

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF NEW CHUMTA TEA COMPANY LIMITED

Report on the Audit of the Financial Statements

Qualified Opinion

We have audited the accompanying financial statements of **New chumta Tea Company Limited** ("the Company"), which comprise of the Balance Sheet as at March 31, 2020, the Statement of Profit and Loss and the Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information (hereinafter referred to as "financial statements").

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Companies Act, 2013 ("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 31, 2020, the profit and its cash flows for the year ended on that date.

Basis for Qualified Opinion

The Liability on account of gratuity & leave encashment payable to employees on retirement has not been ascertained and provided in the account as required under Ind As Financial Statements. However provision of Rs. 80.62 lacs has been made till 31st march 2010 on this account.

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



We determined the matters stated below to be key audit matters to be communicated in the report.

Key Audit Factors	Audit Response principle of process follows in the Audit
<p>Evaluation of uncertain other receivable : The company had transferred lease in the land right value of Rs. 768.96 lacs to the four companies. Due to litigation the amount remain unrefund.</p>	<p>As per the agreed terms with four companies the company has surrendered its lease hold rights of certain portion of land for a consideration of Rs. 787.05 lacs out of which a sum of Rupees 768.96 lacs still recoverable from three companies . Lease was granted to four companies by government of west Bengal for a period of 99 years for the purpose development of tea tourism . Subsequently Indian army raised objection for security reason (the land is surrounded by the army area) and wanted to acquire the land. The government of west Bengal proposed to cancel the lease allowed to four companies . The four companies have filed the a writ petition before High court at Calcutta against the proposal of the government of west Bengal for cancellation the lease. In the judgement high court has stated that state government may terminate the lease in accordance with law. In other words four companies who still hold the lease property with possession of the property cannot be dispossessed of without payment of compensation. The said four companies have filed a petition for contempt of court for not implementing decision of high court. We have review the issue in the meeting of partners (other than partner associated with audit) having regard to the discussion of the partners in the meeting and the judgement of high court we have reviewed the management perception for considering the balance as effective and good as on 31st march 2020.</p>

Information Other than the financial statements and Auditor's Report Thereon

The Company's Board of Directors is responsible for the preparation of the other information. The other information comprises the information included in the Management Discussion and Analysis. Board's Report including Annexure to Board's Report, Business Responsibility Report, Corporate Governance and Shareholder's information, but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained during the course of our audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information we are required to report that fact. We have nothing to report in this regard.



Management's Responsibility for the Financial Statements

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

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.

Auditor's Responsibility for the Audit of the 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.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis of our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal financial controls relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Company had adequate internal financial controls system in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate to modify our opinion. Our conclusions are based on the audit evidence obtained upto the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.



- Evaluate the overall presentation structure and content of the financial statements including the disclosures and whether financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence and where applicable related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Other Matters

We did not audit the financial statements of Gardens included in the financial statements of company whose financial statement reflect total assets of Rs 177.81 and total liabilities of Rs. 42.07 lacs as at 31st March 2020 and total revenue of Rs. Nil for the year ended on the date. as considered in the financial statement. The financial statements of its Gardens have been audited by the branch auditors whose reports have been furnished to us, and our opinion in so far as it relates to the amounts and disclosures included in respect of these Gardens, is based solely on the report of such branch auditors.

Impact on profit & loss due to closure from 23rd March, 2020 to 31st March on account of Covid-19 is not ascertainable.

Report on Other Legal and Regulatory Requirements

1. As required by Section 143(3) of the Act, based on our audit 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;
- b. In our opinion proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;
- c. The Balance Sheet, the Statement of Profit and Loss and the Cash Flow Statement dealt with by this Report are in agreement with the books of account;
- d. In our opinion, the aforesaid Ind AS financial statements comply with the Indian Accounting Standards 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 March 31, 2020 taken on record by the Board of Directors, none of the Directors is disqualified as on March 31, 2020 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". Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the Company's internal financial controls over financial reporting.
- g. With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, as amended, in our opinion and to the best of our knowledge and belief and according to the information and explanations given to us:
 - i. The company has no Pending Litigation as on 31st March, 2020.
 - ii. The Company has made neither any long term contract not any derivative contract.
 - iii. The transfer of amounts of Rs. 1.24 lacs required to be transferred to the investor education and protection fund is pending.



2. As required by the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Central Government in terms of Section 143(11) of the Act, we give in "Annexure A" a statement on the matters specified in paragraphs 3 and 4 of the Order.
3. In our opinion and according to the information and explanation giving to us the remuneration paid by the company to its director during the current year is in accordance with the provision of section 197 of the act.

INDIA STEAMSHIP HOUSE
21, Old Court House Street,

Kolkata, the 31st day of July, 2020

For KHANDELWAL RAY & CO.
Chartered Accountants
Registration no.302035E



PINAKI SARKAR
Membership no.051449
Partner

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Annexure A to the Auditors' Report

As referred to in paragraph I of our Report on "Other Legal and Regulatory Requirements", we state that:

- i. (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
- (b) These fixed assets have been physically verified by the management at a reasonable interval. No material discrepancies were noticed on such verification as compared to book records.
- (c) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the title deeds of freehold land of Bhadrakali Tea Estate are in the name of the company and title deeds of lease hold land of Anandapur Tea Estate has been mortgaged with the bank.
- ii. (a) As per the information furnished, the inventory excluding those lying with third parties have been physically verified by the management during the year, at reasonable intervals.
- (b) In our opinion, the procedures of physical verification of inventories followed by the management are reasonable and adequate in relation to the size of the Company and nature of its business. It has been stated by the management.
- (c) It has been certified by the management that physical verification of quantity has been conducted by the management at regular basis. The discrepancies noticed on verification of stocks as compared to book records were not material and these have been properly dealt with in the books of account.
- 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. Therefore the provisions of Clause 3(iii)(a) and (iii)(b) of the said Order are not applicable to the Company.
- iv. In our opinion and according to the information and explanations given to us, the Company has complied with the provisions of Sections 185 and 186 of Companies Act with respect to loans and investments made.
- v. In our opinion and according to the information and explanations given to us, the Company has not accepted any deposits from the public within the meaning of Section 73 to Section 76 of the Act and the Rules framed there under.
- vi. The Central Government has specified for the maintenance of cost records under sub-sec,(1) of sec,148 of the Act. We have broadly reviewed the records and Accounts maintained by the company. We are of the opinion that prima facie the prescribed accounts and records have been maintained. We have not, made a detailed examination of such records to determine whether records are accurate and complete.
- 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, due of excise, value added tax, cess and other material statutory dues, as applicable, with the appropriate authorities.

There is no arrears outstanding statutory dues as at the last day of the financial year for a period of more than 6 months from the date they became payable.

According to the information and explanations given and on the basis of records examined by us, we are of the opinion that the Company has not defaulted in repayment of dues to any bank. The Company has not taken loan from any financial institution or raised any money through issue of Debentures.



- ix. According to information and explanations given to us no term loans taken have been taken during the year. During the year Company has not raised money by way of initial Public Offer or further Public Offer.
- x. During the course of 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 explanation given to us, no fraud by the Company or any fraud on the Company by its officers or employees has been noticed or reported during the course of our audit.
- xi. According to the information and explanations given to us and based on our examination of the records of the Company, the Company has paid / provided for managerial remuneration in accordance with the requisite approvals mandated by the provisions of Section 197 read with Schedule V to the Act.
- xii. In our opinion and according to the information and explanations given to us, the Company is not a nidhi Company. Accordingly, paragraph 3(xii) of the Order is not applicable.
- xiii. According to the information and explanations given to us and based on our examination of the records of the Company, transactions with the related parties are in compliance with Sections 177 and 188 of the Act where applicable and details of such transactions have been disclosed in the financial statements as required by the applicable accounting standards.
- xiv. According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year.
- xv. According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not entered into non-cash transactions with directors or persons connected with them. Accordingly, paragraph 3(xv) of the Order is not applicable.
- xvi. The Company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934.

INDIA STEAMSHIP HOUSE
21, Old Court House Street,

Kolkata, 31st day of July, 2020

For KHANDELWAL RAY & CO.
Chartered Accountants
Registration no. 302035E



PINAKI SARKAR
Membership no. 051449
Partner



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Annexure – B to the Auditors' Report

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

We have audited the internal financial controls over financial reporting of New Chumta Tea Company Limited ("the Company") as of 31st March, 2020 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

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

Auditors' Responsibility

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

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

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

Meaning of Internal Financial Controls over Financial Reporting

A Company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of Standalone Ind AS 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 Ind AS financial statements.

Inherent Limitations of Internal Financial Controls Over Financial Reporting

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

Opinion

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31st March, 2020, 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.

INDIA STEAMSHIP HOUSE
21, Old Court House Street,

Kolkata, the 31st day of July, 2020

For KHANDELWAL RAY & CO.
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PINAKI SARKAR
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20051449A AAAAM7632

