

**DIRECTORS' REPORT**

TO THE MEMBERS OF WIMCO LIMITED

Your Directors present their Report for the financial year ended 31st March, 2014.

**Company Performance**

Your Company achieved a Net Revenue of ₹ 162.14 crores during the year (previous year ₹ 165.62 crores) with an operating profit (before exceptional items) of ₹ 2.85 crores (previous year ₹ 1.89 crores). The Company, however, incurred a Net Loss of ₹ 11.54 crores during the year, after considering the exceptional items of ₹ 14.39 crores, which includes a provision of ₹ 5.99 crores towards permanent diminution in value of investment in Pavan Poplar Limited, wholly owned subsidiary, and provision of ₹ 8.40 crores towards loans given to Prag Agro Farm Limited, wholly owned subsidiary, the recovery of which is now considered doubtful [Refer Note 34 to the Financial Statements].

The Net Revenue from Safety Matches Business declined by 5.59% during the year to ₹ 136.46 crores (previous year ₹ 144.54 crores). The margins in the Safety Matches Business continued to remain under pressure mainly due to escalation in prices of raw materials like wood splints, paperboard, key chemicals and the continuing high tax differential between the mechanised and non-mechanised sector. The Company continues to focus on cost rationalisation and margin improvement.

The Engineering Business recorded a Net Revenue of ₹ 18.37 crores during the year (previous year ₹ 17.79 crores), registering a growth of 3.26%, driven mainly by improved value capture through continuous product development in packaging machinery. The Company plans to leverage new and improved product designs to offer superior packaging solutions to its customers.

The Net Revenue from the Agri (Forestry) Business stood at ₹ 15.46 crores during the year (previous year ₹ 14.86 crores), representing a growth of 4.03%. During the year, this Business supplied high quality poplar ETPs (Entire Transplants) and eucalyptus saplings to farmers in northern India to enhance availability of wood to Safety Matches Business at competitive prices. Apart from creating a long-term sustainable supply of a critical raw material for the Safety Matches Business, this initiative helped to create employment and livelihood opportunities, while improving the green cover in the region.

It may be recalled that the Members had approved the proposed Scheme of Arrangement for demerger of the Non-Engineering Business of the Company [comprising Safety Matches Business and Agri (Forestry) Business] to ITC Limited, the Holding Company, at the Court Convened Meeting held on 27th December, 2013. The Hon'ble High Court of Judicature at Bombay has also approved the said Scheme on 10th April, 2014. The demerger has not been given effect to in the Accounts of the Company for the financial year ended 31st March, 2014, as approval of the Hon'ble High Court at Calcutta to the said Scheme is awaited.

**DIVIDEND**

In view of losses incurred during the year, your Directors are unable to recommend any dividend for the year under review.

**Directors**

Mr. V. M. Rajasekharan, Managing Director of your Company, completed his present term on 6th January, 2014. Mr. Rajasekharan was appointed by the Board of Directors of your Company as an Additional Director with effect from 7th January, 2014, and subject to the approval of the Members, also as Managing Director, not liable to retire by rotation, for a period of three years from 7th January, 2014. Notice under Section 160 of the Companies Act, 2013 has been received for appointment of Mr. Rajasekharan, who has filed his consent to act as a Director of the Company, if appointed. Appropriate resolution seeking your approval to the said appointment will form part of the Notice convening the ensuing Annual General Meeting of the Company.

In accordance with the provisions of Articles 131, 132 and 133 of the Articles of Association of the Company, Mr. R.L. Auddy and Mr. D. Dutta will retire by rotation at the ensuing Annual General Meeting of the Company and, being eligible, offer themselves for re-election. The Board has recommended their re-election.

**DIRECTORS' RESPONSIBILITY STATEMENT**

As required under Section 217(2AA) of the Companies Act, 1956, your Directors confirm that:

- (i) in the preparation of the Annual Accounts, the applicable Accounting Standards have been followed and no significant departures have been made from the same;
- (ii) appropriate accounting policies have been selected and applied consistently and judgments and estimates that have been made are reasonable and prudent so as

to give a true and fair view of the state of affairs of the Company as at 31st March, 2014 and of the loss of the Company for that period;

- (iii) proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities; and
- (iv) the Annual Accounts have been prepared on a going concern basis.

**AUDITORS****Statutory Auditors**

The Company's Auditors, M/s. BSR & Co. LLP (formerly known as M/s. BSR & Co.), Chartered Accountants, who retire at the ensuing Annual General Meeting, have completed their tenure in terms of Section 139(2) of the Companies Act, 2013 ('the Act'). Your Board, on the recommendation of the Audit Committee, has recommended the appointment of M/s. Deloitte Haskins and Sells, Chartered Accountants, as Auditors of the Company for a period of five years in accordance with Section 139(1) of the Act.

**Cost Auditors**

Your Company has, with the approval of the Central Government, appointed Mr. John Varghese, Cost Accountant, Chennai, as Cost Auditor for audit of cost records maintained by the Safety Matches and the Engineering Businesses of the Company for the financial year ended 31st March, 2014. The due date for filing the Cost Audit Report is 30th September, 2014.

**SUBSIDIARIES**

Particulars as required under Section 212 of the Companies Act, 1956 in respect of the Subsidiaries of the Company viz. Pavan Poplar Limited and Prag Agro Farm Limited, have been attached to the Accounts of the Company.

The aforesaid subsidiaries had filed writ petitions in the Nainital High Court in the year 2005 against the order of the District Magistrate authorising State authorities to take possession of the land leased to these companies. During the year under review, the said petitions were disposed off by the High Court in favour of the State Government; appeals filed by these companies against the High Court's order have been admitted.

**CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION, FOREIGN EXCHANGE EARNINGS AND OUTGO****A) Conservation of Energy**

The particulars in Form A regarding conservation of energy has not been provided as the activity of the Company does not fall under the list of industries specified in the Schedule annexed to the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988.

**B) Technology Absorption**

During the year, the Company's expenditure on Research and Development on poplar, eucalyptus saplings etc. was ₹ 16.73 lakhs.

**C) Foreign Exchange Earnings and Outgo**

During the year, the Company earned foreign exchange of ₹ 237.75 lakhs. The total outflow of foreign exchange was ₹ 91.70 lakhs.

**EMPLOYEES**

The relations between your Company and its employees have generally been cordial during the year under review. None of the employees of the Company is covered under the provisions of Section 217(2A) of the Companies Act, 1956, read with the Companies (Particulars of Employees) Rules, 1975.

**ACKNOWLEDGEMENT**

The Board acknowledges the support of the Government, investors, banks, customers, suppliers and business associates and the dedication and hard work of its employees.

For and on behalf of the Board

Place: Kolkata  
Date: 8th May, 2014

K. N. Grant Chairman  
V. M. Rajasekharan Managing Director

**Independent Auditors' Report**

To The Members of Wimco Limited

**Report on the Financial Statements**

1. We have audited the accompanying financial statements of Wimco Limited ('the Company'), which comprise the Balance Sheet as at 31 March 2014, the Statement of Profit and Loss and the Cash Flow Statement for the year then ended and a summary of significant accounting policies and other explanatory information.

**Management's Responsibility for the Financial Statements**

2. Management is responsible for 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 referred to in sub-section (3C) of Section 211 of the Companies Act, 1956 ('the Act') read with the General Circular 15/2013 dated 13 September 2013 of the Ministry of Corporate Affairs in respect of Section 133 of the Companies Act, 2013. This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

**Auditor's Responsibility**

3. Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the

Standards on Auditing issued by the Institute of Chartered Accountants of India. 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.

4. 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. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.
5. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

**Opinion**

6. In our opinion and to the best of our information and according to the explanations given to us, the said 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:
- in the case of the Balance Sheet, of the state of affairs of the Company as at 31 March 2014;
  - in the case of the Statement of Profit and Loss, of the loss of the Company for the year ended on that date; and
  - in the case of the Cash Flow Statement, of the cash flows of the Company for the year ended on that date.

**Report on Other Legal and Regulatory Requirements**

7. As required by the Companies (Auditor's Report) Order, 2003 ("the Order") issued by the Central Government of India in terms of sub-section (4A) of Section 227 of the Act, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the Order.
8. As required by Section 227(3) of the Act, we report that:
- we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purpose of our audit;

- in our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;
- 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;
- in our opinion, the Balance Sheet, the Statement of Profit and Loss and the Cash Flow Statement comply with the accounting standards notified under the Act read with the General Circular 15/2013 dated 13 September 2013 of the Ministry of Corporate Affairs in respect of Section 133 of the Companies Act, 2013; and
- on the basis of written representations received from the directors of the Company as at 31 March 2014, and taken on record by the Board of Directors, none of the directors is disqualified as on 31 March 2014, from being appointed as a director in terms of clause (g) of sub-section (1) of Section 274 of the Act.

For B S R & Co. LLP  
Chartered Accountants  
Firm's Registration No. : 101248W

Rajesh Mehra  
Partner

Mumbai, 8th May, 2014

Membership No. : 103145

**ANNEXURE TO THE INDEPENDENT AUDITORS' REPORT - 31 MARCH, 2014**

(Referred to in our report of even date)

- The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
  - The Company has a regular programme of physical verification of its fixed assets by which all fixed assets are verified in a phased manner over a period of three years. In our opinion, this periodicity of physical verification is reasonable having regard to the size of the Company and the nature of its assets. Pursuant to the programme, certain fixed assets were physically verified during the year and no material discrepancies were noted on such verification.
  - Fixed assets disposed off during the year were not substantial and therefore do not affect the going concern assumption.
- The inventory has been physically verified by the management during the year. In our opinion, the frequency of such verification is reasonable.
  - The procedures for the physical verification of inventories followed by the management are reasonable and adequate in relation to the size of the Company and the nature of its business.
  - The Company is maintaining proper records of inventory. The discrepancies noticed on verification between the physical stocks and the book records were not material.
- The Company has neither granted nor taken any loans, secured or unsecured, to or from companies, firms or other parties covered in the register maintained under Section 301 of the Act. Accordingly, the provisions of paragraph 4(iii) of the Order are not applicable to the Company.
- In our opinion and according to the information and explanations given to us, there is an adequate internal control system commensurate with the size of the Company and the nature of its business with regard to purchase of inventory and fixed assets and with regards to the sale of goods and services. We have not observed any major weakness in the internal control system during the course of the audit.
- In our opinion, and according to the information and explanations given to us, there are no contracts and arrangements the particulars of which need to be entered into the register maintained under section 301 of the Act.
- The Company has not accepted any deposits from the public.
- In our opinion, the Company has an internal audit system commensurate with the size and nature of its business.
- We have broadly reviewed the books of account maintained by the Company pursuant to the rules prescribed by the Central Government for maintenance of cost records under Section 209(1) (d) of the Act in respect of generation of electricity from wind power and manufacture

of matches and are of the opinion that prima facie, the prescribed accounts and records have been made and maintained. However we have not made a detailed examination of the records.

- According to the information and explanations given to us and on the basis of our examination of the records of the Company, amounts deducted/accrued in the books of account in respect of undisputed statutory dues including Provident Fund, Employees' State Insurance, Income tax, Sales tax / Value added tax, Wealth tax, Service tax, Customs duty, Excise duty and other material statutory dues have been regularly deposited during the year by the Company with the appropriate authorities. As explained to us, the Company did not have any dues on account of Investor Education and Protection Fund.

According to the information and explanations given to us, no undisputed amounts payable in respect of Provident Fund, Employees' State Insurance, Income tax, Sales tax/ Value added tax, Wealth tax, Service tax, Customs duty, Excise duty and other material statutory dues were in arrears as at 31 March 2014 for a period of more than six months from the date they became payable.

- According to the information and explanations given to us, there are no dues of Income tax, Wealth tax, Service tax, and Customs duty which have not been deposited with the appropriate authorities on account of any disputes.

According to the information and explanations given to us, the following statutory dues have not been deposited by the Company on account of disputes:

| Name of the Statute                | Nature of the Dues | Amount (₹ in Lakhs) | Period to which the amount relates | Forum where dispute is pending              |
|------------------------------------|--------------------|---------------------|------------------------------------|---|
| Central Excise Act, 1944           | Excise Duty        | 14.75               | 2003-2005                          | Appellate Authority-Tribunal                |
| Central Excise Act, 1944           | Excise Duty        | 0.72                | 2010-2011                          | Appellate Authority-Upto Commissioner level |
| Sales Tax Act/ Value Added Tax Act | Sales tax matters  | 93.99               | 2006-2011                          | Appellate Authority-Upto Commissioner level |

Excludes Rs 75.82 lakhs paid under protest.

- The Company has accumulated losses at the end of the financial year in excess of fifty percent of its net worth. The Company has incurred cash losses in the current financial year. The Company has not incurred cash losses in the immediately preceding financial year.
- In our opinion and according to the information and explanations given to us, the Company has not defaulted in repayment of dues to its bankers. The Company did not have any outstanding debentures or outstanding dues to any financial institutions during the year.

- (xii) The Company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
- (xiii) In our opinion and according to the information and explanations given to us, the Company is not a chit fund or a nidhi/ mutual benefit fund/ society.
- (xiv) According to the information and explanations given to us, the Company is not dealing or trading in shares, securities, debentures and other investments.
- (xv) According to the information and explanations given to us, the Company has not given any guarantee for loans taken by others from banks or financial institutions.
- (xvi) The Company did not have any term loans outstanding during the year.
- (xvii) According to the information and explanations given to us and on an overall examination of the balance sheet of the Company, we are of the opinion that the funds raised on short-term basis have not been used for long-term investment.
- (xviii) The Company has not made any preferential allotment of shares to companies/firms/parties covered in the register maintained under Section 301 of the Act.
- (xix) The Company did not have any outstanding debentures during the year.
- (xx) The Company has not raised any money by public issues during the year.
- (xxi) According to the information and explanations given to us, no fraud on or by the Company has been noticed or reported during the course of our audit.

For B S R & Co. LLP  
Chartered Accountants  
Firm's Registration No. : 101248W

Rajesh Mehra  
Partner

Mumbai, 8th May, 2014

Membership No. : 103145

#### BALANCE SHEET AS AT MARCH 31, 2014

|                                 | Note | As at<br>March 31, 2014<br>(₹ in Lacs) | As at<br>March 31, 2013<br>(₹ in Lacs) |
|---------------------------------|------|--|--|
| <b>EQUITY AND LIABILITIES</b>   |      |  |  |
| <b>Shareholders' funds</b>      |      |  |  |
| Share capital                   | 1    | 6,884.60                               | 6,884.60                               |
| Reserves and surplus            | 2    | 2,877.60                               | 4,331.49                               |
| <b>Non-current liabilities</b>  |      |  |  |
| Long-term borrowings            | 3    | 200.00                                 | 200.00                                 |
| Other long-term liabilities     | 4    | 6,278.91                               | 5,988.46                               |
| Long-term provisions            | 5    | 93.44                                  | 85.96                                  |
| <b>Current liabilities</b>      |      |  |  |
| Short-term borrowings           | 6    | 11.19                                  | 18.40                                  |
| Trade payables                  | 7    | 1,380.55                               | 4,348.09                               |
| Other current liabilities       | 8    | 442.13                                 | 349.24                                 |
| Short-term provisions           | 9    | 13.32                                  | 53.88                                  |
| <b>TOTAL</b>                    |      | <b>18,181.74</b>                       | <b>22,260.12</b>                       |
| <b>ASSETS</b>                   |      |  |  |
| <b>Non-current assets</b>       |      |  |  |
| Fixed assets                    | 10   |  |  |
| Tangible assets                 |      | 13,540.34                              | 14,893.78                              |
| Intangible assets               |      | 14.99                                  | 15.20                                  |
| Capital work-in-progress        |      | —                                      | 47.91                                  |
| Non-current investments         | 11   | 0.09                                   | 599.15                                 |
| Deferred tax asset (net)        | 12   | —                                      | —                                      |
| Long-term loans and advances    | 13   | 1,623.03                               | 2,349.19                               |
| Other non-current assets        | 14   | 0.25                                   | 0.25                                   |
| <b>Current assets</b>           |      |  |  |
| Inventories                     | 15   | 1,183.63                               | 2,686.05                               |
| Trade receivables               | 16   | 520.16                                 | 614.95                                 |
| Cash and bank balances          | 17   | 254.75                                 | 83.67                                  |
| Short-term loans and advances   | 18   | 633.95                                 | 841.58                                 |
| Other current assets            | 19   | 410.55                                 | 128.39                                 |
| <b>TOTAL</b>                    |      | <b>18,181.74</b>                       | <b>22,260.12</b>                       |
| Significant accounting policies | 45   |  |  |

The accompanying notes 1 to 45 are an integral part of the Financial Statements.

As per our report of even date attached.

For B S R & Co. LLP  
Chartered Accountants  
Firm's Registration No.: 101248W

Rajesh Mehra  
Partner  
Membership No. 103145  
Place : Mumbai  
Date : 8th May, 2014

For and on behalf of the Board

K. N. Grant  
V. M. Rajasekharan  
S. K. Sipani  
Chairman  
Managing Director  
Head - Finance & Company Secretary  
Place : Kolkata  
Date: 8th May, 2014

## STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED MARCH 31, 2014

|   | Note | For the year ended<br>March 31, 2014<br>(₹ in Lacs) | For the year ended<br>March 31, 2013<br>(₹ in Lacs) |
|---|------|---|---|
| <b>INCOME</b>   |      |   |   |
| Gross Revenue from sale of products and services                              | 20   | 17,028.57   | 17,718.48   |
| Less : Excise duty  |      | 815.06  | 1,156.52  |
| Net Revenue from sale of products and services                                |      | 16,213.51   | 16,561.96   |
| Other operating revenue   | 21   | 62.46   | 290.48  |
| <b>Revenue from operations</b>  |      | <b>16,275.97</b>                                    | <b>16,852.44</b>                                    |
| Other income  | 22   | 2,031.70  | 959.04  |
| <b>Total Revenue</b>  |      | <b>18,307.67</b>                                    | <b>17,811.48</b>                                    |
| <b>EXPENSES</b>   |      |   |   |
| Cost of material consumed   | 23   | 4,439.88  | 7,708.25  |
| Cost of seeds   | 23   | 33.94   | 7.94  |
| Purchase of Stock-in-Trade  |      | 6,887.33  | 4,782.06  |
| Changes in inventories of finished goods, work-in-progress and stock-in-trade | 24   | 902.94  | (603.60)  |
| Employee benefits expense   | 25   | 1,923.41  | 2,096.17  |
| Finance cost  | 26   | 0.38  | 4.81  |
| Depreciation and amortisation expense   | 10   | 358.58  | 408.14  |
| Other expenses  | 27   | 3,476.24  | 3,218.02  |
| <b>Total Expenses</b>   |      | <b>18,022.70</b>                                    | <b>17,621.79</b>                                    |
| <b>Profit before exceptional items and tax</b>                                |      | <b>284.97</b>                                       | <b>189.69</b>                                       |
| Exceptional items (see note 34)   |      | (1,438.86)  | —   |
| <b>(Loss) / Profit before tax</b>   |      | <b>(1,153.89)</b>                                   | <b>189.69</b>                                       |
| <b>Profit from continuing operations before tax</b>                           |      | <b>167.25</b>                                       | <b>77.35</b>  |
| Tax Expense   |      | —   | —   |
| <b>Profit from continuing operations after tax</b>                            |      | <b>167.25</b>                                       | <b>77.35</b>  |
| <b>(Loss) / Profit from discontinuing operations before tax</b>               |      | <b>(1,321.14)</b>                                   | <b>112.34</b>                                       |
| Tax Expense   |      | —   | —   |
| <b>(Loss) / Profit from discontinuing operations after tax</b>                |      | <b>(1,321.14)</b>                                   | <b>112.34</b>                                       |
| <b>(Loss) / Profit after tax</b>  |      | <b>(1,153.89)</b>                                   | <b>189.69</b>                                       |
| Earnings per equity share (₹) - basic and diluted                             | 28   | (0.61)  | 0.10  |
| Face value (₹)  |      | 1.00  | 1.00  |
| <b>Significant accounting policies</b>  | 45   |   |   |

The accompanying notes 1 to 45 are an integral part of the Financial Statements.

As per our report of even date attached.

For B S R & Co. LLP  
Chartered Accountants  
Firm's Registration No.: 101248W

Rajesh Mehra  
Partner  
Membership No. 103145  
Place : Mumbai  
Date : 8th May, 2014

For and on behalf of the Board

K. N. Grant  
V. M. Rajasekharan  
S. K. Sipani  
Chairman  
Managing Director  
Head - Finance & Company Secretary  
Place : Kolkata  
Date: 8th May, 2014

## CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2014

|   | For the year ended<br>March 31, 2014<br>(₹ in Lacs) | For the year ended<br>March 31, 2013<br>(₹ in Lacs) |
|---|---|---|
| <b>A. Cash flow from operating activities</b>                             |   |   |
| <b>Profit before exceptional items and taxation</b>                       | 284.97  | 189.69  |
| Exceptional items (See note 34)   | (1,438.86)  | —   |
| <b>(Loss) / Profit before taxation</b>                                    | (1,153.89)  | 189.69  |
| Adjustments for:  |   |   |
| Depreciation and amortisation Expense                                     | 358.58  | 408.14  |
| (Profit) / Loss on sale of tangible assets (net)                          | (69.62)   | 98.26   |
| Compensation for Compulsory Acquisition of Land (net)                     | (923.66)  | —   |
| Liabilities no longer required written back                               | (206.68)  | (45.00)   |
| Doubtful and Bad debts  | 13.57   | 14.98   |
| Doubtful and Bad advances, loans and deposits                             | 54.51   | 3.54  |
| Provision for diminution in value of investments                          | 599.06  |   |
| Interest income   | (81.90)   | (60.68)   |
| Interest expenditure  | 0.38  | 4.81  |
| <b>Operating (loss) / profit before working capital changes</b>           | (1,409.65)  | 613.74  |
| Adjustments for:  |   |   |
| Trade receivables   | 81.22   | (309.25)  |
| Loans and advances and Other current assets                               | 687.50  | (92.42)   |
| Inventories   | 1,502.42  | (386.33)  |
| Trade Payables, Other current and long-term liabilities and Provisions    | (2,710.61)  | 211.72  |
| <b>Cash (used in) / generated from operations before taxation</b>         | (1,849.12)  | 37.46   |
| Income tax paid (net of refunds)  | (90.38)   | (26.99)   |
| <b>Net cash (used in) / generated from operations</b>                     | (1,939.50)  | 10.47   |
| <b>B. Cash flow from investing activities</b>                             |   |   |
| Purchase of Fixed Assets  | (91.27)   | (197.83)  |
| Sale of Fixed Assets  | 2,127.54  | 166.30  |
| Interest received   | 81.90   | 60.93   |
| <b>Net cash generated from investing activities</b>                       | 2,118.17  | 29.40   |
| <b>C. Cash flow from financing activities</b>                             |   |   |
| Proceeds from rights issue of equity shares                               | —   | 169.31  |
| Interest paid   | (0.38)  | (4.93)  |
| Repayment of borrowings to holding / subsidiary company                   | (7.21)  | (250.00)  |
| <b>Net cash used in financing activities</b>                              | (7.59)  | (85.62)   |
| <b>D. Net increase / (decrease) in cash and cash equivalents (A+B+C)</b>  | 171.08  | (45.75)   |
| <b>E. Reconciliation</b>  |   |   |
| <b>Cash and cash equivalents at the beginning of the year</b>             | 83.67   | 129.42  |
| <b>Cash and cash equivalents at the end of the year</b>                   | 254.75  | 83.67   |
|   | 171.08  | (45.75)   |
| <b>Cash and cash equivalents comprise of</b>                              |   |   |
| Cash on hand  | 2.90  | 4.35  |
| Balances with banks [including cheques on hand ₹ Nil (2013: ₹ 51.8 Lacs)] | 251.85  | 79.32   |
|   | 254.75  | 83.67   |

**Notes :**

- The cash flow statement has been prepared under the "Indirect Method" as set out in Accounting Standard - 3 on cash flow statement prescribed in Companies (Accounting Standard) Rules, 2006.
- Purchase of fixed assets are shown inclusive of movements in capital work-in-progress.
- Cash and cash equivalents represent cash and bank balances only.

The accompanying notes 1 to 45 are an integral part of the Financial Statements.

As per our report of even date attached.

For B S R & Co. LLP  
Chartered Accountants  
Firm's Registration No.: 101248W

Rajesh Mehra  
Partner  
Membership No. 103145  
Place: Mumbai  
Date: 8th May, 2014

For and on behalf of the Board

K. N. Grant  
V. M. Rajasekharan  
S. K. Sipani  
Chairman  
Managing Director  
Head - Finance & Company Secretary  
Place : Kolkata  
Date: 8th May, 2014

## NOTES TO THE FINANCIAL STATEMENTS

|  | As at<br>March 31, 2014<br>(₹ in Lacs) | As at<br>March 31, 2013<br>(₹ in Lacs) |
|--|--|--|
| <b>1. Share capital</b>  |  |  |
| <b>Authorised</b>  |  |  |
| 35,00,00,000 (2013: 35,00,00,000) Equity shares of ₹ 1 (2013: ₹ 1) each<br>(see note (B)(I) (a) and (c) below)                 | 3,500.00                               | 3,500.00                               |
| 1,13,00,000 (2013: 1,13,00,000) Redeemable preference shares of ₹ 100 each<br>(see note (B)(I) (c) below)                      | 11,300.00                              | 11,300.00                              |
| <b>TOTAL</b>   | <b>14,800.00</b>                       | <b>14,800.00</b>                       |
| <b>Issued</b>  |  |  |
| 18,84,60,000 (2013: 18,84,60,000) Equity shares of ₹ 1 each<br>(see notes (B) (I) (a), (b), and note (C) below)                | 1,884.60                               | 1,884.60                               |
| 50,00,000 (2013: 50,00,000) Zero coupon preference shares of ₹ 100<br>each (see note (B)(II) below)                            | 5,000.00                               | 5,000.00                               |
| <b>Subscribed and paid up</b>  |  |  |
| 18,84,60,000 (2013: 18,84,60,000) Equity shares of ₹ 1 each fully paid up<br>(see notes B(I) (a), (b), (c) and note (C) below) | 1,884.60                               | 1,884.60                               |
| 50,00,000 (2013: 50,00,000) Zero coupon preference shares of ₹ 100<br>each fully paid up (see note (B)(II) below)              | 5,000.00                               | 5,000.00                               |
| <b>TOTAL</b>   | <b>6,884.60</b>                        | <b>6,884.60</b>                        |

| A) Reconciliation of number of shares        | As at<br>March 31, 2014 |                 | As at<br>March 31, 2013 |                 |
|--|-------------------------|-----------------|-------------------------|-----------------|
|  | No. of Shares           | ₹ in Lacs       | No. of Shares           | ₹ in Lacs       |
| <b>Equity shares</b>                         |                         |                 |                         |                 |
| Balance as at the beginning of the year      | 18,84,60,000            | 1,884.60        | 18,58,55,147            | 1,858.55        |
| Shares issued during the year (Rights issue) | —                       | —               | 26,04,853               | 26.05           |
| Balance as at the end of the year            | <b>18,84,60,000</b>     | <b>1,884.60</b> | <b>18,84,60,000</b>     | <b>1,884.60</b> |
| <b>Zero coupon preference shares</b>         |                         |                 |                         |                 |
| Balance as at the beginning of the year      | 50,00,000               | 5,000.00        | 50,00,000               | 5,000.00        |
| Shares issued during the year                | —                       | —               | —                       | —               |
| Balance as at the end of the year            | <b>50,00,000</b>        | <b>5,000.00</b> | <b>50,00,000</b>        | <b>5,000.00</b> |

**B) Rights, preferences and restrictions attached to shares****(I) Equity shares:**

- The Ordinary Shares of the Company, having par value of ₹ 1/- per share, rank pari passu in all respects including entitlement to dividend. Repayment of capital in the event of winding up of the Company will inter alia be subject to the provisions of the Articles of Association of the Company and as may be determined by the Company in General Meeting prior to such winding up.
- During the previous year, the Company offered and allotted 26,04,853 unsubscribed Rights Equity Shares of ₹ 1/- each for ₹ 6.50 per Equity Share, including premium of ₹ 5.50 per Share, to Russell Credit Limited, a fellow subsidiary. These Equity Shares rank pari passu in all respects with the existing Equity Share Capital of the Company.
- Pursuant to the provisions of Section 94 of the Companies Act, 1956, the Authorised Share Capital of the Company of ₹ 1,48,00,00,000 comprising 55,00,00,000 Equity Shares of ₹ 1/- each and 93,00,000 Redeemable Preference Shares of ₹ 100/- each, was re-classified to ₹ 1,48,00,00,000 comprising 35,00,00,000 Equity Shares of ₹ 1/- each and 1,13,00,000 Redeemable Preference Shares of ₹ 100/- each.

**(II) Zero coupon preference shares**

50,00,000, Zero Coupon Preference Shares of ₹ 100/- each, redeemable at 6% premium per annum were issued during the year 2010. These Shares shall be redeemable on or before September 15, 2015.

**C) Shares allotted as fully paid up pursuant to contracts for consideration other than cash**

4,22,30,000 Equity Shares of the Company have been allotted as fully paid-up for consideration other than cash, pursuant to the scheme of amalgamation of Wimco Boards Limited with the Company.

|   | As at<br>March 31, 2014<br>(₹ in Lacs) | As at<br>March 31, 2013<br>(₹ in Lacs) |
|---|--|--|
| <b>D) Shares held by holding company and subsidiary of holding company</b>  |  |  |
| <b>Equity shares</b>  |  |  |
| 18,50,81,193 (2013: 18,24,76,340) Equity shares of ₹ 1 each,<br>fully paid up are held by ITC Limited (Holding Company)     | 1,850.81                               | 1,824.76                               |
| Nil (2013: 26,04,853) Equity shares of ₹ 1 each, fully paid up were held<br>by Russell Credit Limited (Fellow Subsidiary)   | —                                      | 26.05                                  |
| <b>Preference shares</b>  |  |  |
| 50,00,000 (2013: 50,00,000) Zero coupon preference shares of ₹ 100 each<br>fully paid held by ITC Limited (Holding Company) | 5,000.00                               | 5,000.00                               |

## NOTES TO THE FINANCIAL STATEMENTS

|  | As at<br>March 31, 2014<br>(₹ in Lacs)               | As at<br>March 31, 2013<br>(₹ in Lacs) |
|--|--|--|
| <b>E) Name of shareholders holding more than 5% of the shares of the Company</b> |  |  |
| <b>Equity Shares</b>   |  |  |
| ITC Limited (Holding Company)  | 18,50,81,193<br>98.21%                               | 18,24,76,340<br>96.82%                 |
| <b>Zero Coupon Preference Shares</b>   |  |  |
| ITC Limited (Holding Company)  | 50,00,000<br>100.00%                                 | 50,00,000<br>100.00%                   |
|  | As at<br>March 31, 2014<br>(₹ in Lacs)               | As at<br>March 31, 2013<br>(₹ in Lacs) |
| <b>2. Reserves and surplus</b>   |  |  |
| Capital reserve  | 29.96  | 29.96                                  |
| Capital redemption reserve   | 500.00   | 500.00                                 |
| Securities premium   |  |  |
| Balance at the beginning of the year   | 4,441.23   | 4,597.97                               |
| Add : On issue of equity shares (see note 1(B)(l)(b))                            | —  | 143.26                                 |
|  | 4,441.23   | 4,741.23                               |
| Less : Premium on zero coupon preference shares                                  | 300.00   | 300.00                                 |
|  | 4,141.23   | 4,441.23                               |
| Revaluation reserve  |  |  |
| Balance at the beginning of the year (see note 10B)                              | 4,556.85   | 4,587.14                               |
| Less : Reversal on compulsory acquisition of Land (see note 10C)                 | 236.57   | 30.29                                  |
|  | 4,320.28   | 4,556.85                               |
| Capital subsidy  | 14.93  | 14.93                                  |
| General reserve  |  |  |
| Balance at the beginning of the year   | —  | 6,534.97                               |
| Add : Transfer from Revaluation Reserve [see note 10C]                           | 236.57   | 30.29                                  |
| Less: Transfer to the Profit and Loss balance                                    | 236.57   | 6,565.26                               |
| (Deficit) in the statement of profit and loss                                    |  |  |
| Balance at the beginning of the year   | (5,211.48)   | (11,966.43)                            |
| Add: (Loss) / Profit for the year  | (1,153.89)   | 189.69                                 |
| Less: Transfer from General Reserve  | 236.57   | 6,565.26                               |
|  | (6,128.80)   | (5,211.48)                             |
| <b>TOTAL</b>   | <b>2,877.60</b>                                      | <b>4,331.49</b>                        |
| <b>3. Long-term borrowings</b>   |  |  |
| <b>Unsecured :</b>   |  |  |
| Loans and advances from related parties  |  |  |
| Pavan Poplar Limited (wholly owned subsidiary)                                   | 200.00   | 200.00                                 |
| <b>TOTAL</b>   | <b>200.00</b>  | <b>200.00</b>                          |
| <b>Terms of repayment of long term borrowings</b>                                |  |  |
| <b>Borrowings</b>  | <b>Terms</b>   |  |
| Pavan Poplar Limited   | Interest free, repayment extended to March 31, 2016. |  |
| <b>4. Other long-term liabilities</b>  |  |  |
| Security deposit received from Holding Company                                   | 5,035.00   | 5,035.00                               |
| Premium on zero coupon preference shares*  | 1,041.68   | 741.68                                 |
| Rent payable   | 202.23   | 211.78                                 |
| <b>TOTAL</b>   | <b>6,278.91</b>                                      | <b>5,988.46</b>                        |
| * Premium is payable to ITC Limited (Holding Company)                            |  |  |

## NOTES TO THE FINANCIAL STATEMENTS

|  | As at<br>March 31, 2014<br>(₹ in Lacs) | As at<br>March 31, 2013<br>(₹ in Lacs) |
|--|--|--|
| <b>5. Long-term provisions</b>   |  |  |
| <b>Provisions for employee benefits (see note 25)</b>  |  |  |
| Provision for compensated absences   | 93.44                                  | 85.96                                  |
| <b>TOTAL</b>   | <b>93.44</b>                           | <b>85.96</b>                           |
| <b>6. Short-term borrowings</b>  |  |  |
| <b>Unsecured :</b>   |  |  |
| Short-term loans and advances from related parties   |  |  |
| Pavan Poplar Limited (wholly owned subsidiary)   | 11.19                                  | 18.40                                  |
| <b>TOTAL</b>   | <b>11.19</b>                           | <b>18.40</b>                           |
| <b>7. Trade payables</b>   |  |  |
| Total outstanding dues of micro enterprises and small enterprises (see note 35)  | —                                      | —                                      |
| Total outstanding dues of creditors other than micro enterprises and small enterprises (see note 30 for payables to related parties) | 1,380.55                               | 4,348.09                               |
| <b>TOTAL</b>   | <b>1,380.55</b>                        | <b>4,348.09</b>                        |
| <b>8. Other current liabilities</b>  |  |  |
| Interest accrued but not due on deposits   | 8.26                                   | 8.28                                   |
| Advances from customers  | 106.32                                 | 120.71                                 |
| Deposits from customers  | 40.19                                  | 42.59                                  |
| Employee benefits payable  | 208.40                                 | 116.56                                 |
| Statutory dues payable*  | 74.57                                  | 56.81                                  |
| Rent payable   | 4.39                                   | 4.29                                   |
| <b>TOTAL</b>   | <b>442.13</b>                          | <b>349.24</b>                          |
| *Statutory dues payable include  |  |  |
| Wealth tax and withholding taxes   | 52.00                                  | 50.07                                  |
| VAT and Others   | 22.57                                  | 6.74                                   |
|  | <b>74.57</b>                           | <b>56.81</b>                           |
| <b>9. Short-term provisions</b>  |  |  |
| <b>Provisions for employee benefits (See Note 25)</b>  |  |  |
| Provision for gratuity   | 2.93                                   | 44.33                                  |
| Provision for compensated absences   | 10.39                                  | 9.55                                   |
| <b>TOTAL</b>   | <b>13.32</b>                           | <b>53.88</b>                           |

**10. Fixed assets****Fixed Assets Balances as at March 31, 2014**

| Tangible assets and intangible assets      | GROSS BLOCK         |                           |                                       |                      | ACCUMULATED DEPRECIATION / AMORTISATION / IMPAIRMENT |            |                           |                                       |                      |            | NET BLOCK            |
|--|---------------------|---------------------------|---------------------------------------|----------------------|--|------------|---------------------------|---------------------------------------|----------------------|------------|----------------------|
|  | As at April 1, 2013 | Additions during the year | Disposal/ Adjustments during the year | As at March 31, 2014 | As at April 1, 2013                                  |            | Depreciation for the year | Disposal/ Adjustments during the year | As at March 31, 2014 |            | As at March 31, 2014 |
|  |                     |                           |                                       |                      | Depreciation   | Impairment |                           |                                       | Depreciation         | Impairment |                      |
| <b>Tangible assets</b>                     |                     |                           |                                       |                      |  |            |                           |                                       |                      |            |                      |
| Freehold land (see note 10A below)         | 12,157.16           | —                         | 675.44                                | 11,481.72            | —  | 167.73     | —                         | —                                     | —                    | 167.73     | 11,313.99            |
| Leasehold land                             | 247.28              | —                         | —                                     | 247.28               | 0.66   | 246.62     | —                         | —                                     | 0.66                 | 246.62     | —                    |
| Buildings (see note - 10A below)           | 5,268.66            | 28.63                     | 1,169.36                              | 4,127.93             | 4,764.78   | —          | 17.30                     | 1,058.19                              | 3,723.89             | —          | 404.04               |
| Plant and Equipment (see note - 10A below) | 6,247.52            | 69.01                     | 744.40                                | 5,572.13             | 4,164.15   | —          | 314.36                    | 455.67                                | 4,022.84             | —          | 1,549.29             |
| Computers                                  | 222.38              | 10.11                     | 78.87                                 | 153.62               | 196.90   | —          | 1.30                      | 65.82                                 | 132.38               | —          | 21.24                |
| Office Equipments                          | 122.61              | —                         | 12.39                                 | 110.22               | 74.09  | —          | 4.95                      | 10.53                                 | 68.51                | —          | 41.71                |
| Furniture and Fixtures                     | 513.24              | 0.45                      | 109.72                                | 403.97               | 304.79   | —          | 13.79                     | 66.63                                 | 251.95               | —          | 152.02               |
| Motor cars, lorries, tractors and launches | 135.07              | 30.99                     | 28.10                                 | 137.96               | 100.42   | —          | 6.67                      | 27.18                                 | 79.91                | —          | 58.05                |
| <b>TOTAL</b>                               | 24,913.92           | 139.19                    | 2,818.28                              | 22,234.83            | 9,605.79   | 414.35     | 358.37                    | 1,684.02                              | 8,280.14             | 414.35     | 13,540.34            |
| <b>Intangible assets</b>                   |                     |                           |                                       |                      |  |            |                           |                                       |                      |            |                      |
| Computer software                          | 289.84              | —                         | —                                     | 289.84               | 274.64   | —          | 0.21                      | —                                     | 274.85               | —          | 14.99                |
| <b>TOTAL</b>                               | 289.84              | —                         | —                                     | 289.84               | 274.64   | —          | 0.21                      | —                                     | 274.85               | —          | 14.99                |

**10A. Assets given on operating lease**

(₹ in Lacs)

| Tangible asset      | Year Ended March 31, 2014 |                          |           |                                  | Year Ended March 31, 2013 |                          |           |                                  |
|---------------------|---------------------------|--------------------------|-----------|----------------------------------|---------------------------|--------------------------|-----------|----------------------------------|
|                     | Gross Block               | Accumulated Depreciation | Net Block | Depreciation Charge for the year | Gross Block               | Accumulated Depreciation | Net Block | Depreciation Charge for the year |
| Freehold Land       | 7,582.24                  | —                        | 7,582.24  | —                                | 8,027.68                  | —                        | 8,027.68  | —                                |
| Plant and Equipment | 622.91                    | 503.44                   | 119.47    | 20.16                            | 719.95                    | 511.99                   | 207.96    | 25.78                            |
| <b>TOTAL</b>        | 8,205.15                  | 503.44                   | 7,701.71  | 20.16                            | 8,747.63                  | 511.99                   | 8,235.64  | 25.78                            |

10B. Based on the valuation report submitted by the approved valuers, during the year 2010-11, the Company revalued the freehold land at Chennai by ₹ 4,587.14 Lacs and the same has been transferred to revaluation reserve account.

10C. The Compulsory acquisition of certain portions of land in Chennai by Government has been completed during current year and previous year.

## NOTES TO THE FINANCIAL STATEMENTS

## Fixed Assets Balances as at March 31, 2013

(₹ in Lacs)

| Tangible assets and intangible assets      | GROSS BLOCK         |                           |  |                      | ACCUMULATED DEPRECIATION / AMORTISATION / IMPAIRMENT |               |                           |  |                      |               | NET BLOCK            |
|--|---------------------|---------------------------|--|----------------------|--|---------------|---------------------------|--|----------------------|---------------|----------------------|
|  | As at April 1, 2012 | Additions during the year | Disposal / Adjustments during the year | As at March 31, 2013 | As at April 1, 2012                                  |               | Depreciation for the year | Disposal / Adjustments during the year | As at March 31, 2013 |               | As at March 31, 2013 |
|  |                     |                           |  |                      | Depreciation   | Impairment    |                           |  | Depreciation         | Impairment    |                      |
| <b>Tangible assets</b>                     |                     |                           |  |                      |  |               |                           |  |                      |               |                      |
| Freehold land (see note below)             | 12,187.45           | —                         | 30.29                                  | 12,157.16            | —  | 167.73        | —                         | —                                      | —                    | 167.73        | 11,989.43            |
| Leasehold land                             | 247.28              | —                         | —                                      | 247.28               | 0.66   | 246.62        | —                         | —                                      | 0.66                 | 246.62        | —                    |
| <b>Buildings</b>                           |                     |                           |  |                      |  |               |                           |  |                      |               |                      |
| (see note below)                           | 6,298.75            | 51.91                     | 1,082.00                               | 5,268.66             | 5,758.48   | —             | 20.52                     | 1,014.22                               | 4,764.78             | —             | 503.88               |
| <b>Plant and Equipment</b>                 |                     |                           |  |                      |  |               |                           |  |                      |               |                      |
| (see note below)                           | 7,105.67            | 83.25                     | 941.40                                 | 6,247.52             | 4,645.28   | —             | 335.62                    | 816.75                                 | 4,164.15             | —             | 2,083.37             |
| Computers                                  | 314.31              | —                         | 91.93                                  | 222.38               | 280.56   | —             | 2.86                      | 86.52                                  | 196.90               | —             | 25.48                |
| Office Equipments                          | 210.81              | 10.71                     | 98.91                                  | 122.61               | 152.06   | —             | 6.20                      | 84.17                                  | 74.09                | —             | 48.52                |
| Furniture and Fixtures                     | 620.52              | 27.43                     | 134.71                                 | 513.24               | 399.89   | —             | 18.22                     | 113.32                                 | 304.79               | —             | 208.45               |
| Motor cars, lorries, tractors and launches | 146.28              | —                         | 11.21                                  | 135.07               | 106.14   | —             | 5.19                      | 10.91                                  | 100.42               | —             | 34.65                |
| <b>TOTAL</b>                               | <b>27,131.07</b>    | <b>173.30</b>             | <b>2,390.45</b>                        | <b>24,913.92</b>     | <b>11,343.07</b>                                     | <b>414.35</b> | <b>388.61</b>             | <b>2,125.89</b>                        | <b>9,605.79</b>      | <b>414.35</b> | <b>14,893.78</b>     |
| Capital work-in-progress                   |                     |                           |  |                      |  |               |                           |  |                      |               | 47.91                |
| <b>TOTAL</b>                               |                     |                           |  |                      |  |               |                           |  |                      |               | <b>14,941.69</b>     |
| <b>Intangible assets</b>                   |                     |                           |  |                      |  |               |                           |  |                      |               |                      |
| Computer software                          | 289.84              | —                         | —                                      | 289.84               | 255.11   | —             | 19.53                     | —                                      | 274.64               | —             | 15.20                |
| <b>TOTAL</b>                               | <b>289.84</b>       | <b>—</b>                  | <b>—</b>                               | <b>289.84</b>        | <b>255.11</b>  | <b>—</b>      | <b>19.53</b>              | <b>—</b>                               | <b>274.64</b>        | <b>—</b>      | <b>15.20</b>         |

## Assets given on operating lease

(₹ in Lacs)

| Tangible asset      | Year Ended March 31, 2013 |                          |                 |                                  | Year Ended March 31, 2012 |                          |                 |                                  |
|---------------------|---------------------------|--------------------------|-----------------|----------------------------------|---------------------------|--------------------------|-----------------|----------------------------------|
|                     | Gross Block               | Accumulated Depreciation | Net Block       | Depreciation Charge for the year | Gross Block               | Accumulated Depreciation | Net Block       | Depreciation Charge for the year |
| Freehold Land       | 8,027.68                  | —                        | 8,027.68        | —                                | 8,027.68                  | —                        | 8,027.68        | —                                |
| Buildings           | —                         | —                        | —               | —                                | 1,080.57                  | 1,012.41                 | 68.16           | 2.57                             |
| Plant and Equipment | 719.95                    | 511.99                   | 207.96          | 25.78                            | —                         | —                        | —               | —                                |
| <b>TOTAL</b>        | <b>8,747.63</b>           | <b>511.99</b>            | <b>8,235.64</b> | <b>25.78</b>                     | <b>9,108.25</b>           | <b>1,012.41</b>          | <b>8,095.84</b> | <b>2.57</b>                      |

## 11. Non-current investments

## Unquoted

## Trade investment

## A. Investment in government securities

National savings certificates (pledged with various Mandi Samitis)

0.06

0.06

## B. Investment in equity instruments

## Investments in wholly owned subsidiary companies

Pavan Poplar Limited

599.06

599.06

55,10,004 (2013: 55,10,004) equity shares of ₹ 10 each, fully paid (including 6 Equity Shares held by nominees)

Prag Agro Farm Limited

381.90

381.90

38,00,020 (2013: 38,00,020) equity shares of ₹ 10 each, fully paid (including 6 equity shares held by nominees)

Less : Provision for diminution in value

(980.96)

(381.90)

0.06

599.12

## Other investments

## Investments in other companies

Woodlands Multispeciality Hospital Limited

0.02

0.02

(Formerly known as Woodlands Hospital &amp; Medical Research Centre Limited)

22 (2013 : 22) 1/2% debentures of ₹ 100 each fully paid

Mirage Advertising and Marketing Limited

1.25

1.25

12,488 (2013 : 12,488) equity shares of ₹ 10 each fully paid

Bilaspur Cane Development Corporation Limited

0.01

0.01

100 (2013: 100) equity shares of ₹ 10 each fully paid

Less : Provision for diminution in value

(1.25)

(1.25)

0.03

0.03

Total non-current investments (at cost) - unquoted

982.30

982.30

Less : Aggregate provision for diminution in value

(982.21)

(383.15)

0.09

599.15

## 12. Deferred tax asset (net)

## Deferred tax liabilities

Difference between book depreciation and depreciation under the Income tax Act, 1961

416.03

345.36

## Deferred tax assets

On Unabsorbed depreciation as per Income tax Act, 1961

1,174.90

1,121.48

On Disallowance u/s 43B of the Income tax Act, 1961

124.51

145.99

On VRS cost u/s 35 DDA of the Income tax Act, 1961

655.54

1,092.77

On Provision for doubtful debts, advances and diminution in value of investments

693.25

164.89

On Long term capital loss as per Income tax Act, 1961

—

155.41

On Business loss as per Income tax Act, 1961

3,514.24

3,346.31

6,162.44

6,026.85

## Deferred tax asset (net) recognised \*

\*Deferred tax asset has been recognised only to the extent of the deferred tax liabilities as this amount is considered to be virtually certain of realisation.

## NOTES TO THE FINANCIAL STATEMENTS

|  | As at<br>March 31, 2014<br>(₹ in Lacs) | As at<br>March 31, 2013<br>(₹ in Lacs) |
|--|--|--|
| <b>13. Long term loans and advances</b>  |  |  |
| Unsecured, considered good   |  |  |
| Loan / Advance to Subsidiary Company (Prag Agro Farm Limited)  | 839.80                                 | 828.15                                 |
| Advances recoverable in cash (employee advances etc.)  | 40.36                                  | 28.75                                  |
| Advance tax and Tax deducted at source (net of provisions)   | 1,571.82                               | 1,481.44                               |
| Fringe benefits tax  | 10.85                                  | 10.85                                  |
|  | <u>2,462.83</u>                        | <u>2,349.19</u>                        |
| Less: Allowance for bad and doubtful loans and advances  | (839.80)                               | —                                      |
| <b>TOTAL</b>   | <u>1,623.03</u>                        | <u>2,349.19</u>                        |
| <b>14. Other non-current assets</b>  |  |  |
| Other bank balances (see note 17)  | 0.25                                   | 0.25                                   |
| <b>TOTAL</b>   | <u>0.25</u>                            | <u>0.25</u>                            |
| <b>15. Inventories</b>   |  |  |
| (At lower of cost and net realisable value)  |  |  |
| Raw materials (Includes in transit, ₹ Nil (2013: ₹ 6.54 Lacs))*  | 406.60                                 | 771.07                                 |
| Work-in-progress (including plantations)*  | 455.43                                 | 516.55                                 |
| Finished goods - manufactured*   | 48.18                                  | 854.77                                 |
| Finished goods - traded*   | —                                      | 35.23                                  |
| Stores and spares*   | 273.42                                 | 508.43                                 |
| <b>TOTAL</b>   | <u>1,183.63</u>                        | <u>2,686.05</u>                        |
| * Net of obsolescence  |  |  |
| <b>16. Trade receivables</b>   |  |  |
| Trade receivables outstanding for a period exceeding six months from the date they are due for payment:  |  |  |
| Unsecured, considered good *   | 54.75                                  | 73.05                                  |
| Unsecured, considered doubtful   | 499.98                                 | 486.41                                 |
| Less: Provision for doubtful debts   | (499.98)                               | (486.41)                               |
|  | <u>54.75</u>                           | <u>73.05</u>                           |
| Others *   | 465.41                                 | 541.90                                 |
| <b>TOTAL</b>   | <u>520.16</u>                          | <u>614.95</u>                          |
| * See note 30 for receivables due from related parties   |  |  |
| <b>17. Cash and bank balances</b>  |  |  |
| Cash and cash equivalents  |  |  |
| Balances with banks:   |  |  |
| - In Current accounts  | 128.98                                 | 26.34                                  |
| - Cash credit (including working capital demand loan) with banks*  | 122.12                                 | 0.43                                   |
| Cash on hand   | 2.90                                   | 4.35                                   |
| Cheques on hand  | —                                      | 51.80                                  |
| Other bank balances  |  |  |
| In restricted bank accounts (non-current)  | 0.25                                   | 0.25                                   |
| Deposit with original maturity of more than twelve months (current)  | 0.75                                   | 0.75                                   |
| Less: Amounts disclosed under non-current assets (see note 14)   | (0.25)                                 | (0.25)                                 |
| <b>TOTAL</b>   | <u>254.75</u>                          | <u>83.67</u>                           |
| *Secured by hypothecation of all stock in trade present and future of the Company including raw materials, finished goods, trading products and stock-in-process and present and future book debts, outstanding receivables, claims and bills. |  |  |
| <b>18. Short-term loans and advances</b>   |  |  |
| Other loans and advances - unsecured, considered good unless otherwise stated  |  |  |
| Sundry advances to suppliers, employees, etc.  |  |  |
| Considered good  | 153.75                                 | 294.98                                 |
| Considered doubtful  | 49.62                                  | 30.37                                  |
|  | <u>203.37</u>                          | <u>325.35</u>                          |
| Less: Allowance for bad and doubtful loans and advances  | (49.62)                                | (30.37)                                |
|  | <u>153.75</u>                          | <u>294.98</u>                          |
| Prepaid expenses   | 35.89                                  | 6.03                                   |
| Advances with government and public bodies#  | 221.08                                 | 245.71                                 |
| Deposits   |  |  |
| Considered good  | 223.23                                 | 294.86                                 |
| Considered doubtful  | 51.12                                  | 15.86                                  |
|  | <u>274.35</u>                          | <u>310.72</u>                          |
| Less: Provision for doubtful deposits  | (51.12)                                | (15.86)                                |
|  | <u>223.23</u>                          | <u>294.86</u>                          |
| <b>TOTAL</b>   | <u>633.95</u>                          | <u>841.58</u>                          |
| #Advances with government and public bodies  |  |  |
| Excise duty, custom duty and service tax   | 120.61                                 | 142.12                                 |
| VAT  | 100.47                                 | 103.59                                 |
|  | <u>221.08</u>                          | <u>245.71</u>                          |

## NOTES TO THE FINANCIAL STATEMENTS

|   | As at<br>March 31, 2014<br>(₹ in Lacs)   | As at<br>March 31, 2013<br>(₹ in Lacs)                   |
|---|--|--|
| <b>19. Other current assets</b>   |  |  |
| Interest accrued but not due on electricity deposits  | —  | 1.23   |
| Insurance claim receivable  | —  | 89.59  |
| Consideration receivable towards sale of Fixed Assets   | 410.55   | —  |
| Compensation receivable towards acquisition of Land   | —  | 37.57  |
| <b>TOTAL</b>  | <b>410.55</b>  | <b>128.39</b>  |
|   | <b>For year ended<br/>March 31, 2014<br/>(₹ in Lacs)</b>   | <b>For year ended<br/>March 31, 2013<br/>(₹ in Lacs)</b> |
| <b>20. Gross revenue from sale of products and services</b><br>(see note 36)  |  |  |
| Sale of Products  |  |  |
| Finished goods (including plantations)  | 9,146.19   | 12,308.40  |
| Traded goods  | 7,798.39   | 5,364.54   |
| Sale of services  | 83.99  | 45.54  |
| <b>TOTAL</b>  | <b>17,028.57</b>   | <b>17,718.48</b>   |
| <b>21. Other operating revenue</b>  |  |  |
| Income from sale of   |  |  |
| -Scrap  | 40.67  | 53.83  |
| -Stores and spares  | —  | 0.25   |
| -Raw materials  | —  | 24.05  |
| Income from sale of energy  | 21.79  | 29.53  |
| Insurance claims  | —  | 182.82   |
| <b>TOTAL</b>  | <b>62.46</b>   | <b>290.48</b>  |
| <b>22. Other income</b>   |  |  |
| Interest income on Income Tax refund  | 77.20  | 50.55  |
| Interest income - others  | 4.70   | 10.13  |
| Net gain on foreign currency transactions   | 0.48   | 0.97   |
| Rental Income *   | 403.90   | 393.73   |
| Liabilities no longer required written back   | 206.68   | 45.00  |
| Income from sale of scrap   | 322.97   | 397.79   |
| Compensation received on compulsory acquisition of Land (net)   | 923.66   | 37.57  |
| Profit on sale / discard of fixed assets (net)  | 69.62  | —  |
| Miscellaneous Income  | 22.49  | 23.30  |
| <b>TOTAL</b>  | <b>2,031.70</b>  | <b>959.04</b>  |
|   | * Includes income from operating lease of land and office building premises at various locations |  |
| <b>23. Cost of material consumed</b>  |  |  |
| (a) Raw materials including packing materials consumed<br>(including provision made for obsolete Raw materials)                                 |  |  |
| Opening stock   | 771.07   | 912.22   |
| Purchases   | 4,075.41   | 7,567.10   |
| Less: Closing stock   | (406.60)   | (771.07)   |
| Cost of Raw materials including packing materials consumed (see note 38)  | 4,439.88   | 7,708.25   |
| (b) Cost of seeds   | 33.94  | 7.94   |
| <b>TOTAL</b>  | <b>4,473.82</b>  | <b>7,716.19</b>  |
| <b>24. Changes in inventories of finished goods, work-in-progress and stock-in-trade</b><br>(including provision made for obsolete inventories) |  |  |
| Stock at the end of the year  |  |  |
| Finished goods  | 48.18  | 854.77   |
| Work-in-progress (including plantations)  | 455.43   | 516.55   |
| Stock-in-trade  | —  | 35.23  |
| <b>Total (A)</b>  | <b>503.61</b>  | <b>1,406.55</b>  |
| Less: Stock at the beginning of the year  |  |  |
| Finished goods  | 854.77   | 344.88   |
| Work-in-progress (including plantations)  | 516.55   | 445.72   |
| Stock-in-trade  | 35.23  | 12.35  |
| <b>Total (B)</b>  | <b>1,406.55</b>  | <b>802.95</b>  |
| <b>Decrease / (Increase) in stocks [B-A]</b>  | <b>902.94</b>  | <b>(603.60)</b>  |
| <b>25. Employee benefits expense</b>  |  |  |
| Salaries, wages and bonus   | 1,487.42   | 1,611.87   |
| Contribution to provident and other funds   | 290.21   | 322.95   |
| Workmen and staff welfare expenses  | 146.43   | 162.01   |
|   | 1,924.06   | 2,096.83   |
| Less: Recoveries  | (0.65)   | (0.66)   |
| <b>TOTAL</b>  | <b>1,923.41</b>  | <b>2,096.17</b>  |

## NOTES TO THE FINANCIAL STATEMENTS

(₹ in Lacs)

|   | Defined Benefit Plans |          |                             |         |
|---|-----------------------|----------|-----------------------------|---------|
|   | Gratuity (Funded)     |          | Leave Encashment (Unfunded) |         |
|   | 2014                  | 2013     | 2014                        | 2013    |
| <b>Change in obligation during the year</b>   |                       |          |                             |         |
| 1. Obligation at the beginning of the year  | 389.35                | 367.47   | 95.51                       | 89.93   |
| 2. Service cost   | 26.65                 | 24.91    | 18.78                       | 18.22   |
| 3. Interest cost  | 35.04                 | 29.39    | 8.60                        | 7.19    |
| 4. Actuarial losses / (gains)   | 42.45                 | 91.41    | 6.55                        | (0.04)  |
| 5. Benefits' payments   | (102.23)              | (123.83) | (25.61)                     | (19.79) |
| 6. Obligations at the end of the year   | 391.26                | 389.35   | 103.83                      | 95.51   |
| <b>Change in plan assets</b>  |                       |          |                             |         |
| 1. Plan assets at the beginning of the year   | 345.02                | 279.70   | —                           | —       |
| 2. Expected return on plan assets   | 25.54                 | 29.15    | —                           | —       |
| 3. Contribution by employers  | 120.00                | 160.00   | —                           | —       |
| 4. Actual benefits paid   | (102.23)              | (123.83) | —                           | —       |
| 5. Actuarial losses / (gains)   | —                     | —        | —                           | —       |
| 6. Plan assets at the end of the year   | 388.33                | 345.02   | —                           | —       |
| <b>Reconciliation of present value of the obligation and the fair value of the plan assets</b>  |                       |          |                             |         |
| 1. Fair value of plan assets at the end of the year   | 388.33                | 345.02   | —                           | —       |
| 2. Present value of the defined benefit obligation at the end of the year   | 391.26                | 389.35   | 103.83                      | 95.51   |
| 3. Asset /(liability) recognised in the balance sheet   | (2.93)                | (44.33)  | (103.83)                    | (95.51) |
| <b>Cost for the period</b>  |                       |          |                             |         |
| 1. Service cost   | 26.65                 | 24.91    | 18.78                       | 18.22   |
| 2. Interest cost  | 35.04                 | 29.39    | 8.60                        | 7.19    |
| 3. Return on plan assets  | (25.54)               | (29.15)  | —                           | —       |
| 4. Actuarial losses / (gains)   | 42.45                 | 91.41    | 6.55                        | (0.04)  |
| <b>Net cost</b>   | 78.60                 | 116.56   | 33.93                       | 25.37   |
| <b>Investment details of plan assets</b>  |                       |          |                             |         |
| The Gratuity Scheme is invested in a Group-cum-Life Assurance cash accumulation policy offered by Life Insurance Corporation (LIC) of India |                       |          |                             |         |
| <b>Actual Return on Plan assets</b>   | 30.47                 | 29.15    | —                           | —       |
| <b>Actuarial Assumptions:</b>   |                       |          |                             |         |
| 1. Discount Rate  | 9.00%                 | 8.00%    | 9.00%                       | 8.00%   |
| 2. Salary escalation  | 5.00%                 | 4.00%    | 5.00%                       | 4.00%   |
| 3. Expected return on plan assets   | 7.62%                 | 9.00%    | —                           | —       |

(₹ in Lacs)

| Net Asset / (Liability) recognized in Balance Sheet (including experience adjustment impact)   | For the year ended March 31, 2014 |                  | For the year ended March 31, 2013 |                  | For the year ended March 31, 2012 |                  | For the year ended March 31, 2011 |                  |
|--|-----------------------------------|------------------|-----------------------------------|------------------|-----------------------------------|------------------|-----------------------------------|------------------|
|  | Gratuity                          | Leave Encashment |
| 1. Present value of defined benefit obligation   | 391.26                            | 103.83           | 389.35                            | 95.51            | 367.47                            | 89.93            | 763.22                            | 85.83            |
| 2. Fair value on plan assets   | 388.33                            | —                | 345.02                            | —                | 279.70                            | —                | 514.01                            | —                |
| 3. Status [(deficit) / surplus]  | (2.93)                            | (103.83)         | (44.33)                           | (95.51)          | (87.77)                           | (89.93)          | (249.21)                          | (85.83)          |
| The experience adjustments as at March 31, 2014 of plan assets is ₹ 6.60 Lacs (2013 - ₹ 6.78 Lacs) and obligations is loss of ₹ 42.44 Lacs (2013 - ₹ 91.41 Lacs) |                                   |                  |                                   |                  |                                   |                  |                                   |                  |

A. Amounts recognised as an expense ₹ 33.38 lacs (2013: ₹ 25.37 lacs) for leave encashment in the Employee benefits expense.

B. Basis used to determine expected rate of return on assets:

The Gratuity scheme is invested in a Group-cum-life assurance cash accumulation policy offered by Life Insurance Corporation of India(LIC). The invested return earned on the policy comprises bonuses declared by LIC having regard to LIC's investment earnings. The information on the allocation of the fund into major asset classes and expected return on each major class are not readily available. We understand that LIC's overall portfolio of assets is well diversified and as such, the long-term return on the policy is expected to be higher than the rate of return on Central Government bonds.

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

**Provident fund liability:**

Eligible employees receive benefits from a provident fund, wherein, both the employee and the Company make monthly contributions equal to a specified percentage of the employee's salary. The Company contributed ₹ 141.74 Lacs and ₹ 84.23 Lacs (including shortfall of ₹ 44.46 Lacs) towards provident fund during the year ended March 31, 2014 and March 31, 2013, respectively. The contributions other than for the employees of erstwhile Wimco Seedlings Limited, are made to a Trust administered by the Company. Pursuant to the Guidance Note on Valuation of Interest rate Guarantees on Exempt Provident Fund issued by the Institute of Actuaries of India, based on an actuarial valuation at March 31, 2014 in this regard, plan assets at year end, at fair value stands at ₹ 2,158.39 Lacs and present value of defined obligation at year end is ₹ 2,142.54 Lacs. The key assumptions include: (a) Government of India bond yield at 8.75%; (b) Expected guaranteed interest rate at 8.75%; and (c) Remaining term of maturity at 9.56 years.

## NOTES TO THE FINANCIAL STATEMENTS

|  | For the year ended<br>March 31, 2014<br>(₹ in Lacs) | For the year ended<br>March 31, 2013<br>(₹ in Lacs) |
|--|---|---|
| <b>26. Finance cost</b>  |   |   |
| Interest expense   | 0.38  | 4.81  |
|  | <u>0.38</u>   | <u>4.81</u>   |
| <b>27. Other expenses</b>  |   |   |
| Consumption of stores and spare parts (including provision made for obsolete spares) | 366.67  | 425.41  |
| Power and fuel   | 488.83  | 554.60  |
| Rent *   | 294.94  | 273.57  |
| Repairs  |   |   |
| - Buildings  | 97.62   | 56.97   |
| - Machinery  | 256.52  | 158.46  |
| - Others   | 55.25   | 55.89   |
| Rates and taxes  | 218.31  | 112.32  |
| Insurance  | 54.49   | 38.14   |
| Maintenance and upkeep   | 213.99  | 141.64  |
| Outward freight and handling charges   | 259.89  | 322.03  |
| Warehousing charges  | 31.77   | 26.40   |
| Advertising and sales promotion charges  | 45.47   | 18.35   |
| Commission   | 12.35   | —   |
| Bank charges   | 2.26  | 4.20  |
| Information technology services  | 102.63  | 65.53   |
| Travelling and conveyance  | 197.75  | 162.77  |
| Training and development   | 1.57  | 2.88  |
| Professional fees  | 143.85  | 86.55   |
| Postage and telephone charges  | 30.00   | 22.14   |
| Printing and stationery  | 18.85   | 19.16   |
| Loss on sale / discard of fixed assets (Net)   | —   | 98.26   |
| Payment to Auditors (see note 31)  | 17.81   | 17.10   |
| Directors' sitting fees  | 0.50  | 0.65  |
| Plantation, Cultivation and Harvesting Charges                                       | 230.60  | 217.01  |
| Sub-Contracting Expenses   | 101.93  | 184.72  |
| Doubtful and Bad debts   | 13.57   | 14.98   |
| Doubtful and Bad advances, loans and deposits  | 54.51   | 3.54  |
| Miscellaneous expenses   | 164.31  | 134.75  |
| <b>TOTAL</b>   | <u>3,476.24</u>                                     | <u>3,218.02</u>                                     |

**\*Leases: Where the Company is a lessee/ licensee**

The Company has taken various office and godown premises under operating lease on leave and license agreements. These are not non-cancellable and range between 11 months and 3 years under leave and license or longer for other leases.

|  |             |             |
|--|-------------|-------------|
| <b>28. Earnings per share</b>                                      |             |             |
| (Loss) / Profit after tax, attributable to equity shareholders (A) | (1,153.89)  | 189.69      |
| Weighted average number of equity shares (B)                       | 188,460,000 | 188,288,722 |
| Earning per share - basic and diluted (in ₹) (A / B)               | (0.61)      | 0.10        |
| Nominal value of an equity share (in ₹)                            | 1.00        | 1.00        |
| Profit from continuing operations after tax (A)                    | 167.25      | 77.35       |
| Weighted average number of equity shares (B)                       | 188,460,000 | 188,288,722 |
| Earning per share - basic and diluted (in ₹) (A / B)               | 0.09        | 0.04        |
| (Loss) / Profit from discontinuing operations after tax (A)        | (1,321.14)  | 112.34      |
| Weighted average number of equity shares (B)                       | 188,460,000 | 188,288,722 |
| Earning per share - basic and diluted (in ₹) (A / B)               | (0.70)      | 0.06        |

**29. Segment information for the year ended March 31, 2014**

(₹ in lacs)

| Information about primary business segments                                      | March 31, 2014   |                 |                 |               |                   | March 31, 2013   |                 |                 |                 |                  |
|--|------------------|-----------------|-----------------|---------------|-------------------|------------------|-----------------|-----------------|-----------------|------------------|
|  | Match            | Engineering     | Agri Forestry   | Unallocated   | Total             | Match            | Engineering     | Agri Forestry   | Unallocated     | Total            |
| <b>Revenue</b>   |                  |                 |                 |               |                   |                  |                 |                 |                 |                  |
| External   | 13,645.74        | 1,836.94        | 1,545.89        | —             | 17,028.57         | 14,453.61        | 1,779.40        | 1,485.47        | —               | 17,718.48        |
| Inter-segment  | —                | —               | —               | —             | —                 | —                | —               | 182.58          | —               | 182.58           |
| <b>Total</b>   | <b>13,645.74</b> | <b>1,836.94</b> | <b>1,545.89</b> | <b>—</b>      | <b>17,028.57</b>  | <b>14,453.61</b> | <b>1,779.40</b> | <b>1,668.05</b> | <b>—</b>        | <b>17,901.06</b> |
| Less: Eliminations on account of inter segment revenue                           | —                | —               | —               | —             | —                 | —                | —               | (182.58)        | —               | (182.58)         |
| <b>Total revenue</b>   | <b>13,645.74</b> | <b>1,836.94</b> | <b>1,545.89</b> | <b>—</b>      | <b>17,028.57</b>  | <b>14,453.61</b> | <b>1,779.40</b> | <b>1,485.47</b> | <b>—</b>        | <b>17,718.48</b> |
| <b>Result</b>  |                  |                 |                 |               |                   |                  |                 |                 |                 |                  |
| Segment result   | (906.80)         | 205.06          | 668.54          | —             | (33.20)           | (335.42)         | 104.22          | 896.68          | —               | 665.48           |
| Unallocated expenditure net of unallocated income                                | —                | —               | —               | 236.65        | 236.65            | —                | —               | —               | (531.66)        | (531.66)         |
| <b>Operating (Loss) / Profit before exceptional items, interest and taxation</b> | <b>(906.80)</b>  | <b>205.06</b>   | <b>668.54</b>   | <b>236.65</b> | <b>203.45</b>     | <b>(335.42)</b>  | <b>104.22</b>   | <b>896.68</b>   | <b>(531.66)</b> | <b>133.82</b>    |
| Exceptional Items (see note 34)  | —                | —               | (1,438.86)      | —             | (1,438.86)        | —                | —               | —               | —               | —                |
| <b>Operating (Loss) / Profit before interest and taxation</b>                    | <b>(906.80)</b>  | <b>205.06</b>   | <b>(770.32)</b> | <b>236.65</b> | <b>(1,235.41)</b> | <b>—</b>         | <b>—</b>        | <b>—</b>        | <b>—</b>        | <b>—</b>         |
| Interest expenses  | —                | —               | —               | (0.38)        | (0.38)            | —                | —               | —               | (4.81)          | (4.81)           |
| Interest income  | —                | —               | 0.13            | 81.77         | 81.90             | 0.47             | —               | 5.95            | 54.26           | 60.68            |
| Provision for taxation   | —                | —               | —               | —             | —                 | —                | —               | —               | —               | —                |
| <b>Net (Loss) / Profit</b>   | <b>(906.80)</b>  | <b>205.06</b>   | <b>(770.19)</b> | <b>318.04</b> | <b>(1,153.89)</b> | <b>(334.95)</b>  | <b>104.22</b>   | <b>902.63</b>   | <b>(482.21)</b> | <b>189.69</b>    |
| <b>Other Information</b>   |                  |                 |                 |               |                   |                  |                 |                 |                 |                  |
| Segment assets   | 2,996.68         | 780.86          | 782.18          | 13,622.02     | 18,181.74         | 4,607.90         | 906.68          | 2,065.07        | 14,680.47       | 22,260.12        |
| Segment liabilities  | 699.29           | 542.48          | 307.10          | 6,870.67      | 8,419.54          | 3,140.83         | 773.77          | 368.52          | 6,760.91        | 11,044.03        |
| Capital expenditure  | 22.83            | 12.89           | 54.85           | 0.70          | 91.27             | 167.32           | 0.09            | 30.42           | —               | 197.83           |
| Depreciation   | 212.03           | 5.09            | 8.21            | 133.25        | 358.58            | 184.20           | 4.53            | 4.97            | 214.44          | 408.14           |

## NOTES TO THE FINANCIAL STATEMENTS

| Information about Secondary Business Segments<br>Revenue by Geographical Segments | March 31, 2014 |               |           | March 31, 2013 |               |           |
|---|----------------|---------------|-----------|----------------|---------------|-----------|
|   | India          | Outside India | Total     | India          | Outside India | Total     |
| Sales   | 16,726.86      | 301.71        | 17,028.57 | 17,459.80      | 258.68        | 17,718.48 |
| Carrying Amount of Segment Assets   | 18,177.48      | 4.26          | 18,181.74 | 22,239.95      | 20.17         | 22,260.12 |
| Capital Expenditure   | 91.27          | —             | 91.27     | 197.83         | —             | 197.83    |

(i) The business segment has been considered as the primary segment. The Company is organised into three main business segments: Match, Engineering and Agri-Forestry (also refer note 44)

The segments have been identified and reported taking into account the nature of products and services, the differing risks and returns, the organisation structure and the internal financial reporting systems.

(ii) Segment revenue in each of the above business segments primarily includes sales and services in the respective segments.

(iii) The Segment revenues in the geographical segments considered for disclosure are as follows:

(a) Revenue within India includes sales to customers located within India and earnings in India.

(b) Revenue outside India includes sales to customers located outside India and earnings outside India.

The Company has disclosed Geographical Segment as the secondary segment. Fixed assets used in the Company's business or liabilities contracted have not been identified to any of the reportable segments, as the fixed assets and services are used interchangeably between segments for some units. The Company therefore believes that it is currently not practicable to provide segment disclosures relating to total assets and liabilities (including capital expenditure incurred during the period) other than debtors, since a meaningful segregation of the available data is onerous.

(iv) Segment revenue, results, assets and liabilities include the respective amounts identifiable to each of the above segments and amounts allocated on a reasonable basis.

## 30. Related party disclosures

## 1. Parties exercising control over the Company:

| Related Party | Relationship    |
|---------------|-----------------|
| ITC Limited   | Holding company |

## 3. Other related Parties with whom the Company had transactions

| Related Party                             | Relationship                     |
|---|----------------------------------|
| Russell Credit Limited (RCL)              | Fellow subsidiary                |
| Surya Nepal Private Limited (SNPL)        | Fellow subsidiary                |
| ITC Infotech India Limited (ITCIIL)       | Fellow subsidiary                |
| International Travel House Limited (ITHL) | Associate of the Holding Company |
| ATC Limited (ATCL)                        | Associate of Fellow Subsidiary   |

## 2. Parties over whom Company exercises control:

| Related Party                 | Relationship                      |
|-------------------------------|-----------------------------------|
| Pavan Poplar Limited (PPL)    | Subsidiary Company (Wholly owned) |
| Prag Agro Farm Limited (PAFL) | Subsidiary Company (Wholly owned) |

## 4. Directors of the Company

| Managing Director  | VM Rajasekharan |
|--|-----------------|
| No remuneration is paid by the Company to the Managing Director in accordance with the terms of his appointment. |                 |

## 5. Transaction with Related Parties

₹ in Lacs

|   | HOLDING COMPANY |           | SUBSIDIARY COMPANIES |        |        |        | Fellow Subsidiaries |        |       |        |        |       | Associate of the Holding Company |       | Associate of the Fellow Subsidiaries |      | Total     |           |
|---|-----------------|-----------|----------------------|--------|--------|--------|---------------------|--------|-------|--------|--------|-------|----------------------------------|-------|--------------------------------------|------|-----------|-----------|
|   | ITC Ltd.        |           | PPL                  |        | PAFL   |        | RCL                 |        | SNPL  |        | ITCIIL |       | ITHL                             |       | ATCL                                 |      |           |           |
|   | 2014            | 2013      | 2014                 | 2013   | 2014   | 2013   | 2014                | 2013   | 2014  | 2013   | 2014   | 2013  | 2014                             | 2013  | 2014                                 | 2013 | 2014      | 2013      |
| Sale of goods and services                            | 13,922.58       | 15,036.85 | 7.31                 | 7.34   | 0.74   | 1.43   | —                   | —      | 67.19 | 168.48 | —      | —     | —                                | —     | —                                    | 0.80 | 13,997.82 | 15,214.90 |
| Purchase of raw materials and components              | 72.69           | 431.71    | —                    | —      | 0.01   | 1.11   | —                   | —      | —     | —      | —      | —     | —                                | —     | —                                    | —    | 72.70     | 432.82    |
| Purchase of services                                  | 1.40            | 1.03      | —                    | —      | —      | —      | —                   | —      | —     | —      | 20.60  | 16.39 | 23.63                            | 16.62 | —                                    | —    | 45.63     | 34.04     |
| Expenses reimbursed                                   | 58.30           | 45.72     | —                    | 3.42   | —      | 0.50   | —                   | —      | —     | —      | —      | —     | —                                | —     | —                                    | —    | 58.30     | 49.64     |
| Interest Paid   | —               | —         | —                    | —      | —      | —      | —                   | 1.25   | —     | —      | —      | —     | —                                | —     | —                                    | —    | —         | 1.25      |
| Expenses recovered                                    | 176.65          | 158.74    | 2.49                 | 1.92   | 15.34  | 15.88  | —                   | —      | —     | —      | —      | —     | —                                | —     | —                                    | —    | 194.48    | 176.54    |
| Rent received   | 423.58          | 420.88    | —                    | —      | —      | —      | —                   | —      | —     | —      | —      | —     | —                                | —     | —                                    | —    | 423.58    | 420.88    |
| Loans and advances given during the year              | —               | —         | —                    | —      | 11.65  | 43.00  | —                   | —      | —     | —      | —      | —     | —                                | —     | —                                    | —    | 11.65     | 43.00     |
| Receipt towards repayment of loans and advances given | —               | —         | —                    | —      | —      | 3.69   | —                   | —      | —     | —      | —      | —     | —                                | —     | —                                    | —    | —         | 3.69      |
| Outstanding loans and advances (Dr)                   | —               | —         | —                    | —      | 839.80 | 828.15 | —                   | —      | —     | —      | —      | —     | —                                | —     | —                                    | —    | 839.80    | 828.15    |
| Loans and advances taken during the year              | 564.69          | 667.16    | —                    | —      | —      | —      | —                   | —      | —     | —      | —      | —     | —                                | —     | —                                    | —    | 564.69    | 667.16    |
| Repayment of loans and advances by the Company        | 2,714.51        | 607.82    | 7.21                 | 48.18  | —      | —      | —                   | 200.00 | —     | —      | —      | —     | —                                | —     | —                                    | —    | 2,721.72  | 856.00    |
| Unsecured loans (Cr)                                  | —               | —         | 211.19               | 218.40 | —      | —      | —                   | —      | —     | —      | —      | —     | —                                | —     | —                                    | —    | 211.19    | 218.40    |
| Deposits received during the year                     | —               | 35.00     | —                    | —      | —      | —      | —                   | —      | —     | —      | —      | —     | —                                | —     | —                                    | —    | —         | 35.00     |
| Outstanding receivables                               | 61.65           | 333.70    | —                    | —      | 0.74   | —      | —                   | —      | —     | —      | 60.90  | 31.15 | —                                | —     | —                                    | —    | 123.29    | 364.85    |
| Outstanding payables                                  | 6,086.62        | 5,776.68  | 47.45                | 82.87  | —      | —      | —                   | —      | —     | —      | —      | —     | —                                | —     | —                                    | —    | 6,134.07  | 5,859.55  |
| Advance payable                                       | 194.52          | 2,344.34  | —                    | —      | —      | —      | —                   | —      | —     | —      | —      | —     | —                                | —     | —                                    | —    | 194.52    | 2,344.34  |
| Proceeds from rights issue of equity shares           | —               | —         | —                    | —      | —      | —      | —                   | 26.05  | —     | —      | —      | —     | —                                | —     | —                                    | —    | —         | 26.05     |
| Premium on Equity Shares                              | —               | —         | —                    | —      | —      | —      | —                   | 143.27 | —     | —      | —      | —     | —                                | —     | —                                    | —    | —         | 143.27    |

## NOTES TO THE FINANCIAL STATEMENTS

|  | For the year ended<br>March 31, 2014<br>(₹ in Lacs)          | For the year ended<br>March 31, 2013<br>(₹ in Lacs)          |
|--|--|--|
| <b>31. Auditors' remuneration</b>  |  |  |
| Payments to the auditor as:  |  |  |
| a. Audit fees  | 15.50  | 15.50  |
| b. Out-of-pocket expenses  | 2.31   | 1.60   |
| <b>Total</b>   | <b>17.81</b>   | <b>17.10</b>   |
| <b>32. Contingent liabilities and commitments (to the extent not provided for)</b>   |  |  |
| <b>A. Contingent liabilities</b>   |  |  |
| <b>1. Claims against the Company not acknowledged as debts:</b>  |  |  |
| A. Income tax matters relating to allowability of expenses, unabsorbed depreciation and brought forward losses, etc.   | 7.04   | 11.48  |
| B. Excise duty, sales tax and indirect taxes claims disputed relating to issues of applicability and classification  | 183.76   | 180.02   |
| C. Local authority taxes / Cess/ Royalty on property, utilities etc. disputed relating to issues of applicability and determination  | 200.09   | 532.63   |
| D. Third party claims arising from disputes relating to contracts  | 455.87   | 451.75   |
| E. Other matters   | 57.34  | 64.59  |
|  | <b>904.10</b>  | <b>1,240.47</b>  |
| <b>2. Other matters for which the Company is contingently liable</b>   |  |  |
| A. Test bonds / special valuation bonds equivalent to CIF Value of exports of certain raw materials in respect of which additional liability of custom duty is not likely to exceed the amount.  | 241.00   | 241.00   |
| B. Claims have been filed by farmers in respect of disputes under the WIMCO NABARD Poplar Scheme.  | 19.65  | 19.65  |
| C. The Company had issued 'Legal Agreement – Undertaking' in favour of the President of India acting through the Director General of Foreign Trade, Ministry of Commerce, and given declarations under the amended procedures of the Export Import Policy 1992-1997 and issued bonds to the President of India acting through the Assistant Commissioner of Customs, Mumbai, aggregating ₹ 235.35 lacs (2013: ₹ 235.35 lacs) where necessary formalities and entries have not been completed.  | —  | 1,362.62   |
|  | <b>1,164.75</b>  | <b>2,863.74</b>  |
| <b>B. Commitments</b>  |  |  |
| Capital Expenditure Commitments  | —  | 32.69  |
|  | —  | 32.69  |
| <b>Total of contingent liability and commitments [A + B]</b>   | <b>1,164.75</b>  | <b>2,896.43</b>  |
| <b>33.</b> The Company's Safety Matches operations at its Ambarnath, Kolkata and Chennai factories, were suspended in earlier years. Out of the total value of assets at these locations, amounting to ₹ 11,075.86 Lacs (2013: ₹ 12,004.33 Lacs), the assets amounting to ₹ 7,701.71 Lacs (2013: ₹ 8,235.64 Lacs) have been leased / redeployed. The management continues to evaluate options to utilise the balance assets at these locations in order to optimise value. The remaining assets at these Units are now included under Unallocated Assets, while the costs incurred to get these assets released for alternate use have been included under Unallocated Expenditure in Note 29 – Segment Information. |  |  |
| <b>34.</b> Pavan Poplar Limited and Prag Agro Farms Limited, subsidiaries of the Company, have filed an appeal against the order passed by the Nainital High Court to take possession of the leased land and the appeals have been admitted. Accordingly, the Company reviewed these balances and as a measure of prudence, provided for investments in Pavan Poplar Limited (₹ 599.06 lacs) and advances given to Prag Agro Farm Limited (₹ 839.80 Lacs), pending appeal in the High Court.   |  |  |
| <b>35. Micro, small and medium scale business entities:</b>  |  |  |
| 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, 2014 and March 31, 2013. 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.   |  |  |
|  | <b>For the year ended<br/>March 31, 2014<br/>(₹ in Lacs)</b> | <b>For the year ended<br/>March 31, 2013<br/>(₹ in Lacs)</b> |
| <b>36. Sale of products and services</b>   |  |  |
| Sale of Finished Goods   |  |  |
| - Safety Matches (manufactured)  | 5,847.35   | 9,118.87   |
| - ETPs   | 981.19   | 1,160.31   |
| - Engineering Products including Spares (manufactured )  | 1,752.96   | 1,704.06   |
| - Others (including Farm & Forest Produce)   | 564.69   | 325.16   |
| Sale of Traded Goods   |  |  |
| - Safety Matches   | 7,798.39   | 5,334.74   |
| - Others   |  | 29.80  |
| Sale of Engineering services   | 83.99  | 45.54  |
| <b>TOTAL</b>   | <b>17,028.57</b>   | <b>17,718.48</b>   |
| <b>37. Details of Raw Materials and Finished Goods Inventories</b>   |  |  |
| Raw materials  |  |  |
| - Wood   | 1.75   | 28.76  |
| - Splints and veneers  | 28.28  | 32.00  |
| - Card board and paper   | 103.56   | 134.60   |
| - Chemicals  | 110.46   | 133.27   |
| - Machine parts and sub-assemblies   | 144.85   | 180.29   |
| - Others   | 17.70  | 262.15   |
| <b>TOTAL</b>   | <b>406.60</b>  | <b>771.07</b>  |
| Finished Goods   |  |  |
| - Safety Matches   | 40.20  | 882.02   |
| - Engineering Machines   | 7.98   | 7.98   |
| <b>TOTAL</b>   | <b>48.18</b>   | <b>890.00</b>  |
| <b>38. Details of consumption and purchases</b>  |  |  |
| <b>(a) Details of raw materials/packing materials consumed</b>   |  |  |
| Wood   | 27.02  | 784.86   |
| Splints and veneers  | 1,255.13   | 1,928.61   |
| Card board and paper   | 530.09   | 1,241.37   |
| Chemicals  | 692.19   | 1,256.70   |
| Others   | 1,935.45   | 2,496.71   |
| <b>TOTAL</b>   | <b>4,439.88</b>  | <b>7,708.25</b>  |

## NOTES TO THE FINANCIAL STATEMENTS

| (b) Value of imported and indigenous materials consumed                       | 2014                 | 2013          | For the year ended   | For the year ended |
|---|----------------------|---------------|----------------------|--------------------|
|   | (%)                  | (%)           | March 31, 2014       | March 31, 2013     |
|   |                      |               | (₹ in Lacs)          | (₹ in Lacs)        |
| <b>Raw materials</b>  |                      |               |                      |                    |
| Imported  | 4.22                 | 4.84          | 187.25               | 373.41             |
| Indigenous  | 95.78                | 95.16         | 4,252.63             | 7,334.84           |
|   | <u>100.00</u>        | <u>100.00</u> | <u>4,439.88</u>      | <u>7,708.25</u>    |
| <b>Stores and spare parts</b>   |                      |               |                      |                    |
| Imported  | —                    | 0.10          | —                    | 0.44               |
| Indigenous  | 100.00               | 99.90         | 366.67               | 424.97             |
|   | <u>100.00</u>        | <u>100.00</u> | <u>366.67</u>        | <u>425.41</u>      |
| <b>(c) Purchase of traded goods</b>   |                      |               | For the year ended   | For the year ended |
|   |                      |               | March 31, 2014       | March 31, 2013     |
|   |                      |               | (₹ in Lacs)          | (₹ in Lacs)        |
| Matches   |                      |               | 6,887.33             | 4,751.68           |
| Machines  |                      |               | —                    | 30.38              |
| <b>TOTAL</b>  |                      |               | <u>6,887.33</u>      | <u>4,782.06</u>    |
| <b>39. CIF value of imports</b>   |                      |               | <u>89.78</u>         | <u>439.87</u>      |
| Raw materials   |                      |               |                      |                    |
| <b>40. Expenditure in foreign currency</b>                                    |                      |               | <u>1.92</u>          | <u>0.81</u>        |
| Foreign travel  |                      |               |                      |                    |
| <b>41. Earnings in foreign exchange</b>                                       |                      |               | <u>237.75</u>        | <u>255.89</u>      |
| Exports of goods calculated on FOB basis                                      |                      |               |                      |                    |
| <b>42. Unhedged foreign currency exposure not covered by forward contract</b> |                      |               |                      |                    |
|   | As at March 31, 2014 |               | As at March 31, 2013 |                    |
|   | (₹ in Lacs)          | (USD in Lacs) | (₹ in Lacs)          | (USD in Lacs)      |
| Trade Receivables   | 4.26                 | 0.07          | 20.17                | 0.39               |
| Advance from Customers  | 11.33                | 0.19          | 28.83                | 0.52               |

**43. Scheme of arrangement with ITC Limited:** The Board of Directors of Wimco Limited at their meeting held on 28th August 2013 approved the Scheme of Arrangement ('the Scheme') between Wimco Limited ('Demerged Company') and ITC Limited ('Resulting Company') and their respective shareholders for the demerger of the Demerged Undertaking (as defined in Para 1(v) of the Scheme – Non Engineering Business of the Demerged Company which includes Agri-Forestry Business and Safety Matches Business) into the Resulting Company. The shareholders of the Company accorded their approval to the Scheme at the Court Convened Meeting held on 27th December 2013.

As per the Scheme, the Demerged Undertaking of Wimco Limited will stand transferred to the Resulting Company with effect from 1 April 2013, the Appointed Date. The Honourable High Court of Judicature at Bombay has approved the Scheme on 10th April 2014. Pending approval of the Honourable High Court of Judicature at Calcutta, accounting treatment as prescribed in Para 12 of the Scheme has not been given effect to in the financial statements for the year ended March 31, 2014 and the core operations to be transferred to the Resulting Company i.e. Non Engineering Business, were carried on in trust for the period from April 1, 2013 till March 31, 2014 by the Demerged Company.

**44. Discontinuing Operations**

Pursuant to the Scheme of Arrangement, the Non-Engineering businesses of the Company stands demerged from the Company and transferred to ITC Limited with effect from April 1, 2013, the appointed date. The Non-Engineering business comprises of Safety Matches, Agri-Forestry, and all other business operations excluding the Engineering business of the Company. The Scheme of Arrangement also provides for the transfer of all assets and liabilities of the Non-Engineering business, including landed property, intellectual properties (brands, licences, trademarks), permissions/approvals, debts/obligations, borrowings, contingent liabilities, legal proceedings, benefits of carried forward losses, unavailed credits, exemptions and other statutory benefits. The employees of the Non-Engineering business will move to ITC Limited and accordingly the employee related benefits and all contracts and agreements in relation to them will be taken over by ITC Limited.

**(a) The carrying amounts of the total assets and the total liabilities attributable to the discontinuing operation, as at March 31, 2014 :**

|                                | As at           | As at            |
|--------------------------------|-----------------|------------------|
|                                | March 31, 2014  | March 31, 2013   |
|                                | (₹ in Lacs)     | (₹ in Lacs)      |
| <b>LIABILITIES</b>             |                 |                  |
| <b>Non-Current Liabilities</b> |                 |                  |
| Long-term borrowings           | 200.00          | 200.00           |
| Other long-term liabilities    | 6,278.91        | 5,988.46         |
| Long-term provisions           | 85.08           | 85.96            |
| <b>Current Liabilities</b>     |                 |                  |
| Short-term borrowings          | 11.19           | 18.40            |
| Trade payables                 | 932.76          | 3,695.63         |
| Other current liabilities      | 358.71          | 227.93           |
| Short-term provisions          | 10.38           | 53.88            |
| <b>TOTAL</b>                   | <u>7,877.03</u> | <u>10,270.26</u> |

| ASSETS  |                  |                  |  |
|---|------------------|------------------|--|
| Fixed assets (Tangible and Intangible assets) | 13,458.15        | 14,867.50        |  |
| Non-current investments                       | 0.09             | 599.15           |  |
| Deferred tax asset (net)                      | —                |                  |  |
| Long-term loans and advances                  | 1,614.02         | 2,346.41         |  |
| Other non current assets                      | 0.25             | 0.25             |  |
| <b>Current Assets</b>                         |                  |                  |  |
| Inventories                                   | 878.57           | 2,300.42         |  |
| Trade receivables                             | 196.04           | 186.78           |  |
| Cash and bank balances                        | 253.50           | 96.92            |  |
| Short-term loans and advances                 | 589.75           | 779.71           |  |
| Other current assets                          | 410.55           | 128.39           |  |
| <b>TOTAL</b>                                  | <u>17,400.92</u> | <u>21,305.53</u> |  |

**(b) The amounts of revenue and expenses from ordinary activities attributable to the discontinuing operation, for the year ended March 31, 2014:**

|   | For the year ended | For the year ended |
|---|--------------------|--------------------|
|   | March 31, 2014     | March 31, 2013     |
|   | (₹ in Lacs)        | (₹ in Lacs)        |
| <b>INCOME</b>   |                    |                    |
| Gross Revenue from sale of products and services                              | 15,191.63          | 15,939.08          |
| Less : Excise duty  | 695.36             | 1,020.93           |
| <b>Net Revenue from sale of products and services</b>                         | <u>14,496.27</u>   | <u>14,918.15</u>   |
| Other operating revenue   | 61.24              | 289.54             |
| <b>Revenue from operations</b>  | <u>14,557.51</u>   | <u>15,207.69</u>   |
| Other income  | 2,014.58           | 955.07             |
| <b>Total Revenue</b>  | <u>16,572.09</u>   | <u>16,162.76</u>   |
| <b>EXPENSES</b>   |                    |                    |
| Cost of material consumed   | 3,492.50           | 6,566.41           |
| Cost of seeds   | 33.94              | 7.94               |
| Purchase of stock-in-trade  | 6,887.33           | 4,751.68           |
| Changes in inventories of finished goods, work in progress and stock in trade | 857.80             | (514.11)           |
| Employee benefits expense   | 1,682.21           | 1,853.09           |
| Finance cost  | 0.38               | 4.81               |
| Depreciation and amortisation expense   | 353.49             | 403.61             |
| Other expenses  | 3,146.72           | 2,976.99           |
| <b>Total Expenses</b>   | <u>16,454.37</u>   | <u>16,050.42</u>   |
| <b>Profit before exceptional items and taxation</b>                           | <u>117.72</u>      | <u>112.34</u>      |
| Exceptional items (see note 34)   | (1,438.86)         | —                  |
| <b>(Loss) / Profit before taxation</b>  | <u>(1,321.14)</u>  | <u>112.34</u>      |
| Tax expense   | —                  | —                  |
| <b>(Loss) / Profit after taxation</b>   | <u>(1,321.14)</u>  | <u>112.34</u>      |

## NOTES TO THE FINANCIAL STATEMENTS

(c) The amounts of net cash flow attributable to the operating, investing and financing activities of the discontinuing operation, for the year ended March 31, 2014:

|  | For the<br>year ended<br>March 31, 2014<br>(₹ in Lacs) | For the<br>year ended<br>March 31, 2013<br>(₹ in Lacs) |
|--|--|--|
| <b>Cash flow from operating activities</b>                             |  |  |
| <b>(Loss) / Profit before exceptional items and taxation</b>           | <b>117.72</b>  | 112.34   |
| Exceptional items (See note 34)  | <u>(1,438.86)</u>                                      | —  |
| <b>(Loss) / Profit before taxation</b>                                 | <b>(1,321.14)</b>                                      | 112.34   |
| <b>Adjustments for:</b>  |  |  |
| Depreciation and amortisation Expense                                  | 353.49   | 403.61   |
| (Profit) / Loss on sale of tangible assets (net)                       | (69.62)  | 98.26  |
| Compensation for Compulsory Acquisition of Land (net)                  | (923.66)   | —  |
| Provision no longer required written back                              | (206.68)   | (45.00)  |
| Doubtful and Bad debts   | —  | 14.98  |
| Doubtful and Bad advances, loans and deposits                          | 52.11  | 3.54   |
| Provision for diminution in value of investments                       | 599.06   | —  |
| Interest income  | (81.90)  | (60.68)  |
| Interest expenditure   | 0.38   | 4.81   |
| <b>Operating (loss) /profit before working capital changes</b>         | <b>(1,597.96)</b>                                      | 531.86   |
| <b>Adjustments for:</b>  |  |  |
| Trade receivables  | (9.26)   | (133.23)   |
| Loans and advances and Other current assets                            | 672.24   | (81.16)  |
| Inventories  | 1,421.85   | (297.31)   |
| Trade Payables, Other current and long-term liabilities and Provisions | (2,369.61)   | 6.65   |
| <b>Cash (used in) / generated from operations before taxation</b>      | <b>(1,882.74)</b>                                      | 26.81  |
| Income tax paid (net of refunds)                                       | (84.16)  | (1.20)   |
| <b>Net cash (used in) / generated from operations (A)</b>              | <b>(1,966.90)</b>                                      | 25.61  |
| <b>Cash flow from investing activities</b>                             |  |  |
| Purchase of Fixed Assets   | (78.37)  | (197.74)   |
| Sale of Fixed Assets   | 2,127.54   | 166.30   |
| Interest received  | 81.90  | 60.93  |
| <b>Net cash generated from investing activities (B)</b>                | <b>2,131.07</b>  | 29.49  |
| <b>Cash flow from financing activities</b>                             |  |  |
| Proceeds from rights issue of equity shares                            | —  | 169.30   |
| Interest paid  | (0.38)   | (4.93)   |
| Repayment of borrowings to holding / subsidiary company                | (7.21)   | (250.00)   |
| <b>Net cash used in financing activities (C)</b>                       | <b>(7.59)</b>  | (85.63)  |
| <b>Net increase in cash and cash equivalents (A+B+C)</b>               | <b>156.58</b>  | (30.53)  |
| <b>Reconciliation</b>  |  |  |
| Cash and cash equivalents at the beginning of the year *               | 96.92  | 127.45   |
| Cash and cash equivalents at the end of the year *                     | <u>253.50</u>  | <u>96.92</u>   |
|  | <u>156.58</u>  | <u>(30.53)</u>   |

\*After reducing the balances pertaining to the continuing operations.

## 45. Significant Accounting Policies

## 1. Basis of Preparation of Financial Statements

The financial statements have been prepared and presented under the historical cost convention (except for fixed assets revalued in earlier years), on the accrual basis of accounting and comply with the Accounting Standards ('AS') prescribed in the Companies (Accounting Standards) Rules, 2006 issued by the Central Government, the relevant provisions of the Companies Act, 1956 read with the General Circular 16/2013 dated 18 September 2013 of the Ministry of Corporate Affairs and other accounting principles generally accepted in India, to the extent applicable.

## 2. Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles in India requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent liabilities on the date of the financial statements and the reported amounts of revenue and expenses for the period. Actual results could differ from those estimates. Any revision to accounting estimates is recognised prospectively in current and future periods.

## 3. Fixed Assets / Depreciation / Impairment

## Tangible Assets

I. Fixed assets are stated at cost of acquisition less accumulated depreciation and impairment loss except in case of certain Freehold Land which is shown at revalued amount and certain Buildings, which are shown at revalued amounts less accumulated depreciation.

Depreciation is computed on a straight-line basis at the following annual rates:

| Nature of Assets                           | Rates %       |
|--|---------------|
| Building                                   | 1.63 to 3.34  |
| Plant, machinery and factory equipment     | 4.75 to 10.34 |
| Furniture and fittings/office equipment    | 6.33          |
| Computers                                  | 31.67         |
| Motor cars, lorries, tractors and launches | 7.07 to 11.31 |

Assets individually costing ₹ 5,000 or less are fully depreciated in the year of purchase.

II. Leasehold Land is carried at cost less accumulated amortisation and impairment loss, if any. Accordingly, expenditure incurred on leasehold land is amortised on a straight-line basis over the remaining period of the lease.

III. Assets identified as held for disposal are stated at lower of their book value and estimated net realisable value.

## Intangible Assets

IV. Application software, which is not an integral part of the related hardware, is shown as intangible asset and amortised on a straight line basis over its useful life, not exceeding 5 years, as determined by the management.

## Impairment

V. In accordance with AS 28, where there is an indication of impairment of the Company's assets, the carrying amounts of the Company's assets are reviewed at each balance sheet date to determine whether there is any impairment. The recoverable amount of the assets (or where applicable, that of the cash generating unit to which the asset belongs) is estimated at the higher of its 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 the asset and from its disposal at the end of its useful life. An impairment loss is recognised whenever the carrying amount of an asset or a cash-generating unit exceeds its recoverable amount. Impairment loss is recognised in the Statement of Profit and Loss.

## 4. Valuation of Investments

Investments, which are readily realisable and intended to be held for not more than one year from the date on which such investments are made, are classified as current investments. All other investments are classified as long-term investments.

Long-term investments are stated at cost. A provision for diminution is made to recognise a decline, other than temporary, in the value of long-term investments. Current investments are carried at lower of cost and market value.

## 5. Valuation of Inventories and Plantation Work in Progress

Inventories are valued at the lower of cost and net realisable value.

Inventories of Raw Materials, Stores and Spares are valued on a weighted average cost basis.

Finished and semi finished goods include cost of conversion and other costs incurred in bringing the inventories to their present location and condition. Semi finished goods are valued based on stage of completion as certified by management.

Entire Transplants included in semi-finished goods are valued at cost. Cost represents direct expenses including cost of Entire Transplants purchased specifically for multiplication and other direct costs.

## Plantation Work in Progress:

(i) In valuing poplar trees included under semi finished products, no adjustment is made to the total cost of trees on account of undeveloped / diseased trees, being normal loss during the period of maturity of plantation (based on a technical estimate) except that realization / insurance claim for such trees is reduced from the total cost. Every year, plantation cost already incurred is compared with net realizable value which is determined on the basis of estimated selling price less estimated cost likely to be incurred in future for bringing the plantation to maturity and the cost necessarily to be incurred in order to make sale. Net Realisable Value is arrived at based on standard average yield of matchwood per tree and the prevailing market price for matchwood of similar quality/contracted price. The yield is computed based on an evaluation carried out by the Company's technical expert.

Cost includes all direct and indirect expenses in respect of the poplar plantation.

Further, 75% of net realizable value of intercropping, waste, etc is reduced from the above cost because entire farm cost is first added to cost of plantation.

(ii) Agricultural produce/standing crops and plants are valued at 75% of their net realizable value.

(iii) Fuel wood arising from poplar trees and lying in stock is valued at 75% of their net realizable value.

(iv) The Company has considered an average yield of 0.22 cmh per tree based on the evaluation carried out by the Company's technical expert.

## NOTES TO THE FINANCIAL STATEMENTS

**6. Foreign Currency Transactions**

Transactions denominated in foreign currency are recorded at the exchange rate prevailing on the date of the transactions. Exchange differences arising on foreign exchange transactions settled during the year are recognized in the statement of profit and loss for the year.

Monetary assets and liabilities denominated in foreign currencies as at the balance sheet date are translated at the closing exchange rates on that date; the resultant exchange differences are recognised in the statement of profit and loss.

**7. Revenue Recognition**

Revenue from sale of goods is recognised on transfer of all significant risks and rewards of ownership to the buyer. Sales are accounted for inclusive of excise duty but net of sales tax and discounts.

Service income is accrued as services are rendered, based on respective contractual terms. Consultancy income is recognized on rendering service in accordance with related contracts with the customers.

Revenue from interest is accrued taking into account the amount outstanding, period and the rate applicable.

Lease/Rental Income is recognised on a straight-line basis over the period of the related agreement.

Dividend income is recognised when the right to receive dividend is established. Accordingly, dividend declared by subsidiary company after the reporting date but pertaining to the current year is no longer recognised during the year as was mandated by the pre-revised Schedule VI. As no dividend has been declared by the Company's subsidiaries, there is no impact of this change.

**8. Taxes on Income**

Income tax expense comprises current tax (i.e. amount of tax for the period determined in accordance with the Income Tax law) and deferred tax charge or credit (reflecting the tax effects of timing differences between accounting income and taxable income for the period). 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 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 realized.

**9. Employee benefits****Short-term employee benefits**

All employee benefits payable wholly within twelve months of rendering the service are classified as short-term employee benefits. These benefits include compensated absences such as paid annual leave. The undiscounted amount of short-term employee benefits expected to be paid in exchange for the services rendered by employees is recognized during the period.

**Post-employment benefits**

In respect of the employees of the erstwhile WIMCO Seedlings Limited, the contribution towards provident fund is deposited in a government administered fund which is a defined contribution scheme. The contribution paid/payable under the scheme is recognised as expense during the period in which the employee renders the related service.

In respect of other employees, the contributions are made to Company managed provident fund. The interest rate payable by the Trust to the beneficiaries every year is being notified by the Government. The Company has an obligation to make good the shortfall, if any, between the return from the investments of the Trust and the notified interest rate.

The Company's approved Superannuation Pension Scheme applicable to certain employees is a defined contribution plan funded with the Life Insurance Corporation of India (LIC). The annual contributions made under the policy are recognised as an expense in the statement of profit and loss during the period in which the employee renders the related service.

The Company's gratuity benefit scheme is a defined benefit plan funded through a policy taken with the LIC. The Company's net obligation in respect of the gratuity benefit scheme is calculated by estimating the amount of future benefit that employees have earned in return for their service in the current and prior periods; that benefit is discounted to determine its present value, and the fair value of any plan assets is deducted.

The present value of the obligation under such defined benefit plan is determined based on actuarial valuation using the Projected Unit Credit Method, which recognizes each period of service as giving rise to additional unit of employee benefit entitlement and measures each unit separately to build up the final obligation.

The obligation is measured at the present value of the estimated future cash flows. The discount rates used for determining the present value of the obligation under defined benefit plan are based on the market yields on Government securities as at the balance sheet date.

The obligation is compared with the fund balance with LIC and where the calculation results in a benefit to the Company, the recognized asset is limited to the net total of any unrecognised actuarial losses and past service costs and the present value of any future refunds from the fund or reductions in future contributions to the fund.

Actuarial gains and losses are recognized immediately in the Statement of Profit and Loss.

**Other Long-term employment benefits**

Compensated absences which are not expected to occur within twelve months after the end of the period in which the employee renders the

related services are recognized as a liability at the present value of the defined benefit obligation at the balance sheet date. The discount rates used for determining the present value of the obligation under defined benefit plan are based on the market yields on Government securities as at the balance sheet date.

**10. Borrowing Costs**

Borrowing costs specifically relating to the acquisition of qualifying fixed assets are capitalised as part of the cost of fixed assets. Other borrowing costs are charged to revenue.

**11. Provisions and Contingencies**

A provision is created where there is a present obligation as a result of a past event that probably requires an outflow of resources and a reliable estimate can be made of the amount of the obligation.

A contingent liability is disclosed when there is a possible or a present obligation that may, but probably will not, require an outflow of resources. Where there is a possible obligation or a present obligation and the likelihood of outflow of resources is remote, no provision or disclosure is made.

**12. Leases**

The Company has various operating leases, principally for properties and office space, with various renewal options. Rental expense in agreements with scheduled rent increases is recorded on a straight-line basis.

**13. 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.

**14. Research and development costs**

Revenue expenditure incurred on different projects is charged to appropriate expense heads in the period incurred and amounts recovered from the customer form part of the consultancy income.

Signatures to the Notes forming part of the Balance Sheet, Statement of Profit and Loss and Cash Flow Statement.

As per our report of even date

For B S R & Co. LLP  
Chartered Accountants  
Firm's Registration No.: 101248W  
Rajesh Mehra  
Partner  
Membership No. 103145  
Place: Mumbai  
Date: 8th May, 2014

For and on behalf of the Board

K. N. Grant  
V. M. Rajasekharan  
S. K. Sipani  
Chairman  
Managing Director  
Head - Finance &  
Company Secretary  
Place : Kolkata  
Date: 8th May, 2014

## Statement Pursuant to Section 212 of the Companies Act, 1956 relating to Subsidiary Companies

| 1. Name of the Subsidiary Company  | PAVAN POPLAR LIMITED  | PRAG AGRO FARM LIMITED   |
|--|---|--|
| 2. Financial year of the Subsidiary Company ended  | March 31, 2014  | March 31, 2014   |
| 3. Number of Shares held in Subsidiary   | 5510004 Equity Shares of Rs.10/- each (Including 6 Equity Shares held by nominees of Wimco Limited) | 3800020 Equity Shares of Rs. 10/- each (Including 6 Equity Shares held by nominees of Wimco Limited) |
| 4. Total issued Share Capital of the Subsidiary Company  | Equity shares - 5510004 shares of Rs.10/- each  | Equity shares - 3800020 shares of Rs.10/- each   |
| 5. Percentage of Shares held in the subscribed capital of the Subsidiary (including shares held by nominees)                           | Equity Shares - 100%  | Equity Shares - 100%   |
| 6. The net aggregate amount so far as it concerns members of the Company and is not dealt with in the Company's accounts of Subsidiary |   |  |
| (i) Profit/(Loss) for the financial year ended (Rs. in lacs)   | March 31, 2014<br>Rs. (446.95)  | March 31, 2014<br>Rs. (405.44)   |
| (ii) Profits/(Losses) for the previous financial years of the Subsidiary since it became the Company's Subsidiary (Rs. in lacs)        | Rs. 149.84  | Rs. (735.81)   |
| 7. The net aggregate amount so far as it concerns members of the Company and is dealt with in the Company's account of Subsidiary      |   |  |
| (i) Profit for the financial year ended (Rs. in lacs)  | March 31, 2014<br>Nil   | March 31, 2014<br>Nil  |
| (ii) Profits for the previous financial years of the Subsidiary since it became the Company's Subsidiary (Rs. in lacs)                 | Nil   | Nil  |

For and on behalf of the Board

K. N. Grant  
V. M. Rajasekharan  
S. K. Sipani  
Chairman  
Managing Director  
Head - Finance &  
Company Secretary

Place : Kolkata  
Date: 8th May, 2014