

**KESHAVA PLANTATIONS PRIVATE LIMITED**

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STATEMENTS OF ACCOUNT

AND

AUDITORS' REPORT

FOR THE YEAR ENDED

31ST MARCH..... **2018**.....

**B. N. GUPTA & CO.**

CHARTERED ACCOUNTANTS

SIGSAGAR-785640

(ASSAM)

PH : (03772) 222253

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**B.N. GUPTA**B.COM.(HONS),L.L.B, F.C.A.  
A.A.S.M, M.I.I.A.(U.S.A)**B.N.GUPTA & CO.**CHARTERED ACCOUNTANTS,  
SIBSAGAR – 785 640 ( ASSAM )  
PHONE : (03772) 222253

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**INDEPENDENT AUDITORS' REPORT  
TO  
THE MEMBERS OF  
KESHAVA PLANTATIONS PRIVATE LIMITED**

**Report on the Standalone Ind AS Financial Statements**

1. We have audited the accompanying standalone Ind AS financial statements of M/s. Keshava Plantations Private Limited (The "Company"), which comprise the Balance Sheet as at March 31, 2018, the Statement of Profit & Loss (including other comprehensive income), the Cash Flow Statement, and the statement of changes in the 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").

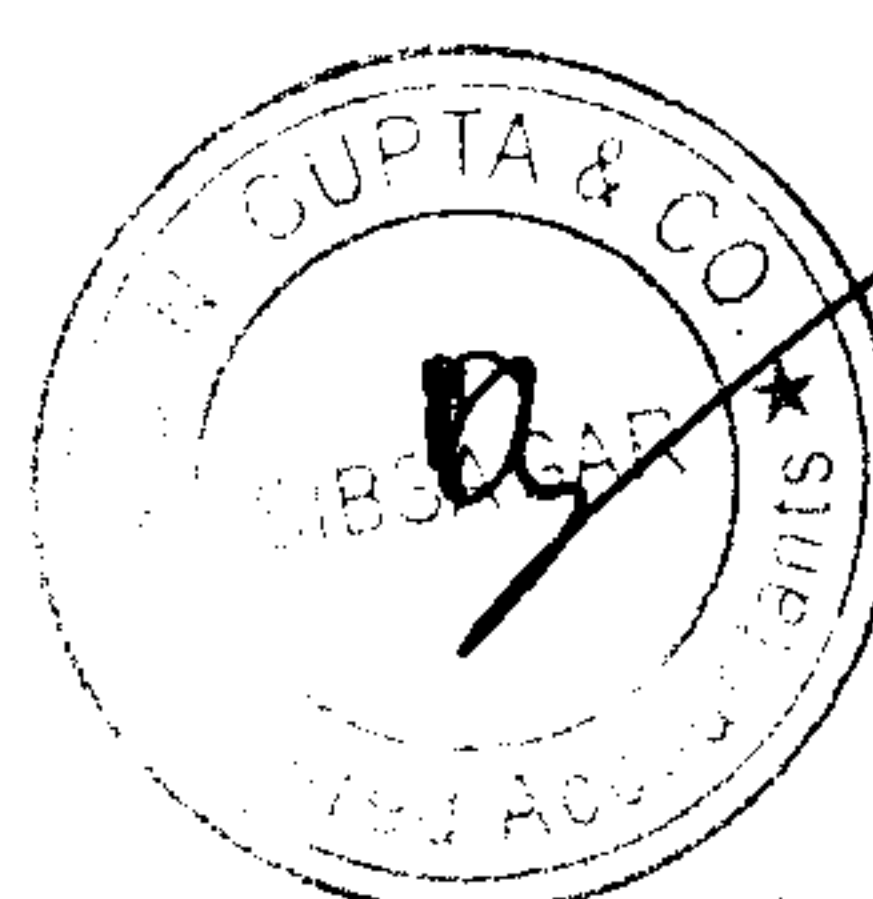
These financial statements for the year ended March, 31, 2018 are the company's first Annual Ind AS financial statements and have been prepared in accordance with Ind AS. For all periods, upto and including the year ended March 31, 2017, the company has prepared its Financial Statements in accordance with Generally Accepted Accounting Principles (GAAP) in India.

**Management's Responsibility for the Standalone Financial Statements**

2. 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 to 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 Indian Accounting Standards specified under section 133 of the Act, read with relevant rules issued thereunder.
3. That 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 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.

**Auditor's Responsibility**

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



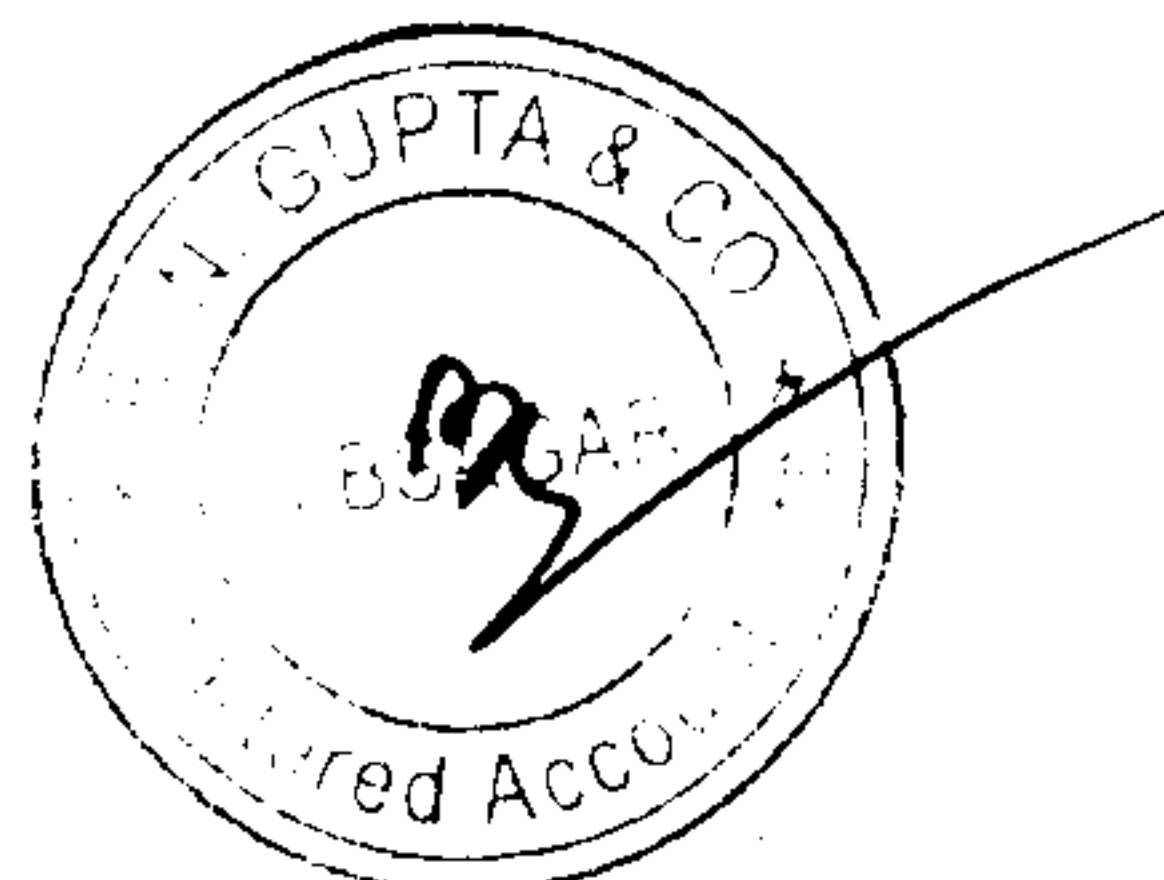
5. We have taken into account the provisions of the Act and the Rules made thereunder including the accounting standards and matters which are required to be included in the audit report.
6. We conducted our audit in accordance with the Standards on Auditing specified under section 143(10) of the Act. Those Standards and pronouncements 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.
6. An audit involves performing procedures to obtain audit evidence about the amounts and 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, but not for the purpose of expressing an opinion on whether the company has in place an adequate internal financial controls system over financial reporting and the operating effectiveness of such controls. An audit also includes evaluating the appropriateness of 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.
7. 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**

8. In our opinion, and to the best of our information and according to the explanations given to us, the aforesaid standalone Ind AS financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India including the Ind AS, of the financial position of the company as at March 31, 2018, and its financial performance including other comprehensive income, its cash flows and changes in equity for the year ended on that date.

### **Report on other Legal and Regulatory Requirements**

9. As required by 'the companies (Auditor's Report) Order, 2016', issued by the Central Government of India in terms of sub-section (11) of Section 143 of the Act (hereinafter referred to as the "Order"), and on the basis of such checks of the books and records of the Company as we considered appropriate and according to the information and explanations given to us, we give in the Annexure "A" statement on the matters specified in paragraphs 3 and 4 of the Order.
10. 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 purpose of our audit.



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**B.N. GUPTA**

B.COM.(HONS),L.L.B, F.C.A.  
A.A.S.M, M.I.I.A.(U.S.A)

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**B.N.GUPTA & CO.**

CHARTERED ACCOUNTANTS,  
SIBSAGAR – 785 640 ( ASSAM )  
PHONE : (03772) 222253

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**ANNEXURE 'A' TO INDEPENDENT AUDITOR'S REPORT (Keshava Plantations Pvt. Ltd.)**

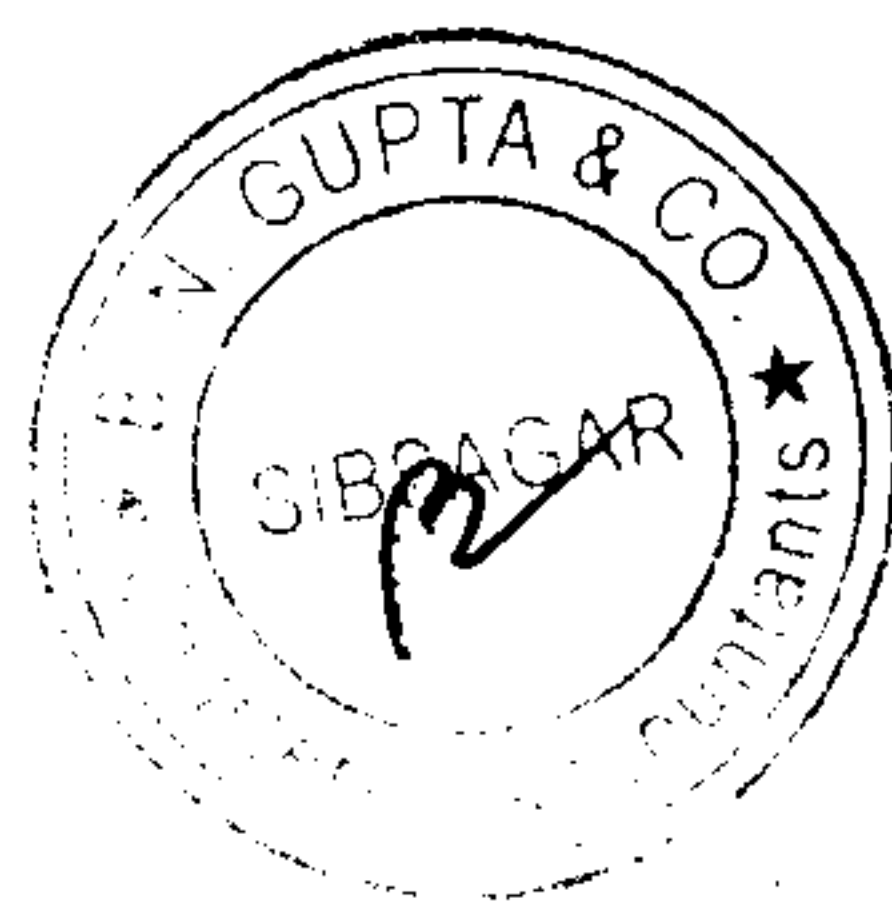
The Annexure referred to in the Independent Auditor's Report to the members of M/s.KESHAVA PLANTATIONS PRIVATE LIMITED on the standalone Ind AS financial statements for the year ended March 31, 2018;

- i) a) The Company is maintaining proper records showing full particulars, including quantitative details and situation, of fixed assets.
  - b) The Fixed Assets have been physically verified by the management and no serious discrepancies have been noticed between the physical Inventory and available records with the Company.
  - c) As informed to us, the titled Deeds of immovable properties as disclosed under 'Note' on Fixed Assets to the Ind AS financial statements are held in the name of the Company. We have, however not verified the title Deeds.
- ii) The inventory excluding stocks with third parties has been physically verified by the Management during the year. In respect of inventory lying with third parties, these have substantially been confirmed by them. In our opinion, the frequency of verification is reasonable. The discrepancies noticed on physical verification of inventory as compared to book records were not material.
- iii) The Company has not granted any loans, secured or unsecured, to companies, firms or other parties covered in the register maintained under Section 189 of the Act.
- iv) The Company has not granted any loans or provided any guarantees or security to the parties covered under section 185 of the Act.
- v) The Company has not accepted any deposits from the public within the meaning of Section 73, 74, 75 and 76 of the Act and the Rules framed thereunder to the extent notified.
- vi) The Central Government has not prescribed the maintenance of any cost records under section 148(1) of the Company Act, 2013.
- vii) a) According to the information and explanations given to us and the records of the Company examined by us, in our opinion, the Company is regular in depositing the undisputed statutory dues, including provident fund, employees' state insurance, income tax, sales tax, wealth tax, service tax, duty of customs, duty of excise, value added tax and other material statutory dues, as applicable, with 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 Taxes and cess which have not been deposited on account



of any dispute.

- viii) According to the records of the Company examined by us and the information and explanation given to us, the Company has not defaulted in repayment of loans or borrowings to any bank. The company has not taken any loans from the Government. It has not issued any debentures.
- ix) The Company has not raised any moneys by way of initial public offer, further public offer (including debt instruments) and term loans. Accordingly, the provisions of Clause 3(ix) of the order are not applicable to the Company.
- 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) The Company has paid/provided for managerial remuneration in accordance with 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 3(xii) of the Order are not applicable to the Company.
- xiii) In our opinion, all transactions with related parties are in compliance with section 177 and 188 of the Act.
- xiv) The Company has not made any preferential or private placement of shares or fully or partly convertible debentures during the year. Accordingly, the provisions of Clause 3(xiv) of the Order are not applicable to the Company.
- xv) The Company has not entered into any non-cash transactions with its directors or persons connected with him. Accordingly, the provisions of Clause 3(xv) of the Order are not applicable to the Company.
- xvi) The Company is not required to be registered under Section 45-1A of the Reserve Bank of the India Act, 1934.



Camp : Kolkata  
Date : 12<sup>th</sup> May, 2018

**For B.N. GUPTA & CO.**  
Chartered Accountants  
Firm Registration Number 312044E

**(B.N. GUPTA, FCA)**  
**PROPRIETOR**  
Membership Number 050504

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**B.N. GUPTA**

B.COM.(HONS),L.L.B, F.C.A.  
A.A.S.M, M.I.I.A.(U.S.A)

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**B.N.GUPTA & CO.**

CHARTERED ACCOUNTANTS,  
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**ANNEXURE 'B' TO 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 ("the Act")**

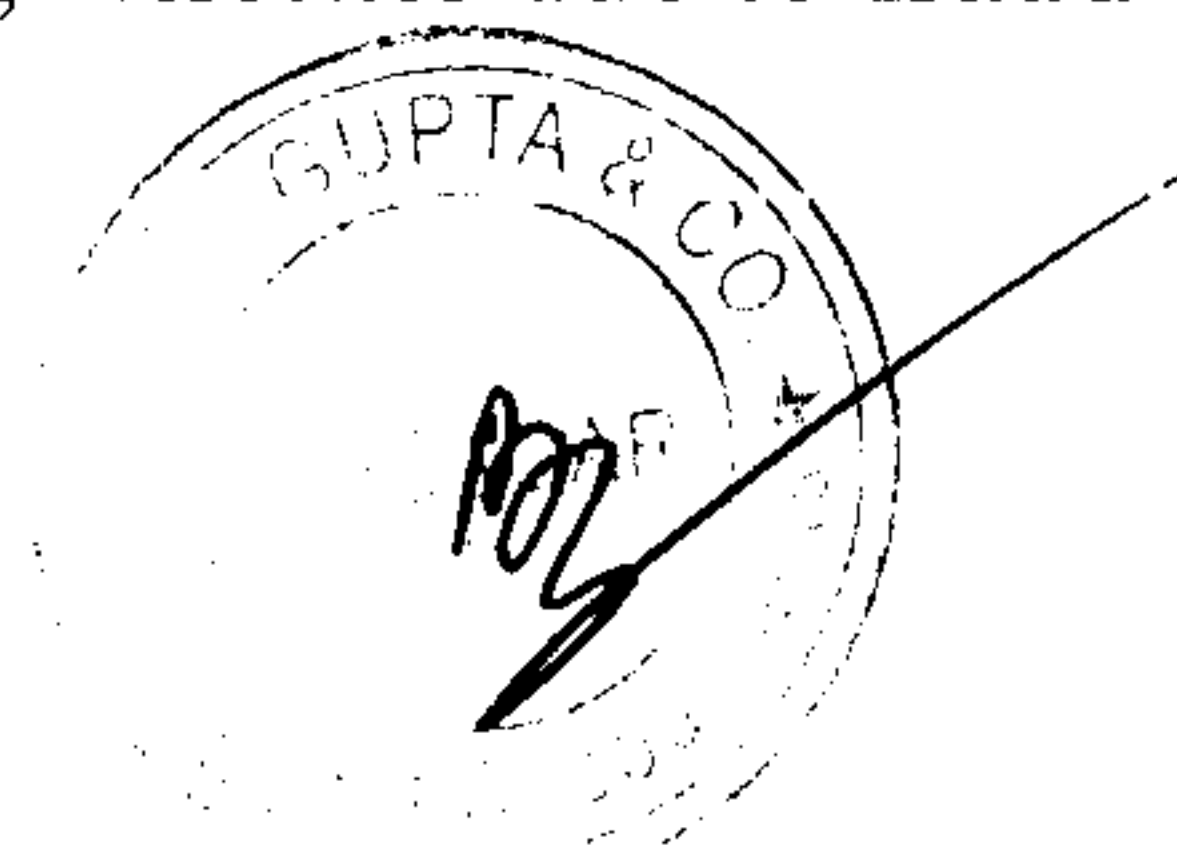
1. We have audited the internal financial controls over financial reporting of M/s. KESHAVA PLANTATIONS PRIVATE LIMITED ("the Company") as of March 31, 2018 in conjunction with our audit of the standalone Ind AS financial statements of the Company for the year ended on that date.

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

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 Companies Act, 2013.

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

### **Inherent Limitations of Internal Financial Controls 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.

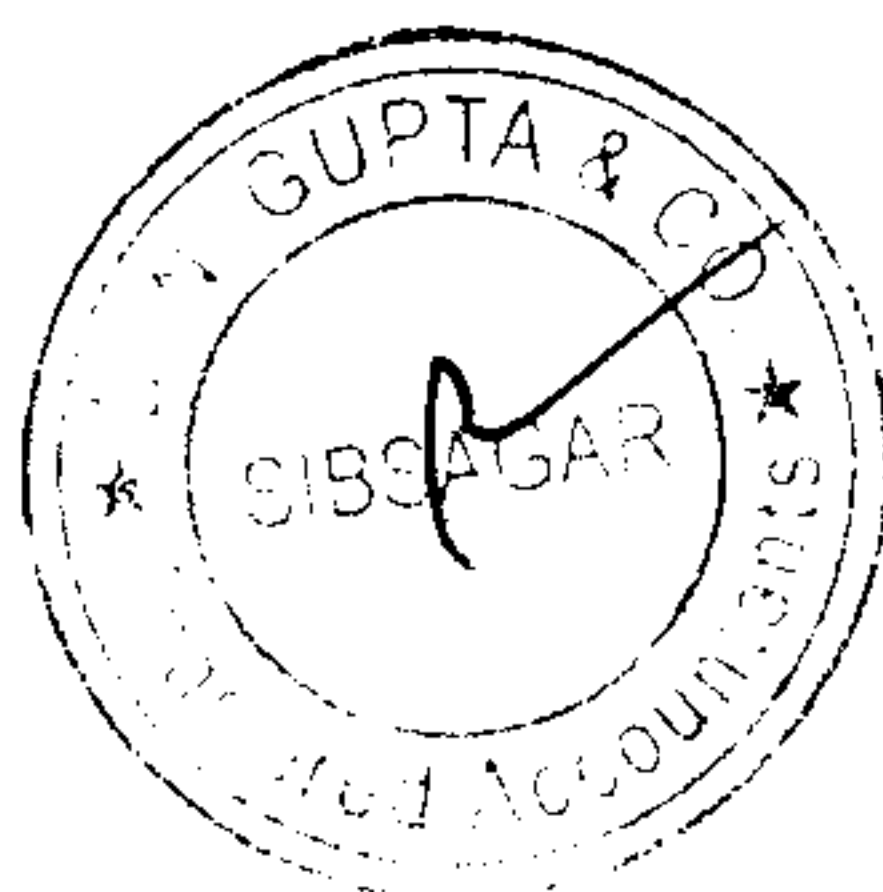
### **Opinion**

8. In our opinion, 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 B.N. GUPTA & CO.**  
Chartered Accountants  
Firm Registration Number 312044E



**(B.N. GUPTA, FCA)**  
**PROPRIETOR**  
Membership Number 050504



Camp : Kolkata  
Date : 12<sup>th</sup> May, 2018

KESHAVA PLANTATION PRIVATE LIMITED  
CIN No. U01132AS1999PTC005666  
BALANCE SHEET as at 31st March, 2018

(Amount in Rs.)

	Note No.	As at 31st March, 2018		As at 31st March, 2017		As at 1st April, 2016	
<b>ASSETS</b>							
<b>1 NON-CURRENT ASSETS</b>							
a Property, Plant and Equipment	5	245,687,923		257,458,564		272,507,742	
b Capital Work-In-Progress		1,742,318		369,838		-	
c Other Intangible Assets	6	<u>599,400</u>	248,029,641	<u>799,200</u>	258,627,602	-	272,507,742
e Financial Assets							
ii Loans	7	2,712,282		2,712,282		2,712,282	
iii Other Financial Assets		-		-		-	
f Non-Current Tax Assets	8	<u>835,122</u>	3,547,404	<u>1,132,341</u>	3,844,623	<u>1,130,347</u>	3,842,629
<b>2 CURRENT ASSETS</b>							
a Inventories	9	7,003,832		11,230,256		5,977,786	
b Biological Asset other than Bearer Plants	10	436,936		239,951		283,850	
c Financial Assets							
i Trade Receivables	11	1,946,769		4,407,435		2,981,790	
iii Cash and Cash Equivalents	12	164,115		240,259		4,354,910	
v Loans	7	81,296		151,768		270,207	
vi Other Financial Assets	13	439,170		514,428		396,710	
d Other Current Assets	14	1,092,129	11,164,247	240,901	17,024,998	181,981	14,447,234
<b>Total Assets</b>			<u><b>262,741,293</b></u>		<u><b>279,497,223</b></u>		<u><b>290,797,605</b></u>
<b>EQUITY AND LIABILITIES</b>							
<b>EQUITY</b>							
a Equity Share Capital	15	8,000,000		8,000,000		8,000,000	
b Other Equity	16	<u>164,923,492</u>	172,923,492	<u>178,992,159</u>	186,992,159	<u>189,665,215</u>	197,665,215
<b>LIABILITIES</b>							
<b>1 NON-CURRENT LIABILITIES</b>							
a Financial Liabilities							
i Borrowings	17	-		-		7,386,003	
b Provisions		10,136,957		10,274,957		11,471,000	
c Deferred Tax Liabilities (Net)	18	<u>18,346,646</u>	28,483,603	<u>21,765,960</u>	32,040,917	<u>30,930,694</u>	49,787,697
<b>2 CURRENT LIABILITIES</b>							
a Financial Liabilities							
i Borrowings	19	51,849,663		52,428,845		36,439,396	
ii Trade Payables	20						
Total outstanding dues of creditors to micro enterprises and small enterprises							
Total outstanding dues of creditor to other than micro enterprises and small enterprises							
iii Other Financial Liabilities	21	5,820,096		3,839,016		3,304,257	
iii Other Financial Liabilities	21	777,451		822,581		917,228	
b Provisions	22	1,924,760		1,714,914		2,041,641	
c Other Current Liabilities	23	962,227	61,334,197	1,658,791	60,464,147	642,170	43,344,692
<b>Total Equity and Liabilities</b>			<u><b>262,741,293</b></u>		<u><b>279,497,223</b></u>		<u><b>290,797,605</b></u>

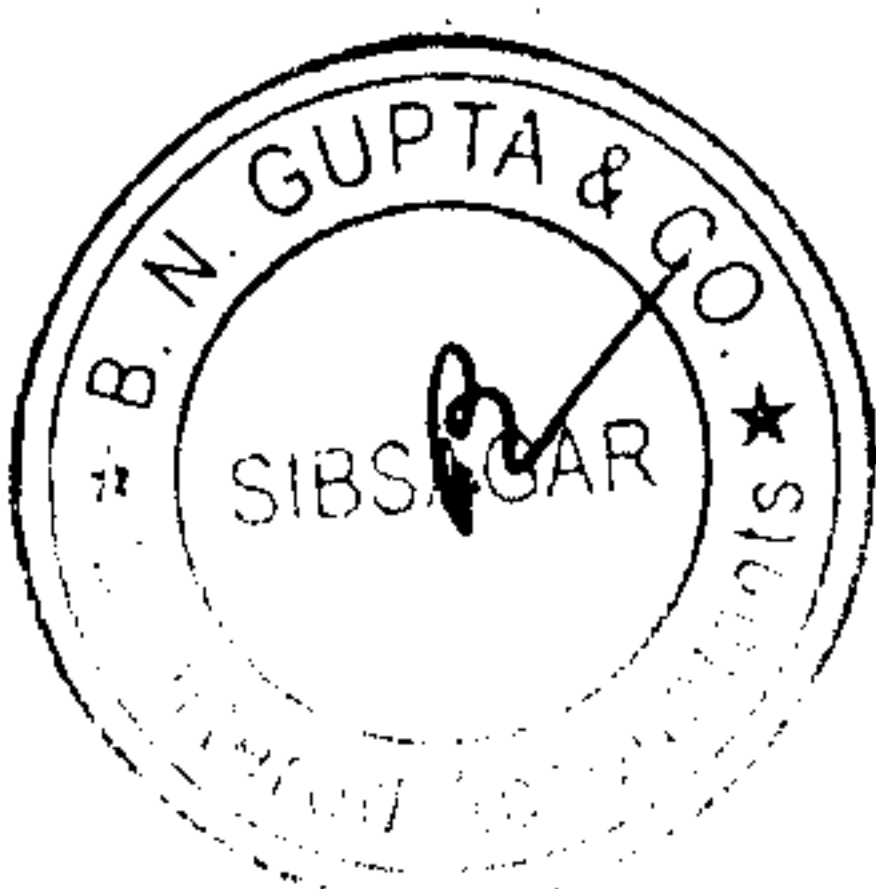
This is the Balance Sheet referred to in our report of even date

The above Balance Sheet should be read in conjunction with the accompanying notes

For B.N. GUPTA & CO.  
Chartered Accountants  
Firm Regn. No. 312044E

*(Signature)*

B.N. Gupta, FCA  
Proprietor  
Membership No. 050504  
Kolkata  
Dated : 12th May, 2018



*(Signature)*

*(Signature)*



**KESHAVA PLANTATION PRIVATE LIMITED**  
**CIN No. U01132AS1999PTC005666**  
**STATEMENT OF PROFIT & LOSS for the year ended 31st March, 2018**

(Amount in Rs)

INCOME	Note No.	For the year ended 31st March, 2018	For the year ended 31st March, 2017
Revenue from Operations	24	66,291,853	63,277,14
Other Income	25	1,051,567	249,64
<b>Total Income</b>		<b>67,343,420</b>	<b>63,526,78</b>
<b>EXPENSES</b>			
Cost of Materials Consumed		-	-
Purchases of Stock -in- Trade		-	-
Changes in Inventories of Finished Goods, Stock-In-Trade and Work-in-Progress	26	3,161,363	(2,076,951)
Employee Benefits Expense	27	40,138,377	38,348,310
Finance Costs	28	6,401,355	6,078,736
Depreciation and Amortisation Expense	29	13,053,641	15,968,179
Other Expenses	30	23,171,666	27,575,302
<b>Total Expenses</b>		<b>85,926,402</b>	<b>85,893,576</b>
<b>Profit before Exceptional Items and Tax</b>		<b>(18,582,982)</b>	<b>(22,366,789)</b>
Exceptional Items		-	-
<b>Profit before Tax</b>		<b>(18,582,982)</b>	<b>(22,366,789)</b>
Tax Expense:	31	-	-
Current Tax		-	-
Deferred Tax		(3,704,014)	(9,815,952)
<b>Profit for the year</b>		<b>(14,878,968)</b>	<b>(12,550,837)</b>
<b>Other Comprehensive Income</b>			
Items that will not be reclassified to profit or loss	32	1,095,000	2,529,000
Income tax relating to these items		(284,700)	(651,218)
<b>Other Comprehensive Income for the Year (Net of Tax)</b>		<b>810,300</b>	<b>1,877,783</b>
<b>Total Comprehensive Income for the period</b>		<b>(14,068,668)</b>	<b>(10,673,055)</b>
<b>Earnings Per Share</b>	33	<b>(185.99)</b>	<b>(156.89)</b>

This is the Statement of Profit and Loss referred to in our report of even date

The above Statement of Profit and Loss should be read in conjunction with the accompanying notes

For B.N. GUPTA & CO.  
Chartered Accountants  
Firm Regn. No. 312044E



**B.N. Gupta, FCA**  
Proprietor  
Membership No. 050504  
Kolkata  
Dated : 12th May, 2018



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✓ Sharad Baghel

## CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH 2018

(Amount in ₹)

Particulars	2017-2018		2016-2017	
	Amount	Amount	Amount	Amount
<b>A) CASH FLOW FROM OPERATING ACTIVITIES</b>				
Profit after Exceptional Items & before Tax		(1,85,82,982)		(2,23,66,789)
Adjustments for :				
Depreciation & Amortisation	1,30,53,641		1,59,68,179	
Interest Received	(45,660)		(61,030)	
Fair Valuation for Biological Assets other than bearer plant	(1,96,985)		43,899	
Finance Cost	64,01,355		60,78,736	
Sundry Credit bal. no longer required written back	(3,61,615)		(2,27,702)	
Remeasurement of post-employment defined benefit obligation	10,95,000		25,29,000	
Bad Debts & Provision for doubtful debts/Advances (Net)	25,439	1,99,71,175	29,81,789	2,73,12,871
Operating Profit before working capital changes		13,88,193		49,46,082
Adjustments for :				
(Increase)/Decrease in Trade Receivables	24,60,666		(14,25,646)	
(Increase)/Decrease in Inventories	42,26,425		(52,52,470)	
(Increase)/Decrease in Loans, Other Financial Assets & Other Assets	(7,18,297)		(30,22,046)	
Increase/(Decrease) in Trade Payables & Other Liability	12,39,386		14,56,733	
Increase/(Decrease) in Provision	4,33,461	76,41,641	(12,95,068)	(95,38,497)
Cash Generated from Operations		90,29,834		(45,92,415)
Direct Taxes (Paid)/Refund received (Net)		2,97,219		(1,994)
Net Cash from operating activities		93,27,053		(45,94,409)
<b>B) CASH FLOW FROM INVESTING ACTIVITIES</b>				
Purchase of Tangible & Intangible Assets including CWIP/Capital Advances	(37,03,813)		(20,88,040)	
Sale of Tangible Assets	12,48,133		-	
(Increase)/Decrease in Other Bank Balances	-		-	
(Increase)/Decrease in advances to Related Parties	-		-	
Interest Received	33,020		43,088	
Net cash used in Investing Activities		(24,22,660)		(20,44,952)
<b>C) CASH FLOW FROM FINANCING ACTIVITIES</b>				
Repayments of Long Term Borrowings	-		(73,86,003)	
(Repayments)/Proceeds from Short Term /Other Borrowings	(5,79,182)		1,59,89,449	
Interest paid	(64,01,355)		(60,78,736)	
Net Cash from/(used in) Financing Activities		(69,80,537)		25,24,710
Net Increase/ (Decrease) in Cash and Cash Equivalents		(76,144)		(41,14,651)
Cash and Cash Equivalents - Opening Balance	2,40,259		43,54,910	
Cash and Cash Equivalents - Closing Balance	1,64,115		2,40,259	

## Notes :

- Cash and cash equivalents consists of cash on Hand and balances with banks in current / Cash Credit accounts as per note 2.13
- Previous year's figures have been regrouped/rearranged wherever necessary
- Cash and cash equivalents consists of:

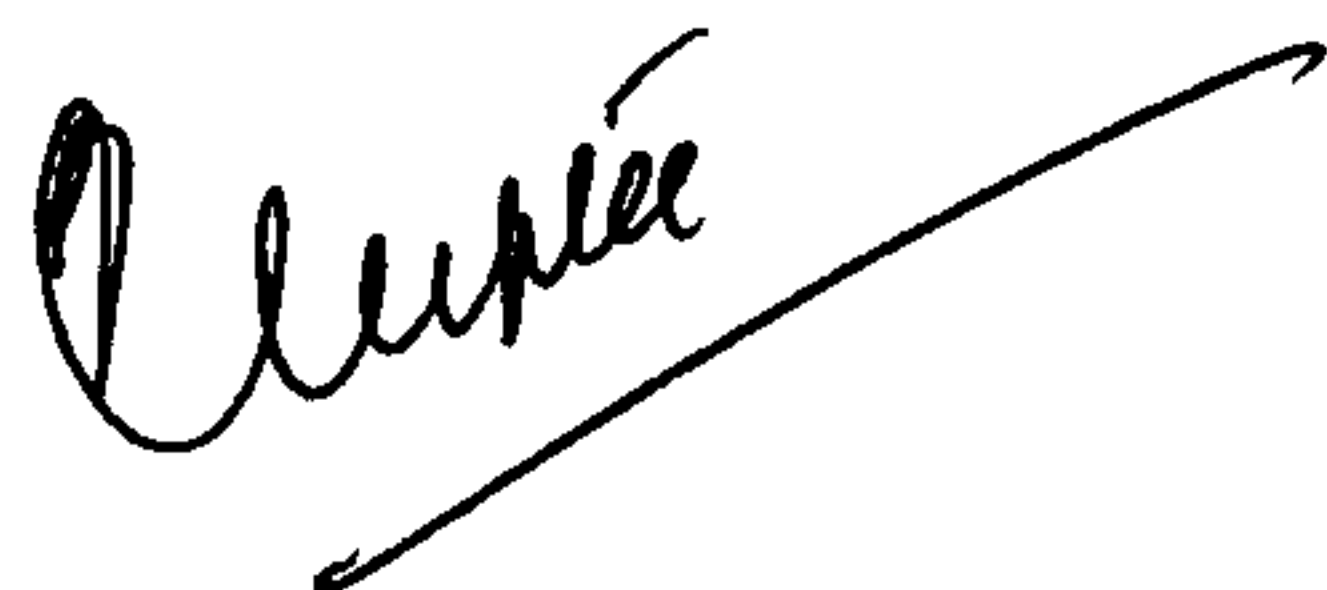
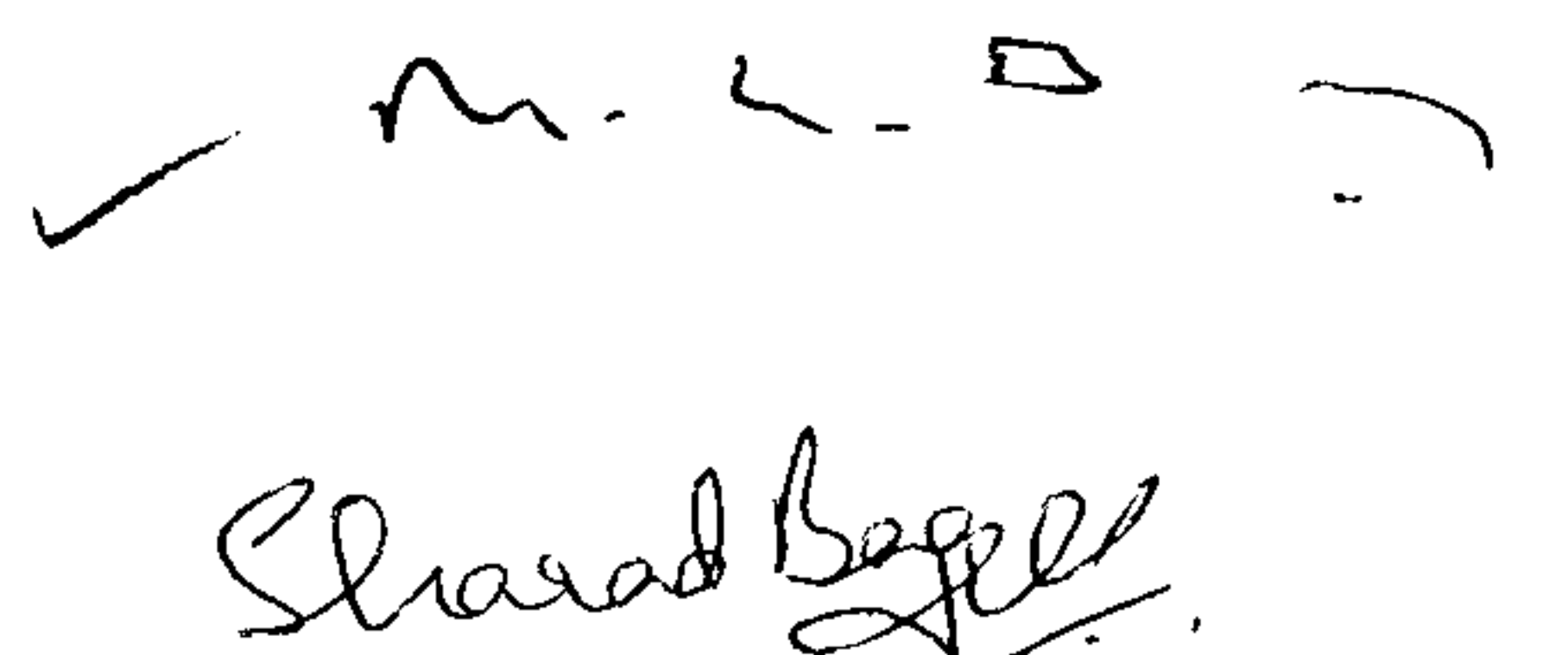
Particulars	2017-2018	2016-2017
Cash on hand	1,18,058	84,322
Bank Balance	46,057	1,55,937
Total	1,64,115	2,40,259

This is the Cash Flow Statement referred to in our report of even date.

For B.N. GUPTA & CO.

Chartered Accountants

Firm Regn. No. 312044E

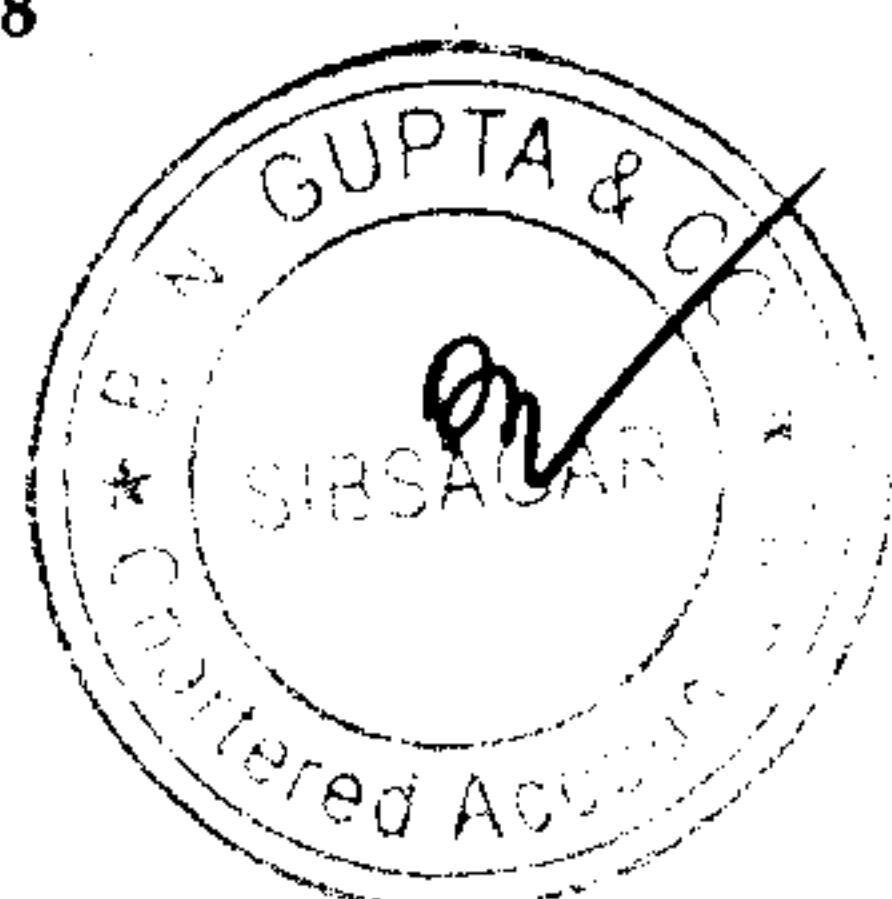
B.N. Gupta, FCA

Proprietor

Membership No. 050504

Kolkata

Dated : 12th May, 2018



**KESHAVA PLANTATION PRIVATE LIMITED**  
**CIN No. U01132AS1999PTC005666**  
**STATEMENT OF CHANGES IN EQUITY**

(Amount in ₹)

**a) Equity Share Capital**

Balance as at 1st April 2016	8,000,000
Add/(Less): Changes in Equity Share Capital during the year	-
Balance as at 31st March 2017	8,000,000
Add/(Less): Changes in Equity Share Capital during the year	-
Balance as at 31st March 2018	8,000,000

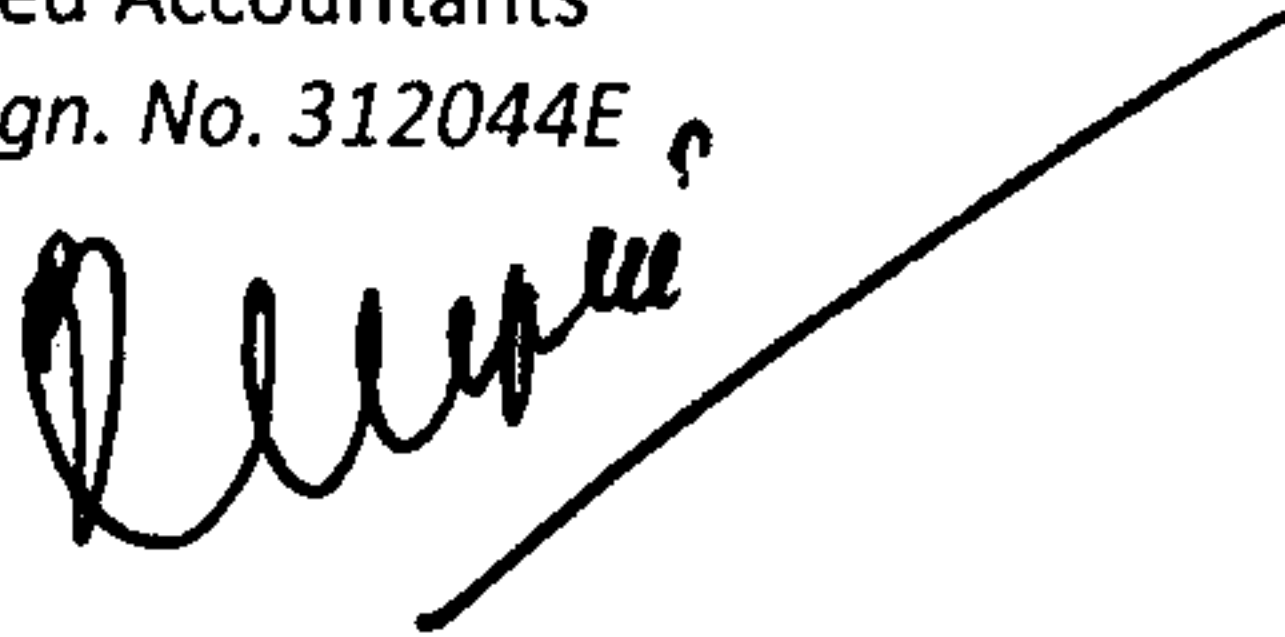
**b) Other Equity**

Particulars	Reserve & Surplus		Total
	Capital Reserve	Retained Earnings	
Balance as at 1st April, 2016	500,000	189,165,215	189,665,215
Profit for the year		(12,550,837)	(12,550,837)
Other Comprehensive Income		1,877,783	1,877,783
<b>Total Comprehensive Income for the year</b>	-	<b>(10,673,055)</b>	<b>(10,673,055)</b>
Balance as at 31st March, 2017	500,000	178,492,160	178,992,160
Profit for the year		(14,878,968)	(14,878,968)
Other Comprehensive Income		810,300	810,300
<b>Total Comprehensive Income for the year</b>	-	<b>(14,068,668)</b>	<b>(14,068,668)</b>
Balance as at 31st March, 2018	500,000	164,423,492	164,923,492

This is the Statement of Changes in Equity referred to in our report of even date

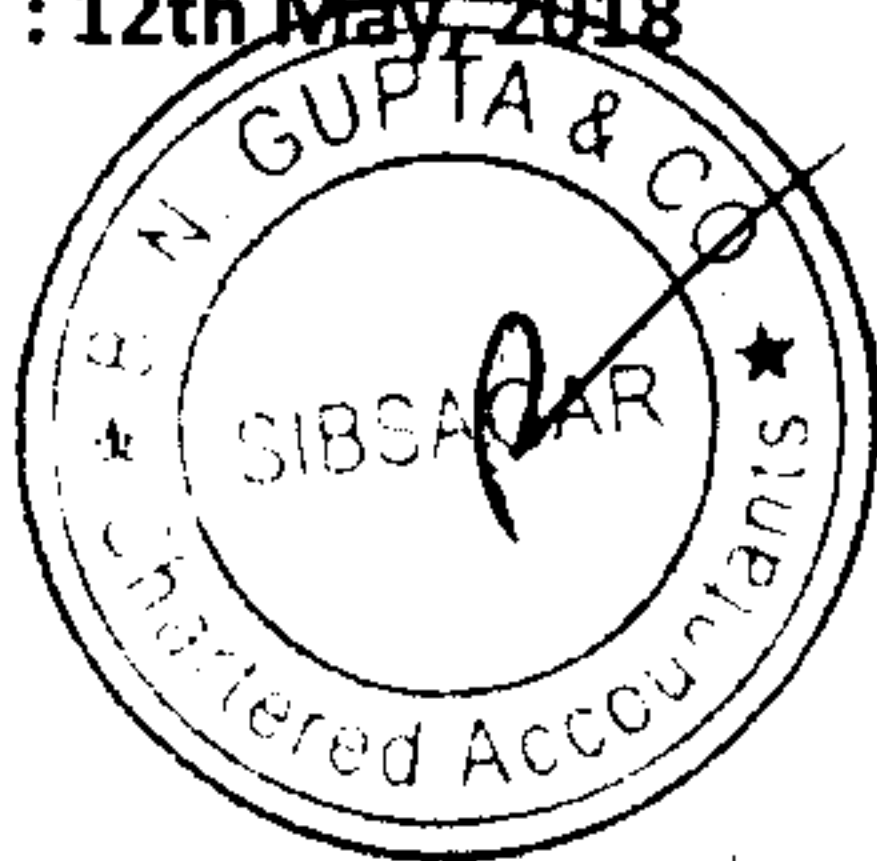
The above Statement of Changes in Equity should be read in conjunction with the accompanying notes

**For B.N. GUPTA & CO.**  
Chartered Accountants  
Firm Regn. No. 312044E



**B.N. Gupta, FCA**  
Proprietor  
Membership No. 050504  
Kolkata

Dated : 12th May, 2018



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✓ Shreedhara Baghel

# KESHAVA PLANTATIONS PRIVATE LIMITED

Notes to the Financial Statements for the year ended 31<sup>st</sup> March, 2018

## 1. CORPORATE AND GENERAL INFORMATION

Keshava Plantations Private Limited was incorporated as a Private Limited Company in India under the Companies Act 1956. It is a wholly owned subsidiary of Joonktollee Tea & Industries Limited. Since 2016, the Company has been under the management of the Joonktollee Tea & Industries Limited. The Company's principal business is manufacturing of Tea.

## 2. BASIS OF PREPARATION AND PRESENTATION OF FINANCIAL STATEMENT

### 2.1. Statement of Compliance

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

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

An explanation of how the transition to Ind AS has affected the previously reported financial position, financial performance and cash flows of the Company is provided in Note No. 40. Certain of the Company's Ind-AS accounting policies used in the opening Balance Sheet differed from its Indian GAAP policies applied as at 31st March, 2016 and accordingly the adjustments were made to restate the opening balances as per Ind-AS. The resulting adjustment arising from events and transactions before the date of transition to Ind-AS were recognized directly through retained earnings as at 1<sup>st</sup> April, 2016 as required by Ind- AS 101. The financial statements of the Company for the year ended 31st March, 2018 has been approved by the Board of Directors in their meeting held on 12<sup>th</sup> May, 2018.

### 2.2. Basis of Measurement

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

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

### Functional and Presentation Currency

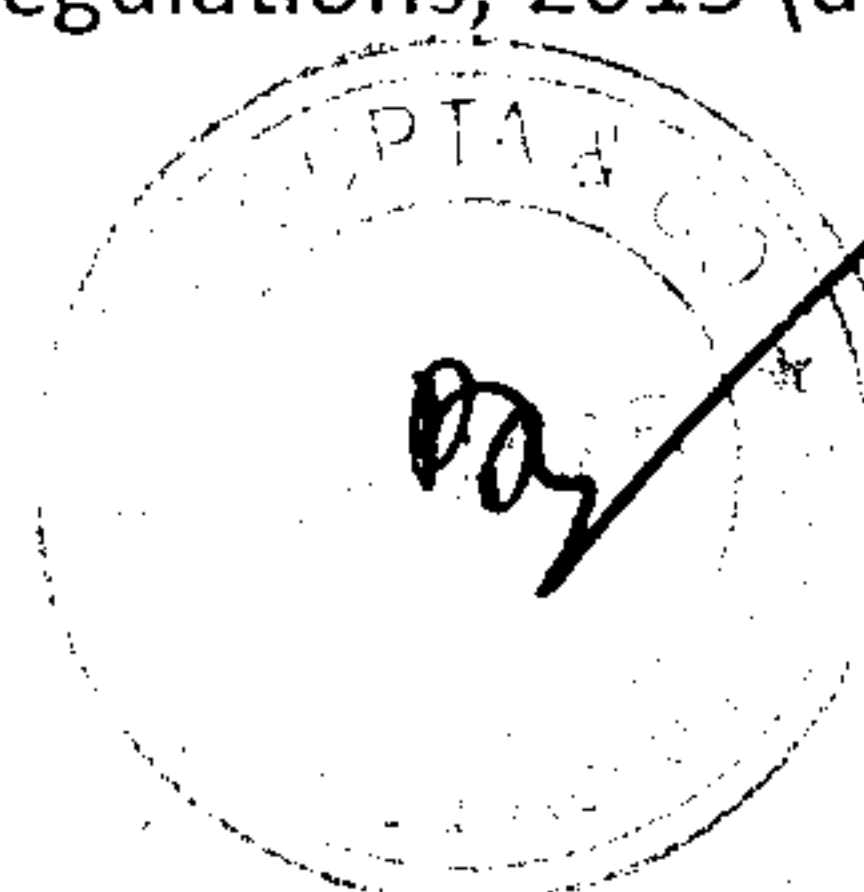
The Financial Statements are presented in Indian Rupee (INR), which is the functional currency of the Company and the currency of the primary economic environment in which the Company operates. All financial information presented in INR has been rounded off to the nearest lakhs as per the requirements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

### 2.4. Use of Estimates and Judgements

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

### 2.5. Presentation of Financial Statements

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



# KESHAVA PLANTATIONS PRIVATE LIMITED

Notes to the Financial Statements for the year ended 31<sup>st</sup> March, 2018

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

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

An asset is classified as current when it is:

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

All the other assets are classified as non-current.

A liability is current when:

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

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

## 2.7. Measurement of Fair Values

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

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

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

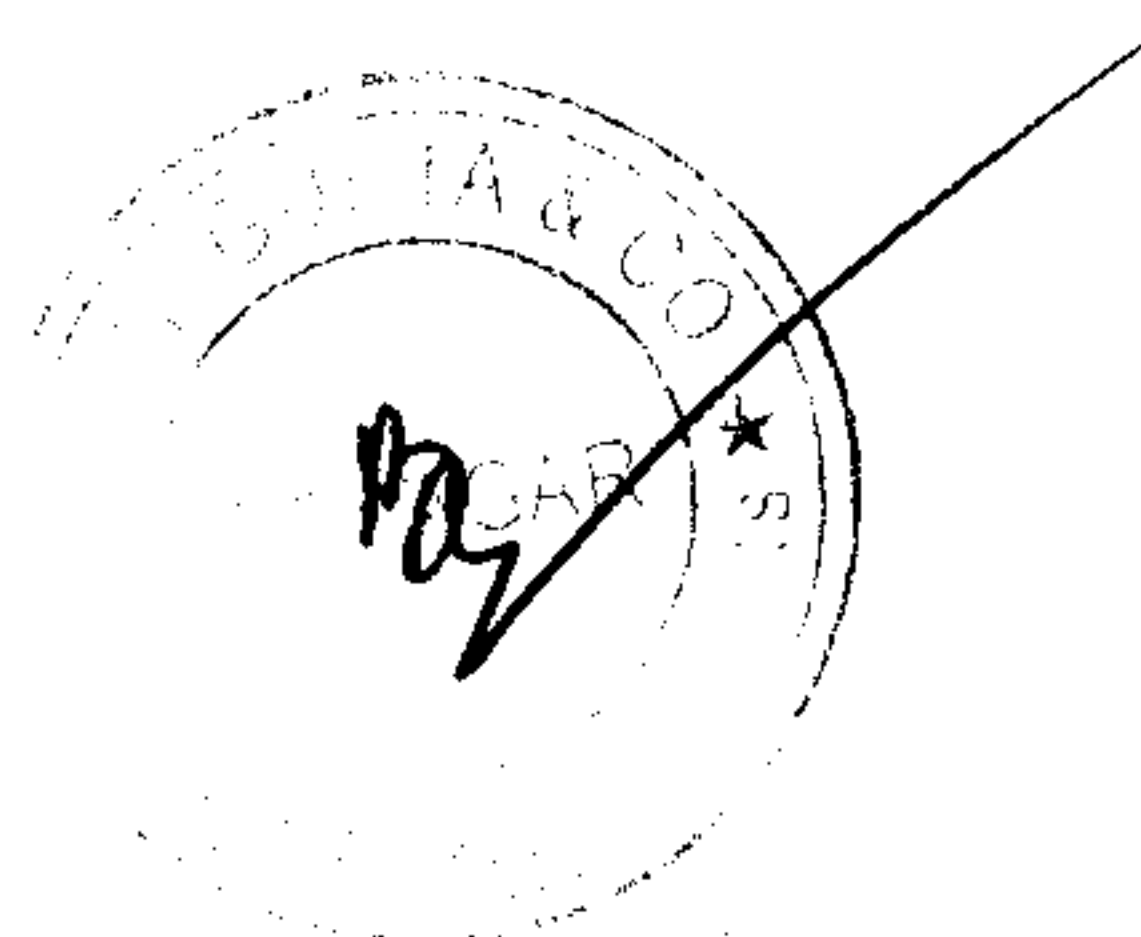
The principal or the most advantageous market must be accessible by the Company. The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest. A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

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

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the input that is significant to the fair value measurement as a whole:

- Level 1 — Quoted (unadjusted) market prices in active markets for identical assets or liabilities
- Level 2 — Inputs other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 — Inputs which are unobservable inputs for the asset or liability.

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



# KESHAVA PLANTATIONS PRIVATE LIMITED

Notes to the Financial Statements for the year ended 31<sup>st</sup> March, 2018

## 3. ACCOUNTING POLICIES

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

### 3.1. INVENTORIES

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

- Raw Materials: At Cost or Net Realizable Value whichever is lower. Cost of harvested tea leaves, produced from own gardens, is measured at fair value less cost to sell at the point of harvest of tea leaves. Cost of other raw materials is measured on weighted average basis.
- Stores and Spare Parts: Stores and Spare Parts are measured at cost (measured at weighted average basis) or net realizable value whichever is lower.
- Stock in Process: Is valued with material at lower of weighted average cost and market rate and estimated conversion cost.
- Finished Goods: Finished goods produced from agricultural produce are valued at lower of cost and the net realizable value. Cost is arrived at by adding the cost of conversion to the fair value of agricultural produce. Other finished goods are measured at cost or NRV whichever is lower.
- Waste/ Scrap: Waste and Scrap (including tea waste) are valued at estimated realizable value.

### 3.2. CASH AND CASH EQUIVALENTS

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

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

### 3.3. INCOME TAX

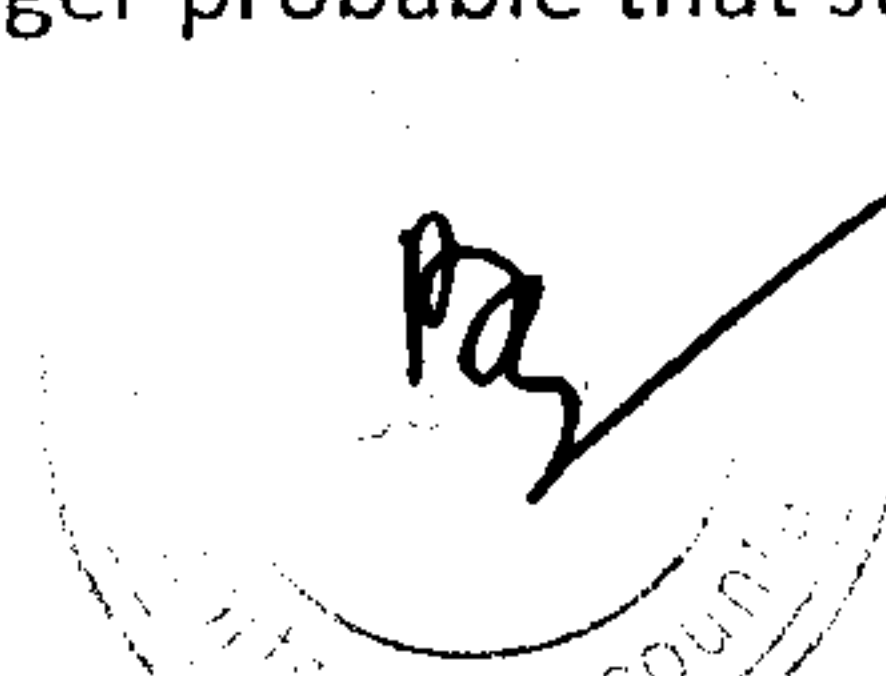
The income tax expense or credit for the period is the tax payable on the current period's taxable income based on the applicable income tax rate for each jurisdiction adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses. Current and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

#### 3.3.1. Current Tax:

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

#### 3.3.2. Deferred Tax

- Deferred Tax assets and liabilities is measured at the tax rates that are expected to apply to the period when the asset is realized or the liability is settled based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.
- Deferred tax is recognized in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the corresponding amounts used for taxation purposes (i.e., tax base). Deferred tax is also recognized for carry forward of unused tax losses and unused tax credits.
- Deferred tax assets are recognized to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilized.
- The carrying amount of deferred tax assets is reviewed at the end of each reporting period. The Company reduces the carrying amount of a deferred tax asset to the extent that it is no longer probable that sufficient taxable profit will be



# KESHAVA PLANTATIONS PRIVATE LIMITED

Notes to the Financial Statements for the year ended 31<sup>st</sup> March, 2018

available to allow the benefit of part or that entire deferred tax asset to be utilized. Any such reduction is reversed to the extent that it becomes probable that sufficient taxable profit will be available.

- Deferred tax relating to items recognized outside the Statement of Profit and Loss is recognized either in other comprehensive income or in equity. Deferred tax items are recognized in correlation to the underlying transaction either in OCI or directly in equity.
- Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Company intends to settle its current tax assets and liabilities on a net basis.

## 3.4. PROPERTY, PLANT AND EQUIPMENT

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

#### 3.4.1.1. Recognition and Measurement:

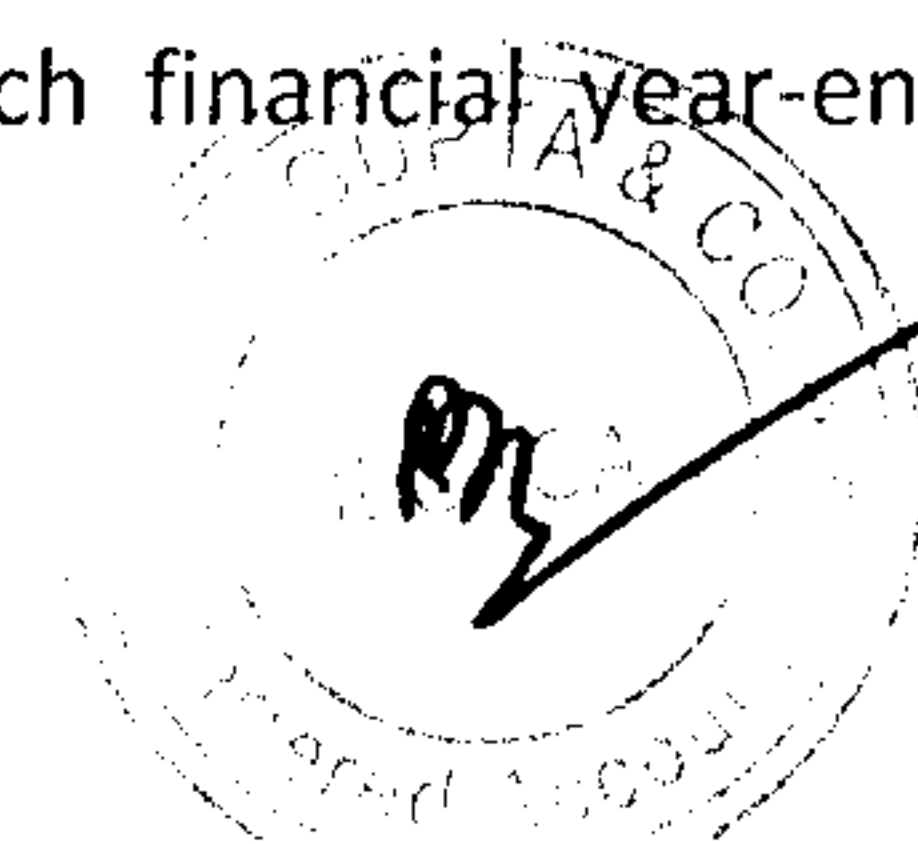
- Property, plant and equipment held for use in the production or/and supply of goods or services, or for administrative purposes, are stated in the balance sheet at cost, less any accumulated depreciation and accumulated impairment losses (if any).
- Cost of an item of property, plant and equipment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

#### 3.4.1.2. Subsequent Measurement:

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

#### 3.4.1.3. Depreciation and Amortization:

- Depreciation on Property, Plant & Equipment is provided under Written Down Method at rates determined based on the useful life of the respective assets and the residual values in accordance with Schedule II of the Companies Act, 2013 or as reassessed by the Company based on the technical evaluation.
- In case of asset "Fences, wells, tube wells" & "Carpeted Roads – Other than RCC", depreciation has been provided on written down value method at the rates determined considering the useful lives of 15 years which is based on assessment carried out by external valuers and the management believes that the useful lives as considered above best represent the period over which the respective assets shall be expected in use.
- In respect of spares for specific machinery, cost is amortized over the useful life of the related machinery as estimated by the management.
- Depreciation on additions (disposals) during the year is provided on a pro-rata basis i.e., from (up to) the date on which asset is ready for use (disposed of).
- Depreciation method, useful lives and residual values are reviewed at each financial year-end and adjusted if appropriate.



# KESHAVA PLANTATIONS PRIVATE LIMITED

Notes to the Financial Statements for the year ended 31<sup>st</sup> March, 2018

## 3.4.1.4. Disposal of Assets

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

## 3.4.1.5. Capital Work in Progress

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

## 3.4.2. Bearer Plants

### 3.4.2.1. Recognition and Measurement:

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

### 3.4.2.2. Subsequent Measurement:

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

### 3.4.2.3. Depreciation:

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

Tea Bushes	50 years
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### 3.4.2.4. Capital Work in Progress

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

## 3.5. LEASES

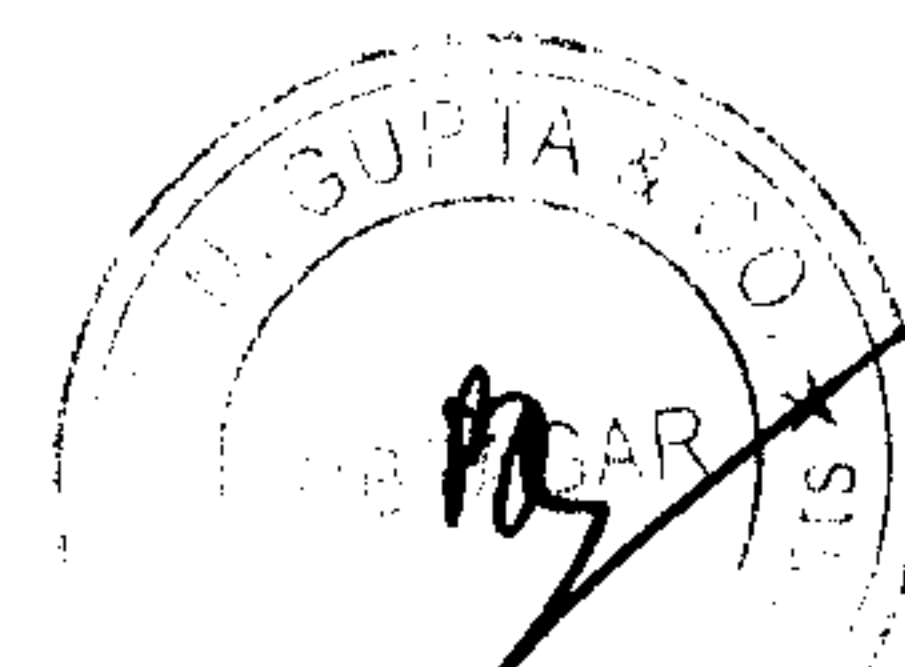
### 3.5.1. Determining whether an arrangement contains a lease

The determination of whether an arrangement is (or contains) a lease is based on the substance of the arrangement at the inception of the lease. The arrangement is, or contains, a lease if fulfilment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset or assets, even if that right is not explicitly specified in an arrangement.

### 3.5.2. Company as lessor

#### ➤ Finance Lease

Leases which effectively transfer to the lessee substantially all the risks and benefits incidental to ownership of the leased item are classified and accounted for as finance lease. Lease rental receipts are apportioned between the finance income and capital repayment based on the implicit rate of return. Contingent rents are recognized as revenue in the period in which they are earned.





# KESHAVA PLANTATIONS PRIVATE LIMITED

Notes to the Financial Statements for the year ended 31<sup>st</sup> March, 2018

## 3.7.2. Other Long Term Employee Benefits

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

## 3.7.3. Post Employment Benefits

The Company operates the following post employment schemes:

### ➤ Defined Contribution Plan

Defined contribution plans such as Provident Fund, Employee State Insurance etc. are charged to the statement of profit and loss as and when incurred. Further for certain employees the monthly contribution for provident fund is made to a trust administered by the company. The interest payable by the trust is notified by the government. The company has an obligation to make good the shortfall, if any. Based on the guidance note on measurement of provident fund liabilities from The Actuarial Society the actuary has provided the valuation of interest guaranteed on Provident Fund.

### ➤ Defined Benefit Plans

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

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

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

## 3.8. GOVERNMENT GRANTS

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

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

## 3.9. FOREIGN CURRENCY TRANSACTIONS

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

