–	–	–	–	–	–	**N.A.**
c) Others (specify)	–	–	–	–	–	–	–	–	**N.A.**
Sub-total (B)(2)	–	–	–	–	–	–	–	–	**N.A.**
Total Public Shareholding (B)=(B)(1)+ (B)(2)	–	–	–	–	–	–	–	–	**N.A.**
C. Shares held by Custodian for GDRs & ADRs	–	–	–	–	–	–	–	–	**N.A.**
Grand Total (A+B+C)	**99,80,700**	**2,79,82,100**	**3,79,62,800**	**100.00**	**3,79,62,794**	**6**	**3,79,62,800**	**100.00**	**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.	Technico Pty Limited	3,79,62,800	100.00	Nil	0	0.00	Nil	100.00
2.	ITC Limited	0	0.00	Nil	3,79,62,800	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.	**Technico Pty Limited, Australia**				
	At the beginning of the year	3,79,62,800	100.00		
	Date wise Increase / (Decrease) in Promoter's Shareholding during the year - 22.03.2016	(3,79,62,800)	100.00	0	0.00
	At the end of the year	0	0.00		
2.	**ITC Limited**				
	At the beginning of the year	0	0.00		
	Date wise Increase / (Decrease) in Promoter's Shareholding during the year - 22.03.2016	3,79,62,800	100.00	3,79,62,800	100.00
	At the end of the year			3,79,62,800	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: None of the Directors and Key Managerial Personnel hold any share in the Company in their individual capacity.

V. INDEBTEDNESS

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

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

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

(Amount in ₹)

Sl. No.	Particulars of Remuneration	Sachidanand S. Madan (Wholetime Director and Company Secretary) (refer Notes)
1.	Gross Salary	
	(a) Salary as per provisions contained in Section 17(1) of the Income-tax Act, 1961	–
	(b) Value of perquisites under Section 17(2) of the Income-tax Act, 1961	–
	(c) Profits in lieu of salary under Section 17(3) of the Income-tax Act, 1961	–
2.	Stock Option	–
3.	Sweat Equity	–
4.	Commission - as % of profit - others, specify	–
5.	Others, please specify	–
Total Amount (A)		–
Ceiling as per the Companies Act, 2013 (5% of the net profits of the Company computed in accordance with Section 198 of the said Act)		**68,53,460/-**

Note 1: ITC Limited (ITC), the 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, 2016 has been borne by ITC.

Note 2: Mr. Sachidanand S. Madan has been granted Stock Options by ITC Limited at 'market price' [within the meaning of the SEBI (Share Based Employee Benefits) Regulations, 2014] under the ITC Employee Stock Option Schemes. Further, the appointment of Mr. Madan is governed by the resolutions passed by the Board and the shareholders of the Company. The statutory provisions apply with respect to notice period and severance fee.

B. Remuneration to other Directors:

(Amount in ₹)

Sl. No	Name of the Directors	Particulars of Remuneration			Total Amount
		Fee for attending Board and Board Committee meetings	Commission	Independent Directors' Meeting Fee	
1.	**Independent Directors**				
	H. M. Jha	1,10,000	–	10,000	1,20,000
	P. K. Verma	1,40,000	–	10,000	1,50,000
	Total Amount (B)(1)	**2,50,000**	–	**20,000**	**2,70,000**
2.	**Other Non-Executive Directors**				
	S. Sivakumar	–	–	–	–
	S. Ganesh Kumar	–	–	–	–
	D. McDonald	–	–	–	–
	A. K. Mukerji	–	–	–	–
	Total Amount (B)(2)	–	–	–	–
Total Amount (B) = (B)(1) + (B)(2)					**2,70,000**
Total Managerial Remuneration (A + B)					**2,70,000**
Overall ceiling as per the Companies Act, 2013 (11% of the net profits of the Company computed in accordance with Section 198 of the said Act)					**1,50,77,612/-**

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

(Amount in ₹)

Sl. No.	Particulars of Remuneration	Mr. Sanjeev 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	12,64,433
	(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	20,04,000
2.	Stock Option	–
3.	Sweat Equity	–
4.	Commission - as % of profit - others, specify	–
5.	Others, please specify	–
Total Amount		**32,68,433**

Note: Mr. Sanjeev Madan has been granted Stock Options by ITC Limited at 'market price' [within the meaning of the SEBI (Share Based Employee Benefits) Regulations, 2014] under the ITC Employee Stock Option Schemes.

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 : 30.04.2016

Annexure 5 to the Report of the Board of Directors for the financial year ended 31st March, 2016

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 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.
3. Replacement of reciprocating chillers with energy efficient screw chillers.

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, fellow subsidiary.
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. Subsequent stage multiplications have been successfully undertaken in leased and contract farms. However, your Company continues to refine and improve upon the Technology by drawing on the technical expertise of Technico Pty Limited, Australia.
d)	If not fully absorbed, areas where this has not taken place, reasons therefore and future plans of action :	

iv. Foreign Exchange Earnings and Outgo (₹ in crores)

Foreign Exchange Earnings	:	2.66
Foreign Exchange Outgo	:	0.14

On behalf of the Board

30.04.2016

S. Sivakumar
Chairman

INDEPENDENT AUDITORS' 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 March 31st, 2016, 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, 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 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 auditors' 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. 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, 2016, 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, 2016', 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 B 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 31st, 2016 taken on record by the Board of Directors, none of the directors is disqualified as on March 31st, 2016 from being appointed as a director in terms of Section 164 (2) of the Act.

(f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in Annexure A.

(g) With respect to the other matters to be included in the Auditors' 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, if any, of pending litigations as at March 31st, 2016 on its financial position in its financial statements – Refer Note 30;

ii. The Company has long-term contracts as at March 31st, 2016 for which there were no material foreseeable losses. The Company did not have any derivative contracts as at March 31st, 2016.

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 31st, 2016.

For Price Waterhouse
Firm Registration Number: 301112E
Chartered Accountants

Avijit Mukerji
Partner
Membership Number 056155

Place of the Signature: Kolkata
Date: 30.04.2016

Annexure A to Independent Auditors' Report

Referred to in paragraph 10(f) of the Independent Auditors' Report of even date to the members of Technico Agri Sciences Limited on the financial statements for the year ended March 31st, 2016

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

1. We have audited the internal financial controls over financial reporting of Technico Agri Sciences Limited ("the Company") as of March 31st, 2016 in conjunction with our audit of the financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

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

Auditors' Responsibility

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

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

5. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system over financial reporting.

Meaning of Internal Financial Controls Over Financial Reporting

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

Inherent Limitations of Internal Financial Controls Over Financial Reporting

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

Opinion

8. In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31st, 2016, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

For Price Waterhouse
Firm Registration Number: 301112E
Chartered Accountants

Avijit Mukerji
Partner
Membership Number 056155

Place of the Signature: Kolkata
Date: 30.04.2016

Annexure B to Independent Auditors' Report

Referred to in paragraph 9 of the Independent Auditors' Report of even date to the members of Technico Agri Sciences Limited on the financial statements as of and for the year ended March 31st, 2016

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.

(c) The title deeds of immovable properties, as disclosed in Note 7.1 on fixed assets to the financial statements, are held in the name of the Company, except for Freehold Land amounting to ₹ 3.28 lakhs which is pending registration in the name of the Company.

ii. The physical verification of inventory excluding stocks with third parties have been conducted at reasonable intervals by the Management during the year. In respect of inventory lying with third parties, these have substantially been confirmed by them. 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, Limited Liability Partnerships or other parties covered in the register maintained under Section 189 of the Act. Therefore, the provisions of Clause 3(iii), (iii)(a), (iii)(b) and (iii)(c) of the said Order are not applicable to the Company.

iv. The Company has not granted any loans or made any investments, or provided any guarantees or security to the parties covered under Section 185 and 186. Therefore, the provisions of Clause 3(iv) of the said Order are 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 regular in depositing the undisputed statutory dues, including provident fund, employees' state insurance, income tax, sales tax, service tax, duty of customs, duty of excise, value added tax, cess and other material statutory dues, 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, service-tax, duty of customs, duty of excise, value added tax which have not been deposited on account of any dispute. The particulars of dues of income tax as at

March 31st, 2016 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
Income Tax Act, 1961	Penalty under section 271 (1)(c)	1,62,20,314	A/Y 2003-04 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)
Income Tax Act, 1961	Income tax demand	4,96,81,850	A/Y 2013-14	Commissioner of Income Tax (Appeals)

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

ix. The Company has not raised any moneys by way of initial public offer, further public offer (including debt instruments) and term loans. Accordingly, the provisions of Clause 3(ix) of the Order are not applicable to the Company.

x. 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 by the Company or on the Company by its officers or employees, noticed or reported during the year, nor have we been informed of any such case by the Management.

xi. As the Company has not paid any managerial remuneration during the year, the provisions of Clause 3(xi) of the Order are not applicable to the Company.

xii. As the Company is not a Nidhi Company and the Nidhi Rules, 2014 are not applicable to it, the provisions of Clause 3(xii) of the Order are not applicable to the Company.

xiii. The Company has entered into transactions with related parties in compliance with the provisions of Sections 177 and 188 of the Act. The details of such related party transactions have been disclosed in the financial statements as required under Accounting Standard (AS) 18, Related Party Disclosures specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.

xiv. The Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year under review. Accordingly, the provisions of Clause 3(xiv) of the Order are not applicable to the Company.

xv. The Company has not entered into any non cash transactions with its directors or persons connected with him. Accordingly, the provisions of Clause 3(xv) of the Order are not applicable to the Company.

xvi. The Company is not required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934. Accordingly, the provisions of Clause 3(xvi) of the Order are not applicable to the Company.

For Price Waterhouse
Firm Registration Number: 301112E
Chartered Accountants

Avijit Mukerji
Partner
Membership Number 056155

Place of the Signature: Kolkata
Date: 30.04.2016

BALANCE SHEET AS AT 31st MARCH, 2016

(Amount in ₹ lakhs)

Particulars	Notes	As at 31st March, 2016	As at 31st March, 2015
Equity and Liabilities			
Shareholders' funds			
Share capital	3	**3,796.28**	3,796.28
Reserves and surplus	4	**9,884.06**	8,308.09
		13,680.34	12,104.37
Non-current liabilities			
Long-term provisions	5	**103.41**	78.31
		103.41	78.31
Current liabilities			
Trade payables	6.1		
Total outstanding dues of micro enterprises and small enterprises		–	–
Total outstanding dues of creditors other than micro enterprises and small enterprises		**1,315.81**	2,346.49
Other current liabilities	6.2	**535.21**	1,823.30
Short-term provisions	5	**844.04**	239.52
		2,695.06	4,409.31
Total		**16,478.81**	16,591.99
Assets			
Non-current assets			
Fixed assets			
Tangible assets	7.1	**1,036.71**	943.19
Intangible assets	7.2	**8.83**	11.66
Capital work-in-progress		–	–
Non-current investments	10.1	**1,000.00**	–
Deferred tax assets	8.1	**63.34**	241.62
Long-term loans and advances	8.2	**239.06**	137.95
		2,347.94	1,334.42
Current assets			
Current investments	10.2	**6,231.22**	9,705.42
Inventories	11	**7,205.85**	5,293.02
Trade receivables	9.1	**224.16**	161.28
Cash and bank balances	12	**111.03**	37.25
Short-term loans and advances	8.2	**354.02**	60.39
Other current assets	9.2	**4.59**	0.21
		14,130.87	15,257.57
Total		**16,478.81**	16,591.99
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

For and on behalf of the Board of Directors of Technico Agri Sciences Limited

Avijit Mukerji
Partner
Membership no.: 056155

Place: Kolkata
Date: 30.04.2016

Arup Kumar Mukerji
Director

Place: Kolkata
Date: 30.04.2016

Sachidanand S. Madan
Director and Company Secretary

Sanjeev Madan
Chief Financial Officer

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31st MARCH, 2016

(Amount in ₹ lakhs)

Particulars	Notes	For the year ended 31st March, 2016	For the year ended 31st March, 2015
Revenue			
Revenue from operations (net)	13	**9,526.93**	10,554.13
Other income	14	**516.86**	492.43
Total Revenue		**10,043.79**	11,046.56
Expenses			
Cost of raw material and components consumed	15	**660.29**	511.37
Purchase of traded goods	16.1	**1,529.74**	584.41
(Increase)/ decrease in inventories of finished goods and work-in-progress	16.2	**(1,630.80)**	(927.20)
(Increase)/ decrease in inventories of traded goods	16.3	**(288.72)**	(37.25)
Employee benefits expense	17	**637.00**	604.88
Finance costs	18	**0.86**	3.16
Depreciation and amortization expense	19	**98.15**	91.18
Other expenses	20	**7,283.02**	5,555.31
Total Expenses		**8,289.54**	6,385.86
Profit before tax		**1,754.25**	4,660.70
Tax expenses:			
Current tax		**124.10**	83.50
MAT credit entitlement		**(124.10)**	(83.50)
Deferred tax (refer note 25)		**178.28**	135.41
Total tax expense		**178.28**	135.41
Profit for the year		**1,575.97**	4,525.29
Earnings per share [nominal value of equity share ₹10 (31st March, 2015: ₹10)]	22		
Basic			
Computed on the basis of total profit for the year		**₹4.15**	₹11.92
Diluted			
Computed on the basis of total profit for the year		**₹4.15**	₹11.92
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

For and on behalf of the Board of Directors of Technico Agri Sciences Limited

Avijit Mukerji
Partner
Membership no.: 056155

Place: Kolkata
Date: 30.04.2016

Arup Kumar Mukerji
Director

Place: Kolkata
Date: 30.04.2016

Sachidanand S. Madan
Director and Company Secretary

Sanjeev Madan
Chief Financial Officer

CASH FLOW STATEMENT FOR THE YEAR ENDED 31st MARCH, 2016

(Amount in ₹ lakhs)

Particulars	For the year ended 31st March, 2016	For the year ended 31st March, 2015
Cash flow from operating activities		
Profit before tax	**1,754.25**	4,660.70
Adjustments for :		
Depreciation and amortization expense	**98.15**	91.18
Provision for doubtful debts	**0.53**	–
Tangible fixed assets written off	**0.03**	0.52
Loss/(profit) on sale of fixed assets	**(0.51)**	(1.53)
Unrealized foreign exchange (gain)/loss	**(15.00)**	13.23
Interest expense	**0.86**	3.16
Interest income	**(3.81)**	(0.90)
Dividend income on current investments	**–**	(185.46)
Net gain on sale of current investments	**(384.12)**	(112.88)
Provisions/Liabilities written back to the extent no longer required	**(5.41)**	(97.92)
Operating profit before working capital changes	**1,444.97**	4,370.10
Movements in working capital :		
Increase/(decrease) in trade payables	**(1,025.27)**	788.38
Increase/(decrease) in long-term provisions	**25.10**	7.45
Increase/(decrease) in short-term provisions	**604.52**	(3.56)
Increase/(decrease) in other current liabilities	**(1,288.10)**	1,587.53
Decrease/(increase) in trade receivables	**(48.51)**	(46.12)
Decrease/(increase) in inventories	**(1,912.83)**	(967.45)
Decrease/(increase) in long-term loans and advances	**(2.23)**	0.74
Decrease/(increase) in short-term loans and advances	**(293.63)**	(13.54)
Decrease/(increase) in other current assets	**(4.24)**	8.01
Cash generated from operations	**(2,500.22)**	5,731.54
Taxes paid (including TDS recoverable)	**(107.64)**	(85.61)
Net cash generated from/(used in) operating activities (A)	**(2,607.86)**	5,645.93

CASH FLOW STATEMENT FOR THE YEAR ENDED 31st MARCH, 2016 (Contd)

(Amount in ₹ lakhs)

Particulars	For the year ended 31st March, 2016	For the year ended 31st March, 2015
Cash flow from investing activities		
Purchase of fixed assets, including intangible assets, capital work-in progress and capital advances	**(181.43)**	(128.75)
Proceeds from sale of fixed assets	**0.98**	2.77
Purchase of current investments	**(33,374.00)**	(39,271.00)
Proceeds from sale of current investments	**36,232.32**	33,589.34
Interest received	**3.78**	0.88
Dividends received	**–**	185.46
Net cash from/(used in) investing activities (B)	**2,681.65**	(5,621.30)
Cash flow from financing activities		
Interest paid	**(0.01)**	(3.16)
Net cash used in financing activities (C)	**(0.01)**	(3.16)
Net increase in cash and cash equivalents (A + B + C)	**73.78**	21.47
Cash and cash equivalents at the beginning of the year	**37.25**	15.78
Cash and cash equivalents at the end of the period	**111.03**	37.25

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	**0.17**	0.24
Balances with banks - on current accounts	**110.86**	37.01
Total Cash and cash equivalents (Note 12)	**111.03**	37.25

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: Kolkata
Date: 30.04.2016

For and on behalf of the Board of Directors of Technico Agri Sciences Limited

Arup Kumar Mukerji
Director

Place: Kolkata
Date: 30.04.2016

Sachidanand S. Madan
Director and Company Secretary

Sanjeev Madan
Chief Financial Officer

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH, 2016

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 and also engages in the trading in Field Generated Seed Potatoes and Potatoes.

TECHNITUBER® Seed Potatoes in the first stage (called the G-0 stage), 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.

On 22nd March, 2016, ITC Limited acquired the entire shareholding of the Company from Technico Pty Limited, Australia. Consequently,with effect from the said date, the Company became a direct subsidiary of ITC Limited.

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 on straight-line method. 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.

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH, 2016

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 and Trademarks are capitalized when they are expected to provide enduring benefit. Computer software are being amortized on a straight line basis over the estimated useful life of one to five years and Trademarks are being amortized on a straight line basis over a period of 10 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) Raw materials & components and 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 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.

(v) Long Term Incentive Scheme: Liability for Long Term Incentive Scheme is provided for based on actuarial valuation at the year end. The actuarial valuation is done as per projected unit credit method.

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.

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH, 2016

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 and 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, 2016

3. Share capital

(Amount in ₹ lakhs)

Particulars	As at 31st March, 2016	As at 31st March, 2015
Authorized		
4,00,00,000 (31st March, 2015: 4,00,00,000) equity shares of ₹10 each	**4,000.00**	4,000.00
Issued, subscribed and fully paid-up		
3,79,62,800 (31st March, 2015 : 3,79,62,800) equity shares of ₹10 each	**3,796.28**	3,796.28
Total issued, subscribed and fully paid-up share capital	**3,796.28**	3,796.28

a. Reconciliation of the shares outstanding at the beginning and at the end of the reporting period

Particulars	As at 31st March, 2016		As at 31st March, 2015	
	Numbers	(Amount in ₹ lakhs)	Numbers	(Amount in ₹ lakhs)
At the beginning of the period	**3,79,62,800**	**3,796.28**	3,79,62,800	3,796.28
Issued during the period	–	–	–	–
Outstanding at the end of the period	**3,79,62,800**	**3,796.28**	3,79,62,800	3,796.28

b. Right, preferences and restrictions attached to share

The equity shares of the company, having par value of ₹10 per share, rank pari passu in all respects including voting rights and entitlement to dividend.

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, 2016		As at 31st March, 2015	
	Numbers	(Amount in ₹ lakhs)	Numbers	(Amount in ₹ lakhs)
Technico Pty Ltd., the Holding Company#				
Equity shares of ₹10 each fully paid	–	–	3,79,62,794	3,796.28
ITC Limited, the Holding Company#				
Equity shares of ₹10 each fully paid	**3,79,62,794**	**3,796.28**	–	–
Technico Pty Ltd.,the Holding Company, jointly with other share holders#				
Equity shares of ₹10 each fully paid	–	–	6	*
ITC Limited, the Holding Company, jointly with other share holders#				
Equity shares of ₹10 each fully paid	**6**	*	–	–

*Amount is below the rounding off norm adopted by the company.

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH, 2016

d. Details of Shareholders holding more than 5% shares in the company

Name of the Shareholders	As at 31st March, 2016		As at 31st March, 2015	
	Numbers	% holding	Numbers	% holding
Equity shares of ₹10 each fully paid				
Technico Pty Ltd., the holding company#	–	–	3,79,62,794	99.99%
ITC Limited, the holding company#	**3,79,62,794**	**99.99%**	–	–

On 22nd March, 2016, ITC Limited acquired the entire shareholding of the Company from Technico Pty Limited, Australia. Consequently with effect from the said date, the Company became a direct subsidiary of ITC Limited.

4. Reserves and surplus

Particulars	As at 31st March, 2016	As at 31st March, 2015
Surplus in the Statement of Profit and Loss		
Balance as at the beginning of the year	**8,308.09**	3,982.56
Profit for the year	**1,575.97**	4,525.29
Net surplus in the Statement of Profit and Loss	**9,884.06**	8,507.85
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)	–	(199.76)
Total Reserves and surplus	**9,884.06**	8,308.09

5. Provisions

(Amount in ₹ lakhs)

Particulars	Long-term		Short-term	
	As at 31st March, 2016	As at 31st March, 2015	As at 31st March, 2016	As at 31st March, 2015
Provision for employee benefits (refer note 28)				
Provision for gratuity	**7.73**	5.46	–	–
Provision for leave benefits	**31.82**	31.65	**4.04**	4.52
Provision for long term incentive plan	**63.86**	41.20	–	–
Other provisions :				
Provision for farming charges (refer note below)	–	–	**840.00**	235.00
	103.41	78.31	**844.04**	239.52

Note: In accordance with Accounting Standard 29 "Provisions, Contingent Liabilities and Contingent Assets", the movement of provisions is detailed below:

The above provision relate to the estimated outflow in respect of farming charges. Due to very nature of such costs, it is not practicable for the Company to exactly estimate the timing and cash outflows."

(Amount in ₹ lakhs)

Description	Balance as on April 1st, 2015	Additions during the year*	Utilised / Reversed during the year	Balance as on March 31st, 2016
Farming charges	235.00	840.00	235.00	**840.00**
	(180.00)	(261.93)	(206.93)	**(235.00)**

Included in 'Farming charges - Seed potato' (refer note 20)

Figures in bracket indicate previous year figures.

6.1 Trade payables

(Amount in ₹ lakhs)

Particulars	As at 31st March, 2016	As at 31st March, 2015
Total outstanding dues of micro enterprises and small enterprises	–	–
Total outstanding dues of creditors other than micro enterprises and small enterprises	**1,315.81**	2,346.49
	1,315.81	2,346.49

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.

6.2 Other current liabilities

(Amount in ₹ lakhs)

Particulars	As at 31st March, 2016	As at 31st March, 2015
Advances from customers	**465.86**	1,762.45
Deposit from dealers	**1.80**	1.80
Statutory dues including provident fund and tax deducted at source	**23.09**	21.41
Employee related payables	**43.95**	37.64
Payable for fixed asset [refer note 24(d)]	**0.51**	–
	535.21	1,823.30

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2016

7.1. Tangible assets

(Amount in ₹ lakhs)

Particulars	Land (Freehold)	Buildings	Plant and equipment	Furniture and fixtures	Leasehold properties - Building improvements	Office equipment	Computers, servers & other IT equipments	Vehicles	Total
At Cost									
At 1st April, 2014	151.93	465.48	1,376.53	23.22	50.29	7.17	46.41	44.47	2,165.50
Additions	–	–	108.20	–	–	0.82	6.79	–	115.81
Disposals	–	–	(3.68)	(0.80)	–	(3.13)	(6.25)	(4.75)	(18.61)
At 31st March, 2015	151.93	465.48	1,481.05	22.42	50.29	4.86	46.95	39.72	2,262.70
Additions	–	–	173.22	0.07	–	–	6.07	9.48	188.84
Disposals	–	–	(0.90)	–	–	(0.43)	(3.90)	–	(5.23)
At 31st March, 2016	**151.93**	**465.48**	**1,653.37**	**22.49**	**50.29**	**4.43**	**49.12**	**49.20**	**2,446.31**
Depreciation									
At 1st April, 2014	–	177.77	790.44	17.57	21.63	2.95	28.91	9.48	1,048.75
Charge for the year	–	12.51	53.34	0.71	5.31	1.44	9.41	5.13	87.85
Transitional impact*	–	–	193.31	1.13	–	2.30	2.50	0.52	199.76
Disposals	–	–	(3.59)	(0.76)	–	(2.96)	(5.84)	(3.70)	(16.85)
At 31st March, 2015	–	190.28	1,033.50	18.65	26.94	3.73	34.98	11.43	1,319.51
Charge for the year	–	12.51	63.92	0.76	5.31	0.29	6.55	5.48	94.82
Transitional impact*	–	–	–	–	–	–	–	–	–
Disposals	–	–	(0.64)	–	–	(0.41)	(3.68)	–	(4.73)
At 31st March, 2016	**–**	**202.79**	**1,096.78**	**19.41**	**32.25**	**3.61**	**37.85**	**16.91**	**1,409.60**
Net Block									
At 31st March, 2015	151.93	275.20	447.55	3.77	23.35	1.13	11.97	28.29	943.19
At 31st March, 2016	**151.93**	**262.69**	**556.59**	**3.08**	**18.04**	**0.82**	**11.27**	**32.29**	**1,036.71**

Note :

1. Freehold Land amounting to ₹3.28 lakhs (Previous Year ₹3.28 lakhs) is pending registration in the name of the Company.
2. Land amounting ₹101.99 lakhs (Previous Year ₹101.99 lakhs) has been given to Parent Company on operating lease.
3. During the previous year, pursuant to the notification of Schedule II to the Companies Act, 2013 with effect from April 1st, 2014, the Company had 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 previous year was lower by ₹5.54 lakhs 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 had 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 1st, 2014, and had adjusted an amount of ₹199.76 lakhs against the opening retained earnings under the head 'Reserves and surplus' in previous year.

7.2 Intangible assets

(Amount in ₹ lakhs)

Particulars	Technical know now	Computer software	Trademarks#	Total
Gross block				
At 1st April, 2014	938.37	10.50	–	948.87
Purchase	-	5.54	–	5.54
At 31st March, 2015	938.37	16.04	–	954.41
Purchase	–	–	0.50	0.50
At 31st March, 2016	938.37	16.04	0.50	954.91
Amortization				
At 1st April, 2014	938.37	1.05	–	939.42
Charge for the year	–	3.33	–	3.33
At 31st March, 2015	938.37	4.38	–	942.75
Charge for the year	–	3.33	0.00*	3.33
At 31st March, 2016	938.37	7.71	0.00*	946.08
Net block				
At 31st March, 2015	–	11.66	–	11.66
At 31st March, 2016	–	8.33	0.50	8.83

* Amount is below the rounding off norm adopted by the company.

Refer note 24(d).

8.1 Deferred tax assets

(Amount in ₹ lakhs)

Particulars	As at 31st March, 2016	As at 31st March, 2015
On account of unabsorbed depreciation	**63.34**	241.62
	63.34	241.62

8.2 Loans and advances

(Amount in ₹ lakhs)

Particulars	Long-term As at 31st March 2016	Long-term As at 31st March 2015	Short-term As at 31st March 2016	Short-term As at 31st March 2015
Capital advances				
Secured, considered good	–	–	–	–
Unsecured, considered good	–	7.91	–	–
(A)	–	7.91	–	–
Security deposit				
Secured, considered good	–	–	–	–
Unsecured, considered good	**14.49**	14.49	**3.45**	2.10
Doubtful	–	–	–	–
(B)	**14.49**	14.49	**3.45**	2.10
Advances recoverable in cash or kind				
Secured considered good	–	–	–	–
Unsecured considered good	–	–	**323.79**	36.64
Doubtful	–	–	**3.93**	3.93
	–	–	**327.72**	40.57
Provision for doubtful advances	–	–	**3.93**	3.93
(C)	–	–	**323.79**	36.64
Other loans and advances				
Unsecured, considered good	–	–	–	–
Prepaid expenses	**2.78**	0.55	**17.86**	16.32
Advance income tax including TDS recoverable (Net of provisions)	**12.50**	29.81	–	–
MAT credit entitlement	**209.29**	85.19	–	–
Balances with statutory/ government authorities	–	–	**8.92**	5.33
(D)	**224.57**	115.55	**26.78**	21.65
Total (A+ B + C +D)	**239.06**	137.95	**354.02**	60.39

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2016

9. Trade receivables and other assets

9.1 Trade receivables (Amount in ₹ lakhs)

Particulars	Current	
	As at 31st March, 2016	As at 31st March, 2015
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	183.70	183.17
	183.70	183.17
Provision for doubtful receivables	(183.70)	(183.17)
(A)	–	–
Other receivables		
Secured, considered good	–	–
Unsecured, considered good	224.16	161.28
Doubtful	–	–
	224.16	161.28
Provision for doubtful receivables	–	–
(B)	224.16	161.28
Total (A + B)	224.16	161.28

9.2 Other assets (Amount in ₹ lakhs)

Particulars	Current	
	As at 31st March, 2016	As at 31st March, 2015
Others		
Interest accrued on fixed deposits	0.23	0.20
Other receivables from related parties [refer note 24(d)]	4.36	0.01
	4.59	0.21

10. Investments

10.1. Non-current investments (Amount in ₹ lakhs)

Particulars	As at 31st March, 2016		As at 31st March, 2015	
	Quoted	Unquoted	Quoted	Unquoted
(At cost)				
Reliance Fixed Horizon Fund -XXVI - Series 31 50,00,000 (2015 - Nil) Units of ₹ 10.00 each	500.00	–	–	–
Birla Sun Life Fixed Term Plan - Series LQ (1113 D) 50,00,000 (2015 - Nil) Units of ₹ 10.00 each	500.00 1,000.00	– –	– –	– –
Market value of quoted investments	1,158.71	–	–	–

10.2. Current investments (Amount in ₹ lakhs)

Particulars	As at 31st March, 2016		As at 31st March, 2015	
	Quoted	Unquoted	Quoted	Unquoted
(At lower of cost and fair value)				
Reliance Fixed Horizon Fund -XXVI - Series 31 Nil (2015 - 50,00,000) Units of ₹ 10.00 each	–	–	500.00	–
Birla Sun Life Cash Manager 4,60,214 (2015 - 7,54,097) Units of ₹100.00 each	–	1,531.22	–	2,505.42
Reliance Medium Term Fund 24,73,428 (2015 - 24,73,428) Units of ₹10.00 each	–	700.00	–	700.00
ICICI Prudential Ultra Short Term Plan 50,32,098 (2015 - 50,32,098) Units of ₹10.00 each	–	700.00	–	700.00
ICICI Prudential Banking & PSU Debt Fund 46,26,539 (2015 - 46,26,539) Units of ₹10.00 each	–	700.00	–	700.00
Birla Sun Life Short Term Fund 13,75,081 (2015 - 13,75,081) Units of ₹10.00 each	–	700.00	–	700.00
HDFC Short Term Opportunities Fund 47,12,535 (2015 - 47,12,535) Units of ₹10.00 each	–	700.00	–	700.00
Reliance Liquid Fund Treasury Plan Growth 32,593 (2015 - Nil) Units of ₹1000.00 each	–	1,200.00	–	–
DWS Ultra Short Term Fund Nil (2015 - 1,64,95,964) Units of ₹10.00 each	–	–	–	2,700.00
Birla Sun Life Fixed Term Plan - Series LQ (368 D) Nil (2015 - 50,00,000) Units of ₹10.00 each	–	–	500.00	–
	–	6,231.22	1,000.00	8,705.42
Market value of quoted investments	–	–	1,067.25	–

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2016

11. Inventories (valued at lower of cost and net realizable value) (Amount in ₹ lakhs)

Particulars	As at 31st March, 2016	As at 31st March, 2015
Raw materials and components (refer note 15)	84.17	92.90
Work-in-progress (refer note 16.2)	8.57	56.65
Finished goods (refer note 16.2)	6,418.24	4,739.36
Traded goods (refer note 16.3)	668.66	379.94
Stores and spares	26.21	24.17
	7,205.85	5,293.02

12. Cash and bank balances (Amount in ₹ lakhs)

Particulars	As at 31st March, 2016	As at 31st March, 2015
Cash and cash equivalents		
Cash on hand	0.17	0.24
Balances with banks :		
On current accounts	110.86	37.01
	111.03	37.25

13. Revenue from operations (net) (Amount in ₹ lakhs)

Particulars	For the year ended 31st March, 2016	For the year ended 31st March, 2015
Revenue from operations		
Sale of products		
Finished goods	7,810.28	9,577.59
Traded goods	1,616.25	930.36
Other operating revenue		
Sale of old empty bags	57.77	41.64
Other	42.63	4.54
Revenue from operations (net)	9,526.93	10,554.13

Details of products sold

(Amount in ₹ lakhs)

Particulars	For the year ended 31st March, 2016	For the year ended 31st March, 2015
Finished goods sold		
TECHNITUBER® seed potatoes	378.93	438.76
Field Generated seed potatoes	7,357.75	9,121.90
Banana tissue culture plantlets	73.60	16.93
	7,810.28	9,577.59
Traded goods sold		
Field generated seed potatoes	507.22	329.53
Potatoes	975.29	484.39
Insecticides,fungicides and micronutrients	133.74	116.44
	1,616.25	930.36
	9,426.53	10,507.95

14. Other income (Amount in ₹ lakhs)

Particulars	For the year ended 31st March, 2016	For the year ended 31st March, 2015
Interest income on		
Bank deposits	0.04	0.21
Others	3.77	0.69
Dividend income on current investments	–	185.46
Net gain on sale of current investments	384.12	112.88
Lease rental income	101.93	93.74
Exchange difference (net)	21.08	–
Provisions/Liabilities written back to the extent no longer required	5.41	97.92
Profit on sale of fixed assets (net)	0.51	1.53
	516.86	492.43

15. Cost of raw material and components consumed (Amount in ₹ lakhs)

Particulars	For the year ended 31st March, 2016	For the year ended 31st March, 2015
Inventory at the beginning of the year	92.90	86.98
Add: purchases	651.56	517.29
	744.46	604.27
Less: inventory at the end of the year	84.17	92.90
Cost of raw material and components consumed	660.29	511.37

Details of raw material and components consumed (Amount in ₹ lakhs)

Particulars	For the year ended 31st March, 2016	For the year ended 31st March, 2015
Plantlets	13.97	7.47
Chemicals and fertilisers	57.87	62.11
Packing stores	588.45	441.79
	660.29	511.37

Details of inventory (Amount in ₹ lakhs)

Particulars	As at 31st March, 2016	As at 31st March, 2015
Raw materials and components		
Chemicals and fertilisers	22.09	10.14
Packing stores	62.08	82.76
	84.17	92.90

16.1 Purchase of traded goods (Amount in ₹ lakhs)

Particulars	For the year ended 31st March, 2016	For the year ended 31st March, 2015
Field generated seed potatoes	203.08	247.69
Potatoes	1,210.68	235.44
Insecticides, fungicides and micronutrients	115.98	101.28
	1,529.74	584.41

16.2 (Increase)/ decrease in inventory of finished goods and work-in-progress (Amount in ₹ lakhs)

Particulars	For the year ended 31st March, 2016	For the year ended 31st March, 2015
Finished goods and work-in-progress		
Inventories at the end of the year	6,426.81	4,796.01
Inventories at the beginning of the year	4,796.01	3,868.81
(Increase)/decrease	(1,630.80)	(927.20)

Details of inventory (Amount in ₹ lakhs)

Particulars	As at 31st March, 2016	As at 31st March, 2015
Finished Goods		
TECHNITUBER® seed potatoes	325.85	220.11
Field generated seed potatoes	6,092.39	4,519.25
Total (A)	6,418.24	4,739.36
Work-in-progress		
Standing crop	–	52.76
Banana tissue culture plantlets	8.57	3.89
Total (B)	8.57	56.65
Grand Total (A+B)	6,426.81	4,796.01

16.3 (Increase)/ decrease in inventories of traded goods (Amount in ₹ lakhs)

Particulars	For the year ended 31st March, 2016	For the year ended 31st March, 2015
Traded goods		
Inventories at the end of the year	668.66	379.94
Inventories at the beginning of the year	379.94	342.69
(Increase)/decrease	(288.72)	(37.25)

Details of inventory (Amount in ₹ lakhs)

Particulars	As at 31st March, 2016	As at 31st March, 2015
Traded goods		
Field generated seed potatoes	230.56	274.02
Potatoes	438.08	105.78
Insecticides, fungicides and micronutrients	0.02	0.14
	668.66	379.94

17. Employee benefits expense (Amount in ₹ lakhs)

Particulars	For the year ended 31st March, 2016	For the year ended 31st March, 2015
Salaries, wages and bonus	592.12	553.86
Contribution to provident and other fund	12.39	12.21
Gratuity expense (refer note 28)	3.27	7.72
Staff welfare expenses	29.22	31.09
	637.00	604.88

18. Finance costs (Amount in ₹ lakhs)

Particulars	For the year ended 31st March, 2016	For the year ended 31st March, 2015
Interest expense	0.86	3.16
	0.86	3.16

19. Depreciation and amortization expense (Amount in ₹ lakhs)

Particulars	For the year ended 31st March, 2016	For the year ended 31st March, 2015
Depreciation of tangible assets	94.82	87.85
Amortization of intangible assets	3.33	3.33
	98.15	91.18

20. Other expenses

(Amount in ₹ lakhs)

Particulars	For the year ended 31st March, 2016		For the year ended 31st March, 2015
Consumption of stores and spares (refer note 35)	7.99		5.28
Farming Charges			
- Seed potato	4,413.45		3,494.80
- Banana Plantlets	28.50		–
Power and fuel	140.31		114.20
Freight and forwarding charges	815.28		600.64
Rent (refer note 27)	59.45		55.05
Storage and handling cost	1,322.36		916.83
Rates and taxes	5.27		5.08
Insurance	18.48		16.71
Repairs and maintenance			
- Plant and machinery	133.80		27.55
- Buildings	0.51		3.04
- Others	22.12		25.36
Advertising and sales promotion	0.24		2.50
Sales commission	0.27		–
Travelling and conveyance	101.56		98.27
Telephone, postage and telegram expenses	24.25		21.64
Printing and stationery	5.80		5.49
Legal and professional fees	34.89		36.98
Payment to auditor (refer note 21)	14.99		8.56
Exchange differences (net)	–		12.67
Bad debts written off	–	6.45	–
Less : Existing provision utilised	–	(6.45)	–
Provision for doubtful debts	0.53		–
Expenditure towards corporate social responsibility (CSR) (refer note 29)	51.00		24.00
Miscellaneous expenses	81.97		80.66
	7,283.02		5,555.31

21. Payment to auditor including tax

(Amount in ₹ lakhs)

Particulars	For the year ended 31st March, 2016	For the year ended 31st March, 2015
As Auditor:		
Audit fee	6.90	6.18
Tax audit fee	1.73	1.69
Reimbursements	1.15	0.69
Other services	5.21	–
	14.99	8.56

22. Earnings per share (EPS)

(Amount in ₹ lakhs)

Particulars	For the year ended 31st March, 2016	For the year ended 31st March, 2015
Profit after tax	1,575.97	4,525.29
Net profit for calculation of basic EPS	1,575.97	4,525.29
Net profit as above	1,575.97	4,525.29
Net profit for calculation of diluted EPS	1,575.97	4,525.29
	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)]	₹4.15	₹11.92
Diluted [Nominal value of shares ₹10 (Previous Year: ₹10)]	₹4.15	₹11.92

23. Segment reporting

Geographical segment wise revenue :

(Amount in ₹ lakhs)

S. No.	Particulars	For the year ended 31st March, 2016	For the year ended 31st March, 2015
(a)	Revenue from domestic market	9,211.11	10,281.84
(b)	Revenue from overseas market	215.42	226.11
	Total	9,426.53	10,507.95

Geographical segment wise trade receivables (Gross) :

(Amount in ₹ lakhs)

S. No.	Particulars	As at 31st March, 2016	As at 31st March, 2015
(a)	Receivable from domestic market	196.55	199.46
(b)	Receivable from overseas market	211.31	144.99
	Total	407.86	344.45

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
(Holding company w.e.f. 22nd March, 2016)

Holding Company : Technico Pty Limited, Australia (TPL)
(Ceased to be Holding company w.e.f. 22nd March,2016)
(Fellow subsidiary w.e.f. 23rd March, 2016)

(b) Other related parties with whom transactions have taken place during the year

Enterprise under common control : ITC Rural Development Trust
ITC Infotech India Limited
ITC Sangeet Research Academy

(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 Shivprakash Madan	Whole Time Director & Company Secretary
Mr. Hari Mohan Jha	Independent Director
Mr. Pawan Kumar Verma	Independent Director
Mr. Sanjeev Madan	Chief Financial Officer

(d) Details of transactions carried out during the financial year ended 31st March, 2016 with related parties in the ordinary course of business :

Particulars	Ultimate Holding Company (ITC Limited)*		Holding Company (Technico Pty Limited)*		Common Control		KMP	
	31st March, 2016	31st March, 2015	31st March, 2016	31st March, 2015	31st March, 2016	31st March, 2015	31st March, 2016	31st March, 2015
Sale of products								
- ITC Limited	34.14	86.73	–	–	–	–	–	–
- Technico Pty Limited	–	–	197.74	172.77	–	–	–	–
Lease rental income								
- ITC Limited	101.93	93.74	–	–	–	–	–	–
Remuneration of managers on deputation reimbursed								
- ITC Limited	91.20	91.69	–	–	–	–	–	–
Purchase of services								
- ITC Limited	0.90	–	–	–	–	–	–	–
- ITC Infotech India Limited	–	–	–	–	8.89	7.51	–	–
Expenses reimbursed-								
ITC Limited	10.36	9.39	–	–	–	–	–	–
Expenses recovered								
- ITC Limited	0.23	0.35	–	–	–	–	–	–
- Technico Pty Limited	–	–	18.05	12.27	–	–	–	–
Sitting fees - Directors								
- Mr. Hari Mohan Jha	–	–	–	–	–	–	1.20	0.50
- Mr. Pawan Kumar Verma	–	–	–	–	–	–	1.50	0.40
Remuneration paid								
- Mr. Sanjeev Madan	–	–	–	–	–	–	34.20	21.22
CSR expenditure								
- ITC Sangeet Research Academy	–	–	–	–	–	24.00	–	–
- ITC Rural Development Trust	–	–	–	–	51.00	–	–	–
Cost towards taking on assignment / license								
- Technico Pty Limited	–	–	0.50@	–	–	–	–	–
Balances as at year end								
Trade receivables								
- Technico Pty Limited	–	–	211.31	144.99	–	–	–	–
Other receivables								
- ITC Limited	–	0.01	–	–	–	–	–	–
- Technico Pty Limited	–	–	4.36	–	–	–	–	–
Trade payables								
- ITC Limited	–	6.63	–	–	–	–	–	–
Other payables								
- Technico Pty Limited	–	–	0.51@	–	–	–	–	–

* On 22nd March, 2016, ITC Limited acquired the entire shareholding of the Company from Technico Pty Limited, Australia. Thus, with effect from 22nd March, 2016, Technico Pty Limited, Australia, ceased to be Holding company of Technico Agri Sciences Limited and became fellow subsidiary with effect from 23rd March 2016.

@ Represents consideration of AUD 1000 payable to Technico Pty Limited, Australia, in terms of Memorandum of Agreement dated 29th March, 2016 for taking on assignment of TECHNITUBER®, TECHNICO™ and all other related trademarks registered / applied for in India and perpetual, royalty-free, non-exclusive license to the Company to use the aforesaid trademarks in Pakistan, Bangladesh, Nepal, Bhutan and Sri Lanka. The transaction has been approved by the Audit Committee and the Board of Directors at their meetings held on 28th March, 2016, in terms of Sections 177 and 188 of the Companies Act, 2013.

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. An amount of ₹ 178.28 lakhs 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 ₹ Nil lakhs net of advance of ₹ Nil lakhs (Previous Year ₹ 1.70 lakhs net of advance ₹ 6.98 lakhs).

27. Operating Lease as lessee

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.

(Amount in ₹ lakhs)

Particulars	For the year ended 31st March, 2016	For the year ended 31st March, 2015
Lease rentals charged to the Statement of Profit and Loss	59.45	55.05

28. Employee benefit plans:

Defined Benefit Plan

The Company has a gratuity plan for 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 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.

Long Term Incentive Scheme: This scheme is for 5 year period from 1st April, 2014 to 31st March, 2019 and available to employees who have joined before or during this period and continue to be in service as on 30th June, 2019. Those employees joining in between the specified period will be entitled to receive pro-rata benefits under the scheme. The employees would be eligible to receive a lumpsum amount on 30th June, 2019, based on their actual Cost to Company for each respective year. The said payment will depend upon the achievement of cumulative adjusted profit after tax over 5 year period from financial year 2014-15 to financial year 2018-19 vis-a-vis target profit. An amount of ₹ 22.66 lakhs (Previous year: ₹ 41.20 lakhs) has been charged to the Statement of Profit and Loss during the year.

Defined Contribution Plan

The Provident Fund is being deposited with the Regional Provident Fund Commissioner, Chandigarh and Himachal Pradesh.

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)

(Amount in ₹ lakhs)

Particulars	For the year ended 31st March, 2016		For the year ended 31st March, 2015	
	Gratuity	Leave Encashment	Gratuity	Leave Encashment
	(Funded)	(Unfunded)	(Funded)	(Unfunded)
Current service cost	4.93	1.98	4.66	1.43
Interest cost on benefit obligation	2.78	2.62	2.04	2.35
Expected return on plan assets	(2.63)	–	(2.16)	–
Net actuarial (gain)/ loss recognised in the year	(1.81)	(2.36)	3.18	2.44
Past service cost	–	–	–	–
Net benefit expense	3.27	2.24	7.72	6.22
Actual return on plan assets	5.83	–	4.31	–

Balance Sheet

Details of Provision for Gratuity and Leave Encashment (Amount in ₹ lakhs)

Particulars	As at 31st March, 2016		As at 31st March, 2015	
	Gratuity	Leave Encashment	Gratuity	Leave Encashment
Defined benefit obligation	(45.06)	(35.86)	(38.34)	(36.17)
Fair value of plan assets	37.33	–	32.88	–
Less: Un-recognized past service cost	–	–	–	–
Plan asset / (liability)	(7.73)	(35.86)	(5.46)	(36.17)

Changes in the present value of the defined benefit obligation are as follows:

(Amount in ₹ lakhs)

Particulars	For the year ended 31st March, 2016		For the year ended 31st March, 2015	
	Gratuity	Leave Encashment	Gratuity	Leave Encashment
Opening defined benefit obligation	38.34	36.17	26.32	30.68
Interest cost	2.78	2.62	2.04	2.35
Current Service Cost	4.93	1.98	4.66	1.43
Past service cost	–	–	–	–
Benefits paid	(2.38)	(2.55)	–	(0.73)
Actuarial (gains)/ losses on obligation	1.39	(2.36)	5.32	2.44
Closing defined benefit obligation	45.06	35.86	38.34	36.17

Changes in the fair value of plan assets are as follows: (Amount in ₹ lakhs)

Particulars	For the year ended 31st March, 2016		For the year ended 31st March, 2015	
	Gratuity	Leave Encashment	Gratuity	Leave Encashment
Opening fair value of plan assets	32.88	–	22.89	–
Expected return	2.63	–	2.16	–
Contributions by employer	1.01	2.55	5.69	0.73
Benefits paid	(2.38)	(2.55)	-	(0.73)
Actuarial gains / (losses)	3.19	–	2.14	–
Closing fair value of plan assets	37.33	–	32.88	–

Amounts for the current and previous years are as follows: (Amount in ₹ lakhs)

Particulars	Gratuity				
	As at 31st March, 2016	As at 31st March, 2015	As at 31st March, 2014	As at 31st March , 2013	As at 31st March, 2012
Defined benefit obligation	(45.06)	(38.34)	(26.32)	(25.41)	(18.40)
Fair value of Plan assets	37.33	32.88	22.89	21.76	18.74
Plan asset / (liability)	(7.73)	(5.46)	(3.43)	(3.65)	0.34
Experience loss/(gain) on plan liabilities	1.76	2.83	(2.53)	(0.56)	(0.24)
Experience loss/(gain) on plan assets	3.10	1.80	0.02	(1.43)	0.12

The Company expects to contribute ₹ 3.00 (Previous year ₹ 3.00) lakhs to gratuity fund in 2016-17.

The major categories of plan assets as a percentage of the fair value of total plan assets are as follows:

Particulars	31st March, 2016	31st March, 2015
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 in to 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, 2016 (In %)	For the year ended 31st March, 2015 (In %)
Discount rate	7.50	7.75
Expected rate of return on plan assets	7.50	7.75

29. CSR Expenditure

(a) Gross amount required to be spent by the company during the year ₹ 50.84 lakhs.

(b) Amount spent during the year on :

S. No.	Particulars	In cash	Yet to be paid In cash	Total
(i)	Construction/ acquisition of any asset	–	–	–
(ii)	On purposes other than (i) above	₹ 51.00 lakhs (₹ 24.00 lakhs)	–	₹ 51.00 lakhs (₹ 24.00 lakhs)

Figures in bracket indicate previous year figures.

30. Contingent liabilities (Amount in ₹ lakhs)

Particulars	As at 31st March, 2016	As at 31st March, 2015
Claims against the Company not acknowledged as debts		
Disputed income tax matters	162.20	171.62

It is not possible for the company to estimate the timings or amount of cash outflows, if any, in respect of the above pending resolution of the proceedings.

31. Particulars of un-hedged foreign currency exposure (Amount in ₹ lakhs)

Particulars	Currency	As at 31st March, 2016	As at 31st March, 2015
Trade receivables	AUD$	4.145	3.050
Other payables	AUD$	0.01	–

32. Earnings in foreign currency (Amount in ₹ lakhs)

Particulars	For the year ended 31st March, 2016	For the year ended 31st March, 2015
FOB value of Exports	215.42	226.11

33. Expenditure in foreign currency (Amount in ₹ lakhs)

Particulars	For the year ended 31st March, 2016	For the year ended 31st March, 2015
Travelling	–	1.07
Testing Charges and Plantlets	13.25	10.34
Purchase of Trademarks	0.50	–

34. Cost of raw material and components consumed (Amount in ₹ lakhs)

Particulars	For the year ended 31st March, 2016	%	For the year ended 31st March, 2015	%
Imported	–	–	–	–
Indigenous	660.29	100.00	511.37	100.00
Total	660.29		511.37	

35. Consumption of stores and spares (Amount in ₹ lakhs)

Particulars	For the year ended 31st March, 2016	%	For the year ended 31st March, 2015	%
Imported	–	–	–	–
Indigenous	7.99	100.00	5.28	100.00
Total	7.99		5.28	

36. 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: Kolkata
Date: 30.04.2016

For and on behalf of the Board of Directors of Technico Agri Sciences Limited

Arup Kumar Mukerji
Director

Place: Kolkata
Date: 30.04.2016

Sachidanand S. Madan
Director and Company Secretary

Sanjeev Madan
Chief Financial Officer

DIRECTORS' REPORT FOR THE YEAR ENDED 31st MARCH, 2016

Your directors submit their report for the financial year ended 31st March, 2016.

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 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 and has undertaken commercialisation of such technology through its wholly owned subsidiaries in different geographies viz.:

- Technico Asia Holdings Pty Limited, Australia ('TAHL')
- Technico Horticultural (Kunming) Co. Limited, China (100% subsidiary of TAHL)
- Technico Technologies Inc., Canada
- Technico Agri Sciences Limited (ceased as a subsidiary on 22nd March, 2016)

Review and results of operations

Your company is focused on ensuring the continuous upgrading of the TECHNITUBER® Technology and customising its application across various geographies. Your company is also engaged in the marketing of TECHNITUBER ® seeds to global customers by leveraging the production facilities of its subsidiaries in China and Canada as well as the facilities of Technico Agri Sciences Limited, India ("TASL").

For the year under review, your company earned revenues from sale of goods of A$ 2,308,577 (2015: A$ 2,209,874) reflecting a growth of 4.5% over the previous year.

Pursuant to an offer from ITC Limited (ITC), the parent company, your company sold its entire shareholding in Technico Agri Sciences Limited, India to ITC on 22nd March 2016, for a consideration of A$ 23,841,840 being the equivalent of the offer amount of Indian Rupees 1.21 billion. This transaction has resulted in a profit from sale of investments of A$10,542,294 (excluding tax and costs associated with or arising from the transaction). Consequently, the net profit of A$ 10,953,336 (2015: A$ 777,770) reflects a significant increase over the previous year.

The manner of utilisation of the proceeds arising from the aforesaid sale of investment is being evaluated and such proceeds have been invested in a term deposit in the interim.

No dividends have been paid or declared during the financial year.

Significant changes in the state of affairs

As stated earlier in this report, your company sold its entire shareholding in TASL to ITC Limited, India on 22nd March, 2016.

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 (2015: $6,300).

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 24 of this report.

Signed in accordance with a resolution of the Board of Directors:

Place: Sydney, Australia
Date: 2nd May, 2016

Allan Hendry
Director

DIRECTORS' DECLARATION FOR THE YEAR ENDED 31st MARCH, 2016

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, 2016 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
Date: 2nd May, 2016

Allan Hendry
Director

AUDITOR'S INDEPENDENCE DECLARATION TO THE DIRECTORS OF TECHNICO PTY LIMITED FOR THE YEAR ENDED 31st MARCH, 2016

In relation to our audit of the financial report of Technico Pty Limited for the financial year ended 31st March, 2016, 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
Dated: 2nd May, 2016

David Duff
Partner

INDEPENDENT AUDIT REPORT TO THE DIRECTORS OF TECHNICO PTY LIMITED FOR THE YEAR ENDED 31st MARCH, 2016

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 2016, 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 31 March 2016 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
Dated: 2nd May, 2016

David Duff
Partner

STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31ST MARCH, 2016

	Note	2016		2015	
		$	₹	$	₹
Continuing operations					
Sale of goods		**2,308,577**	**113,720,503**	2,209,874	113,626,196
Cost of sales:					
Other cost of sales		**(1,042,739)**	**(51,365,323)**	(1,007,987)	(51,828,171)
Inventory write off and write down		**–**	**–**	–	–
Gross profit		**1,265,838**	**62,355,180**	1,201,887	61,798,025
Other income	2(a)	**11,036,892**	**543,677,300**	124,639	6,408,626
Middle East & North Africa expenses		**(195,580)**	**(9,634,271)**	(180,663)	(11,418,645)
Research and development expenses		**(48,591)**	**(2,393,593)**	(111,910)	(5,754,132)
Occupancy expenses		**(3,273)**	**(161,228)**	(3,248)	(167,004)
Administration expenses:					
Other administration expenses		**(599,948)**	**(29,553,438)**	(252,935)	(10,875,881)
Profit from continuing operations before income tax expense		**11,455,338**	**564,289,950**	777,770	39,990,989
Income tax expense	3	**(502,100)**	**(24,733,446)**	–	–
Total comprehensive income attributable to members of Technico Pty Ltd		**10,953,238**	**539,556,504**	777,770	39,990,989
Other comprehensive income		**–**	**–**	–	–
Total comprehensive income for the period		**10,953,238**	**539,556,504**	777,770	39,990,989
Profit from continuing operations after income tax expense		**10,953,238**	**539, 556,504**	777,770	39,990,989
Net profit for the period		**10,953,238**	**539, 556,504**	777,770	39,990,989
Net profit attributable to members of Technico Pty Limited		**10,953,238**	**539, 556,504**	777,770	39,990,989

BALANCE SHEET AS AT 31ST MARCH, 2016

	Note	2016		2015	
		$	₹	$	₹
Current assets					
Cash and cash equivalents	4	**25,703,502**	**1,310,364,532**	1,288,202	61,234,682
Trade and other receivables	5	**1,821,227**	**92,846,152**	1,740,532	82,736,189
Other	6	**51,526**	**2,626,795**	15,177	721,438
Total current assets		**27,576,255**	**1,405,837,480**	3,043,911	144,692,309
Non-current assets					
Other financial assets	7	**969,736**	**49,437,141**	14,269,282	678,290,320
Property, plant and equipment	8	–	–	–	–
Intangible assets	9	**8,683**	**442,659**	13,365	635,305
Total non-current assets		**978,419**	**49,879,800**	14,282,647	678,925,625
Total assets		**28,554,674**	**1,455,717,280**	17,326,558	823,617,934
Current liabilities					
Trade and other payables	10	**1,675,634**	**85,423,821**	1,402,638	66,674,397
Provisions	11	**25,968**	**1,323,849**	24,086	1,144,928
Total current liabilities		**1,701,602**	**86,747,670**	1,426,724	67,819,325
Total liabilities		**1,701,602**	**86,747,670**	1,426,724	67,819,325
Net assets		**26,853,072**	**1,368,969,610**	15,899,834	755,798,609
Equity					
Contributed equity	12	**43,989,182**	**2,242,568,498**	43,989,182	2,091,025,766
Accumulated losses	13	**(17,136,110)**	**(873,598,888)**	(28,089,348)	(1,335,227,157)
Total equity		**26,853,072**	**1,368,969,610**	15,899,834	755,798,609

STATEMENT OF CHANGES IN EQUITY AS AT 31st MARCH, 2016

	Contributed Equity	Retained earnings	Total
			$
At 1st April, 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
Profit for the period	–	10,953,238	10,953,238
At 31st March, 2016	**43,989,182**	**(17,136,110)**	**26,853,072**

	Contributed Equity	Retained earnings	Total
	₹	₹	₹
At 1 April 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)	221,061,312	(120,404,714)
At 31 March 2015	2,091,025,766	(1,335,227,157)	755,798,609
Profit for the period	–	539,556,504	539,556,504
Balance sheet exchange rate variance	151,542,732	(77,928,235)	73,614,497
At 31 March 2016	**2,242,568,498**	**(873,598,888)**	**1,368,969,610**

CASH FLOW STATEMENT FOR THE YEAR ENDED 31st MARCH, 2016

	Note	2016		2015	
		$	₹	$	₹
Cash flow from operating activities					
Receipts from customers		**2,562,304**	**126,219,095**	2,216,772	113,980,874
Receipts of sundry income		**97,078**	**4,782,062**	90,993	4,678,633
Payments to suppliers and employees		**(2,156,557)**	**(106,231,998)**	(1,682,912)	(86,531,128)
Goods and services tax received/(paid)		**6,633**	**326,742**	5,586	287,218
Interest received		**64,196**	**3,162,295**	33,646	1,729,993
Borrowing costs		–	–	–	–
Net cash flows from operating activities		**573,654**	**28,258,196**	664,085	34,145,590
Cash flow from investing activities					
Proceeds from sale of property, plant and equipment		–		–	–
Additions/(disposals) to intangible assets		**904**	**44,529**	(1,315)	(67,614)
Payments for protection of technology		–	–	–	–
Net cash flows from/(used in) investing activities		**904**	**44,529**	(1,315)	(67,614)
Cash flows from financing activities					
Sale of investment in subsidiary/ assignment of trademarks		**23,840,742**	**1,174,394,953**	–	–
Net cash flows (used in)/from financing activities		**23,840,742**	**1,174,394,953**	–	–
Net increase/(decrease) in cash held		**24,415,300**	**1,202,697,678**	662,770	34,077,976
Add opening cash brought forward		**1,288,202**	–	625,432	–
Cash and cash equivalents at end of period		**25,703,502**	**1,310,364,532**	1,288,202	61,234,682

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS AS AT 31st MARCH, 2016

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

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 50.98 for the current year balance sheet (2015: INR 47.5350) and the average rate of 1 AUD = INR 49.26 for the current year income statement and cash flow statement (2015: INR 51.4175), 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 31 March 2016. 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	**2016**	2015
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 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 THE FINANCIAL STATEMENTS AS AT 31st MARCH, 2016

	2016		2015	
	$	₹	$	₹
Note 2: Revenues and expenses				
Revenue and expenses from continuing activities				
(a) Other Income				
Bank interest	**64,196**	**3,162,295**	33,646	1,729,993
Agronomy support income	**71,565**	**3,525,292**	77,205	3,969,688
Sundry income	**358,935**	**17,681,138**	13,788	708,945
Profit/(Loss) on sale of investment/ assignment of Trademarks	**10,542,196**	**519,308,575**	–	–
	11,036,892	**43,677,300**	124,639	6,408,626
(b) Depreciation, amortisation and costs of inventories included in the income statement (continued)				
Amortisation of non-current assets:				
Technology and trademarks	**3,778**	**186,104**	3,792	194,975
Total amortisation of non-current assets	**3,778**	**186,104**	3,792	194,975
(c) Employee benefit expense				
Wages and salaries	**193,078**	**9,511,022**	226,047	11,622,772
Workers' compensation costs	**379**	**18,670**	435	22,367
Annual leave provision	**1,882**	**92,707**	(8,221)	(422,703)
Share options	–	–	–	–

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS AS AT 31st MARCH, 2016

	2016		2015	
	$	₹	$	₹
Note 3: Income tax				
The major components of income tax expenses are:				
Income statement				
Current income tax				
Current income tax charge	**502,100**	**24,733,445**	–	–
Income tax expense reported in the income statement	**502,100**	**24,733.445**	–	–
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%	**3,436,601**	**169,286,965**	233,331	11,997,297
Amortisation of technology	**(101)**	**(4,975)**	(101)	(5,193)
Movement in employee entitlements	**(564)**	**(27,782)**	(2,466)	(126,796)
Write back or write down of investments in wholly owned subsidiaries	–	–	–	–
Non-deductible expenses/timing differences	**(105,000)**	**(5,172,300)**	(48,017)	(2,468,914)
Recoupment of prior year tax losses etc *	**(2,828,836)**	**(139,348,461)**	(182,747)	(9,396,394)
Income tax attributable to ordinary activities	**502,100**	**24,733,447**	–	–

* The tax provision has been arrived at after considering Active Foreign Business Assets (AFBA) benefits and Available Fraction with respect to recoupment of carried forward tax losses.

Income tax losses

Income tax benefits arising from revenue timing differences and tax losses of the company recouped during the year amounted to $2,828,836 (2015: $182,747).

Future income tax benefits arising from revenue timing differences and tax losses of the company have 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 company in realising the benefit.

Note 4: Cash and cash equivalents

Current

Cash at bank	**20,768**	**1,058,753**	11,571	550,027
Deposits at call	**2,089,756**	**106,535,766**	1,276,631	60,684,655
Term deposit	**23,592,978**	**1,202,770,013**	–	–
	25,703,502	**1,310,364,532**	1,288,202	61,234,682

(a) Terms and conditions relating to the above financial instruments:

(i) Cash at bank has a weighted average interest rate of 0% (2015: 0%); and

(ii) Deposits at call has a weighted average effective annual interest rate of 2.97% AUD account (2015: 3.33% AUD Account).

(iii) Term Deposit in US$ maturity period of one month has a weighted average effective annual interest rate of 0.35% (2015: Nil)

(b) Reconciliation of net profit/(loss) after tax to the net cash flows from operations:					
Net profit		**10,953,238**	**539,556,504**	777,770	39,990,989
Non-cash items:					
Amortisation/disposal of non-current assets		**4,778**	**235,364**	3,792	194,975
(Profit)/loss on sale of investments	7	**(10,542,196)**	**(519,308,574)**	–	–
Income tax expense		**502,100**	**24,733,446**	–	–
Changes in assets and liabilities:					
(Increase)/decrease in trade and other receivables		**(80,695)**	**(3,975,036)**	6,898	354,678
Decrease in inventories		**–**	**–**	–	–
Decrease/(increase) in other current assets		**(36,349)**	**(1,790,552)**	4,998	256,985
Increase/(decrease) in trade creditors and accruals		**(229,104)**	**(11,285,663)**	(121,152)	(6,229,333)
Increase in employee provisions		**1,882**	**92,707**	(8,221)	(422,703)
Cash flows from operations		**573,654**	**28,258,195**	664,085	34,145,591

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS AS AT 31st MARCH, 2016

	Note	2016 $	2016 ₹	2015 $	2015 ₹
Note 5: Trade and other receivables					
Current					
Trade debtors	(a)	**1,832,277**	**93,409,481**	1,741,893	82,800,884
Provision for doubtful debts		**–**	**–**	–	–
		1,832,277	**93,409,481**	1,741,893	82,800,884
Other debtors	(a)	**(11,050)**	**(563,329)**	(1,361)	(64,695)
		1,821,227	**92,846,152**	1,740,532	82,736,189

(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.

Note 6: Other assets			
Current			
Prepayments	**10,356**	**527,949**	10,491	498,689
Interest accrual	**41,170**	**2,098,846**	4,686	222,749
	51,526	**2,626,795**	15,177	721,438
Note 7: Other financial assets				
Non-current				
Shares in subsidiaries:				
At cost	**4,880,863**	**248,826,396**	18,180,409	864,205,742
Provision for write-down (a)	**(3,911,127)**	**(199,389,255)**	(3,911,127)	(185,915,422)
Total other financial assets	**969,736**	**49,437,141**	14,269,282	678,290,320

(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.

Interest in subsidiaries

	Percentage of equity interest held by the consolidated entity	Country of incorporation	%	Investment (Provision for diminution) 2016 $	2016 ₹	2015 $	2015 ₹
Technico Asia Holdings Pty Ltd (formerly known as Technico China Pty Ltd)		Australia	100	**3,684,522**	**187,836,932**	3,684,522	175,143,753
				(2,714,786)	**(138,399,791)**	(2,714,786)	(129,047,352)
				969,736	**49,437,141**	969,736	46,096,401
Technico Technologies Inc		Canada	100	**1,196,341**	**60,989,464**	1,196,341	56,868,069
				(1,196,341)	**(60,989,464)**	(1,196,341)	(56,868,069)
				–	**–**	–	–
Technico Agri Sciences Ltd		India		**–**	**–**	13,299,546	632,193,919
				–	**–**	13,299,546	632,193,919

	2016 $	2016 ₹	2015 $	2015 ₹
Note 8: Property, plant and equip-ment				
Non-current				
Plant and equipment at cost	**2,838**	**144,681**	2,838	134,904
Accumulated depreciation and impair-ment	**(2,838)**	**(144,681)**	(2,838)	(134,904)
Net carrying amount	**–**	**–**	–	–
Total net carrying amount of plant and equipment	**–**	**–**	–	–
Total property, plant and equipment at cost	**2,838**	**144,681**	2,838	134,904
Accumulated depreciation, amortisation and impairment	**(2,838)**	**(144,681)**	(2,838)	(134,904)
Total property, plant and equipment	**–**	**–**	–	–

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS AS AT 31st MARCH, 2016

	2016		2015	
	$	₹	$	₹
Note 9: Intangible assets				
Non-current				
TECHNITUBER® technology, patents and trademarks at cost	**3,400,640**	**173,364,627**	3,411,011	162,142,408
Less: Accumulated amortisation	**(3,391,957)**	**(172,921,968)**	(3,397,646)	(161,507,103)
	8,683	**442,659**	13,365	635,305
Movement in intangibles				
Balance at beginning of the year	**13,365**	**681,348**	15,842	753,049
Additions	**194**	**9,890**	1,315	62,509
Withdrawals	**(1,098)**	**(55,976)**	–	–
Amortisation expense	**(3,778)**	**(192,602)**	(3,792)	(180,253)
Balance at the end of the year	**8,683**	**442,659**	13,365	635,305
Note 10: Trade and other payables				
Current				
Trade creditors	**902,791**	**46,024,285**	748,193	35,565,354
Sundry creditors and accruals	**772,843**	**39,399,536**	654,445	31,109,043
	1,675,634	**85,423,821**	1,402,638	66,674,397

Terms and conditions relating to the above financial instruments:

(i) trade creditors are non-interest bearing and are normally settled on 180 day terms; and

(ii) balance due to sundry creditors is non-interest bearing and is normally settled on 30 day terms.

Note 11: Provisions				
Current				
Employee entitlements	**25,968**	**1,323,849**	24,086	1,144,928
Note 12: Contributed equity				
(a) Issued and paid up capital				
Ordinary shares fully paid 22,606,065 shares				
(2015: 22,606,065)	**44,098,046**	**2,248,118,385**	44,098,046	2,096,200,617
Discount on issue	**(108,864)**	**(5,549,887)**	(108,864)	(5,174,851)
	43,989,182	**2,242,568,498**	43,989,182	2,091,025,766

(b) Terms and conditions of contributed equity

Ordinary shares

Ordinary shares have the right to receive dividends as declared and, in the event of winding up the company, to participate in the proceeds from the sale of all surplus assets in proportion to the number of and amounts paid up on shares held. Ordinary shares entitle their holder to one vote, either in person or by proxy, at a meeting of the company.

Note 13: Reserves and accumulated losses				
Accumulated losses	**17,136,110**	**873,598,888**	28,089,348	1,335,227,157
Balance at beginning of year	**28,089,348**	**1,335,227,157**	28,867,118	1,372,198,454
Net (profit)/loss attributable to the members of Technico Pty Ltd	**(10,953,238)**	**(461,628,269)**	(777,770)	(36,971,297)
Total unavailable for appropriation	**17,136,110**	**873,598,888**	28,089,348	1,335,227,157
Dividends paid or provided for	**–**	**–**	–	–
Balance at end of period	**17,136,110**	**873,593,891**	28,089,348	1,335,227,157
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	**36,000**	**1,773,360**	33,578	1,722,486
Other services in relation to the entity	**–**	**–**	6,500	338,224
	36,000	**1,773,360**	40,078	2,060,710

DIRECTORS' REPORT FOR THE YEAR ENDED 31st MARCH, 2016

Your directors submit their Report for the financial year ended 31st March, 2016.

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 Madan

Corporate information

Technico Technologies Inc. is a company limited by shares that is incorporated and domiciled in Canada. It is a wholly owned subsidiary of Technico Pty Ltd, a company incorporated in Australia.

The registered office of Technico Technologies Inc is located at:

Stewart McKelvey Stirling Scales
Suite 600, Frederick Square,
77 Westmoreland
Fredericton, New Brunswick
E3B 5B4 Canada

Principal activities

The principal activities of your company during the financial year under review were production of TECHNITUBER® seed potatoes for sale in the Canadian and export markets 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$) 0.24 million (previous year C$ 0.30 million) and posted a net profit of C$ 0.04 million (previous year C$ 0.11 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: New Jersey, USA
Date: 23rd April 2016

Bhavani Parameswar
Director

INDEPENDENT AUDITORS' 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 March 31, 2016 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 misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the 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 March 31, 2016 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: 10th April, 2016

CHARTERED PROFESSIONAL ACCOUNTANTS

BALANCE SHEET AS AT 31st MARCH, 2016

	2016 $	2016 ₹	2015 $	2015 ₹
ASSETS				
Current Assets				
Cash	**137,581**	**7,048,275**	168,405	8,257,318
Accounts receivable	**26,765**	**1,371,171**	10,546	517,097
Inventory	**154,643**	**7,922,361**	175,268	8,593,828
Prepaid expenses	**3,164**	**162,092**	3,436	168,476
	322,153	**16,503,899**	357,655	17,536,719
Property and Equipment (note 4)	**76,328**	**3,910,283**	89,428	4,384,878
	398,481	**20,414,182**	447,083	21,921,597

BALANCE SHEET AS AT 31st MARCH, 2016 (Contd.)

	2016 $	2016 ₹	2015 $	2015 ₹
LIABILITIES				
Current Liabilities				
Accounts payable and accrued liabilities	**25,720**	**1,317,636**	26,532	1,300,930
Current portion of long term debt	**35,466**	**1,816,923**	24,116	1,182,468
Deferred revenue	–	–	1,466	71,882
	61,186	**3,134,559**	52,114	2,555,280
Unamortized Government Assistance (note 5)	**7,269**	**372,391**	13,152	644,875
Long Term Debt (note 6)	**58,031**	**2,972,928**	93,497	4,584,392
	126,486	**6,479,878**	158,763	7,784,547
SHAREHOLDERS' EQUITY				
Capital Stock (note 9)	**1,198,974**	**61,423,438**	1,251,691	61,373,539
Deficit	**(926,979)**	**(47,489,134)**	(963,371)	(47,236,489)
	271,995	**13,934,304**	288,320	14,137,050
	398,481	**20,414,182**	447,083	21,921,597

STATEMENT OF RETAINED EARNINGS (DEFICIT) FOR THE YEAR ENDED 31st MARCH, 2016

	2016 $	2016 ₹	2015 $	2015 ₹
Deficit At Beginning Of Year	**(963,371)**	**(47,236,489)**	(1,068,805)	(58,006,719)
Net Income For The Year	**36,392**	**1,824,334**	105,434	5,445,803
Change In Unrealized Foreign Exchange During The Year	–	**(2,076,979)**	–	5,324,427
Deficit At End Of Year	**(926,979)**	**(47,489,134)**	(963,371)	(47,236,489)

STATEMENT OF INCOME FOR THE YEAR ENDED 31st MARCH, 2016

	2016 $	2016 ₹	2015 $	2015 ₹
Sales	**241,665**	**12,114,666**	301,646	15,580,408
Cost Of Sales	**152,562**	**7,647,933**	133,220	6,880,986
Gross Profit	**89,103**	**4,466,733**	168,426	8,699,422
Expenses				
Advertising and trade shows	**1,257**	**63,013**	5,735	296,220
Amortization of property and equipment	**10,995**	**551,179**	10,172	525,397
Bank charges	**395**	**19,801**	677	34,968
Insurance	**5,673**	**284,387**	6,045	312,232
Interest on long term debt	**5,884**	**294,965**	6,334	327,159
Occupancy costs	**7,024**	**352,113**	9,346	482,733
Office and supplies	**2,693**	**135,000**	737	38,067
Professional services	**10,626**	**532,681**	10,995	567,906
Telephone	**2,842**	**142,469**	2,777	143,436
Vehicle and travel	**5,717**	**286,593**	1,061	54,802
Wages and benefits	**23,219**	**1,163,968**	19,633	1,014,070
	76,325	**3,826,169**	73,512	3,796,990
	12,778	**640,564**	94,914	4,902,432
Other Income				
Government assistance Interest subsidy	**5,884**	**294,965**	6,334	327,159
Gain on sale of capital assets	–	–	1,000	51,651
Net revenue Support services (note 10)	**17,730**	**888,805**	3,186	164,561
	23,614	**1,183,770**	10,520	543,371
Net Income For The Year	**36,392**	**1,824,334**	105,434	5,445,803

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31st MARCH, 2016

	2016 $	2016 ₹	2015 $	2015 ₹
Cash Provided By (Required For):				
Operating Activities				
Net income for the year	**36,392**	**1,824,334**	105,434	5,445,803
Items not affecting cash				
Amortization of property and equipment	**10,995**	**551,179**	10,172	525,397
Amortization capitalized to inventory	**2,105**	**105,524**	2,325	120,089
Foreign currency fluctuations	**–**	**424,508**	–	(832,513)
	49,492	**2,905,545**	117,931	5,258,776
Changes in non cash operating working capital (note 8)	**2,401**	**123,004**	4,625	226,776
	51,893	**3,028,549**	122,556	5,485,552
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)	**(52,717)**	**(2,700,692)**	(16,362)	(802,270)
Repayment of long term debt	**(24,116)**	**(1,235,463)**	(11,901)	(583,536)
Unamortized government assistance	**(5,884)**	**(301,437)**	900	44,129
	(82,717)	**(4,237,592)**	(27,363)	(1,341,677)
Increase (Decrease) In Cash During The Year	**(30,824)**	**(1,209,043)**	68,467	2,833,433
Cash Position At Beginning Of Year	**168,405**	**8,257,318**	99,938	5,423,885
Cash Position At End Of Year	**137,581**	**7,048,275**	168,405	8,257,318

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2016

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 = ₹ 51.23 (2015 CAD $1 = ₹ 49.03) to the balance sheet and the average annual exchange rate of CAD $1 = ₹ 50.13 (2015 CAD $1 = ₹ 51.65) 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 $2,105 (2015 $2,325)

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 $276,109 (2015-$ 284,107).

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	2016 Net	2015 Net
	$	$	$	$
Land	46,564	–	46,564	46,564
Buildings	289,698	287,218	2,480	3,028
Equipment	290,202	262,918	27,284	39,836
	626,464	550,136	76,328	89,428
	Cost	Accumulated Amortization	2016 Net	2015 Net
	₹	₹	₹	₹
Land	2,385,474	–	2,385,474	2,283,149
Buildings	14,841,229	14,714,178	127,051	148,470
Equipment	14,867,048	13,469,289	1,397,758	1,953,259
	32,093,751	28,183,467	3,910,283	4,384,878

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

	2016 $	2016 ₹	2015 $	2015 ₹
Non interest bearing loan payable to the Atlantic Canada Opportunities Agency, net of an unamortized fair value discount of $7,269 (2015 $13,153) at 4.5%, in annual installments of $40,000 and $60,766, unsecured, due August 2017.	93,497	4,789,851	117,613	5,766,860
Less current portion	35,466	1,816,923	24,116	1,182,468
	58,031	2,972,928	93,497	4,584,392

Principal repayment of long term debt net of implicit interest over the next two years is as follows:

	$	₹
2017	35,466	1,816,923
2018	58,031	2,972,928
	93,497	4,789,851

7. Income Taxes

The company has non capital losses for income tax purposes of $896,085 which may be carried forward to reduce taxable income in future years. If not applied against taxable income, the non capital losses will expire as follows:

	$	₹
2026	262,444	13,445,006
2027	283,750	14,536,513
2028	214,636	10,995,802
2030	115,010	5,891,962
2031	12,550	642,937
2032	7,695	394,215
	896,085	45,906,436

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

	2016 $	2016 ₹	2015 $	2015 ₹
Accounts receivable	(16,219)	(830,899)	584	28,635
Inventory	20,625	1,056,619	(4,523)	(221,774)
Prepaid expenses	272	13,935	(563)	(27,605)
Accounts payable and accrued liabilities	(811)	(41,548)	7,661	375,638
Deferred revenue	(1,466)	(75,103)	1,466	71,882
	2,401	123,004	4,625	226,776

9. Capital Stock

		2016 $	2016 ₹	2015 $	2015 ₹
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	55,738,138	1,087,998	53,347,262
110,976	Class A preferred shares (2015-163,693 shares)	110,976	5,685,300	163,693	8,026,277
		1,198,974	61,423,438	1,251,691	61,373,539

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 52,717 Class A preferred shares (2015 16,362 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.

DIRECTORS' REPORT FOR THE YEAR ENDED 31st MARCH 2016

Your directors submit their report for the financial year ended 31 March 2016.

Directors

The names of the directors in office at any time during or since the end of the year are:

Mr David Charles McDonald
Mr Sachidanand Madan
Mr 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 Ltd, 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 [2015: nil].

Significant events after balance 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 12 of this report.

Signed in accordance with a resolution of the Board of Directors:

Place: Sydney, Australia
Date:

Allan Hendry
Director

DIRECTORS' DECLARATION FOR THE YEAR ENDED 31st MARCH 2016

In accordance with a resolution of the directors of Technico Asia Holdings Pty Limited, we state that in the opinion of the directors:

(a) the company is not a reporting entity as defined in the Australian Accounting Standards;

(b) the financial statements and notes of the company are in accordance with the Corporations Act 2001, including:

(i) giving a true and fair view of the company's financial position as at 31 March 2016 and of their performance for the year ended on that date;

(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
Date:

Allan Hendry
Director

AUDITOR'S INDEPENDENCE DECLARATION TO THE DIRECTORS OF TECHNICO ASIA HOLDINGS PTY LIMITED FOR THE YEAR ENDED 31st MARCH 2016

In relation to our audit of the financial report of Technico Asia Holdings Pty Limited for the financial year ended 31 March 2016, 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
David Duff
Partner

Suite 5, 20 Bundaroo Street
BOWRAL NSW 2576
Dated:

INDEPENDENT AUDIT REPORT TO THE DIRECTORS OF TECHNICO ASIA HOLDINGS PTY LIMITED FOR THE YEAR ENDED 31st MARCH 2016

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 31 March 2016, 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 31 March 2016 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
Suite 5, 20 Bundaroo Street — Chartered Accountants
BOWRAL NSW 2576 — David Duff
Dated: — Partner

INCOME STATEMENT FOR THE YEAR ENDED 31st MARCH 2016

	Notes	2016 $	2016 ₹	2015 $	2015 ₹
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 2016

	Notes	2016 $	2016 ₹	2015 $	2015 ₹
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**	**49,437,141**	969,736	46,096,401
Property, plant and equipment		–	–	–	–
Intangible assets		–	–	–	–
Total non-current assets		**969,736**	**49,437,141**	969,736	46,096,401
Total assets		**969,736**	**49,437,141**	969,736	46,096,401
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**	**49,437,141**	969,736	46,096,401
Equity					
Contributed equity	6	**3,684,522**	**187,836,932**	3,684,522	175,143,753
Accumulated losses	7	**(2,714,786)**	**(138,399,791)**	(2,714,786)	(129,047,352)
Total equity		**969,736**	**49,437,141**	969,736	46,096,401

STATEMENT OF CHANGES IN EQUITY AS AT 31st MARCH 2016

	Contributed equity $	Retained earnings $	Total $
At 1 April 2014	3,684,522	(2,714,786)	969,736
Profit for the period	–	–	–
At 31 March 2015	3,684,522	(2,714,786)	969,736
Profit for the period	–	–	–
At 31 March 2016	**3,684,522**	**(2,714,786)**	**969,736**

	Contributed equity ₹	Retained earnings ₹	Total ₹
At 1 April 2014	187,836,932	(138,399,791)	49,437,141
Profit for the period	–	–	–
At 31 March 2015	187,836,932	(138,399,791)	49,437,141
Profit for the period	–	–	–
At 31 March 2016	**187,836,932**	**(138,399,791)**	**49,437,141**

CASH FLOW STATEMENT FOR THE YEAR ENDED 31st MARCH 2016

	Notes	2016 $	2016 ₹	2015 $	2015 ₹
Cash flow from operating activities					
Net cash flows (used in)/from operating activities		–	–	–	–
Cash flows from financing activities					
Net cash flows (used in)/from financing activities		–	–	–	–
Net increase/(decrease) in cash held		–	–	–	–
Add opening cash brought forward		–	–	–	–
Cash and cash equivalents at end of period		–	–	–	–

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS AS AT 31st MARCH 2016

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 = INR 50.98 for the current year balance sheet (2015: INR 47.5350) and the average rate of 1 AUD = INR 49.26 for the current year income statement (2015: INR 51.4175) 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 31 March 2016. 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

	2016		2015	
	$	₹	$	₹
Current				
Trade and other receivables	–	–	–	–

Note 3: Other financial assets

Non-current				
Shares in subsidiaries:				
At cost	**3,684,522**	**187,836,932**	3,684,522	175,143,753
Provision for write-down	**(2,714,786)**	**(138,399,791)**	(2,714,786)	(129,047,352)
Total other financial assets	**969,736**	**49,437,141**	969,736	46,096,401

Provision for write-down of subsidiaries

The losses generated within the subsidiaries have resulted in a provision for write-down to net assets being recorded against the cost amount of the investment.

	Percentage of equity interest held by the consolidated entity country of incorporation		Investment (Provision for diminution)			
			2016		2015	
		%	$	₹	$	₹
Technico Horticultural (Kunming) Co Ltd	China	100	**3,684,522**	**187,836,932**	3,684,522	175,143,753
			(2,714,786)	**(138,399,791)**	(2,714,786)	(129,047,352)
			969,736	**49,437,141**	969,736	46,096,401

	2016		2015	
	$	₹	$	₹

Note 4: Trade and other payables

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.

	2016		2015	
	$	₹	$	₹

Note 5: Loans and borrowings

Current				
Loans and borrowings	–	–	–	–

Note 6: Contributed equity

Issued and paid up capital				
3,684,522 Ordinary shares fully paid	**3,684,522**	**187,836,932**	3,684,522	175,143,753

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

Accumulated losses

Balance at beginning of year	**(2,714,786)**	**(138,399,791)**	(2,714,786)	(129,047,352)
Net profit attributable to the members of Technico Asia Holdings Ltd	–	–	–	–
Total available for appropriation	**(2,714,786)**	**(138,399,791)**	(2,714,786)	(129,047,352)
Dividends paid or provided for	–	–	–	–
Aggregate amount transferred (to)/from reserves	–	–	–	–
Balance at end of period	**(2,714,786)**	**(138,399,791)**	(2,714,786)	(129,047,352)

Note 8: Events subsequent to reporting date

There are no subsequent events to be reported.

MANAGEMENT REPORT FOR THE YEAR ENDED 31 DECEMBER 2015

Your management submits its report for the financial year ended 31 December 2015.

Corporate Information

Technico Horticultural (Kunming) Co Ltd ("Company") is domiciled in Yunnan Province, People's Republic of China. Its parent entity is Technico Asia Holdings Pty Ltd, a company incorporated in Australia.

The registered office of the Company is located at,

A-38 Yanglin Industrial Development Zone,
Songming,
Yunnan Province,
People's Republic of China.

Principal activities

The Company is primarily engaged in production and supply of TECHNITUBER® Seed potatoes to export markets.

Business Review

For the year under review, the Company achieved a turnover of CNY 2,961,480 (2014: CNY 5,145,271) and incurred a loss of CNY 189,712 (2014: Profit of CNY 454,679). Turnover and profits in China were lower on account of loss of sales due to some quarantine issues in one of its export markets. This has now been resolved.

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.

Haoxuan Shen
Legal Representative
Place: Songming Date: 7 April 2016

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 31 December 2015, 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 misstatement.

   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 31 December 2015, 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

7 April 2016

BALANCE SHEET AS ON 31ST DECEMBER 2015

Printed by Technico Horticultural (Kunming) Co. Ltd.

ITEMS	LINE NO	31-Dec-14		31-Dec-15	
		CNY	INR	CNY	INR
CURRENT ASSETS :	1				
Cash and cash equivalents	2	4,830,588	50,041,025	**3,762,320**	**38,319,233**
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	2,171,182	22,491,708	**2,152,018**	**21,918,308**
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	0	0	**249**	**2,540**
Inventoriesns	11	1,391,248	14,412,216	**2,756,621**	**28,076,182**
Including: Raw materials	12	0	0	**0**	**0**
Finished goods	13	1,064,956	11,032,094	**2,430,329**	**24,752,900**
In one year expired noncurrent assets	14	0	0	**0**	**0**
Other current assets	15	14,557	150,798	**14,596**	**148,661**
Total current assets	16	8,407,575	87,095,747	**8,685,805**	**88,464,924**
NONCURRENT ASSETS:	17	0		**0**	**0**
Financial assets available for sale	18	0		**0**	**0**
Hold investment due	19	0		**0**	**0**
Long-term investment on bonds	20	0		**0**	**0**
Long-term account receivable	21	0		**0**	**0**
Long-term investment on stocks	22	0		**0**	**0**
Right to trade in previously non-tradable shares	23	0		**0**	**0**
Investment real estate	24	0		**0**	**0**
Fixed assets-cost	25	26,906,463	278,729,430	**26,927,363**	**274,255,190**
Less: Accumulated depreciations	26	22,269,550	230,694,720	**22,760,889**	**231,819,657**
Fixed assets-net value	27	4,636,913	48,034,709	**4,166,474**	**42,435,533**
Less: Fixed assets depreciation reserves	28	0	0	**0**	**0**
Fixed assets-net equity	29	4,636,913	48,034,709	**4,166,474**	**42,435,533**
Construction in progress liabilities	30	0		**0**	**0**
Project goods and material	31	0		**0**	**0**
Liquidation of fixed assets	32	0		**0**	**0**
Productive living assets	33	0		**0**	**0**
Oil and gas assets	34	0		**0**	**0**
Intangible assets	35	1,373,081	14,224,023	**1,332,094**	**13,567,375**
Including: right to use land	36	1,373,081	14,224,023	**1,332,094**	**13,567,375**
Development expenditures	37	0		**0**	**0**
Business reputation	38	0		**0**	**0**
Cost-book value differentials	39	0		**0**	**0**
Long-term deferred and prepaid expenses	40	0		**0**	**0**
Deferred income tax assets	41	0		**0**	**0**
Deferred taxes debit	42	0		**0**	**0**
Other noncurrent assets	43	0		**0**	**0**
Including: specially approved reserving materials	44	0		**0**	**0**
Total noncurrent assets	45	**6,009,994**	**62,258,733**	**5,498,567**	**56,002,908**
TOTAL ASSETS	46	**14,417,569**	**149,354,480**	**14,184,372**	**144,467,832**
CURRENT LIABILITIES:	47				**0**
Short term loans	48	0		**0**	**0**
Transaction financial liabilities	49	0		**0**	**0**
Warrants payable	50	0		**0**	**0**
Notes payable	51	0		**0**	**0**
Accounts payable	52	10,350	107,218	**13,180**	**134,238**
Advances from customers	53	0		**0**	**0**
Employee pay payable	54	198,400	2,055,270	**219,295**	**2,233,521**
Including: accrued wages	55	198,400	2,055,270	**219,295**	**2,233,521**
accrued welfarism	56	0		**0**	**0**
Including: staff and worker' bonus and welfare fund	57	0		**0**	**0**

BALANCE SHEET AS ON 31ST DECEMBER 2015 (Contd.)

Printed by Technico Horticultural (Kunming) Co. Ltd.

ITEMS	LINE NO	31-Dec-14		31-Dec-15	
		CNY	INR	CNY	INR
Taxes and dues payable	58	7,089	73,432	0	0
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	190,679	1,975,282	130,558	1,329,733
Due within one year of noncurrent liabilities	63	0	0	0	0
Other current liabilities	64	0	0	0	0
Total current liabilities	65	**406,518**	**4,211,202**	**363,033**	**3,697,492**
NONCURRENT LIABILITIES:	66	0		0	0
Long-term loans	67	0		0	0
Bonds payable	68	0		0	0
Long-term account payable	69	0		0	0
Special payable	70	0		0	0
Projected liabilities	71	0		0	0
Deferred income tax liabilities	72	0		0	0
Deferred taxes credit	73	0		0	0
Other noncurrent liabilities	74	0		0	0
Including: special reserve fund	75	0		0	0
Total non-current liabilities	76	0		0	0
Total liabilities	77	**406,518**	**4,211,202**	**363,033**	**3,697,492**
OWNERS' EQUITY:	78	0		0	0
Practical capital collected (or share capital)	79	19,013,598	196,965,665	19,013,598	193,653,496
National capital	80	0		0	0
Collective capital	81	0		0	0
Legal person's capital	82	0		0	0
Including: State-owned legal person's capital	83	0		0	0
Collective legal person's capital	84	0		0	0
Personal capital	85	0		0	0
Foreign businessmen's capital	86	19,013,598	130,328,708	19,013,598	130,328,708
Less: Investment returned	87	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	441,992	42,667	441,992
Less: treasury stock	90	0		0	0
Surplus reserves	91	0		0	0
Including: Legal surplus	92	0		0	0
Free surplus reserves	93	0		0	0
Reserve fund	94	0		0	0
Enterprise expension fund	95	0		0	0
Profits capitalized on return of investment	96	0		0	0
Unaffirmed investment loss	97	0		0	0
Undistributed profit	98	-5,045,214	-29,667,027	-5,234,925	-31,615,745
Including: cash dividends	99	0	0	0	0
*Margin of Translation of Foreign Currency Financial Statements	100	0	44,334,316	0	41,910,096
Total equity attributable to equity holders of the Parent	101	**14,011,051**	**145,143,278**	13,821,339	140,770,340
*minority stockholder's interest	102	0	0	0	0
Total owners' equity	103	**14,011,051**	**145,143,278**	13,821,339	140,770,340
Less: assets loss	104	0	0	0	1
Total owners' equity (net value less loss on assets)	105	**14,011,051**	**145,143,278**	13,821,339	140,770,340
TOTAL LIABILITIES AND OWNERS' EQUITY	106	**14,417,569**	**149,354,480**	14,184,372	144,467,832

Income statement and profit appropriation 2015

Printed by Technico Horticultural (Kunming) Co. Ltd.

ITEMS	LINE	2015		2014	
		CNY	INR	CNY	INR
Income for main business	1	**2,961,480**	**30,420,323**	5,145,271	48,925,870
Less: cost of main buiness	2	**2,413,855**	**24,795,116**	4,220,522	40,132,526
Taxation and additional of main	3				
Main business profit	4	**547,625**	**5,625,207**	924,749	8,793,344
Add: other profit	5				
Less: Operating expenses	6	**337,901**	**3,470,915**	296,939	2,823,565
Management expenses	7	**316,217**	**3,248,179**	859,641	8,174,245
Including: Business entertainment	8				
Research and development expense	9				
Financial Expenses	10	**24,817**	**254,918**	-214,050	-2,035,383
Including: Interest exchange	11				
Interest income	12	**110,925**	**1,139,425**	82,391	783,444
Foreign exchange profit and loss	13	**132,949**	**1,365,653**	-134,222	-1,276,301
Operation Profit	14	**-131,309**	**-1,348,805**	-17,782	-169,083
Add: Investment income	15				
Including: for the investment benefits from the invested business and the united business and joint venture	16				
Subsidy Income	17				
Non-operating income	18	**2,133**	**21,913**	472,461	4,492,581
Including: income from disposal of long term assets	19				
Income from non-monetary assets exchage	20				
Government grands (subsidy income)	21				
Income from debt restructuring	22				
Less: Non-operating expenses	23	**60,536**	**621,826**		
Including: Loss on disposal of long-term assets	24				
Loss on non-monetary assets exchange	25				
Loss on debt restructuring	26				
Total Profit	27	**-189,712**	**-1,948,718**	454,679	4,323,498
Less: Income tax	28				
Net Profit	29	**-189,712**	**-1,948,718**	454,679	4,323,498
Add: Undistributed Profit at the beginning of year	30	**-5,045,214**	**-51,824,436**	-5,499,893	-52,297,931
Other transfer-in	31				
Profit available for distribution	32				
Less: Appropriation of statutory surplus reserves	33				
Appropriation of Company expand fund	34				
Appropriation of staff incentive and welfare fund	35				
Capital redemption	36				
Profit available for owners' distribution	37	**-5,234,925**	**-53,773,154**	-5,045,214	-47,974,433
Less: Appropriated profit	38				
Common stock turn to capital	39				
Undivided Profit	40	**-5,234,925**	**-53,773,154**	-5,045,214	-47,974,433
Supplementary Information:	41				
Gains on disposal of operating divisions or investments	42				
Losses from natural disaster	43				
Increase (decrease) in profit due to changes in accounting policies	44				
Increase (decrease) in profit due to changes in accounting estimates	45				
Losses from debt restructuring	46				
Other	47				

CASHFLOW STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2015

Printed by Technico Horticultural (Kunming) Co. Ltd.

ITEMS	LINE NO	2014		2015	
		RMB	INR	RMB	INR
1. Cash Flow from Operating Activities	1				
Cash from selling commodities or offering labor	2	61,33,665	5,83,24,404	**3,647,082**	**37,462,823**
Refund of tax and fee received	3		0		**0**
Other cash received related to operating activities	4	789,239	7,504,798	**115,484**	**1,186,254**
Cash Inflow Subtotal	5	6,922,904	65,829,201	**3,762,566**	**38,649,077**
Cash paid for commodities or labor	6	2,331,815	22,173,000	**2,755,054**	**28,299,915**
Cash paid to and for employees	7	1,960,434	18,641,571	**1,631,744**	**16,761,271**
Taxes and fees paid	8	244,907	2,328,797	**242,779**	**2,493,827**
Other cash paid related to operating activities	9	251	2,388	**180,595**	**1,855,075**
Cash Outflow Subtotal	10	4,537,408	43,145,756	**4,810,172**	**49,410,088**
Cash flow generated from operating activitiesNet Amount	11	2,385,496	22,683,445	**-1,047,606**	**-10,761,011**
2. Cash Flow from Investing Activities	12		0		
Cash from investment withdrawal	13		0		
Cash from investment income	14		0		
Net cash from disposing fixed assets					
intangible assets and other long-term ass	15		0		
Net cash inflows of disposal of subsidiaries and other business entities	16		0		
Other cash received related to investing activities	17		0		
Cash Inflow Subtotal	18		0		
Cash paid for buying fixed assets					
intangible assets and other long-term investments	19	66,684	634,091	**20,900**	**214,685**
Cash paid for investment	20		0		
Net cash outflows of procurement of subsidiaries and other business units	21		0		
Other cash paid related to investing activities	22		0		
Cash Outflow Subtotal	23	66,684	634,091	**20,900**	**214,685**
Cash flow generated from investing activities Net Amount	24	-66,684	-634,091	**-20,900**	**-214,685**
3. Cash Flow from Financing Activities	25				
Cash received from accepting investment	26				
Including: cash inflows from minority investment in subsidiaries	27				
Borrowings	28				
Other cash received related to financing activities	29				
Cash Inflow Subtotal	30				
Cash paid for debt	31				
Cash paid for dividend, profit or interest	32				
Including: dividends and earnings paid to minorities by subsidiaries	33				
Other cash paid related to financing activities	34				
Cash Outflow Subtotal	35				
Cash flow from financing activities Net Amount	36				
4. Foreign Currency Translation Gains (Losses)	37	-132	-1,253	**239**	**2,453**
5. Net Increase Of Cash and Cash Equivalents	38	2,318,680	22,048,101	**-1,068,267**	**-10,973,243**
Add: cash and cash equivalents beginning bal.	39	2,511,907	23,885,475	**4,830,588**	**49,619,797**
6.cash and cash equivalents ending bal.	40	4,830,588	45,933,576	**3,762,320**	**38,646,555**

NOTES TO THE FINANCIAL STATEMENTS

1. Brief information on the Company

Technico Horticultural (Kunming) Co., Ltd. (the "company") was established as a wholly foreign-owned enterprise invested by Technico Asia Holdings Pty Limited., under the "laws of the People's Republic of China (the "PRC") on Enterprises Operated Exclusively with Foreign Capital" and through the approval by the Foreign Economic and Trade Department of Yunnan province in the certification Dian zi (1997) No.0049. The Company of the registered capital USD 2,300,000 was registered, with the business license number of Qi Du Zong zi No.000716, on 8 December 1997. The tenure of the Company is 50 years and may be extended upon application by the board of directors and approval of the relevant government authorities. The principal activities of the Company are the development, production and supply of microtuber potato.

2. Significant accounting policies and accounting estimates

(1) Accounting regulations

The Company implements "The Accounting Standards for Enterprises" and "The Accounting Regulations of Enterprises" and the supplementary stipulate.

(2) Fiscal year

The fiscal year for the Company is from 1 January to 31 December of each calendar year.

(3) Accounting currency

The Company's financial records are maintained and the financial statements are stated in Renminbi ("RMB").

(4) Accounting basis and principle

The accounting basis of The Company is accrual principle, and the accounting principle is historical cost principle.

(5) Foreign currency transactions

All foreign currency transactions have been translated into RMB at the market rates of exchange prevailing on the dates of transactions. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are translated into RMB at the market rates of exchange ruling at that date. The resulting exchange gains or losses are capitalized if they have relation to acquiring fixed assets before the fixed assets intended-use have been commenced; or are accounted as long-term prepaid expense in the preparative duration, or are dealt with in the profit and loss account in the operating duration, if they have not relation to acquiring fixed assets.

(6) Cash equivalents

Cash equivalents are the short-term investments, which are held by the Company at the short-term (generally within 3 months from the purchasing date to the date due), are easy in currency and conversion to known-account cashes, are of little value fluctuations.

(7) Allowances for uncollectible accounts

The Company uses the allowance method in which the allowances for uncollectible accounts for the receivable items (including the accounts receivable and other receivable) are recognized in the aging receivable account method and are dealt with in the profit and loss account at the balance sheet. The aging receivable account method is made as follows:

a. Within 1 year, at 0.5 percent on the amount of the part;

b. 1-2 year, at 10 percent on the amount of the part;

c. 2-3 year, at 30 percent on the amount of the part.

If any receivable is evidently different from the others, the specific identification method is made for the receivable item.

(8) Inventories

Inventories, which are recorded at actual cost, include finished goods, work-in-progress and raw material.

For the unrecoverable inventory cost due to the damage, partly or wholly obsolescence, or market price lower than the cost, the provision for decline in value of inventories is determined according to the difference of the actual cost lower than net realizable value on an item-by-item basis, at the end of the period.

(9) Fixed assets and depreciation

Fixed assets are recorded based on the actual cost. At the inception of a lease, the fixed assets by a lessee under a finance lease are recorded at an amount equal to the lower of the carrying amount of the leased asset originally recorded in the books of the lessor and the present value of the minimum lease payments. (If the proportion of the recorded amount of the leased assets to the total amount of assets is lower than 30 percent, the leased assets are recorded at an amount equal to the total minimum lease payments.)

The standard about fixed asset: House and building, machinery and equipment, Motor vehicle and so on of the useful life more than one year, and non-principle operating equipment of the unit value over 2000 yuan and the useful life more than two years

Depreciation is calculated on the straight-line basis to write off the cost of each asset over its estimated useful life after deducting the estimated residual value. The categories, useful life and residual value, annual depreciation rate are as follows:

Category	Estimated useful life	Annual depreciation rate	Residual value
House and building	20years	4.50%	10.00%
Production Equipment	10years	9.00%	10.00%
Motor vehicle	5years	18.00%	10.00%
Office Equipment and other	5years	18.00%	10.00%

Provision for impairment: At the end of each period, The Company examines its fixed assets and if market value of the fixed asset has declined continually, become obsolete in technology, been not in use in the long term, or been damage, and the recoverable amount of the fixed asset is less than its carrying amount, the provision for impairment is determined according to the difference of the recoverable amount of the fixed asset lower than its carrying amount on an item-by-item basis.

(10) Intangible assets

An intangible asset, which is acquired separately, is recorded based on the actual purchase price paid.

The cost of an intangible asset is amortized evenly over its expected useful life starting in the month in which it is obtained.

If the expected useful life exceeds the beneficial period stipulated in the relevant contract or the effective period stipulated by law, the amortization period of an intangible asset is determined in accordance with the following rules:

a. If the relevant contract stipulates the beneficial period but the law does not stipulate the effective period, the amortization period is not longer than the beneficial stipulated by the relevant contract;

b. If the relevant contract does not stipulate the beneficial period but the law stipulates the effective period, the amortization period is not longer than the effective period stipulated by law;

c. If the relevant contract stipulates the beneficial period but the law also stipulate the effective period, the amortization period is not longer than the shorter of the beneficial period and the effective period.

If the relevant contract does not stipulate the beneficial period and the law does not stipulate the effective period, the amortization period does not exceed 10 years.

If an intangible asset is no longer expected to be able to generate any economic benefits that flow to the enterprise, the carrying amount of the intangible asset is written off and is recognized as gain or loss the current period.

The Company reviews the carrying amount of the intangible asset at the end of each period. The difference of the expected receivable amount lower than the carrying amount of the intangible asset is recognized as provision for impairment on an item-by-item basis.

(11) Long-term prepaid expense

Long-term prepaid expenses are recorded based on the actual payments and amortized on the straight-line basis in the beneficial period.

The expenses (except for acquiring fixed assets), which occur in the preparative duration, are recorded as long-term expense, and are amortized in the month starting the operating

(12) Principle for recognition of revenue

a.Revenue from the sale of goods

The revenue is recognized when all the following conditions have been satisfied: the Company has transferred to the buyer the significant risks and rewards of ownership of the goods; the

NOTES TO THE FINANCIAL STATEMENTS (Contd.)

enterprise retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold; it is probable that the economic benefits will flow to the Company; the relevant amount of revenue and costs can be measured reliably.

b. Revenue from rendering of services

When the provision of services is started and completed within the same accounting year, revenue is recognized at the time of completion of the services, and receipt of money or holding the qualification of acquiring money;

When the provision of services is started and completed in different accounting year, the total income and the completion degree involving the service contract can be estimated reliably, it is probable that the economic benefits will flow to the Company, the outcome of a transaction involving the rendering of services can be estimated reliably, the service revenue is recognized at the balance sheet date by the use of the percentage of completion method.

The revenue referred to above is recognized when all the following conditions have been satisfied:

a. It is probable that the economic benefits will flow to the Company;

b. The amount of the revenue can be measured reliably.

(13) Corporation income tax

Corporation income tax is accounted on the tax payable basis.

3. Tax

VAT: According to the relevant tax laws in the PRC, the Company is exempted from VAT for the sales of the agricultural produce harvested by the Company.

Corporation income tax is accounted on the tax payable basis at a rate of 25% on its taxable income. However, according to the new income tax-laws in the PRC, the Company is an agricultural production company which is exempted from corporate income tax.

4. Notes to significant items in the financial statements

(1) Cash

Items	2014-12-31 RMB	**2015-12-31 RMB**
Cash on hand	20,237.38	**1,430.29**
Cash in bank	4,810,350.36	**3,760,890.05**
Total	4,830,587.74	**3,762,320.34**

(2) Account receivable

The age of accounts receivable	2014-12-31			**2015-12-31**		
	RMB	Percentage	Provision for bad debts	**RMB**	**Percentage**	**Provision for bad debts**
Within 1 year	2,182,092	100.00%	10,910	**2,162,833**	**100.00%**	**10,814**
Total	2,182,092	100.00%	10,910	**2,162,833**	**100.00%**	**10,814**

(3) Other receivables

Length after occurrence	2014-12-31			**2015-12-31**		
	RMB	Percentage bad debts	Provision for	**RMB**	**Percentage**	**Provision for bad debts**
Within 1 year				**249**	**100.00%**	
1-2 year						
Total				**249**	**100.00%**	

(4) Inventories and provision for loss on realization of inventory

Items	RMB	2014-12-31 Provision for loss on realization of inventory	**RMB**	**2015-12-31 Provision for loss on realization of inventory**
Finished goods	1,064,956.18		**2,430,328.90**	
Work-in-progress	326,291.82		**326,291.82**	
Total	1,391,248.00		**2,756,620.72**	

(5) Fixed assets

Items	2014-12-31	**Add**	**Less**	**2015-12-31**
Cost				
Total Capex	26,906,462.82	**20,900.00**		**26,927,362.82**
Accumulated depreciation				
Total Depreciation	22,269,549.79	**491,339.50**		**22,269,549.79**
Fixed assets depreciation reserves				
Net book value	4,636,913.03			**4,166,473.53**

(6) Intangible assets

Items	2014-12-31 RMB	**Add RMB**	**Less RMB**	**2015-12-31 RMB**
Land-use-right	2,049,375.00			**2,049,375.00**
Amortization	676,293.75	**40,987.50**		**717,281.25**
Total	1,373,081.25	**40,987.50**		**1,332,093.75**

The amortization term is 50 years, and there have been 32 years and 6 months left by 31 December 2015.

(7) Accounts payable

Length after occurrence	2014-12-31 RMB	**2015-12-31 RMB**
Within 1 year	10,350.00	**4,180.00**
1-2 year		**9,000.00**
Total	10,350.00	**13,180.00**

(8) Tax payable

Items	2014-12-31 RMB	**2015-12-31 RMB**
Personal Income tax Payable	7,088.60	–
Total	7,088.60	–

(9) Other payables

Length after occurrence	2014-12-31 RMB	**2015-12-31 RMB**
Within 1 year	190,679.00	**72,394.00**
1-2 year		**58,164.00**
Total	190,679.00	**130,558.00**

(10) Paid-in capital

Investors	2014-12-31		**Add**	**Less**	**2015-12-31**	
	RMB	Proportion			**RMB**	**Proportion**
Technico Asia Holdings Pty Limited	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	2014-12-31 RMB	**Add RMB**	**Less RMB**	**2015-12-31 RMB**
Capital Surplus	42,666.57			**42,666.57**
Total	42,666.57			**42,666.57**

(12) Retained Earning

Items		**2015-12-31 RMB**
Undistributed Profit at the beginning of year		**-5,045,213.78**
Add:	Net Profit	**-189,711.62**
Other		–
Less:	Appropriation of statutory surplus reserves	–
	Appropriation of Company expand fund	–
	Appropriation of staff incentive and welfare fund	–
	Capital redemption	–
	Appropriated profit	–
	Common stock turn to capital	–
	Undivided Profit	**-5,234,925.40**

(13) Primary operating profit

Operating revenue	**Operating cost**
2,961,480.06	**2,413,854.79**

(14) Finance expense

Items	**From 2015-1-1 to 2015-12-31**
Interest expense	
Less: Interest income	**110,925.33**
Foreign exchange loss	**132,949.06**
other	**2,793.01**
Total	**24,816.74**

5. Contingencies

Up to 31 December 2015, there are no material contingencies for the Company.

6. Promised events

Up to 31 December 2015, there are no material promised events for the Company.

7. Non-adjusting events subsequent to the balance sheet date

Not material non-adjusting events subsequent to the balance sheet date for the Company.

8. Other material events stated

Up to 31 December 2015, there are no other material matters specially stated for the Company.

REPORT OF THE DIRECTORS FOR THE FINANCIAL YEAR ENDED 31ST ASADH 2072 (16TH JULY 2015)

Your Directors are pleased to submit their Report and Audited Accounts of your Company for the year ended 31st Asadh 2072 (16th July 2015).

SOCIO-ECONOMIC ENVIRONMENT

The year under review witnessed the trauma of a severe earthquake in Nepal during Baisakh 2072 (Apr'15 – May'15) that caused extensive loss to life, property and infrastructure and took a heavy toll on all sectors of the economy and the society at large. The damage and losses suffered has been estimated by National Planning Commission at NRs. 700 (₹ 438) Bln.

GDP growth, which was showing signs of recovery in the pre earthquake months due to greater political stability, softer fuel prices and abundant money supply reduced to 3%, the lowest in recent years. The agriculture sector grew by 1.9% (Previous Year – 2.9%), services by 3.9% (Previous Year – 6.3%) and industry by 2.6% (Previous Year – 6.2%). On the external side, the trade deficit increased by 10.8% though inflow of inward remittances has ensured a surplus in the country's balance of payments.

Under these circumstances, the Government of Nepal as well as the national and international community has committed significant resources to rebuild the nation and its economy. As a gesture of its commitment, your Company has contributed NRs. 10 (₹ 6) Crores to the Prime Minister's Disaster Relief Fund to support earthquake relief and reconstruction. The reconstruction and rebuilding efforts require focused execution and all-round commitment and can potentially put the national economy on a growth path over the next few years.

In this backdrop, the Constitution of Nepal was promulgated by the Constituent Assembly on 3rd Ashwin'72 (20th Sep'15). The prompt resolution of differences arising upon its adoption would put the nation on a path of political stability and bring the focus back to the mammoth economic agenda and social imperatives that require sustained focus and attention.

Much of the existing regulations would have to be re-written to bring them in step with the new Constitution. In this context, it is necessary for industry to carry out a sustained engagement with the Government to ensure that the emerging regulatory regime is conducive to an enabling economic and business climate. Policy and legislation in the areas of investment, labour and social security require revamp to ensure that industrial development is fostered and harmonious employer-employee relationship prevail and lead to improved productivity and competitiveness of industry.

These, coupled with investment friendly policies, trade and taxation regulation, bilateral and multilateral treaties on trade, contemporary intellectual property and trademark related laws that adequately protect such rights / investments and are compatible with the international provisions of the Paris Convention, World Trade Organisation (WTO) and World Intellectual Property Organisation (WIPO) are necessary to enhance investor confidence and provide impetus to overall growth of the economy in the medium and long term. Your Company will continue to engage with policy makers and regulators on such matters.

In the context of economic revival, the full potential of the tobacco industry (contributing 30% of the country's manufacturing GDP and 15% of its excise collections and providing direct and indirect employment to around 4 lakh people) needs to be harnessed in a balanced manner. This can be achieved by moderation in cigarette taxation, effective tax administration and improvement in border vigilance to contain smuggled and contraband products from proliferating in the market. The context of such recommendations is explained in the following paragraphs:

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 only about 40% of overall tobacco consumption; the balance is in the form of non-cigarette tobacco products. Even as it contributes to only 40% of tobacco consumption in the country, the legal cigarette industry accounts for almost 83% of the tobacco industry's contribution to the exchequer. Apart from being lightly taxed, manufacture of non-cigarette tobacco products, unlike cigarettes, is highly fragmented amongst thousands of manufacturers, predominantly in the unorganized sector making revenue administration challenging.

The high tax incidence on legal cigarette industry is providing a fillip to the unorganised smokeless tobacco products in Nepal. These products, which are taxed at a rate that is about one-third of the cigarette excise rates, are gaining share of tobacco consumption from the legal cigarette industry. Thus, despite a double digit increase in tax rates in the year under review, the growth in cigarette excise revenues have been modest due to shrinking volumes. This defeats the policy objectives of the government. Notably, 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. 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. However, extant tax regulators have not cognised for such findings and recommendations.

Further, the share of illicit tobacco trade has been steadily increasing and now accounts for about 25% of total tobacco consumption in the country. In fact, the World Health Organisation, has this year adopted the theme "Stop Illicit Tobacco Trade" based on its finding that every tenth cigarette consumed globally is illicit – a result of the high tax incidence on legal cigarette industry, which is completely evaded by illicit tobacco trade. As a result, Governments world over are losing out on significant revenue collections even as their tobacco control policies stand compromised.

In the context of a highly taxed product like cigarettes, it is appropriate for revenue authorities to establish and enforce strong control systems over manufacture and shipments. The robust system of physical control over cigarette manufacture that was in force for decades was discontinued in 2072/73 (2015-16) Financial Budget. Your Company has represented to the Government to restore processes and systems of physical control in all cigarette manufacturing locations.

The adverse effects of discriminatory tobacco taxation on the legal cigarette industry have been further compounded by the country's tobacco control legislation. The Tobacco Products Control and Regulation Act (TOPCA), inter alia, requires tobacco manufacturers to print warning messages including pictorial warnings on at least 75% area of the packets and wrappers, which is one of the most stringent in the world. Many countries, including USA, do not require printing of pictorial warnings and earmarking of majority of pack area towards printing warnings since such actions infringe on property rights and international treaties like Paris Convention, Trade Related Aspects of Intellectual Property (TRIPS) and World Trade Organisation's Agreement on Technical Barriers to Trade (TBT) and leads to non-differentiated product market which fuels growth of cheap smuggled products. With introduction of tobacco product packs with 75% warning area in Nepal, the legal tobacco industry, including your Company, has lost further share of overall tobacco consumption to illicit tobacco trade, which continues to sell smuggled tobacco products with no pack warnings.

According to Canadian Cancer Society, out of 180 countries that have ratified WHO's Framework Convention on Tobacco Control (FCTC), as many as 108 countries have no graphic health warnings. In fact, 39 countries have no warnings at all while 69 countries have only text based warnings. Notably, some of the largest cigarette consuming countries like United States, China & Japan, which account for 51% of global cigarette consumption, have not opted for graphic health warnings. Instead, they have opted for text-based warnings (China and Japan 30%, and US with – warnings on side panel only). Only 72 countries, including Nepal have implemented graphic health warnings. Further, evidence in research conducted by a group of international cancer research institutes and health ministries of different countries under the International Tobacco Control Evaluation Project indicate that in countries like Uruguay and Canada, which have requirements to print rotating pictorial warnings and messages covering 80% and 75% of the principal display areas respectively, large sized warnings on packets vis-à-vis packets with equal or less than 50% warnings do not have any incremental effect on tobacco consumers' decision to continue/discontinue consumption and in fact large size of warnings on packets compel tobacco consumers to avoid such warnings.

The global consultancy firm, Deloitte, following an assessment of tobacco packaging regulation in 27 countries covering a period of 14 years, concluded in its May 2011 Report that tobacco packaging regulations, including the size and type of government health warnings, has no statistically significant direct impact on licit tobacco consumption. Similarly, London Economics, one of Europe's leading consultancies specializing in public policy economics has concluded from its study of data from Australia from November 2013 that such data does not demonstrate any change in smoking prevalence even though the noticeability of the new and larger health warnings has increased. In fact, even without graphic health warnings, consumption of cigarettes has dropped sharply in some countries such as USA (cigarette consumption dropped from 420 billion sticks in 2000 to 282 billion sticks in 2013) and Japan (cigarette consumption dropped from 332 billion sticks in 2000 to 192 billion sticks in 2013).

Moreover, inadequacy of evidence was a strong ground for the US courts to term the government's proposal to introduce graphic health warnings as unconstitutional in 2012. Judge Janice Rogers Brown of the US Court of Appeals for the DC Circuit (R J Reynolds Tobacco Company et. al. vs. United States Food and Drug Administration) wrote in the August 2012 ruling that the Food and Drug Administration (FDA) "has not provided a shred of evidence" showing that the warnings will "directly advance" its interest in cutting smoking.

As is evident from the above discussion, no correlation has been established between implementation of graphic health warnings and reduction in consumption or increase in cessation. Despite that, in Kartik'71 and Poush'71 (Nov'14 and Jan'15), the Ministry of Health & Population of Government of Nepal has issued two new Directives which, inter alia, require manufacturers to print multiple pictorial warnings and warning messages on at least 90% of the pack area. The proposed directives will impact only the legal cigarette industry and provide a boost to illegal trade of cigarettes which do not carry the mandated health warnings. Such cigarettes which are smuggled are already widely available in the market. By not adhering to the specified Packaging and Warning Regulations, illegal/smuggled cigarettes trade undermine the tobacco control policies of the Government and deliberately create the impression that these products are safer and do not carry the associated health risks which are otherwise present in the legal, regulation abiding domestic products. The tobacco industry including your Company, farmers and retailers, are continuously representing to the Government expressing concerns on the ultra vires nature and implementation related issues of such Directives and advocating evidence-based, practical, reasonable and non-discriminatory legislation. The Government has initiated discussion and consultation with stakeholders to address these concerns.

COMPANY PERFORMANCE

Your Company posted Gross revenue of NRs. 2,209 (₹ 1,381) Crores for the year ended 31st Asadh 2072 as against NRs. 1,993 (₹ 1,246) Crores during the previous year. Profit before taxation increased to NRs. 750 (₹ 469) Crores from NRs. 625 (₹ 391) Crores during the previous year. The Company registered Net Profit of NRs. 522 (₹ 326) Crores as against NRs. 437 (₹ 273) Crores in previous year. Earnings per share for the year, after allocation of Employee Housing Reserve, stands at NRs. 238 (₹ 149) {Previous year NRs. 200 (₹ 125)}. Net cash flows from operations aggregated at NRs. 674 (₹ 421) Crores compared to NRs. 580 (₹ 363) Crores in the previous year.

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. 1,090 (₹ 681) Crores by way of Excise Duty, VAT, Income Tax and other taxes during the year {Previous Year: NRs. 1,003 (₹ 627) Crores}. Your Company's Excise Duty contribution to the exchequer constitutes nearly 11% of the Government's total Excise revenue while the VAT and Income Tax contribution constitute nearly 2.4% of the Government's total VAT & Income Tax revenue.

The corporate income tax policy and administration of the Government acts as a disincentive to invest in new areas in the country, as it limits the scope for set-off of losses from new ventures with the profits generated from other businesses. Your Company, alongwith 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 for 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 engagement of 8,500 farmers and 21,000 farm labourers. Further, the Company's Agarbatti and Matches business continue to provide employment to economically disadvantaged sections of society, especially women.

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, leveraging its Trade Marketing & Distribution strength, scaled up distribution and availability of "Mangaldeep" Agarbattis across the country at a rapid pace. The robust portfolio of offerings, coupled with brand investments to grow awareness and trials, led to a positive consumer response. In addition, the focus has been to build and strengthen local Supply Chain capacity and capability, involving Small & Medium Enterprises (SMEs), which provides employment opportunities to economically deprived sections of society, underlining your Company's commitment to contribution to society.

CIGARETTE BUSINESS

Your Company continues to make investments towards strengthening product quality and value addition to its product portfolio, to reinforce its leadership position in the industry. The drive towards development of products that are "world class" and offer superior and differentiated value proposition to consumers through product innovation and adoption of international standards continued during the year. During the year, new offerings were launched in the King Size, Longs and Regular Size Filter segments with encouraging results. The Product & Packaging Development Agreement entered into by your Company with ITC Limited has been instrumental in helping the Company in its thrust to develop and offer "best-in-class" products to the consumers. Your Company continued to strengthen its distribution and supply chain infrastructure towards ensuring continuous availability of its products pan-Nepal, 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.

Having started its operations at the new cigarette factory at Seratar last 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 and responsible corporate 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, your Company initiated the commissioning of 400 KW solar plant project at its Simara cigarette factory.

GARMENT BUSINESS

Your Company's offerings of "John Players" and "Springwood" Garments continue to be significant players in the Premium and Economy segments of the Branded Menswear market. John Players offers a diverse range of products, including meticulously crafted Formal Wear, trendy Casual Wear, and fashionable Denims that cater to the premium and quality conscious consumer. The brands have established a significant presence in the market with availability in exclusive stores, leading departmental chains and multi-brand outlets. Your Company continues to focus on brand building, augmenting the range architecture to provide wider choice to the consumer, boosting quality and improving supply chain efficiencies as the pillars of future growth.

SAFETY MATCHES BUSINESS

Your Company's brand "Tir", continued to sustain its leadership position in the industry, leveraging the robust supply chain infrastructure and pan-Nepal distribution reach. During the year, the Company entered the Wooden Matches segment with positive consumer and trade feedback. This enabled the Company to have presence across all segments in the Matches industry, further enhancing its market standing and potential for growth. The supply chain of the Wooden Matches has been set up through an outsourced contract manufacturing model of manufacturing with machinery hired from ITC Limited's Matches Business. The technical support availed from ITC Limited's Matches business has been instrumental in quickly installing and commissioning the machines and setting up systems and processes for Wooden Matches manufacturing.

Your Company continues to partner with the small scale sector by sourcing its requirements from multiple units. 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.

LEAF TOBACCO

Your Company continued to partner with Tobacco farmers in Nepal to enable higher productivity and quality enhancement at the farm level through the induction of sustainable 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.

As part of extension services, support to the farmers on livestock management and agro-forestry through Poplar plantation promoting "Grow Wood Grow Food" concept through inter-cropping continued.

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. The Company continued to upgrade the EHS standards of its Supply Chain infrastructure across the country.

DIVIDEND

Your Directors have declared an Interim Dividend of NRs. 30 (₹ 18.75) per Ordinary Share for the year ended 31st Asadh 2072. The consequent outflow on this account, including Dividend Tax, amounts to NRs. 60.48 (₹ 37.80) Crores. Your Board has also recommended a Final Dividend of NRs. 208 (Rs. 130) 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 (₹ 11.88) Crores for the financial years 2058-59 (2001-02) and 2064-65 (2007-08).
2. Income Tax demand – NRs. 4.91 (₹ 3.07) Crores for the financial year 2062-63 (2005-06).

All other pending Show Cause Notices (SCNs) and demands related to Excise, Income tax and VAT received from time to time on the issue of theoretical production are 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 (1990-91) 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 was 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 (₹43.11) Crores and comprises:

(a) Excise Demands – NRs. 27.80 (₹ 17.38) Crores.

(b) VAT Demands – NRs. 17.49 (₹ 10.93) Crores.

(c) Income Tax Demands – NRs. 23.68 (₹ 14.80) Crores.

Out of the above NRs. 68.97 (₹ 43.11) Crores, demands aggregating NRs. 66.81 (₹ 41.76) Crores are under appeal before the Supreme Court and demands aggregating NRs. 2.16 (₹ 1.35) 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. The recently introduced Enterprise Resource Planning (ERP) system in Company's Cigarettes, Agarbatti and Safety Matches business has further improved the internal control systems of your Company.

CORPORATE SOCIAL RESPONSIBILITY (CSR) INITIATIVES

Your Company, as a responsible corporate citizen, contributed towards emergency relief, rescue operations and humanitarian assistance in the immediate aftermath of the recent earthquake.

Further, 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 initiatives on environmental preservation.
- "Khelparyatan" - Platform to promote sports tourism in the country.
- "Asha" - Platform for initiatives 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.
- 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. K N Grant, nominated by ITC Limited, ceased to be a Director of your Company with effect from 2nd February, 2015, on withdrawal of his nomination by ITC Limited. Mr. P V Dhobale has been nominated by ITC Limited and was appointed a Director of your Company with effect from 2nd February, 2015.

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 31st Asadh 2072 is annexed to this Report (Annexure I). The Directors have confirmed that none of them or their close relatives has 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 2071 / 72 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 and sustainable growth and looks forward to the future with optimism and confidence and stands committed to creating a brighter future for all stakeholders.

On behalf of the Board

Date: 22nd Aswin 2072 (9th October 2015)	**Y C Deveshwar** Chairman	**P V Dhobale** 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 31st Asadh 2072 (16th July 2015)
1.	Y C Deveshwar	Nil
2.	A K Mukerji	Nil
3.	B B Chatterjee	Nil
4.	P V Dhobale	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 2071/72, the following amounts have been paid to the Directors:

- Board Meeting Fee paid - NRs. 61,765 (₹ 38,603)
- Incidental expenses paid - NRs. 32,353 (₹ 20,221)

Payment to / on behalf of the Managing Director for the financial year 2071/72:

- Salary – NRs. 88,59,684 (₹ 55,37,303)
- Allowances – NRs. 31,01,714 (₹ 19,38,571)

In addition to the above, the Managing Director, as applicable, has been provided the following as per his 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 2071/72:

- Salary – NRs. 2,40,47,837 (₹ 1,50,29,898)
- Allowances – NRs. 89,36,711 (₹ 55,85,444)

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 2071/72 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. 1,30,56,75,249 (₹ 81,60,47,031).

AUDITOR'S 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 31st Asadh 2072 (16th July 2015), 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 31st Asadh 2072 (16th July 2015) 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
	Partner	Partner
Date: 22nd Ashwin 2072		
(9th October 2015)	N. Amatya & Co.	T R Upadhya & Co.
Place: Kolkata	Chartered Accountants	Chartered Accountants

BALANCE SHEET AS AT 31ST ASADH 2072 (16TH JULY 2015)

	Note	Figures in NRs. As at 31st Asadh 2072 (16th July 2015)	Figures in ₹ As at 31st Asadh 2072 (16th July 2015)	Figures in NRs. As at 32nd Asadh 2071 (16th July 2014)	Figures in ₹ As at 32nd Asadh 2071 (16th July 2014)
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	**6,795,170,108**	**4,246,981,311**	5,610,235,630	3,506,397,267
LONG TERM BORROWINGS - INTEREST BEARING					
(a) Secured Loan	3	–	–	1,282,500,000	801,562,500
DEFERRED TAX LIABILITY - NET	4A	**50,256,606**	**31,410,380**	–	–
CURRENT LIABILITIES AND PROVISIONS					
(a) Trade and Other Payables	5	**2,374,143,356**	**1,483,839,600**	2,391,044,106	1,494,402,570
(b) Short Term Borrowings	6	**926,827,907**	**579,267,442**	1,182,008,879	738,755,549
(c) Provisions for Taxation	7	**162,984,449**	**101,865,281**	63,556,105	39,722,565
(d) Provisions	8	**172,743,160**	**107,964,475**	172,141,431	107,588,394
Total		**12,498,125,586**	**7,811,328,489**	12,717,486,151	7,948,428,845
ASSETS					
FIXED ASSETS	9				
(a) Tangible Assets - Property, Plant & Equipment		**6,530,860,481**	**4,081,787,801**	4,724,833,331	2,953,020,832
(b) Intangible Assets		**183,031,120**	**114,394,450**	230,696,483	144,185,302
(c) Capital Work-in-Progress - Tangible Assets		**526,776,326**	**329,235,203**	1,956,740,936	1,222,963,084
(d) Intangible Assets under Development		–	–	–	–
INVESTMENTS	10	**25,632,338**	**16,020,211**	25,632,338	16,020,211
DEFERRED TAX ASSET - NET	4B	–	–	27,006,005	16,878,752
CURRENT ASSETS					
(a) Cash and Cash Equivalents	11	**19,606,679**	**12,254,175**	27,773,054	17,358,159
(b) Trade and Other Receivables	12	**153,096,312**	**95,685,196**	56,760,189	35,475,118
(c) Inventories	13	**2,734,741,010**	**1,709,213,131**	2,996,499,270	1,872,812,045
(d) Loans and Advances	14	**2,323,233,452**	**1,452,020,904**	2,667,936,307	1,667,460,193
(e) Other Current Assets	15	**1,147,868**	**717,418**	3,608,238	2,255,149
Total		**12,498,125,586**	**7,811,328,489**	12,717,486,151	7,948,428,845

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	**Saurya SJB Rana** Alternate Director	**P V Dhobale** 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: 22nd Aswin 2072 (9th October 2015)

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST ASADH 2072 (16TH JULY 2015)

	Note	Figures in NRs. For the year ended 31st Asadh 2072 (16th July 2015)	Figures in ₹ For the year ended 31st Asadh 2072 (16th July 2015)	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)
Gross Revenue from sale of products	16	**22,093,992,218**	**13,808,745,136**	19,927,753,626	12,454,846,016
Less: Duties	17	**5,818,687,784**	**3,636,679,865**	5,587,669,280	3,492,293,300
Net Revenue from sale of products		**16,275,304,434**	**10,172,065,271**	14,340,084,346	8,962,552,716
Other Operating Income	18	**185,897,652**	**116,186,033**	8,177,824	5,111,140
Net Revenue from operations		**16,461,202,086**	**10,288,251,304**	14,348,262,170	8,967,663,856
Raw Materials Consumed, etc.	19	**4,682,956,117**	**2,926,847,574**	4,536,342,264	2,835,213,915
Manufacturing, Admin, Selling Expenses etc.	20	**2,762,795,940**	**1,726,747,467**	2,441,126,384	1,525,703,991
Provision for Employees' Bonus		**709,261,913**	**443,288,696**	590,639,328	369,149,580
Operating Profit		**8,306,188,116**	**5,191,367,567**	6,780,154,193	4,237,596,370
Other Income	21	**19,916,884**	**12,448,053**	34,313,831	21,446,145
Finance Cost	22	**231,720,291**	**144,825,182**	258,500,546	161,562,841
Depreciation and Amortisation Expenses		**591,140,266**	**369,462,666**	307,625,118	192,265,698
Profit before Taxation		**7,503,244,443**	**4,689,527,772**	6,248,342,360	3,905,213,976
Provision for Taxation (Refer 2G of Note 24)	23	**2,286,309,965**	**1,428,943,728**	1,873,719,449	1,171,074,655
Net Profit		**5,216,934,478**	**3,260,584,044**	4,374,622,911	2,734,139,321
Transferred from Accumulated Profit / Loss		**4,032,000,000**	**2,520,000,000**	3,487,680,000	2,179,800,000
Available for Appropriation		**9,248,934,478**	**5,780,584,044**	7,862,302,911	4,913,939,321
Appropriation					
Provision for Employees' Housing		**410,625,318**	**256,640,824**	341,949,084	213,718,178
Interim Dividend		**504,000,000**	**315,000,000**	504,000,000	315,000,000
Final Dividend		**3,528,000,000**	**2,205,000,000**	2,983,680,000	1,864,800,000
Balance Carried Over to Balance Sheet		**4,806,309,160**	**3,003,943,220**	4,032,673,827	2,520,421,143
		9,248,934,478	**5,780,584,044**	7,862,302,911	4,913,939,321

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	**Saurya SJB Rana** Alternate Director	**P V Dhobale** 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: 22nd Aswin 2072 (9th October 2015)

CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST ASADH 2072 (16TH JULY 2015)

		Figures in NRs. For the year ended 31st Asadh 2072 (16th July 2015)	Figures in ₹ For the year ended 31st Asadh 2072 (16th July 2015)	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)
A	**Cash Flow From Operating Activities**				
	Profit Before Tax	**7,503,244,443**	**4,689,527,772**	6,248,342,360	3,905,213,976
	Adjustments for :				
	Depreciation	**591,140,266**	**369,462,666**	307,625,118	192,265,699
	Interest	**231,720,291**	**144,825,182**	258,500,546	161,562,841
	Interest from Investments	**(1,470,625)**	**(919,141)**	(5,602,337)	(3,501,461)
	Interest on Short Term/Call Deposits	**(410,560)**	**(256,600)**	(19,341,077)	(12,088,173)
	Unrealised Loss/(Gain) on Foreign Exchange (Net)	**(420,426)**	**(262,766)**	49,721	31,076
	Loss on Fixed Assets sold/discarded (Net)	**(17,535)**	**(10,959)**	830,569	519,106
	Provision for Doubtful Debts and Advance	**339,012**	**211,883**	–	–
	Provision for Sales Return	**3,066,149**	**1,916,343**	7,980,542	4,987,839
	Liability no longer required written back	**–**	**–**	(98,829)	(61,768)
	Provision for Doubtful Advance/Debts written back	**–**	**–**	(119,208)	(74,505)
	Operating Profit Before Working Capital Changes	**8,327,191,015**	**5,204,494,380**	6,798,167,405	4,248,854,630
	Adjustments for :				
	Trade and Other Receivables, Loans and Advances and Other Current Assets	**234,939,548**	**146,837,221**	900,398,136	562,748,835
	Inventories	**261,758,262**	**163,598,914**	(244,963,506)	(153,102,191)
	Trade and Other Payables and Provisions	**29,652,155**	**18,532,597**	370,125,022	231,328,139
	Cash Generated From Operation	**8,853,540,980**	**5,533,463,112**	7,823,727,057	4,889,829,413
	Income Tax Paid	**(2,109,619,010)**	**(1,318,511,881)**	(2,025,771,787)	(1,266,107,367)
	Net Cash From Operating Activities (A)	**6,743,921,970**	**4,214,951,231**	5,797,955,270	3,623,722,046
B	**Cash Flow From Investing Activities**				
	Purchase of Fixed Assets	**(945,493,511)**	**(590,933,444)**	(3,590,134,368)	(2,243,833,980)
	Proceeds from Disposal of Fixed Assets	**1,222,017**	**763,761**	15,814,605	9,884,128
	Proceeds from redemption of Investment	**–**	**–**	84,250,000	52,656,250
	Interest Received	**1,147,796**	**717,373**	25,027,737	15,642,335
	Net Cash Used in Investing Activities (B)	**(943,123,698)**	**(589,452,310)**	(3,465,042,026)	(2,165,651,267)
C	**Cash Flow From Financing Activities**				
	Repayment of Long Term Borrowing	**(1,282,500,000)**	**(801,562,500)**	(427,500,000)	(267,187,500)
	Net Increase/(Decrease) in Cash Credit/Overdraft Facilities	**(255,180,972)**	**(159,488,108)**	1,182,008,879	738,755,549
	Interest Paid	**(239,704,101)**	**(149,815,063)**	(258,715,577)	(161,697,236)
	Dividends Paid	**(4,032,000,000)**	**(2,520,000,000)**	(3,487,680,000)	(2,179,800,000)
	Net Cash Used in Financing Activities (C)	**(5,809,385,073)**	**(3,630,865,671)**	(2,991,886,698)	(1,869,929,187)
	Net Increase/(Decrease) in Cash & Cash Equivalents (A+B+C)	**(8,586,801)**	**(5,366,750)**	(658,973,453)	(411,858,408)
	Cash and Cash Equivalents (Opening balance)	**25,686,830**	**16,054,269**	684,660,283	427,912,677
	Cash and Cash Equivalents (Closing balance)	**17,100,029**	**10,687,519**	25,686,830	16,054,269
	Cash and Cash Equivalents:				
	Cash and Cash Equivalents as above	**17,100,029**	**10,687,519**	25,686,830	16,054,269
	Unrealised Gain / (Loss) on Foreign Currency Cash and Cash Equivalents - Net	**2,506,650**	**1,566,656**	2,086,224	1,303,890
	Cash and Cash Equivalents (Note 11)	**19,606,679**	**12,254,175**	27,773,054	17,358,159

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	**Saurya SJB Rana** Alternate Director	**P V Dhobale** 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: 22nd Aswin 2072 (9th October 2015)

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31ST ASADH 2072 (16TH JULY 2015)

	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. Accumulated Profit / Loss	Figures in ₹ Accumulated Profit / Loss	Figures in NRs. Total	Figures in ₹ Total
Balance as at 31st Asadh 2070 (15th July 2013)	2,016,000,000	1,260,000,000	12,181,280	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**	**4,212,057,946**
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)**
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	67,986,497	1,456,602,122	910,376,327	4,032,673,827	2,520,421,143	7,626,235,630	4,766,397,267
Net Profit for the year	–	–	–	–	–	–	–	–	**5,216,934,478**	**3,260,584,044**	**5,216,934,478**	**3,260,584,044**
Transferred to Employees' Housing Reserve	–	–	–	–	–	–	410,625,318	256,640,824	**(410,625,318)**	**(256,640,824)**	–	–
Interim Dividend	–	–	–	–	–	–	–	–	**(504,000,000)**	**(315,000,000)**	**(504,000,000)**	**(315,000,000)**
Final Dividend	–	–	–	–	–	–	–	–	**(3,528,000,000)**	**(2,205,000,000)**	**(3,528,000,000)**	**(2,205,000,000)**
Total	–	–	–	–	–	–	410,625,318	256,640,824	**774,309,160**	**483,943,220**	**1,184,934,478**	**740,584,044**
Balance as at 31st Asadh 2072 (16th July 2015)	2,016,000,000	1,260,000,000	12,181,280	7,613,300	108,778,401	67,986,497	1,867,227,440	1,167,017,151	**4,806,982,987**	**3,004,364,363**	**8,811,170,108**	**5,506,981,311**

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

Saurya SJB Rana
Alternate Director

P V Dhobale
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: 22nd Aswin 2072 (9th October 2015)

NOTES TO THE FINANCIAL STATEMENTS

	Figures in NRs. As at 31st Asadh 2072 (16th July 2015)	**Figures in ₹ As at 31st Asadh 2072 (16th July 2015)**	Figures in NRs. As at 32nd Asadh 2071 (16th July 2014)	Figures in ₹ As at 32nd Asadh 2071 (16th July 2014)
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 32nd Asadh 2071 (16th July 2014)	Figures in ₹ As at 32nd Asadh 2071 (16th July 2014)	**Figures in NRs. Addition**	**Figures in ₹ Addition**	**Figures in NRs. Withdrawal**	**Figures in ₹ Withdrawal**	Figures in NRs. As at 31st Asadh 2072 (16th July 2014)	Figures in ₹ As at 31st Asadh 2072 (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	1,456,602,122	910,376,327	**410,625,318**	**256,640,824**	–	–	1,867,227,440	1,167,017,151
Accumulated Profit / Loss	4,032,673,827	2,520,421,143	**4,806,309,160**	**3,003,943,220**	**(4,032,000,000)**	**(2,520,000,000)**	4,806,982,987	3,004,364,363
	5,610,235,630	3,506,397,267	**5,216,934,478**	**3,260,584,044**	**(4,032,000,000)**	**(2,520,000,000)**	6,795,170,108	4,246,981,311

	Figures in NRs. As at 31st Asadh 2072 (16th July 2015)	**Figures in ₹ As at 31st Asadh 2072 (16th July 2015)**	Figures in NRs. As at 32nd Asadh 2071 (16th July 2014)	Figures in ₹ As at 32nd Asadh 2071 (16th July 2014)
3. LONG TERM BORROWINGS - INTEREST BEARING				
Secured Loan *				
Current Maturities	–	–	570,000,000	356,250,000
Non-current Maturities (repayable after 12 months)	–	–	712,500,000	445,312,500
	–	–	1,282,500,000	801,562,500

* 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 31st Asadh 2072 (16th July 2015)	Figures in ₹ As at 31st Asadh 2072 (16th July 2015)	Figures in NRs. As at 32nd Asadh 2071 (16th July 2014)	Figures in ₹ As at 32nd Asadh 2071 (16th July 2014)
4A. DEFERRED TAX LIABILITY - NET				
Deferred Tax Asset				
On Provision for Retirement and Other Employee Benefits	**51,822,947**	**32,389,342**	–	–
On Doubtful Advance	**664,991**	**415,619**	–	–
On Provision for Inventories	**18,668,336**	**11,667,710**	–	–
	71,156,274	**44,472,671**	–	–
Deferred Tax Liability				
On Finished Goods	**15,432,284**	**9,645,178**	–	–
On Fixed Assets	**105,980,596**	**66,237,873**	–	–
Deferred Tax Liability - Net	**50,256,606**	**31,410,380**	–	–
4B. DEFERRED TAX ASSET - NET				
Deferred Tax Asset				
On Provision for Retirement and Other Employee Benefits	–	–	51,642,429	32,276,518
On Doubtful Advance	–	–	664,991	415,619
On Provision for Inventories	–	–	14,473,723	9,046,077
	–	–	66,781,143	41,738,214
Deferred Tax Liability				
On Finished Goods	–	–	17,461,753	10,913,596
On Fixed Assets	–	–	22,313,385	13,945,866
Deferred Tax Asset - Net	–	–	27,006,005	16,878,752
5. TRADE AND OTHER PAYABLES				
(Payable within twelve months, unless otherwise stated)				
Trade Payables				
- Goods and Services				
- Holding Company	**434,175,717**	**271,359,823**	619,165,332	386,978,334
- Others	**456,606,515**	**285,379,072**	343,560,135	214,725,083
- Advances from Customers	**332,493,861**	**207,808,663**	404,805,030	253,003,145
Payable for Fixed Assets	**162,729,993**	**101,706,246**	185,054,438	115,659,024
Retention Money				
- Capital Items	**45,859,821**	**28,662,388**	61,375,133	38,359,459
- Others	**2,324,564**	**1,452,853**	2,403,262	1,502,039
Statutory Liabilities	**210,859,539**	**131,787,213**	155,088,884	96,930,553
Payable for Employee Benefits	**14,047,235**	**8,779,522**	15,434,556	9,646,598
Provision for Employee's Bonus under The Bonus Act, 2030				
- Distribution by Company	**89,956,799**	**56,222,999**	110,526,263	69,078,914
- Deposit with Welfare Funds established under The Labour Act, 2048	**433,513,580**	**270,945,988**	336,079,145	210,049,466
- Deposit with National Level Welfare Fund established by Govt. of Nepal	**185,791,534**	**116,119,709**	144,033,919	90,021,200
Interest Accrued but not due				
- On Term Loan (from Holding Company)	–	–	6,752,626	4,220,391
- On Cash Credit / Overdrafts	**234,198**	**146,374**	1,465,382	915,864
Security Deposits from Customers	**5,550,000**	**3,468,750**	5,300,000	3,312,500
	2,374,143,356	**1,483,839,600**	2,391,044,106	1,494,402,570
6. SHORT TERM BORROWINGS				
Secured				
Cash Credit/Overdraft Facilities from Banks *	**926,827,907**	**579,267,442**	1,182,008,879	738,755,549
	926,827,907	**579,267,442**	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.

7. PROVISIONS FOR TAXATION				
Provision for Income Tax	**2,302,059,155**	**1,438,786,972**	1,947,542,215	1,217,213,884
Less: Advance Tax paid / Withholding Tax deducted	**(2,139,074,706)**	**(1,336,921,691)**	(1,883,986,110)	(1,177,491,319)
	162,984,449	**101,865,281**	63,556,105	39,722,565
8. PROVISIONS				
Provision for Retirement and Other Employee Benefits (payable after 12 months NRs. 133,099,864(₹ 83,187,415) {2070-71 - NRs. 116,483,122 (₹ 72,801,951)}	**172,743,160**	**107,964,475**	172,141,431	107,588,394
	172,743,160	**107,964,475**	172,141,431	107,588,394

9. FIXED ASSETS

TANGIBLE ASSETS - PROPERTY, PLANT & EQUIPMENT

Description	Basic Depreciation Rates (%)	Gross Block								Depreciation								Net Block			
		NRs.	₹	NRs.	₹	NRs.	₹	NRs.	₹	NRs.	₹	NRs.	₹	NRs.	₹	NRs.	₹	NRs.	₹	NRs.	₹
		As at 32.03.2071 (16.07.2014)	As at 32.03.2071 (16.07.2014)	Additions	Additions	Withdrawals/ Adjustments	Withdrawals/ Adjustments	As at 31.03.2072 (16.07.2015)	As at 31.03.2072 (16.07.2015)	As at 32.03.2071 (16.07.2014)	As at 32.03.2071 (16.07.2014)	For the year	For the year	Withdrawals/ Adjustments	Withdrawals/ Adjustments	As at 31.03.2072 (16.07.2015)	As at 31.03.2072 (16.07.2015)	As at 31.03.2072 (16.07.2015)	As at 31.03.2072 (16.07.2015)	As at 32.03.2071 (16.07.2014)	As at 32.03.2071 (16.07.2014)
Land & Land Development		275,801,008	172,375,630	29,346,848	18,341,780	-	-	305,147,856	190,717,410	-	-	-	-	-	-	-	-	305,147,856	190,717,410	275,801,008	172,375,630
Buildings	1.65	1,589,664,945	993,540,591	284,502,002	177,813,751	-	-	1,874,166,947	1,171,354,342	161,461,154	100,913,221	44,427,304	27,767,065	-	-	205,888,458	128,680,286	1,668,278,489	1,042,674,056	1,428,203,791	892,627,370
Plant and Machinery	5.30	4,932,617,255	3,082,885,784	1,963,084,125	1,226,927,578	-	-	6,895,701,380	4,309,813,362	2,228,240,751	1,392,650,470	461,930,847	288,706,779	-	-	2,690,171,598	1,681,357,249	4,205,529,782	2,628,456,113	2,704,376,504	1,690,235,314
Furniture and Fixtures	3.40 & 5.30	94,246,898	58,904,312	2,895,149	1,809,468	262,580	164,113	96,879,467	60,549,667	28,566,288	17,853,930	6,188,079	3,867,549	150,039	93,774	34,604,328	21,627,705	62,275,139	38,921,962	65,680,610	41,050,382
Vehicles	5.30	139,620,528	87,262,830	34,511,761	21,569,851	1,803,195	1,126,997	172,329,094	107,705,684	31,955,891	19,972,431	10,580,845	6,613,028	711,254	444,534	41,825,482	26,140,925	130,503,612	81,564,759	107,664,637	67,290,399
Computers	7.30	150,054,832	93,784,270	11,825,059	7,390,662	-	-	161,879,891	101,174,932	53,872,825	33,670,516	13,547,728	8,467,330	-	-	67,420,553	42,137,846	94,459,338	59,037,086	96,182,007	60,113,754
Office Equipments	5.30	77,130,706	48,206,691	22,592,721	14,120,451	-	-	99,723,427	62,327,142	30,205,932	18,878,708	4,851,230	3,032,019	-	-	35,057,162	21,910,727	64,666,265	40,416,415	46,924,774	29,327,983
Total		7,259,136,172	4,536,960,108	2,348,757,665	1,467,973,541	2,065,775	1,291,110	9,605,828,062	6,003,642,539	2,534,302,841	1,583,939,276	541,526,033	338,453,770	861,293	538,308	3,074,967,581	1,921,854,738	6,530,860,481	4,081,787,801	4,724,833,331	2,953,020,832
Capital Work-in-Progress		1,956,740,936	1,222,963,084	910,232,008	568,895,005	2,340,196,618	1,462,622,886	526,776,326	329,235,203	-	-	-	-	-	-	-	-	526,776,326	329,235,203	1,956,740,936	1,222,963,084
Grand Total		9,215,877,108	5,759,923,192	3,258,989,673	2,036,868,546	2,342,262,393	1,463,913,996	10,132,604,388	6,332,877,742	2,534,302,841	1,583,939,276	541,526,033	338,453,770	861,293	538,308	3,074,967,581	1,921,854,738	7,057,636,807	4,411,023,004	6,681,574,267	4,175,983,916
Previous Year		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		

INTANGIBLE ASSETS

Description	Basic Depreciation Rates (%)	Gross Block								Amortisation								Net Block			
		NRs.	₹	NRs.	₹	NRs.	₹	NRs.	₹	NRs.	₹	NRs.	₹	NRs.	₹	NRs.	₹	NRs.	₹	NRs.	₹
		As at 32.03.2071 (16.07.2014)	As at 32.03.2071 (16.07.2014)	Additions	Additions	Withdrawals/ Adjustments	Withdrawals/ Adjustments	As at 31.03.2072 (16.07.2015)	As at 31.03.2072 (16.07.2015)	As at 32.03.2071 (16.07.2014)	As at 32.03.2071 (16.07.2014)	For the year	For the year	Withdrawals/ Adjustments	Withdrawals/ Adjustments	As at 31.03.2072 (16.07.2015)	As at 31.03.2072 (16.07.2015)	As at 31.03.2072 (16.07.2015)	As at 31.03.2072 (16.07.2015)	As at 32.03.2071 (16.07.2014)	As at 32.03.2071 (16.07.2014)
Capitalised Software	20	287,084,056	179,427,535	1,948,870	1,218,044	–	–	289,032,926	180,645,579	56,387,573	35,242,233	49,614,233	31,008,896	–	–	106,001,806	66,251,129	183,031,120	114,394,450	230,696,483	144,185,302
Total		287,084,056	179,427,535	1,948,870	1,218,044	–	–	289,032,926	180,645,579	56,387,573	35,242,233	49,614,233	31,008,896	–	–	106,001,806	66,251,129	183,031,120	114,394,450	230,696,483	144,185,302
Intangible assets under development		–	–	1,948,870	1,218,044	1,948,870	1,218,044	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Grand Total		287,084,056	179,427,535	3,897,740	2,436,088	1,948,870	1,218,044	289,032,926	180,645,579	56,387,573	35,242,233	49,614,233	31,008,896	–	–	106,001,806	66,251,129	183,031,120	114,394,450	230,696,483	144,185,302
Previous Year		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		

* Includes additional depreciation amounting to NRs. 770,329 (₹ 481,456) (2070-71 - NRs. 3,714,093(₹ 2,321,308)) 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 31st Asadh 2072 (16th July 2015)	Figures in ₹ As at 31st Asadh 2072 (16th July 2015)	Figures in NRs. As at 32nd Asadh 2071 (16th July 2014)	Figures in ₹ As at 32nd Asadh 2071 (16th July 2014)
10. INVESTMENTS *				
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**	25,632,338	16,020,211
* Pledged with a bank for obtaining letter of credit, guarantee facilities.				
11. CASH AND CASH EQUIVALENTS				
Cash on Hand	**91,325**	**57,078**	74,325	46,453
Cash at Bank				
Current Account	**1,388,036**	**867,523**	862,904	539,315
Short Term - Call Deposits	**18,065,497**	**11,290,936**	11,775,531	7,359,707
Savings Account (Provident Fund)	**61,821**	**38,638**	60,294	37,684
Cheques on Hand	**–**	**–**	15,000,000	9,375,000
	19,606,679	**12,254,175**	27,773,054	17,358,159
12. TRADE AND OTHER RECEIVABLES				
(Receivable within twelve months, unless otherwise stated)				
Trade Receivables				
Due for more than six months				
Good and Unsecured				
From Others	**4,541,809**	**2,838,631**	892,190	557,619
Doubtful and Unsecured - From Others	**339,012**	**211,883**	–	–
Less: Provision for Doubtful Debts	**(339,012)**	**(211,883)**	–	–
Due for less than six months - considered good				
Secured	**949,332**	**593,333**	350,000	218,750
Unsecured				
From Others	**146,164,339**	**91,352,712**	54,383,498	33,989,686
Other Receivables				
Unsecured - Considered Good				
From Holding Company	**1,440,832**	**900,520**	1,134,501	709,063
	153,096,312	**95,685,196**	56,760,189	35,475,118
13. INVENTORIES				
Stores & Supplies (including in-transit)	**246,293,880**	**153,933,675**	144,437,156	90,273,223
Raw Materials (including in-transit)	**1,271,295,381**	**794,559,613**	1,395,082,169	871,926,356
Stock - In - Process	**120,078,112**	**75,048,820**	111,768,239	69,855,149
Finished Goods				
At Cost	**1,095,592,893**	**684,745,558**	1,335,332,444	834,582,778
At Net Realisable Value	**1,480,744**	**925,465**	9,879,262	6,174,539
	2,734,741,010	**1,709,213,131**	2,996,499,270	1,872,812,045
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)	**3,743,710**	**2,339,819**	4,289,677	2,681,048
- Less: Provision for Old Advance	**(1,116,911)**	**(698,069)**	(1,116,911)	(698,069)
- Other Goods and Services	**26,438,086**	**16,523,804**	22,722,378	14,201,486
- Less: Provision for Doubtful Advance	**(4,528)**	**(2,830)**	(4,528)	(2,830)
Capital Advances	**2,009,883**	**1,256,177**	15,098,054	9,436,284
Excise Duty Advance	**949,670**	**593,544**	5,532,030	3,457,519
Deposit with Govt. Authorities (Excise Sticker, Excise on Import, etc.)	**151,096,435**	**94,435,272**	434,229,832	271,393,645
Less: Provision for Import License for Tobacco and Excise Sticker	**(1,030,063)**	**(643,789)**	(1,030,063)	(643,789)
Employee Loans and Advances	**14,760,061**	**9,225,032**	11,678,093	7,298,808
Unexpired Expenses	**108,363,782**	**67,727,364**	99,371,622	62,107,264
Margin Money Deposit	**392,530**	**245,331**	1,162,592	726,620
Less: Provision for Margin Money Deposit	**(99,439)**	**(62,149)**	(104,812)	(65,508)
Other Deposits	**1,178,352**	**736,470**	1,497,527	935,954
Recoverable after 12 months				
Long Term				
Commercial Advances				
- Advance to Holding Company {Refer 2D of Note 24}	**1,877,429,096**	**1,173,393,185**	1,927,796,961	1,204,873,100
- Other Goods and Services	**–**	**–**	2,000,000	1,250,000
Employee Loans and Advances	**54,867,320**	**34,292,075**	63,288,388	39,555,243
Deposits with Government Authorities - Appeals	**84,255,468**	**52,659,668**	81,525,468	50,953,418
	2,323,233,452	**1,452,020,904**	2,667,936,307	1,667,460,193
15. OTHER CURRENT ASSETS				
Accrued Interest receivable				
- On Investments	**928,710**	**580,444**	193,397	120,873
- On Call Deposit with Banks	**22**	**14**	3,275	2,047
- On Commercial Advances	**3,566**	**2,229**	2,237	1,398
Unexpired Premium on Forward Contracts	**215,570**	**134,731**	3,409,329	2,130,831
	1,147,868	**717,418**	3,608,238	2,255,149

NOTES TO THE FINANCIAL STATEMENTS (Contd.)

	Figures in NRs. For the year ended 31st Asadh 2072 (16th July 2015)	Figures in ₹ For the year ended 31st Asadh 2072 (16th July 2015)	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)
16. GROSS REVENUE FROM SALE OF PRODUCTS*				
Cigarette	**21,809,688,884**	**13,631,055,553**	19,711,189,359	12,319,493,349
Apparel	**77,947,741**	**48,717,338**	73,906,042	46,191,276
Safety Matches	**113,419,106**	**70,886,941**	129,966,976	81,229,360
Agarbatti	**92,936,487**	**58,085,304**	12,691,249	7,932,031
	22,093,992,218	**13,808,745,136**	19,927,753,626	12,454,846,016
* Net of Sales return.				
17. DUTIES				
Excise Duty	**5,702,819,990**	**3,564,262,494**	5,463,043,869	3,414,402,418
Sticker Charges	**115,867,794**	**72,417,371**	124,625,411	77,890,882
	5,818,687,784	**3,636,679,865**	5,587,669,280	3,492,293,300
18. OTHER OPERATING INCOME				
Liability no longer required written back	–	–	98,829	61,768
Provision for doubtful advance/debts written back	–	–	119,208	74,505
Miscellaneous Income *	**185,897,652**	**116,186,033**	7,959,787	4,974,867
	185,897,652	**116,186,033**	8,177,824	5,111,140

* Includes insurance claim amount of NRs. 172,685,181 (₹ 107,928,238) {2070-71 - Nil (₹ Nil)} towards finished goods damaged / destroyed in fire incident at company's leased warehouse.

19. RAW MATERIALS CONSUMED ETC.				
Leaf and Casing Materials	**2,311,073,732**	**1,444,421,083**	2,201,864,109	1,376,165,068
Wrapping Materials	**2,113,141,108**	**1,320,713,193**	2,100,257,182	1,312,660,738
Fabrics, Trims etc. *	**16,534,520**	**10,334,075**	14,490,606	9,056,629
Purchase and Contract Manufacturing Charges	**197,445,787**	**123,403,617**	149,798,704	93,624,190
Finished Goods Written off **	–	–	90,842,476	56,776,547
	4,638,195,147	**2,898,871,968**	4,557,253,076	2,848,283,172
Allocation of overheads etc. on Finished Goods				
Opening	**150,940,373**	**94,337,733**	130,029,561	81,268,476
Closing	**(106,179,403)**	**(66,362,127)**	(150,940,373)	(94,337,733)
	4,682,956,117	**2,926,847,574**	4,536,342,264	2,835,213,915

* Includes write back of provision amounting to NRs. 7,783,868 (₹ 4,864,918) {2070-71 - NRs. 1,659,088 (₹ 1,036,930)}.

** 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	**452,815,053**	**283,009,408**	365,705,524	228,565,953
Contribution to Provident Fund	**13,261,820**	**8,288,638**	11,698,375	7,311,484
Provision for Retirement and Other Employee Benefits	**59,868,090**	**37,417,556**	88,503,054	55,314,409
Labour & Staff Welfare	**50,402,605**	**31,501,628**	45,098,217	28,186,386
Hired Machine Expenses	**114,262,309**	**71,413,943**	99,935,413	62,459,633
Rent	**73,981,387**	**46,238,367**	70,889,342	44,305,839
Electricity, Fuel & Water	**161,418,630**	**100,886,644**	148,502,943	92,814,339
Rates & Taxes	**25,244,922**	**15,778,076**	13,444,955	8,403,097
Insurance Premium	**83,264,420**	**52,040,263**	55,043,519	34,402,199
Repairs & Improvements - Depreciable Assets	**183,570,731**	**114,731,707**	140,797,376	87,998,360
Maintenance - Owned Properties	**10,366,716**	**6,479,198**	12,714,678	7,946,674
Maintenance - Other Properties	**19,809,681**	**12,381,051**	25,871,247	16,169,529
Safety & Pollution Control Cost	**26,251,856**	**16,407,410**	11,995,552	7,497,220
Consumption of Stores & Spare Parts *	**44,447,647**	**27,779,779**	51,238,563	32,024,102
Freight	**67,292,753**	**42,057,971**	65,628,660	41,017,913
Product & Packaging Development - Tools / Accessories	**71,181,243**	**44,488,277**	87,357,846	54,598,654
Product Development & License Fees	**407,595,123**	**254,746,952**	358,195,777	223,872,361
Advertising	**3,414,800**	**2,134,250**	6,199,930	3,874,956
Market Research	**8,246,766**	**5,154,229**	16,952,187	10,595,117
Retail Accessories	**9,684,586**	**6,052,866**	17,969,341	11,230,838
Trade Distribution Expenses	**112,155,043**	**70,096,902**	89,077,305	55,673,316
Information Technology Services	**164,509,944**	**102,818,715**	107,953,621	67,471,013
Travel & Conveyance	**76,290,987**	**47,681,867**	130,868,214	81,792,634
Training & Recruitment Expenses	**17,208,631**	**10,755,394**	32,792,942	20,495,589
Postage, Telephone, Telex, Fax etc.	**7,181,724**	**4,488,578**	6,290,183	3,931,364
Bank Charges and Commission	**4,175,857**	**2,609,911**	12,418,499	7,761,562
Premium on Forward Contracts	**14,080,655**	**8,800,409**	26,312,863	16,445,539
Audit Fees	**845,000**	**528,125**	720,000	450,000
Legal Fees	**838,000**	**523,750**	248,000	155,000
Printing & Stationery	**4,838,496**	**3,024,060**	7,477,218	4,673,261
Consultancy Charges	**244,036,082**	**152,522,551**	220,636,592	137,897,870
Professional Service Charges & Other Fees	**100,372,508**	**62,732,818**	68,562,741	42,851,713
Business Entertainment Expenses	**5,326,288**	**3,328,930**	5,163,697	3,227,311
Promotion & Sponsorship	**9,195,860**	**5,747,413**	17,579,877	10,987,423
Board Meeting Fees	**61,765**	**38,603**	80,735	50,459
Donations **	**102,286,051**	**63,928,782**	2,731,730	1,707,331
Books & Periodicals	**570,524**	**356,578**	442,192	276,370
Membership Fee	**1,261,656**	**788,535**	1,860,437	1,162,773
Loss / (gain) on Fixed Assets Sold / Discarded (Net)	**(17,535)**	**(10,959)**	830,569	519,106
Provision for Doubtful Debts and Advances	**339,012**	**211,883**	–	–
Net Loss / (gain) on Foreign Currency Transactions and Translations	**(420,426)**	**(262,766)**	97,418	60,886
Miscellaneous Expenses {Refer 2F of Note 24} ***	**11,278,680**	**7,049,175**	15,239,052	9,524,408
	2,762,795,940	**1,726,747,467**	2,441,126,384	1,525,703,991

* Includes provision for obsolescence of spares, relating to plant & machinery with no residual useful life for NRs. 13,982,044 (₹ 8,738,778) {2070-71 - NRs. 8,682,744 (₹5,426,715)}.

** Includes contribution to Prime Minister's Disaster Relief Fund NRs. 100,000,000 (₹62,500,000) {2070-71 - NRs. Nil (₹ Nil)}.

*** Includes provision for sales return / discount, relating to Garments domestic business, for NRs. 3,066,149 (₹ 1,916,343){2070-71 - NRs. 7,980,542 (₹ 4,987,839)}.

NOTES TO THE FINANCIAL STATEMENTS (Contd.)

	Figures in NRs. For the year ended 31st Asadh 2072 (16th July 2015)	Figures in ₹ For the year ended 31st Asadh 2072 (16th July 2015)	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)
21. OTHER INCOME				
Interest Received	**18,035,699**	**11,272,312**	9,370,417	5,856,511
Interest on Short Term/Call Deposit with Bank	**410,560**	**256,600**	19,341,077	12,088,173
Interest from Investments	**1,470,625**	**919,141**	5,602,337	3,501,461
	19,916,884	**12,448,053**	34,313,831	21,446,145
22. FINANCE COST				
Interest on Term Loan (from Holding Company)	**76,507,780**	**47,817,363**	190,816,704	119,260,440
Interest on Short Term Loans / Overdrafts	**151,848,384**	**94,905,240**	63,456,309	39,660,193
Interest on Trading Debts	**3,364,127**	**2,102,579**	4,227,533	2,642,208
	231,720,291	**144,825,182**	258,500,546	161,562,841
23. PROVISION FOR TAXATION				
Current Tax	**2,209,047,354**	**1,380,654,596**	1,854,505,071	1,159,065,669
Deferred Tax	**77,262,611**	**48,289,132**	19,214,378	12,008,986
	2,286,309,965	**1,428,943,728**	1,873,719,449	1,171,074,655

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.

NOTES TO THE FINANCIAL STATEMENTS (Contd.)

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. For the year ended 31st Asadh 2072 (16th July 2015), the Board of Directors of the Company at its meeting held on 22nd Ashwin 2072 (9th October 2015) have:

a) declared interim dividend of NRs. 30 (₹ 18.75) per share, amounting to NRs. 60.48 (₹ 37.80) Crores and

b) recommended final dividend of NRs. 208 (₹ 130) per share amounting to NRs. 419.33 (₹ 262.08) Crores.

B. Claims against the Company not acknowledged as debts:

a) Demands raised by Revenue Authorities on theoretical production of cigarettes:

Excise, Income Tax and Value Added Tax (VAT) authorities issued Show Cause Notices (SCNs) and raised demands to recover taxes for different years on theoretical production of cigarettes. The basis for all these SCNs and demands is an untenable contention by the Revenue Authorities that the Company could have produced more cigarettes than it has actually produced in a given year, by applying an input-output ratio allegedly submitted by the Company in the year 2047-48 (1990-91) and, that, the Company is liable to pay taxes on such cigarettes that could have been theoretically produced and sold. This, despite the fact that the Company's cigarette factory was under 'physical control' of the 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. 140,313,243 (₹ 87,695,777) {Previous year - NRs. 137,675,943 (₹ 86,047,464)} (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. 20,524,683 (₹ 12,827,927) {Previous year - NRs. 5,419,717 (₹ 3,387,323)}, which are under appeal /reassessment.

C. Estimated amount of contracts remaining to be executed on capital account NRs. 96,599,371 (₹ 60,374,607) {2070-71 NRs. 771,639,109 (₹ 482,274,443)}.

D. 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.

NOTES TO THE FINANCIAL STATEMENTS (Contd.)

E. Remuneration to Managing Directors:

Particulars	For the year ended 31st Asadh 2072 (16th July 2015)		For the year ended 32nd Asadh 2071 (16th July 2014)	
	In NRs.	In ₹	In NRs.	In ₹
Salary & Allowances	11,961,398	7,475,874	14,587,389	9,117,118
Other Benefits *	2,167,054	1,354,409	2,597,291	1,623,307
Post Employment Benefits	**	**	**	**
Total	14,128,452	8,830,283	17,184,680	10,740,425

* 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.

F. Miscellaneous Expenses include reimbursement of expenses to statutory auditors amounting to NRs. 130,750 (₹81,719) {2070-71 – NRs. 193,569 (₹ 120,981)}.

G. Reconciliation between tax expenses and accounting profit:

Particulars	For the Year ended 31st Asadh, 2072 (16th July, 2015)		For the Year ended 32nd Asadh, 2071 (16th July, 2014)	
	In NRs.	In ₹	In NRs.	In ₹
Accounting Profit	7,503,244,443	4,689,527,772	6,248,342,360	3,905,213,976
Tax at the applicable tax rate (Cigarette manufacturing @ 30%, Garments Manufacturing @ 20% and Trading @ 25%)	2,253,214,420	1,408,259,012	1,876,296,521	1,172,685,325
Factors affecting tax charge for the year				
Effect of :				
Unused Tax Losses not recognised	1,620,472	1,012,795	2,162,663	1,351,664
Expenses not deductible for tax purposes	31,475,073	19,671,921	1,051,952	657,470
Others	–	–	(5,791,687)	(3,619,804)
Total Tax Expense	2,286,309,965	1,428,943,728	1,873,719,449	1,171,074,655

H. 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.

I. 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

      BFIL Finance Limited, India (w.e.f. 18.06.2015)

   g) Technico Pty Limited, Australia and its subsidiaries

      TechnicoAgri 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

   i) Pavan Poplar Limited, India

   j) Prag Agro Farm Limited, India

   k) 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

   l) Wills Corporation Limited, India

   m) Gold Flake Corporation Limited, India

   n) ITC Investments & Holdings Limited, India

      MRR Trading & Investment Company Limited, India (w.e.f. 30.03.2015)

   o) King Maker Marketing, Inc., United States of America

   p) BFIL Finance Limited, India and its subsidiary (upto 17.06.2015)

      MRR Trading & Investment Company Limited, India (upto 29.03.2015)

   q) North East Nutrients Private Limited

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 (ceased w.e.f. 2nd February 2015)
P V Dhobale	Non-Executive Director (w.e.f. 2nd February 2015)
S R Pandey	Non-Executive Director
S SJB Rana	Non-Executive Director
Saurya SJB Rana	Alternate Director to Mr. S. SJB Rana
Abhimanyu Kumar Poddar	Managing Director

NOTES TO THE FINANCIAL STATEMENTS (Contd.)

Disclosure of transactions between the Company and related parties during the year and outstanding balances as on 16th July, 2015 / 16th July, 2014:

	For the year ended 31st Asadh, 2072 (16th July, 2015)						For the year ended 32nd Asadh, 2071 (16th July, 2014)					
	Holding Company		Fellow Subsidiaries		Key Management Personnel		Holding Company		Fellow Subsidiaries		Key Management Personnel	
	In NRs.	₹	In NRs.	₹	In NRs.	₹	In NRs.	₹	In NRs.	₹	In NRs.	₹
Sale of Goods/Services	–	–	–	–	–	–	–	–	–	–	–	–
Purchase of Goods/ Services	3,683,280,895	2,302,050,559	111,520,559	69,700,349	–	–	3,794,676,370	2,371,672,731	53,757,662	33,598,539	–	–
Remuneration to Managing Director	–	–	–	–	14,128,452	8,830,283	–	–	–	–	17,184,680	10,740,425
Sitting Fees/ Incidental Expenses to Other Directors	–	–	–	–	94,118	58,824	–	–	–	–	88,235	55,147
Interest Expense	76,507,780	47,817,363	–	–	–	–	190,816,704	119,260,440	–	–	–	–
Machine Hire Charges	67,025,200	41,890,750	–	–	–	–	45,824,261	28,640,163	–	–	–	–
Rent Received	–	–	–	–	–	–	–	–	–	–	–	–
Dividend Payments	2,378,880,000	1,486,800,000	–	–	–	–	2,057,731,200	1,286,082,000	–	–	–	–
Expenses recovered	2,459,308	1,537,068	–	–	–	–	1,119,050	699,406	–	–	–	–
Expenses reimbursed	12,095,160	7,559,475	–	–	–	–	11,141,871	6,963,669	60,405	37,753	–	–
Loan Repayment	1,282,500,000	801,562,500	–	–	–	–	427,500,000	267,187,500	–	–	–	–
Advances Given	1,733,893,185	1,083,683,241	–	–	–	–	618,383,119	386,489,449	–	–	–	–
Balances as on 16th July 2015 / 16th July 2014												
- Debtors	–	–	–	–	–	–	–	–	–	–	–	–
- Advances / Other Receivables	1,878,869,928	1,174,293,705	–	–	–	–	1,928,931,462	1,205,582,164	–	–	–	–
- Creditors / Payables	434,175,717	271,359,823	81,231,500	50,769,688	–	–	625,917,958	391,198,724	20,826,124	13,016,328	–	–
- Loan Outstanding	–	–	–	–	–	–	1,282,500,000	801,562,500	–	–	–	–

J. Figures have been rounded off to the nearest rupee.

K. Previous Year's figures have been regrouped and/or rearranged wherever necessary.

Subhraketan Mitra
Head of Finance

Abhimanyu Kumar Poddar
Managing Director

Saurya SJB Rana
Alternate Director

P V Dhobale
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: 22nd Aswin 2072 (9th October 2015)

REPORT OF THE BOARD OF DIRECTORS FOR THE FINANCIAL YEAR ENDED 31ST MARCH, 2016

1. Your Directors submit their Report for the financial year ended 31st March, 2016.

2. **COMPANY PERFORMANCE**

Your Company earned total revenue of ₹ 341.73 lakhs during the year under review. In view of the uncertainty in the present business environment, the Company has not contracted any fresh business during the year and continues to explore growth opportunities. The temporary surplus funds of the Company, in the meantime, have been deployed in bank fixed deposits.

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

	For the year ended 31st March, 2016 (₹)	For the year ended 31st March, 2015 (₹)
a. Profit Before Tax	**2,92,80,161**	3,97,00,486
b. Less : Tax Expense	**28,99,331**	63,50,000
c. Profit After Tax	**2,63,80,830**	3,33,50,486
d. Add : Profit brought forward from previous years	**3,51,16,229**	17,45,39,833
e. Surplus available for Appropriation	**6,14,97,059**	20,78,90,319
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	**6,14,97,059**	3,51,16,229

3. **DIRECTORS AND KEY MANAGERIAL PERSONNEL**

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

During the year, there was no change in the composition of the Board of Directors of your Company ('the Board').

The Board, on the recommendation of the Nomination and Remuneration Committee, re-appointed Ms.Nidhi Bajaj as the Manager of the Company from 1st October, 2015, in terms of the provisions of Sections 196 and 203 of the Companies Act, 2013 ('the Act'), subject to the approval of the Members of the Company. Appropriate resolution seeking your approval to Ms. Bajaj's re-appointment as Manager is appearing in the Notice convening the ensuing Annual General Meeting ('AGM') of the Company. Ms. Bajaj is also the Company Secretary of the Company.

(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

As reported last year, the attributes and qualifications of the Independent Directors as provided in Section 149(6) of the Act and Rule 5 of the Companies (Appointment and Qualification of Directors) Rules, 2014 were adopted by the Nomination and Remuneration Committee. The said attributes and qualifications, as applicable, were also adopted in respect of the other Directors.

The Directors of the Company, other than the Independent Directors, are executives of ITC Limited, the Holding Company, and fulfil the fit and proper criteria for appointment as Directors. Further, the Directors of the Company, other than the Independent Directors, are liable to retire by rotation and one-third of them retire every year and are eligible for re-election.

(e) Remuneration Policy

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

4. **BOARD AND BOARD COMMITTEES**

The two Board Committees of the Company and their composition is 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

During the year ended 31st March, 2016, the following meetings of the Board and Board Committees were held:

Board / Board Committee	Number of meetings	Date(s) of meeting(s)
Board	4	29th April, 2015 25th August, 2015 14th December, 2015 8th March, 2016
Audit Committee	4	29th April, 2015 25th August, 2015 14th December, 2015 8th March, 2016
Nomination and Remuneration Committee	3	29th April, 2015 25th August, 2015 8th March, 2016

The attendance of Directors of the Company at the Board and Board Committee meetings held during the year is given below:

Sl. No.	Name of the Director	Number of meetings attended		
		Board	Audit Committee	Nomination and Remuneration Committee
1.	Mr. R. Tandon	4	4	3
2.	Mr. S. Banerjee	4	4	3
3.	Mr. B. B. Chatterjee	4	N.A.	3
4.	Mr. Saradindu Dutta	3	N.A.	N.A.
5.	Ms. A. Guhamallick	4	4	3

5. **DIRECTORS' RESPONSIBILITY STATEMENT**

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

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

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

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

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

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

6. **ASSOCIATE AND JOINT VENTURE**

The statement in Form No. AOC-1 containing the salient features of the financial statements of ATC Limited, associate company, and ITC Essentra Limited, joint venture company, is attached to the Financial Statements of the Company.

The Company, being an intermediate wholly owned subsidiary, is not required to prepare Consolidated Financial Statements, and accordingly 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 required to be provided.

7. PARTICULARS OF EMPLOYEES

None of the employees of the Company is drawing remuneration exceeding that specified in Rule 5(2) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014.

8. RISK MANAGEMENT

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

Management of risks vests with the executive management which is responsible for the day-to-day conduct of the affairs of the Company. The Internal Audit Department of ITC Limited periodically carries out, at the request of the Company, risk focused audits with the objective of identifying areas where risk management processes could be strengthened. Annual update is provided to the Audit Committee on the effectiveness of the Company's risk management systems and policies.

9. INTERNAL FINANCIAL CONTROLS

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

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

10. PARTICULARS OF LOANS, GUARANTEES AND INVESTMENTS

During the year ended 31st March, 2016, 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, 2016, the Company has neither entered into any contract or arrangement with its related parties which is not at arm's length nor has the Company entered into any material contract or arrangement with them, in terms of Section 188 of the Act.

12. SIGNIFICANT AND MATERIAL ORDERS PASSED BY THE REGULATORS / COURTS / TRIBUNALS

During the year under review, no significant or material orders were passed by the Regulators / Courts / Tribunals impacting the going concern status of the Company and its future operations.

13. EXTRACT OF ANNUAL RETURN

The extract of Annual Return in the prescribed Form No. MGT-9 is enclosed as **Annexure 2** to this Report.

14. 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, 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-Third AGM. The Board, in terms of Section 142 of the Act, has also recommended for the approval of the Members the remuneration of LBJ for the financial year 2016-17. 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*
Dated : 2nd May, 2016 Saradindu Dutta *Director*

Annexure 1 to the Report of the Board of Directors for the financial year ended 31st March, 2016

Remuneration Policy

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

The Company's Remuneration Strategy is designed to attract and retain quality talent that gives its business a competitive advantage and enables the Company to achieve its objectives.

The Company's Remuneration Strategy, whilst focusing on remuneration and related aspects of performance management, is aligned with and reinforces the employee value proposition of a superior quality of work life, that includes an enabling work environment, an empowering and engaging work culture and opportunities to learn and grow.

The Compensation approach endeavours to align each employee with the Company's goals.

POLICY

It is the Company's Policy:

1. To ensure that its Remuneration practices support and encourage meritocracy.
2. To ensure that Remuneration is market-led and takes into account the competitive context of the Company's business.
3. To leverage Remuneration as an effective instrument to enhance performance and therefore to link the remuneration to both individual and collective performance outcomes.
4. To adopt a comprehensive approach to Remuneration in order to support a superior quality of personal and work life, in a manner so as to judiciously balance short term with long term priorities.
5. To design Remuneration practices such that they reinforce the Company's values and culture and to implement them in a manner that complies with all relevant regulatory requirements.

Remuneration of Key Managerial Personnel (KMP)

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

Remuneration of Independent Directors

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

Remuneration of employees other than KMP

1. Remuneration of employees other than KMP is approved by the Board.
2. Remuneration is reviewed and revised periodically, when such a revision is warranted by the market. The quantum of revision is linked to market trends, the competitive context of the Company's business, as well as the track record of the individual employee.
3. Variable Pay is based on the performance rating of the individual employee.

Annexure 2 to the Report of the Board of Directors

FORM NO. MGT-9

EXTRACT OF ANNUAL RETURN

as on the financial year ended on 31st March, 2016

[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 Survey No. 29 & 30, Doddajala Post, Yarthiganahalli Bettahalasur Post Bengaluru – 562 157	U85110KA1993PLC014278	Joint venture 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**

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	
B. Public Shareholding									
1. **Institutions**									
a) Mutual Funds	–	–	–	–	–	–	–	–	N.A.
b) Banks / FI	–	–	–	–	–	–	–	–	N.A.
c) Central Govt.	–	–	–	–	–	–	–	–	N.A.
d) State Govt.(s)	–	–	–	–	–	–	–	–	N.A.
e) Venture Capital Funds	–	–	–	–	–	–	–	–	N.A.
f) Insurance Companies	–	–	–	–	–	–	–	–	N.A.
g) FIIs	–	–	–	–	–	–	–	–	N.A.
h) Foreign Venture Capital Funds	–	–	–	–	–	–	–	–	N.A.
i) Others (specify)	–	–	–	–	–	–	–	–	N.A.
Sub-total (B)(1)	–	–	–	–	–	–	–	–	**N.A.**
2. **Non-Institutions**									
a) Bodies Corp.									
i) Indian	–	–	–	–	–	–	–	–	N.A.
ii) Overseas	–	–	–	–	–	–	–	–	N.A.
b) Individuals									
i) Individual shareholders holding nominal share capital upto ₹ 1 lakh	–	–	–	–	–	–	–	–	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)	–	**1,59,98,385**	**1,59,98,385**	**100.00**	–	**1,59,98,385**	**1,59,98,385**	**100.00**	**Nil**

(ii) Shareholding of Promoters:

Sl. No.	Shareholder's Name	Shareholding at the beginning of the year			Shareholding at the end of the year			% change in shareholding during the year
		No. of Shares	% of total Shares of the Company	% of Shares pledged / encumbered to total Shares	No. of Shares	% of total Shares of the Company	% of Shares pledged / encumbered to total Shares	
1.	ITC Limited	1,59,98,385	100.00	Nil	1,59,98,385	100.00	Nil	Nil

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

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

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

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

V. INDEBTEDNESS

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

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

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

Sl. No.	Particulars of Remuneration	N. Bajaj (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	17,94,772
	(b) Value of perquisites under Section 17(2) of the Income-tax Act, 1961	72,400
	(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)		**18,67,172**
Ceiling as per the Companies Act, 2013		42,00,000 per annum *(refer Note 2)*

Note 1 : Ms. N. Bajaj was on the rolls of the Company till 30th September, 2015 and is on deputation from ITC Limited with effect from 1st October, 2015.

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, 2016 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	Independent Directors' Meeting Fee	
1.	**Independent Directors**				
	S. Banerjee	1,50,000	Nil	10,000	1,60,000
	A. Guhamallick	1,50,000		10,000	1,60,000
	Total Amount (B)(1)	**3,00,000**		**20,000**	**3,20,000**
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)					**3,20,000**
Total Managerial Remuneration (A + B)					**21,87,172**
Overall ceiling as per the Companies Act, 2013					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, 2016 are inadequate.

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	20,62,735
	(b) Value of perquisites under Section 17(2) of the Income-tax Act, 1961	3,36,687
	(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		**23,99,422**

Note: Mr. V. Luharuka is on deputation from ITC Limited.

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 : 2nd May, 2016 SARADINDU DUTTA *Director*

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF GOLD FLAKE CORPORATION LIMITED

Report on the Financial Statements

1. We have audited the accompanying financial statements of GOLD FLAKE CORPORATION LIMITED ("the Company"), which comprise the Balance Sheet as at 31st March, 2016, the Statement of Profit and Loss and 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 and presentation 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

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. 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, 2016, 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, 2016 ("the Order") issued by the Central Government of India in terms of sub–section (11) of Section 143 of the Act, we give in the "Annexure-A", a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.
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, 2016 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2016 from being appointed as a director in terms of Section 164 (2) of the Act.
    (f) with respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, we refer to our separate report in "Annexure-B"; and
    (g) with respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
        i. The Company does not have any pending litigations which would impact its financial positions.
        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 L.B. Jha & Co.
Chartered Accountants
(Firm Registration number: 301088E)
Kamal Kumar Bhanja
Partner
(Membership No. 14722)

Kolkata
2nd May, 2016

ANNEXURE-A : TO THE INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF GOLD FLAKE CORPORATION LIMITED

[Referred to in paragraph 9 of the Independent Auditor's 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.
   (c) According to the information and explanations given to us and the records of the Company examined by us, the company does not have any immovable properties.
2. The Company does not have any inventory.
3. The Company has not granted any loans, secured or unsecured, to companies, firms, limited liability partnership or other parties covered in the register maintained under Section 189 of the Act.
4. According to the information and explanations given to us and the records of the Company examined by us, the Company has not made any investment, advanced any loan, given any guarantee or provided any securities to others during the year. Investments made by the Company before the Act came into operation, however, are disclosed in Note 6 of the accompanying financial statements.
5. The Company has not accepted any deposits within the meaning of Sections 73 to 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, service tax, duty of customs, duty of excise, 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 or sales tax or service tax or duty of customs or duty of excise or value added tax which have not been deposited on account of any dispute.
8. The Company has neither taken any loan from financial institutions or banks or Government nor issued any debentures.
9. The Company has neither raised any money by public issues of shares or debentures nor obtained any term loans during the year.
10. 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.
11. According to the information and explanations given to us and the records of the Company examined by us, total managerial remuneration paid as reflected in the financial statements for the year ended 31st March, 2016 are in accordance with the requisite approvals mandated by the provisions of Section 197 read with Schedule V to the Act.
12. The related statutes are not applicable as the company is not a Nidhi Company.
13. According to the information and explanations given to us and the records of the Company examined by us, the Company has complied with the requirements of Sections 177 and 188 of the Act with respect to its transactions with the related parties. Pursuant to the requirement of the applicable Accounting Standard, details of the related party transactions have been disclosed in Note 14 (vi) of the financial statements for the year under audit.
14. The Company has neither made any preferential allotment of shares nor fully or partly convertible debentures during the year under audit.

15. According to the information and explanations given to us and the records of the Company examined by us, the Company has not entered into any non-cash transactions, with any director of the Company and the holding company or persons connected with them, involving acquisition of assets by or from them for consideration other than cash.
16. In our opinion, and according to the information and explanations given to us, not being a non-banking financial company, the Company is not required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934.

For L. B. Jha & Co.
Chartered Accountants
(Firm Registration No : 301088E)
Kamal Kumar Bhanja
Partner
(Membership No. 14722)

Kolkata
2nd May, 2016

ANNEXURE-B TO THE INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF GOLD FLAKE CORPORATION LIMITED

[Referred to in paragraph 10(f) of the Independent Auditor's Report of even date]

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

1. We have audited the internal financial controls over financial reporting of **GOLD FLAKE CORPORATION LIMITED** ("the Company") as of March 31, 2016 in conjunction with our audit of the financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Control

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

Auditor's Responsibility

3. Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the "Guidance Note" and the Standard on Auditing, issued by the Institute of Chartered Accountants of India and deemed to be prescribed under Section 143(10) of the Companies Act 2013, to the extent applicable. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintaining and if such controls operated effectively in all material respects.
4. Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting includes obtaining an understanding of internal financial control over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal controls based on the assessed risk. The procedure selected depends on the auditor's judgment, including the assessment of the risk of material misstatement of the financial statement, whether due to fraud or error.
5. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system over financial reporting.

Meaning of Internal Financial Control over Financial Reporting

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

Inherent Limitations of Internal Financial Control over Financial Reporting

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

Opinion

8. In our opinion, the Company has, in all material respect, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2016, based on the internal control over financial reporting criteria established by the company considering, the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Control Over Financial Reporting, issued by the Institute of Chartered Accountants of India.

For L.B. Jha & Co.
Chartered Accountants
(Firm Registration number: 301088E)
Kamal Kumar Bhanja
Partner
(Membership No. 14722)

Kolkata
2nd May, 2016

BALANCE SHEET AS AT 31ST MARCH, 2016

	Note	As at 31st March, 2016 (₹)		As at 31st March, 2015 (₹)	
EQUITY AND LIABILITIES					
Shareholders' funds					
Share capital	1	15,99,83,850		15,99,83,850	
Reserves and surplus	2	7,02,23,282	23,02,07,132	4,38,42,452	20,38,26,302
Non-current liabilities					
Long-term provisions	3		–		1,68,027
Current liabilities					
Other current liabilities	4		36,575		60,090
TOTAL			23,02,43,707		20,40,54,419
ASSETS					
Non-current assets					
Fixed assets					
Tangible assets	5		37,321		–
Non-current investments	6		6,00,63,750		6,00,63,750
Current assets					
Cash and bank balances	7	16,72,14,592		14,14,47,128	
Short-term loans and advances	8	4,39,621		3,69,780	
Other current assets	9	24,88,423	17,01,42,636	21,73,761	14,39,90,669
TOTAL			23,02,43,707		20,40,54,419

The accompanying notes 1 to 15 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
Kolkata, 2nd May, 2016

On behalf of the Board

SARADINDU DUTTA — *Director*
V. LUHARUKA — *Chief Financial Officer*
R. TANDON — *Chairman*
N. BAJAJ — *Manager & Company Secretary*

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31ST MARCH, 2016

	Note	For the year ended 31st March, 2016 (₹)	For the year ended 31st March, 2015 (₹)
Other income	10	3,41,72,776	4,19,98,902
Total Revenue		3,41,72,776	4,19,98,902
Expenses			
Employee benefits expense	11	43,81,211	20,75,863
Depreciation expense		4,418	–
Other expenses	12	5,06,986	2,22,553
Total Expenses		48,92,615	22,98,416
Profit before tax		2,92,80,161	3,97,00,486
Tax expense :			
Current tax	13	28,99,331	63,50,000
Profit for the year		2,63,80,830	3,33,50,486
Earnings per share (Face Value ₹ 10.00 each) (Basic and Diluted)	14(i)	₹ 1.65	₹ 2.08

The accompanying notes 1 to 15 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
Kolkata, 2nd May, 2016

On behalf of the Board

SARADINDU DUTTA *Director* R. TANDON *Chairman*
V. LUHARUKA *Chief Financial Officer* N. BAJAJ *Manager & Company Secretary*

CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2016

			For the year ended 31st March, 2016 (₹)		For the year ended 31st March, 2015 (₹)
A.	**Cash Flow from Operating Activities**				
	PROFIT BEFORE TAX		2,92,80,161		3,97,00,486
	ADJUSTMENTS FOR:				
	Depreciation	4,418		–	
	Interest Income on bank deposits	(1,39,22,776)		(2,12,84,698)	
	Dividend Income from Long Term Investments	(2,02,50,000)		(2,02,50,000)	
			(3,41,68,358)		(4,15,34,698)
	OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES		(48,88,197)		(18,34,212)
	ADJUSTMENTS FOR :				
	Loans and Advances and Other Assets	–		5,000	
	Other Liabilities and Provisions	(1,91,542)	(1,91,542)	(4,03,745)	(3,98,745)
	CASH USED IN OPERATIONS		(50,79,739)		(22,32,957)
	Income Tax Paid		(29,69,172)		(62,54,184)
	NET CASH USED IN OPERATING ACTIVITIES		(80,48,911)		(84,87,141)
B.	**Cash Flow from Investing Activities**				
	Purchase of Fixed Assets	(41,739)		–	
	Dividend Income from Long Term Investments Received	2,02,50,000		2,02,50,000	
	Interest Received	1,36,08,114		2,34,91,065	
	Investment in bank deposits (original maturity more than 3 months)	(16,94,62,523)		(36,65,44,443)	
	Redemption / Maturity of bank deposits (original maturity more than 3 months)	14,34,91,607		50,40,84,604	
	NET CASH FROM INVESTING ACTIVITIES		78,45,459		18,12,81,226
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			(2,03,452)		19,995
OPENING CASH AND CASH EQUIVALENTS			3,49,192		3,29,197
CLOSING CASH AND CASH EQUIVALENTS			1,45,740		3,49,192

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	1,45,740	3,49,192
Other bank balances	16,70,68,852	14,10,97,936
Cash and bank balances (Note 7)	16,72,14,592	14,14,47,128

The accompanying notes 1 to 15 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
Kolkata, 2nd May, 2016

On behalf of the Board

SARADINDU DUTTA *Director* R. TANDON *Chairman*
V. LUHARUKA *Chief Financial Officer* N. BAJAJ *Manager & Company Secretary*

NOTES TO THE FINANCIAL STATEMENTS

	As at 31st March, 2016 (No. of Shares)	As at 31st March, 2016 (₹)	As at 31st March, 2015 (No. of Shares)	As at 31st March, 2015 (₹)
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, 2016 (No. of Shares)	As at 31st March, 2016 (%)	As at 31st March, 2015 (No. of Shares)	As at 31st March, 2015 (%)
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 par value of ₹ 10.00 per share, rank *pari passu* in all respects including voting rights and entitlement to dividend.

	As at 31st March, 2016 (₹)	As at 31st March, 2015 (₹)
2. Reserves and surplus		
General Reserve		
At the beginning and at the end of the year	**87,26,223**	87,26,223
Surplus in Statement of Profit and Loss		
At the beginning of the year	**3,51,16,229**	17,45,39,833
Add: Profit for the year	**2,63,80,830**	3,33,50,486
Less: Interim Dividend [Nil (2015 - ₹ 9.00) per share]	**–**	14,39,85,465
Income Tax on Interim Dividend	**–**	2,87,88,625
At the end of the year	**6,14,97,059**	3,51,16,229
TOTAL	**7,02,23,282**	4,38,42,452

	As at 31st March, 2016 (₹)	As at 31st March, 2015 (₹)
3. Long-term provisions		
Provision for employee benefits:		
Provision for gratuity	**–**	74,745
Provision for compensated absences	**–**	93,282
TOTAL	**–**	1,68,027

	As at 31st March, 2016 (₹)	As at 31st March, 2015 (₹)
4. Other current liabilities		
Other payables		
Statutory liabilities	**–**	4,500
Liabilities for expenses	**36,575**	55,590
TOTAL	**36,575**	60,090

5. Fixed assets (₹)

Particulars	Gross Block							Depreciation							Net Book Value		
	As at 31st March, 2014	Additions	Withdrawals and adjustments	As at 31st March, 2015	**Additions**	**Withdrawals and adjustments**	**As at 31st March, 2016**	Upto 31st March, 2014	For the year	On Withdrawals and adjustments	Upto 31st March, 2015	**For the year**	**On Withdrawals and adjustments**	**Upto 31st March, 2016**	**As at 31st March, 2016**	As at 31st March, 2015	As at 31st March, 2014
Tangible assets																	
Plant and Equipment	85,853	–	–	85,853	–	**85,853**	–	85,853	–	–	85,853	–	**85,853**	–	–	–	–
Computers and data processing units	–	–	–	–	**41,739**	–	**41,739**	–	–	–	–	**4,418**	–	**4,418**	**37,321**	–	–
Furniture and Fixtures	5,090	–	–	5,090	–	**5,090**	–	5,090	–	–	5,090	–	**5,090**	–	–	–	–
TOTAL	90,943	–	–	90,943	**41,739**	**90,943**	**41,739**	90,943	–	–	90,943	**4,418**	**90,943**	**4,418**	**37,321**	–	–

	As at 31st March,2016 (₹)	As at 31st March,2015 (₹)
6. Non- current investments (at cost unless stated otherwise)		
Long Term		
TRADE INVESTMENTS (Unquoted)		
INVESTMENT IN EQUITY INSTRUMENTS		
In Associate		
ATC Limited		
55,650 (2015 - 55,650) Equity Shares of ₹ 100.00 each, fully paid	**83,47,500**	83,47,500
1,39,125 (2015 - 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 (2015 - 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

NOTES TO THE FINANCIAL STATEMENTS (Contd.)

			As at 31st March, 2016 (₹)		As at 31st March, 2015 (₹)
7. Cash and bank balances					
Cash and cash equivalents @					
Balances with banks					
Current accounts	1,45,740			3,49,132	
Cash on hand	–	1,45,740		60	3,49,192
Other bank balances					
In deposit accounts		16,70,68,852			14,10,97,936
TOTAL		16,72,14,592			14,14,47,128

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

8. Short-term loans and advances			
Unsecured, considered good			
Advance Tax (net of provisions)	4,39,621		3,69,780
TOTAL	4,39,621		3,69,780
9. Other current assets			
Interest accrued on bank deposits	24,88,423		21,73,761
TOTAL	24,88,423		21,73,761

	For the year ended 31st March, 2016 (₹)	For the year ended 31st March, 2015 (₹)
10. Other Income		
Interest income		
Deposits with Banks	1,39,22,776	2,12,84,698
Dividend income		
Long-term investments	2,02,50,000	2,02,50,000
Other non-operating income	–	4,64,204
TOTAL	3,41,72,776	4,19,98,902
11. Employee benefits expense		
Salaries and wages	43,54,606	19,58,825
Provision for retirement and other benefits	–	66,946
Staff welfare expenses	26,605	50,092
TOTAL	43,81,211	20,75,863
12. Other expenses		
Rates and taxes	54,970	12,780
Insurance	630	618
Travelling and conveyance	1,350	1,375
Filing fees	4,310	4,821
Directors' sitting fees	3,20,000	80,000
Consultancy / Professional fees	44,524	66,373
Auditors' remuneration and expenses		
Audit fees	40,075	28,090
Tax audit fees	5,700	5,618
Fees for other services	26,667	19,663
Miscellaneous expenses	8,760	3,215
TOTAL	5,06,986	2,22,553
13. Tax expense		
Current tax		
Income tax for the year	28,98,662	63,50,000
- for earlier years	669	–
TOTAL	28,99,331	63,50,000

14. Additional Notes to the Financial Statements

i. **Earnings per share**

	2016	2015
Earnings per share has been computed as under:		
(a) Profit for the year (₹)	2,63,80,830	3,33,50,486
(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)]	₹ 1.65	₹ 2.08

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 (2015 - ₹ 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, 2016. 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 AT 31.03.2016

(₹)

	RELATED PARTY TRANSACTION SUMMARY	Holding Company		Joint Venture		Key Management Personnel	
		2016	2015	2016	2015	2016	2015
1.	Purchase of Services	29,770	22,472	–	–	–	–
2.	Interim Dividend Paid	–	14,39,85,465	–	–	–	–
3.	Dividend Income	–	–	2,02,50,000	2,02,50,000	–	–
4.	Remuneration of CFO on deputation reimbursed	24,34,222	4,26,753	–	–	–	–
5.	Remuneration of Manager and Company Secretary	9,00,719	–	–	–	10,46,270	15,82,164
6.	Directors' sitting fees -Mr. Subhatosh Banerjee -Ms. Anindita Guhamallick	–	–	–	–	1,60,000 1,60,000	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	Percentage of ownership interests as at 31st March, 2016	Percentage of ownership interests as at 31st March, 2015
ITC Essentra Limited	India	50%	50%

Financial Statements of ITC Essentra Limited are drawn up for the fifteen months ended as at 31st March, 2016.

The Company's interests in this Joint Venture is reported as Non-Current Investment (Note 6) 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:

NOTES TO THE FINANCIAL STATEMENTS (Contd.)

	As at 31st March, 2016 (₹)	As at 31st December, 2014 (₹)
ASSETS		
Non-current Assets		
1. Fixed assets		
a) Tangible assets	**24,61,78,152**	26,15,40,838
b) Intangible assets	**1,63,137**	3,80,961
2. Long-term loans and advances	**67,10,080**	88,87,067
Current Assets, Loans and Advances		
3. Current investments	**17,92,212**	–
4. Inventories	**27,06,26,206**	28,98,57,723
5. Trade receivables	**5,36,71,138**	5,78,64,519
6. Cash and cash equivalents	**17,14,33,960**	3,37,34,785
7. Short-term loans and advances	**2,64,60,678**	1,91,29,508
8. Other current assets	**23,45,031**	11,51,127
LIABILITIES		
Non - Current Liabilities		
9. Deferred tax liabilities (net)	**1,22,49,450**	97,45,300
10. Long-term provisions	**56,89,796**	49,50,005
Current Liabilities and Provisions		
11. Short-term borrowings	**–**	10,44,02,434
12. Trade payables	**31,09,01,127**	14,28,40,647
13. Other current liabilities	**92,71,847**	2,18,31,596
14. Short-term provisions	**2,48,79,930**	2,47,79,596

	For the fifteen months ended 31st March, 2016 (₹)	For the year ended 31st December, 2014 (₹)
INCOME		
1. Net revenue from sale of products	**1,79,63,61,499**	1,46,85,85,794
2. Other operating revenue	**49,20,599**	53,03,152
3. Other income	**65,59,684**	42,34,817
EXPENSES		
4. Cost of materials consumed	**1,56,80,63,263**	1,27,87,42,916
5. Change in inventories of finished goods	**7,66,950**	12,53,873
6. Employee benefit expenses	**3,76,10,920**	2,78,11,150
7. Finance costs	**15,14,481**	63,98,542
8. Depreciation and amortization expense	**2,18,67,362**	1,68,76,949
9. Other expenses	**6,29,81,530**	5,54,95,114
10. Tax Expense	**3,82,73,358**	3,04,51,000

viii. Defined Benefit Plans / Long Term Compensated Absences - As per Actuarial Valuations as on 31st March, 2016 and recognised in the financial statements in respect of Employee Benefit Schemes:

		For the year ended 31st March, 2016 (₹)		For the year ended 31st March, 2015 (₹)	
		Gratuity	**Leave Encashment**	Gratuity	Leave Encashment
		Unfunded	**Unfunded**	Unfunded	Unfunded
I.	**Components of Employer Expense**				
1.	Current Service Cost	–	–	12,832	7,311
2.	Interest Cost	–	–	3,415	4,419
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
8.	**Total expense recognised in the Statement of Profit & Loss**	–	–	30,686	36,260
The Gratuity and Leave Encashment expenses have been recognized in "Provision for retirement and other benefits" in "Employee benefits expense" under Note 11.					
II.	**Actual Returns**	–	–	–	–
III.	**Net Asset/(Liability) recognised in Balance Sheet**				
1.	Present Value of Defined Benefit Obligation	–	–	74,745	93,282
2.	Fair Value on Plan Assets	–	–	–	–
3.	Status [Surplus/(Deficit)]	–	–	(74,745)	(93,282)
4.	Unrecognized Past Service Cost	–	–	–	–
5.	**Net Asset / (Liability) recognised in Balance Sheet**	–	–	(74,745)	(93,282)
IV.	**Change in Defined Benefit Obligation (DBO)**				
1.	Present Value of DBO at the beginning of the year	**74,745**	**93,282**	44,059	57,022
2.	Current Service Cost	–	–	12,832	7,311
3.	Interest Cost	–	–	3,415	4,419
4.	Curtailment Cost/(Credit)	–	–	–	–
5.	Settlement Cost/(Credit)	–	–	–	–
6.	Plan Amendments	–	–	–	–
7.	Past Service Cost	–	–	–	–
8.	Actuarial (Gains)/Losses	–	–	14,439	24,530
9.	Benefits Paid	**(74,745)**	**(93,282)**	–	–
10.	**Present Value of DBO at the end of the year**	–	–	74,745	93,282
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
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.					

NOTES TO THE FINANCIAL STATEMENTS (Contd.)

VII.	Major Category of Plan Assets as a % of the Total Plan Assets	As at 31st March, 2016	As at 31st March, 2015
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, 2016 (₹)		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 (₹)	
	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
Fair Value of Plan Assets	–	–	–	–	–	–	–	–	–	–
Status [Surplus/ (Deficit)]	–	–	(74,745)	(93,282)	(44,059)	(57,022)	(33,558)	(45,603)	(18,414)	(22,342)
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.

15. 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.

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 substantively 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

SARADINDU DUTTA *Director* R. TANDON *Chairman*
Kolkata, 2nd May, 2016 V. LUHARUKA *Chief Financial Officer* N. BAJAJ *Manager & 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

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-Mar-2016	31-Mar-2016
2.	**Shares of Associate/Joint Ventures held by the company on the year end**		
	No.	22,50,000	1,94,775#
	Amount of Investment in Associates/Joint Venture	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** (₹)	41,63,88,442	6,45,65,045
6.	**Profit/ Loss for the year** (₹)	15,35,27,836	95,99,379
	i. Considered in Consolidation *	–	–
	ii. Not Considered in Consolidation(₹)	15,35,27,836	95,99,379

* The Company, being an intermediate wholly owned subsidiary, is not required to prepare Consolidated Financial Statements in terms of the Companies (Accounts) Rules, 2014 and ITC Limited, the Holding Company, prepares Consolidated Financial Statements.

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

SARADINDU DUTTA *Director* R. TANDON *Chairman*
Kolkata, 2nd May, 2016 V. LUHARUKA *Chief Financial Officer* N. BAJAJ *Manager & Company Secretary*

REPORT OF THE BOARD OF DIRECTORS FOR THE FINANCIAL YEAR ENDED 31ST MARCH, 2016

1. Your Directors submit their Report for the financial year ended 31st March, 2016.

2. **COMPANY PERFORMANCE**

Your Company earned total revenue of ₹ 6.82 lakhs during the year under review. During the financial year 2014-15, the Company purchased the entire equity shareholding of MRR Trading & Investment Company Limited (MRR) consequent to which MRR 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, 2016 (₹)	For the year ended 31st March, 2015 (₹)
a. Profit Before Tax	**5,49,159**	47,03,443
b. Less : Tax Expense	**1,35,000**	13,89,067
c. Profit After Tax	**4,14,159**	33,14,376
d. Add : Profit brought forward from previous years	**80,02,950**	46,88,574
e. Profit carried forward	**84,17,109**	80,02,950

3. **DIRECTORS**

During the year, there was no change in the composition of the Board of Directors of your Company ('the Board'). In accordance with the provisions of Article 19 of the Articles of Association of the Company, Mr. Saradindu Dutta (DIN: 00058639), 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 has recommended his re-election.

4. **BOARD MEETINGS**

During the year ended 31st March, 2016, four meetings of the Board were held on 29th April, 2015, 24th August, 2015, 14th December, 2015 and 7th March, 2016. The attendance of the Directors of the Company at the said Board meetings is given below:

Sl. No.	Name of the Director	Number of Board meetings attended
1.	Mr. R. Tandon	4
2.	Mr. B. B. Chatterjee	4
3.	Mr. Saradindu Dutta	3
4.	Mr. Supratim Dutta	4

5. **DIRECTORS' RESPONSIBILITY STATEMENT**

As required under Section 134(5) of the Companies Act, 2013 ('the Act'), your Directors confirm having:

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

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

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

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

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

6. **SUBSIDIARY COMPANY**

The statement in Form No. AOC-1 containing the salient features of the financial statements of MRR Trading & Investment Company Limited, subsidiary company, is attached to the Financial Statements of the Company.

The Company, being an intermediate wholly owned subsidiary, is not required to prepare Consolidated Financial Statements, and accordingly 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 required to be provided.

7. **PARTICULARS OF EMPLOYEES**

None of the employees of the Company is drawing remuneration exceeding that specified in Rule 5(2) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014.

8. **RISK MANAGEMENT**

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

The Internal Audit Department of ITC Limited, the Holding Company, periodically carries out, at the request of the Company, risk focused audits with the objective of identifying areas where risk management processes could be strengthened. Annual update is provided to the Board on the effectiveness of the Company's risk management systems and policies.

9. **INTERNAL FINANCIAL CONTROLS**

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

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

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

The requirements of Section 186 of the Act relating to loans, guarantees and investments are not applicable to the Company.

11. **RELATED PARTY TRANSACTIONS**

During the year ended 31st March, 2016, the Company has neither entered into any contract or arrangement with its related parties which is not at arm's length nor has the Company entered into any material contract or arrangement with them, in terms of Section 188 of the Act.

12. **SIGNIFICANT AND MATERIAL ORDERS PASSED BY THE REGULATORS / COURTS / TRIBUNALS**

During the year under review, no significant or material orders were passed by the Regulators / Courts / Tribunals impacting the going concern status of the Company and its future operations.

13. **EXTRACT OF ANNUAL RETURN**

The extract of Annual Return in the prescribed Form No. MGT-9 is enclosed as **Annexure** 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 Act, has recommended for the ratification of the Members the appointment of DHS from the conclusion of the ensuing AGM till the conclusion of the Fifth AGM. The Board, in terms of Section 142 of the Act, has also recommended for the approval of the Members the remuneration of DHS for the financial year 2016-17. 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*

Dated: 2nd May, 2016 Saradindu Dutta *Director*

Annexure 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, 2016

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

I. REGISTRATION AND OTHER DETAILS

i) CIN	:	U65923WB2012PLC176166
ii) Registration Date	:	19th March, 2012
iii) Name of the Company	:	ITC Investments & Holdings Limited
iv) Category / Sub-Category of the Company	:	Unlisted Public Company limited by shares
v) Address of the Registered office and contact details	:	Virginia House 37 J. L. Nehru Road, Kolkata – 700 071 Phone: 033 2288 4086 / 6228 / 1946, Fax: 033 2288 9980 e-mail ID : ITCInvestments.Holdings@itc.in
vi) Whether listed company	:	No
vii) Name, Address and Contact details of Registrar and Transfer Agent, if any	:	N.A.

II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

All the business activities contributing 10% or more of the total turnover of the Company shall be stated: NOT APPLICABLE

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES

Sl. No.	Name and address of the company	CIN / GLN	Holding / Subsidiary / Associate	% of shares held in / by the Company	Applicable Section
1.	ITC Limited Virginia House 37 Jawaharlal Nehru Road, Kolkata – 700 071	L16005WB1910PLC001985	Holding company	100.00%	2(46)
2.	MRR Trading & Investment Company Limited Eucharistic Congress Building No. 1, 5 Convent Street, Colaba, Mumbai - 400 039	U65990MH1980PLC023259	Subsidiary company	100.00%	2(87)

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

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

Category of Shareholders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
A. Promoters									
(1) **Indian**									
a) Individual/HUF	–	–	–	–	–	–	–	–	N.A.
b) Central Govt.	–	–	–	–	–	–	–	–	N.A.
c) State Govt.(s)	–	–	–	–	–	–	–	–	N.A.
d) Bodies Corp.	–	45,00,000	45,00,000	100.00	–	45,00,000	45,00,000	100.00	Nil
e) Banks / FI	–	–	–	–	–	–	–	–	N.A.
f) Any Other	–	–	–	–	–	–	–	–	N.A.
Sub-total (A)(1)	**–**	**45,00,000**	**45,00,000**	**100.00**	**–**	**45,00,000**	**45,00,000**	**100.00**	**Nil**
(2) **Foreign**									
a) NRIs - Individuals	–	–	–	–	–	–	–	–	N.A.
b) Other – Individuals	–	–	–	–	–	–	–	–	N.A.
c) Bodies Corp.	–	–	–	–	–	–	–	–	N.A.
d) Banks / FI	–	–	–	–	–	–	–	–	N.A.
e) Any Other	–	–	–	–	–	–	–	–	N.A.
Sub-total (A)(2)	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**N.A.**
Total shareholding of Promoter (A) = (A)(1)+(A)(2)	**–**	**45,00,000**	**45,00,000**	**100.00**	**–**	**45,00,000**	**45,00,000**	**100.00**	**Nil**
B. Public Shareholding									
1. **Institutions**									
a) Mutual Funds	–	–	–	–	–	–	–	–	N.A.
b) Banks / FI	–	–	–	–	–	–	–	–	N.A.
c) Central Govt.	–	–	–	–	–	–	–	–	N.A.
d) State Govt.(s)	–	–	–	–	–	–	–	–	N.A.
e) Venture Capital Funds	–	–	–	–	–	–	–	–	N.A.
f) Insurance Companies	–	–	–	–	–	–	–	–	N.A.
g) FIIs	–	–	–	–	–	–	–	–	N.A.
h) Foreign Venture Capital Funds	–	–	–	–	–	–	–	–	N.A.
i) Others (specify)	–	–	–	–	–	–	–	–	N.A.
Sub-total (B)(1)	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**N.A.**
2. **Non-Institutions**									
a) Bodies Corp.									
i) Indian	–	–	–	–	–	–	–	–	N.A.
ii) Overseas	–	–	–	–	–	–	–	–	N.A.
b) Individuals	–	–	–	–	–	–	–	–	N.A.
i) Individual shareholders holding nominal share capital upto ₹ 1 lakh									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)	**–**	**45,00,000**	**45,00,000**	**100.00**	**–**	**45,00,000**	**45,00,000**	**100.00**	**Nil**

(ii) **Shareholding of Promoters:**

Sl. No.	Shareholder's Name	Shareholding at the beginning of the year			Shareholding at the end of the year			% change in shareholding during the year
		No. of Shares	% of total Shares of the Company	% of Shares pledged / encumbered to total Shares	No. of Shares	% of total Shares of the Company	% of Shares pledged / encumbered to total Shares	
1.	ITC Limited	45,00,000	100.00	Nil	45,00,000	100.00	Nil	Nil

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

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

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

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

V. INDEBTEDNESS

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

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

A. Remuneration to Managing Director, Wholetime Directors and / or Manager: NOT APPLICABLE

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

Sl. No.	Name of the Directors	Particulars of Remuneration			Total Amount
		Fee for attending Board and Board Committee meetings	Commission	Others, please specify	
1.	**Independent Directors**				
	Total Amount (B)(1)				**Nil**
2.	**Other Non-Executive Directors**				
	R. Tandon	Nil	Nil	Nil	Nil
	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 Companies Act, 2013 *(11% of the net profits of the Company computed in accordance with Section 198 of the said Act)*					60,407

C. Remuneration to Key Managerial Personnel other than MD / Manager / WTD: NOT APPLICABLE

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

On behalf of the Board
R. Tandon *Chairman*
Saradindu Dutta *Director*

Dated : 2nd May, 2016

INDEPENDENT AUDITOR'S 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, 2016, the Statement of Profit and Loss and 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 prescribed under Section 133 of the Act, as applicable. 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 and the Order under Section 143 (11) of the Act.

We conducted our audit of the financial statements 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. 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, 2016, 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 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 prescribed under Section 133 of the Act, as applicable.
   (e) On the basis of the written representations received from the directors as on 31st March, 2016 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2016 from being appointed as a director in terms of Section 164 (2) of the Act.
   (f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure A". Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the Company's internal financial controls over financial reporting.
   (g) With respect to the other matters to be included in the Auditor's Report in accordance with 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.
2. As required by the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Central Government in terms of Section 143(11) of the Act, we give in "Annexure B" a statement on the matters specified in paragraphs 3 and 4 of the Order.

For DELOITTE HASKINS & SELLS
Chartered Accountants
(Firm's Registration No. 302009E)
Ketan Vora
Partner
(Membership No. 100459)

Mumbai
2nd May, 2016

ANNEXURE A TO THE INDEPENDENT AUDITOR'S REPORT

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

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

We have audited the internal financial controls over financial reporting of **ITC INVESTMENTS & HOLDINGS LIMITED** ("the Company") as of March 31, 2016 in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

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

Auditor's Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") issued by the Institute of Chartered Accountants of India and the Standards on Auditing prescribed under Section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

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

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

Meaning of Internal Financial Controls Over Financial Reporting

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

Inherent Limitations of Internal Financial Controls Over Financial Reporting

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

Opinion

In our opinion, to the best of our information and according to the explanations given to us, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2016, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

For DELOITTE HASKINS & SELLS
Chartered Accountants
(Firm's Registration No. 302009E)
Ketan Vora
Partner
(Membership No.100459)

Mumbai
2nd May, 2016

ANNEXURE B TO THE INDEPENDENT AUDITOR'S REPORT

(Referred to in paragraph 2 under 'Report on Other Legal and Regulatory Requirements' section of our report of even date)

(i) The Company does not have any fixed assets and hence reporting under clause (i) of the Order is not applicable.

(ii) The Company does not have any inventory and hence reporting under clause (ii) of the Order is not applicable.

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

(iv) In our opinion and according to the information and explanations given to us, the Company has complied with the provisions of Section 186 of the Companies Act, 2013 in respect of making investments, as applicable. The Company has not granted any loans or provided guarantees and securities and hence compliance with provisions of Section 185 and 186 of the Companies Act, 2013 in respect of granting of loans and providing guarantees and securities, are not applicable.

(v) According to the information and explanations given to us, the Company has not accepted any deposit within the meaning of Sections 73 to 76 of the Companies Act, 2013 and the Rules framed thereunder.

(vi) Having regard to the nature of the Company's business / activities, reporting under clause (vi) of the Order is not applicable.

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

(a) The Company has been regular in depositing undisputed statutory dues, including Provident Fund, Employees' State Insurance, Income-tax and other material statutory dues applicable to it with the appropriate authorities. Sales Tax, Service Tax, Customs Duty, Excise Duty, Value Added Tax and cess are not applicable to the Company.

(b) There are no dues of Income-tax as on March 31, 2016 on account of disputes. Sales Tax, Service Tax, Customs Duty, Excise Duty and Value Added Tax are not applicable to the Company.

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

(ix) The Company has not raised moneys by way of initial public offer or further public offer (including debt instruments) or term loans and hence reporting under clause (ix) of the Order is not applicable.

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

(xi) In our opinion and according to the information and explanations given to us, the Company has not paid / provided any managerial remuneration and hence reporting under clause (xi) of the Order is not applicable.

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

(xiii) In our opinion and according to the information and explanations given to us the Company is in compliance with Section 188 of the Companies Act, 2013, where applicable, for all transactions with the related parties and the details of related party transactions have been disclosed in the financial statements etc. as required by the applicable accounting standards. The Company is not required to constitute an Audit committee as prescribed in Section 177 of the Companies Act, 2013 and hence reporting on compliance of Section 177 is not applicable to the company.

(xiv) During the year the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures and hence reporting under clause (xiv) of the Order is not applicable to the Company.

(xv) In our opinion and according to the information and explanations given to us, during the year the Company has not entered into any non-cash transactions with its directors or directors of its holding or subsidiary company or person connected with them and hence provisions of Section 192 of the Companies Act, 2013 are not applicable

(xvi) The Company is not required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934.

For DELOITTE HASKINS & SELLS
Chartered Accountants
(Firm's Registration No. 302009E)

Ketan Vora
Partner
(Membership No.100459)

Mumbai
2nd May, 2016

BALANCE SHEET AS AT 31ST MARCH, 2016

	Note	As at 31st March, 2016 (₹)	As at 31st March, 2015 (₹)
EQUITY AND LIABILITIES			
Shareholders' funds			
Share capital	1	**4,50,00,000**	4,50,00,000
Reserves and surplus	2	**84,17,109**	80,02,950
Current Liabilities			
Other current liabilities	3	**52,250**	56,180
Short-term provisions	4	**38,813**	97,007
TOTAL		**5,35,08,172**	5,31,56,137
ASSETS			
Non-Current Assets			
Non-current investments	5	**4,51,62,645**	4,51,62,645
Long-term loans and advances	6	**–**	26,700
Current assets			
Cash and bank balances	7	**83,39,625**	79,58,007
Other current assets	8	**5,902**	8,785
TOTAL		**5,35,08,172**	5,31,56,137

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, 2nd May, 2016

On behalf of the Board

R. TANDON *Chairman* SARADINDU DUTTA *Director*

Kolkata, 2nd May, 2016

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31ST MARCH, 2016

	Note	For the year ended 31st March, 2016 (₹)	For the year ended 31st March, 2015 (₹)
Other income	9	**6,82,064**	48,26,541
Total Revenue		**6,82,064**	48,26,541
Expenses			
Other expenses	10	**1,32,905**	1,23,098
Total Expenses		**1,32,905**	1,23,098
Profit before tax		**5,49,159**	47,03,443
Tax expense:			
Current tax		**1,35,000**	14,15,767
Less: MAT credit		**–**	(26,700)
Profit for the year		**4,14,159**	33,14,376
Earnings per share (Face Value ₹ 10.00 each) (Basic and Diluted)	11 (i)	**₹ 0.09**	₹ 0.74

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, 2nd May, 2016

On behalf of the Board

R. TANDON *Chairman* SARADINDU DUTTA *Director*

Kolkata, 2nd May, 2016

CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2016

	For the year ended 31st March, 2016 (₹)		For the year ended 31st March, 2015 (₹)	
A. Cash Flow from Operating Activities				
PROFIT BEFORE TAX		**5,49,159**		47,03,443
ADJUSTMENTS FOR:				
Interest income on bank deposits		**(6,82,064)**		(48,26,541)
OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES		**(1,32,905)**		(1,23,098)
Other Current Liabilities		**(3,930)**		–
CASH USED IN OPERATIONS		**(1,36,835)**		(1,23,098)
Income Tax paid		**(1,66,494)**		(13,28,843)
NET CASH USED IN OPERATING ACTIVITIES		**(3,03,329)**		(14,51,941)
B. Cash Flow from Investing Activities				
Purchase of Long Term Investments	**–**		(4,51,62,645)	
Interest Received	**6,84,947**		49,97,010	
Investment in bank deposits (original maturity more than 3 months)	**(81,67,633)**		(79,48,958)	
Redemption / Maturity of bank deposits (original maturity more than 3 months)	**64,00,000**		5,10,00,000	
NET CASH USED IN / FROM INVESTING ACTIVITIES		**(10,82,686)**		28,85,407
C. Cash Flow from Financing Activities		**–**		–
NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS		**(13,86,015)**		14,33,466
OPENING CASH AND CASH EQUIVALENTS		**15,09,049**		75,583
CLOSING CASH AND CASH EQUIVALENTS		**1,23,034**		15,09,049

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	**1,23,034**	15,09,049
Other bank balances	**82,16,591**	64,48,958
Cash and bank balances (Note 7)	**83,39,625**	79,58,007

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, 2nd May, 2016

On behalf of the Board

R. TANDON *Chairman* SARADINDU DUTTA *Director*

Kolkata, 2nd May, 2016

NOTES TO THE FINANCIAL STATEMENTS

	As at 31st March, 2016 (No. of Shares)	As at 31st March, 2016 (₹)	As at 31st March, 2015 (No. of Shares)	As at 31st March, 2015 (₹)
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, 2016 (No. of Shares)	As at 31st March, 2016 (%)	As at 31st March, 2015 (No. of Shares)	As at 31st March, 2015 (%)
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, 2016 (₹)	As at 31st March, 2015 (₹)
2. Reserves and surplus		
Surplus in Statement of Profit and Loss		
At the beginning of the year	80,02,950	46,88,574
Add: Profit for the year	4,14,159	33,14,376
At the end of the year	84,17,109	80,02,950
TOTAL	84,17,109	80,02,950

	As at 31st March, 2016 (₹)	As at 31st March, 2015 (₹)
3. Other current liabilities		
Other payables		
Statutory liabilities	–	5,000
Liability for expenses	52,250	51,180
TOTAL	52,250	56,180

	As at 31st March, 2016 (₹)	As at 31st March, 2015 (₹)
4. Short-term provisions		
Current taxation (net of advance tax)	38,813	97,007
TOTAL	38,813	97,007

	As at 31st March, 2016 (₹)	As at 31st March, 2015 (₹)
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 (2015 - 50,000) Equity Shares of ₹ 10.00 each, fully paid	4,51,62,645	4,51,62,645
TOTAL	4,51,62,645	4,51,62,645

	As at 31st March, 2016 (₹)	As at 31st March, 2015 (₹)
6. Long-term loans and advances		
Unsecured, considered good		
Minimum Alternate Tax (MAT) credit entitlement	–	26,700
TOTAL	–	26,700

	As at 31st March, 2016 (₹)	As at 31st March, 2015 (₹)
7. Cash and bank balances		
Cash and cash equivalents @		
Balances with banks		
Current accounts	1,23,034	2,34,030
In deposit accounts	–	12,75,019
Other bank balances		
In deposit accounts *	82,16,591	64,48,958
TOTAL	83,39,625	79,58,007

@ 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, 2016 (₹)	As at 31st March, 2015 (₹)
8. Other current assets		
Interest accrued on fixed deposits	5,902	8,785
TOTAL	5,902	8,785

	For the year ended 31st March, 2016 (₹)	For the year ended 31st March, 2015 (₹)
9. Other income		
Interest income on bank deposits	6,82,064	48,26,541
TOTAL	6,82,064	48,26,541

	For the year ended 31st March, 2016 (₹)	For the year ended 31st March, 2015 (₹)
10. Other expenses		
Rates and taxes	10,935	8,150
Consultancy / Professional fees	21,709	18,416
Printing and stationery	1,933	720
Auditors' remuneration and expenses		
Audit fees	57,250	56,180
Tax audit fees	34,200	33,708
Travelling and conveyance	205	1,130
Miscellaneous expenses	6,673	4,794
TOTAL	1,32,905	1,23,098

NOTES TO THE FINANCIAL STATEMENTS (Contd.)

11. Additional Notes to the Financial Statements

i. **Earnings per share**

	2016	2015
Earnings per share has been computed as under :		
(a) Profit for the year (₹)	4,14,159	33,14,376
(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)]	₹ 0.09	₹ 0.74

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, 2016. This information as required to be disclosed under the Micro, Small and Medium Enterprises Development Act, 2006 has been determined to the extent such parties have been identified based on information available with the Company.

iii. **Segment Reporting**

The Company operates in a single business segment namely acquisition of shares and securities and in a single geographical segment.

iv. **Related Party Disclosures**

a. Relationship:

Holding Company:
– ITC Limited
Subsidiary Company:
– MRR Trading & Investment Company Limited
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

RELATED PARTY TRANSACTION SUMMARY		Holding Company		Fellow Subsidiary	
		2016	2015	2016	2015
1.	Purchases of Services (₹)	16,603	4,452	–	–
2.	Investment purchased (₹)	–	–	–	4,50,50,000

12. 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.

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 substantively enacted by the Balance Sheet date.

Not to recognise Deferred tax assets on unabsorbed depreciation and carry forward of losses unless there is virtual certainty that there will be sufficient future taxable income available to realise such assets.

On behalf of the Board

Kolkata, 2nd May, 2016 R. TANDON *Chairman* SARADINDU DUTTA *Director*

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, 2016 (same as 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**	₹ 500,000 (50,000 Equity Shares of ₹ 10.00 each)
6.	**Reserve & Surplus**	₹ (4,11,552)
7.	**Total Assets**	₹ 1,78,923
8.	**Total Liabilities**	₹ 1,78,923
9.	**Investments**	–
10.	**Turnover ***	₹ 7,22,714
11.	**Profit before taxation**	₹ 1,290
12.	**Provision for taxation**	₹ 399
13.	**Profit after taxation**	₹ 891
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

R. TANDON *Chairman* SARADINDU DUTTA *Director*

REPORT OF THE BOARD OF DIRECTORS FOR THE FINANCIAL YEAR ENDED 31ST MARCH, 2016

1. Your Board of Directors hereby submit their Report for the financial year ended 31st March, 2016.

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 before tax of ₹ 1,290/- and a profit after tax of ₹ 891/-.

3. **DIVIDEND**
In view of the accumulated losses, your Directors are not able to recommend any Dividend.

4. **DIRECTORS**
During the year, M/s P.K. Sen and J. Singh resigned as Directors of the Company with effect from close of work on 31st May 2015 and 5th March 2016, respectively. Your Directors would like to place on record their appreciation for the services rendered by M/s P.K. Sen and J. Singh during their tenure as Directors of the Company.

M/s C.V. Sarma (DIN: 00720233) and B.R. Chaudhuri (DIN: 07125295) were appointed by your Board as an Additional Directors of the Company with effect from 18th June, 2015 and 6th March, 2016, respectively. In accordance with Section 161 of the Companies Act, 2013 and Article 26 of the Articles of Association of the Company, M/s C.V. Sarma and B.R.Chaudhuri will cease to hold office at the ensuing Annual General Meeting and are eligible for appointment as Directors of the Company. Your Board at its meetings held on 18th June, 2015 and 5th March, 2016, recommended for the approval of the Members, the appointments of M/s C.V. Sarma and B.R. Chaudhuri, respectively, as Directors of your Company, liable to retire by rotation. Notices under Section 160 of the Companies Act, 2013 have been received by the Company for appointment of M/s C.V. Sarma and B.R. Chaudhuri, who have also filed their consent to act as Directors of your Company, if appointed. Appropriate resolutions seeking your approval to M/s C.V. Sarma's and B.R. Chaudhuri's appointment are appearing in the Notice convening the ensuing Annual General Meeting of the Company.
In accordance with the provisions of the Companies Act 2013, Mr. V. Radhakrishnan (DIN: 07091008), 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, 2016, 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 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, 2016, 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, 2016, 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-Sixth 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 2016-17. 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
C.V. Sarma Director
19th April, 2016 V. Radhakrishnan 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 1.4.2015 to 31.3.2016
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	19th April 2016
f)	Amount paid as advances, if any	–

On behalf of the Board
C.V. Sarma Director
19th April, 2016 V. Radhakrishnan 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, 2016

[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	:	10thOctober, 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	–	–	–	–	–	–	–	–	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)	–	**50,000**	**50,000**	**100.00**	–	**50,000**	**50,000**	**100.00**	**Nil**

(ii) Shareholding of Promoters:

Sl. No.	Shareholder's Name	Shareholding at the beginning of the year			Shareholding at the end of the year			% change in shareholding during the year
		No. of Shares	% of total Shares of the Company	% of Shares pledged / encumbered to total Shares	No. of Shares	% of total Shares of the Company	%of Shares pledged / encumbered to total Shares	
1.	ITC Investments & Holdings Limited	50,000	100.00	Nil	50,000	100.00	Nil	Nil

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

Sl. No.		Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of Shares	% of total Shares of the Company	No. of Shares	% of total Shares of the Company
1.	ITC Investments & Holdings Limited				
	At the beginning of the year	50,000	100.00	50,000	100.00
	Date wise Increase / (Decrease) in Promoters Shareholding during the year	–	–	–	–
	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.	**C.V. Sarma (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.	**B. R. Chaudhuri (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**				
	C.V. Sarma	–	–	–	–
	B.R. Chaudhuri	–	–	–	–
	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, 2016 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

C.V. Sarma **Director**

V. Radhakrishnan **Director**

Dated : 19th April, 2016

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF MRR Trading & Investment Company Limited

Report on the Financial Statements

1. We have audited the accompanying financial statements of MRR Trading & Investment Company Limited("the Company"), which comprise the Balance Sheet as at March 31, 2016, 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, 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 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 auditors' 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. 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, 2016, 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, 2016', 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 B 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, 2016 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2016 from being appointed as a director in terms of Section 164 (2) of the Act.

(f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in Annexure A.

(g) With respect to the other matters to be included in the Auditors' 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 does not have any pending litigations as at March 31, 2016 which would impact its financial position.

ii. The Company did not have any long-term contracts including derivative contracts as at March 31, 2016.

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, 2016.

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

Sunit Kumar Basu
Partner
Membership Number:55000

Place: Hyderabad
Date: April 19, 2016

Annexure A to Independent Auditors' Report

Referred to in paragraph 10(f)of the Independent Auditors' Report of even date to the members of MRR Trading & Investment Company Limited on the financial statements for the year ended March 31, 2016

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

1. We have audited the internal financial controls over financial reporting of MRR Trading & Investment Company Limited ("the Company") as of March 31, 2016 in conjunction with our audit of the financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

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

Auditors' Responsibility

3. Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the" Guidance Note") and the Standards on Auditing deemed to be prescribed under section 143(10) of the Act to the extent applicable to an audit of internal financial controls, issued by the ICAI. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.
4. Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.
5. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system over financial reporting.

Meaning of Internal Financial Controls Over Financial Reporting

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

Inherent Limitations of Internal Financial Controls Over Financial Reporting

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

Opinion

8. In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2016, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

For Lovelock & Lewes
Firm Registration Number: 301056E
Chartered Accountants
Sunit Kumar Basu
Partner
Membership Number:55000

Place: Hyderabad
Date: April 19, 2016

Annexure B 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, 2016

i. The Company does not hold any fixed assets during the year ended March 31, 2016. 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, Limited Liability Partnerships or other parties covered in the register maintained under Section 189 of the Act. Therefore, the provisions of Clause 3(iii), (iii)(a), (iii)(b) and (iii)(c) of the said Order are not applicable to the Company.

iv. The Company has not granted any loans or made any investments, or provided any guarantees or security to the parties covered under Section 185 and 186. Therefore, the provisions of Clause 3(iv) of the said Order are 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 undisputed 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, service-tax, as applicable, which have not been deposited on account of any dispute.

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

ix. The Company has not raised any moneys by way of initial public offer, further public offer (including debt instruments) and term loans. Accordingly, the provisions of Clause 3(ix) of the Order are not applicable to the Company.

x. 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 by the Company or on the Company by its officers or employees, noticed or reported during the year, nor have we been informed of any such case by the Management.

xi. There are no managerial personnel appointed by the Company under the provisions of Companies Act, 2013. Accordingly, the provisions of Clause 3(xi) of the Order are not applicable to the Company.

xii. As the Company is not a Nidhi Company and the Nidhi Rules, 2014 are not applicable to it, the provisions of Clause 3(xii) of the Order are not applicable to the Company.

xiii. The Company has entered into transactions with related parties in compliance with the provisions of Sections 177 and 188 of the Act. The details of such related party transactions have been disclosed in the financial statements as required under Accounting Standard (AS) 18, Related Party Disclosures specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.

xiv. The Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year under review. Accordingly, the provisions of Clause 3(xiv) of the Order are not applicable to the Company.

xv. The Company has not entered into any non-cash transactions with its directors or persons connected with him. Accordingly, the provisions of Clause 3(xv) of the Order are not applicable to the Company.

xvi. The Company is not required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934. Accordingly, the provisions of Clause 3(xvi) of the Order are not applicable to the Company.

For Lovelock & Lewes
Firm Registration Number: 301056E
Chartered Accountants
Sunit Kumar Basu
Partner
Membership Number:55000

Place: Hyderabad
Date: April 19, 2016

Balance Sheet

(All amounts in ₹, unless otherwise stated)

	Note	As at March 31, 2016	March 31, 2015
Equity and Liabilities			
Shareholders' Funds			
Share Capital	3	**5,00,000**	5,00,000
Reserves and Surplus	4	**(4,11,552)**	(4,12,443)
Current Liabilities			
Trade Payables	5		
Total outstanding dues of micro enterprises and small enterprises and		**–**	–
Total outstanding dues of creditors other than micro enterprises and small enterprises		**90,475**	19,913
Total		**1,78,923**	1,07,470
Assets			
Non-current assets			
Long-term loans and advances	6	**7,120**	7,120
Current Assets			
Cash and Bank balances	7	**1,57,802**	85,950
Other Current Assets	8	**14,001**	14,400
Total		**1,78,923**	1,07,470

The accompanying 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

Place: Hyderabad
Date: 19th April, 2016

For and on behalf of the Board of Directors

C.V. Sarma
Director

V. Radhakrishnan
Director

Place: Hyderabad
Date: 19th April, 2016

Statement of Profit and Loss

(All amounts in ₹, unless otherwise stated)

	Note	Year ended March 31, 2016	Year ended March 31, 2015
Revenue			
Operating Income	9	**7,20,000**	7,20,000
Other Income	10	**2,714**	–
Total Revenue		**7,22,714**	7,20,000
Expenses			
Employee Benefit Expenses	11	**–**	88,000
Other Expenses	12	**7,21,424**	6,28,283
Total Expenses		**7,21,424**	7,16,283
Profit/(Loss) before tax		**1,290**	3,717
Tax expense			
Current Tax		**399**	–
Deferred Tax		**–**	–
Profit/(Loss) for the year		**891**	3,717
Earnings per equity share: [Nominal Value per share: Rs.10 (2015: Rs.10)]			
Basic and Diluted	13	**0.02**	0.07

The accompanying 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

Place: Hyderabad
Date: 19th April, 2016

For and on behalf of the Board of Directors

C.V. Sarma
Director

V. Radhakrishnan
Director

Place: Hyderabad
Date: 19th April, 2016

Cash Flow Statement

(All amounts in ₹, unless otherwise stated)

	Year ended March 31, 2016	Year ended March 31, 2015
A. Cash Flow from Operating Activities		
Profit / (Loss) before taxation	**1,290**	3,717
Less: Liabilities no longer required written back	**(1,925)**	–
Changes in Working Capital:		
Increase / (Decrease) in trade payables	**72,487**	3,059
(Increase) / Decrease in other current assets	**–**	(14,400)
Cash (used in) /generated from Operations	**71,852**	(7,624)
Taxes paid	**–**	–
Net cash (used in) / generated from operating activities	**71,852**	(7,624)
B. Cash flow from Investing Activities:	**–**	–
C. Cash flow from Financing Activities	**–**	–
Net (decrease) / increase in cash and cash equivalents	**71,852**	(7,624)
Cash and Cash equivalents at the beginning of the year	**85,950**	**93,574**
Cash and Cash equivalents at the end of the year	**1,57,802**	85,950
Cash and cash equivalents comprise of:		
Cash on Hand	**–**	–
Balances with Banks	**1,57,802**	85,950
Total	**1,57,802**	85,950

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

Place: Hyderabad
Date: 19th April, 2016

For and on behalf of the Board of Directors

C.V. Sarma
Director

V. Radhakrishnan
Director

Place: Hyderabad
Date: 19th April, 2016

Notes to the financial statements
(All amounts in ₹, unless otherwise stated)

1 General Information

The Company 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. The only source of income of this company is from Estate Maintenance Services of the aforesaid property.

2 Summary of significant accounting policies

2.1 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, 2016	As at March 31, 2015
Authorised:		
50,000 (2015: 50,000) equity shares of Rs. 10 each	5,00,000	5,00,000
Issued:		
50,000 (2015: 50,000) equity shares of Rs. 10 each	5,00,000	5,00,000
Subscribed and paid up:		
50,000 (2015: 50,000) equity shares of Rs. 10 each	5,00,000	5,00,000
Total	5,00,000	5,00,000

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, 2016	As at March 31, 2015
Surplus / (Deficit) in Statement of Profit and Loss		
Balance as at the beginning of the year	(4,12,443)	(4,16,160)
Profit / (Loss) for the year	891	3,717
Balance as at the end of the year	(4,11,552)	(4,12,443)

5 Trade Payables

Trade Payables (Refer note 15 below)	90,475	19,913
Total	90,475	19,913

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	1,57,802	85,950
Total	1,57,802	85,950

8 Other Current Assets

TDS on Estate Maintenance Services (Net of Provision for tax - Rs. 399(2015 - Nil))	14,001	14,400
Total	14,001	14,400

9 Operating Income

	Year ended March 31, 2016	Year ended March 31, 2015
Income from Estate Maintenance Services	7,20,000	7,20,000
Total	7,20,000	7,20,000

10 Other Income

Liabilities written back to the extent no longer required	1,925	–
Miscellaneous Income	789	–
Total	2,714	–

11 Employee Benefit Expenses

Salary	–	88,000
Total	–	88,000

12 Other Expenses

Rent	68,107	64,596
Service Charges	39,225	38,700
Rates & Taxes	2,61,029	1,87,553
Water Charges	26,082	35,330
Payment to Auditors		
- Audit Fee	15,000	15,000
- Reimbursement of Expenses (including service tax)	4,805	2,921
Bank Charges	257	337
Professional Fees	86,539	45,187
Expenses on Estate Maintenance Service	2,20,380	2,38,659
Total	7,21,424	6,28,283

13 Earnings per share

Profit after tax	891	3,717
Weighted average number of equity shares	50,000	50,000
Basic and Diluted earnings per share (face value of Rs. 10 each)	0.02	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.

14 Segment Reporting

The Company operates in India in a single business segment and hence no further disclosure is being made.

15 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.

16 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) Key Management Personnel:

C.V. Sarma	Non Executive Director (w.e.f. 18.06.2015)
V. Radhakrishnan	Non Executive Director
P. K. Sen	Non Executive Director (ceased w.e.f. 18.06.2015)
J. Singh	Non Executive Director (ceased w.e.f. 06.03.2016)
B.R. Chaudhuri	Non Executive Director (w.e.f. 06.03.2016)

(c) Transactions / Balances

	Ultimate Holding Company March 31, 2016	Ultimate Holding Company March 31, 2015
Transactions:		
Payment of Internal Audit Fees (ITC Limited)	14,464	–
Income from Estate Maintenance Services (ITC Limited)	7,20,000	7,20,000
Balances at the end of the year	–	–

17 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, 2016

Your Board of Directors hereby submit their Third Report for the financial year ended 31st March, 2016.

COMPANY PERFORMANCE

Your Company commenced commercial production from its factory at Mangaldai, Assam in August, 2015 to cater to the fast-growing biscuits market in Assam and other North Eastern States.

During the year Company incurred a Net Loss of ₹ 11.98 crores mainly on account of initial stabilization of operations and other administrative expenses.

The summarized results of the Company are given in the table below:

Amount in Lakhs (₹)

Particulars	Financial Year Ended	
	31.03.2016	31.03.2015
Turnover	2532.84	–
Loss before Interest & Depreciation	292.38	11.73
Interest paid	499.86	–
Depreciation	405.39	–
Loss before Tax	1,197.63	11.73
Loss brought forward from previous year	47.28	35.55
Loss carried to Balance Sheet	1244.91	47.28

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.

The Independent Directors have confirmed that they meet the criteria of independence as laid down under Section 149(6) of the Act read with Rule 5 of the Companies (Appointment and Qualification of Directors) Rules, 2014.

KEY MANAGERIAL PERSONNEL

Ms. Komal Pansari, consequent to her resignation, ceased to be Manager and Company Secretary of the Company with effect from closure of work on 6th September, 2015.

Your Board of Directors, on the recommendation of the Nomination and Remuneration Committee, appointed Ms. Savitha Bai S. as the Manager and Company Secretary of the Company for a period not exceeding three years with effect from 1st March, 2016 in terms of the provisions of Section 196 and 203 read with Schedule V of the Act and Rule 8 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, subject to the approval of the Members of the Company.

Your Board recommends the above appointment for your approval; appropriate resolution in respect of the same is appearing in the Notice convening the Third Annual General Meeting of the Company.

BOARD AND BOARD COMMITTEES

During the financial year ended 31st March, 2016, the following meetings of the Board, Audit Committee and Nomination and Remuneration Committee were held :

Board / Board Committee	Number of Meetings held during the year	Dates of Meetings
Board	5	9th April, 2015
		28th April, 2015
		14th July, 2015
		3rd November, 2015
		9th February, 2016
Audit Committee	2	28th April, 2015
		9th February, 2016
Nomination and Remuneration Committee	2	28th April, 2015
		9th February, 2016

Attendance of the Directors of the Company at the Board / Board Committee Meetings held during the year is detailed below :

Board

Sl. No.	Name	Designation	No. of Meetings held	No. of Meetings attended
1.	Mr. M. Ganesan	Chairman & Non-Executive Director	5	5
2.	Mr. D. Ashok	Non-Executive Director	5	4
3.	Mr. S. Deka	Non-Executive Director	5	5
4.	Mr. P. Wali	Non-Executive Director	5	5
5.	Mr. R. G. Jacob	Independent Director	5	4
6.	Mr. K. V. Raghavaiah	Independent Director	5	4

Audit Committee

Sl. No.	Name	Designation	No. of Meetings held	No. of Meetings attended
1.	Mr. M. Ganesan	Chairman	2	2
2.	Mr. R. G. Jacob	Member	2	2
3.	Mr. K. V. Raghavaiah	Member	2	2

Nomination and Remuneration Committee

Sl. No.	Name	Designation	No. of Meetings held	No. of Meetings attended
1.	Mr. P Wali	Chairman	2	2
2.	Mr. S. Deka	Member	2	2
3.	Mr. R. G. Jacob	Member	2	2
4.	Mr. K. V. Raghavaiah	Member	2	2

EVALUATION OF THE BOARD'S PERFORMANCE

Your Board in terms of recommendation of the Nomination and Remuneration Committee has 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.

In pursuance of the same, an exercise was 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.

Performance evaluation of individual Directors was also carried out including the Chairman of the Board who were, inter alia, evaluated on parameters such as attendance, contribution at the meetings and independent judgment.

The Directors were satisfied with the evaluation results, which reflected the overall engagement of the Board and its Committees with the Company.

NOMINATION AND REMUNERATION POLICY

The Nomination and Remuneration Policy of the Company is guided by a set of principles, inter alia, pertaining to determining qualifications, positive attributes, integrity, independence and objectives particularly envisaged under Section 178 of the Act and the Articles of Association of the Company in respect of Directors, Key Managerial Personnel and employees of the Company.

The said Policy 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.

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.

SHARE CAPITAL OF THE COMPANY

During the financial year ended 31st March, 2016, the Company issued and allotted 96,66,667 equity shares of Rs. 10/- each at par and consequently 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.

PARTICULARS OF CONSERVATION OF ENERGY AND TECHNOLOGY ABSORPTION

Particulars as required under Section 134(3)(m) of the Act read with Rule 8 of the Companies (Accounts) Rules, 2014 relating to Conservation of Energy and Technology Absorption are provided under Annexure 2 to this Report.

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. 135.84 lakhs.

PARTICULARS OF LOAN, GUARANTEES OR INVESTMENTS

During the financial year ended 31st March, 2016, 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

Risk management is an integral part of the Company's strategy of organization and straddles its planning, execution and reporting processes and systems.

The Risk Management Policy & Framework of the Company is designed to address risks intrinsic to strategy, operations, financials and compliances arising out of the overall Company's strategy and aspirations for the future based on comprehensive planning, monitoring and review.

Corporate policies are in place setting out the philosophy and principles under which the management needs to conduct its operations within a control driven and risk managed environment. Risk focused audits are carried out periodically by the Internal Auditors, which lead to identification of areas where risk management processes need to be strengthened. The Audit Committee closely monitors the internal control environment and risk management systems within the Company including implementation of the action plan emerging out of internal audit findings. Annual update is provided to the Board on the effectiveness of the Company's risk management systems and policies.

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, internal audit of the systems, processes and compliances for all major areas of operations of the Company was carried out by the Internal Audit team of ITC Limited, the holding company.

PUBLIC DEPOSITS

During the year under review, the Company has not accepted any deposits from the public / Members under Section 73 of the Act read with the Companies (Acceptance of Deposits) Rules, 2014.

EXTRACT OF ANNUAL RETURN

The information required under Section 134(3)(a) of the Act read with Rule 12 of the Companies (Management and Administration) Rules, 2014 is provided under Annexure 3 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.

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 Third 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, 2016. During the year under review, the Auditors have not reported any matter under Section 143(12) of the Act; therefore no detail is required to be disclosed under Section 134(3)(ca) of the Act.

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, 2016, 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 4 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, 2016. During the year under review, the Secretarial Auditors have not reported any matter under Section 143(12) of the Act; therefore no detail is required to be disclosed under Section 134(3)(ca) of the Act.

PARTICULARS OF RELATED PARTY TRANSACTIONS

All related party transactions entered during the financial year were in the ordinary course of business and on arm's length basis.

Material related party transactions entered during the financial year by your Company is disclosed as required under Section 134(3)(h) of the Act read with Rule 8 of the Companies (Accounts) Rules, 2014 in Form AOC -2 in Annexure 5 of this Report.

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 / COURTS / TRIBUNALS

During the year under review, there were no significant or material orders passed by the regulators or courts or tribunals impacting the going concern status of the Company and its future operations.

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.

HUMAN RESOURCES DEVELOPMENT

Your Company has established an organization structure that is focused on delivering business results. During the year the focus of your Company was to ensure that young talent is nurtured and mentored consistently, that rewards and recognition are commensurate with performance and that employees have the opportunity to develop and grow. The Company provides a gender friendly work place and no case of sexual harassment was reported during the year.

Your Board of Directors record their sincere appreciation of the efforts of the committed team of employees.

Industrial Relation across the Company during the year under review was generally cordial.

ENVIRONMENT, HEALTH AND SAFETY

Your Company is committed to conducting its operations with due regard to environment and providing a safe and healthy work place for each employee.

In the first year of Company's operations, major focus has been on training and motivating the workmen towards Environment, Health and Safety. Your Company organised training and certification programme with Indian Red Cross Society for around 20 employees so that First Aid providers are available in every shift.

World Environment Day was observed within the factory premises and also in the vicinity by distributing plants for plantation among villagers for creating awareness. National Safety Week - 2016 was celebrated with the theme 'Strengthen Safety Movement to Achieve Zero Harm' with training sessions regarding safety at Machine Guarding, Housekeeping, Road Safety and Earthquake Safety, etc. Fire safety drills are organised at regular intervals including training to security team to handle fire emergency.

Your Company has provided and maintained facilities, equipment, operations and working conditions which are safe for the employees and visitors to its factory.

ACKNOWLEDGEMENT

The Directors record their appreciation for the assistance rendered to the Company by its Members, Banks, and various authorities under the Central and State Governments.

Your Directors look forward to the future with confidence.

By Order Of The Board

North East Nutrients Private Limited

Dated: 25th April, 2016	**(M. Ganesan)**	**(D. Ashok)**
Place : 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 also required to formulate the criteria for identifying persons who are qualified to become Directors determining qualifications, positive attributes and independence of a Director apart from identifying persons who may be appointed in senior management. The policy would be required to be disclosed in the Board's Report as applicable in terms of the Act.

2. POLICY

In compliance of the above requirements, the Board of Directors of the Company have adopted this Nomination and Remuneration Policy, as recommended by the Committee, which would be reviewed by the Committee as and when required and the same shall be subject to the provisions of the Act and Articles of Association of the Company.

3. POLICY OBJECTIVES

The Nomination and Remuneration Policy is guided by a set of principles, inter alia, pertaining to determining qualifications, positive attributes, integrity, independence, remuneration and objectives particularly envisaged under Section 178 of the Act and the Articles of Association of the Company in respect of Directors, KMP and employees of the Company.

The key objectives of the Policy, inter alia, includes the following :

a) Enable the Company to attract, retain and motivate appropriately qualified persons / members for the Board and executive level.

b) Enable the Company to provide a well-balanced and performance-led compensation package, taking into account industry standards and relevant Indian corporate regulations.

c) Ensure that the interests of the Directors, KMP and senior management are aligned with the business strategy and risk tolerance, objectives, values and long-term interests of the Company and be consistent with the 'Pay for Performance' principle as applicable.

d) Ensure that the remuneration of Directors, KMP and senior management involves a balance between fixed and incentive pay reflecting short and long-term performance objectives appropriate to the working of the Company, its policies and its goals.

4. APPOINTMENT AND REMOVAL OF DIRECTOR, KMP AND SENIOR MANAGEMENT

1. Appointment criteria and qualifications:

a) In terms of the Articles of Association of the Company, the Board shall have six Non-Executive Directors consisting two Independent Directors, three Directors nominated by ITC Limited (Holding Company) and one Director nominated by SRD. The Party nominating the Director may withdraw its nominated Director and nominate another Director in his place.

b) The Committee shall identify and ascertain the integrity, qualification, expertise and experience of the person for appointment as Independent Director, KMP or at senior management level and recommend to the Board his / her appointment. The Committee has discretion to decide whether qualification, expertise and experience possessed by a person are sufficient / satisfactory for the concerned position.

c) An Independent Director shall possess appropriate skills, experience and knowledge in one or more fields of finance, law, management, sales, marketing, administration, human resources, research, corporate governance, operations or other disciplines related to the Company's business.

d) An Independent Director shall be a person of integrity, who possesses relevant expertise and experience and who shall uphold ethical standards of integrity and probity; act objectively and constructively; exercise his responsibilities in a bona-fide manner in the interest of the Company; devote sufficient time and attention to his professional obligations for informed and balanced decision making; and assist the Company in implementing the best corporate governance practices.

e) An Independent Director should meet the requirements of the Act and Rules made thereunder concerning independence of Directors.

2. Term / Tenure

a) Managing Director / Whole-time Director / Manager (Managerial Person):

The Company may appoint or re-appoint any person as its Managerial Person in terms of the provisions of the Act and Articles of Association of the Company, for a term not exceeding five years at a time. No re-appointment shall be made earlier than one year before the expiry of term.

b) Non-Executive Director :

The term of the Non-Executive Directors, unless otherwise specified, shall be in accordance with the Articles of Association of the Company.

c) Non- Executive Independent Director:

An Independent Director shall hold office for a term up to five consecutive years on the Board of the Company and will be eligible for re-appointment on passing of a special resolution by the Company and disclosure of such appointment in the Board's Report.

No Independent Director shall hold office for more than two consecutive terms, but such Independent Director shall be eligible for appointment after expiry of three years of ceasing to become an Independent Director. The Independent Director shall, during the said period of three years, not be appointed in or be associated with the Company in any other capacity, either directly or indirectly.

d) KMP and Senior Management:

The term of the KMP (other than the Managing / Whole-time Director / Manager) and senior management shall be decided on a case to case basis.

3. Evaluation:

The Committee shall identify evaluation criteria based on which Directors will evaluate knowledge to perform the role, time and level of participation, performance of duties, level of oversight, professional conduct and independence.

In conformity with the requirement of the Act, the performance evaluation of Independent Directors shall be done by entire Board excluding the Director being evaluated.

The Independent Directors of the Company shall hold atleast one meeting in a year to review the performance of Non-Independent Directors, performance of the Chairman of the Company and the Board as a whole, assess the quality, quantity and timeliness of flow of information between the Company management and the Board that is necessary for the Board to effectively and reasonably perform their duties.

4. Induction:

As required by the provisions of Schedule IV to the Act, the Company will impart familiarisation programmes for Independent Directors inducted on the Board of the Company. The Familiarisation Programmes will provide information relating to the Company, its growth plans, the peculiarities of the industry in which the Company operates, its long term plans and objectives and also improve awareness of the Independent Directors on their roles, rights, responsibilities towards the Company.

5. Removal :

Due to reasons for any disqualification mentioned in the Act and Rules made thereunder or under any other applicable statutes or the Articles of Association of the Company, the Committee may recommend to the Board with reasons recorded in writing, removal of a Director, KMP or senior management.

6. Retirement:

The Director(s), KMP and senior management shall retire as per the applicable Service Rules, provisions of the Act and the Articles of Association of the Company. The Board shall have the discretion to retain the Director, KMP, senior management in the same position / remuneration or otherwise even after attaining the retirement age, for the benefit of the Company, subject to necessary approvals as may be required under the Act.

5. REMUNERATION OF DIRECTOR, KMP AND OTHER EMPLOYEES

1. Remuneration payable to Non-Executive Directors

The Non-Executive Non-Independent Directors of the Company shall not be paid any commission or fee for attending the meetings. However, they shall be entitled to all travelling, hotel or other expenses incurred by them in attending and returning from the meetings of the Board, Committees, or General Meetings of the Company, including adjourned meetings thereof, and generally in connection with the business of the Company.

2. Remuneration payable to Non-Executive Independent Directors

The Board shall, in consultation with the Committee, approve the remuneration by way of sitting fees payable to Non-Executive Independent Directors, which shall take into account the Company's overall performance, Directors' contribution for the same and trends in the industry in general, in a manner which will ensure and support a high performance culture.

The Non-Executive Independent Directors shall be paid sitting fees for attending the Board and Committee Meetings, Independent Directors' Meeting, as may be approved by the Board based on the recommendation of the Committee subject to the ceiling stipulated in the Act and the Rules made thereunder. In addition to the above, they shall be entitled to reimbursement of all reasonable expenses as may be incurred by them, while performing their role as an Independent Director of the Company including obtaining, subject to prior consultation with the Board, professional advice from independent advisors in the furtherance of their duties as an Independent Director.

Increments to the existing remuneration structure may be recommended by the Committee to the Board and shall be subject to approval of Members of the Company, wherever required.

3. Remuneration of KMP and Employees (other than KMP) and Workmen

The Board shall, in consultation with the Committee, approve the remuneration to be paid to KMP in accordance with the statutory provisions of the Act and the Rules made thereunder. It shall also be subject to the approval of the Members of the Company and Central Government, wherever required.

The remuneration of other employees (other than KMP) and workmen shall be approved by the Board and will be such as to ensure that the relationship of remuneration to performance is clear and meets appropriate performance benchmarks relevant to the industry.

6. DEVIATIONS FROM THIS POLICY

Deviations on elements of this Policy in extraordinary circumstances, when deemed necessary in the interests of the Company, will be made if there are specific reasons to do so in an individual case.

7. OTHER PROVISIONS

This Policy shall continue to guide all future employment of Directors, Company's senior management including KMP and other employees / workmen as applicable.

Any matter not provided for in this Policy shall be dealt with in accordance with the provisions in the Articles of Association of the Company, the Act, relevant state laws and other applicable statutes. The right to interpret this Policy shall vest in the Board of Directors of the Company.

8. DISCLOSURE OF INFORMATION

Information on the total remuneration of the Company's Board of Directors, KMP / senior management may be disclosed in the Company's annual financial statements as per statutory requirements. This includes any deferred payments and extraordinary contracts during the preceding financial year.

9. AMENDMENTS

Amendments from time to time to the Policy, if any, shall be considered by the Board based on the recommendations of the Committee and / or as may be required by the changes in the regulatory framework.

Annexure - 2

CONSERVATION OF ENERGY & TECHNOLOGY ABSORPTION

A. CONSERVATION OF ENERGY

[Information under Section 134(3)(m) of the Companies Act, 2013 read with Rule 8 of the Companies (Accounts) Rules, 2014]

Fuel

1. Business worked on reduction of fuel consumption in baking ovens through :
   a. Optimization of oven profile through closed feedback system to reduce stack losses.
   b. Implementation of waste heat recovery to improve thermal efficiency.

   This resulted in thermal energy savings of 94 GJ in FY15-16.
2. Business inducted up-draft gasification technology capable of using multi fuel biomass options (renewable, carbon neutral fuel) which can be deployed to substitute conventional fossil fuel and thereby creating saving potential of 3357 tons of CO_2 generation per annum.

   Total capital investment on thermal energy savings / alternate source of energy is ₹ 500 Lakhs.

Electricity

Reduction in electricity load by way of :

a. Implementation of LED Lights in process halls and street lights.
b. Implementation of LED Solar Lights for compound lighting.
c. Natural day lighting in process hall.

As a result of this, there has been an annual saving of 100 MW of electrical energy for the Company.

B. TECHNOLOGY ABSORPTION

[Information under Section 134(3)(m) of the Companies Act, 2013 read with Rule 8 of the Companies (Accounts) Rules, 2014]

1. Installation and commissioning of high speed integrated and yet flexible packaging set-up on crème line to drive productivity, quality consistency and resulting in cost reduction.
2. Installation and commissioning of automated set-up for dust free raw material handling to drive process improvement in terms of maintenance of hygienic environment ensuring food safety.
3. Installation and commissioning of new stacking technology on crème line to drive product quality improvement.
4. Installation of state of the art technology on a pilot scale to recycle solid waste targeting zero plastic waste disposal from factory.
5. During the year under review there has been no expenditure incurred towards Research & Development.

Annexure - 3

Form No. MGT-9

EXTRACT OF ANNUAL RETURN

for the financial year ended on 31st March, 2016

[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
1.	Manufacture of Biscuits	10712	100

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES -

Sl. No.	Name and address of the company	CIN / GLN	Holding/Subsidiary/ Associate	% of Shares Held	Applicable Section
1.	ITC Limited, Virginia House, 37 Jawaharlal Nehru Road, Kolkata – 700071	L16005WB1910PLC001985	Holding Company	76	Section 2(46) of the Companies Act, 2013

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

(i) Category-wise Share Holding

Category of Shareholders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
A. Promoters									
(1) Indian									
a) Individual/HUF	–	1,52,00,000	1,52,00,000	24	–	1,75,20,000	1,75,20,000	24	Nil
b) Central Govt.	–	–	–	–	–	–	–	–	–
c) State Govt.(s)	–	–	–	–	–	–	–	–	–
d) Bodies Corp.	–	4,81,33,333	4,81,33,333	76	-	5,54,80,000	5,54,80,000	76	Nil
e) Banks / FI	–	–	–	–	–	–	–	–	–
f) Any Other	–	–	–	–	–	–	–	–	–
Sub-total (A)(1)	**–**	**6,33,33,333**	**6,33,33,333**	**100**	**–**	**7,30,00,000**	**7,30,00,000**	**100**	**Nil**
(2) Foreign									
a) NRIs - Individuals	–	–	–	–	–	–	–	–	–
b) Other – Individuals	–	–	–	–	–	–	–	–	–
c) Bodies Corp.	–	–	–	–	–	–	–	–	–
d) Banks / FI	–	–	–	–	–	–	–	–	–
e) Any Other	–	–	–	–	–	–	–	–	–
Sub-total (A)(2)	–	–	–	–	–	–	–	–	–
Total shareholding of Promoter (A) = (A)(1)+(A)(2)	**–**	**6,33,33,333**	**6,33,33,333**	**100**	**–**	**7,30,00,000**	**7,30,00,000**	**100**	**Nil**

Category of Shareholders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
B. Public Shareholding									
1. Institutions									
a) Mutual Funds	–	–	–	–	–	–	–	–	–
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 ₹ 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)	–	**6,33,33,333**	**6,33,33,333**	**100**	–	**7,30,00,000**	**7,30,00,000**	**100**	**Nil**

(ii) Shareholding of Promoters

Sl. No.	Shareholder's Name	Shareholding at the beginning of the year			Shareholding at the end of the year			% change in shareholding during the year
		No. of Shares	% of total Shares of the Company	% of Shares pledged / encumbered to total Shares	No. of Shares	% of total Shares of the Company	% of Shares pledged / encumbered to total Shares	
1.	ITC Limited	4,81,33,333	76	Nil	5,54,80,000	76	Nil	Nil
2.	Mr. Mukul Chandra Deka	38,00,000	6	6	43,80,000	6	6	Nil
3.	Mr. Rajib Kumar Deka	38,00,000	6	6	43,80,000	6	6	Nil
4.	Mr. Anupam Deka	38,00,000	6	6	43,80,000	6	6	Nil
5.	Mr. Samrat Deka	38,00,000	6	6	43,80,000	6	6	Nil
TOTAL		**6,33,33,333**	**100**	**24**	**7,30,00,000**	**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	4,81,33,333	76.00	4,81,33,333	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):				
	9th April, 2015 (Rights issue)	46,89,200	6.75	5,28,22,533	76.00
	28th April, 2015 (Rights issue)	26,57,467	3.64	5,54,80,000	76.00
	At the end of the year	5,54,80,000	76.00	5,54,80,000	76.00
2.	**Mr. Mukul Chandra Deka**				
	At the beginning of the year	38,00,000	6.00	38,00,000	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):				
	9th April, 2015 (Rights issue)	3,70,200	0.53	41,70,200	6.00
	28th April, 2015 (Rights issue)	2,09,800	0.29	43,80,000	6.00
	At the end of the year	43,80,000	6.00	43,80,000	6.00
3.	**Mr. Rajib Kumar Deka**				
	At the beginning of the year	38,00,000	6.00	38,00,000	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):				
	9th April, 2015 (Rights issue)	3,70,200	0.53	41,70,200	6.00
	28th April, 2015 (Rights issue)	2,09,800	0.29	43,80,000	6.00
	At the end of the year	43,80,000	6.00	43,80,000	6.00

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
4	**Mr. Anupam Deka**				
	At the beginning of the year	38,00,000	6.00	38,00,000	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):				
	9th April, 2015 (Rights issue)	3,70,200	0.53	41,70,200	6.00
	28th April, 2015 (Rights issue)	2,09,800	0.29	43,80,000	6.00
	At the end of the year	43,80,000	6.00	43,80,000	6.00
5.	**Mr. Samrat Deka**				
	At the beginning of the year	38,00,000	6.00	38,00,000	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):				
	9th April, 2015 (Rights issue)	3,70,200	0.53	41,70,200	6.00
	28th April, 2015 (Rights issue)	2,09,800	0.29	43,80,000	6.00
	At the end of the year	43,80,000	6.00	43,80,000	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	38,00,000	6.00	38,00,000	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.) :				
	9th April, 2015 (Rights issue)	3,70,200	0.53	41,70,200	6.00
	28th April, 2015 (Rights issue)	2,09,800	0.29	43,80,000	6.00
	At the end of the year	43,80,000	6.00	43,80,000	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. Savitha Bai S. (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	
Total (i+ii+iii)	**Nil**	**Nil**	**Nil**	**Nil**
Change in Indebtedness during the financial year • Addition • Reduction	₹ 78.00 Crores	Nil	Nil	₹ 78.00 Crores
Net Change	₹ 78.00 Crores	Nil	Nil	₹ 78.00 Crores
Indebtedness at the end of the financial year i) Principal Amount ii) Interest due but not paid iii) Interest accrued but not due	₹ 78.00 Crores – ₹ 2.06 Crores			₹ 78.00 Crores – ₹ 2.06 Crores
Total (i+ii+iii)	**₹ 80.06 Crores**	**Nil**	**Nil**	**₹ 80.06 Crores**

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	Name of MD / WTD / Manager Ms. Komal Pansari (Manager & Company Secretary) (refer note)	Name of MD / WTD / Manager Ms. Savitha Bai S (Manager & Company Secretary) (refer note)	Total
1.	Gross salary :			
	(a) Salary as per provisions contained in Section 17(1) of the Income-tax Act, 1961	2,39,794.00	51,475.00	2,91,269.00
	(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)		**2,39,794.00**	**51,475.00**	**2,91,269.00**
Ceiling as per the Companies Act, 2013				**42,00,000 p.a.**

Note:

1. Ms. K. Pansari resigned from the services of the Company with effect from closure of work on 6th September, 2015 and the remuneration referred in above is for the period from 1st April, 2015 till 6th September, 2015.
2. Ms. S. Bai has been appointed as the Manager and Company Secretary of the Company with effect from 1st March, 2016 and the remuneration referred in above is for the month of March, 2016.

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

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	1,20,000.00	1,20,000.00	2,40,000.00
	• Commission	–	–	–
	• Others, please specify	–	–	–
	Total (1)	**1,20,000.00**	**1,20,000.00**	**2,40,000.00**

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)						**2,40,000.00**
Total Managerial Remuneration (A) + (B)						**5,31,269.00**
Overall ceiling as per the Companies Act, 2013						**42,00,000 p.a.**

** The remuneration details of the Manager of the Company is 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.

C. Remuneration to Key Managerial Personnel other than Managing Director / Manager / Whole-time Director: (Amount in ₹)

Sl. No.	Particulars of Remuneration	Key Managerial Personnel Mr. Anindya Sengupta (Chief Financial Officer)
1.	Gross salary :	
	(a) Salary as per provisions contained in Section 17(1) of the Income-tax Act, 1961	18,41,543.00
	(b) Value of perquisites under Section 17(2) of the Income-tax Act, 1961	52,400.00
	(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)		**18,93,943.00**

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: 25th April, 2016
Bengaluru

(M. GANESAN) CHAIRMAN
(D. ASHOK) DIRECTOR

Annexure - 4

SECRETARIAL AUDIT REPORT

FOR THE FINANCIAL YEAR ENDED 31st Day of March, 2016

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

To,

The Members,

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, 2016 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, 2016 according to the provisions of:

I. The Companies Act, 2013(the Act) and the rules made thereunder;

II. The following other laws specifically applicable to the Company includes :
   a) Food Safety & Standards Act, 2006 and Rules
   b) Legal Metrology Act, 2009 and Rules
   c) Factories Act, 1948 and Rules
   d) Industrial (Development and Regulation) Act, 1951 and Rules
   e) Contract Labour (Regulation and Abolition) Act, 1970 and Rules
   f) Workmen's Compensation Act, 1923 and Rules

We have also examined the compliance by the Company of the following statutory standards:

a. The Secretarial Standards (SS - 1 and SS – 2) issued by the Institute of Company Secretaries of India.

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.

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 period under review:

1. the Company has issued 61,70,000 & 34,96,667 Equity shares on 09.04.2015 & 28.04.2015, respectively on Rights Issue Basis.

For K. Arun & Co.
Company Secretaries
Arun Kr. Khandelia
Partner
C.P. No.: 2270

Place : Kolkata
Date : 25.04.2016

Annexure - 5

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

(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	Russell Credit Limited, Fellow Subsidiary	ITC Limited, Holding Company
(b)	Nature of contracts / arrangements / transactions	Secured Inter-Corporate loan of ₹ 73 Crores	Manufacturing & Sale Agreement
(c)	Duration of the contracts / arrangements / transactions	Not exceeding seven years from the date of first disbursement of loan	Period of five years from the date of execution of agreement
(d)	Salient terms of the contracts or arrangements or transactions including the value, if any	Interest payable on quarterly basis @ 12% per annum	Value of transaction during the year ₹ 25.36 Crores.
(e)	Date(s) of approval by the Board	28th April, 2015	17th August, 2015
(f)	Amount paid as advances, if any:	Nil	Nil

By order of the Board
NORTH EAST NUTRIENTS PRIVATE LIMITED

Dated: 25th April, 2016
Bengaluru

(M. GANESAN) CHAIRMAN
(D. ASHOK) DIRECTOR

INDEPENDENT AUDITOR'S 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 March 31, 2016, the Statement of Profit and Loss and 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 prescribed under section 133 of the Act, as applicable.

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 and the Order under section 143 (11) of the Act.

We conducted our audit of the financial statements 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. 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, 2016, 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 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 prescribed under section 133 of the Act, as applicable.
   e) On the basis of the written representations received from the directors as on March 31, 2016 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2016 from being appointed as a director in terms of Section 164 (2) of the Act.
   f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure A". Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the Company's internal financial controls over financial reporting.
   g) With respect to the other matters to be included in the Auditor's Report in accordance with 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.
2. As required by the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Central Government in terms of Section 143(11) of the Act, we give in "Annexure B" a statement on the matters specified in paragraphs 3 and 4 of the Order.

For DELOITTE HASKINS & SELLS
Chartered Accountants
(Firm's Registration No.302009E)

Ketan Vora
(Partner)
(Membership No. 100459)

MUMBAI, April 25, 2016

ANNEXURE "A" TO THE INDEPENDENT AUDITOR'S REPORT

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

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

We have audited the internal financial controls over financial reporting of NORTH EAST NUTRIENTS PRIVATE LIMITED ("the Company") as of March 31, 2016 in conjunction with our audit of the financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

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

Auditor's Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") issued by the Institute of Chartered Accountants of India and the Standards on Auditing prescribed under Section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding

of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

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

Meaning of Internal Financial Controls Over Financial Reporting

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

Inherent Limitations of Internal Financial Controls Over Financial Reporting

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

Opinion

In our opinion, to the best of our information and according to the explanations given to us, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2016, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

For DELOITTE HASKINS & SELLS
Chartered Accountants
(Firm's Registration No.302009E)

Ketan Vora
(Partner)
MUMBAI, April 25, 2016 (Membership No. 100459)

ANNEXURE B TO THE INDEPENDENT AUDITOR'S REPORT

(Referred to in paragraph 2 under 'Report on Other Legal and Regulatory Requirements' section of our report of even date)

(i) In respect of fixed assets

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

(b) The fixed assets were physically verified during the year by the Management in accordance with a regular programme of verification which, in our opinion, provides for physical verification of all the fixed assets at reasonable intervals. According to the information and explanation given to us, no material discrepancies were noticed on such verification.

(c) With respect to immovable properties of land and buildings that are freehold, according to the information and explanations given to us and the records examined by us and based on the examination of the registered sale deed provided to us, we report that, the title deeds of such immovable properties are held in the name of the Company as at the balance sheet date.

(ii) As explained to us, the inventories were physically verified during the year by the Management at reasonable intervals and no material discrepancies were noticed on physical verification.

(iii) The Company has not granted any loans, secured or unsecured, to companies, firms, Limited Liability Partnerships or other parties covered in the register maintained under section 189 of the Companies Act, 2013.

(iv) The Company has not granted any loans, made investments or provide guarantees and hence reporting under clause (iv) of the CARO 2016 Order is not applicable.

(v) According to the information and explanations given to us, the Company has not accepted any deposit.

(vi) The maintenance of cost records has not been specified by the Central Government under section 148(1) of the Companies Act, 2013.

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

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

(b) There are no dues of Income-tax, Sales Tax, Service Tax, Customs Duty, Excise Duty and Value Added Tax as on March 31, 2016 on account of disputes.

(viii) The Company has not taken any loans or borrowings from financial institutions, banks and government or has not issued any debentures. Hence reporting under clause (viii) of CARO 2016 Order is not applicable to the Company.

(ix) The Company has not raised moneys by way of initial public offer or further public offer (including debt instruments) or term loans and hence reporting under clause (ix) of the CARO 2016 Order is not applicable.

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

(xi) In our opinion and according to the information and explanations given to us, the Company has paid / provided managerial remuneration in accordance with the requisite approvals mandated by the provisions of section 197 read with Schedule V to the Companies Act, 2013.

(xii) The Company is not a Nidhi Company and hence reporting under clause (xii) of the CARO 2016 Order is not applicable.

(xiii) In our opinion and according to the information and explanations given to us the Company is in compliance with Section 188 and 177 of the Companies Act, 2013, where applicable, for all transactions with the related parties and the details of related party transactions have been disclosed in the financial statements etc. as required by the applicable accounting standards.

(xiv) During the year the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures and hence reporting under clause (xiv) of CARO 2016 Order is not applicable to the Company.

(xv) In our opinion and according to the information and explanations given to us, during the year the Company has not entered into any non-cash transactions with its directors or directors of its holding, subsidiary or associate company or persons connected with him and hence provisions of section 192 of the Companies Act, 2013 are not applicable.

(xvi) The Company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934.

For DELOITTE HASKINS & SELLS
Chartered Accountants
(Firm's Registration No.302009E)

Ketan Vora
(Partner)
MUMBAI, April 25, 2016 (Membership No. 100459)

BALANCE SHEET AS AT 31st MARCH, 2016

	Note	As at 31st March,2016 (₹)	As at 31st March,2015 (₹)
EQUITY AND LIABILITIES			
Shareholders' funds			
Share capital	2	**730,000,000**	633,333,330
Reserves and surplus	3	**(124,491,103)**	(4,728,378)
		605,508,897	628,604,952
Non-current liabilities			
Long-term borrowings	4	**608,333,333**	–
Long-term provisions	5	**679,456**	–
		609,012,789	–
Current liabilities			
Short-term borrowings	6	**50,000,000**	–
Trade payables:			
(a) total outstanding dues of micro enterprises and small enterprises		–	–
(b) total outstanding dues of creditors other than micro enterprises and small enterprises		**44,993,098**	317,316
Other current liabilities	7	**158,842,685**	63,252,858
		253,835,783	63,570,174
TOTAL		**1,468,357,469**	692,175,126
ASSETS			
Non-current assets			
Fixed assets	8		
Tangible assets		**1,198,612,909**	39,734,710
Capital work-in-progress - Tangible assets		**80,710,365**	475,092,541
		1,279,323,274	514,827,251
Long-term loans and advances	9	**10,461,302**	126,860,887
		1,289,784,576	641,688,138
Current assets			
Inventories	10	**49,429,559**	–
Trade receivables	11	**38,110,007**	–
Cash and bank balances	12	**25,595,891**	49,063,581
Short-term loans and advances	13	**65,359,967**	1,418,665
Other current assets	14	**77,469**	4,742
		178,572,893	50,486,988
TOTAL		**1,468,357,469**	692,175,126

The accompanying notes 1 to 24 are an integral part of the Financial Statements

In terms of our report attached
For Deloitte Haskins & Sells
Chartered Accountants

KETAN VORA
Partner

Mumbai, 25th April, 2016

For and on behalf of the Board of Directors

P. WALI
Director

A. SENGUPTA
Chief Financial Officer

M. GANESAN
Chairman

S. BAI
Manager & Company Secretary

Bengaluru, 25th April, 2016

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31ST MARCH, 2016

	Note	For the year ended 31st March,2016 (₹)	For the year ended 31st March,2015 (₹)
Gross Income	15	**288,770,288**	3,186,898
Gross revenue from sale of products	16	**253,587,712**	–
Less: Excise duty		**304,108**	–
Net revenue from sale of products		**253,283,604**	–
Other operating revenue	17	**34,810,102**	–
Revenue from operations		288,093,706	–
Other income	18	**372,474**	3,186,898
Total revenue		**288,466,180**	3,186,898
Expenses			
Cost of materials consumed	19	**221,063,492**	–
Changes in inventories of finished goods	20	**(16,204,907)**	–
Employee benefits expense	21	**24,224,683**	554,063
Finance costs	22	**49,985,752**	–
Depreciation and amortisation expense		**40,538,656**	–
Other expenses	23	**88,621,229**	3,806,373
Total expenses		**408,228,905**	4,360,436
Loss for the year		**(119,762,725)**	(1,173,538)
Earnings per equity share (Face value ₹ 10 each)	24(i)		
Basic and Diluted		**(1.65)**	(0.04)

The accompanying notes 1 to 24 are an integral part of the Financial Statements

In terms of our report attached
For Deloitte Haskins & Sells
Chartered Accountants

KETAN VORA
Partner

Mumbai, 25th April, 2016

For and on behalf of the Board of Directors

P. WALI
Director

A. SENGUPTA
Chief Financial Officer

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Chairman

S. BAI
Manager & Company Secretary

Bengaluru, 25th April, 2016

CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2016

	For the year ended 31st March,2016 (₹)		For the year ended 31st March,2015 (₹)	
A. Cash Flow From Operating Activities				
Loss for the year		**(119,762,725)**		(1,173,538)
Adjustment for:				
Depreciation and Amortisation expenses	**40,538,656**		–	
Finance costs	**49,985,752**		–	
Interest income	**(369,169)**		(3,186,898)	
Operating loss before working capital changes		**(29,607,486)**		(4,360,436)
Changes in working capital:				
Adjustment for (increase) / decrease in operating assets:				
Trade receivables, Loans and Advances and Other Assets	**(105,860,796)**		(1,370,538)	
Inventories	**(49,429,559)**		–	
Adjustment for increase / (decrease) in operating liabilities:				
Trade payables, Other Liabilities and Provisions	**48,693,771**		(7,074)	
		(106,596,584)		(1,377,612)
Cash generated from operations		**(136,204,070)**		(5,738,048)
Net Income Tax (paid) / refunds		**(1,280,605)**		(75,745)
Net cash used in operating activities (A)		**(137,484,675)**		(5,813,793)
B. Cash Flow from Investing Activities				
Capital expenditure on fixed assets, including capital advances	**(733,631,279)**		(484,699,585)	
Purchase of current investments	**–**		(361,587,396)	
Sale/Redemption of current investments	–		410,696,306	
Interest received on bank deposits	**296,442**		676,956	
Investment in bank deposits	–		(500,000)	
(original maturity more than 3 months)				
Redemption/maturity in bank deposits	**500,000**		–	
(original maturity more than 3 months)				
Dividend income from current investments received	–		987,396	
		(732,834,837)		(434,426,323)
Net cash used in investing activities (B)		**(732,834,837)**		(434,426,323)
C. Cash Flow from Financing Activities				
Proceeds from issue of share capital	**96,666,670**		483,333,330	
Proceeds from long term borrowings	**730,000,000**		–	
Proceeds from short term borrowings	**50,000,000**			
Interest paid	**(29,314,848)**		–	
		847,351,822		483,333,330
Net cash generated from financing activities (C)		**847,351,822**		483,333,330
Net increase / (decrease) in cash and cash equivalents (A+B+C)		**(22,967,690)**		43,093,214
Cash and cash equivalents at the beginning of the year		**48,563,581**		5,470,367
Cash and cash equivalents at the end of the year		**25,595,891**		48,563,581

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	**25,595,891**	48,563,581
Other bank balances	**–**	500,000
Cash and bank balances (Refer Note 12)	**25,595,891**	49,063,581

The accompanying notes 1 to 24 are an integral part of the Financial Statements

In terms of our report attached
For Deloitte Haskins & Sells
Chartered Accountants

KETAN VORA
Partner

Mumbai, 25th April, 2016

For and on behalf of the Board of Directors

P. WALI
Director

A. SENGUPTA
Chief Financial Officer

M. GANESAN
Chairman

S. BAI
Manager & Company Secretary

Bengaluru, 25th April, 2016

1 CORPORATE INFORMATION AND 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 has set up a biscuits manufacturing facility at Mangaldai, Assam. The unit has commenced commercial production on 29th August, 2015.

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 (or other amount substituted for cost), less its residual value, over their useful lives as specified in the Schedule II to the Companies Act, 2013. Leasehold properties are amortised over the period of the lease.

To amortise capitalised software costs over a period of five years.

Government Grants

"Government Grants and subsidies are recognised when there is reasonable assurance that the company will comply with the conditions attached to them and the grants/subsidies will be received."

A Capital Subsidy

Capital subsidy related to depreciable fixed assets is treated as deferred income and recognised in the statement of profit and loss on a systematic basis over the useful life of the asset.

B Grants related to revenue - Value added tax and Central sales tax benefits

Government grants related to revenue are recognised in the statement of profit and loss on a systematic basis over the periods to which they relate.

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 on transfer of significant risks and rewards, 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 if there are 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."

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.

Borrowing costs

Borrowing costs include interest, amortisation of ancillary costs incurred and exchange differences arising from foreign currency borrowings to the extent they are regarded as an adjustment to the interest cost. Costs in connection with the borrowing of funds to the extent not directly related to the acquisition of qualifying assets are charged to the Statement of Profit and Loss over the tenure of the loan. Borrowing costs, allocated to and utilised for qualifying assets, pertaining to the period from commencement of activities relating to construction / development of the qualifying asset upto the date of capitalisation of such asset are added to the cost of the assets. Capitalisation of borrowing costs is suspended and charged to the Statement of Profit and Loss during extended periods when active development activity on the qualifying assets is interrupted.

Segment reporting

The Company identifies primary segments based on the dominant source, nature of risks and returns and the internal organisation and management structure. The operating segments are the segments for which separate financial information is available and for which operating profit / loss amounts are evaluated regularly by the executive Management in deciding how to allocate resources and in assessing performance.

Leases

Lease arrangements where the risks and rewards incidental to ownership of an asset substantially vest with the lessor are recognised as operating leases. Lease rentals under operating leases are recognised in the Statement of Profit and Loss on a straight-line basis over the lease term.

Impairment of assets

The carrying values of assets / cash generating units at each balance sheet date are reviewed for impairment if any indication of impairment exists.

If the carrying amount of the assets exceed the estimated recoverable amount, an impairment is recognised for such excess amount. The impairment loss is recognised as an expense in the Statement of Profit and Loss, unless the asset is carried at revalued amount, in which case any impairment loss of the revalued asset is treated as a revaluation decrease to the extent a revaluation reserve is available for that asset.

The recoverable amount is the greater of the net selling price and their value in use. Value in use is arrived at by discounting the future cash flows to their present value based on an appropriate discount factor.

When there is indication that an impairment loss recognised for an asset (other than a revalued asset) in earlier accounting periods no longer exists or may have decreased, such reversal of impairment loss is recognised in the Statement of Profit and Loss, to the extent the amount was previously charged to the Statement of Profit and Loss. In case of revalued assets such reversal is not recognised.

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.

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. To determine the liabilities towards Gratuity and employee leave encashment in the nature of defined benefit/contribution scheme by an independent actuarial valuation as per the requirements of Accounting Standard - 15 on "Employee Benefits". These schemes are unfunded. To determine actuarial gains or losses and to recognise such gains or losses immediately in Statement of Profit and Loss as income or expense.

NOTES TO THE FINANCIAL STATEMENTS

	As at 31st March, 2016 (No. of shares)	As at 31st March, 2016 Amount (₹)	As at 31st March, 2015 (No. of shares)	As at 31st March, 2015 Amount (₹)
2. Share Capital				
Authorised				
Equity Shares of ₹10/- each	**75,000,000**	**750,000,000**	75,000,000	750,000,000
Issued and Subscribed				
Equity Shares of ₹10/- each, fully paid	**73,000,000**	**730,000,000**	63,333,333	633,333,330

A) Reconciliation of number of Equity Shares outstanding

Equity Shares	As at 31st March, 2016 (No. of shares)	As at 31st March, 2016 Amount (₹)	As at 31st March, 2015 (No. of shares)	As at 31st March, 2015 Amount (₹)
As at beginning of the year	**63,333,333**	**633,333,330**	15,000,000	150,000,000
Add: Issued during the year	**9,666,667**	**96,666,670**	48,333,333	483,333,330
As at the end of the year	**73,000,000**	**730,000,000**	63,333,333	633,333,330

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

Name of the Shareholder	As at 31st March, 2016 (No. of shares)	As at 31st March, 2016 (%)	As at 31st March, 2015 (No. of shares)	As at 31st March, 2015 (%)
ITC Limited (Holding Company)	**55,480,000**	**76.0**	48,133,333	76.0
Mukul Chandra Deka	**4,380,000**	**6.0**	3,800,000	6.0
Rajib Kumar Deka	**4,380,000**	**6.0**	3,800,000	6.0
Anupam Deka	**4,380,000**	**6.0**	3,800,000	6.0
Samrat Deka	**4,380,000**	**6.0**	3,800,000	6.0

C) Rights, preferences and restrictions attached to the Equity Shares

The Equity Shares of the Company, having par value of Rs. 10/- per share, rank *pari passu* in all respects including voting rights and entitlment to dividend.

3. Reserves and surplus

	As at 31st March, 2016 Amount (₹)	As at 31st March, 2015 Amount (₹)
Surplus in statement of profit and loss		
At the beginning of the year	**(4,728,378)**	(3,554,840)
Add: Loss for the year	**(119,762,725)**	(1,173,538)
At the end of the year	**(124,491,103)**	(4,728,378)
TOTAL	**(124,491,103)**	(4,728,378)

4. Long-term borrowings

Secured (Refer note 4.1)		
Term loans		
- From related parties [Refer note 24(xiii)]	**608,333,333**	–
TOTAL	**608,333,333**	–

4.1 Nature of security and terms for secured long term borrowings (including current maturities of long term borrowings):

Term loan is secured by a first charge by way of hypothecation of movable fixed assets, both present and future, and by way of equitable mortgage by deposit of title deeds of immovable properties, both present and future.

Term loan is repayable in 24 quarterly instalments starting from 30th June, 2016 and carry an interest of 12.00% p.a.

5. Long-term provisions

Provision for employee benefits		
Retirement benefits	**679,456**	–
TOTAL	**679,456**	–

6. Short-term borrowings

	As at 31st March, 2016 Amount (₹)	As at 31st March, 2015 Amount (₹)
Secured (Refer note 6.1)		
- From related party [Refer note 24(xiii)]	**50,000,000**	–
TOTAL	**50,000,000**	–

6.1 Nature of security and terms for secured short term borrowings:

Short term borrowings is secured by hypothecation by way of first charge on inventories and receivables, both present and future, of the Company and hypothecation by way of second charge on movable fixed assets, both present and future.

The short term borrowings carry an interest of 12.00% p.a.

7. Other current liabilities

Current maturities of long term borrowings		
(refer note 7.1 below)	**121,666,667**	–
- From related party		
Other payables:		
Payables for fixed assets	**12,575,021**	62,661,298
Statutory liabilities	**3,930,093**	168,007
Interest accrued but not due on borrowings	**20,670,904**	–
Others	–	423,553
TOTAL	**158,842,685**	63,252,858

7.1 Refer note 4.1 for details of securities

8. Fixed assets

Amount (₹)

Particulars	Gross Block							Depreciation and Amortisation							Net Book Value		
	As at 31st March, 2014	Additions	With-drawals and Adjust-ments	As at 31st March, 2015	Additions	Withdrawals and Adjust-ments	As at 31st March, 2016	Upto 31st March, 2014	For the Year	On With-drawals and Adjust-ments	Upto 31st March, 2015	For the Year	On With-drawals and Adjust-ments	Upto 31st March, 2016	As at 31st March, 2016	As at 31st March, 2015	As at 31st March, 2014
Tangible assets																	
Land																	
Freehold	39,734,710	–	–	39,734,710	–	–	**39,734,710**	–	–	–	–	–	–	–	**39,734,710**	**39,734,710**	39,734,710
Buildings																	
Freehold	–	–	–	–	502,199,493	–	**502,199,493**	–	–	–	–	11,649,426	–	11,649,426	**490,550,067**	–	–
Plant and machinery	–	–	–	–	691,142,263	–	**691,142,263**	–	–	–	–	28,377,252	–	28,377,252	**662,765,011**	–	–
Computer and servers	–	–	-	–	3,282,884	–	**3,282,884**	–	–	–	–	327,351	–	327,351	**2,955,533**	–	–
Furniture and fixtures	–	–	–	–	824,808	–	**824,808**	–	–	–	–	46,370	–	46,370	**778,438**	–	–
Vehicles	–	–	–	–	1,967,407	–	**1,967,407**	–	–	–	–	138,257	–	138,257	**1,829,150**	–	–
	39,734,710	–	–	39,734,710	1,199,416,855	–	**1,239,151,565**	–	–	–	–	40,538,656	–	40,538,656	**1,198,612,909**	**39,734,710**	39,734,710
Capital work-in-progress	3,310,100	471,782,441	–	475,092,541	805,034,679	1,199,416,855	**80,710,365**	–	–	–	–	–		–	**80,710,365**	**475,092,541**	3,310,100
TOTAL	43,044,810	471,782,441	–	514,827,251	2,004,451,534	1,199,416,855	**1,319,861,930**	–	–	–	–	40,538,656	–	40,538,656	**1,279,323,274**	**514,827,251**	43,044,810

9. Long-term loans and advances

	As at 31st March, 2016 Amount (₹)	As at 31st March, 2015 Amount (₹)
Unsecured, considered good		
Capital advances	5,058,203	126,547,880
Security deposits	4,046,749	237,262
Advance income tax (net of provisions Rs. Nil) (As at 31 March, 2015 Rs. Nil)	1,356,350	75,745
TOTAL	10,461,302	126,860,887

10. Inventories

(At lower of cost and net realisable value)		
Raw materials (including packing materials)	32,587,179	–
Finished goods (manufactured)	16,285,966	–
Stores and spares	556,414	–
TOTAL	49,429,559	–

11. Trade receivables

Unsecured, considered good		
Outstanding for a period exceeding six months from the date they were due for payment	–	–
Others	38,110,007	–
TOTAL	38,110,007	–

12. Cash and bank balances

Cash and cash equivalents (as per AS 3 Cash Flow Statements)*		
Balances with bank		
In Current accounts	2,911,738	17,886,626
In Deposit accounts	22,683,246	30,676,955
Cash on hand	907	–
Other Bank Balances		
In Deposit accounts#	–	500,000
TOTAL	25,595,891	49,063,581

* Cash and cash equivalents include cash 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 remaining maturity of less than 12 months from Balance Sheet date

13. Short-term loans and advances

Unsecured, considered good		
Prepaid expenses	616,186	–
Others:		
With Statutory authorities	64,400,000	1,418,665
Commercial advances and deposits	343,781	–
TOTAL	65,359,967	1,418,665

14. Other current assets

Interest accured on bank deposits	77,469	4,742
TOTAL	77,469	4,742

15. Gross income

	For the year ended 31st March, 2016 Amount (₹)	For the year ended 31st March, 2015 Amount (₹)
Gross revenue from sale of products	253,587,712	–
Other operating revenue	34,810,102	–
Other Income	372,474	3,186,898
TOTAL	288,770,288	3,186,898

16. Revenue from operations

Sale of products (Refer note (i) below)	253,587,712	–
Less:		
Excise duty attributable to products sold	304,108	–
	253,283,604	–
Other operating revenue (Refer note 17 below)	34,810,102	
TOTAL	288,093,706	–
Note (i) Sale of products comprises:		
Manufactured goods		
Biscuits	253,587,712	–

17. Other operating revenue

Subsidies - VAT and CST benefit	29,384,562	–
Income from scrap sale	5,425,540	–
TOTAL	34,810,102	–

18. Other income

Interest income from bank deposits	369,169	757,442
Dividend income from current investments	–	987,396
Gain on sale of current investments	–	1,442,060
Interest on income tax refund	3,305	–
TOTAL	372,474	3,186,898

19. Cost of materials consumed

	For the year ended 31st March, 2016 Amount (₹)	For the year ended 31st March, 2015 Amount (₹)
Opening stock		
Add: Purchases	253,650,671	–
	253,650,671	–
Less: Closing stock	32,587,179	–
Cost of materials consumed	221,063,492	–
Materials consumed comprise:		
Wheat flour (Maida)	63,848,936	–
Sugar	49,094,795	–
Edible oils	37,716,922	–
Others (other raw materials including packing materials)	70,402,839	–
TOTAL	221,063,492	–

20. Changes in inventories of finished goods

Finished goods		
Opening stock		
Closing stock	16,285,966	–
	(16,285,966)	–
Excise duty on increase / (decrease) of finished goods	81,059	–
TOTAL	(16,204,907)	–

21. Employee benefits expense

Salaries and wages	20,909,040	554,063
Contribution to provident funds	998,290	–
Gratuity expenses	576,855	–
Staff welfare expenses	1,740,498	–
TOTAL	24,224,683	554,063

22. Finance costs

Interest expense on:		
Borrowings	49,985,752	–
TOTAL	49,985,752	–

23. Other expenses

Power and fuel	30,488,976	–
Consumption of stores and spare parts	1,143,067	–
Rent including lease rentals [Refer note 24(viii)]	1,774,764	–
Rates and taxes	714,307	48,600
Insurance	980,051	–
Repairs and maintenance - Machinery	1,096,953	–
Repairs and maintenance - Others	801,801	–
Maintenance and upkeep	229,610	203,271
Outward freight and handling charges	3,459,906	–
Contractual manpower wages	29,322,861	–
Information technology services	5,030,601	2,607,480
Travelling and conveyance	837,897	–
Consultancy and professional fees	9,142,010	332,967
Miscellaneous expenses	3,598,425	614,055
TOTAL	88,621,229	3,806,373
Miscellaneous expenses include:		
Auditors' remuneration and expenses*		
Audit fees	200,000	200,000
Reimbursement of expenses	2,186	–
* Excluding taxes		

24. Additional Notes to the Financial Statements

(i)	Earnings per Share		
a)	Loss for the year (Amount in ₹)	(119,762,725)	(1,173,538)
b)	Weighted average number of Equity Shares Outstanding (In numbers)	72,580,774	30,226,027
c)	Earnings per share on loss for the year (Face value ₹ 10 per share) Basic and diluted	(1.65)	(0.04)

(ii) Contingent liabilities and commitments:

(a) Contingent Liabilities - Nil (Previous Year: Nil)

(b) Commitments

- Estimated amount of contracts remaining to be executed on capital accounts (net of advances) and not provided for: ₹12,160,298 (Previous Year: ₹ 326,942,620)

(iii) 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, 2016. 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.

(iv) 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:

NOTES TO THE FINANCIAL STATEMENTS

Forward exchange contracts outstanding as at year end:					
Currency	**Cross Currency**	**As at 31st March, 2016**		As at 31st March, 2015	
		Buy	**Sell**	**Buy**	**Sell**
Euro	INR	–	–	Euro 48244	–
SEK	INR	–	–	SEK 473162	–

(v) Value of Imports during the year (C.I.F. basis)

	For the year ended 31st March, 2016	For the year ended 31st March, 2015
	Amount (₹)	Amount (₹)
Capital Goods	**19,103,528**	13,528,779
TOTAL	**19,103,528**	13,528,779

(vi) Details of consumption of imported and indigenous items

	(Percentage)		**For the year ended 31st March, 2016**	For the year ended 31st March, 2015
	2016	2015	**Amount (₹)**	Amount (₹)
Raw materials (including packing material)				
Imported	**0%**	–	**–**	–
Indigenous	**100%**	–	**221,063,492**	–
TOTAL	**100%**	–	**221,063,492**	–
Stores and spare parts				
Imported	**0%**	–	**–**	–
Indigenous	**100%**	–	**1,143,067**	–
TOTAL	**100%**	–	**1,143,067**	–

(vii) Details of government grants

	For the year ended 31st March, 2016	For the year ended 31st March, 2015
	Amount (₹)	Amount (₹)
Government grants received by the Company during the year towards - Subsidies (Refer note 17)	**29,384,562**	–
TOTAL	**29,384,562**	–

(viii) Details of leasing arrangements

	For the year ended 31st March, 2016	For the year ended 31st March, 2015
	Amount (₹)	Amount (₹)
The Company has entered into operating lease arrangement for residential accomodation and are not non-cancellable. Lease payments recognised in the statement of profit and loss (Refer note 23)	**1,774,764**	–
TOTAL	**1,774,764**	–

(ix) Details of borrowing costs capitalised

	For the year ended 31st March, 2016	For the year ended 31st March, 2015
	Amount (₹)	Amount (₹)
Borrowing costs capitalised during the year - as fixed assets	**11,293,151**	–
TOTAL	**11,293,151**	–

(x) Employee benefit plans

(a) Defined contribution plans

The Company makes Provident Fund which is defined contribution plans, for qualifying employees. Under the Schemes, the Company is required to contribute a specified percentage of the payroll costs to fund the benefits. The Company recognised ₹ 998,290 (Previous Year: Nil) for Provident Fund contributions in the statement of profit and loss. The contributions payable to these plans by the Company are at rates specified in the rules of the schemes.

(b) Defined Benefit Plans / Long Term Compensated Absences - As per actuarial valuations as on 31st March, 2016 and recognised in the financial statements in respect of Employee Benefit Schemes:

			For the year ended 31st March, 2016 Amount (₹)		For the year ended 31st March, 2015 Amount (₹)	
			Gratuity Unfunded	Leave encashment Unfunded	Gratuity Unfunded	Leave encashment Unfunded
I	Components of employer expense					
	1	Current service cost	576,855	102,601	–	–
	2	Interest cost	–	–	–	–
	3	Expected return on plan assets	–	–	–	–
	4	Curtailment cost / (credit)	–	–	–	–
	5	Settlement cost / (credit)	–	–	–	–
	6	Past service cost	–	–	–	–
	7	Actuarial losses / (gains)	–	–	–	–
	8	Total expense recognised in the statement of profit and loss	576,855	102,601	–	–

The gratuity expenses have been recognised in "Gratuity expenses" and Leave Encashment in "Salaries and wages" under Note 21.

			Gratuity Unfunded	Leave encashment Unfunded	Gratuity Unfunded	Leave encashment Unfunded
II	Actual returns		–	–	–	–
III	Net Asset / (Liability) recognised in Balance Sheet					
	1	Present value of defined benefit obligation	576,855	102,601	–	–
	2	Fair value on plan assets	–	–	–	–
	3	Status [surplus / (deficit)]	(576,855)	(102,601)	–	–
	4	Unrecognised past service cost	–	–	–	–
	5	Net asset / (liability) recognised in balance sheet	(576,855)	(102,601)	–	–
		- Current	–	–	–	–
		- Non current	(576,855)	(102,601)	–	–
IV	Change in Defined Benefit Obligations (DBO)					
	1	Present value of DBO at the beginning of year	–	–	–	–
	2	Current service cost	576,855	102,601	–	–
	3	Interest cost	–	–	–	–
	4	Curtailment cost / (credit)	–	–	–	–
	5	Settlement cost / (credit)	–	–	–	–
	6	Plan amendments	–	–	–	–
	7	Acquisitions	–	–	–	–
	8	Actuarial losses / (gains)	–	–	–	–
	9	Benfits paid	–	–	–	–
	10	Present value of DBO at the end of year	576,855	102,601	–	–
V	Best Estimate of employers' expected contribution for the next year		–	–	–	–
VI	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 contribution	–	–	–	–
	6	Benefits paid	–	–	–	–
	7	Plan assets at the end of the year	–	–	–	–
VII	Actuarial assumptions					
	1	Discount rate (%)	7.50%	7.50%	–	–
	2	Mortality	Indian Assured Lives Mortality (2006-08) Ultimate	Indian Assured Lives Mortality (2006-08) Ultimate		
	3	Salary increase	10%	10%		
	4	Attrition	4%	4%		

(i) 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.

(ii) The discount rate is based on the prevailing market yields of Government of India securities as at the balance sheet date for the estimated term of the obligations.

			Gratuity Unfunded	Leave encashment Unfunded	Gratuity Unfunded	Leave encashment Unfunded
VIII	Net asset / (liability) recognised in balance sheet (including experience adjustment impact)					
	1	Present value of defined benefit obligation	**576,855**	**102,601**	–	–
	2	Fair value on plan assets	**–**	**–**	–	–
	3	Status [surplus / (deficit)]	**(576,855)**	**(102,601)**	–	–
	4	Experience adjustment of plan assets [gain/(loss)]	**–**	**–**	–	–
	5	Experience adjustment of obligation [gain/(loss)]	**–**	**–**	–	–

Note: The Company has started its commercial operations from current year and actuarial valuation is applicable from current year onwards.

(xi) Deferred tax
The Company has a net deferred tax asset as at March 31, 2016. No deferred tax asset has been recognised in the absence of virtual certainty.

(xii) Segment Reporting
The Company operates in a single business segment of manufacturing biscuits and the principal geographical segment is India.

(xiii) Related Party Disclosures

1 The company has the following related parties

Holding Company
ITC Limited

Key Management Personnel

M. Ganesan	Non- Executive Chairman
P. Wali	Non- Executive Director
D. Ashok	Non- Executive Director
S. Deka	Non- Executive Director
R. Jacob	Non- Executive Director
K. Raghavaiah	Non- Executive Director

Members- Management Committee	
A. Sengupta	Chief Financial Officer
M. Das	HR Head
S. Agarwal	Head of Operations
S. Bai	Manager & Company Secretary

2 Related Parties with whom the Company had transactions

ITC Limited	Holding Company
ITC Infotech India Limited	Fellow Subsidiary
Russell Credit Limited	Fellow Subsidiary
"Classic Infrastructure Development Limited (amalgamated with Greenacre Holdings Limited w.e.f 1.10.15)"	Fellow Subsidiary
M/s Sunandaram Deka	Partnership firm in which one of the directors is a partner

Key Management Personnel	
S. Deka	Non-Executive Director
R. Jacob	Non- Executive Director
K. Raghavaiah	Non- Executive Director
M. Das	HR Head

3 Disclosure of transactions between the Company and Related Parties and the status of Outstanding balances

(Amount in ₹)

Related party transactions	Holding Company		Fellow Subsidiaries		Fellow Subsidiaries		Fellow Subsidiaries		Firm in which Director is interested		KMP	
	ITC Limited		ITC Infotech India Limited		Russell Credit Limited		Classic Infrastructure Development Limited (amalgamated with Greenacre Holdings Limited)		M/s Sunandaram Deka			
	2016	2015	**2016**	2015	**2016**	2015	**2016**	2015	**2016**	2015	**2016**	2015
Sale of goods (including all taxes)	**285,128,404**	–	**–**	–	**–**	–	**–**	–	**–**	–	**–**	–
Purchase of services												
Software expenses	**–**	–	**2,749,710**	1,650,511	**–**	–	**–**	–	**–**	–	**–**	–
Office management services	**–**	–	**–**	–	**–**	–	**70,000**	–	**–**	–	**–**	–
Management services	**–**	–	**–**	–	**–**	–	**–**	–	**8,400,000**	–	**–**	–
Labour contract services	**–**	–	**–**	–	**–**	–	**–**	–	**27,591,897**	–	**–**	–
Internal Audit fees	**190,067**											
Equity share capital contribution			**–**	–	**–**	–	**–**	–	**–**	–	**–**	–
- ITC Limited	**73,466,670**	367,333,330	**–**	–	**–**	–	**–**	–	**–**	–	**–**	–
- S. Deka	**–**	–	**–**	–	**–**	–	**–**	–	**–**	–	**5,800,000**	29,000,000
Remuneration of managers on deputation reimbursed	**3,680,000**	369,303	**–**	–	**–**	–	**–**	–	**–**	–	**–**	–
Loan taken	**–**	–	**–**	–	**780,000,000**	–	**–**	–	**–**	–	**–**	–
Interest on loan	**–**	–	**–**	–	**61,278,904**	–	**–**	–	**–**	–	**–**	–
Remuneration to Key Management Personnel												
- R. Jacob (Sitting fees)											**130,000**	
- K. Raghavaiah (Sitting fees)											**130,000**	
- M. Das (Salary)											**460,000**	
Balances as at 31st March 2016												
Receivables	**37,857,980**	–	**–**	–	**–**	–	**–**	–	**–**	–	**–**	–
Loan outstanding	**–**	–	**–**	–	**780,000,000**	–	**–**	–	**–**	–	**–**	–
Payables	**–**	369,303	**–**	–	**–**	–	**–**	–	**5,925,149**	–	**–**	–
Interest accured but not due on loan	**–**	–	**–**	–	**20,670,904**	–	**–**	–	**–**	–	**–**	–

(xiv) Previous year's figures have been regrouped/reclassified wherever necessary to correspond to current year's classification/disclosure.

In terms of our report attached
For Deloitte Haskins & Sells
Chartered Accountants

KETAN VORA
Partner
Mumbai, 25th April, 2016

For and on behalf of the Board of Directors

P. WALI
Director

M. GANESAN
Chairman

A. SENGUPTA
Chief Financial Officer

S. BAI
Manager & Company Secretary

Bengaluru, 25th April, 2016

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, 2016.

2. COMPANY PERFORMANCE

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.

During the year, your Company recorded a Net Revenue of ₹ 1,380.74 lakhs (previous year ₹ 1,290.45 lakhs) registering a modest growth of 7% over the previous year. The operating loss of the Company was ₹ 20.68 lakhs (previous year ₹ 47.61 lakhs).

Due to sluggish demand conditions in the FMCG and Pharmaceutical industry, the Company's order book remained relatively weak during the first half of the year with customers keeping their capital expenditure on hold. The investment climate, however, improved towards the second half of the year with customers confirming orders for packaging machines. Your Company is hopeful for a better 2016-17.

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, Mr. K. N. Grant stepped down as Chairman and Director of the Company with effect from close of work on 22nd January, 2016. Your Directors place on record their appreciation for the valuable contribution made by Mr. Grant during his tenure.

Mr. R. Tandon, Director, was appointed as the Chairman of the Board of Directors of the Company ('the Board') with effect from 1st March, 2016.

(b) Retirement by rotation

In accordance with the provisions of Section 152(6) of the Companies Act, 2013 ('the Act') and Article 131 of the Articles of Association of the Company, Mr. Rajendra Kumar Singhi (DIN: 00009931), 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 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

As reported last year, the attributes and qualifications of the Independent Directors as provided in Section 149(6) of the Act and Rule 5 of the Companies (Appointment and Qualification of Directors) Rules, 2014 were adopted by the Nomination and Remuneration Committee. The said attributes and qualifications, as applicable, were also adopted in respect of the other Directors.

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

(e) Remuneration Policy

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

5. BOARD AND BOARD COMMITTEES

The Audit Committee of the Board presently comprises Mr. R. K. Singhi (Chairman), Mr. S. Banerjee and Mr. P. Chatterjee. The Nomination and Remuneration Committee of the Board comprises Mr. P. Chatterjee (Chairman), Mr. S. Banerjee and Mr. R. Tandon and the Securityholders Relationship Committee comprises Mr. R. K. Singhi (Chairman), Mr. R. Senguttuvan and Mr. R. Tandon.

During the year ended 31st March, 2016, the following meetings of the Board and Board Committees were held:

Board / Board Committee	Number of meetings	Date(s) of meeting(s)
Board	4	28th April, 2015 21st August, 2015 11th December, 2015 1st March, 2016
Audit Committee	2	28th April, 2015 1st March, 2016
Nomination and Remuneration Committee	2	28th April, 2015 1st March, 2016
Securityholders Relationship Committee	8	30th June, 2015 7th August, 2015 4th September, 2015 11th September, 2015 9th November, 2015 24th December, 2015 29th February, 2016 22nd March, 2016

The attendance of the Directors of the Company at the Board and Board Committee meetings held during the year is given below:

Sl. No.	Name of the Director	Number of meetings attended			
		Board	Audit Committee	Nomination and Remuneration Committee	Securityholders Relationship Committee
1.	Mr. R. Tandon *	3	2	2	8
2.	Mr. S. Banerjee	4	2	2	N.A.
3.	Mr. P. Chatterjee	4	2	2	N.A.
4.	Mr. C. R. Dua	1	N.A.	N.A.	N.A.
5.	Mr. D. Dutta	4	N.A.	N.A.	N.A.
6.	Mr. K. N. Grant #	3	N.A.	1	N.A.
7.	Mr. R. K. Singhi $	3	N.A.	N.A.	8
8.	Mr. R. Senguttuvan	4	N.A.	N.A.	8

* Ceased to be Member & Chairman of the Audit Committee and Chairman of the Securityholders Relationship Committee with effect from 2nd March, 2016.

\# Ceased to be Director with effect from the close of work on 22nd January, 2016.

$ Appointed Member & Chairman of the Audit Committee and Chairman of the Securityholders Relationship Committee with effect from 2nd March, 2016.

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 loss of the Company for that period;

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

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

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

7. SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES

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

8. PARTICULARS OF EMPLOYEES

The relations between your Company and its employees have been cordial during the year under review. None of the employees of the Company is drawing remuneration exceeding that specified in Rule 5(2) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014.

9. RISK MANAGEMENT

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

Management of risks vests with the executive management which is 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.

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 Audit Committee which provides guidance on internal controls, also reviews internal audit findings and implementation of internal audit recommendations.

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

11. PARTICULARS OF LOANS, GUARANTEES AND INVESTMENTS

During the year ended 31st March, 2016, 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, 2016, the Company has neither entered into any contract or arrangement with its related parties which is not at arm's length nor has the Company entered into any material contract or arrangement with them, in terms of Section 188 of the Act.

13. SIGNIFICANT AND MATERIAL ORDERS PASSED BY THE REGULATORS / COURTS / TRIBUNALS

During the year under review, no significant or material orders were passed by the Regulators / Courts / Tribunals impacting the going concern status of the Company and its future operations.

14. EXTRACT OF ANNUAL RETURN

The extract of Annual Return in the prescribed Form No. MGT-9 is enclosed as **Annexure 2** to this Report.

15. AUDITORS

The Auditors, Messrs. Deloitte Haskins & Sells, Chartered Accountants ('DHS'), were appointed with your approval 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, 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-Fourth AGM. Your Board, in terms of Section 142 of the Act, has also recommended for the approval of the Members the remuneration of DHS for the financial year 2016-17. 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.

During the year under review, the Company earned foreign exchange of ₹ 125.76 lakhs, while the total outflow of foreign exchange was ₹ 1.00 lakhs.

17. 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.

On behalf of the Board

	R. Tandon	**R. Senguttuvan**
Date: 3rd May, 2016	Chairman	Managing Director

Annexure 1 to the Report of the Board of Directors for the financial year ended 31st March, 2016

Remuneration Policy

The Company's Remuneration Strategy is designed to attract and retain talent that gives its business a unique competitive advantage and enables the Company to achieve its objectives.

The Company's Remuneration Strategy, whilst focusing on remuneration and related aspects of performance management, is aligned with and reinforces the employee value proposition of a superior quality of work life, that includes an enabling work environment, an empowering and engaging work culture and opportunities to learn and grow.

The Compensation approach endeavours to align each employee with the Company's goals.

POLICY

It is the Company's policy:

1. To ensure that its Remuneration practices support and encourage meritocracy.
2. To ensure that Remuneration is market-led and takes into account the competitive context of the Company's business.
3. To leverage Remuneration as an effective instrument to enhance performance and therefore to link the remuneration to both individual and collective performance outcomes.
4. To adopt a comprehensive approach to Remuneration in order to support a superior quality of personal and work life, in a manner so as to judiciously balance short term with long term priorities.
5. To design Remuneration practices such that they reinforce the Company's values and culture and to implement them in a manner that complies with all relevant regulatory requirements.

Remuneration of Managing / Wholetime Directors, Key Managerial Personnel and Senior Management

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

Remuneration of Non-Executive Directors

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

Remuneration of Management Staff

1. Remuneration of Management Staff is approved by the Board on the recommendation of the Executive Management Committee.
2. Remuneration is reviewed and revised periodically, when such a revision is warranted by the market. The quantum of revision is linked to market trends, the competitive context of the Company's business, as well as the track record of the individual employee.
3. Variable Pay cognises for the performance rating of the individual employee and the overall performance of the Company.

Remuneration of Non-Management Staff

1. Remuneration of non-management staff is market-led, leverages performance and is approved by the Executive Management Committee.
2. Remuneration of non-management unionised employees is determined through a process of negotiations with the recognised union/s or employee representatives, through a long-term agreement.
3. Remuneration, comprising fixed and variable components, is arrived at based on benchmarking with region-cum-industry practices and cognizing for market dynamics, competitiveness of the unit, overall performance of the Company's business, availability of skills, inflation/cost of living and the impact of cost escalation and productivity gains on present and future competitiveness.

Annexure 2 to the Report of the Board of Directors
FORM NO. MGT-9
EXTRACT OF ANNUAL RETURN
as on the financial year ended on 31st March, 2016

[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- 6631 4504 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 Jawaharlal Nehru Road Kolkata – 700 071	L16005WB1910PLC001985	Holding company	98.21%	2(46)

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

(i) Category-wise Shareholding:

Category of Shareholders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
A. Promoters									
(1) Indian									
a) Individual/HUF	–	–	–	–	–	–	–	–	N.A.
b) Central Govt.	–	–	–	–	–	–	–	–	N.A.
c) State Govt.(s)	–	–	–	–	–	–	–	–	N.A.
d) Bodies Corp.	18,50,81,193	–	18,50,81,193	98.21	18,50,81,193	–	18,50,81,193	98.21	Nil
e) Banks / FI	–	–	–	–	–	–	–	–	N.A.
f) Any Other	–	–	–	–	–	–	–	–	N.A.
Sub-total (A)(1)	**18,50,81,193**	**-**	**18,50,81,193**	**98.21**	**18,50,81,193**	**-**	**18,50,81,193**	**98.21**	**Nil**
(2) Foreign									
a) NRIs - Individuals	–	–	–	–	–	–	–	–	N.A.
b) Other – Individuals	–	–	–	–	–	–	–	–	N.A.
c) Bodies Corp.	–	–	–	–	–	–	–	–	N.A.
d) Banks / FI	–	–	–	–	–	–	–	–	N.A.
e) Any Other	–	–	–	–	–	–	–	–	N.A.
Sub-total (A)(2)	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**N.A.**
Total shareholding of Promoter (A) = (A)(1)+(A)(2)	**18,50,81,193**	**–**	**18,50,81,193**	**98.21**	**18,50,81,193**	**–**	**18,50,81,193**	**98.21**	**Nil**

Category of Shareholders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
B. Public Shareholding									
1. Institutions									
a) Mutual Funds	–	4,844	4,844	0.00	–	4844	4844	0.00	Nil
b) Banks / FI	5,027	10,090	15,117	0.00	4,627	10,090	14,717	0.00	0.00
c) Central Govt.	–	–	–	–	–	–	–	–	N.A.
d) State Govt.(s)	–	–	–	–	–	–	–	–	N.A.
e) Venture Capital Funds	–	–	–	–	–	–	–	–	N.A.
f) Insurance Companies	–	–	–	–	–	–	–	–	N.A.
g) FIIs	–	1,550	1,550	0.00	–	1,550	1,550	0.00	Nil
h) Foreign Venture Capital Funds	–	–	–	–	–	–	–	–	N.A.
i) Others (specify)	–	–	–	–	–	–	–	–	N.A.
Sub-total (B)(1)	**5,027**	**16,484**	**21,511**	**0.01**	**4,627**	**16,484**	**21,111**	**0.01**	**0.00**
2. Non-Institutions									
a) Bodies Corp.									
i) Indian	67,569	22,731	90,300	0.05	65,452	22,731	88,183	0.05	0.00
ii) Overseas	–	–	–	–	–	–	–	–	N.A.
b) Individuals									
i) Individual shareholders holding nominal share capital upto ₹ 1 lakh	15,83,479	16,49,472	32,32,951	1.71	15,84,900	16,48,511	32,33,411	1.71	0.00
ii) Individual shareholders holding nominal share capital in excess of ₹ 1 lakh	–	–	–	–	–	–	–	–	N.A.
c) Others (specify)									
- Non Resident Indians	23,185	10,860	34,045	0.02	25,242	10,860	36,102	0.02	0.00
Sub-total (B)(2)	**16,74,233**	**16,83,063**	**33,57,296**	**1.78**	**16,75,594**	**16,82,102**	**33,57,696**	**1.78**	**Nil**
Total Public Shareholding (B)=(B)(1)+ (B)(2)	**16,79,260**	**16,99,547**	**33,78,807**	**1.79**	**16,80,221**	**16,98,586**	**33,78,807**	**1.79**	**Nil**
C. Shares held by Custodian for GDRs & ADRs	–	–	–	–	–	–	–	–	N.A.
Grand Total (A+B+C)	**18,67,60,453**	**16,99,547**	**18,84,60,000**	**100**	**18,67,61,414**	**16,98,586**	**18,84,60,000**	**100.00**	**Nil**

(ii) Shareholding of Promoters:

Sl. No.	Shareholder's Name	Shareholding at the beginning of the year			Shareholding at the end of the year			% change in shareholding during the year
		No. of Shares	% of total Shares of the Company	% of Shares pledged / encumbered to total Shares	No. of Shares	% of total Shares of the Company	% of Shares pledged / encumbered to total Shares	
1.	ITC Limited	18,50,81,193	98.21	Nil	18,50,81,193	98.21	Nil	Nil

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

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

(iv) Shareholding Pattern of top ten Shareholders (other than Directors, Promoters and Holders of GDRs and ADRs):

Sl. No.	For each of the Top ten Shareholders	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of Shares	% of total Shares of the Company	No. of Shares	% of total Shares of the Company
1.	**Rajdev Singh**				
	At the beginning of the year	30,100	0.02		
	Date wise Increase / Decrease in Shareholding during the year	–	N.A.	–	N.A.
	At the end of the year			30,100	0.02
2.	**Sardar Gur Bachan Singh**				
	At the beginning of the year	13,710	0.01		
	Date wise Increase / Decrease in Shareholding during the year	–	N.A.	–	N.A.
	At the end of the year			13,710	0.01

Sl. No.	For each of the Top ten Shareholders	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of Shares	% of total Shares of the Company	No. of Shares	% of total Shares of the Company
3.	**Biren Dolatrai Nayak**				
	At the beginning of the year	13,300	0.01		
	Date wise Increase / Decrease in Shareholding during the year	–	N.A.	–	N.A.
	At the end of the year			13,300	0.01
4.	**Prakash T. Tulsiani**				
	At the beginning of the year	12,000	0.01		
	Date wise Increase / Decrease in Shareholding during the year	–	N.A.	–	N.A.
	At the end of the year			12,000	0.01
5.	**MSPL Limited**				
	At the beginning of the year	12,000	0.01		
	Date wise Increase / Decrease in Shareholding during the year	–	N.A.	–-	N.A.
	At the end of the year			12,000	0.01
6.	**Mathura Nath Banerjee**				
	At the beginning of the year	11,250	0.01		
	Date wise Increase / Decrease in Shareholding during the year	–	N.A.	–	N.A.
	At the end of the year			11,250	0.01
7.	**Sardar Paramjit Singh**				
	At the beginning of the year	10,230	0.01		
	Date wise Increase / Decrease in Shareholding during the year	–	N.A.	–	N.A.
	At the end of the year			10,230	0.01
8.	**Cawas Mistry**				
	At the beginning of the year	10,000	0.01		
	Date wise Increase / Decrease in Shareholding during the year	–	N.A.	–	N.A.
	At the end of the year			10,000	0.01
9.	**S. Rajdev Singh**				
	At the beginning of the year	10,000	0.01		
	Date wise Increase / Decrease in Shareholding during the year	–	N.A.	–	N.A.
	At the end of the year			10,000	0.01
10.	**Rishra Investments Limited**				
	At the beginning of the year	10,000	0.01		
	Date wise Increase / Decrease in Shareholding during the year	–	N.A.	–	N.A.
	At the end of the year			10,000	0.01

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

V. INDEBTEDNESS

Indebtedness of the Company including interest outstanding/accrued but not due for payment: 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. 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, 2016 has been borne by ITC.

Note 2: Ceiling as per Part II of Schedule V to the Companies Act, 2013 has been disclosed, considering that the Company has not made profits during the financial year ended 31st March, 2016.

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

Sl. No.	Name of the Directors	Particulars of Remuneration			Total Amount
		Fee for attending Board and Board Committee meetings	Commission	Independent Directors' Meeting Fee	
1.	**Independent Directors**				
	S. Banerjee	1,20,000	Nil	10,000	1,30,000
	P. Chatterjee	1,20,000		10,000	1,30,000
	Total Amount (B)(1)	**2,40,000**		**20,000**	**2,60,000**
2.	**Other Non-Executive Directors**				
	K. N. Grant	Nil	Nil	Nil	Nil
	C. R. Dua	20,000			20,000
	D. Dutta	80,000			80,000
	R. K. Singhi	Nil			Nil
	R. Tandon	Nil			Nil
	Total Amount (B)(2)	**1,00,000**	**Nil**	**Nil**	**1,00,000**
Total Amount (B) = (B)(1) + (B)(2)					**3,60,000**
Total Managerial Remuneration (A + B)					**3,60,000**
Overall ceiling as per the Act					₹ 30,00,000 per annum (refer Note)

Note: Ceiling as per Part II of Schedule V to the Companies Act, 2013 has been disclosed, considering that the Company has not made profits during the financial year ended 31st March, 2016.

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	–	20,63,771
	(b) Value of perquisites under Section 17(2) of the Income-tax Act, 1961	–	3,63,627
	(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		–	**24,27,398**

Note 1: ITC Limited (ITC) has deputed the services of Mr. S. K. Sipani to the Company without levy of any charge. Accordingly, Mr. Sipani's remuneration for the financial year ended 31st March, 2016 has been borne by ITC.

Note 2: Mr. S. Pal is on deputation from ITC Limited.

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

On behalf of the Board

R. Tandon
Chairman

R. Senguttuvan
Managing Director

Date: 3rd May, 2016

INDEPENDENT AUDITOR'S REPORT

To the Members of WIMCO Limited

Report on the Financial Statements

We have audited the accompanying financial statements of WIMCO Limited ("the Company"), which comprise the Balance Sheet as at March 31, 2016, the Statement of Profit and Loss and the Cash Flow Statement for the year then ended, and a summary of 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 prescribed under section 133 of the Act, as applicable.

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 and the Order under section 143 (11) of the Act.

We conducted our audit of the financial statements 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 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. An audit also includes evaluating the appropriateness of 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.

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, 2016, 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 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 purpose of our audit.

   b) In our opinion proper books of account as required by law have been kept by the Company so far as 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 financial statements comply with the Accounting Standards prescribed under section 133 of the Act, as applicable.

   e) On the basis of written representations received from the directors as on March 31, 2016, and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2016, from being appointed as a director in terms of Section 164(2) of the Act.

   f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure A". Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the Company's internal financial controls over financial reporting.

   g) With respect to the other matters to be included in the Auditor's Report in accordance with 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.

2. As required by the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Central Government in terms of Section 143(11) of the Act, we give in "Annexure B" a statement on the matters specified in paragraphs 3 and 4 of the Order.

For **Deloitte Haskins & Sells**
Chartered Accountants
(Firm's Registration No. 302009E)
Ketan Vora
Partner
(Membership No. 100459)

Place: Kolkata
Date : May 3, 2016

ANNEXURE "A" TO THE INDEPENDENT AUDITOR'S REPORT

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

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

We have audited the internal financial controls over financial reporting of WIMCO Limited ("the Company") as of March 31, 2016 in conjunction with our audit of the financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

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

Auditor's Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") issued by the Institute of Chartered Accountants of India and the Standards on Auditing prescribed under Section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the

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

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

Meaning of Internal Financial Controls over Financial Reporting

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

Inherent Limitations of Internal Financial Controls over Financial Reporting

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

Opinion

In our opinion, to the best of our information and according to the explanations given to us, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2016, based on "the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India".

For **Deloitte Haskins & Sells**
Chartered Accountants
(Firm's Registration No. 302009E)
Ketan Vora
Partner
(Membership No. 100459)

Place: Kolkata
Date : May 3, 2016

ANNEXURE B TO THE INDEPENDENT AUDITOR'S REPORT

(Referred to in paragraph 2 under 'Report on Other Legal and Regulatory Requirements' section of our report of even date)

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

(b) The fixed assets were physically verified during the year by the Management in accordance with a regular programme of verification which, in our opinion, provides for physical verification of all the fixed assets at reasonable intervals. According to the information and explanation given to us, no material discrepancies were noticed on such verification.

(c) According to the information and explanations given to us and the records examined by us and based on the examination of the registered sale deed provided to us, we report that, the title deeds, comprising all the immovable properties of land which are freehold, are held in the name of the Company as at the balance sheet date.

(ii) As explained to us, the inventories were physically verified during the year by the Management at reasonable intervals and no material discrepancies were noticed on physical verification.

(iii) The Company has not granted any loans, secured or unsecured, to companies, firms, Limited Liability Partnerships or other parties covered in the register maintained under section 189 of the Companies Act, 2013.

(iv) The Company has not granted any loans, made investments or provide guarantees and hence reporting under clause (iv) of the CARO 2016 is not applicable.

(v) According to the information and explanations given to us, the Company has not accepted any deposit during the year. There are no unclaimed deposits outstanding at any time during the year.

(vi) The maintenance of cost records has not been specified by the Central Government under section 148(1) of the Companies Act, 2013.

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

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

(b) There are no dues of Income-tax, Sales Tax, Service Tax, Customs Duty, Excise Duty and Value Added Tax as on March 31, 2016 on account of disputes.

(viii) In our opinion and according to the information and explanations given to us the company has not taken any loans or borrowings from financial institutions, banks and government or has not issued any debentures. Hence reporting under clause (viii) of CARO 2016 is not applicable to the Company.

(ix) In our opinion and according to the information and explanations given to us the company has not raised moneys by way of initial public offer or further public offer (including debt instruments) or term loans and hence reporting under clause (ix) of the CARO 2016 Order is not applicable.

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

(xi) In our opinion and according to the information and explanations given to us, the Company has not paid / provided managerial remuneration and hence reporting under clause (xi) of the Order is not applicable.

(xii) The Company is not a Nidhi Company and hence reporting under clause (xii) of the CARO 2016 Order is not applicable.

(xiii) In our opinion and according to the information and explanations given to us the Company is in compliance with Section 188 and 177 of the Companies Act, 2013, where applicable, for all transactions with the related parties and the details of related party transactions have been disclosed in the financial statements etc. as required by the applicable accounting standards.

(xiv) During the year the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures and hence reporting under clause (xiv) of CARO 2016 is not applicable to the Company.

(xv) In our opinion and according to the information and explanations given to us, during the year the Company has not entered into any non-cash transactions with its directors or persons connected with them and hence provisions of section 192 of the Companies Act, 2013 are not applicable.

(xvi) The Company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934.

For **Deloitte Haskins & Sells**
Chartered Accountants
(Firm's Registration No. 302009E)
Ketan Vora
Partner
(Membership No. 100459)

Place: Kolkata
Date : May 3, 2016

BALANCE SHEET AS AT MARCH 31, 2016

	Note	As at March 31, 2016 (₹ in Lacs)	As at March 31, 2015 (₹ in Lacs)
EQUITY AND LIABILITIES			
Shareholders' funds			
Share capital	1	**1,884.60**	1,884.60
Reserves and surplus	2	**(1,657.14)**	(1,636.46)
Non-current liabilities			
Long-term provisions	3	**11.35**	6.17
Current liabilities			
Trade payables	4		
Total outstanding dues of micro enterprises and small enterprises		–	–
Total outstanding dues of creditors other than micro enterprises and small enterprises		**426.61**	411.60
Other current liabilities	5	**157.30**	124.94
Short-term provisions	6	**3.78**	2.05
TOTAL		**826.50**	792.90
ASSETS			
Non-current assets			
Fixed assets	7		
Tangible assets		**69.19**	75.61
Intangible assets		**0.03**	0.03
Deferred tax asset (net)	8	–	–
Long-term loans and advances	9	**37.81**	37.11
Current assets			
Inventories	10	**207.02**	278.15
Trade receivables	11	**286.76**	192.08
Cash and bank balances	12	**58.78**	86.97
Short-term loans and advances	13	**166.91**	122.95
TOTAL		**826.50**	792.90

The accompanying notes 1 to 33 are an integral part of the Financial Statements

In terms of our report attached
For Deloitte Haskins & Sells
Chartered Accountants
KETAN VORA
Partner

Place : Kolkata
Date : May 3, 2016

For and on behalf of the Board

RAJIV TANDON
Chairman
S K SIPANI
Company Secretary

R SENGUTTUVAN
Managing Director
SAURABH PAL
Chief Financial Officer

Place : Kolkata
Date : May 3, 2016

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED MARCH 31, 2016

	Note	For the year ended March 31, 2016 (₹ in Lacs)	For the year ended March 31, 2015 (₹ in Lacs)
INCOME			
Gross Revenue from sale of products and services	14	**1,484.48**	1,379.50
Less : Excise duty		**103.74**	89.05
Net Revenue from sale of products and services		**1,380.74**	1,290.45
Other operating revenue	15	**0.77**	1.75
Revenue from operations		**1,381.51**	1,292.20
Other income	16	**9.36**	11.14
Total Revenue		**1,390.87**	1,303.34
EXPENSES			
Cost of material consumed	17	**792.40**	824.51
Changes in inventories of finished goods, work-in-progress and stock-in-trade	18	**138.19**	(28.21)
Employee benefits expense	19	**221.62**	195.05
Finance cost	20	**2.27**	4.82
Depreciation and amortisation expense	7	**6.94**	7.14
Other expenses	21	**250.13**	347.64
Total Expenses		**1,411.55**	1,350.95
(Loss) / Profit before tax		**(20.68)**	(47.61)
Tax Expense		**–**	–
(Loss) / Profit after tax		**(20.68)**	(47.61)
Earnings per equity share (₹) - basic and diluted	22	**(0.01)**	(0.03)
Face value (₹)		**1.00**	1.00

The accompanying notes 1 to 33 are an integral part of the Financial Statements

In terms of our report attached
For Deloitte Haskins & Sells
Chartered Accountants
KETAN VORA
Partner

Place : Kolkata
Date : May 3, 2016

RAJIV TANDON
Chairman
S K SIPANI
Company Secretary

For and on behalf of the Board
R SENGUTTUVAN
Managing Director
SAURABH PAL
Chief Financial Officer

Place : Kolkata
Date : May 3, 2016

CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2016

		For the year ended March 31, 2016 (₹ in Lacs)	For the year ended March 31, 2015 (₹ in Lacs)
A.	**Cash flow from operating activities**		
	(Loss) / Profit before exceptional items and taxation	**(20.68)**	(47.61)
	Adjustments for:		
	Depreciation and amortisation Expense	**6.94**	7.14
	Doubtful and Bad debts	**–**	15.27
	Doubtful and Bad advances, loans and deposits	**–**	2.68
	Interest expenditure	**2.27**	4.82
	Operating loss before working capital changes	**(11.47)**	(17.70)
	Adjustments for:		
	Trade receivables	**(94.68)**	116.77
	Loans and advances and Other current assets	**(44.66)**	32.37
	Inventories	**71.13**	26.91
	Trade Payables, Other current and long-term liabilities and Provisions	**54.27**	(29.91)
	Cash (used in) / generated from operations before taxation	**(25.41)**	128.44
	Income tax paid (net of refunds)	**–**	(36.66)
	Net cash (used in) / generated from operations	**(25.41)**	91.78
B.	**Cash flow from investing activities**		
	Purchase of Fixed Assets	**(0.51)**	(1.27)
	Net cash (used in) / generated from investing activities	**(0.51)**	(1.27)
C.	**Cash flow from financing activities**		
	Interest paid	**(2.27)**	(4.82)
	Net cash used in financing activities	**(2.27)**	(4.82)
D.	**Net increase / (decrease) in cash and cash equivalents (A+B+C)**	**(28.19)**	85.69
E.	**Reconciliation**		
	Cash and cash equivalents at the beginning of the year	**86.97**	1.28
	Cash and cash equivalents at the end of the year	**58.78**	86.97
		(28.19)	85.69
	Cash and cash equivalents comprise of		
	Cash on hand	**0.03**	0.36
	Balances with banks	**58.75**	86.61
		58.78	86.97

The accompanying notes 1 to 33 are an integral part of the Financial Statements

In terms of our report attached
For Deloitte Haskins & Sells
Chartered Accountants
KETAN VORA
Partner

Place : Kolkata
Date : May 3, 2016

For and on behalf of the Board

RAJIV TANDON
Chairman
S K SIPANI
Company Secretary

R SENGUTTUVAN
Managing Director
SAURABH PAL
Chief Financial Officer

Place : Kolkata
Date : May 3, 2016

NOTES TO THE FINANCIAL STATEMENTS

	As at March 31, 2016 (₹ in Lacs)	As at March 31, 2015 (₹ in Lacs)
1. Share capital		
Authorised		
35,00,00,000 (2015: 35,00,00,000) Equity shares of ₹ 1 (2015: ₹ 1) each [see note (B)(a) below]	**3,500.00**	3,500.00
1,13,00,000 (2015: 1,13,00,000) Redeemable preference shares of ₹ 100 each	**11,300.00**	11,300.00
TOTAL	**14,800.00**	14,800.00
Issued		
18,84,60,000 (2015: 18,84,60,000) Equity shares of ₹ 1 each [see note (B)(a) below]	**1,884.60**	1,884.60
Subscribed and paid up		
18,84,60,000 (2015: 18,84,60,000) Equity shares of ₹ 1 each fully paid up [see note (B)(a) below]	**1,884.60**	1,884.60
TOTAL	**1,884.60**	1,884.60

A) Reconciliation of number of shares

	As at March 31, 2016		As at March 31, 2015	
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

B) Rights, preferences and restrictions attached to 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.

	As at March 31, 2016 (₹ in Lacs)	As at March 31, 2015 (₹ in Lacs)
C) Shares held by Holding Company		
Equity shares		
18,50,81,193 (2015: 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

	As at March 31, 2016 (No. of Shares)	As at March 31, 2015 (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%

	As at March 31, 2016 (₹ in Lacs)		As at March 31, 2015 (₹ in Lacs)	
2. Reserves and surplus				
Capital subsidy		**14.93**		14.93
(Deficit) in the Statement of Profit and Loss				
Balance at the beginning of the year	**(1,651.39)**		(6,128.80)	
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	–		5,000.00	
	(1,651.39)		(1,588.11)	
Add: Loss for the year	**(20.68)**		(47.61)	
Add: Adjustment on account of depreciation on Fixed assets under Companies Act 2013	–		(15.67)	
Less: Transfer from General Reserve	–	**(1,672.07)**	–	(1,651.39)
TOTAL		**(1,657.14)**		(1,636.46)

NOTES TO THE FINANCIAL STATEMENTS (CONTD.)

	As at March 31, 2016 (₹ in Lacs)	As at March 31, 2015 (₹ in Lacs)
3. Long-term provisions		
Provisions for employee benefits (see note 19)		
Provision for compensated absences	11.35	6.17
TOTAL	11.35	6.17
4. Trade payables		
Total outstanding dues of micro enterprises and small enterprises (see note 26)	–	–
Total outstanding dues of creditors other than micro enterprises and small enterprises (see note 24 for payables to related parties)	426.61	411.60
TOTAL	426.61	411.60
5. Other current liabilities		
Advances from customers	122.55	95.07
Employee benefits payable	18.33	10.65
Statutory dues payable*	4.95	16.68
Payable to the Holding Company (see note 24 for dues payable to related parties)	11.47	2.54
TOTAL	157.30	124.94
*Statutory dues payable include		
VAT and Others	4.95	16.68
	4.95	16.68
6. Short-term provisions		
Provisions for employee benefits (See Note 19)		
Provision for compensated absences	3.78	2.05
TOTAL	3.78	2.05

7. Fixed assets

Fixed Assets Balances as at March 31st 2016

(₹ in Lacs)

Tangible assets and intangible assets	GROSS BLOCK					ACCUMULATED DEPRECIATION / AMORTISATION / IMPAIRMENT							NET BLOCK
						As at March 31, 2016					As at March 31, 2016		
	As at April 1, 2015	Additions during the year	Trasferred out on demerger	Disposal / Adjustments during the year	As at March 31, 2016	Depreciation	Impairment	Depreciation for the year	Trasferred out on demerger	Disposal/ Adjustments during the year	Depreciation	Impairment	As at March 31, 2016
Tangible assets													
Freehold land	47.92	–	–	–	47.92	–	–	–	–	–	–	–	47.92
Leasehold land	–	–	–	–	–	–	–	–	–	–	–	–	–
Buildings	105.47	–	–	–	105.47	101.73	–	0.70	–	–	102.43	–	3.04
Plant and Equipment	17.56	–	–	–	17.56	11.37	–	0.56	–	–	11.93	–	5.63
Computers	42.31	0.20	–	–	42.51	34.42	–	3.25	–	–	37.67	–	4.83
Office Equipments	26.43	0.32	–	–	26.75	24.26	–	0.65	–	–	24.91	–	1.84
Furniture and Fixtures	15.42	–	–	–	15.42	12.23	–	0.94	–	–	13.17	–	2.25
Motor cars, lorries, tractors	6.61	–	–	–	6.61	2.10	–	0.83	–	–	2.93	–	3.68
TOTAL	261.72	0.51	–	–	262.23	186.11	–	6.94	–	–	193.05	–	69.19
Intangible assets													
Computer software	0.52	–	–	–	0.52	0.49	–	–	–	–	0.49	–	0.03
TOTAL	0.52	–	–	–	0.52	0.49	–	–	–	–	0.49	–	0.03

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					As at March 31, 2015		
	As at April 1, 2014	Additions during the year	Trasferred out on demerger	Disposal / Adjustments during the year	As at March 31, 2015	Depreciation	Impairment	Depreciation for the year	Trasferred out on demerger	Disposal/ Adjustments during the year	Depreciation	Impairment	
Tangible assets													
Freehold land	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	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

NOTES TO THE FINANCIAL STATEMENTS (CONTD.)

	As at March 31, 2016 (₹ in Lacs)	As at March 31, 2015 (₹ in Lacs)
8. Deferred tax asset (net)		
Tax effect of items constituting deferred tax liabilities		
On difference between book balance and tax balance of fixed assets	**0.51**	1.28
Tax effect of items constituting deferred tax assets		
Unabsorbed depreciation carried forward	**54.89**	54.02
Disallowances under Section 40(a)(i), 43B of the Income Tax Act, 1961	**6.14**	4.02
Provision for doubtful debts / advances	**–**	20.20
Brought forward business losses	**136.99**	131.79
	198.02	210.03
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

9. Long-term loans and advances		
Unsecured, considered good		
Advance Income tax and Tax deducted at source	**37.81**	37.11
Less: Allowance for bad and doubtful loans and advances	**–**	–
TOTAL	**37.81**	37.11
10. Inventories		
Raw materials	**156.79**	89.73
Work-in-progress	**50.23**	164.92
Finished goods - manufactured	**–**	23.50
TOTAL	**207.02**	278.15
11. Trade receivables		
Trade receivables outstanding for a period exceeding six months from the date they are due for payment:		
Unsecured, considered good	**5.35**	–
Unsecured, considered doubtful	**–**	54.36
Less: Provision for doubtful debts	**–**	(54.36)
	5.35	–
Others Trade Receivables*	**281.41**	192.08
TOTAL	**286.76**	192.08

* See note 24 for receivables due from related parties

12. Cash and Bank Balances		
Cash and cash equivalents (As per AS 3 Cash Flow Statement)		
Cash on hand	**0.03**	0.36
Balances with banks:		
- In Current accounts	**6.32**	13.71
- Cash credit (including working capital demand loan) with banks*	**52.43**	72.90
TOTAL CASH & BANK BALANCES	**58.78**	86.97

*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.

13. Short-term loans and advances		
Unsecured, considered good unless otherwise stated		
Sundry advances to suppliers, employees, etc.		
Considered good	**3.55**	1.10
Considered doubtful	**5.08**	5.08
	8.63	6.18
Less: Allowance for bad and doubtful loans and advances	**(5.08)**	(5.08)
	3.55	1.10
Prepaid expenses	**–**	12.47
Balances with government authorities#	**163.26**	109.28
Deposits		
Considered good	**0.10**	0.10
Considered doubtful	**–**	–
	0.10	0.10
Less: Provision for doubtful deposits	**–**	–
	0.10	0.10
TOTAL	**166.91**	122.95
#Balances with government authorities		
CENVAT/ Service Tax credit receivable	**7.09**	4.41
VAT refund receivable	**156.17**	104.87
	163.26	109.28

NOTES TO THE FINANCIAL STATEMENTS (CONTD.)

	For the year ended March 31, 2016 (₹ in Lacs)	For the year ended March 31, 2015 (₹ in Lacs)
14. Gross revenue from sale of products and services (see note 27)		
Sale of Products	**1,468.21**	1,287.75
Sale of services	**16.27**	91.75
TOTAL	**1,484.48**	1,379.50
15. Other operating revenue		
Sale of Scrap	**0.77**	1.75
TOTAL	**0.77**	1.75
16. Other income		
Miscellaneous Income	**9.36**	11.14
TOTAL	**9.36**	11.14
17. Cost of materials consumed		
Raw materials including packing materials (including provision made for obsolete Raw materials)		
Opening Stock	**89.73**	144.85
Add: Purchases	**859.46**	769.39
Less: Closing stock	**(156.79)**	(89.73)
Cost of materials consumed (see note 29)	**792.40**	824.51
TOTAL	**792.40**	824.51
18. 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
Work-in-progress	**50.23**	164.92
Total (A)	**50.23**	188.42
Less: Stock at the beginning of the year		
Finished goods	**23.50**	7.98
Work in progress	**164.92**	152.23
Total (B)	**188.42**	160.21
Decrease / (Increase) in stocks [B-A]	**138.19**	(28.21)
19. Employee benefits expense		
Salaries and wages	**190.83**	160.02
Contribution to provident and other funds	**10.76**	11.80
Workmen and staff welfare expenses	**20.03**	23.23
	221.62	195.05
Less: Recoveries	**–**	–
TOTAL	**221.62**	195.05

(₹in Lacs)

	Defined Benefit Plans			
	Gratuity (Funded)		Leave Encashment (Unfunded)	
	2016	2015	2016	2015
Change in obligation during the year				
1. Obligation at the beginning of the year	48.13	391.26	8.22	103.83
2. Service cost	2.66	2.75	2.06	1.89
3. Interest cost	3.61	3.51	0.62	0.65
4. Actuarial losses / (gains)	(2.21)	(2.44)	5.82	1.31
5. Benefits' payments	(0.28)	(346.95)	(1.59)	(99.46)
6. Obligations at the end of the year	51.91	48.13	15.13	8.22
Change in plan assets				
1. Plan assets at the beginning of the year	52.77	388.33	–	–
2. Expected return on plan assets	4.80	2.44	–	–
3. Contribution by employers	–	–	–	–
4. Benefits' payments	(0.28)	(346.95)	–	–
5. Actuarial (losses) / gains	25.59	8.95	–	–
6. Plan assets at the end of the year	82.88	52.77	–	–
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	82.88	52.77	–	–
2. Present value of the defined benefit obligation at the end of the year	51.91	48.13	15.13	8.22
3. Asset /(liability) recognised in the balance sheet	–	–	(15.13)	(8.22)

Notes forming part of the financial statements

	Defined Benefit Plans			
	Gratuity (Funded)		Leave Encashment (Unfunded)	
	2016	2015	2016	2015
Cost for the period				
1. Service cost	2.66	2.75	2.06	1.89
2. Interest cost	3.61	3.51	0.62	0.65
3. Return on plan assets	(4.80)	(2.44)	–	–
4. Actuarial losses / (gains)	(27.80)	(11.39)	5.82	1.31
Net cost	(26.32)	(7.57)	8.50	3.85
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	7.50%	7.75%	7.50%	7.75%
2. Salary escalation	5.00%	5.00%	5.00%	5.00%
3. Expected return on plan assets	6.15%	5.78%		

(₹ in Lacs)

Net Asset / (Liability) recognized in balance sheet (including experience adjustment impact)	For the year ended March 31, 2016		For the year ended March 31, 2015		For the year ended March 31, 2014		For the year ended March 31, 2013	
	Gratuity	Leave Encashment	Gratuity	Leave Encashment	Gratuity	Leave Encashment	Gratuity	Leave Encashment
1. Present value of defined benefit obligation	51.91	15.13	48.13	8.22	391.26	103.83	389.35	95.51
2. Fair value on plan assets	82.88	–	52.77	–	388.33	–	345.02	–
3. Status [(deficit) / surplus]	30.97	(15.13)	4.64	(8.22)	(2.93)	(103.83)	(44.33)	(95.51)

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.

	For the year ended March 31, 2016 (₹ in Lacs)	For the year ended March 31, 2015 (₹ in Lacs)
20. Finance cost		
Interest expense	**2.27**	4.82
TOTAL	**2.27**	4.82
21. Other expenses		
Consumption of stores and spare parts	**3.23**	1.00
Sub-Contracting Expenses	**52.44**	52.50
Power and fuel	**33.54**	20.17
Repairs and Maintenance		
- Buildings	**1.58**	3.66
- Machinery	**0.68**	0.54
- Others	**4.26**	10.64
Rates and taxes	**3.70**	8.60
Insurance	**0.11**	3.93
Maintenance and upkeep	**13.87**	16.38
Travelling and conveyance	**64.23**	84.40
Printing and stationery	**7.13**	8.08
Freight and forwarding	**11.38**	17.48
Warehousing charges	**–**	1.55
Advertising and sales promotion charges	**3.68**	1.75
Bank charges	**0.37**	1.10
Information technology services	**10.51**	9.90
Training and development	**0.43**	1.51
Professional fees	**14.84**	46.41
Postage and telephone charges	**8.57**	10.14
Net loss on foreign currency transactions and translation	**(1.01)**	0.16
Payment to Auditors (see note 25)	**2.59**	5.45
Directors' sitting fees	**3.60**	1.80
Doubtful and Bad debts	**–**	15.27
Doubtful and Bad advances, loans and deposits	**–**	2.68
Miscellaneous expenses	**10.40**	22.54
TOTAL	**250.13**	347.64

Notes forming part of the financial statements

	For the year ended March 31, 2016 (₹ in Lacs)	For the year ended March 31, 2015 (₹ in Lacs)
22. Earnings per share		
(Loss) / Profit after tax, attributable to equity shareholders (A)	**(20.68)**	(47.61)
Weighted average number of equity shares (B)	**188,460,000**	188,460,000
Earning per share - basic and diluted (in ₹) (A / B)	**(0.01)**	(0.03)
Nominal value of an equity share (in ₹)	**1.00**	1.00

23. Segment information for the year ended March 31, 2016

A. **Information about primary business segments :**

The company's operations comprise of only one segment i.e. Fabrication/Assembly of Machines. Hence, separate segmental information is not required to be given as per the requirements of Accounting Standard 17.

B. Information about secondary business segments : (₹ in lacs)

	March 31, 2016			March 31, 2015		
	India	Outside India	Total	India	Outside India	Total
Sales	1,293.94	190.55	1,484.48	1,326.97	52.53	1,379.50
Carrying Amount of Segment Assets	762.25	26.44	788.69	749.37	6.42	755.79
Capital Expenditure	0.51	–	0.51	1.27	–	1.27

24. 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
Surya Nepal Private Limited (SNPL)	Fellow subsidiary

3. Key Management Personnel

R. Tandon	Non-Executive Director
R.K. Singhi	Non-Executive Director
D. Dutta	Non-Executive Director
C.R. Dua	Non-Executive Director
S. Banerjee	Independent Director
P. Chatterjee	Independent Director
R. Senguttuvan *	Managing Director
S.K. Sipani *	Company Secretary
S. Pal	Chief Financial Officer

* No remuneration is paid by the Company to the Managing Director and Company Secretary in accordance with the terms of their appointment.

4. Transaction with Related Parties (₹ in Lacs)

	Holding Company ITC LIMITED		Fellow Subsidiary SNPL		Key Management Personnel		Total	
	2016	2015	2016	2015	2016	2015	2016	2015
Sale of goods and services	**3.95**	201.35	**24.76**	13.95	–	–	**28.71**	215.31
Purchase of raw materials and components	–	–	–	–	–	–	–	–
Purchase of services	–	–	–	–	–	–	–	–
Expenses reimbursed	**9.64**	–	–	–	–	–	**9.64**	–
Expenses recovered	**162.71**	136.06	–	–	–	–	**162.71**	136.06
Remuneration of Manager on Deputation Reimbursed	**20.64**	2.54	–	–	–	–	**20.64**	2.54
Directors' Sitting Fees	–	–	–	–	**3.60**	1.80	**3.60**	1.80
Rent received	–	–	–	–	–	–	–	–
Loans and advances given during the year	–	–	–	–	–	–	–	–
Outstanding loans and advances (Dr)	–	–	–	–	–	–	–	–
Loans and advances taken during the year	–	–	–	–	–	–	–	–
Repayment of loans and advances by the Company	–	–	–	–	–	–	–	–
Unsecured loans (Cr)	–	–	–	–	–	–	–	–
Outstanding receivables	–	33.48	**24.76**	–	–	–	**24.76**	33.48
Outstanding payables	**11.47**	2.54	–	–	–	–	**11.47**	2.54
Advance payable	–	–	–	–	–	–	–	–

Notes forming part of the financial statements

	For the year ended March 31, 2016 (₹ in Lacs)	For the year ended March 31, 2015 (₹ in Lacs)
25. Auditors' remuneration		
Payments to the auditor as		
a. Statutory Audit fees	**1.44**	1.43
b. Tax Audit Fees	**1.15**	2.57
c. Out-of-pocket expenses	–	1.45
Total	**2.59**	5.45

26. 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, 2016 and March 31, 2015. 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, 2016 (₹ in Lacs)	For the year ended March 31, 2015 (₹ in Lacs)
27. Sale of products and services		
Sale of Finished Goods		
- Engineering Products including Spares (manufactured)	**1,468.21**	1,287.75
Sale of Engineering services	**16.27**	91.75
TOTAL	**1,484.48**	1,379.50
28. Details of Raw Materials and Finished Goods Inventories		
Raw materials		
- Machine parts and sub-assemblies	**156.79**	89.73
TOTAL	**156.79**	89.73
Finished Goods		
- Engineering Machines	–	23.50
TOTAL	–	23.50
29. Details of consumption and purchases		
(a) **Details of raw materials/packing materials consumed**		
Machine parts & sub-assemblies	**792.40**	796.30
TOTAL	**792.40**	796.30

(b) **Value of imported and indigenous materials consumed**	**2016 %**	2015 %		
Raw materials				
Imported	–	–	–	–
Indigenous	**100.00**	100.00	**792.40**	796.30
	100.00	100.00	**792.40**	796.30
Stores and spare parts				
Imported	–	–	–	–
Indigenous	**100.00**	100.00	**3.23**	1.00
	100.00	100.00	**3.23**	1.00

30. Expenditure in foreign currency		
Foreign travel	**1.00**	0.55
31. Earnings in foreign exchange		
Exports of goods calculated on FOB basis	**125.76**	32.84

32. Unhedged foreign currency exposure not covered by forward contract

	March 31, 2016 (₹ in Lacs)	March 31, 2015 (USD in Lacs)	March 31, 2016 (₹ in Lacs)	March 31, 2015 (USD in Lacs)
Trade Receivables	1.68	0.03	**6.13**	0.10

33. Significant Accounting Policies

1. <u>Basis of Preparation of Financial Statements</u>

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.

B. Going concern assumption: As at 31 March 2016, the net worth of the Company has been substantially eroded due to accumulated losses / restructuring. The financial statements have been prepared on a going concern basis as the holding company is committed to provide financial support, as approved by the shareholders of the Company, as and when sought.

2. <u>Use of Estimates</u>

The preparation of the financial statements in conformity with Indian GAAP

Notes forming part of the financial statements

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

RAJIV TANDON
Chairman

R SENGUTTUVAN
Managing Director

S. K. SIPANI
Company Secretary

SAURABH PAL
Chief Financial Officer

Place: Kolkata
Date: 3rd May, 2016

REPORT OF THE BOARD OF DIRECTORS FOR THE FINANCIAL YEAR ENDED 31ST MARCH, 2016

1. Your Directors submit their Report for the financial year ended 31st March, 2016.

2. **COMPANY PERFORMANCE**

   The operations of the Company continue to be adversely impacted pursuant to the Order of the Hon'ble High Court of Uttarakhand at Nainital in February, 2014 dismissing the writ petition filed by the Company against the order of the District Magistrate authorising State authorities to take possession of the land leased to the Company. The appeal filed by the Company against the aforesaid Order was admitted in April, 2014 and the matter is pending before the Hon'ble High Court.

   During the year, the Company recorded Total Revenue of ₹ 7.21 lakhs (previous year ₹ 3.82 lakhs). The net loss of the Company was ₹ 17.28 lakhs (previous year ₹ 7.96 lakhs).

3. **DIVIDEND**

   In view of losses incurred, your Directors are unable to recommend any dividend for the year under review.

4. **DIRECTORS**

   During the year, there has been no change in the composition of the Board of Directors of your Company ('the Board'). In accordance with the provisions of Articles 100, 101 and 102 of the Articles of Association of the Company, Dr. R.C. Dhiman (DIN: 07058780), Director, will retire by rotation at the ensuing Annual General Meeting ('AGM') of the Company and, being eligible, offers himself for re-election. Your Board has recommended his re-election.

5. **CHANGES IN SHARE CAPITAL**

   During the year with your approval at the Extraordinary General Meeting held on 19th March, 2016, the Authorised Share Capital of the Company was increased from ₹ 4 crores to ₹ 13 crores by creation of further 90,00,000 Equity Shares of ₹ 10/- each.

   Pursuant to the provisions of Section 62 of the Companies Act, 2013 ('the Act'), the Company offered 90,00,000 Equity Shares of ₹ 10/- each to the existing shareholders of the Company on rights basis, in proportion to their existing holding. All the nominee shareholders renounced their entitlement in favour of ITC Limited (ITC), the Holding Company, and the entire 90,00,000 Equity Shares were subscribed and allotted to ITC on 28th March, 2016. Consequently, the Paid-up Capital of the Company as on 31st March, 2016 stands increased to ₹ 12,80,00,200/- divided into 1,28,00,020 Equity Shares of ₹ 10/- each.

   These Equity Shares rank pari passu in all respects with the existing Equity Share Capital of the Company.

6. **BOARD MEETINGS**

   During the year ended 31st March, 2016, five meetings of the Board were held on 6th May, 2015, 21st August, 2015, 11th December, 2015, 18th March, 2016 and 19th March, 2016. The attendance of the Directors of the Company at the said Board meetings is given below:

Sl. No.	Name of the Director	Number of Board meetings attended
1.	Dr. R. C. Dhiman	5
2.	Mr. S. K. Sipani	5
3.	Mr. S. Limaye	3

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 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**

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

9. **PARTICULARS OF EMPLOYEES**

   The relations between your Company and its employees have been cordial during the year under review. No employee of the Company is drawing remuneration more than the limit specified in Rule 5(2) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014.

10. **RISK MANAGEMENT**

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

    In terms of the Risk Management Policy of the Company approved by the Board, management of risks vests with the management 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.

11. **INTERNAL FINANCIAL CONTROLS**

    Your Company has in place adequate internal financial controls with respect to the financial statements, commensurate with its size and scale of operations.

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

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

    During the year ended 31st March, 2016, the Company has neither given any loan or guarantee nor has made any investment under Section 186 of the Act.

13. **RELATED PARTY TRANSACTIONS**

    The details of related party transactions of the Company as prescribed in Form No. AOC-2 are enclosed under **Annexure 1** to this Report.

14. **SIGNIFICANT AND MATERIAL ORDERS PASSED BY THE REGULATORS / COURTS / TRIBUNALS**

    During the financial year 2015-16, no significant or material orders were passed by the Regulators / Courts / Tribunals impacting the going concern status of the Company and its future operations.

15. **EXTRACT OF ANNUAL RETURN**

    The extract of Annual Return as prescribed in Form No. MGT-9 is enclosed as **Annexure 2** to this Report.

16. **AUDITORS**

    The 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 Act, has recommended for the ratification of the Members the appointment of DHS from the conclusion of the ensuing AGM till the conclusion of the Twentieth AGM. Your 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 2016-17. 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 outgo during the year under review.

18. **ACKNOWLEDGEMENT**

    The Board acknowledges the support of the Government, banks, customers, suppliers and business associates and the dedication and hard work of its employees.

Dated: 3rd May, 2016

On behalf of the Board

R. C. Dhiman Director

S. K. Sipani Director

Annexure 1 to the Report of the Board of Directors for the financial year ended 31st March, 2016

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				Pavan Poplar Limited, fellow subsidiary
b)	Nature of contracts / arrangements / transactions	Allotment of Equity Shares	Purchase of goods	Loan from ITC	Repayment of outstanding loans / advances	Repayment of out-standing advances
c)	Duration of the contracts / arrangements / transactions	N.A.	N.A.	One year	N.A.	N.A.
d)	Salient terms of the contracts or arrangements or transactions including the value, if any	Allotment of 90,00,000 Equity Shares of ₹10/- each, aggregating ₹ 9 crores, to ITC at par on rights basis	Purchase of wood from ITC Value of the transaction during the year - ₹ 5.02 lakhs	Inter-corporate loan of ₹ 20 lakhs for a period of one year from the date of disbursement at interest rate of 9% per annum	Repayment of outstanding loans / advances aggre-gating ₹ 859.80 lakhs to ITC	Repayment of out-standing advances of ₹ 2.50 lakhs to Pavan Poplar Limited
e)	Date(s) of approval by the Board, if any	28th March, 2016	6th May, 2015	21st August, 2015	28th March, 2016	--
f)	Amount paid as advances, if any	Nil	Nil	Nil	Nil	Nil

Dated : 3rd May, 2016

On behalf of the Board
R. C. Dhiman Director
S. K. Sipani 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, 2016

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

I. REGISTRATION AND OTHER DETAILS

i)	CIN	U01100MH1997PLC128846
ii)	Registration Date	25th April, 1997
iii)	Name of the Company	Prag Agro Farm Limited
iv)	Category / Sub-Category of the Company	Unlisted Public Company limited by shares
v)	Address of the Registered office and contact details	Indian Mercantile Chambers R. Kamani Marg, Ballard Estate, Mumbai – 400 001 Phone: 022 6631 4504 Fax: 022 2269 2228 e-mail ID : surendra.sipani@itc.in
vi)	Whether listed company	No
vii)	Name, Address and Contact details of Registrar and Transfer Agent, if any	N.A.

II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

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

Sl. No.	Name and Description of main products / services	NIC Code of the product / service	% to total turnover of the Company
1.	Sale of Wood	46209	100%

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES

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

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

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

Category of Shareholders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
A. Promoters									
(1) Indian									
a) Individual/HUF	-	-	-	-	-	-	-	-	N.A.
b) Central Govt.	-	-	-	-	-	-	-	-	N.A.
c) State Govt.(s)	-	-	-	-	-	-	-	-	N.A.
d) Bodies Corp.	-	38,00,020	38,00,020	100.00	-	1,28,00,020	1,28,00,020	100.00	0.00
e) Banks / FI	-	-	-	-	-	-	-	-	N.A.
f) Any Other	-	-	-	-	-	-	-	-	N.A.
Sub-total (A)(1)	-	**38,00,020**	**38,00,020**	**100.00**	-	**1,28,00,020**	**1,28,00,020**	**100.00**	**0.00**
(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**	-	**128,00,020**	**128,00,020**	**100.00**	**0.00**
B. Public Shareholding									
1. Institutions									
a) Mutual Funds	-	-	-	-	-	-	-	-	N.A.
b) Banks / FI	-	-	-	-	-	-	-	-	N.A.
c) Central Govt.	-	-	-	-	-	-	-	-	N.A.
d) State Govt.(s)	-	-	-	-	-	-	-	-	N.A.
e) Venture Capital Funds	-	-	-	-	-	-	-	-	N.A.
f) Insurance Companies	-	-	-	-	-	-	-	-	N.A.
g) FIIs	-	-	-	-	-	-	-	-	N.A.
h) Foreign Venture Capital Funds	-	-	-	-	-	-	-	-	N.A.
i) Others (specify)	-	-	-	-	-	-	-	-	N.A.
Sub-total (B)(1)	-	-	-	-	-	-	-	-	**N.A.**
2. Non-Institutions									
a) Bodies Corp.									
i) Indian	-	-	-	-	-	-	-	-	N.A.
ii) Overseas	-	-	-	-	-	-	-	-	N.A.
b) Individuals i) Individual shareholders holding nominal share capital upto ₹ 1 lakh ii) Individual shareholders holding nominal share capital in excess of ₹ 1 lakh	-	-	-	-	-	-	-	-	N.A.
c) Others (specify)	-	-	-	-	-	-	-	-	N.A.
Sub-total (B)(2)	-	-	-	-	-	-	-	-	**N.A.**
Total Public Shareholding (B)=(B)(1)+ (B)(2)	-	-	-	-	-	-	-	-	**N.A.**
C. Shares held by Custodian for GDRs & ADRs	-	-	-	-	-	-	-	-	N.A.
Grand Total (A+B+C)	-	**38,00,020**	**38,00,020**	**100.00**	-	**1,28,00,020**	**1,28,00,020**	**100.00**	**0.00**

(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	38,00,020	100.00	Nil	1,28,00,020	100.00	Nil	0.00

(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.	**ITC Limited**				
	At the beginning of the year	38,00,020	100.00		
	Date wise Increase / Decrease in Promoter's Shareholding during the year • 28.03.2016 (subscription to rights issue)	90,00,000	100.00	1,28,00,020	100.00
	At the end of the year			1,28,00,020	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**: None of the Directors hold any share in the Company in their individual capacity.

V. INDEBTEDNESS

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

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. C. Dhiman	Nil	Nil	Nil	**Nil**
	S. K. Sipani				
	S. Limaye				
	Total Amount (B)(2)				**Nil**
Total Amount (B) = (B)(1) + (B)(2)					**Nil**
Total Managerial Remuneration (A + B)					**Nil**
Overall ceiling as per the Companies Act, 2013					30 lakhs per annum (refer Note)

Note: Ceiling as per Part II of Schedule V to the Companies Act, 2013 has been disclosed, considering that the Company has incurred losses during the financial year ended 31st March, 2016.

C. Remuneration to Key Managerial Personnel other than MD / Manager / WTD: NOT APPLICABLE

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

Dated: 3rd May, 2016

On behalf of the Board

R. C. Dhiman Director

S.K. Sipani Director

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF PRAG AGRO FARM LIMITED

Report on the Financial Statements

We have audited the accompanying financial statements of PRAG AGRO FARM LIMITED ("the Company"), which comprise the Balance Sheet as at March 31, 2016, the Statement of Profit and Loss and 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 prescribed under Section 133 of the Act, as applicable.

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 and the Order under Section 143 (11) of the Act.

We conducted our audit of the financial statements 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. 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, 2016, 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 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 prescribed under Section 133 of the Act, as applicable.

e) On the basis of the written representations received from the directors as on March 31, 2016 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2016 from being appointed as a director in terms of Section 164(2) of the Act.

f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure A". Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the Company's internal financial controls over financial reporting.

g) With respect to the other matters to be included in the Auditor's Report in accordance with 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;

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

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

2. As required by the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Central Government in terms of Section 143(11) of the Act, we give in "Annexure B" a statement on the matters specified in paragraphs 3 and 4 of the Order.

For Deloitte Haskins & Sells
Chartered Accountants
(Firm Registration No. 302009E)
K. Rajasekhar
Partner
(Membership No. 23341)

Secunderabad, May 3, 2016

ANNEXURE A TO THE INDEPENDENT AUDITOR'S REPORT

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

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

We have audited the internal financial controls over financial reporting of Prag Agro Farm Limited ("the Company") as of March 31, 2016 in conjunction with our audit of the financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

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

Auditor's Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") issued by the Institute of Chartered Accountants of India and the Standards on Auditing prescribed under Section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

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

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

Meaning of Internal Financial Controls over Financial Reporting

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

Inherent Limitations of Internal Financial Controls over Financial Reporting

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

Opinion

In our opinion, to the best of our information and according to the explanations given to us, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2016, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

For Deloitte Haskins & Sells
Chartered Accountants
(Firm Registration No. 302009E)
K. Rajasekhar
Partner
(Membership No. 23341)

Secunderabad, May 3, 2016

ANNEXURE B TO THE INDEPENDENT AUDITORS' REPORT

(Referred to in paragraph 2 under 'Report on Other Legal and Regulatory Requirements' section of our report of even date)

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

(b) Having regard to our comments in paragraph (c) below, the fixed assets were physically verified during the year by the Management in accordance with a regular programme of verification which, in our opinion, provides for physical verification of all the fixed assets at reasonable intervals. According to the information and explanations given to us, no material discrepancies were noticed on such verification.

(c) According to the information and explanations given to us and the records examined by us, in respect of immovable property of land that has been taken on sub-lease and disclosed as fixed asset in the financial statements, the physical possession of such land has been taken over by the State Authorities during the year 2013-14, pursuant to an Order by Hon'ble High Court of Uttarakhand (also refer Note 23 of the financial statements). As a matter of prudence, the cost of such land has been fully provided for in the financial statements.

(ii) As explained to us, the inventories comprise of work-in-progress agri produce and work-in-progress poplar trees on the leasehold land, the physical posssession of which land has been taken over by the State Authorities during the year 2013-14 pursuant to an Order by Hon'ble High Court of Uttarakhand (also refer Note 23 of the financial statements). As a matter of prudence, such inventories have been fully provided for in the financial statements.

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

(iv) The Company has not granted any loans, made investments or provided guarantees and hence reporting under clause (iv) of the Order is not applicable.

(v) According to the information and explanations given to us, the Company has not accepted any deposit during the year. There were no unclaimed deposits outstanding at the end of the year.

(vi) Having regard to the nature of the Company's business / activities, reporting under clause (vi) the Order is not applicable.

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

(a) The Company has been regular in depositing undisputed statutory dues, including Provident Fund, Employees' State Insurance, Income-tax, Sales Tax, Service Tax, Customs Duty, Excise Duty, 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, Sales Tax, Service Tax, Customs Duty, Excise Duty, Value Added Tax and other material statutory dues in arrears as at March 31, 2016 for a period of more than six months from the date they became payable.

(c) There were no dues with respect to Income-tax, Sales Tax, Service Tax, Customs Duty, Excise Duty and Value Added Tax as on March 31, 2016, on account of any disputes.

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

(ix) The Company has not raised moneys by way of initial public offer or further public offer (including debt instruments) or term loans and hence reporting under clause (ix) of the the Order is not applicable.

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

(xi) In our opinion and according to the information and explanations given to us, there is no managerial remuneration fixed for payment which require approvals mandated by the provisions of Section 197 read with Schedule V to the Companies Act, 2013 and hence reporting under clause (xi) of the Order is not applicable.

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

(xiii) In our opinion and according to the information and explanations given to us, the Company is in compliance with Section 188 and 177 of the Companies Act, 2013, where applicable, for all transactions with the related parties and the details of related party transactions have been disclosed in the financial statements etc. as required by the applicable accounting standards.

(xiv) During the year, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures and hence reporting under clause (xiv) of the Order is not applicable to the Company.

(xv) In our opinion and according to the information and explanations given to us, during the year, the Company has not entered into any non-cash transactions with its directors or persons connected with him and hence provisions of section 192 of the Companies Act, 2013 are not applicable.

(xvi) The Company is not required to be registered under section 45-I of the Reserve Bank of India Act, 1934.

For Deloitte Haskins & Sells
Chartered Accountants
(Firm Registration No. 302009E)
K. Rajasekhar
Partner
(Membership No. 23341)

Secunderabad, May 3, 2016

BALANCE SHEET AS AT MARCH 31, 2016

	Note	As at March 31,2016 ₹	As at March 31,2015 ₹
EQUITY AND LIABILITIES			
Shareholders' funds			
Share capital	1	128,000,200	38,000,200
Reserves and surplus	2	(116,647,602)	(114,919,776)
Current liabilities			
Trade payables		1,036,394	622,479
Total outstanding dues to micro enterprises and small enterprises		–	–
Total outstanding dues to creditors other than micro enterprises and small enterprises		1,036,394	622,479
Other current liabilities	3	1,891	84,229,967
Total		12,390,883	7,932,870
ASSETS			
Non-current assets			
Fixed assets			
Tangible assets	4	–	–
Non-current investments	5	5,000	11,000
Long-term loans and advances	6	805,067	767,834
Current assets			
Current investments	7	14,000	8,000
Inventories	8	–	–
Trade receivables	9	734,437	–
Cash and cash equivalents	10	3,709,700	25,868
Short-term loans and advances	11	7,116,641	7,115,206
Other current assets	12	6,038	4,962
Total		12,390,883	7,932,870

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 3, 2016

For and on behalf of the Board of Directors

S. K. Sipani
Director
Place: Rudrapur
Date: May 3, 2016

R. C. Dhiman
Director

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED MARCH 31, 2016

	Note	For the year ended March 31,2016 ₹	For the year ended March 31,2015 ₹
Income			
Revenue from operations			
Sale of products	13	**720,037**	315,077
Other operating revenue		**–**	64,840
Revenue from operations		**720,037**	379,917
Other income	14	**1,076**	1,723
Total		**721,113**	381,640
Expenses			
Purchases of stock-in-trade	15	**551,597**	–
Finance costs	16	**61,151**	–
Other expenses	17	**1,814,191**	1,176,637
Total		**2,426,939**	1,176,637
Loss before tax		**(1,705,826)**	(794,997)
Add : Current tax expense		**22,000**	556
Loss for the year		**(1,727,826)**	(795,553)
Earnings per share (Face value Rs.10 each)	20		
Basic and Diluted		**(0.44)**	(0.21)

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 3, 2016

For and on behalf of the Board of Directors

S. K. Sipani
Director
Place: Rudrapur
Date: May 3, 2016

R. C. Dhiman
Director

CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2016

	For the year ended March 31, 2016 ₹	For the year ended March 31, 2015 ₹
A. Cash flow from operating activities		
Loss before tax	**(1,705,826)**	(794,997)
Adjustments for:		
Finance costs	**61,151**	–
Interest income	**(1,076)**	(1,723)
Operating loss before working capital changes	**(1,645,751)**	(796,720)
Adjustment for:		
Trade receivable, short-term loan and advances and other assets	**(735,872)**	391,864
Trade payable, other current liabilities and provisions	**165,806**	315,540
Cash used in operations	**(2,215,817)**	(89,316)
Taxes paid (net of refunds)	**(59,233)**	(10,227)
Net cash used in operating activities	**(2,275,050)**	(99,543)
B. Cash flow from investing activities		
Redemption of long-term investments	**–**	5,000
Redemption of short-term investments	**–**	5,000
Interest received	**–**	3,428
Net cash flow from investing activities	**–**	13,428
C. Cash flow from financing activities		
Proceeds from issue of equity shares	**90,000,000**	–
Repayment of Long-term borrowings	**(83,979,967)**	–
Proceeds from other Short-term borrowings	**2,000,000**	
Repayment of other Short-term borrowings	**(2,000,000)**	
Interest paid	**(61,151)**	–
Net cash flow from financing activities	**5,958,882**	–
D. Net decrease in cash and cash equivalents	**3,683,832**	(86,115)
Cash and cash equivalents at the beginning of the year	**25,868**	111,983
Cash and cash equivalents at the end of the year	**3,709,700**	25,868

The accompanying notes 1 to 26 are an integral part of the Financial statements

Note: Cash and cash equivalents

	As at March 31, 2016	As at March 31, 2015
Cash on hand	**6,460**	461
Balances with Banks		
In current accounts	**3,698,240**	25,407
In demand deposit accounts	**5,000**	–
Cash and cash equivalents (Refer Note 10)	**3,709,700**	25,868

In terms of our report attached

For Deloitte Haskins & Sells
Chartered Accountants

K. Rajasekhar
Partner
Place: Secunderabad
Date: May 3, 2016

For and on behalf of the Board of Directors

S. K. Sipani
Director
Place: Rudrapur
Date: May 3, 2016

R. C. Dhiman
Director

Notes forming part of the Financial Statements

	As at March 31, 2016		As at March 31, 2015	
	No. of Shares	₹	No. of Shares	₹
1. Share capital				
Authorised				
Equity shares of Rs.10/- each (Refer Note 24)	**13,000,000**	**130,000,000**	4,000,000	40,000,000
	13,000,000	**130,000,000**	4,000,000	40,000,000
Issued subscribed and paid up				
Equity shares of Rs.10/- each (Refer Note 24)	**12,800,020**	**128,000,200**	3,800,020	38,000,200
	12,800,020	**128,000,200**	3,800,020	38,000,200

a) Reconciliation of number of equity shares and amount at beginning and at the end of the reporting year:

	Year Ended March 31, 2016		Year Ended March 31, 2015	
	No. of Shares	₹	No. of Shares	₹
Opening balance	**3,800,020**	**38,000,200**	3,800,020	38,000,200
Add: Issue of shares by way of rights issue	**9,000,000**	**90,000,000**	–	–
Closing balance	**12,800,020**	**128,000,200**	3,800,020	38,000,200

b) Details of Equity Shares held by holding company:

	As at March 31, 2016 No. of Shares	As at March 31, 2015 No. of Shares
ITC Limited and its nominees	**12,800,020**	3,800,020

c) Details of shareholders holding more than 5% of the ordinary shares of the company

	As at March 31, 2016		As at March 31, 2015	
	No. of Shares	%	No. of Shares	%
ITC Limited and its nominees	**12,800,020**	**100%**	3,800,020	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.

During the year, pursuant to the provisions of Section 61 of the Companies Act, 2013, the Authorised Share Capital of the Company was increased from ₹ 4,00,00,000/- (Rupees Four Crores only) divided into 40,00,000 (Forty Lakhs) Equity Shares of ₹ 10/- (Rupees Ten) each to ₹ 13,00,00,000/- (Rupees Thirteen Crores) divided into 1,30,00,000 (One Crore Thirty Lakhs) Equity Shares of Rs.10/- (Rupees Ten) each by creation of further 90,00,000 (Ninety Lakhs) Equity Shares of ₹ 10/- (Rupees Ten) each.

Pursuant to the provisions of Section 62 of the Companies Act, 2013, the Company offered 90,00,000 Equity Shares of Rs.10/- each, to the existing shareholders of the Company on rights basis, in proportion to their existing holding, with fractions ignored. All the nominee shareholders renounced their entitlement in favour of ITC Limited (ITC), the Holding Company, and the entire 90,00,000 Equity Shares were subscribed and allotted to ITC on 28th March, 2016. These Equity Shares rank pari passu in all respects with the existing Equity Share Capital of the Company."

e) Ordinary Shares allotted as fully paid pursuant to contract(s) without payment being received in cash during the period of five years immediately preceding March 31,2016

No shares were either issued otherwise than for payment being received in cash or bought back or allotted as fully paid up bonus shares in the preceding five years from the date of this Balance Sheet

	As at March 31, 2016 ₹	As at March 31, 2015 ₹
2. Reserves and surplus		
Deficit in the Statement of profit and loss		
Opening Balance	**(114,919,776)**	(114,124,223)
Add: Loss for the year	**(1,727,826)**	(795,553)
Closing Balance	**(116,647,602)**	(114,919,776)

	As at March 31, 2016 ₹	As at March 31, 2015 ₹
3. Other current liabilities		
Loans and advances from related parties	–	83,979,967
Other payable		
Advances from customers	–	250,000
Statutory remittances	**1,891**	–
	1,891	84,229,967

4. Fixed assets ₹

Particulars	Gross block				Amortisation / Impairment						Net book value	
	As at April 1, 2015	Additions	Disposals	As at March 31, 2016	As at April 1, 2015		For the year		As at March 31, 2016		As at March 31, 2016	As at March 31,2015
					Amortisation	Impairment	Amortisation	Impairment	Amortisation	Impairment		
Tangible assets												
Leasehold land*	101,690,195	–	–	**101,690,195**	30,680,517	71,009,678	–	–	**30,680,517**	**71,009,678**	–	
	101,690,195	–	–	***101,690,195***	*30,680,517*	*71,009,678*	–	–	***30,680,517***	***71,009,678***		–
Building	179,500	–	–	**179,500**	179,500	–	–	–	**179,500**	–	–	
	179,500	–	–	***179,500***	*179,500*	–	–	–	***179,500***	–		–
Plant and machinery	30,500	–	–	**30,500**	30,500	–	–	–	**30,500**	–	–	
	30,500	–	–	***30,500***	*30,500*	–	–	–	***30,500***	–		–
Furniture and fixture	1,500	–	–	**1,500**	1,500	–	–	–	**1,500**	–	–	
	1,500	–	–	***1,500***	*1,500*	–	–	–	***1,500***	–		–
Vehicle	–	–	–	–	–	–	–	–	–	–	–	
	–	–	–	–	–	–	–	–	–	–		–
Total	**101,901,695**	–	–	**101,901,695**	**30,892,017**	**71,009,678**	–	–	**30,892,017**	**71,009,678**	–	–
Previous year	***101,901,695***	–	–	***101,901,695***	***30,892,017***	***71,009,678***	–	–	***30,892,017***	***71,009,678***	–	–

Previous year numbers are in italics

* Pursuant to the order passed by the Honorable High Court of Uttarakhand,Nainital in the year 2013-14, State Authorities have taken possession of the land leased to the Company.

	As at March 31, 2016 ₹	As at March 31, 2015 ₹
5. Non - current investments		
Unquoted :		
Trade investments		
Investment in government securities		
National savings certificates		
(pledged with various Mandi Samitis)		
(held in the name of the employees)	5,000	10,000
Kisan Vikas Patra	–	1,000
	5,000	11,000
6. Long-term loans and advances		
(Unsecured, considered good)		
Advance tax and tax deducted at source		
[net of provision ₹ 373,314		
(March 31,2015: ₹ 351,314)]	805,067	767,834
	805,067	767,834
7. Current investments		
Unquoted :		
Trade investments		
Investment in government securities		
National savings certificates		
(pledged with various Mandi Samitis)		
(held in the name of the employees)	13,000	8,000
Kisan Vikas Patra	1,000	–
	14,000	8,000
8. Inventories		
Work in progress -Agri produce	4,128,268	4,128,268
Work in progress - Poplar trees	15,818,629	15,818,629
Less: Provisions for write down	(19,946,897)	(19,946,897)
	–	–
9. Trade receivables		
Trade receivables outstanding for a period less than six months from the date they are due for payment		
Unsecured, considered good	734,437	–
	734,437	–
10. Cash and cash equivalents		
Cash on hand	6,460	461
Balances with bank :		
- In current accounts	3,698,240	25,407
- In Demand deposit account	5,000	–
	3,709,700	25,868
11. Short-term loans and advances		
Unsecured, considered good		
With statutory authorities	7,116,453	7,058,100
Prepaid expenses	188	57,106
	7,116,641	7,115,206
12. Other current assets		
Interest accrued but not due on Investments	6,038	4,962
	6,038	4,962

	For the year ended March 31, 2016 ₹	For the year ended March 31, 2015 ₹
13. Revenue from operations		
Sale of products		
Agri produce	–	315,077
Wood	720,037	–
	720,037	315,077
14. Other income		
Interest income	1,076	1,723
	1,076	1,723
15. Purchases of stock-in-trade		
Purchase of wood	551,597	–
	551,597	–
16. Finance Costs		
Interest on loan from Holding company	61,151	–
	61,151	–
17. Other expenses		
Power and fuel	–	143,485
Rent	8,197	8,197
Rates and taxes	948,009	14,874
Insurance	58,941	224,810
Repairs and maintenance - others	275	6,653
Plantation and cultivation	–	7,187
Security charges	457,327	552,628
Travelling and conveyance	–	23,037
Legal and professional fees	268,163	132,444
Postage and telephone charges	–	501
Payment to Auditors'		
- Statutory audit fees	50,000	50,000
- Tax audit fees	15,000	-
- Reimbursement of expenses	6,180	4,968
Miscellaneous expenses	2,099	7,853
	1,814,191	1,176,637

18. Contingent liabilities

	As at March 31, 2016 ₹	As at March 31, 2015 ₹
Claims against the Company not acknowledged as debts		
Revision of Land Lease rent	6,700,000	6,700,000
	6,700,000	6,700,000

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

	For the year ended March 31, 2016	For the year ended March 31,2015
The computation of earnings per share is set out below:		
Net loss attributable to equity shareholders (A) (Rs)	(1,727,826)	(795,553)
Weighted average number of equity shares outstanding for the year (B) (No.)	3,898,381	3,800,020
Earnings per share of face value Rs.10 each basic and diluted [(A) / (B)] (Rs)	(0.44)	(0.21)

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	Fellow subsidiary (Holding company till June 26,2014)
Pavan Poplar Limited (PPL)	Fellow subsidiary

Key Management Personnel

S. K. Sipani	Non Executive Director
R. C. Dhiman	Non Executive Director
S. Limaye	Non Executive Director

(b) **Details of related party transactions and balances** ₹

	ITC Limited		PPL	
	2015-16	2014-15	2015-16	2014-15
Transactions during the year				
Issue of equity Shares	90,000,000	–	–	–
Purchase of goods	501,750	–	–	–
Loan Taken	2,000,000	–	–	–
Repayment of Long-term borrowings	83,979,967	–	–	–
Repayment of of Short-term borrowings	2,000,000	–	250,000	–
Interest Paid	61,151	–		
Advance received	–	–	–	250,000
Balances at the year end				
Advance from customers	–	–	–	250,000
Trade Payable	–	74,350	–	–
Long-term borrowings	–	83,979,967	–	–

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.

23. During the year 2013-14, the Hon'ble High Court of Uttarakahand, 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/ saplings, 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. Accordingly, the Board has determined that it would be appropriate to prepare its financial statements on a going concern basis. "

24. Authorised and paid up capital:

    i) Pursuant to the approval of shareholders at the Extraordinary General Meeting held on 19th March, 2016, the Authorised Share Capital of the Company was increased from Rs.4,00,00,000/- comprising of 40,00,000 Equity Shares of Rs.10/- each to Rs.13,00,00,000/- comprising of 1,30,00,000 equity shares of Rs. 10/- each.

    ii) During the year, pursuant to the provisions of Section 62 of the Companies Act, 2013, the Company offered 90,00,000 Equity Shares of Rs.10/- each, to the existing shareholders of the Company on rights basis, in proportion to their existing holding, with fractions ignored. All the nominee shareholders renounced their entitlement in favour of ITC Limited (ITC), the Holding Company, and the entire 90,00,000 Equity Shares were subscribed and allotted to ITC on 28th March, 2016. These Equity Shares rank pari passu in all respects with the existing Equity Share Capital of the Company.

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. 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) Inventories

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.

Cost includes all direct and indirect expenses in respect of the poplar plantation.

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.

Agriculture produce/standing crops and plants are valued at 75% of their net realizable value.

d) 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.

e) 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.

Leasehold land is amortised over the duration of the lease.

f) Revenue recognition

Revenue from sale of goods is recognised on transfer of all significant risks and rewards of ownership to the buyer.

g) Fixed Assets - Tangible Assets

Fixed assets are carried at cost less accumulated depreciation / amortisation and impairment losses, if any. The cost of fixed assets comprises its purchase price net of any trade discounts and rebates, any import duties and other taxes (other than those subsequently recoverable from the tax authorities), any directly attributable expenditure on making the asset ready for its intended use, other incidental expenses related to acquisition.

h) Earnings per share ('EPS')

The basic earnings per share ('EPS') is computed by dividing the net profit/(loss) attributable to the equity shareholders for the period by the weighted average number of equity shares outstanding during the reporting period. Diluted EPS is computed by dividing the net profit/(loss) attributable to the equity shareholders for the period by the weighted average number of equity and equivalent dilutive equity shares outstanding during the period, except where the results would be anti-dilutive.

i) 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.

j) 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 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.

k) Contingencies and Provisions

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.

l) 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.

On behalf of the Board

S K SIPANI	R C DHIMAN
Director	Director

Place: Rudrapur
Date: May 3, 2016

REPORT OF THE BOARD OF DIRECTORS FOR THE FINANCIAL YEAR ENDED 31ST MARCH, 2016

1. Your Directors submit their Report for the financial year ended 31st March, 2016.

2. COMPANY PERFORMANCE

The operations of the Company continue to be adversely impacted pursuant to the Order of the Hon'ble High Court of Uttarakhand at Nainital in February, 2014 dismissing the writ petition filed by the Company against the order of the District Magistrate authorising State authorities to take possession of the land leased to the Company. The appeal filed by the Company against the aforesaid Order was admitted in April, 2014 and the matter is pending before the Hon'ble High Court.

During the year, the Company recorded Total Revenue of ₹ 6.89 lakhs (previous year ₹ 2.20 lakhs). The net loss of the Company was ₹ 44.27 lakhs (previous year ₹ 47.45 lakhs).

3. DIVIDEND

In view of losses incurred, your Directors are unable to recommend any dividend for the year under review.

4. DIRECTORS AND KEY MANAGERIAL PERSONNEL

During the year, there has been no change in the composition of the Board of Directors of your Company ('the Board'). In accordance with the provisions of Articles 100, 101 and 102 of the Articles of Association of the Company, Dr. R.C. Dhiman (DIN: 07058780), Director, will retire by rotation at the ensuing Annual General Meeting ('AGM') of the Company and, being eligible, offers himself for re-election. Your Board has recommended his re-election.

5. BOARD MEETINGS

During the year ended 31st March, 2016, four meetings of the Board were held on 6th May, 2015, 21st August, 2015, 11th December, 2015 and 18th March, 2016. The attendance of the Directors of the Company at the said Board meetings is given below:

Sl. No.	Name of the Director	Number of Board
1.	Dr. R. C. Dhiman	4
2.	Mr. S. K. Sipani	4
3.	Mr. S. Limaye	3

6. DIRECTORS' RESPONSIBILITY STATEMENT

As required under Section 134(5) of the Companies Act, 2013 ('the Act'), your Directors confirm having:

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

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

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

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

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

7. SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES

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

8. PARTICULARS OF EMPLOYEES

No employee of the Company is drawing remuneration more than the limit specified in Rule 5(2) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014.

9. RISK MANAGEMENT

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

In terms of the Risk Management Policy of the Company approved by the Board, management of risks vests with the management 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

Your Company has in place adequate internal financial controls with respect to the financial statements, commensurate with its size and scale of operations.

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

11. PARTICULARS OF LOANS, GUARANTEES AND INVESTMENTS

During the year ended 31st March, 2016, the Company has neither given any loan or guarantee nor has made any investment under Section 186 of the Act.

12. RELATED PARTY TRANSACTIONS

The details of related party transactions of the Company as prescribed in Form No. AOC-2 are enclosed under **Annexure 1** to this Report.

13. SIGNIFICANT AND MATERIAL ORDERS PASSED BY THE REGULATORS / COURTS / TRIBUNALS

During the financial year 2015-16, no significant or material orders were passed by the Regulators / Courts / Tribunals impacting the going concern status of the Company and its future operations.

14. EXTRACT OF ANNUAL RETURN

The extract of Annual Return as prescribed in Form No. MGT-9 is enclosed as **Annexure 2** to this Report.

15. AUDITORS

The 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 Act, 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-Second AGM. The Board, in terms of Section 142 of the Act, has also recommended for the approval of the Members the remuneration of DHS for the financial year 2016-17. 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 outgo during the year under review.

17. ACKNOWLEDGEMENT

The Board acknowledges the support of the Government, banks, customers, suppliers and business associates and the dedication and hard work of its employees.

On behalf of the Board

R. C. Dhiman Director

Dated: 3rd May, 2016 S. K. Sipani Director

Annexure 1 to the Report of the Board of Directors for the financial year ended 31st March, 2016

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		Prag Agro Farm Limited, fellow subsidiary
b)	Nature of contracts / arrangements / transactions	Purchase of goods	Repayment of loan disbursed	Repayment of advance given
c)	Duration of the contracts / arrangements / transactions	N.A.	N.A.	N.A.
d)	Salient terms of the contracts or arrangements or transactions including the value, if any	Purchase of saplings from ITC Value of the transaction during year - ₹ 6.30 lakhs	Repayment of loan of ₹ 200.00 lakhs from ITC	Repayment of advance of ₹ 2.50 lakhs given to Prag Agro Farm Limited
e)	Date(s) of approval by the Board, if any	6th May, 2015	–	–
f)	Amount paid as advances, if any	Nil	Nil	Nil

Dated: 3rd May, 2016

On behalf of the Board

R. C. Dhiman Director

S. K. Sipani 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, 2016

[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 6631 4504 Fax: 022 2269 2228 e-mail ID : surendra.sipani@itc.in
vi)	Whether listed company:		No
vii)	Name, Address and Contact details of : Registrar and Transfer Agent, if any		N.A.

II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

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

Sl. No.	Name and Description of main products / services	NIC Code of the product / service	% to total turnover of the Company
1.	Sale of Saplings	46205	100%

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES

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

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

(i) Category-wise Shareholding:

Category of Shareholders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
A. Promoters									
(1) Indian									
a) Individual/HUF	–	–	–	–	–	–	–	–	N.A.
b) Central Govt.	–	–	–	–	–	–	–	–	N.A.
c) State Govt.(s)	–	–	–	–	–	–	–	–	N.A.
d) Bodies Corp.	-	55,10,004	55,10,004	100.00	-	55,10,004	55,10,004	100.00	Nil
e) Banks / FI	–	–	–	–	–	–	–	–	N.A.
f) Any Other	–	–	–	–	–	–	–	–	N.A.
Sub-total (A)(1)	-	**55,10,004**	**55,10,004**	**100.00**	-	**55,10,004**	**55,10,004**	**100.00**	**Nil**
(2) Foreign									
a) NRIs - Individuals	–	–	–	–	–	–	–	–	N.A.
b) Other – Individuals	–	–	–	–	–	–	–	–	N.A.
c) Bodies Corp.	–	–	–	–	–	–	–	–	N.A.
d) Banks / FI	–	–	–	–	–	–	–	–	N.A.
e) Any Other	–	–	–	–	–	–	–	–	N.A.
Sub-total (A)(2)	–	–	–	–	–	–	–	–	N.A.
Total shareholding of Promoter (A) = (A)(1)+(A)(2)	-	**55,10,004**	**55,10,004**	**100.00**	-	**55,10,004**	**55,10,004**	**100.00**	**Nil**
B. Public Shareholding									
1. Institutions									
a) Mutual Funds	–	–	–	–	–	–	–	–	N.A.
b) Banks / FI	–	–	–	–	–	–	–	–	N.A.
c) Central Govt.	–	–	–	–	–	–	–	–	N.A.
d) State Govt.(s)	–	–	–	–	–	–	–	–	N.A.
e) Venture Capital Funds	–	–	–	–	–	–	–	–	N.A.
f) Insurance Companies	–	–	–	–	–	–	–	–	N.A.
g) FIIs	–	–	–	–	–	–	–	–	N.A.
h) Foreign Venture Capital Funds	–	–	–	–	–	–	–	–	N.A.
i) Others (specify)	–	–	–	–	–	–	–	–	N.A.
Sub-total (B)(1)	–	–	–	–	–	–	–	–	N.A.
2. Non-Institutions									
a) Bodies Corp.									
i) Indian	–	–	–	–	–	–	–	–	N.A.
ii) Overseas	–	–	–	–	–	–	–	–	N.A.
b) Individuals i) Individual shareholders holding nominal share capital upto ₹ 1 lakh									
ii) Individual shareholders holding nominal share capital in excess of ₹ 1 lakh	–	–	–	–	–	–	–	–	N.A.
c) Others (specify)	–	–	–	–	–	–	–	–	N.A.
Sub-total (B)(2)	–	–	–	–	–	–	–	–	N.A.
Total Public Shareholding (B)=(B)(1)+ (B)(2)	–	–	–	–	–	–	–	–	**N.A.**
C. Shares held by Custodian for GDRs & ADRs	–	–	–	–	–	–	–	–	N.A.
Grand Total (A+B+C)	–	**55,10,004**	**55,10,004**	**100.00**	-	**55,10,004**	**55,10,004**	**100.00**	**Nil**

(ii) Shareholding of Promoters:

Sl. No.	Shareholder's Name	Shareholding at the beginning of the year			Shareholding at the end of the year			% change in shareholding during the year
		No. of Shares	% of total Shares of the Company	% of Shares pledged / encumbered to total Shares	No. of Shares	% of total Shares of the Company	%of Shares pledged / encumbered to total Shares	
1.	ITC Limited	55,10,004	100.00	Nil	55,10,004	100.00	Nil	Nil

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

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

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

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

V. INDEBTEDNESS

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

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

A. Remuneration to Managing Director, Wholetime Directors and / or Manager: NOT APPLICABLE

B. Remuneration to other Directors:

(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. C. Dhiman	Nil	Nil	Nil	Nil
	S. K. Sipani				
	S. Limaye				
	Total Amount (B)(2)				**Nil**
Total Amount (B) = (B)(1) + (B)(2)					**Nil**
Total Managerial Remuneration (A + B)					**Nil**
Overall ceiling as per the Companies Act, 2013					30 lakhs per annum (refer Note)

Note: Ceiling as per Part II of Schedule V to the Companies Act, 2013 has been disclosed, considering that the Company has incurred losses during the financial year ended 31st March, 2016.

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

(Amount in ₹)

Sl. No.	Particulars of Remuneration	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	–

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, Ms. Chinnaiya's remuneration for the financial year ended 31st March, 2016 has been borne by ITC.

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

On behalf of the Board

R. C. Dhiman Director
S.K. Sipani Director

Dated: 3rd May, 2016

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF PAVAN POPLAR LIMITED

Report on the Financial Statements

We have audited the accompanying financial statements of PAVAN POPLAR LIMITED ("the Company"), which comprise the Balance Sheet as at March 31, 2016, the Statement of Profit and Loss and 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 prescribed under Section 133 of the Act, as applicable.

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 and the Order under Section 143 (11) of the Act.

We conducted our audit of the financial statements 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. 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, 2016, 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 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 prescribed under Section 133 of the Act, as applicable.

   e) On the basis of the written representations received from the directors as on March 31, 2016 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2016 from being appointed as a director in terms of Section 164(2) of the Act.

   f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure A". Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the Company's internal financial controls over financial reporting.

   g) With respect to the other matters to be included in the Auditor's Report in accordance with 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;

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

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

2. As required by the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Central Government in terms of Section 143(11) of the Act, we give in "Annexure B" a statement on the matters specified in paragraphs 3 and 4 of the Order.

For Deloitte Haskins & Sells
Chartered Accountants
(Firm Registration No. 302009E)

K. Rajasekhar
Partner
(Membership No. 23341)

Secunderabad, May 3, 2016

ANNEXURE A TO THE INDEPENDENT AUDITOR'S REPORT

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

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

We have audited the internal financial controls over financial reporting of Pavan Poplar Limited ("the Company") as of March 31, 2016 in conjunction with our audit of the financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

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

Auditor's Responsibility

Our responsibility is to express an opinion on the Company's internal

financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") issued by the Institute of Chartered Accountants of India and the Standards on Auditing prescribed under Section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

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

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

Meaning of Internal Financial Controls over Financial Reporting

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

Inherent Limitations of Internal Financial Controls over Financial Reporting

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

Opinion

In our opinion, to the best of our information and according to the explanations given to us, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2016, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

For **Deloitte Haskins & Sells**
Chartered Accountants
(Firm Registration No. 302009E)

K. Rajasekhar
Partner
(Membership No. 23341)

Secunderabad, May 3, 2016

ANNEXURE B TO THE INDEPENDENT AUDITORS' REPORT

(Referred to in paragraph 2 under 'Report on Other Legal and Regulatory Requirements' section of our report of even date)

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

(b) Having regard to our comments in paragraph (c) below, the fixed assets were physically verified during the year by the Management in accordance with a regular programme of verification which, in our opinion, provides for physical verification of all the fixed assets at reasonable intervals. According to the information and explanations given to us, no material discrepancies were noticed on such verification.

(c) According to the information and explanations given to us and the records examined by us, in respect of immovable property of land that has been taken on sub-lease and disclosed as fixed asset in the financial statements, the physical possession of such land has been taken over by the State Authorities during the year 2013-14, pursuant to an Order by Hon'ble High Court of Uttarakhand (also refer Note 21 of the financial statements). As a matter of prudence, the cost of such land has been fully provided for in the financial statements.

(ii) As explained to us, the inventories comprise of work-in-progress agri produce and work-in-progress poplar trees on the leasehold land, the physical possession of which land has been taken over by the State Authorities during the year 2013-14 pursuant to an Order by Hon'ble High Court of Uttarakhand (also refer Note 21 of the financial statements). As a matter of prudence, such inventories have been fully provided for in the financial statements.

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

(iv) The Company has not granted any loans, made investments or provided guarantees and hence reporting under clause (iv) of the Order is not applicable.

(v) According to the information and explanations given to us, the Company has not accepted any deposit during the year. There were no unclaimed deposits outstanding at the end of the year.

(vi) Having regard to the nature of the Company's business / activities, reporting under clause (vi) the Order is not applicable.

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

(a) The Company has been regular in depositing undisputed statutory dues, including Provident Fund, Employees' State Insurance, Income-tax, Sales Tax, Service Tax, Customs Duty, Excise Duty, 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, Sales Tax, Service Tax, Customs Duty, Excise Duty, Value Added Tax and other material statutory dues in arrears as at March 31, 2016 for a period of more than six months from the date they became payable.

(c) There were no dues with respect to Income-tax, Sales Tax, Service Tax, Customs Duty, Excise Duty and Value Added Tax as on March 31, 2016, on account of any disputes.

(viii) The Company has not taken any loans or borrowings from financial institutions, banks and government or has not issued any

debentures. Hence reporting under clause (viii) of the Order is not applicable to the Company.

(ix) The Company has not raised moneys by way of initial public offer or further public offer (including debt instruments) or term loans and hence reporting under clause (ix) of the Order is not applicable.

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

(xi) In our opinion and according to the information and explanations given to us, there is no managerial remuneration fixed for payment which require approvals mandated by the provisions of Section 197 read with Schedule V to the Companies Act, 2013 and hence reporting under clause (xi) of the Order is not applicable.

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

(xiii) In our opinion and according to the information and explanations given to us, the Company is in compliance with Section 177 and Section 188 of the Companies Act, 2013, where applicable, for all transactions with the related parties and the details of related party transactions have been disclosed in the financial statements etc. as required by the applicable accounting standards.

(xiv) During the year, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures and hence reporting under clause (xiv) of Order is not applicable to the Company.

(xv) In our opinion and according to the information and explanations given to us, during the year, the Company has not entered into any non-cash transactions with its directors or persons connected with him and hence provisions of Section 192 of the Companies Act, 2013 are not applicable.

(xvi) The Company is not required to be registered under Section 45-I of the Reserve Bank of India Act, 1934.

For **Deloitte Haskins & Sells**
Chartered Accountants
(Firm Registration No. 302009E)

K. Rajasekhar
Partner
(Membership No. 23341)

Secunderabad, May 3, 2016

BALANCE SHEET AS AT MARCH 31, 2016

	Note	As at March 31,2016 ₹	As at March 31,2015 ₹
EQUITY AND LIABILITIES			
Shareholders' funds			
Share capital	1	**5,51,00,040**	5,51,00,040
Reserves and surplus	2	**(3,83,83,808)**	(3,39,57,061)
Non-current liabilities			
Long-term provisions	3	**8,78,287**	8,60,030
Current liabilities			
Trade payables		**1,20,060**	1,87,301
Total outstanding dues to micro enterprises and small enterprises		**–**	–
Total outstanding dues to creditors other than micro enterprises and small enterprises		**1,20,060**	1,87,301
Other current liabilities	4	**19,34,981**	20,72,882
Short-term provisions	5	**1,21,579**	1,18,715
TOTAL		**1,97,71,139**	2,43,81,907
ASSETS			
Non-current assets			
Fixed assets			
Tangible assets	6	**–**	–
Long-term loans and advances	7	**10,608**	9,838
Current assets			
Inventories	8	**–**	–
Trade receivables	9	**–**	39,63,448
Cash and cash equivalents	10	**1,97,17,427**	77,562
Short-term loans and advances	11	**43,104**	2,03,31,059
TOTAL		**1,97,71,139**	2,43,81,907

The accompanying notes 1 to 24 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 3, 2016

For and on behalf of the Board of Directors

S. K. Sipani
Director

R. C. Dhiman
Director

A. Chinnaiya
Company Secretary

Place: Rudrapur
Date: 3rd May, 2016

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED MARCH 31, 2016

	Note	For the year ended March 31,2016 ₹	For the year ended March 31,2015 ₹
Income			
Revenue from operations			
Sale of products	12	**6,89,455**	1,55,200
Other operating revenue		**–**	64,841
Total		**6,89,455**	2,20,041
Expenses			
Purchase of stock-in-trade	13	**6,30,000**	–
Employee benefits expense	14	**31,75,796**	31,59,656
Other expenses	15	**13,01,906**	18,05,851
Total		**51,07,702**	49,65,507
Loss before tax		**(44,18,247)**	(47,45,466)
Add : Current tax expense		**8,500**	–
Loss for the year		**(44,26,747)**	(47,45,466)
Earnings per share (Face value Rs.10 each)	18		
Basic and diluted		**(0.80)**	(0.86)

The accompanying notes 1 to 24 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 3, 2016

For and on behalf of the Board of Directors

S. K. Sipani — Director
R. C. Dhiman — Director
A. Chinnaiya — Company Secretary

Place: Rudrapur
Date: 3rd May, 2016

CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2016

	For the year ended March 31, 2016 ₹	For the year ended March 31, 2015 ₹
A. Cash flow from operating activities		
Loss before tax	**(44,18,247)**	(47,45,466)
Adjustment for:		
Trade receivable, loans and advances and other assets	**42,51,403**	31,36,208
Trade payable, other current liabilities and provisions	**(1,84,021)**	78,409
Cash used in operations	**(3,50,865)**	(15,30,849)
Income tax paid	**(9,270)**	–
Net cash used in operating activities	**(3,60,135)**	(15,30,849)
B. Cash flow from Investing activities	**–**	–
C. Cash flow from financing activities		
Proceeds from loan given to holding company	**2,00,00,000**	11,18,769
Net cash flow from financing activities	**2,00,00,000**	11,18,769
Net increase/(decrease) in cash and cash equivalents	**1,96,39,865**	(4,12,080)
Cash and cash equivalents at the beginning of the year	**77,562**	4,89,642
Cash and cash equivalents at the end of the year	**1,97,17,427**	77,562

The accompanying notes 1 to 24 are an integral part of the Financial Statements

Note: Cash and cash equivalents:

	As at March 31, 2016 ₹	As at March 31, 2015 ₹
Cash on hand	**949**	6,249
Balances with Banks- In current accounts	**1,97,16,478**	71,313
Cash and cash equivalents (Refer Note 10)	**1,97,17,427**	77,562

In terms of our report attached
For **Deloitte Haskins & Sells**

Chartered Accountants
K. Rajasekhar
Partner

Place: Secunderabad
Date: May 3, 2016

For and on behalf of the Board of Directors

S. K. Sipani — Director
R. C. Dhiman — Director
A. Chinnaiya — Company Secretary

Place: Rudrapur
Date: 3rd May, 2016

Notes forming part of the Financial Statements

	As at March 31, 2016		As at March 31, 2015	
	No. of Shares	₹	No. of Shares	₹
1. Share capital				
Authorised				
Equity shares of Rs.10 each	1,00,00,000	10,00,00,000	1,00,00,000	10,00,00,000
	1,00,00,000	10,00,00,000	1,00,00,000	10,00,00,000
Issued subscribed and fully paid up				
Equity shares of Rs.10 each "	55,10,004	5,51,00,040	55,10,004	5,51,00,040
	55,10,004	5,51,00,040	55,10,004	5,51,00,040

a) Reconciliation of number of shares and amount at beginning and at the end of the reporting year:

	For the year ended March 31, 2016		For the year ended March 31, 2015	
Equity Shares	No. of Shares	Rs.	No. of Shares	Rs.
Opening balance	55,10,004	5,51,00,040	55,10,004	5,51,00,040
Add: Issued during the year	–	–	–	–
Closing balance	55,10,004	5,51,00,040	55,10,004	5,51,00,040

b) Details of Equity Shares held by holding Company:

	As at March 31, 2016	As at March 31, 2015
	No. of Shares	No. of Shares
ITC Limited and its nominees	55,10,004	55,10,004

c) Details of share held by each shareholder more than 5%

	As at March 31, 2016		As at March 31, 2015	
	No. of Shares	%	No. of Shares	%
ITC Limited and its nominees (w.e.f. June 27, 2014)	55,10,004	100%	55,10,004	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.

e) Ordinary Shares allotted as fully paid pursuant to contract(s) without payment being received in cash during the period of five years immediately preceding March 31,2016
No shares were either issued otherwise than for payment being received in cash or bought back or allotted fully paid up bonus shares in the preceding five years from the date of this Balance sheet

	As at March 31, 2016 Rs.	As at March 31, 2015 Rs.
2. Reserves and surplus		
General reserve		
(As at the beginning and at the end of the year)	5,00,000	5,00,000
Deficit in the Statement of profit and loss		
Opening balance	(3,44,57,061)	(2,97,11,595)
Add: Loss for the year	(44,26,747)	(47,45,466)
At the end of the year	(3,88,83,808)	(3,44,57,061)
	(3,83,83,808)	(3,39,57,061)
3. Long-term provisions		
Provision for employee benefits (Refer Note 22)		
Gratuity	7,70,328	7,55,827
Compensated absences	1,07,959	1,04,203
	8,78,287	8,60,030
4. Other current liabilities		
Other payable		
Employee dues payable	2,57,070	3,95,778
Statutory remittances	16,77,911	16,77,104
	19,34,981	20,72,882
5. Short-term provisions		
Provisions for employee benefits (Refer Note 22)		
Gratuity	85,592	83,981
Compensated absences	35,987	34,734
	1,21,579	1,18,715

6. Fixed assets ₹

Particulars	Gross block				Amortisation /Impairment							Net book value	
	As at April 1, 2015	Additions	Disposals	As at March 31, 2015	As at April 01, 2015		For the year		Disposals	As at March 31, 2016		As at March 31, 2016	As at March 31, 2015
					Amortisation	Impairment	Amortisation	Impairment		Amortisation	Impairment		
Tangible asset													
Leasehold land*	4,49,33,855	–	–	4,49,33,855	2,15,22,949	2,34,10,906	–	–	–	2,15,22,949	2,34,10,906	–	
Previous year	*4,49,33,855*	–	–	*4,49,33,855*	*2,15,22,949*	*2,34,10,906*	–	–	–	*2,15,22,949*	*2,34,10,906*		–
Total	4,49,33,855	–	–	4,49,33,855	2,15,22,949	2,34,10,906	–	–	–	2,15,22,949	2,34,10,906	–	
Previous year	*4,49,33,855*	–	–	*4,49,33,855*	*2,15,22,949*	*2,34,10,906*	–	–	–	*2,15,22,949*	*2,34,10,906*		–

Previous year numbers are in italics

* Pursuant to the order passed by the Honorable High Court of Uttarakhand, Nainital in the year 2013-14, State Authorities have taken possession of the land leased to the Company.

	As at March 31, 2016 ₹	As at March 31, 2015 ₹
7. Long-term loans and advances		
(Unsecured, considered good)		
Advance tax and tax deducted at source [net of provision Rs. 95,317 (March 31,2015: Rs.86,817)]	10,608	9,838
	10,608	9,838
8. Inventories		
Work in progress - agri produce	43,27,032	43,27,032
Work in progress - poplar trees	2,09,86,175	2,09,86,175
Less: Provision for write down	(2,53,13,207)	(2,53,13,207)
	–	–
9. Trade receivables		
Trade receivables outstanding for a period exceeding six months from the date they are due for payment		
Unsecured, considered good	–	39,63,448
Unsecured, considered doubtful	18,364	18,364
Less: Provision for doubtful debts	(18,364)	(18,364)
	–	39,63,448
Others	–	–
	–	39,63,448

	As at March 31, 2016 ₹	As at March 31, 2015 ₹
10. Cash and cash equivalents		
Cash on hand	949	6,249
Balances with banks:		
-In current accounts	1,97,16,478	71,313
	1,97,17,427	77,562
11. Short-term loans and advances		
(Unsecured, considered good)		
Loans and advances to related parties	–	2,02,50,000
Deposits	42,340	42,340
Prepaid expenses	764	38,421
Advances to supplier, employees etc.	–	298
	43,104	2,03,31,059

	For the year ended March 31, 2016 ₹	For theyear ended March 31, 2015 ₹
12. Revenue from operations		
Sale of products		
Agri produce	–	1,55,200
Saplings	6,89,455	–
	6,89,455	1,55,200
13. Purchases of Stock -in-Trade		
Purchase of Saplings	6,30,000	–
	6,30,000	–

14. Employee benefits expense

Salaries, wages and bonus	**28,72,195**	27,19,341
Contribution to provident and other funds	**1,73,572**	1,99,698
Gratuity expense	**1,10,629**	1,71,762
Workmen and staff welfare expenses	**19,400**	68,855
	31,75,796	31,59,656

15. Other expenses

Power and fuel	**2,00,525**	2,66,329
Rent	**7,760**	7,760
Rates and taxes	**55,869**	38,119
Insurance	**43,300**	1,48,760
Repairs and maintenance - others	**5,887**	13,933
Plantation and cultivation	**–**	15,921
Security charges	**4,92,289**	5,81,104
Travelling and conveyance	**79,302**	2,16,921
Legal and professional fees	**3,35,196**	3,78,370
Provision for bad debts	**–**	18,364
Payment to auditors'		
- Statutory audit fee	**50,000**	50,000
- Tax audit fee	**15,000**	15,000
- Reimbursement of expenses	**6,180**	4,971
Miscellaneous expenses	**10,598**	50,299
	13,01,906	18,05,851

	As at March 31, 2016 ₹	As at March 31, 2015 ₹
16. Contingent liabilities		
Claims against the company not acknowledged as debts		
Local authority taxes	**6,64,524**	6,64,524
Revision of land lease rent	**1,07,00,000**	1,07,00,000
Other matters	**42,340**	42,340
	1,14,06,864	1,14,06,864

17. 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.financial statements on a going concern basis.

	For the year ended March 31, 2016 ₹	For the year ended March 31, 2015 ₹
18. Earnings per share		
Computation of earnings per share is set out below:		
Net loss attributable to equity shareholders (A) (Rs.)	**(44,26,747)**	(47,45,466)
Weighted average number of equity shares outstanding during the year (B) No.	**55,10,004**	55,10,004
Earnings per share of face value Rs.10 each basic and diluted (A/B) (Rs.)	**(0.80)**	(0.86)

19. 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	Fellow subsidiary (Holding company till June 26, 2014)
Prag Agro Farm Limited (PAFL)	Fellow subsidiary
Key Management Personnel	
S. K. Sipani	Non Executive Director
R. C. Dhiman	Non Executive Director
S. Limaye	Non Executive Director

(b) Details of related party transactions and balances ₹

	ITC Limited		**PAFL**	
	2015-16	2014-15	**2015-16**	2014-15
Transactions during the year				
Purchases	**6,30,000**	–	–	–
Advance given	–	–	–	2,50,000
Receipts against loan repayments (net)	**2,00,00,000**	11,18,769	**2,50,000**	–
Balances at the year end				
Loans and advances	–	2,00,00,000	–	2,50,000
Trade receivables	–	39,63,448	–	–

20. 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.

21. 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/saplings, 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 (cash and cash equivalents), the Board has determined that it would be appropriate to prepare its financial statements on a going concern basis.

22. Empolyee Benefits

i) Defined benefit plans/Long term compensated absences - As per actuarial valuation as on March 31, 2016 and recognised in the financial statements in respect of employee benefit schemes.

(₹)

Particulars	Defined Benefit Plans			
	Gratuity (unfunded)		Compensated Absences	
	2015-16	2014-15	**2015-16**	2014-15
Components of employer expense				
Current service cost	**46,708**	49,197	**34,158**	34,113
Interest cost	**62,986**	51,774	**10,420**	9,003
Actuarial losses / (gains)	**935**	70,791	**(29,168)**	(20,345)
Net cost	**110,629**	171,762	**15,410**	22,771
Change in defined benefit obligation (DBO) during the year				
Present value of DBO at the beginning of the year	**839,808**	668,046	**138,937**	116,166
Current Service cost	**46,708**	49,197	**34,158**	34,113
Interest cost	**62,986**	51,774	**10,420**	9,003
Actuarial losses / (gains)	**935**	70,791	**(29,168)**	(20,345)
Benefits paid	**(94,517)**	-	**(10,401)**	-
Present value of DBO at the end of the year	**855,920**	839,808	**143,946**	138,937
Actuarial assumptions:				
Discount rate	**7.50%**	7.75%	**7.50%**	7.75%
Salary escalation	**5.00%**	5.00%	**5.00%**	5.00%
Attrition	**1.00%**	1.00%	**1.00%**	1.00%
Mortality table	2006-08 (Ultimate table)			

ii) Experience adjustments

a) Gratuity

Net liability recognized in balance sheet (including experience adjustment impact)	**For the year ended March 31, 2016**	For the year ended March 31, 2015	For the year ended March 31, 2014	For the year ended March 31, 2013
1. Present value of defined benefit obligation	**855,920**	839,808	668,046	674,922
2. Experience adjustment of Obligation (gains)/losses	**935**	70,791	(42,650)	69,486

b) Compensated absences

Net liability recognized in balance sheet (including experience adjustment impact)	**For the year ended March 31, 2016**	For the year ended March 31, 2015	For the year ended March 31, 2014	For the year ended March 31, 2013
1. Present value of defined benefit obligation	**143,946**	138,937	116,166	106,510
2. Experience adjustment of Obligation (gains)/losses	**(29,168)**	(20,345)	(22,684)	(26,857)

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.

23. Previous years figures have been regrouped/reclassifed wherever necessary to correspond with the current year classification/disclosure.

24. 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. 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) Inventories

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.

Cost includes all direct and indirect expenses in respect of the poplar plantation.

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.

Agriculture produce/standing crops and plants are valued at 75% of their net realizable value.

d) 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.

e) 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.

Leasehold land is amortised over the duration of the lease.

f) Revenue recognition

Revenue from sale of goods is recognised on transfer of all significant risks and rewards of ownership to the buyer.

g) Fixed Assets - Tangible Assets

Fixed assets are carried at cost less accumulated depreciation / amortisation and impairment losses, if any. The cost of fixed assets comprises its purchase price net of any trade discounts and rebates, any import duties and other taxes (other than those subsequently recoverable from the tax authorities), any directly attributable expenditure on making the asset ready for its intended use, other incidental expenses related to acquisition.

h) Retirement benefits

Defined contribution plans

The Company's contribution to provident fund, superannuation fund and employee state insurance scheme are considered as defined contribution plans and are charged as an expense based on the amount of contribution required to be made and when services are rendered by the employees.

Defined benefit plans

The Company's gratuity benefit scheme is a defined benefit plan which is not funded. The cost of providing benefits is determined using the Projected Unit Credit method, with actuarial valuations being carried out at each balance sheet date. 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. Any asset resulting from this calculation is limited to past service cost, plus the present value of available refunds and reductions in future contributions to the schemes.

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.

i) Earnings per share ('EPS')

The basic earnings per share ('EPS') is computed by dividing the net profit/(loss) attributable to the equity shareholders for the period by the weighted average number of equity shares outstanding during the reporting period. Diluted EPS is computed by dividing the net profit/(loss) attributable to the equity shareholders for the period by the weighted average number of equity and equivalent dilutive equity shares outstanding during the period, except where the results would be anti-dilutive.

j) 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.

k) 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 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.

l) Contingencies and Provisions

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.

m) 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 of Directors

S. K. Sipani	Director
R. C. Dhiman	Director
A. Chinnaiya	Company Secretary

Place: Rudrapur
Date: 3rd May, 2016

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 United States of America. Your Company is KMM's sole supplier of tobacco products.

Against the backdrop of a 1% decline in US cigarette industry volume during the year, the company's sales volumes grew by 10% driven by competitive pricing and enhanced distribution. The company recorded Net Sales of US$ 32.7 million (previous year US$ 29.3 million) and earned a Net Income of US$ 0.53 million (previous year US$ 0.14 million) during the financial year ended 31st March, 2016. During the year, KMM also paid a dividend of US$ 1.5 million to your Company.

The cigarette industry in the USA continues to be adversely impacted by long-term decline in cigarette consumption and growing illicit trade due to tax differential between various States, mislabeled cigarette tobaccos positioned in a lower tax bracket, non-compliant imports and Native American manufacture. Increasing governmental restrictions and tobacco tax increases are further expected to impact industry growth with the threat of shift in consumer franchise to illicit, value offers.

Tobacco majors are redefining the value segment with aggressive retail pricing and restrictive loyalty programs that control the price and visibility of competitive offers, in order to defend market shares. The company, which operates in the value segment, is exploring avenues to mitigate such challenges in an effective manner.

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, 2016 and 2015, and the related statements of income 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, 2016 and 2015, 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.

Other Matter

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 306 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.

Albany, New York
April 13, 2016

SaxBST LLP

BALANCE SHEETS

	March 31, 2016 $	March 31, 2016 ₹	March 31, 2015 $	March 31, 2015 ₹
ASSETS				
CURRENT ASSETS				
Cash and cash equivalents	1,151,569	76,297,204	5,659,608	353,725,500
Restricted cash	750,033	49,693,436	–	–
Accounts receivable	192,420	12,748,787	352,188	22,011,750
Accounts receivable, other	86,596	5,737,418	92,091	5,755,688
Inventory	1,777,033	117,737,321	2,284,194	142,762,125
Prepaid expenses	352,823	23,376,288	333,623	20,851,438
Income tax receivable	385,011	25,508,904	–	–
Deferred income taxes	204,938	13,578,167	917,904	57,369,000
Total current assets	4,900,423	324,677,525	9,639,608	602,475,500
PROPERTY AND EQUIPMENT, net	13,916	922,005	24,166	1,510,375
OTHER ASSETS	5,360	355,127	5,360	335,000
	4,919,699	325,954,657	9,669,134	604,320,875
LIABILITIES AND STOCKHOLDER'S EQUITY				
CURRENT LIABILITIES				
Accounts payable	1,770,002	117,271,483	2,199,885	137,492,813
Accrued settlement charges	1,374,967	91,098,439	3,821,116	238,819,750
Income tax payable	–	–	897,250	56,078,125
Deferred income taxes	59,781	3,960,790	45,190	2,824,375
Accrued expenses and other	241,378	15,992,499	255,352	15,959,500
Total current liabilities	3,446,128	228,323,211	7,218,793	451,174,563
LONG-TERM LIABILITIES				
Deferred income taxes	5,499	364,336	9,514	594,625
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	1,463,992	28,220,727	2,436,747	83,219,310
Foreign Exchange Translation Reserve	–	68,864,435	–	69,150,429
Total stockholder's equity	1,468,072	97,267,110	2,440,827	152,551,688
	4,919,699	325,954,657	9,669,134	604,320,875

STATEMENTS OF INCOME AND RETAINED EARNINGS

	For the year ended 31st March, 2016 $	For the year ended 31st March, 2016 ₹	For the year ended 31st March, 2015 $	For the year ended 31st March, 2015 ₹
SALES				
Revenues, net of customer returns	33,416,891	2,151,295,900	29,871,063	1,828,407,766
Less quick pay discounts	668,767	43,053,548	606,205	37,105,808
Net sales	32,748,124	2,108,242,352	29,264,858	1,791,301,958
COST OF SALES	24,131,626	1,545,908,799	22,379,332	1,365,252,194
	8,616,498	562,333,553	6,885,526	426,049,764
MSA SETTLEMENT CHARGES				
MSA settlement charges, net	4,572,518	294,367,277	3,145,212	192,518,427
MSA NPM adjustment credits	(315,243)	(20,294,556)	(355,064)	(21,733,467)
MSA settlement charges, adjusted for credits	4,257,275	274,072,721	2,790,148	170,784,959
Gross profit	4,359,223	288,260,832	4,095,378	255,264,805
OPERATING EXPENSES	3,510,052	225,968,374	3,861,361	236,353,907
Profit from operations	849,171	62,292,458	234,017	18,910,898
OTHER				
Interest income	10,747	691,865	24,915	1,525,047
Other income	6,522	419,870	3,935	240,861
	17,269	1,111,735	28,850	1,765,909
Income before provision for income taxes	866,440	63,404,193	262,867	20,676,807
PROVISION FOR INCOME TAXES	339,195	21,836,526	120,681	7,386,884
Net income	527,245	41,567,667	142,186	13,289,923
RETAINED EARNINGS, beginning of year	2,436,747	83,219,310	4,294,561	192,349,388
Distributions	(1,500,000)	(96,566,250)	(2,000,000)	(122,420,000)
RETAINED EARNINGS, end of year	1,463,992	28,220,727	2,436,747	83,219,310

STATEMENT OF CASH FLOWS

	For the year ended 31st March 2016 $	For the year ended 31st March 2016 ₹	For the year ended 31st March 2015 $	For the year ended 31st March 2015 ₹
CASH FLOWS PROVIDED (USED) BY OPERATING ACTIVITIES				
Net income	**527,245**	**41,567,667**	142,186	13,289,923
Adjustments to reconcile net income to net cash provided (used) by operating activities				
Depreciation	**10,250**	**659,869**	16,241	994,112
Deferred income taxes	**723,542**	**44,696,959**	(920,253)	(57,368,616)
(Increase) decrease in				
Restricted cash	**(750,033)**	**(49,693,436)**	–	–
Accounts receivable	**159,768**	**9,262,963**	(159,713)	(10,478,648)
Accounts receivable, other	**5,495**	**18,270**	127,064	7,376,080
Inventory	**507,161**	**25,024,804**	(1,012,793)	(66,579,777)
Due from related parties	–	–	1,262	75,619
Prepaid expenses	**(19,200)**	**(2,524,850)**	5,958	(503,744)
Income taxes receivable	**(385,011)**	**(25,508,904)**	238,030	14,262,758
Other assets	–	–	5,030	287,569
Increase (decrease) in				
Accounts payable	**(429,883)**	**(20,221,330)**	1,477,551	94,210,559
Accrued settlement charges	**(2,446,149)**	**(147,721,311)**	1,738,367	114,021,430
Accrued expenses and other	**(13,974)**	**32,999**	66,852	4,664,580
Income tax payable	**(897,250)**	**(56,078,125)**	897,250	56,078,125
	(3,008,039)	**(180,484,425)**	2,623,032	170,329,969
CASH FLOWS USED BY FINANCING ACTIVITIES				
Distributions to stockholder	**(1,500,000)**	**(96,566,250)**	(2,000,000)	(122,420,000)
Net increase (decrease) in cash and cash equivalents	**(4,508,039)**	**(277,050,675)**	623,032	47,909,969
CASH AND CASH EQUIVALENTS, beginning of year	**5,659,608**	**353,725,500**	5,036,576	301,791,634
Foreign Exchange Translation (Gains)/ Losses	–	**(377,621)**	–	4,023,897
CASH AND CASH EQUIVALENTS, end of year	**1,151,569**	**76,297,204**	5,659,608	353,725,500
SUPPLEMENTARY CASH FLOW INFORMATION				
Cash paid during the year for income taxes	**897,823**	**57,799,600**	4,294	262,836

NOTES TO FINANCIAL STATEMENTS

March 31, 2016 and 2015

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 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. 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.

d. Restricted Cash

The Company has a restricted cash deposit balance of $750,033 as collateral for a letter of credit issued in order to securitize a U.S. Custom Bond posted for $1.9 million.

e. Inventory

Inventory consists mainly of cigarettes and includes bonded inventory, tax paid available-for-sale inventory, 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 $451,500 and $788,000 as of March 31, 2016 and 2015, respectively. The bonded inventory includes the cost of the cigarettes, plus freight-in, storage, and other direct costs. The bonded inventory amounts to approximately $1,085,800 and $924,000 as of March 31, 2016 and 2015, respectively. The in-transit inventory amounts to approximately $239,700 and $572,000 as of March 31, 2016 and 2015, 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 life 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 amortization and depreciates equipment and fixtures over 5 to 7 years, and computer software over 3 to 5 years. Leasehold improvements are amortized over the shorter of the life of the asset or the life of the lease.

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, 2016 and 2015.

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 approximated $310,900 and $375,200 for the years ended March 31, 2016 and 2015, respectively.

When necessary, the Company maintains an allowance for doubtful accounts for estimated losses resulting from the inability of its customers to make required payments through a charge to earnings and a credit to a valuation allowance. When determining the collectability of specific customer accounts, management considers credit-worthiness, past transaction history, current economic industry trends, and past due balances. Management considers accounts receivable to be fully collectible, and, therefore, no allowance is considered necessary as of March 31, 2016 and 2015.

h. Shipping and Handling Expenses

Shipping and handling expenses are classified under operating expenses. The shipping and handling expenses as they relate to operating expenses approximated $493,400 and $655,200 for the years ended March 31, 2016 and 2015, 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, approximated $445,000 and $684,400 for the years ended March 31, 2016 and 2015, 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 31,2016.

k. Subsequent Events

The Company has evaluated subsequent events for potential recognition or disclosure through April 13, 2016, 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, 2016		March 31, 2015	
	$	₹	$	₹
Equipment and fixtures	**147,271**	**9,757,440**	147,271	9,204,438
Leasehold improvements	**2,000**	**132,510**	2,000	125,000
Computer software	**58,482**	**3,874,725**	58,482	3,655,125
	207,753	**13,764,675**	207,753	12,984,563
Less accumulated depreciation	**193,837**	**12,842,670**	183,587	11,474,188
	13,916	**922,005**	24,166	1,510,375

Depreciation expense for property and equipment approximated $10,300 and $16,200 for the years ended March 31, 2016 and 2015, respectively.

Note 4 - Commitments and Contingencies

a. Leases

The Company leases its main office located in Paramus, New Jersey. The lease expires in March 2017, and rent expense for the years ended March 31, 2016 and 2015 approximated $87,900 and $86,400, 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 as the main office lease but for an annual rent of approximately $99,000 for the year ended March 31, 2015. These offices were sublet to ITC Infotech, Inc. (a related party through common ownership) for the full term of the lease. ITC Infotech, Inc. has fully reimbursed the Company for the rent expense under the lease for the year ended March 31, 2015.

The Company leases automobiles under noncancelable operating leases with 36-month terms. Vehicle lease expense approximated $14,800 and $15,200 for the years ended March 31, 2016 and 2015, 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,	
2017	$ 91,100
2018	$ 21,000
Total minimum payments required	$ 112,100

Total expenses under all operating leases, less sublease rentals recovered, are as follows and are included in operating expenses :

	March 31, 2016		March 31, 2015	
	$	₹	$	₹
Minimum rentals	**103,800**	**6,682,385**	201,091	12,308,780
Less sublease rentals	**–**	**–**	98,529	6,030,960
	103,800	**6,682,385**	102,562	6,277,820

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, 2016 and 2015, from ITC approximated $4,224,100 and $4,692,500, respectively. At March 31, 2016 and 2015, the Company owed ITC $985,300 and $1,134,000, respectively, which is included in accounts payable in the accompanying balance sheets.

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, 2016		March 31, 2015	
	$	₹	$	₹
Costs based on current activity, net of credits	**4,581,031**	**294,915,323**	3,118,196	190,864,777
Adjustment to prior period MSA settlement costs	**(8,513)**	**(548,046)**	27,016	1,653,649
	4,572,518	**294,367,277**	3,145,212	192,518,427

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 approximately 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 awards' "pro rata" judgment reduction and instead calculate their potential NPM liability as if all the 22 states that settled previously, were not diligent.

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, which were recognised as income as of March 31, 2015.

The settlement recoveries are final in Pennsylvania and Maryland further to court orders. After the reduction of credits of $76,362, the Company recovered $61,398 from Maryland and $168,346 from Pennsylvania, which we have recognized as income as of March 31, 2016.

From March 31, 2013 through March 31, 2016, the Company has received a total net credit, on account of NPM Adjustment disputes, of $2,825,388. The Company has recognized $2,650,420 in income leaving $174,968 in unrealized credit. An amount of approximately $3.5 million is the maximum recoverable amount in NPM adjustment disputes, with the balance from non-settling states, for the years 2004 onwards, subject to arbitration, as of March 31, 2016.

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 as per the rules and regulations notified. Total payments for the year ended March 31, 2015 approximated $703,300 and is 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, 2016 and 2015 approximated $126,400 and $157,200, 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 and cash equivalents at four major financial institutions in the United States. At times, the Company's cash and cash equivalent balances exceed the current insured amount under the Federal Deposit Insurance Corporation.

For the year ended March 31, 2016, revenue from two customers approximately aggregated 22% of the total sales for the Company. Amounts due from these customers included in accounts receivable at March 31, 2016, approximated $42,300. This amount was fully recovered as of the date of the issue of these financial statements.

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, approximated $44,700. This amount was fully recovered as of April 10, 2015.

Note 10 - Income Taxes

Income taxes consist of the following components:

	Year ended 31st March, 2016 $	**Year ended 31st March, 2016 ₹**	Year ended 31st March, 2015 $	Year ended 31st March, 2015 ₹
Current income tax expense (benefit)				
Federal	**(374,767)**	**(24,126,563)**	823,899	50,430,858
States	**(9,578)**	**(616,608)**	217,035	13,284,712
Total current	**(384,345)**	**(24,743,171)**	1,040,934	63,715,570
Deferred income tax expense (benefit)				
Federal	**644,026**	**41,460,784**	(733,106)	(44,873,418)
States	**79,514**	**5,118,913**	(187,147)	(11,455,268)
Total deferred	**723,540**	**46,579,697**	(920,253)	(56,328,686)
Total income tax expense				
Federal	**269,259**	**17,334,221**	90,793	5,557,440
States	**69,936**	**4,502,305**	29,888	1,829,444
	339,195	**21,836,526**	120,681	7,386,884

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, 2016 $	**Year ended 31st March, 2016 ₹**	Year ended 31st March, 2015 $	Year ended 31st March, 2015 ₹
Deferred tax assets				
Accrued settelment charges	**131,800**	**8,732,409**	889,294	55,580,875
Inventory	**20,030**	**1,327,087**	28,610	1,788,125
Net operating losses	**53,108**	**3,518,671**	–	–
	204,938	**13,578,167**	917,904	57,369,000
Deferred tax liabilities				
Property and equipment	**5,499**	**364,336**	9,514	594,625
Prepaid expenses	**59,781**	**3,960,790**	45,190	2,824,375
	65,280	**4,325,126**	54,704	3,419,000

SUPPLEMENTARY INFORMATION - COST OF SALES

	Year ended 31st March, 2016 $	Year ended 31st March, 2016 ₹	Net Sales %	Year ended 31st March, 2015 $	Year ended 31st March, 2015 ₹	Net Sales %
Beginning inventory	2,284,194	142,762,125	7.0	1,271,401	76,182,348	4.3
Cigarette tax, duty, and harbor processing fees	18,389,641	1,183,879,113	56.2	17,159,641	1,050,341,626	58.6
Cigarette purchases	4,224,111	271,937,706	12.9	4,692,528	287,229,639	16.0
Tobacco buyout expense	–	–	–	703,284	43,048,014	2.4
U.S. Food and Drug Administration assessment	780,762	50,263,506	2.3	628,896	38,494,724	2.1
Other expenses	3,853	248,047	0.0	5,053	309,294	0.0
Storage	158,899	10,229,520	0.5	152,486	9,333,668	0.5
Freight-in	31,184	2,007,548	0.1	19,851	1,215,080	0.1
Customs brokerage	33,760	2,173,384	0.1	28,821	1,764,133	0.1
Destruction charges	2,255	145,171	0.0	1,565	95,794	0.0
	25,908,659	1,663,646,120	79.1	24,663,526	1,508,014,319	84.1
Ending inventory	(1,777,033)	(117,737,321)	(5.4)	(2,284,194)	(142,762,125)	(7.8)
	24,131,626	1,545,908,799	73.7	22,379,332	1,365,252,194	76.3

SUPPLEMENTARY INFORMATION - OPERATING EXPENSES

	Year ended 31st March, 2016 $	Year ended 31st March, 2016 ₹	Net Sales %	Year ended 31st March, 2015 $	Year ended 31st March, 2015 ₹	Net Sales %
Marketing and promotion	445,055	28,651,528	1.4	684,386	41,891,267	2.3
Salaries	1,085,554	69,885,253	3.3	999,619	61,186,679	3.4
Shipping and handling	493,449	31,767,013	1.5	655,173	40,103,139	2.2
Professional fees	286,036	18,414,283	0.9	383,713	23,487,073	1.3
Travel	220,349	14,185,518	0.7	176,417	10,798,485	0.6
Fees and licenses	190,223	12,246,081	0.6	139,676	8,549,568	0.5
Group insurance	122,304	7,873,626	0.4	120,367	7,367,664	0.4
Pension	126,378	8,135,900	0.4	157,193	9,621,784	0.5
Payroll tax	77,290	4,975,737	0.2	80,197	4,908,858	0.3
Rent	87,944	5,661,615	0.3	86,426	5,290,135	0.3
General insurance	94,185	6,063,395	0.3	88,265	5,402,701	0.3
Office supplies and expense	78,873	5,077,647	0.2	66,446	4,067,160	0.2
Dues and subscriptions	73,525	4,733,356	0.2	77,733	4,758,037	0.3
Auto	33,410	2,150,852	0.1	36,638	2,242,612	0.1
Miscellaneous/other expenses	47,690	3,070,163	0.1	53,261	3,260,106	0.2
Telephone/communication	19,797	1,274,481	0.1	24,568	1,503,807	0.1
Training and placement fees	17,740	1,142,057	0.1	15,042	920,721	0.1
Depreciation	10,250	659,869	0.0	16,241	994,112	0.1
	3,510,052	225,968,374	10.9	3,861,361	236,353,907	13.2