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

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

1. COMPANY PERFORMANCE

During the year, your Company has earned a Net Profit of Rs. 905.21 lakhs as compared to Net Profit of Rs. 315.03 lakhs earned in the previous year.

During the year, the Company implemented several initiatives which resulted in improvement in operational efficiency and productivity. The Company has delivered robust financial performance, primarily on account of improved sales mix, effective cost management and prepayment of the loan instalments enabled by healthy cash flows. The Company has been successful in receiving various fiscal incentives such as Capital Subsidy of Rs. 2019 lakhs from the Central Government and refund of State Goods and Services Tax (SGST) of Rs. 736 lakhs from the Government of Assam during the year under review.

The operational and financial performance of the Company has been improving steadily due to increase in sales volumes and various initiatives taken to boost productivity through systematic interventions in all domains – People, Process and Technology.

The summarised results of the Company are given in the table below:

Amount in Lakhs (₹)

Particulars	Financial Year Ended	
	31.03.2019	**31.03.2018**
Turnover	14933.07	14270.04
Profit before Interest and Depreciation	2706.48	2210.40
Finance Cost	676.11	848.58
Depreciation	1125.17	1046.78
Profit before Tax plus Other Comprehensive Income	911.96	330.01
Loss brought forward from previous year	1097.83	1427.84
Loss carried to Balance Sheet	185.87	1097.83

2. DIRECTORS

a) Changes in Directors during the year

It may be recalled that Members at the 5th Annual General Meeting held on 21st July, 2018 appointed Mr. K.V. Raghavaiah (DIN: 07114270) as Independent Director from the said date for a period of three (3) years, not liable to retire by rotation, in terms of Sections 149 and 152 and other applicable provisions, if any and Schedule IV of the Companies Act, 2013 (the Act) and the rules made thereunder.

During the year under review, Mr. M. Ganesan (DIN: 02669546), Chairman & Non-Executive Director, who was nominated by ITC Ltd., the Holding Company (ITC), stepped down from the Board of your Company on 2nd November, 2018.

ITC nominated Mr. Neel Kingston Jasper (DIN: 07462201) as a Director of the Company. Accordingly, the Board of Directors of your Company appointed Mr. Neel Kingston Jasper as Additional Director of the Company with effect from 2nd November, 2018. By virtue of Section 161 of the Act, Mr. Jasper will vacate office at the ensuing Annual General Meeting (AGM) of your Company. The Board has recommended for the approval of the Members, appointment of Mr. Jasper as a Non-Executive Director of your Company, liable to retire by rotation.

Requisite Notice under Section 160 of the Act has been received by the Company for appointment of Mr. Jasper, who has filed his consent to act as Director of your Company, if appointed. Appropriate resolution seeking your approval to the above is appearing in the Notice convening the 6th AGM of your Company.

b) Retirement by Rotation

In accordance with the provisions of Section 152 of the Act and Article 77(d) of the Articles of Association of the Company, Messrs. Dharmarajan Ashok (DIN: 02009735), Paritosh Wali (DIN: 06767740) and Samrat Deka (DIN: 00559110) will retire by rotation at the ensuing AGM and being eligible, offer themselves for re-appointment; the Board has recommended their re-election.

Your Board met four (4) times during the financial year ended 31st March, 2019.

3. COMPLIANCE TO SECRETARIAL STANDARDS

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

4. BOARD EVALUATION

The Board carried out annual performance evaluation of its own performance and that of the individual Directors, including the Chairman of the Board, as required under Section 134(3)(p) of the Act. The evaluation was carried out through a structured evaluation process basis the parameters derived from the Board's core role of trusteeship to protect and enhance shareholder value as well as fulfill expectations of other stakeholders through strategic supervision; and performance evaluation of individual Directors in the context of the role played by each Director, as a member of the Board in assisting the Board in realizing its role of strategic supervision of the functioning of the Company.

5. NOMINATION AND REMUNERATION POLICY

The Nomination and Remuneration Policy of the Company is guided by a set of principles, inter alia, pertaining to determining qualifications, positive attributes, integrity, independence and objectives particularly envisaged under Section 178 of the Act and the Articles of Association of the Company in respect of Directors, Key Managerial Personnel and employees of the Company.

The said Policy aims at attracting and retaining high caliber talent, is market-led and takes into account the competitive circumstance of its business so as to attract and retain quality talent and leverage performance significantly. It also aims to support and encourage meritocracy.

The Nomination and Remuneration Policy for Directors, Key Managerial Personnel, Senior Management and other employees is provided in Annexure 1 forming part of this Report.

6. DIRECTORS' RESPONSIBILITY STATEMENT

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

a) followed in the preparation of the Annual Accounts, the applicable Accounting Standards and there are no material departures;

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

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

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

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

7. PARTICULARS OF CONSERVATION OF ENERGY AND TECHNOLOGY ABSORPTION

Particulars as required under Section 134(3)(m) of the Act read with Rule 8 of the Companies (Accounts) Rules, 2014 relating to Conservation of Energy and Technology Absorption are provided in Annexure 2 to this Report.

8. FOREIGN EXCHANGE EARNINGS AND OUTGO

During the year under review, there has been no foreign exchange earnings and outgo.

9. PARTICULARS OF LOAN, GUARANTEES OR INVESTMENTS

During the financial year ended 31st March, 2019, the Company has not given any loan, guarantee or made any investment in terms of the provisions of Section 186 of the Act.

10. RISK MANAGEMENT

Risk management is an integral part of the Company's strategy of organisation and straddles its planning, execution and reporting processes and systems.

The Risk Management Policy & Framework of the Company is designed to address risks intrinsic to strategy, operations, financials and compliances arising out of the overall Company's strategy and aspirations for the future based on comprehensive planning, monitoring and review.

Your Company operates in the food processing industry and hence food safety and hygiene are of utmost importance. Your Company was awarded in the previous year CII Outstanding award for Food Safety and is also certified FSSC compliant, which demonstrates your Company's commitment to maintain highest standard for food safety and hygiene by following best practices of manufacturing along with stringent quality testing methods and norms for all input materials.

Your Company sells its final products exclusively to ITC in accordance with the orders placed by ITC from time to time and hence its revenue is dependent on ITC's market volumes. In view of the increasing marketing initiatives being taken up by ITC in the North East market, your Company is confident of mitigating the risk of low capacity utilisation.

Corporate policies are in place setting out the philosophy and principles under which the management needs to conduct its operations within a control driven and risk managed environment. Risk focused audits are carried out periodically by the Internal Auditors, which lead to identification of areas where risk management processes need to be strengthened. The Board monitors the internal control environment and risk management systems within the Company including implementation of the action plan emerging out of internal audit findings. Annual update is provided to the Board on the effectiveness of the Company's risk management systems and policies.

11. INTERNAL FINANCIAL CONTROLS

The Internal Financial Controls (IFC) which form the basis of the Financial Statements are adequate and commensurate with the size and nature of business of the Company. The Company follows approved policies and standard operating procedures to prepare, review and report financial performance.

During the year under review, internal audit of the systems, processes and compliances for all major areas of operations of the Company was carried out by the Internal Audit team of ITC. The Internal Auditors independently evaluate adequacy of design and operating effectiveness of internal controls and compliance with policies laid down by the Company.

IFC system testing including Enterprise Risk Services (ERS) audit for automated control and IT General Controls were conducted during the year by the Statutory Auditors, M/s. Deloitte Haskins & Sells.

12. COST RECORDS

Maintenance of cost records and requirement of cost audit as prescribed under the provisions of Section 148(1) of the Act are not applicable for the business activities carried out by your Company.

13. EXTRACT OF ANNUAL RETURN

As per provisions of Section 92(3) of the Act read with Rule 12 of the Companies (Management and Administration) Rules, 2014, the extract of the Annual Return is provided in Annexure 3, forming part of this Report.

14. STATUTORY AUDITORS

In accordance with the provisions of Section 139 of the Act, the Company had appointed Messrs. Deloitte Haskins & Sells, Chartered Accountants, Kolkata (Registration No. 302009E), Statutory Auditors, at the First AGM of the Company to hold such office for a period of five years till the conclusion of the Sixth AGM.

In terms of Sections 139 and 142 of the Act, re-appointment of the Statutory Auditors for a further period of 5 years till the conclusion of the 11th AGM and payment of remuneration of the Auditors, is proposed for the approval of the Members at ensuing AGM.

Your Board has recommended appropriate resolution in respect of the aforesaid as appearing in the Notice convening the 6th AGM of the Company.

15. SECRETARIAL AUDITOR

Your Board of Directors appointed Messrs. Anjan Kumar Roy & Co., Practising Company Secretaries, Kolkata (CP No. 4557), as the Secretarial Auditor of the Company for the financial year ended 31st March, 2019 in terms of the provisions of Section 204 of the Act read with Rule 9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 to conduct the Secretarial Audit of the Company.

The Secretarial Audit Report issued by Messrs. Anjan Kumar Roy & Co. to the effect that the Company has complied with the relevant laws and regulations is provided in Annexure 4 forming part of this Report.

16. PARTICULARS OF RELATED PARTY TRANSACTIONS

All related party transactions entered during the financial year were in the ordinary course of business and on arm's length basis.

Material related party transactions entered during the financial year by your Company are disclosed as required under Section 134(3)(h) of the Act read with Rule 8 of the Companies (Accounts) Rules, 2014 in Form AOC -2 in Annexure 5 of this Report.

17. SUBSIDIARIES, JOINT VENTURES OR ASSOCIATE COMPANIES

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

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

During the year under review, there were no significant or material orders passed by the regulators or courts or tribunals impacting the going concern status of the Company and its future operations.

19. PARTICULARS OF EMPLOYEES

The information required under Section 197(12) of the Act read with Rules 5(2) and 5(3) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 relating to the names and other particulars of top ten employees in terms of remuneration drawn is disclosed in Annexure 6 of this Report.

20. HUMAN RESOURCES DEVELOPMENT

HR practices in your Company is aimed at promoting high productivity amongst its employees and opportunity for career progression. This has been achieved by systematic approach of evaluation, training and goal setting. Various employee engagement programs were conducted during the year under review to bring in a sense of inclusive growth e.g. Annual Cultural Fest, Indoor and Outdoor Sports Tournament etc. Your company believes in promoting good work culture leading to result oriented work environment.

The Board of Directors record their sincere appreciation of the efforts of the committed team of employees.

Industrial Relation across the Company during the year under review was generally cordial.

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

Your Company provides a gender friendly workplace. In line with the provisions of the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013, and the Rules thereunder, the Company has in place an Internal Complaints Committee for conducting inquiry into the complaints received on harassments at the work place. During the year under review, no case of sexual harassment was reported.

22. ENVIRONMENT, HEALTH AND SAFETY

Your Company is committed to conducting its operations with due regard to environment and providing a safe and healthy workplace for each employee.

During the year under review, major focus has been on training and participation of the workmen towards Environment, Health and Safety. Your Company has conducted in-house training of situation-based standard operating procedures for various emergencies, viz earthquake preparedness, fire emergency etc.

World Environment Day was observed with the theme "Connecting People to Nature" including distribution of plants for plantation among villagers for creating awareness.

National Safety Week - 2019 was celebrated with the theme "Cultivation and Sustenance of Safety Driven Culture for Nation Building" with training sessions regarding domestic safety, road safety and behavioral based safety etc.

Emergency mock drills were organised at regular intervals including training to the security team to handle emergency and safe evacuation of the occupants.

Your Company conducts safety meetings on periodic basis with worker and management representatives. Also your Company has provided and maintained facilities, equipment, operations and working conditions which are safe for the employees and visitors to its factory.

23. AWARDS & ACCOLADES

Your Company was awarded "Food Safety System Certification" (FSSC) by the global authority Global Food Safety Initiative (GFSI) and is currently upgraded to the latest version of FSSC v4.1 with upgradation to 80% food safety maturity band at level 4.

ACKNOWLEDGEMENT

The Directors record their appreciation for the assistance rendered to the Company by its Members, Banks and various authorities under the Central and State Governments.

Your Directors look forward to the future with confidence.

By order of the Board

North East Nutrients Private Limited

Dated: 24th April, 2019	**(P. Wali)**	**(N. K. Jasper)**
Place : Bengaluru	Chairman	Director

Annexure - 1

NORTH EAST NUTRIENTS PRIVATE LIMITED

NOMINATION AND REMUNERATION POLICY

1. PREAMBLE

The Nomination and Remuneration Committee (the Committee) set up, pursuant to the provisions of the Companies Act, 2013 ('the Act') and the Rules made thereunder, is required to formulate a Policy relating to the remuneration of the Directors, Key Managerial Personnel (KMP) and other employees of the Company and recommend to the Board for its adoption. The Committee is also required to formulate the criteria for identifying persons who are qualified to become Directors determining qualifications, positive attributes and independence of a Director apart from identifying persons who may be appointed in senior management. The policy would be required to be disclosed in the Board's Report as applicable in terms of the Act.

2. POLICY

In compliance of the above requirements, the Board of Directors of the Company have adopted this Nomination and Remuneration Policy, as recommended by the Committee, which would be reviewed by the Committee as and when required and the same shall be subject to the provisions of the Act and Articles of Association of the Company.

3. POLICY OBJECTIVES

The Nomination and Remuneration Policy is guided by a set of principles, inter alia, pertaining to determining qualifications, positive attributes, integrity, independence, remuneration and objectives particularly envisaged under Section 178 of the Act and the Articles of Association of the Company in respect of Directors, KMP and employees of the Company.

The key objectives of the Policy, inter alia, includes the following :

a) Enable the Company to attract, retain and motivate appropriately qualified persons / members for the Board and executive level.

b) Enable the Company to provide a well-balanced and performance-led compensation package, taking into account industry standards and relevant Indian corporate regulations.

c) Ensure that the interests of the Directors, KMP and senior management are aligned with the business strategy and risk tolerance, objectives, values and long-term interests of the Company and be consistent with the 'Pay for Performance' principle as applicable.

d) Ensure that the remuneration of Directors, KMP and senior management involves a balance between fixed and incentive pay reflecting short and long-term performance objectives appropriate to the working of the Company, its policies and its goals.

4. APPOINTMENT AND REMOVAL OF DIRECTOR, KMP AND SENIOR MANAGEMENT

1. Appointment criteria and qualifications:

a) In terms of the Articles of Association of the Company, the Board shall have six Non-Executive Directors consisting two Independent Directors, three Directors nominated by ITC Limited (Holding Company) and one Director nominated by SRD. The Party nominating the Director may withdraw its nominated Director and nominate another Director in his place.

b) The Committee shall identify and ascertain the integrity, qualification, expertise and experience of the person for appointment as Independent Director, KMP or at senior management level and recommend to the Board his / her appointment. The Committee has discretion to decide whether qualification, expertise and experience possessed by a person are sufficient / satisfactory for the concerned position.

c) An Independent Director shall possess appropriate skills, experience and knowledge in one or more fields of finance, law, management, sales, marketing, administration, human resources, research, corporate governance, operations or other disciplines related to the Company's business.

d) An Independent Director shall be a person of integrity, who possesses relevant expertise and experience and who shall uphold ethical standards of integrity and probity; act objectively and constructively; exercise his responsibilities in a bona-fide manner in the interest of the Company; devote sufficient time and attention to his professional obligations for informed and balanced decision making; and assist the Company in implementing the best corporate governance practices.

e) An Independent Director should meet the requirements of the Act and Rules made thereunder concerning independence of Directors.

2. Term / Tenure

a) Managing Director / Whole-time Director / Manager (Managerial Person):

The Company may appoint or re-appoint any person as its Managerial Person in terms of the provisions of the Act and Articles of Association of the Company, for a term not exceeding five years at a time. No re-appointment shall be made earlier than one year before the expiry of term.

b) Non-Executive Director :

The term of the Non-Executive Directors, unless otherwise specified, shall be in accordance with the Articles of Association of the Company.

c) Non- Executive Independent Director:

An Independent Director shall hold office for a term up to five consecutive years on the Board of the Company and will be eligible for re-appointment on passing of a special resolution by the Company and disclosure of such appointment in the Board's Report.

No Independent Director shall hold office for more than two consecutive terms, but such Independent Director shall be eligible for appointment after expiry of three years of ceasing to become an Independent Director. The Independent Director shall, during the said period of three years, not be appointed in or be associated with the Company in any other capacity, either directly or indirectly.

d) KMP and Senior Management:

The term of the KMP (other than the Managing / Whole-time Director / Manager) and senior management shall be decided on a case to case basis.

3. Evaluation:

The Committee shall identify evaluation criteria based on which Directors will evaluate knowledge to perform the role, time and level of participation, performance of duties, level of oversight, professional conduct and independence.

In conformity with the requirement of the Act, the performance evaluation of Independent Directors shall be done by entire Board excluding the Director being evaluated.

The Independent Directors of the Company shall hold atleast one meeting in a year to review the performance of Non-Independent Directors, performance of the Chairman of the Company and the Board as a whole, assess the quality, quantity and timeliness of flow of information between the Company management and the Board that is necessary for the Board to effectively and reasonably perform their duties.

4. Induction:

As required by the provisions of Schedule IV to the Act, the Company will impart familiarisation programmes for Independent Directors inducted on the Board of the Company. The Familiarisation Programmes will provide information relating to the Company, its growth plans, the peculiarities of the industry in which the Company operates, its long term plans and objectives and also improve awareness of the Independent Directors on their roles, rights, responsibilities towards the Company.

5. Removal :

Due to reasons for any disqualification mentioned in the Act and Rules made thereunder or under any other applicable statutes or the Articles of Association of the Company, the Committee may recommend to the Board with reasons recorded in writing, removal of a Director, KMP or senior management.

6. Retirement:

The Director(s), KMP and senior management shall retire as per the applicable Service Rules, provisions of the Act and the Articles of Association of the Company. The Board shall have the discretion to retain the Director, KMP, senior management in the same position / remuneration or otherwise even after attaining the retirement age, for the benefit of the Company, subject to necessary approvals as may be required under the Act.

5. REMUNERATION OF DIRECTOR, KMP AND OTHER EMPLOYEES

1. Remuneration payable to Non-Executive Directors

The Non-Executive Non-Independent Directors of the Company shall not be paid any commission or fee for attending the meetings. However, they shall be entitled to all travelling, hotel or other expenses incurred by them in attending and returning from the meetings of the Board, Committees, or General Meetings of the Company, including adjourned meetings thereof, and generally in connection with the business of the Company.

2. Remuneration payable to Non-Executive Independent Directors

The Board shall, in consultation with the Committee, approve the remuneration by way of sitting fees payable to Non-Executive Independent Directors, which shall take into account the Company's overall performance, Directors' contribution for the same and trends in the industry in general, in a manner which will ensure and support a high performance culture.

The Non-Executive Independent Directors shall be paid sitting fees for attending the Board and Committee Meetings, Independent Directors' Meeting, as may be approved by the Board based on the recommendation of the Committee subject to the ceiling stipulated in the Act and the Rules made thereunder. In addition to the above, they shall be entitled to reimbursement of all reasonable expenses as may be incurred by them, while performing their role as an Independent Director of the Company including obtaining, subject to prior consultation with the Board, professional advice from independent advisors in the furtherance of their duties as an Independent Director.

Increments to the existing remuneration structure may be recommended by the Committee to the Board and shall be subject to approval of Members of the Company, wherever required.

3. **Remuneration of KMP and Employees (other than KMP) and Workmen**

The Board shall, in consultation with the Committee, approve the remuneration to be paid to KMP in accordance with the statutory provisions of the Act and the Rules made thereunder. It shall also be subject to the approval of the Members of the Company and Central Government, wherever required.

The remuneration of other employees (other than KMP) and workmen shall be approved by the Board and will be such as to ensure that the relationship of remuneration to performance is clear and meets appropriate performance benchmarks relevant to the industry.

6. DEVIATIONS FROM THIS POLICY

Deviations on elements of this Policy in extraordinary circumstances, when deemed necessary in the interests of the Company, will be made if there are specific reasons to do so in an individual case.

7. OTHER PROVISIONS

This Policy shall continue to guide all future employment of Directors, Company's senior management including KMP and other employees / workmen as applicable.

Any matter not provided for in this Policy shall be dealt with in accordance with the provisions in the Articles of Association of the Company, the Act, relevant state laws and other applicable statutes. The right to interpret this Policy shall vest in the Board of Directors of the Company.

8. DISCLOSURE OF INFORMATION

Information on the total remuneration of the Company's Board of Directors, KMP / senior management may be disclosed in the Company's annual financial statements as per statutory requirements. This includes any deferred payments and extraordinary contracts during the preceding financial year.

9. AMENDMENTS

Amendments from time to time to the Policy, if any, shall be considered by the Board based on the recommendations of the Committee and / or as may be required by the changes in the regulatory framework.

Annexure - 2

PARTICULARS OF CONSERVATION OF ENERGY AND TECHNOLOGY ABSORPTION

[Information under Section 134(3)(m) of the Companies Act, 2013 read with Rule 8 of the Companies (Accounts) Rules, 2014]

A. CONSERVATION OF ENERGY–

i. **Steps taken or impact on conservation of energy:**

Business continued to accrue savings from installation of LED lights and solar light with skylights. Also, it continued to accrue savings from up-draft gasification technology to replace conventional fuel, i.e. High-Speed Diesel (HSD) by biomass.

ii. **The steps taken by the Company for utilising alternate sources of energy:**

Business has continued to accrue savings from the 5 KL capacity solar water heating plant. This will result in estimated savings of 35 KW of electrical energy for the Company during the FY 2019-20.

iii. **The capital investment on energy conservation equipment:**

The Company has not made any capital investment in energy conservation equipment during the year.

B. TECHNOLOGY ABSORPTION

i. **Efforts made towards technology absorption:**

The Company continues to utilise the latest automation technology to ensure absorption of different industry-wide innovations. Automations are done in order to assure optimum quality of the product and improving operational feasibility.

ii. **Benefits derived like product improvement, cost reduction, product development or import substitution:**

The business has introduced secondary packing automation for launch of Rs. 10 SKU for growth of salience of Chocofills in the Rs. 10 Market. This has resulted in increase of capacity utilisation of the Modular Setup.

iii. **In case of imported technology (imported during the last three years reckoned from the beginning of the financial year):**

The Company has not imported any technology during the year under review.

iv. **The expenditure incurred on Research and Development:**

The Company did not incur any expenditure on Research and Development during the year under review.

By order of the Board

NORTH EAST NUTRIENTS PRIVATE LIMITED

Dated: 24th April, 2019	**(P WALI)**	**(N. K. JASPER)**
Place: Bengaluru	CHAIRMAN	DIRECTOR

Annexure - 3

Form No. MGT-9
EXTRACT OF ANNUAL RETURN
for the financial year ended on 31st March, 2019

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

I. REGISTRATION AND OTHER DETAILS:

i.	CIN	U15122WB2013PTC196135
ii.	Registration Date	5th August, 2013
iii.	Name of the Company	North East Nutrients Private Limited
iv.	Category / Sub-Category of the Company	Private Company Limited by Shares
v.	Address of the Registered Office and contact details	Aradhana Building, 2/1 Anandilal Poddar Sarani, Kolkata – 700071 Tel : 033-4070 1204
vi.	Whether listed company	No
vii.	Name, Address and contact details of Registrar & Transfer Agents (RTA), if any	–

II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

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

Sl. No.	Name and Description of main products / services	NIC Code of the Product/ service	% to total turnover of the Company
1.	Manufacture of Biscuits	10712	100

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES

Sl. No.	Name and address of the company	CIN / GLN	Holding/Subsidiary/ Associate	% of Shares Held	Applicable Section
1.	ITC Limited, Virginia House, 37 J. L. Nehru Road, Kolkata – 700071	L16005WB1910PLC001985	Holding Company	76	Section 2(46) of the Companies Act, 2013

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

(i) Category-wise Share Holding

Category of Shareholders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
A. Promoters									
(1) Indian									
a) Individual/HUF	–	1,75,20,000	1,75,20,000	24	–	1,75,20,000	1,75,20,000	24	Nil
b) Central Govt.	–	–	–	–	–	–	–	–	–
c) State Govt.(s)	–	–	–	–	–	–	–	–	–
d) Bodies Corp.	–	5,54,80,000	5,54,80,000	76	–	5,54,80,000	5,54,80,000	76	Nil
e) Banks / FI	–	–	–	–	–	–	–	–	–
f) Any Other	–	–	–	–	–	–	–	–	–
Sub-total (A)(1)	**–**	**7,30,00,000**	**7,30,00,000**	**100**	**–**	**7,30,00,000**	**7,30,00,000**	**100**	**Nil**
(2) Foreign									
a) NRIs - Individuals	–	–	–	–	–	–	–	–	–
b) Other – Individuals	–	–	–	–	–	–	–	–	–
c) Bodies Corp.	–	–	–	–	–	–	–	–	–
d) Banks / FI	–	–	–	–	–	–	–	–	–
e) Any Other	–	–	–	–	–	–	–	–	–
Sub-total (A)(2)	–	–	–	–	–	–	–	–	–
Total shareholding of Promoter (A) = (A)(1)+(A)(2)	**–**	**7,30,00,000**	**7,30,00,000**	**100**	**–**	**7,30,00,000**	**7,30,00,000**	**100**	**Nil**
B. Public Shareholding									
1. Institutions									
a) Mutual Funds	–	–	–	–	–	–	–	–	–
b) Banks / FI	–	–	–	–	–	–	–	–	–
c) Central Govt.	–	–	–	–	–	–	–	–	–
d) State Govt.(s)	–	–	–	–	–	–	–	–	–
e) Venture Capital Funds	–	–	–	–	–	–	–	–	–
f) Insurance Companies	–	–	–	–	–	–	–	–	–
g) FIIs	–	–	–	–	–	–	–	–	–
h) Foreign Venture Capital Funds	–	–	–	–	–	–	–	–	–
i) Others (specify)	–	–	–	–	–	–	–	–	–
Sub-total (B)(1)	–	–	–	–	–	–	–	–	–
2. Non-Institutions									
a) Bodies Corp.	–	–	–	–	–	–	–	–	–
i) Indian	–	–	–	–	–	–	–	–	–
ii) Overseas	–	–	–	–	–	–	–	–	–
b) Individuals	–	–	–	–	–	–	–	–	–
i) Individual shareholders holding nominal share capital upto Rs. 1 lakh	–	–	–	–	–	–	–	–	–
ii) Individual shareholders holding nominal share capital in excess of Rs. 1 lakh	–	–	–	–	–	–	–	–	–

Category of Shareholders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
c) Others (specify)	–	–	–	–	–	–	–	–	–
Sub-total (B)(2)	–	–	–	–	–	–	–	–	–
Total Public Shareholding (B)=(B)(1)+ (B)(2)	–	–	–	–	–	–	–	–	–
C. Shares held by Custodian for GDRs & ADRs	–	–	–	–	–	–	–	–	–
Grand Total (A+B+C)	–	**7,30,00,000**	**7,30,00,000**	**100**	–	**7,30,00,000**	**7,30,00,000**	**100**	**Nil**

(ii) Shareholding of Promoters

Sl. No.	Shareholder's Name	Shareholding at the beginning of the year			Shareholding at the end of the year			% change in shareholding during the year
		No. of Shares	% of total Shares of the Company	% of Shares pledged / encumbered to total Shares	No. of Shares	% of total Shares of the Company	% of Shares pledged / encumbered to total Shares	
1.	ITC Limited	5,54,80,000	76	Nil	5,54,80,000	76	Nil	Nil
2.	Mr. Mukul Chandra Deka	43,80,000	6	6	43,80,000	6	6	Nil
3.	Mr. Rajib Kumar Deka	43,80,000	6	6	43,80,000	6	6	Nil
4.	Mr. Anupam Deka	43,80,000	6	6	43,80,000	6	6	Nil
5.	Mr. Samrat Deka	43,80,000	6	6	43,80,000	6	6	Nil
	TOTAL	**7,30,00,000**	**100**	**24**	**7,30,00,000**	**100**	**24**	**Nil**

(iii) Change in Promoters' Shareholding (please specify, if there is no change) – No change during the year

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

(v) Shareholding of Directors and Key Managerial Personnel: None of the Directors and Key Managerial Personnel, other than Mr. Samrat Deka, Non-Executive Director, holds any shares in the Company in their individual capacity.

Sl. No.	For each of the Directors and KMP	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of Shares	% of total Shares of the Company	No. of Shares	% of total Shares of the Company
1.	**Mr. Samrat Deka (Non-Executive Director)**				
	At the beginning of the year	43,80,000	6.00	43,80,000	6.00
	Date wise Increase / Decrease in Promoters Shareholding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus/ sweat equity etc.) :	–	N.A.	–	N.A.
	At the end of the year	43,80,000	6.00	43,80,000	6.00

V. INDEBTEDNESS

Indebtedness of the Company including interest outstanding / accrued but not due for payment: **(Amount in ₹ Crores)**

	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
Indebtedness at the beginning of the financial year				
i) Principal Amount	48.68	–	–	48.68
ii) Interest due but not paid	–	–	–	–
iii) Interest accrued but not due	–	–	–	–
Total (i+ii+iii)	**48.68**	**Nil**	**Nil**	**48.68**
Change in Indebtedness during the financial year				
• Addition	–	–	–	–
• Reduction	12.16	–	–	12.16
- Principal paid during 2018-19	12.16	–	–	12.16
- Interest accrued but not due at the beginning of the FY	–	–	–	–
Net Change	**(12.16)**	**Nil**	**Nil**	**(12.16)**
Indebtedness at the end of the financial year				
i) Principal Amount	36.52	–	–	36.52
ii) Interest due but not paid	–	–	–	–
iii) Interest accrued but not due	–	–	–	–
Total (i+ii+iii)	**36.52**	**Nil**	**Nil**	**36.52**

* Note: As per IndAS Preference Share Capital of Rs.18 Crores has been treated as Borrowings in the Balance Sheet, however the same is not considered as indebtedness for this purpose since it is not in the nature of secured / unsecured loan.

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

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

(Amount in ₹)

Sl. No.	Particulars of Remuneration	Name of MD / WTD / Manager: Ms. Savitha Bai S. (Manager and Company Secretary) *(refer Note 1)*
1.	Gross salary :	
	(a) Salary as per provisions contained in Section 17(1) of the Income-tax Act, 1961	8,89,374
	(b) Value of perquisites under Section 17(2) of the Income-tax Act, 1961	22,400
	(c) Profits in lieu of salary under Section 17(3) of the Income-tax Act, 1961	–
2.	Stock Option	–
3.	Sweat Equity	–
4.	Commission - as % of profit - others, specify	–
5.	Others, please specify	–
Total (1)		**9,11,774**
Ceiling as per the Companies Act, 2013 (5% of the net profits of the Company computed in accordance with Section 198 of the said Act)		**45,25,507 p.a.**

Note 1 : Ms. Savitha Bai S is on deputation from ITC Limited, the Holding Company.

B. Remuneration to other Directors:

(Amount in ₹)

Sl. No.	Particulars of Remuneration	Name of Director: Mr. K. V. Raghavaiah
1.	**Independent Directors**	
	• Fee for attending Board and Board Committee meetings	60,000
	• Commission	–
	• Others, please specify	–
	Total (2)	**60,000** *(refer note 1)*
	Total = (1) + (2)	**9,71,774**
	Ceiling as per the Companies Act, 2013 (5% of the net profits of the Company computed in accordance with Section 198 of the said Act)	**45,25,507 p.a.**

Note 1: Independent Director of the Company is not entitled to any remuneration other than sitting fees for attending Board meetings.

C. Remuneration to Key Managerial Personnel other than Managing Director / Manager / Whole-time Director:

(Amount in ₹)

Sl. No.	Particulars of Remuneration	Key Managerial Personnel: Mr. Anindya Sengupta (Chief Financial Officer) *(refer Note)*
1.	Gross salary :	
	(a) Salary as per provisions contained in Section 17(1) of the Income-tax Act, 1961	34,16,986
	(b) Value of perquisites under Section 17(2) of the Income-tax Act, 1961	80,624
	(c) Profits in lieu of salary under Section 17(3) of the Income-tax Act, 1961	–
2.	Stock Option	–
3.	Sweat Equity	–
4.	Commission - as % of profit - others, specify	–
5.	Others, please specify	–
Total (C)		**34,97,610**

Note : Mr. Anindya Sengupta is on deputation from ITC Limited, the Holding Company.

VII. PENALTIES / PUNISHMENT/ COMPOUNDING OF OFFENCES: Nil

By order of the Board
NORTH EAST NUTRIENTS PRIVATE LIMITED

Dated: 24th April, 2019
Place: Bengaluru

(P. WALI) CHAIRMAN

(N. K. JASPER) DIRECTOR

Annexure - 4
SECRETARIAL AUDIT REPORT
FOR THE FINANCIAL YEAR ENDED 31st March, 2019

[Pursuant to section 204(1) of the Companies Act, 2013 and Rule 9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014]

To,
The Members,
M/s. North East Nutrients Private Limited
Aradhana Building,
2/1 Anandilal Poddar Sarani,
Kolkata – 700071

1. We have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by M/s. North East Nutrients Private Limited (hereinafter called 'the Company') during the financial year ended 31st March 2019. Secretarial Audit was conducted on test check basis, in a manner that provided us a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing our opinion thereon.
2. On the basis of verification of the secretarial compliance and on the basis of secretarial audit of Company's books, papers, minute books, forms and returns filed and other records maintained by the Company as shown to us during the said audit, relying on management representation, and also based on the information provided by the Company, its officers, agents and authorized representatives during the conduct of the instant secretarial audit, we hereby report that in our opinion and to the best of our understanding, the Company has, during the audit period covering the financial year ended on 31st March, 2019, complied with the Secretarial compliance of the statutory provisions listed hereunder and we are also of the opinion that the Company has adequate Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:
3. We further report that compliance with applicable laws is the responsibility of the Company and our Report constitutes an independent opinion. Our report is neither an assurance for future viability of the Company nor a confirmation of efficient management by the Company.
4. (a) We have examined the secretarial compliance based on the books, papers, minute books, forms and returns filed and other records maintained by M/s. North East Nutrients Private Limited for the financial year ended on 31st March, 2019 and as shown to us during our audit, according to the provisions of the following laws:
   (i) The Companies Act, 2013 (the Act) and the rules made thereunder;

   (b) We have also examined the secretarial compliance on test check basis of the books, papers, minute books, forms and returns filed and other records maintained by M/s. North East Nutrients Private Limited for the financial year ended on 31st March, 2019 according to the provisions of the following law specifically applicable to the Company and as shown to us during our audit, as also referred in above paragraphs of this report;
   (i) Food Safety & Standards Act, 2006 and rules made thereunder.
   (ii) Legal Metrology Act, 2009 and rules made thereunder along with applicable factory related laws, labour laws and environmental laws.
5. We have also examined compliance with the applicable clauses of the following:
   (i) Secretarial Standards issued by The Institute of Company Secretaries of India under Section 118 of the Companies Act, 2013.
6. That on the basis of the audit as referred above, to the best of our knowledge, understanding and belief, we are of the view that during the period under review the Company has, complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards, etc. mentioned above in paragraph 4(a), 4(b) and paragraph 5 of this report.
7. We further report that,
   a) The Board of Directors of the Company is duly constituted with proper balance of Non-Executive Directors and Independent Directors. The Company does not have any Executive Director and the changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act.
   b) Adequate notice is given to all directors to schedule the board meetings, agenda and notes on agenda were sent at least seven days in advance and further information and clarifications on the agenda items are also provided for meaningful participation at the meeting.
   c) Majority decision is carried through and recorded as part of the minutes.
8. We further report that there are adequate systems and processes in the Company commensurate with the size and operations of the Company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines, such as laws related to taxation, local laws applicable to the area of operation of business and other laws generally applicable to Company.
9. This report is to be read with our letter of even date which is annexed as Annexure A and forms an integral part of this report.

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

Place : Kolkata
Date : 24/04/2019

Annexure - A

(To the Secretarial Audit Report of M/s. North East Nutrients Private Limited for the Financial Year ended 31/03/2019)

To,
The Members,
M/s. North East Nutrients Private Limited
Aradhana Building,
2/1 Anandilal Poddar Sarani,
Kolkata – 700071

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

1. Maintenance of secretarial record is the responsibility of the management of the Company. Our responsibility is to express an opinion on these secretarial records based on our audit.
2. We have followed the audit practices and processes as were, to the best of our understanding, appropriate to obtain reasonable assurance about the correctness of the contents of the secretarial records. The verification was done on test basis to ensure that correct facts are reflected in secretarial records. We believe that the processes and practices, we followed provide a reasonable basis for our opinion.
3. We have not verified the correctness, appropriateness or adequacy of financial records, Books of Accounts and decisions taken in board and in committees of the Company, during the period under review. However, we have verified as to whether or not the board process and approvals in various committees have been complied with or not, during the period under review.
4. Where ever required, we have obtained the Management representation about the compliance of laws, rules and regulations and happening of events etc.
5. The compliance of the provisions of corporate and other applicable laws, rules, regulations, standards is the responsibility of management. Our examination was limited to the verification of procedures on test basis to assess the compliance of secretarial duties and board process.
6. The Secretarial Audit Report is neither an assurance as to the future viability of the Company nor of the efficacy or effectiveness with which the management has conducted the affairs of the Company.

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

Place : Kolkata
Date : 24/04/2019

Annexure - 5

FORM AOC – 2

FOR THE FINANCIAL YEAR ENDED 31st March, 2019

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

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

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

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

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

(a)	Name(s) of the related party and nature of relationship	**ITC Limited, Holding Company**
(b)	Nature of contracts / arrangements / transactions	Manufacturing & Sale Agreement
(c)	Duration of the contracts / arrangements / transactions	Period of 5 years effective 24th August, 2015
(d)	Salient terms of the contracts or arrangements or transactions including the value, if any	Value of transaction during the year ₹ 176.99 Crores.
(e)	Date(s) of approval by the Board	17th August, 2015
(f)	Amount paid as advances, if any.	Nil

By order of the Board

NORTH EAST NUTRIENTS PRIVATE LIMITED

Dated: 24th April, 2019
Place : Bengaluru

(P. WALI) CHAIRMAN

(N. K. JASPER) DIRECTOR

Annexure - 6

Information pursuant to Section 197 of the Companies Act, 2013 read with Rules 5(2) and 5(3) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014

Top 10 employees in terms of remuneration drawn during the Financial Year 2018-19

Sl. No.	Name	Age	Designation	Gross Remuneration (₹)	Net Remuneration (₹)	Qualifications	Experience (Years)	Date of commencement of Employment / Deputation	Position held / Previous Employment
A	B	C	D	E	F	G	H	I	J
1	Mr. Anindya Sengupta*	31	Chief Financial Officer	3,629,502	2,503,673	M. Com, A.C.A.	10	01.01.15	Assistant Manager - Finance, ITC Limited
2	Mr. Dipak Shinde*	27	Operations and Maintenance Manager	2,434,332	1,734,005	B. Tech in Mechanical Engineering	4	01.04.17	Technical AUT, ITC Limited
3	Mr. Muthal Purushot-tam Abhay*	25	Process Excellence Manager	2,179,837	1,613,884	B. Tech in Mechanical Engineering	3	01.04.17	Technical AUT, ITC Limited
4	Mr. Sanjeeb Kumar Kanu	47	Assistant Manager - Finance	1,071,975	896,678	M.Com	17	08.12.15	Deputy Manager - Accounts, FENA Private Limited
5	Ms. Savitha Bai S.*	36	Manager & Company Secretary	944,030	774,394	B.Com, A.C.S., MBL	17	01.03.16	Finance Executive, ITC Limited
6	Mr. Shazeed Hoque	42	Line Manager - Production	856,432	753,030	B.Tech in Mechanical Engineering	15	26.05.16	Production Executive, Hindustan Unilever Limited
7	Mr. Mahesh Muralidharan*	30	Unit Finance Manager	843,768	743,050	B.Com, CA (Inter)	7	01.04.17	Finance Executive, ITC Limited
8	Mr. Kaustav Purkayastha	43	Assistant Manager - Supply Chain	744,096	719,198	MBA, Material Management	18	30.10.17	Supply Chain Manager, Alliance India (Manufacturing Unit HUL)
9	Mr. Pramod Shrivastav	37	Executive- Logistic & Procurement	620,645	564,794	B. A.	10	20.11.17	Store Manager-Unibics Foods India Private Limited
10	Mr. Manjit Das##	35	Manager - HR & Admin	610,682	526,620	MPM (Master in Personnel Management), B. Com (Management), MBA (Human Resource & Marketing)	10	25.12.17	HR Manager, Trinity Fructa Limited

Notes:

* On deputation from ITC Limited, the Holding Company (ITC); remuneration borne by the Company as per the terms of deputation of their services.

Resigned with effect from 31.01.19

1. None of the employees mentioned above is a relative of any Director or Manager of the Company.
2. None of the employees hold equity shares of the Company, singly or alongwith spouse and dependent children.
3. Gross Remuneration :
   (a) For Managers on deputation from ITC, gross remuneration includes salary, performance bonus, allowances & other benefit / applicable perquisites except contributions to the approved Pension Fund, under the defined benefit scheme and Gratuity Funds and provisions for leave encashment which are actuarially determined on an overall Company basis.
   (b) For Managers on rolls of the company, gross remuneration includes salary, performance pay and allowances
   (c) The term remuneration has the meaning assigned to it under the Companies Act, 2013
4. Net Remuneration comprises cash income less :
   (a) Income tax, surcharge (as applicable) & education cess deducted at source
   (b) Manager's own contribution towards provident fund
5. All appointments (except in case of employees on deputation) are contractual in accordance with terms and conditions as per Company rules.
6. Experience shown in Column H includes service with previous employers.

By order of the Board

NORTH EAST NUTRIENTS PRIVATE LIMITED

Dated: 24th April, 2019
Place: Bengaluru

(P. WALI) CHAIRMAN

(N. K. JASPER) DIRECTOR

INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF NORTH EAST NUTRIENTS PRIVATE LIMITED

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of **North East Nutrients Private Limited** ("the Company"), which comprise the Balance Sheet as at 31st March 2019, and the Statement of Profit and Loss (including Other Comprehensive Income), the Cash Flow Statement and the Statement of Changes in Equity for the year then ended, and a summary of significant accounting policies and other explanatory information (hereinafter referred to as "the Financial Statements").

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

Basis for Opinion

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

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

The Company's Board of Directors is responsible for the other information. The other information comprises the information included in the directors' report but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained during the course of our audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Management's Responsibility for the Financial Statements

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

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

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

Auditor's Responsibility for the Audit of the Financial Statements

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

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

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

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

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

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

Report on Other Legal and Regulatory Requirements

1. As required by Section 143(3) of the Act, audit we report that:
    a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
    b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
    c) The Balance Sheet, the Statement of Profit and Loss including Other Comprehensive Income, the Cash Flow Statement and Statement of Changes in Equity dealt with by this Report are in agreement with the books of account.
    d) In our opinion, the aforesaid financial statements comply with the IND AS specified under Section 133 of the Act.
    e) On the basis of the written representations received from the directors as on 31st March, 2019 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2019 from being appointed as a director in terms of Section 164(2) of the Act.
    f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in “Annexure A”. Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the Company’s internal financial controls over financial reporting.
    g) In our opinion and to the best of our information and according to the explanations given to us, the Company being a private company, section 197 of the Act related to managerial remuneration is not applicable.
    h) With respect to the other matters to be included in the Auditor’s Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, as amended in our opinion and to the best of our information and according to the explanations given to us:
        i. The Company does not have any pending litigations which would impact its financial position in its financial statements;
        ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses;
        iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.
2. As required by the Companies (Auditor’s Report) Order, 2016 (“the Order”) issued by the Central Government in terms of Section 143(11) of the Act, we give in “Annexure B” a statement on the matters specified in paragraphs 3 and 4 of the Order.

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

Ananthi Amarnath
(Partner)
(Membership No. 209252)

Date : April 24, 2019
Place : Chennai

ANNEXURE “A” TO THE INDEPENDENT AUDITOR’S REPORT

(Referred to in paragraph “f” under ‘Report on Other Legal and Regulatory Requirements’ section of our report of even date)

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

We have audited the internal financial controls over financial reporting of North East Nutrients Private Limited (“the Company”) as of March 31, 2019 in conjunction with our audit of the financial statements of the Company for the year ended on that date.

Management’s Responsibility for Internal Financial Controls

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

Auditor’s Responsibility

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

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

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

Meaning of Internal Financial Controls Over Financial Reporting

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

Inherent Limitations of Internal Financial Controls Over Financial Reporting

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

Opinion

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

For **DELOITTE HASKINS & SELLS**

Chartered Accountants

(Firm's Registration No.302009E)

Ananthi Amarnath

(Partner)

(Membership No. 209252)

Date : April 24, 2019

Place : Chennai

ANNEXURE "B" TO THE INDEPENDENT AUDITOR'S REPORT

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

(i) In respect of fixed assets:

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

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

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

(ii) As explained to us, the inventories were physically verified during the year by the Management at reasonable intervals and no material discrepancies were noticed on physical verification.

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

(iv) The Company has not granted any loans, made investments or provided guarantees and hence reporting under clause (iv) of the Order is not applicable.

(v) According to the information and explanations given to us, the Company has not accepted any deposit and does not have any unclaimed deposits.

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

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

(a) The Company has been regular in depositing undisputed statutory dues, including Provident Fund, Employees State Insurance, Income-tax, Customs Duty, Goods & Service Tax, cess and other material statutory dues applicable to it to the appropriate authorities.

(b) There were no undisputed amounts payable in respect of Provident Fund, Employees State Insurance, Income-tax, Sales Tax, Service Tax, Customs Duty, Excise Duty, Value Added Tax, Goods & Service Tax, cess and other material statutory dues in arrears as at March 31, 2019 for a period of more than six months from the date they became payable.

(c) There are no dues of Income-tax, Sales Tax, Service Tax, Customs Duty, Excise Duty and Value Added Tax as on March 31, 2019 on account of disputes.

(viii) In our opinion and according to the information and explanations given to us, the Company has not defaulted in the repayment of loans or borrowings to financial institutions.

The Company has not taken any loans or borrowings from banks, government and has not issued any debentures.

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

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

(xi) The Company is a private company and hence the provisions of Section 197 of the Companies Act, 2013 do not apply to the Company.

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

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

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

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

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

For **DELOITTE HASKINS & SELLS**

Chartered Accountants

(Firm's Registration No.302009E)

Ananthi Amarnath

(Partner)

(Membership No. 209252)

Date : April 24, 2019

Place : Chennai

BALANCE SHEET AS AT 31ST MARCH, 2019

	Note		As at 31st March, 2019 (₹)		As at 31st March, 2018 (₹)
ASSETS					
Non-current assets					
(a) Property, Plant and Equipment	1A		831,248,694		1,135,614,564
(b) Capital work-in-progress	1B		33,504,173		6,236,048
(c) Other non-current assets	2		31,015,859		4,314,904
			895,768,726		1,146,165,516
Current assets					
(a) Inventories	3		89,225,909		78,926,311
(b) Financial assets					
(i) Investments	4A	10,010,406		-	
(ii) Trade receivables	4B	51,411,359		76,924,287	
(iii) Cash and cash equivalents	5	202,117,612		8,182,562	
(iv) Other Bank deposits		770,000		-	
(v) Other financial assets		13,647	264,323,024	-	85,106,849
(c) Other current assets	2		85,460,035		44,598,930
			439,008,968		208,632,090
Total assets			1,334,777,694		1,354,797,606
EQUITY AND LIABILITIES					
Equity					
(a) Share capital	6	730,000,000		730,000,000	
(b) Other equity		(18,586,508)	711,413,492	(109,782,989)	620,217,011
			711,413,492		620,217,011
Liabilities					
Non-current liabilities					
(a) Financial liabilities					
(i) Borrowings	7		423,600,000		545,200,000
(b) Provisions	9		3,604,195		2,603,453
			427,204,195		547,803,453
Current liabilities					
(a) Financial Liabilities					
(i) Trade payables					
(A) Dues of Micro, Small and Medium Enterprises		119,173		51,033	
(B) Dues of creditors other than Micro, Small and Medium Enterprises		25,889,681		30,031,796	
(ii) Other financial liabilities	8	159,882,834	185,891,688	142,437,814	172,520,643
(b) Other current liabilities	10		10,268,319		14,256,499
			196,160,007		186,777,142
Total equity and liabilities			1,334,777,694		1,354,797,606

The accompanying notes 1 to 17 are an integral part of the Financial Statements.

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

ANANTHI AMARNATH
Partner

Chennai, 24th April, 2019

For and on behalf of the Board of Directors

S. DEKA
Director

N. K. JASPER
Director

P. WALI
Chairman

A. SENGUPTA
Chief Financial Officer

SAVITHA BAI S.
Manager & Company Secretary

Bengaluru, 24th April, 2019

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

		Note	For the year ended 31st March, 2019 (₹)	For the year ended 31st March, 2018 (₹)
I	Revenue from operations	11	**1,616,919,415**	1,502,961,209
II	Other income	12	**573,655**	-
III	**Total Income (I+II)**		**1,617,493,070**	1,502,961,209
IV	**EXPENSES**			
	Cost of material consumed		**987,490,485**	908,902,599
	Changes in inventories of finished goods		**(3,028,908)**	9,806,636
	Excise duty		**–**	12,527,378
	Employee benefits expense	13	**73,551,656**	66,286,357
	Finance costs	14	**67,610,828**	84,857,951
	Depreciation and amortization expense	1A	**112,516,693**	104,678,203
	Other expenses	15	**288,831,779**	284,398,710
	Total expenses (IV)		**1,526,972,533**	1,471,457,833
V	**Profit/(Loss) before tax (III- IV)**		**90,520,537**	31,503,376
VI	**Tax expense:**			
	Provision for Income Tax		**21,500,000**	-
	Less: Mat Credit entitlement		**(21,500,000)**	-
	Total Tax expenses (VI)		**–**	-
VII	**Profit/(Loss) for the year (V-VI)**		**90,520,537**	31,503,376
	Other comprehensive income			
	Items that will not be reclassified to profit or loss:			
	– Remeasurements of defined benefit plans		**675,944**	1,497,365
VIII	**Total other comprehensive income**		**675,944**	1,497,365
IX	**Total comprehensive income for the year (VII+VIII)**		**91,196,481**	33,000,741
X	Earnings per equity share (Face Value Rs.10 per share): Basic and Diluted (in ₹)	16	**1.24**	0.43

The accompanying notes 1 to 17 are an integral part of the Financial Statements.

In terms of our report attached

For **Deloitte Haskins & Sells**
Chartered Accountants

ANANTHI AMARNATH
Partner
Chennai, 24th April, 2019

For and on behalf of the Board of Directors

S. DEKA
Director

N. K. JASPER
Director

P. WALI
Chairman

A. SENGUPTA
Chief Financial Officer

SAVITHA BAI S.
Manager & Company Secretary

Bengaluru, 24th April, 2019

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

		For the year ended 31st March, 2019 (₹)		For the year ended 31st March, 2018 (₹)	
A.	**Cash flow from operating activities**				
	Net Profit/(loss)		**90,520,537**		31,503,376
	Adjustments for:				
	Depreciation and amortisation expenses	**112,516,693**		104,678,203	
	Finance costs	**67,610,828**		84,857,951	
	Interest income	**(573,655)**	**179,553,866**	–	189,536,154
	Operating profit/(loss) before working capital changes		**270,074,403**		221,039,530
	Changes in working capital:				
	Adjustment for (increase) / decrease in operating assets:				
	Trade receivables, and other current assets	**(16,799,324)**		(26,656,645)	
	Inventories	**(10,299,598)**		8,408,350	
	Adjustment for increase / (decrease) in operating liabilities:				
	Trade payables, other liabilities and provisions	**(6,119,229)**	**(33,218,151)**	12,982,782	(5,265,513)
	Cash generated/(used) from operations		**236,856,252**		215,774,018
	Net income tax (paid) / refunds		**(24,447,277)**		–
	Net cash generated from/(used in) operating activities (A)		**212,408,975**		215,774,018
B.	**Cash flow from investing activities**				
	Capital expenditure on property, plant and equipments including capital advances	**(38,978,431)**		(21,998,333)	
	Capital subsidy received	**201,939,972**		–	
	Interest on security deposit	**295,995**		–	
	Purchase of current investments mutual fund	**(127,000,000)**		–	
	Sales/redemption of current investments mutual fund	**117,249,367**		–	
	Investment in other bank deposits (original maturity more than 3 months)	**(770,000)**	**152,736,903**		(21,998,333)
	Net cash generated from/(used in) investing activities (B)		**152,736,903**		(21,998,333)
C.	**Cash flow from financing activities**				
	Proceeds from issue of preference share capital	**–**		180,000,000	
	Repayment of short term borrowings	**–**		(180,000,000)	
	Repayment of long term borrowings	**(121,600,000)**		(121,600,000)	
	Interest paid	**(49,610,828)**	**(171,210,828)**	(67,844,252)	(189,444,252)
	Net cash generated from/(used in) financing activities (C)		**(171,210,828)**		(189,444,252)
	Net increase/(decrease) in cash and cash equivalents (A+B+C)		**193,935,050**		4,331,432
	Cash and cash equivalents at the beginning of the year		**8,182,562**		3,851,130
	Cash and cash equivalents at the end of the year		**202,117,612**		8,182,562

Note:

The above Cash Flow Statement has been prepared under the "Indirect Method" (Ind AS 7)

The accompanying notes 1 to 17 are an integral part of the Financial Statements

In terms of our report attached

For **Deloitte Haskins & Sells**

Chartered Accountants

ANANTHI AMARNATH
Partner

Chennai, 24th April, 2019

For and on behalf of the Board of Directors

S. DEKA
Director

N. K. JASPER
Director

P. WALI
Chairman

A. SENGUPTA
Chief Financial Officer

SAVITHA BAI S.
Manager & Company Secretary

Bengaluru, 24th April, 2019

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

A.	**Equity Share Capital (₹)**	Amount (₹)
	As at 1st April, 2016	730,000,000
	Changes in equity share capital	–
	As at 1st April, 2017	730,000,000
	Changes in equity share capital	–
	As at 31st March, 2018	730,000,000
	Changes in equity share capital	–
	As at 31st March, 2019	**730,000,000**

B.	**Other Equity (₹)**	**Retained Earnings Amount (₹)**	Total Amount (₹)
	Balance as at 1st April, 2017	(142,783,730)	(142,783,730)
	Profit/(Loss) for the year	31,503,376	31,503,376
	Other Comprehensive Income (net of tax)	1,497,365	1,497,365
	Total Comprehensive Income	**33,000,741**	33,000,741
	Balance as at 31st March, 2018	(109,782,989)	(109,782,989)
	Profit/(Loss) for the year	90,520,537	90,520,537
	Other Comprehensive Income (Net of Tax)	675,944	675,944
	Total Comprehensive Income	**91,196,481**	91,196,481
	Balance as at 31st March, 2019	**(18,586,508)**	(18,586,508)

In terms of our report attached

For **Deloitte Haskins & Sells**
Chartered Accountants

ANANTHI AMARNATH
Partner

Chennai, 24th April, 2019

For and on behalf of the Board of Directors

S. DEKA
Director

N. K. JASPER
Director

P. WALI
Chairman

A. SENGUPTA
Chief Financial Officer

SAVITHA BAI S.
Manager & Company Secretary

Bengaluru, 24th April, 2019

NOTES TO THE FINANCIAL STATEMENTS

1. COMPANY OVERVIEW AND SIGNIFICANT ACCOUNTING POLICIES

A. COMPANY OVERVIEW

North East Nutrients Private Limited (the Company) is a Company incorporated on 5th August, 2013 with its registered office at Kolkata. The Company has a biscuits manufacturing facility at Mangaldai, Assam.

B. STATEMENT OF COMPLIANCE

The financial statements have been prepared in accordance with Indian Accounting Standards notified under section 133 read with Rule 4A of the Companies (Indian Accounting Standards) Rules, 2015 and other relevant provisions of the Companies Act, 2013, (collectively "Ind AS"). The financial statements have also been prepared in accordance with the relevant presentation requirements of the Companies Act, 2013.

C. BASIS OF PREPARATION

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

Fair Value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Company takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in the financial statements is determined on such a basis.

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

D. OPERATING CYCLE

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

E. PROPERTY, PLANT & EQUIPMENT AND DEPRECIATION

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

Cost is inclusive of inward freight, duties and taxes and incidental expenses related to acquisition. In respect of major projects involving construction, related pre-operational expenses form part of the value of assets capitalised. Expenses capitalised also include applicable borrowing costs for qualifying assets, if any. Subsequent costs are included in the asset's carrying amount only when it is probable that future economic benefits associated with the item will be realized. All other repairs and maintenance are charged to the Statement of Profit and Loss.

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

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

Buildings	30 – 60 years
Plant and Equipment	10 – 15 years
Furniture and Fixtures	10 years
Vehicles	8 years
Office Equipments	5 years

Property, plant and equipments' residual values and useful lives are reviewed, and are treated as changes in accounting estimates, at each balance sheet date.

F. IMPAIRMENT OF ASSETS

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

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

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

Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are considered to modify the amortisation period or method, as appropriate, and are treated as changes in accounting estimates.

G. INVENTORIES

Inventories are stated at lower of cost and net realisable value. The cost of inventories is calculated on weighted average method. Cost comprises expenditure incurred in the normal course of business in bringing such inventories to its present location and condition and includes, where applicable, appropriate overheads based on normal level of activity. Net realisable value is the estimated selling price less estimated costs for completion and sale.

Cost of purchased inventories are determined after deducting rebates and discounts.

Obsolete, slow moving and defective inventories are identified at the time of periodic physical verification of inventories and, where necessary, a markdown is made for such inventories.

H. FINANCIAL INSTRUMENTS, FINANCIAL ASSETS, FINANCIAL LIABILITES AND EQUITY INSTRUMENTS

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

Financial Assets

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

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

Financial assets are classified as those measured at:

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

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

Trade receivable, Advances, Security Deposits, Cash & Cash equivalents etc are classified for measurement at amortised cost while investment may fall under any of aforesaid classes.

I. FINANCIAL LIABILITIES

Borrowings, trade payables and other financial liabilities are initially recognised at the value of the respective contractual obligations. They are subsequently measured at amortised cost.

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

J. FOREIGN CURRENCY TRANSACTIONS

The Company accounts for transactions in currencies other than the Company's functional currencies at the exchange rate prevailing on the date of transactions. Gains/Losses arising on settlement of such transactions as also the translation of monetary items at period ends due to fluctuations in the exchange rates are recognized in the Statement of Profit and Loss.

K. REVENUE RECOGNITION

Revenue is measured at the fair value of the consideration received or receivable for goods supplied and services rendered, net of returns and discounts to customers. Revenue from the sale of goods is shown including taxes & duties which are payable on manufacture of goods, if any, but excludes taxes such as VAT and Goods and Services Tax which are payable in respect of sale of goods.

Revenue from the sale of goods is recognised when the Company performs its obligations to its customers and the amount of revenue can be measured reliably and recovery of the consideration is probable. The timing of such recognition in case of goods is when the control over the same is transferred to the customer, which is mainly upon delivery.

L. GOVERNMENT GRANT

The Company may receive government grants that require compliance with certain conditions related to the Company's operating activities or are provided to the Company by way of financial assistance on the basis of certain qualifying criteria.

Government grants are recognised when there is reasonable assurance that the grant will be received, and the Company will comply with the conditions attached to the grant.

Accordingly, government grants:

(a) related to or used for assets are included in the Balance Sheet and deducted from the carrying amount of the asset.

(b) related to incurring specific expenditures are taken to the Statement of Profit and Loss on the same basis and in the same periods as the expenditures incurred.

(c) by way of financial assistance on the basis of certain qualifying criteria are recognised as income when they become receivable.

In the unlikely event that a grant previously recognised is ultimately not received, it is treated as a change in estimate and the amount cumulatively recognised is expensed in the Statement of Profit and Loss.

M. EMPLOYEE BENEFITS

The Company makes contributions to both defined benefit and defined contribution schemes. Provident Fund contributions are in the nature of defined contribution scheme. They are deposited with the Government and recognised as expense.

The Company's defined benefit gratuity plan is unfunded. The cost of providing benefits under the defined benefit obligation is calculated by independent actuary using the projected unit credit method. Service costs and net interest expense or income is reflected in the statement of profit and loss. Gain or Loss on account of re-measurements are recognised immediately through Other Comprehensive Income in the period in which they occur.

A liability recognised for benefits accruing to employee in respect of wages and salaries, annual leave and sick leave in the period, the related service is rendered at the undiscounted amount of the benefit expected to be paid in exchange for that service.

N. LEASES

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

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

O. BORROWING COSTS

Borrowing costs include interest, amortisation of ancillary costs incurred and exchange differences arising from foreign currency borrowings to the extent they are regarded as an adjustment to the interest cost. Costs in connection with the borrowing of funds to the extent not directly related to the acquisition of qualifying assets are charged to the Statement of Profit and Loss over the tenure of the loan. Borrowing costs, allocated to and utilised for qualifying assets, pertaining to the period from commencement of activities relating to construction / development of the qualifying asset upto the date of capitalisation of such asset are added to the cost of the assets.

P. TAXES ON INCOME

Taxes on income comprises of current taxes and deferred taxes. Current tax in the Statement of Profit and Loss is provided as the amount of tax payable in respect of taxable income for the period using tax rates enacted or substantively enacted during the period, together with any adjustment to tax payable in respect of previous years. Income tax, in so far as it relates to items disclosed under Other Comprehensive Income or Equity, are disclosed separately under Other Comprehensive Income or Equity, as applicable.

Deferred tax is recognized on temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes.

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

Q. OPERATING SEGMENTS

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

Segments are organized based on business which have similar economic characteristics as well as exhibit similarities in nature of products and services offered, the nature of production processes, the type and class of customer and distribution methods.

R. PROVISIONS AND CLAIMS

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that the Company will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation.

In respect of claims against the Company not acknowledged as debts, a careful evaluation of the facts and legal aspects of the matter involved is undertaken and appropriately disclosed.

S. MINIMUM ALTERNATE TAX (MAT)

MAT paid in accordance with the tax laws in India, which is likely to give future economic benefits in the form of availability of set off against future income tax liability is recognised as an asset in the balance sheet when the asset can be measured reliably, and it is probable that the future economic benefit associated with the asset will be realised.

T. USE OF ESTIMATES AND JUDGEMENTS

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

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

(a) Key sources of estimation uncertainty

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

i. Useful lives of Property, Plant and equipment:

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

ii. Fair Value measurements and valuation processes:

Some of the Company's assets are measured at fair value for financial reporting purpose. In estimating the fair value of an asset, the Company uses market-observable data to the extent it is available.

iii. Actuarial Valuation:

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

NOTES TO THE FINANCIAL STATEMENTS (Contd.)

All figures in (₹)

Particulars	Gross Block						
	As at 31st March, 2017	Additions	Withdrawals and adjustments	As at 31st March, 2018	Additions	Withdrawals and adjustments	As at 31st March, 2019
1A. Property, plant and equipment*							
Land Freehold	39,734,710	–	–	39,734,710	–	–	39,734,710
Buildings - Freehold	556,765,344	–	–	556,765,344	–	–	556,765,344
Plant and Equipment	753,193,150	13,309,475	–	766,502,625	9,252,070	201,939,972	573,814,723
Furniture and Fixtures	5,083,709	623,726	–	5,707,435	688,375	–	6,395,810
Vehicles	3,512,366	791,511	–	4,303,877	–	–	4,303,877
Office Equipment	264,155	1,909,197	–	2,173,352	150,350	–	2,323,702
Total	1,358,553,434	16,633,909	–	1,375,187,343	10,090,795	20,19,39,972**	1,183,338,166
1B. Capital work-in-progress	728,561	22,141,397	16,633,909	6,236,048	37,358,920	10,090,795	33,504,173
Total	1,359,281,995	38,775,306	16,633,909	1,381,423,391	47,449,715	212,030,767	1,216,842,339

Particulars	Depreciation and Amortisation					Net Book Value		
	As at 1st April, 2017	For the year	Upto 1st April, 2018	For the year	Upto 31st March, 2019	As at 31st March, 2019	As at 31st March, 2018	As at 31st March, 2017
1A. Property, plant and equipment*								
Land Freehold	–	–	–	–	–	39,734,710	39,734,710	39,734,710
Buildings - Freehold	31,933,601	21,476,106	53,409,707	21,467,006	74,876,713	481,888,631	503,355,638	524,831,743
Plant and Equipment	102,255,593	81,968,860	184,224,453	89,558,410	273,782,863	300,031,860	582,278,173	650,937,557
Furniture and Fixtures	257,310	508,590	765,900	557,491	1,323,391	5,072,419	4,941,535	4,826,399
Vehicles	432,830	461,233	894,063	511,301	1,405,364	2,898,513	3,409,813	3,079,536
Office Equipment	15,242	263,414	278,656	422,485	701,141	1,622,561	1,894,695	248,913
Total	134,894,576	104,678,203	239,572,779	112,516,693	352,089,472	831,248,694	1,135,614,564	1,223,658,858
1B. Capital work-in-progress	–	–	–	–	–	33,504,173	6,236,048	728,561
Total	134,894,576	104,678,203	239,572,779	112,516,693	352,089,472	864,752,867	1,141,850,612	1,224,387,419

*Refer note 7.1

** During the year, capital subsidy of Rs. 20,19,39,972 is received and it is reduced from the carrying value of Plant & Equipment as per Ind AS 20 "Accounting for Government Grants".

	As at 31st March, 2019 Amount (₹)		As at 31st March, 2018 Amount (₹)	
	Current	Non-Current	Current	Non-Current
2. Other Non-Current & Current Assets				
(A) Capital Advances		1,009,642		211,351
TOTAL (A)	–	1,009,642	–	211,351
(B) Advances other than capital advances				
(i) Security Deposits				
1) With Statutory Authorities	–	4,919,069	–	3,489,949
2) With Others	–	556,800	–	556,800
(ii) Advance Tax (net of Provision of Rs. 2,15,00,000/-) (2017-18 - Nil)	–	3,030,348	–	56,804
(iii) Mat Credit Entitlement	–	21,500,000	–	–
(iv) Other Advances (including advances with statutory authorities, prepaid expenses, employee etc.)	85,460,035	–	44,598,930	–
TOTAL (B)	85,460,035	30,006,217	44,598,930	4,103,553
TOTAL (A + B)	85,460,035	31,015,859	44,598,930	4,314,904
3. Inventories				
(At lower of cost and net realisable value)				
Raw materials (including packing materials)	40,336,052	–	43,778,509	–
Finished goods (manufactured)	15,988,261	–	12,959,353	–
Stores and Spares	32,901,596	–	22,188,449	–
TOTAL	89,225,909	–	78,926,311	–
The above includes goods in transit as under:				
Raw materials (including packing materials)	1,418,360	–	48,659	–
TOTAL	1,418,360	–	48,659	–

NOTES TO THE FINANCIAL STATEMENTS (Contd.)

	As at 31st March, 2019 Amount (₹)	As at 31st March, 2018 Amount (₹)
4A Investments - Current		
Investment in Mutual Fund (mandatorily measured at FVTPL) - Unquoted *	10,010,406	–
TOTAL	10,010,406	–

* Invested in Mutual Fund
ICICI Prudential Mutual Fund.
36346.137 (2018- Nil) units of Rs. 100 each

	As at 31st March, 2019 Amount (₹)	As at 31st March, 2018 Amount (₹)
4B. Trade Receivables - Current		
Unsecured, considered good		
Others	51,411,359	76,924,287
TOTAL	51,411,359	76,924,287
5. Cash and cash equivalents @		
Balances with Banks		
Current accounts	202,117,612	8,182,562
TOTAL	202,117,612	8,182,562

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

	As at 31st March, 2019 (No. of Shares)	As at 31st March, 2019 Amount (₹)	As at 31st March, 2018 (No. of Shares)	As at 31st March, 2018 Amount (₹)
6. Share capital				
Authorised (also refer note 7)				
Equity Shares of ₹ 10.00 each	75,000,000	750,000,000	75,000,000	750,000,000
Preference Shares of ₹ 100.00 each	2,000,000	200,000,000	2,000,000	200,000,000
Issued and Subscribed				
Equity Shares of ₹ 10.00 each, fully paid	73,000,000	730,000,000	73,000,000	730,000,000
A) Reconciliation of number of Equity Shares outstanding				
As at beginning of the year	73,000,000	730,000,000	73,000,000	730,000,000
Add: Issue of Shares	–	–	–	–
As at end of the year	73,000,000	730,000,000	73,000,000	730,000,000

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

	As at 31st March, 2019 (No. of Shares)	As at 31st March, 2019 %	As at 31st March, 2018 (No. of Shares)	As at 31st March, 2018 %
ITC Limited (Holding Company)	55,480,000	76.00	55,480,000	76.00
Mukul Chandra Deka	4,380,000	6.00	4,380,000	6.00
Rajib Kumar Deka	4,380,000	6.00	4,380,000	6.00
Anupam Deka	4,380,000	6.00	4,380,000	6.00
Samrat Deka	4,380,000	6.00	4,380,000	6.00

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

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

NOTES TO THE FINANCIAL STATEMENTS (Contd.)

	As at 31st March, 2019 Amount (₹)	As at 31st March, 2018 Amount (₹)
7. Long-term borrowings		
Secured		
Term loans		
Loans from Related parties [Refer Note 17(x)]	**243,600,000**	365,200,000
Unsecured		
10%, Redeemable Preference share capital of ₹ 100.00 each	**180,000,000**	180,000,000
TOTAL	**423,600,000**	545,200,000

Nature of security and terms for secured long term borrowings (including current maturities of long term borrowings are as under:

7.1 Term loan is secured by a first charge by way of hypothecation/equitable mortgage of entire property, plant and equipment, both present and future. Term loan is repayable in 24 quarterly instalments starting from 30th June, 2016 and carry an interest of 12.00% p.a.

The scheduled maturity of the Long-term borrowings are summarised as under:

Borrowings repayable		
In the first year (Note 8)	**121,600,000**	121,600,000
Current maturities of long-term debt	**121,600,000**	121,600,000
In the second year	**121,600,000**	121,600,000
In the third to fifth year	**122,000,000**	243,600,000
Long-term borrowings	**243,600,000**	365,200,000

7.2 Redeemable non-convertible preference shares have been issued during the FY 2017-18 with a tenure of 5 years and are cumulative in nature. These redeemable preference shares have been considered as borrowing in view of the presentation requirement under Ind AS 32 on Financial Instruments - Presentation.

8. Other Financial liabilities		
Current		
Current maturities of long-term debt (Note 7)	**121,600,000**	121,600,000
Provision for preference share dividend	**35,013,699**	17,013,699
Others - towards property, plant and equipment	**1,209,557**	2,030,778
- towards others	**2,059,578**	1,793,337
TOTAL	**159,882,834**	142,437,814
9. Provisions (Non Current)		
Provision for employee benefits [Refer Note 17(ii)(a)]		
Retirement benefits	**3,604,195**	2,603.453
TOTAL	**3,604,195**	2,603,453
10. Other current liabilities		
Statutory Liabilities	**10,268,319**	14,256,499
TOTAL	**10,268,319**	14,256,499

	For the year ended 31st March, 2019 Amount (₹)	For the year ended 31st March, 2018 Amount (₹)
11. Revenue from operations		
Sale of Products (including excise duty for the year ended 31st March, 2019 - Nil ; (2018 - ₹ 1,25,27,378)	**1,493,306,968**	1,427,004,496
Gross Revenue from sale of products and services	**1,493,306,968**	1,427,004,496
Other Operating Revenues		
Subsidies - VAT, CST, SGST, CGST, IGST benefit & Insurance subsidy	**115,891,403**	70,564,781
Income from scrap sale	**7,721,044**	5,391,932
TOTAL	**1,616,919,415**	1,502,961,209

NOTES TO THE FINANCIAL STATEMENTS (Contd.)

	For the year ended 31st March, 2019 Amount (₹)	For the year ended 31st March, 2018 Amount (₹)
12. Other income		
Interest income from bank deposits measured at amortised cost	15,163	–
Income from Investments in Mutual Fund*	259,774	–
Income from Security Deposit (From Electricity Board - APDCL)	295,995	–
Interest on income tax refund	2,723	–
TOTAL	573,655	–
*Income from investment in mutual fund comprises		
a) Financial assets mandatorily measured at FVTPL of ₹ 10,406.		
b) Net gain/(loss) on sale of investments ₹ 2,49,368 (2018 - Nil)		
13. Employee benefits expense		
Salaries and wages	37,521,443	35,330,248
Reimbursement of remuneration of deputed managers	11,144,973	12,302,157
Contribution to Provident & other funds	2,687,205	3,271,746
Gratuity expenses	1,676,686	1,616,433
Staff welfare expenses	20,521,349	13,765,773
TOTAL	73,551,656	66,286,357
14. Finance cost		
Interest expense on borrowing measured at amortised cost	49,610,828	67,844,252
Preference dividend	18,000,000	17,013,699
TOTAL	67,610,828	84,857,951
15. Other Expenses		
Power and fuel	68,416,581	82,886,301
Consumption of stores and spare parts	20,937,660	23,087,639
Rent	8,194,804	4,520,673
Rates and taxes	798,105	868,006
Insurance	2,567,967	2,309,344
Repairs		
- Machinery	1,769,155	12,229,736
- Building	1,476,336	1,343,554
- Others	3,497,517	7,924,467
Outward freight and handling charges	47,899,820	42,202,441
Contractual charges	90,838,784	67,932,523
Information technology services	4,726,336	4,575,736
Travelling and conveyance	1,901,114	2,126,623
Consultancy / Professional fees	28,556,936	25,545,419
Miscellaneous expenses	7,250,664	6,846,248
TOTAL	288,831,779	284,398,710
Miscellaneous expenses include :		
Auditors' remuneration and expenses *		
as statutory audit fees	550,000	550,000
as tax audit fees	50,000	50,000
as reimbursement of expenses	24,450	-
	624,450	600,000
* Excluding taxes.		
16. Earnings per equity share has been computed as under:		
(a) Profit for the year (₹)	90,520,537	31,503,376
(b) Weighted average number of Equity shares outstanding	73,000,000	73,000,000
(c) Earnings per equity share on profit for the year (Face Value ₹10.00 per share)		
- Basic and Diluted [(a)/(b)]	1.24	0.43

17. Additional Notes to the Financial Statements

(i) Contingent liabilities and commitments :

(a) Contingent liabilities: Nil (2018 - Nil)

(b) Commitments

- Estimated amount of contracts remaining to be executed on capital accounts (net of advances) and not provided for: ₹ 1,48,30,128 (2018 - Nil).

(ii) (a) Defined Benefit Plans - As per Actuarial Valuations as on 31st March, 2019 and recognised in the financial statements in respect of gratuity:

Description of Plans

The liabilities arising in the defined benefit scheme of gratuity are determined in accordance with the advice of independent, professionally qualified actuaries, using the projected unit credit method.

Risk Management

The defined benefit plan of gratuity exposes the Company to actuarial deficit arising out of interest rate risk, salary cost inflation risk, longevity risk. These plans are not exposed to any unusual, entity specific or scheme specific risks but there are general risks. The Scheme's accounting liabilities are calculated using a discount rate set with reference to the Government security yields. A decrease in yields will increase the fund liabilities, leading to accounting deficit in the funds. Increase in salary due to adverse inflationary pressures might lead to higher liabilities. The present value of the defined benefit plan liability is calculated by reference to the best estimate of the mortality of plan participants both during and after their employment. An increase in the life expectancy of the plan participants will increase the plan's liability.

NOTES TO THE FINANCIAL STATEMENTS (Contd.)

			For the year ended 31st March, 2019 (₹)	For the year ended 31st March, 2018 (₹)
			Gratuity	Gratuity
			Unfunded	Unfunded
I	**Components of Employer Expense**			
	- Recognised in Profit or Loss			
	1	Current service cost	**14,81,427**	14,48,737
	2	Past service cost	–	–
	3	Net interest cost	**1,95,259**	1,67,696
	4	**Total expense recognised in the Statement of Profit and Loss**	**16,76,686**	16,16,433
	Re-measurements recognised in other comprehensive income			
	5	(Return) on plan assets (excluding amounts included in Net interest cost)	–	–
	6	Effect of changes in demographic assumptions	**2,554**	–
	7	Effect of changes in financial assumptions	–	(2,04,776)
	8	Changes in asset ceiling (excluding interest income)	–	–
	9	Effect of experience adjustments	**(6,78,498)**	(12,92,589)
	10	Total re-measurements included in OCI	**(6,75,944)**	(14,97,365)
	11	**Total defined benefit cost recognised in Profit and Loss and Other Comprehensive Income (4+10)**	**10,00,742**	1,19,068
II	**Actual returns**		–	–
III	**Net Asset/(Liability) recognised in Balance Sheet**			
	1	Present value of Defined Benefit Obligation	**36,04,195**	26,03,453
	2	Fair value of plan assets	–	-
	3	Status [Surplus/(Deficit)]	**(36,04,195)**	(26,03,453)

Net Asset/(Liability) recognised in Balance Sheet	**As at 31st March, 2019**		As at 31st March, 2018	
	Current	**Non-current**	Current	Non-current
Gratuity	–	**(36,04,195)**	–	(26,03,453)

			For the year ended 31st March, 2019 (₹)	For the year ended 31st March, 2018 (₹)
			Gratuity	Gratuity
IV	**Change in Defined Benefit Obligation (DBO)**			
	1	Present value of DBO at the beginning of the year	**26,03,453**	24,84,385
	2	Current service cost	**14,81,427**	14,48,737
	3	Interest cost	**1,95,259**	1,67,696
	4	Remeasurement losses / (gains):	-	-
		Effect of changes in demographic assumptions	**2,554**	
		Effect of changes in financial assumptions	-	(2,04,776)
		Effect of experience adjustments	**(6,78,498)**	(12,92,589)
	5	**Present Value of DBO at the end of the year**	**36,04,195**	26,03,453

V		**Actuarial Assumption**	**As at 31st March, 2019**	As at 31st March, 2018
			Discount Rate (%)	Discount Rate (%)
	1	Interest rate	7.50%	7.50%
	2	Weighted expected rate of salary increase	10.00%	10.00%
	3	Retirement age	60	60
	4	Attrition rate	4.00%	4.00%
	5	Mortality table	IALM 2012-14	IALM 2006-08
		The estimates of future salary increase, considered in actuarial valuations take account of inflation, seniority, promotion and other relevant factors such as supply and demand factors in the employment market.		

Sensitivity analysis

	Particulars	**As at 31st March, 2019**	As at 31st March, 2018
1	Discount rate +100 basis points	**3,033,483**	21,72,653
2	Discount rate -100 basis points	**4,325,257**	31,51,826
3	Salary Increase Rate +1%	**4,280,382**	31,18,250
4	Salary Increase Rate -1%	**3,054,399**	21,87,886
5	Attrition Rate +1%	**3,412,278**	24,44,482
6	Attrition Rate -1%	**3,825,824**	27,86,665

NOTES TO THE FINANCIAL STATEMENTS (Contd.)

The sensitivity analysis presented above may not be representative of the actual change in the defined benefit obligation as it is unlikely that the change in assumptions would occur in isolation of one another as some of the assumptions may be correlated. Furthermore, in presenting the above sensitivity analysis, the present value of the defined benefit obligation has been calculated using the projected unit credit method at the end of the reporting period, which is the same as that applied in calculating the defined benefit obligation liability recognised in the balance sheet. There was no change in the methods and assumptions used in preparing the sensitivity analysis from prior years.

Note: The Company has started its commercial operations from August 2015. Accordingly, the cost towards defined benefit obligations have been recognized with effect from FY 2015-16.

(b) Provident Fund contributions are in the nature of defined contribution scheme. They are deposited with the Government and recognised as expense.

Amounts towards Defined Contribution Plans have been recognised under "Contribution to Provident funds and other funds" in Note 13: ₹ 26,87,205 (2018 - ₹ 32,71,746).

(c) Leave is paid on a yearly basis and is not considered to be a long-term retirement benefit.

(iii) Micro, Small and Medium scale business entities:

Payable to Micro and Small Enterprises as at 31st March 2019 is ₹ 1,19,173 (2018 - ₹ 51,033) on account of trade payables and Nil (2018 - Nil) on account of other current liabilities. There are no Micro, Small and Medium Enterprises, to whom the Company owes dues, which are outstanding for more than 45 days during the year and also as at 31st March 2019. This information as required to be disclosed under the Micro, Small and Medium Enterprises Development Act, 2006 has been determined to the extent such parties have been identified on the basis of information available with the Company.

(iv) The Company has entered into cancellable operating lease arrangement for office space, residential accommodation, plant & equipment and land for storage of biomass fuel. The lease rentals payable is charged as 'Rent' under Note 15.

(v) The Company operates in a single business segment of manufacturing biscuits and the principal geographical segment is India. The chief operating decision maker (CODM) is the Board of Directors. The entire sales of finished goods of the Company is to ITC Limited (Holding Company).

(vi) Deferred Tax

Considering that the deferred tax is reversing within the tax holiday period under section 80IE of Income Tax Act, 1961, deferred tax asset as at 31st March 2019 is not recognized.

(vii) Cost of inventory recognized as an expense during the year amount to ₹ 1,37,14,94,931 (2018 - ₹ 1,29,49,87,243).

(viii) Ministry of Corporate Affairs (MCA) has issued the Companies (Indian Accounting Standards) Amendment Rules, 2018 notifying Ind AS 115, 'Revenue from Contracts with Customers'. The notification is applicable for annual period beginning on or after 01st April 2018. The Company has adopted Ind AS 115 in accordance with the notification issued by the MCA and that there is no impact on transition to Ind AS 115.

(ix) Ind AS 116 was notified by Ministry of Corporate Affairs as on March 30, 2019 to be effective for annual periods beginning on or after April 01, 2019. Ind AS 116 sets out the principles of recognition, measurement, presentation and disclosure of leases. The objective is to ensure that lessees and lessors provide relevant information in a manner that faithfully represents those transactions. This information gives a basis for users of financial statements to assess the effect that leases have on the financial position, financial performance and cash flows of an entity.

This new standard will supersede all current leases standard under Ind AS, either a full retrospective application or a modified retrospective application is required for annual periods beginning on or after April 01, 2019. The Company is in process of examining the impact of this Standards on its financial statements.

(x) Related Party Disclosures

1 The company has the following related parties

Holding Company	
ITC Limited	
Key Management Personnel	
M. Ganesan	Non- Executive Chairman (ceased w.e.f. 02.11.2018)
P. Wali	Non- Executive Chairman
N.K.Jasper	Additional Non- Executive Director (w.e.f. 02.11.2018)
D. Ashok	Non- Executive Director
S. Deka	Non- Executive Director
K. Raghavaiah	Independent Director (w.e.f 21.07.2018)
Members- Management Committee	
A. Sengupta	Chief Financial Officer
M. Das / H. Goswami	HR Head
K. Lahoti/ D. Shinde	Head of Operations
S. Bai	Manager & Company Secretary

2 Related Parties with whom the Company had transactions

ITC Limited	Holding Company
ITC Infotech India Limited	Fellow Subsidiary
Russell Credit Limited	Fellow Subsidiary
M/s Sunandaram Deka	Partnership firm in which one of the directors is a partner
M/s Repose	Partnership firm in which one of the directors is a partner
Russell Investments Limited	Associate of holding company
Key Management Personnel	
S. Deka	Non-Executive Director
R. Jacob	Non- Executive Director
K. Raghavaiah	Non- Executive Director
M. Das / H. Goswami	HR Head

(x) Related Party Disclosures (contd.)

(All Figure in ₹)

3. DISCLOSURE OF TRANSACTIONS BETWEEN THE COMPANY AND RELATED PARTIES AND THE STATUS OF OUTSTANDING BALANCES AS AT 31.03.2019

RELATED PARTY TRANSACTIONS SUMMARY		Holding Company		Fellow Subsidiaries				Associate		Firm in which Director is interested				KMP		Total	
		ITC Limited		ITC Infotech India Limited		Russell Credit Limited		Russell Investments Limited		M/s Sunandaram Deka		M/s Repose					
		2019	2018	**2019**	2018	**2019**	2018	**2019**	2018	**2019**	2018	**2019**	2018	**2019**	2018	**2019**	2018
1	Sale of goods (incl of VAT, CST & GST)	**1,769,975,667**	1,668,839,110	–	–	–	–	–	–	–	–	–	–	–	–	**1,769,975,667**	1,668,839,110
2	Purchase of goods/ services	**19,014,438**	72,721,890	–	–	–	–	–	–	**23,648**	–	**1,687,984**	1,433,671	–	–	**20,726,070**	74,155,561
3	Software expenses	–	–	–	2,713,056	–	–	–	–	–	–	–	–	–	–	–	2,713,056
4	Leasing or rental services	**4,277,500**	–	–	–	–	–	–	–	–	–	–	–	–	–	**4,277,500**	–
5	Management services	–	–	**1,065,540**	1,161,120	–	–	–	–	**23,806,400**	21,667,800	–	–	–	–	**24,871,940**	22,828,920
6	Labour contract services	–	–	–	–	–	–	–	–	**100,851,161**	77,095,318	–	–	–	–	**100,851,161**	77,095,318
7	Internal Audit fees	**177,000**	141,600	–	–	–	–	–	–	–	–	–	–	–	–	**177,000**	141,600
8	Preference dividend/ interest	**18,000,000**	17,013,699	–	–	**49,610,828**	66,601,512	–	1,242,740	–	–	–	–	–	–	**67,610,828**	84,857,951
9	Remuneration to Key Management Personnel																
	- Directors	–	–	–	–	–	–	–	–	–	–	–	–	**60,000**	235,000	**60,000**	235,000
	- Others	–	–	–	–	–	–	–	–	–	–	–	–	**725,198**	455,180	**725,198**	455,180
10	Remuneration of managers on deputation reimbursed	**11,144,973**	12,302,157	–	–	–	–	–	–	–	–	–	–	–	–	**11,144,973**	12,302,157
11	Preference Share Capital	–	180,000,000	–	–	–	–	–	–	–	–	–	–	–	–	–	180,000,000
12	Loans taken	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
13	Payment towards loan repayment	–	–	–	–	**121,600,000**	121,600,000	–	180,000,000	–	–	–	–	–	–	**121,600,000**	301,600,000

Compensation of key management personnel

The remuneration of directors and other members of key management personnel during the year was as follows *	**2019**	**2018**
- R. Jacob (Sitting fees)	**–**	107,500
- K. Raghavaiah (Sitting fees)	**60,000**	127,500
- M. Das / H. Goswami (Salary)	**725,198**	455,180

RELATED PARTY BALANCES		Holding Company		Fellow Subsidiaries				Associate		Firm in which Director is interested				KMP		Total	
		ITC Limited		ITC Infotech India Limited		Russell Credit Limited		Russell Investments Limited		M/s Sunandaram Deka		M/s Repose					
		2019	2018	**2019**	2018	**2019**	2018	**2019**	2018	**2019**	2018	**2019**	2018	**2019**	2018	**2019**	2018
Balances as at 31st March (unsecured unless otherwise stated)																	
1	Receivables	**53,636,496**	77,768,875	–	–	–	–	–	–	–	–	–	–	–	–	**53,636,496**	77,768,875
2	Loans Taken	–	–	–	–	**** 36,52,00,000**	** 48,68,00,000	–	–	–	–	–	–	–	–	**365,200,000**	486,800,000
3	Payables	**2,275,984**	844,587	–	–	–	–	–	–	**209,450**	–	–	105,110	–	–	**2,485,434**	949,697
4	Interest accrued but not due	**180,000,000**	180,000,000	–	–	–	–	–	–	–	–	–	–	–	–	**180,000,000**	180,000,000
5	Advances given	–	–	–	–	–	–	–	–	**2,000,000**	–	–	–	–	–	**2,000,000**	–

The amount outstanding will be settled in cash.

** Loan from Russell Credit Limited is secured by way of hypothecation/equitable mortgage.

NOTES TO THE FINANCIAL STATEMENTS (Contd.)

(xi) **Financial instruments and related disclosures**

1. **Capital Management**

The Company funds its operations through mix of equity and borrowings. The gearing ratio of the Company as on 31st March 2019 is 0.43:1 (2018 – 0.48:1). The Company aims to maintain adequate supply of funds towards future growth of its business as a going concern.

The capital structure of the Company consists of equity Rs. 73 Crores and debt of Rs. 54.52 Crores. The Company is not subject to any externally imposed capital requirement.

2. **Categories of Financial Instruments**

	Particulars	Note	As at 31st March, 2019		As at 31st March, 2018	
			Carrying Value	Fair Value	Carrying Value	Fair Value
A. Financial assets						
a) Measured at amortised cost						
	i) Cash and Cash Equivalents	5	20,21,17,612	20,21,17,612	81,82,562	81,82,562
	ii) Other bank deposits		7,70,000	7,70,000	–	–
	iii) Trade Receivables	4B	5,14,11,359	5,14,11,359	7,69,24,287	7,69,24,287
	iv) Other Financial Assets		13,647	13,647	–	–
b) Measured at Fair Value Through Profit or loss						
	i) Investment in Mutual Funds	4A	1,00,10,406	1,00,10,406	–	–
	Total financial assets		26,43,23,024	26,43,23,024	8,51,06,849	8,51,06,849
B. Financial liabilities						
a) Measured at amortised cost						
	i) Borrowings	7	42,36,00,000	42,36,00,000	54,52,00,000	54,52,00,000
	ii) Trade Payables		2,60,08,854	2,60,08,854	3,00,82,829	3,00,82,829
	iii) Other financial liabilities	8	15,98,82,834	15,98,82,834	14,24,37,814	14,24,37,814
	Total financial liabilities		60,94,91,688	60,94,91,688	71,77,20,643	71,77,20,643

3. **Financial risk management objectives**

The Company's activities expose it to a variety of financial risks, including market risk, credit risk and liquidity risk. The Company is striving to develop a system-based approach to business risk management. The Company's financial risk management process seeks to enable the early identification, evaluation and effective management of key risks facing the business. Backed by strong internal control systems, the current Risk Management Framework rests on policies and procedures issued by appropriate authorities; process of regular reviews / audits to set appropriate risk limits and controls; monitoring of such risks and compliance confirmation for the same.

a) **Market risk**

The Company is not an active investor in Equity market. The Company's investments are predominantly held in fixed deposit and debt mutual funds. Fixed deposit is held with highly rated bank and have a short tenure and are not subjected to interest rate volatility. The Company also invest in mutual fund schemes of leading fund houses However, given the relatively short tenure of underlying portfolio of the mutual fund schemes in which the Company has invested such price risk are not significant. Commodity price risk arising out of movement of prices of raw materials, packing materials, consumables etc. are transferred to customers. Derivative transactions are not undertaken.

i. **Interest rate risk**

Interest rate risk refers to the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. As majority of the financial assets and liabilities of the Company are either short term or fixed interest-bearing instruments, the Company's net exposure to interest risk is negligible.

ii. **Commodity Price risk**

The Company's exposure to commodity price risk price is negligible as it follows the policy of passing on such risk to its customers and maintain adequate inventory cover for its operations.

b) **Liquidity risk**

Liquidity risk is defined as the risk that the Company will not be able to settle or meet its obligations as they become due. The Company manages its liquidity risk by ensuring that it will always have sufficient liquidity to meet its liabilities when due.

The table below provides details regarding the remaining contractual maturities of significant financial liabilities at the reporting date.

Particulars	As at 31st March, 2019						
	Contractual Cash flows*						
	Carrying value	Less than 3 months	More than 3 months upto 6 months	More than 6 months upto 1 year	More than 1 year upto 3 years	Beyond 3 years	Total
Borrowings	42,36,00,000	–	–	–	24,36,00,000	18,00,00,000	42,36,00,000
Trade Payables	2,60,08,854	2,60,08,854	–	–	–	–	2,60,08,854
Other Financial Liabilities	15,98,82,834	20,59,578	6,20,09,557	6,08,00,000	3,50,13,699	–	15,98,82,834
	60,94,91,688	2,80,68,432	6,20,09,557	6,08,00,000	27,86,13,699	18,00,00,000	60,94,91,688

NOTES TO THE FINANCIAL STATEMENTS (Contd.)

Particulars	As at 31st March, 2018						
	Contractual Cash flows*						
	Carrying value	Less than 3 months	More than 3 months upto 6 months	More than 6 months upto 1 year	More than 1 year upto 3 years	Beyond 3 years	Total
Borrowings	54,52,00,000	–	–	–	24,36,00,000	30,16,00,000	54,52,00,000
Trade Payables	3,00,82,829	3,00,82,829	–	–	–	–	3,00,82,829
Other Financial Liabilities	14,24,37,814	19,51,158	6,09,06,827	6,25,66,130	1,70,13,699	–	14,24,37,814
	71,77,20,643	**3,20,33,987**	**6,09,06,827**	**6,25,66,130**	**26,06,13,699**	**30,16,00,000**	**71,77,20,643**

* The table has been drawn up based on undiscounted cash flows of financial liabilities based on the earliest date on which the Company is required to pay. The table includes principal cash flows.

c) Credit risk

Credit risk is the risk that counterparty will not meet its obligations under a financial instrument which may lead to a financial loss to the Company.

The Company has sales to a single customer which is also the holding Company. Hence, there is no credit risk to the Company.

4. Fair value measurement

Fair value hierarchy

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

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

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

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

Derivatives are valued using valuation techniques with market observable inputs such as foreign exchange spot rates and forward rates at the end of the reporting period, yield curves, risk free rate of returns, volatility etc., as applicable.

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

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

The fair value of trade receivables and payables is considered to be equal to the carrying amounts of these items due to their short – term nature.

There has been no change in the fair valuation methodology as compared to previous year.

The following table presents the fair value hierarchy of assets and liabilities measured at fair value on a recurring basis.

Particulars	Fair Value Hierarchy (Level)	Fair Value	
		As at 31st March, 2019	As at 31st March, 2018
A. Financial assets			
Measured at Fair Value Through Profit or Loss			
Investment in Mutual Funds	1	**1,00,10,406**	–
Total financial assets		**1,00,10,406**	–
B. Financial liabilities			
Measured at amortised cost			
Borrowings	2	**42,36,00,000**	54,52,00,000
Total financial liabilities		**42,36,00,000**	54,52,00,000

(xii) The financial statements were approved for issue by the board of directors on April 24, 2019.

For **Deloitte Haskins & Sells**
Chartered Accountants

ANANTHI AMARNATH
Partner

Chennai, 24th April, 2019

For and on behalf of the Board of Directors

S. DEKA
Director

N. K. JASPER
Director

P. WALI
Chairman

A. SENGUPTA
Chief Financial Officer

SAVITHA BAI S.
Manager & Company Secretary

Bengaluru, 24th April, 2019