SUBSIDIARY COMPANIES

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

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

2. **ECONOMIC ENVIRONMENT**

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

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

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

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

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

3. **FINANCIAL PERFORMANCE**

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

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

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

4. **DIRECTORS AND KEY MANAGERIAL PERSONNEL**

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

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

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

(b) Attributes, qualifications and appointment of Directors

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

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

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

(c) Board evaluation

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

(d) Remuneration Policy

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

5. **BOARD AND BOARD COMMITTEES**

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

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

Risk Management Committee

Mr. R. Tandon (Chairman)

Mr. Saradindu Dutta

Ms. Sheela G. Mukherjee

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

6. DIRECTORS' RESPONSIBILITY STATEMENT

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

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

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

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

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

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

7. NBFC REGULATIONS

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

8. SUBSIDIARY AND ASSOCIATES

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

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

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

9. HUMAN RESOURCES

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

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

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

10. RISK MANAGEMENT

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

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

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

11. INTERNAL CONTROL SYSTEMS

Your Company has in place adequate internal control systems with respect to its operations, compliances as also internal financial controls with respect to the financial statements, commensurate with its size and scale of operations. The Internal Auditor periodically evaluates the adequacy and effectiveness of internal control systems in the Company. The Audit Committee which provides guidance on internal controls, also reviews internal audit findings and implementation of internal audit recommendations. Further, during the year, Messrs. N. Sarkar & Co., Chartered Accountants, conducted independent assessment of the internal control systems in the Company and confirmed that the said systems are adequate and are operating effectively.

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

12. CORPORATE SOCIAL RESPONSIBILITY (CSR)

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

13. PARTICULARS OF LOANS, GUARANTEES AND INVESTMENTS

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

14. RELATED PARTY TRANSACTIONS

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

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

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

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

16. EXTRACT OF ANNUAL RETURN

The extract of Annual Return in the prescribed Form No. MGT-9 is enclosed as **Annexure 6** to this Report.

17. COST RECORDS

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

18. AUDITORS

(a) Statutory Auditors

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

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

(b) Secretarial Auditors

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

19. COMPLIANCE WITH SECRETARIAL STANDARDS

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

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

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

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

On behalf of the Board

R. Tandon *Chairman*

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

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

Remuneration Policy

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

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

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

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

POLICY

It is the Company's Policy:

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

Remuneration of Key Managerial Personnel (KMP)

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

Remuneration of Independent Directors

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

Remuneration of employees other than KMP

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

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

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

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

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

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

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

Notes:

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

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

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

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

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

On behalf of the Board

R. Tandon *Chairman*

Saradindu Dutta *Director*

Dated : 24th April, 2019

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

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

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

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

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

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

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

On behalf of the Board

Dated : 24th April, 2019

R. Tandon — *Chairman – CSR Committee*
Saradindu Dutta — *Director*

Annexure 4 to the Report of the Board of Directors &

Management Discussion and Analysis for the financial year ended 31st March, 2019

Policy on dealing with Related Party Transactions

1. The Company shall not enter into any contract or arrangement with a related party without the approval of the Audit Committee.
2. The Audit Committee may, in the interest of the conduct of affairs of the Company, grant omnibus approval for related party transactions that are repetitive in nature, provided that the aggregate value of transactions which can be approved by the Committee in a financial year under the omnibus route shall not exceed 5% of the revenue of operations of the Company as per its last audited financial statements, with the value of each such transaction not exceeding 1% of the revenue of operations.
3. While assessing a proposal for approval under the omnibus route, the Audit Committee to satisfy itself on the need for such approval and that the same is in the interest of the Company. For this purpose, the following shall be placed before the Audit Committee while seeking omnibus approval:
   (a) The name(s) of the related party and the nature and duration of the transaction;
   (b) The maximum amount that can be transacted;
   (c) The indicative base price / current contracted price and the formula for variation in the price, if any; For this purpose, (i) price will mean the estimated money consideration under a contract of sale or purchase of goods or services, net of applicable taxes such as Sales Tax / Value Added Tax / Service Tax and (ii) the formula for variation of the price to be based on one of the globally accepted methods of establishing arm's length pricing such as Comparable Uncontrolled Price ('CUP'), Cost Plus, Transaction Net Margin and Resale Price Method.
   (d) Any other information relevant or important for the Audit Committee to take a decision on the proposed transaction.
4. The Audit Committee shall review, at least on a half-yearly basis, the details of related party transactions entered into by the Company pursuant to the omnibus approval; such omnibus approval to be valid for the financial year.
5. Where the need for related party transactions cannot be foreseen and the details mentioned in (3) above are not available, the Audit Committee may grant omnibus approval for such transactions subject to their value not exceeding ₹ 50 lakhs per transaction.
6. Transactions of the following nature are not to be subjected to the omnibus approval mechanism:
   (a) Transactions which are not in the ordinary course of business or not at arm's length;
   (b) Transactions exceeding the threshold limits specified in (2) above;
   (c) Transactions which are not repetitive or not unforeseen in nature;
   (d) Transactions in respect of sale or disposal of any undertaking of the Company.
7. As the term 'transaction' has not been defined in the Companies Act, 2013 and the Rules framed thereunder, it will mean a single transaction or a group of transactions under a single contract or arrangement in line with the definition prescribed for listed companies under the SEBI Regulations.
8. In the event any contract or arrangement with a related party is not in the ordinary course of business or not at arm's length, the Company shall comply with the provisions of the Companies Act, 2013 and the Rules framed thereunder and obtain approval of the Board and / or shareholders, as applicable, for such contract or arrangement.
9. The requisite details of (a) material related party transactions and (b) related party transactions which are not at arm's length, shall be disclosed in the Annual Report in terms of the Companies Act, 2013 & the Rules framed thereunder and the RBI Regulations.

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

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

FORM NO. AOC-2

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

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

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

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

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

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

On behalf of the Board

R. Tandon *Chairman*

Dated : 24th April, 2019

Saradindu Dutta *Director*

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

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

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

I. REGISTRATION AND OTHER DETAILS

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

II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

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

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

III. PARTICULARS OF HOLDING, SUBSIDIARIES AND ASSOCIATE COMPANIES

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

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

(i) **Category-wise Shareholding:**

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

(ii) **Shareholding of Promoters:**

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

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

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

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

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

V. INDEBTEDNESS

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

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

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

(₹ in lakhs)

Sl. No.	Particulars of Remuneration	K. S. Madia (Manager & Company Secretary) *(refer Note)*
1.	Gross Salary	
	(a) Salary as per provisions contained in Section 17(1) of the Income-tax Act, 1961	23.65
	(b) Value of perquisites under Section 17(2) of the Income-tax Act, 1961	0.74
	(c) Profits in lieu of salary under Section 17(3) of the Income-tax Act, 1961	–
2.	Stock Option	–
3.	Sweat Equity	–
4.	Commission – as % of profit – others, specify	–
5.	Others, please specify	–
Total Amount (A)		**24.39**
Ceiling as per the Companies Act, 2013 *(5% of the net profits of the Company computed in accordance with Section 198 of the said Act)*		218.43

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

B. Remuneration to other Directors:

(₹ in lakhs)

Sl. No.	Name of the Directors	Particulars of Remuneration			Total Amount
		Fee for attending Board and Board Committee meetings	Commission	Others, please specify	
1.	**Independent Directors**				
	Total Amount (B)(1)				**Nil**
2.	**Other Non-Executive Directors**				
	R. Tandon	Nil	Nil	Nil	Nil
	Saradindu Dutta				
	Supratim Dutta				
	Sheela G. Mukherjee				
	R. K. Singhi				
	Total Amount (B)(2)				**Nil**
Total Amount (B) = (B)(1) + (B)(2)					**Nil**
Total Managerial Remuneration (A + B)					**24.39**
Overall ceiling as per the Companies Act, 2013 *(11% of the net profits of the Company computed in accordance with Section 198 of the said Act)*					480.54

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

(₹ in lakhs)

Sl. No.	Particulars of Remuneration	S. Suresh Kumar (Chief Financial Officer) *(refer Note)*
1.	Gross Salary	
	(a) Salary as per provisions contained in Section 17(1) of the Income-tax Act, 1961	67.15
	(b) Value of perquisites under Section 17(2) of the Income-tax Act, 1961	11.94
	(c) Profits in lieu of salary under Section 17(3) of the Income-tax Act, 1961	–
2.	Stock Option	–
3.	Sweat Equity	–
4.	Commission - as % of profit - others, specify	–
5.	Others, please specify	-
Total Amount		**79.09**

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

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

On behalf of the Board

R. Tandon *Chairman*

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

<u>**Annexure 7 to the Report of the Board of Directors & Management Discussion and Analysis**</u>

SECRETARIAL AUDIT REPORT

FOR THE FINANCIAL YEAR ENDED ON 31ST MARCH, 2019

[Pursuant to Section 204(1) of the Companies Act, 2013 and Rule 9 of

The Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014]

To,

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

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

2. On the basis of verification of the secretarial compliance and on the basis of secretarial audit of Company's books, papers, minute books, forms and returns filed and other records maintained by the Company, as shown to us during the said audit and also based on the information provided by the Company, its officers, agents and authorised representatives during the conduct of secretarial audit, we hereby report that in our opinion and to the best of our understanding, the Company has, during the audit period covering the financial year ended on 31st March, 2019, complied with the statutory provisions listed hereunder and also that the Company has adequate Board processes and compliance mechanism in place to the extent, in the manner and subject to the reporting made hereinafter.

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

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

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

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

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

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

(ii) Information Technology Framework for the NBFC Sector.

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

4. We have also examined compliance with the applicable clauses of the following:

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

5. On the basis of the audit as referred above and to the best of our knowledge, understanding and belief, we are of the view that during the period under review, the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards, etc. mentioned above in paragraphs 3(a), 3(b) and paragraph 4 of this report.

6. We further report that,

   (a) The Board of Directors of the Company is duly constituted in compliance with the applicable provisions of law. The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act and the RBI Regulations.

   (b) Adequate notice is given to all Directors to schedule the Board Meetings. Agenda and detailed notes on agenda were sent at least seven days in advance and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.

7. We further report that there are adequate systems and processes in the Company commensurate with the size and operations of the Company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

8. This Report is to be read with our letter of even date which is annexed as **Annexure A** and forms an integral part of this Report.

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

Place: Kolkata
Date: 24th April, 2019

'Annexure A'

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

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

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

1. Maintenance of secretarial records is the responsibility of the management of the Company. Our responsibility is to express an opinion on these secretarial records based on our audit.

2. We have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the secretarial records. The verification was done on test basis to ensure that correct facts are reflected in secretarial records. We believe that the processes and practices, we followed provide a reasonable basis for our opinion.

3. We have not verified the correctness and appropriateness of financial records and Books of Accounts of the Company.

4. Wherever required, we have obtained the Management representation about the compliance of laws, rules and regulations and happening of events etc.

5. The compliance with the provisions of corporate and other applicable laws, rules, regulations, standards is the responsibility of management. Our examination was limited to the verification of procedures on test basis.

6. The Secretarial Audit Report is neither an assurance as to the future viability of the Company nor of the efficacy or effectiveness with which the management has conducted the affairs of the Company.

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

Place: Kolkata
Date: 24th April, 2019

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

Report on the Audit of Financial Statements

Opinion

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

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

Basis for Opinion

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

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

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

Management's Responsibility for the Financial Statements

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

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

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

Auditor's Responsibility for the Audit of Financial Statements

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

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

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

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

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

Report on Other Legal and Regulatory Requirements

1. As required by Section 143 (3) of the Act, based on our audit we report that:

   a) we have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.

   b) in our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.

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

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

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

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

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

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

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

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

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

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

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

Sumit Trivedi
Partner
(Membership No. 209354)

Place: Hyderabad
Date: 24th April, 2019

ANNEXURE A TO THE INDEPENDENT AUDITOR'S REPORT

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

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

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

Management's Responsibility for Internal Financial Controls

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

Auditor's Responsibility

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

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

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

Meaning of Internal Financial Controls Over Financial Reporting

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

Inherent Limitations of Internal Financial Controls Over Financial Reporting

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

Opinion

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

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

Sumit Trivedi
Partner
(Membership No. 209354)

Place: Hyderabad
Date: 24th April, 2019

ANNEXURE B TO THE INDEPENDENT AUDITOR'S REPORT

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

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

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

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

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

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

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

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

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

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

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

(b) Details of dues of Income-tax, Sales Tax, Service Tax and Value Added Tax which have not been deposited as on 31st March, 2019 on account of disputes are given below:

Name of Statute	Nature of Dues	Amount (₹ in lakhs)	Period to which the amount relates	Forum where Dispute is Pending
			Various years covering the period	
Uttar Pradesh Value Added Tax erstwhile namely "UP Trade Tax Act, 1948"	Lease Tax	37.01	1996-97 to 1999-2000	Joint Commissioner (A), Trade Tax, Kanpur
Tamil Nadu General Sales Tax Act & Central Sales Tax Act	Sales Tax	1.79	2003-04	Sales Tax Appellate Tribunal
Tamil Nadu General Sales Tax Act & Central Sales Tax Act	Sales Tax	19.24	2004-05	Commercial Tax Officer
Tamil Nadu General Sales Tax Act & Central Sales Tax Act	Sales Tax	24.25	2005-06	Commercial Tax Officer
The Central Sales Tax Act	Sales Tax	10.53	2005-06	Directorate of Commercial Taxes

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

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

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

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

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

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

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

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

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

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

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

Sumit Trivedi
Partner
(Membership No. 209354)

Place: Hyderabad
Date: 24th April, 2019

BALANCE SHEET AS AT 31ST MARCH, 2019

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

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

In terms of our report attached

For A. F. Ferguson & Co.
Chartered Accountants

On behalf of the Board

SUMIT TRIVEDI
Partner

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

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

Hyderabad, 24th April, 2019

Kolkata, 24th April, 2019

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

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

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

In terms of our report attached

For A. F. Ferguson & Co.
Chartered Accountants

On behalf of the Board

SUMIT TRIVEDI
Partner

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

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

Hyderabad, 24th April, 2019

Kolkata, 24th April, 2019

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

A. Equity Share Capital (₹ in lakhs)

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

B. Other Equity (₹ in lakhs)

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

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

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

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

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

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

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

In terms of our report attached

For A. F. Ferguson & Co.
Chartered Accountants

SUMIT TRIVEDI
Partner

Hyderabad, 24th April, 2019

On behalf of the Board

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

Kolkata, 24th April, 2019

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

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

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

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

In terms of our report attached

For A. F. Ferguson & Co.
Chartered Accountants

On behalf of the Board

SUMIT TRIVEDI
Partner

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

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

Hyderabad, 24th April, 2019

Kolkata, 24th April, 2019

NOTES TO THE FINANCIAL STATEMENTS

Company Information

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

1. Significant Accounting Policies

Statement of Compliance

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

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

Basis of Preparation

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

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

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

Operating Cycle

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

Property, Plant and Equipment

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

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

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

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

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

Buildings	60 Years
Plant and Equipment	15 Years

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

Impairment of Assets

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

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

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

Investment in Subsidiaries, Associates and Joint Ventures

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

Financial instruments, Financial assets, Financial liabilities and Equity Instruments

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

Financial Assets

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

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

Financial assets are classified as those measured at:

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

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

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

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

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

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

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

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

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

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

Financial Liabilities

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

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

Offsetting Financial Instruments

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

Equity Instruments

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

Revenue

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

Dividend Distribution

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

Employee Benefits

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

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

Employee Share Based Compensation

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

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

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

Leases

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

Company as a Lessee

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

The minimum lease payments are apportioned between finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognised in the Statement of Profit and Loss.

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

Company as a Lessor

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

Taxes on Income

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

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

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

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

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

Claims

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

Provisions

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

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

Operating Segments

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

2. Use of estimates and judgements

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

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

A. Key sources of estimation uncertainty

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

1. Useful lives of property, plant and equipment:

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

2. Fair value measurements and valuation processes:

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

3. Actuarial Valuation:

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

4. Claims, Provisions and Contingent Liabilities:

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

NOTES TO THE FINANCIAL STATEMENTS (Contd.)

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

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

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

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

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

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

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

NOTES TO THE FINANCIAL STATEMENTS (Contd.)

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

NOTES TO THE FINANCIAL STATEMENTS (Contd.)

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

NOTES TO THE FINANCIAL STATEMENTS (Contd.)

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

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

NOTES TO THE FINANCIAL STATEMENTS (Contd.)

	As at 31st March, 2018 (₹ in lakhs)								As at 1st April, 2017 (₹ in lakhs)											
	At Fair Value Through profit or loss		Sub-Total		Others *		Total		Amortised cost		At Fair Value Through Other Comprehensive Income		Through profit or loss		Sub-Total		Others *		Total	
	Quoted	Unquoted	Quoted	Unquoted	Quoted	Unquoted	Quoted	Unquoted	Quoted	Unquoted	Quoted	Unquoted	Quoted	Unquoted	Quoted	Unquoted	Quoted	Unquoted	Quoted	Unquoted
	(9)		(10) = (8) + (9)		(11)		(12) = (7) + (10) + (11)		(13)		(14)		(15)		(16) = (14) + (15)		(17)		(18) = (13) + (16) + 17)	
	42,574.55	15,174.29	42,574.55	15,174.29	–	–	42,574.55	15,174.29	–	–	–	–	34,870.58	19,100.00	34,870.58	19,100.00	–	–	34,870.58	19,100.00
	–	–	–	–	–	–	–	–	–	–	–	–	–	1,529.71	–	1,529.71	–	–	–	1,529.71
	0.12	–	0.12	–	–	–	0.12	–	–	–	–	–	0.12	–	0.12	–	–	–	0.12	–
	–	...	–	...	–	–	–	...	–	–	–	–	–	...	–	...	–	–	–	...
	–	...	–	...	–	–	–	...	–	–	–	–	–	...	–	...	–	–	–	...
	–	...	–	...	–	–	–	...	–	–	–	–	–	...	–	...	–	–	–	...
	–	...	–	...	–	–	–	...	–	–	–	–	–	...	–	...	–	–	–	...
	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
	–	–	–	–	–	4,210.34	–	4,210.34	–	–	–	–	–	–	–	–	–	4,210.34	–	4,210.34
	–	–	–	–	–	427.57	–	427.57	–	–	–	–	–	–	–	–	–	427.57	–	427.57
	–	–	–	–	–	693.08	–	693.08	–	–	–	–	–	–	–	–	–	693.08	–	693.08
	–	–	–	–	–	439.56	–	439.56	–	–	–	–	–	–	–	–	–	439.56	–	439.56
					2,121.58	-	2,121.58	–	–	–	–	–	–	–	–	–	2,121.58	–	2,121.58	–
	–	–	–	–	–	90.00	–	90.00	–	–	–	–	–	–	–	–	–	90.00	–	90.00
	–	–	859.71	–	–	–	859.71	–	–	–	819.49	–	–	–	819.49	–	–	–	819.49	–
	–	–	10,431.47	–	–	–	10,431.47	–	–	–	7,897.37	–	–	–	7,897.37	–	–	–	7,897.37	–
	–	–	–	234.00	–	–	–	234.00	–	–	–	234.00	–	–	–	234.00	–	–	–	234.00
	–	–	–	2,319.00	–	–	–	2,319.00	–	–	–	2,319.00	–	–	–	2,319.00	–	–	–	2,319.00
	42,574.67	**15,174.29**	**53,865.85**	**17,727.29**	**2,121.58**	**5,860.55**	**55,987.43**	**23,587.84**	–	–	**8,716.86**	**2,553.00**	**34,870.70**	**20,629.71**	**43,587.56**	**23,182.71**	**2,121.58**	**5,860.55**	**45,709.14**	**29,043.26**
	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
	42,574.67	15,174.29	53,865.85	17,727.29	2,121.58	5,860.55	55,987.43	23,587.84	–	–	8,716.86	2,553.00	34,870.70	20,629.71	43,587.56	23,182.71	2,121.58	5,860.55	45,709.14	29,043.26
	42,574.67	**15,174.29**	**53,865.85**	**17,727.29**	**2,121.58**	**5,860.55**	**55,987.43**	**23,587.84**	–	–	**8,716.86**	**2,553.00**	**34,870.70**	**20,629.71**	**43,587.56**	**23,182.71**	**2,121.58**	**5,860.55**	**45,709.14**	**29,043.26**
	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
	42,574.67	**15,174.29**	**53,865.85**	**17,727.29**	**2,121.58**	**5,860.55**	**55,987.43**	**23,587.84**	–	–	**8,716.86**	**2,553.00**	**34,870.70**	**20,629.71**	**43,587.56**	**23,182.71**	**2,121.58**	**5,860.55**	**45,709.14**	**29,043.26**

NOTES TO THE FINANCIAL STATEMENTS (Contd.)

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

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

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

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

NOTES TO THE FINANCIAL STATEMENTS (Contd.)

(₹ in lakhs)

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

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

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

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

NOTES TO THE FINANCIAL STATEMENTS (Contd.)

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

NOTES TO THE FINANCIAL STATEMENTS (Contd.)

	As at 31st March, 2019 (No. of Shares)	As at 31st March, 2019 (₹ in lakhs)	As at 31st March, 2018 (No. of Shares)	As at 31st March, 2018 (₹ in lakhs)	As at 1st April, 2017 (No. of Shares)	As at 1st April, 2017 (₹ in lakhs)
16. Equity Share capital						
Authorised						
Equity Shares of ₹ 10.00 each	70,00,00,000	70,000.00	70,00,00,000	70,000.00	70,00,00,000	70,000.00
Issued and Subscribed						
Equity Shares of ₹ 10.00 each, fully paid	59,74,54,177	59,745.42	59,74,54,177	59,745.42	59,74,54,177	59,745.42
Equity Shares of ₹ 10.00 each, ₹ 6.50 per share paid up	7,54,22,400	4,902.46	7,54,22,400	4,902.46	7,54,22,400	4,902.46
TOTAL		**64,647.88**		**64,647.88**		**64,647.88**
A) Reconciliation of number of Equity Shares outstanding						
As at the beginning and at the end of the year (fully paid up)	59,74,54,177	59,745.42	59,74,54,177	59,745.42		
As at the beginning and at the end of the year (partly paid up)	7,54,22,400	4,902.46	7,54,22,400	4,902.46		
TOTAL		**64,647.88**		**64,647.88**		

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

	As at 31st March, 2019 (No. of Shares)	As at 31st March, 2019 %	As at 31st March, 2018 (No. of Shares)	As at 31st March, 2018 %	As at 1st April, 2017 (No. of Shares)	As at 1st April, 2017 %
Issued, Subscribed and Fully Paid-up						
ITC Limited - Holding Company	59,74,54,177	100.00	59,74,54,177	100.00	59,74,54,177	100.00
Issued, Subscribed but not Fully Paid-up						
ITC Limited - Holding Company	7,54,22,400	100.00	7,54,22,400	100.00	7,54,22,400	100.00

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

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

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

Nil

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

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

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

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

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

NOTES TO THE FINANCIAL STATEMENTS (Contd.)

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

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

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

NOTES TO THE FINANCIAL STATEMENTS (Contd.)

	For the year ended 31st March, 2019 (₹ in lakhs)	For the year ended 31st March, 2018 (₹ in lakhs)
21. Income Tax Expenses		
A. Amount recognised in profit or loss		
Current tax		
Income tax for the year	1,000.00	1,400.00
Adjustments / (credits) related to previous years - Net	(26.63)	(119.62)
Total current tax	**973.37**	**1,280.38**
Deferred tax		
Deferred tax for the year	379.54	(24.66)
Total deferred tax	**379.54**	**(24.66)**
TOTAL	**1,352.91**	**1,255.72**

B. Amount recognised in other comprehensive income

The tax (charge)/credit arising on income and expenses recognised in other comprehensive income is as follows:

Deferred tax		
On items that will not be reclassified to profit or loss - Re-measurement gains/(losses) on defined benefit plans	0.73	(2.45)
TOTAL	**0.73**	**(2.45)**

C. Reconciliation of effective tax rate

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

Profit before tax	**5,136.59**	**7,658.92**
Income tax expense calculated @ 34.944% (2018 - 34.608%)	1,794.93	2,650.60
Effect of tax relating to uncertain tax positions	85.95	91.90
Effect on deferred tax balances due to the change in income tax rate	–	(340.27)
Effect of income not taxable	(573.50)	(778.12)
Other differences	72.16	31.48
Benefit of previously unrecognised tax loss to reduce current tax expense	–	(279.36)
Benefit of previously unrecognised tax loss to reduce deferred tax expense	–	(0.89)
Total	**1,379.54**	**1,375.34**
Adjustments recognised in the current year in relation to the current tax of prior years	(26.63)	(119.62)
Income tax recognised in profit or loss	**1,352.91**	**1,255.72**

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

22. Additional Notes to the Financial Statements

(i) Earnings per share :

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

(ii) Contingent liabilities and commitments :

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

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

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

b. Commitments :

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

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

Description of Plans

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

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

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

NOTES TO THE FINANCIAL STATEMENTS (Contd.)

Risk Management

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

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

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

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

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

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

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

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

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

NOTES TO THE FINANCIAL STATEMENTS (Contd.)

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

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

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

VII	**Actuarial Assumptions**		As at 31st March, 2019		As at 31st March, 2018		As at 1st April, 2017	
			Discount Rate (%)	Expected Return on Plan Assets (%)	Discount Rate (%)	Expected Return on Plan Assets (%)	Discount Rate (%)	Expected Return on Plan Assets (%)
	1	Gratuity	7.50	–	7.50	–	6.75	–
	2	Leave Encashment	7.50	–	7.50	–	6.75	–
	The estimates of future salary increases, considered in actuarial valuations take account of inflation, seniority, promotion and other relevant factors such as supply and demand factors in the employment market.							

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

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

NOTES TO THE FINANCIAL STATEMENTS (Contd.)

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

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

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

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

XI. Sensitivity Analysis

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

(₹ in lakhs)

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

Maturity Analysis of the Benefit Payments (₹ in lakhs)

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

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

(iv) Micro, Small and Medium Enterprises:

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

(v) Segment Reporting:

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

The entity-wide disclosure is as under: (₹ in lakhs)

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

(vi) Related Party Disclosures

(a) RELATIONSHIP:

(i) Holding Company:

– ITC Limited

(ii) Subsidiary Company

– Greenacre Holdings Limited

NOTES TO THE FINANCIAL STATEMENTS (Contd.)

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

– North East Nutrients Private Limited

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

– International Travel House Limited

(v) Key Management Personnel (KMP):

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

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

(₹ in lakhs)

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

(₹ in lakhs)

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

NOTES TO THE FINANCIAL STATEMENTS (Contd.)

(vii) Provision for litigation/disputes:

(₹ in lakhs)

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

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

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

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

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

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

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

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

– notifying Ind AS 116, 'Leases'.

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

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

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

a) Capital

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

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

b) Investments

(₹ in lakhs)

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

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

(₹ in lakhs)

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

NOTES TO THE FINANCIAL STATEMENTS (Contd.)

c) Derivatives

i. Forward Rate Agreement / Interest Rate Swap : Nil

ii. Exchange Traded Interest Rate Derivatives : Nil

iii. Disclosures on Risk Exposure in Derivatives :

- Qualitative Disclosure : The Company does not use Derivatives to hedge its risks.
- Quantitative Disclosure : Nil

d) Disclosures relating to securitisation:

i. Outstanding amount of securitised assets : Nil

ii. Details of financial assets sold to securitization / reconstruction companies for asset reconstruction : Nil

iii. Details of assignment transactions undertaken : Nil

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

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

	Upto 30/31 Days	Over 1 month & upto 2 months	Over 2 months & upto 3 months	Over 3 months & upto 6 months	Over 6 months & upto 1 year	Over 1 year & upto 3 years	Over 3 years & upto 5 years	Over 5 years	Total
Deposits - Fixed Deposits with Banks - Others	 9.81 –	 – –	 – –	 – –	 5.78 –	 – –	 – –	 – –	 15.59 –
Advances/ Loans	–	–	–	304.00	608.00	2,740.00	–	–	3,652.00
Investments	57,895.92@	–	–	–	–	4,990.44$	–	24,586.35 #	87,472.71
Borrowings	–	–	–	–	–	–	–	–	–
Foreign Currency assets	–	–	–	–	–	–	–	–	–
Foreign Currency liabilities	–	–	–	–	–	–	–	–	–

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

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

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

f) Exposure to Real Estate Sector : Nil

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

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

** Only quoted equity investments considered.*

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

h) Details of financing of parent company products : Nil

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

j) Unsecured Advances / Loans as on 31st March, 2019 : Nil

NOTES TO THE FINANCIAL STATEMENTS (Contd.)

k) Registration obtained from other financial sector regulators : None

l) Penalties imposed by RBI and other regulators : Nil

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

n) Related Party Transactions : Details of material transactions with related parties and Company's Policy on dealing with Related Party Transactions are disclosed in the Report of the Board of Directors & Management Discussion and Analysis.

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

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

q) Provisions and Contingencies : (₹ in lakhs)

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

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

r) Draw Down from Reserves : Nil

s) Concentration of Deposits : Not Applicable

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

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

u) Concentration of NPAs : Nil

v) Sector-wise NPAs : Nil

w) Movement of NPAs : Nil

x) Overseas Assets : Nil

y) Off-Balance Sheet SPVs sponsored : Nil

z) Customer Complaints:

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

NOTES TO THE FINANCIAL STATEMENTS (Contd.)

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

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

(₹ in lakhs)

	Particulars	31st March, 2019	
	Liabilities Side :	**Amount Outstanding**	**Amount Overdue**
(1)	**Loans and advances availed by the NBFCs inclusive of interest accrued thereon but not paid**		
	a) Debentures		
	– Secured	–	–
	– Unsecured	–	–
	(Other than falling within the meaning of public deposits)		
	b) Deferred Credits	–	–
	c) Term Loans	–	–
	d) Inter-Corporate loans and borrowings	–	–
	e) Commercial papers	–	–
	f) Other Loans (specify nature)	–	–

	Assets Side:	**Amount Outstanding**
(2)	**Break-up of Loans and Advances including bills receivables [other than those included in (4) below]**	
	a) Secured	3,652.00
	b) Unsecured	–
(3)	**Break up of Leased Assets and stock on hire and other assets counting towards AFC activities**	
	(i) Lease assets including lease rentals under sundry debtors	**347.40**
	(a) Financial lease	–
	(b) Operating lease	347.40
	(ii) Stock on hire including hire charges under sundry debtors	–
	a) Assets on hire	–
	b) Repossessed Assets	–
	(iii) Other Loans counting towards AFC Activities	–
	(a) Loans where assets have been re-possessed	–
	(b) Loans other than (a) above	–
(4)	**Break-up of Investments :**	
	Current Investments	
	1. Quoted * :	**34,912.15**
	(i) Shares : (a) Equity	0.12
	(b) Preference	–
	(ii) Debentures and Bonds	34,912.03
	(iii) Units of mutual funds	–
	(iv) Government Securities	–
	(v) Others (please specify)	–
	2. Unquoted @ :	**22,983.77**
	(i) Shares : (a) Equity	–
	(b) Preference	–
	(ii) Debentures and Bonds	–
	(iii) Units of mutual funds	14,451.91
	(iv) Government Securities	–
	(v) Certificate of deposits	8,531.86
	**The figure has been derived based on Ind AS Financial Statements. Had the same been computed under Previous GAAP the value would be ₹ 34,901.56 lakhs.*	
	@ The figure has been derived based on Ind AS Financial Statements. Had the same been computed under Previous GAAP the value would be ₹ 21,834.68 lakhs.	

NOTES TO THE FINANCIAL STATEMENTS (Contd.)

(₹ in lakhs)

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

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

23. Financial Instruments and Related Disclosures

1. Categories of Financial Instruments

(₹ in lakhs)

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

NOTES TO THE FINANCIAL STATEMENTS (Contd.)

C. Financial risk management objectives

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

Market risk

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

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

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

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

Liquidity risk

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

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

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

Credit risk

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

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

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

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

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

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

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

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

D. Fair value measurement

Fair value hierarchy

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

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

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

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

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

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

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

NOTES TO THE FINANCIAL STATEMENTS (Contd.)

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

On behalf of the Board

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

Kolkata, 24th April, 2019

Form AOC-1

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

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

Part A : Subsidiaries

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

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

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

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

Part B : Associates and Joint Ventures

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

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

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

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

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

On behalf of the Board

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

Kolkata, 24th April, 2019