



The Grob  
Tea Company,  
Limited

**2016 - 17**

**REPORT &  
ACCOUNTS**

Registered 7<sup>th</sup> January, 1895

## CORPORATE INFORMATION

### Board of Directors :

Mr. P.K.Agarwal, Non-Executive Director  
 Mr. M.K.Agarwal, Non-Executive Director  
 Mr. H.Parekh, Independent Director  
 Mr. P.J. Bhide, Independent Director  
 Mr. S.K. Agarwal, Independent Director  
 Mrs. P Singhania, Independent Director  
 Mr. I.B.Sharaf, Executive Director

### Executives :

Mr S Dasgupta, Chief Executive Officer  
 Mr. B L Patawari, Chief Financial Officer  
 Ms. Kritika Mohata, Company Secretary

### Auditors :

M/s. G.P.Agrawal & Co.  
 Chartered Accountants

### Bankers :

United Bank of India  
 State Bank of India  
 HDFC Bank

### Registered Office :

"HAUTE STREET" 9th Floor  
 86A, Topsia Road,  
 Kolkata – 700 046  
 Phone: 033-40031325/26  
 E-Mail : [grobtea@rawalwasia.co.in](mailto:grobtea@rawalwasia.co.in)  
 CIN:L15494WB1895PLC000963

### Tea Estates :

Dessoie Tea Estate  
 P.O. Mariani, Assam

Doyang Tea Estate  
 P.O. Oating, Assam

Kanu Tea Estate  
 P.O. Sapekhati, Assam

Teen Ali Tea Estate  
 P.O. Naharkatia, Assam

Pathemara Tea Estate  
 P.O. Thaligram, Assam

Martycherra Tea Estate  
 P.O. Kumbhirgram, Assam

### Stock Exchange :

The Calcutta Stock Exchange Ltd.  
 National Stock Exchange of India Ltd.

### Registrar & Share Transfer Agents :

Niche Technologies Pvt. Ltd.  
 D-511, Bagree Market, 5th Floor  
 71, B R B Basu Road, Kolkata  
 Phone No. 033 22357270/7271  
 Fax No. 033 22156823  
 E-Mail : [nichetechpl@nichetechpl.com](mailto:nichetechpl@nichetechpl.com)  
 CIN:U74140WB1994PTC062636

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## DIRECTORS REPORT TO THE MEMBERS

Your Directors have pleasure in presenting the annual report together with Audited Accounts of the Company for the year ended 31st March 2017.

FINANCIAL RESULTS	2016-17 (Rs. in Lacs)	2015-16 (Rs. in Lacs)
Profit before Depreciation & Tax	502.46	1011.68
Less: Depreciation	372.57	392.46
Profit before taxation	129.89	619.22
Provision for Taxation		
-- Current Tax	40.00	150.00
-- Deferred Tax	--	--
Profit after Tax	89.89	469.22
Add : Profit brought forward	1922.30	1781.05
Add: Adjustment for Bearer Plant	11.36	--
Balance available for appropriation	2023.55	2250.27
Proposed Dividend	--	23.25
Tax on proposed Dividend	--	4.73
Transferred to General Reserve	--	300.00
Balance carried forward	2023.55	1922.29

### PERFORMANCE

During the year under review, your Company achieved a production of 47.24 lacs kgs of CTC Tea as compared to 47.72 lacs kgs in last year. The average sale price realization for the CTC tea for the current year was Rs 159.60, as compared to Rs. 172.87 realized in the earlier year. The sale price of the tea was adversely affected due to restricted demand of quality teas in auction centre which has lower realisation by Rs 18-20/- per kg of CTC tea.

The profit for the year was also affected due to substantial increase in salaries and wages in terms of industry wide agreements with the workers' and employees' unions .

### DIVIDEND

The Directors have recommended a dividend of Rs. 2 Per Equity Share of Rs. 10 each (Previous Year- Rs. 2 per Equity Share) for the year ended 31st March, 2017, subject to approval of the shareholders at the ensuing Annual General Meeting.

### TRANSFER TO RESERVE

No amount was transferred to the reserves during the financial year ended 31st March, 2017.

### PROSPECTS

The Prospects for the crop for the year 2017-18 is uncertain due to excessive rain in earlier part of the season which will affect the crop. The market is expected to remain range bound but good quality tea will attract premium and your Company is continuously emphasize to improve the quality of tea to fetch the higher realization.

### PUBLIC DEPOSIT

During the Financial Year 2016-17, the Company has not accepted any deposit within the meaning of Sec 73 and 74 of the Companies Act, 2013.

## DIRECTORS REPORT TO THE MEMBERS (Contd.)

### DIRECTORS AND KEY MANAGERIAL PERSONNEL

Pursuant to the provisions of Sections 196, 197 & 203 read with Schedule V and other applicable provisions, if any, of the Companies Act, 2013 ("the Act"), The Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 (including any statutory modifications or re-enactment(s) thereof for the time being in force), Mr. Pradeep Kumar Agarwal (DIN: 00703745), Non-executive Director of the Company is proposed to be appointed as a Managing Director of the Company, not subject to retirement by rotation, for a period of 3 (Three) Years with effect from 1st April, 2017.

Pursuant to the provisions of Sections 196, 197, 198 and 203 read with Schedule V and such other applicable provisions of the Companies Act, 2013 and the Companies (Appointment and Qualifications of Directors) Rules, 2014, Mr. I B Sharaf (DIN: 00047266), is proposed to be re-appointed as an Executive Director of the Company, not subject to retirement by rotation, for a period of 4 (Four) Years with effect from 29th May, 2017 .

Mr. M K Agarwal (DIN: 00697746), Non-Executive Director, will retire by rotation at the ensuing Annual General Meeting and being eligible offers himself for re-appointment in accordance with the provisions of Companies Act, 2013.

Pursuant to the provisions of Sections 149, 152 read with Schedule IV and such other applicable provisions of the Companies Act, 2013 and the Companies (Appointment and Qualifications of Directors) Rules, 2014, Mr. P J Bhide (DIN: 00012326) and Mr. H M Parekh (DIN: 00026530), is proposed to be re-appointed as an Independent Director of the Company for a period of 3 (Three) Years.

The Board of Directors on the recommendation of Nomination & Remuneration Committee proposes the appointment/ re-appointment of the aforesaid Directors at the ensuing AGM. Necessary resolutions for the same have been included in the Notice convening the ensuing AGM and details of the terms and conditions including remuneration as set out in explanatory statement annexed to the Notice convening the ensuing AGM.

Mr. I B Sharaf (DIN: 00047266), Executive Director, Mr. B L Patawari, Chief Financial Officer and Ms. Kritika Mohata, Company Secretary are the Key Managerial Personnel of the Company in accordance with the provisions of Sections 2(51), 203 of the Companies Act, 2013 read with Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014.

### DECLARATION OF INDEPENDENCE

The Company has received declarations from all the Independent Directors confirming that they meet the criteria of independence as prescribed under the provisions of Companies Act, 2013 read with the Schedules and Rules issued there under as well as SEBI (Listing Obligation and Disclosure Requirements) Regulation 2015.

### NUMBER OF MEETINGS OF THE BOARD

The Board meets at regular intervals to discuss and decide on business policy and strategy apart from other Board business. The details of the number of Board meetings of the Company are set out in the Corporate Governance Report which forms part of this Report.

### COMMITTEE OF THE BOARD

During the year, in accordance with the Companies Act, 2013 and SEBI (Listing Obligation and Disclosure Requirements) Regulation 2015, currently the Board has four Committees to focus on specific areas and make decision within the authority delegated to each of the Committees. All decision and recommendations of the Committees are placed before the Board either for information or approval. The detail of Committee of the Board is as follows:

- Audit Committee
- Nomination and Remuneration Committee
- Stakeholders' Relationship Committee
- CSR Committee

The composition, scope and powers of the aforementioned Committees together with details of meeting held during the year under review, forms part of the Corporate Governance Report.

## DIRECTORS REPORT TO THE MEMBERS (Contd.)

### MANAGEMENT DISCUSSION AND ANALYSIS AND CORPORATE GOVERNANCE REPORT

In terms SEBI(LODR), Regulation, 2015 with Stock Exchange, Report on Management Discussion & Analysis Report and the Report on Corporate Governance along with the Certificate from the Practicing Company Secretary certifying the compliance of Corporate Governance have been attached and forms part of Annual Report marked as Annexure "A" and "B" respectively.

### EXTRACT OF ANNUAL RETURN

The details forming part of the extract of the Annual Return in Form MGT- 9 in accordance with Section 92(3) of the Companies Act, 2013 read with the Companies (Management and Administration) Rules, 2014 are set out herewith as Annexure "C" to this Report.

### DIRECTORS RESPONSIBILITY STATEMENT

In accordance with the provisions of Section 134(5) of the Companies Act 2013, your directors confirm that:

- a) in the preparation of the annual accounts for the financial year ended 31st March, 2017, the applicable accounting standards had been followed along with proper explanation relating to material departures;
- b) the directors had selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at 31st March, 2017 and of the profit /loss of the Company for that period;
- c) the directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act 2013 for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities;
- d) the directors had prepared the annual accounts on a going concern basis;
- e) the directors had devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.
- f) the directors had laid down internal financial controls to be followed by the company and that such internal financial controls are adequate and were operating effectively.

### AUDITORS AND AUDITOR'S REPORT

#### Auditors

In terms of Section 139(2) of the Act, M/s G P Agarwal, Chartered Accountants, existing Statutory auditors of the Company have completed their tenure of two terms of five consecutive years at the commencement of the act on 1st April, 2014 and an additional period of 3 years as stipulated under third provision of Section 139(2) read with Rule 6 of the Companies (Audit and Auditors) Rules, 2014. Accordingly, they will have to vacate the office at the conclusions of the forth coming Annual General Meeting.

In view of above, the Audit Committee and the Board recommends the appointment of M/s. Dhandhanian & Associates, Chartered Accountants as the Statutory Auditor for a period of 5 years commencing from the conclusion of the forthcoming Annual General Meeting. M/s Dhandhanian & Associates have given their consent to the said appointment and confirmed that their appointment, if made, would be within the limits mentioned under Section 141(3) (g) of the Act.

The Auditors' Report for the financial year 2016-17 does not contain any qualification, reservation or adverse remark.

#### Cost Auditor

In accordance to the provision of Section 148 of the Companies Act, 2013 and Companies (Audit & Auditors) Rules, 2014 the Company is not required to appoint Cost Auditor to audit the cost records of the Company.

#### Secretarial Audit

Pursuant to the provisions of Section 204 of the Companies Act, 2013 read with the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, the Company had appointed H M Choraria & Co, Practicing Company

## DIRECTORS REPORT TO THE MEMBERS (Contd.)

Secretary, for a period of 3 years from 2016 onwards for conducting the Secretarial Audit of your Company. The Secretarial Audit Report is annexed herewith as Annexure "D" to this Report. The Secretarial Audit Report does not contain any qualification, reservation or adverse remark.

### DISCLOSURE RELATING TO REMUNERATION OF DIRECTORS, KEY MANAGERIAL PERSONNEL AND PARTICULARS OF EMPLOYEES

The prescribed particulars of employees required under Rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules 2014 is set out in Annexure "E" to this Report attached.

The Information as required under Rules 5(2) and 5(3) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules 2014 are given in the Annexure forming part of the Report. In terms of Section 136(1) of the Act, the report and accounts are being sent to members without the aforesaid Annexure. Any member interested in obtaining a copy of the same, may write to the company. The aforesaid Annexure is also available for inspection by members at the Registered Office of the Company.

### LOANS GUARANTEE OR INVESTMENT

Loans, guarantees and investments covered under Section 186 of the Companies Act, 2013 form part of the notes to the financial statements provided in this Annual Report.

### RELATED PARTY TRANSACTIONS

During the financial year 2016-17, the Company has entered into transactions with related parties which were in the ordinary course of business and on arms' length basis and in accordance within the provisions of the Companies Act, 2013. Further, there were no transactions with related parties which qualify as material transactions under the Listing Agreement. Thus, disclosure in Form AOC-2 is not required.

The details of the related party transactions as required under Accounting Standard - 18 are set out in Note 26.4 to the financial statements forming part of this Annual Report.

### VIGIL MECHANISM

The Company is committed to ethical, moral and legal business conduct. Accordingly, the Board of Directors have formulated a Whistle Blower Policy which is in compliance with the provisions of Section 177 (10) of the Companies Act, 2013 and SEBI (Listing Obligation and Disclosure Requirements) Regulation 2015. The detail of Whistle Blower Policy of the Company has been outlined in the Corporate Governance Report which forms part of this report.

### BOARD EVALUATION

Pursuant to the provisions of the Companies Act, 2013 and Regulation 25(3) of SEBI (Listing Obligation and Disclosure Requirements) Regulation 2015, Independent Directors at their meeting without the participation of the Non-independent Directors and Management, considered/evaluated the Boards' performance and other Non-independent Directors. The Board subsequently evaluated its own performance, the working of its Committees and Independent Directors.

### CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO

The information on conservation of energy, technology absorption and foreign exchange earnings and outgo as stipulated under Section 134 of the Companies Act, 2013 read with the Companies (Accounts) Rules, 2014, is set out herewith as Annexure "F" to this Report.

### CORPORATE SOCIAL RESPONSIBILITY

Pursuant to Section 135 of the Companies Act, 2013, the Company has formed a CSR Committee and approved the CSR Policy. The brief outline of the Corporate Social Responsibility (CSR) Policy of the Company is available on the Company's website: [www.grobtea.com](http://www.grobtea.com). The initiatives undertaken by the Company on CSR activities during the year are set out in Annexure "G".

## DIRECTORS REPORT TO THE MEMBERS (Contd.)

### TRANSFER OF AMOUNT TO THE INVESTOR EDUCATION AND PROTECTION FUND

Pursuant to the provision of section 124 of the Companies Act, 2013, the declared dividend which remain unpaid or unclaimed for a period of seven years has to be transferred to the Investor education and Protection Fund established by the Central Government. There is no amount due which is required to be transferred to Investor Education and Protection Fund as on 31st March 2017.

Company has uploaded the detail of unpaid and unclaimed dividend lying with the company as on 13th September, 2016 i.e. the date of last Annual General Meeting on the Companies website : [www.grobtea.com](http://www.grobtea.com)

### DISCLOSURES UNDER SEXUAL HARASSMENT OF WOMEN AT WORKPLACE (PREVENTION, PROHIBITION & REDRESSAL) ACT, 2013

The Company is committed to provide a safe and conducive work environment to its employees. During the year under review, no case of sexual harassment was reported.

### SIGNIFICANT/MATERIAL ORDERS PASSED BY THE REGULATORS

There are no significant/material orders passed by the Regulators or Courts or Tribunals impacting the going concern status of the Company and its operations in future.

### ACKNOWLEDGEMENT

The Directors wish to place on record their appreciation of the devoted services rendered by all the employees of the Company and sincerely convey their appreciation to customers, shareholders, vendors, bankers, business associates, regulatory and government authorities for their continued support.

Kolkata  
Dated: 29th May, 2017

For and on behalf of the Board  
M.K.Agarwal, Directors  
(DIN NO. 00697746)  
I.B.Sharaf, Executive Director  
(DIN NO. 00047266)

**MANAGEMENT DISCUSSION AND ANALYSIS REPORT****ANNEXURE – “A”**

(Forming part of Director's Report for the financial year ended 31st March, 2017)

**Industry Structure and Developments :** All India Black Tea production was approximately 1240 million kg. during the calendar year 2016 as compared to 1208 million kg. in 2015. The crop of your company was also slightly higher due to healthy crop in March, 2016. Rising employee cost, declining yield and erratic climate is affecting the tea industry at large.

**Opportunity and Threat :** The continuous promotional efforts and initiatives taken by the Government/Tea Board including Trustee Program will benefit the industry in the long term.

**Weather Condition** has become an important factor for all agricultural produce including tea. Unfavorable and erratic weather, especially in the face of rising temperatures and unpredictable rainfall. Pest attack is a major threat to the industry. We practice sustainable agricultural practices, which minimizes the impact of such erratic conditions and with strong irrigation support also minimizes the negative impact.

**Product – wise Performance :-** During the year under review the production of Tea was slightly lower as compared to last year. Sluggish demand for tea resulted lower price realization as compared to last year. The details of performance is given below.

Year	Production ( Lac Kgs)	Sales (Lac Kgs.)	Average Realisation (Rs. Per Kg.)
2016-17	47.24	46.38	159.60
2015-16	47.72	44.43	172.87
Change (%)	-1.01 %	4.38 %	-7.68 %

**Outlook:** The current season has started with mixed weather condition heavy rainfall in the month of April & May may affect the crop prospects. Higher carry forward stock coupled with quantum of fresh arrivals has affected the market. However, the demand for quality Tea and increase in consumption thereof will have positive impact on price realization. So, we can take overall outlook for current year as steady.

**Risk and Concern:** Weather plays an important role in the success or failure of any agriculture industry including plantations. Tea is a perennial crop and hence with climate change, repeated erratic rainfall and weather conditions affects the production of tea crops. Further, Tea being the labour intensive industry, shortage of labour in peak season and substantial increase in labour costs, high social cost and other input cost remains the major cause of concern for the industry.

**Discussion on Financial Performance with respect to Operational Performance :** The company emphasis on continuous improvement of quality tea is attracting premium prices but restricted demand of quality tea has resulted in lower margins as compared to last year.

**Internal Control System and their Adequacy :** The Company has an adequate system of internal financial control procedures which is commensurate with the size and nature of business. The Internal Control System of the Company is monitored and evaluated by the Internal Auditors appointed by the Company and their Audit Reports are periodically reviewed by the Audit Committee and the Board of Directors. Suggestions for improvement are considered and corrective actions are taken.

#### Information regarding Human Resources/Industrial Relation

Tea industry is highly labour intensive. Human resources are most valuable assets for the Company – at Head Office as well as at tea estates. Thus, adequate attention is given by the Company for their development and well-being and the Company employs around 4128 employees on roll across all its tea estates and Head Office. Further, the Employee relations remained satisfactory and cordial during the period under review.

**Cautionary Statement :** The forward-looking statements and view expressed in the Management Discussion and Analysis Report are based on certain assumptions. The actual results, performances or achievement may differ materially from those stated therein. The company would not be held liable, in any manner, if the future turns out to be quite different, even materially.



## REPORT ON CORPORATE GOVERNANCE

(forming part of Director's Report for the financial Year ended 31st March, 2017)

**ANNEXURE – “B”**

### CORPORATE GOVERNANCE PHILOSOPHY

The Company's philosophy on Corporate Governance is aimed at efficient conduct of its operations and meeting its obligation towards stakeholders at large. At The Grob Tea, it is imperative that the Company affairs are managed in a fair and transparent manner. The Company is committed to good Corporate Governance and transparency in all dealings and places emphasis on business ethics, responsibilities conduct, integrity and accountability. The company being a labour intensive industry places great emphasis on values such as empowerment and integrity of its employees, safety of the workers, optimum utilization of natural resources and fair & ethical dealings with all, providing medical, educational and welfare facilities.

#### 1. BOARD OF DIRECTORS

##### a) Composition

We believe that our Board needs to have an appropriate mix of executive and independent directors to maintain its independence, and separate its functions of governance and management. The Board of Directors of the Company as on 31st March, 2017, consist of Seven Directors as two non-executive promoter Director, one Executive Director and four independent non-executive Director having requisite qualifications and experience in business and industry, finance and management. The composition of the Board is in conformity with the SEBI (Listing Obligation and Disclosure Requirements) Regulation 2015. The names of the Directors and the details of other chairmanship / directorship / committee membership of each Director as on 31st March 2017 is given below:

Name of Director	Category of Director	Number of Directorships in other companies	Number of Committee Memberships in other companies	
		Member of Board	Chairman	Member
Mr. P K Agarwal	Promoter – Non Executive	10	—	—
Mr. M K Agarwal	Promoter – Non Executive	6	—	—
Mr. I B Sharaf	Executive	—	—	—
Mr. H Parekh	Independent	11	5	4
Mr. P J Bhide	Independent	11	4	—
Mr. Sanjay Agarwal	Independent	11	—	—
Mrs. P Singhania	Independent	—	—	—

#### Notes:

- Ø Also includes directorship other than Public Limited Company.
- Ø Audit Committee and Stakeholder Grievances Committee are considered.
- Ø None of the Directors on the Board is a Member of more than 10 Committees or Chairman/Chairperson of more than 5 committee as specified SEBI (LODR) Regulation, 2015, across all the Companies in which he/she is a Director have made necessary disclosures regarding Committee positions held in other public limited companies.

#### b) Number & Dates of Board Meetings/Date of last AGM held

The Board met four times during the year and the gap between two meetings did not exceed four months. The dates on which the Board Meetings were held are as follows:

28th May 2016, 10th August 2016, 12th November 2016 and 11th February 2017.

The last Annual General Meeting of the Company was held on 13th September, 2016

## c) Attendance of each Director at Board Meetings and at the previous Annual General Meeting (AGM)

Sl. No.	Name	No. of Board Meetings held	No. of Board Meetings attended	Attendance at the last AGM
1.	Mr. P K Agarwal	4	3	Present
2.	Mr. M K Agarwal	4	4	Present
3.	Mr. I B Sharaf	4	4	Present
4.	Mr. H Parekh	4	4	Present
5.	Mr. P J Bhide	4	3	Present
6.	Mr. Sanjay Agarwal	4	4	Present
7.	Mrs. P Singhania	4	3	Absent

## d) Information about Directors seeking appointment/ re-appointment.

A brief resume of Directors seeking appointment / re-appointment as required under Regulation 34(3) SEBI(Listing Obligation and Disclosure Requirements) Regulation 2015 is given in the Notice of Annual general Meeting dated 29th May, 2017.

## 2. AUDIT COMMITTEE

1. The audit committee assists the board in the dissemination of financial information and in overseeing the financial and accounting processes in the company. The role and term of reference of the Audit Committee are as follows:

- a) Oversight of the Company's financial reporting process and the disclosure of its financial information to ensure that the financial statements are correct, sufficient and credible.
- b) Recommending to the Board, the appointment, re-appointment and, if required, the replacement or removal of statutory auditors, fixation of audit fee and also approval of payment for any other services.
- c) Reviewing, with the management, the annual financial statements before submission to the board for approval, with particular reference to:
  - Ø Matters required to be included in the Directors' Responsibility Statement to be included in the Board's Report in terms of clause
  - Ø Changes, if any, in accounting policies and practices and reasons for the same.
  - Ø Major accounting entries involving estimates based on the exercise of judgment by the management.
  - Ø Significant adjustments made in the financial statements arising out of audit findings.
  - Ø Compliance with listing and other legal requirements relating to financial statements.
  - Ø Disclosure of any related party transactions.
  - Ø Qualifications in the draft audit report
- d) Reviewing, with the management, the quarterly/ annual financial statements before submission to the board for approval.
- e) Reviewing with the management, performance of statutory and internal auditors, the adequacy of internal control systems.
- f) Approval or any subsequent modification of transactions of the company with related parties.
- g) Scrutiny of inter-corporate loans and investments.
- h) Reviewing the adequacy of internal audit function including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit.

- i) Discussion with the Internal Auditors about any significant findings and follow up thereon.
- j) Reviewing the findings of any internal investigations by the Internal Auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the Board.
- k) Discussion with the Statutory Auditors before the audit commences, about the nature and scope of audit as well as post audit discussion to ascertain any area of concern.
- l) Looking into the reasons for substantial defaults, if any, in the payment to the depositors, debenture holders, shareholders (in case of non-payment of declared dividends) and creditors.
- m) Reviewing the functioning of Whistle Blower mechanism on regular basis.
- n) Approval of appointment of CFO after assessing the qualifications, experience & background, etc. of the candidate.
- o) Carrying out any other function as is mentioned in the terms of reference of the Audit Committee

**II. Composition**

The Audit Committee of the Board as on 31st March 2017 comprised of three Non-Executive Independent Director and one Executive Director namely, Mr. P J Bhide, Mr. H. M. Parekh, Mr. Sanjay Kumar Agarwal and Mr. I. B. Sharaf. Mr. P. J. Bhide a Non-Executive Independent Director, having adequate financial and accounting qualification and expertise, is the Chairman of the Audit Committee. The other member are also financial literate.

**III. Meeting and attendance during the year**

Name of the Director	Category	No. of Meetings Held during the year	Attended
Mr. P J Bhide, Chairman	Non-Executive & Independent	4	3
Mr. H. M. Parekh	Non-Executive & Independent	4	4
Mr. Sanjay Kumar Agarwal	Non-Executive & Independent	4	4
Mr. I B Sharaf	Executive & Non Independent	4	4

Four Meetings of the Audit Committee were held during the financial year ended 31st March 2017. The dates on which the Audit Committee Meetings were held are as follows :

28th May, 2016, 10th August, 2016, 12th November, 2016 and 11th February, 2017

The necessary quorum was present at all the meetings.

**3. NOMINATION AND REMUNERATION COMMITTEE**

**I. Brief description of terms of reference is for :**

- a) appointment of the directors, and key managerial personnel of the Company; and
- b) fixation of the remuneration package of the Executive Director and Non-Executive Director and sitting fees and other expense payable to the Director for attending meetings of the Board/or Committee.
- c) to approve, in the event of loss or inadequacy of profit an any year, the minimum remuneration payable to Executive Directors within the limit and subject to the parameter prescribed in Schedule to the Companies Act, 2013.

**II. Composition**

The Remuneration Committee of the Board as on 31st March 2017 comprised of Mr. H M Parekh, a Non-Executive Independent Director, as the Chairman, Mr. P J Bhide a Non-Executive Independent Director, Mr. Sanjay Kumar Agarwal a Non-Executive Independent Director and Mr. P K Agarwal Promoter non-Executive Director.

## III. Attendance during the year

The committee had met twice in the year 2016-2017 on 28th May, 2016 and 11th February, 2017.

Name of Director	Category	Attended
Mr. H M Parekh	Non-Executive & Independent	2
Mr. P J Bhide	Non-Executive & Independent	1
Mr. Sanjay Kumar Agarwal	Non-Executive & Independent	2
Mr. P K Agarwal	Promoter Non Executive	1

## IV. Remuneration of Directors

## a. Pecuniary Relationship or transaction of the Non- Executive director –

The company has no pecuniary relationship or transaction with its Non- Executive Directors other than payment of sittings fees to them for attending Board and Committee meetings.

## b. Criteria of making payments to Non- executive Director –

Criteria of making payments to Non-executive Directors is disclosed in the Nomination and Remuneration Policy and same is available at the website of the Company [www.grobtea.com](http://www.grobtea.com).

## c. Disclosure with respect to remuneration -

The Executive Directors are paid Salary, Bonus and allowances and perquisites as per their terms of appointment approved by the members of the Company. Non- Executive Directors and Independent Directors are paid sitting fees as determined by the Board from time to time.

The details of sitting fees/commission paid to the Non- Executive Directors Independent Directors and salary and perks paid to the Executive Directors of the Company during the year 2016-2017 are given below :-

Name of Director	Salary (Rs. in Lacs)	Bonus & Allowances (Rs. in Lacs)	Monetary value of Perquisites (Rs. in Lacs)	Meeting Fees (Rs. in Lacs)	Period of Appointment	Notice Period	No. of Shares Held
Mr. P K Agarwal	--	--	--	0.25	NA	NA	--
Mr. M K Agarwal	--	--	--	0.35	NA	NA	--
Mr. I B Sharaf	18.10	--	0.22	--	Re-appointed for 4 years w.e.f 29th May 2017	--	400
Mr. H. M. Parekh	--	--	--	0.35	Re-appointed for 3 years w.e.f 1st April 2017	--	--
Mr. P J Bhide	--	--	--	0.25	Re-appointed for 3 years w.e.f 1st April 2017	--	--
Mr. Sanjay Kumar Agarwal	--	--	--	0.35	Appointed for 3 Years w.e.f. 28th May 2016	--	--
Mrs.P Singhania	--	--	--	0.175	Appointed for 4 Years w.e.f. 28th May 2015	--	100

V. REMUNERATION POLICY:

The Company has formulated the remuneration policy. The details of this policy are available on the Company's website viz. [www.grobtea.com](http://www.grobtea.com).

4. FAMILIARIZATION PROGRAMME FOR INDEPENDENT DIRECTOR

In compliance of Clause 25(7), SEBI (LODR), Regulation, 2015 the Company has laid down a familiarization program for the Independent Directors. The Familiarization Program aims at helping the Independent Director to understand the Company, its management, roles & responsibilities in the company, operation of the company etc. The detailed program has been uploaded on the website of the Company viz. [www.grobtea.com](http://www.grobtea.com).

5. INDEPENDENT DIRECTOR MEETING

During the year under review, the Independent Directors of the Company met on 11th February, 2017 inter alia, to:

- (a) Evaluate and review the performance of non-independent directors and the Board as a whole;
- (b) Evaluate and assess the quality, quantity and timeliness of flow of information between the management and the Board that is necessary for the Board to effectively and reasonably perform its duties.

All the Independent directors of the Company were present at the meeting.

6. STAKEHOLDERS' RELATIONSHIP COMMITTEE:

Mr. P K Agarwal, non-executive director was the Chairman of the committee. Mr. M K Agarwal and Mr. I B Sharaf are the other members of the committee.

The committee met regularly to approve share transfers, transmissions, issue of duplicate share certificates, rematerialisation of shares and all other issues pertaining to shares and also to redress investor grievances like non receipt of dividend warrants, non receipt of share certificates, etc.

All the requests and complaints received from the shareholders were attended to within the stipulated time and nothing was pending for disposal at the end of the year.

7. RISK MANAGEMENT COMMITTEE

Periodic assessments to identify the risk areas are carried out and management is briefed on the risks in advance to enable the company to control risk through a properly defined plan. The risks are classified as financial risks, operational risks and market risks. The risks are taken into account while preparing the annual business plan for the year. The Board is also periodically informed of the business risks and the actions taken to manage them. The detail policy is disseminated in the website of the Company [www.grobtea.com](http://www.grobtea.com). However, the Risk Management Committee is not applicable to the Company as per the SEBI circular dated 17th April, 2014.

8. CSR Committee

The Board of Director has formed the CSR Committee comprises of one Independent and one Executive Director and one Non- Executive Promoter Director as on 31st March, 2017 :

- Mr. M K Agarwal
- Mr. I B Sharaf
- Mrs. Priyanka Singhania

While aiming to generate maximum profit for our shareholders through the year, we also keep an eye on our social and environmental responsibilities, to fulfill the needs and expectations of the larger society that we are part of. The CSR Committee was set up to formulate and monitor the CSR Policy of the Company. The CSR committee adopted a policy that intends to strive for economic development that positively impacts the society at large.

The CSR Policy of the Company are available on the website of the Company [www.grobtea.com](http://www.grobtea.com).

9. GENERAL BODY MEETING

The details of the Annual General Meetings held in the last three years are as follows:

Annual General Meetings of the Company:-

Financial Year Ended	Date	Time	Venue
31.03.2014	05th August ,2014	10 A.M.	Bharatiya Bhasha Parishad 36A, Shakespeare Sarani, Kolkata – 700017
31.03.2015	15th September, 2015	10.30 A.M.	Bharatiya Bhasha Parishad 36A, Shakespeare Sarani, Kolkata – 700017
31.03.2016	13th September, 2016	10.30 A.M.	Bharatiya Bhasha Parishad 36A, Shakespeare Sarani Kolkata – 700017

No special resolutions has been passed in AGM/EGM in the last 3 years.

No special resolutions were required to be passed by the shareholders of the company through postal ballot during the year 2016-2017.

#### 10. VIGIL MECHANISM

The Company has formulated a Policy of Vigil Mechanism with a view to provide a mechanism for employees to report concerns about unethical behaviour, actual or suspected fraud, or violation of the code of conduct or ethics policy. It also provides for adequate safeguards against victimization of directors/ employees who avail of the mechanism. The company affirms that no personnel has been denied access to the audit committee. The purpose of this Policy is to encourage the Company's employees who have concerns about suspected misconduct to come forward and express these concerns without fear of punishment or unfair treatment. The detail policy is disseminated in the website of the Company [www.grobtea.com](http://www.grobtea.com).

#### 11. DISCLOSURES

a) There have been no materially significant related party transactions which may have potential conflict with the interests of the company at large. The necessary disclosures regarding the transactions are given in the notes to accounts.

The Company has also formulated a policy for determining the Material RPT and the details of such policies for dealing with RPT and the Related Party Transactions are disseminated in the website of the Company [www.grobtea.com](http://www.grobtea.com).

b) The company has followed all Accounting Standards notified by the Companies (Accounting Standards) Rules, 2006 while preparing Financial Statements.

c) No money was raised by the Company through any public issue, right issue, preferential issue etc. in the last financial year.

d) Mandatory Requirement –

The Company has complied with all the applicable mandatory requirements stipulated under Regulation 17 to 27 and clauses (b) to (i) of sub-regulation (2) of Regulation 46 of the Listing Regulations.

e) Non- Mandatory requirement –

a. The Internal Auditors reported to the Audit Committee about the audit objection & observations made by them and subsequently necessary steps were taken by the management to rectify the same.

b. There has been no adverse remarks or qualification in the Auditors Report for the Financial year 2016-17.

f) There have been no instances of non-compliance in general by the company on any matters related to the capital markets, nor have any penalty been imposed on the company by the Stock Exchanges or SEBI or any other statutory authority on such matters.

#### 12. MEANS OF COMMUNICATIONS

The quarterly results of the company are published in leading newspapers Financial Express (all India edition) and Ek Din (Bengali – local edition) and displayed on the website of the Company namely [www.grobtea.com](http://www.grobtea.com). Quarterly Results including summary of events are presently not being sent to the Shareholders of the Company. No presentations have been made to institutional investors or to analysts.

## 13. CODE OF CONDUCT FOR THE BOARD OF DIRECTORS AND THE SENIOR MANAGEMENT

The Company has a code of conduct for all its Board members and senior management personnel which is available on the website of the Company. It has received necessary declarations affirming compliance with it from all of them and a declaration to this effect duly signed by the Executive Director is attached to this report.

## 14. MANAGEMENT DISCUSSION AND ANALYSIS REPORT

A Management Discussion And Analysis Report has been included as a part of Director's Report to the Shareholder's for the year ended 31st March, 2017.

## 15. GENERAL SHAREHOLDER INFORMATION

## a) Annual General Meeting

Date and time :	05th September 2017 at 10.30 a.m.
Venue :	BharatiyaBhashaParishad 36A, Shakespeare Sarani, Kolkata – 700017
Book Closure Date :	30.08.2017 to 05.09.2017 (both days inclusive)
Financial Year :	1st April, 2016 to 31st March, 2017

## b) Financial Calendar 2017-2018 (tentative)

Financial Reporting for the Quarter Ending:

June 30, 2017	By 14th August ,2017
September 30, 2017	By 15th November, 2017
December 31, 2017	By 15th February, 2018
Audited Result for the Year Ended 31st March, 2018	By 30th May, 2018

## c) Particulars of Dividend for the year ended 31.03.2017

The Dividend, if approved at AGM will be paid within 30 Days of such approval.

## d) Listing on Stock Exchange

The Company's Shares are listed at Calcutta Stock Exchange and also in National Stock Exchange with effect from 14th July, 2016. The Annual Listing Fees for the Year 2016-2017 have been paid to both the Stock Exchanges.

## e) Stock Code

Name of the Stock Exchange	Stock Code
Calcutta Stock Exchange (CSE)	10017201
National Stock Exchange (NSE)	GROBTEA
ISIN Number for NSDL & CDSL	INE646C01018

## f) Stock Market Price Data :

Month & Year	High (Rs.)	Low (Rs.)	Volume (Nos.)
April 2016	Nil	Nil	Nil
May 2016	Nil	Nil	Nil
June 2016	Nil	Nil	Nil
July 2016	609.40	356.50	7313
August 2016	546.15	267.20	4629
September 2016	300	259.35	1345
October 2016	286	247	3111
November 2016	288.75	221.55	2582
December 2016	270	228.20	2485
January 2017	299	250	3419
February 2017	338	260.10	4460
March 2017	310	265.05	80017

## Performance in comparison to NSE Nifty :

Particulars	31.03.2017	14.07.2016*	Change (%)
Share Prices of Grobtea (Rs.)	288.65	374.30	-22.89%
V/s NSE Nifty	9173.75	8565.00	7.11 %

\* The equity shares of the Company got listed in NSE w.e.f. 14th July 2016.

## g) Shareholding Pattern as on 31st March, 2017:

Sl. No.	Category	Number of Shareholders	No. of Shares Held	% of Share Holding
1.	Promoters & Promoters Group	4	8,70,858	74.92
2.	Financial Institutions, Banks & Mutual Funds	7	1,808	0.16
3.	Private Body Corporate	38	59,901	5.15
4.	NRI / OCB	21	5,053	0.43
5.	Individuals	1844	2,22,335	19.13
6.	Trust	1	100	0.01
7.	Clearing Members	12	2275	0.20
	Total	1927	11,62,330	100.00

## h) Distribution of Shareholding as on 31st March 2017:

Number of Equity Shares held	Number of Share holders	Number of Shares	% of Capital
Upto 500	1865	1,49,972	12.90
501-1000	40	28,294	2.43
1001-2000	11	15,443	1.32
2001-3000	2	4200	0.36
3001-4000	2	7063	0.60
4001-5000	0	0	0
5001-10000	0	0	0
10001 AND ABOVE	7	9,57,358	82.36
Total	1927	11,62,330	100.00

## i) Registrar and Share Transfer Agents

Niche Technologies Pvt. Ltd., having its registered office at D-115, Bagree Market, 5th Floor, 71, Canning Street, Kolkata - 700001 are the Registrars for the demat segment and also the share transfer agents of the company, to whom communications regarding share transfer and dematerialization requests must be addressed. All matters connected with share transfer, transmission, dividend payment is handled by the share transfer agent.

## j) Share Transfer System

The shares received for transfer in physical mode, if in order in all respects are registered and returned within 2 weeks from the date of lodgment.



k) Dematerialization of Shares and Liquidity

As on 31st March, 2017, 88.76% of the Company's equity shares of Rs. 10/- each representing 10,31,753 shares were in dematerialized form and the balance 11.24% representing 1,30,577 shares were in physical form.

l) Outstanding GDRs/ADRs/Warrants or any Convertible Instruments

The Company has not issued any GDRs/ADRs/Warrants or any Convertible Instruments.

m) Plant Locations

As given on the first page of the Annual Report.

n) Address for Correspondence

To contact Registrars & Share Transfer Agents for matters relating to shares

M/s. Niche Technologies Pvt. Ltd.  
D-511, Bagree Market, 5th Floor,  
71, B R B Basu Road, Kolkata – 700 001  
Phone No. : 033 22357270/7271  
Fax : 033 22156823  
E-mail: [nichetechpl@nichetechpl.com](mailto:nichetechpl@nichetechpl.com)

For any other general matters or in case of any difficulties / grievance

Ms. Kritika Mohata  
Company Secretary  
Phone No. : 033 40031325/26  
E-mail : [grobtea@rawalwasia.co.in](mailto:grobtea@rawalwasia.co.in)

For and on behalf of the Board

M.K. Agarwal, Directors  
(DIN NO. 00697746)

I.B. Sharaf, Executive Director  
(DIN NO. 00047266)

Kolkata

Dated : 29th May, 2017

## DECLARATION REGARDING CODE OF CONDUCT

This is to confirm that the Company has adopted Codes of Conduct to be followed by the Members of the Board and Senior Management Personnel of the Company respectively in compliance with Regulation 26(3) read with Part D of Schedule V of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, with the Stock Exchanges. The said Code is available on the Company's website.

I hereby declare that all Board Members and Senior Management Personnel's have affirmed compliance with Code of Conduct of the Company during the financial year 2016-2017.

For The Grob Tea Company Limited  
**I B SHARAF**  
 Executive Director  
 DIN No. 00047266

## MD/CFO CERTIFICATE

To,  
 The Board of Directors,  
 The Grob Tea Company Limited

1. We have reviewed the financial statements and the cash flow statement for the year and that to the best of our knowledge and belief:
  - a) these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
  - b) these statements together present a true and fair view of the state of affairs of the company and are in compliance with existing accounting standards, applicable laws and regulations.
2. There are, to the best of our knowledge and belief, no transactions entered into by the company during the year which are fraudulent, illegal or violative of the company's code of conduct.
3. We accept overall responsibility for establishing and maintaining internal control for financial reporting. This is monitored by the internal audit function, which encompasses the examination and evaluation of the adequacy and effectiveness, of internal control. The internal auditor works with all levels of management and statutory auditors and reports significant issues to the audit committee of the Board. The auditors and audit committee are appraised of any corrective action taken with regard to significant deficiencies in the design or operation of internal controls.
4. We indicate to the auditors and to the audit committee:
  - a) Significant changes in internal control over financial reporting during the year;
  - b) Significant changes in accounting policies during the year; and that the same have been disclosed in the notes to the financial statements; and
  - c) Instances of significant fraud of which we have become aware of and which involve management or other employees having significant role in the company's internal control system and financial reporting. However, during the year there was no such instance.

For and on behalf of the Board  
**I.B.Sharaf, Executive Director**  
 (DIN NO. 00047266)  
 B. L. Patwari  
 C.F.O.

Kolkata  
 Dated: 29th May, 2017

## CERTIFICATE ON CORPORATE GOVERNANCE

To the members of  
The Grob Tea Company Limited

We have examined the compliance of conditions of Corporate Governance by The Grob Tea Company Limited for the year ended March 31, 2017 as stipulated in regulation 17 to 27 and clauses (b) to (i) of regulation 46(2) and para C and D of schedule V of the SEBI (Listing obligations and disclosures Requirements) 2015 (Listing Regulations).

The compliance of conditions of corporate governance is the responsibility of the management. Our examination was limited to procedure and implementation thereof, adopted by the company for ensuring the compliance of the conditions of corporate governance. It is neither an audit nor an expression of opinion on the financial statements of the company.

In our opinion and to the best of our information and according to the explanations given to us, we certify that the company has complied in general with the conditions of corporate governance as stipulated in the above mentioned Listing Agreement and Listing Regulations.

We state that in respect of Investors' grievances received during the financial year ended on 31<sup>st</sup> March' 2017, no Investor grievance is pending for a period exceeding one month against the Company as per the records maintained by the Shareholders/ Investors Grievance Committee.

We further state that such compliance is neither an assurance as to the future viability of the company nor the efficiency or effectiveness with which the management has conducted the affairs of the company.

14/2 Old China Bazar Street,  
KOLKATA-700001  
Dated: 29.05.2017  
F.C.S. No. 2398, C. P. No. 1499

For H M CHORARIA & CO.  
Practising Company Secretaries  
( H M CHORARIA )  
PROPRIETOR

## Form No. MGT – 9

ANNEXURE – “C”

**EXTRACT OF ANNUAL RETURN**  
as on the financial year ended on March 31, 2017

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

## I. REGISTRATION AND OTHER DETAILS:

i)	CIN	:	L15494WB1895PLC000963
ii)	Registration Date	:	7th January, 1895
iii)	Name of the Company	:	The Grob Tea Co. Ltd.
iv)	Category / Sub-Category of the Company	:	Public Company having Share Capital
v)	Address of the Registered office and contact details	:	86A, Topsia Road, 9th Floor, Kolkata - 700046 Phone No. 033- 40031325/26 E-mail : <a href="mailto:grobtea@rawalwasia.co.in">grobtea@rawalwasia.co.in</a> Website: <a href="http://www.grobtea.com">www.grobtea.com</a>
vi)	Whether listed company	:	Yes. Listed on Calcutta Stock Exchange & National Stock Exchange
vii)	Name, Address and Contact details of Registrar and Transfer Agent, if any	:	Niche Technologies (P) Ltd. D-511, Bagree Market, 5th Floor, 71, Canning Street, Kolkata – 700 001 Phone No. 033-22357270/7271 Fax No. 033-22156823 Email – <a href="mailto:nichetechpl@nichetechpl.com">nichetechpl@nichetechpl.com</a>

## II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

All the business activities contributing 10 % or more of the total turnover of the company shall be stated:-

Sl. No.	Name and Description of main products / services	NIC Code of the Product/ service	% to total turnover of the company
1	Cultivation, manufacture and sale of tea.	01271, 10791,46306	100.00

## III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES

Sl. No.	Name and Address of the Company	CIN/ GLN	Holding/ Subsidiary/ Associate	% of shares held	Applicable Section
Not Applicable					

## IV. SHARE HOLDING PATTERN (Equity Share Capital Breakup as percentage of Total Equity)

## i) Category-wise Share Holding

Category of Shareholders	No. of Shares held at the beginning of the year				No. of Shares held at the end of theyear				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
A. Promoter(s)									
(1) Indian									
a) Individual/ HUF	74280	0	74280	6.39	79580	0	79580	6.85	0.46
b) Central Government	0	0	0	0	0	0	0	0	0
c) State Government	0	0	0	0	0	0	0	0	0
d) Bodies Corporate	786900	9178	796078	68.49	791278	0	791278	68.077	(0.41)
e) Banks / FI	0	0	0	0	0	0	0	0	0
f) Any Other	0	0	0	0	0	0	0	0	0
Sub Total (A) (1)	861180	9178	870358	74.88	870858	0	870858	74.92	0.04
(2) Foreign									
a) NRIs Individuals	0	0	0	0	0	0	0	0	0
b) Other Individuals	0	0	0	0	0	0	0	0	0
c) Bodies Corporate	0	0	0	0	0	0	0	0	0
d) Banks / FI	0	0	0	0	0	0	0	0	0
e) Any Other	0	0	0	0	0	0	0	0	0
Sub Total (A) (2)	0	0	0	0	0	0	0	0	0
Total shareholding of Promoter (A) = (A)(1)+(A)(2)	861180	9178	870358	74.88	870858	0	870858	74.92	0.04
B. Public Shareholding									
1. Institutions									
a) Mutual Funds	0	0	0	0	0	0	0	0	0
b) Banks / FIs	250	1558	1808	0.16	250	1558	1808	0.16	0
c) State Governments	0	0	0	0	0	0	0	0	0
d) Venture Capital Funds	0	0	0	0	0	0	0	0	0
e) Insurance Companies	0	0	0	0	0	0	0	0	0
f) Foreign Institutional Investors	0	0	0	0	0	0	0	0	0
g) Foreign Venture Capital Investors	0	0	0	0	0	0	0	0	0
Sub-total (B)(1)	250	1558	1808	0.16	250	1558	1808	0.16	0

Category of Shareholders	No. of Shares held at the beginning of the year				No. of Shares held at the end of theyear				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
2. Non-Institutions									
a) Bodies Corporate									
i) Indian	54101	3248	57349	4.93	56653	3248	59901	5.15	0.22
ii) Overseas	0	0	0	0	0	0	0	0	0
b) Individuals									
i) Individual shareholders holding nominal share capital upto Rs. 1 lakh	60759	130903	191662	16.48	64747	121588	186335	16.03	(0.46)
ii) Individual Shareholders holding nominal share capital in excess of Rs. 1 Lakh	36000	0	36000	3.10	36000	0	36000	3.10	0
c) Others(specify)	0	0	0	0	0	0	0	0	0
NRI's	870	4103	4973	0.42	870	4103	4973	0.42	0
Clearing Members	0	0	0	0	2275	0	2275	0.20	0.20
Trust	100	0	100	0.01	100	0	100	0.01	0
Overseas Corporate Bodies	0	80	80	0.01	0	80	80	0.01	0
Sub Total (B)(2)	151830	138334	290164	24.96	160645	129019	289664	24.92	(0.04)
C. Shares held by Custodian for GDRs & ADRs	0	0	0	0	0	0	0	0	0
Grand Total(A+B+C)	1013260	149070	1162330	100.00	1031753	130577	1162300	100	0

## ii) Shareholding of Promoters

Sl. No.	Shareholder's Name	Shareholding at the beginning of the year			Share holding at the end of the year			% change in share holding during the year
		No. of Shares	% of total Shares of the company	% of Shares Pledged/ encumbered to total shares	No. of Shares	% of total Shares of the company	% of Shares Pledged/ encumbered to total shares	
1.	Rawalwasia Industries Pvt Limited	478179	41.14	0	484579	41.70	0	0.55
2.	Strip Commodeal Pvt Limited	317899	27.35	0	306699	26.39	0	0.96
3.	Mukesh Kumar Agarwal	35920	3.09	0	38920	3.35	0	0.26
4.	Pradeep Kumar Agarwal	38360	3.30	0	40660	3.50	0	0.20

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

Sl. No.	Shareholder's Name	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
1.	Rawalwasia Industries Private Limited				
	At the beginning of the year	478179	41.14	0	0
	Increase / Decrease in Promoters Share holding during the year	Increase in Shareholding by 0.55% i.e. 6400 shares due to Transfer as on 31/03/2017			
	At the End of the year	0	0	484579	41.70
2.	Strip Commedeal Private Limited				
	At the beginning of the year	317899	27.35	306699	26.39
	Increase / Decrease in Promoters Shareholding during the year	Decrease in Shareholding by 0.96% i.e. 11200 shares due to Transfer as on 31/03/2017			
	At the End of the year	0	0	306699	26.39
3.	Mukesh Kumar Agarwal				
	At the beginning of the year	35920	3.09	38920	3.35
	Increase / Decrease in Promoters Shareholding during the year	Increase in Shareholding by 0.26% i.e. 3000 shares due to Transfer as on 31/03/2017			
	At the End of the year	0	0	38920	3.35
4.	Pradeep Kumar Agarwal				
	At the beginning of the year	38360	3.30	40660	3.50
	Increase / Decrease in Promoters Shareholding during the year	Increase in Shareholding by 0.20% i.e. 2300 shares due to Transfer as on 31/03/2017			
	At the End of the year	0	0	40660	3.50

iv) Shareholding Pattern of top ten Shareholders (other than Directors, Promoters and Holders of GDRs and ADRs) :

Sl. No.	For Each Top 10 Shareholder's	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
1.	Dhanvantri Vanijya Ltd				
	a) At the Beginning of the Year	3093	0.27	0	0
	b) Changes during the year	No Changes During the Year			
	c) At the End of the Year	0	0	3093	0.27
2.	Gyanendra Kumar Mehta				
	a) At the Beginning of the Year	2100	0.18	0	0
	b) Changes during the year Transferred as on 01/04/2016	2100	0.18	0	0
	c) At the End of the Year	0	0	0	0

Sl. No.	For Each Top 10 Shareholder's	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
3.	K. Sarla Singhi				
	a) At the Beginning of the Year	1750	0.15	0	0
	b) Changes during the year	No Changes During the Year			
	c) At the End of the Year	0	0	1750	0.15
4.	4 Mahendra Girdharilal				
	a) At the Beginning of the Year	4076	0.35	0	0
	b) Changes during the year Transferred as on 29/07/2016	106	0.01	3970	0.34
	c) At the End of the Year	0	0	3970	0.34
5.	Raj Kumar Nahata				
	a) At the Beginning of the Year	1700	0.15	0	0
	b) At the End of the Year Transferred as on 29/07/2016	720	0.06	980	0.08
	Transferred as on 18/11/2016	452	0.04	528	0.04
	Transferred as on 25/11/2016	178	0.01	350	0.3
	Transferred as on 16/12/2016	50	0.01	300	0.02
	Transferred as on 23/12/2016	200	0.02	100	0.01
	Transferred as on 17/03/2017	100	0.01	0	0
	c) At the End of the Year	0	0	0	0
6.	Ramswarup Deotadin Tiwari				
	a) At the Beginning of the Year	1600	0.14	0	0
	b) Changes during the year	No Changes During the Year			
	c) At the End of the Year	0	0	1600	0.14
7.	S. N. Sutodiya				
	a) At the Beginning of the Year	2100	0.18	0	0
	b) Changes during the year	No Changes During the Year			
	c) At the End of the Year	0	0	2100	0.18
8.	Sanwar Mal Gupta				
	a) At the Beginning of the Year	20000	1.721	0	0
	b) Changes during the year	No Changes During the Year			
	c) At the End of the Year	0	0	20000	1.721
9.	Shree Balaji Commtrade Pvt. Ltd.				
	a) At the Beginning of the Year	50000	4.30	0	0
	b) Changes during the year Transferred as on 17/03/2017	50000	4.30	0	0
	c) At the End of the Year	0	0	0	0



Sl. No.	For Each Top 10 Shareholder's	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
10.	Vishnu R Makhija				
	a) At the Beginning of the Year	0	0	0	0
	b) Changes during the year Transferred as on 01/04/2016	2100	0.18	2100	0.18
	c) At the End of the Year	0	0	2100	0.18
11.	Vishnu Dass Mittal				
	a) At the Beginning of the Year	16000	1.37	0	0
	b) Changes during the year	No Changes During the Year			
	c) At the End of the Year	0	0	16000	1.37
12.	Diamond Infotech Private Limited				
	a) At the Beginning of the Year	0	0	0	0
	b) Changes during the year Transferred as on 29/07/2016T transferred as on 17/03/2017	500 50000	0.04 4.30	500 50500	0.04 4.35
	c) At the End of the Year	0	0	50500	4.35
13.	Ghanshyam Shares & Stock Brokers Pvt Ltd				
	a) At the Beginning of the Year	0	0	0	0
	b) Changes during the year				
	Transferred as on 22/07/2016	78	0.01	78	0.007
	Transferred as on 29/07/2016	-50	0	28	0.004
	Transferred as on 12/08/2016	100	0.01	128	0.011
	Transferred as on 19/08/2016	334	0.03	462	0.04
	Transferred as on 26/08/2016	197	0.02	659	0.06
	Transferred as on 02/09/2016	85	0.01	744	0.064
	Transferred as on 09/09/2016	19	0	763	0.066
	Transferred as on 16/09/2016	-15	0	748	0.064
	Transferred as on 23/09/2016	42	0	790	0.068
	Transferred as on 30/09/2016	22	0	815	0.07
	Transferred as on 07/10/2016	66	0.01	881	0.076
	Transferred as on 14/10/2016	-85	0.01	796	0.068
	Transferred as on 21/10/2016	23	0	819	0.07
	Transferred as on 04/11/2016	-11	0	808	0.07
	Transferred as on 23/12/2016	-50	0	758	0.065
	Transferred as on 13/01/2017	-44	0	714	0.061
	Transferred as on 20/01/2017	-13	0	701	0.06
	Transferred as on 27/01/2017	190	0.02	891	0.077
	Transferred as on 03/02/2017	-20	0	871	0.075
	Transferred as on 10/02/2017	-66	0.01	805	0.069
	Transferred as on 17/02/2017	-113	0.01	692	0.06
	Transferred as on 24/02/2017	-64	0.01	628	0.054
	Transferred as on 03/03/2017	-25	0	603	0.052
	Transferred as on 10/03/2017	40	0	643	0.055
	Transferred as on 24/03/2017	1056	0.09	1699	0.146
	Transferred as on 31/03/2017	-86	0.01	1613	0.139
	c) At the End of the Year	0	0	1613	0.139
	TOTAL	102419	8.81	102726	8.84

## v) Shareholding of Directors and Key Managerial Personnel:

Sl. No.	For Each of the Directors and KMP	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
1.	Mr. Indu Bhusan Sharaf				
	At the beginning of the year	400	0.03	0	0
	Change during the year	No Changes during the year			
	At the end of the year ( or on the date of separation, if separated during the year)	0	0	400	0.03
2.	Mr. Bajrang Lal Patawari				
	At the beginning of the year	100	0.01	100	0.00
	Change during the year	No Changes during the year			
	At the end of the year ( or on the date of separation, if separated during the year)	0	0	100	0.01
3.	Mrs Priyanka Singhania				
	At the beginning of the year	100	0.01	0	0
	Change during the year	No Changes during the year			
	At the end of the year ( or on the date of separation, if separated during the year)	0	0	100	0.01

## vi) Indebtedness

Indebtedness of the Company including interest outstanding/accrued but not due for payment (Rs. in Lacs)

Particulars	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
Indebtedness at the beginning of the financial year				
i) Principal Amount	750.29	-	-	750.29
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	-	-	-	-
Total (i+ii+iii)	750.29	-	-	750.29
Change in Indebtedness during the financial year				
- Addition	21.54	-	-	21.54
- Reduction	498.82	-	-	498.82
Net Change	-477.28	-	-	-477.28
Indebtedness at the end of the financial year				
i) Principal Amount	273.01	-	-	273.01
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not	-	-	-	-
Total (i+ii+iii)	273.01	-	-	273.01

## VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

## A. Remuneration to Managing Director, Whole-time Directors and/or Manager: (Rs. in Lacs.)

Sl. No.	Particulars of Remuneration	Executive Director Sri Indu Bhusan Sharaf	Total Amount
1.	Gross salary		
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	18.10	18.10
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	0.22	0.22
	(c) Profits in lieu of salary under section 17(3) Income- tax Act, 1961	--	--
2.	Stock Option	--	--
3.	Sweat Equity	--	--
4.	Commission	--	--
5.	Others, please specify	--	--
	Total (A)	18.32	18.32
	Ceiling as per the Act	5% of the net profit of the Company calculated as per Section 198 of the Companies Act, 2013.	

## B. Remuneration to other directors: (Rs. in Lacs.)

Sl. No.	Particulars of Remuneration	Name of Directors						Total Amount
		Sri. P.K. Agarwal	Sri. M K Agarwal	Sri. H M Parekh	Sri. P J Bhide	Sri S K Agarwal	Smt Priyanka Singhania	
1.	Independent Directors Fee for attending board, committee meetings	--	--	0.35	0.25	0.35	0.18	1.13
	Total (1)	--	--	0.35	0.25	0.35	0.18	1.13
2.	Other Non-Executive Director Fee for attending board committee meetings	0.25	0.35	--	--	--	--	0.60
	Total (2)	0.25	0.35	--	--	--	--	0.60
	Total (B)=(1+2)	0.25	0.35	0.35	0.25	0.35	0.18	1.73
	Total Managerial Remuneration( A+B)	--	--	--	--	--	--	20.05
	Overall Ceiling as per the Act	Overall Ceiling as per Companies Act, 2013 is 1 % of the profit of the Company for the year. The Company has not paid any remuneration to the non executive and independent directors.						

## C. Remuneration To Key Managerial Personnel Other Than MD/Manager/WTD

Sl. No.	Particulars of Remuneration	Bajrang Lal Patawari (CFO)	Kritika Mohata (CS) *	Total Amount
1.	Gross salary (a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961 (b) Value of perquisites u/s 17(2) Income-tax Act, 1961 (c) Profits in lieu of salary under section 17(3) Income- tax Act, 1961	9.01 -- --	2.22 -- --	11.23 -- --
2.	Stock Option	--		--
3.	Sweat Equity	--		--
4.	Commission - as % of profit - others, specify...	--		--
5.	Others, please specify	--		--
	Total (A)	9.01	2.22	11.23

\*Appointed w.e.f 10th August, 2016

## VII. PENALTIES / PUNISHMENT/ COMPOUNDING OF OFFENCES:

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

NIL

Form No. MR-3  
**SECRETARIAL AUDIT REPORT**

**FOR THE FINANCIAL YEAR ENDED ON 31ST MARCH, 2017**

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

The Members,  
The Grob Tea Co. Limited  
Haute Street, 9th Floor,  
86A, Topsia Road,  
Kolkata 700 046

We have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by The Grob Tea Co. Limited (hereinafter called "the company"). Secretarial Audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing our opinion thereon.

Based on our verification of the books, papers, minute books, forms and returns filed and other records maintained by the company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, We hereby report that in our opinion, the company has, during the audit period covering the financial year ended on 31st March, 2017 complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

We have examined the books, papers, minute books, forms and returns filed and other records maintained by The Grob Tea Co. Limited for the financial year ended on 31st March, 2017 according to the provisions of:

- (i) The Companies Act, 2013 (the Act) and the rules made thereunder;
- (ii) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder;
- (iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;
- (iv) Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings;
- (v) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):-
  - (a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
  - (b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992 and 2015;
  - (c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009;
  - (d) The Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999;
  - (e) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008;
  - (f) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client;

- (g) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009; and
- (h) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998;
- (vi) We further report that after considering the compliance system prevailing in the Company, and after carrying out test checks of the relevant records and documents maintained by the Company, it has complied with the following laws that are applicable specifically to the Company :
  - (a) The Tea Act, 1953,
  - (b) Assam Tea Plantation Labour Act, 1951
  - (c) Food Safety Standard Act, 2006 and
  - (d) Directions given by the Office of the Textile Commission and rules made thereunder

We have also examined compliance with the applicable clauses of the following:

- (i) Secretarial Standards issued by The Institute of Company Secretaries of India,
- (ii) The Listing Agreements entered into by the Company with NSE/ CSE Limited,
- (III) SEBI (Listing Obligation and Disclosure Requirements) Regulation, 2015.

During the period under review the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards, etc. mentioned above.

We further report that:

The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors. The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act.

Adequate notice is given to all directors to schedule the Board Meetings which were sent at least seven days in advance, agenda and detailed notes on agenda were sent in advance, and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.

Majority decisions is carried through at the Meetings of the Board and Committees and the dissenting members' views, if any, are captured and recorded as part of the minutes of respective meetings.

We further report that there are adequate systems and processes in the company commensurate with the size and operations of the company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

We further report that during the audit period The Company got listed with National Stock Exchange with effect from 14/07/2016, other than that no specific event has happened and / or no action has been taken by the Company having a major bearing on the company's affairs in pursuance of the above referred laws, rules, regulations, guidelines, standards, etc. referred to above.

Place : Kolkata  
Date : 27th May, 2017

H M CHORARIA & CO.  
Practising Company Secretaries  
( H M CHORARIA)  
Proprietor  
FCS No: 2398, C P No.: 1499

## ANNEXURE TO THE DIRECTORS REPORT

ANNEXURE – “E”

### PARTICULARS OF EMPLOYEES

1) Information required under Section 197 of the Companies Act, 2013 read with Rule 5 (1) Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014

- a. Ratio of remuneration of Director to the median remuneration of all the employees and percentage increase in the remuneration of Director and CFO & Company Secretary of the Company for the financial year 2016-17 is as follows:

Sl. No.	Name	Designation	Ratio/Times per Median of employee remuneration	Percentage increase in Remuneration
1.	I B Sharaf	Executive Director	6.08	7.01%
2.	B L Patawari	CFO	--	7.69%
3.	Kritika Mohata	Company Secretary	N.A	N.A

- b. Percentage increase in the median remuneration of all employees in the financial year 2016-17: About 9.34%.
- c. Number of permanent employees on the rolls of the Company: 4128 Employees as on 31st March, 2017.
- d. Average percentile increase already made in the salaries of employees other than the managerial personnel in the last financial year and its comparison with that percentile increase in the managerial personnel and justification thereof and point out if there are any exceptional circumstances for increase in the managerial remuneration :
- Average salary increase of the employee was 11.17% as against increase in KMP's salary of 7.35% which is not exceptional.
- e. Affirmation: Pursuant to Rule 5(1)(xii) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, it is affirmed that the remuneration paid to the Directors, Key Managerial Personnel and senior management is as per the Remuneration Policy of the Company.

## ANNEXURE TO THE DIRECTORS REPORT

ANNEXURE – “F”

Information as per Section 134(3)(m) of the Companies Act, 2013 read with the Rule 8(3) of the Companies (Accounts) Rule, 2014

### A. Conservation of Energy :

The Company is upgrading Energy Saving Equipment with installation of LED Bulbs & Tubelights. Timely maintenance & overhauling of generators resulting higher unit of production. Besides that machinery upgradation and replacement of old low performing equipment is ongoing continuous process. The energy consumption has been rationalized through creation of awareness and regular monitoring.

### B. Technology Absorption

- i. the efforts made towards technology absorption - Manufacturing facilities are upgraded with improved technology. Further, interactions with Expert and training program are regularly held to absorb the innovative ideas and upgrading the concerned staff.
- ii. the benefit derived like product improvement, cost reduction, product development or import substitution - the adoption of improved technologies , regular up gradation , modernization of equipment helps in overall improvement in quality of product and labour productivity.
- iii. In case of imported technology (imported during the last three years reckoned from the beginning of the financial year) – the Company did not imported any technology during the last three year.
- iv. the expenditure incurred on Research and Development – The Company is a member of Tea Research Association which is registered U/s 35(1)(ii) of the Incomes Tax Act, 1961. The Company benefits from the suggestions received from the Tea Research Association out of R & D activities. A contribution of Rs. 11,56,396 was made during the year towards subscription of the Company.

### C. Foreign Exchange Earnings and Outgo

- |    |                          |         |
|----|--------------------------|---------|
| a) | Foreign Exchange Earning | Rs. Nil |
| b) | Foreign Exchange outgo   | Rs. Nil |

Kolkata  
Dated: 29th May, 2017

For and on behalf of the Board  
M.K.Agarwal, Directors  
(DIN NO. 00697746)  
I.B.Sharaf, Executive Director  
(DIN NO. 00047266)



## ANNEXURE TO THE DIRECTORS REPORT

ANNEXURE – “G”

## REPORT ON CSR ACTIVITIES/INITIATIVES

[Pursuant to Section 135 of the Act read with Companies (CSR Policy) Rules, 2014]

1. A brief outline of the company's CSR policy, including overview of projects or programs proposed to be undertaken and a reference to the web-link to the CSR policy and projects or programs.	The Company has framed a CSR Policy in compliance with the provisions of the Companies Act, 2013 and the same is placed on the Company's website and the web link for the same is <a href="http://www.grobtea.com">http://www.grobtea.com</a>
2. The Composition of the CSR Committee.	i) M K Agarwal ii) I B Sharaf iii) Mrs. P Singhania
3. Average net profit of the company for last three financial years.	Rs. 4,00,11,063
4. Prescribed CSR Expenditure (two per cent of the amount as in item 3 above)	Rs. 8,00,221
5. Details of CSR activities/projects undertaken during the year : a) total amount to be spent for the financial year b) amount un-spent, if any c) manner in which the amount spent during financial year,	Rs. 8,00,221 N.A. The manner in which the amount spent is detailed in the Annexure A below.

## ANNEXURE - A

1.	2.	3.	4.	5.	6.	7.	8.
Sl. No	CSR project/ activity identified	Sector in which the Project is covered	Projects/ Programmes 1.Local area/ others- 2.specify the state /district (Name of the District/s, State/s where project/programme was undertaken	Amount outlay (budget) project/ programme wise Rs.	Amount spent on the project/ programme Rs.	Cumulative spend upto to the reporting period Rs.	Amount spent: Direct/ through implementing agency
1.	Literacy Project of running 21050 One Teacher Schools for informal education of Tribals Children	Promoting education among children, women, elderly and the differently abled and livelihood enhancement projects	Local Area: Talap, Doomdooma, Kakopathar, Makum, Tinsukia, Nilambazar, Chabua, Dikam, Balijan, Bordoruh, Khowang, Tingkhong, Naharkatia, Namrup District: Tinsukia, Karimganj, Dibrugarh State : Assam	8,00,221	20,00,000	20,00,000	Through Friends of Tribal Society

## INDEPENDENT AUDITORS' REPORT

To The Members of The Grob Tea Company Limited

### Report on the financial statements

We have audited the accompanying financial statements of The Grob Tea Company Limited ("the Company"), which comprise the Balance Sheet as at 31st March, 2017, the Statement of Profit and Loss, the Cash Flow Statement, and a summary of the significant accounting policies and other explanatory information for the year then ended.

### Management's responsibility for the financial statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

### Auditor's responsibility

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

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

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

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

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

### Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India of the state of affairs of the Company as at 31st March, 2017 and its profit and its cash flows for the year ended on that date.

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 Act, we give in the "Annexure A", a statement on the matters specified in paragraphs 3 and 4 of the Order.
2. As required by Section 143 (3) of the Act, we report that:
  - i. 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.
  - ii. 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.
  - iii. 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.
  - iv. In our opinion, the aforesaid financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
  - v. On the basis of the written representations received from the Directors as at 31st March, 2017 taken on record by the Board of Directors, none of the Directors is disqualified as at 31st March, 2017 from being appointed as a Director in terms of Section 164 (2) of the Act.
  - vi. 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".
  - vii. 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:
    - a. The Company has disclosed the impact of pending litigations on its financial position in its financial statements – Refer Note No. 27.1 to the financial statements.
    - b. The Company did not have any long-term contracts including derivatives contracts for which there were any material foreseeable losses.
    - c. There has been no delay in transferring amounts, required to be transferred, to the investor education and protection fund by the Company.
    - d. The Company has provided requisite disclosures in the financial statements as to holdings as well as dealings in Specified Bank Notes during the period from 8th November, 2016 to 30th December, 2016 and these are in accordance with the books of account maintained by the Company– Refer Note No. 26.15 to the financial statements.

Place of Signature: Kolkata  
Date: 29th May, 2017

For G.P. AGRAWAL & CO.  
Chartered Accountants  
Firm's Registration No. - 302082E  
(CA. SUNITA KEDIA)  
Partner  
Membership No. 60162

## "ANNEXURE A" TO THE INDEPENDENT AUDITOR'S REPORT

Statement referred to in paragraph 1 of 'Report on Other Legal and Regulatory Requirements' of our report of even date to the members of The Grob Tea Company Limited on the financial statements for the year ended 31st March, 2017.

- (i) a) The Company has maintained proper records showing full particulars including quantitative details and situation of its fixed assets.
- b) The fixed assets of the Company have been physically verified at the end of the year by the management. To the best of our knowledge, no material discrepancy was noticed on such verification.
- c) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the title deeds of immovable properties are held in the name of the Company except for one building property of gross block of Rs. 13,07,49,000/- and net block of Rs. 11,19,35,663/- for which title deed is not in the name of the Company :
- (ii) The inventories (excluding stocks lying with third parties) have been physically verified during the year by the management at the end of year and no material discrepancies were noticed on such physical verification. In respect of inventory lying with third parties, these have been verified with reference to subsequent sale.
- (iii) The Company has not granted any loan, secured or unsecured, to companies, firms, limited liability partnerships or other parties covered in the register maintained under section 189 of the Act. Therefore, clauses (iii) (a), (b) and (c) of paragraph 3 of the said order are not applicable to the Company.
- (iv) In our opinion and according to the information and explanations given to us, there are no guarantees and securities granted in respect of which provisions of Section 185 and 186 of the Companies Act 2013 are applicable. Based on our audit procedures performed and according to information and explanations given by the management, the Company has complied with provisions of Section 186 of the Act in respect of loans granted and investments made during the year.
- (v) The Company has not accepted any deposit within the meaning of section 73 to 76 or any other relevant provisions of the Act and the rules framed there under. The directives issued by the Reserve Bank of India are not applicable to the Company.
- (vi) We have broadly reviewed the books of account maintained by the Company in respect of products where pursuant to the rules made by the Central Government, the maintenance of Cost records has been prescribed under section 148(1) of the Act and are of the opinion that, prima facie, the prescribed accounts and records have been made and maintained. We, however, as not required, have not made a detailed examination of such records.
- (vii) (a) On the basis of our examination, the Company is generally regular in depositing undisputed statutory dues including provident fund, employees' state insurance, income tax, sales tax, service tax, duty of customs, duty of excise, value added tax, cess and other statutory dues, to the extent applicable, with appropriate authorities.

- (b) The disputed statutory dues aggregating to Rs. 1,29,04,818/- that have not been deposited on account of matters pending before appropriate authorities are as under:

Sl. No.	Name of the Statute	Nature of dues	Period to which pertain	Amount (Rs.)	Forum where the dispute is pending
1	Income Tax Act, 1961	Income Tax	2008-09	15,47,530	Commissioner of Income Tax (Appeals)
2	Income Tax Act, 1961	Income Tax	2011-12	19,37,270	Commissioner of Income Tax (Appeals)
3	Income Tax Act, 1961	Income Tax	2012-13	90,02,642	Commissioner of Income Tax (Appeals)
4	Finance Act, 1994	Service Tax and Penalty	2012-13	72,840	Central Excise & Service Tax Appellate Tribunal
5	Central Sales Tax (Assam) Rules, 1957	Central Sales Tax	2012-13	76,394	Superintendent of Taxes
6	Central Sales Tax (Assam) Rules, 1957	Central Sales Tax	2013-14	2,64,142	Superintendent of Taxes
7	Assam Value Added Tax, 2005	Penalty	2012-13	2,000	Superintendent of Taxes
8	Assam Value Added Tax, 2005	Penalty	2013-14	2,000	Superintendent of Taxes
	TOTAL			1,29,04,818	

- (viii) The Company has not defaulted in repayment of loans or borrowings to banks. The Company has not taken any loans and borrowings from financial institutions or Government and has not issued any debentures.
- (ix) In our opinion and according to the information and explanations given to us, the Company has neither raised any money by way of initial public offer or further public offer (including debt instruments) nor taken any term loans during the year.
- (x) According to the information and explanations given to us, no material fraud by the Company or on the Company by its officers or employees has been noticed or reported during the year.
- (xi) According to the information and explanations give 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, the Company is not a Nidhi company. Therefore, clause (xii) of paragraph 3 of the said order is not applicable to the Company.

- (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 give 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, clause (xv) of paragraph 3 of the said order is not applicable to the Company.
- (xvi) According to the information and explanations given to us, the provisions of Section 45-IA of the Reserve Bank of India Act, 1934 are not applicable to the Company.

For G.P. AGRAWAL & CO.  
Chartered Accountants  
Firm's Registration No. - 302082E  
(CA. SUNITA KEDIA)  
Partner  
Membership No. 60162

Place of Signature: Kolkata  
Date: 29th May, 2017

## **“ANNEXURE B” TO THE INDEPENDENT AUDITOR’S REPORT OF EVEN DATE ON THE FINANCIAL STATEMENTS OF THE GROB TEA COMPANY LIMITED**

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 The Grob Tea Company Limited (“the Company”) as of March 31, 2017 in conjunction with our audit of the financial statements of the Company for the year ended on that date.

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

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

### **Auditors’ Responsibility**

Our responsibility is to express an opinion on the Company’s internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the “Guidance Note”) and the Standards on Auditing, to the extent applicable to an audit of internal financial controls, 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 were established and maintained and if such controls operated effectively in all material respects.

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

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

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

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

**"ANNEXURE A" TO THE INDEPENDENT AUDITOR'S REPORT (Contd.)****Inherent Limitations of Internal Financial Controls Over Financial Reporting**

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

**Opinion**

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2017, 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 ICAI.

Place of Signature: Kolkata

Date: 29th May, 2017

For G.P. AGRAWAL & CO.  
Chartered Accountants  
Firm's Registration No. - 302082E  
(CA. SUNITA KEDIA)  
Partner  
Membership No. 60162



## BALANCE SHEET AS AT 31ST MARCH, 2017

	Note No.	As at 31st March, 2017		As at 31st March, 2016	
		Rs.	Rs.	Rs.	Rs.
<b>I. EQUITY AND LIABILITIES</b>					
1 Shareholders' Funds					
a) Share capital	2	11,623,300		11,623,300	
b) Reserves and surplus	3	369,429,403	381,052,703	359,304,957	370,928,257
2 Non-Current Liabilities					
a) Long term borrowings	4	1,439,716		--	
b) Deferred tax liabilities (Net)	5	--		--	
c) Other long- term liabilities	6	60,000		60,000	
d) Long term provisions	7	26,937,977	28,437,693	23,648,669	23,708,669
3 Current Liabilities					
a) Short term borrowings	8	24,896,021		74,777,489	
b) Trade payables					
(i) Total outstanding dues of micro enterprises and small enterprises (Refer Note No. 26.7)		--		--	
(ii) Total outstanding dues of creditors other than micro enterprises and small enterprises		21,710,139		24,932,615	
c) Other current liabilities	9	69,854,194		69,820,378	
d) Short term provisions	10	2,979,125	119,439,479	14,084,626	183,615,108
TOTAL			528,929,875		578,252,034
<b>II ASSETS</b>					
1 Non-Current Assets					
a) Property, Plant and Equipment	11	395,318,378		416,150,202	
b) Capital Work in Progress		16,017,362		--	
c) Non-current investments	12	2,181,543		2,181,543	
d) Long term loans and advances	13	23,514,703	437,031,986	18,186,418	436,518,163
2 Current Assets					
a) Current investments	14	--		20,187,666	
b) Inventories	15	71,074,627		85,863,204	
c) Trade receivables	16	6,909,001		7,844,720	
d) Cash and bank balances	17	10,425,014		11,797,648	
e) Short term loans and advances	18	3,307,762		15,818,651	
f) Other current assets	19	181,485	91,897,889	221,982	141,733,871
TOTAL			528,929,875		578,252,034
Significant accounting policies	1				
Other Disclosures	26				

The accompanying notes 1 to 26 are an integral part of the financial statement.  
As per our report of even date attached.

For G. P. AGRAWAL & CO.  
Chartered Accountants  
F.R No.302082E  
(CA. SUNITA KEDIA)  
Partner  
Membership No. 60162

Place : 7A, Kiran Shankar Ray Road,  
Kolkata – 700 001  
Dated : 29th May, 2017

M K AGARWAL Director  
I B SHARAF Executive Director  
B L PATAWARI Chief Financial Officer

## Statement of Profit and Loss for the year ended 31st March, 2017

	Note No.	Year Ended 31st March, 2017 Rs.	Year ended 31st March, 2016 Rs.
I Revenue from operations			
Sale of goods	20	740,177,330	768,036,596
Other operating revenue		3,489,617	3,721,175
Revenue from operations		743,666,947	771,757,771
II Other income	21	6,047,652	5,506,967
III Total Revenue ( I + II)		749,714,599	777,264,738
IV Expense:			
a) Cost of materials consumed - Green leaf		7,392,122	22,544,612
b) Changes in inventories of finished goods	22	5,022,580	(28,401,121)
c) Employee benefits expense	23	394,781,859	350,732,635
d) Finance costs	24	8,371,882	9,085,312
e) Depreciation and amortisation expense		37,257,101	39,246,496
f) Other expenses	25	283,900,492	322,134,501
Total Expenses		736,726,036	715,342,435
V Profit Before tax ( III - IV)		12,988,562	61,922,303
VI Tax Expenses			
Current Tax		4,000,000	15,000,000
VII Profit for the year ( V -VI)		8,988,562	46,922,303
VIII Earning per equity share (Face value Rs. 10/-):	26.3		
1) Basic		7.73	40.37
2) Diluted		7.73	40.37
Significant accounting policies	1		
Other Disclosures	26		

The accompanying notes 1 to 26 are an integral part of the financial statement.  
As per our report of even date attached.

For G. P. AGRAWAL & CO.  
Chartered Accountants  
F.R No.302082E  
(CA. SUNITA KEDIA)  
Partner  
Membership No. 60162

Place : 7A, Kiran Shankar Ray Road,  
Kolkata – 700 001  
Dated : 29th May, 2017

M K AGARWAL Director  
I B SHARAF Executive Director  
B L PATAWARI Chief Financial Officer

## CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2017

	Year Ended 31st March, 2017 Rs.	Year Ended 31st March, 2016 Rs.
<b>A. CASH FLOW FROM OPERATING ACTIVITIES</b>		
Profit before taxation	12,988,562	61,922,303
Adjustment for :		
Depreciation and amortisation expense	37,257,101	39,246,496
Finance costs	8,371,882	9,085,312
Interest Received	(2,203,230)	(1,039,395)
Dividend on Long Term Investments	(117,808)	(109,236)
Rent Received	(828,000)	(881,645)
Liabilities no longer required written back	(1,596,820)	(1,933,185)
Profit on disposal of Fixed Assets	(396,178)	(1,031,785)
Profit on Sale of Current Investments	(436,959)	(187,666)
Sundry Balances Written Off	38,095	3,318
Operating Profit before working capital changes	53,076,645	105,074,517
Adjustment for changes in:		
Increase/(Decrease) in Trade Payable	(1,625,656)	4,566,631
Increase/(Decrease) in Other Current Liabilities	(867,543)	15,283,685
Increase/(Decrease) in Provisions	3,441,383	(7,863,351)
(Increase)/Decrease in Trade Receivables	897,624	(366,748)
(Increase)/Decrease in Inventory	14,788,577	(27,896,475)
(Increase)/Decrease in Loans and Advances	7,182,604	(20,307,811)
(Increase)/Decrease in Other Current assets	--	7,866
Cash generated from operations before tax & extra ordinary item	76,893,635	68,498,314
Direct Taxes Paid	(12,459,663)	(6,834,526)
Net Cash Flow from Operating Activities (A)	64,433,972	61,663,788
<b>B. CASH FLOW FROM INVESTING ACTIVITIES</b>		
Addition to Property, Plant and Equipment	(38,224,662)	(9,592,554)
Sale of Property, Plant and Equipment	612,656	1,363,972
Investment Made	--	(30,000,000)
Sale of Investment	20,624,624	10,000,000
Dividend Received	117,808	109,236
Investment in Fixed deposits	(5,000,000)	(5,000,000)
Maturity of Fixed deposits	5,000,000	5,000,000
Subsidy received	6,701,430	-
Interest Received	2,243,726	1,090,318
Rent Received	828,000	881,645
Compensation received from Government	-	10,306,360
Net Cash used in Investing Activities (B)	(7,096,418)	(15,841,023)
<b>C. CASH FLOW FROM FINANCING ACTIVITIES</b>		
Proceed from / (Repayment) of long term borrowings	2,153,784	(1,432,934)
Proceeds from/(Repayment of) Working capital Borrowings (Net)	(49,881,468)	(64,195,183)
Interest paid	(7,643,493)	(8,504,850)
Other borrowing costs	(728,388)	(580,462)
Dividend Paid (including tax thereon)	(2,797,914)	(2,789,452)
Net Cash generated from/(used in) Financing Activities (C)	(58,897,479)	(77,502,881)
Net Increase in Cash and Cash Equivalents (A+B+C)	(1,559,925)	(31,680,116)
Cash and Cash Equivalents (Note 17)		
Opening Balance	6,004,225	37,684,341
Closing Balance	4,444,300	6,004,225

- Notes : 1. The above Cash Flow Statement has been prepared under the Indirect Method as set out in the Accounting Standard - 3 on Cash Flow Statement.  
2. Cash and cash equivalents do not include any amount which is not available to the Company for its use.  
3. Figure in brackets represent cash outflow from respective activities.  
4. Cash and cash equivalents as at the Balance Sheet date consists of :

	<u>As at 31-03-2017</u> (RS.)	<u>As at 31-03-2016</u> (RS.)
Balances with banks on Current Accounts	1,503,963	1,881,913
Cash - in - hand	2,940,337	4,122,312
	<u>4,444,300</u>	<u>6,004,225</u>

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

As per our report of even date attached.

For G. P. AGRAWAL & CO.  
Chartered Accountants  
F.R No.302082E

(CA. SUNITA KEDIA)  
Partner

Membership No. 60162

Place : 7A, Kiran Shankar Ray Road,  
Kolkata - 700 001

Dated : 29th May, 2017

M K AGARWAL Director  
I B SHARAF Executive Director  
B L PATAWARI Chief Financial Officer

**NOTES TO FINANCIAL STATEMENTS****NOTE NO. 1 : SIGNIFICANT ACCOUNTING POLICIES****1.1 Basis of Preparation**

- a) The financial statements are prepared in accordance with the historical cost convention and on accrual basis of accounting. The accounting policies applied by the Company are consistent with those applied in the previous year except as otherwise stated elsewhere.
- b) The financial statements have been prepared in accordance with generally accepted accounting principles in India (Indian GAAP). The company has prepared these financial statements to comply in all material respects with the accounting standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014 and the Companies (Accounting Standards) Amendment Rules, 2016, other pronouncements of the Institute of Chartered Accountants of India and relevant applicable provisions of the Companies Act, 2013 to the extent applicable notified.
- c) The preparation of financial statements requires the Management to make estimates and assumptions considered in the reported amounts of assets and liabilities including Contingent Liabilities as of the date of the financial statements and the reported income and expenses for the reporting period. Management believes that the estimates used in the preparation of the financial statements are prudent and reasonable. Future results could differ from these estimates.
- d) 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. Based on the nature of products and time between the acquisition of assets for growing and manufacturing tea and their realization in cash and cash equivalents, the company has ascertained its operating cycle as 12 months for the purpose of current and non-current classification of assets and liabilities.

**1.2 Property, Plant and Equipment and Depreciation/Amortisation**

- a) Property, Plant and Equipment are stated at cost less accumulated depreciation. Cost includes taxes, duties, freight and incidental expenses related to the acquisition and installation of the assets.
- b) Depreciation on Property, Plant and Equipment is provided to the extent of depreciable amount on the Written Down Value (WDV) Method based on useful life of the assets as prescribed in Schedule II to the Companies Act, 2013 which reflects the management's estimate of the useful lives of the respective Property, Plant and Equipment except for bearer plants, which are depreciated over estimated useful life of 50 years.  
The estimated useful lives are determined based on assessment made by technical experts, in order to reflect the actual usage of the assets. The management believes that these estimated useful lives are realistic and reflect fair approximation of the period over which the assets are likely to be used.
- c) The cost of plantation expenditures on new planting and replanting of bearer plants has been recognised as capital work in progress or capitalised to Bearer plants, as the case may be. Depreciation commences when the bearer plants mature or when the assets are ready for use.
- d) Leasehold land and development are not depreciated with effect from 30th June, 1986 in view of long term nature of lease.
- e) Capital Work-in-Progress comprises the cost of property, plant and equipment that are not yet ready for their intended use at the reporting date.

**1.3 Investments**

Investment which are readily realizable and intended to be held not more than one year from the date on which such investments are made, are classified as current investments. All Other investments are classified as long-term investment.

Current Investments are carried in the financial statements at lower of cost and fair value determined on an individual investment basis. Long Term Investments are stated at cost less provision for other than temporary diminution in value, to recognize a decline in the value of the investments.

Notes to Financial Statements (Contd.)

1.4 Inventories

- a) Inventories (other than tea waste) are valued at lower of cost or net realizable value after providing for obsolescence, if any. Cost of inventory comprises of purchase price, cost of conversion and other cost incurred in bringing the Inventories to their respective present location and condition. The cost of Inventories is computed on weighted average basis.
- b) Tea wastes are valued at net realizable value.

1.5 Revenue Recognition

- a) Sale of goods is recognised at the point of dispatch of finished goods to customers.
- b) Gross turnover is net of sales tax/VAT and inclusive of excise duty.
- c) Dividend income is recognized when the Company's right to receive dividend is established.
- d) Interest income is recognized on time proportion basis taking into account the amount outstanding and rate applicable.
- e) All other income is accounted for on accrual basis.

1.6 Expenses

All the expenses are accounted for on accrual basis.

1.7 Employee Benefits

- a) Short-term employee benefits are recognized as an expense at the undiscounted amount in the Statement of Profit and Loss of the year in which the related service is rendered.
- b) Post employment and other long-term employee benefits are recognized as an expense in the Statement of Profit and Loss for the year in which the employee has rendered services. The expense is recognized at the present value of the amount payable determined using actuarial valuations. Actuarial gains and losses in respect of post employment and other long-term employee benefits are recognized in the Statement of Profit and Loss.

1.8 Borrowing Costs

Borrowing costs that are attributable to the acquisition or construction of qualifying assets are capitalized as part of the cost of such asset. A qualifying asset is one that necessarily takes a substantial period of time to get ready for intended use. All other borrowing costs are charged to revenue.

1.9 Insurance Claims

Insurance claims are recognized when the amount thereof can be reasonably ascertained and the claim is likely to be received.

1.10 Grants and Subsidies

- a) Grants and subsidies from the Government are recognised when there is reasonable assurance that the Company would comply with the conditions attached with them and the grant/subsidy would be received.
- b) Grants and subsidies related to specific fixed assets are adjusted with the value of the fixed asset. If not related to a specific fixed asset, it is credited to Capital Reserve.
- c) Grants and subsidies related to revenue items are adjusted with the related expenditure. If not related to a specific expenditure, it is taken as income.

1.11 Foreign Currency Transactions

- a) Transactions in foreign currency are initially recorded at the exchange rate at which the transaction is carried out.
- b) Monetary assets and liabilities related to foreign currency transactions remaining outstanding at the year-end are translated at the year-end exchange.

Notes to Financial Statements (Contd.)

- c) Any income or expense on account of exchange difference either on settlement or on translation at the year end is recognized in the Statement of Profit and Loss.

**1.12 Research & Development**

Revenue expenditure is charged off in the year it is incurred and expenditure of capital nature is capitalized.

**1.13 Taxes on Income**

Current tax is determined as the amount of tax payable in respect of taxable income for the year. Deferred tax is recognized subject to the consideration of prudence in respect of deferred tax assets, on timing differences, being the difference between taxable income and accounting income that originate in one period and are capable of reversal in or more subsequent periods. Deferred tax asset is recognized and carried forward only to the extent that there is a virtual certainty that the asset will be realized in future.

**1.14 Impairment of Assets**

Wherever events or changes in circumstances indicate that the carrying value of property, plant and equipment may be impaired, the company subjects such assets to test of recoverability, based on discounted cash flows expected from use or disposal of such assets. If the assets are impaired, the Company recognizes an impairment loss as difference between the carrying value and recoverable value.

After impairment, depreciation or amortisation on assets is provided on the revised carrying amount of the respective asset over its remaining useful life.

**1.15 Provisions, Contingent Liabilities and Contingent Assets**

- a) Provisions are recognised in respect of obligations where, based on the evidence available, their existence at the Balance Sheet date is considered probable. Provisions are determined by the best estimate of the outflow of economic benefits required to settle the obligation at the balance sheet date.
- b) Contingent liabilities are shown by way of Notes to the Accounts in respect of obligations where, based on the evidence available, their existence at the Balance Sheet date is considered not probable.
- c) Contingent assets are not recognized in the Accounts.

**1.16 Earnings Per share**

Basic earnings per share is computed by dividing the profit after tax (including the post tax effect of extra ordinary items, if any) by the weighted average number of equity shares outstanding during the year.

Diluted earnings per share is computed by dividing the profit after tax (including the post tax effect of any extra ordinary items, if any) by the weighted average number of equity shares considered for deriving basic earnings per share and also the weighted average number of equity shares which could be issued on the conversion of all dilutive potential equity shares.

**1.17 Cash flow statement**

Cash flows are reported using the indirect method, whereby profit before tax is adjusted for the effects of transactions of a non-cash nature, any deferrals or accruals of past or future operating cash receipts or payments and item of income or expenses associated with investing or financing flows. The cash flows from operating, investing and financing activities of the Company are segregated.

**1.18 Cash and Cash Equivalents**

Cash and Cash Equivalents included cash in hand, cheques in hand, balance with bank on current accounts and short term highly liquid investments with an original maturity of three months or less which carry insignificant risk of changes in value.

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

	As at 31st March, 2017 Rs.	As at 31st March, 2016 Rs.
<b>2. SHARE CAPITAL</b>		
a) Authorised 30,00,000 ( Previous Year 30,00,000) Equity Shares of Rs. 10/- each	30,000,000	30,000,000
b) Issued, Subscribed and Paid Up Rs. 11,62,330 (Previous Year Rs. 11,62,330) Equity Shares of Rs. 10/- each fully paid up	11,623,300	11,623,300
c) Rights, preferences and restrictions attached to shares The company has only one class of equity shares having par value of Rs. 10/-. The holders of equity shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting. In the event of liquidation of the Company, the holders of equity shares will be entitled to receive remaining assets of the Company, after distribution of all preferential amounts, in proportion to their shareholding.		
d) Shareholders holding more than 5 % of the equity shares in the Company :		

Name of the Shareholders	As at 31st March, 2017		As at 31st March, 2016	
	No. of Shares	% held	No. of Shares	% held
M/s. Rawalwasia Industries Pvt. Ltd.	484,579	41.69	478,179	41.14
M/s. Strip Commodeal Pvt. Ltd.	306,699	26.39	317,899	27.35

	As at 31st March, 2017 Rs.		As at 31st March, 2016 Rs.	
<b>3. RESERVES AND SURPLUS</b>				
Capital Reserve : As per last Account	39,145,067		28,838,707	
Add: Compensation received during the year for acquisition of Land (Note 26.10)	—	39,145,067	<u>10,306,360</u>	39,145,067
General Reserve				
General Reserve : As per last Account	110,000,000		80,000,000	
Add: Transfer from Surplus in the Statement of Profit and Loss	—	110,000,000	<u>30,000,000</u>	110,000,000
Securities Premium Account : As per last Account		17,929,690		17,929,690
Surplus in the Statement of Profit and Loss				
As per last Account	192,230,200		178,105,811	
Add : Profit for the year	8,988,562		46,922,303	
Add: Increase in value of Bearer Plant as at 1st April, 2016 due to applicability of Revised AS - 10 adjusted with retained earning	1,135,884		—	
Amount available for appropriation	<u>202,354,646</u>		<u>225,028,114</u>	
Less : Appropriations				
Transferred to General Reserves	—		30,000,000	
Proposed Dividend on Equity Share	—		2,324,660	
Tax on Dividend	—	202,354,646	473,254	192,230,200
		<u>369,429,403</u>		<u>359,304,957</u>

- i) During the year ended 31st March, 2016, the Board of Directors had paid a dividend of Rs. 2/- per equity share. The total dividend appropriation for the year ended March 31, 2016 amounted to Rs. 2,797,914/- including corporate dividend tax of Rs. 4,73,254/-.
- ii) The Board of Directors, in its meeting May 29, 2017, has proposed a Dividend of Rs. 2/- per equity share for the financial year ended 31st March, 2017. The proposal is subject to the approval of Shareholders at the Annual General Meeting to be held 05th September, 2017, and if approved, would result in a cash outflow of approximately Rs. 27,97,914/- including Corporate Dividend Tax of Rs. 4,73,254/-.

Notes to Financial Statements (Contd.)

	As at 31st March, 2017 Rs.	As at 31st March, 2016 Rs.
<b>4. LONG TERM BORROWINGS</b>		
a) Term loans -Secured		
From HDFC Bank (Car Loan)	1,439,716	--
	<u>1,439,716</u>	<u>--</u>
b) Nature of securities		
Term loans from HDFC bank is secured by way of hypothecation of car purchased. The loan carries interest @ 9.65% p.a.		
c) Terms of repayments		
i) The outstanding amount of car loan 1 of Rs. 20,00,000 from HDFC Bank is repayable in 27 monthly installments, the last installment is due in the month of June, 2019. Out of the 27 monthly installments, 12 installments are payable within 31st March, 2018, therefore, the same has been included in "Current maturities of long term borrowings" under the line item "Other Current Liabilities" (Note No.9).		
ii) The outstanding amount of car loan 2 of Rs. 10,00,000 from HDFC Bank is repayable in 30 monthly installments, the last installment is due in the month of September, 2019. Out of the 30 monthly installments, 12 installments are payable within 31st March, 2018, therefore, the same has been included in "Current maturities of long term borrowings" under the line item "Other Current Liabilities" (Note No.9).		
<b>5. DEFERRED TAX LIABILITIES</b>		
a) Deferred tax liabilities :		
Fixed assets	--	228,897
b) Deferred tax assets		
Expenses allowable for tax purposes when paid	--	228,897
Net Deferred Tax Laibilities ( a - b)	<u>--</u>	<u>--</u>
Deferred tax assets and deferred tax liabilities have been offset as they relate to the same governing taxation laws. On the basis of prudence, deferred tax assets have been recognised to the extent of deferred tax liability (Refer Note 26.15).		
<b>6. OTHER LONG TERM LIABILITIES</b>		
Security Deposit	60,000	60,000
	<u>60,000</u>	<u>60,000</u>
<b>7. LONG TERM PROVISIONS</b>		
Provision for employee benefits		
Leave Encashment	605,116	453,754
Gratuity	26,332,861	23,194,915
	<u>26,937,977</u>	<u>23,648,669</u>



<u>Notes to Financial Statements (Contd.)</u>	<u>As at 31st March, 2017 Rs.</u>	<u>As at 31st March, 2016 Rs.</u>
8. SHORT - TERM BORROWINGS		
a) Loans repayable on demand		
From banks -Secured		
Working capital borrowings		
United bank of India (UBI) - Cash Credit	22,594,131	71,460,406
HDFC Bank - Overdraft	2,301,890	3,317,083
	<u>24,896,021</u>	<u>74,777,489</u>
b) Nature of securities		
i) Cash Credit with UBI is secured by hypothecation of tea, prompts, receivables, other current assets both present and future and equitable mortgage of the company's Kanu, Teen Ali, Doyang and Dessoie Tea Estate and also secured against personal guarantee of two Directors of the Company.		
ii) Overdraft Facility with HDFC Bank is secured by pledged of Fixed Deposit of Rs. 50,00,000 with HDFC Bank		
9. OTHER CURRENT LIABILITIES		
Current maturities of long-term borrowings@	965,631	251,564
Unpaid Dividend*	980,715	793,423
Other Payables		
Payable to suppliers of capital goods		
Total outstanding dues of micro enterprises and small enterprises (Refer Note No. 26.7)	--	--
Total outstanding dues of creditors other than micro enterprises and small enterprises	1,636,262	572,578
Advance from Customer	5,291,951	4,314,315
Statutory Liabilities	3,711,154	5,179,979
Unpaid salaries and other payroll dues	53,069,863	53,438,453
Accrued expenses	4,015,215	5,086,663
Others	183,403	183,403
	<u>69,854,194</u>	<u>69,820,378</u>
@Refer Note No. 4 (b) & (c) for nature of securities and terms of repayment respectively.		
*There are no amounts due and outstanding to be credited to Investor Education & Protection Fund.		
10. SHORT TERM PROVISIONS		
Provision For Employee benefit		
Leave encashment	706,713	554,638
Other provisions		
Provision for taxation ( Net of advance tax )	2,272,412	10,732,074
Proposed dividend	--	2,324,660
Tax on proposed dividend	--	473,254
	<u>2,979,125</u>	<u>14,084,626</u>

**Notes to Financial Statements (Contd.)**  
**11. PROPERTY, PLANT AND EQUIPMENT**

(Amount in Rs.)

Particulars	GROSS BLOCK						DEPRECIATION				NET BLOCK	
	Cost as at 1st April, 2016 (Rs.)	Additions during the year (Rs.)	Sold/ Discarded during the year (Rs.)	Adjustment During the year (Note 2) (Rs.)	Cost as at 31st March, 2017 (Rs.)	Depreciation Upto 31st March, 2016 (Rs.)	Depreciation For the Year (Rs.)	Disposal/ Adjust-ment (Rs.)	Depreciation upto 31st March 2017 (Rs.)	Net Balance as at 31st March 2017 (Rs.)	Net Balance as at 31st March 2016 (Rs.)	
Land and Land Development	65,763,010	4,710,010	--	--	70,473,020	--	--	--	--	70,473,020	--	
Bearer Plant	87,269,993	1,135,884	--	6,701,430	81,704,447	8,013,161	5,466,969	--	13,480,130	68,224,317	145,019,841	
Building	265,582,483	1,401,515	--	--	266,983,998	81,152,833	9,160,482	--	90,313,314	176,670,683	184,429,650	
Machinery	132,800,621	5,123,116	1,629,315	--	136,294,422	91,692,039	9,844,333	1,546,387	99,989,985	36,304,437	41,108,582	
Motor Vehicle	40,923,652	4,499,496	1,641,117	--	43,782,031	30,136,451	4,489,298	1,507,566	33,118,183	10,663,847	10,787,201	
Electric Installations	21,840,544	1,211,585	--	--	23,052,129	18,627,396	944,489	--	19,571,885	3,480,244	3,213,148	
Water Supply Scheme	39,676,332	4,357,914	--	--	44,034,246	22,793,400	2,935,999	--	25,729,399	18,304,847	16,882,932	
Refrigerator	454,867	44,390	--	--	499,257	342,923	26,560	--	369,482	129,774	111,944	
Office Equipment	2,029,448	--	--	--	2,029,448	1,634,519	168,746	--	1,803,265	226,183	394,929	
Furniture	23,828,124	46,000	--	--	23,874,124	12,725,379	3,031,079	--	15,756,458	8,117,666	11,102,745	
Fencing	6,467,668	--	--	--	6,467,668	6,144,284	--	--	6,144,284	323,384	323,384	
Tubewell	1,226,030	627,884	--	--	1,853,914	1,136,629	19,306	--	1,155,936	697,978	89,401	
Air Conditioner	2,206,855	--	--	--	2,206,855	1,240,858	182,866	--	1,423,724	783,131	965,997	
Computer	7,506,061	185,390	--	--	7,691,451	5,785,613	986,974	--	6,772,586	918,865	1,720,449	
<b>Total</b>	<b>697,575,688</b>	<b>23,343,184</b>	<b>3,270,432</b>	<b>6,701,430</b>	<b>710,947,010</b>	<b>281,425,484</b>	<b>37,257,101</b>	<b>3,053,953</b>	<b>315,628,632</b>	<b>395,318,378</b>	<b>416,150,202</b>	
<b>Previous Year</b>	<b>691,560,167</b>	<b>9,592,554</b>	<b>3,577,034</b>	<b>--</b>	<b>697,575,687</b>	<b>245,423,836</b>	<b>39,246,496</b>	<b>3,244,847</b>	<b>281,425,485</b>	<b>416,150,202</b>	<b>446,136,331</b>	

Notes:

- 1) Building include Rs. 13,07,49,000 /-- in respect of which the deed of conveyance is yet to be executed.
- 2) This represents the Replanting Subsidy received during the year in respect of expenditure on uprooting and replanting of tea bushes that qualifies for capitalisation as Bearer Plant in accordance with Accounting Standard 10 on Property, plant and equipment (AS — 10) as amended w.e.f. 1st April, 2016.

Notes to Financial Statements (Contd.)

**11. PROPERTY, PLANT AND EQUIPMENT – (Contd.)**

(Amount in Rs.)

PREVIOUS YEAR :

Particulars	Cost as at 1st April, 2015 (Rs.)	Additions during the year (Rs.)	Sold/ Discarded during the year (Rs.)	Adjustment During the year (Note 2) (Rs.)	Cost as at 31st March, 2016 (Rs.)	Depreciation Upto 31st March, 2015 (Rs.)	Depreciation For the Year (Rs.)	Disposal/ Adjust-ment (Rs.)	Depreciation upto 31st March 2016 (Rs.)	Net Balance as at 31st March 2016 (Rs.)	Net Balance as at 31st March 2015 (Rs.)
Leasehold Land & Development	151,183,068	1,849,934	-	-	153,033,002	8,013,161	-	-	8,013,161	145,019,841	143,169,907
Building	265,068,483	514,000	-	-	265,582,483	71,518,184	9,634,649	-	81,152,833	184,429,650	193,550,299
Machinery	134,248,069	815,350	2,262,798	-	132,800,621	79,472,244	14,331,462	2,111,667	91,692,039	41,108,582	54,775,824
Motor Vehicle	41,045,190	1,192,698	1,314,236	-	40,923,652	26,151,573	5,118,058	1,133,180	30,136,451	10,787,201	14,893,617
Electric Installations	21,840,544	-	-	-	21,840,544	17,256,565	1,370,831	-	18,627,396	3,213,148	4,583,979
Water Supply Scheme	36,290,622	3,385,710	-	-	39,676,332	19,879,580	2,913,820	-	22,793,400	16,882,932	16,411,042
Refrigerator	431,167	23,700	-	-	454,867	315,984	26,939	-	342,923	111,944	115,183
Office Equipment	2,029,448	-	-	-	2,029,448	942,243	692,276	-	1,634,519	394,929	1,087,205
Furniture	23,375,865	452,259	-	-	23,828,124	8,688,544	4,036,835	-	12,725,379	11,102,745	14,687,321
Fencing	6,467,668	-	-	-	6,467,668	6,144,284	-	-	6,144,284	323,384	323,384
Tubewell	1,226,030	-	-	-	1,226,030	1,095,106	41,523	-	1,136,629	89,401	130,924
Air Conditioner	2,029,755	177,100	-	-	2,206,855	1,032,892	207,966	-	1,240,858	965,997	996,863
Computer	6,324,258	1,181,803	-	-	7,506,061	4,913,476	872,137	-	5,785,613	1,720,449	1,410,783
<b>Total</b>	<b>691,560,167</b>	<b>9,592,554</b>	<b>3,577,034</b>	<b>-</b>	<b>697,575,687</b>	<b>245,423,836</b>	<b>39,246,496</b>	<b>3,244,847</b>	<b>281,425,485</b>	<b>416,150,202</b>	<b>446,136,331</b>
<b>Previous Year</b>	<b>550,511,496</b>	<b>149,041,104</b>	<b>7,650,721</b>	<b>341,711</b>	<b>691,560,167</b>	<b>218,126,186</b>	<b>34,565,834</b>	<b>7,268,185</b>	<b>245,423,836</b>	<b>446,136,331</b>	<b>332,385,309</b>

1) Leasehold Land and Development includes Rs. 6,50,00,000 on account of Martycherra Tea Estate in respect of which the deed of conveyance is pending and under process with appropriate authority.

2) Building include Rs. 13,07,49,000/- in respect of which the deed of conveyance is yet to be executed.

**Notes to Financial Statements (Contd.)****12. NON -CURRENT INVESTMENT :**

Particulars	Face	As at		As at	
	value	31st March, 2017		31st March, 2016	
	Rs.	No.	Rs.	No.	Rs.
Non-current investment					
Long Term					
(Valued at cost less provision for other than temporary diminution)					
Other than trade, fully paid up					
Quoted In equity shares of companies:					
The Methoni Tea Co. Ltd.	10	1,000	4,375	1,000	4,375
Castrol India Ltd.	5	392	37,516	392	37,516
Bata India Ltd.	5	8,800	572,720	8,800	572,720
Hindustan Unilever Ltd.	1	5,000	1,551,481	5,000	1,551,481
Aggregate book value of quoted Investments (A)			2,166,092		2,166,092
Unquoted In equity shares of companies:					
The Orissa Tea Plantation Ltd.	10	100	1,000	100	1,000
ABC Tea Workers Welfare Services	10	625	6,250	625	6,250
Jadavpur Entrepreneurship Development Pvt.Ltd. (in Liquidation)	100	20	1	20	1
In 5% Non-Redeemable Debenture Stock :					
Woodlands Hospital & Medical Research Centre Ltd.		--	6,000	--	6,000
5% Debenture Stock in Shillong Club Ltd.		--	2,200	--	2,200
Aggregate book value of unquoted Investments (B)			15,451		15,451
Total Non- Current Investment (A) + (B)			2,181,543		2,181,543
Aggregate market value of Quoted Investments			9,752,211		8,982,481
Aggregate provision for diminution in value of investments			--		--

**13. LONG TERM LOANS AND ADVANCES**  
(Unsecured, considered good)

Capital Advance	150,000	190,000
Security and other Deposits	23,278,391	17,948,127
Prepaid expenses	86,312	48,291
	<u>23,514,703</u>	<u>18,186,418</u>

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

14. CURRENT INVESTMENT :	Face value	As at 31st March, 2017		As at 31st March, 2016	
	Rs.	Unit	Rs.	Unit	Rs.
Current investment (At lower of cost and fair value)					
Investments in Units of Mutual Funds Unquoted, Fully Paid up:					
Franklin India Ultra Short Bond Fund - Super Institutional Buyer - Growth	10	--	--	503,927	10,036,175
Franklin India Low Duration Fund - Growth	10	--	--	302,484	5,000,000
Kotak Low Duration Fund Standard Growth	1000	--	--	2,877	5,151,491
Total Current Investment			--		20,187,666
Aggregate amount of unquoted Investments			--		20,187,666
Aggregate provision for diminution in value of investments			--		--
15. INVENTORIES					
Stores and Spare Parts			24,616,574		34,382,571
Finished Goods - Tea			46,458,053		51,480,633
			<u>71,074,627</u>		<u>85,863,204</u>
16. TRADE RECEIVABLES					
Outstanding for a period exceeding six months from due date			998,984		37,384
Others			5,910,017		7,807,336
			<u>6,909,001</u>		<u>7,844,720</u>
17. CASH AND BANK BALANCES					
Cash and cash equivalents					
Balances with banks					
On Current Accounts			1,503,963		1,881,913
Cash-in-hand			2,940,337		4,122,312
Cash and cash equivalents			<u>4,444,300</u>		<u>6,004,225</u>
Other Bank Balances:					
Unpaid dividend accounts (Earmarked balances)			980,714		793,423
Fixed deposit pledged as security against borrowings (Current portion of original maturity period of more than 12 months)			5,000,000		5,000,000
			<u>10,425,014</u>		<u>11,797,648</u>
18. SHORT TERM LOANS AND ADVANCES (Unsecured, considered good)					
Other loans and advances					
Intercompany deposits			--		10,000,000
Advance to suppliers and others			860,516		4,089,662
Balances with Excise Authority			908,187		530,767
Prepaid expenses			1,539,059		1,198,222
			<u>3,307,762</u>		<u>15,818,651</u>

Notes to Financial Statements (Contd.)

	As at <u>31st March, 2017</u> Rs.	As at <u>31st March, 2016</u> Rs.
<b>19. OTHER CURRENT ASSETS</b> (Unsecured, considered good)		
Interest accrued and due on deposits	125,158	159,694
Interest accrued but not due on deposits	56,327	62,288
	<u>181,485</u>	<u>221,982</u>
	Year ended <u>31st March, 2017</u> Rs.	Year ended <u>31st March, 2016</u> Rs.
<b>20. REVENUE FROM OPERATIONS</b>		
Sale of goods		
Finished goods- Tea	740,177,330	768,036,596
Other operating revenues		
Tea subsidy	2,301,902	2,076,410
Sale of tea seeds	—	24,000
Sale of tea waste	1,187,715	3,721,175
Revenue from operations	<u>743,666,947</u>	<u>771,757,771</u>
<b>21. OTHER INCOME</b>		
Interest – On Deposits	1,420,764	825,696
– On Advances	782,466	213,699
Dividend income - Long Term Investments	117,808	109,236
Profit on Sale of Current Investments	436,959	187,666
Other non-operating income		
Profit on Sale of Fixed Assets	396,178	1,031,785
Rent Received	828,000	881,645
Liabilities no longer required Written Back	1,596,820	1,933,185
Miscellaneous Receipts	468,657	324,055
	<u>6,047,652</u>	<u>5,506,967</u>
<b>22. CHANGES IN INVENTORIES OF FINISHED GOODS</b>		
Opening Stock of Finished Goods -Tea	51,480,633	23,079,512
Less: Closing Stock of Finished Goods -Tea	46,458,053	51,480,633
	<u>5,022,580</u>	<u>(28,401,121)</u>
<b>23. EMPLOYEE BENEFITS EXPENSE</b>		
Salaries & Wages	336,218,178	307,944,400
Contribution to Provident & Other Funds	48,929,767	30,778,122
Staff Welfare	9,633,914	12,010,113
	<u>394,781,859</u>	<u>350,732,635</u>

<u>Notes to Financial Statements (Contd.)</u>	<u>As at 31st March, 2017 Rs.</u>	<u>As at 31st March, 2016 Rs.</u>
24. FINANCE COSTS		
Interest on :		
– short term borrowings	7,643,494	8,504,850
– Others	---	---
Other borrowing Cost	728,388	580,462
	<u>8,371,882</u>	<u>9,085,312</u>
25. OTHER EXPENSES		
Power and Fuel	72,616,306	76,473,378
Consumption of Stores & Spare Parts	117,193,955	149,906,980
Packing Materials	4,837,953	4,878,945
Cess on Tea	2,347,861	2,323,117
Transport and Maintenance	3,462,078	4,970,669
Repairs – Building	6,696,811	8,160,972
– Machinery	<u>2,635,775</u>	<u>3,804,637</u>
Rent	345,000	337,500
Donation	1,471,000	751,000
Corporate Social Responsibility expense (Refer Note No. 26.8)	2,000,000	2,000,000
Rates and Taxes	10,770,019	9,528,788
Miscellaneous expenses	15,654,784	12,814,476
Insurance	1,885,509	1,808,377
Travelling & Conveyance	3,678,446	4,408,253
Directors Fees	172,500	123,000
Auditors' Remuneration -		
Statutory Audit	250,000	250,000
Tax Audit	40,000	40,000
Reimbursement of Expenses	6,500	7,260
Other services	<u>63,000</u>	<u>75,000</u>
Internal Auditors' Fees	175,000	175,000
Selling and Distribution Expenses	17,696,243	19,351,407
Freight Charges	19,863,659	19,942,424
Sundry Balances Written Off	38,095	3,318
	<u>283,900,492</u>	<u>322,134,501</u>

Notes to Financial Statements (Contd.)

	As at <u>31st March, 2017</u> Rs.	As at <u>31st March, 2016</u> Rs.
<b>26. OTHER DISCLOSURES</b>		
<b>26.1 Contingent liabilities and commitments (to the extent not provided for)</b>		
a) Contingent liability not provided for in respect of :		
Claims against the company not acknowledged as debts -		
- Service Tax demand - under appeal	72,840	72,840
- Income Tax Demand - under appeal	12,487,442	14,484,120
- C.S.T / VAT Demand under Appeal	344,536	344,536
The amounts shown above represent the best possible estimates arrived at on the basis of available information. The uncertainties and timing of the cash flows are dependent on the outcome of the different legal processes which have been invoked by the Company or the claimants as the case may be and therefore cannot be estimated accurately. The Company does not expect any reimbursements in respect of the above contingent liabilities.		
In the opinion of the management, no provision is considered necessary for the disputes mentioned above on the grounds that there are fair chances of successful outcome of appeals.		
b) Commitments		
Estimated amount of contracts remaining to be executed on capital account and not provided for	241,000	517,613
Advances paid against above	150,000	190,000

**26.2 Employee Benefits :**

## a) Defined Contribution Plan:

Employee benefits in the form of Provident Fund are considered as defined contribution plan.

The contributions to the funds are made in accordance with the relevant statute and are recognized as an expense when employees have rendered service entitling them to the contributions. The contribution to defined contribution plan, recognized as expense for the year is as under :

Defined Contribution Plan	Year ended 31st March, 2017 Rs.	Year ended 31st March, 2016 Rs.
Employers' Contribution to Provident Fund	25,793,988	22,243,591

## b) Defined Benefit Plan:

Post employment and other long-term employee benefits in the form of gratuity and leave encashment is considered as defined benefit obligation. The present value of obligation is determined based on actuarial valuation using projected unit credit method as at the Balance Sheet date. The amount of defined benefits recognized in the balance sheet represent the present value of the obligation as adjusted for unrecognized past service cost, and as reduced by the fair value of plan assets.



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

Details of funded post retirement plans are as follows :

Description	31st March, 2017		31st March, 2016	
	Gratuity	Leave Encashment	Gratuity	Leave Encashment
	(Funded)	(Unfunded)	(Funded)	(Unfunded)
	(Rs.)	(Rs.)	(Rs.)	(Rs.)
<b>I. Components of Employer Expenses</b>				
Current service Cost	5,452,023	222,280	4,986,082	210,847
Past Service Cost	—	—	—	—
Interest Cost	8,352,355	78,554	7,943,443	112,151
Expected Return on Plan Asset	(7,095,894)	—	(5,954,842)	—
Actuarial (gain)/loss recognized in the year	7,764,336	167,578	(7,445,066)	4,099
Net Expenses Recognised In Statement of Profit and Loss	14,472,820	468,412	(470,383)	327,097
<b>II. Change in Present Value of Defined Benefit obligation</b>				
Present Value of Defined Benefit Obligation	104,404,438	1,008,392	99,293,033	1,428,674
Interest Cost	8,352,355	78,554	7,943,443	112,151
Past Service Cost	—	—	—	—
Current Service Cost	5,452,023	222,280	4,986,082	210,847
Benefits Paid	(722,361)	(164,975)	(373,054)	(747,379)
Actuarial (Gain)/Losses	7,764,336	167,578	(7,445,066)	4,099
Present Value of Obligation at the End of the Year	125,250,791	1,311,829	104,404,438	1,008,392
<b>III Change in Fair Value Asset during the year end</b>				
Plan Assets at the Beginning of the year	81,209,523	—	69,253,810	—
Expected Return on Plan Assets	7,095,894	—	5,954,842	—
Actual Company Contribution	11,334,874	164,975	6,373,925	747,379
Benefits Paid	(722,361)	(164,975)	(373,054)	(747,379)
Actuarial Gain/(Losses)	—	—	—	—
Plan Assets at the End of the Year	98,917,930	—	81,209,523	—
<b>IV Net Assets/(Liability) recognized as at the Balance sheet date</b>				
Present Value of Defined Benefit Obligation	125,250,791	1,311,829	104,404,438	1,008,392
Fair Value of Plan Assets	98,917,930	-	81,209,523	-
Funded Status - Deficit	(26,332,861)	(1,311,829)	(23,194,915)	(1,008,392)
Net liability recognized in Balance Sheet	(26,332,861)	(1,311,829)	(23,194,915)	(1,008,392)
<b>V Actuarial Assumption</b>				
Discounted Rate (Per Annum)	8%	7.79%	8%	7.79%
Expected Rate of return on Plan Assets (Per Annum)	Not available	N.A.	Not available	N.A.
Salary Increases	5%	5%	5%	5%
Retirement/Superannuation Age	58	58	58	58
Mortality	LIC 06-08	IALM 06-08	LIC 06-08	IALM 06-08
<b>VI Expected Employer's Contribution for the next year</b>				
Expected Employer's Contribution for the next year	Not available	N.A.	Not available	N.A.

**Notes to Financial Statements (Contd.)****VI Basis of estimate of rate of escalation in salary**

The estimates of rate of escalation in salary, considered in actuarial valuation, take into inflation, seniority, promotion and other relevant factors including supply and demand in the employment market. The above information is certified by the actuary.

**VIII Other Disclosure :**

- a) The Gratuity Expenses have been recognized in "Contribution to Provident & other funds" and Leave Encashment in "Salaries & Wages" under note no. 23.

	Gratuity		Leave encashment	
	2016 - 2017		2015 - 2016	
	Rs.	Rs.	Rs.	Rs.
b) Disclosure related to previous years				
Present value of Defined Benefit Obligation	125,250,791	1,311,829	104,404,438	1,008,392
Fair Value on Plan Assets	98,917,930	--	81,209,523	--
Funded Status (Surplus/(deficit))	(26,332,861)	(1,311,829)	(23,194,915)	(1,008,392)
Experience adjustments of plan assets Gain/(Loss)	--	--	--	--
Experience adjustments of Obligation (Gain)/Loss	--	--	--	--
	2014 - 2015		2013 - 2014	
	Rs.	Rs.	Rs.	Rs.
Present value of Defined Benefit Obligation	99,891,794	1,428,674	83,057,637	1,143,389
Fair Value on Plan Assets	69,253,810	--	62,915,349	--
Funded Status (Surplus/(deficit))	(30,637,984)	(1,428,674)	(20,142,288)	(1,143,389)
Experience adjustments of plan assets Gain/(Loss)	--	--	--	--
Experience adjustments of Obligation (Gain)/Loss	--	--	--	--
	2012 - 2013			
	Rs.	Rs.		
Present value of Defined Benefit Obligation		75,761,580	918,285	
Fair Value on Plan Assets		56,456,946	--	
Funded Status (Surplus/(deficit))		(19,304,634)	(918,285)	
Experience adjustments of plan assets Gain/(Loss)		--	--	
Experience adjustments of Obligation (Gain)/Loss		--	--	

- c) Expected Employer's contribution for the next year, major category of plan assets and experience arising on Plan Liabilities and Plan Assets in respect of gratuity are not available and therefore, not disclosed.

**26.3 Earning Per Share - The numerators and denominators used to calculate Basic/Diluted Earnings Per Share :**

	Year Ended 31st March, 2017 Rs.	Year Ended 31st March, 2016 Rs.
a) Amount used as the numerator (Rs.)		
Profit after Tax attributable to Shareholders	8,988,562	46,922,303
b) Basic/weighted average number of Equity Share used as the denominator (B)	1,162,330	1,162,330
c) Nominal Value of Equity Shares (Rs. )	10	10
d) Basic/Diluted Earnings Per Share - (A/B) (Rs. )	7.73	40.37

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

26.4 Related party disclosures as per Accounting Standard - 18 are given below :

a) Name of the related parties and description of relationship :

- i) Key Managerial Personnel (KMP) : Mr. P K Agarwal , Director  
Mr. M K Agarwal, Director  
Mr. I. B. Sharaf, Executive Director
- ii) Enterprises over which KMP and their relatives have significant influence : a) Shroff Chemicals Pvt. Ltd.  
b) Banka Enterprises Pvt. Ltd.  
c) Rawalwasia Manufacture Company Pvt. Ltd.  
d) Transmission Projects Pvt. Ltd.  
e) K L Mechanical Works Pvt. Ltd.  
f) Teletronics Products Pvt. Ltd.  
g) Strip Commodeal Pvt. Ltd.  
h) SRTR Realtors Pvt. Ltd.  
i) Rawalwasia Industries Pvt. Ltd.  
j) Platinum Dealers Pvt. Ltd.  
k) Altius Distributors Pvt. Ltd.

b) Transactions with Related parties :

Nature of Transaction	Enterprise over which KMP and their relatives have significant influence		Key Management Personnel	
	31st March 2017	31st March 2016	31st March 2017	31st March 2016
	(Rs.)	(Rs.)	(Rs.)	(Rs.)
Purchase				
K L Mechanical Works Pvt. Ltd.	344,709	---		
Rent Received :-				
Shroff Chemicals Pvt. Ltd.	96,530	95,672	---	---
Banka Enterprises Pvt. Ltd.	96,530	95,672	---	---
Rawalwasia Manufacture Company Pvt. Ltd.	68,950	68,336	---	---
Transmission Projects Pvt. Ltd.	68,950	68,336	---	---
K L Mechanical Works Pvt. Ltd.	96,530	95,672	---	---
Teletronics Products Pvt. Ltd.	96,530	95,672	---	---
SRTR Realtors Pvt. Ltd.	96,530	95,672	---	---
Rawalwasia Industries Pvt. Ltd.	96,530	95,672	---	---
Platinum Dealers Pvt. Ltd.	96,530	95,672	---	---
Altius Distributors Pvt. Ltd.	---	71,627	---	---
Loan Outstanding at the beginning of the year				
Shroff Chemicals (P) Ltd.	---	35,000,000		
Banka Enetrprises (P) Ltd.	---	21,000,000		

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

26.4 Related party disclosures as per Accounting Standard - 18 are given below :

b) Transactions with Related parties (Contd.) :

Nature of Transaction	Enterprise over which KMP and their relatives have significant influence		Key Management Personnel	
	31st March 2017	31st March 2016	31st March 2017	31st March 2016
	(Rs.)	(Rs.)	(Rs.)	(Rs.)
Loans Taken :				
Shroff Chemicals (P) Ltd.	--	35,000,000	--	--
Loans Repaid :				
Banka Enetrprises (P) Ltd.	--	21,000,000		
Shroff Chemicals (P) Ltd.	--	70,000,000		
Interest on Loan Taken :				
Shroff Chemicals (P) Ltd.	--	619,644	--	--
Receiving of Services				
Mr. I.B.Sharaf (Directors Remuneration)	--	--	2,075,222	1,977,356

- c) There is no provision for doubtful debt and no amount has been written off/ written back during the year in respect of amount due from or due to related parties.
- d) The transactions with related parties have been entered at an amount which are not materially different from those on normal commercial terms.

26.5 Segment Reporting

The company is engaged in the business of integrated activities of manufacture and sale of Tea, predominantly in the domestic market, hence there is no reportable segment as per AS - 17 on "Segment Reporting" as notified pursuant to the Companies (Accounting Standards) Rules, 2006.

26.6 Disclosure under Schedule V to the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015

There are no transaction (other than transactions with related parties as given in para 4 above ) which are required to be disclosed under Schedule V to the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

26.7 The Company has not received any memorandum as required to be filed by the suppliers with the notified authority under Micro, Small and Medium Enterprises Development Act, 2006 for claiming their status as micro, small or medium enterprises. Therefore, there is no due outstanding to Micro and Small Enterprises (Previous year Nil).

26.8 Corporate Social Responsibility

As per Section 135 of Companies Act, 2013, a company, meeting the applicability threshold, needs to spend atleast 2% if its average net profit for the immediately preceeding 3 financial years om corporate social responsibility (CSR) activities. The areas for CSR activities are eradication of hunger and malnutrition, promoting education, art and culture, healthcare, destitute care and rehabilitation, environment sustainability, disaster relief and rural development projects. A CSR committee has been formed by the Company as per the Act.

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

- Gross amount required to be spent by the company during the year is Rs. 8,00,221
- Amount spent during the year:

(Amount in Rs.)

Particulars	In Cash	Yet to be paid	Total
On construction/ acquisition of any asset	--	--	--
On purpose other than above	2,000,000	--	2,000,000

- 26.9 Salaries and Wages excludes Rs. 37,79,983, /- ( Previous year Rs. 1,77,169/- ) and Stores and Spares consumed excludes Rs. 35,83,028 /- ( Previous year Rs. 3,29,211/-) debited to other accounts.
- 26.10 Compensation received from Government of Assam for acquisition of certain part of Land of Kanu Tea Estate amounting to Rs. NIL /- ( Previous year Rs. 1,03,06,360/-) is credited to the Capital Reseve.
- 26.11 Consumption of spare parts and components \*

Particulars	Year ended 31st March, 2017		Year ended 31st March, 2016	
	(Rs.)	(%)	(Rs.)	(%)
Imported	--	--	--	--
Indigenous	117,193,955	100	149,906,980	100
	117,193,955	100	149,906,980	100

\* Spare parts includes store items also.

- 26.12 Earnings in Foreign Exchange Nil Nil
- 26.13 Expenditure incurred in Foreign Currency Nil Rs. 507150

## 26.14 Details of Loan given, Investments made, guarantee given or security provided covered under section 186 (4) of the Companies Act, 2013

- (i) The particulars of loans given are stated under "Loans and advances" in Note No. 18. All these loans are repayable on demand and all the loans have been utilised for general corporate purpose by the recipients.
- (ii) The relevant details of investments are given in Note Nos. 12 and 14.
- (iii) The Company has not given any guarantee or provided any security.

- 26.15 The Deferred Tax Asset (net) of Rs. 2,39,81,247/- (31 March 2016 : Rs. 1,91,50,083/-) arising out of timing difference as on 31st March, 2017 is on account of the following :

Particulars	As at 31st March, 2017	As at 31st March, 2016
Components of Deferred Tax Asset/(Liability):		
Expenses allowed on payment basis	22,144,146	19,378,980
Depreciation	1,837,101	(228,897)
Deferred Tax Asset (Net)	23,981,247	19,150,083

Note: On the basis of prudence, deferred tax asset has been recognized in the books of Accounts to the extent of deferred tax liability.

- 26.16 a) During the current year, the Company has changed its accounting policy for plantation expenditure to be in line with the Accounting Standard 10 on Property, plant and equipment (AS - 10) as amended w.e.f. 1st April, 2016 whereby plantation expenses are now to be treated as cost of bearer plants. Prior to the change in the accounting policy, the initial cost of new/extension plantation was capitalized under Land and land development and replanting expenditure (such as expenditure on uprooting and replanting of tea bushes etc.) of same was charged to profit or loss in the financial year in which the expenditure was incurred.

Under the revised accounting policy, the capitalised cost and replantation expenses incurred till 31st March, 2016 has been recognised as cost of bearer plants and presented under property, plant and equipment.

- b) Consequently, as on 1st April, 2016, the Deemed Cost of Replanting and Extension/New Planting expenditure has been recognised as cost of Bearer plants by crediting Retained earnings aggregating to Rs.11,35,884/- together with Rs. 7,92,56,832/- which has been transferred from Land and land development.
- c) Replantation Expenditure amounting to Rs 56.95 Lakhs for the year ended 31st March, 2017 has been capitalised, which was hitherto charged to Profit and Loss Account. Consequently, Replanting Subsidy amounting to Rs. 67.01 Lakhs for the year ended 31st March, 2017 which was hitherto credited to Profit and Loss Account, has also been reduced from the carrying amount of the bearer plants.
- d) Had the above change not been made, profit for the year would have been higher by Rs. 64,73,217, Property, Plant and Equipment, Depreciation expenses and Retained earnings would have been lower by Rs. 11,35,884, Rs. 54,66,969 and Rs. 11,35,884 respectively.

26.17 Disclosure on holding and dealings of Specified Bank Notes during Demonitisation is shown in the table :

Particulars	SBNs	Other Denomination Notes	Total
Closing cash in hand as on 08.11.2016	236,000	223,823	459,823
Add: Permitted receipts	60,000	34,990,991	35,050,991
Less : Permitted payments	36,000	31,901,904	31,937,904
Less : Amount deposited in Banks	260,000	--	260,000
Closing cash in hand as on 30.12.2016	--	3,312,910	3,312,910

26.18 The previous year's figures have been reworked, regrouped, rearranged and reclassified wherever necessary. Amounts and other disclosures for the preceding year are included as an integral part of the current year financial statements and are to be read in relation to the amounts and other disclosures relating to the current year.

As per our report of even date attached.

Place : 7A, Kiran Shankar Ray Road,  
Kolkata – 700 001  
Dated : 29th May, 2017

For G. P. AGRAWAL & CO.  
Chartered Accountants  
F.R No.302082E  
(CA. SUNITA KEDIA)  
Partner  
Membership No. 60162

M K AGARWAL Director  
I B SHARAF Executive Director  
B L PATAWARI Chief Financial Officer

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