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THE UNITED NILGIRI TEA ESTATES COMPANY LIMITED

REGISTERED OFFICE

No. 3, SAVITHRI SHANMUGAM ROAD,
RACE COURSE,
COIMBATORE - 641 018

CIN : L01132TZ1922PLC000234

Web : www.unitednilgiritea.com

E Mail : headoffice@chamrajtea.com

Phone : 0422-2220566 ; Fax : 0422-2222865

BOARD OF DIRECTORS

Ms. MALLIKA SRINIVASAN – Chairman

Mr. N. SRINIVASAN

Mr. SANKAR DATTA

Mr. KRISHNA SRINIVASAN

Mr. K. V. SRIRAM

Mr. R. SRINIVASAN

Mr. D. HEGDE, Whole-time Director

Mr. T. G. B. PINTO, Whole-time Director

CHIEF FINANCIAL OFFICER

Mr. S. RAGHURAMAN

COMPANY SECRETARY

Mr. R. V. SRIDHARAN

INTERNAL AUDITORS

DELOITTE HASKINS & SELLS LLP
CHARTERED ACCOUNTANTS
41, "SHANMUGA MANRAM"
RACE COURSE,
COIMBATORE - 641 018

STATUTORY AUDITORS

K. S. AIYAR & CO.,
CHARTERED ACCOUNTANTS
No. 57, SAMBANDAM ROAD (EAST)
R.S. PURAM
COIMBATORE - 641 002

BANKERS

CENTRAL BANK OF INDIA

STATE BANK OF INDIA

HSBC LTD.

HDFC BANK LTD.

PLANTATIONS

ALLADA VALLEY, CHAMRAJ,
DEVABETTA AND KORAKUNDAH,
CHAMRAJ ESTATE & POST
THE NILGIRIS - 643 204

COMMERCIAL PROPERTY

UNITEA CENTRE,
RACE COURSE,
COIMBATORE - 641 018

REGISTRARS AND SHARE TRANSFER AGENTS

INTEGRATED REGISTRY MANAGEMENT SER-
VICES PRIVATE LIMITED,
"KENCES TOWERS," 2nd FLOOR,
No.1, RAMAKRISHNA STREET,
NORTH USMAN ROAD,
CHENNAI - 600 017

THE UNITED NILGIRI TEA ESTATES COMPANY LIMITED

REGISTERED OFFICE: NO.3, SAVITHRI SHANMUGAM ROAD, RACE COURSE, COIMBATORE – 641 018

CIN:L01132TZ1922PLC000234

E-mail:headoffice@chamrajtea.com Website: www.unitednilgiratea.com

Phone: 91-422-2220566 Fax:91-422-2222865

NOTICE OF ANNUAL GENERAL MEETING

NOTICE is hereby given that the Ninety-Sixth Annual General Meeting of the members of the Company will be held on Monday, the 6th August 2018 at 2.45 P.M. at “Sri S.Anantharamakrishnan Hall” in the premises of M/s.T.Stanes & Company Limited, 8/23-24, Race Course Road, Coimbatore-641018 to transact the following business:

1. To receive, consider and adopt:
 - (a) the Audited Standalone Financial Statements of the Company for the financial year ended 31st March, 2018, together with report of the Board of Directors and Auditors thereon;
 - (b) the Audited Consolidated Financial Statements of the Company for the financial year ended 31st March, 2018, together with the report of the Auditors thereon.
2. (i) To confirm the payment of interim dividend of Re.1/- per equity share for the financial year 2017-2018;
(ii) To declare Final Dividend for the financial year 2017-18.
3. To appoint a Director in place of Mr.D.Hegde (DIN 00025468), who retires by-rotation and is eligible for re-appointment.
4. To appoint a Director in place of Mr.T.G.B.Pinto (DIN 00025593), who retires by rotation and is eligible for re-appointment.

(By order of the Board)
For The United Nilgiri Tea Estates Company Limited

R. V. SRIDHARAN
Company Secretary

Chennai
17th May 2018

NOTICE OF ANNUAL GENERAL MEETING – (Contd.)

NOTES:

1. **A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY / PROXIES TO ATTEND AND VOTE INSTEAD OF HIMSELF/HERSELF. SUCH A PROXY NEED NOT BE A MEMBER OF THE COMPANY.**

2. A person can act as a proxy on behalf of members not exceeding 50 and holding in aggregate not more than 10% of the total share capital of the Company carrying voting rights. In case a proxy is proposed to be appointed by a member holding more than 10% of the total share capital of the Company carrying voting rights, then such proxy shall not act as a proxy for any other person or shareholder.

Proxies, in order to be effective, must be received at the Registered Office of the Company at No.3, Savithri Shanmugam Road, Race Course, Coimbatore – 641 018, not less than forty-eight hours before the commencement of the Annual General Meeting.

Proxies submitted on behalf of Companies, Societies etc., must be supported by an appropriate resolution/authority, as applicable.

3. The Register of Members and Share Transfer Books of the Company will remain closed from 30th July 2018 to 6th August 2018 (both days inclusive) for determining the entitlement of the shareholders to the final dividend for the financial year 2017-18.

4. The Dividend, when declared at the Annual General Meeting to be held on 6th August 2018 will be paid as under:

- (i) To all members in respect of shares held in physical form after giving valid transfers in respect of transfer requests lodged with the Company as on the close of business hours on Saturday, July 28th, 2018.
- (ii) To all beneficial owners in respect of shares held in electronic form, as per details furnished by M/s. National Securities Depository Limited (NSDL) and M/s. Central Depository Services Limited (CDSL) as on the closing hours on Saturday, July 28th, 2018.

5. Under Section 124(5) of the Companies Act, 2013, the amount of dividend remaining unpaid or unclaimed for a period of seven years from the due date is required to be transferred to the Investor Education and Protection Fund (IEPF). The Company had transferred unclaimed dividend in respect of interim Dividend 2011 to the account of Investor Education and Protection Fund. Hence, it is in members' interest to encash the dividend warrants immediately.

6. Members are requested to note that dividends if not encashed for a consecutive period of 7 years from the date of transfer to Unpaid Dividend Account of the Company are liable to be transferred to the Investor Education and Protection Fund Authority. The shares in respect of such unclaimed dividends are also liable to be transferred to the demat account of the IEPF Authority.

Members whose unclaimed dividend for the financial year 2009-10 already transferred to the IEPF account and who have not encashed the dividends for the subsequent financial years, are requested to note that the underlying shares of the Company, in respect of final dividend for the financial year 2010-11, are liable to be transferred to IEPF Authority in terms of Section 125 of the Companies Act, 2013 and the Investor Education and Protection Fund Authority (Accounting, Audit, Transfer and Refund) Rules, 2016.

In view of this, members are requested to claim their dividends from the Company within the stipulated time. Members, whose unclaimed dividends/shares transferred to IEPF, may claim the same by making an application to the IEPF Authority in Form IEPF-5 which is available on www.iepf.gov.in

The details of shareholders and the shares due for transfer are displayed on the website of the Company, www.unitednilgiritea.com

NOTICE OF ANNUAL GENERAL MEETING – (Contd.)

7. Details as required under Regulation 36(3) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 in respect of Directors seeking re-appointment at the Annual General Meeting, forms integral part of the notice.
8. Integrated Registry Management Services Private Limited, “Kences Towers”, 2nd Floor, No.1, Ramakrishna Street, North Usman Road, T.Nagar, Chennai – 600 017 is the Registrar and Share Transfer Agent (RTA) of the Company to perform the share related work for shares held in physical and electronic form. Members holding shares in physical form are requested to dematerialize their shares. Members holding shares in physical mode are requested to intimate changes in their address to Registrar and Share Transfer Agent of the Company. Members holding shares in electronic mode are requested to send the intimation of change of address to their respective Depository Participants. Any such changes effected by the Depository Participants will automatically reflect in the Company’s subsequent records.
9. To prevent fraudulent transactions, members are advised to exercise due diligence and notify the Company of any change in address or demise of any member as soon as possible. Members are also advised not to leave their demat account(s) dormant for long. Periodic statement of holdings should be obtained from the concerned Depository Participant and holdings should be verified.
10. To support the ‘Green Initiative,’ members are requested to register their email address with the concerned Depository Participant in respect of shares held in electronic form.
11. Members holding shares in physical form are requested to convert their holdings into dematerialized form to eliminate all risks associated with physical shares.
12. The Securities and Exchange Board of India (SEBI) has mandated the submission of Permanent Account Number (PAN) by every participant in securities market. Members holding shares in electronic form are, therefore, requested to submit the PAN to their Depository Participants with whom they are maintaining the demat accounts. Members holding shares in physical form can submit their PAN details to the Company. SEBI has also mandated that for registration of transfer of securities, the transferee(s) as well as transferor(s) shall furnish a copy of their PAN Card to the Company for registration of transfer of securities.
13. Pursuant to the provisions of Section 72 of the Companies Act, 2013, the facility for making nomination is available for the members in respect of shares held by them. Members who have not yet registered their nominations are requested to register the same by submitting Form SH-13. Members are requested to submit the said form to their depository participants in case the shares are held in electronic form and to the Company in case the shares are held in physical form.
14. Members seeking any information with regard to the accounts, are requested to write to the Company at an early date so as to enable the Management to keep the information ready at the AGM.
15. Members may note that the Notice of the 96th Annual General Meeting, Attendance Slip, Proxy Form and the Annual Report for 2017-18 will also be available on the Company’s website www.unitednilgiratea.com for their download.

The physical copies of the aforesaid documents will also be available at the Company’s Registered Office at No.3, Savithri Shanmugam Road, Race Course, Coimbatore – 641 018 for inspection during normal business hours on working days.

16. The route map showing directions to reach the venue of the 96th Annual General Meeting is annexed to this notice.

NOTICE OF ANNUAL GENERAL MEETING – (Contd.)

17. Voting through electronic means

In compliance with provisions of Section 108 of the Companies Act, 2013 read with Rule 20 of the Companies (Management and Administration) Rules, 2014, as substituted by the Companies (Management and Administration) Rules, 2015 (amended rules 2015) and Regulation 44 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and Secretarial Standard on General Meetings (SS2) issued by the Institute of Company Secretaries of India, the Company is pleased to provide its members facility to exercise their right to vote on resolutions proposed to be considered at the 96th Annual General Meeting (AGM) by electronic means and the business may be transacted through e-voting services. The facility of casting the votes by the members using an electronic voting system from a place other than the venue of AGM (remote e-voting) will be provided by National Securities Depository Limited (NSDL).

The process and manner of remote e-voting are as under:

- A.** Members whose email IDs are registered with the Company/Depository Participant(s) will receive an email from NSDL informing them of their User ID and Password. The following are the steps to be followed.
- (i) Open email and open PDF file titled "UNITEA-e-voting.pdf" with your Client ID or Folio No. as password. The said PDF file contains your user ID and password/PIN for remote e-voting. Please note that the password is an initial password.
 - (ii) Launch internet browser by typing the following-URL:<https://www.evoting.nsdl.com>
 - (iii) Click on shareholder – login.
 - (iv) Enter the user ID and password as initial password / PIN noted in step (i) above. Click on Login.
 - (v) The password change menu will appear. Change the password/PIN with new password of your choice with minimum 8 digits/characters or combination thereof. Note new password. It is strongly recommended that you do not share your password with any other person and take utmost care to keep your password confidential.
 - (vi) Home page of remote e-voting opens. Click on remote e-voting: Active Voting Cycles.
 - (vii) Select "EVEN" (E-Voting Even Number) of The United Nilgiri Tea Estates Company Limited.
 - (viii) Now you are ready for remote e-voting as Cast Vote page opens.
 - (ix) Cast your vote by selecting appropriate option and click on "Submit" and remember to "confirm" when prompted.
 - (x) Upon confirmation, the message "Vote cast successfully" will be displayed.
 - (xi) Once you have voted on the resolution, you will not be allowed to modify your vote.
 - (xii) Institutional shareholders (i.e. other than individuals, HUF, NRI etc.) are required to send scanned copy (PDF/JPG format) of the relevant Board Resolution/ Authorisation letter etc. together with attested specimen signature of the duly authorized signatory (ies) who is/are authorized to vote, to the Scrutinizer through e-mail to kasi.s@gopalaiyer.in with a copy marked to evoting@nsdl.co.in
 - (xiii) In case of any queries, you may refer the frequently asked questions (FAQs)- Shareholders and e-voting user manual-shareholders, available at the download section of www.evotingnsdl.com

NOTICE OF ANNUAL GENERAL MEETING – (Contd.)

- B. Members receiving physical copy of the notice of AGM by post (for members whose email addresses are not registered with the Company/Depositories):

- (i) Initial Password is provided as below at the bottom of the Attendance Slip.

EVEN (E-Voting Event Number)	User ID	Password/PIN
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- (ii) Please follow all steps from Serial No.(ii) to (xiii) above, to caste.
- (iii) The e-voting period commences at 9.00 A.M. on 3rd August 2018 and ends at 5.30 P.M. on 5th August 2018. During this period, members of the company holding shares either in physical form or in dematerialized form as on the cut-off date 30th July 2018 will be entitled to cast their vote electronically. The e-voting module shall be disabled by NSDL for voting thereafter. Once the vote on a resolution is cast by the member, he shall not be allowed to change it subsequently.

The voting rights of members shall be in proportion to their shares of the paid up equity share capital of the Company and the notice of the meeting is sent to those who are members of the Company as on the cut-off date 29th June 2018. Any person, who acquires shares of the Company and become members of the Company after dispatch of notice and holding shares as on cut-off date i.e. 30th July 2018 (book closure commencing date) may obtain the Login ID and password by sending a request at evoting@nsdl.co.in or headoffice@chamrajtea.com or corpserv@iepindia.com.

Mr.Kasi Viswanathan, Partner, M/s.Gopalaiyer & Subramanian, Chartered Accountants has been appointed as the Scrutinizer to scrutinize both e-voting process and ballot form received from the members who do not have access to the e-voting process, in a fair and transparent manner.

18. Voting through Ballot Form

Members who do not have access to e-voting facility may send duly completed Ballot Form (enclosed with the Annual Report) so as to reach the Scrutinizer not later than Sunday, 5th August, 2018 [5.30 P.M.]. Ballot Forms deposited in person or sent by post or courier at the expense of the members will also be accepted.

Members have the option to request for physical copy of the ballot form by sending an e-mail to headoffice@chamrajtea.com by mentioning their Folio No/DP ID and Client ID No. The duly completed ballot form should reach the Registered Office of the Company not later than 5th August, 2018 (5.30 P.M.). Ballot forms received after this date will be treated as invalid.

A member can opt for only one mode of voting i.e. either through e-voting or by ballot. If a member casts votes by both modes, then voting done through e-voting shall prevail and voting done through ballot shall be treated as invalid.

19. The Chairman shall, at the AGM at the end of discussions allow physical voting with the assistance of the scrutinizer, by using polling paper for all those members who are present at the AGM but have not cast their votes by availing the remote e-voting / ballot facility.
20. The Scrutinizer shall after the conclusion of voting at the AGM, first count the votes cast at the meeting and thereafter unblock the votes cast through remote e-voting in the presence of at least two witnesses not in the employment of the Company and shall make, not later than three days of the conclusion of the AGM, a consolidated scrutinizer's report of the total votes cast in favour or against, if any, to the Chairman or a person authorized by him in writing .

NOTICE OF ANNUAL GENERAL MEETING – (Contd.)

21. The results declared along with the report of the Scrutinizer shall be placed on the website of the Company www.unitednilgiratea.com and on the website of NSDL immediately . The results shall also be immediately forwarded to the National Stock Exchange of India Limited, Mumbai.
22. All documents referred to in the accompanying Notice shall be open for inspection at the Registered Office of the Company during normal business hours from Monday to Friday between 9.30 a.m. and 5.30 p.m. and on Saturdays between 9.30 a.m. and 1.30 p.m. up to and including the date of Annual General Meeting of the Company.

Chennai
17th May 2018

(By order of the Board)
For The United Nilgiri Tea Estates Company Limited

R. V. SRIDHARAN
Company Secretary

**Profile of Directors seeking re-appointment at the Annual General Meeting
to be held on 6th August, 2018 pursuant to Regulation 36 of SEBI
(Listing Obligations and Disclosure Requirements) Regulations, 2015.**

Name of the Director	Mr. D. Hegde	Mr. T.G.B. Pinto
DIN	00025468	00025593
Date of Birth	11 th February, 1954	4 th January, 1956
Date of appointment	27 th May, 2005	27 th May, 2005
Qualification	B.Sc., (Botany)	B.Sc., (Agri)
Experience	Over 37 years in tea plantation	Over 36 years in tea plantation
Expertise in special function	Agriculture and Plantation activities	Agricultural and Plantation activities
Relationship between Directors inter se	Not related	Not related
Directorship in other companies	Nil	Nil
Committee positions held	Nil	Nil
No.of shares held	2,224 Equity Shares	2,950 Equity Shares

(By order of the Board)

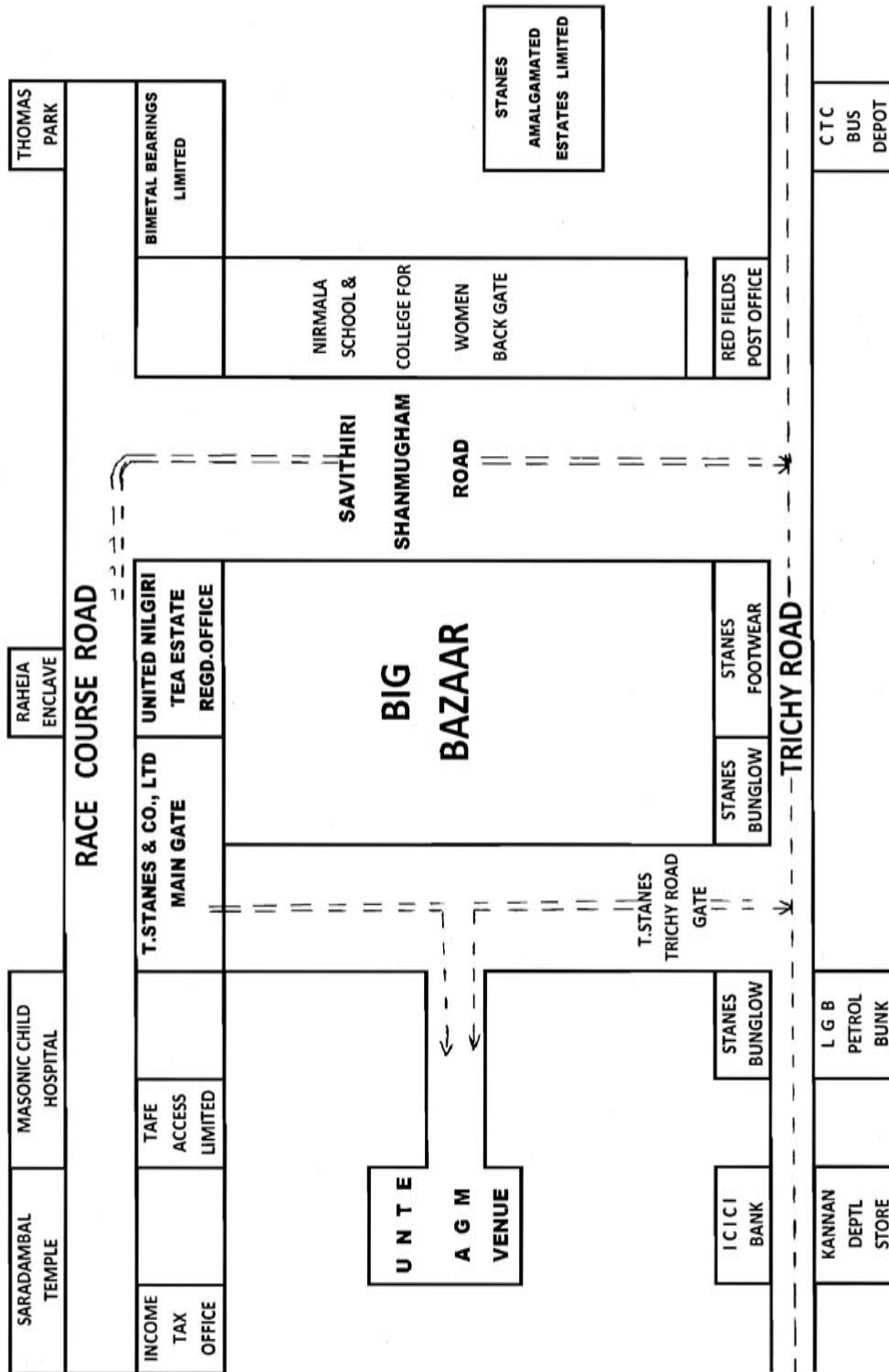
For The United Nilgiri Tea Estates Company Limited

Chennai,
17th May 2018

R. V. SRIDHARAN
Company Secretary

THE UNITED NILGIRI TEA ESTATES COMPANY LIMITED., COIMBATORE

AGM VENUE ROUTE MAP



DIRECTORS' REPORT

Your Directors have pleasure in presenting the 96th Annual Report on the performance of the Company together with the Audited Financial Statements for the financial year ended 31st March, 2018.

FINANCIAL RESULTS :

	Rs. in lakhs	
	31-03-2018	31-03-2017
Profit before finance cost, depreciation and tax	1,802.45	1490.49
Finance Cost	6.83	6.46
Depreciation	265.54	264.29
Profit before tax	1,530.08	1219.74
Provision for taxation (including deferred tax)	315.04	303.42
Profit for the year	1,215.04	916.32
Other Comprehensive Income	450.47	163.46
Total Comprehensive Income	1,665.51	1,079.78

Indian Accounting Standards (Ind AS)

In the preparation of financial statements, the Company has followed the Indian Accounting Standards (Ind AS) and the financial results have been prepared in accordance with the recognition and measurement principles laid down in the said Standards. The financials for the two preceding financial years have been recast to make them comparable.

Dividend

Your Directors have recommended a final dividend of Rs. 1.70 per share (17%) which together with an interim dividend of Re.1/- per share (10%) already paid, makes a total dividend of Rs.2.70 per share (27%) for the year ended 31st March, 2018 [previous year Rs.2.70 per share (27%)].

Transfer to Reserves

An amount of Rs.750 Lakhs has been transferred to General Reserve which now stands at Rs.7450 Lakhs.

Operations

The total quantity of tea manufactured during the year was higher at 29,96,514 Kgs as against 24,42,018 Kgs during the previous year. The rainfall during the year was 1082 mm as against 779 mm during the previous year.

The higher crop together with cost effective measures helped your Company to reduce the cost of production over the previous year. The increase in the quantity of made tea sold was around 12%. However, tea price remained subdued. The profit before tax for the year was higher at Rs.1,530.08 lakhs as against Rs.1,219.73 lakhs during the previous year.

The total exports during the year was 14,66,671 Kgs as against 13,72,489 Kgs during the previous year.

The profit for the year is after taking into consideration reversal of provision of Rs.208.89 lakhs made in the earlier years for diminution in the carrying value of investment in associate (since sold) which is no longer required; besides, migration to Ind AS effective this year has resulted in an increase in profit by Rs.169.82 lakhs.

Outlook

With the early onset of South West Monsoon the prospects of harvest of Greenleaf appears promising and barring unforeseen circumstances, the Company would record good performance during the current year as well.

DIRECTORS' REPORT – (Contd.)

Share Capital

The paid up capital of the Company as at 31st March, 2018 remains unchanged.

Directors Responsibility Statement

As required by sub-section 5 of Section 134 of the Companies Act, 2013, your Directors confirm that:

- (a) in the preparation of Annual Accounts for the year ended 31st March, 2018, the applicable Indian Accounting Standards have been followed without any material departures;
- (b) such accounting policies have been selected and applied consistently and judgment and estimates have been made that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at 31st March, 2018 and of the profit of the Company for that period;
- (c) proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013 to safeguard the assets of the Company and to prevent and detect fraud and other irregularities;
- (d) the annual accounts have been prepared on a going concern basis;
- (e) proper internal financial controls to be followed by the Company have been laid down and that the financial controls are adequate and were operating effectively;
- (f) proper systems have been devised to ensure compliance with the provisions of all applicable laws and such systems are adequate and were operating effectively.

Directors and Key Managerial Personnel

Mr.Krishna Srinivasan and Mr.K.V.Sriram were re-appointed as Independent Directors of the Company by the members on 7th November 2017 through Postal Ballot for a term from 10th November 2017 up-to the conclusion of 100th Annual General Meeting to be held in 2022 or September 30th, 2022 whichever is earlier.

Mr.D.Hegde and Mr.T.G.B.Pinto would retire at the forthcoming Annual General Meeting by virtue of Article No.27 of the Articles of Association and offer themselves for re-appointment. Upon being re-appointed they would continue to occupy the position of Whole-time Directors till their tenure of office.

Mr.K.Guruswamy, ceased to be the Company Secretary with effect from 30.09.2017. The Board of Directors appointed Mr.R.V.Sridharan as Company Secretary with effect from 3rd October 2017.

Particulars of Loan, Guarantees or Investments under Section 186

The Company has not given any loan or guarantee or made investments in any Body Corporate in terms of Section 186 of the Companies Act, 2013, during the financial year 2017-18.

Related Party Transactions

The Company had only one related party which was an associate with which it had no transaction during the year except consolidating its audited accounts for the year ended 31st March, 2018 with Company to the extent of share of investment. Since no transaction has been carried out with the related party, Form AOC 2 is not attached.

Material changes and Commitments between 31st March, 2018 and date of this report

There are no material changes and commitments affecting the financial position of the company which have occurred between 31st March, 2018 and the date of this report.

DIRECTORS' REPORT – (Contd.)

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

Details pertaining to Conservation of Energy, Technology Absorption and Foreign Exchange earnings and outgo are given in **Annexure - 1**

Investor Education and Protection Fund (IEPF)

The Company has transferred unclaimed and unpaid dividends amounting to Rs.1,40,376/- to the Investor Education and Protection Fund established by the Central Government during the Financial Year 2017-18. Pursuant to the applicable provisions of the Companies Act, 2013 read with IEPF Authority (Accounting, Audit, Transfer and Refund) Rules 2016, the Company transferred 44,244 shares of Company, in respect of which dividend has not been claimed for 7 consecutive years or more to the demat account of IEPF authority. The transfer was effected after sending notices to the concerned shareholders. The details are given in the Corporate Governance report forming part of the Annual Report.

Annual Return

Extract of Annual Return of the Company in Form MGT-9 is given as **Annexure 4** to this report.

Number of Meetings of the Board

Seven meetings of the Board were held during the year the details of which are furnished in the Corporate Governance Report which forms part of this report.

Declaration by Independent Directors

The Company has received declarations from all the independent directors confirming that they meet the criteria of independence as prescribed both under the Companies Act, 2013 and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

Policy on appointment and remuneration of Directors

The Company's policy on Directors' appointment and remuneration remains unchanged which can be accessed on the Company's website www.unitednilgritea.com.

Committees of the Board

The Company has four Committees as mentioned below:

1. Audit Committee
2. Stakeholders Relationship Committee
3. Nomination and Remuneration Committee
4. Corporate Social Responsibility Committee

A detailed note on the composition of the Board and its Committees and the meetings held during the financial year is provided in the Corporate Governance Report.

Auditors

There are no qualifications, reservations or adverse remarks or disclaimers made by M/s K.S.Aiyar & Co. Statutory Auditors, Coimbatore in their report.

M/s K.S.Aiyar & Co., Chartered Accountants, Coimbatore were appointed as the Statutory Auditors of the Company for a period of 5 years from the conclusion of the 95th Annual General Meeting till the conclusion of 100th Annual General Meeting by the members at the 95th Annual General Meeting held on 4th August 2017.

Pursuant to the Companies (Amendment) Act, 2017 and notification dated 7th May 2018 issued by the Ministry of Corporate Affairs, the ratification of appointment of Statutory Auditors at every Annual General Meeting by the members has been dispensed with.

DIRECTORS' REPORT – (Contd.)

Secretarial Audit Report

Secretarial Audit has been carried out by M/s L.K.Associates, Practicing Company Secretaries, Chennai and their report is annexed herewith (**Annexure 5**). There are no qualifications, reservations or adverse remark.

Risk Management

The Company has a robust risk management system. The strategic risks are Integrated with the business plan with mitigation measures. High impact operational and financial risks are reviewed by the management periodically and discussed at the Board Quarterly.

Corporate Social Responsibility (CSR)

CSR Policy and the annual report on CSR activities are given in **Annexure 2**. The Company's policy on Corporate Social Responsibility is also available on the Company's website www.unitednilgiratea.com.

Board Evaluation

The details are furnished in the Report on Corporate Governance which forms part of this Report. The policy regarding performance evaluation of Board of Directors and its Committees and Independent Directors is available on the Company's website www.unitednilgiratea.com.

Internal Financial Controls

The Company has effective Internal Financial Controls both at the Entity levels and process controls. The system and process which are in place in accordance with the requirement of both the Companies Act, 2013 and the guidance note of the Institute of Chartered Accountants of India. The Statutory Auditors have furnished their report on Internal Financial Controls which does not contain any adverse remark.

Report on Corporate Governance

A Report on Corporate Governance forms part of this report. The Auditors certificate on Corporate Governance is enclosed as annexure to this report.

Management Discussion and Analysis Report

Management Discussion and Analysis Report is given separately which forms part of this Report.

Particulars of Employees

Particulars of employees as required under Section 197 (12) of the Companies Act, 2013 read with Rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 are given in **Annexure 3**.

A statement showing the remuneration of employees who were in receipt of remuneration as prescribed under Rule 5(2) and Rule 5 (3) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 forms part of this report and will be provided to any member on a written request to the Company Secretary.

Awards and Distinctions

Chamraj and Korakundah Estates have once again bagged four awards at the Golden Leaf India Awards held in Dubai in April, 2018.

Environmental Protection

The Company has been certified by the Rain Forest Alliance and UTZ in the area of environmental protection.

DIRECTORS' REPORT – (Contd.)

Industrial Relations

Industrial relations have been cordial during the year.

Public Deposits

The Company has not accepted or renewed any public deposit during the year.

Vigil Mechanism

The Company has a vigil mechanism details of which, can be accessed at the Company's website www.unitednilgiritea.com.

Sexual Harassment of Women at Workplace

The Company's policy on Sexual Harassment of women employees can be accessed at the Company's website www.unitednilgiritea.com. No complaint was reported during the year under review.

Others

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

Acknowledgement

The Board of Directors acknowledges the support received from the promoters, shareholders, bankers, suppliers, customers and employees at all levels.

Place:Chennai
Date: 17th May 2018

For and on behalf of the Board
MALLIKA SRINIVASAN
CHAIRMAN

ANNEXURE 1**A. Conservation of Energy**

1. Steps taken or impact on conservation of energy	Efforts are taken to conserve energy to the best possible extent
2. Steps taken by the Company for utilizing alternate source of energy	
3. Capital investment on energy conservation equipment	Nil

B. Technology Absorption

1. Efforts made towards technology absorption	UPASI's recommendation with respect to field practices and manufacturing process are adopted to the extent possible to achieve better results.
2. Benefits derived like product improvement, cost reduction, product development, or import substitution	Improvement in the quality of raw material and the end product which ultimately helps in better realization
3. Imported Technology	Nil
4. Expenditure on R & D	Nil

C. Foreign Exchange Earnings and Outgo

Actual Inflow	Rs.26,29,80,566
Actual Outflow	Rs.99,08,321

ANNEXURE 2**REPORT ON CORPORATE SOCIAL RESPONSIBILITY****1. CSR Policy Objectives**

The Company adopts the following objectives as part of its Corporate Social Responsibility:

- (a) Promoting education, including special education and employment enhancing vocation skills especially among children, women, elderly and the differently-abled;
- (b) Health Care and livelihood enhancement projects;
- (c) Promoting gender equality, empowering women, setting up homes and hostels for women and orphans; setting up old age homes and such other facilities for senior citizens and measures for reducing inequalities faced by socially and economically backward groups;
- (d) Ensuring environmental sustainability, ecological balance, protection of flora and fauna, animal welfare, agro-forestry, conservation of natural resources and maintaining quality of soil, air and water;
- (e) Training to promote rural sports, nationally recognized sports, paralympic sports and olympic sports;
- (f) Contribution to the Prime Minister's National Relief Fund or any other fund set up by the Central Government for socio-economic development and relief and welfare of the Scheduled Castes, the Scheduled Tribes, other backward classes, minorities and women;
- (g) Rural Development Projects and Tribal Welfare.

The Company's CSR Policy is uploaded on the website of the Company www.unitednilgiratea.com

2. Composition of CSR Committee

S.No	Name	Category	Designation
1	Ms. MallikaSrinivasan	Non-Executive Non-Independent	Chairman
2	Mr. SankarDatta	Non-Executive Independent	Member
3	Mr. D. Hegde	Whole-time Director	Member
4	Mr. T.G.B. Pinto	Whole-time Director	Member

3. Average Net Profit of the Company in the last three financial years : Rs.1291.70 lakhs

4. Prescribed CSR Expenditure (2%) : Rs.25,85,000

5. Details of expenditure spent towards CSR during the financial year 2017-18

(a) Total amount to be spent for the financial year : Rs.25,85,000

(b) Amount unspent, if any : Nil

(c) Manner in which the amount spent during the financial year is detailed below:

1	2	3	4	5	6	7	8
S.No	CSR Project or activity identified	Sector in which the project is covered	Projects or programmes (1) Local Area or other (2) Specify the State and District where projects or programmes were undertaken	Amount /outlay/ budget (project or programme wise)	Amount spent on the projects or programmes Sub-heads 1. Direct Expenditure on projects or Programmes 2. Overheads	Cumulative expenditure upto the reporting period	Amount spent direct or through implementing agency
1	Orphanage	Social Sector Refer 1(c) of the policy objectives	The Nilgiris District Tamil Nadu	Rs.16,50,000	Direct Expenditure Rs.16,09,378	Rs.52,11,869	Direct
2	Rural Development and Tribal Welfare Projects	Rural & Tribal Welfare Refer 1(g) of the policy objectives	The Nilgiris District, Tamil Nadu	Rs.1,35,000	Direct Expenditure Rs.1,65,000	Rs.17,47,000	Direct
3	Public Medical Scheme	Social Sector Refer 1(b) of the policy objectives	The Nilgiris District, Tamil Nadu	Rs.8,00,000	Direct Expenditure Rs.8,11,018	Rs.8,11,018	Direct
		Total		Rs.25,85,000	Rs. 25,85,396	Rs.77,69,887	

6. Responsibility Statement by CSR Committee

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

Chennai
17th May, 2018

D.Hegde
Member
DIN:00025468

Mallika Srinivasan
Chairman of the CSR Committee
DIN:00037022

PAYMENT OF REMUNERATION TO DIRECTORS AND KEY MANAGERIAL PERSONNEL

(Pursuant to Section 197 (12) of the Companies Act, 2013 and Rule 5 (1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014)

Particulars of Employees:

- (i) **Employed throughout the year and was in receipt of remuneration not less than Rupees One Crore and two lakhs per annum:**

There were no employees who were in receipt of remuneration exceeding Rupees One Crore and two lakhs per annum.

- (ii) **Employed for part of the year and was in receipt of remuneration not less than Rupees Eight Lakhs fifty thousand per month:**

There were no employees who were in receipt of remuneration exceeding Rupees Eight Lakhs fifty thousand per month.

- (iii) **The ratio of remuneration of each Whole-time Director to the median remuneration of the employees of the Company for the financial year:**

S.No.	Name and Designation	Remuneration paid during the year 2017-18 (Rs. in lacs)	Ratio of remuneration to median remuneration of the employees
1.	Mr. D. Hegde, Whole-time Director	41.81	8.74
2.	Mr. T.G.B. Pinto, Whole-time Director	42.33	8.19

- (iv) **Percentage increase in remuneration of each Director, Chief Financial Officer, Chief Executive Officer, Company Secretary or Manager, if any, in the financial year:**

There is no increase in remuneration of each Non Whole-time Director. The Chief Financial Officer and the two Whole-time Directors were given the normal and usual annual increment approved by the Board. Percentage increase in remuneration is not applicable to the Company Secretary, since he had joined the Company during the current financial year only.

- (v) **Percentage increase in the median remuneration of employees in the financial year:**

Percentage increase in the median remuneration of employees in the financial year is 23.5%.

- (vi) **Number of permanent employees on the rolls of the Company:**

Number of permanent employees on the rolls of the Company as on 31st March, 2018 is 1057.

- (vii) **Average percentile increase already made in the salaries of employees other than the managerial personnel in the last financial year and its comparison with the percentile increase in the managerial remuneration and justification thereof and point out if there are any exceptional circumstances for increase in the managerial remuneration:**

The average percentage increase of workmen, staff and managers was 20%. Two Whole-time Directors were given normal increase of 9% for the year.

- (viii) **Affirmation that remuneration is as per the Remuneration Policy of the Company:**

It is affirmed that the remuneration is paid as per the remuneration policy of the Company.

EXTRACT OF ANNUAL RETURN IN FORM No. MGT - 9

[Pursuant to Section 92 (3) of the Companies Act, 2013 and Rule 12 (1) of the Companies (Management and Administration) Rules, 2014]

I. REGISTRATION AND OTHER DETAILS:

No	PARTICULARS	
(i)	CIN	L01132TZ1922PLC000234
(ii)	REGISTRATION DATE	9th August 1922
(iii)	NAME OF THE COMPANY	THE UNITED NILGIRI TEA ESTATES COMPANY LIMITED
(iv)	CATEGORY / SUB CATEGORY OF THE COMPANY	PUBLIC LIMITED COMPANY
(v)	ADDRESS OF THE REGISTERED OFFICE AND CONTACT DETAILS	No.3, SAVITHRI SHANMUGAM ROAD, RACE COURSE, COIMBATORE - 641 018 PHONE: (0422) 2220566 FAX : (0422) 2222865 EMAIL: headoffice@chamrajtea.com
(vi)	WHETHER LISTED COMPANY	YES
(vii)	NAME, ADDRESS AND CONTACT DETAILS OF REGISTRAR AND SHARE TRANSFER AGENT	M/s. INTEGRATED REGISTRY MANAGEMENT SERVICES PRIVATE LIMITED, "KENCES TOWERS," 2nd FLOOR, No.1, RAMAKRISHNA STREET, NORTH USMAN ROAD, CHENNAI - 600 017 PHONE: (0422) 28140801, 02 and 03 FAX: (044) 28142479 EMAIL: corpserv@integratedindia.in

II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY:

No	Name and description of main products/services	NIC Code of the product/ service	% to total turnover of the Company
1	TEA	09.0230	86%

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES:

No.	Name and address of the Company	CIN	Holding/Subsidiary/ Associate	% of shares held	Applicable Section
1	Kuduma Fasteners Private Limited, 41/42, Booma Sandra, Industrial Area, Hosur Road, Ankel Taluk, Bangalore - 560 099	U28991KA1984 PTC006227	Associate	50.00%	2(6)

(IV) SHAREHOLDING PATTERN (Equity Share Capital Breakup as percentage of Total Equity)

(i) Category wise shareholding

Category of Shareholders	No. of shares held at the beginning of the year				No. of shares held at the end of the year				% change during the year
	Demat	Physical	Total	% of total shares	Demat	Physical	Total	% of total shares	
A. Promoters									
(1) Indian									
(a) Individual/HUF	2,38,821	–	2,38,821	4.78	2,38,821	–	2,38,821	4.78	–
(b) Central Government	–	–	–	–	–	–	–	–	–
(c) State Government	–	–	–	–	–	–	–	–	–
(d) Bodies Corporate	22,48,369	–	22,48,369	45.00	22,48,781	–	22,48,781	45.01	0.01
(e) Fis/Banks	–	–	–	–	–	–	–	–	–
(f) Any others	–	–	–	–	–	–	–	–	–
Trust	–	–	–	–	–	–	–	–	–
Sub-Total (A) (1)	24,87,190	–	24,87,190	49.78	24,87,602	–	24,87,602	49.79	0.01
(2) Foreign									
(a) Individuals - NRI	–	–	–	–	–	–	–	–	–
(b) Others - Individuals	–	–	–	–	–	–	–	–	–
(c) Bodies Corporate	–	–	–	–	–	–	–	–	–
(d) Fis/Banks	–	–	–	–	–	–	–	–	–
(e) Any other	–	–	–	–	–	–	–	–	–
Sub-total (A) (2)	–	–	–	–	–	–	–	–	–
Total Shareholding of Promoter (A) = (A)(1)+(A)(2)	24,87,190	–	24,87,190	49.78	24,87,602	–	24,87,602	49.79	0.01
B. Public Shareholding									
(1) Institutions									
(a) Mutual Funds	–	–	–	–	–	–	–	–	–
(b) Fis/Banks	–	5,480	5,480	0.11	–	5,480	5,480	0.11	–
(c) Central Government	–	–	–	–	–	–	–	–	–
(d) State Government	–	–	–	–	–	–	–	–	–
(e) Venture Capital Funds	–	–	–	–	–	–	–	–	–
(f) Insurance Companies	8,46,514	–	8,46,514	16.94	8,46,514	–	8,46,514	16.94	–
(g) FIs	–	–	–	–	–	–	–	–	–
(h) Foreign Venture Capital Investors	–	–	–	–	–	–	–	–	–
(i) Any Other (specify)	–	–	–	–	–	–	–	–	–
Sub-total (B) (1)	8,46,514	5,480	8,51,994	17.05	8,46,514	5,480	8,51,994	17.05	–
(2) Non Institutions									
(a) Bodies Corporate									
(i) Indian	1,16,684	1,215	1,17,899	2.36	77,898	1,215	79,113	1.58	(0.78)
(ii) Overseas	–	–	–	–	–	–	–	–	–
(b) Individuals									
(i) Individual shareholders holding nominal share capital upto Rs.1 lakh	6,69,134	3,76,302	10,45,436	20.92	6,32,372	3,49,685	9,82,057	19.65	(1.27)
(ii) Individual shareholders holding nominal share capital in excess of Rs.1 lakh	1,03,971	90,946	1,94,917	3.90	1,57,050	90,946	2,47,996	4.96	1.06
(c) Others Specify									
(a) Directors & their relatives	–	–	–	–	–	–	–	–	–
(b) Foreign Nationals	3,003	–	3,003	0.06	3	–	3	0.00	(0.06)
(c) Non-Resident Indians/OCB's	6,139	20,943	27,082	0.54	10,355	19,998	30,353	0.61	0.07
(d) Clearing Members	4,229	–	4,229	0.09	8,390	–	8,390	0.17	0.08
(e) Trusts	–	2,64,816	2,64,816	5.30	–	2,64,816	2,64,816	5.30	–
(f) IEPF	–	–	–	–	44,242	–	44,242	0.89	0.89
Sub-total (B)(2)	9,03,160	7,54,222	16,57,382	33.17	9,30,310	7,26,660	16,56,970	33.16	(0.01)
Total Public Shareholding (B) = (B)(1) + (B)(2)	17,49,674	7,59,702	25,09,376	50.22	17,76,824	7,32,140	25,08,964	50.21	(0.01)
C. Shares held by Custodian for GDRs & ADRs	NA	NA	NA	NA	NA	NA	NA	NA	NA
Grand Total (A+B+C)	42,36,864	7,59,702	49,96,566	100.00	42,64,426	7,32,140	49,96,566	100.00	–

(ii) Shareholding of Promoters and Promoter Group

Sl. No.	Shareholder's Name	Shareholding at the beginning of the year			Shareholding at the end of the year			% change during the year
		No of shares	% of total shares of the company	% of shares pledged/encumbered to total shares	No of shares	% of total shares of the company	% of shares pledged/encumbered to total shares	
1.	Tractors and Farm Equipment Limited	8,55,067	17.11%	0.00	8,55,363	17.12%	0.00	0.01
2.	T.Stanes and Company Limited	8,36,308	16.74%	0.00	8,36,308	16.74%	0.00	0.00
3.	Amalgamations Private Limited	3,25,344	6.51%	0.00	3,25,460	6.51%	0.00	0.00
4.	Ms.Mallika Srinivasan	1,43,100	2.86%	0.00	1,43,100	2.86%	0.00	0.00
5.	Stanes Amalgamated Estates Limited	87,506	1.75%	0.00	87,506	1.75%	0.00	0.00
6.	Mr.Shriram Murali	76,185	1.52%	0.00	76,185	1.52%	0.00	0.00
7.	Simpson and Company Limited	61,506	1.23%	0.00	61,506	1.23%	0.00	0.00
8.	Addison & Company Limited	24,344	0.49%	0.00	24,344	0.49%	0.00	0.00
9.	Bimetal Bearings Limited	17,264	0.35%	0.00	17,264	0.35%	0.00	0.00
10.	Associated Printers (Madras) Private Limited	16,652	0.33%	0.00	16,652	0.33%	0.00	0.00
11.	Sri Rama Vilas Service Limited	10,934	0.22%	0.00	10,934	0.22%	0.00	0.00
12.	Southern Tree Farms Limited	7,520	0.15%	0.00	7,520	0.15%	0.00	0.00
13.	Mrs.Bhavani Krishnamoorthy	6,680	0.13%	0.00	6,680	0.13%	0.00	0.00
14.	Speed-A-Way Private Limited	3,224	0.06%	0.00	3,224	0.06%	0.00	0.00
15.	Simpson and General Finance Co.Ltd	2,700	0.05%	0.00	2,700	0.05%	0.00	0.00
16.	Mr.Sudarshan Venu	2,000	0.04%	0.00	2,000	0.04%	0.00	0.00
17.	Mr.A.Krishnamoorthy	732	0.01%	0.00	732	0.01%	0.00	0.00
18.	Mr.A.Krishnamoorthy	10,124	0.20%	0.00	10,124	0.20%	0.00	0.00
		24,87,190	49.78%	0.00	24,87,602	49.79%	0.00	0.01

(iii) Change in Promoters' shareholding (please specify, if there is no change)

Shareholder's Name	Shareholding at the beginning of the year		Increase / Decrease		Cumulative Shareholding during the year	
	No of shares	% of total shares of the company	No of shares	% of total shares of the company	No of shares	% of total shares of the company
Date wise increase/decrease in Promoters Shareholding during the year						
Amalgamations Private Limited						
PAN: AAACA2922N						
Opening Balance as on 01.04.2017	3,25,344	6.511				
Transfer of shares on 21.03.2018			116	0.002	3,25,460	6.513
Closing Balance as on 31.03.2018					3,25,460	6.513
Tractors and Farm Equipment Limited						
PAN: AAAC2761Q						
Opening Balance as on 01.04.2017	8,55,067	17.113				
Transfer of shares on 15.02.2018			296	0.006	8,55,363	17.119
Closing Balance as on 31.03.2018					8,55,363	17.119

(iv) Shareholding Pattern of top 10 shareholders (other than directors, promoters and holders of GDR's and ADR's)

Sl. No.	For each of the Top 10 Shareholders	Opening Balance	%	Increase / Decrease	%	Closing Balance	%
1.	Life Insurance Corporation of India						
	PAN: AAACL 0582 H						
	Opening Balance as on 01.04.2017	7,71,496	15.441				
	Closing Balance as on 31.03.2018					7,71,496	15.441
2.	Trustees, T.Stanes & Co.Ltd Staff Pension Fund						
	Opening Balance as on 01.04.2017	2,64,816	5.300				
	Closing Balance as on 31.03.2018					2,64,816	5.300
3.	United India Insurance Company Limited						
	PAN:AAACU 5552 C						
	Opening Balance as on 01.04.2017	75,018	1.501				
	Closing Balance as on 31.03.2018					75,018	1.501
4.	Ayesha Adi Madan						
	PAN: AAFPM 3507 R						
	Opening Balance as on 01.04.2017	30,878	0.618				
	Closing Balance as on 31.03.2018					30,878	0.618
5.	Mahendra Girdharilal						
	PAN: AAAPW 1327 L						
	Opening Balance as on 01.04.2017	27,889	0.558				
	Closing Balance as on 31.03.2018					27,889	0.558
6.	Margaretha Henrica Maria Wadia Hendriks						
	Opening Balance as on 01.04.2017	19,740	0.395				
	Closing Balance as on 31.03.2018					19,740	0.395
7.	Emerging Securities Private Limited						
	PAN: AAACE 0195 R						
	Opening Balance as on 01.04.2017	18,312	0.366				
	Transfer of shares on 04.08.2017			2,000	0.040	20,312	0.407
	Transfer of shares on 03.11.2017			1,200	0.024	21,512	0.431
	Transfer of shares on 10.11.2017			800	0.016	22,312	0.447
	Closing Balance as on 31.03.2018					22,312	0.447
8.	Mehroo Phiroze Vaghaiwala						
	PAN: AADPV 7091 B						
	Opening Balance as on 01.04.2017	18,224	0.365				
	Closing Balance as on 31.03.2018					18,224	0.365
9.	Lakshmanan P.CT.						
	Opening Balance as on 01.04.2017	18,000	0.360				
	Closing Balance as on 31.03.2018					18,000	0.360
10.	Isabella M D'Souza						
	Opening Balance as on 01.04.2017	16,038	0.321				
	Closing Balance as on 31.03.2018					16,038	0.321

(v) Shareholding of Directors and Key Managerial Personnel

For each of the Directors and KMP	Shareholding at the beginning of the year		Cumulative Shareholding	
	No. of Shares	%	No. of Shares	%
At the beginning of the year				
DIRECTORS				
Ms.Mallika Srinivasan	1,43,100	2.87%	1,43,100	2.87%
Mr.N.Srinivasan	2,002	0.04%	2,002	0.04%
Mr.D.Hedge	2,224	0.04%	2,224	0.04%
Mr.T.G.B.Pinto	2,950	0.06%	2,950	0.06%
KEY MANAGERIAL PERSONNEL				
Mr.S.Raghuraman	1,002	0.02%	1,002	0.02%
	1,51,278	3.03%	1,51,278	3.03%
At the end of the year				
DIRECTORS				
Ms.Mallika Srinivasan	1,43,100	2.87%	1,43,100	2.87%
Mr.N.Srinivasan	2,002	0.04%	2,002	0.04%
Mr.D.Hedge	2,224	0.04%	2,224	0.04%
Mr.T.G.B.Pinto	2,950	0.06%	2,950	0.06%
KEY MANAGERIAL PERSONNEL				
Mr.S.Raghuraman	1,002	0.02%	1,002	0.02%
	1,51,278	3.03%	1,51,278	3.03%

(VI) INDEBTEDNESS

Indebtedness of the Company including interest outstanding/accrued but not due for payment – NIL

(VII) REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

(A) Remuneration to Whole-time Directors

S.No.	Particulars of Remuneration	Remuneration to Wholetime Directors		Total
		Mr. D. Hegde	Mr. T.G.B. Pinto	
1	Gross Salary (a) Salary u/s 17 (1) of the Income Tax Act, 1961 (b) Value of perquisites u/s 17 (2) of the Income Tax Act, 1961 (c) Profits in lieu of salary u/s 17 (3) of the Income Tax Act, 1961	28,32,600	29,02,600	57,35,200
2	Stock Option			
3	Sweat Equity			
4	Commission as % of profit - other specify			
5	Others (specify)			
	(a) Incentive	3,52,500	3,52,500	7,05,000
	(b) Holiday Allowance	2,47,300	2,41,800	4,89,100
	(c) Contribution to Superannuation Fund	4,00,950	3,91,050	7,92,000
	(d) Contribution to Provident Fund	3,39,912	3,31,992	6,71,904
	(e) Medi-claim	8,175	13,329	21,504
	Total A	41,81,437	42,33,271	84,14,708
	Overall Ceiling as per the Companies Act, 2013			1,47,16,106

B. Remuneration to other Directors

S.NO.	PARTICULARS OF REMUNERATION	Sankar Datta	Krishna Srinivasan	K. V. Sriram	R. Srinivasan	R. Subramaniyan	Mallika Srinivasan	N. Srinivasan	Total Amount
1.	Independent Directors								
	(a) Fee for attending Board and Committee Meetings	70,000	32,500	57,500	35,000	-	-	-	1,95,000
	(b) Commission*	1,75,000	1,75,000	1,75,000	29,000	1,02,000	-	-	6,56,000
	(c) Others, please specify	-	-	-	-	-	-	-	-
	Total (1)	2,45,000	2,07,500	2,32,500	64,000	1,02,000	-	-	8,51,000
2.	Other Non-Executive Directors								
	(a) Fee for attending Board and Committee Meetings	-	-	-	-	-	40,000	80,000	1,20,000
	(b) Commission*	-	-	-	-	-	1,75,000	1,75,000	3,50,000
	(c) Others, please specify	-	-	-	-	-	-	-	-
	Total (B) = (1 + 2)	2,45,000	2,07,500	2,32,500	64,000	1,02,000	2,15,000	2,55,000	13,21,000
	Total Managerial Remuneration								97,35,708
	Overall Ceiling as per the Companies Act, 2013								1,61,87,717
	* Commission paid for the financial year 2016-17								

C. Remuneration to Key Managerial Personnel other than MD / Manager / WTD

S.No.	Particulars of Remuneration	Remuneration to Key Managerial Personnel			Total
		CFO S. Raghuraman	Company Secretary R.V. Sridharan*	Company Secretary K. Guruswamy #	
1	Gross Salary (a) Salary u/s 17 (1) of the Income Tax Act, 1961 (b) Value of perquisites u/s 17 (2) of the Income Tax Act, 1961 (c) Profits in lieu of salary u/s 17 (3) of the Income Tax Act, 1961	18,96,000	4,50,000	3,00,000	26,46,000
2	Stock Option				
3	Sweat Equity				
4	Commission (a) as % of profit (b) others, specify				
5	Others (Specify)				
	(a) Incentive	2,92,250			2,92,250
	(b) Holiday Allowance	1,43,500			1,43,500
	(c) Contribution to Superannuation Fund	2,55,600			2,55,600
	(d) Contribution to Provident Fund	2,06,640			2,06,640
	(e) Medi-claim	7,462			7,462
	Total	28,01,452	4,50,000	3,00,000	35,51,452

* Remuneration for part of the year. Mr.R.V.Sridharan joined the Company on 03.10.2017.

Mr.K.Guruswamy left the services of the Company with effect from 30.09.2017.

(viii) Penalties, Punishment / Compounding of Offences

Type	Section of the Companies Act	Brief Description	Details of penalty/ punishment/ compounding fees imposed	RD/NCLT/ Court	Appeal made, if any (give details)
A. COMPANY	Nil				
Penalty					
Punishment					
Compounding					
B. DIRECTORS	Nil				
Penalty					
Punishment					
Compounding					
C. OTHER OFFICERS IN DEFAULT	Nil				
Penalty					
Punishment					
Compounding					

PROGRESS REPORT AND CROP HARVESTED

Year	Profit Rs.	Taxation Rs.	Net Profit after taxation Rs.	Tea Crop (made tea) Kg.	Dividend %
2012-2013	7,04,07,225	1,29,58,062	5,74,49,163	23,60,005	23%
2013-2014	10,06,15,906	2,30,16,182	7,75,99,723	26,98,451	27%
2014-2015	11,25,34,023	2,55,58,303	8,69,75,720	27,37,312	27%
2015-2016	13,55,90,744	3,33,18,490	10,22,72,254	29,26,635	27%
2016-2017	12,19,72,440	3,03,41,387	9,16,31,053	24,42,018	27%
2017-2018	15,30,07,701	3,15,03,780	12,15,03,921	29,96,514	*27%

*Subject to confirmation of Rs.1/- per share (10%) interim dividend paid already and approval of 1.70 per share (17%) final dividend by the members at the Annual General Meeting.

AREA OF ESTATES ARE AS FOLLOWS (Approximately in Hectares)

Division	Mature Tea	Immature Tea	Fuel Area and Wind Belts Rocks & Roads	Shola, Jungles, Frost Prone Areas,	Total
ALLADA VALLEY	220.35	3.71	1.00	10.17	235.23
CHAMRAJ	123.07	4.00	1.00	19.96	148.03
DEVABETTA	172.50	—	2.00	18.12	192.62
KORAKUNDAH	273.00	5.00	128.00	520.86	926.86
ROCKLAND	17.33	—	—	—	17.33
TOTAL	806.25	12.71	132.00	569.11	1520.07

ANNEXURE
MANAGEMENT DISCUSSION AND ANALYSIS REPORT

Industry Structure and Developments

The climate changes due to global warming leading to inadequate rainfall, drought and frost significantly impacting productivity and profitability of the tea industry.

However, your Company is fortunate to have adequate rainfall which helped to manufacture highest quantity of tea during the year.

Opportunities and threats

Organic tea has good demand in the export market. Your Company converted three of its gardens into organic cultivation as the margins are better than conventional tea. Your Company is also focusing on specialty teas where the prices are good.

The vagaries of monsoon being unpredictable together with increase in wages and input cost could vary the profitability of the Company. The increase in cost of production could be matched if there is corresponding increase in sales realization which depends on market forces.

Outlook

The outlook for the current year looks encouraging with early onset of south west monsoon. The Commercial Building ensures a regular stream of revenues.

Internal Control Systems and their adequacy

Your Company has adequate internal control system in place which is further strengthened by an external audit firm carrying out the internal audit function. With the statutory auditors operating at the apex level, in the opinion of the Board of Directors, these systems are adequate considering the size of the Company's business.

Labour Relations

The labour relations at the estate have been very cordial during the year. The estate management continues to implement various measures beyond what is stipulated by the Government.

Form No. MR-3
Secretarial Audit Report
 (For the Financial year ended on March 31, 2018)

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

To

The Members
 The United Nilgiri Tea Estates Company Limited
 3, Savithiri Shanmugam Road
 Race Course
 Coimbatore - 641018

We have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by **The United Nilgiri Tea Estates Company Limited** (hereinafter called 'the Company'). Secretarial Audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing our opinion thereon. Based on our verification of the books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, we hereby report that in our opinion, the Company has, during the audit period covering the financial year ended on 31st March, 2018, complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

1. We have examined the books, papers, minute books, forms and returns filed and other records maintained by The United Nilgiri Tea Estates Company Limited ("the Company") for the period ended on March 31, 2018 according to the provisions of:
 - I. The Companies Act, 2013 and the Rules made thereunder to the extent notified by Ministry of Corporate Affairs
 - II. The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the Rules made thereunder;
 - III. The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;
 - IV. Foreign Exchange Management Act, 1999 ('FEMA') and the Rules and Regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings;
 - V. The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act') to the extent applicable to the Company :-
 - (a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
 - (b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992; presently, (Prohibition of Insider Trading) Regulations, 2015;
 - (c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009;
 - (d) The Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999; presently, (Share Based Employee Benefits) Regulations, 2014;
 - (e) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008;
 - (f) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding Companies Act and dealing with client;
 - (g) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009; and
 - (h) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998;
 - (i) The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 and the Listing Agreement entered into by the Company with the National Stock Exchange of India Limited.
 - VI. Secretarial Standards issued by The Institute of Company Secretaries of India with respect to Board Meetings, General Meetings and Dividend.

During the period under review, the Company has complied with the provisions of the Acts, Rules, Regulations, Guidelines, Standards, Listing Agreements etc., mentioned above, to the extent applicable.

2. We further report that based on the information received and records maintained there are adequate systems and processes in place to monitor and ensure compliance with the below mentioned laws and also all other applicable laws, rules, regulations and guidelines.
 - (a) Plantation Act, 1951
 - (b) Payment of Wages Act, 1936, and rules made thereunder,
 - (c) The Minimum Wages Act, 1948, and rules made thereunder,
 - (d) The Employees' Provident Fund and Miscellaneous Provisions Act, 1952, and rules made thereunder,
 - (e) The Payment of Bonus Act, 1965, and rules made thereunder,
 - (f) Payment of Gratuity Act, 1972, and rules made thereunder,
 - (g) Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013
3. We further report that the Company has, in our opinion, complied with the provisions of the Companies Act, 2013 and the Rules made thereunder with regard to:
 - (a) maintenance of various statutory registers and documents and making necessary entries therein;
 - (b) closure of the Register of Members.
 - (c) filing of forms, returns, documents and resolutions required to be filed with the Registrar of Companies and the Central Government;
 - (d) service of documents by the Company on its Members, Auditors and the Registrar of Companies;
 - (e) issuing notice of Board meetings and Committee meetings of Directors;
 - (f) proceedings at the meetings of Directors and Committees of Directors including passing of resolutions by circulation;
 - (g) the conduct of the 95th Annual General Meeting held on 4th August, 2017;
 - (h) maintenance of minutes of proceedings of General Meetings and of the Board and its Committee meetings;
 - (i) approvals of the Members, the Board of Directors, the Committees of Directors and the government authorities, wherever required;
 - (j) constitution of the Board of Directors / Committee(s) of Directors, appointment, retirement and reappointment of Directors including the Managing Director and Whole-time Directors;
 - (k) payment of remuneration to Directors including the Managing Director and Whole-time Directors,
 - (l) appointment and remuneration of statutory Auditors and Cost Auditors;
 - (m) transfers and transmissions of the Company's shares and issue and dispatch of duplicate certificates of shares;
 - (n) declaration and payment of dividends;
 - (o) transfer of certain amounts and shares to the Investor Education and Protection Fund and uploading of details of unpaid and unclaimed dividends on the websites of the Company and the Ministry of Corporate Affairs;
 - (p) borrowings and registration, modification and satisfaction of charges wherever applicable;
 - (q) investment of the Company's funds including investments and loans to others;
 - (r) form of balance sheet as prescribed under Part I, form of statement of profit and loss as prescribed under Part II and General Instructions for preparation of the same as prescribed in Schedule III to the Act;
 - (s) Directors' report to the shareholders;
 - (t) contracts, common seal, registered office and publication of name of the Company; and
 - (u) Generally, all other applicable provisions of the Companies Act, 2013 and the Rules made thereunder.

4. We further report that

- The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors. The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act.
- Notice of all the Board meetings was given to all the Directors, alongwith agenda and detailed notes on agenda atleast seven days in advance and a proper system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting to enable meaningful participation at the meeting.
- Majority decisions were carried through and a proper system exists for capturing and recording the dissenting members' views as part of the minutes.
- The Company has obtained all necessary approvals under the various provisions of the Companies Act, 2013 to the extent applicable; and
- There was no prosecution initiated and no fines or penalties were imposed during the year under review under the Companies Act, 2013, SEBI Act, SCRA, Depositories Act, 1996, FEMA, Listing Agreement and Rules, Regulations and Guidelines framed under these Acts against / on the Company, its Directors and Officers.
- The Directors have complied with the disclosure requirements in respect of their eligibility for appointment, their independence, wherever applicable and compliance with the Code of Business Conduct & Ethics for Directors and Management Personnel.

5. The Company has complied with the provisions of the Securities Contracts (Regulation) Act, 1956 and the Rules made under that Act.
6. We further report that the Company has complied with the provisions of the Depositories Act, 1996 and the Bye laws framed thereunder by the Depositories with regard to dematerialization / rematerialisation of securities and reconciliation of records of dematerialized securities with all securities issued by the Company.
7. The Company has complied with the provisions of the Foreign Exchange Management Act, 1999 with respect to filing of Form FC-TRS for sale of investments to a Foreign entity. As there were no External Commercial Borrowings, the Company was not required to comply with the provisions of the FEMA, 1999 and the Rules and Regulations made under that Act to the extent applicable with respect to External Commercial Borrowings.
8. The Company has complied with the requirements under the Equity Listing Agreements entered into with The National Stock Exchange of India Limited;
9. The Company has complied with the provisions of the Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992 presently, (Prohibition of Insider Trading) Regulations, 2015; including the provisions with regard to disclosures and maintenance of records required under the said Regulations;
10. The Company has complied with the provisions of The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993.
11. The Company has complied with the provisions of The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 and the Listing Agreements entered into by the Company with the National Stock Exchange of India Limited.

We further report that based on the information received and records maintained there are adequate systems and processes in the Company commensurate with the size and operations of the Company to monitor and ensure compliance with all applicable laws, rules, regulations and guidelines.

For **L K & Associates**
Company Secretaries

LALITHA KANNAN
C.P. 1894

Place : CHENNAI
Date : 09.05.2018

Note : This report is to be read with our letter of even date which is annexed as '**ANNEXURE A**' and forms an integral part of this report.

‘ANNEXURE A’ to Secretarial Audit Report

To

The Members
The United Nilgiri Tea Estates Company Limited
3, Savithiri Shanmugam Road
Race Course
Coimbatore - 641018

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

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

For **L K & Associates**
Company Secretaries

LALITHA KANNAN
C.P. 1894

Place : CHENNAI
Date : 09.05.2018

THE UNITED NILGIRI TEA ESTATES COMPANY LIMITED

REPORT ON CORPORATE GOVERNANCE

Compliance Report on Corporate Governance as required under Regulation 34 (3) read with Schedule V of the SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015 is furnished below:

Company's philosophy on Corporate Governance

The Board of Directors and the Management of **THE UNITED NILGIRI TEA ESTATES COMPANY LIMITED** are committed to:

Constantly improve the quality and quantity of production of orthodox teas of exportable grades and be a leader in the export of organic teas.

- Enhancing Shareholder Value, keeping in view the interest of stakeholders, through pro-active management and observance of high ethical standards.
- Ensuring transparency and accountability.
- Social Responsibility including welfare of workers in the plantation.
- Company follows fair-trade practices as recommended by Fair-trade Labelling Organisation International.

1. BOARD OF DIRECTORS

Composition

The present strength of the Board is eight comprising of two Whole-time Directors and six Non-Whole-time Directors.

The Board of Directors of the Company is:

S.No.	Directors	Designation
1.	Ms. Mallika Srinivasan	Chairman (Non-Executive and Non-Independent)
2.	Mr. N. Srinivasan	Director (Non-Executive and Non-Independent)
3.	Mr. Sankar Datta	Director (Non-Executive – Independent)
4.	Mr. Krishna Srinivasan	Director (Non-Executive – Independent)
5.	Mr. K.V. Sriram	Director (Non-Executive – Independent)
6.	Mr. R. Srinivasan	Director (Non-Executive – Independent)
7.	Mr. D. Hegde	Whole-time Director
8.	Mr. T.G.B. Pinto	Whole-time Director

Details of directorship in other Companies

Name of the Director	Directorship in other Companies excluding Private Limited/Foreign Companies	Membership of other Board Committees	
		Member	Chairman
Ms. Mallika Srinivasan	7	2	2
Mr. N. Srinivasan	6	1	5
Mr. Sankar Datta	2	2	2
Mr. Krishna Srinivasan	1	Nil	Nil
Mr. K.V. Sriram	2	Nil	Nil
Mr. R. Srinivasan	Nil	Nil	Nil
Mr. D. Hegde	Nil	Nil	Nil
Mr. T.G.B. Pinto	Nil	Nil	Nil

As per disclosures received from the Directors, none of the Directors serve as member of neither more than 10 committees nor Chairman/Chairperson of more than 5 committees as per SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

Meetings of the Board of Directors

No.	Date of Board Meeting	Total Strength of the Board of Directors	Number of Directors present
1	17th May 2017	8	6
2	4th August 2017	8	8
3	4th September 2017	8	8
4	3rd October 2017	8	6
5	27th November 2017	8	8
6	5th February 2018	8	6
7	15th March 2018	8	7

Attendance of Directors at Board Meetings and Annual General Meeting

The attendance of directors at the meetings of Board of Directors held during the financial year 2017-18 and at the last Annual General Meeting held on 4th August 2017 were as under:

Director	No. of Board Meetings Attended	Last AGM Attended
Ms. Mallika Srinivasan	7	Yes
Mr. N. Srinivasan	7	Yes
Mr. Sankar Datta	7	Yes
Mr. Krishna Srinivasan	6	Yes
Mr. K.V. Sriram	3	Yes
Mr. R. Srinivasan	7	Yes
Mr. D. Hegde	6	Yes
Mr. T.G.B. Pinto	6	Yes

Disclosure of relationships between directors inter-se

None of the Director is related to each other.

Familiarization Programme for Directors

The Independent Directors were regularly provided with documents, reports and other internal policies of the company to familiarize them with the Company's policies, procedures and practices. Periodic presentations are made at the Board/Committee meetings on the Company's business, developments and various statutory compliances.

They were briefed about the manufacturing process, field operations, cultural practices, productivity, labour related matters, overall power consumption, cost savings and environmental protection activities undertaken by the factories. Details of familiarization programme imparted to Independent Directors are available on the Company's website www.unitednilgiratea.com

The terms and conditions of appointment of Independent Directors has been posted on the Company's website www.unitednilgiratea.com

Separate meeting of the Independent Directors

The independent Directors' meeting was held on 24th March 2018. All the Independent Directors were present at the meeting without the attendance of Non-Independent Directors and members of Management. The Independent Directors reviewed the performance of Non-Independent Directors. The Board as a whole reviewed the performance of the Chairman and assessed the quality, quantity and timeliness of flow of information between Company and the Board.

Board Evaluation

The Board of Directors has carried out an annual evaluation of its own performance, Board committees, and individual Directors pursuant to the Companies Act, 2013, SEBI Listing Regulations and Guidance Note on Board Evaluation issued by Securities and Exchange Board of India.

The performance of the Board was evaluated after seeking inputs from all the Directors viz. Board composition, structure, effectiveness of Board processes, timeliness of information etc.

The performance of various committees were evaluated based on inputs received from the committee members such as composition, effectiveness of meetings, meaningful and constructive contribution etc.

Committees of the Board

At present, the Board has 4 Committees:

1. Audit Committee.
2. Nomination and Remuneration Committee.
3. Stakeholders Relationship Committee.
4. Corporate Social Responsibility Committee.

The Board constitutes the committees and defines their terms of reference. The members of the committees are co-opted by the Board.

2. AUDIT COMMITTEE

The powers, role and terms of reference of the Audit Committee covers the areas as contemplated under SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and Section 177 of the Companies Act, 2013 besides other terms as may be referred by the Board of Directors.

Composition

The members of the Audit Committee as on 31st March 2018 comprised of:

Name of the Director	Designation	Category
Mr. Sankar Datta	Chairman	Independent Non-Executive Director
Mr. N. Srinivasan	Member	Non Independent Non-Executive Director
Mr. K.V. Sriram	Member	Independent Non-Executive Director

Mr.Sankar Datta, Mr.N.Srinivasan and K.V.Sriram possess expert Knowledge in finance and accounts.

Mr.R.V.Sridharan, Company Secretary is the Secretary of the Committee.

The Chairman of the Audit Committee has attended the last Annual General Meeting.

Meetings

During the year, the Audit Committee met seven (7) times on 16th May 2017, 4th August 2017, 29th August 2017, 4th September 2017, 12th October 2017, 25th November 2017 and 3rd February 2018.

Attendance of each member is given below:

Name of the Director	No.of meetings held	No.of Meetings attended
Mr.Sankar Datta	7	7
Mr.N.Srinivasan	7	7
Mr.K.V.Sriram	7	5

3. NOMINATION & REMUNERATION COMMITTEE

The broad terms of reference to the Nomination and Remuneration Committee is to recommend to the Board salary, perquisites and incentive payable to the Company's Whole-time Directors, to finalise the annual increments payable within the overall ceiling fixed by the Board. The Committee also recommends re-appointments and tenure of office, whether of Whole-time Directors or non-executive Directors.

The remuneration policy of the Company can be accessed on the Company's website www.unitednilgiratea.com

Composition

The members of the Nomination and Remuneration Committee as on 31st March 2018 comprised of:

Name of the Director	Designation	Category
Mr.Krishna Srinivasan	Chairman	Independent Director
Ms.Mallika Srinivasan	Member	Non-Executive Non-Independent Director
Mr.N.Srinivasan	Member	Non-Executive Non-Independent Director
Mr.K.V.Sriram	Member	Independent Director

Mr.R.V.Sridharan, Company Secretary is the Secretary of the Committee

Meetings

During the year 2017-18, Nomination and Remuneration Committee met three (3) times on 4th August 2017, 4th September 2017 and 3rd October 2017.

Attendance of each member is given below:

Name of the Director	No.of meetings held	No.of Meetings attended
Mr.Krishna Srinivasan	3	2
Ms.Mallika Srinivasan	3	3
Mr.N.Srinivasan	3	3
Mr.K.V.Sriram	3	2

4. REMUNERATION TO DIRECTORS

(a) Remuneration to Whole-time Directors

The details of remuneration paid to Mr.D.Hegde, Whole-time Director, and Mr.T.G.B.Pinto Whole-time Director during the financial year 2017-18 are given below:

Description	Mr.D.Hegde (Rs.)	Mr.T.G.B.Pinto (Rs.)	Total (Rs.)
Salary	28,32,600	29,02,600	57,35,200
Contribution to Provident Fund, Superannuation Fund, Medclaim	7,49,037	7,36,371	14,85,408
Holiday Allowance	2,47,300	2,41,800	4,89,100
Incentive	3,52,500	3,52,500	7,05,000
TOTAL	41,81,437	42,33,271	84,14,708

(b) Remuneration to Non Whole-time Directors

Name	Sitting Fees (Rs.)	Commission* (Rs.)	Total (Rs.)
Ms.Mallika Srinivasan	40,000	1,75,000	2,15,000
Mr.N.Srinivasan	80,000	1,75,000	2,55,000
Mr.Sankar Datta	70,000	1,75,000	2,45,000
Mr.Krishna Srinivasan	32,500	1,75,000	2,07,500
Mr.K.V.Sriram	57,500	1,75,000	2,32,500
Mr.R.Subramaniyan	—	1,02,000	1,02,000
Mr.R.Srinivasan	35,000	29,000	64,000
TOTAL	3,15,000	10,06,000	13,21,000

*Pertaining to 2016-17 accounts paid during the financial year 2017-18. Provision for Commission to Non-Whole-time Directors amounting to Rs. 10,50,000/- has been made in the accounts for the year ended 31st March, 2018.

(c) Shareholding of Non Whole-time Directors

Name	No.of Shares	Dividend Paid (Rs.)
Ms.Mallika Srinivasan	1,43,100	3,86,370
Mr.N.Srinivasan	2,002	5,406
TOTAL	1,45,102	3,91,776

5. STAKEHOLDERS RELATIONSHIP COMMITTEE

Composition

The members of the Committee as on 31st March 2018 comprised of:

Name of the Director	Designation	Category
Mr.Krishna Srinivasan	Chairman	Non-Executive Independent Director
Mr.R.Srinivasan	Member	Non-Executive Independent Director
Mr.T.G.B.Pinto	Member	Whole-time Director

The Board has designated Mr.R.V. Sridharan, Company Secretary as Compliance Officer.

Meetings :

The Committee met eighteen times during the year on 17.04.2017, 3.05.2017, 15.05.2017, 25.05.2017, 8.06.2017, 30.06.2017, 28.07.2017, 4.09.2017, 20.09.2017, 30.09.2017, 10.10.2017, 14.11.2017, 30.11.2017, 26.12.2017, 4.01.2018, 8.01.2018, 5.02.2018 and 23.02.2018.

All the members attended all the meetings.

The Committee deals in matters relating to transfer and transmission of shares, issue of duplicate share certificates, review of dematerialized shares, redressing of investors complaints such as non-receipt of shares, non-receipt of dividend etc. and other matters related to shares.

The Share Transfers/transmissions approved by the Committee are placed at the Board Meeting from time to time.

The status of complaints received from the investors during the financial year 2017-18 is furnished below:

Complaints pending as on 1st April 2017	Nil
Complaints received during the year	Nil
Complaints resolved during the year	Nil
Complaints pending as on 31st March 2018	Nil

Pursuant to Regulation 40 (9) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, a certificate on half yearly basis confirming due compliance of share transfer formalities by the Company from the Practicing Company Secretary has been submitted to the Stock Exchanges within the stipulated time.

Equity Shares in the suspense account:

In accordance with the requirement of Regulation 34 (3) and Part F of Schedule V to the SEBI Listing Regulations, details of equity shares in suspense account are as follows:

Particulars	Number of shareholders	Number of equity shares
Aggregate number of shareholders and the outstanding shares in the suspense account lying as on April 1, 2017	87	78,339
Shareholders who approached the Company for transfer of shares from suspense account during the year	5	18,083
Shareholders to whom shares were transferred from the suspense account during the year	5	18,083
Aggregate number of shareholders and the outstanding shares in the suspense account lying as on March 31, 2018	82	60,256

The voting rights on the shares outstanding in the suspense account as on March 31, 2018 shall remain frozen till the rightful owner of such shares claims the shares.

Transfer unclaimed dividend to Investor Education and Protection Fund during 2017-18.

Nature of Dividend	Date of transfer	Amount transferred
Final 2010	22.09.2017	Rs. 1,40,376

Transfer of unclaimed shares to Investor Education and Protection Fund Authority

Pursuant to the notification dated 16th October 2017 issued by the Ministry of Corporate Affairs, the Company was obliged to transfer 44,242 shares of the Company, in respect of which dividend has not been claimed for 7 consecutive years or more to the demat account of IEPF Authority. The transfer was effected after sending notice to the concerned shareholders. The details of due dates for transfer of unclaimed dividends to IEPF Authority are given in the Corporate Governance report forming part of the Annual Report.

Due dates for transfer of unclaimed dividend to the Investor Education and Protection Fund (IEPF)

Financial year	Date of declaration	Last date for claiming unpaid dividend
2010-11	03.08.2011	10.09.2018
2011-12	28.03.2012	04.05.2019
	03.08.2012	10.09.2019
2012-13	07.02.2013	14.03.2020
	08.08.2013	17.09.2020
2013-14	01.04.2014	08.05.2021
	19.09.2014	27.10.2021
2014-15	25.03.2015	02.05.2022
	04.08.2015	11.09.2022
2015-16	30.03.2016	07.05.2023
	09.07.2016	17.08.2023
2016-17	22.03.2017	29.04.2024
	04.08.2017	11.09.2024
2017-18	15.03.2018	22.04.2025

6. CORPORATE SOCIAL RESPONSIBILITY COMMITTEE

The members of the Committee as on 31st March 2018 comprised of:

S.No.	Name of the Director	Designation
1.	Ms. Mallika Srinivasan	Chairman
2.	Mr. Sankar Datta	Member
3.	Mr. D. Hegde	Member
4.	Mr. T.G.B. Pinto	Member

Mr.R.V.Sridharan, Company Secretary is the Secretary of the Committee.

Meetings

The Committee met two times during the financial year 2017-18. All the members attended both meetings.

The initiatives taken by the Company are listed in **Annexure 2** which forms part of the Directors' Report.

7. GENERAL BODY MEETINGS

The location and time of the last three Annual General Meetings held are given as under:

Year	Date	Time	Venue
2014-15	04.08.2015	2.30 P.M.	Sri S.Anantharamakrishnan Hall, T.Stanes & Co. Ltd. 8/23-24, Race Course Road,Coimbatore - 641 018
2015-16	09.07.2016	3.15 P.M.	Sri S.Anantharamakrishnan Hall, T.Stanes & Co. Ltd. 8/23-24, Race Course Road, Coimbatore - 641 018
2016-17	04.08.2017	2.45 P.M.	Sri S.Anantharamakrishnan Hall, T.Stanes & Co. Ltd. 8/23-24, Race Course Road, Coimbatore - 641 018

Special Resolution passed in the previous three Annual General Meetings

Date	Description of Special Resolution passed
04.08.2015	Nil
09.07.2016	Nil
04.08.2017	Nil

EGM and Postal Ballot

During the year, no EGM was held.

Postal Ballot

Two special resolutions were put through postal ballot last year. Details are furnished below:

Date	Description of Special Resolution passed
07.11.2017	Re-Appointment of Mr.Krishna Srinivasan as Independent Director for a term from 10th November 2017 up-to the conclusion of 100th Annual General Meeting of the Company to be held in 2022 or September 30, 2022 whichever is earlier.
07.11. 2017	Re-Appointment of Mr.K.V.Sriram as Independent Director for a term from 10th November 2017 up-to the conclusion of 100th Annual General Meeting of the Company to be held in 2022 or September 30, 2022 whichever is earlier.

Mr.Kasi Viswanathan, Partner, M/s.Gopalaiyer & Subramanian, Chartered Accountants, Coimbatore was appointed as Scrutinizer to conduct the postal ballot process.

At present no special resolution is proposed to be passed through postal ballot. However, the procedure laid down under Companies (Passing of Resolutions by Postal Ballot) Rules, 2001 would be followed as and when necessary.

8. Management Discussion and Analysis Report forms part of this Annual Report

9. MEANS OF COMMUNICATION

Quarterly, half yearly and annual financial results are published in "Business Line" (All India Edition) and "Dinamani" (Coimbatore Edition). There has been no presentation to analysts. The Company's financial results are posted on the Company's website www.unitednilgiritea.com.

10. GENERAL SHAREHOLDER INFORMATION

Date, Time and Venue of AGM

	DATE & TIME	VENUE
96th Annual General Meeting	Monday, 6th August 2018 2.45 P.M.	"Sri S.Anantharamakrishnan Hall" T.Stanes & Company Limited Premises 8/23-24, Race Course Road, Coimbatore - 641 018

Financial Calendar(tentative and subject to change)

Particulars of meeting	On or before
Unaudited Financial Results for the quarter ending 30th June 2018	14th August 2018
Unaudited Financial Results for the quarter ending 30th September 2018	14th November 2018
Unaudited Financial Results for the quarter ending 31st December 2018	14th February 2019
Audited Financial Results for the year ending 31st March 2019	30th May 2019

Date of book closure for payment of dividend:

30th July 2018 to 6th August 2018
(both days inclusive)

Date of payment of equity dividend :

Around 30th August 2018

Listing on Stock Exchanges

The Company's Shares are listed in The National Stock Exchange of India Limited, "Exchange Plaza," C-1, Block G, Bandra Kurla Complex, Bandra East, Mumbai-400 051.

The Company has paid the annual listing fees for the year 2018-19 to the National Stock Exchange of India Limited.

Stock Code : UNITEDTEA

ISIN : INE 458F 01011

Market Price data - High, low during each month in the last financial year and performance in comparison to broad based indices

Month	UNITEA NSE (Rs.)			NSE NIFTY 50 INDEX		
	High	Low	Month Close	High	Low	Month Close
April 2017	396.00	352.15	378.05	9367.15	9075.15	9304.05
May 2017	380.00	305.05	321.65	9649.60	9269.00	9621.25
June 2017	309.95	276.60	303.55	9709.30	9448.75	9520.90
July 2017	320.55	288.88	307.40	10114.85	9543.55	10077.10
August 2017	368.85	267.80	294.15	10137.85	9685.55	9917.90
September 2017	301.70	271.95	307.70	10178.95	9687.55	9788.60
October 2017	575.95	295.00	558.90	10384.50	9831.05	10335.30
November 2017	560.00	380.00	461.35	10490.45	10094.00	10226.55
December 2017	502.45	430.00	469.55	10552.40	10033.35	10530.70
January 2018	488.00	431.00	449.95	11171.55	10404.65	11027.70
February 2018	451.90	388.55	400.85	11117.35	10276.30	10492.85
March 2018	415.00	336.10	341.80	10525.50	9951.90	10113.70

Registrar and Share Transfer Agents

Integrated Registry Management Services Private Limited
 "Kences Towers," 2nd Floor,
 No.1, Ramakrishna Street, North Usman Road,
 T.Nagar, Chennai - 600 017
 Phone : 044-28140801 / 28149893
 Fax No: 044-28142479
 E-mail : corpserve@integratedindia.in

Share Transfer System

Shares in physical form are processed by the Registrar and Share Transfer Agents and approved by the Stakeholders Relationship Committee of the Company. Share Transfers are processed within a period of 15 days from the date of receipt of documents by the Registrar & Share Transfer Agents, if the documents are complete in all respects. All requests for dematerialization of shares are processed and confirmed to the depositories, NSDL and CDSL within 15 days.

Distribution of Equity Shareholding as on 31st March 2018

Range of shareholdings	Shareholders		Shares	
	Number of shareholders	%	Number of shares	%
Upto 5000	2,963	97.40	7,53,348	15.08
5001 - 10000	46	1.51	3,17,588	6.36
10001 - 20000	17	0.56	2,44,203	4.89
20001 - 30000	3	0.10	74,545	1.49
30001 - 40000	2	0.07	65,882	1.32
40001 - 50000	1	0.03	44,242	0.89
50001 and above	10	0.33	34,96,758	69.97
Total	3,042	100.00	49,96,566	100.00

Category of Shareholders as on 31st March 2018

S.No.	Category	Number of Shares	Shares %
A	Indian Promoters & Promoters Group	24,87,602	49.79
	Total Promoters & Promoters Group Shareholding	24,87,602	49.79
B	Public Shareholding		
	(1) Institutions		
	(a) Financial Institutions / Banks	7,76,976	15.55
	(b) Insurance Companies	75,018	1.50
	(c) Central / State Governments	—	—
	(2) Non Institutions		
	(a) Bodies Corporate	4,26,917	8.54
	(b) Individuals	12,30,053	24.62
	Total Public Shareholding (1 + 2)	25,08,964	50.21
	Total (A + B)	49,96,566	100.00

Dematerialisation of shares as on 31st March 2018

Equity shares representing 85.35% of the Company's paid-up share capital has been dematerialized as on 31st March, 2018.

Name of the Depository	Number of shares dematerialised	% on Equity Share Capital
National Securities Depository Limited	40,00,777	80.07
Central Depository Services (India) Limited	2,63,649	5.28
Total	42,64,426	85.35

No GDRs', ADRs' or Warrants have been issued by the Company during the year.

Estate Location

Chamraj Estate
Chamraj Estate & Post
The Nilgiris - 643 204

Address for Correspondence

The Company Secretary,
The United Nilgiri Tea Estates Company Limited,
No.3, Savithri Shanmugam Road,
Race Course,
Coimbatore - 641 018.
Email ID for Investor Grievance Redressal: headoffice@chamrajtea.com

11. OTHER DISCLOSURES**Related Party Transactions**

All related party transactions with the Company's Promoters, Directors, Associate Companies or relatives etc. are disclosed in the Accounts under Note No.28 of Notes forming part of the financial statements and in the opinion of the Board of Directors, these financial and commercial transactions are not in conflict with the interest of the Company.

The Related Party Transaction Policy as approved by the Board of Directors is uploaded on the Company's website www.unitednilgiratea.com.

Details of non-compliance by the Company.

There have been no instances of non-compliances by the Company on any matters relating to capital markets and there were no penalties, strictures imposed on the Company by the Stock Exchanges or SEBI or any statutory authority on any matter related to capital markets.

Whistle Blower Policy and Vigil Mechanism

The Company has adopted a Whistle Blower Policy to provide a formal mechanism for Directors and employees to report their concerns about unethical behavior, actual or suspected fraud or violation of the Company's code of conduct. No person has been denied access to the Chairman of the Audit Committee.

The Whistle Blower Policy has been posted on the website of the Company www.unitednilgiratea.com.

Your company hereby affirms that no complaints were received during the year under review.

Compliance with non-mandatory requirements

The Company has complied with the following non-mandatory requirements of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015:

1. The Company has complied with the requirement of having separate persons to the post of Chairman and Whole-time Director.
2. The Auditors Report on the financial statements of the Company are not qualified.
3. Deloitte, Haskins and Sells LLP, the internal auditors of the Company make quarterly presentations directly to the Audit Committee on their reports.

The Company has not adopted other non-mandatory requirements.

Material Subsidiaries

The Company does not have material subsidiaries but had an associate upto April 30, 2018.

Policy on determination of Materiality for disclosures

The Company has adopted a policy on determination of materiality for disclosures. The policy has been posted on the website of the Company www.unitednilgiratea.com

Policy on archival and preservation of documents

The Company has adopted a policy on archival and preservation of documents which is available on the website of the Company www.unitednilgiratea.com

Compliance with Accounting Standards

In the preparation of financial statements, the Company has followed the Indian Accounting Standards (Ind AS) and the financial results have been prepared in accordance with the recognition and measurement principles laid down in the said Standards.

Risk Management

The Company's risk management is carried out by the treasury team under policies approved by the Board of Directors. The treasury identifies, evaluates and hedges financial risks in close co-operation with the Company's operating units. The Board provides written policies for overall risk management, as well as policies covering specific areas, such as foreign exchange risk and credit risk.

Commodity price risks and hedging activities

The Company did not engage in commodity hedging activities during the financial year.

Code of conduct for Directors and Senior Management Personnel

The Company has adopted a Code of Business Conduct and Ethics for its Directors and Senior Management Personnel. All Board Members and Senior Management Personnel have affirmed their compliance with the code of conduct for the year under review.

The Whole-time Directors have given a declaration that all the Directors and concerned Senior Management Personnel have affirmed compliance with the Code of Conduct.

The policy relating to Code of Conduct has been posted on the website of the Company www.unitednilgiratea.com

Code for Prevention of Insider Trading

The Company has framed Code of Conduct for prevention of Insider Trading based on SEBI (Prohibition of Insider Trading) Regulations, 2015. This code is applicable to all Directors/Officers/Designated Employees.

The Company has also formulated 'The Code of Practices and Procedures for fair disclosure of Unpublished Price Sensitive Information' (UPSI) in compliance with SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015

Certificate from CEO/CFO

The CEO/CFO certification of the financial statements for the year has been submitted to the Board of Directors at its meeting held on 17th May 2018 as required under SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

Declaration for Code of Conduct

We hereby affirm and state that all Board Members and Senior Management Personnel of the Company have given a declaration pursuant to SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015 and we hereby affirm compliance with the said Code of Conduct for the financial year 2017-18.

T.G.B.PINTO
Whole-time Director
DIN:00025593

D.HEGDE
Whole-time Director
DIN:00025468

Chennai
17th May 2018

INDEPENDENT AUDITOR'S CERTIFICATE ON CORPORATE GOVERNANCE

To

**THE MEMBERS
THE UNITED NILGIRI TEA ESTATES COMPANY LIMITED
3, SAVITHIRI SHANMUGAM ROAD,
RACE COURSE,
COIMBATORE- 641018**

1. This certificate is issued in accordance with the terms of our engagement letter dated 12th August 2017.
2. We, K.S.Aiyar & Co, Chartered Accountants, the Statutory Auditors of The United Nilgiri Tea Estates Company Limited ("the company") have examined the compliance of conditions of Corporate Governance by the Company, for the year ended on 31st March 2018, as stipulated in regulations 17 to 27 and clauses (b) to (i) of regulation 46(2) and para C, D and E of the Schedule V of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (the Listing Regulations).

Management's Responsibility

3. The compliance of conditions of Corporate Governance is the responsibility of the management. This responsibility includes the design, implementation and maintenance of internal control and procedures to ensure the compliance with the conditions of Corporate Governance stipulated in the Listing Regulations.

Auditor's Responsibility

4. Our responsibility is limited to examining the procedures and implementation thereof, adopted by the company for ensuring compliance within the conditions of Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.
5. We have examined the books of account and other relevant records and documents maintained by the Company for the purposes of providing reasonable assurance on the compliance with Corporate Governance requirements by the company.
6. We have carried out an examination of the relevant records of the Company in accordance with the Guidance Note on Certification of Corporate Governance issued by the Institute of Chartered Accountants of India (the ICAI), the standards on Auditing specified under 143(10) of the Companies Act 2013, in so far as applicable for the purpose of this certificate and as per the Guidance Note on Reports or Certificates for Special Purposes issued by the ICAI which requires that we comply with ethical requirements of the Code of Ethics issued by the ICAI.
7. We have complied with the relevant applicable requirements of the Standard on Quality Control (SQC) 1, Quality Control for firms that perform Audits and Reviews of Historical Financial Information, and Other Assurance and Related Services Engagement.

Opinion

8. In our opinion and to the best of our information and according to explanations given to us and the representation provided by the Management, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in regulations 17 to 27 and clause (b) to (i) of regulation 46(2) and para C,D and E of Schedule V of the Listing Regulations during the year ended 31st March 2018.
9. We state that such compliance is neither an assurance as to the future viability of the company nor the efficiency or effectiveness with which management has conducted the affairs of the company.

For K.S.Aiyar & Co
Chartered Accountants
Firm Registration No: 100186W

Date: 17th May 2018
Place: Coimbatore

S.Kalyanaraman
Partner
Membership No: 200565

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS

Report on the Standalone Ind AS Financial Statements

We have audited the accompanying standalone Ind AS financial statements of **The United Nilgiri Tea Estates Company Limited** ("the Company"), which comprise the Balance Sheet as at March 31, 2018, and the Statement of Profit and Loss (including other comprehensive income), the Cash Flow Statement and the Statement of Changes in Equity for the year then ended, and a summary of the significant accounting policies and other explanatory information (herein after referred to as "Standalone Ind AS Financial Statements").

Management's Responsibility for the Standalone Ind AS Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these standalone Ind AS financial statements that give a true and fair view of the financial position, financial performance (including other comprehensive income), cash flows and changes in equity of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) specified in the Companies (Indian Accounting Standards) Rules, 2015 (as amended) under Section 133 of the Act. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the standalone Ind AS financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

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

We have taken into account the provisions of the Act and Rules made thereunder including the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.

We conducted our audit of the standalone Ind AS financial statements in accordance with the Standards on Auditing specified under Section 143(10) of the Act and other applicable authoritative pronouncements issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the standalone Ind AS financial statements are free from material misstatement.

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

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

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone Ind AS financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at 31 March, 2018, and its

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS – (Contd.)

financial performance including other comprehensive income, its cash flows and the changes in equity for the year ended on that date.

Other Matter

The comparative financial information of the Company for the year ended March 31, 2017 and the transition date opening balance sheet as at April 1, 2016 included in these standalone Ind AS financial statements, are based on the previously issued statutory financial statements for the years ended March 31, 2017 and March 31, 2016 prepared in accordance with the Companies (Accounting Standards) Rules, 2006 (as amended) which were audited by the predecessor auditor who expressed an unmodified opinion vide reports dated May 22, 2017 and May 16, 2016 respectively. The adjustments to those financial statements for the differences in accounting principles adopted by the Company on transition to the Ind AS have been audited by us. Our opinion is not qualified in respect of this matter.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Central Government in terms of Section 143(11) of the Act, we give in "Annexure B" a statement on the matters specified in paragraphs 3 and 4 of the Order.
2. As required by Section 143(3) of the Act we report, to the extent applicable that:
 - (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
 - (b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
 - (c) The Balance Sheet, the Statement of Profit and Loss including Other Comprehensive Income, the Cash Flow Statement and Statement of Changes in Equity dealt with by this Report are in agreement with the relevant books of account.

(d) In our opinion, the aforesaid standalone Ind AS financial statements comply with the Indian Accounting Standards prescribed under section 133 of the Act read with the relevant rules issued thereunder.

(e) On the basis of the written representations received from the Directors as on March 31, 2018 taken on record by the Board of Directors, none of the Directors is disqualified as on March 31, 2018 from being appointed as a Director in terms of Section 164(2) of the Act.

(f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure A". Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the Company's internal financial controls over financial reporting.

(g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, as amended, in our opinion and to the best of our information and according to the explanations given to us:

- (i) The Company does not have any pending litigations which would impact its financial position in its standalone Ind AS financial statements;
- (ii) The Company did not have any long-term contracts including derivative contracts;
- (iii) There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company.

For **K.S. Aiyar & Co**
Chartered Accountants
Firm Registration No: 100186W

S. KALYANARAMAN
Partner
Membership No: 200565

Date : 17th May 2018
Place: Coimbatore

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS – (Contd.)

**Annexure A to Independent Auditors' Report
(Referred to in paragraph 2(f) under
Report on other Legal and Regulatory
Requirements section of our report of even
date)**

**Report on the Internal Financial Controls
under Clause (i) of Sub-section 3 of Section
143 of the Act**

1. We have audited the internal financial controls over financial reporting of **The United Nilgiri Tea Estates Company Limited** ("the Company") as of March 31, 2018 in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date.

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

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

Auditors' Responsibility

3. Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") and the Standards on Auditing deemed to be prescribed under section 143(10) of the Act to the extent applicable to an audit

of internal financial controls, both applicable to an audit of internal financial controls and both issued by the ICAI. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

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

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

**Meaning of Internal Financial Controls
Over Financial Reporting**

6. A Company's internal financial controls over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A Company's internal financial controls over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS – (Contd.)

of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls Over Financial Reporting

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

Opinion

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

For **K.S. Aiyar & Co**
Chartered Accountants
Firm Registration No: 100186W

S. KALYANARAMAN
Partner
Membership No:200565

Date : 17th May 2018
Place: Coimbatore

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS – (Contd.)

Annexure B to Independent Auditors' Report Referred to in paragraph 1 under Report on other Legal and Regulatory Requirements section of our report of even date

- (i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation, of fixed assets.
- (b) Some of the fixed assets were physically verified during the year by the Management in accordance with a programme of verification which, in our opinion provides for physical verification of all the fixed assets at reasonable intervals. According to the information and explanations given to us, no material discrepancies were noticed on such verification.
- (c) According to the information and explanations given to us and the records examined by us and based on the examination of the registered sale deed provided to us, we report that, the title deeds, comprising all the immovable properties of land and buildings which are freehold, are held in the name of the Company as at the balance sheet date.
- (ii) As explained to us, the inventories were physically verified during the year by the Management at reasonable intervals and no material discrepancies were noticed on physical verification
- (iii) The Company has not granted any loans, secured or unsecured, to companies, firms, Limited Liability Partnerships or other parties covered in the register maintained under Section 189 of the Act. Therefore, the provisions of Clause 3(iii), (iii)(a), (iii)(b) and (iii)(c) of the said Order are not applicable to the Company.
- (iv) In our opinion, and according to the information and explanations given to us, the Company has not granted any loans or provided guarantees and hence the provisions of Section 185 is not applicable. The Company has made investments which are within limits prescribed under section 186 of the Companies Act, 2013.
- (v) According to the information and explanations given to us, the Company has not accepted any deposits from the public during the year.
- (vi) The maintenance of cost records has been specified by the Central Government under section 148 (1) of the Companies Act, 2013 for tea and tea products. We have broadly reviewed the cost records maintained by the Company pursuant to the Companies (Cost Records and Audit) Rules, 2014, as amended prescribed by the Central Government under sub-section (1) of Section 148 of the Companies Act, 2013, and are of the opinion that, prima facie, the prescribed cost records have been made and maintained. We have not made a detailed examination of the cost records with a view to determine whether they are accurate or complete.
- (vii) According to the information and explanations given to us and the records of the Company examined by us, in respect of statutory dues:
 - (a) The Company has been regular in depositing undisputed statutory dues, including Provident Fund, Income-tax, Sales Tax, Service Tax, Customs Duty, Excise Duty, Value Added Tax, Cess, Goods and Service Tax with effect from July 1, 2017 and other material statutory dues applicable to it to the appropriate authorities.
 - (b) According to the information and explanations given to us and the records of the Company examined by us, there are no dues of sales-tax, service-tax, Custom Duty, Excise duty and value added tax as on March 31, 2018 on account of disputes.
- (viii) According to the records of the Company examined by us and the information and explanation given to us, the Company has not taken any loans or borrowings from financial institution or bank or Government or has not issued any debentures. Hence reporting under clause (viii) of the Order is not applicable to the Company.
- (ix) In our opinion, and according to the information and explanations given to us, the Company has not raised money by way of initial public offer or further public offer (including debt instruments) or term loans and hence reporting under clause (ix) of the order is not applicable.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS – (Contd.)

- (x) During the course of our examination of the books and records of the Company, carried out in accordance with the generally accepted auditing practices in India, and according to the information and explanations given to us, we have neither come across any instance of material fraud by the Company or on the Company by its officers or employees, noticed or reported during the year, nor have we been informed of any such case by the Management.
- (xi) In our opinion and according to the information and explanations given to us, the Company has paid/ provided for managerial remuneration in accordance with the requisite approvals mandated by the provisions of Section 197 read with Schedule V to the Act.
- (xii) As the Company is not a Nidhi Company and the Nidhi Rules, 2014 are not applicable to it, the provisions of Clause (xii) of the Order is not applicable to the Company.
- (xiii) In our opinion and according to the information and explanations given to us the Company is in compliance with the provisions of Sections 177 and 188 of the Act where applicable, for all the transactions with related parties and the details of related parties transactions have been disclosed in the financial statements as required under Indian Accounting Standard (Ind AS) 24 Related Party Disclosures specified under Section 133 of the Act.
- (xiv) During the year, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year under audit. Accordingly, the provisions of Clause (xiv) of the Order are not applicable to the Company.
- (xv) In our opinion and according to the information and explanations given to us, during the year the Company has not entered into any non cash transactions with its Directors or persons connected with them. And hence the provisions of Section 192 of the Companies Act, 2013 are not applicable to the Company.
- (xvi) The Company is not required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934. Accordingly, the provisions of Clause (xvi) of the Order are not applicable to the Company.

For **K.S. Aiyar & Co**
Chartered Accountants
Firm Registration No: 100186W

S. KALYANARAMAN
Partner
Membership No:200565

Date : 17th May 2018
Place: Coimbatore

STANDALONE FINANCIAL STATEMENTS

THE UNITED NILGIRI TEA ESTATES COMPANY LIMITED

Balance Sheet as at 31st March 2018

(All amounts in Rs. thousands, unless otherwise stated)

Particulars	Note No.	As at 31st March 2018	As at 31st March 2017	As at 1st April 2016
ASSETS				
Non-current assets				
(a) Property, plant and equipment	3	2,13,709	1,97,986	1,90,705
(b) Capital work in progress		4,514	2,440	—
(c) Investment property	4	1,71,780	1,82,257	1,92,734
(d) Financial assets				
Investments	5a	6,19,136	4,05,315	2,52,213
(e) Other non-current assets	6	5,259	4,995	5,689
Total non-current assets		10,14,398	7,92,993	6,41,341
Current assets				
(a) Inventories	7	49,268	43,695	28,468
(b) Financial assets				
(i) Investment	5a	14,520	208	20,091
(ii) Trade receivables	5b	53,349	20,626	55,103
(iii) Cash and cash equivalents	5c	75,069	1,86,135	2,25,669
(iv) Other financial assets	5d	33,820	20,910	11,140
(c) Other current assets	8	8,637	20,303	11,808
(d) Current tax assets	15	666	—	—
Total current assets		2,35,329	2,91,877	3,52,279
Total Assets		12,49,727	10,84,870	9,93,620
EQUITY AND LIABILITIES				
Equity				
(a) Equity share capital	9a	49,966	49,966	49,966
(b) Other equity	9b	11,15,467	9,65,153	8,73,412
Total Equity		11,65,433	10,15,119	9,23,378
Liabilities				
Non-current liabilities				
(a) Financial Liabilities				
Other financial liabilities	10a	13,951	13,272	12,626
(b) Provisions	11	1,273	985	514
(c) Deferred tax liabilities (net)	12	3,576	2,272	3,229
(d) Other non current liabilities	13	2,125	2,748	3,061
Total non-current liabilities		20,925	19,277	19,430
Current liabilities				
(a) Financial liabilities				
(i) Trade payables	10b	12,114	5,277	5,272
(ii) Other financial liabilities	10a	17,350	7,989	9,028
(b) Other current liabilities	14	33,480	35,588	33,169
(c) Provisions	11	425	922	1,040
(d) Current tax liabilities	15	—	698	2,303
Total current liabilities		63,369	50,474	50,812
Total equity and liabilities		12,49,727	10,84,870	9,93,620
Summary of significant accounting policies	2			
The accompanying notes form an integral part of these financial statements				

As per our Report of even date attached

For and on behalf of the Board of Directors

For K.S. Aiyar & Co.
Chartered Accountants
Firm Registration No. 100186W
S.KALYANARAMAN
Partner
Membership No. 200565
Place : Coimbatore
Date : 17th May 2018

MALLIKA SRINIVASAN
(DIN:00037022)
Chairman

S.RAGHURAMAN
Chief Financial Officer

N. SRINIVASAN
(DIN : 00004195)
Director

R. V. SRIDHARAN
Company Secretary

D. HEGDE
(DIN: 00025468)
Director

Place : Chennai
Date : 17th May 2018

THE UNITED NILGIRI TEA ESTATES COMPANY LIMITED

Statement of Profit and Loss for the year ended 31st March 2018

(All amounts in Rs. thousands, unless otherwise stated)

Particulars	Note No.	For the year ended 31st March 2018	For the year ended 31st March 2017
I. Income			
Revenue from operations	16	6,18,324	5,50,175
Other Income	17	50,600	23,333
Total Income (I)		6,68,924	5,73,508
II. Expenses			
Cost of green leaf purchased and consumed		1,17,693	1,08,632
Purchases of tea		8,670	15,874
Changes in value of finished goods (Tea)	18	(7,197)	(17,002)
Excise duty		1,766	5,298
Employee benefits expense	19	1,83,964	1,52,695
Finance cost	20	683	646
Depreciation and amortisation expense		26,554	26,429
Other expenses	21	1,83,783	1,58,962
Total Expenses (II)		5,15,916	4,51,534
III. Profit before tax (I - II) = (III)		1,53,008	1,21,974
IV. Tax expense:			
Current tax	22	30,200	31,299
Deferred tax	12	1,304	(957)
Total tax expense (IV)		31,504	30,342
V. Profit for the year (III-IV) = (V)		1,21,504	91,632
VI. Other comprehensive income			
Items that will not be reclassified to profit or loss:			
– Re-measurement of gains and (losses) on defined benefit obligation		(7,617)	(66)
– Changes in fair value of FVOCI Equity investments		48,701	16,412
– Profit on sale of FVOCI equity investments		3,963	–
Total other comprehensive income (VI)		45,047	16,346
Total comprehensive income for the year (V+VI)		1,66,551	1,07,978
Earnings per equity share (of Rs. 10/- each)			
Basic and diluted (Rs.)	25	24.32	18.34
Summary of significant accounting policies	2		
The accompanying notes form an integral part of these financial statements			

As per our Report of even date attached

For and on behalf of the Board of Directors

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Chartered Accountants
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THE UNITED NILGIRI TEA ESTATES COMPANY LIMITED

Statement of Changes in Equity for the year ended 31st March 2018

(All amounts in Rs. thousands, unless otherwise stated)

A. Equity share capital –

(Refer note 9 a)

As at April 1, 2016	49,966
Changes in equity share capital	—
As at March 31, 2017	49,966
Changes in equity share capital	—
As at March 31, 2018	49,966

B. Other Equity – (Refer note 9 b)

	Reserves and surplus		Other Reserves	
	General Reserve	Retained Earnings	Other Comprehensive Income	Total
Balance as at April, 2016	6,00,000	42,090	2,31,322	8,73,412
Profit for the year	—	91,632	—	91,632
Other Comprehensive income	—	—	16,346	16,346
Transfer to General Reserve	70,000	(70,000)	—	—
Transactions with owners in their capacity as owners				
Dividend declared and paid – Final 2016	—	(8,494)	—	(8,494)
– Interim 2017	—	(4,997)	—	(4,997)
Dividend distribution tax paid	—	(2,746)	—	(2,746)
Balance as at March 31, 2017	6,70,000	47,485	2,47,668	9,65,153
Profit for the year	—	1,21,504	—	1,21,504
Other Comprehensive income	—	—	45,047	45,047
Transfer to General Reserve	75,000	(75,000)	—	—
Transactions with owners in their capacity as owners				
Dividend declared and paid – Final 2017	—	(8,494)	—	(8,494)
– Interim 2018	—	(4,997)	—	(4,997)
Dividend distribution tax paid	—	(2,746)	—	(2,746)
Balance as at 31st March 2018	7,45,000	77,752	2,92,715	11,15,467

As per our Report of even date attached

For and on behalf of the Board of Directors

For K.S. Aiyar & Co.
Chartered Accountants
Firm Registration No.100186W

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R. V. SRIDHARAN
Company Secretary

Place : Chennai
Date : 17th May 2018

THE UNITED NILGIRI TEA ESTATES COMPANY LIMITED

Cash Flow Statement for the year ended 31st March 2018

(All amounts in Rs. thousands, unless otherwise stated)

Particulars	For the year ended 31st March 2018	For the year ended 31st March 2017
Cash flow from operating activities		
Profit before tax	1,53,008	1,21,973
<i>Adjustments for:</i>		
Depreciation and amortisation expense	26,554	26,428
(Gain) on disposal of property, plant and equipment	(943)	(513)
Interest on financial liability	683	646
Deferred license fees	(623)	(623)
Provision for impairment in value of investments no longer required written back	(20,889)	—
Fair value of equity investment through FVTPL	(14,684)	(4,732)
Remeasurement of actuarial gains/(losses) on defined benefit/obligations (net)	—	(66)
Interest income classified as investing cash flow	(6,061)	(13,374)
Dividend Income classified as investing cash flow	(2,956)	(4,549)
Net unrealised exchange (gain)/loss	(5,068)	231
Operating profit before changes in operating assets and liabilities	1,29,021	1,25,421
<i>Adjustments for increase / (decrease) in liabilities:</i>		
Other financial liabilities	9,825	646
Trade payables	6,837	4
Other current liabilities	(2,731)	3,346
Other long-term Provisions	288	471
Short-term Provisions	(497)	(118)
<i>Adjustments for (increase) / decrease in assets:</i>		
Trade receivables	(32,724)	34,653
Inventories	(5,574)	(15,227)
Other non current assets	(264)	697
Other current assets	11,665	(8,499)
Other financial assets	(18,070)	(13,335)
Cash generated from operations	97,776	1,28,059
Income tax paid	(34,611)	(33,214)
Net cash flow from operating activities (A)	63,165	94,845
Cash flow from investing activities		
Payment for purchase of property, plant and equipment	(33,942)	(26,935)
Proceeds from sale of property, plant and equipment	943	513
Payment for purchase of non-current investments	(2,07,200)	(1,31,961)
Payment for purchase of current investments	(67,500)	(85,358)
Proceeds from sale of non current investments	72,150	—
Proceeds from sale of current investments	63,000	1,05,243
Bank balances not considered as cash and cash equivalents	95,885	47,516
Interest received	11,220	16,939
Dividend received	2,956	4,549
Net cash flow used in investing activities (B)	(62,488)	(69,494)

THE UNITED NILGIRI TEA ESTATES COMPANY LIMITED

Cash Flow Statement for the year ended 31st March 2018 – (Contd.)

(All amounts in Rs. thousands, unless otherwise stated)

Particulars	For the year ended 31st March 2018	For the year ended 31st March 2017
Cash flows from financing activities		
Dividends paid	(13,276)	(13,513)
Tax on dividend	(2,746)	(3,763)
Net cash flow used in financing activities (C)	(16,022)	(17,276)
Net Increase/(decrease) in Cash and cash equivalents (A+B+C)	(15,345)	8,075
Cash and cash equivalents at the beginning of the year {Note 5 c (i)}	29,264	21,282
Effect of exchange differences on restatement of foreign currency cash and cash equivalent	164	(93)
Cash and cash equivalents at the end of the year	14,083	29,264
Components of cash and cash equivalents at the end of the year comprise		
Cash on hand	40	49
Balances with banks		
– In current accounts	10,621	20,718
– In EEFC accounts	3,422	3,497
– In deposit accounts (original maturity of three months or less)	–	5,000
Cash and cash equivalents at the end of the year	14,083	29,264
The accompanying notes form an integral part of these financial statements		

Note: The above Cash Flow Statement has been prepared under “Indirect Method” set out in the Ind AS 7 – Cash Flow Statement.

As per our Report of even date attached

For and on behalf of the Board of Directors

For K.S. Aiyar & Co.
Chartered Accountants
Firm Registration No.100186W
S.KALYANARAMAN
Partner
Membership No.200565
Place : Coimbatore
Date : 17th May 2018

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Company Secretary

D.HEGDE
(DIN: 00025468)
Director

Place : Chennai
Date : 17th May 2018

THE UNITED NILGIRI TEA ESTATES COMPANY LIMITED

Notes to the Financial Statements as at and for the year ended 31st March 2018

1. CORPORATE INFORMATION:

The United Nilgiri Tea Estates Company Limited is a public company incorporated under the provisions of the Companies Act; its shares are listed on National Stock Exchange of India Limited. The Company is primarily engaged in growing and manufacture of Tea besides Letting-out of property. The Company's teas are sold both in domestic and international markets.

2. SIGNIFICANT ACCOUNTING POLICIES :

2.1 Basis of preparation of financial statements

(a) Statement of compliance

These financial statements have been prepared in accordance with the generally accepted accounting principles in India and have complied in all material respects with the Indian Accounting Standards ("Ind AS") notified under Section 133 of the Companies Act, 2013 (the Act), the Companies (Indian Accounting Standards) Rules, 2015 and Companies (Indian Accounting Standards) Amendment Rules, 2016 as applicable and also complied with other relevant provisions of the Act and Interpretations issued by the Ind AS Transition Facilitation Group (ITFG) applicable to companies reporting under Ind AS and additional disclosures required by SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

The financial statements upto the year ended March 31, 2017, which were prepared in accordance with the Accounting Standard notified under the Companies (Accounting Standard) Rules, 2006 (as amended) and other relevant provisions of the Act, have now been reinstated as per Ind AS.

These financial statements are the first financial statements of the Company under Ind AS. Refer Note 31 for an explanation of how the transition from previous GAAP to Ind As has affected the Company's financial position, financial performance and cash flow.

(b) Basis of measurement

These financial statements have been prepared under historical cost convention except for certain assets and liabilities as stated in the respective policies, which have been measured at fair value.

(c) Current / Non current classification

The assets and liabilities have been classified as current or non current as per the Company's normal operating cycle and other criteria set out in Schedule III to the Companies Act, 2013. Based on the nature of products and the time between the acquisition of assets for processing and their realisation in cash and cash equivalents, the Company has ascertained its operating cycle as 12 months for the purpose of current and non-current classification of assets and liabilities. Cash or cash equivalent is treated as current, unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period. Deferred tax assets and liabilities are classified as non-current assets and liabilities.

2.2 Use of estimates and judgement

The preparation of financial statements in conformity with the generally accepted accounting principles requires the management to make judgments, estimates and assumptions that affect the reported amounts of assets and liabilities as at the balance sheet date, reported amounts of revenue and expenses for the year and disclosure of contingent liabilities as of the date of balance sheet. The judgments, estimates and assumptions used in the accompanying financial statements are based upon the management's evaluation of the relevant facts and circumstances as of the date of financial statements. Actual amounts could differ from these estimates.

2.3 Significant estimates and judgements

The areas involving significant estimates and judgements are :

- (i) Estimation of fair value of investment property – (Refer Note.4.3)
- (ii) Defined benefit Obligation – (Refer Note 23)
- (iii) Current tax expense – (Refer Note.22)

THE UNITED NILGIRI TEA ESTATES COMPANY LIMITED

Notes to the Financial Statements as at and for the year ended 31st March 2018

2. SIGNIFICANT ACCOUNTING POLICIES – (Contd.)

2.4 Property, Plant and Equipment

- (a) Freehold land is carried at cost. All other items of property, plant and equipment including intangibles are carried at cost less accumulated depreciation/amortization and impairment losses, if any.

Subsequent expenditure relating to an asset is included in 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. The carrying amount of a component accounted for as a separate asset is derecognised when replaced. All other repairs and maintenance are charged to profit and loss during the reporting period in which they are incurred.

- (b) **Biological Assets**

Bearer Plants

Biological Assets which are held to bear agricultural produce are classified as bearer plants. The Company recognises tea bushes in the estates as bearer plants which are carried at cost of acquisition less accumulated depreciation and any recognised impairment losses. Costs comprise of expenditure on development extension planting, infilling and replanting including cost of uprooting and maintenance of the newly planted bushes. The above costs are carried under Capital Work in Progress until maturity of such bushes.

Live stocks

Live stocks are carried at fair market value ascertained at each year end and adopted for subsequent reporting dates. The fair market value is determined based on the productive life of animals.

- (c) Expenditure incurred on development and extension planting (including infilling) upto 31st March 2016, which was capitalized as part of Land and Development had been segregated and shown separately as "Bearer Plants" on 1st April 2016 in terms of the revised previous GAAP and depreciated over their estimated remaining useful lives.

2.5 Investment Property

Property that is held for long-term rental yields or for capital appreciation or both is classified as investment property. Investment property is carried at cost including related transaction costs less accumulated depreciation and impairment losses, if any. Subsequent expenditure is included in the asset's 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. All other repairs and maintenance are expensed when incurred. When a part of an investment property is replaced, the carrying amount of the replaced part is derecognised.

2.6 Depreciation and amortisation

Depreciation on tangible assets is provided using straight line method over the useful life of the assets in line with the rates specified in Schedule II to the Companies Act, 2013 except for Bearer Plants which are depreciated over their estimated useful life of 60 years. Cost of Intangible assets is amortized over a period of three years on straight line basis. Investment property is depreciated using the straight line method over its estimated useful life in line with the rates specified in Schedule II to the Companies Act, 2013.

2.7 Borrowing Costs

Borrowing costs attributable to acquisition or construction of qualifying assets are capitalized as part of the cost of assets up to the date such assets are ready for their intended use. Other borrowing costs are recognised as expense in the period in which they are incurred.

2.8 Impairment

The carrying values of assets/cash generating units at each Balance Sheet date are annually reviewed for impairment. If any indication of impairment exists, the recoverable amount of such assets is estimated and impairment is recognized, if the carrying amount of these assets exceeds their recoverable amount. The recoverable amount is the greater of the net selling price and their value in use. Value in use is arrived at by discounting the future cash flows to their present value based on an appropriate discount factor. When there is indication that an impairment loss recognized for an asset in earlier accounting periods no longer exists or may have decreased such reversal of impairment loss is recognised in the Statement of Profit and Loss.

THE UNITED NILGIRI TEA ESTATES COMPANY LIMITED

Notes to the Financial Statements as at and for the year ended 31st March 2018

2. SIGNIFICANT ACCOUNTING POLICIES – (Contd.)

2.9 Foreign Currency translation

(i) Functional and presentation currency

The financial statements are presented in Indian Rupee, the national currency of India, which is the functional currency of the Company.

(ii) Transactions and balances

Initial Recognition

Foreign currency transactions are recorded in functional currency using the exchange rates prevailing on the date of transaction.

Subsequent recognition

As at the reporting date, monetary assets and liabilities denominated in foreign currency are restated at the closing exchange rates. Exchange differences arising out of actual payment/ realisation and from the year end restatement are recognized in the statement of profit and Loss.

Forward contracts

Foreign exchange forward contracts outstanding at the year-end on account of firm commitment / highly probable forecast transactions are marked to market and the gains / losses, if any, are recognised in the Statement of Profit and Loss. The Company does not enter into any speculative transactions in derivatives.

2.10 Inventories

Inventories are stated at lower of cost and net realisable value.

Cost of stores and spares is ascertained on moving weighted average basis. Cost of Nursery stocks represents cost incurred in raising and maintaining such stocks till transplanted.

Finished Goods (Tea) is determined based on absorption costing method.

Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

2.11 Cash and cash equivalents

Cash and cash equivalents consist of all cash balances including demand deposits with banks with original maturities of three months or less.

2.12 Trade receivables

Trade receivables are recognised initially at fair value and subsequently measured at amortized cost less provision for impairment.

2.13 Investments and other financial assets

(i) Classification

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

- (a) Those to be measured subsequently at fair value (either through other comprehensive income, or through profit or loss), and
- (b) Those measured at amortized cost.

The classification depends on the entity's business model for managing the financial assets and the contractual terms of the cash flow.

For assets measured at fair value, gains and losses will either be recorded in profit or loss or other comprehensive income. For Investments in debt instruments, this will depend on the business model in which the investment is held. For investments in equity instruments, this will depend on whether the Company has made an irrevocable election at the time of initial recognition to account for the equity investment at fair value through other comprehensive income (FVOCI).

The Company reclassifies debt instruments when and only when its business model for managing those asset changes.

THE UNITED NILGIRI TEA ESTATES COMPANY LIMITED

Notes to the Financial Statements as at and for the year ended 31st March 2018

2. SIGNIFICANT ACCOUNTING POLICIES – (Contd.)

2.13 Investments and other financial assets

(ii) Measurement

Initial recognition :

The Company measures a financial asset (in the case of a financial asset not carried at a fair value through profit or loss) at its fair value plus transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets are carried at fair value through profit or loss are expensed in profit or loss.

Subsequent measurement :

(a) Equity Instruments

The Company subsequently measures all investments in equity (except that in the associate) at fair value and has elected to present fair value gains and losses on equity investments in other comprehensive income with no subsequent reclassification of fair value gains and losses to profit and loss.

Investments in associates are measured at cost less provision for impairment.

(b) Debt Instruments:

Company's investments in Mutual Funds (debt funds) are measured at Fair Value through Profit or Loss (FVTPL). A gain or loss on a debt investment that is subsequently measured at FVTPL and is not part of a hedging relationship is recognized in profit or loss and presented in the statement of profit and loss in the period in which it arises.

(iii) Impairment of financial assets :

The Company assesses on a forward looking basis the expected credit losses associated with its assets carried at amortized cost. Impairment is considered when there is significant increase in credit risk. Note 32 details how the Company determines whether there has been a significant increase in credit risk.

For trade receivables, the Company applies the simplified approach permitted by Ind As 109 Financial Instruments, which requires expected credit losses to be recognized from initial recognition of the receivables.

(iv) De-recognition of financial assets

A financial asset is de-recognised only when :

- (a) The Company's contractual right to the cash flow expires or
- (b) The Company has transferred the rights to receive cash flows from the financial asset.

2.14 Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable. Revenue is net of returns, allowances and rebates.

- (i) Revenue from the sale of goods (export and private tea sales) is recognised when the significant risks and rewards of ownership in the goods are transferred to the customer, recovery of the consideration is probable, the associated costs can be estimated reliably, there is no continuing management involvement with the goods and the amount of revenue can be measured reliably.

Revenue from sale of tea at auction is recognized on receipt of sale notes from the brokers.

- (ii) Export benefits are accounted for based on eligibility and when there is no uncertainty in receiving them.
- (iii) The Company recognises the Minimum Guaranteed Fixed License fee (MGFLF) in respect of its let-out property as revenue. As per the Leave and License agreement, the Company is entitled for MGFLF or Variable License Fee (VLF) whichever is higher and shall be determined on half yearly basis. The difference, if any, between MGFLF and VLF will be recognized upon its determination as per the agreement.

THE UNITED NILGIRI TEA ESTATES COMPANY LIMITED

Notes to the Financial Statements as at and for the year ended 31st March 2018

2. SIGNIFICANT ACCOUNTING POLICIES – (Contd.)

2.14 Revenue recognition

- (iv) Interest income from debt instruments is recognized using the effective interest rate method.
- (v) Dividends are recognized in profit and loss only when the right to receive payment is established.

2.15 Leases :

As a Lessee

Assets taken on lease by the Company in its capacity as lessee where substantially all the risks and rewards of ownership vest in the Company are classified as financial leases. Such leases are capitalised at the inception of the lease at the lower of the fair value and present value of the minimum lease payments and the liability is created for an equivalent amount. Each lease rental paid is allocated between the liability and the interest cost so as to obtain a constant periodic rate of interest on the outstanding liability for each year.

As a Lessor

Lease income (License fees) from operating leases where the Company is a lessor is recognised in income on a straight line basis over the lease term unless the license fees is structured to increase in line with expected general inflation to compensate for the expected inflationary cost increases in which event such increases are recognised in the year in which such benefits accrue.

Lease arrangements where the risks and rewards incidental to ownership of an asset substantially vest with lessor are recognised as operating leases. Lease rentals under operating leases are recognised in the statement of profit and loss on a straight line basis.

2.16 Government grant

Government grants are recognised at fair value where there is a reasonable assurance that the grant will be received and all attached conditions will be complied with.

Government grants relating to income are recognised in the statement of profit and loss over the periods in which the related costs, for which the grants are intended to compensate, are recognised as expenses.

Government grants relating to purchase of property, plant and equipment are included in other non-current/ current liabilities as deferred income and are credited to profit and loss on a straight-line basis over the expected lives of the related assets and presented within other income.

2.17 Employee benefits / Obligations

(i) Short term obligations

Liabilities for wages and salaries, including non monetary benefits that are expected to be settled wholly within 12 months after the end of the period in which the employees render their related services are recognised in respect of employees' services upto to the end of the reporting period and are measured at the amounts expected to be paid when the liabilities are settled. The liabilities are presented as current employee benefit obligations in the Balance Sheet.

The Company recognises a liability and an expense for bonuses where there is a contractual obligation or where there is a past practice that has created a constructive obligation.

(ii) Post employment obligations

The Company has the following post employment obligations/plans :

- (a) Defined benefit plans such as gratuity for its eligible employees; and
- (b) Defined contribution plans such as provident fund and superannuation.

(a) Gratuity :

The liability or asset recognised in the Balance Sheet in respect of defined benefit gratuity plan is the present value of the defined benefit obligation at the end of the reporting period less the fair value of plan assets. The defined benefit obligation is calculated annually by Actuaries using the Projected Unit Credit method.

THE UNITED NILGIRI TEA ESTATES COMPANY LIMITED

Notes to the Financial Statements as at and for the year ended 31st March 2018

2. SIGNIFICANT ACCOUNTING POLICIES – (Contd.)

(a) Gratuity – (Contd.)

Actuarial gains or losses are recognized in other comprehensive income. Further, the profit or loss does not include an expected return on plan assets. Instead net interest recognized in profit or loss is calculated by applying the discount rate used to measure the defined benefit obligation to the net defined benefit liability or asset.

Re-measurement gains or losses arising from experience adjustments and changes in actuarial assumptions are recognised in the period in which they occur, directly in other comprehensive income (net of tax).

(b) Superannuation Fund :

This is a defined contribution plan. The Company contributes towards superannuation fund administered by the Trustees and managed by Life Insurance Corporation of India (LIC). The Company has no further obligations for future superannuation benefits other than its monthly contributions and recognises such contributions as expense in the year incurred.

(c) Provident Fund :

This is a defined contribution plan and contributions made to the Fund as per the rules of the Company are charged to profit and loss as and when due. The Company has no further obligations for future provident fund benefits other than its monthly contributions.

(iii) Other long term employee benefit obligation

The liabilities for earned leave are not expected to be settled wholly within 12 months after the end of the period in which the employees render their related service. They are, therefore, measured as the present value of expected future payments to be made in respect of services provided by employees upto the end of the reporting period using the projected unit credit method. The benefits are discounted using the market yields at the end of the reporting period that have terms approximating to the terms of the related obligations. Re-measurements as a result of experience adjustments and changes in actuarial assumptions are recognised in the statement of profit and loss.

2.18 Taxes on Income

Taxes on Income comprise current tax and deferred tax.

The current tax expense for the period is the tax payable on the current period's taxable income computed at the applicable income tax rate and is recognised in the statement of profit and loss. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the end of the reporting period and are expected to apply when the related deferred tax asset is realised or the deferred tax liability is settled.

Deferred tax assets are recognised only if it is possible that future taxable amounts will be available to utilise those temporary differences and losses.

Current and deferred tax is recognised in statement of profit and loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

THE UNITED NILGIRI TEA ESTATES COMPANY LIMITED

Notes to the Financial Statements as at and for the year ended 31st March 2018

2. SIGNIFICANT ACCOUNTING POLICIES – (Contd.)

2.19 Provisions and contingencies

Provisions

Provisions are recognized when the Company 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.

Contingencies

Contingent liabilities are not recognised but are disclosed in notes. Contingent assets are neither recognised nor disclosed in the financial statements.

2.20 Earnings per share

Basic earnings per share is calculated by dividing the net profit or loss for the year attributable to equity shareholders by the weighted average number of equity shares outstanding during the year.

For the purpose of calculating diluted earnings per share, the net profit or loss for the year attributable to equity shareholders and the weighted average number of equity shares outstanding during the year are adjusted for the effects of all potential equity shares.

2.21 Premium from Fair Trade International (FLO)

Sale of tea under “Fair Trade International (FLO) charter” offer a certain premium besides “minimum price” for the grade.

Fair Trade premium is recognized as part of turnover and the premium transferred to the registered joint body as required by FLO Charters is treated as staff welfare expenses.

2.22 Segment Reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the Chief Operating Decision Maker (“CODM”).

2.23 Dividend to Shareholders

Final dividend distributed to equity shareholders is recognised in the period in which it is approved by the members of the Company in the Annual General Meeting. Interim dividend is recognised when approved by the Board of Directors at the Board meeting. Dividend distributed (including interim dividend) is recognised in the Statement of changes in Equity.

2.24 Recent Accounting pronouncements to be effective from April 1, 2018

(i) Appendix B to Ind AS 21, Foreign currency transactions and advance consideration

On March 28, 2018, Ministry of Corporate Affairs (“MCA”) has notified the Companies (Indian Accounting Standards) Amendment Rules, 2018 containing Appendix B to Ind AS 21, Foreign currency transactions and advance consideration which clarifies the date of the transaction for the purpose of determining the exchange rate to use on initial recognition of the related asset, expense or income, when an entity has received or paid advance consideration in a foreign currency. The amendment will come into force from April 1, 2018. The Company has evaluated the effect of this on the financial statements and the impact is not material.

THE UNITED NILGIRI TEA ESTATES COMPANY LIMITED

Notes to the Financial Statements as at and for the year ended 31st March 2018

2. SIGNIFICANT ACCOUNTING POLICIES – (Contd.)

2.24 Recent Accounting pronouncements to be effective from 1st April 2018 – (Contd.)

(ii) Ind AS 115 – Revenue from Contract with Customers

On March 28, 2018, Ministry of Corporate Affairs (“MCA”) has notified the Ind AS 115, Revenue from Contract with Customers. The core principle of the new standard is that an entity should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Further the new standard requires enhanced disclosures about the nature, amount, timing and uncertainty of revenue and cash flows arising from the entity’s contracts with customers. The standard permits two possible methods of transition :

- Retrospective approach – Under this approach the standard will be applied retrospectively to each prior reporting period presented in accordance with Ind AS 8 – Accounting Policies, Changes in Accounting Estimates and Errors.
- Cumulative catch-up approach – Retrospectively with cumulative effect of initially applying the standard recognized at the date of initial application. The effective date for adoption of Ind AS 115 is financial period beginning on or after April 1, 2018. The Company will adopt the standard on April 1, 2018 by using the cumulative catch-up transition method and accordingly comparatives for the year ending or ended March 31, 2018 will not be retrospectively adjusted.

The effect on adoption of Ind AS 115 is expected to be not material.

(iii) Standards yet to be notified : Ind AS 116 – “Leases”

On July 18, 2017, the Accounting Standards Board (ASB) of the Institute of Chartered Accountants of India (ICAI) issued an Exposure Draft (ED) of Ind AS 116, Leases. Ind AS 116 is largely converged with IFRS 16. When notified, Ind AS 116 will replace Ind AS 17 Leases.

Ind AS 116 sets out a comprehensive model for identification of lease arrangements and their treatment in the financial statements of the lessor and lessee. Ind AS 116 applies a control model for the identification of leases, distinguishing between leases and service contracts on the basis of whether there is an identified asset controlled by the customer. The Company is evaluating the requirement of the standard and the effect on the financial statements upon notification.

THE UNITED NILGIRI TEA ESTATES COMPANY LIMITED
Notes to the Financial Statements as at and for the year ended 31st March 2018
(All amounts in Rs. thousands, unless otherwise stated)

Note 3 Property, Plant and Equipment

DESCRIPTION OF ASSETS	Freehold Land and Development	Buildings	Machinery and Electrical Installations	Furniture and Fixture	Office and Computer Equipment	Vehicles	Bearer Plant	Live Stocks	Intangible Assets - Software	Total
I. Gross carrying value										
Deemed cost as at April 01, 2016	62,733	42,798	59,380	1,672	674	9,994	10,705	2,328	421	1,90,705
Additions	1,547	4,261	13,060	-	214	3,936	-	-	215	23,233
Disposals	-	-	-	-	-	1,740	-	-	-	1,740
Balance as at March 31, 2017	64,280	47,059	72,440	1,672	888	12,190	10,705	2,328	636	2,12,198
Additions	12,214	1,419	14,637	19	135	3,361	-	-	82	31,867
Disposals	-	-	604	-	-	1,824	-	67	-	2,495
Balance as at March 31, 2018	76,494	48,478	86,473	1,691	1,023	13,727	10,705	2,261	718	2,41,570
II. Accumulated depreciation/ amortisation										
Balance as at April 01, 2016	-	-	-	-	-	-	-	-	-	-
Charge for the year	-	3,280	9,145	359	200	2,496	309	-	163	15,952
Disposals	-	-	-	-	-	1,740	-	-	-	1,740
Balance as at March 31, 2017	-	3,280	9,145	359	200	756	309	-	163	14,212
Charge for the year	-	2,584	9,818	300	249	2,549	352	-	225	16,077
Disposals	-	-	604	-	-	1,824	-	-	-	2,428
Balance as at March 31, 2018	-	5,864	18,359	659	449	1,481	661	-	388	27,861
Net carrying Value										
Balance as on March 31, 2018	76,494	42,614	68,114	1,032	574	12,246	10,044	2,261	330	2,13,709
Balance as on March 31, 2017	64,280	43,779	63,295	1,313	688	11,434	10,396	2,328	473	1,97,986
Balance as on April 01, 2016	62,733	42,798	59,380	1,672	674	9,994	10,705	2,328	421	1,90,705

3.1 Reconciliation of the gross carrying amount as per previous GAAP with the deemed cost as at April 1, 2016

DESCRIPTION OF ASSETS	Freehold Land and Development	Buildings	Machinery and Electrical Installations	Furniture and Fixture	Office and Computer Equipment	Vehicles	Bearer Plant	Live Stocks	Intangible Assets - Software	Total
Gross carrying amount as per previous GAAP (A)	62,733	76,245	1,38,475	7,063	6,872	25,478	10,705	2,328	716	3,30,615
Accumulated depreciation (B)	-	33,447	79,095	5,391	6,198	15,484	-	-	295	1,39,910
Deemed cost as at April 1, 2016 (A) - (B)	62,733	42,798	59,380	1,672	674	9,994	10,705	2,328	421	1,90,705

THE UNITED NILGIRI TEA ESTATES COMPANY LIMITED
Notes to the Financial Statements as at and for the year ended 31st March 2018

(All amounts in Rs. thousands, unless otherwise stated)

Note 4. INVESTMENT PROPERTY

Decription of Assets	Freehold Land	Buildings	Machinery and Electrical Installations	Total
I. Gross carrying value				
Deemed cost as at April 01, 2016	400	1,47,458	44,876	1,92,734
Additions	—	—	—	—
Disposals	—	—	—	—
Balance as at March 31, 2017	400	1,47,458	44,876	1,92,734
Additions	—	—	—	—
Disposals	—	—	—	—
Balance as at March 31, 2018	400	1,47,458	44,876	1,92,734
II. Accumulated depreciation				
Balance as at April 01, 2016	—	—	—	—
Charge for the year	—	5,898	4,579	10,477
Disposals	—	—	—	—
Balance as at March 31, 2017	—	5,898	4,579	10,477
Charge for the year	—	5,898	4,579	10,477
Disposals	—	—	—	—
Balance as at March 31, 2018	—	11,796	9,158	20,954
Net carrying value				
Balance as on March 31, 2018	400	1,35,662	35,718	1,71,780
Balance as on March 31, 2017	400	1,41,560	40,297	1,82,257
Balance as on April 01, 2016	400	1,47,458	44,876	1,92,734
4.1 Reconciliation of the gross carrying amount as per previous GAAP with the deemed cost as at April 1, 2016				
Gross carrying amount as per previous GAAP (A)	400	1,65,843	59,150	2,25,393
Accumulated depreciation (B)	—	18,385	14,274	32,659
Deemed cost as at April 1, 2016 (A) - (B)	400	1,47,458	44,876	1,92,734

THE UNITED NILGIRI TEA ESTATES COMPANY LIMITED
Notes to the Financial Statements as at and for the year ended 31st March 2018
(All amounts in Rs. thousands, unless otherwise stated)

Particulars		31st March 2018	31st March 2017
4.2 Amounts recognised in profit and loss for investment property :			
Rental income from freehold buildings		42,480	45,364
Direct operating expense from property that generated rental income		5,309	8,247
Profit from investment property before depreciation		37,171	37,117
Depreciation		10,477	10,477
Profit from investment property		26,694	26,640
4.3 Fair Value	31st March 2018	31st March 2017	1st April 2016
Land	3,59,500	3,41,500	3,23,600
Buildings	1,90,186	1,80,500	1,71,100
Machinery and Electrical installations	36,827	39,300	42,000
Total	5,86,513	5,61,300	5,36,700
4.4 Estimation of Fair value			
<p>The best evidence of fair value is current prices in an active market for similar properties. Since investment properties leased out by the Company are cancellable leases, the market rate for sale / purchase of such premises are representative of fair values. Company's investment properties are at a location where active market is available for similar kind of properties. The market approach is being followed for ascertaining the fair value of the investment properties and hence fair value is ascertained on the basis of market rates prevailing for similar properties in those locations determined by an independent registered valuer. Consequently this is classified as a Level 2 valuation.</p>			

THE UNITED NILGIRI TEA ESTATES COMPANY LIMITED
Notes to the Financial Statements as at and for the year ended 31st March 2018
(All amounts in Rs. thousands, unless otherwise stated)

Note 5(a) Investments
Non-current Investments

PARTICULARS	Nominal Value of shares/units	As at 31st March 2018		As at 31st March 2017		As at 1st April 2016	
		No. of shares/units	Amount	No. of shares/units	Amount	No. of shares/units	Amount
A. Investments in equity instruments							
Investment in Associate (fully paid) - at cost - unquoted	100	75,000	20,889	75,000	20,889	75,000	20,889
Kuduma Fasteners Private Limited*			-		20,889		20,889
Less: Impairment (refer Note 5 a 3 below)			20,889		-		-
Investments in other equity instruments designated at fair value through other comprehensive income							
I. Unquoted (fully paid)							
Stanes Amalgamated Estates Limited	10	81,783	10,632	81,783	4,089	81,783	4,089
Stanes MJF Teas Limited	10	-	-	7,50,000	-	7,50,000	-
Hifame Private Limited	10	27,600	9,990	27,600	3,947	27,600	3,947
Simpson and Company Limited	10	26,333	1,71,165	26,333	1,57,998	26,333	1,57,998
Orkay Industries Limited	10	450	-	450	-	450	-
Palani Andavar Cotton & Synthetic Spinners Ltd.	10	500	-	500	-	500	-
			1,91,787		1,66,034		1,66,034
II. Quoted (fully paid)							
IP Rings Limited	10	3,600	575	3,600	459	2,000	232
Sundaram Clayton Limited	5	-	-	4,300	15,662	4,300	9,234
TVS Motor Company Limited	1	-	-	86,214	37,141	86,214	27,830
TATA Coffee Limited	1	1,000	1,134	1,000	1,262	1,000	896
Tata Steel Limited	10	6,739	3,847	6,739	3,253	6,739	2,154
The Tata Power Company Limited	1	10,000	793	10,000	904	10,000	647
Harita Seating Systems Limited	10	-	-	2,600	1,816	2,600	1,135
Uniworth India Limited	10	750	1	750	1	750	1
Wabco (India) Limited	5	4,300	33,960	4,300	25,052	4,300	26,866
			40,310		85,550		68,995
Total Investments in equity instruments			2,52,986		2,51,584		2,35,029
* since sold							

THE UNITED NILGIRI TEA ESTATES COMPANY LIMITED
Notes to the Financial Statements as at and for the year ended 31st March 2018
(All amounts in Rs. thousands, unless otherwise stated)

Note 5(a) Investments
Non-current Investments

PARTICULARS	Nominal Value of shares/units	As at 31st March 2018		As at 31st March 2017		As at 1st April 2016	
		No. of shares/units	Amount	No. of shares/units	Amount	No. of shares/units	Amount
B Investments in debt instruments designated as Fair Value through Profit and Loss							
Investments in Mutual Funds							
Sundaram Infrastructure Advantage Fund-Dividend	10	-	-	2,20,942	6,198	2,20,942	4,874
Sundaram Select Debt Short term Asset Plan-Growth	10	6,77,630	21,112	1,71,779	5,000	-	-
HDFC High Interest Fund-Growth	10	1,84,379	6,378	96,560	3,158	96,560	2,863
Birla Sun Life Dynamic Fund-Growth	10	6,07,492	18,214	2,49,194	7,235	2,49,194	6,564
Birla Sun Life Short Term Plan-Growth	10	80,338	5,338	80,338	5,003	-	-
Birla Sun Life Short Term Opportunities Fund-Growth	10	6,29,371	18,161	1,84,358	5,002	-	-
Birla Sun Life Short Term Opportunities Fund – Quarterly Dividend Reinvestment	10	3,22,255	3,273	3,07,111	3,151	-	-
Birla Sun Life Treasury Optimizer Plan-Growth-Direct	10	22,651	5,086	-	-	-	-
Birla Sun Life Balanced 95 fund - Direct-Growth	10	6,571	5,112	-	-	-	-
Birla Sun Life Short term fund-Growth- Direct	10	2,33,874	15,628	-	-	-	-
Reliance Short Term Fund-Growth	10	-	-	1,01,940	3,141	1,01,940	2,883
Reliance Regular Savings Balanced Fund - Growth	10	91,211	5,159	-	-	-	-
Reliance Short Term Fund - Monthly Dividend	10	2,45,416	2,743	2,37,095	2,633	-	-
Reliance Short Term Fund - Direct-Growth	10	3,10,174	10,448	-	-	-	-
Reliance Corporate Bond Fund	10	7,31,855	10,256	-	-	-	-
HDFC Regular Savings Fund-Monthly Dividend	10	6,46,098	6,715	6,21,025	6,444	-	-
HDFC Fixed Maturity Plan-Quarterly Dividend	10	5,00,000	5,051	5,00,000	5,090	-	-
HDFC Fixed Maturity Plan-Growth	10	42,50,000	45,481	27,50,000	28,249	-	-
HDFC Corporate Debt Opportunity fund	10	13,81,788	20,635	-	-	-	-
HDFC Balanced Fund	10	67,600	10,323	-	-	-	-
HDFC Regular Savings Fund-Growth-Direct	10	1,44,422	5,089	-	-	-	-
Reliance Fixed Horizon Fund-Growth	10	5,00,000	5,818	5,00,000	5,355	-	-
Reliance Fixed Horizon Fund-Series XXXV-16 - Growth	10	7,50,000	7,631	-	-	-	-
ICICI Prudential ULTRA Short Term Fund-Growth	10	1,51,598	2,700	1,51,598	2,535	-	-
HDFC Short Term Opportunity Fund-Growth	10	1,41,722	2,717	1,41,722	2,549	-	-
Reliance Regular Savings Fund-Growth	10	4,88,099	11,816	4,88,099	11,059	-	-
HDFC Corporate Debt Opportunity Fund-Growth	10	8,07,220	11,633	8,07,220	10,944	-	-
Birla Sunlife Medium Term Plan-Growth	10	4,09,310	8,996	4,09,310	8,354	-	-
ICICI Prudential Regular Saving Fund-Growth	10	21,07,716	39,129	12,96,256	22,515	-	-
ICICI Prudential Corporate Bond Fund - Growth	10	8,21,255	23,219	-	-	-	-
ICICI Prudential Short Term Fund - Growth	10	2,87,044	10,390	-	-	-	-

THE UNITED NILGIRI TEA ESTATES COMPANY LIMITED

Notes to the Financial Statements as at and for the year ended 31st March 2018

(All amounts in Rs. thousands, unless otherwise stated)

Note 5(a) Investments

Non-current Investments

PARTICULARS	Nominal Value of shares/units	As at 31st March 2018		As at 31st March 2017		As at 1st April 2016	
		No. of shares/units	Amount	No. of shares/units	Amount	No. of shares/units	Amount
B Investments in debt instruments designated as Fair Value through Profit and Loss – (Contd.)							
Investments in Mutual Funds							
Birla Sunlife Treasury Optimizer Plan-Growth	10	48,591	10,766	48,591	10,116	-	-
DSP BlackRock Income Opportunities fund - Growth	10	2,14,987	6,148	-	-	-	-
DSP BlackRock Balanced fund - Growth	10	33,540	4,985	-	-	-	-
Total investments in debt instruments			<u>3,66,150</u>		<u>1,53,731</u>		<u>17,184</u>
Total non current investments			<u>6,19,136</u>		<u>4,05,315</u>		<u>2,52,213</u>
Other disclosures							
Aggregate carrying amount of quoted investments			40,310		85,550		68,995
Aggregate market value of quoted investments			40,310		85,550		68,995
Aggregate amount of unquoted investments			5,78,826		3,19,765		1,83,218
Aggregate amount of impairment in value of investments			-		20,889		20,889

5 a.1 Extent of holdings in associate

5 a.2 The investments in Mutual Funds are in open ended schemes which are not listed on any recognised stock exchanges. The Net Asset Values are based on the data published by the respective Asset Management Companies. Consequently this is classified as level 2 valuation.

5 a.3 Due to accumulated losses, the Company's investment in the associate had been fully provided for in the earlier years. However, this investment has been sold subsequent to the year end at a price higher than its original cost. Consequently the provision for diminution in the carrying value of investments of Rs.20,889/- has been reversed and included under other income.

Note 5(a) Investments

Current Investments

PARTICULARS	Nominal Value of shares/units	As at 31st March 2018		As at 31st March 2017		As at 1st April 2016	
		No. of shares/units	Amount	No. of shares/units	Amount	No. of shares/units	Amount
Investments in debt instruments designated as Fair Value through Profit and Loss – (Contd.)							
Investments in Mutual Funds							
Birla Sun Life Cash Plus Monthly Dividend	10	-	-	-	-	50	5,023
Birla Sun Life Cash Plus Daily Dividend	10	-	-	1,181	119	-	-
HDFC Liquid Fund Monthly Dividend	10	14,237	14,520	-	0	5	5,020
HDFC Liquid Fund Daily Dividend	10	-	-	86	89		
ICICI Prudential Liquid Plan-Monthly Dividend	10	-	-	-	-	50	5,024
Reliance Liquid Fund - Treasury Monthly Dividend	10	-	-	-	-	3	5,024
Total current investments			<u>14,520</u>		<u>208</u>		<u>20,091</u>

The investments in Mutual Funds are in open ended schemes which are not listed on any recognised stock exchanges. The Net Asset Values are based on the data published by the respective Asset Management Companies. Consequently this is classified as level 2 valuation.

THE UNITED NILGIRI TEA ESTATES COMPANY LIMITED

Notes to the Financial Statements as at and for the year ended 31st March 2018

(All amounts in Rs. thousands, unless otherwise stated)

Particulars	As at		
	31st March 2018	31st March 2017	1st April 2016
Note 5 (b) – Trade receivables			
Unsecured - considered good	53,349	20,626	55,103
Total	53,349	20,626	55,103
There are no dues from related parties.			
Note 5 (c) – Cash and cash equivalents			
(i) Cash and Cash equivalents (as per Cash Flow Statement)			
(a) Cash on hand	40	49	29
(b) Balances with banks			
– In current accounts	10,621	20,718	19,912
– In EEFC accounts	3,422	3,497	1,341
– In deposit accounts (original maturity of three months or less)	–	5,000	–
	14,083	29,264	21,282
(ii) Other bank balances			
– In deposit accounts (original maturity of more than three months)	52,782	1,48,882	1,96,377
– In earmarked accounts			
Unpaid dividend accounts	8,204	7,989	8,010
Total	75,069	1,86,135	2,25,669
Note 5 (d) – Other financial assets (Unsecured - considered good)			
Current			
Accrued interest on fixed deposits	1,674	6,834	10,399
Replanting / Orthodox Subsidy receivable	32,146	14,076	741
Total	33,820	20,910	11,140
Note 6 Other non current assets (Unsecured - considered good)			
Security deposits	5,259	4,995	5,689
Total	5,259	4,995	5,689
Note 7 Inventories (at lower of cost and net realizable value)			
Finished goods (Tea)	35,367	28,170	11,168
Stores and Spare Parts	12,914	14,641	15,275
Nursery Stock	987	884	2,025
Total	49,268	43,695	28,468
Note 8 Other current assets (Unsecured - considered good)			
Advances-Trade and Supplies	433	2,170	3,591
Advance towards investment in HDFC Liquid Fund	–	6,000	–
Security deposits	–	501	3
Prepaid expenses	7,357	5,425	5,821
Due from Gratuity Trust (Note 23)	–	43	2,207
Others	847	6,164	186
Total	8,637	20,303	11,808

THE UNITED NILGIRI TEA ESTATES COMPANY LIMITED
Notes to the Financial Statements as at and for the year ended 31st March 2018
(All amounts in Rs. thousands, unless otherwise stated)

PARTICULARS	As at 31st March 2018		As at 31st March 2017		As at 1st April 2016	
	No. of shares	Amount	No. of shares	Amount	No. of shares	Amount
9(a) Equity share capital						
Authorised						
Equity shares of Rs10/- each	5,000,000	<u>50,000</u>	50,00,000	<u>50,000</u>	50,00,000	<u>50,000</u>
Issued, subscribed and fully paid-up						
Equity shares of Rs 10/- each	49,96,566	<u>49,966</u>	49,96,566	<u>49,966</u>	49,96,566	<u>49,966</u>
		<u>49,966</u>		<u>49,966</u>		<u>49,966</u>
(a) Reconciliation of the number of shares and amount outstanding at the beginning and at the end of the year						
Equity Shares						
At the beginning of the year	49,96,566	<u>49,966</u>	49,96,566	<u>49,966</u>	49,96,566	<u>49,966</u>
Less: Changes during the year	-	<u>-</u>	-	<u>-</u>	-	<u>-</u>
Outstanding at the end of the year	<u>49,96,566</u>	<u>49,966</u>	<u>49,96,566</u>	<u>49,966</u>	<u>49,96,566</u>	<u>49,966</u>
(b) Rights, preferences and restrictions attached to equity shares						
Each shareholder is entitled to one vote per share and dividend when declared. Other rights are governed by the Articles of Association of the Company and the Companies Act, 2013.						
(c) Details of shares held by each shareholder holding more than 5% of share capital						
Tractors and Farm Equipment Limited	8,55,363	17.12	8,55,067	17.11	8,55,067	17.11
T Stanes & Company Limited	8,36,308	16.74	8,36,308	16.74	8,36,308	16.74
Life Insurance Corporation of India	7,71,496	15.44	7,71,496	15.44	7,71,496	15.44
Amalgamations Private Limited	3,25,344	6.51	3,25,344	6.51	3,25,344	6.51
Trustees, T Stanes & Co. Limited Staff Pension Fund	2,64,816	5.30	2,64,816	5.30	2,64,816	5.30
	<u>30,53,327</u>		<u>30,53,031</u>		<u>30,53,031</u>	

THE UNITED NILGIRI TEA ESTATES COMPANY LIMITED

Notes to the Financial Statements as at and for the year ended 31st March 2018

(All amounts in Rs. thousands, unless otherwise stated)

Particulars	As at		
	31st March 2018	31st March 2017	1st April 2016
Note 9 (b) – Other Equity			
Reserves and Surplus			
General Reserve	7,45,000	6,70,000	6,00,000
Retained earnings (Surplus)	77,752	47,485	42,090
Other reserves - Other Comprehensive Income	2,92,715	2,47,668	2,31,322
Total	11,15,467	9,65,153	8,73,412
(i) General reserve			
Opening balance	6,70,000	6,00,000	
Add : Transfer from retained earnings	75,000	70,000	
Closing balance	7,45,000	6,70,000	
(ii) Retained earnings (Surplus)			
Opening balance	47,485	42,090	
Add : Net Profit for the year	1,21,504	91,632	
Less : Appropriations			
Transfer to General reserve	(75,000)	(70,000)	
Dividend declared and paid during the year	(13,491)	(13,491)	
Tax on dividend	(2,746)	(2,746)	
Closing Balance	77,752	47,485	
(iii) Other Reserves			
Other Comprehensive Income			
Opening balance	2,47,668	2,31,322	
Add: Total comprehensive income/(loss) for the year	45,047	16,346	
Closing balance	2,92,715	2,47,668	
Nature and purpose of other reserves			
The Company has elected to recognise changes in the fair value of investments in equity instruments in other comprehensive income. These changes are accumulated within the FVOCI equity instruments in other equity. The Company has an option of transferring amounts from FVOCI equity instruments to retained earnings on de-recognition of the relevant equity instruments.			
Note 10 (a) Other financial liabilities			
Non Current (carried at amortized cost)			
Security deposits	13,951	13,272	12,626
Total	13,951	13,272	12,626
Current			
Unclaimed / Unpaid Dividend	3,207	2,992	3,014
Interim Dividend Payable	4,997	4,997	4,997
Tax on Interim Dividend payable	–	–	1,017
Due to gratuity trust (Note 23)	5,230	–	–
Other payables	3,916	–	–
Total	17,350	7,989	9,028

THE UNITED NILGIRI TEA ESTATES COMPANY LIMITED

Notes to the Financial Statements as at and for the year ended 31st March 2018

(All amounts in Rs. thousands, unless otherwise stated)

Particulars	As at		
	31st March 2018	31st March 2017	1st April 2016
Note 10 (b) – Trade payables			
Total outstanding dues of micro, small and medium enterprises [Refer Note 10(b)1]	–	–	–
Total outstanding dues of creditors other than micro, small and medium enterprises	12,114	5,277	5,272
Total	<u>12,114</u>	<u>5,277</u>	<u>5,272</u>
10 (b) 1. The Company has not received any memorandum (as required to be filed by the suppliers with the notified authority under the Micro, Small and Medium Enterprises Development Act,2006) claiming their status as micro, small and medium enterprises. Consequently the amount paid or payable to these parties is considered to be Nil.			
10 (b) 2. There are no dues to any related party nor have there been any acceptances outstanding as at the year end.			
Note 11 Provisions			
Non Current			
Provision for Compensated Absences	1,273	985	514
Total	<u>1,273</u>	<u>985</u>	<u>514</u>
Current			
Provision for Compensated Absences	425	922	1,040
Total	<u>425</u>	<u>922</u>	<u>1,040</u>
Note 12 1. Deferred tax liabilities /assets			
Tax effect of items constituting deferred tax liabilities :			
On difference between book and tax balance of Property, Plant and Equipment	4,474	3,080	3,694
On expenditure capitalised in books but allowable for tax purpose	312	281	–
Total	<u>4,786</u>	<u>3,361</u>	<u>3,694</u>
Tax effect of items constituting deferred tax assets :			
Expenses allowable on payment basis	985	836	297
Provision for compensated absence	225	253	168
Total	<u>1,210</u>	<u>1,089</u>	<u>465</u>
Deferred tax liabilities (Net)	<u>3,576</u>	<u>2,272</u>	<u>3,229</u>

THE UNITED NILGIRI TEA ESTATES COMPANY LIMITED

Notes to the Financial Statements as at and for the year ended 31st March 2018

(All amounts in Rs. thousands, unless otherwise stated)

12. 2. Movement in deferred tax liability :	Property, Plant and equipment	Expenses capitalised but allowable for tax purpose	Expenses allowed on payment basis	Employee benefit	Total
As at 1st April 2016	3,694	—	297	168	3,229
Credited/(charged) to					
– Profit and Loss	614	(281)	(539)	(85)	957
– Other comprehensive income	—	—	—	—	—
As at 31st March 2017	3,080	281	836	253	2,272
Credited/(charged) to					
– Profit and Loss	(1,394)	(31)	(149)	28	(1,304)
– Other comprehensive income	—	—	—	—	—
As at 31st March 2018	4,474	312	985	225	3,576
Particulars	As at				
	31st March 2018	31st March 2017	1st April 2016		
Note 13 Other non current liabilities					
Deferred Government grants	309	309	—		
Deferred licence income	1,816	2,439	3,061		
Total	2,125	2,748	3,061		
Note 14 Other current liabilities					
Statutory remittances	3,736	2,797	3,075		
Payable on purchase of property, plant and equipment	2,987	199	1,462		
Advance from customers	580	1,264	256		
Employee benefits payable	24,966	22,645	20,131		
Other liabilities	1,211	8,683	8,245		
Total	33,480	35,588	33,169		
Note 15 Current tax asset / liabilities					
Advance tax paid	1,29,504	1,12,820	1,06,114		
Income tax deducted at source	21,870	17,922	15,123		
Less : Provision for Income Tax	1,50,708	1,31,440	1,23,540		
Current tax asset/ (liabilities)	666	(698)	(2,303)		

THE UNITED NILGIRI TEA ESTATES COMPANY LIMITED

Notes to the Financial Statements as at and for the year ended 31st March 2018

(All amounts in Rs. thousands, unless otherwise stated)

Particulars	For the year ended 31st March 2018	For the year ended 31st March 2017
Note 16. Revenue from operations		
(a) Sale of Products - Tea [Refer Note (ii) below]	5,36,567	4,68,220
(b) Sale of services - License fees from letting of property [Refer Note (ii) below]	42,480	45,364
(c) Other operating revenues [Refer note (i) below]	39,277	36,591
Total	6,18,324	5,50,175
Note: (i) Other operating revenues comprise		
Export benefits		
Duty Drawback	1,528	2,724
MEIS License	10,175	14,019
Orthodox subsidy	12,827	12,425
Replanting subsidy	—	617
Income from other planting activities	14,747	6,806
Total	39,277	36,591
(ii) Revenue from sale of products (tea) and sale of services (license fees from letting of property) for the year ended 31st March, 2017 is inclusive of excise duty / service tax for 12 months where as for the year ended 31st March, 2018, the excise duty / service tax is included for 3 months up to 30th June, 2017 due to introduction of Goods and Service Tax Act effective 1st July 2017.		
Note 17. Other Income		
Fair value gain from financial assets (mutual funds) mandatorily measured at FVTPL	14,684	4,732
Interest Income on		
Bank deposits	5,252	12,896
Others	808	478
Dividend Income on		
Non current investments	2,956	1,047
Current investments	—	3,502
Gain on Foreign currency transactions (net)	5,068	165
Provision for diminution in value of investments no longer required written back	20,889	—
Gain on disposal of property, plant and equipment	943	513
Total	50,600	23,333
Note 18. Changes in value of finished goods (Tea)		
Inventories at the end of the year:	35,367	28,170
Inventories at the beginning of the year	28,170	11,168
Net (increase)/decrease	(7,197)	(17,002)
Note 19. Employee benefits expenses		
Salaries, wages and bonus	1,32,375	1,11,298
Contribution to provident and family pension funds	12,971	11,709
Contribution to Superannuation Fund	4,737	1,746
Gratuity (Refer Note: 23)	8,682	4,770
Workmen and staff welfare expenses	25,199	23,172
Total	1,83,964	1,52,695
Note 20. Finance Cost		
Interest expense on financial liability at FVTPL	683	646
Total	683	646

THE UNITED NILGIRI TEA ESTATES COMPANY LIMITED

Notes to the Financial Statements as at and for the year ended 31st March 2018

(All amounts in Rs. thousands, unless otherwise stated)

Particulars	For the year ended 31st March 2018	For the year ended 31st March 2017
Note 21. Other expenses		
Consumption of stores and spares	32,363	24,580
Power and fuel	34,048	27,846
Repairs and maintenance		
Building	14,445	17,476
Machinery	5,066	3,668
Rates and taxes	3,650	4,254
Insurance	4,213	4,174
Selling expenses		
Brokerage and Commission	954	1,090
Sampling and Other Expenses	14,202	14,868
Freight and other expenses on Tea Export	28,378	22,925
Commission to Non-Wholetime Directors	1,050	1,050
Donation	500	500
Corporate Social Responsibility expense	2,585	2,467
Directors' Sitting Fees	315	273
Payment to Auditors -for audit	650	650
Professional Charges	2,053	1,319
Transport charges	7,628	8,345
Travelling expenses	5,764	5,436
Loss on Foreign currency transactions (net)	-	1,363
Rent Including lease rentals	39	125
Miscellaneous expenses	25,880	16,553
Total	1,83,783	1,58,962
Note 22. Current Tax:		
Current income tax charge	30,200	31,900
Adjustments in respect of current income tax of previous years	-	(601)
Current tax expense recognised in the Statement of Profit and Loss	30,200	31,299
Tax expense reported in the Statement of Profit and Loss	30,200	31,299
The reconciliation between the provision for income tax of the Company and amounts computed by applying the Indian statutory income tax rate to profit before tax is as follows:		
Profit before tax	1,53,008	1,21,973
Enacted income tax rate in India	33.063%	33.063%
	50,589	40,328
<u>Effect of:</u>		
Income that is exempt from tax	(17,735)	(13,177)
Expenses that are not deductible in determining taxable profit	855	4,230
Income subject to different tax rates	-	-
Others	(3,509)	(82)
Income tax expense recognised in the statement of profit and loss	30,200	31,299
The tax rates under Indian Income-tax Act, for the year ended 31st March 2018 and 31st March 2017 is 33.063%		

THE UNITED NILGIRI TEA ESTATES COMPANY LIMITED

Notes to the Financial Statements as at and for the year ended 31st March 2018

(All amounts in Rs. thousands, unless otherwise stated)

Particulars	March 31, 2018	March 31, 2017	1st April, 2016	March 31, 2018	March 31, 2017	1st April, 2016
Note 23. Employee benefit obligations	Compensated absence			Gratuity		
Current	425	922	1,040	(5,230)	43	2,207
Non current	1,273	985	514	–	–	–
Total	1,698	1,907	1,554	(5,230)	43	2,207
Other long-term employee benefits						
Compensated absence						
The compensated absences cover the Company's liability for earned leave.						
The amount of provision of Rs.425 (March 31, 2017 - Rs. 922 and April 1, 2016 - Rs.1040) is presented as current, since the Company does not have an unconditional right to defer settlement for any of these obligations. However, based on past experience, the Company does not expect all employees to take the full amount of accrued leave or require payment within the next 12 months.						
Post employment benefits						
(a) Defined contribution plan – Provident fund and Superannuation fund						
Contributions are made to provident fund in India for employees at the rate of 12% of basic salary as per regulations. The contributions are made to recognised provident fund administered by the Government. The Company also makes contribution to superannuation fund at a specified percentage of the basic pay of the eligible employees in accordance with the Company's scheme administered by the Trustees and managed by Life Insurance Corporation of India (LIC). The obligation of the Company is limited to the amount contributed and it has no further contractual nor any constructive obligation.						
Amount recognised in statement of profit and loss					March 31, 2018	March 31, 2017
Provident Fund					12,971	11,709
Superannuation Fund					4,737	1,746
Total					17,708	13,455
(b) Defined benefit plan - Gratuity						
The Company provides for Gratuity for employees as per the Payment of Gratuity Act, 1972. Employees who are in continuous service for 5 years are eligible for Gratuity. The amount of Gratuity payable on retirement/termination is the employees' last drawn basic salary per month computed proportionately for 15 days' salary multiplied by the number of years of service. The Gratuity plan is a funded plan and the Company makes contribution to LIC.						
(i) Reconciliation				Present value of obligation	Fair value of plan assets	Net Amount
April 1, 2016				49,774	51,981	2,207
Current service cost				5,476	–	(5,476)
Interest expense/(income)				3,400	4,106	706
Total amount recognised in the statement of profit and loss				8,876	4,106	(4,770)
Remeasurements						
– Return on plan assets, excluding amounts included in interest expense/(income)				–	–	–
– (Gain)/loss from change in demographic assumptions				–	–	–
(Gain)/loss from change in financial assumptions				66	–	66
Experience (gains)/losses				–	–	–
Total amount recognised in other comprehensive income				66	–	66

THE UNITED NILGIRI TEA ESTATES COMPANY LIMITED

Notes to the Financial Statements as at and for the year ended 31st March 2018

(All amounts in Rs. thousands, unless otherwise stated)

Note 23. Employee benefit obligations – (Contd.)	Present value of obligation	Fair value of plan assets	Net Amount
Employer contributions	–	2,673	2,673
Benefit payments	(5,308)	5,308	–
March 31, 2017	53,408	53,451	43
April 1, 2017	53,408	53,451	43
Current service cost	9,634	–	(9,634)
Interest expense/(income)	3,587	4,539	952
Total amount recognised in the statement of profit and loss	13,221	4,539	(8,682)
Remeasurements			
Return on plan assets, excluding amounts included in interest expense/(income)	–	303	303
(Gain)/loss from change in demographic assumptions	–	–	–
(Gain)/loss from change in financial assumptions	(2,217)	–	(2,217)
Experience (gains)/losses	9,531	–	9,531
Total amount recognised in other comprehensive income	7,314	303	7,617
Employer contributions	(3,926)	7,100	11,026
Benefit payments	(1,221)	1,221	–
March 31, 2018	68,796	63,566	(5,230)
Net Asset/(liability) disclosed above relating to funded obligations are as follows:	March 31, 2018	March 31, 2017	April 1, 2016
Present value of funded obligations	68,796	53,408	49,774
Fair value of plan assets	63,566	53,451	51,981
Due from /(to) gratuity fund	(5,230)	43	2,207
(ii) Significant actuarial assumptions			
The significant actuarial assumptions are as follows:	March 31, 2018	March 31, 2017	April 1, 2016
Discount rate	7.70%	7.25%	7.25%
Expected return on plan assets	7.60%	8.05%	8.50%
Salary growth rate	6.00%	6.00%	6.00%
Attrition rate	5%	5%	5%
The estimates of future salary increases, considered in actuarial valuation, take into account inflation, seniority, promotions and other relevant factors such as demand and supply in the employment market.			

THE UNITED NILGIRI TEA ESTATES COMPANY LIMITED

Notes to the Financial Statements as at and for the year ended 31st March 2018

(All amounts in Rs. thousands, unless otherwise stated)

Particulars	March 31, 2018	March 31, 2017	March 31, 2018	March 31, 2017
Note 23. Employee benefit obligations – (Contd.)	Change in assumption		Defined Benefit Obligation	
(iii) (a) Sensitivity Analysis				
Discount rate	0.50%	0.50%	66,493	47,797
	-0.50%	-0.50%	71,269	51,292
Salary growth rate	0.50%	0.50%	71,258	51,259
	-0.50%	-0.50%	66,481	47,794
The above sensitivity analysis are based on a change in an assumption while holding all other assumptions constant. In practice, this is unlikely to occur, and changes in some of the assumptions may be correlated. The methods and types of assumptions used in preparing the sensitivity analysis did not change compared to the prior period.				
(b) Expected total benefit payments for following years			Year ended March 31, 2018	Year ended March 31, 2017
Within one year			13,241	7,041
1-2 years			6,887	6,898
2-3 years			4,606	4,977
3-4 years			6,808	3,074
4-5 years			5,125	4,645
5-10 years			28,919	19,703
The Company has plan assets by way of investments in LIC.				
(iv) Risk exposure				
Through its defined benefit plans, the Company is exposed to a number of risks, the most significant of which are detailed below:				
Asset volatility				
The present value of the defined benefit plan obligation is calculated using a discount rate determined by reference to Government of India bond rate. If the return on plan asset is lower than this rate, then it will create a plan deficit.				
Changes in bond yields				
A decrease in bond yields will increase plan liabilities although this will be partly offset by increase in the value of the plan holdings.				
(v) The weighted average duration of the defined benefit obligation is 12.835 years (P.Y. 2017 – 12.12 years).				

THE UNITED NILGIRI TEA ESTATES COMPANY LIMITED

Notes to the Financial Statements as at and for the year ended 31st March 2018

(All amounts in Rs. thousands, unless otherwise stated)

Particulars	31st March 2018	31st March 2017
Note 24. The Company was permitted in an earlier year to retain excess holding of 333.67 acres of vacant land contiguous to the planted area in the tea garden but due to rocky terrain, land could not be cultivated as stipulated by Government and eviction proceedings relating to the aforesaid piece of land had been stayed by the Supreme Court of India. In its final order dated 7th August 2013, the Supreme Court has directed the Land Board to review the case afresh.		
Note 25. Earnings Per Share For the purpose of computing the earnings per share, the net profit after tax has been used as the numerator and the weighted average number of shares outstanding has been considered as the denominator. Net Profit attributable to shareholders	1,21,504	91,632
Number of shares in thousands (Face value Rs.10/-)	4,997	4,997
Earnings per Share (Basic and Diluted) – (Rs.)	24.32	18.34
Note 26. Corporate Social Responsibility In compliance with Section 135(5) of the Companies Act, 2013, the Company is required to spend Rs.2,585 (Previous year Rs.2,467) calculated at 2% of the average net profits made during the three immediate preceding financial years towards Corporate Social Responsibility. The Company has incurred an expenditure of Rs.2,585 (Previous year. Rs.2,467) as below :		
(i) Children Home (Orphanage)	1,609	2,035
(ii) Public Medical Scheme	811	–
(iii) Rural Development project and Tribal welfare	165	432
Total	2,585	2,467
Note 27. Repairs to Building and Machinery include Salaries and Wages	9,104	8,135
Consumption of stores	8,545	10,142
Total	17,649	18,277
Note 28. Related Party Disclosures Names of related parties and nature of relationship are as under:		
(i) Associate :	Kuduma Fasteners Private Limited	
(ii) Key Managerial Personnel	Mr.D.Hegde, Whole-time Director	
	Mr.T.G.B.Pinto, Whole-time Director	
	Mr.S.Raghuraman, Chief Financial Officer	
	Mr.K.Guruswamy, Company Secretary - upto 30.09.2017	
	Mr.R.V.Sridharan, Company Secretary - from 3.10.2017	

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Notes to the Financial Statements as at and for the year ended 31st March 2018

(All amounts in Rs. thousands, unless otherwise stated)

Note 28 Related Party Disclosures						
(iii) (a) Particulars of transactions with related parties						
Description	Associate		Key Managerial Personnel		Total	
	2017-2018	2016-2017	2017-2018	2016-2017	2017-2018	2016-2017
Remuneration to Key Managerial Personnel	–	–	11,965	11,095	11,965	11,095
Mr.D.Hegde	–	–	4,181	3,893	4,181	3,893
Mr.T.G.B.Pinto	–	–	4,233	3,924	4,233	3,924
Mr.S.Raghuraman	–	–	2,801	2,678	2,801	2,678
Mr.K.Guruswamy	–	–	300	600	300	600
Mr.R.V.Sridharan	–	–	450	–	450	–
Dividend Paid	–	–	17	17	17	17
Mr.D.Hegde	–	–	6	6	6	6
Mr.T.G.B.Pinto	–	–	8	8	8	8
Mr.S.Raghuraman	–	–	3	3	3	3
(iii) (b) Particulars of payments to Directors						
Description	Directors		Total			
	2017-2018	2016-2017	2017-2018	2016-2017		
Sitting Fees paid :	315	273	315	273		
Ms.Mallika Srinivasan	40	37	40	37		
Mr.N.Srinivasan	80	68	80	68		
Mr.Sankar Datta	70	60	70	60		
Mr.K.V.Sriram	57	53	57	53		
Mr.Krishna Srinivasan	33	38	33	38		
Mr.R.Srinivasan	35	5	35	5		
Mr.R.Subramaniyan	–	12	–	12		
Commission paid :	1,006	1,050	1,006	1050		
Ms.Mallika Srinivasan	175	175	175	175		
Mr.N.Srinivasan	175	175	175	175		
Mr.Sankar Datta	175	175	175	175		
Mr.K.V.Sriram	175	175	175	175		
Mr.Krishna Srinivasan	175	175	175	175		
Mr.R.Srinivasan	29	–	29	–		
Mr.R.Subramaniyan	102	175	102	175		

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Notes to the Financial Statements as at and for the year ended 31st March 2018

(All amounts in Rs. thousands, unless otherwise stated)

Note 29 Segment Information

29.1 The Whole-time Directors of the Company have been identified as the Chief Operating Decision Makers (CODM) as defined by Ind AS 108, Operating Segments. The CODM evaluates the Company's performance and allocates resources based on an analysis of various performance indicators for business as a whole. The Company's main business is growing and manufacturing of tea and letting of Commercial Property. Income from investments and interest income are not allocated to segments as the related activities are carried out by the central treasury function which manages the cash position of the company.

29.2 (a) The business operations are restricted in India . The Company operates in domestic and foreign markets. The Company has opted to disclose segment information using quantitative threshold as per Ind AS 108.

Description	31st March 2018			31st March 2017		
	Segment I	Segment II	Total	Segment I	Segment II	Total
	Plantation	Commercial Property		Plantation	Commercial Property	
Segment revenue	5,75,844	42,480	6,18,324	5,04,811	45,364	5,50,175
External sales	—	—	—	—	—	—
Inter-segment sales	—	—	—	—	—	—
Total Revenue	5,75,844	42,480	6,18,324	5,04,811	45,364	5,50,175
Segment results – Profit	1,12,254	27,372	1,39,626	97,816	27,285	1,25,101
Unallocated corporate expenses (HO expense)			9,635			25,135
Profit from operations			1,29,991			99,966
Investment income			23,700			22,653
Finance cost			683			646
Tax expenses			31,504			30,341
Net Profit			1,21,504			91,632
Segment assets	3,58,980	1,76,639	5,35,619	3,06,815	1,86,662	4,93,477
Unallocated corporate assets			7,14,108			5,91,393
Consolidated assets			12,49,727			10,84,870
Segment liabilities	52,962	16,075	69,037	39,434	15,989	55,423
Unallocated corporate liabilities			15,257			14,328
Consolidated liabilities			84,294			69,751
(b) Segment Information - Geographical				Year ended March 31, 2018	Year ended March 31, 2017	
(i) Revenue				3,08,469	2,82,174	
India				3,09,855	2,68,001	
Outside India				6,18,324	5,50,175	
Total						
(ii) Assets*				12,09,849	10,68,844	
India				39,878	16,026	
Outside India				12,49,727	10,84,870	
Total						

*Trade receivable are disclosed on geographical locations of customers. Other assets are not identifiable separately to any reportable segments as these are used interchangeably between segments and are disclosed under "India".

THE UNITED NILGIRI TEA ESTATES COMPANY LIMITED

Notes to the Financial Statements as at and for the year ended 31st March 2018

(All amounts in Rs. thousands, unless otherwise stated)

Note 30 Fair Value Measurements

(a) Financial Instrument by category and hierarchy

Particulars	Hierarchy	Notes	31st March 2018				31st March 2017				1st April 2016			
			FVTPL	FVOCI	Amortized cost		FVTPL	FVOCI	Amortized cost		FVTPL	FVOCI	Amortized cost	
Financial assets														
(i) Financial assets at fair value														
Investments														
Equity instruments – quoted	1	5 a		40,310				85,550				68,995		
Equity instruments – unquoted	3	5a		1,91,787				1,66,034				1,66,034		
Mutual funds	2	5 a	3,80,670				1,53,939				37,275			
(ii) Financial assets at amortized cost														
Trade receivables	3	5b			53,349				20,626				55,103	
Cash and cash equivalents	3	5c			75,069				1,86,135				2,25,669	
Other financial assets	3	5d			33,820				20,910				11,140	
Financial liabilities														
(i) Financial liabilities held at amortized cost														
Trade payables	3	10 b			12,114				5,277				5,272	
Other financial liabilities	3	10 a			31,301				21,261				21,654	

Investment in the Associate is valued at cost and hence not considered for categorisation.

Hierarchy

Level 1: Level 1 hierarchy includes financial instruments measured using quoted prices. This includes listed equity instruments that have quoted price. The fair value of all equity instruments which are traded in the stock exchanges is valued using the closing price as at the reporting period.

Level 2: The fair value of financial instruments that are not traded in an active market (for example, traded bonds, over-the-counter derivatives) is determined using valuation techniques which maximise the use of observable market data and rely as little as possible on entity-specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.

Level 3: If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3. This is the case for unlisted equity instruments, contingent consideration and indemnification asset included in level 3.

(b) Valuation processes

The finance department of the Company includes a team that performs the valuations of financial assets and liabilities required for financial reporting purposes, including level 3 fair values. This team reports directly to the Board of Directors. Discussions on valuation processes and results are held between the Board of Directors and the finance department bi-annually which is in accordance with the Company's policy.

(c) Fair value of financial assets and liabilities measured at amortised cost

The carrying amounts of trade receivables, trade payables, cash and cash equivalents, other financial assets and other financial liabilities (current) are considered to be the same as their fair values, due to their short-term nature and categorized as Level 3 hierarchy.

(d) Valuation techniques

- Quoted equity instruments are valued using quoted prices.
- Open ended Mutual funds are valued at NAV's declared.
- The fair value of non current financial liabilities is determined using discounted cash flow analysis.

THE UNITED NILGIRI TEA ESTATES COMPANY LIMITED

Notes to the Financial Statements as at and for the year ended 31st March 2018

(All amounts in Rs. thousands, unless otherwise stated)

31 First-time adoption of Ind AS

Transition to Ind AS

These are the Company's first financial statements prepared in accordance with Ind AS (Refer note 2.1(a) on the basis of preparation of financial statements). The accounting policies set out in note 2 have been applied in preparing the financial statements for the year ended March 31, 2018, the comparative information presented in these financial statements for the year ended March 31, 2017 and in the preparation of an opening Ind AS Balance Sheet as at April 1, 2016 (the Company's date of transition). In preparing its first Ind AS financial statements in accordance with Ind AS 101- First-time Adoption of Indian Accounting Standards (Ind AS 101), the Company has applied the relevant mandatory exceptions and certain optional exemptions from full retrospective application of Ind AS. Material optional exemptions applied by the Company and applicable mandatory exceptions for the Company are as follows:

A. Optional exemptions and mandatory exceptions

A.1 Ind AS optional exemptions

1. Deemed cost of property, plant and equipment including intangibles and investment property, Ind AS 101 permits a first-time adopter to elect to continue with the carrying value for all of its property, plant and equipment as recognised in the financial statements as at the date of transition to Ind AS, measured as per the previous GAAP and use that as its deemed cost as at the date of transition after making necessary adjustments as required to be made as per para 10 of Ind AS 101. This exemption can also be used for investment property covered by Ind AS 40- Investment Property and for intangible assets covered by Ind AS 38 - Intangible Assets. The Company has elected to measure all of its property, plant and equipment including intangible assets and investment property at their respective previous GAAP carrying values after making the necessary adjustments as required to be made under Ind AS.

2. Designation of previously recognised financial instruments

Ind AS 101 allows an entity to designate investments in equity instruments at FVOCI on the basis of the facts and circumstances at the date of transition to Ind AS. The Company has elected to apply this exemption for its investment in equity instruments.

3. Investment in Associate

Ind AS 101 permits first-time adopter to elect to continue with the carrying value of its investment in associates as recognised in the financial statements as at the date of transition to Ind AS measured as per the previous GAAP and use that as its deemed cost as at the date of transition.

The Company has elected to measure its investment in the associate at its previous GAAP carrying value as the deemed cost as at the date of transition.

4. Revenue from contracts with customers

A first-time adopter is not required to restate contracts that were completed before the earliest period presented. A completed contract is a contract for which the entity has transferred all of the goods or services identified in accordance with previous GAAP.

Accordingly the Company has not restated the contracts completed in accordance with the previous GAAP as at the transition date.

A.2 Ind AS mandatory exceptions

1. Estimates

An entity's estimates in accordance with Ind AS at the date of transition to Ind AS shall be consistent with estimates made as on the same date in accordance with previous GAAP (after adjustments to reflect any difference in accounting policies), unless there is objective evidence that those estimates were in error. Ind AS estimates as at April 1, 2016 are consistent with the estimates as at the same date made in conformity with previous GAAP except for the following items which were not required under previous GAAP:

- Investment in equity instruments designated at FVOCI,
- Investment in debt instruments carried at FVTPL and
- Impairment of financial assets based on expected credit loss model.

2. Classification and measurement of financial assets

Ind AS 101 requires an entity to assess classification and measurement of financial assets on the basis of the facts and circumstances that exist at the date of transition to Ind AS.

THE UNITED NILGIRI TEA ESTATES COMPANY LIMITED

Notes to the Financial Statements as at and for the year ended 31st March 2018

(All amounts in Rs. thousands, unless otherwise stated)

31 First-time adoption of Ind AS

B. Reconciliation between previous GAAP and Ind AS

Ind AS requires an entity to reconcile equity, total comprehensive income and cash flows for the periods . The following tables provide the reconciliations from previous GAAP to Ind AS.

(a) Reconciliation of total equity as at 31st March, 2017 and 1st April, 2016

Particulars	Notes to first time adoption	As at 31st March 2017	As at 1st April 2016
Total equity (shareholders' funds) under previous GAAP		7,57,322	6,76,644
Adjustments:			
Effect of fair valuation of investments	31 C 1	2,55,104	2,33,959
Non current financial liability - effect of measuring Security Deposit at Net Present Value	31 C 2	2,639	3,285
Other non current liabilities-Deferred License income	31 C 2	(2,439)	(3,061)
Gain on mark to market valuation of forward contract	31 C 3	165	
Proposed final dividend (including tax)	31 C 4		10,223
Fair Value of Live stock	31 C 5	2,328	2,328
Total equity under Ind AS		10,15,119	9,23,378

(b) Reconciliation of total Comprehensive Income for the year ended 31st March 2017

Particulars	Notes to first time adoption	Year ended 31st March 2017
Profit after tax as per previous GAAP		86,692
Adjustments :		
Fair Value gain on investments in Mutual funds	31C1	4,732
Deferred License Income	31C2	623
Remeasurement of defined benefit obligation recognised in other comprehensive income	31C7	66
Interest expense on financial liability	31C2	(646)
Gain on mark to market valuation of forward contract	31C3	165
Profit after tax as per Ind AS		91,632
Remeasurement of defined benefit obligation recognised in other comprehensive income	31C7	(66)
Fair value gain on investments in equity instruments	31C1	16,412
Total Comprehensive Income under Ind AS		1,07,978

(c) There were no significant reconciling items between cash flows prepared under previous GAAP and those prepared under Ind AS for the year ended 31st March 2017.

THE UNITED NILGIRI TEA ESTATES COMPANY LIMITED

Notes to the Financial Statements as at and for the year ended 31st March 2018

(All amounts in Rs. thousands, unless otherwise stated)

31 First-time adoption of Ind AS – (Contd.)

(C) Notes to first-time adoption:

Note 1: Fair valuation of investments

Under the previous GAAP, investments in equity instruments and mutual funds were classified as long term investments or current investments based on the intended holding period and realisability. Long term investments were carried at cost less provision for other than temporary decline in the value of such investments. Current investments were carried at lower of cost and fair value. Under Ind AS, these investments are required to be measured at fair value. The resulting fair value changes of investments in mutual funds have been recognised in retained earnings as at the date of transition and subsequently in the profit and loss for the year ended 31st March 2017. This increased the retained earnings by Rs.4,730/- as at 31st March 2017 (1st April 2016 Rs.2,637/-). Fair value changes with respect to equity instruments designated as FVOCI - have been recognised in FVOCI Equity instruments (Other Reserves) as at the date of transition and subsequently in the other comprehensive income for the year ended March 31, 2017. This increased Other Reserves by Rs.16,412/- as at 31st March 2017 (1st April 2016 Rs.2,31,322/-). Consequent to the above, the total equity as at March 31, 2017 increased by Rs.21,142/- (April 1, 2016 Rs.2,33,959/-) and profit and other comprehensive income for the year ended March 31, 2017 increased by Rs.4,730/- and Rs.16,412/- respectively.

Note 2 : Other non current financial liability - Security Deposit Other non current liabilities - Deferred License Income

Under the previous GAAP, the security deposit was measured at its book value. Under Ind AS the security deposit has been measured at net present value using discounted cash flow analysis. The deduction in the carrying amount has been recorded as deferred license income (other non current liabilities) to be recognised as license income over the period of the license agreement. Correspondingly, notional interest expense on the financial liability will be recognised over the remaining period of the Licensing agreement by crediting Security Deposit. Consequent to this change, security deposit balance decreased by Rs. 2,638 as at 31.3.2017 (1st April 2016 Rs.3,284) with corresponding increase in other non current liabilities (deferred license income) by Rs.2,438 (1st April 2016 Rs.3,061). License income and interest on financial liability for the year ended 31st March 2017 increased by Rs.623 and Rs.646 respectively. Further total equity increased by Rs.200 as at 31st March 2017 (1st April 2016 Rs.224) and profit for the year ended 31st March 2017 decreased by Rs.23.

Note 3 : Forward Contracts

With regard to forward contracts taken by the Company on firm commitments/highly probable forecast transactions the Company had followed under the previous GAAP the accounting method prescribed under the announcement of the Institute of Chartered Accountants of India on accounting for derivatives issued in March 2008. Under this method losses were recognised in the statement of profit and loss and gains were ignored. Under Ind AS, all the outstanding forward contracts are required to be measured at fair value with gains /losses recognised in the statement of profit and loss. Consequently, the total equity as at 31st March 2017 increased by Rs.165 (1st April 2016 Rs. Nil) and profit for the year ended 31st March 2017 increased by the same amount.

Note 4: Proposed dividend and tax thereon

Under the previous GAAP till 31st March 2016, dividends proposed by the Board of Directors after the Balance Sheet date but before the approval of the financial statements were considered as adjusting events. Accordingly, provision for proposed dividend was recognised as a liability. Under the revised previous GAAP applicable to the financial year ended 31st March 2017 as well as under Ind AS, such dividends are recognised when the same is approved by the shareholders in the general meeting. Accordingly, the liability for proposed dividend including dividend distribution tax as at April 1, 2016 amounting to Rs.10,223 included under provisions has been reversed with corresponding adjustment to retained earnings. Consequently, the total equity increased by Rs.10,223 as at April 1, 2016.

THE UNITED NILGIRI TEA ESTATES COMPANY LIMITED

Notes to the Financial Statements as at and for the year ended 31st March 2018

(All amounts in Rs. thousands, unless otherwise stated)

31 First-time adoption of Ind AS – (Contd.)

(C) Notes to first-time adoption:

Note 5: Live Stock

Until last year the Live Stocks were not recognised as assets in the books of the Company. During the current year, Live Stocks have been recognised as part of Biological assets and have been measured at fair market value as required by Ind AS. As a result, the property, plant and equipment and the total equity increased by Rs.2,328 as at 31st March 2017 and 1st April 2016.

Note 6 : Investment Property

Under the previous GAAP, investment properties were presented as part of property, plant and equipment. Under Ind AS, investment properties are required to be separately presented on the face of the Balance Sheet. Accordingly, Land, Buildings and Machinery including electrical installations amounting to Rs.400/-, Rs.1,47,458/- and Rs.44,876/- respectively i.e. net block as on 1st April 2016 are identified and presented as investment properties. There is no impact on the total equity or profit as a result of this re-classification.

Note 7: Remeasurements of post-employment benefit obligations

Under Ind AS, remeasurements i.e. actuarial gains and losses and the return on plan assets, excluding amounts included in the net interest expense on the net defined benefit liability are recognised in other comprehensive income instead of profit and loss. Under the previous GAAP, these remeasurements were forming part of the profit and loss for the year. As a result of this change, the profit for the year ended March 31, 2017 increased by Rs.66. There is no impact on the total equity as at March 31, 2017.

Note 8: Other comprehensive income

Under previous GAAP, there was no concept of other comprehensive income. Under Ind AS specified items of income, expense and gains/losses are required to be presented in other comprehensive income. Consequently remeasurement of gains / losses on defined benefit obligation and change in fair value of FVOCI equity instruments for the year ended 31st March 2017 have been presented under other comprehensive income.

Note 9 : Excise Duty and Service Tax

Under the previous GAAP sale of products and services was presented net of excise duty and service tax. Under Ind AS revenue from sale of products and services is presented inclusive of excise duty and service tax. Excise duty /Service tax paid is separately presented as an expense on the face of statement of profit and loss. As a result, the total income and total expenses for the year ended 31st March 2017 increased by Rs.5,298. However this change in presentation has no impact on the total equity or profit.

THE UNITED NILGIRI TEA ESTATES COMPANY LIMITED

Notes to the Financial Statements as at and for the year ended 31st March 2018

(All amounts in Rs. thousands, unless otherwise stated)

Note 32 Financial Risk Management

The Company's activities expose it to market risk, liquidity risk and credit risk. This note explains the sources of risk which the entity is exposed to and how the entity manages the risk.

Risk	Exposure arising from	Measurement	Management
Credit risk	Cash and cash equivalents, bank balances other than cash and cash equivalents, investments in equity instruments, trade receivables.	Ageing analysis, Credit ratings	Diversification of bank deposits, review of credit ratings, credit limits and letters of credit
Liquidity risk	Trade payables and other liabilities	Rolling cash flow forecasts	Availability of committed credit lines
Market risk – foreign exchange	Export trade receivables	Sensitivity analysis of exchange rates	Forward contracts and monitoring exchange rate movements
Market risk – security prices	Investment in equity instruments	Sensitivity analysis of the share prices	Portfolio Diversification

The Company's risk management is carried out by the treasury team under policies approved by the Board of Directors. The treasury identifies, evaluates and hedges financial risks in close co-operation with the company's operating units. The Board provides written policies for overall risk management, as well as policies covering specific areas, such as foreign exchange risk and credit risk.

THE UNITED NILGIRI TEA ESTATES COMPANY LIMITED
Notes to the Financial Statements as at and for the year ended 31st March 2018
(All amounts in Rs. thousands, unless otherwise stated)

32. Financial risk management – (Contd.)

(A) Credit risk

Credit risk arises from cash and cash equivalents, bank balances other than cash and cash equivalents, financial assets measured at amortised cost and credit exposures to customers including outstanding receivables, advances given to vendors.

(i) Credit risk management

Credit risk on cash and cash equivalents is limited as the Company generally invests in deposits with Nationalised / Scheduled Commercial banks. Investments in equity are made only in AA rated instruments. The Board of Directors periodically reviews the investment portfolio of the Company. Credit risk with respect to domestic and export trade receivable is managed by the Company through setting up credit limits for customers and also periodically reviewing their credit worthiness. The Company considers the probability of default upon initial recognition of asset and whether there has been a significant increase in credit risk on an ongoing basis throughout each reporting period. To assess whether there is a significant increase in credit risk the Company compares the risk of a default occurring on the asset as at the reporting date with the risk of default as at the date of initial recognition. It considers available reasonable and supportive forwarding-looking information. Based on the assessment made by the Company, credit risk increases significantly since the initial recognition if the financial assets are realised after three months from the due date. A default on a financial asset is when the counterparty fails to make contractual payments within six months from the due date. This definition of default is determined by considering the business environment in which the entity operates and other macro-economic factors.

(ii) Provision for expected credit losses

The Company provides for loss allowance based on 12 month expected credit loss except in the case of trade receivables which are provided based on life-time expected credit loss. For the assessment of 12 month or life-time expected credit loss, assets are classified into three categories as Standard, substandard and doubtful based on the counter-party's capacity to meet the obligations and provision is determined accordingly. Standard assets are those where the risk of default is negligible, sub-standard assets are those where the credit risk is significantly increased since inception and doubtful assets are those where the assets are impaired.

Year ended March 31, 2018:

(a) Expected credit loss for trade receivables under simplified approach:

Ageing	Less than six months	More than six months	Total
Gross carrying amount	53,349	–	53,349
Loss allowance rate	0%	0%	0%
Expected credit losses (Loss allowance provision)	–	–	–
Net carrying amount of trade receivables	53,349	–	53,349

(b) Expected credit loss for other financial assets

The other financial assets amounting to Rs.33,820/- are classified as standard assets and hence no provision for expected credit loss has been made.

Year ended March 31, 2017:

(a) Expected credit loss for trade receivables under simplified approach

Ageing	Less than six months	More than six months	Total
Gross carrying amount	20,626	–	20,626
Loss allowance rate	0%	0%	0%
Expected credit losses (Loss allowance provision)	–	–	–
Net carrying amount of trade receivables	20,626	–	20,626

THE UNITED NILGIRI TEA ESTATES COMPANY LIMITED
Notes to the Financial Statements as at and for the year ended 31st March 2018
(All amounts in Rs. thousands, unless otherwise stated)

32. Financial risk management – (Contd.)

(A) Credit risk

(b) Expected credit loss for other financial assets

The other financial assets amounting to Rs.20,910/- are classified as standard assets and hence no provision for expected credit loss has been made.

Year ended March 31, 2016

(a) Expected credit loss for trade receivables under simplified approach

Ageing	Less than six months	More than six months	Total
Gross carrying amount	55,103	–	55,103
Loss allowance rate	0%	0%	0%
Expected credit losses (Loss allowance provision)	–	–	–
Net carrying amount of trade receivables	55,103	–	55,103

(b) Expected credit loss for other financial assets

The carrying value of other financial assets amounting to Rs.11,140/- are classified as standard assets and hence no provision for expected credit loss has been made.

(iii) Reconciliation of loss allowance provision- Trade receivables, loans and other financial assets

There is no loss allowance provision created for trade receivables and other financial assets.

During the years ended March 31, 2018, March 31, 2017 and March 31, 2016 the Company has not made any write offs of trade receivables.

(B) Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash equivalents, liquid mutual funds and the availability of funding through an adequate amount of internal financing by way of daily cash flow projection to meet obligations. Due to the dynamic nature of the underlying businesses, company treasury maintains flexibility in funding by maintaining availability of funds. Management monitors daily forecasts of the Company's liquidity position and cash and cash equivalents on the basis of expected cash flows.

(i) Financing arrangements

The Company does not have any borrowing facility at the end of the reporting period

(ii) Maturities of financial liabilities

The tables below analyse the financial liabilities into relevant maturity groupings based on their contractual maturities. The Company has only non-derivative financial liabilities.

The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances as the impact of discounting is not significant.

Contractual maturities of financial liabilities:

	Less than 6 months	6 months to 1 year	More than 1 year
March 31, 2018			
Non-derivatives			
Trade payables	11,973	–	141
Other financial liabilities	17,350	–	13,951
Total non-derivative liabilities	29,323	–	14,092

THE UNITED NILGIRI TEA ESTATES COMPANY LIMITED
Notes to the Financial Statements as at and for the year ended 31st March 2018
(All amounts in Rs. thousands, unless otherwise stated)

32. Financial risk management – (Contd.)

(B) Liquidity risk

	Less than 6 months	6 months to 1 year	More than 1 year
March 31, 2017			
Non-derivatives			
Trade payables	5,136	–	141
Other financial liabilities	7,989	–	13,272
Total non-derivative liabilities	13,125	–	13,413
March 31, 2016			
Non-derivatives			
Trade payables	5,131	–	141
Other financial liabilities	9,028	–	12,626
Total non-derivative liabilities	14,159	–	12,767

(C) Market risk

(i) Foreign currency risk

The Company is exposed to foreign exchange risk arising from foreign currency transactions with respect to USD, EURO and GBP on account of sale of tea. Foreign exchange risk arises from recognised assets denominated in a currency that is not the Company's functional currency (Rs). The risk is measured through a forecast of foreign currency cash flows that would arise due to the underlying assets and liabilities held. The objective of the hedges is to minimise the volatility of the INR cash flows arising on account of the underlying assets.

The Company has not taken options, futures or any other derivative instruments other than foreign exchange forward contracts to manage the foreign currency risk. The strategy followed by the Company is tracking the foreign currency exchange rates.

Foreign currency exposure

The Company's exposure to foreign currency risk at the end of the reporting period expressed is as follows:

Trade Receivables	March 31, 2018	March 31, 2017
Particulars		
USD [1,91,895 (March 31,2017:66,518)]	12,482	4,313
EURO [2,94,043 (March 31,2017 : 1,18,355)]	23,706	8,196
GBP [73,688 (March 31,2017 : Nil)]	6,800	–
Total	42,988	12,509

The sensitivity of profit or loss to changes in the exchange rates arises mainly from foreign currency denominated financial instruments:

The following table details Company's sensitivity to a 10% increase and decrease in the INR against the relevant foreign currencies. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their transition at the period end for 10% change in foreign currency rates. A positive number below indicates an increase in profit or equity where the INR strengthens 10% against the relevant currency. For a 10% weakening of the INR against the relevant currency, there would be a comparable impact on the profit or equity, and the balance would be negative.

	Impact on Profit after tax		
	March 31, 2018	March 31, 2017	April 1, 2016
USD	1,248	431	3,309
EURO	2,371	820	636
GBP	680	–	427

THE UNITED NILGIRI TEA ESTATES COMPANY LIMITED
Notes to the Financial Statements as at and for the year ended 31st March 2018
(All amounts in Rs. thousands, unless otherwise stated)

32. Financial risk management – (Contd.)

(ii) Price risk

- (a) **Exposure:** The Company has invested in equity instruments and the exposure is equity securities price risk from investments held by the Company and classified in the Balance Sheet as FVOCI.
- (b) **Sensitivity:** An increase in the price risk by 100 basis points would increase the impact in the other comprehensive income by Rs.403 as on March 31, 2018 and Rs. 856 as on March 31, 2017. A corresponding reduction in the other comprehensive income would be noted upon decreasing the market index levels.

33. Capital management

(a) Risk management

The Company has equity share capital and other reserves attributable to the equity shareholders, as the only source of capital and the Company does not have any interest bearing borrowings/debts.

The Company is cash surplus and has no capital other than Equity. The Company is not exposed to any regulatory imposed capital requirements. The cash surpluses are currently invested in income generating equity instruments and debt instruments (through mutual funds) depending on economic conditions in line with the guidelines set out by the Management. Safety of capital is of prime importance to ensure availability of capital for operations. Investment objective is to provide safety and adequate return on the surplus funds.

The Company does not have any borrowings and does not borrow funds unless circumstances require.

Particulars	31st March 2018	31st March 2017	1st April 2016
Equity	11,65,433	10,15,119	9,23,378
Less : Tangible and other assets (net)	3,74,336	3,68,400	3,69,697
Working capital	1,57,440	2,41,195	2,81,376
Investment in the associate	20,889	20,889	20,889
Less : Impairment loss	–	(20,889)	(20,889)
	20,889	–	–
Investment in equity instruments and debt instruments	6,12,768	4,05,524	2,72,305

(b) Dividends

Particulars	March 31, 2018	March 31, 2017
(i) Dividends recognised on equity shares		
Final dividends for the year ended 31st March 2017 of Rs. 1.70 (31st March 2016 – Rs.1.70) per fully paid-up share	10,223	10,223
Interim dividend for the year ended 31st March 2018 of Re 1.00 (31st March 2017 – Re.1.00) per fully paid share	6,014	6,014
(ii) Dividends not recognised at the end of the reporting period		
In addition to the above dividends, since year end the Directors have recommended a final dividend of Rs. 1.70 per fully paid equity share (31 March 2017 – Rs. 1.70). This proposed final dividend is subject to the approval of shareholders in the ensuing annual general meeting. The proposed dividend including distribution tax thereon when approved by the shareholders will be met out of surplus in the retained earnings in the Balance Sheet.	10,223	10,223

THE UNITED NILGIRI TEA ESTATES COMPANY LIMITED
Notes to the Financial Statements as at and for the year ended 31st March 2018
(All amounts in Rs. thousands, unless otherwise stated)

34 Events occurring after the reporting period

(a) Final dividend

Refer note 33 above for the final dividend recommended by the Directors, which is subject to the approval of shareholders in the ensuing Annual General Meeting.

(b) Transfer of profits to General Reserve

The transfer of profits to General Reserve recommended by Directors after the end of reporting period which have not been recognised at the end of the reporting period are as follows :

Particulars	31st March 2018	31st March 2017	1st April 2016
Transfer of profits to general reserve not recognised as at the end of the reporting period	75,000	70,000	85,000

(c) The financial statements for the year ended March 31,2018 were approved by the Board of Directors and authorised for issuance on May 17, 2018.

As per our Report of even date attached

For and on behalf of the Board of Directors

For K.S. Aiyar & Co.
Chartered Accountants
Firm Registration No.100186W
S.KALYANARAMAN
Partner
Membership No.200565
Place : Coimbatore
Date : 17th May 2018

MALLIKA SRINIVASAN
(DIN:00037022)
Chairman

S.RAGHURAMAN
Chief Financial Officer

N. SRINIVASAN
(DIN : 00004195)
Director

R. V. SRIDHARAN
Company Secretary

D.HEGDE
(DIN: 00025468)
Director

Place : Chennai
Date : 17th May 2018

CONSOLIDATED FINANCIAL STATEMENTS

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INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS

Report on the Consolidated Ind AS Financial Statements

We have audited the accompanying Consolidated Ind AS financial statements of The United Nilgiri Tea Estates Company Limited ("hereinafter referred to as the Company") and its associate (The Company and its Associate together referred to as "the Group") which comprise the Consolidated Balance Sheet as at March 31, 2018, the Consolidated Statement of Profit and Loss (including other comprehensive income), the Consolidated Cash Flow Statement, the Consolidated Statement of Changes in Equity for the year then ended and a summary of the significant accounting policies and other explanatory information (herein after referred to as "Consolidated Ind AS Financial Statements").

Management's Responsibility for the Consolidated Ind AS Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these Consolidated Ind AS financial statements that give a true and fair view of the Consolidated financial position, Consolidated financial performance (including other comprehensive income), Consolidated cash flows and statement of changes in the equity of the Group in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) specified in the Companies (Indian Accounting Standards) Rules, 2015 (as amended) under Section 133 of the Act. The respective Board of Directors of the Companies included in the Group are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the respective Companies and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgements and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the Consolidated Ind AS

financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error, which have been used for the purpose of presentation of the Consolidated Financial Statements by the Directors' of the Company as aforesaid.

Auditors' Responsibility

Our responsibility is to express an opinion on these Consolidated Ind AS financial statements based on our audit.

While conducting the audit, we have taken into account the provisions of the Act and Rules made thereunder including the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.

We conducted our audit of the Consolidated Ind AS financial statements in accordance with the Standards on Auditing specified under Section 143(10) of the Act and other applicable authoritative pronouncements issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the Consolidated Ind AS financial statements are free from material misstatement.

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

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS – (Contd.)

We believe that the audit evidence we have obtained, and the audit evidence obtained by the other auditors of the associate in terms of their reports is sufficient and appropriate to provide a basis for our audit opinion on the Consolidated Ind AS financial statements.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, and based on the considerations of the reports of other auditors and separate Financial Statements / Financial Information referred to below in the "other Matters" paragraph the aforesaid Consolidated Ind AS financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the consolidated state of affairs of the Group as at 31 March, 2018, and its financial performance including other comprehensive income, its cash flows and the changes in equity for the year ended on that date

Other Matters

We did not audit the financial statements of associate whose financial statement reflects share of net loss of Rs.35.83 lakhs for the year ended 31st March 2018 as considered in the consolidated Ind AS financial statements. These financial statements have been audited by other auditors whose reports have been furnished to us by the Management, and our opinion on the Consolidated Ind AS financial statements insofar as it relates to the amounts and disclosures included in respect of this associate and our report in terms of sub-section (3) of Section 143 of the Act insofar as it relates to the aforesaid associate is based solely on the reports of the other auditors. Our opinion on the consolidated Ind AS financial statements and our report on Other Legal and Regulatory requirements below, is not modified in respect of the above matters with respect to our reliance on the work done and the reports of the other auditors.

The comparative financial information of the Company for the year ended March 31, 2017 and the transition date opening balance sheet as at April 1, 2016 included in these consolidated Ind AS financial statements, are

based on the previously issued statutory financial statements for the years ended March 31, 2017 and March 31, 2016 prepared in accordance with the Companies (Accounting Standards) Rules, 2006 (as amended) which were audited by the predecessor auditor, who expressed an unmodified opinion vide reports dated May 17, 2017 and May 21, 2016 respectively. The adjustments to those financial statements for the differences in accounting principles adopted by the Company on transition to the Ind AS have been audited by us. Our opinion is not qualified in respect of this matter

Report on Other Legal and Regulatory Requirements

1. As required by Section 143(3) of the Act we report, to the extent applicable that:
 - (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit of the aforesaid consolidated Ind AS financial statements.
 - (b) In our opinion, proper books of account as required by law have been kept by the Company and its associate relating to preparation of the aforesaid Consolidated Ind AS financial statements have been kept so far as it appears from our examination of those books of the company and the reports of the other auditors.
 - (c) The Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss including Other Comprehensive Income, the Consolidated Cash Flow Statement and Consolidated Statement of Changes in Equity dealt with by this Report are in agreement with the relevant books of account maintained by the company and its associate relating to preparation of the aforesaid Consolidated Ind AS financial statements.
 - (d) In our opinion, the aforesaid Consolidated Ind AS financial statements comply with the Indian Accounting Standards prescribed under section 133 of the Act.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS – (Contd.)

- (e) On the basis of the written representations received from the directors of the company as on March 31, 2018 taken on record by the Board of Directors and the reports of the statutory auditor of its associate, none of the Directors of the company is disqualified as on March 31, 2018 from being appointed as a Director in terms of Section 164(2) of the Act.
- (f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and its associate and the operating effectiveness of such controls, refer to our separate Report in "Annexure A". Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the Company's internal financial controls over financial reporting.
- (g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, as amended, in our opinion and to the best of our information and according to the explanations given to us:
 - (i) The Company does not have any pending litigations which would impact the financial position of the company and its associate in its Consolidated Ind AS financial statements;
 - (ii) The Company and associate did not have any long-term contracts including derivative contracts;
 - (iii) There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company and its associate during the year.

For K.S. Aiyar & Co
Chartered Accountants
Firm Registration No:100186W

S. Kalyanaraman
Partner
Membership No: 200565

Date:17th May 2018
Place: Coimbatore

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS – (Contd.)

Annexure A to Independent Auditors' Report (Referred to in paragraph 1 (f) under Report on other Legal and Regulatory Requirements section of our report of even date)

Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Act

1. In conjunction with our audit of the Consolidated financial statements of the Company as of and for the year ended March 31, 2018, we have audited the internal financial controls over financial reporting of The United Nilgiri Tea Estates Company Limited ("hereinafter referred to as the Company") and its Associate Company, which is a company incorporated in India, as of that date.

Management's Responsibility for Internal Financial Controls

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

Auditors' Responsibility

3. Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on

Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") and the Standards on Auditing issued by ICAI be prescribed under section 143(10) of the Act to the extent applicable to an audit of internal financial controls. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

4. Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.
5. We believe that the audit evidence we have obtained and the audit evidence obtained by the other auditors of the associate is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system over financial reporting.

Meaning of Internal Financial Controls Over Financial Reporting

6. A Company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS – (Contd.)

maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use or disposition of the company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls Over Financial Reporting

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

Opinion

8. In our opinion, to the best of our information and according to the explanations given to us and based on the consideration of the report of the other

auditor referred to in the Other matters Paragraph below, the Company and its Associate company which is incorporated in India, have, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2018, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

Other Matters

9. Our aforesaid report under Section 143(3)(i) of the Act on the adequacy and operating effectiveness of the internal financial controls over financial reporting insofar as it relates to one Associate company, which is a company incorporated in India, is based solely on the corresponding report of the auditor of such company incorporated in India. Our opinion is not modified in respect of the above matter.

For K.S. Aiyar & Co
Chartered Accountants
Firm Registration
No:100186W

S. Kalyanaraman
Partner
Membership No: 200565

Date:17th May 2018
Place: Coimbatore

THE UNITED NILGIRI TEA ESTATES COMPANY LIMITED

Consolidated Balance Sheet as at 31st March 2018

(All amounts in Rs. thousands, unless otherwise stated)

Particulars	Note No.	As at 31st March 2018	As at 31st March 2017	As at 1st April 2016
ASSETS				
Non-current assets				
(a) Property, plant and equipment	3	2,13,709	1,97,986	1,90,705
(b) Capital work in progress		4,514	2,440	—
(c) Investment property	4	1,71,780	1,82,257	1,92,734
(d) Financial assets				
Investments	5a	6,15,553	4,05,315	2,52,213
(e) Other non-current assets	6	5,259	4,995	5,689
Total non-current assets		10,10,815	7,92,993	6,41,341
Current assets				
(a) Inventories	7	49,268	43,695	28,468
(b) Financial assets				
(i) Investment	5a	14,520	208	20,091
(ii) Trade receivables	5b	53,349	20,626	55,103
(iii) Cash and cash equivalents	5c	75,069	1,86,135	2,25,669
(iv) Other financial assets	5d	33,820	20,910	11,140
(c) Other current assets	8	8,637	20,303	11,808
(d) Current tax assets	15	666	—	—
Total current assets		2,35,329	2,91,877	3,52,279
Total Assets		12,46,144	10,84,870	9,93,620
EQUITY AND LIABILITIES				
Equity				
(a) Equity share capital	9a	49,966	49,966	49,966
(b) Other equity	9b	11,11,884	9,65,153	8,73,412
Total Equity		11,61,850	10,15,119	9,23,378
Liabilities				
Non-current liabilities				
(a) Financial Liabilities				
Other financial liabilities	10a	13,951	13,272	12,626
(b) Provisions	11	1,273	985	514
(c) Deferred tax liabilities (net)	12	3,576	2,272	3,229
(d) Other non current liabilities	13	2,125	2,748	3,061
Total non-current liabilities		20,925	19,277	19,430
Current liabilities				
(a) Financial liabilities				
(i) Trade payables	10b	12,114	5,277	5,272
(ii) Other financial liabilities	10a	17,350	7,989	9,028
(b) Other current liabilities	14	33,480	35,588	33,169
(c) Provisions	11	425	922	1,040
(d) Current tax liabilities	15	—	698	2,303
Total current liabilities		63,369	50,474	50,812
Total equity and liabilities		12,46,144	10,84,870	9,93,620
Summary of significant accounting policies	2			
The accompanying notes form an integral part of these financial statements				

As per our Report of even date attached

For and on behalf of the Board of Directors

For K.S. Aiyar & Co.
Chartered Accountants
Firm Registration No.100186W
S.KALYANARAMAN
Partner
Membership No.200565
Place : Coimbatore
Date : 17th May 2018

MALLIKA SRINIVASAN
(DIN:00037022)
Chairman

S.RAGHURAMAN
Chief Financial Officer

N. SRINIVASAN
(DIN : 00004195)
Director

R. V. SRIDHARAN
Company Secretary

D.HEGDE
(DIN: 00025468)
Director

Place : Chennai
Date : 17th May 2018

THE UNITED NILGIRI TEA ESTATES COMPANY LIMITED
Consolidated Statement of Profit and Loss for the Year Ended 31st March 2018
(All amounts in Rs. thousands, unless otherwise stated)

Particulars	Note No.	For the year ended 31st March 2018	For the year ended 31st March 2017
I. Income			
Revenue from operations	16	6,18,324	5,50,175
Other Income	17	50,600	23,333
Total Income (I)		6,68,924	5,73,508
II. Expenses			
Cost of green leaf purchased and consumed		1,17,693	1,08,632
Purchases of tea		8,670	15,874
Changes in value of finished goods (Tea)	18	(7,197)	(17,002)
Excise duty		1,766	5,298
Employee benefits expense	19	1,83,964	1,52,695
Finance cost	20	683	646
Depreciation and amortisation expense		26,554	26,429
Other expenses	21	1,83,783	1,58,962
Total Expenses (II)		5,15,916	4,51,534
III. Profit before tax (I - II) = (III)		1,53,008	1,21,974
IV. Tax expense:			
Current tax	22	30,200	31,299
Deferred tax	12	1,304	(957)
Total tax expense (IV)		31,504	30,342
V. Profit for the year (III-IV) = (V)		1,21,504	91,632
Less : Share of loss of associate		3,583	—
		1,17,921	91,632
VI. Other comprehensive income			
Items that will not be reclassified to profit or loss:			
– Re-measurement of gains and (losses) on defined benefit obligation		(7,617)	(66)
– Changes in fair value of FVOCI Equity investments		48,701	16,412
– Profit on sale of FVOCI equity investments		3,963	—
Total other comprehensive income (VI)		45,047	16,346
Total comprehensive income for the year (V+VI)		1,62,968	1,07,978
Earnings per equity share (of Rs. 10/- each)			
Basic and diluted (Rs.)	25	24.32	18.34
Summary of significant accounting policies	2		
The accompanying notes form an integral part of these financial statements			

As per our Report of even date attached

For and on behalf of the Board of Directors

For K.S. Aiyar & Co.
Chartered Accountants
Firm Registration No.100186W
S.KALYANARAMAN
Partner
Membership No.200565
Place : Coimbatore
Date : 17th May 2018

MALLIKA SRINIVASAN
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D. HEGDE
(DIN: 00025468)
Director

Place : Chennai
Date : 17th May 2018

THE UNITED NILGIRI TEA ESTATES COMPANY LIMITED

Consolidated Statement of changes in Equity for the year ended 31st March 2018

(All amounts in Rs. thousands, unless otherwise stated)

A. Equity share capital – (Refer note 9 a)

As at April 1, 2016	49,966
Changes in equity share capital	–
As at March 31, 2017	49,966
Changes in equity share capital	–
As at March 31, 2018	49,966

B. Other Equity – (Refer note 9 b)

	Reserves and surplus		Other Reserves	Total
	General Reserve	Retained Earnings	Other Comprehensive Income	
Balance as at April 1, 2016	6,00,000	42,090	2,31,322	8,73,412
Profit for the year	–	91,632	–	91,632
Other Comprehensive Income	–	–	16,346	16,346
Transfer to General Reserve	70,000	(70,000)	–	–
Transactions with owners in their capacity as owners				
Dividend declared and paid during the year				
Final 2016	–	(8,494)	–	(8,494)
Interim 2017	–	(4,997)	–	(4,997)
Dividend distribution tax paid	–	(2,746)	–	(2,746)
Balance as at March 31, 2017	6,70,000	47,485	2,47,668	9,65,153
Profit for the year	–	1,17,921	–	1,17,921
Other Comprehensive Income	–	–	45,047	45,047
Transfer to General Reserve	75,000	(75,000)	–	–
Transactions with owners in their capacity as owners				
Dividend declared and paid during the year				
Final 2016	–	(8,494)	–	(8,494)
Interim 2017	–	(4,997)	–	(4,997)
Dividend distribution tax paid	–	(2,746)	–	(2,746)
Balance as at 31st March 2018	7,45,000	74,169	2,92,715	11,11,884

As per our Report of even date attached

For and on behalf of the Board of Directors

For K.S. Aiyar & Co.
Chartered Accountants
Firm Registration No.100186W
S.KALYANARAMAN
Partner
Membership No.200565
Place : Coimbatore
Date : 17th May 2018

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Company Secretary

D.HEGDE
(DIN: 00025468)
Director

Place : Chennai
Date : 17th May 2018

THE UNITED NILGIRI TEA ESTATES COMPANY LIMITED

Consolidated Cash Flow Statement for the year ended 31st March 2018

(All amounts in Rs. thousands, unless otherwise stated)

Particulars	For the year ended 31st March 2018	For the year ended 31st March 2017
Cash flow from operating activities		
Profit before tax	1,53,008	1,21,973
<i>Adjustments for:</i>		
Depreciation and amortisation expense	26,554	26,428
(Gain) on disposal of property, plant and equipment	(943)	(513)
Interest on financial liability	683	646
Deferred license fees	(623)	(623)
Provision for impairment in value of investment no longer required written back	(20,889)	–
Fair value of equity investment through FVTPL	(14,684)	(4,732)
Remeasurement of actuarial gains/(losses) on defined benefit/obligations (net)	–	(66)
Interest income classified as investing cash flow	(6,061)	(13,374)
Dividend Income classified as investing cash flow	(2,956)	(4,549)
Net unrealised exchange (gain)/loss	(5,068)	231
Operating profit before change in operating assets and liabilities	1,29,021	1,25,421
<i>Adjustments for increase / (decrease) in current liabilities:</i>		
Other financial liabilities	9,825	646
Trade payables	6,837	4
Other current liabilities	(2,731)	3,346
Other long-term Provisions	288	471
Short-term Provisions	(497)	(118)
<i>Adjustments for (increase) / decrease in assets:</i>		
Trade receivables	(32,724)	34,653
Inventories	(5,574)	(15,227)
Other non current assets	(264)	697
Other current assets	11,665	(8,499)
Other financial assets	(18,070)	(13,335)
Cash generated from operations	97,776	1,28,059
Income tax paid	(34,611)	(33,214)
Net cash flow from operating activities (A)	63,165	94,845
Cash flow from investing activities		
Payment for purchase of property, plant and equipment	(33,942)	(26,934)
Proceeds from sale of property, plant and equipment	943	513
Payment for purchase of non current investments	(2,07,200)	(1,31,961)
Payment for purchase of current investments	(67,500)	(85,358)
Proceeds from sale of non current investments	72,150	–
Proceeds from sale of current investments	63,000	1,05,243
Bank balances not considered as cash and cash equivalents	95,885	47,516
Interest received	11,220	16,939
Dividend received	2,956	4,549
Net cash flow used in investing activities (B)	(62,488)	(69,494)

THE UNITED NILGIRI TEA ESTATES COMPANY LIMITED

Consolidated Cash Flow Statement for the year ended 31st March 2018

(All amounts in Rs. thousands, unless otherwise stated)

Particulars	For the year ended 31st March 2018	For the year ended 31st March 2017
Cash flows from financing activities		
Dividends paid	(13,276)	(13,513)
Tax on dividend	(2,746)	(3,763)
Net cash flow used in financing activities (C)	<u>(16,022)</u>	<u>(17,276)</u>
Net Increase/(decrease) in Cash and cash equivalents (A+B+C)	(15,345)	8,075
Cash and cash equivalents at the beginning of the year {Note 5 c (i)}	29,264	21,282
Effect of exchange differences on restatement of foreign currency cash and cash equivalent	164	(93)
Cash and cash equivalents at the end of the year	<u>14,083</u>	<u>29,264</u>
Components of cash and cash equivalents at the end of the year comprise		
Cash on hand	40	49
Balances with banks		
– In current accounts	10,621	20,718
– In EEFC accounts	3,422	3,497
– In deposit accounts (original maturity of three months or less)	–	5,000
Cash and cash equivalents at the end of the year	<u>14,083</u>	<u>29,264</u>
The accompanying notes form an integral part of these financial statements		

Note: The above Cash Flow Statement has been prepared under “Indirect Method” set out in the Ind AS 7 – Cash Flow Statement.

As per our Report of even date attached

For and on behalf of the Board of Directors

For K.S. Aiyar & Co.
Chartered Accountants
Firm Registration No.100186W
S.KALYANARAMAN
Partner
Membership No.200565
Place : Coimbatore
Date : 17th May 2018

MALLIKA SRINIVASAN
(DIN:00037022)
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S.RAGHURAMAN
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N. SRINIVASAN
(DIN : 00004195)
Director

R. V. SRIDHARAN
Company Secretary

D.HEGDE
(DIN: 00025468)
Director

Place : Chennai
Date : 17th May 2018

THE UNITED NILGIRI TEA ESTATES COMPANY LIMITED

Notes to the Consolidated Financial Statements as at and for the year ended 31st March 2018

1. CORPORATE INFORMATION:

The United Nilgiri Tea Estates Company Limited is a public company incorporated under the provisions of the Companies Act; its shares are listed on National Stock Exchange of India Limited. The Company is primarily engaged in growing and manufacture of Tea besides Letting-out of property. The Company's teas are sold both in domestic and international markets.

2. SIGNIFICANT ACCOUNTING POLICIES :

2.1 Basis of preparation of consolidated financial statements

(a) Statement of compliance

- (i) These consolidated financial statements of the Company and its associate have been prepared in accordance with the generally accepted accounting principles in India and have complied in all material respects with the Indian Accounting Standards ("Ind AS") notified under Section 133 of the Companies Act, 2013 (the Act), the Companies (Indian Accounting Standards) Rules, 2015 and Companies (Indian Accounting Standards) Amendment Rules, 2016 as applicable and also complied with other relevant provisions of the Act and Interpretations issued by the Ind AS Transition Facilitation Group (ITFG) applicable to companies reporting under Ind AS and additional disclosures required by SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.
- (ii) The consolidated financial statements relate to The United Nilgiri Tea Estates Company Limited (the Company) and its associate- Kuduma Fasteners Private Limited, a Company incorporated in India, in which the Company holds 50%.
- (iii) The consolidated financial statements has been prepared in accordance with the equity method under Ind AS 28 (Accounting for investments in Associates in Consolidated financial statements). Accordingly, the share of profit/loss of the associate Company has been added to/deducted from cost of investments.
- (iv) These consolidated financial statements are the first consolidated financial statements of the Company under Ind AS. Refer Note 31 for an explanation of how the transition from previous GAAP to Ind AS has affected the consolidated financial position, financial performance and cash flow.

(b) Basis of measurement

These consolidated financial statements have been prepared under historical cost convention except for certain assets and liabilities as stated in the respective policies, which have been measured at fair value.

(c) Current / Non current classification

The assets and liabilities have been classified as current or non-current as per the Company's normal operating cycle and other criteria set out in Schedule III to the Companies Act, 2013. Based on the nature of products and the time between the acquisition of assets for processing and their realisation in cash and cash equivalents, the Company has ascertained its operating cycle as 12 months for the purpose of current and non-current classification of assets and liabilities. Cash or cash equivalent is treated as current, unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period. Deferred tax assets and liabilities are classified as non-current assets and liabilities.

2.2 Use of estimates and judgement

The preparation of consolidated financial statements in conformity with the generally accepted accounting principles requires the management to make judgments, estimates and assumptions that affect the reported amounts of assets and liabilities as at the Balance Sheet date, reported amounts of revenue and expenses for the year and disclosure of contingent liabilities as of the date of Balance Sheet. The judgments, estimates and assumptions used in the accompanying consolidated financial statements are based upon the management's evaluation of the relevant facts and circumstances as of the date of consolidated financial statements. Actual amounts could differ from these estimates.

THE UNITED NILGIRI TEA ESTATES COMPANY LIMITED

Notes to the Consolidated Financial Statements as at and for the year ended 31st March 2018

2. SIGNIFICANT ACCOUNTING POLICIES – (Contd.)

2.3 Significant estimates and judgements

The areas involving significant estimates and judgements are :

- (i) Estimation of fair value of investment property - (Refer Note.4.3)
- (ii) Defined benefit Obligation - (Refer Note 23)
- (iii) Current tax expense - (Refer Note.22)

2.4 Property, Plant and Equipment

- (a) Freehold land is carried at cost. All other items of property, plant and equipment including intangibles are carried at cost less accumulated depreciation/amortization and impairment losses, if any. Subsequent expenditure relating to an asset is included in 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. The carrying amount of a component accounted for as a separate asset is derecognised when replaced. All other repairs and maintenance are charged to profit and loss during the reporting period in which they are incurred.

(b) Biological Assets

Bearer Plants

Biological Assets which are held to bear agricultural produce are classified as bearer plants. The Company recognises tea bushes in the estates as bearer plants which are carried at cost of acquisition less accumulated depreciation and any recognised impairment losses. Costs comprise of expenditure on development , extension planting, infilling and replanting including cost of uprooting and maintenance of the newly planted bushes. The above costs are carried under Capital Work in Progress until maturity of such bushes.

Live stocks

Live stocks are carried at fair market value ascertained at each year end and adopted for subsequent reporting dates. The fair market value is determined based on the productive life of animals.

- (c) Expenditure incurred on development and extension planting (including infilling) upto 31st March 2016, which was capitalized as part of Land and Development had been segregated and shown separately as "Bearer Plants" on 1st April 2016 in terms of the revised previous GAAP and depreciated over their estimated remaining useful lives.

2.5 Investment Property

Property that is held for long-term rental yields or for capital appreciation or both is classified as investment property. Investment property is carried at cost including related transaction costs less accumulated depreciation and impairment losses, if any. Subsequent expenditure is included in the asset's 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. All other repairs and maintenance are expensed when incurred. When a part of an investment property is replaced, the carrying amount of the replaced part is derecognised.

2.6 Depreciation and amortisation

Depreciation on tangible assets is provided using straight line method over the useful life of the assets in line with the rates specified in Schedule II to the Companies Act, 2013 except for Bearer Plants which are depreciated over their estimated useful life of 60 years. Cost of Intangible assets is amortized over a period of three years on straight line basis. Investment property is depreciated using the straight line method over its estimated useful life in line with the rates specified in Schedule II to the Companies Act, 2013.

2.7. Borrowing Costs

Borrowing costs attributable to acquisition or construction of qualifying assets are capitalized as part of the cost of assets up to the date such assets are ready for their intended use. Other borrowing costs are recognised as expense in the period in which they are incurred.

THE UNITED NILGIRI TEA ESTATES COMPANY LIMITED

Notes to the Consolidated Financial Statements as at and for the year ended 31st March 2018

2. SIGNIFICANT ACCOUNTING POLICIES – (Contd.)

2.8. Impairment

The carrying values of assets/cash generating units at each Balance Sheet date are annually reviewed for impairment. If any indication of impairment exists, the recoverable amount of such assets is estimated and impairment is recognized, if the carrying amount of these assets exceeds their recoverable amount. The recoverable amount is the greater of the net selling price and their value in use. Value in use is arrived at by discounting the future cash flows to their present value based on an appropriate discount factor. When there is indication that an impairment loss recognized for an asset in earlier accounting periods no longer exists or may have decreased such reversal of impairment loss is recognised in the Statement of Profit and Loss.

2.9 Foreign Currency translation

(i) Functional and presentation currency

The financial statements are presented in Indian Rupee, the national currency of India, which is the functional currency of the Company.

(ii) Transactions and balances

Initial Recognition

Foreign currency transactions are recorded in functional currency using the exchange rates prevailing on the date of transaction.

Subsequent recognition

As at the reporting date, monetary assets and liabilities denominated in foreign currency are restated at the closing exchange rates. Exchange differences arising out of actual payment/ realisation and from the year end restatement are recognized in the statement of profit and Loss.

Forward contracts

Foreign exchange forward contracts outstanding at the year-end on account of firm commitment / highly probable forecast transactions are marked to market and the gains / losses, if any, are recognised in the Statement of Profit and Loss. The Company does not enter into any speculative transactions in derivatives.

2.10 Inventories

Inventories are stated at lower of cost and net realisable value.

Cost of stores and spares is ascertained on moving weighted average basis. Cost of Nursery stocks represents cost incurred in raising and maintaining such stocks till transplanted.

Finished goods (Tea) is determined based on absorption costing method.

Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

2.11 Cash and cash equivalents

Cash and cash equivalents consist of all cash balances including demand deposits with banks with original maturities of three months or less.

2.12 Trade receivables

Trade receivables are recognised initially at fair value and subsequently measured at amortized cost less provision for impairment.

THE UNITED NILGIRI TEA ESTATES COMPANY LIMITED

Notes to the Consolidated Financial Statements as at and for the year ended 31st March 2018

2. SIGNIFICANT ACCOUNTING POLICIES – (Contd.)

2.13 Investments and other financial assets

(i) Classification

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

- (a) Those to be measured subsequently at fair value (either through other comprehensive income, or through profit or loss), and
- (b) Those measured at amortized cost.

The classification depends on the entity's business model for managing the financial assets and the contractual terms of the cash flow.

For assets measured at fair value, gains and losses will either be recorded in profit or loss or other comprehensive income. For Investments in debt instruments, this will depend on the business model in which the investment is held. For investments in equity instruments, this will depend on whether the Company has made an irrevocable election at the time of initial recognition to account for the equity investment at Fair Value through Other Comprehensive Income (FVOCI).

The Company reclassifies debt instruments when and only when its business model for managing those asset changes.

(ii) Measurement

Initial recognition :

The Company measures a financial asset (in the case of a financial asset not carried at a fair value through profit or loss) at its fair value plus transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at fair value through profit or loss are expensed in profit and loss.

Subsequent measurement :

(a) Equity Instruments:

The Company subsequently measures all investments in equity (except that in the associate) at fair value and has elected to present fair value gains and losses on equity investments in other comprehensive income with no subsequent reclassification of fair value gains and losses to profit and loss.

Investments in associates are measured at cost less provision for impairment.

(b) Debt Instruments:

Company's investments in Mutual Funds (debt funds) are measured at Fair Value through Profit or Loss (FVTPL). A gain or loss on a debt investment that is subsequently measured at FVTPL and is not part of a hedging relationship is recognized in profit or loss and presented in the statement of profit and loss in the period in which it arises.

(iii) Impairment of financial assets :

The Company assesses on a forward looking basis the expected credit losses associated with its assets carried at amortized cost. Impairment is considered when there is significant increase in credit risk. Note 32 details how the Company determines whether there has been a significant increase in credit risk.

For trade receivables, the Company applies the simplified approach permitted by Ind As 109 Financial Instruments, which requires expected credit losses to be recognized from initial recognition of the receivables.

(iv) De-recognition of financial assets

A financial asset is de-recognised only when :

- (a) The Company's contractual right to the cash flow expires or
- (b) The Company has transferred the rights to receive cash flows from the financial asset.

THE UNITED NILGIRI TEA ESTATES COMPANY LIMITED

Notes to the Consolidated Financial Statements as at and for the year ended 31st March 2018

2.14 Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable. Revenue is net of returns, allowances and rebates.

- (i) Revenue from the sale of goods (export and private tea sales) is recognised when the significant risks and rewards of ownership in the goods are transferred to the customer, recovery of the consideration is probable, the associated costs can be estimated reliably, there is no continuing management involvement with the goods and the amount of revenue can be measured reliably.

Revenue from sale of tea at auction is recognized on receipt of sale notes from the brokers.

- (ii) Export benefits are accounted for based on eligibility and when there is no uncertainty in receiving them.
- (iii) The Company recognises the Minimum Guaranteed Fixed License fee(MGFLF) in respect of its let-out property as revenue. As per the Leave and License agreement, the Company is entitled for MGFLF or Variable License Fee (VLF) whichever is higher and shall be determined on half yearly basis. The difference, if any, between MGFLF and VLF will be recognized upon its determination as per the agreement.
- (iv) Interest income from debt instruments is recognized using the effective interest rate method.
- (v) Dividends are recognised in profit and loss only when the right to receive payment is established.

2.15 Leases :

As a Lessee

Assets taken on lease by the Company in its capacity as lessee where substantially all the risks and rewards of ownership vest in the Company are classified as financial leases. Such leases are capitalised at the inception of the lease at the lower of the fair value and present value of the minimum lease payments and the liability is created for an equivalent amount. Each lease rental paid is allocated between the liability and the interest cost so as to obtain a constant periodic rate of interest on the outstanding liability for each year.

As a Lessor

Lease income (License fees) from operating leases where the Company is a lessor is recognised in income on a straight line basis over the lease term unless the license fees is structured to increase in line with expected general inflation to compensate for the expected inflationary cost increases in which event such increases are recognised in the year in which such benefits accrue.

Lease arrangements where the risks and rewards incidental to ownership of an asset substantially vest with lessor are recognised as operating leases. Lease rentals under operating leases are recognised in the statement of profit and loss on a straight line basis.

2.16 Government grant

Government grants are recognised at fair value where there is a reasonable assurance that the grant will be received and all attached conditions will be complied with.

Government grants relating to income are recognised in the statement of profit and loss over the periods in which the related costs, for which the grants are intended to compensate , are recognised as expenses.

Government grants relating to purchase of property, plant and equipment are included in other non-current / current liabilities as deferred income and are credited to profit and loss on a straight-line basis over the expected lives of the related assets and presented within other income.

THE UNITED NILGIRI TEA ESTATES COMPANY LIMITED

Notes to the Consolidated Financial Statements as at and for the year ended 31st March 2018

2. SIGNIFICANT ACCOUNTING POLICIES – (Contd.)

2.17 Employee benefits / Obligations

(i) Short term obligations

Liabilities for wages and salaries, including non monetary benefits that are expected to be settled wholly within 12 months after the end of the period in which the employees render their related services are recognised in respect of employees' services upto to the end of the reporting period and are measured at the amounts expected to be paid when the liabilities are settled. The liabilities are presented as current employee benefit obligations in the Balance Sheet.

The Company recognises a liability and an expense for bonuses where there is a contractual obligation or where there is a past practice that has created a constructive obligation.

(ii) Post employment obligations

The Company has the following post employment obligations / plans :

- (a) Defined benefit plans such as gratuity for its eligible employees; and
- (b) Defined contribution plans such as provident fund and superannuation.

(a) Gratuity :

The liability or asset recognised in the Balance Sheet in respect of defined benefit gratuity plan is the present value of the defined benefit obligation at the end of the reporting period less the fair value of plan assets. The defined benefit obligation is calculated annually by Actuaries using the projected unit credit method.

Actuarial gains or losses are recognized in other comprehensive income. Further, the profit or loss does not include an expected return on plan assets. Instead net interest recognized in profit or loss is calculated by applying the discount rate used to measure the defined benefit obligation to the net defined benefit liability or asset.

Re-measurement gains or losses arising from experience adjustments and changes in actuarial assumptions are recognised in the period in which they occur, directly in other comprehensive income (net of tax).

(b) Superannuation Fund :

This is a defined contribution plan. The Company contributes towards superannuation fund administered by the Trustees and managed by Life Insurance Corporation of India (LIC). The Company has no further obligations for future superannuation benefits other than its monthly contributions and recognises such contributions as expense in the year incurred.

(c) Provident Fund :

This is a defined contribution plan and contributions made to the Fund as per the rules of the Company are charged to profit and loss as and when due. The Company has no further obligations for future provident fund benefits other than its monthly contributions.

(iii) Other long term employee benefit obligation

The liabilities for earned leave are not expected to be settled wholly within 12 months after the end of the period in which the employees render their related service. They are, therefore, measured as the present value of expected future payments to be made in respect of services provided by employees upto the end of the reporting period using the projected unit credit method. The benefits are discounted using the market yields at the end of the reporting period that have terms approximating to the terms of the related obligations. Re-measurements as a result of experience adjustments and changes in actuarial assumptions are recognised in the statement of profit and loss.

THE UNITED NILGIRI TEA ESTATES COMPANY LIMITED

Notes to the Consolidated Financial Statements as at and for the year ended 31st March 2018

2. SIGNIFICANT ACCOUNTING POLICIES – (Contd.)

2.18 Taxes on Income

Taxes on Income comprise current tax and deferred tax.

The current tax expense for the period is the tax payable on the current period's taxable income computed at the applicable income tax rate and is recognised in the statement of profit and loss. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the end of the reporting period and are expected to apply when the related deferred tax asset is realised or the deferred tax liability is settled.

Deferred tax assets are recognised only if it is possible that future taxable amounts will be available to utilise those temporary differences and losses.

Current and deferred tax is recognised in statement of profit and loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

2.19 Provisions and contingencies

Provisions

Provisions are recognized when the Company 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.

Contingencies

Contingent liabilities are not recognised but are disclosed in notes. Contingent assets are neither recognised nor disclosed in the financial statements.

2.20 Earnings per share

Basic earnings per share is calculated by dividing the net profit or loss for the year attributable to equity shareholders by the weighted average number of equity shares outstanding during the year.

For the purpose of calculating diluted earnings per share, the net profit or loss for the year attributable to equity shareholders and the weighted average number of equity shares outstanding during the year are adjusted for the effects of all potential equity shares.

2.21 Premium from Fair Trade International (FLO)

Sale of tea under "Fair Trade International (FLO) charter" offer a certain premium besides "minimum price" for the grade.

Fair Trade premium is recognized as part of turnover and the premium transferred to the registered joint body as required by FLO Charters is treated as staff welfare expenses.

2.22 Segment Reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the Chief Operating Decision Maker ("CODM").

2.23 Dividend to Shareholders

Final dividend distributed to equity shareholders is recognised in the period in which it is approved by the members of the Company in the Annual General Meeting. Interim dividend is recognised when approved by the Board of Directors at the Board meeting. Dividend distributed (including interim dividend) is recognised in the Statement of changes in Equity.

THE UNITED NILGIRI TEA ESTATES COMPANY LIMITED

Notes to the Consolidated Financial Statements as at and for the year ended 31st March 2018

2. SIGNIFICANT ACCOUNTING POLICIES – (Contd.)

2.24 Recent Accounting pronouncements to be effective from April 1, 2018

(i) Appendix B to Ind AS 21, Foreign currency transactions and advance consideration

On March 28, 2018, Ministry of Corporate Affairs ("MCA") has notified the Companies (Indian Accounting Standards) Amendment Rules, 2018 containing Appendix B to Ind AS 21, Foreign currency transactions and advance consideration which clarifies the date of the transaction for the purpose of determining the exchange rate to use on initial recognition of the related asset, expense or income, when an entity has received or paid advance consideration in a foreign currency. The amendment will come into force from April 1, 2018. The Company has evaluated the effect of this on the financial statements and the impact is not material.

(ii) Ind AS 115 – Revenue from Contract with Customers

On March 28, 2018, Ministry of Corporate Affairs ("MCA") has notified the Ind AS 115, Revenue from Contract with Customers. The core principle of the new standard is that an entity should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Further the new standard requires enhanced disclosures about the nature, amount, timing and uncertainty of revenue and cash flows arising from the entity's contracts with customers. The standard permits two possible methods of transition :

- Retrospective approach – Under this approach the standard will be applied retrospectively to each prior reporting period presented in accordance with Ind AS 8 – Accounting Policies, Changes in Accounting Estimates and Errors.
- Cumulative catch-up approach – Retrospectively with cumulative effect of initially applying the standard recognized at the date of initial application. The effective date for adoption of Ind AS 115 is financial period beginning on or after April 1, 2018. The Company will adopt the standard on April 1, 2018 by using the cumulative catch-up transition method and accordingly comparatives for the year ending or ended March 31, 2018 will not be retrospectively adjusted.

The effect on adoption of Ind AS 115 is expected to be not material.

(iii) Standards yet to be notified : Ind AS 116 – "Leases"

On July 18, 2017, the Accounting Standards Board (ASB) of the Institute of Chartered Accountants of India (ICAI) issued an Exposure Draft (ED) of Ind AS 116, Leases. Ind AS 116 is largely converged with IFRS 16. When notified, Ind AS 116 will replace Ind AS 17 Leases.

Ind AS 116 sets out a comprehensive model for identification of lease arrangements and their treatment in the financial statements of the lessor and lessee. Ind AS 116 applies a control model for the identification of leases, distinguishing between leases and service contracts on the basis of whether there is an identified asset controlled by the customer. The Company is evaluating the requirement of the standard and the effect on the financial statements upon notification.

THE UNITED NILGIRI TEA ESTATES COMPANY LIMITED

Notes to the Consolidated Financial Statements as at and for the year ended 31st March 2018

(All amounts in Rs. thousands, unless otherwise stated)

Note 3 Property, Plant and Equipment

DESCRIPTION OF ASSETS	Freehold Land and Development	Buildings	Machinery and Electrical Installations	Furniture and Fixture	Office and Computer Equipment	Vehicles	Bearer Plant	Live Stocks	Intangible Assets – Software	Total
I. Gross carrying value										
Deemed cost as at April 1, 2016	62,733	42,798	59,380	1,672	674	9,994	10,705	2,328	421	1,90,705
Additions	1,547	4,261	13,060	–	214	3,936	–	–	215	23,233
Disposals	–	–	–	–	–	1,740	–	–	–	1,740
Balance as at March 31, 2017	64,280	47,059	72,440	1,672	888	12,190	10,705	2,328	636	2,12,198
Additions	12,214	1,419	14,637	19	135	3,361	–	–	82	31,867
Disposals	–	–	604	–	–	1,824	–	67	–	2,495
Balance as at March 31, 2018	76,494	48,478	86,473	1,691	1,023	13,727	10,705	2,261	718	2,41,570
II. Accumulated depreciation/ amortisation										
Balance as at April 01, 2016	–	–	–	–	–	–	–	–	–	–
Charge for the year	–	3,280	9,145	359	200	2,496	309	–	163	15,952
Disposals	–	–	–	–	–	1,740	–	–	–	1,740
Balance as at March 31, 2017	–	3,280	9,145	359	200	756	309	–	163	14,212
Charge for the year	–	2,584	9,818	300	249	2,549	352	–	225	16,077
Disposals	–	–	604	–	–	1,824	–	–	–	2,428
Balance as at March 31, 2018	–	5,864	18,359	659	449	1,481	661	–	388	27,861
Net carrying Value										
Balance as on March 31, 2018	76,494	42,614	68,114	1,032	574	12,246	10,044	2,261	330	2,13,709
Balance as on March 31, 2017	64,280	43,779	63,295	1,313	688	11,434	10,396	2,328	473	1,97,986
Balance as on April 01, 2016	62,733	42,798	59,380	1,672	674	9,994	10,705	2,328	421	1,90,705

3.1 Reconciliation of the gross carrying amount as per previous GAAP with the deemed cost as at April 1, 2016

DESCRIPTION OF ASSETS	Freehold Land and Development	Buildings	Machinery and Electrical Installations	Furniture and Fixture	Office and Computer Equipment	Vehicles	Bearer Plant	Live Stocks	Intangible Assets – Software	Total
Gross carrying amount as per previous GAAP (A)	62,733	76,245	1,38,475	7,063	6,872	25,478	10,705	2,328	716	3,30,615
Accumulated depreciation (B)	–	33,447	79,095	5,391	6,198	15,484	–	–	295	1,39,910
Deemed cost as at April 1, 2016 (A) - (B)	62,733	42,798	59,380	1,672	674	9,994	10,705	2,328	421	1,90,705

THE UNITED NILGIRI TEA ESTATES COMPANY LIMITED

Notes to the Consolidated Financial Statements as at and for the year ended 31st March 2018

(All amounts in Rs. thousands, unless otherwise stated)

Note 4. Investment Property

Decription of Assets	Freehold Land	Buildings	Machinery and Electrical Installations	Total
I. Gross carrying value				
Deemed cost as at April 01, 2016	400	1,47,458	44,876	1,92,734
Additions	—	—	—	—
Disposals	—	—	—	—
Balance as at March 31, 2017	400	1,47,458	44,876	1,92,734
Additions	—	—	—	—
Disposals	—	—	—	—
Balance as at March 31, 2018	400	1,47,458	44,876	1,92,734
II. Accumulated depreciation				
Balance as at April 01, 2016	—	—	—	—
Charge for the year	—	5,898	4,579	10,477
Disposals	—	—	—	—
Balance as at March 31, 2017	—	5,898	4,579	10,477
Charge for the year	—	5,898	4,579	10,477
Disposals	—	—	—	—
Balance as at March 31, 2018	—	11,796	9,158	20,954
Net carrying value				
Balance as on March 31, 2018	400	1,35,662	35,718	1,71,780
Balance as on March 31, 2017	400	1,41,560	40,297	1,82,257
Balance as on April 01, 2016	400	1,47,458	44,876	1,92,734
4.1 Reconciliation of the gross carrying amount as per previous GAAP with the deemed cost as at April 1, 2016				
Gross carrying amount as per previous GAAP (A)	400	1,65,843	59,150	2,25,393
Accumulated depreciation (B)	—	18,385	14,274	32,659
Deemed cost as at April 1, 2016 (A) - (B)	<u>400</u>	<u>1,47,458</u>	<u>44,876</u>	<u>1,92,734</u>

THE UNITED NILGIRI TEA ESTATES COMPANY LIMITED

Notes to the Consolidated Financial Statements as at and for the year ended 31st March 2018

(All amounts in Rs. thousands, unless otherwise stated)

Particulars		31st March 2018	31st March 2017
4.2 Amounts recognised in statement of profit and loss for investment property :			
Rental income from freehold buildings		42,480	45,364
Direct operating expense from property that generated rental income		5,309	8,247
Profit from investment property before depreciation		37,171	37,117
Depreciation		10,477	10,477
Profit from investment property		26,694	26,640
4.3 Fair Value	31st March 2018	31st March 2017	1st April 2016
Land	3,59,500	3,41,500	3,23,600
Buildings	1,90,186	1,80,500	1,71,100
Machinery and Electrical installations	36,827	39,300	42,000
Total	5,86,513	5,61,300	5,36,700
4.4 Estimation of Fair value			
<p>The best evidence of fair value is current prices in an active market for similar properties. Since investment properties leased out by the Company are cancellable leases, the market rate for sale / purchase of such premises are representative of fair values. Company's investment properties are at a location where active market is available for similar kind of properties. The market approach is being followed for ascertaining the fair value of the investment properties and hence fair value is ascertained on the basis of market rates prevailing for similar properties in those locations determined by an independent registered valuer. Consequently this is classified as a Level 2 valuation.</p>			

THE UNITED NILGIRI TEA ESTATES COMPANY LIMITED

Notes to the Consolidated Financial Statements as at and for the year ended 31st March 2018

(All amounts in Rs. thousands, unless otherwise stated)

Note 5(a) Investments

Non-current Investments

PARTICULARS	Nominal Value of shares/units	As at 31st March 2018		As at 31st March 2017		As at 1st April 2016	
		No. of shares/units	Amount	No. of shares/units	Amount	No. of shares/units	Amount
A. Investment in equity instruments							
Investment in Associate (fully paid) - at cost - unquoted	100	75,000	20,889	75,000	20,889	75,000	20,889
Kuduma Fasteners Private Limited*			3,583		20,889		20,889
Less: Impairment (refer Note 5 a 3 below)			17,306		-		-
Investments in other equity instruments designated at fair value through other comprehensive income							
I. Unquoted (fully paid)							
Stanes Amalgamated Estates Limited	10	81,783	10,632	81,783	4,089	81,783	4,089
Stanes MJF Teas Limited	10	-	-	7,50,000	-	7,50,000	-
Hifame Private Limited	10	27,600	9,990	27,600	3,947	27,600	3,947
Simpson and Company Limited	10	26,333	1,71,165	26,333	1,57,998	26,333	1,57,998
Orkay Industries Limited	10	450	-	450	-	450	-
Palani Andavar Cotton & Synthetic Spinners Ltd.	10	500	-	500	-	500	-
			1,91,787		1,66,034		1,66,034
II. Quoted (fully paid)							
IP Rings Limited	10	3,600	575	3,600	459	2,000	232
Sundaram Clayton Limited	5	-	-	4,300	15,662	4,300	9,234
TVS Motor Company Limited	1	-	-	86,214	37,141	86,214	27,830
TATACoffee Limited	1	1,000	1,134	1,000	1,262	1,000	896
Tata Steel Limited	10	6,739	3,847	6,739	3,253	6,739	2,154
The Tata Power Company Limited	1	10,000	793	10,000	904	10,000	647
Harita Seating Systems Limited	10	-	-	2,600	1,816	2,600	1,135
Uniworth India Limited	10	750	1	750	1	750	1
Wabco (India) Limited	5	4,300	33,960	4,300	25,052	4,300	26,866
			40,310		85,550		68,995
Total Investments in equity instruments			2,49,403		2,51,584		2,35,029

* since sold

THE UNITED NILGIRI TEA ESTATES COMPANY LIMITED

Notes to the Consolidated Financial Statements as at and for the year ended 31st March 2018

(All amounts in Rs. thousands, unless otherwise stated)

Note 5(a) Investments

Non-current Investments

PARTICULARS	Nominal Value of shares/units	As at 31st March 2018		As at 31st March 2017		As at 1st April 2016	
		No. of shares/units	Amount	No. of shares/units	Amount	No. of shares/units	Amount
B Investments in debt instruments designated as Fair Value through Profit and Loss							
Investments in Mutual Funds							
Sundaram Infrastructure Advantage Fund-Dividend	10	-	-	2,20,942	6,198	2,20,942	4,874
Sundaram Select Debt Short term Asset Plan-Growth	10	6,77,630	21,112	1,71,779	5,000	-	-
HDFC High Interest Fund-Growth	10	1,84,379	6,378	96,560	3,158	96,560	2,863
Birla Sun Life Dynamic Fund-Growth	10	6,07,492	18,214	2,49,194	7,235	2,49,194	6,564
Birla Sun Life Short Term Plan-Growth	10	80,338	5,338	80,338	5,003	-	-
Birla Sun Life Short Term Opportunities Fund-Growth	10	6,29,371	18,161	1,84,358	5,002	-	-
Birla Sun Life Short Term Opportunities Fund – Quarterly Dividend Reinvestment	10	3,22,255	3,273	3,07,111	3,151	-	-
Birla Sun Life Treasury Optimizer Plan-Growth-Direct	10	22,651	5,086	-	-	-	-
Birla Sun Life Balanced 95 fund - Direct-Growth	10	6,571	5,112	-	-	-	-
Birla Sun Life Short term fund-Growth- Direct	10	2,33,874	15,628	-	-	-	-
Reliance Short Term Fund-Growth	10	-	-	1,01,940	3,141	1,01,940	2,883
Reliance Regular Savings Balanced Fund - Growth	10	91,211	5,159	-	-	-	-
Reliance Short Term Fund -Monthly Dividend	10	2,45,416	2,743	2,37,095	2,633	-	-
Reliance Short Term Fund - Direct-Growth	10	3,10,174	10,448	-	-	-	-
Reliance Corporate Bond Fund	10	7,31,855	10,256	-	-	-	-
HDFC Regular Savings Fund-Monthly Dividend	10	6,46,098	6,715	6,21,025	6,444	-	-
HDFC Fixed Maturity Plan-Quarterly Dividend	10	5,00,000	5,051	5,00,000	5,090	-	-
HDFC Fixed Maturity Plan-Growth	10	42,50,000	45,481	27,50,000	28,249	-	-
HDFC Corporate Debt Opportunity fund	10	13,81,788	20,635	-	-	-	-
HDFC Balanced Fund	10	67,600	10,323	-	-	-	-
HDFC Regular Savings Fund-Growth-Direct	10	1,44,422	5,089	-	-	-	-
Reliance Fixed Horizon Fund-Growth	10	5,00,000	5,818	5,00,000	5,355	-	-
Reliance Fixed Horizon Fund-Series XXXV-16 - Growth	10	7,50,000	7,631	-	-	-	-
ICICI Prudential ULTRA Short Term Fund-Growth	10	1,51,598	2,700	1,51,598	2,535	-	-
HDFC Short Term Opportunity fund-Growth	10	1,41,722	2,717	1,41,722	2,549	-	-
Reliance Regular Savings Fund-Growth	10	4,88,099	11,816	4,88,099	11,059	-	-
HDFC Corporate Debt Opportunity Fund-Growth	10	8,07,220	11,633	8,07,220	10,944	-	-
Birla Sunlife Medium Term Plan-Growth	10	4,09,310	8,996	4,09,310	8,354	-	-
ICICI Prudential Regular Saving Fund-Growth	10	21,07,716	39,129	12,96,256	22,515	-	-
ICICI Prudential Corporate Bond Fund - Growth	10	8,21,255	23,219	-	-	-	-
ICICI Prudential Short Term Fund - Growth	10	2,87,044	10,390	-	-	-	-

THE UNITED NILGIRI TEA ESTATES COMPANY LIMITED

Notes to the Consolidated Financial Statements as at and for the year ended 31st March 2018 – (Contd.)

Note 5(a) Investments
Non-current Investments
(All amounts in Rs. thousands, unless otherwise stated)

PARTICULARS	Nominal Value of shares/units	As at 31st March 2018		As at 31st March 2017		As at 31st March 2016	
		No. of shares/units	Amount	No. of shares/units	Amount	No. of shares/units	Amount
B Investments in debt instruments designated as Fair Value through Profit and Loss – (Contd.)							
Investments in Mutual Funds							
Birla Sunlife Treasury Optimizer Plan-Growth	10	48,591	10,766	48,591	10,116	-	-
DSP Black Rock Income Opportunities fund - Growth	10	2,14,987	6,148	-	-	-	-
DSP Black Rock Balanced fund - Growth	10	33,540	4,985	-	-	-	-
Total investments in debt instruments			<u>3,66,150</u>		<u>1,53,731</u>		<u>17,184</u>
Total non current investments			6,15,553		4,05,315		2,52,213
Other disclosures							
Aggregate carrying amount of quoted investments			40,310		85,550		68,995
Aggregate market value of quoted investments			40,310		85,550		68,995
Aggregate amount of unquoted investments			5,75,243		3,19,765		1,83,218
Aggregate amount of impairment in value of investments			3,583		20,889		20,889

5 a.1 Extent of holdings in associate

5 a.2 The investments in Mutual Funds are in open ended schemes which are not listed on any recognised stock exchanges. The Net Asset Values are based on the data published by the respective Asset Management Companies. Consequently this is classified as level 2 valuation.

5 a.3 Due to accumulated losses, the Company's investment in the associate had been fully provided for in the earlier years. However, this investment has been sold subsequent to the year end at a price higher than its original cost. Consequently the provision for diminution in the carrying value of investments of Rs.20,889/- has been reversed and included under other income.

5 a.4 In view of the disposal of the investment in the associate subsequent to the year end at a price higher than the carrying cost of the investment, the accumulated losses from the date of acquisition till 31st March 2017 have not been considered for the purpose of equity method of accounting investment in associate.

Note 5(a) Investments Current Investments

PARTICULARS	Nominal Value of shares/units	As at 31st March 2018		As at 31st March 2017		As at 1st April 2016	
		No. of shares/units	Amount	No. of shares/units	Amount	No. of shares/units	Amount
Investments in debt instruments designated as Fair Value through Profit and Loss – (Contd.)							
Investments in Mutual Funds							
Birla Sun Life Cash Plus Monthly Dividend	10	-	-	-	0	50	5,023
Birla Sun Life Cash Plus Daily Dividend	10	-	-	1,181	119	-	-
HDFC Liquid Fund Monthly Dividend	10	14,237	14,520	-	-	5	5,020
HDFC Liquid Fund Daily Dividend	10	-	-	86	89	-	-
ICICI Prudential Liquid Plan-Monthly Dividend	10	-	-	-	-	50	5,024
Reliance Liquid Fund - Treasury Monthly Dividend	10	-	-	-	-	3	5,024
Total current investments			<u>14,520</u>		<u>208</u>		<u>20,091</u>

The investments in Mutual Funds are in open ended schemes which are not listed on any recognised stock exchanges. The Net Asset Values are based on the data published by the respective Asset Management Companies. Consequently this is classified as level 2 valuation.

THE UNITED NILGIRI TEA ESTATES COMPANY LIMITED

Notes to the Consolidated Financial Statements as at and for the year ended 31st March 2018

(All amounts in Rs. thousands, unless otherwise stated)

Particulars	As at		
	31st March 2018	31st March 2017	1st April 2016
Note 5 (b) – Trade receivables			
Unsecured - considered good	53,349	20,626	55,103
Total	53,349	20,626	55,103
There are no dues from related parties.			
Note 5 (c) – Cash and cash equivalents			
(i) Cash and Cash equivalents (as per Cash Flow Statement)			
(a) Cash on hand	40	49	29
(b) Balances with banks			
– In current accounts	10,621	20,718	19,912
– In EEFC accounts	3,422	3,497	1,341
– In deposit accounts (original maturity of three months or less)	–	5,000	–
	14,083	29,264	21,282
(ii) Other bank balances			
– In deposit accounts (original maturity of more than three months)	52,782	1,48,882	1,96,377
– In earmarked accounts			
Unpaid dividend accounts	8,204	7,989	8,010
Total	75,069	1,86,135	2,25,669
Note 5 (d) – Other financial assets (Unsecured - considered good)			
Current			
Accrued interest on fixed deposits	1,674	6,834	10,399
Replanting / Orthodox Subsidy receivable	32,146	14,076	741
Total	33,820	20,910	11,140
Note 6 Other non current assets (Unsecured - considered good)			
Security deposits	5,259	4,995	5,689
Total	5,259	4,995	5,689
Note 7 Inventories (at lower of cost and net realizable value)			
Finished goods (Tea)	35,367	28,170	11,168
Stores and Spare Parts	12,914	14,641	15,275
Nursery Stock	987	884	2,025
Total	49,268	43,695	28,468
Note 8 Other current assets (Unsecured - considered good)			
Advances – Trade and Supplies	433	2,170	3,591
Advance towards investment in HDFC Liquid Fund	–	6,000	–
Security deposits	–	501	3
Prepaid expenses	7,357	5,425	5,821
Due from Gratuity Trust (Note 23)	–	43	2,207
Others	847	6,164	186
Total	8,637	20,303	11,808

THE UNITED NILGIRI TEA ESTATES COMPANY LIMITED
Notes to the Consolidated Financial Statements as at and for the year ended 31st March 2018
(All amounts in Rs. thousands, unless otherwise stated)

PARTICULARS	As at 31st March 2018		As at 31st March 2017		As at 1st April 2016	
	No. of shares	Amount	No. of shares	Amount	No. of shares	Amount
9(a) Equity share capital						
Authorised						
Equity shares of Rs. 10/- each	5,000,000	<u>50,000</u>	50,00,000	<u>50,000</u>	50,00,000	<u>50,000</u>
Issued, subscribed and fully paid-up						
Equity shares of Rs 10/- each	49,96,566	<u>49,966</u>	49,96,566	<u>49,966</u>	49,96,566	<u>49,966</u>
		<u>49,966</u>		<u>49,966</u>		<u>49,966</u>
(a) Reconciliation of the number of shares and amount outstanding at the beginning and at the end of the year						
Equity Shares						
At the beginning of the year	49,96,566	<u>49,966</u>	49,96,566	<u>49,966</u>	49,96,566	<u>49,966</u>
Less: Changes during the year	-	<u>-</u>	-	<u>-</u>	-	<u>-</u>
Outstanding at the end of the year	<u>49,96,566</u>	<u>49,966</u>	<u>49,96,566</u>	<u>49,966</u>	<u>49,96,566</u>	<u>49,966</u>
(b) Rights, preferences and restrictions attached to equity shares						
Each shareholder is entitled to one vote per share and dividend when declared. Other rights are governed by the Articles of Association of the Company and the Companies Act, 2013.						
(c) Details of shares held by each shareholder holding more than 5% of share capital						
Tractors and Farm Equipment Limited	8,55,363	17.12	8,55,067	17.11	8,55,067	17.11
T Stanes & Company Limited	8,36,308	16.74	8,36,308	16.74	8,36,308	16.74
Life Insurance Corporation of India	7,71,496	15.44	7,71,496	15.44	7,71,496	15.44
Amalgamations Private Limited	3,25,344	6.51	3,25,344	6.51	3,25,344	6.51
Trustees, T Stanes & Co. Limited Staff Pension Fund	2,64,816	5.30	2,64,816	5.30	2,64,816	5.30
	<u>30,53,327</u>		<u>30,53,031</u>		<u>30,53,031</u>	

THE UNITED NILGIRI TEA ESTATES COMPANY LIMITED

Notes to the Consolidated Financial Statements as at and for the year ended 31st March 2018

(All amounts in Rs. thousands, unless otherwise stated)

Particulars	As at		
	31st March 2018	31st March 2017	1st April 2016
Note 9 (b) – Other Equity			
Reserves and Surplus			
General Reserve	7,45,000	6,70,000	6,00,000
Retained earnings (Surplus)	74,170	47,486	42,090
Other reserves - Other Comprehensive Income	2,92,715	2,47,668	2,31,322
Total	11,11,885	9,65,154	8,73,412
(i) General reserve			
Opening balance	6,70,000	6,00,000	
Add : Transfer from retained earnings	75,000	70,000	
Closing balance	7,45,000	6,70,000	
(ii) Retained earnings (surplus)			
Opening balance	47,486	42,090	
Add : Net Profit for the year	1,17,921	91,633	
Less : Appropriations			
Transfer to General reserve	(75,000)	(70,000)	
Dividend declared and paid during the year	(13,491)	(13,491)	
Tax on dividend	(2,746)	(2,746)	
Closing Balance	74,170	47,486	
(iii) Other Reserves			
FVOCI equity instruments:			
Opening balance	2,47,668	2,31,322	
Add: Total comprehensive income/(loss) for the year	45,047	16,346	
Closing balance	2,92,715	2,47,668	
Nature and purpose of other reserves			
The Company has elected to recognise changes in the fair value of investments in equity instruments in other comprehensive income. These changes are accumulated within the FVOCI equity instruments in other equity. The Company has an option of transferring amounts from FVOCI equity instruments to retained earnings on de-recognition of the relevant equity instruments.			
Note 10 (a) Other financial liabilities			
Non Current (carried at amortized cost)			
Security deposits	13,951	13,272	12,626
	13,951	13,272	12,626
Current			
Unclaimed / Unpaid Dividend	3,207	2,992	3,014
Interim Dividend Payable	4,997	4,997	4,997
Tax on Interim Dividend payable	–	–	1,017
Due to gratuity trust (Note 23)	5,230	–	–
Other payables	3,916	–	–
Total	17,350	7,989	9,028

THE UNITED NILGIRI TEA ESTATES COMPANY LIMITED

Notes to the Consolidated Financial Statements as at and for the year ended 31st March 2018

(All amounts in Rs. thousands, unless otherwise stated)

Particulars	As at		
	31st March 2018	31st March 2017	1st April 2016
Note 10 (b) – Trade payables			
Total outstanding dues of micro, small and medium enterprises [Refer Note 10(b)1]	–	–	–
Total outstanding dues of creditors other than micro, small and medium enterprises	12,114	5,277	5,272
Total	12,114	5,277	5,272
10 (b) 1. The Company has not received any memorandum (as required to be filed by the suppliers with the notified authority under the Micro, Small and Medium Enterprises Development Act, 2006) claiming their status as micro, small and medium enterprises. Consequently the amount paid or payable to these parties is considered to be Nil.			
10 (b) 2. There are no dues to any related party nor have there been any acceptances outstanding as at the year end.			
Note 11 Provisions			
Non Current			
Provision for Compensated Absences	1,273	985	514
	1,273	985	514
Current			
Provision for Compensated Absences	425	922	1,040
	425	922	1,040
Note 12 1. Deferred tax liabilities /assets			
Tax effect of items constituting deferred tax liabilities :			
On difference between book and tax balance of Property, Plant and Equipment	4,474	3,080	3,694
On expenditure capitalised in books but allowable for tax purpose	312	281	–
	4,786	3,361	3,694
Tax effect of items constituting deferred tax assets			
Expenses allowable on payment basis	985	836	297
Provision for compensated absence	225	253	168
	1,210	1,089	465
Deferred tax liabilities (Net)	3,576	2,272	3,229

THE UNITED NILGIRI TEA ESTATES COMPANY LIMITED

Notes to the Consolidated Financial Statements as at and for the year ended 31st March 2018

(All amounts in Rs. thousands, unless otherwise stated)

12. 2. Movement in deferred tax liability	Property, Plant and equipment	Expenses capitalised but allowable for tax purpose	Expenses allowed on payment basis	Employee benefit	Total
As at 1st April 2016	3,694	—	297	168	3,229
Credited/(charged) to					
– Profit and Loss	614	(281)	(539)	(85)	957
– Other comprehensive income	—	—	—	—	—
As at 31st March 2017	3,080	281	836	253	2,272
Credited/(charged) to					
– Profit and Loss	(1,394)	(31)	(149)	28	(1,304)
– Other comprehensive income	—	—	—	—	—
As at 31st March 2018	4,474	312	985	225	3,576
Particulars	As at				
	31st March 2018	31st March 2017	1st April 2016		
Note 13 Other non current liabilities					
Deferred Government grants	309	309	—		
Deferred licence income	1,816	2,439	3,061		
Total	2,125	2,748	3,061		
Note 14 Other current liabilities					
Statutory remittances	3,736	2,797	3,075		
Payable on purchase of property, plant and equipment	2,987	199	1,462		
Advance from customers	580	1,264	256		
Employee benefits payable	24,966	22,645	20,131		
Other liabilities	1,211	8,683	8,245		
Total	33,480	35,588	33,169		
Note 15 Current tax asset / liabilities					
Advance tax paid	1,29,504	1,12,820	1,06,114		
Income tax deducted at source	21,870	17,922	15,123		
Less : Provision for Income Tax	1,50,708	1,31,440	1,23,540		
Current tax asset/ (liabilities)	666	(698)	(2,303)		

THE UNITED NILGIRI TEA ESTATES COMPANY LIMITED

Notes to the Consolidated Financial Statements as at and for the year ended 31st March 2018

(All amounts in Rs. thousands, unless otherwise stated)

Particulars	For the year ended 31st March 2018	For the year ended 31st March 2017
Note 16. Revenue from operations		
(a) Sale of Products - Tea [Refer Note (ii) below]	5,36,567	4,68,220
(b) Sale of services - License fees from letting of property [Refer Note (ii) below]	42,480	45,364
(c) Other operating revenues [Refer note (i) below]	39,277	36,591
Total	6,18,324	5,50,175
Note: (i) Other operating revenues comprise		
Export benefits		
Duty Drawback	1,528	2,724
MEIS License	10,175	14,019
Orthodox subsidy	12,827	12,425
Replanting subsidy	—	617
Income from other planting activities	14,747	6,806
Total	39,277	36,591
(ii) Revenue from sale of products (tea) and sale of services (license fees from letting of property) for the year ended 31st March, 2017 is inclusive of excise duty / service tax for 12 months where as for the year ended 31st March, 2018, the excise duty / service tax is included for 3 months up to 30th June, 2017 due to introduction of Goods and Service Tax Act effective 1st July 2017.		
Note 17. Other Income		
Fair value gain from financial assets (mutual funds) mandatorily measured at FVTPL	14,684	4,732
Interest Income on		
Bank deposits	5,252	12,896
Others	808	478
Dividend Income on		
Non current investments	2,956	1,047
Current investments	—	3,502
Gain on Foreign currency transactions (net)	5,068	165
Provision for diminution in value of investments no longer required written back	20,889	—
Gain on disposal of property, plant and equipment	943	513
Total	50,600	23,333
Note 18. Changes in value of finished goods (Tea)		
Inventories at the end of the year:	35,367	28,170
Inventories at the beginning of the year	28,170	11,168
Net (increase)/decrease	(7,197)	(17,002)
Note 19. Employee benefits expenses		
Salaries, wages and bonus	1,32,375	1,11,298
Contribution to provident and family pension funds	12,971	11,709
Contribution to Superannuation Fund	4,737	1,746
Gratuity (Refer Note: 23)	8,682	4,770
Workmen and staff welfare expenses	25,199	23,172
Total	1,83,964	1,52,695
Note 20. Finance Cost		
Interest expense on financial liability at FVTPL	683	646
Total	683	646

THE UNITED NILGIRI TEA ESTATES COMPANY LIMITED

Notes to the Consolidated Financial Statements as at and for the year ended 31st March 2018

(All amounts in Rs. thousands, unless otherwise stated)

Particulars	For the year ended 31st March 2018	For the year ended 31st March 2017
Note 21. Other expenses		
Consumption of stores and spares	32,363	24,580
Power and fuel	34,048	27,846
Repairs and maintenance		
Building	14,445	17,476
Machinery	5,066	3,668
Rates and taxes	3,650	4,254
Insurance	4,213	4,174
Selling expenses		
Brokerage and Commission	954	1,090
Sampling and Other Expenses	14,202	14,868
Freight and other expenses on Tea Export	28,378	22,925
Commission to Non-Wholetime Directors	1,050	1,050
Donation	500	500
Corporate Social Responsibility expense	2,585	2,467
Directors' Sitting Fees	315	273
Payment to Auditors -for audit	650	650
Professional Charges	2,053	1,319
Transport charges	7,628	8,345
Travelling expenses	5,764	5,436
Loss on Foreign currency transactions (net)	-	1,363
Rent Including lease rentals	39	125
Miscellaneous expenses	25,880	16,553
Total	1,83,783	1,58,962
Note 22. Current Tax:		
Current income tax charge	30,200	31,900
Adjustments in respect of current income tax of previous years	-	(601)
Current tax expense recognised in the statement of profit and loss	30,200	31,299
Tax expense reported in the Statement of Profit and Loss	30,200	31,299
The reconciliation between the provision for income tax of the Company and amounts computed by applying the Indian statutory income tax rate to profit before tax is as follows:		
Profit before tax	1,53,008	1,21,973
Enacted income tax rate in India	33.063%	33.063%
	50,589	40,328
<u>Effect of:</u>		
Income that is exempt from tax	(17,735)	(13,177)
Expenses that are not deductible in determining taxable profit	855	4,230
Income subject to different tax rates	-	-
Others	(3,509)	(82)
Income tax expense recognised in the statement of profit and loss	30,200	31,299
The tax rates under Indian Income-tax Act, for the year ended 31st March 2018 and 31st March 2017 is 33.063%		

THE UNITED NILGIRI TEA ESTATES COMPANY LIMITED

Notes to the Consolidated Financial Statements as at and for the year ended 31st March 2018

(All amounts in Rs. thousands, unless otherwise stated)

Particulars	March 31, 2018	March 31, 2017	1st April, 2016	March 31, 2018	March 31, 2017	1st April, 2016
Note 23. Employee benefit obligations	Compensated absence			Gratuity		
Current	425	922	1,040	(5,230)	43	2,207
Non current	1,273	985	514	–	–	–
Total	1,698	1,907	1,554	(5,230)	43	2,207
Other long-term employee benefits						
Compensated absence						
The compensated absences cover the Company's liability for earned leave.						
The amount of provision of Rs.425 (March 31, 2017 - Rs. 922 and April 1, 2016 - Rs.1040) is presented as current, since the Company does not have an unconditional right to defer settlement for any of these obligations. However, based on past experience, the Company does not expect all employees to take the full amount of accrued leave or require payment within the next 12 months.						
Post employment benefits						
(a) Defined contribution plan – Provident fund and Superannuation fund						
Contributions are made to provident fund in India for employees at the rate of 12% of basic salary as per regulations. The contributions are made to recognised provident fund administered by the Government. The Company also makes contribution to superannuation fund at a specified percentage of the basic pay of the eligible employees in accordance with the Company's scheme administered by the Trustees and managed by Life Insurance Corporation of India (LIC). The obligation of the Company is limited to the amount contributed and it has no further contractual nor any constructive obligation.						
Amount recognised in statement of profit and loss					March 31, 2018	March 31, 2017
Provident Fund					12,971	11,709
Superannuation Fund					4,737	1,746
Total					17,708	13,455
(b) Defined benefit plan - Gratuity						
The Company provides for Gratuity for employees as per the Payment of Gratuity Act, 1972. Employees who are in continuous service for 5 years are eligible for Gratuity. The amount of Gratuity payable on retirement/termination is the employees' last drawn basic salary per month computed proportionately for 15 days' salary multiplied by the number of years of service. The Gratuity plan is a funded plan and the Company makes contribution to LIC.						
(i) Reconciliation				Present value of obligation	Fair value of plan assets	Net Amount
April 1, 2016				49,774	51,981	2,207
Current service cost				5,476	–	(5,476)
Interest expense/(income)				3,400	4,106	706
Total amount recognised in the statement of profit and loss				8,876	4,106	(4,770)
<i>Remeasurements</i>						
– Return on plan assets, excluding amounts included in interest expense/(income)				–	–	–
– (Gain)/loss from change in demographic assumptions				–	–	–
(Gain)/loss from change in financial assumptions				66	–	66
Experience (gains)/losses				–	–	–
Total amount recognised in other comprehensive income				66	–	66

THE UNITED NILGIRI TEA ESTATES COMPANY LIMITED

Notes to the Consolidated Financial Statements as at and for the year ended 31st March 2018

(All amounts in Rs. thousands, unless otherwise stated)

Note 23. Employee benefit obligations – (Contd.)	Present value of obligation	Fair value of plan assets	Net Amount
Employer contributions	–	2,673	2,673
Benefit payments	(5,308)	5,308	–
March 31, 2017	53,408	53,451	43
April 1, 2017	53,408	53,451	43
Current service cost	9,634	–	(9,634)
Interest expense/(income)	3,587	4,539	952
Total amount recognised in the statement of profit and loss	13,221	4,539	(8,682)
Remeasurements			
Return on plan assets, excluding amounts included in interest expense/(income)	–	303	303
(Gain)/loss from change in demographic assumptions	–	–	–
(Gain)/loss from change in financial assumptions	(2,217)	–	(2,217)
Experience (gains)/losses	9,531	–	9,531
Total amount recognised in other comprehensive income	7,314	303	7,617
Employer contributions	(3,926)	7,100	11,026
Benefit payments	(1,221)	1,221	–
March 31, 2018	68,796	63,566	(5,230)
Net Asset/(liability) disclosed above relating to funded obligations are as follows:	March 31, 2018	March 31, 2017	April 1, 2016
Present value of funded obligations	68,796	53,408	49,774
Fair value of plan assets	63,566	53,451	51,981
Due from /(to) gratuity fund	(5,230)	43	2,207
(ii) Significant actuarial assumptions :			
The significant actuarial assumptions are as follows:	March 31, 2018	March 31, 2017	April 1, 2016
Discount rate	7.70%	7.25%	7.25%
Expected return on plan assets	7.60%	8.05%	8.50%
Salary growth rate	6.00%	6.00%	6.00%
Attrition rate	5%	5%	5%
The estimates of future salary increases, considered in actuarial valuation, take into account inflation, seniority, promotions and other relevant factors such as demand and supply in the employment market.			

THE UNITED NILGIRI TEA ESTATES COMPANY LIMITED

Notes to the Consolidated Financial Statements as at and for the year ended 31st March 2018

(All amounts in Rs. thousands, unless otherwise stated)

Particulars	Change in assumption		Defined Benefit Obligation	
	March 31, 2018	March 31, 2017	March 31, 2018	March 31, 2017
Note 23. Employee benefit obligations – (Contd.)				
(iii) (a) Sensitivity Aanalysis				
Discount rate	0.50%	0.50%	66,493	47,797
	-0.50%	-0.50%	71,269	51,292
Salary growth rate	0.50%	0.50%	71,258	51,259
	-0.50%	-0.50%	66,481	47,794
The above sensitivity analysis are based on a change in an assumption while holding all other assumptions constant. In practice, this is unlikely to occur, and changes in some of the assumptions may be correlated. The methods and types of assumptions used in preparing the sensitivity analysis did not change compared to the prior period.				
(b) Expected total benefit payments for following years			Year ended March 31, 2018	Year ended March 31, 2017
Within one year			13,241	7,041
1-2 years			6,887	6,898
2-3 years			4,606	4,977
3-4 years			6,808	3,074
4-5 years			5,125	4,645
5-10 years			28,919	19,703
The Company has plan assets by way of investments in LIC.				
(iv) Risk exposure				
Through its defined benefit plans, the Company is exposed to a number of risks, the most significant of which are detailed below:				
Asset volatility				
The present value of the defined benefit plan obligation is calculated using a discount rate determined by reference to Government of India bond rate. If the return on plan asset is lower than this rate, then it will create a plan deficit.				
Changes in bond yields				
A decrease in bond yields will increase plan liabilities although this will be partly offset by increase in the value of the plan holdings.				
(v) The weighted average duration of the defined benefit obligation is 12.835 years (P.Y. 2017 – 12.12 years).				

THE UNITED NILGIRI TEA ESTATES COMPANY LIMITED

Notes to the Consolidated Financial Statements as at and for the year ended 31st March 2018

(All amounts in Rs. thousands, unless otherwise stated)

Particulars	31st March 2018	31st March 2017
<p>Note 24. The Company was permitted in an earlier year to retain excess holding of 333.67 acres of vacant land contiguous to the planted area in the tea garden but due to rocky terrain, land could not be cultivated as stipulated by Government and eviction proceedings relating to the aforesaid piece of land had been stayed by the Supreme Court of India. In its final order dated 7th August 2013, the Supreme Court has directed the Land Board to review the case afresh.</p>		
<p>Note 25. Earnings Per Share</p> <p>For the purpose of computing the earnings per share, the net profit after tax has been used as the numerator and the weighted average number of shares outstanding has been considered as the denominator.</p>		
Net Profit attributable to shareholders	1,21,504	91,632
Number of shares in thousands (Face value Rs.10/-)	4,997	4,997
Earnings per Share (Basic and Diluted) – (Rs.)	24.32	18.34
<p>Note 26. Corporate Social Responsibility :</p> <p>In compliance with Section 135(5) of the Companies Act, 2013, the Company is required to spend Rs.2,585 (Previous year Rs.2,467) calculated at 2% of the average net profits made during the three immediate preceding financial years towards Corporate Social Responsibility. The company has incurred an expenditure of Rs.2,585 (Previous year Rs.2,467) as below :</p>		
(i) Children Home (Orphanage)	1,609	2,035
(ii) Public Medical Scheme	811	–
(iii) Rural development project and Tribal welfare	165	432
Total	2,585	2,467
<p>Note 27. Repairs to Building and Machinery include</p>		
Salaries and Wages	9,104	8,135
Consumption of stores	8,545	10,142
Total	17,649	18,277
<p>Note 28. Related Party Disclosures</p> <p>Names of related parties and nature of relationship are as under:</p>		
(i) Associate	Kuduma Fasteners Private Limited	
(ii) Key Managerial Personnel	Mr.D.Hegde, Whole-time Director	
	Mr.T.G.B.Pinto, Whole-time Director	
	Mr.S.Raghuraman, Chief Financial Officer	
	Mr.K.Guruswamy, Company Secretary - upto 30.09.2017	
	Mr.R.V.Sridharan, Company Secretary - from 3.10.2017	

THE UNITED NILGIRI TEA ESTATES COMPANY LIMITED

Notes to the Consolidated Financial Statements as at and for the year ended 31st March 2018

(All amounts in Rs. thousands, unless otherwise stated)

Note 28 Related Party Disclosures						
(iii) (a) Particulars of transactions with related parties						
Description	Associate		Key Managerial Personnel		Total	
	2017-2018	2016-2017	2017-2018	2016-2017	2017-2018	2016-2017
Remuneration to Key Managerial Personnel	–	–	11,965	11,095	11,965	11,095
Mr.D.Hegde	–	–	4,181	3,893	4,181	3,893
Mr.T.G.B.Pinto	–	–	4,233	3,924	4,233	3,924
Mr.S.Raghuraman	–	–	2,801	2,678	2,801	2,678
Mr.K.Guruswamy	–	–	300	600	300	600
Mr.R.V.Sridharan	–	–	450	–	450	–
Dividend Paid	–	–	17	17	17	17
Mr.D.Hegde	–	–	6	6	6	6
Mr.T.G.B.Pinto	–	–	8	8	8	8
Mr.S.Raghuraman	–	–	3	3	3	3
(iii) (b) Particulars of payments to Directors						
Description	Directors		Total			
	2017-2018	2016-2017	2017-2018	2016-2017		
Sitting Fees paid :	315	273	315	273		
Ms.Mallika Srinivasan	40	37	40	37		
Mr.N.Srinivasan	80	68	80	68		
Mr.Sankar Datta	70	60	70	60		
Mr.K.V.Sriram	57	53	57	53		
Mr.Krishna Srinivasan	33	38	33	38		
Mr.R.Srinivasan	35	5	35	5		
Mr.R.Subramaniyan	–	12	–	12		
Commission paid :	1,006	1,050	1,006	1,050		
Ms.Mallika Srinivasan	175	175	175	175		
Mr.N.Srinivasan	175	175	175	175		
Mr.Sankar Datta	175	175	175	175		
Mr.K.V.Sriram	175	175	175	175		
Mr.Krishna Srinivasan	175	175	175	175		
Mr.R.Srinivasan	29	–	29	–		
Mr.R.Subramaniyan	102	175	102	175		

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(All amounts in Rs. thousands, unless otherwise stated)

Note 29 Segment Information

29.1 The Whole-time Directors of the Company have been identified as the Chief Operating Decision Makers (CODM) as defined by Ind AS 108, Operating Segments. The CODM evaluates the Company's performance and allocates resources based on an analysis of various performance indicators for business as a whole. The Company's main business is growing and manufacturing of tea and letting of Commercial Property. Income from investments and interest income are not allocated to segments as the related activities are carried out by the central treasury function which manages the cash position of the company.

29.2 (a) The business operations are restricted in India . The Company operates in domestic and foreign markets. The Company has opted to disclose segment information using quantitative threshold as per Ind AS 108.

Description	31st March 2018			31st March 2017		
	Segment I	Segment II	Total	Segment I	Segment II	Total
	Plantation	Commercial Property		Plantation	Commercial Property	
Segment revenue	5,75,844	42,480	6,18,324	5,04,811	45,364	5,50,175
External sales	—	—	—	—	—	—
Inter-segment sales	—	—	—	—	—	—
Total Revenue	5,75,844	42,480	6,18,324	5,04,811	45,364	5,50,175
Segment results (profit)	1,12,254	27,372	1,39,626	97,816	27,285	1,25,101
Unallocated corporate expenses (HO expense)			9,635			25,135
Profit from operations			1,29,991			99,966
Investment income			23,700			22,653
Finance cost			683			646
Tax expenses			31,504			30,341
Net Profit			1,21,504			91,632
Segment assets	3,58,980	1,76,639	5,35,619	3,06,815	1,86,662	4,93,477
Unallocated corporate assets			7,10,525			5,91,393
Consolidated assets			12,46,144			10,84,870
Segment liabilities	52,962	16,075	69,037	39,434	15,989	55,423
Unallocated corporate liabilities			15,257			14,328
Consolidated liabilities			84,294			69,751
(b) Segment Information - Geographical				Year ended March 31, 2018	Year ended March 31, 2017	
(i) Revenue						
India				3,08,469	2,82,174	
Outside India				3,09,855	2,68,001	
Total				6,18,324	5,50,175	
(ii) Assets*						
India				12,06,266	10,68,844	
Outside India				39,878	16,026	
Total				12,46,144	10,84,870	

*Trade receivable are disclosed on geographical locations of customers. Other assets are not identifiable separately to any reportable segments as these are used interchangeably between segments and are disclosed under "India".

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Notes to the Consolidated Financial Statements as at and for the year ended 31st March 2018

(All amounts in Rs. thousands, unless otherwise stated)

Note 30 Fair Value Measurements

(a) Financial Instrument by category and hierarchy

Particulars	Hierarchy	Notes	31st March 2018				31st March 2017				1st April 2016			
			FVTPL	FVOCI	Amortized cost		FVTPL	FVOCI	Amortized cost		FVTPL	FVOCI	Amortized cost	
Financial assets														
(i) Financial assets at fair value														
Investments														
Equity instruments – quoted	1	5 a		40,310				85,550				68,995		
Equity instruments – unquoted	3	5 a		1,91,787				1,66,034				1,66,034		
Mutual funds	2	5 a	3,80,670				1,53,939				37,274			
(ii) Financial assets at amortized cost														
Trade receivables	3	5 b			53,349				20,626				55,103	
Cash and cash equivalents	3	5 c			75,069				1,86,135				2,25,669	
Other financial assets	3	5 d			33,820				20,910				11,140	
Financial liabilities														
(i) Financial liabilities held at amortized cost														
Trade payables	3	10 b			12,114				5,277				5,272	
Other financial liabilities	3	10 a			31,301				21,261				21,654	

Investment in the Associate is valued at cost and hence not considered for categorisation.

Hierarchy

Level 1: Level 1 hierarchy includes financial instruments measured using quoted prices. This includes listed equity instruments that have quoted price. The fair value of all equity instruments which are traded in the stock exchanges is valued using the closing price as at the reporting period.

Level 2: The fair value of financial instruments that are not traded in an active market (for example, traded bonds, over-the-counter derivatives) is determined using valuation techniques which maximise the use of observable market data and rely as little as possible on entity-specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2

Level 3: If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3. This is the case for unlisted equity securities, contingent consideration and indemnification asset included in level 3.

(b) Valuation processes

The finance department of the Company includes a team that performs the valuations of financial assets and liabilities required for financial reporting purposes, including level 3 fair values. This team reports directly to the Board of Directors. Discussions on valuation processes and results are held between the Board of Directors and the finance department biannually which is in accordance with the Company's policy.

(c) Fair value of financial assets and liabilities measured at amortised cost

The carrying amounts of trade receivables, trade payables, cash and cash equivalents, other financial assets and other financial liabilities (current) are considered to be the same as their fair values, due to their short-term nature and categorized as Level 3 hierarchy..

(d) Valuation techniques

- Quoted equity instruments are valued using quoted prices.
- Open ended Mutual funds are valued at NAV/s declared.
- The fair value of non current financial liabilities is determined using discounted cash flow analysis.

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Notes to the Consolidated Financial Statements as at and for the year ended 31st March 2018

(All amounts in Rs. thousands, unless otherwise stated)

31 First-time adoption of Ind AS

Transition to Ind AS

These are the Company's first financial statements prepared in accordance with Ind AS (Refer note 2.1(a) on the basis of preparation of financial statements). The accounting policies set out in note 2 have been applied in preparing the financial statements for the year ended March 31, 2018, the comparative information presented in these financial statements for the year ended March 31, 2017 and in the preparation of an opening Ind AS Balance Sheet as at April 1, 2016 (The Company's date of transition).

In preparing its first Ind AS financial statements in accordance with Ind AS 101- First-time Adoption of Indian Accounting Standards (Ind AS101), the Company has applied the relevant mandatory exceptions and certain optional exemptions from full retrospective application of Ind AS. Material optional exemptions applied by the Company and applicable mandatory exceptions for the Company are as follows:

A. Optional exemptions and mandatory exceptions :

A.1 Ind AS optional exemptions

1. Deemed cost of property, plant and equipment including intangibles and investment property Ind AS 101 permits a first-time adopter to elect to continue with the carrying value for all of its property, plant and equipment as recognised in the financial statements as at the date of transition to Ind AS, measured as per the previous GAAP and use that as its deemed cost as at the date of transition after making necessary adjustments as required to be made as per para 10 of Ind AS 101. This exemption can also be used for investment property covered by Ind AS 40– Investment Property and for intangible assets covered by Ind AS 38 - Intangible Assets.

The Company has elected to measure all of its property, plant and equipment including intangible assets and investment property at their respective previous GAAP carrying values after making the necessary adjustments as required to be made under Ind AS.

2. Designation of previously recognised financial instruments

Ind AS 101 allows an entity to designate investments in equity instruments at FVOCI on the basis of the facts and circumstances at the date of transition to Ind AS. The Company has elected to apply this exemption for its investment in equity instruments.

3. Investment in Associate :

Ind AS 101 permits first-time adopter to elect to continue with the carrying value of its investment in associate as recognised in the financial statements as at the date of transition to Ind AS measured as per the previous GAAP and use that as its deemed cost as at the date of transition.

The Company has elected to measure its investment in the associate at its previous GAAP carrying value as the deemed cost as at the date of transition.

4. Revenue from contracts with customers

A first-time adopter is not required to restate contracts that were completed before the earliest period presented. A completed contract is a contract for which the entity has transferred all of the goods or services identified in accordance with previous GAAP.

Accordingly the Company has not restated the contracts completed in accordance with the previous GAAP as at the transition date.

A.2 Ind AS mandatory exceptions

1. Estimates

An entity's estimates in accordance with Ind AS at the date of transition to Ind AS shall be consistent with estimates made as on the same date in accordance with previous GAAP (after adjustments to reflect any difference in accounting policies), unless there is objective evidence that those estimates were in error. Ind AS estimates as at April 1, 2016 are consistent with the estimates as at the same date made in conformity with previous GAAP except for the following items which were not required under previous GAAP:

- Investment in equity instruments designated at FVOCI,
- Investment in debt instruments carried at FVTPL and
- Impairment of financial assets based on expected credit loss model.

2. Classification and measurement of financial assets

Ind AS 101 requires an entity to assess classification and measurement of financial assets on the basis of the facts and circumstances that exist at the date of transition to Ind AS.

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Notes to the Consolidated Financial Statements as at and for the year ended 31st March 2018

(All amounts in Rs. thousands, unless otherwise stated)

31 First-time adoption of Ind AS – (Contd.)

B. Reconciliation between previous GAAP and Ind AS

Ind AS requires an entity to reconcile equity, total comprehensive income and cash flows for the periods. The following tables provide the reconciliations from previous GAAP to Ind AS.

(a) Reconciliation of total equity as at 31st March, 2017 and 1st April, 2016

Particulars	Notes to first time adoption	As at 31st March 2017	As at 1st April 2016
Total equity (shareholders' funds) under previous GAAP		7,57,322	6,76,644
Adjustments:			
Effect of fair valuation of investments	31 C 1	2,55,104	2,33,959
Non current financial liability - effect of measuring Security Deposit at Net Present Value	31 C 2	2,639	3,285
Other non current liabilities-Deferred License income	31 C 2	(2,439)	(3,061)
Gain on mark to market valuation of forward contract	31 C 3	165	
Proposed final dividend (including tax)	31 C 4		10,223
Fair Value of Live stock	31 C 5	2,328	2,328
Total equity under Ind AS		10,15,119	9,23,378

(b) Reconciliation of total Comprehensive Income for the year ended 31st March 2017

Particulars	Notes to first time adoption	Year ended 31st March 2017
Profit after tax as per previous GAAP		86,692
Adjustments :		
Fair Value gain on investments in Mutual funds	31C1	4,732
Deferred License Income	31C2	623
Remeasurement of defined benefit obligation recognised in other comprehensive income	31C7	66
Interest expense on financial liability	31C2	(646)
Gain on mark to market valuation of forward contract	31C3	165
Profit after tax as per Ind AS		91,632
Remeasurement of defined benefit obligation recognised in other comprehensive income	31C7	(66)
Fair value gain on investments in equity instruments	31C1	16,412
Total Comprehensive Income under Ind AS		1,07,978

(c) There were no significant reconciling items between cash flows prepared under previous GAAP and those prepared under Ind AS for the year ended 31st March 2017.

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Notes to the Consolidated Financial Statements as at and for the year ended 31st March 2018

(All amounts in Rs. thousands, unless otherwise stated)

31 First-time adoption of Ind AS – (Contd.)

(C) Notes to first-time adoption:

Note 1: Fair valuation of investments

Under the previous GAAP, investments in equity instruments and mutual funds were classified as long-term investments or current investments based on the intended holding period and realisability. Long-term investments were carried at cost less provision for other than temporary decline in the value of such investments. Current investments were carried at lower of cost and fair value.

Under Ind AS, these investments are required to be measured at fair value. The resulting fair value changes of investments in mutual funds have been recognised in retained earnings as at the date of transition and subsequently in the profit and loss for the year ended 31st March 2017. This increased the retained earnings by Rs.4,730/- as at 31st March 2017 (1st April 2016 Rs.2,637/-). Fair value changes with respect to equity instruments designated as FVOCI - have been recognised in FVOCI Equity instruments (Other Reserves) as at the date of transition and subsequently in the other comprehensive income for the year ended March 31, 2017. This increased Other Reserves by Rs.16,412/- as at 31st March 2017 (1st April 2016 Rs.2,31,322/-). Consequent to the above, the total equity as at March 31, 2017 increased by Rs.21,142/- (April 1, 2016: Rs.2,33,959/-) and profit and other comprehensive income for the year ended March 31, 2017 increased by Rs.4,730/- and Rs.16,412/- respectively. .

Note 2 : Other non current financial liability - Security Deposit Other non current liabilities - Deferred License Income

Under the previous GAAP the security deposit was measured at its book value . Under Ind AS the security deposit has been measured at net present value using discounted cash flow analysis. The deduction in the carrying amount has been recorded as deferred license income (other non current liabilities) to be recognised as license income over the period of the license agreement. Correspondingly notional interest expense on the financial liability will be recognised over the remaining period of the Licensing agreement by crediting Security Deposit. Consequent to this change security deposit balance decreased by Rs. 2,638 as at 31.3.2017 (1st April 2016 Rs.3,284) with corresponding increase in other non current liabilities (deferred license income) by Rs.2,438 (1st April 2016 Rs.3,061). License income and interest on financial liability for the year ended 31st March 2017 increased by Rs.622 and Rs.646 respectively. Further total equity increased by Rs.200 as at 31st March 2017(1st April 2016 Rs.224) and profit for the year ended 31st March 2017 decreased by Rs.23.

Note 3 : Forward Contracts

With regard to forward contracts taken by the Company on firm commitments/highly probable forecast transactions the Company had followed under the previous GAAP the accounting method prescribed under the announcement of the Institute of Chartered Accountants of India on accounting for derivatives issued in March 2008. Under this method losses were recognised in the statement of profit and loss and gains were ignored. Under Ind AS all the outstanding forward contracts are required to be measured at fair value with gains /losses recognised in the statment of profit and loss. Consequently the total equity as at 31st March 2017 increased by Rs.165 (1st April 2016 : Nil) and profit for the year ended 31st March 2017 increased by the same amount.

Note 4: Proposed dividend and tax thereon

Under the previous GAAP till 31st March 2016, dividends proposed by the Board of Directors after the Balance Sheet date but before the approval of the financial statements were considered as adjusting events. Accordingly, provision for proposed dividend was recognised as a liability. Under the revised previous GAAP applicable to the financial year ended 31st March 2017 as well as under Ind AS, such dividends are recognised when the same is approved by the shareholders in the general meeting. Accordingly, the liability for proposed dividend including dividend distribution tax as at April 1, 2016 amounting to Rs.10,223 included under provisions has been reversed with corresponding adjustment to retained earnings. Consequently, the total equity increased by Rs.10,223 as at April 1, 2016.

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(All amounts in Rs. thousands, unless otherwise stated)

31 First-time adoption of Ind AS – (Contd.)

(C) Notes to first-time adoption:

Note 5: Live Stock

Until last year the Live Stocks were not recognised as assets in the books of the Company. During the current year Live Stocks have been recognised as part of Biological assets and have been measured at fair market value as required by Ind AS. As a result the property, plant and equipment and the total equity increased by Rs.2,328 as at 31st March 2017 and 1st April 2016.

Note 6 : Investment Property

Under the previous GAAP, investment properties were presented as part of property, plant and equipment. Under Ind AS, investment properties are required to be separately presented on the face of the Balance Sheet. Accordingly, Land, Buildings and Machinery including electrical installations amounting to Rs.400/-, Rs.1,47,458/- and Rs.44,876/- respectively i.e net block as on 1st April 2016 are identified and presented as investment properties. There is no impact on the total equity or profit as a result of this re-classification.

Note 7: Remeasurements of post-employment benefit obligations

Under Ind AS, remeasurements i.e. actuarial gains and losses and the return on plan assets, excluding amounts included in the net interest expense on the net defined benefit liability are recognised in other comprehensive income instead of profit and loss. Under the previous GAAP, these remeasurements were forming part of the profit and loss for the year. As a result of this change, the profit for the year ended March 31, 2017 increased by Rs.66. There is no impact on the total equity as at March 31, 2017.

Note 8: Other comprehensive income

Under previous GAAP there was no concept of other comprehensive income. Under Ind AS specified items of income, expense and gains/losses are required to be presented in other comprehensive income. Consequently remeasurement of gains/losses on defined benefit obligation and change in fair value of FVOCI equity instruments for the year ended 31st March 2017 have been presented under other comprehensive income.

Note 9 : Excise Duty and Service Tax

Under the previous GAAP sale of products and services was presented net of excise duty and service tax. Under Ind AS revenue from sale of products and services is presented inclusive of excise duty and service tax. Excise duty /Service tax paid is separately presented as an expense on the face of statement of profit and loss. As a result the total income and total expenses for the year ended 31st March 2017 increased by Rs.5,298. However this change in presentation has no impact on the total equity or profit.

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Notes to the Consolidated Financial Statements as at and for the year ended 31st March 2018

(All amounts in Rs. thousands, unless otherwise stated)

Note 32 Financial Risk Management

The Company's activities expose it to market risk, liquidity risk and credit risk. This note explains the sources of risk which the entity is exposed to and how the entity manages the risk.

Risk	Exposure arising from	Measurement	Management
Credit risk	Cash and cash equivalents, bank balances other than cash and cash equivalents, investments in equity instruments, trade receivables.	Ageing analysis, Credit ratings	Diversification of bank deposits, review of credit ratings, credit limits and letters of credit
Liquidity risk	Trade payables and other liabilities	Rolling cash flow forecasts	Availability of committed credit lines
Market risk – foreign exchange	Export trade receivables	Sensitivity analysis of exchange rates	Forward contracts and monitoring exchange rate movements
Market risk – security prices	Investment in equity instruments	Sensitivity analysis of the share prices	Portfolio Diversification

The Company's risk management is carried out by the treasury team under policies approved by the Board of Directors. The treasury identifies, evaluates and hedges financial risks in close co-operation with the company's operating units. The Board provides written policies for overall risk management, as well as policies covering specific areas, such as foreign exchange risk and credit risk.

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(All amounts in Rs. thousands, unless otherwise stated)

32. Financial risk management – (Contd.)

(A) Credit risk

Credit risk arises from cash and cash equivalents, bank balances other than cash and cash equivalents, financial assets measured at amortised cost and credit exposures to customers including outstanding receivables, advances given to vendors.

(i) Credit risk management

Credit risk on cash and cash equivalents is limited as the Company generally invests in deposits with Nationalised / Scheduled Commercial banks.

Investments in equity are made only in AA rated instruments. The Board of Directors periodically reviews the investment portfolio of the Company.

Credit risk with respect to domestic and export trade receivable is managed by the Company through setting up credit limits for customers and also periodically reviewing their credit worthiness.

The Company considers the probability of default upon initial recognition of asset and whether there has been a significant increase in credit risk on an ongoing basis throughout each reporting period. To assess whether there is a significant increase in credit risk the Company compares the risk of a default occurring on the asset as at the reporting date with the risk of default as at the date of initial recognition. It considers available reasonable and supportive forwarding-looking information.

Based on the assessment made by the Company, credit risk increases significantly since the initial recognition if the financial assets are realised after three months from the due date.

A default on a financial asset is when the counterparty fails to make contractual payments within six months from the due date. This definition of default is determined by considering the business environment in which the entity operates and other macro-economic factors.

(ii) Provision for expected credit losses

The Company provides for loss allowance based on 12 month expected credit loss except in the case of trade receivables which are provided based on life-time expected credit loss. For the assessment of 12 month or life-time expected credit loss, assets are classified into three categories as standard, sub-standard and doubtful based on the counter-party's capacity to meet the obligations and provision is determined accordingly. Standard assets are those where the risk of default is negligible, sub-standard assets are those where the credit risk is significantly increased since inception and doubtful assets are those where the assets are impaired.

Year ended March 31, 2018:

(a) Expected credit loss for trade receivables under simplified approach:

Ageing	Less than six months	More than six months	Total
Gross carrying amount	53,349	–	53,349
Loss allowance rate	0%	0%	0%
Expected credit losses (Loss allowance provision)	–	–	–
Net carrying amount of trade receivables	53,349	–	53,349

(b) Expected credit loss for other financial assets

The other financial assets amounting to Rs.33,820/- are classified as standard assets and hence no provision for expected credit loss has been made.

Year ended March 31, 2017:

(a) Expected credit loss for trade receivables under simplified approach

Ageing	Less than six months	More than six months	Total
Gross carrying amount	20,626	–	20,626
Loss allowance rate	0%	0%	0%
Expected credit losses (Loss allowance provision)	–	–	–
Net carrying amount of trade receivables	20,626	–	20,626

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Notes to the Consolidated Financial Statements as at and for the year ended 31st March 2018
(All amounts in Rs. thousands, unless otherwise stated)

32. Financial risk management – (Contd.)

(A) Credit risk

- (b) Expected credit loss for other financial assets

The other financial assets amounting to Rs.20,910/- are classified as standard assets and hence no provision for expected credit loss has been made.

Year ended March 31,2016

- (a) Expected credit loss for trade receivables under simplified approach

Ageing	Less than six months	More than six months	Total
Gross carrying amount	55,103	–	55,103
Loss allowance rate	0%	0%	0%
Expected credit losses (Loss allowance provision)	–	–	–
Net Carrying amount of trade receivables	55,103	–	55,103

- (b) Expected credit loss for other financial assets

The carrying value of other financial assets amounting to Rs.11,140/- are classified as standard assets and hence no provision for expected credit loss has been made.

(iii) Reconciliation of loss allowance provision- Trade receivables, loans and other financial assets

There is no loss allowance provision created for trade receivables and other financial assets.

During the years ended March 31, 2018, March 31, 2017 and March 31, 2016 the Company has not made any write offs of trade receivables.

(B) Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash equivalents, liquid mutual funds and the availability of funding through an adequate amount of internal financing by way of daily cash flow projection to meet obligations. Due to the dynamic nature of the underlying businesses, company treasury maintains flexibility in funding by maintaining availability of funds. Management monitors daily forecasts of the Company's liquidity position and cash and cash equivalents on the basis of expected cash flows.

(i) Financing arrangements

The Company does not have any borrowing facility at the end of the reporting period.

(ii) Maturities of financial liabilities

The tables below analyse the financial liabilities into relevant maturity groupings based on their contractual maturities. The Company has only non-derivative financial liabilities.

The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances as the impact of discounting is not significant.

Contractual maturities of financial liabilities:

	Less than 6 months	6 months to 1 year	More than 1 year
March 31, 2018			
Non-derivatives			
Trade payables	11,973	–	141
Other financial liabilities	17,350	–	13,951
Total non-derivative liabilities	29,323	–	14,092

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32. Financial risk management – (Contd.)			
(B) Liquidity risk			
	Less than 6 months	6 months to 1 year	More than 1 year
March 31, 2017			
Non-derivatives			
Trade payables	5,136	–	141
Other financial liabilities	7,989	–	13,272
Total non-derivative liabilities	13,125	–	13,413
April 1, 2016			
Non-derivatives			
Trade payables	5,131	–	141
Other financial liabilities	9,028	–	12,626
Total non-derivative liabilities	14,159	–	12,767
(C) Market risk			
(i) Foreign currency risk			
<p>The Company is exposed to foreign exchange risk arising from foreign currency transactions with respect to USD, EURO and GBP on account of sale of tea. Foreign exchange risk arises from recognised assets denominated in a currency that is not the Company's functional currency (Rs). The risk is measured through a forecast of foreign currency cash flows that would arise due to the underlying assets and liabilities held. The objective of the hedges is to minimise the volatility of the INR cash flows arising on account of the underlying assets.</p> <p>The Company has not taken options, futures or any other derivative instruments other than foreign exchange forward contracts to manage the foreign currency risk. The strategy followed by the Company is tracking the foreign currency exchange rates.</p>			
Foreign currency exposure			
The Company's exposure to foreign currency risk at the end of the reporting period expressed is as follows:			
Trade Receivables	March 31, 2018 March 31, 2017		
Particulars			
USD [1,91,895 (March 31, 2017 : 66,518)]	12,482	4,313	
EURO [2,94,043 (March 31, 2017 : 1,18,355)]	23,706	8,196	
GBP [73,688 (March 31, 2017 : Nil)]	6,800	–	
Total	42,988	12,509	
The sensitivity of profit or loss to changes in the exchange rates arises mainly from foreign currency denominated financial instruments.			
The following table details Company's sensitivity to a 10% increase and decrease in the INR against the relevant foreign currencies. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their transition at the period end for 10% change in foreign currency rates. A positive number below indicates an increase in profit or equity where the INR strengthens 10% against the relevant currency. For a 10% weakening of the INR against the relevant currency, there would be a comparable impact on the profit or equity, and the balance would be negative.			
	Impact on Profit after tax		
	March 31, 2018	March 31, 2017	April 1, 2016
USD	1,248	431	3,309
EURO	2,371	820	636
GBP	680	–	427

THE UNITED NILGIRI TEA ESTATES COMPANY LIMITED

Notes to the Consolidated Financial Statements as at and for the year ended 31st March 2018

(All amounts in Rs. thousands, unless otherwise stated)

32. Financial risk management – (Contd.)

(C) Market risk

(ii) Price risk

- (a) **Exposure:** The Company has invested in equity instruments and the exposure is equity securities price risk from investments held by the Company and classified in the Balance Sheet as FVOCI.
- (b) **Sensitivity:** An increase in the price risk by 100 basis points would increase the impact in the other comprehensive income by Rs.403 as on March 31, 2018 and Rs. 856 as on March 31, 2017. A corresponding reduction in the other comprehensive income would be noted upon decreasing the market index levels.

33. Capital management

(a) Risk management

The Company has equity share capital and other reserves attributable to the equity shareholders, as the only source of capital and the Company does not have any interest bearing borrowings/debts.

The Company is cash surplus and has no capital other than Equity. The Company is not exposed to any regulatory imposed capital requirements. The cash surpluses are currently invested in income generating equity instruments and debt instruments (through mutual funds) depending on economic conditions in line with the guidelines set out by the Management. Safety of capital is of prime importance to ensure availability of capital for operations. Investment objective is to provide safety and adequate return on the surplus funds.

The Company does not have any borrowings and does not borrow funds unless circumstances require.

Particulars	31st March 2018	31st March 2017	1st April 2016
Equity	11,61,850	10,15,119	9,23,378
Less : Tangible and other assets (net)	3,74,337	3,68,401	3,69,698
Working capital	1,57,440	2,41,195	2,81,376
Investment in associates	20,889	20,889	20,889
Less : Impairment loss	3,583	(20,889)	(20,889)
	17,306	—	—
Investment in equity instruments and debt instruments	6,12,767	4,05,523	2,72,304

(b) Dividends

Particulars	March 31, 2018	March 31, 2017
(i) Dividends recognised on equity shares		
Final dividends for the year ended 31st March 2017 of Rs.1.70 (31st March 2016 - Rs. 1.70) per fully paid up share	10,223	10,223
Interim dividend for the year ended 31st March 2018 of Re.1.00 (31st March 2017 - Re. 1.00) per fully paid share	6,014	6,014
(ii) Dividends not recognised at the end of the reporting period		
In addition to the above dividends, since year end the Directors have recommended a final dividend of Rs.1.70 per fully paid equity share (31 March 2017 - Rs.1.70). This proposed final dividend is subject to the approval of shareholders in the ensuing Annual General Meeting. The proposed dividend including distribution tax thereon when approved by the shareholders will be met out of surplus in the retained earnings in the Balance Sheet.	10,223	10,223

THE UNITED NILGIRI TEA ESTATES COMPANY LIMITED
Notes to the Consolidated Financial Statements as at and for the year ended 31st March 2018
(All amounts in Rs. thousands, unless otherwise stated)

34 Events occurring after the reporting period

(a) Final dividend

Refer note 33 above for the final dividend recommended by the Directors, which is subject to the approval of shareholders in the ensuing Annual General Meeting.

(b) Transfer of profits to general reserve

The transfer of profits to General Reserve Recommended by Directors after the end of reporting period which have not been recognised at the end of the reporting period are as follows :

Particulars	31st March 2018	31st March 2017	1st April 2016
Transfer of profits to General Reserve not recognised as at the end of the reporting period	75,000	70,000	85,000

(c) The financial statements for the year ended March 31, 2018 were approved by the Board of Directors and authorised for issuance on May 17, 2018.

As per our Report of even date attached

For and on behalf of the Board of Directors

For K.S. Aiyar & Co.
Chartered Accountants
Firm Registration No.100186W
S.KALYANARAMAN
Partner
Membership No.200565
Place : Coimbatore
Date : 17th May 2018

MALLIKA SRINIVASAN
(DIN:00037022)
Chairman

S.RAGHURAMAN
Chief Financial Officer

N. SRINIVASAN
(DIN : 00004195)
Director

R. V. SRIDHARAN
Company Secretary

D.HEGDE
(DIN: 00025468)
Director

Place : Chennai
Date : 17th May 2018