

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

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

2. COMPANY PERFORMANCE

During the year under review, the Company earned total revenue of ₹ 6.21 lakhs, primarily from deployment of its temporary surplus funds in bank fixed deposits.

The Company, a Core Investment Company within the meaning of the Core Investment Companies (Reserve Bank) Directions, 2016, continues to explore suitable investment opportunities.

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

	For the year ended 31st March, 2019	For the year ended 31st March, 2018
	(₹)	(₹)
a. Profit Before Tax	2,52,818	3,94,994
b. Less : Tax Expense	65,850	1,02,299
c. Profit After Tax	1,86,968	2,92,695
d. Add : Profit brought forward from previous years	91,78,203	88,85,508
e. Profit carried forward	93,65,171	91,78,203

3. DIRECTORS

During the year, there was no change in the composition of the Board of Directors of your Company ('the Board'). In accordance with the provisions of Section 152 of the Companies Act, 2013 ('the Act') read with Article 19 of the Articles of Association of the Company, Mr. Saradindu Dutta (DIN: 00058639), Director, will retire by rotation at the ensuing Annual General Meeting ('AGM') of the Company, and being eligible, offers himself for re-election. Your Board has recommended his re-election.

4. BOARD MEETINGS

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

5. DIRECTORS' RESPONSIBILITY STATEMENT

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

- followed in the preparation of the Annual Accounts, the applicable Accounting Standards with proper explanation relating to material departures, if any;
- selected such accounting policies and applied them consistently and made judgements and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit of the Company for that period;
- taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- prepared the Annual Accounts on a going concern basis; and
- devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems are adequate and operating effectively.

6. SUBSIDIARY COMPANY

The statement in Form No. AOC-1 containing the salient features of the financial statements of MRR Trading & Investment Company Limited, subsidiary company, is attached to the Financial Statements of the Company.

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

Name of Subsidiary	Total Income (Amount in ₹)		Profit after tax (Amount in ₹)	
	FY 2018-19	FY 2017-18	FY 2018-19	FY 2017-18
MRR Trading & Investment Company Limited	7,41,442/-	7,20,572/-	4,931/-	3,127/-

7. PARTICULARS OF EMPLOYEES

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

The Company seeks to enhance equal opportunities for men and women and is committed to a gender-friendly workplace. During the year, no complaint for sexual harassment was received. However, the Company is

not required to constitute Internal Complaints Committee in terms of the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013.

8. RISK MANAGEMENT

The risk management framework of the Company is commensurate with its size and nature of business. The Internal Audit Department of ITC Limited, the Internal Auditor of the Company, periodically carries out risk focused audits with the objective of identifying areas where risk management processes could be strengthened. The Board annually reviews the effectiveness of the Company's risk management systems and policies.

9. INTERNAL FINANCIAL CONTROLS

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

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

10. PARTICULARS OF LOANS, GUARANTEES AND INVESTMENTS

The requirements of Section 186 of the Act relating to loans, guarantees and investments are not applicable to the Company.

11. RELATED PARTY TRANSACTIONS

During the year ended 31st March, 2019, the Company has neither entered into any contract or arrangement with its related parties which is not at arm's length nor has the Company entered into any material contract or arrangement with them, in terms of Section 188 of the Act.

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

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

13. EXTRACT OF ANNUAL RETURN

The extract of Annual Return in the prescribed Form No. MGT-9 is enclosed as **Annexure 2** to this Report.

14. COST RECORDS

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

15. STATUTORY AUDITORS

The Company's Auditors, Messrs. Deloitte Haskins & Sells, Chartered Accountants, who were appointed with your approval at the 2nd AGM for a period of five years, will complete their present term on conclusion of the ensuing 7th AGM of the Company.

The Board has recommended for the approval of the Members, the appointment of Messrs. S R B C & CO LLP, Chartered Accountants ('SRBC'), as the Auditors of the Company for a period of five years from the conclusion of the ensuing 7th AGM till the conclusion of the 12th AGM. SRBC have given their consent to act as the Auditors of the Company and have confirmed that the said appointment, if made, will be in accordance with the conditions prescribed under Sections 139 and 141 of the Act. The Board has also recommended for the approval of the Members, the remuneration of SRBC for the financial year 2019-20. Appropriate resolution seeking your approval to the appointment and remuneration of SRBC as the Auditors is appearing in the Notice convening the 7th AGM of the Company.

16. COMPLIANCE WITH SECRETARIAL STANDARDS

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

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

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

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

On behalf of the Board

R. Tandon *Chairman*

Saradindu Dutta *Director*

Dated: 23rd April, 2019

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

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

Name of employee	Age	Designation	Gross Remuneration (₹)	Net Remuneration (₹)	Qualification	Experience (Years)	Date of commencement of employment	Previous Employment / Position held
1	2	3	4	5	6	7	8	9
Suman Dutta #	37	Manager	1,98,875/-	1,95,400/-	B.Com (Hons.)	9	16.10.2017	Process Specialist – Cognizant Technology Solutions Corp.
Isha Ajmera *	25	Manager	11,809/-	11,261/-	B.Com (Hons.)	3	11.03.2019	Executive Accountant - Spectrum Automotive Private Limited

Resigned with effect from 14th January, 2019.

* Appointed with effect from 11th March, 2019.

Notes:

- a. Gross remuneration includes salary, allowances and other benefits / applicable perquisites. The term 'remuneration' has the meaning assigned to it under the Companies Act, 2013. Net remuneration comprises cash income.
- b. The aforesaid appointments are contractual in accordance with terms and conditions as per Company's rules and the said employees are neither relative of any Director of the Company nor hold any equity share in the Company.

On behalf of the Board

R. Tandon *Chairman*
Saradindu Dutta *Director*

Dated: 23rd April, 2019

Annexure 2 to the Report of the Board of Directors

FORM NO. MGT-9

EXTRACT OF ANNUAL RETURN**as on the financial year ended on 31st March, 2019**

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

I. REGISTRATION AND OTHER DETAILS

i) CIN	:	U65923WB2012PLC176166
ii) Registration Date	:	19th March, 2012
iii) Name of the Company	:	ITC Investments & Holdings Limited
iv) Category / Sub-Category of the Company	:	Unlisted Public Company limited by shares
v) Address of the Registered office and contact details	:	Virginia House 37 J. L. Nehru Road, Kolkata – 700 071 Phone: 033 2288 4086 / 6228 / 1946, Fax: 033 2288 9980 e-mail ID: ITCInvestments.Holdings@itc.in
vi) Whether listed company	:	No
vii) Name, Address and Contact details of Registrar and Transfer Agent, if any	:	N.A.

II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

All the business activities contributing 10% or more of the total turnover of the Company shall be stated: NOT APPLICABLE

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES

Sl. No.	Name and address of the company	CIN / GLN	Holding / Subsidiary / Associate	% of shares held in / by the Company	Applicable Section
1.	ITC Limited Virginia House 37 Jawaharlal Nehru Road, Kolkata – 700 071	L16005WB1910PLC001985	Holding company	100.00%	2(46)
2.	MRR Trading & Investment Company Limited Eucharistic Congress Building No. 1, 5 Convent Street, Colaba, Mumbai – 400 039	U65990MH1980PLC023259	Subsidiary company	100.00%	2(87)

IV. SHAREHOLDING PATTERN (Equity Share Capital Breakup as percentage of Total Equity)**(i) Category-wise Shareholding:**

Category of Shareholders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
A. Promoters									
(1) Indian									
a) Individual / HUF	-	-	-	-	-	-	-	-	N.A.
b) Central Govt.	-	-	-	-	-	-	-	-	N.A.
c) State Govt.(s)	-	-	-	-	-	-	-	-	N.A.
d) Bodies Corp.	-	45,00,000	45,00,000	100.00	-	45,00,000	45,00,000	100.00	Nil
e) Banks / FI	-	-	-	-	-	-	-	-	N.A.
f) Any Other	-	-	-	-	-	-	-	-	N.A.
Sub-total (A)(1)	-	45,00,000	45,00,000	100.00	-	45,00,000	45,00,000	100.00	Nil
(2) Foreign									
a) NRIs – Individuals	-	-	-	-	-	-	-	-	N.A.
b) Other – Individuals	-	-	-	-	-	-	-	-	N.A.
c) Bodies Corp.	-	-	-	-	-	-	-	-	N.A.
d) Banks / FI	-	-	-	-	-	-	-	-	N.A.
e) Any Other	-	-	-	-	-	-	-	-	N.A.
Sub-total (A)(2)	-	-	-	-	-	-	-	-	N.A.
Total shareholding of Promoter (A) = (A)(1)+(A)(2)	-	45,00,000	45,00,000	100.00	-	45,00,000	45,00,000	100.00	Nil

Category of Shareholders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
B. Public Shareholding									
(1) Institutions									
a) Mutual Funds	-	-	-	-	-	-	-	-	N.A.
b) Banks / FI	-	-	-	-	-	-	-	-	N.A.
c) Central Govt.	-	-	-	-	-	-	-	-	N.A.
d) State Govt.(s)	-	-	-	-	-	-	-	-	N.A.
e) Venture Capital Funds	-	-	-	-	-	-	-	-	N.A.
f) Insurance Companies	-	-	-	-	-	-	-	-	N.A.
g) FIs	-	-	-	-	-	-	-	-	N.A.
h) Foreign Venture Capital Funds	-	-	-	-	-	-	-	-	N.A.
i) Others (specify)	-	-	-	-	-	-	-	-	N.A.
Sub-total (B)(1)	-	-	-	-	-	-	-	-	N.A.
(2) Non-Institutions									
a) Bodies Corp.									
i) Indian	-	-	-	-	-	-	-	-	N.A.
ii) Overseas	-	-	-	-	-	-	-	-	N.A.
b) Individuals	-	-	-	-	-	-	-	-	N.A.
i) Individual shareholders holding nominal share capital up to ₹ 1 lakh									
ii) Individual shareholders holding nominal share capital in excess of ₹ 1 lakh									
c) Others (specify)	-	-	-	-	-	-	-	-	N.A.
Sub-total (B)(2)	-	-	-	-	-	-	-	-	N.A.
Total Public Shareholding (B) = (B)(1) + (B)(2)	-	-	-	-	-	-	-	-	N.A.
C. Shares held by Custodian for GDRs & ADRs	-	-	-	-	-	-	-	-	N.A.
Grand Total (A+B+C)	-	45,00,000	45,00,000	100.00	-	45,00,000	45,00,000	100.00	Nil

(ii) Shareholding of Promoters:

Sl. No.	Shareholder's Name	Shareholding at the beginning of the year			Shareholding at the end of the year			% change in shareholding during the year
		No. of Shares	% of total Shares of the Company	% of Shares pledged / encumbered to total Shares	No. of Shares	% of total Shares of the Company	% of Shares pledged / encumbered to total Shares	
1.	ITC Limited	45,00,000	100.00	Nil	45,00,000	100.00	Nil	Nil

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

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

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

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

V. INDEBTEDNESS

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

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

A. Remuneration to Managing Director, Wholtime Directors and / or Manager: NOT APPLICABLE

B. Remuneration to other Directors:

(Amount in ₹)

Sl. No.	Name of the Directors	Particulars of Remuneration			Total Amount
		Fee for attending Board and Board Committee meetings	Commission	Others, please specify	
1.	Independent Directors				
	Total Amount (B)(1)				Nil
2.	Other Non-Executive Directors				
	R. Tandon	Nil	Nil	Nil	Nil
	Saradindu Dutta				
	Supratim Dutta				
	R. Poddar				
	Total Amount (B)(2)				Nil
Total Amount (B) = (B)(1) + (B)(2)					Nil
Overall ceiling as per the Companies Act, 2013 (11% of the net profits of the Company computed in accordance with Section 198 of the said Act)					27,809

C. Remuneration to Key Managerial Personnel other than MD / Manager / WTD: NOT APPLICABLE

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

On behalf of the Board

R. Tandon
Saradindu DuttaChairman
Director

Dated: 23rd April, 2019

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ITC INVESTMENTS & HOLDINGS LIMITED

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of **ITC Investments & Holdings Limited** ("the Company"), which comprise the Balance Sheet as at 31st March, 2019, and the Statement of Profit and Loss, and Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

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

Basis for Opinion

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

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

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

Management's Responsibility for the Financial Statements

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

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of

accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

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

Auditor's Responsibility for the Audit of the Financial Statements

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

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

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

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

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

Report on Other Legal and Regulatory Requirements

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

- (c) The Balance Sheet, the Statement of Profit and Loss, and the Cash Flow Statement dealt with by this Report are in agreement with the books of account.
- (d) In our opinion, the aforesaid financial statements comply with the Accounting Standards specified under Section 133 of the Act.
- (e) On the basis of the written representations received from the directors as on 31st March, 2019 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2019 from being appointed as a director in terms of Section 164(2) of the Act.
- (f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure A". Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the Company's internal financial controls over financial reporting.
- (g) With respect to the other matters to be included in the Auditor's Report in accordance with the requirements of Section 197(16) of the Act, as amended, in our opinion and to the best of our information and according to the explanations given to us, the Company has not paid / provided any managerial remuneration to its directors during the year and hence the provisions of Section 197 of the Act are not applicable.
- (h) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, as amended in our opinion and to the best of our information and according to the explanations given to us:
- i. The Company does not have any pending litigations which would impact its financial position.
 - ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.
 - iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.
2. As required by the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Central Government in terms of Section 143(11) of the Act, we give in "Annexure B" a statement on the matters specified in paragraphs 3 and 4 of the Order.

For DELOITTE HASKINS & SELLS
Chartered Accountants
(Firm's Registration No. 302009E)
A. Bhattacharya
Partner
(Membership No. 054110)

Kolkata
23rd April, 2019

ANNEXURE A TO THE INDEPENDENT AUDITOR'S REPORT

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

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

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

Management's Responsibility for Internal Financial Controls

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

Auditor's Responsibility

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

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

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

Meaning of Internal Financial Controls Over Financial Reporting

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

Inherent Limitations of Internal Financial Controls Over Financial Reporting

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

Opinion

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

For DELOITTE HASKINS & SELLS
Chartered Accountants
(Firm's Registration No. 302009E)
A. Bhattacharya
Partner
(Membership No. 054110)

Kolkata
23rd April, 2019

ANNEXURE B TO THE INDEPENDENT AUDITOR'S REPORT

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

- (i) The Company does not have any fixed assets and hence reporting under clause (i) of the Order is not applicable.
- (ii) The Company does not have any inventory and hence reporting under clause (ii) of the Order is not applicable.
- (iii) The Company has not granted any loans, secured or unsecured, to companies, firms, Limited Liability Partnerships or other parties covered in the register maintained under Section 189 of the Companies Act, 2013.
- (iv) The Company has not granted any loans, made investments or provided guarantees and hence reporting under clause (iv) of the CARO 2016 is not applicable.
- (v) According to the information and explanations given to us, the Company has not accepted any deposit during the year. There are no unclaimed deposits under the provisions of Sections 73 to 76 or any other relevant provisions of the Companies Act, 2013.
- (vi) Having regard to the nature of the Company's business / activities, reporting under clause (vi) of the Order is not applicable.
- (vii) According to the information and explanations given to us, in respect of statutory dues:
- (a) The Company has been regular in depositing undisputed statutory dues, including Provident Fund, Income-tax and other material statutory dues applicable to it with the appropriate authorities. Employees' State Insurance, Sales Tax, Goods and Services Tax, Service Tax, Customs Duty, Excise Duty, Value Added Tax and cess are not applicable to the Company.
- (b) There are no dues of Income-tax as on 31st March, 2019 on account of disputes. Sales Tax, Goods and Services Tax, Service Tax, Customs Duty, Excise Duty and Value Added Tax are not applicable to the Company.
- (viii) The Company has not taken any loans or borrowings from financial institutions, banks and government or has not issued any debentures. Hence reporting under clause (viii) of the Order is not applicable to the Company.

- (ix) The Company has not raised moneys by way of initial public offer or further public offer (including debt instruments) or term loans and hence reporting under clause (ix) of the Order is not applicable.
- (x) To the best of our knowledge and according to the information and explanations given to us, no fraud by the Company and no material fraud on the Company by its officers or employees has been noticed or reported during the year.
- (xi) In our opinion and according to the information and explanations given to us, the Company has not paid / provided any managerial remuneration and hence reporting under clause (xi) of the Order is not applicable.
- (xii) The Company is not a Nidhi Company and hence reporting under clause (xii) of the Order is not applicable.
- (xiii) In our opinion and according to the information and explanations given to us, the Company is in compliance with Section 188 of the Companies Act, 2013, where applicable, for all transactions with the related parties and the details of related party transactions have been disclosed in the financial statements etc. as required by the applicable accounting standards. The Company is not required to constitute an Audit committee as prescribed in Section 177 of the Companies Act, 2013 and hence reporting on compliance of Section 177 is not applicable to the Company.
- (xiv) During the year the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures and hence reporting under clause (xiv) of the Order is not applicable to the Company.
- (xv) In our opinion and according to the information and explanations given to us, during the year the Company has not entered into any non-cash transactions with its directors or directors of its holding or subsidiary company or person connected with them and hence provisions of Section 192 of the Companies Act, 2013 are not applicable.
- (xvi) The Company is not required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934.

For DELOITTE HASKINS & SELLS
Chartered Accountants
(Firm's Registration No. 302009E)

A. Bhattacharya
Partner

Kolkata
23rd April, 2019

(Membership No. 054110)

BALANCE SHEET AS AT 31ST MARCH, 2019

	Note	As at 31st March, 2019 (₹)	As at 31st March, 2018 (₹)
EQUITY AND LIABILITIES			
Shareholders' funds			
Share capital	1	4,50,00,000	4,50,00,000
Reserves and surplus	2	93,65,171	91,78,203
Current liabilities			
Other current liabilities	3	54,000	54,000
TOTAL		5,44,19,171	5,42,32,203
ASSETS			
Non-current assets			
Non-current investments	4	4,51,62,645	4,51,62,645
Long-term loans and advances	5	36,904	10,280
Current assets			
Cash and bank balances	6	91,13,029	90,38,313
Other current assets	7	1,06,593	20,965
TOTAL		5,44,19,171	5,42,32,203

The accompanying notes 1 to 13 are an integral part of the Financial Statements.

In terms of our report attached
For Deloitte Haskins & Sells
Chartered Accountants

A. BHATTACHARYA
Partner
Kolkata, 23rd April, 2019

On behalf of the Board

R. TANDON *Chairman* SARADINDU DUTTA *Director*

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

	Note	For the year ended 31st March, 2019 (₹)	For the year ended 31st March, 2018 (₹)
Other income	8	6,21,392	6,21,043
Total Revenue		6,21,392	6,21,043
Expenses			
Employee benefits expense	9	2,10,684	1,22,253
Other expenses	10	1,57,890	1,03,796
Total Expenses		3,68,574	2,26,049
Profit before tax		2,52,818	3,94,994
Tax expense:			
Current tax	11	65,850	1,02,299
Profit for the year		1,86,968	2,92,695
Earnings per equity share (Face Value ₹ 10.00 each) (Basic and Diluted) (in ₹)	12 (i)	0.04	0.07

The accompanying notes 1 to 13 are an integral part of the Financial Statements.

In terms of our report attached
For Deloitte Haskins & Sells
Chartered Accountants

On behalf of the Board

A. BHATTACHARYA
Partner
Kolkata, 23rd April, 2019

R. TANDON *Chairman* SARADINDU DUTTA *Director*

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

		For the year ended 31st March, 2019 (₹)	For the year ended 31st March, 2018 (₹)
A. Cash Flow from Operating Activities			
PROFIT BEFORE TAX		2,52,818	3,94,994
ADJUSTMENTS FOR:			
Interest income on bank deposits		(6,21,392)	(6,20,333)
Interest on income tax refund		-	(710)
Security deposit		(18,000)	-
OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES		(3,86,574)	(2,26,049)
ADJUSTMENTS FOR:			
Other current liabilities		-	1,500
CASH USED IN OPERATIONS		(3,86,574)	(2,24,549)
Income tax paid		(74,474)	(1,02,451)
NET CASH USED IN OPERATING ACTIVITIES		(4,61,048)	(3,27,000)
B. Cash Flow from Investing Activities			
Interest received on deposits & others	5,35,764	6,05,008	
Investment in bank deposits (original maturity more than 3 months)	(95,36,455)	(58,65,813)	
Redemption / maturity of bank deposits (original maturity more than 3 months)	93,75,127	55,50,000	
NET CASH GENERATED FROM INVESTING ACTIVITIES		3,74,436	2,89,195
C. Cash Flow from Financing Activities		-	-
NET DECREASE IN CASH AND CASH EQUIVALENTS		(86,612)	(37,805)
OPENING CASH AND CASH EQUIVALENTS		1,11,825	1,49,630
CLOSING CASH AND CASH EQUIVALENTS		25,213	1,11,825

Notes:

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

2. CASH AND CASH EQUIVALENTS :

Cash and Cash Equivalents as above	25,213	1,11,825
Other bank balances	90,87,816	89,26,488
Cash and bank balances (Note 6)	91,13,029	90,38,313

The accompanying notes 1 to 13 are an integral part of the Financial Statements.

In terms of our report attached
For Deloitte Haskins & Sells
Chartered Accountants

On behalf of the Board

A. BHATTACHARYA
Partner
Kolkata, 23rd April, 2019

R. TANDON *Chairman* SARADINDU DUTTA *Director*

NOTES TO THE FINANCIAL STATEMENTS

	As at 31st March, 2019 (No. of Shares)	As at 31st March, 2019 (₹)	As at 31st March, 2018 (No. of Shares)	As at 31st March, 2018 (₹)
1. Share capital				
Authorised				
Equity Shares of ₹ 10.00 each	1,00,00,000	10,00,00,000	1,00,00,000	10,00,00,000
Issued and Subscribed				
Equity Shares of ₹ 10.00 each, fully paid	45,00,000	4,50,00,000	45,00,000	4,50,00,000
A) Reconciliation of number of Equity Shares outstanding				
At the beginning and at the end of the year	45,00,000	4,50,00,000	45,00,000	4,50,00,000
B) Shareholders holding more than 5% of the Equity Shares in the Company				
	As at 31st March, 2019 (No. of Shares)	As at 31st March, 2019 (%)	As at 31st March, 2018 (No. of Shares)	As at 31st March, 2018 (%)
ITC Limited – the Holding Company	45,00,000	100.00	45,00,000	100.00

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

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

	As at 31st March, 2019 (₹)	As at 31st March, 2018 (₹)		As at 31st March, 2019 (₹)	As at 31st March, 2018 (₹)
2. Reserves and surplus			7. Other current assets		
Surplus in Statement of Profit and Loss			Interest accrued on bank deposits	1,06,593	20,965
At the beginning of the year	91,78,203	88,85,508	TOTAL	1,06,593	20,965
Add: Profit for the year	1,86,968	2,92,695			
At the end of the year	93,65,171	91,78,203			
TOTAL	93,65,171	91,78,203			
3. Other current liabilities			8. Other income		
Other payables			Interest income on bank deposits	6,21,392	6,20,333
Liability for expenses	54,000	54,000	Interest income on income tax refund	-	710
TOTAL	54,000	54,000	TOTAL	6,21,392	6,21,043
4. Non-current investments (at cost unless stated otherwise)			9. Employee benefits expense		
Long Term			Salaries and wages	2,06,661	1,16,753
TRADE INVESTMENTS (Unquoted)			Staff welfare expenses	4,023	5,500
INVESTMENT IN EQUITY INSTRUMENTS			TOTAL	2,10,684	1,22,253
In Subsidiary			10. Other expenses		
MRR Trading & Investment Company Limited			Rates and taxes	28,441	24,388
50,000 Equity Shares of			Consultancy / Professional fees	49,500	21,266
₹ 10.00 each, fully paid	4,51,62,645	4,51,62,645	Insurance	16,534	142
TOTAL	4,51,62,645	4,51,62,645	Auditors' remuneration and expenses		
			Audit fees	50,000	50,000
			Tax audit fees	5,000	5,000
			Miscellaneous expenses	8,415	3,000
			TOTAL	1,57,890	1,03,796
			11. Tax expenses		
			Current tax		
			Income tax for the year	66,000	1,05,000
			Adjustments/(credits) related to previous years	(150)	(2,701)
			TOTAL	65,850	1,02,299
			12. Additional Notes to the Financial Statements		
			i. Earnings per share:		
				2019	2018
			Earnings per share has been computed as under:		
			(a) Profit for the year (₹)	1,86,968	2,92,695
			(b) Weighted average number of Equity Shares outstanding	45,00,000	45,00,000
			(c) Earnings per share on profit for the year (Face Value - ₹ 10.00 per share) - Basic and Diluted [(a)/(b)] (in ₹)	0.04	0.07
			ii. There are no Micro, Small and Medium Enterprises to whom the Company owes dues, which are outstanding for more than 45 days during the year and also as at 31st March, 2019. This information as required to be disclosed under the Micro, Small and Medium Enterprises Development Act, 2006 has been determined to the extent such parties have been identified based on information available with the Company.		

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

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

NOTES TO THE FINANCIAL STATEMENTS (Contd.)

iii. Segment Reporting:

The Company operates in a single business segment namely acquisition of shares and securities and in a single geographical segment.

iv. Related Party Disclosures:

a. RELATIONSHIP:

Holding Company:

- ITC Limited

Subsidiary Company:

- MRR Trading & Investment Company Limited

Key Management Personnel

- Mr. R. Tandon Chairman and Non-Executive Director
- Mr. Saradindu Dutta Non-Executive Director
- Mr. Supratim Dutta Non-Executive Director
- Mr. R. Poddar Non-Executive Director

b. DISCLOSURE OF TRANSACTIONS BETWEEN THE COMPANY AND RELATED PARTIES

Related Party Transaction Summary		Holding Company	
		2019	2018
1.	Purchase of Services – Internal Audit services (₹)	21,240	18,880

Background

ITC Investments and Holdings Limited, a 100% subsidiary of ITC Limited, is a Core Investment Company within the meaning of the Core Investment Companies (Reserve Bank) Directions, 2016 and was incorporated in the year 2012. The Company holds investment in its subsidiary company and continues to explore other suitable investment opportunities.

13. Significant Accounting Policies

Convention

To prepare financial statements in accordance with applicable Accounting Standards in India. A summary of important accounting policies is set out

below. The financial statements have also been prepared in accordance with relevant presentational requirements of the Companies Act, 2013.

Basis of Accounting

To prepare financial statements in accordance with the historical cost convention.

All assets and liabilities have been classified as current or non-current as per the Company's normal operating cycle and other criteria as set out in Schedule III to the Companies Act, 2013.

Investments

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

Investment Income

To account for Income from Investments on an accrual basis, inclusive of related tax deducted at source. To account for Income from Dividends when the right to receive such dividends is established.

Interest income is recognized on time proportion basis taking into account the amount outstanding and rate applicable.

Taxes on Income

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

To provide Deferred tax on timing differences between taxable income and accounting income subject to consideration of prudence, measured using the tax rates and tax laws that have been enacted or substantively enacted by the Balance Sheet date.

Not to recognise Deferred tax assets on unabsorbed depreciation and carry forward of losses unless there is virtual certainty that there will be sufficient future taxable income available to realise such assets.

On behalf of the Board

Kolkata, 23rd April, 2019

R. TANDON *Chairman* SARADINDU DUTTA *Director*

Form AOC-1

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

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

Part A : Subsidiaries

1. Sl. No.	1
2. Name of the Subsidiary	MRR Trading & Investment Company Limited
3. The date since when Subsidiary was acquired	30th March, 2015
4. Reporting period for the Subsidiary concerned, if different from the holding company's reporting period	Year ended 31st March, 2019 (same as Holding Company)
5. Reporting currency and Exchange rate as on the last date of the relevant financial year in the case of foreign subsidiaries	Not Applicable
6. Share Capital	₹ 5,00,000 (50,000 Equity Shares of ₹ 10.00 each)
7. Reserve & Surplus	₹ (3,99,357)
8. Total Assets	₹ 2,80,931
9. Total Liabilities	₹ 2,80,931
10. Investments (excluding Investments made in subsidiaries)	—
11. Turnover *	₹ 7,41,442
12. Profit before taxation	₹ 6,665
13. Provision for taxation	₹ 1,734
14. Profit after taxation	₹ 4,931
15. Proposed Dividend	—
16. % of Shareholding	100.00

Notes: i) Names of Subsidiaries which are yet to commence operations: None

ii) Names of Subsidiaries which have been liquidated or sold during the year: None

* Turnover includes Other Income and Other Operating Revenue

Part B : Associates and Joint Ventures

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

Not Applicable

On behalf of the Board

Kolkata, 23rd, April, 2019

R. TANDON *Chairman* SARADINDU DUTTA *Director*