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# Corporate Information

## BOARD OF DIRECTORS

Mrs. Nandini Nopany, Chairperson  
 Mr. Chandra Shekhar Nopany, Co-chairperson  
 Mr. Arun Kumar Newar  
 Mr. Nandanandan Mishra  
 Mr. Dhiraj Ramakant Banka  
 Mr. Santosh Kumar Poddar, Managing Director

## COMMITTEES OF DIRECTORS

### Audit Committee

Mr. Arun Kumar Newar - Chairman  
 Mr. Nandanandan Mishra  
 Mr. Dhiraj Ramakant Banka  
 Mr. Santosh Kumar Poddar

### Stakeholders' Relationship Committee

Mr. Nandanandan Mishra - Chairman  
 Mr. Arun Kumar Newar  
 Mr. Santosh Kumar Poddar

### Nomination and Remuneration Committee

Mr. Dhiraj Ramakant Banka - Chairman  
 Mr. Nandanandan Mishra  
 Mr. Arun Kumar Newar

## EXECUTIVES

Mr. Vikash Goyal, Chief Financial Officer

## AUDITORS

M/s Agrawal, Subodh & Co.  
 Chartered Accountants  
 3, Victory House, 1 Ganesh Chandra Avenue  
 Kolkata - 700 001

## ADVOCATES & SOLICITORS

Khaitan & Co. LLP

## BANKERS

DCB Bank limited

## REGISTRAR AND SHARE TRANSFER AGENT

Link Intime India Pvt. Ltd.  
 (Unit : Ganges Securities Limited)  
 59C, Chowringhee Road,  
 Kolkata - 700 020  
 Tel. No.:(033)2289 0540, Fax No: (033) 2289 0539  
 E-mail : kolkata@linkintime.co.in

## REGISTERED OFFICE

P. O. Hargaon District – Sitapur, (U. P.)  
 Pin Code – 261 121  
 Tel. No. : (05862) 256220, Fax No. : (05862) 256225  
 E-mail : birlasugar@birla-sugar.com  
 Website : www.birla-sugar.com  
 CIN – U74120UP2015PLC069869

## CORPORATE & HEAD OFFICE

Birla Building  
 9/1, R.N. Mukherjee Road, 5th Floor  
 Kolkata - 700 001  
 Tel. No. (033)2243 0497/8, Fax No.: (033) 2248 6369  
 E-mail : birlasugar@birla-sugar.com  
 Website : www.birla-sugar.com

# Directors' Report

## Dear Members,

Your Directors present herewith the Third Annual Report on the performance of the Company along with the Audited Financial Statements of the Company for the year ended 31st March, 2017.

### 1. COMPOSITE SCHEME OF ARRANGEMENT

The Composite Scheme of Arrangement between Upper Ganges Sugar & Industries Ltd, The Oudh Sugar Mills Ltd, Palash Securities Ltd, Allahabad Canning Ltd, Ganges Securities Ltd, Cinnatollah Tea Ltd, Vaishali Sugar & Energy Ltd, Magadh Sugar & Energy Ltd and Avadh Sugar & Energy Ltd and their respective shareholders and creditors has received requisite approvals of regulatory authorities

including Hon'ble High Court, SEBI, CCI and finally by National Company Law Tribunal, Allahabad Bench on March 2, 2017. The Scheme envisaged Birla Group of Sugar Companies to re-arrange its business activities, to achieve the Business alignment as per market dynamics and variant capital needs of each business as well as to house geographically in separate entities its sugar, investments, tea and food processing businesses. Pursuant to the said Scheme the tea business and investment business undertaking of Upper Ganges Sugar & Industries Limited have been transferred to and vested in the Company and thereafter Tea business unit of the Company has been transferred to and vested in its Wholly Owned Subsidiary, Cinnatollah Tea Limited.

### 2. FINANCIAL RESULTS

(₹ in lakhs)

Particulars	Year ended 31st March, 2017	Year ended 31st March, 2016
Revenue from Operations (Gross)	15.82	-
Profit before Finance Costs, Tax, Depreciation and Amortization	(11.92)	(3.51)
Less: Depreciation & Amortization		
Expenses	4.01	-
Profit/(Loss) before tax	(15.93)	(3.51)
Profit/(Loss) after tax	(15.93)	(3.51)

### 3. FINANCIAL PERFORMANCE OF THE COMPANY

The Company recorded Total Revenue of Rs. 15.82 lakhs during the financial year ended 31st March, 2017. The Profit / (Loss) before finance costs, tax, depreciation and amortisation for the year under review stood at Rs. (11.92) lakhs.

In view of inadequate profits, the Board of Directors has not recommended payment of dividend.

There is no change in the nature of business of the Company. There were no significant or material orders passed by regulators, courts or tribunals impacting the Company's operation in future.

There were no material changes and commitments affecting the financial position of the Company which have occurred between the end of the financial year i.e. 31st March 2017 and the date of this report.

### 4. SHARE CAPITAL

During the year under review, the Authorised Share Capital of the Company was increased to Rs. 15,00,00,000/- (Rupees Fifteen Crores) from Rs. 2,00,00,000/- (Rupees Two Crores) on 12th September, 2016. Pursuant to the Scheme of Arrangement, the Company allotted 1,00,03,687 (One Crore Three Thousand Six Hundred and Eighty Seven) Equity Shares of Rs. 10/- (Rupees Ten) each to the Equity shareholders and 1,50,000 (One Lakh Fifty Thousand) 12% Non-convertible Cumulative Redeemable Preference Shares of Rs. 100/- (Rupees Hundred) to the Preference shareholders of Upper Ganges Sugar & Industries Limited respectively. The total paid up capital as on 31st March, 2017 was Rs. 11,50,36,870/- (Rupees Eleven Crores Fifty Lakhs Thirty Six Thousand Eight Hundred and Seventy).

## 5. SUBSIDIARY COMPANIES

The Company has two subsidiaries. The Company has formulated a policy for determining material subsidiaries in line with the requirement of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. The said policy is being disclosed on the Company's website at the weblink <http://birla-sugar.com/Assets/Ganges/Ganges-Securities-Policy-for-Determining-Material-Subsidiaries.pdf>.

Pursuant to the provisions of Section 129(3) of the Companies Act, 2013 read with Rule 5 of the Companies (Accounts) Rules, 2014, the details containing salient features of the financial statements of the subsidiary companies in Form AOC-1 forms part of this Report and is marked as **Annexure 'H'**.

## 6. DIRECTORS

The Board of Directors comprises of five Non-Executive Directors having experience in varied fields and a Managing Director. Out of five Non-Executive Directors, three of them are Independent Directors. Mrs Nandini Nopany is the Chairperson of the Company.

Mrs. Nandini Nopany [DIN-00051362] will retire by rotation at the ensuing Annual General Meeting and being eligible has offered herself for re-appointment as Director of the Company.

Mr. S Subramanian [DIN: 06826788] and Mr. Kailash Chand Gupta [DIN: 00047493], Non-executive Directors have resigned as Directors of the Company with effect from 30th March, 2017. The Board places on record its appreciation for the valuable contribution made by them during their association with the Company.

Pursuant to the applicable provisions of the Companies Act, 2013 the Board of Directors of the Company at its meeting held on 14th March, 2017 and 30th March, 2017 respectively appointed Mr. Chandra Shekhar Nopany, Mr Nandanandan Mishra, Mr. Dhiraj Ramakant Banka and Mr Arun Kumar Newar as Additional Directors and accordingly they would hold the office upto the date of the ensuing Annual General Meeting. Further, the Board of Directors at its meeting held on 14th March, 2017 and 30th March, 2017, designated Mr. Nandanandan Mishra, Mr. Dhiraj Ramakant Banka and Mr Arun Kumar Newar respectively as Independent Directors. The Company has received notices in writing under Section 160 of the Companies Act, 2013 from members proposing the candidature of Mr. Chandra Shekhar Nopany [DIN:

00014587], Mr. Nandanandan Mishra [DIN: 00031342], Mr. Dhiraj Ramakant Banka [DIN: 07642329] and Mr. Arun Kumar Newar [DIN: 07778968]. The Board therefore recommends to the shareholders their appointment for a period of five consecutive years with effect from the respective dates of their appointments.

The Company has received declarations from all the Independent Directors of the Company confirming that they meet the criteria of independence as laid down under Section 149(6) & (7) of the Companies Act, 2013.

Further, the Board of Directors at its meeting held on 30th March, 2017, had appointed Mr. Santosh Kumar Poddar [DIN: 00055786], as the Managing Director of the Company, for a period of three years subject to the approval of members in the ensuing General Meeting.

Other information on the Directors proposed to be appointed/re-appointed including required particulars of Directors retiring by rotation is provided in the Notice convening the Annual General Meeting.

## 7. KEY MANAGERIAL PERSONNEL

The Board of Directors of the Company at its meeting held on March 30, 2017 had appointed following persons as Key Managerial Personnel of the Company viz:

- a. Mr. Santosh Kumar Poddar, Managing Director;
- b. Mr. Vikash Goyal, Chief Financial Officer.

All Directors, Key Managerial Personnel and Senior Management of the Company have confirmed compliance with the Code of Conduct applicable to Directors & employees of the Company and a declaration to the said effect by the Managing Director is made part of the Corporate Governance Report which forms part of this report. The Code is available on the Company's website at the weblink [http://birla-sugar.com/Assets/Ganges/Ganges-Securities-Code-of\\_Conduct.pdf](http://birla-sugar.com/Assets/Ganges/Ganges-Securities-Code-of_Conduct.pdf) All Directors have confirmed compliance with the provisions of Section 164 of the Companies Act, 2013.

## 8. REMUNERATION POLICY

The Board has framed a policy for selection and appointment of Directors, Senior Management and their remuneration. The Remuneration Policy as adopted by the Board of Directors is attached as **"Annexure- E"** to this Report. The Committee has also framed criteria for performance evaluation of every Director and accordingly has carried out a performance evaluation.

## 9. MEETINGS

A calendar of Meeting is prepared and circulated in advance to the Directors. The Board evaluates all the decisions on a collective consensus basis amongst the Directors. The intervening gap between the Meetings was within the period prescribed under the Companies Act, 2013. During the financial year ended 31st March 2017, 6 (six) Meetings of the Board of Directors of the Company were held. The details of the Board Meetings held during the F.Y. 2016-17 have been furnished in the Corporate Governance Report forming a part of this Directors' Report.

## 10. AUDIT COMMITTEE

The Audit Committee was constituted on March 30, 2017 and the Committee now comprises of Mr. Arun Kumar Newar, Mr. Nandanandan Mishra, Mr Dhiraj Ramakant Banka and Mr. Santosh Kumar Poddar. During the year no meeting of the Committee was held.

The details of the terms of reference, number and dates of meetings held, attendance of the Directors and remuneration paid to them are separately provided in the Corporate Governance Report, which forms an integral part of this Report

## 11. STAKEHOLDERS' RELATIONSHIP COMMITTEE

The Stakeholders' Relationship Committee was constituted on March 30, 2017 and now comprises of Mr. Arun Kumar Newar, Mr. Nandanandan Mishra, Mr Dhiraj Ramakant Banka. The details of the terms of reference, number and dates of meetings held, attendance of the Directors and remuneration paid to them are separately provided in the Corporate Governance Report, which forms an integral part of this Report.

## 12. NOMINATION AND REMUNERATION COMMITTEE

The Nomination and Remuneration Committee was constituted on March 30, 2017 and now comprises of Mr. Arun Kumar Newar, Mr. Nandanandan Mishra, Mr Dhiraj Ramakant Banka. The details of the terms of reference, number and dates of meetings held, attendance of the Directors and remuneration paid to them are separately provided in the Corporate Governance Report, which forms an integral part of this Report.

## 13. LOANS, GUARANTEE AND INVESTMENTS

Details of Investments covered under the provisions of Section 186 of the Companies Act, 2013 are provided in Note

9 to the Financial Statements. During the year, the Company has not given any loans and corporate guarantees covered under the provisions of the Companies Act, 2013.

## 14. RELATED PARTY CONTRACTS / ARRANGEMENTS

All related party transactions that were entered into during the financial year were on an arm's length basis and were in the ordinary course of business. There were no materially significant related party transactions made by the Company with Promoters, Directors, Key Managerial Personnel or other designated persons which may have a potential conflict with the interest of the Company at large. Accordingly, no transaction is being reported in Form AOC-2 in terms of Section 134 of the Act read with Rule 8 of the Companies (Accounts) Rules, 2014. However, the Directors draw attention of the members to Note 18 to the financial statements which set out related party disclosures.

The Company has developed a Related Party Transactions Policy for the purpose of identification and monitoring of such transactions and accordingly any or all Related Party Transactions are placed before the Audit Committee as also the Board for approval.

## 15. PUBLIC DEPOSITS

The Company has not accepted any deposits from the public and as such there are no outstanding fixed deposits in terms of Companies (Acceptance of Deposit Rules) 2014.

## 16. INTERNAL FINANCIAL CONTROLS

The Company has laid down internal financial control's, through a combination of Entity level controls, Process level controls and IT General controls *inter-alia* to ensure orderly and efficient conduct of business, including adherence to the Company's policies and procedures, accuracy and completeness of accounting records and timely preparation and reporting of reliable financial statements/information, safeguarding of assets, prevention and detection of frauds and errors. The evaluation of these internal financial controls were done through the internal audit process and were also reviewed by the Statutory Auditors. Based on their view of these reported evaluations, the directors confirm that, for the preparation of financial statements for the financial year ended March 31, 2017, the applicable Accounting Standards have been followed and the internal financial controls are generally found to be adequate and were operating effectively & that no significant deficiencies were noticed.

There was no fraud reported by the Auditors of the Company under Section 143(12) of the Companies Act, 2013, to the Audit Committee or the Board of Directors during the year under review.

## 17. WHISTLE BLOWER / VIGIL MECHANISM

The Company has established a vigil mechanism and adopted whistle blower policy, pursuant to which whistle blowers can report concerns about unethical behaviour, actual or suspected fraud or violation of the Company's code of conduct. The mechanism provides adequate safeguards against victimisation of persons who use this mechanism. The brief detail about this mechanism may be accessed on the Company's website at the weblink <http://www.birla-sugar.com/Assets/Ganges/Ganges-Securities-Whistle-Blower-Policy.pdf>

## 18. CORPORATE GOVERNANCE

Pursuant to Regulation 34 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 the Management Discussion & Analysis Report, the Report on Corporate Governance, Declaration of Managing Director on Code of Conduct and a Certificate on Compliance with the conditions of Corporate Governance form integral part of this Report and are annexed to this Report as 'Annexure A, B, C & D' respectively.

## 19. AUDITORS, AUDIT QUALIFICATIONS AND BOARD'S EXPLANATIONS

### STATUTORY AUDITORS

At the 2nd Annual General Meeting (AGM) of your Company held on 12th September, 2016 M/s. Agrawal, Subodh & Co., Chartered Accountants, having Firm Registration No. 319260E, were appointed as Statutory Auditors of your Company to hold office for a term of 5 (five) years from the conclusion of 2nd AGM (subject to ratification of such appointment by the Members at every AGM) till the conclusion of the 7th AGM of your Company. Accordingly, the appointment of M/s Agrawal, Subodh & Co., Chartered Accountants, as Statutory Auditors of your Company, is placed for ratification by the Members. The Board of Directors of your Company recommend ratification of their appointment from the conclusion of this AGM upto the conclusion of the 4th AGM of your Company.

The Notes on financial statement referred to in the Auditors' Report are self-explanatory and do not call for any further comments. The Auditors' Report does not contain any qualification, reservation or adverse remark.

### SECRETARIAL AUDITOR

Pursuant to the provisions of Section 204 of the Companies Act, 2013 and The Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, your Company has voluntarily availed the services of Messrs Vinod Kothari & Co., Practising Company Secretaries to undertake the Secretarial Audit of the Company for the financial year 2016-17. The Secretarial Audit Report is annexed herewith as "Annexure-F" and which is self explanatory and does not call for any further comments.

## 20. INVESTORS' EDUCATION AND PROTECTION FUND

The provisions pertaining to Investor Education and Protection Fund (Uploading of Information regarding unpaid and unclaimed amounts lying with Companies) Rules, 2012, are not applicable to your Company.

## 21. EXTRACT OF ANNUAL RETURN

The details forming part of the extract of the Annual Return in form MGT 9 is annexed herewith as "Annexure-G".

## 22. ENERGY CONSERVATION, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS & OUTGO

The provisions of Section 134(3)(m) of the Companies Act, 2013 do not apply to our Company. There was no foreign exchange inflow or outflow during the year under review.

## 23. PARTICULARS OF EMPLOYEES

During the year under review, there was no employee in the Company who was in receipt of remuneration as required to be disclosed under Section 197 read with Rule, 5 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014.

## 24. DISCLOSURES UNDER SEXUAL HARASSMENT OF WOMEN AT WORKPLACE (PREVENTION, PROHIBITION & REDRESSAL) ACT 2013

There has been no such case pending during the year under review.

## 25. DIRECTORS' RESPONSIBILITY STATEMENT

To the best of their knowledge and belief and according to the information and explanations obtained by them, your Directors make the following statements in terms of Section 134(3)(c) of the Companies Act, 2013:

- a. that in the preparation of the annual financial statements for the year ended March 31, 2017, the applicable accounting standards have been followed along with proper explanation relating to material departures, if any;
- b. that such accounting policies as mentioned in the Notes to the Financial Statements have been selected and applied consistently and judgement and estimates have been made that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at March 31, 2017 and of the loss of the Company for the year ended on that date;
- c. that proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- d. that the annual financial statements have been prepared on a going concern basis;

- e. that proper internal financial controls were in place and that the financial controls were adequate and were operating effectively.
- f. that systems to ensure compliance with the provisions of all applicable laws were in place and were adequate and operating effectively.

## 26. CEO/CFO CERTIFICATION

Mr. Santosh Kumar Poddar, Managing Director and Mr. Vikash Goyal, Chief Financial Officer have submitted certificates to the Board as contemplated under Regulation 17(8) of the SEBI (Listing Obligation and Disclosure Requirements) Regulations, 2015.

## 27. ACKNOWLEDGEMENT

Your Directors wish to place on record their appreciation for the services rendered to the Company by its employees and shareholders. Your Directors also wish to express their sincere thanks to and bankers and other lenders for their continued co-operation and assistance.

For and on behalf of the Board  
**Nandini Nopany**  
Chairperson  
DIN-00051362

Place: Kolkata  
Dated: 30th May, 2017



## Annexure A

# Management Discussion and Analysis

### OVERVIEW

The Composite Scheme of Arrangement between Upper Ganges Sugar & Industries Ltd, The Oudh Sugar Mills Ltd, Palash Securities Ltd, Allahabad Canning Ltd, Ganges Securities Ltd, Cinnatollah Tea Ltd, Vaishali Sugar & Energy Ltd, Magadh Sugar & Energy Ltd and Avadh Sugar & Energy Ltd and their respective shareholders and creditors has received requisite approvals of regulatory authorities including Hon'ble High Court, SEBI, CCI and finally by National Company Law Tribunal, Allahabad Bench on March 2, 2017. The Scheme envisaged Birla Group of Sugar Companies to re-arrange its business activities, to achieve the Business alignment as per market dynamics and variant capital needs of each business as well as to housed geographically in separate entities its sugar, investments, tea and food processing businesses. Pursuant to the said Scheme the investment business undertakings of Upper Ganges Sugar & Industries Limited stands transferred and vested with the company from the effective date. Pursuant to transfer of investment undertaking the following companies becomes wholly owned subsidiary of the Company.

- Cinnatollah Tea Limited
- Uttar Pradesh Trading Company Limited

The businesses of the Company are carried out by its wholly-owned subsidiaries. The wholly owned subsidiary company Cinnatollah Tea Ltd is engaged in the tea business, having its Tea Garden at North Lakhimpur, Assam with an installed capacity of 12.5 Lac KG of black tea, and whereas the other wholly owned subsidiary company Uttar Pradesh Trading Company Ltd is primarily engaged in investment activity and is a NBFC registered with RBI. The Management's focus is to achieve a healthy return on equity (ROE) on a sustainable basis. The performance of your company during the year ended 31st March 2017 was satisfactory.

### OUTLOOK

The Company's present business operations are preponderantly that of an investment company, future of which largely depends upon financial and capital markets. Your Company through its wholly owned subsidiaries had investments in financially

sound group companies under which steady dividend income flows into the Company coupled with sustained appreciation in capital. The Management is optimistic about the future outlook of the investee Companies. Further, more promising areas of activity are being explored on a sustained basis. The Company will strive to focus on making long-term strategic investments in various new ventures promoted by the Group besides consolidating the existing investments through further investments in the existing companies.

### FUTURE PROSPECTS

India's economic growth rate as measured through GDP showed signs of steady recovery in F.Y. 2016-17 at around 7% as compared to 7.6% in 2015-16. Against the backdrop of robust macro-economic stability, the year was marked by two major domestic policy developments, the passage of the Constitutional amendment, paving the way for implementing the transformational Goods and Services Tax (GST), and the action to demonetise the two highest denomination notes. The GST will create a common Indian market, improve tax compliance and governance, and boost investment and growth; it is also a bold new experiment in the governance of India's cooperative federalism. Demonetisation has had short-term costs but holds the potential for long-term benefits. Follow-up actions to minimize the costs and maximise the benefits include: fast, demand-driven, remonetisation; further tax reforms, including bringing land and real estate into the GST, reducing tax rates and stamp duties; and acting to allay anxieties about over-zealous tax administration. These actions would allow growth to return to trend in 2017-18, following a temporary decline in 2016-17. India's gross domestic product (GDP) is estimated to grow at 7.1 per cent during the fourth quarter of FY17, as remonetisation has picked up pace, as per credit rating agency, ICRA.

In the Union Budget 2017-18, the Government of India has announced a few key reforms like abolishment of Foreign Investment Promotion Board in 2017-18, Introduce bill for curbing illicit deposit schemes, establish a Computer Emergency Response Team for financial sector (CERT-Fin) and set aside Rs.10,000 crore (US\$ 1.5 billion) towards

recapitalisation of banks. The RBI has introduced trading in interest rate options (IRO), effective from January 31, 2017, which will provide another avenue to market participants to hedge and speculate on interest rate risk.

The Tea Industry in India derives its importance by being one of the major foreign exchange earner and for playing a vital role towards employment generation as the industry is highly labour intensive. India is the second largest producer of tea in the world and contributes to around 30% of the global tea production. The market size of tea is estimated to be approx. Rs.10,000 Crore with a penetration of more than 90% in the domestic market. With an export of approx. 210 million kg of tea, India stands as the fourth largest exporter of tea in the world.

The tea sector in the country is largely organized since 72% of the total area under tea cultivation and 74% of the total production comes from the organized sector. Tea in India is grown over an area of 600000 hectare (ha) which accounts for 16% of the total area under tea cultivation in the world. The Indian tea industry is having thousands of tea gardens spread across various states of India. Assam produces over half of India's tea and accounts for over 12% of the annual global tea yield, according to ASSOCHAM.

## **OPPORTUNITIES AND THREATS**

The Company is exposed to specific risks that are particular to its businesses and the environment within which it operates, which include market risk, interest rate volatility, execution risk, and economic cycle.

While the Indian economy has shown sustained growth over the last several years, a slowdown could cause the business of the company to suffer. The Company manages such risks by maintaining a conservative financial profile and following prudent business and risk management practices.

India's economic outlook continues to remain robust in FY 2017-18, subject to revival of rural demand on the back of a normal monsoon. Other key factors that add to the buoyancy are: elevated urban consumption driven by hikes in public wages and relatively lower inflation and a likely pick-up in investments by the corporate sector. With a combined push by both government and private sector, India is undoubtedly one of the world's most vibrant capital markets.

Major themes to impact India in FY 2017-18 include a

resurrection in consumption demand, growth led by policy reforms, move towards digitisation, monetary stance of global central banks and economic policy decisions, which would embark enormous opportunities in the domestic market.

A sharp focus on cost optimisation, reallocation of capital towards focused businesses and creating Centres of Excellence in the chosen areas will enable your Company to deliver improved RoE.

Tea is globally one of the most popular and widely consumed beverages and the domestic tea market is huge with large number of local and regional players. The share of CTC (cut, twist and curl) tea constitutes 80% of the tea market followed by Orthodox Tea & Darjeeling Tea. Apart from them there are also a variety of flavoured teas such as green tea, jasmine tea, ginseng oolong, masala chai, green lemon tea, etc. CTC tea is the major contributor in the tea market segment but with the increasing consciousness on the health issues, green tea sales are picking up. Specialty tea market in India is growing at the rate of 25% annually. However, the tea industry production is facing challenges due climatic changes, its slower pace of re-plantation, high cost of production & productivity as well as increasing competition in global market couple with Coffee acting as strong substitute to tea.

Against this backdrop, your Company hopes to achieve decent growth in the current financial year. The trend of improvement in returns is expected to pick up pace, aided by the implementation of a focused business strategy, stability in our key operating metrics and optimisation of leverage.

## **RISKS, CONCERNS AND MITIGATIONS**

Your Company follows a risk management process for identification, categorization and prioritization of various risks like operational, financial, legal and other business risks. The Group Chief Financial Officer aided by the Internal Auditor reviews the effectiveness of the process at regular intervals and reports the same to the Audit Committee and the Board.

Your Company has put in place a risk identification and mitigation process as part of internal financial control mechanism. The Company is mainly exposed to market risks in the form of reduction in value of its investment and fall in return due to dip in the investee company's performance. Delay in repayment by the borrower companies can affect liquidity and redeployment scope. The Company is also exposed to fluctuation of economy and industry cycle.