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

INDEPENDENT AUDITOR'S REPORT
TO
THE MEMBERS OF
KESHAVA PLANTATIONS PRIVATE LIMITED

Report on the standalone Financial Statements

Opinion

We have audited the accompanying Standalone financial statements of **M/s. Keshava Plantations Private Limited (*"the Company"*)** which comprises the Balance Sheet as at March 31, 2019, the Statement of Profit and Loss, statement of changes in equity, and statement of cash flows for the year ended on that date, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information (hereinafter referred to as "the Standalone Financial Statements').

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone 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 Indian Accounting Standards prescribed under Section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015 as amended ("Ind AS") and other accounting principles generally accepted in India of the state of affairs of the Company as at March 31st 2019, the loss and total comprehensive income/loss, changes in equity, and its cash flows for the year ended on that date.

Basis for Opinion

We conducted our audit in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the Companies Act, 2013. Our responsibilities under those Standards are further described in the Auditor's Responsibilities for the Audit of the Standalone Financial Statements section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India together with the ethical requirements that are relevant to our audit of the financial statements under the provisions of the Companies Act, 2013 and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

B. N. GUPTA & CO. SIBSAGAR Chartered Accountants

Responsibility of Management for the Standalone Financial Statements

The Company's Board of Directors is responsible for the matters stated in section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these standalone financial statements that give a true and fair view of the financial position, financial performance, changes in equity 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. 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 implementation and maintenance of 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 statement that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

The Board of Directors are also responsible for overseeing the company's financial reporting process

Auditor's Responsibility for the Audit of the Standalone Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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" 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.

N. GUPTA & CO. SIKAGAR Chartered Accountants

c. The Balance Sheet, the Statement of Profit and Loss (including other Comprehensive Income Statement of Changes in Equity, and the Cash Flow Statement dealt with by this Report are in agreement with the books of account.

d. In our opinion, the aforesaid standalone financial statements comply with the Ind AS specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.

e. On the basis of the written representations received from the directors as on 31st March, 2019 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2019 from being appointed as a director in terms of Section 164 (2) of the Act.

f. With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure B".

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

   i. The Company does not have any pending litigations which would impact its financial position.

   ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.

   iii. There was no amount as such which is required to be transferred to the Investor Education and Protection Fund by the company during the year ended March 31, 2019.

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

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

Camp : Kolkata
Date : 3rd May, 2019

B.N. GUPTA & CO. SIBSAGAR Chartered Accountants

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, 2019;

i) a) The Company is maintaining proper records showing full particulars, including quantitative details and situation, of fixed assets.

b) The Fixed Assets have not been physically verified by the management during the year under Report.

c) As informed to us, the titled Deeds of immovable properties as disclosed under 'Note' on Fixed Assets to the 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, Goods and Service 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 party 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.

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

B.N. GUPTA & CO. SIBSAGAR Chartered Accountants

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

Camp : Kolkata
Date : 3rd May, 2019

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.
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ANNEXURE 'B' TO INDEPENDENT AUDITOR'S REPORT

Report on the Internal Financial Controls under Clause (i) of Sub-section3 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, 2019 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.

B.N. GUPTA & CO. SIBSAGAR Chartered Accountants

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, 2019 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 & CO. SIBSAGAR Chartered Accountants

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

Camp : Kolkata
Date : 3rd May, 2019

KESHAVA PLANTATIONS PRIVATE LIMITED
CIN No. U01132AS1999PTC005666
BALANCE SHEET as at 31st March, 2019 (Amount in Rs.)

		Note No.	As at 31st March, 2019		As at 31st March, 2018	
	ASSETS					
1	**NON-CURRENT ASSETS**					
a	Property, Plant and Equipment	5	237,401,795		245,687,923	
b	Capital Work-In-Progress		3,813,767		1,742,318	
c	Other Intangible Assets	6	399,600	241,615,162	599,400	248,029,641
d	Financial Assets					
	ii Loans	7	2,622,778		2,712,282	
	iii Other Financial Assets		-		-	
e	Non-Current Tax Assets	8	858,327	3,481,105	835,122	3,547,404
2	**CURRENT ASSETS**					
a	Inventories	9	8,079,199		7,003,832	
b	Biological Asset other than Bearer Plants	10	604,308		436,936	
c	Financial Assets					
	i Trade Receivables	11	951,256		1,946,769	
	ii Cash and Cash Equivalents	12	117,189		164,115	
	III Loans	7	63,179		81,296	
	iv Other Financial Assets	13	99,509		439,170	
d	Other Current Assets	14	1,125,905	11,040,545	1,092,129	11,164,247
	Total Assets			**256,136,812**		**262,741,292**
	EQUITY AND LIABILITIES					
	EQUITY					
a	Equity Share Capital	15	8,000,000		8,000,000	
b	Other Equity	16	140,364,797	148,364,797	164,923,492	172,923,492
	LIABILITIES					
1	**NON-CURRENT LIABILITIES**					
a	Financial Liabilities					
	i Borrowings	17	-		-	
b	Provisions	22	11,086,957		10,136,957	
c	Deferred Tax Liabilities (Net)	18	18,174,126	29,261,083	18,346,646	28,483,603
2	**CURRENT LIABILITIES**					
a	Financial Liabilities					
	i Borrowings	19	64,748,049		51,849,663	
	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		7,652,815		5,820,096	
	iii Other Financial Liabilities	21	2,998,597		777,451	
	Provisions	22	1,786,950		1,924,760	
	Other Current Liabilities	23	1,324,521	78,510,932	962,227	61,334,197
	Total Equity and Liabilities			**256,136,812**		**262,741,292**

Basis of preparation and presentation of	2
Significant Accounting Policies	3
Significant Judgements & Key Estimates	4

The Notes are an integral part of the Financial Statements

As per our report of even date annexed.

For and on behalf of
For B.N. GUPTA & CO.
Chartered Accountants
Firm Regn. No. 312044E

B.N. Gupta, FCA
Proprietor
Membership No. 050504
Kolkata
Dated : 3rd May, 2019

B.N. GUPTA & CO. SIBSAGAR Chartered Accountants

For and on behalf of Board of Directors

KESHAVA PLANTATIONS PRIVATE LIMITED

CIN No. U01132AS1999PTC005666

STATEMENT OF PROFIT & LOSS for the year ended 31st March, 2019

(Amount in Rs.)

	Note No.	For the year ended 31st March, 2019	For the year ended 31st March, 2018
INCOME			
Revenue from Operations	24	59,369,651	66,291,853
Other Income	25	884,810	1,051,567
Total Income		**60,254,461**	**67,343,420**
EXPENSES			
Cost of Materials Consumed	26	2,157,585	-
Purchases of Stock -in- Trade			
Changes in Inventories of Finished Goods, Stock-In-Trade and Work-in-Progress	27	(2,357,141)	3,161,363
Employee Benefits Expense	28	44,383,787	40,138,377
Finance Costs	29	6,038,394	6,401,355
Depreciation and Amortisation Expense	30	11,171,632	13,053,641
Other Expenses	31	22,992,419	23,171,666
Total Expenses		**84,386,676**	**85,926,402**
Profit before Exceptional Items and Tax		**(24,132,215)**	**(18,582,982)**
Exceptional Items			
Profit before Tax		**(24,132,215)**	**(18,582,982)**
Tax Expense:	32		
Current Tax		-	-
Deferred Tax		(16,780)	(3,704,014)
Profit for the year		**(24,115,435)**	**(14,878,968)**
Other Comprehensive Income			
Items that will not be reclassified to profit or loss	33	(599,000)	1,095,000
Income tax relating to these items		155,740	(284,700)
Other Comprehensive Income for the Year (Net of Tax)		**(443,260)**	**810,300**
Total Comprehensive Income for the period		**(24,558,695)**	**(14,068,668)**
Earnings Per Share	34	(301.44)	(185.99)
Basis of preparation and presentation of Financial Statement	2		
Significant Accounting Policies	3		
Significant Judgements & Key Estimates	4		
The Notes are an integral part of the Financial Statements			

As per our report of even date annexed.

For and on behalf of
For B.N. GUPTA & CO.
Chartered Accountants
Firm Regn. No. 312044E

B.N. Gupta, FCA
Proprietor
Membership No. 050504
Kolkata
Dated : 3rd May, 2019

B. N. GUPTA & CO. SIBSAGAR Chartered Accountants

For and on behalf of Board of Directors

Sharad Bagree

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

(Amount in Rs.)

a) **Equity Share Capital**

Balance as at 31st March 2018	8,000,000
Add/(Less): Changes in Equity Share Capital during the year	-
Balance as at 31st March 2019	**8,000,000**

b) **Other Equity**

Particulars	Reserve & Surplus		Total
	Capital Reserve	Retained Earnings	
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
Total Comprehensive Income for the year	-	**(14,068,668)**	**(14,068,668)**
Balance as at 31st March, 2018	**500,000**	**164,423,492**	**164,923,492**
Profit for the year		(24,115,435)	(24,115,435)
Other Comprehensive Income		(443,260)	(443,260)
Total Comprehensive Income for the year	-	**(24,558,695)**	**(24,558,695)**
Balance as at 31st March, 2019	**500,000**	**139,864,797**	**140,364,797**

The Notes are an integral part of the Financial Statements

As per our report of even date annexed.

For and on behalf of
For B.N. GUPTA & CO.
Chartered Accountants
Firm Regn. No. 312044E

B.N. Gupta, FCA
Proprietor
Membership No. 050504
Kolkata
Dated : 3rd May, 2019

B. N. GUPTA & CO. SIBSAGAR Chartered Accountants

For and on behalf of Board of Directors

KESHAVA PLANTATIONS PRIVATE LIMITED

CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH 2019

(Amount in ₹)

	Particulars	2018-2019		2017-2018	
		Amount	Amount	Amount	Amount
A)	CASH FLOW FROM OPERATING ACTIVITIES				
	Profit after Exceptional Items & before Tax		(24,132,215)		(18,582,982)
	Adjustments for :				
	Depreciation & Amortisation	11,171,632		13,053,641	
	Interest Income	(170,721)		(45,660)	
	Fair Valuation for Biological Assets other than bearer plant	(167,372)		(196,985)	
	Finance Cost	6,038,394		6,401,355	
	Sundry Credit bal. no longer required written back	(110,030)		(361,615)	
	Remeasurement of post -employment defined beneft obligation	(599,000)		1,095,000	
	Loss on Sale/Discard of Property, Plant and Equipment	253,463		-	
	Bad Debts & Provision for doubtful debts/Advances (Net)	-	16,416,366	25,439	19,971,175
	Operating Profit before working capital changes		(7,715,849)		1,388,193
	Adjustments for :				
	(Increase)/Decrease in Trade Receivables	995,513		2,460,666	
	(Increase)/Decrease in Inventories	(1,075,366)		4,226,425	
	(Increase)/Decrease in Loans, Other Financial Assets & Other Assets	348,679		(718,297)	
	Increase/(Decrease) in Trade Payables & Other Liability	4,416,159		1,239,386	
	Increase/(Decrease) in Provision	922,220	5,607,205	433,461	7,641,641
	Cash Generated from Operations		(2,108,644)		9,029,834
	Direct Taxes (Paid)/Refund received (Net)		(23,205)		297,219
	Net Cash from operating activities		(2,131,849)		9,327,053
B)	CASH FLOW FROM INVESTING ACTIVITIES				
	Purchase of Tangible & Intangible Assets including CWIP/Capital Advances	(5,010,618)		(3,703,813)	
	Sale of Tangible Assets	-		1,248,133	
	Interest Received	235,548		33,020	
	Net cash used in Investing Activities		(4,775,070)		(2,422,660)
			(6,906,919)		6,904,393
C)	CASH FLOW FROM FINANCING ACTIVITIES				
	(Repayments)/Proceeds from Short Term /Other Borrowings	12,898,386		(579,182)	
	Interest paid	(6,038,394)		(6,401,355)	
	Net Cash from/(used in) Financing Activities		6,859,992		(6,980,537)
	Net Increase/ (Decrease) in Cash and Cash Equivalents		(46,926)		(76,144)
	Cash and Cash Equivalents - Opening Balance	164,115		240,259	
	Cash and Cash Equivalents - Closing Balance	117,189		164,115	

Notes :

1 Cash and cash equivalents consists of cash on Hand and balances with banks in current / Cash Credit accounts as per note 2.13

2 Previous year's figures have been regrouped/rearranged wherever necessary

3 Cash and cash equivalents consists of:

Particulars	2018-2019	2017-2018
Cash on hand	28,267	118,058
Bank Balance	88,922	46,057
Total	117,189	164,115

4 The above Cash Flows have been prepared under the 'Indirect Method' as set ourt in Indian Accounting Standards (IND AS) 7 - Statement of Cash Flows

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

For and on behalf of

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

B.N. Gupta, FCA
Proprietor
Membership No. 050504
Kolkata
Dated : 3rd May, 2019

B.N. GUPTA & CO. SIBSAGAR Chartered Accountants

For and on behalf of Board of Directors

KESHAVA PLANTATIONS PRIVATE LIMITED

Notes to the Financial Statements for the year ended 31st March, 2019

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 of the Company for the year ended 31st March, 2019 has been approved by the Board of Directors in their meeting held on 3rd May, 2019.

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

2.3. Functional and Presentation Currency

The Financial Statements are presented in Indian Rupee (INR), which is the functional currency of the Company and the currency of the primary economic environment in which the Company operates. All financial information presented in INR has been rounded off to the nearest 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).

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.

2.8 Recent Accounting Pronouncement

New Standards / Amendments to Existing Standard issued but not yet effective upto the date of issuance of the Company's Financial Statement are disclosed below:

a) Ind AS 116 Leases was notified on March 30, 2019 and it replaces Ind AS 17 Leases, including appendices thereto. Ind AS 116 is effective for annual periods beginning on or after April 1, 2019. Ind AS 116 sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to account for all leases under a single on-balance sheet model similar to the accounting for finance leases under Ind AS 17. The standard includes two recognition exemptions for lessees – leases of 'low-value' assets (e.g., personal computers) and short-term leases (i.e., leases with a lease term of 12 months or less).

   At the commencement date of a lease, a lessee will recognise a liability to make lease payments (i.e., the lease liability) and an asset representing the right to use the underlying asset during the lease term (i.e., the right-of-use asset). Lessees will be required to separately recognise the interest expense on the lease liability and the depreciation expense on the right-of-use asset.

Lessees will be also required to remeasure the lease liability upon the occurrence of certain events (e.g., a change in the lease term, a change in future lease payments resulting from a change in an index or rate used to determine those payments). The lessee will generally recognise the amount of the remeasurement of the lease liability as an adjustment to the right-of-use asset.

Lessor accounting under Ind AS 116 is substantially unchanged from today's accounting under Ind AS 17. Lessors will continue to classify all leases using the same classification principle as in Ind AS 17 and distinguish between two types of leases: operating and finance leases.

The Company intends to adopt this standard. However, adoption of this standard is not likely to have a significant impact in its Financial Statements.

b) **Ind AS 12 Appendix C, Uncertainty over Income Tax Treatments :**

On March 30, 2019, Ministry of Corporate Affairs has notified Ind AS 12 Appendix C, Uncertainty over Income Tax Treatments which is to be applied while performing the determination of taxable profit (or loss), tax bases, unused tax losses, unused tax credits and tax rates, when there is uncertainty over income tax treatments under Ind AS 12.

According to the appendix, companies need to determine the probability of the relevant tax authority accepting each tax treatment, or group of tax treatments, that the companies have used or plan to use in their income tax filing which has to be considered to compute the most likely amount or the expected value of the tax treatment when determining taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates. The standard permits two possible methods of transition - i) Full retrospective approach – Under this approach, Appendix C will be applied retrospectively to each prior reporting period presented in accordance with Ind AS 8 – Accounting Policies, Changes in Accounting Estimates and Errors, without using hindsight and ii) Retrospectively with cumulative effect of initially applying Appendix C recognized by adjusting equity on initial application, without adjusting comparatives. The effective date for adoption of Ind AS 12 Appendix C is annual periods beginning on or after April 1, 2019. The Company will adopt the standard on April 1, 2019 and has decided to adjust the cumulative effect in equity on the date of initial application i.e. April 1, 2019 without adjusting comparatives. The effect on adoption of Ind AS 12 Appendix C would be insignificant in the standalone financial statements.

c) **Amendment to Ind AS 12 – Income Taxes :**

On March 30, 2019, Ministry of Corporate Affairs issued amendments to the guidance in Ind AS 12, 'Income Taxes', in connection with accounting for dividend distribution taxes. The amendment clarifies that an entity shall recognise the income tax consequences of dividends in profit or loss, other comprehensive income or equity according to where the entity originally recognised those past transactions or events. Effective date for application of this amendment is annual period beginning on or after April 1, 2019. The Company is currently evaluating the effect of this amendment on the standalone financial statements.

d) **Amendment to Ind AS 19 – plan amendment, curtailment or settlement:**

On March 30, 2019, Ministry of Corporate Affairs issued amendments to Ind AS 19, 'Employee Benefits', in connection with accounting for plan amendments, curtailments and settlements. The amendments require an entity:

- to use updated assumptions to determine current service cost and net interest for the remainder of the period after a plan amendment, curtailment or settlement; and
- to recognise in profit or loss as part of past service cost, or a gain or loss on settlement, any reduction in a surplus, even if that surplus was not previously recognised because of the impact of the asset ceiling.

Effective date for application of this amendment is annual period beginning on or after April 1, 2019. The Company does not have any impact on account of this amendment.

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

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.

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

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.

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