Notes to
Financial Statements

1. General Information

Tata Global Beverages Limited ("the Holding Company") and its subsidiaries (together referred to as 'the group') and the group's associates and joint ventures are engaged in the trading, production and distribution of Tea, Coffee and Water. The group has branded beverage business operations mainly in India, Europe, US, Canada and Australia, plantation business in India and extraction business in India and the US.

The Holding Company is a public limited company incorporated and domiciled in India and has its registered office at Kolkata, West Bengal, India. The Holding Company has its primary listings on the Bombay Stock Exchange and National Stock Exchange in India.

The financial statements for the year ended March 31, 2018 were approved for issue by Company's board of directors on May 11, 2018.

2. Significant Accounting Policies:

The principal accounting policies applied in the preparation of the financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

(a) Basis of preparation and presentation of financial statements

(i) Basis of preparation

The financial statements are prepared in accordance with and in compliance, in all material aspect with Indian Accounting Standards (Ind AS) notified under Section 133 of the Companies Act, 2013 (the Act) read along with Companies (Indian Accounting Standards) Rules, as amended and other relevant provisions of the Act. The presentation of the Financial Statements is based on Ind AS Schedule III of the Companies Act, 2013.

(ii) Basis of measurement

The financial statements have been prepared on an accrual basis and in accordance with the historical cost convention, unless otherwise stated. All assets and liabilities are classified into current and non-current generally based on the criteria of realisation/settlement within a twelve month period from the balance sheet date.

(b) Business Combination

The Company applies the acquisition method to account for business combinations. The consideration transferred for the acquisition of a business comprises the,

- fair values of the assets transferred,
- liabilities incurred to the former owners of the acquired business, and
- equity interests issued by the Company
- fair value of any asset or liability resulting from a contingent consideration arrangement

Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. The excess of the fair value of consideration over the identifiable net asset acquired is recorded as goodwill, if the consideration is lower the gain is recognised directly in equity as capital reserve. In case, business acquisition is classified as bargain purchase, the aforementioned gain is recognised in the other comprehensive income and accumulated in equity as capital reserve.

Business combinations involving entities or businesses under common control are accounted for using the pooling of interest method. Under pooling of interest method, the assets and liabilities of the combining entities are reflected at their carrying amounts, with adjustments only to harmonise accounting policies.

Acquisition-related costs are expensed as incurred.

Any contingent consideration to be transferred by the Company is recognised at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration that is deemed to be an asset or liability is recognised in the statement of profit and loss. Contingent consideration that is classified as equity is not re-measured, and its subsequent settlement is accounted for within equity.

(c) Foreign currency and translations

i) Functional and presentation currency

Items included in the financial statements of the Company are measured using the currency of the primary economic environment in which the Company operates ("functional currency"). The financial statements are presented in Indian Rupees (Rs.), which is the functional currency of the Company.

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ii) Foreign currency transactions and balances

Transactions in foreign currencies are recorded at the exchange rate at the date of the transaction. Monetary assets and liabilities in foreign currencies are translated at the year-end rate. Any resultant exchange differences are taken to the statement of profit and loss, except when deferred in other comprehensive income as qualifying cash flow hedges. Non-monetary assets and liabilities denominated in a foreign currency and measured at historical cost are recorded at the exchange rate prevalent at the date of transaction.

(d) Property, Plant and Equipment

i) Recognition and measurement: Property, plant and equipment including bearer assets are carried at historical cost of acquisition less accumulated depreciation and accumulated Impairment loss, if any. Historical cost includes expenditure that is directly attributable to the acquisition of the asset. Subsequent expenditure is added to its book value only when it is probable that the future economic benefits associated with the item will flow to the company and the cost of the item can be measured reliably. The carrying amount of the replaced asset is derecognized. All repairs and maintenance are charged to the Statement of Profit and Loss during the financial year in which they are incurred.

ii) Depreciation: Depreciation is provided on assets to get the initial cost down to the residual value, including on assets created on lands under lease. Land is not depreciated. Depreciation is provided on a straight line basis over the estimated useful life of the asset as prescribed in Schedule II to the Companies Act, 2013 or based on technical evaluation of the asset. Cost incurred on assets under development are disclosed under capital work in progress and not depreciated till the asset is ready to use.

The residual values and useful lives of property, plant and equipment are reviewed at each financial year end and adjusted prospectively, if appropriate. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount. Recoverable amount is the higher of the value in use or exchange.

Gains and losses on disposals are determined by comparing the sale proceeds with the carrying amount and are recognised in the statement of profit and loss.

iii) Estimated useful lives of items of property, plant and equipment are as follows:

Category	Useful life
Leasehold buildings/ improvements	Lower of lease or useful life
Buildings	30 to 60 years
Plant and Machinery	10 to 25 years
Furniture and Fixtures and other Office Equipments	5 to 16 years
Computer, Printers and other IT Assets	2 to 5 years
Motor Vehicles	8 to 10 years

(e) Biological Assets

Biological assets are classified as bearer biological assets and consumable biological assets. Consumable biological assets are those that are to be harvested as agricultural produce. Biological assets which are held to bear agricultural produce are classified as bearer assets.

The Company recognises Tea bushes and shade trees as bearer assets with further classification as mature bearer assets and immature bearer assets. Mature bearer assets are those that have attained harvestable stage.

Bearer assets are carried at historical cost of acquisition less accumulated depreciation and impairment loss, if any. Subsequent expenditure on bearer assets are added to its book value only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably.

Cost incurred for new plantations and immature areas are capitalised. The cost of immature areas coming into bearing is transferred to mature plantations and depreciated over their estimated useful life which has been ascribed to be in the range of 50 years.

Tea is designated as agricultural produce at the point of harvest and is measured at their fair value less cost to sell as at each reporting date. Any changes in fair value are recognised in the statement of profit and loss in the year in which they arise.

(f) Investment Property

Properties that are held for long-term rental yields or for capital appreciation or both, and that are not occupied by the Company, are classified as investment property. These are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment

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properties are stated at cost less accumulated depreciation and accumulated impairment loss, if any. Subsequent expenditure related to investment properties are added to its book value only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. Investment properties are depreciated using the straight line method over the useful lives. Depreciable investment properties have been ascribed a useful life in the range of 60 years.

(g) Intangible Assets

(i) Patent / know how

Product development cost incurred on new products having enduring benefits is recognised as Intangible Assets and are amortised over a period of 10 years.

(ii) Non-compete fees

Non-compete fees paid on acquisition of business is being amortised over a period of 10 years.

(iii) Computer software

Software development costs are expensed unless technical and commercial feasibility of the project is demonstrated, future economic benefits are probable, the Company has an intention and ability to develop and sell or use the software and the costs can be measured reliably. Directly attributable costs that are capitalised as part of the software product include software product development costs, related employee costs and an appropriate portion of relevant overheads. Other expenditures that do not meet these criteria are recognised as an expense as incurred. Development costs previously recognised as an expense are not recognised as an asset in a subsequent period. Computer software development costs recognised as assets are amortised over their estimated useful lives, which range between 3 to 5 years.

Acquired computer software licences are capitalised on the basis of the costs incurred to acquire and bring to use the specific software. These costs are amortised over their estimated useful lives of 3 to 5 years.

(iv) Website Cost

The cost incurred for separate acquisition of website for Company's own use is capitalised in the books of accounts of the Company. In case of internally generated website, the cost is capitalised only if the future economic benefits are expected to flow to the entity and if the asset can be controlled by entity as a result of past events.

These costs are amortised over their estimated useful lives of 5 years.

(v) Research and Development

Research expenditure is recognised in the statement of profit and loss as incurred. Development expenditure is capitalised only if the costs can be reliably measured, future economic benefits are probable, the product is technically feasible and the Company has the intent and the resources to complete the project. Development assets are amortised based on the estimated useful life, as appropriate.

(h) Impairment of tangible and intangible assets

Assets that are subject to depreciation and amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use. For the purposes of assessing impairment, assets are grouped at the lowest possible levels for which there are independent cash inflows (cash-generating units). Prior impairment of non-financial assets (other than goodwill) are reviewed for possible reversal at each reporting date. Intangible assets that have an indefinite useful life or intangible assets not ready to use are not subject to amortisation and are tested annually for impairment.

(i) Assets held for sale and disposal groups

Non-current assets held for sale and disposal groups are presented separately in the balance sheet when the following criteria are met:

- the Company is committed to selling the asset or disposal group;
- the assets are available for sale immediately;
- an active plan of sale has commenced; and
- sale is expected to be completed within 12 months.

Assets held for sale and disposal groups are measured at the lower of their carrying amount and fair value less cost to sell. Assets held for sale are no longer amortised or depreciated.

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(j) Financial Instruments

Financial assets

The Company classifies its financial assets in the following categories:

i) **Financial assets at amortised cost-** Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost.

These are presented as current assets, except for those maturing later than 12 months after the reporting date which are presented as non-current assets. Financial assets are measured initially at fair value plus transaction costs and subsequently, if maturing after 12 months period, using the effective interest method, less any impairment loss.

Debt instruments which do not meet the criteria of amortised cost are measured at fair value and classified as fair value through profit and loss or through other comprehensive income, as applicable.

Financial assets at amortised cost are represented by trade receivables, security deposits, cash and cash equivalent, employee and other advances.

ii) **Financial Assets at Fair value through Other Comprehensive Income (FVTOCI) -** All equity investments are measured at fair values. Investments which are not held for trading purposes and where the Company has exercised the option to classify the investment as Fair Value through other comprehensive income ('FVTOCI'), all fair value changes on the investment are recognised in OCI. The accumulated gains or losses recognised in OCI are reclassified to retained earnings on sale of such investments.

iii) **Financial assets at fair value through profit and loss (FVTPL) –** Financial assets which are not classified in any of the categories above are fair valued through profit or loss (FVTPL).

iv) **Impairment of financial assets -** The Company assesses expected credit losses associated with its assets carried at amortised cost and fair value through other comprehensive income based on Company's past history of recovery, credit-worthiness of the counter party and existing market conditions. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

For trade receivables, the Company applies the simplified approach for recognition of impairment allowance as provided in Ind AS 109, which requires expected lifetime losses to be recognised on initial recognition of the receivables.

Financial liabilities

Initial recognition and measurement

All financial liabilities are recognised initially at fair value and in case of loans and borrowings net of directly attributable costs.

Financial liabilities are subsequently measured at amortised cost using effective interest method. For trade and other payable maturing within one year from the balance sheet date, the carrying value approximates fair value due to short maturity of these instruments.

Investment in Subsidiaries, Associates and Joint Ventures

Investment in subsidiaries, associates and joint ventures are accounted at cost in the financial statements.

Derivative financial instruments and hedging activities

A derivative is a financial instrument which changes value in response to changes in an underlying asset and is settled at a future date. Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair value. The method of recognising the resulting gain or loss depends on whether the derivative is designated as a hedging instrument, and if so, the nature of the item being hedged. The Company designates certain derivatives as either:

(a) hedges of the fair value of recognised assets or liabilities (fair value hedge); or

(b) hedges of a particular risk associated with a firm commitment or a highly probable forecast transaction (cash flow hedge);

The Company documents at the inception of the transaction the relationship between hedging instruments and hedged items, as well as its risk management objectives and strategy for undertaking various hedging transactions. The Company also documents its assessment, both at hedge inception and on an on-going basis, of whether the derivatives that are used in hedging transactions are effective in offsetting changes in cash flows of hedged items.

Movements in the hedging reserve are accounted in other comprehensive income and are shown within the statement of changes in equity. The full fair value of a hedging derivative is classified as a non-current asset or liability when the remaining maturity of the hedged item is for more than 12 months, and as a current asset or liability when the remaining maturity of the hedged item is for less than 12 months. Trading derivatives are classified as a current asset or liability.

(a) Fair value hedge

Changes in the fair value of derivatives that are designated and qualify as fair value hedges are recorded in the statement of profit and loss, together with any changes in the fair value of the hedged asset or liability that are attributable to the hedged risk. The Company only applies fair value hedge accounting for hedging foreign exchange risk on recognised assets and liabilities.

(b) Cash flow hedge

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges is recognised in other comprehensive income. The ineffective portion of changes in the fair value of the derivative is recognised in the statement of profit and loss.

Gains or losses accumulated in equity are reclassified to the statement of profit and loss in the periods when the hedged item affects the statement of profit and loss.

When a hedging instrument expires, swapped or unwound, or when a hedge no longer meets the criteria for hedge accounting, any cumulative gain or loss existing in equity at that time remains in equity and is recognised when the forecasted hedged transaction is ultimately recognised in the statement of profit and loss.

When a forecasted transaction is no longer expected to occur, the cumulative gains/losses than were reported in equity are immediately transferred to the statement of profit and loss.

Fair value measurement

The Company classifies the fair value of its financial instruments in the following hierarchy, based on the inputs used in their valuation:

i) Level 1 - The fair value of financial instruments quoted in active markets is based on their quoted closing price at the balance sheet date.

ii) Level 2 - The fair value of financial instruments that are not traded in an active market is determined by using valuation techniques using observable market data. Such valuation techniques include discounted cash flows, standard valuation models based on market parameters for interest rates, yield curves or foreign exchange rates, dealer quotes for similar instruments and use of comparable arm's length transactions.

iii) Level 3 - The fair value of financial instruments that are measured on the basis of entity specific valuations using inputs that are not based on observable market data (unobservable inputs).

(k) Inventories

Raw materials, traded and finished goods are stated at the lower of cost and net realisable value. Stores and spares are carried at cost. Provision is made for obsolete, slow-moving and defective stocks, where necessary.

Cost is determined on weighted average method for all categories of inventories other than for auction/privately bought teas in which case cost is considered as actual cost for each lot. Cost comprises expenditure incurred in the normal course of business in bringing such inventories to its present location and condition, where applicable, include appropriate overheads based on normal level of activity. Agricultural produce included within inventory largely comprises stock of tea and in accordance with Ind AS 41, on initial recognition, agricultural produce is required to be measured at fair value less estimated point of sale costs.

Provision is made for obsolescence and other anticipated losses wherever considered necessary.

(l) Employee Benefits

The Company operates various post-employment schemes, including both defined benefit and defined contribution

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plans and post-employment medical plans. Short Term Employee Benefits are recognised on an undiscounted basis whereas Long Term Employee Benefits are recognised on a discounted basis.

i) Post retirement employee benefits:

Contribution to post retirement defined benefit and contribution schemes like Provident Fund (PF), Superannuation Schemes and other such schemes are accounted for on accrual basis by the Company. With regard to Provident Fund contribution made by the Company to a Self-Administered Trust, the Company is generally liable for annual contributions and for any shortfall in the fund assets, based on the government specified minimum rates of return. Such contributions and shortfalls are recognized as an expense in the year incurred.

Post retirement defined benefits including gratuity, pension and medical benefits for qualifying executives/ whole time directors are determined through independent actuarial valuation at year end and the charge is recognised in the statement of profit and loss. Interest costs on defined benefit plans are classified within finance cost. For schemes, where funds have been set up, annual contributions determined as payable in the actuarial valuation report are contributed. Remeasurements as a result of experience adjustments and changes in actuarial assumptions are recognised in other comprehensive income. Such accumulated re-measurement balances are never reclassified into the statement of profit and loss subsequently.

The Company recognises in the statement of profit and loss, gains or losses on curtailment or settlement of a defined benefit plan as and when the curtailment or settlement occurs.

ii) Other employee benefits:

Other employee benefits are accounted for on accrual basis. Liabilities for compensated absences are determined based on independent actuarial valuation at year end and charge is recognised in the statement of profit and loss.

iii) Employee termination benefits:

Payments to employees on termination along with additional liabilities towards retirement benefits arising pursuant to the termination are charged to the statement of profit and loss in the year in which it is incurred.

(m) Income Tax

i) Current Income Tax:

Current Income Tax is measured at the amount expected to be paid to the tax authorities in accordance with Income Tax Act, 1961.

ii) Deferred Tax:

Deferred tax is provided using the balance sheet approach on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date.

Deferred tax assets are recognised 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 utilised.

The tax rates and tax laws used to compute the tax are those that are enacted or substantively enacted at the reporting date. Current income tax/Deferred tax relating to items recognised directly in equity is recognised in equity and not in the statement of profit or loss.

iii) Minimum Alternate Tax:

According to section 115JAA of the Income Tax Act, 1961, Minimum Alternative Tax ('MAT') paid over and above the normal income tax in a subject year is eligible for carry forward for fifteen succeeding assessment years for set-off against normal income tax liability. The MAT credit asset is assessed against the Company's normal income tax during the specified period.

(n) Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable, and represents amounts stated net of discounts, returns and value added taxes. The Company recognises revenue when the amount of revenue can be reliably measured; when it is probable that future economic benefits will flow to the entity; and when specific criteria have been met for each of the Company's activities, as described below. The Company bases its estimate of return on historical results, taking into consideration the type of customer, the type of transaction and the specifics of each arrangement.

i) Sale of goods and services

Sales are recognized when the significant risks and rewards of ownership in the goods are transferred to the buyer as per the terms of contract, which generally coincides with the delivery of the product. Income and fees from services are accounted as per terms of relevant contractual agreements /arrangements. The products are often sold with sales related discounts such as volume discounts, customer rebates, trade support and listing costs and consumer promotional activities as billed by customers. Sales are recorded based on the price specified in the sales contracts, net of the estimated discounts/rebates and returns at the time of sale. Accumulated experience is used to estimate and provide for the discounts and returns.

ii) Interest income and Dividend Income

Interest income is recognised using the effective interest method. When a loan and receivable is impaired, the Company reduces the carrying amount to its recoverable amount, being the estimated future cash flow discounted at the original effective interest rate of the instrument, and continues unwinding the discount as interest income. Interest income on impaired loan and receivables is recognised using the original effective interest rate.

Dividend income is recognised when the right to receive payment is established. Income from investments are accounted on an accrual basis.

(o) Government Grant

Government grants including any non-monetary grants are recognised where there is reasonable assurance that the grant will be received and all attached conditions will be complied with.

Government grants are recognised in the statement of profit and loss on a systematic basis over the periods in which the related costs, for which the grants are intended to compensate, are recognised as expenses. Government grants related to property, plant and equipment are presented at fair value and are recognised as deferred income.

(p) Leases

As a lessee

Lease of assets, where the Company, as a lessee, has substantially assumed all the risks and rewards of ownership are classified as finance leases. Assets acquired on finance lease are capitalised and depreciated as per Company's policy on Property, Plant and Equipment. Finance lease are measured at the lease's inception at the lower of fair value of the leased property and the present value of the minimum lease payments. The corresponding lease rental obligations, net of finance charges, are included in borrowings or other financial liabilities as appropriate. Each lease payment is allocated between the liability and finance cost. The finance cost is charged to the statement of profit and loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each year.

Leases in which a significant portion of the risks and rewards of ownership are not transferred to the Company as lessee are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to statement profit and loss on a straight-line basis over the period of the lease unless the payments are structured to increase in line with expected general inflation to compensate for the lessor's expected inflationary cost increases.

As a lessor

Lease income from operating leases where the Company is a lessor is recognised as income on a straight- line basis over the lease term unless the receipts are structured to increase in line with expected general inflation to compensate for the expected inflationary cost increases.

(q) Borrowing Costs

Borrowing costs consist of interest, ancillary and other costs that the Company incurs in connection with the borrowing of funds and interest relating to other financial liabilities. Borrowing costs also include exchange differences to the extent regarded as an adjustment to the borrowing costs.

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of the asset. All other borrowing costs are expensed in the period in which they occur.

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(r) Exceptional Items

Exceptional items are disclosed separately in the financial statements where it is necessary to do so to provide further understanding of the financial performance of the Company. These are material items of income or expense that have to be shown separately due to their nature or incidence.

(s) Earnings per share

The Company presents basic and diluted earnings per share data for its ordinary shares. Basic earnings per share is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the year. Diluted earnings per share is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding, adjusted for own shares held, for the effects of all dilutive potential ordinary shares.

(t) Segment Reporting

Segments are identified based on the manner in which the Company's Chief Operating Decision Maker ('CODM') decides about resource allocation and reviews performance.

Segment results that are reported to the CODM include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Segment capital expenditure is the total cost incurred during the period to acquire property, plant and equipment and intangible assets other than goodwill.

(u) Provisions, Contingent Liabilities and Contingent Asset-

Provisions are recognised when the entity has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation.

These estimates are reviewed at each reporting date and adjusted to reflect the current best estimates. If the effect of the time value of money is material, provisions are discounted. The discount rate used to determine the present value is a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The increase in the provision due to the passage of time is recognised as interest expense.

Contingent liabilities exist when there is a possible obligation arising from past events, the existence of which will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company, or a present obligation that arises from past events where it is either not probable that an outflow of resources will be required or the amount cannot be reliably estimated. Contingent liabilities are appropriately disclosed unless the possibility of an outflow of resources embodying economic benefits is remote.

A contingent asset is a possible asset arising from past events, the existence of which will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the entity. Contingent Assets are not recognised till the realisation of the income is virtually certain. However the same are disclosed in the financial statements where an inflow of economic benefit is possible.

(v) Cash and cash equivalents

Cash and cash equivalents for the purpose of presentation in the statement of cash flow, comprises of cash at bank, cash in hand, bank overdrafts and short term highly liquid investments/bank deposits with an original maturity of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

(w) Offsetting instruments

Assets and liabilities are offset and the net amount reported in the balance sheet when there is a legally enforceable right to offset the recognised amount and there is an intention to settle on a net basis or realise 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 Company or the counterparty.

(x) Events after the reporting period

Adjusting events are events that provide further evidence of conditions that existed at the end of the reporting period. The financial statements are adjusted for such events before authorisation for issue.

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Non-adjusting events are events that are indicative of conditions that arose after the end of the reporting period. Non-adjusting events after the reporting date are not accounted, but disclosed.

(y) Key accounting judgement, estimates and assumptions

The preparation of the financial statements requires management to exercise judgment and to make estimates and assumptions. These estimates and associated assumptions are based on historical experiences and various other factors that are believed to be reasonable under the circumstances. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revision to accounting estimates are recognised in the period in which the estimate is revised if the revision affect only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

The areas involving critical estimates or judgements are:

1. Depreciation and amortisation

Depreciation and amortisation is based on management estimates of the future useful lives of the property, plant and equipment and intangible assets. Estimates may change due to technological developments, competition, changes in market conditions and other factors and may result in changes in the estimated useful life and in the depreciation and amortisation charges.

2. Employee Benefits

The present value of the defined benefit obligations depends on a number of factors that are determined on an actuarial basis using various assumptions. One of the critical assumptions used in determining the net cost (income) for these obligations include the discount rate. Any changes in these assumptions will impact the carrying amount of retirement benefit obligations.

3. Fair Value of derivatives and other financial instruments

Financial instruments are required to be fair valued as at the balance sheet date, as provided in Ind AS 109 and 113. Being a critical estimate, judgement is exercised to determine the carrying values. The fair value of financial instruments that are unlisted and not traded in an active market is determined at fair values assessed based on recent transactions entered into with third parties or based on valuation done by external appraisers, as applicable.

(z) Recent accounting pronouncements

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 new revenue standard combines, enhances and replaces guidances on recognising revenue with a single standard. It defines a new five-step model to recognise revenue from customer contracts. This standard is mandatory for the accounting period beginning on April 1, 2018. The Company is in the process of evaluating the impact on the financial statements.

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3. Property, Plant and Equipment

Rs. in Crores

	Land@	Buildings@	Plant & Equipment@	Furniture, Fixtures & Office Equipment	Motor Vehicles	Total
Cost						
As at April 1, 2016	**7.37**	**50.82**	**226.69**	**42.74**	**4.75**	**332.37**
Additions	-	1.70	27.94	4.69	0.19	34.52
Disposals	-	-	(5.44)	(0.27)	(0.56)	(6.27)
At April 1, 2017	**7.37**	**52.52**	**249.19**	**47.16**	**4.38**	**360.62**
Additions	-	0.95	26.35	4.12	0.25	31.67
Disposals	-	-	(7.24)	(1.01)	(0.10)	(8.35)
At March 31, 2018	**7.37**	**53.47**	**268.30**	**50.27**	**4.53**	**383.94**
Accumulated depreciation						
As at April 1, 2016	**-**	**14.30**	**112.85**	**20.19**	**2.53**	**149.87**
Depreciation expense	-	1.14	13.80	3.48	0.33	18.75
Disposals	-	-	(5.09)	(0.21)	(0.46)	(5.76)
At April 1, 2017	**-**	**15.44**	**121.56**	**23.46**	**2.40**	**162.86**
Depreciation expense	-	1.14	15.89	3.89	0.33	21.25
Disposals	-	-	(6.74)	(0.93)	(0.09)	(7.76)
At March 31, 2018	**-**	**16.58**	**130.71**	**26.42**	**2.64**	**176.35**
Net carrying value as at March 31, 2018	**7.37**	**36.89**	**137.59**	**23.85**	**1.89**	**207.59**
Net carrying value as at March 31, 2017	**7.37**	**37.08**	**127.63**	**23.70**	**1.98**	**197.76**

1) Certain Plantation land meant for usage as tea plantations and for ancillary activities has been leased by the Company to its associate company Kanan Devan Hills Plantation Company Private Limited for a period of 30 years as part of restructure of its South India Plantation Operation in 2005.

2) Cost of Buildings include **Rs. 5.90 Crores** (Rs. 5.90 Crores) represented by shares in Co-operative Housing Societies / a Company.

3) (@) Includes amount of **Rs. 1.26 Crores** (Rs. 1.26 Crores), **Rs. 0.62 Crores** (Rs. 0.62 Crores), **Rs. 0.08 Crores** (Rs. 0.08 Crores), respectively, jointly owned /held with a subsidiary company.

4) Land includes leasehold land amounting to **Rs. 0.17 Crores** (Rs. 0.17 Crores).

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4. Investment Property

Rs. in Crores

	2018	2017
Cost		
Opening Balance	1.02	1.02
Closing Balance	**1.02**	**1.02**
Accumulated Depreciation		
Opening Balance	**0.33**	**0.31**
Depreciation for the year	0.02	0.02
Closing Balance	0.35	0.33
Net carrying value	**0.67**	**0.69**

Amount recognised in statement of profit and loss for Investment Property:

Rs. in Crores

	2018	2017
Rental Income	0.08	0.08
Profit from investment property before depreciation	0.08	0.08
Depreciation for the year	(0.02)	(0.02)
Profit/(loss) from Investment Property	**0.06**	**0.06**

Fair valuation of the investment property as at March 31, 2018 is **Rs. 4.92 Crores** (Rs. 4.80 Crores) based on valuation (Sales Comparable Approach-Level 2) by a recognised independent valuer.

5. Intangible assets

Rs. in Crores

	Capitalised Software/ Website	Patent/ Knowhow	Non Compete Fees	Total
Cost				
As at April 1, 2016	**28.85**	**17.63**	**3.00**	**49.48**
Additions	4.91	-	-	4.91
Disposals	-	-	-	-
As at April 1, 2017	**33.76**	**17.63**	**3.00**	**54.39**
Additions	9.11	-	-	9.11
Disposals	-	-	-	-
At March 31, 2018	**42.87**	**17.63**	**3.00**	**63.50**
Accumulated amortisation/impairment				
As at April 1, 2016	**16.60**	**14.18**	**2.65**	**33.43**
Amortisation expense	4.05	0.58	0.30	4.93
Disposals	-	-	-	-
As at April 1, 2017	**20.65**	**14.76**	**2.95**	**38.36**
Amortisation expense	5.30	0.58	0.05	5.93
Disposals	-	-	-	-
At March 31, 2018	**25.95**	**15.34**	**3.00**	**44.29**
Net carrying value as at March 31, 2018	**16.92**	**2.29**	**-**	**19.21**
Net carrying value as at March 31, 2017	**13.11**	**2.87**	**0.05**	**16.03**

Notes to
Financial Statements

6. Investments

Rs. in Crores

	2018	2017
Non-current Investments		
Quoted Equity Instruments	220.98	841.39
Unquoted Equity Instruments	1941.50	1944.94
Unquoted Preference Shares	121.80	117.64
Unquoted Debentures (Refer footnote i)	0.00	0.00
Unquoted Government Securities (Refer footnote i)	0.00	0.00
	2284.28	**2903.97**
Current Investments		
Mutual Funds - Unquoted (Carried at Fair Value through Profit & Loss)	536.98	67.70
	536.98	**67.70**
TOTAL INVESTMENTS	**2821.26**	**2971.67**

Rs. in Crores

	2018	2017
Market Value of Quoted Investments	1276.93	2032.08
Aggregate amount of Unquoted Investments	2600.28	2130.28
Aggregate amount of Quoted Investments	220.98	841.39
Aggregate Amount of Impairment in Value of Investments	0.22	132.86

Quoted Equity Instruments

Carried at fair value through Other Comprehensive Income:

	Face Value		Nos.		Rs. in Crores	
			2018	2017	2018	2017
Tata Chemicals Ltd (Refer footnote a)	Rs.	10	705522	11185522	47.75	669.85
Tata Investment Corporation Ltd	Rs.	10	158469	158469	11.72	10.03
SBI Home Finance Ltd.	Rs.	10	100000	100000	-	-
					59.47	**679.88**

Carried at Cost:

	Face Value		Nos.		Rs. in Crores	
			2018	2017	2018	2017
Investment in Subsidiary						
Tata Coffee Ltd (Refer footnote b)	Rs.	1	107359820	107359820	161.51	161.51
					161.51	**161.51**
TOTAL QUOTED EQUITY INSTRUMENTS					**220.98**	**841.39**

Notes to
Financial Statements

Unquoted Equity Instruments
Carried at fair value through Other Comprehensive Income:

	Face Value		Nos.		Rs. in Crores	
			2018	2017	2018	2017
Tata Sons Ltd. (Refer footnote c)	Rs.	1000	1755	1755	9.75	9.75
Tata Capital Ltd.	Rs.	10	613598	613598	2.73	2.25
Tata Services Ltd.	Rs.	1000	475	475	0.05	0.05
Tata Industries Ltd. (Refer footnote c)	Rs.	100	6519441	6519441	115.82	115.82
Taj Air Ltd.	Rs.	10	4200000	4200000	1.04	-
Anamallais Ropeways Company Limited	Rs.	100	2092	2092	-	-
ABC Tea Workers Welfare Services	Rs.	10	20000	20000	0.02	0.02
Assam Hospitals Ltd	Rs.	10	200000	200000	2.65	3.01
The Valparai Co-operative Wholesale Stores Ltd.	Rs.	10	350	350	-	-
Suryakiran Apartment Services Private Ltd (Refer footnote i)	Rs.	10	2146	2146	0.00	0.00
Jalpaiguri Club Ltd. (Cost Re. 1) (Refer footnote i)	Rs.	10	60	60	0.00	0.00
GNRC Ltd	Rs.	10	50000	50000	0.18	0.18
IFCI Venture Capital Funds Ltd	Rs.	10	250000	250000	0.72	0.74
Ritspin Synthetics Ltd	Rs.	10	100000	100000	-	-
TEASERVE (Refer footnote i)	Rs.	5000	1	1	0.00	0.00
(The Tamil Nadu Tea Manufacturers' Service Industrial Co-operative Society Ltd)						
Woodlands Hospital & Medical Res. Centre Ltd. (Refer footnote i)	Rs.	10	12280	12280	0.00	0.00
					132.96	**131.83**

Unquoted Equity Instruments
Carried at cost

	Face Value		Nos.		Rs. in Crores	
			2018	2017	2018	2017
Investment in Subsidiaries:						
Tata Tea Extractions Inc	US$	1	14000000	14000000	59.80	59.80
Tata Global Beverages Group Ltd.	GBP	1	70666290	70666290	500.71	500.71
Tata Global Beverages Capital Ltd.	GBP	1	89606732	89606732	763.89	763.89
Consolidated Coffee Inc.	US$	0.01	199	199	92.49	92.49
Zhejiang Tata Tea Extraction Company Ltd. (Refer footnote d)					-	-
Tata Tea Holdings Private Limited	Rs.	10	50000	50000	0.05	0.05
Investment in Associates :						
Estate Management Services (Pvt) Ltd. (Refer footnote e)	LKR	10	-	12078406	-	14.57
Amalgamated Plantations Pvt Ltd.	Rs.	10	61024400	61024400	61.02	61.02
Kanan Devan Hills Plantations Company (Pvt.) Ltd.	Rs.	10	3976563	3976563	12.33	12.33
TRIL Constructions Limited	Rs.	10	11748148	11748148	11.75	11.75
Investment in Joint Ventures :						
NourishCo Beverages Limited	Rs.	10	106500000	106500000	106.50	106.50
Tata Starbucks Private Limited (Refer footnote f)	Rs.	10	200000000	190000000	200.00	190.00
					1808.54	**1813.11**
TOTAL UNQUOTED EQUITY INSTRUMENTS					**1941.50**	**1944.94**

Notes to
Financial Statements

Unquoted Preference Shares

	Face Value		Nos.		Rs. in Crores	
			2018	2017	2018	2017
Investment in Associates						
Amalgamated Plantations Pvt Ltd. (Refer footnote g)	Rs.	10	67000000	67000000	55.05	50.89
TRIL Constructions Limited (Refer footnote h)	Rs.	10	66751852	66751852	66.75	66.75
Others						
Thakurbari Club Ltd (Cost Re. 1) (Refer footnote i)	Rs.	100	26	26	0.00	0.00
					121.80	**117.64**
TOTAL UNQUOTED PREFERENCE SHARES					**121.80**	**117.64**

Unquoted Debentures and Government Securities

Carried at fair value through Other Comprehensive Income

	Face Value		Nos.		Rs. in Crores	
			2018	2017	2018	2017
Unquoted Debentures						
The Bengal Chamber of Commerce & Industry - 6 1/2% Debentures (Refer footnote i)	Rs.	1000	7	7	0.00	0.00
Shillong Club Ltd - 5% Debentures - (Cost Rs. 2) (Refer footnote i)	Rs.	100	31	31	0.00	0.00
					0.00	**0.00**
Unquoted Government Securities:						
W.B. Estates Acquisition Compensation Bond (Refer footnote i)					0.00	0.00
					0.00	**0.00**

a) During the year, the Company has sold a significant portion of its holding in Tata Chemicals Limited. Realised gain arising on the transaction amounting to **Rs. 625.46 Crores** has been accounted under retained earnings.

b) Inclusive of **Rs. 21.86 Crores** (Rs. 21.86 Crores) kept in Revaluation Reserve.

c) Costs of these unquoted equity instruments have been considered as an appropriate estimate of fair value because of a wide range of possible fair value measurements and cost represent the best estimate of fair value within that range.

d) During the financial year 2017-18, the Company has divested its stake in Zhejiang Tata Tea Extractions Limited. Resultant profit on disposal net of reversal of impairment provisions of **Rs. 18.77 Crores** has been recorded under exceptional item.

e) During the financial year 2017-18, the Company has divested its holding in Estate Management Services Private Limited. Resultant profit on disposal of **Rs. 105.08 Crores** has been recorded under exceptional item.

f) During the financial year 2017-18, the Company has invested an amount of **Rs. 10 Crores** towards equity capital in Tata Starbucks Private Limited which is a 50:50 joint venture.

g) Investment in preference shares of Amalgamated Plantations Pvt. Ltd., are redeemable with a special redemption premium, on fulfilment of certain conditions, within 10-12 years from the date of the issue and are designated as fair value through profit and loss.

h) Preference shares of TRIL Constructions Ltd. are non-cumulative and mandatorily fully convertible within six years from the issue date, the same is carried at cost.

i) Investment carrying values are below Rs. 0.01 Crores.

Notes to
Financial Statements

7. Loans

Rs. in Crores

	2018	2017
Non-Current		
(Secured and considered good)		
Inter Corporate Loan to related party $	18.75	24.00
(Unsecured and considered good)		
Employee Loans and Advances	1.69	0.73
	20.44	**24.73**
Current		
(Unsecured and considered good, unless otherwise stated)		
Inter Corporate Deposits *	4.25	10.75
Inter Corporate Loan to related party $	3.50	-
Employee Loans and Advances	0.35	1.22
	8.10	**11.97**
TOTAL LOANS	**28.54**	**36.70**

* Includes deposit of **Rs. 4.25 Crores** (Rs. 4.25 Crores) secured by mortgage of land and deposits to related parties **Rs. Nil** (Rs. 6.50 Crores).
$ secured by mortgage of rights on immovable assets.

8. Other Financial Assets

Rs. in Crores

	2018	2017
Non-Current		
Considered Good		
Security Deposits *	22.05	21.07
Considered Doubtful		
Security Deposits	0.29	0.29
Less: Provision for Doubtful Deposits	(0.29)	(0.29)
	22.05	**21.07**
Current		
(Unsecured and considered good, unless otherwise stated)		
Due from Related Parties	21.70	18.58
Insurance Claims Receivable	-	0.10
Interest Accrued	5.03	1.40
Export Incentive Receivable	6.57	3.24
Derivative Financial Assets	0.79	3.48
	34.09	**26.80**
TOTAL OTHER FINANCIAL ASSETS	**56.14**	**47.87**

* Includes deposit to related party **Rs. 1.23 Crores** (Rs. 1.23 Crores).

Notes to
Financial Statements

9. Other Assets

Rs. in Crores

	2018	2017
Non-Current		
(Unsecured and Considered Good, unless other wise stated)		
Capital Advances	3.28	4.24
Property Rights Pending Development #	70.50	70.50
Taxes Receivable	7.65	7.54
Advance Rent	1.51	1.95
	82.94	**84.23**
Current		
Prepaid Expenses	17.01	18.21
Taxes Receivable	71.99	10.92
Advance Rent	0.56	0.87
Other Trade Advances	15.37	15.69
Considered Doubtful		
Other Advances for Supply of Goods and Services	1.75	1.75
Less: Provision for Advances	(1.75)	(1.75)
	104.93	**45.69**
TOTAL OTHER ASSETS	**187.87**	**129.92**

Property Rights Pending Development represents constructed office space to be delivered to the Company by TRIL Constructions Limited, consequent to a development agreement entered in 2013-14.

10. Inventories

(At lower of cost or net realisable value)

Rs. in Crores

	2018	2017
Raw Material		
Tea	474.97	495.56
Packing Materials	33.14	39.23
Others	8.89	6.34
	517.00	**541.13**
Finished Goods		
Tea	212.43	211.02
Others	1.88	0.47
	214.31	**211.49**
Traded Goods		
Formulations and Others	4.31	5.46
Stores and Spare Parts	8.78	6.11
	744.40	**764.19**

Raw material includes in transit tea inventory of **Rs. 1.57 Crores** (Rs. 5.81 Crores).

Finished Goods include in transit inventory of **Rs. 0.87 Crores** (Nil).

During the year ended March 31, 2018 - **Rs. 2.76 Crores** (Rs. 2.16 Crores) was charged to statement of profit and loss for slow moving and obsolete inventories.

Notes to
Financial Statements

11. Trade Receivables

Rs. in Crores

	2018	2017
Secured		
Considered Good	18.51	14.17
Unsecured		
Considered Good*	118.15	85.45
Considered Doubtful	3.63	3.57
	121.78	**89.02**
Less : Allowance for Doubtful Debts	3.63	3.57
	136.66	**99.62**

* Includes due from Related Parties - **Rs. 64.96 Crores** (Rs. 58.56 Crores).

Inventories and trade receivables have been hypothecated to banks for working capital facility availed.

12. Cash and Cash Equivalents

Rs. in Crores

	2018	2017
Balances with banks:		
Current Account	2.78	13.74
Deposit Account	230.00	-
Cash/Cheques in hand	0.02	0.02
	232.80	**13.76**

Cash and cash equivalents include the following for the purposes of the statement of cash flow:

Rs. in Crores

	2018	2017
Cash and cash equivalents	232.80	13.76
Bank Overdraft	(24.25)	(11.76)
	208.55	**2.00**

13. Other Bank Balances

Rs. in Crores

	2018	2017
Unclaimed Dividend Account	7.47	7.02
Deposit exceeding 3 months	295.00	-
	302.47	**7.02**

Notes to
Financial Statements

14. Equity Share Capital

Rs. in Crores

	2018	2017
AUTHORISED		
110,00,00,000 Equity Shares of Re. 1 each	110.00	110.00
ISSUED, SUBSCRIBED AND PAID-UP		
63,11,29,729 Equity Shares of Re. 1 each, fully paid-up	63.11	63.11
	63.11	**63.11**

a) The details of shareholders holding more than 5% shares as at March 31, 2018 is set out as below :

Name of shareholder	2018	2017
	No. of shares % of holding	No. of shares % of holding
Tata Sons Limited	186029710	142854570
	29.48%	22.63%
Life Insurance Corporation of India	17851960	57792481
	2.83%	9.16%
Tata Chemicals Limited	-	43175140
	-	6.84%

b) Rights, preferences and restrictions of equity shares

The Company has one class of equity shares having a par value of Re. 1 each. Each shareholder is eligible for one vote per share held. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting, except in case of interim dividend. In the event of liquidation, the equity shareholders are eligible to receive the remaining assets of the Company after distribution of all preferential amounts, in proportion to their shareholding.

c) Equity shares allotted as fully paid-up (during 5 years preceding March 31, 2018) pursuant to contracts without payment being received in cash

12731159 equity shares were issued during the financial year 2015-16, consequent to and as part of the amalgamation of the erstwhile Mount Everest Mineral Water Limited with the Company

d) Dividend paid

Particulars	2018	2017
Dividend Paid (Rs. in Crores)	148.31	142.00
Dividend per share (Rs.)	2.35	2.25

The Board of Directors in its meeting held on May 11, 2018 have recommended a final dividend payment of Rs. 2.50 per share for the financial year ended March 31, 2018.

e) Nature and Purpose of Reserve

i) **Capital Reserve**
Capital Reserve had been created on acquisition of certain plantation business.

ii) **Securities Premium Account**
Security premium account was created on issue of shares at premium. These reserves can be utilised in accordance with Section 52 of Companies Act 2013.

iii) **Contingency Reserves**
Contingency Reserve are in the nature of free reserves.

iv) **Revaluation Reserve**
Revaluation Reserve was created on acquisition of shares of Tata Coffee Limited (Refer note 6).

Notes to
Financial Statements

15. Borrowings

Rs. in Crores

	2018	2017
Current		
Loan From Banks - Unsecured		
Working Capital Facilities	60.00	20.50
Loan From Banks repayable on demand - Secured		
Bank Overdraft	24.25	11.76
Secured by way of hypothecation of raw materials, finished goods, stores and spares and book debts on pari passu basis		
	84.25	**32.26**

Note: Change in liabilities are on account of financing activities which have been disclosed in the cashflow statement.

16. Other Financial Liabilities

Rs. in Crores

	2018	2017
Current		
Unpaid Dividends *	7.47	7.02
Interest accrued but not due on borrowings	0.22	0.04
Security Deposits from Customers	41.49	38.17
Others	42.15	42.83
	91.33	**88.06**

* There are no amounts due and outstanding to be credited to the Investor Education and Protection Fund.

17. Provisions

Rs. in Crores

	2018	2017
Non-Current		
Employee Benefits	109.65	118.38
Other Provisions	-	1.53
	109.65	**119.91**
Current		
Employee Benefits	20.01	29.71
Other Provisions	27.29	27.34
	47.30	**57.05**
TOTAL PROVISIONS	**156.95**	**176.96**

Movement in Other Provisions - Non-Current

Rs. in Crores

Obligations relating to a Overseas Subsidiary Company	**2018**	**2017**
Opening balance	1.53	75.94
Provision during the year	-	-
Amount written back / adjusted during the year (Refer Note 28)	(1.53)	74.41
Closing balance	**-**	**1.53**

Notes to
Financial Statements

Movement in Other Provisions - Current

Rs. in Crores

Provision for Trade Obligations	2018	2017
Opening balance	25.58	19.13
Provision during the year	1.37	6.45
Amount paid/adjusted during the year	-	-
Closing balance	**26.95**	**25.58**

Rs. in Crores

Restructuring Costs	2018	2017
Opening balance	1.76	1.76
Provision during the year	-	-
Amount paid/adjusted during the year	(1.42)	-
Closing balance	**0.34**	**1.76**

18. Trade Payables

Rs. in Crores

	2018	2017
Trade Payables*	244.29	242.96
Due to Micro and Small Enterprises (Refer Note 32)	4.17	1.37
	248.46	**244.33**

* Includes due to Related Parties - **Rs. 44.45** Crores (Rs. 30.60 Crores).

19. Other Current Liabilities

Rs. in Crores

	2018	2017
Current		
Statutory Liabilities	10.35	13.55
Others	61.53	58.77
TOTAL OTHER CURRENT LIABILITIES	**71.88**	**72.32**

20. Taxation

a) Tax charge in the Statement of profit and loss:

Rs. in Crores

	2018	2017
Current tax		
Current year	189.87	123.44
Less: Tax reversal of earlier years	(0.96)	(13.20)
	188.91	**110.24**
Deferred tax	0.24	(0.05)
INCOME TAX EXPENSE FOR THE YEAR	**189.15**	**110.19**

Notes to
Financial Statements

b) Reconciliation of effective tax rate:

Rs. in Crores

	2018	2017
Profit before tax	723.47	386.19
Tax using the Company's domestic tax rate of 34.61%	250.38	133.65
Tax effect of:		
Income-tax @ different rate	(10.78)	(3.25)
Non-deductible tax expenses	3.89	5.58
Tax-exempt income	(11.29)	(12.59)
Income subject to Nil tax	(42.09)	-
Tax reversals of earlier years	(0.96)	(13.20)
	189.15	**110.19**

c) Non-Current Tax Asset:

Rs. in Crores

	2018	2017
Income Tax	29.48	66.53
Dividend Distribution Tax credit	13.42	13.42
	42.90	**79.95**

d) Current Tax Liability (Net):

Rs. in Crores

	2018	2017
Income Tax	25.95	17.06
	25.95	**17.06**

e) The analysis of Deferred Tax Assets and Deferred Tax Liabilities is as follows:

Rs. in Crores

	2018	2017
Deferred Tax Asset	122.81	59.52
Deferred Tax Liability	(23.80)	(20.66)
NET DEFERRED TAX ASSET	**99.01**	**38.86**

f) The movement in deferred income tax assets and liabilities during the year is as follows:

Rs. in Crores

	Depreciation	Other Liabilities	Provision for doubtful debts/ advances	Employee Benefits	MAT Credit	Other Assets	Total
As at April 1, 2016	**(15.90)**	**(0.78)**	**3.12**	**47.35**	**39.00**	**0.82**	**73.61**
(Charged)/credited:							
- to Statement of profit and loss	(2.65)	-	(1.18)	3.56	-	0.32	0.05
- to Other comprehensive income	-	(1.33)	-	5.53	-	-	4.20
Adjustment for unutilised tax credits	-	-	-	-	(39.00)	-	(39.00)
As at April 1, 2017	**(18.55)**	**(2.11)**	**1.94**	**56.44**	**-**	**1.14**	**38.86**
(Charged)/credited:							
- to Statement of profit and loss	(1.80)	(2.24)	0.02	4.15	-	(0.37)	(0.24)
- to Other comprehensive income	-	0.90	-	(5.77)	-	-	(4.87)
Adjustment for unutilised tax credits	-	-	-	-	65.26	-	65.26
As at March 31, 2018	**(20.35)**	**(3.45)**	**1.96**	**54.82**	**65.26**	**0.77**	**99.01**

g) As at March 31, 2018, the Company has unutilised capital loss amounting to Rs. 19.22 Crores on which no defered tax asset is recognised. These losses are available for offset against future capital profits for a period of 8 years.

Notes to
Financial Statements

21. Revenue from Operations

Rs. in Crores

	2018	2017
Sale of Goods	3131.03	2985.98
Sale of Services	0.65	1.41
Other Operating Revenues		
Export Incentive	12.62	7.66
Management Service Fees	43.70	45.41
Miscellaneous Receipts	29.32	23.43
	3217.32	**3063.89**

22. Other Income

Rs. in Crores

	2018	2017
Interest Income		
Interest Income on Advances and Deposits carried at amortised cost	14.15	10.81
Interest Income on Income Tax refund	7.25	8.38
Dividend Income		
Non-Current Investments designated at fair value through other comprehensive income *	13.99	11.22
Non-Current Investments designated at fair value through profit or loss	-	0.01
Mutual Funds designated at fair value through profit or loss	-	8.25
Investment in Subsidiaries & Associates carried at cost	81.41	53.38
	95.40	**72.86**
Profit on sale of Mutual Funds	19.52	2.58
Others		
Other non operating income	0.17	0.26
Profit on sale/discard of Fixed Assets (net)	0.15	-
Fair Value movement in Financial Instruments designated at fair value through profit or loss	10.94	1.45
	147.58	**96.34**

* Includes dividend income on investment sold during the year **Rs. 11.52 Crores** (Nil). Refer Note 6.

23. Cost of Materials Consumed

Rs. in Crores

	2018	2017
Tea		
Opening Stock	495.56	629.10
Add: Purchases	1631.15	1513.40
Less: Closing Stock	474.97	495.56
	1651.74	**1646.94**
Green Leaf	23.21	20.37
Packing Material		
Opening Stock	39.23	34.92
Add: Purchases	158.77	171.61
Less: Closing Stock	33.14	39.23
	164.86	**167.30**
Others	31.74	33.11
	1871.55	**1867.72**

Includes excise duty amounting to **Rs. 2.12 Crores** (Rs. 8.34 Crores).

Notes to
Financial Statements

24. Changes in Inventory of Finished Goods/Stock-in-trade/Work-in-progress

Rs. in Crores

	2018	2017
Opening Stock		
Tea	211.02	209.78
Others	5.93	5.38
	216.95	**215.16**
Closing Stock		
Tea	212.43	211.02
Others	6.19	5.93
	218.62	**216.95**
	(1.67)	**(1.79)**

25. Employee Benefits Expense

Rs. in Crores

	2018	2017
Salaries, Wages and Bonus *	175.76	158.03
Contribution to Provident Fund and other Funds	14.92	13.80
Workmen and Staff Welfare Expenses	17.45	15.99
	208.13	**187.82**

* Includes expense on Corporate Social Responsibility **Rs. 2.24 Crores** (Rs. 1.82 Crores).

26. Finance Costs

Rs. in Crores

	2018	2017
Interest		
On Financial Instruments valued at amortised cost	5.31	16.71
On Debentures valued at amortised cost	-	20.66
Other Borrowing Costs	-	0.14
Net interest on defined benefit plans	8.34	7.36
Fair Value Movement in Financial Instruments designated as fair value through profit or loss	-	4.23
	13.65	**49.10**

27. Other Expenses

Rs. in Crores

	2018	2017
Manufacturing and Contract Packing Expenses	69.45	72.61
Rent	47.98	51.44
Freight	46.52	42.57
Management Service Fees #	20.99	19.58
Miscellaneous Expenses ^	203.87	216.89
	388.81	**403.09**

Includes fee for technical support services **Rs. 7.17 Crores** (Rs. 7.79 Crores) and for other support services **Rs. 12.95 Crores** (Rs. 11.79 Crores)

^ Includes exchange gain **Rs. 3.83 Crores** (Rs. 1.41 Crores), expense on CSR **Rs. 4.27 Crores** (Rs. 5.97 Crores)

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28. Exceptional Items (Net)

Rs. in Crores

	2018	2017
(Income)		
Profit on sale of Non-Current Investment held in a subsidiary and in an associate (Refer Note 6)	(123.85)	-
Expenditure		
Business Restructure costs	8.49	-
	(115.36)	**-**

29. Capital Commitment

(a) Estimated amount of contracts remaining to be executed on capital account and not provided for as at March 31, 2018 aggregated **Rs. 10.97 Crores** (Rs. 11.58 Crores).

(b) Commitment towards Share Capital contributions in Joint Ventures **Rs. 40.00 Crores** (Rs. 13.00 Crores)

30. Contingent Liabilities not provided for in respect of:

(a) Claims under adjudication not acknowledged as debts:

Rs. in Crores

	Gross	Net of Estimated Tax
(i) Taxes, Statutory Duties/ Levies etc.	**17.71**	**12.49**
	(16.77)	(11.86)
(ii) Commercial and other Claims	**2.51**	**1.52**
	(2.45)	(1.49)

(b) Labour disputes under adjudication relating to some staff – amount not ascertainable.

31. Contingent Assets:

Certain insurance/commercial claims are in the final stage of recovery for which amounts are not quantifiable and hence not reported.

32. Micro enterprises and small enterprises under the Micro, Small and Medium Enterprises Development Act, 2006 have been determined based on the confirmations received in response to intimation in this regard sent by the Company to the suppliers. No interest in terms of Section 16 of Micro, Small and Medium Enterprises Development Act, 2006 or otherwise has either been paid or payable or accrued and remaining unpaid as at March 31, 2018.

33. Corporate Social Responsibility (CSR)

As per Section 135 of the Companies Act 2013, a CSR Committee has been formed by the Company.

(a) Gross amount required to be spent by the Company during the year **Rs. 6.14 Crores** (Rs. 5.31 Crores).

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(b) Amount spent during the year:

2018 Rs. in Crores

Particulars	In Cash	Yet to be paid in cash	Total
(i) Construction/acquisition of any asset	-	-	-
(ii) On purposes other than (i) above	5.91	0.60	6.51

2017 Rs. in Crores

Particulars	In Cash	Yet to be paid in cash	Total
(i) Construction/acquisition of any asset	-	-	-
(ii) On purposes other than (i) above	7.58	0.21	7.79

34. Earnings Per Share

	2018	2017
Profit after taxation (Rs. in Crores)	534.32	276.00
Numbers of Equity Shares Outstanding	631129729	631129729
Earnings Per Share (Rs.)		
Basic	8.47	4.37
Diluted	8.47	4.37

35. Expenditure incurred in respect of the Company's Research and Development:

Rs. in Crores

	2018	2017
Capital Expenditure	0.57	0.83
Revenue Expenditure	5.51	4.74
	6.08	**5.57**

36. Lease

The Company's leasing arrangements are in respect of operating leases for premises (residential, office,factory, godown, etc.) and motor cars. These range between 5 months - 15 years and usually renewable on mutually agreed terms.

Rs. in Crores

	2018	2017
Minimum lease payments under Non-cancellable operating lease		
Within one year	1.74	-
Later than one year and not later than five years	2.19	-
Later than five years	3.01	-
TOTAL	**6.94**	**-**
Lease payments recognised in the statement of profit and loss	**52.04**	**56.19**

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37.a) Related Party Disclosure

Related Parties

Promoter

Tata Sons Limited

Subsidiaries

Tata Global Beverages Group Limited
- Tata Global Beverages Holdings
- Tata Global Beverages Services Limited
- Tata Global Beverages GB Limited
- Tata Global Beverages Overseas Holdings Limited
- Tata Global Beverages Overseas Limited
- Lyons Tetley Limited
- Tata Global Beverages U.S. Holdings, Inc.
  - Tata Water LLC
- Tetley USA Inc
  - Empirical Group LLC
- Tata Global Beverages Canada Inc
- Tata Global Beverages Australia Pty Limited
- Earth Rules Pty Ltd.
- Stansand Limited
- Stansand(Brokers) Limited
- Stansand(Africa) Limited
- Stansand(Central Africa) Limited
- Tata Global Beverages Polska Sp.z.o.o
- Drassington Limited
- Good Earth Corporation
- Good Earth Teas Inc.
- Teapigs Limited
- Teapigs US LLC.
- Tata Global Beverages Czech Republic a.s
- Joekels Tea Packers (Proprietary) Limited
- Tata Global Beverages Investments Limited
  - Campestres Holdings Limited
    - Kahutara Holdings Limited
    - Suntyco Holding Limited
    - Onomento Co Limited
    - Coffee Trade LLC (w.e.f September 18, 2017)
    - Tea Trade LLC (till November 3, 2017)
    - Sunty LLC (till November 3, 2017)

Tata Coffee Limited
- Tata Coffee Vietnam Company Limited
- Consolidated Coffee Inc.
  - Eight 'O Clock Coffee Company
  - Eight 'O Clock Holdings Inc

Tata Tea Extractions Inc

Tata Global Beverages Capital Limited

Zhejiang Tata Tea Extraction Company Limited (till 24th July, 2017)

Tata Tea Holdings Private Limited

Associates

Estate Management Services Pvt Limited, Sri Lanka (till 28th December, 2017)
- Watawalla Plantations Plc (till 28th December, 2017)

Amalgamated Plantations Pvt Limited

Kanan Devan Hills Plantation Company Private Limited

TRIL Constructions Limited

Joint Ventures

NourishCo Beverages Limited

Tata Starbucks Private Limited

Joint Venture of Subsidiaries

Tetley ACI (Bangladesh) Limited

Southern Tea LLC

Tetley Clover (Private) Limited

Key Management Personnel

Mr. Ajoy Misra - CEO & Managing Director

Mr L Krishna Kumar - Executive Director & Group CFO

Subsidiary and Joint Venture of Promoter Company

Tata Investment Corporation Limited

Ewart Investments Limited

Taj Air Limited

Tata Capital Forex Limited (till October 30, 2017)

Tata AIG General Insurance Limited

Tata AIA Life Insurance Co Limited

Tata Consultancy Services Limited

TC Travel and Services Limited (till October 30, 2017)

Infiniti Retail Limited

Tata Interactive System Limited

Tata Business Support Services Limited (till November 27, 2017)

Tata International Singapore PTE Limited

Tata Housing Development Company Limited

Tata Elxsi Limited

Tata Industries Limited

Employee Benefit Plans

Tata Tea Limited Management Staff Gratuity Fund

Tata Tea Limited Management Staff Superannuation Fund

Tata Tea Limited Staff Pension Fund

Tata Tea Limited Gratuity Fund

Tata Tea Limited Calcutta Provident Fund

Notes to
Financial Statements

37. b) Particulars of transactions entered into with Related Parties for the year ended March 31, 2018:

Rs. in Crores

Particulars	2018	2017
Sale of Goods and Services		
- Subsidiaries	200.50	190.17
- Associates	1.01	1.55
- Joint Ventures	33.80	34.15
- Joint Venture of Subsidiaries	0.14	0.15
Other Operating Income		
- Subsidiaries	47.99	53.01
- Associates	2.50	2.20
- Joint Ventures	10.62	4.14
Sale of Fixed Asset		
- Joint Venture of Subsidiaries	0.38	-
Rent Paid		
- Associates	2.09	1.90
Purchase of Goods & Services		
- Subsidiaries	81.10	74.62
- Associates	259.98	216.37
- Subsidiaries/Joint Ventures of Promoter	0.07	0.03
Other Expenses (Net)		
- Subsidiaries	3.26	-
- Joint Ventures	2.62	7.50
- Associates	2.26	3.38
- Promoter	8.83	10.06
- Subsidiaries/Joint Ventures of Promoter	32.14	19.25
Reimbursement of Expenditure/(Income)		
- Subsidiaries	(1.97)	(1.59)
- Associates	(7.15)	(3.70)
- Joint Ventures	(1.68)	(2.06)
- Promoter	0.59	-
Dividend/Interest received		
- Subsidiaries	81.07	45.09
- Associates	2.79	10.88
- Promoter	1.40	-
- Subsidiaries/Joint Ventures of Promoter	0.32	1.92
Dividend Paid		
- Promoter	33.57	32.14
- Subsidiaries/Joint Ventures of Promoter	7.38	6.99
Sale of Investment		
- Associates	52.95	-
- Promoter	672.61	-
Intercorporate Loan/ Deposits Given		
- Subsidiaries/Joint Ventures of Promoter	-	25.00
Intercorporate Loan/ Deposits Redeemed		
- Associates	1.75	-
- Subsidiaries/Joint Ventures of Promoter	6.50	26.00

Notes to
Financial Statements

Rs. in Crores

Particulars	2018	2017
Investments Made		
- Subsidiaries	-	74.41
- Joint Ventures	10.00	28.00
Directors Remuneration*		
- Key Management Personnel	7.35	7.21
Contribution to Funds		
- Post Employment Benefit Plans	24.43	19.50

Outstanding at the year end:

Rs. in Crores

	2018		2017	
	Debit	Credit	Debit	Credit
Subsidiary	69.44	17.86	61.66	7.30
Associates	26.12	7.50	27.64	12.00
Joint Ventures	15.32	-	15.46	1.21
Promoter	-	8.07	-	9.04
Joint Venture of Subsidiaries	0.04	-	0.09	-
Subsidiaries/Joint Ventures of Promoter	1.80	11.02	7.73	1.05
Employment Benefit Plans	1.07	-	12.00	-

* Provision for employee benefits, which are based on actuarial valuation done on an overall company basis, is excluded.

37.c) Details of material transactions entered into with Related Parties for the year ended March 31, 2018:

Rs. in Crores

Particulars	2018	2017
Sale of Goods and Services		
- **Subsidiaries**		
Tata Global Beverages GB Limited	108.38	104.90
Tata Tea Extractions Inc	58.59	56.29
- **Joint Ventures**		
NourishCo Beverages Limited	33.54	33.88
Other Operating Income		
- **Subsidiaries**		
Tata Global Beverages Services Limited	43.70	45.41
Tata Coffee Limited	3.87	6.07
- **Joint Ventures**		
Tata Starbucks Private Limited	10.25	3.84
Rent Paid		
- **Associates**		
Amalgamated Plantations Pvt Limited	1.48	1.39
Purchase of Goods & Services		
- **Subsidiaries**		
Tata Coffee Limited	34.01	32.08
- **Associates**		
Kanan Devan Hills Plantation Company Private Limited	73.03	89.89
Amalgamated Plantations Pvt Limited	186.29	125.75

Notes to
Financial Statements

Rs. in Crores

Particulars	2018	2017
Other Expenses (Net)		
- **Joint Ventures**		
NourishCo Beverages Limited	2.62	7.50
- **Promoter**		
Tata Sons Ltd.	8.83	10.06
- **Subsidiaries/Joint Ventures of Promoter**		
Tata AIG General Insurance Limited	6.80	9.17
Tata Consultancy Services Limited	12.42	1.89
Tata Industries Limited	4.66	0.41
Reimbursement of Expenditure/(Income)		
- **Subsidiaries**		
Tata Global Beverages Services Limited	-	(1.25)
Tata Global Beverages GB Limited	(1.93)	(0.58)
- **Associates**		
Kanan Devan Hills Plantation Company Private Limited	(1.81)	(1.53)
Amalgamated Plantations Pvt Limited.	(2.45)	(2.17)
TRIL Constructions Limited	(2.89)	-
- **Joint Ventures**		
NourishCo Beverages Limited	(1.50)	(1.92)
Dividend/Interest received		
- **Subsidiaries**		
Tata Coffee Limited	18.79	13.96
Consolidated Coffee Inc.	22.57	31.13
Tata Global Beverages Group Limited	15.00	-
Tata Global Beverages Capital Limited	19.96	-
Dividend Paid		
- **Promoter**		
Tata Sons Ltd.	33.57	32.14
- **Subsidiaries/Joint Ventures of Promoter**		
Tata Investment Corporation Limited	6.33	6.05
Sale of Investment		
- **Associates**		
Estate Management Services Pvt Limited	52.95	-
- **Promoter**		
Tata Sons Ltd.	672.61	-
Intercorporate Loan/ Deposits Given		
- **Subsidiaries/Joint Ventures of Promoter**		
Tata Housing Development Company Limited	-	25.00
Deposit redeemed		
- **Associates**		
Kanan Devan Hills Plantation Company Private Limited	1.75	-
- **Subsidiaries/Joint Ventures of Promoter**		
Taj Air Ltd.	6.50	1.00
Tata Housing Development Company Limited	-	25.00

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Rs. in Crores

Particulars	2018	2017
Investments Made		
- **Subsidiaries**		
Zhejiang Tata Tea Extraction Company Limited	-	74.41
- **Joint Ventures**		
NourishCo Beverages Limited	-	16.00
Tata Starbucks Private Limited	10.00	12.00
Directors Remuneration		
- **Key Management Personnel**	7.35	7.21
Contribution to Funds		
- **Post Employment Benefit Plans**		
Tata Tea Limited Management Staff Gratuity Fund	6.30	2.92
Tata Tea Limited Gratuity Fund	3.54	2.98
Tata Tea Limited Calcutta Provident Fund	12.78	12.28

37.d) Disclosure under Regulation 34(3) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015

Amount of Loans and Advances in nature of loans outstanding from subsidiaries and associates as at March 31, 2018:

Rs. in Crores

	Outstanding March 31, 2018	Maximum during the year
Associate Company		
Kanan Devan Hills Plantation Company Private Limited	22.25	24.00
	(24.00)	(24.00)

38. Interests in other entities

A. Subsidiaries

The Company's direct Subsidiaries as at March 31, 2018 are set out below.

Sl. No.	Name of entity	Country of incorporation	Principal Activities	% holding 2018	% holding 2017
1	Tata Global Beverages Capital Ltd	UK	Holding company	100.00	100.00
2	Tata Global Beverages Group Ltd. *	U K	Holding company	89.10	89.10
3	Tata Coffee Ltd.	India	Manufacturing, marketing and distribution of coffee & tea	57.48	57.48
4	Tata Tea Extractions Inc.	USA	Manufacturing, marketing and distribution of tea	100.00	100.00
5	Tata Tea Holdings Private Ltd.	India	Investment Company	100.00	100.00

* through Tata Global Beverages Capital Ltd. and Tata Tea Extractions Inc.

B. Joint Ventures

A list of Company's Joint Ventures as at March 31, 2018 is given below.

Sl. No.	Name of entity	Country of incorporation	Principal Activities	% holding 2018	% holding 2017
1	NourishCo Beverages Ltd.	India	Marketing and distribution of water	50.00	50.00
2	Tata Starbucks Private Ltd.	India	Operating Starbucks Café in India	50.00	50.00

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C. Associates

A list of Company's Associates as at March 31, 2018 is given below.

Sl. No.	Name of entity	Country of incorporation	Principal Activities	% holding	
				2018	2017
1	Amalgamated Plantations Pvt. Ltd.	India	Manufacturing, marketing and distribution of tea	41.03	41.03
2	Kanan Devan Hills Plantation Co. Pvt. Ltd.	India	Manufacturing, marketing and distribution of tea	28.52	28.52
3	TRIL Construction Ltd.	India	Development of real estate and infrastucture facilities	32.50	32.50

39.Financial instruments – Fair values and risk management

A. Accounting classification and fair values

Rs. in Crores

March 31, 2018	Carrying amount				Fair value			
	Amortised Cost	FVTPL	FVTOCI	Total	Level 1	Level 2	Level 3	Total
Non-Current Financial assets								
Investments								
Quoted Equity Instruments	-	-	59.47	59.47	59.47	-	-	59.47
Unquoted Equity Instruments *	-	-	132.96	132.96	-	6.35	126.61	132.96
Unquoted Preference Shares	-	55.05	-	55.05	-	-	55.05	55.05
Loans	20.44	-	-	20.44	-	-	-	-
Other Financial Assets	22.05	-	-	22.05	-	-	-	-
Current Financial assets								
Current Investments	-	536.98	-	536.98	536.98	-	-	536.98
Trade Receivables	136.66	-	-	136.66	-	-	-	-
Cash and Cash Equivalents	232.80	-	-	232.80	-	-	-	-
Other Bank Balances	302.47	-	-	302.47	-	-	-	-
Loans	8.10	-	-	8.10	-	-	-	-
Other Financial assets	33.30	-	0.79	34.09	-	0.79	-	0.79
	755.82	**592.03**	**193.22**	**1541.07**	**596.45**	**7.14**	**181.66**	**785.25**
Current Financial liabilities								
Borrowings	84.25	-	-	84.25	-	-	-	-
Trade Payables	248.46	-	-	248.46	-	-	-	-
Other Financial Liabilities	91.33	-	-	91.33	-	-	-	-
	424.04	**-**	**-**	**424.04**	**-**	**-**	**-**	**-**

Notes to
Financial Statements

Rs. in Crores

March 31, 2017	Carrying amount				Fair value			
	Amortised Cost	FVTPL	FVTOCI	Total	Level 1	Level 2	Level 3	Total
Non-Current Financial assets								
Investments								
Quoted Equity Instruments	-	-	679.88	679.88	679.88	-	-	679.88
Unquoted Equity Instruments *	-	-	131.83	131.83	-	6.26	125.57	131.83
Unquoted Preference Shares	-	50.89	-	50.89	-	-	50.89	50.89
Loans	24.73	-	-	24.73	-	-	-	-
Other Financial assets	21.07	-	-	21.07	-	-	-	-
Current Financial assets								
Current Investment	-	67.70	-	67.70	67.70	-	-	67.70
Trade Receivables	99.62	-	-	99.62	-	-	-	-
Cash and Cash Equivalents	13.76	-	-	13.76	-	-	-	-
Other Bank Balances	7.02	-	-	7.02	-	-	-	-
Loans	11.97	-	-	11.97	-	-	-	-
Other Financial Assets	23.32	-	3.48	26.80	-	3.48	-	3.48
	201.49	**118.59**	**815.19**	**1135.27**	**747.58**	**9.74**	**176.46**	**933.78**
Current Financial liabilities								
Borrowings	32.26	-	-	32.26	-	-	-	-
Trade Payables	244.33	-	-	244.33	-	-	-	-
Other Financial Liabilities	88.06	-	-	88.06	-	-	-	-
	364.65	**-**	**-**	**364.65**	**-**	**-**	**-**	**-**

* For certain investments categorized under level 3, cost have been considered as an appropriate estimate of fair value because of a wide range of possible fair value measurements and cost represent the best estimate of fair value within that range.

B. Measurement of fair values

The basis of measurement with respect to each class of financial asset, financial liability is disclosed in note 2(j) of the financial statement.

The fair value of liquid mutual funds and long-term equity investment is based on active market. Fair values of certain non-current investment are valued based on discounted cash flow/book value/EBITDA multiple approach. Derivative financial instruments are valued based on Black-Scholes-Merton approach/Dollar offset principles.

C. Financial risk management

The Company has exposure to the following risks arising from financial instruments:

- Credit risk ;
- Liquidity risk ; and
- Market risk

i. Risk management framework

The Risk Management Committee of the Board is entrusted with the responsibility to assist the Board in overseeing and approving the Company's risk management framework. The Company has a comprehensive Risk policy relating to the risks that the Company faces under various categories like strategic, operational, reputational and other risks and these have been identified and suitable mitigation measures have also been formulated. The Risk Management Committee reviews the key risks and the mitigation measures periodically. The Audit Committee has additional oversight in the area of financial risks and control.

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ii. Credit risk

Credit risk is the risk that counterparty will not meet its obligations leading to a financial loss. The Company is exposed to credit risk arising from its operating (primarily trade receivables) and investing activities including deposits placed with banks, financial institutions and other corporate deposits. The Company establishes an allowance for impairment that represents its estimate of expected losses in respect of financial assets. Financial assets are classified into performing, under-performing and non-performing. All financial assets are initially considered performing and evaluated periodically for expected credit loss. A default on a financial asset is when there is a significant increase in the credit risk which is evaluated based on the business environment. The assets are written off when the Company is certain about the non-recovery.

a. Trade Receivables

The Company has an established credit policy and a credit review mechanism. The Company also covers certain category of its debtors through a credit insurance policy. In such case the insurance provider sets an individual credit limit and also monitors the credit risk. The concentration of credit risk arising from trade receivables is limited due to large customer base.

At March 31, 2018, the ageing of trade receivables that were not impaired are as follows:

Rs. in Crores

	2018	2017
Not past due date	92.18	79.71
Past due 1–90 days	40.48	13.14
Past due 91–180 days	3.11	5.38
Past due more than 180 days	0.89	1.39
	136.66	**99.62**

Management believes that the unimpaired amounts that are past due by more than 90 days are still collectible in full, based on historical payment behaviour and analysis of customer credit risk.

The movement in the allowance for impairment in respect of trade receivables during the year are as follows:

Rs. in Crores

Balance as at April 1, 2016	**6.98**
Impairment loss recognised	0.09
Amounts written back	3.50
Balance as at March 31, 2017	**3.57**
Impairment loss recognised	0.06
Amounts written off	-
Balance as at March 31, 2018	**3.63**

b. Financial instruments and cash deposits

The credit risk from balances / deposits with banks, other financial assets and current investments are managed in accordance with the Company's approved policy. Investments of surplus funds are made only with approved counterparties and within the limits assigned to each counterparties. The limits are assigned to mitigate the concentration risks. These limits are actively monitored by the Company.

iii. 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 credit quality rating from reputed credit rating agency.

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Exposure to liquidity risk

The following are the remaining contractual maturities of financial liabilities at the reporting date. The amounts are gross and undiscounted, and include estimated interest payments and exclude the impact of netting agreements.

Rs. in Crores

March 31, 2018	Contractual cash flows				
	Carrying amount	Less than 1 year	1- 2 year	2- 5 years	More than 5 years
Current Financial Liabilities					
Borrowings	84.25	84.25	-	-	-
Trade Payables	248.46	248.46	-	-	-
Other Financial Liabilities	91.33	91.33	-	-	-

Rs. in Crores

March 31, 2017	Contractual cash flows				
	Carrying amount	Less than 1 year	1- 2 year	2- 5 years	More than 5 years
Current Financial Liabilities					
Borrowings	32.26	32.26	-	-	-
Trade Payables	244.33	244.33	-	-	-
Other Financial Liabilities	88.06	88.06	-	-	-

iv. Market risk

Market risk, the risk that the fair value of the future cash flows will fluctuate because of changes in the market prices, such as currency risk, interest rate risk and commodity price risk.

a) Currency risk

The Company operates in various geographies and is exposed to foreign exchange risk on its various currency exposures. The risk of changes in foreign exchange rates relates primarily to the Company's operating activities and translation risk, which arises from recognition of foreign currency assets and liabilities.

The Company uses various derivative financial instruments governed by its board approved policy, such as foreign exchange forward and option contracts to mitigate the said risk. The counterparty for these contracts is generally a reputed scheduled bank. The Company reports quarterly to a committee of the board, which monitors foreign exchange risks and policies implemented to manage its foreign exchange exposures.

During the year ended March 31, 2018, the Company has designated certain foreign exchange forward contracts as cash flow hedges to mitigate the risk of foreign currency exposure on highly probable forecasted transactions. Hedge effectiveness is determined at inception and periodic prospective effectiveness testing is done to ensure the relationship exist between the hedged items and hedging instruments, including whether the hedging instrument is expected to offset changes in cash flows of hedged items.

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Exposure to currency risk

The currency profile of financial assets and liabilities as at March 31, 2018 and March 31, 2017 are as below:

Rs. in Crores

2018	INR	USD	GBP	Others	Total
Financial assets					
Trade receivables	79.33	39.33	-	18.00	136.66
Other Financial Asset	56.14	-	-	-	56.14
	135.47	**39.33**	**-**	**18.00**	**192.80**
Financial liabilities					
Trade payables	241.23	-	7.23	-	248.46
Other Current financial liabilities	91.33	-	-	-	91.33
	332.56	**-**	**7.23**	**-**	**339.79**

Rs. in Crores

2017	INR	USD	GBP	Others	Total
Financial assets					
Trade receivables	52.85	32.07	-	14.70	99.62
Other Financial Asset	47.87	-	-	-	47.87
	100.72	**32.07**	**-**	**14.70**	**147.49**
Financial liabilities					
Trade payables	240.29	1.62	2.37	0.05	244.33
Other financial liabilities	88.06	-	-	-	88.06
	328.35	**1.62**	**2.37**	**0.05**	**332.39**

Following table summarises approximate gain / (loss) on the Company's profit before tax and pre-tax equity on account of appreciation / depreciation of underlying foreign currencies –

Rs. in Crores

Details	2018		2017	
	Effect on Profit before tax	Effect on Pre-tax Equity	Effect on Profit before tax	Effect on Pre-tax Equity
5% appreciation of the underlying foreign currencies	2.51	(1.57)	2.14	(1.70)
5% depreciation of the underlying foreign currencies	(2.51)	1.57	(2.14)	1.70

The following table gives details in respect of outstanding foreign currency forward contracts –

Category	Instrument	Currency pair	2018		2017	
			FCY Amount (Million)	Rs. in Crores	FCY Amount (Million)	Rs. in Crores
Hedges of highly probable forecasted transactions	Forward contract	USD/INR	8.30	55.44	7.65	49.61
Hedges of highly probable forecasted transactions	Forward contract	AUD/INR	5.50	28.62	5.50	27.29

Notes to
Financial Statements

Movement in cash flow hedging reserve for derivatives designated as cash flow hedges is given below –

Rs. in Crores

Details	2018	2017
Balance at the beginning of the period	2.28	0.07
Movement during the year	(2.69)	3.38
Tax impact on above	0.93	(1.17)
BALANCE AT THE END OF THE PERIOD	**0.52**	**2.28**

b) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The interest rate risk can also impact the provision for retiral benefits. The Company generally utilises fixed rate borrowings and therefore not subject to interest rate risk, since neither the carrying amount nor the future cash flows will fluctuate because of change in the market interest rates.

The Company is not exposed to significant interest rate risk as at the respective reporting dates.

c) Price Risk

The price risk is the risk arising from investments held by the Company and classified in the balance sheet either as fair value through other comprehensive income or at fair value through profit or loss.

The Company's equity investments are mainly strategic in nature and are generally held on a long-term basis. Further, the current investments are in units of liquid mutual fund and these are not exposed to significant price risk.

d) Commodity Risk

The Company is exposed to the fluctuations in commodity prices mainly for tea. Mismatch in demand and supply, adverse weather conditions, market expectations etc., can lead to price fluctuations. The Company manages these price fluctuations by actively managing the sourcing of tea, private purchases and alternate blending strategies without impacting the quality of the blend.

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 owned funds.

The Company's adjusted net debt and equity position is as follows:

Rs. in Crores

	2018	2017
Total Borrowings	84.25	32.26
Less: Cash and Cash Equivalents including Bank Deposits	527.80	13.76
Less: Current Investments	536.98	67.70
Less: Inter Corporate Deposits/Loan	26.50	34.75
ADJUSTED NET (CASH)/DEBT	**(1007.03)**	**(83.95)**
TOTAL EQUITY	**4213.35**	**3784.55**

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40. Post Retirement Employee Benefits

(i) Defined Contributions

Amount of **Rs. 10.45 Crores** (Rs. 10.62 Crores) is recognised as an expense and included in employee benefit expense for the following defined contribution plans:

Rs. in Crores

	2018	2017
Provident Fund	6.31	6.04
Superannuation Fund	2.87	3.36
Employee state insurance schemes	1.27	1.22
	10.45	**10.62**

(ii) Defined Benefits

Gratuity, Pension and Post Retiral Medical Benefits:

The Company operates defined benefit schemes like retirement gratuity, defined pension benefits and post retirement medical benefits. There are other superannuation benefits and medical benefits restricted to certain categories of employees/directors in the form of pension, medical and other benefits in terms of a specific policy related to the same. The defined benefit schemes offer specified benefits to the employees on retirement. The gratuity benefit provides for a lump sum payment to vested employees at retirement, death while in employment or on termination of employment of an amount equivalent to 15 to 30 days' last drawn salary payable for each completed year of service. Vesting occurs upon completion of five continuous years of service.

Changes in the Defined Benefit Obligation:

Rs. in Crores

	Pension		Gratuity		Medical		Others	
	2018	2017	2018	2017	2018	2017	2018	2017
Opening Defined Benefit Obligation	9.64	9.64	55.65	45.64	43.31	34.27	68.58	52.22
Current Service cost	-	-	3.31	2.50	1.75	1.31	2.91	1.87
Past Service cost	-	-	0.45	-	-	1.17	-	-
Interest on Defined Benefit Obligation	0.58	0.93	3.53	3.22	2.92	2.63	4.57	3.94
Actuarial changes arising from change in experience	(0.30)	(0.49)	(0.51)	1.01	0.23	(1.31)	0.50	9.58
Actuarial changes arising from change in demographic assumption	0.10	-	-	-	-	-	-	-
Actuarial changes arising from changes in financial assumption	(0.34)	0.67	(4.25)	7.46	(6.43)	5.95	(6.35)	4.51
Benefits Paid	(1.02)	(1.11)	(3.40)	(4.47)	(0.78)	(0.71)	(3.57)	(3.54)
Liability assumed/(settled)	-	-	(0.03)	0.29	-	-	-	-
CLOSING DEFINED BENEFIT OBLIGATION	**8.66**	**9.64**	**54.75**	**55.65**	**41.00**	**43.31**	**66.64**	**68.58**

Changes in the fair value of Plan Assets during the year:

Rs. in Crores

	Pension		Gratuity	
	2018	2017	2018	2017
Opening fair value of Plan Assets	6.81	6.97	44.70	37.97
Employers contribution	(0.50)	-	11.04	7.73
Interest on Plan Assets	0.41	0.64	2.85	2.72
Actual return on plan assets less interest on plan assets	0.07	(0.03)	1.31	0.46
Benefits paid	(0.69)	(0.77)	(3.50)	(4.47)
Asset acquired/(settled)	-	-	(0.03)	0.29
CLOSING FAIR VALUE OF PLAN ASSETS	**6.10**	**6.81**	**56.37**	**44.70**

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Net Asset/(Liability) recognised in balance sheet:

Rs. in Crores

	Pension		Gratuity		Medical		Others	
	2018	2017	2018	2017	2018	2017	2018	2017
Present Value of Funded defined benefit obligation at the year end	5.48	5.99	54.75	55.65	-	-	-	-
Fair value of plan assets at the end of the year	6.10	6.81	56.37	44.70	-	-	-	-
	(0.61)	**(0.82)**	**(1.62)**	**10.95**	**-**	**-**	**-**	**-**
Present Value of Unfunded defined benefit obligation at the year end	3.18	3.65	-	-	41.00	43.31	66.64	68.58
Asset ceiling	0.31	0.35	-	-	-	-	-	-
AMOUNT RECOGNISED IN BALANCE SHEET	**2.87**	**3.18**	**(1.62)**	**10.95**	**41.00**	**43.31**	**66.64**	**68.58**

Expense recognised in the statement of profit and loss for the year:

Rs. in Crores

	Pension		Gratuity		Medical		Others	
	2018	2017	2018	2017	2018	2017	2018	2017
Current Service Cost	-	-	3.31	2.50	1.75	1.31	2.91	1.87
Interest cost on defined benefit obligation (net)	0.17	0.29	0.68	0.50	2.92	2.63	4.57	3.94
Past Service Cost	-	-	0.45	-	-	1.17	-	-
TOTAL RECOGNISED IN THE STATEMENT OF PROFIT AND LOSS	**0.17**	**0.29**	**4.44**	**3.00**	**4.67**	**5.11**	**7.48**	**5.81**

Amounts recognised in Other Comprehensive Income for the year:

Rs. in Crores

	Pension		Gratuity		Medical		Others	
	2018	2017	2018	2017	2018	2017	2018	2017
Actuarial changes arising from changes in financial assumption	(0.34)	0.67	(4.25)	7.46	(6.43)	5.95	(6.35)	4.51
Actuarial changes arising from changes in demographic assumption	0.10	-	-	-	-	-	-	-
Actuarial changes arising from changes in experience assumption	(0.30)	(0.49)	(0.51)	1.01	0.23	(1.31)	0.50	9.58
Return on plan asset excluding interest Income	0.07	0.03	(1.31)	(0.46)	-	-	-	-
Adjutment to recognise the effect of asset ceiling	(0.17)	(0.07)	-	-	-	-	-	-
TOTAL RECOGNISED IN OTHER COMPREHENSIVE INCOME	**(0.64)**	**0.14**	**(6.07)**	**8.01**	**(6.20)**	**4.64**	**(5.85)**	**14.09**

Maturity Profile of defined benefit obligation:

Rs. in Crores

	Pension		Gratuity		Medical		Others	
	2018	2017	2018	2017	2018	2017	2018	2017
Within next 12 months	1.84	1.92	9.34	9.01	1.40	1.24	4.52	3.99
Between 2 and 5 years	4.01	4.49	16.80	17.35	6.16	5.46	21.52	17.74
Between 6 and 9 years	2.66	2.65	20.78	18.65	6.97	4.71	24.99	21.11
10 years and above	3.90	4.73	68.62	62.92	42.40	36.45	130.29	127.62

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Principal Actuarial assumptions used:

	2018	2017
Discount rates	7.80%	6.85%
Salary escalation rate	8% for management staff 7% for workers/staff	8% for management staff 7% for workers/staff
Annual increase in health care costs	8%	8%
Pension increase rate	18% after every three years	18% after every three years
Mortality rates	Indian Assured Lives Mortality (2006-08) Ult table	Indian Assured Lives Mortality (2006-08) Ult table

Quantitative sensitivity analysis for significant assumption is as below:

Rs. in Crores

	Pension	Gratuity	Medical	Others
	2018	2018	2018	2018
Impact of increase in 50 basis point in discount rate on Defined Benefit Obligation	(0.16)	(2.03)	(2.85)	(2.96)
Impact of decrease in 50 basis point in discount rate on Defined Benefit Obligation	0.17	2.17	3.12	3.22
Impact of increase in 50 basis point in salary escalation on Defined Benefit Obligation	-	2.15	-	-
Impact of decrease in 50 basis point in salary escalation on Defined Benefit Obligation	-	(2.03)	-	-
Impact of increase in 100 basis point in health care cost on Defined Benefit Obligation	-	-	6.54	0.08
Impact of decrease in 100 basis point in health care cost on Defined Benefit Obligation	-	-	(5.28)	(0.07)
Impact of increase in 100 basis point in pension rate on Defined Benefit Obligation	0.10	-	-	1.89
Impact of decrease in 100 basis point in pension rate on Defined Benefit Obligation	(0.09)	-	-	(1.81)

Sensitivities have been calculated to show the movement in defined benefit obligation in isolation and assuming there are no other changes in market conditions at the accounting date. In presenting the above sensitivity analysis, the present value of the defined benefit obligations has been calculated using the Projected Unit Credit Method at the end of the reporting period, which is the same as that applied in calculating the defined benefit obligation liability recognised in the balance sheet.

Major Categories of Plan Assets:

Rs. in Crores

	Pension		Gratuity	
	2018	2017	2018	2017
Govt of India Securities	0.96	1.01	-	-
PSU bonds	0.96	1.01	-	-
Insurance managed Funds	3.91	4.79	56.26	44.52
Others	0.27	-	0.11	0.18
TOTAL	**6.10**	**6.81**	**56.37**	**44.70**

The Company contributes all its ascertained liabilities towards gratuity to the trust set up for the same. Trustees administer the contributions made to the trusts. As at March 31, 2018 and March 31, 2017, the plan assets have been primarily invested in insurer managed funds.

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(iii) Provident Fund

The Company operates Provident Fund Schemes and the contributions are made to recognised funds maintained by the Company and for certain categories contributions are made to State Plans. The Company has an obligation to fund any shortfall on the yield of the trust's investments over the administered rates on an annual basis. The Actuary has provided a valuation for provident fund liabilities on the basis of guidance issued by Actuarial Society of India and based on the below provided assumption there is no shortfall as on March 31, 2018 and March 31, 2017.

The details of fund and plan asset position are given below:

Rs. in Crores

	Provident Fund	
	2018	**2017**
Plan Assets as at period end	124.61	114.53
Present Value of Funded Obligations at period end	124.61	114.53
Amount Recognised in the Balance Sheet	-	-

Assumptions used in determining the present value obligation of the interest rate guarantee under the Deterministic Approach:

Rs. in Crores

	Provident Fund	
	2018	**2017**
Guaranteed Rate of Return	8.55%	8.65%
Discount Rate for remaining term to Maturity of Investment	7.65%	7.05%
Expected Rate of Return on Investment	9.08%	8.81%

41. Audit fees

Rs. in Crores

	2018	**2017**
Statutory Audit	0.60	0.66
Tax Audit	0.14	0.14
Arrears for Previous year	-	0.20
Other Services	0.57	0.67
Reimbursement of Expenses	0.30	0.39
	1.61	**2.06**

42. Unless otherwise stated, figures in brackets relate to the previous year. All the numbers have been rounded off to nearest crore.