



## KANCO TEA & INDUSTRIES LIMITED

(CIN:L15491WB1983PLC035793)

# Annual Report 2017-2018

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#### BOARD OF DIRECTORS

**Mr. U. Kanoria**  
*Chairman & Director*

**Mrs. A. Kanoria**  
*Whole-time Director*

**Mr. G. Momen**

**Mr. N. Nayar**

**Mr. G. R. Banka**

**Mr. Om Kaul**

*Directors*

#### COMPANY SECRETARY

**Ms. C. Kabra**

#### CHIEF FINANCIAL OFFICER

**Mr. S. K. Parhi**

#### AUDITORS

**M/s. Jain & Co.**

*Chartered Accountants*

#### BANKERS

**Punjab National Bank**

#### REGISTERED OFFICE

Jasmine Tower, 3rd Floor  
31, Shakespeare Sarani, Kolkata 700 017  
Telefax : +91 33 2281 5217  
Email : [contact@kancotea.in](mailto:contact@kancotea.in)  
Website : [www.kancotea.in](http://www.kancotea.in)

#### TEA ESTATES

Mackeypore Tea Estate  
Lakmijan Tea Estate  
Bamonpookrie Tea Estate  
P.O. Nazira 785 685  
Dist. Sivasagar (Assam)

#### SHARE REGISTRARS

C B Management Services (P) Ltd.  
P-22, Bondel Road, Kolkata 700 019  
Phone : +91 33 2280 6692/93/94  
Email : [rta@cbmsl.com](mailto:rta@cbmsl.com)

## Notice of Annual General Meeting

Notice is hereby given that the 35th Annual General Meeting of the members of Kanco Tea & Industries Limited will be held at Bharatiya Bhasha Parishad, Fourth Floor, 36A Shakespeare Sarani, Kolkata-700017 on Wednesday, 19th September, 2018 at 2:00 p.m. to transact the following business:

### Ordinary Business:

1. To receive, consider and adopt
  - a. the Audited Standalone Financial Statement of the Company for the year ended 31st March, 2018, the reports of the Board of Directors and Auditors thereon; and
  - b. the Audited Consolidated Financial Statement of the Company for the year ended 31st March, 2018 and the report of the Auditors thereon.
2. To declare dividend of ₹ 7 per 7% Non-Cumulative Redeemable Preference Share (being 7% on Face Value of ₹ 100 per share) for the financial year ended 31st March, 2018.
3. To declare dividend of ₹ 1 per Equity Share (being 10% on Face Value of ₹ 10 per share) for the financial year ended 31st March, 2018.
4. To appoint a director in place of Mr. Govind Ram Banka (DIN: 00207385), who retires by rotation and being eligible, offers himself for re-appointment.
5. To appoint M/s. Jain & Co., Chartered Accountants (Firm Registration No: 302023E) as Statutory Auditors of the Company for the Financial Year 2018-2019 and authorise the Board of Directors to fix their remuneration.

### Special Business:

6. **To confirm and appoint Mr. Om Kaul as an Independent Director of the Company**

To consider and, if thought fit, to pass the following resolution as Special Resolution:

“RESOLVED THAT pursuant to the provisions of Sections 149,150,152 and Schedule IV to the Companies Act, 2013 read with the rules made thereunder, as amended and Regulations of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 as amended, the appointment of Mr. Om Kaul aged about 76 years, who was appointed as an Additional Director (DIN: 00020821) of the Company with effect from 31st March, 2018 on the recommendation of the Nomination and Remuneration Committee of the Company and who holds office up to the date of 35th Annual General Meeting and in respect of whom the Company has received from a Member a notice in writing under Section 160 of the Companies Act 2013 proposing his candidature for the office of Director of the Company, be and is hereby confirmed and that Mr. Kaul be further appointed as an Independent Director of the Company, to hold office for five consecutive years from the conclusion of 35th Annual General Meeting till the Annual General Meeting for the Financial Year ended 31st March, 2023, not liable to retire by rotation.”

7. **To confirm continuity of Mr. Govind Ram Banka as the Non-Executive Director of the Company**

To consider and, if thought fit, to pass the following resolution as Special Resolution:

“RESOLVED THAT pursuant to Regulations of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended, the continuity of directorship of Mr. Govind Ram Banka (DIN :00207385), Non-Executive Director of the Company and aged about 83 years be and is hereby confirmed subject to their original terms and conditions of appointment.”

8. **To confirm continuity of Mr. Golam Momen as the Non-Executive Independent Director of the Company**

To consider and, if thought fit, to pass the following resolution as Special Resolution:

“RESOLVED THAT pursuant to Regulations of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended, the continuity of directorship of Mr. Golam Momen (DIN :00402662), Non-Executive Independent Director of the Company and aged about 85 years be and is hereby confirmed subject to their original terms and conditions of appointment.”

9. **To approve the remuneration payable to Cost Auditors**

To consider and, if thought fit, to pass the following resolution as Ordinary Resolution:

“RESOLVED THAT pursuant to the provisions of Section 148 and all other applicable provisions of the Companies Act, 2013 read with the Companies (Audit and Auditors) Rules, 2014(including any statutory modification(s) or re-enactment thereof, for the time being in force), M/s A. C. Dutta & Co (Registration No.000125) appointed by the Board

## Notice *(Contd.)*

of Directors as the Cost Auditors to conduct the audit of the cost records of the Company for the financial year ending 31st March, 2019 be paid the remuneration of ₹ 50,000/- (Rupees Fifty Thousand Only) plus taxes and out-of-pocket expenses as applicable.”

### Registered Office:

Jasmine Tower, 3rd Floor  
31, Shakespeare Sarani, Kolkata - 700017  
CIN: L51909WB1991PLC053283  
Telefax: (033) 22815217  
Email: [compliance@kancotea.in](mailto:compliance@kancotea.in)  
Website: [www.kancotea.in](http://www.kancotea.in)  
Dated: 26th May, 2018

By Order of the Board  
For **Kanco Tea & Industries Limited**

Charulata Kabra  
*Company Secretary*  
Membership No. : F9417

### NOTES:

- I. **A MEMBER ENTITLED TO ATTEND AND VOTE AT THE ANNUAL GENERAL MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF/HERSELF AND THE PROXY NEED NOT BE A MEMBER OF THE COMPANY.** The proxy form duly completed and signed, should be deposited with the company, at its registered office at least 48 hours before the time of the meeting. Proxies submitted on behalf of the Companies, societies, etc., must be supported by an appropriate resolution/authority as applicable. A proxy form for the Annual General Meeting is enclosed.  
  
A person can act as a proxy on behalf of the members not exceeding fifty and holding in the aggregate not more than ten percent of the total share capital of the Company carrying voting rights. A member holding more than ten percent of the total share capital of the Company carrying voting rights may appoint a single person as proxy and such person shall not act as a proxy for any other person or members  
  
As per Secretarial Standard on General Meeting (SS-2), the Proxy-holders are requested to bring valid identity proofs (viz., PAN Card, Voter ID, Passport, Aadhar Card, Driving License, Bank Pass Book with attested customer photograph and signature etc.) at the venue of the meeting for identification.
- II. Corporate members intending to send their authorised representatives to attend the Meeting are requested to send to the Company a certified copy of the Board Resolution authorising their representative to attend and vote on their behalf in the meeting.
- III. The Explanatory Statement setting out material facts, pursuant to Section 102 of the Companies Act, 2013, in respect to the Special Businesses under Item Nos. 6 to 9 of the accompanying Notice is annexed hereto.
- IV. A brief resume of the director proposed to be reappointed, nature of his expertise in specific functional areas, names of companies in which he holds directorship and memberships/ chairmanships of Board Committees, shareholding and relationships between directors inter se as stipulated under Regulation 36 of the SEBI(Listing Obligations and Disclosures Requirements) Regulations, 2015 and Clause 1.2.5 of Secretarial Standard on General Meeting (SS-2) as amended, are provided in Details of Director seeking reappointment at the Annual General Meeting annexed hereto.
- V. Pursuant to the provisions of Section 91 of the Companies Act, 2013, the Register of Members and Share Transfer Books of the Company will remain closed from 13th September, 2018 to 19th September, 2018 (both days inclusive) for the purpose of payment of the dividend for the financial year ended 31st March, 2018 and the 35th Annual General Meeting.
- VI. Members are requested to bring their copy of Annual Report at the Meeting and produce the enclosed attendance slip at the entrance to the place of the meeting.
- VII. All documents referred to in the accompanying Notice shall be open for inspection at the Registered Office of the Company on weekdays (3:00 p.m. to 5:00 p.m.) up to and including the date of the Annual General Meeting of the Company.
- VIII. The Register of Directors and Key Managerial Personnel and their shareholding, maintained under Section 170 of the Companies Act, 2013, will be available for inspection by the members at the AGM.
- IX. The Register of Contracts or Arrangements in which Directors are interested, maintained under Section 189 of the Companies Act, 2013, will be available for inspection by the members at the AGM.

## Notice *(Contd.)*

- X. Dividend, as recommended by the Board, if approved at the Annual General Meeting by the Members, will be paid latest within a period of 30 days from the date of declaration, to those persons whose names stand registered in the Company's Register of Members or their mandatees :
- (a) as Beneficial Owners at the end of business hours on 12th September, 2018 as per names and address to be furnished by National Securities Depository Limited and Central Depository Services (India) Limited in respect of the shares held in electronic form, and
- (b) as Members of the Company after giving effect to the valid share transfers in physical form lodged with the Company on or before commencement of book closure i.e. 12th September, 2018.
- XI. Regulation 12 and Schedule I of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 require all companies to use the facilities of electronic clearing services for payment of dividend. Incompliance with these regulations, payment of dividend will be made only by electronic mode directly into bank account of Members and no dividend warrants or demand drafts will be issued without bank particulars.
- YOU ARE REQUESTED TO SUBMIT YOUR BANK DETAILS ALONG WITH AN ORIGINAL CANCELLED CHEQUE OR A XEROX COPY OF THE CHEQUE to our Registrars C.B.Management Services (P) Ltd.** to enable them to update our records, in case you hold shares in physical form and to your Depository Participants in respect of shares held by you in dematerialized form.
- XII. Members who have neither received or encashed their dividend warrant(s) for the financial years 2010-2011 up to 2016-2017, are requested to write to the Company or its Registrar and Share Transfer Agent, mentioning the relevant Folio Number or DP ID and Client ID, for issuance of duplicate/revalidated dividend warrant(s). Members are requested to note that the dividends not claimed within seven years from the date of transfer to the Company's Unpaid Dividend Account, will, as per Section 124 of the Companies Act, 2013, be transferred to the Investor Education and Protection Fund.
- XIII. Members holding shares in physical form may intimate the Company necessary particulars for ECS credit of the dividend directly to their bank accounts wherever ECS facility is available, or, for printing of their bank account details on the dividend warrants to prevent possibilities of fraud in encashing the warrants.
- XIV. Members holding shares in electronic form are requested to notify the changes in the above particulars, if any, directly to their Depository Participants (DP). Members are encouraged to utilize the Electronic Clearing System (ECS) for receiving dividends.
- XV. Copies of the Annual Report 2017-2018, the Notice of the 35th Annual General Meeting, instructions for e-voting, Attendance Slip and Proxy Form, are being sent by electronic mode only to all the members whose email addresses are registered with the Company/Depository Participant(s) for communication purposes unless any member has requested for a hard copy of the same. For members who have not registered their email addresses, physical copies of the Annual Report 2017-2018, the Notice of the 35th Annual General Meeting, instructions for e-voting, Attendance Slip and Proxy Form are being sent by the permitted mode. Members may register their email address by visiting Website namely [www.cbmsl.com/green.php](http://www.cbmsl.com/green.php) of our Registrar and Share Transfer Agent.
- XVI. Members may also note that the Notice of the Annual General Meeting and the Annual Report for 2017-2018 will also be available on the Company's website-[www.kancotea.in](http://www.kancotea.in) for their download. The physical copies of the aforesaid documents will also be available at the Company's Registered Office in Kolkata for inspection during normal business hours on working days. Even after registering for e-communication, members are entitled to receive such communication in physical form, upon making a request for the same, by post free of cost. For any communication, the members may also send requests to the email id: [contact@kancotea.in](mailto:contact@kancotea.in) or [rta@cbmsl.com](mailto:rta@cbmsl.com).
- XVII. Members seeking any information with regard to Accounts may write to the Company 7 (seven) days before the date of the Annual General Meeting.
- XVIII. The Securities and Exchange Board of India (SEBI) has mandated the submission of Permanent Account Number (PAN) by every participant in securities market. Members holding shares in electronic form are, therefore, requested to submit their PAN to their Depository Participants with whom they are maintaining their Demat accounts. Members holding shares in physical form can submit their PAN to the Company or its Registrar and Share Transfer Agent.
- XIX. Members holding shares in single name and physical form are advised to make nomination in respect of their shareholding in the Company. The nomination form can be downloaded from the Company's website.

## Notice (Contd.)

- XX. Members are requested to furnish or update their e-mail IDs with the Registrar for sending the soft copies of the Annual Report of the Company as required vide circular no.17/2011 dated April 21, 2011 and circular no.18/2011 dated April 29, 2011 issued by the Ministry of Corporate Affairs and to avail remote e-voting facility in respect of the resolutions which would be passed at the General Meetings of the Company.
- XXI. Pursuant to prohibition imposed vide Secretarial Standard on General Meeting (SS-2) issued by The Institute of Company Secretaries of India and The Ministry of Corporate Affairs circular, no gifts/coupons shall be distributed at the Meeting.
- XXII. Voting through electronic means:
- Pursuant to Section 108 of the Companies Act, 2013 and Rule 20 of the Companies (Management and Administration) Rules, 2014 and Regulation 44 of the SEBI (Listing Obligations and Disclosures Requirements) Regulations, 2015, as amended from time to time, the Company is pleased to provide its members facility of 'remote e-voting' (e-voting from a place other than venue of the AGM) to exercise their right to vote at the 35th Annual General Meeting. The business may be transacted through e-voting Services provided by Central Depository Services (India) Limited (CDSL)..
  - The facility for voting either through ballot/polling papers shall also be made available at the venue of the 35th Annual General Meeting. The members attending the meeting, who have not cast their vote through remote e-voting shall be able to exercise their voting rights at the meeting. The members who have already cast their vote through remote e-voting may attend the meeting but shall not be entitled to cast their vote again at the AGM.
  - Mr. A. K. Labh, Practising Company Secretary (FCS-4848/CP-3238) (Address: A.K.Labh & Co, 40, Weston Street, 3rd Floor, Kolkata - 700013) has been appointed as the Scrutinizer for conducting the remote e-voting and voting process at the AGM in a fair and transparent manner.
  - The e-Voting procedure to be followed by the shareholders to cast their votes:

### A. In case of Members who receive the Notice in electronic mode:

- The voting period begins 16th September, 2018 (9.00 am) and ends on 18th September, 2018 (5.00 pm). During this period the shareholders' of the company, holding shares either in physical form or in dematerialised form , as on the cut-off date i.e. 12th September, 2018 may cast their vote electronically. The e-voting module shall be disabled by CDSL for voting after 5.00 pm on 18th September, 2018.
- Shareholders who have already voted prior to the meeting date would not be entitled to vote at the meeting venue.
- Log on to the e-voting website [www.evotingindia.com](http://www.evotingindia.com)**
- Click on "Shareholders" tab.
- Now Enter your User ID
  - For CDSL: 16 digits beneficiary ID,**
  - For NSDL: 8 Character DP ID followed by 8 Digits Client ID,**
  - Members holding shares in Physical Form should enter Folio Number registered with the Company.
- Next enter the Image Verification as displayed and Click on Login.
- If you are holding shares in Demat form and had logged on to [www.evotingindia.com](http://www.evotingindia.com) and voted on an earlier voting of any company, then your existing password is to be used.
- If you are a first time user follow the steps given below:

Particulars	For Members holding shares in Demat Form and Physical Form
PAN	<p>Enter your 10 digit alpha-numeric PAN issued by Income Tax Department (Applicable for both demat shareholders as well as physical shareholders)</p> <ul style="list-style-type: none"> <li>Members who have not updated their PAN with the Company/Depository Participant are requested to use the first two letters of their name and the 8 digits of the sequence number in the PAN field.</li> <li>In case the sequence number is less than 8 digits enter the applicable number of 0's before the number after the first two characters of the name in CAPITAL letters Eg. If your name is Ramesh Kumar with sequence number 1 then enter RA00000001 in the PAN field.</li> </ul>

## Notice *(Contd.)*

Dividend Bank Details	Enter the Dividend Bank Details or Date of Birth (in dd/mm/yyyy format) as recorded in your demat account or in the company records in order to login.
<b>OR</b> Date of Birth (DOB)	If both the details are not recorded with the depository or company please enter the member id / folio number in the Dividend Bank details field as mentioned in instruction (v).

- (ix) After entering these details appropriately, click on “SUBMIT” tab.
- (x) Members holding shares in physical form will then directly reach the Company selection screen. However, members holding shares in demat form will now reach ‘Password Creation’ menu wherein they are required to mandatorily enter their login password in the new password field. Kindly note that this password is to be also used by the demat holders for voting for resolutions of any other company on which they are eligible to vote, provided that company opts for e-voting through CDSL platform. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.
- (xi) For Members holding shares in physical form, the details can be used only for e-voting on the resolutions contained in this Notice.
- (xii) Click on the EVSN for the relevant <KANCO TEA & INDUSTRIES LIMITED>.
- (xiii) On the voting page, you will see “RESOLUTION DESCRIPTION” and against the same the option “YES/NO” for voting. Select the option YES or NO as desired. The option YES implies that you assent to the Resolution and option NO implies that you dissent to the Resolution.
- (xiv) Click on the “RESOLUTIONS FILE LINK” if you wish to view the entire Resolution details.
- (xv) After selecting the resolution you have decided to vote on, click on “SUBMIT”. A confirmation box will be displayed. If you wish to confirm your vote, click on “OK”, else to change your vote, click on “CANCEL” and accordingly modify your vote.
- (xvi) Once you “CONFIRM” your vote on the resolution, you will not be allowed to modify your vote.
- (xvii) You can also take out print of the votes cast by you by clicking on “Click here to print” option on the Voting page.
- (xviii) If a demat account holder has forgotten the login password then Enter the User ID and the image verification code and click on Forgot Password & enter the details as prompted by the system.
- (xix) **Shareholders can also cast their vote using CDSL’s mobile app m-Voting available for android based mobiles. The m-Voting app can be downloaded from Google Play Store. iPhone and Windows phone users can download the app from the App Store and the Windows Phone Store respectively on or after 30th June,2016. Please follow the instructions as prompted by the mobile app while voting on your mobile.**
- (xx) Note for Institutional Shareholders and Custodians
- Non-Individual shareholders - Institutional shareholders (i.e. other than Individuals, HUF, NRI etc.) and Custodian are required to log on to [www.evotingindia.com](http://www.evotingindia.com) and register themselves as Corporates.
  - A scanned copy of the Registration Form bearing the stamp and sign of the entity should be emailed to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com).
  - After receiving the login details, a compliance user should be created using the admin login and password. The Compliance user would be able to link the account(s) for which they wish to vote on.
  - The list of accounts linked in the login should be mailed to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com) and on approval of the accounts they would be able to cast their vote.
  - A scanned copy of the Board Resolution and Power of Attorney (POA) which they have issued in favour of the Custodian, if any, should be uploaded in PDF format in the system for the scrutinizer to verify the same.
- (xxi) In case you have any queries or issues regarding e-voting, you may refer the Frequently Asked Questions (“FAQs”) and e-voting manual available at [www.evotingindia.com](http://www.evotingindia.com) under help section or write an email to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com).

### B. In case of Members who receive the Notice by post:

- (i) User ID and initial password will be provided with the Notice for the AGM.
- (ii) Please follow the steps from Sl. Nos. (iii) to (xx) mentioned in (A) above, to cast your vote.

## Notice *(Contd.)*

- C. Members already registered with CDSL for remote e-voting can use their existing user ID and password for Login. Thereafter please follow the steps from Sl. Nos. (xii) to (xx) mentioned in (A) above, to cast your vote.

### XXIII. General Information

- (a) Any person who becomes a member of the Company after dispatch of the Notice of the Meeting and holding shares as on the cut-off date i.e. 12th September, 2018, may obtain the USER ID and password by sending an e-mail request to [rta@cbmsl.com](mailto:rta@cbmsl.com) / [contact@kancotea.in](mailto:contact@kancotea.in).
- (b) There will be one vote for every Client ID No. / Registered Folio No. irrespective of the number of joint holders.
- (c) The Results of voting will be declared within 48 hours from the conclusion of the AGM and the Resolutions will be deemed to be passed on the date of the AGM, subject to receipt of requisite number of votes. The declared Results, alongwith the Scrutinizer's Report, will be available forthwith on the Company's corporate website [www.kancotea.in](http://www.kancotea.in) and on the website of CDSL; such Results will also be forwarded to The Calcutta Stock Exchange Limited and The Bombay Stock Exchange Limited.

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### EXPLANATORY STATEMENT PURSUANT TO SECTION 102 OF THE COMPANIES ACT, 2013

#### Item No. 6

Pursuant to Article No.90 of the Articles of Association of the Company and in terms of Section 161 of the Companies Act, 2013 as amended and on the recommendation of the Nomination and Remuneration Committee of the Company Mr. Om Kaul holding DIN: 00020821 was appointed as an Additional Director of the Company in the Independent category with effect from 31st March, 2018 to hold office upto the date of 35th Annual General Meeting. The Company has received a notice under Section 160 of the Companies Act, 2013 from a Member proposing his candidature for appointment as director of the Company.

Mr. Kaul, born on 5th December, 1941, aged about 76 years and a graduate from University of Rajasthan, joined Caritt Moran & Co. Pvt. Ltd as a Tea Taster. In 1977, he was inducted to the Board of Directors and in 1992 he became the Chairman and Managing Director of the Company and had tenure of 30 years with them. He has widely travelled in most tea producing areas and has in-depth knowledge of all aspects of the tea industry. At present he is on Board of Apeejay Tea Limited and holds membership of the Audit Committee and Nomination and Remuneration Committee of the board.

The Company will utilise the rich experience of Mr.Om Kaul in Tea Industry for it's overall growth.

Mr. Kaul does not hold by himself or for any other person on a beneficial basis, any shares in the Company.

Mr. Kaul is not disqualified from being appointed as a Director in terms of Section 164 of the Companies Act, 2013 as amended. The Company has received declaration from his confirming that he meets the criteria of independence as prescribed both under Section 149(6) of the Companies Act, 2013 read with rules as amended and Regulation 16(b) of the SEBI (Listing Obligations and Disclosures Requirements) Regulations, 2015.

It is proposed to appoint Mr. Kaul as an Independent Director of the Company, to hold office for five consecutive years from the conclusion of 35th Annual General Meeting till the Annual General Meeting for the Financial Year ended 31st March, 2023, not liable to retire by rotation. The Board considers that his association would be of immense benefit to the Company.

Copy of the draft letter for the appointment of Mr. Kaul as an Independent Director setting out the terms and conditions is available for inspection by members at the Registered Office of the Company.

Mr. Kaul is concerned or interested in the resolution set out at item No. 6, which pertains to his appointment. The relatives of Mr. Kaul may be deemed interested in the resolution set out at item No. 6 of the Notice, to the extent of their shareholding interest, if any, in the Company.

Save and except the above, none of the other Directors/Key Managerial Personnel of the Company/their relatives are, in any way, concerned or interested, financially or otherwise, in the resolution set out at item No.6 of the Notice.

The Board recommends the Resolution to be passed as Special Resolution by the Members.

#### Item No-7

Mr. Govind Ram Banka is a Non-Executive Director of the Company since 25th March, 2010.

## Notice *(Contd.)*

Mr. Govind Ram Banka, born on 10th July, 1935, aged about 83 years is I.Com by qualification and has experience of more than 38 years in the field of Tea Industry.

Mr. Banka does not hold by himself or for any other person on a beneficial basis, any shares in the Company.

Mr. Govind Ram Banka has ample experience in Tea industry and will be able to guide the Company to reach its goal.

Mr. Banka is concerned or interested in the resolution set out at item No. 7, which pertains to his appointment. The relatives of Mr. Banka may be deemed interested in the resolution set out at item No. 7 of the Notice, to the extent of their shareholding interest, if any, in the Company.

Save and except the above, none of the other Directors/Key Managerial Personnel of the Company/their relatives are, in any way, concerned or interested, financially or otherwise, in the resolution set out at item No.7 of the Notice.

The Board recommends the Resolution to be passed as Special Resolution by the Members.

### Item No-8

Mr. Golam Momen is a Non-Executive Independent Director of the Company since 29th April 2010.

Mr. Golam Momen, born on 6th June, 1933, aged about 85 years is an eminent industrialist and acute businessman. He has a rich experience in the Tea Industry, especially in valuation and marketing. He is presently the chairman of White Cliff Group of Companies. He is also on board of Companies viz Harrisons Malayalam Limited, Bengal Tea & Fabrics Limited, Scottish Assam Limited, Digjam Limited, Williamson Magor & Co Limited, Appejay Tea Limited, Baghmari Tea Company Limited among others.

Mr. Golam Momen is holding 195 equity shares in the Company.

Mr. Golam Momen is a well-known personality in Tea Industry and has immense knowledge, which the Company can utilize to its advantage.

Mr. Golam Momen is concerned or interested in the resolution set out at item No. 8, which pertains to his appointment. The relatives of Mr. Golam Momen may be deemed interested in the resolution set out at item No. 8 of the Notice, to the extent of their shareholding interest, if any, in the Company.

Save and except the above, none of the other Directors/Key Managerial Personnel of the Company/their relatives are, in any way, concerned or interested, financially or otherwise, in the resolution set out at item No.8 of the Notice.

The Board recommends the Resolution to be passed as Special Resolution by the Members.

### Item No-9

The Board, on the recommendation of the Audit Committee, in its meeting held on 26th May, 2018, has approved the appointment and remuneration of M/s A. C. Dutta & Co., as the Cost Auditors of the Company to conduct the audit of the cost records of the Company for the financial year ending March 31, 2019.

In accordance with the provisions of Section 148 of the Companies Act, 2013 read with rules made thereunder, the remuneration payable of ₹ 50,000/- (Rupees Fifty Thousand Only) plus taxes as applicable and reimbursement of out-of-pocket expenses payable to the Cost Auditors has to be ratified by the members of the Company. Accordingly, the consent of the members is sought for passing an Ordinary Resolution as set at item No. 9 of the Notice for ratification of remuneration payable to the Cost Auditors for the financial year ending March 31, 2019.

None of the Directors/Key Managerial Personnel of the Company/their relatives are, in any way, concerned or interested, financially or otherwise, in the resolution set out at item No.9 of the Notice.

The Board recommends the Resolution to be passed as Ordinary Resolution by the Members.

**Details of Directors seeking reappointment at the Annual General Meeting pursuant to Regulation 36 of the SEBI (Listing Obligations and Disclosures Requirements) Regulations, 2015 and Clause 1.2.5 of Secretarial Standard on General Meeting (SS-2) as amended.**

## Notice *(Contd.)*

For Item no. 4 of the Notice is as follows:

Particulars	Mr. Govind Ram Banka
Din	00207385
Date of Birth	10.7.1935
Date of Appointment	25.03.2010
Qualifications	I.Com.
Experience in specific functional areas	He has rich experience of more than 38 years in Tea Industry.
Directorship held in other listed entities	Nil
Membership/Chairmanship of Committees of listed entities (includes only Audit Committee and Stakeholders' Relationship Committee)	Nil
Number of shares held by him: Equity	
a) Own	a) Nil
b) Beneficial basis	b) Nil
Number of Meetings of the Board attended during the year	8(Eight)
Relationship with any Director(s) and KMPs of the Company	Nil

For Item No. 6 of the Notice, details have been provided in Explanatory Statement pursuant to Section 102 of the Companies Act, 2013 to the notice of the 35th AGM of the Company.

### Registered Office:

Jasmine Tower, 3rd Floor  
 31, Shakespeare Sarani, Kolkata - 700017  
 CIN: L15491WB1983PLC035793  
 Telefax: (033) 22815217  
 Email: [contact@kancotea.in](mailto:contact@kancotea.in)  
 Website: [www.kancotea.in](http://www.kancotea.in)  
 Dated: 26th May, 2018

By Order of the Board  
 For Kanco Tea & Industries Limited

Charulata Kabra  
 Company Secretary  
 Membership No. F9417

## Directors' Report

Dear Members,

Your Directors are pleased to present their Thirty Fifth Annual Report and the Company's audited financial statement for the financial year ended 31st March, 2018.

### Financial Performance

The Company's financial performance, for the year ended 31st March, 2018 is summarized below:

Particulars	Standalone		Consolidated	
	2018	2017	2018	2017
Profit Before Finance Cost, Depreciation and Tax	613.91	432.31	647.93	559.94
Less: Finance Cost	423.48	104.63	423.47	104.63
Profit Before Depreciation and Tax	190.43	327.68	224.46	455.31
Less: Depreciation and Amortisation Expense	169.21	128.94	169.21	128.94
Profit Before Tax	21.22	198.74	55.25	326.37
Less: Provision For-				
Net Current Tax	-	22.65	3.67	42.86
Provision for MAT Credit Entitlement	-	(6.75)	-	(10.29)
Provision for Tax for earlier years	-	-	0.57	-
Deferred Tax	21.05	92.14	21.05	92.14
Profit/(Loss) After Taxation	0.17	90.70	29.96	201.66
Other Comprehensive Income for the year, net of tax	36.86	1.84	349.11	952.73
Total Comprehensive Income for the year	37.03	92.54	379.07	1154.39

### Results of Operations and the State of the Company's Affairs

The year under review was a difficult year for Tea Industry. Anticipated gains of crop could not be achieved owing to adverse weather conditions. Costs continued to increase owing to increase in labour wages and input price increases.

The Company acquired Bamonpookrie Tea Estate in March, 2017. In the month of March the season had already started so no major changes were possible. Your Company was able to stabilise the working and improve quality of tea produced resulting in selling price improvements.

The working results have shown a decline due to stagnant crops. Overall prices were sluggish and the higher interest burden had an impact on the working results.

In the last few months agricultural practices at Bamanpookrie TE have been revamped. The work done in the winter is expected to result in improved performance of the estate. The Company has also taken an aggressive policy of uprooting and replanting of old tea bushes at Bamonpookrie Tea Estate for rapid increase in crop. With better Agricultural practices and manufacturing process, the estate should achieve better crop and higher prices this year.

Your Company continued to take advantage of the Special Purpose Tea Fund Scheme announced by the Tea Board of India. In the financial year 2017-2018, 23.65 hectares, 26.11 hectares and 29.81 hectares of the plantation area were replanted, rehabilitated and uprooted respectively. Separate manufacturing line for tea made from bought leaves was commissioned in July, 2017.

The production of tea in the current season is lower than the last year at this point of time. Your Company however expects to make up this loss of crop and by the end of the year expects to have gains in crop.

Production of tea made from bought leaves is higher than the previous year. This trend is likely to continue and we expect substantial increase in quantum of tea made from bought leaf.

The Government of Assam has formed Minimum Wages Advisory Committee (MWAC) for determining the minimum wages to be paid to tea worker. The increase in wage, whenever declared will affect the working results of the Company.

The Company based on the consistent improvement in field practices and work done at its estates, expects to achieve higher output and realization

### Certifications

The quality management system of Mackeypore Tea Estate, Kanco Tea & Industries Limited bearing ANZSIC Code: 2180 has been assessed and found to meet the requirements of ISO 9001:2015. The certificate no. IN/QMS/00270 is valid for

## Directors' Report *(Contd.)*

manufacturing of black tea from green tea leaves till 20/05/2019.

The food safety systems of Mackeypore Tea Estate, Kanco Tea & Industries Limited bearing ANZSIC Code: 2180 has been assessed and found to meet the requirements of HACCP (Hazard Analysis and Critical Point). The certificate no.IN/HACCP/00027 is valid for manufacturing of black tea from green tea leaves till 19/05/2019.

The food safety systems of Mackeypore Tea Estate, Kanco Tea & Industries Limited has been assessed and found to meet the requirements of ISO 22000:2005 (Food Safety Management System). The certificate no.IN/FSMS/00065 is valid for manufacturing of black tea from green tea leaves till 20/05/2019.

Mackeypore Tea Estate & Lakmijan Tea Estate has been issued verification certificate bearing no. TS-VC/CUC/03/834385/14 under trustea code for sustainable tea in India by Control Union. The trustea code covers social, agronomic, food safety, occupational health & safety and environmental criteria.

### Share Capital

During the year under review, the Company increased its Authorised Share Capital from existing ₹ 3,00,00,000/- (Rupees Three Crores Only) divided into 20,00,000 (Twenty Lakhs) Equity Shares of ₹ 10/- each and 1,00,000 (One Lakh) Non-Cumulative Redeemable Preference Shares of ₹ 100/- each to ₹ 7,00,00,000 (Rupees Seven Crores Only) divided into 60,00,000 (Sixty Lakhs) Equity Shares of ₹ 10/- each and 1,00,000 (One Lakh) Non-Cumulative Redeemable Preference Shares of ₹ 100/- each by creation of additional 40,00,000 (Forty Lakhs) Equity Shares of ₹ 10/- each, ranking pari passu in all respect with the existing equity shares of the Company. Accordingly, the Clause V of the Memorandum of Association of the Company was altered.

Further, the Company capitalised a sum of ₹ 3,41,52,180/- (Rupees Three Crores Forty One Lakh Fifty Two Thousand One Hundred and Eighty Only) from the General Reserves of the Company and issued Bonus Shares of ₹ 10/- each (Rupees Ten Only) each, in the proportion of 2 (Two) Equity Shares of ₹ 10/- each as Bonus for every 1 (One) fully paid-up Equity Share of ₹ 10/- each.

As on 31st March, 2018, the issued, subscribed and paid up share capital of your Company stood at ₹ 5,12,28,270/- .

### Appropriations

#### Dividend

The Directors of your Company has recommended a dividend of ₹ 7/- and ₹ 1/- (Last Year ₹ 7/- and ₹ 2.50/-) per Preference Share of Face Value of ₹ 100/- and Equity Share of Face Value of ₹ 10/- share respectively for the year under review.

#### Extract of Annual Return

The details forming part of the extract of the Annual Return in Form No. MGT-9 as required under Section 92 of the Companies Act, 2013 is annexed herewith marked as Annexure A to this report.

### Directors

In accordance with the provisions of the Act and the Articles of Association of the Company, Mr. Govind Ram Banka (DIN: 00207385), Non-Executive Non-Independent Director retires by rotation at the ensuing Annual General Meeting and being eligible has offered himself for reappointment.

Subject to the approval of the Members at the ensuing Annual General Meeting, the Board has proposed to appoint Mr. Om Kaul (DIN: 00020821) as an Independent Director of the Company, to hold office for five consecutive years from the conclusion of 35th Annual General Meeting till the Annual General Meeting for the Financial Year ended 31st March, 2023, not liable to retire by rotation.

The Company has received declarations from all the Independent Directors of the Company confirming that they meet the criteria of independence as prescribed both under Section 149(6) of the Companies Act, 2013 read with rules as amended and Regulation 16(b) of the SEBI (Listing Obligations and Disclosures Requirements) Regulations, 2015.

Pursuant to Regulation (1A) of the SEBI (Listing Obligations and Disclosures Requirements) (Amendment) Regulations, 2018, the Company is seeking approval of the members at the ensuing Annual General Meeting for continuing the directorships of Mr. Om Kaul (DIN: 00020821) as Non-Executive Independent Director, Mr. Govind Ram Banka (DIN: 00207385) as Non-Executive Non-Independent Director and Mr. Golam Momen (DIN: 00402662) as Non-Executive Independent Director of the Company.

## Directors' Report *(Contd.)*

### Board Evaluation

Pursuant to the provisions of the Companies Act, 2013 and the SEBI (Listing Obligations and Disclosures Requirements) Regulations, 2015 and on the recommendation of the Nomination and Remuneration Committee of the Company a structured questionnaire was prepared after taking into consideration the various aspects of the Boards' functioning, composition of the Board and its Committees, culture, execution and performance of specific duties, obligations and governance.

On the basis of the Policy for Performance evaluation of Independent Directors, Board, Committees and other Individual Directors, the evaluation of performance of various committees of the Board, Individual Directors and the Board as a whole were carried.

The Nomination and Remuneration Committee also reviewed its implementation of the said policy and its compliance.

The Board of Directors expressed their satisfaction with the evaluation process.

### Policy on Directors' Appointment, Remuneration etc

Pursuant to Section 178(3) of the Companies Act, 2013 Nomination and Remuneration Committee formulated the criteria for identification and selection of the suitable candidates for various positions in senior management and also candidates who are qualified to be appointed as Director on the Board of the Company. The Committee also recommended a policy relating to the remuneration for the directors, key managerial personnel and other senior management personnel and a process by which the performance of the directors could be evaluated and the details of this policy are given in the Corporate Governance Report. The policy can be viewed at <https://www.kancotea.in/pdf/2017-2018/NOMINATION%20AND%20REMUNERATION%20POLICY.pdf>.

### Key Managerial Personnel

The following persons are the Key Managerial Personnel (KMP) of the Company in compliance with the provisions of Section 203 of the Companies Act, 2013:

- a) Mrs. A. Kanoria (DIN:00081172), Whole-time Director
- b) Ms. Charulata Kabra, Company Secretary
- c) Mr. S. K. Parhi, Chief Financial Officer

### Number of Meetings of the Board

Eight meetings of the Board of Directors were held during the year.

### Audit Committee

The Audit Committee comprises of Independent Directors namely Mr. Navin Nayar (Chairman) and Mr. Golam Momen and Mr. Govind Ram Banka, Non-Executive Director. All the recommendations made by the Audit Committee were accepted by the Board.

### Directors' Responsibility Statement

The Directors hereby confirms that

- a) in the preparation of the annual accounts, the applicable accounting standards read with requirements set out under Schedule III to the Act, have been followed and there are no material departures from the same;
- b) they had selected such accounting policies and applied them consistently and made judgements and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at 31st March, 2018 and of the profit of the Company for the year ended on that date;
- c) they had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- d) they had prepared the annual accounts on a going concern basis;
- e) they had laid down internal financial control to be followed by the company and that such internal financial controls are adequate and were operating effectively; and
- f) they had devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

### Statutory Auditors

M/s Jain & Co., Chartered Accountants, Registration No. 302023E, Statutory Auditors of the Company, holds office till the conclusion of the ensuing Annual General Meeting and is eligible for re-appointment. They have expressed their willingness

## Directors' Report *(Contd.)*

to continue as Statutory Auditors of the Company, if so appointed by the members. Your Company has received the consent and certificate from M/s Jain & Co., Chartered Accountants to the effect that their re-appointment if made, would be within the limits prescribed under the section 141 of the Companies Act, 2013 read with rules and that they are not disqualified for reappointment within the meaning of Section 141 of the Companies Act 2013. They have also confirmed that they hold a valid peer review certificate as prescribed under regulation 33(1)(d) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

### Statutory Auditors' Report

The report by the Auditors is self-explanatory and has no qualification, reservation, adverse remark or disclaimer; hence no explanation or comments by the Board were required.

### Secretarial Audit Report

Pursuant to the provisions of Section 204 of the Companies Act, 2013 and the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, the Company appointed P.S. & Associates a firm of Company Secretaries in Practice to undertake the Secretarial Audit of the Company for the year ended 31st March, 2018. The Report of the Secretarial Auditor is annexed herewith marked as Annexure B to this report.

Further, this report has no qualification, reservation, adverse remark or disclaimer, hence no explanation or comments by the Board were required.

### Cost Audit

In accordance with the provisions of Section 148 of the Companies Act, 2013 and the Companies (Audit and Auditors) Rules, 2014, the Company is required to appoint a Cost Auditor to audit the cost records. The Company has appointed M/s A. C. Dutta & Co (Registration No.000125), Cost Accountants (Registration No.000125) 10 K S Roy Road, 2nd Floor, Kolkata-700001 as Cost Auditors for the financial year ended March 31, 2019 and their remuneration is to be ratified at the ensuing Annual General Meeting.

### Particulars of Loans, Guarantees or Investments by Company

Particulars of investments made by the Company are provided in note nos. 8 & 17 to the financial statements.

The Company has neither given any loan & guarantee nor provided any security during the financial year under review. The particulars of loan as on 1st April, 2017 and 31st March, 2018 are provided in note no. 10 to the financial statements.

### Contracts and Arrangements with Related Parties

All contracts / arrangements / transactions entered by the Company during the financial year with related parties were in the ordinary course of business and on an arm's length basis.

### Material Changes and commitments occurred between the end of the Financial Year under Review and the date of this report.

No material changes and commitments have occurred between the end of the financial year under review and the date of this report.

### Conservation of Energy, Technology Absorption, Foreign Exchange Earnings and Outgo

A statement pursuant to Section 134(3) (m) of the Companies Act, 2013 read with Rule 8(3) of the Companies (Accounts) Rules, 2014 on conservation of energy, technology absorption, foreign exchange earnings and outgo is annexed herewith marked as Annexure C to this report.

### Risk Management

As per requirement of Section 134(3) (n) of the Companies Act, 2013 the Board of Directors in its meeting held on 9th May, 2014 has approved the Risk Management Policy. The Board envisaged the following elements of risks which may threaten the existence of the Company: -

#### Nature Related Risk

Tea being an agricultural produce is affected by the vagaries of weather. Weather plays a major role in determining the final output of produce. Both excess and scarcity of rainfall play havoc with the final output of produce. KTIIL has carried out extensive drainage network to deal with the problem arising out of excess rainfall. KTIIL has a detailed plan of action for bringing its plantation areas under irrigation and more than 70% of its plantation areas are under irrigation now.

## Directors' Report *(Contd.)*

### **Pest Management**

Tea bushes are prone to attack by various pests like cater pillars, Loppers, Red Slugs, Red Spiders, Helopeltis, Thrips, Green Fly, etc. KTIL has experienced competent senior personnel in the garden, who controls pest by way of timely detection and spray of agro-chemicals. KTIL has also a policy of keeping adequate agro chemicals in stock in anticipation of pest attack during a particular month based on past behavior of pests. KTIL is working out on a plan on integrated pest management, which will promote the use of physical, biological and mechanical control methods, and the least possible use of agrochemicals.

### **Labour**

Tea being a labour intensive industry is prone to loss of output due to labour unrest. KTIL provides its entire workforce employed in the estate along with their families access to drinking water, food, housing and basic medical care as per the guideline of Plantation Labour Act, 1951 and Assam Plantation Labour Rules. Workers are paid the official agreed wage as per the agreement entered into between the recognised trade union and KTIL. KTIL follows a strict 'Non-Discrimination Policy on the basis of race, creed, gender, political opinion and membership of trade union. KTIL always aim to maintain cordial relationship with its workforce.

### **Market Risk**

The tea prices are volatile and affected by the conditions prevailing in the market. The inferior quality teas are affected more by volatility in prices in comparison to top quality teas. KTIL's thrust on making top quality teas minimized the risk due to volatility in prices.

### **Bought Leaf Operation**

KTIL purchases green leaves from outside suppliers and produces it under a different mark called Lakmijan to protect its own mark Mackeypore. KTIL processes the bought leaves separately from its own leaves. The physical segregation of own tea leaves and bought leaves manufacturing process is clearly visible. The Company is vulnerable to volatility in selling price of tea made from bought leaves.

### **Risks due to Fire, Accident, Theft, Etc.**

KTIL has taken appropriate insurance policy to safeguard itself against loss that may arise from risks associated with fire, earthquake etc.

### **Risk due to Fraud**

KTIL has installed adequate internal control measures to minimise the occurrence of fraud and internal audit is also conducted at regular intervals by an external agency.

### **Risk of Doubtful and Bad Debt**

The credit worthiness of sundry debtors is checked by the senior management to fix the credit period, if any to be given. The background check of new party is also carried out before deciding on the credit period.

### **Corporate Social Responsibility**

The Corporate Social Responsibility Committee has formulated and recommended to the Board, a Corporate Social Responsibility Policy (CSR Policy) indicating the activities to be undertaken by the Company, which has been approved by the Board. The CSR policy can be viewed at <http://kancotea.in/pdf/CSR%20POLICY.PDF>

The Company's CSR activities shall primarily include one or more of the items covered under Schedule VII to the Act as detailed below: -

- (i) eradicating hunger, poverty and malnutrition, promoting health care including preventive health care and sanitation and making available safe drinking water;
- (ii) promotion of education including special education and employment enhancing vocation skills especially among children, women, elderly and the differently abled and livelihood enhancement projects;
- (iii) promoting gender equality, empowering women, setting up homes and hostels for women and orphans; setting up old age homes, day care centers and such other facilities for senior citizens and measures for reducing inequalities faced by socially and economically backward groups;
- (iv) ensuring environmental sustainability, ecological balance, protection of flora and fauna, animal welfare, agroforestry, conservation of natural resources and maintaining quality of soil, air and water;

## Directors' Report *(Contd.)*

- (v) protection of national heritage, art and culture including restoration of buildings and sites of historical importance and works of art; setting up public libraries; promotion and development of traditional arts and handicrafts;
- (vi) measures for the benefit of armed forces veterans, war widows and their dependents;
- (vii) training to promote rural sports, nationally recognized sports, Paralympic sports and Olympic sports;
- (viii) contribution to the Prime Minister's National Relief Fund or any other fund set up by the Central Government for socio-economic development and relief and welfare of the Scheduled Castes, the Scheduled Tribes, other backward classes, minorities and women;
- (ix) contribution or funds provided to technology incubators located within academic institutions which are approved by the Central Government;
- (x) rural development projects.
- (xi) slum area development

Preference shall be given to Company's Business and areas around Company's Tea Estates for spending the amount earmarked for CSR.

During the year, the Company has spent ₹ 2,04,000/- (Rupees Two Lakhs Four Thousand only) unspent in the previous year 2016-2017. The Annual Report on CSR activities is annexed herewith marked as Annexure D to this report.

Further, the Company has ceased to be a company covered under Section 135(1) of the Companies Act, 2013's with its net profit falling below ₹ 5 crores for three consecutive years hence the Company is not required to comply with the provisions of Section 135(2) to 135(5) of the Companies Act, 2013.

### Subsidiaries, Joint Ventures and Associate Companies

As on 31st March, 2018, we have one wholly owned subsidiary namely Winnow Investments and Securities Private Limited. During the year, the Board of Directors reviewed the affairs of the subsidiary. In accordance with Section 129(3) of the Companies Act, 2013, we have prepared the consolidated financial statement of the company and its subsidiary, which forms part of the Annual Report. The revenue and total comprehensive income of the subsidiary for the financial year ended 31st March, 2018 was ₹ 3431.37 thousands (P.Y ₹ 12797.53 thousands) and ₹ 34204.23 thousands (P.Y. ₹ 106185.75 thousands) respectively. The total asset of the subsidiary as on 31st March, 2018 was ₹ 278783.84 thousands (P.Y ₹ 244579.46 thousands). Further, a statement containing the salient features of the financial statement of our subsidiary in the prescribed format AOC-1 is annexed to the financial statements.

### Deposits

During the year under review, the Company has not accepted any deposits, within the meaning of Section 73 of the Companies Act, 2013, read with the Companies (Acceptance of Deposits) Rules, 2014.

Pursuant to Rule 2(c) (viii) of the Companies (Acceptance of Deposits) Rules, 2014, the Company has received money from its Directors, the details of which are provided in the Financial Statement.

### Material Orders Passed by the Regulators /Courts/ Tribunal

There are no significant and material orders passed by the regulators or courts or tribunals impacting the going concern status and company's operations in future.

### Internal Controls

The Company has an effective Internal Control system with reference to Financial Statements. The Audit Committee of the Board of Directors reviews the adequacy and effectiveness of the Internal Control System. The Company's internal Control System is commensurate with its size, scale and complexities of its operations.

### Vigil Mechanism

The Company has a Vigil Mechanism / Whistle Blower policy to report genuine concerns and grievances. Protected disclosures can be made by a whistle blower through an email or dedicated telephone line or a letter to the Chairman of the Audit Committee. Website: [https://www.kancotea.in/pdf/Code%20of%20Conduct/VIGIL%20MECHANISM\\_WHISTLE%20BLOWER%20POLICY.PDF](https://www.kancotea.in/pdf/Code%20of%20Conduct/VIGIL%20MECHANISM_WHISTLE%20BLOWER%20POLICY.PDF)

### Stock Exchange

During the year under review, 51,22,827 equity shares of face value of Rs. 10/- each fully paid-up of the Company were listed and admitted to dealings on the Bombay Stock Exchange Limited in the list of X Group with effect from 8th March, 2018.

## Directors' Report *(Contd.)*

At present, the Company's equity shares are listed at the Calcutta Stock Exchange Limited (Scrip Code-10014107) and Bombay Stock Exchange Limited (Scrip Code- 541005). Listing Fees for the financial year 2018-2019 has been paid.

### Management Discussion and Analysis

Management Discussion and Analysis Report for the year under review, as stipulated under Regulation 34(3) read with Schedule V to Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 is annexed herewith marked as Annexure E to this report.

### Corporate Governance

The Report on Corporate Governance provisions in accordance with the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 is annexed herewith marked as Annexure F to this report.

### Transfer to Investor Education and Protection Fund

During the year under review, the declared dividend (2009-2010) which remained unpaid or unclaimed for a period of seven years has been duly transferred by the Company to the Investor Education and Protection Fund (IEPF). Further, all shares in respect of which dividend remained unpaid or unclaimed for consecutive seven years the corresponding shares were also transferred to the Demat Account of IEPF Authority.

Dividend which has remained unpaid or unclaimed out of the dividend declared by the Company for the year ended 31st March, 2011 will be transferred to the Investor Education and Protection Fund ("IEPF"), pursuant to Sections 124 and 125 of the Companies Act, 2013.

Pursuant to Section 124(6) of the Companies Act, 2013 read with Rule 6 of the Investor Education and Protection Fund Authority (Accounting, Audit, Transfer and Refund) Rules, 2016 (the "IEPF Rules") as amended, the equity shares corresponding to the dividend for the financial year ended 31st March, 2011 onwards has remained unpaid or unclaimed for seven consecutive years will also be transferred to the demat account of the IEPF Authority.

Thereafter no claim shall lie on the Company for the said unpaid or unclaimed dividend and equity shares. Shareholders will have to make their claims with the IEPF Authority following the appropriate rules in this regard.

List of shareholders whose dividend remains unclaimed till the date of AGM held on 3rd August, 2017 is available on the Company's website "www.kancotea.in".

### Disclosure under the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013

No complaints have been received during the year under review by the respective Internal Complaints Committee.

### Details pertaining to remuneration as required under section 197(12) of the Companies Act, 2013 read with rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014

- (i) The percentage increase in remuneration of each Director, Chief Financial Officer and Company Secretary during the financial year 2017-2018 and the ratio of the remuneration of each Director to the median remuneration of the employees of the Company for the financial year 2017-2018 are as under:

Sl. No.	Name of Director / KMP and Designation	Remuneration of Director/ KMP for financial year 2017-2018 (₹ In Thousands)	% increase in Remuneration in the F.Y. 2017-2018	Ratio of remuneration of each Director to median remuneration of employees
1.	Mrs. Anuradha Kanoria, Whole-time Director	3742.20	-1.50%	16.09
2.	Ms. Charulata Kabra, Company Secretary	1044.06	24.40%	4.49
3.	Mr. S. K. Parhi, Chief Financial Officer	2023.00	6.68%	8.70
4.	Mr. Umang Kanoria, Non-Executive Director	105.00	40.00%	0.45

## Directors' Report *(Contd.)*

Sl. No.	Name of Director / KMP and Designation	Remuneration of Director/ KMP for financial year 2017-2018 (₹ In Thousands)	% increase in Remuneration in the F.Y. 2017-2018	Ratio of remuneration of each Director to median remuneration of employees
5.	Mr. Golam Momen, Independent Director	0.90	50.00%	0.39
6.	Mr. Navin Nayar, Independent Director	90.00	50.00%	0.39
7.	Mr. G.R.Banka, Non-Executive Director	120.00	60.00%	0.52

- ii) The median remuneration of employees of the Company during the financial year was ₹ 2,32,632/-
- iii) the percentage increase in median remuneration of the employees of the Company- 18.29 %
- iv) Number of permanent employees on the rolls of the Company- 2430
- v) Average percentile increase already made in the last financial year
- In the salaries of employees other than the managerial personnel- 38.20%
  - Percentile increase in the managerial remuneration- 3.54%
  - Justification for such increase in remuneration & exceptional circumstances for increase in the managerial remuneration – The Company took over Bamonpookrie Tea Estate w.e.f. March,2017 and therefore there is an increase of 38.20% in the salaries of employees other than the managerial personnel. The fixed part of salary paid to Whole-time Director is as per the agreement signed pursuant to passing of resolution by the members at the general meeting. The increase in salary of KMP other than Whole-time Director is as per experience, qualification, market trends and industry bench mark.
- vi) Key parameters for any variable component of remuneration availed by the directors- ₹ Nil for the year under review.
- vii) Ratio of remuneration of the highest paid director to that of the employees who are not directors but receive remuneration in excess of the highest paid director during the year- Not applicable as there are no employees receiving higher remuneration than the highest paid director.
- xi) It is hereby affirmed that the remuneration paid to the directors, key managerial personnel and other employees is as per the remuneration policy of the company.

Note- Liability for gratuity and leave encashment as required by Indian Accounting Standard 19( Ind AS-19) is provided on actuarial valuation report for the Company as a whole. The amount pertaining to individual employee is not ascertainable and therefore not included in the above calculation.

- B.** Disclosures pertaining to remuneration and other particulars as prescribed under the provisions of Section 197 of the Act read with Rule 5 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules 2014 are annexed herewith marked as Annexure G to this report.

### Acknowledgement

Your Directors place on record their appreciation for the cooperation and support extended by the Employees, Banks/ Financial Institutions and all other business partners.

For and on behalf of the Board of Directors

Place: Kolkata  
Dated: 26<sup>th</sup> May, 2018

U. Kanoria  
Chairman & Director  
DIN: 00081108

## Directors' Report *(Contd.)*

Annexure A

Form No. MGT-9

### EXTRACT OF ANNUAL RETURN

As on the financial year ended on 31.03.2018  
 [Pursuant to section 92(3) of the Companies Act, 2013 and rule 12(1) of the Companies  
 (Management and Administration) Rules, 2014]

#### I. REGISTRATION AND OTHER DETAILS:

- |  |   |
|--|---|
| (i) CIN:   | L15491WB1983PLC035793   |
| (ii) Registration Dates:   | 07.02.1983  |
| (iii) Name of the Company:   | Kanco Tea & Industries Limited  |
| (iv) Category / sub-category of the Company:                                     | Public Company / Limited by shares  |
| (v) Address of the Registered office and Contact details:                        | Jasmine Tower, 3 <sup>rd</sup> Floor, 31, Shakespeare Sarani<br>Kolkata - 700017<br>Telefax: 033-22815217<br>E-mail Id: contact@kancotea.in                     |
| (vi) Whether listed company :  | Yes   |
| (vii) Name, Address and Contact details of Registrar and Transfer Agent, if any: | C.B. Management Services (P) Ltd.<br>P-22, Bondel Road, Kolkata – 700019<br>Phone: 033-40116700,22806692-94<br>Fax No.: 033-22870263<br>Email id: rta@cbmsl.com |

#### II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

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

Sl. No.	Name and Description of the main products / services	NIC Code of the Product / service	% of total turnover of the Company
1.	Growing of Tea and Processing of Tea	01271; 10791	94.55

#### III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES

Name & Address of the Company	CIN	Holding / Subsidiary/ Associate	% of shares held*	Applicable Section
Winnow Investments and Securities Private Limited Jasmine Tower, 3rd Floor, 31 Shakespeare Sarani, Kolkata-700017	U65910WB2015PTC205912	Subsidiary	100.00	2(87)(ii)



## Directors' Report (Contd.)

(b)	Individuals										
	(i)	Individual shareholders holding nominal share capital upto `1 lakh	206603	77273	283876	16.62	555940	165106	721046	14.07	(2.55)
	(ii)	Individual shareholders holding nominal share capital in excess of `1 lakh	86125	68500	154625	9.06	333400	219600	553000	10.80	1.74
(c)	Others (specify)										
		NRIs/OCBs	335	-	335	0.02	1355	-	1355	0.03	0.01
		Clearing Member	-	-	-	-	675	-	672	0.01	0.01
		Unclaimed Shares	900	18361	19261	1.13	12558	-	12558	0.25	(0.88)
		IEPF	-	-	-	-	91923	-	91923	1.79	1.79
		<b>Sub-Total (B)(2)</b>	<b>334644</b>	<b>164881</b>	<b>499525</b>	<b>29.25</b>	<b>1112009</b>	<b>386566</b>	<b>1498575</b>	<b>29.25</b>	<b>-</b>
		<b>Total Public Shareholding (B)=(B)(1)+(B)(2)</b>	<b>339918</b>	<b>166397</b>	<b>506315</b>	<b>29.65</b>	<b>1127831</b>	<b>391114</b>	<b>1518945</b>	<b>29.65</b>	<b>-</b>
C.	Shares held by Custodians for GDRs & ADRs		-	-	-	-	-	-	-	-	-
		<b>GRAND TOTAL (A)+(B)+(C)</b>	<b>1541212</b>	<b>166397</b>	<b>1707609</b>	<b>100.00</b>	<b>4731713</b>	<b>391114</b>	<b>5122827</b>	<b>100.00</b>	<b>-</b>

### (ii) Shareholding of Promoters

Sl. No	Shareholders Name Name of the Shareholder	Shareholding at the beginning of the year			Shareholding at the end of the year			
		No of Shares	% of total Shares of the company	% of Shares pledged/encumbered to total shares	No of Shares	% of total Shares of the company	% of Shares pledged/encumbered to total shares	% Change in shareholding during the year
1	Stuti Kanoria	68574	4.02	-	205722	4.02	-	-
2	Anuradha Kanoria	183147	10.73	-	549441	10.73	-	-
3	Satvik Kanoria	95541	5.60	-	286623	5.60	-	-
4.	Umang Kanoria (HUF)	155535	9.11	-	466605	9.11	-	-
5.	Satvik Welfare Trust	249300	14.60	-	747900	14.60	-	-
6.	E.T Resources Private Limited	292541	17.13	-	877623	17.13	-	-
7.	S.T Investment Private Limited	27006	1.58	-	81018	1.58	-	-
8.	Innova Properties Private Limited	12000	0.70	-	36000	0.70	-	-
9.	Facitcon Investments Private Limited	86650	5.07	-	259950	5.07	-	-
10	Nidhi Private Limited	31000	1.81	-	93000	1.81	-	-
	<b>TOTAL</b>	<b>1201294</b>	<b>70.35</b>	<b>-</b>	<b>3603882</b>	<b>70.35</b>	<b>-</b>	<b>-</b>

## Directors' Report *(Contd.)*

### (iii) Change in Promoters' Shareholding (Please specify, if there is no change): No Change

Sl. No.	Particulars	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of Shares	% of total Shares of the Company	No. of Shares	% of total Shares of the Company
1	Stuti Kanoria				
	At the beginning of the year	68574	4.02	68574	4.02
	Increase in Shares- Bonus shares on 24.08.2017	137148	-	205722	4.02
	At the end of the year			205722	4.02
2	Anuradha Kanoria				
	At the beginning of the year	183147	10.73	183147	10.73
	Increase in Shares- Bonus shares on 24.08.2017	366294	-	549441	10.73
	At the end of the year			549441	10.73
3	Satvik Kanoria				
	At the beginning of the year	95541	5.60	95541	5.60
	Increase in Shares- Bonus shares on 24.08.2017	191082	-	286623	5.60
	At the end of the year			286623	5.60
4	Umang Kanoria (HUF)				
	At the beginning of the year	155535	9.11	155535	9.11
	Increase in Shares- Bonus shares on 24.08.2017	311070	-	466605	9.11
	At the end of the year			466605	9.11
5	Satvik Welfare Trust				
	At the beginning of the year	249300	14.60	249300	14.60
	Increase in Shares- Bonus shares on 24.08.2017	498600	-	747900	14.60
	At the end of the year			747900	14.60
6	E.T Resources Private Limited				
	At the beginning of the year	292541	17.13	292541	17.13
	Increase in Shares- Bonus shares on 24.08.2017	585082	-	877623	17.13
	At the end of the year			877623	17.13
7	S.T Investment Private Limited				
	At the beginning of the year	27006	1.58	27006	1.58
	Increase in Shares- Bonus shares on 24.08.2017	54012	-	81018	1.58
	At the end of the year			81018	1.58
8	Innova Properties Private Limited				
	At the beginning of the year	12000	0.70	12000	0.70
	Increase in Shares- Bonus shares on 24.08.2017	24000	-	36000	0.70
	At the end of the year			36000	0.70
9	Facitcon Investments Private Limited				
	At the beginning of the year	86650	5.07	86650	5.07
	Increase in Shares- Bonus shares on 24.08.2017	173300	-	259950	5.07
	At the end of the year			259950	5.07
10	Nidhi Private Limited				
	At the beginning of the year	31000	1.82	31000	1.82
	Increase in Shares- Bonus shares on 24.08.2017	62000	-	93000	1.82
	At the end of the year			93000	1.82

## Directors' Report *(Contd.)*

### (iv) Shareholding Pattern of top ten Shareholders (other than Directors, Promoters and Holders of GDRs and ADRs):

Sl. No.	Particulars Name of the Shareholder	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of Shares	% of total Shares of the Company	No. of Shares	% of total Shares of the Company
1	Subramanian P				
	At the beginning of the year	61140	3.58	61140	3.58
	Purchase of shares on 21.07.2017	1473		62613	3.67
	Purchase of shares on 4.08.2017	1480		64093	3.75
	Purchase of shares on 11.08.2017	386		64479	3.78
	Purchase of shares on 18.08.2017	211		64690	3.79
	Increase in Shares- Bonus shares on 24.08.2017	129380		194070	3.79
At the end of the year			194070	3.79	
2	Manoj Bajaj HUF				
	At the beginning of the year	27500	1.61	27500	1.61
	Increase in Shares- Bonus shares on 24.08.2017	55000	-	82500	1.61
	At the end of the year			82500	1.61
3	Gauri Shankar Bajaj HUF				
	At the beginning of the year	26000	1.52	26000	1.52
	Increase in Shares- Bonus shares on 24.08.2017	52000	-	78000	1.52
	At the end of the year			78000	1.52
4	Wind Power Vinimay Private Limited				
	At the beginning of the year	20895	1.22	20895	1.22
	Increase in Shares- Bonus shares on 24.08.2017	41790	-	62685	1.22
	At the end of the year			62685	1.22
5	Manoj Bajaj				
	At the beginning of the year	15000	0.88	15000	0.88
	Increase in Shares- Bonus shares on 24.08.2017	30000	-	45000	0.88
	At the end of the year			45000	0.88
6	Dr Ramesh Chimanlal Shah				
	At the beginning of the year	13659	0.80	13659	0.80
	Sale of shares on 7.07.2017	500		13159	0.77
	Increase in Shares- Bonus shares on 24.08.2017	26318		39477	0.77
	Sale of shares on 12.01.2018	1477		38000	0.74
	Sale of shares on 16.03.2018	35		37965	0.74
	At the end of the year			37965	0.74
7	Subhas Punamchand Shah				
	At the beginning of the year	11326	0.66	11326	0.66
	Increase in Shares- Bonus shares on 24.08.2017	22652		33978	0.66
	At the end of the year			33978	0.66
8	Saifuddin Fakhruddin Miyajiwala				
	At the beginning of the year	10000	0.59	10000	0.59
	Sale of shares on 27.07.2017	1000		9000	0.53
	Increase in Shares- Bonus shares on 24.08.2017	18000		27000	0.53
	Sale of shares on 1.12.2017	6000		21000	0.41
	Sale of shares on 2.03.2018	700		20300	0.40
	Sale of shares on 23.03.2018	1958		18342	0.36
At the end of the year			18342	0.36	

**Directors' Report** (Contd.)

Sl. No.	Particulars	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		Name of the Shareholder	No. of Shares	% of total Shares of the Company	No. of Shares
9	Daya Shanker Shukla				
	At the beginning of the year	5396	0.32	5396	0.32
	Sale of shares on 4.08.2017	1800		3596	0.21
	Increase in Shares- Bonus shares on 24.08.2017	7192		10788	0.21
	Sale of shares on 27.07.2017	4500		6288	0.12
	At the end of the year			6288	0.12
10	Sudhir N				
	At the beginning of the year	5141	0.30	5141	0.30
	Sale of shares on 16.06.2017	320		4821	0.28
	Sale of shares on 23.06.2017	4054		767	0.04
	Increase in Shares- Bonus shares on 24.08.2017	1534		2301	0.04
	Sale of shares on 01.09.2017	513		1788	0.03
	Sale of shares on 10.11.2017	254		1534	0.03
	At the end of the year			1534	0.03
11.	Pista Bai				
	At the beginning of the year	0	0.00	0	0.00
	Purchase of Shares 29.12.2017	1214		1214	0.02
	Purchase of Shares 29.12.2017	13171		14385	0.28
	Purchase of Shares 29.12.2017	8645		23030	0.45
At the end of the year			23030	0.45	
12	Deepak Nangalia				
	At the beginning of the year	5107	0.30	5107	0.30
	Increase in Shares- Bonus shares on 24.08.2017	10214		15321	0.30
	At the end of the year			15321	0.30

**(v) Shareholding of Directors and Key Managerial Personnel:**

Sl. No	Particulars	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		Name of the Directors/ Key Managerial Personnel (KMP)	No. of Shares	% of total Shares of the Company	No. of Shares
	DIRECTORS				
1.	Golam Momen				
	At the Beginning of the year	65	0.00	65	0.00
	Increase in Shares- Bonus shares on 24.08.2017	130	-	195	0.00
	At the end of the year			195	0.00
	KEY MANAGERIAL PERSONNEL				
1.	Anuradha Kanoria				
	At the Beginning of the year	183147	10.73	183147	10.73
	Increase in Shares- Bonus shares on 24.08.2017	366294	-	549441	10.73
	At the end of the year			549441	10.73
2.	Subhra Kanta Parhi				
	At the Beginning of the year	30	0.00	30	0.00
	Increase in Shares- Bonus shares on 24.08.2017	60	-	90	0.00
	At the end of the year			90	0.00

## Directors' Report *(Contd.)*

### V. INDEBTEDNESS

Indebtedness of the Company including interest outstanding/accrued.

(₹ in thousands)

Secured Loans excluding deposits	Secured Loans excluding deposits	Unsecured Loans	Total Indebtedness
<b>Indebtedness at the beginning of the financial year</b>			
(i) Principal Amount	2,98,540.58	74,563.95	3,73,104.53
(ii) Interest due but not paid	3,166.35	-	3,166.35
<b>Total (i+ii)</b>	<b>3,01,706.93</b>	<b>74,563.95</b>	<b>3,76,270.88</b>
<b>Change in Indebtedness during the financial year</b>			
Addition	46,070.88	1,997.80	48,068.68
Reduction	-	-	-
<b>Net Change</b>	<b>46,070.88</b>	<b>1,997.80</b>	<b>48,068.68</b>
<b>Indebtedness at the end of the financial year</b>			
(i) Principal Amount	3,25,210.57	74,548.95	3,99,759.52
(ii) Interest due but not paid	22,567.24	2,012.80	24,580.04
<b>Total (i+ii)</b>	<b>3,47,777.81</b>	<b>76,561.75</b>	<b>4,24,339.56</b>

The above figures have been recasted on account of transition from the previous Indian GAPP to Ind AS.

### VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

#### A. Remuneration to Managing Director/ Whole time Director and/or Manager:

Sl. No.	Particulars of Remuneration	Name of Whole Time Director- Anuradha Kanoria	Total Amount
1.	Gross Salary		
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	3,100.00	3,100.00
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	270.20	270.20
	(c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961	-	-
2.	Stock Option	-	-
3.	Sweat Equity	-	-
4.	Commission		
	- as % of profit	-	-
	- others, specify	-	-
5.	Employer Contribution to PF & Other Funds	372.00	372.00
	<b>Total (A)</b>	<b>3,742.20</b>	<b>3,742.20</b>
	Ceiling as per the Act	8,400	8,400

## Directors' Report *(Contd.)*

### B. Remuneration of other Directors:

(₹ in thousands)

Sl. No.	Particulars of Remuneration	Name of Directors		Total Amount
		Golam Momen	Navin Nayar	
1.	<b>Independent Directors</b>			
	Fee for attending Board/ Committee meetings	90.00	90.00	180.00
	Commission	-	-	-
	Others (please specify)	-	-	-
	Total (1)	90.00	90.00	180.00
2.	<b>Other Non-Executive Directors</b>	<b>Umang Kanoria</b>	<b>Govind Ram Banka</b>	
	Fee for attending Board/ Committee meetings	105.00	120.00	225.00
	Commission	-	-	-
	Others (please specify)	-	-	-
	Total (2)	105.00	120.00	225.00
	Total (B)= (1+2)	195.00	210.00	405.00
	Total Managerial Remuneration			
	Overall Ceiling as per the Act			8,400/-

### C. Remuneration to Key Managerial Personnel other than WTD

Sl. No.	Particulars of Remuneration	Key Managerial Personnel		Total
		Charulata Kabra Company Secretary	S.K.Parhi CFO	
1.	Gross Salary			
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	972.78	1,699.00	2,671.78
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	-	-	-
	(c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961	-	-	-
2.	Stock Option	-	-	-
3.	Sweat Equity	-	-	-
4.	Commission			
	- as % of profit	-	-	-
	- others, specify	-	-	-
5.	Employer Contribution to PF & Other Funds	71.28	324.00	
	Total	1,044.06	2,023.00	3,067.06

## Directors' Report *(Contd.)*

### VII. PENALTIES/PUNISHMENT/COMPOUNDING OF OFFENCES:

Type	Section of the Companies Act	Brief Description	Details of Penalty/ Punishment Compounding fees imposed	Authority [RD/NCLT/COURT]	Appeal made, if any (give details)
<b>A. COMPANY</b>					
Penalty			Nil		
Punishment					
Compounding					
<b>B. DIRECTORS</b>					
Penalty			Nil		
Punishment					
Compounding					
<b>C. OTHER OFFICERS IN DEFAULT</b>					
Penalty			Nil		
Punishment					
Compounding					

For and on behalf of the Board of Directors

Place: Kolkata  
Dated: 26th May, 2018

U. Kanoria  
Chairman & Director  
DIN: 00081108

## Directors' Report *(Contd.)*

### Annexure B

#### SECRETARIAL AUDIT REPORT

FOR THE FINANCIAL YEAR ENDED 31.03.2018

*[Pursuant to Section 204(1) of the Companies Act, 2013 and Rule No. 9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014]*

**To**  
**The Members,**  
**Kanco Tea & Industries Limited**

We have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by **Kanco Tea & Industries Limited**. (hereinafter called "the Company").

Secretarial Audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conducts/ statutory compliances and expressing our opinion thereon.

Based on our verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, we hereby report that in our opinion, the Company has, during the audit period covering the financial year ended on 31st March 2018, complied with the statutory provisions listed hereunder and also that the Company has proper Board processes and compliance mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

1. We have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on 31st March, 2018, according to the provisions of:
  - (i) The Companies Act, 2013 (the Act) and the rules made thereunder.
  - (ii) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder;
  - (iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;
  - (iv) Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings;
  - (v) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'): -
    - a. The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
    - b. Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;
    - c. The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993, regarding the Companies Act and dealing with client;
    - d. The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009;
2. Provisions of the following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 (SEBI Act) were not applicable to the Company under the financial year under report:
  - a. The Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999;
  - b. The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008;
  - c. The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009; and
  - d. The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998;
3. The Company is in the Tea business owning garden(s) and producing Tea. The following Acts, over and above other laws etc., are applicable to the Company:
  - Assam Tea Plantation Labour Act, 1951.
  - Food Safety and Standards Act, 2006
  - Tea Act, 1953
  - Tea Waste Control (Order) 1959
  - Tea Marketing Control Order, 2003
4. We have also examined compliance with the applicable clauses of the following:
  - (i) Secretarial Standards issued by The Institute of Company Secretaries of India:

## Directors' Report *(Contd.)*

- (ii) The Listing Agreement(s) entered into by the Company with Stock Exchange(s) as required under the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.
5. As per the information and explanations provided by the Company, its officers, agents and authorised representatives during the conduct of secretarial audit, we report that the provisions of the Foreign Exchange Management Act, 1999 and the Rules and Regulations made thereunder to the extent of:
- External Commercial Borrowings were not attracted to the Company under the financial year under report;
  - Foreign Direct Investment (FDI) were not attracted to the company under the financial year under report;
  - Overseas Direct Investment by Residents in Joint Venture / Wholly Owned Subsidiary abroad were not attracted to the company under the financial year under report.
6. During the financial year under report, the Company has complied with the provisions of the Companies Act, 2013 and the Rules, Regulations, Guidelines, Standards, etc., mentioned above subject to the following observation(s):
- Observation(s):**
- With the Company's net profit falling below Rs. 5 crores for three consecutive years, the Company was not required to spend in CSR Activity during the year 2017-2018. The amount carried over from last year (2016-2017) relating to CSR expenditure was spent in CSR Activity in the current financial year i.e 2017-2018 through KANCO - CSR TRUST.
7. As per the information and explanations provided by the company, its officers, agents and authorised representatives during the conduct of Secretarial Audit, we report that the Company has not made any GDRs/ADRs or any Commercial Instrument under the financial year under report.
8. We have relied on the information and representation made by the Company and its Officers for systems and mechanism formed by the Company for compliances under other applicable Acts, Laws, and Regulations to the Company.
9. We further report that:
- The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors. The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act.
  - Adequate notice is given to all directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent at least seven days in advance, and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.
10. We further report that there are adequate systems and processes in the company commensurate with the size and operations of the company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.
11. We further report that:
- The trading permission of the company's equity shares on BSE Limited platform which was suspended due to procedural reason by the BSE Limited w.e.f. 8th March, 2017, resumed again from 26th April 2017 under Group XD vide Notice No. 20170424-27, dated 24.04.2017.
  - The Authorised Share Capital of the Company was increased from existing Rupees Three Crores to Rupees Seven Crores (divided into Sixty Lakh Equity Shares of ₹ 10/- each and One Lakh Non-Cumulative Redeemable Preference Shares of ₹ 100/- each) by creation of additional Forty Lakh Equity Shares of ₹ 10/- each ranking paripassu in all respect with the existing equity shares of the Company.
  - The Board issued 2 (Two) Equity Shares of ₹ 10/- as Bonus for every 1 (One) fully paid-up Equity Share of ₹ 10/- each and capitalised ₹ 3,41,52,180/- from the General Reserves of the Company, pursuant to the resolution of the shareholders passed at the 34th Annual General Meeting of the Company held on 3rd August, 2017.
  - An amount of ₹ 71,498 lying unclaimed for a period of seven years in the Equity Dividend A/c for the year 2009-2010 was transferred to IEPF. Further 91,923 equity shares of ₹ 10/- each in respect of which dividend had remained unpaid or unclaimed for consecutive seven years was transferred to IEPF.
  - The Company applied for and obtained Registration of Trade Marks under the Trade Marks Act, 1999-
    - Mackeypore and Lakmijan mark.
    - Krshnavi for packet tea with intent to use basis.
  - Also 51,22,827 equity shares of face value of ₹ 10/- each fully paid-up of the Company are listed and admitted to dealings on the Bombay Stock Exchange Limited in the list of X Group under Scrip Code: 541005, with effect from 8th March, 2018.

## Directors' Report *(Contd.)*

- g. The Corporate Governance provisions as specified in Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, have become applicable w.e.f 1st October, 2017 as the Company's networth as on 30th September 2017 has exceeded ₹ 25 Crores.

For PS & Associates  
Sd/- Priti Todi  
(Priti Todi)  
Partner  
C.P.No.: 7270, ACS:14611

Place: Kolkata  
Date: 26/05/2018

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### 'Annexure A'

To,  
The Members  
**Kanco Tea & Industries Limited**

Our report of even date is to be read along with this letter.

1. Maintenance of Secretarial record is the responsibility of the management of the Company. Our responsibility is to express an opinion on these secretarial records based on our audit.
2. We have followed the audit practices and process as were appropriate to obtain reasonable assurance about the correctness of the contents of the Secretarial records. The verification was done on test basis to ensure that correct facts are reflected in Secretarial records. We believe that the process and practices, we followed provide a reasonable basis for our opinion.
3. We have not verified the correctness and appropriateness of financial records and Books of Accounts of the Company.
4. Where ever required, we have obtained the Management representation about the Compliance of laws, rules and regulations and happening of events etc.
5. The Compliance of the provisions of Corporate and other applicable laws, rules, regulations, standards are the responsibility of management. Our examination was limited to the verification of procedure on test basis.
6. The Secretarial Audit report is neither an assurance as to the future viability of the Company nor of the efficacy or effectiveness with which the management has conducted the affairs of the Company.

For PS & Associates  
Sd/- Priti Todi  
(Priti Todi)  
Partner  
C.P.No.: 7270, ACS:14611

Place: Kolkata  
Date: 26/05/2018

## Directors' Report *(Contd.)*

### Annexure C

**A statement pursuant to Section 134(3)(m) of the Companies Act, 2013 read with Rule 8(3) of the Companies (Accounts) Rules, 2014 on conservation of energy, technology absorption, foreign exchange earning & outgoings**

#### a. Conservation of energy-

(i) the steps taken for conservation of energy: -

The Company is aware of the importance of energy conservation in decreasing the inimical effects of global warming and climate change. The Company has undertaken various energy conservation measures for reducing the carbon foot print.

Major energy conservation initiatives taken during the year under review are: -

- The Company had installed 500 KVA fuel efficient DG Set, which will result in saving of KWH per litre of H.S.D..
- The Company had also installed 800 KVA Energy Efficiency Transformer conforming to IS1180 Level 1, which will result in less distribution loss of electricity units.
- One no. 800KVA VCB was installed for efficient utilization of grid and to tackle with low voltage supply.
- The Company is replacing CFL Bulbs with LED Bulbs in a phased manner

(ii) the steps taken by the company for utilising alternate sources of energy: -

The Company's factory is situated in north east India, where the solar irradiation and wind speed is lower than rest of India. The cost of installation of solar power & wind power is also too high at present. The Company will consider installation of the same as and when the cost becomes economical.

(iii) the capital investment on energy conservation equipment: -

The Company has capitalized ₹ 57,94,321/- on energy conservation equipment during the year under review.

#### b. Technology absorption-

(i) **the efforts made towards technology absorption**

The Company has three tea estates in state of Assam and manufactures tea at its factory. The cultivation of tea is basically an agricultural operation. The Company is improving the field practices at field and the manufacturing process at factory indigenously.

The Company has adopted the following to mitigate the shortage of workers and reduce the cost of production: -

- JCB is used for uprooting of old tea bushes
- Tractor Mounted Pit Digger and Augor is used for digging holes for planting of teas in uprooted areas.
- Tea Pruners and Power Sprayers are used for pruning and spraying of pesticides.

The Company processes of vermicomposting at its tea estates to reduce the use of chemical fertilizers.

(ii) **the benefits derived like product improvement, cost reduction, product development or import substitution**

The Company has derived benefit in terms of reducing cost of production, mitigating shortage of labour to some extent and improvement in quality of work.

(iii) **in case of imported technology (imported during the last three years reckoned from the beginning of the financial year) - Not Applicable**

(iv) **the expenditure incurred on Research and Development**

The Company subscribes to Tea Research Association which is registered under Section 35(1) (ii) of the Income Tax Act, 1961, to carry out R&D work for Tea industry and their expert advice is also taken through visits by their Advisory Officers to the estates from time to time.

The Company has given a subscription of ₹ 7,11,444/- to Tea Research Association during the year under review.

## Directors' Report

### c. Foreign exchange earnings and Outgo

The Company has not made any direct export but its teas are sold to merchant exporters. The Company continues its efforts to find a suitable market for direct export of its teas.

Particulars	₹ in Thousand
1. Foreign Exchange earned in terms of Actual Inflows	Nil
2. Foreign Exchange Outgo	4,205.50

For and on behalf of the Board of Directors

U. Kanoria

*Chairman & Director*

DIN: 00081108

Place: Kolkata

Dated: 26th May, 2018

## Directors' Report *(Contd.)*

### Annexure D

#### CORPORATE SOCIAL RESPONSIBILITY (CSR)

[Pursuant to clause (o) of sub-section (3) of section 134 of the Act and Rule 9 of the Companies (Corporate Social Responsibility) Rules, 2014]

1. A brief outline of the Company's CSR policy, including overview of projects or programs proposed to be undertaken and a reference to the web-link to the CSR policy and projects or programs: Kanco Tea & Industries Limited (KTIL) is conscious of its social responsibilities and the environment in which it operates. The Company has framed a CSR policy in compliance with the provisions of the Companies Act, 2013 and the same is placed on the Company's website and the weblink for the same is <http://kancotea.in/pdf/Code%20of%20Conduct/CSR%20POLICY.PDF>.
2. The Composition of the CSR Committee: Mr. Umang Kanoria (Chairman)  
Mr. Govind Ram Banka  
Mr. Navin Nayar
3. Average net profit of the company for last three financial years: The Company has ceased to be a company covered under Section 135(1) of the Companies Act, 2013 with its net profit falling below ₹ 5 crores for three consecutive years.
4. Prescribed CSR Expenditure (two per cent of the amount as in item 3 above): N.A
5. Details of CSR spent during the financial year:
  - (a) Total amount to be spent for the financial year: ₹ 2,00,802/- being amount unspent in the previous year 2016-2017.
  - (b) Amount unspent, if any: Nil
  - (c) Manner in which the amount spent during the financial year is detailed below.

Sl. No	CSR project or activity identified	Sector in which the Project is covered	Projects or programs (1) Local area or other (2) Specify the State and district where projects or programs was undertaken	Amount outlay (budget) project or programs wise  (₹)	Amount spent on the projects or programs Sub – heads: (1) Direct expenditure on projects or programs (2) Overheads  (₹)	Cumulative expenditure upto to the reporting period  (₹)	Amount spent : Direct or through implementing agency
1	The Company is undertaking its CSR activity through KANCO -CSR TRUST.	promoting health care through better sanitation	Town: Nazira, District: Sivasagar (Assam)	2,00,802/-	2,04,000/-	2,04,000/-	Amount spent through KANCO-CSR TRUST(Registered Trust) formed by the Company for carrying out CSR activities
	<b>TOTAL</b>			<b>2,00,802/-</b>	<b>2,04,000/-</b>	<b>2,04,000/-</b>	

6. The CSR Committee confirms the implementation and monitoring of CSR Policy, is in compliance with CSR objectives and Policy of the Company.

For and on behalf of the Board of Directors

U. Kanoria  
DIN:00081108

Chairman- CSR Committee

A. Kanoria  
DIN:00081172

Whole-time Director

Kolkata, 26<sup>th</sup> May, 2018

## Directors' Report *(Contd.)*

### Annexure E

#### MANAGEMENT DISCUSSION AND ANALYSIS REPORT

##### Overview

The Company being a producer of premium quality teas has been able to cater to the needs of its valued customers. The Company being in quality segment will gain from increase in average realization of quality teas.

##### a) Industry structure and developments:

The major growing countries witnessed increase in crop during Calendar year 2017. India being the largest producer of black tea, produced 1325.05 million kgs of tea as against 1250.49 million kgs of tea during the year ended 31st March, 2017. The all India auction average price was ₹132.66 as against ₹133.51 during the year ended 31st March, 2016. (Source: Tea Board of India).

The Tea Industry is divided into two segments viz, top quality segment and medium & low segment. The market for all segments is higher during the current year. However, with increasing awareness about quality among consumers, there has been a rise in demand for quality teas and as a result the prices of quality teas continue to remain remunerative.

##### b) Opportunities & Threats:

India is the world's second largest tea consumer and the per capita consumption of teas in India is increasing every year. The customers nowadays prefer quality tea and willing to pay more for the same. Increasing consumer awareness for quality, branding and promotion will have positive impact on prices in domestic market.

The share of the organised section in Indian Tea Industry has declined significantly. The inferior quality and lower cost of production of teas produced by small growers, climate change, stiff competition from Kenya, Srilanka, China over pricing in export market and shortage of labour poses a threat to the Industry.

##### c) Segment analysis and review:

Particulars	Units	April 2017 to March 2018	April 2016 to March 2017	% Change
Production of Black Tea	Kgs	28,34,921	21,77,909	30.17%
Sale of Black Tea	Kgs	29,20,668	21,46,452	36.06%
Average Realisation	₹/Kg.	181.59	185.34	(2.02)%
Profit before Interest but after Depreciation	₹ in Lakhs	444.70	303.37	46.58%

##### d) Outlook:

The Current season has started with unfavourable weather conditions. However the price of teas in all segments are higher compared to last year and this trend should continue till end of the year. Substantial increase of crop in Kenya will affect export and dent the price realisation. The increase in wage as and when declared by Government of Assam will result in higher cost of production there by affecting the working results.

##### e) Risks & Concerns:

The tea Industry is largely dependent on vagaries of weather and weather plays a major role in determining the final output of produce. Both excess and scarcity of rainfall play havoc with the final output of produce.

The Tea Industry is highly labour intensive and is subject to stringent labour laws. The cost of production is substantially higher compared to other tea producing countries due to high labour wage and social cost. Any further increase in wage will substantially hit the bottom line.

The share of unorganized section in Indian Tea Industry is increasing year to year basis and their cost of production is significantly lower than organised section because they operate in a totally different cost structure.

To mitigate various type of risks that the Company has to face, the Board of Directors of the Company has adopted a Risk Management Policy and implemented the same.

## Directors' Report *(Contd.)*

### f) Internal control systems and their adequacy:

The Company has adequate system of internal controls and necessary checks and balances are introduced/ strengthened so as to ensure:-

- a) that its assets are safeguarded and protected against losses.
- b) that all transactions are authorised, recorded and reported properly.
- c) that accounting records are properly maintained and its financial statements are reliable.

The significant findings, if any, are placed before the Audit Committee of the Board and corrective measures are recommended for implementation. The Company appoints external firms of Auditors to conduct internal audit and their reports are reviewed by the management and the Audit Committee.

### g) Discussion on financial performance with respect to operational performance:

The results were affected due to stagnant price realisation & crop and also due to impact of higher interest burden. The Company is hopeful of achieving a higher output in the current year considering the work done at our tea estates.

### h) Information regarding Human Resources/Industrial Relations:

The Company is an ISO 9001:2015 certified Company. The Company has a favourable working environment that motivates performance, customer focus and innovation and adheres to the highest degree of quality and integrity amongst employees. Industrial relations at the Company remain cordial. Manpower employed with the Company as at 31st March, 2018 was 2430 compared to 2437 as on 31st March, 2017.

### Cautionary Statement

The statements in this report describing the company's policy, strategy, projections, estimation and expectations may appear forward looking statements within the meaning of applicable securities laws or regulations. These statements are based on certain assumptions and expectations of future events and the actual results could materially differ from those expressly mentioned in this Report or implied for various factors including those mentioned in the paragraph "Risks and Concerns" herein above and subsequent developments, information or events.

For and on behalf of the Board of Directors

Place: Kolkata  
Dated: 26th May, 2018

U. Kanoria  
*Chairman & Director*  
DIN: 00081108

## Directors' Report *(Contd.)*

### Annexure F

#### REPORT ON CORPORATE GOVERNANCE

In compliance with Regulation 34(3) and Schedule V of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements), a Report on Corporate Governance for the financial year 2017-2018 is as below:

#### 1. Company's Corporate Governance Philosophy

The Company's corporate culture vests in the strictest standards of integrity and transparency by adhering to the policies laid down by the Board of Directors comprising of Industrialists and Professionals. The corporate governance is based on the two most important principles of team-work and professionalism where the Shareholders, Customers, Financial Institutions/Banks, Employees and other Stakeholders are the main constituents of the 'team'. The Company has adopted a Code of Conduct for the Independent Directors, Senior Management and other Employees of the Company and a Vigil Mechanism/Whistle Blower Policy is in place for the employees of the Company under the Chairmanship of the Audit Committee Chairman.

The Company places great emphasis on values such as empowerment and integrity of its employees. The Company is committed to transparency in decision making process, fair and ethical dealings with all its business associates and last but not the least, accountability to all the stakeholders.

The Company's business objective is to manufacture and market the products where quality deservingly receives all the attention on a consistent basis with the ultimate aim of bringing full satisfaction to all concerned.

#### 2. Board of Directors

Composition, Attendance at the Board Meetings and the last Annual General Meeting ('AGM'), Outside Directorships and other Board Committees:

Name of Directors	Promoter/ Executive/Non-Executive Independent	No. of other directorships <sup>a</sup>	No. of other Committee Membership <sup>b</sup>	No. of other Committee Chairmanships <sup>b</sup>	Attendance at previous AGM on 3/08/2017	No. of Board Meetings attended
Mr. Umang Kanoria	Promoter & Non-Executive	5	5	2	Present	5
Mrs. Anuradha Kanoria <sup>c</sup>	Promoter & Executive	--	--	--	Present	4
Mr. Golam Momen	Non- Executive & Independent	5	4	1	Present	6
Mr. Govind Ram Banka	Non- Executive	2	-	-	Present	8
Mr. Navin Nayar	Non- Executive & Independent	6	2	1	Present	6
Mr. Om Kaul <sup>d</sup>	Non- Executive & Independent	1	1	-	--	--

(a) Directorship of Public Limited Companies only.

(b) Chairmanship/Membership of Audit Committee & Stakeholders Relationship Committee only

(c) Mr. Umang Kanoria and Mrs. Anuradha Kanoria are related as spouse.

(d) Mr. Om Kaul was appointed as Additional Director in Independent Category with effect from 31st March, 2018.

Details of Directors appointed/reappointed are given in the notice to the Annual General Meeting.

None of the Directors on the Board is a member of more than 10 Committees and Chairman of more than 5 Committees as specified in Regulation 26 of the SEBI (Listing Obligations and Disclosures Requirements) Regulations, 2015. Independent Directors do not serve in more than 7 listed companies.

The details of Familiarisation Programme imparted to Independent Directors can be viewed at <http://kancotea.in/pdf/Code%20of%20Conduct/Policy%20on%20Familiarisation%20Programme.pdf>

#### Meetings of the Board

During the year 2017-2018, the Board of Directors met 8(eight) times on the following dates: 30th May, 2017, 3rd July, 2017, 24th August, 2017, 14th September, 2017, 14th December, 2017, 18th January, 2018, 6th February, 2018 and 31st March, 2018.

## Directors' Report *(Contd.)*

### Information about the Directors seeking reappointment

Mr. Govind Ram Banka (DIN: 00207385) is retiring by rotation and being eligible offered himself for reappointment.

The Board of Directors on 31st March, 2018 have appointed Mr. Om Kaul (DIN: 00020821) as Additional Director in an Independent Director to hold office upto the date of the 35th Annual General Meeting (AGM). The Board has proposed to appoint Mr. Kaul as an Independent Director of the Company, to hold office for five consecutive years from the conclusion of 35th Annual General Meeting till the Annual General Meeting for the financial year ended 31st March, 2023, not liable to retire by rotation subject to the approval of the Members at the ensuing Annual General Meeting,.

Brief resume of the Directors retiring or being appointed / reappointed has been provided in the Explanatory Statement and Annexure to the Notice of the 35th AGM of the Company.

Pursuant to Regulation 17(1A) of SEBI (Listing Obligations and Disclosures Requirements) (Amendment) Regulations, 2018, the Company is seeking approval for the continuation of directorships of Mr. Om Kaul (DIN: 00020821) as Non-Executive Independent Director, Mr. Golam Momen (DIN: 00402662) as Non-Executive Independent Director and Mr. Govind Ram Banka (DIN:00207385) as Non-Executive Director of the Company.

### 3. Audit Committee

Audit Committee of the Board of Directors consists of 3 (three) Directors namely, Mr. Navin Nayar, Non-Executive Independent Director, Mr. Golam Momen, Non-Executive Independent Director and Mr. Govind Ram Banka, Non-Executive Director. All the members of the Audit Committee possess financial/accounting expertise/exposure. The composition, quorum, powers, role and scope are in accordance with Section 177 of the Companies Act, 2013 read with rules made thereunder and the provisions of Regulation 18 of the SEBI (Listing Obligations and Disclosures Requirements) Regulations, 2015.

The Audit Committee acts as a link between the Internal and Statutory Auditors and the Board of Directors. Mr. Navin Nayar, Non-Executive Independent Director is the Chairperson of the Audit Committee. The Company Secretary of the Company acts as the Secretary of the Committee.

### Terms of Reference-Role of Audit Committee

- Oversight of the company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible.
- Recommending to the Board, the appointment, re-appointment and, if required, the replacement or removal of the statutory auditor and the fixation of audit fees.
- Approval of payment to statutory auditors for any other services rendered by the statutory auditors
- Reviewing, with the management, the annual financial statements and auditors' report thereon before submission to the Board for approval, with particular reference to:
  - a. Matters required to be included in the Director's Responsibility Statement to be included in the Board's report in terms of sub-section (2AA) of section 217 of the Companies Act, 1956.
  - b. Changes, if any, in accounting policies and practices and reasons for the same.
  - c. Major accounting entries involving estimates based on the exercise of judgment by management.
  - d. Significant adjustments made in the financial statements arising out of audit findings.
  - e. Compliance with listing and other legal requirements relating to financial statements.
  - f. Disclosure of any related party transactions.
  - g. Qualifications in the draft audit report.
- Reviewing, with the management, the quarterly financial statements before submission to the Board for approval.
- Reviewing, with the management, the statement of uses / application of funds raised through an issue (public issue, rights issue, preferential issue, etc.), the statement of funds utilized for purposes other than those stated in the offer document/prospectus/notice and the report submitted by the monitoring agency monitoring the utilisation of

## Directors' Report *(Contd.)*

proceeds of a public or rights issue, and making appropriate recommendations to the Board to take up steps in this matter.

- Reviewing and monitoring the auditors' independence and effectiveness of audit process.
- Approval or any subsequent modification of transactions of the Company with related parties.
- Scrutiny of Inter Corporate loans and investments.
- Evaluation of Internal Financial Controls and risk management systems
- Reviewing, with the management, performance of statutory and internal auditors, and adequacy of the internal control systems.
- Reviewing the adequacy of internal audit function, if any, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit.
- Discussion with internal auditors any significant findings and follow up there on.
- Reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the Board.
- Discussion with statutory auditors before the audit commences, about the nature and scope of audit as well as post-audit discussion to ascertain any area of concern.
- To look into the reasons for substantial defaults in the payment to the depositors, debenture holders, shareholders (in case of non-payment of declared dividends) and creditors.
- To review the functioning of the Whistle Blower mechanism, in case the same is existing.
- Approval of appointment of CFO (i.e., the whole-time Finance Director or any other person heading the finance function or discharging that function) after assessing the qualifications, experience & background, etc. of the candidate.
- Carrying out any other function as is mentioned in the terms of reference of the Audit Committee.
- Reviewing the following information:
  - Management discussion and analysis of financial condition and results of operations;
  - Statement of significant related party transactions (as defined by the Audit Committee), submitted by management;
  - Management letters / letters of internal control weaknesses issued by the statutory auditors;
  - Internal audit reports relating to internal control weaknesses; and
  - The appointment, removal and terms of remuneration of the Chief internal auditor shall be subject to review by the Audit Committee

Attendance at and dates of Audit Committee meetings held are as follows:

Name of Directors	Attendance at the Meeting					
	12.04.2017	30.05.2017	17.06.2017	14.09.2017	14.12.2017	6.02.2018
Mr. Navin Nayar	Present	Present	Present	Present	Present	Present
Mr. Golam Momen	Present	Present	Present	Present	Present	Present
Mr. Govind Ram Banka	Present	Present	Present	Present	Present	Present

#### 4. Nomination and Remuneration Committee

Nomination and Remuneration Committee of the Board of Directors consists of the Directors namely, Mr. Golam Momen, Non-Executive Independent Director, Mr. Govind Ram Banka, Non-Executive Director and Mr. Navin Nayar, Non-Executive Independent Director. Mr. Golam Momen, Non-Executive Independent Director is the Chairman of the Nomination and Remuneration Committee. The Committee's constitution and terms of reference are in compliance with Section 178 of the Companies Act, 2013 read with rules made thereunder and Regulation 19 of the SEBI (Listing Obligations and Disclosures Requirements) Regulations, 2015.

## Directors' Report *(Contd.)*

### Terms of Reference:

- Identifying the persons who are qualified to become directors and who may be appointed in senior management in accordance with the criteria laid down, recommend to the Board their appointment and removal and carrying out evaluation of every director's performance.
- Formulation of the criteria for determining qualifications, positive attributes and independence of a director and recommend to the Board a policy, relating to the remuneration for the directors, key managerial personnel and other employees.
- Formulation of criteria for evaluation of Independent Directors and the Board.
- Devising a Policy on Board diversity

Attendance at and date of Nomination and Remuneration Committee meeting held is as follows:

Name of Directors	Attendance at the Meeting				
	12.04.2017	31.07.2017	5.12.2017	25.01.2018	13.03.2018
Mr. Golam Momen	Present	Present	Present	Present	Present
Mr. Govind Ram Banka	Present	Present	Present	Present	Present
Mr. Navin Nayar	Present	Present	Present	Present	Present

Remuneration policy of the Company is based on the need to attract the best available talent and is in line with the Industry. The Company pays sitting fees at the rate of ₹ 15,000/- (Rupees Fifteen Thousand only) per meeting to the Non-Executive Directors for attending Meeting of the Board. No remuneration is paid to the Non-Executive Directors for attending Committee Meetings and any other Meetings.

Remuneration of Directors for the financial year ended 31st March, 2018 and their shareholding in the Company:

Name of Directors	Sitting Fees	Salaries and Perquisites	Total	Service Contract / Notice Period	No. of Shares held
Mr. Umang Kanoria	1,05,000	--	1,05,000	--	--
Mrs. Anuradha Kanoria	Nil	37,42,203	37,42,203	6 months	549441
Mr. Golam Momen	90,000	--	90,000	--	195
Mr. Govind Ram Banka	1,20,000	--	1,20,000	--	--
Mr. Navin Nayar	90,000	--	90,000	--	--
Mr. Om Kaul*	--	--	--	--	--

\* Mr. Om Kaul was appointed as Additional Director in Independent Category with effect from 31st March, 2018.

The Policy on Nomination, Remuneration and Performance Evaluation of Directors as framed by the Nomination and Remuneration Committee and approved by the Board of Directors of the Company is as follows:

The Policy on Nomination, Remuneration and Performance Evaluation of Directors as framed by the Nomination and Remuneration Committee and approved by the Board of Directors of the Company is as follows:

#### I. Criteria for selection of members on the board of directors and senior management

The Committee has adopted the following criteria for selection of members on the Board of the Company and also candidates eligible to be appointed in the senior management of the Company.

##### A) Criteria for Selection of Directors

Before making any recommendation to the Board for appointment of any director, the Committee shall ensure that the candidate:

- possess positive attributes/qualities such as leadership, accumen, and experience in running industrial units, entrepreneurship or such other attributes which in the opinion of the Committee the candidate possess, and are in the interest of the Company.
- is not disqualified under Sections 164 and 167 of the Companies Act, 2013

## Directors' Report *(Contd.)*

- c) complies with the conditions of being independent as stipulated under the Companies Act, 2013 and Listing Agreement entered into with Stock Exchanges in case of appointment as an independent director.
- d) possesses appropriate skills, experience and knowledge in one or more fields of finance, law, management, sales, marketing, administration, corporate governance, technical operations, infrastructure or such other areas or disciplines which are relevant for the Company's business.

### **B) Criteria for selection of Senior Management Personnel**

The term Senior Management shall have the same meaning as provided under the explanation to Section 178 of the Companies Act, 2013. The Committee shall, before making any recommendation to the Board for appointment should ensure that the candidate has the following attributes:

- a) rich experience in any of the areas viz. banking, financial management, legal, sales, marketing, administration, corporate governance, technical operations, or such other areas or disciplines which in the opinion of the management and committee are relevant for the Company's business.
- b) possesses qualities that demonstrate leadership skills, decision making skills, effective communication, hard work, commitment and such other attributes which in the opinion of the Committee the candidate possess and are in the interest of the Company.

If the Committee after due deliberation finds that the candidate meets the above criteria for appointment (as director on the Board or in senior management), then shall make its recommendation to the Board.

Any amendment to the above criteria for directors and senior management shall be subject to the prior approval of the Committee and any such amendment shall be informed to the Board of Directors.

## **II. Remuneration policy for directors, senior management and Key managerial Personnel**

### **A) Remuneration of Managing Director, Whole Time Director and Manager:**

The Committee while considering the remuneration of the Managing Director, the Whole Time Director and Manager (wherein there is no Managing Director), may take into consideration the performance, the experience of the person, his/her background, job-profile and suitability, his/her past remuneration, the comparative remuneration profile in the industry, size of the company, responsibilities shouldered by the Managing Director / Whole Time Director etc., provided that any remuneration considered by the Committee shall be in accordance and within the limits stipulated under the Companies Act, 2013.

### **B) Remuneration of Non – Executive Director (NED)**

- a) The remuneration to the NEDs may be restricted to the sitting fees being paid for attendance of the meeting of the Board of the Directors
- b) The Independent Directors of the Company shall be entitled to remuneration restricted to the sitting fees being paid for attendance of the meeting of the Board of the Directors provided that any sitting fees paid to the Independent Director shall not be less than the sitting fees paid to non-executive directors.
- c) Independent Directors shall not be eligible for stock options of the Company, if any.

### **C) Remuneration of Senior Management Personnel and KMPs**

The Remuneration of the Senior Management Personnel and KMPs shall be in accordance with the policy of the Company which is applicable to the employees. The Committee may consider the remuneration of a Senior Management Personnel keeping in view of the achieving yearly targets, Performance of Business/Functions under his control, contribution for long term & strategic growth of the Company.

## **III. Evaluation of performance of Directors**

### **A) Evaluation of the performance of Managing Director / Whole Time Director**

The performance of the Managing Director/Whole Time Director of the Company may be carried out taking into consideration the performance of the Company vis-à-vis the budgets as well as performance of its competitors, emphasis on achieving top line and bottom line targets, influencing the executives to achieve specific and

## Directors' Report *(Contd.)*

predetermined goals during the financial year, looking after the interest of Shareholders and ensuring sustained long-term goals.

### B) Evaluation of the performance of Non-Executive Directors and Independent Directors (NEDs and IDs)

The Committee while evaluating the performance of the NEDs and IDs may take into consideration various factors as mentioned below:

- a) Attendance at Meetings – attendance at Board Meetings, AGMs, Committee Meetings
- b) Other Directorships held by the NED – in listed or unlisted companies
- c) Other companies in which NED is a Chairperson
- d) Participation at Board/Committee Meetings
- e) Input in strategy decisions
- f) Review of Financial Statements, risks and business performance
- g) Time devoted towards discussion with Management
- h) Review of Minutes – Board Minutes, Committee Meeting Minutes and AGM Minutes

The policy can be viewed at <https://www.kancotea.in/pdf/20172018/NOMINATION%20AND%20REMUNERATION%20POLICY.pdf>

### 5. Stakeholders Relationship Committee

Stakeholders Relationship Committee of the Board consists of the Directors Mr. Umang Kanoria, Non-Executive Director, Mrs. Anuradha Kanoria, Executive Director and Mr. Govind Ram Banka, Non-Executive Director. Mr. Umang Kanoria, Non-Executive Director is the Chairman of the Stakeholders Relationship Committee. The Committee looks into the grievances of the Investors related to transfer of shares, non receipt of Balance Sheet, any complaint letter received from Stock Exchanges, SEBI etc.

Attendance at and date of Stakeholders Relationship Committee meeting held is as follows:

Name of Directors	Attendance at the Meeting
	12.04.2017
Mr. Umang Kanoria	Present
Mrs. Anuradha Kanoria	Present
Mr. Govind Ram Banka	Present

The status of Investor Complaints with the regulatory authorities is as follows:

Sl No.	Investor Complaints	Number
1.	Investor Complaints received during the year	3
2.	Investor Complaints resolved till 31st March 2018	2
3.	Investor Complaints not solved to the satisfaction of the members	Nil
4.	Complaints pending as at 31st March, 2018	1

### 6. Share Transfer Committee

Board of Directors has delegated power of approving transfer/transmission/ Remat/Demat of shares, to a Share Transfer Committee. The Share Transfer Committee of the Board of Directors consists of the Directors namely, Mr. Umang Kanoria, Non-Executive Director, Mrs. Anuradha Kanoria, Executive Director and Mr. Govind Ram Banka, Non-Executive Director. Mr. Umang Kanoria is the Chairman of the Share Transfer Committee.

During the year under review, the Committee met fifteen (15) times on 12th April, 2017, 30th May, 2017, 14th June, 2017, 3rd July, 2017, 29th July, 2017, 8th September, 2017, 23rd September, 2017, 9th October, 2017, 15th November, 2017, 30th November, 2017, 15th December, 2017, 26th December, 2017, 5th February, 2018, 16th February, 2018 and 13th March, 2018.

## Directors' Report *(Contd.)*

Attendance at the Share Transfer Committee meetings held is as follows:

Name of Directors	No. of Meetings Attended
Mr. Umang Kanoria	15
Mrs. Anuradha Kanoria	15
Mr. Govind Ram Banka	15

Ms. Charulata Kabra, Company Secretary is the Compliance Officer of the Company.

All valid requests for transfer and transmission of shares received during the financial year ended 31st March, 2018 have been acted upon by the Company and no such transfer or transmission is pending

### 7. Finance and Investment Committee

The Board of Directors has delegated powers specified under Section 179(3)(d), Section 179(3)(e) and Section 179(3)(f) of the Companies Act, 2013 read with Companies (Meetings of Board and its Powers) Rules, 2014 with regard to borrowing, investing the fund and granting loans or giving guarantee or providing security in respect of loans. The Committee comprises of the following Directors viz, Mr. Umang Kanoria, Non-Executive Director, Mrs. Anuradha Kanoria, Executive Director and Mr. Govind Ram Banka, Non-Executive Director.

Attendance at and date of Finance and Investment Committee meetings held is as follows:

Name of Directors	Attendance at the Meeting	
	12.04.2017	8.08.2017
Mr. Umang Kanoria	Present	Present
Mrs. Anuradha Kanoria	Present	Present
Mr. Govind Ram Banka	Present	Present

### 8. Corporate Social Responsibility Committee

In accordance with Section 135 of the Companies Act, 2013 read with the Companies (Corporate Social Responsibility Policy) Rules, 2014, the Company has constituted a Corporate Social Responsibility (CSR) Committee. The Committee comprises of the following Directors viz, Mr. Umang Kanoria, Non-Executive Director, Mr. Govind Ram Banka, Non-Executive Director and Mr. Navin Nayar, Non-Executive Independent Director.

Attendance at and date of Corporate Social Responsibility Committee meetings held is as follows:

Name of Directors	Attendance at the Meeting	
	12.04.2017	30.11.2017
Mr. Umang Kanoria	Present	Present
Mr. Govind Ram Banka	Present	Present
Mr. Navin Nayar	Present	Present

### 9. General Body Meetings

a) Location, Venue, Dates and time of last three Annual General Meetings(AGM) held:-

Year	Kind of Meeting	Venue	Date	Time	No. of special resolution passed
April 2016 - March 2017	34 <sup>th</sup> Annual General Meeting	Shripati Singhanian Hall, Rotary Sadan, 94/2 Chowringhee Road, Kolkata-20	3 <sup>rd</sup> August, 2017	2:00 p.m	1
April 2015 - March 2016	33 <sup>rd</sup> Annual General Meeting	Bharatiya Bhasha Parishad, 36A Shakespeare Sarani, Kolkata-17	29 <sup>th</sup> July, 2016	2:00 p.m	Nil
April 2014 - March 2015	32 <sup>nd</sup> Annual General Meeting	Bharatiya Bhasha Parishad, 36A Shakespeare Sarani, Kolkata-17	31 <sup>st</sup> July, 2015	2:00 p.m	1

b) No Extra-Ordinary General Meeting of the shareholders was held during the year.

## Directors' Report *(Contd.)*

- a) No Postal ballot was conducted during the Year. None of the resolutions proposed at the ensuing Annual General Meeting need to be passed by Postal Ballot.

### 10. Means of Communication

#### Half-yearly report to shareholders, Quarterly Results, Newspaper in which published, Website etc.

The Quarterly, Half-yearly and Annual Results are generally published by the Company in English (Financial Express/ Business Standard) and Vernacular (Sukhabar/Arthik Lipi) dailies. Official news releases/ notices etc, the Quarterly and Annual Results as well as the Quarter end shareholding pattern are sent to the Calcutta Stock Exchange Limited and the Bombay Stock Exchange Limited, where shares of the Company are listed, immediately on approval from the Board of Directors and are also posted on the Company's web site i.e www.kancotea.in.

Annual Report containing Notice of the Annual General Meeting, Annual Audited Financial Statement, Directors' Report, Auditors' Report alongwith the disclosures and reports required to form part of the Annual Report is circulated to the Members and those entitled thereto. The Annual Report is displayed on the Company's Website www.kancotea.in.

### 11. General Shareholder Information

Annual General Meeting	
Date and Time	Wednesday, 19 <sup>th</sup> September, 2018 at 2:00 p.m
Venue	Bharatiya Bhasha Parishad, Fourth Floor, 36A Shakespeare Sarani, Kolkata-700017

Financial Year	: 1st April, 2017 to 31st March, 2018
Dates of Book Closure	: 13th September, 2018 to 19th September, 2018 (both days inclusive)
Dividend Payment Date	: 24th September, 2018
Listing on Stock Exchanges and Scrip Code	
Equity Shares of the Company are listed at	The Bombay Stock Exchange Limited Phiroze Jeejeebhoy Towers Dalal Street, Mumbai - 400 001 (Scrip Code/ID- 541005 / KANCOTEA)  The Calcutta Stock Exchange Ltd 7, Lyons Range, Kolkata - 700001 (Scrip Codes- 10014107 & 14107)

The Company has paid the listing fees to the Stock Exchanges for the financial year 2018-2019.

**ISIN for Dematerialisation:** INE398L01017

#### Market Price Data: High/Low in each month of Financial Year ended 31st March, 2018

Month	April' 17	May'17	June'17	July'17	Aug'17	Sept'17	Oct'17	Nov'17	Dec'17	Jan'18	Feb'18	March'18
High ₹	201.00	199.50	207.00	276.00	274.80	85.60	93.00	102.10	139.20	146.75	109.85	106.95
Low ₹	170.00	164.00	164.10	195.50	81.00	76.00	76.05	71.10	86.35	103.05	89.30	83.25
Volume	2,693	6,771	27,885	63,809	21,940	7,609	10,141	66,933	63,193	51,303	16,554	12,787

#### Performance in comparison to broad based indices:

	31.03.2018	31.03.2017	31.03.2016
Share Prices of KTIL (₹)	83.50	62.42	33.77%
V/s BSE Sensex	32968.68	29620.50	11.30%

## Directors' Report *(Contd.)*

### Registrar and Transfer Agent ('RTA'): Share Transfer System

M/s C.B. Management Services (P) Limited, P-22 Bondel Road, Kolkata – 700019 is the RTA for both physical shares and electronic connectivity. Share transfers are generally affected within 15 days of lodgment in the normal course, if the documents are valid and complete in all respects.

### Categories of Shareholding as on 31st March, 2018

Category	Number of Shares held	% of Total Shares
Promoters including Persons deemed to be Acting in Concert	3603882	70.35
Mutual Funds/ UTI	15804	0.31
Financial Institutions/Banks	75	0.00
State Government	4491	0.09
Others ( including Corporate Bodies )	1498575	29.25
<b>Total</b>	<b>5122827</b>	<b>100.00</b>

### Dematerialisation of Shares and Liquidity:

The Shares of the Company are compulsory traded in the stock exchanges in the dematerialised mode and are available for trading under both the Depository Systems, i.e. National Securities Depository Limited and Central Depository Services (India) Limited.

As on 31st March, 2018, 4731713 Equity Shares of the Company of Rs. 10/ each, representing 92.36% of the total paid up Equity Capital of the Company stands dematerialised.

### Outstanding ADRs/GDRs/Warrants or any convertible instruments, conversion date and likely impact on equity:

Not Applicable.

### Distribution of Shareholding as on 31st March, 2018

Category	Shares		Shareholders	
	Numbers	% to Shares	Number	% of Shareholders
1 to 500	377712	7.37	11165	97.79
501 to 1000	85841	1.68	119	1.04
1001 to 2000	72216	1.41	50	0.44
2001 to 3000	76191	1.49	29	0.25
3001 to 4000	28632	0.56	8	0.07
4001 to 5000	46197	0.90	10	0.09
5001 to 10000	68877	1.34	10	0.09
10001 to 50000	290101	5.66	13	0.11
50001 to 100000	489126	9.55	6	0.05
100001 and above	3587934	70.04	8	0.07
<b>Total</b>	<b>5122827</b>	<b>100.00</b>	<b>11418</b>	<b>100.00</b>

### Plant Location: The Company's plant is located at:

Mackeypore Tea Estate  
Lakmijan Tea Estate  
Bamonpookrie Tea Estate  
P.O Nazira 785 685  
Dist. Sivasagar (Assam)  
Telephone: (03772)215317/18

### Address for correspondence:

Kanco Tea & Industries Limited  
Jasmine Tower, 3rd Floor

C.B. Management Services (P) Limited  
P-22 Bondel Road, Kolkata – 700 019

## Directors' Report *(Contd.)*

31 Shakespeare Sarani,  
Kolkata-700017  
Telefax (033) 2281 5217  
Email for investors: [compliance@kancotea.in](mailto:compliance@kancotea.in)

Phone: 033-40116700, 22806692/93/94/2486  
email: [rta@cbmsl.com](mailto:rta@cbmsl.com)

### 12. Disclosures

There are no materially significant related party transactions made by the Company with its Promoters, Directors or the Management or relatives that may have potential conflict with the interests of the Company at large. The related party transactions have been disclosed in point no. 45 of notes to Standalone Financial Statement as on and for the year ended 31st March, 2018. The policy on Related Party Transactions can be viewed at <http://kancotea.in/pdf/Code%20of%20Conduct/Policy%20On%20Related%20Party%20Transactions.pdf>

There has not been any non-compliance, penalties or strictures imposed on the Company by the Stock Exchange(s), Securities and Exchange Board of India or any other statutory authority, on any matter relating to the capital markets, during the last 3 years.

Pursuant to Section 177(9) and (10) of the Companies Act, 2013, and Regulation 22 of the SEBI (Listing Obligations and Disclosures Requirements) Regulations, 2015, the Company has formulated Whistle Blower Policy for vigil mechanism of Directors and employees to report to the management about the unethical behavior, fraud or violation of Company's code of conduct. The mechanism provides for adequate safeguards against victimization of employees and Directors and makes provision for direct access to the Chairperson of the Audit Committee. No personnel have been denied access to the Audit Committee. The Vigil Mechanism/Whistle Blower policy can be viewed at [http://kancotea.in/pdf/Code%20of%20Conduct/VIGIL%20MECHANISM\\_WHISTLE%20BLOWER%20POLICY.PDF](http://kancotea.in/pdf/Code%20of%20Conduct/VIGIL%20MECHANISM_WHISTLE%20BLOWER%20POLICY.PDF).

In compliance to Regulation 26(3) of the SEBI (Listing Obligations and Disclosures Requirements) Regulations, 2015, the affirmation of compliance of Code of Conduct for the year 2017-2018 has been received from all the Board Members and Senior Management Personnel.

There are no pecuniary relationships or transactions with Non-Executive Independent Directors, other than those disclosed in this report.

The Company has complied with all the Mandatory Requirements.

For and on behalf of the Board of Directors

Place: Kolkata  
Dated: 26th May, 2018

U. Kanoria  
*Chairman & Director*  
DIN: 00081108

## Directors' Report (Contd.)

### Annexure - G

Disclosure in Directors' Report Pursuant to Section 197(12) of the Companies Act, 2013 Read With Companies (Appointment And Remuneration of Managerial Personnel), Rules, 2014										
Sl. No.	Employee Name	Designation	Remuneration Received	Qualification	Total Experience	Date of Commencement of Employment	Age	Particulars of Previous Employment	% of Shareholding	
								Organisation	Designation	
1	Mrs. Anuradha Kanoria	Wholetime Director	37,42,203	B.A. (Hons.)	20	01/02/2010	56	Kanco Enterprises Limited	Executive	10.73
2	Mr. Subhra Kanta Parhi	Chief Financial Officer	20,23,000	B.Com(Hons.), ACA, CPA(Aust.)	17	01/04/2009	42	First Employment	First Employment	
3	Mr. Samir Doshi	General Manager(Marketing)	13,00,646	B.Com(Hons.)	22	01/04/2009	39	LMJ International Limited	Manager Quality and Sales	
4	Mr. Umesh Kumar Singh	General Manager	11,67,062	B.E.(Mech.)	27	01/04/2009	51	Appejay Tea Limited	Factory Assistant Manager	
5	Ms Charulata Kabra	Company Secretary	10,44,060	ACS, LLB, M.Com	10	17/11/2015	34	Kanco Enterprises Limited	Company Secretary	
6	Mr. Ajay Kumar Tripathi	Commercial Manager	9,33,026	M.Com	22	12/04/2011	47	Goenka Group of Companies	Commercial Executive	
7	Mr. Sujit Kumar Singh	Deputy Manager	8,51,939	B.Sc.(PCM)	18	02/01/2011	37	Sonabheel Tea Limited	Garden In Charge	
8	Mr. C J Jose	Deputy Manager-Factory	8,32,150	B.Com	21	01/04/2009	50	Ghorajan Tea Co. Pvt. Ltd.	Factory Assistant Manager	
9	Mr. P Damodar Rao	EDP	7,79,453	B.Com	27	01/04/2009	50	Next Computing Private Limited	Programmer	
10	Mr. Prosenjit Dey	Manager(Accounts)	7,74,096	B.Com(Hons.)	24	01/04/2009	48	Sunrise Products Ltd	Accounts Assistant	

#### Notes:-

- 1 Remuneration received includes salary, commission, allowances, medial and leave travel expenses, leave encashment paid, monetary value of perquisites as per Income Tax Rules and Company's contributions to Provident and Superannuation Funds.
- 2 Nature of employment is contractual in case of Wholetime Director.
- 3 In respect of all other employees, the nature of employment is non-contractual, terminable by notice on either side.
- 4 Mrs.Anuradha Kanoria is relative of Mr.Umang Kanoria, Director of the Company. Other employees mentioned above are not relative of any Director of the Company.
- 5 Mr.Samir Doshi resigned w.e.f. 15/01/2018

## Directors' Report *(Contd.)*

### Compliance with the Code of Conduct

As provided under Regulation 26(3) of the SEBI (Listing Obligations and Disclosures Requirements) Regulations, 2015, all Board Members and Senior Management Personnel have affirmed compliance with the Code of Conduct for the year ended 31st March, 2018.

A. Kanoria

Place: Kolkata  
Dated: 26th May, 2018

*Whole-time Director*  
DIN: 00081172

### CEO/CFO Certification

We the undersigned in our respective capacities as Whole-time Director and Chief Financial Officer of Kanco Tea & Industries Limited ("the Company") to the best of our knowledge and belief certify that:

1. We have reviewed the financial statements and the cash flow statement for the year ended 31st March, 2018 and that to the best of our knowledge and belief we state that:-
  - these statements do not contain any materially untrue statement or omit any material fact nor contain statements that might be misleading;
  - these statements together present a true and fair view of the Company's affairs and are in compliance with the existing accounting standards, applicable laws and regulations.
2. We further state that to the best of our knowledge and belief, no transactions entered into by the Company during the year, which are fraudulent, illegal or violative of the company's code of conduct.
3. We accept responsibility for establishing and maintaining internal controls for financial reporting and we have evaluated the effectiveness of Company's internal control systems pertaining to financial reporting. We have not come across any reportable deficiencies in the design or operation of such internal controls.
4. We have indicated to the Auditors and the Audit Committee:
  - I. that there are no significant changes in internal control over reporting period during the year;
  - II that there are changes in accounting policies during the year on account of Ind AS adoption and the same have been disclosed in the notes to the financial statements; and
  - III. that there are no instances of significant fraud of which we have become aware.

Kolkata, 26th May, 2018

A. Kanoria (DIN: 00081172)  
Whole-time Director

S. K Parhi  
C.F.O

## Directors' Report *(Contd.)*

### Corporate Governance Certificate

To  
The Members  
**Kanco Tea & Industries Limited**

We have examined the compliance of conditions of corporate governance by Kanco Tea & Industries Limited for the year ended 31st March, 2018 as stipulated in Regulation 34(3) read with Clause E of Schedule V of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (hereinafter referred to as "Listing Regulation").

The compliance of corporate governance is the responsibility of the management. Our examination was limited to procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In our opinion and to the best of our information and according to the explanations given to us, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in the above-mentioned Listing Regulation.

We further state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the management has conducted the affairs of the Company.

For PS & Associates

(Priti Todi)  
Partner

Place: Kolkata  
Date: 26/05/2018

C.P.No.: 7270, ACS:14611

**Information required under Regulation 39(4) read with Schedule VI to the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 with respect to Shares issued under the Scheme of De-merger, remaining unclaimed and lying in the Escrow Account: -**

Aggregate No. of Share Holders whose shares are lying in the Suspense Account as on 01/04/2017	4249
Aggregate No. of Shares lying in the Suspense Account as on 01/04/2017	19261
Number of shareholders who approached issuer for transfer of shares from Suspense Account during the year	nil
Number of shareholders to whom shares were transferred from Suspense Account during the year	nil
Aggregate No. of Share Holders whose shares are lying in the Suspense Account as on 31/03/2018	520
Aggregate No. of Shares lying in the Suspense Account as on 31/03/2018	12558

**Note:**

- 1) The voting rights on these shares (as on 31/03/2018) shall remain frozen till the rightful owner of such shares claims the shares.
- 2) The Company issued Bonus shares on 24/08/2017 in the ratio of 1:2 Accordingly 19261 shares lying in Escrow Account increased to 57783 shares.
- 3) In terms of the circulars issued by the Ministry of Corporate Affairs for transfer of shares to Investor Education and Protection Fund (IEPF) relevant to section 124(6) and 125 of the Companies Act 2013 read with IEPF(Accounting, Audit, Transfer and Refund)Rules 2016 and SEBI ( Listing obligation and disclosures requirement) Regulation 2015, all shares corresponding to shares in respect of which dividend has/have remained unpaid or unclaimed for consecutive 7 years shall be transferred to IEPF Authority. In accordance to the same relevant shares have been transferred to IEPF on 29/11/2017 and the balance 12558 shares remain in the Escrow Account as of that date.

# Independent Auditors' Report

**TO THE MEMBERS OF  
KANCO TEA & INDUSTRIES LIMITED**

## **REPORT ON THE STANDALONE Ind AS FINANCIAL STATEMENTS**

We have audited the accompanying standalone financial statements of **KANCO TEA & INDUSTRIES LIMITED**, ('the Company') which comprise the Balance Sheet as at 31<sup>st</sup> March, 2018, and the Statement of Profit and Loss (including Other Comprehensive Income) and Cash Flow Statement and the Statement of Changes in Equity for the year then ended, and a summary of significant accounting policies and other explanatory notes for the year ended on that date (hereinafter referred to as "Standalone Ind AS Financial Statements").

## **MANAGEMENT'S RESPONSIBILITY FOR THE STANDALONE Ind AS FINANCIAL STATEMENTS**

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these standalone Ind AS financial statements that gives a true and fair view of the state of affairs (financial position), Profit or loss (financial performance including Other Comprehensive Income), Cash Flows and Changes in Equity of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) prescribed under section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.

This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the standalone Ind AS Financial Statements that gives a true and fair view and are free from material misstatement, whether due to fraud or error.

## **AUDITOR'S RESPONSIBILITY**

Our responsibility is to express an opinion on these standalone Ind AS Financial Statements based on our audit.

We have taken into account the provisions of the Act, the Accounting and Auditing Standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made there under.

We conducted our audit of the standalone Ind AS Financial Statements in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the Standalone Ind AS financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the standalone Ind AS financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the standalone Ind AS financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the standalone Ind AS financial statements that gives a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the standalone Ind AS financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the standalone Ind AS financial statements.

## **OPINION**

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone Ind AS Financial Statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, including Ind AS, of the financial position of the Company as at 31<sup>st</sup> March, 2018 and its profit (including other comprehensive income), its cash flows and the changes in Equity for the year ended on that date.

# Independent Auditors' Report

## Other Matters

The comparative financial information of the company for the year ended 31<sup>st</sup> March, 2017 and the transition date opening balance sheet as at 1<sup>st</sup> April 2016 included in these standalone Ind AS financial statements, are based on the previously issued statutory financial statements prepared in accordance with the Companies (Accounting Standards) Rules, 2006 audited by us for the year ended 31<sup>st</sup> March, 2017 and 31<sup>st</sup> March, 2016 dated 30<sup>th</sup> May 2017 and 14<sup>th</sup> May 2016 respectively expressed an unmodified opinion on those standalone financial statements, as adjusted for the differences in the accounting principles adopted by the company on transition to the Ind AS, which have been audited by us.

Our opinion is not modified in respect of this matter.

## REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

As required by the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Central Government of India in terms of sub-section (11) of Section 143 of the Act, we give in the "Annexure A", a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.

Further to our comments in the annexure referred to in the paragraph above, 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 appears from our examination of those books and proper returns adequate for the purpose of our audit;
- c) The Balance Sheet, the Statement of Profit and Loss, the Cash Flow Statement and Statement of Changes in Equity dealt with by this Report are in agreement with the books of account and with the returns received from the branch not visited by us;
- d) In our opinion, the aforesaid standalone Ind AS financial statements comply with the Indian Accounting Standards prescribed under Section 133 of the Act;
- e) On the basis of the written representations received from the directors as on March 31, 2018, taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2018, from being appointed as a director in terms of Section 164(2) of the Act;
- f) With respect to the adequacy of internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate report in "Annexure B". Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the company's internal financial controls over financial reporting; and
- g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
  - (i) The Company has disclosed the impact of pending litigations on its financial position in its standalone Ind AS financial statements - Refer Note 40 to the Standalone Ind AS financial statements;
  - (ii) The Company did not have any long term contracts including derivative contracts for which there were any material foreseeable losses;
  - (iii) There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

For **Jain & Co**  
*Chartered Accountants*  
Firm Registration No. 302023E

P 21/22 Radha Bazar Street  
Place: Kolkata  
Dated: 26th day of May, 2018

**(CA M K Jain)**  
*Partner*  
Membership No. 055048

## Annexure “A” to the Auditors’ Report of Even Date

### REFERRED TO IN PARAGRAPH 1 UNDER THE HEADING “REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS” OF OUR REPORT OF EVEN DATE:

On the basis of such checks as we considered appropriate and according to the information and explanation given to us during the course of our audit, we report that:

1. a) The company has maintained proper records showing full particulars including, quantitative details and situation of fixed assets.
  - b) As explained to us some of the fixed assets have been physically verified by the management at reasonable intervals. We have been informed that no material discrepancies were noticed on such verification.
  - c) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the title deeds of immovable properties are held in the name of the Company.
2. a) As explained to us, inventory has been physically verified during the year by the management at reasonable intervals.
  - b) In our opinion and according to the information and explanations given to us, the procedures of physical verification of inventory followed by the management are reasonable and adequate in relation to the size of the company and the nature of its business.
  - c) No material discrepancy was noticed on physical verification of stocks by the management as compared to book records.
3. The Company has granted loan to a body corporate in earlier years covered in the register maintained under Section 189 of the Companies Act, 2013, for which provision for bad and doubtful debts has been made as on 1st April, 2016 in the financial statement as reflected in note no. 10.

Accordingly, the paragraphs 3(iii) (a) and (b) of the order are not applicable.

4. In our opinion and according to the information and explanations given to us, the Company has complied with the provisions of Section 185 and 186 of the Act, with respect to loans and investments made.
5. The Company has not accepted deposits from the public covered within the meaning of directives issued by the Reserve Bank of India and provisions of Sections 73 to Section 76 or any other relevant provisions of the Act and rules framed there under are not applicable.
6. As per information & explanation given by the management, maintenance of cost records has been specified by the Central Government under sub section (1) of Section 148 of the Act and we are of the opinion that prima facie the prescribed accounts and records have been made and maintained. We have not however, made a detailed examination of the records with a view to determine whether they are accurate or complete.
7. a) According to the records of the company, undisputed statutory dues including Provident Fund, Employees State Insurance, Income-tax, Sales-tax, Wealth Tax, Service Tax, Custom Duty, Excise Duty, Value Added Tax, Goods and Service Tax and Cess to the extent applicable and any other statutory dues have generally been regularly deposited with the appropriate authorities. According to the information and explanations given to us there were no outstanding statutory dues as on 31st of March, 2018 for a period of more than six months from the date they became payable.
  - b) According to the information and explanations given to us and on the basis of the documents and records the disputed statutory dues which have not been deposited with the appropriate authorities are as under :

Serial No.	Name of Statute	Nature of Dues	Financial Year to which the matter pertains	Amount in ₹	Forum where dispute is pending
1.	West Bengal Value Added Tax Act, 2013	Sales Tax	2009-2010	7,94,960/-	West Bengal Commercial Taxes Appellate & Revision Board, West Bengal
2.	Income Tax Act, 1961	Income Tax Demand	2009-10	1,24,257/-	D.C.I.T. Circle 4(1)
3	Income Tax Act, 1961	Income Tax Demand	2011-12	35,684/-	CIT (Appeals), Kolkata
4	Income Tax Act, 1961	Income Tax Demand	2016-17	40,41,850/-	D.C.I.T. Circle 4(1)

## Annexure “A” to the Auditors’ Report

8. Based on our audit procedures and on the information and explanations given by the management, we are of the opinion that, the Company has not defaulted in repayment of loans or borrowings to any bank during the year. Further, the Company does not have any debentures and loan from financial institution or government.
9. The Company has not raised any money by way of initial public offer or further public offer (including debt instruments) and term loans during the year;
10. Based on the audit procedures performed and the information and explanations given to us, we report that no fraud on or by the Company has been noticed or reported during the year, nor have we been informed of such case by the management.
11. According to the information and explanations given to us and based on our examination of the records of the Company, the Company has paid/provided for managerial remuneration in accordance with the requisite approvals mandated by the provisions of Section 197 read with Schedule V to the said Act.
12. In our opinion and according to the information and explanations given to us, the Company is not a Nidhi Company.
13. According to the information and explanations given to us and based on our examination of the records of the Company, transactions with the related parties are in compliance with sections 177 and 188 of the Act where applicable and details of such transactions have been disclosed in the notes to financial statements as required by the applicable accounting standards.
14. According to the information and explanations give to us and based on our examination of the records of the Company, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year.
15. According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not entered into non-cash transactions with directors or persons connected with him.
16. The Company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934.

For **Jain & Co**  
*Chartered Accountants*  
Registration No. 302023E

P 21/22 Radha Bazar Street  
Place: Kolkata  
Dated: 26th day of May, 2018

**(CA M K Jain)**  
*Partner*  
Membership No. 055048

## Annexure “B” to the Auditors’ Report

(REFERRED TO IN PARAGRAPH (h) UNDER “REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS” OF OUR REPORT OF EVEN DATE.)

**REPORT ON THE INTERNAL FINANCIAL CONTROLS OVER FINANCIAL REPORTING UNDER CLAUSE (i) OF SUB-SECTION 3 OF SECTION 143 OF THE COMPANIES ACT, 2013 (“THE ACT”)**

We have audited the internal financial controls over financial reporting of **KANCO TEA & INDUSTRIES LIMITED (“the Company”)** as of 31 March 2018 in conjunction with our audit of the standalone Ind AS Financial Statements of the Company for the year ended on that date.

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

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

### **Auditors’ Responsibility**

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

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

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

### **Meaning of Internal Financial Controls over Financial Reporting**

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

### **Inherent Limitations of Internal Financial Controls over Financial Reporting**

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future

## Annexure “B” to the Auditors’ Report

periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

### Opinion

In our opinion, to the best of our information and according to the explanations given to us, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31st March 2018, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

P 21/22 Radha Bazar Street  
Place: Kolkata  
Dated: 26th day of May, 2018

For **Jain & Co**  
*Chartered Accountants*  
Registration No. 302023E

**(CA M K Jain)**  
*Partner*  
Membership No. 055048

## Balance Sheet as at 31st March, 2018

(₹ in thousands)

	Note No.	As at 31st March, 2018	As at 31st March, 2017	As at 1st April, 2016
<b>ASSETS</b>				
<b>NON-CURRENT ASSETS</b>				
Property, Plant and Equipment	5	476,059.04	426,966.18	148,537.29
Capital Work-In-Progress		2,457.05	15,764.24	-
Intangible Assets	6	18.53	38.86	85.08
Investments in Subsidiaries	7	9,600.00	9,600.00	9,600.00
<b>Financial Assets</b>				
Investments	8	182,344.51	174,709.61	148,638.25
Trade Receivables	9	325.55	219.09	162.05
Loans	10	55,011.74	15,131.44	14,609.29
Other Financial Assets	11	11,677.97	10,508.79	8,427.85
Deferred Tax Assets (net)	12	-	-	714.17
Other Non-Current Assets	13	11,319.11	19,391.65	4,440.87
Non-Current Tax Asset (Net)	14	3,064.28	2,977.47	1,678.52
<b>CURRENT ASSETS</b>				
Inventories	15	31,736.40	46,495.71	33,778.18
Biological Assets other than bearer plants	16	1,083.44	2,186.48	1,007.72
<b>Financial Assets</b>				
Investments	17	-	-	37,685.48
Trade Receivables	9	8,464.85	4,269.28	2,348.84
Cash and Cash Equivalents	18	1,853.52	30,809.59	1,415.12
Bank balances other than Note 18	19	2,752.99	3,133.29	2,716.71
Loans	10	725.80	466.92	893.74
Other Financial Assets	11	6,759.20	623.70	3,718.73
Other Current Assets	13	20,411.05	11,757.60	7,919.22
<b>Total Assets</b>		<b>825,665.03</b>	<b>775,049.90</b>	<b>428,377.11</b>
<b>EQUITY AND LIABILITIES</b>				
<b>EQUITY</b>				
Equity Share Capital	20	51,228.27	17,076.09	17,076.09
Other Equity	21	230,237.31	265,881.30	266,903.51
<b>LIABILITIES</b>				
<b>NON-CURRENT LIABILITIES</b>				
<b>Financial Liabilities</b>				
Borrowings	22	245,309.49	267,234.55	30,015.46
Trade Payables	23	1,015.93	682.25	573.47
Other Financial Liabilities	24	90.42	1,805.12	1,549.52
Provisions	25	27,672.27	25,154.72	2,867.87
Deferred Tax Liabilities (Net)	26	11,088.90	8,038.81	
Other Liabilities	27	2,147.56	3,946.66	3,075.22
<b>CURRENT LIABILITIES</b>				
<b>Financial Liabilities</b>				
Borrowings	28	127,828.62	94,129.73	26,630.35
Trade Payables	23	31,950.65	26,355.59	16,370.03
Other Financial Liabilities	24	93,202.12	54,847.85	46,925.42
Provisions	25	1,823.57	4,163.04	8,032.19
Other Liabilities	27	2,069.92	5,734.19	8,357.98
<b>Total Equity and Liabilities</b>		<b>825,665.03</b>	<b>775,049.90</b>	<b>428,377.11</b>

Basis of Accounting 2

Significant Accounting Policies 3

Significant Judgements &amp; Estimates 4

The Notes are an integral part of the Financial Statements

As per our Report annexed of even date

For **JAIN & CO.**

Chartered Accountants

Firm Registration No. 302023E

**CA M. K. JAIN**

Partner

Membership No. 055048

Place : Kolkata

Date : The 26th day of May, 2018

**U. KANORIA**

Chairman &amp; Director

(DIN: 00081108)

**C. KABRA**

Company Secretary

**S. K. PARHI**

Chief Financial Officer

**Statement of Profit & Loss** for the year ended 31st March, 2018

(₹ in thousands)

	Note No.	As at 31st March, 2018	As at 31st March, 2017
<b>INCOME</b>			
Revenue from Operations	29	530,811.46	410,849.65
Other Income	30	30,128.19	12,206.69
<b>Total Income</b>		<b>560,939.65</b>	<b>423,056.34</b>
<b>EXPENSES</b>			
Cost of Materials Consumed	31	62,828.03	50,904.29
Purchases of Stock -in- Trade	32	-	91.05
Changes in Inventories of Finished Goods, Stock-In-Trade	33	13,290.55	(2,080.20)
Employee Benefits Expense	34	254,028.58	197,767.64
Finance Costs	35	42,347.51	10,463.24
Depreciation and Amortisation Expense	36	16,921.24	12,894.48
Other Expenses	37	169,401.25	133,141.77
<b>Total Expenses</b>		<b>558,817.16</b>	<b>403,182.27</b>
<b>Profit before Tax</b>		<b>2,122.49</b>	<b>19,874.07</b>
Tax Expense:	38		
Current Tax		-	2,265.58
MAT Credit Entitlement		-	(675.37)
Deferred Tax		2,105.23	9,214.17
<b>Profit for the year</b>		<b>17.26</b>	<b>9,069.69</b>
<b>Other Comprehensive Income</b>	39		
i. Items that will not be reclassified to profit or loss	39 A	4,630.92	398.47
ii. Income tax relating to these items		944.90	214.17
		<b>3,686.02</b>	<b>184.30</b>
Other Comprehensive Income for the Year (Net of Tax)		3,686.02	184.30
<b>Total Comprehensive Income for the period</b>		<b>3,703.28</b>	<b>9,253.99</b>
<b>Earnings Per Share</b>			
Nominal Value of Shares (₹ )		10	10
Weighted Average Number of Ordinary Shares outstanding during the year		5,122,827	5,122,827
Basic & Diluted Earnings Per Share		0.003	1.770

Basis of Accounting	2
Significant Accounting Policies	3
Significant Judgements & Estimates	4

The Notes are an integral part of the Financial Statements

As per our Report annexed of even date

For **JAIN & CO.**

Chartered Accountants

Firm Registration No. 302023E

**CA M. K. JAIN**

Partner

Membership No. 055048

Place : Kolkata

Date : The 26th day of May, 2018

**U. KANORIA**

Chairman & Director

(DIN: 00081108)

**C. KABRA**

Company Secretary

**S. K. PARHI**

Chief Financial Officer

## Cash Flow Statement for the year ended 31st March, 2018

(₹ in thousands)

Particulars	For the year ended	
	31st March, 2018	31st March, 2017
<b>A CASH FLOW FROM OPERATING ACTIVITIES</b>		
Net Profit / (Loss) Before Tax and after Exceptional items	2,122.49	19,874.07
Finance Cost	42,347.51	10,463.24
Depreciation (including amortization & impairment)	16,921.24	12,894.48
Changes in Fair Value of Biological Assets	1,103.04	(1,178.76)
Interest Received	(91.76)	(142.81)
Dividend Received	-	(74.25)
Loss /(Profit) on Property, Plant and Equipment sold/discarded (Net)	(193.60)	(50.65)
Net (Gain) on sale of Investments	-	(3,962.36)
Mark to Market (gain) on Financial Instruments under FVTPL	(2,634.73)	(5,642.37)
<b>Operating Profit/ (Loss) before Working Capital Changes</b>	<b>59,574.19</b>	<b>32,180.59</b>
<b>ADJUSTMENT FOR :</b>		
Decrease in Trade Receivables	(4,302.03)	(1,977.48)
Decrease/(Increase) in Non-current & current financial assets	(7,356.91)	(2,180.92)
Decrease /(Increase) in Non-current & current assets	(4,465.42)	(15,288.26)
Decrease /(Increase) in Inventories & Biological Assets other than bearer plants	14,759.31	(12,717.53)
(Decrease)/ Increase in Trade Payables	5,928.74	10,094.34
(Decrease)/ Increase in Non-current & current financial liabilities	344.72	10,649.64
Increase /(Decrease) in Non-current & current liabilities	(5,463.37)	(1,752.35)
Increase /(Decrease) in Non-current & current provisions	(2,335.62)	17,196.74
<b>Cash Generated from Operations</b>	<b>56,683.61</b>	<b>36,204.77</b>
Income Tax (Paid)/ received (Net)	(86.87)	(3,564.51)
<b>Net Cash Flow from Operating Activities</b>	<b>56,596.74</b>	<b>32,640.26</b>
<b>B CASH FLOW FROM INVESTING ACTIVITIES</b>		
Purchase of Property, Plant and Equipment	(48,904.46)	(311,349.57)
Purchase of Intangible Assets	-	(13.88)
Sale of Property, Plant and Equipment	296.00	871.80
Loan Given (Net)	(40,139.18)	(95.33)
Fixed Deposits & other bank balances	380.30	(416.58)
Purchase of Investments	-	(65,091.73)
Sale of Investments	2,144.45	87,930.01
Interest Received	143.99	3,337.82
Dividend Received	-	74.25
<b>Net Cash flow from Investing Activities</b>	<b>(86,078.90)</b>	<b>(284,753.21)</b>

## Cash Flow Statement for the year ended 31st March, 2018

(₹ in thousands)

Particulars	For the year ended	
	31st March, 2018	31st March, 2017
<b>C CASH FLOW FROM FINANCING ACTIVITIES</b>		
Increase / (Decrease) in Short Term Borrowings from Banks	33,698.89	67,499.38
Increase / (Decrease) in Long Term Borrowings	(7,043.90)	235,819.61
Finance Cost	(20,933.82)	(11,535.37)
Dividend Paid	(4,269.02)	(8,538.05)
Dividend distribution tax paid	(926.07)	(1,738.15)
<b>Net Cash flow from Financing Activities</b>	<b>526.08</b>	<b>281,507.42</b>
<b>Net Increase / (Decrease) in Cash and Cash Equivalents</b>	<b>(28,956.07)</b>	<b>29,394.47</b>
<b>Cash and Cash Equivalents at the beginning of the year</b>	<b>30,809.59</b>	<b>1,415.12</b>
<b>Cash and Cash Equivalents at the end of the year</b>	<b>1,853.52</b>	<b>30,809.59</b>

### Notes:

- The above Cash Flow Statement has been prepared under the "Indirect Method" as set out in IND AS -7 "Statement of Cash Flows" referred to in the Companies (Accounts) Rules, 2016.
- Effective April 1, 2017, the Company adopted the amendment to IND AS 7, which require the entities to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes, suggesting inclusion of a reconciliation between the opening and closing balances in the Balance sheet for liabilities arising from financing activities, to meet the disclosure requirement, the effect of which is given below :

Particulars	As at 31st March 2017	Cash Flows	Non-cash Adjustments		As at 31st March 2018
			EIR Effect	Current/ Non-current classification	
Borrowings -Non-Current	267,234.55	(7,043.90)	-	(14,881.16)	245,309.49
Borrowings -Current	94,129.73	33,698.89	-	-	127,828.62
Other financial Liabilities	56,652.97	344.72	-	36,294.85	93,292.54

- Previous year's figures have been re-grouped/re-arranged wherever necessary.

As per our Report annexed of even date

For **JAIN & CO.**

Chartered Accountants

Firm Registration No. 302023E

**U. KANORIA**

Chairman & Director

(DIN: 00081108)

**CA M. K. JAIN**

Partner

Membership No. 055048

Place : Kolkata

Date : The 26th day of May, 2018

**C. KABRA**

Company Secretary

**S. K. PARHI**

Chief Financial Officer

## Statement of Change in Equity for the year ended 31st March, 2018

### a Equity Share Capital

(₹ in thousands)

Balance as at 1st April 2016	17,076.09
Add/(Less): Changes during the year 2016-17	-
Balance as at 31st March 2017	17,076.09
Add/(Less): Changes during the year 2017-18	34,152.18
<b>Balance as at 31st March 2018</b>	<b>51,228.27</b>

### b Other Equity

Particulars	General Reserve	Preference Share Redemption Reserve	Retained Earnings	Other Comprehensive Income		Total
				Equity Instrument through Other Comprehensive Income	Remeasurement of Defined Benefit Plans	
<b>Balance as at 1st April, 2016</b>	37,279.05	4,000.00	139,890.74	85,733.72	-	<b>266,903.51</b>
Profit for the Year	-	-	9,069.69	-	-	9,069.69
Transfer from Retained Earnings	70,000.00	-	-	-	-	70,000.00
Change in Fair Value	-	-	-	1,405.26	-	1,405.26
Remeasurement Gain/(Loss) (Net of Tax)	-	-	-	-	(1,220.96)	(1,220.96)
<b>Total Comprehensive Income</b>	<b>70,000.00</b>	<b>-</b>	<b>9,069.69</b>	<b>1,405.26</b>	<b>(1,220.96)</b>	<b>79,253.99</b>
Final Dividend Paid	-	-	8,538.05	-	-	8,538.05
Dividend Distribution Tax on Final Dividend	-	-	1,738.15	-	-	1,738.15
Transfer to General Reserve	-	-	70,000.00	-	-	70,000.00
<b>Total Distribution</b>	<b>-</b>	<b>-</b>	<b>80,276.20</b>	<b>-</b>	<b>-</b>	<b>80,276.20</b>
<b>Balance as at 31st March, 2017</b>	<b>107,279.05</b>	<b>4,000.00</b>	<b>68,684.23</b>	<b>87,138.98</b>	<b>(1,220.96)</b>	<b>265,881.30</b>

**Statement of Change in Equity** for the year ended 31st March, 2018

(₹ in thousands)

Particulars	General Reserve	Preference Share Redemption Reserve	Retained Earnings	Other Comprehensive Income		Total
				Equity Instrument through Other Comprehensive Income	Remeasurement of Defined Benefit Plans	
<b>Balance as at 31st March, 2017</b>	107,279.05	4,000.00	68,684.23	87,138.98	(1,220.96)	<b>265,881.30</b>
Profit for the Year	-	-	17.26	-	-	17.26
Change in Fair Value	-	-	-	6,199.72	-	6,199.72
Remeasurement Gain/(Loss) (Net of Tax)	-	-	-	-	(2,513.70)	(2,513.70)
<b>Total Comprehensive Income</b>	-	-	<b>17.26</b>	<b>6,199.72</b>	<b>(2,513.70)</b>	<b>3,703.28</b>
Final Dividend Paid	-	-	4,269.02	-	-	4,269.02
Dividend Distribution Tax on Final Dividend	-	-	926.07	-	-	926.07
Utilised for Bonus Issue	34,152.18	-	-	-	-	34,152.18
Total Distribution	34,152.18	-	5,195.09	-	-	39,347.27
<b>Balance as at 31st March, 2018</b>	<b>73,126.87</b>	<b>4,000.00</b>	<b>63,506.40</b>	<b>93,338.70</b>	<b>(3,734.66)</b>	<b>230,237.31</b>

The Notes are an integral part of the Financial Statements

As per our Report annexed of even date  
For **JAIN & CO.**

Chartered Accountants  
Firm Registration No. 302023E

**U. KANORIA**  
Chairman & Director  
(DIN: 00081108)

**CA M. K. JAIN**  
Partner  
Membership No. 055048  
Place : Kolkata

**C. KABRA**  
Company Secretary

**S. K. PARHI**  
Chief Financial Officer

Date : The 26th day of May, 2018

## Notes to the Standalone Financial Statements for the year ended 31st March, 2018

### 1. CORPORATE AND GENERAL INFORMATION

Kanco Tea & Industries Limited (the company) is a public company domiciled in India and incorporated under the provisions of the Companies Act, 1956. Its shares are listed on two stock exchanges in India. The company is engaged in the manufacturing and selling of black tea. The company caters to only the domestic market. The food safety system and the quality management system of Mackeypore Tea Estate has been assessed and found to meet the requirement of HACCP (Hazard Analysis and Critical Point), ISO 22000 Food Safety Management. The quality management system of Mackeypore Tea Estate has been assessed and found to meet the requirements of ISO 9001:2015. Mackeypore Tea Estate & Lakmijan Tea Estate has been issued verification certificate under trust tea code for sustainable tea in India.

### 2. BASIS OF ACCOUNTING

#### 2.1. Statement of Compliance

These financial statements have been prepared in accordance with the Indian Accounting Standards ("Ind AS") as prescribed by Ministry of Corporate Affairs pursuant to Section 133 of the Companies Act, 2013 ("the Act"), read with the Companies (Indian Accounting Standards) Rules, 2015 (as amended), other relevant provisions of the Act and other accounting principles generally accepted in India.

The financial statements for all periods up to and including the year ended 31st March, 2017, were prepared in accordance with Generally Accepted Accounting Principles (GAAP) in India, which includes the accounting standards prescribed under section 133 of the Act read with Rule 7 of the Companies (Accounts) Rules, 2014 and other provisions of the Act (collectively referred to as "Indian GAAP"). These financial statements for the year ended 31st March, 2018 are the first Ind AS Financial Statements with comparatives, prepared under Ind AS. The Company has consistently applied the accounting policies used in the preparation of its opening Ind AS Balance Sheet at 1st April, 2016 throughout all periods presented, as if these policies had always been in effect and are covered by Ind AS 101 "First Time Adoption of Indian Accounting Standards".

An explanation of how the transition to Ind AS has affected the previously reported financial position, financial performance and cash flows of the Company is provided in Note No. 46. Certain of the Company's Ind-AS accounting policies used in the opening Balance Sheet differed from its Indian GAAP policies applied as at 31st March, 2016 and accordingly the adjustments were made to restate the opening balances as per Ind-AS. The resulting adjustment arising from events and transactions before the date of transition to Ind-AS were recognized directly through retained earnings as at 1st April, 2016 as required by Ind- AS 101. The financial statements of the Company for the year ended 31st March, 2018 has been approved by the Board of Directors in their meeting held on 26th May, 2018.

#### 2.2. Basis of Accounting

The Company maintains accounts on accrual basis following the historical cost convention, except for followings:

- Certain Financial Assets and Liabilities is measured at Fair value/ Amortised cost (refer accounting policy regarding financial instruments);
- Defined Benefit Plans – plan assets measured at fair value; and
- Biological Assets – At fair value less cost to sell

#### 2.3. Functional and Presentation Currency

The Financial Statements are presented in Indian Rupee (INR), which is the functional currency of the Company and the currency of the primary economic environment in which the Company operates. All financial information presented in INR has been rounded off to the nearest thousands as per the requirements of Schedule III, unless otherwise stated.

#### 2.4. Use of Estimates and Judgements

The preparation of financial statements in conformity with Ind AS requires judgements, estimates and assumptions to be made that affect the reported amount of assets and liabilities, disclosure of contingent liabilities on the date of the financial statements and the reported amount of revenues and expenses during the reporting period. Difference between the actual results and estimates are recognized in the period in which the results are known/ materialized.

#### 2.5. Presentation of Financial Statements

The Balance Sheet and the Statement of Profit and Loss are prepared and presented in the format prescribed in the

## Notes to the Standalone Financial Statements for the year ended 31st March, 2018

Schedule III to the Companies Act, 2013 (“the Act”). The Statement of Cash Flows has been prepared and presented as per the requirements of Ind AS 7 “Statement of Cash flows”. The disclosure requirements with respect to items in the Balance Sheet and Statement of Profit and Loss, as prescribed in the Schedule III to the Act, are presented by way of notes forming part of the financial statements along with the other notes required to be disclosed under the notified Accounting Standards and the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

### 2.6. Operating Cycle for current and non-current classification

All assets and liabilities have been classified as current or non-current as per the Company's normal operating cycle and other criteria set out in the Schedule III to the Companies Act, 2013 and Ind AS 1. The Company has ascertained its operating cycle as twelve months for the purpose of current and non-current classification of assets and liabilities.

An asset is classified as current when it is:

- Expected to be realized or intended to sold or consumed in normal operating cycle;
- Held primarily for the purpose of trading;
- Expected to be realized within twelve months after the reporting period; or
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All the other assets are classified as non-current.

A liability is current when:

- It is expected to be settled in normal operating cycle;
- It is held primarily for the purpose of trading;
- It is due to be settled within twelve months after the reporting period; or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

The Company classifies all other liabilities as non-current. Deferred Tax Assets and Liabilities are classified as non-current assets and liabilities respectively.

### 2.7. Measurement of Fair Values

A number of the Company's accounting policies and disclosures require the measurement of fair values, for both financial and non-financial assets and liabilities.

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. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability, or
- In the absence of a principal market, in the most advantageous market for the asset or liability.

The principal or the most advantageous market must be accessible by the Company. The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest. A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

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, based on the input that is significant to the fair value measurement as a whole:

- Level 1 — Quoted (unadjusted) market prices in active markets for identical assets or liabilities
- Level 2 — Inputs other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and

## Notes to the Standalone Financial Statements for the year ended 31st March, 2018

- Level 3 — Inputs which are unobservable inputs for the asset or liability.

External valuers are involved for valuation of significant assets & liabilities. Involvement of external valuers is decided by the management of the company considering the requirements of Ind As and selection criteria include market knowledge, reputation, independence and whether professional standards are maintained.

### 3. ACCOUNTING POLICIES

A summary of the significant accounting policies applied in the preparation of the financial statements are as given below. These accounting policies have been applied consistently to all the periods presented in the financial statements.

#### 3.1. INVENTORIES

Inventories are valued at the lower of cost and net realizable value (NRV). Cost is measured by including, unless specifically mentioned below, cost of purchase and other costs incurred in bringing the inventories to their present location and condition. NRV is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale.

- Raw Materials: At Cost or Net Realizable Value whichever is lower. Cost of harvested tea leaves, produced from own gardens, is measured at fair value less cost to sell at the point of harvest of tea leaves.
- Stores and Spare Parts: Stores and Spare Parts are measured at cost (measured at weighted average basis) or net realizable value whichever is lower.
- Finished Goods: Finished goods produced from agricultural produce are valued at lower of cost and the net realizable value. Cost is arrived at by adding the cost of conversion to the fair value of agricultural produce.
- Stock in Trade: Stock in Trade is measured at cost (i.e., purchase cost) or net realizable value whichever is lower.
- Waste/ Scrap: Waste and Scrap (including tea waste) are valued at estimated realizable value.

#### 3.2. CASH AND CASH EQUIVALENTS

Cash and cash equivalent in the balance sheet comprise cash at banks and on hand and short term deposits with an original maturity of three months or less, which are subject to an insignificant risk of change in value.

For the purpose of the statement of cash flows, cash and cash equivalents includes cash in hand, deposits and other short-term highly liquid investments as defined above, net of bank overdrafts as they are considered an integral part of the Company's cash management. Bank overdrafts are shown within short term borrowings in the balance sheet.

#### 3.3. INCOME TAX

The income tax expense or credit for the period is the tax payable on the current period's taxable income based on the applicable income tax rate for each jurisdiction adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses. Current and deferred tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

##### 3.3.1. Current Tax:

Current tax liabilities (or assets) for the current and prior periods are measured at the amount expected to be paid to (recovered from) the taxation authorities using the tax rates (and tax laws) that have been enacted or substantively enacted, at the end of the reporting period.

##### 3.3.2. Deferred Tax

- Deferred Tax assets and liabilities is measured at the tax rates that are expected to apply to the period when the asset is realized or the liability is settled based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.
- Deferred tax is recognized in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the corresponding amounts used for taxation purposes (i.e., tax base). Deferred tax is also recognized for carry forward of unused tax losses and unused tax credits.
- Deferred tax assets are recognized to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilized.

## Notes to the Standalone Financial Statements for the year ended 31st March, 2018

- The carrying amount of deferred tax assets is reviewed at the end of each reporting period. The Company reduces the carrying amount of a deferred tax asset to the extent that it is no longer probable that sufficient taxable profit will be available to allow the benefit of part or that entire deferred tax asset to be utilized. Any such reduction is reversed to the extent that it becomes probable that sufficient taxable profit will be available.
- Deferred tax relating to items recognized outside the Statement of Profit and Loss is recognized either in other comprehensive income or in equity. Deferred tax items are recognized in correlation to the underlying transaction either in OCI or directly in equity.
- Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Company intends to settle its current tax assets and liabilities on a net basis.

### 3.4. PROPERTY, PLANT AND EQUIPMENT

#### 3.4.1. Tangible Assets (Other than Bearer Plants)

##### 3.4.1.1. Recognition and Measurement:

- Property, plant and equipment held for use in the production or/and supply of goods or services, or for administrative purposes, are stated in the balance sheet at cost, less any accumulated depreciation and accumulated impairment losses (if any).
- Cost of an item of property, plant and equipment acquired comprises its purchase price, including import duties and non-refundable purchase taxes, after deducting any trade discounts and rebates, any directly attributable costs of bringing the assets to its working condition and location for its intended use and present value of any estimated cost of dismantling and removing the item and restoring the site on which it is located.
- In case of self-constructed assets, cost includes the costs of all materials used in construction, direct labour, allocation of directly attributable overheads, directly attributable borrowing costs incurred in bringing the item to working condition for its intended use, and estimated cost of dismantling and removing the item and restoring the site on which it is located. The costs of testing whether the asset is functioning properly, after deducting the net proceeds from selling items produced while bringing the asset to that location and condition are also added to the cost of self-constructed assets.
- If significant parts of an item of property, plant and equipment have different useful lives, then they are accounted for as separate items (major components) of property, plant and equipment.
- Profit or loss arising on the disposal of property, plant and equipment are recognized in the Statement of Profit and Loss.

##### 3.4.1.2. Subsequent Measurement:

- Subsequent costs are included in the asset's carrying amount, only when it is probable that future economic benefits associated with the cost incurred will flow to the Company and the cost of the item can be measured reliably. The carrying amount of any component accounted for as a separate asset is derecognized when replaced.
- Major Inspection/ Repairs/ Overhauling expenses are recognized in the carrying amount of the item of property, plant and equipment as a replacement if the recognition criteria are satisfied. Any Unamortized part of the previously recognized expenses of similar nature is derecognized.

##### 3.4.1.3. Depreciation and Amortization:

- Depreciation on tangible fixed assets is provided under Straight Line Method at rates determined based on the useful life of the respective assets and the residual values in accordance with Schedule II of the Companies Act, 2013 or as reassessed by the Company based on the technical evaluation.
- In respect of spares for specific machinery, cost is amortized over the useful life of the related machinery as estimated by the management.
- Depreciation on additions (disposals) during the year is provided on a pro-rata basis i.e., from (up to) the date on which asset is ready for use (disposed of).
- Depreciation method, useful lives and residual values are reviewed at each financial year-end and adjusted if appropriate.

## Notes to the Standalone Financial Statements for the year ended 31st March, 2018

### 3.4.1.4. Disposal of Assets

An item of property, plant and equipment is derecognized upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between net disposal proceeds and the carrying amount of the asset and is recognized in the statement of profit and loss.

### 3.4.1.5. Capital Work in Progress

Capital work-in-progress is stated at cost which includes expenses incurred during construction period, interest on amount borrowed for acquisition of qualifying assets and other expenses incurred in connection with project implementation in so far as such expenses relate to the period prior to the commencement of commercial production.

### 3.4.2. Bearer Plants

#### 3.4.2.1. Recognition and Measurement:

- Bearer Plants, comprising of mature tea bushes and shade trees are stated in the balance sheet at cost, less any accumulated depreciation and accumulated impairment losses (if any).
- Cost of bearer plants includes the cost of uprooting, land development, rehabilitation, planting of Guatemala, planting of shade trees, cost of nursery, drainage, manual cultivation, fertilizers, agro-chemicals, pruning and infilling etc.

#### 3.4.2.2. Subsequent Measurement:

Costs incurred for infilling including block infilling are generally recognized in the Statement of Profit and Loss unless there is a significant increase in the yield of the sections, in which case such costs are capitalized and depreciated over the remaining useful life of the respective sections.

#### 3.4.2.3. Depreciation:

- Depreciation on bearer plants is recognised so as to write off its cost over useful lives, using the straight-line method.
- The estimated useful life, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any change in estimate accounted for on a prospective basis.
- Estimated useful life of the bearer plants has been determined to be 50 years. The residual value in case of Bearer Plants has been considered as NIL.

#### 3.4.2.4. Capital Work in Progress

Young tea bushes & shade trees, including the cost incurred for procurement of new seeds and maintenance of nurseries, are carried at cost less any recognized impairment losses under capital work-in-progress. Cost includes the cost of land preparation, new planting and maintenance of newly planted bushes until maturity. On maturity, these costs are classified under bearer plants. Depreciation of bearer plants commence on maturity.

### 3.5. REVENUE RECOGNITION

Revenue is recognised based on nature of activity when consideration can be reasonably measured and recovered with reasonable certainty. Revenue is measured at the fair value of the consideration received or receivable, taking into account contractually defined terms of payment, but excludes amounts collected on behalf of third parties, such as sales tax and value added tax and is reduced for estimated customer returns, rebates and other similar allowances.

#### 3.5.1. Sale of Products:

The Company recognises revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the Company and significant risk and reward incidental to sale of products is transferred to the buyer, usually on delivery of the goods.

#### 3.5.2. Other Income:

##### 3.5.2.1. Interest Income: For all debt instruments measured either at amortized cost or at fair value through other comprehensive income (FVTOCI), interest income is recorded using the effective interest rate (EIR). EIR is the rate that

## Notes to the Standalone Financial Statements for the year ended 31st March, 2018

exactly discounts the estimated future cash receipts over the expected life of the financial instrument or a shorter period, where appropriate, to the gross carrying amount of the financial asset.

**3.5.2.2. Dividend Income:** Dividend income is accounted in the period in which the right to receive the same is established.

**3.5.2.3. Other Income:** Other items of income are accounted as and when the right to receive such income arises and it is probable that the economic benefits will flow to the company and the amount of income can be measured reliably.

### 3.6. EMPLOYEE BENEFITS

#### 3.6.1. Short Term Benefits

Short term employee benefit obligations are measured on an undiscounted basis and are expensed as the related services are provided. Liabilities for wages and salaries, including non-monetary benefits that are expected to be settled wholly within twelve months after the end of the period in which the employees render the related service are recognized in respect of employees' services up to the end of the reporting period.

#### 3.6.2. Other Long Term Employee Benefits

The liabilities for earned leaves and sick leaves that are not expected to be settled wholly within twelve months are measured as the present value of the expected future payments to be made in respect of services provided by employees up to the end of the reporting period using the projected unit credit method. The benefits are discounted using the government securities (G-Sec) at the end of the reporting period that have terms approximating to the terms of related obligation. Remeasurements as the result of experience adjustment and changes in actuarial assumptions are recognized in statement of profit and loss.

#### 3.6.3. Post Employment Benefits

The Company operates the following post employment schemes:

##### ➤ Defined Contribution Plan

Defined contribution plans such as Provident Fund, Superannuation Fund, labour Welfare Fund etc. are charged to the statement of profit and loss as and when incurred. There are no other contribution payable to the respective funds.

##### ➤ Defined Benefit Plans

The liability or asset recognized in the Balance Sheet in respect of defined benefit plans is the present value of the defined benefit obligation at the end of the reporting period less the fair value of plan assets. The Company's net obligation in respect of defined benefit plans is calculated separately for each plan by estimating the amount of future benefit that employees have earned in the current and prior periods. The defined benefit obligation is calculated annually by Actuaries using the projected unit credit method.

The liability recognized for defined benefit plans is the present value of the defined benefit obligation at the reporting date less the fair value of plan assets, together with adjustments for unrecognized actuarial gains or losses and past service costs. The net interest cost is calculated by applying the discount rate to the net balance of the defined benefit obligation and the fair value of plan assets. The benefits are discounted using the government securities (G-Sec) at the end of the reporting period that have terms approximating to the terms of related obligation.

Remeasurements of the net defined benefit obligation, which comprise actuarial gains and losses, the return on plan assets (excluding interest) and the effect of the asset ceiling, are recognized in other comprehensive income. Remeasurement recognized in other comprehensive income is reflected immediately in retained earnings and will not be reclassified to the statement of profit and loss.

### 3.7. GOVERNMENT GRANTS

Government grants are recognised at their fair value, where there is reasonable assurance that the grant will be received and all attached conditions will be complied with. When the grant relates to an expense item, it is recognised as income on a systematic basis over the periods that the related costs, for which it is intended to compensate, are expensed.

The grant relating to the acquisition/ construction of an item of property, plant and equipment are included in non-current liabilities as deferred income and are credited to profit or loss on the same systematic basis as the respective assets are depreciated over their expected life and are presented within other operating income.

## Notes to the Standalone Financial Statements for the year ended 31st March, 2018

### 3.8. FOREIGN CURRENCY TRANSACTIONS

- Foreign currency (other than the functional currency) transactions are translated into the functional currency using the spot rates of exchanges at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency spot rate of exchanges at the reporting date.
- Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities are generally recognized in profit or loss in the year in which they arise except for exchange differences on foreign currency borrowings relating to assets under construction for future productive use, which are included in the cost of those qualifying assets when they are regarded as an adjustment to interest costs on those foreign currency borrowings, the balance is presented in the Statement of Profit and Loss within finance costs.
- Non monetary items are not retranslated at period end and are measured at historical cost (translated using the exchange rate at the transaction date).

### 3.9. BORROWING COSTS

- Borrowing Costs consists of interest and other costs that an entity incurs in connection with the borrowings of funds. Borrowing costs also includes exchange difference to the extent regarded as an adjustment to the borrowing costs.
- Borrowing costs directly attributable to the acquisition or construction of a qualifying asset are capitalized as a part of the cost of that asset that necessarily takes a substantial period of time to complete and prepare the asset for its intended use or sale. The Company considers a period of twelve months or more as a substantial period of time.
- Transaction costs in respect of long term borrowing are amortized over the tenure of respective loans using Effective Interest Rate (EIR) method. All other borrowing costs are recognized in the statement of profit and loss in the period in which they are incurred.

### 3.10. INVESTMENT IN SUBSIDIARIES

Investments in subsidiaries are carried at cost less accumulated impairment losses, if any. Where an indication of impairment exists, the carrying amount of the investment is assessed and written down immediately to its recoverable amount. On disposal of investments in subsidiaries, the difference between net disposal proceeds and the carrying amounts are recognized in the statement of profit and loss.

### 3.11. FINANCIAL INSTRUMENTS

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

#### 3.11.1. Financial Assets

- Recognition and Initial Measurement:

All financial assets are initially recognized when the company becomes a party to the contractual provisions of the instruments. A financial asset is initially measured at fair value plus, in the case of financial assets not recorded at fair value through profit or loss, transaction costs that are attributable to the acquisition of the financial asset.

- Classification and Subsequent Measurement:

For purposes of subsequent measurement, financial assets are classified in four categories:

- o Measured at Amortized Cost;
- o Measured at Fair Value Through Other Comprehensive Income (FVTOCI);
- o Measured at Fair Value Through Profit or Loss (FVTPL); and
- o Equity Instruments measured at Fair Value Through Other Comprehensive Income (FVTOCI).

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

- o Measured at Amortized Cost: A debt instrument is measured at the amortized cost if both the following conditions are met:

## Notes to the Standalone Financial Statements for the year ended 31st March, 2018

- The asset is held within a business model whose objective is achieved by both collecting contractual cash flows; and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding.

After initial measurement, such financial assets are subsequently measured at amortized cost using the effective interest rate (EIR) method. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included in finance income in the statement of profit or loss. The losses arising from impairment are recognised in the profit or loss. This category generally applies to trade receivables, cash and bank balances, loans and other financial assets of the company.

- o **Measured at FVTOCI:** A debt instrument is measured at the FVTOCI if both the following conditions are met:
  - The objective of the business model is achieved by both collecting contractual cash flows and selling the financial assets; and
  - The asset's contractual cash flows represent SPPI.

Debt instruments meeting these criteria are measured initially at fair value plus transaction costs. They are subsequently measured at fair value with any gains or losses arising on remeasurement recognized in other comprehensive income, except for impairment gains or losses and foreign exchange gains or losses. Interest calculated using the effective interest method is recognized in the statement of profit and loss in investment income.

- o **Measured at FVTPL:** FVTPL is a residual category for debt instruments. Any debt instrument, which does not meet the criteria for categorization as at amortized cost or as FVTOCI, is classified as FVTPL. In addition, the company may elect to designate a debt instrument, which otherwise meets amortized cost or FVTOCI criteria, as at FVTPL. Debt instruments included within the FVTPL category are measured at fair value with all changes recognized in the statement of profit and loss. Equity instruments which are, held for trading are classified as at FVTPL.
- o **Equity Instruments measured at FVTOCI:** For all other equity instruments, which has not been classified as FVTPL as above, the company may make an irrevocable election to present in other comprehensive income subsequent changes in the fair value. The company makes such election on an instrument-by-instrument basis. The classification is made on initial recognition and is irrevocable. In case the company decides to classify an equity instrument as at FVTOCI, then all fair value changes on the instrument, excluding dividends, are recognized in the OCI. There is no recycling of the amounts from OCI to P&L, even on sale of investment.

### ➤ Derecognition:

The Company derecognizes a financial asset on trade date only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity.

### ➤ Impairment of Financial Assets:

The Company assesses at each date of balance sheet whether a financial asset or a group of financial assets is impaired. Ind AS – 109 requires expected credit losses to be measured through a loss allowance. The company recognizes lifetime expected losses for all contract assets and/ or all trade receivables that do not constitute a financing transaction. For all other financial assets, expected credit losses are measured at an amount equal to the 12 month expected credit losses or at an amount equal to the life time expected credit losses if the credit risk on the financial asset has increased significantly since initial recognition.

### 3.11.2. Financial Liabilities

#### ➤ Recognition and Initial Measurement:

Financial liabilities are classified, at initial recognition, as at fair value through profit or loss, loans and borrowings, payables or as derivatives, as appropriate. All financial liabilities are recognized initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

## Notes to the Standalone Financial Statements for the year ended 31st March, 2018

➤ Subsequent Measurement:

Financial liabilities are measured subsequently at amortized cost or FVTPL. A financial liability is classified as FVTPL if it is classified as held-for-trading, or it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognized in profit or loss. Other financial liabilities are subsequently measured at amortized cost using the effective interest rate method. Interest expense and foreign exchange gains and losses are recognized in profit or loss. Any gain or loss on derecognition is also recognized in profit or loss.

➤ Financial Guarantee Contracts:

Financial guarantee contracts issued by the company are those contracts that require a payment to be made to reimburse the holder for a loss it incurs because the specified debtor fails to make a payment when due in accordance with the terms of a debt instrument. Financial guarantee contracts are recognized initially as a liability at fair value, adjusted for transaction costs that are directly attributable to the issuance of the guarantee. Subsequently, the liability is measured at the higher of the amount of loss allowance determined as per impairment requirement of Ind AS 109 and the amount recognized less cumulative amortization.

➤ Derecognition:

A financial liability is derecognized when the obligation under the liability is discharged or cancelled or expires.

### 3.11.3. Offsetting financial instruments

Financial assets and liabilities are offset and the net amount is reported in the balance sheet when there is a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis or realize the asset and settle the liability simultaneously. The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business and in the event of default, insolvency or bankruptcy of the counterparty.

### 3.12. Earnings Per Share

Basic Earnings per share (EPS) amounts are calculated by dividing the profit for the year attributable to equity holders by the weighted average number of equity shares outstanding during the year. Diluted EPS amounts are calculated by dividing the profit attributable to equity holders adjusted for the effects of potential equity shares by the weighted average number of equity shares outstanding during the year plus the weighted average number of equity shares that would be issued on conversion of all the dilutive potential equity shares into equity shares.

### 3.13. Impairment of Non-Financial Assets

The Company assesses, at each reporting date, whether there is an indication that an asset may be impaired. An asset is treated as impaired when the carrying cost of the asset exceeds its recoverable value being higher of value in use and net selling price. Value in use is computed at net present value of cash flow expected over the balance useful lives of the assets. For the purpose of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or group of assets (Cash Generating Units – CGU).

An impairment loss is recognized as an expense in the Statement of Profit and Loss in the year in which an asset is identified as impaired. The impairment loss recognized in earlier accounting period is reversed if there has been an improvement in recoverable amount.

### 3.14. Provisions, Contingent Liabilities and Contingent Assets

#### 3.14.1. Provisions

Provisions are recognized when there is a present obligation (legal or constructive) as a result of a past event and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Provisions are determined by discounting the expected future cash flows (representing the best estimate of the expenditure required to settle the present obligation at the

## Notes to the Standalone Financial Statements for the year ended 31st March, 2018

balance sheet date) at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognized as finance cost.

### 3.14.2. Contingent Liabilities

Contingent liability is a possible obligation arising from past events and 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 but is not recognized because it is not possible that an outflow of resources embodying economic benefit will be required to settle the obligations or reliable estimate of the amount of the obligations cannot be made. The Company discloses the existence of contingent liabilities in Other Notes to Financial Statements.

### 3.14.3. Contingent Assets

Contingent assets usually arise from unplanned or other unexpected events that give rise to the possibility of an inflow of economic benefits. Contingent Assets are not recognized though are disclosed, where an inflow of economic benefits is probable.

### 3.15. Intangible Assets

#### 3.15.1. Recognition and Measurement

Software which is not an integral part of related hardware, is treated as intangible asset and are stated at cost on initial recognition and subsequently measured at cost less accumulated amortization and accumulated impairment loss, if any.

#### 3.15.2. Subsequent Expenditure

Subsequent costs are included in the asset's carrying amount, only when it is probable that future economic benefits associated with the cost incurred will flow to the Company and the cost of the item can be measured reliably. All other expenditure is recognized in the Statement of Profit & Loss.

#### 3.15.3. Amortization

- Intangible assets are amortized over their estimated useful lives.
- The amortization period and the amortization method are reviewed at least at the end of each financial year. If the expected useful life of the assets is significantly different from previous estimates, the amortization period is changed accordingly.

#### 3.15.4. Intangible Assets under Development

Intangible Assets under development is stated at cost which includes expenses incurred in connection with development of Intangible Assets in so far as such expenses relate to the period prior to the getting the assets ready for use.

### 3.16. Biological Assets and Agricultural Produce

#### 3.16.1. Biological Assets

Biological assets of the company comprise of un-harvested green tea leaves that are classified as current biological assets.

The Company recognizes biological assets when, and only when, the Company controls the assets as a result of past events, it is probable that future economic benefits associated with such assets will flow to the company and the fair value or cost of the assets can be measured reliably. Expenditure incurred on biological assets is measured on initial recognition and at the end of each reporting period at its fair value less costs to sell. The gain or loss arising from a change in fair value less cost to sell of biological assets is included in Statement of Profit and Loss for the period in which it arises.

#### 3.16.2. Agricultural Produce

The Company recognizes agricultural produce when, and only when, the Company controls the assets as a result of past events, it is probable that future economic benefits associated with such assets will flow to the Company and the fair value or the cost of the assets can be measured reliably. Agricultural produce harvested from the Company's biological

## Notes to the Standalone Financial Statements for the year ended 31st March, 2018

assets are valued at fair value less cost to sell at the point of harvest. A gain or loss arising on initial recognition of agricultural produce at fair value less cost to sell shall be included in Statement of Profit & Loss for the period in which it arises.

The Company's agricultural produce comprises of green leaves plucked from its tea estate.

### 3.17. Operating Segment

Operating Segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker (CODM). The CODM, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Board of Directors. Segments are organized based on businesses which have similar economic characteristics as well as exhibit similarities in nature of production processes, the type and class of customer and distribution methods. Accordingly, the company has only one segment i.e., Manufacturing of Black Tea.

### 3.18. Standards Issued but not yet Effective

The standard issued but not yet effective up to the date of issuance of the Company's Financial Statements is disclosed below. The company intends to adopt this Standard when it becomes effective.

- Ind AS-21 – The Effects of Changes in Foreign Exchange Rates

Appendix B to Ind As 21, Foreign currency transactions and advance consideration: On March 28, 2018, Ministry of Corporate Affairs ("MCA") has notified the Companies (Indian Accounting Standards) Amendment Rules, 2018 containing Appendix B to Ind AS 21, Foreign currency transactions and advance consideration which clarifies the date of transaction for the purpose of determining the exchange rate to use on initial recognition of the related asset, expense or income, when an entity has received or paid advance consideration in a foreign currency.

- Ind AS-115- Revenue from Contracts with Customers

In March 2018, the Ministry of Corporate Affairs issued the Companies (Indian Accounting Standards) (Amendments) Rules, 2018, notifying Ind AS 115, 'Revenue from Contracts with Customers'. The amendment is applicable to the Company for the reporting period beginning April 01, 2018. Ind AS 115 replaces existing revenue recognition standards Ind AS 11, Construction Contracts and Ind AS 18, revenue and revised guidance note of the ICAI on Accounting for Real Estate Transaction for Ind AS entities issued in 2016.

The amendment will come into force from April 1, 2018. The Company is in the process of evaluating the requirement of the amendments as well as the impact of the same.

## 4. SIGNIFICANT JUDGEMENTS AND KEY SOURCES OF ESTIMATION IN APPLYING ACCOUNTING POLICIES

Estimates and judgements are continually evaluated. They are based on historical experience and other factors, including expectations of future events that may have a financial impact on the Company and that are believed to be reasonable under the circumstances. Information about Significant judgements and Key sources of estimation made in applying accounting policies that have the most significant effects on the amounts recognized in the financial statements is included in the following notes:

- **Recognition of Deferred Tax Assets:** The extent to which deferred tax assets can be recognized is based on an assessment of the probability of the Company's future taxable income against which the deferred tax assets can be utilized. In addition, significant judgement is required in assessing the impact of any legal or economic limits.
- **Useful lives of depreciable/ amortisable assets (tangible and intangible):** Management reviews its estimate of the useful lives of depreciable/ amortisable assets at each reporting date, based on the expected utility of the assets. Uncertainties in these estimates relate to actual normal wear and tear that may change the utility of plant and equipment.
- **Defined Benefit Obligation (DBO):** Employee benefit obligations are measured on the basis of actuarial assumptions which include mortality and withdrawal rates as well as assumptions concerning future developments in discount rates, medical cost trends, anticipation of future salary increases and the inflation rate. The Company considers that the assumptions used to measure its obligations are appropriate. However, any changes in these assumptions may have a material impact on the resulting calculations.

## Notes to the Standalone Financial Statements for the year ended 31st March, 2018

- **Provisions and Contingencies:** The assessments undertaken in recognising provisions and contingencies have been made in accordance with Indian Accounting Standards (Ind AS) 37, 'Provisions, Contingent Liabilities and Contingent Assets'. The evaluation of the likelihood of the contingent events is applied best judgement by management regarding the probability of exposure to potential loss.
- **Impairment of Financial Assets:** The Company reviews its carrying value of investments carried at amortized cost annually, or more frequently when there is indication of impairment. If recoverable amount is less than its carrying amount, the impairment loss is accounted for.
- **Allowances for Doubtful Debts:** The Company makes allowances for doubtful debts through appropriate estimations of irrecoverable amount. The identification of doubtful debts requires use of judgment and estimates. Where the expectation is different from the original estimate, such difference will impact the carrying value of the trade and other receivables and doubtful debts expenses in the period in which such estimate has been changed.
- **Fair value measurement of financial Instruments:** When the fair values of financial assets and financial liabilities recorded in the balance sheet cannot be measured based on quoted prices in active markets, their fair value is measured using valuation techniques including the Discounted Cash Flow model. The input to these models are taken from observable markets where possible, but where this not feasible, a degree of judgement is required in establishing fair values. Judgements include considerations of inputs such as liquidity risk, credit risk and volatility.
- **Fair Value of Biological Assets:** The fair value of Biological Assets is determined based on recent transactions entered into with third parties or available market price.

## Notes to the Standalone Financial Statements for the year ended 31st March, 2018

(₹ in thousands)

### Note 5 PROPERTY, PLANT AND EQUIPMENT

Particulars	Year ended 31st March 2018									
	Gross Block					Accumulated Depreciation				Net Carrying Amount
	As at 31st March 2017	Additions	Additions through Business Combination	Disposals	As at 31st March 2018	As at 31st March 2017	For the Year	Deductions	As at 31st March 2018	
Land Freehold	2,44,026.60	-	-	-	2,44,026.60	-	-	-	-	2,44,026.60
Buildings & Water Supply Installation	48,272.39	16,451.44	-	-	64,723.83	1,614.22	2,118.03	-	3,732.25	60,991.58
Plant & Equipments	61,109.92	32,189.24	-	2.70	93,296.46	6,432.70	8,619.82	0.91	15,051.61	78,244.85
Furniture and Fixtures	4,438.07	228.09	-	-	4,666.16	550.77	554.49	-	1,105.26	3,560.90
Motor Vehicles	20,519.31	11,061.91	-	222.47	31,358.75	3,006.13	3,465.82	121.86	6,350.09	25,008.66
Bearer Plants	61,371.67	6,165.48	-	-	67,537.15	1,167.96	2,142.74	-	3,310.70	64,226.45
<b>Total</b>	<b>4,39,737.96</b>	<b>66,096.16</b>	<b>-</b>	<b>225.17</b>	<b>5,05,608.95</b>	<b>12,771.78</b>	<b>16,900.90</b>	<b>122.77</b>	<b>29,549.91</b>	<b>4,76,059.04</b>

Particulars	Year ended 31st March 2017									
	Gross Block					Accumulated Depreciation				Net Carrying Amount
	Deemed Cost as at 1st April 2016	Additions	Additions through Business Combination	Disposals	As at 31st March 2017	As at 1st April 2016	For the Year	Deductions	As at 31st March 2017	
Land Freehold	-	-	2,44,026.60	-	2,44,026.60	-	-	-	-	2,44,026.60
Buildings & Water Supply Installation	40,172.13	468.55	7,631.71	-	48,272.39	-	1,614.22	-	1,614.22	46,658.17
Plant & Equipments	54,532.05	733.11	6,459.00	614.24	61,109.92	-	6,454.64	21.94	6,432.70	54,677.22
Furniture and Fixtures	4,102.62	135.45	200.00	-	4,438.07	-	550.77	-	550.77	3,887.30
Motor Vehicles	18,349.04	779.79	1,660.00	269.52	20,519.31	-	3,046.80	40.67	3,006.13	17,513.18
Bearer Plants	31,381.45	4,967.53	25,022.69	-	61,371.67	-	1,167.96	-	1,167.96	60,203.71
<b>Total</b>	<b>1,48,537.29</b>	<b>7,084.43</b>	<b>2,85,000.00</b>	<b>883.76</b>	<b>4,39,737.96</b>	<b>-</b>	<b>12,834.39</b>	<b>62.61</b>	<b>12,771.78</b>	<b>4,26,966.18</b>

#### Notes:

- For Property, Plant and Equipment existing as on 1st April 2016, i.e. the date of transition to Ind AS for the company, the company has taken the fair value of certain parcels of land and Ind AS cost for all the other assets as deemed cost as per the option available under para D7AA of Ind AS 101 "First Time Adoption".
- Refer note no. 42 for information on inventories pledged as securities by the Company.
- Refer note no. 41 for disclosure of contractual commitments for the acquisition of Property, Plant & Equipments.

## Notes to the Standalone Financial Statements for the year ended 31st March, 2018

(₹ in thousands)

Particulars	Year ended 31st March 2018								
	Gross Block				Accumulated Amortization				Net Carrying Amount
	As at 31st March 2017	Additions	Disposals	As at 31st March 2018	As at 31st March 2017	For the year	Deductions	As at 31st March 2018	
<b>Note 6 INTANGIBLE ASSETS</b>									
Computer Software	98.96	-	-	98.96	60.10	20.33	-	80.43	18.53
<b>Total</b>	<b>98.96</b>	<b>-</b>	<b>-</b>	<b>98.96</b>	<b>60.10</b>	<b>20.33</b>	<b>-</b>	<b>80.43</b>	<b>18.53</b>

Particulars	Year ended 31st March 2018								
	Gross Block				Accumulated Amortization				Net Carrying Amount
	Deemed Cost as at 1st April 2016	Additions	Disposals	As at 31st March 2017	As at 1st April 2016	For the year	Deductions	As at 31st March 2017	
<b>Note 6 INTANGIBLE ASSETS</b>									
Computer Software	85.08	13.88	-	98.96	-	60.10	-	60.10	38.86
<b>Total</b>	<b>85.08</b>	<b>13.88</b>	<b>-</b>	<b>98.96</b>	<b>-</b>	<b>60.10</b>	<b>-</b>	<b>60.10</b>	<b>38.86</b>

	Face Value	As at 31st March 2018		As at 31st March 2017		As at 1st April 2016	
		Qty	Amount	Qty	Amount	Qty	Amount
<b>Note 7 INVESTMENT IN SUBSIDIARIES</b>							
<b>Equity Investment valued at Cost (Unquoted)</b>							
Winnow Investments & Securities Pvt. Ltd.	10	960,000	9,600.00	960,000	9,600.00	960,000	9,600.00
<b>Total</b>			<b>9,600.00</b>		<b>9,600.00</b>		<b>9,600.00</b>

	Face Value	As at 31st March 2018		As at 31st March 2017		As at 1st April 2016	
		Qty	Amount	Qty	Amount	Qty	Amount
<b>Note 8 NON-CURRENT INVESTMENTS</b>							
<b>Investment at Fair Value through Other Comprehensive Income</b>							
<b>Equity Instruments (Quoted)</b>							
Warren Tea Limited	10	10	1.05	10	1.25	10	1.31
Kanco Enterprises Limited*	10	3,314,291	1,160.01	3,314,291	4,275.43	3,314,291	5,601.15
<b>Sub-total</b>			<b>1,161.06</b>		<b>4,276.68</b>		<b>5,602.46</b>
<b>Equity Instruments (Unquoted)</b>							
Gujurat Nylons Limited	10	100	3.47	100	3.47	100	3.47
The Methoni Tea Co. Limited	10	100	12.69	100	12.69	100	12.69
The Grob Tea Co. Limited	10	150	12.12	150	12.12	150	12.12
Rydak Syndicate Limited	10	100	12.69	100	12.69	100	12.69
E T Resources Private Limited	10	74,300	36,035.50	74,300	32,097.59	74,300	31,354.60
B T Investments Private Limited	10	76,500	19,201.50	76,500	17,977.50	76,500	18,207.00
Cosmos Resources Private Limited	10	75,000	7,800.00	75,000	7,425.00	75,000	7,500.00
Facitcon Investments Private Limited	10	88,000	24,288.00	88,000	22,088.00	88,000	21,384.00
S T Investment Private Limited	10	798,350	23,152.16	798,350	22,353.80	798,350	20,757.10
Nidhi Private Limited	10	160,000	9,600.00	160,000	8,800.00	160,000	8,640.00
Innova Properties Private Limited	10	77,500	12,709.98	77,500	12,245.01	77,500	12,245.00
Suryasakti Commodities Private Limited	10	46,000	9,338.00	46,000	8,878.00	46,000	8,832.00
<b>Sub-total</b>			<b>142,166.11</b>		<b>131,905.87</b>		<b>128,960.67</b>
<b>Total (A)</b>			<b>143,327.17</b>		<b>136,182.55</b>		<b>134,563.13</b>

## Notes to the Standalone Financial Statements for the year ended 31st March, 2018

(₹ in thousands)

	Face Value	As at 31st March 2018		As at 31st March 2017		As at 1st April 2016	
		Qty	Amount	Qty	Amount	Qty	Amount
<b>Note 8 NON-CURRENT INVESTMENTS</b>							
<b>Investments at Fair Value through Profit or Loss</b>							
<b>Investment in 7% Non Cumulative Redeemable Preference shares(Unquoted) redeemable during F.Y. 2021-2022</b>							
B T Investments Private Limited	100		3,925.00	39,250	3,925.00	39,250	3,925.00
Facitcon Investments Private Limited	100		4,632.00	46,320	4,632.00	46,320	4,632.00
<b>Sub-total</b>			<b>8,557.00</b>		<b>8,557.00</b>		<b>8,557.00</b>
<b>Investment in Mutual Funds (Unquoted)</b>							
HDFC Asset Management Company Limited		5,24,301.368	6,462.07	524,301.368	6,038.59	-	-
Reliance Capital Asset Management Company Limited		5,11,927.921	5,424.29	5,11,927.921	6,481.11	-	-
IIFL Asset Revival Fund Series-2		13,22,848.951	18,573.98	13,22,848.951	17,450.36	-	-
<b>Sub-total</b>			<b>30,460.34</b>		<b>29,970.06</b>		<b>-</b>
<b>Equity Instruments (Quoted)</b>							
Mangalore Refinery & Petrochemicals Ltd.			-	-	-	200	13.41
Srei Infrastructure Limited			-	-	-	3,985	220.17
L & T Finance Holdings Limited			-	-	-	43,500	2,766.60
IDFC Ltd			-	-	-	17,000	686.80
IDFC Bank Ltd			-	-	-	17,000	820.25
CESC Limited			-	-	-	2,100	994.03
First Source Solutions Limited			-	-	-	500	16.86
<b>Total (B)</b>			<b>39,017.34</b>		<b>38,527.06</b>		<b>14,075.12</b>
<b>TOTAL NON- CURRENT INVESTMENTS (A+B)</b>			<b>1,82,344.51</b>		<b>1,74,709.61</b>		<b>1,48,638.25</b>
Aggregate Book Value of Quoted Investments			1,161.06		4,276.68		11,120.58
Aggregate Fair Value of Quoted Investments			1,161.06		4,276.68		11,120.58
Aggregate amount of Unquoted Investments			1,81,183.45		1,70,432.93		1,37,517.67

\* Out of which 30,86,080 Equity Shares are lying pledged.

	Refer Note No.	Long Term			Short Term		
		As at 31st March 2018	As at 31st March 2017	As at 1st April 2016	As at 31st March 2018	As at 31st March 2017	As at 1st April 2016
<b>Note 9 TRADE RECEIVABLES</b>							
Trade Receivables	9.1 & 9.2	325.55	219.09	162.05	8,464.85	4,269.28	2,348.84
Less: Provision for doubtful receivables		-	-	-	-	-	-
<b>Total Trade Receivables</b>		<b>325.55</b>	<b>219.09</b>	<b>162.05</b>	<b>8,464.85</b>	<b>4,269.28</b>	<b>2,348.84</b>
<b>Break Up of Security Details</b>							
Unsecured, considered good		325.55	219.09	162.05	8,464.85	4,269.28	2,348.84
Doubtful		-	-	-	-	-	-
<b>Total</b>		<b>325.55</b>	<b>219.09</b>	<b>162.05</b>	<b>8,464.85</b>	<b>4,269.28</b>	<b>2,348.84</b>
Less: Provision for doubtful receivables		-	-	-	-	-	-
<b>Total Trade Receivables</b>		<b>325.55</b>	<b>219.09</b>	<b>162.05</b>	<b>8,464.85</b>	<b>4,269.28</b>	<b>2,348.84</b>

9.1 Trade receivables are non-interest bearing and are generally on terms of 30 to 60 days.

9.2 No trade or other receivables are due from directors or other officers of the company either severally or jointly with any other person. Nor any trade or other receivable are due from firms or private companies respectively in which any director is a partner, a director or a member.

## Notes to the Standalone Financial Statements for the year ended 31st March, 2018

(₹ in thousands)

	Refer Note No.	Long Term			Short Term		
		As at 31st March 2018	As at 31st March 2017	As at 1st April 2016	As at 31st March 2018	As at 31st March 2017	As at 1st April 2016
<b>Note 10 LOANS</b>							
<b>Loans &amp; Advances to Related Parties</b>	10.1						
Unsecured, considered good		54229.28	14069.28	14262.29	-	-	-
Unsecured, considered doubtful		43,434.76	43,434.76	43,434.76	-	-	-
		<b>97,664.04</b>	<b>57,504.04</b>	<b>57,697.05</b>	-	-	-
Less: Provision for Doubtful Advances		43,434.76	43,434.76	43,434.76			
		<b>54,229.28</b>	<b>14,069.28</b>	<b>14,262.29</b>			
<b>Other Loans and Advances</b>							
Advance to Employees, unsecured, considered good		782.46	1,062.16	347.00	725.80	466.92	893.74
<b>Total Loans</b>		<b>55,011.74</b>	<b>15,131.44</b>	<b>14,609.29</b>	<b>725.80</b>	<b>466.92</b>	<b>893.74</b>

**10.1** No Loans are due from directors or other officers of the company either severally or jointly with any other person. Nor any loan are due from firms or private companies respectively in which any director is a partner, a director or a member.

<b>Note 11 OTHERS FINANCIAL ASSETS</b>						
Security & Other Deposits	11,246.93	10,508.79	8,427.85	-	-	-
Nabard Tea Development Account	-	-	-	3.40	3.40	3.40
Interest Accrued and Due	3,949.26	3,518.22	3,518.22	37.05	520.32	3,715.33
Less: Provision for Doubtful receivables	(3,518.22)	(3,518.22)	(3,518.22)	-	-	-
Others	-	-	-	6,718.75	99.98	-
	<b>11,677.97</b>	<b>10,508.79</b>	<b>8,427.85</b>	<b>6,759.20</b>	<b>623.70</b>	<b>3,718.73</b>

<b>Note 13 OTHER ASSETS</b>						
Capital Advances	240.45	4,124.96	624.06	-	-	-
<b>Advances other than Capital Advances</b>						
Advance against supply of Goods & Services	1,836.84	1,838.94	2,025.43	11,571.36	7,389.80	3,648.20
Prepaid Expenses	-	-	-	1,912.56	3,079.70	3,569.00
Balances with Government & Statutory Authorities	159.37	997.21	1,353.53	6,171.31	916.48	681.08
Incentive and Subsidy Receivable	11,823.45	14,937.01	2,946.46	-	-	-
Less: Provision for Doubtful Receivables	(2,946.46)	(2,946.46)	(2,946.46)	-	-	-
Other Receivables	205.46	439.99	437.85	755.82	371.62	20.94
<b>Total Other Assets</b>	<b>11,319.11</b>	<b>19,391.65</b>	<b>4,440.87</b>	<b>20,411.05</b>	<b>11,757.60</b>	<b>7,919.22</b>

	Refer Note No.	As at 31st March 2018	As at 31st March 2017	As at 1st April 2016
<b>Note 14 NON CURRENT TAX ASSETS (NET)</b>				
Advance Income Tax & TDS		43,425.92	43,339.11	39,774.59
Less: Provision for Taxation		40,361.64	40,361.64	38,096.07
		<b>3,064.28</b>	<b>2,977.47</b>	<b>1,678.52</b>

<b>Note 15 INVENTORIES</b>				
(As valued and certified by the Management)	3.1			
Raw Materials	15.2	1,158.17	-	-
Finished Goods	15.2	10,464.28	23,754.83	21,674.63
Stores and Spares etc.	15.1 & 15.2	20,113.95	22,740.88	12,103.55
		<b>31,736.40</b>	<b>46,495.71</b>	<b>33,778.18</b>

<b>15.1</b> The above includes goods-in-transit as under:				
Stores and Spares etc.		2,502.99	8,564.03	1,061.47
		<b>2,502.99</b>	<b>8,564.03</b>	<b>1,061.47</b>

## Notes to the Standalone Financial Statements for the year ended 31st March, 2018

(₹ in thousands)

15.2 Refer note no. 42 for information on inventories pledged as securities by the Company.

15.3 Refer note no. 31, 32 & 37 for information in relation to the amount of inventories recognized as expenses.

	Refer Note No.	As at 31st March 2018	As at 31st March 2017	As at 1st April 2016
<b>Note 16 BIOLOGICAL ASSETS OTHER THAN BEARER PLANTS</b>				
Fair Value of Biological Assets Other than Bearer Plants (Unharvested Tea Leaves)	16.1	1,083.44	2,186.48	1,007.72
		<b>1,083.44</b>	<b>2,186.48</b>	<b>1,007.72</b>

16.1 Unharvested tea leaves on bushes as on 31st March, 2018 was 54,118 kgs (31st March, 2017 - 1,15,748 kgs, 1st April, 2016- 51,864 Kgs)

	Face Value	As at 31st March 2018		As at 31st March 2017		As at 1st April 2016	
		Qty	Amount	Qty	Amount	Qty	Amount
<b>Note 17 CURRENT INVESTMENTS</b>							
Unquoted							
Investments at Fair Value through Profit or Loss							
Investments in Mutual funds (Unquoted)							
ICICI Prudential Value Discovery Fund			-		-	4,532.881	493.13
Birla Sun Life Saving Fund			-		-	69,536.598	20,364.65
HDFC Asset Management Company Ltd			-		-	524,301.368	4,520.95
Reliance Capital Asset Management Company Ltd			-		-	511,927.921	4,806.75
IIFL Asset Revival Fund Series-2			-		-		7,500.00
<b>TOTAL CURRENT INVESTMENTS</b>			-		-		<b>37,685.48</b>
Aggregate amount of Unquoted Investments			-		-		<b>37,685.48</b>

	Refer Note No.	As at 31st March 2018	As at 31st March 2017	As at 1st April 2016
<b>Note 18 CASH AND CASH EQUIVALENTS</b>				
Balances With Banks :				
In Current/Cash Credit Account		1,219.24	29,462.75	883.44
In Deposit Accounts with Original Maturity of less than three months		-	353.34	300.00
Cash in Hand		634.28	993.50	231.68
		<b>1,853.52</b>	<b>30,809.59</b>	<b>1,415.12</b>

	Refer Note No.	As at 31st March 2018	As at 31st March 2017	As at 1st April 2016
<b>Note 19 BANK BALANCES (OTHER THAN NOTE: 18)</b>				
Unpaid Dividend & Fractional Shares Account		2,303.04	2,190.43	1,834.89
Deposit Accounts with Original Maturity of more than three months but less than 12 months	19.1	449.95	942.86	881.82
		<b>2,752.99</b>	<b>3,133.29</b>	<b>2,716.71</b>

## Notes to the Standalone Financial Statements for the year ended 31st March, 2018

(₹ in thousands)

	As at 31st March 2018		As at 31st March 2017		As at 1st April 2016	
	No. of Shares	Amount	No. of Shares	Amount	No. of Shares	Amount
<b>Note 20 EQUITY SHARE CAPITAL</b>						
<b>20.1 Authorised Share Capital</b>						
Ordinary Shares of ₹ 10/- each	6,000,000	60,000.00	2,000,000	20,000.00	2,000,000	20,000.00
Preference Shares of ₹ 100/- each	100,000	10,000.00	100,000	10,000.00	100,000	10,000.00
		<b>70,000.00</b>		<b>30,000.00</b>		<b>30,000.00</b>
<b>20.2 Issued, Subscribed and Paid-up Share Capital</b>						
Ordinary Shares of ₹ 10/- each fully paid-up	5,122,827	<b>51,228.27</b>	1,707,609	<b>17,076.09</b>	1,707,609	17,076.09
	<b>5,122,827</b>	<b>51,228.27</b>	<b>1,707,609</b>	<b>17,076.09</b>	<b>1,707,609</b>	<b>17,076.09</b>

	As at 31st March 2018	As at 31st March 2017
<b>20.3 Reconciliation of the number of shares at the beginning and at the end of the year</b>		
No. of Shares outstanding at the beginning of the year	1,707,609	1,707,609
Add: Issued during the year pursuant to the bonus issue	3,415,218	-
<b>No. of Shares outstanding at the end of the year</b>	<b>5,122,827</b>	<b>1,707,609</b>

### 20.4 Terms/ Rights attached to Equity Shares :

The Company has only one class of Ordinary Equity Share having a face value of ₹ 10 per share and each holder of Ordinary Equity Share is entitled to one vote per share. The Company declares and pays dividends in Indian Rupees. The dividend proposed by the Board of Directors (except interim dividend) is subject to the approval of the shareholders in the Annual General Meeting. The claim of Ordinary Equity Shareholders on earnings and on assets in the event of liquidation, follows all others, in proportion to their shareholding.

### 20.5 Shareholding Pattern with respect of Holding or Ultimate Holding Company

The Company does not have any Holding Company or Ultimate Holding Company.

### 20.6 Details of Equity Shareholders holding more than 5% shares in the Company

	As at 31st March 2018		As at 31st March 2017		As at 1st April 2016	
	No. of Shares	% Holding	No. of Shares	% Holding	No. of Shares	% Holding
<b>Ordinary Shares of ₹ 10/- each fully paid</b>						
E.T.Resources Private Limited	8,77,623	17.13%	2,92,541	17.13%	2,92,541	17.13%
Satvik Welfare Trust	7,47,900	14.60%	2,49,300	14.60%	2,49,300	14.60%
Mrs. Anuradha Kanoria	5,49,441	10.73%	1,83,147	10.73%	1,83,147	10.73%
Umang Kanoria (HUF)	4,66,605	9.11%	1,55,535	9.11%	1,55,535	9.11%
Mr.Satvik Kanoria	2,86,623	5.60%	95,541	5.60%	95,541	5.60%
Facitcon Investments Private Limited	2,59,950	5.07%	86,650	5.07%	86,650	5.07%

**20.7** No Ordinary Equity Shares have been reserved for issue under options and contracts/ commitments for the sale of shares/ disinvestment as at the Balance Sheet date.

**20.8** The Company has not allotted any Ordinary Equity Shares against consideration other than cash nor has bought back any shares during the period of five years immediately preceding the date at which the Balance Sheet is prepared. During the year ended 31st March, 2018, the company has issued 3415218 no. of Ordinary Equity Shares as bonus shares in the ratio of 2:1 to its existing shareholders.

**20.9** No securities convertible into Equity/ Preference shares have been issued by the Company during the year.

**20.10** No calls are unpaid by any Director or Officer of the Company during the year.

## Notes to the Standalone Financial Statements for the year ended 31st March, 2018

(₹ in thousands)

	As at 31st March 2018	As at 31st March 2017	As at 1st April 2016
<b>Note 21 OTHER EQUITY</b>			
General Reserve	73,126.87	107,279.05	37,279.05
Preference Share Redemption Reserve	4,000.00	4,000.00	4,000.00
Retained Earnings	63,506.40	68,684.23	139,890.74
Other Reserves	89,604.04	85,918.02	85,733.72
	<b>230,237.31</b>	<b>265,881.30</b>	<b>266,903.51</b>

	Refer Note No.	Non-Current Portion			Current Maturities		
		As at 31st March 2018	As at 31st March 2017	As at 1st April 2016	As at 31st March 2018	As at 31st March 2017	As at 1st April 2016
<b>Note 22 BORROWINGS</b>							
<b>22.1 Non Convertible Redeemable Preference Shares (NCRPS)</b>							
<b>(Face Value ₹ 100 each)</b>							
40,000 (Previous Year 31st March 2017 - 40,000, 1st April 2016 - 40,000) 7% NCRPS redeemable on 31st March, 2023		4,000.00	4,000.00	4,000.00	-	-	-
<b>22.2 Term Loans</b>							
<b>From Banks:</b>							
Rupee Loans	22.3 A	167,328.69	188,552.38	16,897.24	25,935.04	11,053.88	12,453.36
		<b>167,328.69</b>	<b>188,552.38</b>	<b>16,897.24</b>	<b>25,935.04</b>	<b>11,053.88</b>	<b>12,453.36</b>
<b>From Others</b>							
From Directors		6,800.00	6,800.00	2,500.00	-	-	-
From Others	22.3 B	67,180.80	67,882.17	6,618.22	686.37	686.37	686.37
<b>Total</b>		<b>245,309.49</b>	<b>267,234.55</b>	<b>30,015.46</b>	<b>26,621.41</b>	<b>11,740.25</b>	<b>13,139.73</b>
Amount disclosed under Note no.24 "Other Financial Liability"					(26,621.41)	(11,740.25)	(13,139.73)
		<b>245,309.49</b>	<b>267,234.55</b>	<b>30,015.46</b>	-	-	-
<b>Break Up of Security Details</b>							
Secured	22.4	170,760.54	192,670.60	21,701.83	26,621.41	11,740.25	13,139.73
Unsecured		74,548.95	74,563.95	8,313.63	-	-	-
<b>Total</b>		<b>245,309.49</b>	<b>267,234.55</b>	<b>30,015.46</b>	<b>26,621.41</b>	<b>11,740.25</b>	<b>13,139.73</b>

### 22.3 Terms of Repayment of Term Loans

Particulars	Refer Note No.	₹ in thousands	Period of Maturity	No. of Instalments due	Instalment Value	Repayment Terms	Rate of Interest p.a.
<b>A Term Loan - From Banks - in Indian Rupees</b>							
I	22.4.a	6,012.15	2018-2019	1	6,012.15	1 remaining annual installment	12.35%
II	22.4.a	183,412.27	2025-2026	8	2018-19: 18,090 2019-20: 22,110 2020-21: 24,120 2021-22: 26,130 2022-23: 30,150 2023-24: 30,150 2024-25: 32,160 2025-26: 18,090	8 annual installments of varying amount commencing after a period of 12 months from the date of 1st disbursement	11.40%

## Notes to the Standalone Financial Statements for the year ended 31st March, 2018

(₹ in thousands)

Particulars	Refer Note No.	₹ in thousands	Period of Maturity	No. of Instalments due	Instalment Value	Repayment Terms	Rate of Interest p.a.
III ICICI Bank Limited	22.4.b	547.82	2018-2019	9	EMI - 63.93	9 remaining equated monthly installment (EMI)	9.35%
IV Volkswagon Finance Private Limited	22.4.c	3,291.49	2020-2021	29	EMI - 126.23	29 remaining equated monthly installment (EMI)	8.47%
<b>B Term Loan - From Others - in Indian Rupees</b>							
I Tea Board of India	22.4.d	2,431.96	2022-2023	5	May'18: 486.39 May'19: 486.39 May'20: 486.39 May'21: 486.39 May'22: 486.39	5 remaining equal annual instalments	8.91%
		999.89	2022-2023	5	May'18: 199.98 May'19: 199.98 May'20: 199.98 May'21: 199.98 May'22: 199.98	5 remaining equal annual instalments	
II From Directors		4,300.00	2025-2026	1	2025-26: 4,300	In a single bullet payment	10%
		2,500.00	2025-2026	1	2025-26: 2,500		9%
III From Other Body Corporates		30,000.00	2025-2026	1	2025-26: 30,000	In a single bullet payment	12%
		31,935.32	2025-2026	1	2025-26: 31,935.32		10%
		2,500.00	2025-2026	1	2025-26: 2,500		11%

### 22.4 Details of Security Given for Loan

- Term Loan from Punjab National Bank is secured by hypothecation of green tea leaves, before and after plucking, teas in process, finished tea in stock/transit or tea lying with brokers, book debts (present and future) and by way of equitable mortgage of immovable properties and machineries of tea estates as collateral security and further guaranteed by two directors of the Company.
- Term Loan from ICICI Bank Limited in the nature of Car Loan is secured by Hypothecation of Motor Cars.
- Term Loan from Volkswagon Finance Private Limited in the nature of Car Loan is secured by Hypothecation of Motor Car.
- Loan from Tea Board of India is secured by hypothecation of tea crops and mortgage of title deeds of Tea Estates in favour of Tea Board ranking subsequent to charge created in favour of Punjab National Bank.

22.5 Refer note no. 42 for information on the carrying amounts of financial and non-financial assets pledged as security for the non-current borrowings.

Refer Note No.	Long Term			Short Term		
	As at 31st March 2018	As at 31st March 2017	As at 1st April 2016	As at 31st March 2018	As at 31st March 2017	As at 1st April 2016
<b>Note 23 TRADE PAYABLES</b>						
Dues to Micro and Small Enterprises	23.1	-	-	-	-	-
Dues to Creditors other than Micro & Small Enterprises		1,015.93	682.25	573.47	31,950.65	26,355.59
		<b>1,015.93</b>	<b>682.25</b>	<b>573.47</b>	<b>31,950.65</b>	<b>26,355.59</b>

## Notes to the Standalone Financial Statements for the year ended 31st March, 2018

(₹ in thousands)

23.1 Disclosure as required under the Micro, Small and Medium Enterprises Development Act, 2006, to the extent ascertained, and as per notification number GSR 679 (E) dated 4th September, 2015 has not been provided because Trade Payables do not include any amount due to suppliers as defined under the Micro, Small and Medium Enterprises Development Act, 2006 as per the information available by the Company.

	Refer Note No.	Long Term			Short Term		
		As at 31st March 2018	As at 31st March 2017	As at 1st April 2016	As at 31st March 2018	As at 31st March 2017	As at 1st April 2016
<b>Note 24 OTHER FINANCIAL LIABILITIES</b>							
Current maturities of Long Term Debt	22	-	-	-	26,621.41	11,740.25	13,139.73
Trade & Security Deposits (Unsecured)		-	-	-	11,891.37	11,101.84	7,651.27
Interest accrued but not due on Borrowings		-	-	-	24,580.04	3,166.35	4,238.48
Unpaid and unclaimed dividends	24.1	-	-	-	2,302.33	2,216.74	1,856.68
Preference Dividend Payable		-	-	-	280.00	280.00	280.00
Employees related Liabilities		18.97	1,780.24	1,524.64	27,526.97	26,141.87	19,354.22
Other Payables		71.45	24.88	24.88	-	200.80	405.04
		<b>90.42</b>	<b>1,805.12</b>	<b>1,549.52</b>	<b>93,202.12</b>	<b>54,847.85</b>	<b>46,925.42</b>

24.1 There are no amounts due for payment to the Investor Education and Protection Fund at the year end.

<b>Note 25 PROVISIONS</b>							
Provision for Employee Benefits	25.1	27,672.27	25,154.72	2,867.87	1,823.57	4,163.04	8,032.19
		<b>27,672.27</b>	<b>25,154.72</b>	<b>2,867.87</b>	<b>1,823.57</b>	<b>4,163.04</b>	<b>8,032.19</b>

25.1 All Provisions are valued at their Present value of money.

	As at 31st March 2018	As at 31st March 2017	As at 1st April 2016
<b>Note 26 DEFERRED TAX LIABILITIES (NET)</b>			
<b>Deferred Income Tax Liabilities</b>			
Arising on account of :			
Property, Plant & Equipment	16,845.59	14,772.17	3,799.67
Financial Assets	13,293.93	12,000.59	11,081.62
Others	250.66	250.66	228.04
	<b>30,390.18</b>	<b>27,023.42</b>	<b>15,109.33</b>
<b>Less: Deferred Tax Assets</b>			
Arising on account of :			
Section 43B of Income-tax Act	3,900.89	3,877.33	1,441.55
Provision for doubtful debts	3,261.84	3,261.84	3,261.84
MAT Credit Entitlement	11,401.87	11,401.87	10,726.50
Others	736.68	443.57	393.61
	<b>19,301.28</b>	<b>18,984.61</b>	<b>15,823.50</b>
<b>Deferred Tax Liabilities (Net)</b>	<b>11,088.90</b>	<b>8,038.81</b>	<b>(714.17)</b>



## Notes to the Standalone Financial Statements for the year ended 31st March, 2018

(₹ in thousands)

	For the year ended 31st March, 2018	For the year ended 31st March, 2017
27.1 Opening Balance	2,394.01	2,732.92
Less: Current Portion of the Deferred Revenue Income	338.91	338.91
	<b>2,055.10</b>	<b>2,394.01</b>

	Refer Note No.	As at 31st March 2018	As at 31st March 2017	As at 1st April 2016
<b>Note 28</b> SHORT TERM BORROWINGS				
<b>Loans Repayable on Demand</b>				
Working Capital Loan from Banks	28.1	127,828.62	94,129.73	26,630.35
		<b>127,828.62</b>	<b>94,129.73</b>	<b>26,630.35</b>

28.1 The above amount includes				
Secured Borrowings	28.2	127828.62	94,129.73	26630.35
		<b>127828.62</b>	<b>94,129.73</b>	<b>26630.35</b>

### 28.2 Terms and conditions of Short Term Borrowings

- Cash credit from Punjab National Bank is secured by hypothecation of green tea leaves, before and after plucking, teas in process, finished tea in stock/transit, tea lying with brokers/agents awaiting sale, other tea stocks, book debts (present and future) arising out of sale of teas, first charge over all current assets of the company (both present and future) and equitable mortgage of immovable properties and machineries of tea estates as collateral security and further guaranteed by two directors of the Company.
- Interest on Cash Credit Loan @11% and the same is repayable on demand.

	Refer Note No.	For the year ended 31st March, 2018	For the year ended 31st March, 2017
<b>Note 29</b> REVENUE FROM OPERATIONS			
Sale of Products- Black Tea		530,360.23	397,717.15
		<b>530,360.23</b>	<b>397,717.15</b>
Other Operating Revenues			
Incentives & Subsidies	29.1	451.23	13,132.50
		<b>451.23</b>	<b>13,132.50</b>
		<b>530,811.46</b>	<b>410,849.65</b>

**29.1** Government grants in the form of subsidy are related to certain incentives being made available by the Government of India for Tea Industry. Replantation subsidy relates to activities for which cost has been incurred in earlier years. There are no unfulfilled conditions or other contingencies attaching to these grants. The Company did not benefit directly from any other forms of government assistance.

## Notes to the Standalone Financial Statements for the year ended 31st March, 2018

(₹ in thousands)

	For the year ended 31st March, 2018	For the year ended 31st March, 2017
<b>Note 30 OTHER INCOME</b>		
Interest Income		
On Investments	-	9.89
On Banks Deposits	72.13	95.07
On Other Deposits, etc	19.63	37.85
Dividend Income	-	74.25
Net Gain/ (Loss) on sale of Investments measured at fair value through P/L	-	3,962.36
Net Gain/ (Loss) on Mark to Market of Investments measured at fair value through P/L	2,634.73	5,642.37
Other Non Operating Income		
Profit on sale/discard of Property, Plant & Equipments (Net)	193.60	50.65
Excess Provision/ Liabilities written back	1.63	-
Change in fair valuation of biological assets	(1,103.04)	1,178.76
Other Miscellaneous Income	28,309.51	1,155.49
	<b>30,128.19</b>	<b>12,206.69</b>
<b>Note 31 COST OF MATERIALS CONSUMED</b>		
Opening Stock	-	-
Add: Purchases	63,986.20	50,904.29
Less: Closing Stock	1,158.17	-
(Closing Stock includes change in Fair Value of Stock of Own Green Leaf on reporting date)		
	<b>62,828.03</b>	<b>50,904.29</b>
<b>Note 32 PURCHASE OF TRADED GOODS</b>		
Black Tea	-	91.05
	-	91.05
<b>Note 33 (INCREASE)/ DECREASE IN INVENTORIES OF FINISHED GOODS</b>		
<b>Finished Goods</b>		
Opening Inventories	23,754.83	21,674.63
Closing Inventories	10,464.28	23,754.83
	<b>13,290.55</b>	<b>(2,080.20)</b>
<b>Total changes in inventories of finished goods</b>	<b>13,290.55</b>	<b>(2,080.20)</b>
<b>Note 34 EMPLOYEE BENEFITS EXPENSE</b>		
Salaries & Wages	199,691.17	145,550.68
Contribution to Provident and Other Funds	24,490.52	30,291.37
Staff Welfare Expenses	29,846.89	21,925.59
	<b>254,028.58</b>	<b>197,767.64</b>
<b>Note 35 FINANCE COST</b>		
Interest Expenses	41,162.65	7,955.85
Dividend on Preference Shares	280.00	280.00
Other Financial Charges	904.86	2,227.39
	<b>42,347.51</b>	<b>10,463.24</b>

## Notes to the Standalone Financial Statements for the year ended 31st March, 2018

(₹ in thousands)

	Refer Note No.	For the year ended 31st March, 2018	For the year ended 31st March, 2017
<b>Note 36 DEPRECIATION AND AMORTIZATION EXPENSES</b>			
On Tangible Assets		16,900.91	12,834.38
On Intangible Assets		20.33	60.10
		<b>16,921.24</b>	<b>12,894.48</b>

<b>Note 37 OTHER EXPENSES</b>			
Stores, Spare Parts & Packing Materials Consumed		48,521.51	41,441.28
Power & Fuel		45,794.29	30,583.36
Repairs to Buildings		3,928.59	3,531.92
Repairs to Machinery		5,169.77	4,292.61
Repairs to Other Assets		220.70	230.49
Selling & Distribution Expenses		15,497.13	17,640.90
Auditors' Remuneration	37.1	259.77	303.90
Rent, Rates & Taxes		9,393.68	6,739.29
Insurance		2,196.57	1,921.97
Vehicle Running & Maintenance Charges		9,368.55	9,881.44
Directors' Fees & Commission		405.00	270.00
Legal and Professional Charges		7,419.93	938.48
Travelling & Conveyance Expenses		7,047.92	7,315.90
Corporate Social Responsibility Expenses	51	-	603.76
Other Expenses		14,177.84	7,446.47
		<b>169,401.25</b>	<b>133,141.77</b>

<b>37.1 Auditors' Remuneration</b>			
a. Statutory Auditors			
Audit Fees		100.00	115.00
Tax Audit Fees		30.00	34.50
Issue of Certificates		120.92	148.72
Reimbursement of Expenses		8.85	5.68
		<b>259.77</b>	<b>303.90</b>

<b>Note 38 TAX EXPENSE</b>			
Current Tax		-	2,265.58
Less: MAT Credit Entitlement		-	675.37
		-	1,590.21
Deferred Tax		2105.23	9,214.17
		<b>2,105.23</b>	<b>10,804.38</b>

## Notes to the Standalone Financial Statements for the year ended 31st March, 2018

(₹ in thousands)

	For the year ended 31st March, 2018	For the year ended 31st March, 2017
<b>38.1 Reconciliation of estimated Income tax expense at Indian statutory Income tax rate to income tax expense reported in statement of profit &amp; loss</b>		
Income before Income Taxes	2,122.49	19,874.07
Indian Statutory Income Tax Rate	33.063%	33.063%
Estimated income Tax Expenses	701.76	6,570.96
<b>Tax effect of adjustments to reconcile expected Income tax expense to reported Income Tax Expenses</b>		
Tax under Assam Agricultural Income Tax	-	989.57
MAT Credit Receivable	-	(675.37)
Deferred Tax on Property, Plant & Equipments	2,073.42	10,972.50
Deferred Tax on Financial Assets & Other items	31.77	(1,758.32)
Expenses deductible in determining taxable profit	-	(700.00)
Exempted income	(701.72)	(124.00)
Effect of deductions under Income Tax Act	-	(3,800.00)
Other Items	-	(670.96)
	<b>1,403.47</b>	<b>4,233.42</b>
Income Tax Expenses as per Statment of Profit & Loss	<b>2,105.23</b>	<b>10,804.38</b>

**38.2** Applicable Indian Statutory Income Tax rate for Fiscal Year 2018 & 2017 is 33.063%. However, Company is required to pay tax u/s 115JB of Income Tax Act, 1961.

<b>Note 39 OTHER COMPREHENSIVE INCOME</b>		
<b>39.1 Items that will not be reclassified to profit or loss</b>		
Changes in revaluation surplus	-	-
Remeasurement of the defined benefit plans	(2,513.70)	(1,220.96)
Less: Tax expense on the above	-	-
	<b>(2,513.70)</b>	<b>(1,220.96)</b>
Equity Instruments through Other Comprehensive Income	7,144.62	1,619.43
Less: Tax expense on the above	944.90	214.17
	<b>6,199.72</b>	<b>1,405.26</b>

### **Note 40 Contingent Liabilities**

**40.1** Claims/Disputes/Demands not acknowledged as debts -

Sl. No.	Particulars	As at 31st March 2018	As at 31st March 2017	As at 1st April 2016
a	Sales Tax	794.96	794.96	794.96
b	Income Tax	4,201.79	160.04	160.04
c	Debit note raised by GAIL (India) Limited for supply of Natural Gas	6,880.82	6,880.82	6,880.82
d	Letter of Credit issued by Bank	1,920.05	2,204.14	2,268.18

**40.2** The amounts shown in Note 40.1 represent the best possible estimates arrived at on the basis of available information. The uncertainties and possible reimbursements are dependent on the outcome of the different legal processes which have been invoked by the Company or the claimants as the case may be and therefore cannot be predicted accurately. The company engages reputed professional advisors to protect its interests and has been advised that it has strong legal position against such disputes.

## Notes to the Standalone Financial Statements for the year ended 31st March, 2018

(₹ in thousands)

**40.3** In respect of the matters in note no. 40.1 (a to d), future cash outflows are determinable only on receipt of judgements/decisions pending at various forums/ authorities. Furthermore, there is no possibilities of any reimbursements to be made to the company from any third party.

### 41 Commitments

**Estimated amount of contracts remaining to be executed on Capital Account and not provided for**

Particulars	As at 31st March 2018	As at 31st March 2017	As at 1st April 2016
Estimated amount of contracts remaining to be executed on Capital Account	7,956.97	8,462.71	984.05
Less: Advance	3,851.51	3,313.80	624.05
Net	4,105.46	5,148.91	360.00

### 42 Assets pledged as security

The carrying amounts of assets pledged as security for current and non-current borrowings are:

Particulars	Refer Note No.	As at 31st March 2018	As at 31st March 2017	As at 1st April 2016
<b>Non-current Assets</b>				
Property, Plant and Equipment	5	476,059.04	426,966.18	148,537.29
Capital Work-in-Progress		2,457.05	15,764.24	-
Trade Receivables	9	325.55	219.09	162.05
<b>Total non-currents assets pledged as security</b>		<b>478,841.64</b>	<b>442,949.51</b>	<b>148,699.34</b>
<b>Current Assets</b>				
Inventories	15	31,736.40	46,495.71	33,778.18
Biological Assets other than bearer plants	16	1,083.44	2,186.48	1,007.72
Investments	17	-	-	37,685.48
Trade Receivables	9	8,464.85	4,269.28	2,348.84
Cash and Cash Equivalents	18	1,853.52	30,809.59	1,415.12
Bank balances	19	2,752.99	3,133.29	2,716.71
Loans	10	725.80	466.92	893.74
Other Financial Assets	11	6,759.20	623.70	3,718.73
Other Current Assets	13	20,411.05	11,757.60	7,919.22
<b>Total currents assets pledged as security</b>		<b>73,787.25</b>	<b>99,742.57</b>	<b>91,483.74</b>
<b>Total assets pledged as security</b>		<b>552,628.89</b>	<b>542,692.08</b>	<b>240,183.08</b>

**43 Disclosure pursuant to Indian Accounting Standard - 19 'Employee Benefits' as notified u/s 133 of the Companies Act, 2013 read with Rule 7 of Companies (Accounts) Rules, 2014 (As identified & certified by the Management)**

#### 43.1 Defined Contribution Plan:

The amount recognized as an expense for the Defined Contribution Plans are as under:

Sl. No.	Particulars	For the year ended 31st March, 2018	For the year ended 31st March, 2017
a	Provident Fund	20,153.98	14,425.20
b	Superannuation Fund	727.30	1,103.82
c	Family Pension Fund	405.47	392.62

## Notes to the Standalone Financial Statements for the year ended 31st March, 2018

(₹ in thousands)

### 43.2 Defined Benefit Plan:

The following are the types of defined benefit plans

#### 43.2.1 Gratuity Plan

The Company's gratuity scheme, a defined benefit plan is as per the Payment of Gratuity Act, 1972, covers the eligible employees and is administered through a gratuity fund trust. Such gratuity fund, whose investments are managed by LIC of India, make payments to vested employees or their nominees upon retirement, death, incapacitation or cessation of employment, of an amount based on the respective employee's salary and tenure of employment. Vesting occurs upon completion of five years of continuous service. The amount of gratuity payable is the proportionate salary for 15 days multiplied for the number of years of service based on the 26 days average salary computed on the basis of last drawn basic salary per month.

#### 43.2.2 Leave Encashment

Leave encashment is payable on death whilst in service, resignation from service or retirement from service as per applicable rules. The present value of defined obligation and related current cost are measured using the Projected Unit Credit Method with actuarial valuation being carried out at Balance Sheet date.

#### 43.2.3 Risk Exposure

Through its defined benefit plans, the company is exposed to a number of risks, the most significant of which are detailed below:

<b>ASSET VOLATILITY</b>	The plan liabilities are calculated using a discount rate set with reference to bond yields; if plan assets underperform this yield, this will create a deficit. Most of the plan asset investments is in LIC of India. These are subject to interest rate risk. the investment in plan assets with LIC of India is in lines with Income Tax Rules, 1962, which reduces the Asset Volatility Risk.
<b>CHANGES IN YIELD</b>	A decrease in yield will increase plan liabilities.
<b>SALARY</b>	The present value of the defined benefit plan liability is calculated by reference to the future salaries of members. Any increase in the salary of members more than the assumed level will increase the plan's liability.

#### 43.2.4 Reconciliation of the net defined benefit (asset)/ liability

The following table shows a reconciliation from the opening balances to the closing balances for the net defined benefit (asset)/ liability and its components:

Particulars	Gratuity	
	2017-18	2016-17
Balance at the beginning of the year	57,831.40	37,538.61
Current Service Cost	4,638.44	3,935.01
Interest Cost on Defined Benefit Obligation	4,250.61	2,946.78
Past Service Cost	671.27	13,467.37
Actuarial Gain and arising from	-	-
Changes in financial assumptions	(1,829.05)	1,606.30
Experience Adjustments	2,822.96	(551.98)
Benefits Paid	(6,118.56)	(1,110.69)
Balance at the end of the year	62,267.07	57,831.40

#### 43.2.5 Reconciliation of the Plan Assets

The following table shows a reconciliation from the opening balances to the closing balances for the Plan Assets and its components:

## Notes to the Standalone Financial Statements for the year ended 31st March, 2018

(₹ in thousands)

Particulars	Gratuity	
	2017-18	2016-17
Balance at the beginning of the year	33,475.40	28,464.96
Interest Income on Plan Assets	2,460.44	2,234.50
Remeasurement of Defined Benefit Obligation:		
Return on plan assets greater/ (lesser) than discount rate	(170.58)	(166.65)
Actual Company contributions	5,600.53	4,217.83
Benefits Paid from the Plan Assets	(6,118.56)	(1,275.23)
Balance at the end of the year	35,247.23	33,475.40

### 43.2.6 Expenses recognized in profit or loss

Current Service Cost	4,638.44	3,935.01
Past Service Cost	671.27	13,467.37
Actuarial (gains)/losses due to:		
change in financial assumptions	-	-
experience variance	-	-
Interest Income on Plan Assets	1,790.17	712.28
Expense Recognised in the Income Statement	7,099.88	18,114.66

### 43.2.7 Remeasurements recognized in other comprehensive income

Actuarial (gain)/ Loss due to:		
change in financial assumptions	(1,829.05)	1,606.30
experience variance ( i.e. Actual experience vs assumptions)	2,822.96	(551.98)
Return on plan assets, excluding amount recognised in net interest expense	170.57	166.64
Components of defined benefit costs recognised in other comprehensive income	1,164.48	1,220.96

### 43.2.8 Major Categories of Plan Assets

Funds managed by insurer	100%	100%
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The Gratuity Scheme is invested in a Group Gratuity-cum-Life Assurance Cash accumulation policy offered by Life Insurance Corporation (LIC) of India . The information on the allocation of the fund into major asset classes and expected return on each major class are not readily available. The expected rate of return on plan assets is based on market expectations, at the beginning of the period, for returns over the entire life of the related obligation.

### 43.2.9 Asset-Liability Matching Strategy

The company ensures that the investment positions are managed within an asset-liability matching (ALM) framework that has been developed to achieve long-term investments that are in line with the obligations under the employee benefit plans. Within this framework, the company's ALM objective is to match assets to the obligations under Gratuity Scheme by investing the entire fund with LIC of India. The Company actively monitors how the return on funds invested with LIC of India are matching the expected cash outflows arising from the employee defined benefit obligation. The company has not changed the processes used to manage its risks from previous periods.

## Notes to the Standalone Financial Statements for the year ended 31st March, 2018

(₹ in thousands)

### 43.2.10 Actuarial Assumptions

Particulars	Gratuity	
	2017-18	2016-17
<b>Financial Assumptions</b>		
Discount Rate	7.70%	7.35%
Salary Escalation Rate	5.00%	5.00%
<b>Demographic Assumptions</b>		
Mortality Rate	IALM 06-08 Ultimate	IALM 06-08 Ultimate
Withdrawal Rate	2%	2%

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

**43.2.12** At 31st March 2018, the weighted average duration of the defined benefit obligation was 9 years (previous year 9 years). The distribution of the timing of benefits payment i.e., the maturity analysis of the benefit payments is as follows:

Expected benefits payment for the year ending on	Gratuity	
	2017-18	2016-17
1 Year	10,650.20	9,464.45
2 to 5 Years	19,270.12	16,016.17
6 to 10 Years	24,906.22	21,590.89
More than 10 Years	90,919.73	79,950.37

**43.2.13** The Company expects to contribute ₹ 1,46,67,261/- (previous year ₹ 1,31,14,545/-) to its gratuity fund in 2018-19

### 43.2.14 Sensitivity Analysis

The sensitivity analysis below have been determined based on a method that extrapolates the impact on defined benefit obligation (DBO) as a result of reasonable changes in key assumptions occurring at the end of the reporting period. Reasonably possible changes at the reporting date to one of the relevant actuarial assumptions, holding other assumptions constant, would have affected the defined benefit obligation by the amounts shown below:

Particulars	Gratuity	
	2017-18	2016-17
Effect on DBO due to 1% increase in Discount Rate	57,499.01	53,518.83
Effect on DBO due to 1% decrease in Discount Rate	(67,829.97)	(62,864.97)
Effect on DBO due to 1% increase in Salary Escalation Rate	67,994.98	62,718.92
Effect on DBO due to 1% decrease in Salary Escalation Rate	(57,281.67)	(53,551.83)
Effect on DBO due to 1% increase in Attrition Rate	63,465.87	58,845.93
Effect on DBO due to 1% decrease in Attrition Rate	(60,914.00)	(56,686.95)
Effect on DBO due to 1% increase in Mortality Rate	62,532.35	58,067.52
Effect on DBO due to 1% decrease in Mortality Rate	(61,994.89)	(57,589.27)

**44** Certain trade receivables, loans & advances and creditors are subject to confirmation. In the opinion of the management, the value of trade receivables and loans & advances on realisation in the ordinary course of business, will not be less than the value at which these are stated in the balance sheet.

### 45 Related Party Disclosures

**45.1** As defined in Indian Accounting Standard-24, the Company has a related party relationship in the nature of control over its subsidiaries namely:

## Notes to the Standalone Financial Statements for the year ended 31st March, 2018

(₹ in thousands)

Name of the Entity	Place of Incorporation	Ownership Interest held by the Company		
		31st March 2018	31st March 2017	1st April 2016
Winnow Investments and Securities Private Limited	Kolkata, India	100%	100%	100%

### 45.2 Other related parties with whom transactions have taken place during the year and previous year are:

Relationship	Name of the Company	Relationship
Enterprises over which the key managerial personnel and/or their relatives have significant influence	B.T. Investments Private Limited	Kanco Enterprises Limited
	Cosmos Resources Private Limited	Milan Agencies Private Limited
	E.T. Resources Private Limited	Nidhi Private Limited
	Dhanvaridhi Foods Private Limited	Suryasakti Commodities Private Limited
	Facitcon Investments Private Limited	Kanco CSR Trust
	Innova Properties Private Limited	

Relationship	Name	Designation
Key Management Personnels and their relatives	Mrs. Anuradha Kanoria	Wholetime Director
	Mr. Umang Kanoria	Chairman & Non-Executive Director
	Mr. Golam Momen	Non Executive Independent Director
	Mr. Navin Nayar	Non Executive Independent Director
	Mr. Gobind Ram Banka	Non-Executive Director
	Mr. Om Kual	Non Executive Independent Director
	Ms. Stuti Kanoria	Daughter of Mrs. Anuradha Kanoria & Mr. Umang Kanoria
	Mr. Satvik Kanoria	Son of Mrs. Anuradha Kanoria & Mr. Umang Kanoria
	Stuti Welfare Trust	Private Beneficiary Trust for Ms. Stuti Kanoria
	Satvik Welfare Trust	Private Beneficiary Trust for Mr. Satvik Kanoria
	Umang Kanoria H.U.F	Mr.Umang Kanoria is Karta

### 45.3 Transactions during the year

Particulars	2017-18			2016-17		Relatives of KMP
	Enterpises in which KMP are interested	KMP	Relatives of KMP	Enterpises in which KMP are interested	KMP	
<b>Payment of Rent</b>						
Milan Agencies Private Limited	360.00	-	-	360.00	-	-
Innova Properties Private Limited	252.00	-	-	252.00	-	-
Suryasakti Commodities Pvt. Limited	360.00	-	-	360.00	-	-
<b>Maintenance Expenses Reimbursed</b>						
Milan Agencies Private Limited	300.00	-	-	138.00	-	-
Suryasakti Commodities Pvt. Limited	300.00	-	-	138.00	-	-

## Notes to the Standalone Financial Statements for the year ended 31st March, 2018

(₹ in thousands)

Particulars	2017-18			2016-17		Relatives of KMP
	Enterprises in which KMP are interested	KMP	Relatives of KMP	Enterprises in which KMP are interested	KMP	
<b>Electricity Charges Reimbursed</b>						
Milan Agencies Private Limited	115.50	-	-	118.99	-	-
Suryasakti Commodities Pvt. Limited	79.46	-	-	88.63	-	-
<b>Rent Realised</b>						
Mrs. Anuradha Kanoria	-	465.00	-	-	420.00	-
<b>Unsecured Loan Realised/ Received</b>						
Mrs. Anuradha Kanoria	-	-	-	-	4,300.00	-
Innova Properties Private Limited	-	-	-	145.00	-	-
<b>Remuneration Paid</b>						
Mrs. Anuradha Kanoria	-	3,742.20	-	-	3,799.16	-
Ms. Stuti Kanoria	-	-	268.80	-	-	268.80
<b>Director Fees Paid</b>						
Mr. Umang Kanoria	-	105.00	-	-	75.00	-
Mr. Golam Momen	-	90.00	-	-	60.00	-
Mr. Navin Nayar	-	90.00	-	-	60.00	-
Mr. Gobind Ram Banka	-	120.00	-	-	75.00	-
<b>Interest Paid</b>						
Mrs. Anuradha Kanoria	-	430.00	-	-	14.13	-
<b>Interest Received</b>						
Innova Properties Private Limited	-	-	-	9.88	-	-
<b>Equity Dividend Paid</b>						
Mrs. Anuradha Kanoria	-	457.87	-	-	915.73	-
Umang Kanoria H.U.F	-	-	388.84	-	-	777.67
Ms. Stuti Kanoria	-	-	171.43	-	-	342.87
Mr. Satvik Kanoria	-	-	238.85	-	-	477.70
Satvik Welfare Trust	-	-	623.25	-	-	1,246.50
E.T.Resources private Limited	731.35	-	-	1,462.70	-	-
Facitcon Investments Private Limited	216.62	-	-	433.25	-	-
Innova Properties Private Limited	30.00	-	-	60.00	-	-
Nidhi Private Limited	77.50	-	-	155.00	-	-
<b>Preference Dividend Paid</b>						
Stuti Welfare Trust	-	-	28.00	-	-	28.00

## Notes to the Standalone Financial Statements for the year ended 31st March, 2018

(₹ in thousands)

Particulars	2017-18			2016-17		Relatives of KMP
	Enterprises in which KMP are interested	KMP	Relatives of KMP	Enterprises in which KMP are interested	KMP	
Facitcon Investments Private Limited	182.00	-	-	182.00	-	-
<b>Contribution for CSR</b>						
Kanco CSR Trust	-	-	-	808.00	-	-
<b>Outstanding Balances at the end of the Year</b>						
<b>Security Deposit</b>						
Innova Properties Private Limited	4,021.11	-	-	4,021.11	-	-
Milan Agencies Private Limited	3,000.00	-	-	3,000.00	-	-
<b>(Payable)/ Receivable (Net)</b>						
Mrs. Anuradha Kanoria	-	(4,687.00)	-	-	(4,300.00)	-
Milan Agencies Private Limited	(9.50)	-	-	(7.88)	-	-
Suryasakti Commodities Pvt. Limited	(7.98)	-	-	(5.75)	-	-

### 45.4 Key Management Personnel compensation

Particulars	Financial Year	Mrs. Anuradha Kanoria	Mr. Umang Kanoria	Mr. Golam Momen	Mr. Navin Nayar	Mr. Gobind Ram Banka	Total Compensation
Short-term employee benefits *	<b>2017-2018</b>	3,742.20	-	-	-	-	3,742.20
	2016-2017	3,799.16	-	-	-	-	3,799.16
Director Fees	<b>2017-2018</b>	-	105.00	90.00	90.00	120.00	405.00
	2016-2017	-	75.00	60.00	60.00	75.00	270.00

#### \* Notes :

- 1) Short term employee benefits includes the perquisites calculated as prescribed under the Income Tax Act, 1961.
- 2) The Company contributes equal amount to the employees Provident Fund within the statutory limits as prescribed under the relevant Act.
- 3) As the future liabilities for gratuity and leave encashment are provided on an actuarial valuation basis for the Company, the amount pertaining to individual is not ascertainable and therefore not included above.

45.5 All related party transactions entered during the year were in ordinary course of business and on arms length basis.

### 46 Transition to Ind AS

#### 46.1 Basis for Preparation

For all period up to and including the year ended March 31, 2017, the Company has prepared its financial statements in accordance with generally accepted accounting principles in India (Indian GAAP). These financial statements for the year ended March 31, 2018 are the Company's first annual IND AS financial statements and have been prepared in accordance with IND AS.

The accounting policies set out in Note no -3 have been applied in preparing the financial statements for the year ended 31 March 2018, the comparative information presented in these financial statements for the year ended 31 March 2017 and in the preparation of an opening Ind AS balance sheet at 1 April 2016 (the date of transition). This note explains the principal adjustments made by the Company in restating its financial statements prepared in accordance with previous GAAP and how the transition from previous GAAP to Ind AS has affected the Company's financial position, financial performance and cash flows.

## Notes to the Standalone Financial Statements for the year ended 31st March, 2018

(₹ in thousands)

### 46.2 Exceptions and Exemptions Applied

IND AS 101 "First-time adoption of Indian Accounting Standards" (hereinafter referred to as Ind AS 101) allows first time adopters certain exemptions from the retrospective application of certain IND AS, effective for April 1, 2016 opening balance sheet. In preparing these financial statements, the Company has applied the below mentioned optional exemptions and mandatory exceptions.

#### 46.2.1 Optional Exemptions Aailed

##### a Business Combinations

Ind AS 101 provides the option to apply Ind AS 103 prospectively from the transition date or from a specific date prior to the transition date. This provides relief from full retrospective application that would require restatement of all business combinations prior to the transition date.

The Company has not applied AS 103 to acquisitions of businesses for Ind AS, that occurred before the transition date i.e., 1st April 2016. Accordingly, business combinations occurring prior to the transition date have not been restated.

##### b Property Plant and Equipment, Intangible Assets and Investment Properties

As permitted by para D5-D8B of Ind AS 101, the Company has elected to continue with the carrying values under previous GAAP for all the items of property, plant and equipment. The same election has been made in respect of intangible assets also.

##### c Determining whether an arrangement contains a Lease

Para D9-D9AA of Ind AS 101 includes an optional exemption that permits an entity to apply the relevant requirements in Appendix C of Ind AS 17 "Leases" for determining whether an arrangement existing at the date of transition contains a lease by considering the facts and circumstances existing at the date of transition (rather than at the inception of the arrangement). The Company has applied the above transition provision and has assessed all the arrangements at the date of transition.

##### d Investments in Subsidiaries and Associates

As permitted by para D14 & D15 of Ind AS 101, the Company has elected to measure the investments in subsidiaries and associates at Deemed Cost calculated at the previous GAAP carrying amount as on the date of transition, as the company has elected to measure such investments at Cost under Ind AS 27 "Separate Financial Statements".

##### e Designation of previously recognised financial instruments

Para D19B of Ind AS 101 permits an entity to designate particular investments in equity instruments as at fair value through other comprehensive income (FVOCI) based on facts and circumstances at the date of transition to Ind AS (rather at initial recognition). The Company has opted to avail this exemption to designate its investments in equity instruments (other than investment in subsidiaries and associates) as FVOCI on the date of transition.

#### 46.2.2 Mandatory Exceptions

##### a Estimates

As per para 14 of Ind AS 101, an entity's estimates in accordance with Ind AS at the date of transition to Ind AS at the end of the comparative period presented in the entity's first Ind AS financial statements, as the case may be, should be consistent with estimates made for the same date in accordance with the previous GAAP unless there is objective evidence that those estimates were in error. However, the estimates should be adjusted to reflect any differences in accounting policies. The Company's estimates under Ind AS are consistent with the above requirement. Key estimates considered in preparation of the financial statements that were not required under the previous GAAP are listed below:

- Fair Valuation of financial instruments carried at FVTPL and/ or FVOCI.
- Fair Valuation of Biological Assets measured at fair value less cost to sell.
- Impairment of financial assets based on the expected credit loss model.
- Determination of the discounted value for financial instruments carried at amortized cost.

##### b De-recognition of financial assets and liabilities

As per para B2 of Ind AS 101, an entity should apply the derecognition requirements in Ind AS 109, "Financial Instruments", prospectively for transactions occurring on or after the date of transition to Ind AS. However, para B3 gives an option to the entity to apply the

## Notes to the Standalone Financial Statements for the year ended 31st March, 2018

(₹ in thousands)

derecognition requirements from a date of its choice if the information required to apply Ind AS 109 to financial assets and financial liabilities derecognized as a result of past transactions was obtained at the initially accounting for those transactions. The company has elected to apply the de-recognition provisions of Ind AS 109 prospectively from the date of transition to Ind AS.

### c Classification and measurement of financial assets

Para B8 - B8C of Ind AS 101 requires an entity to assess classification of financial assets on the basis of facts and circumstances existing as on the date of transition. Further, the standard permits measurement of financial assets accounted at amortized cost based on facts and circumstances existing at the date of transition if retrospective application is impracticable. Accordingly, the company has determined the classification of financial assets based on facts and circumstances that exist on the date of transition. Measurement of the financial assets accounted at amortized cost has been done retrospectively.

### 46.3 Impact of Transition to Ind AS

The following is a summary of the effects of the differences between IND AS and Indian GAAP on the Company's total equity shareholders' funds and profit and loss for the financial periods previously reported under Indian GAAP following the date of transition to IND AS.

#### 46.3.1 Reconciliation of Items of Balance Sheet as at 1st April, 2016 (transition date) and as at 31st March, 2017

Particulars	Refer Note No.	Previous GAAP* as at 31.03.2017	Effect of Ind AS Transition	Ind AS Balance Sheet as at 31.03.2017	Previous GAAP* as at 01.04.2016	Effect of Ind AS Transition	Ind AS Balance Sheet as at 01.04.2016
<b>ASSETS</b>							
<b>NON-CURRENT ASSETS</b>							
Property, Plant and Equipment	46.3.5.k	424,184.33	2,781.85	426,966.18	145,465.46	3,071.83	148,537.29
Capital Work-In-Progress		15,764.24	-	15,764.24	-	-	-
Intangible Assets		38.86	-	38.86	85.08	-	85.08
Investment in subsidiaries		9,600.00	-	9,600.00	9,600.00	-	9,600.00
Financial Assets							-
Investments	46.3.5.a	82,386.40	92,323.21	174,709.61	64,487.45	84,150.80	148,638.25
Trade Receivables		219.09	-	219.09	162.05	-	162.05
Loans	46.3.5.j	36,848.82	(21,717.38)	15,131.44	36,326.67	(21,717.38)	14,609.29
Other Financial Assets	46.3.5.j	10,912.99	(404.20)	10,508.79	9,578.94	(1,151.09)	8,427.85
Deferred Tax Assets (net)	46.3.5.i	-	-	0.00	8,762.00	(8,047.83)	714.17
Other Non-Current Assets	46.3.5.j	22,338.11	(2,946.46)	19,391.65	7,387.33	(2,946.46)	4,440.87
Non-Current Tax Asset (Net)		2,977.47	-	2,977.47	1,678.52	-	1,678.52
<b>Total Non Current Asset</b>		<b>6,05,270.31</b>	<b>70,037.02</b>	<b>6,75,307.33</b>	<b>2,83,533.50</b>	<b>53,359.87</b>	<b>3,36,893.37</b>
<b>CURRENT ASSETS</b>							
Inventories	46.3.5.b	52,883.41	(6,387.70)	46,495.71	39,518.86	(5,740.68)	33,778.18
Biological Assets other than bearer plants	46.3.5.c	-	2,186.48	2,186.48	-	1,007.72	1,007.72
Financial Assets							
Investments	46.3.5.a	-	-	-	38,044.54	(359.06)	37,685.48
Trade Receivables		4,269.28	-	4,269.28	2,348.84	-	2,348.84
Cash and Cash Equivalents		30,809.59	-	30,809.59	1,415.12	-	1,415.12
Other Bank balances		3,133.29	-	3,133.29	2,716.71	-	2,716.71
Loans		466.92	-	466.92	893.74	-	893.74
Other Financial Assets		623.70	-	623.70	3,718.73	-	3,718.73
Other Current Assets		11,391.97	365.63	11,757.60	6,862.10	1,057.12	7,919.22
<b>Total Current Asset</b>		<b>1,03,578.16</b>	<b>(3,835.59)</b>	<b>99,742.57</b>	<b>95,518.64</b>	<b>(4,034.90)</b>	<b>91,483.74</b>
<b>Total Assets</b>		<b>708,848.47</b>	<b>66,201.43</b>	<b>775,049.90</b>	<b>379,052.14</b>	<b>49,324.97</b>	<b>428,377.11</b>

## Notes to the Standalone Financial Statements for the year ended 31st March, 2018

(₹ in thousands)

Particulars	Refer Note No.	Previous GAAP* as at 31.03.2017	Effect of Ind AS Transition	Ind AS Balance Sheet as at 31.03.2017	Previous GAAP* as at 01.04.2016	Effect of Ind AS Transition	Ind AS Balance Sheet as at 01.04.2016
<b>EQUITY AND LIABILITIES</b>							
<b>EQUITY</b>							
Equity Share Capital		17,076.09	-	17,076.09	17,076.09	-	17,076.09
Preference Share Capital	46.3.5.l	4,000.00	(4,000.00)	-	4,000.00	(4,000.00)	-
Other Equity	46.3.3	2,17,154.53	48,726.77	2,65,881.30	2,09,600.56	57,302.95	2,66,903.51
<b>Equity attributable to owners</b>		<b>2,38,230.62</b>	<b>44,726.77</b>	<b>2,82,957.39</b>	<b>2,30,676.65</b>	<b>53,302.95</b>	<b>2,83,979.60</b>
<b>LIABILITIES</b>							
<b>NON-CURRENT LIABILITIES</b>							
Financial Liabilities							
Borrowings	46.3.5.d	263,573.44	3,661.11	267,234.55	26,732.08	3,283.38	30,015.46
Trade Payables		682.25	-	682.25	573.47	-	573.47
Other Financial Liabilities		1,805.12	-	1,805.12	1,549.52	-	1,549.52
Provisions		25,154.72	-	25,154.72	2,867.87	-	2,867.87
Deferred Tax Liabilities (Net)	46.3.5.i	(6,761.82)	14,800.63	8,038.81	-	-	-
Other Liabilities	46.3.5.k	1,552.65	2,394.01	3,946.66	342.30	2,732.92	3,075.22
<b>Total Non-Current Liability</b>		<b>2,86,006.36</b>	<b>20,855.75</b>	<b>3,06,862.11</b>	<b>32,065.24</b>	<b>6,016.30</b>	<b>38,081.54</b>
<b>CURRENT LIABILITIES</b>							
Financial Liabilities							
Borrowings		94,129.73	-	94,129.73	26,630.35	-	26,630.35
Trade Payables		26,355.59	-	26,355.59	16,370.03	-	16,370.03
Other Financial Liabilities	46.3.5.d	54,567.85	280.00	54,847.85	46,645.42	280.00	46,925.42
Provisions	46.3.5.e	4,163.04	-	4,163.04	18,645.38	(10,613.19)	8,032.19
Other Liabilities	46.3.5.k	5,395.28	338.91	5,734.19	8,019.07	338.91	8,357.98
<b>Total Current Liability</b>		<b>1,84,611.49</b>	<b>618.91</b>	<b>1,85,230.40</b>	<b>116,310.25</b>	<b>(9,994.28)</b>	<b>1,06,315.97</b>
<b>Total Equity and Liabilities</b>		<b>7,08,848.47</b>	<b>66,201.43</b>	<b>7,75,049.90</b>	<b>3,79,052.14</b>	<b>49,324.97</b>	<b>4,28,377.11</b>

\* The previous GAAP figures have been reclassified to conform to Ind AS presentation requirements for the purposes of this note.

### 46.3.2 Reconciliation of Statement of Profit & Loss for the year ended 31 March 2017

Particulars	Refer Note No.	Previous GAAP*	Adjustment	Ind AS
<b>INCOME</b>				
Revenue from Operations		4,10,946.57	(96.92)	410,849.65
Other Income	46.3.5.a	3,030.07	9,176.62	12,206.69
<b>Total Income (A)</b>		<b>4,13,976.64</b>	<b>9,079.70</b>	<b>4,23,056.34</b>
<b>EXPENSES</b>				
Cost of Materials Consumed		50,904.29	-	50,904.29
Purchases of Stock -in- Trade		91.05	-	91.05
Changes in Inventories of Finished Goods, Stock-In-Trade and Work-in-Progress	46.3.5.b	(2,727.22)	647.02	(2,080.20)
Employee Benefits Expense	46.3.5.f	1,98,988.60	(1,220.96)	1,97,767.64
Finance Costs	46.3.5.d	9,748.47	714.77	10,463.24
Depreciation and Amortisation Expense	46.3.5.k	12,604.53	289.95	12,894.48
Other Expenses		1,32,547.20	594.57	1,33,141.77
<b>Total Expenses (B)</b>		<b>4,02,156.92</b>	<b>1,025.35</b>	<b>4,03,182.27</b>

## Notes to the Standalone Financial Statements for the year ended 31st March, 2018

(₹ in thousands)

Particulars	Refer Note No.	Previous GAAP*	Adjustment	Ind AS
<b>Profit before Tax</b>		11,819.72	8,054.35	19,874.07
<b>Tax Expense:</b>				
Current Tax		2,265.58	-	2,265.58
Mat Credit Entitlement		(675.37)	-	(675.37)
Deferred Tax	46.3.5.i	2,675.54	6,538.63	9,214.17
<b>Profit for the year</b>		<b>7,553.97</b>	<b>1,515.72</b>	<b>9,069.69</b>
<b>Other Comprehensive Income</b>				
Items that will not be reclassified to profit or loss	46.3.5.a & 46.3.5.f	-	398.47	398.47
Income tax relating to these items		-	214.17	214.17
<b>Other Comprehensive Income for the Year (Net of Tax)</b>		-	184.30	184.30
<b>Total Comprehensive Income for the period</b>		<b>7,553.97</b>	<b>1,700.02</b>	<b>9,253.99</b>

### 46.3.3 Reconciliation of Total Equity

Particulars	Refer Note No.	As at 31st March, 2017	As at 1st April, 2016
<b>Equity under previous GAAP</b>		<b>217,154.53</b>	<b>209,600.56</b>
Biological Assets other than bearer plant	46.3.5.c	2,186.48	1,007.72
Change in method of stock valuation	46.3.5.b	(6,387.70)	(5,740.68)
Adjustment of proposed dividend and tax thereon	46.3.5.e	56.99	10,333.19
Valuation of Equity Instruments through FVTPL	46.3.5.a	5,329.12	(1,582.93)
Valuation of Mutual Fund through FVTPL	46.3.5.a	(359.06)	(359.06)
Valuation of Equity Instruments through FVOCI	46.3.5.a	87,353.15	85,733.72
Remeasurement of Defined Benefit Plans	46.3.5.f	(1,220.96)	-
Provision for Doubtful Debt	46.3.5.j	(21,717.38)	(21,717.38)
Provision for Doubtful Receivables	46.3.5.j	(2,946.46)	(2,946.46)
Other Ind AS Adjustments		1,233.22	622.66
Provision for Deferred Tax	46.3.5.i	(14,800.63)	(8,047.83)
<b>Total Adjustments to Equity</b>		<b>48,726.77</b>	<b>57,302.95</b>
<b>Total Equity under Ind AS</b>		<b>2,65,881.30</b>	<b>2,66,903.51</b>

### 46.3.4 Impact of Ind AS adoption on the consolidated statements of cash flows for the year ended 31 March 2017

Particulars	Previous GAAP	Adjustments	Ind AS
Net cash flow from Operating Activities	(6,290.69)	38,930.95	32,640.26
Net cash flow from Investing Activities	(2,83,919.11)	(834.10)	(2,84,753.21)
Net cash flow from Financing Activities	3,20,020.86	(38,513.44)	2,81,507.42
Net increase/(decrease) in cash and cash equivalents	29,811.06	(416.59)	29,394.47
Cash and cash equivalents as at 1 April 2016	4,135.23	(2,720.11)	1,415.12
Cash and cash equivalents as at 31 March 2017	33,946.29	(3,136.70)	30,809.59

### 46.3.5 Notes to First Time Adoption

#### a Fair valuation of investments

Under the previous GAAP, investments in equity instruments and mutual funds were classified as long-term investments or current investments based on the intended holding period and realisability. Long-term investments were carried at cost less provision for other

## Notes to the Standalone Financial Statements for the year ended 31st March, 2018

(₹ in thousands)

than temporary decline in the value of such investments. Current investments were carried at lower of cost and fair value. Under Ind AS, these investments are required to be measured at fair value.

### **b Inventories**

Under previous GAAP, Finished Tea stock has been valued at net realizable value. Under Ind AS, Finished Tea Stock were valued at lower of Cost or Net Realizable Value. Cost of Finished Tea comprise cost of purchase of green leaf, fair value of green leaf at the time of harvest less cost to sell, conversion cost (i.e 40 % of factory cost) and other costs incurred in bringing the same to their present location and condition.

### **c Biological Assets (i.e. unplucked leaf on tea bushes)**

Under previous GAAP, biological assets i.e. unplucked leaf on tea bushes has neither been valued nor recognised in the accounts. Under Ind AS, unplucked leaf on tea bushes has been measured at its fair value less cost to sell.

### **d Borrowings**

Ind AS 109 requires transaction costs incurred towards origination of borrowings to be deducted from the carrying amount of borrowings on initial recognition. These costs are recognised in the profit or loss over the tenure of the borrowing as part of the interest expense by applying the effective interest rate method. Ind AS 32 classifies redeemable preference shares as borrowings and accordingly, the dividend has been provided under finance cost.

### **e Proposed Dividend**

Under the previous GAAP, dividends proposed by the board of directors after the balance sheet date but before the approval of the financial statements were considered as adjusting events. Accordingly, provision for proposed dividend was recognised as a provision. Under Ind AS, such dividends are recognised when the same is approved by the shareholders in the general meeting and there is an obligation to pay the same.

### **f Remeasurements of post-employment benefit obligations**

Under Ind AS, remeasurements i.e. actuarial gains and losses and the return on plan assets, excluding amounts included in the net interest expense on the net defined benefit liability are recognised in other comprehensive income instead of profit or loss. Under the previous GAAP, these remeasurements were forming part of the profit or loss for the year.

### **g Retained Earnings**

Retained earnings as at April 1, 2016 has been adjusted consequent to the above Ind AS transition adjustments.

### **h Other Comprehensive Income**

Under Ind AS, all items of income and expense recognised in a period should be included in profit or loss for the period, unless a standard requires or permits otherwise. Items of income and expense that are not recognised in profit or loss but are shown in the statement of profit and loss as 'other comprehensive income' includes remeasurements of defined benefit plans and fair value gains or (losses) on FVOCI equity instruments and debt instruments. The concept of other comprehensive income did not exist under previous GAAP.

### **i Deferred Tax**

Indian GAAP requires deferred tax accounting using the income statement approach, which focuses on differences between taxable profits and accounting profits for the period. Ind AS 12 requires entities to account for deferred taxes using the balance sheet approach, which focuses on temporary differences between the carrying amount of an asset or liability in the balance sheet and its tax base. The application of Ind AS 12 approach has resulted in recognition of deferred tax on new temporary differences which was not required under Indian GAAP.

### **j Expected Credit Loss Model**

Ind-AS 109 requires to recognize loss allowances on trade receivable and other financial assets of the Company, at an amount equal to the lifetime expected credit loss or the 12 month expected credit loss based on the increase in the credit risk.

### **k Deferred Revenue**

Under Indian GAAP, grants received from government agencies against specific fixed assets (Property, Plant and Equipment) are adjusted to the cost of the respective asset. Under IND AS the same has been presented as deferred revenue being amortised in the statement of profit & loss on a systematic basis.

## Notes to the Standalone Financial Statements for the year ended 31st March, 2018

(₹ in thousands)

### I Re-classifications

The Company has done the following reclassifications as per the requirements of Ind-AS :

- Assets / liabilities which do not meet the definition of financial asset / financial liability have been reclassified to other asset / liability.
- Remeasurement gain/loss on long term employee defined benefit plans are re-classified from statement of profit and loss to Other Comprehensive Income.
- The Company has re-classified unpaid dividend balance from Cash & Cash equivalents to Other Bank Balances.
- Excise duty on sales was earlier netted off with Sales, has now been presented separately.

### 47 Fair value of Financial Assets and Financial Liabilities

As at 31st March 2018 and 31st March 2017

Particulars	31st March 2018			31st March 2017		
	FVTPL	FVOCI	Amortized Cost	FVTPL	FVOCI	Amortized Cost
<b>Financial Assets</b>						
Investment						
- Equity Instruments	-	143,327.17	9,600.00	-	136,182.55	9,600.00
- Preference Shares	8,557.00	-	-	8,557.00	-	-
- Mutual Funds	30,460.34	-	-	29,970.06	-	-
Trade Receivables	-	-	8,790.40	-	-	4,488.37
Cash and Cash Equivalents	-	-	1,853.52	-	-	30,809.59
Bank balances other than Cash and Cash Equivalents	-	-	2,752.99	-	-	3,133.29
Loans	-	-	55,737.54	-	-	15,598.36
Other Financial Assets	-	-	18,437.17	-	-	11,132.49
<b>Total Financial Assets</b>	<b>39,017.34</b>	<b>143,327.17</b>	<b>97,171.62</b>	<b>38,527.06</b>	<b>136,182.55</b>	<b>74,762.10</b>
<b>Financial Liabilities</b>						
Borrowings	-	-	373,138.11	-	-	361,364.28
Trade Payables	-	-	32,966.58	-	-	27,037.84
Other Financial Liabilities	-	-	93,292.54	-	-	56,652.97
<b>Total Financial Liabilities</b>	<b>-</b>	<b>-</b>	<b>499,397.23</b>	<b>-</b>	<b>-</b>	<b>445,055.09</b>

As at 1st April 2016

Particulars	FVTPL	FVOCI	Amortized Cost
<b>Financial Assets</b>			
Investment			
- Equity Instruments	5,518.12	134,563.13	9,600.00
- Preference Shares	8,557.00	-	-
- Mutual Funds	37,685.48	-	-
Trade Receivables	-	-	2,510.89
Cash and Cash Equivalents	-	-	1,415.12
Bank balances other than Cash and Cash Equivalents	-	-	2,716.71
Loans	-	-	15,503.03
Other Financial Assets	-	-	12,146.58
<b>Total Financial Assets</b>	<b>51,760.60</b>	<b>134,563.13</b>	<b>43,892.33</b>

## Notes to the Standalone Financial Statements for the year ended 31st March, 2018

(₹ in thousands)

Particulars	FVTPL	FVOCI	Amortized Cost
<b>Financial Liabilities</b>			
Borrowings	-	-	56,645.81
Trade Payables	-	-	16,943.50
Other Financial Liabilities	-	-	48,474.94
<b>Total Financial Liabilities</b>	-	-	<b>122,064.25</b>

### 48 Fair Values

48.1 The following is the comparison by class of the carrying amounts and fair value of the Company's financial instruments that are measured at amortized cost:

Particulars	31st March 2018		31st March 2017		1st April 2016	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value	Carrying Amount	Fair Value
<b>Financial Assets</b>						
Investments						
Equity Instruments	9,600.00	9,600.00	9,600.00	9,600.00	9,600.00	9,600.00
Trade Receivables	8,790.40	8,790.40	4,488.37	4,488.37	2,510.89	2,510.89
Loans	55,737.54	55,737.54	15,598.36	15,598.36	15,503.03	15,503.03
Cash and Cash Equivalents	1,853.52	1,853.52	30,809.59	30,809.59	1,415.12	1,415.12
Other Bank Balances	2,752.99	2,752.99	3,133.29	3,133.29	2,716.71	2,716.71
Other Financial Assets	18,437.17	18,437.17	11,132.49	11,132.49	12,146.58	12,146.58
<b>Total Financial Assets</b>	<b>97,171.62</b>	<b>97,171.62</b>	<b>74,762.10</b>	<b>74,762.10</b>	<b>43,892.33</b>	<b>43,892.33</b>
<b>Financial Liabilities</b>						
Borrowings	3,73,138.11	3,73,138.11	361,364.28	361,364.28	56,645.81	56,645.81
Trade Payables	32,966.55	32,966.55	27,037.84	27,037.84	16,943.50	16,943.50
Other Financial Liabilities	93,292.54	93,292.54	56,652.97	56,652.97	48,474.94	48,474.94
<b>Total Financial Liabilities</b>	<b>4,99,397.23</b>	<b>4,99,397.23</b>	<b>4,45,055.09</b>	<b>4,45,055.09</b>	<b>1,22,064.25</b>	<b>1,22,064.25</b>

48.2 The management assessed that the fair values of cash and cash equivalents, trade receivables, trade payables, short term borrowings, and other financial liabilities approximates their carrying amounts largely due to the short-term maturities of these instruments.

48.3 For Financial assets and liabilities that are measured at fair value, the carrying amounts are equal to their fair values.

48.4 The fair value of the financial assets and financial liabilities is included at the amount at which the instruments could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale.

### 48.5 The following methods and assumptions were used to estimate the fair values:

The fair values for loans, security deposits were calculated based on cash flows discounted using a current lending rate. They are classified as Level 3 fair values in the fair value hierarchy due to the inclusion of unobservable inputs including counterparty credit risks, which has been assessed to be insignificant.

### 49 Fair Value Hierarchy

The following are the judgements and estimates made in determining the fair values of the financial instruments that are (a) recognized and measured at fair value and (b) measured at amortized cost and for which fair value are disclosed in the financial statements. To provide an indication about the reliability of the inputs used in determining fair value, the Company has classified its financial instruments into three levels of fair value measurement as prescribed under the Ind AS 113 "Fair Value Measurement". An explanation of each level follows underneath the tables.

## Notes to the Standalone Financial Statements for the year ended 31st March, 2018

(₹ in thousands)

### 49.1 Assets and Liabilities measured at Fair Value - recurring fair value measurements

As at 31st March 2018 and 31st March 2017

Particulars	31st March 2018			31st March 2017		
	Level 1	Level 2	Level 3	Level 1	Level 2	Level 3
<b>Financial Assets</b>						
Investment at FVTPL						
Equity Instruments	-	-	-	-	-	-
Preference Shares	-	-	8,557.00	-	-	8,557.00
Mutual Funds	30,460.34	-	-	29,970.06	-	-
Financial Investment at FVOCI						
Equity Instruments	1,161.06	-	1,42,166.11	4,276.68	-	1,31,905.87
<b>Total Financial Assets</b>	<b>31,621.40</b>	<b>-</b>	<b>1,50,723.11</b>	<b>34,246.74</b>	<b>-</b>	<b>1,40,462.87</b>

Particulars	1st April 2016		
	Level 1	Level 2	Level 3
<b>Financial Assets</b>			
Investment at FVTPL			
Equity Instruments	5,518.12	-	-
Preference Shares	-	-	8,557.00
Mutual Funds	37,685.48	-	-
Financial Investment at FVOCI			
Equity Instruments	5,602.46	-	1,28,960.67
<b>Total Financial Assets</b>	<b>48,806.06</b>	<b>-</b>	<b>1,37,517.67</b>

### 49.2 Financial Assets and Liabilities measured at Amortized Cost for which fair values are disclosed

As at 31st March 2018 and 31st March 2017

Particulars	31st March 2018			31st March 2017		
	Level 1	Level 2	Level 3	Level 1	Level 2	Level 3
<b>Financial Assets</b>						
Investments						
Equity Instruments	-	-	9,600.00	-	-	9,600.00
Trade Receivables	-	-	8,790.40	-	-	4,488.37
Loans	-	-	55,737.54	-	-	15,598.36
Cash and Cash Equivalents	-	-	1,853.52	-	-	30,809.59
Other Bank Balances	-	-	2,752.99	-	-	3,133.29
Other Financial Assets	-	-	18,437.17	-	-	11,132.49
<b>Total Financial Assets</b>	<b>-</b>	<b>-</b>	<b>97,171.62</b>	<b>-</b>	<b>-</b>	<b>74,762.10</b>
<b>Financial Liabilities</b>						
Borrowings	-	-	3,73,138.11	-	-	3,61,364.28
Trade Payables	-	-	32,966.58	-	-	27,037.84
Other Financial Liabilities	-	-	93,292.54	-	-	56,652.97
<b>Total Financial Liabilities</b>	<b>-</b>	<b>-</b>	<b>4,99,397.23</b>	<b>-</b>	<b>-</b>	<b>4,45,055.09</b>

## Notes to the Standalone Financial Statements for the year ended 31st March, 2018

(₹ in thousands)

As at 1st April 2016

Particulars	1st April 2016		
	Level 1	Level 2	Level 3
<b>Financial Assets</b>			
Investments			
Equity Instruments	-	-	9,600.00
Trade Receivables	-	-	2,510.89
Loans	-	-	15,503.03
Cash and Cash Equivalents	-	-	1,415.12
Other Bank Balances	-	-	2,716.71
Other Financial Assets	-	-	12,146.58
<b>Total Financial Assets</b>	-	-	<b>43,892.33</b>
<b>Financial Liabilities</b>			
Borrowings	-	-	56,645.81
Trade Payables	-	-	16,943.50
Other Financial Liabilities	-	-	48,474.94
<b>Total Financial Liabilities</b>	-	-	<b>122,064.25</b>

49.3 During the year ended March 31, 2018 and March 31, 2017, there were no transfers between Level 1 and Level 2 fair value measurements, and no transfer into and out of Level 3 fair value measurements.

### 49.4 Explanation to the fair value hierarchy

The Company measures financial instruments, such as, quoted investments at fair value at each reporting date. 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 for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy as described in Note no. 2.7

### 50 Financial Risk Management

The Company measures financial instruments, such as, quoted investments at fair value at each reporting date. 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 for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

#### 50.1 Credit Risk

Credit risk refers to the risk of financial loss arising from default / failure by the counterparty to meet financial obligations as per the terms of contract. The Company is exposed to credit risk for receivables, Cash & Cash equivalents, financial guarantees and derivative financial instruments. None of the financial instruments of the Company result in material concentration of credit risks. Credit risk on receivables is minimum since sales through different mode (e.g.. auction, consignment, private) are made after judging credit worthiness of the customers or, advance payment. The history of defaults has been minimal and outstanding receivables are regularly monitored. For credit risk on the loans to parties, the Company is not expecting any material risk on account of non-performance by any of the parties. For financial instruments, the Company manages its credit risks by dealing with reputable banks and financial institutions. Credit risk from balances with banks and financial institutions is managed by the Company's treasury department in accordance with the Company's policy. Investments of surplus funds are made only with approved counterparties and within credit 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. The carrying value of the financial assets represent the maximum credit exposure. The maximum exposure to credit risk at the reporting date is the carrying value of each class of financial assets.

## Notes to the Standalone Financial Statements for the year ended 31st March, 2018

(₹ in thousands)

### Trade receivables

As on 31st March, 2018

Ageing schedule	< 6 Months	>6 Months But < 1 Year	>1 Year But < 5 Years	>5 Years	Total
Gross carrying amount	8,202.50	262.35	214.79	110.76	8,790.40
Expected loss rate	-	-	-	-	-
Expected credit losses (Loss allowance provision)	-	-	-	-	-
Carrying amount of trade receivables (net of impairment)	8,202.50	262.35	214.79	110.76	8,790.40

As on 31st March, 2017

Ageing schedule	< 6 Months	>6 Months But < 1 Year	>1 Year But < 5 Years	>5 Years	Total
Gross carrying amount	4,240.88	28.40	127.97	91.12	4,488.37
Expected loss rate	-	-	-	-	-
Expected credit losses (Loss allowance provision)	-	-	-	-	-
Carrying amount of trade receivables (net of impairment)	4,240.88	28.40	127.97	91.12	4,488.37

As on 1st April, 2016

Ageing schedule	< 6 Months	>6 Months But < 1 Year	>1 Year But < 5 Years	>5 Years	Total
Gross carrying amount	2,348.84	-	79.32	82.73	2,510.89
Expected loss rate	-	-	-	-	-
Expected credit losses (Loss allowance provision)	-	-	-	-	-
Carrying amount of trade receivables (net of impairment)	2,348.84	-	79.32	82.73	2,510.89

### 50.2 Liquidity Risk

Liquidity risk is the risk that the Company may encounter difficulty in meeting its obligations. The Company monitors rolling forecast of its liquidity position on the basis of expected cash flows. The Company's approach is to ensure that it has sufficient liquidity or borrowing headroom to meet its obligations at all point in time. The Company has sufficient short-term fund based lines, which provides healthy liquidity and these carry highest quality credit rating from reputed credit rating agency.

#### 50.2.1 Fund Management

Management monitors rolling forecasts of the Company's liquidity position (including the undrawn credit facilities extended by banks and financial institutions) and Cash & Cash equivalents on the basis of expected cash flows. In addition, the Company's liquidity management policy involves projecting cash flows and considering the level of liquid assets necessary to meet these, monitoring balance sheet liquidity ratios against internal and external regulatory requirements and maintaining debt financing plans.

#### 50.2.2 Maturity Analysis for financial liabilities

The following are the remaining contractual maturities of financial liabilities as at 31st March 2018. The amounts are gross and undiscounted and include estimated interest payments and exclude the impact of netting agreements.

a	Particulars	On Demand	< 6 Months	>6 Months But < 1 Year	>1 Year But < 5 Years	>5 Years	Total
	<b>Non-derivative</b>						
	Trade payables	-	31,950.65	-	1,015.93	-	32,966.58
	Borrowings	127,828.62	1,680.33	24,941.07	107,261.91	138,047.59	399,759.52
	Other financial liabilities	-	24,580.04	42,000.68	90.42	-	66,671.14
	<b>Total</b>	<b>127,828.62</b>	<b>58,211.02</b>	<b>66,941.75</b>	<b>108,368.26</b>	<b>138,047.59</b>	<b>499,397.24</b>

## Notes to the Standalone Financial Statements for the year ended 31st March, 2018

(₹ in thousands)

b The following are the remaining contractual maturities of financial liabilities as at 31st March 2017

Particulars	On Demand	Less than 6 months	6 months to 1 year	1 years to 5 years	More than 5 years	Total
<b>Non-derivative</b>						
Trade payables	-	26,355.59	-	682.25	-	27,037.84
Borrowings	94,129.73	1,018.90	10,721.35	99,419.18	167,815.37	373,104.53
Other financial liabilities	-	3,166.35	39,941.25	1,805.12	-	44,912.72
<b>Total</b>	<b>94,129.73</b>	<b>30,540.84</b>	<b>50,662.60</b>	<b>1,01,906.55</b>	<b>1,67,815.37</b>	<b>4,45,055.09</b>

c The following are the remaining contractual maturities of financial liabilities as at 1st April 2016

Particulars	On Demand	Less than 6 months	6 months to 1 year	1 years to 5 years	More than 5 years	Total
<b>Non-derivative</b>						
Trade payables	-	16,370.03	-	573.47	-	16,943.50
Borrowings	26,630.35	989.33	12,150.40	19,642.72	10,372.74	69,785.54
Other financial liabilities	-	4,238.48	29,547.21	1,549.52	-	35,335.21
<b>Total</b>	<b>26,630.35</b>	<b>21,597.84</b>	<b>41,697.61</b>	<b>21,765.71</b>	<b>10,372.74</b>	<b>1,22,064.25</b>

### 50.3 Market Risk

#### 50.3.1 Foreign Exchange Risk

The Company operates in domestic market and it doesn't have any foreign associate, subsidiary etc. The Company is therefore not exposed to foreign exchange risk arising from foreign currency transactions.

a Exposure to Currency risk- Nil

b Sensitivity Analysis

Since, the Company doesn't have material foreign currency operations, the analysis is not reported.

#### 50.3.2 Interest Rate Risk

The Company is exposed to risk due to interest rate fluctuation, on the following:

a Interest rate risk arises from the sensitivity of financial assets and liabilities to changes in market rate of interest. However, Company does not have any interest bearing financial asset or liability at the end of the financial year ended 31st March 2018.

b The interest rate risk can also impact the provision for retiral benefits. The Company generally utilizes variable rate borrowings and therefore subject to interest rate risk, as both the carrying amount and the future cash flows will fluctuate because of change in the market interest rates.

During 31st March 2018, 31st March 2017 and on 1st April 2016, all the Company's borrowings were at variable rate mainly denominated in INR.

##### (i) Exposure to interest rate risk

Particulars	31st March 2018	31st March 2017	1st April 2016
<b>Fixed Rate Instruments</b>			
Financial Assets	55,737.54	15,598.36	15,503.03
Financial Liabilities	79,074.63	76,479.06	10,849.09
	<b>134,812.17</b>	<b>92,077.42</b>	<b>26,352.12</b>
<b>Variable Rate Instruments</b>			
Financial Assets	-	-	-
Financial Liabilities	320,684.89	296,625.47	58,936.45
	<b>320,684.89</b>	<b>296,625.47</b>	<b>58,936.45</b>

## Notes to the Standalone Financial Statements for the year ended 31st March, 2018

### (ii) Sensitivity Analysis

Profit or loss is sensitive to higher/ lower interest expense on borrowings as a result of changes in interest rates. This analysis assumes that all other variables, in particular exchange rates, remain constant and ignores any impact of forecast sales and purchases.

Particulars	Sensitivity Analysis	31st March 2018		31st March 2017	
		Impact on			
		Profit after tax	Other Equity	Profit after tax	Other Equity
Interest Rate increase by	0.50%	(1,603.42)	(1,603.42)	(1,483.13)	(1,364.46)
Interest Rate decrease by	0.50%	1,603.42	1,603.42	1,483.13	1,364.46

### 50.3.3 Other Price Risk

The price risk is the risk arising from investments held by the Company and classified in the balance sheet either at fair value through Other Comprehensive Income or at fair value through profit or loss.

#### a Exposure to other market price risk

Particulars	31st March 2018	31st March 2017	1st April 2016
Fair Value of Quoted Investments	1,161.06	4,276.68	11,120.58
Fair Value of Unquoted Investments	30,460.34	29,970.06	37,685.48

#### b Sensitivity Analysis

The table below summarise the impact of increases/ decreases of the index on the group's equity investment and profit for the period. The analysis is based on the assumption that the equity index had increased by Nil or decreased by Nil with all other variables held constant, and that all the Company's equity instruments moved in line with the index.

Particulars	31st March 2018			31st March 2017		
	Sensitivity Analysis	Impact on		Sensitivity Analysis	Impact on	
		Profit before tax	Other Equity		Profit before tax	Other Equity
BSE Index	+1000 Basis Point	3,162.14	3,162.14	+1000 Basis Point	3,424.67	3,150.65
BSE Index	-1000 Basis Point	(3,162.14)	(3,162.14)	-1000 Basis Point	(3,424.67)	(3,150.65)

- 51 In view of losses in earlier years, Nil amount was required to be spent by the Company on account of Corporate Social Responsibility. The Company has made a provision of ₹ Nil (Previous Year ₹ 6,03,459/-) in its books of accounts towards contribution for Corporate Social Responsibility under section 135 of the Companies Act, 2013.
- 52 The Company has only one segment i.e. manufacturing of Black Tea and as a result the reporting required of Ind AS - 108 on "Operating Segment" are not attracted.

## Notes to the Standalone Financial Statements for the year ended 31st March, 2018

### 53 Capital Management

The Company's objective for capital management is to maximize shareholder wealth, safeguard business continuity and support the growth of the Company. The Company determines the capital management requirement based on annual operating plans and long-term and other strategic investment plans. The funding requirements are met through optimum mix of borrowed and own funds.

### 54 Previous GAAP figures have been re-classified/re-grouped to confirm the presentation requirements under IND AS and the requirements laid down in Division-II of the Schedule-III of the Companies Act, 2013.

The Notes are an integral part of the Financial Statements

As per our Report annexed of even date

For **JAIN & CO.**

*Chartered Accountants*

Firm Registration No. 302023E

**MR. U. KANORIA**

*Chairman & Director*

(DIN: 00081108)

**CA M. K. JAIN**

*Partner*

Membership No. 055048

Place : Kolkata

Date : The 26th day of May, 2018

**C. KABRA**

*Company Secretary*

**S. K. PARHI**

*Chief Financial Officer*

# Independent Auditors' Report

**TO THE MEMBERS OF  
KANCO TEA & INDUSTRIES LIMITED**

## **REPORT ON THE CONSOLIDATED FINANCIAL STATEMENTS**

We have audited the accompanying consolidated financial statements of KANCO TEA & INDUSTRIES LIMITED,"(hereinafter referred to as "the Holding Company") and Winnow Investments and Securities Private Limited ,(hereinafter referred to as "the Subsidiary Company") (the Holding Company and its subsidiary together referred to as "the Group") comprising of the Consolidated Balance Sheet as at 31st March, 2018, the Consolidated Statement of Profit and Loss (including Other Comprehensive Income), the Consolidated Cash Flow Statement and the Statement of Changes in Equity for the year then ended, and a summary of significant accounting policies and other explanatory notes for the year ended on that date (hereinafter referred to as "the Consolidated Financial Statements")

## **MANAGEMENT'S RESPONSIBILITY FOR THE CONSOLIDATED FINANCIAL STATEMENTS**

The Holding Company's Board of Directors is responsible for the preparation of these consolidated financial statements in terms of the requirements of the Companies Act,2013 (hereinafter referred to as "the Act") that give a true and fair view of the consolidated financial position, consolidated financial performance including consolidated other comprehensive income, consolidated cash flows and consolidated change in Equity of the Group in accordance with the accounting principles generally accepted in India, including the Accounting Standard specified under section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. The respective Board of Directors of the Companies included in the Group are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Group 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, which have been used for the purpose of preparation of consolidated financial statements by the Directors of the Holding Company, as aforesaid.

## **AUDITOR'S RESPONSIBILITY**

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. While conducting audit, we have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.

We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Holding Company's preparation of the consolidated financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by the Holding Company's Board of Directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence obtained by us and audit evidence obtained by the other auditors is sufficient and appropriate to provide a basis for our audit opinion on the consolidated financial statements.

## **OPINION**

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid consolidated financial statements give the information required by the 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 consolidated state of affairs of the Group as at 31st March, 2018 and their consolidated profit and their consolidated cash flows and their consolidated change in equity for the year ended on that date.

# Independent Auditors' Report

## Other Matters

We did not audit the financial statements/financial information of subsidiary, whose financial statements/financial information reflect total assets of ₹ 2,78,783.84 thousands as at 31st March, 2018, total revenues of ₹ 3,431.37 thousands and net cash flows amounting to ₹ 317.78 thousands for the year ended on that date, as considered in the consolidated financial statements. These financial statements/financial information have been audited by other auditor, whose report have been furnished to us by the Management and our opinion on the consolidated financial statements in so far as it relates to the amounts and disclosures included in respect of this subsidiary and our report in terms of sub section (3) and (11) of Section 143 of the Act, insofar as it relates to the aforesaid subsidiary is based solely on the report of the other auditor.

Our opinion on the consolidated financial statements, and our report on other Legal and Regulatory Requirements below, is not modified in respect of the above matters with respect to our reliance on the work done and the report of the other auditor and the financial statements /financial information certified by the Management.

## REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

- 1) As required by Section 143(3) of the Act, we report to the extent applicable 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 of the aforesaid consolidated financial statements;
  - b) In our opinion, proper books of account as required by law relating to preparation of the aforesaid consolidated financial statements have been kept so far as it appears from our examination of those books and reports of other auditors;
  - c) The Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss, Consolidated Cash Flow Statement and Consolidated Statement of Change in Equity dealt with by this Report are in agreement with the relevant books of account maintained for the purpose of the consolidated financial statements;
  - d) In our opinion, the aforesaid consolidated financial statements comply with the Accounting Standards specified under Section 133 of the Act, read Rule 7 of the Companies (Accounts) Rules, 2014.
  - e) On the basis of written representations received from the directors of the Holding Company as on 31st March, 2018 and taken on record by the Board of Directors of the Holding Company and the report of the statutory auditors of its subsidiary company incorporated in India, none of the directors of the Group Companies incorporated in India is disqualified as on 31st March, 2018 from being appointed as a director in terms of Section 164(2) of the Act.
  - f) With respect to the adequacy of internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate report in "Annexure " and
  - g) With respect to other matters to be included in the Auditor's 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 Consolidated Financial Statements disclose the impact of pending litigations on the consolidated financial position of the Group, and its associates in its financial statements - Refer Note No.39 to the consolidated financial statements.
    - (ii) The Group and its associates did not have any long term contracts including derivative contracts for which there were any material foreseeable losses.
    - (iii) There were no amounts required to be transferred to the Investor Education and Protection Fund by the Holding Company, its subsidiary companies and its associate companies incorporated in India.

For Jain & Co  
Chartered Accountants  
Firm Registration No. 302023E

P 21/22 Radha Bazar Street  
Place: Kolkata  
Dated: 26th day of May, 2018

(CA M K Jain)  
Partner  
Membership No. 055048

## Annexure to the Independent Auditors' Report

### REPORT ON THE INTERNAL FINANCIAL CONTROLS UNDER CLAUSE (i) OF SUB SECTION 3 OF SECTION 143 OF THE COMPANIES ACT, 2013 ("THE ACT")

In conjunction with our audit of the consolidated financial statements of the Company as of and for the year ended 31st March, 2018, we have audited the internal financial controls over financial reporting of Kanco Tea & Industries Limited ("the Holding Company") and its subsidiary company, which is incorporated in India as of that date.

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

The respective Board of Directors of the Holding Company its subsidiary company, which is incorporated in India as of that date, are responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India ('ICAI'). 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.

#### Auditors' Responsibility

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

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

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

#### Meaning of Internal Financial Controls over Financial Reporting

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

#### Inherent Limitations of Internal Financial Controls over Financial Reporting

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

## Independent Auditors' Report

### Opinion

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31 March 2018, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

P 21/22 Radha Bazar Street  
Place: Kolkata  
Dated: 26th day of May, 2018

For **Jain & Co**  
*Chartered Accountants*  
Registration No. 302023E

**(CA M K Jain)**  
*Partner*  
Membership No. 055048

## Consolidated Balance Sheet as at 31st March, 2018

(₹ in thousands)

	Note No.	As at 31st March, 2018	As at 31st March, 2017	As at 1st April, 2016
<b>ASSETS</b>				
<b>NON-CURRENT ASSETS</b>				
Property, Plant and Equipment	5	476,059.04	426,966.18	148,537.29
Capital Work-In-Progress		2,457.05	15,764.24	-
Intangible Assets	6	18.53	38.86	85.08
Financial Assets	7			
Investments	8	446,325.25	407,139.84	148,638.25
Trade Receivables	9	325.55	219.09	162.05
Loans	10	55,011.74	15,131.44	14,609.29
Other Financial Assets	11	11,677.97	10,508.79	8,427.85
Deferred Tax Assets (net)	12	-	-	714.17
Other Non-Current Assets	13	11,319.11	19,391.65	4,440.87
Non-Current Tax Asset (Net)		3,064.75	957.38	1,655.62
<b>CURRENT ASSETS</b>	14			
Inventories	15	31,736.40	46,495.71	33,778.18
Biological Assets other than bearer plants		1,083.44	2,186.48	1,007.72
Financial Assets				
Investments	16	2,036.80	13,745.90	174,890.01
Trade Receivables	8	8,464.85	4,269.28	2,348.84
Cash and Cash Equivalents	17	2,240.52	30,878.81	2,627.00
Bank balances other than Note 17	18	14,752.99	3,133.29	2,716.71
Loans	9	725.80	466.92	893.74
Other Financial Assets	10	6,865.10	623.70	3,718.73
Other Current Assets	12	20,411.05	11,757.60	7,919.22
<b>Total Assets</b>		<b>1,094,575.94</b>	<b>1,009,675.16</b>	<b>557,170.62</b>
<b>EQUITY AND LIABILITIES</b>				
<b>EQUITY</b>				
Equity Share Capital	19	51,228.27	17,076.09	17,076.09
Other Equity	20	499,409.35	500,849.11	395,685.57
<b>LIABILITIES</b>				
<b>NON-CURRENT LIABILITIES</b>				
Financial Liabilities				
Borrowings	21	245,309.49	267,234.55	30,015.46
Trade Payables	22	1,015.93	682.25	573.47
Other Financial Liabilities	23	90.42	1,805.12	1,549.52
Provisions	24	27,672.27	25,154.72	2,867.87
Deferred Tax Liabilities (Net)	25	10,815.97	7,684.61	
Other Liabilities	26	2,147.56	3,946.66	3,075.22
<b>CURRENT LIABILITIES</b>				
Financial Liabilities				
Borrowings	27	127,828.62	94,129.73	26,630.35
Trade Payables	22	31,950.65	26,355.59	16,370.03
Other Financial Liabilities	23	93,202.12	54,847.85	46,925.42
Provisions	24	1,823.57	4,163.04	8,032.19
Other Liabilities	26	2,081.72	5,745.84	8,369.43
<b>Total Equity and Liabilities</b>		<b>1,094,575.94</b>	<b>1,009,675.16</b>	<b>557,170.62</b>
Basis of Accounting	2			
Significant Accounting Policies	3			
Significant Judgements & Estimates	4			

The Notes are an integral part of the Financial Statements

As per our Report annexed of even date

For **JAIN & CO.**

Chartered Accountants

Firm Registration No. 302023E

**CA M. K. JAIN**

Partner

Membership No. 055048

Place : Kolkata

Date : The 26th day of May, 2018

**U. KANORIA**

Chairman & Director

(DIN: 00081108)

**C. KABRA**

Company Secretary

**S. K. PARHI**

Chief Financial Officer

## Consolidated Statement of Profit & Loss for the year ended 31st March, 2018

(₹ in thousands)

	Note No.	As at 31st March, 2018	As at 31st March, 2017
<b>INCOME</b>			
Revenue from Operations	28	530,811.46	410,849.65
Other Income	29	33,559.56	25,004.22
<b>Total Income</b>		<b>564,371.02</b>	<b>435,853.87</b>
<b>EXPENSES</b>			
Cost of Materials Consumed	30	62,828.03	50,904.29
Purchases of Stock -in- Trade	31	-	91.05
Changes in Inventories of Finished Goods, Stock-In-Trade	32	13,290.55	(2,080.20)
Employee Benefits Expense	33	254,028.58	197,767.64
Finance Costs	34	42,347.51	10,463.24
Depreciation and Amortisation Expense	35	16,921.24	12,894.48
Other Expenses	36	169,430.33	133,176.57
<b>Total Expenses</b>		<b>558,846.24</b>	<b>403,217.07</b>
<b>Profit before Tax</b>		<b>5,524.78</b>	<b>32,636.80</b>
Tax Expense:	37		
Current Tax		366.51	4,285.89
MAT Credit Entitlement		-	(1,029.57)
Deferred Tax		2,105.23	9,214.17
Income Tax for earlier years		56.97	-
<b>Profit for the year</b>		<b>2,996.07</b>	<b>20,166.31</b>
<b>Other Comprehensive Income</b>	38		
i. Items that will not be reclassified to profit or loss	38 A	35,856.34	95,487.60
ii. Income tax relating to these items		944.90	214.17
		34,911.44	95,273.43
Other Comprehensive Income for the Year (Net of Tax)		34,911.44	95,273.43
<b>Total Comprehensive Income for the period</b>		<b>37,907.51</b>	<b>115,439.74</b>
<b>Earnings Per Share</b>			
Nominal Value of Shares (₹)		10	10
Weighted Average Number of Ordinary Shares outstanding during the year		5,122,827	5,122,827
Basic & Diluted Earnings Per Share		0.58	3.94

Basis of Accounting 2

Significant Accounting Policies 3

Significant Judgements &amp; Estimates 4

The Notes are an integral part of the Financial Statements

As per our Report annexed of even date

For **JAIN & CO.**

Chartered Accountants

Firm Registration No. 302023E

**CA M. K. JAIN**

Partner

Membership No. 055048

Place : Kolkata

Date : The 26th day of May, 2018

**U. KANORIA**

Chairman &amp; Director

(DIN: 00081108)

**C. KABRA**

Company Secretary

**S. K. PARHI**

Chief Financial Officer

## Consolidated Cash Flow Statement for the year ended 31st March, 2018

(₹ in thousands)

Particulars	For the year ended	
	31st March, 2018	31st March, 2017
<b>A CASH FLOW FROM OPERATING ACTIVITIES</b>		
Net Profit / (Loss) Before Tax and after Exceptional items	5,524.78	32,636.80
Finance Cost	42,347.51	10,463.24
Depreciation (including amortization & impairment)	16,921.24	12,894.48
Changes in Fair Value of Biological Assets	1,103.04	(1,178.76)
Interest Received	(209.43)	(142.81)
Dividend Received	(2,564.04)	(2,286.80)
Loss /(Profit) on Property, Plant and Equipment sold/discarded (Net)	(193.60)	(50.65)
Net (Gain) on sale of Investments	(749.66)	(13,901.44)
Mark to Market (gain) on Financial Instruments under FVTPL	(2,634.73)	(6,288.27)
<b>Operating Profit/ (Loss) before Working Capital Changes</b>	<b>59,545.11</b>	<b>32,145.79</b>
<b>ADJUSTMENT FOR :</b>		
Decrease in Trade Receivables	(4,302.03)	(1,977.48)
Decrease/(Increase) in Non-current & current financial assets	(7,356.91)	(2,180.92)
Decrease /(Increase) in Non-current & current assets	(4,465.42)	(15,288.26)
Decrease /(Increase) in Inventories & Biological Assets other than bearer plants	14,759.31	(12,717.53)
(Decrease)/ Increase in Trade Payables	5,928.74	10,094.34
(Decrease)/ Increase in Non-current & current financial liabilities	344.72	10,649.64
Increase /(Decrease) in Non-current & current liabilities	(5,463.22)	(1,752.15)
Increase /(Decrease) in Non-current & current provisions	(2,335.62)	17,196.74
<b>Cash Generated from Operations</b>	<b>56,654.68</b>	<b>36,170.17</b>
Income Tax (Paid)/ received (Net)	(2,449.63)	(3,587.63)
<b>Net Cash Flow from Operating Activities</b>	<b>54,205.05</b>	<b>32,582.54</b>
<b>B CASH FLOW FROM INVESTING ACTIVITIES</b>		
Purchase of Property, Plant and Equipment	(48,904.46)	(311,349.57)
Purchase of Intangible Assets	-	(13.88)
Sale of Property, Plant and Equipment	296.00	871.80
Loan Given (Net)	(40,139.18)	(95.33)
Fixed Deposits & other bank balances	(11,619.70)	(416.58)
Purchase of Investments	(2,361.89)	(78,328.30)
Sale of Investments	16,640.01	97,869.09
Interest Received	155.76	3,337.82
Dividend Received	2,564.04	2,286.80
<b>Net Cash flow from Investing Activities</b>	<b>(83,369.42)</b>	<b>(285,838.15)</b>

**Cash Flow Statement** for the year ended 31st March, 2018

(₹ in thousands)

Particulars	For the year ended	
	31st March, 2018	31st March, 2017
<b>C CASH FLOW FROM FINANCING ACTIVITIES</b>		
Increase / (Decrease) in Short Term Borrowings from Banks	33,698.89	67,499.38
Increase / (Decrease) in Long Term Borrowings	(7,043.90)	235,819.61
Finance Cost	(20,933.82)	(11,535.37)
Dividend Paid	(4,269.02)	(8,538.05)
Dividend distribution tax paid	(926.07)	(1,738.15)
<b>Net Cash flow from Financing Activities</b>	<b>526.08</b>	<b>281,507.42</b>
<b>Net Increase / (Decrease) in Cash and Cash Equivalents</b>	<b>(28,638.29)</b>	<b>28,251.81</b>
<b>Cash and Cash Equivalents at the beginning of the year</b>	<b>30,878.81</b>	<b>2,627.00</b>
<b>Cash and Cash Equivalents at the end of the year</b>	<b>2,240.52</b>	<b>30,878.81</b>

**Notes:**

- (1) The above Consolidated Cash Flow Statement has been prepared under the "Indirect Method" as set out in IND AS -7 "Statement of Cash Flows" referred to in the Companies (Accounts) Rules, 2016.
- (2) Effective April 1, 2017, the Company adopted the amendment to IND AS 7, which require the entities to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes, suggesting inclusion of a reconciliation between the opening and closing balances in the Balance sheet for liabilities arising from financing activities, to meet the disclosure requirement, the effect of which is given below :

Particulars	As at 31st March 2017	Cash Flows	Non-cash Adjustments		As at 31st March 2018
			EIR Effect	Current/ Non-current classification	
Borrowings -Non-Current	267,234.55	(7,043.90)	-	(14,881.16)	245,309.49
Borrowings -Current	94,129.73	33,698.89	-	-	127,828.62
Other financial Liabilities	56,652.97	344.72	-	36,294.85	93,292.54

- (3) Previous year's figures have been re-grouped/re-arranged wherever necessary.

As per our Report annexed of even date

For **JAIN & CO.**

Chartered Accountants

Firm Registration No. 302023E

**U. KANORIA**

Chairman &amp; Director

(DIN: 00081108)

**CA M. K. JAIN**

Partner

Membership No. 055048

Place : Kolkata

Date : The 26th day of May, 2018

**C. KABRA**

Company Secretary

**S. K. PARHI**

Chief Financial Officer

## Consolidated Statement of Change in Equity for the year ended 31st March, 2018

(₹ in thousands)

### a Equity Share Capital

Balance as at 1st April 2016	17,076.09
Add/(Less): Changes during the year 2016-17	-
Balance as at 31st March 2017	17,076.09
Add/(Less): Changes during the year 2017-18	34,152.18
<b>Balance as at 31st March 2018</b>	<b>51,228.27</b>

### b Other Equity

Particulars	General Reserve	Preference Share Redemption Reserve	Retained Earnings	Other Comprehensive Income		Total
				Equity Instrument through Other Comprehensive Income	Remeasurement of Defined Benefit Plans	
<b>Balance as at 1st April, 2016</b>	37,279.05	4,000.00	140,529.40	213,877.12	-	<b>395,685.57</b>
Profit for the Year	-	-	20,166.31	-	-	20,166.31
Transfer from Retained Earnings	70,000.00	-	-	-	-	70,000.00
Change in Fair Value	-	-	-	96,494.39	-	96,494.39
Remeasurement Gain/(Loss) (Net of Tax)	-	-	-	-	(1,220.96)	(1,220.96)
<b>Total Comprehensive Income</b>	<b>70,000.00</b>	<b>-</b>	<b>20,166.31</b>	<b>96,494.39</b>	<b>(1,220.96)</b>	<b>185,439.74</b>
Final Dividend Paid	-	-	8,538.05	-	-	8,538.05
Dividend Distribution Tax on Final Dividend	-	-	1,738.15	-	-	1,738.15
Transfer to General Reserve	-	-	70,000.00	-	-	70,000.00
<b>Total Distribution</b>	<b>-</b>	<b>-</b>	<b>80,276.20</b>	<b>-</b>	<b>-</b>	<b>80,276.20</b>
<b>Balance as at 31st March, 2017</b>	<b>107,279.05</b>	<b>4,000.00</b>	<b>80,419.51</b>	<b>310,371.51</b>	<b>(1,220.96)</b>	<b>500,849.11</b>

**Statement of Change in Equity** for the year ended 31st march, 2018

(₹ in thousands)

Particulars	General Reserve	Preference Share Redemption Reserve	Retained Earnings	Other Comprehensive Income		Total
				Equity Instrument through Other Comprehensive Income	Remeasurement of Defined Benefit Plans	
<b>Balance as at 31st March, 2017</b>	107,279.05	4,000.00	80,419.51	310,371.51	(1,220.96)	<b>500,849.11</b>
Profit for the Year	-	-	2,996.07	-	-	2,996.07
Change in Fair Value	-	-	-	37,425.14	-	37,425.14
Remeasurement Gain/(Loss) (Net of Tax)	-	-	-	-	(2,513.70)	(2,513.70)
<b>Total Comprehensive Income</b>	-	-	<b>2,996.07</b>	<b>37,425.14</b>	<b>(2,513.70)</b>	<b>37,907.51</b>
Final Dividend Paid	-	-	4,269.02	-	-	4,269.02
Dividend Distribution Tax on Final Dividend	-	-	926.07	-	-	926.07
Utilised for Bonus Issue	34,152.18	-	-	-	-	34,152.18
Total Distribution	34,152.18	-	5,195.09	-	-	39,347.27
<b>Balance as at 31st March, 2018</b>	<b>73,126.87</b>	<b>4,000.00</b>	<b>78,220.49</b>	<b>347,796.65</b>	<b>(3,734.66)</b>	<b>499,409.35</b>

The Notes are an integral part of the Financial Statements

As per our Report annexed of even date  
For **JAIN & CO.**

Chartered Accountants  
Firm Registration No. 302023E

**CA M. K. JAIN**

Partner

Membership No. 055048

Place : Kolkata

Date : The 26th day of May, 2018

**U. KANORIA**Chairman & Director  
(DIN: 00081108)**C. KABRA**

Company Secretary

**S. K. PARHI**

Chief Financial Officer

# Notes to the Consolidated Financial Statements for the year ended 31st March, 2018

## 1. CORPORATE AND GENERAL INFORMATION

Kanco Tea & Industries Limited (the company) is a public company domiciled in India and incorporated under the provisions of the Companies Act, 1956. Its shares are listed on two stock exchanges in India. The company is engaged in the manufacturing and selling of black tea. The company caters to only the domestic market. The food safety system and the quality management system of Mackeypore Tea Estate has been assessed and found to meet the requirement of HACCP (Hazard Analysis and Critical Point), ISO 22000 Food Safety Management. The quality management system of Mackeypore Tea Estate has been assessed and found to meet the requirements of ISO 9001:2015. Mackeypore Tea Estate & Lakmijan Tea Estate has been issued verification certificate under trust tea code for sustainable tea in India.

## 2. BASIS OF ACCOUNTING

### 2.1. Statement of Compliance

These consolidated financial statements have been prepared in accordance with the Indian Accounting Standards ("Ind AS") as prescribed by Ministry of Corporate Affairs pursuant to Section 133 of the Companies Act, 2013 ("the Act"), read with the Companies (Indian Accounting Standards) Rules, 2015 (as amended), other relevant provisions of the Act and other accounting principles generally accepted in India.

The consolidated financial statements for all periods up to and including the year ended 31st March, 2017, were prepared in accordance with Generally Accepted Accounting Principles (GAAP) in India, which includes the accounting standards prescribed under section 133 of the Act read with Rule 7 of the Companies (Accounts) Rules, 2014 and other provisions of the Act (collectively referred to as "Indian GAAP"). These consolidated financial statements for the year ended 31st March, 2018 are the first Ind AS Financial Statements with comparatives, prepared under Ind AS. The Company has consistently applied the accounting policies used in the preparation of its opening Ind AS Balance Sheet at 1st April, 2016 throughout all periods presented, as if these policies had always been in effect and are covered by Ind AS 101 "First Time Adoption of Indian Accounting Standards".

An explanation of how the transition to Ind AS has affected the previously reported financial position, financial performance and cash flows of the Company is provided in Note No. 45. Certain of the Company's Ind-AS accounting policies used in the opening Balance Sheet differed from its Indian GAAP policies applied as at 31st March, 2016 and accordingly the adjustments were made to restate the opening balances as per Ind-AS. The resulting adjustment arising from events and transactions before the date of transition to Ind-AS were recognized directly through retained earnings as at 1st April, 2016 as required by Ind- AS 101. The consolidated financial statements of the Company for the year ended 31st March, 2018 has been approved by the Board of Directors in their meeting held on 26th May, 2018.

### 2.2. Basis of Accounting

The Company maintains accounts on accrual basis following the historical cost convention, except for followings:

- Certain Financial Assets and Liabilities is measured at Fair value/ Amortised cost (refer accounting policy regarding financial instruments);
- Defined Benefit Plans – plan assets measured at fair value; and
- Biological Assets – At fair value less cost to sell

### 2.3. Functional and Presentation Currency

The Consolidated Financial Statements are presented in Indian Rupee (INR), which is the functional currency of the Company and the currency of the primary economic environment in which the Company operates. All financial information presented in INR has been rounded off to the nearest thousands as per the requirements of Schedule III, unless otherwise stated.

### 2.4. Use of Estimates and Judgements

The preparation of consolidated financial statements in conformity with Ind AS requires judgements, estimates and assumptions to be made that affect the reported amount of assets and liabilities, disclosure of contingent liabilities on the date of the financial statements and the reported amount of revenues and expenses during the reporting period. Difference between the actual results and estimates are recognized in the period in which the results are known/ materialized.

### 2.5. Presentation of Financial Statements

The Balance Sheet and the Statement of Profit and Loss are prepared and presented in the format prescribed in the Schedule III to the Companies Act, 2013 ("the Act"). The Statement of Cash Flows has been prepared and presented as per the requirements of Ind AS 7 "Statement of Cash flows". The disclosure requirements with respect to items in the

## Notes to the Consolidated Financial Statements for the year ended 31st March, 2018

Balance Sheet and Statement of Profit and Loss, as prescribed in the Schedule III to the Act, are presented by way of notes forming part of the consolidated financial statements along with the other notes required to be disclosed under the notified Accounting Standards and the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

### 2.6. Operating Cycle for current and non-current classification

All assets and liabilities have been classified as current or non-current as per the Company's normal operating cycle and other criteria set out in the Schedule III to the Companies Act, 2013 and Ind AS 1. The Company has ascertained its operating cycle as twelve months for the purpose of current and non-current classification of assets and liabilities.

An asset is classified as current when it is:

- Expected to be realized or intended to sold or consumed in normal operating cycle;
- Held primarily for the purpose of trading;
- Expected to be realized within twelve months after the reporting period; or
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All the other assets are classified as non-current.

A liability is current when:

- It is expected to be settled in normal operating cycle;
- It is held primarily for the purpose of trading;
- It is due to be settled within twelve months after the reporting period; or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

The Company classifies all other liabilities as non-current. Deferred Tax Assets and Liabilities are classified as non-current assets and liabilities respectively.

### 2.7. Measurement of Fair Values

A number of the Company's accounting policies and disclosures require the measurement of fair values, for both financial and non-financial assets and liabilities.

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. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability, or
- In the absence of a principal market, in the most advantageous market for the asset or liability.

The principal or the most advantageous market must be accessible by the Company. The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest. A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

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, based on the input that is significant to the fair value measurement as a whole:

- Level 1 — Quoted (unadjusted) market prices in active markets for identical assets or liabilities
- Level 2 — Inputs other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 — Inputs which are unobservable inputs for the asset or liability.

External valuers are involved for valuation of significant assets & liabilities. Involvement of external valuers is decided by the management of the company considering the requirements of Ind As and selection criteria include market knowledge, reputation, independence and whether professional standards are maintained.

## Notes to the Consolidated Financial Statements for the year ended 31st March, 2018

### 2.8 Principles of Consolidation

The Consolidated Financial Statements relate to Kanco Tea & Industries Limited (the Company) and its subsidiary Company namely Winnow Investments and Securities Private Limited. The brief information about the subsidiary as on 31/03/2018 is as under:

Name of Company	Country of Incorporation	Proportionate of ownership interest	
		31.03.2018	31.03.2017
Winnow Investments and Securities Private Limited	India	100%	100%

The Consolidated Financial Statements have been prepared in accordance with the applicable accounting standards, on the basis of standalone financial statements of the parent and the subsidiary by consolidating on a line-by-line basis by adding together the book values of like items of assets, liabilities, income and expenses and thereafter making due elimination of intra-group transactions.

### 3. ACCOUNTING POLICIES

A summary of the significant accounting policies applied in the preparation of the financial statements are as given below. These accounting policies have been applied consistently to all the periods presented in the financial statements.

#### 3.1. INVENTORIES

Inventories are valued at the lower of cost and net realizable value (NRV). Cost is measured by including, unless specifically mentioned below, cost of purchase and other costs incurred in bringing the inventories to their present location and condition. NRV is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale.

- Raw Materials: At Cost or Net Realizable Value whichever is lower. Cost of harvested tea leaves, produced from own gardens, is measured at fair value less cost to sell at the point of harvest of tea leaves.
- Stores and Spare Parts: Stores and Spare Parts are measured at cost (measured at weighted average basis) or net realizable value whichever is lower.
- Finished Goods: Finished goods produced from agricultural produce are valued at lower of cost and the net realizable value. Cost is arrived at by adding the cost of conversion to the fair value of agricultural produce.
- Stock in Trade: Stock in Trade is measured at cost (i.e., purchase cost) or net realizable value whichever is lower.
- Waste/ Scrap: Waste and Scrap (including tea waste) are valued at estimated realizable value.

#### 3.2. CASH AND CASH EQUIVALENTS

Cash and cash equivalent in the balance sheet comprise cash at banks and on hand and short term deposits with an original maturity of three months or less, which are subject to an insignificant risk of change in value.

For the purpose of the statement of cash flows, cash and cash equivalents includes cash in hand, deposits and other short-term highly liquid investments as defined above, net of bank overdrafts as they are considered an integral part of the Company's cash management. Bank overdrafts are shown within short term borrowings in the balance sheet.

#### 3.3. INCOME TAX

The income tax expense or credit for the period is the tax payable on the current period's taxable income based on the applicable income tax rate for each jurisdiction adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses. Current and deferred tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

##### 3.3.1. Current Tax:

Current tax liabilities (or assets) for the current and prior periods are measured at the amount expected to be paid to (recovered from) the taxation authorities using the tax rates (and tax laws) that have been enacted or substantively enacted, at the end of the reporting period.

##### 3.3.2. Deferred Tax

- Deferred Tax assets and liabilities is measured at the tax rates that are expected to apply to the period when the asset is realized or the liability is settled based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.
- Deferred tax is recognized in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the corresponding amounts used for taxation purposes (i.e., tax

## Notes to the Consolidated Financial Statements for the year ended 31st March, 2018

base). Deferred tax is also recognized for carry forward of unused tax losses and unused tax credits.

- Deferred tax assets are recognized to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilized.
- The carrying amount of deferred tax assets is reviewed at the end of each reporting period. The Company reduces the carrying amount of a deferred tax asset to the extent that it is no longer probable that sufficient taxable profit will be available to allow the benefit of part or that entire deferred tax asset to be utilized. Any such reduction is reversed to the extent that it becomes probable that sufficient taxable profit will be available.
- Deferred tax relating to items recognized outside the Statement of Profit and Loss is recognized either in other comprehensive income or in equity. Deferred tax items are recognized in correlation to the underlying transaction either in OCI or directly in equity.
- Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Company intends to settle its current tax assets and liabilities on a net basis.

### 3.4. PROPERTY, PLANT AND EQUIPMENT

#### 3.4.1. Tangible Assets (Other than Bearer Plants)

##### 3.4.1.1. Recognition and Measurement:

- Property, plant and equipment held for use in the production or/and supply of goods or services, or for administrative purposes, are stated in the balance sheet at cost, less any accumulated depreciation and accumulated impairment losses (if any).
- Cost of an item of property, plant and equipment acquired comprises its purchase price, including import duties and non-refundable purchase taxes, after deducting any trade discounts and rebates, any directly attributable costs of bringing the assets to its working condition and location for its intended use and present value of any estimated cost of dismantling and removing the item and restoring the site on which it is located.
- In case of self-constructed assets, cost includes the costs of all materials used in construction, direct labour, allocation of directly attributable overheads, directly attributable borrowing costs incurred in bringing the item to working condition for its intended use, and estimated cost of dismantling and removing the item and restoring the site on which it is located. The costs of testing whether the asset is functioning properly, after deducting the net proceeds from selling items produced while bringing the asset to that location and condition are also added to the cost of self-constructed assets.
- If significant parts of an item of property, plant and equipment have different useful lives, then they are accounted for as separate items (major components) of property, plant and equipment.
- Profit or loss arising on the disposal of property, plant and equipment are recognized in the Statement of Profit and Loss.

##### 3.4.1.2. Subsequent Measurement:

- Subsequent costs are included in the asset's carrying amount, only when it is probable that future economic benefits associated with the cost incurred will flow to the Company and the cost of the item can be measured reliably. The carrying amount of any component accounted for as a separate asset is derecognized when replaced.
- Major Inspection/ Repairs/ Overhauling expenses are recognized in the carrying amount of the item of property, plant and equipment as a replacement if the recognition criteria are satisfied. Any Unamortized part of the previously recognized expenses of similar nature is derecognized.

##### 3.4.1.3. Depreciation and Amortization:

- Depreciation on tangible fixed assets is provided under Straight Line Method at rates determined based on the useful life of the respective assets and the residual values in accordance with Schedule II of the Companies Act, 2013 or as reassessed by the Company based on the technical evaluation.
- In respect of spares for specific machinery, cost is amortized over the useful life of the related machinery as estimated by the management.
- Depreciation on additions (disposals) during the year is provided on a pro-rata basis i.e., from (up to) the date on which asset is ready for use (disposed of).
- Depreciation method, useful lives and residual values are reviewed at each financial year-end and adjusted if appropriate.

##### 3.4.1.4. Disposal of Assets

An item of property, plant and equipment is derecognized upon disposal or when no future economic benefits are

## Notes to the Consolidated Financial Statements for the year ended 31st March, 2018

expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between net disposal proceeds and the carrying amount of the asset and is recognized in the statement of profit and loss.

### 3.4.1.5. Capital Work in Progress

Capital work-in-progress is stated at cost which includes expenses incurred during construction period, interest on amount borrowed for acquisition of qualifying assets and other expenses incurred in connection with project implementation in so far as such expenses relate to the period prior to the commencement of commercial production.

### 3.4.2. Bearer Plants

#### 3.4.2.1. Recognition and Measurement:

- Bearer Plants, comprising of mature tea bushes and shade trees are stated in the balance sheet at cost, less any accumulated depreciation and accumulated impairment losses (if any).
- Cost of bearer plants includes the cost of uprooting, land development, rehabilitation, planting of Guatemala, planting of shade trees, cost of nursery, drainage, manual cultivation, fertilizers, agro-chemicals, pruning and infilling etc.

#### 3.4.2.2. Subsequent Measurement:

Costs incurred for infilling including block infilling are generally recognized in the Statement of Profit and Loss unless there is a significant increase in the yield of the sections, in which case such costs are capitalized and depreciated over the remaining useful life of the respective sections.

#### 3.4.2.3. Depreciation:

- Depreciation on bearer plants is recognised so as to write off its cost over useful lives, using the straight-line method.
- The estimated useful life, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any change in estimate accounted for on a prospective basis.
- Estimated useful life of the bearer plants has been determined to be 50 years. The residual value in case of Bearer Plants has been considered as NIL.

#### 3.4.2.4. Capital Work in Progress

Young tea bushes & shade trees, including the cost incurred for procurement of new seeds and maintenance of nurseries, are carried at cost less any recognized impairment losses under capital work-in-progress. Cost includes the cost of land preparation, new planting and maintenance of newly planted bushes until maturity. On maturity, these costs are classified under bearer plants. Depreciation of bearer plants commence on maturity.

### 3.5. REVENUE RECOGNITION

Revenue is recognised based on nature of activity when consideration can be reasonably measured and recovered with reasonable certainty. Revenue is measured at the fair value of the consideration received or receivable, taking into account contractually defined terms of payment, but excludes amounts collected on behalf of third parties, such as sales tax and value added tax and is reduced for estimated customer returns, rebates and other similar allowances.

#### 3.5.1. Sale of Products:

The Company recognises revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the Company and significant risk and reward incidental to sale of products is transferred to the buyer, usually on delivery of the goods.

#### 3.5.2. Other Income:

**3.5.2.1. Interest Income:** For all debt instruments measured either at amortized cost or at fair value through other comprehensive income (FVTOCI), interest income is recorded using the effective interest rate (EIR). EIR is the rate that exactly discounts the estimated future cash receipts over the expected life of the financial instrument or a shorter period, where appropriate, to the gross carrying amount of the financial asset.

**3.5.2.2. Dividend Income:** Dividend income is accounted in the period in which the right to receive the same is established.

**3.5.2.3. Other Income:** Other items of income are accounted as and when the right to receive such income arises and it is probable that the economic benefits will flow to the company and the amount of income can be measured reliably.

## Notes to the Consolidated Financial Statements for the year ended 31st March, 2018

### 3.6. EMPLOYEE BENEFITS

#### 3.6.1. Short Term Benefits

Short term employee benefit obligations are measured on an undiscounted basis and are expensed as the related services are provided. Liabilities for wages and salaries, including non-monetary benefits that are expected to be settled wholly within twelve months after the end of the period in which the employees render the related service are recognized in respect of employees' services up to the end of the reporting period.

#### 3.6.2. Other Long Term Employee Benefits

The liabilities for earned leaves and sick leaves that are not expected to be settled wholly within twelve months are measured as the present value of the expected future payments to be made in respect of services provided by employees up to the end of the reporting period using the projected unit credit method. The benefits are discounted using the government securities (G-Sec) at the end of the reporting period that have terms approximating to the terms of related obligation. Remeasurements as the result of experience adjustment and changes in actuarial assumptions are recognized in statement of profit and loss.

#### 3.6.3. Post Employment Benefits

The Company operates the following post employment schemes:

##### ➤ Defined Contribution Plan

Defined contribution plans such as Provident Fund, Superannuation Fund, labour Welfare Fund etc. are charged to the statement of profit and loss as and when incurred. There are no other contribution payable to the respective funds.

##### ➤ Defined Benefit Plans

The liability or asset recognized in the Balance Sheet in respect of defined benefit plans is the present value of the defined benefit obligation at the end of the reporting period less the fair value of plan assets. The Company's net obligation in respect of defined benefit plans is calculated separately for each plan by estimating the amount of future benefit that employees have earned in the current and prior periods. The defined benefit obligation is calculated annually by Actuaries using the projected unit credit method.

The liability recognized for defined benefit plans is the present value of the defined benefit obligation at the reporting date less the fair value of plan assets, together with adjustments for unrecognized actuarial gains or losses and past service costs. The net interest cost is calculated by applying the discount rate to the net balance of the defined benefit obligation and the fair value of plan assets. The benefits are discounted using the government securities (G-Sec) at the end of the reporting period that have terms approximating to the terms of related obligation.

Remeasurements of the net defined benefit obligation, which comprise actuarial gains and losses, the return on plan assets (excluding interest) and the effect of the asset ceiling, are recognized in other comprehensive income. Remeasurement recognized in other comprehensive income is reflected immediately in retained earnings and will not be reclassified to the statement of profit and loss.

### 3.7. GOVERNMENT GRANTS

Government grants are recognised at their fair value, where there is reasonable assurance that the grant will be received and all attached conditions will be complied with. When the grant relates to an expense item, it is recognised as income on a systematic basis over the periods that the related costs, for which it is intended to compensate, are expensed.

The grant relating to the acquisition/ construction of an item of property, plant and equipment are included in non-current liabilities as deferred income and are credited to profit or loss on the same systematic basis as the respective assets are depreciated over their expected life and are presented within other operating income.

### 3.8. FOREIGN CURRENCY TRANSACTIONS

- Foreign currency (other than the functional currency) transactions are translated into the functional currency using the spot rates of exchanges at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency spot rate of exchanges at the reporting date.
- Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities are generally recognized in profit or loss in the year in which they arise except for

## Notes to the Consolidated Financial Statements for the year ended 31st March, 2018

exchange differences on foreign currency borrowings relating to assets under construction for future productive use, which are included in the cost of those qualifying assets when they are regarded as an adjustment to interest costs on those foreign currency borrowings, the balance is presented in the Statement of Profit and Loss within finance costs.

- Non monetary items are not retranslated at period end and are measured at historical cost (translated using the exchange rate at the transaction date).

### 3.9. BORROWING COSTS

- Borrowing Costs consists of interest and other costs that an entity incurs in connection with the borrowings of funds. Borrowing costs also includes exchange difference to the extent regarded as an adjustment to the borrowing costs.
- Borrowing costs directly attributable to the acquisition or construction of a qualifying asset are capitalized as a part of the cost of that asset that necessarily takes a substantial period of time to complete and prepare the asset for its intended use or sale. The Company considers a period of twelve months or more as a substantial period of time.
- Transaction costs in respect of long term borrowing are amortized over the tenure of respective loans using Effective Interest Rate (EIR) method. All other borrowing costs are recognized in the statement of profit and loss in the period in which they are incurred.

### 3.10. INVESTMENT IN SUBSIDIARIES

Investments in subsidiaries are carried at cost less accumulated impairment losses, if any. Where an indication of impairment exists, the carrying amount of the investment is assessed and written down immediately to its recoverable amount. On disposal of investments in subsidiaries, the difference between net disposal proceeds and the carrying amounts are recognized in the statement of profit and loss.

### 3.11. FINANCIAL INSTRUMENTS

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

#### 3.11.1. Financial Assets

- Recognition and Initial Measurement:

All financial assets are initially recognized when the company becomes a party to the contractual provisions of the instruments. A financial asset is initially measured at fair value plus, in the case of financial assets not recorded at fair value through profit or loss, transaction costs that are attributable to the acquisition of the financial asset.

- Classification and Subsequent Measurement:

For purposes of subsequent measurement, financial assets are classified in four categories:

- o Measured at Amortized Cost;
- o Measured at Fair Value Through Other Comprehensive Income (FVTOCI);
- o Measured at Fair Value Through Profit or Loss (FVTPL); and
- o Equity Instruments measured at Fair Value Through Other Comprehensive Income (FVTOCI).

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

- o Measured at Amortized Cost: A debt instrument is measured at the amortized cost if both the following conditions are met:

- The asset is held within a business model whose objective is achieved by both collecting contractual cash flows; and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding.

After initial measurement, such financial assets are subsequently measured at amortized cost using the effective interest rate (EIR) method. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included in finance

## Notes to the Consolidated Financial Statements for the year ended 31st March, 2018

income in the statement of profit or loss. The losses arising from impairment are recognised in the profit or loss. This category generally applies to trade receivables, cash and bank balances, loans and other financial assets of the company.

- o **Measured at FVTOCI:** A debt instrument is measured at the FVTOCI if both the following conditions are met:
  - The objective of the business model is achieved by both collecting contractual cash flows and selling the financial assets; and
  - The asset's contractual cash flows represent SPPI.

Debt instruments meeting these criteria are measured initially at fair value plus transaction costs. They are subsequently measured at fair value with any gains or losses arising on remeasurement recognized in other comprehensive income, except for impairment gains or losses and foreign exchange gains or losses. Interest calculated using the effective interest method is recognized in the statement of profit and loss in investment income.

- o **Measured at FVTPL:** FVTPL is a residual category for debt instruments. Any debt instrument, which does not meet the criteria for categorization as at amortized cost or as FVTOCI, is classified as FVTPL. In addition, the company may elect to designate a debt instrument, which otherwise meets amortized cost or FVTOCI criteria, as at FVTPL. Debt instruments included within the FVTPL category are measured at fair value with all changes recognized in the statement of profit and loss. Equity instruments which are, held for trading are classified as at FVTPL.
- o **Equity Instruments measured at FVTOCI:** For all other equity instruments, which has not been classified as FVTPL as above, the company may make an irrevocable election to present in other comprehensive income subsequent changes in the fair value. The company makes such election on an instrument-by-instrument basis. The classification is made on initial recognition and is irrevocable. In case the company decides to classify an equity instrument as at FVTOCI, then all fair value changes on the instrument, excluding dividends, are recognized in the OCI. There is no recycling of the amounts from OCI to P&L, even on sale of investment.

➤ **Derecognition:**

The Company derecognizes a financial asset on trade date only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity.

➤ **Impairment of Financial Assets:**

The Company assesses at each date of balance sheet whether a financial asset or a group of financial assets is impaired. Ind AS – 109 requires expected credit losses to be measured through a loss allowance. The company recognizes lifetime expected losses for all contract assets and/ or all trade receivables that do not constitute a financing transaction. For all other financial assets, expected credit losses are measured at an amount equal to the 12 month expected credit losses or at an amount equal to the life time expected credit losses if the credit risk on the financial asset has increased significantly since initial recognition.

### 3.11.2. Financial Liabilities

➤ **Recognition and Initial Measurement:**

Financial liabilities are classified, at initial recognition, as at fair value through profit or loss, loans and borrowings, payables or as derivatives, as appropriate. All financial liabilities are recognized initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

➤ **Subsequent Measurement:**

Financial liabilities are measured subsequently at amortized cost or FVTPL. A financial liability is classified as FVTPL if it is classified as held-for-trading, or it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognized in profit or loss. Other financial liabilities are subsequently measured at amortized cost using the effective interest rate method. Interest expense and foreign exchange gains and losses are recognized in profit or loss. Any gain or loss on derecognition is also recognized in profit or loss.

➤ **Financial Guarantee Contracts:**

Financial guarantee contracts issued by the company are those contracts that require a payment to be made to reimburse the holder for a loss it incurs because the specified debtor fails to make a payment when due

## Notes to the Consolidated Financial Statements for the year ended 31st March, 2018

in accordance with the terms of a debt instrument. Financial guarantee contracts are recognized initially as a liability at fair value, adjusted for transaction costs that are directly attributable to the issuance of the guarantee. Subsequently, the liability is measured at the higher of the amount of loss allowance determined as per impairment requirement of Ind AS 109 and the amount recognized less cumulative amortization.

➤ Derecognition:

A financial liability is derecognized when the obligation under the liability is discharged or cancelled or expires.

### 3.11.3. Offsetting financial instruments

Financial assets and liabilities are offset and the net amount is reported in the balance sheet when there is a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis or realize the asset and settle the liability simultaneously. The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business and in the event of default, insolvency or bankruptcy of the counterparty.

### 3.12. Earnings Per Share

Basic Earnings per share (EPS) amounts are calculated by dividing the profit for the year attributable to equity holders by the weighted average number of equity shares outstanding during the year. Diluted EPS amounts are calculated by dividing the profit attributable to equity holders adjusted for the effects of potential equity shares by the weighted average number of equity shares outstanding during the year plus the weighted average number of equity shares that would be issued on conversion of all the dilutive potential equity shares into equity shares.

### 3.13. Impairment of Non-Financial Assets

The Company assesses, at each reporting date, whether there is an indication that an asset may be impaired. An asset is treated as impaired when the carrying cost of the asset exceeds its recoverable value being higher of value in use and net selling price. Value in use is computed at net present value of cash flow expected over the balance useful lives of the assets. For the purpose of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or group of assets (Cash Generating Units – CGU).

An impairment loss is recognized as an expense in the Statement of Profit and Loss in the year in which an asset is identified as impaired. The impairment loss recognized in earlier accounting period is reversed if there has been an improvement in recoverable amount.

### 3.14. Provisions, Contingent Liabilities and Contingent Assets

#### 3.14.1. Provisions

Provisions are recognized when there is a present obligation (legal or constructive) as a result of a past event and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Provisions are determined by discounting the expected future cash flows (representing the best estimate of the expenditure required to settle the present obligation at the balance sheet date) at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognized as finance cost.

#### 3.14.2. Contingent Liabilities

Contingent liability is a possible obligation arising from past events and 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 but is not recognized because it is not possible that an outflow of resources embodying economic benefit will be required to settle the obligations or reliable estimate of the amount of the obligations cannot be made. The Company discloses the existence of contingent liabilities in Other Notes to Financial Statements.

#### 3.14.3. Contingent Assets

Contingent assets usually arise from unplanned or other unexpected events that give rise to the possibility of an inflow of economic benefits. Contingent Assets are not recognized though are disclosed, where an inflow of economic benefits is probable.

## Notes to the Consolidated Financial Statements for the year ended 31st March, 2018

### 3.15. Intangible Assets

#### 3.15.1. Recognition and Measurement

Software which is not an integral part of related hardware, is treated as intangible asset and are stated at cost on initial recognition and subsequently measured at cost less accumulated amortization and accumulated impairment loss, if any.

#### 3.15.2. Subsequent Expenditure

Subsequent costs are included in the asset's carrying amount, only when it is probable that future economic benefits associated with the cost incurred will flow to the Company and the cost of the item can be measured reliably. All other expenditure is recognized in the Statement of Profit & Loss.

#### 3.15.3. Amortization

- Intangible assets are amortized over their estimated useful lives.
- The amortization period and the amortization method are reviewed at least at the end of each financial year. If the expected useful life of the assets is significantly different from previous estimates, the amortization period is changed accordingly.

#### 3.15.4. Intangible Assets under Development

Intangible Assets under development is stated at cost which includes expenses incurred in connection with development of Intangible Assets in so far as such expenses relate to the period prior to the getting the assets ready for use.

### 3.16. Biological Assets and Agricultural Produce

#### 3.16.1. Biological Assets

Biological assets of the company comprise of un-harvested green tea leaves that are classified as current biological assets.

The Company recognizes biological assets when, and only when, the Company controls the assets as a result of past events, it is probable that future economic benefits associated with such assets will flow to the company and the fair value or cost of the assets can be measured reliably. Expenditure incurred on biological assets is measured on initial recognition and at the end of each reporting period at its fair value less costs to sell. The gain or loss arising from a change in fair value less cost to sell of biological assets is included in Statement of Profit and Loss for the period in which it arises.

#### 3.16.2. Agricultural Produce

The Company recognizes agricultural produce when, and only when, the Company controls the assets as a result of past events, it is probable that future economic benefits associated with such assets will flow to the Company and the fair value or the cost of the assets can be measured reliably. Agricultural produce harvested from the Company's biological assets are valued at fair value less cost to sell at the point of harvest. A gain or loss arising on initial recognition of agricultural produce at fair value less cost to sell shall be included in Statement of Profit & Loss for the period in which it arises.

The Company's agricultural produce comprises of green leaves plucked from its tea estate.

### 3.17. Operating Segment

Operating Segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker (CODM). The CODM, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Board of Directors. Segments are organized based on businesses which have similar economic characteristics as well as exhibit similarities in nature of production processes, the type and class of customer and distribution methods. Accordingly, the company has only one segment i.e., Manufacturing of Black Tea.

### 3.18. Standards Issued but not yet Effective

The standard issued but not yet effective up to the date of issuance of the Company's Financial Statements is disclosed below. The company intends to adopt this Standard when it becomes effective.

- Ind AS-21 – The Effects of Changes in Foreign Exchange Rates

## Notes to the Consolidated Financial Statements for the year ended 31st March, 2018

Appendix B to Ind As 21, Foreign currency transactions and advance consideration: On March 28, 2018, Ministry of Corporate Affairs (“MCA”) has notified the Companies (Indian Accounting Standards) Amendment Rules, 2018 containing Appendix B to Ind AS 21, Foreign currency transactions and advance consideration which clarifies the date of transaction for the purpose of determining the exchange rate to use on initial recognition of the related asset, expense or income, when an entity has received or paid advance consideration in a foreign currency.

- Ind AS-115- Revenue from Contracts with Customers

In March 2018, the Ministry of Corporate Affairs issued the Companies (Indian Accounting Standards) (Amendments) Rules, 2018, notifying Ind AS 115, ‘Revenue from Contracts with Customers’. The amendment is applicable to the Company for the reporting period beginning April 01, 2018. Ind AS 115 replaces existing revenue recognition standards Ind AS 11, Construction Contracts and Ind AS 18, revenue and revised guidance note of the ICAI on Accounting for Real Estate Transaction for Ind AS entities issued in 2016.

The amendment will come into force from April 1, 2018. The Company is in the process of evaluating the requirement of the amendments as well as the impact of the same.

#### 4. SIGNIFICANT JUDGEMENTS AND KEY SOURCES OF ESTIMATION IN APPLYING ACCOUNTING POLICIES

Estimates and judgements are continually evaluated. They are based on historical experience and other factors, including expectations of future events that may have a financial impact on the Company and that are believed to be reasonable under the circumstances. Information about Significant judgements and Key sources of estimation made in applying accounting policies that have the most significant effects on the amounts recognized in the financial statements is included in the following notes:

- **Recognition of Deferred Tax Assets:** The extent to which deferred tax assets can be recognized is based on an assessment of the probability of the Company’s future taxable income against which the deferred tax assets can be utilized. In addition, significant judgement is required in assessing the impact of any legal or economic limits.
- **Useful lives of depreciable/ amortisable assets (tangible and intangible):** Management reviews its estimate of the useful lives of depreciable/ amortisable assets at each reporting date, based on the expected utility of the assets. Uncertainties in these estimates relate to actual normal wear and tear that may change the utility of plant and equipment.
- **Defined Benefit Obligation (DBO):** Employee benefit obligations are measured on the basis of actuarial assumptions which include mortality and withdrawal rates as well as assumptions concerning future developments in discount rates, medical cost trends, anticipation of future salary increases and the inflation rate. The Company considers that the assumptions used to measure its obligations are appropriate. However, any changes in these assumptions may have a material impact on the resulting calculations.
- **Provisions and Contingencies:** The assessments undertaken in recognising provisions and contingencies have been made in accordance with Indian Accounting Standards (Ind AS) 37, ‘Provisions, Contingent Liabilities and Contingent Assets’. The evaluation of the likelihood of the contingent events is applied best judgement by management regarding the probability of exposure to potential loss.
- **Impairment of Financial Assets:** The Company reviews its carrying value of investments carried at amortized cost annually, or more frequently when there is indication of impairment. If recoverable amount is less than its carrying amount, the impairment loss is accounted for.
- **Allowances for Doubtful Debts:** The Company makes allowances for doubtful debts through appropriate estimations of irrecoverable amount. The identification of doubtful debts requires use of judgment and estimates. Where the expectation is different from the original estimate, such difference will impact the carrying value of the trade and other receivables and doubtful debts expenses in the period in which such estimate has been changed.
- **Fair value measurement of financial Instruments:** When the fair values of financial assets and financial liabilities recorded in the balance sheet cannot be measured based on quoted prices in active markets, their fair value is measured using valuation techniques including the Discounted Cash Flow model. The input to these models are taken from observable markets where possible, but where this not feasible, a degree of judgement is required in establishing fair values. Judgements include considerations of inputs such as liquidity risk, credit risk and volatility.
- **Fair Value of Biological Assets:** The fair value of Biological Assets is determined based on recent transactions entered into with third parties or available market price.

## Notes to the Consolidated Financial Statements for the year ended 31st March, 2018

(₹ in thousands)

### Note 5 PROPERTY, PLANT AND EQUIPMENT

Particulars	Year ended 31st March 2018									
	Gross Block					Accumulated Depreciation				Net Carrying Amount
	As at 31st March 2017	Additions	Additions through Business Combination	Disposals	As at 31st March 2018	As at 31st March 2017	For the Year	Deductions	As at 31st March 2018	
Land Freehold	244,026.60	-	-	-	244,026.60	-	-	-	-	244,026.60
Buildings & Water Supply Installation	48,272.39	16,451.44	-	-	64,723.83	1,614.22	2,118.03	-	3,732.25	60,991.58
Plant & Equipments	61,109.92	32,189.24	-	2.70	93,296.46	6,432.70	8,619.82	0.91	15,051.61	78,244.85
Furniture and Fixtures	4,438.07	228.09	-	-	4,666.16	550.77	554.49	-	1,105.26	3,560.90
Motor Vehicles	20,519.31	11,061.91	-	222.47	31,358.75	3,006.13	3,465.82	121.86	6,350.09	25,008.66
Bearer Plants	61,371.67	6,165.48	-	-	67,537.15	1,167.96	2,142.74	-	3,310.70	64,226.45
<b>Total</b>	<b>439,737.96</b>	<b>66,096.16</b>	<b>-</b>	<b>225.17</b>	<b>505,608.95</b>	<b>12,771.78</b>	<b>16,900.90</b>	<b>122.77</b>	<b>29,549.91</b>	<b>476,059.04</b>

Particulars	Year ended 31st March 2017									
	Gross Block					Accumulated Depreciation				Net Carrying Amount
	Deemed Cost as at 1st April 2016	Additions	Additions through Business Combination	Disposals	As at 31st March 2017	As at 1st April 2016	For the Year	Deductions	As at 31st March 2017	
Land Freehold	-	-	244,026.60	-	244,026.60	-	-	-	-	244,026.60
Buildings & Water Supply Installation	40,172.13	468.55	7,631.71	-	48,272.39	-	1,614.22	-	1,614.22	46,658.17
Plant & Equipments	54,532.05	733.11	6,459.00	614.24	61,109.92	-	6,454.64	21.94	6,432.70	54,677.22
Furniture and Fixtures	4,102.62	135.45	200.00	-	4,438.07	-	550.77	-	550.77	3,887.30
Motor Vehicles	18,349.04	779.79	1,660.00	269.52	20,519.31	-	3,046.80	40.67	3,006.13	17,513.18
Bearer Plants	31,381.45	4,967.53	25,022.69	-	61,371.67	-	1,167.96	-	1,167.96	60,203.71
<b>Total</b>	<b>148,537.29</b>	<b>7,084.43</b>	<b>285,000.00</b>	<b>883.76</b>	<b>439,737.96</b>	<b>-</b>	<b>12,834.39</b>	<b>62.61</b>	<b>12,771.78</b>	<b>426,966.18</b>

#### Notes:

- For Property, Plant and Equipment existing as on 1st April 2016, i.e. the date of transition to Ind AS for the company, the company has taken the fair value of certain parcels of land and Ind AS cost for all the other assets as deemed cost as per the option available under para D7AA of Ind AS 101 "First Time Adoption".
- Refer note no. 41 for information on inventories pledged as securities by the Company.
- Refer note no. 40 for disclosure of contractual commitments for the acquisition of Property, Plant & Equipments.

## Notes to the Consolidated Financial Statements for the year ended 31st March, 2018

(₹ in thousands)

Particulars	Year ended 31st March 2018								Net Carrying Amount
	Gross Block				Accumulated Amortization				
	As at 31st March 2017	Additions	Disposals	As at 31st March 2018	As at 31st March 2017	For the year	Deductions	As at 31st March 2018	
<b>Note 6</b> INTANGIBLE ASSETS									
Computer Software	98.96			98.96	60.10	20.33		80.43	18.53
<b>Total</b>	<b>98.96</b>	<b>-</b>	<b>-</b>	<b>98.96</b>	<b>60.10</b>	<b>20.33</b>	<b>-</b>	<b>80.43</b>	<b>18.53</b>

Particulars	Year ended 31st March 2018								Net Carrying Amount
	Gross Block				Accumulated Amortization				
	Deemed Cost as at 1st April 2016	Additions	Disposals	As at 31st March 2017	As at 1st April 2016	For the year	Deductions	As at 31st March 2017	
<b>Note 6</b> INTANGIBLE ASSETS									
Computer Software	85.08	13.88		98.96		60.10		60.10	38.86
<b>Total</b>	<b>85.08</b>	<b>13.88</b>	<b>-</b>	<b>98.96</b>	<b>-</b>	<b>60.10</b>	<b>-</b>	<b>60.10</b>	<b>38.86</b>

	Face Value	As at 31st March 2018		As at 31st March 2017		As at 1st April 2016	
		Qty	Amount	Qty	Amount	Qty	Amount
<b>Note 7</b> NON-CURRENT INVESTMENTS							
Investment at Fair Value through Other Comprehensive Income							
Equity Instruments (Quoted)							
Warren Tea Limited	10	10	1.05	10	1.25	10	1.31
Kanco Enterprises Limited*	10	3,314,291	1,160.01	3,314,291	4,275.43	3,314,291	5,601.15
Oriental Crabon & Chemicals Limited	10	256,404	263,980.74	256,404	232,430.23		
<b>Sub-total</b>			<b>265,141.80</b>		<b>236,706.91</b>		<b>5,602.46</b>
Equity Instruments (Unquoted)							
Gujurat Nylons Limited	10	100	3.47	100	3.47	100	3.47
The Methoni Tea Co. Limited	10	100	12.69	100	12.69	100	12.69
The Grob Tea Co. Limited	10	150	12.12	150	12.12	150	12.12
Rydak Syndicate Limited	10	100	12.69	100	12.69	100	12.69
E T Resources Private Limited	10	74,300	36,035.50	74,300	32,097.59	74,300	31,354.60
B T Investments Private Limited	10	76,500	19,201.50	76,500	17,977.50	76,500	18,207.00
Cosmos Resources Private Limited	10	75,000	7,800.00	75,000	7,425.00	75,000	7,500.00
Facitcon Investments Private Limited	10	88,000	24,288.00	88,000	22,088.00	88,000	21,384.00
S T Investment Private Limited	10	798,350	23,152.16	798,350	22,353.80	798,350	20,757.10
Nidhi Private Limited	10	160,000	9,600.00	160,000	8,800.00	160,000	8,640.00
Innova Properties Private Limited	10	77,500	12,709.98	77,500	12,245.01	77,500	12,245.00
Suryasakti Commodities Private Limited	10	46,000	9,338.00	46,000	8,878.00	46,000	8,832.00
<b>Sub-total</b>			<b>142,166.11</b>		<b>131,905.87</b>		<b>128,960.67</b>
<b>Total (A)</b>			<b>407,307.91</b>		<b>368,612.78</b>		<b>134,563.13</b>

## Notes to the Consolidated Financial Statements for the year ended 31st March, 2018

(₹ in thousands)

	Face Value	As at 31st March 2018		As at 31st March 2017		As at 1st April 2016	
		Qty	Amount	Qty	Amount	Qty	Amount
<b>Note 7 NON-CURRENT INVESTMENTS</b>							
<b>Investments at Fair Value through Profit or Loss</b>							
<b>Investment in 7% Non Cumulative Redeemable Preference shares(Unquoted) redeemable during F.Y. 2021-2022</b>							
B T Investments Private Limited	100		3,925.00	39,250	3,925.00	39,250	3,925.00
Facitcon Investments Private Limited	100		4,632.00	46,320	4,632.00	46,320	4,632.00
<b>Sub-total</b>			<b>8,557.00</b>		<b>8,557.00</b>		<b>8,557.00</b>
<b>Investment in Mutual Funds (Unquoted)</b>							
HDFC Asset Management Company Limited		524,301.368	6,462.07	524,301.368	6,038.59	-	-
Reliance Capital Asset Management Company Limited		511,927.921	5,424.29	511,927.921	6,481.11	-	-
IIFL Asset Revival Fund Series-2		1,322,848.951	18,573.98	1,322,848.951	17,450.36	-	-
<b>Sub-total</b>			<b>30,460.34</b>		<b>29,970.06</b>		-
<b>Equity Instruments (Quoted)</b>							
Mangalore Refinery & Petrochemicals Ltd.			-	-	-	200	13.41
Srei Infrastructure Limited			-	-	-	3,985	220.17
L & T Finance Holdings Limited			-	-	-	43,500	2,766.60
IDFC Ltd			-	-	-	17,000	686.80
IDFC Bank Ltd			-	-	-	17,000	820.25
CESC Limited			-	-	-	2,100	994.03
First Source Solutions Limited			-	-	-	500	16.86
<b>Sub-total</b>			-	-	-		5,518.12
<b>Total (B)</b>			<b>39,017.34</b>		<b>38,527.06</b>		<b>14,075.12</b>
<b>TOTAL NON- CURRENT INVESTMENTS (A+B)</b>			<b>446,325.25</b>		<b>407,139.84</b>		<b>148,638.25</b>
Aggregate Book Value of Quoted Investments			265,141.80		236,706.91		11,120.58
Aggregate Fair Value of Quoted Investments			265,141.80		236,706.91		11,120.58
Aggregate amount of Unquoted Investments			181,183.45		170,432.93		137,517.67

\* Out of which 30,86,080 Equity Shares are lying pledged.

	Refer Note No.	Long Term			Short Term		
		As at 31st March 2018	As at 31st March 2017	As at 1st April 2016	As at 31st March 2018	As at 31st March 2017	As at 1st April 2016
<b>Note 8 TRADE RECEIVABLES</b>							
Trade Receivables	8.1 & 8.2	325.55	219.09	162.05	8,464.85	4,269.28	2,348.84
Less: Provision for doubtful receivables		-	-	-	-	-	-
<b>Total Trade Receivables</b>		<b>325.55</b>	<b>219.09</b>	<b>162.05</b>	<b>8,464.85</b>	<b>4,269.28</b>	<b>2,348.84</b>
<b>Break Up of Security Details</b>							
Unsecured, considered good		325.55	219.09	162.05	8,464.85	4,269.28	2,348.84
Doubtful		-	-	-	-	-	-
<b>Total</b>		<b>325.55</b>	<b>219.09</b>	<b>162.05</b>	<b>8,464.85</b>	<b>4,269.28</b>	<b>2,348.84</b>
Less: Provision for doubtful receivables		-	-	-	-	-	-
<b>Total Trade Receivables</b>		<b>325.55</b>	<b>219.09</b>	<b>162.05</b>	<b>8,464.85</b>	<b>4,269.28</b>	<b>2,348.84</b>

9.1 Trade receivables are non-interest bearing and are generally on terms of 30 to 60 days.

9.2 No trade or other receivables are due from directors or other officers of the company either severally or jointly with any other person. Nor any trade or other receivable are due from firms or private companies respectively in which any director is a partner, a director or a member.

## Notes to the Consolidated Financial Statements for the year ended 31st March, 2018

(₹ in thousands)

Refer Note No.	Long Term			Short Term		
	As at 31st March 2018	As at 31st March 2017	As at 1st April 2016	As at 31st March 2018	As at 31st March 2017	As at 1st April 2016
<b>Note 9 LOANS</b>						
<b>Loans &amp; Advances to Related Parties</b>	9.1					
Unsecured, considered doubtful	54229.28	14069.28	14262.29	-	-	-
Less: Provision for Doubtful Advances	43,434.76	43,434.76	43,434.76	-	-	-
	<b>97,664.04</b>	<b>57,504.04</b>	<b>57,697.05</b>	-	-	-
<b>Other Loans and Advances</b>	43,434.76	43,434.76	43,434.76			
Advance to Employees, unsecured, considered good	782.46	1,062.16	347.00	725.80	466.92	893.74
<b>Total Loans</b>	<b>55,011.74</b>	<b>15,131.44</b>	<b>14,609.29</b>	<b>725.80</b>	<b>466.92</b>	<b>893.74</b>

9.1 No Loans are due from directors or other officers of the company either severally or jointly with any other person. Nor any loan are due from firms or private companies respectively in which any director is a partner, a director or a member.

<b>Note 10 OTHERS FINANCIAL ASSETS</b>						
Security & Other Deposits	11,246.93	10,508.79	8,427.85	-	-	-
Nabard Tea Development Account	-	-	-	3.40	3.40	3.40
Interest Accrued and Due	3,949.26	3,518.22	3,518.22	142.95	520.32	3,715.33
Less: Provision for Doubtful receivables	(3,518.22)	(3,518.22)	(3,518.22)	-	-	-
Others	-	-	-	6,718.75	99.98	-
	<b>11,677.97</b>	<b>10,508.79</b>	<b>8,427.85</b>	<b>6,865.10</b>	<b>623.70</b>	<b>3,718.73</b>

<b>Note 12 OTHER ASSETS</b>						
Capital Advances	240.45	4,124.96	624.06	-	-	-
<b>Advances other than Capital Advances</b>						
Advance against supply of Goods & Services	1,836.84	1,838.94	2,025.43	11,571.36	7,389.80	3,648.20
Prepaid Expenses	-	-	-	1,912.56	3,079.70	3,569.00
Balances with Government & Statutory Authorities	159.37	997.21	1,353.53	6,171.31	916.48	681.08
Incentive and Subsidy Receivable	11,823.45	14,937.01	2,946.46	-	-	-
Less: Provision for Doubtful Receivables	(2,946.46)	(2,946.46)	(2,946.46)	-	-	-
Other Receivables	205.46	439.99	437.85	755.82	371.62	20.94
<b>Total Other Assets</b>	<b>11,319.11</b>	<b>19,391.65</b>	<b>4,440.87</b>	<b>20,411.05</b>	<b>11,757.60</b>	<b>7,919.22</b>

	Refer Note No.	As at 31st March 2018	As at 31st March 2017	As at 1st April 2016
<b>Note 13 NON CURRENT TAX ASSETS (NET)</b>				
Advance Income Tax & TDS		43,711.63	43,339.33	39,774.59
Less: Provision for Taxation		40,646.88	42,381.95	38,118.97
		<b>3,064.75</b>	<b>957.38</b>	<b>1,655.62</b>

<b>Note 14 INVENTORIES</b>				
(As valued and certified by the Management)	3.1			
Raw Materials	14.2	1,158.17	-	-
Finished Goods	14.2	10,464.28	23,754.83	21,674.63
Stores and Spares etc.	14.1 & 14.2	20,113.95	22,740.88	12,103.55
		<b>31,736.40</b>	<b>46,495.71</b>	<b>33,778.18</b>

<b>14.1</b> The above includes goods-in-transit as under:				
Stores and Spares etc.		2,502.99	8,564.03	1,061.47
		<b>2,502.99</b>	<b>8,564.03</b>	<b>1,061.47</b>

## Notes to the Consolidated Financial Statements for the year ended 31st March, 2018

(₹ in thousands)

14.2 Refer note no. 41 for information on inventories pledged as securities by the Company.

14.3 Refer note no. 30, 31 & 36 for information in relation to the amount of inventories recognized as expenses.

	Refer Note No.	As at 31st March 2018	As at 31st March 2017	As at 1st April 2016
<b>Note 15 BIOLOGICAL ASSETS OTHER THAN BEARER PLANTS</b>				
Fair Value of Biological Assets Other than Bearer Plants (Unharvested Tea Leaves)	15.1	1,083.44	2,186.48	1,007.72
		<b>1,083.44</b>	<b>2,186.48</b>	<b>1,007.72</b>

15.1 Unharvested tea leaves on bushes as on 31st March, 2018 was 54,118 kgs (31st March, 2017 - 1,15,748 kgs, 1st April, 2016- 51,864 Kgs)

	Face Value	As at 31st March 2018		As at 31st March 2017		As at 1st April 2016	
		Qty	Amount	Qty	Amount	Qty	Amount
<b>Note 16 CURRENT INVESTMENTS</b>							
<b>Investment at Fair Value through Other Comprehensive Income</b>							
<b>Equity Instruments (Quoted)</b>							
Oriental Crabon & Chemicals Limited	10	-	-	-	-	272,664	137,204.53
<b>Subtotal- 'A'</b>			-		-		<b>137,204.53</b>
<b>Equity Instruments (Unquoted)</b>							
Stile Investments Limited	10	1,900	<b>2036.80</b>	-	-	-	-
<b>Subtotal- 'B'</b>			<b>2,036.80</b>		-		-
<b>Investments at Fair Value through Profit or Loss</b>							
<b>Investments in Mutual funds (Unquoted)</b>							
ICICI Prudential Value Discovery Fund			-		-	4,532.881	493.13
Birla Sun Life Saving Fund			-		-	69,536.598	20,364.65
HDFC Asset Management Company Ltd			-		-	524,301.368	4,520.95
Reliance Capital Asset Management Company Ltd			-		-	511,927.921	4,806.75
IIFL Asset Revival Fund Series-2			-		-		7,500.00
ICICI Prudential Banking & PSU Debt Fund			-	213,670.408	4,008.24		-
Franklin India Ultra short Bond Fund			-	180,273.351	4,013.70		-
UTI Treasury Advantage Fund			-	1,779.263	3,988.38		-
Kotak Low Duration Fund			-	875.460	1,735.58		-
<b>Subtotal- 'C'</b>			-		<b>13,745.90</b>		<b>37,685.48</b>
<b>TOTAL CURRENT INVESTMENTS</b>			<b>2,036.80</b>		<b>13,745.90</b>		<b>174,890.01</b>
<b>Aggregate Book Value of Quoted Investments</b>			-				<b>137,204.53</b>
<b>Aggregate Fair Value of Quoted Investments</b>			-				<b>137,204.53</b>
<b>Aggregate amount of Unquoted Investments</b>			<b>2,036.80</b>		<b>13,745.90</b>		<b>37,685.48</b>

## Notes to the Consolidated Financial Statements for the year ended 31st March, 2018

(₹ in thousands)

	Refer Note No.	As at 31st March 2018	As at 31st March 2017	As at 1st April 2016
<b>Note 17 CASH AND CASH EQUIVALENTS</b>				
<b>Balances With Banks :</b>				
In Current/Cash Credit Account		1,603.74	29,530.20	2,093.45
In Deposit Accounts with Original Maturity of less than three months		-	353.34	300.00
Cash in Hand		636.78	995.27	233.55
		<b>2,240.52</b>	<b>30,878.81</b>	<b>2,627.00</b>

<b>Note 18 BANK BALANCES (OTHER THAN NOTE: 17)</b>				
Unpaid Dividend & Fractional Shares Account		2,303.04	2,190.43	1,834.89
Deposit Accounts with Original Maturity of more than three months but less than 12 months	18.1	12,449.95	942.86	881.82
		<b>14,752.99</b>	<b>3,133.29</b>	<b>2,716.71</b>

**18.1** Represents deposits marked lien with banks as security for Letter of Credit facility.

	As at 31st March 2018		As at 31st March 2017		As at 1st April 2016	
	No. of Shares	Amount	No. of Shares	Amount	No. of Shares	Amount
<b>Note 19 EQUITY SHARE CAPITAL</b>						
<b>19.1 Authorised Share Capital</b>						
Ordinary Shares of ₹ 10/- each	6,000,000	60,000.00	2,000,000	20,000.00	2,000,000	20,000.00
Preference Shares of ₹ 100/- each	100,000	10,000.00	100,000	10,000.00	100,000	10,000.00
		<b>70,000.00</b>		<b>30,000.00</b>		<b>30,000.00</b>
<b>19.2 Issued, Subscribed and Paid-up Share Capital</b>						
Ordinary Shares of ₹ 10/- each fully paid-up	5,122,827	51,228.27	1,707,609	17,076.09	1,707,609	17,076.09
	<b>5,122,827</b>	<b>51,228.27</b>	<b>1,707,609</b>	<b>17,076.09</b>	<b>1,707,609</b>	<b>17,076.09</b>

	As at 31st March 2018	As at 31st March 2017
<b>19.3 Reconciliation of the number of shares at the beginning and at the end of the year</b>		
No. of Shares outstanding at the beginning of the year	1,707,609	1,707,609
Add: Issued during the year pursuant to the bonus issue	3,415,218	-
<b>No. of Shares outstanding at the end of the year</b>	<b>5,122,827</b>	<b>1,707,609</b>

### 19.4 Terms/ Rights attached to Equity Shares :

The Company has only one class of Ordinary Equity Share having a face value of ₹ 10 per share and each holder of Ordinary Equity Share is entitled to one vote per share. The Company declares and pays dividends in Indian Rupees. The dividend proposed by the Board of Directors (except interim dividend) is subject to the approval of the shareholders in the Annual General Meeting. The claim of Ordinary Equity Shareholders on earnings and on assets in the event of liquidation, follows all others, in proportion to their shareholding.

### 20.5 Shareholding Pattern with respect of Holding or Ultimate Holding Company

The Company does not have any Holding Company or Ultimate Holding Company.

## Notes to the Consolidated Financial Statements for the year ended 31st March, 2018

### 19.6 Details of Equity Shareholders holding more than 5% shares in the Company

(₹ in thousands)

	As at 31st March 2018		As at 31st March 2017		As at 1st April 2016	
	No. of Shares	% Holding	No. of Shares	% Holding	No. of Shares	% Holding
<b>Ordinary Shares of ₹ 10/- each fully paid</b>						
E.T.Resources Private Limited	877,623	17.13%	292,541	17.13%	292,541	17.13%
Satvik Welfare Trust	747,900	14.60%	249,300	14.60%	249,300	14.60%
Mrs. Anuradha Kanoria	549,441	10.73%	183,147	10.73%	183,147	10.73%
Umang Kanoria (HUF)	466,605	9.11%	155,535	9.11%	155,535	9.11%
Mr.Satvik Kanoria	286,623	5.60%	95,541	5.60%	95,541	5.60%
Facitcon Investments Private Liited	259,950	5.07%	86,650	5.07%	86,650	5.07%

19.7 No Ordinary Equity Shares have been reserved for issue under options and contracts/ commitments for the sale of shares/ disinvestment as at the Balance Sheet date.

19.8 The Company has not allotted any Ordinary Equity Shares against consideration other than cash nor has bought back any shares during the period of five years immediately preceding the date at which the Balance Sheet is prepared. During the year ended 31st March, 2018, the company has issued 3415218 no. of Ordinary Equity Shares as bonus shares in the ration of 2:1 to its existing shareholders.

19.9 No securities convertible into Equity/ Preference shares have been issued by the Company during the year.

19.10 No calls are unpaid by any Director or Officer of the Company during the year.

	As at 31st March 2018	As at 31st March 2017	As at 1st April 2016
<b>Note 20 OTHER EQUITY</b>			
General Reserve	73,126.87	107,279.05	37,279.05
Preference Share Redemption Reserve	4,000.00	4,000.00	4,000.00
Retained Earnings	78,220.49	80,419.51	140,529.40
Other Reserves	344,061.99	309,150.55	213,877.12
	<b>499,409.35</b>	<b>500,849.11</b>	<b>395,685.57</b>

Refer Note No.	Non-Current Portion			Current Maturities		
	As at 31st March 2018	As at 31st March 2017	As at 1st April 2016	As at 31st March 2018	As at 31st March 2017	As at 1st April 2016
<b>Note 21 BORROWINGS</b>						
<b>21.1 Non Convertible Redeemable Preference Shares (NCRPS)</b>						
<b>(Face Value ₹ 100 each)</b>						
40,000 (Previous Year 31st March 2017 - 40,000, 1st April 2016 - 40,000) 7% NCRPS reedeemable on 31st March, 2023	4,000.00	4,000.00	4,000.00	-	-	-
<b>22.2 Term Loans</b>						
<b>From Banks:</b>						
Rupee Loans	21.3 A 167,328.69	188,552.38	16,897.24	25,935.04	11,053.88	12,453.36
	<b>167,328.69</b>	<b>188,552.38</b>	<b>16,897.24</b>	<b>25,935.04</b>	<b>11,053.88</b>	<b>12,453.36</b>
<b>From Others</b>						
From Directors	6,800.00	6,800.00	2,500.00	-	-	-
From Others	21.3 B 67,180.80	67,882.17	6,618.22	686.37	686.37	686.37
<b>Total</b>	<b>245,309.49</b>	<b>267,234.55</b>	<b>30,015.46</b>	<b>26,621.41</b>	<b>11,740.25</b>	<b>13,139.73</b>
Amount disclosed under Note no.24 "Other Financial Liability"				(26,621.41)	(11,740.25)	(13,139.73)
	<b>245,309.49</b>	<b>267,234.55</b>	<b>30,015.46</b>	-	-	-

## Notes to the Consolidated Financial Statements for the year ended 31st March, 2018

(₹ in thousands)

Break Up of Security Details							
Secured	21.4	170,760.54	192,670.60	21,701.83	26,621.41	11,740.25	13,139.73
Unsecured		74,548.95	74,563.95	8,313.63	-	-	-
<b>Total</b>		<b>245,309.49</b>	<b>267,234.55</b>	<b>30,015.46</b>	<b>26,621.41</b>	<b>11,740.25</b>	<b>13,139.73</b>

### 21.3 Terms of Repayment of Term Loans

Particulars	Refer Note No.	₹ in thousands	Period of Maturity	No. of Instalments due	Instalment Value	Repayment Terms	Rate of Interest p.a.
<b>A Term Loan - From Banks - in Indian Rupees</b>							
I	21.4.a	6,012.15	2018-2019	1	6,012.15	1 remaining annual installment	12.35%
II	21.4.a	183,412.27	2025-2026	8	2018-19: 18,090	8 annual installments of varying amount commencing after a period of 12 months from the date of 1st disbursement	11.40%
					2019-20: 22,110		
					2020-21: 24,120		
					2021-22: 26,130		
					2022-23: 30,150		
					2023-24: 30,150		
					2024-25: 32,160		
					2025-26: 18,090		
III	21.4.b	547.82	2018-2019	9	EMI - 63.93	9 remaining equated monthly installment (EMI)	9.35%
IV	21.4.c	3,291.49	2020-2021	29	EMI - 126.23	29 remaining equated monthly installment (EMI)	8.47%
<b>B Term Loan - From Others - in Indian Rupees</b>							
I	21.4.d	2,431.96	2022-2023	5	May'18: 486.39	5 remaining equal annual instalments	8.91%
					May'19: 486.39		
					May'20: 486.39		
					May'21: 486.39		
					May'22: 486.39		
		999.89	2022-2023	5	May'18: 199.98	5 remaining equal annual instalments	
					May'19: 199.98		
					May'20: 199.98		
					May'21: 199.98		
					May'22: 199.98		
II	From Directors	4,300.00	2025-2026	1	2025-26: 4,300	In a single bullet payment	10%
		2,500.00	2025-2026	1	2025-26: 2,500		9%
III	From Other Body Corporates	30,000.00	2025-2026	1	2025-26: 30,000	In a single bullet payment	12%
		31,935.32	2025-2026	1	2025-26: 31,935.32		10%
		2,500.00	2025-2026	1	2025-26: 2,500		11%

### 21.4 Details of Security Given for Loan

- a Term Loan from Punjab National Bank is secured by hypothecation of green tea leaves, before and after plucking, teas in process, finished tea in stock/transit or tea lying with brokers, book debts (present and future) and by way

## Notes to the Consolidated Financial Statements for the year ended 31st March, 2018

(₹ in thousands)

of equitable mortgage of immovable properties and machineries of tea estates as collateral security and further guaranteed by two directors of the Company.

- b Term Loan from ICICI Bank Limited in the nature of Car Loan is secured by Hypothecation of Motor Cars.
- c Term Loan from Volkswagon Finance Private Limited in the nature of Car Loan is secured by Hypothecation of Motor Car.
- d Loan from Tea Board of India is secured by hypothecation of tea crops and mortgage of title deeds of Tea Estates in favour of Tea Board ranking subsequent to charge created in favour of Punjab National Bank.

**21.5** Refer note no. 41 for information on the carrying amounts of financial and non-financial assets pledged as security for the non-current borrowings.

	Refer Note No.	Long Term			Short Term		
		As at 31st March 2018	As at 31st March 2017	As at 1st April 2016	As at 31st March 2018	As at 31st March 2017	As at 1st April 2016
<b>Note 22</b>	<b>TRADE PAYABLES</b>						
Dues to Micro and Small Enterprises	22.1	-	-	-	-	-	-
Dues to Creditors other than Micro & Small Enterprises		1,015.93	682.25	573.47	31,950.65	26,355.59	16,370.03
		<b>1,015.93</b>	<b>682.25</b>	<b>573.47</b>	<b>31,950.65</b>	<b>26,355.59</b>	<b>16,370.03</b>

**22.1** Disclosure as required under the Micro, Small and Medium Enterprises Development Act, 2006, to the extent ascertained, and as per notification number GSR 679 (E) dated 4th September, 2015 has not been provided because Trade Payables do not include any amount due to suppliers as defined under the Micro, Small and Medium Enterprises Development Act, 2006 as per the information available by the Company.

<b>Note 23</b>	<b>OTHER FINANCIAL LIABILITIES</b>						
Current maturities of Long Term Debt	21	-	-	-	26,621.41	11,740.25	13,139.73
Trade & Security Deposits (Unsecured)		-	-	-	11,891.37	11,101.84	7,651.27
Interest accrued but not due on Borrowings		-	-	-	24,580.04	3,166.35	4,238.48
Unpaid and unclaimed dividends	23.1	-	-	-	2,302.33	2,216.74	1,856.68
Preference Dividend Payable		-	-	-	280.00	280.00	280.00
Employees related Liabilities		18.97	1,780.24	1,524.64	27,526.97	26,141.87	19,354.22
Other Payables		71.45	24.88	24.88	-	200.80	405.04
		<b>90.42</b>	<b>1,805.12</b>	<b>1,549.52</b>	<b>93,202.12</b>	<b>54,847.85</b>	<b>46,925.42</b>

**23.1** There are no amounts due for payment to the Investor Education and Protection Fund at the year end.

<b>Note 24</b>	<b>PROVISIONS</b>						
Provision for Employee Benefits	25.1	27,672.27	25,154.72	2,867.87	1,823.57	4,163.04	8,032.19
		<b>27,672.27</b>	<b>25,154.72</b>	<b>2,867.87</b>	<b>1,823.57</b>	<b>4,163.04</b>	<b>8,032.19</b>

**24.1** All Provisions are valued at their Present value of money.

## Notes to the Consolidated Financial Statements for the year ended 31st March, 2018

(₹ in thousands)

	As at 31st March 2018	As at 31st March 2017	As at 1st April 2016
<b>Note 25 DEFERRED TAX LIABILITIES (NET)</b>			
<b>Deferred Income Tax Liabilities</b>			
Arising on account of :			
Property, Plant & Equipment	16,845.59	14,772.17	3,799.67
Financial Assets	13,293.93	12,000.59	11,081.62
Others	250.66	250.66	228.04
	<b>30,390.18</b>	<b>27,023.42</b>	<b>15,109.33</b>
<b>Less: Deferred Tax Assets</b>			
Arising on account of :			
Section 43B of Income-tax Act	3,900.89	3,877.33	1,441.55
Provision for doubtful debts	3,261.84	3,261.84	3,261.84
MAT Credit Entitlement	11,674.80	11,756.07	10,726.50
Others	736.68	443.57	393.61
	<b>19,574.21</b>	<b>19,338.81</b>	<b>15,823.50</b>
<b>Deferred Tax Liabilities (Net)</b>	<b>10,815.97</b>	<b>7,684.61</b>	<b>(714.17)</b>

### 25.1 Movement in deferred tax assets and liabilities during the year ended 31st March, 2017 and 31st March, 2018

	As at 1st April, 2016	Recognized in Statement of Profit and Loss	Recognized in Other Comprehensive Income	As at 31st March, 2017
<b>Deferred Income Tax Liabilities</b>				
Arising on account of :				
Property, Plant & Equipment	3,799.67	10,972.50	-	14,772.17
Financial Assets	11,081.62	704.80	214.17	12,000.59
Others	228.04	22.62	-	250.66
	<b>15,109.33</b>	<b>11,699.92</b>	<b>214.17</b>	<b>27,023.42</b>
<b>Deferred Income Tax Assets</b>				
Arising on account of :				
Section 43B of Income-tax Act	1,441.55	2,435.78	-	3,877.33
Provision for doubtful debts	3,261.84	-	-	3,261.84
MAT Credit Entitlement	10,726.50	1,029.57	-	11,756.07
Others	393.61	49.96	-	443.57
	<b>15,823.50</b>	<b>3,515.31</b>	<b>-</b>	<b>19,338.81</b>

	As at 31st March, 2017	Recognized in Statement of Profit and Loss	Recognized in Other Comprehensive Income	As at 31st March 2018
<b>Deferred Income Tax Liabilities</b>				
Property, Plant & Equipment	14,772.17	2,073.42	-	16,845.59
Financial Assets	12,000.59	348.44	944.90	13,293.93
Others	250.66	-	-	250.66
	<b>27,023.42</b>	<b>2,421.86</b>	<b>944.90</b>	<b>30,390.18</b>
<b>Deferred Income Tax Assets</b>				
Section 43B of Income-tax Act	3,877.33	23.56	-	3,900.89
Provision for doubtful debts	3,261.84	-	-	3,261.84
MAT Credit Entitlement	11,756.07	(81.27)	-	11,674.80
Others	443.57	293.11	-	736.68
	<b>19,338.81</b>	<b>235.40</b>	<b>-</b>	<b>19,574.21</b>

## Notes to the Consolidated Financial Statements for the year ended 31st March, 2018

(₹ in thousands)

25.2 Deferred tax assets and deferred tax liabilities have been offset wherever the Company has a legally enforceable right to set off current tax assets against current tax liabilities and where the deferred tax assets and deferred tax liabilities relate to income tax levied by the same taxation authority.

	Refer Note No.	Long Term			Short Term		
		As at 31st March 2018	As at 31st March 2017	As at 1st April 2016	As at 31st March 2018	As at 31st March 2017	As at 1st April 2016
<b>Note 26 OTHER LIABILITIES</b>							
Deferred Revenue Income	26.1	2,055.10	2,394.01	2,732.92	338.91	338.91	338.91
Advances Received from Customers		75.56	1,489.18	278.83	271.51	4,652.91	7,408.97
Statutory Dues		-	-	-	1,457.96	737.16	610.10
Others		16.90	63.47	63.47	13.34	16.86	11.45
		<b>2,147.56</b>	<b>3,946.66</b>	<b>3,075.22</b>	<b>2,081.72</b>	<b>5,745.84</b>	<b>8,369.43</b>

	For the year ended 31st March, 2018	For the year ended 31st March, 2017
26.1 Opening Balance	2,394.01	2,732.92
Less: Current Portion of the Deferred Revenue Income	338.91	338.91
Closing Balance	<b>2,055.10</b>	<b>2,394.01</b>

	Refer Note No.	As at 31st March 2018	As at 31st March 2017	As at 1st April 2016
<b>Note 27 SHORT TERM BORROWINGS</b>				
<b>Loans Repayable on Demand</b>				
Working Capital Loan from Banks	28.1	127,828.62	94,129.73	26,630.35
		<b>127,828.62</b>	<b>94,129.73</b>	<b>26,630.35</b>

27.1 The above amount includes				
Secured Borrowings	28.2	127,828.62	94,129.73	26,630.35
		<b>127,828.62</b>	<b>94,129.73</b>	<b>26,630.35</b>

### 27.2 Terms and conditions of Short Term Borrowings

- Cash credit from Punjab National Bank is secured by hypothecation of green tea leaves, before and after plucking, teas in process, finished tea in stock/transit, tea lying with brokers/agents awaiting sale, other tea stocks, book debts (present and future) arising out of sale of teas, first charge over all current assets of the company (both present and future) and equitable mortgage of immovable properties and machineries of tea estates as collateral security and further guaranteed by two directors of the Company.
- Interest on Cash Credit Loan @11% and the same is repayable on demand.

	Refer Note No.	For the year ended 31st March, 2018	For the year ended 31st March, 2017
<b>Note 28 REVENUE FROM OPERATIONS</b>			
Sale of Products- Black Tea		530,360.23	397,717.15
		<b>530,360.23</b>	<b>397,717.15</b>
Other Operating Revenues			
Incentives & Subsidies	29.1	451.23	13,132.50
		<b>451.23</b>	<b>13,132.50</b>
		<b>530,811.46</b>	<b>410,849.65</b>

28.1 Government grants in the form of subsidy are related to certain incentives being made available by the Government of India for Tea Industry. Replantation subsidy relates to activities for which cost has been incurred in earlier years. There are no unfulfilled conditions or other contingencies attaching to these grants. The Company did not benefit directly from any other forms of government assistance.

## Notes to the Consolidated Financial Statements for the year ended 31st March, 2018

(₹ in thousands)

	For the year ended 31st March, 2018	For the year ended 31st March, 2017
<b>Note 29 OTHER INCOME</b>		
Interest Income		
On Investments	-	9.89
On Banks Deposits	189.80	95.07
On Other Deposits, etc	19.63	37.85
Dividend Income	2,564.04	2,286.80
Net Gain/ (Loss) on sale of Investments measured at fair value through P/L	749.66	13,901.44
Net Gain/ (Loss) on Mark to Market of Investments measured at fair value through P/L	2,634.73	6,288.27
Other Non Operating Income		
Profit on sale/discard of Property, Plant & Equipments (Net)	193.60	50.65
Excess Provision/ Liabilities written back	1.63	-
Change in fair valuation of biological assets	(1,103.04)	1,178.76
Other Miscellaneous Income	28,309.51	1,155.49
	<b>33,559.56</b>	<b>25,004.22</b>

<b>Note 30 COST OF MATERIALS CONSUMED</b>		
Opening Stock	-	-
Add: Purchases	63,986.20	50,904.29
Less: Closing Stock	1,158.17	-
(Closing Stock includes change in Fair Value of Stock of Own Green Leaf on reporting date)		
	<b>62,828.03</b>	<b>50,904.29</b>

<b>Note 31 PURCHASE OF TRADED GOODS</b>		
Black Tea	-	91.05
	-	91.05

<b>Note 32 (INCREASE)/ DECREASE IN INVENTORIES OF FINISHED GOODS</b>		
<b>Finished Goods</b>		
Opening Inventories	23,754.83	21,674.63
Closing Inventories	10,464.28	23,754.83
	<b>13,290.55</b>	<b>(2,080.20)</b>
<b>Total changes in inventories of finished goods</b>	<b>13,290.55</b>	<b>(2,080.20)</b>

	For the year ended 31st March, 2018	For the year ended 31st March, 2017
<b>Note 33 EMPLOYEE BENEFITS EXPENSE</b>		
Salaries & Wages	199,691.17	145,550.68
Contribution to Provident and Other Funds	24,490.52	30,291.37
Staff Welfare Expenses	29,846.89	21,925.59
	<b>254,028.58</b>	<b>197,767.64</b>

	For the year ended 31st March, 2018	For the year ended 31st March, 2017
<b>Note 34 FINANCE COST</b>		
Interest Expenses	41,162.65	7,955.85
Dividend on Preference Shares	280.00	280.00
Other Financial Charges	904.86	2,227.39
	<b>42,347.51</b>	<b>10,463.24</b>

## Notes to the Consolidated Financial Statements for the year ended 31st March, 2018

(₹ in thousands)

	For the year ended 31st March, 2018	For the year ended 31st March, 2017
<b>Note 35 DEPRECIATION AND AMORTIZATION EXPENSES</b>		
On Tangible Assets	16,900.91	12,834.38
On Intangible Assets	20.33	60.10
	<b>16,921.24</b>	<b>12,894.48</b>

	Refer Note No.	For the year ended 31st March, 2018	For the year ended 31st March, 2017
<b>Note 36 OTHER EXPENSES</b>			
Stores, Spare Parts & Packing Materials Consumed		48,521.51	41,441.28
Power & Fuel		45,794.29	30,583.36
Repairs to Buildings		3,928.59	3,531.92
Repairs to Machinery		5,169.77	4,292.61
Repairs to Other Assets		220.70	230.49
Selling & Distribution Expenses		15,497.13	17,640.90
Auditors' Remuneration	36.1	271.57	315.35
Rent, Rates & Taxes		9,395.83	6,741.19
Insurance		2,196.57	1,921.97
Vehicle Running & Maintenance Charges		9,368.55	9,881.44
Directors' Fees & Commission		405.00	270.00
Legal and Professional Charges		7,419.93	938.48
Travelling & Conveyance Expenses		7,047.92	7,315.90
Corporate Social Responsibility Expenses	50	-	603.76
Other Expenses		14,192.97	7,467.92
		<b>169,430.33</b>	<b>133,176.57</b>

<b>36.1 Auditors' Remuneration</b>			
a. Statutory Auditors			
Audit Fees		111.80	126.45
Tax Audit Fees		30.00	34.50
Issue of Certificates		120.92	148.72
Reimbursement of Expenses		8.85	5.68
		<b>271.57</b>	<b>315.35</b>

<b>Note 37 TAX EXPENSE</b>		
Current Tax	366.51	4,285.89
Less: MAT Credit Entitlement	-	1,029.57
Provision for Income Tax for Earlier Years	56.97	-
	423.48	3,256.32
Deferred Tax	2,105.23	9,214.17
	<b>2,528.71</b>	<b>12,470.49</b>

## Notes to the Consolidated Financial Statements for the year ended 31st March, 2018

(₹ in thousands)

	For the year ended 31st March, 2018	For the year ended 31st March, 2017
<b>37.1 Reconciliation of estimated Income tax expense at Indian statutory Income tax rate to income tax expense reported in statement of profit &amp; loss</b>		
Income before Income Taxes	5,524.78	32,636.80
Indian Statutory Income Tax Rate	33.063%	33.063%
Estimated income Tax Expenses	1,826.66	10,790.71
<b>Tax effect of adjustments to reconcile expected Income tax expense to reported Income Tax Expenses</b>		
Tax under Assam Agricultural Income Tax	-	989.57
MAT Credit Receivable	-	(675.37)
Deferred Tax on Property, Plant & Equipments	2,073.42	10,972.50
Deferred Tax on Financial Assets & Other items	31.77	(1,758.32)
Expenses deductible in determining taxable profit	-	(700.00)
Exempted income	(1,460.11)	(124.00)
Effect of deductions under Income Tax Act	-	(6,353.64)
Other Items	-	(670.96)
	<b>645.08</b>	<b>1,679.78</b>
Income Tax Expenses as per Statment of Profit & Loss	<b>2,471.74</b>	<b>12,470.49</b>

**37.2** Applicable Indian Statutory Income Tax rate for Fiscal Year 2018 & 2017 is 33.063%. However, Company is required to pay tax u/s 115JB of Income Tax Act, 1961.

<b>Note 38 OTHER COMPREHENSIVE INCOME</b>		
<b>38.1 Items that will not be reclassified to profit or loss</b>		
Changes in revaluation surplus		
Remeasurement of the defined benefit plans	(2,513.70)	(1,220.96)
Less: Tax expense on the above	-	-
	<b>(2,513.70)</b>	<b>(1,220.96)</b>
Equity Instruments through Other Comprehensive Income	38,370.04	96,708.56
Less: Tax expense on the above	944.90	214.17
	<b>37,425.14</b>	<b>96,494.39</b>

### **Note 39 CONTINGENT LIABILITIES**

**39.1** Claims/Disputes/Demands not acknowledged as debts -

Sl. No.	Particulars	As at 31st March 2018	As at 31st March 2017	As at 1st April 2016
a	Sales Tax	794.96	794.96	794.96
b	Income Tax	4,201.79	160.04	160.04
c	Debit note raised by GAIL (India) Limited for supply of Natural Gas	6,880.82	6,880.82	6,880.82
d	Letter of Credit issued by Bank	1,920.05	2,204.14	2,268.18

**39.2** The amounts shown in Note 39.1 represent the best possible estimates arrived at on the basis of available information. The uncertainties and possible reimbursements are dependent on the outcome of the different legal processes, which have been invoked by the Company or the claimants as the case may be and therefore cannot be predicted accurately. The company engages reputed professional advisors to protect its interests and has been advised that it has strong legal position against such disputes.

## Notes to the Consolidated Financial Statements for the year ended 31st March, 2018

(₹ in thousands)

**39.3** In respect of the matters in note no. 39.1 (a to d), future cash outflows are determinable only on receipt of judgements/decisions pending at various forums/ authorities. Furthermore, there is no possibilities of any reimbursements to be made to the company from any third party.

### 40 Commitments

**Estimated amount of contracts remaining to be executed on Capital Account and not provided for**

Particulars	As at 31st March 2018	As at 31st March 2017	As at 1st April 2016
Estimated amount of contracts remaining to be executed on Capital Account	7,956.97	8,462.71	984.05
Less: Advance	3,851.51	3,313.80	624.05
Net	4,105.46	5,148.91	360.00

### 41 Assets pledged as security

The carrying amounts of assets pledged as security for current and non-current borrowings are:

Particulars	Refer Note No.	As at 31st March 2018	As at 31st March 2017	As at 1st April 2016
<b>Non-current Assets</b>				
Property, Plant and Equipment	5	4,76,059.04	4,26,966.18	1,48,537.29
Capital Work-in-Progress		2,457.05	15,764.24	-
Trade Receivables	9	325.55	219.09	162.05
<b>Total non-currents assets pledged as security</b>		4,78,841.64	4,42,949.51	1,48,699.34
<b>Current Assets</b>				
Inventories	15	31,736.40	46,495.71	33,778.18
Biological Assets other than bearer plants	16	1,083.44	2,186.48	1,007.72
Investments	17	-	-	37,685.48
Trade Receivables	9	8,464.85	4,269.28	2,348.84
Cash and Cash Equivalents	18	1,853.52	30,809.59	1,415.12
Bank balances	19	2,752.99	3,133.29	2,716.71
Loans	10	725.80	466.92	893.74
Other Financial Assets	11	6,759.20	623.70	3,718.73
Other Current Assets	13	20,411.05	11,757.60	7,919.22
<b>Total currents assets pledged as security</b>		73,787.25	99,742.57	91,483.74
<b>Total assets pledged as security</b>		5,52,628.89	5,42,692.08	2,40,183.08

**42 Disclosure pursuant to Indian Accounting Standard - 19 'Employee Benefits' as notified u/s 133 of the Companies Act, 2013 read with Rule 7 of Companies (Accounts) Rules, 2014 (As identified & certified by the Management)**

#### 42.1 Defined Contribution Plan:

The amount recognized as an expense for the Defined Contribution Plans are as under:

Sl. No.	Particulars	For the year ended 31st March, 2018	For the year ended 31st March, 2017
a	Provident Fund	20,153.98	14,425.20
b	Superannuation Fund	727.30	1,103.82
c	Family Pension Fund	405.47	392.62

## Notes to the Consolidated Financial Statements for the year ended 31st March, 2018

(₹ in thousands)

### 42.2 Defined Benefit Plan:

The following are the types of defined benefit plans

#### 42.2.1 Gratuity Plan

The Company's gratuity scheme, a defined benefit plan is as per the Payment of Gratuity Act, 1972, covers the eligible employees and is administered through a gratuity fund trust. Such gratuity fund, whose investments are managed by LIC of India, make payments to vested employees or their nominees upon retirement, death, incapacitation or cessation of employment, of an amount based on the respective employee's salary and tenure of employment. Vesting occurs upon completion of five years of continuous service. The amount of gratuity payable is the proportionate salary for 15 days multiplied for the number of years of service based on the 26 days average salary computed on the basis of last drawn basic salary per month.

#### 42.2.2 Leave Encashment

Leave encashment is payable on death whilst in service, resignation from service or retirement from service as per applicable rules. The present value of defined obligation and related current cost are measured using the Projected Unit Credit Method with actuarial valuation being carried out at Balance Sheet date.

#### 42.2.3 Risk Exposure

Through its defined benefit plans, the company is exposed to a number of risks, the most significant of which are detailed below:

<b>ASSET VOLATILITY</b>	The plan liabilities are calculated using a discount rate set with reference to bond yields; if plan assets underperform this yield, this will create a deficit. Most of the plan asset investments is in LIC of India. These are subject to interest rate risk. the investment in plan assets with LIC of India is in lines with Income Tax Rules, 1962, which reduces the Asset Volatility Risk.
<b>CHANGES IN YIELD</b>	A decrease in yield will increase plan liabilities.
<b>SALARY</b>	The present value of the defined benefit plan liability is calculated by reference to the future salaries of members. Any increase in the salary of members more than the assumed level will increase the plan's liability.

#### 42.2.4 Reconciliation of the net defined benefit (asset)/ liability

The following table shows a reconciliation from the opening balances to the closing balances for the net defined benefit (asset)/ liability and its components:

Particulars	Gratuity	
	2017-18	2016-17
Balance at the beginning of the year	57,831.40	37,538.61
Current Service Cost	4,638.44	3,935.01
Interest Cost on Defined Benefit Obligation	4,250.61	2,946.78
Past Service Cost	671.27	13,467.37
Changes in financial assumptions	(1,829.05)	1,606.30
Experience Adjustments	2,822.96	(551.98)
Benefits Paid	(6,118.56)	(1,110.69)
Balance at the end of the year	62,267.07	57,831.40

## Notes to the Consolidated Financial Statements for the year ended 31st March, 2018

(₹ in thousands)

### 42.2.5 Reconciliation of the Plan Assets

The following table shows a reconciliation from the opening balances to the closing balances for the Plan Assets and its components:

Particulars	Gratuity	
	2017-18	2016-17
Balance at the beginning of the year	33,475.40	28,464.96
Interest Income on Plan Assets	2,460.44	2,234.50
Remeasurement of Defined Benefit Obligation:		
Return on plan assets greater/ (lesser) than discount rate	(170.58)	(166.65)
Actual Company contributions	5,600.53	4,217.83
Benefits Paid from the Plan Assets	(6,118.56)	(1,275.23)
Balance at the end of the year	35,247.23	33,475.40

### 42.2.6 Expenses recognized in profit or loss

Current Service Cost	4,638.44	3,935.01
Past Service Cost	671.27	13,467.37
Actuarial (gains)/losses due to:		
Interest Income on Plan Assets	1,790.17	712.28
Expense Recognised in the Income Statement	7,099.88	18,114.66

### 42.2.7 Remeasurements recognized in other comprehensive income

Actuarial (gain)/ Loss due to:		
Change in financial assumptions	(1,829.05)	1,606.30
Experience variance ( i.e. Actual experience vs assumptions)	2,822.96	(551.98)
Return on plan assets, excluding amount recognised in net interest expense	170.57	166.64
Components of defined benefit costs recognised in other comprehensive income	1,164.48	1,220.96

### 42.2.8 Major Categories of Plan Assets

Funds managed by insurer	100%	100%
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The Gratuity Scheme is invested in a Group Gratuity-cum-Life Assurance Cash accumulation policy offered by Life Insurance Corporation (LIC) of India . The information on the allocation of the fund into major asset classes and expected return on each major class are not readily available. The expected rate of return on plan assets is based on market expectations, at the beginning of the period, for returns over the entire life of the related obligation.

### 42.2.9 Asset-Liability Matching Strategy

The company ensures that the investment positions are managed within an asset-liability matching (ALM) framework that has been developed to achieve long-term investments that are in line with the obligations under the employee benefit plans. Within this framework, the company's ALM objective is to match assets to the obligations under Gratuity Scheme by investing the entire fund with LIC of India.

The Company actively monitors how the return on funds invested with LIC of India are matching the expected cash outflows arising from the employee defined benefit obligation. The company has not changed the processes used to manage its risks from previous periods.

## Notes to the Consolidated Financial Statements for the year ended 31st March, 2018

(₹ in thousands)

### 42.2.10 Actuarial Assumptions

Particulars	Gratuity	
	2017-18	2016-17
<b>Financial Assumptions</b>		
Discount Rate	7.70%	7.35%
Salary Escalation Rate	5.00%	5.00%
<b>Demographic Assumptions</b>		
Mortality Rate	IALM 06-08 Ultimate	IALM 06-08 Ultimate
Withdrawal Rate	2%	2%

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

**42.2.12** At 31st March 2018, the weighted average duration of the defined benefit obligation was 9 years (previous year 9 years). The distribution of the timing of benefits payment i.e., the maturity analysis of the benefit payments is as follows:

Expected benefits payment for the year ending on	Gratuity	
	2017-18	2016-17
1 Year	10,650.20	9,464.45
2 to 5 Years	19,270.12	16,016.17
6 to 10 Years	24,906.22	21,590.89
More than 10 Years	90,919.73	79,950.37

**42.2.13** The Company expects to contribute ₹ 1,46,67,261/- (previous year ₹ 1,31,14,545/-) to its gratuity fund in 2018-19.

### 42.2.14 Sensitivity Analysis

The sensitivity analysis below have been determined based on a method that extrapolates the impact on defined benefit obligation (DBO) as a result of reasonable changes in key assumptions occurring at the end of the reporting period. Reasonably possible changes at the reporting date to one of the relevant actuarial assumptions, holding other assumptions constant, would have affected the defined benefit obligation by the amounts shown below:

Particulars	Gratuity	
	2017-18	2016-17
Effect on DBO due to 1% increase in Discount Rate	57,499.01	53,518.83
Effect on DBO due to 1% decrease in Discount Rate	(67,829.97)	(62,864.97)
Effect on DBO due to 1% increase in Salary Escalation Rate	67,994.98	62,718.92
Effect on DBO due to 1% decrease in Salary Escalation Rate	(57,281.67)	(53,551.83)
Effect on DBO due to 1% increase in Attrition Rate	63,465.87	58,845.93
Effect on DBO due to 1% decrease in Attrition Rate	(60,914.00)	(56,686.95)
Effect on DBO due to 1% increase in Mortality Rate	62,532.35	58,067.52
Effect on DBO due to 1% decrease in Mortality Rate	(61,994.89)	(57,589.27)

**43** Certain trade receivables, loans & advances and creditors are subject to confirmation. In the opinion of the management, the value of trade receivables and loans & advances on realisation in the ordinary course of business, will not be less than the value at which these are stated in the balance sheet.

## Notes to the Consolidated Financial Statements for the year ended 31st March, 2018

### 43 Related Party Disclosures

#### 44.1 Other related parties with whom transactions have taken place during the year and previous year are:

Relationship	Name of the Company	Relationship
Enterprises over which the key managerial personnel and/or their relatives have significant influence	B.T. Investments Private Limited	Kanco Enterprises Limited
	Cosmos Resources Private Limited	Milan Agencies Private Limited
	E.T. Resources Private Limited	Nidhi Private Limited
	Dhanvaridhi Foods Private Limited	Suryasakti Commodities Private Limited
	Facitcon Investments Private Limited	Kanco CSR Trust
	Innova Properties Private Limited	

Relationship	Name	Designation
Key Management Personnels and their relatives	Mrs. Anuradha Kanoria	Wholetime Director
	Mr. Umang Kanoria	Chairman & Non-Executive Director
	Mr. Golam Momen	Non Executive Independent Director
	Mr. Navin Nayar	Non Executive Independent Director
	Mr. Gobind Ram Banka	Non-Executive Director
	Mr. Om Kual	Non Executive Independent Director
	Ms. Stuti Kanoria	Daughter of Mrs. Anuradha Kanoria & Mr. Umang Kanoria
	Mr. Satvik Kanoria	Son of Mrs. Anuradha Kanoria & Mr. Umang Kanoria
	Stuti Welfare Trust	Private Beneficiary Trust for Ms. Stuti Kanoria
	Satvik Welfare Trust	Private Beneficiary Trust for Mr. Satvik Kanoria
	Umang Kanoria H.U.F	Mr.Umang Kanoria is Karta

#### 44.2 Transactions during the year

Particulars	2017-18			2016-17		Relatives of KMP
	Enterpises in which KMP are interested	KMP	Relatives of KMP	Enterpises in which KMP are interested	KMP	
<b>Payment of Rent</b>						
Milan Agencies Private Limited	360.00	-	-	360.00	-	-
Innova Properties Private Limited	252.00	-	-	252.00	-	-
Suryasakti Commodities Pvt. Limited	360.00	-	-	360.00	-	-
<b>Maintenance Expenses Reimbursed</b>						
Milan Agencies Private Limited	300.00	-	-	138.00	-	-
Suryasakti Commodities Pvt. Limited	300.00	-	-	138.00	-	-
<b>Electricity Charges Reimbursed</b>						
Milan Agencies Private Limited	115.50	-	-	118.99	-	-
Suryasakti Commodities Pvt. Limited	79.46	-	-	88.63	-	-
<b>Rent Realised</b>						
Mrs. Anuradha Kanoria	-	465.00	-	-	420.00	-
<b>Unsecured Loan Realised/ Received</b>						
Mrs. Anuradha Kanoria	-	-	-	-	4,300.00	-
Innova Properties Private Limited	-	-	-	145.00	-	-

## Notes to the Consolidated Financial Statements for the year ended 31st March, 2018

Particulars	2017-18			2016-17		Relatives of KMP
	Enterpises in which KMP are interested	KMP	Relatives of KMP	Enterpises in which KMP are interested	KMP	
<b>Remuneration Paid</b>						
Mrs. Anuradha Kanoria	-	3,742.20	-	-	3,799.16	-
Ms. Stuti Kanoria	-	-	268.80	-	-	268.80
<b>Director Fees Paid</b>						
Mr. Umang Kanoria	-	105.00	-	-	75.00	-
Mr. Golam Momen	-	90.00	-	-	60.00	-
Mr. Navin Nayar	-	90.00	-	-	60.00	-
Mr. Gobind Ram Banka	-	120.00	-	-	75.00	-
<b>Interest Paid</b>						
Mrs. Anuradha Kanoria	-	430.00	-	-	14.13	-
<b>Interest Received</b>						
Innova Properties Private Limited	-	-	-	9.88	-	-
<b>Equity Dividend Paid</b>						
Mrs. Anuradha Kanoria	-	457.87	-	-	915.73	-
Umang Kanoria H.U.F	-	-	388.84	-	-	777.67
Ms. Stuti Kanoria	-	-	171.43	-	-	342.87
Mr. Satvik Kanoria	-	-	238.85	-	-	477.70
Satvik Welfare Trust	-	-	623.25	-	-	1,246.50
E.T. Resources private Limited	731.35	-	-	1,462.70	-	-
Facitcon Investments Private Limited	216.62	-	-	433.25	-	-
Innova Properties Private Limited	30.00	-	-	60.00	-	-
Nidhi Private Limited	77.50	-	-	155.00	-	-
<b>Preference Dividend Paid</b>						
Stuti Welfare Trust	-	-	28.00	-	-	28.00
Facitcon Investments Private Limited	182.00	-	-	182.00	-	-
<b>Contribution for CSR</b>						
Kanco CSR Trust	-	-	-	808.00	-	-
<b>Outstanding Balances at the end of the Year</b>						
<b>Security Deposit</b>						
Innova Properties Private Limited	4,021.11	-	-	4,021.11	-	-
Milan Agencies Private Limited	3,000.00	-	-	3,000.00	-	-
<b>(Payable)/ Receivable (Net)</b>						
Mrs. Anuradha Kanoria	-	(4,687.00)	-	-	(4,300.00)	-
Milan Agencies Private Limited	(9.50)	-	-	(7.88)	-	-
Suryasakti Commodities Pvt. Limited	(7.98)	-	-	(5.75)	-	-

## Notes to the Consolidated Financial Statements for the year ended 31st March, 2018

### 44.3 Key Management Personnel compensation

Particulars	Financial Year	Mrs. Anuradha Kanoria	Mr. Umang Kanoria	Mr. Golam Momen	Mr. Navin Nayar	Mr. Gobind Ram Banka	Total Compensation
Short-term employee benefits *	2017-2018	3,742.20					3,742.20
	2016-2017	3,799.16					3,799.16
Director Fees	2017-2018		105.00	90.00	90.00	120.00	405.00
	2016-2017		75.00	60.00	60.00	75.00	270.00

#### \* Notes :

- 1) Short term employee benefits includes the perquisites calculated as prescribed under the Income Tax Act, 1961.
- 2) The Company contributes equal amount to the employees Provident Fund within the statutory limits as prescribed under the relevant Act.
- 3) As the future liabilities for gratuity and leave encashment are provided on an actuarial valuation basis for the Company, the amount pertaining to individual is not ascertainable and therefore not included above.

44.4 All related party transactions entered during the year were in ordinary course of business and on arms length basis.

### 45 Transition to Ind AS

#### 45.1 Basis for Preparation

For all period up to and including the year ended March 31, 2017, the Company has prepared its financial statements in accordance with generally accepted accounting principles in India (Indian GAAP). These financial statements for the year ended March 31, 2018 are the Company's first annual IND AS financial statements and have been prepared in accordance with IND AS.

The accounting policies set out in Note no -3 have been applied in preparing the financial statements for the year ended 31 March 2018, the comparative information presented in these financial statements for the year ended 31 March 2017 and in the preparation of an opening Ind AS balance sheet at 1 April 2016 (the date of transition). This note explains the principal adjustments made by the Company in restating its financial statements prepared in accordance with previous GAAP and how the transition from previous GAAP to Ind AS has affected the Company's financial position, financial performance and cash flows.

#### 45.2 Exceptions and Exemptions Applied

IND AS 101 "First-time adoption of Indian Accounting Standards" (hereinafter referred to as Ind AS 101) allows first time adopters certain exemptions from the retrospective application of certain IND AS, effective for April 1, 2016 opening balance sheet. In preparing these financial statements, the Company has applied the below mentioned optional exemptions and mandatory exceptions.

##### 45.2.1 Optional Exemptions Aailed

###### a Business Combinations

Ind AS 101 provides the option to apply Ind AS 103 prospectively from the transition date or from a specific date prior to the transition date. This provides relief from full retrospective application that would require restatement of all business combinations prior to the transition date.

The Company has not applied AS 103 to acquisitions of businesses for Ind AS, that occurred before the transition date i.e., 1st April 2016. Accordingly, business combinations occurring prior to the transition date have not been restated.

###### b Property Plant and Equipment, Intangible Assets and Investment Properties

As permitted by para D5-D8B of Ind AS 101, the Company has elected to continue with the carrying values under previous GAAP for all the items of property, plant and equipment. The same election has been made in respect of intangible assets also.

###### c Determining whether an arrangement contains a Lease

Para D9-D9AA of Ind AS 101 includes an optional exemption that permits an entity to apply the relevant requirements in Appendix C of Ind AS 17 "Leases" for determining whether an arrangement existing at the date of transition contains a lease by considering the facts and circumstances existing at the date of transition (rather than at the inception of the arrangement). The Company has applied the above transition provision and has assessed all the arrangements at the date of transition.

## Notes to the Consolidated Financial Statements for the year ended 31st March, 2018

### d Designation of previously recognised financial instruments

(₹ in thousands)

Para D19B of Ind AS 101 permits an entity to designate particular investments in equity instruments as at fair value through other comprehensive income (FVOCI) based on facts and circumstances at the date of transition to Ind AS (rather at initial recognition). The Company has opted to avail this exemption to designate its investments in equity instruments as FVOCI on the date of transition.

### 45.2.2 Mandatory Exceptions

#### a Estimates

As per para 14 of Ind AS 101, an entity's estimates in accordance with Ind AS at the date of transition to Ind AS at the end of the comparative period presented in the entity's first Ind AS financial statements, as the case may be, should be consistent with estimates made for the same date in accordance with the previous GAAP unless there is objective evidence that those estimates were in error. However, the estimates should be adjusted to reflect any differences in accounting policies. The Company's estimates under Ind AS are consistent with the above requirement. Key estimates considered in preparation of the financial statements that were not required under the previous GAAP are listed below:

- Fair Valuation of financial instruments carried at FVTPL and/ or FVOCI.
- Fair Valuation of Biological Assets measured at fair value less cost to sell.
- Impairment of financial assets based on the expected credit loss model.
- Determination of the discounted value for financial instruments carried at amortized cost.

#### b De-recognition of financial assets and liabilities

As per para B2 of Ind AS 101, an entity should apply the derecognition requirements in Ind AS 109, "Financial Instruments", prospectively for transactions occurring on or after the date of transition to Ind AS. However, para B3 gives an option to the entity to apply the derecognition requirements from a date of its choice if the information required to apply Ind AS 109 to financial assets and financial liabilities derecognized as a result of past transactions was obtained at the initially accounting for those transactions. The company has elected to apply the de-recognition provisions of Ind AS 109 prospectively from the date of transition to Ind AS.

#### c Classification and measurement of financial assets

Para B8 - B8C of Ind AS 101 requires an entity to assess classification of financial assets on the basis of facts and circumstances existing as on the date of transition. Further, the standard permits measurement of financial assets accounted at amortized cost based on facts and circumstances existing at the date of transition if retrospective application is impracticable. Accordingly, the company has determined the classification of financial assets based on facts and circumstances that exist on the date of transition. Measurement of the financial assets accounted at amortized cost has been done retrospectively.

### 45.3 Impact of Transition to Ind AS

The following is a summary of the effects of the differences between Ind AS and Indian GAAP on the Company's total equity shareholders' funds and profit and loss for the financial periods previously reported under Indian GAAP following the date of transition to Ind AS.

#### 45.3.1 Reconciliation of Items of Balance Sheet as at 1st April, 2016 (transition date) and as at 31st March, 2017

Particulars	Refer Note No.	Previous GAAP* as at 31.03.2017	Effect of Ind AS Transition	Ind AS Balance Sheet as at 31.03.2017	Previous GAAP* as at 01.04.2016	Effect of Ind AS Transition	Ind AS Balance Sheet as at 01.04.2016
<b>ASSETS</b>							
<b>NON-CURRENT ASSETS</b>							
Property, Plant and Equipment	45.3.5.k	4,24,184.33	2,781.85	4,26,966.18	1,45,465.46	3,071.83	1,48,537.29
Capital Work-In-Progress		15,764.24	-	15,764.24	-	-	-
Intangible Assets		38.86	-	38.86	85.08	-	85.08
Investment in subsidiaries							-
Financial Assets							
Investments	45.3.5.a	91,584.10	315,555.74	4,07,139.84	64,487.45	84,150.80	1,48,638.25
Trade Receivables		219.09	-	219.09	162.05	-	162.05
Loans	45.3.5.j	36,848.82	(21,717.38)	15,131.44	36,326.67	(21,717.38)	14,609.29

## Notes to the Consolidated Financial Statements for the year ended 31st March, 2018

(₹ in thousands)

Particulars	Refer Note No.	Previous GAAP* as at 31.03.2017	Effect of Ind AS Transition	Ind AS Balance Sheet as at 31.03.2017	Previous GAAP* as at 01.04.2016	Effect of Ind AS Transition	Ind AS Balance Sheet as at 01.04.2016
Other Financial Assets	45.3.5.j	10,912.99	(404.20)	10,508.79	9,578.94	(1,151.09)	8,427.85
Deferred Tax Assets (net)	45.3.5.i	-	-	-	8,762.00	(8,047.83)	714.17
Other Non-Current Assets	45.3.5.j	22,338.11	(2,946.46)	19,391.65	7,387.33	(2,946.46)	4,440.87
Non-Current Tax Asset (Net)		957.38	-	957.38	1,655.62	-	1,655.62
<b>Total Non Current Asset</b>		<b>6,02,847.92</b>	<b>2,93,269.55</b>	<b>8,96,117.47</b>	<b>2,73,910.60</b>	<b>53,359.87</b>	<b>3,27,270.47</b>
<b>CURRENT ASSETS</b>							
Inventories	45.3.5.b	52,883.41	(6,387.70)	46,495.71	39,518.86	(5,740.68)	33,778.18
Biological Assets other than bearer plants	45.3.5.c	-	2,186.48	2,186.48	-	1,007.72	1,007.72
Financial Assets							
Investments	45.3.5.a	13,100.00	645.90	13,745.90	47,105.67	1,27,784.34	1,74,890.01
Trade Receivables		4,269.28	-	4,269.28	2,348.84	-	2,348.84
Cash and Cash Equivalents		30,878.81	-	30,878.81	2,627.00	-	2,627.00
Other Bank balances		3,133.29	-	3,133.29	2,716.71	-	2,716.71
Loans		466.92	-	466.92	893.74	-	893.74
Other Financial Assets		623.70	-	623.70	3,718.73	-	3,718.73
Other Current Assets		11,391.97	365.63	11,757.60	6,862.10	1,057.12	7,919.22
<b>Total Current Asset</b>		<b>1,16,747.38</b>	<b>(3,189.69)</b>	<b>1,13,557.69</b>	<b>1,05,791.65</b>	<b>1,24,108.50</b>	<b>2,29,900.15</b>
<b>Total Assets</b>		<b>7,19,595.30</b>	<b>2,90,079.86</b>	<b>10,09,675.16</b>	<b>3,79,702.25</b>	<b>1,77,468.37</b>	<b>5,57,170.62</b>
<b>EQUITY AND LIABILITIES</b>							
<b>EQUITY</b>							
Equity Share Capital		17,076.09	-	17,076.09	17,076.09	-	17,076.09
Preference Share Capital	45.3.5.l	4,000.00	(4,000.00)	-	4,000.00	(4,000.00)	-
Other Equity	45.3.3	2,28,243.91	2,72,605.20	5,00,849.11	2,10,239.22	1,85,446.35	3,95,685.57
<b>Equity attributable to owners</b>		<b>2,49,320.00</b>	<b>2,68,605.20</b>	<b>517,925.20</b>	<b>2,31,315.31</b>	<b>1,81,446.35</b>	<b>4,12,761.66</b>
<b>LIABILITIES</b>							
<b>NON-CURRENT LIABILITIES</b>							
Financial Liabilities							
Borrowings	45.3.5.d	2,63,573.44	3,661.11	2,67,234.55	26,732.08	3,283.38	30,015.46
Trade Payables		682.25	-	682.25	573.47	-	573.47
Other Financial Liabilities		1,805.12	-	1,805.12	1,549.52	-	1,549.52
Provisions		25,154.72	-	25,154.72	2,867.87	-	2,867.87
Deferred Tax Liabilities (Net)	45.3.5.i	(7,116.02)	14,800.63	7,684.61	-	-	-
Other Liabilities	45.3.5.k	1,552.65	2,394.01	3,946.66	342.30	2,732.92	3,075.22
<b>Total Non-Current Liability</b>		<b>2,85,652.16</b>	<b>20,855.75</b>	<b>3,06,507.91</b>	<b>32,065.24</b>	<b>6,016.30</b>	<b>38,081.54</b>
<b>CURRENT LIABILITIES</b>							
Financial Liabilities							
Borrowings		94,129.73	-	94,129.73	26,630.35	-	26,630.35
Trade Payables		26,355.59	-	26,355.59	16,370.03	-	16,370.03
Other Financial Liabilities	45.3.5.d	54,567.85	280.00	54,847.85	46,645.42	280.00	46,925.42
Provisions	45.3.5.e	4,163.04	-	4,163.04	18,645.38	(10,613.19)	8,032.19
Other Liabilities	45.3.5.k	5,406.93	338.91	5,745.84	8,030.52	338.91	8,369.43
<b>Total Current Liability</b>		<b>1,84,623.14</b>	<b>618.91</b>	<b>1,85,242.05</b>	<b>1,16,321.70</b>	<b>(9,994.28)</b>	<b>1,06,327.42</b>
<b>Total Equity and Liabilities</b>		<b>7,19,595.30</b>	<b>2,90,079.86</b>	<b>10,09,675.16</b>	<b>3,79,702.25</b>	<b>1,77,468.37</b>	<b>5,57,170.62</b>

\* The previous GAAP figures have been reclassified to conform to Ind AS presentation requirements for the purposes of this note.

## Notes to the Consolidated Financial Statements for the year ended 31st March, 2018

### 45.3.2 Reconciliation of Statement of Profit & Loss for the year ended 31 March 2017

(₹ in thousands)

Particulars	Refer Note No.	Previous GAAP*	Adjustment	Ind AS
<b>INCOME</b>				
Revenue from Operations		410,946.57	(96.92)	410,849.65
Other Income	45.3.5.a	15,181.70	9,822.52	25,004.22
<b>Total Income (A)</b>		<b>426,128.27</b>	<b>9,725.60</b>	<b>435,853.87</b>
<b>EXPENSES</b>				
Cost of Materials Consumed		50,904.29	-	50,904.29
Purchases of Stock -in- Trade		91.05	-	91.05
Changes in Inventories of Finished Goods, Stock-In-Trade and Work-in-Progress	45.3.5.b	(2,727.22)	647.02	(2,080.20)
Employee Benefits Expense	45.3.5.f	198,988.60	(1,220.96)	197,767.64
Finance Costs	45.3.5.d	9,748.47	714.77	10,463.24
Depreciation and Amortisation Expense	45.3.5.k	12,604.53	289.95	12,894.48
Other Expenses		132,582.00	594.57	133,176.57
<b>Total Expenses (B)</b>		<b>402,191.72</b>	<b>1,025.35</b>	<b>403,217.07</b>
<b>Profit before Tax</b>		<b>23,936.55</b>	<b>8,700.25</b>	<b>32,636.80</b>
<b>Tax Expense:</b>				
Current Tax		4,285.89	-	4,285.89
Mat Credit Entitlement		(1,029.57)	-	(1,029.57)
Deferred Tax	45.3.5.i	2,675.54	6,538.63	9,214.17
<b>Profit for the year</b>		<b>18,004.69</b>	<b>2,161.62</b>	<b>20,166.31</b>
<b>Other Comprehensive Income</b>				
Items that will not be reclassified to profit or loss	45.3.5.a & 45.3.5.f	-	95,487.60	95,487.60
Income tax relating to these items		-	214.17	214.17
<b>Other Comprehensive Income for the Year (Net of Tax)</b>		<b>-</b>	<b>95,273.43</b>	<b>95,273.43</b>
<b>Total Comprehensive Income for the period</b>		<b>18,004.69</b>	<b>97,435.05</b>	<b>115,439.74</b>

### 45.3.3 Reconciliation of Total Equity

Particulars	Refer Note No.	As at 31st March, 2017	As at 1st April, 2016
<b>Equity under previous GAAP</b>		<b>228,243.91</b>	<b>210,239.22</b>
Biological Assets other than bearer plant	45.3.5.c	2,186.48	1,007.72
Change in method of stock valuation	45.3.5.b	(6,387.70)	(5,740.68)
Adjustment of proposed dividend and tax thereon	45.3.5.e	56.99	10,333.19
Valuation of Equity Instruments through FVTPL	45.3.5.a	5,329.12	(1,582.93)
Valuation of Mutual Fund through FVTPL	45.3.5.a	286.84	(359.06)
Valuation of Equity Instruments through FVOCI	45.3.5.a	310,585.68	213,877.12
Remeasurement of Defined Benefit Plans	45.3.5.f	(1,220.96)	-
Provision for Doubtful Debt	45.3.5.j	(21,717.38)	(21,717.38)
Provision for Doubtful Receivables	45.3.5.j	(2,946.46)	(2,946.46)
Other Ind AS Adjustments		1,233.22	622.66
Provision for Deferred Tax	45.3.5.i	(14,800.63)	(8,047.83)
<b>Total Adjustments to Equity</b>		<b>272,605.20</b>	<b>185,446.35</b>
<b>Total Equity under Ind AS</b>		<b>500,849.11</b>	<b>395,685.57</b>

## Notes to the Consolidated Financial Statements for the year ended 31st March, 2018

### 45.3.4 Impact of Ind AS adoption on the consolidated statements of cash flows for the year ended 31 March 2017 (₹ in thousands)

Particulars	Notes	Previous GAAP	Adjustments	Ind AS
Net cash flow from Operating Activities		(6,348.41)	38,930.95	32,582.54
Net cash flow from Investing Activities		(2,85,004.05)	(834.10)	(2,85,838.15)
Net cash flow from Financing Activities		3,20,020.86	(38,513.44)	2,81,507.42
Net increase/(decrease) in cash and cash equivalents		28,668.40	(416.59)	28,251.81
Cash and cash equivalents as at 1 April 2016		5,347.11	(2,720.11)	2,627.00
Cash and cash equivalents as at 31 March 2017		34,015.51	(3,136.70)	30,878.81

### 45.3.5 Notes to First Time Adoption

#### a Fair valuation of investments

Under the previous GAAP, investments in equity instruments and mutual funds were classified as long-term investments or current investments based on the intended holding period and realisability. Long-term investments were carried at cost less provision for other than temporary decline in the value of such investments. Current investments were carried at lower of cost and fair value. Under Ind AS, these investments are required to be measured at fair value.

#### b Inventories

Under previous GAAP, Finished Tea stock has been valued at net realizable value. Under Ind AS, Finished Tea Stock were valued at lower of Cost or Net Realizable Value. Cost of Finished Tea comprise cost of purchase of green leaf, fair value of green leaf at the time of harvest less cost to sell, conversion cost (i.e 40 % of factory cost) and other costs incurred in bringing the same to their present location and condition.

#### c Biological Assets (i.e. unplucked leaf on tea bushes)

Under previous GAAP, biological assets i.e. unplucked leaf on tea bushes has neither been valued nor recognised in the accounts. Under Ind AS, unplucked leaf on tea bushes has been measured at its fair value less cost to sell.

#### d Borrowings

Ind AS 109 requires transaction costs incurred towards origination of borrowings to be deducted from the carrying amount of borrowings on initial recognition. These costs are recognised in the profit or loss over the tenure of the borrowing as part of the interest expense by applying the effective interest rate method. Ind AS 32 classifies redeemable preference shares as borrowings and accordingly, the dividend has been provided under finance cost.

#### e Proposed Dividend

Under the previous GAAP, dividends proposed by the board of directors after the balance sheet date but before the approval of the financial statements were considered as adjusting events. Accordingly, provision for proposed dividend was recognised as a provision. Under Ind AS, such dividends are recognised when the same is approved by the shareholders in the general meeting and there is an obligation to pay the same.

#### f Remeasurements of post-employment benefit obligations

Under Ind AS, remeasurements i.e. actuarial gains and losses and the return on plan assets, excluding amounts included in the net interest expense on the net defined benefit liability are recognised in other comprehensive income instead of profit or loss. Under the previous GAAP, these remeasurements were forming part of the profit or loss for the year.

#### g Retained Earnings

Retained earnings as at April 1, 2016 has been adjusted consequent to the above Ind AS transition adjustments.

#### h Other Comprehensive Income

Under Ind AS, all items of income and expense recognised in a period should be included in profit or loss for the period, unless a standard requires or permits otherwise. Items of income and expense that are not recognised in profit or loss but are shown in the statement of profit and loss as 'other comprehensive income' includes remeasurements of defined benefit plans and fair value gains or (losses) on FVOCI equity instruments and debt instruments. The concept of other comprehensive income did not exist under previous GAAP.

## Notes to the Consolidated Financial Statements for the year ended 31st March, 2018

### i Deferred Tax

(₹ in thousands)

Indian GAAP requires deferred tax accounting using the income statement approach, which focuses on differences between taxable profits and accounting profits for the period. Ind AS 12 requires entities to account for deferred taxes using the balance sheet approach, which focuses on temporary differences between the carrying amount of an asset or liability in the balance sheet and its tax base. The application of Ind AS 12 approach has resulted in recognition of deferred tax on new temporary differences which was not required under Indian GAAP.

### j Expected Credit Loss Model

Ind-AS 109 requires to recognize loss allowances on trade receivable and other financial assets of the Company, at an amount equal to the lifetime expected credit loss or the 12 month expected credit loss based on the increase in the credit risk.

### k Deferred Revenue

Under Indian GAAP, grants received from government agencies against specific fixed assets (Property, Plant and Equipment) are adjusted to the cost of the respective asset. Under IND AS the same has been presented as deferred revenue being amortised in the statement of profit & loss on a systematic basis.

### l Re-classifications

The Company has done the following reclassifications as per the requirements of Ind-AS :

- i Assets / liabilities which do not meet the definition of financial asset / financial liability have been reclassified to other asset / liability.
- ii Remeasurement gain/loss on long term employee defined benefit plans are re-classified from statement of profit and loss to Other Comprehensive Income.
- iii The Company has re-classified unpaid dividend balance from Cash & Cash equivalents to Other Bank Balances.
- iv Excise duty on sales was earlier netted off with Sales, has now been presented separately.

## 46 Fair value of Financial Assets and Financial Liabilities

As at 31st March 2018 and 31st March 2017

Particulars	31st March 2018			31st March 2017		
	FVTPL	FVOCI	Amortized Cost	FVTPL	FVOCI	Amortized Cost
<b>Financial Assets</b>						
Investment						
- Equity Instruments	-	409,344.71		-	368,612.78	-
- Preference Shares	8,557.00	-	-	8,557.00	-	-
- Mutual Funds	30,460.34	-	-	43,715.96	-	-
Trade Receivables	-	-	8,790.40	-	-	4,488.37
Cash and Cash Equivalents	-	-	2,240.52	-	-	30,878.81
Bank balances other than Cash and Cash Equivalents	-	-	14,752.99	-	-	3,133.29
Loans	-	-	55,737.54	-	-	15,598.36
Other Financial Assets	-	-	18,543.07	-	-	11,132.49
<b>Total Financial Assets</b>	<b>39,017.34</b>	<b>409,344.71</b>	<b>100,064.52</b>	<b>52,272.96</b>	<b>368,612.78</b>	<b>65,231.32</b>
<b>Financial Liabilities</b>						
Borrowings	-	-	373,138.11	-	-	361,364.28
Trade Payables	-	-	32,966.58	-	-	27,037.84
Other Financial Liabilities	-	-	93,292.54	-	-	56,652.97
<b>Total Financial Liabilities</b>	<b>-</b>	<b>-</b>	<b>499,397.23</b>	<b>-</b>	<b>-</b>	<b>445,055.09</b>

## Notes to the Consolidated Financial Statements for the year ended 31st March, 2018

As at 1st April 2016

(₹ in thousands)

Particulars	FVTPL	FVOCI	Amortized Cost
<b>Financial Assets</b>			
Investment			
- Equity Instruments	5,518.12	271,767.66	-
- Preference Shares	8,557.00	-	-
- Mutual Funds	37,685.48	-	-
Trade Receivables	-	-	2,510.89
Cash and Cash Equivalents	-	-	2,627.00
Bank balances other than Cash and Cash Equivalents	-	-	2,716.71
Loans	-	-	15,503.03
Other Financial Assets	-	-	12,146.58
<b>Total Financial Assets</b>	<b>51,760.60</b>	<b>271,767.66</b>	<b>35,504.21</b>
<b>Financial Liabilities</b>			
Borrowings	-	-	56,645.81
Trade Payables	-	-	16,943.50
Other Financial Liabilities	-	-	48,474.94
<b>Total Financial Liabilities</b>	<b>-</b>	<b>-</b>	<b>122,064.25</b>

### 47 Fair Values

47.1 The following is the comparison by class of the carrying amounts and fair value of the Company's financial instruments that are measured at amortized cost:

Particulars	31st March 2018		31st March 2017		1st April 2016	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value	Carrying Amount	Fair Value
<b>Financial Assets</b>						
Trade Receivables	8,790.40	8,790.40	4,488.37	4,488.37	2,510.89	2,510.89
Loans	55,737.54	55,737.54	15,598.36	15,598.36	15,503.03	15,503.03
Cash and Cash Equivalents	2,240.52	2,240.52	30,878.81	30,878.81	2,627.00	2,627.00
Other Bank Balances	14,752.99	14,752.99	3,133.29	3,133.29	2,716.71	2,716.71
Other Financial Assets	18,543.07	18,543.07	11,132.49	11,132.49	12,146.58	12,146.58
<b>Total Financial Assets</b>	<b>100,064.52</b>	<b>100,064.52</b>	<b>65,231.32</b>	<b>65,231.32</b>	<b>35,504.21</b>	<b>35,504.21</b>
<b>Financial Liabilities</b>						
Borrowings	373,138.11	373,138.11	361,364.28	361,364.28	56,645.81	56,645.81
Trade Payables	32,966.58	32,966.58	27,037.84	27,037.84	16,943.50	16,943.50
Other Financial Liabilities	93,292.54	93,292.54	56,652.97	56,652.97	48,474.94	48,474.94
<b>Total Financial Liabilities</b>	<b>499,397.23</b>	<b>499,397.23</b>	<b>445,055.09</b>	<b>445,055.09</b>	<b>122,064.25</b>	<b>122,064.25</b>

47.2 The management assessed that the fair values of cash and cash equivalents, trade receivables, trade payables, short term borrowings, and other financial liabilities approximates their carrying amounts largely due to the short-term maturities of these instruments.

47.3 For Financial assets and liabilities that are measured at fair value, the carrying amounts are equal to their fair values.

47.4 The fair value of the financial assets and financial liabilities is included at the amount at which the instruments could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale.

47.5 **The following methods and assumptions were used to estimate the fair values:**

The fair values for loans, security deposits were calculated based on cash flows discounted using a current lending rate. They are classified as Level 3 fair values in the fair value hierarchy due to the inclusion of unobservable inputs including counterparty credit risks, which has been assessed to be insignificant.

## Notes to the Consolidated Financial Statements for the year ended 31st March, 2018

### 48 Fair Value Hierarchy

(₹ in thousands)

The following are the judgements and estimates made in determining the fair values of the financial instruments that are (a) recognized and measured at fair value and (b) measured at amortized cost and for which fair value are disclosed in the financial statements. To provide an indication about the reliability of the inputs used in determining fair value, the Company has classified its financial instruments into three levels of fair value measurement as prescribed under the Ind AS 113 "Fair Value Measurement". An explanation of each level follows underneath the tables.

#### 48.1 Assets and Liabilities measured at Fair Value - recurring fair value measurements

As at 31st March 2018 and 31st March 2017

Particulars	31st March 2018			31st March 2017		
	Level 1	Level 2	Level 3	Level 1	Level 2	Level 3
<b>Financial Assets</b>						
Investment at FVTPL						
Equity Instruments	-	-	-	-	-	-
Preference Shares	-	-	8,557.00	-	-	8,557.00
Mutual Funds	30,460.34	-	-	43,715.96	-	-
Financial Investment at FVOCI						
Equity Instruments	2,65,141.80	-	1,44,202.91	2,36,706.91	-	1,31,905.87
<b>Total Financial Assets</b>	<b>2,95,602.14</b>	<b>-</b>	<b>1,52,759.91</b>	<b>2,80,422.87</b>	<b>-</b>	<b>1,40,462.87</b>

Particulars	1st April 2016		
	Level 1	Level 2	Level 3
<b>Financial Assets</b>			
Investment at FVTPL			
Equity Instruments	5,518.12	-	-
Preference Shares	-	-	8,557.00
Mutual Funds	37,685.48	-	-
Financial Investment at FVOCI			
Equity Instruments	1,42,806.99	-	1,28,960.67
<b>Total Financial Assets</b>	<b>1,86,010.59</b>	<b>-</b>	<b>1,37,517.67</b>

#### 48.2 Financial Assets and Liabilities measured at Amortized Cost for which fair values are disclosed

As at 31st March 2018 and 31st March 2017

Particulars	31st March 2018			31st March 2017		
	Level 1	Level 2	Level 3	Level 1	Level 2	Level 3
<b>Financial Assets</b>						
Investments						
Trade Receivables			8,790.40			4,488.37
Loans			55,737.54			15,598.36
Cash and Cash Equivalents			2,240.52			30,878.81
Other Bank Balances			14,752.99			3,133.29
Other Financial Assets			18,543.07			11,132.49
<b>Total Financial Assets</b>	<b>-</b>	<b>-</b>	<b>1,00,064.52</b>	<b>-</b>	<b>-</b>	<b>65,231.32</b>
<b>Financial Liabilities</b>						
Borrowings			3,73,138.11			3,61,364.28
Trade Payables			32,966.58			27,037.84
Other Financial Liabilities			93,292.54			56,652.97
<b>Total Financial Liabilities</b>	<b>-</b>	<b>-</b>	<b>4,99,397.23</b>	<b>-</b>	<b>-</b>	<b>4,45,055.09</b>

## Notes to the Consolidated Financial Statements for the year ended 31st March, 2018

(₹ in thousands)

As at 1st April 2016

Particulars	1st April 2016		
	Level 1	Level 2	Level 3
<b>Financial Assets</b>			
Investments			
Trade Receivables			2,510.89
Loans			15,503.03
Cash and Cash Equivalents			2,627.00
Other Bank Balances			2,716.71
Other Financial Assets			12,146.58
<b>Total Financial Assets</b>	-	-	<b>35,504.21</b>
<b>Financial Liabilities</b>			
Borrowings			<b>56,645.81</b>
Trade Payables			<b>16,943.50</b>
Other Financial Liabilities			<b>48,474.94</b>
<b>Total Financial Liabilities</b>	-	-	<b>1,22,064.25</b>

48.3 During the year ended March 31, 2018 and March 31, 2017, there were no transfers between Level 1 and Level 2 fair value measurements, and no transfer into and out of Level 3 fair value measurements.

#### 48.4 Explanation to the fair value hierarchy

The Company measures financial instruments, such as, quoted investments at fair value at each reporting date. 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 for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy as described in Note no. 2.7

#### 49 Financial Risk Management

The Company measures financial instruments, such as, quoted investments at fair value at each reporting date. 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 for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

##### 49.1 Credit Risk

Credit risk refers to the risk of financial loss arising from default / failure by the counterparty to meet financial obligations as per the terms of contract. The Company is exposed to credit risk for receivables, Cash & Cash equivalents, financial guarantees and derivative financial instruments. None of the financial instruments of the Company result in material concentration of credit risks.

Credit risk on receivables is minimum since sales through different mode (e.g., auction, consignment, private ) are made after judging credit worthiness of the customers or, advance payment. The history of defaults has been minimal and outstanding receivables are regularly monitored. For credit risk on the loans to parties, the Company is not expecting any material risk on account of non-performance by any of the parties.

For financial instruments, the Company manages its credit risks by dealing with reputable banks and financial institutions. Credit risk from balances with banks and financial institutions is managed by the Company's treasury department in accordance with the Company's policy. Investments of surplus funds are made only with approved counterparties and within credit 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.

The carrying value of the financial assets represent the maximum credit exposure. The maximum exposure to credit risk at the reporting date is the carrying value of each class of financial assets.

## Notes to the Consolidated Financial Statements for the year ended 31st March, 2018

### Trade receivables

(₹ in thousands)

As on 31st March, 2018

Ageing schedule	< 6 Months	>6 Months But < 1 Year	>1 Year But < 5 Years	>5 Years	Total
Gross carrying amount	8,202.50	262.35	214.79	110.76	8,790.40
Expected loss rate	-	-	-	-	-
Expected credit losses (Loss allowance provision)	-	-	-	-	-
Carrying amount of trade receivables (net of impairment)	8,202.50	262.35	214.79	110.76	8,790.40

As on 31st March, 2017

Ageing schedule	< 6 Months	>6 Months But < 1 Year	>1 Year But < 5 Years	>5 Years	Total
Gross carrying amount	4,240.88	28.40	127.97	91.12	4,488.37
Expected loss rate	-	-	-	-	-
Expected credit losses (Loss allowance provision)	-	-	-	-	-
Carrying amount of trade receivables (net of impairment)	4,240.88	28.40	127.97	91.12	4,488.37

As on 1st April, 2016

Ageing schedule	< 6 Months	>6 Months But < 1 Year	>1 Year But < 5 Years	>5 Years	Total
Gross carrying amount	2,348.84	-	79.32	82.73	2,510.89
Expected loss rate	-	-	-	-	-
Expected credit losses (Loss allowance provision)	-	-	-	-	-
Carrying amount of trade receivables (net of impairment)	2,348.84	-	79.32	82.73	2,510.89

### 49.2 Liquidity Risk

"Liquidity risk is the risk that the Company may encounter difficulty in meeting its obligations. The Company monitors rolling forecast of its liquidity position on the basis of expected cash flows. The Company's approach is to ensure that it has sufficient liquidity or borrowing headroom to meet its obligations at all point in time. The Company has sufficient short-term fund based lines, which provides healthy liquidity and these carry highest quality credit rating from reputed credit rating agency.

#### 49.2.1 Fund Management

Management monitors rolling forecasts of the Company's liquidity position (including the undrawn credit facilities extended by banks and financial institutions) and Cash & Cash equivalents on the basis of expected cash flows. In addition, the Company's liquidity management policy involves projecting cash flows and considering the level of liquid assets necessary to meet these, monitoring balance sheet liquidity ratios against internal and external regulatory requirements and maintaining debt financing plans.

#### 49.2.2 Maturity Analysis for financial liabilities

The following are the remaining contractual maturities of financial liabilities as at 31st March 2018. The amounts are gross and undiscounted and include estimated interest payments and exclude the impact of netting agreements.

Particulars	On Demand	< 6 Months	>6 Months But < 1 Year	>1 Year But < 5 Years	>5 Years	Total
<b>Non-derivative</b>						
Trade payables	-	31,950.65	-	1,015.93	-	32,966.58
Borrowings	1,27,828.62	1,680.33	24,941.07	1,07,261.91	1,38,047.59	3,99,759.52
Other financial liabilities	-	24,580.04	42,000.68	90.42	-	66,671.14
<b>Total</b>	<b>1,27,828.62</b>	<b>58,211.02</b>	<b>66,941.75</b>	<b>1,08,368.26</b>	<b>1,38,047.59</b>	<b>4,99,397.24</b>

## Notes to the Consolidated Financial Statements for the year ended 31st March, 2018

b The following are the remaining contractual maturities of financial liabilities as at 31st March 2017 (₹ in thousands)

Particulars	On Demand	Less than 6 months	6 months to 1 year	1 years to 5 years	More than 5 years	Total
<b>Non-derivative</b>						
Trade payables	-	26,355.59	-	682.25	-	27,037.84
Borrowings	94,129.73	1,018.90	10,721.35	99,419.18	167,815.37	3,73,104.53
Other financial liabilities	-	3,166.35	39,941.25	1,805.12	-	44,912.72
<b>Total</b>	<b>94,129.73</b>	<b>30,540.84</b>	<b>50,662.60</b>	<b>1,01,906.55</b>	<b>167,815.37</b>	<b>4,45,055.09</b>

c The following are the remaining contractual maturities of financial liabilities as at 1st April 2016

Particulars	On Demand	Less than 6 months	6 months to 1 year	1 years to 5 years	More than 5 years	Total
<b>Non-derivative</b>				-		
Trade payables	-	16,370.03	-	573.47	-	16,943.50
Borrowings	26,630.35	989.33	12,150.40	19,642.72	10,372.74	69,785.54
Other financial liabilities	-	4,238.48	29,547.21	1,549.52	-	35,335.21
<b>Total</b>	<b>26,630.35</b>	<b>21,597.84</b>	<b>41,697.61</b>	<b>21,765.71</b>	<b>10,372.74</b>	<b>1,22,064.25</b>

### 49.3 Market Risk

#### 49.3.1 Foreign Exchange Risk

The Company operates in domestic market and it doesn't have any foreign associate, subsidiary etc. The Company is therefore not exposed to foreign exchange risk arising from foreign currency transactions.

a Exposure to Currency risk- Nil

b Sensitivity Analysis

Since, the Company doesn't have material foreign currency operations, the analysis is not reported.

#### 49.3.2 Interest Rate Risk

The Company is exposed to risk due to interest rate fluctuation, on the following:

a Interest rate risk arises from the sensitivity of financial assets and liabilities to changes in market rate of interest. However, Company does not have any interest bearing financial asset or liability at the end of the financial year ended 31st March 2018.

b The interest rate risk can also impact the provision for retiral benefits. The Company generally utilizes variable rate borrowings and therefore subject to interest rate risk, as both the carrying amount and the future cash flows will fluctuate because of change in the market interest rates.

During 31st March 2018, 31st March 2017 and on 1st April 2016, all the Company's borrowings were denominated in INR.

##### (i) Exposure to interest rate risk

Particulars	31st March 2018	31st March 2017	1st April 2016
<b>Fixed Rate Instruments</b>			
Financial Assets	55,737.54	15,598.36	15,503.03
Financial Liabilities	79,074.63	76,479.06	10,849.09
	<b>134,812.17</b>	<b>92,077.42</b>	<b>26,352.12</b>
<b>Variable Rate Instruments</b>			
Financial Assets	-	-	-
Financial Liabilities	320,684.89	296,625.47	58,936.45
	<b>320,684.89</b>	<b>296,625.47</b>	<b>58,936.45</b>

## Notes to the Consolidated Financial Statements for the year ended 31st March, 2018

### (ii) Sensitivity Analysis

(₹ in thousands)

Profit or loss is sensitive to higher/ lower interest expense on borrowings as a result of changes in interest rates. This analysis assumes that all other variables, in particular exchange rates, remain constant and ignores any impact of forecast sales and purchases.

Particulars	Sensitivity Analysis	31st March 2018		31st March 2017	
		Impact on			
		Profit after tax	Other Equity	Profit after tax	Other Equity
Interest Rate increase by	0.50%	(1,603.42)	(1,603.42)	(1,483.13)	(1,483.13)
Interest Rate decrease by	0.50%	1,603.42	1,497.05	1,483.13	1,335.15

### 49.3.3 Other Price Risk

The price risk is the risk arising from investments held by the Company and classified in the balance sheet either at fair value through Other Comprehensive Income or at fair value through profit or loss.

#### a Exposure to other market price risk

Particulars	31st March 2018	31st March 2017	1st April 2016
Fair Value of Quoted Investments	265,141.80	236,706.91	148,325.11
Fair Value of Unquoted Investments	30,460.34	43,715.96	37,685.48

#### b Sensitivity Analysis

The table below summarise the impact of increases/ decreases of the index on the group's equity investment and profit for the period. The analysis is based on the assumption that the equity index had increased by Nil or decreased by Nil with all other variables held constant, and that all the Company's equity instruments moved in line with the index.

Particulars	31st March 2018			31st March 2017		
	Sensitivity Analysis	Impact on		Sensitivity Analysis	Impact on	
		Profit before tax	Other Equity		Profit before tax	Other Equity
BSE Index	+1000 Basis Point	29,560.21	27,599.21	+1000 Basis Point	28,042.29	25,244.38
BSE Index	-1000 Basis Point	(29,560.21)	(29,560.21)	-1000 Basis Point	(28,042.29)	(28,042.29)

50 In view of losses in earlier years, Nil amount was required to be spent by the Company on account of Corporate Social Responsibility. The Company has made a provision of ₹ Nil (Previous Year ₹ 6,03,459/-) in its books of accounts towards contribution for Corporate Social Responsibility under section 135 of the Companies Act, 2013.

51 The Company has only one segment i.e. manufacturing of Black Tea and as a result the reporting required under Ind AS - 108 on "Operating Segment" is not attracted.

### 52 Capital Management

The Company's objective for capital management is to maximize shareholder wealth, safeguard business continuity and support the growth of the Company. The Company determines the capital management requirement based on annual operating plans and long-term and other strategic investment plans. The funding requirements are met through optimum mix of borrowed and own funds.

## Notes to the Consolidated Financial Statements for the year ended 31st March, 2018

**53** Previous GAAP figures have been re-classified/re-grouped to confirm the presentation requirements under IND AS and the requirements laid down in Division-II of the Schedule-III of the Companies Act, 2013.

The Notes are an integral part of the Financial Statements

As per our Report annexed of even date

For **JAIN & CO.**

*Chartered Accountants*

Firm Registration No. 302023E

**MR. U. KANORIA**

*Chairman & Director*

(DIN: 00081108)

**CA M. K. JAIN**

*Partner*

Membership No. 055048

Place : Kolkata

Date : The 26th day of May, 2018

**C. KABRA**

*Company Secretary*

**S. K. PARHI**

*Chief Financial Officer*

## Statement regarding subsidiary company

### AOC-1

(Pursuant to Section 129(3) of the Companies Act, 2013 read with rule 5 of Companies (Accounts) Rules, 2014)

#### Statement containing Salient features of the financial statement of subsidiary

##### Part "A": Subsidiaries

(₹ in thousands)

Particulars	Details
1. Name of the Subsidiary	Winnow Investments and Securities Private Limited
2. Financial year ending on	31-03-2018
3. Reporting Currency	Indian Rupee
4. Share capital	9,600.00
5. Reserves & surplus	2,69,172.04
6. Total Assets	2,78,783.84
7. Total Liabilities	11.80
8. Investments	2,66,017.54
9. Turnover	3,431.37
10. Profit before taxation	3,402.29
11. Provision for taxation	423.48
12. Profit after taxation	2,978.81
13. Other Comprehensive Income	31,225.42
14. Total Comprehensive Income	34,204.23
13. Proposed Dividend	Nil
14. % of shareholding	100%

As per our Report annexed of even date

For **JAIN & CO.**

*Chartered Accountants*

Firm Registration No. 302023E

**MR. U. KANORIA**

*Chairman & Director*

(DIN: 00081108)

**CA M. K. JAIN**

*Partner*

Membership No. 055048

Place : Kolkata

Date : The 26th day of May, 2018

**C. KABRA**

*Company Secretary*

**S. K. PARHI**

*Chief Financial Officer*