

## Independent Auditor's Report

To The Members of **North Tukvar Tea Company Limited**

### Report on the Financial Statements

We have audited the accompanying financial statements of **North Tukvar Tea Company Limited ("the company")**, which comprise the Balance Sheet as at 31st March, 2016, the Statement of Profit and Loss, the Cash Flow Statement for the year then ended, and a summary of the significant accounting policies and other explanatory information.

### Management's Responsibility for the 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 financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

### Auditor's Responsibility

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

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

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

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the 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 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 financial statements.

### Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the 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 31st March, 2016, and its **Loss** and its cash flows for the year ended on that date.

### Emphasis of Matters

We draw attention to the following matter in the Note - 3 to the financial statements :

- a. *The Company has accumulated losses and its net worth has been fully eroded, the Company has incurred loss during the current financial year as well as during the previous financial year and its current liabilities exceeded its current assets as at the balance sheet date. The fact stated in Clause vii of Note - 21 indicates the existence of a material uncertainty that may cast significant doubt about the Company's ability to continue as a going concern. However, the financial statements of the company have been prepared on a going concern basis for the reasons stated in the said Note.*

## Independent Auditor's Report *(Contd.)*

Our opinion is not modified 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 of India in terms of sub-section(11) of section 143 of the Companies Act, 2013, we give in the "Annexure-A", a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.
2. As required by Section 143 (3) of the Act, we report that :
  - (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
  - (b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
  - (c) The Balance Sheet, the Statement of Profit and Loss, and the Cash Flow Statement dealt with by this Report are in agreement with the books of account.
  - (d) In our opinion, the aforesaid financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014 except in respect of note 21(iii) regarding non provision of Gratuity Liability upto 31.3.2009 amounting to ₹ 96,67,749/-. Had the observation been considered, the accumulated losses and provisions as on 31.3.2016 would have been higher by ₹ 96,67,749/-. (Non Compliance of Accounting Standard 15 & Accounting Standard 1).
  - (e) The going concern matter described in sub-paragraph (a) under the Emphasis of Matters paragraph above, in our opinion, may have an adverse effect on the functioning of the Company.
  - (f) On the basis of the written representations received from the directors as on 31st March, 2016 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2016 from being appointed as a director in terms of Section 164 (2) of the Act.
  - (g) 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 -B".
  - (h) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us :
    - i) The Company has disclosed the impact of pending litigations on its financial position in its financial statements – Refer Clause i of Note 21 to the financial statements;
    - ii) The Company did not have any long term contracts including derivative contract as at 31st March, 2016.
    - iii) There was no amount which was required to be transferred to the Investors Education and Protection Fund by the company as at 31st March, 2016.

For **SALARPURIA JAJODIA & CO.**  
*Chartered Accountants*  
(Firm Registration No.302111E)

**ANAND PRAKASH**  
*Partner*

(Membership No. 056485)

7, C.R. Avenue  
Kolkata – 700072  
Dated, the 30th day of April, 2016.

## ANNEXURE 'A' to the Independent Auditor's Report

The Annexure referred to in Independent Auditors' Report to the members of the Company on the financial statements for the year ended 31st March, 2016, we report that :

- i. (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
  - (b) As explained to us, fixed assets have been physically verified by the management 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 on the basis of our examination of the records of the Company, the title deeds of immovable properties are held in the name of company.
- ii. Since there is no inventory, so comment on paragraph 3(ii) is not applicable.
- iii. According to the information and explanations given to us, the Company has not granted any loan, secured or unsecured to companies, firms, Limited Liability Partnerships or other parties covered in the register maintained under section 189 of the Companies Act, 2013. Hence, comment on Paragraph 3(iii) is not applicable.
- iv. In our opinion and according to the information and explanations given to us, the Company has complied with the provisions of Section 185 and 186 of the Act, with respect to the loans and investments made.
- v. According to the information and explanations given to us, there is no such deposits, taken by the Company, for which directives issued by the Reserve Bank of India and the provisions of sections 73 to 76 or any other relevant provisions of the Companies Act, 2013 and the rules framed there under, are required to be complied with.
- vi. As explained to us by the management maintenance of cost records under sub section 148(i) of the Companies Act, 2013 is not required.
- vii. (a) According to the records of the Company and as per the information and explanations given to us, it has been regular in depositing undisputed statutory dues like Provident Fund, Employees' State Insurance, Income Tax, Sales Tax, Service Tax, Customs Duty, Excise Duty, Cess and Other Statutory Dues with the appropriate authorities.
 

According to the information and explanations given to us, no undisputed amounts payable in respect of Provident Fund, Income Tax, Sales Tax, Value Added Tax, Duty of Customs, Service Tax, Cess and other material statutory dues were in arrears as at 31st March, 2016 for a period of more than six months from the date they became payable.

  - (b) On the basis of our examination of the documents and records the following disputed statutory dues which have not been deposited with the appropriate authorities are as under :

Nature of Tax	AmountReceived	Related Year	Forum (where it is pending)
Sales Tax	₹ 42,859	1999-2000	Assistant Commissioner
Sales Tax	₹ 1,273,057	2005-2006	Joint Commissioner
- viii. The Company does not have any loans or borrowings from any financial institutions, banks, government or debenture holders during the year. Accordingly, paragraph 3(viii) of the Order is not applicable.
- ix. The Company has not raised any money by way of initial public offer or further public offer (including debt instruments) or term loans during the year. Accordingly, comment on paragraph 3(ix) of the Order is not applicable.

## **ANNEXURE 'A' to the Independent Auditor's Report** *(Contd.)*

- x. According to the information and explanations given to us, no fraud by the Company or on the Company by Officer or Employees has been noticed or reported during the course of our audit.
- xi. According to the information and explanations given to us and based on our examination of the records of the Company, no Managerial remuneration has been paid by the Company. Accordingly Paragraph 3(xi) of the said Order is not applicable.
- xii. In our opinion and according to the information and explanations given to us, the Company is not a Nidhi Company. Accordingly paragraph 3(xii) of the Order is not applicable.
- xiii. According to the information and explanations given to us and based on our examination of the records of the Company, transactions with the related parties are in compliance with Sections 177 and 188 of the Act where applicable and such transactions have been disclosed in the financial statements as required by the applicable accounting standards.
- xiv. According to the information and explanations given to us and based on our examination of the record of the Company, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year. Hence comment on paragraph 3(xiv) of Order is not applicable.
- xv. According to the information and explanations given to us, the Company has not entered into any non-cash transaction with directors or persons connected with him. Accordingly, paragraph 3(xv) of the Order is not applicable.
- xvi. The Company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934.

For **SALARPURIA JAJODIA & CO.**  
*Chartered Accountants*  
(Firm Registration No.302111E)

7, C.R. Avenue  
Kolkata – 700072  
Dated, the 30th day of April, 2016.

**ANAND PRAKASH**  
*Partner*  
(Membership No. 056485)

## **ANNEXURE 'B' to the Independent Auditor's Report**

### **Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013.**

We have audited the internal financial controls over financial reporting of North Tukvar Tea Company Limited ("the Company") as of 31st March, 2016 in conjunction with our audit of the financial statements of the Company for the year ended on that date.

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

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

#### **Auditors' Responsibility**

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

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

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

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

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

## **ANNEXURE 'B' to the Independent Auditor's Report** *(Contd.)*

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

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

### **Opinion**

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31 March 2016, 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 **SALARPURIA JAJODIA & CO.**  
*Chartered Accountants*  
(Firm Registration No.302111E)

7, C.R. Avenue  
Kolkata – 700072  
Dated, the 30th day of April, 2016.

**ANAND PRAKASH**  
*Partner*  
(Membership No. 056485)

**Balance Sheet** as at 31st March, 2016

	Notes	As At 31.03.2016 ₹	As At 31.03.2015 ₹
<b>I. EQUITY AND LIABILITIES</b>			
<b>(1) Shareholder's Funds :</b>			
(a) Share Capital	2	24,037,500	24,037,500
(b) Reserves and Surplus	3	<u>(29,413,595)</u>	<u>(29,340,526)</u>
		<u>(5,376,095)</u>	<u>(5,303,026)</u>
<b>(2) Non-Current Liabilities :</b>			
(a) Other Long-Term Liabilities	4	25,100,000	25,100,000
(b) Long Term Provisions	5	<u>426,968</u>	<u>426,968</u>
		<u>25,526,968</u>	<u>25,526,968</u>
<b>(3) Current Liabilities :</b>			
(a) Short-Term Borrowings	6	13,734,762	11,467,882
(b) Trade Payables			
Total outstanding dues of Micro Enterprises & Small Enterprises	7	—	—
Total outstanding dues of Creditors other than Micro Enterprises & Small Enterprises	7	12,595	71,044
(c) Other Current Liabilities	8	1,220,665	3,990,257
(d) Short-Term Provisions	9	<u>24,227</u>	<u>58,225</u>
		<u>14,992,249</u>	<u>15,587,408</u>
<b>Total</b>		<u><b>35,143,122</b></u>	<u><b>35,811,350</b></u>
<b>II. ASSETS</b>			
<b>(1) Non-Current Assets:</b>			
(a) Fixed Assets			
(i) Tangible Assets	10	7,001,066	7,237,162
(b) Non-Current Investments	11	7,917,000	7,917,000
(c) Long-Term Loans and Advances	12	<u>17,111,410</u>	<u>17,050,410</u>
		<u>32,029,476</u>	<u>32,204,572</u>
<b>(2) Current Assets :</b>			
(a) Cash and Cash Equivalents	13	34,961	24,493
(b) Short-Term Loans and Advances	14	666,541	586,541
(c) Other Current Assets	15	<u>2,412,144</u>	<u>2,995,744</u>
		<u>3,113,646</u>	<u>3,606,778</u>
<b>Total</b>		<u><b>35,143,122</b></u>	<u><b>35,811,350</b></u>
<b>Significant Accounting Policies &amp; Other Notes to Accounts</b>	1 & 21		

The accompanying notes form an integral part of the Financial Statements

As per our report of even date annexed

For **SALARPURIA JAJODIA & CO.**  
Chartered Accountants  
(Firm Registration No.302111E)

For and on behalf of the Board of Directors

**ANAND PRAKASH**  
Partner  
(Membership No. : 056485)  
7 C. R. Avenue, Kolkata - 700072  
Dated, the 30th day of April, 2016

**S. K. JAJODIA**  
Director

**S. PATODIA**  
Director

**Statement of Profit and Loss** for the year ended 31st March, 2016

Particulars	Notes	For the Year Ended 31.03.2016 ₹	For the Year Ended 31.03.2015 ₹
I. Revenue from operations		–	–
II. Other Income	16	<b>1,167,440</b>	750
III. <b>Total Revenue (I +II)</b>		<b>1,167,440</b>	750
IV. Expenses :			
Employee benefits expense	17	–	341,347
Finance costs	18	<b>924,753</b>	302,168
Depreciation and amortisation expense	19	<b>236,096</b>	611,522
Other expenses	20	<b>79,660</b>	1,705,778
<b>Total Expenses</b>		<b>1,240,509</b>	2,960,815
V. <b>Profit / (Loss) before depreciation written back &amp; before tax (III - IV)</b>		<b>(73,069)</b>	(2,960,065)
VI. Depreciation written back (Refer Note - 10)		–	(3,003,406)
VII. <b>Profit / (Loss) before tax (V - VI)</b>		<b>(73,069)</b>	43,341
VIII. Tax expense :		–	–
IX. <b>Profit/(Loss) for the period (VII - VIII)</b>		<b>(73,069)</b>	43,341
X. Earnings per equity share :			
(1) Basic		<b>(0.03)</b>	0.02
(2) Diluted		<b>(0.03)</b>	0.02

**Significant Accounting Policies & Other Notes to Accounts** 1 & 21

The accompanying notes form an integral part of the Financial Statements

As per our report of even date annexed

For **SALARPURIA JAJODIA & CO.**

Chartered Accountants

(Firm Registration No.302111E)

**ANAND PRAKASH**

Partner

(Membership No. : 056485)

7 C. R. Avenue, Kolkata - 700072

Dated, the 30th day of April, 2016

For and on behalf of the Board of Directors

**S. K. JAJODIA**

Director

**S. PATODIA**

Director

**Cash Flow Statement** for the year ended 31st March, 2016

Particulars	For the Year Ended 31.03.2016 ₹	For the Year Ended 31.03.2015 ₹
<b>A. CASH FLOW FROM OPERATING ACTIVITIES</b>		
Net Profit/(Loss) before tax	(73,069)	43,341
<b>Adjustment for :</b>		
Depreciation	236,096	611,522
Depreciation written back	–	(3,003,406)
Dividend Received	(253,750)	–
Interest Expense	924,753	302,168
<b>Operating Profit before Working Capital Changes</b>	<b>834,030</b>	<b>(2,046,375)</b>
<i>Movements In Working Capital :</i>		
Increase/(Decrease) in Trade Payables	(58,449)	12,360
Increase/(Decrease) in Other Current Liabilities	(2,769,592)	1,054,116
Increase/(Decrease) in Provisions	(33,998)	33,998
Decrease/(Increase) in Long Term Loans and Advances	(61,000)	(54,000)
Decrease/(Increase) in Short Term Loans and Advances	10,000	–
Decrease/(Increase) in Other Current Assets	583,600	182,625
<b>Cash generated from / (used in) Operations</b>	<b>(1,495,409)</b>	<b>(817,276)</b>
Direct Taxes	(90,000)	(550)
<b>Net Cash from Operating Activities (A)</b>	<b>(1,585,409)</b>	<b>(817,826)</b>
<b>B. CASH FLOW FROM INVESTING ACTIVITIES :</b>		
Purchase of Investments	–	(7,917,000)
Dividend Received	253,750	–
<b>Net Cash from Investing Activities (B)</b>	<b>253,750</b>	<b>(7,917,000)</b>
<b>C. CASH FLOW FROM FINANCING ACTIVITIES :</b>		
Short Term borrowing from Holding Company	2,266,880	8,823,117
Interest paid	(924,753)	(302,168)
<b>Net Cash from Financing Activities (C)</b>	<b>1,342,127</b>	<b>8,520,949</b>
<b>Net Increase / (Decrease) in Cash and Cash Equivalentents (A+B+C)</b>	<b>10,468</b>	<b>(213,877)</b>
<b>Cash and Cash Equivalentents as at 01.04.2015</b>	<b>24,493</b>	<b>238,370</b>
<b>Cash and Cash Equivalentents as at 31.03.2016</b>	<b>34,961</b>	<b>24,493</b>

The above Cash Flow Statement has been prepared as per AS-3 (Indirect method)

As per our report of even date annexed

For **SALARPURIA JAJODIA & CO.**

Chartered Accountants

(Firm Registration No.302111E)

**ANAND PRAKASH**

Partner

(Membership No. : 056485)

7 C. R. Avenue, Kolkata - 700072

Dated, the 30th day of April, 2016

For and on behalf of the Board of Directors

**S. K. JAJODIA**

Director

**S. PATODIA**

Director

## Notes to the Financial Statements

### 1. SIGNIFICANT ACCOUNTING POLICIES

#### 1.1 System of Accounting :

Accounts unless specifically stated to be otherwise have been prepared on accrual basis. Subsidy and other claims, refunds etc. which are not ascertainable with reasonable certainty are accounted for on acceptance of the same.

#### 1.2 Use of Estimates :

The preparation of the financial statements in conformity with the generally accepted accounting principle requires estimates and assumptions that affect the reported amount of assets and liabilities on the date of the financial statements and the reported amount of revenue and expense during the year. Difference between the actuals and estimates are recognised in the year in which they are crystallised.

#### 1.3 Sales :

Sales are inclusive of Sales Tax and Excise Duty.

#### 1.4 Fixed Assets :

Fixed Assets are stated at cost, net of accumulated depreciation, if any. The cost includes other expenses relating to acquisition and installation.

#### 1.5 Depreciation :

- a) The depreciation on Fixed Assets has been charged on the basis of Straight Line Method, as per the Schedule II of the Companies Act, 2013.
- b) Leasehold Land & Estate Block is not depreciated.

#### 1.6 Inventories :

Inventories are valued at lower of cost (net of input VAT) and net realisable value. Cost is determined on weighted average basis. Cost comprises expenditure incurred in the normal course of business in bringing such inventories to their present location and condition and includes appropriate overhead. Provision is made for obsolete and slow moving stock where necessary.

#### 1.7 Employee Benefits :

- a) Short term employee benefits are recognised as an expense at the undiscounted amount in the statement of profit and loss for the year in which the related services is rendered.
- b) Post employment and other long term benefits are recognised as an expense in the statement of profit and loss for the year in which the employee has rendered services. The expense is recognised at the present value of amount payable determined using actuarial valuation techniques in terms of revised Accounting Standard 15. Actuarial gain and losses are recognised as an expense/income in the statement of profit and loss.

#### 1.8 Investments :

Investments are stated at cost. Provision for diminution in value has been done wherever necessary on category basis.

#### 1.9 Impairment of Assets :

Consideration is given at each Balance Sheet date to determine whether there is any modification or impairment of the carrying amount of the fixed assets. If any condition exists, an asset's recoverable amount is estimated. An impairment loss is recognised wherever the carrying amount of any asset exceeds recoverable amount.

#### 1.10 Taxation :

Provision for Current Tax is being made based on the liabilities computed in accordance with the relevant tax laws. Provision for Deferred Tax is being made for the timing difference arising between taxable income and accounting income computed at the rates of tax enacted or substantively enacted as on Balance Sheet date. Deferred Tax Assets

## Notes to the Financial Statements *(Contd.)*

are recognised only if there is a virtual certainty that they will be realised and are reviewed for appropriateness of their respective carrying values at each Balance Sheet date.

### 1.11 **Borrowing Cost :**

Borrowing cost attributable to acquisition and/or construction of qualifying assets are capitalised as a part of the cost of such assets upto the date when such assets are ready for intended use. Other borrowing costs are recognised as an expense in the statement of profit and loss.

### 1.12 **Provisions, Contingent Liabilities & Contingent Assets :**

Provisions involving substantial degree of estimations in measurement are recognised when there is a present obligation as a result of past events and it is probable that there will be an outflow of resources. Contingent Liabilities are not recognised but are disclosed in the Additional Notes to Accounts. Contingent Assets are neither recognised nor disclosed in the financial statements.

### 1.13 **Subsidies & Incentives :**

Replantation, Rejuvenation and Orthodox Tea Production Subsidies are received in stages from the Tea Board. The same are recognised in the statement of profit and loss upon stage wise inspection. Capital Subsidy on new projects and capital investment subsidy is considered as capital receipt and is credited to Capital Reserve in the year of receipt. Other subsidy on quality upgradation and product diversification is credited to individual assets to the extent applicable and the balance which is attributable to the revenue is recognised in the statement of profit and loss.

### 1.14 **Foreign Currency Transactions :**

Transactions in foreign currencies are recorded at exchange rates prevailing on the date of the transaction. Exchange differences arising on settlement of transactions are dealt with in the statement of profit and loss.

### 1.15 **Assets given on Lease :**

Assets subject to operating lease are included in Fixed Assets. Lease income is recognised in the statement of profit and loss on accrual basis. Depreciation are recognised as an expense in the statement of profit and loss.

## Notes to the Financial Statements (Contd.)

	As at 31.03.2016 ₹	As at 31.03.2015 ₹
<b>2 SHARE CAPITAL</b>		
<b>AUTHORISED SHARES</b>		
<i>Equity shares</i>	30,000,000	30,000,000
30,00,000 shares of ₹ 10/- each		
<i>Preference Shares</i>	50,000,000	50,000,000
5,00,000 shares of ₹ 100/- each		
<b>Total</b>	<u>80,000,000</u>	<u>80,000,000</u>
<b>ISSUED , SUBSCRIBED &amp; FULLY PAID</b>		
<i>Equity shares</i>	24,037,500	24,037,500
24,03,750 shares of ₹ 10/- each		
<b>Total</b>	<u>24,037,500</u>	<u>24,037,500</u>

**a. Reconciliation of shares outstanding at the beginning and at the end of the reporting year**

	No.	No.	No.	No.
<i>Equity Shares</i>				
At the beginning of the year	2,403,750	24,037,500	2,403,750	24,037,500
Issued during the year	—	—	—	—
Outstanding at the end of the year	<u>2,403,750</u>	<u>24,037,500</u>	<u>2,403,750</u>	<u>24,037,500</u>

**b. Rights, preferences and restrictions attached to shares.**

*Equity Shares* : The company has one class of issued shares i.e., Equity Shares having a par value of ₹10/- per share. Each equity shareholder is eligible for one vote per share held. In the event of liquidation of the company, the equity shareholders are eligible to receive the remaining assets of the Company after distribution of all preferential amount, in proportion to their shareholding.

**c. Details Of Shareholders holding more than 5% Shares in the Company**

	No.	% holding in the Class	No.	% holding in the Class
<i>Equity Shares</i>				
Jay Shree Tea & Industries Limited (Holding Company)	<u>2,175,450</u>	<u>90.50</u>	<u>2,175,450</u>	<u>90.50</u>

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

**e.** No Shares have been bought back by the Company during the period of 5 years preceeding the date at which the Balance Sheet is prepared.

**Notes to the Financial Statements** (Contd.)

	As At 31.03.2016 ₹	As At 31.03.2015 ₹
<b>3. RESERVE &amp; SURPLUS</b>		
<b>Capital Reserve</b>		
Opening Balance	710,814	710,814
Addition	–	–
Deduction	–	–
Closing Balance	<u>710,814</u>	<u>710,814</u>
<b>Surplus/(Deficit) in Statement of Profit &amp; Loss</b>		
Opening Balance	(30,051,340)	(30,094,681)
Add: Profit/(Loss) for the Year	<u>(73,069)</u>	<u>43,341</u>
Closing Balance	<u>(30,124,409)</u>	<u>(30,051,340)</u>
<b>Total</b>	<u>(29,413,595)</u>	<u>(29,340,526)</u>
<b>4. OTHER LONG TERM LIABILITIES</b>		
Security Deposit from Related Party		
- Jay Shree Tea & Industries Ltd. (Holding Company)	25,100,000	25,100,000
<b>Total</b>	<u>25,100,000</u>	<u>25,100,000</u>
<b>5. LONG TERM PROVISIONS</b>		
Provision for Gratuity	280,563	280,563
Provision for Leave Salary	146,405	146,405
<b>Total</b>	<u>426,968</u>	<u>426,968</u>
<b>6. SHORT TERM BORROWINGS</b>		
<b>Unsecured</b>		
Loan from Related Parties (Repayable on Demand)		
- Jay Shree Tea & Industries Ltd. (Holding Company)	13,734,762	11,467,882
<b>Total</b>	<u>13,734,762</u>	<u>11,467,882</u>
<b>7. TRADE PAYABLES</b>		
Sundry Creditors for Goods & Services		
Total outstanding dues of Micro Enterprises & Small Enterprises (Refer Note - 21(iv))	–	–
Total outstanding dues of Creditors other than Micro Enterprises & Small Enterprises	12,595	71,044
<b>Total</b>	<u>12,595</u>	<u>71,044</u>
<b>8. OTHER CURRENT LIABILITIES</b>		
Statutory Liabilities		
Tax Deducted at Source	92,475	30,217
Sales Tax	1,128,190	1,128,190
Payable to Related Party	–	2,831,850
<b>Total</b>	<u>1,220,665</u>	<u>3,990,257</u>
<b>9. SHORT TERM PROVISIONS</b>		
Provision for Bonus	24,227	24,227
Provision for Leave Salary	–	33,998
<b>Total</b>	<u>24,227</u>	<u>58,225</u>

## Notes to the Financial Statements (Contd.)

## 10. FIXED ASSETS

Particulars	GROSS BLOCK			DEPRECIATION			NET BLOCK				
	Cost as on 01.04.2015	Additions during the year	Sales/ Adjust- ments during the year	Cost as on 31.03.2016	Upto 31.03.2015	Adjust- ment	For the year	Sales	Upto 31.03.2016	As at 31.03.2016	As at 31.03.2015
	₹	₹	₹	₹	₹	₹	₹	₹	₹	₹	₹
<b>TANGIBLE ASSETS :</b>											
Leasehold Land & Estate Block	2,034,302	-	-	2,034,302	-	-	-	-	-	2,034,302	2,034,302
Buildings	9,122,146	-	-	9,122,146	4,616,418	-	176,224	-	4,792,642	4,329,504	4,505,728
Plant & Equipment	3,997,712	-	-	3,997,712	3,773,719	-	6,122	-	3,779,841	217,871	223,993
Electric Installation & Fittings	393,114	-	-	393,114	373,458	-	-	-	373,458	19,656	19,656
Water Installation	16,228	-	-	16,228	15,416	-	-	-	15,416	812	812
Refrigerator	74,598	-	-	74,598	70,348	-	521	-	70,869	3,729	4,250
Irrigation Equipment	840,459	-	-	840,459	466,263	-	53,229	-	519,492	320,967	374,196
Computers	161,903	-	-	161,903	153,808	-	-	-	153,808	8,095	8,095
Furniture & Fixtures	281,597	-	-	281,597	274,899	-	-	-	274,899	6,698	6,698
Office Equipment	52,439	-	-	52,439	51,354	-	-	-	51,354	1,085	1,085
Vehicles	643,973	-	-	643,973	611,774	-	-	-	611,774	32,199	32,199
Agricultural Tractors	522,961	-	-	522,961	496,813	-	-	-	496,813	26,148	26,148
<b>Total</b>	<b>18,141,432</b>	-	-	<b>18,141,432</b>	<b>10,904,270</b>	-	<b>236,096</b>	-	<b>11,140,366</b>	<b>7,001,066</b>	<b>7,237,162</b>
Previous Year	18,141,432	-	-	18,141,432	13,296,154	3,003,406	611,522	-	10,904,270	7,237,162	-

**Notes to the Financial Statements** (Contd.)

	As At 31.03.2016 ₹	As At 31.03.2015 ₹
<b>11. NON-CURRENT INVESTMENTS</b>		
<b>OTHER INVESTMENTS</b>		
<b>Investment in Equity Instruments</b>		
<i>Quoted</i>		
101500 Equity Shares of Kiran Vyapar Ltd. (Face value ₹ 10/- fully paid up)	7,917,000	7,917,000
<b>Total</b>	<b>7,917,000</b>	<b>7,917,000</b>
Aggregate Market Value of Non-Current Quoted Investments	<u>9,348,150</u>	<u>7,165,900</u>
<b>12. LONG TERM LOANS &amp; ADVANCES</b>		
<b>Capital Advances</b>		
Unsecured, considered good	<u>17,111,410</u>	<u>17,050,410</u>
<b>Total</b>	<u>17,111,410</u>	<u>17,050,410</u>
<b>13 CASH AND CASH EQUIVALENTS</b>		
Balances with banks		
- in Current Account	34,914	24,037
Cash on Hand	47	456
<b>Total</b>	<u>34,961</u>	<u>24,493</u>
<b>14. SHORT TERM LOANS &amp; ADVANCES</b>		
<b>Security Deposits</b>		
Unsecured, considered good	100,000	100,000
<b>Other Loans and Advances</b>		
Unsecured, considered good		
- To body corporate	271,643	281,643
Advance Income Tax	179,905	89,905
Advance Fringe Benefit Tax	114,993	114,993
<b>Total</b>	<u>666,541</u>	<u>586,541</u>
<b>15 OTHER CURRENT ASSETS</b>		
Subsidy & Incentive Receivable	1,270,744	1,270,744
Other Receivables		
- From Related Party (Fellow Subsidiary - Jayantika Investment & Finance Limited)	1,141,400	—
- From Others	—	1,725,000
<b>Total</b>	<u>2,412,144</u>	<u>2,995,744</u>

**Notes to the Financial Statements** (Contd.)

	Year Ended 31.03.2016 ₹	Year Ended 31.03.2015 ₹
<b>16 OTHER INCOME</b>		
Dividend Income	253,750	–
Miscellaneous Receipts	900,784	750
Excess provision written back	12,906	–
<b>Total</b>	<b>1,167,440</b>	<b>750</b>
<b>17 EMPLOYEE BENEFITS EXPENSES</b>		
Salary, Wages, Bonus, Gratuity & other allowances	–	267,021
Contribution to Provident Fund & other Fund	–	30,436
Staff Welfare Expenses	–	43,890
<b>Total</b>	<b>–</b>	<b>341,347</b>
<b>18 FINANCE COST</b>		
Interest to Holding Company	924,753	302,168
<b>Total</b>	<b>924,753</b>	<b>302,168</b>
<b>19 DEPRECIATION &amp; AMORTISATION EXPENSE</b>		
Depreciation	236,096	611,522
<b>Total</b>	<b>236,096</b>	<b>611,522</b>
<b>20 OTHER EXPENSES</b>		
Auditors' Remuneration		
- As Auditors	12,595	12,360
- For Other Services	9,439	–
Bank Charges	560	2,180
<b>Foreign Exchange Loss (Net)</b>	–	480,197
Miscellaneous Expenses	21,107	36,103
Postage, Telegram & Telephone	796	1,136
Printing & Stationery	6,825	10,125
Professional Charges	23,988	31,137
Rates & Taxes	4,350	4,350
Sales Tax	–	1,128,190
<b>Total</b>	<b>79,660</b>	<b>1,705,778</b>

## Notes to the Financial Statements (Contd.)

### 21 NOTES

- i. Contingent liability not provided for in respect of Sales Tax pending in appeals ₹13,15,911/-; (₹13,15,911/-)

Nature of Tax	Amount Received	Related Year	Forum (where it is pending)
Sales Tax	₹ 42,854/-	1999-2000	Asstt. Comm. of Sales Tax
Sales Tax	₹ 12,73,057/-	2005-2006	Joint. Comm. of Sales Tax

- ii. Contract remaining to be executed on capital account and not provided for (Net of advances paid against such contracts) ₹ 33,75,187/- (₹ 34,36,187/-)
- iii. Liability in respect of Gratuity in accordance with Accounting Standard 15 (Revised 2005) as per actuarial valuation has not been provided for in the accounts related upto 31.3.2009 amounting to ₹ 96,67,749/-. Had it been considered, both Accumulated Losses and Provisions as on 31.03.2016 would have been higher by ₹ 96,67,749/-.
- iv. 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) from suppliers claiming their status as Micro or Small Enterprises. Consequently, required disclosures are NIL.
- v. As the Company is engaged in the business of manufacture and sale of tea only, disclosures as required by Accounting Standard - 17 (Segment Reporting) are not applicable.
- vi. As a matter of prudence and in view of uncertainty of profits in future years, deferred tax assets in accordance with Accounting Standard 22 issued by the Institute of Chartered Accountants of India has not been created.
- vii. The Networth of the Company has become negative due to the losses which has been funded by the Holding Company by way of unsecured loan and security deposit. In view of the same the accounts of the Company has been prepared as going concern. Refer sub paragraph (a) under the Emphasis of matters paragraph.
- viii. The Fixed Assets shown under Note 10 has been given on lease to the Holding Company for a period of three years w.e.f. 01.04.2015 at an annual lease charge of ₹ 9,00,000/-. The lease charges for the year 2015-16 has been waived by the Company.
- ix. There is no amount outstanding & payable to Investor Education & Protection Fund as on 31.03.2016.
- x. Previous Year figures have been regrouped/rearranged wherever necessary.

xii. Related Party Disclosure	<b>31.03.2016</b>	<b>31.03.2015</b>
(In accordance with Accounting Standard 18) :	₹	₹
<u>Nature of Transaction</u>		
a) Holding Company - Jay Shree Tea & Industries Ltd.		
<i>Short Term Borrowings</i>		
i) Opening Balance (Cr.)	<b>11,467,882</b>	2,644,765
ii) Amount received / credited	<b>2,164,602</b>	9,366,166
iii) Amount paid / debited	<b>730,000</b>	815,000
iv) Interest credited	<b>924,753</b>	302,168
v) Closing Balance (Cr.)	<b>13,734,762</b>	11,467,882
<i>Security Deposit outstanding (Cr.)</i>	<b>25,100,000</b>	25,100,000
b) Fellow Subsidiary Company - Jayantika Investment & Finance Limited		
i) Opening Balance (Cr.)	<b>2,831,850</b>	—
ii) Shares Purchased	—	7,917,000
iii) Amount paid for shares purchased earlier	<b>2,831,850</b>	5,085,150
iv) Management Fees Received	<b>900,000</b>	—
v) Reimbursement of Expenses	<b>331,400</b>	—
vi) Closing Balance (Dr.)	<b>1,141,400</b>	(2,831,850)
There is no balance written off during the year.		

**Notes to the Financial Statements** (Contd.)

	31.03.2016		31.03.2015	
	₹		₹	
xii. Disclosure as per Accounting Standard 15 (Revised 2005) on Employee Benefits				
<b>Defined Benefit Plan</b>	<b>Gratuity</b>	<b>Leave Encashment</b>	<b>Gratuity</b>	<b>Leave Encashment</b>
The present value of obligation is determined based on actuarial valuation using the Projected Unit Credit Method, which recognises each period of service as giving rise to additional unit of employee benefit entitlement and measures each unit separately to build up the final obligation.	<b>(Non-funded)</b>		<b>(Non-funded)</b>	
I) Expenses recognised during the year under the head "Salary, Wages, Bonus and Gratuity"				
a) Current Service Cost	-	-	-	-
b) Interest Cost	-	-	-	-
c) Settlement Cost	-	-	-	-
d) Actuarial (Gain)/Loss	-	-	-	-
e) Unrecognised defined benefit obligation	-	-	-	-
f) Net Cost	-	-	-	-
II) Net Assets/Liabilities recognised in the Balance Sheet as on 31st March, 2016				
a) Present value of the defined benefit obligation	<b>99,48,312</b>	<b>1,46,405</b>	99,48,312	1,46,405
b) Fair value of plan assets	-	-	-	-
c) Unrecognised defined benefit obligation	<b>96,67,749</b>	-	96,67,749	-
d) Net Assets/Liabilities recognised in the Balance Sheet	<b>2,80,563</b>	<b>1,46,405</b>	2,80,563	1,46,405
III) Reconciliation of opening and closing balance of Defined Benefit Obligation.				
a) Opening defined benefit obligation	<b>99,48,312</b>	<b>1,46,405</b>	99,48,312	1,46,405
b) Current service cost	-	-	-	-
c) Interest Cost	-	-	-	-
d) Settlement Cost	-	-	-	-
e) Actuarial (Gain)/Loss	-	-	-	-
f) Benefit Paid	-	-	-	-
g) Closing defined benefit obligation	<b>99,48,312</b>	<b>1,46,405</b>	99,48,312	1,46,405
IV) Principal Actuarial assumptions used:				
Discount rates	-		-	
Expected salary increase rates	-		-	
Mortality rates	-		-	

As per our report of even date annexed

For **SALARPURIA JAJODIA & CO.**  
Chartered Accountants  
(Firm Registration No.302111E)

**ANAND PRAKASH**  
Partner  
(Membership No. : 056485)  
7 C. R. Avenue, Kolkata - 700072  
Dated, the 30th day of April, 2016

For and on behalf of the Board of Directors

**S. K. JAJODIA**  
Director

**S. PATODIA**  
Director