ITC Limited

REPORT AND ACCOUNTS

OF

SUBSIDIARY COMPANIES

2019

SUBSIDIARY COMPANIES

Russell Credit Limited	2
Greenacre Holdings Limited	49
ITC Infotech India Limited	73
ITC Infotech Limited	104
ITC Infotech (USA), Inc.	117
Indivate Inc.	123
Srinivasa Resorts Limited	126
Fortune Park Hotels Limited	149
Bay Islands Hotels Limited	174
WelcomHotels Lanka Pvt. Ltd.	190
Landbase India Limited	198
Technico Agri Sciences Limited	227
Technico Pty Limited	258
Technico Technologies Inc.	267
Technico Asia Holdings Pty Limited	271
Technico Horticultural (Kunming) Company Limited	276
Surya Nepal Private Limited	286
Gold Flake Corporation Limited	316
ITC Investments & Holdings Limited	336
MRR Trading & Investment Company Limited	346
North East Nutrients Pvt. Ltd.	356
Wimco Limited	384
Prag Agro Farm Limited	410
Pavan Poplar Limited	424

REPORT OF THE BOARD OF DIRECTORS & MANAGEMENT DISCUSSION AND ANALYSIS FOR THE FINANCIAL YEAR ENDED 31ST MARCH, 2019

1. Your Directors submit their Report for the financial year ended 31st March, 2019.

2. **ECONOMIC ENVIRONMENT**

India's economic narrative in the first half of the financial year 2018-19 was dominated by concerns on macro-economic stability as external imbalances rose to unsustainable levels on the back of spike in global price of crude oil and higher import of electronics. In addition, China-US trade dispute and US Federal Reserve increasing interest rates resulted in foreign investors shifting their allocations from emerging markets (including India) to the developed markets. As a result, India's Balance of Payments registered a meaningful deficit and the Rupee came under sustained pressure depreciating to 74.48 (by mid-October) against the USD from 65 (as in end of March, 2018).

In the second half, macro-economic stability concerns receded as global price of crude oil corrected significantly, US Federal Reserve guided to pause interest rate hikes and domestic retail inflation surprised Policy makers on the downside. However, fear of sharp and sustained growth slowdown took centre stage, as sustained food disinflation was seen to accentuate agrarian distress, and tightening financial conditions in the NBFC sector, post default by IL&FS, impacted flow of funds to SMEs leading to stress in key labour intensive sectors of the economy.

In the above backdrop, Indian economy in 2018-19 is estimated to grow by 7% in real terms compared to 7.2% in 2017-18. Fiscal deficit for the year slipped by 10 bps from the budgeted target (3.4% vs. 3.3% of GDP) and the current account deficit is also expected to widen to about 2.5% of GDP from 1.9% in the previous year.

In tandem with the economic narrative, market interest rates witnessed steep rise in the first half of the financial year as investor sentiment was impacted by both domestic and external concerns. RBI increased Policy interest rates by 25 bps each in June and August. In the second half of the financial year as market concerns started to abate, interest rates began normalising on the back of liquidity infusion into the banking system by RBI through open-market purchase of Government Securities (~ ₹ 3 Lakh Cr. which represents 71% of the net market borrowing by the Central Government in 2018-19) and 25 bps cut in Policy interest rate by the RBI in February.

As retail inflation remains benign and economic growth facing headwinds, there exists room for further monetary easing by the RBI. However, fiscal stance of the new Government, post announcement of general election results in May, 2019, is likely to dominate and guide interest rate markets in the year 2019-20.

3. **FINANCIAL PERFORMANCE**

Your Company delivered another year of good performance across all financial parameters. Revenue from operations during the year was ₹ 6,116.24 lakhs (previous year: ₹ 8,249.28 lakhs). Net Profit for the year was ₹ 3,783.68 lakhs (previous year: ₹ 6,403.20 lakhs) and Total Comprehensive Income stood at ₹ 6,542.37 lakhs (previous year: ₹ 8,982.09 lakhs). Revenue from operations and Net Profit / Total Comprehensive Income for the previous year included ₹ 3,377.97 lakhs and ₹ 1,848.26 lakhs, respectively, on account of sale of Non-Convertible Preference Shares held by the Company in ICICI Bank Limited.

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

	For the year ended 31st March, 2019 (₹ in lakhs)	For the year ended 31st March, 2018 (₹ in lakhs)
Profits		
a. Profit Before Tax	**5,136.59**	7,658.92
b. Less : Tax Expense	**1,352.91**	1,255.72
c. Profit After Tax	**3,783.68**	6,403.20
d. Add : Other Comprehensive Income	**2,758.69**	2,578.89
e. Total Comprehensive Income	**6,542.37**	8,982.09
Retained Earnings		
a. At the beginning of the year	**3,422.55**	4,132.60
b. Add : Profit for the year	**3,783.68**	6,403.20
c. Add : Other Comprehensive Income / (Loss)	**(1.36)**	4.56
d. Less : Transfer from Retained Earnings to Special Reserve	**756.74**	1,276.38
e. Less : Interim Dividend paid	**–**	4,977.89
f. Less : Income Tax on Interim Dividend	**–**	863.54
g. At the end of the year	**6,448.13**	3,422.55

4. **DIRECTORS AND KEY MANAGERIAL PERSONNEL**

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

During the year under review, there was no change in the composition of the Board of Directors of your Company ('the Board').

Mr. Tunal Kumar Ghosal resigned as the Manager and Company Secretary of the Company with effect from close of work on 31st July, 2018. The Board, on the recommendation of the Nomination and Remuneration Committee, appointed Mr. Ketan Shantilal Madia as the Manager of the Company for the period from 1st August, 2018 to 30th September, 2019, in terms of the provisions of Sections 196, 197 and 203 of the Companies Act, 2013 ('the Act'), subject to the approval of the Members of the Company. Appropriate resolution seeking your approval to Mr. Madia's appointment as Manager is appearing in the Notice convening the ensuing Annual General Meeting ('AGM') of the Company. Mr. Madia has also been appointed as the Company Secretary of the Company with effect from the said date.

(b) Attributes, qualifications and appointment of Directors

As reported in earlier years, the attributes and qualifications of the Directors provided in Section 149 of the Act and the Companies (Appointment and Qualification of Directors) Rules, 2014 were adopted by the Nomination and Remuneration Committee.

In terms of the Non-Banking Financial Company - Systemically Important Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, 2016, the Company has a Policy for ascertaining 'fit and proper criteria' of Directors, approved by the Board. All the Directors of the Company are executives of ITC Limited, the Holding Company, and fulfil the fit and proper criteria for appointment as Directors. Further, all the Directors are liable to retire by rotation and one-third of them retire every year and are eligible for re-election.

In accordance with the provisions of Section 152 of the Act read with Article 143 of the Articles of Association of the Company, Messrs. Rajiv Tandon (DIN: 00042227) and Supratim Dutta (DIN: 01804345), Directors, will retire by rotation at the ensuing AGM of the Company, and being eligible, offer themselves for re-election. Your Board has recommended their re-election.

(c) Board evaluation

The Board carried out annual performance evaluation of its own performance and that of the individual Directors as also functioning of the Board Committees, in terms of Section 134 of the Act. The performance evaluation of the Board and individual Directors, as in the previous year, was based on criteria approved by the Nomination and Remuneration Committee. The Committee Chairmen placed before the Board, reports on functioning of respective Board Committees during the year.

(d) Remuneration Policy

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

5. **BOARD AND BOARD COMMITTEES**

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

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

Risk Management Committee

Mr. R. Tandon (Chairman)

Mr. Saradindu Dutta

Ms. Sheela G. Mukherjee

Six meetings of the Board were held during the year ended 31st March, 2019.

6. DIRECTORS' RESPONSIBILITY STATEMENT

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

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

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

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

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

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

7. NBFC REGULATIONS

The disclosures as required under the Non-Banking Financial Company - Systemically Important Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, 2016, are provided in the Notes to the Financial Statements of the Company and the Schedule required in terms of Para 18 of the aforesaid Directions is appended to the Balance Sheet.

8. SUBSIDIARY AND ASSOCIATES

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

The Company, being an intermediate wholly owned subsidiary, is not required to prepare Consolidated Financial Statements. However, brief details of the performance and financial position of the Company's subsidiary and associates are given below:

Name of Subsidiary / Associates	Total Income / Revenue		Net Profit / (Loss)	
	FY 2018-19 (₹ in lakhs)	FY 2017-18 (₹ in lakhs)	**FY 2018-19 (₹ in lakhs)**	FY 2017-18 (₹ in lakhs)
Subsidiary company				
Greenacre Holdings Limited	**532.91**	545.17	**178.24**	186.54
Associate companies				
International Travel House Limited	**21,063.99**	20,769.27	**267.97**	695.40
Divya Management Limited	**56.75**	48.56	**24.22**	20.73
Antrang Finance Limited	**28.05**	28.14	**4.44**	9.54
Russell Investments Limited	**601.31**	447.18	**479.95**	359.95
Maharaja Heritage Resorts Limited	**381.70**	405.57	**(14.01)**	(33.39)

9. HUMAN RESOURCES

Human Resource Development (HRD) practices in your Company are aligned with those of ITC Limited and are guided by the principles of relevance, consistency and fairness. A productive workplace has been and remains a key requirement for successful business performance of your Company. The Company believes that HRD strategies and practices will continue to provide competitive advantage to the Company. In addition to the Key Managerial Personnel, the Company had eight employees as on 31st March, 2019.

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

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

10. RISK MANAGEMENT

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

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

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

11. 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. Further, during the year, Messrs. N. Sarkar & Co., Chartered Accountants, conducted independent assessment of the internal control systems in the Company and confirmed that the said systems are adequate and are operating effectively.

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

12. CORPORATE SOCIAL RESPONSIBILITY (CSR)

The Annual Report on CSR Activities of the Company in terms of Section 135 of the Act read with the Companies (Corporate Social Responsibility Policy) Rules, 2014 is enclosed as **Annexure 3** to this Report.

13. 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.

14. RELATED PARTY TRANSACTIONS

The Policy on dealing with Related Party Transactions of the Company, as approved by the Board, is enclosed as **Annexure 4** to this Report.

The details of material related party transactions of the Company in the prescribed Form No. AOC-2 are enclosed under **Annexure 5** to this Report.

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 6** to this Report.

17. COST RECORDS

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

18. AUDITORS

(a) Statutory Auditors

The Company's Auditors, Messrs. A. F. Ferguson & Co., Chartered Accountants, who were appointed with your approval at the 20th AGM for a period of five years, will complete their present term on conclusion of the ensuing 25th AGM of the Company.

The Board, on the recommendation of the Audit Committee, recommended for the approval of the Members, the appointment of Messrs. S R B C & CO LLP, Chartered Accountants ('SRBC'), as the Auditors of the Company for a period of five years from the conclusion of the ensuing 25th AGM till the conclusion of the 30th AGM. SRBC have given their consent to act as the Auditors of the Company and have confirmed that the said appointment, if made, will be in accordance with the conditions prescribed under Sections 139 and 141 of the Act. On the recommendation of the Audit Committee, the Board has also recommended for the approval of the Members, the remuneration of SRBC for the financial year 2019-20. Appropriate resolution seeking your approval to the appointment and remuneration of SRBC as the Auditors is appearing in the Notice convening the 25th AGM of the Company.

(b) Secretarial Auditors

Your Board appointed Messrs. S. M. Gupta & Co., Company Secretaries, to conduct secretarial audit of the Company for the financial year ended 31st March, 2019. The Report of Messrs. S. M. Gupta & Co., in terms of Section 204 of the Act, is enclosed as **Annexure 7** to this Report.

19. COMPLIANCE WITH SECRETARIAL STANDARDS

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

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

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

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

On behalf of the Board

R. Tandon *Chairman*

Dated : 24th April, 2019 Saradindu Dutta *Director*

Annexure 1 to the Report of the Board of Directors &
Management Discussion and Analysis for the financial year ended 31st March, 2019

Remuneration Policy

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

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

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

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

POLICY

It is the Company's Policy:

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

Remuneration of Key Managerial Personnel (KMP)

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

Remuneration of Independent Directors

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

Remuneration of employees other than KMP

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

Annexure 2 to the Report of the Board of Directors & Management Discussion and Analysis for the financial year ended 31st March, 2019

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

Names of employees	Age	Designation	Gross Remuneration (₹)	Net Remuneration (₹)	Qualifications	Experience (Years)	Date of commencement of employment / deputation	Previous Employment / Position held
1	2	3	4	5	6	7	8	9
S. Suresh Kumar *	43	Chief Financial Officer	80,81,514/-	39,19,737/-	B. Com. (Hons.), A.C.A., C.M.A.	19	01.01.2015	Manager (Domestic Treasury) - ITC Limited
K. S. Madia $	49	Manager & Company Secretary	24,92,718/-	17,61,536/-	B. Com. (Hons.), F.C.S., M.B.A. (Finance)	20	01.08.2018	Assistant Secretary - ITC Limited
T. K. Ghosal #	46	Manager & Company Secretary	15,60,087/-	12,18,432/-	M. Com., A.C.S.	20	01.04.2015	Company Secretary - Wills Corporation Limited
T. Sarkar	53	Assistant Manager	11,99,044/-	8,91,756/-	B. Com.	29	01.04.2015	Accounts Supervisor - Russell Investments Limited
S. Bose	53	Office Associate	9,56,932/-	7,44,219/-	B. Sc., Post Graduate Diploma in Computers	23	01.02.1999	Secretarial Assistant - Sage Investments Limited
S. Mondal	49	Assistant Manager	9,24,433/-	7,59,281/-	B. Com. (Hons.)	24	01.04.2015	Accounts Supervisor - Divya Management Limited
A. Kumar	37	Accounts Supervisor	7,64,682/-	6,32,708/-	B. A. (Hons.), M.B.A. (Finance)	13	01.08.2015	Information Analyst - Centre for Monitoring Indian Economy Pvt. Ltd.
D. K. Das	47	Accounts Assistant	5,92,249/-	5,06,227/-	B. Com.	22	01.04.2015	Junior Assistant - Russell Investments Limited
U. Choudhury	26	Accounts Supervisor	5,41,664/-	4,56,532/-	B. Com. (Hons.), C.M.A.	2	02.01.2017	--
J. Venkat Rao	42	Accounts Assistant	5,30,284/-	4,36,102/-	B. Com.	13	01.04.2015	Junior Assistant - Divya Management Limited

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

$ Appointed with effect from 1st August, 2018 on deputation from ITC.

 # Resigned with effect from close of work on 31st July, 2018.

Notes:

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

b. Net remuneration comprises cash income less income tax, education cess deducted at source and employee's own contribution to provident fund.

c. The Chief Financial Officer has been granted Stock Options by ITC in previous year(s) under its Employee Stock Option Schemes at 'market price' [within the meaning of the Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014]. ITC has also granted Employee Stock Appreciation Linked Reward Units (ESAR Units) to the Chief Financial Officer and the present Manager & Company Secretary under its Stock Appreciation Linked Reward Plan. Since these Stock Options and ESAR Units are not tradeable, no perquisite or benefit is conferred upon the employee by grant of such Options / Units, and accordingly the said grant has not been considered as remuneration.

d. All appointments (except deputed employees) are / were contractual in accordance with terms and conditions as per Company's rules.

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

On behalf of the Board

R. Tandon *Chairman*
Saradindu Dutta *Director*

Dated : 24th April, 2019

Annexure 3 to the Report of the Board of Directors & Management Discussion and Analysis

Annual Report on CSR Activities of the Company for the financial year ended 31st March, 2019

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

1.	A brief outline of the Company's CSR Policy, including overview of projects or programs proposed to be undertaken		The Company, a wholly owned subsidiary of ITC Limited (ITC), discharges its corporate social responsibilities (CSR) by aligning itself with the CSR Policy of ITC. The Company undertakes CSR activities: • as listed in Schedule VII to the Companies Act, 2013 and as approved by the CSR Committee; • directly or through a registered trust or a registered society or a company established under Section 8 of the Companies Act, 2013. The Company may collaborate with ITC or other companies for undertaking CSR activities.
2.	Composition of the CSR Committee		Mr. R. Tandon (Chairman) Mr. Saradindu Dutta Mr. R. K. Singhi
3.	Average net profits of the Company for last three financial years		₹ 6,109 lakhs
4.	Prescribed CSR expenditure (2% of the amount as in item 3 above)		₹ 122.18 lakhs
5.	Details of CSR spent during the financial year:	a) Total amount to be spent for the financial year b) Amount unspent, if any	₹ 125 lakhs Nil

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

Sl. No.	CSR project or activity identified	Sector in which the project is covered	Projects or programs (1) Local area or other (2) Specify the State and district where projects or programs were undertaken	Amount outlay (Budget) project or program wise	Amount spent on the projects or programs Sub-heads: (1) Direct expenditure on projects or programs (2) Overheads	Cumulative expenditure upto the reporting period	Amount spent: Direct or through implementing agency
1.	Contribution to the corpus of ITC Rural Development Trust	Undertaking rural development projects [covered under Clause (x) of Schedule VII to the Companies Act, 2013]	N.A.	₹ 125 lakhs	₹ 125 lakhs	₹ 125 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 : 24th April, 2019

Annexure 4 to the Report of the Board of Directors &
Management Discussion and Analysis for the financial year ended 31st March, 2019
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 5 to the Report of the Board of Directors &
Management Discussion and Analysis for the financial year ended 31st March, 2019

FORM NO. AOC-2

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

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

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

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

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

a)	Name(s) of the related party and nature of relationship	ITC Infotech India Limited (I3L), fellow subsidiary
b)	Nature of contracts / arrangements / transactions	Unsecured inter-corporate loan of ₹ 10,000 lakhs to I3L
c)	Duration of the contracts / arrangements / transactions	Not exceeding one year from 8th December, 2018
d)	Salient terms of the contracts or arrangements or transactions including the value, if any	• Interest payable on quarterly basis @ 9.25% per annum • Loan disbursed during the year and outstanding as on 31st March, 2019 : Nil
e)	Date(s) of approval by the Board, if any	The Board of Directors of the Company at the meeting held on 18th December, 2014 delegated the power to two Directors to grant inter-corporate loans to fellow Indian subsidiaries
f)	Amount paid as advances, if any	Nil

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

Dated : 24th April, 2019

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

FORM NO. MGT-9
EXTRACT OF ANNUAL RETURN
as on the financial year ended on 31st March, 2019

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

I. REGISTRATION AND OTHER DETAILS

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

II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

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

Sl. No.	Name and Description of main products / services	NIC Code of the product / service	% to total turnover of the Company
1.	Other financial service activities: • Interest Income • Net gain on fair value changes • Fees and Commission Income	64990	 60.06% 21.46% 10.35%

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	–	–	–	–	–	–	–	–	N.A.
i) Individual shareholders holding nominal share capital up to ₹ 1 lakh									
ii) Individual shareholders holding nominal share capital in excess of ₹ 1 lakh									
c) Others (specify)	–	–	–	–	–	–	–	–	N.A.
Sub-total (B)(2)	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**N.A.**
Total Public Shareholding (B) = (B)(1) + (B)(2)	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**N.A.**
C. Shares held by Custodian for GDRs & ADRs	–	–	–	–	–	–	–	–	N.A.
Grand Total (A+B+C)	**–**	**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	K. S. Madia (Manager & Company Secretary) *(refer Note)*
1.	Gross Salary	
	(a) Salary as per provisions contained in Section 17(1) of the Income-tax Act, 1961	23.65
	(b) Value of perquisites under Section 17(2) of the Income-tax Act, 1961	0.74
	(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)		**24.39**
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)*		218.43

Note: Mr. K. S. Madia was appointed with effect from 1st August, 2018 on deputation from ITC Limited (ITC) and has been granted Employee Stock Appreciation Linked Reward Units (ESAR Units) by ITC under its Stock Appreciation Linked Reward Plan. Since these ESAR Units are not tradeable, no perquisite or benefit is conferred upon the employee by grant of such Units, and accordingly the said grant has not been considered as remuneration.

B. Remuneration to other Directors:

(₹ in lakhs)

Sl. No.	Name of the Directors	Particulars of Remuneration			Total Amount
		Fee for attending Board and Board Committee meetings	Commission	Others, please specify	
1.	**Independent Directors**				
	Total Amount (B)(1)				**Nil**
2.	**Other Non-Executive Directors**				
	R. Tandon	Nil	Nil	Nil	Nil
	Saradindu Dutta				
	Supratim Dutta				
	Sheela G. Mukherjee				
	R. K. Singhi				
	Total Amount (B)(2)				**Nil**
Total Amount (B) = (B)(1) + (B)(2)					**Nil**
Total Managerial Remuneration (A + B)					**24.39**
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)*					480.54

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	67.15
	(b) Value of perquisites under Section 17(2) of the Income-tax Act, 1961	11.94
	(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		**79.09**

Note: Mr. S. Suresh Kumar is on deputation from ITC Limited (ITC) and has been granted Stock Options in previous year(s) and Employee Stock Appreciation Linked Reward Units (ESAR Units) in the current year by ITC under its Employee Stock Option Schemes and Stock Appreciation Linked Reward Plan, respectively. Since these Stock Options / ESAR Units are not tradeable, no perquisite or benefit is conferred upon the employee by grant of such Options / Units, and accordingly the said grant has not been considered as remuneration.

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

On behalf of the Board

R. Tandon *Chairman*
Saradindu Dutta *Director*

Dated : 24th April, 2019

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

SECRETARIAL AUDIT REPORT

FOR THE FINANCIAL YEAR ENDED ON 31ST MARCH, 2019

[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
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 **Russell Credit Limited** (hereinafter called the 'Company') for the financial year ended 31st March, 2019. Secretarial Audit was conducted in accordance with the Guidance Note issued by the Institute of Company Secretaries of India (A statutory body constituted under the Company Secretaries Act, 1980) and in a manner that provided us a reasonable basis for evaluating the corporate conduct / statutory compliances and expressing our opinion thereon.

2. On the basis of verification of the secretarial compliance and on the basis of secretarial audit of Company's books, papers, minute books, forms and returns filed and other records maintained by the Company, as shown to us during the said audit and also based on the information provided by the Company, its officers, agents and authorised representatives during the conduct of 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, 2019, complied with the statutory provisions listed hereunder and also that the Company has adequate Board processes and compliance mechanism in place to the extent, in the manner and subject to the reporting made hereinafter.

3. (a) We have examined the secretarial compliance based on the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on 31st March, 2019 and as shown to us during our audit, according to the provisions of the following laws:

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

(ii) The Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 viz. :-

a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;

(b) We have also examined the secretarial compliance based on the books, papers, forms and returns filed and other records maintained by the Company for the financial year ended on 31st March, 2019 according to the provisions of the following laws specifically applicable to the Company and as shown to us during our audit:

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

(ii) Information Technology Framework for the NBFC Sector.

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

4. We have also examined compliance with the applicable clauses of the following:
   (a) Secretarial Standards issued by The Institute of Company Secretaries of India under Section 118 of the Companies Act, 2013.
5. On the basis of the audit as referred above and to the best of our knowledge, understanding and belief, we are of the view that during the period under review, the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards, etc. mentioned above in paragraphs 3(a), 3(b) and paragraph 4 of this report.
6. We further report that,
   (a) The Board of Directors of the Company is duly constituted in compliance with the applicable provisions of law. 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 and the RBI Regulations.
   (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.

(S. M. Gupta)
Partner
S. M. Gupta & Co.
Company Secretaries
Firm Registration No.: P1993WB046600
FCS : 896
CP No : 2053

Place: Kolkata
Date: 24th April, 2019

'Annexure A'
(To the Secretarial Audit Report of Russell Credit Limited for the Financial Year ended 31/03/2019)

To,
The Members
Russell Credit Limited
Virginia House
37, J. L. Nehru Road
Kolkata – 700 071

Our Secretarial Audit Report for the financial year ended 31/03/2019 of even date is to be read along with this letter.

1. Maintenance of secretarial records is the responsibility of the management of the Company. Our responsibility is to express an opinion on these secretarial records based on our audit.
2. We have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the secretarial records. The verification was done on test basis to ensure that correct facts are reflected in secretarial records. We believe that the processes and practices, we followed provide a reasonable basis for our opinion.
3. We have not verified the correctness and appropriateness of financial records and Books of Accounts of the Company.
4. Wherever required, we have obtained the Management representation about the compliance of laws, rules and regulations and happening of events etc.
5. The compliance with the provisions of corporate and other applicable laws, rules, regulations, standards is the responsibility of management. Our examination was limited to the verification of procedures on test 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.

(S. M. Gupta)
Partner
S. M. Gupta & Co.
Company Secretaries
Firm Registration No.: P1993WB046600
FCS : 896
CP No : 2053

Place: Kolkata
Date: 24th April, 2019

INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF RUSSELL CREDIT LIMITED

Report on the Audit of Financial Statements

Opinion

We have audited the accompanying financial statements of Russell Credit Limited ("the Company"), which comprise the Balance Sheet as at 31st March, 2019, and the Statement of Profit and Loss (including Other Comprehensive Income), the Statement of Cash Flows and the Statement of Changes in Equity for the year then ended, and a summary of significant accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Companies Act, 2013 ("the Act") in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards prescribed under Section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended, ("Ind AS") and other accounting principles generally accepted in India, of the state of affairs of the Company as at 31st March, 2019, and its profit, total comprehensive income, its cash flows and the changes in equity for the year ended on that date.

Basis for Opinion

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

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

- The Company's Board of Directors is responsible for the other information. The other information comprises the information included in the Directors' Report including Annexures to Directors' Report but does not include the financial statements and our auditor's report thereon.
- Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.
- In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Management's Responsibility for the Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Act with respect to the preparation of these financial statements that give a true and fair view of the financial position, financial performance including other comprehensive income, cash flows and changes in equity of the Company in accordance with the Ind AS and other accounting principles generally accepted in India. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statement that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

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

Auditor's Responsibility for the Audit of Financial Statements

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

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

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

Materiality is the magnitude of misstatements in the financial statements that, individually or in aggregate, makes it probable that the economic decisions of a reasonably knowledgeable user of the financial statements may be influenced. We consider quantitative materiality and qualitative factors in (i) planning the scope of our audit work and in evaluating the results of our work; and (ii) to evaluate the effect of any identified misstatements in the financial statements.

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

Report on Other Legal and Regulatory Requirements

1. As required by Section 143 (3) of the Act, based on our audit we report that:
   a) we have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
   b) in our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.

c) the Balance Sheet, the Statement of Profit and Loss, the Statement of Cash Flows and Statement of Changes in Equity dealt with by this Report are in agreement with the relevant books of account.

d) in our opinion, the aforesaid financial statements comply with the Ind AS prescribed under Section 133 of the Act.

e) on the basis of the written representations received from the directors of the Company as on 31st March, 2019 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2019 from being appointed as a director in terms of Section 164 (2) of the Act.

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

g) with respect to the other matters to be included in the Auditor's Report in accordance with the requirements of Section 197(16) of the Act, as amended, in our opinion and to the best of our information and according to the explanations given to us, the remuneration paid by the Company to its directors during the year is in accordance with the provisions of Section 197 of the Act.

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

i. The Company has disclosed the impact of pending litigations on its financial position in its financial statements;

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

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

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

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

Sumit Trivedi
Partner
(Membership No. 209354)

Place: Hyderabad
Date: 24th April, 2019

ANNEXURE A TO THE INDEPENDENT AUDITOR'S REPORT

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

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

We have audited the internal financial controls over financial reporting of **RUSSELL CREDIT LIMITED** ("the Company") as of 31st March, 2019 in conjunction with our audit of the financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

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

Auditor's Responsibility

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

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

Meaning of Internal Financial Controls Over Financial Reporting

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

Inherent Limitations of Internal Financial Controls Over Financial Reporting

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

Opinion

In our opinion, to the best of our information and according to the explanations given to us, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31st March, 2019, based on the criteria for internal control over financial reporting established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

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

Sumit Trivedi
Partner
(Membership No. 209354)

Place: Hyderabad
Date: 24th April, 2019

ANNEXURE B TO THE INDEPENDENT AUDITOR'S REPORT

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

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

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

(c) With respect to immovable properties of acquired 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 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, Goods and Services tax, Service Tax, Value Added Tax, Cess and other material statutory dues applicable to it with 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, 2019 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
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

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

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

(ix) 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)

Sumit Trivedi
Partner
(Membership No. 209354)

Place: Hyderabad
Date: 24th April, 2019

BALANCE SHEET AS AT 31ST MARCH, 2019

	Note	As at 31st March, 2019 (₹ in lakhs)		As at 31st March, 2018 (₹ in lakhs)		As at 1st April, 2017 (₹ in lakhs)	
ASSETS							
Financial Assets							
Cash and cash equivalents	3	457.67		89.12		415.29	
Other bank balances	4	15.59		163.85		191.99	
Receivables	5						
(I) Trade Receivables		50.32		53.58		54.54	
(II) Other Receivables		1,096.21		1,115.39		1,018.05	
Loans	6	3,652.00		4,868.00		6,224.00	
Investments	7	87,472.71		79,575.27		74,752.40	
Other Financial assets	8	0.04	92,744.54	0.53	85,865.74	0.79	82,657.06
Non-financial Assets							
Current tax assets (Net)	13A	142.66		–		–	
Deferred tax assets (Net)	9	–		92.83		70.62	
Property, Plant and Equipment	10	347.54		458.67		703.77	
Other non-financial assets	11	9.74	499.94	9.70	561.20	8.82	783.21
TOTAL ASSETS			**93,244.48**		**86,426.94**		**83,440.27**
LIABILITIES AND EQUITY							
LIABILITIES							
Financial Liabilities							
Other financial liabilities	12		47.60		44.27		185.60
Non-Financial Liabilities							
Current tax liabilities (Net)	13B	–		11.83		36.61	
Provisions	14	121.25		123.35		128.45	
Deferred tax liabilities (Net)	9	285.98		–		–	
Other non-financial liabilities	15	23.42	430.65	23.63	158.81	6.41	171.47
EQUITY							
Equity Share capital	16	64,647.88		64,647.88		64,647.88	
Other Equity		28,118.35	92,766.23	21,575.98	86,223.86	18,435.32	83,083.20
TOTAL LIABILITIES AND EQUITY			**93,244.48**		**86,426.94**		**83,440.27**

The accompanying notes 1 to 24 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

SUMIT TRIVEDI
Partner

R. TANDON *Chairman*
S. SURESH KUMAR *Chief Financial Officer*

SARADINDU DUTTA *Director*
K. S. MADIA *Manager & Company Secretary*

Hyderabad, 24th April, 2019

Kolkata, 24th April, 2019

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31ST MARCH, 2019

		Note	For the year ended 31st March, 2019 (₹ in lakhs)	For the year ended 31st March, 2018 (₹ in lakhs)
	Revenue from operations			
	Interest Income	**17 (A)**	3,673.59	3,380.55
	Dividend Income		213.14	949.23
	Rental Income		284.34	341.80
	Fees and commission Income		632.86	712.16
	Net gain on fair value changes	**17 (C)**	1,312.31	2,865.54
I	**Total Revenue from operations**		**6,116.24**	**8,249.28**
II	Other income	**17 (B)**	18.58	38.93
III	**Total Income (I+II)**		**6,134.82**	**8,288.21**
	Expenses			
	Finance cost	**18**	11.34	10.64
	Employee Benefits Expense	**19**	203.17	204.24
	Depreciation and amortization expense		111.13	133.45
	Other expenses	**20**	672.59	280.96
IV	**Total expenses**		**998.23**	**629.29**
V	**Profit before tax (III-IV)**		**5,136.59**	**7,658.92**
VI	Tax Expense:			
	Current Tax	**21A**	973.37	1,280.38
	Deferred Tax	**21A**	379.54	(24.66)
VII	**Profit for the year (V-VI)**		**3,783.68**	**6,403.20**
VIII	**Other Comprehensive Income**			
	(i) Items that will not be reclassified to profit or loss:			
	– Remeasurements of defined benefit plans	**22(iii)**	(2.08)	7.01
	– Equity instruments through other comprehensive income		2,760.04	2,574.33
	(ii) Income tax relating to items that will not be reclassified to profit or loss	**21B**	0.73	(2.45)
	Other Comprehensive Income [(i)+(ii)]		**2,758.69**	**2,578.89**
IX	**Total Comprehensive Income for the year (VII+VIII)**		**6,542.37**	**8,982.09**
	Earnings per equity Share (Face Value ₹ 10.00 each)	**22(i)**		
	– Basic and Diluted (in ₹)		0.59	0.99

The accompanying notes 1 to 24 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

SUMIT TRIVEDI
Partner

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

Hyderabad, 24th April, 2019

Kolkata, 24th April, 2019

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31ST MARCH, 2019

A. Equity Share Capital (₹ in lakhs)

	Balance at the beginning of the reporting period	Changes in equity share capital during the year	Balance at the end of the reporting period
For the year ended 31st March, 2018	64,647.88	–	64,647.88
For the year ended 31st March, 2019	**64,647.88**	**–**	**64,647.88**

B. Other Equity (₹ in lakhs)

	Reserves and Surplus				Equity Instruments through Other Comprehensive Income	Total
	Special Reserve under Section 45-IC of the RBI Act, 1934	Capital Reserve	General Reserve	Retained Earnings		
Balance as at 1st April, 2017	**11,492.90**	**287.67**	**235.95**	**4,132.60**	**2,286.20**	**18,435.32**
Profit for the year	–	–	–	6,403.20	–	6,403.20
Other Comprehensive Income for the year (net of tax)	–	–	–	4.56	2,574.33	2,578.89
Total Comprehensive Income for the year	**–**	**–**	**–**	**6,407.76**	**2,574.33**	**8,982.09**
Transfer from Retained Earnings to Special Reserve	1,276.38	–	–	(1,276.38)	–	–
Dividends paid	–	–	–	(4,977.89)	–	(4,977.89)
Income tax on Dividends paid	–	–	–	(863.54)	–	(863.54)
Balance as at 31st March, 2018	**12,769.28**	**287.67**	**235.95**	**3,422.55**	**4,860.53**	**21,575.98**
Profit for the year	–	–	–	3,783.68	–	3,783.68
Other Comprehensive Income for the year (net of tax)	–	–	–	(1.35)	2,760.04	2,758.69
Total Comprehensive Income for the year	**–**	**–**	**–**	**3,782.33**	**2,760.04**	**6,542.37**
Transfer from Retained Earnings to Special Reserve	756.74	–	–	(756.74)	–	–
Balance as at 31st March, 2019	**13,526.02**	**287.67**	**235.95**	**6,448.14**	**7,620.57**	**28,118.35**

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

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

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

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

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

The accompanying notes 1 to 24 are an integral part of the Financial Statements.

In terms of our report attached

For A. F. Ferguson & Co.
Chartered Accountants

SUMIT TRIVEDI
Partner

Hyderabad, 24th April, 2019

On behalf of the Board

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

Kolkata, 24th April, 2019

CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2019

	For the year ended 31st March, 2019 (₹ in lakhs)		For the year ended 31st March, 2018 (₹ in lakhs)	
A. Cash Flow from Operating Activities				
PROFIT BEFORE TAX		5,136.59		7,658.92
ADJUSTMENTS FOR :				
Depreciation and amortization expense	111.13		133.45	
Finance costs	11.34		10.64	
Interest Income from bank deposits	(3.58)		(15.13)	
Interest Income from other than bank deposits	(499.62)		(684.40)	
(Gain) / loss on disposal of property, plant and equipment	–		96.65	
Net Loss / (Gain) arising on investments mandatorily measured at fair value through profit or loss	(798.41)	(1,179.14)	194.64	(264.15)
OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES		**3,957.45**		**7,394.77**
ADJUSTMENTS FOR :				
(Increase)/decrease in trade and other receivables	(33.83)		0.95	
(Increase)/decrease in Current Investments	(4,338.99)		(2,443.18)	
(Increase)/decrease in Other assets	(0.03)		(0.89)	
(Increase)/decrease in loans and advances	1,216.00		1,356.00	
Increase/(decrease) in Other Financial Liabilities and provisions	(1.07)	(3,157.92)	(122.17)	(1,209.29)
CASH GENERATED FROM OPERATIONS		**799.53**		**6,185.48**
Interest income other than deposits with banks	555.90		587.05	
Income tax paid	(1,139.22)	(583.32)	(1,315.80)	(728.75)
NET CASH GENERATED FROM OPERATING ACTIVITIES		**216.21**		**5,456.73**
B. Cash Flow from Investing Activities				
Sale of property, plant and equipment	–		15.00	
Interest Income from bank deposits	4.08		15.39	
Investment in bank deposits (original maturity more than 3 months)	(2.88)		(11.99)	
Redemption / maturity of bank deposits (original maturity more than 3 months)	151.14	152.34	40.13	58.53
NET CASH GENERATED FROM INVESTING ACTIVITIES		**152.34**		**58.53**
C. Cash Flow from Financing Activities				
Dividends paid	–		(4,977.89)	
Income tax on Dividends paid	–	–	(863.54)	(5,841.43)
NET CASH USED IN FINANCING ACTIVITIES		–		**(5,841.43)**
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS (A+B+C)		**368.55**		**(326.17)**
OPENING CASH AND CASH EQUIVALENTS		**89.12**		**415.29**
CLOSING CASH AND CASH EQUIVALENTS		**457.67**		**89.12**

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

The accompanying notes 1 to 24 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

SUMIT TRIVEDI
Partner

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

Hyderabad, 24th April, 2019

Kolkata, 24th April, 2019

NOTES TO THE FINANCIAL STATEMENTS

Company Information

Russell Credit Limited, a wholly owned subsidiary of ITC Limited, is an investment company and is registered with the Reserve Bank of India (RBI) as a Non-Banking Financial Company. Its activities are primarily confined to making long-term investments in strategic thrust areas for ITC, namely FMCG, Hotels & Tourism, Paper, Paperboards and Packaging, Agri Business and Information Technology.

1. Significant Accounting Policies

Statement of Compliance

These financial statements have been prepared in accordance with Indian Accounting Standards (Ind AS) notified under Section 133 of the Companies Act, 2013. The financial statements have also been prepared in accordance with the relevant presentation requirements of the Companies Act, 2013. The Company adopted Ind AS from 1st April, 2018.

Up to the year ended 31st March, 2018, the Company, a systemically important non-banking financial company, prepared its financial statements in accordance with the requirements of previous Generally Accepted Accounting Principles (GAAP), which includes Standards notified under the Companies (Accounting Standards) Rules, 2006 and applicable guidelines issued by Reserve Bank of India (RBI) [collectively referred to as "the Previous GAAP"]. These are the Company's first Ind AS financial statements. The date of transition to Ind AS is 1st April, 2017. Details of the exceptions and optional exemptions availed by the Company, and principal adjustments along with related reconciliations are detailed in Note 24 (First-time Adoption).

Basis of Preparation

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

Fair Value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Company takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these financial statements is determined on such a basis, except for Share-based payment transactions that are within the scope of Ind AS 102 – Share-based Payment, leasing transactions that are within the scope of Ind AS 17 – Leases, and measurements that have some similarities to fair value but are not fair value, such as value in use in Ind AS 36 – Impairment of Assets.

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

Operating Cycle

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

Property, Plant and Equipment

Property, plant and equipment are stated at cost of acquisition or construction less accumulated depreciation and impairment, if any. For this purpose, cost includes deemed cost which represents the carrying value of property, plant and equipment recognised as at 1st April, 2017 measured as per the Previous GAAP.

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

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

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

The estimated useful lives of property, plant and equipment of the Company are as follows:

Buildings	60 Years
Plant and Equipment	15 Years

Property, plant and equipment's residual values and useful lives are reviewed at each Balance Sheet date and changes, if any, are treated as changes in accounting estimate.

Impairment of Assets

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

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

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

Investment in Subsidiaries, Associates and Joint Ventures

Investment in subsidiaries, associates and joint ventures are carried at cost less accumulated impairment, if any.

Financial instruments, Financial assets, Financial liabilities and Equity Instruments

Financial assets and financial liabilities are recognised when the Company becomes a party to the contractual provisions of the relevant instrument and are initially measured at fair value. Transaction costs

NOTES TO THE FINANCIAL STATEMENTS (Contd.)

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

Financial Assets

Recognition: Financial assets include Investments, Trade Receivables, Loans, Security Deposits, Cash and Cash equivalents. Such assets are initially recognised at transaction price when the Company becomes party to contractual obligations. The transaction price includes transaction costs unless the asset is being fair valued through the Statement of Profit and Loss.

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

Financial assets are classified as those measured at:

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

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

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

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

Impairment: The Company assesses at each reporting date whether a financial asset (or a group of financial assets) such as investments, trade receivables, advances and security deposits held at amortized cost and financial assets that are measured at fair value through other comprehensive income are tested for impairment based on evidence or information that is available without undue cost or effort. Appropriate loss provision is created / maintained in terms of the requirements of applicable accounting standards and Prudential Norms of RBI, along with additional provisions, if any, required for specific loss in accordance with management estimates.

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

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

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

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

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

Financial Liabilities

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

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

Offsetting Financial Instruments

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

Equity Instruments

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

Revenue

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

Dividend Distribution

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

Employee Benefits

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

The cost of providing benefits under the defined benefit obligation

is calculated by independent actuary using the projected unit credit method. Service costs and net interest expense or income is reflected in the Statement of Profit and Loss. Gain or Loss on account of re-measurements are recognised immediately through other comprehensive income in the period in which they occur.

Employee Share Based Compensation

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

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

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

Leases

Leases are recognised as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

Company as a Lessee

Assets used under finance leases are recognised as property, plant and equipment in the Balance Sheet for an amount that corresponds to the lower of fair value and the present value of minimum lease payments determined at the inception of the lease and a liability is recognised for an equivalent amount.

The minimum lease payments are apportioned between 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 in the Statement of Profit and Loss.

Rentals payable under operating leases are charged to the Statement of Profit and Loss on a straight-line basis over the term of the relevant lease unless the payments to the lessor are structured to increase in line with expected general inflation to compensate for the lessor's expected inflationary cost increases.

Company as a Lessor

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

Taxes on Income

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

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

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

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

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

Claims

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

Provisions

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

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

Operating Segments

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

2. Use of estimates and judgements

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

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

A. Key sources of estimation uncertainty

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

1. Useful lives of property, plant and equipment:

As described in the significant accounting policies, the Company reviews the estimated useful lives of property, plant and equipment at the end of each reporting period.

NOTES TO THE FINANCIAL STATEMENTS (Contd.)

2. **Fair value measurements and valuation processes:**

   Some of the Company's assets and liabilities are measured at fair value for financial reporting purposes. In estimating the fair value of an asset or a liability, the Company uses market-observable data to the extent it is available. Where Level 1 inputs are not available, the Company engages third party valuers, where required, to perform the valuation. Information about the valuation techniques and inputs used in determining the fair value of various assets and liabilities are disclosed in the notes to the financial statements.

3. **Actuarial Valuation:**

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

4. **Claims, Provisions and Contingent Liabilities:**

   The Company has ongoing litigations with various third parties / regulatory authorities. Where an outflow of funds is believed to be probable and a reliable estimate of the outcome of the dispute can be made based on management's assessment of specific circumstances of each dispute and relevant external advice, management provides for its best estimate of the liability. Such accruals are by nature complex and can take number of years to resolve and can involve estimation uncertainty. Information about such litigations is provided in notes to the financial statements.

NOTES TO THE FINANCIAL STATEMENTS (Contd.)

	As at 31st March, 2019 (₹ in lakhs)	As at 31st March, 2018 (₹ in lakhs)	As at 1st April, 2017 (₹ in lakhs)
3. Cash and cash equivalents@			
Cash on hand	0.01	0.04	0.02
Balances with Banks			
Current accounts	457.66	71.38	291.63
Cheques, drafts on hand	–	17.70	123.64
TOTAL	**457.67**	**89.12**	**415.29**

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

4. Other bank balances			
In deposit accounts*	15.59	163.85	191.99
TOTAL	**15.59**	**163.85**	**191.99**

* Represents deposits with original maturity of more than 3 months and remaining maturity of less than 12 months from the Balance Sheet date. Includes earmarked balances of ₹ 5.78 lakhs (2018 - ₹ 5.78 lakhs; 2017 - ₹ 5.78 lakhs).

5. Receivables			
I. Trade Receivables			
Unsecured, considered good	50.32	53.58	54.54
II. Other Receivables			
Unsecured, considered good			
Interest accrued but not due#	1,059.21	1,091.49	976.47
Income accrued but not due	37.00	23.90	41.58
TOTAL	**1,146.53**	**1,168.97**	**1,072.59**

Includes an amount of ₹ 1,046.91 lakhs (2018 - ₹ 1,091.49 lakhs; 2017 - ₹ 976.47 lakhs) on instruments which are measured at fair value through profit or loss.

	Amortised cost	Amortised cost	Amortised cost
6. Loans			
Secured by tangible assets			
Current:			
(a) Term Loans to Related Party	1,216.00	1,216.00	1,216.00
(b) Term Loans to Others	–	–	140.00
Non-Current:			
(a) Term Loans to Related Party	2,436.00	3,652.00	4,868.00
Total - Gross	**3,652.00**	**4,868.00**	**6,224.00**
Less: Impairment loss allowance	–	–	–
Total - Net	**3,652.00**	**4,868.00**	**6,224.00**
(I) Loans in India			
(i) Public Sector	–	–	–
(ii) Others (Term Loans to Related Party & Others)	3,652.00	4,868.00	6,224.00
Total - Gross	**3,652.00**	**4,868.00**	**6,224.00**
Less: Impairment loss allowance	–	–	–
Total - Net	**3,652.00**	**4,868.00**	**6,224.00**

NOTES TO THE FINANCIAL STATEMENTS (Contd.)

	As at 31st March, 2019 (₹ in lakhs)																
	Amortised cost		At Fair Value				Sub-Total		Others *		Total		Amortised cost				
			Through Other Comprehensive Income		Through profit or loss										Through Other Comprehensive Income		
	Quoted	Unquoted	Quoted	Unquoted	Quoted	Unquoted	Quoted	Unquoted	Quoted	Unquoted	Quoted	Unquoted	Quoted	Unquoted	Quoted	Unquoted	
	(1)		(2)		(3)		(4) = (2) + (3)		(5)		(6) = (1) + (4) + (5)		(7)		(8)		
7. Investments																	
Current Investments																	
Mutual funds																	
Aditya Birla Sun Life Savings Fund 15,43,944 (2018 - 15,43,944 ; 2017 - Nil) units of ₹ 100.00 each	–	–	–	–	–	5,739.74	–	5,739.74	–	–	–	5,739.74	–	–	–	–	
ICICI Prudential Savings Fund (Formerly known as ICICI Prudential Flexible Income Plan) 2,15,192 (2018 - 2,71,620 ; 2017 - Nil) units of ₹ 100.00 each	–	–	–	–	–	777.21	–	777.21	–	–	–	777.21	–	–	–	–	
Kotak Savings Fund (Formerly known as Kotak Treasury Advantage Fund) 1,87,64,836 (2018 - 1,87,64,836 ; 2017 - Nil) units of ₹ 10.00 each	–	–	–	–	–	5,733.15	–	5,733.15	–	–	–	5,733.15	–	–	–	–	
Kotak Liquid Plan 58,362 (2018 - Nil; 2017 - Nil) units of ₹ 1000.00 each	–	–	–	–	–	2,201.81	–	2,201.81	–	–	–	2,201.81	–	–	–	–	
SBI Liquid Fund Nil (2018 - Nil ; 2017 - 3,77,212) units of ₹ 1000.00 each	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	
UTI Money Market Fund Nil (2018 - 1,88,524 ; 2017 - 5,23,050) units of ₹ 1000.00 each	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	
Certificate of Deposit																	
Kotak Mahindra Bank Limited 8,997 (2018 - Nil ; 2017 - Nil) Certificate of Deposits (27 December 2019) of ₹ 100000.00 each, fully paid	–	–	–	–	–	8,531.86	–	8,531.86	–	–	–	8,531.86	–	–	–	–	
Bonds/Debentures																	
A. Taxable																	
Canfin Homes Limited 500 (2018 - 500 ; 2017 - 500) 7.57% Secured Redeemable Non-Convertible Debentures (12 April 2020) of ₹ 1000000.00 each, fully paid	–	–	–	–	4,960.02	–	4,960.02	–	–	–	4,960.02	–	–	–	–	–	
ICICI Bank Limited 350 (2018 - 350 ; 2017 - Nil) 9.15% Unsecured Subordinated Non-Convertible Basel III Compliant Perpetual Bonds in the nature of Debentures Series DMR 18AT (with first call option on 20 June 2023) of ₹ 1000000.00 each, fully paid	–	–	–	–	3,442.47	–	3,442.47	–	–	–	3,442.47	–	–	–	–	–	
Housing & Urban Development Corporation Limited 500 (2018 - 500 ; 2017 - Nil) 7.70% Unsecured Redeemable Non-Convertible Taxable Bonds in the nature of Debentures Series F (19 March 2020) of ₹ 1000000.00 each, fully paid	–	–	–	–	5,010.49	–	5,010.49	–	–	–	5,010.49	–	–	–	–	–	
Infrastructure Leasing & Financial Services Limited Nil (2018 - 7,50,000 ; 2017 - 7,50,000)8.74% Taxable Non-Cumulative Non-Convertible Redeemable Bonds in the nature of Debentures Series I Option II (11 August 2018) of ₹ 1000.00 each, fully paid	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	
PNB Housing Finance Limited 150 (2018 - 150 ; 2017 - 500) 7.46% Non-Convertible Non-Cumulative Taxable Bonds in the nature of Promissory Note Series XXXI (30 April 2020) of ₹ 1000000.00 each, fully paid	–	–	–	–	1,466.44	–	1,466.44	–	–	–	1,466.44	–	–	–	–	–	
B. Tax Free																	
India Infrastructure Finance Company Limited 1,50,000 (2018 - 1,50,000 ; 2017 - 1,50,000) 7.19% (For Category I,II,III & IV) Tax Free Secured Redeemable Non-Convertible Bonds 2012-13 (Tranche I Series I) (22 January 2023) of ₹ 1000.00 each, fully paid	–	–	–	–	1,543.04	–	1,543.04	–	–	–	1,543.04	–	–	–	–	–	
Indian Railway Finance Corporation Limited 15,00,000 (2018 - 15,00,000 ; 2017 - 15,00,000) 7.18% (For Categories I,II & III) Tax Free Non-Cumulative Non-Convertible Redeemable Bonds in the nature of Debentures Series 86 (19 February 2023) of ₹ 1000.00 each, fully paid	–	–	–	–	15,205.99	–	15,205.99	–	–	–	15,205.99	–	–	–	–	–	
90,000 (2018 - 90,000 ; 2017 - Nil) 8.00% (For Categories I & II) Tax Free Non-Cumulative Non-Convertible Redeemable Bonds Series 80 (23 February 2022) of ₹ 1000.00 each, fully paid	–	–	–	–	928.33	–	928.33	–	–	–	928.33	–	–	–	–	–	
National Highways Authority of India 1,04,000 (2018 - 1,04,000 ; 2017 - Nil) 8.50% (For Category I, II & III) Secured Non-Convertible Tranche I Series IIA Bonds (05 February 2029) of ₹ 1000.00 each, fully paid	–	–	–	–	1,187.58	–	1,187.58	–	–	–	1,187.58	–	–	–	–	–	
National Housing Bank 5,000 (2018 -5,000 ; 2017 - 5,000) 6.82% Tax Free Non-Cumulative Non-Convertible Redeemable Bonds (26 March 2023) of ₹ 10000.00 each, fully paid	–	–	–	–	508.57	–	508.57	–	–	–	508.57	–	–	–	–	–	
Rural Electrification Corporation Limited 60,000 (2018 - 60,000 ; 2017 - Nil) 8.12% Tax Free Secured Redeemable Non-Convertible Bonds (27 March 2027) of ₹1000.00 each, fully paid	–	–	–	–	659.10	–	659.10	–	–	–	659.10	–	–	–	–	–	
Carried over	–	–	–	–	34,912.03	22,983.77	34,912.03	22,983.77	–	–	34,912.03	22,983.77	–	–	–	–	

NOTES TO THE FINANCIAL STATEMENTS (Contd.)

As at 31st March, 2018 (₹ in lakhs)											As at 1st April, 2017 (₹ in lakhs)									
	At Fair Value		Sub-Total		Others *		Total		Amortised cost		At Fair Value				Sub-Total		Others *		Total	
	Through profit or loss										Through Other Comprehensive Income		Through profit or loss							
	Quoted	Unquoted	Quoted	Unquoted	Quoted	Unquoted	Quoted	Unquoted	Quoted	Unquoted	Quoted	Unquoted	Quoted	Unquoted	Quoted	Unquoted	Quoted	Unquoted	Quoted	Unquoted
	(9)		(10) = (8) + (9)		(11)		(12) = (7) + (10) + (11)		(13)		(14)		(15)		(16) = (14) + (15)		(17)		(18) = (13) + (16) + 17)	
–	5,310.01	–	5,310.01	–	–	–	5,310.01	–	–	–	–	–	–	–	–	–	–	–	–	–
–	910.15	–	910.15	–	–	–	910.15	–	–	–	–	–	–	–	–	–	–	–	–	–
–	5,297.43	–	5,297.43	–	–	–	5,297.43	–	–	–	–	–	–	–	–	–	–	–	–	–
–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
–	–	–	–	–	–	–	–	–	–	–	–	–	–	9,600.00	–	9,600.00	–	–	–	9,600.00
–	3,656.70	–	3,656.70	–	–	–	3,656.70	–	–	–	–	–	–	9,500.00	–	9,500.00	–	–	–	9,500.00
–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
4,958.93	–	4,958.93	–	–	–	4,958.93	–	–	–	–	–	4,999.50	–	4,999.50	–	–	–	4,999.50	–	
3,500.00	–	3,500.00	–	–	–	3,500.00	–	–	–	–	–	–	–	–	–	–	–	–	–	
5,000.00	–	5,000.00	–	–	–	5,000.00	–	–	–	–	–	–	–	–	–	–	–	–	–	
7,512.20	–	7,512.20	–	–	–	7,512.20	–	–	–	–	–	7,500.00	–	7,500.00	–	–	–	7,500.00	–	
1,488.66	–	1,488.66	–	–	–	1,488.66	–	–	–	–	–	4,999.50	–	4,999.50	–	–	–	4,999.50	–	
1,552.87	–	1,552.87	–	–	–	1,552.87	–	–	–	–	–	1,562.12	–	1,562.12	–	–	–	1,562.12	–	
15,251.74	–	15,251.74	–	–	–	15,251.74	–	–	–	–	–	15,297.23	–	15,297.23	–	–	–	15,297.23	–	
936.98	–	936.98	–	–	–	936.98	–	–	–	–	–	–	–	–	–	–	–	–	–	
1,198.09	–	1,198.09	–	–	–	1,198.09	–	–	–	–	–	–	–	–	–	–	–	–	–	
510.46	–	510.46	–	–	–	510.46	–	–	–	–	–	512.23	–	512.23	–	–	–	512.23	–	
664.62	–	664.62	–	–	–	664.62	–	–	–	–	–	–	–	–	–	–	–	–	–	
42,574.55	15,174.29	42,574.55	15,174.29	–	–	42,574.55	15,174.29	–	–	–	–	34,870.58	19,100.00	34,870.58	19,100.00	–	–	34,870.58	19,100.00	

NOTES TO THE FINANCIAL STATEMENTS (Contd.)

	As at 31st March, 2019 (₹ in lakhs)															
	Amortised cost		At Fair Value				Sub-Total		Others *		Total		Amortised cost			
			Through Other Comprehensive Income		Through profit or loss										Through Other Comprehensive Income	
	Quoted	Unquoted	Quoted	Unquoted	Quoted	Unquoted	Quoted	Unquoted	Quoted	Unquoted	Quoted	Unquoted	Quoted	Unquoted	Quoted	Unquoted
	(1)		(2)		(3)		(4) = (2) + (3)		(5)		(6) = (1) + (4) + (5)		(7)		(8)	
7. Investments (Contd.)																
Brought forward	–	–	–	–	34,912.03	22,983.77	34,912.03	22,983.77	–	–	34,912.03	22,983.77	–	–	–	–
Preference Shares																
ICICI Bank Limited Nil (2018 - Nil : 2017 - 34) Non-Cumulative Redeemable Non-Convertible Non-Participative Preference Shares (20 April 2018) of ₹ 10000000.00 each, fully paid	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Equity Shares																
Others																
UltraTech Cement Limited 3 Equity Shares of ₹ 10.00 each, fully paid	–	–	–	–	0.12	–	0.12	–	–	–	0.12	–	–	–	–	–
SKH Metals Limited 40,000 Equity Shares of ₹ 1.00 each, fully paid	–	–	–	–	–	...	–	...	–	–	–	...	–	–	–	–
Patheja Brothers Forgings and Stampings Limited 50,000 Equity Shares of ₹ 1.00 each, fully paid	–	–	–	–	–	...	–	...	–	–	–	...	–	–	–	–
Jind Textiles Limited 5,00,000 Equity Shares of ₹ 1.00 each, fully paid	–	–	–	–	–	...	–	...	–	–	–	...	–	–	–	–
Taib Capital Corporation Limited 2,45,000 Equity Shares of ₹ 1.00 each, fully paid	–	–	–	–	–	...	–	...	–	–	–	...	–	–	–	–
Non-Current Investments																
Bonds / Debentures																
Taxable																
Rural Electrification Corporation Limited 500 (2018 - Nil ; 2017 - Nil) 8.37% Secured Redeemable Non-Convertible Taxable Bonds Tranche Series 3A (14 August 2020) ₹ 1000000.00 each, fully paid	4,990.44	–	–	–	–	–	–	–	–	–	4,990.44	–	–	–	–	–
Equity instruments																
Subsidiaries																
Greenacre Holdings Limited 4,20,60,166 Equity Shares of ₹ 10.00 each, fully paid	–	–	–	–	–	–	–	–	–	4,210.34	–	4,210.34	–	–	–	–
Associates																
Russell Investments Limited 42,75,435 Equity Shares of ₹ 10.00 each, fully paid	–	–	–	–	–	–	–	–	–	427.57	–	427.57	–	–	–	–
Divya Management Limited 41,82,915 Equity Shares of ₹ 10.00 each, fully paid	–	–	–	–	–	–	–	–	–	693.08	–	693.08	–	–	–	–
Antrang Finance Limited 43,24,634 Equity Shares of ₹ 10.00 each, fully paid	–	–	–	–	–	–	–	–	–	439.56	–	439.56	–	–	–	–
International Travel House Limited 36,26,633 Equity Shares of ₹ 10.00 each, fully paid	–	–	–	–	–	–	–	–	2,121.58	–	2,121.58	–	–	–	–	–
Maharaja Heritage Resorts Limited (a joint venture of the Holding Company) 90,000 Equity Shares of ₹ 100.00 each, fully paid	–	–	–	–	–	–	–	–	–	90.00	–	90.00	–	–	–	–
Others																
Hotel Leelaventure Limited 50,27,565 Equity Shares of ₹ 2.00 each, fully paid	–	–	548.00	–	–	–	548.00	–	–	–	548.00	–	–	–	859.71	–
EIH Limited 65,56,551 Equity Shares of ₹ 2.00 each, fully paid	–	–	13,503.22	–	–	–	13,503.22	–	–	–	13,503.22	–	–	–	10,431.47	–
Lotus Court Limited 2 Class G Shares of ₹ 48,000.00 each, fully paid	–	–	–	234.00	–	–	–	234.00	–	–	–	234.00	–	–	–	234.00
Adyar Property Holding Company Private Limited 311 Equity Shares of ₹ 100.00 each, ₹ 65.00 per share paid	–	–	–	2,319.00	–	–	–	2,319.00	–	–	–	2,319.00			–	2,319.00
Total – Gross (A)	**4,990.44**	–	**14,051.22**	**2,553.00**	**34,912.15**	**22,983.77**	**48,963.37**	**25,536.77**	**2,121.58**	**5,860.55**	**56,075.39**	**31,397.32**	–	–	**11,291.18**	**2,553.00**
(i) Investments outside India	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
(ii) Investments in India	4,990.44	–	14,051.22	2,553.00	34,912.15	22,983.77	48,963.37	25,536.77	2,121.58	5,860.55	56,075.39	31,397.32	–	–	11,291.18	2,553.00
Total (B)	**4,990.44**	–	**14,051.22**	**2,553.00**	**34,912.15**	**22,983.77**	**48,963.37**	**25,536.77**	**2,121.58**	**5,860.55**	**56,075.39**	**31,397.32**	–	–	**11,291.18**	**2,553.00**
Less: Allowance for Impairment loss (C)	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Total – Net D= (A)-(C)	**4,990.44**	–	**14,051.22**	**2,553.00**	**34,912.15**	**22,983.77**	**48,963.37**	**25,536.77**	**2,121.58**	**5,860.55**	**56,075.39**	**31,397.32**	–	–	**11,291.18**	**2,553.00**

* Investment in subsidiaries, associates and joint ventures are carried at cost less accumulated impairment, if any.

NOTES TO THE FINANCIAL STATEMENTS (Contd.)

As at 31st March, 2018 (₹ in lakhs)																				
At Fair Value				Sub-Total		Others *		Total		Amortised cost		At Fair Value				Sub-Total		Others *		Total	
Through profit or loss												Through Other Comprehensive Income		Through profit or loss							
Quoted		Unquoted		Quoted	Unquoted	Quoted	Unquoted	Quoted	Unquoted	Quoted	Unquoted	Quoted	Unquoted	Quoted	Unquoted	Quoted	Unquoted	Quoted	Unquoted	Quoted	Unquoted
(9)				(10) = (8) + (9)		(11)		(12) = (7) + (10) + (11)		(13)		(14)		(15)		(16) = (14) + (15)		(17)		(18) = (13) + (16) + 17)	
42,574.55		15,174.29		42,574.55	15,174.29	–	–	42,574.55	15,174.29	–	–	–	–	34,870.58	19,100.00	34,870.58	19,100.00	–	–	34,870.58	19,100.00
–		–		–	–	–	–	–	–	–	–	–	–	–	1,529.71	–	1,529.71	–	–	–	1,529.71
0.12		–		0.12	–	–	–	0.12	–	–	–	–	–	0.12	–	0.12	–	–	–	0.12	–
–		...		–	...	–	–	–	...	–	–	–	–	–	...	–	...	–	–	–	...
–		...		–	...	–	–	–	...	–	–	–	–	–	...	–	...	–	–	–	...
–		...		–	...	–	–	–	...	–	–	–	–	–	...	–	...	–	–	–	...
–		...		–	...	–	–	–	...	–	–	–	–	–	...	–	...	–	–	–	...
–		–		–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
–		–		–	–	–	4,210.34	–	4,210.34	–	–	–	–	–	–	–	–	–	4,210.34	–	4,210.34
–		–		–	–	–	427.57	–	427.57	–	–	–	–	–	–	–	–	–	427.57	–	427.57
–		–		–	–	–	693.08	–	693.08	–	–	–	–	–	–	–	–	–	693.08	–	693.08
–		–		–	–	–	439.56	–	439.56	–	–	–	–	–	–	–	–	–	439.56	–	439.56
						2,121.58	-	2,121.58	–	–	–	–	–	–	–	–	–	2,121.58	–	2,121.58	–
–		–		–	–	–	90.00	–	90.00	–	–	–	–	–	–	–	–	–	90.00	–	90.00
–		–		859.71	–	–	–	859.71	---	–	–	819.49	–	–	–	819.49	–	–	–	819.49	–
–		–		10,431.47	–	–	–	10,431.47	–	–	–	7,897.37	–	–	–	7,897.37	–	–	–	7,897.37	–
–		–		–	234.00	–	–	–	234.00	–	–	–	234.00	–	–	–	234.00	–	–	–	234.00
–		–		–	2,319.00	–	–	–	2,319.00	–	–	–	2,319.00	–	–	–	2,319.00	–	–	–	2,319.00
42,574.67		**15,174.29**		**53,865.85**	**17,727.29**	**2,121.58**	**5,860.55**	**55,987.43**	**23,587.84**	–	–	**8,716.86**	**2,553.00**	**34,870.70**	**20,629.71**	**43,587.56**	**23,182.71**	**2,121.58**	**5,860.55**	**45,709.14**	**29,043.26**
–		–		–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
42,574.67		15,174.29		53,865.85	17,727.29	2,121.58	5,860.55	55,987.43	23,587.84	–	–	8,716.86	2,553.00	34,870.70	20,629.71	43,587.56	23,182.71	2,121.58	5,860.55	45,709.14	29,043.26
42,574.67		**15,174.29**		**53,865.85**	**17,727.29**	**2,121.58**	**5,860.55**	**55,987.43**	**23,587.84**	–	–	**8,716.86**	**2,553.00**	**34,870.70**	**20,629.71**	**43,587.56**	**23,182.71**	**2,121.58**	**5,860.55**	**45,709.14**	**29,043.26**
–		–		–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
42,574.67		**15,174.29**		**53,865.85**	**17,727.29**	**2,121.58**	**5,860.55**	**55,987.43**	**23,587.84**	–	–	**8,716.86**	**2,553.00**	**34,870.70**	**20,629.71**	**43,587.56**	**23,182.71**	**2,121.58**	**5,860.55**	**45,709.14**	**29,043.26**

NOTES TO THE FINANCIAL STATEMENTS (Contd.)

	As at 31st March, 2019 (₹ in lakhs)	As at 31st March, 2018 (₹ in lakhs)	As at 1st April, 2017 (₹ in lakhs)
8. Other financial assets			
Current			
Interest accrued on bank deposits	0.04	0.53	0.79
TOTAL	**0.04**	**0.53**	**0.79**
9. Deferred tax liabilities / (assets) (Net)			
Deferred tax liabilities	393.76	13.88	–
Less : Deferred tax assets	107.78	106.71	70.62
TOTAL	**285.98**	**(92.83)**	**(70.62)**

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

2018-19	Opening Balance	Recognised in profit or loss	Recognised in OCI	Closing Balance
Deferred tax liabilities / assets in relation to:				
On fiscal allowances on property, plant and equipment, etc.	101.88	2.68	–	104.56
On employees separation and retirement etc.	3.09	(1.47)	0.73	2.35
Other timing differences	1.74	(0.87)	–	0.87
Total deferred tax assets	**106.71**	**0.34**	**0.73**	**107.78**
On current investments - FVTPL	13.88	379.88	–	393.76
Total deferred tax liabilities	**13.88**	**379.88**	–	**393.76**
Deferred tax liabilities / (assets) (Net)	**(92.83)**	**379.54**	**(0.73)**	**285.98**

2017-18	Opening Balance	Recognised in profit or loss	Recognised in OCI	Closing Balance
Deferred tax liabilities / assets in relation to:				
On fiscal allowances on property, plant and equipment, etc.	63.23	38.65	–	101.88
On employees separation and retirement, etc.	4.81	0.73	(2.45)	3.09
Other timing differences	2.58	(0.84)	–	1.74
Total deferred tax assets	**70.62**	**38.54**	**(2.45)**	**106.71**
On current investments - FVTPL	–	13.88	–	13.88
Total deferred tax liabilities	–	**13.88**	–	**13.88**
Deferred tax liabilities / (assets) (Net)	**(70.62)**	**(24.66)**	**2.45**	**(92.83)**

(₹ in lakhs)

Particulars	Gross Block							Depreciation and Amortization							Net Book Value		
	As at 1st April, 2017	Additions	Withdrawals and adjustments	As at 31st March, 2018	Additions	Withdrawals and adjustments	As at 31st March, 2019	Upto 1st April, 2017	For the year	On Withdrawals and adjustments	Upto 31st March, 2018	For the year	On Withdrawals and adjustments	Upto 31st March, 2019	As at 31st March, 2019	As at 31st March, 2018	As at 1st April, 2017
10. Property, Plant and Equipment																	
Tangible assets																	
Building - Freehold	39.25	–	–	39.25	–	–	39.25	–	0.90	–	0.90	0.90	–	1.80	37.45	38.35	39.25
Plant and Equipment	664.52	–	133.97	530.55	–	–	530.55	–	132.55	22.32	110.23	110.23	–	220.46	310.09	420.32	664.52
TOTAL	**703.77**	–	**133.97**	**569.80**	–	–	**569.80**	–	**133.45**	**22.32**	**111.13**	**111.13**	–	**222.26**	**347.54**	**458.67**	**703.77**

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

Particulars	As at 31st March, 2019				As at 31st March, 2018				As at 1st April, 2017		
	Gross Block	Accumulated Depreciation	Net Block	Depreciation charge for the year	Gross Block	Accumulated Depreciation	Net Block	Depreciation charge for the year	Gross Block	Accumulated Depreciation	Net Block
Building - Freehold *	39.25	1.80	37.45	0.90	39.25	0.90	38.35	0.90	39.25	–	39.25
Plant and Equipment *	530.38	220.43	309.95	110.22	530.38	110.22	420.16	132.54	664.35	–	664.35
TOTAL	**569.63**	**222.23**	**347.40**	**111.12**	**569.63**	**111.12**	**458.51**	**133.44**	**703.60**	–	**703.60**

* Note: The lease rental from these leased assets of ₹ 244.74 lakhs (2018 - ₹ 302.20 lakhs; 2017 - ₹ 401.35 lakhs) is included in "rental income" under "Revenue from operations" in the Statement of Profit and Loss.

NOTES TO THE FINANCIAL STATEMENTS (Contd.)

	As at 31st March, 2019 (₹ in lakhs)	As at 31st March, 2018 (₹ in lakhs)	As at 1st April, 2017 (₹ in lakhs)
11. Other non-financial assets			
Unsecured, considered good			
Current			
Deposits with statutory authorities	0.62	2.08	1.20
Others - Security Deposits	1.87	0.37	0.37
Others	0.13	0.13	0.13
Non-Current			
Deposits with statutory authorities	7.12	7.12	7.12
TOTAL	**9.74**	**9.70**	**8.82**
12. Other financial liabilities			
Current			
Other Payables (includes liabilities for expenses, dues to related party etc. [Refer Note 22 {vi (b)} and 22 (viii)])	7.38	44.27	149.60
Non- Current			
Other payable to Related Party [Refer Note 22 {vi (b)}]	40.22	–	36.00
TOTAL	**47.60**	**44.27**	**185.60**
13A. Current tax assets (Net)			
Advance Tax (net of provisions)	142.66	–	–
TOTAL	**142.66**	–	–
13B. Current tax liabilities (Net)			
Current taxation (net of advance payment)	–	11.83	36.61
TOTAL	–	**11.83**	**36.61**
14. Provisions			
Current			
Others			
Provision for litigation / disputes [Refer Note 22 (vii)]	81.24	81.24	81.24
Non-Current			
Provision for employee benefits [Refer Note 22 (iii)]			
Other benefits	8.65	11.27	12.14
Retirement benefits	2.31	1.79	6.02
Others			
Contingent provision against standard assets	29.05	29.05	29.05
TOTAL	**121.25**	**123.35**	**128.45**
15. Other non-financial liabilities			
Current			
Statutory liabilities	23.42	23.63	6.41
TOTAL	**23.42**	**23.63**	**6.41**

NOTES TO THE FINANCIAL STATEMENTS (Contd.)

	As at 31st March, 2019 (No. of Shares)	As at 31st March, 2019 (₹ in lakhs)	As at 31st March, 2018 (No. of Shares)	As at 31st March, 2018 (₹ in lakhs)	As at 1st April, 2017 (No. of Shares)	As at 1st April, 2017 (₹ in lakhs)
16. Equity Share capital						
Authorised						
Equity Shares of ₹ 10.00 each	70,00,00,000	70,000.00	70,00,00,000	70,000.00	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	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	7,54,22,400	4,902.46
TOTAL		**64,647.88**		**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, 2019 (No. of Shares)	As at 31st March, 2019 %	As at 31st March, 2018 (No. of Shares)	As at 31st March, 2018 %	As at 1st April, 2017 (No. of Shares)	As at 1st April, 2017 %
Issued, Subscribed and Fully Paid-up						
ITC Limited - Holding Company	59,74,54,177	100.00	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	7,54,22,400	100.00

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

In respect of the Equity Shares of the Company having par value of ₹ 10.00 per share, the voting rights and entitlement to dividend are in the same proportion as the capital paid-up on such Equity Shares.

D) Shares reserved for issue under options and contracts/commitments for the sale of shares or disinvestment, including the terms and amounts

Nil

E) Details of Equity Shares for the period of immediately preceding five years from 31st March, 2019

	As at 31st March, 2019 (Aggregate no. of Shares)	As at 31st March, 2018 (Aggregate no. of Shares)	As at 1st April, 2017 (Aggregate no. of Shares)
Allotted as fully paid up pursuant to contract without payment being received in cash	Nil	Nil	Nil
Allotted as fully paid up by way of bonus shares	Nil	Nil	Nil
Bought back	Nil	Nil	Nil

F) Company's objectives, policies and processes for managing capital

The Company funds its operations mainly through internal accruals and does not have borrowings. The Company aims at maintaining a strong capital base so as to ensure adequate supply of funds towards future growth of its businesses as a going concern.

	For the year ended 31st March, 2019 (₹ in lakhs)		For the year ended 31st March, 2018 (₹ in lakhs)	
	On Financial Assets measured at Amortised Cost	Interest Income on Financial Assets classified at fair value through profit or loss	On Financial Assets measured at Amortised Cost	Interest Income on Financial Assets classified at fair value through profit or loss
17(A). Interest Income				
Interest on Loans	496.11	–	684.40	–
Interest income from investments	3.51	3,173.97	–	2,696.15
TOTAL	**499.62**	**3,173.97**	**684.40**	**2,696.15**

NOTES TO THE FINANCIAL STATEMENTS (Contd.)

	For the year ended 31st March, 2019 (₹ in lakhs)	For the year ended 31st March, 2018 (₹ in lakhs)
17(B). Other Income		
Interest on deposits with banks	3.58	15.13
Interest income		
- Others (from statutory authorities)	–	3.80
Other non-operating income	15.00	20.00
TOTAL	**18.58**	**38.93**
17(C). Net gain on fair value changes		
On Financial Instruments measured at fair value through profit or loss (Investments)	1,312.31	2,865.54
Total Net gain on fair value changes	**1,312.31**	**2,865.54**
Fair Value changes:		
- Realised (on sale of Investments)	513.89	3,060.18
- Unrealised	798.42	(194.64)
Total Net gain on fair value changes	**1,312.31**	**2,865.54**
18. Finance Costs		
Others - Interest on income tax	11.34	10.64
TOTAL	**11.34**	**10.64**
19. Employee Benefits Expense		
Salaries and wages	64.38	69.17
Contribution to provident and other funds	3.92	7.67
Share Based Payments to employees on deputation[$]	39.94	55.47
Staff welfare expenses	3.40	3.80
Remuneration of managers' salary on deputation	91.53	68.13
TOTAL	**203.17**	**204.24**

[$] Includes reimbursement on account of share based payments as under :
- Employee Stock Option Scheme (ESOS) : ₹ 35.72 lakhs (2018 : ₹ 55.47 lakhs)
- Employee Stock Appreciation Linked Reward (ESAR) Plan: ₹ 4.22 lakhs (2018 : Nil) [Refer Note 22(viii)]

20. Other expenses		
Rent, taxes and energy costs	15.77	14.44
Communication Costs	0.32	0.34
Printing and stationery	1.43	1.25
Director's fees, allowances and expenses	–	3.50
Auditor's fees and expenses *	4.80	6.40
Legal and Professional charges	17.47	30.06
Insurance	1.63	2.30
Bank, custodial and depository charges	0.17	0.25
Travelling and conveyance	1.53	4.90
Expenditure on Corporate Social Responsibility (CSR) activities	125.00	116.00
Loss on disposal of property, plant and equipment	–	96.65
Contributions under Section 182 of the Companies Act, 2013	500.00	–
Other expenditure	4.47	4.87
TOTAL	**672.59**	**280.96**
*Auditor's fees and expenses excluding taxes:		
Audit fees	3.00	3.00
Tax audit fees	1.00	1.00
Fees for other services	0.80	2.40

NOTES TO THE FINANCIAL STATEMENTS (Contd.)

	For the year ended 31st March, 2019 (₹ in lakhs)	For the year ended 31st March, 2018 (₹ in lakhs)
21. Income Tax Expenses		
A. Amount recognised in profit or loss		
Current tax		
Income tax for the year	1,000.00	1,400.00
Adjustments / (credits) related to previous years - Net	(26.63)	(119.62)
Total current tax	**973.37**	**1,280.38**
Deferred tax		
Deferred tax for the year	379.54	(24.66)
Total deferred tax	**379.54**	**(24.66)**
TOTAL	**1,352.91**	**1,255.72**
B. Amount recognised in other comprehensive income		
The tax (charge)/credit arising on income and expenses recognised in other comprehensive income is as follows:		
Deferred tax		
On items that will not be reclassified to profit or loss - Re-measurement gains/(losses) on defined benefit plans	0.73	(2.45)
TOTAL	**0.73**	**(2.45)**
C. Reconciliation of effective tax rate		
The Income tax expense for the year can be reconciled to the accounting profit as follows:		
Profit before tax	**5,136.59**	**7,658.92**
Income tax expense calculated @ 34.944% (2018 - 34.608%)	1,794.93	2,650.60
Effect of tax relating to uncertain tax positions	85.95	91.90
Effect on deferred tax balances due to the change in income tax rate	–	(340.27)
Effect of income not taxable	(573.50)	(778.12)
Other differences	72.16	31.48
Benefit of previously unrecognised tax loss to reduce current tax expense	–	(279.36)
Benefit of previously unrecognised tax loss to reduce deferred tax expense	–	(0.89)
Total	**1,379.54**	**1,375.34**
Adjustments recognised in the current year in relation to the current tax of prior years	(26.63)	(119.62)
Income tax recognised in profit or loss	**1,352.91**	**1,255.72**

The tax rate used for the year 2018-19 and 2017-18 reconciliations above is the corporate tax rate of
- 34.944% (30% + surcharge @ 12% and cess @ 4%) in 2018-19 and
- 34.608% (30% + surcharge @ 12% and cess @ 3%) in 2017-18
payable on taxable profits under the Income Tax Act, 1961.

22. Additional Notes to the Financial Statements

(i) Earnings per share :

		2019	2018
Earnings per share has been computed as under:			
(a)	Profit for the year (₹ in lakhs)	3783.68	6403.20
(b)	Weighted average number of equity shares outstanding for the purpose of basic earnings per share	64,64,78,737	64,64,78,737
(c)	Earnings per share on profit for the year (Face Value ₹ 10.00 per share) (in ₹) - Basic and Diluted [(a)/(b)]	0.59	0.99

(ii) Contingent liabilities and commitments :

a. Claims against the Company not acknowledged as debts ₹ 90.32 lakhs (2018 - ₹ 109.82 lakhs, 2017- ₹ 109.82 lakhs). This comprises the following :

- Sales tax claims disputed by the Company relating to issues of applicability ₹ 57.99 lakhs (2018 - ₹ 57.99 lakhs; 2017 - ₹ 57.99 lakhs);
- Lease tax on account of non-accrual of lease rental ₹ 32.33 lakhs (2018 - ₹ 32.33 lakhs; 2017 - ₹ 32.33 lakhs) and
- Income Tax matter under dispute Nil (2018 - ₹ 19.50 lakhs, 2017 - ₹ 19.50 lakhs)

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

b. Commitments :

- Uncalled liability on partly paid - up shares ₹ 0.11 lakh (2018 - ₹ 0.11 lakh; 2017 - ₹ 0.11 lakh).

(iii) Defined Benefit Plans/Long Term Compensated Absences:

Description of Plans

The Company makes contributions to both Defined Benefit and Defined Contribution Plans for qualifying employees, one of which is a constituted and approved trust, which operates in accordance with the Trust Deed, Rules and applicable Statutes. The Trust is governed by Trustees, who provide strategic guidance for management of investments and liabilities of such Trust and periodically review the performance of the Trust.

Provident Fund and Gratuity Benefits are funded and Leave Encashment Benefits are unfunded in nature.

The liabilities arising in the Defined Benefit Schemes are determined in accordance with the advice of independent, professionally qualified actuaries, using the projected unit credit method at the year end. The Company makes a monthly contribution as a percentage of eligible salary to significant Employee Benefit Contribution Plans.

NOTES TO THE FINANCIAL STATEMENTS (Contd.)

Risk Management

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

Investment Risks: This may arise from volatility in asset values due to market fluctuations and impairment of assets due to credit losses. These Plans primarily invest in debt instruments such as Government securities and highly rated corporate bonds – the valuation of which is inversely proportional to the interest rate movements.

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

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

These Plans have a relatively balanced mix of investments in order to manage the above risks. The investment strategy is designed based on the interest rate scenario, liquidity needs of the Plans and pattern of investment as prescribed under various statutes.

The Trustees monitor funding and investments positions and have mandated a diversified investment strategy in line with the statutory requirements. The investment strategy with respect to asset mix ensures that investment volatility risk is appropriately managed. Robust risk mitigation systems ensure that investments do not pose significant risk of impairment.

			For the year ended 31st March, 2019 (₹ in lakhs)		For the year ended 31st March, 2018 (₹ in lakhs)	
			Gratuity	Leave Encashment	Gratuity	Leave Encashment
			Funded	Unfunded	Funded	Unfunded
I	**Components of Employer Expense**					
	– Recognised in Profit or Loss					
	1	Current Service Cost	1.11	0.58	1.38	0.74
	2	Past Service Cost	–	–	0.35	–
	3	Net Interest Cost	0.02	0.65	0.24	0.82
	4	**Total expense recognised in the Statement of Profit and Loss**	**1.13**	**1.23**	**1.97**	**1.56**
	– Re-measurements recognised in Other Comprehensive Income (OCI)					
	5	Return on plan assets (excluding amounts included in Net interest cost)	(0.66)	–	(2.55)	–
	6	Effect of changes in demographic assumptions	–	–	–	–
	7	Effect of changes in financial assumptions	–	–	(0.99)	(0.73)
	8	Changes in asset ceiling (excluding interest income)	–	–	–	–
	9	Effect of experience adjustments	1.43	1.31	(1.04)	(1.70)
	10	**Total re-measurements included in Other Comprehensive Income**	**0.77**	**1.31**	**(4.58)**	**(2.43)**
	11	**Total defined benefit cost recognised in Profit and Loss and Other Comprehensive Income (4+10)**	**1.90**	**2.54**	**(2.61)**	**(0.87)**
	The current service cost and net interest cost for the year pertaining to Gratuity expenses have been recognised in "Contribution to provident and other funds" and Leave Encashment in "Salaries and wages" under Note 19. The re-measurements of the net defined benefit liability are included in Other Comprehensive Income .					

			For the year ended 31st March, 2019 (₹ in lakhs)		For the year ended 31st March, 2018 (₹ in lakhs)	
			Gratuity	Leave Encashment	Gratuity	Leave Encashment
			Funded	Unfunded	Funded	Unfunded
II	**Actual Returns**		1.60	–	3.33	–
III	**Net Asset/(Liability) recognised in Balance Sheet**					
	1	Present Value of Defined Benefit Obligation	13.31	8.65	15.79	11.27
	2	Fair Value of Plan Assets	11.00	–	14.00	–
	3	Status [Surplus/(Deficit)]	(2.31)	(8.65)	(1.79)	(11.27)
	4	Restrictions on Asset Recognised	–	–	–	–

	5	Net Asset/(Liability) recognised in Balance Sheet	As at 31st March, 2019		As at 31st March, 2018		As at 1st April, 2017	
			Current	Non-current	Current	Non-current	Current	Non-current
		- Gratuity	–	(2.31)	–	(1.79)	–	(6.02)
		- Leave Encashment	–	(8.65)	–	(11.27)	–	(12.14)

NOTES TO THE FINANCIAL STATEMENTS (Contd.)

			For the year ended 31st March, 2019 (₹ in lakhs)		For the year ended 31st March, 2018 (₹ 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	15.79	11.27	15.08	12.14
	2	Current Service Cost	1.11	0.58	1.37	0.74
	3	Past service Cost	–	–	0.35	–
	4	Interest Cost	0.96	0.65	1.02	0.82
	5	Re-measurement gains / (losses):				
		a. Effect of changes in demographic assumptions	–	–	–	–
		b. Effect of changes in financial assumptions	–	–	(0.99)	(0.73)
		c. Changes in asset ceiling (excluding interest income)	–	–	–	–
		d. Effect of experience adjustments	1.43	1.31	(1.04)	(1.70)
	6	Curtailment Cost / (Credit)	–	–	–	–
	7	Settlement Cost / (Credit)	–	–	–	–
	8	Liabilities assumed in business combination	–	–	–	–
	9	Exchange difference on foreign plans	–	–	–	–
	10	Benefits Paid	(5.98)	(5.16)	–	–
	11	**Present Value of DBO at the end of the year**	**13.31**	**8.65**	**15.79**	**11.27**

V		Best Estimate of Employers' Expected Contribution for the next year	As at 31st March, 2019	As at 31st March, 2018	As at 1st April, 2017
		- Gratuity	0.29	0.33	0.67
		- Leave Encashment	–	–	–

			For the year ended 31st March, 2019 (₹ in lakhs))		For the year ended 31st March, 2018 (₹ in lakhs)	
			Gratuity	Leave Encashment	Gratuity	Leave Encashment
			Funded	Unfunded	Funded	Unfunded
VI	**Change in Fair Value of Assets**					
	1	Plan Assets at the beginning of the year	14.00	–	9.06	–
	2	Asset acquired in Business Combination	–	–	–	–
	3	Interest Income	0.94	–	0.78	–
	4	Re-measurement Gains/(Losses) on plan assets	0.66	–	2.55	–
	5	Actual Company Contributions	1.38	–	1.61	–
	6	Benefits Paid	(5.98)	–	–	–
	7	**Plan Assets at the end of the year**	**11.00**	**–**	**14.00**	**–**

VII		Actuarial Assumptions	As at 31st March, 2019		As at 31st March, 2018		As at 1st April, 2017	
			Discount Rate (%)	Expected Return on Plan Assets (%)	Discount Rate (%)	Expected Return on Plan Assets (%)	Discount Rate (%)	Expected Return on Plan Assets (%)
	1	Gratuity	7.50	–	7.50	–	6.75	–
	2	Leave Encashment	7.50	–	7.50	–	6.75	–
	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.							

VIII		Major Category of Plan Assets as a % of the Total Plan Assets	As at 31st March, 2019	As at 31st March, 2018	As at 1st April, 2017
	1	Government Securities/Special Deposit with RBI	6.43%	5.84%	7.00%
	2	High Quality Corporate Bonds	2.91%	5.95%	7.00%
	3	Insurer Managed Funds*	81.43%	79.17%	78.00%
	4	Mutual Funds	2.62%	2.33%	2.00%
	5	Cash and Cash Equivalents	6.61%	6.71%	6.00%
	6	Term Deposits	–	–	–
	7	Equity	–	–	–

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

NOTES TO THE FINANCIAL STATEMENTS (Contd.)

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

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

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

			For the year ended 31st March, 2019 (₹ in lakhs)		For the year ended 31st March, 2018 (₹ in lakhs)	
			Gratuity	Leave Encashment	Gratuity	Leave Encashment
			Funded	Unfunded	Funded	Unfunded
X	Net Asset / (Liability) recognised in Balance Sheet (including experience adjustment impact)					
	1	Present Value of Defined Benefit Obligation	13.31	8.65	15.79	11.27
	2	Fair Value of Plan Assets	11.00	–	14.00	–
	3	Status [Surplus/(Deficit)]	(2.31)	(8.65)	(1.79)	(11.27)
	4	Experience Adjustment of Plan Assets [Gain/ (Loss)]	0.66	–	2.55	–
	5	Experience Adjustment of obligation [(Gain)/ Loss]	1.43	1.31	(1.04)	(1.70)

XI. Sensitivity Analysis

The sensitivity analysis below has been determined based on reasonably possible change of the respective assumptions occurring at the end of the reporting period, while holding all other assumptions constant. These sensitivities show the hypothetical impact of a change in each of the listed assumptions in isolation. While each of these sensitivities holds all other assumptions constant, in practice such assumptions rarely change in isolation and the asset value changes may offset the impact to some extent. For presenting the sensitivities, the present value of the defined benefit obligation has been calculated using the projected unit credit method at the end of the reporting period, which is the same as that applied in calculating the Defined Benefit Obligation (DBO) presented above. There was no change in the methods and assumptions used in the preparation of sensitivity analysis from previous year.

(₹ in lakhs)

		DBO as at 31st March, 2019		DBO as at 31st March, 2018	
		Gratuity	Leave Encashment	Gratuity	Leave Encashment
		Funded	Unfunded	Funded	Unfunded
1	Discount Rate + 100 basis points	12.55	8.15	14.61	10.43
2	Discount Rate - 100 basis points	14.15	9.22	17.11	12.21
3	Salary Increase Rate + 1%	14.09	9.18	17.04	12.17
4	Salary Increase Rate – 1%	12.59	8.17	14.64	10.46

Maturity Analysis of the Benefit Payments

(₹ in lakhs)

		DBO as at 31st March, 2019		DBO as at 31st March, 2018	
		Gratuity	Leave Encashment	Gratuity	Leave Encashment
		Funded	Unfunded	Funded	Unfunded
1	Year 1	–	–	–	–
2	Year 2	–	–	–	–
3	Year 3	6.36	3.38	–	–
4	Year 4	–	–	5.85	3.13
5	Year 5	5.83	3.48	–	–
6	Next 5 Years	8.89	2.75	8.55	6.11

Amount towards Defined Contribution Plans have been recognised under "Contribution to Provident and other funds" in Note 19 : ₹ 2.79 lakhs (2018 - ₹ 3.26 lakhs)

(iv) Micro, Small and Medium Enterprises:

There are no Micro, Small and Medium Enterprises to whom the Company owes dues, which are outstanding for more than 45 days during the year and also as at 31st March, 2019. This information as required to be disclosed under the Micro, Small and Medium Enterprises Development Act, 2006 has been determined to the extent such parties have been identified on the basis of information available with the Company.

(v) Segment Reporting:

The Company is primarily engaged in the business of financial services in India. Consequently, there are no separate reportable segments as per 'Ind AS 108'. The Operating Segments have been reported in a manner consistent with the internal reporting provided to the Chief Operating Decision Maker.

The entity-wide disclosure is as under:

(₹ in lakhs)

	2019	2018	2017
Non-current assets (In India)	354.66	465.79	710.89

(vi) Related Party Disclosures

(a) RELATIONSHIP:

(i) Holding Company:

– ITC Limited

(ii) Subsidiary Company

– Greenacre Holdings Limited

NOTES TO THE FINANCIAL STATEMENTS (Contd.)

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

– North East Nutrients Private Limited

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

– International Travel House Limited

(v) Key Management Personnel (KMP):

– Mr. R. Tandon	Chairman & Non-Executive Director
– Mr. Saradindu Dutta	Non-Executive Director
– Mr. Supratim Dutta	Non-Executive Director
– Ms. S.G. Mukherjee	Non-Executive Director
– Mr. R. K. Singhi	Non-Executive Director
– Mr. S. Suresh Kumar	Chief Financial Officer
– Mr. T. K. Ghosal	Manager & Company Secretary (upto 31.07.2018)
– Mr. K. S. Madia	Manager & Company Secretary (w.e.f. 01.08.2018)

(b) **DISCLOSURE OF TRANSACTIONS BETWEEN THE COMPANY AND RELATED PARTIES AND THE STATUS OF OUTSTANDING BALANCES AS ON 31.03.2019**

(₹ in lakhs)

	RELATED PARTY TRANSACTION SUMMARY	Holding Company		Subsidiary Company		Fellow Subsidiaries		Associate of Holding Company		Key Management Personnel		Total	
		2019	2018	**2019**	2018	**2019**	2018	**2019**	2018	**2019**	2018	**2019**	2018
1.	Rent Received	56.88	56.88	–	–	–	–	–	–	–	–	56.88	56.88
2.	Purchase of Services												
	– ITC Limited	1.00	1.00	–	–	–	–	–	–	–	–	1.00	1.00
	– International Travel House Limited	–	–	–	–	–	–	0.34	1.20	–	–	0.34	1.20
3.	Rent Paid	7.69	7.56	–	–	–	–	–	–	–	–	7.69	7.56
4.	Expenses Reimbursed	2.60	2.67	–	–	–	–	–	–	–	–	2.60	2.67
5.	Dividend Income												
	– International Travel House Limited	–	–	–	–	–	–	154.13	154.13	–	–	154.13	154.13
	– Greenacre Holdings Limited	–	–	–	736.05	–	–	–	–	–	–	–	736.05
6.	Loans Disbursed												
	– ITC Infotech India Limited	–	–	–	–	–	6,000.00	–	–	–	–	–	6,000.00
7.	Interest Income												
	– North East Nutrients Private Limited	–	–	–	–	496.11	666.02	–	–	–	–	496.11	666.02
	– ITC Infotech India Limited	–	–	–	–	–	11.81	–	–	–	–	–	11.81
8.	Receipt towards Loan Repayment												
	– North East Nutrients Private Limited	–	–	–	–	1,216.00	1,216.00	–	–	–	–	1,216.00	1,216.00
	– ITC Infotech India Limited	–	–	–	–	–	6,000.00	–	–	–	–	–	6,000.00
9.	Dividends Paid	–	4,977.89	–	–	–	–	–	–	–	–	–	4,977.89
10.	Remuneration of manager on deputation reimbursed												
	– for Chief Financial Officer	71.61	61.73	–	–	–	–	–	–	–	–	71.61	61.73
11.	Remuneration of manager on deputation reimbursed												
	– for Manager & Company Secretary												
	Mr. S. Jain	–	6.40	–	–	–	–	–	–	–	–	–	6.40
	Mr. K. S. Madia	19.92	–	–	–	–	–	–	–	–	–	19.92	–
12.	Remuneration of Key Management Personnel												
	– for Manager & Company Secretary												
	Mr. T. K. Ghosal	–	–	–	–	–	–	–	–	10.44	16.91	10.44	16.91
13.	Remuneration on account of share-based payment for managers on deputation	39.94	55.47	–	–	–	–	–	–	–	–	39.94	55.47
14.	Directors' sitting fees												
	– Mr. P. Chatterjee	–	–	–	–	–	–	–	–	–	1.80	–	1.80
	– Ms. A. Guhamallick	–	–	–	–	–	–	–	–	–	1.70	–	1.70

(₹ in lakhs)

	RELATED PARTY TRANSACTION SUMMARY	Holding Company			Subsidiary Company			Fellow Subsidiaries			Associates of Holding Company			Key Management Personnel			Total		
15.	**Outstanding Balances**	**2019**	2018	2017	**2019**	2018	2017	**2019**	2018	2017	**2019**	2018	2017	**2019**	2018	2017	**2019**	2018	2017
	i) Deposits Taken																		
	– ITC Limited	36.00	36.00	36.00	–	–	–	–	–	–	–	–	–	–	–	–	36.00	36.00	36.00
	ii) Loans Given																		
	– North East Nutrients Private Limited	–	–	–	–	–	–	3,652.00	4,868.00	6,084.00	–	–	–	–	–	–	3,652.00	4,868.00	6,084.00
	iii) Payables																		
	– ITC Limited	4.22	–	138.57	–	–	–	–	–	–	–	–	–	–	–	–	4.22	–	138.57

NOTES TO THE FINANCIAL STATEMENTS (Contd.)

(vii) Provision for litigation/disputes: (₹ in lakhs)

	2019	2018	2017
Balance as at the beginning of the year	81.24	81.24	81.24
Additions during the year	–	–	–
Balance as at the end of the year	81.24	81.24	81.24
Classified as provision (Current) (Refer Note 14)	81.24	81.24	81.24

(viii) The Chief Financial Officer and the erstwhile Manager & Company Secretary of the Company on deputation from ITC Limited (ITC) have been granted Stock Options by ITC in previous year(s) under the ITC Employee Stock Option Schemes (ITC ESOS). ITC has also granted Employee Stock Appreciation Linked Reward Units (ESAR Units) to the Chief Financial Officer and the present Manager & Company Secretary of the Company under the ITC Employee Cash Settled Stock Appreciation Linked Reward Plan (ITC ESAR Plan).

The cost of equity settled options granted under ITC ESOS / cash settled units granted under ITC ESAR Plan have been recognized as equity settled / cash settled share based payments, respectively, in accordance with Ind AS 102 – Share Based Payment. In terms of the deputation arrangement, the Company has accounted for the cost of the fair value of Stock Options / ESAR Units granted to the deputed employees on-charge by ITC. Accordingly, an amount of ₹ 35.72 lakhs (2018 – ₹ 55.47 lakhs) towards Stock Options and ₹ 4.22 lakhs (2018 - Nil) towards ESAR Units have been recognised as employee benefits expense (Refer Note 19) and the liability on account of ESAR Units is presented under Note 12 of the financial statements.

The summary of movement of the aforesaid stock Option granted by ITC and status of outstanding Option is as under :

Particulars	As at 31st March, 2019	As at 31st March, 2018
	No. of Options	No. of Options
Outstanding at the beginning of the year	58,856	69,860
Add: Granted during the year	–	10,855
Add / (Less): Movement due to transfer of employees within the group	–	(16,325)
(Less) : Exercised during the year	(4,788)	(5,534)
Outstanding at the end of the year	**54,068**	**58,856**
Options exercisable at the end of the year	44,850	39,582

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

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

(ix) The Ministry of Corporate Affairs (MCA) has issued the Companies (Indian Accounting Standards) (Amendment) Rules, 2019 on 30th March, 2019:

– notifying Ind AS 116, 'Leases'.

– amending Ind AS 12 'Income Taxes' and Ind AS 19 'Employee Benefits'.

The same are applicable for financial statements pertaining to annual periods beginning on or after 1st April, 2019. The Company expects that there will be no material impact on the financial statements resulting from the implementation of these standards.

(x) Disclosures under Non-Banking Financial Company - Systematically Important Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, 2016:

a) Capital

Particulars		2019*	2018*
i)	CRAR (%)	99.81	99.56
ii)	CRAR - Tier I Capital (%)	99.78	99.52
iii)	CRAR - Tier II Capital (%)	0.03	0.04
iv)	Amount of subordinated debt raised as Tier II Capital (₹ in lakhs)	–	–
v)	Amount raised by issue of Perpetual Debt Instruments (₹ in lakhs)	–	–

** Has been derived based on Ind AS Financial Statements. Had the same been computed under Previous GAAP, the CRAR (%) would be 100.35 {Tier I Capital (%) – 100.31, Tier II Capital (%) – 0.04}, [2018: 99.51 { Tier I Capital (%) – 99.47, Tier II Capital (%) – 0.04}]*

b) Investments (₹ in lakhs)

Particulars			2019	2018
(1)	Value of Investments #			
	(i)	Gross Value of Investments		
		(a) In India	87,472.71	79,575.27
		(b) Outside India	–	–
	(ii)	Provisions for Depreciation		
		(a) In India	–	–
		(b) Outside India	–	–
	(iii)	Net Value of Investments		
		(a) In India	87,472.71	79,575.27
		(b) Outside India	–	–
(2)	Movement of provisions held towards Depreciation on Investments			
	(i)	Opening balance	–	–
	(ii)	Add : Provisions made during the year	–	–
	(iii)	Less : Write-off / (write-back) of excess provisions during the year	–	–
	(iv)	Closing balance	–	–

 # The above disclosure of Investment has been prepared based on Ind AS Financial Statements. Had the same been computed under Previous GAAP, the value of investment would be :

(₹ in lakhs)

	2019	*2018*
Gross Value	*81,208.27*	*77,033.40*
Depreciation	*3,564.09*	*2,358.52*
Net Value	*77,644.18*	*74,674.88*

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 securitization / reconstruction companies for asset reconstruction : Nil

iii. Details of assignment transactions undertaken : Nil

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

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

	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	9.81 –	– –	– –	– –	5.78 –	– –	– –	– –	15.59 –
Advances/ Loans	–	–	–	304.00	608.00	2,740.00	–	–	3,652.00
Investments	57,895.92[@]	–	–	–	–	4,990.44[$]	–	24,586.35 [#]	87,472.71
Borrowings	–	–	–	–	–	–	–	–	–
Foreign Currency assets	–	–	–	–	–	–	–	–	–
Foreign Currency liabilities	–	–	–	–	–	–	–	–	–

[@] *The figure has been derived based on Ind AS Financial Statements. Had the same been computed under Previous GAAP, the value would be ₹ 56,736.24 lakhs.*

[$] *The figure has been derived based on Ind AS Financial Statements. Had the same been computed under Previous GAAP, the value would be ₹ 4,986.93 lakhs.*

[#] *The figure has been derived based on Ind AS Financial Statements. Had the same been computed under Previous GAAP, the value would be ₹ 15,921.01 lakhs.*

f) Exposure to Real Estate Sector : Nil

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

Particulars		2019	2018
(i)	Direct investment in equity shares (*), convertible bonds, convertible debentures and units of equity oriented mutual funds the corpus of which is not exclusively invested in corporate debt;	16,172.92	13,412.89
(ii)	Advances against shares / bonds / debentures or other securities or on clean basis to individuals for investment in shares (including IPOs / ESOPs), convertible bonds, convertible debentures, and units of equity oriented mutual funds;	–	–
(iii)	Advances for any other purposes where shares or convertible bonds or convertible debentures or units of equity oriented mutual funds are taken as primary security;	–	–
(iv)	Advances for any other purposes to the extent secured by the collateral security of shares or convertible bonds or convertible debentures or units of equity oriented mutual funds i.e. where the primary security other than shares / convertible bonds / convertible debentures / units of equity oriented mutual funds does not fully cover the advances;	–	–
(v)	Secured and unsecured advances to stockbrokers and guarantees issued on behalf of stockbrokers and market makers;	–	–
(vi)	Loans sanctioned to corporates against the security of shares / bonds / debentures or other securities or on clean basis for meeting promoter's contribution to the equity of new companies in anticipation of raising resources;	–	–
(vii)	Bridge loans to companies against expected equity flows / issues;	–	–
(viii)	All exposures to Venture Capital Funds (both registered and unregistered)	–	–
Total Exposure to Capital Market		**16,172.92**	13,412.89

** Only quoted equity investments considered.*

The figure in the above table has been derived based on Ind AS Financial Statements. Had the same been computed under Previous GAAP, the value would be ₹ 7,507.47 lakhs (2018 - ₹ 8,552.23 lakhs).

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, 2019 : Nil

NOTES TO THE FINANCIAL STATEMENTS (Contd.)

k) Registration obtained from other financial sector regulators : None

l) Penalties imposed by RBI and other regulators : Nil

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

n) 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.

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

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

q) Provisions and Contingencies : (₹ in lakhs)

Break up of 'Provisions and Contingencies' shown under the head Expenditure in the Statement of Profit and Loss		**2019**	2018
Provisions for Depreciation on Investment *		–	–
Provision towards NPA		–	–
Provision made towards Income tax (including deferred tax)		1,352.91	1,255.72
Other Provision and Contingencies (with details)			
A	Provision for compensated absences	1.23	1.56
B	Provision for gratuity	1.13	1.97
Provision for Standard Assets		–	–

** The figure has been derived based on Ind AS Financial Statements. Had the same been computed under the Previous GAAP, the value would be ₹ 421.42 lakhs (2018 - ₹ 234.36 lakhs).*

r) Draw Down from Reserves : Nil

s) Concentration of Deposits : Not Applicable

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

Borrower	**As at 31st March, 2019**			As at 31st March, 2018		
	Principal	**Interest Accrued**	**Percentage to Total Exposure**	Principal	Interest Accrued	Percentage to Total Exposure
North East Nutrients Private Limited	3,652.00	–	100.00%	4,868.00	–	100.00%
	3,652.00	**–**	**100.00%**	**4,868.00**	**–**	**100.00%**

u) Concentration of NPAs : Nil

v) Sector-wise NPAs : Nil

w) Movement of NPAs : Nil

x) Overseas Assets : Nil

y) Off-Balance Sheet SPVs sponsored : Nil

z) Customer Complaints:

I	No. of complaints pending at the beginning of the year	Nil
II	No. of complaints received during the year	Nil
III	No. of complaints redressed during the year	Nil
IV	No. of complaints pending at the end of the year	Nil

NOTES TO THE FINANCIAL STATEMENTS (Contd.)

Schedule to the Balance Sheet as at 31st March, 2019

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

(₹ in lakhs)

	Particulars	31st March, 2019	
	Liabilities Side :	**Amount Outstanding**	**Amount Overdue**
(1)	**Loans and advances availed by the NBFCs inclusive of interest accrued thereon but not paid**		
	a) Debentures		
	– Secured	–	–
	– Unsecured	–	–
	(Other than falling within the meaning of public deposits)		
	b) Deferred Credits	–	–
	c) Term Loans	–	–
	d) Inter-Corporate loans and borrowings	–	–
	e) Commercial papers	–	–
	f) Other Loans (specify nature)	–	–
	Assets Side:		**Amount Outstanding**
(2)	**Break-up of Loans and Advances including bills receivables [other than those included in (4) below]**		
	a) Secured		3,652.00
	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		**347.40**
	(a) Financial lease		–
	(b) Operating lease		347.40
	(ii) Stock on hire including hire charges under sundry debtors		–
	a) Assets on hire		–
	b) Repossessed Assets		–
	(iii) Other Loans counting towards AFC Activities		–
	(a) Loans where assets have been re-possessed		–
	(b) Loans other than (a) above		–
(4)	**Break-up of Investments :**		
	Current Investments		
	1. Quoted * :		**34,912.15**
	(i) Shares : (a) Equity		0.12
	(b) Preference		–
	(ii) Debentures and Bonds		34,912.03
	(iii) Units of mutual funds		–
	(iv) Government Securities		–
	(v) Others (please specify)		–
	2. Unquoted @ :		**22,983.77**
	(i) Shares : (a) Equity		–
	(b) Preference		–
	(ii) Debentures and Bonds		–
	(iii) Units of mutual funds		14,451.91
	(iv) Government Securities		–
	(v) Certificate of deposits		8,531.86
	**The figure has been derived based on Ind AS Financial Statements. Had the same been computed under Previous GAAP the value would be ₹ 34,901.56 lakhs.*		
	@ The figure has been derived based on Ind AS Financial Statements. Had the same been computed under Previous GAAP the value would be ₹ 21,834.68 lakhs.		

NOTES TO THE FINANCIAL STATEMENTS (Contd.)

(₹ in lakhs)

	Particulars				31st March, 2019
	Assets Side:				**Amount Outstanding**
	Long Term Investments				
	1. Quoted &:				**21,163.24**
	(i) Shares :	(a) Equity			16,172.80
		(b) Preference			–
	(ii) Debentures and Bonds				4,990.44
	(iii) Units of mutual funds				–
	(iv) Government Securities				–
	(v) Others (please specify)				–
	2. Unquoted :				**8,413.55**
	(i) Shares :	(a) Equity			8,413.55
		(b) Preference			–
	(ii) Debentures and Bond				–
	(iii) Units of mutual funds				–
	(iv) Government Securities				–
	(v) Other specify				–
	&The figure has been derived based on Ind AS Financial Statements. Had the same been computed under Previous GAAP the value would be ₹ 12,494.40 lakhs.				
(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		3,652.00	37.45	3,689.45
	(c) Other related parties		–	–	–
	2. Other than related parties		–	309.95	309.95
	Total		**3,652.00**	**347.40**	**3,999.40**
(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 of NAV**		**Book Value (Net of Provisions)**
	1. Related parties				
	(a) Subsidiaries		4,588.16		4,210.34
	(b) Companies in the same group		9,051.31		3,771.79
	(c) Other related parties		–		–
	2. Other than related parties^		79,490.58		79,490.58
	Total		**93,130.05**		**87,472.71**
(7)	**Other information**				
	Particulars				**Amount**
	(i) Gross Non-Performing Assets				–
	(a) Related Parties				–
	(b) Other than related parties				–
	(ii) Net Non-Performing Assets				–
	(a) Related Parties				–
	(b) Other than related parties				–
	(iii) Assets acquired in satisfaction of debt				–
	^ The figure has been derived based on Ind AS Financial Statements. Had the same been computed under Previous GAAP the Market Value / Break up or fair value or NAV would be ₹ 79,490.58 lakhs and Book Value (Net of Provision) would be ₹ 69,662.05 lakhs.				

(xi) The financial statements were approved for issue by the Board of Directors on 24th April, 2019.

23. Financial Instruments and Related Disclosures

1. Categories of Financial Instruments

(₹ in lakhs)

Particulars		Note	As at 31st March, 2019		As at 31st March, 2018		As at 1st April, 2017	
			Carrying Value	Fair Value	Carrying Value	Fair Value	Carrying Value	Fair Value
A. Financial assets								
a)	**Measured at amortised cost**							
	i) Cash and cash equivalents	3	457.67	457.67	89.12	89.12	415.29	415.29
	ii) Other bank balances	4	15.59	15.59	163.85	163.85	191.99	191.99
	iii) Loans	6	3,652.00	3,652.00	4,868.00	4,868.00	6,224.00	6,224.00
	iv) Investment in Bonds	7	4,990.44	5,029.02	–	–	–	–
	v) Trade Receivables	5(I)	50.32	50.32	53.58	53.58	54.54	54.54
	vi) Other financial assets	5(II) & 8	1,096.25	1,096.25	1,115.92	1,115.92	1,018.84	1,018.84
	Sub - total		**10,262.27**	**10,300.85**	**6,290.47**	**6,290.47**	**7,904.66**	**7,904.66**
b)	**Measurement at Fair value through OCI**							
	i) Investment in Equity shares	7	16,604.22	16,604.22	13,844.18	13,844.18	11,269.86	11,269.86
	Sub - total		**16,604.22**	**16,604.22**	**13,844.18**	**13,844.18**	**11,269.86**	**11,269.86**
c)	**Measured at Fair value through Profit or Loss**							
	i) Investment in Mutual Funds	7	14,451.91	14,451.91	15,174.29	15,174.29	19,100.00	19,100.0
	ii) Investment in Bonds	7	34,912.03	34,912.03	42,574.55	42,574.55	34,870.58	34,870.58
	iii) Investment in Preference Shares	7	–	–	–	–	1529.71	1529.71
	iv) Investment in Certificate of Deposits	7	8,531.86	8,531.86	–	–	–	–
	v) Investment in Equity Shares	7	0.12	0.12	0.12	0.12	0.12	0.12
	Sub - total		**57,895.92**	**57,895.92**	**57,748.96**	**57,748.96**	**55,500.41**	**55,500.41**
	Total financial assets		**84,762.41**	**84,800.99**	**77,883.61**	**77,883.61**	**74,674.93**	**74 674.93**
B. Financial liabilities								
a)	**Measured at amortised cost**							
	i) Other financial liabilities	12	47.60	47.60	44.27	44.27	185.60	185.60
	Total financial liabilities		**47.60**	**47.60**	**44.27**	**44.27**	**185.60**	**185.60**

NOTES TO THE FINANCIAL STATEMENTS (Contd.)

C. Financial risk management objectives

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

Market risk

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

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

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

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

Liquidity risk

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

The Company's financial liabilities are ₹ 47.60 lakhs (2018: ₹ 44.27 lakhs; 2017: ₹ 185.60 lakhs) as against cash and cash equivalents of ₹ 457.67 lakhs (2018: ₹ 89.12 lakhs; 2017: ₹ 415.29 lakhs)

Further, the Company's total equity stands at ₹ 92,766.23 lakhs (2018: ₹ 86,223.86 lakhs; 2017: ₹ 83,083.20 lakhs). In such circumstances, liquidity risk or the risk that the Company may not be able to settle or meet its obligations as they become due does not exist.

Credit risk

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

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

Fixed deposits are held with highly rated banks and companies and have a short tenure and are not subject to interest rate volatility.

Credit risk is the risk of financial loss if a counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from loans and investment securities held to maturity. Company's deployment in debt instruments are primarily in fixed deposits with highly rated banks, bonds issued by government institutions, public sector undertakings and certificate of deposit issued by highly rated bank. With respect to the Company's investing activities, counter parties are shortlisted and exposure limits determined on the basis of their credit evaluation, financial statements and other relevant information. As these counter parties are Government institutions, public sector undertakings with investment grade credit ratings and taking into account the experience of the Company over time, the counter party risk attached to such assets is considered to be insignificant.

The Company's historical experience of collecting receivables and the level of default indicate that credit risk is low; consequently, trade receivables are considered to be a single class of financial assets. Loss allowances and impairment is recognised, where considered appropriate by responsible management.

The Company monitors all financial assets that are subject to impairment requirements to assess whether there has been a significant increase in credit risk since initial recognition.

The Company uses forward-looking information that is available without undue cost or effort in its assessment of significant increase of credit risk as well as in its measurement of Expected Credit Loss (ECL). The external information used includes economic data and forecasts published by governmental bodies and monetary authorities. Appropriate loss provision is created / maintained in terms of the requirements of applicable accounting standards and Prudential Norms of Reserve Bank of India, along with additional provisions, if any, required for specific loss in accordance with management estimates.

For position of past due receivables refer to Note 22 (x)(e) and for movement of provisions thereof, refer to Note 14, 22 (x)(b), 22 (x)(q). There is no movement in the provision for litigation/dispute and contingent provision against standard assets during the year (Refer Note 14).

D. Fair value measurement

Fair value hierarchy

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

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

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

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

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

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

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

NOTES TO THE FINANCIAL STATEMENTS (Contd.)

The following table presents the fair value hierarchy of assets and liabilities measured at fair value on a recurring basis: (₹ in lakhs)

Particulars		Fair Value Hierarchy (Level)	Fair Value		
			As at 31st March, 2019	As at 31st March, 2018	As at 1st April, 2017
A. Financial assets					
a)	**Measured at Fair value through Profit or Loss**				
	i) Investment in Mutual Funds	1	14,451.91	15,174.29	19,100.00
	ii) Investment in Bonds	2	34,912.03	42,574.55	34,870.58
	iii) Investment in Equity Shares	1	0.12	0.12	0.12
	iv) Investment in Preference Shares	2	–	–	1,529.71
	v) Investment in Certificate of Deposits	2	8,531.86	–	–
b)	**Measured at Fair value through Other Comprehensive Income**				
	i) Investment in Equity Shares	1,3	16,604.22	13,844.18	11,269.86

There has not been any transfers amongst Level 1, Level 2 and Level 3. The sensitivity of valuation of financial assets considered as Level 2 and Level 3 is not material.

24. **First-time Adoption of Ind AS**

(i) Ind AS 101 (First-time Adoption of Indian Accounting Standards) provides a suitable starting point for accounting in accordance with Ind AS and is required to be mandatorily followed by first-time adopters. The Company has prepared the opening Balance Sheet as per Ind AS as of 1st April, 2017 (the transition date) by :

a. recognising all assets and liabilities whose recognition is required by Ind AS,
b. not recognising items of assets or liabilities which are not permitted by Ind AS,
c. reclassifying items from Previous GAAP to Ind AS as required under Ind AS, and
d. applying Ind AS in measurement of recognised assets and liabilities.

(ii) A. Reconciliation of Total Comprehensive Income for the year ended 31st March, 2018 is summarised as follows: (₹ in lakhs)

Particulars	Notes	For the year ended 31/03/2018
Profit after tax as reported under Previous GAAP		**6,381.91**
Impact of measuring investments at Fair Value through Profit or Loss (FVTPL)	(iv) (b)	39.72
Reclassification of actuarial (gains) / losses, arising in respect of employee benefit schemes, to Other Comprehensive Income (OCI)	(iv) (c)	(7.01)
Tax adjustments		(11.42)
Profit after tax as reported under Ind AS		**6,403.20**
Other Comprehensive Income (net of tax)		2,578.89
Total Comprehensive Income as reported under Ind AS		**8,982.09**

B. Reconciliation of equity as reported under Previous GAAP is summarised as follows: (₹ in lakhs)

Particulars	Notes	As at 01/04/2017 (Date of Transition)	As at 31/3/2018 (end of last period presented under Previous GAAP)
Equity as reported under Previous GAAP		**80,796.86**	**81,337.35**
Impact of measuring investments at Fair Value through Profit or Loss (FVTPL) or OCI (net of tax)	(iv) (b,c)	2,286.34	4,886.51
Equity as reported under Ind AS		**83,083.20**	**86,223.86**

(iii) Ind AS 101 mandates certain exceptions and allows first-time adopters exemptions from the retrospective application of certain requirements under Ind AS. The Company has applied the following exemptions in the Financial Statements:

(a) Property, plant and equipment were carried in the Balance Sheet prepared in accordance with Previous GAAP on 31st March, 2017. Under Ind AS, the Company has elected to regard such carrying values as deemed cost at the date of transition.

(b) Under Previous GAAP, investment in subsidiaries, joint ventures and associates were stated at cost and provisions made to recognise the decline, other than temporary. Under Ind AS, the Company has considered their Previous GAAP carrying amount as their as deemed cost.

(iv) In addition to the above, the principal adjustments made by the Company in restating its Previous GAAP financial statements, including the Balance Sheet as at 1st April, 2017 and the financial statements as at and for the year ended 31st March, 2018 are detailed below:

(a) Under Previous GAAP, non-current investments were stated at cost. Where applicable, provision was made to recognise a decline, other than temporary, in valuation of such investments. Under Ind AS, equity instruments [other than investment in subsidiaries, joint ventures and associates] have been classified as Fair Value through Other Comprehensive Income (FVTOCI) through an irrevocable election at the date of transition.

(b) Under Previous GAAP, current investments were stated at lower of cost and fair value. Under Ind AS, these financial assets have been classified as Fair Value through Profit or Loss (FVTPL) on the date of transition and fair value changes after the date of transition has been recognised in profit or loss.

(c) Under Previous GAAP, actuarial gains and losses related to the defined benefit schemes for gratuity plans and liabilities towards employee leave encashment were recognised in profit or loss. Under Ind AS, the actuarial gains and losses form part of re-measurement of the net defined benefit liability / asset which is recognised in OCI. Consequently, the tax effect of the same has also been recognised in OCI instead of profit or loss.

On behalf of the Board

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

Kolkata, 24th April, 2019

Form AOC-1

[Pursuant to first proviso to sub-section (3) of Section 129 of the Companies Act, 2013 read with Rule 5 of Companies (Accounts) Rules, 2014]

Statement containing salient features of the financial statement of Subsidiaries/Associate companies/Joint Ventures

Part A : Subsidiaries

1.	**Sl. No.**	:	1
2.	**Name of the Subsidiary**	:	Greenacre Holdings Limited
3.	**The date since when Subsidiary was acquired**	:	14-Jun-1999
4.	**Reporting period for the Subsidiary concerned, if different from the Holding Company's reporting period**	:	Year ended 31st March (same as the Holding Company)
5.	**Reporting currency and Exchange rate as on the last date of the relevant Financial year in the case of Foreign Subsidiaries**	:	Not applicable
6.	**Share capital (₹ in lakhs)**	:	4,206.02 (4,20,60,166 Equity Shares of ₹ 10.00 each)
			(₹ in lakhs)
7.	**Reserves & Surplus**	:	382.15
8.	**Total Assets**	:	4,724.05
9.	**Total Liabilities**	:	4,724.05
10.	**Investments (excluding Investments made in subsidiaries)**	:	2,708.47
11.	**Turnover***	:	532.91
12.	**Profit before taxation**	:	240.99
13.	**Provision for taxation**	:	62.75
14.	**Profit after taxation**	:	178.24
15.	**Proposed Dividend**	:	–
16.	**% of shareholding**	:	100.00

* Turnover includes Other Income and Other Operating Revenue. Profit figures do not include Other Comprehensive Income.

Notes: 1. Names of Subsidiaries which are yet to commence operations : None

2. Names of Subsidiaries which have been liquidated or sold during the year : None

Part B : Associates and Joint Ventures

Statement pursuant to Section 129 (3) of the Companies Act, 2013 related to Associate companies and Joint Ventures

	Name of Associates/Joint Ventures	Russell Investments Limited	Divya Management Limited	Antrang Finance Limited	International Travel House Limited	Maharaja Heritage Resorts Limited
1.	**Latest audited Balance Sheet Date**	31-Mar-2019	31-Mar-2019	31-Mar-2019	31-Mar-2019	31-Mar-2019
2.	**Date on which the Associate or Joint Venture was associated or acquired**	14-Jun-1999	23-Nov-2007	21-Jan-2008	14-Jun-1999	11-Aug-2008
3.	**Shares of Associate/Joint Venture held by the Company on the year end**					
	Number	42,75,435	41,82,915	43,24,634	36,26,633	90,000
	Amount of Investment in Associates / Joint Venture (₹ in lakhs)	427.57	693.08	439.56	2,121.58	90.00
	Extent of Holding %	25.43	33.33	33.33	45.36	25.00
4.	**Description of how there is significant influence**	Associate	Associate	Associate	Associate	Associate
5.	**Reason why the Associate/Joint Venture is not consolidated**	Not Applicable*	Not Applicable*	Not Applicable*	Not Applicable*	Not Applicable*
6.	**Net worth attributable to Shareholding as per latest audited Balance Sheet (₹ in lakhs)**	3,173.64	628.45	478.44	7,340.15	(49.25)
7.	**Profit / (Loss) for the year (₹ in lakhs)**	510.10	24.22	4.44	267.97	(14.01)
i.	Considered in Consolidation (₹ in lakhs)*	–	–	–	–	–
ii.	Not Considered in Consolidation (₹ in lakhs)*	510.10	24.22	4.44	267.97	(14.01)

* 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.

Notes: 1. Names of the Associates or Joint Ventures which are yet to commence operations : None

2. Names of Associates or Joint Ventures which have been liquidated or sold during the year : None

On behalf of the Board

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

Kolkata, 24th April, 2019

REPORT OF THE BOARD OF DIRECTORS FOR THE FINANCIAL YEAR ENDED 31ST MARCH, 2019

1. Your Directors submit their Report for the financial year ended 31st March, 2019.

2. PERFORMANCE OF THE COMPANY

During the year, your Company earned revenue of ₹ 300.69 lakhs from its operations, with total income being ₹ 532.91 lakhs. The Company continues to engage in building maintenance and property management. It presently maintains the ITC Centre and certain other properties owned by ITC Limited, the ultimate Holding Company.

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

	For the year ended 31st March, 2019 (₹)	For the year ended 31st March, 2018 (₹)
Profits		
a. Profit Before Tax	**2,40,99,067**	2,59,34,425
b. Less : Tax Expense	**62,74,591**	72,80,651
c. Profit After Tax	**1,78,24,476**	1,86,53,774
d. Add : Other Comprehensive Income / (Loss)	**(1,52,672)**	6,53,708
e. Total Comprehensive Income	**1,76,71,804**	1,93,07,482
Retained Earnings		
a. At the beginning of the year	**2,05,42,994**	8,98,25,108
b. Add : Profit for the year	**1,78,24,476**	1,86,53,774
c. Add : Other Comprehensive Income / (Loss)	**(1,52,672)**	6,53,708
d. Less : Interim Dividend paid	**—**	7,36,05,291
e. Less : Income Tax on Interim Dividend	**—**	1,49,84,305
f. At the end of the year	**3,82,14,798**	2,05,42,994

During the year under review, the Company, with a view to exploring other business opportunities, has taken your approval for alteration of the Objects Clause of the Memorandum of Association to cover the business of providing Engineering, Procurement and Construction Management (EPCM) services and project management consultancy services. The Company is in the process of obtaining statutory registrations / approvals to commence the said business.

3. DIRECTORS AND KEY MANAGERIAL PERSONNEL

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

During the year under review, the Board of Directors of your Company ('the Board') appointed Mr. Chitranjan Dar (DIN: 03191054) as an Additional Director of the Company with effect from 1st December, 2018. In accordance with Section 161 of the Companies Act, 2013 ('the Act') and Article 130 of the Articles of Association of the Company, Mr. Dar 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 23rd April, 2019 recommended for the approval of the Members, the appointment of Mr. Dar as a Non-Executive Director of your Company, liable to retire by rotation. Requisite Notice under Section 160 of the Act has been received by the Company for appointment of Mr. Dar, who has filed his consent to act as a Director of your Company, if appointed. Appropriate resolution seeking your approval to Mr. Dar's appointment is appearing in the Notice convening the ensuing AGM of the Company.

Mr. Pretiush Kumar was re-appointed, with your approval, as the Manager of the Company for a period of two years with effect from 27th December, 2018, in terms of the provisions of Sections 196, 197 and 203 of the Act. Mr. Kumar is also the Company Secretary of the Company.

(b) Retirement by Rotation

In accordance with the provisions of Section 152 of the Act read with Article 143 of the Articles of Association of the Company, Mr. Saradindu Dutta (DIN: 00058639), Director, will retire by rotation at the ensuing AGM of the Company, and being eligible, offers himself for re-election. Your Board has recommended his re-election.

(c) Board evaluation

The Board carried out annual performance evaluation of its own performance and that of the individual Directors, as required under Section 134 of the Act, based on criteria approved by the Board.

4. BOARD MEETINGS

Four meetings of the Board were held during the year ended 31st March, 2019.

5. DIRECTORS' RESPONSIBILITY STATEMENT

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

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

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

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

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

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

6. SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES

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

7. PARTICULARS OF EMPLOYEES

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

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

8. RISK MANAGEMENT

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

Management of risks vest with the executive management which is responsible for the day-to-day conduct of the affairs of the Company, within the overall framework approved by the Board. The Internal Audit Department of ITC Limited, the Internal Auditor of the Company, periodically carries out risk focused audits with the objective of identifying areas where risk management processes could be strengthened. The Board annually reviews the effectiveness of the Company's risk management systems and policies.

9. INTERNAL FINANCIAL CONTROLS

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

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

10. PARTICULARS OF LOANS, GUARANTEES AND INVESTMENTS

During the year ended 31st March, 2019, the Company has neither given any loan or guarantee nor has made any investment under Section 186 of the Act.

11. RELATED PARTY TRANSACTIONS

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

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

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

13. EXTRACT OF ANNUAL RETURN

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

14. COST RECORDS

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

15. STATUTORY AUDITORS

The Company's Auditors, Messrs. A. F. Ferguson & Co., Chartered Accountants, who were appointed with your approval at the 28th AGM for a period of five years, will complete their present term on conclusion of the ensuing 33rd AGM of the Company.

The Board has recommended for the approval of the Members, the appointment of Messrs. S R B C & CO LLP, Chartered Accountants ('SRBC'), as the Auditors of the Company for a period of five years from the conclusion of the ensuing 33rd AGM till the conclusion of the 38th AGM. SRBC have given their consent to act as the Auditors of the Company and have confirmed that the said appointment, if made, will be in accordance with the conditions prescribed under Sections 139 and 141 of the Act. The Board has also recommended for the approval of the Members, the remuneration of SRBC for the financial year 2019-20. Appropriate resolution seeking your approval to the appointment and remuneration of SRBC as the Auditors is appearing in the Notice convening the 33rd AGM of the Company.

16. COMPLIANCE WITH SECRETARIAL STANDARDS

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

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

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

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

On behalf of the Board

R. Tandon *Chairman*

Dated : 23rd April, 2019 S. Dutta *Director*

Annexure 1 to the Report of the Board of Directors for the financial year ended 31st March, 2019

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

Names of employees	Age	Designation	Gross Remuneration (₹)	Net Remuneration (₹)	Qualifications	Experience (Years)	Date of commencement of employment / deputation	Previous Employment / Position held
1	2	3	4	5	6	7	8	9
M. Seth *	38	Chief Financial Officer	42,54,938/-	28,97,379/-	B.Com (Hons.), A.C.A. CISA, CISM	13	01.01.2015	Manager (Finance), ITC Limited
A. Bhattacharya	50	Assistant Manager - Finance	11,03,789/-	8,98,655/-	B.Com, P.G.D.P. (Insurance & Risk Mngt.)	21	01.10.1997	—
A. Kanjilal	46	Security & Fire Officer	8,86,377/-	7,86,075/-	B.A.	26	16.02.2015	Site Security Leader, IBM India Pvt. Ltd.
S. K. Singh	52	Administrative Assistant	7,54,290/-	5,63,732/-	Madhyamik	21	01.10.1997	—
P. Kumar	28	Manager & Company Secretary	7,48,415/-	6,60,407/-	B.Com (Hons.), A.C.S.	4	05.12.2016	Executive - Secretarial, Bata India Limited
S. Bhattacharya	56	Maintenance Supervisor	5,14,140/-	4,25,409/-	B.Sc. (Hons.)	27	16.04.1992	—
S. Lama	45	Administrative Assistant I	5,02,805/-	4,31,479/-	H.S.	21	01.10.1997	—
N. Ghosh	57	Maintenance Supervisor	4,85,117/-	4,04,604/-	Electrician License	28	15.02.1991	—
T. K. Das #	58	Maintenance Supervisor	4,84,982/-	4,26,569/-	Madhyamik, Vocational Training in Diesel Mechanics	40	01.04.1991	Service Engineer, M. M. Services
A. Chakraborty	34	Maintenance Supervisor	4,81,101/-	4,02,524/-	B. Tech (Electronics & Telecommunication)	10	16.01.2018	Technical Consultant, G4S Secure Solutions (India) Pvt. Ltd.

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

 # Retired with effect from close of work on 6th January, 2019.

Notes:

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

b. Net remuneration comprises cash income less income tax, education cess deducted at source and employee's own contribution to provident fund.

c. The Chief Financial Officer has been granted Stock Options by ITC in previous year(s) under its Employee Stock Option Schemes at 'market price' [within the meaning of the Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014]. ITC has also granted Employee Stock Appreciation Linked Reward Units (ESAR Units) to the Chief Financial Officer under its Stock Appreciation Linked Reward Plan. Since these Stock Options and ESAR Units are not tradeable, no perquisite or benefit is conferred upon the employee by grant of such Options / Units, and accordingly the said grant has not been considered as remuneration.

d. All appointments (except deputed employee) are / were contractual in accordance with terms and conditions as per Company's rules.

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

On behalf of the Board

R. Tandon *Chairman*

Dated : 23rd April, 2019 S. Dutta *Director*

Annexure 2 to the Report of the Board of Directors for the financial year ended 31st March, 2019

FORM NO. AOC-2

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

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

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

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

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

a)	Name(s) of the related party and nature of relationship	ITC Limited, the ultimate Holding Company (ITC)
b)	Nature of contracts / arrangements / transactions	Maintenance of ITC Centre, Kolkata, and certain other properties owned by ITC
c)	Duration of the contracts / arrangements / transactions	Maintenance of ITC Centre - 1st August, 2018 to 31st July, 2019 Maintenance of other properties - 1st April, 2018 to 31st March, 2019
d)	Salient terms of the contracts or arrangements or transactions including the value, if any	Value of transaction during the year - ₹ 300.69 lakhs
e)	Date(s) of approval by the Board, if any	14th August, 2018 and 14th March, 2018
f)	Amount paid as advances, if any	Nil

On behalf of the Board

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

Dated : 23rd April, 2019

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, 2019

[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.**
(2) **Non-Institutions**									
a) Bodies Corp.									
i) Indian	–	–	–	–	–	–	–	–	N.A.
ii) Overseas	–	–	–	–	–	–	–	–	N.A.
b) Individuals	–	–	–	–	–	–	–	–	N.A.
i) Individual shareholders holding nominal share capital up to ₹ 1 lakh									
ii) Individual shareholders holding nominal share capital in excess of ₹ 1 lakh									
c) Others (specify)	–	–	–	–	–	–	–	–	N.A.
Sub-total (B)(2)	–	–	–	–	–	–	–	–	**N.A.**
Total Public Shareholding (B)=(B)(1) + (B)(2)	–	–	–	–	–	–	–	–	**N.A.**
C. Shares held by Custodian for GDRs & ADRs	–	–	–	–	–	–	–	–	N.A.
Grand Total (A+B+C)	–	**4,20,60,166**	**4,20,60,166**	**100.00**	–	**4,20,60,166**	**4,20,60,166**	**100.00**	**Nil**

(ii) **Shareholding of Promoters:**

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

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

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

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

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

V. INDEBTEDNESS

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

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

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

(Amount in ₹)

Sl. No.	Particulars of Remuneration	P. Kumar (Manager & Company Secretary)
1.	Gross Salary	
	(a) Salary as per provisions contained in Section 17(1) of the Income-tax Act, 1961	6,94,446
	(b) Value of perquisites under Section 17(2) of the Income-tax Act, 1961	28,000
	(c) Profits in lieu of salary under Section 17(3) of the Income-tax Act, 1961	–
2.	Stock Option	–
3.	Sweat Equity	–
4.	Commission - as % of profit - others, specify	–
5.	Others, please specify	–
Total Amount (A)		**7,22,446**
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, 2019 are inadequate. The appointment of Mr. P. Kumar is governed by the resolutions passed by the Board and the shareholders of the Company. The statutory provisions apply with respect to notice period and severance fee.

B. Remuneration to other Directors:

(Amount in ₹)

Sl. No.	Name of the Directors	Particulars of Remuneration			Total Amount
		Fee for attending Board and Board Committee meetings	Commission	Others, please specify	
1.	**Independent Directors**				
	Total Amount (B)(1)				**Nil**
2.	**Other Non-Executive Directors**				
	R. Tandon	Nil	Nil	Nil	Nil
	C. Dar				
	S. Dutta				
	R. Poddar				
	Total Amount (B)(2)				**Nil**
Total Amount (B) = (B)(1) + (B)(2)					**Nil**
Total Managerial Remuneration (A + B)					**7,22,446**
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, 2019 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	38,97,640
	(b) Value of perquisites under Section 17(2) of the Income-tax Act, 1961	2,80,162
	(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		**41,77,802**

Note: Mr. M. Seth is on deputation from ITC Limited (ITC) and has been granted Stock Options in previous year(s) and Employee Stock Appreciation Linked Reward Units (ESAR Units) in the current year by ITC under its Employee Stock Option Schemes and Stock Appreciation Linked Reward Plan, respectively. Since these Stock Options / ESAR Units are not tradeable, no perquisite or benefit is conferred upon the employee by grant of such Options / Units, and accordingly the said grant has not been considered as remuneration.

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

On behalf of the Board

R. Tandon *Chairman*

Dated : 23rd April, 2019 S. Dutta *Director*

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF GREENACRE HOLDINGS LIMITED

Report on the Audit of the Financial Statements.

Opinion

We have audited the accompanying financial statements of **GREENACRE HOLDINGS LIMITED** ("the Company"), which comprise the Balance Sheet as at 31st March, 2019, and the Statement of Profit and Loss (including Other Comprehensive Income), the Cash Flow Statement and the Statement of Changes in Equity for the year then ended, and a summary of significant accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Companies Act, 2013 ("the Act") in the manner so required and give a true and fair view in conformity with the Accounting Standards prescribed under Section 133 of the Act read with the Companies (Accounting Standards) Rules, 2006, as amended ("Accounting Standards") and other accounting principles generally accepted in India, of the state of affairs of the Company as at 31st March, 2019, and its profit, total comprehensive income, its cash flows and the changes in equity for the year ended on that date.

Basis for Opinion

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

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

- The Company's Board of Directors is responsible for the other information. The other information comprises the information included in the Directors' Report including Annexures to Directors' Report but does not include the financial statements and our auditor's report thereon.
- Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.
- In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained during the course of our audit or otherwise appears to be materially misstated.
- If, based on the work we have performed on the other information that we obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Management's Responsibility for the Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Act with respect to the preparation of these financial statements that give a true and fair view of the financial position, financial performance including other comprehensive income, cash flows and changes in equity of the Company in accordance with the Ind AS and other accounting principles generally accepted in India. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statement that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

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

Auditor's Responsibility for the Audit of the Financial Statements

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

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

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

Materiality is the magnitude of misstatements in the financial statements that, individually or in aggregate, makes it probable that the economic decisions of a reasonably knowledgeable user of the financial statements may be influenced. We consider quantitative materiality and qualitative factors in (i) planning the scope of our audit work and in evaluating the results of our work; and (ii) to evaluate the effect of any identified misstatements in the financial statements.

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

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

Report on Other Legal and Regulatory Requirements

1. As required by Section 143(3) of the Act, based on our audit we report:
   a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
   b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
   c) The Balance Sheet, the Statement of Profit and Loss including Other Comprehensive Income, the Cash Flow Statement and the Statement of Changes in Equity dealt with by this Report are in agreement with the relevant books of account.
   d) In our opinion, the aforesaid financial statements comply with the Indian Accounting Standards prescribed under Section 133 of the Act.
   e) On the basis of the written representations received from the directors of the Company as on 31st March, 2019 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2019 from being appointed as a director in terms of Section 164 (2) of the Act.
   f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure A". Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the Company's internal financial controls over financial reporting.
   g) With respect to the other matters to be included in the Auditor's Report in accordance with the requirements of Section 197(16) of the Act, as amended, in our opinion and to the best of our information and according to the explanations given to us, the Company has not paid / provided any managerial remuneration to its directors during the year and hence the provisions of Section 197 of the Act are not applicable.
   h) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, as amended in our opinion and to the best of our information and according to the explanations given to us:
      i. The Company 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 4 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)

Sumit Trivedi
Partner
(Membership No. 209354)

Place: Hyderabad
Date: 23rd April, 2019

ANNEXURE A TO THE INDEPENDENT AUDITOR'S REPORT

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

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

We have audited the internal financial controls over financial reporting of GREENACRE HOLDINGS LIMITED ("the Company") as of 31st March, 2019 in conjunction with our audit of the Ind AS financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

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

Auditor's Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") issued by the Institute of Chartered Accountants of India and the Standards on Auditing prescribed under Section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting were 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 31st March, 2019, based on the criteria for internal financial control over financial reporting established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

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

Sumit Trivedi
Partner
(Membership No. 209354)

Place: Hyderabad
Date: 23rd April, 2019

ANNEXURE B TO THE INDEPENDENT AUDITOR'S REPORT

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

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

(b) The property, plant and equipment were physically verified during the year by the Management in accordance with a regular programme of verification which, in our opinion, provides for physical verification of all the property, plant and equipment 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 scheme of amalgamation provided to us, we report that the title deeds of such immovable properties of land and buildings which are freehold are held in the name of the Company as at the balance sheet date.

(ii) The Company 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 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, Goods and Services Tax, Service Tax, Cess and other material statutory dues applicable to it to 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 31st March, 2019 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.

(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 Indian Accounting Standards.

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

(xv) In our opinion and according to the information and explanations given to us, during the year the Company has not entered into any non-cash transactions with its directors or directors of its holding and subsidiary 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 A.F.FERGUSON & CO.
Chartered Accountants
(Firm's Registration No. 112066W)

Sumit Trivedi
Partner
(Membership No. 209354)

Place: Hyderabad
Date: 23rd April, 2019

BALANCE SHEET AS AT 31ST MARCH, 2019

	Note		As at 31st March, 2019 (₹)		As at 31st March, 2018 (₹)
ASSETS					
Non-current assets					
(a) Property, Plant and Equipment	3		14,76,65,527		14,78,37,858
(b) Other non-current assets	4		5,16,64,916		5,10,23,162
Current assets					
(a) Financial assets					
(i) Investments	5	27,08,47,011		25,16,65,767	
(ii) Cash and cash equivalents	6	17,17,989	27,25,65,000	19,66,466	25,36,32,233
(b) Other current assets	4		5,09,623		5,91,300
TOTAL ASSETS			**47,24,05,066**		45,30,84,553
EQUITY AND LIABILITIES					
Equity					
(a) Equity Share capital	7	42,06,01,660		42,06,01,660	
(b) Other Equity		3,82,14,798	45,88,16,458	2,05,42,994	44,11,44,654
Liabilities					
Non-current liabilities					
(a) Financial liabilities					
Other financial liabilities	8		24,70,852		80,11,000
(b) Provisions	9		14,16,936		13,70,768
(c) Deferred tax liabilities (Net)	10		31,03,412		13,49,611
Current liabilities					
(a) Financial liabilities					
Other financial liabilities	8		57,46,000		1,35,000
(b) Provisions	9		1,56,563		2,98,310
(c) Other current liabilities	11		6,94,845		7,75,210
TOTAL EQUITY AND LIABILITIES			**47,24,05,066**		45,30,84,553

The accompanying notes 1 to 19 are an integral part of the Financial Statements.

In terms of our report attached

On behalf of the Board

For A. F. Ferguson & Co.
Chartered Accountants

SUMIT TRIVEDI
Partner
Hyderabad, 23rd April, 2019

R. TANDON *Chairman* S. DUTTA *Director*
M. SETH *Chief Financial Officer* P. KUMAR *Manager & Company Secretary*
Kolkata, 23rd April, 2019

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31ST MARCH, 2019

		Note	For the year ended 31st March, 2019 (₹)	For the year ended 31st March, 2018 (₹)
I	Revenue From Operations	12	3,00,68,534	2,88,22,715
II	Other Income	13	2,32,22,242	2,56,93,840
III	**Total Income (I+II)**		**5,32,90,776**	5,45,16,555
IV	**EXPENSES**			
	Maintenance and service expense		79,19,468	74,63,256
	Employee benefits expense	14	1,98,40,763	1,86,03,036
	Depreciation expense		1,72,331	1,73,421
	Other expenses	15	12,59,147	23,42,417
	Total expenses (IV)		**2,91,91,709**	2,85,82,130
V	**Profit before tax (III - IV)**		**2,40,99,067**	2,59,34,425
VI	**Tax expense:**			
	Current Tax	16A	44,61,946	55,00,000
	Deferred Tax	16A	18,12,645	17,80,651
VII	**Profit for the year (V - VI)**		**1,78,24,476**	1,86,53,774
VIII	**Other Comprehensive (Loss) / Income**			
	A (i) Items that will not be reclassified to profit or loss:			
	- Remeasurements of defined benefit plans	17 (ii)	(2,11,516)	9,05,664
	(ii) Income tax relating to items that will not be reclassified to profit or loss	16B	58,844	(2,51,956)
	Other Comprehensive (Loss) / Income [A (i)+(ii)]		(1,52,672)	6,53,708
IX	**Total Comprehensive Income for the year (VII+VIII)**		**1,76,71,804**	1,93,07,482
X	Earnings per equity share (Face Value ₹ 10.00 each):			
	- Basic and Diluted (in ₹)	17 (i)	0.42	0.44

The accompanying notes 1 to 19 are an integral part of the Financial Statements.

In terms of our report attached

On behalf of the Board

For A. F. Ferguson & Co.
Chartered Accountants

SUMIT TRIVEDI
Partner
Hyderabad, 23rd April, 2019

R. TANDON *Chairman* S. DUTTA *Director*
M. SETH *Chief Financial Officer* P. KUMAR *Manager & Company Secretary*
Kolkata, 23rd April, 2019

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31ST MARCH, 2019

A. Equity Share capital (₹)

	Balance at the beginning of the reporting year	Changes in equity share capital during the year	Balance at the end of the reporting year
For the year ended 31st March, 2018	42,06,01,660	–	42,06,01,660
For the year ended 31st March, 2019	**42,06,01,660**	**–**	**42,06,01,660**

B. Other Equity (₹)

	Reserves & Surplus	
	Retained Earnings	Total
Balance as at 1st April, 2017	**8,98,25,108**	**8,98,25,108**
Profit for the year	1,86,53,774	1,86,53,774
Other Comprehensive Income (net of tax)	6,53,708	6,53,708
Total Comprehensive Income for the year	**1,93,07,482**	**1,93,07,482**
Dividend paid (₹ 1.75 per share)	(7,36,05,291)	(7,36,05,291)
Income tax on Dividend paid	(1,49,84,305)	(1,49,84,305)
Balance as at 31st March, 2018	**2,05,42,994**	**2,05,42,994**
Profit for the year	1,78,24,476	1,78,24,476
Other Comprehensive Income / (Loss) (net of tax)	(1,52,672)	(1,52,672)
Total Comprehensive Income for the year	**1,76,71,804**	**1,76,71,804**
Balance as at 31st March, 2019	**3,82,14,798**	**3,82,14,798**

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

The accompanying notes 1 to 19 are an integral part of the Financial Statements.

In terms of our report attached

For A. F. Ferguson & Co.
Chartered Accountants

SUMIT TRIVEDI
Partner

Hyderabad, 23rd April, 2019

On behalf of the Board

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

Kolkata, 23rd April, 2019

CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2019

	For the year ended 31st March, 2019 (₹)	For the year ended 31st March, 2018 (₹)
A. Cash Flow from Operating Activities		
PROFIT BEFORE TAX	**2,40,99,067**	2,59,34,425
ADJUSTMENTS FOR :		
Depreciation expense	1,72,331	1,73,421
Interest Income	–	(1,26,560)
Net gain arising on investments mandatorily measured at Fair value through profit or loss (FVTPL)	(2,01,74,242)	(2,26,09,280)
OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES	**40,97,156**	**33,72,006**
ADJUSTMENTS FOR :		
Other assets	(68,324)	(4,62,732)
Other financial liabilities	70,852	(18,54,043)
Other current liabilities	(80,365)	6,54,705
Provisions	(3,07,095)	1,22,651
CASH GENERATED FROM OPERATIONS	37,12,224	18,32,587
Income tax paid	(49,53,701)	(52,89,393)
NET CASH USED IN OPERATING ACTIVITIES	**(12,41,477)**	(34,56,806)
B. Cash Flow from Investing Activities		
Purchase of current investments	(5,54,04,000)	(97,03,57,000)
Sale / redemption of current investments	5,63,97,000	1,06,35,43,310
Interest received	–	1,26,560
NET CASH GENERATED FROM INVESTING ACTIVITIES	**9,93,000**	9,33,12,870
C. Cash Flow from Financing Activities		
Dividend paid	–	(7,36,05,291)
Income tax on Dividend paid	–	(1,49,84,305)
NET CASH USED IN FINANCING ACTIVITIES	–	(8,85,89,596)
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	**(2,48,477)**	12,66,468
OPENING CASH AND CASH EQUIVALENTS	**19,66,466**	6,99,998
CLOSING CASH AND CASH EQUIVALENTS (Note 6)	**17,17,989**	19,66,466

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

The accompanying notes 1 to 19 are an integral part of the Financial Statements.

In terms of our report attached

For A. F. Ferguson & Co.
Chartered Accountants

SUMIT TRIVEDI
Partner

Hyderabad, 23rd April, 2019

On behalf of the Board

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

Kolkata, 23rd April, 2019

NOTES TO THE FINANCIAL STATEMENTS

Company Information:

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

1. Significant Accounting Policies

Statement of Compliance

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

Up to the year ended 31st March, 2016, the Company prepared its financial statements in accordance with the Generally Accepted Accounting Principles (GAAP), which includes Standards notified under the Companies (Accounting Standards) Rules, 2006. The date of transition to Ind AS is 1st April, 2015.

Basis of Preparation

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

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

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

Operating Cycle

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

Property, Plant and Equipment – Tangible Assets

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

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

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

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

Buildings	60 years
Plant and Equipment	15 years

Impairment of Assets

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

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

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

Financial instruments, Financial assets, Financial liabilities and Equity Instruments

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

Financial Assets

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

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

Financial assets are classified as those measured at:

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

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

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

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

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

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

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

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

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

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

Financial Liabilities

Trade payables and other financial liabilities are initially recognised at the value of the respective contractual obligations. They are

NOTES TO THE FINANCIAL STATEMENTS (Contd.)

subsequently measured at amortised cost. Any discount or premium on redemption / settlement is recognised in the Statement of Profit and Loss as finance cost over the life of the liability using the effective interest method and adjusted to the liability figure disclosed in the Balance Sheet.

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

Offsetting Financial Instruments

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

Equity Instruments

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

Revenue from sale of services

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

Employee Benefits

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

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

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

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

Employee Share Based Compensation

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

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

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

Leases

Leases are recognised as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

Company as a Lessee

Assets used under finance leases are recognised as property, plant and equipment in the Balance Sheet for an amount that corresponds to the lower of fair value and the present value of minimum lease payments determined at the inception of the lease and a liability is recognised for an equivalent amount.

The minimum lease payments are apportioned between 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 in the Statement of Profit and Loss.

Rentals payable under operating leases are charged to the Statement of Profit and Loss on a straight-line basis over the term of the relevant lease unless the payments to the lessor are structured to increase in line with expected general inflation to compensate for the lessor's expected inflationary cost increases.

Company as a Lessor

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

Taxes on Income

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

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

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

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

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

Dividend Distribution

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

Operating segments

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

Provisions

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

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

2. Use of Estimates and Judgements

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

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

A. Key sources of estimation uncertainty

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

1. Fair value measurements and valuation processes:

Some of the Company's assets and liabilities are measured at fair value for financial reporting purposes. In estimating the fair value of an asset or a liability, the Company uses market-observable data to the extent it is available. Where Level 1 inputs are not available, the Company uses other methods, including third party valuers, where required, to perform the valuation. Information about the valuation techniques and inputs used in determining the fair value of various assets, liabilities and share based payments are disclosed in the notes to the financial statements.

NOTES TO THE FINANCIAL STATEMENTS (Contd.)

(Amount in ₹)

Particulars	Gross Block							Depreciation and Amortization						Net Book Value	
	As at 31st March, 2017	Additions	Withdrawals and adjustments	As at 31st March, 2018	Additions	Withdrawals and adjustments	**As at 31st March, 2019**	Upto 31st March, 2017	For the year	Upto 31st March, 2018	For the year	On Withdrawals and adjustments	**Upto 31st March, 2019**	**As at 31st March, 2019**	As at 31st March, 2018
3. Property, Plant and Equipment															
Land	14,06,29,749	–	–	14,06,29,749	–	–	14,06,29,749	–	–	–	–	–	–	14,06,29,749	14,06,29,749
Buildings(#)	77,23,667	–	–	77,23,667	–	–	77,23,667	3,44,309	1,71,919	5,16,228	1,71,920	–	6,88,148	70,35,519	72,07,439
Plant and Equipment	5,179	–	–	5,179	–	–	5,179	3,007	1,502	4,509	411	–	4,920	259	670
TOTAL	**14,83,58,595**	–	–	**14,83,58,595**	–	–	**14,83,58,595**	**3,47,316**	**1,73,421**	**5,20,737**	**1,72,331**	–	**6,93,068**	**14,76,65,527**	**14,78,37,858**

(#) The above assets are given on operating lease, which are not non-cancellable and are usually renewable by mutual consent on mutually agreeable terms.
The lease rental of ₹ 30,48,000 (2018- ₹ 29,58,000) is included in Lease rental income under Other income (Note 13)

	As at 31st March, 2019 (₹)		As at 31st March, 2018 (₹)	
	Current	**Non-Current**	Current	Non-Current
4. Other assets				
(A) Capital Advances	–	42,85,855	–	42,85,855
(B) Advances other than capital advances				
(i) Security Deposits - Others	–	3,05,000	–	1,55,000
(ii) Advance Tax (net of provisions)	–	19,11,872	–	14,20,118
(iii) Other Advances				
- Assignable claims [Refer Note 19]	–	2,00,00,000	–	2,00,00,000
- Payment towards land / project development (*)	–	1,23,71,911	–	1,23,71,911
- Project Advances	–	1,27,90,278	–	1,27,90,278
- Prepaid expenses				
- Advance towards gratuity fund	3,600	–	–	–
- Balances with Statutory authorities				
Input tax credit receivable	3,25,986	–	4,83,419	–
Advance paid to Govt. / Public bodies	20,824	–	7,824	–
- Others - prepaid expenses etc.	1,59,213	–	1,00,057	–
TOTAL	**5,09,623**	**5,16,64,916**	5,91,300	5,10,23,162

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

	As at 31st March, 2019 (₹)	As at 31st March, 2018 (₹)
5. Current Investments (at fair value through profit or loss unless stated otherwise)	**Unquoted**	Unquoted
INVESTMENT IN MUTUAL FUNDS		
Aditya Birla Sun Life Floating Rate Fund - Long Term 2,01,797 units of ₹ 100.00 each	4,63,59,473	4,29,34,258
Aditya Birla Sun Life Liquid Fund (Formerly known as Aditya Birla Sun Life Cash Plus) 1,005 (2018 - 2,052) units of ₹ 100.00 each	3,00,386	5,70,986
Aditya Birla Sun Life Savings Fund 2,78,830 units of ₹ 100.00 each	10,36,57,161	9,58,96,411
ICICI Prudential Savings Fund (Formerly known as ICICI Prudential - Flexible Income Plan) 2,26,003 units of ₹ 100.00 each	8,16,25,310	7,57,29,297
ICICI Prudential Liquid Fund 1,091 (2018 - Nil) units of ₹ 100.00 each	3,00,375	–
Kotak Savings Fund (Formerly known as Kotak Treasury Advantage Fund) 12,53,702 units of ₹ 10.00 each	3,83,03,868	3,53,92,771
Reliance Liquid Fund (Formerly known as Reliance Liquid Fund - Treasury Plan) Nil (2018 - 135) units of ₹ 1000.00 each	–	5,70,978
SBI Liquid Fund 103 (2018 - Nil) units of ₹ 1000.00 each	3,00,438	–
SBI Magnum Insta Cash Fund Nil (2018 - 149) units of ₹ 1000.00 each	–	5,71,066
Aggregate amount of quoted and unquoted investments	**27,08,47,011**	25,16,65,767
TOTAL	**27,08,47,011**	25,16,65,767

NOTES TO THE FINANCIAL STATEMENTS (Contd.)

	As at 31st March, 2019 (₹)	As at 31st March, 2018 (₹)
6. Cash and cash equivalents		
Balances with Banks		
Current accounts	16,97,989	19,47,936
Cash on hand	20,000	18,530
TOTAL	**17,17,989**	19,66,466

	As at 31st March, 2019 (No. of Shares)	As at 31st March, 2019 (₹)	As at 31st March, 2018 (No. of Shares)	As at 31st March, 2018 (₹)
7. Equity Share capital				
Authorised				
Equity Shares of ₹ 10.00 each	5,00,00,000	50,00,00,000	5,00,00,000	50,00,00,000
Issued and Subscribed				
Equity Shares of ₹ 10.00 each, fully paid	4,20,60,166	42,06,01,660	4,20,60,166	42,06,01,660

	As at 31st March, 2019 (No. of Shares)	As at 31st March, 2019 (₹)	As at 31st March, 2018 (No. of Shares)	As at 31st March, 2018 (₹)
A) Reconciliation of number of Equity Shares outstanding				
As at beginning and at the end of the year	4,20,60,166	42,06,01,660	4,20,60,166	42,06,01,660

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

	As at 31st March, 2019 (No. of Shares)	As at 31st March, 2019 (%)	As at 31st March, 2018 (No. of Shares)	As at 31st March, 2018 (%)
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, 2019 (₹)	As at 31st March, 2018 (₹)
8. Other financial liabilities		
Non-current		
Other liabilities (includes deposits from ITC Limited, the ultimate Holding Company, 2018 - ₹ 24,00,000)	24,00,000	80,11,000
Other payables [Refer Note 17(vi)]	70,852	–
TOTAL	**24,70,852**	80,11,000
Current		
Other liabilities	56,11,000	–
Other payables	1,35,000	1,35,000
TOTAL	**57,46,000**	1,35,000

	As at 31st March, 2019 (₹)		As at 31st March, 2018 (₹)	
	Current	**Non-Current**	Current	Non-Current
9. Provisions				
Provision for employee benefits [Refer Note 17 (ii)]				
Retirement benefits	–	–	70,164	–
Other benefits	1,56,563	14,16,936	2,28,146	13,70,768
TOTAL	**1,56,563**	**14,16,936**	2,98,310	13,70,768

NOTES TO THE FINANCIAL STATEMENTS (Contd.)

	As at 31st March, 2019 (₹)	As at 31st March, 2018 (₹)
10.Deferred tax liabilities (Net)		
Deferred tax liabilities	98,41,582	42,80,018
Less : Deferred tax assets	67,38,170	29,30,407
TOTAL	**31,03,412**	13,49,611

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

2018-19	Opening Balance	Recognised in profit or loss	Recognised in OCI	Closing Balance
Deferred tax liabilities in relation to:				
Other timing differences:				
On current investments - FVTPL	42,80,018	55,61,564	–	98,41,582
Total deferred tax liabilities	**42,80,018**	**55,61,564**	**–**	**98,41,582**
On fiscal allowances on property, plant and equipment, etc.	45,236	(4,483)	–	40,753
On employees separation and retirement etc.	5,85,171	(1,46,598)	58,844	4,97,417
Total deferred tax assets before MAT credit entitlement	**6,30,407**	**(1,51,081)**	**58,844**	**5,38,170**
Total deferred tax liabilities / (assets) before MAT credit entitlement (Net)	**36,49,611**	**57,12,645**	**(58,844)**	**93,03,412**
Less: MAT credit entitlement	23,00,000	39,00,000	–	62,00,000
Deferred tax liabilities/ (assets) (Net)	**13,49,611**	**18,12,645**	**(58,844)**	**31,03,412**

2017-18	Opening Balance	Recognised in profit or loss	Recognised in OCI	Closing Balance
Deferred tax liabilities / assets in relation to :				
Other timing differences:				
On current investments - FVTPL	42,073	42,37,945	–	42,80,018
Total deferred tax liabilities	**42,073**	**42,37,945**	**–**	**42,80,018**
On fiscal allowances on property, plant and equipment, etc.	49,457	(4,221)	–	45,236
On employees separation and retirement etc.	6,75,612	1,61,515	(2,51,956)	5,85,171
Total deferred tax assets before MAT credit entitlement	**7,25,069**	**1,57,294**	**(2,51,956)**	**6,30,407**
Total deferred tax liabilities / (assets) before MAT credit entitlement (Net)	**(6,82,996)**	**40,80,651**	**(2,51,956)**	**36,49,611**
Less: MAT credit entitlement	–	23,00,000	–	23,00,000
Deferred tax liabilities/ (assets) (Net)	**(6,82,996)**	**17,80,651**	**2,51,956**	**13,49,611**

The Company has long term capital losses of ₹ 53,24,22,842/- (2018 - ₹ 53,24,22,842/-) for which no deferred tax assets have been recognised. These losses are available for set off against capital gains arising in future. These losses will expire in financial year 2023-24.

	As at 31st March, 2019 (₹)	As at 31st March, 2018 (₹)
11. Other liabilities		
Current		
Statutory liabilities	6,94,845	7,75,210
TOTAL	**6,94,845**	7,75,210

	For the year ended 31st March, 2019 (₹)	For the year ended 31st March, 2018 (₹)
12. Revenue from operations		
Sale of Services	3,00,68,534	2,88,22,715
TOTAL	**3,00,68,534**	2,88,22,715

	For the year ended 31st March, 2019 (₹)	For the year ended 31st March, 2018 (₹)
13. Other income		
Interest income	–	1,26,560
Lease rental income	30,48,000	29,58,000
Other gains and losses	2,01,74,242	2,26,09,280
TOTAL	**2,32,22,242**	2,56,93,840

Interest income comprises interest from:

Others (from statutory authorities)	–	1,26,560
TOTAL	–	1,26,560

NOTES TO THE FINANCIAL STATEMENTS (Contd.)

	For the year ended 31st March, 2019 (₹)	For the year ended 31st March, 2018 (₹)
Other gains and losses:		
Net gain arising on financial assets (Current investments) mandatorily measured at FVTPL*	2,01,74,242	2,26,09,280
TOTAL	**2,01,74,242**	2,26,09,280

* Includes ₹ 1,82,998 (2018 - ₹ 73,77,303) being net gain on sale of investments.

	For the year ended 31st March, 2019 (₹)	For the year ended 31st March, 2018 (₹)
14. Employee benefits expense		
Salaries and wages	1,17,32,403	1,12,56,751
Remuneration of manager's salary on deputation *	52,37,526	50,03,508
Contribution to Provident and other funds	11,68,859	11,01,196
Staff welfare expenses	17,01,975	12,41,581
TOTAL	**1,98,40,763**	1,86,03,036

* Includes reimbursement on account of share based payments as under :
- Employee Stock Option Scheme (ESOS) : ₹ 10,69,760 (2018 - ₹ 15,82,933)
- Employee Stock Appreciation Linked Reward (ESAR) Plan: ₹ 70,852 (2018 - Nil) [Refer Note 17(vi)]

	For the year ended 31st March, 2019 (₹)	For the year ended 31st March, 2018 (₹)
15. Other expenses		
Rates and taxes	2,21,879	72,692
Insurance	2,737	3,458
Bank charges	2,291	2,397
Travelling and conveyance	29,579	13,781
Consultancy / Professional fees	6,61,380	15,46,862
Telephone expenses	11,435	13,695
Miscellaneous expenses	3,29,846	6,89,532
TOTAL	**12,59,147**	23,42,417
Miscellaneous expenses include :		
Auditors' remuneration and expenses *		
Audit fees	1,50,000	1,50,000
Tax audit fees	50,000	50,000
Fees for other services	–	12,000
* Excluding taxes.		

	For the year ended 31st March, 2019 (₹)	For the year ended 31st March, 2018 (₹)
16. Income tax expenses		
A. Amount recognised in profit or loss		
Current tax		
Income tax for the year	50,00,000	55,00,000
Adjustments / (credits) related to previous years - Net	(5,38,054)	–
Total current tax	**44,61,946**	55,00,000
Deferred tax		
Deferred tax for the year	57,12,645	40,80,651
MAT credit entitlement	(39,00,000)	(23,00,000)
Total deferred tax	**18,12,645**	17,80,651
TOTAL	**62,74,591**	72,80,651
B. Amount recognised in other comprehensive income		
The tax (charge) / credit arising on income and expenses recognised in other comprehensive income is as follows:		
Deferred tax		
On items that will not be reclassified to profit or loss		
Remeasurement gains / (losses) on defined benefit plans	58,844	(2,51,956)
TOTAL	**58,844**	(2,51,956)

NOTES TO THE FINANCIAL STATEMENTS (Contd.)

C. Reconciliation of effective tax rate

The Income tax expense for the year can be reconciled to the accounting profit as follows:

	For the year ended 31st March, 2019 (₹)	For the year ended 31st March, 2018 (₹)
Profit before tax	**2,40,99,067**	**2,59,34,425**
Income tax expense calculated @ 26.00% (2018 - 27.5525%)	62,65,757	71,45,583
Effect of tax relating to uncertain tax positions	2,78,138	4,36,138
Effect on deferred tax balances due to the change in Income Tax Rate	–	33,172
Other differences	2,68,750	(3,34,242)
Total	**68,12,645**	72,80,651
Adjustments recognised in the current year in relation to the current tax of prior years	(5,38,054)	–
Income tax recognised in profit or loss	**62,74,591**	72,80,651

The tax rate used for the year 2018-19 and 2017-18 reconciliations above is the corporate tax rate of
- 26.00% (25% + cess @ 4%) in 2018-19 and
- 27.5525% (25% + surcharge @ 7% + cess @ 3%) in 2017-18

payable on taxable profits under the Income Tax Act, 1961.

17. Additional Notes to the Financial Statements

(i) Earnings per share:

		2019	2018
Earnings per share has been computed as under:			
(a)	Profit for the year (₹)	**1,78,24,476**	1,86,53,774
(b)	Weighted average number of Equity shares outstanding for the purpose of basic earnings per share	**4,20,60,166**	4,20,60,166
(c)	Earnings per share on profit for the year (Face Value ₹ 10.00 per share) (in ₹) - Basic and Diluted [(a)/(b)]	**0.42**	0.44

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

Description of Plans

The Company makes contributions to both Defined Benefit and Defined Contribution Plans for qualifying employees. These Plans are administered through approved Trusts, which operate in accordance with the Trust Deed, Rules and applicable Statutes. These concerned Trusts are managed by Trustees, who provide strategic guidance with regard to the management of their investments and liabilities and also periodically review their performance.

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

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

Risk Management

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

Investment Risk: This may arise from volatility in asset values due to market fluctuations and impairment of assets due to credit losses.

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

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

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

			For the year ended 31st March, 2019 (₹)		For the year ended 31st March, 2018 (₹)	
			Gratuity	**Leave Encashment**	Gratuity	Leave Encashment
			Funded	**Unfunded**	Funded	Unfunded
I	**Components of Employer Expense**					
	- Recognised in Profit or Loss					
	1	Current Service Cost	2,50,090	1,19,562	2,60,621	1,22,488
	2	Past Service Cost	–	–	–	–
	3	Net Interest Cost	(13,975)	1,02,911	5,263	1,39,092
	4	**Total expense recognised in the Statement of Profit and Loss**	**2,36,115**	**2,22,473**	2,65,884	2,61,580
	- Re-measurements recognised in Other Comprehensive Income					
	5	Return on plan assets (excluding amounts included in Net interest cost)	18,509	–	(15,649)	–
	6	Effect of changes in demographic assumptions	(1,169)	(789)	–	–
	7	Effect of changes in financial assumptions	–	–	(1,42,537)	(1,12,840)
	8	Changes in asset ceiling (excluding interest income)	–	–	–	–
	9	Effect of experience adjustments	(11,475)	2,06,440	(98,948)	(5,35,690)

NOTES TO THE FINANCIAL STATEMENTS (Contd.)

			For the year ended 31st March, 2019 (₹)		For the year ended 31st March, 2018 (₹)	
			Gratuity	Leave Encashment	Gratuity	Leave Encashment
			Funded	Unfunded	Funded	Unfunded
	10	**Total re-measurements included in Other Comprehensive Income [(Gain)/Loss]**	**5,865**	**2,05,651**	(2,57,134)	(6,48,530)
	11	**Total defined benefit cost recognised in Statement of Profit and Loss and Other Comprehensive Income [(Gain)/Loss] (4+10)**	**2,41,980**	**4,28,124**	8,750	(3,86,950)

The current service cost and net interest cost for the year pertaining to Gratuity expenses have been recognised in "Contribution to Provident and other funds" and Leave Encashment in "Salaries and wages" under Note 14. The re-measurements of the net defined benefit liability are included in Other Comprehensive Income.

			Gratuity	Leave Encashment	Gratuity	Leave Encashment
			Funded	Unfunded	Funded	Unfunded
II	**Actual Returns**		**2,40,375**	–	2,59,035	–
III	**Net Asset / (Liability) recognised in Balance Sheet**					
	1	Present Value of Defined Benefit Obligation	26,94,013	15,73,499	31,26,474	15,98,914
	2	Fair Value of Plan Assets	26,97,613	–	30,56,310	–
	3	Status [Surplus / (Deficit)]	3,600	(15,73,499)	(70,164)	(15,98,914)
	4	Restrictions on Asset Recognised	–	–	–	–

			As at 31st March, 2019		As at 31st March, 2018	
			Gratuity	Leave Encashment	Gratuity	Leave Encashment
			Funded	Unfunded	Funded	Unfunded
	5	**Net Asset/(Liability) recognised in Balance Sheet**				
		- Current	3,600	(1,56,563)	(70,164)	(2,28,146)
		- Non-current	–	(14,16,936)	–	(13,70,768)

			For the year ended 31st March, 2019 (₹)		For the year ended 31st March, 2018 (₹)	
			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	31,26,474	15,98,914	33,80,087	21,35,376
	2	Current Service Cost	2,50,090	1,19,562	2,60,621	1,22,488
	3	Interest Cost	2,01,797	1,02,911	2,11,802	1,39,092
	4	Re-measurement Gains / (Losses):				
		a. Effect of changes in demographic assumptions	(1,169)	(789)	–	–
		b. Effect of changes in financial assumptions	–	–	(1,42,537)	(1,12,840)
		c. Changes in asset ceiling (excluding interest income)	–	–	–	–
		d. Effect of experience adjustments	(11,475)	2,06,440	(98,948)	(5,35,690)
	5	Curtailment Cost / (Credits)	–	–	–	–
	6	Settlement Cost / (Credits)	–	–	–	–
	7	Liabilities assumed in business combination	–	–	–	–
	8	Exchange difference on foreign plans	–	–	–	–
	9	Benefits Paid	(8,71,704)	(4,53,539)	(4,84,551)	(1,49,512)
	10	**Present Value of DBO at the end of the year**	**26,94,013**	**15,73,499**	31,26,474	15,98,914

V	**Best Estimate of Employers' Expected Contribution for the next year**	**As at 31st March, 2019**	As at 31st March, 2018
	- Gratuity	**3,12,332**	3,15,744
	- Leave Encashment	–	–

NOTES TO THE FINANCIAL STATEMENTS (Contd.)

			For the year ended 31st March, 2019 (₹)		For the year ended 31st March, 2018 (₹)	
			Gratuity	Leave Encashment	Gratuity	Leave Encashment
			Funded	Unfunded	Funded	Unfunded
VI	Change in Fair Value of Assets					
	1	Plan Assets at the beginning of the year	30,56,310	–	30,63,372	–
	2	Asset acquired in Business Combination	–	–	–	–
	3	Expected Return on Plan Assets	2,15,772	–	2,06,539	–
	4	Re-measurement Gains / (Losses) on plan assets	(18,509)	–	15,649	–
	5	Actual Company Contributions	3,15,744	–	2,55,301	–
	6	Benefits Paid	(8,71,704)	–	(4,84,551)	–
	7	**Plan Assets at the end of the year**	**26,97,613**	–	30,56,310	–

			As at 31st March, 2019	As at 31st March, 2018
			Discount Rate (%)	Discount Rate (%)
VII	Actuarial Assumptions			
	1	Gratuity	7.50	7.50
	2	Leave Encashment	7.50	7.50

VIII	Major Category of Plan Assets as a % of the Total Plan Assets		As at 31st March, 2019	As at 31st March, 2018
	1	Government Securities / Special Deposit with RBI	–	–
	2	High Quality Corporate Bonds	–	–
	3	Insurer Managed Funds*	100%	100%
	4	Mutual Funds	–	–
	5	Cash and Cash Equivalents	–	–
	6	Term Deposits	–	–

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

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

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

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

			For the year ended 31st March, 2019 (₹)		For the year ended 31st March, 2018 (₹)	
			Gratuity	Leave Encashment	Gratuity	Leave Encashment
			Funded	Unfunded	Funded	Unfunded
X	Net Asset / (Liability) recognised in Balance Sheet (including experience adjustment impact)					
	1	Present Value of Defined Benefit Obligation	26,94,013	15,73,499	31,26,474	15,98,914
	2	Fair Value of Plan Assets	26,97,613	–	30,56,310	–
	3	Status [Surplus / (Deficit)]	3,600	(15,73,499)	(70,164)	(15,98,914)
	4	Experience Adjustment of Plan Assets [Gain / (Loss)]	(18,509)	–	15,649	–
	5	Experience Adjustment of obligation [(Gain) / Loss]	(11,475)	2,06,440	(98,948)	(5,35,690)

Amount towards Defined Contribution Plans have been recognised under "Contribution to Provident and other funds" in Note 14:

₹ 9,32,744 (2018 - ₹ 8,35,312).

XI. Sensitivity Analysis

The Sensitivity Analysis below has been determined based on reasonably possible changes of the respective assumptions occurring at the end of the reporting period, while holding all other assumptions constant. These sensitivities show the hypothetical impact of a change in each of the listed assumptions in isolation. While each of these sensitivities holds all other assumptions constant, in practice such assumptions rarely change in isolation and the asset value changes may offset the impact to some extent. For presenting the sensitivities, the present value of the defined benefit obligation has been calculated using the projected unit credit method at the end of the reporting period, which is the same as that applied in calculating the Defined Benefit Obligation (DBO) presented above. There was no change in the methods and assumptions used in the preparation of sensitivity analysis from previous year.

NOTES TO THE FINANCIAL STATEMENTS (Contd.)

(Amount in ₹)

		DBO as at 31st March, 2019		DBO as at 31st March, 2018	
		Gratuity	Leave Encashment	Gratuity	Leave Encashment
		Funded	Unfunded	Funded	Unfunded
1	Discount Rate + 100 basis points	25,24,531	14,73,624	29,55,722	14,69,868
2	Discount Rate - 100 basis points	28,82,699	16,85,717	33,16,318	17,50,043
3	Salary Increase Rate + 1%	28,71,878	16,79,425	33,03,462	17,44,078
4	Salary Increase Rate – 1%	25,31,211	14,77,509	29,64,425	14,72,889

Maturity Analysis of the Benefit Payments

(Amount in ₹)

		DBO as at 31st March, 2019		DBO as at 31st March, 2018	
		Gratuity	Leave Encashment	Gratuity	Leave Encashment
		Funded	Unfunded	Funded	Unfunded
1	Year 1	3,12,575	1,56,563	5,27,292	2,28,146
2	Year 2	3,26,397	1,76,373	2,70,985	1,55,684
3	Year 3	3,49,912	8,810	3,13,319	42,110
4	Year 4	2,59,783	1,36,843	3,36,433	8,561
5	Year 5	17,337	10,345	2,46,788	1,35,197
6	Next 5 Years	19,53,140	11,84,678	15,51,360	8,90,041

(iii) Micro, Small and Medium enterprises:

There are no Micro, Small and Medium Enterprises to whom the Company owes dues, which are outstanding for more than 45 days during the year and also as at 31st March, 2019. This information as required to be disclosed under the Micro, Small and Medium Enterprises Development Act, 2006 has been determined to the extent such parties have been identified on the basis of information available with the Company.

(iv) Segment Reporting:

The Company operates in a single business segment namely property maintenance and in a single geographical segment in India. The entity-wise disclosures are as under:

(Amount in ₹)

	2019	2018
Non-current assets (In India)	19,93,30,443	19,88,61,020

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

(Amount in ₹)

	2019	2018
ITC Limited - ultimate Holding Company	3,00,68,534	2,88,22,715

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

(v) Related Party Disclosures:

(a) RELATIONSHIP:

(i) Ultimate Holding Company:

- ITC Limited

(ii) Holding Company:

- Russell Credit Limited

(iii) Other Related Parties with whom the Company had transactions:

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

(iv) Key Management Personnel (KMP):

- Mr. R. Tandon	Chairman & Non-Executive Director
- Mr. S. Dutta	Non-Executive Director
- Mr. C. Dar	Additional Non-Executive Director (w.e.f. 01.12.2018)
- Mr. R. Poddar	Non-Executive Director (w.e.f. 15.03.2018)
- Mr. M. Seth	Chief Financial Officer
- Mr. P. Kumar	Manager & Company Secretary

(v) Employee Trusts where there is significant influence:

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

NOTES TO THE FINANCIAL STATEMENTS (Contd.)

(b) DISCLOSURE OF TRANSACTIONS BETWEEN THE COMPANY AND RELATED PARTIES AND THE STATUS OF OUTSTANDING BALANCES AS AT 31.03.2019

(Amount in ₹)

RELATED PARTY TRANSACTION SUMMARY		Ultimate Holding Company		Holding Company		Associate of Holding Company		Key Management Personnel		Employee Trusts		Total	
		2019	2018	**2019**	2018	**2019**	2018	**2019**	2018	**2019**	2018	**2019**	2018
1.	Rent Received	17,28,000	17,28,000	–	–	13,20,000	12,30,000	–	–	–	–	**30,48,000**	29,58,000
2.	Purchase of Services	40,000	40,000	–	–	–	–	–	–	–	–	**40,000**	40,000
3.	Sale of Services	3,00,68,534	2,88,22,715	–	–	–	–	–	–	–	–	**3,00,68,534**	2,88,22,715
4.	Expenses Recovered	3,56,408	3,85,030	–	–	–	–	–	–	–	–	**3,56,408**	3,85,030
5.	Remuneration of manager on deputation (For CFO)	40,96,914	34,20,575	–	–	–	–	–	–	–	–	**40,96,914**	34,20,575
6.	Dividend Paid	–	–	–	7,36,05,291	–	–	–	–	–	–	–	**7,36,05,291**
7.	Contribution to Greenacre Holdings Limited Provident Fund	–	–	–	–	–	–	–	–	9,32,744	8,35,312	**9,32,744**	8,35,312
8.	Contribution to Greenacre Holdings Limited Gratuity Fund	–	–	–	–	–	–	–	–	3,15,744	2,55,301	**3,15,744**	2,55,301
9.	Remuneration to Key Management Personnel (Manager & Company Secretary) – Short term benefits - Mr. P. Kumar	–	–	–	–	–	–	7,48,415	5,29,552	–	–	**7,48,415**	5,29,552
10.	Directors' Sitting Fees - Other benefits: - Mr. S. Banerjee - Ms. A. Guhamallick	– –	– –	– –	– –	– –	– –	– –	1,60,000 1,60,000	– –	– –	– –	1,60,000 1,60,000
11.	**Balances as at 31st March**			–	–								
	i) Deposits Taken	24,00,000	24,00,000	–	–	56,11,000	56,11,000	–	–	–	–	**80,11,000**	80,11,000
	ii) Payables	70,852	–	–	–	–	–	–	–	–	–	**70,852**	–

NOTES TO THE FINANCIAL STATEMENTS (Contd.)

(vi) The Chief Financial Officer of the Company, who is on deputation from ITC Limited (ITC), the ultimate Holding Company, has been granted Stock Options by ITC in previous year(s) under the ITC Employee Stock Option Schemes (ITC ESOS). ITC has also granted Employee Stock Appreciation Linked Reward Units (ESAR Units) to the Chief Financial Officer of the Company under the ITC Employee Cash Settled Stock Appreciation Linked Reward Plan (ITC ESAR Plan).

The cost of equity settled options granted under ITC ESOS / cash settled units granted under ITC ESAR Plan have been recognised as equity settled / cash settled share based payments respectively in accordance with Ind AS 102 – Share Based Payment. In terms of deputation arrangement, the Company has accounted for the cost of the fair value of Stock Options / ESAR Units granted to the deputed employee on-charge by ITC. Accordingly, an amount of ₹ 10,69,760/- (2018 - ₹ 15,82,933/-) towards Stock Options and ₹ 70,852/- (2018 - Nil) towards ESAR Units have been recognised as employee benefits expense (Refer Note 14) and the liability on account of ESAR Units is presented under Note 8 of the financial statements.

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

Particulars	As at 31st March, 2019	As at 31st March, 2018
	No. of Options	No. of Options
Outstanding at the beginning of the year	9,450	6,975
Add: Granted during the year	–	2,475
Less: Lapsed during the year	–	–
Add / (Less): Movement due to transfer of employees within the group	–	–
Less: Exercised during the year	575	–
Outstanding at the end of the year	8,875	9,450
Options exercisable at the end of the year	6,151	3,217

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

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

(vii) The Ministry of Corporate Affairs (MCA) has issued the Companies (Indian Accounting Standards) (Amendment) Rules, 2019 on 30th March, 2019:

- notifying Ind AS 116, 'Leases' and

- amending Ind AS 12 'Income Taxes' and Ind AS 19 'Employee Benefits'.

The same are applicable for financial statements pertaining to annual periods beginning on or after 1st April, 2019. The Company expects that there will be no material impact on the financial statements resulting from the implementation of these standards.

(viii) Effective April 1, 2018, the Company adopted Ind AS 115 "Revenue from Contracts with Customers" using the cumulative catch-up transition method, as prescribed in the Standard. The effect on adoption of Ind AS 115 was not material.

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

18. Financial Instruments and Related Disclosures

1. Capital Management

The Company funds its operations mainly through internal accruals and do not have any borrowings. The Company aims at maintaining a strong capital base largely towards supporting the future growth of its businesses as a going concern.

2. Categories of Financial Instruments

(Amount in ₹)

Particulars	Note	As at 31st March, 2019		As at 31st March, 2018	
		Carrying Value	Fair Value	Carrying Value	Fair Value
A. Financial assets					
a) Measured at amortised cost					
i) Cash and cash equivalents	6	17,17,989	17,17,989	19,66,466	19,66,466
Sub - total		17,17,989	17,17,989	19,66,466	19,66,466
b) Measured at fair value through profit or loss					
i) Investment in mutual funds	5	27,08,47,011	27,08,47,011	25,16,65,767	25,16,65,767
Sub - total		27,08,47,011	27,08,47,011	25,16,65,767	25,16,65,767
Total financial assets		**27,25,65,000**	**27,25,65,000**	25,36,32,233	25,36,32,233
B. Financial liabilities					
a) Measured at amortised cost					
i) Other financial liabilities	8	82,16,852	82,16,852	81,46,000	81,46,000
Total financial liabilities		**82,16,852**	**82,16,852**	81,46,000	81,46,000

C. Financial risk management objectives

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

NOTES TO THE FINANCIAL STATEMENTS (Contd.)

Market Risks

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

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

Liquidity Risk

The Company's Current assets aggregate ₹ 27,30,74,623 (2018 – ₹ 25,42,23,533) including Current Investments and Cash and cash equivalents of ₹ 27,25,65,000 (2018 – ₹ 25,36,32,233) against an aggregate Current liability of ₹ 65,97,408 (2018 – ₹ 12,08,520); Non-current liabilities due between one year to three years amount to ₹ 24,70,852 (2018 – ₹ 80,11,000) on the reporting date.

In such circumstances, liquidity risk or the risk that the Company may not be able to settle or meet its obligations as they become due, does not exist.

Credit Risk

The risk management framework of the Company is designed to bring robustness to the risk management processes within the Company. With respect to the Company's investing activities, counter parties are shortlisted and exposure limits determined on the basis of their credit rating (by independent agencies), financial statements and other relevant information. The counter party risk is considered insignificant.

Concentrations of credit risk with respect to trade receivables are limited as the Company's major customer is its ultimate Holding Company. Exceptions are managed and approved by appropriate authorities, after due consideration of the counterparty's credentials and financial capacity, trade practices and prevailing business and economic conditions. Based on the assessment of financial assets, no loss provision is considered necessary.

D. Fair value measurement

Fair value hierarchy

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

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

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

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

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

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

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

The following table presents the fair value hierarchy of assets measured at fair value:

(Amount in ₹)

Particulars	Fair Value Hierarchy (Level)	Fair Value	
		As at 31st March, 2019	As at 31st March, 2018
A. Financial assets			
a) Measured at fair value through profit or loss			
Investment in mutual funds	1	27,08,47,011	25,16,65,767

19. During the year 1999-2000, erstwhile Classic Infrastructure & Development Limited (CIDL) [since amalgamated with the Company] acquired assignable claims amounting to ₹ 920.59 lakhs together with any interest that may accrue on the said amount till the date of actual repayment, at an agreed consideration of ₹ 200.00 lakhs. This amount is included in "Other assets" under Note 4.

On behalf of the Board

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

Kolkata, 23rd April, 2019

REPORT OF THE BOARD OF DIRECTORS FOR THE FINANCIAL YEAR ENDED 31ST MARCH, 2019

Your Directors submit their Report for the financial year ended 31st March, 2019.

FINANCIAL RESULTS

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

	Consolidated(*) ₹ (crores)		Standalone ₹ (crores)	
Year Ended March 31,	**2019**	**2018**	**2019**	**2018**
Total Income	**2019.91**	1652.10	**1238.71**	1020.28
Total Expenses	**1864.51**	1570.41	**1116.39**	965.14
Profit before Tax	**155.40**	81.69	**122.32**	55.14
Tax Expenses	**51.50**	(**) 41.27	**45.86**	27.46
Profit after Tax	**103.90**	40.42	**76.46**	27.68

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

(**) includes ₹6.59 crores on account of revaluation of Deferred Tax.

DIVIDEND

Your Directors are pleased to recommend the interim dividend of ₹8.25 (2018: ₹6/–) per Equity Share of ₹10/– each on 8,52,00,000 Equity shares, aggregating ₹70,29,00,000/-, declared by the Board of Directors on 25th March, 2019, as the final dividend for the financial year ended 31st March, 2019.

BUSINESS REVIEW

The Indian IT services and Business Process Management (BPM) industry witnessed a good year in 2018-19 with a growth of ~8.4% in constant currency dollar terms according to NASSCOM estimates. Growth in Indian rupee terms was aided by favourable forex.

The year 2018-19 saw the continuation of the digital transformation efforts by organisations in key industry verticals characterised by the shift in technology spends from legacy technologies to digital technologies. Keeping pace with this trend, IT services players are continuing their efforts to lower their cost of rendering "keep the lights on services" like Application and Infrastructure maintenance by using Artificial Intelligence and Automation in order to remain competitive and to protect their margins. In addition, investments are also being made by IT service providers in developing centers of excellence (CoEs), experience and design centers to collaborate with customers and develop proof of concepts and solutions in emerging digital technologies, in re-skilling employees in digital technologies and in strengthening alliances and partnerships with independent software vendors (ISVs) and startups in emerging technologies.

In this context, your Company's continued focus on providing best in class and domain led digital services and solutions to customers in select industry verticals and technology areas has yielded strong revenue growth in 2018-19. Your Company's revenue growth was fueled by strong growth in its digital lines of businesses.

Your Company saw strong double-digit growth in all its three major geographic markets of USA, Europe and Rest of the World (RoW). While good momentum was seen in existing accounts and in new business development in the USA market, growth in the Europe and RoW markets was driven by strong performance in existing accounts.

During the year, your Company's consolidated Revenue from Operations was ₹ 2006.64 crores (previous year ₹ 1644.49 crores), representing a growth of 22%, with Profit Before Tax of ₹ 155.40 crores (previous year ₹ 81.69 crores). Net Profit stood at ₹ 103.90 crores (previous year ₹ 40.42 crores).

Your Company successfully qualified for CMMI level 5 certification in 2018-19. This certification validates the process maturity of your Company in delivering high quality services with predictability. Your Company's superior service delivery and technology capabilities continue to earn global recognition. During the year, your Company was recognised in the 'Leadership Zone' for Enterprise Software in Zinnov Zones ER&D 2018 report and also was recognised amongst 'High Performers' in the HfS Blueprint report on Software Product Engineering Services. Gartner's report on Consulting and System Integration Service Providers for Robotic Process Automation and Avasant's Intelligent Automation RadarView 2018 reports recognised your Company's capabilities on automation.

During the year, your Company successfully organized the 4th edition of its annual technology innovation & co-creation platform – iTech. The event comprised of a start-up showcase of new age technologies around the themes of Industry 4.0, Health-tech and Fin-tech, a Codeathon for developing components of business applications and an automation challenge for ITC Infotech employees. The event witnessed strong participation across technology enthusiasts and start-ups, ITC Infotech's employees, clients and alliance partners.

The Indian IT industry body NASSCOM has not provided a growth forecast number for the Indian IT and BPM Industry in 2019-20 given the uncertain macro-economic outlook. The Company, however, will continue to drive strong growth by focusing on building business friendly solutions for select industry verticals, driving differentiation in its offerings through automation, acquiring high quality clients aligned to your Company's focus verticals and driving good performance in existing accounts. Enhancing employee experience and re-skilling employees in digital technologies will be important focus areas for your Company.

WHOLLY OWNED SUBSIDIARY COMPANIES

The audited financial statements of Infotech UK and Infotech USA, wholly owned subsidiaries of your Company, and Indivate Inc., USA, a wholly owned subsidiary of Infotech USA, for the financial year 2018-19 form part of the Annual Report of your Company for the financial year 2018-19.

The statement in Form AOC-1 containing the salient features of the financial statements of the subsidiaries of your Company is attached to the Financial Statements of the Company.

The highlights of performance of the subsidiaries of your Company and their contribution to the overall performance of your Company during the year under review is set out below:

Company	Revenue		Net Profit	
	2018-19	2017-18	**2018-19**	2017-18
Infotech UK (in GBP million)	**49.11**	42.44	**1.57**	1.27
Infotech USA(#) (in US $ million)	**96.46**	87.64	**3.65**	1.94
Indivate Inc., USA (in US $ million)	**0.52**	0.48	**0.03**	0.03

for the year under review, Infotech USA declared and paid a dividend of US$ 10 per share (previous year: US$ 8 per share) on 1,82,000 Common Shares-without par value aggregating US$ 1.82 million (previous year : US$ 1.46 million).

DIRECTORS AND KEY MANAGERIAL PERSONNEL

Changes in Directors and Key Managerial Personnel during the year

The Members of the Company at the Extraordinary General Meeting held on 4th February, 2019, approved, subject to approval of the Central Government and such other approvals as may be necessary, the appointment of Mr. Sudip Singh (DIN:08345392) as Managing Director & Chief Executive Officer of your Company for a period of 5 years from 1st February, 2019; as Mr. Singh is a non-resident in terms of clause (e) of Part I of Schedule V to the Companies Act, 2013 (Act), necessary application has been filed seeking approval of the Central Government for the said appointment.

Ms. S. Rajagopalan (DIN:05337845) resigned as the Managing Director & Chief Executive Officer of your Company with effect from 1st February, 2019.

In accordance with the provisions of Rule 3 of the Companies (Appointment and Qualification of Directors) Rules, 2014 and on the recommendation of the Nomination and Remuneration Committee, the Board of Directors of your Company appointed Ms. Sheela Gopalakrishna Mukherjee (DIN:08069509) as Additional Non-Executive Director of your Company

with effect from 30th April, 2019 to hold office until the conclusion of the 23rd Annual General Meeting (AGM) of the Company.

Retirement by Rotation

In accordance with the provisions of Section 152 of the Act and Articles 143-145 of the Articles of Association of the Company, Mr. S. Sivakumar (DIN:00341392) and Mr. B. B. Chatterjee (DIN:00045140) will retire by rotation at the AGM of the Company and, being eligible, offer themselves for re-election.

BOARD COMMITTEES

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

The composition of the Board Committees is provided below:

Audit Committee

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

Nomination and Remuneration Committee

The Nomination and Remuneration Committee of your Company comprises Mr. S. Sivakumar (Chairman of the Committee), Mr. B. B. Chatterjee and Mr. P. Chatterjee.

Corporate Social Responsibility Committee

The Corporate Social Responsibility Committee of your Company comprises Mr. S. Sivakumar (Chairman of the Committee), Mr. B. B. Chatterjee and Mr. P. Chatterjee. The Managing Director and the Chief Financial Officer are Invitees to the Committee. The Company Secretary serves as the Secretary to the Committee.

BOARD / BOARD COMMITTEE MEETINGS

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

	No. of meetings held
Board	5
Audit Committee	5
Nomination and Remuneration Committee	5
Corporate Social Responsibility Committee	2

ATTRIBUTES, QUALIFICATIONS AND APPOINTMENT OF DIRECTORS

As reported in previous years, 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, to the extent applicable to Directors of the Company.

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

BOARD EVALUATION

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

REMUNERATION POLICY

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

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

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

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.

RISK MANAGEMENT

Your Company's Risk Management Policy and Framework is designed to bring robustness to the risk management processes within the Company and to address risks intrinsic to operations, financials and compliances arising out of the overall strategy of the Company.

Management of risks vests with the executive management responsible for the day-to-day conduct of the affairs of your Company. The Internal Audit Department of ITC Limited, as the Internal Auditors, periodically carries out risk focused audits which lead to identification of areas where risk management processes need to be strengthened. Further, the Corporate Audit Department of your Company, comprising identified managers, verifies compliance with laid down policies and procedures, and helps plug control gaps in the formulation of control procedures for newer areas of operation; their reports are provided to the Internal Auditors to enable a holistic approach to audit.

Management provides an annual update to the Audit Committee on the effectiveness of the Company's risk management systems and policies. The Audit Committee evaluates the effectiveness of risk management systems and provides reassurance to the Board.

INTERNAL FINANCIAL CONTROLS

Your Company has in place adequate internal financial controls with reference to the financial statements, commensurate with its size and scale of operations. The Internal Auditors evaluate the adequacy and efficacy of such internal financial controls. The Audit Committee provides guidance on internal controls, reviews internal audit findings and ensures that the internal audit recommendations are implemented.

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

CORPORATE SOCIAL RESPONSIBILITY (CSR)

The Annual Report on CSR activities of your Company as required under Section 134(3)(o) read with Section 135 of the Act and the Companies (Corporate Social Responsibility Policy) Rules, 2014, is provided in **Annexure 1** to this Report.

Changes have been made in the CSR Policy to align the same with the amended Section 135 of the Act.

OTHER INFORMATION

I. CONSERVATION OF ENERGY & TECHNOLOGY ABSORPTION

Considering that your Company is in the business of providing information technology services and solutions, no comment is

required on conservation of energy and technology absorption.

Your Company requires minimal energy consumption and every endeavour has been made to ensure the optimal use of energy.

During the year under review, your Company has ensured effective recycling of waste paper resulting in saving 40 trees, 47 KL of water, 814 units of energy, and 2 cubic meters in landfill space.

Your Company continues to utilise wind energy generated 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 ₹82,346 lakhs (previous year - ₹69,226 lakhs) while the outgoings were ₹16,588 lakhs (previous year - ₹15,515 lakhs).

III. PARTICULARS OF EMPLOYEES

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

IV. EXTRACT OF ANNUAL RETURN

As per provisions of Section 92(3) of the Act read with Rule 12 of the Companies (Management and Administration) Rules, 2014 as amended from time to time, the extract of the Annual Return in the Form MGT-9 is given in **Annexure 3**, forming part of this Report.

V. PARTICULARS OF LOANS, GUARANTEES OR INVESTMENTS

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

VI. PARTICULARS OF CONTRACTS OR ARRANGEMENTS WITH RELATED PARTIES

The details of material transaction(s) entered into by your Company with its related party(ies) are provided in **Annexure 4** (AOC-2) to this Report. For this purpose, a transaction with a related party is considered material if the transaction(s) to be entered into individually or taken together with previous transactions during a financial year, exceeds 10% of the revenue from operations of the Company, as per its latest audited financial statements or ₹5000 lakhs, whichever is lower.

VII. COST RECORDS

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

DIRECTORS' RESPONSIBILITY STATEMENT

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

i. followed in the preparation of the Financial Statements for the financial year ended 31st March, 2019, 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, 2019, on a going concern basis, and

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

SIGNIFICANT AND MATERIAL ORDERS PASSED BY THE REGULATORS / COURTS / TRIBUNALS

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

AUDITORS

(a) Statutory Auditors

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

The Board, in terms of Section 142 of the Act and on the recommendation of the Audit Committee, has recommended for the approval of the Members the remuneration to DHS to conduct the audit of the Standalone Financial Statements and Consolidated Financial Statements for the financial year 2019-20.

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

(b) Secretarial Auditor

Your Company appointed M/s. K. Dushyantha & Associates, Company Secretaries, to conduct the secretarial audit of your Company for the financial year ended 31st March, 2019. The report of M/s. K. Dushyantha & Associates, in terms of Section 204 of the Act is provided in **Annexure 5** to this Report.

SECRETARIAL STANDARDS

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

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

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

During the year under review, two complaints were received by the Internal Complaints Committee of which one has been investigated and dealt with and the other is under investigation for substantiation.

ACKNOWLEDGEMENTS

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

On behalf of the Board

Place: Kolkata	**S. Sivakumar**	**S. Singh**
Dated: 29th April, 2019	Vice Chairman	Managing Director

ANNEXURE 1 TO THE REPORT OF THE BOARD OF DIRECTORS
FOR THE FINANCIAL YEAR ENDED 31ST MARCH, 2019

Annual Report on CSR Activities of the Company for the financial year ended 31st March, 2019

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

1.	A brief outline of the Company's CSR policy, including overview of projects or programs proposed to be undertaken and a reference to the web-link to the CSR policy and projects or programs.	ITC Infotech India Limited (ITC Infotech) being a wholly owned subsidiary of ITC Limited (ITC) will discharge its corporate social responsibility by aligning itself with the Corporate Social Responsibility (CSR) Policy of ITC. The Company will: ✓ undertake CSR activities in areas or subjects specified in Schedule VII of the Companies Act, 2013 (Act); ✓ undertake CSR activities through a registered trust or a registered society or a company established under Section 8 of the Act by ITC; ✓ contribute to the Corpus of a registered trust or a registered society or a company established under Section 8 of the Act by ITC where (i) such trust / society / company is created exclusively for undertaking CSR activities or (ii) where the corpus is created exclusively for a purpose directly relatable to a subject covered in Schedule VII of the Act, and ✓ collaborate with ITC for undertaking CSR activities CSR Policy is also available on the Company's website at : https://www.itcinfotech.com/wp-content/uploads/2018/05/corporate-social-responsibility-policy.pdf
2.	Composition of the CSR Committee	Mr. S. Sivakumar (Chairman of the Committee) Mr. B. B. Chatterjee Mr. P. Chatterjee
3.	Average net profits of the Company for last three financial years	₹ 67,99,12,832
4.	Prescribed CSR Expenditure (two percent of the amount stated under 3 above)	₹ 1,35,98,256
5.	Details of CSR spent during the financial year (a) Total amount to be spent for financial year (b) Amount unspent, if any (c) Manner in which the amount spent during the financial year is detailed below:	 ₹ 136 lakhs NIL

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
Sl. No.	CSR project or activity identified	Sector in which the project is covered	Projects or programs (1) Local area or other (2) Specify the State and district where projects or programs was undertaken	Amount outlay (budget) project or programs wise	Amount spent on the projects or programs Sub heads: (1) Direct expenditure on projects or programs (2) Overheads	Cumulative expenditure up to the reporting period	Amount spent: Direct or through implementing agency
1	Contribution to the Corpus of ITC Rural Development Trust	Undertake rural development projects [covered under Clause (x) of Schedule VII to the Companies Act, 2013].	N.A	₹ 136 lakhs	₹ 136 lakhs	₹ 136 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 CSR objectives and Policy of the Company.

Place : Kolkata
Dated : 29th April, 2019

S. Sivakumar
Chairman - CSR Committee

S. Singh
Managing Director

ANNEXURE 2 TO THE REPORT OF THE BOARD OF DIRECTORS
FOR THE FINANCIAL YEAR ENDED 31ST MARCH 2019

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

Top ten employees in terms of remuneration drawn.

Name	Age	Designation	Gross Remuneration ₹	Net Remuneration ₹	Qualifications	Experience (Years)	Date of Commencement of Employment	Previous Employment/ Position held
1	2	3	4	5	6	7	8	9
KUMAR VISHAL #	48	President - ROW	20963715	20963715	B.E.	26	13-Jan-03	PSI Data Systems Ltd. Sales & Marketing Manager
RAJAGOPALAN SUSHMA ####	55	Managing Director & Chief Executive Officer	14644026	7908754	M.B.A.	34	1-Aug-14	LiquidHub Inc. Global Partner
BATRA RAKESH ###	55	Chief Financial Officer	12434695	5644131	B.COM(H), FCA	33	1-Sep-06	–
KSHETRAPAL ADITYA	42	Vice President - Business Development	11909729	7754673	M.B.A.	18	10-Nov-14	Capgemini India Private Ltd. Senior Manager
VENKATRAMAN SRINIVAS ##	39	General Manager - Business Development	11403917	6491502	B.E.	18	1-Oct-14	Suntec Business Solutions. Sales Director
"SAXENA SANDEEP ## (resigned during the year)"	37	General Manager - Business Development	10839111	3789381	M.B.A.	17	6-Jun-14	Hexaware Technologies New BD
RAJESH B.A.B #	51	General Manager - IT Services	10381940	6871398	B.Sc.	27	12-Jan-10	Bristlecone India Ltd. Manager - Delivery
OCHANI ANUP #	42	General Manager - Business Development	9652534	9652534	B.E.	21	12-Nov-07	Aptiva Consulting Project Manager
AKHAURY UMANG #	37	Senior Manager - Business Development	9609778	7136888	M.B.A.	12	8-Nov-15	Tata Consultancy Services Business Development Manager
SEN ARIJEET ##	36	General Manager - Business Development	9359403	6252322	M.B.A.	14	1-Nov-16	Senior Business Development Manager. Larsen & Toubro Technology Services Ltd.

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

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

Name	Age	Designation / Nature of Duties	Gross Remuneration ₹	Net Remuneration ₹	Qualifications	Experience (Years)	Date of Commencement of Employment	Previous Employment/ Position held
1	2	3	4	5	6	7	8	9
PATNI MUDIT #	38	General Manager - Business Development	7557850	4285974	PGDM	15	31-Dec-07	Patni Computers Systems Ltd. Assistant Manager- Business Development
SINGH SUDIP #####	46	Managing Director & Chief Executive Officer	5242187	3403958	M.B.A.	21	28-Jan-19	Infosys Ltd. Global Industry Head - Energy, Utilities, Resources & Services Segment
GHOSH SHUBHOBRATO ##	34	Senior Manager - Business Development	5480807	2393403	M.B.A.	11	1-Aug-17	Cognizant Technology Solutions, Sweden Senior Manager - Business Development
KUMAR ANTHONY RAJ SURESH ##	35	Senior Manager - Business Development	3721177	2135238	M.B.A.	12	1-Jul-16	Quest Global Business Development Manager
KUMAR SHEELESH #	37	Lead Consultant	2869946	1693304	B.E.	14	25-Aug-16	Wipro Technologies Lead Consultant

Notes :

1. # On secondment to a foreign branch; ## Employed directly by a foreign branch; gross and net remuneration converted into Indian Rupees at the average of the month end inter-bank exchange rate.
2. ### On deputation from ITC Ltd., the holding company (ITC); remuneration borne by the Company as per the terms of deputation of his services.
3. #### Managing Director & Chief Executive Officer till 31.01.19; ##### Managing Director & Chief Executive Officer effective 01.02.19.
4. Remuneration includes salary, performance effectiveness pay,allowances,incentives,severance pay,joining bonus,other benefits/applicable perquisites except contribution to the approved Pension Funds under the defined benefit scheme and Gratuity 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.
5. 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.
6. Some of the employees listed above have been granted (i) Stock Options by ITC in previous year(s) under its Employee Stock Option Schemes at 'market price' [within the meaning of the Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014], and (ii) Employee Stock Appreciation Linked Reward Units (ESAR Units) by ITC under its Stock Appreciation Linked Reward Plan. Since these Stock Options and ESAR Units are not tradeable, no perquisite or benefit is conferred upon the employee by grant of such Options / Units, and accordingly the said grant has not been considered as remuneration.
7. All appointments are / were contractual in accordance with terms & conditions as per Company's rules.
8. None of the above employees is a relative of any Director of the Company.

On behalf of the Board

Place : Kolkata
Dated : 29th April, 2019

S. Sivakumar
Vice Chairman

S. Singh
Managing Director

ANNEXURE 3 TO THE REPORT OF THE BOARD OF DIRECTORS FOR THE FINANCIAL YEAR ENDED 31ST MARCH, 2019

FORM MGT–9
EXTRACT OF ANNUAL RETURN
as on the financial year ended on 31st March, 2019

Available on Company's website and can be accessed at
https://www.itcinfotech.com/compliance

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

I. REGISTRATION AND OTHER DETAILS:

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

II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

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

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

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES

Sl. No	NAME AND ADDRESS OF THE COMPANY	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 of America	N.A	Subsidiary	100.00	2(87)(ii)
3.	ITC Infotech Limited, UK Building 5, Caldecotte Lake Drive Caldecotte, Milton Keynes Buckinghamshire England, MK7 8LF	N.A	Subsidiary	100.00	2(87)(ii)
4.	Indivate Inc., USA 820, Bear Tavern Road, West Trenton, New Jersey 08628 United States of America	N.A	Subsidiary	*100.00* *ITC Infotech (USA), Inc. holds the entire Share Capital*	2(87)(ii)(a)

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

(i) ***Category–wise 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
f) Any Other	–	–	–		–	–	–	–	N.A
Sub–total (A)(1):–	–	8,52,00,000	8,52,00,000	100.00	–	8,52,00,000	8,52,00,000	100.00	Nil
(2) **Foreign**									
a) NRIs – Individuals	–	–	–	–	–	–	–	–	N.A
b) Other – Individuals	–	–	–	–	–	–	–	–	N.A
c) Bodies Corp.	–	–	–	–	–	–	–	–	N.A
d) Banks / FI	–	–	–	–	–	–	–	–	N.A
e) Any Other	–	–	–	–	–	–	–	–	N.A
Sub–total (A)(2):–	–	–	–	–	–	–	–	–	N.A
Total shareholding of Promoter (A) = (A)(1)+(A)(2)	**–**	**8,52,00,000**	**8,52,00,000**	**100.00**	**–**	**8,52,00,000**	**8,52,00,000**	**100.00**	**Nil**

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	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**	**100.00**	–	**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 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 (₹ lakhs)

Sl. No.	Particulars of Remuneration	Sushma Rajagopalan (*) – Managing Director & CEO (Refer Note)	Sudip Singh (**) – Managing Director & CEO	Total
1.	Gross salary			
	(a) Salary as per provisions contained in section 17(1) of the Income–tax Act, 1961	130.07	49.69	179.76
	(b) Value of perquisites u/s 17(2) of the Income–tax Act, 1961	10.61	0.02	10.63
	(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)	**140.68**	49.71	190.39
	Ceiling as per the Act (5% of the net profits of the Company computed in accordance with Section 198 of the Act.)			624.60

(*) Resigned as Managing Director & Chief Executive Officer w.e.f. 1st February, 2019.

(*) Had been granted Stock Options by ITC Ltd, the holding company, in previous year(s) under its Employee Stock Option Schemes at 'market price' [within the meaning of the Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014]. Since these Stock Options are not tradeable, no perquisite or benefit was conferred upon her by grant of such Options, and accordingly the said grant has not been considered as remuneration.

(**) Appointed as Managing Director & Chief Executive Officer of the Company w.e.f. 1st February, 2019.

B. Remuneration to other directors:

Amount in (₹ lakhs)

Sl. no.	Particulars of Remuneration	Name of Director
		Partho Chatterjee
1.	Independent Directors	
	• Fee for attending board / committee meetings	NA
	• Commission	NA
	• Others, please specify	NA
	Total (1)	NA
2.	Other Non–Executive Directors	
	• Fee for attending board / committee meetings	2.85
	• Commission	
	• Others, please specify	
	Total (2)	**2.85**
	Total (B)=(1+2)	**2.85**
	Total Managerial Remuneration (A+B)	**193.24**
	Overall Ceiling as per the Act (11% of the net profits of the Company computed in accordance with Section 198 of the Act.)	**1,374.12**

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

Amount in (₹ lakhs)

Sl. No.	Particulars of Remuneration	Key Managerial Personnel		
		Rakesh Batra (Chief Financial Officer)**	Sanjay V Shah (Company Secretary)**	Total
1.	Gross salary			
	(a) Salary as per provisions contained in section 17(1) of the Income–tax Act, 1961	102.38	75.46	177.84
	(b) Value of perquisites u/s 17(2) of the Income–tax Act, 1961	17.73	12.60	30.33
	(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	**120.11**	**88.06**	**208.17**

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

**2. Have been granted Stock Options by ITC in previous year(s) under its Employee Stock Option Schemes at 'market price' [within the meaning of the Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014]. ITC has also granted Employee Stock Appreciation Linked Reward Units (ESAR Units) under its Stock Appreciation Linked Reward Plan. Since these Stock Options and ESAR Units are not tradeable, no perquisite or benefit is conferred upon them by grant of such Options/Units, and accordingly the said grant has not been considered as remuneration.

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

On behalf of the Board

Place : Kolkata
Dated : 29th April, 2019

S. Sivakumar
Vice Chairman

S. Singh
Managing Director

ANNEXURE 4 TO THE REPORT OF THE BOARD OF DIRECTORS
FOR THE FINANCIAL YEAR ENDED 31ST MARCH, 2019
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 – ₹ 16,452 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 – ₹ 13,234 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 – ₹ 12,385 Lakhs
e)	Date(s) of approval by the Board, if any	N.A
f)	Amount paid as advances, if any	Nil

a)	Name(s) of the related party and nature of relationship	**Russell Credit Limited (Russell), Fellow Subsidiary**
b)	Nature of contracts / arrangements / transactions	Unsecured Inter–Corporate Loan of ₹ 10,000 lakhs from Russell
c)	Duration of the contracts / arrangements / transactions	Not exceeding two years commencing from the date of first disbursement of the loan.
d)	Salient terms of the contracts or arrangements or transactions including the value, if any	– Simple Interest payable at 9.25% per annum – The Company may from time to time repay the loan in part or in full and may again borrow depending on business requirements provided that the total amount of loan outstanding at any point of time shall not exceed ₹ 10,000 lakhs – Loan received during the year Nil – Loan repaid during the year Nil – Interest paid during the year Nil
e)	Date(s) of approval by the Board, if any	7th December, 2015 and 7th December, 2017 4th December, 2018 (Audit Committee)
f)	Amount paid as advances, if any	Nil

On behalf of the Board

Place : Kolkata
Dated : 29th April, 2019

S. Sivakumar
Vice Chairman

S. Singh
Managing Director

ANNEXURE 5 TO THE REPORT OF THE BOARD OF DIRECTORS
FOR THE FINANCIAL YEAR ENDED 31ST MARCH, 2019

Form MR-3

SECRETARIAL AUDIT REPORT

FOR THE FINANCIAL YEAR ENDED 31ST MARCH, 2019

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

We have conducted the Secretarial Audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by ITC Infotech India Limited ('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, agents and authorised 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 31st March, 2019, complied with the statutory provisions listed hereunder and also that the Company has adequate Board-processes and compliance-mechanisms in place to the extent, in the manner and subject to the reporting made hereinafter.

We have examined the books, papers, minute books, forms and returns filed and other relevant records maintained by the Company for the financial year ended 31st March, 2019, according to the applicable provisions of:

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

b. The 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 31st March, 2019 according to the applicable provisions of:

a. The Employees' Provident Funds and Miscellaneous Provisions Act, 1952;

b. Income-tax Act, 1961;

c. The Payment of Bonus Act, 1965;

d. CGST, SGST, IGST Rules;

e. Shops & Establishment Act, 1961;

f. The Employees' State Insurance Act, 1948;

We have also examined compliance with the applicable clauses of Secretarial Standards issued by the Institute of Company Secretaries of India.

On the basis of the audit as referred above and to the best of our knowledge, understanding and belief, we are of the view that during the period under review, the Company has complied with the applicable provisions of the Acts, Rules, Regulations, Standards, etc. mentioned above.

WE FURTHER REPORT THAT:

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

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

c. Resolutions so passed in General and Board meetings of the Company that were conducted during the period of Audit, views if any expressed by the members and directors in their respective meetings are adequately and effectively captured and recorded as part of the minutes of such meetings and necessary filings were made to the Registrar for registration of the resolution of such meetings.

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

We further report that based on review of compliance mechanism established by the Company and on the basis of the Compliance Certificate(s) issued by the Company Secretary and taken on record by the Board of Directors at their meeting(s), we are of the opinion 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 not incurred any specific event or action that can have a major bearing on the company's compliance responsibilities in pursuance of the above referred laws, rules, regulations, guidelines, standards, etc.

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

For K Dushyantha & Associates

Company Secretaries in Practice

K. Dushyantha Kumar
CP No.: 6003
FCS No.:6662
Date: 29th April, 2019
Place: Bengaluru

Annexure A

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

Our Secretarial Audit Report for the financial year ended 31st March, 2019, of even date is to be read along with this letter.

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.

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.

We have not verified the correctness and appropriateness of financial records and Books of Accounts of the Company.

Wherever required, we have obtained the Management representation about the compliance of laws, rules and regulations and happening of events etc.

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.

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 K Dushyantha & Associates
Company Secretaries in Practice

K. Dushyantha Kumar
C.P.No.: 6003
FCS No.:6662
Date: 29th April, 2019
Place: Bengaluru

INDEPENDENT AUDITOR'S REPORT

To The Members of ITC Infotech India Limited

Report on the Audit of the Standalone Financial Statements

Opinion

We have audited the accompanying standalone financial statements of ITC Infotech India Limited ("the Company"), which comprise the Balance Sheet as at March 31, 2019, and the Statement of Profit and Loss (including Other Comprehensive Income), the Statement of Changes in Equity and the Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone financial statements give the information required by the Companies Act, 2013 ("the Act") in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards prescribed under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended, ("Ind AS") and other accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2019, and its profit, total comprehensive income, its cash flows and the changes in equity for the year ended on that date.

Basis for Opinion

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

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

- The Company's Board of Directors is responsible for the other information. The other information obtained at the date of this auditor's report is Board's Report along with Annexures but does not include the standalone financial statements and our auditor's report thereon.
- Our opinion on the standalone financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.
- In connection with our audit of the standalone financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the standalone financial statements or our knowledge obtained during the course of our audit or otherwise appears to be materially misstated.
- If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Management's Responsibility for the Standalone Financial Statements

The Company's Board of Directors is responsible for the matters stated in section 134(5) of the Act with respect to the preparation of these standalone financial statements that give a true and fair view of the financial position, financial performance including other comprehensive income, cash flows and changes in equity of the Company in accordance with the Ind AS and other accounting principles generally accepted in India. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the standalone financial statement that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the standalone financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

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

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

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

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

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

Materiality is the magnitude of misstatements in the standalone financial statements that, individually or in aggregate, makes it probable that the economic decisions of a reasonably knowledgeable user of the standalone financial statements may be influenced. We consider quantitative materiality and qualitative factors in (i) planning the scope of our audit work and in evaluating the results of our work; and (ii) to evaluate the effect of any identified misstatements in the standalone financial statements.

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

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding

independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

Report on Other Legal and Regulatory Requirements

1. As required by Section 143(3) of the Act, based on our audit, we report that:
   a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
   b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
   c) The Balance Sheet, the Statement of Profit and Loss including Other Comprehensive Income, the Cash Flow Statement and Statement of Changes in Equity dealt with by this Report are in agreement with the relevant books of account.
   d) In our opinion, the aforesaid standalone financial statements comply with the Ind AS specified under Section 133 of the Act.
   e) On the basis of the written representations received from the directors as on March 31, 2019 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2019 from being appointed as a director in terms of Section 164(2) of the Act.
   f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure A". Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the Company's internal financial controls over financial reporting.
   g) With respect to the other matters to be included in the Auditor's Report in accordance with the requirements of section 197(16) of the Act, as amended,

      In our opinion and to the best of our information and according to the explanations given to us, the remuneration paid by the Company to its directors during the year read with Note 35 to the standalone financial statements is in accordance with the provisions of section 197 of the Act.
   h) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, as amended in our opinion and to the best of our information and according to the explanations given to us:
      i. The Company has disclosed the impact of pending litigations on its financial position in its standalone financial statements.
      ii. The Company has long-term contracts as at March 31, 2019 for which there were no material foreseeable losses. The Company did not have any long-term derivative contracts as at March 31, 2019.
      iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.
2. As required by the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Central Government in terms of Section 143(11) of the Act, we give in "Annexure B" a statement on the matters specified in paragraphs 3 and 4 of the Order.

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

Anand Subramanian
Partner
(Membership No. 110815)

Place : Kolkata
Date : April 29, 2019

ANNEXURE "A" TO THE INDEPENDENT AUDITOR'S REPORT

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

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

We have audited the internal financial controls over financial reporting of ITC Infotech India Limited ("the Company") as of March 31, 2019 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 (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

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 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, 2019, based on the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

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

Anand Subramanian
Partner
(Membership No. 110815)

Place : Kolkata
Date : April 29, 2019

ANNEXURE "B" TO THE INDEPENDENT AUDITOR'S REPORT

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

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

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

(b) The Company has a program of verification of fixed assets to cover all the fixed assets in a phased manner, which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. Pursuant to the program, the fixed assets were physically verified by the Management during the year. According to the information and explanations given to us, no material discrepancies were noticed on such verification.

(c) The Company does not have any immovable properties of freehold or leasehold land and building and hence reporting under clause 3(i)(c) of the Order is not applicable.

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

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

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

(v) The Company has not accepted any deposit during the year and did not have unclaimed deposits as at March 31, 2019 and therefore, the provisions of the clause 3 (v) of the Order are not applicable to the Company.

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

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

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

(b) There were no undisputed amounts payable in respect of Provident Fund, Employees' State Insurance, Income-tax, Service Tax, Customs Duty, Value Added Tax, Goods and Service Tax, Cess and other material statutory dues in arrears as at March 31, 2019 for a period of more than six months from the date they became payable.

(c) Detail of dues of Income-tax and Service Tax which have not been deposited as on March 31, 2019 on account of disputes are given below:

Name of the statute	Nature of dues	Forum where the dispute is pending	Period to which the amount relates	Amount (₹ in lakhs)
Finance Act, 1994	Service tax including interest and penalty.	The Commissioner (Appeals), Bangalore	April 01, 2007 to June 30, 2011	114*
Income tax Act, 1961	Income tax	The Commissioner of Income Tax (Appeals), Kolkata	Assessment Year 2015 –16	948

* Net of amount deposited under protest Rs.15 lakhs.

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

(ix) The Company has not raised moneys by way of initial public offer or further public offer (including debt instruments) or term loans and hence reporting under clause 3(ix) of the Order is not applicable to the Company.

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

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

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

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

(xiv) During the year the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures and hence reporting under clause 3(xiv) of the Order is not applicable to the Company.

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

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

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

Anand Subramanian
Partner
(Membership No. 110815)

Place : Kolkata
Date : April 29, 2019

BALANCE SHEET AS AT 31ST MARCH, 2019

		Note No.	As at 31st March, 2019 (₹ in Lakhs)	As at 31st March, 2018 (₹ in Lakhs)
I	**ASSETS**			
	1 Non-current Assets			
	(a) Property, Plant and Equipment	2	**3,466**	4,006
	(b) Other Intangible Assets	2	**482**	824
	(c) Financial Assets			
	(i) Investments	3 (a)	**8,704**	8,704
	(ii) Loans	4 (a)	**12**	14
	(iii) Others	5 (a)	**144**	–
	(d) Deferred Tax Assets (Net)	8	**2,702**	2,020
	(e) Other Non-Current Assets	9 (a)	**1,747**	3,412
	Sub-Total		**17,257**	18,980
	2 Current Assets			
	(a) Financial Assets			
	(i) Investments	3 (b)	**14,011**	3,605
	(ii) Trade Receivables	6	**18,768**	19,841
	(iii) Cash and Cash Equivalents	7	**363**	1,464
	(iv) Loans	4 (b)	**–**	5
	(v) Others	5 (b)	**7,497**	8,547
	(b) Other Current Assets	9 (b)	**1,282**	583
	Sub-Total		**41,921**	34,045
	TOTAL		**59,178**	53,025
II	**EQUITY AND LIABILITIES**			
	1 Equity			
	(a) Equity Share Capital	10	**8,520**	8,520
	(b) Other Equity		**37,097**	35,509
	2 Non-current Liabilities			
	(a) Financial Liabilities			
	(i) Others		**22**	–
	(b) Provisions	11 (a)	**1,635**	1,532
	Sub-Total		**1,657**	1,532
	3 Current Liabilities			
	(a) Financial Liabilities			
	(i) Trade Payable and Accrued expenses			
	– Total outstanding dues of micro and small enterprises		**108**	87
	– Total outstanding dues other than micro and small enterprises		**2,783**	2,446
	(ii) Others	12	**6,745**	3,174
	(b) Other Current Liabilities	13	**1,329**	1,109
	(c) Provisions	11 (b)	**939**	648
	Sub-Total		**11,904**	7,464
	TOTAL		**59,178**	53,025

The accompanying notes 1 to 35 are an integral part of the Financial Statements.

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

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

Anand Subramanian
Partner
Membership Number : 110815

Place : Kolkata
Date : 29th April, 2019

On behalf of the Board

S. Singh
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, 2019

		Note No.	For the year ended 31st March, 2019 (₹ in Lakhs)	For the year ended 31st March, 2018 (₹ in Lakhs)
I	**Revenue from Operations**	14	**121,268**	100,293
II	**Other Income**	15	**2,603**	1,735
III	**Total Income**		**123,871**	102,028
IV	**Expenses**			
	Employee Benefits Expense	16	**81,201**	70,876
	Finance Costs	17	**–**	12
	Depreciation and Amortisation Expense	2	**1,786**	1,902
	Other Expenses	18	**28,652**	23,724
	Total Expenses		**111,639**	96,514
V	**Profit Before Tax (III-IV)**		**12,232**	5,514
VI	**Tax Expenses**	19 (a)		
	Current Tax		**5,393**	3,109
	Deferred Tax (Credit)		**(807)**	(363)
			4,586	2,746
VII	**Profit for the Period (V-VI)**		**7,646**	2,768
VIII	**Other Comprehensive Income**			
	(a) Items that will not be reclassified subsequently to Profit or Loss			
	– Remeasurement of Net Defined Benefit Liability	24(b)	**359**	546
	– Less: Tax Relating to Items that will not be reclassified subsequently to Profit or Loss	19 (b)	**125**	191
	(b) (i) Items that will be reclassified to Profit or Loss		**–**	–
	(ii) Tax relating to items that will be reclassified to Profit or Loss		**–**	–
	Total Other Comprehensive Income		**234**	355
IX	**Total Comprehensive Income for the Period (VII+VIII)**		**7,880**	3,123
X	**Earnings Per Share (in ₹) (Face value ₹10 each)** (Basic and Diluted)	25	**8.97**	3.25

The accompanying notes 1 to 35 are an integral part of the Financial Statements.
This is the Statement of Profit and Loss referred to in our Report of even date.

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

On behalf of the Board

Anand Subramanian
Partner
Membership Number : 110815
Place : Kolkata
Date : 29th April, 2019

S. Singh
Managing Director

S. Sivakumar
Vice Chairman

R. Batra
Chief Financial Officer

S. V. Shah
Company Secretary

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31ST MARCH, 2019

A. Equity Share Capital

(₹ in Lakhs)

Balance at 1st April, 2017	Changes in Equity Share Capital during the year	Balance at 31st March, 2018	Changes in Equity Share Capital during the year	Balance at 31st March, 2019
8,520	–	8,520	–	8,520

B. Other Equity

(₹ in Lakhs)

	Retained Earning	Capital Contribution for Share Based Payments	Total
Balance as at 1st April, 2017	28,120	6,879	34,999
- Profit for the Period	2,768	–	2,768
- Remeasurement of Net Defined Benefit Liability (Net of Tax)	355	–	355
Total Comprehensive Income	**3,123**	**–**	**3,123**
- Payment of Dividend @ INR 6.00/- per share on 8.52 cr. shares	(5,112)		(5,112)
- Income tax on Dividend paid	(848)		(848)
- Recognition of Share Based Payment	–	3,347	3,347
- Options Lapsed during the Year	78	(78)	–
Balance as at 31st March, 2018	**25,361**	**10,148**	**35,509**
- Profit for the Period	7,646	–	7,646
- Remeasurement of Net Defined Benefit Liability (Net of Tax)	234	–	234
Total Comprehensive Income	**7,880**	**–**	**7,880**
- Payment of Dividend @ INR 8.25/- per share on 8.52 cr. shares	(7,029)	–	(7,029)
- Income tax on Dividend paid	(1,178)	–	(1,178)
- Recognition of Share Based Payment (refer note 27)	–	1,915	1,915
- Options Lapsed during the Year	55	(55)	–
Balance as at 31st March, 2019	**25,089**	**12,008**	**37,097**

The accompanying notes 1 to 35 are an integral part of the Financial Statements.
This is the Statement of Changes in Equity referred to in our Report of even date.

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

On behalf of the Board

Anand Subramanian
Partner
Membership Number : 110815
Place : Kolkata
Date : 29th April, 2019

S. Singh
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, 2019

		For the year ended 31st March, 2019 (₹ in Lakhs)		For the year ended 31st March, 2018 (₹ in Lakhs)	
A	**CASH FLOW FROM OPERATING ACTIVITIES :**				
	PROFIT BEFORE TAX		**12,232**		5,514
	ADJUSTMENTS FOR :				
	Depreciation and Amortisation Expense	**1,786**		1,902	
	Dividend Income from Subsidiary Company	**(1,256)**		(939)	
	Net Gain on Sale of Investments	**(621)**		(415)	
	Property, Plant and Equipment - (Gain) / Loss on Sale / Discarded (net)	**32**		48	
	Unrealised (Gain) / Loss on Exchange (net)	**317**		(225)	
	Share based Payments to Employees	**1,440**		2,499	
	Provision for Doubtful Receivables and Advances	**527**		276	
	Finance Costs - Interest expense	**–**		12	
	Liabilities no Longer Required Written Back	**(232)**	**1,993**	–	3,158
	OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES		**14,225**		8,672
	ADJUSTMENTS FOR :				
	Trade Receivables, Loans and Advances and Other Assets	**1,761**		(6,288)	
	Trade Payables, Other Liabilities and Provisions	**4,200**	**5,961**	374	(5,914)
	CASH FROM OPERATIONS		**20,186**		2,758
	Income Tax Paid		**(3,726)**		(3,527)
	NET CASH FROM/ (USED) IN OPERATING ACTIVITIES		**16,460**		(769)
B	**CASH FLOW FROM INVESTING ACTIVITIES :**				
	Purchase of Property, Plant and Equipment	**(846)**		(969)	
	Purchase of Current Investments	**(165,600)**		(127,250)	
	Sale / Redemption of Current Investments	**155,814**		134,077	
	Sale of Property, Plant and Equipment	**3**		9	
	Loans realised	**–**		17	
	Dividend Income from Subsidiary Company	**1,256**		939	
	NET CASH FROM / (USED) IN INVESTING ACTIVITIES		**(9,373)**		6,823
C	**CASH FLOW FROM FINANCING ACTIVITIES :**				
	Interim Dividend on Equity Shares	**(7,029)**		(5,112)	
	Income Tax on Interim Dividend	**(1,178)**		(848)	
	Proceeds from Borrowings	**–**		6,000	
	Repayments of Borrowings	**–**		(6,000)	
	Interest paid	**–**		(12)	
	NET CASH USED IN FINANCING ACTIVITIES		**(8,207)**		(5,972)
	NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS		**(1,120)**		82
	OPENING CASH AND CASH EQUIVALENTS		**1,431**		1,349
	CLOSING CASH AND CASH EQUIVALENTS		**311**		1,431
	CASH AND CASH EQUIVALENTS COMPRISE :				
	Cash and Cash Equivalents as above	**311**		1,431	
	Unrealised (Loss) / Gain on Foreign Currency Cash and Cash Equivalents	**52**		33	
	Cash and Cash Equivalents (Note 7)		**363**		1,464

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

The accompanying notes 1 to 35 are an integral part of the Financial Statements.

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

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

Anand Subramanian
Partner
Membership Number : 110815

Place : Kolkata
Date : 29th April, 2019

On behalf of the Board

S. Singh
Managing Director

S. Sivakumar
Vice Chairman

R. Batra
Chief Financial Officer

S. V. Shah
Company Secretary

NOTES TO THE FINANCIAL STATEMENTS

NATURE OF OPERATIONS

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

1 SIGNIFICANT ACCOUNTING POLICIES

a) Statement of Compliance

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

b) Basis of Preparation

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

Fair Value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Company takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these financial statements is determined on such a basis, except for share-based payment transactions that are within the scope of Ind AS 102 – Share-based Payment, leasing transactions that are within the scope of Ind AS 17– Leases, and measurements that have some similarities to fair value but are not fair value, such as value in use in Ind AS 36 – Impairment of Assets.

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

c) Operating Cycle

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

d) Property, Plant and Equipment – Tangible Assets

Property, plant and equipment are stated at cost of acquisition or construction less accumulated depreciation and impairment, if any.

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

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

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

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

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

e) Intangible Assets

Intangible assets represent software. Software is capitalised where it is expected to provide future enduring economic benefits. Capitalisation costs include licence fees and costs of implementation/ system integration services. The costs are capitalised in the year in which the relevant software is implemented for use and is amortised on the straight-line method over a period not exceeding 5 years.

Intangible assets' residual values and useful lives are reviewed and adjusted if appropriate, at each Balance Sheet date.

f) Impairment of Assets

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

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

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

There is no impairment of assets as at March 31, 2019 and March 31, 2018.

g) Foreign Currency Transactions

The presentation currency of the Company is Indian Rupee. Transactions in foreign currency are accounted for at the exchange rate prevailing on the transaction date. Gains / losses arising on settlement as also on translation of foreign currency denominated monetary items are recognised in the Statement of Profit and Loss.

h) Derivatives

The Company uses derivative financial instruments, such as forward exchange contracts to hedge its foreign currency risks. Derivatives are initially recognised at fair value and are subsequently remeasured to their fair value at the end of each reporting period. The resulting gains/losses are recognised in Statement of Profit and Loss immediately.

i) Financial instruments, Financial assets, Financial liabilities and equity Instruments

Financial Instruments

Financial assets and financial liabilities are recognized when the Company becomes a party to the contractual provisions of the relevant instrument and are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities measured at fair value through profit or loss) are added to or deducted from the fair value on initial recognition of financial assets or financial liabilities. Purchase or sale of financial assets that require delivery of assets within a time frame

NOTES TO THE FINANCIAL STATEMENTS (Contd.)

established by regulation or convention in the market place (regular way trades) are recognized on the trade date, i.e., the date when the Company commits to purchase or sell the asset.

Financial Assets

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

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

Financial assets are classified as those measured at:

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

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

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

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

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

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

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

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

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

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

Financial Liabilities

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

Offsetting Financial Instruments

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

Investment in Subsidiaries

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

j) Revenue from Sale of Products and Services

Effective April 1, 2018, the Company adopted Ind AS 115 "Revenue from Contracts with Customers" using the cumulative catch-up transition method, as prescribed in the Standard. The effect on adoption of Ind AS 115 was not material.

Revenue is recognised at fair value of amounts received or receivable for products delivered and services rendered and is net of discounts, and excludes amounts collected on behalf of third parties, such as Service Tax, Sales Tax, Value Added Tax and Goods and Services Tax. Revenue is recognised upon transfer of control of promised products or services to customers in an amount that reflects the consideration which the Company expects to receive in exchange for those products or services.

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

Revenue is recognised from services performed on "time bound fixed-price engagements" based on efforts expended using the percentage of completion method of accounting, if work completed can be reasonably estimated. The cumulative impact of any revision in estimates of the percentage of work completed is reflected in the period in which the change becomes known. Provisions for estimated losses on such engagements are made during the period in which a loss becomes probable and can be reasonably estimated.

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

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

k) Employee Benefits

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

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

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

NOTES TO THE FINANCIAL STATEMENTS (Contd.)

l) Employee Share Based Compensation

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

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

m) Leases

Leases are recognised as finance lease whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

Rentals payable under operating leases are charged to the Statement of Profit and Loss on a straight-line basis over the term of the lease unless the payments to the lessor are structured to increase in line with expected general inflation to compensate for the lessor's expected inflationary cost increases.

n) Taxes on Income

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

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

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

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

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

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

o) Dividend Distribution

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

p) Operating Segments

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

Segment revenue arising from third party customers is reported on the same basis as revenue in the financial statements.

q) Borrowing Cost

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

r) Provisions

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

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

s) Claims

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

t) New Accounting Pronouncements

Ind AS 116 Leases:

On March 30, 2019, Ministry of Corporate Affairs has notified Ind AS 116, Leases. Ind AS 116 will replace the existing leases Standard, Ind AS 17 Leases, and related Interpretations. The Standard sets out the principles for the recognition, measurement, presentation and disclosure of leases for both parties to a contract i.e. the lessee and the lessor. Ind AS 116 introduces a single lessee accounting model and requires a lessee to recognize assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value. Currently, operating lease expenses are charged to the Statement of Profit and Loss. The Standard also contains enhanced disclosure requirements for lessee. Ind AS 116 substantially carries forward the lessor accounting requirements in Ind AS 17.

The effective date for adoption of Ind AS 116 is annual periods beginning on or after April 1, 2019. The standard permits two possible methods of transition:

- Full retrospective – Retrospectively to each prior period presented applying Ind AS 8 Accounting Policies, Changes in Accounting Estimates and Errors.
- Modified retrospective – Retrospectively, with the cumulative effect of initially applying the Standard recognized at the date of initial application.

Certain practical expedients are available under both the methods.

The Company is evaluating the requirements of the standard and the impact on the financial statements.

Ind AS 12 Appendix C, Uncertainty over Income Tax Treatments:

On March 30, 2019, Ministry of Corporate Affairs has notified Ind AS 12 Appendix C, Uncertainty over Income Tax Treatments which is to be applied while performing the determination of taxable profit (or loss), tax bases, unused tax losses, unused tax credits and tax rates, when there is uncertainty over income tax treatments under Ind AS 12. According to the appendix, companies need to determine the probability of the relevant tax authority accepting each tax treatment, or group of tax treatments, that the companies have used or plan to use in their income tax filing which has to be considered to compute the most likely amount or the expected value of the tax treatment when determining taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates. The effective date for adoption of Ind AS 12 Appendix C is annual periods beginning on or after April 1, 2019. The impact on application of this Appendix is not material on the Financial Statements.

Amendment to Ind AS 12 – Income taxes:

On March 30, 2019, Ministry of Corporate Affairs issued amendments to the guidance in Ind AS 12, 'Income Taxes', in connection with accounting for taxes on dividend.

The amendment clarifies that an entity shall recognize the income tax consequences of dividends in profit or loss, other comprehensive income or equity according to where the entity originally recognized those past transactions or events.

Effective date for application of this amendment is annual period beginning on or after April 1, 2019. The Company does not expect any impact from this amendment.

NOTES TO THE FINANCIAL STATEMENTS (Contd.)

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

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

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

2 : PROPERTY, PLANT AND EQUIPMENT AND OTHER INTANGIBLE ASSETS - 2017-18 (₹ in Lakhs)

	DESCRIPTION	GROSS BLOCK				DEPRECIATION AND AMORTISATION				NET BLOCK	
		As at 1st April, 2017	Additions	Withdrawals / Adjustments	As at 31st March, 2018	As at 1st April, 2017	Charge for the Period	On With-drawals/ Adjustments	As at 31st March, 2018	As at 31st March, 2018	As at 31st March, 2017
(i)	**TANGIBLE ASSETS**										
	Leasehold Properties - Building Improvement	829	–	5	824	407	216	3	620	204	422
	Plant and Equipment	397	1	1	397	51	27	–	78	319	346
	Furniture and Fixtures	983	4	2	985	206	108	–	314	671	777
	Motor Vehicles	11	–	–	11	3	2	–	5	6	8
	Office Equipment	745	34	16	763	340	149	12	477	286	405
	Computers, Servers and Networks	3,182	711	191	3,702	1,542	689	148	2,083	1,619	1,640
	Electrical Installations and Equipment	1,326	6	11	1,321	273	150	3	420	901	1,053
	SUB TOTAL	**7,473**	**756**	**226**	**8,003**	**2,822**	**1,341**	**166**	**3,997**	**4,006**	**4,651**
(ii)	**INTANGIBLE ASSETS**										
	Capitalised Software	2,204	264	–	2,468	1,083	561	–	1,644	824	1,121
	SUB TOTAL	**2,204**	**264**	**–**	**2,468**	**1,083**	**561**	**–**	**1,644**	**824**	**1,121**
	GRAND TOTAL	**9,677**	**1,020**	**226**	**10,471**	**3,905**	**1,902**	**166**	**5,641**	**4,830**	**5,772**

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

(₹ in Lakhs)

	As at 31st March, 2019	As at 31st March, 2018
3. INVESTMENTS		
3 (a) Non-Current		
In Subsidiaries		
Investments in Equity Instruments- (At Cost) Unquoted		
ITC Infotech Limited (UK) 6,85,815 (2018 - 6,85,815) Equity Shares of GBP 1 each, fully paid	687	687
ITC Infotech (USA), Inc. 1,82,000 (2018 - 1,82,000) Ordinary Shares without par value, fully paid	8,017	8,017
Total	8,704	8,704
3 (b) Current		
Investment in Mutual Funds - Unquoted		
SBI Liquid Fund - Growth - 1,69,656 Units of ₹ 1,000 Each	4,948	–
ICICI Prudential Liquid Fund - Growth - 17,86,373 Units of ₹ 100 Each	4,920	–
Aditya Birla Sun life Liquid Fund - Growth - 13,85,601 Units of ₹ 100 Each	4,143	–
UTI Money Market Fund - Nil Units (2018 -1,85,840 Units) of ₹ 1,000 Each	–	3,605
Total	14,011	3,605

(₹ in Lakhs)

	As at 31st March, 2019	As at 31st March, 2018
4 LOANS		
4 (a) Non-Current		
Loans to Employees		
– Unsecured, Considered Good	12	14
Total	12	14
4 (b) Current		
Loans to Employees		
- Unsecured, Considered Good	–	5
- Unsecured, Considered Doubtful	22	22
	22	27
Less : Allowance for Doubtful Loans	(22)	(22)
Total	–	5
5 OTHER FINANCIAL ASSETS		
5 (a) Non-Current		
Security Deposits (includes deposits for Company accommodations, offices etc.)	144	–
Total	144	–

NOTES TO THE FINANCIAL STATEMENTS (Contd.)

(₹ in Lakhs)

	As at 31st March, 2019	As at 31st March, 2018
5 (b) Current		
Unbilled Revenue - time and material basis*	6,982	8,142
Security Deposits (includes deposits for Company accommodations, offices etc.)	90	193
Foreign Currency Forward Contracts	235	14
Advances (includes advance to employees)		
– Considered Good	190	198
– Considered Doubtful	35	28
	225	226
Less : Allowance for Doubtful Advances	(35)	(28)
Total	7,497	8,547

* Right to consideration is unconditional upon passage of time

6 TRADE RECEIVABLES		
Unsecured, Considered Good	18,768	19,841
Unsecured, Considered Doubtful	723	248
	19,491	20,089
Less: Allowance for Doubtful Receivables	(723)	(248)
Total	18,768	19,841

7 CASH AND CASH EQUIVALENTS *		
Balances with Banks :		
Current Accounts	363	1,464
Total	363	1,464

* Cash and cash equivalents include cheques and drafts on hand and cash at bank with original maturity of 3 months or less

8 DEFERRED TAX ASSETS (NET)

Deferred Tax Assets	2,719	2,020
Less: Deferred Tax Liabilities	17	–
Deferred Tax Assets (Net)	2,702	2,020

Movement in Deferred Tax

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

	Opening Balance	Recognized in profit or loss	Recognized in OCI	Closing Balance
FY 2017-18				
Deferred Tax Assets :				
On provision for employees' separation and retirement etc.	848	237	(191)	894
On provision for doubtful receivables and advances	197	(93)	–	104
On fiscal allowances on property, plant and equipment	566	182	–	748
Other timing differences	241	33	–	274
Total Deferred Tax Assets	1,852	359	(191)	2,020
Deferred Tax Liabilities :				
Other timing differences	4	(4)	–	–
Total Deferred Tax Liabilities	4	(4)	–	–
Deferred Tax Assets (Net)	1,848	363	(191)	2,020

(₹ in Lakhs)

	As at 31st March, 2019	As at 31st March, 2018
9 OTHERS ASSETS		
9 (a) Non-Current		
Advances other than Capital Advances		
Advances with Statutory Authorities	66	65
Other Advances (Unexpired Expenses)	82	82
Advance Tax (Net of Provision for Income Tax)	1,599	3,265
Total	1,747	3,412
9 (b) Current		
Unbilled Revenue - percentage of completion *	614	–
Advances other than Capital Advances		
Advances with Statutory Authorities	19	12
Other Advances (includes prepaid expenses)	649	571
Total	1,282	583

*Contractual right to consideration is dependent on completion of contractual milestones. Company adopted cumulative catch up transition method as per Ind AS 115 including practical expedients permitted.

10 EQUITY SHARE CAPITAL		
Authorised:		
8,60,00,000 (2018 - 8,60,00,000) Equity Shares of ₹10 each	8,600	8,600
Issued and subscribed :		
8,52,00,000 (2018 - 8,52,00,000) Equity Shares of ₹10 each, fully paid (All equity shares are held by ITC, 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
Total	8,520	8,520

11 PROVISIONS		
11 (a) Non- Current		
Provision for Employee Benefits*		
Retirement Benefits	512	349
Compensated Absences	1,123	1,183
Total	1,635	1,532
11 (b) Current		
Provision for Employee Benefits*		
Retirement Benefits	498	310
Compensated Absences	441	338
Total	939	648

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

12 OTHER FINANCIAL LIABILITIES		
Current		
Employee Payable	6,491	3,026
Foreign Currency Forward Contracts	23	70
Other Liabilities [includes payables for property, plant and equipment ₹ 153 Lakhs (2018 - ₹ 60 Lakhs)]	231	78
Total	6,745	3,174

13 OTHER CURRENT LIABILITES		
Statutory Dues	647	442
Inter-company payable	471	-
Unearned Revenue	139	607
[Out of last year's amount of ₹ 607 Lakhs, revenue recognized in current year ₹ 607 Lakhs]		
Advances from Customers	72	60
Total	1,329	1,109

(₹ in Lakhs)

	For the year ended 31st March, 2019	For the year ended 31st March, 2018
14 REVENUE FROM OPERATIONS		
Sale of Services*		
Exports	80,888	67,783
Domestic	39,163	31,142
Resale of Software and Hardware (including Support Charges)		
Exports	202	504
Domestic	1,015	864
Total	121,268	100,293

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

NOTES TO THE FINANCIAL STATEMENTS (Contd.)

(₹ in Lakhs)

	For the year ended 31st March, 2019	For the year ended 31st March, 2018
15 OTHER INCOME		
Dividend Income	1,256	939
Other Gains	1,007	771
Miscellaneous Income	340	25
Total	2,603	1,735
Dividend income comprises dividend from:		
Investment in Subsidiary Company	1,256	939
	1,256	939
Other Gains		
Net Foreign Exchange Gains	386	356
Net Gain on Investments (includes unrealised gain of ₹ 38 Lakhs (2018 - ₹ 4 Lakhs)	621	415
	1,007	771
16 EMPLOYEE BENEFITS EXPENSE		
Salaries and Bonus	74,973	64,019
Contribution to Provident and Other Funds (Refer Note 24)	3,220	2,906
Share based Payments to Employees (Refer Note 27)	1,440	2,499
Staff Welfare Expenses	1,132	1,032
Reimbursement of Contractual Remuneration, net	436	420
Total	81,201	70,876
17 FINANCE COSTS		
Interest expense for financial liabilities classified as Fair Value Through Profit or Loss	–	12
Total	–	12
18 OTHER EXPENSES		
Rent (Refer Note 23)	1,711	1,693
Rates and Taxes	51	55
Insurance	605	500
Travelling and Conveyance	8,653	7,061
Recruitment Expenses	609	564
Communication	537	587
Power and Fuel	810	739
Outsourcing Charges	6,657	6,016
Software and Related Expenses	2,013	1,656
Purchase of Hardware and Software for Resale (including Support Charges)	835	1,012
Business Development Expenses	702	598
Repairs and Maintenance		
– Buildings	162	103
– Machinery	261	188
– Others	86	66
Legal, Professional and Consultancy Expenses	1,573	1,269
Doubtful and Bad Receivables	461	248
Doubtful and Bad Loans and Advances	66	28
Property, Plant and Equipment Discarded, net	32	57
Auditors' Remuneration and Expenses (Refer Note 26)	31	32
Expenditure on Corporate Social Responsibility (Refer Note 20)	136	207
Training and Development	460	460
Bank Charges	92	41
Printing and Stationery	23	21
Miscellaneous Expenses	2,086	523
[Includes contributions under Section 182 of the Companies Act, 2013 aggregating ₹ 1500 lakhs (2018: Nil)]		
Total	28,652	23,724
19 TAX EXPENSES		
19 (a)Tax Expense Recognised in Statement of Profit and Loss		
Current Tax [including tax on foreign branches ₹ 107 Lakhs (2018 - ₹86 Lakhs)]	5,364	3,110
Charge / (Credits) related to previous years	29	(1)
	5,393	3,109
Deferred Tax (Credit)	(807)	(363)
Total	4,586	2,746
19 (b)Tax Expense Recognised in Other Comprehensive Income		
Deferred Tax Charge		
Arising on Remeasurement of Net Defined Benefit Liability	125	191
Total	125	191
19 (c) The reconciliation between the income tax expenses and amounts computed by applying the standard rate of income tax to profit before taxes is as follows:		
Profit before tax	12,232	5,514
Income tax expense calculated at 34.944% (2018- 34.61%)	4,274	1,908
Effects of:		
- Effect of tax relating to uncertain tax positions	495	865
- Effect of different tax rate on certain items	(219)	(162)
- Other differences	7	157
- Change in Tax Rates	–	(21)
- Adjustments recognised in the current year in relation to the current tax of prior years	29	(1)
Income Tax expenses recognised in Statement of Profit and Loss	4,586	2,746

20 Expenditure on Corporate Social Responsibility

a) Gross amount required to be spent by the Company during the year ₹ 136 Lakhs (2018 - ₹ 207 Lakhs).

b) Amount spent during the year in cash for purpose other than construction / acquisition of an asset ₹ 136 Lakhs (2018 - ₹ 207 Lakhs).

21 Commitments and Contingencies

a) There are contracts remaining to be executed on capital account and not provided ₹ 119 Lakhs (2018 - ₹ 18 Lakhs).

b) Claims against the Company not acknowledged as debts ₹ 1097 Lakhs (2018 - ₹ 750 Lakhs). These comprise:

i) Service tax claims disputed by the Company relating to issues of applicability aggregating ₹ 129 Lakhs (2018 - ₹ 126 Lakhs)

ii) Income tax claims disputed by the Company relating to issues of applicability and determination aggregating ₹ 968 Lakhs (2018 - ₹ 624 Lakhs)

It is not practicable for the Company to estimate the closure of these issues and the consequential timing of cash flow, if any, in respect of the above. An amount of ₹ 15 Lakhs (2018 - ₹ 15 Lakhs) has been deposited under protest and is included under Other Non-Current Assets. (Refer Note 9(a))

22 Micro and Small Enterprises

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

(₹ in Lakhs)

		31st March 2019	31st March 2018
(a)	The principal amount and the interest due thereon remaining unpaid to any supplier at the end of each accounting year.		
	Principal amount due	108	87
	Interest amount due thereon	–	–
(b)	The amount of interest paid by the buyer in terms of Section 16 of the Micro, Small and Medium Enterprises Development Act, 2006, along with the amount of the payment made to the supplier beyond the appointed day during each accounting year.	–	–
(c)	The amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under the Micro, Small and Medium Enterprises Development Act, 2006.	–	–
(d)	The amount of interest accrued and remaining unpaid at the end of each accounting year; and	–	–
(e)	The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues above are actually paid to the small enterprise, for the purpose of disallowance of a deductible expenditure under Section 23 of the Micro, Small and Medium Enterprises Development Act, 2006.	–	–

23 The lease rental charged during the period is ₹ 1,711 Lakhs (2018 - ₹ 1,693 Lakhs) (Refer Note 18).

The Company's significant leasing arrangements are in respect of operating leases for premises (office, residential, etc.). These leasing arrangements range between 4 months and 5 years generally, and are usually renewable by mutual consent on mutually agreeable terms.

The obligation on non-cancellable operating leases payable as per the rentals stated in the respective agreements are as follows:

(₹ in Lakhs)

	31st March 2019	31st March 2018
Not later than one year	316	–
Later than one year and not later than five years	325	–

NOTES TO THE FINANCIAL STATEMENTS (Contd.)

24 Employee Benefits

Description of Plans

(a) **Defined Contribution Plan**

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

Amounts towards Defined Contribution Plans have been recognised under "Contribution to Provident and Other Funds" in Note 16 ₹ 1,712 Lakhs (2018 - ₹ 1,468 Lakhs).

(b) **Defined Benefit Plan**

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

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

Risk Management

The defined benefit plans expose the Company to actuarial deficit arising out of investment risk, interest rate risk, salary cost inflation risk. These plans are not exposed to any unusual, entity specific or scheme specific risks but there are general risks. Investment risks may arise from volatility in asset values and losses arising due to impairment of assets. The Scheme's accounting liabilities are calculated using a discount rate set with reference to the Government security yields. A decrease in yields will increase the fund liabilities, leading to accounting deficit in the funds. However, this may be partially offset by an increase in capital value of the scheme assets that have similar characteristics. Increase in salary due to adverse inflationary pressures might lead to higher liabilities.

The Trustees monitor funding and investments positions and have mandated a diversified investment strategy in line with the statutory requirements. The investment strategy with respect to asset mix ensures that investment volatility risk is appropriately managed. Robust risk mitigation systems ensure that investments do not pose significant risk of impairment.

(₹ in Lakhs)

			For the year ended 31st March, 2019			For the year ended 31st March, 2018		
			Pension	Gratuity	Compensated absences	Pension	Gratuity	Compensated absences
			Partly Funded	Partly Funded	Unfunded	Partly Funded	Funded	Unfunded
I		**Components of Employer Expense**						
	–	**Recognised in Profit or Loss**						
	1	Current Service Cost	**190**	**672**	**403**	183	546	345
	2	Net Interest Cost	**16**	**8**	**87**	11	2	76
	3	**Total expense recognised in the Statement of Profit and Loss**	**206**	**680**	**490**	194	548	421
	–	**Re-measurements recognised in Other Comprehensive Income**						
	4	(Return) on plan assets (excluding amounts included in Net interest cost)	**(14)**	**(6)**	**–**	(125)	(69)	–
	5	Effect of changes in demographic assumptions	**(2)**	**(8)**	**1**	–	12	(2)
	6	Effect of changes in financial assumptions	**(106)**	**1**	**–**	(227)	(59)	(24)
	7	Effect of experience adjustments	**69**	**(216)**	**(78)**	285	(226)	(111)
	8	Total re-measurements included in OCI	**(53)**	**(229)**	**(77)**	(67)	(342)	(137)
	9	**Total defined benefit cost recognised in Profit and Loss and Other Comprehensive Income (3+8)**	**153**	**451**	**413**	127	206	284
The current service cost and net interest expense for the year pertaining to Pension and Gratuity expenses have been recognised in "Contribution to Provident and other funds" and Compensated absences in "Salaries and Bonus". The remeasurements of the net defined benefit liability are included in Other Comprehensive Income.								
II		**Actual Returns**	**266**	**211**	**–**	337	233	–
III		**Net (Asset)/Liability recognised in Balance Sheet**						
	1	Present Value of Defined Benefit Obligation	**3,817**	**3,389**	**1,428**	3,741	2,823	1,304
	2	Short-term obligation w.r.t Overseas branches	**–**	**–**	**136**	–	–	217
	3	Fair Value of Plan Assets	**(3,355)**	**(2,841)**	**–**	(3,360)	(2,617)	–
	4	Status [(Surplus)/Deficit]	**462**	**548**	**1,564**	381	206	1,521
	5	Restrictions on Asset Recognised	**–**	**–**	**–**	–	–	–
	6	**Net (Asset)/Liability recognised in Balance Sheet**	**As at 31st March, 2019**			As at 31st March , 2018		
			Current		**Non-Current**	Current		Non-Current
		- Pension			**91**	90		291
		- Gratuity			**407**	**141**	206	–
		- Compensated Absences			**441**	**1,123**	338	1,183
			For the year ended 31st March, 2019			For the year ended 31st March, 2018		
			Pension	**Gratuity**	**Compensated absences**	Pension	Gratuity	Compensated absences
			Partly Funded	**Partly Funded**	**Unfunded**	Partly Funded	Funded	Unfunded
IV		**Change in Defined Benefit Obligation (DBO)**						
	1	Present Value of DBO at the beginning of the year	**3,741**	**2,941**	**1,304**	3,326	2,560	1,242
	2	Current Service Cost	**190**	**672**	**403**	183	546	345
	3	Interest Cost	**268**	**213**	**87**	223	166	76
	4	Remeasurement gains / (losses):						
		Effect of changes in demographic assumptions	**(2)**	**(8)**	**1**	–	12	(2)
		Effect of changes in financial assumptions	**(106)**	**1**	**–**	(227)	(59)	(24)
		Changes in asset ceiling (excluding interest income)	**–**	**–**	**–**	–	–	–
		Effect of experience adjustments	**69**	**(216)**	**(78)**	284	(226)	(111)
	5	Benefits Paid	**(343)**	**(214)**	**(289)**	(48)	(176)	(222)
	6	**Present Value of DBO at the end of the year**	**3,817**	**3,389**	**1,428**	3,741	2,823	1,304
		Best Estimate of Employers' Expected Contribution for the next year	**As at 31st March, 2019**			As at 31st March, 2018		
		- Pension	**305**			303		
		- Gratuity	**1,167**			922		
		- Compensated Absences	**403**			345		

NOTES TO THE FINANCIAL STATEMENTS (Contd.)

The following table sets out the Defined Benefit Plans / Long-Term Compensated Absences as per Actuarial Valuation as on 31st March, 2019 and recognised in the financial statements in respect of Employee Benefit Schemes:

(₹ in Lakhs)

			For the year ended 31st March, 2019			For the year ended 31st March, 2018		
			Pension	Gratuity	Compensated absences	Pension	Gratuity	Compensated absences
			Partly Funded	Partly Funded	Unfunded	Partly Funded	Funded	Unfunded
V	Change in Fair Value of Assets							
	1	Plan Assets at the beginning of the year	3,360	2,617	–	2,929	2,256	–
	2	Expected Return on Plan Assets	252	205	–	212	164	–
	3	Remeasurement Gains/(Losses) on plan assets	14	6	–	125	69	–
	4	Actual Company Contributions	72	227	–	142	304	–
	5	Benefits Paid	(343)	(214)	–	(48)	(176)	–
	6	**Plan Assets at the end of the year**	3,355	2,841	–	3,360	2,617	–

VI	Actuarial Assumptions		As at 31st March, 2019	As at 31st March, 2018
	1	Discount Rate (%)	7.50%	7.50%
	2	Expected Return on Plan Assets (%)	7.50%	7.50%
	3	Long term rate of compensation increase	7%	7%

VII	The net liability disclosed in Pension relates to funded and unfunded plans as follows:		As at 31st March, 2019	As at 31st March, 2018
	1	Present Value of Funded Obligation	3,446	3,406
	2	Fair Value of Plan Assets	3,355	3,360
	3	Deficit / (Surplus) of Funded Plan	91	46
	4	Unfunded Plan	371	335
	5	Net Deficit	462	381

VIII	Major Category of Plan Assets as a % of the Total Plan Assets		As at 31st March, 2019	As at 31st March, 2018
	1	Government Securities/Special Deposit with RBI	28%	27%
	2	High Quality Corporate Bonds	16%	18%
	3	Insurer Managed Funds*	44%	44%
	4	Mutual Funds	3%	3%
	5	Cash and Cash Equivalents	6%	6%
	6	Term Deposits	3%	2%

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

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

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

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

(₹ in Lakhs)

			For the year ended 31st March, 2019			For the year ended 31st March, 2018		
			Pension	Gratuity	Compensated absences	Pension	Gratuity	Compensated absences
			Partly Funded	Partly Funded	Unfunded	Partly Funded	Funded	Unfunded
X	Net Asset / (Liability) recognised in Balance Sheet (including experience adjustment impact)							
	1	Present Value of Defined Benefit Obligation	3,817	3,389	1,428	3,741	2,823	1,304
	2	Fair Value of Plan Assets	3,355	2,841	–	3,360	2,617	–
	3	Status [(Surplus)/Deficit]	462	548	1,428	381	206	1,304
	4	Experience Adjustment of Plan Assets [Gain/ (Loss)]	14	6	–	125	69	–
	5	Experience Adjustment of obligation [(Gain)/ Loss]	69	(216)	(78)	285	(226)	(111)

XI Sensitivity Analysis

The sensitivity analysis below has been determined based on reasonably possible change of the respective assumptions occurring at the end of the reporting period, while holding all other assumptions constant. These sensitivities show the hypothetical impact of a change in each of the listed assumptions in isolation. While each of these sensitivities holds all other assumptions constant, in practice such assumptions rarely change in isolation and the asset value changes may offset the impact to some extent. For presenting the sensitivities, the present value of the defined benefit obligation has been calculated using the projected unit credit method at the end of the reporting period, which is the same as that applied in calculating the Defined Benefit Obligation presented above. There was no change in the methods and assumptions used in the preparation of sensitivity analysis from previous year.

NOTES TO THE FINANCIAL STATEMENTS (Contd.)

(₹ in Lakhs)

Sl. No.	Particulars	DBO as at 31st March, 2019	DBO as at 31st March, 2018
1	Discount Rate + 100 basis points	**8,279**	7,501
2	Discount Rate - 100 basis points	**9,019**	8,270
3	Long term Compensation Increase Rate + 1%	**8,976**	8,230
4	Long term Compensation Increase Rate – 1%	**8,312**	7,531

			For the year ended 31st March, 2019 (₹ in Lakhs)	For the year ended 31st March, 2018 (₹ in Lakhs)
25	**Earnings per share**			
(a)	Profit after Tax	₹ in Lakhs	**7,646**	2,768
(b)	Weighted average number of Equity Shares	No.	**85,200,000**	85,200,000
(c)	Earnings Per Share (Face value of ₹ 10 per share) (Basic and Diluted)	₹	**8.97**	3.25
26	**Auditors' Remuneration and Expenses** (Net of input tax / service tax credit)			
	Audit Fees		**19**	19
	Tax Audit Fees		**2**	2
	Fees for Auditors' Certifications and Reports		**9**	9
	Reimbursement of Expenses		**1**	2
	Total		**31**	32

27(i) The eligible employees of the Company, including employees deputed from ITC Limited (ITC), have been granted stock options by ITC under the ITC Employee Stock Option Schemes (ITC ESOS) and the ITC Employee Cash Settled Stock Appreciation Linked Reward Plan (ITC ESAR) in accordance with the terms and conditions of such schemes, details of which are as under:

ITC ESOS:

Each option entitles the holder thereof to apply for and be allotted ten Ordinary Shares of ITC of ₹ 1.00 each upon payment of exercise price. These options vest over a period of three years from the date of grant and are exercisable within a period of five years from the date of vesting. These options have been granted at 'market price' within the meaning of the Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014.

ITC ESAR:

Under the ITC ESAR Plan, eligible employees would receive cash linked to appreciation in the value of the shares of ITC in accordance with the terms and conditions of this Plan. The stock appreciation reward (SAR) units vest over a period of five years from the date of grant and entitles each ESAR grantee to the appreciation for the total number of ESAR Units vested.

(ii) The cost of stock options granted under ITC ESOS / SARs granted under ITC ESAR have been recognized as equity settled / cash settled share based payments respectively in accordance with Ind AS 102 – Share Based Payment. In terms of said deputation arrangement, the Company has accounted for the cost of the fair value of options / SAR units granted to the deputed employees on-charge by ITC. The fair value of the options / SAR units granted is determined, using the Black Scholes Option Pricing model, by ITC for all the Optionees covered under ITC ESOS / ITC ESAR as a whole.

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

Particulars	As at 31st March, 2019 No. of Options	As at 31st March, 2018 No. of Options
Outstanding at the beginning of the year	**2,444,561**	2,482,561
Add: Granted during the year @	**–**	396,530
Less: Lapsed during the year	**(24,886)**	(69,372)
Add / (Less): Movement due to transfer of employees within the group	**–**	69,390
Less: Exercised during the year	**(399,677)**	(434,548)
Outstanding at the end of the year	**2,019,998**	2,444,561
Options exercisable at the end of the year	**1,615,852**	1,578,757

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

@ Includes Nil (2018- 81,090) options granted to the Key Management Personnel (KMP) of the Company.

Since such options are not tradeable, no perquisite or benefit is immediately conferred upon an employee by such grant.

(iv) In accordance with Ind AS 102, the Company has recognised an amount of ₹ 1,418 Lakhs (2018 – ₹ 2,499 Lakhs) towards ITC ESOS and ₹ 22 Lakhs (2018 - ₹ Nil) towards ITC ESAR (Refer Note 16) by way of share based payments. Such charge has been recognised as employee benefits expense and has been considered as capital contribution by ITC Limited, net of reimbursements, if any. Liability recognised for payments towards ITC ESAR is presented under non-current other financial liability of the financial statements.

Out of the above, ₹ 14 Lakhs (2018- ₹ 623 Lakhs) is attributable to key management personnel [Ms. S. Rajagopalan ₹ Nil Lakhs (2018 - ₹ 173 Lakhs); Mr. R. Batra ₹ 11 Lakhs (2018 - ₹ 168 Lakhs); Mr. A. Talwar ₹ Nil Lakhs (2018 - ₹ 131 Lakhs); Mr. V. Sreenivasan ₹ Nil Lakhs (2018 - ₹ 100 Lakhs); Mr. S.V. Shah ₹ 3 Lakhs (2018 -₹ 51 Lakhs)].

28 Capital Management

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

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

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

29 Categories of Financial Instruments

(₹ in Lakhs)

	As at 31st March, 2019		As at 31st March, 2018	
	Carrying Value	Fair Value	Carrying Value	Fair Value
Financial Assets				
Measured at amortised cost				
Cash and Cash Equivalents	**363**	**363**	1,464	1,464
Trade Receivables	**18,768**	**18,768**	19,841	19,841
Loans	**12**	**8**	19	15
Other Financial Assets	**7,406**	**7,406**	8,533	8,533
	26,549	**26,545**	**29,857**	**29,853**

NOTES TO THE FINANCIAL STATEMENTS (Contd.)

(₹ in Lakhs)

	As at 31st March, 2019		As at 31st March, 2018	
	Carrying Value	Fair Value	Carrying Value	Fair Value
Mandatorily measured at fair value through profit and loss (FVTPL)				
Investments in Mutual Funds	**14,011**	**14,011**	3,605	3,605
Foreign Currency Forward Contracts	**235**	**235**	14	14
	14,246	**14,246**	3,619	3,619
Total	**40,795**	**40,791**	33,476	33,472
Financial Liabilities				
Measured at amortized cost				
Trade Payables	**2,891**	**2,891**	2,533	2,533
Other Financial Liabilities	**6,744**	**6,744**	3,104	3,104
	9,635	**9,635**	5,637	5,637
Measured at fair value through profit and loss (FVTPL)				
Foreign Currency Forward Contracts	**23**	**23**	70	70
	23	**23**	**70**	**70**
Total	**9,658**	**9,658**	5,707	5,707

30 Financial Risk Management Objectives

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

a) **Market Risk**

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

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

i) **Foreign Currency Risk**

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

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

(in Lakhs)

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

As at 31st March, 2018	USD	GBP	EURO	Others	Total
Financial Assets	11,020	5,786	2,384	2,158	21,348
Financial Liabilities	397	26	130	298	851

The Company uses Forward Exchange Contracts to hedge its exposures in foreign currency related to underlying transactions and firm commitments. The information on Derivative Instruments is as follows:

Forward Exchange Contracts outstanding as at year end which are not designated under hedge accounting:

(in Lakhs)

Currency	Cross Currency	31st March, 2019		31st March, 2018	
		Buy	Sell	Buy	Sell
GBP	USD	–	32	–	35
EUR	USD	–	8	–	23
USD	INR	–	150	–	199
ZAR	USD	–	130	–	155

Hedges of Foreign Currency Risk and Derivative Financial Instruments

The Company follows established risk management policies, including the use of derivatives to hedge against the volatility associated with the aforesaid exchange rate risk. The Company uses forward exchange contracts to hedge its transactional currency exposures in foreign currency related to underlying transactions and firm commitments and measures them at fair value. The counter party in these derivative instruments are generally highly rated counter parties such as banks and the Company considers the risk of non-performance by such counterparty as not material. The Company has not designated hedges under Hedge Accounting. These derivative instruments are carried at fair value with changes being recognised in the Statement of Profit and Loss. Although, such derivative instruments are not designated in a hedge relationship, they act as an economic hedge and will offset the gain / loss in the underlying transactions when they occur.

Foreign Currency Sensitivity

The sensitivity analysis arises on account of outstanding foreign currency denominated assets and liabilities, including derivative contracts. The Company considers a sensitivity of 10% (2018 - 10%) in applicable foreign currency rates, holding all other variables constant. In the event the exchange rate fluctuates by +10%, the profit before tax for the year ended 31st March, 2019 and pre-tax total equity as at 31st March, 2019 will be higher by ₹ 2,672 Lakhs (2018 - ₹ 2,050 Lakhs). If the change in rates decline by a similar percentage, there will be opposite impact of similar amount on profit before tax and pre-tax total equity.

ii) **Interest Rate Risk**

Interest rate risk refers to the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. As majority of the financial assets and liabilities of the Company are non-interest bearing, the Company's net exposure to interest risk is negligible.

NOTES TO THE FINANCIAL STATEMENTS (Contd.)

iii) **Price Risk**

The Company invests its surplus funds primarily for short tenor in debt mutual funds measured at fair value through profit or loss. Aggregate value of such investments as at 31st March, 2019 is ₹ 14,011 Lakhs (2018 - ₹ 3,605 Lakhs). Accordingly, these do not pose any significant price risk.

b) **Liquidity Risk**

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

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

(₹ in Lakhs)

	As at 31st March, 2019 Contractual Cash flows*						
	Carrying value	**Less than 3 months**	**More than 3 months upto 6 months**	**More than 6 months upto 1 year**	**More than 1 year upto 3 years**	**Beyond 3 years**	**Total**
Trade Payables	**2,891**	**2,891**	**–**	**–**	**–**	**–**	**2,891**
Other Financial Liabilities	**6,767**	**299**	**5,231**	**1,215**	**22**	**–**	**6,767**
Total	**9,658**	**3,190**	**5,231**	**1,215**	**22**	**–**	**9,658**
	As at 31st March, 2018 Contractual Cash flows*						
	Carrying value	Less than 3 months	More than 3 months upto 6 months	More than 6 months upto 1 year	More than 1 year upto 3 years	Beyond 3 years	Total
Trade Payables	2,533	2,533	–	–	–	–	2,533
Other Financial Liabilities	3,174	3,174	–	–	–	–	3,174
Total	5,707	5,707	–	–	–	–	5,707

** The table has been drawn up based on the earliest date on which the Company would be required to pay.*

c) **Credit Risk**

Credit risk is the risk that counterparty will not meet its obligations under a financial instrument which may lead to a financial loss to the Company. Apart from its operating activities, wherein the Company deals with a large number of customers, the Company is also exposed to credit risk from its investing activities.

Financial instruments that are subject to concentration of credit risk principally consist of trade receivables.

Credit is extended to Customers after evaluating them against key parameters such as financial position, credit ratings, market intelligence, past experience etc., as may be appropriate. Trade receivables are monitored regularly. Concentration of credit risk, with respect to trade receivables, is limited, due to the Company's customer base being large and internationally dispersed. Some of the Company's key Customers have been transacting for many years and the incidence of bad debts is negligible.

The Company recognises provision for expected credit loss on an individual customer basis, based on internal reviews, which are conducted regularly and considers all aspects with respect to debts.

The movement of the expected loss provision made by the Company with respect to trade receivables are as under:

(₹ in Lakhs)

	As at 31st March, 2019	As at 31st March, 2018
Opening Balance	**248**	533
Effects of foreign exchange fluctuation	**14**	–
Add: Provisions Made	**461**	248
Less: Utilisation for Impairment / De-recognition	**–**	(533)
Closing Balance	**723**	248

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

(₹ in Lakhs)

	As at 31st March, 2019	As at 31st March, 2018
Overdue Period		
Less than 1 month	**6,024**	5,186
1 to 3 months	**2,233**	1,391
3 to 6 months	**687**	576
6 to 12 months	**194**	786
1 year to 2 years	**66**	395
2 years to 3 years	**28**	206
More than 3 years	**–**	14
Balances not yet due	**9,536**	11,287
Total	**18,768**	19,841

Investment in debt mutual funds are made only with approved mutual funds and credit risk in such funds are limited because the underlying investments are diversified and the Company's investment framework considers the credit quality of the underlying investments made by the fund house. There are limits for any exposure to financial institutions.

The carrying amount of financial assets, net of loss allowance recognized in accordance with Ind AS 109 and any amounts offset in accordance with Ind AS 32, that represents the Company's maximum exposure to credit risk as at 31st March, 2019 is ₹ 41,046 Lakhs (2018 - ₹32,012 Lakhs) represented by carrying amounts of Investments (except investments in subsidiaries), Trade Receivables, Unbilled Revenue, Loans, Other financial assets measured at amortised cost and Other financial assets measured at Fair Value.

NOTES TO THE FINANCIAL STATEMENTS (Contd.)

31 Fair Value Measurement

Fair value hierarchy

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

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

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

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

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

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

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

(₹ in Lakhs)

	Fair Value Hierarchy	Fair Value as at	
		31st March 2019	31st March 2018
Financial Assets			
Mandatorily Measured at Fair Value Through Profit and Loss (FVTPL)			
Investments in Mutual Funds	1	**14,011**	3,605
		14,011	3,605
Derivatives measured at fair value			
Foreign Currency Forward Contracts	2	**235**	14
		235	14
Total		**14,246**	3,619
Financial Liabilities			
Derivatives measured at fair value			
Foreign Currency Forward Contracts	2	**23**	70
		23	70
Total		**23**	70

32 Approval of Financial Statements

The financial statements were approved for issue by the Board of Directors on 29th April, 2019.

33 Comparatives

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

34 Segment Reporting

The Company operates in a single business segment - information technology, basis which the Chief Operating Decision Maker (CODM) evaluates the Company's performance and allocates resources. Geographical Information is given below :

(₹ in Lakhs)

	For the year ended 31st March, 2019	For the year ended 31st March, 2018
Segment Revenue		
India	**40,178**	32,006
North America	**20,400**	17,136
Europe	**38,189**	26,941
Middle East and Africa	**19,441**	16,737
Rest of the World	**3,060**	7,473
Total	**121,268**	100,293

(₹ in Lakhs)

	As at 31st March, 2019	As at 31st March, 2018
Non-Current Assets*		
India	**5,647**	8,218
Middle East and Africa	**48**	24
Total	**5,695**	8,242

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

35 RELATED PARTY DISCLOSURES

(i) HOLDING COMPANY:
ITC Limited

(ii) ENTERPRISES WHERE CONTROL EXISTS:
Wholly Owned Subsidiaries:
ITC Infotech Limited (UK)
ITC Infotech (USA), Inc. and its wholly owned subsidiary Indivate Inc.

NOTES TO THE FINANCIAL STATEMENTS (Contd.)

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

Fellow Subsidiary Companies	Associates of the Holding Company	Employee Trusts
Surya Nepal Private Limited	International Travel House Limited	ITC Management Staff Gratuity Fund
Technico Agri Sciences Limited	ATC Limited	ITC Pension Fund
North East Nutrients Private Limited		
Fortune Park Hotels Limited		
Russell Credit Limited		

(iv) KEY MANAGEMENT PERSONNEL

Non-Executive Directors	Others
Mr. Y.C. Deveshwar - Chairman	Ms. S. Rajagopalan, Managing Director, (up to 31st January, 2019)
Mr. S. Puri - Sr. Vice Chairman (w.e.f. 17th August, 2017)	Mr. S. Singh, Managing Director, (w.e.f. 1st February, 2019)*
Mr. S. Sivakumar - Vice Chairman	Mr. R. Batra, Chief Financial Officer
Mr. B. B. Chatterjee	Mr. S. V. Shah, Company Secretary
Mr. R. Tandon	Mr. A. Talwar
Mr. P. Chatterjee	Mr. V. Sreenivasan

* As Mr. Singh is a non-resident in terms of clause (e) of Part I of Schedule V to the Companies Act, 2013, necessary application has been filed seeking approval of the Central Government for his appointment.

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

Sl. No.	Description	Holding Company		Wholly Owned Subsidiaries						Fellow Subsidiaries	
				2019			2018				
		2019	2018	ITC Infotech Limited (UK)	ITC Infotech (USA), Inc.	Indivate Inc.	ITC Infotech Limited (UK)	ITC Infotech (USA), Inc.	Indivate Inc.	2019	2018
1	Sale of Goods / Services	16,452	16,098	13,234	20,099	–	12,385	16,797	–	404	434
2	Purchase of Goods / Services	97	96	–	–	–	–	–	–	–	– *
3	Rent Paid	1,303	1,315	–	–	–	–	–	–	–	–
4	Reimbursement of Contractual Remuneration [includes remuneration to KMP ₹ 195 Lakhs (2018 - ₹ 197 Lakhs)]	449	420	–	–	–	–	–	–	–	–
5	Recovery of Contractual Remuneration	13	–	–	–	–	–	–	–	–	–
6	Expenses Recovered	13	21	260	–	–	265	162	–	–	–
7	Expenses Reimbursed	760	778	138	133	–	64	–	–	–	–
8	Capital Contribution for Share Based Payments	1,915	3,347	–	–	–	–	–	–	–	–
9	Employee Share Based Payments	22	–	–	–	–	–	–	–	–	–
10	Reimbursement of Capital Contribution for Share Based Payments	–	–	218	274	–	367	475	–	–	–
11	Loans Received (from Russell Credit Limited)	–	–	–	–	–	–	–	–	–	6,000
12	Loan Repaid (to Russell Credit Limited)	–	–	–	–	–	–	–	–	–	6,000
13	Interest Paid on Loans (to Russell Credit Limited)	–	–	–	–	–	–	–	–	–	12
14	Interim Dividend	7,029	5,112	–	–	–	–	–	–	–	–
15	Dividend Income	–	–	–	1,256	–	–	939	–	–	–

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

(₹ in Lakhs)

Sl. No.	Description	Associates of the Holding Company		Employee Trusts		Key Management Personnel	
		2019	2018	2019	2018	2019	2018
1	Sale of Goods / Services	280	275	–	–	–	–
2	Purchase of Goods / Services	3,071	2,748	–	–	–	–
3	Remuneration to Key Management Personnel (KMP)						
	(i) Directors	–	–	–	–	191	141
	(ii) Others	–	–	–	–	150	135`
4	Contribution to Employees' Benefit Plans	–	–	278	446	–	–

(vi) DISCLOSURE OF OUTSTANDING BALANCES (₹ in Lakhs)

Description	Holding Company		Wholly Owned Subsidiaries					
			2019			2018		
	2019	2018	ITC Infotech Limited (UK)	ITC Infotech (USA), Inc.	Indivate Inc.	ITC Infotech Limited (UK)	ITC Infotech (USA), Inc.	Indivate Inc.
Balances as at 31st March,								
i) Trade Receivables	55	95	4,139	–	–	2,715	4,381	–
ii) Trade Payables	26	17	57	471	–	116	–	–

Description	Fellow Subsidiaries		Associates of the Holding Company	
Balances as at 31st March,	2019	2018	2019	2018
i) Trade Receivables	184	101	–	–
ii) Trade Payables	–	–	152	62

NOTES TO THE FINANCIAL STATEMENTS (Contd.)

(vii) INFORMATION REGARDING SIGNIFICANT TRANSACTIONS

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

Related Party Transactions	2019	2018	Related Party Transactions	2019	2018
Purchase of Goods / Services			**Remuneration to Key Management Personnel (KMP)**		
International Travel House Limited	**3,071**	2,748	Ms. S. Rajagopalan	**141**	139
			Mr. S. Singh	**50**	–
Contribution to Employees' Benefit Plans			Mr. R. Batra	**114**	112
ITC Management Staff Gratuity Fund	**206**	304	Mr. A. Talwar	**77**	64
ITC Pension Fund	**72**	142	Mr. V. Sreenivasan	**73**	71
			Mr. S. V. Shah	**81**	85

(viii) INFORMATION REGARDING SIGNIFICANT BALANCES

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

Related Party Balances	2019	2018
Trade Payables		
International Travel House Limited	**152**	62

(ix) COMPENSATION OF KEY MANAGEMENT PERSONNEL*

The remuneration of directors and other members of key management personnel during the year is as follows: (₹ in Lakhs)

	2019	2018
Short-Term Employee Benefits	**536**	471
Others	**3**	3

**Post employment benefits are actuarially determined on overall basis, hence not separately available and not included above. Further, value of employee share based payments is not included above, refer note 27 for details.*

(x) SIGNIFICANT TERMS AND CONDITIONS OF OUTSTANDING BALANCES

All outstanding balance are unsecured and are repayable in cash.

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

(₹ in Lakhs)

1	Sl. No.	1	2	3
2	Name of the Subsidiary	ITC Infotech Limited (UK)	ITC Infotech (USA), Inc.	Indivate Inc. (Note 2)
3	The date since when subsidiary was acquired	19th June, 2001	24th May, 2001	18th November, 2016
4	Reporting period for the subsidiary concerned, if different from the holding company's reporting period	Not Applicable	Not Applicable	Not Applicable
5	Reporting currency and exchange rate as on the last date of the relevant financial year in the case of foreign subsidiaries	Reporting currency - GBP Exchange rate GBP 1 = ₹ 90.53	Reporting currency - USD Exchange rate USD 1 = ₹ 69.16	Reporting currency - USD Exchange rate USD 1 = ₹ 69.16
6	Share Capital	621	12,587	69
7	Reserves and Surplus	4,178	2,722	(25)
8	Total Assets	13,306	23,269	141
9	Total Liabilities	13,306	23,269	141
10	Investments (excluding Investments in subsidiaries)	–	–	–
11	Turnover (Note 1)	44,466	66,709	363
12	Profit before Taxation	1,489	3,016	21
13	Provision for Taxation	68	491	–
14	Profit after Taxation	1,421	2,525	21
15	Proposed Dividend (paid during the year)	–	1,259	–
16	Extent of Shareholding (%)	100%	100%	100%

Note 1: Turnover includes other income and other operating revenue.
Note 2: ITC Infotech (USA), Inc. holds 100% shareholding of Indivate Inc.

PART B: ASSOCIATES AND JOINT VENTURES – NOT APPLICABLE

On behalf of the Board

S. Singh
Managing Director

S. Sivakumar
Vice Chairman

R. Batra
Chief Financial Officer

S. V. Shah
Company Secretary

Place : Kolkata
Date : 29th April, 2019

Strategic Report

The Directors present their Strategic Report for the year ended 31st March 2019.

Key Performance Indicators

	GBP (million)	
Year Ended March 31,	**2019**	**2018**
Total Income	**49.11**	42.44
Cost of Sales	**41.53**	36.01
Gross Profit	**7.57**	6.43
Profit before Tax	**1.64**	1.35
Profit after Tax	**1.57**	1.27

The financial performance in 2018-19 remained steady. Total Income and Profit before Tax grew at 15.7% and 21.5% over the previous year.

Business Review

In 2018-19 the Company achieved a revenue of GBP 49.11 million while the net profit was GBP 1.57 million. The Company saw strong growth in existing accounts and good wins / traction in the select industry verticals.

The Company will sharpen its focus on shaping well defined digital offerings with specialized solutions and services to target select industry verticals. The Company will bring in a sharper focus on expanding its business in its strategic accounts which have a clear potential for growth. New business acquisition will continue to be accelerated. The Company will continue to strengthen alliances with large scale software vendors while forming and nurturing new partnerships with emerging, future ready Independent Software Vendors.

Principal Risks and Uncertainties

The volatility around British Pound and Euro and post Brexit macro uncertainties in the UK is a risk for the Company. However, the Company will continue to focus on the stated strategy to grow the business in the European markets, which present a significant growth opportunity. In addition, the transformative changes in the IT services industry, driven by the rapid adoption of new technologies by clients in the target verticals of the Company presents a challenge and also an opportunity. The Company's focus on specialized digital solutions and services will ensure it continues to grow as a strategic partner to its clients in their digital transformation journey.

Approved by the Board on 29th April, 2019 and signed on behalf of the Board by

S. Sivakumar
Vice Chairman

Sudip Singh
Director

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

Directors' Report

Your Directors present their Report together with the Audited Financial Statements for the year ended 31st March, 2019.

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), 14% (2018: 5%) of its sales in the year under review were in US dollars and 8% (2018: 8%) in Euro. The Company has bank accounts in multiple currencies and during the year under review it did not hold any hedging instruments. The Company reviews its foreign exchange management processes on a regular basis and ensures that fund flow position is maintained in a manner to minimize foreign exchange fluctuations.

b) **Credit risk**

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

c) **Liquidity risk**

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

Directors

In terms of Article 17 of the Articles of Association of the Company and as nominated by ITC Infotech India Limited, the Board of Directors of the Company appointed Mr. S. Singh as a Director of the Company with effect from 1st February, 2019.

Ms. S. Rajagopalan resigned as a Director of the Company with effect from 1st February, 2019.

The Directors in office at the end of the year are listed below. All the Directors, except Ms. Rajagopalan and Mr. Singh, served on the Board throughout the year. The Directors did not have any interest in the shares of the Company as at 31st March, 2019 and 1st April, 2018 as indicated below:

	2019 and 2018 Ordinary Shares
Y. C. Deveshwar	-
S. Puri	-
S. Sivakumar	-
B. B. Chatterjee	-
S. Rajagopalan (upto 31st January, 2019)	-
S. Singh (from 1st February, 2019)	-
R. Tandon	-

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

Statement of directors' responsibilities in respect of the financial statements

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

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

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

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act, 2006.

The directors are also responsible for safeguarding the assets of the company and hence, for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Directors' Confirmation

Each of the directors, whose names and functions are listed in Directors' Report confirm that, to the best of their knowledge:

- the company financial statements, which have been prepared in accordance with IFRSs as adopted by the European Union, give a true and fair view of the assets, liabilities, financial position and profit of the company; and
- the Directors' Report includes a fair review of the development and performance of the business and the position of the company, together with a description of the principal risks and uncertainties that it faces.

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 29th April, 2019 and signed on behalf of the Board by

S. Sivakumar
Vice Chairman

Sudip Singh
Director

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

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF ITC INFOTECH LIMITED

Report on the audit of the financial statements

Our opinion

- In our opinion, ITC Infotech Limited's financial statements:
- give a true and fair view of the state of the company's affairs as at 31 March 2019 and of its profit and cash flows for the year then ended;
- have been properly prepared in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Annual Report, which comprise: the statement of financial position as at 31 March 2019; the income statement, the statement of comprehensive income, the statement of cash flows, the statement of changes in equity for the year then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

Basis for opinion

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

Independence

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

Conclusions relating to going concern

ISAs (UK) require us to report to you when:

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

We have nothing to report in respect of the above matters.

However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the company's ability to continue as a going concern. For example, the terms on which the United Kingdom may withdraw from the European Union are not clear, and it is difficult to evaluate all of the potential implications on the company's trade, customers, suppliers and the wider economy.

Reporting on other information

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance thereon.

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

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

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

Strategic Report and Directors' Report

In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic Report and Directors' Report for the year ended 31 March 2019 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

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

Responsibilities for the financial statements and the audit

Responsibilities of the directors for the financial statements

As explained more fully in the Statement of directors' responsibilities in respect of the financial statements set out on page 6, the directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The directors are also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditors' responsibilities for the audit of the financial statements

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

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditors' report.

Use of this report

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

Other required reporting

Companies Act 2006 exception reporting

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

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

We have no exceptions to report arising from this responsibility.

Jas Khela (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Milton Keynes
21st May 2019

Income Statement

		Year ended March 31,			
		2019	**2019**	**2018**	**2018**
		£	**₹**	**£**	**₹**
			Unaudited		**Unaudited**
Revenue	13				
-Sale of Services		**48,948,243**	**4,431,284,414**	42,440,931	3,916,449,112
-Resale of Software/Hardware		**158,720**	**14,368,922**	–	–
Cost of sales	14	**41,533,169**	**3,759,997,770**	36,006,084	3,322,641,431
Gross profit		**7,573,794**	**685,655,566**	6,434,847	593,807,681
Selling, general and administrative expenses	14	**(5,844,094)**	**(529,065,823)**	(5,204,896)	(480,307,804)
Operating Profit		**1,729,700**	**156,589,743**	1,229,951	113,499,877
Foreign exchange (loss)/gain		**(95,232)**	**(8,621,351)**	114,897	10,602,695
Finance and other income	16	**10,149**	**918,790**	967	89,235
Profit before income tax		**1,644,617**	**148,887,182**	1,345,815	124,191,807
Income tax expense	11	**(75,527)**	**(6,837,459)**	(73,717)	(6,802,605)
Profit for the year		**1,569,090**	**142,049,723**	1,272,098	117,389,202

All the above results relate to continuing activities

The accompanying notes on pages108 to 116 form an integral part of these financial statements.

Statement of Comprehensive Income

	Year ended March 31,			
	2019 £	2019 ₹ Unaudited	2018 £	2018 ₹ Unaudited
Profit for the year	1,569,090	142,049,723	1,272,098	117,389,202
Translation reserve	67,336	6,095,928	(166,251)	(15,341,642)
Total other comprehensive income/(expense), net of tax	67,336	6,095,928	(166,251)	(15,341,642)
Total comprehensive income for the year	1,636,426	148,145,651	1,105,847	102,047,560
Attributable to:				
Owners of the Company	1,636,426	148,145,651	1,105,847	102,047,560
	1,636,426	148,145,651	1,105,847	102,047,560

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

Statement of Financial Position

Company Reg No. - 02777705

	Note	As at 31 March 2019 £	As at 31 March 2019 ₹ Unaudited	As at 31 March 2018 £	As at 31 March 2018 ₹ Unaudited
Assets					
Property, plant and equipment	4	217,905	19,726,898	8,324	768,131
Deferred income tax asset/(liability)	11	(30,393)	(2,751,478)	102,032	9,415,513
Other non-current assets	7	16,759	1,517,192	9,898	913,387
Total non-current assets		204,271	18,492,612	120,254	11,097,031
Trade receivables	5	8,496,902	769,224,538	5,919,352	546,237,803
Unbilled revenue	5	3,994,925	361,660,560	5,293,349	488,470,246
Other current assets	7	130,684	11,830,823	79,540	7,339,951
Cash and cash equivalents	6	1,870,936	169,375,836	359,446	33,169,677
Total current assets		14,493,447	1,312,091,757	11,651,687	1,075,217,677
Total assets		14,697,718	1,330,584,369	11,771,941	1,086,314,708
Equity					
Share Capital	12	685,815	62,086,832	685,815	63,287,008
Retained earnings		4,614,923	417,817,636	2,978,497	274,855,701
Equity attributable to owners of the company		5,300,738	479,904,468	3,664,312	338,142,709
Non-controlling interests		–	–	–	–
Total equity		5,300,738	479,904,468	3,664,312	338,142,709
Loans and borrowings and bank overdraft		–	–	482,917	44,563,581
Trade payables and accrued expenses	8	6,287,462	569,175,145	5,157,537	475,937,514
Unearned revenue		107,798	9,758,953	154,789	14,283,924
Current tax Liabilities		(44,405)	(4,019,985)	76,240	7,035,427
Other current liabilities	9	3,046,126	275,765,787	2,236,146	206,351,553
Total current liabilities		9,396,981	850,679,900	8,107,629	748,171,999
Total liabilities		9,396,981	850,679,900	8,107,629	748,171,999
Total equity and liabilities		14,697,718	1,330,584,369	11,771,941	1,086,314,708

These financial statements on pages 105 to 116 were approved by the directors on 29th April, 2019 and are signed on their behalf by:

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

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

Statement of changes in equity for the year ended 31st March 2019

	No. of Shares		Share Capital		Retained Earnings		Total equity		Total equity
		£	₹	£	₹	£	₹	£	₹
			Unaudited		Unaudited		Unaudited		Unaudited
Balance as at April 1, 2017	**685,815**	**685,815**	**63,287,008**	**1,872,650**	**172,808,141**	**2,558,465**	**236,095,149**	**2,558,465**	**236,095,149**
Profit for the year	–	–	–	1,272,098	117,389,202	1,272,098	117,389,202	1,272,098	117,389,202
Other comprehensive income	–	–	–	(166,251)	(15,341,642)	(166,251)	(15,341,642)	(166,251)	(15,341,642)
Total comprehensive income for the year	–	–	–	**1,105,847**	**102,047,560**	**1,105,847**	**102,047,560**	**1,105,847**	**102,047,560**
Transactions with owners in their capacity as owners:									
Cash dividend paid	–	–	–	–	–	–	–	–	–
	–	–	–	–	–	–	–	–	–
Balance as at March 31, 2018	**685,815**	**685,815**	**63,287,008**	**2,978,497**	**274,855,701**	**3,664,312**	**338,142,709**	**3,664,312**	**338,142,709**
Balance as at April 1, 2018	**685,815**	**685,815**	**62,086,832**	**2,978,497**	**269,671,985**	**3,664,312**	**331,758,817**	**3,664,312**	**331,758,817**
Profit for the year	–	–	–	1,569,090	142,049,723	1,569,090	142,049,723	1,569,090	142,049,723
Other comprehensive income	–	–	–	67,336	6,095,928	67,336	6,095,928	67,336	6,095,928
Total comprehensive income for the year	–	–	–	**1,636,426**	**148,145,651**	**1,636,426**	**148,145,651**	**1,636,426**	**148,145,651**
Transactions with owners in their capacity as owners:									
Cash dividend paid	–	–	–	–	–	–	–	–	–
	–	–	–	–	–	–	–	–	–
Balance as at March 31, 2019	**685,815**	**685,815**	**62,086,832**	**4,614,923**	**417,817,636**	**5,300,738**	**479,904,468**	**5,300,738**	**479,904,468**

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

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

Statement of cash flows

	Year ended March 31,			
	2019	**2019**	**2018**	**2018**
	£	**₹**	**£**	**₹**
		Unaudited		**Unaudited**
Cash flows from operating activities				
Profit for the year	**1,569,090**	**142,049,723**	**1,272,098**	**117,389,202**
Adjustment for:				
Depreciation	10,553	955,319	8,570	790,844
Loss on disposal of asset	25	2,263	327	30,180
Interest income	(8,359)	(756,741)	(884)	(81,576)
Income tax expense	75,527	6,837,459	73,717	6,802,605
Effect of exchange differences on translation	67,336	6,095,928	(166,251)	(15,341,642)
Effect of exchange differences on translation of foreign currency cash and cash equivalents	18,685	1,691,553	18,266	1,685,586
Changes in operating assets and liabilities				
Trade receivables	(2,577,550)	(233,345,578)	(2,396,304)	(221,130,933)
Unbilled revenues	1,298,424	117,546,297	(2,316,177)	(213,736,814)
Other assets	(58,005)	(5,251,158)	(75,914)	(7,005,344)
Trade payables and accrued expenses	1,129,925	102,292,135	1,303,394	120,277,198
Unearned revenues	(46,991)	(4,254,053)	(258,039)	(23,811,839)
Other liabilities	809,976	73,327,212	402,371	37,130,796
Net cash provided by operating activities before taxes	**2,288,636**	**207,190,359**	**(2,134,826)**	**(197,001,737)**
Income tax (paid)/received	(63,746)	(5,770,964)	153,037	14,122,252
Net cash (utilised by)/generated from used in operating activities	**2,224,890**	**201,419,305**	**(1,981,789)**	**(182,879,485)**
Cash flows from investing activities				
Purchases of property, plant and equipment	(220,157)	(19,930,827)	(3,688)	(340,329)
Interest received	8,359	756,741	884	81,576
Net cash used in investing activities	**(211,798)**	**(19,174,086)**	**(2,804)**	**(258,753)**
Cash flows from financing activities				
Dividends paid to owners of the parent	–	–	–	–
Net cash used in financing activities	–	–	–	–
Effect of exchange differences on translation of foreign currency cash and cash equivalents	(18,685)	(1,691,553)	(18,266)	(1,685,586)
Net increase/decrease in cash and cash equivalents	**2,013,092**	**182,245,219**	**(1,984,593)**	**(183,138,238)**
Cash and cash equivalents at beginning of the year	(123,471)	(11,177,830)	1,879,388	173,429,920
Cash and cash equivalents at end of the year (Note 6)	**1,870,936**	**169,375,836**	**(123,471)**	**(11,393,904)**

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

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

Notes to the financial statements

Supplementary information - Indian Rupee amounts

The financial statements of ITC Infotech Limited are prepared in accordance with International Financial Reporting Standards and are presented in GBP. The supplementary information (comprising the pro-forma financial information disclosed in Indian Rupees) requested by the parent company has been arrived at by applying the year end interbank exchange rate of GBP 1 = ₹ 90.53 (2018: GBP 1 = ₹ 92.28) as provided by the parent company. The supplementary information has not been audited.

1. Company overview

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

The Company is a private limited company incorporated and registered in United Kingdom and has its registered office at Building 5, Caldecotte Lake Drive, Caldecotte, Milton Keynes, Buckinghamshire, United Kingdom, MK7 8LF.

2. Basis of preparation of financial statements

(a) **Statement of compliance**

These financial statements as at and for the year ended March 31, 2019 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).

(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 judgment**

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

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

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

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.

Credit is extended to customers after evaluating them against key parameters such as financial position, credit ratings, market intelligence, past experience etc., as may be appropriate. Trade receivables are monitored regularly. Concentration of credit risk, with respect to trade receivables, is limited, due to the Company's customer base being large and internationally dispersed. Some of the Company's key Customers have been transacting for many years and the incidence of bad debts is negligible. With effect from 1st January 2018, IFRS 9 replaced the multiple classification and measurement models in IAS 39 Financial instruments: Recognition and measurement with a single model that has initially only two classification categories: amortized cost and fair value. The Company recognises provision for expected credit loss on an individual customer basis, based on internal reviews, which are conducted regularly and considers all aspects with respect to debts.

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 recognised at fair value, and subsequently carried at amortized cost using the effective interest method.

Revenue

Effective April 1, 2018, the Company adopted IFRS 15 "Revenue from Contracts with Customers" using the cumulative catch-up transition method, as prescribed in the Standard. The effect on adoption of IFRS 15 was not material. Revenue is recognised at fair value of amounts received or receivable

Notes to the financial statements (Contd.)

for products delivered and services rendered and is net of discounts, and excludes amounts collected on behalf of third parties, such as value added tax. Revenue is recognised upon transfer of control of promised products or services to customers in an amount that reflects the consideration which the Company expects to receive in exchange for those products or services.

a) Time and materials contracts

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

b) Fixed-price contracts

Revenue is recognised from services performed on "time bound fixed-price engagements" based on efforts expended using the percentage of completion method of accounting, if work completed can be reasonably estimated. The cumulative impact of any revision in estimates of the percentage of work completed is reflected in the period in which the change becomes known. Provisions for estimated losses on such engagements are made during the period in which a loss becomes probable and can be reasonably estimated.

Amounts received or billed in advance of services performed are treated as 'unearned revenue' (contract liability).

'Unbilled revenue' (contract asset) represents amounts recognised based on services performed in advance of billing in accordance with contract terms.

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

Property, plant and equipment

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

Depreciation

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

Category	Useful life
Leasehold improvements	10 years
Fixtures & fittings	4 years
Computer equipment	4 years

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

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. Lease incentives such as rent-free period are spread over the term of the lease contract to recognise rental expense on straight line basis.

Income tax

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

a) Current income tax

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

b) Deferred income tax

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

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

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

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

Foreign currencies

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

Employee Benefits

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

New standards and interpretations not yet adopted

IFRS 16 Leases: On 1st April 2019, the company will adopt IFRS 16 Leases. The Standard sets out the principles for the recognition, measurement, presentation and disclosure of leases for both parties to a contract i.e. the lessee and the lessor. IFRS 16 introduces a single lessee accounting model and requires a lessee to recognise assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value. Currently, operating lease expenses are charged to the statement of profit & loss. The Standard also contains enhanced disclosure requirements for lessees. The effective date for adoption of IFRS 16 is annual periods beginning on or after April 1, 2019. The Standard permits two possible methods of transition:

• Full retrospective – Retrospectively to each prior period presented applying IAS 17 Accounting Policies, Changes in Accounting Estimates and Errors

• Modified retrospective – Retrospectively, with the cumulative effect of initially applying the Standard recognised at the date of initial application

Certain practical expedients are available under both the methods.

The Company is evaluating the requirements of the standard and the impact on the financial statements.

The Company does not foresee material impact on adoption of IFRS 16.

Notes to the financial statements (Contd.)

4. Property, plant and equipment

	Leasehold improvements		Computer equipment		Fixtures & fittings		Total	
	£	₹ Unaudited	£	₹ Unaudited	£	₹ Unaudited	£	₹ Unaudited
Gross carrying value:								
As at 1 April 2017	52,300	4,826,244	103,502	9,551,166	39,948	3,686,401	195,750	18,063,811
Additions	–	–	3,688	340,334	–	–	3,688	340,334
Disposal / adjustments	–	–	(21,214)	(1,957,632)	(2,795)	(257,923)	(24,009)	(2,215,555)
As at March 31, 2018	**52,300**	**4,826,244**	**85,976**	**7,933,868**	**37,153**	**3,428,478**	**175,429**	**16,188,590**
Accumulated depreciation:								
As at 1 April 2017	52,300	4,826,244	91,098	8,406,523	38,819	3,582,217	182,217	16,814,984
Depreciation	–	–	8,476	782,165	94	8,679	8,570	790,844
Disposal / adjustments	–	–	(20,887)	(1,927,452)	(2,795)	(257,923)	(23,682)	(2,185,375)
As at March 31, 2018	**52,300**	**4,826,244**	**78,687**	**7,261,236**	**36,118**	**3,332,973**	**167,105**	**15,420,453**
Net carrying value as at March 31, 2018	**—**	**—**	**7,289**	**672,632**	**1,035**	**95,505**	**8,324**	**768,131**
Gross carrying value:								
As at 1 April 2018	52,300	4,734,719	85,976	7,783,407	37,153	3,363,461	175,429	15,881,587
Additions	144,192	13,053,722	26,118	2,364,463	49,847	4,512,642	220,157	19,930,827
Disposal / adjustments	(55,727)	(5,044,996)	(13,319)	(1,205,769)	(18,045)	(1,633,614)	(87,091)	(7,884,379)
As at March 31, 2019	**140,765**	**12,743,445**	**98,775**	**8,942,101**	**68,955**	**6,242,489**	**308,495**	**27,928,035**
Accumulated depreciation:								
As at 1 April 2018	52,300	4,734,719	78,687	7,123,534	36,118	3,269,763	167,105	15,128,016
Depreciation	1,202	108,773	8,226	744,700	1,125	101,846	10,553	955,319
Disposal / adjustments	(55,727)	(5,044,960)	(13,294)	(1,203,506)	(18,045)	(1,633,614)	(87,066)	(7,882,080)
As at March 31, 2019	**(2,225)**	**(201,468)**	**73,619**	**6,664,728**	**19,198**	**1,737,995**	**90,592**	**8,201,255**
Net carrying value as at March 31, 2019	**142,990**	**12,944,913**	**25,156**	**2,277,373**	**49,757**	**4,504,494**	**217,905**	**19,726,898**

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

5. Trade receivables

	As at 31 March 2019 £	As at 31 March 2019 ₹ Unaudited	As at 31 March 2018 £	As at 31 March 2018 ₹ Unaudited
Trade Receivables	8,496,902	769,224,538	5,919,352	546,237,803
Unbilled Revenue				
- Time & Material	3,356,606	303,873,541	4,777,731	440,889,017
-Fixed Price contracts based on % Completion	638,319	57,787,019	515,618	47,581,228
Total	**12,491,827**	**1,130,885,098**	**11,212,701**	**1,034,708,048**

Unbilled Revenue receivables represent amounts recognised based on services performed in advance of billing in accordance with contract terms:

a) in a Time & Material Contract – Right to consideration from customer that is unconditional upon passage of time

b) in a Milestone Contract - Contractual right to consideration is dependent on completion of contractual milestones.

For receivables from group companies, please refer to Note 18

6. Cash and cash equivalents

Cash and Cash equivalents consist of the following:

	As at 31 March 2019 £	As at 31 March 2019 ₹ Unaudited	As at 31 March 2018 £	As at 31 March 2018 ₹ Unaudited
Cash balances	89	8,057	41	3,783
Cash at bank	1,870,847	169,367,779	359,405	33,165,893
Cash and cash equivalents on statement of financial position	**1,870,936**	**169,375,836**	**359,446**	**33,169,677**
Bank overdrafts used for cash management purposes	–	–	(482,917)	(44,563,581)
Cash and cash equivalents in the cash flow statement	**1,870,936**	**169,375,836**	**(123,471)**	**(11,393,904)**

7. Other Assets

	As at 31 March 2019 £	As at 31 March 2019 ₹ Unaudited	As at 31 March 2018 £	As at 31 March 2018 ₹ Unaudited
Non-current				
Security deposits	198	17,925	198	18,271
Loans and Advances to employees	16,561	1,499,267	9,700	895,116
	16,759	1,517,192	9,898	913,387
Current				
Security deposits	–	–	1,362	125,685
Prepaid Expenses	79,792	7,223,570	29,564	2,728,166
Loans and Advances to Employees	49,416	4,473,631	47,138	4,349,895
Others	1,476	133,622	1,476	136,205
	130,684	**11,830,823**	**79,540**	**7,339,951**
Total	**147,443**	**13,348,015**	**89,438**	**8,253,338**

Notes to the financial statements (Contd.)

8. Trade payables and accrued expenses

Trade payables and accrued expenses consist of the following:

	As at 31 March 2019 £	As at 31 March 2019 ₹ Unaudited	As at 31 March 2018 £	As at 31 March 2018 ₹ Unaudited
Trade payables	5,134,098	464,789,891	4,062,798	374,914,999
Accrued expenses	1,153,364	104,385,254	1,094,739	101,022,515
Total	**6,287,462**	**569,175,145**	**5,157,537**	**475,937,514**

9. Other Current liabilities

	As at 31 March 2019 £	As at 31 March 2019 ₹ Unaudited	As at 31 March 2018 £	As at 31 March 2018 ₹ Unaudited
Current				
Employee and other liabilities	2,214,485	200,477,327	1,418,960	130,941,629
Statutory dues payable	831,641	75,288,460	817,186	75,409,924
Total	**3,046,126**	**275,765,787**	**2,236,146**	**206,351,553**

10. Financial instruments

Financial instruments by category

The carrying value and fair value of financial instruments by categories as at March 31, 2019 are as follows:

	Loans and receivables		Financial liabilities measured at amortized cost		Total carrying amount		Fair value	
	£	₹ Unaudited	£	₹ Unaudited	£	₹ Unaudited	£	₹ Unaudited
Assets:								
Trade receivables	8,496,902	769,224,538	–	–	8,496,902	769,224,538	8,496,902	769,224,538
Unbilled revenue	3,994,925	361,660,560	–	–	3,994,925	361,660,560	3,994,925	361,660,560
Cash and cash equivalents	1,870,936	169,375,836	–	–	1,870,936	169,375,836	1,870,936	169,375,836
Other Assets	147,443	13,348,015	–	–	147,443	13,348,015	147,443	13,348,015
Total assets	**14,510,206**	**1,313,608,949**	–	–	**14,510,206**	**1,313,608,949**	**14,510,206**	**1,313,608,949**
Liabilities:								
Trade payables and accrued expenses	–	–	6,287,462	569,175,145	6,287,462	569,175,145	6,287,462	569,203,935
Unearned revenue	–	–	107,798	9,758,953	107,798	9,758,953	107,798	9,758,953
Total liabilities	–	–	**6,395,260**	**578,934,098**	**6,395,260**	**578,934,098**	**6,395,260**	**578,962,888**

Revenue of 2018-19 includes an amount of £ 154,789 recognised as 'Unearned Revenue' in financial year 2017-18.

The carrying value and fair value of financial instruments by categories as at March 31, 2018 are as follows:

	Loans and receivables		Financial liabilities measured at amortized cost		Total carrying amount		Fair value	
	£	₹ Unaudited	£	₹ Unaudited	£	₹ Unaudited	£	₹ Unaudited
Assets:								
Trade receivables	5,919,352	546,237,803	–	–	5,919,352	546,237,803	5,919,352	546,237,803
Unbilled revenue	5,293,349	488,470,246	–	–	5,293,349	488,470,246	5,293,349	488,470,246
Cash and cash equivalents	359,446	33,169,677	–	–	359,446	33,169,677	359,446	33,169,677
Other Assets	89,438	8,253,338			89,438	8,253,338	89,438	8,253,338
Total assets	**11,661,585**	**1,076,131,064**	–	–	**11,661,585**	**1,076,131,064**	**11,661,585**	**1,076,131,064**
Liabilities:								
Loans and borrowings and bank overdraft	–	–	482,917	44,563,581	482,917	44,563,581	482,917	44,563,581
Trade payables and accrued expenses	–	–	5,157,537	475,937,514	5,157,537	475,937,514	5,157,537	475,937,514
Unearned revenue	–	–	154,789	14,283,924	154,789	14,283,924	154,789	14,283,924
Total liabilities	–	–	**5,795,243**	**534,785,019**	**5,795,243**	**534,785,019**	**5,795,243**	**534,785,019**

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,			
	2019 £	2019 ₹ Unaudited	2018 £	2018 ₹ Unaudited
Revenue from top customer	**18,054,341**	**1,634,459,448**	12,353,583	1,139,988,639
Revenue from top 5 customer	**37,717,247**	**3,414,542,345**	**31,118,478**	**2,871,613,150**

Notes to the financial statements (Contd.)

There is no other class of financial assets that is past due but not impaired except for trade receivables. The company's credit period generally ranges from 30-150 days (2017-18: 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 2019 £	As at 31 March 2019 ₹ Unaudited	As at 31 March 2018 £	As at 31 March 2018 ₹ Unaudited
Past due 0-30 days	1,087,038	98,409,585	2,211,583	204,084,879
Past due 30-60 days	106,963	9,683,364	189,531	17,489,921
Past due 60-90 days	10,956	991,877	23,821	2,198,202
Past due over 90 days	101,813	9,217,106	104,531	9,646,121
Total past due and not impaired	**1,306,770**	**118,301,932**	**2,529,466**	**233,419,123**

The allowance for impairment in respect of trade receivables for the year ended March 31, 2019 and March 31, 2018 was GBP Nil and GBP Nil respectively. The movement in the allowance for impairment in respect of trade receivables is as follows:

	As at 31 March 2019 £	As at 31 March 2019 ₹ Unaudited	As at 31 March 2018 £	As at 31 March 2018 ₹ Unaudited
Balance at the beginning of the year	–	–	747,581	68,986,775
Less: Opening forex reinstatement	–	–	(145,657)	(13,441,228)
Additions during the year	–	–	–	–
Received during the year	–	–	(1,112)	(102,615)
Written off during the year	–	–	(600,812)	(55,442,932)
Add: Closing forex reinstatement	–	–	–	–
Balance at the end of the year	–	–	–	–

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

Liquidity risk

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

The working capital position of the company is given below:

	As at 31 March 2019 £	As at 31 March 2019 ₹ Unaudited	As at 31 March 2018 £	As at 31 March 2018 ₹ Unaudited
Cash and cash equivalents	1,870,936	169,375,836	(123,471)	(11,393,904)
Total	**1,870,936**	**169,375,836**	**(123,471)**	**(11,393,904)**

The table below provides details regarding the contractual maturities of significant financial liabilities as at March 31, 2019 and March 31, 2018:

	As At 31st March 2019					
	Less than 1 year		1–2 years		2 years and above	
	£	₹ Unaudited	£	₹ Unaudited	£	₹ Unaudited
Trade payables and accrued expenses	6,287,462	569,175,145	–	–	–	–
Other current liabilities	3,046,126	275,765,787	–	–	–	–

	As At 31st March 2018					
	Less than 1 year		1–2 years		2 years and above	
	£	₹ Unaudited	£	₹ Unaudited	£	₹ Unaudited
Loans and borrowings and bank overdraft	482,917	44,563,581	–	–	–	–
Trade payables and accrued expenses	5,157,537	475,937,514	–	–	–	–
Other liabilities	2,236,146	206,351,553	–	–	–	–

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, 14% (2018: 5%) of its sales in the year under review were in US dollars and 8% (2018: 8%) in Euro. The Company has bank accounts in multiple currencies and during the year under review it did not hold any hedging instruments. Foreign exchange management is, however, kept under regular review.

The following table presents foreign currency risk from non-derivative financial instruments as of March 31, 2019 and March 31, 2018.

As at 31st March 2019

	EUR		USD		Other Currencies*		Total	
	£	₹ Unaudited	£	₹ Unaudited	£	₹ Unaudited	£	₹ Unaudited
Asset								
Trade Receivables	594,598	53,828,915	2,351,789	212,907,493	(4,417)	(399,845)	2,941,970	266,336,563
Unbilled Revenue	(132,555)	(12,000,234)	334,124	30,248,265	64,376	5,827,928	265,945	24,075,959
Cash and cash equivalents	387,235	35,056,385	829,461	75,091,104	53,843	4,874,442	1,270,539	115,021,931
Other assets	–	–	–	–	(1,874)	(169,653)	(1,874)	(169,653)
Liabilities								
Trade payables and accrued expenses	370,452	33,537,020	1,399,231	126,672,345	(27,634)	(2,501,706)	1,742,049	157,707,659
Unearned Sales	4,506	407,962	81,671	7,393,670	–	–	86,177	7,801,632
Other liabilities	(5,463)	(494,538)	–	–	3,579	324,049	(1,883)	(170,489)
Net assets/liabilities	**479,782**	**43,434,622**	**2,034,473**	**184,180,847**	**135,983**	**12,310,529**	**2,650,237**	**239,925,998**

Notes to the financial statements (Contd.)

As at 31st March 2018

	EUR		USD		Other Currencies*		Total	
	£	₹	£	₹	£	₹	£	₹
		Unaudited		Unaudited		Unaudited		Unaudited
Asset								
Trade Receivables	271,748	25,076,905	250,883	23,151,483	65,836	6,075,346	588,467	54,303,734
Unbilled Revenue	471,859	43,543,149	691,469	63,808,759	30,753	2,837,887	1,194,081	110,189,795
Cash and cash equivalents	343,890	31,734,169	315,366	29,101,974	26,100	2,408,508	685,356	63,244,651
Other assets	–	–	–	–	(344)	(31,744)	(344)	(31,744)
Liabilities								
Trade payables and accrued expenses	106,530	9,830,588	(148,209)	(13,676,727)	38,382	3,541,891	(3,297)	(304,248)
Unearned Sales	83,766	7,729,926	71,023	6,554,002	–	–	154,789	14,283,928
Other liabilities	5,329	491,760	–	–	3,498	322,795	8,827	814,555
Net assets/liabilities	**891,872**	**82,301,949**	**1,334,904**	**123,184,941**	**80,465**	**7,425,311**	**2,307,241**	**212,912,201**

* Others include currencies such as Singapore- $ (SGD), Czeck Republic- Koruna (CZK), Switzerland- Franc (CHF), Turkey-Lira (TRY), Hungary- Forint (HUF)

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

For the year ended March 31, 2019 and 2018 respectively, every 1% appreciation/depreciation of the respective foreign currencies compared to functional currency of the Company would increase/ decrease operating margins by £26,502 and £23,072 respectively.

11. Income tax credit

Income tax credit in the statement of income consists of:

	Year ended March 31,			
	2019	2019	2018	2018
	£	₹	£	₹
		Unaudited		Unaudited
Current taxes				
UK Corporation tax on profits of the year	120,462	10,905,425	43,060	3,973,577
Adjustment in respect of previous years	(177,360)	(16,056,401)	132,117	12,191,757
With holding tax	–	–	–	–
Total	**(56,898)**	**(5,150,976)**	**175,177**	**16,165,334**
Deferred taxes				
Origination and reversal of timing differences	132,425	11,988,435	(101,460)	(9,362,729)
Total	**132,425**	**11,988,435**	**(101,460)**	**(9,362,729)**
Grand Total	**75,527**	**6,837,459**	**73,717**	**6,802,605**

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

	Year ended March 31,			
	2019	2019	2018	2018
	£	₹	£	₹
		Unaudited		Unaudited
Profit before income tax	**1,644,617**	**148,887,182**	**1,345,815**	**124,191,807**
Profit on ordinary activities multiplied by rate of tax	312,477	28,288,556	255,705	23,596,457
Expenses not deductible for tax purposes	77,412	7,008,108	(11,308)	(1,043,502)
Movement in capital allowances	(116,175)	(10,517,323)	113,396	10,464,183
Tax credit on employee share based payments	(153,252)	(13,873,904)	(314,733)	(29,043,561)
Adjustment in respect of previous years	(177,360)	(16,056,401)	132,117	12,191,757
Total current tax expense	**(56,898)**	**(5,150,964)**	**175,177**	**16,165,334**

The standard rates of UK corporation tax, for the year ended March 31, 2019 and March 31, 2018 are 19% and 19% respectively.

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

	As at 31 March 2019	As at 31 March 2019	As at 31 March 2018	As at 31 March 2018
	£	₹	£	₹
		Unaudited		Unaudited
Property, Plant and Equipment	(34,507)	(3,123,919)	816	75,300
Provision	4,114	372,440	101,216	9,340,213
Net deferred tax (liability)/asset	**(30,393)**	**(2,751,479)**	**102,032**	**9,415,513**

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

	As at 31 March 2019	As at 31 March 2019	As at 31 March 2018	As at 31 March 2018
	£	₹	£	₹
		Unaudited		Unaudited
Deferred tax (liability)/asset	(30,393)	(2,751,478)	102,032	9,415,513
Balance brought forward	102,032	9,236,957	572	52,784
Profit and loss account movement arising during the year	(132,425)	(11,988,435)	101,460	9,362,729
Total deferred tax (liability)/asset	**(30,393)**	**(2,751,478)**	**102,032**	**9,415,513**

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

Notes to the financial statements (Contd.)

12. Equity

a) Share capital

The company has only one class of equity shares. The authorized share capital of the Company is 1,629,700 (2018: 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 (2018: 685,815) equity shares of £1 each amounting to £685,815 (2018: 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.

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 2019 £	As at 31 March 2019 ₹ Unaudited	As at 31 March 2018 £	As at 31 March 2018 ₹ Unaudited
Total equity attributable to the equity share holders of the company	5,300,738	479,904,468	3,664,312	338,142,709
As percentage of total capital	100%	100%	100%	100%
Total capital	5,300,738	479,904,468	3,664,312	338,142,709

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

13. Revenue

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

	Year ended March 31, 2019 £	2019 ₹ Unaudited	2018 £	2018 ₹ Unaudited
Country				
United Kingdom	39,524,432	3,578,146,829	37,856,873	3,493,432,240
Europe	8,635,069	781,732,797	4,374,838	403,710,050
Singapore	261,328	23,657,999	89,511	8,260,075
Others	686,134	62,115,711	119,709	11,046,747
Total	49,106,963	4,445,653,336	42,440,931	3,916,449,112

14. Expenses by nature

	Year ended March 31, 2019 £	2019 ₹ Unaudited	2018 £	2018 ₹ Unaudited
Employee benefits	21,197,101	1,918,973,557	19,429,965	1,792,997,169
Sub-contractor charges/Outsourced charges	23,275,591	2,107,139,254	19,147,898	1,766,968,027
Travel and conveyance	1,442,373	130,578,011	1,318,974	121,714,921
Sales & Marketing expenses	354,181	32,064,005	386,058	35,625,432
Staff welfare	286,415	25,929,143	248,629	22,943,485
Legal, Professional and Consultancy Expenses	186,601	16,892,987	165,325	15,256,191
Communication expenses	214,478	19,416,691	159,883	14,754,004
Lease rentals/charges	113,658	10,105,049	81,713	7,540,476
Recruitment	61,418	5,560,172	62,442	5,762,148
Audit Fees	33,332	3,017,545	26,844	2,477,164
Depreciation charges	10,553	955,328	8,570	790,844
Provision for doubtful trade receivables	–	–	(1,112)	(102,615)
Others	201,561	18,431,726	175,791	16,221,993
Total cost of sales, selling, general and administrative expenses	47,377,262	4,289,063,468	41,210,980	3,802,949,239

Cost of Sales

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

Selling, general and administrative expenses

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

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

Notes to the financial statements (Contd.)

15. Employee benefits

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

	2019	2018
By Activity	**No**	No
Delivery	303	302
Marketing	19	22
Administration	10	10
	332	**334**

Employee benefits include:

	Year ended March 31,			
	2019	**2019**	**2018**	**2018**
	£	**₹**	**£**	**₹**
		Unaudited		**Unaudited**
Wages and salaries	18,841,787	1,705,746,975	16,964,519	1,565,485,813
Social security costs	2,114,058	191,385,676	2,043,738	188,596,142
ESOS Cost	241,256	21,840,906	421,708	38,915,214
Total	**21,197,101**	**1,918,973,557**	**19,429,965**	**1,792,997,169**

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

	Year ended March 31,			
	2019	**2019**	**2018**	**2018**
	£	**₹**	**£**	**₹**
		Unaudited		**Unaudited**
Cost of sales	16,814,515	1,522,218,051	15,787,729	1,456,891,633
Selling, general and administrative expenses	4,382,586	396,755,506	3,642,236	336,105,536
Total	**21,197,101**	**1,918,973,557**	**19,429,965**	**1,792,997,169**

16. Finance and other income

	Year ended March 31,			
	2019	**2019**	**2018**	**2018**
	£	**₹**	**£**	**₹**
		Unaudited		**Unaudited**
Interest Income	8,359	756,741	884	81,576
Others	1,790	162,049	83	7,659
Total	**10,149**	**918,790**	**967**	**89,235**

17. Operating leases

Lease rental expense under non-cancellable operating lease during year ended March 31, 2019 and March 31, 2018 amounted to GBP 21,669 and GBP 1,912 respectively. Future minimum lease payments under non-cancellable operating lease as at March 31, 2019 and March 31, 2018 is as below:

Minimum lease payments

	As at 31 March 2019	**As at 31 March 2019**	**As at 31 March 2018**	**As at 31 March 2018**
	£	**₹**	**£**	**₹**
		Unaudited		**Unaudited**
Payable – Not later than one year	108,151	9,790,920	1,912	176,439
Payable – Later than one year and not later than five years	514,679	46,593,888	4,349	401,326
Payable – Later than five years	–	–	–	–

The rental expense under cancellable operating lease during year ended March 31, 2019 and March 31, 2018 amounted to GBP 91,989 and GBP 79,784 respectively.

18. Related party relationships and transactions

Name of related party

i) **Ultimate Parent Company:**
ITC Limited

ii) **Immediate Parent Company:**
ITC Infotech India Limited

iii) **Subsidiaries of Immediate Parent Company:**
ITC Infotech (USA), Inc.
Indivate Inc.

Transactions with the above related parties during the year were:

	Holding Company				Fellow Subsidiaries			
	As at 31 March 2019	**As at 31 March 2019**	**As at 31 March 2018**	**As at 31 March 2018**	**As at 31 March 2019**	**As at 31 March 2019**	**As at 31 March 2018**	**As at 31 March 2018**
	£	**₹**	**£**	**₹**	**£**	**₹**	**£**	**₹**
		Unaudited		**Unaudited**		**Unaudited**		**Unaudited**
Sale of goods/Services	–	–	–	–	**52,311**	**4,735,753**	83,831	7,735,925
Expenses Recovered	**154,244**	**13,963,724**	74,268	6,853,451				
Purchase of goods/Services	**15,059,531**	**1,363,339,323**	14,959,722	1,380,483,146	–	–	–	–
Balance as on 31st March								
Trade receivables	**63,624**	**5,759,916**	121,861	11,245,333	**52,311**	**4,735,753**	72,770	6,715,216
Trade payables	**4,542,873**	**411,266,332**	2,942,664	271,549,034	–	–	–	–

Notes to the financial statements (Contd.)

Key Managerial Personnel:

Non-Executive Directors

Y. C. Deveshwar	Chairman
Sanjiv Puri	Sr. Vice Chairman
S. Sivakumar	Vice Chairman
R. Tandon	Director
B. B. Chatterjee	Director
S. Rajagopalan (upto 31st January, 2019)	Director
Sudip Singh (from 1st February, 2019)	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, 2019 and March 31, 2018 have been detailed below:

	Year ended March 31,			
	2019	2019	2018	2018
	£	₹	£	₹
		Unaudited		Unaudited
President:				
Salaries	163,212	14,775,582	155,588	14,357,661
Social security contribution	24,912	2,255,283	20,814	1,920,716
Incentives	25,739	2,330,152	–	–
Total	**213,863**	**19,361,017**	**176,402**	**16,278,377**

None of the directors received any emoluments for their services to the company, nor were any amounts recharged by or payable to any other organization or company for the directors' services to the company.

19. Ultimate parent company and immediate parent company

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

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

REPORT OF THE DIRECTORS

Your Directors present their Report together with the Audited Financial Statements for the year ended March 31, 2019.

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

Principal Activities

The Corporation is engaged in providing marketing, sales and delivery of IT services.

Financial Results (*)

($ million)

Year Ended March 31,	2019	2018
Total Revenue	96.98	88.11
Operating Income before Amortization	4.39	4.00
Profit/(Loss) After Tax	3.68	1.97

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

For the year under review, the Corporation declared and paid a dividend of $10 (2018: $8) per share on 182,000 Common Shares-without par value aggregating $ 1.82 million (2018: $1.46 million).

Business Review

Corporation

For the year ended March 31, 2019, the Corporation posted total revenues of $ 96.98 million while the net profit after tax was $ 3.68 million. The growth in revenues was driven by existing clients and through substantial new clients acquired. Deep capabilities in digital lines of businesses continued to fuel the Corporation's growth, complemented by the strengths in traditional lines of business.

In the coming year, the focus will be on accelerating the growth momentum by sharpening focus on select Industry clusters that can best leverage the Corporation's unique value proposition of business friendly solutions, i.e. at the intersection of domain and technology. The Corporation will continue to focus on strengthening its ecosystem of alliances with existing ISV partners as well as with select partners in emerging digital technologies.

Primary challenges seen by the Corporation are macro-economic headwinds and uncertainties relating to legal movement of human resources. The Corporation believes that its focus and investment led strategy will enable it to deliver strong results in the coming year.

Wholly owned subsidiary- Indivate Inc.

Indivate Inc. ("Indivate") provides market research, business development, consulting and other advisory services. During the year under review, Indivate recorded Revenue of $ 524,152 (2018: $ 475,267) and Net Profit of $ 29,669 (2018: $ 26,902).

Directors

In terms of Article III Clause 4(a) of the By Laws of the Corporation and as nominated by ITC Infotech India Limited, Mr. S .Singh was appointed as a Director of the Corporation with effect from February 1, 2019 to hold office until the next Annual Meeting of Shareholders of the Corporation. Your approval for appointment of Mr. Singh as Director of the Corporation will be sought at the Annual Meeting of the Corporation for the financial year ended March 31, 2019.

Consequent to her resignation, Ms. S. Rajagopalan ceased to be a Director of the Corporation with effect from February 1, 2019.

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

Auditors

M/s. Deloitte Haskins & Sells LLP, Chartered Accountants, India, Firm Registration Number 117366W/W-100018, 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 March 31, 2020.

On behalf of the Board

	S. Sivakumar	**S. Singh**
April 29, 2019	**Vice Chairman**	**Director**

INDEPENDENT AUDITOR'S REPORT

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

We have audited the accompanying special-purpose financial statements of ITC Infotech (USA), Inc. (the "Company"), which comprise the special-purpose balance sheet as of March 31, 2019 and 2018, and the related special-purpose statements of operations and retained earnings and cash flows for the year then ended, and the related notes to the special-purpose financial statements.

Management's Responsibility for the Special-Purpose Financial Statements

Management is responsible for the preparation and fair presentation of these special-purpose financial statements in accordance with the basis described in Note B [1] to the special-purpose financial statements; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion on Special-Purpose Financial Statements

In our opinion, the special-purpose financial statements referred to above present fairly, in all material respects, the financial position of ITC Infotech (USA), Inc. as of March 31, 2019 and 2018, and the results of its operations and its cash flows for the year then ended in accordance with the Basis of Presentation as described in Note B[1].

Basis of Accounting

We draw attention to Note B [1] of the special–purpose financial statements, which describes the basis of accounting. For the purpose of the special–purpose financial statements, the Company did not consolidate Indivate Inc., a wholly owned subsidiary. Accordingly, the accompanying special-purpose financial statements are not intended to be a presentation in conformity with accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

Emphasis of Matter

As discussed in Note B [1] to the special-purpose financial statements, the Indian Rupee equivalent figures have been included in the financial statements as required by the Parent company of ITC Infotech (USA), Inc. for informational purposes only, and is not a representation in conformity with principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

Restriction on Use

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

Deloitte Haskins & Sells LLP
Kolkata, India
April 29, 2019

SPECIAL PURPOSE BALANCE SHEET AS OF MARCH 31,

	2019 $	2019 ₹	2018 $	2018 ₹
Assets				
Current assets				
Cash and cash equivalents	2,339,685	161,812,615	1,400,138	91,260,996
Accounts receivable, net of allowance for doubtful accounts of $1,175,099 (₹ 81,269,832) and $1,292,377 (₹ 84,237,137) for 2019 and 2018, respectively	25,656,145	1,774,378,988	29,071,882	1,894,905,271
Receivable from Indivate	8,349	577,417	134,588	8,772,444
Advances to employees	69,087	4,778,056	85,517	5,573,998
Total current assets	28,073,266	1,941,547,076	30,692,125	2,000,512,709
Property and Equipment	818,082	56,578,551	1,113,041	72,548,012
Less: Accumulated depreciation and amortization	673,452	46,575,940	893,619	58,246,086
	144,630	10,002,611	219,422	14,301,926
Intangible assets and goodwill	12,574,566	869,656,985	12,574,566	819,610,212
Less: Accumulated amortization	12,574,566	869,656,985	12,574,566	819,610,212
	–	–	–	–
Investment in subsidiary (Indivate Inc.)	100,000	6,916,000	100,000	6,518,000
Receivable from ITC Infotech India Ltd.	680,457	47,060,406	–	–
Deferred income taxes	2,663,685	184,220,455	2,307,228	150,385,121
Other assets, principally unsecured advances	1,983,423	137,173,535	2,442,425	159,197,262
	33,645,461	2,326,920,083	35,761,200	2,330,915,018
Liabilities and Stockholder's Equity				
Current liabilities				
Accounts payable	689,995	47,720,054	335,528	21,869,715
Accrued expenses and other current liabilities	9,438,924	652,795,984	7,147,934	465,902,411
Accrued payroll and payroll taxes	1,310,493	90,633,696	1,149,482	74,923,237
Due to ITC Infotech Ltd.,UK	70,132	4,850,329	101,248	6,599,334
Due to ITC Infotech India Ltd.	–	–	6,721,553	438,110,765
Total current liabilities	11,509,544	796,000,063	15,455,745	1,007,405,462
Stockholder's equity				
Paid up Share Capital	200,000	13,832,000	200,000	13,036,000
Additional paid-in capital	18,000,000	1,244,880,000	18,000,000	1,173,240,000
Retained earnings	3,935,917	272,208,020	2,105,455	137,233,556
Total stockholder's equity	22,135,917	1,530,920,020	20,305,455	1,323,509,556
	33,645,461	2,326,920,083	35,761,200	2,330,915,018

On behalf of the Board

Date: April 29, 2019	Soumyarup Roy	L N Balaji	S Singh	S Sivakumar
	Financial Controller	President	Director	Vice Chairman

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

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

	2019 $	2019 ₹	2018 $	2018 ₹
Revenues				
Sale of Services	95,926,534	6,634,279,091	87,026,829	5,672,408,714
Resale of Software and Hardware	529,542	36,623,125	608,606	39,668,939
Total revenues	96,456,076	6,670,902,216	87,635,435	5,712,077,653
Cost of revenues, principally employment costs and fees charged by affiliates	76,465,702	5,288,367,950	70,340,373	4,584,785,512
Gross profit	19,990,374	1,382,534,266	17,295,062	1,127,292,141
General and administrative expenses	15,629,825	1,080,958,697	13,323,116	868,400,701
Operating income / (Loss)	4,360,549	301,575,569	3,971,946	258,891,440
Other income	137	9,475	12,287	800,867
Income before income tax expense	4,360,686	301,585,044	3,984,233	259,692,307
Income tax expense / (benefit)				
Current	1,066,681	73,771,658	1,099,144	71,642,206
Deferred	(356,457)	(24,652,566)	946,275	61,678,205
Total income tax expense	710,224	49,119,092	2,045,419	133,320,411
Net income / (Loss)	3,650,462	252,465,952	1,938,814	126,371,896
Retained earnings at beginning of year	2,105,455	145,613,268	1,622,641	105,763,740
Less : Dividend Paid	1,820,000	125,871,200	1,456,000	94,902,080
Retained earnings at end of year	3,935,917	272,208,020	2,105,455	137,233,556

On behalf of the Board

Date: April 29, 2019	Soumyarup Roy	L N Balaji	S Singh	S Sivakumar
	Financial Controller	President	Director	Vice Chairman

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

SPECIAL PURPOSE STATEMENTS OF CASH FLOWS YEARS ENDED MARCH 31,

	2019 $	2019 ₹	2018 $	2018 ₹
Cash flows from operating activities				
Net income	3,650,462	252,465,952	1,938,814	126,371,897
Adjustments to reconcile net income to net cash provided by operating activities				
Depreciation and amortization	102,743	7,105,706	118,682	7,735,693
Deferred income taxes	(356,457)	(24,652,566)	946,275	61,678,205
Write off of Fixed Assets	2,507	173,384	2,668	173,900
Bad debt expense	773,836	53,518,498	104,219	6,792,994
(Increase) decrease in assets				
Accounts receivable	2,641,901	182,713,873	(6,246,120)	(407,122,102)
Receivable from Indivate	126,239	8,730,689	(91,121)	(5,939,267)
Advances to employees	16,430	1,136,299	50,246	3,275,034
Trade advances				
Other assets, principally unsecured advances	459,002	31,744,578	(1,541,316)	(100,462,977)
Receivable from ITC Infotech India Ltd.	(680,457)	(47,060,406)	–	–
Increase (decrease) in liabilities				
Accounts payable	354,467	24,514,938	(791,293)	(51,576,478)
Accrued expenses and other liabilities	2,290,989	158,444,799	2,144,183	139,757,848
Accrued payroll and payroll taxes	161,011	11,135,521	(65,402)	(4,262,902)
Due to ITC Infotech Ltd. (UK), net	(31,116)	(2,151,983)	101,248	6,599,345
Due to ITC Infotech India Ltd., net	(6,721,553)	(464,862,605)	2,245,841	146,383,916
Net cash provided by / (used in) operating activities	2,790,004	192,956,677	(1,083,076)	(70,594,894)
Cash flows from investing activities				
Capital expenditures	(30,457)	(2,106,406)	(135,228)	(8,814,161)
Net cash used in investing activities	(30,457)	(2,106,406)	(135,228)	(8,814,161)
Payout of Dividend	(1,820,000)	(125,871,200)	(1,456,000)	(94,902,080)
Net cash used in financing activities	(1,820,000)	(125,871,200)	(1,456,000)	(94,902,080)
Net increase (decrease) in cash and cash equivalents	939,547	64,979,071	(2,674,304)	(174,311,135)
Cash and cash equivalents at beginning of year	1,400,138	96,833,544	4,074,442	265,572,130
Cash and cash equivalents at end of year	2,339,685	161,812,615	1,400,138	91,260,995

On behalf of the Board

Date: April 29, 2019	Soumyarup Roy	L N Balaji	S Singh	S Sivakumar
	Financial Controller	President	Director	Vice Chairman

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

NOTES TO THE FINANCIAL STATEMENTS MARCH 31, 2019 and 2018

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., an Indian company. There are 185,000 common shares authorized of which 182,000 have been issued, and are outstanding, to ITC Infotech India Ltd. ITC Infotech Ltd. is also a wholly-owned subsidiary of ITC Infotech India Ltd.

The Company has entered into an agreement with its parent company ITC Infotech India Ltd. on April 1, 2014 wherein the Company has agreed to sub-contract the execution and management of customer contracts to ITC Infotech India Ltd. Under the terms of this agreement, ITC Infotech India Ltd. shall assume the overall execution and management responsibilities for such customer contracts.

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

[1] Basis of presentation:

As required by its parent company ITC Infotech India Ltd., the financial statements of the Company are not prepared in accordance with accounting principles generally accepted in the United States of America as the results of operations of its wholly-owned subsidiary Indivate were not included since the date of acquisition. Accordingly, these financial statements do not purport to follow US GAAP.

These financial statements are presented in U.S. dollars. However, as required by the parent company ITC Infotech India Ltd., the Indian Rupee equivalent figures, arrived at by applying the average interbank exchange rate of $1 = ₹ 69.16 for fiscal year ended March 31, 2019 (2018 $1 = ₹ 65.18) as provided by ITC Infotech India Ltd., have been included solely for informational purposes and is not in conformity with the provisions of FASB ASC 830-30 – *Foreign Currency Matters – Translation of Financial Statements and U.S. GAAP.*

[2] Use of estimates:

In preparing financial statements in conformity with accounting principles generally accepted in the United States of America, management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, as well as the reported amounts of revenues and expenses during the reporting period. Although actual results could differ from those estimates, in the opinion of management such estimates would not materially affect the financial statements.

[3] Recognition of revenue:

Effective April 1, 2018, the Company adopted ASC 606 "Revenue from Contracts with Customers" using the cumulative catch-up transition method, as prescribed in the Standard. The effect on adoption of ASC 606 was not material.

Revenue is recognized at fair value of amounts received or receivable for products delivered and services rendered and is net of discounts, and excludes amounts collected on behalf of third parties, such as sales tax. Revenue is recognized upon transfer of control of promised products or services to customers in an amount that reflects the consideration which the Company expects to receive in exchange for those products or services.

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

Revenue is recognized from services performed on "time bound fixed-price engagements" based on efforts expended using the percentage of completion method of accounting, if work completed can be reasonably estimated. The cumulative impact of any revision in estimates of the percentage of work completed is reflected in the period in which the change becomes known. Provisions for estimated losses on such engagements are made during the period in which a loss becomes probable and can be reasonably estimated. Revenue is recognized from trading in software packages / licenses / hardware upon delivery to customer.

NOTES TO THE FINANCIAL STATEMENTS MARCH 31, 2019 and 2018 (Contd.)

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

[4] Cash and cash equivalents:

For purposes of reporting cash flows, the Company considers all deposits in cash accounts which are not subject to withdrawal restrictions or penalties, and certificates of deposit with original maturities of ninety days or less, when purchased, to be cash or cash equivalents.

[5] Accounts receivable:

Credit is extended based on evaluation of a customer's financial condition and, generally, collateral is not required. Accounts receivable are generally due within 30 to 60 days and are stated at amounts due from customers net of an allowance for doubtful accounts. Accounts outstanding longer than the contractual payment terms are considered past due. The Company creates an allowance for accounts receivable based on historical experience and management's evaluation of outstanding accounts receivable. Accounts are written off when they are deemed uncollectible.

[6] Property and Equipment:

Equipment, purchased or internally developed software, furniture and fixtures and leasehold improvements are stated at cost. Depreciation and amortization is provided under the straight line method based upon the estimated useful lives of the assets, with such lives ranging up to five years.

[7] Income taxes:

The Company accounts for income taxes pursuant to ASC 740, *Income Taxes* ("ASC 740"). ASC 740 requires recognition of deferred tax assets and liabilities for the expected future tax consequences of events that have been included in the financial statements or tax returns. Under this method, deferred tax assets and liabilities are determined based on the differences between the financial reporting and tax bases of assets and liabilities using enacted tax rates in effect for the year in which the differences are expected to reverse. Future tax benefits, such as net operating loss carry forwards, are recognized to the extent that realization of these benefits is considered to be more likely than not. If the future realization of such benefits is uncertain, then a valuation allowance is recorded.

The Company provides for income tax in accordance with the FASB issued ASC 740-10, Income Taxes ("ASC 740-10"). ASC 740-10 provides recognition criteria and a related measurement model for uncertain tax positions taken or expected to be taken in income tax returns. ASC 740-10 requires that a position taken or expected to be taken in a tax return be recognized in the financial statements when it is more likely than not that the position would be sustained upon examination by tax authorities. Tax positions that meet the more likely than not threshold are then measured using a probability-weighted approach recognizing the largest amount of tax benefit that is greater than 50% likely of being realized upon ultimate settlement.

There were no significant matters determined to be unrecognized tax benefits taken or expected to be taken in a tax return that have been recorded in the Company's consolidated financial statements for the year ended March 31, 2019. The Company's Federal and State tax returns are subject to examination by taxing authorities for the years ended March 31, 2016 and after.

The Federal Income Tax rate structure in the United States of America was revised w.e.f. 1st January, 2018. Consequently, the Federal income tax rate applicable to the Company has reduced from 34% to 21%. Accordingly, a weighted average Federal tax rate of 30.75% was applied in the previous Financial year. Further, due to the decrease in the Federal income tax rate, the Deferred Tax Assets of the Company had been suitably revalued in the previous Financial Year. For the current Financial year, the reduced Federal tax rate of 21% has been applied.

[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. Based on our evaluation, no impairment charge has been recorded in fiscal years ended March 31, 2019 or 2018.

[10] 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.

[11] Capitalized software costs:

Costs incurred for development of computer software for internal use of the Company are capitalized. Any costs incurred in the preliminary stages of development and in the operating stages of the software are expensed immediately. There were no such costs capitalized in fiscal years ended March 31, 2019 or 2018.

[12] Summary of recent accounting pronouncements:

In February 2016, the FASB issued ASU No. 2016-02, Leases (Topic 842). ASU No. 2016-02 requires the identification of arrangements that should be accounted for as leases by lessees. In general, for lease arrangements exceeding a twelve month term, these arrangements must now be recognized as assets and liabilities on the balance sheet of the lessee. Under ASU No. 2016-02, a right-of-use asset and lease obligation will be recorded for all leases, whether operating or financing, while the income statement will reflect lease expense for operating leases and amortization/interest expense for financing leases. The balance sheet amount recorded for existing leases at the date of adoption of ASU No. 2016-02 must be calculated using the applicable incremental borrowing rate at the date of adoption. In addition, ASU No. 2016-02 requires the use of the modified retrospective method, which will require adjustment to all comparative periods presented in the consolidated financial statements. The new guidance is effective for fiscal years beginning after December 15, 2019, including interim periods within those fiscal years. Early application of the amendments in this Update is permitted. The Company does not expect the adoption of this ASU to have a material effect on its financial position or results of operations.

In June 2016, FASB issued ASU No. 2016-13, Financial Instruments - Credit Losses, which require a financial asset (or a group of financial assets) measured at amortized cost basis to be presented at the net amount expected to be collected. The allowance for credit losses is a valuation account that is to be deducted from the amortized cost basis of the financial asset(s) to present the net carrying value at the amount expected to be collected on the financial asset. The new guidance is effective for fiscal years beginning after December 15, 2020, including interim periods within those fiscal years. The amendment should be applied through a modified retrospective approach. Early adoption as of the fiscal years beginning after December 15, 2018 is permitted. The Company does not expect the adoption of this ASU to have a material effect on its financial position or results of operations.

In August 2016, FASB issued ASU No. 2016-15, Classification of Certain Cash Receipts and Cash Payments. The amendments apply to all entities that are required to present a statement of cash flows under Topic 230. The amendments are an improvement to GAAP because they provide guidance for each of the eight issues, thereby reducing the current and potential future diversity in practice. The amendments are effective for fiscal years beginning after December 15, 2018 and interim periods within fiscal years beginning after December 15, 2019 and should be applied using a retrospective transition method to each period presented. Early adoption is permitted, including adoption in an interim period.The Company does not expect the adoption of this ASU to have a material effect on its financial position or results of operations.

In November 2016, FASB issued ASU No. 2016-18, Statement of cash flows - Restricted cash. The amendments apply to all entities that have restricted cash or restricted cash equivalents and are required to present a statement of cash flows under Topic 230. The amendments in this update require that a statement of cash flows should explain the change during the period in the total of cash, cash equivalents, and amounts generally described as restricted cash or restricted cash equivalents. The amendments are effective for fiscal years beginning after December 15, 2018 and interim periods within fiscal years beginning after December 15, 2019. Early adoption is permitted, including adoption in an interim period. The Company does not expect the adoption of this ASU to have a material effect on the presentation of its statement of cash flows.

[13] Reclassifications:

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

NOTES TO THE FINANCIAL STATEMENTS MARCH 31, 2019 and 2018 (Contd.)

NOTE C - RELATED PARTY TRANSACTIONS

The Company had transactions with the following parties :

	2019 $	2019 ₹	2018 $	2018 ₹
Transactions with ITC Infotech India Ltd.				
Costs for project consultations / other expenses, included in cost of revenues / general and administrative expenses	29,123,269	2,014,165,287	27,046,677	1,762,902,427
Dividend Paid	1,820,000	125,871,200	1,456,000	94,902,080
Transactions with ITC Infotech Ltd.				
Costs for project consultations / other expenses, included in cost of revenues / general and administrative expenses	70,132	4,850,344	113,963	7,428,084
Transactions with Technico Technologies				
Costs for project consultations / other expense reimbursements, included in cost of revenues / general and administrative expenses	71,086	4,916,310	141,557	9,226,684
Transactions with ITC Limited				
Reimbursement of advances paid	414,214	28,647,010	932,949	60,809,607
Transactions with Indivate				
Other expense reimbursements from Indivate included as a reduction in cost of revenues / general and administrative expenses	51,642	3,571,561	91,121	5,939,267
Audit fees paid on behalf which was reimbursed by Indivate	3,100	214,396		

Amount payable to Technico Technologies (fellow subsidiary of ultimate parent, ITC Limited) was $ 0 (₹ 0) and $ 32,722 (₹ 2,132,848) as on 31st March, 2019 and 31st March, 2018 respectively. The receivable/ payable amount as on 31st March, 2019 and 31st March, 2018 for the other related parties have been disclosed in the Balance Sheet.

NOTE D - ACCOUNTS RECEIVABLE

Accounts receivable as on March 31, 2019 of $ 25,664,494 (₹ 1,774,956,405) and March 31, 2018 of $ 29,206,470 (₹ 1,903,677,715) includes both billed and unbilled receivables. Unbilled receivables were approximately $ 6,495,574 (₹ 449,233,897) and $10,427,395 (₹ 679,657,631) as of March 31, 2019 and 2018, respectively.

Unbilled Revenue consist of the following:

Particulars	2019 ($)	2019 (₹)	2018 ($)	2018 (₹)
Time & Material and others	5,926,145	409,852,166		
Fixed Price contracts based on % Completion	569,429	39,381,731	10,427,395	679,657,631
Total	6,495,574	449,223,897	10,427,395	679,657,631

Changes in the allowance for doubtful accounts in 2019 and 2018 are as follows:

	2019 $	2019 ₹	2018 $	2018 ₹
Beginning balance	1,292,377	89,380,798	1,188,158	77,444,143
Increase to allowance	773,836	53,518,498	104,219	6,792,994
Accounts written off	891,114	61,629,464	–	–
Ending balance	1,175,099	81,269,832	1,292,377	84,237,137

NOTE E – PROPERTY AND EQUIPMENT

Property and equipment consist of the following:

	Estimated useful lives (Years)	As on 31-Mar-19 $	31-Mar-19 ₹	31-Mar-18 $	31-Mar-18 ₹
Leasehold Improvements	4	26,074	1,803,278	26,074	1,699,503
Office Equipments	4	77,730	5,375,807	81,958	5,342,022
Computers etc.	4	460,735	31,864,432	751,466	48,980,554
Furniture and Fixtures	4	251,900	17,421,404	251,900	16,418,842
Capitalised Software	5	1,643	113,630	1,643	107,091
		818,082	56,578,551	1,113,041	72,548,012
Less: Accumulated depreciation		(673,452)	(46,575,940)	(893,619)	(58,246,086)
Property and Equipment, net		144,630	10,002,611	219,422	14,301,926

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

	FY 2018-19 $	FY 2018-19 ₹	FY 2017-18 $	FY 2017-18 ₹
Depreciation expense	102,743	7,105,706	118,682	7,735,693

NOTE F - COMMITMENTS AND CONTINGENCIES

Leases

The Companies have leased offices and storage spaces under non-cancelable operating leases, some of these expiring through fiscal 2023. Total rent expense under all such leases was approximately $ 392,102 (₹ 27,411,884) and $ 410,791 (₹ 26,775,361) for the fiscal years ended March 31, 2019 and 2018, 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, 2019 are as follows:

FY	Office $	Office ₹	Equipment $	Equipment ₹	Total $	Total ₹
2019-20	349,495	24,171,063	810	56,025	350,304	24,227,088
2020-21	153,136	10,590,882	–	–	153,136	10,590,882
2021-22	154,669	10,696,885	–	–	154,669	10,696,885
2022-23	39,309	2,718,644	–	–	39,309	2,718,644

NOTE G - INCOME TAXES

The income taxes expenses consists of the following:

	Year ended March 31, 2019 $	2019 ₹	2018 $	2018 ₹
Federal Taxes				
Current	893,773	61,813,341	958,731	62,490,107
Deferred	(299,067)	(20,683,474)	960,817	62,626,052
State and local taxes				
Current	172,908	11,958,317	129,586	8,446,408
Deferred	(57,390)	(3,969,092)	(14,542)	(947,860)
Foreign Taxes	–	–	10,827	705,704
Total current expense	710,224	49,119,092	2,045,419	133,320,411

Deferred tax assets and liabilities consist of the following:

	2019 $	2019 ₹	2018 $	2018 ₹
Provision for Doubtful Debts	283,187	19,585,213	311,447	20,300,110
Depreciation under State Taxes	3,097	214,189	1,003	65,368
Depreciation under Federal States	(29,125)	(2,014,283)	(43,519)	(2,836,568)
Accrued vacation	477,623	33,032,407	421,552	27,476,772
Accrued bonus	810,644	56,064,139	318,065	20,731,453
Amortization of intangible assets and goodwill	645,116	44,616,223	878,643	57,269,972
ESOS Expense	272,969	18,878,533	177,370	11,560,996
Prepaid Expenses	(42,493)	(2,938,816)	–	–
Foreign tax credit carry-over	242,667	16,782,850	242,667	15,817,019
	2,663,685	184,220,455	2,307,228	150,385,121

NOTE H – UNEARNED SALES

Unearned Sales consist of amounts received or billed in advance of services performed. Unearned Sales have been reflected under in the Balance Sheet under Other current liabilities in the amount of $ 262,190 (₹ 18,133,060) and $ 85,800 (₹ 5,592,444) for the fiscal years ended March 31, 2019 and 2018, respectively.

Revenue recognized in FY 2018-19 that was included as Unearned Sales balance at the beginning of the FY 2018-19 was $ 33,750.

NOTE I - CONCENTRATION OF CREDIT RISK AND SIGNIFICANT CUSTOMERS

A significant portion of the Company's sales are to several key customers, some of which are also agencies providing software consulting services to commercial entities and software developers. Three such key customers accounted for approximately 19% (7%, 7% and 5%) and approximately

16% (6%, 5% and 5%)of the Company's revenues for the years ended March 31, 2019 and 2018, respectively. Accounts receivable from these customers approximated 9% (4%, 4%, 1%) and 9% (3%, 6%, 0%) of total accounts receivable as at March 31, 2019 and 2018, respectively. Additionally, two customers accounted for 12% (7% and 5%) of the accounts receivables as of March 31, 2019 that did not account under revenue concentration.

Financial instruments that potentially subject the Company to concentrations of credit risk consist principally of cash deposits. Accounts at each institution are insured by the Federal Deposit Insurance Corporation up to regulatory limits. The Company has not experienced any losses in such accounts.

NOTE J – EMPLOYEES STOCK BASED COMPENSATION

Certain employees of the Company are covered under the stock option plans of the Company's ultimate Parent, ITC Limited. These plans are assessed, managed and administered by the Holding Company of ITC Infotech India Ltd. Fair value of such stock options is calculated using the Black Scholes pricing model at the grant date. Expense related to these stock options have been reflected in the statement of operations in the amount of $ 345,095 (₹ 23,866,770) and $ 644,893 (₹ 42,034,126) for the Fiscal Year 2018-19 and 2017-18 respectively.

NOTE K - EMPLOYEE BENEFIT PLANS

The Company maintains a 401(k) Savings Plan for qualified employees. Employees who are eligible, as defined by the plan documents, may contribute an amount not to exceed 100% of participant's compensation, up to the maximum annual elective contribution established by the Internal Revenue Service. The Company makes a Safe Harbor Matching Contribution equal to 100% on the first 3% of eligible earnings that are deferred as Elective Deferral and an additional 50% on the next 2% of eligible earnings. The 401(k) expense for the years ended March 31, 2019 and 2018 was $ 580,904 (₹ 40,175,338) and $ 467,478 (₹ 30,468,253), respectively.

NOTE L - SUBSEQUENT EVENTS

The Company evaluated subsequent events through April 29, 2019 which is the date on which the Financial Statements are issued.

REPORT OF THE DIRECTORS

Your Directors present their Report together with the Audited Financial Statements for the year ended March 31, 2019.

The Corporation is a wholly owned subsidiary of ITC Infotech (USA) Inc., incorporated in the USA.

Principal Activities

The Corporation is engaged in providing market research, business development, consulting and other advisory services.

Financial Results

($)

Year Ended March 31,	2019	2018
Total Revenue	524,152	475,267
Operating Income/(loss)	29,669	26,902
Profit/(Loss) After Tax	29,669	26,902

Business Review

The Corporation continues to provide business consulting and other advisory services to ITC Limited (ITC) pursuant to the Business Services Agreement with ITC.

The services provided to ITC primarily include trendspotting, market evaluation and research, analysis of emerging regulatory frameworks and consumer preferences in identified business segments. The Corporation also undertakes business development activities towards enhancing the sales for the goods and services of ITC in the US market.

Directors

M/s. L. N. Balaji, S. Dutta and (Ms.) B. Parameswar, Directors of the Corporation, will retire at the next Annual Meeting, and, being eligible, offer themselves for reappointment.

Auditors

M/s. Deloitte Haskins & Sells LLP, Chartered Accountants, India, Firm Registration Number 117366W/W-100018, 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 March 31, 2020.

On behalf of the Board
Bhavani Parameswar
Director & President

April 29, 2019

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of
Indivate Inc.

We have audited the accompanying financial statements of Indivate Inc., (a wholly owned subsidiary of ITC Infotech (USA), Inc.) which comprise the balance sheet as of March 31, 2019 and 2018, and the related statement of operations and retained earnings and cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion on Financial Statements

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Indivate Inc. as of March 31, 2019 and 2018 and the results of its operations and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note B [1] to the financial statements, the Indian Rupee equivalent figures have been included in the financial statements as required by the Parent company of ITC Infotech (USA), Inc. for informational purposes only, and is not a representation in conformity with principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

Deloitte Haskins & Sells LLP
Kolkata, India
April 29, 2019

INDIVATE INC.
BALANCE SHEET AS OF MARCH 31,

	2019 ($)	2019 (₹)	2018 ($)	2018 (₹)
Assets				
Current assets				
Cash and cash equivalents	199,587	13,803,437	85,725	5,587,557
Due from ITC Limited	—	—	142,545	9,291,083
Total current assets	199,587	13,803,437	228,270	14,878,640
Equipment, software, furniture and fixtures and leasehold improvements	3,859	266,888	3,859	251,530
Less: Accumulated depreciation and amortization	2,156	149,109	1,191	77,629
	1,703	117,779	2,668	173,901
Other assets, principally unsecured advances	3,143	217,370	5,680	370,222
	204,433	14,138,586	236,618	15,422,763
Liabilities and Stockholder's Equity				
Current liabilities				
Accounts payable	1,721	119,024	5,705	371,852
Accrued expenses and other current liabilities	9,535	659,440	9,532	621,296
Accrued payroll and payroll taxes	120,948	8,364,764	52,582	3,427,293
Due to ITC Infotech (USA), Inc.	8,349	577,417	134,588	8,772,444
Total current liabilities	140,553	9,720,645	202,407	13,192,885
Stockholder's equity				
Paid up Capital	100,000	6,916,000	100,000	6,518,000
Additional paid-in capital	—	—	—	—
Retained earnings	(36,120)	(2,498,059)	(65,789)	(4,288,122)
Total Stockholder's equity	63,880	4,417,941	34,211	2,229,878
	204,433	14,138,586	236,618	15,422,763

On behalf of the Board

Date: April 29, 2019

Bhavani Parameswar
Director and President

LN Balaji
Director

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

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

	2019 ($)	2019 (₹)	2018 ($)	2018 (₹)
Revenue				
Service income- Related party	524,152	36,250,352	475,267	30,977,903
Total Service income	524,152	36,250,352	475,267	30,977,903
Cost of revenues, principally employment costs	494,483	34,198,444	448,365	29,224,431
Gross profit	29,669	2,051,908	26,902	1,753,472
General and administrative expenses	—	—	—	—
Operating Income/(loss)	29,669	2,051,908	26,902	1,753,472
Less: Income tax	—	—	—	—
Net Income/(loss)	29,669	2,051,908	26,902	1,753,472
Retained earnings at beginning of year	(65,789)	(4,549,967)	(92,691)	(6,041,594)
Retained earnings at end of year	(36,120)	(2,498,059)	(65,789)	(4,288,122)

On behalf of the Board

Date: April 29, 2019

Bhavani Parameswar
Director and President

LN Balaji
Director

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

STATEMENT OF CASH FLOWS YEARS ENDED MARCH 31,

	2019 ($)	2019 (₹)	2018 ($)	2018 (₹)
Cash flows from operating activities				
Net income	29,669	2,051,908	26,902	1,753,472
Adjustments to reconcile net income to net cash provided by operating activities				
Depreciation and amortization	965	66,739	965	62,899
(Increase) decrease in assets				
Due from ITC Limited	142,545	9,858,412	(89,197)	(5,813,860)
Other assets, principally unsecured advances	2,537	175,459	(5,680)	(370,222)
Increase (decrease) in liabilities				
Accounts payable	(3,984)	(275,533)	5,705	371,852
Accrued expenses and other liabilities	3	207	(3,580)	(233,344)
Accrued payroll and payroll taxes	68,366	4,728,193	42,078	2,742,644
Due to ITC Infotech (USA), Inc., net	(126,239)	(8,730,689)	91,121	5,939,267
Net cash provided by / (used in) operating activities	113,862	7,874,696	68,314	4,452,708
Cash flows from investing activities				
Capital expenditures	—	—	—	—
Net cash used in investing activities	—	—	—	—
Capital contribution from parent		—		—
Net cash used in financing activities	—	—	—	—
Net increase (decrease) in cash and cash equivalents	113,862	7,874,696	68,314	4,452,708
Cash and cash equivalents at beginning of year	85,725	5,928,741	17,411	1,134,849
Cash and cash equivalents at end of year	199,587	13,803,437	85,725	5,587,557

On behalf of the Board

Date: April 29, 2019

Bhavani Parameswar
Director and President

LN Balaji
Director

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

NOTES TO THE FINANCIAL STATEMENTS MARCH 31, 2019 AND 2018

NOTE A - BUSINESS BACKGROUND AND PRINCIPAL TRANSACTIONS WITH AFFILIATES

Indivate Inc. (the "Company") is principally engaged in providing business consulting services to its customers. Its customers are related party entities that operate in India. The Company was formed as a New Jersey State incorporated company in 2016.

The Company's inception as a wholly owned subsidiary of ITC Infotech (USA), Inc. (the "Parent Company") was on November 18, 2016 and 100% of the shareholder interest is owned 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 sole shareholder of the Parent Company, the Indian Rupee equivalent figures, arrived at by applying the year end interbank exchange rate of $1 = ₹ 69.16 for the fiscal year ended March 31, 2019 (2018: $1 = ₹ 65.18) as provided by the Sole shareholder of the Parent Company, have been included solely for informational purposes and is not in conformance with the provisions of FASB ASC 830-30 – *Foreign Currency Matters – Translation of Financial Statements* and U.S. GAAP.

[2] Use of estimates:

In preparing financial statements in conformity with accounting principles generally accepted in the United States of America, management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, as well as the reported amounts of revenues and expenses during the reporting period. Although actual results could differ from those estimates, in the opinion of the management such estimates would not materially affect the financial statements.

[3] Recognition of revenue:

Effective April 1, 2018, the Company adopted ASC 606 "Revenue from Contracts with Customers" using the cumulative catch-up transition method, as prescribed in the Standard. The effect on adoption of ASC 606 was not material.

Service revenue is based upon services provided by the Company on customer assignments and is recognized when the work is performed. Substantially, the customers are invoiced on a monthly basis.

NOTES TO THE FINANCIAL STATEMENTS (Contd.)

[4] Cash and cash equivalents:
For purposes of reporting cash flows, the Company considers all deposits in cash accounts which are not subject to withdrawal restrictions or penalties, and certificates of deposit with original maturities of ninety days or less, when purchased, to be cash or cash equivalents.

[5] Accounts receivable 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.

[6] Computer equipment and furniture and fixtures:
Computer equipment and furniture and fixtures purchased are stated at cost. Depreciation is provided under the straight-line method based upon the estimated useful lives of the assets, with such lives ranging up to four years.

[7] Summary of recent accounting pronouncements:
In February 2016, the FASB issued ASU No. 2016-02, Leases (Topic 842). ASU No. 2016-02 requires the identification of arrangements that should be accounted for as leases by lessees. In general, for lease arrangements exceeding a twelve month term, these arrangements must now be recognized as assets and liabilities on the balance sheet of the lessee. Under ASU No. 2016-02, a right-of-use asset and lease obligation will be recorded for all leases, whether operating or financing, while the income statement will reflect lease expense for operating leases and amortization/ interest expense for financing leases. The balance sheet amount recorded for existing leases at the date of adoption of ASU No. 2016-02 must be calculated using the applicable incremental borrowing rate at the date of adoption. In addition, ASU No. 2016-02 requires the use of the modified retrospective method, which will require adjustment to all comparative periods presented in the consolidated financial statements. The new guidance is effective for fiscal years beginning after December 15, 2019, including interim periods within those fiscal years. Early application of the amendments in this Update is permitted. The Company does not expect the adoption of this ASU to have a material effect on its financial position or results of operations.

In June 2016, FASB issued ASU No. 2016-13, Financial Instruments - Credit Losses, which require a financial asset (or a group of financial assets) measured at amortized cost basis to be presented at the net amount expected to be collected. The allowance for credit losses is a valuation account that is to be deducted from the amortized cost basis of the financial asset(s) to present the net carrying value at the amount expected to be collected on the financial asset. The new guidance is effective for fiscal years beginning after December 15, 2020, including interim periods within those fiscal years. The amendment should be applied through a modified retrospective approach. Early adoption as of the fiscal years beginning after December 15, 2018 is permitted. The Company does not expect the adoption of this ASU to have a material effect on its financial position or results of operations.

In August 2016, FASB issued ASU No. 2016-15, Classification of Certain Cash Receipts and Cash Payments. The amendments apply to all entities that are required to present a statement of cash flows under Topic 230. The amendments are an improvement to GAAP because they provide guidance for each of the eight issues, thereby reducing the current and potential future diversity in practice. The amendments are effective for fiscal years beginning after December 15, 2018 and interim periods within fiscal years beginning after December 15, 2019 and should be applied using a retrospective transition method to each period presented. Early adoption is permitted, including adoption in an interim period.The Company does not expect the adoption of this ASU to have a material effect on its financial position or results of operations.

In November 2016, FASB issued ASU No. 2016-18, Statement of cash flows - Restricted cash. The amendments apply to all entities that have restricted cash or restricted cash equivalents and are required to present a statement of cash flows under Topic 230. The amendments in this update require that a statement of cash flows should explain the change during the period in the total of cash, cash equivalents, and amounts generally described as restricted cash or restricted cash equivalents. The amendments are effective for fiscal years beginning after December 15, 2018 and interim periods within fiscal years beginning after December 15, 2019. Early adoption is permitted, including adoption in an interim period. The Company does not expect the adoption of this ASU to have a material effect on the presentation of its statement of cash flows.

[8] Employees stock based compensation:
Employee of the Company is covered under the stock option plans of the Company's ultimate Parent, ITC Limited. These plans are assessed, managed and administered by ITC Limited. Fair value of such stock options is calculated using the Black Scholes pricing model at the grant date. Expense related to these stock options have been reflected in the statement of operations aggregating $51,642 (₹ 3,571,561) and $91,121 (₹ 5,939,267) for the Financial Year 2018-19 and 2017-18 respectively.

[9] 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, 2019 and 2018 was $7,752 (₹ 536,155) and $ 0 (₹ 0), respectively.

NOTE C – RELATED PARTY TRANSACTIONS

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

	2019 ($)	2019 (₹)	2018 ($)	2018 (₹)
Transactions with ITC Limited				
Service / Account Management fees / others recognized as revenue by Indivate	**524,152**	**36,250,352**	475,267	30,977,903

Accounts receivable consist of trade accounts receivable and unbilled accounts receivable (representing services performed prior to the balance sheet date, but not invoiced to the customer until thereafter). Related parties receivable total $ 0 (₹ 0) and $ 142,545 (₹ 9,291,064) as of March 31, 2019 and 2018, respectively.

Transactions with Parent Company				
Payroll related expenditure	**51,642**	**3,571,561**	91,121	5,939,267
Reimbursement of audit fees paid on behalf	**3,100**	**214,396**	—	—

NOTE D – PROPERTY AND EQUIPMENT

Property and equipment consist of the following:

		As of			
	Estimated useful lives (Years)	31-Mar-19		31-Mar-18	
		($)	(₹)	($)	(₹)
Computers etc.	4	**1,138**	**78,704**	1,138	74,175
Furniture and Fixtures	4	**2,721**	**188,184**	2,721	177,355
		3,859	**266,888**	3,859	251,530
Less: Accumulated depreciation		**(2,156)**	**(149,109)**	(1,191)	(77,629)
Property and Equipment, net		**1,703**	**117,779**	2,668	173,901

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

	FY 2018-19		FY 2017-18	
	($)	(₹)	($)	(₹)
Depreciation expense	**965**	**66,739**	965	62,899

NOTE E – SUBSEQUENT EVENTS

The Company evaluated subsequent events through April 29, 2019 which is the date on which the Financial Statements are issued.

REPORT OF THE BOARD OF DIRECTORS FOR THE FINANCIAL YEAR ENDED 31ST MARCH, 2019

1. Your Directors submit their Report for the financial year ended 31st March, 2019.

2. **FINANCIAL PERFORMANCE**

During the year under review, your Company recorded an Operating Income of ₹ 5,902.42 lakhs (previous year: ₹ 5,700.59 lakhs) showing a growth of 3.54%. The Other Income of the Company was ₹ 146.60 lakhs (previous year: ₹ 136.73 lakhs). Loss for the year was ₹ 212.04 lakhs (previous year profit: ₹ 48.04 lakhs) primarily due to one off loss of ₹ 279.22 lakhs incurred on sale of Amritsar Hotel Project of the Company to ITC Limited, the Holding Company.

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

	For the year ended 31st March, 2019 (₹ in lakhs)	For the year ended 31st March, 2018 (₹ in lakhs)
Profits		
a. Profit / (Loss) Before Tax	**(230.30)**	(49.42)
b. Less : Tax Expense		
Current Tax	–	–
Deferred Tax	**(18.26)**	(97.46)
c. Profit / (Loss) for the year	**(212.04)**	48.04
d. Other Comprehensive Income / (Loss)	**(0.95)**	(8.10)
e. Total Comprehensive Income / (Loss)	**(212.99)**	39.94
Statement of Retained Earnings		
a. At the beginning of the year	**6,507.07**	6,467.13
b. Add : Profit / (Loss) for the year	**(212.04)**	48.04
c. Add : Other Comprehensive Income / (Loss)	**(0.95)**	(8.10)
d. At the end of the year	**6,294.08**	6,507.07

3. **OPERATIONAL PERFORMANCE**

Your Company's hotel 'ITC Kakatiya' in Hyderabad continued to face sluggish demand conditions during the year. While room occupancy rates and average room rates remained under pressure, Food and Beverages recorded robust growth.

'Dakshin', the South Indian fine dining restaurant at the hotel, was adjudged the Best South Indian Fine Dining Restaurant at the 'Times Food Guide Nightlife Award 2019' for the 9th consecutive year. 'Dakshin' was also among the Top 3 in the list of Top 10 Restaurants in India and amongst the Top 10 in the list of top 25 restaurants in Asia at TripAdvisor's Travellers' Choice Awards 2018.

During the year, the Company's 101-key full service hotel under development on leased land in Amritsar was sold to ITC Limited, the Holding Company along with assignment of the leased land on an arm's length basis.

During the year, the Ministry of Corporate Affairs vide its notification dated 10th September, 2018, made it mandatory that every Unlisted Public Company shall facilitate dematerialisation of all its existing securities and issue further securities only in dematerialised form. Accordingly, your Company obtained International Securities Identification Number (ISIN): INE04H001010 from National Securities Depository Limited and appointed M/s. Karvy Fintech Private Limited as the Registrar and Share Transfer Agents.

4. **DIRECTORS AND KEY MANAGERIAL PERSONNEL**

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

During the year under review, the Board of Directors of the Company ('the Board') appointed Mr. Ashwin Moodliar (DIN: 08205036) as an Additional Director of the Company with effect from 10th September, 2018. In accordance with Section 161 of the Companies Act, 2013 ('the Act') and Article 138 of the Articles of Association of the Company, Mr. Moodliar will vacate office at the ensuing Annual General Meeting ('AGM') and is eligible for appointment as a Director of the Company. The Board at the meeting held on 23rd April, 2019 recommended for the approval of the Members, the appointment of Mr. Moodliar as a Non-Executive Director of your Company, liable to retire by rotation.

During the year under review, Mr. V. Razdan, stepped down as Managing Director of your Company with effect from 21st December, 2018. Your Directors place on record their appreciation for the contribution made by Mr. Razdan during his tenure.

The Board, appointed Mr. Ashutosh Chhibba (DIN: 08355922) as an Additional Director, and subject to the approval of the members, also as the Managing Director of the Company with effect from 9th March, 2019, for a period of three years. In accordance with Section 161 of the Companies Act, 2013 ('the Act') and Article 138 of the Articles of Association of the Company, Mr. Chhibba will vacate office at the ensuing AGM and is eligible for appointment as a Director of the Company. The Board at the meeting held on 23rd April, 2019 recommended for the approval of the Members, the appointment of Mr. Chhibba as a Director not liable to retire by rotation.

Requisite Notices under Section 160 of the Act have been received by the Company for appointment of Mr. Moodliar and Mr. Chhibba, who have filed their consents to act as Directors of your Company, if appointed. Appropriate resolutions seeking approval of the Members to Mr. Moodliar's and Mr. Chhibba's appointment are appearing in the Notice convening the ensuing AGM of the Company.

Ms. Sonali Grover resigned as the Company Secretary of the Company with effect from close of work on 31st October, 2018. The Board, appointed Ms. Anupama Jha as the Company Secretary of the Company with effect from 29th November, 2018, in terms of the provisions of Section 203 of the Act.

b) Retirement by Rotation

In accordance with the provisions of Section 152 of the Act read with Articles 151 and 152 of the Articles of Association of the Company, Mr. B. N. Suresh Reddy (DIN: 00218223), Mr. Jagdish Singh (DIN: 00042258) and Mr. Nakul Anand (DIN: 00022279), Directors, will retire by rotation at the ensuing AGM of the Company, and being eligible, offers themselves for re-appointment. Your Board has recommended their re-appointment.

5. **BOARD AND BOARD COMMITTEES**

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

Audit Committee

Mr. J. Singh	-	Chairman
Mr. D. Haksar	-	Member
Mr. N. R. Pradeep Reddy	-	Member

Corporate Social Responsibility Committee

Mr. G. S. Reddy	-	Chairman
Mr. J. Singh	-	Member
Mr. D. Haksar	-	Member

Seven meetings of the Board were held during the year ended 31st March, 2019.

6. **DIRECTORS' RESPONSIBILITY STATEMENT**

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

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

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

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

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

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

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

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

8. **PARTICULARS OF EMPLOYEES**

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

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

9. RISK MANAGEMENT

The risk management framework of the Company is commensurate with its size and nature of business. Management of risks vests with the executive management which is responsible for the day-to-day conduct of the affairs of the Company, within the overall framework approved by the Board. The Internal Auditors of the Company, periodically carries out risk focused audits with the objective of identifying areas where risk management processes could be strengthened. The Audit Committee and the Board annually reviews the effectiveness of the Company's risk management systems and policies.

10. INTERNAL FINANCIAL CONTROLS

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

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

11. CORPORATE SOCIAL RESPONSIBILITY (CSR)

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

Keeping in view the non-applicability of the CSR provisions, no contribution was made towards CSR activities during the financial year 2018-19.

12. PARTICULARS OF LOANS, GUARANTEES AND INVESTMENTS

During the year ended 31st March, 2019, the Company has neither given any loan or guarantee nor has made any investment under Section 186 of the Act.

13. RELATED PARTY TRANSACTIONS

All contracts or arrangements entered into by the Company with its related parties during the financial year were in accordance with the provisions of the Act. All such contracts or arrangements were entered in the ordinary course of business and on arm's length basis, and have been approved by the Audit Committee.

During the year, as mentioned earlier, the Company has sold assets of hotel under development in Amritsar including leasehold land rights and long-term vendor balances relating to the project to ITC Limited, the Holding Company, on an arm's length basis for a consideration of ₹ 63.50 crores. The said transaction is considered material as it exceeds 10% of the revenue from operations of the Company as per its latest audited financial statements. The details of the above transaction in the prescribed Form No. AOC-2, is given in the **Annexure 3** to this Report.

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

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

15. EXTRACT OF ANNUAL RETURN

The extract of Annual Return in the prescribed Form No. MGT-9 is enclosed as **Annexure 4** to this Report.

16. COST RECORDS

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

17. STATUTORY AUDITORS

The Company's Statutory Auditors, Messrs Deloitte Haskins & Sells LLP ('DHS'), Chartered Accountants, were appointed with your approval at the Thirty-Second AGM to hold such office till the conclusion of the Thirty-Seventh AGM. On the recommendation of the Audit Committee, the Board has recommended for the approval of the Members, remuneration of DHS for the financial year 2019-20. Appropriate resolution in respect of the above is appearing in the Notice convening the ensuing AGM of the Company.

18. COMPLIANCE WITH SECRETARIAL STANDARDS

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

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

Conservation of Energy

Steps taken on Conservation of Energy and impact thereof:

S. No.	Description
1.	Commissioning of New Cooling Towers (CTI) Certified
2.	Procurement of New Automatic Rescue Device (ARD) for Service Lifts

Steps taken by the Company for utilising alternate sources of energy: Nil

Capital investment on energy conservation equipment:

S. No.	Description	(₹ in Lakhs)
1.	ARD for Service Lifts	9.29

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.	Installation of CTI (Cooling Technology Institute) Certified Cooling Tower	Energy Saving
2.	Installation of New Screw Air Compressor	Air Quality to machine
3.	ARD for Service Lifts	Upgrading the technology in safety

ii) The Company neither imported any technology during the year nor incurred any expenditure on research and development.

Foreign Exchange Earnings and Outgo

The foreign exchange earnings of your Company during the year aggregated ₹ 1,415.54 lakhs (previous year: ₹ 1,359.37 lakhs), while there was a foreign exchange outflow aggregating ₹ 90.65 lakhs (previous year: ₹ 135.43 lakhs).

On behalf of the Board

Date: 23rd April, 2019 **G. S. Reddy**
Place: Gurugram **Chairman**

Annexure 1 to the Report of the Board of Directors for the financial year ended 31st March, 2019

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

Names of employees	Age	Designation	Gross Remuneration (₹)	Net Remuneration (₹)	Qualifications	Experience (Years)	Date of commencement of employment / deputation	Previous Employment / Position held
1	2	3	4	5	6	7	8	9
Virender Razdan*	54	Managing Director (Till 20th December, 2018)	47,23,320/-	21,27,432/-	B.Sc., Hotel Management	31	29.08.2016	ITC Limited, General Manager
Rakshit Kapoor*	34	Chief Financial officer	38,50,621/-	23,12,646/-	B. Com, A.C.A	11	24.03.2017	ITC Limited, Finance Manager
Srinivas Rao Mortha	52	Jr. Executive	7,92,800/-	7,65,540/-	Graduate	24	31.07.1995	Marriot Hotel & Convention Centre, Hyderabad, F & B Production Associate
Jhansi Gangarapu	31	Sales Executive	7,24,952/-	6,91,052/-	Post Graduate	7	01.02.2018	IBIS Hyderabad-Accor Group of Hotels, Sales Manager
Venu Gopal	46	Laundry Incharge	7,01,796/-	6,88,737/-	Matriculate	3	11.07.2016	The Park, Hyderabad, Laundry Manager
Akkem Shiva Kumar	40	F&B Executive	6,77,736/-	6,66,693/-	Intermediate	20	10.08.1998	Holiday Inn Krishna, Assistant Steward
Ammisetti Lakshman Raja	49	Jr. Executive	6,60,244/-	6,57,844/-	Graduate	24	06.06.1995	APSIDC Limited, Executive Secretary
Teja Sundar Raj	52	Executive Secretary	6,35,641/-	6,27,932/-	Graduate	18	11.10.1999	Orbit Technologies Pvt. Limited, Executive Secretary
Sambasiva Rao Bhimavarapu	51	Jr. Executive	6,32,000/-	6,22,628/-	Matriculate	24	01.10.1995	J.J Associates, Electrical Supervisor
Archana Koul	38	Head - Responsible Luxury Ambassador	6,06,426/-	5,81,995/-	Graduate	2	23.03.2017	Spice Jet Airlines, Cabin Crew

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

Notes:

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

b. Net remuneration comprises cash income less income tax, education cess deducted at source and employee's own contribution to provident fund.

c. Employees on deputation from ITC have been granted Stock Options by ITC in previous year(s) under its Employee Stock Option Schemes at 'market price' [within the meaning of the Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014]. ITC has also granted Employee Stock Appreciation Linked Reward Units (ESAR Units) to the employees on deputation under its Stock Appreciation Linked Reward Plan. Since these Stock Options and ESAR Units are not tradeable, no perquisite or benefit is conferred upon the employee by such grant of Options / Units, and accordingly the said grant has not been considered as remuneration.

d. All appointments (except deputed employees) are / were contractual in accordance with terms and conditions as per Company's rules.

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

Dated : 23rd April, 2019 **On behalf of the Board**

Place: Gurugram **G. S. Reddy** **Chairman**

Annexure 2 to the Report of the Board of Directors

Annual Report on CSR Activities of the Company for the financial year ended 31st March, 2019

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

1.	A brief outline of the Company's CSR Policy including overview of projects or programs proposed to be undertaken:	The Company, a subsidiary of ITC Limited (ITC), discharges its corporate social responsibilities (CSR) by aligning itself with the CSR Policy of ITC. The Company undertakes its CSR activities: • as listed in Schedule VII to the Companies Act, 2013, in line with the CSR initiatives of ITC and as approved by the CSR Committee of the Company; • directly or through a registered trust or a registered society or a company established under Section 8 of the Companies Act, 2013. The Company may collaborate with ITC or other companies for undertaking CSR activities.
2.	Composition of CSR Committee	Mr. G. S. Reddy (Chairman) Mr. D. Haksar Mr. J. Singh
3.	Average net profit of the Company for last three financial years	₹ (2,94,52,582/-) [Loss]
4.	Prescribed CSR expenditure (two percent of the amount stated under 3 above)	Nil
5.	Details of CSR spent during the financial year 2018-19: Total amount spent for the financial year Total amount unspent	 Nil Nil

Manner in which the amount spent during the financial year 2018-19 is detailed below:

Sl. No.	CSR Project or activity identified	Sector in which the project is covered	Projects or programs (1) Local area or other (2) Specify the State and district where projects or programs was undertaken	Amount outlay (Budget) project or program wise	Amount spent on the projects or programs Sub heads: 1. Direct expenditure on projects or programs 2. Overheads	Cumulative expenditure upto the reporting period	Amount spent: Direct or through implementing agency
–	–	–	–	–	–	–	–
6.	In case the Company has failed to spend the two per cent of the average net profit of the last three financial years or any part thereof, the Company shall provide the reasons for not spending the amount in its Board Report			As per Section 135 of the Companies Act, 2013, the provisions of CSR are not applicable to the Company for this financial year, therefore, no contribution has been made towards CSR activities during the financial year 2018-19.			
7.	A responsibility statement of the CSR committee that the implementation and monitoring of CSR Policy, is in compliance with CSR objectives and Policy of the Company.			Not Applicable			

On behalf of the Board

Dated : 23rd April, 2019 — **G. S. Reddy** (Chairman - CSR Committee) — **A. Chhibba** (Managing Director)
Place : Gurugram

Annexure 3 to the Report of the Board of Directors

FORM AOC-2

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

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

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

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

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

a)	Name(s) of the related party and nature of relationship	ITC Limited (ITC), the Holding Company.
b)	Nature of contracts / arrangements / transactions	Re-assignment of leasehold rights for the land parcel at Amritsar Hotel Project including sale of the Company's assets and long-term vendor balances relating to the project to ITC.
c)	Duration of the contracts / arrangements / transactions	Re-assignment deed and conveyance deed executed on 10th January, 2019 and Company's assets relating to the Project was sold on 31st January, 2019.
d)	Salient terms of the contracts or arrangements or transactions including the value, if any	- Sale of the Company's assets (including leasehold land rights) and long-term vendor balances relating to the Amritsar Hotel Project to ITC at a consideration of ₹ 63.50 crores plus applicable taxes etc. - Fair valuation of the project was done by an Independent Valuation Agency.
e)	Date(s) of approval by the Board, if any	12th November, 2018
f)	Amount paid as advances, if any	Not Applicable.

On behalf of the Board

Date: 23rd April, 2019 — **G. S. Reddy**
Place: Gurugram — **Chairman**

Annexure 4 to the Report of the Board of Directors

FORM NO. MGT-9

EXTRACT OF ANNUAL RETURN
as on the financial year ended on 31st March, 2019

[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:		Karvy Fintech Private Limited, Karvy Selenium, Tower B, Plot 31-32, Financial District, Nanakramguda, Serilingampally, Hyderabad, Telangana – 500 032

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	–	72,20,040	72,20,040	30.08	–	72,20,040	72,20,040	30.08	N.A.
b) Central Govt.	–	–	–	–	–	–	–	–	N.A.
c) State Govt.(s)	–	–	–	–	–	–	–	–	N.A.
d) Bodies Corp.	–	1,67,79,960	1,67,79,960	69.92	-	1,67,79,960	1,67,79,960	69.92	N.A.
e) Banks / FI	–	–	–	–	–	–	–	–	N.A.
f) Any Other	–	–	–	–	–	–	–	–	N.A.
Sub-total (A)(1)	**–**	**2,40,00,000**	**2,40,00,000**	**100.00**	**–**	**2,40,00,000**	**2,40,00,000**	**100.00**	**N.A.**
(2) Foreign									
a) NRIs - Individuals	–	–	–	–	–	–	–	–	N.A.
b) Other – Individuals	–	–	–	–	–	–	–	–	N.A.
c) Bodies Corp.	–	–	–	–	–	–	–	–	N.A.
d) Banks / FI	–	–	–	–	–	–	–	–	N.A.
e) Any Other	–	–	–	–	–	–	–	–	N.A.
Sub-total (A)(2)	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**N.A.**
Total shareholding of Promoter (A) = (A)(1)+(A)(2)	**–**	**2,40,00,000**	**2,40,00,000**	**100.00**	**–**	**2,40,00,000**	**2,40,00,000**	**100.00**	**N.A.**
Public Shareholding									
1. Institutions									
a) Mutual Funds	–	–	–	–	–	–	–	–	N.A.
b) Banks / FI	–	–	–	–	–	–	–	–	N.A.
c) Central Govt.	–	–	–	–	–	–	–	–	N.A.
d) State Govt.(s)	–	–	–	–	–	–	–	–	N.A.
e) Venture Capital Funds	–	–	–	–	–	–	–	–	N.A.
f) Insurance Companies	–	–	–	–	–	–	–	–	N.A.
g) FIIs	–	–	–	–	–	–	–	–	N.A.
h) Foreign Venture Capital Funds	–	–	–	–	–	–	–	–	N.A.
i) Others (specify)	–	–	–	–	–	–	–	–	N.A.
Sub-total (B)(1):-	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**N.A.**
2. Non-Institutions									
a) Bodies Corp.									
i) Indian	–	–	–	–	–	–	–	–	N.A.
ii) Overseas	–	–	–	–	–	–	–	–	N.A.
b) Individuals i) Individual shareholders holding nominal share capital upto ₹ 1 lakh 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. Share held by Custodian for GDRs & ADRs	–	–	–	–	–	–	–	–	N.A.
Grand Total (A+B+C)	–	**2,40,00,000**	**2,40,00,000**	**100.00**	–	**2,40,00,000**	**2,40,00,000**	**100.00**	**NIL**

(ii) Shareholding of Promoters:

Sl. No.	Shareholder's Name	Shareholding at the beginning of the year			Shareholding at the end of the year			% change in shareholding during the year
		No. of Shares	% of total Shares of the Company	% of Shares pledged / encumbered to total Shares	No. of Shares	% of total Shares of the Company	% of Shares pledged / encumbered to total Shares	
1.	ITC Limited	1,63,20,477	68.00%	–	1,63,20,477	68.00%	–	–
2.	G Sivakumar Reddy	13,04,230	5.43%	–	13,04,230	5.43%	–	–
3.	G Sulochanamma	15,00,000	6.25%	–	15,00,000	6.25%	–	–
4.	N Shailaja Reddy	10,00,000	4.17%	–	10,00,000	4.17%	–	–
5.	G Samyuktha Reddy	6,15,810	2.57%	–	6,15,810	2.57%	–	–
6.	B Bharathi Reddy	10,00,000	4.17%	–	10,00,000	4.17%	–	–
7.	G V Pranab Reddy	8,00,000	3.33%	–	8,00,000	3.33%	–	–
8.	M V Rachita	10,00,000	4.17%	–	10,00,000	4.17%	–	–
9.	GSR Projects Pvt. Ltd.	4,59,483	1.92%	–	4,59,483	1.91%	–	–
	Total	2,40,00,000	100%	–	2,40,00,000	100%	–	–

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

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

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

(v) Shareholding of Directors and Key Managerial Personnel:

Sl. No.	For each of the Directors and KMP	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of Shares	% of total Shares of the Company	No. of Shares	% of total Shares of the Company
1.	**G S. Reddy - Director**				
	At the beginning of the year	13,04,230	5.43%		
	Date wise Increase / Decrease in Shareholding during the year	–	–	–	–
	At the end of the year			13,04,230	5.43%
2.	**G. V. P. Reddy - Director**				
	At the beginning of the year	8,00,000	3.33%		
	Date wise Increase / Decrease in Shareholding during the year	–	–	–	–
	At the end of the year			8,00,000	3.33%

Messrs. Nakul Anand, B N Suresh Reddy, Dipak Haksar, Jagdish Singh, Anil Chadha, N. R. Pradeep Reddy, Directors and Mr. Rakshit Kapoor, Chief Financial Officer did not hold any share of the Company, either at the beginning or at the end of the year or at any time during the year.

Mr. Ashwin Moodliar, Director, Mr. Ashutosh Chhibba, Managing Director and Ms. Anupama Jha, Company Secretary did not hold any Shares of the Company either at the time of their appointment or at the end of the year or at any time during the year.

V. INDEBTEDNESS

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

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

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

(Amount in ₹)

Sl. No.	Particulars of Remuneration	A. Chhibba* (Managing Director) (refer Note 1)
1.	Gross Salary	
	(a) Salary as per provisions contained in Section 17(1) of the Income-tax Act, 1961	2,69,835
	(b) Value of perquisites under Section 17(2) of the Income-tax Act, 1961	2,31,961
	(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)		**5,01,796**
Ceiling as per the Companies Act, 2013		84,00,000 per annum (refer Note 2)

*Appointed with effect from 9th March, 2019.

Note 1: Mr. A. Chhibba is on deputation from ITC Limited (ITC) and has been granted Stock Options in previous year(s) and Employee Stock Appreciation Linked Reward Units (ESAR Units) in the current year by ITC under its Employee Stock Option Schemes and Stock Appreciation Linked Reward Plan, respectively. Since these Stock Options / ESAR Units are not tradeable, no perquisite or benefit is conferred upon the employee by grant of such Options / Units, and accordingly the said grant has not been considered as remuneration.

Note 2: Ceiling as per Part II of Schedule V to the Companies Act, 2013 has been disclosed, considering that the profits of the Company for the financial year ended 31st March, 2019 are inadequate. The appointment of Mr. Chhibba is governed by the resolutions passed by the Board and the shareholders of the Company. The statutory provisions apply with respect to notice period and severance fee.

B. Remuneration to other Directors:

Sl. No.	Name of the Directors	Particulars of Remuneration			Total Amount (in ₹)
		Fee for attending Board and Board Committee meetings	Commission	Others, please specify	
1.	**Independent Directors**				
	Total Amount (B) (1)				**Nil**
2.	**Other Non-Executive Directors**				
	N. Anand	Nil	Nil	Nil	Nil
	B. N. Reddy				
	G. S. Reddy				
	D. Haksar				
	G. V. P. Reddy				
	J. Singh				
	A. Chadha				
	N. R. Pradeep Reddy				
	A Moodliar*				
	Total Amount (B) (2)				**Nil**
Total Amount (B) = (B) (1) + (B) (2)					**Nil**
Total Managerial Remuneration (A+B)					**5,01,796**
Overall ceiling as per the Companies Act, 2013					84,00,000 per annum (refer Note 1)

**Appointed with effect from 10th September, 2018.*

Note 1: Ceiling as per Part II of Schedule V to the Companies Act, 2013 has been disclosed, considering that the profits of the Company for the financial year ended 31st March, 2019 are inadequate.

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

Sl. No.	Particulars of Remuneration	R. Kapoor (Chief Financial Officer) (refer Note 1)	A. Jha (Company Secretary) (refer Note 2)
1.	Gross Salary		
	(a) Salary as per provisions contained in Section 17(1) of the Income-tax Act, 1961	₹ 32,43,316	₹ 1,62,666
	(b) Value of perquisites under Section 17(2) of the Income-tax Act, 1961	₹ 4,50,598	–
	(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		**₹ 36,93,914**	**₹ 1,62,666**

Note 1: Mr. R. Kapoor is on deputation from ITC Limited (ITC), the Holding Company, and has been granted Stock Options in previous year(s) and Employee Stock Appreciation Linked Reward Units (ESAR Units) in the current year by ITC under its Employee Stock Option Schemes and Stock Appreciation Linked Reward Plan, respectively'. Since these Stock Options / ESAR Units are not tradeable, no perquisite or benefit is conferred upon the employee by grant of such Options / Units, and accordingly the said grant has not been considered as remuneration.

Note 2: Appointed with effect from 29th November, 2018.

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

Dated : 23rd April, 2019
Place: Gurugram

On behalf of the Board
G. S. Reddy
Chairman

INDEPENDENT AUDITOR'S REPORT
To The Members of Srinivasa Resorts Limited

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of Srinivasa Resorts Limited ("the Company"), which comprise the Balance Sheet as at March 31, 2019 and the Statement of Profit and Loss (including Other Comprehensive Income), the Cash Flow Statement and the Statement of Changes in Equity for the year then ended, and a summary of significant accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Companies Act, 2013 ("the Act") in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards prescribed under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended, ("Ind AS") and other accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2019, and its loss, total comprehensive loss, its cash flows and the changes in equity for the year ended on that date.

Basis for Opinion

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

Management's Responsibility for the Financial Statements

The Company's Board of Directors is responsible for the matters stated in section 134(5) of the Act with respect to the preparation of these financial statements that give a true and fair view of the financial position, financial performance including other comprehensive income, cash flows and changes in equity of the Company in accordance with the Ind AS and other accounting principles generally accepted in India. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statement that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

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

Auditor's Responsibility for the Audit of the Financial Statements

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

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

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

Materiality is the magnitude of misstatements in the financial statements that, individually or in aggregate, makes it probable that the economic decisions of a reasonably knowledgeable user of the financial statements may be influenced. We consider quantitative materiality and qualitative factors in (i) planning the scope of our audit work and in evaluating the results of our work; and (ii) to evaluate the effect of any identified misstatements in the financial statements.

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

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

Report on Other Legal and Regulatory Requirements

1. As required by Section 143(3) of the Act based on our audit, we report that:
   a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
   b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
   c) The Balance Sheet, the Statement of Profit and Loss including Other Comprehensive Income, the Cash Flow Statement and Statement of Changes in Equity dealt with by this Report are in agreement with the books of account.
   d) In our opinion, the aforesaid financial statements comply with the Ind AS specified under Section 133 of the Act.
   e) On the basis of the written representations received from the directors as on March 31, 2019 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2019 from being appointed as a director in terms of Section 164(2) of the Act.
   f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure A". Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the Company's internal financial controls over financial reporting.
   g) With respect to the other matters to be included in the Auditor's Report in accordance with the requirements of section 197(16) of the Act, as amended,

In our opinion and to the best of our information and according to the explanations given to us, the remuneration paid by the Company to its directors during the year is in accordance with the provisions of section 197 of the Act.

   h) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, as amended in our opinion and to the best of our information and according to the explanations given to us:
   i. The Company has disclosed the impact of pending litigations on its financial position in its financial statements.
   ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.
   iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

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

For Deloitte Haskins & Sells LLP
Chartered Accountants
(F.R.N: 117366W/W - 100018)

Sumit Trivedi
Partner
Membership No. 209354

Hyderabad, April 23, 2019

ANNEXURE "A" TO THE INDEPENDENT AUDITOR'S REPORT

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

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

We have audited the internal financial controls over financial reporting of Srinivasa Resorts Limited ("the Company") as at March 31, 2019 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 respective company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

Auditor's Responsibility

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

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing

and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

Meaning of Internal Financial Controls Over Financial Reporting

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

Inherent Limitations of Internal Financial Controls Over Financial Reporting

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

Opinion

In our opinion, to the best of our information and according to the explanations given to us, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2019, based on the criteria for internal financial control over financial reporting established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

For Deloitte Haskins & Sells LLP
Chartered Accountants
(Firm's Registration No. 117366W/W - 100018)

Sumit Trivedi
Partner
Membership No. 209354

Hyderabad, April 23, 2019

ANNEXURE B TO INDEPENDENT AUDITOR'S REPORT

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

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

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

(c) According to the information and explanations given to us and the records examined by us and based on the examination of the registered sale deed provided to us, we report that, the title deeds, comprising all the immovable properties of land and buildings which are freehold, are held in the name of the Company as at the balance sheet date.

(ii) As explained to us, the inventories were physically verified during the year by the Management at reasonable intervals and no material discrepancies were noticed on physical verification.

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

(iv) The Company has not granted any loans, made investments or provided guarantees and hence reporting under clause (iv) of the Order is not applicable.

(v) According to the information and explanations given to us, the Company has not accepted any deposit falling within the purview of the provisions of Section 73 to 76 of the Companies Act, 2013. There are no unclaimed deposits.

(vi) The maintenance of cost records has not been specified by the Central Government under section 148(1) of the Companies Act, 2013.

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

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

(b) There were no undisputed amounts payable in respect of Provident Fund, Employees' State Insurance, Income-tax, Sales Tax, Service Tax, Customs Duty, Excise Duty, Value Added Tax, cess and other material statutory dues in arrears as at March 31, 2019 for a period of more than six months from the date they became payable.

(c) Details of dues of, Service Tax and Value Added Tax which have not been deposited as on March 31, 2019 on account of disputes are given below:

Name of Statute	Nature of Dues	Forum where Dispute is Pending	Period to which the Amount Relates	Amount Involved (₹ in Lakhs)	Amount Unpaid (₹ in Lakhs)
VAT Laws	VAT	High Court	2005-06 to 2007-08	30.96	20.01
Finance Act, 1994	Service Tax	Joint Commissioner (Service Tax)	2011-12 to 2014-15	346.64	346.64

The total disputed dues aggregating ₹ 377.60 lakhs as above has been stayed for recovery by the relevant authorities.

There are no dues of Income-tax, Sales Tax, Excise Duty and Customs Duty as at March 31, 2019 on account of disputes.

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

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

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

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

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

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

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

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

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

For Deloitte Haskins & Sells LLP
Chartered Accountants
(F.R.N: 117366W/W - 100018)

Sumit Trivedi
Partner
Membership No. 209354

Hyderabad, April 23, 2019

Balance Sheet as at 31st March, 2019

	Note	As at 31st March, 2019 (₹ in Lakhs)		As at 31st March, 2018 (₹ in Lakhs)	
ASSETS					
Non-current assets					
(a) Property, plant and equipment	3A		4390.57		4593.85
(b) Capital work-in-progress	3B		—		3996.27
(c) Intangible assets	3C		5.28		8.26
(d) Other non-current assets	10		268.54		1294.60
Total Non-current assets			4664.39		9892.98
Current assets					
(a) Inventories	4		165.59		149.57
(b) Financial assets					
(i) Investments	5	5633.20		762.26	
(ii) Trade receivables	6	303.12		341.98	
(iii) Cash and cash equivalents	7	167.36		237.30	
(iv) Bank balances, other than (iii) above	8	83.57		67.73	
(v) Others	9	30.42	6217.67	28.79	1438.06
(c) Other current assets	10		132.86		119.01
Total Current assets			6516.12		1706.64
Total Assets			11180.51		11599.62
EQUITY AND LIABILITIES					
Equity					
(a) Equity share capital	11	2400.00		2400.00	
(b) Other equity		7101.46	9501.46	7314.45	9714.45
Total Equity			9501.46		9714.45
Liabilities					
Non-current liabilities					
(a) Financial liabilities					
(i) Other financial liabilities	12		8.14		12.15
(b) Provisions	13		11.35		16.93
(c) Deferred tax liabilities (net)	15		447.81		466.43
Total Non-current liabilities			467.30		495.51
Current liabilities					
(a) Financial liabilities					
(i) Trade payables	26				
- Total outstanding dues to micro enterprises and small enterprises, and		–		–	
- Total outstanding dues to creditors other than micro enterprises and small enterprises		1008.85		867.39	
(ii) Other financial liabilities	12	88.82	1097.67	405.90	1273.29
(b) Other current liabilities	14		65.53		76.88
(c) Provisions	13		48.55		39.49
Total Current liabilities			1211.75		1389.66
Total Equity and Liabilities			11180.51		11599.62

The accompanying notes 1 to 36 are an integral part of the Financial Statements

In terms of our report attached

For Deloitte Haskins & Sells LLP
Chartered Accountants

Sumit Trivedi
Partner

Place: Hyderabad
Date: April 23, 2019

On behalf of the Board

Gunupati Sivakumar Reddy
Chairman

Rakshit Kapoor
Chief Financial Officer

Place: Gurugram
Date: April 23, 2019

Ashutosh Chhibba
Managing Director

Anupama Jha
Company Secretary

Statement of Profit and Loss account for the year ended 31st March, 2019

		Note	For the Year ended 31st March, 2019 (₹ in Lakhs)	For the Year ended 31st March, 2018 (₹ in Lakhs)
I	**Revenue from operations**	16	**5902.42**	5700.59
II	**Other income**	17	**146.60**	136.73
III	**Total income (I+II)**		**6049.02**	5837.32
IV	**Expenses**			
	Cost of materials consumed		**866.00**	865.19
	Changes in inventories of stock-in-trade		**0.02**	(0.01)
	Employee benefits expense	18	**1384.88**	1472.71
	Depreciation and amortization expense	19	**314.46**	333.42
	Other expenses	20	**3713.96**	3215.43
	Total expenses (IV)		**6279.32**	5886.74
V	**Profit / (Loss) before tax (III- IV)**		**(230.30)**	(49.42)
VI	**Tax Expense:**			
	Deferred tax	15	**(18.26)**	(97.46)
VII	**Profit /(Loss) for the year (V - VI)**		**(212.04)**	48.04
	Other Comprehensive Income			
	Items that will not be reclassified to profit or loss:			
	(i) Remeasurements of defined benefit plans	27	**(1.31)**	(11.23)
	(ii) Income tax relating to items that will not be reclassified to profit or loss	15	**(0.36)**	(3.13)
VIII	**Other comprehensive income / (loss) for the year (i - ii)**		**(0.95)**	(8.10)
IX	**Total comprehensive income / (loss) for the year (VII+VIII)**		**(212.99)**	39.94
X	**Earnings per equity share (Face value of ₹ 10 each)**	21		
	Basic (in ₹)		**(0.88)**	0.20
	Diluted (in ₹)		**(0.88)**	0.20

The accompanying notes 1 to 36 are an integral part of the Financial Statements

In terms of our report attached

On behalf of the Board

For Deloitte Haskins & Sells LLP
Chartered Accountants

Sumit Trivedi
Partner

Gunupati Sivakumar Reddy
Chairman

Ashutosh Chhibba
Managing Director

Rakshit Kapoor
Chief Financial Officer

Anupama Jha
Company Secretary

Place: Hyderabad
Date: April 23, 2019

Place: Gurugram
Date: April 23, 2019

Cash Flow Statement for the year ended 31st March, 2019

			For the year ended 31st March, 2019 (₹ in Lakhs)		For the year ended 31st March, 2018 (₹ in Lakhs)
A.	**Cash flow from operating activities**				
	Net Profit / (Loss) before tax		**(230.30)**		**(49.42)**
	Adjustments for:				
	- Depreciation and amortization expense	**314.46**		**333.42**	
	- Interest income	**(13.85)**		**(18.53)**	
	- (Gain) / Loss on sale / transfer of property, plant and equipment (Including CWIP)- Net	**300.12**		**10.02**	
	- Provision for doubtful receivables	**29.85**		**–**	
	- Prepayment of leasehold land	**4.83**		**6.57**	
	- Net (gain)/loss arising on investments mandatorily measured at fair value through Profit or Loss	**(92.91)**		**(87.87)**	
			542.50		**243.61**
	Operating profit before working capital changes		**312.20**		**194.19**
	Adjustments for:				
	- Trade receivables	**9.02**		**(45.89)**	
	- Inventories	**(16.02)**		**11.64**	
	- Other assets	**(25.70)**		**40.99**	
	- Trade payables	**372.42**		**274.60**	
	- Other payables	**(29.37)**		**18.59**	
			310.35		**299.93**
	Cash generated from operations		**622.55**		**494.12**
	Income tax paid (net)		**(34.10)**		**104.38**
	Net Cash from operating activities		**588.45**		**598.50**
B.	**Cash Flow from investing activities**				
	- Purchase of property, plant and equipment	**(2228.75)**		**(1660.71)**	
	- Proceeds from sale of property, plant and equipment (including capital work in progress)	**6350.74**		**1.25**	
	- Purchase of current investments	**(12862.81)**		**(2743.69)**	
	- Sale/redemption of current investments	**8084.78**		**4044.96**	
	- Redemption / proceeds from bank deposits (original maturity more than 3 months)	**41.00**		**36.00**	
	- Investment in bank deposits (original maturity more than 3 months)	**(56.84)**		**(92.73)**	
	- Interest income	**13.49**		**18.31**	
	Net cash used in investing activities		**(658.39)**		**(396.61)**
C.	**Cash Flow from financing activities**		**—**		**—**
	Net Increase / (decrease) in cash and cash equivalents (A+B+C)		**(69.94)**		**201.89**
	Opening Cash and cash equivalents		**237.30**		**35.41**
	Closing Cash and cash equivalents		**167.36**		**237.30**

Notes:

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

2. Cash and Cash Equivalents (Refer Note 7)

	As at March 31, 2019 (₹ in Lakhs)	As at March 31, 2018 (₹ in Lakhs)
- Balances with banks in current accounts	**158.91**	228.34
- Cheques on hand	**0.21**	3.94
- Cash on hand	**8.24**	5.02
Total	**167.36**	237.30

The accompanying notes 1 to 36 are an integral part of the Financial Statements

In terms of our report attached

For Deloitte Haskins & Sells LLP
Chartered Accountants

Sumit Trivedi
Partner

Place: Hyderabad
Date: April 23, 2019

On behalf of the Board

Gunupati Sivakumar Reddy
Chairman

Rakshit Kapoor
Chief Financial Officer

Place: Gurugram
Date: April 23, 2019

Ashutosh Chhibba
Managing Director

Anupama Jha
Company Secretary

Statement of changes in equity for the year ended 31st March, 2019

A. Equity share capital

(₹ in Lakhs)

	Balance at the beginning of the year	Changes in equity share capital during the year	Balance at the end of the year
For the year ended March 31, 2018	2400.00	–	2400.00
For the year ended March 31, 2019	2400.00	–	2400.00

B. Other equity

	Reserves and surplus			Total
	Capital reserve (Refer note 1)	Retained earnings (Refer note 2)	General reserve (Refer note 3)	
	(₹ in Lakhs)	(₹ in Lakhs)	(₹ in Lakhs)	(₹ in Lakhs)
Balance as at March 31, 2017	**0.95**	**6467.13**	**806.43**	**7274.51**
Profit / (Loss) for the year	–	48.04	–	48.04
Other comprehensive income (net of tax)	–	(8.10)	–	(8.10)
Total comprehensive income	**–**	39.94	–	39.94
Balance as at April 1, 2018	**0.95**	**6507.07**	**806.43**	**7314.45**
Profit / (Loss) for the year	–	(212.04)	–	(212.04)
Other comprehensive income / (loss) (net of tax)	–	(0.95)	–	(0.95)
Total comprehensive income / (loss)	**–**	(212.99)	–	(212.99)
Balance as at March 31, 2019	**0.95**	**6294.08**	**806.43**	**7101.46**

Notes:

1. Capital reserve represents the excess of net assets taken over by the Company over the consideration paid for business combinations.
2. Retained earnings represents the cumulative profits of the Company and effects of remeasurement of defined benefit obligations. This reserve can be utilised in accordance with the provisions of Companies Act, 2013.
3. General reserve is created by an appropriation from one component of equity to another not being an item of Other Comprehensive Income, the same can be utilised by the Company in accordance with the provisions of the Companies Act, 2013.

The accompanying notes 1 to 36 are an integral part of the Financial Statements.

In terms of our report attached

For Deloitte Haskins & Sells LLP

Chartered Accountants

Sumit Trivedi
Partner

Place: Hyderabad
Date: April 23, 2019

On behalf of the Board

Gunupati Sivakumar Reddy
Chairman

Rakshit Kapoor
Chief Financial Officer

Place: Gurugram
Date: April 23, 2019

Ashutosh Chhibba
Managing Director

Anupama Jha
Company Secretary

Notes to the Financial Statements

1. Significant Accounting Policies

Statement of Compliance

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

Basis of Preparation

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

Fair Value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Company takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and / or disclosure purposes in these financial statements is determined on such a basis, except for share-based payment transactions that are within the scope of Ind AS 102 –Share-based Payment, leasing transactions that are within the scope of Ind AS 17 – Leases, and measurements that have some similarities to fair value but are not fair value, such as net realisable value in Ind AS 2 – Inventories or value in use in Ind AS 36 – Impairment of Assets.

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

Operating Cycle

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

Property, Plant and Equipment– Tangible Assets

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

Cost is inclusive of inward freight, duties and taxes and incidental expenses related to acquisition. In respect of major projects involving construction, related pre-operational expenses form part of the value of assets capitalised. Expenses capitalised also include applicable borrowing costs for qualifying assets, if any. All upgradation / enhancements are charged off as revenue expenditure unless they bring similar significant additional benefits.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of asset.

Notes to the Financial Statements

Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in the Statement of Profit and Loss.

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

The estimated useful lives of property, plant and equipment of the Company are as follows:

Buildings	60 years
Plant and Equipment	15 years
Furniture and Fixtures	8 years
Vehicles	8 years
Office Equipment	5 years
Computers	3 years
Computer servers and networks	6 years

Property, plant and equipment's residual values and useful lives are reviewed at each Balance Sheet date and changes, if any, are treated as changes in accounting estimate.

Intangible Assets

Intangible Assets that the Company controls and from which it expects future economic benefits are capitalised upon acquisition and measured initially:

a. for assets acquired in a business combination, at fair value on the date of acquisition.

b. for separately acquired assets, at cost comprising the purchase price (including import duties and non-refundable taxes) and directly attributable costs to prepare the asset for its intended use.

The carrying value of intangible assets includes deemed cost which represents the carrying value of intangible assets recognised as at 1st April, 2015 measured as per the previous GAAP.

Intangible assets that have finite lives are amortized over their estimated useful lives by the straight line method unless it is practical to reliably determine the pattern of benefits arising from the asset. An intangible asset with an indefinite useful life is not amortized.

All intangible assets are tested for impairment. Amortization expenses and impairment losses and reversal of impairment losses are taken to the Statement of Profit and Loss. Thus, after initial recognition, an intangible asset is carried at its cost less accumulated amortization and/or impairment losses.

The useful lives of intangible assets are reviewed annually to determine if a reset of such useful life is required for assets with finite lives and to confirm that business circumstances continue to support an indefinite useful life assessment for assets so classified. Based on such review, the useful life may change or the useful life assessment may change from indefinite to finite. The impact of such changes is accounted for as a change in accounting estimate.

Impairment of Assets

Impairment loss, if any, is provided to the extent, the carrying amount of assets or cash generating units exceed their recoverable amount.

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

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

Inventories

Inventories are stated at lower of cost and net realisable value. The cost is calculated on weighted average method. Cost comprises expenditure incurred in the normal course of business in bringing such inventories to its present location and condition. Net realisable value is the estimated selling price less estimated costs for completion and sale.

Obsolete, slow moving and defective inventories are identified from time to time and, where necessary, a provision is made for such inventories.

Foreign Currency Transactions

The functional and presentation currency of the Company is Indian Rupees.

The Company accounts for transactions in foreign currency at the exchange rate prevailing on the date of transactions. The date of the transaction for the purpose of determining the exchange rate on initial of recognition of the asset, expense or income is the date on which an entity initially recognizes the related non - monetary asset or non - monetary liability on the payment or receipt of the advance consideration. Gains/Losses arising on settlement of transactions as also the translation of monetary items at period ends due to fluctuations in the exchange rates are recognized in the Statement of Profit and Loss.

Derivatives and Hedge Accounting

Derivatives are initially recognised at fair value and are subsequently remeasured to their fair value at the end of each reporting period. The resulting gains/losses is recognised in the Statement of Profit or Loss immediately unless the derivative is designated and effective as a hedging instrument, in which event the timing of recognition in profit or loss / inclusion in the initial cost of non-financial asset depends on the nature of the hedging relationship and the nature of the hedged item.

Financial instruments, Financial assets and Financial liabilities

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

Financial Assets

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

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

Financial assets are classified as those measured at:

- amortised cost, where the financial assets are held solely for collection of cash flows arising from payments of principal and/or interest
- fair value through other comprehensive income (FVTOCI), where the financial assets are held not only for collection of cash flows arising from payments of principal and interest but also from the sale of such assets. Such assets are subsequently measured at fair value, with unrealized gains and losses arising from changes in the fair value being recognized in other comprehensive income.
- fair value through profit or loss (FVTPL), where the assets are managed in accordance with an approved investment strategy and triggers purchase and sale decisions based on the fair value of such assets. Such assets are subsequently measured at fair value, with unrealized gains and losses arising from changes in the fair value being recognized in the Statement of Profit and Loss in the period in which they arise.

Trade receivables, advances, security deposits, cash and cash equivalents, etc. are classified for measurement at amortised cost while current investments are classified for measurement at fair value through profit or loss (FVTPL).

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

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

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

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

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

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

Financial Liabilities

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

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

Offsetting Financial Instruments

Financial assets and liabilities are offset and the net amount is reported in the Balance Sheet where there is a legally enforceable right to offset the recognized

Notes to the Financial Statements

amounts and there is an intention to settle on a net basis or realize the asset and settle the liability simultaneously.

Revenue

Revenue is measured at the fair value of the consideration received or receivable for services rendered, net of returns and discounts to customers. It excludes amounts collected on behalf of third parties, such as goods and services tax. Revenue from services is recognized in the period in which services are rendered.

The methodology and assumptions used to estimate discounts, customer incentives, promotional activities and similar items are monitored and adjusted regularly in the light of contractual and legal obligations, historical trends and projected market conditions.

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

Government Grant

The Company may receive Government grants that require compliance with certain conditions related to the Company's operating activities or are provided to the Company by way of Financial assistance on the basis of certain qualifying criteria.

Government Grants are recognized when there is reasonable assurance that the grant will be received, and the Company will comply with the conditions attached to the grant. Accordingly, government grants:

(a) related to or used for assets, are deducted from the carrying amount of the asset.

(b) related to incurring specific expenditures are taken to the Statement of Profit and Loss on the same basis and in the same periods as the expenditures incurred.

(c) by way of financial assistance on the basis of certain qualifying criteria are recognised as they become receivable.

In the unlikely event that a grant previously recognised is ultimately not received, it is treated as a change in estimate and the amount cumulatively recognised is expensed in the Statement of Profit and Loss.

Dividend Distribution

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

Employee Benefits

The Company makes contributions to both defined benefit and defined contribution schemes.

Contributions to Provident Fund are in the nature of defined contribution scheme which are deposited with the Government and recognized as expense.

The Company also makes contribution to defined benefit gratuity plan. The cost of providing benefits under the defined benefit obligation is calculated by independent actuary using the projected unit credit method. Service costs and net interest expense or income is reflected in the Statement of Profit and Loss. Gain or Loss on account of re-measurements are recognised immediately through other comprehensive income in the period in which they occur. Gratuity is funded under a scheme of the Life Insurance Corporation of India.

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

Employee Share Based Compensation

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

In case of stock options, the fair value of stock options at the grant date is amortised on a straight line basis over the vesting period and cost is recognized as an employee benefits expenses in the Statement of Profit and Loss and with a corresponding credit in current financial liabilities where such reimbursement is sought by the Holding Company.

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

Leases

Leases are recognized as a finance lease whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

Company as a Lessee

Assets used under finance leases are recognised as property, plant and equipment in the Balance Sheet for an amount that corresponds to the lower of fair value and the present value of minimum lease payments determined at the inception of the lease and a liability is recognised for an equivalent amount.

The minimum lease payments are apportioned between 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 in the Statement of Profit and Loss.

Rentals payable under operating leases are charged to the Statement of Profit and Loss on a straight-line basis over the term of the relevant lease unless the payments to the lessor are structured to increase in line with expected general inflation to compensate for the lessor's expected inflationary cost increases.

Company as a Lessor

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

Taxes on Income

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

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

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

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

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

Claims

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

Provisions and Contingent Liabilities

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

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

2. Use of estimates and judgements

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

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

The key estimates and assumptions used in the preparation of financial statements are set out below:

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

(ii) The Company has ongoing litigations with various regulatory authorities and third parties. Where an outflow of funds is believed to be probable and a reliable estimate of the outcome of the dispute can be made based on management's assessment of specific circumstances of each dispute and relevant external advice, management provides for its best estimate of the liability. Accruals so made are by nature complex and can take number of years to resolve and can involve estimation uncertainty. Information about such litigations is provided in notes to the financial statements

(iii) The Company has significant carry forward unabsorbed depreciation for which deferred tax asset has been recognized since there is a reasonable certainty of significant profits in the near future.

(iv) As described in the significant accounting policies, the Company reviews the estimated useful lives of property, plant and equipment and intangible assets at the end of each reporting period.

Notes to the Financial Statements

3. Property Plant and Equipment, Capital Work in Progress and Other Intangible Assets

(₹ in Lakhs)

	Particulars	Gross Block							Depreciation and Amortisation							Net Book Block	
		As at March 31, 2017	Additions	Withdrawals and Adjustments	As at March 31, 2018	Additions	Withdrawals and Adjustments	As at March 31, 2019	Upto 31st March, 2017	For the year	Withdrawals and Adjustments	Upto 31st March, 2018	For the year	Withdrawals and Adjustments	Upto 31st March, 2019	As at 31st March, 2019	As at 31st March, 2018
3A.	**Property, Plant and Equipment**																
	Land	100.00	–	–	100.00	–	–	100.00	–	–	–	–	–	–	–	**100.00**	100.00
	Buildings	2532.52	42.48	–	2575.00	–	9.14	2565.86	104.23	53.16	0.00	157.39	53.34	0.34	210.39	**2355.47**	2417.61
	Plant and Equipment	2366.81	110.14	19.51	2457.44	122.55	53.48	2526.51	519.54	213.16	10.58	722.12	202.35	21.92	902.55	**1623.96**	1735.32
	Furnitures and Fixtures	218.07	51.37	1.34	268.10	26.06	10.64	283.52	79.54	19.84	0.83	98.55	24.27	8.22	114.60	**168.92**	169.55
	Vehicles	194.12	–	2.29	191.83	4.05	1.04	194.84	39.65	24.17	0.99	62.83	20.51	–	83.34	**111.50**	129.00
	Office Equipment	0.84	0.09	–	0.93	–	0.02	0.91	0.19	0.03	–	0.22	0.03	0.02	0.23	**0.68**	0.71
	Computers	66.37	3.77	0.53	69.61	1.07	2.84	67.84	40.88	9.64	–	50.52	5.17	1.23	54.46	**13.38**	19.09
	Computer servers and networks	56.47	0.34	–	56.81	–	0.25	56.56	24.85	9.39	–	34.24	5.81	0.15	39.90	**16.66**	22.57
	Total (A)	**5535.20**	**208.19**	**23.67**	**5719.72**	**153.73**	**77.41**	**5796.04**	**808.88**	**329.39**	**12.40**	**1125.87**	**311.48**	**31.88**	**1405.47**	**4390.57**	**4593.85**
3B.	**Capital work-in-progress (B)**	**2361.88**	**1842.58**	**208.19**	**3996.27**	**2241.77**	**6238.04**	–	–	–	–	–	–	–	–	–	**3996.27**
3C.	**Intangible assets**																
	Software	24.43	–	–	24.43	–	–	24.43	12.14	4.03	–	16.17	2.98	–	19.15	**5.28**	8.26
	Total (C)	**24.43**	–	–	**24.43**	–	–	**24.43**	**12.14**	**4.03**	–	**16.17**	**2.98**	–	**19.15**	**5.28**	**8.26**

Note : The amount of expenditures recognised in the carrying amount of Property, Plant and Equipment in the course of construction is ₹ Nil (2018; ₹ 185.81 Lakhs)

Notes to the Financial Statements

	As at 31st March, 2019 (₹ in Lakhs)	As at 31st March, 2018 (₹ in Lakhs)
4. Inventories		
(At lower of cost and net realisable value)		
Food and beverages	124.22	109.55
Stores and spares	40.37	39.00
Finished goods held for resale	1.00	1.02
Total	165.59	149.57

Cost of inventory recognised as expense during the year amount to ₹ 992.45 Lakhs (2017-2018 - ₹ 865.18 Lakhs)

5. Current investments		
Unquoted investment in mutual funds [Mandatorily measured at fair value through profit or loss(FVTPL)] (Refer note (i) below)		
- Aditya Birla Sun Life Liquid Fund - Growth Regular Plan (9,79,822.409 units of ₹ 299.01 each)	2929.72	–
- Aditya Birla Sun Life Cash Plus -Growth Regular Plan (2,73,927.114 units of ₹ 278.23 each)	–	762.16
- ICICI Prudential- Liquid Fund - Growth (9,81,551.20 units of ₹ 275.42 each)	2703.38	–
Investments carried at amortised cost		
National Savings Certificate (Refer note (ii) below)	0.10	0.10
Total	5633.20	762.26

Note:

(i) Gain as at year end on account of measuring the investments at fair value through profit or loss amounts to ₹ 8.09 Lakhs (March 31, 2018: ₹ 6.45 Lakhs).

(ii) National Savings Certificates have been lodged as security with Government Department

6. Trade receivables (Current)		
Considered good - Secured	9.79	11.91
Considered good - Unsecured	293.33	330.07
Which have significant increase in credit risk	29.85	–
Credit impaired	(29.85)	–
Total	303.12	341.98

	As at 31st March, 2019 (₹ in Lakhs)		As at 31st March, 2018 (₹ in Lakhs)	
7. Cash and cash equivalents				
Balances with banks in current accounts	158.91		228.34	
Cheques on hand	0.21		3.94	
Cash on hand	8.24		5.02	
Total		167.36		237.30
8. Other bank balances				
In deposit accounts	83.57		–	
Earmarked balances - held as margin money against guarantees given (refer note below)	–		67.73	
Total		83.57		67.73

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

9. Other financial assets (Current)				
Security deposits	20.38		21.62	
Interest accrued on deposits	1.30		0.94	
Recoverable from employees	8.74		6.23	
Total		30.42		28.79
	Current	**Non-Current**	Current	Non-Current
10. Other assets				
Capital advances	–	–	–	284.34
Advances other than capital advances:				
Prepaid Expenses	66.69	7.05	69.07	282.87
Balances with government authorities	–	–	0.51	–
Commercial advance	65.00	–	36.57	–
Advance tax (net of provisions)	–	184.20	–	150.10
Security deposits				
- With Statutory Authorities	–	29.41	–	29.41
- With others	–	47.88	–	547.88
Served from India Scheme Duty Credit Entitlement Account	1.17	–	12.86	–
Total	132.86	268.54	119.01	1294.60

11. Equity share capital

	As at 31st March, 2019		As at 31st March, 2018	
	No. of Shares	(₹ in Lakhs)	No. of Shares	(₹ in Lakhs)
Authorised Equity shares of ₹ 10 each	2,40,00,000	2400.00	2,40,00,000	2400.00
Issued, subscribed and paid-up Equity shares of ₹ 10 each, fully paid	2,40,00,000	2400.00	2,40,00,000	2400.00

A) Reconciliation of number of equity shares outstanding

	As at 31st March, 2019	As at 31st March, 2018
	No. of Shares	No. of Shares
As at beginning of the year	2,40,00,000	2,40,00,000
Changes during the year	–	–
As at end of the year	2,40,00,000	2,40,00,000

B) Equity shares held by Holding Company

	As at 31st March, 2019		As at 31st March, 2018	
	No. of Shares	%	No. of Shares	%
ITC Limited	1,63,20,477	68%	1,63,20,477	68%

C) Shareholders holding more than 5% of the equity shares in the Company

	As at 31st March, 2019		As at 31st March, 2018	
	No. of Shares	%	No. of Shares	%
ITC Limited	1,63,20,477	68.00%	1,63,20,477	68.00%
G Siva Kumar Reddy	13,04,230	5.43%	13,04,230	5.43%
G Sulochanamma	15,00,000	6.25%	15,00,000	6.25%

D) Rights, preferences and restrictions attached to the ordinary shares

The ordinary shares of the Company, having par value of ₹ 10 per share, rank pari passu in all respects including entitlement to dividend.

		As at 31st March, 2019 (₹ in Lakhs)		As at March 31, 2018 (₹ in Lakhs)	
		Current	**Non-Current**	Current	Non-Current
12.	**Other financial liabilities**				
	Sundry deposits	**14.48**	**7.55**	138.46	12.15
	Payable to employees	**71.46**	**–**	51.73	–
	Payable for property, plant and equipment	**1.16**	**–**	208.62	–
	Payable towards employee share based payments	**1.72**	**0.59**	7.09	–
	Total	**88.82**	**8.14**	405.90	12.15
13.	**Provisions**				
	Provision for employee benefits:				
	— Gratuity [Refer Note 27]	**25.35**	**–**	28.60	3.38
	— Compensated absences	**23.20**	**11.35**	10.89	13.55
	Total	**48.55**	**11.35**	39.49	16.93
14.	**Other current liabilities**				
	Advances received from customers	**34.23**	**–**	42.08	–
	Statutory liabilities	**31.30**	**–**	34.80	–
	Total	**65.53**	**–**	76.88	–

Notes to the Financial Statements

		As at 31st March, 2019 (₹ in Lakhs)		As at 31st March, 2018 (₹ in Lakhs)	
15.	**Deferred tax liabilities (Net)**				
	Deferred tax liabilities	583.26		584.70	
	Deferred tax assets	135.45		118.27	
	Total		447.81		466.43

	Opening balance	Recognized in profit or loss	Recognized in other comprehensive income	Closing balance
	(₹ in Lakhs)		(₹ in Lakhs)	
2017-18				
Deferred tax liabilities in relation to:				
On depreciation	689.72	(106.81)	–	582.91
On financial assets at fair value through profit or loss	7.10	(5.31)	–	1.79
Total deferred tax liabilities (A)	**696.82**	**(112.12)**	**–**	**584.70**
Deferred tax assets in relation to:				
On provision for employee benefits	16.13	(3.24)	3.13	16.02
On unabsorbed depreciation	113.67	(11.42)	–	102.25
Total deferred tax assets (B)	**129.80**	**(14.66)**	**3.13**	**118.27**
Deferred tax liabilities (net) [A-B]	**567.02**	**(97.46)**	**(3.13)**	**466.43**
2018-19				
Deferred tax liabilities in relation to:				
On depreciation	582.91	(1.90)	–	581.01
On financial assets at fair value through profit or loss	1.79	0.46	–	2.25
Total deferred tax liabilities (A)	**584.70**	**(1.44)**	**–**	**583.26**
Deferred tax assets in relation to:				
On provision for employee benefits	16.02	0.28	0.36	16.66
On provision for doubtful debts	—	8.30	—	8.30
On unabsorbed depreciation	102.25	8.24	—	110.49
Total deferred tax assets (B)	**118.27**	**16.82**	**0.36**	**135.45**
Deferred tax liabilities (net) [A-B]	**466.43**	**(18.26)**	**(0.36)**	**447.81**

The Company has capital losses of ₹ 306.93 Lakhs (2018 - ₹ NIL) for which no deferred tax assets have been recognised.

		For the year ended 31st March, 2019 (₹ in Lakhs)	For the year ended 31st March, 2018 (₹ in Lakhs)
16.	**Revenue from operations**		
	Sale of services:		
	Rooms	2537.80	2455.04
	Food and beverage	3047.97	2878.81
	Recreation and other services	251.61	292.76
	Total	5837.38	5626.61
	Other operating revenue*	65.04	73.98
	Total	5902.42	5700.59

Note:
* Includes Government grants received of ₹18.15 Lakhs (2017-2018: ₹ 18.85 Lakhs) on account of Served from India Scheme (SFIS)

17.	**Other Income**		
	Interest income	13.85	18.53
	Other non operating income	40.92	30.99
	Other gains and losses	91.83	87.21
	Total	146.60	136.73
	Interest income comprises interest from:		
	a) Deposits with bank - carried at amortised cost	5.31	1.62
	b) Others - from statutory authorities	8.54	16.91
	Total	13.85	18.53
	Other gains and losses:		
	a) Net foreign exchange (loss) / gain	(1.08)	(0.66)
	b) Net gain arising on financial assets mandatorily measured at FVTPL (Refer Note below)	92.91	87.87
	Total	91.83	87.21

Note:
Includes net gain on sale of current investments amounting to ₹ 84.81 Lakhs (2017-2018: ₹ 102.89 Lakhs).

18.	**Employee benefits expense**		
	Salaries, wages and bonus	706.99	703.43
	Contribution to provident and other funds	39.64	48.18
	Gratuity (Refer Note 27)	12.08	12.15
	Remuneration of managers on deputation reimbursed	456.63	508.86
	Employee share based payments	18.38	30.60
	Staff welfare expenses	151.16	169.49
	Total	1384.88	1472.71

		For the year ended 31st March, 2019 (₹ in Lakhs)	For the year ended 31st March, 2018 (₹ in Lakhs)
19.	**Depreciation and amortisation expense**		
	Depreciation/ amortisation on tangible assets	311.48	329.39
	Amortisation on intangible assets	2.98	4.03
	Total	314.46	333.42
20.	**Other expenses**		
	Consumption of stores and supplies	232.96	214.28
	Power and fuel	711.78	643.24
	Rent	136.01	140.72
	Repairs to building	62.75	47.06
	Repairs to machinery	228.63	147.44
	Repairs - others	52.99	44.91
	Insurance	50.53	35.13
	Rates and taxes	199.62	191.77
	Travelling and conveyance	104.18	132.81
	Technical and consultancy fees	311.60	331.61
	Printing and stationery	32.95	30.93
	Information technology services	151.92	145.99
	Advertising / Sales Promotion	43.92	37.09
	Training and development	33.80	33.01
	Legal expenses	1.11	6.13
	Postage, telephone, etc.	11.65	12.94
	Commission paid to travel agents	58.15	63.73
	Bank and credit card charges	61.46	63.77
	Hotel reservation/ marketing expenses	211.58	140.41
	Contract services	444.70	431.21
	Loss on property, plant and equipment sold /discarded (including Capital Work-in-Progress-Project) [Net] (Refer Note 31)	300.12	10.02
	Provision for doubtful receivables	29.85	–
	Miscellaneous Expenses	229.04	299.15
	Auditors' remuneration and expenses (excluding taxes)		
	- Audit Fees	11.00	11.00
	- Tax Audit Fees	1.00	1.00
	- Reimbursement of Expenses	0.66	0.08
	Total	3713.96	3215.43

Notes to the Financial Statements

	31st March, 2019 (₹ in Lakhs)	31st March, 2018 (₹ in Lakhs)
21. Earnings per share		
Profit / (Loss) after taxation [A]	(212.04)	48.04
Weighted average number of equity shares outstanding [B] [No's]	2,40,00,000	2,40,00,000
Earnings per share -		
Basic and Diluted (In ₹) (Face value of ₹ 10 per share) [A/B]	(0.88)	0.20
22. Commitments		
The estimated amount of contracts remaining to be executed on capital account (net of advances: ₹ Nil ; March 31, 2018: ₹ 284.34 Lakhs)	10.56	4602.57
23. Contingent liability		
Claims against the Company not acknowledged as debts:		
i) Indirect taxation matters *	377.60	376.64
ii) Others	18.45	18.45
*including interest on claims, where applicable, estimated to be ₹ 13.41 Lakhs (March 31, 2018 : ₹ 212.45 Lakhs)		

24. Segment reporting

The operating segment of the Company has been identified in a manner consistent with the internal reporting provided to the Managing Director, who is the Chief Operating Decision Maker, based on which there is only one operating segment in which the Company operates i.e. Hoteliering and within one geographical segment i.e. India.

	31st March, 2019 (₹ in Lakhs)	31st March, 2018 (₹ in Lakhs)
a) **Segment Revenue**		
-Within India	5902.42	5700.59
-Outside India	–	–
b) **Non Current Assets**		
-Within India	4664.39	9892.98
-Outside India	–	–

c) The Company is not reliant on revenues from transactions with any single external customer and does not receive 10% or more of it's revenues from transactions with any single external customer.

25. Leases

The Company's significant leasing arrangements are in respect of operating leases for building premises (residential, godown, etc.). These leasing arrangements, which are not non-cancellable are for a period 11 months 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 20.

With regard to certain other non-cancellable operating leases for leasehold land, the future minimum rentals are as follows:

	March 31, 2019 (₹ in Lakhs)	March 31, 2018 (₹ in Lakhs)
Not Later than one year	—	46.59
Later than one year but not later than five years	—	195.66
Later than five years	—	3506.58

26. 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, 2019. This information, as required to be disclosed under the 'Micro, Small and Medium Enterprises Development Act, 2006' has been determined to the extent such parties have been identified on the basis of the information available with the Company.

27. Defined Benefit Plans

The Company makes contributions to both Defined Benefit and Defined Contribution Plans for qualifying employees. Gratuity Benefits are funded with the Life Insurance Corporation of India and Leave Encashment Benefits are unfunded in nature.Under the Provident Fund, Gratuity and Leave Encashment Schemes, employees are entitled to receive lump sum benefits.

The liabilities arising in the Defined Benefit Schemes are determined in accordance with the advice of independent, professionally qualified actuaries, using the projected unit credit method at the year end. The Company makes regular contributions to these Employee Benefit Plans. Additional contributions are made to these plans as and when required based on actuarial valuation.

	For the year ended 31st March, 2019 (₹ in Lakhs)	For the year ended 31st March, 2018 (₹ in Lakhs)
	Gratuity Funded	Gratuity Funded
I. Components of Employer Expense		
A. Recognised in Statement of Profit and Loss		
- Current Service Cost	10.79	10.92
- Past Service Cost	–	–
- Net interest Cost	1.29	1.23
Total expense recognised in the Statement of Profit and Loss (A)	12.08	12.15
B. Re-measurements recognised in Other Comprehensive Income		
- Return on plan assets (excluding amounts included in net interest cost)	(2.16)	1.43
- Effect of changes in financial assumptions	–	(3.28)
- Effect of changes in demographic assumptions	4.92	–
- Effect of experience adjustments	(1.45)	13.08
Total re-measurements included in Other Comprehensive Income (B)	1.31	11.23
Total defined benefit cost recognised in Statement of Profit and Loss and Other Comprehensive Income (A+B)	13.39	23.38
The current service cost and net interest cost for the year pertaining to Gratuity expenses have been recognised in "Gratuity" under Note 18. The remeasurement of the net defined benefit liability are included in Other Comprehensive Income.		
II. Net Asset/Liability recognised in Balance Sheet		
- Present Value of Defined Benefit Obligation	132.05	122.84
- Fair Value of Plan Assets	106.70	90.86
- Status [Surplus/(Deficit)]	(25.35)	(31.98)
- Non-Current	–	3.38
- Current	25.35	28.60
III. Change in Defined Benefit Obligation		
Present Value of DBO at the beginning of the year	122.84	101.23
- Current Service cost	10.79	10.91
- Interest cost	8.70	6.64
- Re-measurements gains/ (losses)		
a. Effect of changes in demographic assumptions	4.92	–
b. Effect of changes in financial assumptions	–	(3.28)
c. Effect of experience adjustments	(1.45)	13.08
- Benefits paid	(13.75)	(5.74)
Present Value of DBO at the end of the year	132.05	122.84
IV. Best Estimate of Employer's Expected Contribution for the next year	50.32	32.70
V. Change in Fair Value of Assets		
Plan Assets at the beginning of the year	90.86	69.33
- Interest Income	7.41	5.41
- Re-measurements gains/ (losses) on plan assets	2.17	(1.44)
- Actual Company contributions	20.01	23.30
- Benefits paid	(13.75)	(5.74)
Plan Assets at the end of the year	106.70	90.86
VI. Actuarial Assumptions		
- Discount rate	7.50%	7.50%
- Salary increase rate	5%	5%
- Attrition Rate	34%	18%
- Retirement Age	58	58

Notes to the Financial Statements

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

VII. Sensitivity Analysis

The Sensitivity Analysis below has been determined based on reasonably possible change of the respective assumptions occurring at the end of the reporting period, while holding all other assumptions constant. These sensitivities show the hypothetical impact of a change in each of the listed assumptions in isolation. While each of these sensitivities holds all other assumptions constant, in practice such assumptions rarely change in isolation and the asset value changes may offset the impact to some extent. For presenting the sensitivities, the present value of the Defined Benefit Obligation has been calculated using the projected unit credit method at the end of the reporting period, which is the same as that applied in calculating the Defined Benefit Obligation presented above. There was no change in the methods and assumptions used in the preparation of the Sensitivity Analysis from previous year.

	DBO as at 31st March, 2019	DBO as at 31st March, 2018
- Discount rate +100 basis points	**129.36**	118.43
- Discount rate -100 basis points	**134.87**	127.60
- Salary Increase Rate +1%	**134.28**	127.07
- Salary Increase Rate -1%	**129.89**	118.86
- Attrition Rate +1%	**132.20**	123.28
- Attrition Rate -1%	**131.89**	122.35
Maturity analysis of the benefit payments		
- Year 1	**47.53**	28.60
- Year 2	**32.37**	20.53
- Year 3	**22.08**	17.43
- Year 4	**14.99**	15.13
- Year 5	**10.39**	12.43
- Next 5 years	**17.69**	38.66

28. Related party transactions

i) Holding Company : ITC Limited

ii) Key Management Personnel :

Board of Directors

G. Sivakumar Reddy	Chairman
Nakul Anand	Vice Chairman and Non Executive Director
Jagdish Singh	Non-Executive Director
B.N. Suresh Reddy	Non-Executive Director
Virender Razdan	Managing Director (upto December 20, 2018)
Ashutosh Chhibba	Managing Director (w.e.f. March 9, 2019)#
Dipak Haksar	Non-Executive Director
G Pranav Reddy	Non-Executive Director
Anil Chadha	Non-Executive Director
N.R.Pradeep Reddy	Non-Executive Director
Ashwin Moodliar	Non-Executive Director (w.e.f September 10, 2018)

Subject to approval by the members to be obtained at the ensuing annual general meeting of the Company

Relatives of Key Management Personnel :

Mrs. G. Sulochanamma	Mother of Mr. G.Sivakumar Reddy, Chairman
Mrs. G. Samyuktha Reddy	Wife of Mr. G.Sivakumar Reddy, Chairman

iii) **Other related party and nature of relationship with whom the Company has transactions:**

International Travel House Limited	Associate of ITC Limited

iv) Summary of transactions during the year:

(₹ in Lakhs)

	Holding Company		Others		Key Management Personnel		Relatives of Key Management Personnel	
	2019	2018	**2019**	2018	**2019**	2018	**2019**	**2018**
Sales of services	**77.28**	58.74	**5.33**	5.69	–	–	–	–
Transfer of capital work-in-progress and vendor balances in relation to Amritsar Project	**6905.76**	–	–	–	–	–	–	–
Purchase of goods	**73.08**	66.25	–	–	–	–	–	–
Purchase of services:					–	–	–	
- Hotel services	**16.32**	22.73	–	–	–	–	–	–
- Service fee	**330.21**	346.48	–	–	–	–	–	–
- Others	–	–	**34.88**	24.07	–	–	–	–
- Towards Property Plant and Equipment	–	0.63	–	–	–	–	–	–
Rent paid and other services	–	–	–	–	–	–	**11.76**	17.46
Employee share based payments	**18.38**	30.60	–	–	–	–	–	–
Managerial Remuneration (includes reimbursement to Holding Company amounting to ₹ 43.26 Lakhs; March 31, 2018: ₹ 43.16 Lakhs)	–	–	–	–	**54.39**	57.17	–	–
Reimbursement of contractual remuneration:					–	–		
- Towards Property Plant and Equipment	**44.27**	50.22	–	–	–	–	–	–
- Others	**497.81**	546.28	–	–	–	–	–	–
Expenses recovered	**247.48**	147.09	–	–	–	–	–	–
Expenses reimbursed:					–	–		
- Towards Property Plant and Equipment	**7.56**	29.67	–	–	–	–	–	–
- Others	360.59	211.12	–	–	–	–	–	–

Notes to the Financial Statements

v) Outstanding balances arising from sales/purchase of goods and services : (₹ in Lakhs)

	Holding Company		Others		Key Management Personnel		Relatives of Key Management Personnel	
	2019	2018	**2019**	2018	**2019**	2018	**2019**	2018
Balance outstanding at the year end :								
- Receivables	**10.98**	47.38	**0.21**	0.30	**–**	–	**–**	–
- Deposits taken	**–**	–	**0.50**	0.50	**–**	–	**–**	–
- Payables (Refer note below)	**88.23**	124.15	**5.04**	26.19	**–**	–	**0.98**	0.98
Commitments	**–**	51.64	**–**	–	**–**	–	**–**	–

Note: Net of TDS amounting to ₹ 27.24 Lakhs (March 31, 2018: ₹ 28.29 Lakhs)

29. Reconciliation of effective tax rate:

	For the year ended 31st March, 2019 (₹ in Lakhs)	For the year ended 31st March, 2018 (₹ in Lakhs)
Profit/ (Loss) before income tax expense	**(230.30)**	(49.42)
"Income tax calculated @ 27.82% (March 31, 2018: 30.90%)"	**(64.07)**	(15.27)
Tax effect of amounts which are not deductible in calculating taxable income	**81.43**	(2.55)
Effect of tax relating to uncertain tax positions	**4.95**	9.44
Benefit of previously unrecognised tax losses	**(15.18)**	–
Effect of different tax rates on certain items	**(25.39)**	–
Effect of change in tax rates	**–**	(89.08)
Income tax expense	(18.26)	(97.46)

30. Employee Share Based Compensation:

(i) The eligible employees of ITC Limited (ITC), who are deputed to the Company at its request, are covered under the ITC Employee Stock Option Schemes (ITC ESOS) and the ITC Employee Cash Settled Stock Appreciation Linked Reward Plan (ITC ESAR Plan) in accordance with the terms and conditions of such schemes, details of which are as under:

ITC ESOS : Each Option entitles the holder thereof to apply for and be allotted ten ordinary shares of ₹ 1.00 each of ITC upon payment of the exercise price during the exercise period. These options vest over a period of three years from the date of grant and are exercisable within a period of five years from the date of vesting. The Options have been granted at the 'market price' as defined under the Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014.

ITC ESAR : Under the ITC ESAR Plan, eligible employees would receive cash linked to appreciation in the value of the shares of ITC in accordance with the terms and conditions of this Plan. The stock appreciation units (SARs) vest over a period of five years from the date of grant and entitles each ESAR grantee to the appreciation for the total number of ESAR Units vested.

(ii) The cost of stock options granted under ITC ESOS / SARs granted under ITC ESAR have been recognized as equity settled / cash settled share based payments respectively in accordance with Ind AS 102 - Share Based Payment. In terms of said deputation arrangement, the Company has accounted for the cost of the fair value of options / stock appreciation units granted to the deputed employees on-charge by ITC. The fair value of the options / SARs granted is determined, using the Black Scholes Option Pricing model, by ITC for all the grantees covered under ITC ESOS / ITC ESAR as a whole.

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

	As at March 31, 2019	As at March 31, 2018
	No. of Options	No. of Options
Outstanding at the beginning of the year	**22,277**	30,582
Add: Granted during the year*	**–**	4,595
Effect of Corporate Action (Bonus)	**–**	–
Options Forfeited / Surrendered during the year	**–**	–
Options due to transfer in and transfer out	**(17,327)**	2,700
Less: Exercised during the year	**–**	15,600
Outstanding at the end of the year	**4,950**	22,277
Options exercisable at the end of the year	**2,226**	12,065
Options Vested and Exercisable during the year	**2,226**	6,015

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

* Includes Nil (2018- 4595) options granted to the Key Management Personnel of the Company. Since such options are not tradeable, no perquisite or benefit is immediately conferred upon an employee by such grant.

In accordance with Ind AS 102, an amount of ₹ 17.79 Lakhs (2018 – ₹ 30.59 Lakhs) towards ITC ESOS and ₹ 0.59 Lakhs (2018 - ₹ Nil) towards ITC ESAR has been recognized as employee benefits expense (Refer Note 18). Such charge has been recognised as employee benefits expense with corresponding credit to current / non – current financial liabilities, as applicable.

Notes to the Financial Statements

31. Transfer of Amritsar Project Assets

Pursuant to the approval by the Members, vide a special resolution, at the extra ordinary general meeting of the Company held on November 10, 2018, the Company has transferred the moveable and immoveable assets, leasehold land rights, vendor balances, deposits, licenses, permits, consents, approvals, contracts and rights, etc. of whatsoever nature attached thereto, both present and future, relating to the Amritsar Hotel Project of the Company to ITC Limited, the Holding Company, at an aggregate consideration of ₹ 6,350 lakhs plus applicable taxes. The consideration was determined basis valuation carried out by an independent valuer. The transaction resulted in book loss of ₹ 279.22 Lakhs in relation to the aforementioned transfer which has been disclosed under "Loss on property, plant and equipment sold / discarded (including Capital Work-in-Progress-Project)" [Net] in Note 20 to the Financials Statements.

32. Financial instruments and related disclosures

I. Capital management

The Company's financial strategy aims to provide adequate capital for its growth plans for generating superior guest experience and sustained stakeholder value. Depending on the financial market scenario, nature of the funding requirements and cost of such funding, the Company decides the optimum capital structure. Currently, there are no borrowings and operations are being funded through internal accruals. The Company aims at maintaining a strong capital base so as to maintain adequate supply of funds towards future growth of its business as a going concern.

II. Categories of financial instruments

	Note	As at 31st March, 2019		As at 31st March, 2018	
		Carrying Value (₹ in Lakhs)	*Fair Value (₹ in Lakhs)	Carrying Value (₹ in Lakhs)	*Fair Value (₹ in Lakhs)
A. Financial assets					
a) Measured at amortised cost					
i) Cash and cash equivalents	7	**167.36**	**167.36**	237.30	237.30
ii) Other bank balances	8	**83.57**	**83.57**	67.73	67.73
iii) Investment in government securities	5	**0.10**	**0.10**	0.10	0.10
iv) Trade receivables	6	**303.12**	**303.12**	341.98	341.98
v) Other financial assets	9	**30.42**	**30.42**	28.79	28.79
Sub - total		**584.57**	**584.57**	675.90	675.90
b) Measured at Fair value through Profit or Loss					
i) Investment in mutual funds	5	**5633.10**	**5633.10**	762.16	762.16
Sub - total		**5633.10**	**5633.10**	762.16	762.16
Total financial assets		**6217.67**	**6217.67**	1438.06	1438.06
B. Financial liabilities					
a) Measured at amortised cost					
i) Trade payables	–	**1008.85**	**1008.85**	867.39	867.39
ii) Other financial liabilities	12	**96.96**	**96.96**	418.05	418.05
Sub - total		**1105.81**	**1105.81**	1285.44	1285.44
Total financial liabilities		**1105.81**	**1105.81**	1285.44	1285.44

* The carrying amounts of trade payables, other financial liabilities, cash and cash equivalents, other bank balances, investment in government securities, trade receivables and other financial assets are considered to be the same as their fair values due to their short term nature.

III. Financial risk management objectives

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

a) Liquidity Risk:

The Company's Current assets aggregates ₹ 6516.12 Lakhs (March 31, 2018 – ₹ 1706.64 Lakhs) including Current investments, Cash and cash equivalents and Other bank balances of ₹ 5884.13 Lakhs (March 31, 2018 – ₹ 1067.29 Lakhs) against an aggregate Current liability of ₹ 1211.75 Lakhs (March 31, 2018 – ₹ 1389.62 Lakhs). Further, while the Company's total equity stands at ₹ 9501.46 Lakhs (March 31, 2018 – ₹ 9714.45 Lakhs), it has no borrowings.

In such circumstances, liquidity risk or the risk that the Company may not be able to settle or meet its obligations as they become due does not exist.

b) Foreign currency risk

The Company undertakes transactions denominated in foreign currency (mainly US Dollar) which are subject to exchange rate fluctuations. Financial assets and liabilities denominated in foreign currency are also subject to reinstatement risks .

There are no outstanding foreign currency denominated financial assets and financial liabilities, as at the end of the reporting period.

As the transactions undertaken by the Company are in smaller denominations, taking forward cover for each transaction may not be economically feasible. Hence, the Company uses Forward Exchange Contracts for select exposures, although not designated under hedge accounting. As there are no large exposures, sensitivity analysis has not been provided.

c) Credit risk

Credit risk is the risk that counterparty will not meet its obligations under a financial instrument which may lead to a financial loss to the Company. The Company is exposed to credit risk from its operating and investing activities (primarily trade receivables and investments).

The Company has policy of dealing on cash terms, to the extent practicable. Credit is extended only after due approvals and evaluation in terms of the Credit Policy applicable for such sale. The process of extending credit approval, takes into account various factors such as publicly available financial information, market feedback, and past business patterns etc. Many of the Company's customers have been transacting for many years and the incidence of bad debts has been low. Such credit limits extended to trade receivables are monitored by the dual structure of Hotel Unit Credit Committee and Board of Directors and protective action are initiated to avoid a default. In view of the short nature of its trade receivables, the Company makes provision for credit risk on an individual basis, if any.

Notes to the Financial Statements

Trade receivables are initially recognized at fair value plus any directly attributable transaction costs. The net carrying value of trade receivables is not significantly different from their carrying values due to the short - term duration of trade receivables. Generally, terms of trade are cash payment, wherever required credit terms for customers are determined based on individual customer in accordance with the terms of the industry. Company's customer base is large and diverse. Our historical experience of collecting receivables, supported by the level of default, is that credit risk is low. Individual customer credit limits are imposed based on relevant factors such as market feedback, business potential and past records on selective basis. All customer balances which are overdue for more than 180 days are evaluated for provision and considered for impairment on an individual basis. Write offs are made with the approval of the Board of Directors.

"The Company's exposure to trade receivables on the reporting date, net of expected loss provisions, stood at ₹ 303.12 Lakhs (2018 - ₹ 341.98 Lakhs). The movement of the expected loss provision (allowance for bad and doubtful loans and receivables etc.) made by the Company are as under:"

(₹ in Lakhs)

Particular	Expected Credit Loss Provision	
	As at 31st March, 2019	As at 31st March, 2018
Opening Balance	–	–
Add: Provisions made (net)	29.85	–
Closing Balance	29.85	–

Investments in deposits are made with banks and institutions, which are of investment grade and are managed by the Company through active monitoring of balances and pre-determined parameters. Similarly, investment in debt mutual funds are made only with approved mutual funds and credit risk in such funds are limited because the underlying investments are diversified and the Company's investment framework considers the credit quality of the underlying investments made by the fund house. There are limits for any exposure to financial institutions.

The Company investments that are held at amortised cost stood at ₹ 5633.20 Lakhs (2018 - ₹ 762.26 Lakhs).

33. Fair value hierarchy

The following table presents the fair value hierarchy of assets and liabilities:

	Fair value hierarchy level	As at 31st March, 2019 Fair Value (₹ in Lakhs)	As at 31st March, 2018 Fair Value (₹ in Lakhs)
Financial assets			
a) Measured at amortised cost			
(i) Investment in government securities	2	**0.10**	0.10
b) Measured at Fair Value through Profit or Loss			
(i) Investment in mutual funds	1	**5633.10**	762.16
Total		**5633.20**	762.26

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

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

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

Derivatives are valued using valuation techniques with market observable inputs such as foreign exchange spot rates and forward rates at the end of the reporting period.

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

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

The fair value of trade receivables, trade payables and other Current financial assets and liabilities is considered to be equal to the carrying amounts of these items due to their short-term nature.

There has been no change in the valuation methodology for Level 3 inputs during the year. The Company has not classified any material financial instruments under Level 3 of the fair value hierarchy. There were no transfers between Level 1 and Level 2 during the year.

34. Ministry of Corporate Affairs (MCA) has issued the Companies (Indian Accounting Standards) Second Amendment Rules, 2019 on March 30, 2019 notifying new Standard Ind AS 116 "Leases". On the even date, MCA also amended the guidance in Ind AS 12 "Income Taxes", in connection with accounting for taxes on dividend. The amendment clarifies that an entity shall recognise the income tax consequences of dividends in profit or loss, other comprehensive income or equity according to where the entity originally recognised those past transactions or events. These said changes are applicable for accounting period beginning on or after 1st April, 2019. The Company expects that the said changes will not have any impact on the Financial Statements of the Company.

35. Ministry of Corporate Affairs (MCA) has notified Ind AS 115 - Revenue from Contracts with Customers effective April 1, 2018. The Company has adopted the cumulative catch up method. There is no material impact on financial statements due to transition to IND AS 115.

36. The Financial Statements were approved for issue by the Board of Directors on 23rd April,2019.

On behalf of the board

Gunupati Sivakumar Reddy
Chairman

Ashutosh Chhibba
Managing Director

Rakshit Kapoor
Chief Financial Officer

Anupama Jha
Company Secretary

Place: Gurugram
Date: April 23, 2019

REPORT OF THE BOARD OF DIRECTORS FOR THE FINANCIAL YEAR ENDED 31ST MARCH, 2019

1. Your Directors submit their Report for the financial year ended 31st March, 2019.

2. FINANCIAL PERFORMANCE

During the year, your Company recorded an Operating Income of ₹ 2,766.60 lakhs (previous year: ₹ 2,588.03 lakhs) registering an increase of 7%. The Other Income of the Company was ₹ 231.36 lakhs (previous year: ₹ 171.28 lakhs). Profit for the year was ₹ 661.09 lakhs (previous year: ₹ 192.97 lakhs).

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

		For the year ended 31st March, 2019 (₹ in lakhs)	For the year ended 31st March, 2018 (₹ in lakhs)
Profits			
a.	Profit Before Tax	**935.79**	367.23
b.	Less : Tax Expense		
	Current Tax	**272.00**	236.28
	Deferred Tax	**2.70**	(62.02)
c.	Profit for the year	**661.09**	192.97
d.	Other Comprehensive Income	**1.83**	11.66
e.	Total Comprehensive Income	**662.92**	204.63
Statement of Retained Earnings			
a.	At the beginning of the year	**2,213.17**	2,076.24
b.	Add : Profit for the year	**661.09**	192.97
c.	Add : Other Comprehensive Income	**1.83**	11.66
d.	Less:		
	- Dividend Paid	**56.25**	56.25
	- Income Tax on Dividend Paid	**11.56**	11.45
e.	At the end of the year	**2,808.28**	2,213.17

3. DIVIDEND

The Board of Directors of the Company have recommended a dividend of ₹ 12.50 (previous year: ₹ 12.50) per Equity Share of ₹ 10/- each, for the year ended 31st March, 2019. Total cash outflow in this regard will be ₹ 67.81 lakhs including Dividend Distribution Tax of ₹ 11.56 lakhs.

4. OPERATIONAL PERFORMANCE

Your Company, which caters to the 'Mid-market to Upscale' segment through a chain of Fortune hotels, continues to forge new alliances and expand its footprint. Currently, the Company has an aggregate inventory of nearly 4,000 rooms spread over 53 properties of which 47 are operating hotels. Of the balance 6 properties, 1 hotel is slated to be commissioned in the ensuing year and 5 hotel projects are in various stages of development.

The Company has established 'Fortune' as the premier 'value' brand in the Indian hospitality sector. The brand remains a frontrunner in its operating segment and is well positioned to sustain its leadership position in the industry.

During the year, the Company bagged the 'Today's Traveller Award 2018' as well as the 'Hospitality India Travel Award 2018' in the 'Best Premier Class Business Hotel Chain' category. It was also awarded the 'Versatile Excellence Travel Award (VETA) 2018' in the 'Best Business Hotel Chain' category by Travelscapes.

5. DIRECTORS AND KEY MANAGERIAL PERSONNEL

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

During the year under review, there were no changes in the composition of the Board of Directors ('the Board') and Key Managerial Personnel of the Company.

(b) Retirement by Rotation

In accordance with the provisions of Section 152 of the Companies Act, 2013 ('the Act') and Articles 143 and 144 of the Articles of Association of the Company, Mr. Nakul Anand (DIN: 00022279), Director, will retire by rotation at the ensuing Annual General Meeting ('AGM') of the Company, and being eligible, offers himself for re-appointment. Your Board has recommended his re-appointment.

6. BOARD AND BOARD COMMITTEES

The Company has two Board Committees and its present composition is as follows:

A. Corporate Social Responsibility Committee

Mr. N. Anand	–	Chairman
Mr. J. Singh	–	Member
Mr. Samir MC	–	Member

B. New Alliance Approval Committee

Mr. J. Singh	–	Member
Mr. Samir MC	–	Member

Four meetings of the Board were held during the year ended 31st March, 2019.

7. DIRECTORS' RESPONSIBILITY STATEMENT

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

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

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

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

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

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

8. SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES

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

9. PARTICULARS OF EMPLOYEES

The details of employee(s) drawing remuneration more than the limit specified in Rule 5(2) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 along with the details of top ten employees of the Company in terms of remuneration drawn, as required under the said Rule, are provided in **Annexure 1** to this Report.

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

10. RISK MANAGEMENT

The risk management framework of the Company is commensurate with its size and nature of business. Management of risks vests with the executive management which is responsible for the day-to-day conduct of the affairs of the Company, within the overall framework approved by the Board. The Internal Audit Department of ITC Limited periodically carries out, at the request of the Company, risk focused audits with the objective of identifying areas where risk management processes could be strengthened. The Board annually reviews the effectiveness of the Company's risk management systems and policies.

11. INTERNAL FINANCIAL CONTROLS

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

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

12. CORPORATE SOCIAL RESPONSIBILITY (CSR)

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

13. PARTICULARS OF LOANS, GUARANTEES AND INVESTMENTS

During the year ended 31st March, 2019, the Company has neither given any loan or guarantee nor has made any investment under Section 186 of the Act.

14. RELATED PARTY TRANSACTIONS

During the year ended 31st March, 2019, the Company has neither entered into any contract or arrangement with its related parties which is not at arm's length nor has the Company entered into any material contract or arrangement with them, in terms of Section 188 of the Act.

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

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

16. EXTRACT OF ANNUAL RETURN

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

17. COST RECORDS

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

18. STATUTORY AUDITORS

The Company's Auditors, Messrs. Price Waterhouse LLP, Chartered Accountants, who were appointed with your approval at the 19th AGM for a period of five years, will complete their present term on conclusion of the 24th AGM of the Company.

The Board has recommended for the approval of the Members, the appointment of Messrs. S R B C & CO LLP, Chartered Accountants ('SRBC'), as the Auditors of the Company for a period of five years from the conclusion of the ensuing 24th AGM till the conclusion of the 29th AGM. SRBC have given their consent to act as the Auditors of the Company and have confirmed that the said appointment, if made, will be in accordance with Section 139 and 141 of the Act. The Board has also recommended for the approval of the Members, the remuneration of SRBC for the financial year 2019-20. Appropriate resolution seeking your approval to the appointment and remuneration of SRBC as the Auditors is appearing in the Notice convening the ensuing AGM of the Company.

19. COMPLIANCE WITH SECRETARIAL STANDARDS

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

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

Conservation of Energy & Technology Absorption

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

Foreign Exchange Earnings and Outgo

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

On behalf of the Board

Dated : 23rd April, 2019 — **Samir MC** — **Managing Director**
Place : Gurugram — **J. Singh** — **Director**

Annexure 1 to the Report of the Board of Directors for the financial year ended on 31st March, 2019

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

Names of Employees	Age	Designation	Gross Remuneration (₹)	Net Remuneration (₹)	Qualifications	Experience (Years)	Date of Commencement of employment / deputation	Previous Employment / Position held
1	2	3	4	5	6	7	8	9
Samir Mecherivalappil Chandrasekharan*	43	Managing Director	1,82,30,195/-	91,37,050/-	MBA, Diploma in Hotel Management	23	16.10.2017	ITC Limited, Executive Vice President
Dhananjay Saliankar*	54	Head-Sales & Marketing	59,74,946/-	31,25,432/-	B. A. (Economics)	28	01.12.2017	ITC Limited, General Manager – Sales & Marketing
Jugal Kishore Batra*	48	Vice President – Finance	51,74,486/-	25,66,240/-	M.Com, ACA	23	10.11.2016	ITC Limited, Manager Finance – Projects
Raj Kamal Chopra*	53	Corporate Chef	39,38,837/-	19,71,425/-	B.Com (P), Diploma in Hotel Management	32	01.04.2013	ITC Limited, Executive Chef
Rajendra AJG Louzado	58	General Manager – Operations Support	37,06,877/-	21,14,417/-	Diploma in Hotel Management	37	17.03.2008	Prism Properties Private Limited, Manager
P P Srivastava*	59	EHS Manager	33,65,311/-	16,14,147/-	B.E.	37	11.07.2015	ITC Limited, Chief Engineer
Kovid Sharma*	41	Head-Human Resources	33,33,842/-	19,61,101/-	B.Sc. (Hons.) Statistics, Masters in IR & HRM	18	15.09.2017	ITC Limited – Manager – Human Resource
Saravanan Dhanabalu	46	General Manager	32,29,285/-	23,88,887/-	PG Course in Facility Management, B.Sc. (Computer Science)	25	05.09.2007	Auromatrix Hotels Private Limited, Manager
Rohit Malhotra #	62	Vice President – Operations	32,17,107/-	18,03,270/-	B.Sc., Diploma in Hotel Management	41	01.01.2017	ITC Limited, General Manager
Ajay Joginderlal Sharma	52	General Manager	31,99,645/-	23,64,783/-	Diploma in Hotel Management	31	19.05.2015	Elixir Enterprises and Hotels Private Limited, Manager

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

Fixed term contract completed on 31st December, 2018.

Notes:

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

b. Net remuneration comprises cash income less income tax & education cess deducted at source and employee's own contribution to provident fund.

c. Certain employees on deputation from ITC have been granted Stock Options by ITC in previous year(s) under its Employee Stock Option Schemes at 'market price' [within the meaning of the Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014]. ITC has also granted Employee Stock Appreciation Linked Reward Units (ESAR Units) to certain employees under its Stock Appreciation Linked Reward Plan. Since these Stock Options and ESAR Units are not tradeable, no perquisite or benefit is immediately conferred upon the employees by grant of such Options / Units, and accordingly the said grant has not been considered as remuneration.

d. All appointments (except deputed employees) are / were contractual in accordance with terms and conditions as per Company's rules.

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

On behalf of the Board

Dated : 23rd April, 2019 — **Samir M C** — **Managing Director**
Place : Gurugram — **J. Singh** — **Director**

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, 2019

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

1.	A brief outline of the Company's CSR Policy including overview of projects or programs proposed to be undertaken		The Company, a wholly owned subsidiary of ITC Limited (ITC), discharges its corporate social responsibilities (CSR) by aligning itself with the CSR Policy of ITC. The Company undertakes its CSR activities: ● as listed in Schedule VII to the Companies Act, 2013, in line with the CSR initiatives of ITC and as approved by the CSR Committee of the Company; ● directly or through a registered trust or a registered society or a company established under Section 8 of the Companies Act, 2013. The Company may collaborate with ITC or other companies for undertaking CSR activities.
2.	Composition of CSR Committee		Mr. N. Anand (Chairman) Mr. Samir MC Mr. J. Singh
3.	Average net profit of the Company for last three financial years		₹ 8,18,34,174/-
4.	Prescribed CSR expenditure (two percent of the amount stated under 3 above)		₹ 16,36,684/-
5.	Details of CSR spent during the financial year 2018-19	Total amount spent for the financial year	₹ 16,37,000/-
		Total Amount unspent	NIL

Manner in which the amount spent during the financial year 2018-19 is detailed below:

CSR Project or activity identified	Sector in which the project is covered	Projects or programs (1) Local area or other (2) Specify the State and district where projects or programs was undertaken	Amount outlay (Budget) project or program wise	Amount spent on the projects or programs Sub heads: 1. Direct expenditure on projects or programs 2. Overheads	Cumulative expenditure upto the reporting period	Amount spent: Direct or through implementing agency
Contribution to ITC Rural Development Trust	Undertaking rural development projects [covered under Clause (x) of Schedule VII to the Companies Act, 2013]	N. A.	₹ 16,37,000/-	₹ 16,37,000/-	₹ 16,37,000/-	Implementing Agency - ITC Rural Development Trust, Kolkata

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

On behalf of the Board

Dated : 23rd April, 2019
Place : Gurugram

N. Anand
Chairman - CSR Committee

Samir MC
Managing Director

J. Singh
Director

Annexure 3 to the Report of the Board of Directors
FORM NO. MGT-9
EXTRACT OF ANNUAL RETURN
as on the financial year ended on 31st March, 2019

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

I. REGISTRATION AND OTHER DETAILS

i)	CIN	:	U55101HR1995PLC052281
ii)	Registration Date	:	26th July, 1995
iii)	Name of the Company	:	Fortune Park Hotels Limited
iv)	Category / Sub-Category of the Company	:	Unlisted Public Company limited by shares
v)	Address of the Registered office and contact details	:	ITC Green Centre 10, Institutional Area Sector 32, Gurugram -122001 Phone: 0124 4171717 e-mail : fphl@fortunehotels.in
vi)	Whether listed company (Yes / No)	:	No
vii)	Name, Address and Contact details of Registrar and Transfer Agent, if any	:	N.A.

II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

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

Sl. No.	Name and Description of main products / services	NIC Code of the product/ service	% to total turnover of the Company
1.	Hotel services	55101	100%

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES

Sl. No.	Name and Address of the Company	CIN/GLN	Holding/ Subsidiary/ Associate	% of shares held in the Company	Applicable Section
1.	ITC Limited Virginia House 37 Jawaharlal Nehru Road Kolkata – 700 071	L16005WB1910PLC001985	Holding company	100%	2(46)

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

(i) Category-wise Shareholding:

Category of Shareholders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
A. Promoters									
(1) Indian									
a) Individual/HUF	–	–	–	–	–	–	–	–	N.A.
b) Central Govt.	–	–	–	–	–	–	–	–	N.A.
c) State Govt.(s)	–	–	–	–	–	–	–	–	N.A.
d) Bodies Corp.	–	4,50,008	4,50,008	100.00	–	4,50,008	4,50,008	100.00	Nil
e) Banks / FI	–	–	–	–	–	–	–	–	N.A.
f) Any Other	–	–	–	–	–	–	–	–	N.A.
Sub-total (A)(1)	**–**	**4,50,008**	**4,50,008**	**100.00**	**–**	**4,50,008**	**4,50,008**	**100.00**	**Nil**
(2) Foreign									
a) NRIs - Individuals	–	–	–	–	–	–	–	–	N.A.
b) Other – Individuals	–	–	–	–	–	–	–	–	N.A.
c) Bodies Corp.	–	–	–	–	–	–	–	–	N.A.
d) Banks / FI	–	–	–	–	–	–	–	–	N.A.
e) Any Other	–	–	–	–	–	–	–	–	N.A.
Sub-total (A)(2)	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**N.A.**
Total Shareholding of Promoter (A) = (A)(1)+(A)(2)	**–**	**4,50,008**	**4,50,008**	**100.00**	**–**	**4,50,008**	**4,50,008**	**100.00**	**Nil**
B. Public Shareholding									
1. Institutions									
a) Mutual Funds	–	–	–	–	–	–	–	–	N.A.
b) Banks / FI	–	–	–	–	–	–	–	–	N.A.
c) Central Govt.	–	–	–	–	–	–	–	–	N.A.
d) State Govt.(s)	–	–	–	–	–	–	–	–	N.A.
e) Venture Capital Funds	–	–	–	–	–	–	–	–	N.A.
f) Insurance Companies	–	–	–	–	–	–	–	–	N.A.
g) FIIs	–	–	–	–	–	–	–	–	N.A.
h) Foreign Venture Capital Funds	–	–	–	–	–	–	–	–	N.A.
i) Others (specify)	–	–	–	–	–	–	–	–	N.A.
Sub-total (B)(1):	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**N.A.**
2. Non-Institutions									
a) Bodies Corp.									
i) Indian	–	–	–	–	–	–	–	–	N.A.
ii) Overseas	–	–	–	–	–	–	–	–	N.A.
b) Individuals	–	–	–	–	–	–	–	–	N.A.
i) Individual shareholders holding nominal share capital upto ₹ 1 lakh									
ii) Individual shareholders holding nominal share capital in excess of ₹ 1 lakh									
c) Others (specify)	–	–	–	–	–	–	–	–	N.A.
Sub-total (B)(2)	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**N.A.**
Total Public Shareholding (B)=(B)(1)+ (B)(2)	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**N.A.**
C. Shares held by Custodian for GDRs & ADRs	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**N.A.**
Grand Total (A+B+C)	**–**	**4,50,008**	**4,50,008**	**100.00**	**–**	**4,50,008**	**4,50,008**	**100.00**	**Nil**

(ii) Shareholding of Promoters:

Sl. No.	Shareholder's Name	Shareholding at the beginning of the year			Shareholding at the end of the year			% change in shareholding during the year
		No. of Shares	% of total Shares of the Company	% of Shares pledged / encumbered to total Shares	No. of Shares	% of total Shares of the Company	% of Shares pledged / encumbered to total Shares	
1.	ITC Limited	4,50,008	100.00	Nil	4,50,008	100.00	Nil	Nil

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

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

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

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

V. INDEBTEDNESS

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

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

A. Remuneration to Managing Director, Whole-time Directors and/or Manager: (Amount in ₹)

Sl. No.	Particulars of Remuneration	Samir MC (Managing Director) *(refer Note 1)*
1.	Gross Salary	
	(a) Salary as per provisions contained in Section 17(1) of the Income-tax Act, 1961	1,56,53,532
	(b) Value of perquisites under Section 17(2) of the Income-tax Act, 1961	19,12,643
	(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)	**1,75,66,175**
	Ceiling as per the Companies Act, 2013	**>84,00,000 per annum** *(refer Note 2)*

Note 1: Mr. Samir MC is on deputation from ITC Limited (ITC) and has been granted Employee Stock Appreciation Linked Reward Units (ESAR Units) by ITC under its Stock Appreciation Linked Reward Plan. Since these ESAR Units are not tradeable, no perquisite or benefit is conferred upon the employee by grant of such Units, and accordingly the said grant has not been considered as remuneration.

Note 2: Ceiling as per Part II of Schedule V to the Companies Act, 2013 has been disclosed, considering that the profits of the Company for the financial year ended 31st March, 2019 are inadequate. The appointment of Mr. Samir MC is governed by the resolution passed by the Board and the shareholders of the Company. The statutory provisions apply with respect to notice period and severance fee.

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

Sl. No.	Name of Directors	Particulars of Remuneration		Total Amount
		Fee for attending Board and Board Committee meetings	Commission	
1.	**Other Non - Executive Directors**			
	N. Anand	Nil	Nil	Nil
	J. Singh			
Total Amount (B)				**Nil**
Total Managerial Remuneration (A+B)				**1,75,66,175**
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, 2019 are inadequate.

C. Remuneration to Key Managerial Personnel other than MD/Manager/WTD: NOT APPLICABLE

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

On behalf of the Board

Dated : 23rd April, 2019 — **Samir MC** — **Managing Director**

Place : Gurugram — **J. Singh** — **Director**

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF FORTUNE PARK HOTELS LIMITED

Report on the audit of the Financial Statements

Opinion

1. We have audited the accompanying financial statements of Fortune Park Hotels Limited ("the Company"), which comprise the balance sheet as at March 31, 2019, and the statement of Profit and Loss ((including Other Comprehensive Income), statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information.

2. In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Companies Act, 2013 ("the Act") in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2019, and total comprehensive income (comprising of profit and other comprehensive income), changes in equity and its cash flows for the year then ended.

Basis for opinion

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

Other Information

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

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

   In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

   We have nothing to report in this regard.

Responsibilities of management and those charged with governance for the financial statements

5. The Company's Board of Directors is responsible for the matters stated in section 134(5) of the Act with respect to the preparation of these financial statements that give a true and fair view of the financial position, financial performance, changes in equity and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under section 133 of the Act This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate 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.

6. In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so. Those Board of Directors are also responsible for overseeing the Company's financial reporting process.

Auditor's responsibilities for the audit of the financial statements

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

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

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

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

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

Report on other legal and regulatory requirements

11. 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 B a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.

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

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

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

    c) The Balance Sheet, the Statement of Profit and Loss (including other comprehensive income), the Statement of Changes in Equity and 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.

e) On the basis of the written representations received from the directors as on March 31, 2019 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2019 from being appointed as a director in terms of Section 164 (2) of the Act.

f) With respect to the adequacy of the internal financial controls with reference to financial statements 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 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 25 to the financial statements;

ii. The Company did not have any derivative contracts and in respect of other long-term contracts there are 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, 2019.

iv. The reporting on disclosures relating to Specified Bank Notes is not applicable to the Company for the year ended March 31, 2019.

For Price Waterhouse Chartered Accountants LLP
Firm Registration Number: 012754N/N500016
Chartered Accountants

Ashok Narayanaswamy
Partner
Membership Number : 095665

Place: Gurugram
Date: April 23, 2019

Annexure A to Independent Auditor's Report

Referred to in paragraph 12(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, 2019

Report on the Internal Financial Controls with reference to financial statements under Clause (i) of Sub-section 3 of Section 143 of the Act

1. We have audited the internal financial controls with reference to financial statements of Fortune Park Hotels Limited ("the Company") as of March 31, 2019 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 financial controls with reference to financial statements 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 with reference to financial statements based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") and the Standards on Auditing 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 with reference to financial statements 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 with reference to financial statements and their operating effectiveness. Our audit of internal financial controls with reference to financial statements included obtaining an understanding of internal financial controls with reference to financial statements, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

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 with reference to financial statements.

Meaning of Internal Financial Controls with reference to financial statements

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

Inherent Limitations of Internal Financial Controls with reference to financial statements

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

Opinion

8. In our opinion, the Company has, in all material respects, an adequate internal financial controls system with reference to financial statements and such internal financial controls with reference to financial statements were operating effectively as at March 31, 2019, based on the internal financial controls with reference to financial statements 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: Gurugram
Date: April 23, 2019

Annexure B to Independent Auditor's Report

Referred to in paragraph 11 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, 2019

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

(b) The property, plant and equipment 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 3 on property, plant and equipment 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, goods and service 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 income-tax, sales-tax, service-tax, duty of customs, and duty of excise or value added tax or goods and service tax 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. 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 Section 188 of the Act. The details of such related party transactions have been disclosed in the financial statements as required under Indian Accounting Standard (Ind AS) 24, Related Party Disclosures specified under Section 133 of the Act. 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 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 Chartered Accountants LLP
Firm Registration Number: 012754N/N500016
Chartered Accountants

Ashok Narayanaswamy
Partner
Membership Number : 095665

Place: Gurugram
Date: April 23, 2019

Balance Sheet

(All amounts in rupees unless otherwise stated)

	Notes	As at 31st March, 2019	As at 31st March, 2018
ASSETS			
Non-current assets			
Property, plant and equipment	3	**22,33,995**	32,46,519
Deferred tax assets (net)	4	**2,29,78,265**	2,33,19,271
Income tax assets (net)	5	**5,79,78,255**	4,24,51,240
Total non-current assets		**8,31,90,515**	6,90,17,030
Current assets			
Financial assets			
i. Investments	6(a)	**12,13,86,658**	9,95,15,133
ii. Trade receivables	6(b)	**10,99,67,826**	10,03,15,314
iii. Cash and cash equivalents	6(c)	**1,31,23,551**	60,32,846
iv. Others	6(d)	**5,25,57,663**	5,78,54,872
Other current assets	7	**26,78,840**	25,19,528
Total current assets		**29,97,14,538**	26,62,37,693
Total assets		**38,29,05,053**	33,52,54,723
EQUITY AND LIABILITIES			
Equity share capital	8	**45,00,080**	45,00,080
Other equity		**31,75,75,532**	25,80,64,943
Total equity		**32,20,75,612**	26,25,65,023
LIABILITIES			
Non-current liabilities			
Other financial liabilities	9(a)	**13,72,761**	–
Provisions	10(a)	**1,20,46,362**	1,04,15,736
Total non-current liabilities		**1,34,19,123**	1,04,15,736
Current liabilities			
Financial liabilities			
i. Trade payables	9(b)		
Total outstanding dues of micro enterprises and small enterprises		–	–
Total outstanding dues of creditors other than micro enterprises and small enterprises		**1,45,48,692**	1,64,62,523
ii. Other financial liabilities	9(c)	**61,71,048**	55,09,031
Provisions	10(b)	**63,95,354**	1,00,55,399
Other current liabilities	11	**2,02,95,224**	3,02,47,011
Total current liabilities		**4,74,10,318**	6,22,73,964
Total liabilities		**6,08,29,441**	7,26,89,700
Total equity and liabilities		**38,29,05,053**	33,52,54,723

The accompanying notes 1 to 28 are an integral part of the financial statements.

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

For **Price Waterhouse Chartered Accountants LLP**
Firm Registration No. : 012754N/N500016

Ashok Narayanaswamy
Partner
Membership Number : 095665
Place : Gurugram
Date : 23rd April, 2019

On behalf of the Board of Directors

Samir Mecherivalappil Chandrasekharan
Managing Director
DIN 08064002
Place : Gurugram
Date : 23rd April, 2019

Jagdish Singh
Director
DIN 00042258
Place : Gurugram
Date : 23rd April, 2019

Statement of Profit and Loss
(All amounts in rupees unless otherwise stated)

	Notes	For the year ended 31st March, 2019	For the year ended 31st March, 2018
Revenue from operations	12	**27,66,60,399**	25,88,03,180
Other income	13	**2,31,35,945**	1,71,27,801
Total income		**29,97,96,344**	27,59,30,981
Expenses			
Employee benefits expense	14	**14,49,84,517**	15,44,94,076
Depreciation expense	3	**10,70,981**	14,85,210
Other expenses	15	**6,01,61,711**	8,32,28,701
Total expenses		**20,62,17,209**	23,92,07,987
Profit before tax		**9,35,79,135**	3,67,22,994
Income tax expense			
- Current tax	16	**2,72,00,000**	2,36,28,000
- Deferred tax	16	**2,70,394**	(62,02,069)
Total tax expense		**2,74,70,394**	1,74,25,931
Profit for the year		**6,61,08,741**	1,92,97,063
Other comprehensive income			
Items that will not be reclassified to profit or loss			
– Remeasurements of post-employment benefit obligations		**2,53,816**	16,15,979
– Income tax relating to these items		**(70,612)**	(4,49,565)
Other comprehensive income for the year, net of tax		**1,83,204**	11,66,414
Total comprehensive income for the year		**6,62,91,945**	2,04,63,477
Earnings per equity share			
Basic earnings per share	17	**146.91**	42.88
Diluted earnings per share	17	**146.91**	42.88

The accompanying notes 1 to 28 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 Chartered Accountants LLP**
Firm Registration No. : 012754N/N500016
Ashok Narayanaswamy
Partner
Membership Number : 095665
Place : Gurugram
Date : 23rd April, 2019

On behalf of the Board of Directors

Samir Mecherivalappil Chandrasekharan
Managing Director
DIN 08064002
Place : Gurugram
Date : 23rd April, 2019

Jagdish Singh
Director
DIN 00042258
Place : Gurugram
Date : 23rd April, 2019

Statement of changes in equity
(All amounts in rupees unless otherwise stated)

A. Equity Share Capital

Balance as at 1st April, 2017	**45,00,080**
Changes in Equity Share Capital	–
Balance as at 31st March, 2018	**45,00,080**
Changes in Equity Share Capital	–
Balance at 31st March, 2019	**45,00,080**

B. Other Equity

	Reserves and Surplus			
	Capital Reserve	Retained Earnings	General Reserve	Total
Balance as at 1st April, 2017	30,00,000	20,76,23,706	3,37,47,999	24,43,71,705
Profit for the year	–	1,92,97,063	–	1,92,97,063
Other comprehensive income (net of tax)	–	11,66,414	–	11,66,414
Total comprehensive income	–	**2,04,63,477**	–	**2,04,63,477**
Dividend paid		(56,25,100)		(56,25,100)
Income tax on dividend paid	-	(11,45,139)	–	(11,45,139)
Balance as at 31st March, 2018	**30,00,000**	**22,13,16,944**	**3,37,47,999**	**25,80,64,943**
Profit for the year	–	6,61,08,741	–	6,61,08,741
Other comprehensive income (net of tax)	–	1,83,204	–	1,83,204
Total comprehensive income	–	**6,62,91,945**	–	**6,62,91,945**
Dividend paid *	–	(56,25,100)	–	(56,25,100)
Income tax on dividend paid	–	(11,56,256)	–	(11,56,256)
Balance as at 31st March, 2019	**30,00,000**	**28,08,27,533**	**3,37,47,999**	**31,75,75,532**

*The Company had paid a final dividend of ₹ 12.50 per share on equity shares of ₹ 10/- each, aggregating to ₹ 56,25,100 (Previous year : ₹ 56,25,100) for the year ended 31st March, 2018. The tax impact of dividend is ₹ 11,56,256 (Previous year : ₹ 11,45,139).

The directors have recommended the payment of a final dividend of ₹ 12.50 per fully paid equity share of ₹ 10/- each, aggregating to ₹ 56,25,100 subsequent to the year end. This proposed dividend is subject to the approval of shareholders in the ensuing annual general meeting. The tax impact of dividend is ₹ 11,56,256.

- Capital reserve represents amount received as compensation of rights under contract.
- Retained earnings represents the cumulative profit as well as remeasurement of defined benefit plans, distribution as per provisions of Companies Act, 2013.
- General reserve is used for strengthening the financial position and meeting future contingencies and losses.

The accompanying notes 1 to 28 are an integral part of the financial statements.
This is the Statement of changes in equity referred to in our report of even date.

For **Price Waterhouse Chartered Accountants LLP**
Firm Registration No. : 012754N/N500016
Ashok Narayanaswamy
Partner
Membership Number : 095665
Place : Gurugram
Date : 23rd April, 2019

On behalf of the Board of Directors

Samir Mecherivalappil Chandrasekharan
Managing Director
DIN 08064002
Place : Gurugram
Date : 23rd April, 2019

Jagdish Singh
Director
DIN 00042258
Place : Gurugram
Date : 23rd April, 2019

Cash Flow Statement

(All amounts in rupees unless otherwise stated)

	For the year ended 31st March, 2019	For the year ended 31st March, 2018
Cash flow from operating activities		
Profit before tax	**9,35,79,135**	3,67,22,994
Adjustments for :		
Depreciation expense	**10,70,981**	14,85,210
Loss on sale of property, plant and equipment - Net	**59,172**	44,467
Provisions for doubtful debts and other financial assets	**17,32,560**	2,39,76,456
Bad debts written off	**29,03,011**	9,76,995
Net (gain)/loss arising on investments mandatorily measured at fair value through profit and loss	**(71,78,331)**	(91,78,316)
Interest Income	**–**	(6,01,590)
Operating profit before working capital changes	**9,21,66,528**	5,34,26,216
Adjustments for :		
Trade receivables, advances and other assets	**(91,50,185)**	(3,79,79,297)
Trade payables, other liabilities and provisions	**(1,16,06,443)**	(9,60,75,264)
Cash generated from operations	**7,14,09,900**	(8,06,28,345)
Income tax paid	**(4,27,27,016)**	(3,54,73,470)
Net cash from operating activities	**2,86,82,884**	(11,61,01,815)
Cash flow from investing activities		
Purchase of property, plant and equipment	**(1,17,629)**	(1,65,080)
Sale of property, plant and equipment	**–**	8,648
Purchase of current investments	**(37,81,00,000)**	(86,27,00,000)
Sale / redemption of current investments	**36,34,06,806**	97,36,38,295
Interest received	**–**	6,01,590
Net cash from investing activities	**(1,48,10,823)**	11,13,83,453
Cash flow from financing activities		
Dividend paid	**(56,25,100)**	(56,25,100)
Income tax on dividend paid	**(11,56,256)**	(11,45,139)
Net cash from financing activities	**(67,81,356)**	(67,70,239)
Net increase in cash and cash equivalents	**70,90,705**	(1,14,88,601)
Opening cash and cash equivalents	**60,32,846**	1,75,21,447
Closing cash and cash equivalents	**1,31,23,551**	60,32,846
Cash and cash equivalents comprise of :		
Balances with Banks	**1,30,68,354**	59,71,586
Cash on hand	**55,197**	61,260
Cash and cash equivalents at the end of the year [Refer note 6(c)]	**1,31,23,551**	60,32,846

The above cash flow statement has been prepared under the "Indirect Method" as set out in Ind AS 7 "Statement of Cash flows".

The accompanying notes 1 to 28 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 Chartered Accountants LLP**
Firm Registration No. : 012754N/N500016
Ashok Narayanaswamy
Partner
Membership Number : 095665
Place : Gurugram
Date : 23rd April, 2019

On behalf of the Board of Directors

Samir Mecherivalappil Chandrasekharan
Managing Director
DIN 08064002
Place : Gurugram
Date : 23rd April, 2019

Jagdish Singh
Director
DIN 00042258
Place : Gurugram
Date : 23d April, 2019

Notes forming part of the financial statements (Contd.)

BACKGROUND OF THE COMPANY

Fortune Park Hotels Limited, a 100% subsidiary of ITC Limited is in the business of operating hotels in the mid – market to upscale segment under 'Fortune' Brands. It currently operates 47 hotels.

Note 1: SIGNIFICANT ACCOUNTING POLICIES

This note provides a list of the significant accounting policies adopted in the preparation of these financial statements. These policies have been applied to all the years presented, unless otherwise stated (Refer Note 27).

a) BASIS OF PREPARATION

(i) Compliance with IND AS

The financial statements comply in all material aspects with Indian Accounting Standards (Ind AS) notified under section 133 of the Companies Act, 2013 (the Act) [Companies (Indian Accounting Standards) Rules, 2015] and other relevant provisions of the Act.

(ii) Historical Cost Convention

The financial statements have been prepared on a historical cost basis, except for the following:

- certain financial assets and liabilities are measured at fair value;
- defined benefit plans – plan assets measured at fair value.

All assets and liabilities have been classified as current or non-current as per the Company's normal operating cycle and other criteria set out in the Schedule III to the Companies Act, 2013. Based on the nature of services, the company has ascertained its operating cycle as twelve months for the purpose of current and non-current classification of assets and liabilities.

b) PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment are stated at cost of acquisition or construction less accumulated depreciation and impairment, if any.

Cost is inclusive of inward freight, duties and taxes and incidental expenses related to acquisition. Subsequent costs are included in the asset's carrying amount only when it is probable that future economic benefits associated with the item will be realized. The carrying amount of a replaced part is derecognized. All upgradations / enhancements are charged off as revenue expenditure unless they bring similar significant additional benefits.

On transition to Ind AS, it has been elected to continue with the carrying value of all the tangible assets recognised as at 1st April, 2015 measured as per previous GAAP and use that carrying value as the deemed cost of the tangible asset.

Losses arising from the retirement of, and gains or losses arising from disposal of Property, plant and equipment are recognised in the Statement of Profit and Loss.

c) DEPRECIATION

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

Category of property, plant and equipment	Useful life
Office equipment	5 Years
Computers end users devices	3 Years
Computer, network and servers	6 Years
Furniture and fixtures	10 Years
Vehicles	8 Years

.

d) IMPAIRMENT OF ASSETS

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

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

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

Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are considered to modify the amortisation period or method, as appropriate, and are treated as changes in accounting estimates.

e) FOREIGN CURRENCY TRANSACTIONS

The Company accounts for transactions in foreign currency at the exchange rate prevailing on the date of transactions. The date of the transaction for the purpose of determining the exchange rate on initial recognition of the asset, expense or income is the date on which an entity initially recognizes the related non – monetary asset or non – monetary liability on the payment or receipt of the advance consideration. Gains/Losses arising on settlement of transactions as also the translation of monetary items at period ends due to fluctuations in the exchange rates are recognized in the Statement of Profit and Loss.

f) FINANCIAL INSTRUMENT, FINANCIAL ASSETS, FINANCIAL LIABILITIES AND EQUITY INSTRUMENTS

FINANCIAL ASSETS AND LIABILITIES

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

Financial Assets

Recognition: Financial assets include Investments, Trade Receivables, Advances, Security Deposits, Cash and cash equivalents. Such assets are initially recognised at transaction price when the Company becomes party to contractual obligations. The transaction price includes transaction costs unless the asset is being fair valued through the Statement of Profit and Loss.

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

Financial assets are classified as those measured at:

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

(b) fair value through other comprehensive income (FVTOCI), where the financial assets are held not only for collection

Notes forming part of the financial statements (Contd.)

of cash flows arising from payments of principal and interest but also from the sale of such assets. Such assets are subsequently measured at fair value, with unrealised gains and losses arising from changes in the fair value being recognised in other comprehensive income.

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

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

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

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

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

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

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

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

Financial Liabilities

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

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

Offsetting Financial Instruments

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

Equity Instruments

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

g) REVENUE

Revenue is measured at the fair value of the consideration received or receivable for services rendered, net of discounts to customers. Revenue excludes Goods and Services Tax (GST).

Revenue from the sale of services is recognised when the Company performs its obligations to its customers and the amount of revenue can be measured reliably and recovery of the consideration is probable.

Under the Operating and Marketing Services Agreements with the hotel owners, the Company provides operating and marketing services and towards this revenue is recognised during the term of the agreements on regular time intervals upon satisfactory completion of performance obligation.

In addition, under the said Agreements, the Company provides other services during pre-operations period and fee for such other services is received in advance and the same is recognised during pre-operations period basis the output method i.e. contract milestone matrix which is best reflective of the performance completed till date.

h) DIVIDEND DISTRIBUTION

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

i) EMPLOYEE BENEFITS

The Company makes contributions to both defined benefit and defined contribution schemes.

Contributions to Provident Fund are in the nature of defined contribution scheme and such paid/payable amounts are recognised as employee benefit expense. The contributions in respect of provident fund are statutorily deposited with the Government.

The contributions in respect of defined benefit gratuity plan are made to Life Insurance Corporation (LIC) under its Group Gratuity Scheme. The cost of providing benefits under the defined benefit obligation is calculated by independent actuary using the projected unit credit method. Service costs and net interest expense or income is reflected in the Statement of Profit and Loss. Gain or loss on account of remeasurements are recognized immediately through Other Comprehensive Income in the period in which they occur.

The employees of the Company are also entitled to compensated leave for which the Company records the liability based on actuarial valuation computed under projected unit credit method similar to benefits of gratuity explained above. Service costs and net interest expense or income is reflected in the Statement of Profit and Loss. Gain or Loss on account of remeasurements are recognized immediately through Other Comprehensive Income in the period in which they occur. These benefits are unfunded.

The eligible employees are also entitled to other benefits such as loyalty plan, which are in the nature of Long Term Benefits,

Notes forming part of the financial statements (Contd.)

and are estimated based on variable elements affecting the computations including performance ratings in the subsequent appraisal cycle. Such plans are unfunded and are recognized in the Statement of Profit and Loss.

j) EMPLOYEE SHARE BASED COMPENSATION

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

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

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

k) LEASES

Leases are recognised as a finance lease whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

Lease payables under operating leases are charged to the Statement of Profit and Loss on a straight-line basis over the term of the relevant lease unless the payments to the lessor are structured to increase in line with expected general inflation to compensate for the lessor's expected inflationary cost increases.

l) TAXES ON INCOME

Taxes on income comprises of current taxes and deferred taxes. Current tax in the Statement of Profit and Loss is provided as the amount of tax payable in respect of taxable income for the period using tax rates enacted during the period, together with any adjustment to tax payable in respect of previous years. Income tax, in so far as it relates to items disclosed under Other Comprehensive Income, are disclosed separately under Other Comprehensive Income, as applicable.

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

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

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

m) CLAIMS

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

n) PROVISIONS

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

o) CASH AND CASH EQUIVALENTS

For the purpose of presentation in the cash flow statement, cash and cash equivalents include cash on hand, demand deposits with banks, other short-term highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of change in value.

p) EARNINGS PER SHARE

Basic earnings per share computed by dividing the net profit or loss for the period attributable to equity shareholders by the weighted average number of equity shares outstanding during the period.

For the purpose of calculating diluted earnings per share, the net profit or loss for the period attributable to equity shareholders and the weighted average number of shares outstanding during the period is adjusted for the effects of all dilutive potential equity shares.

q) SEGMENT REPORTING

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

Note 2: Use of critical estimates and judgements

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

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

The areas involving critical estimates or judgements are:

- Estimation of defined benefit obligations Note 10 and 14
- Contingent liability Note 25
- Impairment of trade receivables and other financial assets Note 6 (b) and 6 (d)

Notes forming part of the financial statements (Contd.)
(All amounts in rupees unless otherwise stated)

Note 3 : Property, Plant and Equipment

	Furniture and fixture	Vehicles	Office equipment	Computers end users devices	Computer, network and servers	Total
Year ended 31st March, 2018						
Gross carrying amount						
Opening gross carrying amount	4,30,824	46,069	4,38,342	44,15,081	22,23,598	75,53,914
Additions	–	–	49,800	1,15,280	–	1,65,080
Disposals	–	–	(23,831)	(1,02,681)	–	(1,26,512)
Closing gross carrying amount	**4,30,824**	**46,069**	**4,64,311**	**44,27,680**	**22,23,598**	**75,92,482**
Accumulated depreciation						
Opening accumulated depreciation	1,91,390	12,030	3,15,432	21,63,126	2,52,172	29,34,150
Depreciation charge during the year	27,740	6,015	35,103	10,39,477	3,76,875	14,85,210
Disposals	–	–	(20,987)	(52,410)	–	(73,397)
Closing accumulated depreciation	**2,19,130**	**18,045**	**3,29,548**	**31,50,193**	**6,29,047**	**43,45,963**
Net carrying amount	**2,11,694**	**28,024**	**1,34,763**	**12,77,487**	**15,94,551**	**32,46,519**
Year ended 31st March, 2019						
Gross carrying amount						
Opening gross carrying amount	4,30,824	46,069	4,64,311	44,27,680	22,23,598	75,92,482
Additions	–	–	–	–	1,17,629	1,17,629
Disposals	–	–	(1,34,513)	(14,383)	(29,219)	(1,78,115)
Closing gross carrying amount	**4,30,824**	**46,069**	**3,29,798**	**44,13,297**	**23,12,008**	**75,31,996**
Accumulated depreciation						
Opening accumulated depreciation	2,19,130	18,045	3,29,548	31,50,193	6,29,047	43,45,963
Depreciation charge during the year	20,886	6,014	34,818	6,57,526	3,51,737	10,70,981
Disposals	–	–	(1,18,943)	–	–	(1,18,943)
Closing accumulated depreciation	**2,40,016**	**24,059**	**2,45,423**	**38,07,719**	**9,80,784**	**52,98,001**
Net carrying amount	**1,90,808**	**22,010**	**84,375**	**6,05,578**	**13,31,224**	**22,33,995**

Contractual obligations
Refer to note 22 for disclosure of contractual commitments for the acquisition of property, plant and equipment.

	Deferred tax assets				Deferred tax liabilities			Net Deferred Tax Assets (A-B)
	On employee benefit	On allowances for doubtful trade and other financial assets	Other timing differences	Deferred tax assets (A)	Property, plant and equipment	Financial assets at fair value through profit or loss	Deferred tax liabilities (B)	
At 1st April, 2017	68,33,282	1,08,27,448	6,06,483	1,82,67,213	(2,68,988)	(4,31,458)	(7,00,446)	1,75,66,767
(Charged)/credited:								
- to profit or loss	(6,61,006)	67,75,371	(1,88,852)	59,25,513	99,688	1,76,868	2,76,556	62,02,069
- to other comprehensive income	(4,49,565)	–	–	(4,49,565)	–	–	–	(4,49,565)
At 31st March, 2018	**57,22,711**	**1,76,02,819**	**4,17,631**	**2,37,43,161**	**(1,69,300)**	**(2,54,590)**	**(4,23,890)**	**2,33,19,271**
(Charged)/credited:								
- to profit or loss	(4,88,194)	4,81,998	(2,22,560)	(2,28,756)	89,540	(1,31,178)	(41,638)	(2,70,394)
- to other comprehensive income	(70,612)	–	–	(70,612)	–	–	–	(70,612)
At 31st March, 2019	**51,63,905**	**1,80,84,817**	**1,95,071**	**2,34,43,793**	**(79,760)**	**(3,85,768)**	**(4,65,528)**	**2,29,78,265**

The Company has long term capital losses of ₹ 11,67,837 (Previous year : ₹11,68,309) for which deferred tax assets has not been recognised, which is due to expire by financial year 2021-22.

Note 5: Income tax assets (net)

	As at 31st March, 2019	As at 31st March, 2018
Advance tax [Net of provisions ₹ 13,90,90,229 (Previous year ₹ 11,18,90,229)]	**5,79,78,255**	4,24,51,240
Total income tax assets (net)	**5,79,78,255**	**4,24,51,240**

Notes forming part of the financial statements (Contd.)
(All amounts in rupees unless otherwise stated)

Note 6: Financial assets - current

Note 6(a) Investments

	As at 31st March, 2019	As at 31st March, 2018
Unquoted		
Investment in mutual funds measured at FVTPL		
Aditya Birla Sun Life Liquid Fund		
[66,773.898 units: Previous year (Nil units)] of ₹ 100/- each	**2,00,61,296**	–
UTI-Money Market Fund-Institutional Plan		
[Nil units: Previous year (25,945.237 units)] of ₹ 1,000/- each	–	5,05,86,588
ICICI Prudential Liquid Fund		
[1,85,415.779 units: Previous year (Nil units)] of ₹ 100/- each	**5,12,51,946**	–
SBI Liquid Fund		
[17,098.248 units: Previous year (Nil units)] of ₹ 1,000/- each	**5,00,73,416**	–
Reliance Liquid Fund - Treasury Plan		
[Nil units: Previous year (8,975.975 units)] of ₹ 1,000/- each	–	3,80,57,617
Aditya Birla Sun Life Floating Rate Fund Short Term Plan		
[Nil units: Previous year (46,860.356 units)] of ₹ 100/- each	–	1,08,70,928
Total investments	**12,13,86,658**	**9,95,15,133**

Note 6(b) Trade receivables

	As at 31st March, 2019	As at 31st March, 2018
Unsecured, Considered Good (Refer note 21)	**10,99,67,826**	10,03,15,314
Credit impaired	**5,06,64,762**	4,86,82,503
Less: Provision for impairment	**(5,06,64,762)**	(4,86,82,503)
Total trade receivables	**10,99,67,826**	**10,03,15,314**

Note 6(c) Cash and cash equivalents

	As at 31st March, 2019	As at 31st March, 2018
Balances with banks		
- in current accounts	**1,30,68,354**	59,71,586
Cash on hand	**55,197**	61,260
Total cash and cash equivalents	**1,31,23,551**	**60,32,846**

Note 6(d) Others

	As at 31st March, 2019	As at 31st March, 2018
Other assets - Unsecured unless stated otherwise		
- Contractually reimbursable cost - Considered good	**5,19,15,663**	5,73,92,872
- Contractually reimbursable cost - Credit impaired	**1,43,41,768**	1,45,91,467
Less: Provision for impairment	**(1,43,41,768)**	(1,45,91,467)
- Security deposits	**6,42,000**	4,62,000
Total others	**5,25,57,663**	**5,78,54,872**

Note 7 : Other current assets

	As at 31st March, 2019	As at 31st March, 2018
Prepayment expenses	**5,22,622**	3,99,659
Advances to employees and vendors	–	55,264
GST recoverable	**21,56,218**	20,64,605
Total other current assets	**26,78,840**	**25,19,528**

Notes forming part of the financial statements (Contd.)

(All amounts in rupees unless otherwise stated)

Note 8: Equity share capital

Particulars		As at 31st March, 2019	As at 31st March, 2018
Authorised			
20,00,000 (Previous year 20,00,000) equity shares of ₹ 10 each		2,00,00,000	2,00,00,000
	Total	**2,00,00,000**	**2,00,00,000**
Issued, subscribed and paid up			
4,50,008 (Previous year 4,50,008) equity shares of ₹ 10 each		**45,00,080**	45,00,080
	Total	**45,00,080**	**45,00,080**

(i) Movements in equity share capital

Particulars	Number of shares	Amount
As at 1st April, 2017	4,50,008	45,00,080
Add: Increase / less changes during the year	–	–
As at 31st, March, 2018	**4,50,008**	**45,00,080**
Add: Increase / less changes during the year	–	–
As at 31st March, 2019	**4,50,008**	**45,00,080**

The Company has one class of equity shares having a par value of ₹ 10 per share. Each shareholder is eligible for one vote per share held. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting. In the event of liquidation, the equity shareholders are eligible to receive the remaining assets of the Company after distribution of all preferential amounts, in proportion to their shareholding.

(ii) Shares held by holding company

Particulars	As at 31st March, 2019	As at 31st March, 2018
Equity Shares of ₹ 10 each fully paid up held by:		
ITC Limited, the holding Company	**4,50,002**	4,50,002
Held by management personnel as nominees of ITC Limited	**6**	6

(iii)Details of shareholders holding more than 5% shares in the Company

Particulars	As at 31st March, 2019		As at 31st March, 2018	
	Number of shares	% holding	Number of shares	% holding
ITC Limited, the holding company	**4,50,002**	**99.98%**	4,50,002	99.98%
Held by management personnel as nominees of ITC Limited	**6**	**0.02%**	6	0.02%

Note 9: Financial liabilities

Note 9(a): Other financial liabilities

	As at 31st March, 2019	As at 31st March, 2018
Non-Current		
Payable to holding company (Refer Note 21)	13,72,761	–
Total other financial liabilities	**13,72,761**	–

Note 9(b) : Trade payables

	As at 31st March, 2019	As at 31st March, 2018
Current		
Total outstanding dues of micro and small enterprises #	–	-
Total outstanding dues of creditors other than micro and small enterprises	1,45,48,692	1,64,62,523
Total trade payables	**1,45,48,692**	**1,64,62,523**

The Company, based on the information available on the status of the suppliers, does not have any dues to enterprises covered under the Micro, Small and Medium Enterprises Development Act, 2006.

Note 9(c) : Other financial liabilities

	As at 31st March, 2019	As at 31st March, 2018
Current		
Employee benefits payable	54,71,057	39,24,775
Payable to holding Company (Refer Note 21)	6,99,991	15,84,256
Total other financial liabilities	**61,71,048**	**55,09,031**

Note 10 (a) Provisions

	As at 31st March, 2019	As at 31st March, 2018
Non-current		
Provision for employee benefits (Refer Note 14)		
- Retirement benefits	56,51,268	57,23,136
- Other benefits	63,95,094	46,92,600
Total provision	**1,20,46,362**	**1,04,15,736**

Notes forming part of the financial statements (Contd.)
(All amounts in rupees unless otherwise stated)

Note 10 (b) Provisions

	As at 31st March, 2019	As at 31st March, 2018
Current		
Provision for employee benefits (Refer Note 14)		
- Retirement benefits	**37,93,721**	57,75,899
- Other benefits	**26,01,633**	42,79,500
Total provision	**63,95,354**	**1,00,55,399**

Note 11: Other current liabilities

	As at 31st March, 2019	As at 31st March, 2018
Deferred revenue received in advance #	**38,49,531**	47,04,531
Advance from customers	**47,38,000**	1,44,84,460
Statutory dues including provident fund and tax deducted at source	**1,17,07,693**	1,10,58,020
Total other current liabilities	**2,02,95,224**	**3,02,47,011**

 # Revenue recognised in relation to contract liabilities

	As at 31st March, 2019	As at 31st March, 2018
Opening balance	**47,04,531**	79,33,031
Add: Received during the year net of revenue recognised during the year	**37,00,000**	2,00,000
Less: Revenue recognised that relates to carried-forward contract liabilities	**45,55,000**	34,28,500
Closing Balance	**38,49,531**	47,04,531

Note 12: Revenue from operations

	For the year ended 31st March, 2019	For the year ended 31st March, 2018
Rendering of services [Refer Note 27(i)]		
- Operating and marketing services	**27,41,60,399**	25,88,03,180
- Income from alliance closure	**25,00,000**	-
Total revenue	**27,66,60,399**	**25,88,03,180**

Note 13 : Other income

	For the year ended 31st March, 2019	For the year ended 31st March, 2018
Interest income from financial assets at amortised cost		
- On income tax refund	–	6,01,590
Net gain on financial assets mandatorily measured at fair value through profit or loss	**13,86,658**	9,15,133
Net gain on sale of investments	**57,91,673**	82,63,183
Liabilities no longer required written-back	**1,38,39,191**	54,00,537
Miscellaneous income	**21,18,423**	19,47,358
Total other income	**2,31,35,945**	**1,71,27,801**

Note 14: Employee benefits expense

	For the year ended 31st March, 2019	For the year ended 31st March, 2018
Salary, wages and bonus	**19,96,87,255**	19,68,49,269
Reimbursement of remuneration of deputed managers	**3,87,98,295**	3,39,76,528
Share based payments expense for deputed managers	**56,54,520**	2,64,74,501
Contribution to employees provident and other funds	**1,31,47,058**	1,28,16,556
Staff welfare expenses	**1,11,50,023**	1,15,74,171
	26,84,37,151	28,16,91,025
Less: Recoveries*	**12,34,52,634**	12,71,96,949
Total employee benefit expense	**14,49,84,517**	**15,44,94,076**

* Recoveries of salary cost of deputed personnel from alliances.

The Company has accounted for the defined benefit and retirement benefit plan and contribution scheme as under:

[a] Defined benefit plan / long term compensated absences

Gratuity : The employees are entitled to gratuity that is computed as half-month's salary, for every completed year of service and is payable on separation/retirement. The Company makes provision of such gratuity liability in the books of accounts on the basis of actuarial valuation. The Company pays contribution to Life Insurance Corporation of India to fund its plan.

Leave encashment : The employees are entitled for leave for each year of service and part thereof, subject to the limits specified, the unavailed portion of such leaves can be accumulated or encashed during/at the end of the service period. The plan is unfunded.

Notes forming part of the financial statements (Contd.)
(All amounts in rupees unless otherwise stated)

a) The reconciliation of opening and closing balances of the present value of defined benefit obligations are as under :

Gratuity - funded

	Present value of obligation	Fair value of plan assets	Total	Impact of asset ceiling	Net amount
1st April, 2017	**1,24,98,426**	**(1,12,30,225)**	**12,68,201**	–	**12,68,201**
Current service cost	26,24,749	–	26,24,749	–	26,24,749
Past service cost	–	–	–	–	–
Interest expense/(income)	7,48,318	(7,30,576)	17,742	–	17,742
Total amount recognised in profit or loss	**33,73,067**	**(7,30,576)**	**26,42,491**	–	**26,42,491**
Remeasurements					
Return on plan assets, excluding amounts included in interest expense/(income)	–	(80,127)	(80,127)	–	(80,127)
(Gain)/loss from change in demographic assumptions	(1,37,089)	–	(1,37,089)	–	(1,37,089)
(Gain)/loss from change in financial assumptions	(4,61,860)	–	(4,61,860)	–	(4,61,860)
Experience (gains)/losses	(6,25,861)	–	(6,25,861)	–	(6,25,861)
Change in asset ceiling, excluding amounts included in interest expense	–	–	–	–	–
Total amount recognised in other comprehensive income	**(12,24,810)**	**(80,127)**	**(13,04,937)**	–	**(13,04,937)**
Contributions:					
Employers					
Plan participants	–	(12,00,000)	(12,00,000)	–	(12,00,000)
Benefit payments	(28,24,464)	28,24,464	–	–	–
31st March, 2018	**1,18,22,218**	**(1,04,16,464)**	**14,05,754**	–	**14,05,754**

	Present value of obligation	Fair value of plan assets	Total	Impact of asset ceiling	Net amount
1st April, 2018	**1,18,22,218**	**(1,04,16,464)**	**14,05,754**	–	**14,05,754**
Current service cost	26,46,464	–	26,46,464	–	26,46,464
Past service cost	–	–	–	–	–
Interest expense/(income)	8,03,080	(9,33,707)	(1,30,627)	–	(1,30,627)
Change in asset ceiling, excluding amounts included in interest expense	–	–	–	20,45,084	20,45,084
Total amount recognised in profit or loss	**34,49,544**	**-9,33,707**	**25,15,837**	**20,45,084**	**45,60,921**
Remeasurements					
Return on plan assets, excluding amounts included in interest expense/(income)	–	1,14,904	1,14,904	–	1,14,904
(Gain)/loss from change in demographic assumptions	19,582	–	19,582	–	19,582
(Gain)/loss from change in financial assumptions	–	–	–	–	–
Experience (gains)/losses	(6,25,047)	–	(6,25,047)	–	(6,25,047)
Change in asset ceiling, excluding amounts included in interest expense	–	–	–	–	–
Total amount recognised in other comprehensive income	**(6,05,465)**	**1,14,904**	**(4,90,561)**	–	**(4,90,561)**
Contributions:					
Employers					
Plan participants	–	(54,76,114)	(54,76,114)	–	(54,76,114)
Benefit payments	(22,28,982)	22,28,982	-	–	–
31st March, 2019	**1,24,37,315**	**(1,44,82,399)**	**(20,45,084)**	**20,45,084**	–

The net liability disclosed above relates to funded and unfunded plans are as follows:

	31st March, 2019	31st March, 2018
Present value of funded obligations	**1,24,37,315**	1,18,22,218
Fair value of plan assets	**(1,44,82,399)**	(1,04,16,464)
Funded status	**(20,45,084)**	14,05,754
Effect of asset ceiling	**20,45,084**	–
Net defined benefit liability (asset)	**–**	14,05,754

Major Category of Plan Assets as a % of the Total Plan Assets

Life Insurance Corporation of India	**100%**	100%

Significant estimates: actuarial assumptions and sensitivity

The significant actuarial assumptions were as follows:

	31st March, 2019	31st March, 2018
Discount rate	**7.50% p.a.**	7.50% p.a.
Salary Growth Rate	**5.00% p.a.**	5.00% p.a.
Attrition Rate	**33.00% p.a.**	38.00% p.a.

Notes forming part of the financial statements (Contd.)
(All amounts in rupees unless otherwise stated)

Sensitivity Analysis

The sensitivity analysis below has been determined based on reasonably possible change of the respective assumptions occurring at the end of the reporting period, while holding all other assumptions constant. These sensitivities show the hypothetical impact of a change in each of the listed assumptions in isolation. While each of these sensitivities holds all other assumptions constant, in practice such assumptions rarely change in isolation and the asset value changes may offset the impact to some extent. For presenting the sensitivities, the present value of the defined benefit obligation has been calculated using the projected unit credit method at the end of the reporting period, which is the same as that applied in calculating the Defined Benefit Obligation presented above. There was no change in the methods and assumptions used in the preparation of sensitivity analysis from previous year.

	Defined Benefit Obligation	
	As At 31st March, 2019 ₹	As At 31st March, 2018 ₹
Discount Rate + 100 basis points	**1,21,80,119**	1,16,07,387
Discount Rate - 100 basis points	**1,27,07,808**	1,20,46,883
Salary Increase Rate + 1%	**1,26,51,633**	1,19,93,160
Salary Increase Rate – 1%	**1,22,30,061**	1,16,55,959
Attrition Rate + 1%	**1,24,28,934**	1,18,09,091
Attrition Rate – 1%	**1,24,45,169**	1,18,35,089

Leave encashment - unfunded

	As At 31st March, 2019 ₹	As At 31st March, 2018 ₹
	Present value of obligation	**Present value of obligation**
Opening Balance	1,00,93,281	1,14,87,273
Current service cost	8,87,495	12,37,993
Past service cost	–	–
Interest expense/(income)	6,65,567	6,74,301
Total amount recognised in profit or loss	**15,53,062**	**19,12,294**
Remeasurements		
Return on plan assets, excluding amounts included in interest expense/(income)	–	–
(Gain)/loss from change in demographic assumptions	(67,689)	2,22,709
(Gain)/loss from change in financial assumptions	–	(3,93,680)
Experience (gains)/losses	3,04,433	(1,40,071)
Change in asset ceiling, excluding amounts included in interest expense	–	-
Total amount recognised in other comprehensive income	**2,36,744**	**(3,11,042)**
Contributions: Employers		
Plan participants	–	–
Benefit payments	(24,38,098)	(29,95,244)
Closing Balance	**94,44,989**	**1,00,93,281**

The significant actuarial assumptions were as follows:

	31st March, 2019	31st March, 2018
Discount rate	**7.50% p.a.**	7.50% p.a.
Salary Growth Rate	**5.00% p.a.**	5.00% p.a.
Attrition Rate	**33.00% p.a.**	38.00% p.a.

Sensitivity Analysis

	Defined Benefit Obligation	
	As At 31st March, 2019 ₹	As At 31st March, 2018 ₹
Discount Rate + 100 basis points	**92,61,240**	99,21,740
Discount Rate - 100 basis points	**96,37,970**	1,02,72,413
Salary Increase Rate + 1%	**95,95,186**	1,02,26,423
Salary Increase Rate – 1%	**92,99,598**	99,63,653
Attrition Rate + 1%	**94,60,377**	1,01,06,347
Attrition Rate – 1%	**94,28,819**	1,00,79,616

[b] State plans (contribution scheme)

The Company deposits an amount determined at a fixed percentage of basic pay every month to the State administered Provident Fund for the benefit of the employees. Accordingly, the Company's contribution during the year that has been charged to statement of profit and loss amounts to ₹ 79,84,702 (Previous year :₹ 78,94,415).

Notes forming part of the financial statements (Contd.)
(All amounts in rupees unless otherwise stated)

Note 15: Other expenses

	For the year ended 31st March, 2019	For the year ended 31st March, 2018
Repairs and maintenance - others	26,80,684	35,05,408
Power and fuel	5,06,466	6,98,114
Rates and taxes	–	55,660
Rent (Refer note 23)	56,62,370	50,44,788
Printing and stationery	6,02,460	4,04,183
Travelling and conveyance	1,68,15,624	1,59,04,562
Advertisement / sales promotion	1,16,61,991	1,43,47,910
Legal expenses	21,08,410	36,73,751
Consultancy / professional fees	71,64,182	39,62,276
Postage and telephone	14,74,321	21,23,348
Insurance	2,23,513	2,53,536
Information technology services	35,06,939	48,50,508
Bad debts written-off	29,03,011	9,76,995
Provisions for doubtful debts and other financial assets	17,32,560	2,39,76,456
Loss on sale of property, plant and equipment - Net	59,172	44,467
Payment to the auditors [Refer note 15(a)]	5,91,500	549,123
Expenditure towards corporate social responsibility activities [Refer note 15(b)]	16,37,000	18,09,000
Miscellaneous	8,31,508	10,48,616
Total other expenses	6,01,61,711	8,32,28,701

Note 15 (a): Details of payments to auditors

Payment to auditors (excluding GST)		
As auditor:		
Audit fees	3,50,000	3,50,000
Tax audit fees	1,00,000	1,00,000
Fees for other services	75,000	50,000
Re-imbursement of expenses	66,500	49,123
Total payments to auditors	5,91,500	5,49,123

Note 15 (b): Corporate social responsibility expenditure

Contribution to ITC Rural Development Trust	16,37,000	18,09,000
Total	16,37,000	18,09,000
Amount required to be spent as per Section 135 of the Act	16,36,684	18,08,891
Amount spent during the year on		
(i) Construction/acquisition of an asset	–	–
(ii) On purposes other than (i) above	16,37,000	18,09,000

Note 16: Income tax expense

(a) Income tax expense

	For the year ended 31st March, 2019	For the year ended 31st March, 2018
Current tax		
Current tax on profits for the year	2,72,00,000	2,36,28,000
Total current tax expense	2,72,00,000	2,36,28,000
Deferred tax		
Decrease / (increase) in deferred tax assets	2,28,756	(59,25,513)
(Decrease) / increase in deferred tax liabilities	41,638	(2,76,556)
Total deferred tax expense/(benefit)	2,70,394	(62,02,069)
Income tax expense	2,74,70,394	1,74,25,931

(b) Reconciliation of tax expense and the accounting profit multiplied by India's tax rate

	For the year ended 31st March, 2019	For the year ended 31st March, 2018
Profit before income tax expenses	9,35,79,135	3,67,22,994
Indian tax rate	27.82%	27.55%
Tax based on normal tax rate	2,60,33,715	1,01,33,632
Items not considered while determining taxable profits	14,36,679	75,20,845
Effect of deferred tax balances due to changes in income tax rate notified under Income Tax Act, 1961	–	(2,28,546)
Total tax expense	2,74,70,394	1,74,25,931

Note 17: Earnings per equity share

	For the year ended 31st March, 2019	For the year ended 31st March, 2018
Profit after tax	6,61,08,741	1,92,97,063
Weighted average number of shares outstanding	4,50,008	4,50,008
Basic and diluted earnings per share	146.91	42.88

Note: There are no dilutive instruments.

Notes forming part of the financial statements (Contd.)

(All amounts in rupees unless otherwise stated)

Note 18: Financial Instruments and Fair Value Disclosures

Particulars	Notes	As at 31st March, 2019		As at 31st March, 2018	
		Carrying value	Fair value	Carrying value	Fair value
A. Financial assets					
a) Measured at amortised cost					
i) Trade receivables (net of provision for impairment)	6(b)	**10,99,67,826**	**10,99,67,826**	10,03,15,314	10,03,15,314
ii) Cash and cash equivalents	6(c)	**1,31,23,551**	**1,31,23,551**	60,32,846	60,32,846
iii) Other	6(d)	**5,25,57,663**	**5,25,57,663**	5,78,54,872	5,78,54,872
Sub-total		**17,56,49,040**	**17,56,49,040**	**16,42,03,032**	**16,42,03,032**
b) Measured at fair value through profit or loss					
i) Investments in mutual funds	6(a)	**12,13,86,658**	**12,13,86,658**	9,95,15,133	9,95,15,133
Sub-total		**12,13,86,658**	**12,13,86,658**	**9,95,15,133**	**9,95,15,133**
Total financial assets		**29,70,35,698**	**29,70,35,698**	**26,37,18,165**	**26,37,18,165**
B. Financial liabilities					
a) Measured at amortised cost					
i) Other financial liabilities-non current	9(a)	**13,72,761**	**13,72,761**	-	-
ii) Trade payable	9(b)	**1,45,48,692**	**1,45,48,692**	1,64,62,523	1,64,62,523
iii) Other financial liabilities - current	9(c)	**61,71,048**	**61,71,048**	55,09,031	55,09,031
Total financial liabilities		**2,20,92,501**	**2,20,92,501**	**2,19,71,554**	**2,19,71,554**

Fair value hierarchy

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

Level 1: Quoted prices (unadjusted) in active market for identical assets or liabilities. The Mutual Funds are valued using the closing NAV.

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

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

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

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

The fair value of trade receivables and payables is considered to be equal to the carrying amounts of these items due to their short – term nature.

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

Particulars	Fair Value Hierarchy (Level)	As at 31st March, 2019	As at 31st March, 2018
		Fair value	Fair value
A Financial Assets a) Measured at fair value through profit or loss i) Investment in mutual funds	1	**12,13,86,658**	9,95,15,133
Total financial assets		**12,13,86,658**	9,95,15,133

There are no transfers between Level 1, Level 2 and Level 3 during the year.

Note 19: Financial risk management

The Company's activities expose it to primarily Credit Risk and Liquidity Risk, which are not material given the nature of business and limited risk undertaken by the Company.

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

a) Liquidity risk

Liquidity risk is defined as the risk that the Company will not be able to settle or meet its obligations as they become due. The Company's investment decisions relating to deployment of surplus liquidity are guided by the tenets of safety, liquidity and return. The Company manages its liquidity risk by ensuring that it will always have sufficient liquidity to meet its liabilities when due. Investments are made with a range of maturities, generally matching the projected cash flows and spreading the same across wide range of counterparties.

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

Current

Particulars	As at 31st March, 2019				
	Contractual cash flows *				
	Carrying value	0 - 1 month	1 - 3 months	More than 3 months	Total
Trade payable	1,45,48,692	1,45,48,692	–	–	1,45,48,692
Other financial liabilities	61,71,048	61,71,048	–	–	61,71,048
Total	**2,07,19,740**	**2,07,19,740**	–	–	**2,07,19,740**
Particulars	**As at 31st March, 2018**				
	Contractual cash flows *				
	Carrying value	**0 - 1 month**	**1 - 3 months**	**More than 3 months**	**Total**
Trade payable	1,64,62,523	1,64,62,523	–	–	1,64,62,523
Other financial liabilities	55,09,031	55,09,031	–	–	55,09,031
Total	**2,19,71,554**	**2,19,71,554**	–	–	**2,19,71,554**

Notes forming part of the financial statements (Contd.)
(All amounts in rupees unless otherwise stated)

Non-Current

Particulars	As at 31st March, 2019				
	Contractual cash flows *				
	Carrying value	1 - 2 years	2 - 3 years	More than 3 years	Total
Other financial liabilities	13,72,761	2,74,552	3,43,190	7,55,019	13,72,761
Total	**13,72,761**	**2,74,552**	**3,43,190**	**7,55,019**	**13,72,761**
Particulars	**As at 31st March, 2018**				
	Contractual cash flows *				
	Carrying value	**1 - 2 years**	**2 - 3 years**	**More than 3 years**	**Total**
Other financial liabilities	–	–	–	–	–
Total	–	–	–	–	–

* The tables have been drawn up based on undiscounted cash flows of financial liabilities based on the earliest date on which the Company can be required to pay. The tables include both interest and principal cash flows.

b) Credit risk

Credit risk is the risk that counterparty will not meet its obligations under a contract which may lead to a financial loss to the Company. The Company is exposed to credit risk from its operating activities (primarily trade receivables).

The Company has a policy of extending credit only after due approvals and evaluation in terms of the agreed terms. Based on negotiations, bank guarantee is also taken from some of the customers to whom credit is extended, but adjustment to the same are made only based on mutual agreement. Such credit limits extended to trade receivables are monitored by the management committee and protective action initiated to recover the amount. In view of the short nature of its trade receivables, the Company makes provision for bad and doubtful debts on an individual basis. Write offs are made with the approval of the Board of Directors.

Trade receivables are initially measured at transaction value, which is the fair value and subsequently retained at cost less provision for impairment. Impairment losses are recognized in the profit or loss where there is objective evidence that the Company will not be able to collect all the due amounts.

Interest is generally not charged and / or paid on customer balances.

There are no significant concentrations of credit risk with respect to trade receivables due to the diverse customer base. Our historical experience of collecting receivables, supported by the level of default, so trade receivables are considered to be a single class of financial assets. All Customer balances which are overdue for more than 180 days are evaluated for provision and considered for expected credit loss provision on an individual basis. Based on the historic trend and expected performance of the customers, the Company, has computed expected credit loss allowances for doubtful receivables.

Movement in the provisions for impairment of trade receivables and contractually reimbursable cost is as follows:

	As at 31st March, 2019	As At 31st March, 2018
Balance at the beginning of the year	(6,32,73,970)	(3,92,97,514)
Provided during the year	(1,68,82,366)	(2,51,00,000)
Adjusted during the year	1,51,49,806	11,23,544
Balance at the end of the year	(6,50,06,530)	(6,32,73,970)

Note 20: Capital Management

Risk Management

The Company's financial strategy aims to provide adequate capital for its growth plans in 'upscale to mid market segment' for generating superior returns and sustained stakeholder value. The Company funds its operations mainly through internal accruals. The Company does not have borrowings and continues to invest its surplus funds for its future growth as a going concern within the tenets of Safety, Liquidity and Returns.

Note 21: Related party disclosures

a) Names of related parties and nature of relationship:

i) Where control exists:

Holding Company	ITC Limited

ii) Key Management Personnel:

Nakul Anand	Director
Jagdish Singh	Director
Samir Mecherivalappil Chandrasekharan #	Managing Director

iii) Other related parties with whom transactions have taken place during the year :

Associates	International Travel House Limited
Entity under control of the ITC Group	ITC Infotech India Limited
Joint Venture	Maharaja Heritage Resorts Limited

Notes forming part of the financial statements (Contd.)

(All amounts in rupees unless otherwise stated)

b) Summary of transactions / balances :

	Transactions / balances	Holding Company		Other Related Parties		Key Management Personnel	
		31st March, 2019	31st March, 2018	31st March, 2019	31st March, 2018	31st March, 2019	31st March, 2018
1	Operating and marketing fees *	56,62,841	1,30,56,284	–	–	–	–
2	Purchase of services						
	- ITC Limited	13,94,760	3,82,305	–	–	–	–
	- International Travel House Limited	–	–	45,20,499	32,84,880	–	–
	- ITC Infotech India Limited	–	–	7,08,000	7,03,500	–	–
3	Rent *	17,86,291	17,44,117	–	–	–	–
4	Remuneration of managers / staff on deputation recovered *						
	- ITC Limited	91,03,866	1,57,25,255	–	–	–	–
5	Remuneration of managers on deputation reimbursed ((including remuneration of - Managing Director) ₹ 1,68,52,907 (Previous year - ₹ 94,41,869) as disclosed below)	4,44,52,815	6,08,24,904	–	–	–	–
6	Dividend payments	56,25,100	56,25,100	–	–	–	–
7	Expense recovered during the year (amount due on account of payments made on behalf of related parties)						
	- ITC Limited	31,35,706	92,45,587	–	–	–	–
	- Maharaja Heritage Resorts Limited	–	–	–	12,636	–	–
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 - Managing Director ₹ Nil (Previous year - ₹ 500,000/-))	3,48,67,922	3,46,69,790	–	–	–	–
	- International Travel House Limited	–	–	2,37,458	84,569	–	–
9	Remuneration to Key Management Personnel @						
	- Suresh Kumar	–	–	–	–	–	80,94,155
	- Samir Mecherivalappil Chandrasekharan	–	–	–	–	1,96,46,744	29,30,116
10	Closing Balances:						
	(i) Trade receivables						
	- ITC Limited	4,10,517	3,74,139	–	–	–	–
	(ii) Other current assets						
	- ITC Limited	8,20,234	7,79,804	–	–	–	–
	(iii) Trade payables						
	- ITC Limited	43,45,105	48,62,790	–	–	–	–
	- International Travel House Limited	–	–	496,523	4,48,256	–	–
	(iv) Other financial liabilities						
	- ITC Limited	699,991	15,84,256	-	–	–	–
	(v) Other Financial liabilities - Non current						
	- ITC Limited	13,72,761	–	–	–	–	–

* Includes GST / Service tax

\# The remuneration is subject to the approval of shareholders in the ensuing Annual General Meeting of the Company.

@ Excludes ESOS / ESAR (Refer Note 26)

Note : The remuneration paid to the Managing Director due to the inadequacy of profits, is subject to the approval of shareholders by special resolution in the ensuing Annual General Meeting of the Company.

Note 22: Commitments

Capital expenditure contracted for at the end of the reporting period but not recognised as liability is as follows:

	As at 31st March, 2019	As at 31st March, 2018
Property, plant and equipment	4,68,176	–

Note 23 Lease arrangements

The Company's significant leasing arrangements are in respect of operating leases for premises (residential, office etc.). These leasing arrangements which 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 15.

Note 24 Segment reporting

The operating segment of the company has been identified in a manner consistent with the internal reporting provided to the Management Committee headed by the Managing Director. The Committee is the chief operating decision maker based on which there is only one operating segment in which the company operates i.e. operating hotels in the mid - market to upscale segment and within one geographical segment i.e. India. The Company is not reliant on revenues from operations with any single operating hotel, customer and does not receive 10% or more of it's revenue from operating fee from any single external operating hotel. All the non-current asset are located in India.

Note 25 Contingent Liability

	As at 31st March, 2019	As at 31st March, 2018
Claims against the Company not acknowledged as debts		
Income tax Demands from income tax authorities under appeal for assessment year 2012 - 13	–	67,57,173

Income tax appeal for assessment year 2012-13 on account of alleged difference of receipts appearing in Form 26AS and income credited to the statement of profit and loss was decided in favour of the Company during the year.

Notes forming part of the financial statements (Contd.)

(All amounts in rupees unless otherwise stated)

Note 26 Employee share based compensation

(i) The eligible employees of ITC Limited (ITC), who are deputed to the Company at its request, are covered under the ITC Employee Stock Option Schemes (ITC ESOS) and the ITC Employee Cash Settled Stock Appreciation Linked Reward Plan (ITC ESAR Plan) in accordance with the terms and conditions of such schemes, details of which are as under:

ITC ESOS:

Each Option entitles the holder thereof to apply for and be allotted ten ordinary shares of ₹1.00 each of ITC upon payment of the exercise price during the exercise period. These options vest over a period of three years from the date of grant and are exercisable within a period of five years from the date of vesting. The options have been granted at the 'market price' as defined under the Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014.

ITC ESAR:

Under the ITC ESAR Plan, eligible employees would receive cash linked to appreciation in the value of the shares of ITC in accordance with the terms and conditions of this Plan. The stock appreciation units (SARs) vest over a period of five years from the date of grant and entitles each ESAR grantee to the appreciation for the total number of ESAR Units vested.

(ii) The cost of stock options granted under ITC ESOS / SARs granted under ITC ESAR have been recognized as equity settled / cash settled share based payments respectively in accordance with Ind AS 102 – Share Based Payment. In terms of said deputation arrangement, the Company has accounted for the cost of the fair value of options / stock appreciation units granted to the deputed employees on-charge by ITC. The fair value of the options / SARs granted is determined, using the Black Scholes Option Pricing model, by ITC for all the grantees covered under ITC ESOS / ITC ESAR as a whole.

(iii) The summary of movement of such stock options granted by ITC (ITC ESOS) and status of the outstanding options is as under:

Particulars	As at 31st March, 2019	As at 31st March, 2018
	No. of Options	No. of Options
Outstanding at the beginning of the year	**64,329**	3,11,986
Add: Granted during the year *	**–**	27,815
Add : Effect of Bonus	**–**	–
Less: Lapsed during the year	**–**	2,68,725
Less: Exercised during the year	**12,906**	6,747
Outstanding at the end of the year	**51,423**	64,329
Options exercisable at the end of the year	**40,583**	41,506
Options Vested and Exercisable during the year	**11,983**	13,036

* Includes Nil (Previous year 17,750) stock options granted to the Key Management Personnel of the Company. Since such stock options are not tradeable, no perquisite or benefit is immediately conferred upon an employee by such grant.

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

(iv) In accordance with Ind AS 102, an amount of ₹ 42,81,759 (Previous Year ₹ 2,64,74,501) towards ITC ESOS and ₹13,72,761 (Previous year - ₹ Nil) towards ITC ESAR has been recognized as employee benefits expense (Refer Note 14). Such charge has been recognized as employee benefits expense with corresponding credit to current / non – current financial liabilities, as applicable.
Out of the above, ₹ Nil (Previous Year ₹ 1,86,74,326) is attributable to key management personnel [Mr. Suresh Kumar ₹ Nil (Previous Year ₹ 1,86,74,326)] for ITC ESOS and ₹ 8,26,609 (Samir Mecherivalappil Chandrasekharan) (Previous year ₹ Nil) for ITC ESAR.

Note 27 Other Disclosure

(i) Ministry of Corporate Affairs (MCA) has notified Ind AS 115 – "Revenue from Contracts with Customers" effective 1st April, 2018, The Company has adopted Ind AS 115 using modified retrospective method, wherein the Company has elected to apply practical expedient for contracts that were not completed on or before 31st March, 2018. Accordingly, the comparatives have not been retrospectively adjusted. The Company has evaluated and there is no material impact on the financial statements resulting from the implementation of this standard.

The Company has applied the practical expedient in Ind AS 115, accordingly, the Company has not disclosed the aggregate transaction price allocated to unsatisfied (or partially satisfied) performance obligations which pertain to contracts where revenue recognised corresponds to the value transferred to customer is outcome based and event based contracts (Refer Note 11).

No significant judgments have been made by the Company in applying Ind AS 115 that significantly affect the determination of the amount and timing of revenue from contracts with customers.

(ii) Ministry of Corporate Affairs (MCA) has issued the Companies (Indian Accounting Standards) Second Amendment Rules, 2019 on 30th March, 2019 notifying new Standard Ind AS 116 "Leases' This Ind AS is applicable for annual period beginning on or after April 01, 2019. The Company expects that there will be no material impact on the financial statements resulting from the implementation of this standard.

(iii) Ind AS 12 Income taxes (amendments relating to income tax consequences of dividend and uncertainty over income tax treatments). The Company does not expect any significant impact of the amendment on its financial statements.

Note 28 The Financial statements were authorised for issue by the directors on 23rd April, 2019.

For **Price Waterhouse Chartered Accountants LLP**
Firm Registration No. : 012754N/N500016
Ashok Narayanaswamy
Partner
Membership Number : 095665
Place : Gurugram
Date : 23rd April, 2019

On behalf of the Board of Directors

Samir Mecherivalappil Chandrasekharan
Managing Director
DIN 08064002
Place : Gurugram
Date : 23rd April, 2019

Jagdish Singh
Director
DIN 00042258
Place : Gurugram
Date : 23rd April, 2019

REPORT OF THE BOARD OF DIRECTORS FOR THE FINANCIAL YEAR ENDED 31ST MARCH, 2019

1. Your Directors submit their Report for the financial year ended 31st March, 2019.

2. **FINANCIAL PERFORMANCE**

During the year under review, your Company earned licence fees of ₹ 102.37 lakhs (previous year: ₹ 78.07 lakhs) representing a growth of 31%. This was mainly due to higher Hotel revenue on account of release of guest rooms post renovation. The Other Income for the year aggregated ₹ 58.45 lakhs (previous year: ₹ 55.06 lakhs) and the profit for the year was ₹ 109.88 lakhs (previous year: ₹ 96.53 lakhs).

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

	For the year ended 31st March, 2019 (₹ in lakhs)	For the year ended 31st March, 2018 (₹ in lakhs)
Profits		
a. Profit Before Tax	**152.23**	125.84
b. Less: Tax Expense		
- Current Tax	**45.03**	36.00
- Deferred Tax	**(2.68)**	(6.69)
c. Profit for the year	**109.88**	96.53
d. Other Comprehensive Income	**–**	–
e. Total Comprehensive Income	**109.88**	96.53
Statement of Retained Earnings		
a. At the beginning of the year	**1,478.56**	1,392.03
b. Add: Profit for the year	**109.88**	96.53
c. Add: Other Comprehensive Income	**–**	–
d. Less:		
- Dividend Paid	**8.31**	8.31
- Income Tax on Dividend Paid	**1.71**	1.69
e. At the end of the year	**1,578.42**	1,478.56

3. **DIVIDEND**

The Board of Directors of the Company have recommended a dividend of ₹ 70/- (previous year ₹ 70/-) per Equity Share of ₹ 100/- each for the year ended 31st March, 2019. Total cash outflow in this regard will be ₹ 10.02 lakhs including Dividend Distribution Tax of ₹ 1.71 lakhs.

4. **OPERATIONAL PERFORMANCE**

Your Company has an Operating Licence Agreement with its Holding Company, ITC Limited, which in turn has an Operating and Marketing Services Agreement with Fortune Park Hotels Limited, its wholly owned subsidiary and fellow subsidiary of your Company. Fortune Park Hotels Limited manages and operates four / three star categories of Hotels in India and has a wide marketing and reservation network for the operations of Hotels.

Fortune Resort Bay Island, your Company's Hotel in Port Blair, with its strategic location, excellent architectural design and superior quality, continues to offer a unique gateway to the Andamans.

A comprehensive renovation and expansion programme towards enhancing the market standing of the Hotel is currently underway with the first phase (24 rooms) being commissioned during the year. The second phase of renovation (24 rooms) is expected to be completed over the next year.

5. **DIRECTORS**

(a) Changes in Directors

During the year under review, there were no changes in the composition of the Board of Directors of your Company ('the Board').

(b) Retirement by Rotation

In accordance with the provisions of Section 152 of the Companies Act, 2013 ('the Act') read with Articles 143 and 144 of the Articles of Association of the Company, Mr. Jagdish Singh (DIN: 00042258), Director, will retire by rotation at the ensuing Annual General Meeting ('AGM') of the Company and being eligible, offers himself for re-appointment. Your Board has recommended his re-appointment.

6. **BOARD**

Four meetings of the Board were held during the year ended 31st March, 2019.

7. **DIRECTORS' RESPONSIBILITY STATEMENT**

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

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

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

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

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

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

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

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

9. **PARTICULAR OF EMPLOYEES**

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

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

10. **RISK MANAGEMENT**

The risk management framework of the Company is commensurate with its size and nature of business. Management of risks vests with the executive management, which is responsible for the day-to-day conduct of the affairs of the Company, within the overall framework approved by the Board. The Internal Audit Department of ITC Limited periodically carries out, at the request of the Company, risk focused audits with the objective of identifying areas where risk management processes could be strengthened. The Board annually reviews the effectiveness of the Company's risk management systems and policies.

11. **INTERNAL FINANCIAL CONTROLS**

Your Company has in place adequate internal financial controls with respect to the financial statements, commensurate with its size and scale of operations.

During the year, the internal financial controls in the Company with respect to the financial statements were tested and no material weakness in the design or operation of such controls was observed.

Nonetheless, your Company recognises that any internal financial control framework, no matter how well designed, has inherent limitations and accordingly, regular audit and review processes ensure that such systems are reinforced on an ongoing basis.

12. PARTICULARS OF LOANS, GUARANTEES AND INVESTMENTS

During the year ended 31st March, 2019, the Company has neither given any loan or guarantee nor has made any investment under Section 186 of the Act.

13. RELATED PARTY TRANSACTIONS

All contracts or arrangements entered into by the Company with its related parties during the financial year were in accordance with the provisions of the Act. All such contracts or arrangements were entered in the ordinary course of business and on arm's length basis.

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

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

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

15. EXTRACT OF ANNUAL RETURN

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

16. COST RECORDS

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

17. STATUTORY AUDITORS

The Company's Auditors, Messrs. S B Dandeker & Co., Chartered Accountants were appointed at the 41st AGM to hold such office for a period of five years till the conclusion of the 46th AGM. Your Board has recommended for the approval of the Members, the remuneration of Messrs. S B Dandeker & Co. for the financial year 2019-20. Appropriate resolution seeking your approval to the above is appearing in the Notice convening the ensuing AGM of your Company.

18. COMPLIANCE WITH SECRETARIAL STANDARDS

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

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

Conservation of Energy & Technology Absorption

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

Foreign Exchange Earnings and Outgo

The foreign exchange earnings of the Hotel during the year aggregated ₹ 39.92 lakhs (previous year: ₹ 41.30 lakhs), while there was no foreign exchange outgo during the year (Previous year: Nil).

On behalf of the Board

J. Singh Director
Samir MC Director

Dated : 24th April, 2019
Place : Gurugram

Annexure 1 to the Report of the Board of Directors for the financial year ended 31st March, 2019

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

Names of Employees	Age	Designation	Gross Remuneration (₹)	Net Remuneration (₹)	Qualifications	Experience (Years)	Date of Commencement of Employment	Previous Employment / Position held
1	2	3	4	5	6	7	8	9
Gaurav Sakkarwal	28	Jr. Sous Chef	5,36,028/-	5,11,938/-	Bachelor of Hotel Management	3	01.02.2016	Fortune Park Hotels Limited, Jr. Sous Chef
Gurusamy Subramanian	29	Asst. Manager	4,31,233/-	3,83,053/-	B.S.C Hotel Management	10	05.05.2017	Taj Fishermens Cove-Chennai, Assistant Manager – House Keeping
Georgina Baa	41	Asst. Manager	4,17,233/-	3,95,245/-	B.A. - Tourism	20	28.11.1998	Nil
Agnatus Kindo	53	Jr. Executive	3,94,182/-	3,71,841/-	Intermediate	33	01.07.1986	Nil
Johnson David	55	Jr. Executive	3,91,488/-	3,68,925/-	Intermediate	34	01.03.1986	Nil
Manu Mon	29	Executive	3,68,833/-	3,46,669/-	Diploma in Hotel Management	9	06.12.2017	Key Hotel, Restaurant Supervisor
Gour Hari Roy	41	Jr. Executive	3,50,687/-	3,28,734/-	B. A. History	17	28.01.2017	Nil
Abdul Rehman	53	Sr. Supervisor	3,45,570/-	3,23,370/-	Under Matric	34	16.09.1985	Nil
Nimbulal	54	Sr. Supervisor	3,45,388/-	3,22,937/-	Intermediate	29	01.01.1989	Nil
Ankita Panda	29	Executive-Learning & Development	3,36,859/-	3,15,010/-	MBA HR & Marketing	5	01.01.2013	Sai International School, French Faculty

Notes :

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

b. Net remuneration comprises cash income less income tax, education cess deducted at source and employee's own contribution to provident fund.

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

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

On behalf of the Board

J. Singh Director
Samir MC Director

Dated : 24th April, 2019
Place : Gurugram

Annexure 2 to the Report of the Board of Directors for the financial year ended 31st March, 2019

FORM NO. AOC-2

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

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

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

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

2. Details of material contracts or arrangements or transactions at arm's length basis

a)	Name(s) of the related party and nature of relationship	ITC Limited, the Holding Company
b)	Nature of contracts / arrangements / transactions	Operating Licence Agreement
c)	Duration of the contracts / arrangements / transactions	50 years effective 15th March, 1993
d)	Salient terms of the contracts or arrangements or transactions including the value, if any	Licence to operate Hotel 'Fortune Resort Bay Island'. Value of the transaction during the year - ₹ 1,20,80,218/- (including applicable taxes)
e)	Date(s) of approval by the Board, if any	–
f)	Amount paid as advances, if any	Nil

On behalf of the Board

Dated : 24th April, 2019 — **J. Singh** **Director**

Place: Gurugram — **Samir MC** **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, 2019

[Pursuant to Section 92(3) of the Companies Act, 2013 and Rule 12(1) of the Companies (Management and Administration) Rules, 2014]

I. REGISTRATION AND OTHER DETAILS

CIN	:	U74899HR1976PLC052282
Registration Date	:	24th March, 1976
Name of the Company	:	Bay Islands Hotels Limited
Category / Sub-Category of the Company	:	Unlisted Public Company limited by shares
Address of the Registered office and contact details	:	ITC Green Centre 10, Institutional Area, Sector 32, Gurugram 122001 Phone : 0124-4171717 Fax : 0124-4051734 e-mail ID : bihl@itchotels.in
Whether listed company (Yes / No)	:	No
Name, Address and Contact details of Registrar and Transfer Agent, if any	:	N.A.

II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

All the business activities contributing 10% or more of the total turnover of the Company shall be stated:-

Sl. No.	Name and Description of main products / services	NIC Code of the Product/ service	% to total turnover of the Company
1.	Hotel services	55101	100%

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES

Sl. No.	Name and Address of the Company	CIN/GLN	Holding/ Subsidiary/ Associate	% of shares held in the Company	Applicable Section
1.	ITC Limited Virginia House 37 Jawaharlal Nehru Road Kolkata – 700 071	L16005WB1910PLC001985	Holding company	100.00%	2(46)

IV. SHAREHOLDING PATTERN (Equity Share Capital Breakup as percentage of Total Equity)

(i) Category-wise Shareholding:

Category of Shareholders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
A. Promoters									
(1)Indian									
a) Individual/HUF	–	–	–	–	–	–	–	–	N.A.
b) Central Govt.	–	–	–	–	–	–	–	–	N.A.
c) State Govt.(s)	–	–	–	–	–	–	–	–	N.A.
d) Bodies Corp.	–	11,875	11,875	100.00	–	11,875	11,875	100.00	Nil
e) Banks / FI	–	–	–	–	–	–	–	–	N.A.
f) Any Other	–	–	–	–	–	–	–	–	N.A.
Sub-total (A)(1)	**–**	**11,875**	**11,875**	**100.00**	**–**	**11,875**	**11,875**	**100.00**	**Nil**
(2) Foreign									
a) NRIs - Individuals	–	–	–	–	–	–	–	–	N.A.
b) Other – Individuals	–	–	–	–	–	–	–	–	N.A.
c) Bodies Corp.	–	–	–	–	–	–	–	–	N.A.
d) Banks / FI	–	–	–	–	–	–	–	–	N.A.
e) Any Other	–	–	–	–	–	–	–	–	N.A.
Sub-total (A)(2)	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**N.A.**
Total shareholding of Promoter (A) = (A)(1)+(A)(2)	**–**	**11,875**	**11,875**	**100.00**	**–**	**11,875**	**11,875**	**100.00**	**Nil**
B. Public Shareholding									
1. Institutions									
a) Mutual Funds	–	–	–	–	–	–	–	–	N.A.
b) Banks / FI	–	–	–	–	–	–	–	–	N.A.
c) Central Govt.	–	–	–	–	–	–	–	–	N.A.
d) State Govt.(s)	–	–	–	–	–	–	–	–	N.A.
e) Venture Capital Funds	–	–	–	–	–	–	–	–	N.A.
f) Insurance Companies	–	–	–	–	–	–	–	–	N.A.
g) FIIs	–	–	–	–	–	–	–	–	N.A.
h) Foreign Venture Capital Funds	–	–	–	–	–	–	–	–	N.A.
i) Others (specify)	–	–	–	–	–	–	–	–	N.A.
Sub-total (B)(1):-	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**N.A.**
2. Non-Institutions									
a) Bodies Corp.									
i) Indian	–	–	–	–	–	–	–	–	N.A.
ii) Overseas	–	–	–	–	–	–	–	–	N.A.
b) Individuals i) Individual shareholders holding nominal share capital upto Rs. 1 lakh	–	–	–	–	–	–	–	–	N.A.
ii) Individual shareholders holding nominal share capital in excess of Rs. 1 lakh									
c) Others (specify)	–	–	–	–	–	–	–	–	N.A.
Sub-total (B)(2)	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**N.A.**
Total Public Shareholding (B)=(B)(1)+ (B)(2)	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**N.A.**
C. Shares held by Custodian for GDRs & ADRs	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**N.A.**
Grand Total (A+B+C)	**–**	**11,875**	**11,875**	**100.00**	**–**	**11,875**	**11,875**	**100.00**	**Nil**

(ii) Shareholding of Promoters:

Sl. No.	Shareholder's Name	Shareholding at the beginning of the year			Shareholding at the end of the year			% change in shareholding during the year
		No. of Shares	% of total Shares of the Company	% of Shares pledged / encumbered to total Shares	No. of Shares	% of total Shares of the Company	% of Shares pledged / 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				
	At the end of the year				

(iv) Shareholding Pattern of top ten Shareholders (other than Directors, Promoters and Holders of GDRs and ADRs): NOT APPLICABLE

(v) Shareholding of Directors and Key Managerial Personnel: None of the Directors hold any share in the Company in their individual capacity.

V. INDEBTEDNESS

Indebtedness of the Company including interest outstanding / accrued but not due for payment: NIL

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

A. Remuneration to Managing Director, Whole-time Directors and/or Manager: NOT APPLICABLE

B. Remuneration to other Directors:

(Amount in ₹)

Sl. No.	Particulars of Remuneration	Name of Directors				Total Amount
		N. Anand	Samir MC	G. H. C. Jadwet	J. Singh	
1.	**Other Non-Executive Directors**					
	• Fee for attending Board and Board Committee meetings	–	–	–	–	
	• Commission	–	–	–	–	
	• Others, please specify	–	–	–	–	
	Total (B)	–	–	–	–	
	Total Managerial Remuneration					**N.A.**
Overall ceiling as per the Act (11% of the net profits of the Company computed in accordance with Section 198 of the Companies Act, 2013)						**15,45,738**

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 : 24th April, 2019
Place : Gurugram

J. Singh **Director**
Samir MC **Director**

INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF BAY ISLANDS HOTELS LIMITED

Report on the Standalone Financial Statements

Opinion

We have audited the accompanying Standalone Financial Statements of **M/s. Bay Islands Hotels Limited (*"the Company"*)** which comprises the Balance Sheet as at March 31, 2019, the Statement of Profit and Loss, Statement of changes in equity and Statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2019, and profit, changes in equity and its cash flows for the year ended on that date.

Basis for Opinion

We conducted our audit in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the Companies Act, 2013. Our responsibilities under those Standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India together with the ethical requirements that are relevant to our audit of the financial statements under the provisions of the Companies Act, 2013 and the Rules there under, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Information other than the Financial Statements and Auditor's Report thereon

The Company's Board of Directors is responsible for the other information. The other information comprises the information included in the report of the Board of Directors, but does not include the financial statements and our auditor's report thereon. The report of the Board of Directors is expected to be made available to us after the date of this auditor's report.

Our opinion on the financial statements does not cover the other information and we will not express any form of assurance or conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

When we read the report of the Board of Directors, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance and describe actions applicable in the applicable laws and regulations.

Responsibility of Management for the Standalone Financial Statements

The Company's Board of Directors is responsible for the matters stated in section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these standalone financial statements that give a true and fair view of the financial position, financial performance, (changes in equity) and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under section 133 of the Act. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate implementation and maintenance of accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statement that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those Board of Directors are also responsible for overseeing the company's financial reporting process

Auditor's Responsibility for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Report on Other Legal and Regulatory Requirements

As required by the Companies (Auditor's Report) Order, 2016 ("the Order"), issued by the Central Government of India in terms of sub-section (11) of section 143 of the Companies Act, 2013, we give in the Annexure-A a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.
As required by Section 143(3) of the Act, we report that:

a. We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
b. In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
c. The Balance Sheet, the Statement of Profit and Loss and the Cash Flow Statement dealt with by this Report are in agreement with the books of account.
d. In our opinion, the aforesaid standalone financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
e. On the basis of the written representations received from the directors as on 31st March, 2019 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2019 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: 24/04/2019

ANNEXURE "A" TO THE INDEPENDENT AUDITOR'S REPORT

(Referred to in paragraph 2 under 'Report on Legal and Regulatory Requirements' section of our report of even date)

(i) In respect of its fixed assets:
   (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of the fixed assets.
   (b) The fixed assets were physically verified during the year by the Management in accordance with a regular programme of verification which, in our opinion, provides for physical verification of all the fixed assets at reasonable intervals. According to the information and explanations given to us, the discrepancies noticed on physical verification of fixed assets as compared to book records were not material and have been properly dealt with in the books of account.
   (c) According to the information and explanations given to us and the records examined by us and based on the examination of the registered sale deed and transfer deed provided to us, we report that, the title deeds, comprising all the immovable properties of land and buildings which are freehold, are held in the name of the Company as at the balance sheet date.

(ii) The company did not hold any inventory during the year. There clause (ii) of para 3 of the order is not applicable.

(iii) The Company has not granted any loans, secured or unsecured, to companies, firms, Limited Liability Partnerships or other parties covered in the Register maintained under Section 189 of the Companies Act, 2013.Therefore clause (iii) of para 3 of the order is not applicable.

(iv) The Company has not granted any loans, made investments or provided guarantees under Section 185 and 186 of the Companies Act, 2013 and hence reporting under clause (iv) of the CARO 2016 is not applicable.

(v) According to the information and explanations given to us, the Company has not accepted any deposit during the year.

(vi) The maintenance of cost records has not been specified by the Central Government under section 148(1) of the Companies Act, 2013.

(vii) According to the information and explanations given to us in respect of statutory dues:
   (a). The Company has generally been regular in depositing undisputed statutory dues, including Provident Fund, Employees' State Insurance, Income Tax, 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.

(b). There were no undisputed amounts payable in respect of Provident Fund, Employees' State Insurance, Income Tax, Customs Duty, Value Added Tax, Cess and other material statutory dues in arrears as at 31st March, 2019 for a period of more than six months from the date they became payable. We are informed that the Company's operations did not give rise to any dues on account of Excise duty.

(c). There are no disputed dues in respect of Customs Duty, Excise Duty and Value Added Tax as at 31st March 2019 which have not been deposited on account of dispute.

(viii) The Company has neither taken any loans or borrowings from financial institutions, banks and government nor has it issued any debentures. Hence reporting under clause (viii) of CARO 2016 is not applicable to the Company.

(ix) The Company has not raised moneys by way of initial public offer or further public offer (including debt instruments) or term loans and hence reporting under clause (ix) of the CARO 2016 Order is not applicable.

(x) To the best of our knowledge and according to the information and explanations given to us, no fraud by the Company and no material fraud on the Company by its officers or employees has been noticed or reported during the year.

(xi) The Company has not paid any managerial remuneration so clause (xi) of para 3 of the order is not applicable.

(xii) The Company is not a Nidhi Company and hence reporting under clause (xii) of the CARO 2016 Order is not applicable.

(xiii) In our opinion and according to the information and explanations given to us the Company is in compliance with Section 177 and 188 of the Companies Act, 2013, where applicable, for all transactions with the related parties and the details of related party transactions have been disclosed in the financial statements etc. as required by the applicable accounting standards.

(xiv) During the year, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures and hence reporting under clause (xiv) of CARO 2016 is not applicable to the Company.

(xv) In our opinion and according to the information and explanations given to us, during the year the Company has not entered into any non-cash transactions with its directors or directors of its holding or persons connected with them and hence provisions of section 192 of the Companies Act, 2013 are not applicable.

(xvi) The Company is not required to be registered under section 45-I of the Reserve Bank of India Act, 1934.

For and on behalf of
S.B.DANDEKER & CO.
Chartered Accountants
Firm Regn No.301009E

KedarashishBapat
Partner
M.No.- 057903

Place: Port Blair
Date: 24/04/2019

ANNEXURE B TO INDEPENDENT AUDITOR'S REPORT

(Referred to in paragraph 1(f) under 'Report on Other Legal and Regulatory Requirements' section of our report of even date)

Report on the Internal Financial Controls Over Financial Reporting under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")

We have audited the internal financial controls over financial reporting of Bay Islands Hotels Limited ("the Company") as of March 31, 2019 in conjunction with our audit of the Ind AS financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

The Company's management is responsible for establishing and maintaining internal financial controls based on "the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India". These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

Auditor's Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") issued by the Institute of Chartered Accountants of India and the Standards on Auditing prescribed under Section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system over financial reporting.

Meaning of Internal Financial Controls Over Financial Reporting

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls Over Financial Reporting

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

In our opinion, to the best of our information and according to the explanations given to us, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2019, 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: 24/04/2019

BALANCE SHEET AS AT 31ST MARCH, 2019

	Note	As at 31st March, 2019 (₹)		As at 31st March, 2018 (₹)	
ASSETS					
Non-current Assets					
(a) Property, Plant and Equipment	3	**6,62,71,530**		6,65,81,598	
(b) Other non-current assets	4	**10,07,294**	**6,72,78,824**	13,27,285	6,79,08,883
Current Assets					
Financial Assets					
(i) Investments	5	**2,49,90,604**		1,38,19,476	
(ii) Trade receivables	6	**56,62,932**		59,01,088	
(iii) Cash and cash equivalents	7	**22,93,943**		65,03,434	
(iv) Other Bank Balances	8	**7,40,34,113**		7,02,74,988	
(v) Others	9	**13,24,030**	**10,83,05,622**	10,30,161	**9,75,29,147**
TOTAL ASSETS			**17,55,84,446**		**16,54,38,030**
EQUITY AND LIABILITIES					
Equity					
(a) Share Capital	10	**11,87,500**		11,87,500	
(b) Other Equity		**16,96,74,790**	**17,08,62,290**	15,96,88,732	**16,08,76,232**
Liabilities					
Non-current Liabilities					
(a) Provisions	11	**4,92,046**		5,46,791	
(b) Deferred tax liabilities (Net)	12	**25,60,089**	**30,52,135**	28,28,573	**33,75,364**
Current Liabilities					
(a) Financial Liabilities					
(i) Trade payables		**59,681**		50,001	
(ii) Other financial liabilities	13	**7,01,671**	**7,61,352**	4,59,102	5,09,103
(b) Other current liabilities	14		**5,19,446**		2,75,550
(c) Provisions	11		**3,89,223**		**4,01,781**
TOTAL EQUITY AND LIABILITIES			**17,55,84,446**		16,54,38,030

The accompanying notes 1 to 22 are an integral part of the Financial Statements.

In terms of our report attached
For S.B.Dandeker & Company
Chartered Accountants
(FRN-301009E)

Kedarashish Bapat
Partner

Place: Port Blair
Date: 24.04.2019

On Behalf of the Board

Jagdish Singh **Samir MC**
Director **Director**

Place: Gurugram
Date: 23.04.2019

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31ST MARCH, 2019

		Note	For the year ended 31st March, 2019 (₹)	For the year ended 31st March, 2018 (₹)
I	Revenue From Operations	15	**1,02,37,473**	78,07,103
II	Other Income	16	**58,45,360**	55,05,754
III	**Total Income (I+II)**		**1,60,82,833**	1,33,12,857
IV	**EXPENSES**			
	Employee benefits expense	17	**3,24,767**	2,73,558
	Depreciation and amortization expense	3	**3,10,068**	3,10,068
	Other expenses	18	**2,24,708**	1,45,476
	Total expenses (IV)		**8,59,543**	7,29,102
V	**Profit before tax (III - IV)**		**1,52,23,290**	1,25,83,755
VI	**Tax expense:**			
	Current Tax	19	**45,03,600**	36,00,000
	Deferred Tax	19	**(2,68,484)**	(6,69,380)
VII	**Profit for the year (V - VI)**		**1,09,88,174**	96,53,135
VIII	**Other Comprehensive Income**		**–**	–
IX	**Total Comprehensive Income for the year (VII+VIII)**		**1,09,88,174**	96,53,135
X	Earnings per equity share (Face value of ₹ 100 each):			
	(1) Basic (in ₹)	20	**925**	813
	(2) Diluted (in ₹)	20	**925**	813

The accompanying notes 1 to 22 are an integral part of the Financial Statements.

In terms of our report attached

For S.B.Dandeker & Company
Chartered Accountants
(FRN-301009E)

Kedarashish Bapat
Partner

Place: Port Blair
Date: 24.04.2019

On Behalf of the Board

Jagdish Singh **Samir MC**
Director **Director**

Place: Gurugram
Date: 23.04.2019

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31ST MARCH, 2019

A. Equity Share Capital (₹)

	Balance at the beginning of the reporting year	Changes in equity share capital during the year	Balance at the end of the reporting year
For the year ended 31st March, 2018	11,87,500	–	**11,87,500**
For the year ended 31st March, 2019	11,87,500	–	**11,87,500**

B. Other Equity (₹)

	Reserves and Surplus			Total
	Retained Earnings	Subsidy Reserve	General Reserve	
Balance as at 31st March, 2017	**139,203,777**	43,38,099	74,94,194	**15,10,36,070**
Profit for the year	9,653,135	–	–	**96,53,135**
Total Comprehensive Income	148,856,912	43,38,099	74,94,194	**16,06,89,205**
Dividend paid	831,250	–	–	**8,31,250**
Income tax on Dividend paid	169,223	–	–	**1,69,223**
Balance as at 31st March, 2018	**147,856,439**	**43,38,099**	**74,94,194**	**15,96,88,732**
Profit for the year	10,988,174	–	–	1,09,88,174
Total Comprehensive Income	**158,844,613**	**43,38,099**	**74,94,194**	**17,06,76,906**
Dividend paid	831,250	–	–	8,31,250
Income tax on Dividend paid	170,866	–	–	1,70,866
Balance as at 31st March, 2019	**157,842,497**	**4,338,099**	**74,94,194**	**16,96,74,790**

The Board of Directors recommended a dividend of ₹ 70 per share (for the year ended 31st March, 2018 - ₹ 70 per share) be paid on fully paid equity shares. This equity dividend is subject to approval by shareholders at the Annual General Meeting and has not been included as a liability in these financial statements. The total estimated equity dividend to be paid is ₹ 8,31,250 (for the year ended 31st March, 2018 - ₹ 8,31,250). Income tax on proposed dividend being ₹ 1,70,866 (for the year ended 31st March, 2018 - ₹ 1,69,223)

Retained earning - It represents the cumulative profits of the Company. This Reserve can be utilized in accordance with the provisions of the Companies Act, 2013

Subsidy Reserve - It represents Central Subsidy received from Andaman & Nicobar Administration.

General Reserve - This Reserve is created by an appropriation from one component of equity (generally retained earnings) to another, not being an item of Other Comprehensive Income. The same can be utilized by the Company in accordance with the provisions of the Companies Act, 2013.

The accompanying notes 1 to 22 are an integral part of the Financial Statements.

In terms of our report attached
For S.B.Dandeker & Company
Chartered Accountants
(FRN-301009E)

Kedarashish Bapat
Partner

Place: Port Blair
Date: 24.04.2019

On Behalf of the Board

Jagdish Singh
Director

Samir MC
Director

Place: Gurugram
Date: 23.04.2019

CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2019

	For the year ended 31st March, 2019		For the year ended 31st March, 2018	
	(₹)	(₹)	(₹)	(₹)
A. Cash Flow from Operating Activities				
PROFIT BEFORE TAX		**1,52,23,290**		1,25,83,755
ADJUSTMENTS FOR :				
Depreciation and amortization expense	**3,10,068**		3,10,068	
Net (gain)/loss arising on investments mandatorily measured at Fair value through profit and loss	**(11,71,129)**		(8,94,476)	
Interest Income	**(46,74,231)**		(46,11,279)	
		(55,35,292)		(51,95,686)
OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES		**96,87,998**		73,88,069
ADJUSTMENTS FOR :				
Trade receivables and other assets	**7,11,962**		(19,12,941)	
Trade payables, other liabilities and provisions	**4,28,843**	**11,40,804**	3,63,891	(15,49,050)
CASH GENERATED FROM OPERATIONS		**1,08,28,802**		58,39,019
Income Tax Paid		**(45,03,600)**		(37,25,428)
NET CASH FROM OPERATING ACTIVITIES		**63,25,202**		21,13,591
B. Cash Flow from Investing Activities				
Sale of current investments	**1,49,61,732**		1,31,24,700	
Purchase of current investments	**(2,49,61,732)**		(1,31,24,700)	
Interest received	**42,26,548**		58,10,559	
NET CASH FROM INVESTING ACTIVITIES		**(57,73,452)**		58,10,559
C. Cash Flow from Financing Activities				
Dividend paid	**(8,31,250)**		(8,31,250)	
Income Tax on Dividend paid	**(1,70,866)**		(1,69,223)	
NET CASH FLOW USED IN FINANCING ACTIVITIES		**(10,02,116)**		(10,00,473)
NET INCREASE IN CASH AND CASH EQUIVALENTS		**(4,50,366)**		69,23,677
OPENING CASH AND CASH EQUIVALENTS		**7,67,78,422**		6,98,54,745
CLOSING CASH AND CASH EQUIVALENTS (Refer Note 7 & 8)		**7,63,28,056**		7,67,78,422

Note:

The above Cash Flow Statement has been prepared under the "Indirect Method" as set out in the IndAS - 7 Cash Flow Statements.
The accompanying notes 1 to 22 are an integral part of the Financial Statements.

In terms of our report attached
For S.B.Dandeker & Company
Chartered Accountants
(FRN-301009E)

Kedarashish Bapat
Partner

Place: Port Blair
Date: 24.04.2019

On Behalf of the Board

Jagdish Singh — **Director**
Samir MC — **Director**

Place: Gurugram
Date: 23.04.2019

NOTES TO THE FINANCIAL STATEMENTS

1. SIGNIFICANT ACCOUNTING POLICIES

(i) Statement of Compliance

These financial statements have been prepared in accordance with Indian Accounting Standards (Ind AS) notified under section 133 of the Companies Act, 2013. The financial statements have also been prepared in accordance with the relevant presentation requirements of the Companies Act, 2013.

The Company adopted Ind AS from 1st April, 2016. The date of transition to Ind AS is 1st April, 2015.

(ii) Basis of Preparation

The financial statements are prepared in accordance with the historical cost convention, except for certain items that are measured at fair values, as explained in the accounting policies below. The financial statements are presented in Indian Rupees (INR) which is also the Company's functional currency. The financial statements are presented in Rupees.

Fair Value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Company takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date.

The preparation of financial statements in conformity with Ind AS requires management to make judgements, estimates and assumptions that affect the application of the accounting policies and the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the year. Actual results could differ from those estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period; they are recognised in the period of the revision and future periods if the revision affects both current and future periods.

(iii) Operating Cycle

All assets and liabilities have been classified as current or non-current as per the Company's normal operating cycle and other criteria set out in the Schedule III to the Companies Act, 2013 based on the nature of products and the time between the acquisition of assets for processing and their realisation in cash and cash equivalents.

(iv) Property, Plant & Equipment – Tangible Assets

Property, plant & equipment are stated at cost of acquisition or construction less accumulated depreciation and impairment, if any. For this purpose, cost includes deemed cost which represents the carrying value of property, plant and equipment recognised as at 1st April, 2015 measured as per the previous GAAP.

NOTES TO THE FINANCIAL STATEMENTS (Contd.)

Cost is inclusive of inward freight, duties and taxes and incidental expenses related to acquisition. In respect of major projects involving construction, related pre-operational expenses form part of the value of assets capitalised. Expenses capitalised also include applicable borrowing costs for qualifying assets, if any. All upgradation / enhancements are charged off as revenue expenditure unless they bring similar significant additional benefits.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in the Statement of Profit and Loss.

Depreciation of these assets commences when the assets are ready for their intended use which is generally on commissioning. Items of Property, Plant and Equipment are depreciated in a manner that amortises the cost of the assets after commissioning (or other amount substituted for cost), less its residual value, over their useful lives as specified in Schedule II of the Companies Act, 2013 on a straight line basis.

The estimated useful lives of property, plant and equipment of the Company are as follows:

Buildings	60 years

Land is not depreciated. Property, plant and equipments residual values and useful lives are reviewed, and are treated as changes in accounting estimates, at each balance sheet date.

(v) Impairment of Assets

Impairment loss is provided, if any, to the extent, the carrying amount of assets exceed their recoverable amount.

Recoverable amount is higher of an asset's net selling price and its value in use. Value in use is the present value of estimated future cash flows expected to arise from the continuing use of an asset and from its disposal at the end of its useful life.

Impairment losses recognised in prior years are reversed when there is an indication that the impairment losses recognised no longer exist or have decreased. Such reversals are recognised as an increase in carrying amounts of assets to the extent that it does not exceed the carrying amounts that would have been determined (net of Depreciation) had no impairment loss been recognised in previous years.

(vi) Financial instruments, Financial assets, Financial liabilities and Equity instruments

Financial assets and financial liabilities are recognized when the Company becomes a party to the contractual provisions of the relevant instrument and are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issues of financial assets and financial liabilities (other than financial assets and financial liabilities measured at fair value through profit or loss) are added to or deducted from the fair value measured on initial recognition of financial assets or financial liabilities. Purchase or sale of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognized on the trade date, i.e., the date when the Company commits to purchase or sell the asset.

a) Financial assets

Recognition: Financial assets include Investments, Trade receivables, Advances, Security Deposits, Cash and cash equivalents. Such assets are initially recognised at transaction price when the Company becomes party to contractual obligations. The transaction price includes transaction costs unless the asset is being fair valued through the Statement of Profit and Loss.

Classification: Management determines the classification of an asset at initial recognition depending on the purpose for which the assets were acquired. The subsequent measurement of financial assets depends on such classification.

Financial assets are classified as those measured at:

(a) amortised cost, where the financial assets are held solely for collection of cash flows arising from payments of principal and/or interest.

(b) fair value through other comprehensive income (FVTOCI), where the financial assets are held not only for collection of cash flows arising from payments of principal and interest but also from the sale of such assets. Such assets are subsequently measured at fair value, with unrealised gains and losses arising from changes in the fair value being recognised in other comprehensive income.

(c) fair value through profit or loss (FVTPL), where the assets are managed in accordance with an approved investment strategy that triggers purchase and sale decisions based on the fair value of such assets. Such assets are subsequently measured at fair value, with unrealised gains and losses arising from changes in the fair value being recognised in the Statement of Profit and Loss in the period in which they arise.

Trade receivables, Advances, Security Deposits, Cash and cash equivalents etc. are classified for measurement at amortised cost while investments may fall under any of the aforesaid classes. However, in respect of particular investments in equity instruments that would otherwise be measured at fair value through profit or loss, an irrevocable election at initial recognition may be made to present subsequent changes in fair value through other comprehensive income

Impairment: The Company assesses at each reporting date whether a financial asset (or a group of financial assets) such as investments, trade receivables, advances and security deposits held at amortised cost and financial assets that are measured at fair value through other comprehensive income are tested for impairment based on evidence or information that is available without undue cost or effort. Expected credit losses are assessed and loss allowances recognised if the credit quality of the financial asset has deteriorated significantly since initial recognition.

Reclassification: When and only when the business model is changed, the Company shall reclassify all affected financial assets prospectively from the reclassification date as subsequently measured at amortised cost, fair value through other comprehensive income, fair value through profit or loss without restating the previously recognised gains, losses or interest and in terms of the reclassification principles laid down in the Ind AS relating to Financial Instruments.

De-recognition: Financial assets are derecognized when the rights to receive benefits have expired or been transferred, and the Company has transferred substantially all risks and rewards of ownership. Concomitantly, if the asset is one that is measured at:

(a) amortised cost, the gain or loss is recognised in the Statement of Profit and Loss;

(b) fair value through other comprehensive income, the cumulative fair value adjustments previously taken to reserves are reclassified to the Statement of Profit and Loss unless the asset represents an equity investment in which case the cumulative fair value adjustments previously taken to reserves is reclassified within equity.

Income recognition: Interest income from financial assets is recognised in profit or loss using effective interest rate method, where applicable. Dividend income is recognised in the Statement of Profit and Loss when the right to receive dividend is established.

b) Financial liabilities

Financial liabilities are classified according to the substance of the contractual arrangements entered into. Financial liabilities are classified, at initial recognition, as subsequently measured at amortized cost unless they fulfil the requirement of measurement at fair value through profit or loss. Where the financial liability has been measured at amortised cost, the difference between the initial carrying amount of the financial liabilities and their redemption value is recognized in the statement of profit and loss over the contractual terms using the effective interest rate method. Financial liabilities at fair value through profit or loss are carried at fair value with changes in fair value recognized in the finance income or finance cost in the statement of profit or loss.

Financial liabilities are derecognised when the liability is extinguished, that is, when the contractual obligation is discharged, cancelled and on expiry.

c) Offsetting Financial Instruments

Financial assets and liabilities are offset and the net amount is included in the Balance Sheet where there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously.

d) Equity Instruments

Equity instruments are recognised at the value of the proceeds, net of direct costs of the capital issue.

(vii) Revenue Recognition

Income from operating license fees is recognized at fair value of amount received or receivable for services rendered in the Statement of Profit and Loss in accordance with the provision of Operating License agreement with licensee viz. ITC Limited. Revenue does not include Goods and Services Tax (GST).

Revenue from the sale of services is recognized when the company perform its obligations to its customer and the amount of revenue can be measured reliably and recovery of the consideration is probable.

(viii) Employee Benefits

(i) **Provident Fund:** Contribution towards provident fund for employees is made to the regulatory authorities, where the Company has no further obligations. Such benefits are classified as Defined Contribution Schemes as the Company does not carry any further obligations, apart from the contributions made on a monthly basis. The contributions are charged to the Statement of Profit and Loss of the year, when the contributions to the respective funds are due.

NOTES TO THE FINANCIAL STATEMENTS (Contd.)

(ii) Gratuity: The Company has taken a Policy with Life Insurance Corporation of India (LIC) to cover the gratuity liability with respect to the employees and the premium paid to LIC is charged to Statement of Profit & Loss.

(iii) Compensated Absences: Short term compensated absences and long term compensated absences are provided for based on actuarial valuation at the year end. The actuarial valuation is done as per projected unit credit method and impact of such valuation is recognised in Profit and Loss account.

(ix) Claims

Claims against the Company not acknowledged as debts are disclosed after a careful evaluation of the facts and legal aspects of the matter involved.

(x) Provisions

Provisions are recognised when, as a result of a past event, the Company has a legal or constructive obligation; it is probable that an outflow of resources will be required to settle the obligation; and the amount can be reliably estimated. The amount so recognised is a best estimate of the consideration required to settle the obligation at the reporting date, taking into account the risks and uncertainties surrounding the obligation. In an event when the time value of money is material, the provision is carried at the present value of the cash flows estimated to settle the obligation.

(xi) Leases

The Company is a lessor under an operating lease, the asset is capitalized within property, plant and equipment and depreciated over its useful economic life. Payments received under operating leases are recognized in the income statement on a straight-line basis over the term of the lease.

(xii) Taxes on Income

Taxes on income comprises of current taxes and deferred taxes. Current tax in the Statement of Profit and Loss is provided as the amount of tax payable in respect of taxable income for the period using tax rates enacted or substantively enacted during the period, together with any adjustment to tax payable in respect of previous years.

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities and the amounts used for taxation purposes (tax base), at the tax rates and tax laws enacted or substantively enacted by the end of the reporting period.

Deferred tax assets are recognised for the future tax consequences to the extent it is probable that future taxable profits will be available against which the deductible temporary differences can be utilised. Income tax, in so far as it relates to items disclosed under other comprehensive income or equity, are disclosed separately under other comprehensive income or equity, as applicable.

Deferred tax assets and liabilities are offset when there is legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances related to the same taxation authority.

Current tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on net basis, or to realize the asset and settle the liability simultaneously.

(xiii) Dividend Distribution

To recognized Dividends paid (including income tax thereon) in the financial statements in the period in which the related dividends are actually paid or, in respect of the Company's final dividend for the year, when the same are approved by shareholders.

2. Use of Estimates and Judgments

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent liabilities at the date of the financial statements and the results of operations during the reporting period end. Although these estimates are based upon management's best knowledge of current events and actions, actual results could differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

3. Property, Plant and Equipment (₹)

Particulars	Gross Block							Depreciation and Amortization							Net Book Value	
	As at 1st April, 2017	Additions	Withdrawals and Adjustments	As at 31 March, 2018	Additions	Withdrawals and Adjustments	As at 31 March, 2019	Upto 1st April, 2017	For the period	On Withdrawals and Adjustments	As at 31st March, 2018	For the period	On Withdrawals and Adjustments	As at 31st March, 2019	As at 31st March, 2019	As at 31st March, 2018
Freehold Land	5,70,00,000	–	–	5,70,00,000	–	–	5,70,00,000	–	–	–	–	–	–	–	**5,70,00,000**	5,70,00,000
Buildings	1,05,26,325	–	–	1,05,26,325	–	–	1,05,26,325	6,34,659	3,10,068	–	9,44,727	**3,10,068**	–	**12,54,795**	**92,71,530**	95,81,598
TOTAL	**6,75,26,325**	–	–	**6,75,26,325**	–	–	**6,75,26,325**	6,34,659	3,10,068	–	9,44,727	**3,10,068**	–	**12,54,795**	**6,62,71,530**	**6,65,81,598**

Notes

1. All Assets mentioned above have been given under an Operating Lease to the Holding Company.

	As at 31st March, 2019 (₹)	As at 31st March, 2018 (₹)
4. Other Non-Current Assets		
Advance Tax (net of provisions)	**10,07,294**	13,27,285
TOTAL	**10,07,294**	13,27,285

	As at 31st March, 2019 (₹)	As at 31st March, 2018 (₹)
5. Current Investments	**Unquoted**	**Un**quoted
(at fair value through profit or loss)		
Investment in Mutual Funds		
Aditya Birla Sun Life Money Manager Fund - Direct Plan -Growth Nil (P.Y. 59,570.402) units of Rs. 100 each	—	1,38,19,476
Aditya Birla Sun Life Liquid Fund - Direct Plan -Growth 49,854.260 (P.Y. Nil) units of Rs. 100 each	**1,49,78,024**	—
ICICI Prudential Liquid Fund - Direct Plan -Growth 36,222.815 (P.Y. Nil) units of Rs. 100 each	**1,00,12,580**	
Aggregate amount of unquoted Investments	**2,49,90,604**	1,38,19,476

	As at 31st March, 2019 (₹)	As at 31st March, 2018 (₹)
6. Trade Receivables		
Unsecured, considered good	**56,62,932**	59,01,088
Less: Allowance for doubtful receivables	–	–
TOTAL	**56,62,932**	59,01,088

Trade receivables are initially recognized at fair value plus any directly attributable transaction costs. The net carrying value of trade receivables is not significantly different from their carrying values due to the short - term duration of trade receivables. Further, there is no significant credit risk involved with trade receivable since all the receivables are from Holding Company.

	As at 31st March, 2019 (₹)	As at 31st March, 2018 (₹)
7. Cash and Cash Equivalents @		
Balances with Banks		
Current accounts	**22,93,943**	65,03,434
TOTAL	**22,93,943**	65,03,434

@ Cash and cash equivalents include cash at bank, cheques and deposits with banks with original maturity of 3 months or less

	As at 31st March, 2019 (₹)	As at 31st March, 2018 (₹)
8. Other Bank Balances		
In deposit accounts *	**7,40,34,113**	7,02,74,988
TOTAL	**7,40,34,113**	7,02,74,988

* Represents deposits with original maturity of more than 3 months having remaining maturity of less than 12 months from Balance Sheet Date.

	As at 31st March, 2019 (₹)	As at 31st March, 2018 (₹)
9. Other Financial Assets		
Unsecured		
a) Interest accrued on Deposits with Bank	**10,61,050**	6,13,367
b) Others*	**2,62,980**	4,16,794
TOTAL	**13,24,030**	10,30,161

* Others comprise of amount recoverable from the Holding Company

NOTES TO THE FINANCIAL STATEMENTS (Contd.)

	As at 31st March, 2019 No. of Shares	As at 31st March, 2019 (₹)	As at 31st March, 2018 No. of Shares	As at 31st March, 2018 (₹)
10. Share capital				
Authorised				
Equity Share of ₹ 100 each	**90,000**	**90,00,000**	90,000	90,00,000
13.5% Redeemable Cumulative Preference Shares of ₹ 100 each	**30,000**	**30,00,000**	30,000	30,00,000
Issued and Subscribed				
Equity Shares of ₹ 100 each, fully paid	**11,875**	**11,87,500**	11,875	11,87,500
	11,875	**11,87,500**	11,875	11,87,500
A) Reconciliation of number of Equity Shares				
Shares Outstanding				
As at beginning of the year	**11,875**	**11,87,500**	11,875	11,87,500
Add: Issued During the Period	**–**	**–**	–	–
As at end of the year	**11,875**	**11,87,500**	11,875	11,87,500

B) Shareholders holding more than 5% of the Shares in the Company

	As at 31st March, 2019 (No. of Shares)	As at 31st March, 2019 %	As at 31st March, 2018 (No. of Shares)	As at 31st March, 2018 %
ITC Ltd.	**11,875**	**100**	11,875	100

Terms/Rights Attached to Equity Shares
The equity shares of company, having par value of ₹ 100 per share, rank pari passu in all respects including entitlement to dividend.

11. Provisions	Current	As at 31st March, 2019 (₹) Non- Current	Current	As at 31st March, 2018 (₹) Non- Current
Provision for employee benefits				
- Provision for unavailed leave	**389,223**	**4,92,046**	4,01,781	5,46,791
TOTAL	**389,223**	**4,92,046**	4,01,781	5,46,791

12. Deferred tax liabilities (Net)	As at 31st March, 2019 (₹)	As at 31st March, 2018 (₹)
Deferred tax liabilities	**(25,60,089)**	(28,28,573)
Less: Deferred tax assets	**–**	–
TOTAL	**(25,60,089)**	(28,28,573)

Movement in deferred tax (liabilities) / assets balances (₹)

As at 31st March, 2019	Opening Balance	Recognized in profit or (loss)	Recognized in OCI	Recognized directly in Equity	Reclassified to Profit or (loss)	Closing Balance
Deferred Tax (liabilities) / assets in relation to:						
On fiscal allowances on PPE	(26,35,286)	83,229				(25,52,057)
Other timing differences	(1,93,287)	1,85,254				(8,032)
Total deferred tax liabilities	**(28,28,573)**	**2,68,484**	–	–	–	**(25,60,089)**
Total deferred tax assets	–	–	–	–	–	
Deferred tax liabilities (Net)	**(28,28,573)**	**2,68,484**	–	–	–	**(25,60,089)**

As at 31st March, 2018	Opening Balance	Recognized in profit or (loss)	Recognized in OCI	Recognized directly in Equity	Reclassified to Profit or (loss)	Closing Balance
Deferred Tax assets/ (liabilities) in relation to:						
On fiscal allowances on PPE	(26,92,042)	56,756				(26,35,286)
Other timing differences	(8,05,911)	6,12,624				(1,93,287)
Total deferred tax liabilities	**(34,97,953)**	**6,69,380**	–	–	–	**(28,28,573)**
Total deferred tax assets	–	–	–	–	–	–
Deferred tax liabilities (Net)	**(34,97,953)**	**6,69,380**	–	–	–	**(28,28,573)**

NOTES TO THE FINANCIAL STATEMENTS (Contd.)

	As at 31st March, 2019 (₹)	As at 31st March, 2018 (₹)
13. Other Financial liabilities		
Other Payables	**7,01,671**	4,59,102
TOTAL	**7,01,671**	4,59,102

	As at 31st March, 2019 (₹)	As at 31st March, 2018 (₹)
14. Other Current liabilities		
Statutory liabilities		
- Taxes payable		
(other than Income tax)	**5,19,446**	2,75,550
TOTAL	**5,19,446**	2,75,550

	For the year ended 31st March, 2019 (₹)	For the year ended 31st March, 2018 (₹)
15. Revenue from operations		
Operating Licence Fee	**1,02,37,473**	78,07,103
TOTAL	**1,02,37,473**	78,07,103

	For the year ended 31st March, 2019 (₹)	For the year ended 31st March, 2018 (₹)
16. Other income		
Interest income	**46,74,231**	46,11,279
Other gains and losses	**11,71,129**	8,94,476
TOTAL	**58,45,360**	55,05,754
Interest income comprises interest from:		
Deposits with Banks -		
carried at amortized cost	**46,74,231**	46,11,279
TOTAL	**46,74,231**	46,11,279
Other gains and losses		
Net Gain / (Loss) arising on		
financial assets designated at FVTPL*	**11,71,129**	8,94,476
TOTAL	**11,71,129**	8,94,476

* Includes ₹ 11,42,256/- (P.Y. ₹ 199,700/-) being net gain / (loss) on sale on investment

	For the year ended 31st March, 2019 (₹)	For the year ended 31st March, 2018 (₹)
17. Employee Benefit Expenses		
Salaries and wages	**1,43,27,515**	1,30,60,195
Contribution to Provident and other funds	**17,54,644**	23,55,329
Staff welfare expenses	**13,313**	49,037
	1,60,95,472	1,54,64,561
Less: Recoveries made / reimbursements received	**(1,57,70,705)**	(1,51,91,003)
TOTAL	**3,24,767**	2,73,558

	For the year ended 31st March, 2019 (₹)	For the year ended 31st March, 2018 (₹)
18. Other Expenses		
Travelling and conveyance	**62,000**	54,000
Miscellaneous expenses	**1,62,708**	91,476
TOTAL	**2,24,708**	1,45,476
Miscellaneous expenses include :		
Auditors' remuneration and expenses*		
Audit fees	**15,000**	15,000
Tax audit fees	**7,000**	7,000
Others	**9,000**	4,000
TOTAL	**31,000**	26,000

*Excluding taxes

	For the year ended 31st March, 2019 (₹)	For the year ended 31st March, 2018 (₹)
19. Income Tax Expenses		
A. Amount Recognized in profit and loss		
Current tax		
Income tax for the year		
Current tax	**45,03,600**	36,00,000
Total Current Tax	**45,03,600**	36,00,000
Deferred tax		
Deferred tax for the year	**(2,68,484)**	(6,69,380)
Total Deferred Tax	**(2,68,484)**	(6,69,380)
TOTAL	**42,35,116**	29,30,620
B. Reconciliation of effective tax rate		
The income tax expense for the year can be reconciled to the accounting profit as follows:		
Profit before tax	**1,52,23,290**	1,25,83,755
Income Tax expense calculated at 27.82% (2018- 27.5525%)	**42,35,116**	34,67,139
Effect on different tax rate on certain item	**–**	(6,93,179)
– Deferred Tax Recognised (not recognised in earlier years)	**–**	–
Effect on deferred tax balances due to the change in Income Tax Rate	**–**	27,198
Other differences	**–**	1,29,462
Income Tax recognised in profit or loss	**42,35,116**	29,30,620

The tax rate used for the year 2017-18 and 2018-19 reconciliations above is the corporate tax rate of 27.5525% (25% + surcharge @ 7% and education cess @ 3%) and 27.82% (25% + surcharge @ 7% and education cess @ 4%) respectively payable on taxable profits under the Income Tax Act, 1961.

20. Earnings per Share

		For Year ended March 31, 2019	For Year ended March 31, 2018
Earnings per share has been computed as under:			
(a)	Profit for the year	**₹ 1,09,88,174**	₹ 96,53,135
(b)	Weighted average number of shares outstanding for the purpose of basic earnings per share	**11,875**	11,875
(c)	Weighted average number of shares in computing diluted earnings per share	**11,875**	11,875
(d)	Earnings per share on profit for the year (Face Value ₹ 100 per share)		
	- Basic [(a)/(b)]	**925**	813
	- Diluted [(a)/(b)]	**925**	813

NOTES TO THE FINANCIAL STATEMENTS (Contd.)

21. **Additional Notes to the Financial Statements**

(i) Bay Islands Hotels Limited, a wholly owned subsidiary of ITC Limited, owns a hotel in Port Blair known as "Fortune Resort Bay Island". The hotel operations are under an Operating License Agreement with ITC Limited.

(ii) Related Party Transactions

Holding Company- ITC Limited
Key Management Personnel - Board of Directors
Nakul Anand
GHC Jadwet
Jagdish Singh
Samir MC

Summary of Transactions during the period

(a) Transactions with Holding Company

S. No.	Particulars	2018-19 (₹)	2017-18 (₹)
1.	Operating Licence Fee (Rent Received)*	**1,20,80,219**	91,49,062
2.	Expenses Reimbursed	**16,26,583**	15,35,713
3.	Expenses Recovered **	**1,57,70,705**	1,51,91,003
4.	Dividend Payment	**8,31,250**	8,31,250
5.	Balance as at period end		
	a. Trade Receivables	**56,62,932**	59,01,088
	b. Other Recoverables	**2,62,980**	4,16,794

*Includes Goods and Services Tax

** represents recovery of staff salaries

(b) Transaction with Key Management Personnel- NIL (PY- NIL)

(iii) There are no Micro, Small and Medium Enterprises, to whom the company owes dues, which are outstanding for more than 45 days during the period and also as on 31.03.2019. This information which is required to be disclosed under the Micro, Small and Medium Enterprises Development Act, 2006 has been determined to the extent such parties have been identified on the basis of information available with the Company.

(iv) The operating segment of the Company has been identified in a manner consistent with the internal reporting provided to the Board, who is the Chief Operating Decision Maker, based on which there is only one operating segment in which the Company operates i.e. Leisure and Hospitality within one geographical segment i.e. India .

(v) Contingent Liabilities/claims against the company not acknowledged as debt – Income tax matters for the A.Y. 2014-15 ₹ 5,85,630/- (P.Y. Rs. 5,85,630/-), which is currently under Appeal with the Commissioner of Income-tax (Appeals).

(vi) Long Term Compensated Absences - As per Actuarial Valuations as on March 31, 2019 and recognised in the financial statements in respect of Employee Benefit Scheme.

(vii) Ministry of Corporate Affairs (MCA) has notified Ind AS 115 – 'Revenue from Contracts with Customers' with effect from 1st April, 2018. The company has evaluated and there is no material impact on the financial statements resulting from the implementation of this standard.

(viii) Ministry of Corporate Affairs (MCA) has issued the Companies (Indian Accounting Standards) (Amendment) Rules, 2019 on 30th March, 2019 notifying new Standard Ind AS 116 'Leases' and amending Ind AS 12 'Income Taxes'. The same are applicable for financial statements pertaining to annual periods beginning on or after 1st April, 2019. The company does not expect the impact to be material.

(ix) The financial statements were approved for issue by the Board of Directors on 23rd April, 2019.

22. **Financial Instruments and Related Disclosures**

1. Capital Management

The Company's financial strategy aims to foster its strategic priorities and provide adequate capital to its business for growth and creation of sustainable stakeholder value. The Company funds its operations mainly through internal accruals and has no borrowings. The Company aims at maintaining adequate capital so as to maintain adequate supply of funds towards future growth of its business as a going concern.

2. Categories of Financial Instruments

Particulars	Note	As at 31st March 2019		As at 31st March 2018	
		Carrying Value (₹)	Fair Value (₹)	Carrying Value (₹)	Fair Value (₹)
A. Financial Assets					
a) Measured at amortised cost					
i) Trade Receivables	6	**56,62,932**	**56,62,932**	59,01,088	59,01,088
ii) Cash and cash Equivalents	7	**22,93,943**	**22,93,943**	65,03,434	65,03,434
iii) Other Bank Balances	8	**7,40,34,113**	**7,40,34,113**	7,02,74,988	7,02,74,988
Sub Total		**8,19,90,988**	**8,19,90,988**	8,26,79,510	8,26,79,510
b) Measured at Fair Value through Profit & Loss					
i) Investment in Mutual Fund	5	**2,49,90,604**	**2,49,90,604**	1,38,19,476	1,38,19,476
Total Financial Assets		**10,69,81,592**	**10,69,81,592**	9,64,98,986	9,64,98,986
B. Financial Liabilities					
a) Measured at amortised cost					
i) Trade Payables		**59,681**	**59,681**	50,001	50,001
ii) Others	13	**7,01,671**	**7,01,671**	4,59,102	4,59,102
Total Financial Liability		**7,61,352**	**7,61,352**	5,09,103	5,09,103

NOTES TO THE FINANCIAL STATEMENTS (Contd.)

3. **Financial risk management objectives**
The Company's activities expose it to financial risks such as market risk, credit risk and liquidity risk. Given the nature of its operation, the Company's exposure to financial risk is considered to be minimal as explained below.

a) **Market risk**
The Company's business operations are limited to receipt of operating license fees and investment activities. These activities does not expose significant risk to the Company except interest rate and price risk.

The Company invests its surplus funds in debt mutual funds and fixed deposits measured either fair value through profit/loss or at amortized cost. Aggregate value of such investments as at 31st March, 2019 is ₹ 9.90 Crore (2018 - ₹ 8.40 Crore).

Investments in the mutual fund schemes which are current in nature have short tenor. Accordingly, these do not pose any significant price risk.

Interest rate risk refers to the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. As majority of the financial assets and liabilities of the Company are either non-interest bearing or fixed interest bearing instruments, the Company's net exposure to interest risk is negligible.

b) **Liquidity risk**
Liquidity risk is defined as the risk that the Company will not be able to settle or meet its obligations as they become due. On account of insignificant payables, the exposure to liquidity risk in negligible.

c) **Credit risk**
Credit risk is the risk that counterparty will not meet its obligations under a financial instrument which may lead to a financial loss to the Company. Apart from its operating activities, the Company is also exposed to credit risk from its investing and financing activities.

Trade receivables are initially recognized at fair value plus any directly attributable transaction costs. The net carrying value of trade receivables is not significantly different from their carrying values due to the short - term duration of trade receivables. Further, there is no significant credit risk involved with trade receivable since all the receivables are from Holding Company.

Investment in debt mutual funds are made only with approved mutual funds and credit risk in such funds are limited because the underlying investments are diversified and the Company's investment framework considers the credit quality of the underlying investments made by the fund house. There are limits for any exposure to financial institutions.

4. **Fair value measurement**

Fair value hierarchy

Fair value of the financial instruments is classified in various fair value hierarchies based on the following three levels:

Level 1: Quoted prices (unadjusted) in active market for identical assets or liabilities.

Level 2: Inputs other than quoted price including within level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

The fair value of financial instruments that are not traded in an active market is determined using valuation techniques which maximize the use of observable market data and rely as little as possible on entity-specific estimates. If significant inputs required to fair value an instrument are observable, the instrument is included in Level 2.

Level 3: Inputs for the assets or liabilities that are not based on observable market data (unobservable inputs)

If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3.

The fair value of trade receivables and payables is considered to be equal to the carrying amounts of these items due to their short – term nature. Further, debt mutual funds have been considered at Level 1 and there is no change in classification of instruments between periods covered in the financial statements.

On behalf of the board

Place: Gurugram
Date: 23/04/2019

Jagdish Singh **Samir MC**
Director **Director**

ANNUAL REPORT OF WELCOMHOTELS LANKA (PRIVATE) LIMITED FOR THE FINANCIAL YEAR ENDED 31ST MARCH 2019

The Board of Directors of WelcomHotels Lanka (Private) Limited hereby submit their seventh Annual Report for the financial year ended 31st March, 2019.

Business Environment

The overall business environment in the country was adversely impacted by challenges arising from global events and local political instability. Overall GDP growth in 2018 is estimated at 3.2% as against 3.3% in 2017 with the last quarter of 2018 growing only at 1.8% primarily due to a slowdown in the construction and real estate sectors. The Business Confidence Index continues to show a decline with inflation and value of the LKR, which depreciated by 19.6% vis-à-vis the United States Dollar in the calendar year 2018, being the biggest worries. While the Government has taken various steps to bring back stability and set the foundation for future growth, the terror attacks of 21st April, 2019 targeting churches and 5-star hotels will present a serious challenge in the near term.

Nature of Business

The Company is presently engaged in constructing and building a mixed use development project ('Project') including a luxury hotel and a premium residential condominium at Colombo on about 5.86 acres of prime sea facing land in Colombo.

Execution of the Project is progressing as per schedule. The main construction activities are being executed by Larsen & Toubro Ltd. (L&T), the General Contractor. L&T has engaged two major Sri Lankan civil contractors and few other Sri Lankan organisations as their sub-contractors in line with the Company's commitment to promote local talent and resources as far as practicable. While a slowdown in the pace of project execution is expected in the short-term due to the recent terror attacks the Company is hopeful that the same would pick up shortly.

Sales of the Company's branded apartments, "Sapphire Residences", were launched during the year.

Financial Statements

The Financial Statements, including the Auditor's Report thereon, for the year ended 31st March 2019, are attached to this Report.

Accounting Policies

The Accounting Policies adopted in the preparation of the Financial Statements are provided in the attached Financial Statements.

Entries made in the Interests Register

The Directors had no interest in any contract with the Company during the year ended 31st March, 2019.

Remuneration of Directors

The Non-Executive Directors were not entitled to any remuneration or other benefit from the Company during the year ended 31st March 2019.

Mr. A. Pathak, Managing Director, whose services have been seconded to the Company by ITC Limited, the Holding Company, with effect from 1st February, 2016 is entitled to remuneration as approved by the shareholder on the recommendation of the Board of Directors.

Donations

The Company has not made any donation during the year ended 31st March, 2019.

Directors of the Company

There has been no change in the Board of Directors of the Company during the year.

The Directors of the Company, as at 31st March, 2019, are as follows:

Mr. Nakul Anand	Chairman & Non-Executive Director
Mr. Arun Pathak	Managing Director
Ms. Devkanya Roy Choudhury	Non-Executive Director
Mr. Supratim Dutta	Non-Executive Director
Mr. Alwyn R Noronha	Non-Executive Director
Mr. Rajendra K Singhi	Non-Executive Director

Audit Fees

The Audit Fees of the Company Auditors, Messrs. SJMS Associates, Chartered Accountants, 11, Castle Lane, Colombo 4, Sri Lanka, for Statutory Audit of the Accounts of the Company for the year 2018/19 is set out in Note 4 to the attached Financial Statements.

The Auditors were not engaged for rendering any other services to the Company and accordingly there were no other fees paid or payable to them.

The Auditors do not have any other relationship (other than as Statutory Auditors) with the Company.

Arun Pathak
Managing Director

Nakul Anand
Chairman

Corporate Services (Private) Limited
Secretaries
On this 22nd day of April, 2019

INDEPENDENT AUDITOR'S REPORT
TO THE SHAREHOLDERS OF WELCOMHOTELS LANKA (PVT) LIMITED

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of WelcomHotels Lanka (Private) Limited ("the Company"), which comprise the statement of financial position as at 31st March 2019, and the statement of comprehensive income, the statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Company as at 31st March 2019, and of its financial performance and its cash flows for the year then ended in accordance with Sri Lanka Accounting Standards.

Basis for Opinion

We conducted our audit in accordance with Sri Lanka Auditing Standards (SLAuSs). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company in accordance with the ethical requirements of the Code of Ethics issued by CA Sri Lanka (Code of Ethics) that are relevant to our audit of the financial statements, and we have fulfilled our other ethical responsibilities in accordance with the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Information

The Management is responsible for the other information. Other information are the financial and non-financial information other than financial statements and the auditor's report thereon, included in an entity's annual report. Management is responsible for the other information. Our opinion on the Financial Statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the Financial Statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the Financial Statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of financial statements in accordance with Sri Lanka Accounting Standards (LKASs and SLFRSs), and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Sri Lanka Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Sri Lanka Auditing Standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identified during our audit.

Report on Other Legal and Regulatory Requirements

As required by section 163 (2) of the Companies Act No. 07 of 2007, we have obtained all the information and explanations that were required for the audit and, as far as appears from our examination, proper accounting records have been kept by the Company.

SJMS ASSOCIATES
Chartered Accountants
Colombo
Date 22nd April, 2019

STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31ST MARCH, 2019

	Note	2018/19 LKR	2018/19 INR	2017/18 LKR	2017/18 INR
Revenue		–	–	–	–
Cost of sales		–	–	–	–
Gross profit		–	–	–	–
Other income	3	**2,42,78,840**	**98,61,093**	–	–
Administrative expenses	4	**(93,09,310)**	**(37,81,068)**	(35,86,919)	(15,13,231)
Finance expense	5	–	–	(1,51,09,007)	(63,74,113)
Pre operating profit/ (loss) before tax	6	**1,49,69,530**	**60,80,025**	(1,86,95,926)	(78,87,344)
Taxation	7	–	–	–	–
Pre operating profit / (loss) for the year		**1,49,69,530**	**60,80,025**	(1,86,95,926)	(78,87,344)
Other comprehensive income					
Other comprehensive income		–	–	–	–
Total comprehensive income/ (loss) for the year		**1,49,69,530**	**60,80,025**	(1,86,95,926)	(78,87,344)
Earnings/ (loss) per share	8	**0.11**	**0.04**	(0.13)	(0.06)

The accounting policies and notes from 1 to 24 form an integral part of these financial statements.

STATEMENT OF FINANCIAL POSITION AS AT 31ST MARCH, 2019

	Note	31.03.2019 LKR	31.03.2019 INR	31.03.2018 LKR	31.03.2018 INR
Assets					
Non Current Assets					
Property, plant and equipment	9A	**5,47,96,537**	**2,15,79,972**	1,18,56,919	49,62,121
Capital work-in-progress	9B	**18,23,40,62,683**	**7,18,09,38,566**	10,74,72,63,620	4,49,77,29,825
Prepaid lease rental	10	**9,31,83,63,160**	**3,66,97,57,780**	9,31,83,63,160	3,89,97,34,982
Non current prepayments	11	**2,38,90,70,944**	**94,08,63,919**	1,75,39,92,785	73,40,45,980
		29,99,62,93,324	**11,81,31,40,237**	21,83,14,76,484	9,13,64,72,908
Current Assets					
Current prepayments	12	**14,73,05,487**	**5,80,11,847**	1,25,65,484	52,58,655
Cash and bank balances	13	**57,49,55,015**	**22,64,28,784**	4,24,70,617	1,77,73,953
		72,22,60,502	**28,44,40,631**	5,50,36,101	2,30,32,608
Total Assets		**30,71,85,53,826**	**12,09,75,80,868**	21,88,65,12,585	9,15,95,05,516
Equity and Liabilities					
Capital and Reserves					
Stated capital	14	**30,55,13,30,002**	**13,30,38,39,357**	20,17,01,06,002	9,03,91,07,941
Accumulated loss		**(19,02,95,303)**	**(1,34,70,56,672)**	(20,52,64,833)	(68,38,21,913)
		30,36,10,34,699	**11,95,67,82,685**	19,96,48,41,169	8,35,52,86,028
Non Current Liabilities					
Advance from customers		**7,95,03,900**	**3,13,10,226**	–	–
		7,95,03,900	**3,13,10,226**	–	–
Current Liabilities					
Other payables	15	**27,80,15,227**	**10,94,87,957**	1,92,16,71,416	80,42,19,488
Total Liabilities		**35,75,19,127**	**14,07,98,183**	1,92,16,71,416	80,42,19,488
Total Equity and Liabilities		**30,71,85,53,826**	**12,09,75,80,868**	21,88,65,12,585	9,15,95,05,516

I certify that the financial statements have been prepared in compliance with the requirements of the Companies Act No 07 of 2007.

Abhijeet Sreenivasan
Financial Controller

The Board of Directors is responsible for the preparation and presentation of these financial statements.
Signed for and on behalf of the Board.

Arun Pathak	Nakul Anand
Managing Director	Chairman
22nd April, 2019	22nd April, 2019

The accounting policies and notes from 1 to 24 form an integral part of these financial statements.
Figures in brackets indicate deductions.

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31ST MARCH, 2019

	Stated Capital LKR	Stated Capital INR	Retained Earnings LKR	Retained Earnings INR	Total LKR	Total INR
Balance as at 1st April 2017	15,27,16,66,002	6,97,71,66,891	(18,65,68,907)	(56,22,29,351)	15,08,50,97,095	6,41,49,37,540
Shares issued during the year - 13.5% Cumulative Non Convertible Preference shares redeemable at the option of the issuer	4,89,84,40,000	2,06,19,41,050	–	–	4,89,84,40,000	2,06,19,41,050
Pre operating loss for the year	–	–	(1,86,95,926)	(78,87,344)	(1,86,95,926)	(78,87,344)
Foreign Exchange Translation Reserve	–	–	–	(11,37,05,218)	–	(11,37,05,218)
Balance as at 31st March 2018	20,17,01,06,002	9,03,91,07,941	(20,52,64,833)	(68,38,21,913)	19,96,48,41,169	8,35,52,86,028
Shares issued during the year - 13.5% Cumulative Non Convertible Preference shares redeemable at the option of the issuer	10,38,12,24,000	4,26,47,31,416	–	–	10,38,12,24,000	4,26,47,31,416
Pre operating profit for the year	–	–	1,49,69,530	60,80,025	1,49,69,530	60,80,025
Foreign Exchange Translation Reserve	–	–	–	(66,93,14,784)	–	(66,93,14,784)
Balance as at 31st March 2019	**30,55,13,30,002**	**13,30,38,39,357**	**(19,02,95,303)**	**(1,34,70,56,672)**	**30,36,10,34,699**	**11,95,67,82,685**

The accounting policies and notes from 1 to 24 form an integral part of these financial statements.

STATEMENT OF CASH FLOW FOR THE YEAR ENDED 31ST MARCH, 2019

	2018/19 LKR	2018/19 INR	2017/18 LKR	2017/18 INR
Cash Flows From Operating Activities				
Profit/ (loss) before tax	**1,49,69,530**	**60,80,025**	(1,86,95,926)	(78,87,344)
Adjustment for:				
Depreciation and amortization expenses	**55,82,951**	**22,67,571**	13,31,103	5,57,067
Operating profit/ (loss) before working capital changes	2,05,52,481	83,47,596	(1,73,64,823)	(73,30,277)
Adjustment for:				
(Increase)/decrease in trade and other receivables	**(76,98,18,162)**	**(30,31,69,789)**	(3,89,87,514)	(3,32,57,751)
Increase/(decrease) in trade and other payables	**(1,64,36,56,189)**	**(64,73,04,680)**	1,57,91,11,464	65,85,45,868
Increase/(decrease) in advance from customers	**7,95,03,900**	**3,13,10,226**	–	–
Net cash flow (used in)/generated from operating activities	**(2,31,34,17,970)**	**(91,08,16,647)**	1,52,27,59,127	61,79,57,840
Cash Flows From Investing Activities				
Purchase of property, plant and equipment, etc.	**(7,53,53,21,632)**	**(2,96,75,60,365)**	(6,80,01,03,153)	(2,79,05,08,238)
Net cash flow (used in)/generated from investing activities	**(7,53,53,21,632)**	**(2,96,75,60,365)**	(6,80,01,03,153)	(2,79,05,08,238)
Cash Flows From Financing Activities				
Proceeds from issue of shares	**10,38,12,24,000**	**4,26,47,31,416**	4,89,84,40,000	2,06,19,41,050
Net cash flow (used in)/generated from financing activities	**10,38,12,24,000**	**4,26,47,31,416**	4,89,84,40,000	2,06,19,41,050
Net increase/(decrease) in cash and cash equivalents	**53,24,84,398**	**38,63,54,404**	(37,89,04,026)	(11,06,09,348)
Cash and cash equivalents at the beginning of the period	**4,24,70,617**	**1,77,73,953**	42,13,74,643	17,91,89,567
Foreign exchange translation gain/ (loss)	**–**	**(17,76,99,573)**	–	(5,08,06,266)
Cash and cash equivalents at the end of the period (Note 16.1)	**57,49,55,015**	**22,64,28,784**	4,24,70,617	1,77,73,953

The accounting policies and notes from 1 to 24 form an integral part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2019

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, De Saram Place, Colombo 10.

1.2. Principal activity and nature of operations

WelcomHotels Lanka (Private) Limited is in the business of hospitality trade and currently is engaged in developing a mixed use project comprising hotel, residential condominium, retail space, etc. on a plot of land in Colombo leased from the Board of Investment of Sri Lanka for 99 years.

1.3. Parent Entity

The Company's parent entity is ITC Limited which is incorporated in India.

1.4. Date of Authorisation for issue

The financial statements of the Company for the year ended 31st March 2019 were authorised for issue by the Board of Directors on 22nd April 2019.

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 (ICASL) which is based on International Financial Reporting Standards and International Accounting Standards ("IFRSs" & "IAS"), as issued by the International Accounting Standards Board.

2.2. Basis of Preparation

The financial statements, presented in Sri Lankan Rupees, have been prepared on a historical cost basis, except where otherwise stated in the accounting policies below.

2.3. Significant Accounting Policies

The accounting policies have been consistently applied by the Company with those of the previous financial year.

2.4. Comparative Information

Previous year's figures and phrases are rearranged, wherever necessary, to conform to the current year's presentation.

2.5. Going Concern

When preparing the financial statements, the Directors have assessed the ability of the Company to continue as a going concern. The Directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. The Company does not foresee a need for liquidation or cessation of business activities taking into account all available information about the future. Accordingly, the Company continues to adopt the going concern basis in preparing the financial statements.

NOTES TO THE FINANCIAL STATEMENTS (Contd.)

2.6. Use of Estimates and Judgments

The preparation of the Company's financial statements require management to make judgments, estimates and assumptions that affect the reported amounts of revenue, expenses, assets and liabilities and the disclosure of contingent liabilities at the reporting date. Actual results may differ from these estimates.

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. 24 of 2017 and amendments thereto. The Company is exempted from income tax for a period of ten years as described in Note 7 to the financial statements.

2.12. Property, Plant and Equipment

2.12.1. Cost

Property, plant and equipment, including owner-occupied property, is stated at cost, excluding the costs of day-to-day servicing, less accumulated depreciation and accumulated impairment losses, if any. Replacement or major inspection costs are capitalised when incurred and if it is probable that future economic benefits associated with the item will flow to the entity and the cost of the item can be measured reliably.

The cost of property, plant and equipment is the cost of acquisition or construction together with any expenses incurred in bringing the asset to its condition for its intended use.

2.12.2. Depreciation

Depreciation is charged to Statement of Comprehensive Income so as to write off the cost or valuation of assets (other than freehold land) less their residual values over their useful lives, using the straight-line method. The estimated useful lives, residual values and depreciation method are reviewed at each year-end, with the effect of any change in estimate accounted for on a prospective basis.

The estimated useful lives of the assets of the Company are as follows:

Furniture & Fixtures	8 – 10 years
Motor Vehicles	8 – 10 years
Plant & Equipment	7 – 15 years
Computers	3 years

2.12.3. 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 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.

Preference shares are classified as equity and are entitled to a dividend determined at the time of issue of the preference shares, the quantum and timing of such pay-out, subject to adequacy of profits, being at the discretion of the issuer. The preference shares are cumulative, non-convertible, and redeemable at the option of the issuer.

Incremental costs directly attributable to the issue of ordinary shares and preference shares are recognised as a deduction from equity, net of any tax effects.

2.16. Financial Instruments

Trade and other receivables are initially recognised at the transaction price. All sales are made on the basis of normal credit terms, and the receivables do not bear interest.

The Company assesses at each reporting date whether a financial asset (or a group of financial assets) such as trade receivables, advances and security deposits held at amortised cost and financial assets that are measured at fair value through other comprehensive income are tested for impairment based on evidence or information that is available without undue cost or effort. Expected credit losses are assessed and loss allowances recognised if the credit quality of the financial asset has deteriorated significantly since initial recognition.

Financial liabilities are initially recognised at the fair value of consideration received less directly attributable transaction costs.

Subsequent to initial measurement, financial liabilities are recognised at amortised cost unless they are a part of a fair value hedge relationship. The difference between the initial carrying amount of the financial liability and their redemption value is recognised in the Statement of Comprehensive Income over the contractual terms using the effective interest rate.

Financial liabilities at amortised cost are further classified as current and non-current depending whether these will fall due within 12 months after the date of Statement of Financial Position or beyond.

Financial liabilities are derecognised when either the Company is discharged from its obligation or they expire, are cancelled or replaced by a new liability with substantially modified terms.

Financial liabilities include trade and other payables and other financial liabilities.

2.17. Provisions, Contingent Assets, and Contingent Liabilities

Provisions are made for all obligations existing as at the date of Statement of Financial Position when it is probable that such an obligation will result in an outflow of resources and a reliable estimate can be made of the quantum of the outflow.

Contingent liabilities are possible obligations that arise from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the entity. All contingent liabilities are disclosed as a note to the financial statements unless the outflow of resources is remote.

Contingent assets are disclosed where inflow of economic benefits is probable.

2.18. Borrowing Costs

Borrowing costs are recognised as an expense in the period in which they are incurred, except to the extent where borrowing costs that are directly attributable to the acquisition, construction,

NOTES TO THE FINANCIAL STATEMENTS (Contd.)

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. Sale of goods and services

Revenue is measured at the fair value of the consideration received or receivable for goods supplied and services rendered, net of returns and discounts to customers. Revenue from the sale of goods and services is shown to excludes taxes which are payable in respect of sale of goods and services.

Revenue from the sale of goods and services is recognised when the Company performs its obligations to its customers and the amount of revenue can be measured reliably and recovery of the consideration is probable. The timing of such recognition in case of goods is when the control over the same is transferred to the customer, which is mainly upon delivery and in case of services, in the periods in which such services are rendered.

Realisations from customers prior to transfer of title of apartments are accordingly treated as advances received.

2.20.2. Interest Income

Interest income is recognised using the Effective Interest Rate (EIR) method.

2.20.3. Other Income

Other income is recognised on an accrual basis.

2.21. Expenditure Recognition

Expenses are recognised in the Statement of Comprehensive Income on the basis of a direct association between the cost incurred and the earning of specific items of income. The remuneration of the Managing Director is recognised upon its determination by the Board of Directors. All expenditure incurred in running the business and in maintaining property, plant and equipment in a state of efficiency has been charged to the Statement of Comprehensive Income. Incremental cost incurred in obtaining contracts to sell apartments (i.e. contract costs) are recognised as assets if those costs are explicitly chargeable to the customer. Further such assets are amortised to the profit and loss when related apartments are sold to the customers.

For the purpose of presentation of the Statement of Comprehensive Income, the "function of expenses" method has been adopted, on the basis that it presents fairly the elements of the Company's performance.

	2018/19 LKR	2018/19 INR	2017/18 LKR	2017/18 INR
3. Other Income				
Foreign exchange gain	2,42,78,840	98,61,093	–	–
4. Administrative Expenses				
(a) Auditor's remuneration and expenses				
Audit fees*	4,65,000	1,88,864	4,65,000	1,96,171
Reimbursement of expenses and taxes	68,588	27,858	68,588	28,937
(b) Secretarial remuneration and expenses				
Secretarial fees*	90,000	36,554	60,000	25,311
Reimbursement of expenses and taxes	6,617	2,687	45,727	19,292
(c) Consultancy fees	30,96,154	12,57,534	16,16,501	6,81,961
(d) Depreciation	55,82,951	22,67,571	13,31,103	5,61,559
	93,09,310	37,81,068	35,86,919	15,13,231
*Excluding taxes				
5. Finance expense				
Foreign exchange loss	–	–	1,51,09,007	63,74,113
6. Pre-operating Profit / (Loss)				
The following items have been charged in arriving at the pre-operating profit / (loss)				
Auditor's remuneration and expenses	5,33,588	2,16,722	5,33,588	2,25,108
Secretarial remuneration and expenses	96,617	39,241	1,05,727	44,603
Consultancy fees	30,96,154	12,57,534	16,16,501	6,81,961

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 No 24 of 2017 relating to the imposition of income tax on the Company on the profit and income from the mixed use project shall not apply for a period of 10 years (tax exemption period). The tax exemption period shall commence from the first year in which the Company makes taxable profits or three years after commencement of commercial operations, whichever falls first. After the expiration of the aforesaid tax exemption period, the profits and income of the Company shall be charged at a concessionary tax rate which shall be the lower of 6% or 50% of the prevailing tax rate for the hotel industry, for a period of 15 years immediately succeeding the last date of the tax exemption period.

8. Earnings Per Share

Earnings per share is calculated by dividing the net profit for the year attributable to ordinary shareholders by the weighted average number of shares in issue during the year.

	2018/19 LKR	2018/19 INR	2017/18 LKR	2017/18 INR
Amount used as the Numerator				
Profit/ (Loss) attributable to ordinary shareholders	1,49,69,530	60,80,025	(1,86,95,926)	(78,87,344)
Amount used as the Denominator				
Weighted average no of ordinary shares in issue	13,96,42,260	13,96,42,260	13,96,42,260	13,96,42,260
Earnings/ (Loss) Per Share	0.11	0.04	(0.13)	(0.06)

Particulars	Gross Block								Accumulated Depreciation								Net Block			
	Original Cost as at 31.03.2018		Additions during the year				**Original Cost as at 31.03.2019**		Depreciation upto 31.03.2018		Depreciation for the year				**Depreciation upto 31.03.2019**		Net Block as at 31.03.2018		**Net Block as at 31.03.2019**	
9A. Property, Plant and Equipment	(LKR)	(INR)	(LKR)	(INR)	Foreign Currency Translation Adjustments (INR)	Total (INR)	**(LKR)**	**(INR)**	(LKR)	(INR)	(LKR)	(INR)	Foreign Currency Translation Adjustments (INR)	Total (INR)	**(LKR)**	**(INR)**	(LKR)	(INR)	**(LKR)**	**(INR)**
1. Furniture & Fixtures	14,75,745	6,17,599	1,61,744	65,694	(38,417)	27,277	16,37,489	6,44,876	1,32,825	55,587	1,82,305	74,045	(5,528)	68,517	315,130	1,24,105	13,42,920	5,62,013	13,22,359	5,20,771
2. Vehicles	75,00,000	31,38,750	4,48,50,000	1,82,16,276	(7,38,549)	1,74,77,727	5,23,50,000	2,06,16,477	8,47,603	3,54,722	33,53,464	13,62,043	(62,301)	12,99,742	42,01,067	16,54,464	66,52,397	27,84,028	4,81,48,933	1,89,62,013
3. Plant & Equipment	2,47,499	1,03,578	2,08,000	84,481	(8,675)	75,806	4,55,499	1,79,385	10,359	4,335	44,333	18,006	(803)	17,203	54,692	21,539	2,37,140	99,243	4,00,807	1,57,846
4. Computers	39,64,778	16,59,260	33,02,825	13,41,475	(1,38,608)	12,02,867	72,67,603	28,62,127	3,40,316	1,42,422	20,02,849	8,13,477	(33,114)	7,80,363	23,43,165	9,22,785	36,24,462	15,16,837	49,24,438	19,39,342
TOTAL	**1,31,88,022**	**55,19,187**	**4,85,22,569**	**1,97,07,926**	**(9,24,249)**	**1,87,83,677**	**6,17,10,591**	**2,43,02,865**	**13,31,103**	**5,57,066**	**55,82,951**	**22,67,571**	**(1,01,746)**	**21,65,825**	**69,14,054**	**27,22,893**	**1,18,56,919**	**49,62,121**	**5,47,96,537**	**2,15,79,972**
9B. Capital Work-in-progress	10,74,72,63,620	4,49,77,29,825	7,48,67,99,063	3,04,08,38,307	(35,76,29,567)	2,68,32,08,741	18,23,40,62,683	7,18,09,38,566	—	—	—	—	—	—	—	—	10,74,72,63,620	4,49,77,29,825	18,23,40,62,683	7,18,09,38,566

	31.03.2019 LKR	31.03.2019 INR	31.03.2018 LKR	31.03.2018 INR
10. Prepaid Lease Rental				
Prepaid lease rentals (note 10.1)	9,31,83,63,160	3,66,97,57,780	9,31,83,63,160	3,89,97,34,982

10.1 Prepaid Lease Rental

Prepaid lease rentals amounting to LKR 9,22,42,50,000 (USD 7,35,00,000) was paid to the Board of Investment of Sri Lanka (BOI) on 4th May 2012 for 5.86 acres of land taken on a 99 year lease for developing a mixed use project in phases.

On completion of the current phase 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 except to the extent such prepaid lease rentals pertain to the land area allocated to the apartments which shall be charged to the Statement of Comprehensive Income on sale of the apartments.

	31.03.2019 LKR	31.03.2019 INR	31.03.2018 LKR	31.03.2018 INR
Prepaid lease premium for land	9,22,42,50,000	3,63,26,94,135	9,22,42,50,000	3,86,03,48,625
Stamp duty on lease of land	9,41,13,160	3,70,63,645	9,41,13,160	3,93,86,357
	9,31,83,63,160	3,66,97,57,780	9,31,83,63,160	3,89,97,34,982

	31.03.2019 LKR	31.03.2019 INR	31.03.2018 LKR	31.03.2018 INR
11. Non Current Prepayments				
Security deposit	1,39,72,951	55,02,827	–	–
Capital advances	2,11,02,10,936	83,10,43,271	1,68,81,69,519	70,64,98,944
Contract Cost	26,48,87,057	10,43,17,821	6,58,23,266	2,75,47,036
	2,38,90,70,944	94,08,63,919	1,75,39,92,785	73,40,45,980
12. Current Prepayments				
Security deposit	49,28,914	19,41,105	69,27,216	28,99,040
Other advances	14,23,76,573	5,60,70,742	56,38,268	23,59,615
	14,73,05,487	5,80,11,847	1,25,65,484	52,58,655
13. Cash and Bank balances				
Cash at bank	57,44,24,509	22,62,19,860	4,23,46,071	1,77,21,831
Cash in hand	5,30,506	2,08,924	1,24,546	52,122
	57,49,55,015	22,64,28,784	4,24,70,617	1,77,73,953

	31.03.2019 No. of Shares	31.03.2019 Amount LKR	31.03.2019 Amount INR	31.03.2018 No. of Shares	31.03.2018 Amount LKR	31.03.2018 Amount INR
14. Stated Capital						
Equity capital						
Opening balance	13,96,42,260	13,90,59,16,002	6,39,16,74,861	13,96,42,260	13,90,59,16,002	6,39,16,74,861
Issued during the year	–	–	–	–	–	–
Closing balance	13,96,42,260	13,90,59,16,002	6,39,16,74,861	13,96,42,260	13,90,59,16,002	6,39,16,74,861
No. of Shares issued:- 2018/19 - NIL and 2017/18 - Nil						

	31.03.2019 No. of Shares	31.03.2019 Amount LKR	31.03.2019 Amount INR	31.03.2018 No. of Shares	31.03.2018 Amount LKR	31.03.2018 Amount INR
Preference shares						
Opening balance	6,26,41,900	6,26,41,90,000	2,64,74,33,080	1,36,57,500	1,36,57,50,000	58,54,92,030
Issued during the year	10,38,12,240	10,38,12,24,000	4,26,47,31,416	4,89,84,400	4,89,84,40,000	2,06,19,41,050
Closing balance	16,64,54,140	16,64,54,14,000	6,91,21,64,496	6,26,41,900	6,26,41,90,000	2,64,74,33,080
No. of Shares issued:- 2018/19 - 10,38,12,240 and 2017/18 - 4,89,84,400						
Total Stated Capital	30,60,96,400	30,55,13,30,002	13,30,38,39,357	20,22,84,160	20,17,01,06,002	9,03,91,07,941

The preference shares are entitled to a dividend of 13.5% and are cumulative, non-convertible, and redeemable at the option of the issuer.

	31.03.2019 LKR	31.03.2019 INR	31.03.2018 LKR	31.03.2018 INR
15. Other Payables				
Auditor's remuneration and expenses	5,33,588	2,10,138	5,48,383	2,29,498
Retention money	3,07,20,242	1,20,98,246	8,41,11,904	3,52,00,832
Sundries*	24,67,61,397	9,71,79,573	1,83,70,11,129	76,87,89,158
	27,80,15,227	10,94,87,957	1,92,16,71,416	80,42,19,488

* Includes payables to related parties (refer note 20)

16. Notes to the Cash Flow Statement

16.1 Cash and Cash Equivalents at the End of the Year

Cash at bank	57,44,24,509	22,62,19,860	4,23,46,071	1,77,21,831
Cash in hand	5,30,506	2,08,924	1,24,546	52,122
	57,49,55,015	22,64,28,784	4,24,70,617	1,77,73,953

17. Operating Lease

Lease rental for land payable to Board of Investment of Sri Lanka.

Not later than one year	25,833	10,174	22,822	9,551
Later than one year and not later than five years	1,03,332	40,694	91,287	38,204
Later than five years	22,47,470	8,85,099	20,08,323	8,40,483

18. Contingencies and Commitments

Capital commitments pending as at Balance Sheet date is LKR 25,09,90,04,853 INR 9,88,44,90,091 (2017/18: LKR 19,38,79,37,161, INR 8,11,38,51,702)

There were no significant contingent liabilities as at the date of Statement of Financial Position other than those disclosed above.

19. Events after the date of Statement of Financial Position

There were no significant events occurring after the date of Statement of Financial Position.

20. Related Party Transactions

20.1 The Company had the following transactions with it's related parties during the financial year.

Related Party	Nature of Relationship	Nature of Transaction	Transaction Value (LKR)	Transaction Value (INR)	Outstanding Balance as at the date of Statement of Financial Position (LKR) *	Outstanding Balance as at the date of Statement of Financial Position (INR) *
ITC Ltd	Parent Company	Share issue	10,38,12,24,000 (4,89,84,40,000)	4,26,47,31,416 (2,06,66,51,836)	30,60,96,40,000 (20,22,84,16,000)	13,33,06,98,196 (8,46,55,92,096)
ITC Ltd	Parent Company	Purchase of goods and services	1,97,23,344 (30,99,860)	80,10,833 (13,07,831)	50,84,517 (28,91,819)	20,02,384 (12,10,226)
ITC Ltd	Parent Company	Technical service fee	1,02,11,985 (91,36,947)	41,47,700 (38,54,878)	26,19,934 (23,00,546)	10,31,782 (9,62,779)
ITC Ltd	Parent Company	Reimbursement of expenses #	5,46,35,154 (6,78,63,174)	2,21,90,614 (2,86,31,473)	1,20,86,375 (1,66,86,738)	47,59,856 (69,83,400)
International Travel House Ltd	Associate of Parent Company	Purchase of services	82,30,842 (–)	33,43,039 (–)	– (–)	– (–)

Note: Figures in brackets relate to the previous year

* The amounts are classified as other payables except share issue which is classified as stated capital.

\# - includes compensation costs charged to the Company by the parent company (LKR 3,89,43,071, INR 1,58,17,117) (2017/18 - LKR 6,23,81,266, INR 2,61,06,560) for the employees of the Company who are covered under the share based compensation plans of the parent company. These plans are assessed, managed, and administered by the parent company.

21. Transactions with the Key Management Personnel of the Company

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the company. Key management personnel include members of the Board of Directors of the company.

	2018/19 LKR	2018/19 INR	2017/18 LKR	2017/18 INR
Key Management Personnel Compensation				
Short term employee benefits	**3,19,97,268**	**1,29,96,010**	3,01,92,409	1,27,38,177

22. Financial risk management objectives

The Company is engaged in the construction of a mixed-use development project in phases consisting of a hotel, residences and other commercial spaces. The Company has a system-based approach to risk management, anchored to policies and procedures and internal financial controls aimed at ensuring early identification, evaluation and management of key financial risks (such as market risk, credit risk and liquidity risk) that may arise as a consequence of its business operations as well as its financing activities. Accordingly, the Company's risk management framework has the objective of ensuring that such risks are managed within acceptable and approved risk parameters in a disciplined and consistent manner and in compliance with applicable regulation. It also seeks to drive accountability in this regard.

Market risk

Market risk is the risk that the fair value of future cash flows of financial instruments will fluctuate due to the changes in market prices. Mainly the changes in market prices, such as foreign exchange rates and interest rates will affect the company's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposure within acceptable parameters, while optimizing the return.

a) Foreign Currency risk

Foreign currency risk is the risk that the fair value or future cash flows of a financial asset fluctuating due to changes in foreign exchange rates. Currently the Company is exposed to foreign currency risk on purchases and cash deposits denominated in currencies other than the functional currency of the Company. The currency giving rise to this risk is primarily US Dollars.

The company as at the reporting date, holds cash deposits at bank denominated in currencies other than the functional/reporting currency. A reasonable possible strengthening or weakening of the US Dollar (USD) against the Sri Lanka Rupee (LKR) as at the reporting date would have affected the measurement of USD denominated bank balances and affected Statement of Comprehensive Income by the amounts shown below. This analysis assumes that all other variables remain constant.

	As at 31st March 2019 (LKR)	As at 31st March 2019 (INR)
USD denominated bank balances	**57,26,37,808**	22,55,16,221
Impact of 1% increase in USD rate - gain/(loss)	**57,26,378**	22,55,162
Impact of 1% decrease in USD rate - gain/(loss)	**(57,26,378)**	(22,55,162)

b) Interest Risk

Interest rate risk mainly arises as a result of the Company having interest sensitive assets and liabilities which are directly impacted by changes in interest rates. Currently the Company does not have any interest sensitive assets or liabilities.

Credit Risk

Credit risk is the risk that the counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. As the company has not yet commenced its operations, the company is not exposed to credit risk from any operating activities (primarily trade receivables). For sale of apartments, monies are collected in advance and hence there is no exposure to any credit risk on this account.

The financial assets of the company, which mainly comprises cash at bank of LKR 57,44,24,509 INR 22,62,19,860 (2017/18 - LKR 4,23,46,701 INR 1,77,21,831), is held with globally established highly rated banks. Other financial assets include deposits which are not of significant value.

Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset.

The parent company has invested LKR 30,55,13,30,002 INR 13,30,38,39,357 (2017/18 - LKR 20,17,01,06,002 INR 9,03,91,07,941) in the equity and preference capital of the Company to fund the project and is expected to subscribe to further equity or preference shares as may be required by the Company for the smooth execution of the project.The Company closely monitors its fund requirements and has a system in place to seek timely fund infusions from the parent company.

23. New Accounting Standards issued and effective during the year

Sri Lanka Financial Reporting Standard (SLFRS 9) - Financial Instruments

This standard applies to classification and measurement of financial assets and liabilities. SLFRS 9 includes revised guidance on the classification and measurement of financial instruments, a new expected credit loss model for calculating impairment on financial assets, and new general hedge accounting requirements. SLFRS 9 also introduces expanded disclosure requirements and changes in presentation. There is no material impact in the financial statements due to application of this standard.

Sri Lanka Financial Reporting Standard (SLFRS 15) - Revenue from Contracts with customers

SLFRS 15 establishes a comprehensive framework for determining whether, how much and when revenue is recognised. It replaces existing revenue recognition guidance, including Sri Lanka Accounting Standard (LKAS 18) - Revenue, Sri Lanka Accounting Standard (LKAS 11) - Construction Contracts and IFRIC 13 - Customer Loyalty Programmes. SLFRS 15 establishes a new five-step model that will apply to revenue arising from contracts with customers. There is no material impact in the financial statements due to application of this standard.

24. New Accounting Standards issued but not effective

The Institute of Chartered Accountants of Sri Lanka has issued the following new Sri Lanka Financial Reporting Standard that has an effective date in the future and has not yet been applied in preparing the financial statements for the year ended 31st March 2019.

Sri Lanka Financial Reporting Standard (SLFRS 16) - Leases

This standard sets outs the principles for the recognition, measurement, presentation and disclosure of leases and provides a single lessee accounting model requiring lessees to recognise assets and liabilities for all leases other than short term leases (lease term is 12 months or less) and leases for which the underlying asset has a low value. This standard is effective for the annual periods beginning on or after 1st January, 2019 and is therefore not applicable for the current period. The Company has assessed the potential impact on its Financial Statements resulting from the application of SLFRS 16 as not material for the current period.

REPORT OF THE BOARD OF DIRECTORS FOR THE FINANCIAL YEAR ENDED 31ST MARCH, 2019

1. Your Directors submit their Report for the financial year ended 31st March, 2019.

2. FINANCIAL PERFORMANCE

During the year under review, your Company recorded Total Income of ₹ 2,656.68 lakhs (previous year: ₹ 3,054.45 lakhs), The Other Income for the year aggregated ₹ 208.40 lakhs (previous year: ₹ 797.99 lakhs) and profit for the year was ₹ 311.25 lakhs (previous year: ₹ 983.53 lakhs). Total Income for the last year included net gain of ₹ 688 lakhs as an award for compulsory acquisition of 0.975 acres of land located at village Naurangpur (Gurugram) by Haryana Urban Development Authority under the Land Acquisition Act.

The financial results of your Company, summarised, are as under:

	For the year ended 31st March, 2019 (₹ in lakhs)	For the year ended 31st March, 2018 (₹ in lakhs)
Profits		
a. Profit Before Tax	**311.25**	983.53
b. Less : Tax Expense	**–**	–
c. Profit for the year	**311.25**	983.53
d. Other Comprehensive Income	**1.48**	5.62
e. Total Comprehensive Income	**312.73**	989.15
Statement of Retained Earnings		
a. At the beginning of the year	**(9,233.90)**	(10,223.05)
b. Add : Profit for the year	**311.25**	983.53
c. Add : Other Comprehensive Income	**1.48**	5.62
d. At the end of the year	**(8,921.17)**	(9,233.90)

3. OPERATIONAL PERFORMANCE

Your Company owns 'ITC Grand Bharat' - a 104 key all-suite luxury Retreat at Gurugram, which has been licenced to ITC Limited, the Holding Company. The Retreat, an oasis of unhurried Luxury, is co-located with the Company's prestigious Classic Golf & Country Club, a 27-hole Jack Nicklaus Signature Golf Course.

ITC Grand Bharat has received several accolades, establishing itself amongst the top luxury resort destination hotels in the world. During the year, the Retreat was listed amongst the 'Top 50 Resorts in Asia' by Conde Nast Traveller, USA Reader's Choice and was awarded the Editor's Choice Award by Travel + Leisure Magazine for the Best Luxury Resort (Domestic).

During the year, the Classic Golf & Country Club hosted various prestigious tournaments and sustained its leadership position in the corporate tournament segment. The Club enjoys strong brand equity with its members, guests and the golfing fraternity and continues to receive the patronage of amateur and professional golfers in the country.

4. DIRECTORS AND KEY MANAGERIAL PERSONNEL

(a) Changes in Directors and Key Managerial Personnel during the year

During the year under review, the Board of Directors of the Company ('the Board') appointed Mr. Jagdish Singh (DIN: 00042258) as an Additional Director of the Company with effect from 4th December, 2018. In accordance with Section 161 of the Companies Act, 2013 ('the Act') and Article 92 of the Articles of Association of the Company, Mr. Singh 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 26th April, 2019 recommended for the approval of the Members, the appointment of Mr. Singh as a Non-Executive Director of your Company, liable to retire by rotation. Requisite Notice under Section 160 of the Act has been received by the Company for appointment of Mr. Singh, who has filed his consent to act as a Director of your Company, if appointed. Appropriate resolution seeking your approval to Mr. Singh's appointment is appearing in the Notice convening the ensuing AGM of the Company.

Ms. Anupama Jha resigned as the Company Secretary of the Company with effect from 12th November, 2018. The Board appointed Ms. Rucche Siingh as the Company Secretary of the Company with effect from 4th December, 2018, in terms of the provisions of Section 203 of the Act.

(b) Retirement by Rotation

In accordance with the provisions of Section 152 of the Act read with Articles 106, 107 and 108 of the Articles of Association of the Company, Mr. Nakul Anand (DIN: 00022279), Director, will retire by rotation at the ensuing AGM of the Company and, being eligible, offers himself for re-election. Your Board has recommended his re-election.

(c) Board Evaluation

The Board carried out annual performance evaluation of its own performance and that of the individual Directors as also functioning of the Audit Committee, as required under Section 134(3)(p) of the Act, based on criteria approved by the Board.

5. BOARD AND BOARD COMMITTEES

Your Company has one Board Committee and its present composition is as follows:

Audit Committee

Mr. R. Tandon – Chairman

Mr. N. Anand – Member

Ms. R. Chadha – Member

Five meetings of the Board were held during the year ended 31st March, 2019.

6. DIRECTORS' RESPONSIBILITY STATEMENT

As required under Section 134 of the Act, your Directors confirm having:

i) followed in the preparation of the Annual Accounts, the applicable Accounting Standards with proper explanation relating to material departures, if any;

ii) selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit of the Company for that period;

iii) taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;

iv) prepared the Annual Accounts on a going concern basis; and

v) devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems are adequate and operating effectively.

7. SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES

The Company does not have any subsidiary, associate or joint venture.

8. PARTICULARS OF EMPLOYEES

The details of employees of the Company as required under Rule 5(2) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, are provided in **Annexure 1** to this Report.

The Company seeks to enhance equal opportunities for men and women and is committed to a gender-friendly workplace. Your Company has an Internal Complaints Committee as per the provisions of Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 and the Rules thereunder. During the year, no complaint for sexual harassment was received.

9. RISK MANAGEMENT

The risk management framework of the Company is commensurate with its size and nature of business. Management of risks vests with the executive management which is responsible for the day-to-day conduct of the affairs of the Company, within the overall framework approved by the Board. The Internal Audit Department of ITC Limited, the Internal

Auditor of the Company, periodically carries out, risk focused audits with the objective of identifying areas where risk management processes could be strengthened. As required under the Risk Management Policy of the Company, a Risk Mitigation Reportback is prepared on half-yearly basis and reviewed by the Managing Director of the Company. Further, an annual update is provided to the Audit Committee on the effectiveness of the Company's risk management systems and policies.

10. INTERNAL FINANCIAL CONTROLS

Your Company has in place adequate internal financial controls with respect to the financial statements, commensurate with its size and scale of operations. The Internal Auditor of the Company periodically evaluates the adequacy and effectiveness of internal financial controls. The Audit Committee which provides guidance on internal controls, also reviews internal audit findings and implementation of internal audit recommendations.

During the year, the internal financial controls in the Company with respect to the financial statements were tested and no material weakness in the design or operation of such controls was observed. Nonetheless, your Company recognises that any internal financial control framework, no matter how well designed, has inherent limitations and accordingly, regular audit and review processes ensure that such systems are reinforced on an ongoing basis.

11. PARTICULARS OF LOANS, GUARANTEES AND INVESTMENTS

During the year ended 31st March, 2019, the Company has neither given any loan or guarantee nor has made any investment under Section 186 of the Act.

12. RELATED PARTY TRANSACTIONS

All contracts or arrangements entered into by the Company with its related parties during the financial year were in accordance with the provisions of the Act. All such contracts or arrangements were entered in the ordinary course of business and on arm's length basis, and have been approved by the Audit Committee.

The details of material related party transactions of the Company in the prescribed Form No. AOC-2 are enclosed as **Annexure 2** to this Report.

13. SIGNIFICANT AND MATERIAL ORDERS PASSED BY THE REGULATORS / COURTS / TRIBUNALS

During the year under review, no significant or material orders were passed by the Regulators / Courts / Tribunals impacting the going concern status of the Company and its future operations.

14. EXTRACT OF ANNUAL RETURN

The extract of Annual Return in the prescribed Form No. MGT-9 is enclosed as **Annexure 3** to this Report.

15. COST RECORDS

The Company is not required to maintain cost records in terms of Section 148 of the Act read with the Companies (Cost Records and Audit) Rules, 2014.

16. AUDITORS

(a) Statutory Auditors

The Company's Auditors, Messrs. Deloitte Haskins & Sells LLP, Chartered Accountants, who were appointed with your approval at the 22nd AGM for a period of five years, will complete their present term on conclusion of the ensuing 27th AGM of the Company.

The Board, on the recommendation of the Audit Committee, has recommended for the approval of the Members, the re-appointment of Messrs. Deloitte Haskins & Sells LLP, Chartered Accountants ('DHS'), as the Auditors of the Company for a period of five years from the conclusion of the ensuing 27th AGM till the conclusion of the 32nd AGM. DHS have given their consent to act as the Auditors of the Company and have confirmed that the said appointment, if made, will be in accordance with the conditions prescribed under Sections 139 and 141 of the Act. The Board, on the recommendation of the Audit Committee, has also recommended for the approval of the Members, the remuneration of DHS for the financial year 2019-20. Appropriate resolution seeking your approval to the appointment and remuneration of DHS as the Auditors is appearing in the Notice convening the ensuing AGM of the Company.

(b) Secretarial Auditors

Your Board appointed Messrs. PB & Associates, Company Secretaries, to conduct secretarial audit of the Company for the financial year ended 31st March, 2019. The Report of Messrs. PB & Associates, Company Secretaries, in terms of Section 204 of the Act is enclosed as **Annexure 4** to this Report.

17. COMPLIANCE WITH SECRETARIAL STANDARDS

The Company is in compliance with the applicable Secretarial Standards issued by the Institute of Company Secretaries of India and approved by the Central Government under Section 118 of the Act.

18. CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION, FOREIGN EXCHANGE EARNINGS AND OUTGO

Conservation of Energy:

Steps taken on conservation of energy and impact thereof:

120 Compact Fluorescent Lamps (CFLs) were replaced with Light-Emitting Diodes (LEDs) to conserve energy.

Steps taken by the Company for utilising alternate sources of energy: NIL

Capital investment on energy conservation equipment: NIL

Technology Absorption:

i) Efforts, in brief, made towards technology absorption and benefits derived as a result of the above efforts, e.g. product improvement, cost reduction, product development, import substitution, etc.: NIL

ii) The Company neither imported any technology during the year nor incurred any expenditure on research and development.

Foreign Exchange Earnings and Outgo:

The foreign exchange earnings of your Company during the year aggregated ₹ 129.92 lakhs (previous year: ₹ 95.58 lakhs) while the foreign exchange outflow aggregated ₹ 159.51 lakhs (previous year: ₹ 4.27 lakhs).

On behalf of the Board

Dated : 26th April, 2019 — **N. Anand** — **Chairman**
Place : New Delhi — **B. Hariharan** — **Managing Director**

Annexure 1 to the Report of the Board of Directors for the financial year ended 31st March, 2019

[Information pursuant to Rules 5(2) and 5(3) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014]

Names of employees	Age	Designation	Gross Remuneration (₹)	Net Remuneration (₹)	Qualifications	Experience (Years)	Date of commencement of employment / deputation	Previous Employment / Position held
1	2	3	4	5	6	7	8	9
Bhagwateshwaran Hariharan*	56	Managing Director	73,07,431/-	34,18,676/-	Post Graduate in Management	33	04.12.2016	ITC Limited, Vice President Marketing
Ravi Khyani*	36	Chief Financial Officer	46,11,370/-	26,50,003/-	B.Com, A.C.A	12	01.03.2016	ITC Limited, Finance Controller
Col. Rajesh Singh Bains*	55	Manager – Loss Prevention	37,20,392/-	20,94,714/-	B.Sc., PG Degree in Defence Armament Technology	35	01.04.2018	ITC Limited, Manager - Loss Prevention
Pradeep Singh	54	Vice President-HR & Liaison	22,35,863/-	15,99,579/-	B.Com, L.L.B., M.B.A.	30	10.11.2006	Amira Foods (India) Limited, Sr. Manager-HR & IR
Shiv Charan*	47	Manager - Engineering	12,93,752/-	10,18,153/-	M.B.A, B.E.	29	16.05.2011	ITC Limited, Asst. Manager Engineering
Vikas Kumar	44	D.G.M Maintenance	12,54,711/-	9,72,621/-	B.Sc., M.Sc., P.G.D in Plantation Technology	17	05.10.2006	Soka Bodhi Tree Garden, Horticulturist
Keshav Kumar	42	D.G.M - Golf Operations & Marketing	12,13,144/-	7,25,959/-	B.Com	11	17.04.2009	Golden Greens Golf & Resorts Limited, Manager-Golf Operations
Pramod Sharma	50	Manager – Security & Estate	10,07,715/-	8,00,479/-	B.A., M.A. (Pol Science), Diploma in Industrial Security & Safety Management	31	15.12.2016	PSRI Hospital, New Delhi, Manager Security & Liaison
Rajbir Singh	51	Assistant Manager – Land & Legal	10,07,255/-	8,76,152/-	Matriculation	27	01.04.2008	Central Park, Unitech, Land Officer
Jay Prakash K B*	26	Assistant Financial Controller	10,04,512/-	7,15,209/-	B.Com (Hons), ACA	2	01.09.2018	ITC Limited, Asst. Manager - Finance

**On deputation from ITC Limited, the Holding Company (ITC).*

Notes:

a. Gross remuneration includes salary, variable pay, allowances & other benefits / applicable perquisites except provisions for gratuity and leave encashment which are actuarially determined on an overall Company basis. The term 'remuneration' has the meaning assigned to it under the Companies Act, 2013.

b. Net remuneration comprises cash income less income tax & education cess deducted at source and employee's own contribution to provident fund.

c. The Managing Director, Chief Financial Officer and Manager – Loss Prevention have been granted Stock Options by ITC in previous years under its Employee Stock Option Schemes at 'market price' [within the meaning of the Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014]. ITC has also granted Employee Stock Appreciation Linked Reward Units (ESAR Units) to the Managing Director, Chief Financial Officer and Manager - Loss Prevention under its Stock Appreciation Linked Reward Plan. Since these Stock Options and ESAR Units are not tradeable, no perquisite or benefit is immediately conferred upon the employees by grant of such Options / Units, and accordingly the said grant has not been considered as remuneration.

d. All appointments (except deputed employees) are contractual in accordance with terms and conditions as per Company's rules.

e. The aforesaid employees are neither a relative of any Director of the Company nor hold any equity share in the Company.

On behalf of the Board

N. Anand — Chairman
B. Hariharan — Managing Director

Dated : 26th April, 2019
Place : New Delhi

Annexure 2 to the Report of the Board of Directors for the financial year ended 31st March, 2019

FORM NO. AOC-2

[Pursuant to Section 134(3)(h) of the Companies Act, 2013 and Rule 8(2) of the Companies (Accounts) Rules, 2014]

Form for disclosure of particulars of contracts / arrangements entered into by the Company with related parties referred to in sub-section (1) of Section 188 of the Companies Act, 2013 including certain arm's length transactions under fourth proviso thereto

1. Details of contracts or arrangements or transactions not at arm's length basis

a)	Name(s) of the related party and nature of relationship	**NIL**
b)	Nature of contracts / arrangements / transactions	
c)	Duration of the contracts / arrangements / transactions	
d)	Salient terms of the contracts or arrangements or transactions including the value, if any	
e)	Justification for entering into such contracts or arrangements or transactions	
f)	Date(s) of approval by the Board	
g)	Amount paid as advances, if any	
h)	Date on which the special resolution was passed in general meeting as required under first proviso to Section 188	

2. Details of material contracts or arrangements or transactions at arm's length basis

a)	Name(s) of the related party and nature of relationship	ITC Limited (ITC), the Holding Company
b)	Nature of contracts / arrangements / transactions	Licence Agreement
c)	Duration of the contracts / arrangements / transactions	99 years with effect from 14th November, 2014.
d)	Salient terms of the contracts or arrangements or transactions including the value, if any	Licence to operate Hotel 'ITC Grand Bharat' Value of the transaction during the year – ₹ 5,31,00,000/- (including applicable taxes)
e)	Date(s) of approval by the Board, if any	–
f)	Amount paid as advances, if any	Nil

On behalf of the Board

N. Anand — Chairman
B. Hariharan — Managing Director

Dated : 26th April, 2019
Place : New Delhi

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, 2019

[Pursuant to Section 92(3) of the Companies Act, 2013 and Rule 12(1) of the Companies (Management and Administration) Rules, 2014]

I. REGISTRATION AND OTHER DETAILS

i)	CIN	:	U74899HR1992PLC052412
ii)	Registration Date	:	24th January, 1992
iii)	Name of the Company	:	Landbase India Limited
iv)	Category / Sub-Category of the Company	:	Unlisted Public Company limited by shares
v)	Address of the Registered office and contact details	:	ITC Green Centre, Plot No.10, Institutional Area, Sector-32, Gurugram – 122001 Phone: (0124) 4171042 e-mail : Lbase.cgr@itchotels.in
vi)	Whether listed company (Yes / No)	:	No
vii)	Name, Address and Contact details of Registrar and Transfer Agent, if any	:	MCS Share Transfer Agent Limited F – 65, Okhla Industrial Area, Phase – I, New Delhi – 110020 Phone : (011) 41406149-52

II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

All the business activities contributing 10% or more of the total turnover of the Company shall be stated:-

Sl. No.	Name and Description of main products / services	NIC Code of the Product/ service	% to total turnover of the Company
1.	Sports & recreational sports facility operation services - Golf	93110 & 93120	81.62%
2.	Hotels - Licence fee	55101	18.38%

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES

Sl. No.	Name and Address of the Company	CIN/GLN	Holding/ Subsidiary/ Associate	% of shares held in the Company	Applicable Section
1.	ITC Limited Virginia House 37 Jawaharlal Nehru Road Kolkata – 700 071	L16005WB1910PLC001985	Holding company	100%	2(46)

IV. SHAREHOLDING PATTERN (Equity Share Capital Breakup as percentage of Total Equity)

(i) Category-wise Shareholding:

Category of Shareholders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
A. Promoters									
(1) Indian									
a) Individual/HUF	–	–	–	–	–	–	–	–	N.A.
b) Central Govt.	–	–	–	–	–	–	–	–	N.A.
c) State Govt.(s)	–	–	–	–	–	–	–	–	N.A.
d) Bodies Corp.	18,70,00,000	13,00,00,000	31,70,00,000	100.00	18,70,00,000	13,00,00,000	31,70,00,000	100.00	Nil
e) Banks / FI	–	–	–	–	–	–	–	–	N.A.
f) Any Other	–	–	–	–	–	–	–	–	N.A.
Sub-total (A)(1)	**18,70,00,000**	**13,00,00,000**	**31,70,00,000**	**100.00**	**18,70,00,000**	**13,00,00,000**	**31,70,00,000**	**100.00**	**Nil**
(2) Foreign									
a) NRIs - Individuals	–	–	–	–	–	–	–	–	N.A.
b) Other – Individuals	–	–	–	–	–	–	–	–	N.A.
c) Bodies Corp.	–	–	–	–	–	–	–	–	N.A.
d) Banks / FI	–	–	–	–	–	–	–	–	N.A.
e) Any Other	–	–	–	–	–	–	–	–	N.A.
Sub-total (A)(2)	–	–	–	–	–	–	–	–	**N.A.**
Total shareholding of Promoter (A) = (A)(1)+(A)(2)	**18,70,00,000**	**13,00,00,000**	**31,70,00,000**	**100.00**	**18,70,00,000**	**13,00,00,000**	**31,70,00,000**	**100.00**	**Nil**
B. Public Shareholding									
1. Institutions									
a) Mutual Funds	–	–	–	–	–	–	–	–	N.A.
b) Banks / FI	–	–	–	–	–	–	–	–	N.A.
c) Central Govt.	–	–	–	–	–	–	–	–	N.A.
d) State Govt.(s)	–	–	–	–	–	–	–	–	N.A.
e) Venture Capital Funds	–	–	–	–	–	–	–	–	N.A.
f) Insurance Companies	–	–	–	–	–	–	–	–	N.A.
g) FIIs	–	–	–	–	–	–	–	–	N.A.
h) Foreign Venture Capital Funds	–	–	–	–	–	–	–	–	N.A.
i) Others (specify)	–	–	–	–	–	–	–	–	N.A.
Sub-total (B)(1)	–	–	–	–	–	–	–	–	**N.A.**

Category of Shareholders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
2. **Non-Institutions**									
a) Bodies Corp.									
i) Indian	–	–	–	–	–	–	–	–	N.A.
ii) Overseas	–	–	–	–	–	–	–	–	N.A.
b) Individuals	–	–	–	–	–	–	–	–	N.A.
i) Individual shareholders holding nominal share capital upto ₹ 1 lakh	–	–	–	–	–	–	–	–	N.A.
ii) Individual shareholders holding nominal share capital in excess of ₹ 1 lakh	–	–	–	–	–	–	–	–	N.A.
c) Others (specify)	–	–	–	–	–	–	–	–	N.A.
Sub-total (B)(2)	–	–	–	–	–	–	–	–	**N.A.**
Total Public Shareholding (B)= (B)(1)+ (B)(2)	–	–	–	–	–	–	–	–	**N.A.**
C. Shares held by Custodian for GDRs & ADRs	–	–	–	–	–	–	–	–	N.A.
Grand Total (A+B+C)	**18,70,00,000**	**13,00,00,000**	**31,70,00,000**	**100.00**	**18,70,00,000**	**13,00,00,000**	**31,70,00,000**	**100.00**	**Nil**

(ii) Shareholding of Promoters:

Sl. No.	Shareholder's Name	Shareholding at the beginning of the year			Shareholding at the end of the year			% change in shareholding during the year
		No. of Shares	% of total Shares of the Company	% of Shares pledged / encumbered to total Shares	No. of Shares	% of total Shares of the Company	% of Shares pledged / encumbered to total Shares	
1.	ITC Limited	31,70,00,000	100.00	Nil	31,70,00,000	100.00	Nil	Nil

(iii) Change in Promoters' Shareholding (please specify, if there is no change):

Sl. No.		Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of Shares	% of total Shares of the Company	No. of Shares	% of total Shares of the Company
	At the beginning of the year	**No Change during the year**			
	Date wise Increase / Decrease in Promoters Shareholding during the year				
	At the end of the year				

(iv) **Shareholding Pattern of top ten Shareholders (other than Directors, Promoters and Holders of GDRs and ADRs):** NOT APPLICABLE

(v) **Shareholding of Directors and Key Managerial Personnel:** None of the Directors and Key Managerial Personnel hold any share in the Company in their individual capacity.

V. INDEBTEDNESS

Indebtedness of the Company including interest outstanding / accrued but not due for payment: NIL

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

A. Remuneration to Managing Director, Wholetime Directors and / or Manager: (Amount in ₹)

Sl. No.	Particulars of Remuneration	B. Hariharan (Managing Director) *(refer Note 1)*
1.	Gross Salary	
	(a) Salary as per provisions contained in Section 17(1) of the Income-tax Act, 1961	62,07,899
	(b) Value of perquisites under Section 17(2) of the Income-tax Act, 1961	7,38,092
	(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)		***69,45,991***
Ceiling as per the Companies Act, 2013		**1,20,00,000 per annum** *(refer Note 2)*

Note 1: Mr. B. Hariharan is on deputation from ITC Limited (ITC) and has been granted Stock Options in previous year(s) and Employee Stock Appreciation Linked Reward Units (ESAR units) in the current year by ITC under its Employee Stock Option Schemes and Stock Appreciation Linked Reward Plan, respectively. Since these Stock Options / ESAR Units are not tradable, no perquisite or benefit is immediately conferred upon the employee by grant of such Options / Units, and accordingly the said grant has not been considered as remuneration.

Note2: Ceiling as per Part II of Schedule V to the Companies Act, 2013 has been disclosed, considering that the profits of the Company for the financial year ended 31st March, 2019 are inadequate. The appointment of Mr. Hariharan is governed by the resolutions passed by the Board and the shareholders of the Company. The statutory provisions apply with respect to notice period and severance fee.

B. Remuneration to other Directors: (Amount in ₹)

Sl. No.	Name of the Directors	Particulars of Remuneration			Total Amount
		Fee for attending Board and Board Committee meetings	Commission	Independent Directors' Meeting Fee	
1.	**Independent Directors**				
	Total Amount (B)(1)				**Nil**
2.	**Other Non-Executive Directors**				
	N. Anand	Nil	Nil	Nil	Nil
	R. Tandon	Nil			
	J. Singh*	Nil			
	R. Chadha	1,10,000			
	Total Amount (B)(2)				**1,10,000**
Total Amount (B) = (B)(1) + (B)(2)					**1,10,000**
Total Managerial Remuneration (A + B)					**70,55,991**
Overall ceiling as per the Companies Act, 2013					**1,20,00,000 per annum** ***(refer Note)***

** Appointed with effect from 4th December, 2018.*

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, 2019 are inadequate.*

C. Remuneration to Key Managerial Personnel other than MD / Manager / WTD: (Amount in ₹)

Sl. No.	Particulars of Remuneration	R. Siingh (Company Secretary)*	R. Khyani (Chief Financial Officer) *(refer Note)*
1.	Gross salary		
	(a) Salary as per provisions contained in Section 17(1) of the Income-tax Act, 1961	2,61,516	40,32,004
	(b) Value of perquisites under Section 17(2) of the Income-tax Act, 1961	–	3,94,095
	(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		**2,61,516**	**44,26,099**

* *Appointed with effect from 4th December, 2018*

Note : *Mr. R. Khyani is on deputation from ITC Limited (ITC), and has been granted Stock Options in previous year(s) and Employee Stock Appreciation Linked Reward Units (ESAR units) in the current year by ITC under its Employee Stock Option Schemes and Stock Appreciation Linked Reward Plan, respectively. Since these Stock Options / ESAR Units are not tradable, no perquisite or benefit is immediately conferred upon the employee by grant of such Options / Units, and accordingly the said grant has not been considered as remuneration.*

VII. PENALTIES / PUNISHMENT / COMPOUNDING OF OFFENCES against the Company, Directors and other Officers in Default under the Companies Act, 2013: None

On behalf of the Board

Dated: 26th April, 2019 — **N. Anand** — **Chairman**

Place: New Delhi — **B. Hariharan** — **Managing Director**

FORM NO. MR – 3

SECRETARIAL AUDIT REPORT

FOR THE FINANCIAL YEAR ENDED 31st MARCH, 2019

[Pursuant to Section 204(1) of the Companies Act, 2013 and Rule No. 9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014]

To
The Members,
Landbase India Limited

We have conducted the Secretarial Audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by Landbase India Limited, a Company incorporated under the provisions of the Companies Act, 1956 and having its registered office at ITC Green Centre, 10 Institutional Area, Sector 32, Gurugram, Haryana - 122 001 (hereinafter referred to as the ***'Company'***) for the period commencing from 1st April, 2018 till 31st March, 2019 (hereinafter referred to as the ***'Audit Period'***). Secretarial Audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conducts / statutory compliances and expressing our opinions thereon.

Based on our verification of the books, papers, minute books, forms and returns filed and other records maintained by the Company and available on MCA portal and also the information provided by the Company, its officers, agents and authorised representatives during the conduct of Secretarial Audit, we hereby report that in our opinion, the Company has, during the audit period covering the Financial Year ended on 31st March, 2019 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, 2019, 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, with respect to Board and General Meetings.

Further as informed to us and as certified by the management of the Company there are no other laws which are specifically applicable to the Company based on their sector/ industry.

We further report that

The Board of Directors of the Company is duly constituted with proper balance of Executive and Non-Executive Directors. The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with provisions of the Act.

Adequate notice is given to all Directors for the Board Meetings and Committees Meetings, agenda and detailed notes on agenda were sent at least seven days in advance and where meeting was held on shorter notice due compliance in respect of the same was made, and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.

All decisions at Board Meetings and Committee Meetings are carried out unanimously as recorded in the minutes of the meetings of the Board of Directors or Committee of the Board, as the case may be.

We further report that there are adequate systems and processes in the Company commensurate with the size and operations of the Company to monitor and ensure compliance with the applicable laws, rules, regulations and guidelines.

We further report that during the audit period the Company has had no specific events / actions that have a major bearing on the Company's affairs in pursuance of the above referred laws, rules, regulations, guidelines, standards, etc.

For **P B & Associates**
Company Secretaries
Pooja Bhatia
FCS:7673 CP:6485

Place : New Delhi
Dated: 26th April 2019

Note: This report is to be read with our letter of even date which is annexed as Annexure A and forms an integral part of this report.

Annexure: A

The Members,
Landbase India Limited

Our report of the even date is to be read along with this letter

1. Maintenance of secretarial record is the responsibility of the management of the Company. Our responsibility is to express an opinion on these secretarial records based on our audit.
2. We have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the secretarial records. The verification was done on the random test basis to ensure that correct facts are reflected in secretarial records. We believe that the processes and practices, we followed provide a reasonable basis for our opinion.
3. We have not verified the correctness and appropriateness of financial records and Books of Accounts of the Company.
4. 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 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: 26th April 2019

INDEPENDENT AUDITOR'S REPORT

To The Members of Landbase India Limited
Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of Landbase India Limited ("the Company"), which comprise the Balance Sheet as at 31st March 2019, and the Statement of Profit and Loss (including Other Comprehensive Income), the Cash Flow Statement and the Statement of Changes in Equity for the year then ended, and a summary of significant accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Companies Act, 2013 ("the Act") in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards prescribed under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended, ("Ind AS") and other accounting principles generally accepted in India, of the state of affairs of the Company as at 31 March 2019, and its profit, total comprehensive income, its cash flows and the changes in equity for the year ended on that date.

Basis for Opinion

We conducted our audit of the financial statements in accordance with the Standards on Auditing specified under section 143(10) of the Act (SAs). Our responsibilities under those Standards are further described in the Auditor's Responsibility for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India (ICAI) together with the ethical requirements that are relevant to our audit of the financial statements under the provisions of the Act and the Rules made thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ICAI's Code of Ethics. We believe that the audit evidence obtained by us is sufficient and appropriate to provide a basis for our audit opinion on the financial statements.

Information Other than the Financial Statements and Auditor's Report Thereon

The Company's Board of Directors is responsible for the other information. The other information comprises the information included in the Board of Directors report, but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained during the course of our audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Management's Responsibility for the Financial Statements

The Company's Board of Directors is responsible for the matters stated in section 134(5) of the Act with respect to the preparation of these financial statements that give a true and fair view of the financial position, financial performance including other comprehensive income, cash flows and changes in equity of the Company in accordance with the Ind AS and other accounting principles generally accepted in India. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statement that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those Board of Directors are also responsible for overseeing the Company's financial reporting process.

Auditor's Responsibility for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal financial control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Company has adequate internal financial controls system in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

Materiality is the magnitude of misstatements in the financial statements that, individually or in aggregate, makes it probable that the economic decisions of a reasonably knowledgeable user of the financial statements may be influenced. We consider quantitative materiality and qualitative factors in (i) planning the scope of our audit work and in evaluating the results of our work; and (ii) to evaluate the effect of any identified misstatements in the financial statements.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

Report on Other Legal and Regulatory Requirements

1. As required by Section 143(3) of the Act, based on our audit we report that:
   a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
   b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
   c) The Balance Sheet, the Statement of Profit and Loss including Other Comprehensive Income, the Cash Flow Statement and Statement of Changes in Equity dealt with by this Report are in agreement with the books of account.
   d) In our opinion, the aforesaid financial statements comply with the Ind AS specified under Section 133 of the Act.
   e) On the basis of the written representations received from the directors

as on 31st March, 2019 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2019 from being appointed as a director in terms of Section 164(2) of the Act.

f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure A". Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the Company's internal financial controls over financial reporting.

g) With respect to the other matters to be included in the Auditor's Report in accordance with the requirements of section 197(16) of the Act, as amended,

In our opinion and to the best of our information and according to the explanations given to us, the remuneration paid by the Company to its directors during the year is in accordance with the provisions of section 197 of the Act.

h) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, as amended in our opinion and to the best of our information and according to the explanations given to us:

i. The Company has disclosed the impact of pending litigations on its financial position in its financial statements- Refer Note 22 (a) of the financial statements.

ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses. Refer Note 31 of the Financial Statements.

iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company. Refer Note 32 of the Financial Statements.

2. As required by the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Central Government in terms of Section 143(11) of the Act, we give in "Annexure B" a statement on the matters specified in paragraphs 3 and 4 of the Order.

For **Deloitte Haskins & Sells LLP,**
Chartered Accountants
(Firm's Registration No.: 117366W/ W-100018)
Jaideep Bhargava
Partner
(Membership No.: 90295)

Place : New Delhi
Dated : April 26, 2019

ANNEXURE "A" TO THE INDEPENDENT AUDITOR'S REPORT

(Referred to in paragraph 1(f) under 'Report on Other Legal and Regulatory Requirements' section of our report of even date)

Report on the Internal Financial Controls Over Financial Reporting under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")

We have audited the internal financial controls over financial reporting of Landbase India Limited ("the Company") as of March 31, 2019 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 respective company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

Auditor's Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting of the Company based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") issued by the Institute of Chartered Accountants of India and the Standards on Auditing prescribed under Section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system over financial reporting.

Meaning of Internal Financial Controls Over Financial Reporting

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls Over Financial Reporting

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

In our opinion, to the best of our information and according to the explanations given to us, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2019, based on "the criteria for internal financial control over financial reporting established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India".

For **Deloitte Haskins & Sells LLP,**
Chartered Accountants
(Firm's Registration No.: 117366W/ W-100018)
Jaideep Bhargava
Partner
(Membership No.: 90295)

Place : New Delhi
Dated : April 26, 2019

ANNEXURE "B" TO THE AUDITORS' REPORT

(Referred to in paragraph 2 under 'Report on Legal and Regulatory Requirements' section of our report of even date)

(i) In respect of its property, plant and equipment:

(a) The Company has maintained proper records showing full particulars, including quantitative details and situation of the property, plant and equipment.

(b) The property, plant and equipment were physically verified during the year by the Management in accordance with a regular programme of verification which, in our opinion, provides for physical verification of all the property, plant and equipment at reasonable intervals. According to the information and explanations given to us, the discrepancies noticed on physical verification of property, plant and equipment 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 deeds, transfer deeds provided to us, we report that, the title deeds, comprising all the immovable properties of land and buildings which are freehold, are held in the name of the Company as at March 31, 2019.

(ii) As explained to us, the inventories were physically verified during the year by the Management at reasonable intervals and no material discrepancies were noticed on physical verification.

(iii) The Company has not granted any loans, secured or unsecured, to companies, firms, Limited Liability Partnerships or other parties covered in the Register maintained under Section 189 of the Companies Act, 2013.

(iv) The Company has not granted any loans, made investments or provided guarantees under Section 185 and 186 of the Companies Act, 2013 and hence reporting under clause (iv) of the Order is not applicable.

(v) According to the information and explanations given to us, the Company has not accepted any deposit during the year.

(vi) The maintenance of cost records has not been specified by the Central Government under section 148(1) of the Companies Act, 2013.

(vii) According to the information and explanations given to us in respect of statutory dues:

(a) The Company has generally been regular in depositing undisputed statutory dues, including Provident fund, Employees' state insurance, Income tax, Goods and Service tax, Customs duty, Value added tax, Cess and other material statutory dues applicable with the appropriate authorities.

(b) There were no undisputed amounts payable in respect of Provident fund, Employees' state insurance, Income tax, Goods and Service tax, Customs duty, Value added tax, Cess and other material statutory dues in arrears as at 31st March, 2019 for a period of more than six months from the date they became payable.

(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 2019 which have not been deposited on account of dispute. Details of dues of Income tax which have not been deposited as on 31st March, 2019 on account of dispute are given below:

Nature of the statute	Nature of dues	Amount Involved (₹)	Amount Unpaid (₹)	Period to which the amount relates	Forum where the dispute is
Income tax Act, 1961	Income tax	26,62,65,172	26,62,65,172	A.Y.2005-06	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 Order is not applicable to the Company.

(ix) The Company has not raised moneys by way of initial public offer or further public offer (including debt instruments) or term loans and hence reporting under clause (ix) of the Order is not applicable.

(x) To the best of our knowledge and according to the information and explanations given to us, no fraud by the Company and no material fraud on the Company by its officers or employees has been noticed or reported during the year.

(xi) In our opinion and according to the information and explanations given to us, the Company has paid managerial remuneration in accordance with the requisite approvals mandated by the provisions of section 197 read with Schedule V to the Companies Act, 2013.

(xii) The Company is not a Nidhi Company and hence reporting under clause (xii) of the Order is not applicable.

(xiii) In our opinion and according to the information and explanations given to us the Company is in compliance with Section 177 and 188 of the Companies Act, 2013, where applicable, for all transactions with the related parties and the details of related party transactions have been disclosed in the financial statements etc. as required by the applicable accounting standards.

(xiv) During the year, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures and hence reporting under clause (xiv) of Order is not applicable to the Company.

(xv) In our opinion and according to the information and explanations given to us, during the year the Company has not entered into any non-cash transactions with its directors or directors of its holding or persons connected with them and hence provisions of section 192 of the Companies Act, 2013 are not applicable.

(xvi) The Company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934.

For **Deloitte Haskins & Sells LLP,**
Chartered Accountants
(Firm's Registration No.: 117366W/ W-100018)

Jaideep Bhargava
Partner
(Membership No.: 90295)

Place : New Delhi
Dated : April 26, 2019

BALANCE SHEET AS AT 31ST MARCH, 2019

	Particulars	Note		As at 31st March, 2019 (₹ in lakhs)		As at 31st March, 2018 (₹ in lakhs)
	ASSETS					
1	**Non-current assets**					
	(a) Property, Plant and Equipment	3		23,977.37		23,584.18
	(b) Capital work-in-progress	3		440.33		292.77
	(c) Intangible Assets	3		2.41		3.17
	(d) Financial Assets					
	(i) Investments	4	0.00 *		0.00 *	
	(ii) Others	5	–	0.00	609.03	609.03
	(e) Other non-current assets	6		570.28		573.49
	Total Non - Current Assets			24,990.39		25,062.64
2	**Current assets**					
	(a) Inventories	7		92.28		76.96
	(b) Financial Assets					
	(i) Investments	8	919.66		610.53	
	(ii) Trade receivables	9	55.70		23.51	
	(iii) Cash and cash equivalents	10	65.26		117.83	
	(iv) Other Bank Balances	11	1,384.29		529.72	
	(v) Others	5	59.62	2,484.53	773.02	2,054.61
	(c) Other current assets	6		123.95		100.44
	Total Current Assets			2,700.76		2,232.01
	TOTAL ASSETS (1+2)			27,691.15		27,294.65
	EQUITY AND LIABILITIES					
1	**Equity**					
	(a) Equity Share capital	12		31,700.00		31,700.00
	(b) Other Equity			(8,309.55)		(8,622.28)
	Total equity			23,390.45		23,077.72
	Liabilities					
2	**Non-current liabilities**					
	(a) Financial Liabilities					
	- Other financial liabilities	13		3,150.17		3,174.28
	(b) Provisions	14		77.05		65.45
	(c) Other non-current liabilities	15		337.86		389.05
	Total Non - Current Liabilities			3,565.08		3,628.78
3	**Current liabilities**					
	(a) Financial Liabilities					
	(i) Trade payables					
	(a) Total outstanding dues of micro enterprises and small enterprises; and	23	63.59		6.66	
	(b) Total outstanding dues of creditor other than micro enterprises and small enterprises		264.75		186.28	
	(ii) Other financial liabilities	13	62.28	390.62	75.64	268.58
	(b) Other current liabilities	15		335.94		311.81
	(c) Provisions	14		9.06		7.76
	Total Current Liabilities			735.62		588.15
	TOTAL EQUITY AND LIABILITIES (1+2+3)			27,691.15		27,294.65

* Represents ₹ 150

The accompanying notes 1 to 37 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 : New Delhi
Date : 26th April, 2019

On behalf of the Board

N. Anand	Chairman
B. Hariharan	Managing Director
Ravi Khyani	Chief Financial Officer
Rucche Siingh	Company Secretary

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31st MARCH, 2019

	Particulars	Note	For the year ended 31st March, 2019 (₹ in lakhs)	For the year ended 31st March, 2018 (₹ in lakhs)
I	Revenue from Operations	16	2,448.28	2,256.46
II	Other Income	17	208.40	797.99
III	**Total Income (I+II)**		2,656.68	3,054.45
IV	**EXPENSES**			
	(a) Cost of materials consumed	18	8.41	–
	(b) Employee benefits expense	19	653.36	587.93
	(c) Depreciation and amortization expense	3	452.90	437.21
	(d) Other expenses	20	1,230.76	1,045.78
	Total Expenses (IV)		2,345.43	2,070.92
V	**Profit before tax (III - IV)**		311.25	983.53
VI	Tax Expense		–	–
VII	**Profit for the year (V-VI)**		311.25	983.53
VIII	**Other comprehensive income**			
	Items that will not be reclassified to profit or loss			
	- Remeasurements gains/ (losses) of the defined benefit plans		1.48	5.62
	- Income tax expense on remeasurement benefit of defined benefit plans		–	–
IX	**Total Comprehensive Income for the year (VII+VIII)**		312.73	989.15
X	**Earnings per equity share (Face Value ₹10.00 each)**			
	Basic/ Diluted (in ₹)	21	0.10	0.31

The accompanying notes 1 to 37 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 : New Delhi
Date : 26th April, 2019

On behalf of the Board

N. Anand Chairman
B. Hariharan Managing Director
Ravi Khyani Chief Financial Officer
Rucche Siingh Company Secretary

CASH FLOW STATEMENT FOR THE YEAR ENDED 31st MARCH, 2019

		For the year ended 31st March, 2019 (₹ in lakhs)	For the year ended 31st March, 2018 (₹ in lakhs)
A	**Cash Flow from Operating Activities**		
	Profit before tax	**311.25**	983.53
	Adjustments for:		
	Depreciation and amortization expense	**452.90**	437.21
	Interest Income	**(87.03)**	(45.82)
	Net (gain)/ loss on sale and write off of property, plant and equipment	**35.44**	(667.43)
	Net (gain)/ loss arising on financial assets mandatorily measured at Fair value through profit and loss	**(109.52)**	(84.38)
	Foreign currency translations and transactions - Net	**1.45**	(0.36)
	Bad debts written off	**–**	0.00
	Advances written off	**0.75**	0.44
	Provision for bad and doubtful advances	**7.60**	–
	Operating Profit Before Working Capital Changes	**612.84**	623.19
	Adjustment in working capital:		
	(Increase) / Decrease in trade receivables	**(32.19)**	0.93
	Increase in inventories	**(15.32)**	(3.57)
	Increase in other assets	**(27.20)**	(68.22)
	Decrease in other financial assets	**0.78**	4.77
	Increase in trade payables	**135.41**	12.82
	Decrease in other financial liabilities	**(45.05)**	(58.61)
	Increase in provisions	**14.40**	5.47
	Increase / (Decrease) in other liabilities	**(27.06)**	142.95
	Cash generated from operations	**616.61**	659.73
	Income taxes refund/ (paid)	**2.95**	(62.79)
	Net Cash from Operating Activities	**619.56**	596.94
B	**Cash Flow from Investing Activities**		
	Purchase of property, plant and equipment, etc.	**(1,019.02)**	(503.44)
	Compensation received on compulsory acquisition of land	**737.73**	–
	Purchase of current investments	**(19,934.49)**	(12,855.69)
	Sale / redemption of current investments	**19,734.88**	12,329.54
	Interest received	**63.34**	58.22
	Investment in bank deposits (original maturity more than 3 months)	**(1,091.41)**	(1,107.72)
	Redemption/maturity of bank deposits (original maturity more than 3 months)	**836.84**	487.46
	Net Cash used in Investing Activities	**(672.13)**	(1,591.63)
C	**Cash Flow from Financing Activities**	**–**	–
	Net increase/ (decrease) in Cash and cash equivalents	**(52.57)**	(994.69)
	Opening Cash and cash equivalents	**117.83**	1,112.52
	Closing Cash and cash equivalents (Refer note 10)	**65.26**	117.83

Note:

The above Cash Flow Statement has been prepared under the 'Indirect Method' as set out in the Ind AS - 7 on Statement of Cash Flows.

The accompanying notes 1 to 37 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 : New Delhi
Date : 26th April, 2019

On behalf of the Board

N. Anand	Chairman
B. Hariharan	Managing Director
Ravi Khyani	Chief Financial Officer
Rucche Siingh	Company Secretary

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31ST MARCH, 2019

A. Equity Share capital

	Equity Share capital	
	Number of Shares	(₹ in lakhs)
Balance as at 31st March, 2017	**31,70,00,000**	**31,700**
Add: Issue of equity shares	–	–
Balance as at 31st, March 2018	**31,70,00,000**	**31,700**
Add: Issue of equity shares	–	–
Balance as at 31st March, 2019	**31,70,00,000**	**31,700**

B. Other Equity

(₹ in lakhs)

Particulars	Reserves and Surplus		Total
	General Reserve	Retained earnings	
Balance as at 31st March, 2017	**611.62**	**(10,223.05)**	**(9,611.43)**
Profit for the year ended 31st March, 2018	–	983.53	983.53
Other Comprehensive Income	–	5.62	5.62
Total Comprehensive income for the year 2017-18	–	**989.15**	**989.15**
Balance as at 31st March, 2018	**611.62**	**(9,233.90)**	**(8,622.28)**
Profit for the year ended 31st March, 2019	–	311.25	311.25
Other Comprehensive Income	–	1.48	1.48
Total Comprehensive Income for the year 2018-19	–	**312.73**	**312.73**
Balance as at 31st March, 2019	**611.62**	**(8,921.17)**	**(8,309.55)**

General Reserve: This Reserve is created by an appropriation from one component of equity (generally retained earnings) to another, not being an item of Other Comprehensive Income. The same can be utilized by the Company in accordance with the provisions of the Companies Act, 2013.

Retained Earnings: This Reserve represents the cumulative profits/ losses of the Company and effects of remeasurement of defined benefit obligations.

The accompanying notes 1 to 37 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 : New Delhi
Date : 26th April, 2019

On behalf of the Board

N. Anand	Chairman
B. Hariharan	Managing Director
Ravi Khyani	Chief Financial Officer
Rucche Siingh	Company Secretary

Notes to the financial statements

1. SIGNIFICANT ACCOUNTING POLICIES

i. Statement of Compliance

These financial statements have been prepared in accordance with Indian Accounting Standards (Ind AS) notified under section 133 of the Companies Act, 2013. The financial statements have also been prepared in accordance with the relevant presentation requirements of the Companies Act, 2013. The company adopted Ind AS from 1st April 2016. The date of transition to Ind AS is 1st April 2015.

ii. Basis of Preparation

The financial statements are prepared in accordance with the historical cost convention, except for certain items that are measured at fair values, as explained in the accounting policies. The financial statements are presented in Indian Rupees which is also the Company's functional currency.

Fair Value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Company takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date.

The preparation of financial statements in conformity with Ind AS requires management to make judgements, estimates and assumptions that affect the application of the accounting policies and the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the year. Actual results could differ from those estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period; they are recognised in the period of the revision and future periods if the revision affects both current and future periods.

All assets and liabilities have been classified as current or non-current as per the Company's normal operating cycle and other criteria set out in the Schedule III to the Companies Act, 2013 based on the nature of products and the time between the acquisition of assets for processing and their realisation in cash and cash equivalents.

iii. Property, Plant & Equipment – Tangible Assets

Property, plant & equipment are stated at cost of acquisition or construction less accumulated depreciation and impairment, if any. For this purpose, cost includes deemed cost which represents the carrying value of property, plant and equipment recognised as at 1st April, 2015 measured as per the previous GAAP.

Cost is inclusive of inward freight, duties and taxes and incidental expenses related to acquisition. In respect of major projects involving construction, related pre-operational expenses form part of the value of assets capitalised. Expenses capitalised also include applicable borrowing costs for qualifying assets, if any. All upgradation / enhancements are charged off as revenue expenditure unless they bring similar significant additional benefits.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in the Statement of Profit and Loss.

Depreciation of these assets commences when the assets are ready for their intended use which is generally on commissioning. Items of Property, Plant and Equipment are depreciated in a manner that amortises the cost of the assets after commissioning (or other amount substituted for cost), less its residual value, over their useful lives as specified in Schedule II of the Companies Act, 2013 on a straight line basis. Land is not depreciated.

Property, plant and equipment's residual values and useful lives are reviewed at each Balance Sheet date and changes, if any, are treated as changes in accounting estimate.

The estimated useful lives of property, plant and equipment of the Company are as follows:

Building	3 - 60 years
Plant & Machinery/ Golf Course	15 years
Office & Other Equipment	5 years
Furniture & Fixtures	8 - 10 years
Computers	3 - 6 years
Vehicles	8 - 10 years
Golf Carts	8 years

iv. Intangible Assets

Software is capitalised where it is expected to provide future enduring economic benefits. Capitalisation costs include licence fees and costs of implementation/system integration services. The costs are capitalised in the year in which the relevant software is implemented for use and is amortised across a period not exceeding 5 years. Useful lives are periodically reviewed and are treated as changes in accounting estimates, at each balance sheet date.

v. Impairment of Assets

Impairment loss, if any, is provided to the extent, the carrying amount of assets exceed their recoverable amount. Recoverable amount is higher of an asset's net selling price and its value in use. Value in use is the present value of estimated future cash flows expected to arise from the continuing use of an asset and from its disposal at the end of its useful life.

Impairment losses recognised in prior years are reversed when there is an indication that the impairment losses recognised no longer exist or have decreased. Such reversals are recognised as an increase in carrying amounts of assets to the extent that it does not exceed the carrying amounts that would have been determined (net of amortisation or depreciation) had no impairment loss been recognised in previous years.

Notes to the financial statements (Contd.)

vi. Inventories

Inventories are stated at lower of cost and net realisable value. The cost is calculated on weighted average method. Cost comprises expenditure incurred in the normal course of business in bringing such inventories to its present location and condition and includes, where applicable, appropriate overheads based on normal level of activity. Net realisable value is the estimated selling price less estimated costs for completion and sale.

Obsolete, slow moving and defective inventories are identified at the time of periodic physical verification of inventories and, where necessary, a markdown is made for such inventories.

vii. Foreign Currency Transactions and derivatives

The Company accounts for transactions in foreign currency at the exchange rate prevailing on the date of transactions. The date of the transaction for the purpose of determining the exchange rate on initial of recognition of the asset, expense or income is the date on which an entity initially recognises the related non – monetary asset or non – monetary liability on the payment or receipt of the advance consideration. Gains/Losses arising on settlement of transactions as also the translation of monetary items at period ends due to fluctuations in the exchange rates are recognized in the Statement of Profit and Loss.

Derivatives are initially recognised at fair value and are subsequently remeasured to their fair value at the end of each reporting period. The resulting gains / losses is recognised in the Statement of Profit and Loss.

viii. Financial instruments, Financial assets, Financial liabilities and Equity instruments

Financial assets and financial liabilities are recognised when the Company becomes a party to the contractual provisions of the relevant instrument and are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities measured at fair value through profit or loss) are added to or deducted from the fair value on initial recognition of financial assets or financial liabilities. Purchase or sale of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognised on the trade date, i.e., the date when the Company commits to purchase or sell the asset.

Financial assets

Recognition: Financial assets include Investments, Trade receivables, Advances, Security Deposits, Cash and cash equivalents. Such assets are initially recognised at transaction price when the Company becomes party to contractual obligations. The transaction price includes transaction costs unless the asset is being fair valued through the Statement of Profit and Loss.

Classification: Management determines the classification of an asset at initial recognition depending on the purpose for which the assets were acquired. The subsequent measurement of financial assets depends on such classification.

Financial assets are classified as those measured at:

(a) amortised cost, where the financial assets are held solely for collection of cash flows arising from payments of principal and/or interest.

(b) fair value through other comprehensive income (FVTOCI), where the financial assets are held not only for collection of cash flows arising from payments of principal and interest but also from the sale of such assets. Such assets are subsequently measured at fair value, with unrealised gains and losses arising from changes in the fair value being recognised in other comprehensive income.

(c) fair value through profit or loss (FVTPL), where the assets are managed in accordance with an approved investment strategy that triggers purchase and sale decisions based on the fair value of such assets. Such assets are subsequently measured at fair value, with unrealised gains and losses arising from changes in the fair value being recognised in the Statement of Profit and Loss in the period in which they arise.

Trade receivables, Advances, Security Deposits, Cash and cash equivalents etc. are classified for measurement at amortised cost while investments may fall under any of the aforesaid classes. However, in respect of particular investments in equity instruments that would otherwise be measured at fair value through profit or loss, an irrevocable election at initial recognition may be made to present subsequent changes in fair value through other comprehensive income.

Impairment: The Company assesses at each reporting date whether a financial asset (or a group of financial assets) such as investments, trade receivables, advances and security deposits held at amortised cost and financial assets that are measured at fair value through other comprehensive income are tested for impairment based on evidence or information that is available without undue cost or effort. Expected credit losses are assessed and loss allowances recognised if the credit quality of the financial asset has deteriorated significantly since initial recognition.

Reclassification: When and only when the business model is changed, the Company shall reclassify all affected financial assets prospectively from the reclassification date as subsequently measured at amortised cost, fair value through other comprehensive income, fair value through profit or loss without restating the previously recognised gains, losses or interest and in terms of the reclassification principles laid down in the Ind AS relating to Financial Instruments.

De-recognition: Financial assets are derecognised when the right to receive cash flows from the assets has expired, or has been transferred, and the Company has transferred substantially all of the risks and rewards of ownership. Concomitantly, if the asset is one that is measured at:

(a) amortised cost, the gain or loss is recognised in the Statement of Profit and Loss;

(b) fair value through other comprehensive income, the cumulative fair value adjustments previously taken to reserves are reclassified to the Statement of Profit and Loss unless the asset represents an equity investment in which case the cumulative fair value adjustments previously taken to reserves is reclassified within equity.

Income Recognition: Interest income is recognised in the Statement of Profit and Loss using the effective interest method. Dividend income is recognised in the Statement of Profit and Loss when the right to receive dividend is established.

Financial liability

Borrowings, trade payables and other financial liabilities are initially recognised at the value of the respective contractual obligations. They are subsequently measured at amortised cost. Any discount or premium on redemption / settlement is recognised in the Statement of Profit and Loss

as finance cost over the life of the liability using the effective interest method and adjusted to the liability figure disclosed in the Balance Sheet. Financial liabilities are derecognised when the liability is extinguished, that is, when the contractual obligation is discharged, cancelled and on expiry.

Offsetting financial instruments

Financial assets and liabilities are offset and the net amount is included in the Balance Sheet where there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously.

Equity Instruments

Equity instruments are recognised at the value of the proceeds, net of direct costs of the capital issue.

ix. Revenue from sale of products and services

Revenue is measured at the fair value of the consideration received or receivable for services rendered, net of discounts to customers. Revenue does not include Goods and Services Tax (GST).

Revenue from the sale of products and services is recognised when the Company performs its obligations to its customers and the amount of revenue can be measured reliably and recovery of the consideration is probable. The timing of such recognition is the periods during which such services are rendered.

Revenue is recognised over a period of time or at a point in time depending on the manner in which the performance obligation associated with each contract with customer is satisfied as under:

i) Membership Income:

a) Revenue from Corporate and tenure membership fee is accounted for over the period of membership.

b) Entrance fees and transfer / renomination are accounted for in the year of receipt.

c) Interest charged on delayed receipt of Subscription is accounted for on receipt basis.

ii) Green Fee Income, Caddie fee, Golf Set Rental, Cart Rental, Guest Entry Fees, etc. is recognized at a point in time when such services are rendered to the customer.

iii) License Fees income is recognised as per the terms of the agreement.

x. Employee Benefits

Regular contributions made to State plan namely Employee Provident Fund and Employee's State Insurance Fund are charged to revenue every year.

Company has Gratuity (Unfunded Plan) which are in the nature of defined benefit scheme. To determine the liabilities towards such schemes, as applicable by an independent actuarial valuation using the projected unit credit method as per the requirements of Indian Accounting Standard – 19 on "Employee Benefits". Gain or Loss on account of remeasurements are recognised through Other Comprehensive Income in the period in which they occur.

The employees of the Company are entitled to compensated leave for which the Company records the liability based on actuarial valuation computed using projected unit credit method. These benefits are unfunded. These compensated absences are recognized in the Statement of Profit & Loss as income or expense, being long-term employee benefit.

xi. Employee Share Based Compensation

The cost of stock options and stock appreciation units granted by ITC Limited, the Holding Company, to its eligible employees deputed to the Company is recognized at fair value. These Schemes are in the nature of equity settled / cash settled share based compensation and are assessed, managed / administered by the Holding Company.

In case of stock options, the fair value of stock options at the grant date is amortised on a straight line basis over the vesting period and cost recognized as an employee benefits expenses in the Statement of Profit and Loss with a corresponding credit in equity, net of reimbursements, if any.

In case of stock appreciation units, the fair value of stock appreciation units at the grant date is initially recognised and remeasured at each reporting date, until settled, and cost recognized as an employee benefits expenses in the Statement of Profit and Loss with a corresponding increase in other financial liabilities.

xii. Taxes on Income

Taxes on income comprises of current taxes and deferred taxes. Current tax in the Statement of Profit and Loss is provided as the amount of tax payable in respect of taxable income for the period using tax rates enacted or substantively enacted during the period, together with any adjustment to tax payable in respect of previous years. Income tax, in so far as it relates to items disclosed under Other Comprehensive Income, are disclosed separately under Other Comprehensive Income, as applicable.

Deferred tax is recognized on temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes (Tax base).

Deferred tax assets are recognized for the future tax consequences to the extent it is probable that future taxable profits will be available against which the deductible temporary differences can be utilized.

Deferred tax assets and liabilities are offset when there is legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances related to the same taxation authority. Current tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on net basis, or to realize the asset and settle the liability simultaneously.

Notes to the financial statements (Contd.)

xiii. Provisions

A provision is recognised when there is a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources will be required to settle the obligation and in respect of which reliable estimate can be made. A disclosure for a contingent liability is made when there is a possible obligation or a present obligation that may, but probably will not, require an outflow of resources. Where there is a possible obligation or a present obligation in respect of which the likelihood of outflow of resources is remote, no provision or disclosure is made.

xiv. Leases

Leases are recognised as a finance lease whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

xv. Government Grants

The Company may receive government grants that require compliance with certain conditions related to the Company's operating activities or are provided to the Company by way of financial assistance on the basis of certain qualifying criteria. Government grants are recognised when there is reasonable assurance that the grant will be received, and the Company will comply with the conditions attached to the grant. Accordingly, government grants:

(a) related to or used for assets are deducted from the carrying amount of the asset.

(b) related to incurring specific expenditures are taken to the Statement of Profit and Loss on the same basis and in the same periods as the expenditures incurred.

(c) by way of financial assistance on the basis of certain qualifying criteria are recognised as they become receivable.

In the unlikely event that a grant previously recognised is ultimately not received, it is treated as a change in estimate and the amount cumulatively recognised is expensed in the Statement of Profit and Loss.

xvi. Comparatives

When required by Ind AS, comparative figures have been adjusted to conform to changes in presentation for the current financial year.

2. Use of Estimates and Judgements

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent liabilities at the date of the financial statements and the results of operations during the reporting period end. Although these estimates are based upon management's best knowledge of current events and actions, actual results could differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Key sources of estimation uncertainty

– **Claims, Provisions and Contingent Liabilities**

The Company has third party claims and ongoing litigations with Income Tax Department and Excise & Taxation Department. Where an outflow of funds is believed to be probable and a reliable estimate of the outcome of the dispute can be made based on management's assessment of specific circumstances of each dispute and relevant external advice, management provides for its best estimate of the liability. Such accruals are by nature complex and can take number of years to resolve and can involve estimation uncertainty. Information about such litigations is provided in notes to the financial statements.

– **Actuarial Valuation**

The determination of Company's liability towards defined benefit obligation to employees is made through independent actuarial valuation including determination of amounts to be recognized in the Statement of Profit and Loss and in other comprehensive income. Such valuation depends upon assumptions determined after taking into account inflation, seniority, promotion and other relevant factors such as supply and demand factors in the employment market. Information about such valuation is provided in notes to the financial statements.

– **Deferred Taxation**

The Company has significant carry forward income tax losses (business and depreciation) for which deferred tax asset has not being recognized since there is no reasonable certainty of significant profits in the near future.

– **Useful lives of property, plant and equipment and intangible assets**

As described in the significant accounting policies, the Company reviews the estimated useful lives of property, plant and equipment and intangible assets at the end of each reporting period.

Note - 3

A. Property, Plant and Equipment

(₹ in lakhs)

Particulars	Gross Block							Depreciation and Amortization							Net Block	
	As at 1st April, 2017	Additions	Withdrawals and adjustments	Upto 31st March, 2018	Additions	Withdrawals and adjustments	**Upto 31st March, 2019**	As at 1st April, 2017	For the year	Eliminated on withdrawals and adjustments of asset	Upto 31st March, 2018	For the year	Eliminated on withdrawals and adjustments of asset	**Upto 31st March, 2019**	**As at 31st March, 2019**	As at 31st March, 2018
Land (Freehold)*	6,186.47	385.24	49.38	6,522.33	503.20	–	**7,025.54**	–	–	–	–	–	–	–	**7,025.54**	6,522.33
Building	16,414.84	12.28	–	16,427.12	8.61	24.54	**16,411.19**	553.55	275.13	–	828.67	276.12	2.09	**1,102.71**	**15,308.49**	15,598.44
Plant & Machinery	1,133.37	16.56	28.43	1,121.51	143.88	28.43	**1,236.96**	149.67	78.91	11.11	217.48	81.71	9.91	**289.28**	**947.68**	904.03
Office & Other Equipment	0.43	–	0.05	0.38	–	–	**0.38**	0.23	0.00	0.00	0.23	–	–	**0.23**	**0.15**	0.15
Golf Course	127.38	–	–	127.38	–	–	**127.38**	14.49	–	–	14.49	–	–	**14.49**	**112.89**	112.89
Furniture & Fixtures	291.98	18.78	0.00	310.77	26.33	5.88	**331.21**	71.72	37.31	0.00	109.03	38.67	2.94	**144.77**	**186.44**	201.73
Computers	19.22	4.51	0.13	23.59	3.73	1.00	**26.33**	12.05	1.59	0.00	13.64	2.97	0.84	**15.77**	**10.56**	9.95
Vehicles	44.07	49.76	12.62	81.21	24.45	1.65	**104.01**	19.81	10.31	9.87	20.25	10.11	1.47	**28.88**	**75.13**	60.96
Golf Carts	249.86	–	2.01	247.85	180.09	3.96	**423.97**	42.18	33.32	1.35	74.15	42.56	3.22	**113.48**	**310.49**	173.70
Total (A)	**24,467.62**	**487.13**	**92.62**	**24,862.14**	**890.29**	**65.46**	**25,686.97**	**863.70**	**436.57**	**22.33**	**1,277.94**	**452.14**	**20.47**	**1,709.61**	**23,977.37**	**23,584.18**
B. Capital work in progress (B)	**289.88**	**4.27**	**1.38**	**292.77**	**148.29**	**0.73**	**440.33**	–	–	–	–	–	–	–	**440.33**	**292.77**
C. Intangible Assets																
Computer Software	5.09	1.38	–	6.47	–	–	**6.47**	2.66	0.64	–	3.30	0.76	–	**4.06**	**2.41**	3.17
Total (C)	**5.09**	**1.38**	-	**6.47**	-	-	**6.47**	**2.66**	**0.64**	-	**3.30**	**0.76**	-	**4.06**	**2.41**	**3.17**
Grand Total (A+B+C)	**24,762.59**	**492.78**	**94.00**	**25,161.38**	**1,038.58**	**66.19**	**26,133.77**	**866.36**	**437.21**	**22.33**	**1,281.24**	**452.90**	**20.47**	**1,713.67**	**24,420.11**	**23,880.12**

The amortization expenses of intangible assets have been included under 'depreciation and amortisation expense' in the Statement of Profit and Loss.

* The Company had received an award of ₹ 737.73 lakhs for compulsory acquisition of 0.975 acres of its freehold land located in Village Naurangpur in Gurgaon by Haryana Urban Development Authority under the Land Acquisition Act on 18th April 2018, before the financial statements for the year 2017-18 were approved by the Board. The Company had recognised the same as an adjusting event as per Ind AS 10 'Events after the Reporting Period'. Accordingly, a gain of ₹ 688.35 lakhs was considered in the financial statements of the year 2017-18.

Notes to the financial statements (Contd.)

(₹ in lakhs)

4. Investments - Non Current	As at 31st March, 2019 Unquoted	As at 31st March, 2018 Unquoted
Investment in Equity Instruments (at Fair Value Through Other Comprehensive Income)		
– Jupiter Township Limited	**0.00***	0.00*
Total	**0.00***	0.00

* Represents Investment of ₹ 150 in 1 equity share.

(₹ in lakhs)

	As at 31st March, 2019		As at 31st March, 2018	
5. Other Financial Assets	**Current**	**Non-Current**	Current	Non-Current
(A) Bank Deposit with more than 12 months maturity				
- In Deposit Accounts*	*	–	*	600.00
(B) Other financial assets				
- Interest accrued on Fixed and other deposits	**58.75**	–	33.63	1.43
- Advances	–	**7.60**	–	7.60
Less : Advances - credit impaired	–	**(7.60)**	–	–
- Deposits	**0.87**	–	1.30	–
- Other Receivables **	–	–	738.09	–
Total	**59.62**	–	773.02	609.03

* Refer note 11 for deposits with original maturity of more than 12 months and remaining maturity of less than 12 months.

** Others comprise receivable on account of compensation on compulsory acquisition of land (refer note 3).

(₹ in lakhs)

	As at 31st March, 2019		As at 31st March, 2018	
6. Other assets	**Current**	**Non-Current**	Current	Non-Current
(A) Capital advances				
– For Capital work in progress	–	**1.09**	–	4.27
(B) Advances other than capital advances				
(i) Security Deposits				
– Utility deposits	–	**76.72**	–	76.72
– With Statutory Authorities	–	**7.00**	–	2.00
(ii) Advance Tax (net of provisions)	–	**208.44**	–	211.39
(iii) Other Advances				
– Prepaid Expenses	**55.82**	**0.03**	55.51	2.11
– With Statutory Authorities*	**35.02**	**277.00**	25.81	277.00
– Recoverable in Value	**28.53**	–	19.11	–
(iv) Other Receivables	**4.58**	–	0.01	–
Total	**123.95**	**570.28**	100.44	573.49

* Non-current other advances with Statutory Authorities include

(₹ in lakhs)

	As at 31st March, 2019	As at 31st March, 2018
Entertainment Tax paid under protest considered good	**277.00**	277.00
Entertainment Tax paid under protest considered doubtful	**6.50**	6.50
Less: Provision for doubtful advances	**(6.50)**	(6.50)
Total	**277.00**	277.00

Notes to the financial statements (Contd.)

(₹ in lakhs)

	As at 31st March, 2019	As at 31st March, 2018
7 Inventories		
(At lower of cost and net realisable value)		
Beverages	12.60	–
Stock of Parking Slot/ Servant quarters	13.20	13.20
Stores and spares	79.68	76.96
Less : Provision for Stock of Parking Slot/ Servant quarters	(13.20)	(13.20)
Total	92.28	76.96
8 Current investments		
Investment in Mutual Funds (at fair value through profit or loss, unless stated otherwise)	Unquoted	Unquoted
ICICI Prudential Liquid Fund-Direct Plan 1,81,593.831,(2018- Nil) Units of ₹ 100.00 each.	501.96	–
SBI Liquid Fund-Direct Plan 14,263.099,(2018 - Nil) Units of ₹ 1,000.00 each.	417.70	–
Birla Sun Life Cash Plus-Short Term Nil,(2018 - 39,532.50) Units of ₹ 100.00 each.	–	110.42
SBI Magnum Insta Cash Fund-Direct Plan Nil,(2018 -13,012.98) Units of ₹ 1,000.00 each.	–	500.11
Total	919.66	610.53
9 Trade receivables (Current)		
(a) Trade Receivable considered good - Secured	–	–
(b) Trade Receivable considered good - Unsecured	55.70	23.51
(c) Trade Receivable which have significant increase in Credit Risk; and	–	–
(d) Trade Receivable - Credit impaired.	–	–
Total	55.70	23.51
10 Cash and cash equivalents		
Balances with Banks		
- in Current accounts	38.15	115.73
- in Deposit accounts (Original maturity of 3 months or less)	1.61	–
Cheque in hand	19.18	–
Cash on hand	6.32	2.10
Total	65.26	117.83
11 Other bank balances		
In Deposit accounts *	1,384.29	529.72
Total	1,384.29	529.72

* Represents deposits with original maturity of more than 3 months having remaining maturity of less than 12 months at the Balance Sheet date. Includes Earmarked balances of ₹ Nill (2018 - ₹5.00 Lakhs).

	As at 31st March, 2019		As at 31st March, 2018	
	No. of Shares	(₹ inLakhs)	No. of Shares	(₹ in Lakhs)
12. Equity Share Capital				
Authorised				
Equity shares of ₹ 10 each	31,70,00,000	31,700	31,70,00,000	31,700
Redeemable, Non-convertible Preference Shares of ₹ 100 each	1,87,00,000	18,700	1,87,00,000	18,700
Issued and Subscribed				
Equity shares of ₹ 10 each, fully paid	31,70,00,000	31,700	31,70,00,000	31,700
a) Reconciliation of number of Shares				
Equity shares				
As at beginning of the year	31,70,00,000	31,700	31,70,00,000	31,700
Add: Issue of Shares	–	–	–	–
As at end of the year	31,70,00,000	31,700	31,70,00,000	31,700

b) The equity shares are issued by the Company at par value of ₹ 10 per share.

c) **Rights, preferences and restrictions attached to Equity shares :**

This class of shares having par value of ₹ 10 per share, rank pari passu in all respects including voting rights and entitlement to dividend.

d) **Shareholders holding more than 5% of the aggregate Shares in the Company**

Equity shares				
ITC Limited, the Holding Company, jointly with its nominees	31,70,00,000	100%	31,70,00,000	100%

(e) Shares held by holding company and its nominees

Equity Shares				
ITC Limited, the Holding Company	31,69,99,994	31,700	31,69,99,994	31,700
ITC Limited, the Holding Company jointly with its nominees	6	0.00*	6	0.00*

* Represents ₹ 60

Notes to the financial statements (Contd.)

(₹ in lakhs)

13. Other financial liabilities

Particulars	As at 31st March, 2019		As at 31st March, 2018	
Non-Current				
Deposits received from Members				
Security deposits received	**3,200.87**		3,216.89	
Less: Subscription fees receivable	**(57.28)**	**3,143.59**	(42.61)	3,174.28
ITC ESARs compensation payable		**6.58**		–
Total		**3,150.17**		3,174.28
Current				
Deposits received from Members				
Security deposits received	**25.46**		21.96	
Less: Subscription fees receivable	**(1.44)**	**24.02**	(0.68)	21.28
Other deposits received		**5.21**		5.21
Others				
- Retention money payable on purchase of property, plant and equipments		**16.89**		10.75
- Employee benefits payable		**14.71**		14.49
- ITC ESOS compensation payable		**–**		23.91
– Other payables		**1.45**		–
Total		**62.28**		75.64

14 Provisions

(₹ in lakhs)

	As at 31st March, 2019		As at 31st March, 2018	
	Current	**Non- Current**	Current	Non- Current
Provision for employee benefits (Refer Note 25)				
Retirement benefits	**5.94**	**51.05**	5.06	43.51
Other benefits	**3.12**	**26.00**	2.70	21.94
Total	**9.06**	**77.05**	7.76	65.45

15 Other Liabilities

Advances received from customers	**31.28**	**-**	24.52	–
Revenue received in advance	**260.22**	**337.86**	241.15	389.05
Statutory liabilities	**44.44**	**-**	46.14	–
Total	**335.94**	**337.86**	311.81	389.05

	For the year ended 31st March, 2019 (₹ in Lakhs)	For the year ended 31st March, 2018 (₹ in Lakhs)
16. Revenue from Operations		
(A) Sale of services		
Membership income*	**817.74**	773.60
Green fees	**533.45**	447.99
Caddie fees	**238.47**	223.39
Cart rental	**255.70**	229.97
Guest entry fees, Golf set rental & Range income	**79.53**	68.70
Advertisement income	**28.85**	25.88
License fees	**460.12**	460.48
Beverage sale	**19.45**	–
Total (A)	**2,433.31**	2,230.01
(B) Other Operating Revenues		
Service Export from India Scheme income	**4.59**	–
Insurance claim received	**1.07**	14.32
Others including scrap sales	**9.31**	12.13
Total (B)	**14.97**	26.45
Revenue from Operations (A+B)	**2,448.28**	2,256.46

*Includes amortisation of Corporate and Tenure membership fees of ₹ 286.29 Lakhs (2018: ₹ 263.29 Lakhs)

	For the year ended 31st March, 2019 (₹ in Lakhs)	For the year ended 31st March, 2018 (₹ in Lakhs)
17. Other Income		
Interest Income		
- Deposits with banks etc. - carried at amortized cost	**87.03**	34.21
- Others (from statutory authorities etc.)	**4.66**	6.41
- Interest on refund of Income Tax	**5.23**	–
- From members on delayed payments	**1.25**	5.20
Other gains and losses		
- Net foreign exchange gain / (loss)	**0.18**	0.36
- Net gain arising on financial assets mandatorily measured at FVTPL*	**109.52**	84.38
- Net gain on property, plant and equipment sold and written offs (Refer Note 3)	**–**	667.43
Others	**0.53**	–
Total	**208.40**	797.99

* Includes ₹109.04 lakhs (Previous Year ₹ 82.22 lakhs) being net gain on sale of investments.

Notes to the financial statements (Contd.)

(₹ in lakhs)

	For the year ended 31st March, 2019	For the year ended 31st March, 2018
18. Cost of materials consumed		
Opening stock-Beverages	–	–
Purchases-Beverages	21.01	–
Less: Closing stock-Beverages	(12.60)	–
Total	8.41	–
19. Employee benefits expense		
Salaries and wages, including bonus	314.31	288.48
Contribution to Provident and other funds	23.80	22.24
Staff welfare expenses	58.09	47.40
Reimbursement of manager's salary on deputation	178.81	124.29
Share based payments to employees (Refer note 26)	78.36	105.52
Total	653.36	587.93
20. Other expenses		
Power & Fuel	143.89	124.06
Consumption of Stores and Spare parts	149.02	144.04
Rent including lease rentals	0.75	1.95
Contracted Manpower and Services	316.27	292.17
Rates and taxes	54.86	2.75
Insurance	22.65	22.31
Repairs and maintenance - Buildings	46.34	44.03
Repairs and maintenance - Machinery	24.34	16.19
Repairs and maintenance - Others	44.32	50.09
Maintenance and upkeep	38.68	29.43
Advertising / Sales promotion	29.58	27.96
Travelling and Conveyance Expenses	56.97	48.01
Hire Charges	10.04	10.29
Legal Expenses	123.68	60.70
Consultancy / Professional fees	43.56	84.85
Bank and credit card charges	10.96	8.86
Postage, telephone etc.	8.05	7.20
Printing and Stationery	7.15	6.26
Information Technology Services	28.50	42.42
Bad debts written off	–	0.00
Provision for bad and doubtful Advances	7.60	–
Advance written off	0.75	0.44
Miscellaneous expenses	11.69	9.10
Net loss on property, plant and equipment sold and written offs	35.44	–
Auditors remuneration and expenses*	15.67	12.67
Total	1,230.76	1,045.78
* Auditors remuneration and expenses (excluding taxes):		
– Audit fees	12.50	10.50
– Tax audit fees	2.50	1.50
– Fees for other services	0.42	0.54
– Reimbursement of expenses	0.25	0.13
	15.67	12.67

	For the year ended 31st March, 2019	For the year ended 31st March, 2018
21. Earnings per share		
Earnings per share has been computed as under:		
(a) Profit for the year (₹ in lakhs)	311.25	983.53
(b) Weighted average number of Equity shares outstanding for the purpose of basic earnings per share	31,70,00,000	31,70,00,000
Basic/ Diluted Earnings per share on profit for the year (Face Value ₹ 10 per share) [(a)/(b)](in ₹)	0.10	0.31

Notes to the financial statements (Contd.)

(₹ in lakhs)

	As at 31st March, 2019	As at 31st March, 2018
22. Contingent liabilities and commitments :		
(a) Claims against the Company not acknowledged as debts :		
(i) Income tax matters*	**2,662.65**	2,662.65
(ii) Legal cases	**10.42**	8.78
(iii) Entertainment duty demand raised by Excise department	**552.62**	552.62

All the above matters are subject to legal proceedings in the ordinary course of business. In the opinion of management the legal proceedings, when ultimately concluded, will not have a material effect on results of operations or financial position of the Company.

* The above represents Income Tax matters of ₹ 2,662.65 lakhs (Previous Year ₹ 2,662.65 lakhs) for Assessment Year 2005-06. Assessment of Assessment Year 2005-06 is under appeal with Income Tax Appellate Tribunal.

(b) Outstanding capital commitments:		
Estimated value of contracts in capital account remaining to be executed	**53.29**	141.09

(₹ in lakhs)

23. Micro, Small and Medium Enterprises	As at 31st March, 2019	As at 31st March, 2018
(a) The principal amount remaining unpaid to any supplier at the end of each accounting year*	**63.59**	6.66
(b) The amount of interest paid by the buyer in terms of section 16 of the Micro, Small and Medium Enterprises Development Act, 2006 (27 of 2006), along with the amount of the payment made to the supplier beyond the appointed day during each accounting year	–	–
(c) The amount of interest due and payable for the period of delay in making payment but without adding the interest specified under the Micro, Small and Medium Enterprises Development Act, 2006	–	–
(d) The amount of interest accrued and remaining unpaid at the end of each accounting year	–	–
(e) The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues above are actually paid to the small enterprise, for the purpose of disallowance of a deductible expenditure under section 23 of the Micro, Small and Medium Enterprises Development Act, 2006	–	–

*The Company does not have any interest due which is remaining unpaid to any supplier at the end of the accounting year.

24. Lease payable by the Company

The Company's leasing arrangement in respect of a piece of land taken on operating lease which has ended during the year. This leasing arrangement was non-cancellable for 2 years. The aggregate lease rental payable is charged as 'Rent including lease rentals' under Note 20.

With regard to above operating leases the future minimum rentals are as follows:

	As at 31st March, 2019	As at 31st March, 2018
Not later than one year	–	0.75
Later than one year and not later than five years	–	–

25. Disclosure required under Indian Accounting Standard (Ind AS) 19

a) Defined Benefit Plans - As per actuarial Valuations as on March 31, 2019 and recognised in the financial statements in respect of Employee Benefit Schemes:

Retirement benefit costs and termination benefits

Payments to defined contribution retirement benefit plans are recognised as an expense when employees have rendered service entitling them to the contributions.

For defined benefit retirement plans, the cost of providing benefits is determined using the projected unit credit method, with actuarial valuations being carried out at the end of each annual reporting period. Remeasurement, comprising actuarial gains and losses is reflected immediately in the balance sheet with a charge or credit recognised in other comprehensive income in the period in which they occur. Remeasurement recognised in other comprehensive income is reflected immediately in retained earnings and is not reclassified to profit or loss.

Risk Management

As the plans are unfunded, the defined benefit plans expose the Company to actuarial deficit arising out of interest rate risk and salary cost inflation risk. The Management, considering cost benefit analysis, is of the view that Company need not fund its defined benefit obligation. Further, the Company maintains adequate liquidity to ensure that funds are available for satisfying such obligations. These plans are not exposed to any unusual, entity specific or scheme specific risks but there are general risks.

(₹ in lakhs)

		For the year ended 31st March, 2019 Gratuity Unfunded	For the year ended 31st March, 2018 Gratuity Unfunded
I	**Components of Employer Expense**		
	Recognised in Profit or Loss		
1	Current Service Cost	**7.82**	7.58
2	Net Interest Cost	**3.59**	3.10
3	**Total expense recognised in the Statement of Profit and Loss**	**11.41**	10.68
	Re-measurements recognised in Other Comprehensive Income		
4	Effect of changes in demographic assumptions	**(0.00)**	–
5	Effect of changes in financial assumptions	**–**	(2.07)
6	Effect of experience adjustments	**(1.48)**	(3.55)
7	**Total re-measurements included in Other Comprehensive Income**	**(1.48)**	(5.62)
8	**Total defined benefit cost recognised in the Statement of Profit and Loss and Other Comprehensive Income (3+7)**	**9.92**	5.06

The current service cost and net interest expense for the year pertaining to Gratuity expenses have been recognised in "Salaries and wages, including bonus" in "Employee benefit expenses" under Note 19. The remeasurements of the net defined benefit liability are included in Other Comprehensive Income.

Notes to the financial statements (Contd.)

(₹ in lakhs)

		As at 31st March, 2019 Gratuity	As at 31st March, 2018 Gratuity
II	**Net Asset/(Liability) recognised in Balance Sheet**		
1	Present Value of Defined Benefit Obligation (DBO)	**56.99**	48.57
2	Fair value of plan assets	**–**	–
3	Net defined benefit liability (asset)	**56.99**	48.57
	- Current	**5.94**	5.06
	- Non current	**51.05**	43.51

		For the year ended 31st March, 2019 Gratuity	For the year ended 31st March, 2018 Gratuity
III	**Change in Defined Benefit Obligation (DBO)**		
1	Present Value of DBO at the beginning of the year	**48.57**	48.38
2	Current Service Cost	**7.82**	7.58
3	Interest Cost	**3.59**	3.10
	Remeasurement gains / (losses):		
4	Effect of changes in financial assumptions	**–**	(2.07)
5	Effect of changes in demographic assumptions	**(0.00)**	–
6	Effect of experience adjustments	**(1.48)**	(3.55)
7	Benefits Paid	**(1.48)**	(4.87)
8	**Present Value of DBO at the end of the year**	**56.99**	48.57

		Gratuity	Gratuity
IV	**Actuarial Assumptions**		
1	Discount Rate (%)	7.50%	7.50%
2	Pre-retirement mortality	Indian Assured Lives Mortality (2012-14) Ultimate	Indian Assured Lives Mortality (2006-08) Ultimate
3	Salary increase rate	7.5%	7.5%
4	Attrition Rate	10%	10%
5	Retirement Age	58	58
6	Disability	Nil	Nil

The estimates of future salary increases, considered in actuarial valuations take account of inflation, seniority, promotion and other relevant factors such as supply and demand factors in the employment market.

		Gratuity	Gratuity
V	**Net Asset / (Liability) recognised in Balance Sheet (including experience adjustment impact)**		
1	Present Value of Defined Benefit Obligation	**(56.99)**	(48.57)
2	Status [Surplus/(Deficit)]	**–**	–
3	Experience Adjustment of obligation [(Gain)/ Loss]	**–**	–

(b) Amounts towards Defined Contribution Plans have been recognised under "Contribution to Provident and other funds" in Note 19: ₹ 23.80 Lakhs (2018 - ₹ 22.24 Lakhs)

VI Sensitivity Analysis

The sensitivity analysis below has been determined based on reasonably possible change of the respective assumptions occurring at the end of the reporting period, while holding all other assumptions constant. These sensitivities show the hypothetical impact of a change in each of the listed assumptions in isolation. While each of these sensitivities holds all other assumptions constant, in practice such assumptions rarely change in isolation and the asset value changes may offset the impact to some extent. For presenting the sensitivities, the present value of the defined benefit obligation has been calculated using the projected unit credit method at the end of the reporting period, which is the same as that applied in calculating the Defined Benefit Obligation presented above. There was no change in the methods and assumptions used in the preparation of sensitivity analysis from previous year.

(₹ in lakhs)

		Sensitivity analysis - Gratuity	
VII	**Sensitivity analysis - DBO end of year**	**DBO as at 31st March, 2019**	DBO as at 31st March, 2018
1	Discount Rate + 100 basis points	**53.74**	45.72
2	Discount Rate - 100 basis points	**60.61**	51.75
3	Salary Increase Rate + 1%	**60.30**	51.48
4	Salary Increase Rate – 1%	**53.96**	45.91
5	Attrition Rate + 1%	**56.90**	48.49
6	Attrition Rate - 1%	**57.08**	48.65

Notes to the financial statements (Contd.)

26. Employee share based compensation

(i) The eligible employees of ITC Limited (ITC), who are deputed to the Company at its request, are covered under the ITC Employee Stock Option Schemes (ITC ESOS) and the ITC Employee Cash Settled Stock Appreciation Linked Reward Plan (ITC ESAR Plan) in accordance with the terms and conditions of such schemes, details of which are as under:

ITC ESOS:

Each Option entitles the holder thereof to apply for and be allotted ten ordinary shares of ₹ 1.00 each of ITC upon payment of the exercise price during the exercise period. These options vest over a period of three years from the date of grant and are exercisable within a period of five years from the date of vesting. The options have been granted at the 'market price' as defined under the Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014.

ITC ESAR:

Under the ITC ESAR Plan, eligible employees would receive cash linked to appreciation in the value of the shares of ITC in accordance with the terms and conditions of this Plan. The stock appreciation units (SARs) vest over a period of five years from the date of grant and entitles each ESAR grantee to the appreciation for the total number of ESAR Units vested.

(ii) The cost of stock options granted under ITC ESOS / SARs granted under ITC ESAR have been recognized as equity settled / cash settled share based payments respectively in accordance with Ind AS 102 – Share Based Payment. In terms of said deputation arrangement, the Company has accounted for the cost of the fair value of options / stock appreciation units granted to the deputed employees on-charge by ITC. The fair value of the options / SARs granted is determined, using the Black Scholes Option Pricing model, by ITC for all the grantees covered under ITC ESOS / ITC ESAR as a whole.

(iii) In accordance with Ind AS 102, an amount of ₹ 71.78 lakhs (2018 – ₹ 105.52 lakhs) towards ITC ESOS and ₹ 6.58 lakhs (2018 - ₹ Nil) towards ITC ESAR has been recognised as employee benefits expense (Refer Note 19). Such charge has been recognised as employee benefits expense with corresponding credit to current / non – current financial liabilities, as applicable. Out of the above, ₹ 70.46 lakhs (2018- ₹ 105.52 lakhs) is attributable to key management personnel [Mr. B. Hariharan ₹ 58.45 lakhs (2018 - ₹ 88.54 lakhs); and Mr. Ravi Khyani ₹ 12.01 lakhs (2018 - ₹ 16.98 lakhs)].

The summary of movement of such options granted by ITC and status of the outstanding options is as under:

Particulars	As at 31st March, 2019 No. of Options	As at 31st March, 2018 No. of Options
No. of Options Outstanding at the beginning of the year	**1,38,205**	1,30,290
Options Granted during the year@	**–**	14,715
Effects of Corporate Action (Bonus)	**–**	–
Options Forfeited / Surrendered during the year	**–**	–
Options due to transfer in and transfer out	**15,910**	–
Options Exercised during the year	**32,837**	6,800
Number of options Outstanding at the end of the year	**1,21,278**	1,38,205
Number of Options exercisable at the end of the year	**1,02,798**	1,02,994
Options Vested and Exercisable during the year	**21,071**	21,537

@ Includes Nil (2018 - 14,715) options granted to the Key Management Personnel of the Company. Since such options are not tradeable, no perquisite or benefit is immediately conferred upon an employee by such grant.

Note: The weighted average exercise price of the options granted to all Optionees under the ITC ESOS is computed by ITC as a whole.

27. Segment Reporting

The operating segment of the Company has been identified in a manner consistent with the internal reporting provided to the Management Committee, who is the Chief Operating Decision Maker, based on which there is only one operating segment in which the Company operates i.e. Leisure and Hospitality within one geographical segment i.e. India. The total revenue of the company includes transaction with its Holding company on account of operating license fees and other services which is more than 10% of the total revenue. The Non current assets are located within India.

28. License arrangement between the Company and ITC Limited

The company has entered into an agreement with ITC Ltd. whereby it has licensed its hotel property for operations to ITC Ltd. ITC Ltd. carries out business operations at the property under its own brand name. The agreement is cancellable at the option of the licensee upon written notice of 2 months.

29. Other Financial non current Liabilities include ₹ 3,041.12 lakhs (Previous year ₹ 3,064.64 lakhs) as deposits received from individuals towards golf memberships and ₹159.75 lakhs (Previous year ₹ 152.25 lakhs) received from Corporates towards Golf Memberships. The individual memberships are long term tradeable memberships which, are to be refunded at the time of termination or surrender of the membership.

Other Financial current liabilities ₹ 25.46 lakhs (Previous year ₹ 21.96 lakhs) received from Corporates towards Golf Memberships.

30. Accounting for Taxes on Income:

Components of deferred tax asset / liability are:

(₹ in lakhs)

	As at 31st March, 2019	As at 31st March, 2018
Deferred tax assets		
On Unabsorbed depreciation	**2,132.77**	2,065.35
On Unabsorbed business loss	**1.89**	1.89
Other timing differences	**26.56**	21.31
Deferred tax liabilities		
Depreciation	**(1,507.63)**	(1,295.79)
Net Deferred Tax Asset	**653.59**	792.76

In view of the significant carry forward income tax losses (business and depreciation) and there being no reasonable certainty of significant profits in the near future, net deferred tax asset as at March 31, 2019 has not been recognized in the books of accounts.

31. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.

32. There are no amounts that are due to be transferred to Investor Education and Protection Fund in accordance with the relevant provisions of the Companies Act, 2013 and rules made thereunder.

Notes to the financial statements (Contd.)

33. Related Party Transactions

(i) **Names of related parties and nature of relationship**

Holding Company	ITC Limited

(ii) **Key Management Personnel (KMP)**

Mr. Nakul Anand	Chairman & Non-Executive Director
Mr. Rajiv Tandon	Non-Executive Director
Mr. B. Hariharan	Managing Director
Mr. Jagdish Singh	Non-Executive Director (w.e.f. 4th December, 2018)
Ms. Ratna Chadha	Non-Executive Director
Mr. Hari Mohan Jha*	Non-Executive Director (up to 15th March, 2018)
Mr. Ravi Khyani	Chief Financial Officer

* Independent Director

(iii) **Other Related Parties with whom the Company had transactions :**

Associate	International Travel House Limited

(iv) **DISCLOSURE OF TRANSACTIONS BETWEEN THE COMPANY AND RELATED PARTIES**

(₹ in Lakhs)

	RELATED PARTY TRANSACTIONS SUMMARY	Holding Company		Associates		Key Management Personnel		Total	
		2019	**2018**	**2019**	**2018**	**2019**	**2018**	**2019**	**2018**
1	Sale of Services#	**130.99**	125.92	**–**	–	**1.72**	1.52	**132.71**	127.44
2	Purchase of Services#	**33.77**	30.08	**1.58**	1.85	**–**	–	**35.35**	31.93
3	Recovery of Contractual Remuneration	**40.66**	56.14	**–**	–	**–**	–	**40.66**	56.14
4	Expenses Recovered	**402.34**	406.95	**–**	–	**–**	–	**402.34**	406.95
5	License Fees Received#	**531.00**	527.63	**–**	–	**–**	–	**531.00**	527.63
6	Expenses Reimbursed**	**231.46**	186.21	**–**	–	**–**	–	**231.46**	186.21
7	Director Sitting Fee	**–**	–	**–**	–	**1.10**	2.40	**1.10**	2.40
8	**Share based payments**								
	Equity Settled Share Based Payments	**71.78**	105.52	**–**	–	**–**	–	71.78	105.52
	Cash Settled Share Based Payments	**6.58**	–	**–**	–	**–**	–	6.58	–

	Compensation of key management personnel	**Holding Company**	
	The remuneration of Managing Director and other members of key management personnel during the year was as follows *	**2019**	2018
	Short term benefits	**106.94**	91.24

* Post employment benefits are actuarially determined on overall basis and hence not separately provided.

** Expenses reimbursed includes expenses on account of salary of personnel deputed by ITC Limited (including managerial remuneration) of ₹ 178.81 lakhs (Previous Year ₹124.29 lakhs). This includes salary paid to Key management personnel of ₹ 113.90 lakhs (Previous year ₹ 98.94 lakhs).

\# Includes Service Taxes & GST

(v) **DISCLOSURE OF THE STATUS OF OUTSTANDING BALANCES**

(₹ in Lakhs)

	RELATED PARTY TRANSACTIONS SUMMARY	Holding Company		Associates		Key Management Personnel	
		2019	2018	**2019**	2018	**2019**	2018
1	Payables	**18.79**	49.13	**–**	0.33	**–**	–
2	Receivables	**–**	–	**–**	–	**–**	–

Notes forming part of the financial statements (Contd.)

34. Financial Instruments and Related Disclosures

1. **Capital Management**

The Company's financial strategy aims to support its strategic priorities and provide adequate capital to its businesses for growth and creation of sustained stakeholder value. The Company funds its operations through internal accruals. The Company aims at maintaining adequate supply of funds towards future growth of its businesses as a going concern.

2. **Categories of Financial Instruments** (₹ in Lakhs)

Particulars	Note	As at 31st March, 2019		As at 31st March, 2018	
		Carrying Value	Fair Value	Carrying Value	Fair Value
A. Financial assets					
a) Measured at amortised cost					
i) Cash and Cash Equivalents	10	**65.26**	**65.26**	117.83	117.83
ii) Other Bank Balances	11	**1,384.29**	**1,384.29**	529.72	529.72
iii) Trade Receivables	9	**55.70**	**55.70**	23.51	23.51
iv) Other Financial assets	5	**59.62**	**59.62**	1,381.69	1,381.69
Sub - total		**1,564.87**	**1,564.87**	2,052.75	2,052.75
b) Measured at Fair value through Profit & Loss					
- Investments in Mutual Funds	8	**919.66**	**919.66**	610.53	610.53
Sub - total		**919.66**	**919.66**	610.53	610.53
c) Measured at Fair value through Other Comprehensive Income					
- Equity shares	4	**0.00**	**0.00**	0.00	0.00
Sub - total		**0.00**	**0.00**	0.00	0.00
d) Derivatives measured at fair value					
- Derivative instruments not designated as hedging instruments	5	**–**	**–**	0.36	0.36
Sub - total		**–**	**–**	**0.36**	**0.36**
Total financial assets		**2,484.53**	**2,484.53**	2,663.64	2,663.64
B. Financial liabilities					
a) Measured at amortised cost					
(i) Trade Payables		**328.34**	**328.34**	192.94	192.94
(ii) Other financial liabilities	13	**3,211.00**	**3,211.00**	3,249.92	3,249.92
Sub - total		**3,539.34**	**3,539.34**	3,442.86	3,442.86
b) Derivatives measured at fair value					
- Derivative instruments not designated as hedging instruments	13	**1.45**	**1.45**	-	-
Sub - total		**1.45**	**1.45**	-	-
Total financial liabilities		**3,540.79**	**3,540.79**	3,442.86	3,442.86

3. **Financial risk management objectives**

The Company's activities covers operation of a golf course and license arrangement for a hotel property with the holding company. The Company has a system-based approach to risk management, anchored to policies and procedures and internal financial controls aimed at ensuring early identification, evaluation and management of key financial risks (such as market risk, credit risk and liquidity risk) that may arise as a consequence of its business operations as well as its investing and financing activities. Accordingly, the Company's risk management framework has the objective of ensuring that such risks are managed within acceptable and approved risk parameters in a disciplined and consistent manner and in compliance with applicable regulation. It also seeks to drive accountability in this regard. The Company rarely undertakes any transaction denominated in foreign currency which results in exchange rate fluctuations thereby leading to insignificant foreign exchange currency risk.

a) Liquidity risk

The Company's Current assets aggregate to ₹ 2,700.76 lakhs (2018 - ₹ 2,232.01 lakhs) including Current investments, Cash and cash equivalents and Other bank balances of ₹ 2,369.21 lakhs (2018 - ₹ 1,258.08 lakhs) against an aggregate Current liability of ₹ 735.62 lakhs (2018 - ₹ 588.15 lakhs); Non-current liabilities due between one year to three years amounting to ₹ 131.37 lakhs (2018 - ₹ 103.15 lakhs) and Non-current liability due after three years amounting to ₹ 31.33 lakhs (2018 - ₹ 47.95 lakhs) on the reporting date.

Further, the Company's total equity stands at ₹ 23,390.45 lakhs (2018 - ₹ 23,077.72 lakhs), and it has no borrowings. In such circumstances, liquidity risk or the risk that the Company may not be able to settle or meet its obligations as they become due does not exist. Security deposits from individual members have not been included above since these are long term tradeable memberships which are to be refunded at the time of termination or surrender of the membership. Since these memberships are long term in nature, their expiry is not ascertainable. Accordingly, their fair value has been considered to be same as carrying value.

b) Credit risk

Company's deployment in debt instruments are primarily in fixed deposits with highly rated banks. Fixed deposits with banks that are held at amortised cost stood at ₹ 1,385.90 lakhs (2018 - ₹ 1,129.72 lakhs). Thus, counter party risk attached to such assets is considered to be insignificant.

Company's customer base is diverse. The Company's historical experience of collecting receivables, and by the level of default, is that credit risk is low. Individual customer credit limits are sanctioned based on relevant factors such as market feedback, business potential and past records on selective basis. The Company's exposure to trade receivables on the reporting date, net of expected loss provisions, stood at ₹ 55.70 lakhs (2018 – ₹ 23.51 lakhs).

All overdue customer balances are evaluated taking into account the age of the dues, specific credit circumstances, the track record of the counterparty etc. Loss allowances and impairment is recognised, where considered appropriate by the responsible management. Accordingly, allowance for doubtful assets has been recognised based on the review of the Management Committee, where applicable.

c) Market risk

The Company's investments are predominantly held in fixed deposits and liquid mutual funds. Fixed deposits are held with highly rated banks and are not subject to interest rate volatility. The Company also invests in mutual fund schemes of leading fund houses. Such investments are susceptible to market price

Notes forming part of the financial statements (Contd.)

risk that arise mainly from changes in interest rate which may impact the return and value of such investments. However, given the relatively short tenure of underlying portfolio of the mutual fund schemes in which the Company has invested, such price risk is not significant.

4. Fair value measurement

Fair value hierarchy

Fair value of the financial instruments is classified in various fair value hierarchies based on the following three levels:

Level 1: Quoted prices (unadjusted) in active market for identical assets or liabilities

Level 2: Inputs other than quoted price including within level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

The fair value of financial instruments that are not traded in an active market is determined using valuation techniques which maximize the use of observable market data and rely as little as possible on entity-specific estimates. If significant inputs required to fair value an instrument are observable, the instrument is included in Level 2.

Derivatives are valued using valuation techniques with market observable inputs such as foreign exchange spot rates and forward rates at the end of the reporting period, yield curves, risk free rate of returns, volatility etc., as applicable.

Level 3: Inputs for the assets or liabilities that are not based on observable market data (unobservable inputs)

If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3. This is the case with listed instruments where market is not liquid and for unlisted instruments.

The fair value of trade receivables, trade payables and other Current financial assets and liabilities is considered to be equal to the carrying amounts of these items due to their short-term nature. Similarly, unquoted equity instruments where most recent information to measure fair value is insufficient, or if there is a wide range of possible fair value measurements, cost has been considered as the best estimate of fair value.

There has been no change in the valuation methodology for Level 3 inputs during the year.

The following table presents the fair value hierarchy of assets and liabilities measured at fair value on a recurring basis

(₹ in Lakhs)

Particulars	Fair Value		
	Fair Value Hierarchy (Level)	As at 31st March, 2019	As at 31st March, 2018
A. Financial assets			
a) Measured at amortised cost			
- Others Financial assets	3	–	609.03
b) Measured at Fair value through Profit & Loss			
- Investments in Mutual Funds	1	**919.66**	610.53
c) Measured at Fair value through Other Comprehensive Income			
- Equity shares (designated upon initial recognition)	3	**0.00**	0.00
d) Derivatives measured at fair value			
- Derivative instruments not designated as hedging instruments	2	–	0.36
Total financial assets (a+b+c+d)		**919.66**	1,219.92
B. Financial liabilities			
a) Measured at amortised cost			
- Other financial liabilities	3	**3,150.17**	3,174.28
b) Derivatives measured at fair value			
- Derivative instruments not designated as hedging instruments	2	**1.45**	-
Total financial liabilities (a+b)		**3,151.62**	3,174.28

35. Other Disclosures in respect of Revenue from sale of services:

a) Ministry of Corporate Affairs (MCA) has notified Ind AS 115 – "Revenue from Contracts with Customers" effective April 1, 2018, The company has adopted Ind AS 115 using modified retrospective method, wherein the Company has elected to apply practical expedient for contracts that were not completed on or before March 31, 2018. Accordingly, the comparatives have not been retrospectively adjusted. The Company has evaluated and there is no material impact on the financial statements resulting from the implementation of this standard.

b) In respect of advance membership fees collected from Corporate and tenure members:

i) the performance obligations is usage of the services of the club and its facilities over the period of membership ranging from 1 to 5 years. The Company adopts the output method and recognises revenue over the duration of the membership. For the nature of services provided by the club, this method provides the most faithful depiction of the transfer of services to the customer.

ii) the aggregate amount of the transaction price allocated to the performance obligations that are unsatisfied as of the end of the reporting period as on 31st March 2019 and is expected to be recognised in the statement of profit and loss as mentioned below:

Particulars	Amount (₹ in Lakhs)
0 to 1 years	249.19
1 to 3 years	265.40
3 to 5 years	72.46

c) In respect of all other contracts with customers, revenue recognition and performance obligations are generally simultaneous and control is transferred either over time or at a point in time depending on the nature of the terms agreed with the customer.

36. Ministry of Corporate Affairs (MCA) has issued the Companies (Indian Accounting Standards) (Amendment) Rules, 2019 on 30th March, 2019 notifying Ind AS 116, 'Leases' and amending Ind AS 12 'Income Taxes'. The same are applicable for financial statements pertaining to annual periods beginning on or after 1st April, 2019. The Company does not expect the impact to be material.

37. The financial statements were approved for issue by the Board of Directors on 26th April, 2019.

On behalf of the Board

N. Anand	Chairman
B. Hariharan	Managing Director
Ravi Khyani	Chief Financial Officer
Rucche Siingh	Company Secretary

Place : New Delhi
Date : 26th April, 2019

REPORT OF THE BOARD OF DIRECTORS FOR THE FINANCIAL YEAR ENDED 31st MARCH, 2019

Your Board of Directors ('the Board') hereby submit their Report for the financial year ended 31st March, 2019.

OPERATING ENVIRONMENT

The year under review continued to remain an extremely challenging for the seed potato industry. Potato prices which had ruled firm till November, 2018 dropped sharply due to higher left over stocks in cold stores and the upcoming fresh crop. This adversely impacted the seed market in West Bengal and Gujarat amongst others. In these difficult circumstances, the Company leveraged the strength of its brand, superior product quality, better on-field performance and strong trade & customer relationship to increase its Revenue from Operations to ₹ 160.26 crores (previous year: ₹ 76.89 crores), with Net Profit of ₹ 8.20 crores (previous year: loss of ₹ 14.07 crores).

The parent company continued to leverage your Company's leadership in the area of early generation seed potatoes and strengths in agronomy, to support its 'Bingo! Yumitos' range of potato chips and in servicing the seed potato requirements of its farmer base anchored to its e-choupal system. Further, during the year, your Company continued supply of fresh market potatoes and chipstock to organised retailers and processors, respectively, leveraging its existing competencies, while providing strong market linkages to farmers who buy the Company's seed potatoes.

SEEDS BUSINESS

(a) Growing of TECHNITUBER® Seed Potatoes

During the year under review, your Company harvested 133.82 lakhs TECHNITUBER® seed potatoes (previous year: 146.68 lakhs) at its green houses in Manpura, Himachal Pradesh.

(b) Field agricultural operations

Due to frequent and heavy rains during February and March, harvesting was delayed. Till 31st March, 2019, your Company harvested 79,440 MT (previous year: 82,558 MT) of early generation seed potatoes. Including the crop in the field, the final harvest is expected to be around 88,000 MT. Your Company continued to trial and introduce new varieties of potatoes that improve farm yields and augment farmer incomes on the one hand, while supporting the requirements of the processing industry on the other. Your Company also continued to promote farm & storage mechanisation and showcase the latest technology in the said areas, and quality seed & agronomy practices to farmers.

Your Company is exposed to the inherent risk of crop losses due to weather conditions and diseases. The Company seeks to address these risks by widening the geographical spread of farms and farmers, coupled with the use of multiple varieties of crop that have some resistance to the agricultural risks of frost, blight, rotting and so on.

(c) Marketing

Your Company sold 66,850 MT of early generation seed potatoes as against 58,909 MT in the previous year. TECHNITUBER® seed potato exports were lower at 27.57 lakhs vs. 42.09 lakhs in the previous year, since local demand was very strong.

Your Company is exposed to market risks arising from fluctuations in the demand and price environment in potato markets. While it has no control over market behaviour, your Company seeks to continually reinforce its market standing on the strength of its proprietary technology, package of agronomy practices and farmer relationships, and by diversifying the geographies in which it operates.

However, your Company is confident of its competitive edge in the market place and its capacity to deliver superior product performance, premised on the strong demand for its seed potatoes from loyal customer and farmer bases, fueled by its superior technology and the expertise of its contract farmers and employees.

FRUITS AND VEGETABLES BUSINESS

Your Company has been building capabilities for sourcing and supply of fruits and vegetables, specially potatoes, onions and apples, from its farmer base and supplying to processors and retailers. This business has started scaling up in Delhi / NCR and the Company has also started providing back-end sourcing support to the 'Farmland' brand of potatoes and apples launched by its parent company.

FINANCIAL PERFORMANCE

The financial results of your Company, summarised, are as under:

(₹ in lakhs)

	For the year ended 31st March, 2019	For the year ended 31st March, 2018
Profits		
a. Profit / (Loss) Before Tax	**847.06**	(1,646.58)
b. Less : Tax Expense	**27.56**	(239.50)
c. Profit / (Loss) After Tax	**819.50**	(1,407.08)
d. Add : Other Comprehensive Income	**3.50**	5.37
e. Total Comprehensive Income / (Loss)	**823.00**	(1,401.71)
Retained Earnings		
a. At the beginning of the year	**2,953.87**	8,467.78
b. Add : Profit / (Loss) for the year	**819.50**	(1,407.08)
c. Add : Other Comprehensive Income	**3.50**	5.37
d. Less: Interim Dividend paid	**–**	3,416.65
e. Less: Income Tax on Interim Dividend	**–**	695.55
f. At the end of the year	**3,776.87**	2,953.87

DIRECTORS AND KEY MANAGERIAL PERSONNEL

(a) Changes in Directors and Key Managerial Personnel during the year

During the year under review, Mr. Arup Kumar Mukerji, consequent to his retirement from the services of ITC Limited, the Holding Company, stepped down as Non-Executive Director of your Company with effect from 18th July, 2018. Your Directors place on record their appreciation for the contribution made by Mr. Mukerji during his tenure.

The Board at the meeting held on 20th August, 2018, appointed Mr. Dharmarajan Ashok (DIN: 02009735) as an Additional Director of the Company with effect from the said date. In accordance with Section 161 of the Companies Act, 2013 ('the Act') and Article 109 of the Articles of Association of the Company, Mr. Ashok 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 26th April, 2019, recommended for the approval of the Members, the appointment of Mr. Ashok as a Non-Executive Director of your Company, liable to retire by rotation. Requisite Notice under Section 160 of the Act has been received by the Company for appointment of Mr. Ashok, who has filed his consent to act as a Director of your Company, if appointed. Appropriate resolution seeking your approval to Mr. Ashok's appointment is appearing in the Notice convening the ensuing AGM of the Company.

The Board at the meeting held on 26th April, 2019, also re-appointed Mr. Sachidanand S. Madan as Wholetime Director of the Company with effect from 1st June, 2019, in terms of the provisions of Sections 196, 197 and 203 of the Act, subject to the approval of the Members of the Company. Appropriate resolution seeking your approval to Mr. Madan's re-appointment as Wholetime Director is appearing in the Notice convening the ensuing AGM of the Company. Mr. Madan is also the Company Secretary of the Company.

In accordance with the provisions of Section 152 of the Act read with Article 123 of the Articles of Association of the Company, Mr. Surampudi Sivakumar (DIN: 00341392) 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.

(b) Board Evaluation

The Board carried out annual performance evaluation of its own performance and that of the individual Directors, as required under Section 134 of the Act, based on criteria approved by the Board. The Chairman of the CSR Committee placed before the Board, report on functioning of the Committee during the year.

BOARD AND BOARD COMMITTEE

The composition of the CSR Committee is given below:

CSR Committee

Mr. S. Sivakumar	–	Chairman
Mr. D. Ashok	–	Member
Mr. Sachidanand S. Madan	–	Member

Five meetings of the Board were held during the year ended 31st March, 2019.

DIRECTOR'S RESPONSIBILITY STATEMENT

As required under Section 134 of the Act, your Directors confirm having:

a) followed in the preparation of the Annual Accounts, the applicable Accounting Standards with proper explanation relating to material departures, if any;

b) selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of your Company at the end of the financial year and of the profit of your Company for that period;

c) taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of your Company and for preventing and detecting fraud and other irregularities;

d) prepared the Annual Accounts on a going concern basis; and

e) devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems are adequate and operating effectively.

INTERNAL FINANCIAL CONTROLS

The Corporate Governance Policy of your Company that delineates the roles, responsibilities and authorities of the key functionaries involved in governance, coupled with the Code of Conduct that commits management to the Company's financial and accounting policies, systems and processes, provide the foundation for the Company's Internal Financial Controls with reference to the Financial Statements.

The Financial Statements of the Company are prepared on the basis of the Significant Accounting Policies that are carefully selected by the management and approved by the Board. The tenets of these Policies are implemented through the Accounting Manual, Standard Operating Procedures and pre-determined authority levels for executing transactions. These, along with the transactional controls built into the IT systems, ensure appropriate segregation of duties and approval mechanisms commensurate with the level of responsibility. Management reviews the aforesaid regime of controls and its operating effectiveness. Internal audits are conducted and the findings and recommendations arising from such audits are reviewed by the Board and tracked through to implementation.

Your Company has in place adequate Internal Financial Controls with reference to the Financial Statements, commensurate with its size and nature of its operations. Such Controls have been tested during the year taking into consideration the essential components of internal controls stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India. Based on the results of such assessment carried out by the management, no reportable material weakness or significant deficiency in the design or operation of internal financial controls was observed. Nonetheless, your Company recognises that any internal financial control framework, no matter how well designed, has inherent limitations and accordingly, regular audit and review processes ensure that such systems are reinforced on an ongoing basis.

RISK MANAGEMENT

The Risk Management Policy of the Company, as approved by the Board, is designed to assess, mitigate and monitor risks arising out of the overall strategy of the Company and its regulatory environment. The Internal Auditor of the Company is mandated to carry out risk focused audits that enable review of risk management processes by the Board.

While your Company has no control over market behaviour, the management and mitigation of market risk is rooted in your Company's strategy of continually reinforcing its competitive edge in the market place premised on its proprietary technology and the expertise of its employees and contract farmers on the one hand, and its loyal customer 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 will continue to focus on strengthening its risk management framework to protect business value from uncertainty and consequent losses through measures that are embedded in its business strategies and processes to the extent practical and effective in the long-term.

SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES

The Company does not have any subsidiary, associate or joint venture.

PARTICULARS OF EMPLOYEES

The details of employee(s) drawing remuneration more than the limit specified in Rule 5(2) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 along with the details of top ten employees of the Company in terms of remuneration drawn, as required under the said Rule, are provided in **Annexure 1** to this Report.

The Company seeks to enhance equal opportunities for men and women and is committed to a gender-friendly workplace. Your Company has constituted an Internal Complaints Committee in compliance with the applicable provisions of the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013. During the year under review, no complaint for sexual harassment was received.

PARTICULARS OF LOANS, GUARANTEES AND INVESTMENTS

During the year ended 31st March, 2019, the Company has neither given any loan or guarantee nor has made any investment under Section 186 of the Act.

RELATED PARTY TRANSACTIONS

The details of material related party transactions of the Company in the prescribed Form No. AOC-2 are enclosed under **Annexure 2** to this Report.

SIGNIFICANT AND MATERIAL ORDERS PASSED BY THE REGULATORS / COURTS / TRIBUNALS

During the year under review, no significant or material orders were passed by the Regulators / Courts / Tribunals impacting the going concern status of the Company and its future operations.

COST RECORDS

The Company is not required to maintain cost records in terms of Section 148 of the Act read with the Companies (Cost Records and Audit) Rules, 2014.

EXTRACT OF ANNUAL RETURN

The extract of Annual Return in the prescribed Form No. MGT-9 is enclosed as **Annexure 3** to this Report.

STATUTORY AUDITORS

The Company's Auditors, Messrs. Price Waterhouse, Chartered Accountants, who were appointed with your approval at the 15th AGM for a period of five years, will complete their present term on conclusion of the ensuing 20th AGM of the Company.

The Board has recommended for the approval of the Members, the appointment of Messrs. S R B C & CO LLP, Chartered Accountants ('SRBC'), as the Auditors of the Company for a period of five years from the conclusion of the ensuing 20th AGM till the conclusion of the 25th AGM. SRBC have given their consent to act as the Auditors of the Company and have confirmed that the said appointment, if made, will be in accordance with the conditions prescribed under Sections 139 and 141 of the Act. The Board has also recommended for the approval of the Members, the remuneration of SRBC for the financial year 2019-20. Appropriate resolution seeking your approval to the appointment and remuneration of SRBC as the Auditors is appearing in the Notice convening the 20th AGM of the Company.

COMPLIANCE WITH SECRETARIAL STANDARDS

The Company is in compliance with the applicable Secretarial Standards issued by the Institute of Company Secretaries of India and approved by the Central Government under Section 118 of the Act.

CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION, FOREIGN EXCHANGE EARNINGS AND OUTGO

The information with respect to conservation of energy, technology absorption and foreign exchange earnings and outgo in terms of Section 134 of the Act read with Rule 8 of the Companies (Accounts) Rules, 2014 is enclosed under **Annexure 4** to this Report.

On behalf of the Board

S. Sivakumar
Chairman

Dated : 26th April, 2019

Annexure 1 to the Report of the Board of Directors for the financial year ended 31st March, 2019

[Information pursuant to Rules 5(2) and 5(3) of the Companies (Appointment & Remuneration of Managerial Personnel) Rules, 2014]

Name of employees	Age	Designation	Gross Remuneration (₹)	Net Remuneration (₹)	Qualifications	Experience (Years)	Date of Commencement of Employment/ Deputation	Previous Employment/ Position held
1	2	3	4	5	6	7	8	9
Sachidanand S. Madan *	60	Wholetime Director & Company Secretary	1,41,12,538/-	63,97,395/-	B.Com. (Hons.), A.C.A., A.C.S.	37	01.04.2012	Russell Credit Limited - on deputation to Technico Agri Sciences Limited
S. Pal Singh *	57	Vice President - Agronomy	73,22,586/-	40,77,111/-	M.Sc. (Agronomy)	33	01.04.2012	Russell Credit Limited - on deputation to Technico Agri Sciences Limited
N. K. Jha *	43	Head - Sales, Marketing & New Business	49,86,100/-	31,36,988/-	M.Sc. (Agriculture), M.S. (IT in Agriculture), M.B.A. (Marketing)	15	16.08.2007	Reliance Retail Limited - State Head - Planning & MIS
Sanjeev Madan	53	Chief Financial Officer	38,02,541/-	26,86,719/-	B.Com. (Hons.), F.C.A.	27	01.08.2005	Saboo Coatings Ltd. - Chief Finance Officer
A. Aggarwal	40	Deputy General Manager - Finance	21,32,532/-	15,83,832/-	B.Com., A.C.A.	17	03.03.2006	Satyam Computer Services Ltd. - Sr. Associate
R. Aggarwal	23	Deputy Manager - Finance	16,83,328/-	12,24,227/-	B.Com. (Hons.), A.C.A.	2	21.05.2018	ITC Limited - Manager, Finance
R. Singh	48	Deputy General Manager - Facility	19,40,353/-	15,39,481/-	M.Sc. (Agriculture)	24	15.05.2000	Salora Floritech Ltd. - Horticulturist
T. Pant	52	Deputy General Manager - Agronomy	18,70,930/-	14,77,921	M.Sc. (Agriculture)	24	01.08.2001	Indomint Agriproducts Pvt. Ltd. - Area Manager
S. Dua	38	Head - F&V (North)	15,73,573/-	12,79,423/-	B.Sc. (Hons.) (Agriculture), PGD -ABPM	15	01.05.2017	INI Farms Pvt. Ltd. / Asst. General Manager - Sales
S. Manjkhola	45	Manager - Facility	13,41,688/-	10,95,910/-	M.Sc. (Env. Science), Ph.D.	20	02.07.2007	Reliance Retail Limited - Dy. Manager

* On deputation from ITC Limited, the Holding Company (ITC)

** On deputation from ITC, with effect from 21st May, 2018.

Notes:

a. Gross remuneration includes salary, variable pay, allowances & other benefits / applicable perquisites except provisions for gratuity and leave encashment which are actuarially determined on an overall Company basis. The term 'remuneration' has the meaning assigned to it under the Companies Act, 2013.

b. Net remuneration comprises cash income less income tax, education cess deducted at source and employee's own contribution to provident fund.

c. Certain employees (including deputed employees) have been granted Stock Options by ITC in previous year(s) under its Employee Stock Option Schemes at 'market price' [within the meaning of the Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014]. ITC has also granted Employee Stock Appreciation Linked Reward Units (ESAR Units) to deputed employees under its Stock Appreciation Linked Reward Plan. Since these Stock Options and ESAR Units are not tradeable, no perquisite or benefit is conferred upon the employee by grant of such Options / Units, and accordingly the said grant has not been considered as remuneration.

d. All appointments (except deputed employees) are contractual in accordance with terms and conditions as per Company's rules.

e. The aforesaid employees are neither relative of any Director of the Company nor hold any equity share in the Company.

On behalf of the Board

Dated : 26th April, 2019

S. Sivakumar
Chairman

Annexure 2 to the Report of the Board of Directors for the financial year ended 31st March, 2019

FORM NO. AOC-2

[Pursuant to Section 134(3)(h) of the Companies Act, 2013 and Rule 8(2) of the Companies (Accounts) Rules, 2014]

Form for disclosure of particulars of contracts / arrangements entered into by the Company with related parties referred to in sub-section (1) of Section 188 of the Companies Act, 2013 including certain arm's length transactions under third proviso thereto

1. Details of contracts or arrangements or transactions not at arm's length basis

a)	Name(s) of the related party and nature of relationship	**NIL**
b)	Nature of contracts / arrangements / transactions	
c)	Duration of the contracts / arrangements / transactions	
d)	Salient terms of the contracts or arrangements or transactions including the value, if any	
e)	Justification for entering into such contracts or arrangements or transactions	
f)	Date(s) of approval by the Board	
g)	Amount paid as advances, if any	
h)	Date on which the special resolution was passed in general meeting as required under first proviso to Section 188	

2. Details of material contracts or arrangements or transactions at arm's length basis

a)	Name(s) of the related party and nature of relationship	ITC Limited, the Holding Company (ITC)
b)	Nature of contracts / arrangements / transactions	Sale of potatoes (chipstock), fruits and vegetables
c)	Duration of the contracts / arrangements / transactions	1st April, 2018 to 31st March, 2019
d)	Salient terms of the contracts or arrangements or transactions including the value, if any	The Company sold potatoes and fruits & vegetables to ITC having aggregate sale value of ₹ 3,521.17 lakhs
e)	Date(s) of approval by the Board, if any	20th March, 2018
f)	Amount paid as advances, if any	Nil

On behalf of the Board

Dated : 26th April, 2019

S. Sivakumar *Chairman*

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, 2019

[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 Finserv Private Limited Corporate one, First Floor, 5 Commercial Centre, Jasola, New Delhi – 110025 Phone: 011 – 4658 1300

II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

All the business activities contributing 10% or more of the total turnover of the Company shall be stated:

Sl. No.	Name and Description of main products / services	NIC Code of the product / service	% to total turnover of the Company
1.	Sale of Biological Assets	01135	65%
2.	Sale of Fruits and Vegetables	46301	35%

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES

Sl. No.	Name and Address of the company	CIN / GLN	Holding / Subsidiary / Associate	% of shares held in the Company	Applicable Section
1.	ITC Limited Virginia House, 37 Jawaharlal Nehru Road, Kolkata – 700 071	L16005WB1910PLC001985	Holding company	100.00%	2(46)

IV. SHAREHOLDING PATTERN (Equity Share Capital Breakup as percentage of Total Equity)

(i) Category-wise Shareholding:

Category of Shareholders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
A. Promoters									
(1) Indian									
a) Individual/HUF	–	–	–	–	–	–	–	–	**N.A.**
b) Central Govt.	–	–	–	–	–	–	–	–	**N.A.**
c) State Govt.(s)	–	–	–	–	–	–	–	–	**N.A.**
d) Bodies Corp.	3,79,62,794	6	3,79,62,800	100.00	3,79,62,794	6	3,79,62,800	100.00	**Nil**
e) Banks / FI	–	–	–	–	–	–	–	–	**N.A.**
f) Any Other	–	–	–	–	–	–	–	–	**N.A.**
Sub-total (A)(1)	**3,79,62,794**	**6**	**3,79,62,800**	**100.00**	**3,79,62,794**	**6**	**3,79,62,800**	**100.00**	**Nil**
(2) Foreign									
a) NRIs - Individuals	–	–	–	–	–	–	–	–	**N.A.**
b) Other – Individuals	–	–	–	–	–	–	–	–	**N.A.**
c) Bodies Corp.	–	–	–	–	–	–	–	–	**N.A.**
d) Banks / FI	–	–	–	–	–	–	–	–	**N.A.**
e) Any Other	–	–	–	–	–	–	–	–	**N.A.**
Sub-total (A)(2)	–	–	–	–	–	–	–	–	**N.A.**
Total shareholding of Promoter (A) = (A)(1)+(A)(2)	**3,79,62,794**	**6**	**3,79,62,800**	**100.00**	**3,79,62,794**	**6**	**3,79,62,800**	**100.00**	**Nil**
B. Public Shareholding									
1. Institutions									
a) Mutual Funds	–	–	–	–	–	–	–	–	**N.A.**
b) Banks / FI	–	–	–	–	–	–	–	–	**N.A.**
c) Central Govt.	–	–	–	–	–	–	–	–	**N.A.**
d) State Govt.(s)	–	–	–	–	–	–	–	–	**N.A.**
e) Venture Capital Funds	–	–	–	–	–	–	–	–	**N.A.**
f) Insurance Companies	–	–	–	–	–	–	–	–	**N.A.**
g) FIIs	–	–	–	–	–	–	–	–	**N.A.**
h) Foreign Venture Capital Funds	–	–	–	–	–	–	–	–	**N.A.**
i) Others (specify)	–	–	–	–	–	–	–	–	**N.A.**
Sub-total (B)(1)	–	–	–	–	–	–	–	–	**N.A.**
2. Non-Institutions									
a) Bodies Corp.									
i) Indian	–	–	–	–	–	–	–	–	**N.A.**
ii) Overseas	–	–	–	–	–	–	–	–	**N.A.**
b) Individuals i) Individual shareholders holding nominal share capital upto ₹ 1 lakh ii) Individual shareholders holding nominal share capital in excess of ₹ 1 lakh	–	–	–	–	–	–	–	–	**N.A.**
c) Others (specify)	–	–	–	–	–	–	–	–	**N.A.**
Sub-total (B)(2)	–	–	–	–	–	–	–	–	**N.A.**
Total Public Shareholding (B)=(B)(1)+ (B)(2)	–	–	–	–	–	–	–	–	**N.A.**
C. Shares held by Custodian for GDRs & ADRs	–	–	–	–	–	–	–	–	**N.A.**
Grand Total (A+B+C)	**3,79,62,794**	**6**	**3,79,62,800**	**100.00**	**3,79,62,794**	**6**	**3,79,62,800**	**100.00**	**Nil**

(ii) Shareholding of Promoters:

Sl. No.	Shareholder's Name	Shareholding at the beginning of the year			Shareholding at the end of the year			% change in shareholding during the year
		No. of Shares	% of total Shares of the Company	% of Shares pledged / encumbered to total Shares	No. of Shares	% of total Shares of the Company	% of Shares pledged / encumbered to total Shares	
1.	ITC Limited	3,79,62,800	100.00	Nil	3,79,62,800	100.00	Nil	Nil

(iii) Change in Promoters' Shareholding (please specify, if there is no change):

Sl. No.		Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of Shares	% of total Shares of the Company	No. of Shares	% of total Shares of the Company
	At the beginning of the year	No change during the year			
	Date wise Increase / Decrease in Promoter's Shareholding during the year				
	At the end of the year				

(iv) Shareholding Pattern of top ten Shareholders (other than Directors, Promoters and Holders of GDRs and ADRs): Not Applicable

(v) Shareholding of Directors and Key Managerial Personnel: None of the Directors and Key Managerial Personnel hold any share in the Company in their individual capacity.

V. INDEBTEDNESS

Indebtedness of the Company including interest outstanding / accrued but not due for payment: Nil

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

A. Remuneration to Managing Director, Wholetime Directors and/or Manager:

(₹ in Lakhs)

Sl. No.	Particulars of Remuneration	Sachidanand S. Madan (Wholetime Director and Company Secretary) *(refer Note 1)*
1.	Gross Salary	
	(a) Salary as per provisions contained in Section 17(1) of the Income Tax Act, 1961	117.32
	(b) Value of perquisites under Section 17(2) of the Income Tax Act, 1961	17.61
	(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)		**134.93**
Ceiling as per the Companies Act, 2013		**> ₹ 84 lakhs per annum** *(refer Note 2)*

Note 1: Mr. Sachidanand S. Madan is on deputation from ITC Limited (ITC) and has been granted Stock Options in previous year(s) and Employee Stock Appreciation Linked Reward Units (ESAR Units) in the current year by ITC under its Employee Stock Option Schemes and Stock Appreciation Linked Reward Plan, respectively. Since these Stock Options / ESAR Units are not tradeable, no perquisite or benefit is conferred upon the employee by grant of such Options / Units, and accordingly the said grant has not been considered as remuneration. Further, the appointment of Mr. Madan is governed by the resolutions passed by the Board and the shareholders of the Company. The statutory provisions apply with respect to notice period and severance fee.

Note 2: Ceiling as per Part II of Schedule V to the Companies Act, 2013 has been disclosed, considering that the profits of the Company for the financial year ended 31st March, 2019 are inadequate.

B. Remuneration to other Directors:

(₹ in Lakhs)

Sl. No.	Name of the Directors	Particulars of Remuneration			Total Amount
		Fee for attending Board and Board Committee meetings	Commission	Others, please specify	
1.	**Independent Directors**				
	Total Amount (B)(1)				**Nil**
2.	**Other Non-Executive Directors**				
	S. Sivakumar	Nil	Nil	Nil	Nil
	D. Ashok				
	S. Ganesh Kumar				
	D. McDonald				
	Total Amount (B)(2)				
Total Amount (B) = (B)(1) + (B)(2)					**Nil**
Total Managerial Remuneration (A + B)					**134.93**
Overall ceiling as per the Companies Act, 2013					**> ₹ 84 lakhs per annum** *(Refer Note)*

Note: Ceiling as per Part II of Schedule V to the Companies Act, 2013 has been disclosed, considering that the profits of the Company for the financial year ended 31st March, 2019 are inadequate.

C. Remuneration to Key Managerial Personnel other than MD / Manager / WTD:

(₹ in Lakhs)

Sl. No.	Particulars of Remuneration	Mr. Sanjeev K. Madan (Chief Financial Officer) *(refer Note)*
1.	Gross Salary	
	(a) Salary as per provisions contained in Section 17(1) of the Income Tax Act, 1961	34.36
	(b) Value of perquisites under Section 17(2) of the Income Tax Act, 1961	0.36
	(c) Profits in lieu of salary under Section 17(3) of the Income Tax Act, 1961	–
2.	Stock Option	–
3.	Sweat Equity	–
4.	Commission - as % of profit - others, specify	–
5.	Others, please specify	–
Total Amount		**34.72**

Note: Mr. Sanjeev Madan has been granted Stock Options by ITC Limited in previous year(s) under its Employee Stock Option Schemes at 'market price' [within the meaning of the Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014]. Since such Options are not tradeable, no perquisite or benefit is conferred upon him by such grant of Options, and accordingly the said grant has not been considered as remuneration.

VII. PENALTIES / PUNISHMENT / COMPOUNDING OF OFFENCES against the Company, Directors and other Officers in Default under the Companies Act, 2013: None

On behalf of the Board

S. Sivakumar
Chairman

Dated : 26th April, 2019

Annexure 4 to the Report of the Board of Directors for the financial year ended 31st March, 2019

CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION, FOREIGN EXCHANGE EARNINGS AND OUTGO

i. Conservation of Energy

The Company continued to make efforts to improve its energy usage efficiencies. Various key performance indicators like energy consumed per unit of production, trends in total energy consumed over the years etc. are constantly tracked to monitor energy consumption. However, the total cost of energy in the Company's operations is quite small. Some of the measures adopted include:

1. Improvement in energy usage efficiencies of lighting systems by switching over to higher efficiency Light Emitting Diodes (LEDs).
2. Utilising natural sunlight in the Company's office through large glass windows to reduce electricity consumption for lighting.

Given the limited cost of energy in its overall operations at present, the Company does not have any active proposal for using alternate energy sources.

ii. Research and Development

Your Company continues to be engaged in Research and Development activities in both TECHNITUBER® seed potato production as well as field generated seed potato production with the objectives of reducing consumption of water and fertilisers, using new chemicals to minimise disease pressure and thus reduced agricultural risk 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 at a reputed third party facility and is presently marketing the same in select States on a test basis.

iii. Technology Absorption, Adaptation and Innovation - Not Applicable

iv. Foreign Exchange Earnings and Outgo (₹ in lakhs)

Foreign Exchange Earnings	:	132.46
Foreign Exchange Outgo	:	15.16

On behalf of the Board

S. Sivakumar
Chairman

Dated : 26th April. 2019

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF TECHNICO AGRI SCIENCES LIMITED

Report on the audit of the Financial Statements

Opinion

1. We have audited the accompanying financial statements of Technico Agri Sciences Limited ("the Company"), which comprise the balance sheet as at March 31, 2019, and the statement of Profit and Loss (including Other Comprehensive Income), statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information.

2. In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Companies Act, 2013 ("the Act") in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2019, and total comprehensive income (comprising of profit and other comprehensive income), changes in equity and its cash flows for the year then ended.

Basis for opinion

3. We conducted our audit in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the Act. Our responsibilities under those Standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India together with the ethical requirements that are relevant to our audit of the financial statements under the provisions of the Act and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Information

4. The Company's Board of Directors is responsible for the other information. The other information comprises the information included in the Directors report, but does not include the financial statements and our auditor's report thereon.

   Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

   In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

   We have nothing to report in this regard.

   Responsibilities of management and those charged with governance for the financial statements

5. The Company's Board of Directors is responsible for the matters stated in section 134(5) of the Act with respect to the preparation of these financial statements that give a true and fair view of the financial position, financial performance, changes in equity and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under section 133 of the Act. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate 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.

6. In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so. Those Board of Directors are also responsible for overseeing the Company's financial reporting process.

Auditor's responsibilities for the audit of the financial statements

7. Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

8. As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

   - Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
   - Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under Section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the company has adequate internal financial controls with reference to financial statements in place and the operating effectiveness of such controls.
   - Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
   - Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
   - Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

9. We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

10. We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

Report on other legal and regulatory requirements

11. 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 B a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.

12. As required by Section 143(3) of the Act, we report that:

    (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.

    (b) In our opinion, proper books of account as required by law

have been kept by the Company so far as it appears from our examination of those books

(c) The Balance Sheet, the Statement of Profit and Loss (including other comprehensive income), the Statement of Changes in Equity and 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.

(e) On the basis of the written representations received from the directors as on March 31, 2019 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2019 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 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 31 to the financial statements;

ii. The Company has long-term contracts as at March 31, 2019 for which there were no material foreseeable losses. The company did not have any derivative contracts as at March 31, 2019.

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, 2019.

iv. The reporting on disclosures relating to Specified Bank Notes is not applicable to the Company for the year ended March 31, 2019.

For Price Waterhouse

Firm Registration Number: 301112E

Chartered Accountants

Avijit Mukerji

Partner

Membership Number 056155

Place : Kolkata

Date: April 26, 2019

Annexure A to Independent Auditors' Report

Referred to in paragraph 12(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 31, 2019

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 with reference to financial statements of Technico Agri Sciences Limited ("the Company") as of March 31, 2019 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 with reference to financial statements based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") and the Standards on Auditing 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 with reference to financial statements 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 with reference to financial statements and their operating effectiveness. Our audit of internal financial controls with reference to financial statements included obtaining an understanding of internal financial controls with reference to financial statements, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

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 with reference to financial statements.

Meaning of Internal Financial Controls with reference to financial statements

6. A company's internal financial controls with reference to financial statements is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial controls with reference to financial statements includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls with reference to financial statements

7. Because of the inherent limitations of internal financial controls with reference to financial statements, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls with reference to financial statements to future periods are subject to the risk that the internal financial control controls with reference to financial statements may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

8. In our opinion, the Company has, in all material respects, an adequate internal financial controls system with reference to financial statements and such internal financial controls with reference to financial statements were operating effectively as at March 31, 2019, 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 : Kolkata

Date: April 26, 2019

Annexure B to Independent Auditors' Report

Referred to in paragraph 11 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 31, 2019

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 3 on Property, plant and equipment 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/biological assets excluding stocks with third parties have been conducted at reasonable intervals by the Management during the year. In respect of inventory/biological assets lying with third parties, these have substantially been confirmed by them.The discrepancies noticed on physical verification of inventory/biological assets 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, goods and service 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, service tax, duty of customs and duty of excise or value added tax or goods and service tax which have not been deposited on account of any dispute. The particulars of dues of income tax as at March 31, 2019 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
The Income Tax Act, 1961	Penalty under section 271(1)(c)	16,220,314	A/Y 2003-04 to A/Y 2006-07	Income Tax Appellate Tribunal (Refer note below)
The Income Tax Act, 1961	Income tax demand	23,530,480	A/Y 2012-13	Income Tax Appellate Tribunal
The Income Tax Act, 1961	Income tax demand	49,681,850	A/Y 2013-14	Commissioner of Income Tax (Appeals)
The Income Tax Act, 1961	Income tax demand	53,762,960	A/Y 2014-15	Commissioner of Income Tax (Appeals)
The Income Tax Act, 1961	Income tax demand	106,685,254	A/Y 2016-17	Commissioner of Income Tax (Appeals)

Note: Subsequent to the year end, the Company has received an order in relation to A/Y 2003-04 to A/Y 2006-07 from Income Tax Appellate Tribunal (ITAT) dated April 18, 2019 pursuant to which the penalty is deleted.

viii. According to the records of the Company examined by us and the information and explanation given to us, the company has not defaulted in repayment of dues to any bank as at the balance sheet date. The company does not have any loans or borrowings from any financial institution or Government nor has it issued any debentures as at the balance sheet date.

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 Section 188 of the Act. The details of such related party transactions have been disclosed in the financial statements as required under Indian Accounting Standard (Ind AS) 24, Related Party Disclosures specified under Section 133 of the Act. 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 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: Kolkata
Date: April 26, 2019

BALANCE SHEET AS AT 31 MARCH 2019

(Amount in ₹ lakhs)

Particulars	Notes	As at 31 March 2019	As at 31 March 2018
ASSETS			
Non-current assets			
(a) Property, plant and equipment	3.1	**877.39**	959.79
(b) Intangible assets	3.2	**3.05**	3.28
(c) Financial assets			
– Other financial assets	6	**9.38**	9.40
(d) Deferred tax assets (Net)	7	**291.83**	352.89
(e) Other non-current assets	8	**130.97**	71.88
Total non-current assets		**1312.62**	1397.24
Current assets			
(a) Inventories	9	**1405.84**	828.39
(b) Biological assets other than bearer plants	4	**8160.32**	8654.65
(c) Financial assets			
(i) Investments	5	**1301.89**	–
(ii) Trade receivables	10	**435.63**	149.23
(iii) Cash and cash equivalents	11	**204.98**	163.90
(iv) Other financial assets	6	**6.74**	0.28
(d) Other current assets	8	**226.23**	153.28
Total current assets		**11741.63**	9949.73
Total assets		**13054.25**	11346.97
EQUITY AND LIABILITIES			
Equity			
(a) Equity share capital	12	**3796.28**	3796.28
(b) Other equity	13	**3776.87**	2953.87
Total equity		**7573.15**	6750.15
Liabilities			
Non-current liabilities			
(a) Financial liabilities			
– Other financial liabilities	17	**13.52**	–
(b) Provisions	14	**12.64**	15.81
Total non-current liabilities		**26.16**	15.81
Current liabilities			
(a) Financial liabilities			
(i) Borrowings	15	**–**	1056.28
(ii) Trade payables			
(a) total outstanding dues of micro enterprises and small enterprises	16	**–**	–
(b) total outstanding dues of creditors other than micro enterprises and small enterprises"	16	**3879.26**	2447.47
(iii) Other financial liabilities	17	**118.72**	110.98
(a) Contract liabilities	17A	**1371.13**	891.18
(b) Other current liabilities	18	**40.52**	31.22
(c) Provisions	14	**45.31**	43.88
Total current liabilities		**5454.94**	4581.01
Total liabilities		**5481.10**	4596.82
Total equity and liabilities		**13054.25**	11346.97

The accompanying notes 1 to 46 are an integral part of the financial statements

This is the Balance Sheet referred to in our report of even date.

For Price Waterhouse
Firm registration number: 301112E
Chartered Accountants

Avijit Mukerji
Partner
Membership no.: 056155

Place: Kolkata
Date: 26 April, 2019

For and on behalf of the Board of Directors of Technico Agri Sciences Limited

S. Sivakumar
Chairman

Sachidanand S. Madan
Director and Company Secretary

Place : Hyderabad
Date : 26 April, 2019

Sanjeev K. Madan
Chief Financial Officer

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31 MARCH 2019

(Amount in ₹ lakhs)

	Particulars	Notes	For the year ended 31 March 2019	For the year ended 31 March 2018
I	Revenue from operations	19	**16025.83**	7689.19
II	Other income	20	**235.03**	507.77
III	**Total Income (I+II)**		**16260.86**	8196.96
IV	**Expenses**			
	Cost of raw material and components consumed	21	**946.54**	829.58
	Purchases of stock-in-trade and biological assets	22	**4760.03**	1500.43
	Changes in inventories of finished goods, stock-in-trade and biological assets	23, 4	**(91.38)**	(1839.33)
	Employee benefits expense	24	**1015.76**	1059.48
	Finance costs	25	**80.33**	161.73
	Depreciation and amortisation expense	26	**105.00**	111.88
	Other expenses	27	**8597.52**	8019.77
	Total expenses (IV)		**15413.80**	9843.54
V	**Profit/(Loss) before tax (III-IV)**		**847.06**	(1646.58)
VI	Tax expenses :			
	(1) Current tax	28	**(33.38)**	110.57
	(2) Deferred tax	7, 28	**60.94**	(350.07)
	Total tax expenses		**27.56**	(239.50)
VII	**Profit/(Loss) for the year (V-VI)**		**819.50**	(1407.08)
VIII	**Other comprehensive income**			
	(i) Items that will not be reclassified to profit or loss			
	– Remeasurements of net defined benefit liability	33	**3.62**	5.74
	(ii) Tax relating to items that will not be reclassified to profit or loss	28.2	**(0.12)**	(0.37)
	Total other comprehensive income (i + ii)		**3.50**	5.37
IX	**Total comprehensive income for the year (VII+VIII)**		**823.00**	(1401.71)
	Earnings per share (in ₹) [(Face value ₹ 10 each (31 March 2018 : ₹ 10)]	29		
	(1) Basic		**2.16**	(3.71)
	(2) Diluted		**2.16**	(3.71)

The accompanying notes 1 to 46 are an integral part of the financial statements

This is the Balance Sheet referred to in our report of even date.

For Price Waterhouse
Firm registration number: 301112E
Chartered Accountants

Avijit Mukerji
Partner
Membership no.: 056155

Place: Kolkata
Date: 26 April, 2019

For and on behalf of the Board of Directors of Technico Agri Sciences Limited

S. Sivakumar
Chairman

Sachidanand S. Madan
Director and Company Secretary

Place : Hyderabad
Date : 26 April, 2019

Sanjeev K. Madan
Chief Financial Officer

CASH FLOW STATEMENT FOR THE YEAR ENDED 31 MARCH 2019

(Amount in ₹ lakhs)

Particulars	For the year ended 31 March 2019	For the year ended 31 March 2018
Cash flow from operating activities		
Profit/(Loss) before tax	**847.06**	(1646.58)
Adjustments for :		
Depreciation and amortization expense	**105.00**	111.88
Loss/(Gain) on disposal of property, plant and equipment	**–**	(1.88)
Unrealized foreign exchange loss/(gain)	**0.56**	(0.03)
Gain on sale of current investments	**(119.00)**	(269.32)
Loss/(Gain) on fair value measurement of investments	**(1.89)**	–
Interest expense	**80.33**	161.73
Interest income	**(0.08)**	(13.47)
Provisions/Liabilities written back to the extent no longer required	**(1.94)**	(113.86)
Operating profit/(loss) before changes in working capital	**910.04**	(1771.53)
Changes in operating assets and liabilities		
(Increase)/decrease in trade receivables	**(286.96)**	155.84
(Increase)/decrease in inventories	**(577.45)**	(32.82)
(Increase)/decrease in biological assets other than bearer plants	**494.33**	(1877.76)
(Increase)/decrease in other financial assets	**(6.41)**	(0.16)
Decrease/(increase) in other non-current assets	**(0.73)**	1.83
(Increase)/decrease in other current assets	**(72.95)**	169.83
Increase/(decrease) in trade payables	**1433.73**	553.54
Increase/(decrease) in provisions	**1.88**	(78.16)
Increase/(decrease) in other financial liabilities	**23.28**	(336.08)
Increase/(decrease) in other current liabilities	**489.25**	652.69
Cash generated from/(used in) operations	**2408.01**	(2562.78)
Taxes paid (Including TDS recoverable)	**(26.31)**	(257.41)
Net cash inflow/(outflow) from operating activities (A)	**2381.70**	(2820.19)
Cash flows from investing activities		
Payments for property, plant and equipment	**(24.39)**	(52.28)
Payments for purchase of investments	**(21980.00)**	(410.00)
Proceeds from sale of investments	**20799.00**	6584.50
Proceeds from sale of property, plant and equipment	**–**	7.08
Interest received	**0.05**	13.47
Net cash inflow/(outflow) from investing activities (B)	**(1205.34)**	6142.77
Cash flows from financing activities		
Interest paid	**(79.00)**	(160.79)
Interim dividends paid to holding company	**–**	(3416.65)
Proceeds/(Repayment) from borrowings	**(1056.28)**	1055.33
Dividends distribution tax on interim dividend	**–**	(695.55)
Net cash (outflow) from financing activities (C)	**(1135.28)**	(3217.66)
Net increase in cash and cash equivalents (A+B+C)	**41.08**	104.92
Cash and cash equivalents at the beginning of the financial year	**163.90**	58.98
Cash and cash equivalents at end of the year (Refer Note 11)	**204.98**	163.90
Cash and cash equivalents as per above comprise of the following		
(a) Balances with Banks		
– In current account	**200.57**	163.66
(b) Drafts on hand	**4.21**	–
(c) Cash on hand	**0.20**	0.24
Total Cash and cash equivalents (Refer Note 11)	**204.98**	163.90

Notes :

1. The above cash flow statement has been prepared under the "Indirect Method" as set out in Indian Accounting Standard 7 "Statement of cash flows".
2. The accompanying notes 1 to 46 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: 26 April, 2019

For and on behalf of the Board of Directors of Technico Agri Sciences Limited

S. Sivakumar
Chairman

Sachidanand S. Madan
Director and Company Secretary

Place : Hyderabad
Date : 26 April, 2019

Sanjeev K. Madan
Chief Financial Officer

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 MARCH 2019

A. Equity Share Capital

(Amount in ₹ lakhs)

Balance at 1 April 2017	Changes in equity share capital during the year	Balance at 31 March 2018	Changes in equity share capital during the year	Balance at 31 March 2019
3796.28	–	3796.28	–	3796.28

B. Other Equity

(Amount in ₹ lakhs)

Particulars	Retained Earnings
Balance as at 1 April 2017	**8467.78**
- Profit / (Loss) for the Year	(1407.08)
- Other comprehensive income (net of tax)	5.37
Total comprehensive income	**(1401.71)**
Transactions with owners in their capacity as owners :	
Interim dividend paid	(3416.65)
Income tax on interim dividend paid	(695.55)
Balance as at 31 March 2018	**2,953.87**
- Profit / (Loss) for the Year	819.50
- Other comprehensive income (net of tax)	3.50
Total comprehensive income	**823.00**
Transactions with owners in their capacity as owners :	
Interim dividend paid	–
Income tax on interim dividend paid	–
Balance as at 31 March 2019	**3776.87**

The accompanying notes 1 to 46 are an integral part of the financial statements

This is the Statement of Changes in Equity referred to in our report of even date.

For Price Waterhouse
Firm registration number: 301112E
Chartered Accountants

Avijit Mukerji
Partner
Membership no.: 056155

Place: Kolkata
Date: 26 April, 2019

For and on behalf of the Board of Directors of Technico Agri Sciences Limited

S. Sivakumar
Chairman

Sachidanand S. Madan
Director and Company Secretary

Place : Hyderabad
Date : 26 April, 2019

Sanjeev K. Madan
Chief Financial Officer

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019

1. Nature of Operations

Technico Agri Sciences Limited is a Company limited by shares, incorporated in India. Its registered office is situated at 25 Community Centre, Basant Lok, Vasant Vihar, Delhi and principal place of business is at SCO - 835, First and Second Floor, NAC Manimajra, Chandigarh. The Company is a wholly owned subsidiary of ITC Limited. The Company is primarily in the Agricultural Bio-Technology business of growing and selling TECHNITUBER® Seed Potatoes and Field Generated Seed Potatoes and also engaged in trading in Field Generated Seed Potatoes and Fruits & Vegetables. The Company is undertaking trials at a reputed third party facility for growing Tissue Culture Plantlets of Banana. (Refer note 4 for further details of operations of the Company).

2. Significant Accounting Policies

a. Statement of Compliance

The financial statements have been prepared in accordance with Indian Accounting Standards (Ind AS) notified under section 133 of the Companies Act, 2013 (the Act). The financial statements are also prepared in accordance with the relevant presentation requirements of the Act.

The Company adopted Ind AS from 1st April, 2016 with the date of transition being 1 April, 2015.

b. Basis of preparation

The financial statements are prepared in accordance with the historical cost convention, except for certain items that are measured at fair values, as explained in the accounting policies. The financial statements are presented in Rupees Lakhs.

Fair Value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Company takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and / or disclosure purposes in these financial statements is determined on such a basis, except for share based payment transactions that are within the scope of Ind AS 102 – Share based Payment, leasing transactions that are within the scope of Ind AS 17 – Leases, and measurements that have some similarities to fair value but are not fair value, such as net realizable value in Ind AS 2 – Inventories or value in use in Ind AS 36 – Impairment of Assets.

In case of biological assets, cost approximates fair value when little biological transformation has taken place since initial cost incurrence or the impact of the biological transformation on price is not expected to be material.

The preparation of financial statements in conformity with Ind AS requires management to make judgements, estimates and assumptions that affect the application of the accounting policies and reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the year. Actual results could differ from those estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period; they are recognised in the period of the revision and future periods if the revision affects both current and future periods.

c. Operating cycle

All assets and liabilities are classified as current or non-current as per the Company's normal operating cycle and other criteria set out in the Schedule III to the Companies Act, 2013 and Ind AS 1 – Presentation of Financial Statements based on the nature of products and the time between the acquisition of assets for processing and their realisation in cash and cash equivalents.

d. Revenue

Revenue is recognized based on the price specified in the contract with customers, net of estimated returns, credit notes and discounts. Revenue excludes Goods & Services Tax, where applicable on the supply of goods and services.

The Company recognises revenue when the Company performs its obligations to its customers and the amount of revenue can be measured reliably and recovery of the consideration is probable and specific criteria have been met for each of the company's activities as described below:

(i) Sale of Goods and Services

Sales are recognised when the control over goods are transferred to the customer, which is mainly upon dispatch / delivery. Revenue from services is recognised in the periods in which the services are rendered.

(ii) Rental income

Rental income is recognised in the Statement of Profit and Loss as per lease terms.

e. Property, Plant and Equipment – Tangible Assets

Property, Plant & Equipment are stated at cost of acquisition or construction less accumulated depreciation and impairment, if any.

For this purpose, cost includes deemed cost which represents the carrying value of Property, Plant and Equipment recognized as at 1 April, 2015 measured as per the previous GAAP.

Cost is inclusive of inward freight, duties and taxes and incidental expenses related to acquisition. In respect of major projects involving construction, related pre-operational expenses form part of the value of assets capitalised. Expenses capitalised also include applicable borrowing costs for qualifying assets, if any. All upgradation / enhancements are charged off as revenue expenditure unless they bring similar significant additional benefits.

An item of Property, Plant and Equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of asset. Any gain or loss arising on the disposal or retirement of an item of Property, Plant and Equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in statement of Profit and Loss.

Depreciation of these assets commences when the assets are ready for their intended use which is generally on commissioning. Items of Property, Plant and Equipment are depreciated in a manner that amortises the cost (or other amount substituted for cost) of the assets after commissioning, less its residual value, over their useful lives as specified in Schedule II of the Companies Act, 2013 on a straight line basis. Freehold land is not depreciated.

The estimated useful lives of other Property, Plant and Equipment of the Company are as follows:

Buildings	30-60 Years
Building Improvements on Licensed Properties	Shorter of lease period or estimated useful life.
Plant and Equipment	8 – 15 Years
Furniture and Fixtures	10 Years
Vehicles	8 Years
Computers and Servers	3 – 6 Years
Office Equipment	5 Years

Residual values and useful lives of Property, Plant and Equipment are reviewed at each Balance Sheet date and changes, if any, are treated as changes in accounting estimate.

f. Intangible Assets

Intangible assets that the Company controls and from which it expects future economic benefits are capitalised upon acquisition and measured initially:

i. for assets acquired in a business combination or by way of a government grant, at fair value on the date of acquisition / grant.

ii. for separately acquired assets, at cost comprising the purchase price (including import duties and non-refundable taxes) and directly attributable costs to prepare the asset for its intended use.

Internally generated assets for which the cost is clearly identifiable are capitalised at cost. Research expenditure is recognised as an expense when it is incurred. Development costs are capitalised only after the technical and commercial feasibility of the asset for sale or use has been established. Thereafter, all directly attributable expenditure incurred to prepare the asset for its intended use are recognised as the cost of such assets. Internally generated brands, websites and customer lists are not recognised as intangible assets.

The carrying value of intangible assets includes deemed cost which represents the carrying value of intangible assets recognised as at 1st April, 2015 measured as per the previous GAAP.

The useful life of an intangible asset is considered finite where the rights to such assets are limited to a specified period of time by contract or law (e.g., patents, licenses, trademarks, franchise and servicing rights) or the likelihood of technical, technological obsolescence (e.g., computer software, design, prototypes) or commercial obsolescence (e.g., lesser known brands are those to which adequate marketing support may not be provided). If, there are no such limitations, the useful life is taken to be indefinite.

Intangible assets that have finite lives are amortized over their estimated useful lives by the straight line method unless it is practical to reliably determine the pattern of benefits arising from the asset. An intangible asset with an indefinite useful life is not amortized.

All intangible assets are tested for impairment. Amortization expenses and impairment losses and reversal of impairment losses are taken to the Statement of Profit and Loss. Thus, after initial recognition, an intangible asset is carried at its cost less accumulated amortization and / or impairment losses.

The useful lives of intangible assets are reviewed annually to determine if a reset of such useful life is required for assets with finite lives and to confirm that business circumstances continue to support an indefinite useful life assessment for assets so classified. Based on such review, the useful life may change or the useful life assessment may change from indefinite to finite. The impact of such changes is accounted for as a change in accounting estimate.

g. Impairment of Assets

Impairment loss, if any, is provided to the extent, the carrying amount of assets or cash generating units exceed their recoverable amount.

The recoverable amount is the higher of the asset's net selling price and its value in use. The value in use is the present value of estimated future cash flows expected to arise from the continuing use of an asset of cash generating unit and from its disposal at the end of its useful life.

The impairment losses recognised in prior years are reversed when there is an indication that the impairment losses recognised no longer exist or have decreased. Such reversals are recognised as an increase in carrying amounts of assets to the extent that it does not exceed the carrying amounts that would have been determined (net of amortisation or depreciation) had no impairment loss been recognised in the previous years.

h. Biological Assets and Agricultural Produce

The Company's operations include activities which are agricultural in nature and are subject to the recognition, measurements and disclosure requirements of Ind AS 41 - Agriculture. Biological Assets are recognised when the Company controls the assets as a result of past events and it is probable that the future economic benefits associated with the asset will flow to the Company and fair value can be measured reliably. On initial recognition and at the end of each reporting period, the biological assets are measured at fair value less cost to sell. Cost to sell includes the incremental cost to sell including commission to traders, brokers and dealers and estimated cost to transport to the market but excludes finance costs and income taxes. Harvested biological assets (i.e. agriculture produce) are transferred to inventory at fair value less costs to sell when harvested.

Cost approximates fair value when little biological transformation has taken place since the costs were originally incurred or the impact of biological transformation on price is not expected to be material. Gains and losses arising on initial recognition of both biological asset and agricultural produce and any subsequent changes in fair value are recognised in the statement of Profit and Loss in the period in which they arise.

Cost for this purpose includes all direct costs incurred up to the stage of production of the respective inventories.

i. Inventories

Inventories are valued as follows:

(i) Raw materials & components and Stores & Spares

At cost, arrived at on FIFO basis or net realizable value, whichever is lower. Cost comprises expenditure incurred in the normal course of business in bringing such inventories to its present location and condition.

(ii) Traded goods

At cost arrived at on FIFO basis or net realizable value, whichever is lower. Costs are determined after deducting rebates and discounts.

Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and sale.

(iii) Agricultural Produce

Agricultural produce is recognized at fair value less costs to sell at the date of harvest. Once harvested, these goods are subsequently accounted for under Ind AS 2 in the same manner as other inventories purchased from third parties.

Obsolete, slow moving and defective inventories are identified from time to time and, where necessary, a provision is made for such inventories.

j. Foreign Currency Transactions

The functional and presentation currency of the Company is Indian Rupee.

Transactions in foreign currency are accounted for at the exchange rate prevailing on the transaction date. Foreign currency monetary items are reported using the closing rate. Non-monetary items which are carried in terms of historical cost denominated in a foreign currency, are reported using the exchange rate at the date of the transaction and non-monetary items which are carried at fair value or other similar valuation denominated in a foreign currency, are reported using the exchange rates that existed when the values were determined.

Gains / losses arising on settlement as also on translation of monetary items are recognised in the Statement of Profit and Loss.

k. Financial instruments, Financial assets, Financial liabilities and Equity Instruments

Financial assets and financial liabilities are recognised when the Company becomes a party to the contractual provisions of the relevant instrument and are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities measured at fair value through profit or loss) are added to or deducted from the fair value on initial recognition of financial assets or financial liabilities. Purchase or sale of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognized on the trade date, i.e., the date when the Company commits to purchase or sell the asset.

Financial assets

Recognition: Financial assets include Investments, Trade Receivables, Advances, Security Deposits, Cash and cash equivalents. Such assets are initially recognised at transaction price when the Company becomes party to contractual obligations. The transaction price includes transaction costs unless the asset is being fair valued through the Statement of Profit and Loss.

Classification: Management determines the classification of an asset at initial recognition depending on the purpose for which the assets were acquired. The subsequent measurement of financial assets depends on such classification.

Financial assets are classified as those measured at:

(a) amortised cost, where the financial assets are held solely for collection of cash flows arising from payments of principal and / or interest.

(b) fair value through other comprehensive income (FVTOCI), where the financial assets are held not only for collection of cash flows arising from payments of principal and interest but also from the sale of such assets. Such assets are subsequently measured at fair value, with unrealised gains and losses arising from changes in the fair value being recognised in other comprehensive income.

(c) fair value through profit or loss (FVTPL), where the assets are managed in accordance with an approved investment strategy that triggers purchase and sale decisions based on the fair value of such assets. Such assets are subsequently measured at fair value, with unrealised gains and losses arising from changes in the fair value being recognised in the Statement of Profit and Loss in the period in which they arise.

Trade receivables, Advances, Security Deposits, Cash and cash equivalents etc. are classified for measurement at amortised cost while investments may fall under any of the aforesaid classes. However, in respect of particular investments in equity instruments that would otherwise be measured at fair value through profit or loss, an irrevocable election at initial recognition may be made to present subsequent changes in fair value through other comprehensive income.

Impairment: The Company assesses at each reporting date whether a financial asset (or a group of financial assets) such as investments, trade receivables, advances and security deposits held at amortised cost and financial assets that are measured at fair value through other comprehensive income are tested for impairment based on evidence or information that is available without undue cost or effort. Expected credit losses are assessed and loss allowances recognised if the credit quality of the financial asset has deteriorated significantly since initial recognition.

Reclassification: When and only when the business model is changed, the Company shall reclassify all affected financial assets prospectively from the reclassification date as subsequently measured at amortised cost, fair value through other comprehensive income, fair value through profit or loss without restating the previously recognised gains, losses or interest and in terms of the reclassification principles laid down in the Ind AS relating to Financial Instruments.

De-recognition: Financial assets are derecognised when the right to receive cash flows from the assets has expired, or has been transferred, and the Company has transferred substantially all of the risks and rewards of ownership. Concomitantly, if the asset is one that is measured at:

(a) amortised cost, the gain or loss is recognised in the Statement of Profit and Loss;

(b) fair value through other comprehensive income, the cumulative fair value adjustments previously taken to reserves are reclassified to the Statement of Profit and Loss unless the asset represents an equity investment in which case the cumulative fair value adjustments previously taken to reserves is reclassified within equity.

Income Recognition: Interest income is recognised in the Statement of Profit and Loss using the effective interest method. Dividend income is recognised in the Statement of Profit and Loss when the right to receive dividend is established.

Financial Liabilities

Borrowings, trade payables and other financial liabilities are initially recognised at the value of the respective contractual obligations. They are subsequently measured at amortised cost. Any discount or premium on redemption / settlement is recognised in the Statement of Profit and Loss as finance cost over the life of the liability using the effective interest method and adjusted to the liability figure disclosed in the Balance Sheet.

Financial liabilities are derecognised when the liability is extinguished, that is, when the contractual obligation is discharged, cancelled and on expiry.

Offsetting Financial Instruments

Financial assets and liabilities are offset and the net amount is included in the Balance Sheet where there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously.

Equity Instruments

Equity instruments are recognised at the value of the proceeds, net of direct costs of the capital issue.

l. Borrowings

Borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost. In the event that the proceeds have been drawn down or is likely to be drawn down in its entirety, any difference between the proceeds (net of transaction costs, including fees paid on establishing the loan facility) and the redemption amount is recognised in profit or loss over the period of the borrowings using the effective interest method. To the extent that it is probable that some or all of the facility will not be drawn down, the fee is capitalised as prepayment for liquidity services and amortised over the period of the facility to which it relates.

Borrowings are removed from the balance sheet when the obligation specified in the contract is discharged, cancelled or expired. The difference between carrying amount of a financial liability that has been extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss as other gains / (losses).

Borrowings are classified as current liabilities unless the Company has an unconditional right to defer settlement of the liability for at least 12 months after the reporting period.

m. Employee Benefits

(i) **Provident Fund and Employee State Insurance Scheme:** Contribution towards provident fund and employee state insurance scheme for employees is made to the regulatory authorities, where the Company has no further obligations. Such benefits are classified as Defined Contribution Schemes as the Company does not carry any further obligations, apart from the contributions made on a monthly basis. The contributions are charged to the statement of Profit and Loss of the year, when the contributions to the respective funds are due.

(ii) **Gratuity:** Gratuity liability is a defined benefit obligation and is provided for on the basis of an actuarial valuation on projected unit credit method made at the end of each financial year. Service costs and net interest expense or income is reflected in the Statement of Profit and Loss. Gain or loss on account of remeasurement are recognised immediately through Other Comprehensive Income in the period in which they occur.

The Company has taken a Policy with Life Insurance Corporation of India (LIC) to cover the gratuity liability with respect to the employees and the premium paid to LIC is charged to Statement of Profit & Loss. The difference between the actuarial valuation of the gratuity with respect to employees at the year-end and the contribution paid to LIC is further adjusted in the books of accounts.

(iii) **Compensated Absences:** Long term compensated absences are provided for based on actuarial valuation at the year end. The actuarial valuation is done as per projected unit credit method. Actuarial gains / losses are recognised in the Statement of Profit and Loss in the year in which they arise. The benefit is unfunded.

(iv) **Short Term Employee Benefits:** Liability is recognised during the period when the employee renders the services.

n. Employee Share Based Compensation

The cost of stock options and stock appreciation units granted by ITC Limited, the Holding Company, to certain employees of the company / holding company on deputation is recognized at fair value. These Schemes are in the nature of equity settled / cash settled share based compensation and are assessed, managed / administered by the Holding Company.

In case of stock options, the fair value of stock options at the grant date is amortised on a straight line basis over the vesting period and cost recognized as employee benefits expenses in the Statement of Profit and Loss with a corresponding credit in equity, net of reimbursements, if any.

In case of stock appreciation units, the fair value of stock appreciation units at the grant date is initially recognised and remeasured at each reporting date, until settled, and cost recognized as employee benefits expenses in the Statement of Profit and Loss with a corresponding increase in other financial liabilities.

o. Taxes on Income

Taxes on income comprise current taxes and deferred taxes.

Current tax in the statement of profit and loss is provided as the amount of tax payable in respect of taxable income for the period using tax rates and tax laws enacted or substantively enacted, if applicable during the period, together with any adjustment to tax payable in respect of previous years.

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities and the amounts used for taxation purposes (Tax base), at the tax rates and tax laws enacted or substantively enacted by the end of the reporting period.

Deferred tax assets are recognised for the future tax consequences to the extent that it is probable that future taxable profits will be available against which the deductible temporary differences can be utilized.

Income tax, in so far as it relates to items disclosed under Other Comprehensive Income or Equity, are disclosed separately under Other Comprehensive Income or Equity, as applicable.

Deferred Tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances related to the same taxation authority. Current tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on net basis, or to realize the asset and settle the liability simultaneously.

p. Leases

Leases are recognised as a finance lease whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

Company as a Lessee

Assets used under finance leases are recognised as Property, Plant and Equipment in the Balance Sheet for an amount that corresponds to the lower of fair value and the present value of minimum lease payments determined at the inception of the lease and a liability is recognised for an equivalent amount.

The minimum lease payments are apportioned between 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 in the Statement of Profit and Loss.

Rentals payable under operating leases are charged to the Statement of Profit and Loss on a straight-line basis over the term of the relevant lease unless the payments to the lessor are structured to increase in line with expected general inflation to compensate for the lessor's expected inflationary cost increases.

Company as a Lessor

Leases in which the Company does not transfer substantially all the risks and rewards of ownership of an asset are classified as operating leases. Where the Company is a lessor under an operating lease, the asset is capitalised within Property, Plant and Equipment and depreciated over its useful economic life. Payments received under operating leases are recognised in the Statement of Profit and Loss on a straight line basis over the term of the lease unless the receipts increase in line with expected general inflation to compensate for expected inflationary cost increases, in which case, the same is recognised in accordance with the terms of the lease.

q. Provisions

Provisions are recognised when, as a result of a past event, the Company has a legal or constructive obligation; it is probable that an outflow of resources will be required to settle the obligation; and the amount can be reliably estimated. The amount so recognised is the best estimate of the consideration required to settle the obligation at the reporting date, taking into account the risks and uncertainties surrounding the obligation.

In an event when the time value of money is material, the provision is carried at the present value of the cash flows estimated to settle the obligation.

r. Claims

Claims against the Company not acknowledged as debts are disclosed after a careful evaluation of the facts and legal aspects of the matter involved.

s. Dividend Distribution

Dividends paid (including income tax thereon) is recognised in the period in which the interim dividends are approved by the Board of Directors, or in respect of the final dividend when approved by shareholders.

t. Operating Segments

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker (CODM). The CODM, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Board of Directors. (Refer Note - 40)

Segments are organised based on business which have similar economic characteristics as well as exhibit similarities in nature of products and services offered, the nature of production processes, the type and class of customer and distribution methods.

Segment revenue arising from third party customers is reported on the same basis as revenue in the financial statements. Segment results represent profits before finance charges, unallocated corporate expenses and taxes.

"Unallocated Corporate Expenses" include revenue and expenses that relate to initiatives / costs attributable to the Company as a whole and are not attributable to segments.

u. Cash and cash equivalents

Cash and cash equivalents in the cash flow statement include cash on hand, demand deposits with banks, other short-term highly liquid investments with original maturities of three months or less.

v. Earnings per share

Basic earnings per share are calculated by dividing the net profit or loss for the period attributable to equity shareholders (after deducting attributable taxes) by the weighted average number of equity shares outstanding during the period. Partly paid equity shares are treated as a fraction of an equity share to the extent that they were entitled to participate in dividends relative to a fully paid equity share during the reporting period.

For the purpose of calculating diluted earnings per share, the net profit or loss for the period attributable to equity shareholders and the weighted average number of shares outstanding during the period are adjusted for the effects of all dilutive potential equity shares.

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019 (Contd.)

3.1. Property, plant and equipment

(Amount in ₹ lakhs)

Particulars	Land (Freehold)	Buildings	Plant and equipment	Furniture and fixtures	Leasehold properties - Building improve-ments	Office equipment	Computers, servers & other IT equipments	Vehicles	Total
Gross carrying amount									
At 1 April 2017	151.93	275.20	683.51	3.95	23.35	1.09	26.76	61.84	1227.63
Additions	–	–	32.59	–	–	–	11.72	–	44.31
Disposals	–	–	(5.20)	–	–	–	–	–	(5.20)
At 31 March 2018	**151.93**	**275.20**	**710.90**	**3.95**	**23.35**	**1.09**	**38.48**	**61.84**	**1266.74**
Additions	–	–	17.36	0.14	–	0.13	2.89	–	20.52
Disposals	–	–	–	–	–	–	–	–	–
At 31 March 2019	**151.93**	**275.20**	**728.26**	**4.09**	**23.35**	**1.22**	**41.37**	**61.84**	**1287.26**

(Amount in ₹ lakhs)

Particulars	Land (Freehold)	Buildings	Plant and equipment	Furniture and fixtures	Leasehold properties - Building improve-ments	Office equipment	Computers, servers & other IT equipments	Vehicles	Total
Accumulated Depreciation									
At 1 April 2017	–	25.02	135.37	1.49	10.62	0.47	12.53	13.28	198.78
Charge for the year	–	12.51	73.53	0.68	5.31	0.16	7.60	8.38	108.17
Disposals	–	–	–	–	–	–	–	–	–
At 31 March 2018	–	**37.53**	**208.90**	**2.17**	**15.93**	**0.63**	**20.13**	**21.66**	**306.95**
Charge for the year	–	12.51	69.90	0.50	4.91	0.16	6.56	8.38	102.92
Disposals	–	–	–	–	–	–	–	–	–
At 31 March 2019	–	**50.04**	**278.80**	**2.67**	**20.84**	**0.79**	**26.69**	**30.04**	**409.87**
Net carrying amount									
At 31 March 2018	**151.93**	**237.67**	**502.00**	**1.78**	**7.42**	**0.46**	**18.35**	**40.18**	**959.79**
At 31 March 2019	**151.93**	**225.16**	**449.46**	**1.42**	**2.51**	**0.43**	**14.68**	**31.80**	**877.39**

Note :
1. Freehold Land amounting to ₹3.28 lakhs (Previous Year ₹3.28 lakhs) is pending registration in the name of the Company.
2. Land amounting ₹101.99 lakhs (Previous Year ₹101.99 lakhs) has been given to holding company on operating lease.

3.2 Intangible assets

(Amount in ₹ lakhs)

Particulars	Technical know how*	Computer software	Trademarks	Total
Gross carrying amount				
At 1 April 2017	–	13.04	0.50	13.54
Additions	–	0.29	-	0.29
At 31 March 2018	–	**13.33**	**0.50**	**13.83**
Additions	–	1.85	-	1.85
At 31 March 2019	–	**15.18**	**0.50**	**15.68**
Accumulated amortization				
At 1 April 2017	–	6.79	0.05	6.84
Charge for the year	–	3.66	0.05	3.71
At 31 March 2018	–	**10.45**	**0.10**	**10.55**
Charge for the year	–	2.03	0.05	2.08
At 31 March 2019	–	**12.48**	**0.15**	**12.63**
Net carrying amount				
At 31 March 2018	–	**2.88**	**0.40**	**3.28**
At 31 March 2019	–	**2.70**	**0.35**	**3.05**

* Gross block of ₹ 938.37 lakhs, accumulated depreciation ₹ 938.37 lakhs has been shown as ₹ Nil as the Company had elected to consider carrying value as deemed cost at the date of transition to Ind AS.

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019 (Contd.)

4. Biological assets other than bearer plants

(Amount in ₹ lakhs)

Particulars	For the year ended 31 March 2019	For the year ended 31 March 2018
Opening value of biological assets	**8654.65**	6776.89
Biological assets acquired during the year	**82.35**	31.99
Cost Incurred during the year	**8402.36**	8339.57
Changes in fair value *	**2230.29**	(580.16)
Biological assets sold during the year	**(10242.81)**	(5452.46)
Harvested potatoes transferred to inventories and sold during the year	**(684.22)**	(139.14)
Harvested potatoes transferred to inventories	**(282.30)**	(322.04)
Closing value of biological assets	**8160.32**	8654.65

* Represents aggregate gain/(loss) arising on account of change in fair value less costs to sell during the year.

As at 31 March 2019, the Company had 9121664 Nos. TECHNITUBER® Seed Potatoes (31 March 2018 - 8779846 Nos.).

As at 31 March 2019, there were 71567 MT of field generated seed potatoes (31 March 2018 - 77548 MT). During the year, output of agricultural produce (potatoes) is 8241 MT (31 March 2018 - 4739 MT).

In October 2018 -13100 MT (October 2017 - 12573 MT) of seed potatoes were planted and in February/March 2019 - 79440 MT (February/March 2018 - 82558 MT) of seed potatoes were harvested as a result of quantitative biological transformation.

Estimated amount of contracts remaining to be executed for acquisition / development of biological assets as at 31 March 2019 ₹ 243.44 lakhs (31 March 2018 - ₹ 8.41 lakhs)

Groups of Biological Assets : The Company's biological assets comprise– TECHNITUBER® Seed, Field Generated Seed Potatoes and Banana Tissue Culture Plantlets under Ind AS 41 – Agriculture.

TECHNITUBER® Seed: The TECHNITUBER® seed i.e. Generation – 0 (G-0) are produced by the Company in the Greenhouse nurseries maintained at the facility situated at village Manpura, District Solan (HP). These seeds are produced through TECHNITUBER® Technology in greenhouses under controlled environment which involves a complex series of integrated processes being applied to pathogen tested tissue culture plantlets.

Field Generated Seed Potatoes : TECHNITUBER® seed produced through TECHNITUBER® technology are multiplied by growing high yielding early generation seed potatoes in farms. TECHNITUBER® seed (G-0) are planted in farms for further growing to the next stage i.e. G-1. These G-1 Seeds are again multiplied next year into G-2 and so on till it is ready for sale. The multiplication of G - 0 to G - 1 takes place in Company leased farms. The multiplication of G-2 onward seed is done with select trained growers as per strict agronomy protocols, with traceability, under the supervision and guidance of the Company's agronomy team.

The Company manages the biological transformation of its seed potatoes and monitors multiplication of the cycle(s) / generation(s) of such seed potatoes, which falls within the ambit of agricultural activity in accordance with Ind AS 41-Agriculture. This agricultural activity leads to the harvest of biological assets for sale or for conversion into agricultural produce or into additional biological assets. As these biological assets are consumable in nature, the operating cycle of biological transformation is less than one year for each stage of multiplication and hence the biological assets have been classified as current. During the process of managing the biological change based on certain attributes, the Company groups its biological assets depending on whether significant biological transformation has taken place since initial incurrence of cost. The marketability as a biological asset is dependent on various attributes including the potential to take the product to subsequent cycle(s) of biological transformation. The financial year end of the Company coincides with the harvest and at harvest, only quantitative biological transformation takes place, which is considered insignificant. Seed potatoes when harvested in February/March need to undergo the process of physiological ageing which takes place inside the cold stores under prescribed conditions before they are sold/transferred for further planting. Hence, as on 31 March, 2019, due to insignificant biological transformation till balance sheet date, the biological assets of the Company are valued at cost, which approximates fair value.

Banana Tissue Culture Plantlets : The Company imports mother cultures and multiplication of tissue culture banana plantlets takes place at the nurseries of a reputed third party facility using tissue culture technology under the Company's supervision.

Agricultural Produce : Agricultural produce is the harvested product of the entity's biological assets. Where the attributes of the biological asset attain the characteristics of agricultural produce, i.e., to be used for consumption, the same is fair valued on such date and is considered as inventory thereafter.

Risk Management Strategy : The Company is exposed to market risks arising from fluctuations in the demand and price environment in potato markets. While it has no control over market behaviour, the Company seeks to continually reinforce its market standing on the strength of its proprietary technology, package of agronomy practices and farmer relationships and by diversifying the geographies in which it operates. It also aligns its production to anticipated demand and recognises and disposes excess stocks to the extent practical. Early generations of the Company's field produced seed potatoes are also exposed to the inherent risk in agriculture of crop losses due to weather or disease that it seeks to address by widening the geographical spread of farms and farmers, multiple varieties of crop (with each one of them having some resistance to virus, other diseases and climatic conditions) and expertise in agronomy. Accordingly, the Company employs its wide-ranging processes, procedures and protocols developed on the basis of its long experience, including regular inspection of crops and monitoring of weather conditions during the growing phase and preventive pest and disease sprays, to mitigate such risks.

5. Current investments

(Amount in ₹ lakhs)

Particulars	As at 31 March 2019	As at 31 March 2018
Investment in mutual funds (measured at fair value through profit or loss)		
Unquoted		
ICICI Prudential Liquid Fund	**1301.89**	–
470,988 (2018- Nil) Units of ₹100.00 each		
Total unquoted investments	**1301.89**	–
Total Current Investments	**1301.89**	–
Total current investments		
Aggregate amount of quoted investments and market value thereof	**–**	–
Aggregate amount of unquoted investments	**1301.89**	–
Aggregate amount of impairment in the value of investments	**–**	–

6. Other Financial assets

(Amount in ₹ lakhs)

Particulars	As at 31 March 2019	As at 31 March 2018
Non-Current		
Security deposits	**9.38**	9.40
Total	**9.38**	9.40
Current		
Interest accrued on fixed deposits	**0.31**	0.28
Incentive receivable	**6.43**	–
Total	**6.74**	0.28

7. Deferred tax assets/(liabilities) (net)

(Amount in ₹ lakhs)

Particulars	As at 31 March 2019	As at 31 March 2018
Deferred tax assets	**292.60**	353.05
Deferred tax liabilities	**(0.77)**	(0.16)
Total	**291.83**	352.89

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019 (Contd.)

Movement in deferred tax assets/(liabilities) balances

FY 2018-19

(Amount in ₹ lakhs)

Particulars	Opening Balance	Recognized in profit or loss	Recognized in OCI	Closing Balance
Deferred tax assets in relation to:				
Remeasurements of net defined benefit liability	–	–	–	–
Total Deferred tax assets	–	–	–	–
Deferred tax liabilities in relation to :				
Gain on financial assets designated at FVTPL	–	0.49	–	0.49
Remeasurements of net defined benefit liability	0.16	–	0.12	0.28
Total Deferred tax liabilities	0.16	0.49	0.12	0.77
Deferred tax assets/(liabilities) (net) before MAT credit entitlement	(0.16)	(0.49)	(0.12)	(0.77)
MAT Credit Entitlement	353.05	(60.45)	–	292.60
Deferred tax assets/(liabilities) (net)	**352.89**	**(60.94)**	**(0.12)**	**291.83**

FY 2017-18

(Amount in ₹ lakhs)

Particulars	Opening Balance	Recognized in profit or loss	Recognized in OCI	Closing Balance
Deferred tax assets in relation to:				
Remeasurements of net defined benefit liability	0.42	–	(0.42)	–
Total Deferred tax assets	**0.42**	–	**(0.42)**	–
Deferred tax liabilities in relation to :				
Gain on financial assets designated at FVTPL	350.07	(350.07)	–	–
Remeasurements of net defined benefit liability	0.21	–	(0.05)	0.16
Total Deferred tax liabilities	**350.28**	**(350.07)**	**(0.05)**	**0.16**
Deferred tax assets/(liabilities) (net) before MAT credit entitlement	**(349.86)**	**350.07**	**(0.37)**	**(0.16)**
MAT Credit Entitlement	245.04	108.01	–	353.05
Deferred tax assets/(liabilities) (net)	**(104.82)**	**458.08**	**(0.37)**	**352.89**

8. Other assets

(Amount in ₹ lakhs)

Particulars	As at 31 March 2019	As at 31 March 2018
Non-current		
Others		
– Prepaid expenses	2.81	2.08
– Security deposits	10.06	10.06
– Advance income tax including TDS recoverable (Net of provision for income tax)	118.10	59.74
Total	130.97	71.88
Current		
Unsecured considered good		
– Advances to suppliers	146.51	81.34
– Advances to employees	0.22	0.99
– Prepaid expenses	21.44	26.10
– Balance with government authorities	58.06	44.85
Unsecured considered doubtful		
– Advances to suppliers	3.28	3.28
– Provision for doubtful advances	(3.28)	(3.28)
Total	226.23	153.28

9. Inventories

(Amount in ₹ lakhs)

Particulars	As at 31 March 2019	As at 31 March 2018
Inventories (valued at lower of cost and net realisable value)		
Raw materials and components (Refer Note 21)	204.98	216.01
Finished goods (Agricultural Produce) *	282.30	322.04
Traded goods	900.60	275.15
Stores & Spares	17.96	15.19
Total	1405.84	828.39

* Agricultural produce has been valued at fair value less cost to sell at the time of harvest and written down by ₹ 395.66 lakhs (31 March 2018 ₹ 103.00 lakhs) to arrive at fair value less cost to sell.

10. Trade receivables

(Amount in ₹ lakhs)

Particulars	As at 31 March 2019	As at 31 March 2018
Current		
Unsecured, considered good (Refer Note 37)	435.63	149.23
Unsecured, considered doubtful	183.70	183.70
Less : Allowance for doubtful receivables	(183.70)	(183.70)
Total	435.63	149.23

11. Cash and cash equivalents

(Amount in ₹ lakhs)

Particulars	As at 31 March 2019	As at 31 March 2018
(a) Balances with Banks		
– In current account	200.57	163.66
(b) Drafts on hand	4.21	–
(c) Cash on hand	0.20	0.24
Total	204.98	163.90

12. Equity share capital

Authorised Equity Share capital

(Amount in ₹ lakhs)

Particulars	Number of Shares	Amount
As at 1 April 2017	40000000	4000.00
Increase during the year	–	–
As at 31 March 2018	40000000	4000.00
Increase during the year	-	–
As at 31 March 2019	40000000	4000.00
Issued, subscribed and fully paid-up		
As at 1 April 2017	37962800	3796.28
Increase during the year	–	–
As at 31 March 2018	37962800	3796.28
Increase during the year	–	–
As at 31 March 2019	37962800	3796.28

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019 (Contd.)

12.1 Reconciliation of the shares outstanding at the beginning and at the end of the year

(Amount in ₹ lakhs)

Particulars	Number of Shares	Amount
Balance at 1 April 2017	37962800	3796.28
Shares issued/(bought back) during the year	–	–
Balance at 31 March 2018	37962800	3796.28
Shares issued/(bought back) during the year	–	–
Balance at 31 March 2019	**37962800**	**3796.28**

12.2 Right, preferences and restrictions attached to share

The equity shares of the company, having par value of ₹ 10 per share, rank pari passu in all respects including voting rights and entitlement to dividend.

12.3 Details of shares held by the holding company

Out of equity shares issued by the company, shares held by its holding company are as below :

(Amount in ₹ lakhs)

Particulars	Numbers	Amount
As at 31 March 2019		
Equity shares of ₹ 10 each fully paid		
ITC Limited, holding company	37962794	3796.28
ITC Limited, holding company, jointly with other shareholders	6	*
As at 31 March 2018		
Equity shares of ₹ 10 each fully paid		
ITC Limited, holding company	37962794	3796.28
ITC Limited, holding company, jointly with other shareholders	6	*

* Amount is below the rounding off norm adopted by the company.

12.4 Details of shares held by each shareholder holding more than 5% shares

Particulars	As at 31 March 2019		As at 31 March 2018	
	Number of shares held	% holding of equity shares	Number of shares held	% holding of equity shares
Equity Shares of ₹ 10 each fully paid				
ITC Limited, holding company	**37962794**	**99.99%**	37962794	99.99%

13. Other equity

Retained Earnings

(Amount in ₹ lakhs)

Particulars	For the year ended 31 March 2019	For the year ended 31 March 2018
Balance at beginning of year	**2953.87**	8467.78
Add : Profit / (Loss) for the year	**819.50**	(1407.08)
Add : Other comprehensive income arising from remeasurement of net defined benefit obligation (net of income tax)	**3.50**	5.37
Less : Payment of interim dividend	**–**	(3416.65)
Less : Dividend distribution tax on interim dividend	**–**	(695.55)
Balance at end of year	**3776.87**	**2953.87**

14. Provisions

(Amount in ₹ lakhs)

Particulars	Non-Current		Current	
	As at 31 March 2019	As at 31 March 2018	As at 31 March 2019	As at 31 March 2018
Provision for employee benefits (refer note 33)				
Provision for gratuity	**12.64**	15.81	-	-
Provision for leave benefits	-	-	45.31	43.88
Total	**12.64**	15.81	45.31	43.88

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019 (Contd.)

15. Current borrowings

(Amount in ₹ lakhs)

Particulars	As at 31 March 2019	As at 31 March 2018
Secured		
Short term loan from bank	–	1056.28
Total	–	1056.28

Other information :

a) Short term loan is secured by way of exclusive charge on current assets.

b) Loan is in the nature of fixed rate short tenure loan at 8.15% p.a.

Net debt reconciliation

This section sets out an analysis of net debt and the movements in net debt for each of the periods presented.

(Amount in ₹ lakhs)

Particulars	As at 31 March 2019	As at 31 March 2018
Cash and cash equivalents	204.98	163.90
Borrowings	–	(1056.28)
Net debt	204.98	(892.38)

(Amount in ₹ lakhs)

Particulars	Cash and Cash equivalents	Borrowings	Total
Net debt as on 1 April 2017	58.98	–	58.98
Cash flows	104.92	(1055.34)	(950.42)
Interest expense	–	(161.73)	(161.73)
Interest paid	–	160.79	160.79
Net debt as on 31 March 2018	163.90	(1056.28)	(892.38)
Cash flows	41.08	1056.28	1097.36
Interest expense	–	(79.00)	(79.00)
Interest paid	–	79.00	79.00
Net debt as on 31 March 2019	204.98	–	204.98

16. Trade payables

(Amount in ₹ lakhs)

Particulars	As at 31 March 2019	As at 31 March 2018
- Dues to micro enterprises and small enterprises	–	–
- Dues to creditors other than micro enterprises and small enterprises	3879.26	2447.47
Total	3879.26	2447.47

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 as at 31 March 2019 (31 March 2018 : ₹ Nil).

17. Other current financial liabilities

(Amount in ₹ lakhs)

Particulars	Non-Current		Current	
	As at 31 March 2019	As at 31 March 2018	As at 31 March 2019	As at 31 March 2018
Employee related payables	–	–	79.72	80.01
Deposit from dealers / customers	–	–	1.70	5.18
Payable for fixed asset	–	–	–	2.02
Payable to holding company (Refer Note 39)	13.52	–	37.30	23.77
Total	13.52	–	118.72	110.98

17A. Contract liabilities

(Amount in ₹ lakhs)

Particulars	As at 31 March 2019	As at 31 March 2018
Contract liabilities	1371.13	891.18
	1371.13	891.18

Note : Out of balance as on 31 March 2018, ₹ 724.19 lakhs (previous year ₹ 253.98 lakhs) was recognised as revenue during the year.

18. Other current liabilities

(Amount in ₹ lakhs)

Particulars	As at 31 March 2019	As at 31 March 2018
Statutory dues including provident fund and tax deducted at source	40.52	31.22
Total	40.52	31.22

19. Revenue from operations

(Amount in ₹ lakhs)

Particulars	For the year ended 31 March 2019	For the year ended 31 March 2018
Sale of products		
Biological assets	10242.81	5452.46
Agricultural Produce	870.99	395.98
Traded Goods	4744.10	1726.99
	15857.90	7575.43
Other operating revenues		
Sale of old empty bags	135.65	81.92
Others*	32.28	31.84
	167.93	113.76
Total	16025.83	7689.19

* Others comprise incentives from suppliers, incentive from farmer funding by bank etc.

Notes :

1) Generally the goods are dispatched against advance payment. However, in certain cases credit is allowed based on market requirements which is generally less than one year. Accordingly, there is no significant financing component.
2) The Company primarily deals in biological assets and agricultural produce, where performance depends on germination / edible quality of product. The customer claims, if any, are generally settled within the same financial year.

20. Other income

(Amount in ₹ lakhs)

Particulars	For the year ended 31 March 2019	For the year ended 31 March 2018
Interest income on Bank Deposits and Others	0.08	13.47
Lease rental income [Refer Note 32(ii)]	112.12	103.11
Provisions/Liabilities written back to the extent no longer required	1.94	113.86
Gain on disposal of property, plant and equipment	–	1.88
Exchange differences (net)	–	6.13
Gain on sale of current investments	119.00	269.32
Gain on fair value measurement of investments	1.89	–
Total	235.03	507.77

21. Cost of raw material and components consumed

(Amount in ₹ lakhs)

Particulars	For the year ended 31 March 2019	For the year ended 31 March 2018
Inventory at the beginning of the year	216.01	138.99
Add: purchases	935.51	906.60
	1151.52	1045.59
Less: inventory at the end of the year	204.98	216.01
Cost of raw material and components consumed	946.54	829.58

Details of raw material and components consumed

(Amount in ₹ lakhs)

Particulars	For the year ended 31 March 2019	For the year ended 31 March 2018
Plantlets	13.25	8.79
Chemicals and fertilizers	75.64	65.59
Packing stores	857.65	755.20
Total	946.54	829.58

Details of inventory

(Amount in ₹ lakhs)

Particulars	As at 31 March 2019	As at 31 March 2018
Raw materials and components		
Chemicals and fertilizers	10.10	6.84
Packing stores	194.88	209.17
Total	204.98	216.01

22. Purchases of stock-in-trade and biological assets

(Amount in ₹ lakhs)

Particulars	For the year ended 31 March 2019	For the year ended 31 March 2018
Biological assets		
– Field generated seed potatoes	82.35	31.99
Stock-in-trade		
– Potatoes	4551.25	1131.54
– Apples	109.30	229.67
– Onions	15.03	107.23
– Banana Tissue Culture Plantlets	2.10	–
Total	4760.03	1500.43

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019 (Contd.)

23. Changes in inventories of finished goods, stock-in- trade and biological assets

(Amount in ₹ lakhs)

Particulars	For the year ended 31 March 2019	For the year ended 31 March 2018
Finished goods - Traded goods		
Inventories at the end of the year	900.60	275.15
Inventories at the beginning of the year	275.15	271.31
(Increase)/decrease (a)	(625.45)	(3.84)
Finished Goods - Agricultural Produce		
Inventories at the end of the year	282.30	322.04
Inventories at the beginning of the year	322.04	364.31
(Increase)/decrease (b)	39.74	42.27
Biological assets		
Inventories at the end of the year	8160.32	8654.65
Inventories at the beginning of the year	8654.65	6776.89
(Increase)/decrease (c)	494.33	(1877.76)
Total Changes in inventories of finished goods, stock-in- trade and biological assets (a+b+c)	(91.38)	(1839.33)

Details of inventory and Biological assets

(Amount in ₹ lakhs)

Particulars	As at 31 March 2019	As at 31 March 2018
Finished Goods		
Field generated potatoes (Agriculture Produce)	282.30	322.04
Total (a)	282.30	322.04
Traded goods		
Potatoes	897.11	275.15
Apple	3.49	–
Total (b)	900.60	275.15
Total (a+b)	1182.90	597.19
Biological assets	8160.32	8654.65
Total	8160.32	8654.65

24. Employee benefits expense

(Amount in ₹ lakhs)

Particulars	For the year ended 31 March 2019	For the year ended 31 March 2018
Salaries and wages	791.29	786.58
Contribution to provident and other funds (Refer Note 33)	34.04	35.62
Share-based payments to employees (Refer Note 34)	130.06	210.62
Staff welfare expenses	60.37	26.66
Total	1015.76	1059.48

25. Finance costs

(Amount in ₹ lakhs)

Particulars	For the year ended 31 March 2019	For the year ended 31 March 2018
Interest expense		
- On financial liabilities measured at amortised cost	79.00	161.73
- Others	1.33	-
Total	80.33	161.73

26. Depreciation and amortisation expense

(Amount in ₹ lakhs)

Particulars	For the year ended 31 March 2019	For the year ended 31 March 2018
Depreciation of property, plant and equipment (Refer Note 3)	102.92	108.17
Amortisation of intangible assets (Refer Note 3)	2.08	3.71
Total	105.00	111.88

27. Other expenses

(Amount in ₹ lakhs)

Particulars	For the year ended 31 March 2019	For the year ended 31 March 2018
Consumption of stores and spares	4.69	7.20
Farming Charges	3789.93	3858.59
Power and fuel	123.21	126.70
Freight and forwarding charges	1305.12	808.44
Lease rent [Refer Note 32(i)]		
– Agricultural land	931.71	946.72
– Office and Others	80.20	74.44
Storage and handling cost	1982.16	1810.06
Rates and taxes	4.63	5.07
Insurance	31.48	22.30
Repairs and maintenance		
– Plant and machinery	23.73	23.29
– Buildings	0.01	0.05
– Others	26.94	28.89
Advertising and sales promotion	0.05	0.30
Sales commission	0.80	2.58
Travelling and conveyance	101.43	99.78
Telephone, postage and telegram expenses	13.01	17.10
Printing and stationery	4.97	5.78
Legal and professional fees	54.74	31.28
Payment to auditors including taxes (Refer Note 27.1 below)	22.77	13.62
Exchange differences (net)	0.87	–
Expenditure towards corporate social responsibility (CSR) (Refer Note 30)	–	56.00
Miscellaneous expenses	95.07	81.58
Total	8597.52	8019.77

27.1.Payment to auditors including taxes

(Amount in ₹ lakhs)

Particulars	For the year ended 31 March 2019	For the year ended 31 March 2018
As Auditor:		
Audit fee	9.44	9.44
Tax audit fee	1.77	1.77
In other capacities		
Re-imbursement of expenses	0.94	0.64
Other services	10.62	1.77
Total	22.77	13.62

28. Income taxes

28.1.Tax expenses recognised in Statement of Profit and Loss

(Amount in ₹ lakhs)

Particulars	For the year ended 31 March 2019	For the year ended 31 March 2018
Current tax		
In respect of the current year	53.07	131.95
In respect of the prior year	(86.45)	(21.38)
Total (a)	(33.38)	110.57
Deferred tax		
In respect of the current year	0.49	(350.07)
MAT credit entitlement	60.45	–
Total (b)	60.94	(350.07)
Grand Total (a+b)	27.56	(239.50)

28.2 Tax expenses recognised in Other comprehensive income

(Amount in ₹ lakhs)

Particulars	For the year ended 31 March 2019	For the year ended 31 March 2018
Deferred tax charge/(credit) :		
Arising on remeasurements of net defined benefit liability	(0.12)	(0.37)
Total	(0.12)	(0.37)

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019 (Contd.)

28.3 Reconciliation of effective tax rate

The reconciliation between the income tax expenses and amount computed by applying the standard rate of income tax to profit before taxes is as follows :

(Amount in ₹ lakhs)

Particulars	For the year ended 31 March 2019	For the year ended 31 March 2018
Profit/(Loss) before tax	**847.06**	(1646.58)
Income Tax expense calculated at 27.82% (2018-33.063%)	**235.65**	(544.41)
Effects of :		
– Difference in recognition of income from sale of investments	**–**	196.59
– Agricultural income/(Loss) - exempt from Income tax in determining taxable profit	**197.66**	(584.95)
– Adjustments for current tax of prior periods	**(86.45)**	(21.38)
– Difference in tax rate	**–**	(65.97)
– Others	**(76.02)**	(3.90)
Income Tax expenses recognised in Statement of Profit and Loss	**27.56**	(239.50)

The tax rate used for the year 2017-18 and 2018-19 reconciliations above is the corporate tax rate of 27.82% (25% + surcharge @ 7% and education cess @ 4%) in 2018-19 and 33.063% (30% + surcharge @ 7% and education cess @ 3%) in 2017-18 payable on taxable profits under the Income Tax Act, 1961.

29. Earnings per share (EPS)

(Amount in ₹ lakhs)

Particulars	For the year ended 31 March 2019	For the year ended 31 March 2018
Profit/(Loss) after tax	**819.50**	(1407.08)
Net profit/(loss) for calculation of basic EPS	**819.50**	(1407.08)
Net profit/(Loss) as above	**819.50**	(1407.08)
Net profit/(loss) for calculation of diluted EPS	**819.50**	(1407.08)
	Numbers	Numbers
Weighted average number of equity shares in calculating basic EPS	**37962800**	37962800
Weighted average number of equity shares in calculating diluted EPS	**37962800**	37962800
Earnings per share		
Basic [Nominal value of shares ₹10 (Previous Year : ₹10)]	**2.16**	(3.71)
Diluted [Nominal value of shares ₹10 (Previous Year : ₹10)]	**2.16**	(3.71)

30. CSR Expenditure

(a) Gross amount required to be spent by the Company during the year ₹. Nil (previous year ₹. 55.88 lakhs).

(b) Amount spent during the year on:

(₹ in lakhs)

S.No.	Particulars	For the year ended 31 March 2019	For the year ended 31 March 2018
(i)	Construction/acquisition of any asset	**–**	–
(ii)	On purposes other than (i) above	**–**	56.00
		(56.00)	(53.50)

(Figures in bracket indicate previous year figures)

31. Contingent liabilities

(₹ in lakhs)

Particulars	As at 31 March 2019	As at 31 March 2018
Claims against the Company not acknowledged as debts (Refer notes below)		
Disputed income tax matters (Refer notes i and ii below)	**625.67**	320.38

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.

Notes:

i. The Company has received demand of ₹ 235.30 lakhs, ₹ 496.82 lakhs, ₹ 537.63 lakhs and ₹ 1066.85 lakhs for assessment years 2012-13, 2013-14, 2014-15 and 2016-17 respectively wherein the assessing officer has denied the agricultural income of the assesse vide assessment orders passed under Section 143(3) of the Income Tax Act, 1961. The Company has preferred an appeal with the Commissioner of Income Tax (Appeals) against the said demand. With respect to appeal filed by the Company for AY 2012-13, Commissioner of Income Tax (Appeals) has treated the income from sale of TECHNITUBER® Seed, as an Agriculture Income. However, Commissioner of Income Tax (Appeals) has treated the income arising from sale of early generation seed potatoes as business income. The Company has filed an appeal with the Income Tax Appellate Tribunal against the order of Commissioner of Income Tax (Appeals).

In addition to this, the Company has also filed rectification applications under section 154 of the Income Tax Act, 1961 for these years as the assessing officer has not considered the remaining brought forward business losses and/or unabsorbed depreciation available for all those years. Considering the remaining brought forward losses and/or unabsorbed depreciation available for those years and correct tax calculations, the possible net liability included in the above is ₹ 625.67 lakhs (2018- ₹ 156.62 lakhs).

ii. These amounts represent the estimates on the basis of available information. The uncertainties are dependent on outcome of the legal processes which have been invoked by the Company or the claimants as the case may be and therefore cannot be predicted accurately. The Company engages competent advisors to protect its interest and has been advised that it has strong legal positions against such disputes.

32. Operating Lease

i. As lessee

General description of the Company's operating lease arrangements:

The Company has entered into cancellable operating lease arrangements primarily for office premises, guest house, godowns etc. Some of the significant terms and conditions for the arrangements are:

- agreements range for period from 1 to 3 years except for lease of office which is for nine years and can generally be terminated by lessee/either parties by serving one to three months' notice or by paying the notice period rent in lieu thereof;
- the lease is generally renewable on the expiry of lease period subject to mutual agreement;
- the Company has no obligation towards the owner in case of damage to the property on account of risk factors like fire, flood, riots, natural calamities, etc.

(₹ in lakhs)

Particulars	For the year ended 31 March 2019	For the year ended 31 March 2018
Lease rentals charged to the Statement of Profit and Loss	**1011.91**	1021.16

ii. As lessor

The Company has entered into cancellable operating lease agreement with its holding Company for its land at the Manpura facility. The lease can be terminated by lessee by serving three months' notice or by paying the notice period rent in lieu thereof.

33. Employee benefit plans:

Defined Benefit Plan

Gratuity: The Company has a gratuity plan for its employees as per the Payment of Gratuity Act, 1972. Employees who have completed five years or more of service are eligible for gratuity on departure at 15 days 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.

Leave Encashment: The employees are entitled for leave for each year of service and part thereof and subject to the limits specified. The unavailed portion of such leaves can be accumulated or encashed during/at the end, of the service period. The plan is unfunded. The Company presents the entire liability towards compensated absences as a current liability in the Balance Sheet, since it does not have an unconditional right to defer its settlement for 12 months after reporting date.

Defined Contribution Plan

The Company has defined contribution plans and contributions are made to provident fund and employee's state insurance scheme for employees as per regulations. The provident fund is being deposited with the Regional Provident Fund Commissioner, Chandigarh and Himachal Pradesh. The employee state insurance is being deposited with the Employee State Insurance Corporation, Chandigarh and Himachal Pradesh. The obligation of the Company is limited to the amount contributed.

Risk Management

The defined benefit plans expose the Company to actuarial deficit arising out of investment risk, interest rate risk, salary cost inflation risk. These plans are not exposed to any unusual, entity specific or scheme specific risks but there are general risks. Investment risks may arise from volatility in

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019 (Contd.)

asset values and losses arising due to impairment of assets. The Scheme's accounting liabilities are calculated using a discount rate set with reference to the Government security yields. A decrease in yields will increase the fund liabilities, leading to accounting deficit in the funds. However, this may be partially offset by an increase in capital value of the scheme assets that have similar characteristics. Increase in salary due to adverse inflationary pressures might lead to higher liabilities. The gratuity scheme is funded with an insurance company in the form of the qualifying insurance policy. The plan liability are calculated using the discount rate with reference to bond yield, if plan asset underperform, these will create the deficit.

The following tables sets out the Defined Benefits Plan as per Actuarial Valuation as on 31 March 2019 and 31 March 2018 and recognised in the financial statements in respect of Employee Benefit Scheme.

(₹ in Lakhs)

	Particulars		For the year ended	
			31 March 2019	31 March 2018
I	**Components of Employer Expense**			
	(A) Recognised in Statement of Profit and Loss			
	1	Current Service Cost	**8.25**	7.74
	2	Past Service Cost	-	3.99
	3	Net Interest Cost	0.75	0.77
	4	**Total expense recognised in the Statement of Profit and Loss**	**9.00**	12.50
	(B)	**Re-measurements recognised in Other Comprehensive Income**		
	5	(Return) on plan assets (excluding amounts included in Net interest cost)	**0.92**	(1.11)
	6	Effect of changes in demographic assumptions	**3.10**	2.51
	7	Effect of changes in financial assumptions	**(5.46)**	(2.73)
	8	Changes in asset ceiling (excluding interest income)	-	-
	9	Effect of experience adjustments	**(2.18)**	(4.41)
	10	**Total re-measurements included in OCI**	**(3.62)**	(5.74)
	11	**Total defined benefit cost recognised in Statement of Profit and Loss and Other Comprehensive Income (4+10)**	**5.39**	6.76

The current service cost and net interest expense for the year pertaining to Gratuity expenses have been recognized in 'Contribution to provident and other fund' under Note 24. The remeasurements of the net defined benefit liability are included in Other Comprehensive Income.

(₹ in Lakhs)

	Particulars		**For the year ended 31 March 2019**	For the year ended 31 March 2018
II	**Actual Returns**		**2.95**	4.00
III	**Net (Asset/Liability recognised in Balance Sheet)**			
	1	Present Value of Defined Benefit Obligation	**68.16**	63.57
	2	Fair Value of Plan Assets	**55.52**	47.76
	3	Status [(Surplus/Deficit)]	**12.64**	15.81

(₹ in Lakhs)

			As at 31 March 2019		As at 31 March 2018	
			Current	**Non-Current**	Current	Non-Current
	4	Net (Asset)/Liability recognised in Balance Sheet	–	**12.64**	–	15.81

(₹ in Lakhs)

	Particulars		**For the year ended**	For the year ended
			31 March 2019	31 March 2018
IV	**Change in Defined Benefit Obligation (DBO)**			
	1	Present Value of DBO at the beginning of the year.	**63.57**	55.57
	2	Current Service Cost	**8.25**	7.74
	3	Past Service Cost	–	3.99
	4	Interest Cost	**4.63**	3.66
	5	Re-measurement gains/(losses):		
		Effect of changes in demographic assumptions.	**3.10**	2.51
		Effect of changes in financial assumptions.	**(5.46)**	(2.73)
		Effect of experience adjustments.	**(2.18)**	(4.41)
	6	Benefits Paid	**(3.75)**	(2.76)
	7	**Present Value of DBO at the end of the year.**	**68.16**	63.57

	Particulars		**For the year ended**	For the year ended
			31 March 2019	31 March 2018
V	**Change in Fair Value of Assets**			
	1	Plan Assets at the beginning of the year	**47.76**	37.79
	2	Return on Plan Assets	**3.87**	2.89
	3	Re-measurement of Gains/(Losses) on plan assets	**(0.92)**	1.11
	4	Actual Company Contributions	**8.55**	8.73
	5	Benefits paid	**(3.75)**	(2.76)
	6	Plan Assets at the end of the year	**55.52**	47.76

	Particulars		**As at 31 March 2019**	As at 31 March 2018
VI	**Actuarial Assumptions**			
	1	Discount Rate (%)	**7.50**	7.50
	2	Expected Return on plan Assets (%)	**7.50**	7.50
	3	Attrition Rate	**6.75**	10.00
	4	Long term rate of compensation increase (%)	**11.00**	12.50

The estimates of future salary increases, considered in actuarial valuations take account of inflation, seniority, promotion and other relevant factors such as supply and demand factors in the employment market.

The major categories of plan assets as a percentage of the fair value of total plan assets are as follows:

	Particulars	**31 March 2019**	31 March 2018
VII	**Investments with insurer ***	**100%**	100%

* In the absence of availability of information regarding plan assets which is funded with Insurance Company, the composition of each major category of plan assets, the percentage or amount for each category to the fair value of plan assets has not been disclosed.

VIII Basis Used to determine the Expected Rate of return on Plan Assets

The expected rate of return on plan assets is based on the current portfolio of assets, investment strategy and market scenario. In order to protect the capital and optimise returns within acceptable risk parameters, the plan assets are well diversified.

(₹ in Lakhs)

	Particulars		For the year ended	
			31 March 2019	31 March 2018
IX	**Net Asset/Liability recognised in Balance sheet (Including Experience adjustment impact)**			
	1	Present Value of Defined Benefits Obligations	**68.16**	63.57
	2	Fair Value of Plan Assets	**55.52**	47.76
	3	Status [(Surplus)/Deficit]	**12.64**	15.81
	4	Experience Adjustment of Plan Assets [Gain/ (loss)]	**(0.92)**	1.11
	5	Experience Adjustment of Obligation [Gain/ (loss)]	**(2.18)**	(4.41)

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019 (Contd.)

X Expected contributions to defined benefit plan for year ending 31 March 2020 are ₹ 7.71 lakhs. Details of expected cash flows for following years is given below: (₹ in Lakhs)

	Particulars	For the year ended 31 March 2019	For the year ended 31 March 2018
1	Expected employer contributions next year	7.71	8.80
2	Expected benefits payment		
	Year 1	3.62	4.63
	Year 2	3.93	4.63
	Year 3	3.77	4.97
	Year 4	4.30	4.90
	Year 5	11.53	5.24
	Next 5 years	26.86	29.20

XI Sensitivity Analysis

The sensitivity analysis below has been determined based on reasonably possible change of the respective assumptions occurring at the end of the reporting period, while holding all other assumptions constant. These sensitivities show the hypothetical impact of a change in each of the listed assumptions in isolation. While each of these sensitivities holds all other assumptions constant, in practice such assumptions rarely change in isolation and the asset value changes may offset the impact to some extent. For presenting the sensitivities, the present value of defined benefit obligation has been calculating using the projected unit credit method at the end of the reporting period, which is the same as that applied in calculating the Defined Benefit Obligation presented above.

(₹ in Lakhs)

		Particulars	DBO as at 31 March 2019	DBO as at 31 March 2018
	1	Discount Rate + 100 basis points	62.98	59.22
	2	Discount Rate - 100 basis points	74.07	68.48
	3	Attrition Rate +1%	67.03	62.38
	4	Attrition Rate -1%	69.39	64.87
	5	Long term rate of Compensation Increase Rate +1%	73.16	67.71
	6	Long term rate of Compensation Increase Rate -1%	63.63	59.78

Amount towards defined contribution plans have been recognised under 'Contribution to provident and other fund' in Note 24 - ₹25.03 lakhs (2018: ₹ 23.12 lakhs).

XII. Weighted Average Duration of Defined Benefit Obligations

The weighted average duration of defined benefit obligation is 9 years (2018 : 6 years).

34. Share Based Payment

The eligible employees of the Company, including employees deputed from ITC Limited (ITC), are covered under the ITC Employee Stock Option Schemes (ITC ESOS) and the ITC Employee Cash Settled Stock Appreciation Linked Reward Plan (ITC ESAR Plan) in accordance with the terms and conditions of such schemes, details of which are as under:

ITC ESOS:

Each Option entitles the holder thereof to apply for and be allotted ten ordinary shares of ₹ 1.00 each of ITC upon payment of the exercise price during the exercise period. These options vest over a period of three years from the date of grant and are exercisable within a period of five years from the date of vesting.

The options have been granted at the 'market price' as defined under the Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014.

ITC ESAR:

Under the ITC ESAR Plan, eligible employees would receive cash linked to appreciation in the value of the shares of ITC in accordance with the terms and conditions of this Plan. The stock appreciation units (SARs) vest over a period of five years from the date of grant and entitles each ESAR grantee to the appreciation for the total number of ESAR Units vested.

The cost of stock options granted under ITC ESOS / SARs granted under ITC ESAR have been recognized as equity settled / cash settled share based payments respectively in accordance with Ind AS 102 – Share Based Payment. In terms of said deputation arrangement, the Company has accounted for the cost of the fair value of options / stock appreciation units granted to the deputed employees on-charge by ITC. The fair value of the options / SARs granted is determined, using the Black Scholes Option Pricing model, by ITC for all the grantees covered under ITC ESOS / ITC ESAR as a whole.

In accordance with Ind AS 102, an amount of ₹ 116.54 lakhs (2018 – ₹ 210.62 lakhs) towards ITC ESOS and ₹ 13.52 lakhs (2018 - ₹ Nil) towards ITC ESAR has been recognized as employee benefits expense (Refer Note 24). Such charge has been recognised as employee benefits expense with corresponding credit to current / non – current financial liabilities, as applicable. Out of the above ₹ 57.73 lakhs (2018- ₹ 111.92 lakhs) is attributable to key management personnel [Mr. Sachidanand S. Madan ₹ 47.03 lakhs (2018 - ₹ 94.33 lakhs); Mr. Sanjeev Madan ₹ 10.70 lakhs (2018 - ₹ 17.59 lakhs)]

The summary of movement of such options granted by ITC and status of the outstanding options is as under:

Particulars *	As at 31 March 2019 No. of Options	As at 31 March 2018 No. of Options
Outstanding at the beginning of the year	1,81,347	1,58,776
Add: Granted during the year @	–	34,045
Less: Lapsed during the year	–	–
Add / (Less): Movement due to transfer of employees within the group.	–	–
Less: Exercised during the year	40,580	11,474
Outstanding at the end of the year	140,767	1,81,347
Options exercisable at the end of the year	107,076	1,15,032

* The Weighted average exercise price of the options granted under the ITC ESOS to all Optionees covered under the Scheme is computed by ITC as a whole.

@ Includes Nil (2018 – 16,875) number of options granted to the Key Management Personnel of the Company.

35. Capital Management

a. Risk Management

The Company manages its capital to ensure that the Company will be able to continue as going concern while maximising the return of the stakeholders through optimum fund utilization. The capital structure of the Company comprises of equity as detailed in the Statement of Changes in Equity as well as borrowings. The Company does not have any long-term debt obligation and funds its operations mainly through internal accruals and short term borrowings. The Company's objective when managing capital is to maintain an optimal structure so as to maximize shareholder value. Further, the Company is not exposed to any externally imposed capital requirements.

b. Dividend

(₹ in lakhs)

Particulars	31st March 2019	31st March 2018
Equity shares	–	3416.65
Interim dividend for the year ended 31 March 2019 of ₹ Nil per fully paid share (31 March 2018 - of ₹ 9 per fully paid share)		

36. Categories of Financial Instrument

(₹ in lakhs)

Particulars	As at 31 March 2019		As at 31 March 2018	
	Carrying Value	Fair Value	Carrying Value	Fair Value
A. Financial Assets				
a) Measured at fair value through profit and loss (FVTPL)				
Investments in Mutual Funds	1301.89	1301.89	–	–
b) Measured at amortised cost				
Cash and Bank Balances	204.98	204.98	163.90	163.90
Trade Receivables	435.63	435.63	149.23	149.23
Other Financial Assets	16.12	16.12	9.68	9.68
B. Financial Liabilities				
Measured at amortised cost				
Borrowings	–	–	1056.28	1056.28
Trade Payables	3879.26	3879.26	2447.47	2447.47
Other Financial Liabilities	132.24	132.24	110.98	110.98

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019 (Contd.)

37. Financial Risk Management Objectives

The Company's activities expose it to a variety of financial risks, including market risk, credit risk and liquidity risk. The Company continues to focus on a system based approach to business risk management. The Company's financial risk management process seeks to enable the early identification, evaluation and effective management of key risks facing the business. Backed by strong internal control systems, the current Risk Management Framework rests on policies and procedures issued by appropriate authorities; process of regular reviews / audits to set appropriate risk limits and controls; monitoring of such risks and compliance confirmation for the same.

(a) Market risk

The Company's business operations expose it to the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Such market risk may arise out of volatility in currency rates, interest rates and prices. The Company has in place appropriate risk management policies to limit the impact of these risks on its financial performance.

The Company ensures optimisation of cash through fund planning, robust cash management practices and manages interest rate risk and foreign exchange risk.

i) Foreign currency risk

The Company undertakes transactions denominated in foreign currency which results in exchange rate fluctuations. Such exchange rate risk primarily arises from transactions made in foreign exchange and reinstatement risks arising from recognised assets and liabilities which are not in the Company's functional currency (INR). Further, in view of low proportion of export/ imports, as compared to the overall operations, the exposure of the Company to foreign exchange risk is also not considered to be material. Particulars of un-hedged foreign currency exposure are given hereunder.

Particulars	Currency	As at 31 March 2019	As at 31 March 2018
Trade receivables	AUD$	234,200	–
Trade receivables	EUR€	–	300

No sensitivity analysis is given due to immaterial balances of financial assets and financial liabilities at the year end.

ii) Interest rate risk

Interest rate risk refers to the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company's main interest rate risk arises from short-term borrowings where the rate of interest is fixed. The Company's borrowings are carried at amortised cost. The borrowings of the Company at the end of the reporting period are ₹ Nil (2018: ₹ 1056.28 lakhs). As there is no outstanding loan as on 31 March, 2019, no sensitivity analysis is given.

iii) Price risk

The Company invests its surplus funds primarily for short tenor in debt mutual funds measured at fair value through profit or loss. Aggregate value of such investments as at 31 March 2019 is ₹ 1,301.89 lakhs (31 March 2018 - Nil). Accordingly, these do not pose any significant price risk, hence, no sensitivity analysis is given.

(b) Liquidity risk

Liquidity risk is defined as the risk that the Company will not be able to settle or meet its obligations as they become due. The Company's investment decisions relating to deployment of surplus liquidity are guided by the tenets of safety, liquidity and return. The Company manages its liquidity risk by ensuring that it will always have sufficient liquidity to meet its liabilities when due. Considering the dynamic nature of business, the Company also maintains committed credit lines with its bankers.

The table below provides details regarding the remaining contractual maturities of significant financial liabilities at the reporting date.

(₹ in lakhs)

As at 31 March 2019 Contractual cash flows *						
Particulars	**Carrying Value**	**Less than 3 months**	**More than 3 months up to 6 months**	**More than 6 months up to 1 year**	**More than 1 year**	**Total**
Borrowings	-	-	-	-	-	-
Trade Payables	3879.26	3584.28	-	294.98	-	3879.26
Other Financial Liabilities	132.24	52.42	45.86	20.44	13.52	132.24
Total	**4011.50**	**3636.70**	**45.86**	**315.42**	13.52	**4011.50**

(₹ in lakhs)

As at 31 March 2018 Contractual cash flows *						
Particulars	**Carrying Value**	**Less than 3 months**	**More than 3 months up to 6 months**	**More than 6 months up to 1 year**	**More than 1 year**	**Total**
Borrowings	1056.28	–	1056.28	–	–	1056.28
Trade Payables	2447.47	2155.74	–	291.73	–	2447.47
Other Financial Liabilities	110.98	57.74	42.16	11.08	–	110.98
Total	**3614.73**	**2213.48**	**1098.44**	**302.81**	–	**3614.73**

* The table has been drawn up based on the earliest date on which the Company can be required to pay.

(c) Credit risk

Credit risk is the risk that Counterparty will not meet its obligations under a financial instrument which may lead to a financial loss to the Company. Apart from its operating activities, wherein the Company deals with large number of customers, the Company is also exposed to credit risk from its investing activities.

There is no significant increase in credit risk since previous year. The Company believes that credit risk is low at the reporting date as the terms of trade are generally in advance / cash payment. In certain circumstances credit is extended to customers, taking into account market conditions, general economic scenario etc. A default on a financial asset is when the counterparty fails to make contractual payments within the credit period when they fall due. This definition of default is determined by considering the business environment in which the Company operate and other micro economic factors. Interest is generally not charged and / or paid on customer balances.

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019 (Contd.)

Credit risk with respect to trade receivables is not material and is limited due to the diverse customer base. The Company's historical experience of collecting receivables, supported by the level of default, is that credit risk is low and so trade receivables are considered to be a single class of financial assets. Individual customer credit limits are imposed based on relevant factors such as market feedback, banker's introduction, business potential etc. All Customer balances which are overdue for more than 180 days are evaluated for provisioning and considered for impairment on an individual basis. The customer balances are written-off as bad debts, when legal remedies available to the Company are exhausted and / or it becomes certain that said balances will not be recovered. The Company has used practical expedient in computing allowance for doubtful receivables based on the ageing of the customer's balances, specific credit circumstances and Company's historical and forward looking information.

Movement in the provisions for impairment of trade receivables is as follows:

(₹ in lakhs)

Particulars	For the year ended 31 March 2019	For the year ended 31 March 2018
Balance at the beginning of the year	183.70	183.70
Provided during the year	–	–
Adjusted during the year	–	–
Balance at the end of the year	183.70	183.70

Investment in mutual funds are made only with approved mutual funds and credit risk in such funds are limited because the underlying investments are diversified and the Company's investment framework considers the credit quality of the underlying investments made by the fund house.

38. Fair Value Measurement

Fair value hierarchy:

Fair value of the financial instruments is classified in various fair value hierarchies based on the following three levels:

Level 1: Quoted prices (unadjusted) in active market for identical assets or liabilities.

Level 2: Inputs other than quoted price including within level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices). The fair value of financial instruments that are not traded in an active market is determined using valuation techniques which maximize the use of observable market data and rely as little as possible on entity-specific estimates. If significant inputs required to fair value an instrument are observable, the instrument is included in Level 2.

Level 3: Inputs for the assets or liabilities that are not based on observable market data (unobservable inputs). If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3. This is the case with listed instruments where market is not liquid and for unlisted instruments.

There are no assets or liabilities, the fair value of which has been benchmarked / derived with quoted benchmarks and accordingly, there are no assets / liabilities classified at Level 2.

The following table provides the fair value measurement hierarchy for financial assets measured at fair value:

(₹ in lakhs)

Financial Asset	Fair Value Hierarchy	Valuation Techniques	Fair Value as at	
			31 March 2019	31 March 2018
Investments in Mutual Funds	Level 1	Net Asset Value as declared by the Fund/quoted prices in active markets	1301.89	NIL

The fair value of trade receivables and payables, other financial assets and other financial liabilities is considered to be equal to the carrying amounts of these items due to their short – term nature.

39. Related party disclosures

(a) Names of related parties and nature of relationship

Holding Company	:	ITC Limited

(b) Other related parties with whom transactions have taken place during the year

Enterprises under common control	:	Technico Pty Limited, Australia (TPL) ITC Infotech India Limited

(c) Key Management Personnel (KMP)

Mr. Surampudi Sivakumar	:	Director
Mr. Arup Kumar Mukerji	:	Director (till 17 July 2018)
Mr. Dharmarajan Ashok	:	Director (from 20 August 2018)
Mr. Ganesh Kumar Sundararaman	:	Director
Mr. David Charles McDonald	:	Director
Mr. Sachidanand Shivprakash Madan	:	Whole Time Director &Company Secretary
Mr. Sanjeev Kumar Madan	:	Chief Financial Officer

(d) Details of transactions carried out during the financial year ended 31 March 2019 with related parties in the ordinary course of business:

(₹ in lakhs)

Particulars	Holding Company (ITC Limited)		Entities under Common Control		KMP	
	31 March 2019	31 March 2018	31 March 2019	31 March 2018	31 March 2019	31 March 2018
Sale of products						
- ITC Limited	3521.17	174.58	–	–	–	–
- Technico Pty Limited	–	–	108.59	171.40	–	–
Purchase of products						
- ITC Limited	1.06	–	–	–	–	–
Lease rental income						
- ITC Limited	112.12	103.11	–	–	–	–
Remuneration of managers on deputation reimbursed #						
- ITC Limited	274.29	260.82	–	–	–	–
Value of Share based payment						
- Reimbursement	130.06	210.62	–	–	–	–
Interim Dividend						
- ITC Limited	–	3416.65	–	–	–	–
Purchase of services						
- ITC Limited	0.96	0.84	–	–	–	–
-ITC Infotech India Limited	–	–	13.45	12.94	–	–
Expenses reimbursed						
- ITC Limited	21.85	22.69	–	–	–	–
Expenses recovered						
- ITC Limited	–	0.06	–	–	–	–
- Technico Pty Limited	–	–	6.67	8.89	–	–

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019 (Contd.)

Particulars	Holding Company (ITC Limited)		Entities under Common Control		KMP	
	31 March 2019	31 March 2018	31 March 2019	31 March 2018	31 March 2019	31 March 2018
Sitting fees - Directors						
- Mr. Hari Mohan Jha	–	–	–	–	–	1.50
- Mr. Pawan K. Verma	–	–	–	–	–	1.40
Remuneration paid**						
- Mr. Sachidanand S. Madan	–	–	–	–	145.80	127.76
- Other KMP	–	–	–	–	38.02	39.41

Reimbursement of managers on deputation includes remuneration paid to Mr. Sachidanand S. Madan (Wholetime Director) disclosed separately.

(e) Details of balances with the related parties :

(₹ in lakhs)

Particulars	Holding Company (ITC Limited)		Entities under Common Control	
	31 March 2019	31 March 2018	31 March 2019	31 March 2018
Trade receivables				
- ITC Limited	97.86	56.64	–	–
– Technico Pty Limited	–	–	114.80	–
Other payables				
- ITC Limited	50.82	23.77	–	–

****Compensation of key managerial personnel**

(₹ in lakhs)

The remuneration of directors and other members of key managerial personnel #	For the year ended 31 March 2019	For the year ended 31 March 2018
Short term benefits	183.82	167.17

Post-employment benefits and other long term employee benefits are actuarially determined on overall basis and hence not separately provided. Also refer note 34 on share based payment.

Significant terms & conditions :

All the transactions with related parties are in ordinary course of business and on arm's length basis. The amount outstanding are unsecured and will be settled in cash.

40. Segment reporting

The operating segments are presented in a manner consistent with the internal reporting provided to the Board of Directors, which is the CODM.

Business segments comprises:

I. Seed Business: TECHNITUBER® Seed, Field Produced seed potatoes, Banana Tissue Culture

II. Fruits and Vegetables Business: Trading in table potatoes, Potatoes for processing industry, Onion, Apple etc.

A. Segment Results :

(₹ in lakhs)

Particulars	**For the year ended 31 March 2019**	For the year ended 31 March 2018
Segment Revenue:		
- Seed (Biological assets and Agricultural Produce)	**11113.80**	5848.44
- Fruits and Vegetables (Traded goods)	**4744.10**	1726.99
Gross Revenue from sale of products	**15857.90**	7575.43
Segment Results:		
- Seed	**783.88**	(1659.24)
- Fruits and Vegetables	**(89.58)**	(155.51)
Segment Total	**694.30**	(1814.75)
Unallocated Expenses net of unallocated Income	**(112.12)**	(60.55)
Profit/(Loss) before Interest etc. and taxation	**806.42**	(1754.20)
Finance Costs	**80.33**	161.73
Income from current and non-current investments, interest earned on deposits, profit/loss on sale of investments etc.	**(120.97)**	(269.35)
Profit/(Loss) before tax	**847.06**	(1646.58)
Tax expenses	**27.56**	(239.50)
Profit/(Loss) for the year	**819.50**	(1407.08)

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019 (Contd.)

B. Segment Assets and Liabilities: (₹ in lakhs)

Particulars	As at 31 March 2019		As at 31 March 2018	
	Assets	Liabilities	Assets	Liabilities
Seed	9950.70	5005.50	10314.41	3346.60
Fruits and Vegetables	1186.74	450.03	456.03	169.48
Segment Total	11137.44	5455.53	10770.44	3516.08
Unallocated Assets and Liabilities	1916.81	25.57	576.53	1080.74
Total	13054.25	5481.10	11346.97	4596.82

Segment Assets and Liabilities are measured in the same way as in the financial statements. These assets are allocated based on the operations of the respective segment.

C. Geographical segment wise revenue: (₹ in lakhs)

S. No.	Particulars	For the year ended 31 March 2019	For the year ended 31 March 2018
(a)	Revenue from domestic market	15735.95	7404.03
(b)	Revenue from overseas market	121.95	171.40
	Total	15857.90	7575.43

No customer individually accounts for more than 10 % of the revenue of the Company.

D. Depreciation and Amortization :

(₹ in lakhs)

Particulars	For the year ended 31 March 2019	For the year ended 31 March 2018
Seed	103.73	110.94
Fruits and Vegetables	1.27	0.94
Total	105.00	111.88

E. Non Cash expenditure other than depreciation and amortization : (₹ in lakhs)

Particulars	For the year ended 31 March 2019	For the year ended 31 March 2018
Seed	0.56	–
Fruits and Vegetables	–	–
Total	0.56	–

41. Use of Estimates and Judgements

The key estimates and assumptions used in the preparation of financial statements are set out below:

- The Company has ongoing litigations with income tax authorities. Where an outflow of funds is believed to be probable and a reliable estimate of the outcome of the dispute can be made based on management's assessment of specific circumstances of each dispute and relevant external advice, management provides for its best estimate of the liability. Such accruals are by nature complex and can take number of years to resolve and can involve estimation uncertainty.
- The determination of Company's liability towards defined benefit obligation to employees is made through independent actuarial valuation including determination of amounts to be recognized in the Statement of Profit and Loss and in other comprehensive income. Such valuation depends upon assumptions determined after taking into account inflation, seniority, promotion and other relevant factors such as supply and demand factors in the employment market.
- On initial recognition and at the end of each reporting period, the biological assets are measured at fair value less cost to sell. Gains and losses arising on initial recognition of both biological asset and agricultural produce and any subsequent changes in fair value are recognised in the statement of Profit and Loss in the period in which they arise.

42. The Ministry of Corporate Affairs (MCA) has notified the Companies (Indian Accounting Standards) Amendment Rules, 2018 on 28 March 2018 which includes Ind AS 115 'Revenue from Contracts with Customers' effective 1 April 2018. The Company has adopted Ind AS 115 using modified retrospective method, wherein the Company has elected to apply practical expedient for contracts that were not completed on or before 31 March, 2018. Accordingly, the comparatives have not been retrospectively adjusted. The Company has evaluated and there is no material impact on the financial statements resulting from the implementation of this standard.

No significant judgements have been made by the Company in applying Ind AS 115 that significantly affect the determination of the amount and timing of revenue from contracts with customers.

43. Ministry of Corporate Affairs (MCA) has issued the Companies (Indian Accounting Standards) Second Amendment Rules, 2019 on March 30, 2019 notifying new Standard Ind AS 116 "Leases'. This Ind AS is applicable for annual period beginning on or after April 01, 2019. The Company expects that there will be no material impact on the financial statements resulting from implementation of this standard.

44. On March 30, 2019, Ministry of Corporate Affairs issued amendments to the guidance in Ind AS 12, 'Income Taxes', in connection with accounting for taxes on dividend. The amendment clarifies that an entity shall recognize the income tax consequences of dividends in profit or loss, other comprehensive income or equity according to where the entity originally recognized those past transactions or events. Effective date for application of this amendment is annual period beginning on or after April 1, 2019. The Company expects that the said amendment will not have any impact on the Company.

45. The financial statement for the year ended 31 March 2019 are adopted and authorized for issue by Board of Directors on 26 April 2019.

46. As required by Ind AS, comparative figures have been adjusted to conform to changes in presentation for the current financial year.

For Price Waterhouse
Firm registration number: 301112E
Chartered Accountants

Avijit Mukerji
Partner
Membership no.: 056155

Place: Kolkata
Date: 26 April, 2019

For and on behalf of the Board of Directors of Technico Agri Sciences Limited

S. Sivakumar
Chairman

Sachidanand S. Madan
Director and Company Secretary

Place : Hyderabad
Date : 26 April, 2019

Sanjeev K. Madan
Chief Financial Officer

DIRECTORS' REPORT FOR THE YEAR ENDED 31 MARCH, 2019

Your directors submit their report for the financial year ended 31 March 2019.

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 (till 17th July 2018)	Mr Allan Hendry
Mr Sachidanand Madan	Mr Dharmarajan Ashok (Effective 13th August 2018)

All the directors, except as stated above, have been in office since the start of the financial year until the date of this report.

Corporate information

Technico Pty Limited is a company limited by shares that is incorporated and domiciled in Australia. Its parent entity is ITC Limited, a public company registered in India and listed in National Stock Exchange and Bombay Stock Exchange in India.

The registered office of Technico Pty Limited is located at:

49 Bowral Street, BOWRAL NSW 2576, Australia

Principal activities

The principal activities of 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

Review and results of operations

Your company is focused on ensuring the continuous upgrading of the TECHNITUBER® Technology and customising its application across various geographies. Your company is also engaged in the marketing of TECHNITUBER ® seeds to global customers by leveraging the production facilities of its subsidiaries in China and Canada as well as the facilities of its group company Technico Agri Sciences Limited, India ("TASL").

For the year under review, your company has reported revenues from sale of goods of A$2,413,161 (2018: A$2,522,595) and earned a net profit of A$ 1,250, 911(2018: A$1,450,497). Net Profit for the current year is lower due to lower other income and forex loss.

No dividends have been paid or declared during the financial year.

Significant changes in the state of affairs

There have been no significant changes in the state of affairs of the company during the year.

Significant events after balance sheet date

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

No indemnities have been given or insurance premiums paid, during or since the end of the financial year, for any person who is or has been an officer or auditor of Technico Pty Limited.

Auditor independence

The auditor's independence declaration in accordance with section 307C of the *Corporations Act 2001*, for the year ended 31 March 2019 has been received and is included in the financial report.

Signed in accordance with a resolution of the Board of Directors:

Allan Hendry
Director

Place: Sydney, Australia
Date: 25th April 2019

DIRECTORS' DECLARATION FOR THE YEAR ENDED 31 MARCH, 2019

In accordance with a resolution of the directors of Technico Pty Limited, we state that in the opinion of the directors:

(a) the company is not a reporting entity as defined in the Australian Accounting Standards;

(b) the financial statements and notes of the company are in accordance with the *Corporations Act 2001*, including:

(i) giving a true and fair view of the company's financial position as at 31 March 2019 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:

Allan Hendry
Director

Sydney, Australia
Date: 25th April 2019

AUDITOR'S INDEPENDENCE DECLARATION

UNDER SECTION 307C OF THE *CORPORATIONS ACT 2001*

To the Directors of the Technico Pty Limited

I declare that, to the best of my knowledge and belief, during the year ended 31 March 2019 there has been:

a) no contraventions of the auditor independence requirements as set out in the Corporations Act 2001 in relation to the audit, and

b) no contraventions of any applicable code of professional conduct in relation to the audit.

Kelly Partners (South West Sydney) Partnership
Daniel Kuchta
Registered Auditor Number 335565

Campbelltown
Date: 26th April 2019

INDEPENDENT AUDIT REPORT

To the Members of Technico Pty Limited,

Opinion

We have audited the financial report of Technico Pty Limited, which comprises the statement of financial position as at 31 March 2019, the statement of comprehensive income, statement of changes in equity and cash flow statement for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and the directors' declaration.

In our opinion, the accompanying financial report of Technico Pty Limited is in accordance with the *Corporations Act 2001*, including:

(a) giving a true and fair view of the company's financial position as at 31 March 2019 and of its financial performance for the year then ended; and

(b) complying with Australian Accounting Standards to the extent described in Note 1, and the *Corporations Regulations 2001*.

Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the Company in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of the Company, would be in the same terms if given to the directors as at the time of this auditor's report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Information

The directors are responsible for the other information. The other information comprises the directors' report for the year ended 31 March 2019, but does not include the financial report and our auditor's report thereon.

Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Emphasis of Matter – Basis of Accounting

We draw attention to Note 1 to the financial report, which describes the basis of accounting. The financial report has been prepared for the purpose of fulfilling the directors' financial reporting responsibilities under the *Corporations Act 2001*. As a result, the financial report may not be suitable for another purpose. Our opinion is not modified in respect of this matter.

Responsibilities of the Directors for the Financial Report

The directors of the company are responsible for the preparation of the financial report that gives a true and fair view and have determined that the basis of preparation described in Note 1 to the financial report is appropriate to meet the requirements of the *Corporations Act 2001* and is appropriate to meet the needs of the members. The directors' responsibility also includes such internal control as the directors determine is necessary to enable the preparation of a financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

As part of an audit in accordance with the Australian Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Kelly Partners (South West Sydney) Partnership
Daniel Kuchta

Registered Auditor Number 335565
Campbelltown
Date: 26th April 2019

STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 MARCH, 2019

	Notes	2019 $	2019 ₹	2018 $	2018 ₹
Continuing operations					
Sale of goods		**2,413,161**	**119,529,897**	2,522,595	125,653,736
Cost of sales:					
Other cost of sales		**(1,012,585)**	**(50,155,867)**	(1,100,131)	(54,798,955)
Inventory write off and write down		–	–	–	–
Gross profit		**1,400,576**	**69,374,030**	1,422,464	70,854,781
Other income	2(a)	**185,423**	**9,184,465**	297,577	14,822,697
Middle East & North Africa expenses		**(134)**	**(6,637)**	(7,675)	(382,302)
Research and development expenses		**(36,954)**	**(1,830,424)**	(31,554)	(1,571,746)
Occupancy expenses		**(3,273)**	**(162,120)**	(3,273)	(163,032)
Administration expenses:					
Other administration expenses		**(215,226)**	**(10,660,682)**	(141,320)	(7,039,333)
Profit from continuing operations before income tax expense		**1,330,412**	**65,898,632**	1,536,219	76,521,065
Income tax expense	3	**(79,501)**	**(3,937,883)**	(85,722)	(4,269,925)
Total comprehensive income attributable to members of Technico Pty Ltd		**1,250,911**	**61,960,749**	1,450,497	72,251,140
Other comprehensive income		–	–	–	–
Total comprehensive income for the period		**1,250,911**	**61,960,749**	1,450,497	72,251,140
Profit from continuing operations after income tax expense		**1,250,911**	**61,960,749**	1,450,497	72,251,140
Net profit for the period		**1,250,911**	**61,960,749**	1,450,497	72,251,140
Net profit attributable to members of Technico Pty Limited		**1,250,911**	**61,960,749**	1,450,497	72,251,140

BALANCE SHEET AS AT 31 MARCH, 2019

	Notes	2019 $	2019 ₹	2018 $	2018 ₹
Current assets					
Cash and cash equivalents	4	**4,305,240**	**211,042,864**	3,168,329	158,559,024
Trade and other receivables	5	**1,963,146**	**96,233,417**	1,684,745	84,313,064
Other	6	**71,442**	**3,502,086**	46,392	2,321,688
Total current assets		**6,339,828**	**310,778,367**	4,899,466	245,193,776
Non-current assets					
Other financial assets	7	**969,736**	**47,536,458**	969,736	48,530,438
Property, plant and equipment	8	–	–	–	–
Intangible assets	9	**15,634**	**766,379**	14,161	708,687
Total non-current assets		**985,370**	**48,302,837**	983,897	49,239,125
Total assets		**7,325,198**	**359,081,204**	5,883,363	294,432,901
Current liabilities					
Trade and other payables	10	**912,334**	**44,722,613**	721,410	36,102,963
Provisions	11	–	–	–	–
Total current liabilities		**912,334**	**44,722,613**	721,410	36,102,963
Total liabilities		**912,334**	**44,722,613**	721,410	36,102,963
Net assets		**6,412,864**	**314,358,591**	5,161,953	258,329,938
Equity					
Contributed equity	12	**19,489,182**	**955,359,702**	19,489,182	975,336,113
Accumulated losses	13	**(13,076,318)**	**(641,000,111)**	(14,327,229)	(717,006,175)
Total equity		**6,412,864**	**314,359,591**	5,161,953	258,329,938

STATEMENT OF CHANGES IN EQUITY AS AT 31 MARCH, 2019

	Contributed Equity $	Retained earnings $	Total $
At 1 April 2017	**19,489,182**	**(15,777,724)**	**3,711,458**
Profit for the period	–	**1,450,497**	**1,450,497**
At 31 March 2018	**19,489,182**	**(14,327,229)**	**5,161,953**
Profit for the period	–	**1,250,911**	**1,250,911**
At 31 March 2019	**19,489,182**	**(13,076,318)**	**6,412,864**

	Contributed Equity ₹	Retained earnings ₹	Total ₹
At 1 April 2017	966,273,644	(782,259,556)	184,014,088
Profit for the period	–	72,251,140	72,251,140
Balance sheet exchange rate variance	9,062,469	6,997,759	2,064,710
At 31 March 2018	975,336,113	(717,006,175)	258,329,938
Profit for the period	–	61,960,749	61,960,749
Balance sheet exchange rate variance	(19,976,411)	14,045,315	(5,931,096)
At 31 March 2019	955,359,702	(641,000,111)	314,359,591

CASH FLOW STATEMENT FOR THE YEAR ENDED 31 MARCH, 2019

	2019		2018	
	$	₹	$	₹
Cash flow from operating activities				
Receipts from customers	**2,104,447**	**104,238,520**	2,462,597	122,665,158
Receipts of sundry income	**76,018**	**3,765,362**	9,736	484,963
Payments to suppliers and employees	**(1,025,405)**	**(50,790,873)**	(1,800,243)	(89,672,444)
Goods and services tax received/(paid)	**(111,998)**	**(5,547,541)**	5,743	286,066
Interest received	**98,490**	**4,878,456**	76,125	3,791,885
Borrowing costs	–	–	–	–
Net cash flows from operating activities	**1,141,552**	**56,543,924**	753,958	37,555,628
Cash flow from investing activities				
Additions/(disposals) to intangible assets	–	–	–	–
Payments for protection of technology	**(4,641)**	**(229,880)**	(2,999)	(149,384)
Net cash flows from/(used in) investing activities	**(4,641)**	**(229,880)**	(2,999)	(149,384)
Cash flows from financing activities				
Sale of investment in subsidiary/trademark	–	–	–	–
Share capital redemption	–	–	–	–
Net cash flows (used in)/from financing activities	–	–	–	–
Net increase/(decrease) in cash held	**1,136,911**	**56,314,044**	750,958	37,406,194
Add opening cash brought forward	**3,168,329**	**158,559,024**	2,417,371	119,853,254
Non cash exchange gain/(loss) on translation of opening cash balance	–	**(3,830,204)**	–	1,299,576
Cash and cash equivalents at end of period	**4,305,240**	**211,042,864**	3,168,329	158,559,024

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:

49 Bowral Street BOWRAL NSW 2576 Australia

Note 1: Statement of significant accounting policies

(a) Basis of preparation

The directors have prepared the financial statements on the basis that the company is a non-reporting entity because there are no users dependent on general purpose financial statements. The financial statements are therefore special purpose financial statements that have been prepared in order to meet the requirements of the *Corporations Act 2001*.

The financial report is prepared for distribution to members of the company to fulfil the directors' financial reporting requirements under Chapter 2M of the *Corporations Act 2001*, wherein the company is considered to be a large proprietary company. The accounting policies used in the preparation of this report, as described below, are in the opinion of the directors, appropriate to meet the needs of members.

The financial report has been prepared on a historical cost basis and is presented in Australian dollars. The supplementary information in INR (Indian Rupees), which are unaudited, have been arrived at by applying the year end inter-bank exchange rate of 1 AUD = INR 49.0200 for the current year balance sheet (2018: INR 50.045) and the average rate of 1 AUD = INR 49.5325 for the current year income statement and cash flow statement (2018: INR 49.8113), 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 2019. 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.

NOTES TO THE FINANCIAL STATEMENTS (Contd.)

(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	*2019*	*2018*
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:

NOTES TO THE FINANCIAL STATEMENTS (Contd.)

- 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.

	2019		2018	
	$	₹	$	₹
Note 2: Revenues and expenses				
Revenue and expenses from continuing activities				
(a) Revenue & Other Income				
Finance revenue	**98,490**	**4,878,456**	76,125	3,791,885
Agronomy support income	**76,018**	**3,765,362**	9,736	484,963
Misc. income	**10,915**	**540,647**	189,648	9,446,613
Realised foreign exchange gain	–	–	–	–
Unrealised foreign exchange gain	–	–	22,068	1,099,236
Profit on sale of investment/Trademark (net)	–	–	–	–
	185,423	**9,184,465**	297,577	14,822,697
Breakdown of finance revenue:				
Bank interest	**98,490**	**4,878,456**	76,125	3,791,885
(b) ***Depreciation, amortisation and costs of inventories included in the income statement (continued)***				
Amortisation of non-current assets:				
Technology and trademarks	**3,168**	**156,919**	3,409	169,807
Total amortisation of non-current assets	**3,168**	**156,919**	3,409	169,807
(c) ***Employee benefit expense***				
Wages and salaries	**33,940**	**1,681,133**	28,914	1,440,244
Workers' compensation costs	**549**	**27,193**	446	22,216
Annual leave provision	–	–	–	–

NOTES TO THE FINANCIAL STATEMENTS (Contd.)

	2019		2018	
	$	₹	$	₹
Note 3: Income tax				
The major components of income tax expenses are:				
Income statement				
Current income tax				
Current income tax charge	79,501	3,937,883	85,722	4,269,924
Overprovision – prior year	–	–	–	–
Income tax expense reported in the income statement	79,501	3,937,883	85,722	4,269,924
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%	399,123	19,769,560	460,865	22,956,285
Amortisation of technology	(100)	(4,953)	(101)	(5,031)
Movement in employee entitlements	–	–	–	–
Write back or write down of investments in wholly owned subsidiaries	–	–	–	–
Non-deductible expenses/timing differences	4,535	224,630	(25,627)	(1,276,514)
Recoupment of prior year tax losses	(324,057)	(16,051,354)	(349,415)	(17,404,815)
Income tax attributable to ordinary activities	79,501	3,937,883	85,722	4,269,925

Income tax losses

Future income tax benefits arising from revenue timing differences and tax losses of the parent entity amounted to $324,057 (2018: $349,415). This has not been brought to account at balance sheet date as realisation is not considered probable.

The future income tax benefit will only be obtained if:

(i) future assessable income is derived of a nature and of an amount sufficient to enable the benefit to be realised;

(ii) the conditions for deductibility imposed by tax legislation continue to be complied with; and

(iii) no changes in tax legislation adversely affect the economic entity in realising the benefit.

	2019		2018	
	$	₹	$	₹
Note 4: Cash and cash equivalents				
Current				
Cash at bank	**623,466**	**30,562,303**	270,385	13,531,417
Deposits at call	**3,681,774**	**180,480,561**	2,897,944	145,027,607
Term deposit	–	–	–	–
	4,305,240	**211,042,864**	3,168,329	158,559,024

(a) Terms and conditions relating to the above financial instruments:

(i) cash at bank has a weighted average interest rate of 0% (2018: 0%); and

(ii) deposits at call has a weighted average effective interest rate of 2.575% AUD account (2018: 2.51% AUD Account)

(b) Reconciliation of net profit/(loss) after tax to the net cash flows from operations:	Note				
Net profit		**1,250,911**	**61,960,749**	1,450,497	72,251,140
Non-cash items:					
Amortisation/disposal of non-current assets		**3,168**	**156,919**	3,409	169,807
(Profit)/loss on sale of investments	7	–	–	–	–
Income tax expense		–	–	–	–
Changes in assets and liabilities:					
(Increase)/decrease in trade and other receivables		**(278,401)**	**(13,789,898)**	(247,570)	(12,331,784)
Decrease/(increase) in other current assets		**(25,050)**	**(1,240,789)**	(8,076)	(402,276)
Increase/(decrease) in trade creditors and accruals		**190,924**	**9,456,943**	(444,302)	(22,131,210)
Increase in employee provisions		–	–	–	–
Cash flows from operations		**1,141,552**	**56,543,924**	753,958	37,555,628

NOTES TO THE FINANCIAL STATEMENTS (Contd.)

	Note	2019 $	2019 ₹	2018 $	2018 ₹
Note 5: Trade and other receivables					
Current					
Trade debtors	(a)	**1,963,146**	**96,233,417**	1,684,745	84,313,064
Provision for doubtful debts		**–**	**–**	–	–
		1,963,146	**96,233,417**	1,684,745	84,313,064
Other debtors	(a)	**–**	**–**	–	–
		1,963,146	**96,233,417**	1,684,745	84,313,064

(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	**2,224**	**109,020**	5,956	298,068
Interest accrual	**69,218**	**3,393,066**	40,436	2,023,620
	71,442	**3,502,086**	46,392	2,321,688
Note 7: Other financial assets				
Non-current				
Shares in subsidiaries:				
At cost	**4,880,863**	**239,259,904**	4,880,863	244,262,789
Provision for write-down (a)	**(3,911,127)**	**(191,723,446)**	(3,911,127)	(195,732,351)
Total other financial assets	**969,736**	**47,536,458**	969,736	48,530,438

(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) 2019 $	2019 ₹	2018 $	2018 ₹
Technico Asia Holdings Pty Ltd (formerly known as Technico China Pty Ltd)	Australia	100	**3,684,522**	**180,615,268**	3,684,522	184,391,903
			(2,714,786)	**(133,078,810)**	(2,714,786)	(135,861,465)
			969,736	**47,536,458**	969,736	48,530,438
Technico Technologies Inc.	Canada	100	**1,196,341**	**58,644,636**	1,196,341	59,870,885
			(1,196,341)	**(58,644,636)**	(1,196,341)	(59,870,885)
			–	**–**	–	–

	2019 $	2019 ₹	2018 $	2018 ₹
Note 8: Property, plant and equipment				
Non-current				
Plant and equipment at cost	–	–	–	–
Accumulated depreciation and impairment	–	–	–	–
Net carrying amount	–	–	–	–
Total net carrying amount of plant and equipment	–	–	–	–
Total property, plant and equipment at cost	–	–	–	–
Accumulated depreciation, amortisation and impairment	–	–	–	–
Total property, plant and equipment	–	–	–	–

NOTES TO THE FINANCIAL STATEMENTS (Contd.)

	2019		2018	
	$	₹	$	₹
Note 9: Intangible assets				
Non-current				
TECHNITUBER® technology, patents and trademarks at cost	**3,417,471**	**167,524,429**	3,412,831	170,795,127
Less: Accumulated amortisation	**(3,401,837)**	**(166,758,050)**	(3,398,670)	(170,086,440)
	15,634	**766,379**	14,161	708,687
Movement in intangibles				
Balance at beginning of the year	**14,161**	**694,172**	14,571	729,205
Additions	**4,641**	**227,502**	2,999	150,085
Withdrawals	**–**	**–**	–	–
Amortisation expense	**(3,168)**	**(155,295)**	(3,409)	(170,603)
Balance at the end of the year	**15,634**	**766,379**	14,161	708,687
Note 10: Trade and other payables				
Current				
Trade creditors	**877,128**	**42,996,815**	645,870	32,322,564
Sundry creditors and accruals	**35,206**	**1,725,798**	75,540	3,780,399
	912,334	**44,722,613**	721,410	36,102,963

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	**–**	**–**	–	–
Note 12: Contributed equity				
(a) Issued and paid up capital				
Ordinary shares fully paid 10,015,502 shares (2018: 10,015,502)	**19,598,046**	**960,696,215**	19,598,046	980,784,212
Share capital redemption	**–**	**–**	–	–
Discount on issue	**(108,864)**	**(5,336,513)**	(108,864)	(5,448,099)
	19,489,182	**955,359,702**	19,489,182	975,336,113

(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	**13,076,318**	**641,000,111**	14,327,229	717,006,175
Balance at beginning of year	**14,327,229**	**717,006,175**	15,777,724	782,259,556
Net (profit)/loss attributable to the members of Technico Pty Ltd	**(1,250,911)**	**(76,006,064)**	(1,450,497)	(65,253,381)
Total unavailable for appropriation	**13,076,318**	**641,000,111**	14,327,229	717,006,175
Dividends paid or provided for	**–**	**–**	–	–
Balance at end of period	**13,076,318**	**641,000,111**	14,327,229	717,006,175
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	**12,000**	**594,390**	12,000	597,736
Other services in relation to the entity	**7,500**	**371,494**	13,500	672,453
	19,500	**965,884**	25,500	1,270,189

DIRECTORS' REPORT FOR THE YEAR ENDED 31 MARCH, 2019

Your directors submit their Report for the financial year ended 31 March 2019.

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.

Review and results of operations

Technico Technologies Inc., Canada registered sales of Canadian Dollar (C$) 0.28 million (previous year C$ 0.20 million) and posted a net profit of C$ 0.06 million (previous year C$ 0.04 million). Sale and Profits are higher than last year due to reduction in cost of sales.

No dividends have been paid or declared during the financial year.

Auditors

The Company has engaged M/s Teed Saunders Doyle & Co as auditors for the year under review whose report is annexed to the financial report.

Future developments and results

The growth of the business has been impacted due to weather & disease pressure which had far reaching impact for the Seed Potato industry in the province. With increasing demand for processing potatoes, we see a gradual recovery over the next two to three years.

Environmental regulation and performance

Your company is not subject to any particular or significant environmental regulation.

Bhavani Parameswar
Director

Place: New Jersey, USA
Date: 21/04/19

INDEPENDENT AUDITOR'S REPORT

To the Shareholder of Technico Technologies Inc.

Opinion

We have audited the accompanying financial statements of Technico Technologies Inc., which comprise the balance sheet as at March 31, 2019 and the statements of income, retained earnings (deficit) and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at March 31, 2019, and the results of its operations and its cash flow for the year then ended in accordance with Canadian accounting standards for private enterprises.

Basis of Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with those requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with Canadian accounting standards for private enterprises, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements. As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

April 24, 2019

Fredericton, New Brunswick CHARTERED PROFESSIONAL ACCOUNTANTS

BALANCE SHEET AS AT MARCH 31, 2019

ASSETS

	2019 $	2019 ₹	2018 $	2018 ₹
Current Assets				
Cash	**208,660**	**10,754,336**	198,187	10,038,172
Accounts receivable	**82,599**	**4,257,152**	29,851	1,511,953
Inventory	**65,964**	**3,399,785**	90,892	4,603,680
Prepaid expenses	**5,878**	**302,952**	5,849	296,252
	363,101	**18,714,225**	324,779	16,450,057
Property and Equipment (note 4)	**50,269**	**2,590,864**	57,953	2,935,319
	413,370	**21,305,090**	382,732	19,385,376
LIABILITIES				
Current Liabilities				
Accounts payable and accrued liabilities	21,435	1,104,760	27,415	1,388,570
Current portion of long term debt (note 6)	14,325	738,311	28,650	1,451,123
	35,760	1,843,071	56,065	2,839,693
Unamortized Government Assistance (note 5)	675	34,790	1,350	68,378
	36,435	1,877,861	57,415	2,908,071
SHAREHOLDERS' EQUITY				
Capital Stock (note 9)	**1,160,334**	**59,803,614**	1,171,614	59,342,249
Deficit	**(783,399)**	**(40,376,385)**	(846,297)	(42,864,944)
	376,935	**19,427,229**	325,317	16,477,305
	413,370	**21,305,090**	382,732	19,385,376

Approved By The Board:

_____ Director

STATEMENT OF RETAINED EARNINGS (DEFICIT)
FOR THE YEAR ENDED MARCH 31, 2019

	2019 $	2019 ₹	2018 $	2018 ₹
Deficit At Beginning Of Year	**(846,297)**	**(42,864,944)**	(880,469)	(42,781,989)
Net Income For The Year	**62,898**	**3,213,772**	34,172	1,695,614
Change In Unrealized Foreign Exchange During The Year	**–**	**(725,213)**	–	(1,778,569)
Deficit At End Of Year	**(783,399)**	**(40,376,385)**	(846,297)	(42,864,944)

STATEMENT OF INCOME
FOR THE YEAR ENDED MARCH 31, 2019

	2019 $	2019 ₹	2018 $	2018 ₹
Sales	**220,268**	**11,254,593**	200,520	9,949,802
Cost Of Sales	**110,446**	**5,643,238**	122,979	6,102,218
Gross Profit	**109,822**	**5,611,355**	77,541	3,847,584
Expenses				
Advertising and trade shows	**2,988**	**152,672**	271	13,447
Amortization of property and equipment	**6,230**	**318,322**	7,010	347,836
Bank charges	**417**	**21,307**	480	23,818
Bad debts	**–**	**–**	9,000	446,580
Insurance	**8,417**	**430,067**	6,613	328,137
Interest on long-term debt	**675**	**34,489**	1,350	66,987
Occupancy costs	**4,306**	**220,015**	9,611	476,898
Office and supplies	**70**	**3,577**	1,350	66,987
Professional services	**9,810**	**501,242**	12,289	609,780
Telephone	**3,423**	**174,898**	2,981	147,917
Vehicle and travel	**1,064**	**54,365**	479	23,768
Wages and benefits	**17,556**	**897,024**	20,435	1,013,985
	54,956	**2,807,978**	71,869	3,566,140
	54,866	**2,803,377**	5,672	281,444
Other Income				
Government assistance - Interest subsidy	**675**	**34,489**	1,350	66,987
Net revenue - Support services (note 10)	**7,357**	**375,906**	27,150	1,347,183
	8,032	**410,395**	28,500	1,414,170
Net Income For The Year	**62,898**	**3,213,772**	34,172	1,695,614

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED MARCH 31, 2019

	2019 $	2019 ₹	2018 $	2018 ₹
Cash Provided By (Required For):				
Operating Activities				
Net income for the year	**62,898**	**3,213,772**	34,172	1,695,614
Items not affecting cash				
Amortization of property and equipment	**6,230**	**318,322**	7,010	347,836
Amortization capitalized to inventory	**1,454**	**74,292**	1,502	74,529
Foreign currency fluctuations	**–**	**207,796**	–	511,087
	70,582	**3,814,182**	42,684	2,629,066
Changes in non-cash operating working capital (note 8)	**(33,829)**	**(1,743,546)**	(25,139)	(1,273,289)
	36,753	**2,070,636**	17,545	1,355,777
Financing Activities				
Capital stock issuance (redemption)	**(11,280)**	**(581,371)**	(15,350)	(777,478)
Repayment of long-term debt	**(14,325)**	**(738,311)**	(29,381)	(1,488,148)
Unamortized government assistance	**(675)**	**(34,790)**	(1,385)	(70,150)
	(26,280)	**(1,354,472)**	(46,116)	(2,335,776)
Increase (Decrease) In Cash During The Year	**10,473**	**716,164**	(28,571)	(979,999)
Cash Position At Beginning Of Year	**198,187**	**10,038,172**	226,758	11,018,171
Cash Position At End Of Year	**208,660**	**10,754,336**	198,187	10,038,172

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2019

1. Nature of Business Activities

The company is a wholly-owned subsidiary of Technico Pty Limited (Australia) and produces early generation seed potatoes for the North American Market.

2. Significant Accounting Policies

Basis of Presentation

The financial statements were prepared in accordance with Canadian accounting standards for private enterprises (ASPE).

The financial statements include Indian Rupee equivalent figures, arrived at by applying the year-end exchange rate of CAD $1 = Rs. 51.54 (2018 - CAD $1 = Rs. 50.65) to the balance sheet and the average annual exchange rate of CAD $1 = Rs. 51.095 (2018 - CAD $1 = Rs. 49.62) to the income statement as provided by the parent company.

Financial Instruments

Financial instruments are recorded at fair value when acquired or issued. In subsequent periods, financial assets with actively traded markets are reported at fair value, with any unrealized gains and losses reported in income. All other financial instruments are reported at amortized cost, and tested for impairment at each reporting date. Transaction costs on the acquisition, sale or issue of the financial instruments are expensed when incurred.

Measurement Uncertainty

The preparation of financial statements in conformity with Canadian accounting standards for private enterprises requires management to make estimates and assumptions that affect the reported amount of net assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the period. Such estimates are periodically reviewed and any adjustments necessary are reported in earnings in the period in which they become known. Actual results could differ from these estimates.

Cash and cash equivalents

The company considers cash on hand, short-term deposits and balances with banks, net of overdrafts as cash or cash equivalents. Bank borrowings are considered to be financing activities.

Inventory

Inventory is valued at the lower of production cost and net realizable value. Inventory includes capitalized amortization of $1,454 (2018 - $1,502)

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%

Government Assistance

Government grants and subsidies are recognized as revenue on the same basis as the corresponding expenses.

Income Taxes

Income taxes are reported using the tax payable method. Under this policy, only current income tax assets and liabilities are recognized and future income taxes are not recorded. Future taxes represent the temporary differences between the carrying amounts of assets and liabilities for accounting purposes and the amounts used for tax purposes along with the benefit of unutilized tax losses carrying forward. The estimated amount of unrecorded future tax credits at year end is a future income tax asset of $271,741 (2018 - $288,318).

3. Financial Instruments

The company is exposed to various risks through its financial instruments and has a comprehensive risk management framework to monitor, evaluate and manage these risks. The following analysis provides information about the company's risk exposure and concentration as of March 31, 2019.

Currency risk

Currency risk is the risk to the company's earnings that arise from fluctuations of foreign exchange rates and the degree of volatility of these rates. The company is exposed to foreign currency exchange risk on export sales to foreign countries. The company does not use derivative instruments to reduce its exposure to foreign currency risk.

Credit Risk

Credit risk arises from the potential that a counter party will fail to perform its obligations. The company is exposed to credit risk from customers. In order to reduce its credit risk, the company reviews a new customer's credit history before extending credit and conducts regular reviews of its existing customers' credit performance. An allowance for doubtful accounts is established based upon factors surrounding the credit risk of specific accounts, historical trends and other information.

Liquidity Risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities. The company is exposed to this risk mainly in respect of its receipt of funds from its customers and other related sources and the payment of funds for accounts payables and long-term debt.

4. Property and Equipment

	Cost	Accumulated Amortization	2019 Net	2018 Net
	$	$	$	$
Land	46,564	–	46,564	46,564
Buildings	289,698	288,767	931	1,451
Equipment	290,202	287,428	2,774	9,938
	626,464	576,195	50,269	57,953

	Cost	Accumulated Amortization	2019 Net	2018 Net
	₹	₹	₹	₹
Land	2,399,909	–	2,399,909	2,358,467
Buildings	14,931,035	14,883,052	47,983	73,493
Equipment	14,957,011	14,814,039	142,972	503,359
	32,287,955	29,697,091	2,590,864	2,935,319

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

	2019 $	2019 ₹	2018 $	2018 ₹
Non-interest bearing loan payable to the Atlantic Canada Opportunities Agency, net of an unamortized fair value discount of $675 (2018-$1,350) at 4.5%, in annual installments of $15,000, unsecured, due August 2019.	14,325	738,311	28,650	1,451,123
Less current portion	14,325	738,311	28,650	1,451,123
	–	–	–	–

7. Income Taxes

The company has non-capital losses for income tax purposes of $859,490 which may be carried forward to reduce taxable income in future years. If not applied against taxable income, the non-capital losses will expire as follows:

	$	₹
2026	225,849	11,640,257
2027	283,750	14,624,475
2028	214,636	11,062,339
2030	115,010	5,927,615
2031	12,550	646,827
2032	7,695	396,600
	859,490	44,298,116

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

	2019 $	2019 ₹	2018 $	2018 ₹
Accounts receivable	(52,748)	(2,718,632)	(25,785)	(1,306,010)
Inventory	24,928	1,284,789	13,964	707,277
Prepaid expenses	(29)	(1,495)	(2,474)	(125,308)
Accounts payable and accrued liabilities	(5,980)	(308,208)	(10,844)	(549,248)
	(33,829)	(1,743,546)	(25,139)	(1,273,289)

9. Capital Stock

	2019 $	2019 ₹	2018 $	2018 ₹
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	56,075,417	1,087,998	55,107,099
72,336 Class A preferred shares (2018 - 83,616 shares)	72,336	3,728,197	83,616	4,235,150
	1,160,334	59,803,614	1,171,614	59,342,249

The company's common shares are owned by Technico Pty Limited.

The company's Class A preferred shares are owned by the Province of New Brunswick and are redeemable on the basis of 33% of after-tax profits of the preceding fiscal year and are fully retractable by the holder should specified corporate obligations not be met. During the year, the company redeemed 11,280 Class A preferred shares for $11,280 (2018 - 15,350 Class A preferred shares for $15,350).

10. Net Revenue - Support Services

	2019 $	2019 ₹	2018 $	2018 ₹
Revenue	89,788	4,587,718	177,184	8,791,870
Expenses				
Wages and benefits	77,674	3,968,753	145,520	7,220,702
Office rent	4,757	243,059	4,514	223,985
	82,431	4,211,812	150,034	7,444,687
Net Revenue - Support services	7,357	375,906	27,150	1,347,183

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 31 MARCH 2019

Your directors present their report on the company for the financial year ended 31 March 2019.

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 (till 17th July 2018)
Mr Allan Hendry
Mr Dharmarajan Ashok (effective 13th August 2018)

Corporate information

Technico Asia Holdings Pty Limited is a company limited by shares that is incorporated and domiciled in Australia. It is a wholly owned subsidiary of Technico Pty Ltd, a company incorporated in Australia.

The registered office of Technico Asia Holdings Pty Limited is located at:

49 Bowral Street, BOWRAL NSW 2576, Australia

The company had no employees during the year.

Principal activities

During the year, the entity did not have any activity other than holding 100% of the shares of Technico Horticultural (Kunming) Co Limited, China.

Review and results of operations

During the year, the company earned a profit of A$ nil [2018: 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 Kelly Partners (South West Sydney) Partnership is on page 12 of this report.

Signed in accordance with a resolution of the Board of Directors:

Allan Hendry
Director

Place: Sydney, Australia
Date: 25th April 2019

DIRECTORS' DECLARATION FOR THE YEAR ENDED 31 MARCH 2019

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 2019 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:

Allan Hendry
Director

Place: Sydney, Australia
Date: 25th April 2019

AUDITOR'S INDEPENDENCE DECLARATION UNDER SECTION 307C OF THE CORPORATIONS ACT 2001

To the Directors of the Technico Asia Holdings Pty Limited

I declare that, to the best of my knowledge and belief, during the year ended 31 March 2019 there has been:

a) no contraventions of the auditor independence requirements as set out in the Corporations Act 2001 in relation to the audit, and

b) no contraventions of any applicable code of professional conduct in relation to the audit.

Kelly Partners (South West Sydney) Partnership

Daniel Kuchta
Registered Auditor Number 335565
Campbelltown
Date: 26th April 2019

INDEPENDENT AUDIT REPORT
To the Members of Technico Asia Holdings Pty Limited,

Opinion

We have audited the financial report of Technico Asia Holdings Pty Limited, which comprises the statement of financial position as at 31 March 2019, the statement of comprehensive income, statement of changes in equity and cash flow statement for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and the directors' declaration.

In our opinion, the accompanying financial report of Technico 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 2019 and of its financial performance for the year then ended; and

(b) complying with Australian Accounting Standards to the extent described in Note 1, and the *Corporations Regulations 2001*.

Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the Company in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of the Company, would be in the same terms if given to the directors as at the time of this auditor's report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Information

The directors are responsible for the other information. The other information comprises the directors' report for the year ended 31 March 2019, but does not include the financial report and our auditor's report thereon.

Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Emphasis of Matter – Basis of Accounting

We draw attention to Note 1 to the financial report, which describes the basis of accounting. The financial report has been prepared for the purpose of fulfilling the directors' financial reporting responsibilities under the *Corporations Act 2001*. As a result, the financial report may not be suitable for another purpose. Our opinion is not modified in respect of this matter.

Responsibilities of the Directors for the Financial Report

The directors of the company are responsible for the preparation of the financial report that gives a true and fair view and have determined that the basis of preparation described in Note 1 to the financial report is appropriate to meet the requirements of the Corporations Act 2001 and is appropriate to meet the needs of the members. The directors' responsibility also includes such internal control as the directors determine is necessary to enable the preparation of a financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

As part of an audit in accordance with the Australian Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Kelly Partners (South West Sydney) Partnership

Daniel Kuchta
Registered Auditor Number 335565

Campbelltown
Date: 26th April 2019

INCOME STATEMENT FOR THE YEAR ENDED 31 MARCH 2019

		2019		2018	
	Notes	$	₹	$	₹
Continuing operations					
Sale of goods		–	–	–	–
Cost of sales:					
Other cost of sales		–	–	–	–
Inventory write off and write down		–	–	–	–
Gross profit					
Other income		–	–	–	–
Marketing expenses		–	–	–	–
Research and development expenses		–	–	–	–
Occupancy expenses		–	–	–	–
Administration expenses:		–	–	–	–
Other administration expenses		–	–	–	–
Recovery investments and loans		–	–	–	–
Finance costs		–	–	–	–
Other revenues/(expenses) from ordinary activities		–	–	–	–
Profit from continuing operations before income tax expense		–	–	–	–
Income tax expense		–	–	–	–
Net profit attributable to members of Technico Asia Holdings Pty Ltd		–	–	–	–

BALANCE SHEET AS AT 31 MARCH 2019

	Notes	2019 $	2019 ₹	2018 $	2018 ₹
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**	**47,536,458**	969,736	48,530,438
Property, plant and equipment		–	–	–	–
Intangible assets		–	–	–	–
Total non-current assets		**969,736**	**47,536,458**	969,736	48,530,438
Total assets		**969,736**	**47,536,458**	969,736	48,530,438
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**	**47,536,458**	969,736	48,530,438
Equity					
Contributed equity	6	**3,684,522**	**180,615,268**	3,684,522	184,391,903
Accumulated losses	7	**(2,714,786)**	**(133,078,810)**	(2,714,786)	(135,861,465)
Total equity		**969,736**	**47,536,458**	969,736	48,530,438

STATEMENT OF CHANGES IN EQUITY AS AT 31 MARCH 2019

	Contributed equity $	Retained earnings $	Total $
At 1 April 2017	3,684,522	(2,714,786)	969,736
Profit for the period	–	–	–
At 31 March 2018	3,684,522	(2,714,786)	969,736
Profit for the period	–	–	–
At 31 March 2019	**3,684,522**	**(2,714,786)**	**969,736**

	Contributed equity ₹	Retained earnings ₹	Total ₹
At 1 April 2017	182,678,601	(134,599,090)	48,079,511
Unrealised exchange gain/(loss)	1,713,302	(1,262,375)	450,927
At 31 March 2018	184,391,903	(135,861,465)	48,530,438
Unrealised exchange gain/(loss)	(3,776,635)	2,782,655	(993,980)
At 31 March 2019	**180,615,268**	**(133,078,810)**	**47,536,458**

CASH FLOW STATEMENT FOR THE YEAR ENDED 31 MARCH 2019

	Notes	2019 $	2019 ₹	2018 $	2018 ₹
Cash flow from operating activities					
Net cash flows (used in)/from operating activities		–	–	–	–
Cash flows from financing activities					
Net cash flows (used in)/from financing activities		–	–	–	–
Net increase/(decrease) in cash held		–	–	–	–
Add opening cash brought forward		–	–	–	–
Cash and cash equivalents at end of period		–	–	–	–

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS AS AT 31 MARCH 2019

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 are unaudited, have been arrived at by applying the year end inter-bank exchange rate of 1 AUD = INR 49.020 for the current year balance sheet (2018: INR 50.045) and the average rate of 1 AUD = INR 49.5325 for the current year income statement and cash flow statement (2018: INR 49.8113), 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 Asia Holdings Pty Limited in relation to the year ended 31 March 2019. 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

	2019 $	2019 ₹	2018 $	2018 ₹
Current				
Trade and other receivables	–	–	–	–

	2019		2018	
	$	₹	$	₹
Note 3: Other financial assets				
Non-current				
Shares in subsidiaries:				
At cost	**3,684,522**	**180,615,268**	3,684,522	184,391,903
Provision for write-down	**(2,714,786)**	**(133,078,810)**	(2,714,786)	(135,861,465)
Total other financial assets	**969,736**	**47,536,458**	969,736	48,530,438

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)			
			2019		2018	
		%	$	₹	$	₹
Technico Horticultural (Kunming) Co Ltd	China	100	**3,684,522**	**180,615,268**	3,684,522	184,391,903
			(2,714,786)	**(133,078,810)**	(2,714,786)	(135,861,465)
			969,736	**47,536,458**	969,736	48,530,438

	2019		2018	
	$	₹	$	₹
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.

	2019		2018	
	$	₹	$	₹
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**	**180,615,268**	3,684,522	184,391,903

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)**	**(133,078,810)**	(2,714,786)	(135,861,465)
Net profit attributable to the members of Technico Asia Holdings Ltd	–	–	–	–
Total available for appropriation	**(2,714,786)**	**(133,078,810)**	(2,714,786)	(135,861,465)
Dividends paid or provided for	–	–	–	–
Aggregate amount transferred (to)/from reserves	–	–	–	–
Balance at end of period	**(2,714,786)**	**(133,078,810)**	(2,714,786)	(135,861,465)

Note 8: Events subsequent to reporting date

There are no subsequent events to be reported.

MANAGEMENT REPORT FOR THE YEAR ENDED 31 DECEMBER 2018

Your management submits its report for the financial year ended 31 December 2018.

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 4,306,532 (2017: CNY 4,004,287) and posted a profit of CNY 614,966 (2017: CNY 468,263). Higher sales have led to improved financial performance in the year under review.

In view of the accumulated losses, no dividend has been paid or declared during the financial year.

Auditors

The Company has engaged M/s Ruihua Certified Public Accountant (LLP) Yunnan as auditors for the year under review whose report is annexed to the financial report.

Environmental regulation and performance

Your Company complies with the applicable environmental regulations set by the Songming Environmental Bureau.

Haoxuan Shen
Legal Representative

Place: Songming Date: 25th April 2019

INDEPENDENT AUDITORS' REPORT

To the Management

Technico Horticultural (Kunming) Co. Ltd.,

I. Audit Opinion

We have audited the accompanying financial statements of Technico Horticultural (Kunming) Co. Ltd., which includes the Statements of Financial Position as of 31 December 2018, the Statements of Comprehensive Income, the Statements of Cash Flows for the year then ended and the notes to the financial statements.

In our opinion, the financial statements have been prepared in accordance with the requirements of the Enterprises Accounting Standards of China and presented fairly, in all material respects, the financial position of Technico Horticultural (Kunming) Co. Ltd., as at 31 December 2018, and the Company's results of operations and cash flows for the year then ended.

II. Basis of Forming the Audit Opinion

We conducted our audit in accordance with the Chinese Certified Public Accountant Auditing Standards. The section "Auditors' Responsibility for the Financial Statements" in the audit report further describes our responsibilities in accordance with these standards. According to the Code of Ethics for Chinese Certified Public Accountants, we are independent of the Company and fulfilled other responsibilities of code of ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

III. Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management of Technico Horticultural (Kunming) Co., Ltd. is responsible for preparing and presenting the financial statements in accordance with Enterprise Accounting Standards of China and for the purpose of fair presentation and designing, implementing and maintaining internal control necessary to the preparation of financial statements that are free from material misstatements, whether due to fraud or error.

During the preparation of the financial statements, the management is responsible for assessing the Company's going-concern capability; disclosing, where applicable, matters in relation to the going-concern status; and applying the going-concern assumption for preparation of the financial statements, unless the management plans to liquidate the Company, terminates operation of the Company or has no other practical alternative choice.

Those charged with governance are responsible for monitoring the Company's financial reporting process.

IV. Auditors' Responsibility for the Financial Statements

Our objective is to obtain reasonable assurance as to whether the financial statements are free from material misstatement, whether due to frauds or errors, and issue an audit report with audit opinion. Reasonable assurance is a high level assurance, but there is no guarantee that a material misstatement will always be found in the audit performed in accordance with the auditing standards. Misstatements may be caused by fraud or error. Misstatements are considered to be material if they, individually or in aggregate, could reasonably be expected to influence the economic decisions of users based on the financial statements.

During the performance of our audit in accordance with the auditing standards, we use professional judgment and maintain professional skepticism. We also perform the following procedures:

A. Identify and assess the risks of material misstatement of the financial statements due to fraud and error, design and implement audit procedures to address these risks, and obtain sufficient and appropriate audit evidence as a basis for forming the audit opinion. As fraud may involve collusion, forgery, willful omission, misrepresentation or override of internal control, the risk of not discovering a material misstatement due to fraud is higher than the risk of failing to detect a material misstatement resulting from a mistake.

B. Understand the internal controls related to auditing in order to design appropriate audit procedures.

C. Evaluate the appropriateness of accounting policies adopted by the management and the reasonableness of accounting estimates and relevant disclosures made by management.

D. Conclude on the appropriateness of management's application of the going concern assumption. Meanwhile, based on the audit evidence obtained, conclude whether there is material uncertainty about the Company's ability to continue as a going-concern. If we conclude that there is material uncertainty, the auditing standards require us to draw attention of the users of the financial statements to the relevant disclosures in the financial statements. If the disclosure is inadequate, we shall express a qualified opinion. Our conclusion is based on information available as of the date of the audit report. However, future events or circumstances may cause the Company not being able to continue as a going-concern.

E. Evaluate the overall presentation, structure and content of financial statements (including disclosures), and evaluate whether the financial statements present fairly the relevant transactions and events.

F. Obtain sufficient and appropriate audit evidence regarding to the Company's financial information of the entities or business activities in order to express opinion on the financial statements. We are responsible for the guidance, supervision and execution of the group audit. We take full responsibility for the audit opinion.

We communicate with those charged with governance on the scope and time schedule of the audit, and significant audit findings, etc., including deficiency of internal control that we identified during the audit which warrants attention.

We also provide a statement to those charged with governance regarding the fact that we comply with the requirements of professional ethics relating to independence, and also communicate with them about all relationships and other matters that may be reasonably deemed to affect our independence, as well as, where applicable, the relevant precautions.

Through the matters we communicate with those charged with governance, we identify matters that are significant in the audit of the financial statements for the current period, which therefore become the key audit items. We disclose these items in the audit report, unless public disclosure of such items is prohibited by laws and regulations; in exceptional circumstances, where the benefit arising from public disclosure of certain matters is outweighed by the negative consequence brought by such disclosure in consideration of public interest, we do not disclosure such items in the audit report.

Ruihua Certified Public Accountant(LLP) Chinese Certified Public Accountants:
Yunnan Branch Chinese Certified Public Accountants:
Kunming, The People's Republic of China

Date: 25th April, 2019

BALANCE SHEET AS ON 31ST DECEMBER 2018

Printed by Technico Horticultural (Kunming) Co. Ltd.

ITEMS	LINE NO.	31-Dec-17		31-Dec-18	
		CNY	INR	CNY	INR
CURRENT ASSETS :	**1**				
Cash and cash equivalents	2	4,334,992	42,527,569	**6,238,502**	**63,255,290**
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	3,791,238	37,193,178	**3,065,455**	**31,082,178**
Advance to suppliers debts	7	0	0	**0**	**0**
Dividend receivable	8	0	0	**0**	**0**
Interest receivable	9	10,872	106,654	**20,297**	**205,802**
Other notes receivable	10	206	2,022		**0**
Inventories	11	1,001,699	9,826,971	**1,167,744**	**11,840,337**
Including : Raw materials	12	0	0	**0**	**0**
Finished goods	13	675,407	6,625,950	**841,452**	**8,531,901**
In one year expired noncurrent assets	14	0	0	**0**	**0**
Other current assets	15	14,588	143,108	**14,436**	**146,376**
Total current assets	**16**	**9,153,594**	**89,799,501**	**10,506,433**	**106,529,982**
NONCURRENT ASSETS :	**17**	**0**	**0**	**0**	**0**
Financial assets available for sale	18	0	0	**0**	**0**
Hold investment due	19	0	0	**0**	**0**
Long-term investment on bonds	20	0	0	**0**	**0**
Long-term account receivable	21	0	0	**0**	**0**
Long-term investment on stocks	22	0	0	**0**	**0**
Right to trade in previously non-tradable shares	23	0	0	**0**	**0**
Investment real estate	24	0	0	**0**	**0**
Fixed assets-cost	25	27,066,113	265,526,687	**25,696,144**	**260,546,051**
Less : Accumulated depreciations	26	23,739,550	232,892,107	**22,984,255**	**233,048,851**
Fixed assets-net value	27	3,326,563	32,634,580	**2,711,889**	**27,497,200**
Less : Fixed assets depreciation reserves	28	0	0	**0**	**0**
Fixed assets-net equity	29	3,326,563	32,634,580	**2,711,889**	**27,497,200**
Construction in progress	30	0	0	**0**	**0**
Project goods and material	31	0	0	**0**	**0**
Liquidation of fixed assets	32	0	0	**0**	**0**
Productive living assets	33	0	0	**0**	**0**
Oil and gas assets	34	0	0	**0**	**0**
Intangible assets	35	1,250,119	12,264,040	**1,209,131**	**12,259,986**
Including : right to use land	36	1,250,119	12,264,040	**1,209,131**	**12,259,986**
Development expenditures	37	0	0	**0**	**0**
Business reputation	38	0	0	**0**	**0**
Cost-book value differentials	39	0	0	**0**	**0**
Long-term deferred and prepaid expenses	40	0	0	**0**	**0**
Deferred income tax assets	41	0	0	**0**	**0**
Deferred taxes debit	42	0	0	**0**	**0**
Other noncurrent assets	43	0	0	**0**	**0**
Including : specially approved reserving materials	44	0	0	**0**	**0**
Total noncurrent assets	**45**	**4,576,682**	**44,898,620**	**3,921,020**	**39,757,186**
TOTAL ASSETS	**46**	**13,730,275**	**134,698,121**	**14,427,454**	**146,287,168**
CURRENT LIABILITIES	**47**		**0**		**0**
Short term loans	48	0	0	0	**0**
Transaction financial liabilities	49	0	0	**0**	**0**
Warrants payable	50	0	0	**0**	**0**
Notes payable	51	0	0	**0**	**0**
Accounts payable	52	0	0	**0**	**0**
Advances from customers	53	0	0	**0**	**0**
Employee pay payable	54	98,458	965,905	**103,958**	**1,054,085**
Including : accrued wages	55	98,458	965,905	**103,958**	**1,054,085**
accrued welfarism	56	0	0	**0**	**0**
Including : staff and worker' bonus and welfare fund	57	0	0	**0**	**0**

BALANCE SHEET AS ON 31ST DECEMBER 2018 (Contd.)

Printed by Technico Horticultural (Kunming) Co. Ltd.

ITEMS	LINE NO.	31-Dec-17		31-Dec-18	
		CNY	INR	CNY	INR
Taxes and dues payable	58	0	0	**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	175,442	1,721,139	**252,154**	**2,556,720**
Due within one year of noncurrent liabilities	63	0	0	**0**	**0**
Other current liabilities	64	0	0	**0**	**0**
Total current liabilities	**65**	**273,900**	**2,687,044**	**356,113**	**3,610,805**
NONCURRENT LIABILITIES :	**66**	**0**	**0**	**0**	**0**
Long-term loans	67	0	0	0	**0**
Bonds payable	68	0	0	**0**	**0**
Long-term account payable	69	0	0	**0**	**0**
Special payable	70	0	0	**0**	**0**
Projected liabilities	71	0	0	**0**	**0**
Deferred income tax liabilities	72	0	0	**0**	**0**
Deferred taxes credit	73	0	0	**0**	**0**
Other noncurrent liabilities	74	0	0	**0**	**0**
Including : special reserve fund	75	0	0	**0**	**0**
Total non-current liabilities	**76**	**0**	**0**	**0**	**0**
Total liabilities	**77**	**273,900**	**2,687,044**	**356,113**	**3,610,805**
OWNERS' EQUITY :	**78**	**0**	**0**	**0**	**0**
Practical capital collected (or share capital)	79	19,013,598	186,529,101	**19,013,598**	**192,788,377**
National capital	80	0	0	**0**	**0**
Collective capital	81	0	0	**0**	**0**
Legal person's capital	82	0	0	**0**	**0**
Including : State-owned legal person's capital	83	0	0	**0**	**0**
Collective legal person's capital	84	0	0	**0**	**0**
Personal capital	85	0	0	**0**	**0**
Foreign businessmen's capital	86	19,013,598	130,328,708	**19,013,598**	**192,788,377**
Less : Investment returned	87	0	0	**0**	**0**
Net paid in capital	88	19,013,598	130,033,997	**19,013,598**	**192,788,377**
Capital reserves	89	42,667	441,992	**42,667**	**432,618**
Less : treasury stock	90	0	0	0	0
Surplus reserves	91	0	0	0	0
Including : Legal surplus	92	0	0	0	0
Free surplus reserves	93	0	0	0	0
Reserve fund	94	0	0	0	0
Enterprise expansion fund	95	0	0	0	0
Profits capitalized on return of investment	96	0	0	0	0
Unaffirmed investment loss	97	0	0	0	0
Undistributed profit	98	(5,599,889)	(22,726,964)	**(4,984,924)**	**(16,592,740)**
Including : cash dividends	99	0	0	**0**	**0**
*Margin of Translation of Foreign Currency Financial Statements	100	0	24,262,053	**0**	**(33,951,891)**
Total equity attributable to equity holders of the Parent	**101**	**13,456,375**	**132,011,077**	**14,071,341**	**142,676,363**
*minority stockholder's interest	102	0	0	**0**	**0**
Total owners' equity	**103**	**13,456,375**	**132,011,077**	**14,071,341**	**142,676,363**
Less : assets loss	104				
Total owners'equity (net value less loss on assets)	**105**	**13,456,375**	**132,011,077**	**14,071,341**	**142,676,363**
TOTAL LIABILITIES AND OWNERS' EQUITY	106	13,730,275	134,698,121	**14,427,454**	**146,287,168**

Income statement and profit appropriation 2018

Printed by Technico Horticultural (Kunming) Co. Ltd.

ITEMS	LINE NO.	2018		2017	
		CNY	INR	CNY	INR
Income for main business	1	**4,306,532.37**	**42,957,229.74**	4,004,287.43	39,039,399.87
Less: cost of main business	2	**3,126,846.20**	**31,189,978.16**	3,174,131.85	30,945,881.01
Taxation and additional of main	3				
Main business profit	4	**1,179,686.17**	**11,767,251.58**	**830,155.59**	**8,093,518.86**
Add: other profit	5				
Less: Operating expenses	6	**163,570.98**	**1,631,604.17**	148,815.05	1,450,857.45
Management expenses	7	**290,471.01**	**2,897,419.28**	342,295.14	3,337,172.24
Including : Business entertainment	8				
Research and development expense	9				
Financial Expenses	10	**(5,308.68)**	**(52,953.55)**	(138,740.69)	(1,352,638.48)
Including : Interest exchange	11				
Interest income	12	**71,277.56**	**710,986.53**	68,449.34	667,340.00
Foreign exchange profit and loss	13	**64,934.11**	**647,711.25**	(72,321.69)	(705,093.08)
Operation Profit	14	**730,952.86**	**7,291,181.68**	**477,786.09**	**4,658,127.66**
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	**509.96**	**5,086.80**		
Including : income from disposal of long term assets	19				
Income from non-monetary assets exchange	20				
Government grants (subsidy income)	21				
Income from debt restructuring	22				
Less : Non-operating expenses	23	**116,496.89**	**1,162,044.83**	9,523.18	92,845.29
Including : Loss on disposal of long-term assets	24				
Loss on non-monetary assets exchange	25				
Loss on debt restructuring	26				
Total Profit	27	**614,965.93**	**6,134,223.66**	**468,262.91**	**4,565,282.37**
Less: Income tax	28				
Net Profit	29	**614,965.93**	**6,134,223.66**	**468,262.91**	**4,565,282.37**
Add : Undistributed Profit at the beginning of year	30	**(5,599,889.44)**	**(55,858,337.13)**	(6,068,152.34)	(59,160,844.42)
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	**(4,984,923.51)**	**(49,724,113.47)**	**(5,599,889.44)**	**(54,595,562.06)**
Less: Appropriated profit	38				
Common stock turn to capital	39				
Undivided Profit	40	**(4,984,923.51)**	**(49,724,113.47)**	**(5,599,889.44)**	**(54,595,562.06)**
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 2018

Printed by Technico Horticultural (Kunming) Co. Ltd.

ITEMS	LINE NO.	2018		2017	
		CNY	INR	CNY	INR
1. Cash Flow from Operating Activities:	**1**				
Cash received from sales of goods or rendering services	2	**5,277,214.06**	**53,508,311.96**	4,106,485.94	40,285,859.02
Refunds of taxes	3				
Cash received relating to other operating activities	4	**66,311.20**	**672,362.41**	192,943.15	1,892,830.18
Sub-total of cash inflows	**5**	**5,343,525.26**	**54,180,674.37**	4,299,429.09	42,178,689.20
Cash paid for goods or receiving services	6	**966,555.26**	**9,800,387.06**	1,289,052.90	12,645,995.66
Cash paid to and on behalf of employees	7	**1,995,352.46**	**20,231,876.27**	1,856,882.42	18,216,573.60
Tax payments	8	**236,042.47**	**2,393,352.62**	452,483.13	4,438,995.25
Cash paid relating to other operating activities	9	**263,110.41**	**2,667,808.00**	335,875.45	3,295,038.93
Sub-total of cash outflows	**10**	**3,461,060.60**	**35,093,423.95**	3,934,293.90	38,596,603.45
Net Cash Flow from Operating Activities	**11**	**1,882,464.66**	**19,087,250.42**	365,135.19	3,582,085.75
2. Cash Flow from Investing Activities:	**12**				
Cash received from disposal of investments	13				
Cash received from investments income	14				
Net cash received from disposal of fixed assets, intangible assets and other long-term assets	15	**20,500.00**	**207,859.75**		
Cash received relating to other investing activities	16				
Sub-total of cash inflows	**17**	**20,500.00**	**207,859.75**		
Cash paid to acquire fixed assets, intangible assets and other long-term assets	18				
Cash paid to acquire investments	19				
Cash payments relating to other investing activities	20				
Sub-total of cash outflows	**21**				
Net Cash Flow from Investing Activities	**22**	**20,500.00**	**207,859.75**		
3. Cash Flow from Financing Activities:	**23**				
Cash received by investors	24				
Cash received from borrowings	25				
Cash received relating to other financing activities	26				
Sub-total of cash inflows	**27**				
Repayments of borrowings	28				
Dividends paid, profit distributed or interest paid	29				
Cash payments relating to other financing activities	30				
Sub-total of cash outflows	**31**				
Net Cash Flow from Financing Activities	**32**				
4. Effect of Foreign Currency Translation	**33**	**545.51**	**5,531.20**	(615.54)	(6,038.63)
5. Net Increase (Decrease) in Cash and Cash Equivalents	**34**	**1,903,510.17**	**19,300,641.37**	364,519.65	3,576,047.12

STATEMENT OF CASHFLOW (II) 2018

Printed by Technico Horticultural (Kunming) Co. Ltd.

ITEMS	LINE NO.	2018		2017	
		CNY	INR	CNY	INR
Supplementary Information	1				
1. Reconciliation of Net Profit to Cash Flow from Operating Activities:	2				
Net Profit	3	**614,965.93**	**6,235,447.05**	468,262.91	4,747,951.73
Add:Impairment losses on assets	4	**(3,647.14)**	**(36,980.18)**	1,094.79	11,100.62
Depreciation of fixed assets	5	**477,676.86**	**4,843,404.52**	494,002.03	5,008,933.58
Amortisation of intangible assets	6	**40,987.50**	**415,592.76**	40,987.50	415,592.76
Amortisation of long-term deferred expenses	7				
Decrease (increase) in deferred expenses	8	**151.35**	**1,534.61**	791.89	8,029.37
Increase (decrease) in accrued expenses	9				
Losses (gains) on disposal of fixed assets, intangible assets and other long-term assets	10	**116,496.89**	**1,181,220.22**		
Losses on write-off of fixed assets	11				
Finance expense (income)	12	**545.51**	**5,531.20**	(615.54)	(6,241.27)
Losses (gains) arising from investments	13				
Deferred tax credit (debit)	14				
Decrease (increase) in inventories	15	**(166,044.34)**	**(1,683,606.59)**	(167,053.38)	(1,693,837.70)
Decrease (increase) in receivables under operating activities	16	**720,210.69**	**7,302,576.29**	(219,493.10)	(2,225,550.29)
Increase (decrease) in payables under operating activities	17	**81,121.41**	**822,530.54**	(252,841.91)	(2,563,690.55)
Others	18				
Net cash flow from operating activities	19	**1,882,464.67**	**19,087,250.47**	365,135.19	3,702,288.26
2. Investing and Financing Activities that do not Involve Cash Receipts and Payments:	20				
Conversion of debt into capital	21				
Fixed assets acquired under finance leases	22				
3. Net Increase in Cash and Cash Equivalents:	23				
Cash at the end of the period	24	**6,238,501.87**	**63,255,289.71**	4,334,991.70	43,954,648.34
Less: Cash at the beginning of the year	25	**4,334,991.70**	**43,954,648.34**	3,970,472.05	40,258,601.35
Add: Cash equivalents at the end of the period	26				
Less: Cash equivalents at the beginning of the period	27				
Net increase in cash and cash equivalents	**28**	**1,903,510.17**	**19,300,641.37**	364,519.65	3,696,046.99

NOTES TO THE FINANCIAL STATEMENTS

1. Brief information on the Company

Technico Horticultural (Kunming) Co. Ltd., (the "company") was established as a wholly foreign-owned enterprise invested by Technico Asia Holdings Pty Limited, under the "laws of the People's Republic of China (the "PRC") on Enterprises Operated Exclusively with Foreign Capital" and through the approval by the Foreign Economic and Trade Department of Yunnan province in the certification Dian zi (1997) No.0049. The Company of the registered capital USD2,300,000.00 was registered, with the business license number of Qi Du Zong zi No.000716, on 8 December 1997. The tenure of the Company is 50 years and may be extended upon application by the board of directors and approval of the relevant government authorities. The principal activities of the Company are the development, production and supply of microtuber potato.

2. Significant accounting policies and accounting estimates

(1) Accounting regulations

The Company implements "The Accounting Standards for Enterprises" and "The Accounting Regulations of Enterprises" and the supplementary stipulate.

(2) Fiscal year

The fiscal year for the Company is from 1 January to 31 December of each calendar year.

(3) Accounting currency

The Company's financial records are maintained and the financial statements are stated in Renminbi ("RMB").

(4) Accounting basis and principle

The accounting basis of The Company is accrual principle, and the accounting principle is historical cost principle.

(5) Foreign currency transactions

All foreign currency transactions have been translated into RMB at the market rates of exchange prevailing on the dates of transactions. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are translated into RMB at the market rates of exchange ruling at that date. The resulting exchange gains or losses are capitalized if they have relation to acquiring fixed assets before the fixed assets intended-use have been commenced; or are accounted as long-term prepaid expense in the preparative duration or are dealt with in the profit and loss account in the operating duration, if they have not relation to acquiring fixed assets.,

(6) Cash equivalents

Cash equivalents are the short-term investments, which are held by the Company at the short-term (generally within 3 months from the purchasing date to the date due), are easy in currency and conversion to known-account cashes, are of little value fluctuations.

(7) Allowances for uncollectible accounts

The Company uses the allowance method in which the allowances for uncollectible accounts for the receivable items (including the accounts receivable and other receivable) are recognized in the aging receivable account method and are dealt with in the profit and loss account at the balance sheet. The aging receivable account method is made as follows:

a. Within 1 year, at 0.5 percent on the amount of the part;

b. 1-2 year, at 10 percent on the amount of the part;

c. 2-3 year, at 30 percent on the amount of the part.

If any receivable is evidently different from the others, the specific identification method is made for the receivable item.

(8) Inventories

Inventories, which are recorded at actual cost, include finished goods, work-in-progress and raw material.

For the unrecoverable inventory cost due to the damage, partly or wholly obsolescence, or market price lower than the cost, the provision for decline in value of inventories is determined according to the difference of the actual cost lower than net realizable value on an item-by-item basis, at the end of the period.

(9) Fixed assets and depreciation

Fixed assets are recorded based on the actual cost. At the inception of a lease, the fixed assets by a lessee under a finance lease are recorded at an amount equal to the lower of the carrying amount of the leased asset originally recorded in the books of the lessor and the present value of the minimum lease payments. (If the proportion of the recorded amount of the leased assets to the total amount of assets is lower than 30 percent, the leased assets are recorded at an amount equal to the total minimum lease payments.)

The standard about fixed asset: House and building, machinery and equipment, Motor vehicle and so on of the useful life more than one year, and non-principle operating equipment of the unit value over 2000 yuan and the useful life more than two years.

Depreciation is calculated on the straight-line basis to write off the cost of each asset over its estimated useful life after deducting the estimated residual value. The categories, useful life and residual value, annual depreciation rate are as follows:

Category	Estimated useful life	Annual depreciation rate	Residual value
House and building	20years	4.50%	10.00%
Production equipment	10years	9.00%	10.00%
Motor vehicle	5years	18.00%	10.00%
Office equipment and other	5years	18.00%	10.00%

Provision for impairment: At the end of each period, The Company examines its fixed assets and if market value of the fixed asset has declined continually, become obsolete in technology, been not in use in the long term, or been damage, and the recoverable amount of the fixed asset is less than its carrying amount, the provision for impairment is determined according to the difference of the recoverable amount of the fixed asset lower than its carrying amount on an item-by-item basis.

(10) Intangible assets

An intangible asset, which is acquired separately, is recorded based on the actual purchase price paid.

The cost of an intangible asset is amortized evenly over its expected useful life starting in the month in which it is obtained.

If the expected useful life exceeds the beneficial period stipulated in the relevant contract or the effective period stipulated by law, the amortization period of an intangible asset is determined in accordance with the following rules:

a. If the relevant contract stipulates the beneficial period but the law does not stipulate the effective period, the amortization period is not longer than the beneficial stipulated by the relevant contract;

b. If the relevant contract does not stipulate the beneficial period but the law stipulates the effective period, the amortization period is not longer than the effective period stipulated by law;

c. If the relevant contract stipulates the beneficial period but the law also stipulate the effective period, the amortization period is not longer than the shorter of the beneficial period and the effective period.

If the relevant contract does not stipulate the beneficial period and the law does not stipulate the effective period, the amortization period does not exceed 10 years.

If an intangible asset is no longer expected to be able to generate any economic benefits that flow to the enterprise, the carrying amount of the intangible asset is written off and is recognized as gain or loss the current period.

The Company reviews the carrying amount of the intangible asset at the end of each period. The difference of the expected receivable amount lower than the carrying amount of the intangible asset is recognized as provision for impairment on an item-by-item basis.

(11) Long-term prepaid expense

Long-term prepaid expenses are recorded based on the actual payments and amortized on the straight-line basis in the beneficial period.

The expenses (except for acquiring fixed assets), which occur in the preparative duration, are recorded as long-term expense, and are amortized in the month starting the operating

(12) Principle for recognition of revenue

a. Revenue from the sale of goods

The revenue is recognized when all the following conditions have been satisfied: the Company has transferred to the buyer the significant risks and rewards of ownership of the goods; the enterprise retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold; it is probable that the economic benefits will flow to the Company; the relevant amount of revenue and costs can be measured reliably.

b. Revenue from rendering of services

When the provision of services is started and completed within the same accounting year, revenue is recognized at the time of completion of the services, and receipt of money or holding the qualification of acquiring money;

When the provision of services is started and completed in different accounting year, the total income and the completion degree involving the service contract can be estimated reliably, it is probable that the economic benefits will flow to the Company, the outcome of a transaction involving the rendering of services can be estimated reliably, the service revenue is recognized at the balance sheet date by the use of the percentage of completion method.

The revenue referred to above is recognized when all the following conditions have been satisfied:

a. It is probable that the economic benefits will flow to the Company;

b. The amount of the revenue can be measured reliably.

(13) Corporation income tax

Corporation income tax is accounted on the tax payable basis.

3. Tax

VAT: According to the relevant tax laws in the PRC, the Company is exempted from VAT for the sales of the agricultural produce harvested by the Company.

Corporation income tax is accounted on the tax payable basis at a rate of 25% on its taxable income. However, according to the new income tax-laws in the PRC, the Company is an agricultural production company which is exempted from corporate income tax.

4. Notes to significant items in the financial statements

(1) Cash

Items	Ending Balance	Beginning Balance
Cash on hand	**7,999.16**	12,822.71
Cash in bank	**6,230,502.71**	4322,168.99
Total	**6,238,501.87**	4,334,991.70

(2) Account receivable

Aging	Ending Balance			Beginning Balance		
	Amount	**Percentage (%)**	**Provision for bad debts**	Amount	Percentage (%)	Provision for bad debts
Within 1 year	**3,080,858.99**	**100.00**	**15,404.29**	3,810,289.01	100.00	19,051.44
Total	**3,080,858.99**	**100.00**	**15,404.29**	3,810,289.01	100.00	19,051.44

(3) Other receivables

Aging	Ending Balance			Beginning Balance		
	Amount	**Percentage (%)**	**Provision for bad debts**	Amount	Percentage (%)	Provision for bad debts
Within 1 year				206.08	100.00	
Total				206.08	100.00	

(4) Inventories and provision for loss on realization of inventory

	Ending balance	Beginning balance
Work-in-progress	**326,291.82**	326,291.82
Finished goods	**841,451.82**	675,407.48
Total	**1,167,743.64**	1,001,699.30
Less: Provision for loss on realization of inventory	–	–
Total	**1,167,743.64**	1,001,699.30

(5) Fixed assets

Item	Beginning balance	Increase of this year	Decrease of this year	Ending book balance
(1) Total original book value	27,066,112.82		1,369,968.94	**25,696,143.88**
Including: Houses and building	11,705,911.00			**11,705,911.00**
Production equipment	14,869,595.66		1,369,968.94	**13,499,626.72**
Transportation	159,347.00			**159,347.00**
Office and other equipment	331,259.16			**331,259.16**
(2) Total accumulated Depreciation	23,739,549.96	477,676.86	1,232,972.06	**22,984,254.76**
Including: Houses and building	10,254,426.30	363,437.57		**10,617,863.87**
Production equipment	13,040,398.34	114,239.29	1,232,972.06	**11,921,665.58**
Transportation	143,412.31			**143,412.31**
Office and other equipment	301,313.01			**301,313.01**
(3) Total net book value	3,326,562.86			**2,711,889.12**
Including: Houses and building	1,451,484.70			**1,088,047.13**
Production equipment	1,829,197.32			**1,577,961.14**
Transportation	15,934.69			**15,934.69**
Office and other equipment	29,946.15			**29,946.15**
(4) Total impairment provision				
Including: Houses and building				
Production equipment				
Transportation				
Office and other equipment				
(5) Total book value	3,326,562.86			**2,711,889.12**
Including: Houses and building	1,451,484.70			**1,088,047.13**
Production equipment	1,829,197.32			**1,577,961.14**
Transportation	15,934.69			**15,934.69**
Office and other equipment	29,946.15			**29,946.15**

(6) Intangible assets

Item	Beginning balance	Increase of this year	Decrease of this year	**Ending balance**
(1) Total original price	2,049,375.00			**2,049,375.00**
Including:Land use rights	2,049,375.00			**2,049,375.00**
(2) Total accumulated amortization	799,256.25	40,987.50		**840,243.75**
Land use rights	799,256.25	40,987.50		**840,243.75**
(3) Total impairment provision				
Including:Land use rights				
(4) Total book value	1,250,118.75			**1,209,131.25**
Including:Land use rights	1,250,118.75			**1,209,131.25**

(7) Other payables

Aging	**Ending balance**	Beginning balance
Within 1 year (including 1 year)	**252,154.40**	175,442.00
1-2 years (including 2 years)		
2-3 years (including 3 years)		
Over 3 years		
Total	**252,154.40**	175,442.00

(8) Paid-in capital

Investors	Beginning balance		**Ending balance**	
	Shareholding percentage	Contributed amount	**Shareholding percentage**	**Contributed amount**
Technico Asia Holdings Pty Limited	100.00	19,013,598.02	**100.00**	**19,013,598.02**
Total	100.00	19,013,598.02	**100.00**	**19,013,598.02**

(9) Capital surplus

Item	Beginning balance	Increase of this year	Decrease of this year	**Ending balance**	Change reason
Translation reserve	42,666.57			**42,666.57**	
Total	42,666.57			**42,666.57**	

(10) Retained Earning

Items	**Ending balance**
Undistributed Profit at the beginning of year	**(5,599,889.44)**
Add: Net Profit	**614,965.93**
Other	
Less: Appropriation of statutory surplus reserves	
Appropriation of Company expand fund	
Appropriation of staff incentive and welfare fund	
Capital redemption	
Appropriated profit	
Common stock turn to capital	
Undivided Profit	**(4,984,923.51)**

(11) Primary operating profit

Item	Operating revenue		Operating cost	
	Amount incurred this year	Amount incurred last year	**Amount incurred this year**	Amount incurred last year
Sales income TT	**4,306,532.37**	4,004,287.43	**3,126,846.20**	3,174,131.85
Total	**4,306,532.37**	4,004,287.43	**3,126,846.20**	3,174,131.85

(12) Finance expense

	Amount incurred this year	Amount incurred last year
Interest expense		
Less: Interest income	**71,277.56**	68,449.35
Foreign exchange loss	**155,481.10**	82,493.91
Less: Foreign exchange gain	**90,546.99**	154,815.59
Bank fee	**1,034.77**	2,030.34
Total	**(5,308.68)**	(138,740.69)

5. Contingencies

Up to 31 December 2018, there are no material contingencies for the Company.

6. Promised events

Up to 31 December 2018, 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 2018, there are no other material matters specially stated for the Company.

DIRECTORS REPORT

Your Directors are pleased to submit their Report and the Audited Accounts of your Company for the year ended 32nd Asadh, 2075 (16th July, 2018).

SOCIO ECONOMIC AND REGULATORY ENVIRONMENT

The year witnessed Nepal's transition to federalism with the successful formation of governments at the federal, provincial and local level. Such an empowered structure of governance is expected to lend political stability and augurs well for the development of the country. Reforms and policies that enhance the ease of doing business and attract both domestic and foreign investment will be critical to bolstering economic growth going forward.

Towards this, the new federal government and the sub-national governments have promised to promote the country as an attractive investment location. The new Government continues to focus on policies & programs towards attaining the stability, development and prosperity in line with its motto of creating "Prosperous Nepal, Happy Nepalis." The Government has set an ambitious real GDP growth target of 8% per annum along with a target to double per capita income in five years and to transform Nepal to the status of a middle-income country by 2030.

The economy of Nepal grew at a healthy pace during the year under review. Real GDP growth for the year under review is estimated at 5.9% against an average growth of 4.3% during the last decade (2065-2075). The annual average inflation during the year was contained at 4.2% (4.5% in the previous year). However, increasing fuel prices, higher taxes and increased cost of imports due to the recent strengthening of the US Dollar are expected to exert inflationary pressures going forward.

On the external front, merchandise imports increased sharply during the year to 41.3% of GDP as against 37.5% of GDP in the previous year on the back of increase in imports of petroleum products, vehicles and spare parts etc. While workers' remittances grew faster at 8.6% during the year against 4.6% in the previous year, the same declined to 25.1% of GDP compared to 26.3% in the previous year. Consequently, the Current Account Deficit increased significantly to 8.2% of GDP versus 0.4% in the previous fiscal. The successful implementation of recent measures announced by the Government to increase Foreign Direct Investment (FDI) flows into the country and promote industries contributing to exports and import substitution is expected to go a long way in containing the rising pressures on the external account and ensuring the macroeconomic stability of the country.

During the year, the governments at all levels initiated the process of formulating new laws as per the Constitution. Various regulations such as the Consumer Protection Act, Industrial Enterprises Rules and Contribution based Social Security Rules etc. are in the process of being notified. The National Intellectual Property Policy, 2017 was also announced towards ensuring protection and promotion of intellectual property rights in the country. Revamping the current law on intellectual property rights in line with the new Policy as aforementioned will be critical in realising the government's stated objectives. Further reforms towards promotion and protection of investments in the country would be crucial to spur private investments, both domestic and foreign.

Unlike most countries where tobacco and cigarettes are synonymous, the larger share of tobacco consumption in Nepal is in the form of Smokeless Tobacco (SLT) products like khaini, gutka, snuff and betel-quid with tobacco ("Paan"). Despite its low share in total tobacco consumption, the legal cigarette industry occupies an important place in Nepal's economy. The legal cigarette industry:

- provides direct/indirect employment to an estimated 1 lakh people and supports the livelihoods of more than 4 lakh farmers, farm workers, retailers and others engaged in cultivation and trade of tobacco products.
- contributes around 10% of the total excise duty collection of the Government and around 83% of the excise duty collection from the tobacco sector.
- is amongst only a handful of industries in which Nepal has sufficient domestic manufacturing capacity and contributes significantly towards building country's manufacturing competitiveness and industrial productivity.
- is one of the major contributors to the manufacturing sector GDP of the country.

However, a skewed focus on cigarettes has resulted in a punitive and discriminatory taxation policy. The Health Risk Tax, introduced with effect from mid-Jestha, 2075, is a case in point. It is pertinent to note that the Health Risk Tax on cigarettes is 14 times higher as compared to smokeless tobacco products (on a per Kg of tobacco basis). The introduction of Health Risk Tax, coupled with increase in excise duty announced in the Budget for 2075-76, has resulted in an unprecedented increase in tax incidence on cigarettes of upto 87%. The tax burden on cigarettes has been exacerbated by the increase in customs duty announced during the year on import of certain raw materials for the tobacco industry. This has further increased the operating pressure on the legal cigarette industry.

The consumption of cigarettes is highly price elastic. With a large number of cigarette consumers also consuming relatively lower priced Smokeless Tobacco Products like Khaini, Gutkha etc., the steep increase in tax incidence on cigarettes as aforementioned will encourage the shift to cheaper/ revenue inefficient and largely tax evaded tobacco products. The risk of such shift in consumption has also been identified in the *WHO Study on Economics of Tobacco in Nepal.* The report states that *"With increased pricing on Cigarettes, people may switch to smokeless tobacco products. In order to prevent this switching……. it is necessary to increase taxes on these products."*

An analysis of the WHO Report on Global Tobacco Epidemic, 2017 reveals that cigarette taxes in Nepal are amongst the highest in world (as a % of per capita GDP required to purchase 2000 cigarettes of most popular brand). Excessively high rates of taxes levied in cigarettes create a lucrative arbitrage for counterfeiters and smugglers. The Interpol, in its Trafficking and Counterfeiting Casebook, states that *"It would be hard to find a more ideal candidate for counterfeiting and illicit trade than cigarettes. The product is small, lightweight and profitable for illicit trade because the sale price is many times the cost of manufacture, mostly due to high levels of local tax in most countries".* It may be noted that illegal trade taken as a whole ranks as the fourth biggest tobacco 'company' in the world.

Steep increase in duties on cigarettes, which are already subject to punitive and discriminatory taxation; will not only severely impact the legal cigarette industry and provide fillip to the illicit trade but also sub-optimise the revenue potential of the tobacco sector. The most effective ways to check the menace of illicit trade of cigarettes while pursuing health and revenue objectives are non-discriminatory & equitable taxation across tobacco products and moderation in cigarette taxation.

In addition to the punitive and discriminatory taxation regime, the legal cigarette industry is also subject to a harsh regulatory framework in Nepal. The provisions of the Tobacco Products Control and Regulation Act (TOPCA) require cigarette packages to carry Graphic Health Warnings (GHW) covering at least 75% of the total surface area of the packet. Unlike the global trend of regulatory requirement of printing the health warning on the principal display area (front and back of the package), regulations in Nepal require printing of health warnings covering 75% of the entire surface area of the package.

In this context, it is pertinent to note that the global average size of pictorial warnings is only about 30% coverage of the principal display area. In fact, the three countries that account for about 51% of the world's cigarette consumption, viz. USA, Japan and China have not adopted pictorial/graphical health warnings and have prescribed only text-based warnings on cigarette packages.

Despite this, the Ministry of Health issued two new Directives in Kartik'71 (November 2014) and Poush'71 (January 2015) which, inter alia, require manufacturers to print multiple pictorial warnings and warning messages on at least 90% of the total surface area of the cigarette packet- the largest in the world. The pictures and warning messages, provided in the proposed Directive are even more egregious, gruesome and exaggerated than the existing GHW and seem to be designed to shock, as opposed to factually inform, the consumer.

The existing 75% GHW already impedes the legal cigarette industry from providing comprehensive brand information on the cigarette packet, thereby preventing cigarette consumers from making fully informed choices across brands. It is apprehended that a further increase in size of GHW to 90% will have the following unintended consequences:

- commoditization of the product due to practically no space being available on the cigarette packet for providing brand information. As a result of this, price will become the most significant determinant for consumer choice.
- further fillip to growth of smuggled international brands that do not carry statutory GHW as well as spawning of manufacture of counterfeit look-alike products of dubious quality. These duty evaded cigarettes can be offered to consumers at prices far lower to duty paid cigarettes. The growth of illicit cigarettes will also depress the demand for domestic tobacco thereby adversely impacting the earnings of Nepali tobacco farmers and farm workers as well as lakhs of people who are dependent directly/indirectly on the legal cigarette industry for their livelihood.
- substantially lower tax revenue to the exchequer.

It has been experienced internationally that extreme regulations do not reduce demand for tobacco, but merely shift it from the legal to illegal tobacco products of suspect quality, thereby undermining public health objectives.

As stated in previous years, your Company, along with other stakeholders like farmers, retailers etc. has made recommendations to the Ministry

of Health to keep the implementation of the new Directives on 90% GHW in abeyance. Your Company, during the year under review, filed a comprehensive writ in the Supreme Court of Nepal challenging the constitutionality of the new Directive requiring to print 90% GHW. Concurrently, in line with the direction from the Ministry of Industry – the implementing agency under TOPCA, your Company continues to print 75% GHW on cigarette packages manufactured by it.

To actualize the full revenue potential of tobacco, the need of the hour is to have a balanced, pragmatic, evidence based and non-discriminatory regulatory and taxation framework that addresses the agenda of all stakeholders including farmers, retailers, manufacturers and the government. Towards this, your Company continues to remain engaged with policy makers/regulators.

COMPANY PERFORMANCE

Your Company posted Gross Revenue from sale of products of NRs. 3,337 (₹ 2,086) crore for the year ended 32nd Asadh, 2075 against NRs. 2,971 (₹ 1,857) crore during the previous year. Profit before taxation increased to NRs. 1,353 (₹ 846) crore from NRs. 1,130 (₹ 706) crore during the previous year. Profit for the year (after Tax expense and allocation towards Corporate Social Responsibility) stood at NRs. 918 (₹ 574) crore against NRs. 783 (₹ 489) crore in previous year. Total Comprehensive Income for the year stood at NRs. 915 (₹ 572) crore against NRs. 784 (₹ 490) crore in the previous year. Earnings per share for the year stood at NRs. 455 (₹ 284) [Previous year NRs. 357 (₹ 223)]. Net cash flows from operations aggregated NRs. 866 (₹ 541) crore compared to NRs. 743 (₹ 464) crore in the previous year.

CONTRIBUTION TO THE EXCHEQUER

Your Company continues to be one of the largest contributors to the Exchequer, accounting for about 3% of the total revenues of the Government. For the year under review, your Company contributed NRs. 1,929 (₹ 1,206) crore by way of Excise Duty, Excise Sticker charges, VAT, Customs Duty, Dividend Distribution Tax, Income Tax and Contribution to National Level Welfare Fund [Previous Year: NRs. 1,661 (₹ 1,038) crore]. Your Company's Excise Duty contribution to the exchequer constitutes about 10% of the Government's total Excise revenue while its VAT & Income Tax contribution constitute nearly 2% of the Government's total VAT & Income Tax revenue.

DIVIDEND

The Board of Directors declared an Interim Dividend of NRs. 75 (₹ 47) per Ordinary Share for the year ended 32nd Asadh, 2075. The total outflow on this account will amount to NRs. 151 (₹ 94) crore. Your Board has also recommended a Final Dividend of NRs. 378 (₹ 236) per Ordinary Share, which if approved, will take the total Dividend for the year to NRs. 453 (₹ 283) per Ordinary Share.

All dividends have been paid within the prescribed period and there are no unclaimed dividends lying with your Company.

FAST MOVING CONSUMER GOODS (FMCG) BUSINESSES

- **CIGARETTES**

  During the year, your Company reinforced its market standing leveraging a strong portfolio of offerings, superior product quality and, a deep and wide distribution network. The Business launched several differentiated and innovative offerings during the year including Surya 24 Carat Arctic Burst and Shikhar Ice Rush which have received positive response. The relentless focus on developing world-class products anchored on innovation and benchmarked international quality standards is a key source of sustainable competitive advantage for your Company. The Product & Packaging Development Agreement entered into by your Company with ITC Limited (ITC) has been instrumental towards gaining such distinct competitive advantage. Considering the continuous need of services in the area of product and packaging development and expertise of ITC in this domain, the said Agreement has been extended for a further period of five years.

  The manufacturing systems of your Company continued to set benchmarks in Sustainability, Responsiveness, Quality and Productivity in its pursuit of achieving operating excellence. The Business also continued to strengthen its quality processes and hygiene standards and introduced new metrics for monitoring such areas.

  Your Company continues to invest in contemporary technologies with a view to providing products of international quality to consumers. Towards this end, it is deeply satisfying to report that during the year, your Company developed capabilities of manufacturing capsule cigarettes and cigarette packets with print registered inner frame.

  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 best practices for sustainable agriculture. The adoption of these and other inputs provided by your Company has led to a consistent improvement in quality of domestic grades of tobacco, thereby improving usage and marketability of the crop, and enhancing returns for the farmer.

- **OTHER FMCG PRODUCTS**

  AGARBATTI

  During the year, your Company sustained the growth momentum in the Agarbatti category, and continued to strengthen its market standing driven by a robust portfolio of offerings catering to all consumer segments. The Business focused on growing consumer franchise by ensuring superior availability and visibility of its products in trade channels, backed by brand investments and consumer activation programs. The supply chain was successfully scaled up to cater to the increased demand while ensuring continuous improvements in product quality.

  In keeping with its commitment to augmenting societal capital, your Company continues to strengthen its relationships with Small and Medium Enterprises, which provide employment opportunities to economically deprived sections of society.

  SAFETY MATCHES

  During the year, your Company enhanced its market standing and leadership position in the Safety Matches industry in both wax and wooden segments. The Business continued to focus on increased availability across markets leveraging the strong Trade Marketing and Distribution capabilities of your Company, along with cost optimization initiatives. The supply chain, continues to deliver superior quality.

  APPAREL

  Your Company's offering, John Players, is a leading brand in the premium segment of the branded menswear segment and has presence across markets through Exclusive Branded Outlets, Departmental Chains and Multi-Brand Outlets. The apparel business offers a diverse range of products spanning Formal Wear, Casual Wear and Denims that cater to the quality conscious and discerning consumer.

  However, the performance of the Business continues to be constrained by the significant increase in cheap imports which are largely tax evaded. Against this backdrop, your Company is restructuring the Business by rationalizing the supply chain and distribution presence.

  BRANDED PACKAGED FOOD PRODUCTS

  During the year, your Company successfully launched a portfolio of products in the Confectionery space, with offerings in the Hard Boiled Candy, Éclairs, Jelly and Toffee segments under the 'Toffichoo' and 'mint-o' trademarks, across major geographies of the country. Based on the positive response from consumers, the Business has initiated work towards setting up a state-of-the-art confectionery manufacturing facility at Biratnagar. Upon its commissioning, the facility will create employment opportunities and facilitate the development of small and medium enterprises through local sourcing of raw materials.

ENVIRONMENT HEALTH AND SAFETY

Your Company adopted various initiatives to remain a benchmark manufacturing facility in the country and continued to reinforce high standards of environment, occupational health and safety through institutionalization of best practices. During the year, Simara Factory was ranked No.1 in the national competition for "Environment Friendly Industry Award" organized by Ministry of Forest and Environment. The unit was further acknowledged and felicitated by Birgunj Chamber of Commerce & Industries for winning the national level award.

TAX MATTERS

As reported in earlier years, during the financial year 2009-10 the Full Bench of the Hon'ble Supreme Court passed an Order dated 29th October, 2009 in favour of your Company in respect of certain Excise and Income Tax litigation related to tax demands on the basis of alleged theoretical production.

The Inland Revenue Department, citing the judgments passed in favour of your Company by the Hon'ble Supreme Court, on 11th February, 2011 and 12th August, 2013 decided the following administrative review petitions in favour of your Company:

- **Dropping VAT demand – NRs. 19.01 (₹ 11.88) crore for the financial years 2058-59 (2001-02) and 2064-65 (2007-08).**
- **Dropping Income Tax demand – NRs. 4.91 (₹ 3.07) crore for the financial year 2062-63 (2005-06).**

All other pending Show Cause Notices (SCNs) and demands related to Excise, Income tax and VAT received from time to time on the issue of theoretical production are based on similar untenable contention by the Revenue authorities that your Company could have produced more

cigarettes than it has actually produced in a given year, based on an input-output ratio allegedly submitted by your Company in the year 2047-48 (1990-91) and that your Company is liable to pay taxes on such theoretically produced cigarettes. The allegations made by the Department are despite the fact that your Company's cigarette factory has always been under 'physical control' procedures of the Revenue authorities and all the cigarettes that are produced are duly accounted for and certified by the said authorities. No fresh demand has been received during the year on this account and the cumulative pending demand on your Company on account of theoretical production stands at NRs. 68.97 (₹ 43.11) crore, as detailed below, and are under appeal before the Hon'ble Supreme Court.

- Demand of Excise Duty – NRs. 27.80 (₹ 17.38) crore.
- Demand of VAT – NRs. 17.49 (₹ 10.93) crore.
- Demand of Income Tax – NRs. 23.68 (₹ 14.80) crore.

Your Company is advised by eminent counsel that the allegations made by the Department have no legal or factual basis and that the Demand Notices served on your Company are not sustainable, particularly in the light of the favorable Order dated 29th October, 2009 of the Hon'ble Supreme Court. The subsequent decisions of the Hon'ble Supreme Court and the Inland Revenue Department have further reinforced this position. Accordingly, your Company does not recognise any liability in this behalf.

RISK MANAGEMENT

Your Company continues to follow a systems-based approach to risk management. The Corporate Governance Policy of your Company lays down the structure, roles and responsibilities of the key entities in the governance process and also mandates periodic review of key areas of operations. The Corporate Governance Policy is backed by a robust internal control system consisting of the following key elements:

- Organizational Policies for key areas of operations e.g. financial policies and procedures, IT Policy etc.
- Comprehensive standard operating procedures (SOPs) across areas of operations which ensure appropriate segregation of duties, tiered approval mechanisms and maintenance of supporting records.
- Maintenance of Books of Accounts through use of Organisation wide ERP (SAP) with appropriate transactional controls built in.
- An independent, periodic risk based internal audit across functions and businesses.

Your Company continues to focus on regular reviews and continuous improvement of the policies and processes across the areas of operations so as to ensure that various risks associated with your Company's Business and operations are adequately addressed and appropriate risk mitigation plans are put in place.

CORPORATE SOCIAL RESPONSIBILITY (CSR) INITIATIVES

Your Company, as a responsible corporate citizen, places immense emphasis on contributing towards building the societal, environmental and economic capital of the nation. Towards this end, your Company pursues an integrated CSR strategy spanning areas such as environmental preservation, social empowerment, promoting and improving education in public schools.

As a part of the ongoing interventions in this area, your Company continues to:

- provide assistance to farmers in agro-forestry, agri-infrastructure and vermicomposting in villages situated in the economic vicinity of its operating locations.
- provide training and development to farmers towards improvement in productivity and other income generating activities.
- support the animal husbandry sector by providing extension services covering animal breeding, health and nutrition in order to drive yield improvement and higher returns for underprivileged farmers.

During the year under review, your Company also entered into an agreement with "Teach for Nepal (TFN)", an NGO for providing quality teachers in public schools through the TFN Teaching Fellowship program. More than 2000 students in rural part of Parsa District will benefit from this initiative.

Such initiatives, being consistent with the CSR guidelines enunciated by Nepal Rastra Bank for banks and financial institutions, will continue to be pursued, in the absence of any prescribed guidelines notified by the Government.

In accordance with the provisions of the Industrial Enterprises Act, 2073, your Company has allocated 1% of its annual profit towards discharging CSR activities. The allocated funds will be spent on the basis of annual plan and programs as mandated by law.

EMPLOYMENT GENERATION

Your Company is one of the largest employers in the private sector and plays a very significant role in providing livelihoods, directly and indirectly, to around 4 lakh people involved in this sector comprising farmers, farm workers and others involved in manufacturing, distribution and sales. Further, your Company's Agarbatti and Matches businesses provide employment opportunities to economically disadvantaged sections of society, especially women. Your Company's strategy of diversifying its business portfolio also complements its role of a responsible corporate citizen by creating enablers for generating employment opportunities as well as sustainable economic surplus for the nation.

EMPLOYEES

Employee relations continued to be cordial and the terms and conditions of employment offered by your Company remains one of the best in the country. Post the year under review, Long Term Agreements were concluded successfully with the unionized workforce at both Simara and Seratar factories.

Your Directors place on record their sincere appreciation of the contribution made by the employees during the year under review.

DIRECTORS

The Holding Company, ITC Limited, nominated Mr. R K Singhi (in place of Mr. B B Chatterjee) and Mr. Supratim Dutta (in place of Mr. A K Mukerji) as Company's Non–executive directors with effect from 4th February, 2018 and 18th July, 2018 respectively, consequent to their retirement from the services of that company.

Your Directors would like to place on record their sincere appreciation for the services rendered by Mr. B B Chatterjee and Mr. A K Mukerji as Directors of the Company.

There was no other change in the composition of the Board of Directors.

The details of shares held in your Company by your Directors as on 32nd Asadh, 2075 are annexed to this Report **(Annexure I)**. Your 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 your Company. No amounts are due to your Company from any of the Directors, the Managing Director or their close relatives.

The details of payments made during the year to your Directors, the Managing Director and other officials are also annexed to this Report **(Annexure II)**.

Further, details of Management expenses for the year 2074-75 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 your Company, retire at the ensuing Annual General Meeting and being eligible, offer themselves for re-appointment.

FUTURE OUTLOOK

Your Company continues to explore and pursue opportunities for profitable and sustainable growth and looks forward to the future with optimism and confidence and stands committed to creating a brighter future for all stakeholders.

On behalf of the Board

Date: 24th September, 2018 (8th Ashwin, 2075)	**Sanjiv Puri** Chairman	**B Sumant** Director	**A K Poddar** Managing Director

Annexure I

Sl. No.	Name of Director	Number of Ordinary Shares of NRs. 100 (₹ 62.50) each held singly and / or jointly as on 32nd Asadh 2075 (16th July 2018)
1.	S Puri	Nil
2.	A K Mukerji (ceased w.e.f. 18th July, 2018)	Nil
3.	R K Singhi	Nil
4.	B Sumant	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 2074/75, the following amounts have been paid to the Directors:

- Board Meeting Fee - NRs. 70,588 (₹ 44,118)
- Incidental expenses - NRs. 11,765 (₹ 7,353)

Payment to / on behalf of the Managing Director for the financial year 2074/75:

- Salary – NRs. 14,901,286 (₹ 9,313,304)
- Allowances – NRs. 3,821,735 (₹ 2,388,584)

In addition to the above, the Managing Director 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 2074/75:

- Salary – NRs. 25,909,329 (₹ 16,193,331)
- Allowances – NRs. 10,950,260 (₹ 6,843,913)

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.

The Managing Director and some other employees of the company have been granted stock options under the Employee Stock Option Scheme of the Holding Company (ITC Limited). Such options are granted at 'market price' [within the meaning of Securities and Exchange Board of India (Share Based Employee Benefit) Regulations, 2014]. Since such options are not tradeable, no benefit is conferred upon the employee at the time of grant of options. The Company, however, has recorded employee benefits expense by way of share based payments to employees, in accordance with NFRS 2 out of which NRs. 23,177,936 (₹ 14,486,210) is attributable to Managing Director and NRs. 22,690,055 (₹ 14,181,284) is attributable to other officials.

Annexure III

MANAGEMENT EXPENSES

The expenses incurred by your Company for its management and administration for the financial year 2074/75 comprising rent, electricity, fuel & water, rates & taxes, insurance premium, repairs & improvements, safety & pollution control cost, maintenance, travel & conveyance, postage, telephone, fax, bank charges, legal fees, printing & stationery, consultancy charges, professional service charges & other fees, information technology services, business entertainment expenses, board meeting fees, donations, books & periodicals and miscellaneous expenses amounted to NRs. 1,311,918,326 (₹ 819,948,954).

AUDITOR'S REPORT TO THE SHAREHOLDERS OF SURYA NEPAL PRIVATE LIMITED

Report on the Financial Statements

We have audited the accompanying financial statements of **Surya Nepal Private Limited**, which comprise the Statement of Financial Position as at 32nd Asadh 2075 (16th July 2018), the Statement of Profit or Loss and Other Comprehensive Income, Statement of Changes in Equity and Statement of Cash Flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's responsibility for the financial statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Nepal Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Nepal Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements give a true and fair view of the financial position of Surya Nepal Private Limited as at 32nd Asadh 2075 (16th July 2018), and of its financial performance and its cash flows for the year then ended in accordance with Nepal Financial Reporting Standards.

Report on the Requirements of the Company Act, 2063

We have obtained information and explanations asked for, which, to the best of our knowledge and belief, were necessary for the purpose of our audit. In our opinion, the statement of financial position, the statement of profit or loss and other comprehensive income, statement of changes in equity and the statement of cash flows have been prepared in accordance with the requirements of the Company Act, 2063 and are in agreement with the books of account of the Company and proper books of account as required by law have been kept by the Company.

To the best of our information and according to explanations given to us and from our examination of the books of account of the Company necessary for the purpose of our audit, we have not come across cases where Board of Directors or any employees of the Company have acted contrary to the provisions of law relating to the accounts or committed any misappropriation or caused loss or damage to the Company, relating to the accounts, in the Company.

	Nem Lal Amatya Partner	Shashi Satyal Partner
Date: 8th Ashwin, 2075 (24th September, 2018) Place: Kolkata	N. Amatya & Co. Chartered Accountants	T R Upadhya & Co. Chartered Accountants

STATEMENT OF FINANCIAL POSITION AS AT 32ND ASADH 2075 (16TH JULY 2018)

	Note	Figures in NRs. As at 32nd Asadh 2075 (16th July 2018)	Figures in ₹ As at 32nd Asadh 2075 (16th July 2018)	Figures in NRs. As at 31st Asadh 2074 (15th July 2017)	Figures in ₹ As at 31st Asadh 2074 (15th July 2017)
ASSETS					
NON-CURRENT ASSETS					
a) Property, Plant & Equipment	3A	**4,783,798,974**	**2,989,874,360**	5,417,747,028	3,386,091,894
b) Capital Work-in-Progress	3B	**232,950,476**	**145,594,048**	108,987,762	68,117,352
c) Intangible Assets	3C	**33,989,797**	**21,243,622**	83,670,238	52,293,898
d) Financial Assets					
i) Investments	4A	**–**	**–**	25,632,338	16,020,211
ii) Loans	5	**30,610,168**	**19,131,355**	36,562,388	22,851,493
iii) Others	6	**880,825**	**550,516**	–	–
e) Deferred Tax Assets (Net)	7	**59,097,334**	**36,935,835**	37,803,709	23,627,318
f) Other Non-Current Assets	8	**1,718,279,469**	**1,073,924,669**	2,039,776,665	1,274,860,415
CURRENT ASSETS					
a) Inventories	9	**5,518,632,902**	**3,449,145,564**	4,074,432,459	2,546,520,286
b) Financial Assets					
i) Investments	4B	**25,632,338**	**16,020,211**	–	–
ii) Trade Receivables	10	**68,556,485**	**42,847,803**	77,255,350	48,284,594
iii) Cash and Cash Equivalents	11	**49,757,833**	**31,098,646**	337,726,550	211,079,093
iv) Other Bank Balances	12	**6,090,065,963**	**3,806,291,227**	2,900,064,129	1,812,540,081
v) Loans	5	**7,304,772**	**4,565,483**	9,679,258	6,049,536
vi) Others	6	**30,634,354**	**19,146,472**	26,762,767	16,726,730
c) Other Current Assets	8	**447,914,925**	**279,946,828**	344,631,907	215,394,943
TOTAL ASSETS		**19,098,106,615**	**11,936,316,639**	15,520,732,548	9,700,457,844
EQUITY AND LIABILITIES					
EQUITY					
a) Equity Share Capital	13	**2,016,000,000**	**1,260,000,000**	2,016,000,000	1,260,000,000
b) Other Equity		**12,351,060,246**	**7,719,412,652**	10,287,490,023	6,429,681,267
LIABILITIES					
NON-CURRENT LIABILITIES					
a) Provisions	14	**142,143,188**	**88,839,493**	138,191,748	86,369,843
CURRENT LIABILITIES					
a) Financial Liabilities					
i) Borrowings	15	**1,128,051,870**	**705,032,419**	–	–
ii) Trade Payables	16	**820,376,602**	**512,735,377**	833,732,775	521,082,984
iii) Other Financial Liabilities	17	**1,576,308,975**	**985,193,111**	1,222,133,123	763,833,203
b) Other Liabilities	18	**384,447,456**	**240,279,664**	670,088,686	418,805,428
c) Provisions	14	**27,803,081**	**17,376,926**	26,233,215	16,395,758
d) Current Tax Liabilities (Net)	19	**651,915,197**	**407,446,997**	326,862,978	204,289,361
TOTAL EQUITY AND LIABILITIES		**19,098,106,615**	**11,936,316,639**	15,520,732,548	9,700,457,844

The accompanying notes 1 to 31 are an integral part of the Financial Statements.

This is the Statement of Financial Position referred to in our Report of even date.

Vikas Bhutra
Head of Finance

Abhimanyu Kumar Poddar
Managing Director

Saurya SJB Rana
Alternate Director

B Sumant
Director

S Puri
Chairman

S R Pandey
Director

S Dutta
Director

R K Singhi
Director

Nem Lal Amatya
Partner
N. Amatya & Co.
Chartered Accountants

Shashi Satyal
Partner
T R Upadhya & Co.
Chartered Accountants

Date: 8th Ashwin 2075 (24th September 2018)

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED 32ND ASADH 2075 (16TH JULY 2018)

	Note	Figures in NRs. For the year ended 32nd Asadh 2075 (16th July 2018)	Figures in ₹ For the year ended 32nd Asadh 2075 (16th July 2018)	Figures in NRs. For the year ended 31st Asadh 2074 (15th July 2017)	Figures in ₹ For the year ended 31st Asadh 2074 (15th July 2017)
Gross Revenue from sale of products	20	**33,369,581,646**	**20,855,988,529**	29,714,590,472	18,571,619,045
Less: Duties	21	**9,167,629,398**	**5,729,768,375**	8,007,654,184	5,004,783,865
Net Revenue from sale of products		**24,201,952,248**	**15,126,220,154**	21,706,936,288	13,566,835,180
Other Operating Revenue	22	**25,666,152**	**16,041,344**	26,282,857	16,426,786
Net Revenue from operations		**24,227,618,400**	**15,142,261,498**	21,733,219,145	13,583,261,966
Raw Materials Consumed, etc.	23	**5,910,419,573**	**3,694,012,233**	5,648,091,265	3,530,057,040
Employee Benefits Expenses	24	**2,089,130,077**	**1,305,706,299**	1,797,740,936	1,123,588,085
Manufacturing, Admin, Selling Expenses etc.	25	**2,316,627,948**	**1,447,892,471**	2,263,025,738	1,414,391,087
Operating Profit		**13,911,440,802**	**8,694,650,495**	12,024,361,206	7,515,225,754
Other Income	26	**385,332,472**	**240,832,796**	131,512,053	82,195,034
Finance Cost	27	**22,939,999**	**14,337,499**	8,045,311	5,028,319
Depreciation and Amortization Expenses		**742,297,943**	**463,936,215**	851,642,098	532,276,312
Profit before Tax		**13,531,535,332**	**8,457,209,577**	11,296,185,850	7,060,116,157
Tax Expense	28	**4,260,892,788**	**2,663,057,992**	3,388,202,262	2,117,626,414
Corporate Social Responsibility		**93,489,394**	**58,430,871**	78,296,867	48,935,542
Profit for the year		**9,177,153,150**	**5,735,720,714**	7,829,686,721	4,893,554,201
Other Comprehensive Income					
(i) Items that will not be reclassified to profit or loss:					
– Remeasurements of defined benefit plans	29 (a)	**(39,061,325)**	**(24,413,328)**	19,690,861	12,306,789
(ii) Income tax relating to items that will not be reclassified to profit or loss	28	**11,718,398**	**7,323,999**	(5,907,258)	(3,692,036)
Other Comprehensive Income		**(27,342,927)**	**(17,089,329)**	**13,783,603**	**8,614,753**
Total Comprehensive Income for the year		**9,149,810,223**	**5,718,631,385**	7,843,470,324	4,902,168,954

The accompanying notes 1 to 31 are an integral part of the Financial Statements.

This is the Statement of Profit or Loss and Other Comprehensive Income referred to in our Report of even date.

Vikas Bhutra Head of Finance	**Abhimanyu Kumar Poddar** Managing Director	**Saurya SJB Rana** Alternate Director	**B Sumant** Director	**S Puri** Chairman
S R Pandey Director	**S Dutta** Director	**R K Singhi** Director	**Nem Lal Amatya** Partner N. Amatya & Co. Chartered Accountants	**Shashi Satyal** Partner T R Upadhya & Co. Chartered Accountants

Date: 8th Ashwin 2075 (24th September 2018)

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 32ND ASADH 2075 (16TH JULY 2018

A. Equity Share Capital

Figures in NRs. | Figures in ₹

	Balance at the beginning of the reporting year	Changes in equity share capital during the year	Balance at the end of the reporting year	Balance at the beginning of the reporting year	Changes in equity share capital during the year	Balance at the end of the reporting year
For the year ended 31st Asadh 2074 (15th July 2017)	2,016,000,000	–	2,016,000,000	1,260,000,000	–	1,260,000,000
For the year ended 32nd Asadh 2075 (16th July 2018)	2,016,000,000	–	2,016,000,000	1,260,000,000	–	1,260,000,000

B. Other Equity

Figures in NRs. | Figures in ₹

	Reserves and Surplus				Items of Other Comprehensive Income	Total	Reserves and Surplus				Items of Other Comprehensive Income	Total
	General Reserve	Stock Option Payment Reserve	Employees' Housing Reserve	Retained Earnings	Remeasurement of Net Defined Benefit Plan		General Reserve	Stock Option Payment Reserve	Employees' Housing Reserve	Retained Earnings	Remeasurement of Net Defined Benefit Plan	
Balance as at 31st Asadh 2073 (15th July 2016)	**44,687,084**	**64,091,317**	**2,377,211,775**	**6,061,918,829**	**(32,117,989)**	**8,515,791,016**	**27,929,428**	**40,057,073**	**1,485,757,359**	**3,788,699,268**	**(20,073,742)**	**5,322,369,386**
Profit for the year	–	–	–	7,829,686,721	–	7,829,686,721	–	–	–	4,893,554,201	–	4,893,554,201
Other Comprehensive Income (net of tax)	–	–	–	–	13,783,603	13,783,603	–	–	–	–	8,614,753	8,614,753
Total Comprehensive Income for the year	**–**	**–**	**–**	**7,829,686,721**	**13,783,603**	**7,843,470,324**	**–**	**–**	**–**	**4,893,554,201**	**8,614,753**	**4,902,168,954**
Reimbursement of value of share based payment	–	(64,091,317)	–	–	–	(64,091,317)	–	(40,057,073)	–	–	–	(40,057,073)
Transferred to Employees' Housing Reserve	–	–	6,24,098,666	(624,098,666)	–	–	–	–	390,061,666	(390,061,666)	–	–
Interim Dividend	–	–	–	(756,000,000)	–	(756,000,000)	–	–	–	(472,500,000)	–	(472,500,000)
Final Dividend	–	–	–	(5,251,680,000)	–	(5,251,680,000)	–	–	–	(3,282,300,000)	–	(3,282,300,000)
Transferred to Reserve	64,091,317	–	–	(64,091,317)	–	–	40,057,073	–	–	(40,057,073)	–	–
Total	64,091,317	(64,091,317)	6,24,098,666	1,133,816,738	13,783,603	1,771,699,007	40,057,073	(40,057,073)	390,061,666	708,635,462	8,614,753	1,107,311,881
Balance as at 31st Asadh 2074 (15th July 2017)	**108,778,401**	**–**	**3,001,310,441**	**7,195,735,567**	**(18,334,386)**	**10,287,490,023**	**67,986,501**	**–**	**1,875,819,025**	**4,497,334,730**	**(11,458,989)**	**6,429,681,267**
Profit for the year	–	–	–	9,177,153,150	–	9,177,153,150	–	–	–	5,735,720,714	–	5,735,720,714
Other Comprehensive Income (net of tax)	–	–	–	–	(27,342,927)	(27,342,927)	–	–	–	–	(17,089,329)	(17,089,329)
Total Comprehensive Income for the year	–	–	–	9,177,153,150	(27,342,927)	9,149,810,223	–	–	–	5,735,720,714	(17,089,329)	5,718,631,385
Interim Dividend	–	–	–	(1,219,680,000)	–	(1,219,680,000)	–	–	–	(762,300,000)	-	(762,300,000)
Final Dividend	–	–	–	(5,866,560,000)	–	(5,866,560,000)	–	–	–	(3,666,600,000)	-	(3,666,600,000)
Total	–	–	–	2,090,913,150	(27,342,927)	2,063,570,223	–	–	–	1,306,820,714	(17,089,329)	1,289,731,385
Balance as at 32nd Asadh 2075 (16th July 2018)	**108,778,401**	**–**	**3,001,310,441**	**9,286,648,717**	**(45,677,313)**	**12,351,060,246**	**67,986,501**	**–**	**1,875,819,025**	**5,804,155,444**	**(28,548,318)**	**7,719,412,652**

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 32ND ASADH 2075 (16TH JULY 2018 (Contd.)

For the year ended 32nd Asadh 2075 (16th July 2018), the Board of Directors of the Company at its meeting held on 8th Ashwin 2075 (24th September 2018) have:

a) declared interim dividend of NRs. 75.00 (₹ 46.86) per share, amounting to NRs. 1,512,000,000 (₹ 945,000,000) and

b) recommended final dividend of NRs. 378.00 (₹ 236.25) per share amounting to NRs. 7,620,480,000 (₹ 4,762,800,000).

General Reserve: The reserve is an outcome of appropriation from one component of equity to another, neither being an item of other comprehensive income. It can be distributed / utilized by the Company.

Stock Option Payment Reserve: Represents fair value of equity settled share based payment in respect of employees seconded by the Holding Company (ITC Limited) at the request of the Company, who have been granted stock option by ITC Limited and reimbursement of which is sought by ITC Limited.

Employees' Housing Reserve: Reserve represents the amounts set aside for providing employees' housing as per the provisions of the Labour Act, 2048, which has since been replaced by the Labour Act, 2074.

Retained Earnings: This reserve represents the cumulative profits of the Company and can be distributed / utilized by the Company.

The accompanying notes 1 to 31 are an integral part of the Financial Statements.

This is the Statement of Changes in Equity referred to in our Report of even date.

Vikas Bhutra
Head of Finance

Abhimanyu Kumar Poddar
Managing Director

Saurya SJB Rana
Alternate Director

B Sumant
Director

S Puri
Chairman

S R Pandey
Director

S Dutta
Director

R K Singhi
Director

Nem Lal Amatya
Partner
N. Amatya & Co.
Chartered Accountants

Shashi Satyal
Partner
T R Upadhya & Co.
Chartered Accountants

Date: 8th Ashwin 2075 (24th September 2018)

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 32ND ASADH 2075 (16TH JULY 2018)

		Figures in NRs. For the year ended 32nd Asadh 2075 (16th July 2018)	Figures in ₹ For the year ended 32nd Asadh 2075 (16th July 2018)	Figures in NRs. For the year ended 31st Asadh 2074 (15th July 2017)	Figures in ₹ For the year ended 31st Asadh 2074 (15th July 2017)
A	**Cash Flow From Operating Activities**				
	Profit Before Tax	**13,531,535,332**	**8,457,209,577**	11,296,185,850	7,060,116,157
	Adjustments for :				
	Depreciation and amortization expenses	**742,297,943**	**463,936,215**	851,642,098	532,276,312
	Finance Cost	**22,939,999**	**14,337,499**	8,045,311	5,028,319
	Interest from Investments	**(1,470,625)**	**(919,141)**	(1,470,625)	(919,141)
	Interest on Short Term/Call Deposits	**(379,436,878)**	**(237,148,049)**	(125,249,219)	(78,280,762)
	Foreign currency translations and transactions - Net	**(1,178,423)**	**(736,514)**	96,969	60,606
	Loss/(Gain) on sale of property, plant and equipment - Net	**(19,632,108)**	**(12,270,068)**	1,144,703	715,439
	Liability no longer required written back	**(11,100,615)**	**(6,937,884)**	–	–
	Doubtful and bad advances	**(11,010)**	**(6,881)**	(9,416)	(5,885)
	Operating Profit Before Working Capital Changes	**13,883,943,615**	**8,677,464,754**	12,030,385,671	7,518,991,045
	Adjustments for :				
	Trade Receivables, Loans, Advances and Other Assets	**257,978,538**	**161,236,586**	(595,991,548)	(372,494,718)
	Inventories	**(1,444,200,443)**	**(902,625,277)**	(574,585,128)	(359,115,705)
	Trade Payables, Other Liabilities and Provisions	**(82,943,094)**	**(51,839,434)**	(18,549,147)	(11,593,217)
	Cash Generated From Operation	**12,614,778,616**	**7,884,236,629**	10,841,259,848	6,775,787,405
	Income Tax Paid	**(3,945,415,796)**	**(2,465,884,867)**	(3,406,809,515)	(2,129,255,947)
	Corporate Social Responsibility Paid	**(9,615,486)**	**(6,009,679)**	(5,280,982)	(3,300,614)
	Net Cash From Operating Activities (A)	**8,659,747,334**	**5,412,342,083**	7,429,169,351	4,643,230,844
B	**Cash Flow From Investing Activities**				
	Purchase of property, plant and equipment	**(178,872,335)**	**(111,795,209)**	(101,373,936)	(63,358,710)
	Disposal of property, plant and equipment	**22,901,273**	**14,313,296**	3,753,384	2,345,865
	Investment in Bank Deposits				
	(Original Maturity more than 3 months)	**(6,090,000,000)**	**(3,806,250,000)**	(2,900,000,000)	(1,812,500,000)
	Redemption/ Maturity of Bank Deposits				
	(Original Maturity more than 3 months)	**2,900,000,000**	**1,812,500,000**	–	–
	Interest Received	**377,167,708**	**235,729,818**	102,473,275	64,045,797
	Net Cash Used in Investing Activities (B)	**(2,968,803,354)**	**(1,855,502,095)**	(2,895,147,277)	(1,809,467,048)
C	**Cash Flow From Financing Activities**				
	Interest Paid	**(21,252,465)**	**(13,282,791)**	(8,045,311)	(5,028,319)
	Dividends Paid	**(7,086,240,000)**	**(4,428,900,000)**	(6,007,680,000)	(3,754,800,000)
	Net Cash Used in Financing Activities (C)	**(7,107,492,465)**	**(4,442,182,791)**	(6,015,725,311)	(3,759,828,319)
	Net Increase/(Decrease) in Cash & Cash Equivalents (A+B+C)	**(1,416,548,485)**	**(885,342,803)**	(1,481,703,237)	(926,064,523)
	Opening Cash and Cash Equivalents	**335,083,264**	**209,427,040**	1,816,786,501	1,135,491,563
	Closing Cash and Cash Equivalents	**(1,081,465,221)**	**(675,915,763)**	335,083,264	209,427,040

Notes:

1 The above Statement of Cash Flows has been prepared under the "Indirect Method" as set out in NAS - 7 "Statement of Cash Flows ".

2 Cash and Cash Equivalents:

Cash and Cash Equivalents as above	**(1,081,465,221)**	**(675,915,763)**	335,083,264	209,427,040
Unrealised gain/(Loss) on foreign currency cash and cash equivalents	**3,171,184**	**1,981,990**	2,643,286	1,652,053
Current Borrowings (Note 15)	**1,128,051,870**	**705,032,419**	–	–
Cash and Cash Equivalents (Note 11)	**49,757,833**	**31,098,646**	**337,726,550**	**211,079,093**

The accompanying notes 1 to 31 are an integral part of the Financial Statements.

This is the Statement of Cash Flows referred to in our Report of even date.

Vikas Bhutra Head of Finance	**Abhimanyu Kumar Poddar** Managing Director	**Saurya SJB Rana** Alternate Director	**B Sumant** Director	**S Puri** Chairman
S R Pandey Director	**S Dutta** Director	**R K Singhi** Director	**Nem Lal Amatya** Partner N. Amatya & Co. Chartered Accountants	**Shashi Satyal** Partner T R Upadhya & Co. Chartered Accountants

Date: 8th Ashwin 2075 (24th September 2018)

NOTES TO THE FINANCIAL STATEMENTS

1. SIGNIFICANT ACCOUNTING POLICIES

Statement of Compliance

These financial statements have been prepared in accordance with requirements of Company Act, 2063 of Nepal and applicable Nepal Financial Reporting Standards (NFRS) and the relevant presentation requirements thereof. The Company adopted NFRS from 1st Shrawan, 2073 (16th July, 2016).

Basis of Preparation

These financial statements are prepared in accordance with the historical cost convention, except for certain items that are measured at fair values, as explained in the accounting policies.

Fair Value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Company takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these financial statements is determined on such a basis, except for share-based payment transactions that are within the scope of NFRS 2 – Share Based Payment, leasing transactions that are within the scope of NAS 17 - Leases, and measurements that have some similarities to fair value but are not fair value, such as net realisable value in NAS 2 – Inventories or value in use in NAS 36 - Impairment of Assets.

The preparation of financial statements in conformity with NFRS requires management to make judgements, estimates and assumptions that affect the application of the accounting policies and the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the year. Actual results could differ from those estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period; they are recognised in the period of the revision and future periods if the revision affects both current and future periods.

Operating Cycle

All assets and liabilities have been classified as current or non-current as per the Company's normal operating cycle and other criteria set out in NAS 1 - Presentation of Financial Statements based on the nature of products and the time between the acquisition of assets for processing and their realisation in cash and cash equivalents.

Property, Plant & Equipment – Tangible Assets

Property, plant & equipment are stated at cost of acquisition or construction less accumulated depreciation and impairment, if any.

Cost is inclusive of inward freight, duties and taxes and incidental expenses related to acquisition. In respect of major projects involving construction, related pre-operational expenses form part of the value of assets capitalised. Expenses capitalised also include applicable borrowing costs for qualifying assets, if any. All upgradation / enhancements are charged off as revenue expenditure unless they bring similar significant additional benefits.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in the Statement of Profit or Loss and Other Comprehensive Income.

Depreciation of these assets commences when the assets are ready for their intended use which is generally on commissioning. Items of Property, Plant and Equipment are depreciated in a manner that amortises the cost (or other amount substituted for cost) of the assets after commissioning, less its residual value, over their useful lives on a straight line basis. Land is not depreciated.

The estimated useful lives of property, plant and equipment of the Company are as follows:

Buildings	3 – 60 Years
Plant and Equipment	9 – 15 Years
Furniture and Fixtures	10 Years
Vehicles	6 – 10 Years
Office Equipment	5 Years
Computers	3 – 6 Year

Property, plant and equipment's residual values and useful lives are reviewed at each Statement of Financial Position date and changes, if any, are treated as changes in accounting estimate.

Intangible Assets

Intangible Assets that the Company controls and from which it expects future economic benefits are capitalised upon acquisition and measured at cost comprising the purchase price (including import duties and non-refundable taxes) and directly attributable costs to prepare the asset for its intended use.

The useful life of an intangible asset is considered finite where the rights to such assets are limited to a specified period of time by contract or law (e.g., licences) or the likelihood of technical, technological obsolescence (e.g., computer software). If, there are no such limitations, the useful life is taken to be indefinite.

Intangible assets that have finite lives are amortized over their estimated useful lives by the straight line method unless it is practical to reliably determine the pattern of benefits arising from the asset. An intangible asset with an indefinite useful life is not amortized.

Software is amortised over a period of five years.

All intangible assets are tested for impairment. Amortization expenses and impairment losses and reversal of impairment losses are taken to the Statement of Profit or Loss and Other Comprehensive Income. Thus, after initial recognition, an intangible asset is carried at its cost less accumulated amortization and / or impairment losses.

The useful lives of intangible assets are reviewed annually to determine if a reset of such useful life is required for assets with finite lives and to confirm that business circumstances continue to support an indefinite useful life assessment for assets so classified. Based on such review, the useful life may change or the useful life assessment may change from indefinite to finite. The impact of such changes is accounted for as a change in accounting estimate.

Impairment of Assets

Impairment loss, if any, is provided to the extent the carrying amount of assets or cash generating units exceed their recoverable amount.

Recoverable amount is higher of an asset's net selling price and its value in use. Value in use is the present value of estimated future cash flows expected to arise from the continuing use of an asset or cash generating unit and from its disposal at the end of its useful life.

Impairment losses recognised in prior years are reversed when there is an indication that the impairment losses recognised no longer exist or have decreased. Such reversals are recognised as an increase in carrying amounts of assets to the extent that it does not exceed the carrying amounts that would have been determined (net of amortisation or depreciation) had no impairment loss been recognised in previous years.

Inventories

Inventories are stated at lower of cost and net realisable value. The cost is calculated on weighted average method. Cost comprises expenditure incurred in the normal course of business in bringing such inventories to its present location and condition and includes, where applicable, appropriate overheads based on normal level of activity. Net realisable value is the estimated selling price less estimated costs for completion and sale.

Obsolete, slow moving and defective inventories are identified from time to time and, where necessary, a provision is made for such inventories.

NOTES TO THE FINANCIAL STATEMENTS (CONTD.)

Foreign Currency Transactions

The functional and presentation currency of the Company is Nepalese Rupee.

Transactions in foreign currency are accounted for at the exchange rate prevailing on the transaction date. Gains/Losses arising on settlement as also on translation of monetary items are recognized in the Statement of Profit or Loss and Other Comprehensive Income.

Derivatives

The Company uses derivative financial instruments, such as forward exchange contracts to hedge its foreign currency risks. Derivatives are initially recognised at fair value and are subsequently remeasured to their fair value at the end of each reporting period. The resulting gains/losses are recognised in the Statement of Profit or Loss and Other Comprehensive Income.

Financial instrument, Financial assets and Financial liabilities

Financial assets and financial liabilities are recognized when the Company becomes a party to the contractual provisions of the relevant instrument and are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities measured at fair value through profit or loss) are added to or deducted from the fair value on initial recognition of financial assets or financial liabilities. Purchase or sale of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognised on the trade date, i.e., the date when the Company commits to purchase or sell the asset.

Financial assets

Recognition: Financial assets include Investments, Trade receivables, Advances, Security Deposits, Cash and cash equivalents. Such assets are initially recognised at transaction price when the Company becomes party to contractual obligations. The transaction price includes transaction costs unless the asset is being fair valued through the Statement of Profit or Loss and Other Comprehensive Income.

Classification: Management determines the classification of an asset at initial recognition depending on the purpose for which the assets were acquired. The subsequent measurement of financial assets depends on such classification.

Financial assets are classified as those measured at:

(a) amortised cost, where the financial assets are held solely for collection of cash flows arising from payments of principal and/or interest.

(b) fair value through other comprehensive income (FVTOCI), where the financial assets are held not only for collection of cash flows arising from payments of principal and interest but also from the sale of such assets. Such assets are subsequently measured at fair value, with unrealised gains and losses arising from changes in the fair value being recognised in other comprehensive income.

(c) fair value through profit or loss (FVTPL), where the assets are managed in accordance with an approved investment strategy that triggers purchase and sale decisions based on the fair value of such assets. Such assets are subsequently measured at fair value, with unrealised gains and losses arising from changes in the fair value being recognised in the Statement of Profit or Loss and Other Comprehensive in the period in which they arise.

Trade receivables, Advances, Security Deposits, Cash and cash equivalents etc. are classified for measurement at amortised cost while investments may fall under any of the aforesaid classes.

Impairment: The Company assesses at each reporting date whether a financial asset (or a group of financial assets) such as investments, trade receivables, advances and security deposits held at amortised cost and financial assets that are measured at fair value through other comprehensive income are tested for impairment based on evidence or information that is available without undue cost or effort. Expected credit losses are assessed and loss allowances recognised if the credit quality of the financial asset has deteriorated significantly since initial recognition.

Reclassification: When and only when the business model is changed, the Company shall reclassify all affected financial assets prospectively from the reclassification date as subsequently measured at amortised cost, fair value through other comprehensive income, fair value through profit or loss without restating the previously recognised gains, losses or interest and in terms of the reclassification principles laid down in the NFRS relating to Financial Instruments.

De-recognition: Financial assets are derecognised when the right to receive cash flows from the assets has expired, or has been transferred, and the Company has transferred substantially all of the risks and rewards of ownership. Concomitantly, if the asset is one that is measured at:

(a) amortised cost, the gain or loss is recognised in the Statement of Profit or Loss and Other Comprehensive Income;

(b) fair value through other comprehensive income, the cumulative fair value adjustments previously taken to reserves are reclassified to the Statement of Profit or Loss and Other Comprehensive Income unless the asset represents an equity investment in which case the cumulative fair value adjustments previously taken to reserves is reclassified within equity.

Income Recognition: Interest income is recognised in the Statement of Profit or Loss and Other Comprehensive Income using the effective interest method.

Financial Liabilities

Borrowings, trade payables and other financial liabilities are initially recognised at the value of the respective contractual obligations. They are subsequently measured at amortised cost. Any discount or premium on redemption / settlement is recognised in the Statement of Profit or Loss and Other Comprehensive Income as finance cost over the life of the liability using the effective interest method and adjusted to the liability figure disclosed in the Statement of Financial Position.

Financial liabilities are derecognised when the liability is extinguished, that is, when the contractual obligation is discharged, cancelled and on expiry.

Offsetting Financial Instruments

Financial assets and liabilities are offset and the net amount is included in the Statement of Financial Position where there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously.

Revenue

Revenue is measured at the fair value of the consideration received or receivable for goods supplied, net of returns and discounts to customers. Revenue from the sale of goods includes excise duty, health risk tax and sticker charges payable by the Company but excludes amounts collected on behalf of third parties, such as value added tax.

Revenue from the sales of goods is recognised when significant risks and rewards of ownership have been transferred to the customer, which is mainly upon delivery, the amount of revenue can be measured reliably and recovery of the consideration is probable.

Dividend Distribution

Dividends paid is recognised in the period in which the interim dividends are approved by the Board of Directors, or in respect of the final dividend when approved by shareholders.

Employee Benefits

The Company provides for both defined benefit and defined contribution schemes.

Contribution to defined contribution schemes (Provident Fund and Gratuity for certain employees) are charged as expense based on the amount of contribution required to be made as and when services are rendered by the employee.

The Company also provides for defined benefits in the form of Gratuity and other retirement benefits in respect of certain employees. The cost of providing benefits under the defined benefit obligation is calculated by independent actuary using the projected unit credit method.

NOTES TO THE FINANCIAL STATEMENTS (CONTD.)

Service costs and net interest expense or income is reflected in the Statement of Profit or Loss and Other Comprehensive Income. Gain or Loss on account of remeasurements are recognised immediately through other comprehensive income in the period in which they occur. Gratuity is funded and deposited with the designated funds as per applicable laws, towards meeting the Gratuity obligation. Other retirement benefits are unfunded.

The employees of the Company are entitled to compensated leave for which the Company records the liability based on actuarial valuation computed using projected unit credit method. These benefits are unfunded.

Employee Share Based Compensation

The cost of options granted under the ITC Employee Stock Option Scheme to employees of ITC Limited ("ITC") seconded to the Company at its request is measured at the fair value of the options as on the grant date. The fair value of awards at grant date is calculated using the Black Scholes Option Pricing Model. The cost of stock options is recognized in the Statement of Profit or Loss and Other Comprehensive Income with a corresponding payable, when such reimbursement is sought by ITC.

Leases

Leases are recognised as a finance lease wherever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

Company as a Lessee

Rentals payable under operating leases are charged to the Statement of Profit or Loss and Other Comprehensive Income on a straight-line basis over the term of the relevant lease.

Taxes on Income

Taxes on income comprises current taxes and deferred taxes. Current tax in the Statement of Profit or Loss and Other Comprehensive Income is provided as the amount of tax payable in respect of taxable income for the period using tax rates and tax laws enacted during the period, together with any adjustment to tax payable in respect of previous years.

Deferred tax is recognized on temporary differences between the carrying amounts of assets and liabilities and the amounts used for taxation purposes (tax base), at the tax rates and tax laws enacted or substantively enacted by the end of the reporting period.

Deferred tax assets are recognized for the future tax consequences to the extent it is probable that future taxable profits will be available against which the deductible temporary differences can be utilised.

Income tax, in so far as it relates to items disclosed under other comprehensive income or equity, are disclosed separately under other comprehensive income or equity, as applicable.

Deferred tax assets and liabilities are offset when there is legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances relate to the same taxation authority. Current tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on net basis, or to realize the asset and settle the liability simultaneously.

Claims

Claims against the Company not acknowledged as debts are disclosed after a careful evaluation of the facts and legal aspects of the matter involved.

Provisions

Provisions are recognised when, as a result of a past event, the Company has a legal or constructive obligation; it is probable that an outflow of resources will be required to settle the obligation; and the amount can be reliably estimated. The amount so recognised is a best estimate of the consideration required to settle the obligation at the reporting date, taking into account the risks and uncertainties surrounding the obligation.

In an event when the time value of money is material, the provision is carried at the present value of the cash flows estimated to settle the obligation.

2. Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent liabilities at the date of the financial statements and the results of operations during the reporting period end. Although these estimates are based upon management's best knowledge of current events and actions, actual results could differ from those estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

Key sources of estimation uncertainty

The following are the key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting period that may have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

A. Useful lives of property, plant and equipment and intangible assets:

As described in the significant accounting policies, the Company reviews the estimated useful lives of property, plant and equipment and intangible assets at the end of each reporting period.

B. Actuarial Valuation:

The determination of Company's liability towards defined benefit obligation to employees is made through independent actuarial valuation including determination of amounts to be recognised in the Statement of Profit or Loss and in Other Comprehensive Income. Such valuation depend upon assumptions determined after taking into account inflation, seniority, promotion and other relevant factors such as supply and demand factors in the employment market. Information about such valuation is provided in notes to the financial statements.

C. Claims, Provisions and Contingent Liabilities:

The Company has ongoing litigations with various regulatory authorities. Where an outflow of funds is believed to be probable and a reliable estimate of the outcome of the dispute can be made based on management's assessment of specific circumstances of each dispute and relevant external advice, management provides for its best estimate of the liability. Such accruals are by nature complex and can take number of years to resolve and can involve estimation uncertainty. Information about such litigations is provided in notes to the financial statements.

[Amount in NRs]

Particulars	Gross Block							Depreciation and Amortization							Net Block	
	As at 31.03.2073 (15.07.2016)	Additions	Withdrawals/ Adjustments	As at 31.03.2074 (15.07.2017)	Additions	Withdrawals/ Adjustments	As at 32.03.2075 (16.07.2018)	Upto 11.03.2073 (15.07.2016)	For the Year*	Withdrawals/ Adjustments	As at 31.03.2074 (15.07.2017)	For the Year	Withdrawals/ Adjustments	As at 32.03.2075 (15.07.2018)	As at 32.03.2075 (16.07.2018)	As at 31.03.2074 (15.07.2017)
3A. Property, Plant and Equipment																
Land & Land Development	305,147,856	-	-	305,147,856	-	-	305,147,856	-	-	-	-	-	-	-	305,147,856	305,147,856
Buildings	1,891,156,624	6,786,189	-	1,897,942,813	9,960,027	-	1,907,902,840	470,599,159	167,459,350	-	638,058,509	80,215,076	-	718,273,585	1,189,629,255	1,259,884,304
Plant and Machinery	7,273,451,344	263,753,334	-	7,537,204,678	31,176,457	125,830,982	7,442,550,153	3,297,539,300	566,484,094	-	3,864,023,394	565,403,018	125,830,387	4,303,596,025	3,138,954,128	3,673,181,284
Furniture and Fixtures	99,195,850	2,770,786	9,092,517	92,874,119	1,298,019	4,322,173	89,849,965	46,874,399	8,126,211	5,949,775	49,050,835	7,768,991	3,890,247	52,929,579	36,920,386	43,823,284
Vehicles	149,993,296	27,622,357	5,752,753	171,862,900	-	38,893,567	132,969,333	72,840,568	31,851,080	4,963,121	99,728,527	21,409,646	36,071,129	85,067,044	47,902,289	72,134,373
Computers	164,121,200	524,300	31,046,551	133,598,949	7,937,258	2,475,588	139,060,619	132,227,122	18,123,690	31,046,268	119,304,544	8,975,818	2,475,586	125,804,776	13,255,843	14,294,405
Office Equipment	104,235,813	3,005,442	3,788,511	103,452,744	11,566,852	704,955	114,314,641	47,077,071	9,917,232	2,823,081	54,171,222	8,844,953	690,751	62,325,424	51,989,217	49,281,522
Total	**9,987,301,983**	**304,462,408**	**49,680,332**	**10,242,084,059**	**61,938,613**	**172,227,265**	**10,131,795,407**	**4,067,157,619**	**801,961,657**	**44,782,245**	**4,824,337,031**	**692,617,502**	**168,958,100**	**5,347,996,433**	**4,783,798,974**	**5,417,747,028**
3B. Capital Work-in-Progress	**326,222,815**	**59,141,177**	**276,376,230**	**108,987,762**	**185,681,975**	**61,719,261**	**232,950,476**	–	–	–	–	–	–	–	**232,950,476**	**108,987,762**
3C. Intangible Assets																
Capitalised Software	289,032,926	-	-	289,032,926	-	-	289,032,926	155,682,247	49,680,441	–	205,362,688	49,680,441	–	255,043,129	33,989,797	83,670,238
Grand Total	**10,602,557,724**	**363,603,585**	**326,056,562**	**10,640,104,747**	**247,620,588**	**233,946,526**	**10,653,778,809**	**4,222,839,866**	**851,642,098**	**44,782,245**	**5,029,699,719**	**742,297,943**	**168,958,100**	**5,603,039,562**	**5,050,739,247**	**5,610,405,028**

NOTES TO THE FINANCIAL STATEMENTS (Contd.)

[Amount in ₹]

Particulars	Gross Block							Depreciation and Amortization							Net Block	
	As at 31.03.2073 (15.07.2016)	Additions	Withdrawals/ Adjustments	As at 31.03.2074 (15.07.2017)	Additions	Withdrawals/ Adjustments	As at 32.03.2075 (16.07.2018)	Upto 31.03.2073 (15.07.2016)	For the Year*	Withdrawals/ Adjustments	As at 31.03.2074 (15.07.2017)	For the Year	Withdrawals/ Adjustments	Upto 32.03.2075 (16.07.2018)	As at 32.03.2075 (16.07.2018)	As at 31.03.2074 (15.07.2017)
3A. Property, Plant and Equipment																
Land & Land Development	190,717,410	–	–	190,717,410	–	–	190,717,410	–	–	–	–	–	–	–	190,717,410	190,717,410
Buildings	1,181,972,890	4,241,368	–	1,186,214,258	6,225,017	–	1,192,439,275	294,124,474	104,662,094	–	398,786,568	50,134,423	–	448,920,991	743,518,284	787,427,690
Plant and Machinery	4,545,907,091	164,845,834	–	4,710,752,925	19,485,286	78,644,364	4,651,593,847	2,060,962,063	354,052,559	–	2,415,014,622	353,376,886	78,643,992	2,689,747,516	1,961,846,331	2,295,738,303
Furniture and Fixtures	61,997,406	1,731,741	5,682,823	58,046,324	811,262	2,701,358	56,156,228	29,296,499	5,078,882	3,718,609	30,656,772	4,855,619	2,431,404	33,080,987	23,075,241	27,389,552
Vehicles	93,745,810	17,263,973	3,595,471	107,414,312	-	24,308,479	83,105,833	45,525,355	19,906,925	3,101,951	62,330,329	13,381,029	22,544,456	53,166,902	29,938,931	45,083,983
Computers	102,575,750	327,688	19,404,094	83,499,344	4,960,786	1,547,243	86,912,887	82,641,952	11,327,306	19,403,918	74,565,340	5,609,886	1,547,241	78,627,985	8,284,902	8,934,004
Office Equipment	65,147,383	1,878,401	2,367,819	64,657,965	7,229,283	440,597	71,446,651	29,423,169	6,198,270	1,764,426	33,857,013	5,528,096	431,719	38,953,390	32,493,261	30,800,952
Total	**6,242,063,740**	**190,289,005**	**31,050,207**	**6,401,302,538**	**38,711,634**	**107,642,041**	**6,332,372,131**	**2,541,973,512**	**501,226,036**	**27,988,904**	**3,015,210,644**	**432,885,939**	**105,598,812**	**3,342,497,771**	**2,989,874,360**	**3,386,091,894**
3B. Capital Work-in-Progress	203,889,260	36,963,236	172,735,144	68,117,352	116,051,234	38,574,538	145,594,048	–	–	–	–	–	–	–	145,594,048	68,117,352
3C. Intangible Assets																
Capitalised Software	180,645,579	–	–	180,645,579	–	–	180,645,579	97,301,405	31,050,276	–	128,351,681	31,050,276	–	159,401,957	21,243,622	52,293,898
Grand Total	**6,626,598,579**	**227,252,241**	**203,785,351**	**6,650,065,469**	**154,762,868**	**146,216,579**	**6,658,611,758**	**2,639,274,917**	**532,276,312**	**27,988,904**	**3,143,562,325**	**463,936,215**	**105,598,812**	**3,501,899,728**	**3,156,712,030**	**3,506,503,144**

1. The amount of expenditures recognised in the carrying amount of property, plant and equipment in the course of construction is NRs. 7,88,324 (₹ 4,92,703) [2073/74 - NRs. 41,95,252 (₹ 26,22,033)].
2. The amortization expense of intangible assets have been included under 'Depreciation and Amortization expense' in the Statement of Profit or Loss and Other Comprehensive Income.

NOTES TO THE FINANCIAL STATEMENTS (CONTD.)

	Figures in NRs. As at 32nd Asadh 2075 (16th July 2018)	Figures in ₹ As at 32nd Asadh 2075 (16th July 2018)	Figures in NRs. As at 31st Asadh 2074 (15th July 2017)	Figures in ₹ As at 31st Asadh 2074 (15th July 2017)
4A. NON-CURRENT INVESTMENTS				
INVESTMENT IN GOVERNMENT OR TRUST SECURITIES				
(at amortized cost)				
Investment in Promissory Note issued by Nepal Government				
6.5% Bikash Rinpatra, 2075 - Unquoted	–	–	25,632,338	16,020,211
Total	–	–	25,632,338	16,020,211
4B. CURRENT INVESTMENTS				
Current Portion of Non-Current Investment				
INVESTMENT IN GOVERNMENT OR TRUST SECURITIES				
(at amortized cost)				
Investment in Promissory Note issued by Nepal Government				
6.5% Bikash Rinpatra, 2075 - Unquoted	25,632,338	16,020,211	–	–
Total	25,632,338	16,020,211	–	–
5. LOANS				
NON-CURRENT				
Employee Loans	30,610,168	19,131,355	36,562,388	22,851,493
Total	30,610,168	19,131,355	36,562,388	22,851,493
CURRENT				
Employee Loans	7,304,772	4,565,483	9,679,258	6,049,536
Total	7,304,772	4,565,483	9,679,258	6,049,536
6. OTHER FINANCIAL ASSETS				
NON-CURRENT				
Deposits	880,825	550,516	-	-
Total	880,825	550,516	-	-
CURRENT				
Interest Accrued on				
– Investments	193,397	120,873	193,397	120,873
– Call and Other Deposit with Banks	27,982,997	17,489,373	24,245,945	15,153,716
– Commercial Advances	8,100	5,063	5,357	3,348
Derivative instruments not designated as hedging instruments	1,130,019	706,262	624,276	390,173
Deposits	–	–	880,825	550,516
Recoverable from Holding Company	1,319,841	824,901	812,967	508,104
Total	30,634,354	19,146,472	26,762,767	16,726,730
7. DEFERRED TAX ASSETS /(LIABILITIES) (NET)				
Deferred Tax Assets	74,704,105	46,690,066	74,078,975	46,299,359
Less: Deferred Tax Liabilities	15,606,771	9,754,231	36,275,266	22,672,041
Deferred Tax Assets / (Liabilities) (Net)	59,097,334	36,935,835	37,803,709	23,627,318

Movement in Deferred Tax Assets / (Liabilities) Balances 2074/75	Figures in NRs. Opening Balance	Figures in ₹ Opening Balance	Figures in NRs. Recognized in Profit or Loss	Figures in ₹ Recognized in Profit or Loss	Figures in NRs. Recognized in OCI	Figures in ₹ Recognized in OCI	Figures in NRs. Closing Balance	Figures in ₹ Closing Balance
Deferred Tax Assets in relation to:								
On Provision for Retirement and Other Employee Benefits	49,327,490	30,829,682	(8,690,805)	(5,431,753)	11,718,398	7,323,999	52,355,083	32,721,928
On Provision for Doubtful Advances	614,255	383,909	(3,303)	(2,064)	–	–	610,952	381,845
On Provision for Inventories	24,137,230	15,085,768	(2,399,160)	(1,499,475)	–	–	21,738,070	13,586,293
Total Deferred Tax Assets	**74,078,975**	**46,299,359**	**(11,093,268)**	**(6,933,292)**	**11,718,398**	**7,323,999**	**74,704,105**	**46,690,066**
Deferred Tax Liabilities in relation to:								
On Overheads Allocation on Finished Goods	33,717,626	21,073,516	3,172,951	1,983,094	–	–	36,890,577	23,056,610
On Fiscal Allowances on Property, Plant and Equipment etc.	2,492,173	1,557,608	(23,972,060)	(14,982,538)	–	–	(21,479,887)	(13,424,930)
Other Timing Difference	65,467	40,917	130,614	81,634	–	–	196,081	122,551
Total Deferred Tax Liabilities	**36,275,266**	**22,672,041**	**(20,668,495)**	**(12,917,810)**	**–**	**–**	**15,606,771**	**9,754,231**
Deferred Tax Assets / (Liabilities) - Net	**37,803,709**	**23,627,318**	**9,575,227**	**5,984,518**	**11,718,398**	**7,323,999**	**59,097,334**	**36,935,835**
2073/74	Opening Balance	Opening Balance	Recognized in Profit or Loss	Recognized in Profit or Loss	Recognized in OCI	Recognized in OCI	Closing Balance	Closing Balance
Deferred Tax Assets in relation to:								
On Provision for Retirement and Other Employee Benefits	62,948,187	39,342,617	(7,713,439)	(4,820,899)	(5,907,258)	(3,692,036)	49,327,490	30,829,682
On Provision for Doubtful Advances	617,080	385,675	(2,825)	(1,766)	–	–	614,255	383,909
On Provision for Inventories	22,230,319	13,893,949	1,906,911	1,191,819	–	–	24,137,230	15,085,768
Total Deferred Tax Assets	85,795,586	53,622,241	(5,809,353)	(3,630,846)	(5,907,258)	(3,692,036)	74,078,975	46,299,359
Deferred Tax Liabilities in relation to:								
On Overheads Allocation on Finished Goods	25,213,271	15,758,294	8,504,355	5,315,222	–	–	33,717,626	21,073,516
On fiscal allowances on Property, Plant and Equipment etc.	34,944,520	21,840,325	(32,452,347)	(20,282,717)	–	–	2,492,173	1,557,608
Other Timing Difference	–	–	65,467	40,917	–	–	65,467	40,917
Total Deferred Tax Liabilities	**60,157,791**	**37,598,619**	**(23,882,525)**	**(14,926,578)**	**–**	**–**	**36,275,266**	**22,672,041**
Deferred Tax Assets / (Liabilities) - Net	**25,637,795**	**16,023,622**	**18,073,172**	**11,295,732**	**(5,907,258)**	**(3,692,036)**	**37,803,709**	**23,627,318**

The Company has tax losses of NRs. 369,907,653 (₹ 231,192,283) [2073/74 - NRs. 492,459,190 (₹ 307,786,994)] for which no deferred tax assets have been recognised. These losses will expire between financial year 2075/76 to 2081/82.

NOTES TO THE FINANCIAL STATEMENTS (CONTD.)

	Figures in NRs. As at 32nd Asadh 2075 (16th July 2018)	Figures in ₹ As at 32nd Asadh 2075 (16th July 2018)	Figures in NRs. As at 31st Asadh 2074 (15th July 2017)	Figures in ₹ As at 31st Asadh 2074 (15th July 2017)
8. OTHER ASSETS				
NON-CURRENT				
Capital Advances	**23,016,429**	**14,385,268**	–	–
Advances other than Capital Advances				
– Commercial Advances to Holding Company	**1,637,454,548**	**1,023,409,093**	1,984,190,173	1,240,118,858
– Security Deposits				
– With Statutory Authorities	**57,679,892**	**36,049,933**	55,465,892	34,666,183
– Others	**128,600**	**80,375**	120,600	75,374
Total	**1,718,279,469**	**1,073,924,669**	2,039,776,665	1,274,860,415
CURRENT				
Commercial Advances				
– Green Leaf bought from Tobacco Farmers (net of loan disbursed by Bank)	**4,666,929**	**2,916,831**	4,045,883	2,528,677
– Other Goods and Services	**3,297,950**	**2,061,219**	7,542,339	4,713,962
Advance with Statutory Authorities	**58,211,378**	**36,382,111**	12,606,720	7,879,200
Deposit with Statutory Authorities	**264,473,271**	**165,295,794**	203,662,716	127,289,198
Employee Advances	**1,366,527**	**854,079**	2,130,313	1,331,446
Unexpired Expenses	**116,352,693**	**72,720,433**	116,216,594	72,635,371
Margin Money Deposit	**1,616,990**	**1,010,619**	509,165	318,228
Less: Allowance for doubtful advances and deposits	**(2,070,813)**	**(1,294,258)**	(2,081,823)	(1,301,139)
Total	**447,914,925**	**279,946,828**	344,631,907	215,394,943
9. INVENTORIES				
(At lower of cost and net realisable value)				
Raw Materials (including in-transit)	**1,905,043,544**	**1,190,652,215**	1,784,803,416	1,115,502,135
Stock-In-Process	**90,338,369**	**56,461,481**	126,632,567	79,145,354
Finished Goods	**3,246,131,584**	**2,028,832,240**	1,895,846,674	1,184,904,171
Stores and Supplies (including in-transit)	**277,119,405**	**173,199,628**	267,149,802	166,968,626
Total	**5,518,632,902**	**3,449,145,564**	4,074,432,459	2,546,520,286
The above includes goods in transit as under				
Raw Materials	**100,611,326**	**62,882,079**	49,019,149	30,636,968
Stores and Supplies	**3,187,351**	**1,992,094**	4,091,559	2,557,224
Total	**103,798,677**	**64,874,173**	53,110,708	33,194,192

The cost of inventories recognised as an expense includes NRs. 4,885,957 (₹ 3,053,723) [during 2073/74: NRs. Nil (₹ Nil)] in respect of write-downs of inventory to net realisable value and has been reduced by NRs. Nil (₹ Nil) [during 2073/74: NRs. 364,841 (₹ 228,026)] in respect of the reversal of such write-downs. Previous write downs have been reversed as a result of increased sales prices.

10. TRADE RECEIVABLES (CURRENT)				
Secured, considered good	**3,580,779**	**2,237,987**	814,651	509,157
Unsecured, considered good	**64,975,706**	**40,609,816**	76,440,699	47,775,437
Doubtful	**339,012**	**211,883**	339,012	211,883
Less: Allowance for doubtful receivables	**(339,012)**	**(211,883)**	(339,012)	(211,883)
Total	**68,556,485**	**42,847,803**	77,255,350	48,284,594
11. CASH AND CASH EQUIVALENTS*				
Cash on Hand	**55,825**	**34,891**	60,325	37,703
Balances with Banks				
Current Accounts	**25,256,003**	**15,785,002**	6,733,895	4,208,684
Short Term - Call Deposits	**24,446,005**	**15,278,753**	330,932,330	206,832,706
Total	**49,757,833**	**31,098,646**	337,726,550	211,079,093

* Cash and cash equivalents include cash on hand, cheques on hand, cash at bank and deposits with banks with original maturity of 3 months or less.

12. OTHER BANK BALANCES				
In Deposit Accounts *	**6,090,000,000**	**3,806,250,000**	2,900,000,000	1,812,500,000
Earmarked Balance (Savings Account - Provident Fund)	**65,963**	**41,227**	64,129	40,081
Total	**6,090,065,963**	**3,806,291,227**	2,900,064,129	1,812,540,081

* Represents deposits with original maturity of more than 3 months having remaining maturity of less than 12 months from the Statement of Financial Position date.

NOTES TO THE FINANCIAL STATEMENTS (CONTD.)

	Figures in NRs. As at 32nd Asadh 2075 (16th July 2018)	Figures in ₹ As at 32nd Asadh 2075 (16th July 2018)	Figures in NRs. As at 31st Asadh 2074 (15th July 2017)	Figures in ₹ As at 31st Asadh 2074 (15th July 2017)
13. EQUITY SHARE CAPITAL				
Authorised				
65,000,000 Ordinary Shares of NRs. 100/- (₹ 62.50) each	**6,500,000,000**	**4,062,500,000**	6,500,000,000	4,062,500,000
Issued, Subscribed & Paid up				
20,160,000 Ordinary Shares of NRs.100/- (₹ 62.50) each, fully paid	**2,016,000,000**	**1,260,000,000**	2,016,000,000	1,260,000,000
	2,016,000,000	**1,260,000,000**	2,016,000,000	1,260,000,000

Out of the above:
1. 16,800,000 Ordinary Shares were issued as fully paid up bonus shares in 2065-66 (2008-09).
2. 2,800,000 Ordinary Shares were issued as fully paid up bonus shares in 2060-61 (2003-04).
3. 280,000 Ordinary Shares were issued as fully paid up bonus shares in 2052-53 (1995-96).
4. 11,894,400 Ordinary Shares are held by the Holding Company, ITC Limited.

Reconciliation of number of Shares outstanding:

	Number of Shares	
At the beginning of the year	20,160,000	20,160,000
At the end of the year	20,160,000	20,160,000

Rights, preferences and restrictions attached to the Ordinary Shares
The Ordinary Shares of the Company, having par value of NRs. 100.00 (₹ 62.50) per share, rank pari passu in all respects including voting rights and entitlement to dividend.

14. PROVISIONS				
NON-CURRENT				
Provision for Retirement and Other Employee Benefits [Refer Note 29]				
Retirement Benefits	**72,444,430**	**45,277,769**	78,101,846	48,813,654
Other Benefits	**69,698,758**	**43,561,724**	60,089,902	37,556,189
Total	**142,143,188**	**88,839,493**	138,191,748	86,369,843
CURRENT				
Provision for Retirement and Other Employee Benefits				
Retirement Benefits	**18,711,107**	**11,694,442**	13,457,533	8,410,958
Other Benefits	**9,091,974**	**5,682,484**	12,775,682	7,984,800
Total	**27,803,081**	**17,376,926**	26,233,215	16,395,758
15. BORROWINGS (CURRENT)				
Secured				
Overdrafts / Other Demand Loans from Banks*	**1,128,051,870**	**705,032,419**	–	–
Total	**1,128,051,870**	**705,032,419**	–	–

* Overdrafts / Other Demand Loans from Banks are secured by hypothecation of Property, Plant and Equipment, Investment, Inventories and Trade Receivables, both present and future.

16. TRADE PAYABLES (CURRENT)				
Trade Payables for Goods and Services				
– Holding Company	**491,859,094**	**307,411,934**	435,347,986	272,092,491
– Others	**328,517,508**	**205,323,443**	398,384,789	248,990,493
Total	**820,376,602**	**512,735,377**	833,732,775	521,082,984
17. OTHER FINANCIAL LIABILITIES (CURRENT)				
Payable for Property, Plant and Equipment	**24,708,628**	**15,442,893**	4,517,542	2,823,464
Retention Money				
– For Property, Plant and Equipment	**15,689,283**	**9,805,802**	5,834,948	3,646,843
– Others	**2,174,269**	**1,358,918**	2,552,853	1,595,533
Payable for Employee Benefits	**21,560,049**	**13,475,031**	16,478,024	10,298,765
Provision for Employee's Bonus under The Bonus Act, 2030				
– Distribution by Company	**113,535,309**	**70,959,568**	108,580,583	67,862,864
– Deposit with Welfare Funds established under The Labour Act	**972,978,032**	**608,111,270**	754,044,817	471,278,011
– Deposit with National Level Welfare Fund established by Govt. of Nepal	**416,990,585**	**260,619,116**	323,162,065	201,976,291
Security Deposits from Customers	**6,150,000**	**3,843,750**	6,050,000	3,781,250
Interest Accrued but not due on current borrowings	**1,687,534**	**1,054,709**	–	–
Others (derivatives not designated as hedging instrument)	**835,286**	**522,054**	912,291	570,182
Total	**1,576,308,975**	**985,193,111**	1,222,133,123	763,833,203
18. OTHER LIABILITIES (CURRENT)				
Advances received from Customers	**33,463,090**	**20,914,431**	432,757,642	270,473,526
Statutory Liabilities	**137,973,224**	**86,233,265**	130,360,034	81,475,021
Provision for Corporate Social responsibility	**156,889,793**	**98,056,121**	73,015,885	45,634,928
Others	**56,121,349**	**35,075,847**	33,955,125	21,221,953
Total	**384,447,456**	**240,279,664**	670,088,686	418,805,428
19. CURRENT TAX LIABILITIES (NET)				
Provision for Income Tax	**4,363,427,753**	**2,727,142,346**	3,499,236,151	2,187,022,594
Less: Advance Tax paid / Withholding Tax deducted	**(3,711,512,556)**	**(2,319,695,349)**	(3,172,373,173)	(1,982,733,233)
Total	**651,915,197**	**407,446,997**	326,862,978	204,289,361

NOTES TO THE FINANCIAL STATEMENTS (CONTD.)

	Figures in NRs. For the Year 32nd Asadh 2075 (16th July 2018)	Figures in ₹ For the Year 32nd Asadh 2075 (16th July 2018)	Figures in NRs. For the Year 31st Asadh 2074 (15th July 2017)	Figures in ₹ For the Year 31st Asadh 2074 (15th July 2017)
20. GROSS REVENUE FROM SALE OF PRODUCTS				
FMCG				
– Cigarettes	**32,828,122,208**	**20,517,576,380**	29,259,997,900	18,287,498,688
– Branded Packaged Food Products	**82,290,347**	**51,431,467**	9,593,802	5,996,126
– Others (Apparel, Safety Matches, Agarbattis)	**459,169,091**	**286,980,682**	444,998,770	278,124,231
Total	**33,369,581,646**	**20,855,988,529**	29,714,590,472	18,571,619,045
21. DUTIES				
Excise Duty	**8,936,700,140**	**5,585,437,588**	7,872,105,603	4,920,066,002
Health Risk Tax	**90,027,700**	**56,267,313**	–	–
Sticker Charges	**140,901,558**	**88,063,474**	135,548,581	84,717,863
Total	**9,167,629,398**	**5,729,768,375**	8,007,654,184	5,004,783,865
22. OTHER OPERATING REVENUE				
Liability no longer required written back	**11,100,615**	**6,937,884**	–	–
Provision for doubtful advance/debts written back	**11,010**	**6,881**	9,416	5,885
Miscellaneous Income	**14,554,527**	**9,096,579**	26,273,441	16,420,901
Total	**25,666,152**	**16,041,344**	26,282,857	16,426,786
23. RAW MATERIALS CONSUMED ETC.				
Leaf and Casing Materials	**3,045,185,002**	**1,903,240,626**	2,911,851,119	1,819,906,949
Wrapping Materials	**2,492,904,791**	**1,558,065,494**	2,424,942,202	1,515,588,876
Fabrics, Trims etc.	**9,812,558**	**6,132,849**	15,184,516	9,490,323
Purchases and Contract Manufacturing Charges	**398,954,146**	**249,346,341**	323,378,117	202,111,323
	5,946,856,497	**3,716,785,310**	5,675,355,954	3,547,097,471
Allocation of overheads etc. on Finished Goods (manufactured)				
Opening	**167,419,148**	**104,636,968**	140,154,459	87,596,537
Closing	**(203,856,072)**	**(127,410,045)**	(167,419,148)	(104,636,968)
Total	**5,910,419,573**	**3,694,012,233**	5,648,091,265	3,530,057,040
24. EMPLOYEE BENEFITS EXPENSES				
Salaries, Wages & Allowances	**512,886,993**	**320,554,371**	479,281,291	299,550,807
Contribution to Provident and Other Funds	**21,800,317**	**13,625,198**	16,365,370	10,228,356
Provision for Retirement Benefits {Refer (I) of Note 29.a}	**(32,383,907)**	**(20,239,942)**	39,369,902	24,606,188
Cost of Stock Option Reimbursable	**57,193,032**	**35,745,645**	51,838,452	32,399,033
Labour & Staff Welfare	**26,129,716**	**16,331,073**	25,098,456	15,686,535
Provision for Employees' Bonus	**1,503,503,926**	**939,689,954**	1,185,787,465	741,117,166
Total	**2,089,130,077**	**1,305,706,299**	1,797,740,936	1,123,588,085
25. MANUFACTURING, ADMIN, SELLING EXPENSES ETC.				
Hired Machine Expenses	**66,206,724**	**41,379,203**	86,798,703	54,249,189
Rent	**60,852,317**	**38,032,698**	73,748,267	46,092,667
Electricity, Fuel & Water	**108,140,294**	**67,587,684**	118,175,602	73,859,751
Rates & Taxes	**104,911,836**	**65,569,898**	11,473,268	7,170,793
Insurance Premium	**94,790,996**	**59,244,373**	95,345,951	59,591,219
Repairs & Improvements - Depreciable Assets	**169,986,697**	**106,241,686**	185,101,372	115,688,358
Maintenance - Owned Properties	**6,409,517**	**4,005,948**	6,245,452	3,903,408
Maintenance - Other Properties	**6,431,495**	**4,019,684**	17,130,939	10,706,837
Safety & Pollution Control Cost	**36,847,296**	**23,029,560**	30,848,438	19,280,274
Consumption of Stores & Spare Parts *	**43,749,909**	**27,343,693**	49,833,152	31,145,720
Freight and Handling charges	**75,404,915**	**47,128,072**	74,956,775	46,847,984
Product & Packaging Development - Tools / Accessories	**18,583,275**	**11,614,547**	57,755,173	36,096,983
Product Development & License Fees	**603,664,632**	**377,290,395**	549,911,810	343,694,881
Advertising	**6,626,726**	**4,141,704**	4,262,827	2,664,267
Market Research	**19,638,195**	**12,273,872**	23,717,890	14,823,681
Retail Accessories	**34,356,922**	**21,473,076**	28,920,180	18,075,113
Trade Distribution Expenses	**134,766,294**	**84,228,934**	114,389,710	71,493,569
Information Technology Services	**100,877,721**	**63,048,576**	132,590,330	82,868,956
Travel & Conveyance	**77,142,270**	**48,213,919**	78,286,098	48,928,811
Training & Recruitment Expenses	**3,258,358**	**2,036,474**	3,577,912	2,236,195
Postage, Telephone, Fax etc.	**5,955,088**	**3,721,930**	5,851,840	3,657,400
Bank Charges and Commission	**5,261,969**	**3,288,731**	8,025,786	5,016,116
Audit Fees	**925,000**	**578,125**	925,000	578,125
Legal Fees	**5,190,700**	**3,244,188**	1,783,800	1,114,875
Printing & Stationery	**6,560,319**	**4,100,199**	5,972,209	3,732,631
Consultancy Charges	**404,480,912**	**252,800,570**	365,064,704	228,165,440
Professional Service Charges & Other Fees	**106,694,541**	**66,684,088**	106,495,479	66,559,674
Business Entertainment Expenses	**7,192,352**	**4,495,220**	7,130,879	4,456,799
Promotion & Sponsorship	**16,413,250**	**10,258,281**	12,546,009	7,841,256
Board Meeting Fees	**70,588**	**44,118**	70,588	44,118
Donations	**787,500**	**492,188**	561,750	351,094
Books & Periodicals	**192,914**	**120,571**	381,836	238,648
Membership Fee	**747,530**	**467,206**	414,755	259,222
Loss / (gain) on Property, Plant & Equipment Sold / Discarded (Net)	**(19,632,108)**	**(12,270,068)**	1,144,703	715,439
Miscellaneous Expenses {Refer (v) of Note 30}	**3,141,004**	**1,963,128**	3,586,551	2,241,594
Total	**2,316,627,948**	**1,447,892,471**	2,263,025,738	1,414,391,087

* Includes writeback of provision for obsolescence of spares NRs. 7,997,201 (₹ 4,998,251) [provision created in 2073/74 - NRs. 6,356,370 (₹ 3,972,731)].

NOTES TO THE FINANCIAL STATEMENTS (CONTD.)

	Figures in NRs. For the Year 32nd Asadh 2075 (16th July 2018)	Figures in ₹ For the Year 32nd Asadh 2075 (16th July 2018)	Figures in NRs. For the Year 31st Asadh 2074 (15th July 2017)	Figures in ₹ For the Year 31st Asadh 2074 (15th July 2017)
26. OTHER INCOME				
Interest Income from:				
a) Deposits with banks - carried at amortised cost	**379,436,878**	**237,148,049**	125,249,219	78,280,762
b) Interest from Investments - measured at amortised cost	**1,470,625**	**919,141**	1,470,625	919,141
c) Interest on employee loans - measured at amortised cost	**944,570**	**590,356**	1,205,225	753,266
d) Others - Interest received from customers, etc.	**7,530,412**	**4,706,508**	6,800,156	4,250,098
Net foreign exchange gain / (loss)	**(4,050,013)**	**(2,531,258)**	(3,213,172)	(2,008,233)
Total	**385,332,472**	**240,832,796**	131,512,053	82,195,034
27. FINANCE COST				
Interest expenses:				
a) On financial liabilities measured at amortised cost				
– Interest on Short Term Loans / Overdrafts	**17,805,151**	**11,128,219**	2,340,135	1,462,584
b) Others				
– Interest on Trading Debts	**5,134,848**	**3,209,280**	5,705,176	3,565,735
Total	**22,939,999**	**14,337,499**	8,045,311	5,028,319
28. TAX EXPENSE				
A. Amount recognised in Profit or Loss				
Current Tax	**4,101,468,015**	**2,563,417,509**	3,406,275,434	2,128,922,146
Deferred Tax	**(9,575,227)**	**(5,984,517)**	(18,073,172)	(11,295,732)
Adjustments/(credits) related to previous years - Net	**169,000,000**	**105,625,000**	–	–
Total	**4,260,892,788**	**2,663,057,992**	3,388,202,262	2,117,626,414
B. Amount recognised in Other Comprehensive Income				
The tax (charge) / credit arising on income and expenses recognised in other comprehensive income is as follows:				
On items that will not be reclassified to profit or loss				
Remeasurements of defined benefit plans	**11,718,398**	**7,323,999**	(5,907,258)	(3,692,036)
Total	**11,718,398**	**7,323,999**	(5,907,258)	(3,692,036)
C. Reconciliation between tax expense and accounting profit				
Profit before tax	**13,531,535,332**	**8,457,209,577**	11,296,185,850	7,060,116,157
Income Tax expense calculated at the applicable tax rate (Cigarettes Manufacturing @ 30%, Garment Manufacturing @ 20% and Trading @ 25%)	**4,059,531,188**	**2,537,206,991**	3,388,332,784	2,117,707,990
Factors affecting tax charge for the year				
Effects of:				
– Difference in tax treatment of certain expense	**30,779,484**	**19,237,178**	192,218	120,137
– Benefit of previously unrecognised tax loss	**–**	**–**	(322,740)	(201,713)
– Adjustments recognised in the current year in relation to previous years	**169,000,000**	**105,625,000**	–	–
– Unused tax losses not recognised	**1,582,116**	**988,823**	–	–
Income Tax recognised in profit or loss	**4,260,892,788**	**2,663,057,992**	3,388,202,262	2,117,626,414

29.a.Defined Benefit Plans

The Company provides defined benefit in the form of Gratuity and other retirement benefits. Gratuity is funded and deposited with Citizen Investment Trust (CIT) towards meeting the gratuity obligation. Other retirement benefits are unfunded.

CIT is a public financial organization established under the Citizen Investment Trust Act, 2047. Nepal Government, Nepal Rastra Bank, Nepal Stock Exchange Ltd., Rastriya Beema Sansthan, etc. are the shareholders of CIT, which is listed on Nepal Stock Exchange. CIT operates and manages various types of retirement schemes / programs. The Gratuity Fund Scheme is operated by a committee of CIT in accordance with terms and conditions of Gratuity Scheme Operation Procedure, 2055 as approved by Board of CIT. The Committee managing the Gratuity Fund Scheme invests in various sectors as prescribed under Gratuity Scheme Operation Procedure, 2055. As per the CIT Act, 2047, amount deposited by the Company and interest thereon shall be paid by the Government of Nepal in the event the same is not paid by CIT.

The liabilities arising in the Defined Benefit Schemes are determined in accordance with the advice of independent, professional qualified actuaries, using the projected unit credit method. The Company makes regular contributions to these Employee Benefit Plans. Additional contributions are made to these plans as and when required based on actuarial valuation.

Consequent to the introduction of Labour Act, 2074 (Act) during the year, the current defined benefit plan relating to Gratuity for certain employees has, in effect, been replaced by a defined contribution plan. 'Benefits Paid' (in Table VI below) includes amount pertaining to such employees, lying currently with the CIT, required to be transferred to the Social Security Fund to be set up by the Government of Nepal under the provisions of the Contribution Based Social Security Act, 2074.

The Defined Benefit plans expose the Company to risk of actuarial deficit arising out of interest rate risk, salary cost inflation risk and investment risk. The Scheme's accounting liabilities are calculated using a discount rate set with reference to the yield as communicated by CIT. A decrease in yields will increase the fund liabilities, leading to accounting deficit in the funds. Increase in salary due to adverse inflationary pressures might lead to higher liabilities. Investment risk may arise from lower earnings in the investment portfolio which is managed by the committee of CIT as referred above.

			Figures in NRs.		Figures in ₹		Figures in NRs.		Figures in ₹	
			For the year ended 32nd Asadh, 2075 (16th July, 2018)		For the year ended 32nd Asadh, 2075 (16th July, 2018)		For the year ended 31st Asadh, 2074 (15th July, 2017)		For the year ended 31st Asadh, 2074 (15th July, 2017)	
			Gratuity	Other Retirement Benefits	Gratuity	Other Retirement Benefits	Gratuity	Other Retirement Benefits	Gratuity	Other Retirement Benefits
			Funded	Unfunded	Funded	Unfunded	Funded	Unfunded	Funded	Unfunded
1	**Components of Employer Expense**									
	–	**Recognised in Profit or Loss**								
	1	Current Service Cost	11,024,446	5,034,936	6,890,279	3,146,835	9,641,920	1,454,783	6,026,200	909,239
	2	Past Service Cost	(38,557,646)	(9,087,650)	(24,098,529)	(5,679,781)	3,853,879	20,649,863	2,408,674	12,906,164
	3	Net Interest Cost	(6,394,046)	5,596,053	(3,996,279)	3,497,533	706,844	3,062,614	441,777	1,914,133
	4	**Total expense recognised in the Statement of Profit or Loss**	**(33,927,246)**	**1,543,339**	**(21,204,529)**	**964,587**	**14,202,643**	**25,167,260**	**8,876,651**	**15,729,536**

NOTES TO THE FINANCIAL STATEMENTS (CONTD.)

			Figures in NRs.		Figures in ₹		Figures in NRs.		Figures in ₹	
			For the year ended 32nd Asadh, 2075 (16th July, 2018)		For the year ended 32nd Asadh, 2075 (16th July, 2018)		For the year ended 31st Asadh, 2074 (15th July, 2017)		For the year ended 31st Asadh, 2074 (15th July, 2017)	
			Gratuity	Other Retirement Benefits	Gratuity	Other Retirement Benefits	Gratuity	Other Retirement Benefits	Gratuity	Other Retirement Benefits
			Funded	Unfunded	Funded	Unfunded	Funded	Unfunded	Funded	Unfunded
	—	**Re-measurements recognised in Other Comprehensive Income**								
	5	Return on Plan Assets (excluding amount included in Net Interest Cost)	2,406,539	-	1,504,087	-	(8,227,485)	-	(5,142,178)	-
	6	Effect of Changes in demographic assumptions	1,937,142	69,767	1,210,714	43,604	2,473,605	(498,358)	1,546,003	(311,474)
	7	Effect of Changes in financial assumptions	(5,278,968)	(2,618,942)	(3,299,355)	(1,636,839)	(22,732,902)	(13,617,698)	(14,208,064)	(8,511,061)
	8	Changes in asset ceiling (excluding interest income)	-	-	-	-	-	-	-	-
	9	Effect of experience adjustments	49,566,753	(7,020,966)	30,979,221	(4,388,104)	18,135,399	4,776,578	11,334,624	2,985,361
	10	**Total re-measurements included in Other Comprehensive Income**	**48,631,466**	**(9,570,141)**	**30,394,667**	**(5,981,339)**	**(10,351,383)**	**(9,339,478)**	**(6,469,615)**	**(5,837,174)**
	11	**Total defined benefit cost recognised in Statement of Profit or Loss and Other Comprehensive Income (4+10)**	**14,704,220**	**(8,026,802)**	**9,190,138**	**(5,016,752)**	**3,851,259**	**15,827,782**	**2,407,036**	**9,892,362**

The current service cost, past service cost and net interest cost for the year pertaining to Gratuity and Other Retirement Benefit expenses have been recognised in "Provision for Retirement Benefits" under Note 24. The remeasurements of the net defined benefit liability are included in Other Comprehensive Income.

		Figures in NRs.		Figures in ₹		Figures in NRs.		Figures in ₹	
		For the year ended 32nd Asadh, 2075 (16th July, 2018)		For the year ended 32nd Asadh, 2075 (16th July, 2018)		For the year ended 31st Asadh, 2074 (15th July, 2017)		For the year ended 31st Asadh, 2074 (15th July, 2017)	
		Gratuity	Other Retirement Benefits	Gratuity	Other Retirement Benefits	Gratuity	Other Retirement Benefits	Gratuity	Other Retirement Benefits
II	**Actual Returns**	10,524,216	-	6,577,635	-	16,921,799	-	10,576,125	-

III	**Net Asset/(Liability) recognised in Statement of Financial Position**									
	1	Present Value of Defined Benefit Obligation	167,634,583	76,451,317	104,771,614	47,782,073	248,790,241	87,708,119	155,493,901	54,817,574
	2	Fair Value on Plan Assets	152,930,363	-	95,581,477	-	244,938,981	-	153,086,863	-
	3	Status [Surplus/(Deficit)]	(14,704,220)	(76,451,317)	(9,190,138)	(47,782,073)	(3,851,260)	(87,708,119)	(2,407,038)	(54,817,574)
	4	Restriction on Asset recognised	-	-	-	-	-	-	-	-

			Figures in NRs.		Figures in ₹		Figures in NRs.		Figures in ₹	
	5	Net Asset/(Liability) recognised in Statement of Financial Position	As at 32nd Asadh, 2075 (16h July, 2018)		As at 32nd Asadh, 2075 (16h July, 2018)		As at 31st Asadh, 2074 (15th July, 2017)		As at 31st Asadh, 2074 (15th July, 2017)	
			Current	Non-current	Current	Non-current	Current	Non-current	Current	Non-current
		Gratuity	(14,704,220)	-	(9,190,138)	-	(3,851,260)	-	(2,407,038)	-
		Other Retirement Benefits	(4,006,887)	(72,444,430)	(2,504,304)	(45,277,769)	(9,606,273)	(78,101,846)	(6,003,921)	(48,813,654)

			Figures in NRs.		Figures in ₹		Figures in NRs.		Figures in ₹	
			For the year ended 32nd Asadh, 2075 (16th July, 2018)		For the year ended 32nd Asadh, 2075 (16th July, 2018)		For the year ended 31st Asadh, 2074 (15th July, 2017)		For the year ended 31st Asadh, 2074 (15th July, 2017)	
			Gratuity	Other Retirement Benefits	Gratuity	Other Retirement Benefits	Gratuity	Other Retirement Benefits	Gratuity	Other Retirement Benefits
IV	**Change in Defined Benefit Obligations (DBO)**									
	1	Present Value of DBO at beginning of the year	248,790,241	87,708,120	155,493,901	54,817,575	242,040,732	81,250,338	151,275,458	50,781,461
	2	Current Service Cost	11,024,446	5,034,936	6,890,279	3,146,835	9,641,920	1,454,783	6,026,200	909,239
	3	Past service cost	(38,557,646)	(9,087,650)	(24,098,529)	(5,679,781)	3,853,879	20,649,863	2,408,674	12,906,164
	4	Interest Cost	6,536,708	5,596,053	4,085,442	3,497,533	9,401,158	3,062,614	5,875,724	1,914,133
	5	Remeasurement gains/(losses):	-	-	-	-	-	-	-	-
	a	Effect of Changes in demographic assumptions	1,937,142	69,767	1,210,714	43,604	2,473,606	(498,358)	1,546,004	(311,474)
	b	Effect of Changes in financial assumptions	(5,278,968)	(2,618,942)	(3,299,355)	(1,636,839)	(22,732,902)	(13,617,698)	(14,208,064)	(8,511,061)
	c	Changes in asset ceiling (excluding interest income)	-	-	-	-	-	-	-	-
	d	Effect of experience adjustments	49,566,753	(7,020,966)	30,979,221	(4,388,104)	18,135,399	4,776,578	11,334,624	2,985,361
	6	Curtailment Cost/(Credits)	-	-	-	-	-	-	-	-
	7	Settlement Cost/(Credits)	(99,694,220)	-	(62,308,888)	-	-	-	-	-
	8	Liabilities assumed in business combination	-	-	-	-	-	-	-	-
	9	Exchange difference on foreign plans	-	-	-	-	-	-	-	-
	10	Benefits Paid	(6,689,873)	(3,230,000)	(4,181,171)	(2,018,750)	(14,023,551)	(9,370,000)	(8,764,719)	(5,856,250)
	11	**Present Value of DBO at the end of the year**	**167,634,583**	**76,451,317**	**104,771,614**	**47,782,073**	**248,790,241**	**87,708,120**	**155,493,901**	**54,817,573**

V	Best Estimate of Employer's Expected Contribution for the next year	Figures in NRs.	Figures in ₹	Figures in NRs.	Figures in ₹
		As at 32nd Asadh, 2075 (16th July, 2018)	As at 32nd Asadh, 2075 (16th July, 2018)	As at 31st Asadh, 2074 (15th July, 2017)	As at 31st Asadh, 2074 (15th July, 2017)
	Gratuity	14,704,220	9,190,138	3,851,260	2,407,038

NOTES TO THE FINANCIAL STATEMENTS (Contd.)

			Figures in NRs.		Figures in ₹		Figures in NRs.		Figures in ₹	
			For the year ended 32nd Asadh, 2075 (16th July, 2018)		For the year ended 32nd Asadh, 2075 (16th July, 2018)		For the year ended 31st Asadh, 2074 (15th July, 2017)		For the year ended 31st Asadh, 2074 (15th July, 2017)	
			Gratuity	Other Retirement Benefits	Gratuity	Other Retirement Benefits	Gratuity	Other Retirement Benefits	Gratuity	Other Retirement Benefits
VI	**Change in Fair Value of Assets**									
	1	Plan Assets at beginning of the year	244,938,981	-	153,086,863	-	189,776,749	-	118,610,468	-
	2	Asset acquired in Business Combination	-	-	-	-	-	-	-	-
	3	Interest Income	12,930,754	-	8,081,721	-	8,694,315	-	5,433,947	-
	4	Remeasurement Gains/(Losses)on plan assets	(2,406,539)	-	(1,504,087)	-	8,227,485	-	5,142,178	-
	5	Actual Company Contributions	3,851,260	3,230,000	2,407,038	2,018,750	52,263,983	9,370,000	32,664,989	5,856,250
	6	Benefits Paid	(106,384,093)	(3,230,000)	(66,490,058)	(2,018,750)	(14,023,551)	(9,370,000)	(8,764,719)	(5,856,250)
	7	**Plan Assets at the end of the year**	**152,930,363**	-	**95,581,477**	-	**244,938,981**	-	**153,086,863**	-

VII	**Actuarial Assumptions**	As at 32nd Asadh, 2075 (16th July, 2018)		As at 31st Asadh, 2074 (15th July, 2017)	
		Discount Rate (%)		Discount Rate (%)	
	Gratuity	7.00%		6.50%	
	Other Retirement Benefits	7.00%		6.50%	

The estimates of future salary increases, considered in actuarial valuations take account of inflation, seniority, promotion and other relevant factors such as supply and demand factors in the employment market.

VIII	**Major Category of Plan Assets as a % of the Total Plan Assets**		As at 32nd Asadh, 2075 (16th July, 2018)		As at 31st Asadh, 2074 (15th July, 2017)	
	1	Citizen Investment Trust Managed Funds*	100%		100%	

* In the absence of detailed information regarding plan assets which is funded with Citizen Investment Trust, the composition of each major category of plan assets, the percentage or amount for each category to the fair value of plan assets has not been disclosed.

IX Basis used to determine the Expected Rate of Return on Plan Assets

The expected rate of return on plan assets is based on discount rate set with reference to the yield as communicated by CIT.

			Figures in NRs.		Figures in ₹		Figures in NRs.		Figures in ₹	
			For the year ended 32nd Asadh, 2075 (16th July, 2018)		For the year ended 32nd Asadh, 2075 (16th July, 2018)		For the year ended 31st Asadh, 2074 (15th July, 2017)		For the year ended 31st Asadh, 2074 (15th July, 2017)	
			Gratuity	Other Retirement Benefits	Gratuity	Other Retirement Benefits	Gratuity	Other Retirement Benefits	Gratuity	Other Retirement Benefits
X	**Net Asset / (Liability) recognized in Statement of Financial Position (including experience adjustment impact)**									
	1	Present Value of Defined Benefit Obligation	167,634,583	76,451,317	104,771,614	47,782,073	248,790,241	87,708,119	155,493,901	54,817,574
	2	Fair Value on Plan Assets	152,930,363	-	95,581,477	-	244,938,981	-	153,086,863	-
	3	Status [Surplus/(Deficit)]	(14,704,220)	(76,451,317)	(9,190,138)	(47,782,073)	(3,851,260)	(87,708,119)	(2,407,038)	(54,817,574)
	4	Experience Adjustment of Plan Assets [Gain / (loss)]	(2,406,539)	-	(1,504,087)	-	8,227,485	-	5,142,178	-
	5	Experience Adjustment of Obligation [(Gain) / Loss]	49,566,753	(7,020,966)	30,979,221	(4,388,104)	18,135,399	4,776,578	11,334,624	2,985,361

XI Sensitivity Analysis

The Sensitivity Analysis below has been determined based on reasonably possible change of the respective assumptions occurring at the end of the reporting period, while holding all other assumptions constant. These sensitivities show the hypothetical impact of a change in each of the listed assumptions in isolation. While each of these sensitivities holds all other assumptions constant, in practice such assumptions rarely change in isolation and the asset value changes may offset the impact to some extent. For presenting the sensitivities, the present value of the Defined Benefit Obligation has been calculated using the projected unit credit method at the end of the reporting period, which is the same as that applied in calculating the Defined Benefit Obligation presented above. There was no change in the methods and assumptions used in the preparation of the Sensitivity Analysis from previous year.

			Figures in NRs.	Figures in ₹	Figures in NRs.	Figures in ₹
			DBO as at 32nd Asadh, 2075 (16th July, 2018)	DBO as at 32nd Asadh, 2075 (16th July, 2018)	DBO as at 31st Asadh, 2074 (15th July, 2017)	DBO as at 31st Asadh, 2074 (15th July, 2017)
	1	Discount rate +100 basis points	228,761,662	142,976,039	316,083,307	197,552,067
	2	Discount rate -100 basis points	261,290,888	163,306,805	359,696,831	224,810,519
	3	Salary Increase Rate +1%	255,649,101	159,780,688	352,369,842	220,231,151
	4	Salary Increase Rate -1%	233,618,369	146,011,480	322,245,830	201,403,644

Maturity Analysis Of The Benefit Payments

	1	Year 1	44,561,496	27,850,935	41,435,936	25,897,460
	2	Year 2	12,988,836	8,118,023	30,474,000	19,046,250
	3	Year 3	28,915,897	18,072,436	21,004,778	13,127,986
	4	Year 4	22,489,413	14,055,883	32,814,913	20,509,321
	5	Year 5	16,706,531	10,441,582	39,533,210	24,708,256
	6	Next 5 Years	104,242,691	65,151,682	139,273,951	87,046,219

b. Amounts towards Defined Contribution Plans have been recognised under "Contribution to Provident and Other Funds" in Note 24.

NOTES TO THE FINANCIAL STATEMENTS (Contd.)

30. Additional Notes to the Financial Statements

(i) These financial statements were authorised for issue by the Board of Directors on 8th Ashwin 2075 (24th September 2018).

(ii) Cost of inventory recognized as expense during the year amount to NRs. 7,301,927,094 (₹ 4,563,704,434) [2073/74 – NRs. 7,106,074,538 (₹ 4,441,296,586)].

(iii) Estimated amount of contracts remaining to be executed on capital account and not provided for NRs. 319,304,103 (₹ 199,565,064) [2073/74 - NRs. 312,053,970 (₹ 195,033,731)].

(iv) Remuneration to Managing Director :

Particulars	For the year ended 32nd Asadh 2075 (16th July 2018) In NRs.	For the year ended 32nd Asadh 2075 (16th July 2018) In ₹	For the year ended 31st Asadh 2074 (15th July 2017) In NRs.	For the year ended 31st Asadh 2074 (15th July 2017) In ₹
Salary & Allowances	18,723,021	11,701,888	15,048,970	9,405,606
Other Benefits *	2,461,724	1,538,578	2,245,201	1,403,251
Post Employment Benefits	**	**	**	**
Total	**21,184,745**	**13,240,466**	**17,294,171**	**10,808,857**

Note:

The Managing Director and some other employees of the company have been granted stock options under the Employee Stock Option Scheme of the Holding Company (ITC Limited). Such options are granted at 'market price' [within the meaning of Securities and Exchange Board of India (Share Based Employee Benefit) Regulations, 2014]. Since such options are not tradable, no benefit is conferred upon the employee at the time of grant of options. The Company, however has recorded employee benefits expense by way of share based payments to employees, in accordance with NFRS 2, at NRs 57,193,032 (₹ 35,745,645) for the year ended 32nd Asadh 2075 [2073/74 – NRs. 51,838,452 ((₹ 32,399,033)], out of which NRs. 23,177,936 (₹ 14,486,210) [2073/74 – NRs. 19,714,877 (₹ 12,321,798)] is attributable to Managing Director. During the year, 25,300 options (2073/74 – 17,600 options) were granted to the Managing Director.

* Other Benefits includes amounts incurred/reimbursed by the Company towards Residential Rent & Maintenance, Fuel & Driver Salary for Vehicle, Vehicle Repairs & Maintenance etc.

** Post employment benefits are actuarially determined on overall basis for all employees.

(v) Miscellaneous Expenses include reimbursement of expenses to statutory auditors amounting to NRs. 156,525 (₹ 97,828) [2073-74 - NRs. 131,850 (₹ 82,406)].

(vi) Related Party Disclosures

Nature of relationship and name of the related parties:

1. Holding Company
   ITC Limited, India
2. Fellow Subsidiary Companies
   a) Srinivasa Resorts Limited, India
   b) Fortune Park Hotels Limited, India
   c) Bay Islands Hotels Limited, India
   d) WelcomHotels Lanka (Private) Limited, Sri Lanka
   e) Landbase India Limited, India
   f) Russell Credit Limited, India and its subsidiary
      Greenacre Holdings Limited, India
   g) Technico Pty Limited, Australia and its subsidiaries
      Technico Technologies Inc., Canada
      Technico Asia Holdings Pty Limited, Australia and its subsidiary
      Technico Horticultural (Kunming) Co. Limited, China
   h) Technico Agri Sciences Limited, India
   i) Wimco Limited, India
   j) Pavan Poplar Limited, India
   k) Prag Agro Farm Limited, India
   l) ITC Infotech India Limited, India and its subsidiaries
      ITC Infotech Limited, UK
      ITC Infotech (USA), Inc. and its subsidiary
      Indivate Inc., USA
   m) Gold Flake Corporation Limited, India
   n) ITC Investments & Holdings Limited, India and its subsidiary
      MRR Trading & Investment Company Limited, India
   o) North East Nutrients Private Limited, India

   The above list does not include ITC Global Holdings Pte. Limited, Singapore which ceased to be a subsidiary of Holding Company pursuant to its dissolution by High Court of the Republic of Singapore vide order dated 10th July, 2018.
3. Associate of Holding Company
   a) Gujarat Hotels Limited, India
   b) International Travel House Limited, India
   – being associates of the Holding Company, and
   c) Tobacco Manufacturers (India) Limited, UK
   – of which the Holding Company is an associate
4. Associates of Holding Company's subsidiaries
   a) Russell Investments Limited, India

NOTES TO THE FINANCIAL STATEMENTS (Contd.)

b) Divya Management Limited, India
c) Antrang Finance Limited, India
– being associates of Russell Credit Limited, India and
d) ATC Limited, India
– being associate of Gold Flake Corporation Limited, India

5. Joint Venture of Holding Company
a) Maharaja Heritage Resorts Limited, India
b) Espirit Hotels Private Limited, India
c) Logix Developers Private Limited, India

6. Joint Venture of Holding Company's Subsidiary
a) ITC Essentra Limited, India
– being joint venture of Gold Flake Corporation Limited, India

7. Key Management Personnel:

S Puri	Chairman & Non-Executive Director
S Kaul	Alternate Director to Mr. S Puri
B Sumant	Non-Executive Director
A K Mukerji	Non-Executive Director (ceased w.e.f. 18th July 2018)
S Dutta	Non-Executive Director (w.e.f. 18th July 2018)
B B Chatterjee	Non-Executive Director (ceased w.e.f. 4th February 2018)
R K Singhi	Non-Executive Director (w.e.f. 4th February 2018)
S R Pandey	Non-Executive Director
S SJB Rana	Non-Executive Director
Saurya SJB Rana	Alternate Director to Mr. S. SJB Rana
Abhimanyu Kumar Poddar	Managing Director

Disclosure of transactions between the Company and related parties and the status of outstanding balances as at 32nd Asadh, 2075 (16th July, 2018):

Related Party Transactions Summary	For the year ended 32nd Asadh, 2075 (16th July, 2018) In NRs.			For the year ended 31st Asadh, 2074 (15th July, 2017) In NRs.		
	Holding Company	Fellow Subsidiaries	Key Management Personnel*	Holding Company	Fellow Subsidiaries	Key Management Personnel*
Purchase of Goods/ Services	5,213,144,127	60,211,053	–	5,062,789,364	70,674,773	–
Sitting Fees/ Incidental Expenses to Other Directors	–	–	82,353	–	–	94,118
Cost of Stock Option Reimbursable	57,193,032	–	–	51,838,452	–	–
Machine Hire Charges	59,797,396	–	–	73,788,674	–	–
Dividend Payments	4,180,881,600	–	–	3,544,531,200	–	–
Expenses recovered	4,273,790	–	–	716,258	–	–
Expenses reimbursed	770,975	–	–	1,632,323	–	–
Advances Given	2,132,642,792	–	–	3,254,259,275	–	–
Outstanding Balances						
- Advances / Other Receivables	1,638,774,389	–	–	1,985,003,140	–	–
- Creditors / Payables	491,859,094	21,649,863	–	435,347,986	52,100,937	–

Related Party Transactions Summary	For the year ended 32nd Asadh, 2075 (16th July, 2018) In ₹			For the year ended 31st Asadh, 2074 (15th July, 2017) In ₹		
	Holding Company	Fellow Subsidiaries	Key Management Personnel*	Holding Company	Fellow Subsidiaries	Key Management Personnel*
Purchase of Goods/ Services	3,258,215,079	37,631,908	–	3,164,243,353	44,171,733	–
Sitting Fees/ Incidental Expenses to Other Directors	–	–	51,471	–	–	58,824
Cost of Stock Option Reimbursable	35,745,645	–	–	32,399,033	–	–
Machine Hire Charges	37,373,373	–	–	46,117,921	–	–
Dividend Payments	2,613,051,000	–	–	2,215,332,000	–	–
Expenses recovered	2,671,119	–	–	447,661	–	–
Expenses reimbursed	481,859	–	–	1,020,202	–	–
Advances Given	1,332,901,745	–	–	2,033,912,047	–	–
Outstanding Balances						
- Advances / Other Receivables	1,024,233,993	–	–	1,240,626,963	–	–
- Creditors / Payables	307,411,934	13,531,164	–	272,092,491	32,563,086	–

* also refer to Note 30 (iv).

NOTES TO THE FINANCIAL STATEMENTS (Contd.)

Related Party Transactions Summary	For the year ended 32nd Asadh, 2075 (16th July, 2018) In NRs.		For the year ended 31st Asadh, 2074 (15th July, 2017) In NRs.	
	Associate of Holding Company	Joint Venture of Holding Company's Subsidiary	Associate of Holding Company	Joint Venture of Holding Company's Subsidiary
Purchase of Goods/ Services	3,684,925	921,289	3,256,401	824,942
Outstanding Balances				
- Creditors / Payables	7,407	–	10,267	–

Related Party Transactions Summary	For the year ended 32nd Asadh, 2075 (16th July, 2018) In ₹		For the year ended 31st Asadh, 2074 (15th July, 2017) In ₹	
	Associate of Holding Company	Joint Venture of Holding Company's Subsidiary	Associate of Holding Company	Joint Venture of Holding Company's Subsidiary
Purchase of Goods/ Services	2,303,078	575,806	2,035,251	515,589
Outstanding Balances				
- Creditors / Payables	4,629	–	6,417	–

(vii) Contingent liabilities:

A Claims against the Company not acknowledged as debts:

a) Demands raised by Revenue Authorities on theoretical production of cigarettes:

Excise, Income Tax and Value Added Tax (VAT) authorities issued Show Cause Notices (SCNs) and raised demands to recover taxes for different years on theoretical production of cigarettes. The basis for all these SCNs and demands is an untenable contention by the Revenue Authorities that the Company could have produced more cigarettes than it has actually produced in a given year, by applying an input-output ratio allegedly submitted by the Company in the year 2047-48 (1990-91) and, that, the Company is liable to pay taxes on such cigarettes that could have been theoretically produced and sold. This, despite the fact that the Company's cigarette factory was under 'physical control' of the Excise authorities and cigarettes produced 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.

NOTES TO THE FINANCIAL STATEMENTS (Contd.)

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), directed Director General, Inland Revenue Department to reassess the case. The Director General appealed to the Supreme Court of Nepal for admission of the case against the decision of the Revenue Tribunal. The Supreme Court admitted the case on 11th March 2016. The matter has been heard on 12th February 2018 and order is reserved.

   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. 275,972,010 (₹ 172,482,506) [2073/74 - NRs. 305,122,168 (₹ 190,701,355)] (net of provision made for the above assessment years) including interest on claims, where applicable, estimated to be NRs. 54,789,780 (₹ 34,243,613) [2073/74 - NRs. 158,466,607 (₹ 99,041,629)] 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. 32,752,830 (₹ 20,470,519) [2073/74 - NRs. 28,772,109 (₹ 17,982,568)] including interest on claims, where applicable, estimated to be NRs. 6,895,973 (₹ 4,309,983) [2073-74 - NRs. 5,551,856 (₹ 3,469,910)] which are under appeal / reassessment.

(viii) The Company's significant leasing arrangements are in respect of operating leases for building premises (residential, office, godowns, etc.). These leasing arrangements which are not non-cancellable range between 1 year and 3 years generally, or longer, and are usually renewable by mutual consent on mutually agreeable terms. The aggregate lease rentals payable are charged as 'Rent' under Note 25 - Manufacturing, Selling and Administrative Expenses, etc.

(ix) Some of the employee(s) of the Company seconded from the Holding Company (ITC Limited), have been granted stock options under the ITC Employees Stock Option Scheme (ITC ESOS). These options vest over a period of three years from the date of grant and are exercisable within a period of five years from the date of vesting. Each option entitles the holder thereof to apply for and be allotted ten Ordinary Shares of ITC of Indian Rupee 1 each inter alia upon payment of exercise price.

These options have been granted at 'market price' within the meaning of Securities and Exchange Board of India (Share Based Employee Benefit) Regulations, 2014. The fair value of the options granted is determined by ITC, using the Black Scholes Option Pricing Model, for all the options covered under the ITC ESOS as a whole.

The Company has recognized the cost of options granted, as stated above, under the ITC Employee Stock Option Scheme (ITC ESOS) (equity - settled) in accordance with NFRS 2 – Share Based Payment and the Company's share of the cost of fair value of such options has been accounted for based on the advice / on-charge by ITC. Accordingly, an amount of NRs. 57,193,032 (₹ 35,745,645) [2073/74 – NRs. 51,838,452 (₹ 32,399,033)] (Refer Note 24) which represents the on-charge from ITC has been recognized as employee benefits expense with a corresponding payable, when such reimbursement is sought by ITC.

The details of such options granted by ITC and status of the outstanding options is as under:

Particulars	2074/75 (2017/18)	2073/74 (2016/17)
	No. of Options	No. of Options
Outstanding at the beginning of the year	373,733	220,040
Add: Granted during the year	63,490	48,450
Add: Corporate Action: Bonus by ITC	-	128,429
Add / (Less): Movement due to transfer of employees within group	(33,290)	36,820
Less: Exercised during the year	44,830	60,006
Outstanding at the end of the year	359,103	373,733
Options exercisable at the end of the year	242,345	247,303

(x) Figures have been rounded off to the nearest Nepalese Rupee.

31. Financial Instruments and Related Disclosures

1. Capital Management

The primary objective of the company's capital management is to maximize the shareholder value. The Company aims at maintaining a strong capital base and augments its internal generations with a judicious use of borrowing facilities to fund spikes in working capital that arise from time to time as well as requirements to finance business growth. The Company monitors the return on capital employed based own asset turnover and profitability ratio.

The Company is not subject to any capital adequacy norms under regulations presently in force.

2. Categories of Financial Instruments

Particulars	Note	Amount in NRs.		Amount in ₹		Amount in NRs.		Amount in ₹	
		As at 32nd Asadh 2075 (16th July 2018)		As at 32nd Asadh 2075 (16th July 2018)		As at 31st Asadh 2074 (15th July 2017)		As at 31st Asadh 2074 (15th July 2017)	
		Carrying Value	Fair Value	Carrying Value	Fair Value	Carrying Value	Fair Value	Carrying Value	Fair Value
A. Financial assets									
a) Measured at amortised cost									
i) Cash and Cash Equivalents	11	49,757,833	49,757,833	31,098,646	31,098,646	337,726,550	337,726,550	211,079,093	211,079,093
ii) Other Bank Balances	12	6,090,065,963	6,090,065,963	3,806,291,227	3,806,291,227	2,900,064,129	2,900,064,129	1,812,540,081	1,812,540,081
iii) Investments	4A, 4B	25,632,338	22,625,000	16,020,211	14,140,625	25,632,338	23,253,419	16,020,211	14,533,387
iv) Loans	5	37,914,940	26,397,922	23,696,838	16,498,701	46,241,646	30,751,622	28,901,029	19,219,764
v) Trade Receivables	10	68,556,485	68,556,485	42,847,803	42,847,803	77,255,350	77,255,350	48,284,594	48,284,594
vi) Other Financial assets	6	30,385,160	30,176,593	18,990,726	18,860,371	26,138,491	26,138,491	16,336,557	16,336,557
Sub - total		**6,302,312,719**	**6,287,579,796**	**3,938,945,451**	**3,929,737,373**	**3,413,058,504**	**3,395,189,561**	**2,133,161,565**	**2,121,993,476**
b) Derivatives measured at fair value									
i) Derivative instruments not designated as hedging instruments	6	1,130,019	1,130,019	706,262	706,262	624,276	624,276	390,173	390,173
Sub - total		**1,130,019**	**1,130,019**	**706,262**	**706,262**	**624,276**	**624,276**	**390,173**	**390,173**
Total financial assets		**6,303,442,738**	**6,288,709,815**	**3,939,651,713**	**3,930,443,635**	**3,413,682,780**	**3,395,813,837**	**2,133,551,738**	**2,122,383,649**
B. Financial liabilities									
a) Measured at amortised cost									
i) Borrowings	15	1,128,051,870	1,128,051,870	705,032,419	705,032,419	-	-	-	-
ii) Trade Payables	16	820,376,602	820,376,602	512,735,377	512,735,377	833,732,775	833,732,775	521,082,984	521,082,984
iii) Other financial liabilities	17	1,575,473,689	1,575,473,689	984,671,057	984,671,057	1,221,220,832	1,221,220,832	763,263,021	763,263,021
Sub - total		**3,523,902,161**	**3,523,902,161**	**2,202,438,853**	**2,202,438,853**	**2,054,953,607**	**2,054,953,607**	**1,284,346,005**	**1,284,346,005**
b) Derivatives measured at fair value									
i) Derivative instruments not designated as hedging instruments	17	835,286	835,286	522,054	522,054	912,291	912,291	570,182	570,182
Sub - total		**835,286**	**835,286**	**522,054**	**522,054**	**912,291**	**912,291**	**570,182**	**570,182**
Total financial liabilities		**3,524,737,447**	**3,524,737,447**	**2,202,960,907**	**2,202,960,907**	**2,055,865,898**	**2,055,865,898**	**1,284,916,187**	**1,284,916,187**

NOTES TO THE FINANCIAL STATEMENTS (Contd.)

3. Financial risk management objectives

The Company's activities expose it to a variety of financial risks, including market risk, credit risk and liquidity risk. The Company continues to focus on a system-based approach to risk management. The Company's financial risk management process seeks to enable the early identification, evaluation and effective management of key risks facing the business. Backed by strong internal control systems, the current Risk Management framework is based on comprehensive internal policies and procedures across areas of operations. The Company has a process of regular reviews / audits for monitoring of such risks.

a) Market risk

Market risk comprises of foreign currency risk and interest rate risk.

i. Foreign currency risk

The Company undertakes transactions denominated in foreign currency (mainly US Dollar, Euro and GBP) which are subject to the risk of exchange rate fluctuations. Financial assets and liabilities denominated in foreign currency (other than Indian Rupee) are subject to reinstatement risks.

The carrying amounts of foreign currency denominated financial assets and liabilities including derivatives contracts are as follows:

(Amount in NRs.)

As at 32nd Asadh, 2075 (16th July 2018)	USD	EURO	GBP	Total
Financial Assets	8,920,415	–	–	8,920,415
Financial Liabilities	48,150,002	–	–	48,150,002

(Amount in ₹)

As at 32nd Asadh, 2075 (16th July 2018)	USD	EURO	GBP	Total
Financial Assets	5,575,259	–	–	5,575,259
Financial Liabilities	30,093,751	–	–	30,093,751

(Amount in NRs.)

As at 31st Asadh, 2074 (15th July 2017)	USD	EURO	GBP	Total
Financial Assets	8,358,420	–	–	8,358,420
Financial Liabilities	54,203,455	565,497	14,685	54,783,637

(Amount in ₹)

As at 31st Asadh, 2074 (15th July 2017)	USD	EURO	GBP	Total
Financial Assets	5,224,013	–	–	5,224,013
Financial Liabilities	33,877,159	353,436	9,178	34,239,773

The Company uses derivatives, such as forward exchange contracts, to manage the business risk arising out of the underlying foreign currency transactions, which serves as an economic hedge. Such forward exchange contracts that were outstanding on respective reporting dates are as follows:

(Amount in Foreign Currency)

Currency	Cross Currency	As at 32nd Asadh, 2075 (16th July 2018) Buy	As at 31st Asadh, 2074 (15th July 2017) Buy
US Dollar	NRs	898,825	845,340
Euro	NRs	20,782	245,818
GBP	NRs	1,910	-

Hedges of Foreign currency risk and derivative financial instruments

The Company uses derivatives to hedge its exposure to changes in movement in foreign currency. Where such derivatives are not designated under hedge accounting and changes in the fair value of such hedges are recognised in the Statement of Profit or Loss and Other Comprehensive Income. The counter parties in these derivative instruments are highly rated commercial banks and the Company considers the risk of non-performance by such counter parties as not material.

Foreign currency sensitivity

As the foreign currency risk on the Statement of Financial Position date is not significant, no sensitivity disclosures have been made.

ii. Interest rate risk

The objectives of the Company's interest rate risk management processes are to lessen the impact of adverse interest rate movements on its statement of profit or loss and other comprehensive income and cash flows and to minimise counter party risks.

The Company is exposed to interest rate risk primarily with respect to its short terms borrowings from banks to fund spikes in working capital that arise from time to time. Such risks arise primarily due to changes in money supply within the economy and/or liquidity in banking system. In view of the short term nature of such borrowings, impact of such interest rate risk is insignificant.

The Company's investments are predominantly held in Fixed Deposits. Such deposits are held with highly rated commercial banks and have a short term tenure and are not subject to interest rate volatility. The Company ensures optimisation of cash through fund planning and robust cash management practices.

Counter party risk is managed by operating with highly rated commercial banks.

b) Liquidity risk

The Company manages its liquidity risk by ensuring that it will always have sufficient liquidity to meet its liabilities when due. The Company's investment decisions relating to deployment of surplus liquidity are guided by the tenets of safety, liquidity and return. The Company also maintains adequate credit lines with the commercial banks to fund spikes in working capital that arise from time to time.

NOTES TO THE FINANCIAL STATEMENTS (Contd.)

The Company's Current assets aggregate to NRs. 12,238,499,572 (₹ 7,649,062,234) [2073/74 – NRs. 7,770,552,420 (₹ 4,856,595,263)] including Cash and cash equivalents and Other bank balances of NRs. 6,139,823,796 (₹ 3,837,389,873) [2073/74 – NRs. 3,237,790,679 (₹ 2,023,619,174)] against an aggregate Current liability (excluding borrowings) of NRs. 3,460,851,311 (₹ 2,163,032,075) [2073/74 – NRs. 3,079,050,777 (₹ 1,924,406,734)] on the reporting date.

Further, while the Company's total equity stands at NRs. 14,367,060,246 (₹ 8,979,412,652) [2073/74 – NRs. 12,303,490,023 (₹ 7,689,681,267)], it has borrowings of NRs. 1,128,051,870 (₹ 705,032,419) [2073/74 – NRs. Nil (₹ Nil)]. In such circumstances, liquidity risk or the risk that the Company may not be able to settle or meet its obligations as they become due does not exist.

c) Credit risk

The Company's short term surpluses are deployed in fixed and call deposits with highly rated commercial banks. The investment in fixed and call deposits stood at NRs. 6,114,446,005 (₹ 3,821,528,753) [2073/74 – NRs. 3,230,932,330 (₹ 2,019,332,706)] at amortised cost. The commercial banks for placement of such deposits are short listed and exposure limits are determined on the basis of their credit rating, financial statements and other relevant information which are periodically reviewed.

The Company has policy of dealing on cash terms, to the extent practicable. Credit is extended in business interest in accordance with guidelines which takes into account various factors such as market feedback, past trading patterns, etc. The Company during the course of its operations deals with a large number of customers limiting the risk of credit concentration. The Company's exposure to trade receivables on the reporting date, net of expected loss provisions stood at NRs. 68,556,485 (₹ 42,847,803) [2073/74 – NRs. 77,255,350 (₹ 48,284,594)]. The Company's historical experience of collecting receivables and the level of default indicate that the credit risk is low. Loss allowances are recognized, where considered appropriate by the Management. The movement of the expected loss provision (allowance for bad and doubtful loans and receivables etc.) made by the Company are as under:

(Amount in NRs.)

Particulars	Expected Loss Provision	
	32nd Asadh 2075 (16th July 2018)	31st Asadh 2074 (15th July 2017)
Opening Balance	2,420,835	2,430,251
Add: Provisions Made - Net	(11,010)	(9,416)
Less: Utilisation for impairment / de-recognition	-	-
Closing Balance	2,409,825	2,420,835

(Amount in ₹)

Particulars	Expected Loss Provision	
	32nd Asadh 2075 (16th July 2018)	31st Asadh 2074 (15th July 2017)
Opening Balance	1,513,022	1,518,907
Add: Provisions Made - Net	(6,881)	(5,885)
Less: Utilisation for impairment / de-recognition	-	-
Closing Balance	1,506,141	1,513,022

4. Fair value measurement

The following table presents the fair value hierarchy of financial assets and liabilities measured at fair value on a recurring basis:

Particulars	Fair Value Hierarchy (Level)	Amount in NRs.	Amount in ₹	Amount in NRs.	Amount in ₹
		Fair Value	Fair Value	Fair Value	Fair Value
		As at 32nd Asadh 2075 (16th July 2018)	As at 32nd Asadh 2075 (16th July 2018)	As at 31st Asadh 2074 (15th July 2017)	As at 31st Asadh 2074 (15th July 2017)
A. Financial Assets					
a) Measured at amortised cost					
i) Investment in Government Bonds	2	22,625,000	14,140,625	23,253,419	14,533,387
ii) Loans*	3	19,093,150	11,933,219	21,072,364	13,170,228
iii) Other Financial Assets*	3	672,258	420,161	-	-
Sub-Total		**42,390,408**	**26,494,005**	**44,325,783**	**27,703,615**
b) Derivatives measured at fair value					
i) Derivative instruments not designated as hedging instruments	2	1,130,019	706,262	624,276	390,173
Sub-Total		**1,130,019**	**706,262**	**624,276**	**390,173**
Total financial assets		**43,520,427**	**27,200,267**	**44,950,059**	**28,093,788**
B. Financial liabilities					
a) Derivatives measured at fair value					
i) Derivative instruments not designated as hedging instruments	2	835,286	522,054	912,291	570,182
Total financial liabilities		**835,286**	**522,054**	**912,291**	**570,182**

* Represents Fair Value of Non-current Financial Instruments.

NOTES TO THE FINANCIAL STATEMENTS (Contd.)

Fair value hierarchy

Fair value of the financial instruments is classified in various fair value hierarchies based on the following three levels:

Level 1: Quoted prices (unadjusted) in active market for identical assets or liabilities.

Level 2: Inputs other than quoted price including within level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices). The fair value of financial instruments that are not traded in an active market is determined using market approach and valuation techniques which maximize the use of observable market data and rely as little as possible on entity-specific estimates. If significant inputs required to fair value an instrument are observable, the instrument is included in Level 2.

Derivatives are valued using valuation techniques with market observable inputs such as foreign exchange spot rates and forward rates at the end of the reporting period.

Level 3: Inputs for the assets or liabilities that are not based on observable market data (unobservable inputs).

The fair value of trade receivables, trade payables and other current financial assets and liabilities is considered to be equal to the carrying amounts of these items due to their short term nature. Where such items are Non-current in nature, the same has been classified as Level 3 and fair value is determined using discounted cash flow basis.

There has been no change in the valuation methodology for Level 3 inputs during the year. The Company has not classified any material financial instruments under Level 3 of the fair value hierarchy. There were no transfers between Level 1 and Level 2 during the year.

Vikas Bhutra Head of Finance	**Abhimanyu Kumar Poddar** Managing Director	**Saurya SJB Rana** Alternate Director	**B Sumant** Director	**S Puri** Chairman
S R Pandey Director	**S Dutta** Director	**R K Singhi** Director	**Nem Lal Amatya** Partner N. Amatya & Co. Chartered Accountants	**Shashi Satyal** Partner T R Upadhya & Co. Chartered Accountants

Date: : 8th Ashwin 2075 (24th September 2018)

REPORT OF THE BOARD OF DIRECTORS FOR THE FINANCIAL YEAR ENDED 31ST MARCH, 2019

1. Your Directors submit their Report for the financial year ended 31st March, 2019.

2. **COMPANY PERFORMANCE**

Your Company earned total income of ₹ 401.26 lakhs during the year under review. The Company remains committed to its growth strategy through its joint venture interest in ITC Essentra Limited and continues to explore newer growth opportunities. The temporary surplus funds of the Company, in the meantime, have been deployed in bank fixed deposits and debt mutual funds.

The financial results of your Company, summarised, are as under:

	For the year ended 31st March, 2019	For the year ended 31st March, 2018
	(₹)	(₹)
Profits		
a. Profit Before Tax	**2,93,88,167**	2,54,05,437
b. Less : Tax Expense	**8,07,635**	17,01,402
c. Profit After Tax	**2,85,80,532**	2,37,04,035
d. Add : Other Comprehensive Income	**–**	–
e. Total Comprehensive Income	**2,85,80,532**	2,37,04,035
Retained Earnings		
a. At the beginning of the year	**5,77,93,745**	8,70,41,730
b. Add : Profit for the year	**2,85,80,532**	2,37,04,035
c. Add : Other Comprehensive Income	**–**	–
d. Less : Interim Dividend paid	**–**	4,39,95,559
e. Less : Income Tax on Interim Dividend	**–**	89,56,461
f. At the end of the year	**8,63,74,277**	5,77,93,745

3. **DIRECTORS AND KEY MANAGERIAL PERSONNEL**

(a) **Changes in Directors and Key Managerial Personnel during the year**

During the year under review, the Board of Directors of your Company ('the Board') appointed Mr. Abhijit Roy (DIN: 07883789) as an Additional Director of the Company with effect from 1st December, 2018. In accordance with Section 161 of the Companies Act, 2013 ('the Act') and Article 97 of the Articles of Association of the Company, Mr. Roy 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 23rd April, 2019 recommended for the approval of the Members, the appointment of Mr. Roy as a Non-Executive Director of your Company, liable to retire by rotation. Requisite Notice under Section 160 of the Act has been received by the Company for appointment of Mr. Roy, who has filed his consent to act as a Director of your Company, if appointed. Appropriate resolution seeking your approval to Mr. Roy's appointment is appearing in the Notice convening the ensuing AGM of the Company.

There was no change in the Key Managerial Personnel of the Company during the year.

(b) **Retirement by Rotation**

In accordance with the provisions of Section 152 of the Act read with Article 92 of the Articles of Association of the Company, Mr. Saradindu Dutta (DIN: 00058639), Director, will retire by rotation at the ensuing AGM of the Company, and being eligible, offers himself for re-election. Your Board has recommended his re-election.

4. **BOARD MEETINGS**

Four meetings of the Board were held during the year ended 31st March, 2019.

5. **DIRECTORS' RESPONSIBILITY STATEMENT**

As required under Section 134 of the Act, your Directors confirm having:

i) followed in the preparation of the Annual Accounts, the applicable Accounting Standards with proper explanation relating to material departures, if any;

ii) selected such accounting policies and applied them consistently and made judgements and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit of the Company for that period;

iii) taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;

iv) prepared the Annual Accounts on a going concern basis; and

v) devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems are adequate and operating effectively.

6. **ASSOCIATE AND JOINT VENTURE**

The statement in Form No. AOC-1 containing the salient features of the financial statements of ATC Limited, associate company, and ITC Essentra Limited, joint venture company, is attached to the Financial Statements of the Company.

The Company, being an intermediate wholly owned subsidiary, is not required to prepare Consolidated Financial Statements. However, brief details of the performance and financial position of the Company's associate and joint venture are given below:

Name of Associate / Joint Venture Company	Total Revenue / Income		Profit After Tax	
	FY 2018-19 (₹ in lakhs)	FY 2017-18 (₹ in lakhs)	FY 2018-19 (₹ in lakhs)	FY 2017-18 (₹ in lakhs)
ATC Limited (associate company)	**2,366.77**	2,312.96	**30.88**	66.47
ITC Essentra Limited (joint venture company)	**36,098.90**	24,914.00	**3,279.44**	1,645.21

7. **PARTICULARS OF EMPLOYEES**

The details of employees of the Company as required under Rule 5(2) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, are provided in **Annexure 1** to this Report.

The Company seeks to enhance equal opportunities for men and women and is committed to a gender-friendly workplace. During the year, no complaint for sexual harassment was received. However, the Company is not required to constitute Internal Complaints Committee in terms of the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013.

8. **RISK MANAGEMENT**

The risk management framework of the Company is commensurate with its size and nature of business. Management of risks vest with the executive management which is responsible for the day-to-day conduct of the affairs of the Company, within the overall framework approved by the Board. The Internal Audit Department of ITC Limited, the Internal Auditor of the Company, periodically carries out risk focused audits with the objective of identifying areas where risk management processes could be strengthened. The Board annually reviews the effectiveness of the Company's risk management systems and policies.

9. **INTERNAL FINANCIAL CONTROLS**

Your Company has in place adequate internal financial controls with respect to the financial statements, commensurate with its size and scale of operations. The Internal Auditor of the Company periodically evaluates the adequacy and effectiveness of such internal financial controls. The Board which provides guidance on internal controls, also reviews internal audit findings and implementation of internal audit recommendations.

During the year, the internal financial controls in the Company with respect to the financial statements were tested and no material weakness in the design or operation of such controls was observed. Nonetheless, your Company recognises that any internal financial control framework, no matter how well designed, has inherent limitations and accordingly, regular audit and review processes ensure that such systems are reinforced on an ongoing basis.

10. **PARTICULARS OF LOANS, GUARANTEES AND INVESTMENTS**

During the year ended 31st March, 2019, 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, 2019, the Company has neither entered into any contract or arrangement with its related parties which is not at arm's length nor has the Company entered into any material contract or arrangement with them, in terms of Section 188 of the Act.

12. SIGNIFICANT AND MATERIAL ORDERS PASSED BY THE REGULATORS / COURTS / TRIBUNALS

During the year under review, no significant or material orders were passed by the Regulators / Courts / Tribunals impacting the going concern status of the Company and its future operations.

13. EXTRACT OF ANNUAL RETURN

The extract of Annual Return in the prescribed Form No. MGT-9 is enclosed as **Annexure 2** to this Report.

14. COST RECORDS

The Company is not required to maintain cost records in terms of Section 148 of the Act read with the Companies (Cost Records and Audit) Rules, 2014.

15. STATUTORY AUDITORS

The Company's Auditors, Messrs. L. B. Jha & Co., Chartered Accountants, who were appointed with your approval at the 80th AGM for a period of five years, will complete their present term on conclusion of the ensuing 85th AGM of the Company.

The Board has recommended for the approval of the Members, the appointment of Messrs. S R B C & CO LLP, Chartered Accountants ('SRBC'), as the Auditors of the Company for a period of five years from the conclusion of the ensuing 85th AGM till the conclusion of the 90th AGM. SRBC have given their consent to act as the Auditors of the Company and have confirmed that the said appointment, if made, will be in accordance with the conditions prescribed under Sections 139 and 141 of the Act. The Board has also recommended for the approval of the Members, the remuneration of SRBC for the financial year 2019-20. Appropriate resolution seeking your approval to the appointment and remuneration of SRBC as the Auditors is appearing in the Notice convening the 85th AGM of the Company.

16. COMPLIANCE WITH SECRETARIAL STANDARDS

The Company is in compliance with the applicable Secretarial Standards issued by the Institute of Company Secretaries of India and approved by the Central Government under Section 118 of the Act.

17. CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION, FOREIGN EXCHANGE EARNINGS AND OUTGO

Considering the nature of business of your Company, no comment is required on conservation of energy and technology absorption.

During the year under review, there has been no foreign exchange earnings or outflow.

On behalf of the Board

R. Tandon *Chairman*
S. Dutta *Director*

Dated : 23rd April, 2019

Annexure 1 to the Report of the Board of Directors for the financial year ended 31st March, 2019

[Information pursuant to Rules 5(2) and 5(3) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014]

Names of employees	Age	Designation	Gross Remuneration (₹)	Net Remuneration (₹)	Qualifications	Experience (Years)	Date of commencement of employment / deputation	Previous Employment / Position held
1	2	3	4	5	6	7	8	9
V. Luharuka	34	Chief Financial Officer	54,13,289/-	30,44,669/-	B. Com (Hons.), A.C.A.	11	01.01.2015	ITC Limited – Manager (Finance)
N. Bajaj	35	Manager & Company Secretary	42,14,150/-	28,87,532/-	B. Com (Hons.), M.B.L., A.C.S.	11	01.10.2007 (date of deputation – 01.10.2015)	–

Notes:

1. Both the aforesaid employees are on deputation from ITC Limited, the Holding Company (ITC). The term 'remuneration' has the meaning assigned to it under the Companies Act, 2013.
2. Net remuneration comprises cash income less income tax, education cess deducted at source and employee's own contribution to provident fund.
3. The Chief Financial Officer has been granted Stock Options by ITC in previous year(s) under its Employee Stock Option Schemes at 'market price' [within the meaning of the Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014]. ITC has also granted Employee Stock Appreciation Linked Reward Units (ESAR Units) to the Chief Financial Officer and the Manager & Company Secretary under its Stock Appreciation Linked Reward Plan. Since these Stock Options and ESAR Units are not tradeable, no perquisite or benefit is conferred upon the employee by grant of such Options / Units, and accordingly the said grant has not been considered as remuneration.
4. The aforesaid employees are neither relative of any Director / Manager of the Company nor hold any equity share in the Company.

On behalf of the Board

R. Tandon *Chairman*
S. Dutta *Director*

Dated : 23rd April, 2019

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, 2019

[Pursuant to Section 92(3) of the Companies Act, 2013 and Rule 12(1) of the Companies (Management and Administration) Rules, 2014]

I. REGISTRATION AND OTHER DETAILS

i) CIN	:	U16003WB1935PLC008314
ii) Registration Date	:	26th June, 1935
iii) Name of the Company	:	Gold Flake Corporation Limited
iv) Category / Sub-Category of the Company	:	Unlisted Public Company limited by shares
v) Address of the Registered office and contact details	:	Virginia House 37 J. L. Nehru Road Kolkata – 700 071 Phone: 033 2288 4086 / 6228 / 1946 Fax: 033 2288 9980 e-mail ID: GoldFlakeCorporation.Limited@itc.in
vi) Whether listed company	:	No
vii) Name, Address and Contact details of Registrar and Transfer Agent, if any	:	N.A.

II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

All the business activities contributing 10% or more of the total turnover of the Company shall be stated: NOT APPLICABLE

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES

Sl. No.	Name and address of the company	CIN / GLN	Holding / Subsidiary / Associate	% of shares held in / by the Company	Applicable Section
1.	ITC Limited Virginia House 37 Jawaharlal Nehru Road Kolkata – 700 071	L16005WB1910PLC001985	Holding company	100.00%	2(46)
2.	ATC Limited 35 Rajaji Nagar Hosur – 635 126	U16000TZ1973PLC018100	Associate company	47.50%	2(6)
3.	ITC Essentra Limited Survey No. 139/140, Veerapura Village, Kasaba Hobli, Doddaballapur Taluk Bengaluru – 561 203	U85110KA1993PLC014278	Joint venture company	50.00%	2(6)

IV. SHAREHOLDING PATTERN (Equity Share Capital Breakup as percentage of Total Equity)

(i) **Category-wise Shareholding:**

Category of Shareholders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
A. Promoters									
(1) **Indian**									
a) Individual / HUF	–	–	–	–	–	–	–	–	N.A.
b) Central Govt.	–	–	–	–	–	–	–	–	N.A.
c) State Govt.(s)	–	–	–	–	–	–	–	–	N.A.
d) Bodies Corp.	–	1,59,98,385	1,59,98,385	100.00	–	1,59,98,385	1,59,98,385	100.00	Nil
e) Banks / FI	–	–	–	–	–	–	–	–	N.A.
f) Any Other	–	–	–	–	–	–	–	–	N.A.
Sub-total (A)(1)	**–**	**1,59,98,385**	**1,59,98,385**	**100.00**	**–**	**1,59,98,385**	**1,59,98,385**	**100.00**	**Nil**
(2) **Foreign**									
a) NRIs – Individuals	–	–	–	–	–	–	–	–	N.A.
b) Other – Individuals	–	–	–	–	–	–	–	–	N.A.
c) Bodies Corp.	–	–	–	–	–	–	–	–	N.A.
d) Banks / FI	–	–	–	–	–	–	–	–	N.A.
e) Any Other	–	–	–	–	–	–	–	–	N.A.
Sub-total (A)(2)	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**N.A.**
Total shareholding of Promoter (A) = (A)(1)+(A)(2)	**–**	**1,59,98,385**	**1,59,98,385**	**100.00**	**–**	**1,59,98,385**	**1,59,98,385**	**100.00**	**Nil**

Category of Shareholders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
B. Public Shareholding									
(1) **Institutions**									
a) Mutual Funds	–	–	–	–	–	–	–	–	N.A.
b) Banks / FI	–	–	–	–	–	–	–	–	N.A.
c) Central Govt.	–	–	–	–	–	–	–	–	N.A.
d) State Govt.(s)	–	–	–	–	–	–	–	–	N.A.
e) Venture Capital Funds	–	–	–	–	–	–	–	–	N.A.
f) Insurance Companies	–	–	–	–	–	–	–	–	N.A.
g) FIIs	–	–	–	–	–	–	–	–	N.A.
h) Foreign Venture Capital Funds	–	–	–	–	–	–	–	–	N.A.
i) Others (specify)	–	–	–	–	–	–	–	–	N.A.
Sub-total (B)(1)	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**N.A.**
(2) **Non-Institutions**									
a) Bodies Corp.									
i) Indian	–	–	–	–	–	–	–	–	N.A.
ii) Overseas	–	–	–	–	–	–	–	–	N.A.
b) Individuals	–	–	–	–	–	–	–	–	N.A.
i) Individual shareholders holding nominal share capital up to ₹ 1 lakh									
ii) Individual shareholders holding nominal share capital in excess of ₹ 1 lakh									
c) Others (specify)	–	–	–	–	–	–	–	–	N.A.
Sub-total (B)(2)	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**N.A.**
Total Public Shareholding (B) = (B)(1) + (B)(2)	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**N.A.**
C. Shares held by Custodian for GDRs & ADRs	–	–	–	–	–	–	–	–	N.A.
Grand Total (A+B+C)	**–**	**1,59,98,385**	**1,59,98,385**	**100.00**	**–**	**1,59,98,385**	**1,59,98,385**	**100.00**	**Nil**

(ii) **Shareholding of Promoters:**

Sl. No.	Shareholder's Name	Shareholding at the beginning of the year			Shareholding at the end of the year			% change in shareholding during the year
		No. of Shares	% of total Shares of the Company	% of Shares pledged / encumbered to total Shares	No. of Shares	% of total Shares of the Company	% of Shares pledged / encumbered to total Shares	
1.	ITC Limited	1,59,98,385	100.00	Nil	1,59,98,385	100.00	Nil	Nil

(iii) **Change in Promoters' Shareholding (please specify, if there is no change):**

Sl. No.		Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of Shares	% of total Shares of the Company	No. of Shares	% of total Shares of the Company
	At the beginning of the year	**No change during the year**			
	Datewise 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	39,36,388
	(b) Value of perquisites under Section 17(2) of the Income-tax Act, 1961	1,86,328
	(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 (A)		**41,22,716**
Ceiling as per the Companies Act, 2013		84,00,000 per annum *(refer Note 2)*

Note 1: Ms. N. Bajaj is on deputation from ITC Limited (ITC) and has been granted Employee Stock Appreciation Linked Reward Units (ESAR Units) by ITC under its Stock Appreciation Linked Reward Plan. Since these ESAR Units are not tradeable, no perquisite or benefit is conferred upon the employee by grant of such Units, and accordingly the said grant has not been considered as remuneration.

Note 2: Ceiling as per Part II of Schedule V to the Companies Act, 2013 has been disclosed, considering that the profits of the Company for the financial year ended 31st March, 2019 are inadequate. The appointment of Ms. Bajaj is governed by the resolutions passed by the Board and the shareholders of the Company. The statutory provisions apply with respect to notice period and severance fee.

B. Remuneration to other Directors: **(Amount in ₹)**

Sl. No.	Name of the Directors	Particulars of Remuneration			Total Amount
		Fee for attending Board and Board Committee meetings	Commission	Others, please specify	
1.	**Independent Directors**				
	Total Amount (B)(1)				**Nil**
2.	**Other Non-Executive Directors**				
	R. Tandon	Nil	Nil	Nil	Nil
	S. Dutta				
	R. Poddar				
	Total Amount (B)(2)				**Nil**
Total Amount (B) = (B)(1) + (B)(2)					**Nil**
Total Managerial Remuneration (A + B)					**41,22,716**
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, 2019 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	44,80,556
	(b) Value of perquisites under Section 17(2) of the Income-tax Act, 1961	8,16,531
	(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		**52,97,087**

Note: Mr. V. Luharuka is on deputation from ITC Limited (ITC) and has been granted Stock Options in previous year(s) and Employee Stock Appreciation Linked Reward Units (ESAR Units) in the current year by ITC under its Employee Stock Option Schemes and Stock Appreciation Linked Reward Plan, respectively. Since these Stock Options / ESAR Units are not tradeable, no perquisite or benefit is conferred upon the employee by grant of such Options / Units, and accordingly the said grant has not been considered as remuneration.

VII. PENALTIES / PUNISHMENT / COMPOUNDING OF OFFENCES against the Company, Directors and other Officers in Default under the Companies Act, 2013 : None

On behalf of the Board
R. Tandon *Chairman*
S. Dutta *Director*

Dated : 23rd April, 2019

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF GOLD FLAKE CORPORATION LIMITED

Report on the Standalone Ind AS Financial Statements

Opinion

1. We have audited the accompanying standalone Ind AS financial statements of **GOLD FLAKE CORPORATION LIMITED ("the Company"),** which comprise the Balance Sheet as at 31st March, 2019, the Statement of Profit and Loss (including Other Comprehensive Income), the Statement of Cash Flows and the Statement of Changes in Equity for the year then ended on that date, including a summary of significant accounting policies and other explanatory information.

   In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone Ind AS financial statements give the information required by the Companies Act, 2013 ("the Act") in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2019, its profit, and its cash flows for the year ended on that date.

Basis for Opinion

2. We conducted our audit in accordance with the Standards on Auditing (SAs) specified under Section 143(10) of the Companies Act, 2013. Our responsibilities under those Standards are further described in the Auditor's Responsibilities for the Audit of the Ind AS Financial Statements section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India together with the ethical requirements that are relevant to our audit of the Ind AS financial statements under the provisions of the Companies Act, 2013 and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Information

3. The Company's Board of Directors is responsible for the other information. The other information comprises the information included in the management report but does not include the financial statements and our auditor's report thereon.

4. Our opinion on the Ind AS financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

5. In connection with our audit of the Ind AS financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the Ind AS financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

6. If, based on the work we have performed on the other information obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibility of Management for Standalone Ind AS Financial Statements

7. 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 Ind AS financial statements that give a true and fair view of the financial position, financial performance, changes in equity and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate 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 Ind AS financial statement that give a true and fair view and are free from material misstatement, whether due to fraud or error.

8. In preparing the Ind AS financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

9. The Board of Directors are also responsible for overseeing the Company's financial reporting process.

Auditor's Responsibility for the Audit of the Ind AS Financial Statements

10. Our objectives are to obtain reasonable assurance about whether the Ind AS financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these Ind AS financial statements.

11. As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

    - Identify and assess the risks of material misstatement of the Ind AS financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
    - Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under Section 143(3) (i) of the Companies Act, 2013, we are also responsible for expressing our opinion on whether the company has adequate internal financial controls system in place and the operating effectiveness of such controls.
    - Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
    - Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the Ind AS financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
    - Evaluate the overall presentation, structure and content of the Ind AS financial statements, including the disclosures, and whether the Ind AS financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

12. Materiality is the magnitude of misstatements in the standalone financial statements that, individually or in aggregate, makes it probable that the economic decisions of a reasonably knowledgeable user of the financial statements may be influenced. We consider quantitative materiality and qualitative factors in (i) planning the scope of our audit work and in evaluating the results of our work; and (ii) to evaluate the effect of any identified misstatements in the financial statements.

Report on Other Legal and Regulatory Requirements

13. 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.

14. 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, Statement of Changes in Equity dealt with by this report are in agreement with the books of account.

(d) In our opinion, the aforesaid standalone Ind AS 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, 2019 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2019 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 the requirements of Section 197(16) of the Act, as amended: In our opinion and to the best of our information and according to the explanations given to us, the remuneration paid by the Company to its directors during the year is in accordance with the provisions of Section 197 of the Act.

(h) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:

a. The Company does not have any pending litigations which would impact its financial positions.

b. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.

c. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

For L. B. Jha & Co.
Chartered Accountants
(Firm's Registration No. 301088E)

Diptendra Narayan Roy
Partner
(Membership No. 300389)

Place : Kolkata
Date : 23rd April, 2019

ANNEXURE-A TO THE INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF GOLD FLAKE CORPORATION LIMITED

[Referred to in paragraph 13 of the 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 are disclosed in Note 4 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, duty of customs, duty of excise, value added tax, Goods and Services tax, cess and any other 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 or sales tax or service tax or duty of customs or duty of excise or value added tax or Goods and Services 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, 2019 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 17 (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's Registration No. 301088E)

Diptendra Narayan Roy
Partner
(Membership No. 300389)

Place : Kolkata
Date : 23rd April, 2019

ANNEXURE-B TO THE INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF GOLD FLAKE CORPORATION LIMITED

[Referred to in paragraph 14(f) of the Independent Auditor's Report of even date]

Report on the Internal Financial Control under Clause (i) of sub-section 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 31st March, 2019 in conjunction with our audit of the Ind AS financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial 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 (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.

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 ICAI and deemed to be prescribed under Section 143(10) of the Act, 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 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 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 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 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 statements 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 statements.

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 31st March, 2019, 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 ICAI.

For L. B. Jha & Co.
Chartered Accountants
(Firm's Registration No. 301088E)

Diptendra Narayan Roy
Partner
(Membership No. 300389)

Place : Kolkata
Date : 23rd April, 2019

BALANCE SHEET AS AT 31ST MARCH, 2019

	Note		As at 31st March, 2019 (₹)		As at 31st March, 2018 (₹)
ASSETS					
Non-current assets					
(a) Property, Plant and Equipment	3		2,087		10,921
(b) Financial Assets					
(i) Investments	4		6,00,63,750		6,00,63,750
(ii) Others	5		2,35,00,000		–
(c) Other non-current assets	6		7,36,711		7,13,971
Current assets					
(a) Financial Assets					
(i) Investments	7	61,72,049		25,27,649	
(ii) Cash and cash equivalents	8	1,28,295		1,47,065	
(iii) Other Bank Balances	9	15,25,31,504		15,12,94,939	
(iv) Others	10	1,21,85,980	17,10,17,828	1,18,10,323	16,57,79,976
TOTAL ASSETS			**25,53,20,376**		22,65,68,618
EQUITY AND LIABILITIES					
Equity					
(a) Equity Share capital	11	15,99,83,850		15,99,83,850	
(b) Other Equity		9,51,00,500	25,50,84,350	6,65,19,968	22,65,03,818
Liabilities					
Non-current liabilities					
(a) Financial Liabilities					
(i) Other financial liabilities	12		1,71,226		–
Current liabilities					
(a) Financial Liabilities					
(i) Other financial liabilities	12		64,800		64,800
TOTAL EQUITY AND LIABILITIES			**25,53,20,376**		22,65,68,618

The accompanying notes 1 to 17 are an integral part of the Financial Statements.

In terms of our report attached.

For L. B. Jha & Co.
Chartered Accountants
(Firm's Registration No. 301088E)

On behalf of the Board

DIPTENDRA NARAYAN ROY
Partner
(Membership No. 300389)

R. TANDON *Chairman*
V. LUHARUKA *Chief Financial Officer*
S. DUTTA *Director*
N. BAJAJ *Manager & Company Secretary*

Kolkata, 23rd April, 2019

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31ST MARCH, 2019

		Note	For the year ended 31st March, 2019 (₹)	For the year ended 31st March, 2018 (₹)
I	Other Income	13	4,01,26,412	3,44,05,149
	Total Income (I)		**4,01,26,412**	3,44,05,149
II	**EXPENSES**			
	Employee benefits expense	14	1,04,37,369	84,13,925
	Depreciation expense		8,834	13,182
	Other expenses	15	2,92,042	5,72,605
	Total expenses (II)		1,07,38,245	89,99,712
III	**Profit before tax (I - II)**		**2,93,88,167**	2,54,05,437
IV	**Tax expense:**			
	Current Tax	16	8,07,635	17,01,402
V	**Profit for the year (III - IV)**		**2,85,80,532**	2,37,04,035
VI	**Other Comprehensive Income**		–	–
VII	**Total Comprehensive Income for the year (V + VI)**		**2,85,80,532**	2,37,04,035
VIII	Earnings per equity share (Face Value of ₹ 10.00 each): – Basic and Diluted (in ₹)	17 (i)	**1.79**	1.48

The accompanying notes 1 to 17 are an integral part of the Financial Statements.

In terms of our report attached.

For L. B. Jha & Co.
Chartered Accountants
(Firm's Registration No. 301088E)

On behalf of the Board

DIPTENDRA NARAYAN ROY
Partner
(Membership No. 300389)

R. TANDON *Chairman*
V. LUHARUKA *Chief Financial Officer*
S. DUTTA *Director*
N. BAJAJ *Manager & Company Secretary*

Kolkata, 23rd April, 2019

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31ST MARCH, 2019

A. Equity Share Capital (₹)

	Balance at the beginning of the reporting year	Changes in equity share capital during the year	Balance at the end of the reporting year
For the year ended 31st March, 2018	15,99,83,850	–	15,99,83,850
For the year ended 31st March, 2019	**15,99,83,850**	**–**	**15,99,83,850**

B. Other Equity (₹)

	Reserves and Surplus		Total
	General Reserve	Retained Earnings	
Balance as at 31st March, 2017	**87,26,223**	**8,70,41,730**	**9,57,67,953**
Profit for the year	–	2,37,04,035	2,37,04,035
Other Comprehensive Income (net of tax)	–	–	–
Total Comprehensive Income for the year	**–**	**2,37,04,035**	**2,37,04,035**
Dividend paid	–	(4,39,95,559)	(4,39,95,559)
Income tax on dividend paid	–	(89,56,461)	(89,56,461)
Balance as 31st March, 2018	**87,26,223**	**5,77,93,745**	**6,65,19,968**
Profit for the year	–	2,85,80,532	2,85,80,532
Other Comprehensive Income (net of tax)	–	–	–
Balance as at 31st March, 2019	**87,26,223**	**8,63,74,277**	**9,51,00,500**

General Reserve: This Reserve is created by an appropriation from one component of Equity (generally Retained Earnings) to another, not being an item of Other Comprehensive Income. The same can be utilised by the Company in accordance with the provisions of the Companies Act, 2013.

Retained Earnings: This Reserve represents the cumulative profits of the Company and effects of remeasurement of defined benefit obligations. This Reserve can be utilised in accordance with the provisions of the Companies Act, 2013.

The accompanying notes 1 to 17 are an integral part of the Financial Statements.

In terms of our report attached.
For L. B. Jha & Co.
Chartered Accountants
(Firm's Registration No. 301088E)

DIPTENDRA NARAYAN ROY
Partner
(Membership No. 300389)

Kolkata, 23rd April, 2019

On behalf of the Board

R. TANDON *Chairman*
V. LUHARUKA *Chief Financial Officer*
S. DUTTA *Director*
N. BAJAJ *Manager & Company Secretary*

CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2019

		For the year ended 31st March, 2019 (₹)	For the year ended 31st March, 2018 (₹)
A.	**Cash Flow from Operating Activities**		
	PROFIT BEFORE TAX	**2,93,88,167**	2,54,05,437
	ADJUSTMENTS FOR:		
	Depreciation expense	8,834	13,182
	Interest Income	(1,19,12,974)	(1,15,86,377)
	Dividend Income	(2,70,00,000)	(2,02,50,000)
	Security deposit	(90,000)	-
	Net (gain)/loss arising on investments mandatorily measured at Fair value through profit or loss	(12,13,438)	(25,68,772)
	OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES	**(1,08,19,411)**	(89,86,530)
	ADJUSTMENTS FOR:		
	Other financial liabilities	1,71,226	(5,09,410)
	CASH USED IN OPERATIONS	(1,06,48,185)	(94,95,940)
	Income tax paid	(7,40,375)	(22,78,335)
	NET CASH USED IN OPERATING ACTIVITIES	**(1,13,88,560)**	(1,17,74,275)
B.	Cash Flow from Investing Activities		
	Purchase of current investments	(31,47,80,000)	(44,67,51,000)
	Sale / redemption of current investments	31,23,49,038	44,67,92,123
	Dividend Income	2,70,00,000	2,02,50,000
	Interest received	1,22,37,317	122,33,334
	Investment in bank deposits (original maturity more than 3 months)	(49,45,34,438)	(18,49,84,541)
	Redemption / maturity of bank deposits (original maturity more than 3 months)	47,97,97,873	20,96,62,401
	Investment in deposit with housing finance company	(1,07,00,000)	(1,00,00,000)
	NET CASH FROM INVESTING ACTIVITIES	**1,13,69,790**	4,72,02,317
C.	**Cash Flow from Financing Activities**		
	Dividend paid	–	(4,39,95,559)
	Income tax on dividend paid	–	(89,56,461)
	NET CASH GENERATED FROM / (USED IN) FINANCING ACTIVITIES	–	(5,29,52,020)
	NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	**(18,770)**	(1,75,23,978)
	OPENING CASH AND CASH EQUIVALENTS	**1,47,065**	1,76,71,043
	CLOSING CASH AND CASH EQUIVALENTS (Note 8)	**1,28,295**	1,47,065

The above Cash Flow Statement has been prepared under the "Indirect Method" as set out in Ind AS - 7 "Statement of Cash Flows".

The accompanying notes 1 to 17 are an integral part of the Financial Statements.

In terms of our report attached.

For L. B. Jha & Co.
Chartered Accountants
(Firm's Registration No. 301088E)

DIPTENDRA NARAYAN ROY
Partner
(Membership No. 300389)

Kolkata, 23rd April, 2019

On behalf of the Board

R. TANDON *Chairman*
V. LUHARUKA *Chief Financial Officer*
S. DUTTA *Director*
N. BAJAJ *Manager & Company Secretary*

NOTES TO THE FINANCIAL STATEMENTS

Company Information :

Gold Flake Corporation Limited, a wholly owned subsidiary of ITC Limited, is a Company within the meaning of the Companies Act, 2013. It continues to explore newer growth opportunities. The temporary surplus funds of the Company, in the meantime, have been deployed in bank fixed deposits and debt mutual funds.

1. Significant Accounting Policies

Statement of Compliance

These financial statements have been prepared in accordance with Indian Accounting Standards (Ind AS) notified under Section 133 of the Companies Act, 2013. The financial statements have also been prepared in accordance with the relevant presentation requirements of the Companies Act, 2013. The Company adopted Ind AS from 1st April, 2016.

Up to the year ended 31st March, 2016, the Company prepared its financial statements in accordance with the Generally Accepted Accounting Principles (GAAP), which includes Standards notified under the Companies (Accounting Standards) Rules, 2006. The date of transition to Ind AS is 1st April, 2015.

Basis of Preparation

The financial statements are prepared in accordance with the historical cost convention, except for certain items that are measured at fair values, as explained in the accounting policies.

Fair Value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique.

The preparation of financial statements in conformity with Ind AS requires management to make judgements, estimates and assumptions that affect the application of the accounting policies and the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the year. Actual results could differ from those estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period; they are recognised in the period of the revision and future periods if the revision affects both current and future periods.

Operating Cycle

All assets and liabilities have been classified as current or non-current as per the Company's normal operating cycle and other criteria set out in the Schedule III to the Companies Act, 2013 and Ind AS 1 - Presentation of Financial Statements based on the nature of products or services and the time between the acquisition of assets for processing and their realisation in cash and cash equivalents.

Property, Plant and Equipment – Tangible Assets

Property, plant and equipment are stated at cost of acquisition less accumulated depreciation and impairment, if any. For this purpose, cost includes deemed cost which represents the carrying value of property, plant and equipment recognised as at 1st April, 2015 measured as per the previous GAAP.

Cost is inclusive of inward freight, duties and taxes and incidental expenses related to acquisition. All upgradation / enhancements are charged off as revenue expenditure unless they bring similar significant additional benefits.

Depreciation of these assets commences when the assets are ready for their intended use which is generally on commissioning. Items of property, plant and equipment are depreciated in a manner that amortises the cost of the assets after commissioning (or other amount substituted for cost), less its residual value, over their useful lives as specified in Schedule II of the Companies Act, 2013 on a straight line basis. Land is not depreciated.

Property, plant and equipment's residual values and useful lives are reviewed at each Balance Sheet date and changes, if any, are treated as changes in accounting estimate. The estimated useful lives of property, plant and equipment of the Company are as follows:

Office Equipment - Desktop	3 years

Inventories

Inventories are stated at lower of cost and net realisable value. The cost is calculated on weighted average method. Cost comprises expenditure incurred in the normal course of business in bringing such inventories to its present location and condition and includes, where applicable, appropriate overheads based on normal level of activity. Net realisable value is the estimated selling price less estimated costs for completion and sale.

Investment in Subsidiaries, Associates and Joint Ventures

Investment in subsidiaries, associates and joint ventures are carried at cost less accumulated impairment, if any.

Financial instruments, Financial assets, Financial liabilities and Equity instruments

Financial assets and financial liabilities are recognised when the Company becomes a party to the contractual provisions of the relevant instrument and are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities measured at fair value through profit or loss) are added to or deducted from the fair value on initial recognition of financial assets or financial liabilities. Purchase or sale of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognised on the trade date, i.e., the date when the Company commits to purchase or sell the asset.

Financial Assets

Recognition: Financial assets include investments, trade receivables, advances, security deposits, cash and cash equivalents. Such assets are initially recognised at transaction price when the Company becomes party to contractual obligations. The transaction price includes transaction costs unless the asset is being fair valued through the Statement of Profit and Loss.

Classification: Management determines the classification of an asset at initial recognition depending on the purpose for which the assets were acquired. The subsequent measurement of financial assets depends on such classification.

The financial assets are classified as those measured at:

(a) amortised cost, where the financial assets are held solely for collection of cash flows arising from payments of principal and / or interest.

(b) fair value through other comprehensive income (FVTOCI), where the financial assets are held not only for collection of cash flows arising from payments of principal and interest but also from the sale of such assets. Such assets are subsequently measured at fair value, with unrealised gains and losses arising from changes in the fair value being recognised in other comprehensive income.

(c) fair value through profit or loss (FVTPL), where the assets are managed in accordance with an approved investment strategy that triggers purchase and sale decisions based on their fair value of such assets. Such assets are subsequently measured at fair value, with unrealised gains and losses arising from changes in the fair value being recognised in the Statement of Profit and Loss in the period in which they arise.

Trade receivables, advances, security deposits, cash and cash equivalents etc. are classified for measurement at amortised cost while investments may fall under any of the aforesaid classes. However, in respect of particular investments in equity instruments that would otherwise be measured at fair value through profit or loss, an irrevocable election at initial recognition may be made to present subsequent changes in fair value through other comprehensive income.

Impairment: The Company assesses at each reporting date whether a financial asset (or a group of financial assets) such as investments, trade receivables, advances and security deposits held at amortised cost and financial assets that are measured at fair value through other comprehensive income are tested for impairment based on evidence or information that is available without undue cost or effort. Expected credit losses are assessed and loss allowances recognised if the credit quality of the financial asset has deteriorated significantly since initial recognition.

Reclassification: When and only when the business model is changed the Company shall reclassify all affected financial assets prospectively from the

reclassification date as subsequently measured at amortised cost, fair value through other comprehensive income, fair value through profit or loss without restating the previously recognised gains, losses or interest and in terms of the reclassification principles laid down in the Ind AS relating to Financial Instruments.

De-recognition: Financial assets are de-recognised when the right to receive cash flows from the assets has expired, or has been transferred, and the Company has transferred substantially all of the risks and rewards of ownership. Concomitantly, if the asset is one that is measured at:

(a) amortised cost, the gain or loss is recognised in the Statement of Profit and Loss;

(b) fair value through other comprehensive income, the cumulative fair value adjustments previously taken to reserves are reclassified to the Statement of Profit and Loss unless the asset represents an equity investment in which case the cumulative fair value adjustments previously taken to reserves is reclassified within equity.

Income Recognition: Interest income is recognised in the Statement of Profit and Loss using the effective interest method. Dividend income is recognised in the Statement of Profit and Loss when the right to receive dividend is established.

Financial Liabilities

Trade payables and other financial liabilities are initially recognised at the value of the respective contractual obligations. They are subsequently measured at amortised cost. Any discount or premium on redemption / settlement is recognised in the Statement of Profit and Loss as finance cost over the life of the liability using the effective interest method and adjusted to the liability figure disclosed in the Balance Sheet.

Financial liabilities are de-recognised when the liability is extinguished, that is, when the contractual obligation is discharged, cancelled and on expiry.

Offsetting Financial Instruments

Financial assets and liabilities are offset and the net amount is included in the Balance Sheet where there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously.

Equity Instruments

Equity instruments are recognised at the value of the proceeds, net of direct costs of the capital issue.

Employee Share Based Compensation

The cost of stock options and stock appreciation units granted by ITC Limited, the Holding Company, to its eligible employees deputed to the Company is recognised at fair value. These Schemes are in the nature of equity settled / cash settled share based compensation and are assessed, managed / administered by the Holding Company.

In case of stock options, the fair value of stock options at the grant date is amortised on a straight line basis over the vesting period and cost recognized as an employee benefits expenses in the Statement of Profit and Loss with a corresponding credit in equity, net of reimbursements, if any.

In case of stock appreciation units, the fair value of stock appreciation units at the grant date is initially recognised and remeasured at each reporting date, until settled, and cost recognized as an employee benefits expenses in the Statement of Profit and Loss with a corresponding increase in other financial liabilities.

Taxes on Income

Taxes on income comprises of current taxes and deferred taxes. Current tax in the Statement of Profit and Loss is provided as the amount of tax payable in respect of taxable income for the period using tax rates and tax laws enacted or substantively enacted during the period, together with any adjustment to tax payable in respect of previous years.

Deferred tax is recognized on temporary differences between the carrying amounts of assets and liabilities and the amounts used for taxation purposes (tax base), at the tax rates and tax laws enacted or substantively enacted by the end of the reporting period.

Deferred tax assets are recognised for the future tax consequences to the extent it is probable that future taxable profits will be available against which the deductible temporary differences can be utilised.

Income tax, in so far as it relates to items disclosed under other comprehensive income or equity, are disclosed separately under other comprehensive income or equity, as applicable.

Deferred tax assets and liabilities are offset when there is legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances related to the same taxation authority. Current tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on net basis, or to realise the asset and settle the liability simultaneously.

Dividend Distribution

Dividends paid (including income tax thereon) is recognised in the period in which the interim dividends are approved by the Board of Directors, or in respect of the final dividend when approved by shareholders.

Operating Segments

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker (CODM). The CODM, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Board of Directors of the Company.

Provisions

Provisions are recognised when, as a result of a past event, the Company has a legal or constructive obligation; it is probable that an outflow of resources will be required to settle the obligation; and the amount can be reliably estimated. The amount so recognised is a best estimate of the consideration required to settle the obligation at the reporting date, taking into account the risks and uncertainties surrounding the obligation.

In an event when the time value of money is material, the provision is carried at the present value of the cash flows estimated to settle the obligation.

2. Use of Estimates and Judgements

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent liabilities at the date of the financial statements and the results of operations during the reporting period end. Although these estimates are based upon management's best knowledge of current events and actions, actual results could differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Key sources of estimation uncertainty

The following are the key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting period that may have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

i. Fair value measurements and valuation processes:

Some of the Company's assets and liabilities are measured at fair value for financial reporting purposes. In estimating the fair value of an asset or a liability, the Company uses market-observable data to the extent it is available. Where Level 1 inputs are not available, the Company uses other methods, including third party valuers, where required, to perform the valuation. Information about the valuation techniques and inputs used in determining the fair value of various assets, liabilities and share based payments are disclosed in the notes to the financial statements.

NOTES TO THE FINANCIAL STATEMENTS (contd.)

(₹)

Particulars	Gross Block							Depreciation and Amortization							Net Book Value	
	As at 31st March, 2017	Additions	Withdrawals and adjustments	As at 31st March, 2018	Additions	Withdrawals and adjustments	As at 31st March, 2019	Upto 31st March, 2017	For the year	On Withdrawals and adjustments	Upto 31st March, 2018	For the year	On Withdrawals and adjustments	Upto 31st March, 2019	As at 31st March, 2019	As at 31st March, 2018
3. Property, plant and equipment																
Office Equipment	41,739	–	–	41,739	–	–	41,739	17,636	13,182	–	30,818	8,834	–	39,652	2,087	10,921
TOTAL	41,739	–	–	41,739	–	–	41,739	17,636	13,182	–	30,818	8,834	–	39,652	2,087	10,921

	As at 31st March, 2019 (₹)	As at 31st March, 2018 (₹)
4. Non-current investments	**Unquoted**	Unquoted
INVESTMENT IN EQUITY INSTRUMENTS		
In Associates (at cost unless stated otherwise)		
ATC Limited		
55,650 (2018 - 55,650) Equity Shares of ₹ 100.00 each, fully paid	83,47,500	83,47,500
1,39,125 (2018 - 1,39,125) Equity Shares of ₹ 100.00 each, ₹ 70.00 paid	2,92,16,250	2,92,16,250
In Joint Ventures (at cost unless stated otherwise)		
ITC Essentra Limited		
22,50,000 (2018 - 22,50,000) Equity Shares of ₹ 10.00 each, fully paid	2,25,00,000	2,25,00,000
TOTAL	**6,00,63,750**	6,00,63,750
5. Other Financial assets	**Non-Current**	Non-Current
Bank deposits with more than 12 months maturity	2,35,00,000	–
TOTAL	**2,35,00,000**	–
	Non-Current	Non-Current
6. Other assets		
Advance Tax (net of provisions)	6,46,711	7,13,971
Deposits		
– Others	90,000	–
TOTAL	**7,36,711**	7,13,971
7. Current investments	**Unquoted**	Unquoted
(at fair value through profit or loss, unless stated otherwise)		
INVESTMENT IN MUTUAL FUNDS		
Aditya Birla Sun Life Savings Fund	16,66,058	25,27,649
4,481 (2018 - 7,349) units of ₹ 100.00 each		
Aditya Birla Sun Life Liquid Fund	15,01,928	–
5,023 (2018 - Nil) units of ₹ 100.00 each		
ICICI Prudential Liquid Fund	15,01,875	–
5,453 (2018 - Nil) units of ₹ 100.00 each		
SBI Liquid Fund	15,02,188	–
515 (2018 - Nil) units of ₹ 1000.00 each		
TOTAL	**61,72,049**	25,27,649
Aggregate amount of quoted and unquoted investments	**61,72,049**	25,27,649
8. Cash and cash equivalents@		
Balances with Banks		
Current accounts	1,28,295	1,47,065
TOTAL	**1,28,295**	1,47,065

@Cash and cash equivalents include cash on hand, cheques, drafts on hand, cash at bank and deposits with banks with original maturity of 3 months or less.

9. Other bank balances		
In deposit accounts *	15,25,31,504	15,12,94,939
TOTAL	**15,25,31,504**	15,12,94,939

* Represents deposits with original maturity of more than 3 months having remaining maturity of less than 12 months from the Balance Sheet date.

10. Other Financial assets	**Current**	Current
Deposits	1,07,00,000	1,00,00,000
Interest accrued on bank deposits	14,85,980	18,10,323
TOTAL	**1,21,85,980**	1,18,10,323

NOTES TO THE FINANCIAL STATEMENTS (Contd.)

	As at 31st March, 2019 (No. of Shares)	As at 31st March, 2019 (₹)	As at 31st March, 2018 (No. of Shares)	As at 31st March, 2018 (₹)
11. Equity Share capital				
Authorised				
Equity Shares of ₹ 10.00 each	**2,00,00,000**	**20,00,00,000**	2,00,00,000	20,00,00,000
Issued and Subscribed				
Equity Shares of ₹ 10.00 each, fully paid	**1,59,98,385**	**15,99,83,850**	1,59,98,385	15,99,83,850

A) Reconciliation of number of Equity Shares outstanding

As at beginning and at the end of the year	**1,59,98,385**	**15,99,83,850**	1,59,98,385	15,99,83,850

B) Shareholders holding more than 5% of the Equity Shares in the Company

	As at 31st March, 2019 (No. of Shares)	As at 31st March, 2019 (%)	As at 31st March, 2018 (No. of Shares)	As at 31st March, 2018 (%)
ITC Limited - the Holding Company	**1,59,98,385**	**100.00**	1,59,98,385	100.00

C) Rights, preferences and restrictions attached to the Equity Shares

The Equity Shares of the Company, having par value of ₹ 10.00 per share, rank *pari passu* in all respects including voting rights and entitlement to dividend.

	As at 31st March, 2019 (₹)	As at 31st March, 2018 (₹)
12. Other financial liabilities		
Non-current		
Other payables [Refer Note 17(vii)]	1,71,226	–
TOTAL	**1,71,226**	–
Current		
Other (Liabilities for expenses)	64,800	64,800
TOTAL	**64,800**	64,800

	For the Year ended 31st March, 2019 (₹)	For the Year ended 31st March, 2018 (₹)
13. Other income		
Interest income	1,19,12,974	1,15,86,377
Dividend income	2,70,00,000	2,02,50,000
Other gains and losses	12,13,438	25,68,772
TOTAL	**4,01,26,412**	3,44,05,149
Interest income comprises interest from:		
a) Deposits with banks - carried at amortised cost	1,10,96,747	1,15,62,377
b) Deposits with Financial Institution - carried at amortised cost	7,65,377	24,000
c) Others (from statutory authorities)	50,850	–
TOTAL	**1,19,12,974**	1,15,86,377
Dividend income comprises dividend from:		
Other investments	2,70,00,000	2,02,50,000
TOTAL	**2,70,00,000**	2,02,50,000
Other gains and losses:		
Net gain arising on financial assets mandatorily measured at FVTPL*	12,13,438	25,68,772
TOTAL	**12,13,438**	25,68,772

* Includes ₹ 10,82,710 (2018 - ₹ 24,76,511) being net gain on sale of investments.

14. Employee benefits expense		
Remuneration of managers' salary on deputation *	1,04,37,369	84,13,925
TOTAL	**1,04,37,369**	84,13,925

* Includes charge on account of share based payments as under :

– Employee Stock Option Scheme (ESOS) : ₹ 13,64,714 (2018 : ₹ 16,70,463)

– Employee Stock Appreciation Linked Reward (ESAR) Plan : ₹ 1,71,226 (2018 : Nil) [Refer Note 17(vii)]

NOTES TO THE FINANCIAL STATEMENTS (Contd.)

	For the Year ended 31st March, 2019 (₹)	For the Year ended 31st March, 2018 (₹)
15. Other expenses		
Directors' sitting fees	–	3,40,000
Rates and taxes	54,316	91,055
Insurance	500	1,550
Bank charges	726	645
Consultancy / Professional fees	1,34,500	43,345
Miscellaneous expenses	1,02,000	96,010
TOTAL	**2,92,042**	5,72,605
Miscellaneous expenses include:		
Auditors' remuneration and expenses*		
Audit fees	60,000	60,000
Tax audit fees	10,000	10,000
Fees for other services	26,000	26,000

* Excluding taxes.

16. Income tax expenses		
A. Amount recognised in profit or loss		
Current tax		
Income tax for the year		
Current tax	11,50,000	19,00,000
Adjustments / (credits) related to previous years - Net	(3,42,365)	(1,98,598)
TOTAL	**8,07,635**	17,01,402
B. Reconciliation of effective tax rate		
The income tax expense for the year can be reconciled to the accounting profit as follows:		
Profit before tax	**2,93,88,167**	**2,54,05,437**
Income tax expense calculated @ 26.00% (2018- 25.75%)	76,40,923	65,41,900
Effect of tax relating to uncertain tax positions	5,52,678	5,84,808
Effect of difference in taxable income / deductible expense	1,028	1,386
Effect of income not taxable	(70,44,629)	(52,28,094)
Total	**11,50,000**	19,00,000
Adjustments recognised in the current year in relation to the current tax of prior years	(3,42,365)	(1,98,598)
Income tax recognised in profit or loss	**8,07,635**	17,01,402

The tax rate used for the year 2018-19 and 2017-18 reconciliations above is the corporate tax rate of

– 26.00% (25% + cess @ 4%) in 2018-19 and

– 25.75% (25% + cess @ 3%) in 2017-18 payable on taxable profits under the Income Tax Act, 1961.

17. Additional Notes to the Financial Statements

(i) Earnings per share:

Earnings per share has been computed as under:	**2019**	2018
(a) Profit for the year (₹)	**2,85,80,532**	2,37,04,035
(b) Weighted average number of Equity Shares outstanding for the purpose of basic earnings per share	**1,59,98,385**	1,59,98,385
(c) Earnings per share on profit for the year (Face Value ₹ 10.00 per share) - Basic & Diluted [(a)/(b)] (In ₹)	**1.79**	1.48

(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 (2018 - ₹ 1,25,21,250).

(iii) Micro, Small and Medium scale Enterprises:

There are no Micro, Small and Medium Enterprises to whom the Company owes dues, which are outstanding for more than 45 days during the year and also as at 31st March, 2019. This information as required to be disclosed under the Micro, Small and Medium Enterprises Development Act, 2006 has been determined to the extent such parties have been identified on the basis of information available with the Company.

(iv) Segment Reporting:

The Company operates in a single business and geographical segment in India. The entity-wide disclosures are as under:

	2019	2018
Non-current assets (In India)	**2,42,38,798**	7,24,892

The Operating Segments have been reported in a manner consistent with the internal reporting provided to the Board of Directors, which is the Chief Operating Decision Maker.

(v) The incidence of Deferred tax being insignificant is not considered.

NOTES TO THE FINANCIAL STATEMENTS (Contd.)

(vi) **Related Party Disclosures :**

(a) RELATIONSHIP :

(i) Holding Company :

– ITC Limited

(ii) Key Management Personnel

– Mr. R. Tandon	Chairman & Non-Executive Director
– Mr. S. Dutta	Non-Executive Director
– Mr. R. Poddar	Non-Executive Director
– Mr. A. Roy	Additional Non-Executive Director (w.e.f. 01.12.2018)
– Mr. V. Luharuka	Chief Financial Officer
– Ms. N. Bajaj	Manager & Company Secretary

(iii) **Other related parties with whom the Company had transactions:**
Joint Venture
– ITC Essentra Limited

(b) DISCLOSURE OF TRANSACTIONS BETWEEN THE COMPANY AND RELATED PARTIES AND THE STATUS OF OUTSTANDING BALANCES AS AT 31.03.2019

(₹)

	Related Party Transaction Summary	Holding Company		Joint Venture		Key Management Personnel		Total	
		2019	2018	**2019**	2018	**2019**	2018	**2019**	2018
1.	Purchase of Internal audit services	**23,600**	28,320	**–**	–	**–**	–	**23,600**	28,320
2.	Dividend Income	**–**	–	**2,70,00,000**	2,02,50,000	**–**	–	**2,70,00,000**	2,02,50,000
3.	Directors' sitting fees - Other benefits								
	- Mr. S. Banerjee	**–**	–	**–**	–	**–**	1,70,000	**–**	1,70,000
	- Ms. A. Guhamallick	**–**	–	**–**	–	**–**	1,70,000	**–**	1,70,000
4.	Remuneration of managers on deputation reimbursed								
	- for Chief Financial Officer	**47,51,697**	37,98,975	**–**	–	**–**	–	**47,51,697**	37,98,975
	- for Manager & Company Secretary	**41,49,732**	29,44,487	**–**	–	**–**	–	**41,49,732**	29,44,487
5.	Dividend Paid	**–**	4,39,95,559	**–**	–	**–**	–	**–**	4,39,95,559
	Balances as at 31st March								
6.	Payables	**1,71,226**	–	**–**	–	**–**	–	**1,71,226**	–

(vii) The Chief Financial Officer of the Company who is on deputation from ITC Limited (ITC), the Holding Company, has been granted Stock Options by ITC in previous year(s) under the ITC Employee Stock Option Schemes (ITC ESOS). ITC has also granted Employee Stock Appreciation Linked Reward Units (ESAR Units) to the Chief Financial Officer and the Manager & Company Secretary of the Company, under the ITC Employee Cash Settled Stock Appreciation Linked Reward Plan (ITC ESAR Plan).

The cost of equity settled options granted under ITC ESOS / cash settled units granted under ITC ESAR Plan have been recognized as equity settled / cash settled share based payments, respectively, in accordance with Ind AS 102 – Share Based Payment. In terms of the deputation arrangement, the Company has accounted for the cost of the fair value of Stock Options / ESAR Units granted to the deputed employees on-charge by ITC. Accordingly, an amount of ₹ 13,64,714/- (2018 – ₹ 16,70,463/-) towards Stock Options and ₹ 1,71,226/- (2018 - Nil) towards ESAR Units have been recognized as employee benefits expense (Refer Note 14) and the liability on account of ESAR Units is presented under Note 12 of the financial statements.

The summary of movement of the aforesaid Stock Options granted by ITC and status of the outstanding Options is as under:

Particulars	**As at 31st March, 2019**	As at 31st March, 2018
	No. of Options	No. of Options
Outstanding at the beginning of the year	**7,320**	3,660
Add: Granted during the year	**–**	3,660
Less: Lapsed during the year	**–**	–
Add / (Less): Movement due to transfer of employees within the group	**–**	–
Less: Exercised during the year	**–**	–
Outstanding at the end of the year	**7,320**	7,320
Options exercisable at the end of the year	**3,294**	1,098

Note: The weighted average exercise price of the options granted to all Optionees under the ITC ESOS is computed by ITC as a whole.

Since the above-mentioned Stock Options / ESAR Units are not tradeable, no perquisite or benefit is conferred upon the employee by grant of such Options / Units.

(viii) The enclosed financial statement is the separate financial statement. 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.

(ix) **List of significant Investments:**

a. Interest in Associate:

Name of the Investee	Principal Place of Business	Proportion of the ownership interest *		Method used to account for the investments in Separate Financial Statement
		As at 31st March, 2019	As at 31st March, 2018	
ATC Limited	Hosur, India	**47.50%**	47.50%	At cost unless stated otherwise

NOTES TO THE FINANCIAL STATEMENTS (Contd.)

b. Interest in Joint Venture:

The Company's interests, as a venturer, in jointly controlled entities (incorporated Joint Venture) are:

Name of the Investee	Principal Place of Business	Percentage of ownership interests *		Method used to account for the investments in Separate Financial Statement
		As at 31st March, 2019	As at 31st March, 2018	
ITC Essentra Limited	Bengaluru, India	**50.00%**	50.00%	At cost unless stated otherwise

* The Company's interests in Joint Venture and Associate are reported as Non-current investment (Note 4) and stated at cost.

(x) The Ministry of Corporate Affairs (MCA) has issued the Companies (Indian Accounting Standards) (Amendment) Rules, 2019 on 30th March, 2019:

– notifying Ind AS 116, 'Leases ' and

– amending Ind AS 12 'Income Taxes' and Ind AS 19 'Employee Benefits'.

The same are applicable for financial statements pertaining to annual periods beginning on or after 1st April, 2019. The Company expects that there will be no material impact on the financial statements resulting from the implementation of these standards.

(xi) **Financial Instruments and Related Disclosures**

a. Capital Management

The Company funds its operations mainly through internal accruals and do not have any borrowings. The Company aims at maintaining a strong capital base largely towards supporting the future growth of its businesses as a going concern.

b. Categories of Financial Instruments (₹)

Particulars	Note	As at 31st March, 2019		As at 31st March, 2018	
		Carrying Value	Fair Value	Carrying Value	Fair Value
A. Financial assets					
a) Measured at amortised cost					
i) Cash and cash equivalents	8	1,28,295	1,28,295	1,47,065	1,47,065
ii) Other bank balances	9	15,25,31,504	15,25,31,504	15,12,94,939	15,12,94,939
iii) Other financial assets	10,5	3,56,85,980	3,56,85,980	1,18,10,323	1,18,10,323
Sub Total		**18,83,45,779**	**18,83,45,779**	16,32,52,327	16,32,52,327
b) Measured at Fair Value through Profit or Loss					
i) Investment in Mutual Funds	7	61,72,049	61,72,049	25,27,649	25,27,649
Sub Total		**61,72,049**	**61,72,049**	25,27,649	25,27,649
Total financial assets		**19,45,17,828**	**19,45,17,828**	16,57,79,976	16,57,79,976
B. Financial liabilities					
a) Measured at amortised cost					
i) Other financial liabilities	12	2,36,026	2,36,026	64,800	64,800
Total financial liabilities		**2,36,026**	**2,36,026**	64,800	64,800

Financial risk management objectives

The Company has a system-based approach to risk management, anchored to policies and procedures and internal financial controls aimed at ensuring early identification evaluation and management of key financial risks (such as market risk, credit risk and liquidity risk) that may arise as a consequence of its business operations as well as its investing and financing activities. Accordingly, the Company's risk management framework has the objective of ensuring that such risks are managed within acceptable and approved risk parameters in a disciplined and consistent manner and in compliance with applicable regulations. It also seeks to drive accountability in this regard.

Market Risk

As the Company is debt-free and its deferred payment liabilities do not carry interest, the exposure to interest rate risk from the perspective of Financial Liabilities is negligible. Investments are made in debt instruments, within approved policies and procedures guided by the tenets of liquidity, safety and returns. This ensures that investments are only made within acceptable risk parameters.

The Company's investments are predominantly held in debt mutual funds, fixed deposits etc. The Company invests in mutual fund schemes of leading fund houses. Such investments are susceptible to market price risk that arise mainly from changes in interest rate which may impact the return and value of such investments. However, given the relatively short tenure of underlying portfolio of the mutual fund schemes in which the Company has invested, such price risk is not significant.

Fixed deposits are held with highly rated banks and companies, have a short tenure and are not subject to interest rate volatility.

Liquidity Risk

The Company's Current assets aggregate to ₹ 17,10,17,828 (2018 – ₹ 16,57,79,976) including Current Investments, Cash and cash equivalents, and Other Bank Balances of ₹ 15,88,31,848 (2018 – ₹ 15,39,69,653) against an aggregate total liability of ₹ 2,36,026 (2018 – ₹ 64,800) on the reporting date.

In such circumstances, liquidity risk or the risk that the Company may not be able to settle or meet its obligations as they become due does not exist.

NOTES TO THE FINANCIAL STATEMENTS (Contd.)

Credit Risk

The risk management framework of the Company is designed to bring robustness to the risk management processes within the Company. With respect to the Company's investing activities, counter parties are shortlisted and exposure limits determined on the basis of their credit rating (by independent agencies), financial statements and other relevant information. The counter party risk is considered insignificant. Based on the assessment of financial assets, no loss provision is considered necessary.

Fair value measurement

Fair value hierarchy

Fair value of the financial instruments is classified in various fair value hierarchies based on the following three levels:

Level 1: Quoted prices (unadjusted) in active market for identical assets or liabilities.

Level 2: Inputs other than quoted price included within level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

The fair value of financial instruments that are not traded in an active market is determined using market approach and valuation techniques which maximize the use of observable market data and rely as little as possible on entity-specific estimates. If significant inputs required to fair value an instrument are observable, the instrument is included in Level 2.

Level 3: Inputs for the assets or liabilities that are not based on observable market data (unobservable inputs).

If one or more of the significant inputs is not based on observable market data, the fair value is determined using generally accepted pricing models based on a discounted cash flow analysis, with the most significant inputs being the discount rate that reflects the credit risk of counterparty.

The fair value of trade payables and other Current financial assets and liabilities, where applicable is considered to be equal to the carrying amounts of these items due to their short - term nature. Where such items are Non-current in nature, the same has been classified as Level 3 and fair value determined using discounted cash flow basis.

The following table presents the fair value hierarchy of assets measured at fair value: (₹)

Particulars	Fair Value		
	Hierarchy (Level)	**As at 31st March, 2019**	As at 31st March, 2018
Financial assets			
Measured at Fair value through Profit or Loss			
Investment in Mutual Funds	1	**61,72,049**	25,27,649

On behalf of the Board

R. TANDON *Chairman*
V. LUHARUKA *Chief Financial Officer*
S. DUTTA *Director*
N. BAJAJ *Manager & Company Secretary*

Kolkata, 23rd April, 2019

Form AOC-1

[Pursuant to first proviso to sub-section(3) of Section 129 of the Companies Act, 2013 read with Rule 5 of Companies (Accounts) Rules, 2014]

Statement containing salient features of the financial statement of Subsidiaries / Associate Companies / Joint Ventures

Part A: Subsidiaries

Not Applicable

Part B: Associates and Joint Ventures

Statement pursuant to Section 129 (3) of the Companies Act, 2013 related to Associate Companies and Joint Ventures

Name of Associates / Joint Ventures		ATC Limited	ITC Essentra Limited
1.	**Latest audited Balance Sheet Date**	31-March-2019	31-March-2019
2.	**Date on which the Associate or Joint Ventures was associated or acquired**	06-April-1996	30-June-1994
3.	**Shares of Associate / Joint Ventures held by the Company on the year end**		
	Number	1,94,775 #	22,50,000
	Amount of Investment in Associates / Joint Ventures	3,75,63,750	2,25,00,000
	Extent of Holding %	47.50	50.00
4.	**Description of how there is significant influence**	Associate	Joint Venture
5.	**Reason why the Associate / Joint Venture is not consolidated**	Not Applicable *	Not Applicable *
6.	**Net worth attributable to Shareholding as per latest audited Balance Sheet (₹)**	6,71,39,785	65,16,83,722
7.	**Profit/(Loss) for the year (₹)**	30,87,634	32,79,43,097
	i. Considered in Consolidation *	–	–
	ii. Not Considered in Consolidation	30,87,634	32,79,43,097

* The Company, being an intermediate wholly owned subsidiary, is not required to prepare Consolidated Financial Statements in terms of the Companies (Accounts) Rules, 2014 and ITC Limited, the Holding Company, prepares Consolidated Financial Statements.

\# comprises,
55,650 Equity Shares of ₹ 100.00 each, fully paid-up and
1,39,125 Equity Shares of ₹ 100.00 each, ₹ 70.00 paid-up

1. Names of the Associates or Joint Ventures which are yet to commence operations : None
2. Names of Associates or Joint Ventures which have been liquidated or sold during the year : None

On behalf of the Board

R. TANDON *Chairman* S. DUTTA *Director*
V. LUHARUKA *Chief Financial Officer* N. BAJAJ *Manager & Company Secretary*

Kolkata, 23rd April, 2019

REPORT OF THE BOARD OF DIRECTORS FOR THE FINANCIAL YEAR ENDED 31ST MARCH, 2019

1. Your Directors submit their Report for the financial year ended 31st March, 2019.

2. **COMPANY PERFORMANCE**

During the year under review, the Company earned total revenue of ₹ 6.21 lakhs, primarily from deployment of its temporary surplus funds in bank fixed deposits.

The Company, a Core Investment Company within the meaning of the Core Investment Companies (Reserve Bank) Directions, 2016, continues to explore suitable investment opportunities.

The financial results of your Company, summarised, are as under:

		For the year ended 31st March, 2019	For the year ended 31st March, 2018
		(₹)	(₹)
a.	Profit Before Tax	**2,52,818**	3,94,994
b.	Less : Tax Expense	**65,850**	1,02,299
c.	Profit After Tax	**1,86,968**	2,92,695
d.	Add : Profit brought forward from previous years	**91,78,203**	88,85,508
e.	Profit carried forward	**93,65,171**	91,78,203

3. **DIRECTORS**

During the year, there was no change in the composition of the Board of Directors of your Company ('the Board'). In accordance with the provisions of Section 152 of the Companies Act, 2013 ('the Act') read with Article 19 of the Articles of Association of the Company, Mr. Saradindu Dutta (DIN: 00058639), Director, will retire by rotation at the ensuing Annual General Meeting ('AGM') of the Company, and being eligible, offers himself for re-election. Your Board has recommended his re-election.

4. **BOARD MEETINGS**

Four meetings of the Board were held during the year ended 31st March, 2019.

5. **DIRECTORS' RESPONSIBILITY STATEMENT**

As required under Section 134 of the Act, your Directors confirm having:

i) followed in the preparation of the Annual Accounts, the applicable Accounting Standards with proper explanation relating to material departures, if any;

ii) selected such accounting policies and applied them consistently and made judgements and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit of the Company for that period;

iii) taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;

iv) prepared the Annual Accounts on a going concern basis; and

v) devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems are adequate and operating effectively.

6. **SUBSIDIARY COMPANY**

The statement in Form No. AOC-1 containing the salient features of the financial statements of MRR Trading & Investment Company Limited, subsidiary company, is attached to the Financial Statements of the Company.

The Company, being an intermediate wholly owned subsidiary, is not required to prepare Consolidated Financial Statements. However, brief details of the performance and financial position of the Company's subsidiary company is given below:

Name of Subsidiary	Total Income (Amount in ₹)		Profit after tax (Amount in ₹)	
	FY 2018-19	FY 2017-18	FY 2018-19	FY 2017-18
MRR Trading & Investment Company Limited	**7,41,442/-**	7,20,572/-	**4,931/-**	3,127/-

7. **PARTICULARS OF EMPLOYEES**

The details of employees of the Company as required under Rule 5(2) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, are provided in **Annexure 1** to this Report.

The Company seeks to enhance equal opportunities for men and women and is committed to a gender-friendly workplace. During the year, no complaint for sexual harassment was received. However, the Company is not required to constitute Internal Complaints Committee in terms of the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013.

8. **RISK MANAGEMENT**

The risk management framework of the Company is commensurate with its size and nature of business. The Internal Audit Department of ITC Limited, the Internal Auditor of the Company, periodically carries out risk focused audits with the objective of identifying areas where risk management processes could be strengthened. The Board annually reviews the effectiveness of the Company's risk management systems and policies.

9. **INTERNAL FINANCIAL CONTROLS**

Your Company has in place adequate internal financial controls with respect to the financial statements, commensurate with its size and scale of operations. The Internal Auditor of the Company periodically evaluates the adequacy and effectiveness of such internal financial controls. The Board which provides guidance on internal controls, also reviews internal audit findings and implementation of internal audit recommendations.

During the year, the internal financial controls in the Company with respect to the financial statements were tested and no material weakness in the design or operation of such controls was observed. Nonetheless, your Company recognises that any internal financial control framework, no matter how well designed, has inherent limitations and accordingly, regular audit and review processes ensure that such systems are reinforced on an ongoing basis.

10. **PARTICULARS OF LOANS, GUARANTEES AND INVESTMENTS**

The requirements of Section 186 of the Act relating to loans, guarantees and investments are not applicable to the Company.

11. **RELATED PARTY TRANSACTIONS**

During the year ended 31st March, 2019, the Company has neither entered into any contract or arrangement with its related parties which is not at arm's length nor has the Company entered into any material contract or arrangement with them, in terms of Section 188 of the Act.

12. **SIGNIFICANT AND MATERIAL ORDERS PASSED BY THE REGULATORS / COURTS / TRIBUNALS**

During the year under review, no significant or material orders were passed by the Regulators / Courts / Tribunals impacting the going concern status of the Company and its future operations.

13. **EXTRACT OF ANNUAL RETURN**

The extract of Annual Return in the prescribed Form No. MGT-9 is enclosed as **Annexure 2** to this Report.

14. **COST RECORDS**

The Company is not required to maintain cost records in terms of Section 148 of the Act read with the Companies (Cost Records and Audit) Rules, 2014.

15. **STATUTORY AUDITORS**

The Company's Auditors, Messrs. Deloitte Haskins & Sells, Chartered Accountants, who were appointed with your approval at the 2nd AGM for a period of five years, will complete their present term on conclusion of the ensuing 7th AGM of the Company.

The Board has recommended for the approval of the Members, the appointment of Messrs. S R B C & CO LLP, Chartered Accountants ('SRBC'), as the Auditors of the Company for a period of five years from the conclusion of the ensuing 7th AGM till the conclusion of the 12th AGM. SRBC have given their consent to act as the Auditors of the Company and have confirmed that the said appointment, if made, will be in accordance with the conditions prescribed under Sections 139 and 141 of the Act. The Board has also recommended for the approval of the Members, the remuneration of SRBC for the financial year 2019-20. Appropriate resolution seeking your approval to the appointment and remuneration of SRBC as the Auditors is appearing in the Notice convening the 7th AGM of the Company.

16. **COMPLIANCE WITH SECRETARIAL STANDARDS**

The Company is in compliance with the applicable Secretarial Standards issued by the Institute of Company Secretaries of India and approved by the Central Government under Section 118 of the Act.

17. **CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION, FOREIGN EXCHANGE EARNINGS AND OUTGO**

Considering the nature of business of your Company, no comment is required on conservation of energy and technology absorption.

During the year under review, there has been no foreign exchange earnings or outflow.

On behalf of the Board

R. Tandon *Chairman*

Dated: 23rd April, 2019 Saradindu Dutta *Director*

Annexure 1 to the Report of the Board of Directors for the financial year ended 31st March, 2019

[Information pursuant to Rules 5(2) and 5(3) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014]

Name of employee	Age	Designation	Gross Remuneration (₹)	Net Remuneration (₹)	Qualification	Experience (Years)	Date of commencement of employment	Previous Employment / Position held
1	2	3	4	5	6	7	8	9
Suman Dutta #	37	Manager	1,98,875/-	1,95,400/-	B.Com (Hons.)	9	16.10.2017	Process Specialist – Cognizant Technology Solutions Corp.
Isha Ajmera *	25	Manager	11,809/-	11,261/-	B.Com (Hons.)	3	11.03.2019	Executive Accountant - Spectrum Automotive Private Limited

 # Resigned with effect from 14th January, 2019.

** Appointed with effect from 11th March, 2019.*

Notes:

a. Gross remuneration includes salary, allowances and other benefits / applicable perquisites. The term 'remuneration' has the meaning assigned to it under the Companies Act, 2013. Net remuneration comprises cash income.

b. The aforesaid appointments are contractual in accordance with terms and conditions as per Company's rules and the said employees are neither relative of any Director of the Company nor hold any equity share in the Company.

On behalf of the Board

R. Tandon *Chairman*
Saradindu Dutta *Director*

Dated: 23rd April, 2019

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, 2019

[Pursuant to Section 92(3) of the Companies Act, 2013 and Rule 12(1) of the Companies (Management and Administration) Rules, 2014]

I. REGISTRATION AND OTHER DETAILS

i) CIN	:	U65923WB2012PLC176166
ii) Registration Date	:	19th March, 2012
iii) Name of the Company	:	ITC Investments & Holdings Limited
iv) Category / Sub-Category of the Company	:	Unlisted Public Company limited by shares
v) Address of the Registered office and contact details	:	Virginia House 37 J. L. Nehru Road, Kolkata – 700 071 Phone: 033 2288 4086 / 6228 / 1946, Fax: 033 2288 9980 e-mail ID: ITCInvestments.Holdings@itc.in
vi) Whether listed company	:	No
vii) Name, Address and Contact details of Registrar and Transfer Agent, if any	:	N.A.

II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

All the business activities contributing 10% or more of the total turnover of the Company shall be stated: NOT APPLICABLE

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES

Sl. No.	Name and address of the company	CIN / GLN	Holding / Subsidiary / Associate	% of shares held in / by the Company	Applicable Section
1.	ITC Limited Virginia House 37 Jawaharlal Nehru Road, Kolkata – 700 071	L16005WB1910PLC001985	Holding company	100.00%	2(46)
2.	MRR Trading & Investment Company Limited Eucharistic Congress Building No. 1, 5 Convent Street, Colaba, Mumbai – 400 039	U65990MH1980PLC023259	Subsidiary company	100.00%	2(87)

IV. SHAREHOLDING PATTERN (Equity Share Capital Breakup as percentage of Total Equity)

(i) **Category-wise Shareholding:**

Category of Shareholders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
A. Promoters									
(1) **Indian**									
a) Individual / HUF	–	–	–	–	–	–	–	–	N.A.
b) Central Govt.	–	–	–	–	–	–	–	–	N.A.
c) State Govt.(s)	–	–	–	–	–	–	–	–	N.A.
d) Bodies Corp.	–	45,00,000	45,00,000	100.00	–	45,00,000	45,00,000	100.00	Nil
e) Banks / FI	–	–	–	–	–	–	–	–	N.A.
f) Any Other	–	–	–	–	–	–	–	–	N.A.
Sub-total (A)(1)	**–**	**45,00,000**	**45,00,000**	**100.00**	**–**	**45,00,000**	**45,00,000**	**100.00**	**Nil**
(2) **Foreign**									
a) NRIs – Individuals	–	–	–	–	–	–	–	–	N.A.
b) Other – Individuals	–	–	–	–	–	–	–	–	N.A.
c) Bodies Corp.	–	–	–	–	–	–	–	–	N.A.
d) Banks / FI	–	–	–	–	–	–	–	–	N.A.
e) Any Other	–	–	–	–	–	–	–	–	N.A.
Sub-total (A)(2)	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**N.A.**
Total shareholding of Promoter (A) = (A)(1)+(A)(2)	**–**	**45,00,000**	**45,00,000**	**100.00**	**–**	**45,00,000**	**45,00,000**	**100.00**	**Nil**

Category of Shareholders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
B. Public Shareholding									
(1) **Institutions**									
a) Mutual Funds	–	–	–	–	–	–	–	–	N.A.
b) Banks / FI	–	–	–	–	–	–	–	–	N.A.
c) Central Govt.	–	–	–	–	–	–	–	–	N.A.
d) State Govt.(s)	–	–	–	–	–	–	–	–	N.A.
e) Venture Capital Funds	–	–	–	–	–	–	–	–	N.A.
f) Insurance Companies	–	–	–	–	–	–	–	–	N.A.
g) FIIs	–	–	–	–	–	–	–	–	N.A.
h) Foreign Venture Capital Funds	–	–	–	–	–	–	–	–	N.A.
i) Others (specify)	–	–	–	–	–	–	–	–	N.A.
Sub-total (B)(1)	–	–	–	–	–	–	–	–	**N.A.**
(2) **Non-Institutions**									
a) Bodies Corp.									
i) Indian	–	–	–	–	–	–	–	–	N.A.
ii) Overseas	–	–	–	–	–	–	–	–	N.A.
b) Individuals	–	–	–	–	–	–	–	–	N.A.
i) Individual shareholders holding nominal share capital up to ₹ 1 lakh									
ii) Individual shareholders holding nominal share capital in excess of ₹ 1 lakh									
c) Others (specify)	–	–	–	–	–	–	–	–	N.A.
Sub-total (B)(2)	–	–	–	–	–	–	–	–	**N.A.**
Total Public Shareholding (B) = (B)(1) + (B)(2)	–	–	–	–	–	–	–	–	**N.A.**
C. Shares held by Custodian for GDRs & ADRs	–	–	–	–	–	–	–	–	N.A.
Grand Total (A+B+C)	–	**45,00,000**	**45,00,000**	**100.00**	–	**45,00,000**	**45,00,000**	**100.00**	**Nil**

(ii) **Shareholding of Promoters:**

Sl. No.	Shareholder's Name	Shareholding at the beginning of the year			Shareholding at the end of the year			% change in shareholding during the year
		No. of Shares	% of total Shares of the Company	% of Shares pledged / encumbered to total Shares	No. of Shares	% of total Shares of the Company	% of Shares pledged / encumbered to total Shares	
1.	ITC Limited	45,00,000	100.00	Nil	45,00,000	100.00	Nil	Nil

(iii) **Change in Promoters' Shareholding (please specify, if there is no change):**

Sl. No.		Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of Shares	% of total Shares of the Company	No. of Shares	% of total Shares of the Company
	At the beginning of the year	**No change during the year**			
	Date wise Increase / Decrease in Promoters Shareholding during the year				
	At the end of the year				

(iv) **Shareholding Pattern of top ten Shareholders (other than Directors, Promoters and Holders of GDRs and ADRs):** NOT APPLICABLE

(v) **Shareholding of Directors and Key Managerial Personnel:** None of the Directors hold any share in the Company in their individual capacity.

V. INDEBTEDNESS

Indebtedness of the Company including interest outstanding / accrued but not due for payment: NIL

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

A. Remuneration to Managing Director, Wholetime Directors and / or Manager: NOT APPLICABLE

B. Remuneration to other Directors: **(Amount in ₹)**

Sl. No.	Name of the Directors	Particulars of Remuneration			Total Amount
		Fee for attending Board and Board Committee meetings	Commission	Others, please specify	
1.	**Independent Directors**				
	Total Amount (B)(1)				**Nil**
2.	**Other Non-Executive Directors**				
	R. Tandon	Nil	Nil	Nil	Nil
	Saradindu Dutta				
	Supratim Dutta				
	R. Poddar				
	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)*					27,809

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: 23rd April, 2019

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ITC INVESTMENTS & HOLDINGS LIMITED

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of **ITC Investments & Holdings Limited ("the Company")**, which comprise the Balance Sheet as at 31st March, 2019, and the Statement of Profit and Loss, and Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Companies Act, 2013 ("the Act") in the manner so required and give a true and fair view in conformity with the Accounting Standards prescribed under Section 133 of the Act read with the Companies (Accounting Standards) Rules, 2006, as amended ("Accounting Standards") and other accounting principles generally accepted in India, of the state of affairs of the Company as at 31st March, 2019, and its profit, and its cash flows for the year ended on that date.

Basis for Opinion

We conducted our audit of financial statements in accordance with the Standards on Auditing specified under Section 143(10) of the Act (SAs). Our responsibilities under those Standards are further described in the Auditor's Responsibility for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India (ICAI) together with the ethical requirements that are relevant to our audit of the financial statements under the provisions of the Act and the Rules made thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ICAI's Code of Ethics. We believe that the audit evidence obtained by us is sufficient and appropriate to provide a basis for our opinion on the financial statements.

Information Other than the Financial Statements and Auditor's Report Thereon

- The Company's Board of Directors is responsible for the other information. The other information comprises the information included in the Directors' Report including Annexures to Directors' Report but does not include the financial statements and our auditor's report thereon.
- Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.
- In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained during the course of our audit or otherwise appears to be materially misstated.
- If, based on the work we have performed on the other information that we obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Management's Responsibility for the Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Act with respect to the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the Accounting Standards and accounting principles generally accepted in India. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statement that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those Board of Directors are also responsible for overseeing the Company's financial reporting process.

Auditor's Responsibility for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal financial control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under Section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Company has adequate internal financial controls system in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

Materiality is the magnitude of misstatements in the financial statements that, individually or in aggregate, makes it probable that the economic decisions of a reasonably knowledgeable user of the financial statements may be influenced. We consider quantitative materiality and qualitative factors in (i) planning the scope of our audit work and in evaluating the results of our work; and (ii) to evaluate the effect of any identified misstatements in the financial statements.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

Report on Other Legal and Regulatory Requirements

1. As required by Section 143(3) of the Act based on our audit, we report that:

   (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.

   (b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.

(c) The Balance Sheet, the Statement of Profit and Loss, 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.

(e) On the basis of the written representations received from the directors as on 31st March, 2019 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2019 from being appointed as a director in terms of Section 164(2) of the Act.

(f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure A". Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the Company's internal financial controls over financial reporting.

(g) With respect to the other matters to be included in the Auditor's Report in accordance with the requirements of Section 197(16) of the Act, as amended, in our opinion and to the best of our information and according to the explanations given to us, the Company has not paid / provided any managerial remuneration to its directors during the year and hence the provisions of Section 197 of the Act are not applicable.

(h) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, as amended in our opinion and to the best of our information and according to the explanations given to us:

i. The Company does not have any pending litigations which would impact its financial position.

ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.

iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

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)
A. Bhattacharya
Partner
(Membership No. 054110)

Kolkata
23rd April,2019

ANNEXURE A TO THE INDEPENDENT AUDITOR'S REPORT

(Referred to in paragraph 1(f) under 'Report on Other Legal and Regulatory Requirements' section of our report of even date)

Report on the Internal Financial Controls Over Financial Reporting under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")

We have audited the internal financial controls over financial reporting of **ITC INVESTMENTS & HOLDINGS LIMITED** ("the Company") as of 31st March, 2019 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 were 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 31st March, 2019, based on the criteria for internal control over financial reporting established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

For DELOITTE HASKINS & SELLS
Chartered Accountants
(Firm's Registration No. 302009E)
A. Bhattacharya
Partner
(Membership No. 054110)

Kolkata
23rd April, 2019

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) The Company has not granted any loans, made investments or provided 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 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, Income-tax and other material statutory dues applicable to it with the appropriate authorities. Employees' State Insurance, Sales Tax, Goods and Services 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 31st March, 2019 on account of disputes. Sales Tax, Goods and Services 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)

A. Bhattacharya
Partner
(Membership No. 054110)

Kolkata
23rd April, 2019

BALANCE SHEET AS AT 31ST MARCH, 2019

	Note	As at 31st March, 2019 (₹)	As at 31st March, 2018 (₹)
EQUITY AND LIABILITIES			
Shareholders' funds			
Share capital	1	4,50,00,000	4,50,00,000
Reserves and surplus	2	93,65,171	91,78,203
Current liabilities			
Other current liabilities	3	54,000	54,000
TOTAL		**5,44,19,171**	5,42,32,203
ASSETS			
Non-current assets			
Non-current investments	4	4,51,62,645	4,51,62,645
Long-term loans and advances	5	36,904	10,280
Current assets			
Cash and bank balances	6	91,13,029	90,38,313
Other current assets	7	1,06,593	20,965
TOTAL		**5,44,19,171**	5,42,32,203

The accompanying notes 1 to 13 are an integral part of the Financial Statements.

In terms of our report attached
For Deloitte Haskins & Sells
Chartered Accountants

A. BHATTACHARYA
Partner
Kolkata, 23rd April, 2019

On behalf of the Board

R. TANDON *Chairman* SARADINDU DUTTA *Director*

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31ST MARCH, 2019

	Note	For the year ended 31st March, 2019 (₹)	For the year ended 31st March, 2018 (₹)
Other income	8	6,21,392	6,21,043
Total Revenue		**6,21,392**	6,21,043
Expenses			
Employee benefits expense	9	2,10,684	1,22,253
Other expenses	10	1,57,890	1,03,796
Total Expenses		**3,68,574**	2,26,049
Profit before tax		**2,52,818**	3,94,994
Tax expense:			
Current tax	11	65,850	1,02,299
Profit for the year		**1,86,968**	2,92,695
Earnings per equity share (Face Value ₹ 10.00 each)			
(Basic and Diluted) (in ₹)	12 (i)	**0.04**	0.07

The accompanying notes 1 to 13 are an integral part of the Financial Statements.

In terms of our report attached
For Deloitte Haskins & Sells
Chartered Accountants

On behalf of the Board

A. BHATTACHARYA
Partner

R. TANDON *Chairman* SARADINDU DUTTA *Director*

Kolkata, 23rd April, 2019

CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2019

			For the year ended 31st March, 2019 (₹)		For the year ended 31st March, 2018 (₹)
A.	**Cash Flow from Operating Activities**				
	PROFIT BEFORE TAX		**2,52,818**		3,94,994
	ADJUSTMENTS FOR:				
	Interest income on bank deposits		(6,21,392)		(6,20,333)
	Interest on income tax refund		–		(710)
	Security deposit		(18,000)		–
	OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES		**(3,86,574)**		(2,26,049)
	ADJUSTMENTS FOR:				
	Other current liabilities		–		1,500
	CASH USED IN OPERATIONS		**(3,86,574)**		(2,24,549)
	Income tax paid		(74,474)		(1,02,451)
	NET CASH USED IN OPERATING ACTIVITIES		**(4,61,048)**		(3,27,000)
B.	**Cash Flow from Investing Activities**				
	Interest received on deposits & others	5,35,764		6,05,008	
	Investment in bank deposits (original maturity more than 3 months)	(95,36,455)		(58,65,813)	
	Redemption / maturity of bank deposits (original maturity more than 3 months)	93,75,127		55,50,000	
	NET CASH GENERATED FROM INVESTING ACTIVITIES		**3,74,436**		2,89,195
C.	**Cash Flow from Financing Activities**		–		–
NET DECREASE IN CASH AND CASH EQUIVALENTS			**(86,612)**		(37,805)
OPENING CASH AND CASH EQUIVALENTS			**1,11,825**		1,49,630
CLOSING CASH AND CASH EQUIVALENTS			**25,213**		1,11,825

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	**25,213**	1,11,825
Other bank balances	**90,87,816**	89,26,488
Cash and bank balances (Note 6)	**91,13,029**	90,38,313

The accompanying notes 1 to 13 are an integral part of the Financial Statements.

In terms of our report attached
For Deloitte Haskins & Sells
Chartered Accountants

On behalf of the Board

A. BHATTACHARYA
Partner

R. TANDON *Chairman* SARADINDU DUTTA *Director*

Kolkata, 23rd April, 2019

NOTES TO THE FINANCIAL STATEMENTS

	As at 31st March, 2019 (No. of Shares)	As at 31st March, 2019 (₹)	As at 31st March, 2018 (No. of Shares)	As at 31st March, 2018 (₹)
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, 2019 (No. of Shares)	As at 31st March, 2019 (%)	As at 31st March, 2018 (No. of Shares)	As at 31st March, 2018 (%)
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, 2019 (₹)	As at 31st March, 2018 (₹)
2. Reserves and surplus		
Surplus in Statement of Profit and Loss		
At the beginning of the year	91,78,203	88,85,508
Add: Profit for the year	1,86,968	2,92,695
At the end of the year	93,65,171	91,78,203
TOTAL	**93,65,171**	91,78,203
3. Other current liabilities		
Other payables		
Liability for expenses	54,000	54,000
TOTAL	**54,000**	54,000
4. Non-current investments (at cost unless stated otherwise)		
Long Term		
TRADE INVESTMENTS (Unquoted)		
INVESTMENT IN EQUITY INSTRUMENTS		
In Subsidiary		
MRR Trading & Investment Company Limited		
50,000 Equity Shares of ₹ 10.00 each, fully paid	4,51,62,645	4,51,62,645
TOTAL	**4,51,62,645**	4,51,62,645
5. Long-term loans and advances		
Unsecured, considered good		
Advance tax (net of provisions)	18,904	10,280
Security deposit	18,000	–
TOTAL	**36,904**	10,280
6. Cash and bank balances		
Cash and cash equivalents[@]		
Balances with banks		
Current accounts	25,213	1,11,825
Other bank balances		
In deposit accounts*	90,87,816	89,26,488
TOTAL	**91,13,029**	90,38,313

[@] Cash and cash equivalents include cash on hand, cheques, drafts on hand, cash at bank and deposits with banks with original maturity of 3 months or less.

* Represents deposits with original maturity of more than 3 months having remaining maturity of less than 12 months from the Balance Sheet date.

	As at 31st March, 2019 (₹)	As at 31st March, 2018 (₹)
7. Other current assets		
Interest accrued on bank deposits	1,06,593	20,965
TOTAL	**1,06,593**	20,965
	For the year ended 31st March, 2019 (₹)	For the year ended 31st March, 2018 (₹)
8. Other income		
Interest income on bank deposits	6,21,392	6,20,333
Interest income on income tax refund	–	710
TOTAL	**6,21,392**	6,21,043
9. Employee benefits expense		
Salaries and wages	2,06,661	1,16,753
Staff welfare expenses	4,023	5,500
TOTAL	**2,10,684**	1,22,253
10. Other expenses		
Rates and taxes	28,441	24,388
Consultancy / Professional fees	49,500	21,266
Insurance	16,534	142
Auditors' remuneration and expenses		
Audit fees	50,000	50,000
Tax audit fees	5,000	5,000
Miscellaneous expenses	8,415	3,000
TOTAL	**1,57,890**	1,03,796
11. Tax expenses		
Current tax		
Income tax for the year	66,000	1,05,000
Adjustments/(credits) related to previous years	(150)	(2,701)
TOTAL	**65,850**	1,02,299

12. Additional Notes to the Financial Statements

i. **Earnings per share:**

	2019	2018
Earnings per share has been computed as under:		
(a) Profit for the year (₹)	**1,86,968**	2,92,695
(b) Weighted average number of Equity Shares outstanding	**45,00,000**	45,00,000
(c) Earnings per share on profit for the year (Face Value - ₹ 10.00 per share) - Basic and Diluted [(a)/(b)] (in ₹)	**0.04**	0.07

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, 2019. This information as required to be disclosed under the Micro, Small and Medium Enterprises Development Act, 2006 has been determined to the extent such parties have been identified based on information available with the Company.

NOTES TO THE FINANCIAL STATEMENTS (Contd.)

iii. **Segment Reporting:**

The Company operates in a single business segment namely acquisition of shares and securities and in a single geographical segment.

iv. **Related Party Disclosures:**

a. RELATIONSHIP:

Holding Company:

- ITC Limited

Subsidiary Company:

- MRR Trading & Investment Company Limited

Key Management Personnel

- Mr. R. Tandon	Chairman and Non–Executive Director
- Mr. Saradindu Dutta	Non–Executive Director
- Mr. Supratim Dutta	Non–Executive Director
- Mr. R. Poddar	Non–Executive Director

b. DISCLOSURE OF TRANSACTIONS BETWEEN THE COMPANY AND RELATED PARTIES

Related Party Transaction Summary		Holding Company	
		2019	2018
1.	Purchase of Services – Internal Audit services (₹)	**21,240**	18,880

Background

ITC Investments and Holdings Limited, a 100% subsidiary of ITC Limited, is a Core Investment Company within the meaning of the Core Investment Companies (Reserve Bank) Directions, 2016 and was incorporated in the year 2012. The Company holds investment in its subsidiary company and continues to explore other suitable investment opportunities.

13. 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, 23rd April, 2019 R. TANDON *Chairman* SARADINDU DUTTA *Director*

Form AOC-1

[Pursuant to first proviso to sub-section (3) of Section 129 of the Companies Act, 2013 read with Rule 5 of Companies (Accounts) Rules, 2014]

Statement containing salient features of the financial statement of Subsidiaries / Associate Companies / Joint Ventures

Part A : Subsidiaries

1.	**Sl. No.**	1
2.	**Name of the Subsidiary**	MRR Trading & Investment Company Limited
3.	**The date since when Subsidiary was acquired**	30th March, 2015
4.	**Reporting period for the Subsidiary concerned, if different from the holding company's reporting period**	Year ended 31st March, 2019 (same as Holding Company)
5.	**Reporting currency and Exchange rate as on the last date of the relevant financial year in the case of foreign subsidiaries**	Not Applicable
6.	**Share Capital**	₹ 5,00,000 (50,000 Equity Shares of ₹ 10.00 each)
7.	**Reserve & Surplus**	₹ (3,99,357)
8.	**Total Assets**	₹ 2,80,931
9.	**Total Liabilities**	₹ 2,80,931
10.	**Investments (excluding Investments made in subsidiaries)**	–
11.	**Turnover ***	₹ 7,41,442
12.	**Profit before taxation**	₹ 6,665
13.	**Provision for taxation**	₹ 1,734
14.	**Profit after taxation**	₹ 4,931
15.	**Proposed Dividend**	–
16.	**% of Shareholding**	100.00

Notes: i) Names of Subsidiaries which are yet to commence operations: None

ii) Names of Subsidiaries which have been liquidated or sold during the year: None

* Turnover includes Other Income and Other Operating Revenue

Part B : Associates and Joint Ventures

Statement pursuant to Section 129 (3) of the Companies Act, 2013 related to Associate Companies and Joint Ventures

Not Applicable

On behalf of the Board

Kolkata, 23rd, April, 2019

R. TANDON *Chairman* SARADINDU DUTTA *Director*

REPORT OF THE BOARD OF DIRECTORS FOR THE FINANCIAL YEAR ENDED 31ST MARCH, 2019

1. Your Directors submit their Report for the financial year ended 31st March, 2019.

2. **COMPANY PERFORMANCE**
During the year, your Company earned revenue of ₹ 7.20 lakhs from its operations, with total income being ₹ 7.41 lakhs. The Company continues to engage in providing estate maintenance services.

The financial results of your Company, summarised, are as under:

	For the year ended 31st March, 2019 (₹)	For the year ended 31st March, 2018 (₹)
a. Profit Before Tax	6,665	4,317
b. Less : Tax Expense	1,734	1,190
c. Profit After Tax	4,931	3,127
d. Add : Other Comprehensive Income	–	–
e. Total Comprehensive Income	4,931	3,127
f. Add : Loss brought forward from previous years	(4,04,288)	(4,07,415)
g. Balance carried forward	(3,99,357)	(4,04,288)

3. **DIRECTORS**
During the year, there was no change in the composition of the Board of Directors of your Company ('the Board').

In accordance with the provisions of Section 152(6) of the Companies Act 2013 ('the Act'), Mr. V. Radhakrishnan (DIN: 07091008), Director, will retire by rotation at the ensuing Annual General Meeting ('AGM') of the Company, and being eligible, offers himself for re-election. Your Board has recommended his re-election.

4. **BOARD MEETINGS**
Four meetings of the Board were held during the year ended 31st March, 2019.

5. **DIRECTORS' RESPONSIBILITY STATEMENT**
As required under Section 134(5) of the Act, your Directors confirm having:
i) followed in the preparation of the Annual Accounts, the applicable Accounting Standards with proper explanation relating to material departures, if any;
ii) selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit of the Company for that period;
iii) taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
iv) prepared the Annual Accounts on a going concern basis; and
v) devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

6. **SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES**
The Company does not have any subsidiary, associate or joint venture.

7. **PARTICULARS OF EMPLOYEES**
Requirements of Rule 5(2) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 are not applicable to the Company.

The requirement relating to constitution of Internal Complaints Committee in terms of the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 is also not applicable to the Company.

8. **RISK MANAGEMENT**
The Company's risk management framework, designed to bring robustness to the risk management processes in the Company, addresses risks intrinsic to operations, financials and compliances arising out of the overall strategy of the Company.

The Internal Audit Department of ITC Limited, the ultimate Holding Company, periodically carries out risk focused audits with the objective of identifying areas where risk management processes could be strengthened. The Board annually reviews the effectiveness of the Company's risk management systems and policies.

9. **INTERNAL FINANCIAL CONTROLS**
Your Company has in place adequate internal financial controls with respect to the financial statements, commensurate with its size and scale of operations. The Internal Auditor of the Company periodically evaluates the adequacy and effectiveness of such internal financial controls. The Board which provides guidance on internal controls, also reviews internal audit findings and implementation of internal audit recommendations.

During the year, the internal financial controls in the Company with respect to the financial statements were tested and no material weakness in the design or operation of such controls was observed. Nonetheless, your Company recognises that any internal financial control framework, no matter how well designed, has inherent limitations and accordingly, regular audit and review processes ensure that such systems are reinforced on an ongoing basis.

10. **PARTICULARS OF LOANS, GUARANTEES AND INVESTMENTS**
During the year ended 31st March, 2019, the Company has neither given any loan or guarantee nor has made any investment under Section 186 of the Act.

11. **RELATED PARTY TRANSACTIONS**
The details of material related party transactions of the Company in the prescribed Form No. AOC-2 are enclosed as Annexure 1 to this Report.

12. **SIGNIFICANT AND MATERIAL ORDERS PASSED BY THE REGULATORS / COURTS / TRIBUNALS**
During the year under review, no significant or material orders were passed by the Regulators / Courts / Tribunals impacting the going concern status of the Company and its future operations.

13. **EXTRACT OF ANNUAL RETURN**
The extract of Annual Return in the prescribed Form No. MGT-9 is enclosed as Annexure 2 to this Report.

14. **COST RECORDS**
The Company is not required to maintain cost records in terms of Section 148 of the Act read with the Companies (Cost Records and Audit) Rules, 2014.

15. **AUDITORS**
The Company's Auditors, Messrs. Deloitte Haskins & Sells Chartered Accountants (Deloitte), were appointed at the Thirty-Sixth AGM to hold such office till the conclusion of the Forty-First AGM. The Board has recommended for the approval of the Members, remuneration of Deloitte for the financial year 2019-20, pursuant to Section 142 of the Act. Appropriate resolution in respect of the above is appearing in the Notice convening the ensuing AGM of the Company.

16. **CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION, FOREIGN EXCHANGE EARNINGS AND OUTGO**
Considering the nature of business of your Company, no comment is required on conservation of energy and technology absorption.

During the year under review, there has been no foreign exchange earnings or outflow.

Dated : 18th April, 2019

On behalf of the Board
C. V. Sarma **Director**
V. Radhakrishnan **Director**

Annexure 1 to the Report of the Board of Directors for the financial year ended 31st March, 2019

FORM NO. AOC-2

[Pursuant to Section 134(3)(h) of the Companies Act, 2013 and Rule 8(2) of the Companies (Accounts) Rules, 2014]

Form for disclosure of particulars of contracts / arrangements entered into by the Company with related parties referred to in sub-section (1) of Section 188 of the Companies Act, 2013 including certain arm's length transactions under third proviso thereto

1. Details of contracts or arrangements or transactions not at arm's length basis

a)	Name(s) of the related party and nature of relationship	NIL
b)	Nature of contracts / arrangements / transactions	
c)	Duration of the contracts / arrangements / transactions	
d)	Salient terms of the contracts or arrangements or transactions including the value, if any	
e)	Justification for entering into such contracts or arrangements or transactions	
f)	Date(s) of approval by the Board	
g)	Amount paid as advances, if any	
h)	Date on which the special resolution was passed in general meeting as required under first proviso to Section 188	

2. Details of material contracts or arrangements or transactions at arm's length basis

a)	Name(s) of the related party and nature of relationship	ITC Limited (ITC), the Ultimate Holding Company
b)	Nature of contracts / arrangements / transactions	Rendering of estate maintenance services to ITC
c)	Duration of the contracts / arrangements / transactions	One year from 1st April, 2018 to 31st March, 2019
d)	Salient terms of the contracts or arrangements or transactions including the value, if any	Receipt of Service Charges @ ₹ 7.20 lakhs per annum
e)	Date(s) of approval by the Board, if any	31st January, 2018
f)	Amount paid as advances, if any	Nil

On behalf of the Board
C.V. Sarma **Director**
V. Radhakrishnan **Director**

Dated: 18th April, 2019

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, 2019

[Pursuant to Section 92(3) of the Companies Act, 2013 and Rule 12(1) of the Companies (Management and Administration) Rules, 2014]

I. REGISTRATION AND OTHER DETAILS

i)	CIN	:	U65990MH1980PLC023259
ii)	Registration Date	:	10th October, 1980
iii)	Name of the Company	:	MRR Trading & Investment Company Limited
iv)	Category / Sub-Category of the Company	:	Unlisted Public Company limited by shares
v)	Address of the Registered office and contact details	:	Eucharistic Congress Building No. 1 4th Floor, 5 Convent Street, Colaba Mumbai – 400 039 Phone: 022 22836894, Fax: 022 22832663 e-mail ID : mrrtrading@rediffmail.com
vi)	Whether listed company	:	No
vii)	Name, Address and Contact details of Registrar and Transfer Agent, if any	:	N.A.

II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

All the business activities contributing 10% or more of the total turnover of the Company shall be stated:

Sl. No.	Name and Description of main products / services	NIC Code of the Product / Service	% to total turnover of the Company
1.	Providing estate maintenance services	68100	100%

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES

Sl. No.	Name and Address of the Company	CIN/GLN	Holding/ Subsidiary/ Associate	% of shares held in the Company	Applicable Section
1.	ITC Investments & Holdings Limited Virginia House 37 J. L. Nehru Road Kolkata – 700 071	U65923WB2012PLC176166	Holding Company	100.00	2 (46)
2.	ITC Limited Virginia House 37 Jawaharlal Nehru Road Kolkata – 700 071	L16005WB1910PLC001985	Ultimate Holding Company	–	2(46)

IV. SHAREHOLDING PATTERN (Equity Share Capital Breakup as percentage of Total Equity)

(i) Category-wise Shareholding:

Category of Shareholders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
A. Promoters									
(1) **Indian**									
a) Individual/HUF	-	-	-	-	-	-	-	-	N.A.
b) Central Govt.	-	-	-	-	-	-	-	-	N.A.
c) State Govt.(s)	-	-	-	-	-	-	-	-	N.A.
d) Bodies Corp.	-	50,000	50,000	100.00	-	50,000	50,000	100.00	Nil
e) Banks / FI	-	-	-	-	-	-	-	-	N.A.
f) Any Other	-	-	-	-	-	-	-	-	N.A.
Sub-total (A)(1)	**-**	**50,000**	**50,000**	**100.00**	**-**	**50,000**	**50,000**	**100.00**	**Nil**
(2) Foreign									
a) NRIs – Individuals	-	-	-	-	-	-	-	-	N.A.
b) Other – Individuals	-	-	-	-	-	-	-	-	N.A.
c) Bodies Corp.	-	-	-	-	-	-	-	-	N.A.
d) Banks / FI	-	-	-	-	-	-	-	-	N.A.
e) Any Other	-	-	-	-	-	-	-	-	N.A.
Sub-total (A)(2)	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**N.A.**
Total shareholding of Promoter (A) = (A)(1) + (A)(2)	**-**	**50,000**	**50,000**	**100.00**	**-**	**50,000**	**50,000**	**100.00**	**Nil**
B. Public Shareholding									
(1) Institutions									
a) Mutual Funds	-	-	-	-	-	-	-	-	N.A.
b) Banks / FI	-	-	-	-	-	-	-	-	N.A.
c) Central Govt.	-	-	-	-	-	-	-	-	N.A.
d) State Govt.(s)	-	-	-	-	-	-	-	-	N.A.
e) Venture Capital Funds	-	-	-	-	-	-	-	-	N.A.
f) Insurance Companies	-	-	-	-	-	-	-	-	N.A.
g) FIIs	-	-	-	-	-	-	-	-	N.A.
h) Foreign Venture Capital Funds	-	-	-	-	-	-	-	-	N.A.
i) Others (specify)	-	-	-	-	-	-	-	-	N.A.
Sub-total (B)(1)	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**N.A.**
(2) Non-Institutions									
a) Bodies Corp.									
i) Indian	-	-	-	-	-	-	-	-	N.A.
ii) Overseas	-	-	-	-	-	-	-	-	N.A.
b) Individuals									
i) Individual shareholders holding nominal share capital up to ₹ 1 lakh ii) Individual shareholders holding nominal share capital in excess of ₹1 lakh	-	-	-	-	-	-	-	-	N.A.
c) Others (specify)	-	-	-	-	-	-	-	-	N.A.
Sub-total (B)(2)	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**N.A.**
Total Public shareholding (B)=(B)(1) + (B)(2)	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**N.A.**
C. Shares held by Custodian for GDRs & ADRs	-	-	-	-	-	-	-	-	N.A.
Grand Total (A+B+C)	**-**	**50,000**	**50,000**	**100.00**	**-**	**50,000**	**50,000**	**100.00**	**Nil**

(ii) Shareholding of Promoters:

Sl. No.	Shareholder's Name	Shareholding at the beginning of the year			Shareholding at the end of the year			% change in shareholding during the year
		No. of Shares	% of total Shares of the Company	% of Shares pledged / encumbered to total Shares	No. of Shares	% of total Shares of the Company	% of Shares pledged / encumbered to total Shares	
1.	ITC Investments & Holdings Limited	50,000	100.00	Nil	50,000	100.00	Nil	Nil

(iii) Change in Promoters' Shareholding (please specify, if there is no change):

Sl. No.		Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of Shares	% of total Shares of the Company	No. of Shares	% of total Shares of the Company
1.	**ITC Investments & Holdings Limited**	**No change during the year**			
	At the beginning of the year				
	Date wise Increase / (Decrease) in Promoters Shareholding during the year				
	At the end of the year				

(iv) Shareholding Pattern of top ten Shareholders (other than Directors, Promoters and Holders of GDRs and ADRs): NOT APPLICABLE

(v) Shareholding of Directors and Key Managerial Personnel: None of the Directors hold any share in the Company in their individual capacity.

V. INDEBTEDNESS

Indebtedness of the Company including interest outstanding/accrued but not due for payment: NIL

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

A. Remuneration to Managing Director, Whole time Directors and/or Manager: NOT APPLICABLE

B. Remuneration to other Directors: (Amount in ₹)

Sl. No.	Name of the Directors	Particulars of Remuneration			Total Amount
		Fee for attending Board and Board Committee meetings	Commission	Others, please specify	
1.	**Independent Directors**				
	Total Amount (B)(1)				**Nil**
2.	**Other Non–Executive Directors**				
	C.V. Sarma	Nil	Nil	Nil	Nil
	B.R. Chaudhuri				
	V. Radhakrishnan				
	Total Amount (B)(2)				Nil
	Total Amount (B) = (B)(1) + (B)(2)				**Nil**
	Overall ceiling as per the Companies Act, 2013 *(11% of the net profits of the Company computed in accordance with Section 198 of the said Act).*				733

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**

Dated : 18th April, 2019

V. Radhakrishnan **Director**

INDEPENDENT AUDITOR'S REPORT
To The Members of MRR Trading & Investment Company Limited

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of MRR Trading & Investment Company Limited ("the Company"), which comprise the Balance Sheet as at March 31, 2019, and the Statement of Profit and Loss (including Other Comprehensive Income), the Cash Flow Statement and the Statement of Changes in Equity for the year then ended, and a summary of significant accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Companies Act, 2013 ("the Act") in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards prescribed under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended, ("Ind AS") and other accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2019, and its profit, total comprehensive income, its cash flows and the changes in equity for the year ended on that date.

Basis for Opinion

We conducted our audit of the financial statements in accordance with the Standards on Auditing specified under section 143(10) of the Act (SAs). Our responsibilities under those Standards are further described in the Auditor's Responsibility for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India (ICAI) together with the ethical requirements that are relevant to our audit of the financial statements under the provisions of the Act and the Rules made thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ICAI's Code of Ethics. We believe that the audit evidence obtained by us is sufficient and appropriate to provide a basis for our audit opinion on the financial statements.

Management's Responsibility for the Financial Statements

The Company's Board of Directors is responsible for the matters stated in section 134(5) of the Act with respect to the preparation of these financial statements that give a true and fair view of the financial position, financial performance including other comprehensive income, cash flows and changes in equity of the Company in accordance with the Ind AS and other accounting principles generally accepted in India. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statement that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those Board of Directors are also responsible for overseeing the Company's financial reporting process.

Auditor's Responsibility for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal financial control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Company has adequate internal financial controls system in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

Materiality is the magnitude of misstatements in the financial statements that, individually or in aggregate, makes it probable that the economic decisions of a reasonably knowledgeable user of the financial statements may be influenced. We consider quantitative materiality and qualitative factors in (i) planning the scope of our audit work and in evaluating the results of our work; and (ii) to evaluate the effect of any identified misstatements in the financial statements.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

Report on Other Legal and Regulatory Requirements

1. As required by Section 143(3) of the Act, based on our audit, we report that:
   a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
   b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
   c) The Balance Sheet, the Statement of Profit and Loss including Other Comprehensive Income, the Cash Flow Statement and Statement of Changes in Equity dealt with by this Report are in agreement with the books of account.
   d) In our opinion, the aforesaid financial statements comply with the Ind AS specified under Section 133 of the Act.
   e) On the basis of the written representations received from the directors as on March 31, 2019 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2019 from being appointed as a director in terms of Section 164(2) of the Act
   f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure A". Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the Company's internal financial controls over financial reporting.
   g) With respect to the other matters to be included in the Auditor's Report in accordance with the requirements of section 197(16) of the Act, as amended
   In our opinion and to the best of our information and according to the explanations given to us, the Company has not paid any remuneration to its directors during the year.
   h) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, as amended in our opinion and to the best of our information and according to the explanations given to us:
      i. The Company does not have any pending litigations which would impact its financial position.
      ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.
      iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.
2. As required by the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Central Government in terms of Section 143(11) of the Act, we give in "Annexure B" a statement on the matters specified in paragraphs 3 and 4 of the Order.

For Deloitte Haskins & Sells
Chartered Accountants
(Firm's Registration No. 008072S)

Sumit Trivedi
(Partner)
(Membership No. 209354)

Place: Hyderabad
Date: April 18, 2019

ANNEXURE "A" TO THE INDEPENDENT AUDITOR'S REPORT
(Referred to in paragraph 1(f) under 'Report on Other Legal and Regulatory Requirements' section of our report of even date)

Report on the Internal Financial Controls Over Financial Reporting under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")

We have audited the internal financial controls over financial reporting of MRR Trading & Investment Company Limited ("the Company") as of March 31, 2019 in conjunction with our audit of the financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

Auditor's Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting of the Company based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") issued by the Institute of Chartered Accountants of India and the Standards on Auditing prescribed under Section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system over financial reporting.

Meaning of Internal Financial Controls Over Financial Reporting

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls Over Financial Reporting

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

In our opinion, to the best of our information and according to the explanations given to us, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2019, based on the criteria for internal financial control over financial reporting established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

For Deloitte Haskins & Sells
Chartered Accountants
(Firm's Registration No. 008072S)

Sumit Trivedi
(Partner)
(Membership No. 209354)

Place: Hyderabad
Date: April 18, 2019

ANNEXURE B TO THE INDEPENDENT AUDITORS' REPORT

(Referred to in paragraph 2 under 'Report on Other Legal and Regulatory Requirements' section of our report of even date)

(i) The Company does not have any fixed assets and hence reporting under clause (i) of the Order is not applicable.

(ii) The Company does not have any inventory and hence reporting under clause (ii) of the Order is not applicable.

(iii) The Company has not granted any loans, secured or unsecured, to companies, firms, Limited Liability Partnerships or other parties covered in the register maintained under section 189 of the Companies Act, 2013.

(iv) The Company has not granted any loans, made investments or provide guarantees and hence reporting under clause (iv) of the Order is not applicable.

(v) According to the information and explanations given to us, the Company has not accepted any deposit during the year. There were no unclaimed deposits outstanding at the end of the year.

(vi) Having regard to the nature of the Company's business / activities, reporting under clause (vi) of the Order is not applicable.

(vii) According to the information and explanations given to us, in respect of statutory dues:

(a) The Company has been regular in depositing undisputed statutory dues, including Income-tax, cess and other material statutory dues applicable to it with the appropriate authorities. Provident Fund, Employees' State Insurance, Goods and Services Tax and cess are not applicable to the Company.

(b) There were no undisputed amounts payable in respect of Income-tax, cess and other material statutory dues in arrears as at March 31, 2019 for a period of more than six months from the date they became payable.

(c) There were no dues with respect to Income-tax dues and other material statutory dues as on March 31, 2019, on account of any disputes.

(viii) The Company has not taken any loans or borrowings from financial institutions, banks and government or has not issued any debentures. Hence reporting under clause (viii) of the Order is not applicable.

(ix) The Company has not raised moneys by way of initial public offer or further public offer (including debt instruments) or term loans and hence reporting under clause (ix) of the Order is not applicable.

(x) To the best of our knowledge and according to the information and explanations given to us, no fraud by the Company and no fraud on the Company by its officers or employees has been noticed or reported during the year.

(xi) In our opinion and according to the information and explanations given to us, 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 of the Companies Act, 2013, where applicable, for all transactions with the related parties and the details of related party transactions have been disclosed in the financial statements etc. as required by the applicable accounting standards. The provisions of section 177 of the Companies Act, 2013 do not apply to the company.

(xiv) During the year, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures and hence reporting under clause (xiv) of the Order is not applicable.

(xv) In our opinion and according to the information and explanations given to us, during the year, the Company has not entered into any non-cash transactions with its directors or persons connected with him and hence provisions of Section 192 of the Companies Act, 2013 are not applicable.

(xvi) The Company is not required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934.

For Deloitte Haskins & Sells
Chartered Accountants
(Firm's Registration No. 008072S)

Sumit Trivedi
(Partner)
(Membership No. 209354)

Place: Hyderabad
Date: April 18, 2019

Balance Sheet as at 31st March, 2019

(All amounts are in Indian Rupees, unless otherwise stated)

	Note	As at March 31, 2019	As at March 31, 2018
ASSETS			
Non-Current Assets			
Advance tax and TDS Receivables [Net of provisions Rs. 2,924 (March 31, 2018 : Rs. 1,190)]		29,085	13,210
Other Non-Current Assets	4	121,978	7,120
Total Non-current Assets		151,063	20,330
Current Assets			
Financial Assets			
Cash and Cash Equivalents	5	129,868	107,159
Total Current Assets		129,868	107,159
Total Assets		280,931	127,489
EQUITY AND LIABILITIES			
Equity			
Equity Share capital	6	500,000	500,000
Other Equity	7	(399,357)	(404,288)
Total Equity		100,643	95,712
Current Liabilities			
Financial Liabilities			
Trade Payables	16		
- total outstanding dues of micro enterprises and small enterprises		–	–
- total outstanding dues of creditors other than micro enterprises and small enterprises		74,800	31,777
Other Current Liabilities		105,488	–
Total Current Liabilities		180,288	31,777
Total Equity and Liabilities		280,931	127,489

See accompanying notes forming part of the Financial Statements.

In terms of our report attached
For Deloitte Haskins & Sells
Chartered Accountants

Sumit Trivedi
Partner
Place: Hyderabad
Date: 18/04/2019

For and on behalf of the Board of Directors

C.V. Sarma
Director
Place: Secunderabad
Date : 18/04/2019

V. Radhakrishnan
Director

Statement of Profit and Loss for the year ended 31st March, 2019

(All amounts are in Indian Rupees unless otherwise stated)

		Note	For the year ended March 31, 2019	For the year ended March 31, 2018
I	Revenue from Operations	8	**720,000**	720,000
II	Other Income	9	**21,442**	572
III	**Total Income (I+II)**		**741,442**	720,572
IV	**Expenses**			
	Other Expenses	10	**734,777**	716,255
	Total expenses (IV)		**734,777**	716,255
V	**Profit before Tax (III- IV)**		**6,665**	4,317
VI	**Tax Expense:**			
	Current Tax	11	**1,734**	1,190
VII	**Profit for the Year (V-VI)**		**4,931**	3,127
VIII	**Other Comprehensive Income**		**–**	–
IX	**Total Comprehensive Income for the Year (VII+VIII)**		**4,931**	3,127
	Earnings per Equity Share : Basic and Diluted (Face value of Rs. 10 each)	13	**0.10**	0.06

See accompanying notes forming part of the Financial Statements.

In terms of our report attached

For Deloitte Haskins & Sells
Chartered Accountants

Sumit Trivedi
Partner

Place: Hyderabad
Date: 18/04/2019

For and on behalf of the Board of Directors

C.V. Sarma
Director

V. Radhakrishnan
Director

Place: Secunderabad
Date : 18/04/2019

Cash Flow Statement for the year ended 31st March, 2019

(All amounts are in Indian Rupees unless otherwise stated)

	For the year ended March 31, 2019	For the year ended March 31, 2018
Cash Flows from Operating Activities		
Profit before Tax	**6,665**	4,317
Adjustments for :		
Interest income	**(21,442)**	(572)
Operating Profit Before Working Capital Changes	**(14,777)**	3,745
Adjustments for :		
Increase in other assets	**(10,000)**	–
Increase/(decrease) in Trade Payables and other liabilities	**43,653**	13,377
Cash generated from Operations	**18,876**	17,122
Income Taxes Paid (Net of Refunds and interest thereon)	**(17,609)**	(1,190)
Net Cash generated from Operating Activities	**1,267**	15,932
Cash Flows from Investing Activities		
Interest income	**21,442**	–
Net Cash generated from Investing Activities	**21,442**	–
Cash flows from Financing Activities	**–**	–
Net Increase in Cash and Cash Equivalents	**22,709**	15,932
Cash and Cash Equivalents at the beginning of the year	**107,159**	91,227
Cash and Cash Equivalents at the end of the year (Refer Note 5)	**129,868**	107,159

See accompanying notes forming part of the Financial Statements.

In terms of our report attached

For Deloitte Haskins & Sells
Chartered Accountants

Sumit Trivedi
Partner

Place: Hyderabad
Date: 18/04/2019

For and on behalf of the Board of Directors

C.V. Sarma
Director

V. Radhakrishnan
Director

Place: Secunderabad
Date : 18/04/2019

Statement of changes in equity for the year ended 31st March, 2019
(All amounts are in Indian Rupees unless otherwise stated)

	For the year ended March 31, 2019	For the year ended March 31, 2018
A. Equity Share Capital:		
Balance as at April 1	**500,000**	500,000
Changes in Equity Share Capital during the year	–	–
Balance at March 31	**500,000**	500,000
B. Other Equity - Reserves & Surplus:		
Retained Earnings		
Balance as at April 1	**(404,288)**	(407,415)
Profit for the Year	**4,931**	3,127
Balance at March 31	**(399,357)**	(404,288)

See accompanying notes forming part of the Financial Statements.

In terms of our report attached
For Deloitte Haskins & Sells
Chartered Accountants

Sumit Trivedi
Partner

Place: Hyderabad
Date: 18/04/2019

For and on behalf of the Board of Directors

C. V. Sarma
Director

V. Radhakrishnan
Director

Place: Secunderabad
Date : 18/04/2019

Notes forming part of the Financial Statements

1. Company Overview

The Company has tenancy rights in a commercial premise at Eucharistic Congress Building No. 1, 4th Floor, 5 Convent Street, Colaba, Mumbai – 400039. The premise is owned by Roman Catholic Cathedral Trust. The only source of income of this Company is from estate maintenance services of the aforesaid property.

2. Standards issued but not yet effective

Ministry of Corporate Affairs (MCA) has issued the Companies (Indian Accounting Standards) Amendment Rules, 2019 on March 30, 2019 notifying Ind AS 116, 'Leases'. The notification is applicable for annual periods beginning on or after April 1, 2019. The Company is in the process of examining the impact of this Standard on its financial statements.

3. Summary of Significant Accounting Policies

3.1 Statement of Compliance and Basis of Preparation

These financial statements have been prepared in accordance with Indian Accounting Standards (Ind AS) notified under section 133 of the Companies Act, 2013. The financial statements have also been prepared in accordance with the relevant presentation requirements of the Companies Act, 2013.

The financial statements are prepared in accordance with Indian Accounting Standards (Ind AS) under the historical cost convention, except for certain items that are measured at fair values, as explained in the accounting policies below and on accrual basis. The financial statements are presented in Indian Rupees (INR) which is also the Company's functional currency.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that a price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Company takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement or disclosure purposes in these financial statements is determined on such a basis, except for measurements that have some similarities to fair value but are not fair value, such as net realizable value in Ind AS 2 or value in use in Ind AS 36.

3.2 Use of Estimates and Judgements

In view of the nature of the operations of the Company no significant assumption / judgement are applied in preparation of financial statement.

3.3 Cash Flow Statement

Cash flows are reported using the indirect method, whereby profit / (loss) is adjusted for the effects of transactions of non-cash nature and any deferrals or accruals of past or future cash receipts or payments. The cash flows from operating, investing and financing activities of the Company are segregated.

3.4 Financial instrument

Financial assets and financial liabilities are recognized when the Company becomes a party to the contractual provisions of the relevant instrument in accordance with classification and measurement requirements of applicable Accounting Standards. Financial assets are derecognized when the rights to receive benefits have expired or been transferred, and the Company has transferred substantially all risks and rewards of ownership of such financial asset.

Financial liabilities, depending on their nature, are classified as amortised cost or fair value through profit & loss. Financial liabilities are derecognized when the liability is extinguished, that is when the contractual obligation is discharged, cancelled or expires.

3.5 Contingencies & Provisions

A provision is recognised when the Company has a present obligation (legal or constructive) as a result of past events and it is probable that an outflow of resources will be required to settle the obligation in respect of which a reliable estimate can be made. The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation.

3.6 Revenue

Income from Estate Maintenance Services is recognized based on the contractual arrangement entered by the Company.

3.7 Taxation

Income-tax expense comprises current tax and deferred tax charge or credit. Current tax is determined in accordance with the Income-tax Act, 1961. Income tax, in so far as it relates to items disclosed under Other Comprehensive Income or Equity, are disclosed separately under Other Comprehensive Income or Equity, as applicable.

Deferred tax is recognized on temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes.

The deferred tax charge or credit and the corresponding deferred tax liabilities or assets are recognised using the tax rates and tax laws that have been enacted or substantively enacted by the balance sheet date. Deferred tax assets are recognised only to the extent there is reasonable certainty that the assets can be realised in future; however, where there is unabsorbed depreciation or carried forward loss under taxation laws, deferred tax assets are recognised only if there is a virtual certainty of realisation of such assets. Deferred tax assets are reviewed as at each balance sheet date and written down or written-up to reflect the amount that is reasonably/virtually certain (as the case may be) to be realised.

3.8 Earnings Per Share ('EPS')

Basic earnings per share ('EPS') is computed by dividing the net profit/(loss) attributable to the equity shareholders for the period by the weighted average number of equity shares outstanding during the reporting period. Diluted EPS is computed by dividing the net profit/(loss) attributable to the equity shareholders for the period by the weighted average number of equity and equivalent dilutive equity shares outstanding during the period, except where the results would be anti-dilutive.

3.9 Operating Segment

Operating segment is reported in a manner consistent with the internal reporting provided to the chief operating decision maker, who is one of the Directors of the Company.

3.10 Operating Cycle

All assets and liabilities have been classified as current or non-current as per the Company's normal operating cycle and other criteria set out in the Schedule III to the Companies Act, 2013 based on the nature of services and their realisation in cash and cash equivalents.

Notes to the financial statements (Contd.)

4. Other Non-Current Assets

	As at 31st March, 2019 (₹)	As at 31st March, 2018 (₹)
Other deposits	**1,21,978**	7,120
TOTAL	**1,21,978**	7,120

5. Cash and Cash Equivalents

	As at March 31, 2019	As at March 31, 2018
Balances with Banks: - In Current Account	**129,868**	107,159
TOTAL	**129,868**	107,159

6. Equity Share Capital

	As at March 31, 2019	As at March 31, 2018
Authorised Share Capital: 50,000 Equity Shares of Rs. 10 each	**5,00,000**	5,00,000
Issued, Subscribed and Paid-up Capital: 50,000 Equity Shares of Rs. 10 each	**5,00,000**	5,00,000

A) Reconciliation of number of Equity Shares outstanding

	No. of Shares	Share capital
Balance as at April 1, 2017 Add: issued during the year 2017-18	50,000 –	5,00,000 –
Balance as at March 31, 2018 Add: issued during the year 2018-19	50,000 –	5,00,000 –
Balance as at March 31, 2019	**50,000**	**5,00,000**

B) Shareholders holding more than 5% of the Equity Shares in the Company:

	As at March 31, 2019		As at March 31, 2018	
	No. of Shares	%	No. of Shares	%
ITC Investments & Holdings Limited * and its Nominees	**50,000**	**100**	50,000	100

* 49,994 equity shares are held by ITC Investments & Holdings Limited, the Holding Company and the balance 6 equity shares are held by the nominees of the Holding Company jointly with the Holding Company. The Ultimate Holding Company is ITC Limited.

C) Rights, preferences and restrictions attached to the Equity Shares:
The Company has one class of equity shares having a par value of Rs.10 per share. Each shareholder is eligible for one vote per share held. In the event of liquidation, the equity shareholders are eligible to receive the remaining assets of the Company after distribution of all preferential amounts, in proportion to their shareholding.

7. Other Equity

	As at March 31, 2019	As at March 31, 2018
Reserves and Surplus: **Retained Earnings** Retained Earnings comprise of the Company's undistributed earnings after taxes.	**(3,99,357)**	(4,04,288)
	(3,99,357)	(4,04,288)

8. Revenue from Operations

	For the year ended March 31, 2019	For the year ended March 31, 2018
Sale of Services	**720,000**	720,000
TOTAL	**720,000**	720,000

Notes to the financial statements (Contd.)

	For the year ended 31st March, 2019	For the year ended 31st March, 2018
9. Other Income		
Interest on Other Deposits	21,442	–
Interest on Income Tax Refund	–	572
TOTAL	21,442	572

10. Others Expenses

	For the year ended March 31, 2019	For the year ended March 31, 2018
Rent	79,368	75,816
Rates and Taxes	2,59,880	3,06,659
Maintenance and Upkeep Expenses	2,57,661	2,11,660
Bank Charges	413	733
Payments to Auditors	15,000	15,000
[Refer note 10(a) below]		
Consultancy and Professional fees	82,268	45,120
Miscellaneous expenses	40,187	61,267
TOTAL	7,34,777	7,16,255

10(a). Payment to Auditors (excluding applicable taxes)

	For the year ended March 31, 2019	For the year ended March 31, 2018
- Statutory Audit	15,000	15,000
TOTAL	15,000	15,000

11. Tax Expense

	For the year ended March 31, 2019	For the year ended March 31, 2018
Profit Before Income Tax	6,665	4,317
Enacted Tax Rates	26.00%	25.75%
Income Tax Expense	1,734	1,190
TOTAL	1,734	1,190

12. Contingent liabilities

	As at March 31, 2019	As at March 31, 2018
Claims against the Company not acknowledged as Debts:	–	–

13. Earnings per share

	For the Year Ended March 31, 2019	For the Year Ended March 31, 2018
Computation of earnings per share is set out below:		
Net Profit attributable to Equity Shareholders (A) (Rs.)	4,931	3,127
Weighted Average Number of Equity Shares outstanding during the year (B) (Nos.)	50,000	50,000
Face Value of Equity Share (Rs.)	10	10
Earnings Per Share (Basic and Diluted) (A/B) (Rs.)	0.10	0.06

14. **Segment Information**

The Board of Directors of the Company have identified one of the directors as the Chief Operating Decision Maker (CODM) as defined under Ind AS 108 Operating Segments. The Company's activities involve providing estate maintenance services which is considered to be a single business segment since these are subject to similar risks and returns. Further, the business is carried out in India and hence there are no reportable geographical segments.

The entity-wide disclosures are as under:

	For the year ended March 31, 2019	For the year ended March 31, 2018
Customer Information	The Company's revenue from operations arises entirely (100%) from sale of services to the Ultimate Holding Company	The Company's revenue from operations arises entirely (100%) from sale of services to the Ultimate Holding Company
Non-current Assets (In India)	1,21,978	7,120

15. Related Party Disclosures

a) Details of Related Parties

Name	Relationship
ITC Limited	Ultimate Holding Company
ITC Investments & Holdings Limited	Holding Company

Key Management Personnel (KMP):	Relationship
C.V. Sarma	Non-Executive Director
V. Radhakrishnan	Non-Executive Director
B.R. Chaudhuri	Non-Executive Director

Notes to the financial statements (Contd.)

(All amounts are in Indian Rupees unless otherwise stated)

b) Details of Related Party Transactions:

Description	For the Year Ended March 31, 2019	For the Year Ended March 31, 2018
ITC Limited:		
Consultancy and Professional fees	**11,800**	4,720
Sale of Services – Estate Management Services	**7,20,000**	7,20,000

c) Details of Related Party Balances:

Description	As at March 31, 2019	As at March 31, 2018
ITC Limited	**11,800**	4,720
ITC Investments & Holdings Limited	–	–

16. The Company, based on the information available on the status of the suppliers, does not have any dues to enterprises covered under the Micro, Small and Medium Enterprises Development Act, 2006.

17. Financial Instruments and Related Disclosures

a) Capital Management:
The Company funds its operations mainly through internal accruals. The Company aims at maintaining a strong capital base so as to maintain adequate supply of funds in order to carry on the operations of its businesses as a going concern.

b) Categories of Financial Instruments

	Note	As at March 31, 2019		As at March 31, 2018	
		Carrying Value	Fair Value	Carrying Value	Fair Value
Financial Assets (Measured at amortised cost)					
Cash and Cash Equivalents	4	**1,29,868**	**1,29,868**	1,07,159	1,07,159
Total Financials Assets		**1,29,868**	**1,29,868**	1,07,159	1,07,159
Financial Liabilities (Measured at amortised cost)					
Trade Payables		**74,800**	**74,800**	31,777	31,777
Total Financials Liabilities		**74,800**	**74,800**	31,777	31,777

The carrying amounts of trade payables and cash and cash equivalents are considered to be the same as their fair values due to their short term nature.

c) Financial risk management:

Given the nature of operations of the Company as indicated in Note 1 above, the Company has minimal activity and the only source of income is from estate maintenance services provided to its sister companies. Accordingly, the Company has no exposure towards market risks. Similarly, its exposure to credit risk and liquidity risk are also minimal as explained hereunder.

d) Credit Risk:

The only source of income to the Company arises through receipts from estate maintenance services from its ultimate holding company. Being part of the same group, exposure to credit risk is minimum. The Board of Directors analyse and monitor these financial instruments and assess the risk on an individual basis and take necessary action where required.

e) Liquidity risk:

The Company manages its liquidity risk by ensuring that it will always have sufficient liquidity to meet its liabilities when due. The company's liquidity position is regularly monitored and as the Company does not have any borrowings, its working capital is sufficient to ensure adequate liquidity for operations.

f) Fair value measurement

The Company does not have any Non-current Financial Assets and Non-current Financial Liabilities. Fair value of Current Financial Assets and Current Financial Liabilities is equivalent to their carrying value.

18. Previous year's figures have been regrouped / reclassified wherever necessary to correspond with the current year's classification / disclosure.

19. The financial statements were approved for issue by the Board of Directors on April 18, 2019.

For and on behalf of the Board of Directors

C.V. Sarma
Director

V. Radhakrishnan
Director

Place: Secunderabad
Date: 18/04/2019

REPORT OF THE BOARD OF DIRECTORS FOR THE FINANCIAL YEAR ENDED 31ST MARCH, 2019

Your Board of Directors hereby submit their Sixth Report for the financial year ended 31st March, 2019.

1. COMPANY PERFORMANCE

During the year, your Company has earned a Net Profit of Rs. 905.21 lakhs as compared to Net Profit of Rs. 315.03 lakhs earned in the previous year.

During the year, the Company implemented several initiatives which resulted in improvement in operational efficiency and productivity. The Company has delivered robust financial performance, primarily on account of improved sales mix, effective cost management and prepayment of the loan instalments enabled by healthy cash flows. The Company has been successful in receiving various fiscal incentives such as Capital Subsidy of Rs. 2019 lakhs from the Central Government and refund of State Goods and Services Tax (SGST) of Rs. 736 lakhs from the Government of Assam during the year under review.

The operational and financial performance of the Company has been improving steadily due to increase in sales volumes and various initiatives taken to boost productivity through systematic interventions in all domains – People, Process and Technology.

The summarised results of the Company are given in the table below:

Amount in Lakhs (₹)

Particulars	Financial Year Ended	
	31.03.2019	31.03.2018
Turnover	14933.07	14270.04
Profit before Interest and Depreciation	2706.48	2210.40
Finance Cost	676.11	848.58
Depreciation	1125.17	1046.78
Profit before Tax plus Other Comprehensive Income	911.96	330.01
Loss brought forward from previous year	1097.83	1427.84
Loss carried to Balance Sheet	185.87	1097.83

2. DIRECTORS

a) Changes in Directors during the year

It may be recalled that Members at the 5th Annual General Meeting held on 21st July, 2018 appointed Mr. K.V. Raghavaiah (DIN: 07114270) as Independent Director from the said date for a period of three (3) years, not liable to retire by rotation, in terms of Sections 149 and 152 and other applicable provisions, if any and Schedule IV of the Companies Act, 2013 (the Act) and the rules made thereunder.

During the year under review, Mr. M. Ganesan (DIN: 02669546), Chairman & Non-Executive Director, who was nominated by ITC Ltd., the Holding Company (ITC), stepped down from the Board of your Company on 2nd November, 2018.

ITC nominated Mr. Neel Kingston Jasper (DIN: 07462201) as a Director of the Company. Accordingly, the Board of Directors of your Company appointed Mr. Neel Kingston Jasper as Additional Director of the Company with effect from 2nd November, 2018. By virtue of Section 161 of the Act, Mr. Jasper will vacate office at the ensuing Annual General Meeting (AGM) of your Company. The Board has recommended for the approval of the Members, appointment of Mr. Jasper as a Non-Executive Director of your Company, liable to retire by rotation.

Requisite Notice under Section 160 of the Act has been received by the Company for appointment of Mr. Jasper, who has filed his consent to act as Director of your Company, if appointed. Appropriate resolution seeking your approval to the above is appearing in the Notice convening the 6th AGM of your Company.

b) Retirement by Rotation

In accordance with the provisions of Section 152 of the Act and Article 77(d) of the Articles of Association of the Company, Messrs. Dharmarajan Ashok (DIN: 02009735), Paritosh Wali (DIN: 06767740) and Samrat Deka (DIN: 00559110) will retire by rotation at the ensuing AGM and being eligible, offer themselves for re-appointment; the Board has recommended their re-election.

Your Board met four (4) times during the financial year ended 31st March, 2019.

3. COMPLIANCE TO SECRETARIAL STANDARDS

Your Company has complied with applicable Secretarial Standards issued by the Institute of Company Secretaries of India and approved by the Central Government under Section 118(10) of the Act.

4. BOARD EVALUATION

The Board carried out annual performance evaluation of its own performance and that of the individual Directors, including the Chairman of the Board, as required under Section 134(3)(p) of the Act. The evaluation was carried out through a structured evaluation process basis the parameters derived from the Board's core role of trusteeship to protect and enhance shareholder value as well as fulfill expectations of other stakeholders through strategic supervision; and performance evaluation of individual Directors in the context of the role played by each Director, as a member of the Board in assisting the Board in realizing its role of strategic supervision of the functioning of the Company.

5. NOMINATION AND REMUNERATION POLICY

The Nomination and Remuneration Policy of the Company is guided by a set of principles, inter alia, pertaining to determining qualifications, positive attributes, integrity, independence and objectives particularly envisaged under Section 178 of the Act and the Articles of Association of the Company in respect of Directors, Key Managerial Personnel and employees of the Company.

The said Policy 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 in Annexure 1 forming part of this Report.

6. DIRECTORS' RESPONSIBILITY STATEMENT

As required under Section 134(5) of the Act, the Directors confirm having:

a) followed in the preparation of the Annual Accounts, the applicable Accounting Standards and there are no material departures;

b) selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit of the Company for that period;

c) taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;

d) prepared the Annual Accounts on a going concern basis; and

e) devised proper systems to ensure compliance with the provisions of all applicable laws and such systems were adequate and operating effectively.

7. 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 in Annexure 2 to this Report.

8. FOREIGN EXCHANGE EARNINGS AND OUTGO

During the year under review, there has been no foreign exchange earnings and outgo.

9. PARTICULARS OF LOAN, GUARANTEES OR INVESTMENTS

During the financial year ended 31st March, 2019, the Company has not given any loan, guarantee or made any investment in terms of the provisions of Section 186 of the Act.

10. RISK MANAGEMENT

Risk management is an integral part of the Company's strategy of organisation 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.

Your Company operates in the food processing industry and hence food safety and hygiene are of utmost importance. Your Company was awarded in the previous year CII Outstanding award for Food Safety and is also certified FSSC compliant, which demonstrates your Company's commitment to maintain highest standard for food safety

and hygiene by following best practices of manufacturing along with stringent quality testing methods and norms for all input materials.

Your Company sells its final products exclusively to ITC in accordance with the orders placed by ITC from time to time and hence its revenue is dependent on ITC's market volumes. In view of the increasing marketing initiatives being taken up by ITC in the North East market, your Company is confident of mitigating the risk of low capacity utilisation.

Corporate policies are in place setting out the philosophy and principles under which the management needs to conduct its operations within a control driven and risk managed environment. Risk focused audits are carried out periodically by the Internal Auditors, which lead to identification of areas where risk management processes need to be strengthened. The Board monitors the internal control environment and risk management systems within the Company including implementation of the action plan emerging out of internal audit findings. Annual update is provided to the Board on the effectiveness of the Company's risk management systems and policies.

11. INTERNAL FINANCIAL CONTROLS

The Internal Financial Controls (IFC) which form the basis of the Financial Statements are adequate and commensurate with the size and nature of business of the Company. The Company follows approved policies and standard operating procedures to prepare, review and report financial performance.

During the year under review, internal audit of the systems, processes and compliances for all major areas of operations of the Company was carried out by the Internal Audit team of ITC. The Internal Auditors independently evaluate adequacy of design and operating effectiveness of internal controls and compliance with policies laid down by the Company.

IFC system testing including Enterprise Risk Services (ERS) audit for automated control and IT General Controls were conducted during the year by the Statutory Auditors, M/s. Deloitte Haskins & Sells.

12. COST RECORDS

Maintenance of cost records and requirement of cost audit as prescribed under the provisions of Section 148(1) of the Act are not applicable for the business activities carried out by your Company.

13. EXTRACT OF ANNUAL RETURN

As per provisions of Section 92(3) of the Act read with Rule 12 of the Companies (Management and Administration) Rules, 2014, the extract of the Annual Return is provided in Annexure 3, forming part of this Report.

14. STATUTORY AUDITORS

In accordance with the provisions of Section 139 of the Act, the Company had appointed Messrs. Deloitte Haskins & Sells, Chartered Accountants, Kolkata (Registration No. 302009E), Statutory Auditors, at the First AGM of the Company to hold such office for a period of five years till the conclusion of the Sixth AGM.

In terms of Sections 139 and 142 of the Act, re-appointment of the Statutory Auditors for a further period of 5 years till the conclusion of the 11th AGM and payment of remuneration of the Auditors, is proposed for the approval of the Members at ensuing AGM.

Your Board has recommended appropriate resolution in respect of the aforesaid as appearing in the Notice convening the 6th AGM of the Company.

15. SECRETARIAL AUDITOR

Your Board of Directors appointed Messrs. Anjan Kumar Roy & Co., Practising Company Secretaries, Kolkata (CP No. 4557), as the Secretarial Auditor of the Company for the financial year ended 31st March, 2019 in terms of the provisions of Section 204 of the Act read with Rule 9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 to conduct the Secretarial Audit of the Company.

The Secretarial Audit Report issued by Messrs. Anjan Kumar Roy & Co. to the effect that the Company has complied with the relevant laws and regulations is provided in Annexure 4 forming part of this Report.

16. PARTICULARS OF RELATED PARTY TRANSACTIONS

All related party transactions entered during the financial year were in the ordinary course of business and on arm's length basis.

Material related party transactions entered during the financial year by your Company are disclosed as required under Section 134(3)(h) of the Act read with Rule 8 of the Companies (Accounts) Rules, 2014 in Form AOC -2 in Annexure 5 of this Report.

17. SUBSIDIARIES, JOINT VENTURES OR ASSOCIATE COMPANIES

Your Company does not have any subsidiary, joint venture or associate company.

18. 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.

19. PARTICULARS OF EMPLOYEES

The information required under Section 197(12) of the Act read with Rules 5(2) and 5(3) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 relating to the names and other particulars of top ten employees in terms of remuneration drawn is disclosed in Annexure 6 of this Report.

20. HUMAN RESOURCES DEVELOPMENT

HR practices in your Company is aimed at promoting high productivity amongst its employees and opportunity for career progression. This has been achieved by systematic approach of evaluation, training and goal setting. Various employee engagement programs were conducted during the year under review to bring in a sense of inclusive growth e.g. Annual Cultural Fest, Indoor and Outdoor Sports Tournament etc. Your company believes in promoting good work culture leading to result oriented work environment.

The Board of Directors record their sincere appreciation of the efforts of the committed team of employees.

Industrial Relation across the Company during the year under review was generally cordial.

21. DISCLOSURE AS PER THE SEXUAL HARASSMENT OF WOMEN AT WORKPLACE (PREVENTION, PROHIBITION AND REDRESSAL) ACT, 2013

Your Company provides a gender friendly workplace. In line with the provisions of the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013, and the Rules thereunder, the Company has in place an Internal Complaints Committee for conducting inquiry into the complaints received on harassments at the work place. During the year under review, no case of sexual harassment was reported.

22. ENVIRONMENT, HEALTH AND SAFETY

Your Company is committed to conducting its operations with due regard to environment and providing a safe and healthy workplace for each employee.

During the year under review, major focus has been on training and participation of the workmen towards Environment, Health and Safety. Your Company has conducted in-house training of situation-based standard operating procedures for various emergencies, viz earthquake preparedness, fire emergency etc.

World Environment Day was observed with the theme "Connecting People to Nature" including distribution of plants for plantation among villagers for creating awareness.

National Safety Week - 2019 was celebrated with the theme "Cultivation and Sustenance of Safety Driven Culture for Nation Building" with training sessions regarding domestic safety, road safety and behavioral based safety etc.

Emergency mock drills were organised at regular intervals including training to the security team to handle emergency and safe evacuation of the occupants.

Your Company conducts safety meetings on periodic basis with worker and management representatives. Also your Company has provided and maintained facilities, equipment, operations and working conditions which are safe for the employees and visitors to its factory.

23. AWARDS & ACCOLADES

Your Company was awarded "Food Safety System Certification" (FSSC) by the global authority Global Food Safety Initiative (GFSI) and is currently upgraded to the latest version of FSSC v4.1 with upgradation to 80% food safety maturity band at level 4.

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: 24th April, 2019	**(P. Wali)**	**(N. K. Jasper)**
Place : Bengaluru	Chairman	Director

Annexure - 1

NORTH EAST NUTRIENTS PRIVATE LIMITED

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

PARTICULARS OF CONSERVATION OF ENERGY AND TECHNOLOGY ABSORPTION

[Information under Section 134(3)(m) of the Companies Act, 2013 read with Rule 8 of the Companies (Accounts) Rules, 2014]

A. CONSERVATION OF ENERGY–

i. Steps taken or impact on conservation of energy:

Business continued to accrue savings from installation of LED lights and solar light with skylights. Also, it continued to accrue savings from up-draft gasification technology to replace conventional fuel, i.e. High-Speed Diesel (HSD) by biomass.

ii. The steps taken by the Company for utilising alternate sources of energy:

Business has continued to accrue savings from the 5 KL capacity solar water heating plant. This will result in estimated savings of 35 KW of electrical energy for the Company during the FY 2019-20.

iii. The capital investment on energy conservation equipment:

The Company has not made any capital investment in energy conservation equipment during the year.

B. TECHNOLOGY ABSORPTION

i. Efforts made towards technology absorption:

The Company continues to utilise the latest automation technology to ensure absorption of different industry-wide innovations. Automations are done in order to assure optimum quality of the product and improving operational feasibility.

ii. Benefits derived like product improvement, cost reduction, product development or import substitution:

The business has introduced secondary packing automation for launch of Rs. 10 SKU for growth of salience of Chocofills in the Rs. 10 Market. This has resulted in increase of capacity utilisation of the Modular Setup.

iii. In case of imported technology (imported during the last three years reckoned from the beginning of the financial year):

The Company has not imported any technology during the year under review.

iv. The expenditure incurred on Research and Development:

The Company did not incur any expenditure on Research and Development during the year under review.

By order of the Board

NORTH EAST NUTRIENTS PRIVATE LIMITED

Dated: 24th April, 2019 **(P WALI)** **(N. K. JASPER)**

Place: Bengaluru CHAIRMAN DIRECTOR

Annexure - 3

Form No. MGT-9
EXTRACT OF ANNUAL RETURN
for the financial year ended on 31st March, 2019

[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 J. L. 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	–	1,75,20,000	1,75,20,000	24	–	1,75,20,000	1,75,20,000	24	Nil
b) Central Govt.	–	–	–	–	–	–	–	–	–
c) State Govt.(s)	–	–	–	–	–	–	–	–	–
d) Bodies Corp.	–	5,54,80,000	5,54,80,000	76	–	5,54,80,000	5,54,80,000	76	Nil
e) Banks / FI	–	–	–	–	–	–	–	–	–
f) Any Other	–	–	–	–	–	–	–	–	–
Sub-total (A)(1)	**–**	**7,30,00,000**	**7,30,00,000**	**100**	**–**	**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)	**–**	**7,30,00,000**	**7,30,00,000**	**100**	**–**	**7,30,00,000**	**7,30,00,000**	**100**	**Nil**
B. Public Shareholding									
1. Institutions									
a) Mutual Funds	–	–	–	–	–	–	–	–	–
b) Banks / FI	–	–	–	–	–	–	–	–	–
c) Central Govt.	–	–	–	–	–	–	–	–	–
d) State Govt.(s)	–	–	–	–	–	–	–	–	–
e) Venture Capital Funds	–	–	–	–	–	–	–	–	–
f) Insurance Companies	–	–	–	–	–	–	–	–	–
g) FIIs	–	–	–	–	–	–	–	–	–
h) Foreign Venture Capital Funds	–	–	–	–	–	–	–	–	–
i) Others (specify)	–	–	–	–	–	–	–	–	–
Sub-total (B)(1)	–	–	–	–	–	–	–	–	–
2. Non-Institutions									
a) Bodies Corp.	–	–	–	–	–	–	–	–	–
i) Indian	–	–	–	–	–	–	–	–	–
ii) Overseas	–	–	–	–	–	–	–	–	–
b) Individuals	–	–	–	–	–	–	–	–	–
i) Individual shareholders holding nominal share capital upto Rs. 1 lakh	–	–	–	–	–	–	–	–	–
ii) Individual shareholders holding nominal share capital in excess of Rs. 1 lakh	–	–	–	–	–	–	–	–	–

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	
c) Others (specify)	–	–	–	–	–	–	–	–	–
Sub-total (B)(2)	–	–	–	–	–	–	–	–	–
Total Public Shareholding (B)=(B)(1)+ (B)(2)	–	–	–	–	–	–	–	–	–
C. Shares held by Custodian for GDRs & ADRs	–	–	–	–	–	–	–	–	–
Grand Total (A+B+C)	–	**7,30,00,000**	**7,30,00,000**	**100**	–	**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	5,54,80,000	76	Nil	5,54,80,000	76	Nil	Nil
2.	Mr. Mukul Chandra Deka	43,80,000	6	6	43,80,000	6	6	Nil
3.	Mr. Rajib Kumar Deka	43,80,000	6	6	43,80,000	6	6	Nil
4.	Mr. Anupam Deka	43,80,000	6	6	43,80,000	6	6	Nil
5.	Mr. Samrat Deka	43,80,000	6	6	43,80,000	6	6	Nil
	TOTAL	**7,30,00,000**	**100**	**24**	**7,30,00,000**	**100**	**24**	**Nil**

(iii) Change in Promoters' Shareholding (please specify, if there is no change) – No change during the year

(iv) Shareholding Pattern of top ten Shareholders (other than Directors, Promoters and Holders of GDRs and ADRs): Not applicable

(v) Shareholding of Directors and Key Managerial Personnel: None of the Directors and Key Managerial Personnel, other than Mr. Samrat Deka, Non-Executive Director, holds any shares in the Company in their individual capacity.

Sl. No.	For each of the Directors and KMP	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of Shares	% of total Shares of the Company	No. of Shares	% of total Shares of the Company
1.	**Mr. Samrat Deka (Non-Executive Director)**				
	At the beginning of the year	43,80,000	6.00	43,80,000	6.00
	Date wise Increase / Decrease in Promoters Shareholding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus/ sweat equity etc.) :	–	N.A.	–	N.A.
	At the end of the year	43,80,000	6.00	43,80,000	6.00

V. INDEBTEDNESS

Indebtedness of the Company including interest outstanding / accrued but not due for payment: **(Amount in ₹ Crores)**

	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
Indebtedness at the beginning of the financial year				
i) Principal Amount	48.68	–	–	48.68
ii) Interest due but not paid	–	–	–	–
iii) Interest accrued but not due	–	–	–	–
Total (i+ii+iii)	**48.68**	**Nil**	**Nil**	**48.68**
Change in Indebtedness during the financial year				
• Addition	–	–	–	–
• Reduction	12.16	–	–	12.16
- Principal paid during 2018-19	12.16	–	–	12.16
- Interest accrued but not due at the beginning of the FY	–	–	–	–
Net Change	**(12.16)**	**Nil**	**Nil**	**(12.16)**
Indebtedness at the end of the financial year				
i) Principal Amount	36.52	–	–	36.52
ii) Interest due but not paid	–	–	–	–
iii) Interest accrued but not due	–	–	–	–
Total (i+ii+iii)	**36.52**	**Nil**	**Nil**	**36.52**

* Note: As per IndAS Preference Share Capital of Rs.18 Crores has been treated as Borrowings in the Balance Sheet, however the same is not considered as indebtedness for this purpose since it is not in the nature of secured / unsecured loan.

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

A. Remuneration to Managing Director, Whole-time Directors and / or Manager: **(Amount in ₹)**

Sl. No.	Particulars of Remuneration	Name of MD / WTD / Manager
		Ms. Savitha Bai S. (Manager and Company Secretary) *(refer Note 1)*
1.	Gross salary :	
	(a) Salary as per provisions contained in Section 17(1) of the Income-tax Act, 1961	8,89,374
	(b) Value of perquisites under Section 17(2) of the Income-tax Act, 1961	22,400
	(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 (1)		**9,11,774**
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)		**45,25,507 p.a.**

Note 1 : Ms. Savitha Bai S is on deputation from ITC Limited, the Holding Company.

B. Remuneration to other Directors: **(Amount in ₹)**

Sl. No.	Particulars of Remuneration	Name of Director
		Mr. K. V. Raghavaiah
1.	**Independent Directors**	
	• Fee for attending Board and Board Committee meetings	60,000
	• Commission	–
	• Others, please specify	–
	Total (2)	**60,000** *(refer note 1)*
	Total = (1) + (2)	**9,71,774**
	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)	**45,25,507 p.a.**

Note 1: Independent Director of the Company is not entitled to any remuneration other than sitting fees for attending Board meetings.

C. Remuneration to Key Managerial Personnel other than Managing Director / Manager / Whole-time Director: **(Amount in ₹)**

Sl. No.	Particulars of Remuneration	Key Managerial Personnel
		Mr. Anindya Sengupta (Chief Financial Officer) *(refer Note)*
1.	Gross salary :	
	(a) Salary as per provisions contained in Section 17(1) of the Income-tax Act, 1961	34,16,986
	(b) Value of perquisites under Section 17(2) of the Income-tax Act, 1961	80,624
	(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)		**34,97,610**

Note : Mr. Anindya Sengupta is on deputation from ITC Limited, the Holding Company.

VII. PENALTIES / PUNISHMENT/ COMPOUNDING OF OFFENCES: Nil

By order of the Board
NORTH EAST NUTRIENTS PRIVATE LIMITED

Dated: 24th April, 2019
Place: Bengaluru

(P. WALI) CHAIRMAN
(N. K. JASPER) DIRECTOR

Annexure - 4

SECRETARIAL AUDIT REPORT

FOR THE FINANCIAL YEAR ENDED 31st March, 2019

[Pursuant to section 204(1) of the Companies Act, 2013 and Rule 9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014]

To,
The Members,
M/s. North East Nutrients Private Limited
Aradhana Building,
2/1 Anandilal Poddar Sarani,
Kolkata – 700071

1. We have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by M/s. North East Nutrients Private Limited (hereinafter called 'the Company') during the financial year ended 31st March 2019. Secretarial Audit was conducted on test check basis, 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, relying on management representation, and also based on the information provided by the Company, its officers, agents and authorized representatives during the conduct of the instant 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, 2019, complied with the Secretarial compliance of the statutory provisions listed hereunder and we are also of the opinion that the Company has adequate Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:
3. We further report that compliance with applicable laws is the responsibility of the Company and our Report constitutes an independent opinion. Our report is neither an assurance for future viability of the Company nor a confirmation of efficient management by the Company.
4. (a) We have examined the secretarial compliance based on the books, papers, minute books, forms and returns filed and other records maintained by M/s. North East Nutrients Private Limited for the financial year ended on 31st March, 2019 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;

   (b) We have also examined the secretarial compliance on test check basis of the books, papers, minute books, forms and returns filed and other records maintained by M/s. North East Nutrients Private Limited for the financial year ended on 31st March, 2019 according to the provisions of the following law specifically applicable to the Company and as shown to us during our audit, as also referred in above paragraphs of this report;
   (i) Food Safety & Standards Act, 2006 and rules made thereunder.
   (ii) Legal Metrology Act, 2009 and rules made thereunder along with applicable factory related laws, labour laws and environmental laws.
5. We have also examined compliance with the applicable clauses of the following:
   (i) Secretarial Standards issued by The Institute of Company Secretaries of India under Section 118 of the Companies Act, 2013.
6. That on the basis of the audit as referred above, to the best of our knowledge, understanding and belief, we are of the view that during the period under review the Company has, complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards, etc. mentioned above in paragraph 4(a), 4(b) and paragraph 5 of this report.
7. We further report that,
   a) The Board of Directors of the Company is duly constituted with proper balance of Non-Executive Directors and Independent Directors. The Company does not have any Executive Director and the changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act.
   b) Adequate notice is given to all directors to schedule the board meetings, agenda and notes on agenda were sent at least seven days in advance and further information and clarifications on the agenda items are also provided for meaningful participation at the meeting.
   c) Majority decision is carried through and recorded as part of the minutes.
8. We further report that there are adequate systems and processes in the Company commensurate with the size and operations of the Company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines, such as laws related to taxation, local laws applicable to the area of operation of business and other laws generally applicable to Company.
9. This report is to be read with our letter of even date which is annexed as Annexure A and forms an integral part of this report.

For, ANJAN KUMAR ROY & CO.
Company Secretaries
ANJAN KUMAR ROY
Proprietor
FCS No. 5684
CP. No. 4557

Place : Kolkata
Date : 24/04/2019

Annexure - A

(To the Secretarial Audit Report of M/s. North East Nutrients Private Limited for the Financial Year ended 31/03/2019)

To,
The Members,
M/s. North East Nutrients Private Limited
Aradhana Building,
2/1 Anandilal Poddar Sarani,
Kolkata – 700071

Our Secretarial Audit Report for the financial year ended 31/03/2019 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, to the best of our understanding, appropriate to obtain reasonable assurance about the correctness of the contents of the secretarial records. The verification was done 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, appropriateness or adequacy of financial records, Books of Accounts and decisions taken in board and in committees of the Company, during the period under review. However, we have verified as to whether or not the board process and approvals in various committees have been complied with or not, during the period under review.
4. 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 test basis to assess the compliance of secretarial duties and board process.
6. The Secretarial Audit Report is neither an assurance as to the future viability of the Company nor of the efficacy or effectiveness with which the management has conducted the affairs of the Company.

For, ANJAN KUMAR ROY & CO.
Company Secretaries
ANJAN KUMAR ROY
Proprietor
FCS No. 5684
CP. No. 4557

Place : Kolkata
Date : 24/04/2019

Annexure - 5

FORM AOC – 2

FOR THE FINANCIAL YEAR ENDED 31st March, 2019

(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	**ITC Limited, Holding Company**
(b)	Nature of contracts / arrangements / transactions	Manufacturing & Sale Agreement
(c)	Duration of the contracts / arrangements / transactions	Period of 5 years effective 24th August, 2015
(d)	Salient terms of the contracts or arrangements or transactions including the value, if any	Value of transaction during the year ₹ 176.99 Crores.
(e)	Date(s) of approval by the Board	17th August, 2015
(f)	Amount paid as advances, if any.	Nil

By order of the Board
NORTH EAST NUTRIENTS PRIVATE LIMITED

Dated: 24th April, 2019
Place : Bengaluru

(P. WALI) CHAIRMAN

(N. K. JASPER) DIRECTOR

Annexure - 6

Information pursuant to Section 197 of the Companies Act, 2013 read with Rules 5(2) and 5(3) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014

Top 10 employees in terms of remuneration drawn during the Financial Year 2018-19

Sl. No.	Name	Age	Designation	Gross Remuneration (₹)	Net Remuneration (₹)	Qualifications	Experience (Years)	Date of commencement of Employment / Deputation	Position held / Previous Employment
A	B	C	D	E	F	G	H	I	J
1	Mr. Anindya Sengupta*	31	Chief Financial Officer	3,629,502	2,503,673	M. Com, A.C.A.	10	01.01.15	Assistant Manager - Finance, ITC Limited
2	Mr. Dipak Shinde*	27	Operations and Maintenance Manager	2,434,332	1,734,005	B. Tech in Mechanical Engineering	4	01.04.17	Technical AUT, ITC Limited
3	Mr. Muthal Purushot-tam Abhay*	25	Process Excellence Manager	2,179,837	1,613,884	B. Tech in Mechanical Engineering	3	01.04.17	Technical AUT, ITC Limited
4	Mr. Sanjeeb Kumar Kanu	47	Assistant Manager - Finance	1,071,975	896,678	M.Com	17	08.12.15	Deputy Manager - Accounts, FENA Private Limited
5	Ms. Savitha Bai S.*	36	Manager & Company Secretary	944,030	774,394	B.Com, A.C.S., MBL	17	01.03.16	Finance Executive, ITC Limited
6	Mr. Shazeed Hoque	42	Line Manager - Production	856,432	753,030	B.Tech in Mechanical Engineering	15	26.05.16	Production Executive, Hindustan Unilever Limited
7	Mr. Mahesh Muralidharan*	30	Unit Finance Manager	843,768	743,050	B.Com, CA (Inter)	7	01.04.17	Finance Executive, ITC Limited
8	Mr. Kaustav Purkayastha	43	Assistant Manager - Supply Chain	744,096	719,198	MBA, Material Management	18	30.10.17	Supply Chain Manager, Alliance India (Manufacturing Unit HUL)
9	Mr. Pramod Shrivastav	37	Executive- Logistic & Procurement	620,645	564,794	B. A.	10	20.11.17	Store Manager-Unibics Foods India Private Limited
10	Mr. Manjit Das##	35	Manager - HR & Admin	610,682	526,620	MPM (Master in Personnel Management), B. Com (Management), MBA (Human Resource & Marketing)	10	25.12.17	HR Manager, Trinity Fructa Limited

Notes:

* On deputation from ITC Limited, the Holding Company (ITC); remuneration borne by the Company as per the terms of deputation of their services.

Resigned with effect from 31.01.19

1. None of the employees mentioned above is a relative of any Director or Manager of the Company.
2. None of the employees hold equity shares of the Company, singly or alongwith spouse and dependent children.
3. Gross Remuneration :
   (a) For Managers on deputation from ITC, gross remuneration includes salary, performance bonus, allowances & other benefit / applicable perquisites except contributions to the approved Pension Fund, under the defined benefit scheme and Gratuity Funds and provisions for leave encashment which are actuarially determined on an overall Company basis.
   (b) For Managers on rolls of the company, gross remuneration includes salary, performance pay and allowances
   (c) The term remuneration has the meaning assigned to it under the Companies Act, 2013
4. Net Remuneration comprises cash income less :
   (a) Income tax, surcharge (as applicable) & education cess deducted at source
   (b) Manager's own contribution towards provident fund
5. All appointments (except in case of employees on deputation) are contractual in accordance with terms and conditions as per Company rules.
6. Experience shown in Column H includes service with previous employers.

By order of the Board
NORTH EAST NUTRIENTS PRIVATE LIMITED

Dated: 24th April, 2019
Place: Bengaluru

(P. WALI) CHAIRMAN
(N. K. JASPER) DIRECTOR

INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF NORTH EAST NUTRIENTS PRIVATE LIMITED

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of **North East Nutrients Private Limited** ("the Company"), which comprise the Balance Sheet as at 31st March 2019, and the Statement of Profit and Loss (including Other Comprehensive Income), the Cash Flow Statement and the Statement of Changes in Equity for the year then ended, and a summary of significant accounting policies and other explanatory information (hereinafter referred to as "the Financial Statements").

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Companies Act, 2013 ("the Act") in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards prescribed under Section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended, ("Ind AS") and other accounting principles generally accepted in India, of the state of affairs of the Company as at 31st March 2019, and its profit, total comprehensive income, its cash flows and the changes in equity for the year ended on that date.

Basis for Opinion

We conducted our audit of the financial statements in accordance with the Standards on Auditing specified under section 143(10) of the Act (SAs). Our responsibilities under those Standards are further described in the Auditor's Responsibility for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India (ICAI) together with the ethical requirements that are relevant to our audit of the financial statements under the provisions of the Act and the Rules made thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ICAI's Code of Ethics. We believe that the audit evidence obtained by us is sufficient and appropriate to provide a basis for our audit opinion on the financial statements.

Information Other than the Financial Statements and Auditor's Report Thereon

The Company's Board of Directors is responsible for the other information. The other information comprises the information included in the directors' report but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained during the course of our audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Management's Responsibility for the Financial Statements

The Company's Board of Directors is responsible for the matters stated in section 134(5) of the Act with respect to the preparation of these financial statements that give a true and fair view of the financial position, financial performance including other comprehensive income, cash flows and changes in equity of the Company in accordance with the Ind AS and other accounting principles generally accepted in India. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those Board of Directors are also responsible for overseeing the Company's financial reporting process.

Auditor's Responsibility for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal financial control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under Section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Company has adequate internal financial controls system in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

Materiality is the magnitude of misstatements in the financial statements that, individually or in aggregate, makes it probable that the economic decisions of a reasonably knowledgeable user of the financial statements may be influenced. We consider quantitative materiality and qualitative factors in (i) planning the scope of our audit work and in evaluating the results of our work; and (ii) to evaluate the effect of any identified misstatements in the financial statements.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

Report on Other Legal and Regulatory Requirements

1. As required by Section 143(3) of the Act, audit we report that:
   a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
   b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
   c) The Balance Sheet, the Statement of Profit and Loss including Other Comprehensive Income, the Cash Flow Statement and Statement of Changes in Equity dealt with by this Report are in agreement with the books of account.
   d) In our opinion, the aforesaid financial statements comply with the IND AS specified under Section 133 of the Act.
   e) On the basis of the written representations received from the directors as on 31st March, 2019 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2019 from being appointed as a director in terms of Section 164(2) of the Act.
   f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure A". Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the Company's internal financial controls over financial reporting.
   g) In our opinion and to the best of our information and according to the explanations given to us, the Company being a private company, section 197 of the Act related to managerial remuneration is not applicable.
   h) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, as amended in our opinion and to the best of our information and according to the explanations given to us:
      i. The Company does not have any pending litigations which would impact its financial position in its financial statements;
      ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses;
      iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.
2. As required by the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Central Government in terms of Section 143(11) of the Act, we give in "Annexure B" a statement on the matters specified in paragraphs 3 and 4 of the Order.

For **DELOITTE HASKINS & SELLS**
Chartered Accountants
(Firm's Registration No.302009E)

Ananthi Amarnath
(Partner)
(Membership No. 209252)

Date : April 24, 2019
Place : Chennai

ANNEXURE "A" TO THE INDEPENDENT AUDITOR'S REPORT

(Referred to in paragraph "f" under 'Report on Other Legal and Regulatory Requirements' section of our report of even date)

Report on the Internal Financial Controls Over Financial Reporting under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")

We have audited the internal financial controls over financial reporting of North East Nutrients Private Limited ("the Company") as of March 31, 2019 in conjunction with our audit of the financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

Auditor's Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting of the Company based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") issued by the Institute of Chartered Accountants of India and the Standards on Auditing prescribed under Section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system over financial reporting.

Meaning of Internal Financial Controls Over Financial Reporting

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance

regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls Over Financial Reporting

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

In our opinion, to the best of our information and according to the explanations given to us, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2019, based on the internal financial control over financial reporting established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

For **DELOITTE HASKINS & SELLS**
Chartered Accountants
(Firm's Registration No.302009E)

Ananthi Amarnath
(Partner)
(Membership No. 209252)

Date : April 24, 2019
Place : Chennai

ANNEXURE "B" TO THE INDEPENDENT AUDITOR'S REPORT

(Referred to in paragraph 2 under 'Report on Other Legal and Regulatory Requirements' section of our report of even date)

(i) In respect of fixed assets:

(a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.

(b) The fixed assets were physically verified during the year by the Management in accordance with a regular programme of verification which, in our opinion, provides for physical verification of all the fixed assets at reasonable intervals. According to the information and explanation given to us, no material discrepancies were noticed on such verification.

(c) With respect to immovable properties of land and buildings that are freehold, according to the information and explanations given to us and the records examined by us and based on the examination of the registered sale deed provided to us, we report that, the title deeds of such immovable properties are held in the name of the Company as at the balance sheet date.

(ii) As explained to us, the inventories were physically verified during the year by the Management at reasonable intervals and no material discrepancies were noticed on physical verification.

(iii) The Company has not granted any loans, secured or unsecured, to companies, firms, Limited Liability Partnerships or other parties covered in the register maintained under Section 189 of the Companies Act, 2013.

(iv) The Company has not granted any loans, made investments or provided guarantees and hence reporting under clause (iv) of the Order is not applicable.

(v) According to the information and explanations given to us, the Company has not accepted any deposit and does not have any unclaimed deposits.

(vi) Having regards 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, Customs Duty, Goods & Service Tax, cess and other material statutory dues applicable to it to the appropriate authorities.

(b) There were no undisputed amounts payable in respect of Provident Fund, Employees State Insurance, Income-tax, Sales Tax, Service Tax, Customs Duty, Excise Duty, Value Added Tax, Goods & Service Tax, cess and other material statutory dues in arrears as at March 31, 2019 for a period of more than six months from the date they became payable.

(c) There are no dues of Income-tax, Sales Tax, Service Tax, Customs Duty, Excise Duty and Value Added Tax as on March 31, 2019 on account of disputes.

(viii) In our opinion and according to the information and explanations given to us, the Company has not defaulted in the repayment of loans or borrowings to financial institutions.

The Company has not taken any loans or borrowings from banks, government and has not issued any debentures.

(ix) The Company has not raised moneys by way of initial public offer or further public offer (including debt instruments) or term loans during the year and hence reporting under clause (ix) of the Order is not applicable.

(x) To the best of our knowledge and according to the information and explanations given to us, no fraud by the Company and no material fraud on the Company by its officers or employees has been noticed or reported during the year.

(xi) The Company is a private company and hence the provisions of Section 197 of the Companies Act, 2013 do not apply to the Company.

(xii) The Company is not a Nidhi Company and hence reporting under clause (xii) of the Order is not applicable.

(xiii) In our opinion and according to the information and explanations given to us the Company is in compliance with Section 177 and 188 of the Companies Act, 2013, where applicable, for all transactions with the related parties and the details of related party transactions have been disclosed in the financial statements etc. as required by the applicable accounting standards.

(xiv) During the year the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures and hence reporting under clause (xiv) of the Order is not applicable.

(xv) In our opinion and according to the information and explanations given to us, during the year the Company has not entered into any non-cash transactions with its directors or directors of its holding company or persons connected with its directors and hence provisions of Section 192 of the Companies Act, 2013 are not applicable.

(xvi) The Company is not required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934.

For **DELOITTE HASKINS & SELLS**
Chartered Accountants
(Firm's Registration No.302009E)

Ananthi Amarnath
(Partner)
(Membership No. 209252)

Date : April 24, 2019
Place : Chennai

BALANCE SHEET AS AT 31ST MARCH, 2019

	Note		As at 31st March, 2019 (₹)		As at 31st March, 2018 (₹)
ASSETS					
Non-current assets					
(a) Property, Plant and Equipment	1A		831,248,694		1,135,614,564
(b) Capital work-in-progress	1B		33,504,173		6,236,048
(c) Other non-current assets	2		31,015,859		4,314,904
			895,768,726		1,146,165,516
Current assets					
(a) Inventories	3		89,225,909		78,926,311
(b) Financial assets					
(i) Investments	4A	10,010,406		-	
(ii) Trade receivables	4B	51,411,359		76,924,287	
(iii) Cash and cash equivalents	5	202,117,612		8,182,562	
(iv) Other Bank deposits		770,000		-	
(v) Other financial assets		13,647	264,323,024	-	85,106,849
(c) Other current assets	2		85,460,035		44,598,930
			439,008,968		208,632,090
Total assets			1,334,777,694		1,354,797,606
EQUITY AND LIABILITIES					
Equity					
(a) Share capital	6	730,000,000		730,000,000	
(b) Other equity		(18,586,508)	711,413,492	(109,782,989)	620,217,011
			711,413,492		620,217,011
Liabilities					
Non-current liabilities					
(a) Financial liabilities					
(i) Borrowings	7		423,600,000		545,200,000
(b) Provisions	9		3,604,195		2,603,453
			427,204,195		547,803,453
Current liabilities					
(a) Financial Liabilities					
(i) Trade payables					
(A) Dues of Micro, Small and Medium Enterprises		119,173		51,033	
(B) Dues of creditors other than Micro, Small and Medium Enterprises		25,889,681		30,031,796	
(ii) Other financial liabilities	8	159,882,834	185,891,688	142,437,814	172,520,643
(b) Other current liabilities	10		10,268,319		14,256,499
			196,160,007		186,777,142
Total equity and liabilities			1,334,777,694		1,354,797,606

The accompanying notes 1 to 17 are an integral part of the Financial Statements.

In terms of our report attached

For **Deloitte Haskins & Sells**
Chartered Accountants

ANANTHI AMARNATH
Partner

Chennai, 24th April, 2019

For and on behalf of the Board of Directors

S. DEKA
Director

N. K. JASPER
Director

P. WALI
Chairman

A. SENGUPTA
Chief Financial Officer

SAVITHA BAI S.
Manager & Company Secretary

Bengaluru, 24th April, 2019

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31ST MARCH, 2019

		Note	For the year ended 31st March, 2019 (₹)	For the year ended 31st March, 2018 (₹)
I	Revenue from operations	11	**1,616,919,415**	1,502,961,209
II	Other income	12	**573,655**	-
III	**Total Income (I+II)**		**1,617,493,070**	1,502,961,209
IV	**EXPENSES**			
	Cost of material consumed		**987,490,485**	908,902,599
	Changes in inventories of finished goods		**(3,028,908)**	9,806,636
	Excise duty		**–**	12,527,378
	Employee benefits expense	13	**73,551,656**	66,286,357
	Finance costs	14	**67,610,828**	84,857,951
	Depreciation and amortization expense	1A	**112,516,693**	104,678,203
	Other expenses	15	**288,831,779**	284,398,710
	Total expenses (IV)		**1,526,972,533**	1,471,457,833
V	**Profit/(Loss) before tax (III- IV)**		**90,520,537**	31,503,376
VI	**Tax expense:**			
	Provision for Income Tax		**21,500,000**	-
	Less: Mat Credit entitlement		**(21,500,000)**	-
	Total Tax expenses (VI)		**–**	-
VII	**Profit/(Loss) for the year (V-VI)**		**90,520,537**	31,503,376
	Other comprehensive income			
	Items that will not be reclassified to profit or loss:			
	– Remeasurements of defined benefit plans		**675,944**	1,497,365
VIII	**Total other comprehensive income**		**675,944**	1,497,365
IX	**Total comprehensive income for the year (VII+VIII)**		**91,196,481**	33,000,741
X	Earnings per equity share (Face Value Rs.10 per share): Basic and Diluted (in ₹)	16	**1.24**	0.43

The accompanying notes 1 to 17 are an integral part of the Financial Statements.

In terms of our report attached

For **Deloitte Haskins & Sells**
Chartered Accountants

ANANTHI AMARNATH
Partner
Chennai, 24th April, 2019

For and on behalf of the Board of Directors

S. DEKA
Director

N. K. JASPER
Director

P. WALI
Chairman

A. SENGUPTA
Chief Financial Officer

SAVITHA BAI S.
Manager & Company Secretary
Bengaluru, 24th April, 2019

CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2019

	For the year ended 31st March, 2019 (₹)		For the year ended 31st March, 2018 (₹)	
A. Cash flow from operating activities				
Net Profit/(loss)		**90,520,537**		31,503,376
Adjustments for:				
Depreciation and amortisation expenses	**112,516,693**		104,678,203	
Finance costs	**67,610,828**		84,857,951	
Interest income	**(573,655)**	**179,553,866**	–	189,536,154
Operating profit/(loss) before working capital changes		**270,074,403**		221,039,530
Changes in working capital:				
Adjustment for (increase) / decrease in operating assets:				
Trade receivables, and other current assets	**(16,799,324)**		(26,656,645)	
Inventories	**(10,299,598)**		8,408,350	
Adjustment for increase / (decrease) in operating liabilities:				
Trade payables, other liabilities and provisions	**(6,119,229)**	**(33,218,151)**	12,982,782	(5,265,513)
Cash generated/(used) from operations		**236,856,252**		215,774,018
Net income tax (paid) / refunds		**(24,447,277)**		–
Net cash generated from/(used in) operating activities (A)		**212,408,975**		215,774,018
B. Cash flow from investing activities				
Capital expenditure on property, plant and equipments including capital advances	**(38,978,431)**		(21,998,333)	
Capital subsidy received	**201,939,972**		–	
Interest on security deposit	**295,995**		–	
Purchase of current investments mutual fund	**(127,000,000)**		–	
Sales/redemption of current investments mutual fund	**117,249,367**		–	
Investment in other bank deposits (original maturity more than 3 months)	**(770,000)**	**152,736,903**		(21,998,333)
Net cash generated from/(used in) investing activities (B)		**152,736,903**		(21,998,333)
C. Cash flow from financing activities				
Proceeds from issue of preference share capital	–		180,000,000	
Repayment of short term borrowings	–		(180,000,000)	
Repayment of long term borrowings	**(121,600,000)**		(121,600,000)	
Interest paid	**(49,610,828)**	**(171,210,828)**	(67,844,252)	(189,444,252)
Net cash generated from/(used in) financing activities (C)		**(171,210,828)**		(189,444,252)
Net increase/(decrease) in cash and cash equivalents (A+B+C)		**193,935,050**		4,331,432
Cash and cash equivalents at the beginning of the year		**8,182,562**		3,851,130
Cash and cash equivalents at the end of the year		**202,117,612**		8,182,562

Note:
The above Cash Flow Statement has been prepared under the "Indirect Method" (Ind AS 7)
The accompanying notes 1 to 17 are an integral part of the Financial Statements

In terms of our report attached
For **Deloitte Haskins & Sells**
Chartered Accountants

ANANTHI AMARNATH
Partner
Chennai, 24th April, 2019

For and on behalf of the Board of Directors

S. DEKA
Director

N. K. JASPER
Director

P. WALI
Chairman

A. SENGUPTA
Chief Financial Officer

SAVITHA BAI S.
Manager & Company Secretary

Bengaluru, 24th April, 2019

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31ST MARCH, 2019

A. **Equity Share Capital** (₹)	Amount (₹)
As at 1st April, 2016	730,000,000
Changes in equity share capital	–
As at 1st April, 2017	730,000,000
Changes in equity share capital	–
As at 31st March, 2018	730,000,000
Changes in equity share capital	–
As at 31st March, 2019	**730,000,000**

B. **Other Equity** (₹)	**Retained Earnings Amount (₹)**	Total Amount (₹)
Balance as at 1st April, 2017	(142,783,730)	(142,783,730)
Profit/(Loss) for the year	31,503,376	31,503,376
Other Comprehensive Income (net of tax)	1,497,365	1,497,365
Total Comprehensive Income	**33,000,741**	33,000,741
Balance as at 31st March, 2018	(109,782,989)	(109,782,989)
Profit/(Loss) for the year	90,520,537	90,520,537
Other Comprehensive Income (Net of Tax)	675,944	675,944
Total Comprehensive Income	**91,196,481**	91,196,481
Balance as at 31st March, 2019	**(18,586,508)**	(18,586,508)

In terms of our report attached
For **Deloitte Haskins & Sells**
Chartered Accountants

ANANTHI AMARNATH
Partner
Chennai, 24th April, 2019

For and on behalf of the Board of Directors

S. DEKA
Director

N. K. JASPER
Director

P. WALI
Chairman

A. SENGUPTA
Chief Financial Officer

SAVITHA BAI S.
Manager & Company Secretary

Bengaluru, 24th April, 2019

NOTES TO THE FINANCIAL STATEMENTS

1. COMPANY OVERVIEW AND SIGNIFICANT ACCOUNTING POLICIES

A. COMPANY OVERVIEW

North East Nutrients Private Limited (the Company) is a Company incorporated on 5th August, 2013 with its registered office at Kolkata. The Company has a biscuits manufacturing facility at Mangaldai, Assam.

B. STATEMENT OF COMPLIANCE

The financial statements have been prepared in accordance with Indian Accounting Standards notified under section 133 read with Rule 4A of the Companies (Indian Accounting Standards) Rules, 2015 and other relevant provisions of the Companies Act, 2013, (collectively "Ind AS"). The financial statements have also been prepared in accordance with the relevant presentation requirements of the Companies Act, 2013.

C. BASIS OF PREPARATION

The financial statements are prepared in accordance with the historical cost convention, except for certain items that are measured at fair values, as explained in the accounting policies below.

Fair Value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Company takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in the financial statements is determined on such a basis.

The preparation of financial statements in conformity with Ind AS requires management to make judgements, estimates and assumptions that affect the application of the accounting policies and the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the year. Actual results could differ from those estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period; they are recognised in the period of the revision and future periods if the revision affects both current and future periods.

D. OPERATING CYCLE

All assets and liabilities have been classified as current or non-current as per the Company's normal operating cycle and other criteria set out in the Schedule III to the Companies Act, 2013 and Ind AS 1 – Presentation of Financial Statements based on the nature of products and the time between the acquisition of assets for processing and their realisation in cash and cash equivalents.

E. PROPERTY, PLANT & EQUIPMENT AND DEPRECIATION

Property, plant & equipment are stated at cost of acquisition or construction less accumulated depreciation and impairment, if any. For this purpose, cost includes deemed cost which represents the carrying value of property, plant and equipment recognised as at 1st April, 2015 measured as per the previous GAAP.

Cost is inclusive of inward freight, duties and taxes and incidental expenses related to acquisition. In respect of major projects involving construction, related pre-operational expenses form part of the value of assets capitalised. Expenses capitalised also include applicable borrowing costs for qualifying assets, if any. Subsequent costs are included in the asset's carrying amount only when it is probable that future economic benefits associated with the item will be realized. All other repairs and maintenance are charged to the Statement of Profit and Loss.

Depreciation of these assets commences when the assets are ready for their intended use which is generally on commissioning. Items of Property, plant and equipment are depreciated in a manner that amortises the cost of the assets after commissioning (or other amount substituted for cost), less its residual value, over their useful lives as specified in Schedule II of the Companies Act, 2013 on a straight line basis. Freehold Land is not depreciated.

The estimated useful lives of property, plant and equipment of the Company are as follows:

Buildings	30 – 60 years
Plant and Equipment	10 – 15 years
Furniture and Fixtures	10 years
Vehicles	8 years
Office Equipments	5 years

Property, plant and equipments' residual values and useful lives are reviewed, and are treated as changes in accounting estimates, at each balance sheet date.

NOTES TO THE FINANCIAL STATEMENTS

F. IMPAIRMENT OF ASSETS

Impairment loss, if any, is provided, to the extent, the carrying amount of assets or cash generating units exceed their recoverable amount.

Recoverable amount is higher of an asset's net selling price and its value in use. Value in use is the present value of estimated future cash flows expected to arise from the continuing use of an asset or cash generating unit and from its disposal at the end of its useful life.

Impairment losses recognised in prior years are reversed when there is an indication that the impairment losses recognised no longer exist or have decreased. Such reversals are recognised as an increase in carrying amounts of assets to the extent that it does not exceed the carrying amounts that would have been determined (net of amortisation or depreciation) had no impairment loss been recognised in previous years.

Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are considered to modify the amortisation period or method, as appropriate, and are treated as changes in accounting estimates.

G. INVENTORIES

Inventories are stated at lower of cost and net realisable value. The cost of inventories is calculated on weighted average method. Cost comprises expenditure incurred in the normal course of business in bringing such inventories to its present location and condition and includes, where applicable, appropriate overheads based on normal level of activity. Net realisable value is the estimated selling price less estimated costs for completion and sale.

Cost of purchased inventories are determined after deducting rebates and discounts.

Obsolete, slow moving and defective inventories are identified at the time of periodic physical verification of inventories and, where necessary, a markdown is made for such inventories.

H. FINANCIAL INSTRUMENTS, FINANCIAL ASSETS, FINANCIAL LIABILITES AND EQUITY INSTRUMENTS

Financial assets and financial liabilities are recognised when the Company becomes a party to the contractual provisions of the relevant instrument and are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities measured at fair value through profit or loss) are added to or deducted from the fair value on initial recognition of financial assets or financial liabilities. Purchase or sale of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognised on the trade date, i.e., the date when the Company commits to purchase or sell the asset.

Financial Assets

Recognition: Financial assets include investments, Trade receivable, Advances, Security Deposits, Cash & Cash equivalents. Such assets are initially recognised at transaction price when the Company becomes party to contractual obligations. The transaction price includes transaction costs unless the assets is being fair valued through the statement of Profit and Loss.

Classification: Management determines the classification of an asset at initial recognition depending on the purpose of which the assets were acquired. The subsequent measurement of financial assets depends on such classification.

Financial assets are classified as those measured at:

(a) Amortised cost, where the financial assets are held solely for collection of cash flows arising from payments of principle and/or interest.

(b) Fair value through profit or loss (FVTPL), where the assets are managed in accordance with an approved investment strategy that trigger purchase and sale decisions based on the fair value of such assets. Such assets are subsequently measured at fair value, with unrealised gain or losses arising from changes in the fair value being recognised in the statement of profit and loss in the period in which they arise.

Trade receivable, Advances, Security Deposits, Cash & Cash equivalents etc are classified for measurement at amortised cost while investment may fall under any of aforesaid classes.

I. FINANCIAL LIABILITIES

Borrowings, trade payables and other financial liabilities are initially recognised at the value of the respective contractual obligations. They are subsequently measured at amortised cost.

Financial liabilities are derecognised when the liability is extinguished, that is, when contractual obligation is discharged, cancelled and on expiry.

J. FOREIGN CURRENCY TRANSACTIONS

The Company accounts for transactions in currencies other than the Company's functional currencies at the exchange rate prevailing on the date of transactions. Gains/Losses arising on settlement of such transactions as also the translation of monetary items at period ends due to fluctuations in the exchange rates are recognized in the Statement of Profit and Loss.

K. REVENUE RECOGNITION

Revenue is measured at the fair value of the consideration received or receivable for goods supplied and services rendered, net of returns and discounts to customers. Revenue from the sale of goods is shown including taxes & duties which are payable on manufacture of goods, if any, but excludes taxes such as VAT and Goods and Services Tax which are payable in respect of sale of goods.

Revenue from the sale of goods is recognised when the Company performs its obligations to its customers and the amount of revenue can be measured reliably and recovery of the consideration is probable. The timing of such recognition in case of goods is when the control over the same is transferred to the customer, which is mainly upon delivery.

L. GOVERNMENT GRANT

The Company may receive government grants that require compliance with certain conditions related to the Company's operating activities or are provided to the Company by way of financial assistance on the basis of certain qualifying criteria.

Government grants are recognised when there is reasonable assurance that the grant will be received, and the Company will comply with the conditions attached to the grant.

Accordingly, government grants:

(a) related to or used for assets are included in the Balance Sheet and deducted from the carrying amount of the asset.

(b) related to incurring specific expenditures are taken to the Statement of Profit and Loss on the same basis and in the same periods as the expenditures incurred.

(c) by way of financial assistance on the basis of certain qualifying criteria are recognised as income when they become receivable.

In the unlikely event that a grant previously recognised is ultimately not received, it is treated as a change in estimate and the amount cumulatively recognised is expensed in the Statement of Profit and Loss.

M. EMPLOYEE BENEFITS

The Company makes contributions to both defined benefit and defined contribution schemes. Provident Fund contributions are in the nature of defined contribution scheme. They are deposited with the Government and recognised as expense.

NOTES TO THE FINANCIAL STATEMENTS (Contd.)

The Company's defined benefit gratuity plan is unfunded. The cost of providing benefits under the defined benefit obligation is calculated by independent actuary using the projected unit credit method. Service costs and net interest expense or income is reflected in the statement of profit and loss. Gain or Loss on account of re-measurements are recognised immediately through Other Comprehensive Income in the period in which they occur.

A liability recognised for benefits accruing to employee in respect of wages and salaries, annual leave and sick leave in the period, the related service is rendered at the undiscounted amount of the benefit expected to be paid in exchange for that service.

N. LEASES

Leases are recognised as a finance lease whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

Rentals payable under operating leases are charged to the Statement of Profit and Loss on a straight-line basis over the term of the relevant lease unless the payments to the lessor are structured to increase in line with expected general inflation to compensate for the lessor's expected inflationary cost increases.

O. BORROWING COSTS

Borrowing costs include interest, amortisation of ancillary costs incurred and exchange differences arising from foreign currency borrowings to the extent they are regarded as an adjustment to the interest cost. Costs in connection with the borrowing of funds to the extent not directly related to the acquisition of qualifying assets are charged to the Statement of Profit and Loss over the tenure of the loan. Borrowing costs, allocated to and utilised for qualifying assets, pertaining to the period from commencement of activities relating to construction / development of the qualifying asset upto the date of capitalisation of such asset are added to the cost of the assets.

P. TAXES ON INCOME

Taxes on income comprises of current taxes and deferred taxes. Current tax in the Statement of Profit and Loss is provided as the amount of tax payable in respect of taxable income for the period using tax rates enacted or substantively enacted during the period, together with any adjustment to tax payable in respect of previous years. Income tax, in so far as it relates to items disclosed under Other Comprehensive Income or Equity, are disclosed separately under Other Comprehensive Income or Equity, as applicable.

Deferred tax is recognized on temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes.

Deferred tax assets are recognized for the future tax consequences to the extent it is probable that future taxable profits will be available against which the deductible temporary differences can be utilised.

Q. OPERATING SEGMENTS

Operating Segments are reported in a manner consistent with internal reporting provided to the Chief Operating Decision Maker (CODM). The CODM who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Board of Directors.

Segments are organized based on business which have similar economic characteristics as well as exhibit similarities in nature of products and services offered, the nature of production processes, the type and class of customer and distribution methods.

R. PROVISIONS AND CLAIMS

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that the Company will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation.

In respect of claims against the Company not acknowledged as debts, a careful evaluation of the facts and legal aspects of the matter involved is undertaken and appropriately disclosed.

S. MINIMUM ALTERNATE TAX (MAT)

MAT paid in accordance with the tax laws in India, which is likely to give future economic benefits in the form of availability of set off against future income tax liability is recognised as an asset in the balance sheet when the asset can be measured reliably, and it is probable that the future economic benefit associated with the asset will be realised.

T. USE OF ESTIMATES AND JUDGEMENTS

The preparation of financial statement in conformity with generally accepted accounting principles requires managements to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosures of contingent liabilities at the date of the financial statements and the results of operations during the reporting period end. Although these estimates are based upon management's best knowledge of current event and actions, actual results could differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the periods in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

(a) Key sources of estimation uncertainty

The following are the key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting period that may have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

i. Useful lives of Property, Plant and equipment:

As described in the significant accounting policies, the Company reviews the estimated useful lives of Property, Plant and equipment at the end of reporting period.

ii. Fair Value measurements and valuation processes:

Some of the Company's assets are measured at fair value for financial reporting purpose. In estimating the fair value of an asset, the Company uses market-observable data to the extent it is available.

iii. Actuarial Valuation:

The determination of Company's liability towards defined benefit obligation to employees is made through independent actuarial valuation including determination of amounts to be recognised in the Statement of Profit and Loss and in other comprehensive income. Such valuation depend upon the assumption determined after taking into account inflation, seniority, promotion and other relevant factors. Information about such valuation is provided in the notes to the financial statements.

NOTES TO THE FINANCIAL STATEMENTS (Contd.)

All figures in (₹)

Particulars	Gross Block						
	As at 31st March, 2017	Additions	Withdrawals and adjustments	As at 31st March, 2018	Additions	Withdrawals and adjustments	As at 31st March, 2019
1A. Property, plant and equipment*							
Land Freehold	39,734,710	–	–	39,734,710	–	–	**39,734,710**
Buildings - Freehold	556,765,344	–	–	556,765,344	–	–	**556,765,344**
Plant and Equipment	753,193,150	13,309,475	–	766,502,625	**9,252,070**	**201,939,972**	**573,814,723**
Furniture and Fixtures	5,083,709	623,726	–	5,707,435	**688,375**	–	**6,395,810**
Vehicles	3,512,366	791,511	–	4,303,877	–	–	**4,303,877**
Office Equipment	264,155	1,909,197	–	2,173,352	**150,350**	–	**2,323,702**
Total	1,358,553,434	16,633,909	–	1,375,187,343	**10,090,795**	**20,19,39,972****	**1,183,338,166**
1B. Capital work-in-progress	728,561	22,141,397	16,633,909	6,236,048	**37,358,920**	**10,090,795**	**33,504,173**
Total	1,359,281,995	38,775,306	16,633,909	1,381,423,391	**47,449,715**	**212,030,767**	**1,216,842,339**

Particulars	Depreciation and Amortisation					Net Book Value		
	As at 1st April, 2017	For the year	Upto 1st April, 2018	For the year	Upto 31st March, 2019	As at 31st March, 2019	As at 31st March, 2018	As at 31st March, 2017
1A. Property, plant and equipment*								
Land Freehold	–	–	–	–	–	**39,734,710**	39,734,710	39,734,710
Buildings - Freehold	31,933,601	21,476,106	53,409,707	21,467,006	**74,876,713**	**481,888,631**	503,355,638	524,831,743
Plant and Equipment	102,255,593	81,968,860	184,224,453	89,558,410	**273,782,863**	**300,031,860**	582,278,173	650,937,557
Furniture and Fixtures	257,310	508,590	765,900	557,491	**1,323,391**	**5,072,419**	4,941,535	4,826,399
Vehicles	432,830	461,233	894,063	511,301	**1,405,364**	**2,898,513**	3,409,813	3,079,536
Office Equipment	15,242	263,414	278,656	422,485	**701,141**	**1,622,561**	1,894,695	248,913
Total	**134,894,576**	**104,678,203**	**239,572,779**	**112,516,693**	**352,089,472**	**831,248,694**	**1,135,614,564**	**1,223,658,858**
1B. Capital work-in-progress	–	–	–	–	–	**33,504,173**	**6,236,048**	**728,561**
Total	**134,894,576**	**104,678,203**	**239,572,779**	**112,516,693**	**352,089,472**	**864,752,867**	**1,141,850,612**	**1,224,387,419**

*Refer note 7.1

** During the year, capital subsidy of Rs. 20,19,39,972 is received and it is reduced from the carrying value of Plant & Equipment as per Ind AS 20 "Accounting for Government Grants".

	As at 31st March, 2019 Amount (₹)		As at 31st March, 2018 Amount (₹)	
	Current	**Non-Current**	Current	Non-Current
2. Other Non-Current & Current Assets				
(A) Capital Advances		**1,009,642**		211,351
TOTAL (A)	**–**	**1,009,642**	–	211,351
(B) Advances other than capital advances				
(i) Security Deposits				
1) With Statutory Authorities	**–**	**4,919,069**	–	3,489,949
2) With Others	**–**	**556,800**	–	556,800
(ii) Advance Tax (net of Provision of Rs. 2,15,00,000/-) (2017-18 - Nil)	**–**	**3,030,348**	–	56,804
(iii) Mat Credit Entitlement	**–**	**21,500,000**	–	–
(iv) Other Advances (including advances with statutory authorities, prepaid expenses, employee etc.)	**85,460,035**	**–**	44,598,930	–
TOTAL (B)	**85,460,035**	**30,006,217**	44,598,930	4,103,553
TOTAL (A + B)	**85,460,035**	**31,015,859**	44,598,930	4,314,904
3. Inventories				
(At lower of cost and net realisable value)				
Raw materials (including packing materials)	**40,336,052**	**–**	43,778,509	–
Finished goods (manufactured)	**15,988,261**	**–**	12,959,353	–
Stores and Spares	**32,901,596**	**–**	22,188,449	–
TOTAL	**89,225,909**	**–**	78,926,311	–
The above includes goods in transit as under:				
Raw materials (including packing materials)	**1,418,360**	**–**	48,659	–
TOTAL	**1,418,360**	**–**	48,659	–

NOTES TO THE FINANCIAL STATEMENTS (Contd.)

	As at 31st March, 2019 Amount (₹)	As at 31st March, 2018 Amount (₹)
4A Investments - Current		
Investment in Mutual Fund (mandatorily measured at FVTPL) - Unquoted *	**10,010,406**	–
TOTAL	**10,010,406**	–
* Invested in Mutual Fund ICICI Prudential Mutual Fund. 36346.137 (2018- Nil) units of Rs. 100 each		
4B. Trade Receivables - Current		
Unsecured, considered good		
Others	**51,411,359**	76,924,287
TOTAL	**51,411,359**	76,924,287
5. Cash and cash equivalents @		
Balances with Banks		
Current accounts	**202,117,612**	8,182,562
TOTAL	**202,117,612**	8,182,562

@ Cash and cash equivalents include cash on hand, cash at bank and deposits with banks with original maturity of 3 months or less.

	As at 31st March, 2019 (No. of Shares)	As at 31st March, 2019 Amount (₹)	As at 31st March, 2018 (No. of Shares)	As at 31st March, 2018 Amount (₹)
6. Share capital				
Authorised (also refer note 7)				
Equity Shares of ₹ 10.00 each	**75,000,000**	**750,000,000**	75,000,000	750,000,000
Preference Shares of ₹ 100.00 each	**2,000,000**	**200,000,000**	2,000,000	200,000,000
Issued and Subscribed				
Equity Shares of ₹ 10.00 each, fully paid	**73,000,000**	**730,000,000**	73,000,000	730,000,000
A) Reconciliation of number of Equity Shares outstanding				
As at beginning of the year	**73,000,000**	**730,000,000**	73,000,000	730,000,000
Add: Issue of Shares	–	–	–	–
As at end of the year	**73,000,000**	**730,000,000**	73,000,000	730,000,000

B) **Shareholders holding more than 5% of the Equity Shares in the Company**

	As at 31st March, 2019 (No. of Shares)	As at 31st March, 2019 %	As at 31st March, 2018 (No. of Shares)	As at 31st March, 2018 %
ITC Limited (Holding Company)	**55,480,000**	**76.00**	55,480,000	76.00
Mukul Chandra Deka	**4,380,000**	**6.00**	4,380,000	6.00
Rajib Kumar Deka	**4,380,000**	**6.00**	4,380,000	6.00
Anupam Deka	**4,380,000**	**6.00**	4,380,000	6.00
Samrat Deka	**4,380,000**	**6.00**	4,380,000	6.00

C) Rights, preferences and restrictions attached to the Equity Shares

The Equity Shares of the Company, having par value of ₹10.00 per share, rank pari passu in all respects including voting rights and entitlement to dividend.

NOTES TO THE FINANCIAL STATEMENTS (Contd.)

	As at 31st March, 2019 Amount (₹)	As at 31st March, 2018 Amount (₹)
7. Long-term borrowings		
Secured		
Term loans		
Loans from Related parties [Refer Note 17(x)]	**243,600,000**	365,200,000
Unsecured		
10%, Redeemable Preference share capital of ₹ 100.00 each	**180,000,000**	180,000,000
TOTAL	**423,600,000**	545,200,000

Nature of security and terms for secured long term borrowings (including current maturities of long term borrowings are as under:

7.1 Term loan is secured by a first charge by way of hypothecation/equitable mortgage of entire property, plant and equipment, both present and future. Term loan is repayable in 24 quarterly instalments starting from 30th June, 2016 and carry an interest of 12.00% p.a.

The scheduled maturity of the Long-term borrowings are summarised as under:

Borrowings repayable		
In the first year (Note 8)	**121,600,000**	121,600,000
Current maturities of long-term debt	**121,600,000**	121,600,000
In the second year	**121,600,000**	121,600,000
In the third to fifth year	**122,000,000**	243,600,000
Long-term borrowings	**243,600,000**	365,200,000

7.2 Redeemable non-convertible preference shares have been issued during the FY 2017-18 with a tenure of 5 years and are cumulative in nature. These redeemable preference shares have been considered as borrowing in view of the presentation requirement under Ind AS 32 on Financial Instruments - Presentation.

8. Other Financial liabilities		
Current		
Current maturities of long-term debt (Note 7)	**121,600,000**	121,600,000
Provision for preference share dividend	**35,013,699**	17,013,699
Others - towards property, plant and equipment	**1,209,557**	2,030,778
- towards others	**2,059,578**	1,793,337
TOTAL	**159,882,834**	142,437,814
9. Provisions (Non Current)		
Provision for employee benefits [Refer Note 17(ii)(a)]		
Retirement benefits	**3,604,195**	2,603.453
TOTAL	**3,604,195**	2,603,453
10. Other current liabilities		
Statutory Liabilities	**10,268,319**	14,256,499
TOTAL	**10,268,319**	14,256,499

	For the year ended 31st March, 2019 Amount (₹)	For the year ended 31st March, 2018 Amount (₹)
11. Revenue from operations		
Sale of Products (including excise duty for the year ended		
31st March, 2019 - Nil ; (2018 - ₹ 1,25,27,378)	**1,493,306,968**	1,427,004,496
Gross Revenue from sale of products and services	**1,493,306,968**	1,427,004,496
Other Operating Revenues		
Subsidies - VAT, CST, SGST, CGST, IGST benefit & Insurance subsidy	**115,891,403**	70,564,781
Income from scrap sale	**7,721,044**	5,391,932
TOTAL	**1,616,919,415**	1,502,961,209

NOTES TO THE FINANCIAL STATEMENTS (Contd.)

	For the year ended 31st March, 2019 Amount (₹)	For the year ended 31st March, 2018 Amount (₹)
12. Other income		
Interest income from bank deposits measured at amortised cost	**15,163**	–
Income from Investments in Mutual Fund*	**259,774**	–
Income from Security Deposit (From Electricity Board - APDCL)	**295,995**	–
Interest on income tax refund	**2,723**	–
TOTAL	**573,655**	–
*Income from investment in mutual fund comprises		
a) Financial assets mandatorily measured at FVTPL of ₹ 10,406.		
b) Net gain/(loss) on sale of investments ₹ 2,49,368 (2018 - Nil)		
13. Employee benefits expense		
Salaries and wages	**37,521,443**	35,330,248
Reimbursement of remuneration of deputed managers	**11,144,973**	12,302,157
Contribution to Provident & other funds	**2,687,205**	3,271,746
Gratuity expenses	**1,676,686**	1,616,433
Staff welfare expenses	**20,521,349**	13,765,773
TOTAL	**73,551,656**	66,286,357
14. Finance cost		
Interest expense on borrowing measured at amortised cost	**49,610,828**	67,844,252
Preference dividend	**18,000,000**	17,013,699
TOTAL	**67,610,828**	84,857,951
15. Other Expenses		
Power and fuel	**68,416,581**	82,886,301
Consumption of stores and spare parts	**20,937,660**	23,087,639
Rent	**8,194,804**	4,520,673
Rates and taxes	**798,105**	868,006
Insurance	**2,567,967**	2,309,344
Repairs		
- Machinery	**1,769,155**	12,229,736
- Building	**1,476,336**	1,343,554
- Others	**3,497,517**	7,924,467
Outward freight and handling charges	**47,899,820**	42,202,441
Contractual charges	**90,838,784**	67,932,523
Information technology services	**4,726,336**	4,575,736
Travelling and conveyance	**1,901,114**	2,126,623
Consultancy / Professional fees	**28,556,936**	25,545,419
Miscellaneous expenses	**7,250,664**	6,846,248
TOTAL	**288,831,779**	284,398,710
Miscellaneous expenses include :		
Auditors' remuneration and expenses *		
as statutory audit fees	**550,000**	550,000
as tax audit fees	**50,000**	50,000
as reimbursement of expenses	**24,450**	-
	624,450	600,000

* Excluding taxes.

16. Earnings per equity share has been computed as under:		
(a) Profit for the year (₹)	**90,520,537**	31,503,376
(b) Weighted average number of Equity shares outstanding	**73,000,000**	73,000,000
(c) Earnings per equity share on profit for the year (Face Value ₹10.00 per share)		
- Basic and Diluted [(a)/(b)]	**1.24**	0.43

17. Additional Notes to the Financial Statements

(i) Contingent liabilities and commitments :

(a) Contingent liabilities: Nil (2018 - Nil)

(b) Commitments

- Estimated amount of contracts remaining to be executed on capital accounts (net of advances) and not provided for: ₹ 1,48,30,128 (2018 - Nil).

(ii) (a) Defined Benefit Plans - As per Actuarial Valuations as on 31st March, 2019 and recognised in the financial statements in respect of gratuity:

Description of Plans

The liabilities arising in the defined benefit scheme of gratuity are determined in accordance with the advice of independent, professionally qualified actuaries, using the projected unit credit method.

Risk Management

The defined benefit plan of gratuity exposes the Company to actuarial deficit arising out of interest rate risk, salary cost inflation risk, longevity risk. These plans are not exposed to any unusual, entity specific or scheme specific risks but there are general risks. The Scheme's accounting liabilities are calculated using a discount rate set with reference to the Government security yields. A decrease in yields will increase the fund liabilities, leading to accounting deficit in the funds. Increase in salary due to adverse inflationary pressures might lead to higher liabilities. The present value of the defined benefit plan liability is calculated by reference to the best estimate of the mortality of plan participants both during and after their employment. An increase in the life expectancy of the plan participants will increase the plan's liability.

NOTES TO THE FINANCIAL STATEMENTS (Contd.)

			For the year ended 31st March, 2019 (₹)	For the year ended 31st March, 2018 (₹)
			Gratuity	Gratuity
			Unfunded	Unfunded
I	**Components of Employer Expense**			
	- Recognised in Profit or Loss			
	1	Current service cost	**14,81,427**	14,48,737
	2	Past service cost	**–**	–
	3	Net interest cost	**1,95,259**	1,67,696
	4	**Total expense recognised in the Statement of Profit and Loss**	**16,76,686**	16,16,433
	Re-measurements recognised in other comprehensive income			
	5	(Return) on plan assets (excluding amounts included in Net interest cost)	**–**	–
	6	Effect of changes in demographic assumptions	**2,554**	–
	7	Effect of changes in financial assumptions	**–**	(2,04,776)
	8	Changes in asset ceiling (excluding interest income)	**–**	–
	9	Effect of experience adjustments	**(6,78,498)**	(12,92,589)
	10	Total re-measurements included in OCI	**(6,75,944)**	(14,97,365)
	11	**Total defined benefit cost recognised in Profit and Loss and Other Comprehensive Income (4+10)**	**10,00,742**	1,19,068
II	**Actual returns**		**–**	–
III	**Net Asset/(Liability) recognised in Balance Sheet**			
	1	Present value of Defined Benefit Obligation	**36,04,195**	26,03,453
	2	Fair value of plan assets	**–**	-
	3	Status [Surplus/(Deficit)]	**(36,04,195)**	(26,03,453)

Net Asset/(Liability) recognised in Balance Sheet	**As at 31st March, 2019**		As at 31st March, 2018	
	Current	**Non-current**	Current	Non-current
Gratuity	**–**	**(36,04,195)**	–	(26,03,453)

			For the year ended 31st March, 2019 (₹)	For the year ended 31st March, 2018 (₹)
			Gratuity	Gratuity
IV	**Change in Defined Benefit Obligation (DBO)**			
	1	Present value of DBO at the beginning of the year	**26,03,453**	24,84,385
	2	Current service cost	**14,81,427**	14,48,737
	3	Interest cost	**1,95,259**	1,67,696
	4	Remeasurement losses / (gains):	**-**	-
		Effect of changes in demographic assumptions	**2,554**	
		Effect of changes in financial assumptions	**-**	(2,04,776)
		Effect of experience adjustments	**(6,78,498)**	(12,92,589)
	5	**Present Value of DBO at the end of the year**	**36,04,195**	26,03,453

V		**Actuarial Assumption**	**As at 31st March, 2019**	As at 31st March, 2018
			Discount Rate (%)	Discount Rate (%)
	1	Interest rate	7.50%	7.50%
	2	Weighted expected rate of salary increase	10.00%	10.00%
	3	Retirement age	60	60
	4	Attrition rate	4.00%	4.00%
	5	Mortality table	IALM 2012-14	IALM 2006-08
		The estimates of future salary increase, considered in actuarial valuations take account of inflation, seniority, promotion and other relevant factors such as supply and demand factors in the employment market.		

Sensitivity analysis

	Particulars	**As at 31st March, 2019**	As at 31st March, 2018
1	Discount rate +100 basis points	**3,033,483**	21,72,653
2	Discount rate -100 basis points	**4,325,257**	31,51,826
3	Salary Increase Rate +1%	**4,280,382**	31,18,250
4	Salary Increase Rate -1%	**3,054,399**	21,87,886
5	Attrition Rate +1%	**3,412,278**	24,44,482
6	Attrition Rate -1%	**3,825,824**	27,86,665

NOTES TO THE FINANCIAL STATEMENTS (Contd.)

The sensitivity analysis presented above may not be representative of the actual change in the defined benefit obligation as it is unlikely that the change in assumptions would occur in isolation of one another as some of the assumptions may be correlated. Furthermore, in presenting the above sensitivity analysis, the present value of the defined benefit obligation has been calculated using the projected unit credit method at the end of the reporting period, which is the same as that applied in calculating the defined benefit obligation liability recognised in the balance sheet. There was no change in the methods and assumptions used in preparing the sensitivity analysis from prior years.

Note: The Company has started its commercial operations from August 2015. Accordingly, the cost towards defined benefit obligations have been recognized with effect from FY 2015-16.

(b) Provident Fund contributions are in the nature of defined contribution scheme. They are deposited with the Government and recognised as expense.

Amounts towards Defined Contribution Plans have been recognised under "Contribution to Provident funds and other funds" in Note 13: ₹ 26,87,205 (2018 - ₹ 32,71,746).

(c) Leave is paid on a yearly basis and is not considered to be a long-term retirement benefit.

(iii) Micro, Small and Medium scale business entities:

Payable to Micro and Small Enterprises as at 31st March 2019 is ₹ 1,19,173 (2018 - ₹ 51,033) on account of trade payables and Nil (2018 - Nil) on account of other current liabilities. There are no Micro, Small and Medium Enterprises, to whom the Company owes dues, which are outstanding for more than 45 days during the year and also as at 31st March 2019. This information as required to be disclosed under the Micro, Small and Medium Enterprises Development Act, 2006 has been determined to the extent such parties have been identified on the basis of information available with the Company.

(iv) The Company has entered into cancellable operating lease arrangement for office space, residential accommodation, plant & equipment and land for storage of biomass fuel. The lease rentals payable is charged as 'Rent' under Note 15.

(v) The Company operates in a single business segment of manufacturing biscuits and the principal geographical segment is India. The chief operating decision maker (CODM) is the Board of Directors. The entire sales of finished goods of the Company is to ITC Limited (Holding Company).

(vi) Deferred Tax

Considering that the deferred tax is reversing within the tax holiday period under section 80IE of Income Tax Act, 1961, deferred tax asset as at 31st March 2019 is not recognized.

(vii) Cost of inventory recognized as an expense during the year amount to ₹ 1,37,14,94,931 (2018 - ₹ 1,29,49,87,243).

(viii) Ministry of Corporate Affairs (MCA) has issued the Companies (Indian Accounting Standards) Amendment Rules, 2018 notifying Ind AS 115, 'Revenue from Contracts with Customers'. The notification is applicable for annual period beginning on or after 01st April 2018. The Company has adopted Ind AS 115 in accordance with the notification issued by the MCA and that there is no impact on transition to Ind AS 115.

(ix) Ind AS 116 was notified by Ministry of Corporate Affairs as on March 30, 2019 to be effective for annual periods beginning on or after April 01, 2019. Ind AS 116 sets out the principles of recognition, measurement, presentation and disclosure of leases. The objective is to ensure that lessees and lessors provide relevant information in a manner that faithfully represents those transactions. This information gives a basis for users of financial statements to assess the effect that leases have on the financial position, financial performance and cash flows of an entity.

This new standard will supersede all current leases standard under Ind AS, either a full retrospective application or a modified retrospective application is required for annual periods beginning on or after April 01, 2019. The Company is in process of examining the impact of this Standards on its financial statements.

(x) Related Party Disclosures

1 The company has the following related parties

Holding Company

ITC Limited

Key Management Personnel

M. Ganesan	Non- Executive Chairman (ceased w.e.f. 02.11.2018)
P. Wali	Non- Executive Chairman
N.K.Jasper	Additional Non- Executive Director (w.e.f. 02.11.2018)
D. Ashok	Non- Executive Director
S. Deka	Non- Executive Director
K. Raghavaiah	Independent Director (w.e.f 21.07.2018)
Members- Management Committee	
A. Sengupta	Chief Financial Officer
M. Das / H. Goswami	HR Head
K. Lahoti/ D. Shinde	Head of Operations
S. Bai	Manager & Company Secretary

2 Related Parties with whom the Company had transactions

ITC Limited	Holding Company
ITC Infotech India Limited	Fellow Subsidiary
Russell Credit Limited	Fellow Subsidiary
M/s Sunandaram Deka	Partnership firm in which one of the directors is a partner
M/s Repose	Partnership firm in which one of the directors is a partner
Russell Investments Limited	Associate of holding company

Key Management Personnel

S. Deka	Non-Executive Director
R. Jacob	Non- Executive Director
K. Raghavaiah	Non- Executive Director
M. Das / H. Goswami	HR Head

(x) Related Party Disclosures (contd.)

(All Figure in ₹)

3. DISCLOSURE OF TRANSACTIONS BETWEEN THE COMPANY AND RELATED PARTIES AND THE STATUS OF OUTSTANDING BALANCES AS AT 31.03.2019

RELATED PARTY TRANSACTIONS SUMMARY		Holding Company		Fellow Subsidiaries				Associate		Firm in which Director is interested				KMP		Total	
		ITC Limited		ITC Infotech India Limited		Russell Credit Limited		Russell Investments Limited		M/s Sunandaram Deka		M/s Repose					
		2019	2018	**2019**	2018	**2019**	2018	**2019**	2018	**2019**	2018	**2019**	2018	**2019**	2018	**2019**	2018
1	Sale of goods (incl of VAT, CST & GST)	**1,769,975,667**	1,668,839,110	–	–	–	–	–	–	–	–	–	–	–	–	**1,769,975,667**	1,668,839,110
2	Purchase of goods/ services	**19,014,438**	72,721,890	–	–	–	–	–	–	**23,648**	–	**1,687,984**	1,433,671	–	–	**20,726,070**	74,155,561
3	Software expenses	–	–	–	2,713,056	–	–	–	–	–	–	–	–	–	–	–	2,713,056
4	Leasing or rental services	**4,277,500**	–	–	–	–	–	–	–	–	–	–	–	–	–	**4,277,500**	–
5	Management services	–	–	**1,065,540**	1,161,120	–	–	–	–	**23,806,400**	21,667,800	–	–	–	–	**24,871,940**	22,828,920
6	Labour contract services	–	–	–	–	–	–	–	–	**100,851,161**	77,095,318	–	–	–	–	**100,851,161**	77,095,318
7	Internal Audit fees	**177,000**	141,600	–	–	–	–	–	–	–	–	–	–	–	–	**177,000**	141,600
8	Preference dividend/ interest	**18,000,000**	17,013,699	–	–	**49,610,828**	66,601,512	–	1,242,740	–	–	–	–	–	–	**67,610,828**	84,857,951
9	Remuneration to Key Management Personnel																
	- Directors	–	–	–	–	–	–	–	–	–	–	–	–	**60,000**	235,000	**60,000**	235,000
	- Others	–	–	–	–	–	–	–	–	–	–	–	–	**725,198**	455,180	**725,198**	455,180
10	Remuneration of managers on deputation reimbursed	**11,144,973**	12,302,157	–	–	–	–	–	–	–	–	–	–	–	–	**11,144,973**	12,302,157
11	Preference Share Capital	–	180,000,000	–	–	–	–	–	–	–	–	–	–	–	–	–	180,000,000
12	Loans taken	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
13	Payment towards loan repayment	–	–	–	–	**121,600,000**	121,600,000	–	180,000,000	–	–	–	–	–	–	**121,600,000**	301,600,000

Compensation of key management personnel

The remuneration of directors and other members of key management personnel during the year was as follows *	**2019**	**2018**
- R. Jacob (Sitting fees)	–	107,500
- K. Raghavaiah (Sitting fees)	**60,000**	127,500
- M. Das / H. Goswami (Salary)	**725,198**	455,180

RELATED PARTY BALANCES		Holding Company		Fellow Subsidiaries				Associate		Firm in which Director is interested				KMP		Total	
		ITC Limited		ITC Infotech India Limited		Russell Credit Limited		Russell Investments Limited		M/s Sunandaram Deka		M/s Repose					
		2019	2018	**2019**	2018	**2019**	2018	**2019**	2018	**2019**	2018	**2019**	2018	**2019**	2018	**2019**	2018
Balances as at 31st March (unsecured unless otherwise stated)																	
1	Receivables	**53,636,496**	77,768,875	–	–	–	–	–	–	–	–	–	–	–	–	**53,636,496**	77,768,875
2	Loans Taken	–	–	–	–	** **36,52,00,000**	** 48,68,00,000	–	–	–	–	–	–	–	–	**365,200,000**	486,800,000
3	Payables	**2,275,984**	844,587	–	–	–	–	–	–	**209,450**	–	–	105,110	–	–	**2,485,434**	949,697
4	Interest accrued but not due	**180,000,000**	180,000,000	–	–	–	–	–	–	–	–	–	–	–	–	**180,000,000**	180,000,000
5	Advances given	–	–	–	–	–	–	–	–	**2,000,000**	–	–	–	–	–	**2,000,000**	–

The amount outstanding will be settled in cash.
** Loan from Russell Credit Limited is secured by way of hypothecation/equitable mortgage.

NOTES TO THE FINANCIAL STATEMENTS (Contd.)

(xi) Financial instruments and related disclosures

1. Capital Management

The Company funds its operations through mix of equity and borrowings. The gearing ratio of the Company as on 31st March 2019 is 0.43:1 (2018 – 0.48:1). The Company aims to maintain adequate supply of funds towards future growth of its business as a going concern.

The capital structure of the Company consists of equity Rs. 73 Crores and debt of Rs. 54.52 Crores. The Company is not subject to any externally imposed capital requirement.

2. Categories of Financial Instruments

	Particulars	Note	As at 31st March, 2019		As at 31st March, 2018	
			Carrying Value	Fair Value	Carrying Value	Fair Value
A. Financial assets						
a)	**Measured at amortised cost**					
	i) Cash and Cash Equivalents	5	**20,21,17,612**	**20,21,17,612**	81,82,562	81,82,562
	ii) Other bank deposits		**7,70,000**	**7,70,000**	–	–
	iii) Trade Receivables	4B	**5,14,11,359**	**5,14,11,359**	7,69,24,287	7,69,24,287
	iv) Other Financial Assets		**13,647**	**13,647**	–	–
b)	**Measured at Fair Value Through Profit or loss**					
	i) Investment in Mutual Funds	4A	**1,00,10,406**	**1,00,10,406**	–	–
	Total financial assets		**26,43,23,024**	**26,43,23,024**	8,51,06,849	8,51,06,849
B. Financial liabilities						
a)	**Measured at amortised cost**					
	i) Borrowings	7	**42,36,00,000**	**42,36,00,000**	54,52,00,000	54,52,00,000
	ii) Trade Payables		**2,60,08,854**	**2,60,08,854**	3,00,82,829	3,00,82,829
	iii) Other financial liabilities	8	**15,98,82,834**	**15,98,82,834**	14,24,37,814	14,24,37,814
	Total financial liabilities		**60,94,91,688**	**60,94,91,688**	71,77,20,643	71,77,20,643

3. Financial risk management objectives

The Company's activities expose it to a variety of financial risks, including market risk, credit risk and liquidity risk. The Company is striving to develop a system-based approach to business risk management. The Company's financial risk management process seeks to enable the early identification, evaluation and effective management of key risks facing the business. Backed by strong internal control systems, the current Risk Management Framework rests on policies and procedures issued by appropriate authorities; process of regular reviews / audits to set appropriate risk limits and controls; monitoring of such risks and compliance confirmation for the same.

a) Market risk

The Company is not an active investor in Equity market. The Company's investments are predominantly held in fixed deposit and debt mutual funds. Fixed deposit is held with highly rated bank and have a short tenure and are not subjected to interest rate volatility. The Company also invest in mutual fund schemes of leading fund houses However, given the relatively short tenure of underlying portfolio of the mutual fund schemes in which the Company has invested such price risk are not significant. Commodity price risk arising out of movement of prices of raw materials, packing materials, consumables etc. are transferred to customers. Derivative transactions are not undertaken.

i. Interest rate risk

Interest rate risk refers to the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. As majority of the financial assets and liabilities of the Company are either short term or fixed interest-bearing instruments, the Company's net exposure to interest risk is negligible.

ii. Commodity Price risk

The Company's exposure to commodity price risk price is negligible as it follows the policy of passing on such risk to its customers and maintain adequate inventory cover for its operations.

b) Liquidity risk

Liquidity risk is defined as the risk that the Company will not be able to settle or meet its obligations as they become due. The Company manages its liquidity risk by ensuring that it will always have sufficient liquidity to meet its liabilities when due.

The table below provides details regarding the remaining contractual maturities of significant financial liabilities at the reporting date.

Particulars	As at 31st March, 2019						
	Contractual Cash flows*						
	Carrying value	Less than 3 months	More than 3 months upto 6 months	More than 6 months upto 1 year	More than 1 year upto 3 years	Beyond 3 years	Total
Borrowings	**42,36,00,000**	–	–	–	**24,36,00,000**	**18,00,00,000**	**42,36,00,000**
Trade Payables	**2,60,08,854**	**2,60,08,854**	–	–	–	–	**2,60,08,854**
Other Financial Liabilities	**15,98,82,834**	**20,59,578**	**6,20,09,557**	**6,08,00,000**	**3,50,13,699**	–	**15,98,82,834**
	60,94,91,688	**2,80,68,432**	**6,20,09,557**	**6,08,00,000**	**27,86,13,699**	**18,00,00,000**	**60,94,91,688**

NOTES TO THE FINANCIAL STATEMENTS (Contd.)

Particulars	As at 31st March, 2018						
	Contractual Cash flows*						
	Carrying value	Less than 3 months	More than 3 months upto 6 months	More than 6 months upto 1 year	More than 1 year upto 3 years	Beyond 3 years	Total
Borrowings	54,52,00,000	–	–	–	24,36,00,000	30,16,00,000	54,52,00,000
Trade Payables	3,00,82,829	3,00,82,829	–	–	–	–	3,00,82,829
Other Financial Liabilities	14,24,37,814	19,51,158	6,09,06,827	6,25,66,130	1,70,13,699	–	14,24,37,814
	71,77,20,643	**3,20,33,987**	**6,09,06,827**	**6,25,66,130**	**26,06,13,699**	**30,16,00,000**	**71,77,20,643**

* The table has been drawn up based on undiscounted cash flows of financial liabilities based on the earliest date on which the Company is required to pay. The table includes principal cash flows.

c) Credit risk

Credit risk is the risk that counterparty will not meet its obligations under a financial instrument which may lead to a financial loss to the Company.

The Company has sales to a single customer which is also the holding Company. Hence, there is no credit risk to the Company.

4. Fair value measurement

Fair value hierarchy

Fair value of the financial instruments is classified in various fair value hierarchies based on the following three levels:

Level 1: Quoted prices (unadjusted) in active market for identical assets or liabilities.

Level 2: Inputs other than quoted price included within level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

The fair value of financial instruments that are not traded in an active market is determined using market approach and valuation techniques which maximize the use of observable market data and rely as little as possible on entity-specific estimates. If significant inputs required to fair value an instrument are observable, the instrument is included in Level 2.

Derivatives are valued using valuation techniques with market observable inputs such as foreign exchange spot rates and forward rates at the end of the reporting period, yield curves, risk free rate of returns, volatility etc., as applicable.

Level 3: Inputs for the assets or liabilities that are not based on observable market data (unobservable inputs).

If one or more of the significant inputs is not based on observable market data, the fair value is determined using generally accepted pricing models based on a discounted cash flow analysis, with the most significant inputs being the discount rate that reflects the credit risk of counterparty.

The fair value of trade receivables and payables is considered to be equal to the carrying amounts of these items due to their short – term nature.

There has been no change in the fair valuation methodology as compared to previous year.

The following table presents the fair value hierarchy of assets and liabilities measured at fair value on a recurring basis.

Particulars	Fair Value Hierarchy (Level)	Fair Value	
		As at 31st March, 2019	As at 31st March, 2018
A. Financial assets			
Measured at Fair Value Through Profit or Loss			
Investment in Mutual Funds	1	**1,00,10,406**	–
Total financial assets		**1,00,10,406**	–
B. Financial liabilities			
Measured at amortised cost			
Borrowings	2	**42,36,00,000**	54,52,00,000
Total financial liabilities		**42,36,00,000**	54,52,00,000

(xii) The financial statements were approved for issue by the board of directors on April 24, 2019.

For **Deloitte Haskins & Sells**
Chartered Accountants

ANANTHI AMARNATH
Partner
Chennai, 24th April, 2019

For and on behalf of the Board of Directors

S. DEKA
Director

N. K. JASPER
Director

P. WALI
Chairman

A. SENGUPTA
Chief Financial Officer

SAVITHA BAI S.
Manager & Company Secretary
Bengaluru, 24th April, 2019

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, 2019.

2. COMPANY PERFORMANCE

The Company's business activities comprise fabrication and assembly of machinery for tube filling, cartoning, wrapping, material handling including conveyor solutions, and engineering services for the FMCG and Pharmaceutical industries.

Your Company's order book for machines, during the year, remained muted due to sluggish demand for capital investments arising out of excess capacity in FMCG and Pharmaceutical industries, coupled with stiff competition. Your Company's Revenue from Operations for the year stood at ₹ 967.92 lakhs (previous year: ₹ 877.03 lakhs). The Net Profit for the year was ₹ 3.73 lakhs as against Loss of ₹ 303.13 lakhs during the previous year and the Total Comprehensive Income was ₹ 5.98 lakhs (previous year: loss of ₹ 301.30 lakhs).

Your Company continues to focus on developing superior solutions towards addressing customer requirements.

3. DIVIDEND

In view of the accumulated losses, your Directors are unable to recommend any dividend for the year under review.

4. DIRECTORS AND KEY MANAGERIAL PERSONNEL

(a) Changes in Directors and Key Managerial Personnel during the year

During the year, there was no change in the composition of the Board of Directors ('the Board') and Key Managerial Personnel of your Company.

(b) Declaration of Independence by Independent Directors

The Independent Directors of your Company have confirmed that they meet the criteria of Independence as prescribed under Section 149 of the Companies Act, 2013 ('the Act') read with Rule 5 of the Companies (Appointment and Qualification of Directors) Rules, 2014.

(c) Attributes, qualifications and appointment of Directors

As reported in earlier years, the attributes and qualifications of the Independent Directors provided in Section 149 of the Act read with Rule 5 of the Companies (Appointment and Qualification of Directors) Rules, 2014 were adopted by the Nomination and Remuneration Committee. The said attributes and qualifications, as applicable, were also adopted in respect of the other Directors.

All the Directors of the Company are appointed by the Board based on the recommendation of the Nomination and Remuneration Committee; this Committee reviews the fit and proper status of the Directors. Two of the Non-Executive Directors, including the Chairman, are executives of ITC Limited, the Holding Company. All the Directors, other than the Independent Directors and the Managing Director, are liable to retire by rotation and one-third of them retire every year and are eligible for re-election.

(d) Retirement by Rotation

In accordance with the provisions of Section 152 of the Act read with Article 131 of the Articles of Association of the Company, Mr. Rajiv Tandon (DIN: 00042227), 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.

(e) Remuneration Policy

The Remuneration Policy of the Company for the Directors, Key Managerial Personnel and other employees, as approved by the Board, is enclosed as Annexure 1 to this Report.

5. BOARD AND BOARD COMMITTEES

The three Board Committees of the Company and their present composition is as follows:

Audit Committee	Nomination and Remuneration Committee
Mr. P. Chatterjee (Chairman)	Mr. P. Chatterjee (Chairman)
Mr. S. Banerjee	Mr. S. Banerjee
Mr. R. Senguttuvan	Mr. D. Dutta
	Mr. R. Tandon

Securityholders Relationship Committee

Mr. R. Poddar (Chairman)
Mr. D. Dutta
Mr. R. Senguttuvan

Four meetings of the Board were held during the year ended 31st March, 2019.

6. DIRECTORS' RESPONSIBILITY STATEMENT

As required under Section 134 of the Act, your Directors confirm having:

i) followed in the preparation of the Annual Accounts, the applicable Accounting Standards with proper explanation relating to material departures, if any;

ii) selected such accounting policies and applied them consistently and made judgements and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit of the Company for that period;

iii) taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;

iv) prepared the Annual Accounts on a going concern basis; and

v) devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems are adequate and operating effectively.

7. SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES

The Company does not have any subsidiary, associate or joint venture.

8. PARTICULARS OF EMPLOYEES

The relations between your Company and its employees continued to remain cordial during the year under review. The details of top ten employees of the Company in terms of remuneration drawn, as required under Rule 5(2) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, are provided in Annexure 2 to this Report.

The Company seeks to enhance equal opportunities for men and women and is committed to a gender-friendly workplace. Your Company has constituted an Internal Complaints Committee in compliance with the applicable provisions of the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013. During the year under review, no complaint for sexual harassment was received.

9. RISK MANAGEMENT

The Company's risk management framework, designed to bring robustness to the risk management processes, addresses risks intrinsic to operations, financials and compliances arising out of the overall strategy of the Company.

Management of risks vests with the executive management which is responsible for the day-to-day conduct of the affairs of the Company, within the overall framework approved by the Board. The Internal Auditor of the Company, appointed by the Board, periodically carries out risk focused audits with the objective of identifying areas where risk management processes could be strengthened. The Audit Committee annually reviews the effectiveness of the Company's risk management systems and policies.

10. INTERNAL FINANCIAL CONTROLS

Your Company has in place adequate internal financial controls with respect to the financial statements, commensurate with its size and scale of operations. The Internal Auditor of the Company periodically evaluates the adequacy and effectiveness of internal financial controls. The Audit Committee which provides guidance on internal controls, also reviews internal audit findings and implementation of internal audit recommendations.

During the year, the internal financial controls in the Company with respect to the financial statements were tested and no material weakness in the design or operation of such controls was observed. Nonetheless, your Company recognises that any internal financial control framework, no matter how well designed, has inherent limitations and accordingly, regular audit and review processes ensure that such systems are reinforced on an ongoing basis.

11. PARTICULARS OF LOANS, GUARANTEES AND INVESTMENTS

During the year ended 31st March, 2019, the Company has neither given any loan or guarantee nor has made any investment under Section 186 of the Act.

12. RELATED PARTY TRANSACTIONS

The details of material related party transactions of the Company in the prescribed Form No. AOC-2 are enclosed under Annexure 3 to this Report.

13. SIGNIFICANT AND MATERIAL ORDERS PASSED BY THE REGULATORS / COURTS / TRIBUNALS

During the year under review, no significant or material orders were passed by the Regulators / Courts / Tribunals impacting the going concern status of the Company and its future operations.

14. EXTRACT OF ANNUAL RETURN

The extract of Annual Return in the prescribed Form No. MGT-9 is enclosed as Annexure 4 to this Report.

15. COST RECORDS

The Company is not required to maintain cost records in terms of Section 148 of the Act read with the Companies (Cost Records and Audit) Rules, 2014.

16. STATUTORY AUDITORS

The Company's Auditors, Messrs. Deloitte Haskins & Sells, Chartered Accountants ('DHS'), were appointed with your approval at the 91st AGM to hold such office for a period of five years till the conclusion of the 96th AGM. DHS will complete their present term on conclusion of the ensuing 96th AGM of the Company.

On the recommendation of the Audit Committee, your Board has recommended for the approval of the Members, re-appointment of DHS as the Auditors of the Company for a period of five years from the conclusion of the ensuing 96th AGM till the conclusion of the 101st AGM. The Board, on the recommendation of the Audit Committee, has also recommended for the approval of the Members, remuneration of DHS for the financial year 2019-20. Appropriate resolution seeking your approval to the re-appointment and remuneration of DHS as the Auditors is appearing in the Notice convening the 96th AGM of the Company.

17. COMPLIANCE WITH SECRETARIAL STANDARDS

The Company is in compliance with the applicable Secretarial Standards issued by the Institute of Company Secretaries of India and approved by the Central Government under Section 118 of the Act.

18. CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION, FOREIGN EXCHANGE EARNINGS AND OUTGO

The Company's operations do not involve substantial consumption of power in comparison to the costs of production. However, the Company takes due care to efficiently utilise and manage energy resources resulting in cost savings for the Company. The Company continuously works on productivity improvements during fabrication and assembly of machinery for various customers.

There was no new technology adopted by the Company during the year.

During the year under review, the Company earned foreign exchange of ₹ 38.06 lakhs, while the total outflow of foreign exchange was ₹ 0.97 lakhs.

19. ACKNOWLEDGEMENT

The Board acknowledges the support of the Government, shareholders, banks, customers, suppliers and business associates and the dedication and hard work of its employees.

On behalf of the Board

R. Tandon — Chairman

R. Senguttuvan — Managing Director

Date: 23rd April, 2019

Annexure 1 to the Report of the Board of Directors for the financial year ended 31st March, 2019

Remuneration Policy

The Company's Remuneration Strategy is designed to attract and retain talent that gives its business a unique competitive advantage and enables the Company to achieve its objectives.

The Company's Remuneration Strategy, whilst focusing on remuneration and related aspects of performance management, is aligned with and reinforces the employee value proposition of a superior quality of work life, that includes an enabling work environment, an empowering and engaging work culture and opportunities to learn and grow.

The Compensation approach endeavours to align each employee with the Company's goals.

POLICY

It is the Company's policy:

1. To ensure that its Remuneration practices support and encourage meritocracy.
2. To ensure that Remuneration is market-led and takes into account the competitive context of the Company's business.
3. To leverage Remuneration as an effective instrument to enhance performance and therefore to link the remuneration to both individual and collective performance outcomes.
4. To adopt a comprehensive approach to Remuneration in order to support a superior quality of personal and work life, in a manner so as to judiciously balance short term with long term priorities.
5. To design Remuneration practices such that they reinforce the Company's values and culture and to implement them in a manner that complies with all relevant regulatory requirements.

Remuneration of Managing / Wholetime Directors, Key Managerial Personnel and Senior Management

1. Remuneration of Key Managerial Personnel and Senior Management is determined and recommended by the Nomination and Remuneration Committee and approved by the Board. Remuneration of Managing Director / Wholetime Director / Manager is also subject to the approval of the shareholders.
2. Remuneration is reviewed and revised periodically, when such a revision is warranted by the market.
3. Apart from fixed elements of remuneration and benefits, Key Managerial Personnel and Senior Management are also eligible for Variable Pay / Performance Bonus which is linked to their individual performance and the overall performance of the Company.
4. Remuneration of KMP on deputation from the Holding Company / subsidiary / fellow subsidiary / associate companies, is aligned to the Remuneration Policy of that company.

Remuneration of Non-Executive Directors

Non-Executive Directors are entitled to sitting fees for attending meetings of the Board and Board Committees, the quantum of which is determined by the Board, within the limits prescribed under the Companies Act, 2013 and the Rules thereunder. Non-Executive Directors are also entitled to reimbursement of expenses for attending meetings of the Board and Board Committees and General Meetings.

Remuneration of Management Staff

1. Remuneration of Management Staff is approved by the Board on the recommendation of the Executive Management Committee.
2. Remuneration is reviewed and revised periodically, when such a revision is warranted by the market. The quantum of revision is linked to market trends, the competitive context of the Company's business, as well as the track record of the individual employee.
3. Variable Pay cognises for the performance rating of the individual employee and the overall performance of the Company.

Remuneration of Non-Management Staff

1. Remuneration of non-management staff is market-led, leverages performance and is approved by the Executive Management Committee.
2. Remuneration of non-management unionised employees is determined through a process of negotiations with the recognised union/s or employee representatives, through a long-term agreement.
3. Remuneration, comprising fixed and variable components, is arrived at based on benchmarking with region-cum-industry practices and cognizing for market dynamics, competitiveness of the unit, overall performance of the Company's business, availability of skills, inflation/cost of living and the impact of cost escalation and productivity gains on present and future competitiveness.

Annexure 2 to the Report of the Board of Directors for the financial year ended 31st March, 2019

[Information pursuant to Rules 5(2) and 5(3) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014]

Names of employees	Age	Designation	Gross Remuneration (₹)	Net Remuneration (₹)	Qualifications	Experience (Years)	Date of commencement of employment / deputation	Previous Employment / Position held
1	2	3	4	5	6	7	8	9
S. Mundra *	33	Chief Financial Officer	36,07,407/-	23,42,942/-	B.Com., A.C.A.	9	01.07.2017	Assistant Manager (Finance) - ITC Limited
S. V. Limaye	53	Vice President	28,53,700/-	19,68,735/-	B.E. (Prodn.), P.G.P.M.	26	04.01.2006	Deputy General Manager – Cosmo Films Limited
P. P. Dakhole	44	Manager – Design	10,64,123/-	9,35,525/-	B. E. (Mechanical)	12	15.07.2016	Manager Design – ASB International Pvt. Ltd.
M. K. Singh	39	Manager – Sales	9,60,436/-	8,00,838/-	M.B.A. - Marketing & Finance, B.E. (Electronics)	10.5	02.01.2017	National Sales Manager – Technocraft Industries (India) Ltd.
V. S. Jadhav	45	Manager – Accounts	6,44,810/-	5,73,371/-	B.Com	23	05.02.2006	Accounts Assistant – Fudkor India Pvt. Ltd.
A. H. Mendon	55	Manager – IT	5,12,476/-	4,18,865/-	B. Sc., P.G.D.B.A	31	18.09.1995	System Analyst – Lateral Management Computer Consultants
G. S. Patil	32	Manager - Service	5,05,090/-	4,67,864/-	B.E. (Instruments)	10	17.07.2017	Service Engineer - Sipa India Pvt. Ltd.
Y. V. Potdar	42	Manager - Purchase	4,78,660/-	4,41,312/-	Diploma in Mechanical Engineering	20	13.08.2018	Factory Head - Wraptech Pvt. Ltd.
J. K. Singh	33	Asst. Manager - Service	4,34,874/-	3,89,421/-	B. E. (Electronics & Telecommunication)	10	01.12.2013	Engineer - Suzlon Energy Limited
L. G. Patil	43	Asst. Manager - Service	4,12,310/-	3,72,190/-	Higher Secondary Certificate, Industrial Training Institute	22	24.09.2007	Maintenance Foremen – Global Healthcare

* On deputation from ITC limited, the Holding Company (ITC)

Notes:

(a) Gross remuneration includes salary, variable pay, allowances & other benefits / applicable perquisites except provisions for gratuity and leave encashment which are actuarially determined on an overall Company basis. The term 'remuneration' has the meaning assigned to it under the Companies Act, 2013.

(b) Net remuneration comprises cash income less income tax, education cess deducted at source and employee's own contribution to provident fund.

(c) Certain employees of the Company have been granted Stock Options by ITC in previous year(s) under its Employee Stock Option Schemes at 'market price' [within the meaning of the Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014]. ITC has also granted Employee Stock Appreciation Linked Reward Units (ESAR Units) to the Chief Financial Officer of the Company under its Stock Appreciation Linked Reward Plan. Since these Stock Options and ESAR Units are not tradeable, no perquisite or benefit is conferred upon the employee by grant of such Options / Units, and accordingly the said grant has not been considered as remuneration.

(d) All appointments (except deputed employees) are / were contractual in accordance with terms and conditions as per Company's rules.

(e) The aforesaid employees are neither relative of any Director of the Company nor hold any equity share in the Company.

On behalf of the Board

R. Tandon Chairman
R. Senguttuvan Managing Director

Dated : 23rd April, 2019

Annexure 3 to the Report of the Board of Directors for the financial year ended 31st March, 2019

FORM NO. AOC-2

[Pursuant to Section 134(3)(h) of the Companies Act, 2013 and Rule 8(2) of the Companies (Accounts) Rules, 2014]

Form for disclosure of particulars of contracts / arrangements entered into by the Company with related parties referred to in sub-section (1) of Section 188 of the Companies Act, 2013 including certain arm's length transactions under third proviso thereto

1. Details of contracts or arrangements or transactions not at arm's length basis

a)	Name(s) of the related party and nature of relationship	**NIL**
b)	Nature of contracts / arrangements / transactions	
c)	Duration of the contracts / arrangements / transactions	
d)	Salient terms of the contracts or arrangements or transactions including the value, if any	
e)	Justification for entering into such contracts or arrangements or transactions	
f)	Date(s) of approval by the Board	
g)	Amount paid as advances, if any	
h)	Date on which the special resolution was passed in general meeting as required under first proviso to Section 188	

2. Details of material contracts or arrangements or transactions at arm's length basis

a)	Name(s) of the related party and nature of relationship	ITC Limited, the Holding Company
b)	Nature of contracts / arrangements / transactions	Sale of machineries and related spares / services related to machine maintenance, installation, repairs, etc.
c)	Duration of the contracts / arrangements / transactions	Ongoing
d)	Salient terms of the contracts or arrangements or transactions including the value, if any	Value of transaction during the year - ₹ 376.49 lakhs
e)	Date(s) of approval by the Board, if any	–
f)	Amount paid as advances, if any	Nil

On behalf of the Board

R. Tandon Chairman
R. Senguttuvan Managing Director

Dated : 23rd April, 2019

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, 2019

[Pursuant to Section 92(3) of the Companies Act, 2013 and Rule 12(1) of the Companies (Management and Administration) Rules, 2014]

I. REGISTRATION AND OTHER DETAILS

i)	CIN	:	U24291MH1923PLC001082
ii)	Registration Date	:	7th September, 1923
iii)	Name of the Company	:	Wimco Limited
iv)	Category / Sub-Category of the Company	:	Unlisted Public Company limited by shares
v)	Address of the Registered office and contact details	:	Indian Mercantile Chambers R. Kamani Marg, Ballard Estate Mumbai – 400001 Phone: 022- 4366 3333 Fax: 022- 2269 2228, E-mail ID : wimcolimited@gmail.com
vi)	Whether listed company	:	No
vii)	Name, Address and Contact details of Registrar and Transfer Agent, if any	:	The Company provides share registration and related services in-house.

II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

All the business activities contributing 10% or more of the total turnover of the Company shall be stated:

Sl. No.	Name and Description of main products / services	NIC Code of the product/ service	% to total turnover of the Company
1.	Fabrication and assembly of machinery for tube filling, cartoning, wrapping, material handling, conveyor solutions and engineering services.	28199	100%

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES

Sl. No.	Name and Address of the company	CIN/GLN	Holding/ Subsidiary/ Associate	% of shares held in the Company	Applicable Section
1.	ITC Limited Virginia House, 37 Jawaharlal Nehru Road Kolkata – 700 071	L16005WB1910PLC001985	Holding company	98.21%	2(46)

IV. SHAREHOLDING PATTERN (Equity Share Capital Breakup as percentage of Total Equity)

(i) Category-wise Shareholding:

Category of Shareholders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
A. Promoters									
(1) Indian									
a) Individual/HUF	–	–	–	–	–	–	–	–	N.A.
b) Central Govt.	–	–	–	–	–	–	–	–	N.A.
c) State Govt.(s)	–	–	–	–	–	–	–	–	N.A.
d) Bodies Corp.	18,50,81,193	–	18,50,81,193	98.21	18,50,81,193	–	18,50,81,193	98.21	Nil
e) Banks / FI	–	–	–	–	–	–	–	–	N.A.
f) Any Other	–	–	–	–	–	–	–	–	N.A.
Sub-total (A)(1)	**18,50,81,193**	**-**	**18,50,81,193**	**98.21**	**18,50,81,193**	**-**	**18,50,81,193**	**98.21**	**Nil**
(2) Foreign									
a) NRIs - Individuals	–	–	–	–	–	–	–	–	N.A.
b) Other – Individuals	–	–	–	–	–	–	–	–	N.A.
c) Bodies Corp.	–	–	–	–	–	–	–	–	N.A.
d) Banks / FI	–	–	–	–	–	–	–	–	N.A.
e) Any Other	–	–	–	–	–	–	–	–	N.A.
Sub-total (A)(2)	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**N.A.**
Total shareholding of Promoter (A) = (A)(1)+(A)(2)	**18,50,81,193**	**–**	**18,50,81,193**	**98.21**	**18,50,81,193**	**–**	**18,50,81,193**	**98.21**	**Nil**

Category of Shareholders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
B. Public Shareholding									
1. Institutions									
a) Mutual Funds	–	4,844	4,844	0.00	–	4844	4844	0.00	Nil
b) Banks / FI	4,627	10,090	14,717	0.01	4,627	10,750	15,377	0.01	Nil
c) Central Govt.	–	–	–	–	–	–	–	–	N.A.
d) State Govt.(s)	–	–	–	–	–	–	–	–	N.A.
e) Venture Capital Funds	–	–	–	–	–	–	–	–	N.A.
f) Insurance Companies	–	–	–	–	–	–	–	–	N.A.
g) FIIs	–	1,550	1,550	0.00	–	1,550	1,550	0.00	Nil
h) Foreign Venture Capital Funds	–	–	–	–	–	–	–	–	N.A.
i) Others (specify)	–	–	–	–	–	–	–	–	N.A.
Sub-total (B)(1)	**4,627**	**16,484**	**21,111**	**0.01**	**4,627**	**17,144**	**21,771**	**0.01**	**Nil**
2. Non-Institutions									
a) Bodies Corp.									
i) Indian	65,889	22,731	88,620	0.05	63,690	21,671	85,361	0.05	0.00
ii) Overseas	–	–	–	–	–	–	–	–	N.A.
b) Individuals									
i) Individual shareholders holding nominal share capital upto ₹ 1 lakh	15,88,673	16,43,347	32,32,020	1.71	15,97,089	16,34,188	32,31,277	1.71	0.00
ii) Individual shareholders holding nominal share capital in excess of ₹ 1 lakh	–	–	–	–	–	–	–	–	N.A.
c) Others (specify)									
- Non Resident Indians	26,196	10,860	37,056	0.02	29,538	10,860	40,398	0.02	0.00
Sub-total (B)(2)	**16,80,758**	**16,76,938**	**33,57,696**	**1.78**	**16,90,317**	**16,66,719**	**33,57,036**	**1.78**	**Nil**
Total Public Shareholding (B)=(B)(1)+ (B)(2)	**16,85,385**	**16,93,442**	**33,78,807**	**1.79**	**16,94,944**	**16,83,863**	**33,78,807**	**1.79**	**Nil**
C. Shares held by Custodian for GDRs & ADRs	–	–	–	–	–	–	–	–	N.A.
Grand Total (A+B+C)	**18,67,66,578**	**16,93,442**	**18,84,60,000**	**100**	**18,67,76,137**	**16,83,863**	**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	18,50,81,153	98.21	Nil	18,50,81,193	98.21	Nil	Nil

(iii) Change in Promoters' Shareholding (please specify, if there is no change):

Sl. No.		Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of Shares	% of total Shares of the Company	No. of Shares	% of total Shares of the Company
	At the beginning of the year	No change during the year			
	Date wise Increase / Decrease in Promoters Shareholding during the year				
	At the end of the year				

(iv) Shareholding Pattern of top ten Shareholders (other than Directors, Promoters and Holders of GDRs and ADRs):

Sl. No.	For each of the Top ten Shareholders	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of Shares	% of total Shares of the Company	No. of Shares	% of total Shares of the Company
1.	**Rajdev Singh**				
	At the beginning of the year	30,100	0.02		
	Date wise Increase / Decrease in Shareholding during the year	–	N.A.	–	N.A.
	At the end of the year			30,100	0.02
2.	**Sardar Gur Bachan Singh**				
	At the beginning of the year	13,710	0.01		
	Date wise Increase / Decrease in Shareholding during the year	–	N.A.	–	N.A.
	At the end of the year			13,710	0.01

Sl. No.	For each of the Top ten Shareholders	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of Shares	% of total Shares of the Company	No. of Shares	% of total Shares of the Company
3.	**Biren Dolatrai Nayak**				
	At the beginning of the year	13,300	0.01		
	Date wise Increase / Decrease in Shareholding during the year	–	N.A.	–	N.A.
	At the end of the year			13,300	0.01
4.	**Prakash T. Tulsiani**				
	At the beginning of the year	12,000	0.01		
	Date wise Increase / Decrease in Shareholding during the year	–	N.A.	–	N.A.
	At the end of the year			12,000	0.01
5.	**MSPL Limited**				
	At the beginning of the year	12,000	0.01		
	Date wise Increase / Decrease in Shareholding during the year	–	N.A.	–-	N.A.
	At the end of the year			12,000	0.01
6.	**Mathura Nath Banerjee**				
	At the beginning of the year	11,250	0.01		
	Date wise Increase / Decrease in Shareholding during the year	–	N.A.	–	N.A.
	At the end of the year			11,250	0.01
7.	**Sardar Paramjit Singh**				
	At the beginning of the year	10,230	0.01		
	Date wise Increase / Decrease in Shareholding during the year	–	N.A.	–	N.A.
	At the end of the year			10,230	0.01
8.	**Cawas Mistry**				
	At the beginning of the year	10,000	0.01		
	Date wise Increase / Decrease in Shareholding during the year	–	N.A.	–	N.A.
	At the end of the year			10,000	0.01
9.	**S. Rajdev Singh**				
	At the beginning of the year	10,000	0.01		
	Date wise Increase / Decrease in Shareholding during the year	–	N.A.	–	N.A.
	At the end of the year			10,000	0.01
10.	**Rishra Investments Limited**				
	At the beginning of the year	10,000	0.01		
	Date wise Increase / Decrease in Shareholding during the year	–	N.A.	–	N.A.
	At the end of the year			10,000	0.01

(v) Shareholding of Directors and Key Managerial Personnel: None of the Directors and Key Managerial Personnel hold any share in the Company.

V. INDEBTEDNESS

Indebtedness of the Company including interest outstanding/accrued but not due for payment:

(₹ in Lakhs)

	Secured Loans excluding deposits *	Unsecured Loans	Deposits	Total Indebtedness
Indebtedness at the beginning of the financial year				
(i) Principal Amount	233.50	–	–	233.50
(ii) Interest due but not paid	–	–	–	–
(iii) Interest accrued but not due	–	–	–	–
Total (i+ii+iii)	**233.50**	–	–	**233.50**
Change in Indebtedness during the financial year				
- Addition	–	–	–	–
- Reduction	(47.97)	–	–	(47.97)
Net Change	**(47.97)**	–	–	**(47.97)**
Indebtedness at the end of the financial year				
(i) Principal Amount	185.53	–	–	185.53
(ii) Interest due but not paid	–	–	–	–
(iii) Interest accrued but not due	–	–	–	–
Total (i+ii+iii)	**185.53**	–	–	**185.53**

* Refer 'Note 10 – Borrowings' to the Financial Statements forming part of the Report and Accounts.

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

A. Remuneration to Managing Director, Wholetime Directors and/or Manager: (₹ in Lakhs)

Sl. No.	Particulars of Remuneration	R. Senguttuvan (Managing Director) *(refer Note 1)*
1.	Gross salary	
	(a) Salary as per provisions contained in Section 17(1) of the Income-tax Act, 1961	–
	(b) Value of perquisites under Section 17(2) of the Income-tax Act, 1961	–
	(c) Profits in lieu of salary under Section 17(3) of the Income-tax Act, 1961	–
2.	Stock Option	–
3.	Sweat Equity	–
4.	Commission - as % of profit - others, specify	–
5.	Others, please specify	–
Total Amount (A)		–
Ceiling as per the Companies Act, 2013		₹ 60,00,000 per annum *(refer Note 2)*

Note 1: ITC Limited (ITC) has deputed the services of Mr. R. Senguttuvan to the Company without levy of any charge. Accordingly, Mr. Senguttuvan's remuneration for the financial year ended 31st March, 2019 has been borne by ITC.

Note 2: Ceiling as per Part II of Schedule V to the Companies Act, 2013 has been disclosed, considering that the profits of the Company for the financial year ended 31st March, 2019 are inadequate.

B. Remuneration to other Directors: (₹ in Lakhs)

Sl. No.	Name of the Directors	Particulars of Remuneration			Total Amount
		Fee for attending Board and Board Committee meetings	Commission	Independent Directors' Meeting Fee	
1.	**Independent Directors**				
	S. Banerjee	1.40	Nil	0.10	1.50
	P. Chatterjee	1.10		0.10	1.20
	Total Amount (B)(1)	**2.50**		**0.20**	**2.70**
2.	**Other Non-Executive Directors**				
	C. R. Dua	0.20	Nil	Nil	0.20
	D. Dutta	1.00			1.00
	R. Poddar	Nil			Nil
	R. Tandon	Nil			Nil
	Total Amount (B)(2)	**1.20**	**Nil**	**Nil**	**1.20**
Total Amount (B) = (B)(1) + (B)(2)					**3.90**
Total Managerial Remuneration (A + B)					**3.90**
Overall ceiling as per the Companies Act, 2013					₹ 60 Lakhs per annum *(refer Note)*

Note: Ceiling as per Part II of Schedule V to the Companies Act, 2013 has been disclosed, considering that the profits of the Company for the financial year ended 31st March, 2019 are inadequate.

C. Remuneration to Key Managerial Personnel other than MD / Manager / WTD: (₹ in Lakhs)

Sl. No.	Particulars of Remuneration	S. K. Sipani (Company Secretary) (refer Note 1)	S. Mundra (Chief Financial Officer) (refer Note 2)
1.	Gross salary		
	(a) Salary as per provisions contained in Section 17(1) of the Income-tax Act, 1961	–	34.34
	(b) Value of perquisites under Section 17(2) of the Income-tax Act, 1961	–	6.35
	(c) Profits in lieu of salary under Section 17(3) of the Income-tax Act, 1961	–	–
2.	Stock Option	–	–
3.	Sweat Equity	–	–
4.	Commission - as % of profit - others, specify	–	–
5.	Others, please specify	–	–
Total Amount		–	**40.69**

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, 2019 has been borne by ITC.

Note 2: Mr. S. Mundra is on deputation from ITC and has been granted Employee Stock Appreciation Linked Reward Units (ESAR Units) by ITC under its Stock Appreciation Linked Reward Plan. Since these ESAR Units are not tradeable, no perquisite or benefit is conferred upon the employee by grant of such Units, and accordingly the said grant has not been considered as remuneration.

VII. PENALTIES / PUNISHMENT / COMPOUNDING OF OFFENCES against the Company, Directors and other Officers in Default under the Companies Act, 2013 : None

On behalf of the Board

R. Tandon
Chairman

R. Senguttuvan
Managing Director

Date: 23rd April, 2019

INDEPENDENT AUDITOR'S REPORT

To the Members of WIMCO Limited

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of **WIMCO Limited** ("the Company"), which comprise the Balance Sheet as at 31st March 2019, and the Statement of Profit and Loss (including Other Comprehensive Income), the Cash Flow Statement and the Statement of Changes in Equity for the year then ended, and a summary of significant accounting policies and other explanatory.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Companies Act, 2013 ("the Act") in the manner so required and give a true and fair view in conformity with the [Indian Accounting Standards prescribed under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended, ("Ind AS") and other accounting principles generally accepted in India, of the state of affairs of the Company as at 31 March 2019, and its profit, total comprehensive income, its cash flows and the changes in equity for the year ended on that date.

Basis for Opinion

We conducted our audit of the financial statements in accordance with the Standards on Auditing specified under section 143(10) of the Act (SAs). Our responsibilities under those Standards are further described in the Auditor's Responsibility for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India (ICAI) together with the ethical requirements that are relevant to our audit of the financial statements under the provisions of the Act and the Rules made thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ICAI's Code of Ethics. We believe that the audit evidence obtained by us is sufficient and appropriate to provide a basis for our audit opinion on the financial statements.

Management's Responsibility for the Financial Statements

The Company's Board of Directors is responsible for the matters stated in section 134(5) of the Act with respect to the preparation of these financial statements that give a true and fair view of the financial position, financial performance including other comprehensive income, cash flows and changes in equity of the Company in accordance with the Ind AS and other accounting principles generally accepted in India. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statement that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those Board of Directors are also responsible for overseeing the Company's financial reporting process.

Auditor's Responsibility for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal financial control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Company has adequate internal financial controls system in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

Materiality is the magnitude of misstatements in the financial statements that, individually or in aggregate, makes it probable that the economic decisions of a reasonably knowledgeable user of the financial statements may be influenced. We consider quantitative materiality and qualitative factors in (i) planning the scope of our audit work and in evaluating the results of our work; and (ii) to evaluate the effect of any identified misstatements in the financial statements.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

Report on Other Legal and Regulatory Requirements

1. As required by Section 143(3) of the Act, based on our audit we report that:
   a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
   b) In our opinion, proper books of account as required by law have been kept by the Company.
   c) The Balance Sheet, the Statement of Profit and Loss including Other Comprehensive Income, the Cash Flow Statement and Statement of Changes in Equity dealt with by this Report are in agreement with the books of account.
   d) In our opinion, the aforesaid financial statements comply with the Ind AS specified under Section 133 of the Act.
   e) On the basis of the written representations received from the directors as on 31st March, 2019 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2019 from being appointed as a director in terms of Section 164(2) of the Act.
   f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure A". Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the Company's internal financial controls over financial reporting.
   g) With respect to the other matters to be included in the Auditor's Report in accordance with the requirements of section 197(16) of the Act, as amended,
   In our opinion and to the best of our information and according to the explanations given to us, no remuneration was paid by the Company to its directors during the year in accordance with the provisions of section 197 of the Act.
   h) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, as amended in our opinion and to the best of our information and according to the explanations given to us:
      i. The Company 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 has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company.
2. As required by the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Central Government in terms of Section 143(11) of the Act, we give in "Annexure B" a statement on the matters specified in paragraphs 3 and 4 of the Order.

For **Deloitte Haskins & Sells**
Chartered Accountants
(Firm's Registration No.302009E)
Ananthi Amarnath
Partner
(Membership No. 209252)

Place: Kolkata
Date : April 23, 2019

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, 2019 in conjunction with our audit of the Ind AS financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

Auditor's Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting of the Company based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") issued by the Institute of Chartered Accountants of India and the Standards on Auditing prescribed under Section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system over financial reporting.

Meaning of Internal Financial Controls Over Financial Reporting

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls Over Financial Reporting

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

In our opinion, to the best of our information and according to the explanations given to us, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2019, based on the criteria for internal financial control over financial reporting established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

For **Deloitte Haskins & Sells**
Chartered Accountants
(Firm's Registration No. 302009E)
Ananthi Amarnath
Partner
(Membership No. 209252)

Place: Kolkata
Date : April 23, 2019

ANNEXURE B TO THE INDEPENDENT AUDITOR'S REPORT

(Referred to in paragraph 2 under 'Report on Other Legal and Regulatory Requirements' section of our report of even date)

(i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of Property, Plant and equipment.

(b) The Property, plant and equipment were physically verified during the year by the Management in accordance with a regular programme of verification which, in our opinion, provides for physical verification of all the fixed assets at reasonable intervals. According to the information and explanation given to us, no material discrepancies were noticed on such verification.

(c) According to the information and explanations given to us and the records examined by and based on the examination of the registered sale deed provided to us, we report that, the title deeds, comprising all the immovable properties of land which are freehold, are held in the name of the Company as at the balance sheet date.

(ii) As explained to us, the inventories were physically verified during the year by the Management at reasonable intervals and no material discrepancies were noticed during physical verification.

(iii) The Company has not granted any loans, secured or unsecured, to companies, firms, Limited Liability Partnership or other parties covered in the register maintained under section 189 of the Companies Act, 2013.

(iv) The Company has not granted any loans, made investments or provided guarantees and hence reporting under clause (iv) of the order is not applicable to the Company.

(v) According to the information and explanations given to us, the Company has not accepted any deposit during the year. There are no unclaimed deposits outstanding at any time during the year.

(vi) The maintenance of cost records has not been specified by the Central Government under section 148(1) of the Companies Act, 2013.

(vii) According to the information and explanations given to us, in respect of statutory dues:

(a) The Company has been regular in depositing undisputed statutory dues, including Provident Fund, Employees' State Insurance, Income-tax, Goods and Services Tax, Cess and other material statutory dues applicable to it to the appropriate authorities.

(b) There were no undisputed amounts payable in respect of Provident Fund, Employees' State Insurance, Income-tax, Sales Tax, Service Tax, Customs Duty, Excise Duty, Value Added Tax, Goods and Services Tax, Cess and other material statutory dues in arrears as at March 31, 2019 for a period of more than six months from the date they became payable.

(viii) In our opinion and according to the information and explanations given to us, the Company has not defaulted in the repayment of loans or borrowings to banks. The Company has not issued any debentures.

(ix) The Company has not raised moneys by way of initial public offer or further public offer (including debt instruments) or term loans and hence reporting under clause (ix) of the order is not applicable to the Company.

(x) To the best of our knowledge and according to the information and explanations given to us, no fraud by the Company and no fraud on the Company by its officers or employees has been noticed or reported during the year.

(xi) In our opinion and according to the information and explanations given to us, the Company has not paid / provided managerial remuneration prescribed under section 197 read with Schedule V to the Companies Act, 2013 and hence reporting under clause (xi) of the order is not applicable to the Company.

(xii) The Company is not a Nidhi Company and hence reporting under clause (xii) of the order is not applicable.

(xiii) In our opinion and according to the information and explanations given to us the Company is in compliance with Section 177 and 188 of the Companies Act, 2013, where applicable, for all transactions with the related parties and the details of related party transactions have been disclosed in the financial statements as required by the applicable accounting standards.

(xiv) During the year the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures and hence reporting under clause (xiv) of the order is not applicable to the Company.

(xv) In our opinion and according to the information and explanations given to us, during the year the Company has not entered into any non-cash transactions with its directors or persons connected with them and hence provisions of section 192 of the Companies Act, 2013 are not applicable.

(xvi) The Company is not required to be registered under section 45-I of the Reserve Bank of India Act, 1934.

For **Deloitte Haskins & Sells**
Chartered Accountants
(Firm's Registration No. 302009E)
Ananthi Amarnath
Partner
(Membership No. 209252)

Place: Kolkata
Date : April 23, 2019

BALANCE SHEET AS AT 31ST MARCH, 2019

	Note		As at 31st March, 2019 (₹ in Lakhs)		As at 31st March, 2018 (₹ in Lakhs)
ASSETS					
Non-current assets					
(a) Property, Plant and Equipment	1A		**72.88**		68.95
(b) Intangible assets	1B		**11.77**		15.39
(c) Deferred Tax Assets (net)	2		**–**		–
(d) Other non-current assets	3		**25.34**		13.40
Total Non-current assets			**109.99**		97.74
Current assets					
(a) Inventories	4		**235.01**		273.01
(b) Financial Assets					
(i) Trade receivables	5	**102.78**		139.59	
(ii) Cash and cash equivalents	6	**2.61**		1.65	
(iii) Other Bank Balance	7	**4.49**	**109.88**	4.05	145.29
(c) Other current assets	3		**234.53**		280.24
Total Current assets			**579.42**		698.54
Total Assets			**689.41**		796.28
EQUITY AND LIABILITIES					
Equity					
(a) Equity Share capital	8	**1,884.60**		1,884.60	
(b) Other Equity		**(1,908.74)**	**(24.14)**	(1,925.42)	(40.82)
Liabilities					
Non-current liabilities					
(a) Other financial liabilities	9		**0.86**		–
(b) Provisions	10		**9.88**		12.30
Total Non-current liabilities			**10.74**		12.30
Current liabilities					
(a) Financial Liabilities					
(i) Borrowings	11	**185.53**		233.50	
(ii) Trade payables		–		–	
Total outstanding dues of Micro Enterprises and Small Enterprises		**–**	**–**		
Total outstanding other than dues of Micro Enterprises and Small Enterprises		**404.63**		419.73	
(iii) Other financial liabilities	9	**19.56**	**609.72**	21.03	674.26
(b) Other current liabilities	12		**91.69**		149.20
(c) Provisions	10		**1.40**		1.34
Total Current liabilities			**702.81**		824.80
Total Equity and Liabilities			**689.41**		796.28

The accompanying notes 1 to 25 are an integral part of the Financial Statements.

In terms of our report attached

For Deloitte Haskins & Sells

Chartered Accountants

ANANTHI AMARNATH
Partner

For and on behalf of the Board

RAJIV TANDON
Chairman

R SENGUTTUVAN
Managing Director

S K SIPANI
Company Secretary

SHARAD MUNDRA
Chief Financial Officer

Place : Kolkata
Date : 23rd April, 2019

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31ST MARCH, 2019

		Note	For the year ended March 31, 2019 (₹ in Lakhs)	For the year ended March 31, 2018 (₹ in Lakhs)
I	Revenue From Operations	13	**967.92**	877.03
II	Other Income	14	**2.14**	5.21
III	**Total Income (I+II)**		**970.06**	882.24
IV	**EXPENSES**			
	Cost of materials consumed		**400.63**	584.26
	Changes in inventories of finished goods, Stock-in -Trade and work-in-progress		**11.21**	19.60
	Excise duty		**–**	14.94
	Employee benefits expense	15	**241.25**	267.17
	Finance costs	16	**22.36**	20.62
	Depreciation and amortization expense	1	**9.74**	8.58
	Other expenses	17	**269.05**	270.20
	Total expenses (IV)		**954.24**	1,185.37
V	**Profit/ (Loss) before tax (III- IV)**		**15.82**	(303.13)
VI	Tax expense	18	**12.09**	–
VII	**Profit/(loss) for the year (V-VI)**		**3.73**	(303.13)
VIII	**Other Comprehensive Income**			
	(i) Items that will not be reclassified to profit or loss:			
	– Remeasurements of defined benefit plans	23 (iv)	**2.25**	1.83
	(ii) Income tax relating to items that will not be reclassified to profit or loss		**–**	–
IX	**Other Comprehensive Income**		**2.25**	1.83
X	**Total Comprehensive Income for the year (VII+IX)**		**5.98**	(301.30)
XI	Earnings per equity share (Face Value ₹ 1.00 each)	19		
	Basic (in ₹)		**–**	(0.16)
	Diluted (in ₹)		**–**	(0.16)

The accompanying notes 1 to 25 are an integral part of the Financial Statements.

In terms of our report attached

For Deloitte Haskins & Sells

Chartered Accountants

ANANTHI AMARNATH
Partner

For and on behalf of the Board

RAJIV TANDON
Chairman

R SENGUTTUVAN
Managing Director

S K SIPANI
Company Secretary

SHARAD MUNDRA
Chief Financial Officer

Place : Kolkata
Date : 23rd April, 2019

CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2019

	For the year ended March 31, 2019 (₹ in Lakhs)	For the year ended March 31, 2018 (₹ in Lakhs)
A. Cash flow from operating activities		
Profit / (Loss) before Tax	**15.82**	(303.13)
Adjustments for:		
Depreciation and amortisation Expense	**9.74**	8.58
Finance Cost	**22.36**	20.62
Interest Income	**(0.44)**	–
Doubtful and Bad debts	**10.57**	–
Remeasurement of Defined Benefit Plans	**2.25**	1.83
Share Based Payments	**10.70**	19.36
Operating Profit / (loss) before working capital changes	**71.00**	(252.74)
Adjustments for:		
Trade receivables	**26.24**	75.92
Other Current and Non Current Assets	**21.68**	(4.69)
Inventories	**38.00**	101.25
Trade Payables, Other Financial Liabilities & Provisions	**(75.58)**	(156.08)
Cash (used in) / generated from operations before taxation	**81.34**	(236.34)
Income tax paid (net of refunds)	**–**	24.53
Net cash (used in) / generated from operations	**81.34**	(211.81)
B. Cash flow from investing activities		
Purchase of Property Plant and Equipment	**(10.05)**	(20.91)
Interest Received	**0.44**	–
Investment in bank deposit (original maturity more than 3 months)	**(0.44)**	(4.05)
Net cash (used in) / generated from investing activities	**(10.05)**	(24.96)
C. Cash flow from financing activities		
Interest Paid	**(22.36)**	(20.62)
Net cash (used in) / generated from financing activities	**(22.36)**	(20.62)
D. Net increase / (decrease) in cash and cash equivalents (A+B+C)	**48.93**	(257.39)
E. Reconciliation		
Cash and cash equivalents at the beginning of the year	**(231.85)**	25.54
Cash and cash equivalents at the end of the year	**(182.92)**	(231.85)
	48.93	(257.39)
Cash and cash equivalents		
Cash and cash equivalents as above	**(182.92)**	(231.85)
Cash Credit Facility (Note 11)	**185.53**	233.50
Cash and Cash Equivalent (Note 6)	**2.61**	1.65

Note : The above Cash Flow Statement has been prepared under the "Indirect Method" as set out in Ind AS - 7 - "Statement of Cash Flow"

The accompanying notes 1 to 25 are an integral part of the Financial Statements

In terms of our report attached

For Deloitte Haskins & Sells

Chartered Accountants

ANANTHI AMARNATH
Partner

For and on behalf of the Board

RAJIV TANDON
Chairman

R SENGUTTUVAN
Managing Director

S K SIPANI
Company Secretary

SHARAD MUNDRA
Chief Financial Officer

Place : Kolkata

Date : 23rd April, 2019

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31ST MARCH, 2019

A. Equity Share Capital (₹ in Lakhs)

Balance at 1st April, 2017	**1,884.60**
Issue of equity shares	–
Balance at 31st March, 2018	**1,884.60**
Issue of equity shares	–
Balance at 31st March, 2019	**1,884.60**

B. Other Equity (₹ in Lakhs)

	Reserves and Surplus			Total
	Subsidy Reserve *	Capital Contribution for Share Based Payments	Retained Earnings	
Balance as at 1st April, 2017	14.93	43.11	(1,701.52)	(1,643.48)
Profit for the year	–	–	(303.13)	(303.13)
Other Comprehensive Income (net of tax)	–	–	1.83	1.83
Total Comprehensive Income	–	–	(301.30)	(301.30)
Recognition of share based payment	–	19.36	–	19.36
Balance as at 31st March, 2018	14.93	62.47	(2,002.82)	(1,925.42)
Profit for the year	–	–	**3.73**	**3.73**
Other Comprehensive Income (net of tax)	–	–	2.25	2.25
Total Comprehensive Income	–	–	**5.98**	**5.98**
Recognition of share based payment	–	10.70	–	10.70
Balance as at 31st March, 2019	**14.93**	**73.17**	**(1,996.84)**	**(1,908.74)**

* Represents receipt of subsidy from government

The accompanying notes 1 to 25 are an integral part of the Financial Statements.

In terms of our report attached
For Deloitte Haskins & Sells
Chartered Accountants

ANANTHI AMARNATH
Partner

For and on behalf of the Board

RAJIV TANDON
Chairman

R SENGUTTUVAN
Managing Director

S K SIPANI
Company Secretary

SHARAD MUNDRA
Chief Financial Officer

Place : Kolkata
Date : 23rd April, 2019

NOTES TO THE FINANCIAL STATEMENTS

(₹ in Lakhs)

Particulars	Gross Block					Depreciation and Amortisation					Net Book Value	
	As at 1st April, 2017	Addi-tions	As at 31st March, 2018	Addi-tions	**As at 31st March, 2019**	Upto 1st April, 2017	For the year	Upto 31st March, 2018	For the year	**Upto 31st March, 2019**	**As at 31st March, 2019**	As at 31st March, 2018
1A. Property, plant and equipment - owned												
Land Freehold	47.92	–	47.92	–	47.92	–	–	–	–	–	**47.92**	47.92
Buildings	3.74	–	3.74	6.89	10.63	1.41	0.37	1.78	0.09	**1.87**	**8.76**	1.96
Plant and Equipment	6.19	–	6.19	–	6.19	1.12	0.56	1.68	0.53	**2.21**	**3.98**	4.51
Computers	17.78	2.82	20.60	–	20.60	6.80	3.14	9.94	3.98	**13.92**	**6.68**	10.66
Office Equipment	2.49	–	2.49	3.16	5.65	1.15	0.50	1.65	0.52	**2.17**	**3.48**	0.84
Furniture and Fixtures	3.38	–	3.38	–	3.38	1.89	0.45	2.34	0.17	**2.51**	**0.87**	1.04
Vehicles	4.51	–	4.51	–	4.51	1.66	0.83	2.49	0.83	**3.32**	**1.19**	2.02
Total	**86.01**	**2.82**	**88.83**	**10.05**	**98.88**	**14.03**	**5.85**	**19.88**	**6.12**	**26.00**	**72.88**	**68.95**
1B. Intangible Assets												
Computer Software	0.03	18.09	18.12	-	**18.12**	–	2.73	2.73	3.62	**6.35**	**11.77**	15.39
Total	**0.03**	**18.09**	**18.12**	-	**18.12**	–	**2.73**	**2.73**	**3.62**	**6.35**	**11.77**	**15.39**
Grand Total	**86.04**	**20.91**	**106.95**	**10.05**	**117.00**	**14.03**	**8.58**	**22.61**	**9.74**	**32.35**	**84.65**	**84.34**

	As at 31st March, 2019 (₹ in Lakhs)	As at 31st March, 2018 (₹ in Lakhs)
2. Deferred tax Assets (Net)		
Deferred tax liabilities		
On difference between book balance and tax balance of Property, Plant & Equipment	**1.18**	1.28
Sub-Total	**1.18**	1.28
Deferred tax assets		
Unabsorbed depreciation carried forward	**35.27**	33.53
Disallowances under Section 40(a)(i), 43B of the Income Tax Act, 1961	**3.88**	4.58
Provision for doubtful debts, advances and diminution in value of investments	**2.75**	–
Brought forward business losses	**156.32**	167.17
Sub-Total	**198.22**	205.28
Total	**–**	–

Deferred tax asset has been recognized only to the extent of the deferred tax liabilities as this amount is considered to be reasonably certain of realization.

The Company has tax losses of ₹ 601.24 Lakhs (2018 - ₹ 642.97 lakhs) for which no deferred tax assets have been recognised. These losses will expire between financial year 2019-20 to 2026-27.

	As at 31st March, 2019 (₹ in Lakhs)		As at 31st March, 2018 (₹) in Lakhs)	
	Current	**Non-Current**	Current	Non-Current
3. Other Assets				
Advances other than capital advances				
(i) Advance Tax (net of provisions)	**–**	**25.34**	–	13.40
(ii) Other Advances (including advances with statutory authorities, prepaid expenses, suppliers, employees etc.)				
Unsecured - considered good	**234.53**	**–**	280.24	–
TOTAL	**234.53**	**25.34**	280.24	13.40

	As at 31st March, 2019 (₹ in Lakhs)	As at 31st March, 2018 (₹ in Lakhs)
4. Inventories		
(At lower of cost and net realisable value)		
Raw materials (including packing materials)	**141.79**	168.58
Work-in-progress	**93.22**	104.43
Finished goods (manufactured)	**–**	–
TOTAL	**235.01**	273.01

NOTES TO THE FINANCIAL STATEMENTS (Contd.)

	As at 31st March, 2019 (₹ in Lakhs)	As at 31st March, 2018 (₹ in Lakhs)
5. Trade Receivables (Current)		
Trade Receivables considered good - Secured	–	–
Trade Receivables considered good - Unsecured	102.78	139.59
Trade Receivables - Credit impaired	10.57	–
Less: Allowance for doubtful receivables	10.57	–
TOTAL	102.78	139.59
6. Cash and cash equivalents		
Balances with Banks		
Current Accounts	2.45	1.60
Cash on hand	0.16	0.05
TOTAL	2.61	1.65

	As at 31st March, 2019 (₹ in Lakhs)	As at 31st March, 2018 (₹ in Lakhs)
7. Other Bank Balances		
In deposit Accounts*	4.49	4.05
TOTAL	4.49	4.05

* Represents deposits with original maturity of more than 3 month having remaining maturity of less than 12 months from the Balance Sheet date

	As at 31st March, 2019 (No. of Shares)	As at 31st March, 2019 (₹ in Lakhs)	As at 31st March, 2018 (No. of Shares)	As at 31st March, 2018 (₹ in Lakhs)
8. Share capital				
Authorised				
35,00,00,000 (2018: 35,00,00,000) Equity shares of ₹ 1 (2018: ₹ 1) each [see note (D)below]	350,000,000	3,500.00	350,000,000	3,500.00
1,13,00,000 (2018: 1,13,00,000) Redeemable preference shares of ₹ 100 each	11,300,000	11,300.00	11,300,000	11,300.00
Total	361,300,000	14,800.00	361,300,000	14800.00
Issued, Subscribed & Paid up				
18,84,60,000 (2018: 18,84,60,000) Equity shares of ₹ 1 (2018: ₹ 1) each [see note (D)below]	188,460,000	1,884.60	188,460,000	1884.60
A) Reconciliation of number of Ordinary Shares outstanding				
As at beginning of the year	188,460,000	1,884.60	188,460,000	1,884.60
Add: Issue of Shares	–	–	–	–
As at end of the year	188,460,000	1,884.60	188,460,000	1,884.60

B) Shares held by Holding Company

	As at 31st March, 2019 (No. of Shares)	As at 31st March, 2019 %	As at 31st March, 2018 (No. of Shares)	As at 31st March, 2018 %
Equity Shares				
18,50,81,193 (2018: 18,50,81,193) Equity shares of ₹ 1 each, fully paid up are held by ITC Limited (Holding Company)	185,081,193	98.21	185,081,193	98.21

C) Name of shareholders holding more than 5% of the shares of the Company

	As at 31st March, 2019 (No. of Shares)	As at 31st March, 2019 %	As at 31st March, 2018 (No. of Shares)	As at 31st March, 2018 %
Equity Shares				
ITC Limited (Holding Company)	185,081,193	98.21	185,081,193	98.21

D) Rights, preferences and restrictions attached to the 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.

NOTES TO THE FINANCIAL STATEMENTS (Contd.)

	As at 31st March, 2019 (₹ in Lakhs)		As at 31st March, 2018 (₹) in Lakhs)	
9. Other Financial liabilities	**Current**	**Non-Current**	Current	Non-Current
Employee Benefits Payable	**17.03**	–	18.90	–
Payable to the Holding Company (Refer Note 21)	**2.53**	**0.86**	2.13	–
TOTAL	**19.56**	**0.86**	21.03	–

	As at 31st March, 2019 (₹ in Lakhs)		As at 31st March, 2018 (₹) in Lakhs)	
10. Provisions	**Current**	**Non-Current**	Current	Non-Current
Provision for employee benefits				
Retirement benefits (Refer Note 23(iv))	**1.40**	**9.88**	1.34	12.30
TOTAL	**1.40**	**9.88**	1.34	12.30

	As at 31st March, 2019 (₹ in Lakhs)	As at 31st March, 2018 (₹ in Lakhs)
11. Current Borrowings		
Secured		
Loan from Bank		
Cash credit facility*	**185.53**	233.50
TOTAL	**185.53**	233.50

* Secured by hypothecation of all stock in trade present and future of the Company including raw materials, finished goods, stock-in-process and present and future book debts, outstanding receivables.

	As at 31st March, 2019 (₹ in Lakhs)	As at 31st March, 2018 (₹ in Lakhs)
12. Other Current Liabilities		
Statutory Liabilities	**28.86**	2.59
Advances received from customers	**57.74**	146.61
Others	**5.09**	–
TOTAL	**91.69**	149.20

	For the year ended 31st March, 2019 (₹ in Lakhs)	For the year ended 31st March, 2018 (₹ in Lakhs)
13. **Revenue from operations**		
Sale of Products (including excise duty for the year ended		
31st March 2019 : Nil, for the year ended 31st March, 2018 ₹14.94 lakhs)	**664.53**	860.99
Sale of Services	**303.02**	15.68
Gross Revenue from sale of products and services	**967.55**	876.67
Other Operating Revenues	**0.37**	0.36
TOTAL	**967.92**	877.03

14. Other income		
Other non-operating income	**0.44**	3.95
Net Foreign Exchange Gain / (Loss)	**1.70**	1.26
TOTAL	**2.14**	5.21

15. Employee benefits expense		
Salaries and wages	**200.38**	216.91
Contribution to Provident and other funds	**12.74**	14.84
Share based payment (Refer Note 21)	**11.56**	19.36
Staff welfare expenses	**16.57**	16.06
TOTAL	**241.25**	267.17

16. Finance costs		
Interest expenses	**22.36**	20.62
TOTAL	**22.36**	20.62

NOTES TO THE FINANCIAL STATEMENTS (Contd.)

	For the year ended 31st March, 2019 (₹ in Lakhs)	For the year ended 31st March, 2018 (₹ in Lakhs)
17. Other Expenses		
Consumption of stores and spare parts	**0.08**	0.36
Sub-Contracting Expenses	**46.34**	70.68
Power and fuel	**11.75**	14.15
Repairs and Maintenance		
– Buildings	**8.06**	2.51
– Machinery	**–**	0.53
– Others	**2.13**	13.89
Rates and taxes	**2.50**	2.06
Insurance	**1.88**	1.96
Maintenance and upkeep	**17.56**	16.57
Travelling and conveyance	**54.31**	69.51
Printing and stationery	**6.65**	6.83
Freight and forwarding	**10.00**	19.36
Advertising and sales promotion charges	**20.96**	8.53
Bank charges	**0.22**	0.67
Information technology services	**1.13**	1.44
Training and development	**–**	0.12
Professional fees	**37.31**	17.91
Postage and telephone charges	**5.58**	6.46
Directors' sitting fees (Refer Note 21)	**3.90**	3.70
Doubtful and Bad debts	**10.57**	-
Miscellaneous expenses	**28.12**	12.96
TOTAL	**269.05**	270.20
Miscellaneous expenses include :		
1) Auditors' remuneration and expenses		
Audit fees	**1.50**	1.50
Tax audit fees	**1.00**	1.00
18. Tax Expenses		
Current Tax		
Adjustments related to previous years	**12.09**	–
TOTAL	**12.09**	–
19. Earnings per share		
Profit/ (Loss) after tax, attributable to equity shareholders (A)	**3.73**	(303.13)
Weighted average number of Equity Shares (B)	**188,460,000**	188,460,000
Earnings per share - Basic & Diluted (in ₹) (A / B)	**–**	(0.16)
Nominal value of an equity share (in ₹)	**1.00**	1.00

20 Segment Reporting

A. Information about primary business segments :

The company's operations comprise of only one segment i.e. Fabrication/Assembly of Machines and is consistent with the internal reporting provided to the Executive Committee, which is the Chief Operating Decision Maker. Hence, separate segmental information is not required to be given as per the requirements of Indian Accounting Standard 108.

B. Information about secondary business segments **(₹ in Lakhs)**

	2019	2018
1. Segment Revenue		
- Within India	**929.99**	698.29
- Outside India	**37.56**	178.38
Total	**967.55**	876.67
2. Non Current Assets		
- Within India	**109.99**	97.74
- Outside India	**–**	–
TOTAL	**109.99**	97.74

Note : Revenue of ₹ 376.49 lakhs (2018 : ₹ 95.25 lakhs) arose from a single external customer which is more than 10% of the Company's total revenue during the reported period.

NOTES TO THE FINANCIAL STATEMENTS (Contd.)

21. Related Party Disclosures

1. PARTIES EXERCISING CONTROL OVER THE COMPANY

i) **Holding Company:**

a) ITC Limited

2. RELATED PARTIES WITH WHOM THE COMPANY HAD TRANSACTIONS

a) ITC Limited

b) Surya Nepal Pvt. Limited (SNPL) – Fellow Subsidiary

ii) **Key Management Personnel:**

R. Tandon	Non-Executive Director
D. Dutta	Non-Executive Director
C.R. Dua	Non-Executive Director
S. Banerjee	Independent Director
P. Chatterjee	Independent Director
R. Poddar	Non-Executive Director
R. Senguttuvan *	Managing Director
S.K. Sipani *	Company Secretary
S. Mundra	Chief Financial Officer

* No remuneration is paid by the Company to the Managing Director and Company Secretary in accordance with the terms of their appointment.

DISCLOSURE OF TRANSACTIONS BETWEEN THE COMPANY AND RELATED PARTIES AND THE STATUS OF OUTSTANDING BALANCES AS AT 31.03.2019

(₹ in Lakhs)

	RELATED PARTY TRANSACTIONS SUMMARY	Holding Company		Fellow Subsidiary		Key Management Personnel		Total	
		ITC Limited		SNPL					
		2019	2018	**2019**	2018	**2019**	2018	**2019**	2018
1.	Sale of Goods/ Services	**444.26**	0.10	**–**	3.36	**–**	–	**444.26**	3.46
2.	Purchase of Goods/ Services	**0.15**	–	**–**	–	**–**	–	**0.15**	–
3	Expenses Recovered	**231.36**	200.03	**–**	–	**–**	–	**231.36**	200.03
4.	Share Based Payments Equity Settled Share Based Payments - Capital Contribution Cash Settled Share Based Payments - Other Payables	 **10.70** **0.86**	 19.36 –	 **–** **–**	 – –	 **–** **–**	 – –	 **10.70** **0.86**	 19.36 –
5.	Remuneration of Key Management Personnel on Deputation reimbursed *								
	Other Remuneration	**36.07**	27.78	**–**	–	**–**	–	**36.07**	27.78
6.	Director's Sitting Fees	**–**	–	**–**	–	**3.90**	3.70	**3.90**	3.70
7	Outstanding payables	**3.39**	2.13	**–**	–	**–**	–	**3.39**	2.13
8	Advance Outstanding	**2.89**	–	**–**	–	**–**	–	**2.89**	–

* Post employment benefits are actuarially determined on overall basis and hence not separately provided. Further, for share based payments, Refer Note 15.

22. Financial Instruments and Related Disclosures

1. Capital Management

For the purpose of capital management, capital includes issued equity share capital and other equity reserves attributable to the equity shareholders of the company. The primary objective of the company's capital management strategy is to provide adequate capital for sustaining operational activities, meeting its growth plans and maximizing shareholder value. The Company funds its operations through efficient working capital management, internal accruals and capital contribution from holding company (as and when sought).

No changes were made in the objectives and processes for capital management during the years ended 31st March 2019 and 31st March 2018

2. Categories of Financial Instruments

₹ Lakhs

Particulars			Note	As at 31st March, 2019		As at 31st March, 2018	
				Carrying Value	**Fair Value**	Carrying Value	Fair Value
A. Financial assets							
a)	**Measured at amortised cost**						
	i)	Cash and Cash Equivalents	6	**2.61**	**2.61**	1.65	1.65
	ii)	Other Bank Balances	7	**4.49**	**4.49**	4.05	4.05
	iii)	Trade Receivables	5	**102.78**	**102.78**	139.59	139.59
		Total financial assets		**109.88**	**109.88**	145.29	145.29
B. Financial liabilities							
b)	**Measured at amortised cost**						
	i)	Cash credit Facility	11	**185.53**	**185.53**	233.50	233.50
	ii)	Trade Payables		**404.63**	**404.63**	419.73	419.73
	iii)	Other financial liabilities	9	**20.42**	**20.27**	21.03	21.03
		Total financial liabilities		**610.58**	**610.43**	674.26	674.26

NOTES TO THE FINANCIAL STATEMENTS (Contd.)

3. Financial risk management objectives

The Company's exposure to financial risks such as foreign currency risk, liquidity risk and credit risk is limited. The Company has designed its Risk Management System in line with the nature and scale of its operations to address risks intrinsic to operations, financials and compliances arising out of the overall strategy of the Company.

a) Foreign currency risk

The Company undertakes transactions denominated in foreign currency which results in exchange rate fluctuations. Such exchange rate risk primarily arises from transactions made in foreign exchange and reinstatement risks arising from recognised assets & liabilities. Such transactions are primarily undertaken in US Dollar. Considering the insignificant value, foreign currency risks is assessed to be immaterial. As the transactions undertaken by the company are in smaller denominations taking forward cover for each transaction is not economically feasible.

The carrying amount of foreign currency denominated financial asset is as follows:

₹ Lakhs

Financial Asset	As at 31st March 2019	As at 31st March 2018
USD	5.35	29.55

As there are no large exposures, sensitivity analysis has not been provided.

b) Liquidity risk

The Company manages its liquidity risk by ensuring that it will always have sufficient liquidity to meet its liabilities when due. The company maintains adequate committed credit lines with the banks.

The table below provides details regarding the remaining contractual maturities of significant financial liabilities at the reporting date.

₹ Lakhs

Particulars	As at 31st March, 2019						
	Contractual Cashflows*						
	Carrying value	Less than 3 months	More than 3 months upto 6 months	More than 6 months upto 1 year	More than 1 year upto 3 years	Beyond 3 year	Total
Trade Payables	404.63	283.03	62.85	58.75	–	–	404.63
Other Financial Liabilities	20.42	19.56	–	–	0.39	0.47	20.42
	425.05	302.59	62.85	58.75	0.39	0.47	425.05

Particulars	As at 31st March, 2018						
	Contractual Cashflows*						
	Carrying value	Less than 3 months	More than 3 months upto 6 months	More than 6 months upto 1 year	More than 1 year upto 3 years	Beyond 3 year	Total
Trade Payables	419.73	289.49	54.19	76.05	–	–	419.73
Other Financial Liabilities	21.03	21.03	–	–	–	–	21.03
	440.76	310.52	54.19	76.05	–	–	440.76

* The table has been drawn up based on undiscounted cash flows of financial liabilities based on the earliest date on which the Company can be required to pay.

The Cash credit facility is not included in the above as the same is revolving in nature.

c) Credit risk

Credit risk is the risk that counterparty will not meet its obligations.

Trade receivables are initially recognized at fair value plus any directly attributable transaction costs. The net carrying value of trade receivables is not significantly different from their carrying values due to the short - term duration of trade receivables.

Generally, terms of trade are 75% to 90% advance and balance 10% to 25% is paid by customers post installation of machine. Wherever required credit terms for customers are determined based on the terms of the trade, market scenario, general economic scenario and industry practice, which can be for a specific credit requirement. Concentrations of credit risk with respect to trade receivables are limited to period end sales against post-dated cheques, where extended. Credit limits extension are monitored by the Executive Committee and necessary steps are taken for monitoring, as required.

Our historical experience of collecting receivables, supported by the level of default, is that credit risk is low and so trade receivables are considered to be a single class of financial assets.

All Customer balances which are overdue for more than 180 days are evaluated for provision and considered for impairment on an individual basis. The Company has used practical expedient in computing allowance for doubtful receivables based on the ageing of the customer's balances, specific credit circumstances and Company's historical bad receivable experience and forward looking information. Write offs are made with the approval of the Board of Directors.

The movement of expected loss provision (allowance for bad and doubtful receivable) made by the company are as under

₹ Lakhs

Particulars	Expected Loss Provision	
	As at 31st March, 2019	As at 31st March, 2018
Opening Balance	–	–
Add: Provision made	10.57	–
Less: Utilisation for impairment/de recognition	–	–
Closing Balance	10.57	–

4. Fair value measurement

Fair value hierarchy

The fair value of trade receivables and payables and other financial liabilities is considered to be equal to the carrying amounts of these items due to their short – term nature. Non-Current liabilities are not material.

NOTES TO THE FINANCIAL STATEMENTS (Contd.)

23. Additional Notes to the Financial Statements

(i) Micro, Small and Medium scale business entities:

There are no Micro, Small and Medium Enterprises, to whom the Company owes dues, which are outstanding for more than 45 days during the year and as at March 31, 2019 and March 31, 2018. This information as required to be disclosed under the Micro, Small and Medium Enterprise Development Act, 2006, has been determined to the extent such parties have been identified on the basis of information available with the Company.

(ii) The eligible employee(s) of the Company, including employee(s) deputed from ITC Limited, the Holding Company (ITC), have been granted stock options by ITC under the ITC Employee Stock Option Schemes (ITC ESOS) and the ITC Employee Cash Settled Stock Appreciation Linked Reward Plan (ITC ESAR Plan) in accordance with the terms and conditions of such schemes, details of which are as under:

ITC ESOS: Each Option entitles the holder thereof to apply for and be allotted ten ordinary shares of Rs. 1.00 each of ITC upon payment of the exercise price during the exercise period. These options vest over a period of three years from the date of grant and are exercisable within a period of five years from the date of vesting.

ITC ESAR: Under the ITC ESAR Plan, eligible employees would receive cash linked to appreciation in the value of the shares of ITC in accordance with the terms and conditions of this Plan. The stock appreciation units (SARs) vest over a period of five years from the date of grant and entitles each ESAR grantee to the appreciation for the total number of ESAR Units vested.

The cost of stock options granted under ITC ESOS / SARs granted under ITC ESAR have been recognized as equity settled / cash settled share based payments respectively in accordance with Ind AS 102 – Share Based Payment. In terms of said deputation arrangement, the Company has accounted for the cost of the fair value of options / stock appreciation units granted to the deputed employees on-charge by ITC. The fair value of the options / SARs granted is determined, using the Black Scholes Option Pricing model, by ITC for all the grantees covered under ITC ESOS / ITC ESAR as a whole

The summary of movement of such options granted by ITC and status of the outstanding options is as under:

Particulars	As at 31st March, 2019	As at 31st March, 2018
	No. of Options	No. of Options
Outstanding at the beginning of the year	13,200	16,746
Add: Corporate Action: Bonus Issue by ITC	–	–
Add: Granted during the year	–	2,475
Less: Lapsed during the year	–	–
Add / (Less): Movement due to transfer of employees within group	–	(2,475)
Less: Exercised during the year	–	3,546
Outstanding at the end of the year	13,200	13,200
Options exercisable at the end of the year	10,476	7,342

Note :

The weighted average exercise price of the options granted to all Optionees under the ITC ESOS is computed by ITC as a whole.

In accordance with Ind AS 102, an amount of ₹ 10.70 lakhs (2018 : ₹19.36 lakhs) towards ITC ESOS and ₹ 0.86 lakhs (2018 : Nil) towards ITC ESAR has been recognized as employee benefits expense (Refer Note 15). Such charge has been recognised as employee benefits expense and has been considered as capital contribution by ITC Limited, net of reimbursements, if any. Liability recognised for payments towards ITC ESAR is presented under note 9 of the financial statements. Out of the above, ₹ 0.86 Lakhs (2018- ₹ Nil) is attributable to the Chief Financial Officer of the Company.

(iii) Cost of inventory recognized as expense during the year amount to ₹ 426.85 Lakhs (2018 - ₹ 620.24 Lakhs).

(iv) Defined Benefit Plans / Long Term Compensated Absences - As per Actuarial Valuations as on March 31, 2019 and recognized in the financial statements in respect of Employee Benefit Schemes:

Description of Plans :

In respect of Gratuity, the Company makes contributions to defined benefit scheme for qualifying employees, in a group-cum-life assurance cash accumulation policy offered by LIC. The liabilities arising in the defined benefit scheme are determined in accordance with the advice of independent, professionally qualified actuaries, using the projected unit credit method. Additional funding requirements are based on actuarial measurement.

The employees of the Company are also entitled to compensated leave for which the Company records the liability based on actuarial valuation computed under projected unit credit method. These benefits are unfunded.

Risk Management :

The defined benefit plans expose the Company to actuarial deficit arising out of investment risk, interest rate risk, salary cost inflation risk. These plans are not exposed to any unusual, entity specific or scheme specific risks but there are general risks. The Scheme's accounting liabilities are calculated using a discount rate set with reference to the Government security yields. A decrease in yields will increase the fund liabilities, leading to accounting deficit in the funds. However, this may be partially offset by an increase in capital value of the Scheme assets that have similar characteristics. Increase in salary due to adverse inflationary pressures might lead to higher liabilities. To manage the risk, gratuity scheme has been funded by a policy offered by Life Insurance Corporation of India.

We understand that LICs overall portfolio of assets is well diversified and as such the long term return on the policy is expected to be higher than the rate of return on Central Government Bonds

(₹ Lakhs)

			For the year ended 31st March, 2019		For the year ended 31st March, 2018	
			Gratuity	Leave Encashment	Gratuity	Leave Encashment
I	–	**Recognised in Profit or Loss**				
	1	Current Service Cost	2.69	0.85	3.18	2.31
	2	Past Service Cost	–	–	–	–
	3	Net Interest Cost	(2.09)	0.95	(2.42)	0.99
	4	**Total expense recognised in the Statement of Profit and Loss**	**0.60**	**1.80**	**0.76**	**3.31**
	–	**Re-measurements recognised in Other Comprehensive Income**				
	5	(Return) on plan assets (excluding amounts included in Net interest cost)	0.50	–	(0.25)	–
	6	Effect of changes in demographic assumptions	–	–	–	–
	7	Effect of changes in financial assumptions	–	–	(2.40)	(0.62)
	8	Changes in asset ceiling (excluding interest income)	–	–	–	–
	9	Effect of experience adjustments	(1.65)	(2.25)	0.82	(1.20)
	10	Total re-measurements included in OCI	**(1.15)**	**(2.25)**	**(1.83)**	**(1.83)**
	11	Total defined benefit cost recognised in Profit and Loss and Other Comprehensive Income (4+10)	**(0.55)**	**(0.45)**	**(1.07)**	**1.48**

NOTES TO THE FINANCIAL STATEMENTS (Contd.)

II			For the year ended 31st March, 2019		For the year ended 31st March, 2018	
			Gratuity	Leave Encashment	Gratuity	Leave Encashment
	1	Present Value of Defined Benefit Obligation	51.13	11.28	52.50	13.64
	2	Fair Value of Plan Assets	79.60	–	80.41	–
	3	Status [Surplus/(Deficit)] *	28.47	(11.28)	27.91	(13.64)
	4	**Net Asset/(Liability) recognised in Balance Sheet**	As at 31st March, 2019		As at 31st March, 2018	
			Current	Non Current	Current	Non Current
		- Gratuity				
		- Leave Encashment	1.40	9.88	1.34	12.30
	* The excess of plan assets over present value of defined benefit obligation has not been recognized since the Company does not have an unconditional right of refund over the excess plan assets.					

			For the year ended 31st March, 2019		For the year ended 31st March, 2018	
			Gratuity	Leave Encashment	Gratuity	Leave Encashment
III	**Change in Defined Benefit Obligations (DBO)**					
	1	Present Value of DBO at the beginning of the year	52.50	13.64	60.57	17.31
	2	Current Service Cost	2.69	0.85	3.18	2.31
	3	Interest Cost	3.71	0.95	3.64	0.99
	4	Remeasurement gains / (losses):				
		Effect of changes in demographic assumptions	–	–	–	–
		Effect of changes in financial assumptions	–	–	(2.40)	(0.62)
		Changes in asset ceiling (excluding interest income)	–	–	–	–
		Effect of experience adjustments	(1.65)	(2.25)	0.82	(1.20)
	5	Curtailment Cost / (Credit)	–	–	–	–
	6	Settlement Cost / (Credit)	–	–	–	–
	7	Liabilities assumed in business combination	–	–	–	–
	8	Exchange difference on foreign plans	–	–	–	–
	9	Benefits Paid	(6.11)	(1.91)	(13.32)	(5.14)
	10	Present Value of DBO at the end of the year	51.13	11.28	52.50	13.64

IV	**Best Estimate of Employer's Expected Contribution for the next year**	As at 31st March, 2019	As at 31st March, 2018
	- Gratuity	Nil	Nil
	- Leave Encashment	NA	NA

			For the year ended 31st March, 2019		For the year ended 31st March, 2018	
			Gratuity	Leave Encashment	Gratuity	Leave Encashment
V	**Change in Fair Value of Assets**					
	1	Plan Assets at the beginning of the year	80.41	–	87.43	–
	2	Asset acquired in Business Combination	–	–	–	–
	3	Expected Return on Plan Assets	5.80	–	6.05	–
	4	Remeasurement Gains/(Losses) on plan assets	(0.50)	–	0.25	–
	5	Actual Company Contributions	–	–	–	–
	6	Benefits Paid	(6.11)	–	(13.32)	–
		Others	–	–	–	–
	7	Plan Assets at the end of the year	79.60	–	80.41	–

VI	Actuarial Assumptions		As at 31st March, 2019		As at 31st March, 2018	
			Expected Return on Plan Assets (%)	Discount Rate (%)	Expected Return on Plan Assets (%)	Discount Rate (%)
	1	Gratuity	6.80%	7.50%	6.50%	7.50%
	2	Leave Encashment	NA	7.50%	NA	7.50%
	The estimates of future salary increases, considered in actuarial valuations take account of inflation, seniority, promotion and other relevant factors such as supply and demand factors in the employment market.					

VII	In the absence of detailed information regarding plan assets which is funded with Insurance Companies, the composition of each major category of plan assets, the percentage or amount for each category to the fair value of plan assets has not been disclosed.

NOTES TO THE FINANCIAL STATEMENTS (Contd.)

VIII	Net Asset / (Liability) recognised in Balance Sheet (including experience adjustment impact)		As at 31st March, 2019		As at 31st March, 2018	
			Gratuity	Leave Encashment	Gratuity	Leave Encashment
	1	Present Value of Defined Benefit Obligation	51.13	11.28	52.50	13.64
	2	Fair Value of Plan Assets	79.60	–	80.41	–
	3	Status [Surplus/(Deficit)]	28.47	11.28	27.91	(13.64)
	4	Experience Adjustment of Plan Assets [Gain/(Loss)]	(0.50)	–	0.25	–
	5	Experience Adjustment of obligation [(Gain)/Loss]	(1.65)	(2.25)	0.82	(1.20)

IX	**Sensitivity Analysis**			
	The Sensitivity Analysis below has been determined based on reasonable possible change of the respective assumptions occurring at the end of the reporting period, while holding all other assumptions constant. These sensitivities show the hypothetical impact of a change in each of the listed assumptions in isolation. While each of these sensitivities holds all other assumptions constant, in practice such assumptions rarely change in isolation and the asset value changes may offset the impact to some extent. For presenting the sensitivities, the present value of the Defined Benefit Obligation has been calculated using the projected unit credit method at the end of the reporting period, which is the same as that applied in calculating the Defined Benefit Obligation presented above.			
				₹ Lakhs
			DBO as at 31 March 2019	DBO as at 31 March 2018
	1	Discount Rate + 100 basis points	59.23	62.48
	2	Discount Rate - 100 basis points	65.95	70.23
	3	Salary Increase Rate + 1%	66.31	70.62
	4	Salary Increase Rate – 1%	58.85	62.07

(v) Other Disclosures in respect of Gross Revenue from sale of products and services:

a) In terms of the nature of goods and services offered by the Company, the duration between rendering performance obligation and receipt of consideration is, generally, short term in nature.

b) Advances received from customers which are outstanding on the reporting date are expected to be recognised as revenue within a period of one year.

(vi) Ministry of Corporate Affairs (MCA) has issued the Companies (Indian Accounting Standards) (Amendment) Rules, 2019 on 30th March, 2019 notifying Ind AS 116, 'Leases' and amending Ind AS 12 'Income Taxes'. The same are applicable for financial statements pertaining to annual periods beginning on or after 1st April, 2019. The Company expects that the said changes will not have any impact on the company.

24. Use of Estimates and Judgements

The key estimates and assumptions used in the preparation of financial statements are set out below:

– The determination of Company's liability towards defined benefit obligation to employees is made through independent actuarial valuation including determination of amounts to be recognized in the income statement and in other comprehensive income. Such valuation depend upon assumptions determined after taking into account inflation, seniority, promotion and other relevant factors such as supply and demand factors in the employment market.

25. SIGNIFICANT ACCOUNTING POLICIES

a) Statement of Compliance

These financial statements have been prepared in accordance with Indian Accounting Standards (Ind AS) notified under section 133 of the Companies Act, 2013. The financial statements have also been prepared in accordance with the relevant presentation requirements of the Companies Act, 2013. The Company adopted Ind AS from 1st April, 2016 and the date of transition to Ind AS is 1st April, 2015.

b) Basis of Preparation

The financial statements are prepared in accordance with the historical cost convention, except for certain items that are measured at fair values, as explained in the accounting policies below. The financial statements are presented in Indian Rupees (INR) which is also the Company's functional currency. The financial statements are presented in Rupees Lakhs.

Fair Value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Company takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date.

The preparation of financial statements in conformity with Ind AS requires management to make judgements, estimates and assumptions that affect the application of the accounting policies and the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the year. Actual results could differ from those estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period; they are recognised in the period of the revision and future periods if the revision affects both current and future periods.

All assets and liabilities have been classified as current or non-current as per the Company's normal operating cycle and other criteria set out in the Schedule III to the Companies Act, 2013 and Ind AS 1 – Presentation of Financial Statements based on the nature of products and the time between the acquisition of assets for processing and their realisation in cash and cash equivalents.

NOTES TO THE FINANCIAL STATEMENTS (Contd.)

c) Going Concern Assumption

As at 31 March 2019, the net worth of the Company has been eroded due to accumulated losses / restructuring. The financial statements have been prepared on a going concern basis as the holding company is committed to provide financial support, as approved by the shareholders of the Company, as and when sought.

d) Property, Plant & Equipment and Intangible Assets

Property, plant & equipment are stated at cost of acquisition or construction less accumulated depreciation and impairment, if any.

Cost is inclusive of inward freight, duties and taxes and incidental expenses related to acquisition. Subsequent costs are included in the asset's carrying amount only when it is probable that future economic benefits associated with the item will be realized. The carrying amount of a replaced part is derecognized. All other repairs and maintenance are charged to the statement of Profit & Loss.

Software is capitalised where it is expected to provide future enduring economic benefits. Capitalisation costs include licence fees and costs of implementation/ system integration services. The costs are capitalised in the year in which the relevant software is implemented for use.

Depreciation or amortization of these assets commences when the assets are ready for their intended use. Depreciation or amortization is calculated in a manner that amortises the cost of the assets less its residual value, over their useful lives as specified in Schedule II of the Companies Act, 2013 on a straight line basis. Land is not depreciated.

Residual values and useful lives are reviewed, and are treated as changes in accounting estimates, at each balance sheet date.

e) Impairment of Assets

Impairment loss is provided, if any, to the extent, the carrying amount of assets exceed their recoverable amount.

Recoverable amount is higher of an asset's net selling price and its value in use. Value in use is the present value of estimated future cash flows expected to arise from the continuing use of an asset and from its disposal at the end of its useful life.

Impairment losses recognised in prior years are reversed when there is an indication that the impairment losses recognised no longer exist or have decreased. Such reversals are recognised as an increase in carrying amount of assets to the extent that it does not exceed the carrying amounts that would have been determined (net of amortisation or depreciation) had no impairment loss been recognised in previous years.

Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are considered to modify the amortisation period or method, as appropriate, and are treated as changes in accounting estimates.

f) Inventories

Inventories including work-in-progress are stated at lower of cost and net realisable value. The cost is calculated on weighted average method. Cost comprises expenditure incurred in the normal course of business in bringing such inventories to its present location and condition and includes, where applicable, appropriate overheads based on normal level of activity. Net realisable value is the estimated selling price less estimated costs for completion and sale.

Obsolete, slow moving and defective inventories are identified from time to time and, where necessary, a provision is made for such inventories.

g) Revenue from sale of products and services

Revenue is measured at the fair value of the consideration received or receivable for goods supplied and services rendered, net of returns and discounts to customers. Revenue from the sale of goods excludes Goods and Services Tax. Revenue from the sale of goods and services is recognised when the Company performs its obligations to its customers and the amount of revenue can be measured reliably and recovery of the consideration is probable. The timing of such recognition in case of goods is when the control over the same is transferred to the customer, which is mainly upon delivery and in case of services, in the periods in which such services are rendered.

h) Trade Receivables

Trade receivables are initially measured at transaction value, which is the fair value and subsequently retained at cost less appropriate allowance for credit losses as all receivables of the Company are current in nature. Where significant, non – current receivables are accounted for at amortised cost using effective interest rate method less appropriate allowance for credit losses. Interest is accounted for on the basis of contractual terms, where applicable and is included in interest income. Impairment losses are recognized in the profit or loss where there is an objective evidence that the Company will not be able to collect all the due amounts.

i) Employee Benefits

The contributions in respect of defined benefit gratuity fund are made to Life Insurance Corporation (LIC) under its Group Gratuity Scheme. The accounting charge for benefits under the defined benefit obligation is calculated by independent actuary using the projected unit credit method. Service costs and net interest expense or income is reflected in the statement of profit and loss. Gain or Loss on account of re measurements are recognized immediately through Other Comprehensive Income in the period in which they occur.

The employees of the Company are entitled to compensated leave for which the Company records the liability based on actuarial valuation computed under projected unit credit method. These benefits are unfunded. Service costs and net interest expense or income is reflected in the statement of profit and loss. Gain or Loss on account of re measurements are recognized immediately through Other Comprehensive Income in the period in which they occur.

j) Employee Share Based Compensation

The cost of stock options and stock appreciation units granted by ITC Limited, the Holding Company, to its eligible employees including employees deputed by holding company is recognized at fair value. These Schemes are in the nature of equity settled / cash settled share based compensation and are assessed, managed / administered by the Holding Company.

In case of stock options, the fair value of stock options at the grant date is amortised on a straight line basis over the vesting period and cost recognised as an employee benefit expenses in the Statement of Profit and Loss with corresponding credit in equity.

In case of stock appreciation units, the fair value of stock appreciation units at the grant date is initially recognised and remeasured at each reporting date, until settled, and cost recognized as an employee benefit expenses in the Statement of Profit and Loss with a corresponding increase in other Financial Liabilities.

k) Foreign Currency Transactions

The Company accounts for transactions in foreign currency at the exchange rate prevailing on the date of transactions. Gains/Losses arising on settlement of such transactions as also the translation of monetary items at period ends due to fluctuations in the exchange rates are recognized in the Statement of Profit and Loss. Monetary assets and liabilities denominated in foreign currencies as at the balance sheet date are translated at the closing exchange rates on that date; the resultant exchange differences are recognized in the statement of profit and loss.

NOTES TO THE FINANCIAL STATEMENTS (Contd.)

l) Financial instruments

Financial assets and financial liabilities are recognized when the Company becomes a party to the contractual provisions of the relevant instrument. Financial assets are derecognized when the rights to receive benefits have expired or been transferred, and the Company has transferred substantially all risks and rewards of ownership of such financial asset. Financial liabilities are derecognized when the liability is extinguished, that is when the contractual obligation is discharged, cancelled or expires. Purchase or sale of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognized on the trade date, i.e., the date when the Company commits to purchase or sell the asset.

m) Earnings per Share (EPS)

Basic earnings per share is computed by dividing the net profit for the period attributable to the equity shareholders by the weighted average number of equity shares outstanding during the reporting period. Diluted EPS is computed by dividing the net profit for the period attributable to the equity shareholders by the weighted average number of equity and equivalent dilutive equity shares outstanding during the period, except where the results would be anti-dilutive.

n) Taxes on Income

To provide current tax in the statement of profit and loss as the amount of tax payable in respect of taxable income for the period using tax rates enacted or substantively enacted during the period, together with any adjustment to tax payable in respect of previous years. Income tax, in so far as it relates to items disclosed under Other Comprehensive Income are disclosed separately under Other Comprehensive Income.

Deferred tax is provided using the balance sheet approach, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. At each balance sheet date the Company re-assesses unrecognised deferred tax assets. It recognizes, unrecognised deferred tax assets to the extent that it has become reasonably certain, as the case may be, that sufficient future taxable income will be available against which such deferred tax assets can be realised.

For and on behalf of the Board

RAJIV TANDON Chairman	R SENGUTTUVAN Managing Director
S. K. SIPANI Company Secretary	SHARAD MUNDRA Chief Financial Officer

Place: Kolkata
Date: 23rd April, 2019

REPORT OF THE BOARD OF DIRECTORS FOR THE FINANCIAL YEAR ENDED 31ST MARCH, 2019

1. Your Directors submit their Report for the financial year ended 31st March, 2019.

2. COMPANY PERFORMANCE

The operations of the Company during the year continued to be adversely impacted pursuant to the Order of the Hon'ble High Court of Uttarakhand at Nainital in February, 2014 dismissing the writ petition filed by the Company against the Order of the District Magistrate authorising State authorities to take possession of the land leased to the Company. The appeal filed by the Company against the aforesaid Order was admitted in April, 2014 and the matter is pending before the Hon'ble High Court.

During the year, the Company recorded Total Income of ₹ 5.20 lakhs (previous year: ₹ 7.18 lakhs) and the Net Loss of the Company was ₹ 0.68 lakhs (previous year: ₹ 0.39 lakhs).

3. DIVIDEND

In view of the losses incurred, your Directors are unable to recommend any dividend for the year under review.

4. DIRECTORS

(a) Changes in Directors during the year

During the year under review, there was no change in the composition of the Board of Directors of your Company ('the Board').

(b) Retirement by Rotation

In accordance with the provisions of Section 152 of the Companies Act, 2013 ('the Act') read with Articles 100, 101 and 102 of the Articles of Association of the Company, Mr. Surendra Kumar Sipani (DIN: 02513625), Director, will retire by rotation at the ensuing Annual General Meeting ('AGM') of the Company, and being eligible, offers himself for re-election. Your Board has recommended his re-election.

5. BOARD MEETINGS

Four meetings of the Board were held during the year ended 31st March, 2019.

6. DIRECTORS' RESPONSIBILITY STATEMENT

As required under Section 134 of the Act, your Directors confirm having:

i) followed in the preparation of the Annual Accounts, the applicable Accounting Standards with proper explanation relating to material departures, if any;

ii) selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the loss of the Company for that period;

iii) taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of your Company and for preventing and detecting fraud and other irregularities;

iv) prepared the Annual Accounts on a going concern basis; and

v) devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems are adequate and operating effectively.

7. SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES

The Company does not have any subsidiary, associate or joint venture.

8. PARTICULARS OF EMPLOYEES

The requirements of Rule 5(2) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 are not applicable to the Company.

The requirement relating to constitution of Internal Complaints Committee in terms of the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 is also not applicable to the Company.

9. RISK MANAGEMENT

The Company's risk management framework, designed to bring robustness to the risk management processes, addresses risks intrinsic to operations, financials and compliances arising out of the overall strategy of the Company.

In terms of the Risk Management Policy of the Company approved by the Board, management of risks vest with the executives responsible for the day-to-day conduct of the affairs of the Company. Annual update is provided to the Board on the effectiveness of the Company's risk management systems and policies.

10. INTERNAL FINANCIAL CONTROLS

Your Company has in place adequate internal financial controls with respect to the financial statements, commensurate with its size and scale of operations.

During the year, the internal financial controls in the Company with respect to the financial statements were tested and no material weakness in the design or operation of such controls was observed. Nonetheless, your Company recognises that any internal financial control framework, no matter how well designed, has inherent limitations and accordingly, regular audit and review processes ensure that such systems are reinforced on an ongoing basis.

11. PARTICULARS OF LOANS, GUARANTEES AND INVESTMENTS

During the year ended 31st March, 2019, the Company has neither given any loan or guarantee nor has made any investment under Section 186 of the Act.

12. RELATED PARTY TRANSACTIONS

The details of material related party transaction of the Company in the prescribed Form No. AOC-2 are enclosed under Annexure 1 to this Report.

13. SIGNIFICANT AND MATERIAL ORDERS PASSED BY THE REGULATORS / COURTS / TRIBUNALS

During the year under review, no significant or material orders were passed by the Regulators / Courts / Tribunals impacting the going concern status of the Company and its future operations.

14. COST RECORDS

The Company is not required to maintain cost records in terms of Section 148 of the Act read with the Companies (Cost Records and Audit) Rules, 2014.

15. EXTRACT OF ANNUAL RETURN

The extract of Annual Return in the prescribed Form No. MGT-9 is enclosed as Annexure 2 to this Report.

16. STATUTORY AUDITORS

The Company's Auditors, Messrs. Deloitte Haskins & Sells, Chartered Accountants ('DHS'), were appointed with your approval at the 17th AGM to hold such office for a period of five years till the conclusion of the 22nd AGM. DHS will complete their present term on conclusion of the ensuing 22nd AGM of the Company.

Your Board has recommended for the approval of the Members, re-appointment of DHS as the Auditors of the Company for a period of five years from the conclusion of the ensuing 22nd AGM till the conclusion of the 27th AGM. The Board has also recommended for the approval of the Members, remuneration of DHS for the financial year 2019-20. Appropriate resolution seeking your approval to the re-appointment and remuneration of DHS as the Auditors is appearing in the Notice convening the 22nd AGM of the Company.

17. COMPLIANCE WITH SECRETARIAL STANDARDS

The Company is in compliance with the applicable Secretarial Standards issued by the Institute of Company Secretaries of India and approved by the Central Government under Section 118 of the Act.

18. CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION, FOREIGN EXCHANGE EARNINGS AND OUTGO

Considering the nature of business of your Company, no comment is required on conservation of energy and technology absorption.

There has been no foreign exchange earnings or outgo during the year under review.

On behalf of the Board

S. S. Bandyopadhyay Director

Dated: 22nd April, 2019 S. K. Pandey Director

Annexure 1 to the Report of the Board of Directors for the financial year ended 31st March, 2019

FORM NO. AOC-2

[Pursuant to Section 134(3)(h) of the Companies Act, 2013 and Rule 8(2) of the Companies (Accounts) Rules, 2014]

Form for disclosure of particulars of contracts / arrangements entered into by the Company with related parties referred to in sub-section (1) of Section 188 of the Companies Act, 2013 including certain arm's length transactions under third proviso thereto

1. Details of contracts or arrangements or transactions not at arm's length basis

a)	Name(s) of the related party and nature of relationship	NIL
b)	Nature of contracts / arrangements / transactions	
c)	Duration of the contracts / arrangements / transactions	
d)	Salient terms of the contracts or arrangements or transactions including the value, if any	
e)	Justification for entering into such contracts or arrangements or transactions	
f)	Date(s) of approval by the Board	
g)	Amount paid as advances, if any	
h)	Date on which the special resolution was passed in general meeting as required under first proviso to Section 188	

2. Details of material contracts or arrangement or transactions at arm's length basis

a)	Name(s) of the related party and nature of relationship	ITC Limited (ITC), the Holding Company	
b)	Nature of contracts / arrangements / transactions	Purchase of goods	
c)	Duration of the contracts / arrangements / transactions	N.A.	
d)	Salient terms of the contracts or arrangements or transactions including the value, if any	Purchase of Saplings from ITC Value of the transaction during the year - ₹ 2.40 lakhs	
e)	Date(s) of approval by the Board, if any	15th March, 2019	
f)	Amount paid as advances, if any	Nil	

Dated : 22nd April, 2019

On behalf of the Board
S. S. Bandyopadhyay Director
S. K. Pandey Director

Annexure 2 to the Report of the Board of Directors

FORM NO. MGT-9

EXTRACT OF ANNUAL RETURN

as on the financial year ended on 31st March, 2019

[Pursuant to Section 92(3) of the Companies Act, 2013 and Rule 12(1) of the Companies (Management and Administration) Rules, 2014]

I. REGISTRATION AND OTHER DETAILS

i)	CIN	U01100MH1997PLC128846
ii)	Registration Date	25th April, 1997
iii)	Name of the Company	Prag Agro Farm Limited
iv)	Category / Sub-Category of the Company	Unlisted Public Company limited by shares
v)	Address of the Registered office and contact details	Indian Mercantile Chambers R. Kamani Marg, Ballard Estate, Mumbai – 400 001 Phone: 022 4366 3333 Fax: 022 2269 2228 e-mail ID : surendra.sipani@itc.in
vi)	Whether listed company	No
vii)	Name, Address and Contact details of Registrar and Transfer Agent, if any	N.A.

II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

All the business activities contributing 10% or more of the total turnover of the Company shall be stated:

Sl. No.	Name and Description of main products / services	NIC Code of the product / service	% to total turnover of the Company
1.	Sale of Saplings	46205	100%

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES

Sl. No.	Name and address of the company	CIN / GLN	Holding / Subsidiary / Associate	% of shares held in the Company	Applicable Section
1.	ITC Limited Virginia House 37 Jawaharlal Nehru Road Kolkata – 700 071	L16005WB1910PLC001985	Holding company	100.00%	2(46)

IV. SHAREHOLDING PATTERN (Equity Share Capital Breakup as percentage of Total Equity)

(i) Category-wise Shareholding:

Category of Shareholders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
A. Promoters									
(1) Indian									
a) Individual/HUF	–	–	–	–	–	–	–	–	N.A.
b) Central Govt.	–	–	–	–	–	–	–	–	N.A.
c) State Govt.(s)	–	–	–	–	–	–	–	–	N.A.
d) Bodies Corp.	-	1,28,00,020	1,28,00,020	100.00	-	1,28,00,020	1,28,00,020	100.00	NIL
e) Banks / FI	–	–	–	–	–	–	–	–	N.A.
f) Any Other	–	–	–	–	–	–	–	–	N.A.
Sub-total (A)(1)	–	**1,28,00,020**	**1,28,00,020**	**100.00**	-	**1,28,00,020**	**1,28,00,020**	**100.00**	**NIL**
(2) Foreign									
a) NRIs - Individuals	–	–	–	–	–	–	–	–	N.A.
b) Other – Individuals	–	–	–	–	–	–	–	–	N.A.
c) Bodies Corp.	–	–	–	–	–	–	–	–	N.A.
d) Banks / FI	–	–	–	–	–	–	–	–	N.A.
e) Any Other	–	–	–	–	–	–	–	–	N.A.
Sub-total (A)(2)	–	–	–	–	–	–	–	–	**N.A.**
Total shareholding of Promoter (A) = (A)(1)+(A)(2)	–	**1,28,00,020**	**1,28,00,020**	**100.00**	–	**128,00,020**	**128,00,020**	**100.00**	**NIL**
B. Public Shareholding									
1. Institutions									
a) Mutual Funds	–	–	–	–	–	–	–	–	N.A.
b) Banks / FI	–	–	–	–	–	–	–	–	N.A.
c) Central Govt.	–	–	–	–	–	–	–	–	N.A.
d) State Govt.(s)	–	–	–	–	–	–	–	–	N.A.
e) Venture Capital Funds	–	–	–	–	–	–	–	–	N.A.
f) Insurance Companies	–	–	–	–	–	–	–	–	N.A.
g) FIIs	–	–	–	–	–	–	–	–	N.A.
h) Foreign Venture Capital Funds	–	–	–	–	–	–	–	–	N.A.
i) Others (specify)	–	–	–	–	–	–	–	–	N.A.
Sub-total (B)(1)	–	–	–	–	–	–	–	–	**N.A.**
2. Non-Institutions									
a) Bodies Corp.	–	–	–	–	–	–	–	–	
i) Indian	–	–	–	–	–	–	–	–	N.A.
ii) Overseas	–	–	–	–	–	–	–	–	N.A.
b) Individuals 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)	–	**1,28,00,020**	**1,28,00,020**	**100.00**	–	**1,28,00,020**	**1,28,00,020**	**100.00**	**NIL**

(ii) Shareholding of Promoters:

Sl. No.	Shareholder's Name	Shareholding at the beginning of the year			Shareholding at the end of the year			% change in shareholding during the year
		No. of Shares	% of total Shares of the Company	% of Shares pledged / encumbered to total Shares	No. of Shares	% of total Shares of the Company	% of Shares pledged / encumbered to total Shares	
1.	ITC Limited	1,28,00,020	100.00	Nil	1,28,00,020	100.00	Nil	Nil

(iii) Change in Promoters' Shareholding (please specify, if there is no change):

Sl. No.		Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of Shares	% of total Shares of the Company	No. of Shares	% of total Shares of the Company
	At the beginning of the year	No change during the year			
	Date wise Increase / Decrease in Promoter's Shareholding during the year				
	At the end of the year				

(iv) **Shareholding Pattern of top ten Shareholders (other than Directors, Promoters and Holders of GDRs and ADRs)**: NOT APPLICABLE

(v) **Shareholding of Directors and Key Managerial Personnel**: None of the Directors hold any share in the Company in their individual capacity.

V. INDEBTEDNESS

Indebtedness of the Company including interest outstanding / accrued but not due for payment: NIL

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

A. Remuneration to Managing Director, Wholetime Directors and / or Manager: NOT APPLICABLE

B. Remuneration to other Directors:

(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**				
	S. S. Bandyopadhyay	Nil	Nil	Nil	**Nil**
	S. K. Pandey				
	S. K. Sipani				
	Total Amount (B)(2)				**Nil**
Total Amount (B) = (B)(1) + (B)(2)					**Nil**
Total Managerial Remuneration (A + B)					**Nil**
Overall ceiling as per the Companies Act, 2013					60,00,000 per annum (refer Note)

Note: Ceiling as per Part II of Schedule V to the Companies Act, 2013 has been disclosed, considering that the Company has incurred losses during the financial year ended 31st March, 2019.

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: 22nd April, 2019

On behalf of the Board

S. S. Bandyopadhyay Director

S. K. Pandey Director

INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF PRAG AGRO FARM LIMITED

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of Prag Agro Farm Limited ("the Company"), which comprise the Balance Sheet as at March 31, 2019, and the Statement of Profit and Loss (including Other Comprehensive Income), the Cash Flow Statement and the Statement of Changes in Equity for the year then ended, and a summary of significant accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Companies Act, 2013 ("the Act") in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards prescribed under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended, ("Ind AS") and other accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2019, and its loss, total comprehensive loss, its cash flows and the changes in equity for the year ended on that date.

Basis for Opinion

We conducted our audit of the financial statements in accordance with the Standards on Auditing specified under section 143(10) of the Act (SAs). Our responsibilities under those Standards are further described in the Auditor's Responsibility for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India (ICAI) together with the ethical requirements that are relevant to our audit of the financial statements under the provisions of the Act and the Rules made thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ICAI's Code of Ethics. We believe that the audit evidence obtained by us is sufficient and appropriate to provide a basis for our audit opinion on the financial statements.

Management's Responsibility for the Financial Statements

The Company's Board of Directors is responsible for the matters stated in section 134(5) of the Act with respect to the preparation of these financial statements that give a true and fair view of the financial position, financial performance including other comprehensive income, cash flows and changes in equity of the Company in accordance with the Ind AS and other accounting principles generally accepted in India. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statement that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those Board of Directors are also responsible for overseeing the Company's financial reporting process.

Auditor's Responsibility for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal financial control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Company has adequate internal financial controls system in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

Materiality is the magnitude of misstatements in the financial statements that, individually or in aggregate, makes it probable that the economic decisions of a reasonably knowledgeable user of the financial statements may be influenced. We consider quantitative materiality and qualitative factors in (i) planning the scope of our audit work and in evaluating the results of our work; and (ii) to evaluate the effect of any identified misstatements in the financial statements.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

Report on Other Legal and Regulatory Requirements

1. As required by Section 143(3) of the Act, based on our audit, we report that:
   a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
   b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
   c) The Balance Sheet, the Statement of Profit and Loss including Other Comprehensive Income, the Cash Flow Statement and Statement of Changes in Equity dealt with by this Report are in agreement with the books of account.
   d) In our opinion, the aforesaid financial statements comply with the Ind AS specified under Section 133 of the Act.
   e) On the basis of the written representations received from the directors as on March 31, 2019 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2019 from being appointed as a director in terms of Section 164(2) of the Act.
   f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure A". Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the Company's internal financial controls over financial reporting.
   g) With respect to the other matters to be included in the Auditor's Report in accordance with the requirements of section 197(16) of the Act, as amended

   In our opinion and to the best of our information and according to the explanations given to us, the Company has not paid any remuneration to its directors during the year.
   h) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, as amended in our opinion and to the best of our information and according to the explanations given to us:
      i. The Company has disclosed the impact of pending litigations on its financial position in its financial statements.
      ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.
      iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.
2. As required by the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Central Government in terms of Section 143(11) of the Act, we give in "Annexure B" a statement on the matters specified in paragraphs 3 and 4 of the Order.

For **Deloitte Haskins & Sells**
Chartered Accountants
(Firm's Registration No. 302009E)

Ananthi Amarnath
Partner
(Membership No. 209252)

Place : Kolkata
Date : April 22, 2019

ANNEXURE "A" TO THE INDEPENDENT AUDITOR'S REPORT

(Referred to in paragraph 1(f) under 'Report on Other Legal and Regulatory Requirements' section of our report of even date)

Report on the Internal Financial Controls Over Financial Reporting under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")

We have audited the internal financial controls over financial reporting of Prag Agro Farm Limited ("the Company") as of March 31, 2019 in conjunction with our audit of the Ind AS financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to respective company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

Auditor's Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting of the Company based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") issued by the Institute of Chartered Accountants of India and the Standards on Auditing prescribed under Section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the Ind AS 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 Ind AS 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 Ind AS 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 Ind AS 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, 2019, based on the criteria for internal financial control over financial reporting established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

For **Deloitte Haskins & Sells**
Chartered Accountants
(Firm's Registration No. 302009E)
Ananthi Amarnath
Partner
(Membership No. 209252)

Place : Kolkata
Date : April 22, 2019

ANNEXURE "B" TO THE INDEPENDENT AUDITORS' REPORT

(Referred to in paragraph 2 under 'Report on Other Legal and Regulatory Requirements' section of our report of even date)

(i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.

(b) Having regard to our comments in paragraph (c) below, the fixed assets were physically verified during the year by the Management in accordance with a regular programme of verification which, in our opinion, provides for physical verification of all the fixed assets at reasonable intervals. According to the information and explanations given to us, no material discrepancies were noticed on such verification.

(c) According to the information and explanations given to us and the records examined by us, in respect of immovable property of land that has been taken on sub-lease, the physical possession of such land has been taken over by the State Authorities during the year 2013-14, pursuant to an Order by Hon'ble High Court of Uttarakhand (also refer Note 21 of the Ind AS financial statements). As a matter of prudence, the cost of such land has been fully provided for in the Ind AS financial statements.

(ii) As explained to us, the inventories comprise of work-in-progress agri produce and work-in-progress poplar trees on the leasehold land, the physical possession of which land has been taken over by the State Authorities during the year 2013-14 pursuant to an Order by Hon'ble High Court of Uttarakhand (also refer Note 21 of the Ind AS financial statements). As a matter of prudence, such inventories have been fully provided for in the Ind AS financial statements.

(iii) The Company has not granted any loans, secured or unsecured, to companies, firms, limited liability partnerships or other parties covered in the register maintained under Section 189 of the Companies Act, 2013.

(iv) The Company has not granted any loans, made investments or provided guarantees and hence reporting under clause (iv) of the Order is not applicable.

(v) According to the information and explanations given to us, the Company has not accepted any deposit during the year. There were no unclaimed deposits outstanding at the end of the year.

(vi) Having regard to the nature of the Company's business / activities, reporting under clause (vi) of the Order is not applicable.

(vii) According to the information and explanations given to us, in respect of statutory dues:

(a) The Company has been regular in depositing undisputed statutory dues, including Provident Fund, Employees' State Insurance, Income-tax, Goods and Services 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, Goods and Services Tax and other material statutory dues in arrears as at March 31, 2019 for a period of more than six months from the date they became payable.

(c) There were no dues with respect to Income-tax and Goods and Services Tax as on March 31, 2019, on account of any disputes.

(viii) The Company has not taken any loans or borrowings from financial institutions, banks and government or has not issued any debentures. Hence reporting under clause (viii) of the Order is not applicable.

(ix) The Company has not raised moneys by way of initial public offer or further public offer (including debt instruments) or term loans and hence reporting under clause (ix) of the Order is not applicable.

(x) To the best of our knowledge and according to the information and explanations given to us, no fraud by the Company and no fraud on the Company by its officers or employees has been noticed or reported during the year.

(xi) In our opinion and according to the information and explanations given to us, there is no managerial remuneration fixed for payment which requires 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 Ind AS financial statements etc. as required by the applicable accounting standards.

(xiv) During the year, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures and hence reporting under clause (xiv) of the Order is not applicable.

(xv) In our opinion and according to the information and explanations given to us, during the year, the Company has not entered into any non-cash transactions with its directors or persons connected with him and hence provisions of Section 192 of the Companies Act, 2013 are not applicable.

(xvi) The Company is not required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934.

For **Deloitte Haskins & Sells**
Chartered Accountants
(Firm's Registration No. 302009E)

Ananthi Amarnath
Partner
(Membership No. 209252)

Place: Kolkata
Date : April 22, 2019

BALANCE SHEET AS AT 31ST MARCH, 2019
(All amounts are in Indian Rupees unless otherwise stated)

	Note	As at March 31st, 2019 (₹)	As at March 31st, 2018 (₹)
ASSETS			
Non-current Assets			
Property, Plant and Equipment	21	–	–
Advance Tax and TDS Receivables [Net of Provisions ₹ 452,425 (March 31, 2018; ₹ 479,867)]		838,109	840,565
Total Non-current Assets		838,109	840,565
Current Assets			
Biological assets other than bearer plants	4	–	–
Financial Assets			
Cash and Cash Equivalents	5	7,218,264	2,726,566
Other Financial Assets	6	153,949	122,946
Other Current Assets	7	2,513,389	7,138,322
Total Current Assets		9,885,602	9,987,834
Total Assets		10,723,711	10,828,399
EQUITY AND LIABILITIES			
Equity			
Equity Share Capital	8	12,800,020	12,800,020
Other Equity	9	(2,183,088)	(2,114,628)
Total Equity		10,616,932	10,685,392
Liabilities			
Current Liabilities			
Financial Liabilities			
Trade Payables	20		
– total outstanding dues of micro enterprises and small enterprises		–	–
– total outstanding dues of creditors other than micro		100,985	136,047
Other Current Liabilities	10	5,794	6,960
Total Current Liabilities		106,779	143,007
Total Liabilities		106,779	143,007
Total Equity and Liabilities		10,723,711	10,828,399

See accompanying notes forming part of the Financial Statements

In terms of our report attached
For Deloitte Haskins & Sells
Chartered Accountants
Ananthi Amarnath
Partner

Place: Kolkata
Date: April 22, 2019

For and on behalf of the Board of Directors

Suneel Pandey
Director

Sib Sankar Bandyopadhyay
Director

Place: Secunderabad
Date: April 22, 2019

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED MARCH 31ST, 2019

(All amounts are in Indian Rupees unless otherwise stated)

		Note	For the year ended March 31,2019 (₹)	For the year ended March 31,2018 (₹)
I	Revenue from Operations	11	**279,600**	514,041
II	Other Income	12	**240,756**	203,630
III	**Total Income (I+II)**		**520,356**	717,671
IV	**EXPENSES:**			
	Purchases of Stock-in-Trade		**240,000**	462,000
	Other Expenses	13	**317,408**	247,386
	Total Expenses (IV)		**557,408**	709,386
V	(Loss) / **Profit Before Tax (III-IV)**		**(37,052)**	8,285
VI	**Tax Expense:**			
	Current Tax	14(b)	**31,900**	47,000
	Taxation of prior years written back (net)		**(492)**	–
			31,408	47,000
VII	**Loss for the Year (V-VI)**		**(68,460)**	(38,715)
VIII	**Other Comprehensive Income**		**–**	–
IX	**Total Comprehensive Loss for the Year (VII+VIII)**		**(68,460)**	(38,715)
	Earnings per equity share: Basic and Diluted (face value of ₹ 1 each)	16	**(0.02)**	(0.01)

See accompanying notes forming part of the Financial Statements

In terms of our report attached
For Deloitte Haskins & Sells
Chartered Accountants
Ananthi Amarnath
Partner
Place: Kolkata
Date: April 22, 2019

For and on behalf of the Board of Directors

Suneel Pandey
Director
Place: Secunderabad
Date: April 22, 2019

Sib Sankar Bandyopadhyay
Director

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED MARCH 31, 2019

(All amounts are in Indian Rupees unless otherwise stated)

		For the year ended March 31,2019 (₹)	For the year ended March 31,2018 (₹)
A.	**Equity Share Capital**		
	Balance at April 1	**12,800,020**	12,800,020
	Changes in Equity Share Capital during the year	**–**	–
	Balance at March 31	**12,800,020**	12,800,020
B.	**Other Equity - Reserves & Surplus**		
	Retained Earnings		
	Balance at April 1	**(2,114,628)**	(2,075,913)
	Loss for the Year	**(68,460)**	(38,715)
	Balance at March 31	**(2,183,088)**	(2,114,628)

See accompanying notes forming part of the Financial Statements

In terms of our report attached
For Deloitte Haskins & Sells
Chartered Accountants
Ananthi Amarnath
Partner
Place: Kolkata
Date: April 22, 2019

For and on behalf of the Board of Directors

Suneel Pandey
Director
Place: Secunderabad
Date: April 22, 2019

Sib Sankar Bandyopadhyay
Director

CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2019
(All amounts are in Indian Rupees unless otherwise stated)

	For the year ended March 31, 2019 (₹)	For the year ended March 31, 2018 (₹)
Cash Flow from Operating Activities		
(Loss) / Profit Before Tax	**(37,052)**	8,285
Adjustments for:		
Interest Income	**(240,756)**	(203,630)
Operating Loss Before Working Capital Changes	**(277,808)**	(195,345)
Adjustments for:		
Increase in Other Assets	**4,624,933**	2,338
Decrease in Trade Payables	**(35,062)**	(6,257)
Decrease in Other Current Liabilities and Provisions	**(1,166)**	(23,008)
Cash from/ (used in) Operations	**4,310,897**	(222,272)
Income Taxes Paid (Net of Refunds)	**(28,952)**	(48,541)
Net Cash from/ (used in) Operating Activities	**4,281,945**	(270,813)
Cash Flows from Investing Activities		
Redemption of Investments	**–**	5,000
Interest Received	**209,753**	218,809
Net Cash generated from Investing Activities	**209,753**	223,809
Cash Flow from Financing Activities	**–**	-
Net Increase/ (Decrease) in Cash and Cash Equivalents	**4,491,698**	(47,004)
Cash and Cash Equivalents at the beginning of the year	**2,726,566**	2,773,570
Cash and Cash Equivalents at the end of the year (Refer Note 5)	**7,218,264**	2,726,566

See accompanying notes forming part of the Financial Statements

In terms of our report attached
For Deloitte Haskins & Sells
Chartered Accountants
Ananthi Amarnath
Partner

Place: Kolkata
Date: April 22, 2019

For and on behalf of the Board of Directors

Suneel Pandey
Director

Sib Sankar Bandyopadhyay
Director

Place: Secunderabad
Date: April 22, 2019

NOTES TO THE FINANCIAL STATEMENTS

1. Company Overview

The Company is in the business of agro forestry and other related activities, which consists of harvesting and selling of poplar wood, and is based in the states of Uttarakhand and Uttar Pradesh. The Company is presently exploring business opportunities in trading of agri produce and has undertaken trading of poplar wood and saplings.

2. Standards issued but not yet effective

Ministry of Corporate Affairs (MCA) has issued the Companies (Indian Accounting Standards) Amendment Rules, 2019 on March 30, 2019 notifying Ind AS 116, ' Leases'. The notification is applicable for annual periods beginning on or after April 1, 2019. The Company is in the process of examining the impact of this Standard on its financial statements.

3. Significant Accounting Policies

3.1 Statement of Compliance

These financial statements have been prepared in accordance with Indian Accounting Standards (Ind AS) notified under section 133 of the Companies Act, 2013, read with the Companies (Indian Accounting Standards) Rules, 2015, as amended. The financial statements have also been prepared in accordance with the relevant presentation requirements of the Companies Act, 2013.

3.2 Basis of Preparation

The financial statements are prepared in accordance with Indian Accounting Standards (Ind AS) under the historical cost convention, except for certain items that are measured at fair values, as explained in the accounting policies below, and on accrual basis. The financial statements are presented in Indian Rupees (INR) which is also the Company's functional currency.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that a price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Company takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement or disclosure purposes in these financial statements is determined on such a basis, except for measurements that have some similarities to fair value but are not fair value, such as net realizable value in Ind AS 2 or value in use in Ind AS 36.

3.3 Use of Estimates and Judgements

The preparation of financial statements in conformity with Ind AS requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, disclosure of contingent liabilities and the reported amounts of income and expenses during the year. Actual results could differ from those estimates and the difference between the actual results and the estimates are recognised in the periods in which the results are known / materialise. The estimates and underlying assumptions are reviewed on an ongoing basis.

3.4 Biological Assets other than Bearer Plants

Biological assets other than bearer plants comprises of matured as well as growing poplar trees. These trees are felled for wood and are then sold to farmers, the usual production cycle ranging from 5 – 6 years. At any reporting period, these trees would be at various stages of growth. Since the trees have a growing period of 5-6 years, and there is no market for such trees in the initial 4-5 years of their growth, the fair value of the same cannot be established. Hence, such assets are measured at cost less any accumulated depreciation and any accumulated impairment losses on initial recognition and at the end of each reporting period. In determination of cost, no adjustment is made to the total cost of trees on account of undeveloped / diseased trees, being normal loss during the period of maturity of plantation (based on a technical estimate) except that realization / insurance claim for such trees is reduced from total cost. Cost includes all direct and indirect expenses in respect of the poplar plantation. Further, 75% of net standard realizable value of inter cropping, waste, etc. is reduced from the above cost because entire farm cost is first added to the cost of plantation.

Fair valuation is done for those trees which have attained a growth of 5 years and is ready for sale in the next one year, provided it is reasonably certain that the existing market prices are unlikely to show wide variability in the next one year. To determine the fair value, reference is made to the current market price of similar grade of wood less estimated costs to be incurred for making the sale.

Unharvested agricultural produce of intercropping traditional crops are valued at fair value less costs to sell.

3.5 Inventories

Agricultural produce after harvest i.e., felled wood from poplar trees and inter-cropping of traditional crops (viz., wheat and sugarcane) are measured at 75% of their net realizable value in accordance with well-established practice in the industry.

In respect of traded items, inventories are valued at weighted average cost basis.

3.6 Cash Flow Statement

Cash flows are reported using the indirect method, whereby profit / (loss) is adjusted for the effects of transactions of non-cash nature and any deferrals or accruals of past or future cash receipts or payments. The cash flows from operating, investing and financing activities of the Company are segregated.

3.7 Property, Plant and Equipment – Recognition and Depreciation

Property, Plant and Equipment are stated at cost less accumulated depreciation and impairment, if any. The cost comprises its purchase price net of any trade discounts and rebates, any import duties and other taxes (other than those subsequently recoverable from the tax authorities), any directly attributable expenditure on making the asset ready for its intended use, other incidental expenses related to acquisition.

Depreciable amount for assets is the cost of an asset, or other amount substituted for cost, less its estimated residual value. Depreciation is provided on the straight-line method as per the useful life prescribed in Schedule II to the Companies Act, 2013.

3.8 Revenue Recognition

(a) Sale of Products: Revenue is recognised at fair value of amounts received and receivable from third parties for products supplied (net off estimated returns and discounts), upon transfer of significant risks and rewards of ownership of the products to the buyer, the amount of revenue can be measured reliably and it is probable that the economic benefits associated with the transaction will flow to the entity and the costs incurred or to be incurred in respect of the transaction can be measured reliably.

(b) Interest Income on deposits with bank is accounted for on an accrual basis at the effective interest rate.

3.9 Earnings Per Share ('EPS')

Basic earnings per share ('EPS') is computed by dividing the net profit/ (loss) attributable to the equity shareholders for the period by the weighted average number of equity shares outstanding during the reporting period. Diluted EPS is computed by dividing the net profit/ (loss) attributable to the equity shareholders for the period by the weighted average number of equity and equivalent dilutive equity shares outstanding during the period, except where the results would be anti-dilutive.

3.10 Taxation

Income-tax expense comprises current tax and deferred tax charge or credit. Current tax is determined in accordance with the Income-tax Act, 1961. Income tax, in so far as it relates to items disclosed under Other Comprehensive Income or Equity, are disclosed separately under Other Comprehensive Income or Equity, as applicable.

Deferred tax is recognized on temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes.

The deferred tax charge or credit and the corresponding deferred tax liabilities or assets are recognised using the tax rates and tax laws that have been enacted or substantively enacted by the balance sheet date. Deferred tax assets are recognised only to the extent there is reasonable certainty that the assets can be realised in future; however, where there is unabsorbed depreciation or carried forward loss under taxation laws, deferred tax assets are recognised only if there is a virtual certainty of realisation of such assets. Deferred tax assets are reviewed as at each balance sheet date and written down or written-up to reflect the amount that is reasonably/virtually certain (as the case may be) to be realised. As

NOTES TO THE FINANCIAL STATEMENTS (Contd.)

the Company is currently engaged in trading of agricultural produce, such income is exempt from income tax. Accordingly, there are no deferred tax assets/liabilities arising therefrom.

3.11 Impairment of Assets

To provide for impairment loss, if any, to the extent, the carrying amount of assets exceed their recoverable amount. Recoverable amount is the higher of an asset's fair value less costs of disposal and its value in use. Value in use is the present value of estimated future cash flows expected to arise from the continuing use of an asset and from its disposal at the end of its useful life.

When an impairment loss subsequently reverses, the carrying amount of the asset (or a cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit and loss.

3.12 Contingencies and Provisions

A provision is recognised when the Company has a present obligation (legal or constructive) as a result of past events and it is probable that an outflow of resources will be required to settle the obligation in respect of which a reliable estimate can be made. The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settlement to settle the present obligation, its carrying amount is the present value of those cash flows (when the effect of the time value of money is material).

3.13 Operating Cycle

Based on the nature of products / activities of the Company which consists of harvesting and selling of poplar wood on an annual basis from the existing trees which have attained maturity and the normal time between acquisition of assets and their realisation in cash or cash equivalents, the Company has determined its operating cycle as 12 months for the purpose of classification of its assets and liabilities as current and non-current. In the process of trading of agri produce also, the operating cycle has been determined as 12 months.

(Amount in ₹)

	As at March 31, 2019	As at March 31, 2018
4. Biological Assets other than Bearer Plants		
Unharvested Agri-Produce (Inter-Cropping of Traditional Crops)	4,128,268	4,128,268
Unharvested Poplar Trees (Standing Crops)	15,818,629	15,818,629
	19,946,897	19,946,897
Less: Provision for Write Down (Refer Note 21)	(19,946,897)	(19,946,897)
	–	-

Note: Additional disclosure in terms of Schedule III and Ind AS 41 have not been given in view of the ongoing litigation (Refer Note 21).

5. Cash and Cash Equivalents		
Balances with Banks:		
Current Account	24,744	46,226
Deposit Accounts (Refer Note below)	7,193,520	2,676,717
Cash on Hand	–	3,623
	7,218,264	2,726,566

Note: Deposits maintained by the Company with banks comprise of time deposits, which can be withdrawn by the Company at any point without prior notice or penalty on the principal.

6. Other Financial Assets		
Current:		
Interest Accrued on Bank Deposits	151,949	120,946
Others (Receivable on National Savings Certificate and Kisan Vikas Patra)	2,000	2,000
	153,949	122,946
7. Other Assets		
Current:		
Deposit with Statutory Authorities	2,513,389	7,138,322
	2,513,389	7,138,322

	As at 31 March 2019	As at 31 March 2018
8. Equity Share Capital		
Authorised Share Capital:		
13,000,000 Equity Shares of ₹ 1 each fully paid-up	130,000,000	130,000,000
Issued, Subscribed and Paid-up Capital:		
12,800,020 Equity Shares of ₹ 1 each fully paid-up	12,800,020	128,000,200

A) Reconciliation of number of Equity Shares outstanding:

	Face Value	No. of Shares	Amount
Balance at April 1, 2017	1	12,800,020	128,000,200
Add: issued during the year		–	–
Balance as at March 31, 2018	1	12,800,020	**12,800,200**
Add: issued during the year		–	–
Balance at March 31, 2019	1	**12,800,020**	**12,800,020**

B) Shareholders holding more than 5% of the Equity Shares in the Company:

	As at March 31, 2019		As at March 31, 2018	
	No. of Shares	%	No. of Shares	%
ITC Limited and its Nominees	12,800,020	100	12,800,020	100

* 12,800,014 shares are held by ITC Limited, the Holding Company and the balance 6 shares are held by nominees of the Holding Company jointly with the Holding Company.

C) Rights, preferences and restrictions attached to the Equity Shares:

The equity shares of the Company, having par value of ₹ 1 per share, rank pari passu in all respects including voting rights and entitlement to dividend.

D) During 2016-17, pursuant to the Reduction of Share Capital approved by the Hon'ble High Court of Bombay, Authorised Share Capital has been changed to ₹ 130,000,000 comprising of 130,000,000 equity shares of ₹ 1 each (Refer Note 15).

	As at March 31, 2019	As at March 31, 2018
9. Other Equity		
Reserves and Surplus		
Retained Earnings		
Retained earnings comprise of the Company's prior years' undistributed earnings after taxes.	(2,183,088)	(2,114,628)
	(2,183,088)	(2,114,628)
10. Other Liabilities		
Current:		
Statutory Liabilities	5,794	6,960
	5,794	6,960

(Amount in ₹)

	For the year ended March 31, 2019	For the year ended March 31, 2018
11. Revenue from Operations		
Sale of Products (Wood / Saplings)	279,600	514,041
	279,600	514,041
12. Other Income		
Interest Income on:		
Bank Deposits	239,286	203,630
Income Tax refund	1,470	–
	240,756	203,630
13. Other Expenses		
Rent	8,197	8,197
Rates and Taxes	29,628	2,230
Insurance	2,443	2,719
Security Charges	147,155	113,487
Legal Expenses	63,433	51,803
Miscellaneous Expenses	66,552	68,950
	317,408	247,386
Miscellaneous expenses include :		
Payment to Auditors (excluding applicable taxes)		
– Statutory Audit	50,000	50,000
– Tax Audit	15,000	15,000
	65,000	65,000

14. Tax Expenses

(a) The Company is in the business of Agro Forestry and related income and expenses are agricultural income, which are exempt u/s 10 of the Income Tax Act, 1961.

NOTES TO THE FINANCIAL STATEMENTS (Contd.)

(b) Reconciliation of the income tax provision to the amount computed by applying the Indian statutory income tax rate to the profit before tax is summarised below:

(Amount in ₹)

Particulars	For the year ended March 31, 2019	For the year ended March 31, 2018
(Loss) / Profit before Income Tax	(37,052)	8,285
Enacted tax rates	26.00%	25.75%
Computed Expected Tax Expense	(9,634)	2,133
Tax on Income after excluding expenses for income exempt u/s 10	41,534	44,867
Income tax expense	31,900	47,000

15. **Reduction of Issued, Subscribed and Paid-Up Equity Share Capital:**

The Shareholders, in the Extra-Ordinary General Meeting held on June 15, 2016, approved reduction of Issued, Subscribed and Paid-up Equity Share Capital of the Company from ₹ 128,000,200 comprising 12,800,020 equity shares of ₹ 10 each to ₹ 12,800,020 comprising 12,800,020 equity shares of ₹ 1 each, and such reduction be effected by cancelling the Issued, Subscribed and Paid-up Equity Share Capital of the Company to the extent of ₹ 9 per share. Such cancellation of Share Capital was to be adjusted against the debit balance in Statement of Profit and Loss as at April 1, 2016. The aforesaid reduction of Share Capital was confirmed by the Hon'ble High Court at Bombay vide Order dates September 29, 2016 and became effective from November 22, 2016 consequent to the registration of the said order by the Registrar of Companies, Mumbai.

Consequently, the Authorised Share Capital of the Company was amended to ₹ 130,000,000 comprising 130,000,000 Equity Shares of ₹ 1 each in the year 2016-17.

16. **Contingent Liabilities**

	As at March 31, 2019	As at March 31, 2018
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

17. **Earnings Per Share**

	For the year ended March 31, 2019	For the year ended March 31, 2018
Computation of earnings per share is set out below:		
Net Loss attributable to Equity Shareholders (A) (₹)	(68,460)	(38,715)
Weighted Average Number of Equity Shares outstanding during the year (B) (Nos.)	12,800,020	12,800,020
Face value of Equity Share (₹)	1.00	1.00
Earnings Per Share (Basic and Diluted) (A/B) (₹)	(0.02)	(0.01)

18. **Segment Information**

The Board of the Company has been identified as the Chief Operating Decision Maker (CODM) as defined by IND AS 108 operating segments. The Company's activities involve predominantly business of growing and selling agricultural produce in India, which is considered to be a single business segment since these are subject to similar risks and returns. Further, the business is carried out in India and product sold primarily in India and hence there are no reportable geographical segments.

The Company receives more than 10% of its total revenue from operations from a single customer as under

	For the year ended March 31, 2019	For the year ended March 31, 2018
Mr. Bablu Singh	18%	–
Mr. Yogesh Joshi	13%	–
Mr. R.P Shukla	–	13%

19. **Related Party Disclosures**

a) **Details of Related Parties**

Name	Relationship
ITC Limited	Holding Company
Key Management Personnel	**Relationship**
S. K. Sipani	Non-Executive Director
R.C. Dhiman	Non-Executive Director (upto December 31, 2017)
S. Limaye	Non-Executive Director (upto December 31, 2017)
Suneel Pandey	Non-Executive Director (with effect from December 18, 2017)
Sib Sankar Bandyopadhyay	Non-Executive Director (with effect from December 18, 2017)

(b) **Details of Related Party Transactions:**

(Amount in ₹)

	For the year ended March 31, 2019	For the year ended March 31, 2018
ITC Limited:		
Purchases	240,000	462,000

(c) Details of Related Party Balances:

	As at March 31 2019	As at March 31 2018
ITC Limited:	–	–

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, passed an Order directing the State Authorities to take possession of the land leased to the Company. The Company filed an appeal against the said order, which had been admitted and the matter is pending in the Hon'ble High Court.

Consequent to the aforesaid Order, as a matter of prudence, cost of the land amounting to ₹ 71,009,678 (being the difference between the premium of ₹ 101,690,195 paid on acquisition of such leasehold land and amortised to the extent of ₹ 30,680,517) was fully impaired in 2013-14. On transition to Ind AS, deemed cost of such leasehold land as on April 1, 2015 is Nil. Further, as the Company does not have access to such land, biological assets (including agri-produce) thereon were fully provided for in 2013-14 and consequently, cost of such assets is Nil.

In the interim, the Company has been examining alternate business opportunities and basis its long experience of trading in poplar wood/ saplings, the company continues to engage in trading of poplar wood / saplings in proximate markets.

In view of the above and taking into account that the Company's assets primarily include current assets, the Board has determined that it would be appropriate to prepare its financial statements on a going concern basis.

22. **Financial Instruments and Related Disclosures**

A. Capital Management

The Company's financial strategy aims to strengthen its financial position through optimum deployment of capital in the business of agro forestry and other related activities, which consists of harvesting and selling of poplar wood, and in trading of agri produce and nurture opportunities available in the markets. The Company aims at maintaining a strong capital base so as to maintain adequate supply of funds towards future growth of its businesses as a going concern.

B. Categories of Financial Instruments

(Amount in ₹)

	Note	As at March 31, 2019		As at March 31, 2018	
		Carrying Value	Fair Value	Carrying Value	Fair Value
Financial Assets (Measured at amortised cost)					
i) Cash and Cash Equivalents	5	7,193,520	7,193,520	2,726,566	2,726,566
ii) Other Financial Assets	6	153,949	153,949	122,946	122,946
Total Financial Assets		7,347,469	7,347,469	2,849,512	2,849,512
Financial Liabilities (Measured at amortised cost)					
(i) Trade Payables		100,985	100,985	136,047	136,047
Total Financial Liabilities		100,985	100,985	136,047	136,047

C. Financial Risk Management Objectives

The Company's activities expose it primarily to interest rate risk arising out of bank deposits made. Exposure to credit risk is limited to the outstanding trade receivables at hand and resulting from default by the counterparty.

i) Interest Rate Risk

Interest rate risk refers to the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Though the majority of the financial assets of the Company are fixed interest bearing instruments, the Company's net exposure to interest risk is negligible as such instruments are invested in fixed interest bearing instruments which are not subject to substantial movements in rates. The maximum exposure to interest rate risk is ₹ 7,193,520 (As at March 31, 2018 - ₹ 2,676,717) and is represented by carrying amount of Balance with Banks - Deposit Accounts (Refer Note 5).

NOTES TO THE FINANCIAL STATEMENTS (Contd.)

ii) **Price Risk**

The Company invests its surplus funds in bank deposits measured at amortized cost. Accordingly, these do not pose any significant price risk.

iii) **Liquidity Risk**

Liquidity risk is defined as the risk that the Company will not be able to settle or meet its obligations as they become due. The Company has cash and cash equivalents of ₹ 72,18,264 while the trade payables is ₹ 1,00,985 as at March 31, 2019. Trade payables is about 1% of the total cash and cash equivalents, hence the company does not foresee any liquidity risk.

iv) Credit risk

Credit risk is the risk that the counterparty will not meet its obligations under a financial instrument which may lead to a financial loss to the Company. The company does not deal in credit unless specifically approved by the Chief Operating Decision Maker (CODM) and such credit extension is short term in nature ranging from 0 - 15 days. There are no outstanding debtors for which ECL provision is required to be assessed.

The following table gives details in respect of percentage of revenues generated from top customer and top 5 customers

	For the year ended March 31, 2019	For the year ended March 31, 2018
Revenue from Top Customer	**18%**	13%
Revenue from Top 5 Customers	**52%**	35%

The Company's credit period generally ranges from 0-15 days.

D. Fair value measurement

As at March 31, 2019, the Company does not have any Non-current Financial Assets and Non-current Financial Liabilities. Fair value of Current Financial Assets and Current Financial Liabilities is equivalent to their carrying values.

23. Previous year's figures have been regrouped/ reclassified wherever necessary to correspond with the current year's classification/ disclosure.

24. The financial statements were approved for issue by the Board of Directors on April 22, 2019.

For and on behalf of the Board of Directors

Suneel Pandey Director

Sib Sankar Bandyopadhyay Director

Place: Secunderabad

Date: April 22, 2019

REPORT OF THE BOARD OF DIRECTORS FOR THE FINANCIAL YEAR ENDED 31ST MARCH, 2019

1. Your Directors submit their Report for the financial year ended 31st March, 2019.

2. **COMPANY PERFORMANCE**

The operations of the Company during the year continued to be adversely impacted pursuant to the Order of the Hon'ble High Court of Uttarakhand at Nainital in February, 2014 dismissing the writ petition filed by the Company against the Order of the District Magistrate authorising State authorities to take possession of the land leased to the Company. The appeal filed by the Company against the aforesaid Order was admitted in April, 2014 and the matter is pending before the Hon'ble High Court.

During the year, the Company recorded Total Income of ₹ 10.26 lakhs (previous year: ₹ 16.27 lakhs). The Net Loss of the Company was ₹ 54.69 lakhs (previous year: ₹ 29.35 lakhs) and the Total Comprehensive Loss for the said year was ₹ 60.97 lakhs (previous year: ₹ 29.57 lakhs).

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, there was no change in the composition of the Board of Directors ('the Board') and Key Managerial Personnel of your Company.

(b) **Retirement by Rotation**

In accordance with the provisions of Section 152 of the Companies Act, 2013 ('the Act') read with Articles 100, 101 and 102 of the Articles of Association of the Company, Mr. Surendra Kumar Sipani (DIN: 02513625), Director, will retire by rotation at the ensuing Annual General Meeting ('AGM') of the Company, and being eligible, offers himself for re-election. Your Board has recommended his re-election.

5. **BOARD MEETINGS**

Four meetings of the Board were held during the year ended 31st March, 2019.

6. **DIRECTORS' RESPONSIBILITY STATEMENT**

As required under Section 134 of the Act, your Directors confirm having:

i) followed in the preparation of the Annual Accounts, the applicable Accounting Standards with proper explanation relating to material departures, if any;

ii) selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the loss of the Company for that period;

iii) taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of your Company and for preventing and detecting fraud and other irregularities;

iv) prepared the Annual Accounts on a going concern basis; and

v) devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems are adequate and operating effectively.

7. **SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES**

The Company does not have any subsidiary, associate or joint venture.

8. **PARTICULARS OF EMPLOYEES**

The details of top ten employees of the Company in terms of remuneration drawn, as required under Rule 5(2) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, are provided in Annexure 1 to this Report.

The Company seeks to enhance equal opportunities for men and women and is committed to a gender-friendly workplace. Your Company has constituted an Internal Complaints Committee in compliance with the applicable provisions of the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013. During the year under review, no complaint for sexual harassment was received.

9. **RISK MANAGEMENT**

The Company's risk management framework, designed to bring robustness to the risk management processes, addresses risks intrinsic to operations, financials and compliances arising out of the overall strategy of the Company.

In terms of the Risk Management Policy of the Company approved by the Board, management of risks vest with the executives responsible for the day-to-day conduct of the affairs of the Company. Annual update is provided to the Board on the effectiveness of the Company's risk management systems and policies.

10. **INTERNAL FINANCIAL CONTROLS**

Your Company has in place adequate internal financial controls with respect to the financial statements, commensurate with its size and scale of operations.

During the year, the internal financial controls in the Company with respect to the financial statements were tested and no material weakness in the design or operation of such controls was observed. Nonetheless, your Company recognises that any internal financial control framework, no matter how well designed, has inherent limitations and accordingly, regular audit and review processes ensure that such systems are reinforced on an ongoing basis.

11. **PARTICULARS OF LOANS, GUARANTEES AND INVESTMENTS**

During the year ended 31st March, 2019, the Company has neither given any loan or guarantee nor has made any investment under Section 186 of the Act.

12. **RELATED PARTY TRANSACTIONS**

The details of material related party transaction of the Company in the prescribed Form No. AOC-2 are enclosed under Annexure 2 to this Report.

13. **SIGNIFICANT AND MATERIAL ORDERS PASSED BY THE REGULATORS / COURTS / TRIBUNALS**

During the year under review, no significant or material orders were passed by the Regulators / Courts / Tribunals impacting the going concern status of the Company and its future operations.

14. **COST RECORDS**

The Company is not required to maintain cost records in terms of Section 148 of the Act read with the Companies (Cost Records and Audit) Rules, 2014.

15. **EXTRACT OF ANNUAL RETURN**

The extract of Annual Return in the prescribed Form No. MGT-9 is enclosed as Annexure 3 to this Report.

16. **STATUTORY AUDITORS**

The Company's Auditors, Messrs. Deloitte Haskins & Sells, Chartered Accountants ('DHS'), were appointed with your approval at the 19th AGM to hold such office for a period of five years till the conclusion of the 24th AGM. DHS will complete their present term on conclusion of the ensuing 24th AGM of the Company.

Your Board has recommended for the approval of the Members, re-appointment of DHS as the Auditors of the Company for a period of five years from the conclusion of the ensuing 24th AGM till the conclusion of the 29th AGM. The Board has also recommended for the approval of the Members, remuneration of DHS for the financial year 2019-20. Appropriate resolution seeking your approval to the re-appointment and remuneration of DHS as the Auditors is appearing in the Notice convening the 24th AGM of the Company.

17. **COMPLIANCE WITH SECRETARIAL STANDARDS**

The Company is in compliance with the applicable Secretarial Standards issued by the Institute of Company Secretaries of India and approved by the Central Government under Section 118 of the Act.

18. **CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION, FOREIGN EXCHANGE EARNINGS AND OUTGO**

Considering the nature of business of your Company, no comment is required on conservation of energy and technology absorption.

There has been no foreign exchange earnings or outgo during the year under review.

On behalf of the Board

S. S. Bandyopadhyay Director

Dated: 22nd April, 2019 S. K. Pandey Director

Annexure 1 to the Report of the Board of Directors for the financial year ended 31st March, 2019

[Information pursuant to Rules 5(2) and 5(3) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014]

Names of Employees	Age	Designation	Gross Remuneration (₹)	Net Remuneration (₹)	Qualifications	Experience (Years)	Date of Commence-ment of Employment	Previous Employment / Position held
1	2	3	4	5	6	7	8	9
P. S. Rawat	50	Assistant Manager	2,97,108/-	2,83,830/-	B.A. and M.A. (Economics)	23	01.01.1996	N.A.
H. Singh	57	Supervisor	2,38,023/-	2,32,416/-	Under Matric	22	01.05.1997	N.A.
M. R. Morya	52	Field Assistant	2,35,981/-	2,30,394/-	Under Matric	23	01.01.1996	N.A.
Usman	50	Driver	2,32,856/-	2,27,204/-	N.A.	23	01.01.1996	N.A.
N. Kishore	51	Field Assistant	2,28,319/-	2,23,099/-	10th Pass	23	01.01.1996	N.A.
Nathuni	53	Peon	2,26,449/-	2,21,157/-	Under Matric	23	01.01.1996	N.A.
S. Lal	53	Field Assistant	2,24,415/-	2,18,988/-	12th Pass	22	01.01.1997	N.A.
K. C. Pandey	50	Assistant Manager	2,23,911/-	2,14,362/-	B.A. and M.A. (Political Science)	23	01.01.1996	N.A.
R. Singh	46	Block Assistant	2,20,565/-	2,15,237/-	12th Pass	21	01.01.1998	N.A.
S. Singh	46	Field Assistant	2,20,300/-	2,15,296/-	10th Pass	23	01.01.1996	N.A.

Notes:

(a) Gross remuneration includes salary, variable pay, allowances & other benefits / applicable perquisites except provisions for gratuity and leave encashment which are actuarially determined on an overall Company basis. The term 'remuneration' has the meaning assigned to it under the Companies Act, 2013.

(b) Net remuneration comprises cash income less income tax, education cess deducted at source and employee's own contribution to provident fund.

(c) All appointments are contractual in accordance with terms and conditions as per Company's rules.

(d) The aforesaid employees are neither relative of any Director of the Company nor hold any equity share in the Company.

On Behalf of the Board

S. S. Bandyopadhyay Director

Dated: 22nd April, 2019

S. K. Pandey Director

Annexure 2 to the Report of the Board of Directors for the financial year ended 31st March, 2019

FORM NO. AOC-2

[Pursuant to Section 134(3)(h) of the Companies Act, 2013 and

Rule 8(2) of the Companies (Accounts) Rules, 2014]

Form for disclosure of particulars of contracts / arrangements entered into by the Company with related parties referred to in sub-section (1) of Section 188 of the Companies Act, 2013 including certain arm's length transactions under third proviso thereto

1. Details of contracts or arrangements or transactions not at arm's length basis

a)	Name(s) of the related party and nature of relationship	NIL
b)	Nature of contracts / arrangements / transactions	
c)	Duration of the contracts / arrangements / transactions	
d)	Salient terms of the contracts or arrangements or transactions including the value, if any	
e)	Justification for entering into such contracts or arrangements or transactions	
f)	Date(s) of approval by the Board	
g)	Amount paid as advances, if any	
h)	Date on which the special resolution was passed in general meeting as required under first proviso to Section 188	

2. Details of material contracts or arrangement or transactions at arm's length basis

a)	Name(s) of the related party and nature of relationship	ITC Limited (ITC), the Holding Company
b)	Nature of contracts / arrangements / transactions	Purchase of goods
c)	Duration of the contracts / arrangements / transactions	N.A.
d)	Salient terms of the contracts or arrangements or transactions including the value, if any	Purchase of saplings from ITC Value of the transaction during year - ₹ 2.40 lakhs
e)	Date(s) of approval by the Board, if any	15th March 2019
f)	Amount paid as advances, if any	Nil

On Behalf of the Board

S. S. Bandyopadhyay Director

Dated: 22nd April, 2019

S. K. Pandey Director

Annexure 3 to the Report of the Board of Directors

FORM NO. MGT-9

EXTRACT OF ANNUAL RETURN
as on the financial year ended on 31st March, 2019

[Pursuant to Section 92(3) of the Companies Act, 2013 and Rule 12(1) of the Companies (Management and Administration) Rules, 2014]

I. REGISTRATION AND OTHER DETAILS

i)	CIN	:	U01100MH1995PLC128849
ii)	Registration Date	:	27th March, 1995
iii)	Name of the Company	:	Pavan Poplar Limited
iv)	Category / Sub-Category of the Company	:	Unlisted Public Company limited by shares
v)	Address of the Registered office and contact details	:	Indian Mercantile Chambers R. Kamani Marg, Ballard Estate, Mumbai – 400 001 Phone: 022 4366 3333 Fax: 022 2269 2228 E-mail ID : suneel.pandey@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.

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	
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)	**–**	**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**				
	S. S. Bandyopadhyay	Nil	Nil	Nil	Nil
	S. K. Pandey				
	S. K. Sipani				
	Total Amount (B)(2)				**Nil**
Total Amount (B) = (B)(1) + (B)(2)					**Nil**
Total Managerial Remuneration (A + B)					**Nil**
Overall ceiling as per the Companies Act, 2013					60,00,000 per annum (refer Note)

Note: Ceiling as per Part II of Schedule V to the Companies Act, 2013 has been disclosed, considering that the Company has incurred losses during the financial year ended 31st March, 2019.

C. Remuneration to Key Managerial Personnel other than MD / Manager / WTD:

(Amount in ₹)

Sl. No.	Particulars of Remuneration	A. Chinnaiya (Company Secretary)*
1.	Gross Salary	
	(a) Salary as per provisions contained in Section 17(1) of the Income-tax Act, 1961	–
	(b) Value of perquisites under Section 17(2) of the Income-tax Act, 1961	–
	(c) Profits in lieu of salary under Section 17(3) of the Income-tax Act, 1961	–
2.	Stock Option	–
3.	Sweat Equity	–
4.	Commission	–
	- as % of profit	
	- others, specify	
5.	Others, please specify	–

* Ms. A. Chinnaiya is an employee of ITC Limited, the Holding Company (ITC), and her services have been deputed by ITC to the Company without levy of any charge. Accordingly, Ms. Chinnaiya's remuneration for the financial year ended 31st March, 2019 has been borne by ITC.

VII. PENALTIES / PUNISHMENT / COMPOUNDING OF OFFENCES against the Company, Directors and other Officers in Default under the Companies Act, 2013 : None

On Behalf of the Board

S. S. Bandyopadhyay Director

Dated: 22nd April, 2019 S. K. Pandey Director

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF PAVAN POPLAR LIMITED

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of Pavan Poplar Limited ("the Company"), which comprise the Balance Sheet as at March 31, 2019, and the Statement of Profit and Loss (including Other Comprehensive Income), the Cash Flow Statement and the Statement of Changes in Equity for the year then ended, and a summary of significant accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Companies Act, 2013 ("the Act") in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards prescribed under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended, ("Ind AS") and other accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2019, and its loss, total comprehensive loss, its cash flows and the changes in equity for the year ended on that date.

Basis for Opinion

We conducted our audit of the financial statements in accordance with the Standards on Auditing specified under section 143(10) of the Act (SAs). Our responsibilities under those Standards are further described in the Auditor's Responsibility for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India (ICAI) together with the ethical requirements that are relevant to our audit of the financial statements under the provisions of the Act and the Rules made thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ICAI's Code of Ethics. We believe that the audit evidence obtained by us is sufficient and appropriate to provide a basis for our audit opinion on the financial statements.

Management's Responsibility for the Financial Statements

The Company's Board of Directors is responsible for the matters stated in section 134(5) of the Act with respect to the preparation of these financial statements that give a true and fair view of the financial position, financial performance including other comprehensive income, cash flows and changes in equity of the Company in accordance with the Ind AS and other accounting principles generally accepted in India. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statement that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those Board of Directors are also responsible for overseeing the Company's financial reporting process.

Auditor's Responsibility for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal financial control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Company has adequate internal financial controls system in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

Materiality is the magnitude of misstatements in the financial statements that, individually or in aggregate, makes it probable that the economic decisions of a reasonably knowledgeable user of the financial statements may be influenced. We consider quantitative materiality and qualitative factors in (i) planning the scope of our audit work and in evaluating the results of our work; and (ii) to evaluate the effect of any identified misstatements in the financial statements.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

Report on Other Legal and Regulatory Requirements

1. As required by Section 143(3) of the Act, based on our audit, we report that:
   a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
   b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
   c) The Balance Sheet, the Statement of Profit and Loss including Other Comprehensive Income, the Cash Flow Statement and Statement of Changes in Equity dealt with by this Report are in agreement with the books of account.
   d) In our opinion, the aforesaid financial statements comply with the Ind AS specified under Section 133 of the Act.
   e) On the basis of the written representations received from the directors as on March 31, 2019 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2019 from being appointed as a director in terms of Section 164(2) of the Act.
   f) With respect to the adequacy of the internal financial controls

over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure A". Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the Company's internal financial controls over financial reporting.

g) With respect to the other matters to be included in the Auditor's Report in accordance with the requirements of section 197(16) of the Act, as amended

In our opinion and to the best of our information and according to the explanations given to us, the Company has not paid any remuneration to its directors during the year.

h) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, as amended in our opinion and to the best of our information and according to the explanations given to us:

i. The Company has disclosed the impact of pending litigations on its financial position in its financial statements.

ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.

iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

2. As required by the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Central Government in terms of Section 143(11) of the Act, we give in "Annexure B" a statement on the matters specified in paragraphs 3 and 4 of the Order.

For **Deloitte Haskins & Sells**
Chartered Accountants
(Firm's Registration No. 302009E)
Ananthi Amarnath
Partner
(Membership No. 209252)

Place : Kolkata
Date: April 22, 2019

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 Pavan Poplar Company Limited ("the Company") as of March 31, 2019 in conjunction with our audit of the standalone Ind AS financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

Auditor's Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting of the Company based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") issued by the Institute of Chartered Accountants of India and the Standards on Auditing prescribed under Section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system over financial reporting.

Meaning of Internal Financial Controls Over Financial Reporting

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls Over Financial Reporting

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

In our opinion, to the best of our information and according to the explanations given to us, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2019, based on the criteria for internal financial control over financial reporting established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

For **Deloitte Haskins & Sells**
Chartered Accountants
(Firm's Registration No. 302009E)
Ananthi Amarnath
Partner
(Membership No. 209252)

Place : Kolkata
Date: April 22, 2019

ANNEXURE B TO THE INDEPENDENT AUDITORS' REPORT

(Referred to in paragraph 2 under 'Report on Other Legal and Regulatory Requirements' section of our report of even date)

(i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.

(b) Having regard to our comments in paragraph (c) below, the fixed assets were physically verified during the year by the Management in accordance with a regular programme of verification which, in our opinion, provides for physical verification of all the fixed assets at reasonable intervals. According to the information and explanations given to us, no material discrepancies were noticed on such verification.

(c) According to the information and explanations given to us and the records examined by us, in respect of immovable property of land that has been taken on sub-lease, the physical possession of such land has been taken over by the State Authorities during the year 2013-14, pursuant to an Order by Hon'ble High Court of Uttarakhand (also refer Note 24 of the Ind AS financial statements). As a matter of prudence, the cost of such land has been fully provided for in the Ind AS financial statements.

(ii) As explained to us, the inventories comprise of work-in-progress agri produce and work-in-progress poplar trees on the leasehold land, the physical possession of which land has been taken over by the State Authorities during the year 2013-14 pursuant to an Order by Hon'ble High Court of Uttarakhand (also refer Note 24 of the Ind AS financial statements). As a matter of prudence, such inventories have been fully provided for in the Ind AS financial statements.

(iii) The Company has not granted any loans, secured or unsecured, to companies, firms, limited liability partnerships or other parties covered in the register maintained under Section 189 of the Companies Act, 2013.

(iv) The Company has not granted any loans, made investments or provided guarantees and hence reporting under clause (iv) of the Order is not applicable.

(v) According to the information and explanations given to us, the Company has not accepted any deposit during the year. There were no unclaimed deposits outstanding at the end of the year.

(vi) Having regard to the nature of the Company's business / activities, reporting under clause (vi) of the Order is not applicable.

(vii) According to the information and explanations given to us, in respect of statutory dues:

(a) The Company has generally been regular in depositing undisputed statutory dues, including Provident Fund, Employees' State Insurance, Income-tax, Goods and Services 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, Goods and Services Tax and other material statutory dues in arrears as at March 31, 2019 for a period of more than six months from the date they became payable.

(c) There were no dues with respect to Income-tax and Goods and Services Tax as on March 31, 2019, on account of any disputes.

(viii) The Company has not taken any loans or borrowings from financial institutions, banks and government or has not issued any debentures. Hence reporting under clause (viii) of the Order is not applicable.

(ix) The Company has not raised moneys by way of initial public offer or further public offer (including debt instruments) or term loans and hence reporting under clause (ix) of the Order is not applicable.

(x) To the best of our knowledge and according to the information and explanations given to us, no fraud by the Company and no fraud on the Company by its officers or employees has been noticed or reported during the year.

(xi) In our opinion and according to the information and explanations given to us, 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 Ind AS financial statements etc. as required by the applicable accounting standards.

(xiv) During the year, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures and hence reporting under clause (xiv) of the Order is not applicable.

(xv) In our opinion and according to the information and explanations given to us, during the year, the Company has not entered into any non-cash transactions with its directors or persons connected with him and hence provisions of Section 192 of the Companies Act, 2013 are not applicable.

(xvi) The Company is not required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934.

For **Deloitte Haskins & Sells**
Chartered Accountants
(Firm's Registration No. 302009E)
Ananthi Amarnath
Partner
(Membership No. 209252)

Place : Kolkata
Date: April 22, 2019

BALANCE SHEET AS AT 31ST MARCH, 2019

	Note	As at 31st March, 2019 (₹)	As at 31st March, 2018 (₹)
ASSETS			
Non-current assets			
Property, Plant and Equipment	24	–	–
Advance Tax and TDS Receivables [Net of Provisions ₹ 445,035 (March 31, 2018 - ₹ 707,011)]		38,765	13,615
Total Non-current Assets		38,765	13,615
Current Assets			
Biological assets other than bearer plants	4	–	–
Financial Assets			
Trade Receivables	5	–	–
Cash and Cash Equivalents	6	5,437,826	12,466,700
Other Financial Assets	7	1,120,467	1,563,938
Other Current Assets	8	87,340	42,340
Total Current Assets		6,645,633	14,072,978
Total Assets		6,684,398	14,086,593
EQUITY AND LIABILITIES			
Equity			
Equity Share Capital	9	55,100,040	55,100,040
Other Equity	10	(50,840,429)	(44,743,212)
Total Equity		4,259,611	10,356,828
Liabilities			
Non-current Liabilities			
Provisions	11	225,585	1,250,421
Total Non-current Liabilities		225,585	1,250,421
Current Liabilities			
Financial Liabilities			
Trade Payables	23		
– total outstanding dues of micro enterprises and small enterprises		–	–
– total outstanding dues of creditors other than micro enterprises and small enterprises		507,250	329,383
Other Financial Liabilities	12	23,104	416,505
Other Current Liabilities	13	1,663,049	1,657,187
Provisions	11	5,799	76,269
Total Current Liabilities		2,199,202	2,479,344
Total Liabilities		2,424,787	3,729,765
Total Equity and Liabilities		6,684,398	14,086,593

See accompanying notes forming part of the Financial Statements

In terms of our report attached

For **Deloitte Haskins & Sells**
Chartered Accountants
Ananthi Amarnath
Partner

Place: Kolkata
Date: April 22, 2019

For and On behalf of the Board of Directors

Sib Sankar Bandyopadhyay
Director
Suneel Pandey
Director
A. Chinnaiya
Company Secretary

Place: Secunderabad
Date: April 22, 2019

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED MARCH 31, 2019

		Note	For the year ended March 31,2019 (₹)	For the year ended March 31,2018 (₹)
I	Revenue from Operations	14	**272,800**	519,800
II	Other Income	15	**753,359**	1,107,683
III	**Total Income (I+II)**		**1,026,159**	1,627,483
IV	**EXPENSES:**			
	Purchases of Stock-in-Trade		**240,000**	462,000
	Employee Benefits Expense	16	**4,611,502**	3,267,884
	Other Expenses	17	**1,535,982**	583,796
	Total Expenses (IV)		**6,387,484**	4,313,680
V	**Loss Before Tax (III-IV)**		**(5,361,325)**	(2,686,197)
VI	**Tax Expense:**			
	Current Tax	18(c)	**122,100**	249,000
	Taxation of prior years written back (net)		**(14,272)**	–
	Total Tax Expense (VI)		**107,828**	249,000
VII	**Loss for the Year (V-VI)**		**(5,469,153)**	(2,935,197)
	A Other Comprehensive Income:			
	(i) Items that will not be reclassified to profit and loss			
	- Remeasurement of the defined benefit liability	25	**(628,064)**	(21,603)
	(ii) Income tax relating to items that will not be reclassified to profit and loss	18(b)	**–**	–
VIII	**Total Other Comprehensive Loss [(A(i-ii)]**		**(628,064)**	(21,603)
IX	**Total Comprehensive Loss for the Year (VII+VIII)**		**(6,097,217)**	(2,956,800)
	Earnings per Equity Share: Basic and Diluted (face value of ₹ 10 each)	20	**(0.99)**	(0.53)

See accompanying notes forming part of the Financial Statements

In terms of our report attached

For **Deloitte Haskins & Sells**
Chartered Accountants
Ananthi Amarnath
Partner

Place: Kolkata
Date: April 22, 2019

For and On behalf of the Board of Directors

Sib Sankar Bandyopadhyay
Director

Suneel Pandey
Director

A. Chinnaiya
Company Secretary

Place: Secunderabad
Date: April 22, 2019

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED MARCH 31, 2019

(All amounts are in Rupees unless otherwise stated)

		Amount
A.	**Equity Share Capital:**	
	Balance at April 1, 2017	**55,100,040**
	Changes in Equity Share Capital during the year 2016-17	–
	Balance at March 31, 2018	**55,100,040**
	Changes in Equity Share Capital during the year 2017-18	–
	Balance at March 31, 2019	**55,100,040**

B. Other Equity :	Reserves and Surplus		Other items of Other Comprehensive Income	Total
	General Reserve	Retained Earnings		
Balance at April 1, 2017	500,000	(42,125,121)	(161,291)	(41,786,412)
Loss for the year 2016-17	–	(2,935,197)	–	(2,935,197)
Remeasurement of the Defined Benefit Liability [Refer Note 18(b)]	–	–	(21,603)	(21,603)
Balance at March 31, 2018	500,000	(45,060,318)	(182,894)	(44,743,212)
Loss for the year 17-18	–	(5,469,153)	–	(5,469,153)
Remeasurement of the Defined Benefit Liability [Refer Note 18(b)]	–	–	(628,064)	(628,064)
Balance at March 31, 2019	**500,000**	**(50,529,471)**	**(810,958)**	**(50,840,429)**

See accompanying notes to the Financial Statements

In terms of our report attached

For **Deloitte Haskins & Sells**
Chartered Accountants
Ananthi Amarnath
Partner

Place: Kolkata
Date: April 22, 2019

For and On behalf of the Board of Directors

Sib Sankar Bandyopadhyay
Director

Suneel Pandey
Director

A. Chinnaiya
Company Secretary

Place: Secunderabad
Date: April 22, 2019

CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2019

	For the year ended March 31, 2019 (₹)	For the year ended March 31, 2018 (₹)
Cash Flow from Operating Activities		
Loss Before Tax	**(5,361,325)**	(2,686,197)
Adjustments for:		
Interest Income	**(753,359)**	(1,107,683)
Operating Loss Before Working Capital Changes	**(6,114,684)**	(3,793,880)
Adjustments for:		
(Increase)/Decrease in Other Current Assets	**(45,000)**	1,023
Increase in Trade Payable	**177,867**	50,915
Increase/ (Decrease) in Other Current Liabilities, Other Financial Liabilities and Provisions	**(2,110,909)**	342,361
Cash used in Operations	**(8,092,726)**	(3,399,581)
Income Taxes Paid (Net of Refunds)	**(132,978)**	(250,829)
Net Cash used in Operating Activities	**(8,225,704)**	(3,650,410)
Cash Flow from Investing Activities		
Interest Received	**1,196,830**	571,100
Net Cash generated from Investing Activities	**1,196,830**	571,100
Cash Flow from Financing Activities	–	–
Net decrease in Cash and Cash Equivalents	**(7,028,874)**	(3,079,310)
Cash and Cash Equivalents at the beginning of the year	**12,466,700**	15,546,010
Cash and Cash Equivalents at the end of the year (Refer Note 6)	**5,437,826**	12,466,700

See accompanying notes forming part of the Financial Statements

In terms of our report attached
For **Deloitte Haskins & Sells**
Chartered Accountants
Ananthi Amarnath
Partner

Place: Kolkata
Date: April 22, 2019

For and On behalf of the Board of Directors

Sib Sankar Bandyopadhyay — Director
Suneel Pandey — Director
A. Chinnaiya
Company Secretary

Place: Secunderabad
Date: April 22, 2019

Notes forming part of the Financial Statements

1. Company Overview

The Company is in the business of agro forestry and other related activities, which consists of harvesting and selling of poplar wood, and is based in the states of Uttarakhand and Uttar Pradesh. The Company is presently exploring business opportunities in trading of agri produce and has undertaken trading of poplar saplings.

2. Standards issued but not yet effective

Ministry of Corporate Affairs (MCA) has issued the Companies (Indian Accounting Standards) Amendment Rules, 2019 on March 30, 2019 notifying Ind AS 116, ' Leases'. The notification is applicable for annual periods beginning on or after April 1, 2019. The Company is in the process of examining the impact of this Standard on its financial statements.

3. Significant Accounting Policies

3.1 Statement of Compliance

These financial statements have been prepared in accordance with Indian Accounting Standards (Ind AS) notified under section 133 of the Companies Act, 2013, read with the Companies (Indian Accounting Standards) Rules, 2015, as amended. The financial statements have also been prepared in accordance with the relevant presentation requirements of the Companies Act, 2013.

3.2 Basis of Preparation

The financial statements are prepared in accordance with Indian Accounting Standards (Ind AS) under the historical cost convention, except for certain items that are measured at fair values, as explained in the accounting policies below, and on accrual basis. The financial statements are presented in Indian Rupees (INR) which is also the Company's functional currency.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that a price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Company takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement or disclosure purposes in these financial statements is determined on such a basis, except for measurements that have some similarities to fair value but are not fair value, such as net realizable value in Ind AS 2 or value in use in Ind AS 36.

3.3 Use of Estimates and Judgements

The preparation of financial statements in conformity with Ind AS requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, disclosure of contingent liabilities and the reported amounts of income and expenses during the year. Actual results could differ from those estimates and the difference between the actual results and the estimates are recognised in the periods in which the results are known / materialise. The estimates and underlying assumptions are reviewed on an ongoing basis.

3.4 Biological Assets other than Bearer Plants

Biological assets other than bearer plants comprises of matured as well as growing poplar trees. These trees are felled for wood and are then sold to farmers, the usual production cycle ranging from 5 – 6 years. At any reporting period, these trees would be at various stages of growth. Since the trees have a growing period of 5-6 years, and there is no market for such trees in the initial 4-5 years of their growth, the fair value of the same cannot be established. Hence, such assets are measured at cost less any accumulated depreciation and any accumulated impairment losses on initial recognition and at the end of each reporting period. In determination of cost, no adjustment is made to the total cost of trees on account of undeveloped / diseased trees, being normal loss during the period of maturity of plantation (based on a technical estimate) except that realization / insurance claim for such trees is reduced from total cost. Cost includes all direct and indirect expenses in respect of the poplar plantation. Further, 75% of net standard realizable value of inter cropping, waste, etc. is reduced from the above cost because entire farm cost is first added to the cost of plantation.

Fair valuation is done for those trees which have attained a growth of 5 years and is ready for sale in the next one year, provided it is reasonably certain that the existing market prices are unlikely to show wide variability in the next one year. To determine the fair value, reference is made to the current market price of similar grade of wood less estimated costs to be incurred for making the sale.

Unharvested agricultural produce of intercropping traditional crops are valued at fair value less costs to sell.

3.5 Inventories

Agricultural produce after harvest i.e., felled wood from poplar trees and inter-cropping of traditional crops (viz., wheat and sugarcane) are measured at 75% of their net realizable value in accordance with well-established practice in the industry.

In respect of traded items, inventories are valued at weighted average cost basis.

3.6 Cash Flow Statement

Cash flows are reported using the indirect method, whereby profit / (loss) is adjusted for the effects of transactions of non-cash nature and any deferrals or accruals of past or future cash receipts or payments. The cash flows from operating, investing and financing activities of the Company are segregated.

3.7 Property, Plant and Equipment – Recognition and Depreciation

Property, Plant and Equipment are stated at cost less accumulated depreciation and impairment, if any. The cost comprises its purchase price net of any trade discounts and rebates, any import duties and other taxes (other than those subsequently recoverable from the tax authorities), any directly attributable expenditure on making the asset ready for its intended use, other incidental expenses related to acquisition.

Depreciable amount for assets is the cost of an asset, or other amount substituted for cost, less its estimated residual value. Depreciation is provided on the straight-line method as per the useful life prescribed in Schedule II to the Companies Act, 2013.

3.8 Revenue Recognition

(a) Sale of Products: Revenue is recognised at fair value of amounts received and receivable from third parties for products supplied (net off estimated returns and discounts), upon transfer of significant risks and rewards of ownership of the products to the buyer, the amount of revenue can be measured reliably and it is probable that the economic benefits associated with the transaction will flow to the entity and the costs incurred or to be incurred in respect of the transaction can be measured reliably.

(b) Interest Income on deposits with bank is accounted for on an accrual basis at the effective interest rate.

3.9 Retirement Benefits

Defined Contribution Plans

The Company's contribution to provident fund and employees' state insurance scheme are considered as defined contribution plans and are charged as an expense based on the amount of contribution required to be made and when services are rendered by the employees.

Defined Benefit Plans

The Company's gratuity benefit scheme is a defined benefit plan which is not funded. The cost of providing benefits is determined using the Projected Unit Credit method, with actuarial valuations being carried out at each balance sheet date. Gain or Loss on account of remeasurements are recognised immediately through Other Comprehensive Income in the period in which they occur. Past service cost is recognised immediately to the extent that the benefits are already vested and otherwise is amortised on a straight-line basis over the average period until the benefits become vested. The retirement benefit obligation recognised in the Balance Sheet represents the present value of the defined benefit obligation as adjusted for unrecognised past service cost. Any asset resulting from this calculation is limited to past service cost, plus the present value of available refunds.

Other Long-Term Employment Benefits

Compensated absences which are not expected to occur within twelve months after the end of the period in which the employee renders the related services are recognized as a liability at the present value of the defined benefit obligation at the balance sheet date.

Notes forming part of the Financial Statements (Contd.)

3.10 Earnings Per Share ('EPS')

Basic earnings per share ('EPS') is computed by dividing the net profit/ (loss) attributable to the equity shareholders for the period by the weighted average number of equity shares outstanding during the reporting period. Diluted EPS is computed by dividing the net profit/ (loss) attributable to the equity shareholders for the period by the weighted average number of equity and equivalent dilutive equity shares outstanding during the period, except where the results would be anti-dilutive.

3.11 Taxation

Income-tax expense comprises current tax and deferred tax charge or credit. Current tax is determined in accordance with the Income-tax Act, 1961. Income tax, in so far as it relates to items disclosed under Other Comprehensive Income or Equity, are disclosed separately under Other Comprehensive Income or Equity, as applicable.

Deferred tax is recognized on temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes.

The deferred tax charge or credit and the corresponding deferred tax liabilities or assets are recognised using the tax rates and tax laws that have been enacted or substantively enacted by the balance sheet date. Deferred tax assets are recognised only to the extent there is reasonable certainty that the assets can be realised in future; however, where there is unabsorbed depreciation or carried forward loss under taxation laws, deferred tax assets are recognised only if there is a virtual certainty of realisation of such assets. Deferred tax assets are reviewed as at each balance sheet date and written down or written-up to reflect the amount that is reasonably/virtually certain (as the case may be) to be realised. As the Company is currently engaged in trading of agricultural produce, such income is exempt from income tax. Accordingly, there are no **deferred tax assets/liabilities arising therefrom.**

3.12 Impairment of Assets

To provide for impairment loss, if any, to the extent, the carrying amount of assets exceed their recoverable amount. Recoverable amount is the higher of an asset's fair value less costs of disposal and its value in use. Value in use is the present value of estimated future cash flows expected to arise from the continuing use of an asset and from its disposal at the end of its useful life.

When an impairment loss subsequently reverses, the carrying amount of the asset (or a cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit and loss.

3.13 Contingencies and Provisions

A provision is recognised when the Company has a present obligation (legal or constructive) as a result of past events and it is probable that an outflow of resources will be required to settle the obligation in respect of which a reliable estimate can be made. The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settlement to settle the present obligation, its carrying amount is the present value of those cash flows (when the effect of the time value of money is material).

3.14 Operating Cycle

Based on the nature of products / activities of the Company which consists of harvesting and selling of poplar wood on an annual basis from the existing trees which have attained maturity and the normal time between acquisition of assets and their realisation in cash or cash equivalents, the Company has determined its operating cycle as 12 months for the purpose of classification of its assets and liabilities as current and non-current. In the process of trading of agri produce also, the operating cycle has been determined as 12 months.

(Amount in ₹)

	As at 31 March 2019	As at 31 March 2018
4. Biological Assets other than Bearer Plants		
Unharvested Agri-Produce (Inter cropping of traditional crops)	4,327,032	4,327,032
Unharvested Poplar Trees (Standing crops)	20,986,175	20,986,175
	25,313,207	25,313,207
Less: Provision for Write Down (Refer Note 24)	(25,313,207)	(25,313,207)
	–	–

Note: Additional disclosure in terms of Schedule III and Ind AS 41 have not been given in view of the ongoing litigation (Refer Note 24).

5. Trade Receivables		
Current		
Unsecured, Considered Good	–	–
Doubtful	18,364	18,364
	18,364	18,364
Less: Allowance for Doubtful Debts (Expected Credit Loss Allowance)	(18,364)	(18,364)
	–	–
6. Cash and Cash Equivalents		
Balances with Banks		
Current Account	87,826	15,794
Deposit Accounts (Refer Note below)	5,350,000	12,450,000
Cash on Hand	–	906
	5,437,826	12,466,700

Note: Deposits maintained by the Company with banks comprise of time deposits, which can be withdrawn by the Company at any point without prior notice or penalty on the principal.

7. Other Financial Assets		
Current		
Interest Accrued on the Bank Deposits	1,120,467	1,563,938
	1,120,467	1,563,938
8. Other Assets		
Current		
Deposits with Statutory Authorities	87,340	42,340
	87,340	42,340
9. Equity Share Capital		
Authorised Share Capital:		
10,000,000 Equity Shares of ₹ 10 each fully paid-up	100,000,000	100,000,000
Issued, Subscribed and Paid-Up Capital:		
5,510,004 Equity Shares of ₹ 10 each fully paid-up	55,100,040	55,100,040

A) Reconciliation of number of Equity Shares outstanding:

	No. of Shares	Amount
Balance at April 1, 2017	5,510,004	55,100,040
Add: Issued during the year	–	-
Balance at March 31, 2018	5,510,004	55,100,040
Add: Issued during the year	–	-
Balance at March 31, 2019	5,510,004	55,100,040

B) Shareholders holding more than 5% of the Equity Shares in the Company:

	As at March 31, 2019		As at March 31, 2018	
	(No. of Shares)	%	(No. of Shares)	%
ITC Limited and its nominees	5,510,004	100	5,510,004	100

* 5,509,998 shares are held by ITC Limited, the Holding Company and the balance 6 shares are held by nominees of the Holding Company jointly with the Holding Company.

C) Rights, preferences and restrictions attached to the Equity Shares:

The equity shares of the Company, having par value of ₹ 10 per share, rank pari passu in all respects including voting rights and entitlement to dividend.

(Amount in ₹)

	As at 31 March 2019	As at 31 March 2018
10. Other Equity		
Reserves and Surplus:		
General Reserve		
This represents appropriation of profit by the Company	500,000	500,000
Retained Earnings		
Retained earnings comprise of the Company's prior years' undistributed earnings after taxes	(50,529,471)	(45,060,318)
Other items of Other Comprehensive Income:		
Other items of other comprehensive income consist of remeasurement of net defined benefit liability/asset	(810,958)	(182,894)
	(50,840,429)	(44,743,212)

Notes forming part of the Financial Statements (Contd.)

(Amount in ₹)

	As at 31 March 2019	As at 31 March 2018
11. Provisions		
Employee Benefits:		
Gratuity (Refer Note 25)	**200,255**	1,156,771
Compensated Absences	**31,129**	169,919
	231,384	1,326,690
Non-current		
Gratuity (Refer Note 25)	**195,236**	1,094,087
Compensated Absences	**30,349**	156,334
	225,585	1,250,421
Current		
Gratuity (Refer Note 25)	**5,019**	62,684
Compensated Absences	**780**	13,585
	5,799	76,269
	231,384	1,326,690
12. Other Financial Liabilities		
Current:		
Employee Dues Payable	**23,104**	416,505
	23,104	416,505
13. Other Liabilities		
Current:		
Statutory Liabilities	**1,663,049**	1,657,187
	1,663,049	1,657,187

	For the year ended 31 March 2019	For the year ended 31 March 2018
14. Revenue from Operations		
Sale of Products (Saplings)	**272,800**	519,800
	272,800	519,800
15. Other Income		
Interest Income:		
- Bank Deposits	**752,867**	1,107,683
- Refund from Income Tax	**492**	–
	753,359	1,107,683
16. Employee Benefits Expense		
Salaries and Wages (Refer Note 27)	**4,342,150**	2,883,939
Contribution to Provident and Other Funds	**217,499**	246,163
Gratuity Expense (Refer Note 25)	**35,483**	129,910
Staff Welfare Expenses	**16,370**	7,872
	4,611,502	3,267,884
17. Other Expenses		
Power and Fuel	**119,259**	145,970
Rent	**7,760**	7,760
Rates and Taxes	**2,700**	3,565
Insurance	**6,515**	7,372
Repairs and Maintenance - Others	**4,876**	5,944
Security Charges	**118,500**	113,130
Travelling and Conveyance	**78,304**	81,596
Legal and Consultancy Expenses	**1,126,181**	143,028
Miscellaneous Expenses	**71,887**	75,431
	1,535,982	583,796
Miscellaneous Expenses include:		
Payment to Auditors (excluding applicable taxes)		
- Statutory Audit	**50,000**	50,000
- Tax Audit	**15,000**	15,000
	65,000	65,000

18. Tax Expense

(a) The Company is in the business of Agro Forestry and related income and expenses are agricultural income, which are exempt u/s 10 of the Income-Tax Act, 1961.

(b) Remeasurement of actuarial losses relating to gratuity are related agricultural activities of the Company. Hence, there is no tax impact on such remeasurement of actuarial losses.

(c) A reconciliation of the income tax provision to the amount computed by applying the Indian statutory income tax rate to the loss before tax is summarised below:

	For the year ended 31 March 2019	For the year ended 31 March 2018
Loss before Income Tax	**(5,361,325)**	(2,686,187)
Enacted Tax Rates	**26.00%**	25.75%
Computed Expected Tax Expense	**(1,393,945)**	(691,696)
Tax on Income after excluding expenses for income exempt u/s 10	**1,516,045**	940,696
Income Tax Expense	**122,100**	249,000

19. Contingent Liabilities *

Claims against the Company not acknowledged as Debts		
Local Authority Taxes	**664,524**	664,524
Revision of Land Lease Rent	**10,700,000**	10,700,000
Other Matters	**42,340**	42,340
	11,406,864	11,406,864

* It is not practicable for the Company to estimate the closure of the issue and the consequential timings of cash flows, if any, in respect of the above.

20. Earnings Per Share

Computation of earnings per share is set out below:

Net Loss attributable to Equity Shareholders (A) (₹)	**(5,469,153)**	(2,935,197)
Weighted Average Number of Equity Shares outstanding during the year (B) (Nos.)	**5,510,004**	5,510,004
Face value of Equity Share (₹)	**10.00**	10.00
Earnings Per Share (Basic and Diluted) (A/B) (₹)	**(0.99)**	(0.53)

21. Segment Information

The Board of the Company has been identified as the Chief Operating Decision Maker (CODM) as defined by IND AS 108 Operating Segments. The Company's activities involve predominantly business of growing and selling agricultural produce in India, which is considered to be a single business segment since these are subject to similar risks and returns. Further, the business is carried out in India and product sold primarily in India and hence there are no reportable geographical segments.

The Company receives more than 10% of its total revenue from operations from a single customer as under

	For the year ended 31 March 2019	For the year ended 31 March 2018
Mr. Jagdish Patharia	**20%**	–
Mr. Madan Gopal Sharma	**15%**	–
Mr. Harpinder Singh	**12%**	–

During the previous year, none of the customers contributed to 10% or more to the total revenue of the Company.

22. Related Party Disclosures

a) Details of Related Parties :

Name	**Relationship**
ITC Limited	Holding Company
Key Management Personnel	**Relationship**
S. K. Sipani	Non-Executive Director
R.C. Dhiman	Non-Executive Director (upto December 31, 2017)
S. Limaye	Non-Executive Director (upto December 31, 2017)
Suneel Pandey	Non-Executive Director (with effect from December 18, 2017)
Sib Sankar Bandyopadhyay	Non-Executive Director (with effect from December 18, 2017)

(b) Details of Related Party Transactions:

	For the year ended 31 March 2019	For the year ended 31 March 2018
ITC Limited:		
Purchases	**240,000**	462,000

(c) Details of Related Party Balances:

	As at 31 March 2019	As at 31 March 2018
ITC Limited:	–	–

Notes forming part of the Financial Statements (Contd.)

23. 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.

24. During the year 2013-14, the Hon'ble High Court of Uttarakhand at Nainital, passed an order directing the State Authorities to take possession of the land leased to the Company. The Company had filed an appeal against the said Order, which had been admitted and the matter is pending in the Hon'ble High Court.

Consequent to the aforesaid Order, as a matter of prudence, cost of the land amounting to ₹ 23,410,906 (being the difference between the premium paid on acquisition of such leasehold land amounting to ₹ 44,933,855 and amortised to the extent of ₹ 21,522,949) was fully impaired in 2013-14. On transition to Ind AS, deemed cost of such leasehold land as on April 1, 2015 is Nil. Further, as the Company does not have access to such land, biological assets (including agri-produce) thereon were fully provided for and consequently, cost of such assets is Nil.

In the interim, the Company has been examining alternate business opportunities and basis its long experience of trading in poplar wood/saplings, the Company continues to engage in trading of poplar wood / saplings in the proximate markets

In view of the above and taking into account that the Company's assets primarily include current assets (Cash and Cash Equivalents), the Board has determined that it would be appropriate to prepare its financial statements on a going concern basis.

25. **Employee Benefits**

Description of Plans

The Company makes contribution to defined contribution scheme (Provident Fund) for qualifying employees. The Company makes a monthly contribution as a percentage of eligible salary to Provident Fund.

The liabilities arising in the defined benefit schemes are determined in accordance with the actuarial valuation. Gratuity and Compensated Absences benefits are unfunded.

Risk Management

The defined benefit plans expose the Company to actuarial deficit arising out of interest rate risk, longevity risk and salary cost inflation risk. These plans are not exposed to any unusual, entity specific or scheme specific risks but there are general risks. The Scheme's accounting liabilities are calculated using a discount rate set with reference to the Government security yields. A decrease in yields will increase the fund liabilities, leading to accounting deficit in the funds. Increase in salary due to adverse inflationary pressures might lead to higher liabilities.

Gratuity:

The following tables set out the amount recognised in the Financial Statements as of March 31, 2019 and March 31, 2018:

(Amount in ₹)

	For the year ended 31 March 2019	For the year ended 31 March 2018
Change in Benefit Obligation		
Benefit Obligation at the beginning	**1,156,771**	1,005,258
Current Service Cost	**9,478**	62,055
Interest Expense	**26,005**	67,855
Remeasurements - Actuarial Losses	**628,064**	21,603
Benefits Paid	**(1,620,063)**	–
Benefit Obligations at the end	**200,255**	1,156,771

Amount for the year ended March 31, 2019 and March 31, 2018 recognised in the Statement of Profit and Loss under employee benefit expense:

Current Service Cost	**9,478**	62,055
Interest Expense	**26,005**	67,855
Gratuity Expense	**35,483**	129,910

Amount for the year ended March 31, 2019 and March 31, 2018 recognised in the Statement of Other Comprehensive Income:

Remeasurements of the Defined Benefit Liabilities		
Effect of changes in Financial Assumptions	**628,064**	97,567
Effect of Experience Adjustments	**–**	(75,964)
Cost recognised in the Statement of Other Comprehensive Income	**628,064**	21,603

Liability recognised in the Balance Sheet	**As at March 31, 2019**	As at March 31, 2018
Remeasurements of the Defined Benefit Liabilities		
Present Value of Defined Benefit Obligation	**200,255**	1,156,771
Liability recognised in Balance Sheet		
- Current	**5,019**	62,685
- Non-Current	**195,236**	1,094,086
Liability recognised in Balance Sheet	**200,255**	1,156,771

The principal assumptions used for the purpose of the actuarial valuation were as follows:

	As at March 31, 2019	As at March 31, 2018
Discount Rates	7.50%	7.50%
Expected rates of salary increase	7.00%	7.00%
Mortality Table	Indian Assured Lives Mortality (2006-08) Ultimate	Indian Assured Lives Mortality (2006-08) Ultimate
Retirement Age	58 Years	58 Years

The Company assesses these assumptions with its projected long-term plans of growth and prevalent industry standards. The discount rate is based on the government securities yield.

As at March 31, 2019, every percentage point increase / decrease in discount rate will affect the Company's gratuity benefit obligation by approximately ₹ 2 Lakhs.

As at March 31, 2018, every percentage point increase / decrease in compensation levels will affect the Company's gratuity benefit obligation by approximately ₹ 10 Lakhs.

26. **Financial Instruments and Related Disclosures**

A. Capital Management

The Company's financial strategy aims to strengthen its financial position through optimum deployment of capital in the business of agro forestry and other related activities, which consists of harvesting and selling of poplar wood, and in trading of agri produce and nurture opportunities available in the markets. The Company aims at maintaining a strong capital base so as to maintain adequate supply of funds towards future growth of its businesses as a going concern.

B. Categories of Financial Instruments

	Note	As at March 31, 2019		As at March 31, 2018	
		Fair Value	Carrying Value	Fair Value	Carrying Value
Financial Assets (Measured at amortised cost)	5	–	–	–	–
i) Trade Receivables	6	5,437,826	5,437,826	12,466,700	12,466,700
ii) Cash and Cash Equivalents	7	1,120,467	1,120,467	1,563,938	1,563,938
iii) Other Financial Assets					
Total Financial Assets		**6,558,293**	**6,558,293**	**14,030,638**	**14,030,638**
Financial Liabilities (Measured at amortised cost)					
(i) Trade Payables		507,250	507,250	329,383	329,383
(ii) Other Financial Liabilities	12	23,104	23,104	416,505	416,505
Total Financials Liabilities		**530,354**	**530,354**	**745,888**	**745,888**

C. Financial Risk Management Objectives

The Company's activities expose it to primarily to interest rate risk arising out of bank deposits made. Exposure to credit risk is limited to the outstanding trade receivables at hand and resulting from default by the counterparty.

i) Interest Rate Risk

Interest rate risk refers to the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Though the majority of the financial assets of the Company are fixed interest bearing instruments, the Company's net exposure to interest risk is negligible as such instruments are invested in fixed interest bearing instruments which are not subject to substantial movements in rates. The maximum exposure to interest rate risk is Rs. 53,50,000 (As at March 31, 2018 - Rs. 1,24,50,000) and is represented by carrying amount of Balance with Banks - Deposit Accounts (Refer Note 6).

ii) Price Risk

The Company invests its surplus funds in bank deposits measured at amortized cost. Accordingly, these do not pose any significant price risk.

iii) Liquidity Risk

Liquidity risk is defined as the risk that the Company will not be

Notes forming part of the Financial Statements (Contd.)

able to settle or meet its obligations as they become due. The company has Cash and Cash equivalents of ₹ 54,37,826 while the aggregate of trade payables and other financial liabilities is ₹ 5,07,250. Aggregate of trade payables and other financial liabilities is about 9% of the total cash and cash equivalents, hence the company does not foresee any liquidity risk.

iv) Credit risk

Credit risk is the risk that counterparty will not meet its obligations under a financial instrument which may lead to a financial loss to the Company. The company does not deal in credit unless specifically approved by the Chief Operating Decision Maker and such credit extension is short term in nature ranging from 0 - 15 days. There are no outstanding debtors for which ECL provision is required to be assessed.

The following table gives details in respect of percentage of revenues generated from top customer and top 5 customers

(Amount in ₹)

	For the year ended 31, March 2019	For the year ended 31, March 2018
Revenue from top customer	**20%**	9%
Revenue from top 5 customers	**61%**	33%

The Company's credit period generally ranges from 0-15 days

The movement of the expected loss provision made by the Company is as under:

	As at 31, March 2019	As at 31, March 2018
Opening Balance	**(18,364)**	(18,364)
Add: Provisions made (Net)	**–**	–
Less: Utilisation	**–**	–
Closing Balance	**(18,364)**	(18,364)

D. Fair value measurement

The Company does not have any Non-current Financial Assets and Non-current Financial Liabilities. Fair value of Current Financial Assets and Current Financial Liabilities is equivalent to their carrying values.

27. The employee benefit expense includes retrenchment compensation amounting to Rs. 20,24,034 paid to employees retrenched during the year considering the business operations of the Company, which has been approved by the Board of Directors in their meeting held on March 15, 2019.
28. Previous year's figures have been regrouped/ reclassified wherever necessary to correspond with the current year's classification/ disclosure.
29. The financial statements were approved for issue by the Board of Directors on April 22, 2019.

On behalf of the Board of Directors

Suneel Pandey	Director
Sib Sankar Bandyopadhyay	Director
A. Chinnaiya	Company Secretary

Place: Secunderabad
Date: April 22, 2019

ITC: Transforming Lives and Landscapes

Enduring Value

ITC e-Choupal

- Empowering 4 million farmers

Afforestation Programme

- Greening over 7,30,000 acres

Watershed Development Programme

- Providing Soil & Moisture conservation to over 10,12,000 acres

Livestock Development Initiative

- Over 17,70,000 milch animals covered

Women Empowerment Initiative

- Creating over 64,000 sustainable livelihoods for women

Primary Education

- Benefitting over 6,90,000 children

Skilling & Vocational Training Initiative

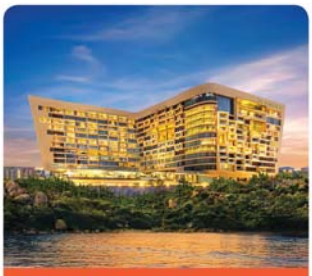
- Over 67,000 youths benefitted

Health & Sanitation Programme

- Over 35,000 individual household toilets built

Green Buildings

- ITC has 24 Platinum Rated Green Buildings



Responsible Luxury

- ITC Hotels: Trailblazer in Responsible Luxury and Green Hoteliering

Promoting Sustainable Agricultural Practices

- Increasing farm productivity and farmer incomes
- Covering 3,95,000 acres

Solid Waste Management Initiative

- Well-being Out of Waste programme covers 89,00,000 citizens

ITC is the only enterprise in the world of comparable dimensions to be Carbon Positive, Water Positive and Solid Waste Recycling Positive.

ITC's businesses and value chains support over 6 million sustainable livelihoods.

The **Hibrite Paper** used in this Report and **Safire Graphik Board** used for the Cover are manufactured by ITC's Paperboards and Specialty Papers Division using cutting-edge environmental technologies. The **Ozone bleached ECF** pulp used in these products has been produced from renewable plantations under ITC's Social and Farm Forestry programmes, making them the greenest offering in the paper industry.

Processed and printed at
CDC Printers (P) Ltd., Kolkata