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NOTES TO THE FINANCIAL STATEMENT

SIGNIFICANT ACCOUNTING POLICIES

COMPANY INFORMATION

VST Industries Limited (the 'Company') is a public limited Company domiciled in India with its registered office located at 1-7-1063/1065, Azamabad, Hyderabad - 500020. The Company is listed on the Bombay Stock Exchange (BSE) and the National Stock Exchange (NSE). The Company is engaged inter-alia in manufacture and trading of Cigarettes, Tobacco and Tobacco products.

STATEMENT OF COMPLIANCE

These financial statements have been prepared in accordance with Indian Accounting Standards (Ind AS) notified under Section 133 of the Companies Act, 2013 read with the Companies (Indian Accounting Standards) Rules, 2015 and relevant amendment Rules issued thereafter.

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

The financial statements were authorised for issue by the Company's Board of Directors on 21st May, 2020.

BASIS OF PREPARATION OF FINANCIAL STATEMENTS

The financial statements have been prepared on accrual and going concern basis. The Accounting Policies are applied consistently to all the periods presented in the financial statements. All assets and liabilities have been classified as current or non-current as per the Company's normal operating cycle and other criteria as set out in the Division II of Schedule III to the Companies Act, 2013. Based on the nature of products and the time between acquisition of assets for processing and their realisation in cash and cash equivalents, the Company has ascertained its operating cycle as 12 months for the purpose of current or non-current classification of assets and liabilities.

The statement of cash flows has been prepared under indirect method.

BASIS OF MEASUREMENT

These financial statements are prepared in accordance with Indian Accounting Standards (Ind AS) under the historical cost convention on accrual basis, except for certain items that are measured at fair value, 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 leasing transactions that are within the scope of Ind AS 116 – Leases, and measurements that have some similarities to fair value but are not fair value, such as net realisable value in Ind AS 2 – Inventories or value in use in Ind AS 36 – Impairment of Assets.

The preparation of financial statements in conformity with Ind AS requires management to make judgements, estimates and assumptions that affect the application of the accounting policies and the reported amounts of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses for the year. The estimates and underlying assumptions are reviewed on an ongoing basis. Actual results could differ from those estimates.

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.

PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment are stated at acquisition or construction cost, net of accumulated depreciation and accumulated impairment losses, if any. Upon adoption of Ind AS, the Company had elected to measure all its property, plant and equipment at the Previous GAAP carrying amount as its deemed cost on the date of transition to Ind AS i.e., 1st April, 2016.

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Cost is inclusive of freight, installation costs, duties and taxes, interest on specific borrowings utilised for financing the assets and other incidental expenses.

All upgradations / 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 gains or losses arising on retirement or disposal of property, plant and equipment is determined as difference between the sale proceeds and the carrying amount of the asset and is recognised in the Statement of Profit and Loss.

Property, plant and equipment which are not ready for intended use as on the date of Balance Sheet are disclosed as "Capital work-in-progress".

DEPRECIATION

Depreciation is provided on the straight line method at the rates based on estimated useful life of assets as prescribed under Part C of Schedule II to the Companies Act, 2013 with the exception of the following:

Building on freehold Land	-	20	Years
Building on Leasehold Land	-	20	Years
Motor Vehicles	-	4	Years.

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

Freehold land is not depreciated.

The residual values, useful lives and method of depreciation of property, plant and equipment are reviewed at each financial year end and adjusted prospectively, if appropriate.

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INTANGIBLE ASSETS

Intangible assets are stated at cost less any accumulated amortisation and accumulated impairment losses, if any.

Computer Software (including licence fee and cost of implementation / system integration services) is capitalised where ever it is expected to provide future enduring economic benefits. Cost of upgradation/ enhancements is charged off as revenue expenditure unless they bring similar significant benefits.

The useful lives of intangible assets are assessed as either finite or infinite. Finite-life intangible assets are amortised on a straight-line basis over the period of their expected useful lives. Estimated useful lives by major class of finite-life intangible assets are as follows:

Computer software - 4 years

The amortisation period and the amortisation method for finite-life intangible assets is reviewed at each financial year end and adjusted prospectively, if appropriate.

The assessment of infinite life is reviewed annually to determine whether the infinite life continues, if not, it is impaired or changed prospectively basis revised estimates.

IMPAIRMENT OF NON FINANCIAL ASSETS

Assessment for impairment is done at each Balance Sheet date as to whether there is any indication that a non-financial asset may be impaired. Impairment loss, if any, is provided to the extent, the carrying amount of non- financial assets or cash generating units exceed their recoverable amount.

Recoverable amount is higher of an asset's or cash generating unit's fair value less cost of disposal and its value in use. Value in use is the net 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.

Assessment is also done at each Balance Sheet date as to whether there is any indication that an impairment loss recognised for an asset in prior accounting periods may no longer exist or may have decreased, basis the assessment a

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reversal of an impairment loss of an asset is recognised in the Statement of Profit and Loss.

DERIVATIVES AND HEDGE ACCOUNTING

Derivatives are initially recognised at fair value and are subsequently re-measured to their fair value at the end of each reporting period. The resulting gain / loss is recognised in the Statement of Profit and Loss immediately unless the derivative is designated as an effective hedging instrument, in which event the timing of recognition in profit or loss / inclusion in the initial cost of non-financial asset depends on the nature of the hedging relationship and the nature of the hedged item.

The Company complies with the principles of hedge accounting where derivative contracts are designated as hedge instruments. At the inception of the hedge relationship, the Company documents the relationship between the hedge instrument and the hedged item along with the risk management objectives and its strategy for undertaking hedge transaction, which can be a fair value hedge or a cash flow hedge.

(i) Fair value hedges

Changes in fair value of the designated portion of derivatives that qualify as fair value hedges are recognised in statement of profit and loss immediately, together with any changes in the fair value of the hedged asset or liability that are attributable to the hedged risk. The change in the fair value of the designated portion of hedging instrument and the change in fair value of the hedged item attributable to the hedged risk are recognised in the statement of profit and loss in the line item relating to the hedged item.

Hedge accounting is discontinued when the hedging instrument expires or is sold, terminated, or exercised, or when it no longer qualifies for hedge accounting. The fair value adjustment to the carrying amount of the hedged item arising from the hedged risk is amortised to profit or loss from that date.

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(ii) Cash flow hedges

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges is recognised in the other comprehensive income and accumulated as 'Cash Flow Hedge' in Equity. The gains / losses relating to the ineffective portion is recognised in the statement of profit and loss. Amounts previously recognised and accumulated in other comprehensive income are reclassified to profit or loss when the hedged item affects the Statement of Profit and Loss. However, when the hedged item results in the recognition of a non-financial asset, such gains / losses are transferred from equity (but not as reclassification adjustment) and included in the initial measurement cost of the non-financial asset.

Hedge accounting is discontinued when the hedging instrument expires or is sold, terminated, or exercised, or when it no longer qualifies for hedge accounting. Any gains/losses recognised in other comprehensive income and accumulated in equity at that time remains in equity and is reclassified to statement of profit and loss when the underlying transaction is ultimately recognised. When an underlying transaction is no longer expected to occur, the gains / losses accumulated in equity is recognised immediately in the statement of profit and loss.

FOREIGN CURRENCIES

The financial statements are presented in INR, the functional currency of the Company. Items included in the financial statements of the Company are recorded using the currency of the primary economic environment in which the Company operates (the 'functional currency').

Foreign currency transactions are translated into the functional currency using exchange rates on the date of the transaction. Foreign exchange gains and losses from settlement of these transactions and from translation of monetary assets and liabilities at the exchange rate prevailing on reporting date are recognised in the Statement of Profit and Loss.

FINANCIAL INSTRUMENTS

I. Financial Assets

Financial assets are recognised when the Company becomes a party to the contractual provisions of the instrument. On initial recognition, a financial asset is recognised at fair value, in case of financial assets which are recognised at fair value through profit and loss, its transaction cost are recognised in the statement of profit and loss. In other cases, the

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transaction cost are attributed to the acquisition value of the financial asset. Financial assets are subsequently classified as measured at

- amortised cost
- fair value through profit and loss ('FVTPL')
- fair value through other comprehensive income ('FVOCI').

Financial assets are not reclassified subsequent to their recognition, except if and in the period the Company changes its business model for managing financial assets.

Trade Receivables and Loans

Trade receivables are initially recognised at fair value. Subsequently, these assets are held at amortised cost, using the effective interest rate ('EIR') method net of any expected credit losses. The EIR is the rate that discounts estimated future cash income through the expected life of financial instrument.

Debt Instruments

Debt instruments are initially measured at amortised cost, or FVTPL or FVOCI till derecognition, on the basis of (i) the entity's business model for managing the financial assets and (ii) the contractual cash flow characteristics of the financial asset.

(a) Measured at amortised cost: Financial assets that are held within a business model whose objective is to hold financial assets in order to collect contractual cash flows that are solely payment of principal and interest, are subsequently measured at amortised cost using the EIR method less impairment, if any. The amortisation of EIR and loss arising from impairment, if any is recognised in the statement of profit and loss.

(b) Measured at fair value through other comprehensive income: Financial assets that are held within a business model whose objective is achieved by both, selling financial assets and collecting contractual cash flows that are solely payments of principal and interest, are subsequently measured at fair value through other comprehensive income. Fair value movements are recognized in the other comprehensive income (OCI). Interest income measured using the EIR method and impairment losses, if any are recognised in the Statement of Profit and Loss. On derecognition, cumulative gain or loss previously recognised in OCI is reclassified from the equity to 'other income' in the Statement of Profit and Loss.

(c) Measured at fair value through profit or loss: A financial asset not classified as either amortised cost or FVOCI, is classified as FVTPL. Such financial assets are measured at fair value with all changes in fair value, including interest income and dividend income if any, recognised as 'other income' in the Statement of Profit and Loss.

Equity Instruments

All investments in equity instruments classified under financial assets are initially measured at fair value, the Company may, on initial recognition, irrevocably elect to measure the same either at FVOCI or FVTPL. The Company makes such election on an instrument-by-instrument basis. Fair value changes on an equity instrument is recognised as 'Other Income' in the Statement of Profit and Loss unless the Company has elected to measure such instrument at FVOCI. Fair value changes excluding dividends, on an equity instrument measured at FVOCI are recognised in OCI. Amounts recognised in OCI are not subsequently reclassified to the Statement of Profit and Loss. Dividend income on the investment in equity instruments are recognised as 'other income' in the Statement of Profit and Loss.

Derecognition

The Company derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the contractual rights to receive the cash flows from the asset.

Impairment of Financial Asset

Expected credit losses are recognized for all financial assets subsequent to initial recognition other than financial assets in FVTPL category.

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For financial assets other than trade receivables, as per Ind AS 109, the Company recognises 12 month expected credit losses for all originated or acquired financial assets if at the reporting date the credit risk of the financial asset has not increased significantly since its initial recognition. The expected credit losses are measured as lifetime expected credit losses if the credit risk on financial asset increases significantly since its initial recognition. The Company's trade receivables do not contain significant financing component and loss allowance on trade receivables is measured at an amount equal to life time expected losses i.e. expected cash shortfall.

The impairment losses and reversals are recognised in Statement of Profit and Loss.

II. Financial Liabilities

Initial recognition and measurement

Financial liabilities are recognised when the Company becomes a party to the contractual provisions of the instrument. Financial liabilities are initially measured at the amortised cost unless at initial recognition, they are classified as fair value through profit and loss. In case of trade payables, they are initially recognised at fair value and subsequently, these liabilities are held at amortised cost, using the EIR method.

Subsequent measurement

Financial liabilities are subsequently measured at amortised cost using the EIR method. Financial liabilities carried at fair value through profit or loss are measured at fair value with all changes in fair value recognised in the Statement of Profit and Loss.

Derecognition

A financial liability is derecognised when the obligation specified in the contract is discharged, cancelled or expires.

Offsetting Financial Instrument

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 recognized amounts and there is an intention to settle on a net basis or realize the assets and settle the liability simultaneously.

INVENTORIES

Inventories are valued at the lower of cost and net realisable value. Cost is computed on a weighted average basis. Cost includes all costs of purchases net of input tax credit availed, conversion costs and other attributable expenses incurred in bringing the inventories to their present location and condition and includes, where applicable, appropriate overhead cost based on normal level of activity. The net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and estimated costs necessary to make the sale.

Obsolete, slow moving and defective inventories are identified from time to time and, where necessary, a provision is made for such inventories.

ASSETS HELD FOR SALE

Non-current assets or disposal groups comprising of assets and liabilities are classified as 'held for sale' when all of the following criteria's are met: (i) decision has been made to sell (ii) the assets are available for immediate sale in its present condition (iii) the assets are being actively marketed and (iv) sale has been agreed or is expected to be concluded within 12 months of the Balance Sheet date. Subsequently, such non-current assets and disposal groups classified as held for sale are measured at the lower of its carrying value and fair value less costs to sell. Non-current assets held for sale are not depreciated or amortised.

CASH AND CASH EQUIVALENTS

Cash and cash equivalents are short-term (three months or less from the date of acquisition), highly liquid investments that are readily convertible into cash and which are subject to an insignificant risk of changes in value.

PROVISIONS AND CONTINGENT LIABILITIES

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event,

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it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Provisions are measured at the best estimate of the expenditure required to settle the present obligation at the Balance Sheet date.

If the effect of the time value of money is material, provisions are discounted to reflect its present value using a current pre-tax rate that reflects the current market assessments of the time value of money and the risks specific to the obligation. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

Contingent liabilities are disclosed when there is a possible obligation arising from past events, the existence of which will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company or a present obligation that arises from past events where it is either not probable that an outflow of resources will be required to settle the obligation or a reliable estimate of the amount cannot be made.

REVENUE RECOGNITION

Revenue from sale of goods is recognized when effective control over goods is transferred to a customer as per the terms of the contract. This is usually evidenced by a transfer of all the significant risks and rewards of ownership upon delivery of goods to the customer, which in terms of timing is not materially different to the date of shipping. Revenue is measured at fair value of the consideration received or receivable after deduction of any trade discount, incentive and other similar discounts and any taxes or duties collected on behalf of the Government which are levied on sales such as goods and service tax, etc.

Income from export incentives such as duty drawback is recognised on accrual basis.

Interest income is recognized using the effective interest rate (EIR) method.

Dividend income on investments is recognised when the right to receive dividend is established.

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EXPENDITURE

Expenses are accounted on accrual basis.

EMPLOYEE BENEFITS

Defined Contribution Plans

Contributions to defined contribution schemes such as employees' state insurance, labour welfare fund, superannuation scheme, employee pension scheme etc. are charged as an expense based on the amount of contribution required to be made as and when services are rendered by the employees. Provident fund contribution in respect of certain employees, who are members of constituted and approved trusts, the Company recognizes contribution payable to such trusts as an expense including any shortfall in interest between the amount of interest realized by the investment and the interest payable to members at the rate declared by the Government of India. In respect of other employees, provident funds are deposited with the government administered fund and charged as an expense to the Statement of Profit and Loss.

The Company makes contribution to defined contribution pension plan. The contribution payable is recognized as an expense, when an employee renders the related service.

Defined Benefit Plans

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

Other Long Term Employee Benefits

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

Termination Benefits

Termination benefits, in the nature of voluntary retirement benefits or termination benefits arising from restructuring, are

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recognised in the Statement of Profit and Loss. The Company recognises termination benefits at the earlier of the following dates:

(a) when the Company can no longer withdraw the offer of those benefits; or

(b) when the Company recognises costs for a restructuring that is within the scope of Ind AS 37 and involves the payment of termination benefits.

Benefits falling due more than 12 months after the end of the reporting period are discounted to their present value.

INCOME TAXES

Income tax expense for the year comprises of current tax and deferred tax. It is recognised in the Statement of Profit and Loss except to the extent it relates to a business combination or to an item which is recognised directly in equity or in other comprehensive income.

Current tax is the expected tax payable/receivable on the taxable income/ loss for the year using applicable tax rates at the Balance Sheet date, and any adjustment to taxes in respect of previous years. Interest income/ expenses and penalties, if any, related to income tax are included in current tax expense.

Deferred tax is recognised in respect of temporary differences between the carrying amount of assets and liabilities for financial reporting purposes and the corresponding amounts used for taxation purposes.

A deferred tax liability is recognised based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted, or substantively enacted, by the end of the reporting period. Deferred tax assets are recognised only to the extent that it is probable that future taxable profits will be available against which the asset can be utilised. Deferred tax assets are reviewed at each reporting date and reduced to the extent that it is no longer probable the related tax benefit will be realised.

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Current tax assets and current tax liabilities are offset when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle the asset and the liability on a net basis. Deferred tax assets and deferred tax liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities; and the deferred tax assets and the deferred tax liabilities relate to income taxes levied by the same taxation authority.

EARNINGS PER SHARE

Basic earnings per share is computed by dividing the net profit for the period attributable to the equity shareholders of the Company by the weighted average number of equity shares outstanding during the period. The weighted average number of equity shares outstanding during the period and for all periods presented is adjusted for events, such as bonus shares, other than the conversion of potential equity shares that have changed the number of equity shares outstanding, without a corresponding change in resources.

For the purpose of calculating diluted earnings per share, the net profit for the period attributable to equity shareholders and the weighted average number of shares outstanding during the period is adjusted for the effects of all dilutive potential equity Shares.

DIVIDEND DISTRIBUTION

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

LEASES

Leases which are short term that have a lease term of 12 months and low value leases in which a substantial portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments and receipts under such leases are recognised to the Statement of Profit and Loss on a straight-line basis over the term of the lease unless the lease payments to the lessor are structured to increase in line with expected general inflation to compensate for the lessor's expected inflationary cost increases, in which case the same are recognised as an expense in line with the contractual term.

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₹ in Lakhs

	Gross Block						Accumulated Depreciation & Amortisation						Net Block	
	Balance as at 31.03.2018	Additions	Disposals	Balance as at 31.03.2019	Additions	Disposals	Balance as at 31.03.2020	Balance as at 31.03.2018	For the year	Adjustment on Disposals	Balance as at 31.03.2019	For the year	Adjustment on Disposals	Balance as at 31.03.2020	Balance as at 31.03.2020	Balance as at 31.03.2019
2A. PROPERTY PLANT AND EQUIPMENT															
Land	1724.80	556.42	-	2281.22	-	-	2281.22	-	-	-	-	-	-	-	2281.22	2281.22
Buildings on Freehold Land (including roads)	2580.21	3048.58	-	5628.79	50.25	-	5679.04	250.47	459.64	-	710.11	313.74	-	1023.85	4655.19	4918.68
Buildings on Leasehold Land	42.81	8.73	-	51.54	1.77	-	53.31	7.67	4.12	-	11.79	4.36	-	16.15	37.16	39.75
Plant & Equipment	21340.08	1897.95		23238.03	1189.92	1.26	24426.69	6914.20	3454.10		10368.30	3618.02	0.56	13985.76	10440.93	12869.73
Electrical Installation & Equipment	779.98	330.61	-	1110.59	140.97	-	1251.56	120.23	97.73	-	217.96	113.25	-	331.21	920.35	892.63
Furniture & Fixtures	206.83	63.73	0.55	270.01	17.85	1.05	286.81	36.70	33.80	0.28	70.22	34.44	0.61	104.05	182.76	199.79
Motor Vehicles	120.80	4.63	8.16	117.27	91.68	66.92	142.03	60.22	32.12	8.16	84.18	35.19	66.40	52.97	89.06	33.09
Office Equipment	206.67	50.45	2.45	254.67	55.40	3.91	306.16	106.46	51.79	2.42	155.83	54.87	2.69	208.01	98.15	98.84
Total Property, Plant and Equipment	27002.18	5961.10	11.16	32952.12	1547.84	73.14	34426.82	7495.95	4133.30	10.86	11618.39	4173.87	70.26	15722.00	18704.82	21333.73
2B. CAPITAL WORK-IN-PROGRESS															1264.79	29.85
2C. INTANGIBLE ASSETS																
Computer Software, etc.	7.03	7.25	-	14.28		-	14.28	5.81	1.23	-	7.04	1.81	-	8.85	5.43	7.24
Total Intangible assets	7.03	7.25	-	14.28	0.00	-	14.28	5.81	1.23	-	7.04	1.81	-	8.85	5.43	7.24

Note: The amortisation expense of Intangible assets have been included under "Depreciation and amortisation expense" in the Statement of Profit and Loss.

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₹ in Lakhs

	As at 31st March, 2020	As at 31st March, 2019
3. NON-CURRENT INVESTMENTS		
Investment in Government/Trust Securities (at amortised cost)		
National Savings Certificate cost ₹ 500 (Previous Year - ₹ 500)		
Lodged with Government Authority		
Investment in Mutual Funds (at fair value through other comprehensive income)		
HDFC - Top 100 Fund		
50,000 units of ₹10 each fully paid up	14.55	24.47
	14.55	24.47
Investment in Equity instruments		
Other than Trade (at fair value through other comprehensive income)		
QUOTED		
Duncan Industries Limited		
184 Equity Shares of ₹ 10 each fully paid up	0.02	0.02
Godfrey Phillips India Limited		
1000 Equity Shares of ₹ 2 each fully paid up	9.42	11.58
Golden Tobacco Limited		
50 Equity Shares of ₹10 each fully paid up	0.01	0.02
Housing Development Finance Corporation Limited		
6,000 Equity Shares of ₹ 2 each fully paid up	97.81	118.04
HDFC Bank Limited		
5,000 Equity Shares of ₹ 1 each fully paid up	43.10	57.91
	150.36	187.57
UNQUOTED		
Andhra Pradesh Gas Power Corporation Limited		
1,39,360 shares of ₹ 10 each fully paid up	13.94	13.94
Twin Towers Premises Co-operative Society Limited		
10 Shares of ₹ 50 each fully paid up		
(Cost ₹ 500 , Previous Year - ₹ 500)		
Tobacco Institute of India - (Limited by Guarantee Maximum Contribution ₹ 10.00 Lakhs)		
CREF Finance Limited		
50,00,000 Equity Shares of ₹ 10 each fully paid up		
ITC Agrotech Finance and Investments Limited		
23,82,500 Equity Shares of ₹ 10 each fully paid up		
	13.94	13.94
Total of Non-Current Investments	178.85	225.98
Aggregate amount of Quoted Investments - Market Value	164.91	212.04
Aggregate amount of Other Investments	13.94	13.94

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₹ in Lakhs

	As at 31st March, 2020 Current	As at 31st March, 2020 Non-Current	As at 31st March, 2019 Current	As at 31st March, 2019 Non-Current
4. LOANS				
Loans to Employees				
Secured, considered good	1.15	12.30	1.28	13.38
Unsecured, considered good	0.18	-	0.18	-
TOTAL	1.33	12.30	1.46	13.38
5. OTHER FINANCIAL ASSETS				
Balances with Banks:				
- On Term Deposits with original maturity of more than 12 months Lodged with Government Authorities	-	1.77	-	1.77
Other financial assets				
Interest accrued on Loans, Deposits, Investments, etc.	0.38	-	0.55	-
Other receivables				
- On account of Foreign Currency Forward Contracts	-	-	120.66	-
TOTAL	0.38	1.77	121.21	1.77

	As at 31st March, 2020	As at 31st March, 2019
6. INCOME TAXES		
A. Income tax expense recognised in Statement of Profit and Loss		
Current tax		
Current tax for the year	11086.00	13093.17
Adjustments/(credits) related to previous years - Net	-	(16.73)
Total Current tax expense (a)	11086.00	13076.44
Deferred tax		
Origination and reversal of temporary differences	529.96	(693.42)
Total Deferred tax expense (b)	529.96	(693.42)
TOTAL (a+b)	11615.96	12383.02
B. Income tax expense recognised in Other Comprehensive Income		
Current tax		
On item that will be not reclassified to statement of profit and loss		
- Related to remeasurement gains/(losses) on defined benefit plans	(79.03)	(75.27)
Total Current tax expense (a)	(79.03)	(75.27)
Deferred tax		
On item that will be not reclassified to statement of profit and loss		
- Related to remeasurement gains/(losses) on defined benefit plans	-	28.51
- Related to change in fair value of equity instruments	(5.41)	0.62
On item that will be reclassified to statement of profit and loss		
- Related to effective portion of hedging instruments in cash flow hedges	(63.41)	44.48
Total Deferred tax expense (b)	(68.82)	73.61
TOTAL (a + b)	(147.85)	(1.66)
Reconciliation of estimated income tax expense at statutory income tax rate to income tax expense reported in Statement of Profit and Loss is as follows:		
Profit before tax	42025.17	35067.45
Statutory income tax rate (Refer note below)	25.17%	34.94%
Expected income tax expense	10576.89	12253.97
Adjustment :		
Effect of expenses not deductible for tax purposes	144.17	173.23
Impact of remeauremrent of Deferred Tax Assets (net) (refer note below)	881.56	-
Others *	13.34	(44.18)
Income tax expense recognised in Statement of Profit and Loss	11615.96	12383.02

* Others include adjustments related to previous years

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₹ in Lakhs

The Company elected to exercise the option permitted under section 115BAA of the Income Tax Act, 1961 as introduced by The Taxation Laws (Amendment) Act, 2019. Accordingly, the Company has recognised Provision for Income Tax and re-measured its Deferred Tax Assets (Net) basis the rate prescribed in the said section.

	As at 31st March, 2020	As at 31st March, 2019
C. Current Tax Liabilities (net of advance tax) *	1975.76	1510.08

*includes ₹ 2093.52 Lakhs (2019: ₹ 2093.52 Lakhs) relating to disallowed expenditure, tax treatment of certain expenses claimed as deductions, and computation of, or eligibility of certain tax incentives or allowances

D. Significant components of Deferred Tax Assets / (Liabilities)

	Opening Balance	Recognised in profit or loss	Recognised in/reclassified in OCI	Closing Balance
2019-20				
Deferred tax assets in relation to:				
- Employees' separation and retirement	747.38	(217.32)	-	530.06
- State and Central Taxes, etc,.	3656.13	(809.62)	-	2846.51
- Cash flow hedges	-	-	21.25	21.25
- Unrealised loss on Equity instruments carried at FVTPL or FVOCI	-	-	4.79	4.79
- Other temporary differences	197.31	1.45	-	198.76
Total deferred tax assets	4600.82	(1025.49)	26.04	3601.37
Deferred tax liabilities in relation to:				
- Fiscal allowances on Property, Plant and Equipment, etc.	776.61	(604.02)	-	172.59
- Cash flow hedges	42.16	-	(42.16)	-
- Unrealised gain on Equity instruments carried at FVTPL or FVOCI	0.62	-	(0.62)	-
- Unrealised gain on financial assets measured at FVTPL	679.97	108.49	-	788.46
Total deferred tax liabilities	1499.36	(495.53)	(42.78)	961.05
Deferred Tax Assets - net	3101.46	(529.96)	68.82	2640.32
2018-19				
Deferred tax assets in relation to:				
- Employees' separation and retirement	668.23	107.66	(28.51)	747.38
- State and Central Taxes, etc,.	3099.61	556.52	-	3656.13
- Other temporary differences	172.30	25.01	-	197.31
Total deferred tax assets	3940.14	689.19	(28.51)	4600.82
Deferred tax liabilities in relation to:				
- Fiscal allowances on Property, Plant and Equipment, etc.	1080.96	(304.35)	-	776.61
- Cash flow hedges	(2.32)	-	44.48	42.16
- Unrealised gain on Equity instruments carried at FVTPL or FVOCI	-	-	0.62	0.62
- Unrealised gain on financial assets measured at FVTPL	379.85	300.12	-	679.97
Total deferred tax liabilities	1458.49	(4.23)	45.10	1499.36
Deferred Tax Assets - net	2481.65	693.42	(73.61)	3101.46

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₹ in Lakhs

	As at 31st March, 2020 Current	As at 31st March, 2020 Non-Current	As at 31st March, 2019 Current	As at 31st March, 2019 Non-Current
7. OTHER ASSETS				
Capital Advances	-	459.18	-	50.81
Advances other than capital advances				
Security Deposits				
- With Statutory Authorities	-	0.55	-	0.55
- Others	-	60.44	-	60.44
Advances recoverable in cash or in kind or for value to be received	202.96	-	184.86	-
Other Advances				
- Prepaid Expenses	416.89	-	241.73	-
- Balance with Statutory / Government Authorities	5577.29	-	4508.07	-
Other Receivables *	0.97	-	1.18	-
TOTAL	6198.11	520.17	4935.84	111.80

* Includes receivables on account of export incentives

	As at 31st March, 2020	As at 31st March, 2019
8. INVENTORIES		
(At lower of cost and net realisable value)		
Raw Materials including packing materials	24536.14	24549.36
Work-in-Progress	1064.84	841.23
Finished Goods	4020.19	2641.62
Stores and Spares	152.68	152.75
TOTAL	29773.85	28184.96
The above includes goods in transit	370.36	-
The cost of inventories recognised as an expense in respect of write- down of inventory to net realisable value.	680.13	4.93
9. CURRENT INVESTMENTS		
Other than Trade and quoted - (at fair value through profit or loss)		
Investment in Mutual Funds		
Aditya Birla Sun Life Savings Fund - Growth - Direct Plan 7,89,632 (2019-7,89,632) units of ₹100 each fully paid up	3165.08	2935.52
Aditya Birla Sun Life Liquid Fund- Growth - Direct Plan 31,67,239 (2019- 17,29,463) units of ₹100 each fully paid up	10121.21	5195.93
Aditya Birla Sun Life Money Manager Fund - Growth - Direct Plan 4,57,589 (2019- 2,09,094) units of ₹100 each fully paid up	1239.71	526.29
DSP Liquidity Fund - Direct Plan - Growth Nil (2019- 2,90,383) units of ₹1000 each fully paid up	-	7763.07
HDFC Liquid Fund - Direct Plan - Growth 2,85,467 (2019- 1,67,000) units of ₹1000 each fully paid up	11152.10	6142.75
HDFC Floating Rate Debt Fund - Direct Plan - Wholesale Growth Option 72,28,970 (2019- 72,28,970) units of ₹10 each fully paid up	2557.79	2364.13
HDFC Money Market Fund - Direct Plan - Growth Option 12,262 (2019- Nil) units of ₹1000 each fully paid up	517.44	-
ICICI Prudential Savings Fund - Direct Plan - Growth 8,14,584 (2019- 8,14,584) units of ₹100 each fully paid up	3179.89	2942.02
ICICI Prudential Liquid Fund - Direct Plan - Growth 31,05,624 (2019- 20,72,090) units of ₹100 each fully paid up	9123.75	5727.60
ICICI Prudential Money Market Fund Option - Direct Plan - Growth 7,21,454 (2019- Nil) units of ₹100 each fully paid up	2014.77	-

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₹ in Lakhs

	As at 31st March, 2020	As at 31st March, 2019
IDFC Cash Fund - Direct Plan - Growth 2,21,820 (2019- Nil) units of ₹1000 each fully paid up	5327.75	-
Kotak Liquid - Direct Plan - Growth 2,75,230 (2019- 1,92,493) units of ₹1000 each fully paid up	11050.11	7284.58
Kotak Money Market Scheme - Direct Plan - Growth 21,875 (2019- Nil) units of ₹1000 each fully paid up	724.73	-
Nippon India Low Duration Fund - Direct Plan - Growth Option 1,12,224 (2019- 1,12,224) units of ₹1000 each fully paid up	3167.92	2963.15
Nippon India Liquid Fund - Direct Plan - Growth Option Nil (2019- 1,20,548) units of ₹1000 each fully paid up	-	5499.29
SBI Liquid Fund - Direct - Growth 3,55,473 (2019- 2,71,858) units of ₹1000 each fully paid up	11051.73	7961.55
SBI Savings Fund - Direct Plan- Growth 22,42,477 (2019- Nil) units of ₹10 each fully paid up	725.81	-
Total of Current Investments	75119.79	57305.88
Aggregate amount of quoted Investments - Market Value	75119.79	57305.88
10. TRADE RECEIVABLES		
Unsecured, considered good (Refer Note 30)	1536.55	1431.74
TOTAL	1536.55	1431.74
11. CASH AND CASH EQUIVALENTS		
Balances with Banks		
- On Current Accounts	2621.32	1637.65
- On Term deposits with original maturity of less than three months	-	1000.00
Cash including cheques on hand	0.77	0.95
TOTAL	2622.09	2638.60
12. OTHER BANK BALANCES		
Earmarked Balances		
- On Unclaimed Ordinary Dividend Account	1123.35	1047.21
TOTAL	1123.35	1047.21

	As at 31st March, 2020		As at 31st March, 2019	
	No. of Shares	₹ in Lakhs	No. of Shares	₹ in Lakhs
13. EQUITY SHARE CAPITAL				
AUTHORISED				
Ordinary Shares of ₹ 10 each	5,00,00,000	5000.00	5,00,00,000	5000.00
Cumulative Redeemable Preference Shares of ₹ 100 each	50,00,000	5000.00	50,00,000	5000.00
		10000.00		10000.00
ISSUED AND SUBSCRIBED				
Ordinary Shares of ₹ 10 each fully paid up	1,54,41,920	1544.19	1,54,41,920	1544.19

There is no movement in number of Ordinary Shares during the year.

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₹ in Lakhs

Details of Shareholders holding more than 5% of ordinary shares

Name of the Shareholders	As at 31st March, 2020 No. Lakhs	As at 31st March, 2020 % holding	As at 31st March, 2019 No. Lakhs	As at 31st March, 2019 % holding
Bright Star Investments Private Limited	40.07	25.95	40.07	25.95
The Raleigh Investment Company Limited	36.20	23.45	36.20	23.45
Tobacco Manufacturers (India) Limited	12.79	8.28	12.79	8.28
Mathews India Fund	6.10	3.95	11.67	7.56
HDFC Trustee Company Limited A/c HDFC Midcap Opportunities Fund	10.43	6.76	10.43	6.76

RIGHTS, PREFERENCES AND RESTRICTIONS ATTACHED TO ORDINARY SHARES

The Company has only one class of Ordinary Shares outstanding, having a par value of ₹ 10 each, that rank pari passu in all respects including voting rights and entitlement to dividend.

14. PROVISIONS

	As at 31st March, 2020	As at 31st March, 2019
Non-Current		
Provision for Employee Benefits		
Retirement and Other benefits (Refer Note 31)	1985.45	1849.74
TOTAL	1985.45	1849.74

15. TRADE PAYABLES

	As at 31st March, 2020	As at 31st March, 2019
Payables for Goods and Services		
Total outstanding dues of micro enterprises and small enterprises	18.86	30.01
Total outstanding dues of creditors other than micro enterprises and small enterprises	14264.63	8271.35
TOTAL	14283.49	8301.36
DUE TO MICRO AND SMALL ENTERPRISES		
a) Principal amount remaining unpaid	18.86	30.01
b) Interest due remaining unpaid	-	-
c) Interest paid, in terms of Section 16 of MSMED Act, along with the amount of the payment made beyond the appointed day during the year	-	-
d) Interest due and payable for the period of delay in making payment	-	-
e) Interest accrued and remaining unpaid	-	-
f) Interest remaining due and payable - disallowable	-	-

Dues to Micro and Small Enterprises have been determined to the extent such parties have been identified on the basis of information collected by the Management.

16. OTHER FINANCIAL LIABILITIES

	As at 31st March, 2020	As at 31st March, 2019
Current		
Unpaid / Unclaimed Dividends	1123.35	1047.21
Security Deposits	3.00	2.98
Other Liabilities		
- On account of Foreign Currency Forward Contracts	84.44	-
- Others (including payable for property, plant and equipment, etc.)	1223.18	220.18
TOTAL	2433.97	1270.37

There is no amount due and outstanding to be credited to Investor Education and Protection Fund as at the year end.

17. OTHER CURRENT LIABILITIES

	As at 31st March, 2020	As at 31st March, 2019
Advances from Customers	8529.86	7886.55
Statutory Liabilities	31786.74	33270.96
TOTAL	40316.60	41157.51

The Company has ongoing disputes relating to tax matters under various Central and State Acts pending before various judicial forums. The Company has reviewed all its pending litigations and proceedings and believes that it has valid bases for appeals and intends to defend all such pending disputes vigorously. However, pending disposal of disputes, as a matter of prudence, it has adequately recognised the disputed amount in the books wherever required and is reflected above under 'Statutory Liabilities' - ₹ 14748.72 Lakhs (2019: ₹ 13898.52 Lakhs)

Contingent liabilities where applicable are disclosed in the financial statements (Refer note 26).

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₹ in Lakhs

	For the year ended 31st March, 2020	For the year ended 31st March, 2019
18. REVENUE FROM OPERATIONS		
Particulars in respect of sales (Gross)		
Cigarettes*	113034.13	94381.45
Unmanufactured Tobacco	23877.96	23889.66
	136912.09	118271.11
Other Operating Income		
Scrap Sales	113.01	115.14
Other receipts	16.88	24.36
TOTAL	137041.98	118410.61
* net of trade promotions - ₹ 4169.83 Lakhs (2019 - ₹ 2546.55 Lakhs)		
19. OTHER INCOME		
Interest on Loans and Deposits, etc.	12.57	5.80
Dividend Income from:		
Equity Instruments measured at FVOCI held at the end of reporting period	4.39	4.35
Other gains and losses from:		
Net gain recognised on sale of property, plant and equipment, etc.	23.97	9.86
Net gain arising on financial assets mandatorily measured at FVTPL*	4484.82	3661.34
Gain on foreign exchange (Net)	109.36	119.91
Other non-operating Income	101.19	88.73
TOTAL	4736.30	3889.99
* Includes ₹ 3297.91 Lakhs (2019 - ₹ 2813.03 Lakhs) being net gain arising on sale of Investments		
20. COST OF MATERIALS CONSUMED		
Raw Materials Consumed *		
Opening Stock	24549.36	22767.59
Purchases	60002.05	57745.96
	84551.41	80513.55
Less: Closing Stock	24536.14	24549.36
TOTAL	60015.27	55964.19
The above includes cost of unmanufactured tobacco sold - Value ₹ 20745.05 Lakhs (2019 - ₹ 21041.45 Lakhs).		
* Includes Packing Material		
21. CHANGES IN INVENTORIES OF FINISHED GOODS AND WORK-IN-PROGRESS		
(a) (Increase) / Decrease in Finished Goods		
Opening Stock	2641.62	1742.51
Closing Stock	4020.19	2641.62
	(1378.57)	(899.11)
(b) Increase / (Decrease) in Excise Duties on Finished Goods	1442.17	126.01
(c) (Increase) / Decrease in Work-in-Progress		
Opening Stock	841.23	666.84
Closing Stock	1064.84	841.23
	(223.61)	(174.39)
TOTAL	(160.01)	(947.49)
22. EMPLOYEE BENEFITS EXPENSES		
Salaries and wages	9269.77	8241.48
Contribution to Provident and other funds	445.10	447.34
Staff welfare expenses	527.51	537.30
TOTAL	10242.38	9226.12

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₹ in Lakhs

	For the year ended 31st March, 2020	For the year ended 31st March, 2019
23. OTHER EXPENSES		
Insurance	220.76	165.13
Consumption of Stores and Spares	678.81	608.70
Power and Fuel	900.79	890.30
Rent	334.35	326.61
Repairs		
Buildings	67.08	58.24
Machinery	118.89	98.34
Others	61.97	34.67
Rates and Taxes	935.46	835.20
Outward Freight	1857.91	1762.80
Sales Promotion Expenses	961.89	487.50
Distribution Expenses	532.10	249.90
Miscellaneous	4666.46	4125.40
Payment to Auditors (see note (a) below)	50.54	46.25
Corporate Social Responsibility (see note (b) below)	572.85	495.75
Directors' Sitting Fees & Commission	412.90	161.40
TOTAL	12372.76	10346.19
(a) Payment to Auditors		
Audit fees	30.00	30.00
Fees for audit related services, Limited Reviews, etc.	14.00	8.00
Fees for certification	3.25	5.55
Reimbursement of expenses	3.29	2.70
	50.54	46.25
(b) Corporate Social Responsibility (CSR)		
CSR amount required to be spent as per Section 135 of the Companies Act, 2013, read with Schedule VII thereof, by the Company during the year is ₹ 572.85 Lakhs (2019 - ₹ 495.75 Lakhs).		
The details of actual expenditure related to CSR is as under:		
(i) On Construction / Acquisition of any asset	-	-
(ii) For purposes other than (i) above (Revenue account)	572.85	495.75
	572.85	495.75
The Company does not carry any provisions in respect of expenditure under CSR for the current year and previous year.		
24. EARNINGS PER SHARE		
Earnings per Share is computed as under:		
(a) Profit for the year (₹ in Lakhs)	30409.21	22684.43
(b) Weighted average number of Ordinary Shares	1,54,41,920	1,54,41,920
(c') Basic Earnings Per Share (Face Value per Share - ₹ 10) ₹	196.93	146.90
(d) Diluted Earnings Per Share (Face Value per Share - ₹ 10) ₹	196.93	146.90
25. EXPENDITURE ON RESEARCH & DEVELOPMENT		
On Capital account	12.58	300.92
On Revenue account	722.37	681.48
	734.95	982.40

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26. CONTINGENT LIABILITIES AND COMMITMENTS

(a) Contingent Liabilities

(i) Claims against the Company not acknowledged as debts ₹ 101.17 Lakhs (2019 - ₹ 44.40 Lakhs)

These Comprise -

Excise duty, service tax and customs duty matters ₹ 96.92 Lakhs (2019 - ₹ 40.15 Lakhs)

Other matters related to employees / ex-employees, etc. ₹ 4.25 Lakhs (2019 - ₹ 4.25 Lakhs)

(ii) In addition to the above, the Company is subject to certain other litigations, in the ordinary course of business and the industry in which it operates in, which are pending.

(iii) It is not practicable for the Company to estimate the closure of these issues and the consequential timings of cash outflowsand estimate of financial effect, if any, in respect of the above as its determinable only on occurrence of uncertain future events/receipt of judgements pending at various forums.

(b) Commitments

Estimated amount of contracts remaining to be executed on Capital Account (not provided for) - ₹ 3779.44 Lakhs (2019 - ₹ 718.31 Lakhs).

27. FUTURE LEASE OBLIGATIONS

The Company has entered into various short term and low value operating lease agreements and the amounts paid under such agreements have been charged to revenue as Rent under Note 23. All these agreements are cancellable in nature.

₹ in Lakhs

28. RELATED PARTY TRANSACTIONS DURING THE YEAR	For the year ended 31st March, 2020	For the year ended 31st March, 2019
(a) Company having significant influence		
British American Tobacco Group		
- Dividends paid, to		
• The Raleigh Investment Company Limited	3439.40	2805.82
• Tobacco Manufacturers (India) Limited	1215.00	991.18
• Rothmans International Enterprises Limited	63.21	51.57
(b) Remuneration to Key Managerial Personnel		
(i) Non - Executive Directors		
Mr. Naresh Kumar Sethi (w.e.f. 14th December, 2018)		
Mr. S Thirumalai		
Mr. Sudeep Bandyopadhyay (w.e.f. 1st June, 2019)		
Ms. Rama Bijapurkar (w.e.f. 1st April, 2019)		
Mr. Rajeev Gulati (w.e.f. 26th July, 2019)		
Mr. Pradeep V. Bhide (upto 1st July, 2019)		
Ms. Mubeen Rafat (upto 11th August, 2019)		
Mr. Ramakrishna V Addanki (upto 14th December, 2018)		
Mr. Raymond S Noronha (upto 12th April, 2018)		
Dividend Paid	0.02	0.02
Remuneration	100.00	-
Sitting fees and Commission	312.90	161.40
(ii) Executive Directors		
Mr. Devraj Lahiri		
Remuneration:		
- Short - term benefits	341.87	236.85
- other remuneration	31.77	19.29
(iii) Other Key Managerial Personnel		
Mr. Anish Gupta, Chief Financial Officer		
Mr. Phani Mangipudi, Company Secretary		
Remuneration:		
- Short - term benefits	185.10	131.04
- other remuneration	9.38	7.63
Dividend Paid		

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₹ in Lakhs

29. SEGMENT REPORTING	For the year ended 31st March, 2020	For the year ended 31st March, 2019
The chief operating decision-maker (CODM) evaluates the Company's performance and allocates resources at an overall level considering the business and industry its operates in. Accordingly, the Company's business activity primarily falls within a single operating segment viz. Tobacco and related products. Therefore, the disclosures as per Ind AS 108 - 'Operating Segments' is not applicable.		
Geographical segments considered for disclosure mainly consists of sales within India and sales outside India, information in respect thereof is as under:		
a) Sales within India	125103.66	103515.88
b) Sales outside India	11808.43	14755.23
	136912.09	118271.11
The entire activity pertaining to sales outside India is carried out from India, hence all segment assets are considered entirely to be in India.		

30. FINANCIAL INSTRUMENTS AND RELATED DISCLOSURES

A CAPITAL MANAGEMNET

The Company's financial strategy aims to provide adequate capital to its business for growth on a going concern basis thereby creating sustainable stakeholder value. The Company funds its operations mainly through internal accruals.

B CATEGORIES OF FINANCIAL INSTRUMENTS - FAIR VALUE MEASUREMENT AND FAIR VALUE HIERARCHY

The fair value of the financial assets and liabilities is defined as 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. Methods and assumptions used to estimate the fair value are consistent with those used for the earlier period.

Financial assets and liabilities are measured at fair value as at Balance Sheet date as under:

i) The fair value of investment in government securities and quoted investment in equity shares is based on the current bid price of respective investments as at the Balance Sheet date.

ii) The fair value of investments in mutual fund units is based on the net asset value ('NAV') as stated by the issuers of these mutual fund units in their published statements as at Balance Sheet date. NAV represents the price at which the issuer will issue further units of mutual fund as well as the price at which issuers will redeem such units for the investors.

iii) The fair values of the derivative financial instruments has been determined using valuation techniques with market observable inputs such as foreign exchange spot rates and forward rates as at end of reporting period, yield curves, volatility, etc., as applicable.

iv) Cash and cash equivalents (except for investments in units of mutual fund), trade receivables, trade payables and other current financial assets and liabilities (except derivative financial instruments), have fair values that approximate to their carrying amounts due to their short-term nature.

Fair value of the financial instruments have been classified into various fair value hierarchies based on the following three levels:

Level 1 - Quoted prices for identical assets or liabilities in an active market.

Level 2 - Directly or indirectly observable market inputs, other than Level 1 inputs; and

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 model based on a discounted cash flow analysis, with the most significant input being the discount rate that reflects the credit risk of counterparty.

The following table shows the carrying amount and fair value of financial assets and liabilities, including their levels in the fair value hierarchy:

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₹ in Lakhs

Particulars	Note	Fair Value Hierarchy (Level)	As at 31st March, 2020 Carrying Value	As at 31st March, 2020 Fair Value	As at 31st March, 2019 Carrying Value	As at 31st March, 2019 Fair Value
FINANCIAL ASSETS						
Measured at Fair value through OCI						
i) Equity Instruments	3	Level 1	164.91	164.91	212.04	212.04
ii) Equity Instruments	3	Level 3	13.94	13.94	13.94	13.94
Sub-total			178.85	178.85	225.98	225.98
Measured at Fair value through Profit and Loss						
i) Investment in Mutual Funds	9	Level 1	75119.79	75119.79	57305.88	57305.88
Sub-total			75119.79	75119.79	57305.88	57305.88
Derivatives measured at fair value						
i) Foreign exchange forward contracts	5	Level 2	-	-	120.66	120.66
Sub-total			-	-	120.66	120.66
Measured at amortised cost						
i) Investments in Government Securities	3	-				
ii) Loans	4	-	13.63	13.63	14.84	14.84
iii) Other Financial Assets	5	-	2.15	2.15	2.32	2.32
iv) Trade receivables	10	-	1536.55	1536.55	1431.74	1431.74
v) Cash and cash equivalents	11	-	2622.09	2622.09	2638.60	2638.60
vi) Other bank balances	12	-	1123.35	1123.35	1047.21	1047.21
Sub-total			5297.77	5297.77	5134.71	5134.71
Total financial assets			80596.41	80596.41	62787.23	62787.23
FINANCIAL LIABILITIES						
Derivatives measured at fair value						
i) Foreign exchange forward contracts	16	Level 2	84.44	84.44	-	-
Sub-total			84.44	84.44	-	-
Measured at amortised cost						
i) Trade Payables	15	-	14283.49	14283.49	8301.36	8301.36
ii) Other financial liabilities	16	-	2349.53	2349.53	1270.37	1270.37
Sub-total			16633.02	16633.02	9571.73	9571.73
Total financial liabilities			16717.46	16717.46	9571.73	9571.73

There were no significant changes in the classification and no significant movements between the fair value hierarchy classifications of assets and liabilities during current financial year.

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C. FINANCIAL RISK MANAGEMENT OBJECTIVES

The Company's risk management framework anchored in its policies and procedures and internal financial controls aim to ensure that the Company's business activities that are exposed to a variety of financial risks namely liquidity risk, market risks, credit risk and foreign currency risk are identified at an early stage and managed within acceptable and approved risk parameters in a disciplined and consistent manner and in compliance with applicable regulations.

Liquidity Risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they become due. Cash flow from operating activities provides the funds to service the financial liabilities on a day-to-day basis. The Company's approach in managing liquidity is to ensure that it will have sufficient funds to meet its liabilities when due without incurring unacceptable losses. In doing this, management considers both normal and stressed conditions. The Company maintained a cautious liquidity strategy, with a positive cash balance throughout the year ended 31st March, 2020 and 31st March, 2019.

The Company's Current assets aggregate to ₹ 116375.45 Lakhs (2019 - ₹ 95666.90 Lakhs) including Current investments, Cash and cash equivalents and Other bank balances of ₹ 78865.23 Lakhs (2019 - ₹ 60991.69 Lakhs) against an aggregate Current liability of ₹ 59009.82 Lakhs (2019 - ₹ 52239.32 Lakhs) and Non-current liabilities of ₹ 1985.45 Lakhs (2019 - ₹ 1849.74 Lakhs) on the reporting date. Further, the Company's total equity stood at ₹ 78708.63 Lakhs (2019 - ₹ 66403.05 Lakhs). Accordingly, liquidity risk or the risk that the Company may not be able to settle its dues as they become due does not exist. This excludes the potential impact of extreme circumstances that cannot be reasonably predicted, such as natural disasters.

Market Risks

The Company does not trade in equity instruments; it continues to hold certain investments in equity for long term value accretion which are measured at fair value through Other Comprehensive Income. The value of investment in such equity instruments as at 31st March, 2020 is ₹ 178.85 Lakhs (2019 - ₹ 225.98 Lakhs).

The Company's investments are predominantly held in fixed deposits and debt schemes of mutual funds. The decision making is centralised and administered under a set of approved policies and procedures guided by the principles of safety, liquidity and returns. This ensures that investments are only made within acceptable risk parameters after due evaluation.

Fixed deposits are held with highly rated banks and companies and have a short to medium tenure and accordingly, are not subject to interest rate volatility. Investment in debt schemes of mutual funds are susceptible to market price risk that arise mainly from change in interest rate from time to time which may impact the return and value of such investments. However, given the relatively short tenure of underlying portfolio of such mutual fund schemes in which the Company has invested, such price risk is not significant.

As the Company is debt-free and its liabilities do not carry interest, the exposure to interest rate risk from the perspective of Financial Liabilities is negligible.

Credit Risk

Credit risk is the risk of financial loss to the Company if a customer or counter-party fails to meet its contractual obligations. The Company's customer base is large and diverse and credit is extended in business interest in accordance with well laid out guidelines issued centrally. Exceptions, if any, are approved by appropriate authority after due consideration of the customers credentials and financial capacity, trade practices and prevailing business and economic conditions. Our historic experience of collecting receivables is high and accordingly, the credit risk is low. Hence, trade receivables are considered to be a single class of financial assets.

The value of Trade Receivables as at 31st March, 2020 is ₹ 1536.55 Lakhs (2019 - ₹ 1431.74 Lakhs)

Further, the Company maintains exposure in cash and cash equivalents, term deposits with banks, government securities, money market liquid mutual funds and derivative instruments with financial institution. The Company has set counter-parties limits based on multiple factors including financial position, credit rating, etc.

The Company's maximum exposure to credit risk as at 31st March, 2020 and 31st March, 2019 is the carrying value of each class of financial assets.

Foreign Currency Risks

The Company undertakes transactions denominated in foreign currency (mainly US Dollar, Euro and Pound Sterling) which are subject to the risk of exchange rate fluctuations. Financial assets and liabilities denominated in foreign currency, arising out of such transactions, are also subject to reinstatement risks.

The Company has established risk management policies to hedge the volatility arising from exchange rate fluctuations in respect of firm commitments and highly probable forecast transactions, through foreign exchange forward contracts. The proportion of forecast transactions that are to be hedged is decided based on the size of the forecast transaction and market

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conditions. As the counterparty for such transactions are Scheduled banks, the risk of their non-performance is considered to be insignificant.

The use of these foreign exchange forward contracts are intended to reduce the risk or cost to the Company and are not intended for trading or speculation purpose.

The information on such Derivative Instruments is as follows:

Forward exchange contracts designated under Hedge Accounting that were outstanding on respective reporting dates:

₹ in Lakhs

		As at 31st March, 2020		As at 31st March, 2019	
Currency Pair	Currency	Buy	Sell	Buy	Sell
USD / INR	INR	-	3002.34	-	3648.18

The aforesaid hedges have a maturity of less than 1 year as on respecting reporting dates.

The carrying amount of foreign currency denominated financial assets and liabilities, are as follows:

₹ in Lakhs

		As at 31st March, 2020		As at 31st March, 2019	
Currency Pair	Currency	Assets	Liabilities	Assets	Liabilities
USD / INR	INR	1130.16	58.02	1168.65	1.18
EUR / INR	INR	-	928.41	-	1.58
CHF / INR	INR	-	102.95	-	-

Hedges of foreign currency risk and derivative financial instrument

Foreign exchange forward contracts that are designated as cash flow hedges and qualify for hedge accounting are fair valued at each reporting date and the resultant gain or loss is recognised in Other Comprehensive Income under 'Cash Flow Hedge' in Equity to the extent considered highly effective and are reclassified into the statement of profit & loss upon occurrence of the hedged transactions. Gain or loss on derivative instruments that are either not designated as cash flow hedges or designated as cash flow hedges to the extent considered ineffective is recognised in the statement of profit and loss.

The movement in the cash flow hedging reserve in respect of designated cash flow hedges is summarised below:

₹ in Lakhs

Particulars	2020	2019
At the beginning of the year	78.49	(4.39)
Add: Changes in the fair value of effective portion of matured cash flow hedges during the year	(5.54)	(145.59)
Add: Changes in the fair value of effective portion of outstanding cash flow hedges during the year	(84.44)	120.66
Less: Amounts transferred to the statement of profit and loss on occurrence of transaction during the year	115.41	(152.29)
(Less)/Add: Deferred tax	63.41	(44.48)
At the end of the year	(63.49)	78.49

Foreign Currency Sensitivity

A 1% strengthening of the INR against key currencies to which the company is exposed (net of hedges) would have led to the profit before tax for the year ended 31st March, 2020 to be lower by ₹ 0.41 Lakhs (2019 - ₹ 11.66 Lakhs) and total equity (pre-tax) as at 31st March, 2020 would change by ₹ 0.41 Lakhs (2019 - ₹ 11.66 Lakhs).

A 1% weakening of the INR against these currencies would have led to an equal but opposite effect.

General Risk Assessment

The Company, to the extent possible, has considered the risks that may result from the uncertainity relating to COVID-19 pandemic and its impact on the carrying amounts of trade receivables, investments, financial instruments and effectiveness of its hedges. Based on the Company's analysis of the current indicators of the future economic condition on its business and the estimates used in its financial statements, the Company does not foresee any material impact in the recoverability of the carrying value of the assets. The risk assessment is a continuous process and the Company will continue to monitor the impact of the changes in future economic conditions on its business.

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31. EMPLOYEE BENEFIT PLANS

Employee Retirement Benefit Plans of the Company include Provident fund, Retirement Allowances, Gratuity, Pension and Leave Encashment. These plans expose the Company to a number of actuarial risks such as investment risk, interest rate risk, longevity risk and inflation risk. The Company has developed policy guidelines within the applicable statutory framework, for allocation of assets to different classes with the objective of maintaining the right balance between risks and long-term returns. Further, investments are well diversified, such that the failure of any single investment would not have a material impact on the overall level of assets.

Description of Plans

(i) Provident Fund :

Eligible employees of the Company receive benefits under the Provident Fund which are defined contribution / benefit plans wherein both the Company and the employees make monthly contributions equal to a specified percentage of the covered employees' salary. These contributions are made to the Funds administered and managed by the Govt. of India / Company's own Trust. The Company's own trust plan envisages guarantee of interest at the rate notified by the Provident Fund authority. The Company's contributions along with interest shortfall, if any, are charged to revenue in the year they are incurred. Expenditure for the year amounted to ₹ 272.24 Lakhs (2019 - ₹ 246.70 Lakhs).

Major Category of Plan Assets as a % of the Total Plan Assets of the Company's Own Provident Fund Trust :

		2020	2019
Central Government Securities	[%]	18.0	22.1
State Government Securities	[%]	41.8	41.7
High Quality Corporate Bonds	[%]	35.4	32.7
Equity Instruments	[%]	4.2	3.5
Cash and cash equivalent	[%]	0.6	0.0

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(ii) Retirement Allowance

The Company has an unfunded defined benefit retirement allowance scheme for its employees in the workmen category. Liability with regard to such scheme is determined on actuarial valuation performed by an independent actuary at each balance sheet date using projected unit credit method and charged to revenue in the period determined - ₹ 331.43 Lakhs; (2019-₹ 498.86 Lakhs). Consequently, Liability recognised in the Balance sheet as at 31st March, 2020 ₹ 1947.61 Lakhs; (2019-₹ 1821.78 Lakhs).

(iii) Gratuity :

In accordance with 'the Payment of Gratuity Act, 1972' of India, the Company provides for gratuity, a defined retirement benefit plan (the 'Gratuity Plan') covering eligible employees. Liabilities with regard to such Gratuity Plan are determined on actuarial valuation performed by an independent actuary at each balance sheet date using projected unit credit method and are charged to revenue in the period determined. The Gratuity Plan is a funded Plan administered by Company's own Trust which has subscribed to " Group Gratuity Scheme" of Life Insurance Corporation of India.

(iv) Pension Fund:

The Company has a defined contribution pension scheme to provide pension to the eligible employees. The Company makes monthly contributions equal to a specified percentage of the covered employees' salary to a notified pension scheme under National Pension Scheme of the Government of India. The Company's contributions are charged to revenue in the period they are incurred -₹ 99.40 Lakhs (2019 -₹ 79.00 Lakhs).

In addition to the above, the Company has a funded defined benefit pension scheme for its employees in the workmen category. Liability with regard to such defined benefit plan are determined on actuarial valuation performed by an independent actuary at each balance sheet date using projected unit credit method and are charged to revenue in the period determined. This plan is administered by the Company's own Trust which has subscribed to "Group Pension Scheme " of Life Insurance Corporation of India.

(v) Leave Encashment

The Company has a leave encashment scheme whereunder, leaves are both accumulating and non-accumulating in nature. The expected cost of accumulating leaves expected to be paid/availed as a result of the unused entitlement that has accumulated as at the balance sheet date is determined on actuarial valuation performed by an independent actuary at each balance sheet date using projected unit credit method and are charged to revenue in the period determined. The Scheme its fully funded by way of subscription to the "Leave Encashment' of Life Insurance Corporation of India. Compensation, if any, for non-accumulating leaves is charged to revenue in the period in which the absences occurs.

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₹ in Lakhs

Particulars	As at 31st March, 2020 Gratuity	As at 31st March, 2020 Pension	As at 31st March, 2019 Gratuity	As at 31st March, 2019 Pension
A Components of Employer Expense				
Recognised in Profit or Loss				
i) Current Service Cost	89.59	5.97	139.67	5.97
ii) Past Service Cost	-	-	-	-
iii) Net Interest Cost	(23.32)	(2.43)	(21.01)	(2.99)
iv) Total expense recognised in the statement of profit and loss	66.27	3.54	118.66	2.98
Remeasurements recognised in Other Comprehensive Income				
v) Return on plan assets (excluding amounts included in Net interest cost)	33.46	0.87	14.75	0.59
vi) Effect of changes in demographic assumptions	-	-	0.36	(0.11)
vii) Effect of changes in financial assumptions	548.11	5.87	-	-
viii) Changes in asset ceiling (excluding interest income)	-	-	-	-
ix) Effect of experience adjustments	(269.45)	(4.85)	196.16	3.65
x) Total remeasurements included in Other Comprehensive Income	312.12	1.89	211.27	4.13
xi) Total defined benefit cost recognised in Profit and Loss and Other Comprehensive Income (iv+x)	378.39	5.43	329.93	7.11
The current service cost and net interest cost for the year pertaining to Pension and Gratuity expenses have been recognised in "Contribution to Provident and other funds" under Note 22. The remeasurements of the net defined benefit liability are included in Other Comprehensive Income.				
B Net Asset/(Liability) recognised in Balance Sheet				
i) Present value of Defined Benefit Obligation	4385.39	97.29	4201.70	108.49
ii) Fair Value of Plan Assets	4362.00	119.80	4181.77	136.43
iii) Status [Surplus/(Deficit)]	(23.39)	22.51	(19.93)	27.94
C Changes in Defined Benefit Obligation (DBO)				
i) Present value of DBO at the beginning of the year	4201.70	108.49	3751.20	95.53
ii) Current Service Cost	89.59	5.97	139.67	5.97
iii) Past Service Cost	-	-	-	-
iv) Interest Cost	297.07	7.18	275.30	7.03
v) Remeasurement (gains)/losses:				
Effect of changes in demographic assumptions	-	-	0.36	(0.11)
Effect of changes in financial assumptions	548.11	5.87	-	-
Changes in asset ceiling (excluding interest income)	-	-	-	-
Effect of experience adjustments	(269.45)	(4.85)	196.16	3.65
vi) Curtailment Cost/(Credits)	-	-	-	-
vii) Settlement Cost/(Credits)	-	-	-	-
viii) Benefits paid	(481.63)	(25.37)	(160.99)	(3.58)
ix) Present value of DBO at the end of the year	4385.39	97.29	4201.70	108.49
D Change in Fair Value of Assets				
i) Plan Assets at the beginning of the year	4181.77	136.43	3719.95	130.58
ii) Interest Income	320.39	9.61	296.31	10.02
iii) Remeasurement gains/ (losses) on plan assets	(33.46)	(0.87)	(14.75)	(0.59)
iv) Actual Company Contributions	374.93	-	341.25	-
v) Benefits paid	(481.63)	(25.37)	(160.99)	(3.58)
vi) Plan Assets at the end of the year	4362.00	119.80	4181.77	136.43

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₹ in Lakhs

Particulars	As at 31st March, 2020 Gratuity	As at 31st March, 2020 Pension	As at 31st March, 2019 Gratuity	As at 31st March, 2019 Pension
E Estimate of Employers' Expected Contribution for the next year	69.26	17.21	406.12	17.82
F Acturial Assumptions				
i) Discount Rate (%)	6.50	6.50	7.50	7.50
ii) Expected Return on Plan Assets (%)	6.50	6.50	7.50	7.50

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

G Investment details of the Plan assets

In the absence of detailed information regarding plan assets which are funded with Life Insurance Corporation of India, the composition of each major category of plan assets, the percentage or amount of each category to the fair value of plan assets is not disclosed.

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

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

I 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 inisolation and the asset value changes may offset the impact to some extent. For presenting the sensitivities, the present value of the Defined Benefit Obligation has been calculated using the projected unit credit method at the end of the reporting period, which is the same as that applied in calculating the Defined Benefit Obligation presented above. There was no change in the methods and assumptions used in the preparation of the Sensitivity Analysis from previous year.

₹ in Lakhs

	DBO as at 31st March, 2020	DBO as at 31st March, 2019
1. Discount Rate + 100 basis points	4208.23	4090.96
2. Discount Rate - 100 basis points	4790.57	4552.47
3. Salary Increase Rate + 1%	4664.12	4479.40
4. Salary Increase Rate - 1%	4301.95	4133.34
Maturity Analysis of the Benefit Payments		
Year 1	473.61	602.16
Year 2	440.47	502.70
Year 3	530.92	473.41
Year 4	385.41	555.70
Year 5	523.26	417.38
Next 5 Years	1403.27	1727.00

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32. COMPARATIVE FIGURES

The Comparative figures for the previous year have been re-arranged to conform with the current year presentation of the accounts.

As per our report of even date.

For B S R & Associates LLP
Firm Registration No. 116231W/W - 100024
Chartered Accountants

SRIRAM MAHALINGAM
Partner
Membership No. 049642

Hyderabad, 21st May, 2020.

On behalf of the Board,

NARESH KUMAR SETHI — Chairman
DIN : 08296486

DEVRAJ LAHIRI — Managing Director
DIN : 03588071

ANISH GUPTA — Chief Financial Officer

PHANI K. MANGIPUDI — Company Secretary

Hyderabad, 21st May, 2020.

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