

## **Independent Auditors' Report**

# To the Members of NCourage Social Enterprise Foundation

## **Report on the Audit of the Financial Statements**

### **Opinion**

We have audited the financial statements of NCourage Social Enterprise Foundation ("the Company"), which comprise the balance sheet as at 31 March 2019, and the statement of Income and Expenditure (including other comprehensive income), statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of the significant accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Companies Act, 2013 ("Act") in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at 31 March 2019, and loss and other comprehensive income, changes in equity and its cash flows for the year ended on that date.

### **Basis for Opinion**

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

### **Information Other than the Financial Statements and Auditors' Report Thereon)**

The Company's management and Board of Directors are responsible for the other information. The other information comprises the information included in the Company's annual report, but does not include the financial statements and our auditors' report thereon.

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

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

## Independent Auditors' Report (Continued)

### NCourage Social Enterprise Foundation

#### Management's Responsibility for the Financial Statements

The Company's management and Board of Directors are responsible for the matters stated in Section 134(5) of the Act with respect to the preparation of these financial statements that give a true and fair view of the state of affairs, loss and other comprehensive income, changes in equity and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) specified under Section 133 of the Act. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.


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

The Board of Directors is also responsible for overseeing the Company's financial reporting process.

#### Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
  - Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under Section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Company has adequate internal financial controls with reference to financial statements in place and the operating effectiveness of such controls.
  - Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
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## Independent Auditors' Report (*Continued*)

### NCourage Social Enterprise Foundation

#### Auditor's Responsibilities for the Audit of the Financial Statements (*Continued*)

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

#### Report on Other Legal and Regulatory Requirements

1. The Companies (Auditors' Report) Order, 2016 ("the Order") issued by the Central Government in terms of Section 143 (11) of the Act is not applicable to the Company.
  - (A) As required by Section 143(3) of the Act, we report that:
    - a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
    - b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books
    - c) The balance sheet, the statement of income and expenditure (including other comprehensive income), the statement of changes in equity and the statement of cash flows dealt with by this Report are in agreement with the books of account.
    - d) In our opinion, the aforesaid financial statements comply with the Ind AS specified under Section 133 of the Act.
    - e) On the basis of the written representations received from the directors as on 31 March 2019 taken on record by the Board of Directors, none of the directors is disqualified as on 31 March 2019 from being appointed as a director in terms of Section 164(2) of the Act.
    - f) With respect to the adequacy of the internal financial controls with reference to financial statements of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure A".



**Independent Auditors' Report (Continued)**

**NCourage Social Enterprise Foundation**

**Report on Other Legal and Regulatory Requirements (Continued)**

- (B) With respect to the other matters to be included in the Auditors' Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
- i. The Company does not have any pending litigations which may have an impact on its financial position.
  - ii. The Company did not have any long-terms contracts including derivative contracts for which there were any material foreseeable losses.
  - iii. There are no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.
- (C) With respect to the matter to be included in the Auditors' Report under Section 197(16):
- In our opinion and according to the information and explanations given to us, the Company has not paid any remuneration to its directors during the current year, and hence, this clause has been not commented upon by us.

For **B S R & Co. LLP**  
*Chartered Accountants*  
Firm's Registration No. 101248W/W-100022



**Vijay Mathur**  
*Partner*  
Membership No: 046476

Mumbai  
30 April 2019

## NCourage Social Enterprise Foundation

### **Annexure A to the Independent Auditors' report on the financial statements of NCourage Social Enterprise Foundation for the year ended 31 March 2019.**

**Report on the internal financial controls with reference to the aforesaid financial statements under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013**

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

#### **Opinion**

We have audited the internal financial controls with reference to financial statements of NCourage Social Enterprise Foundation ("the Company") as of 31 March 2019 in conjunction with our audit of the financial statements of the Company for the year ended on that date.

In our opinion, the Company has, in all material respects, adequate internal financial controls with reference to financial statements and such internal financial controls were operating effectively as at 31 March 2019, based on the internal financial controls with reference to financial statements criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India (the "Guidance Note").

#### **Management's Responsibility for Internal Financial Controls**

The Company's management and the Board of Directors are responsible for establishing and maintaining internal financial controls based on the internal financial controls with reference to financial statements criteria established by the Company considering the essential components of internal control stated in the Guidance Note. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to Company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013 (hereinafter referred to as "the Act").

#### **Auditors' Responsibility**

Our responsibility is to express an opinion on the Company's internal financial controls with reference to financial statements based on our audit. We conducted our audit in accordance with the Guidance Note and the Standards on Auditing, prescribed under Section 143(10) of the Act, to the extent applicable to an audit of internal financial controls with reference to financial statements. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls with reference to financial statements were established and maintained and whether such controls operated effectively in all material respects.

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

## NCourage Social Enterprise Foundation

### **Annexure A to the Independent Auditors' report on the financial statements of NCourage Social Enterprise Foundation for the year ended 31 March 2019. (Continued)**

#### **Auditors' Responsibility (Continued)**

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

#### **Meaning of Internal Financial controls with Reference to Financial Statements**

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

#### **Inherent Limitations of Internal Financial controls with Reference to Financial Statements**

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

For **B S R & Co. LLP**

*Chartered Accountants*

Firm's Registration No. 101248W/W-100022



**Vijay Mathur**

*Partner*


Membership No: 046476

Mumbai  
30 April, 2019

**NCourage Social Enterprise Foundation**  
**Balance Sheet as at 31 March 2019**

|   | Note | As at 31 March, 2019<br>₹ | As at 31 March, 2018<br>₹ |
|---|------|---------------------------|---------------------------|
| <b>I. ASSETS</b>  |      |                           |                           |
| <b>(1) Non-Current assets</b>                               |      |                           |                           |
| (a) Property, Plant and Equipment                           | 4    | 129,36,202                | -                         |
| (b) Intangible assets                                       | 5    | 2,81,440                  | -                         |
| (c) Deferred Tax assets                                     | 6    | -                         | -                         |
| <b>Total non current Assets</b>                             |      | <u>132,17,642</u>         | <u>-</u>                  |
| <b>(2) Current assets</b>                                   |      |                           |                           |
| (a) Inventories   | 7    | 243,54,450                | -                         |
| (b) Financial assets  |      |                           |                           |
| (i) Other investments                                       | 10   | 59,49,876                 | -                         |
| (ii) Trade receivables                                      | 8    | 90,45,401                 | -                         |
| (iii) Cash and cash equivalents                             | 9    | 186,65,213                | 4,99,882                  |
| (c) other current assets                                    | 11   | 111,78,608                | -                         |
| <b>Total Current Assets</b>                                 |      | <u>691,93,548</u>         | <u>4,99,882</u>           |
| <b>Total Assets</b>   |      | <u>824,11,190</u>         | <u>4,99,882</u>           |
| <b>II. EQUITY AND LIABILITIES</b>                           |      |                           |                           |
| <b>(1) Equity</b>   |      |                           |                           |
| (a) Equity share capital                                    | 12   | 255,00,000                | 5,00,000                  |
| (b) Other equity  | 13   | (62,65,005)               | (6,018)                   |
| <b>Total equity</b>   |      | <u>192,34,995</u>         | <u>4,93,982</u>           |
| <b>(3) Current Liabilities</b>                              |      |                           |                           |
| (a) Financial liabilities                                   |      |                           |                           |
| (i) Trade payables  | 14   |                           |                           |
| (a) Other than MSME   |      | 174,90,939                | -                         |
| (b) Amount due to micro, small and medium enterprise (MSME) |      | -                         | -                         |
| (ii) other financial liabilities                            | 15   | 261,88,284                | 5,900                     |
| (b) Other current liabilities                               | 16   | 52,17,872                 | -                         |
| (c) Provisions  | 17   | 142,79,100                | -                         |
| <b>Total current liabilities</b>                            |      | <u>631,76,195</u>         | <u>5,900</u>              |
| <b>Total equity and liabilities</b>                         |      | <u>824,11,190</u>         | <u>4,99,882</u>           |
| <b>Notes forming part of financial statements</b>           | 1-30 |                           |                           |

In terms of our audit report of even date attached  
For B S R & Co. LLP  
Chartered Accountants  
Firm's Registration No: 101248W/W - 100022

  
Vijay Mathur  
Partner  
Membership No. 046476  
Date: 30 April 2019  
Place: Mumbai

For and on behalf of the Board of Directors  
R. Mukundan  
Director

  
Alka Talwar  
Director

  
Ashish Mehta  
Director


**NCourage Social Enterprise Foundation**  
**Statement of Income and Expenditure for the year ended 31 March, 2019**

|  |      | Year Ended<br>31 March, 2019 | Period Dec 8, 2017<br>to March 31, 2018 |
|--|------|------------------------------|---|
|  | Note | ₹                            | ₹                                       |
| I. Revenue from operations   | 18   | 938,48,135                   | -                                       |
| II. Other income   | 19   | 755,91,340                   | -                                       |
| <b>III. Total income (I+II)</b>  |      | <b>1694,39,475</b>           | <b>-</b>                                |
| <b>IV. EXPENDITURE</b>   |      |                              |   |
| a) Purchases of stock-in-trade   |      | 1194,10,494                  | -                                       |
| b) Changes in inventories of stock-in-trade  | 29   | (243,54,450)                 | -                                       |
| c) Employee benefits expenses  | 20   | 217,67,960                   | -                                       |
| d) Finance costs   | 21   | 45,719                       | -                                       |
| e) Depreciation and amortisation expense   | 22   | 78,42,108                    | -                                       |
| f) Other expenses  | 23   | 543,63,178                   | 6,018                                   |
| <b>Total expenditure (a to f)</b>  |      | <b>1790,75,009</b>           | <b>6,018</b>                            |
| <b>V Income before tax (II-III)</b>  |      | <b>(96,35,534)</b>           | <b>(6,018)</b>                          |
| <b>VI Tax expense</b>  |      |                              |   |
| a) Current tax   |      | -                            | -                                       |
| b) Deferred tax  |      | -                            | -                                       |
| <b>Total tax expense (VI(a) + VI(b))</b>   |      | <b>-</b>                     | <b>-</b>                                |
| <b>VII Income for the year (V-VI)</b>  |      | <b>(96,35,534)</b>           | <b>(6,018)</b>                          |
| <b>VIII Other comprehensive income (net of tax) ("OCI")</b>  |      |                              |   |
| (A) Items that will not be reclassified to the Statement of Profit and Loss                        |      |                              |   |
| - Remeasurement of defined employee benefit plans  |      | 33,76,547                    | -                                       |
| (B) Income tax relating to items that will not be reclassified to the Statement of Profit and Loss |      | -                            | -                                       |
| <b>Total other comprehensive income (net of tax) (A-B)</b>   |      | <b>33,76,547</b>             | <b>-</b>                                |
| <b>IX Total comprehensive income for the year (VII+VIII)</b>                                       |      | <b>(62,58,987)</b>           | <b>(6,018)</b>                          |

Notes forming part of financial statements

1-30

In terms of our audit report of even date attached  
For B S R & Co. LLP  
Chartered Accountants  
Firm's Registration No: 101248W/W - 100022

  
Vijay Mathur  
Partner  
Membership No. 046476  
Date: 30 April 2019  
Place: Mumbai

For and on behalf of the Board of Directors  
R. Mukundan  
Director

  
Alka Talwar  
Director

  
Ashish Mehta  
Director




**NCourage Social Enterprise Foundation**  
**Statement of Cash flows for the year ended 31 March, 2019**

|   | Year ended<br>31 March, 2019 | Year ended<br>31 March, 2018 |
|---|------------------------------|------------------------------|
|   | ₹                            | ₹                            |
| <b>A CASH FLOW FROM OPERATING ACTIVITIES</b>                      |                              |                              |
| Excess of income over expenditure for the period                  | (62,58,987)                  | (6,018)                      |
| Adjustments for:  |                              |                              |
| Depreciation and amortisation expense                             | 78,42,108                    | -                            |
| Grant received  | (750,00,000)                 | -                            |
| Interest Income   | (1,41,464)                   | -                            |
| Gain on investment  | (4,49,876)                   | -                            |
| <b>Operating profit before working capital changes</b>            | <b>(740,08,219)</b>          | <b>(6,018)</b>               |
| <b>Adjustment for:</b>  |                              |                              |
| Trade receivables, other financial assets and other assets        | (202,24,008)                 | -                            |
| Inventories   | (243,54,450)                 | -                            |
| Trade Payables, other financial liabilities and other liabilities | 631,70,293                   | 5,900                        |
| <b>Cash generated from operations</b>                             | <b>(554,16,383)</b>          | <b>(118)</b>                 |
| Taxes paid (net of refund)  | -                            | -                            |
| <b>Net cash (used in) operating activities</b>                    | <b>(554,16,383)</b>          | <b>(118)</b>                 |
| <b>B CASH FLOW FROM INVESTING ACTIVITIES</b>                      |                              |                              |
| Acquisition of property, plant and equipment                      | (210,59,750)                 | -                            |
| Purchase of investment  | (636,00,000)                 | -                            |
| Proceeds from redemption of investment                            | 581,00,000                   | -                            |
| Interest income   | 1,41,464                     | -                            |
| <b>Net cash used in Investing activities</b>                      | <b>(264,18,286)</b>          | <b>-</b>                     |
| <b>C CASH FLOW FROM FINANCING ACTIVITIES</b>                      |                              |                              |
| Proceeds from issue of share capital                              | 250,00,000                   | 5,00,000                     |
| Grant received  | 750,00,000                   | -                            |
| <b>Net cash generated from financing activities</b>               | <b>1000,00,000</b>           | <b>5,00,000</b>              |
| Net increase in cash and cash equivalents                         | 181,65,331                   | 4,99,882                     |
| Opening Cash & Cash equivalents                                   | 4,99,882                     | -                            |
| Closing Cash & Cash equivalents (note 9)                          | 186,65,213                   | 4,99,882                     |

Notes forming part of financial statements

1-30

In terms of our audit report of even date attached  
 For B S R & Co. LLP  
 Chartered Accountants  
 Firm's Registration No: 101248W/W - 100022

  
 Vijay Mathur  
 Partner  
 Membership No. 046476  
 Date: 30 April 2019  
 Place: Mumbai

For and on behalf of the Board of Directors

R. Mukundan  
 Director

  
 Alka Talwar  
 Director

  
 Ashish Mehta  
 Director


**NCourage Social Enterprise Foundation**  
**Statement of Changes In Equity for the period ended 31st March, 2019**

|                                   | As at<br>31 March, 2019   | As at<br>31 March, 2018 |
|-----------------------------------|---------------------------|-------------------------|
| <b>A EQUITY SHARE CAPITAL</b>     | ₹                         | ₹                       |
| Balance as at March 31, 2018      | 5,00,000                  | -                       |
| Issued during the period          | <u>250,00,000</u>         | <u>5,00,000</u>         |
| Balance as at March 31, 2019      | <u><u>255,00,000</u></u>  | <u><u>5,00,000</u></u>  |
| <b>B OTHER EQUITY</b>             |                           |                         |
| <b>Retained earnings</b>          |                           |                         |
| Balance as at March 31, 2018      | -6,018                    | -                       |
| Excess of income over expenditure | <u>(62,58,987)</u>        | <u>(6,018)</u>          |
| Balance as at March 31, 2019      | <u><u>(62,65,005)</u></u> | <u><u>(6,018)</u></u>   |

Notes forming part of financial statements

1-30

In terms of our audit report of even date attached  
 For B S R & Co. LLP  
 Chartered Accountants  
 Firm's Registration No: 101248W/W - 100022

  
 Vijay Mathur  
 Partner  
 Membership No. 046476  
 Date: 30 April 2019  
 Place: Mumbai

For and on behalf of the Board of Directors

R. Mukundan  
 Director

Alka Talwar  
 Director

Ashish Mehta  
 Director

  
 Alka Talwar



**Ncourage Social Enterprise Foundation**  
**Notes forming part of the financial statements**

**1. Corporate Information**

Ncourage Social Enterprise Foundation (referred to as "the Company") has been incorporated on December 08, 2017 as a company registered under Section 8 of the Companies Act, 2013. The Company has been incorporated to act as a social enterprise to initiate, undertake, plan, implement, promote, aid and assist, activities directed towards enhancing the quality of life of people, without reference to caste, creed, religion, race or sex and to seek ways and means to serve society that help in solving basic human needs including water, sanitation, health & nutrition, food & agriculture, shelter, clean energy, education and skills, management of natural resources, empowerment and sustainable livelihoods.

The Company incurs expenditure by way of grants given towards objects which furthers the cause of the Company and project expenses which represent initiatives / activities undertaken by the Company.

The Company is incorporated and domiciled in India. The address of its registered office is Ground Floor, East Wing, Leela Business Park, Andheri Kurla Road, Mumbai, Maharashtra, 400059.

The Company is a wholly owned subsidiary of Tata Chemicals Limited which is a listed entity in India.

**2. Summary of basis of compliance, basis of preparation and presentation, critical accounting estimates, assumptions and judgements and significant accounting policies**

**2.1 Basis of compliance**

In accordance with the notification issued by the Ministry of Corporate Affairs, the Company has adopted Indian Accounting Standards (referred to as "Ind AS") notified under the Companies (Indian Accounting Standards) Rules, 2015.

The financial statements comply, in all material aspects, with Indian Accounting Standards ('Ind AS') notified under Section 133 of the Companies Act, 2013 read with Rule 3 of the Companies (Indian Accounting Standards) Rules, 2015 and other relevant provisions of the Act.

**2.2 Basis of preparation and presentation**

These financial statements have been prepared on the historical cost basis, except for certain financial instruments which are measured at fair value at the end of each reporting period. Historical cost is generally based on the fair value of the consideration given in exchange for goods and services. 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.

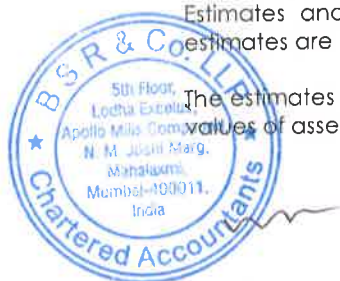
All assets and liabilities have been classified as current or non-current as per the Company's normal operating cycle and other criteria set out in the Schedule III to the 2013 Act.

**2.3 Critical accounting estimates, assumptions and judgements**

The preparation of financial statements in conformity with the recognition and measurement principles of Ind AS requires management to make estimates and assumptions that affect the reported balances of assets and liabilities, disclosures of contingent liabilities at the date of the financial statements and the reported amounts of income and expenses for the periods presented.

Estimates and underlying assumptions are reviewed on an on-going basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and future periods are affected.

The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying values of assets and liabilities within the next financial year are discussed below.



**Ncourage Social Enterprise Foundation**  
**Notes forming part of the financial statements**

**2.3.1 Deferred Income tax assets and liabilities**

Significant management judgment is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and the level of future taxable profits.

The amount of total deferred tax assets could change if management estimates of projected future taxable income or if tax regulations undergo a change.

**2.3.2 Useful lives of property, plant and equipment ('PPE') and intangible assets**

Management reviews the estimated useful lives and residual value of PPE and Intangibles at the end of each reporting period. Factors such as changes in the expected level of usage, technological developments and product life-cycle, could significantly impact the economic useful lives and the residual values of these assets. Consequently, the future depreciation charge could be revised and may have an impact on the profit of the future years.

**2.3.3 Employee benefit obligations**

Employee benefit obligations are determined using actuarial valuations. An actuarial valuation involves making various assumptions that may differ from actual developments. These include the estimation of the appropriate discount rate, future salary increases and mortality rates. Due to the complexities involved in the valuation and its long-term nature, the employee benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date.

**2.4 Property, plant and equipment**

An item of property, plant and equipment (PPE) is recognised as an asset if it is probable that the future economic benefits associated with the item will flow to the Company and its cost can be measured reliably. This recognition principle is applied to the costs incurred initially to acquire an item of property, plant and equipment and also to costs incurred subsequently to add to, replace part of, or services it and subsequently carried at cost less accumulated depreciation and accumulated impairment losses, if any.

Machinery spares that meet the definition of PPE are capitalised and depreciated over the useful life of the principal item of asset.

All other repair and maintenance costs, including regular servicing, are recognised in the Statement of Profit and Loss as incurred. When a replacement occurs, the carrying value of the replaced part is de-recognised. Where an item of property, plant and equipment comprises major components having different useful lives, these components are accounted for as separate items.

*Depreciation methods, estimated useful lives and residual value*

Depreciation on PPE is calculated using the straight-line method to allocate their cost, net of their residual values, over their estimated useful lives.

Schedule II to the Companies Act 2013 prescribes the useful lives for various classes of assets. For certain class of assets, based on technical evaluation and assessment, Management believes that the useful lives adopted by it reflect the periods over which these assets are expected to be used. Accordingly for those assets, the useful lives estimated by the management are different from those prescribed in the Schedule. Management's estimates of the useful lives for various classes of Property, Plant and Equipment are as given below:

| <b>Asset</b>        | <b>Useful life</b> |
|---------------------|--------------------|
| Plant and Machinery | 1-8 years          |

Useful lives and residual values of assets are reviewed at the end of each reporting period.



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Losses arising from the retirement of, and gains or losses arising from disposal/adjustments of PPE are recognised in the Statement of Profit and Loss.

## 2.5 Intangible assets

Intangible assets generally comprise software licenses.

Intangible assets are measured on initial recognition at cost and subsequently are carried at cost less accumulated amortisation and accumulated impairment losses, if any.

The intangible assets with a finite useful life are amortised using straight line method over their estimated useful lives. The management's estimates of the useful lives for various classes of intangibles are as given below:

| <b>Asset</b>      | <b>Useful life</b> |
|-------------------|--------------------|
| Computer software | 5 years            |

The estimated useful life is reviewed annually by the management.

Gains or losses arising from the retirement or disposal of an intangible asset are determined as the difference between the net disposal proceeds and the carrying amount of the asset and recognised as income or expense in the Statement of Profit and Loss.

## 2.6 Financial Instruments

### 2.6.1 Investments and other financial assets:

#### Classification

The Company classifies its financial assets in the following measurement categories:

- those to be measured subsequently at fair value (either through OCI, or through profit or loss), and
- those measured at amortised cost.

The classification depends on the Company's business model for managing the financial assets and the contractual terms of the cash flows. For assets measured at fair value, gains and losses will either be recorded in the Statement of Profit and Loss or through OCI. For investments in debt instruments, this will depend on the business model in which the investment is held. For investments in equity instruments, this will depend on whether the Company has made an irrevocable election at the time of initial recognition to account for the equity investment at fair value through OCI.

The Company reclassifies debt investments when and only when its business model for managing those assets changes.

#### Cash and cash equivalents

Cash and cash equivalents consist of balances with banks which are unrestricted for withdrawal and usage.

#### Derecognition of financial assets

A financial asset is derecognised only when the Company

- has transferred the rights to receive cash flows from the financial asset; or
- retains the contractual rights to receive the cash flows of the financial asset, but assumes a contractual obligation to pay the cash flows to one or more recipients.

Where the Company transfers an asset, it evaluates whether it has transferred substantially all risks and rewards of ownership of the financial asset. Where the Company has transferred substantially all risks and rewards of ownership, the financial asset is derecognised. Where the Company has not transferred substantially all risks and rewards of ownership of the financial asset, the financial asset is not derecognised. Where the Company has neither transferred a financial asset nor retained substantially all risks and rewards of ownership of the financial asset, the financial asset is derecognised if the Company



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has not retained control of the financial asset. Where the Company retains control of the financial asset, the asset is continued to be recognised to the extent of continuing involvement in the financial asset.

#### **2.6.2 Financial liabilities**

The Company's financial liabilities comprise trade payables and other liabilities. These are initially measured at fair value, net of transaction costs, and are subsequently measured at amortised cost using the EIR method. The EIR is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period at effective interest rate. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability, or, where appropriate, a shorter period.

Changes to the carrying amount of a financial liability as a result of renegotiation or modification of terms that do not result in derecognition of the financial liability, is recognised in the Statement of Profit and Loss.

#### **Derecognition of financial liabilities**

The Company derecognises financial liabilities when, and only when, its obligations are discharged, cancelled or they expire.

#### **Presentation**

Trade and other payables are presented as current liabilities unless payment is not due within 12 months after the reporting period.

#### **2.6.3 Offsetting of financial instruments**

Financial assets and financial liabilities are offset when the Company has a legally enforceable right (not contingent on future events) to off-set the recognised amounts either to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

#### **2.6.4 Fair value of financial instruments**

In determining the fair value of its financial instruments, the Company uses a variety of methods and assumptions that are based on market conditions and risks existing at each reporting date. The methods used to determine fair value include discounted cash flow analysis, available quoted market prices and dealer quotes. All methods of assessing fair value result in general approximation of value.

#### **2.7 Impairment**

##### **Financial assets (other than at fair value)**

The Company assesses on a forward looking basis the expected credit losses associated with its assets carried at amortised cost and debt instruments carried at FVTOCI. The impairment methodology applied depends on whether there has been a significant increase in credit risk. In respect of trade receivables the Company applies the simplified approach permitted by Ind AS 109 - Financial Instruments, which requires expected lifetime losses to be recognised upon initial recognition of the receivables.

##### **PPE, CWIP and Intangible assets**

The carrying values of assets at each Balance Sheet date are reviewed to determine whether there is any indication that an asset may be impaired. If any indication of such impairment exists, the recoverable amount of such assets is estimated and in case the carrying amount of these assets exceeds their recoverable amount, an impairment loss is recognised in the Statement of Profit and Loss. The recoverable amount is the higher of the net selling price and their value in use. Value in use is arrived at by discounting the future cash flows to their present value based on an appropriate discount factor. Assessment is also done at each Balance Sheet date as to whether there is indication that an impairment loss recognised for an asset in prior accounting periods no longer exists or may have decreased, consequent to which such reversal of impairment loss is recognised in the Statement of Profit and Loss.



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**2.8 Inventories**

Inventories are valued at lower of cost (on weighted average basis) and net realisable value after providing for obsolescence and other losses, where considered necessary. Cost includes all charges in bringing the goods to their present location and condition, including other levies, transit insurance and receiving charges. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs necessary to make the sale.

**2.9 Revenue recognition**

Effective April 1, 2018, the Company has applied Ind AS 115 which establishes a comprehensive framework for determining whether, how much and when revenue is to be recognised. Ind AS 115 replaces Ind AS 18 Revenue and Ind AS 11 Construction Contracts. The Company has adopted Ind AS 115 using the cumulative effect method. The effect of initially applying this standard is recognised at the date of initial application (i.e. April 1, 2018). Accordingly the comparative information in the statement of profit and loss is not restated – i.e. the comparative information continues to be reported under Ind AS 18 and Ind AS 11. The impact of the adoption of the standard on the financial statements of the Company is insignificant.

Revenue is recognised upon transfer of control of promised products or services to customers in an amount that reflects the consideration which the Company expects to receive in exchange for those products or services.

Revenue from the sale of goods is recognised at the point in time when control is transferred to the customer which is usually on delivery of goods, based on contracts with the customers.

Revenue is measured based on the transaction price, which is the consideration, adjusted for volume discounts, price concessions and incentives, if any, as specified in the contract with the customer. Revenue also excludes taxes collected from customers.

Interest income is accrued on a time basis, by reference to the amortised cost and at the effective interest rate applicable.

**2.10 Employee benefits plans**

Employee benefits consist of provident fund, gratuity fund, compensated absences, long service awards.

**2.10.1 Post-employment benefit plans**

**Defined benefit plans**

Contributions to a Provident Fund are made to Provident Fund authority, Government of India and are charged to the Statement of Profit and Loss as incurred. The Company is liable for the contribution payable to members at the rate declared by the Government of India.

For defined benefit schemes in the form of gratuity fund the cost of providing benefits is actuarially determined using the projected unit credit method, with actuarial valuations being carried out at each Balance Sheet date.

The retirement benefit obligation recognised in the Balance Sheet represents the present value of the defined benefit obligation as reduced by the fair value of scheme assets.

The present value of the said obligation is determined by discounting the estimated future cash outflows, using market yields of government bonds of equivalent term and currency to the liability.

The interest income / (expense) are calculated by applying the discount rate to the net defined benefit liability or asset. The net interest income / (expense) on the net defined benefit liability is recognised in the Statement of Profit and loss.

Remeasurements, comprising of actuarial gains and losses, the effect of the asset ceiling (if any), are recognised immediately in the Balance Sheet with a corresponding charge or credit to retained earnings through OCI in the period in which they occur. Remeasurements are not reclassified to the Statement of Profit and Loss in subsequent periods.



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Changes in the present value of the defined benefit obligation resulting from plan amendments or curtailments are recognised immediately in the Statement of Profit and Loss as past service cost.

### 2.10.2 Short-term employee benefits

The short-term employee benefits expected to be paid in exchange for the services rendered by employees is recognised during the period when the employee renders the service. These benefits include compensated absences such as paid annual leave and performance incentives which are expected to occur within twelve months after the end of the period in which the employee renders the related services.

The cost of compensated absences is accounted as under:

- (a) In case of accumulating compensated absences, when employees render service that increase their entitlement of future compensated absences; and
- (b) In case of non - accumulating compensated absence, when the absences occur.

### 2.10.3 Other long-term employee benefits

Compensated absences which are not expected to occur within twelve months after the end of the period in which the employee renders the related services are recognised as a liability. The cost of providing benefits is actuarially determined using the projected unit credit method, with actuarial valuations being carried out at each Balance Sheet date. Long Service Awards are recognised as a liability at the present value of the obligation at the Balance Sheet date. All gains/losses due to actuarial valuations are immediately recognised in the Statement of Profit and Loss.

### 2.11 Segment reporting

The Company has been incorporated under Section 8 of Companies Act, 2013 to promote Projects and / or programs, relating to Corporate Social Responsibility (CSR) in India, which in the context of Ind AS 108 Operating Segments is considered as the only reportable segment. The Company does not have any geographical segments.

### 2.12 Income tax

Tax expense for the year comprises current and deferred tax. The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the statement of profit and loss because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Company's liability for current tax is calculated using tax rates and tax laws that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying values of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit and is accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences arising between the tax base of assets and liabilities and their carrying amount, except when the deferred income tax arises from the initial recognition of an asset or liability in a transaction that is not a business combination and affects neither accounting nor taxable profit or loss at the time of the transaction. In contrast, deferred tax assets are only recognised to the extent that it is probable that future taxable profits will be available against which the temporary differences can be utilised.

The carrying value of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised based on the tax rates and tax laws that have been enacted or substantially enacted by the end of the reporting period. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Company expects, at the end of the reporting period, to cover or settle the carrying value of its assets and liabilities.





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Deferred tax assets and liabilities are offset to the extent that they relate to taxes levied by the same tax authority and there are legally enforceable rights to set off current tax assets and current tax liabilities within that jurisdiction.

Current and deferred tax are recognised as an expense or income in the statement of profit and loss, except when they relate to items credited or debited either in other comprehensive income or directly in equity, in which case the tax is also recognised in OCI or directly in equity.

Deferred tax assets include a credit for the Minimum Alternate Tax ('MAT') paid in accordance with the tax laws, which is likely to give future economic benefits in the form of availability of set off against future income tax liability. MAT asset is recognised as deferred tax assets in the Balance Sheet when the asset can be measured reliably, and it is probable that the future economic benefit associated with the asset will be realised.

### **2.13 Provisions and contingencies**

A provision is recognised when the Company has a present obligation as a result of past events and it is probable that an outflow of resources will be required to settle the obligation, in respect of which a reliable estimate of the amount can be made. Provisions are determined based on best estimate required to settle the obligation at the Balance Sheet date. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (when the effect of the time value of the money is material). The increase in the provisions due to passage of time is recognised as interest expense. Provisions are reviewed as at each reporting date and adjusted to reflect the current estimate.

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 or a reliable estimate of the amount cannot be made.

Contingent assets are not disclosed in the financial statements unless an inflow of economic benefits is probable.

## **3 Recent pronouncements and Business Combination**

### **3.1 Recent pronouncements:**

On 30 March 2019, Ministry of Corporate Affairs ('MCA') has notified Ind AS 116, Leases. The Company is required to adopt Ind AS 116, Leases from 1 April 2019. Ind AS 116 introduces a single, on-balance sheet lease accounting model for lessees. A lessee recognises a right-of-use asset representing its right to use the underlying asset and a lease liability representing its obligation to make lease payments. There are recognition exemptions for short-term leases and leases of low-value items. Lessor accounting remains similar to the current standard – i.e. lessors continue to classify leases as finance or operating leases. It replaces existing leases guidance, Ind AS 17, Leases. The Company is in the process of completing its detailed assessment and the quantitative impact is not reasonably estimable at present.

Leases in which the Company is a lessee

The Company will recognise new assets and liabilities for its operating leases of offices, warehouse, plant and machinery and third party manufacturers. The nature of expenses related to those leases will now change because the Company will recognise a depreciation charge for right-of-use assets and interest expense on lease liabilities.

Previously, the Company recognised operating lease expense on a straight-line basis over the term of the lease, and recognised assets and liabilities only to the extent that there was a timing difference between actual lease payments and the expense recognised.

In addition, the Company will include the payments due under the lease in its lease liability and apply Ind AS 36, Impairment of Assets to determine whether the right-of-use asset is impaired and to account for any impairment.



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**3.2 Business Combination:**

During the current year the Company has acquired property, plant and equipment, inventories and employee related liabilities of the water purifier business from Tata Chemicals Limited at an aggregate value of Rs5,50,92,398.



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Notes to the financial statements

**Note 4: Property, plant and equipment**

| Particulars                           | Plant and Machinery | Furniture and Fittings | Total             |
|---------------------------------------|---------------------|------------------------|-------------------|
| <b>Gross Block</b>                    |                     |                        |                   |
| Balance as at 1 April, 2018           | -                   | -                      | -                 |
| Addition/adjustments                  | 19,707,950          | 1,000,000              | 20,707,950        |
| Disposals                             | -                   | -                      | -                 |
| <b>Balance as at 31 March, 2019</b>   | <b>19,707,950</b>   | <b>1,000,000</b>       | <b>20,707,950</b> |
| <b>Accumulated Depreciation</b>       |                     |                        |                   |
| Balance as at 1 April, 2018           | -                   | -                      | -                 |
| Depreciation for the year             | 7,313,415           | 458,333                | 7,771,748         |
| Disposals                             | -                   | -                      | -                 |
| <b>Balance as at 31 March, 2019</b>   | <b>7,313,415</b>    | <b>458,333</b>         | <b>7,771,748</b>  |
| <b>Net Block as at 31 March, 2019</b> | <b>12,394,535</b>   | <b>541,667</b>         | <b>12,936,202</b> |

**Note 5: Intangible assets**

| Particulars                           | Computer Software | Total          |
|---------------------------------------|-------------------|----------------|
| <b>Gross Block</b>                    |                   |                |
| Balance as at 1 April, 2018           | -                 | -              |
| Addition                              | 351,800           | 351,800        |
| Disposals                             | -                 | -              |
| <b>Balance as at 31 March, 2019</b>   | <b>351,800</b>    | <b>351,800</b> |
| <b>Accumulated Amortisation</b>       |                   |                |
| Balance as at 1 April, 2018           | -                 | -              |
| Amortisation for the year             | 70,360            | 70,360         |
| Disposals                             | -                 | -              |
| <b>Balance as at 31 March, 2019</b>   | <b>70,360</b>     | <b>70,360</b>  |
| <b>Net Block as at 31 March, 2019</b> | <b>281,440</b>    | <b>281,440</b> |

**Note 6: Deferred tax assets and liabilities**

(a) Deferred tax assets

(b) Deferred tax liabilities

**Deferred Tax assets (net)**

As at  
31 March, 2019  
₹

As at  
31 March, 2018  
₹

2018-19

|  | As at<br>1 April 2018 | Recognised in the<br>statement of<br>Profit & Loss | Recognised in<br>other<br>Comprehensive<br>Income | As at<br>31 March 2019 |
|--|-----------------------|--|---|------------------------|
| <b>Deferred tax assets/(liabilities) in relation to:</b>                         |                       |  |   |                        |
| Unaborted business loss and depreciation   | -                     | 1,137,591  | -   | 1,137,591              |
| Accrued expenses allowed in the year of payment and on fair value of investments | -                     | 163,157  | -   | 163,157                |
| Depreciation and amortisation  | -                     | 1,347,107  | -   | 1,347,107              |
|  | -                     | <b>2,647,855</b>                                   | -   | <b>2,647,855</b>       |

As at 31 March, 2019

**Deferred tax assets/(liabilities) in relation to:**

Unaborted business loss and depreciation

Accrued expenses allowed in the year of payment and on fair value of investments

Depreciation and amortisation

|  | Assets           | Liabilities | Net              |
|--|------------------|-------------|------------------|
| Unaborted business loss and depreciation   | 1,137,591        | -           | 1,137,591        |
| Accrued expenses allowed in the year of payment and on fair value of investments | 163,157          | -           | 163,157          |
| Depreciation and amortisation  | 1,347,107        | -           | 1,347,107        |
|  | <b>2,647,855</b> | -           | <b>2,647,855</b> |

Deferred tax assets Rs 2,647,855/- is not recognised in absence of reasonable certainty of its realization in future.



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**Notes to the financial statements**

|                            | As at<br>31 March, 2019 | As at<br>31 March, 2018 |
|----------------------------|-------------------------|-------------------------|
|                            | ₹                       | ₹                       |
| <b>Note 7: Inventories</b> |                         |                         |
| Stock-in-trade             | 15,143,316              | -                       |
| Spare parts                | 9,211,134               | -                       |
|                            | 24,354,450              | -                       |

|                                  | As at<br>31 March, 2019 | As at<br>31 March, 2018 |
|----------------------------------|-------------------------|-------------------------|
|                                  | ₹                       | ₹                       |
| <b>Note 8: Trade receivables</b> |                         |                         |
| Unsecured, considered good       | 9,045,401               | -                       |
|                                  | 9,045,401               | -                       |

|  | As at<br>31 March, 2019 | As at<br>31 March, 2018 |
|--|-------------------------|-------------------------|
|  | ₹                       | ₹                       |
| <b>Note 9: Cash and cash equivalents</b> |                         |                         |
| Balance with banks                       | 18,665,213              | 499,882                 |
|  | 18,665,213              | 499,882                 |

**Note 10: Current investments**

| Particulars | As at 31 March, 2019 |        | As at 31 March, 2018 |        |
|-------------|----------------------|--------|----------------------|--------|
|             | Holdings             | Amount | Holdings             | Amount |
|             | No. of units         | ₹      | No. of units         | ₹      |

**Other Investment - FVTPL**

| Investment In mutual fund                        |      |           |   |   |
|--|------|-----------|---|---|
| Unquoted   |      |           |   |   |
|  | 2021 | 5,949,876 | - | - |
| Tata Liquid Fund Direct Plan                     |      |           |   |   |
|  |      | 5,949,876 | - | - |
| <b>Total Investments</b>                         |      | 5,949,876 | - | - |
| Aggregate carrying value of unquoted investments |      | 5,949,876 | - | - |

|                                      | As at<br>31 March, 2019 | As at<br>31 March, 2018 |
|--------------------------------------|-------------------------|-------------------------|
|                                      | ₹                       | ₹                       |
| <b>Note 11: Other current assets</b> |                         |                         |
| Advance to supplier                  | 1,148,320               | -                       |
| Prepaid expenses                     | 875,286                 | -                       |
| Statutory receivables                | 8,913,634               | -                       |
| Others                               | 241,368                 | -                       |
|                                      | 11,178,608              | -                       |



**NCourage Social Enterprise Foundation**  
**Notes to the financial statements**

|  | <b>As at</b>          | <b>As at</b>          |
|--|-----------------------|-----------------------|
|  | <b>31 March, 2019</b> | <b>31 March, 2018</b> |
|  | ₹                     | ₹                     |
| <b>Note 12: Equity share capital</b>   |                       |                       |
| <b>(a) Authorised:</b>   |                       |                       |
| 50,00,000 (2018: 50,000) Ordinary shares) of Rs 10 each  | 500,00,000            | 5,00,000              |
| <b>(b) Issued, Subscribed and Fully paid-up</b>  |                       |                       |
| 25,50,000 (2018: 50,000) Ordinary shares) of Rs 10 each  | <u>255,00,000</u>     | <u>5,00,000</u>       |
|  | <u>255,00,000</u>     | <u>5,00,000</u>       |
| <b>i) Reconciliation of number of shares</b>   |                       |                       |
|  | <b>No. of Shares</b>  | <b>No. of Shares</b>  |
|  | ₹                     | ₹                     |
| <b>Equity Shares</b>   |                       |                       |
| Opening balance  | 50,000                | -                     |
| Issued during the year   | <u>25,00,000</u>      | <u>50,000</u>         |
| Closing balance  | <u>25,50,000</u>      | <u>50,000</u>         |
|  | <u>255,00,000</u>     | <u>5,00,000</u>       |
| <b>ii) Rights and restrictions attached to shares</b>  |                       |                       |
| <b>Equity Shares</b>   |                       |                       |
| The Company has one class of equity shares having a par value of ₹ 10 each. The shareholders of the Company do not have any right to dividend. As per clause 10 of Memorandum of Association (MoA) of the Company, in the event of winding up or dissolution of the Company, the holder of equity shares will not be entitled to receive any of the remaining assets of the Company after distribution of all preferential amounts. The amount remaining, if any, shall be given or transferred to such other Company having similar objects, subject to such conditions as the Tribunal may impose, or may be sold and proceeds thereof credited to Rehabilitation and Insolvency Fund formed under Section 269 of the Companies Act, 2013. |                       |                       |
| <b>iii) Details of shares held by holding company and shareholders more than 5% of the aggregate shares in the Company</b>   |                       |                       |
|  | <b>As at</b>          | <b>As at</b>          |
|  | <b>31 March, 2019</b> | <b>31 March, 2018</b> |
|  | ₹                     | ₹                     |
| Equity shares  |                       |                       |
| Tata Chemicals Limited*  | 255,00,000            | 5,00,000              |
|  | 100%                  | 100%                  |
| *includes 6 equity shares held by individuals of which beneficial ownership is held by Tata Chemicals Limited.   |                       |                       |
|  | ₹                     | ₹                     |
| <b>Note 13: Other equity</b>   |                       |                       |
| <b>Retained earnings</b>   |                       |                       |
| (i) Opening balance  | (6,018)               | -                     |
| (ii) Excess of Income over expenditure   | <u>(62,58,987)</u>    | <u>(6,018)</u>        |
|  | <u>(62,65,005)</u>    | <u>(6,018)</u>        |



**NCourage Social Enterprise Foundation**  
**Notes to the financial statements**

|   | As at<br>31 March, 2019 | As at<br>31 March, 2018 |
|---|-------------------------|-------------------------|
|   | ₹                       | ₹                       |
| <b>Note 14: Trade payables</b>                                      |                         |                         |
| Trade payables - other than MSME                                    | 174,90,939              | -                       |
| Amount due to Micro, Small and Medium enterprise (MSME) Foot note 1 | -                       | -                       |
|   | 174,90,939              | -                       |

**Foot notes:**

(i) According to Information available with the Management, on the basis of intimation received from suppliers regarding their status under the Micro, Small and Medium Enterprises Development Act, 2006 ('MSMED Act'), the Company has amounts due to Micro, Small and Medium Enterprises under the said Act as follows:

| Particulars  | As at<br>31 March, 2019 | As at<br>31 March, 2018 |
|--|-------------------------|-------------------------|
|  | ₹                       | ₹                       |
| 1 (a) Principal amount remaining unpaid to any supplier                      | -                       | -                       |
| (b) Interest on 1(a) above   | -                       | -                       |
| 2 (a) The amount of principal paid beyond the appointed date                 | -                       | -                       |
| (b) The amount of Interest paid beyond the appointed date                    | -                       | -                       |
| 3 Amount of interest due and payable on delayed payments                     | -                       | -                       |
| 4 Amount of Interest accrued and remaining unpaid as at year end             | -                       | -                       |
| 5 The amount of further interest due and payable even in the succeeding year | -                       | -                       |

|   | As at<br>31 March, 2019 | As at<br>31 March, 2018 |
|---|-------------------------|-------------------------|
|   | ₹                       | ₹                       |
| <b>Note 15: Other financial Liabilities</b> |                         |                         |
| Security deposit from customers             | 5,00,000                | -                       |
| Security deposit from vendors               | 13,45,000               | -                       |
| Accrual for expenses                        | 243,43,284              | 5,900                   |
|   | 261,88,284              | 5,900                   |

|   | As at<br>31 March, 2019 | As at<br>31 March, 2018 |
|---|-------------------------|-------------------------|
|   | ₹                       | ₹                       |
| <b>Note 16: Other Current Liabilities</b> |                         |                         |
| Statutory dues                            | 8,16,585                | -                       |
| Advance received from customers           | 44,01,287               | -                       |
|   | 52,17,872               | -                       |

|   | As at<br>31 March, 2019 | As at<br>31 March, 2018 |
|---|-------------------------|-------------------------|
|   | ₹                       | ₹                       |
| <b>Note 17: Provisions</b>                      |                         |                         |
| Provision for employee benefits (Refer note 24) | 104,24,245              | -                       |
| Provision for warranty - Refer note below       | 38,54,855               | -                       |
|   | 142,79,100              | -                       |

**Note: Movement in provision for warranty**

|                                | As at<br>31 March, 2019 | As at<br>31 March, 2018 |
|--------------------------------|-------------------------|-------------------------|
|                                | ₹                       | ₹                       |
| opening                        | -                       | -                       |
| Utilised during the year       | -                       | -                       |
| Provision made during the year | 38,54,855               | -                       |
| Closing                        | 38,54,855               | -                       |

Warranty is provided on purifier for one year from the date of installation.



**NCourage Social Enterprise Foundation**  
**Notes to the financial statements**

|  | As at<br>31 March, 2019 | For the period from 8<br>December, 2017 to 31<br>March, 2018 |
|--|-------------------------|--|
|  | ₹                       | ₹  |
| <b>Note 18: Revenue from operations</b>  |                         |  |
| Sale of traded products  |                         |  |
| - Sale of water purifier (refer note below)  | 906,51,824              | -  |
| - Sale of spare parts  | 31,96,311               | -  |
|  | <u>938,48,135</u>       | <u>-</u>   |
| <b>Footnote:</b>   |                         |  |
| Sale of water purifier   | 1056,88,125             | -  |
| Less: warranty expense   | (38,54,855)             | -  |
| Less: discounts and incentives   | (111,81,446)            | -  |
|  | <u>906,51,824</u>       | <u>-</u>   |
|  | ₹                       | ₹  |
| <b>Note 19: Other income</b>   |                         |  |
| Grant received (refer note below)  | 750,00,000              | -  |
| Gain on sale / redemption of investments   | 4,49,876                | -  |
| Interest income  | 1,41,464                | -  |
|  | <u>755,91,340</u>       | <u>-</u>   |
| Company has received grant from Tata Chemicals Limited (Holding company) for meeting the initial operating expenses. |                         |  |
|  | ₹                       | ₹  |
| <b>Note 20: Employee benefits expenses</b>   |                         |  |
| Salaries, wages and bonus  | 203,77,004              | -  |
| Contribution to provident fund and other funds   | 12,62,313               | -  |
| Staff welfare expense  | 1,28,643                | -  |
|  | <u>217,67,960</u>       | <u>-</u>   |
|  | ₹                       | ₹  |
| <b>Note 21: Finance costs</b>  |                         |  |
| Interest on deposits   | 45,719                  | -  |
|  | <u>45,719</u>           | <u>-</u>   |
|  | ₹                       | ₹  |
| <b>Note 22: Depreciation and amortization expense</b>  |                         |  |
| Depreciation of property, plant and equipment  | 78,42,108               | -  |
|  | <u>78,42,108</u>        | <u>-</u>   |
|  | ₹                       | ₹  |
| <b>Note 23: OTHER EXPENSES</b>   |                         |  |
| Carrying and forwarding agent service charges  | 49,18,000               | -  |
| Insurance charges  | 1,64,333                | -  |
| Travelling expenses  | 15,58,052               | -  |
| Telephone expenses   | 61,289                  | -  |
| Auditors' remuneration   |                         |  |
| a) For services as auditor   | 3,50,000                | 5,900  |
| b) For taxation matters  | 1,00,000                | -  |
| Bank charges   | 3,244                   | 118  |
| Professional fees  | 84,15,257               | -  |
| Sub-contract expenses  | 40,23,000               | -  |
| Marketing expense  | 180,12,841              | -  |
| Freight and forwarding charges   | 122,25,112              | -  |
| Miscellaneous expense  | 45,32,050               | -  |
|  | <u>543,63,178</u>       | <u>6,018</u>   |



**NCourage Social Enterprise Foundation**  
**Notes to the financial statements**

**Note 24: Employee benefit obligations**

(a) The Company makes contribution towards provident fund, a defined contribution retirement benefit plan and towards pension fund for qualifying employees.

On account of the above contribution plans, a sum of Rs. 6,14,024/- (2018: Rs NIL) has been charged to the Statement of Income and Expenditure.

(b) The Company has a Gratuity plan for qualifying employees. The scheme provides for lump sum payment to vested employees at retirement or death while in employment or on termination of employment. Employees, upon completion of the vesting period, are entitled to a benefit equivalent to fifteen days salary last drawn for each completed year of service in line with the Payment of Gratuity Act, 1972. Vesting occurs upon completion of five years of continuous service.

The most recent actuarial valuations of the present values of the defined benefit obligation were carried out at 31 March, 2019. The present value of the defined benefit obligations and the related current service cost and past service cost, were measured using the Projected Unit Credit Method.

The following tables set out amounts recognised in the Company's financial statements as at 31 March, 2019 for the Defined Benefit Plans.

**1. Changes in the defined benefit obligation:**

| Particulars                           | As at            | As at          |
|---------------------------------------|------------------|----------------|
|                                       | 31 March, 2019   | 31 March, 2018 |
|                                       | Gratuity         | Gratuity       |
| At the beginning of the year          | -                | -              |
| Current service cost                  | 3,34,332         | -              |
| Past service cost                     | -                | -              |
| Interest cost                         | 3,65,369         | -              |
| <b>Remeasurement (gain)/loss</b>      |                  |                |
| Actuarial (gain) / loss arising from: |                  |                |
| - Change in financial assumptions     | -                | -              |
| - Change in demographic assumptions   | -                | -              |
| - Experience adjustments              | -33,76,547       | -              |
| Liabilities assumed on acquisition    | 68,05,880        | -              |
| Benefits paid                         | -4,08,750        | -              |
| <b>At the end of the year</b>         | <b>37,20,284</b> | <b>-</b>       |

**2. Net employee benefit expense for the year:**

| Particulars  | As at           | As at          |
|--|-----------------|----------------|
|  | 31 March, 2019  | 31 March, 2018 |
|  | Gratuity        | Gratuity       |
| Current service cost   | 3,34,332        | -              |
| Past service cost  | -               | -              |
| Interest on defined benefit obligation (net)   | 3,65,369        | -              |
| <b>Components of defined benefits costs recognised in the Statement of Profit and Loss</b> | <b>6,99,701</b> | <b>-</b>       |
| <b>Net benefit expense</b>   | <b>6,99,701</b> | <b>-</b>       |

**3. Assumptions used in accounting for gratuity:**

| Particulars                   | Gratuity             |                      |
|-------------------------------|----------------------|----------------------|
|                               | As at 31 March, 2019 | As at 31 March, 2018 |
| Discount rate                 | 7.50%                | -                    |
| Increase in Compensation cost | 7.50%                | -                    |





**NCourage Social Enterprise Foundation**  
**Notes to the financial statements**

**4. Sensitivity Analysis**

Impact on defined benefit obligation due to change in assumptions

| Particulars              | As at<br>31 March, 2019 |           | As at<br>31 March, 2018 |          |
|--------------------------|-------------------------|-----------|-------------------------|----------|
|                          | Gratuity                |           | Gratuity                |          |
|                          | Increase                | Decrease  | Increase                | Decrease |
| <b>Discount rate</b>     |                         |           |                         |          |
| 0.5% change              | (202,616)               | 218,719   | -                       | -        |
| <b>Compensation rate</b> |                         |           |                         |          |
| 0.5% change              | 171,783                 | (171,783) | -                       | -        |

**5. Maturity profile of defined benefit obligation is as follows;**

| Particulars  | As at<br>31 March, 2019 |  | As at<br>31 March, 2018 |   |
|--|-------------------------|--|-------------------------|---|
|  | Gratuity                |  | Gratuity                |   |
|  |                         |  |                         |   |
| Within the next 12 months (due in next annual reporting period)  | 152,110.00              |  | -                       | - |
| Later than 1 year and not later than 5 years                     | 624,974                 |  | -                       | - |
| Later than 5 year and not later than 9 years                     | 1,043,778               |  | -                       | - |
| 10 years and above   | 8,175,002               |  | -                       | - |
| <b>Total expected payments</b>                                   | <b>9,995,864</b>        |  |                         |   |
| Weighted average duration to the payment of cash flows (in Year) |                         |  |                         |   |

6. The details of the Company's post-retirement and other benefit plans for its employees given above are certified by the actuary and relied upon by the Auditors.

**Note 25: Segment Reporting**

The Company has been incorporated under Section 8 of Companies Act, 2013 to promote Projects and / or programs, relating to Corporate Social Responsibility (CSR) in India, which in the context of Ind AS 108 Operating Segments is considered as the only reportable segment. The Company does not have any geographical segments.

**Note 26: Disclosure on financial Instruments**

The significant accounting policies, including the criteria for recognition, the basis of measurement and the basis on which income and expenses are recognized, in respect of each class of financial asset, financial liability and equity instrument are disclosed in note 2(e) to the financial statements.

**(a) Financial instruments by category**

The carrying value of financial instruments by categories is as follows:

|                                     | FVTPL<br>₹       | Amortized cost<br>₹ | Total Carrying Value<br>₹ |
|-------------------------------------|------------------|---------------------|---------------------------|
| <b>Financial Assets:</b>            |                  |                     |                           |
| Current investment                  | 5,949,876        | -                   | 5,949,876                 |
| Trade receivables                   | -                | 9,045,401           | 9,045,401                 |
| Cash and cash equivalents           | -                | 18,665,213          | 18,665,213                |
|                                     | <b>5,949,876</b> | <b>27,710,614</b>   | <b>33,660,490</b>         |
| <b>Financial Liabilities:</b>       |                  |                     |                           |
| Trade payables                      | -                | 17,490,939          | 17,490,939                |
| Other financial liabilities-current | -                | 26,188,284          | 26,188,284                |
|                                     | -                | <b>43,679,223</b>   | <b>43,679,223</b>         |



**NCourage Social Enterprise Foundation**  
**Notes to the financial statements**

**(b) Fair value hierarchy**

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows:

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

Level 2- Valuation techniques for which the lowest input that is significant to the fair value measurement is directly or indirectly observable.

Level 3- Valuation techniques for which the lowest input that is significant to the fair value measurement is unobservable.

The following table provides the fair value measurement hierarchy of the Company's financial assets and liabilities that are measured at fair value or where fair value disclosure is required.

| Particulars                        | As at 31 march, 2019         |   |
|------------------------------------|------------------------------|---|
|                                    | Fair value measurement using |   |
|                                    | Total                        | Significant observable inputs (level 2) |
| <b>FVTPL financial investments</b> |                              |   |
| Unquoted debt instruments          | 59,49,876                    | 59,49,876                               |

**C) Valuation technique to determine fair value**

The following methods and assumptions were used to estimate the fair value of financial instruments:

(i) The management assessed that fair value of cash and cash equivalents, trade receivables, trade payables and other current financial assets and liabilities approximate their carrying amounts largely due to the short-term maturities of these instruments.

(ii) The fair values of the equity investment which are quoted, are derived from quoted market prices in active markets.

**(d) Financial risk management objectives**

The Company is exposed to credit risk and liquidity risk. The Company's risk management strategies focus on the un-predictability of these elements and seek to minimise the potential adverse effects on its financial performance. The Company is supported by a Treasury Risk Management Group ('TRMG') which manages these risks.

**Credit risk management**

Credit risk is the risk of financial loss to the Company if a counterparty to a financial instrument fails to meet contractual obligations, and arises principally from the Company's cash/bank balances. The carrying amounts of financial assets represent the maximum credit risk exposure. The Company maintains cash and cash equivalents in banks / financial institutions that are held in banks / financial institutions that are generally highly rated. The Company has not experienced any losses in such accounts and believes it is not exposed to any significant credit risk.

**Trade receivables**

Trade receivables of the Company are typically unsecured and derived from sales made to a large number of independent customers. Customer credit risk is managed by business unit subject to established policies, procedures and control relating to customer credit risk management. Before accepting any new customer, the Company has appropriate level of control procedures to assess the potential customer's credit quality. The credit-worthiness of its customers are reviewed based on their financial position, past experience and other relevant factors. The Credit period provided by the Company to its customers generally ranges from 0-60 days. Outstanding customer receivables are reviewed periodically.

**Financial Instruments and cash deposits**

Credit risk from balances/investments with banks and financial institutions is managed in accordance with the Company's treasury risk management policy. Investments of surplus funds are made only with approved counterparties and within limits assigned to each counterparty. The limits are set to minimize the concentration of risks and therefore mitigate financial loss through counterparty's potential failure to make payments.



**NCourage Social Enterprise Foundation**  
**Notes to the financial statements**

**Liquidity risk**

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they become due. The objective of liquidity risk management is to maintain sufficient liquidity and ensure that funds are available for use as and when required.

The Treasury Risk Management Policy includes an appropriate liquidity risk management framework for the management of the short-term, medium-term and long term funding and cash management requirements. The Company manages the liquidity risk by maintaining adequate cash reserves, banking facilities and reserve borrowing facilities, by continuously monitoring forecast and actual cash flows, and by matching the maturity profiles of financial assets and liabilities. The Company invests its surplus funds in bank fixed deposit and liquid schemes of mutual funds, which carry no/negligible mark to market risks.

**Note 27: Capital management**

The capital structure of the company consists of total equity of the Company. The Company manages its capital to ensure that the Company will be able to continue as going concern.

**Note 28: Related Party Transaction**

NCourage Social Enterprise Foundation principal related parties consist of its holding company Tata Chemicals Limited ("TCL") and its subsidiaries. The Company routinely enters into transactions with its related parties in the ordinary course of business.

**Related parties and their relationship**

**I) Promoter group**

Tata Sons Limited

**II) Holding Company**

Tata Chemicals Limited ('TCL')

**III) Key Managerial Person**

Mr R. Mukundan, Director

**Transactions with Holding Company are as follows:**

|  | Tata Chemicals Limited |
|--|------------------------|
| Issue of 25,00,000 equity shares of Rs. 10 each          | 250,00,000             |
| Receipt of Grant   | 750,00,000             |
| Purchase of property, plant and equipment                | 244,35,381             |
| Purchase of stock-in-trade (net of debit note)           | 403,47,457             |
| Employee benefits transferred                            | 96,90,440              |
| Guest house expenses                                     | 25,558                 |
| Money received by Company from customer on behalf of TCL | 28,48,750              |
| Money received by TCL from customer on behalf of Company | 9,50,831               |


**Note 29:**

During the current year Company has issued 18,720 units of water purifiers valuing Rs 1,51,26,183 free of cost for social cause.

**Note 30: Approval of financial statements**

The financial statements were approved for issue by the board of directors on 30th April, 2019

In terms of our audit report of even date attached  
For B S R & Co. LLP  
Chartered Accountants  
Firm's Registration No: 101248W/W - 100022

  
Vijay Mathur  
Partner  
Membership No. 046476  
Date: 30 April 2019  
Place: Mumbai

For and on behalf of the Board of Directors

R. Mukundan  
Director

Alka Talwar  
Director

Ashish Mehta  
Director