

Independent Auditor's Report

To the members of Bengal Tea & Fabrics Limited

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of Bengal Tea & Fabrics Limited ("the Company"), which comprise the balance sheet as at March 31, 2020, the statement of profit and loss (including other comprehensive income), the cash flow statement and the statement of changes in equity for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information (hereinafter referred to as the "financial statement").

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Companies Act, 2013("the Act") in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards prescribed under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended and other accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2020, its loss including other comprehensive income, its cash flows and the changes in equity for the year ended on that date.

Basis for Opinion

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

Emphasis of Matter

We draw your attention to note 53 of the financial statements which explains the uncertainties and management's assessment of the financial impact on the Ind AS financial statement of the company due to the lockdown and other restrictions imposed by the Government of India and other conditions related to the COVID-19 pandemic situation, for which a definitive assessment in the subsequent period is highly dependent upon circumstances as they evolve.

Our opinion is not modified in respect of this matter.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements for the financial year ended March 31, 2020. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

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We have determined the matters described below to be the key audit matters to be communicated in our report. We have fulfilled the responsibilities described in the Auditor's responsibilities for the audit of the financial statements section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying financial statements.

Sr. No.	Key Audit Matter	Auditor's Response
1	<p>Inventory of raw materials, work-in-progress and finished goods</p> <p>Management's physical verification of inventories was not physically observed by us subsequent to the year-end due to the restrictions imposed on account of COVID-19.</p> <p>Refer Note 10 of the financial statements.</p> <p>Due to pandemic "Covid-19", the company could not undertake the year-end verification exercise hence the existence of inventories became more vulnerable to the fair presentation of financial statements. We determined this to be a matter of significance to our audit due to quantum of the amount & estimation involved.</p>	<p><u>Principal Audit Procedures</u></p> <p>We have carried out following procedures with respect to the existence of inventories as at the year-end:</p> <ul style="list-style-type: none"> ➤ Observed the physical verification of significant inventories count through the involvement of Independent Firm of Chartered Accountants (Textile Division) and by Management (Tea Division) before the date of signing the financial statements and applying the roll back procedure as an alternative procedure and thus assessed the adequacy of controls over the existence of inventories. ➤ We have reviewed the report submitted by external agency and the management and obtained reasons/explanation for such differences and also confirmed the adjustment made by the company in accordance with the policy confirmed by the board of directors. ➤ Evaluated management judgment with regards to the application of provisions to the inventories.
2	<p>Up gradation of Accounting Software</p> <p>During the year, Company has upgraded its accounting software in Textile Division to MACRO VISION 3.50 ERP SOLUTION ("ERP") with effect from October 1, 2019 and other erstwhile systems have been discontinued. Migration to ERP is a major upgrade to the existing core enterprise application system resulting into a significant change to the financial accounting configuration which is the core for financial reporting including preparation of financial statements.</p> <p>Risks identified as emanating from the aforesaid change were</p> <p>(i) Inappropriate changes made to the application systems or programs that contain relevant automated controls (i.e., configurable settings, automated algorithms, automated calculations, and automated data extraction) and/or report logic and</p> <p>(ii) Systems not adequately configured or updated to restrict system access to authorized users.</p>	<p><u>Principal Audit Procedures</u></p> <p>Our audit procedures included obtaining detailed project plan and ERP Governance framework for transition to new ERP landscape. Considering up gradation stabilization period, we have planned to test it predominantly with transaction level manual controls followed by the entity. We have reviewed manual controls implemented and tested its effectiveness to ensure integrity of data processed and used in preparation of financial statements.</p>
3	<p>Disclosure of Contingency, litigation & Taxation</p> <p>The Company has material uncertain tax positions</p>	<p><u>Principal Audit Procedures</u></p> <ul style="list-style-type: none"> ➤ Understanding and assessing the internal control

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Sr. No.	Key Audit Matter	Auditor's Response
	<p>including matters under dispute which involves significant judgement to determine the possible outcome of these disputes.</p> <p>The Company is exposed to different laws, regulations and interpretations thereof. The company is also subject to number of significant claims, litigations, regulatory including Income tax (refer note no. 40) and various matters require legal interpretation that arises from time to time in the ordinary course of business. The assessment of the likelihood and quantum of any liability in respect of these matters can be judgmental due to the uncertainty inherent in their nature. The Company is required to assesses the need to make provision or disclose a contingency on a case-to-case basis considering the underlying facts of each litigation</p> <p>We have considered this to be a key audit matter, since the accounting and disclosure of claims and litigations is complex and judgmental, and the amounts involved are, or can be, material to the financial statements.</p>	<p>environment relating to the identification, recognition and measurement of provisions for disputes, potential claims and litigation, and contingent liabilities;</p> <ul style="list-style-type: none"> ➤ Analysed significant changes/update from previous periods and obtained a detailed understanding of such items. Assessed recent judgments passed by the court authorities affecting such change; ➤ Discussed the status of significant known actual and potential litigations with the management & noted that information placed before the board for such cases and ➤ Assessment of the management's assumptions and estimates related to the recognized provisions for disputes and disclosures of contingent liabilities in the financial statements.

Information other than the financial statements and Auditor's Report thereon

The Company's Board of Directors is responsible for the other information. The other information comprises the information included in the Annual Report for example, Corporate overview, Management Discussion and Analysis, Board's Report including Annexures to Board's Report, Corporate Governance and Shareholders' Information, but does not include financial statements and our auditors' report thereon.

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

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information; we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and those charged with governance for the Financial Statements

The Company's Board of Directors is responsible for the matters stated in section 134(5) of the Act with respect to the preparation of these financial statements that give a true and fair view of the financial position, financial performance including other comprehensive income, cash flows and changes in equity of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) specified under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statement that give a true and fair view and are free from material misstatement, whether due to fraud or error.

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

Board of Directors are also responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- a. Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
- b. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Companies Act, 2013, we are also responsible for expressing our opinion on whether the company has adequate internal financial controls system in place and the operating effectiveness of such controls;
- c. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management;
- d. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern; and
- e. Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

Materiality is the magnitude of misstatements in the financial statements that, individually or in aggregate, makes it probable that the economic decisions of a reasonably knowledgeable user of the financial statements may be influenced. We consider quantitative materiality and qualitative factors in (i) planning the scope of our audit work and in evaluating the results of our work; and (ii) to evaluate the effect of any identified misstatements in the financial statements.

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

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



From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements for the financial year ended March 31, 2020 and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Other Matters

We did not audit total revenue of Rs.6320 Lakhs and Rs. NIL and total comprehensive income of Rs. (608) Lakhs and Rs. NIL of Textile Division & Real Estate Division for the year ended March 31, 2020 respectively and the total assets of Rs. 5009 Lakhs and Rs. 2029 Lakhs of Textile Division & Real Estate Division as at March 31, 2020 respectively, (including Revenue amounting to Rs. NIL, profit before tax of Rs. 23 Lakhs and assets of Rs. 90 Lakhs for the discontinued operations as disclosed in the Financial Statement- Refer Note 39) whose financial information have been audited by the other auditor and whose report has been furnished to us, and our opinion in so far as it relates to the affairs of these divisions is based solely on the report of the other auditor. Our conclusion is not modified in respect of this matter.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Central Government of India in terms of sub-section (11) of Section 143 of the Act, we give in the "Annexure A" a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.
2. Further to our comments in the annexure referred to in the paragraph above, as required by Section 143(3) of the Act, we report that:
 - a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;
 - b) In our opinion proper books of account as required by law have been kept by the Company so far as appears from our examination of those books and proper returns adequate for the purpose of our audit have been received from the branch not visited by us;
 - c) The balance sheet, the statement of profit and loss, the cash flow statement and statement of changes in equity dealt with by this Report are in agreement with the books of account and with the returns received from the branch not visited by us;
 - d) In our opinion, the aforesaid financial statements comply with the Indian Accounting Standards prescribed under section 133 of the Act;
 - e) On the basis of the written representations received from the directors as on March 31, 2020, taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2020, from being appointed as a director in terms of section 164 (2) of the Act;
 - f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure B". Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the Company's internal financial controls over financial reporting;
 - g) With respect to the other matters to be included in the Auditor's Report in accordance with the requirements of the section 197(16) of the Act, as amended, in our opinion and to the best of our information and according to the explanation given to us, the remuneration paid by the company to its directors for the year ended March 31, 2020 is in accordance with the provisions of section 197 of the Act read with Schedule V of the Act.

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- h) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
- i. The Company has disclosed the impact of pending litigations on its financial position in its financial statements – refer note 40 to the financial statements;
 - ii. The Company did not have any long term contracts including derivative contracts for which there were any material foreseeable losses;
 - iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company.

For Singhi & Co.
Chartered Accountants
Firm Registration No.302049E



(Aditya Singhi)
Partner

Membership No. 305161
UDIN: 20305161AAAA8312

Place: Kolkata
Dated: 31st day of July, 2020



ANNEXURE "A" TO THE AUDITORS' REPORT OF EVEN DATE

(Referred to in paragraph 2 (vi) under 'Report on Other Legal and Regulatory Requirements' section of our report to the Members of Bengal Tea & Fabrics Ltd. of even date)

1. a. The Company has maintained proper records showing full particulars, including quantitative details and situations of fixed assets.
b. During the year, fixed assets have been physically verified by the management according to a regular programme of verification which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. As informed, no material discrepancies were noticed on such verifications.
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.
2. As informed to us, the inventories of the Company except for materials in transit and finished goods lying with third parties have been physically verified by the management and/or by an independent agency at the reasonable intervals. The year-end physical verification of inventories was carried out a firm of Chartered Accountants in textile division and by the management in tea division subsequent to Balance sheet date and performed the roll back procedure to confirm any discrepancies at the year-end stock. For stocks lying with third parties at the year-end, written confirmations have been obtained and in respect of goods-in-transit, subsequent goods receipts have been verified or confirmations have been obtained from the parties. The discrepancies noticed on verification between the physical stocks and the book records were not material.
3. The Company has not granted any loans secured or unsecured to companies, firms or parties covered in the register maintained under section 189 of the Act. Accordingly, clause 3 (iii) of the Order is not applicable to the Company.
4. In our opinion and according to the information and explanations given to us, the Company has complied with the provisions of section 185 and 186 of the Act, with respect to the loans and investments made.
5. The Company has not accepted any deposits from public covered under Sections 73 to 76 or any other relevant provisions of the Act and rules framed there under.
6. We have broadly reviewed the books of account maintained by the company pursuant to the Rules made by the Central Government for the maintenance of cost records under Section 148 (1) of the Act in respect of the Company's products to which the said rules are made applicable and are of the opinion that prima facie, the prescribed records have been maintained. We have however not made a detailed examination of the said records with a view to determine whether they are accurate or complete.
7. a. According to the information and explanations given to us, during the year, the Company has generally been regular in depositing with appropriate authorities undisputed statutory dues including Provident Fund, Employees' State Insurance, Income Tax, Goods & Service Tax, Custom duty, Cess and other material statutory dues as applicable to it with the appropriate authorities. No undisputed statutory dues as above were outstanding as at March 31, 2020 for a period of more than six months from the date they became payable, except as mentioned below:

Name of the Statute	Nature of the Dues	Amount (Rs. in lakhs)	Period to which the amount relates	Date of Payment
Gujarat Industrial Development Act, 1962	Water cess	0.46	March 2019	Unpaid


- b. According to the information and explanations given to us, the details of disputed dues of sales tax, income tax, customs duty, excise duty, service tax, and Cess, if any, which have not been deposited as at March 31, 2020, are as follows:



Name of the Statute	Nature of Dues	Amount (Rs. in lakhs)	Period to which the Amount relates	Forum where dispute is pending
Employee State Insurance	E.S.I Contribution	1.86 1.04	2004-2005 2010-2011	High Court, Ahmedabad
Central Excise	Excise Duty	26.93	2014-15	The commission of Central Excise (Appeal), Ahmedabad
Central Excise	Excise Duty	9.19	2016-17 2017-18	The Commissioner of Central GST-Audit, Ahmedabad
West Bengal Value Added Tax, 2003	VAT	1.18 0.76	2011-12 2016-17	West Bengal Commercial Tax Appellate & Revisional Board
The Central Sales Tax Act, 1956	CST	0.01	2013-14	Revision Petition

8. In our opinion and on the basis of information and explanations given to us by the management, we are of the opinion that the Company has not defaulted in repayment of dues to financial institutions, banks or debenture holders.
9. In our opinion and according to the information and explanations given to us, the company did not raise any money by way of initial public offer or further public offer (including debt instruments), the term loans obtained during the year were, prima facie, applied by the company for the purpose for which they were obtained, other than temporary deployment pending application.
10. During the course of our examination of books of account carried out in accordance with generally accepted auditing practices in India, we have neither come across any incidence of fraud on or by the Company nor have we been informed of any such cases by the management.
11. According to the information and explanations given to us and based on our examination of the records of the Company, the Company has paid/provided for managerial remuneration in accordance with the requisite approvals mandated by the provisions of section 197 read with Schedule V to the said Act.
12. In our opinion and according to the information and explanations given to us, the Company is not a Nidhi company. Accordingly, paragraph 3(xii) of the Order is not applicable.
13. 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.
14. According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year.
15. According to the information and explanations given to us and as represented to us by the management 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 him. Accordingly, paragraph 3(xv) of the Order is not applicable.
16. The Company is not required to be registered under section 45-IA of the Reserve Bank of India Act 1934.

For Singhi & Co.
Chartered Accountants
Firm Registration No.302049E



(Aditya Singhi)
Partner

Membership No. 305161

UDIN: 20305161AAAABA8312

Place: Kolkata

Dated: 31st day of July, 2020



ANNEXURE "B" TO THE INDEPENDENT AUDITOR'S REPORT

(Referred to in paragraph (h) under 'Report on Other Legal and Regulatory Requirements' of our report of even date)

Report on the Internal Financial Controls Over Financial Reporting 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 Bengal Tea & Fabrics Limited ("the Company") as of March 31, 2020 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. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

Auditor's Responsibility

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") issued by the Institute of Chartered Accountants of India and the Standards on Auditing prescribed under Section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

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

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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 and to the best of our information and according to the explanations given to us, 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, 2020, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India.

Other Matter

Our aforesaid reports under section 143(3)(i) of the Act on the adequacy and operating effectiveness of the Internal finance controls over financial reporting in so far as it relates to Textile Division & Real Estate Division (including discontinued operations as disclosed in the Financial Statements – Refer note 39) is based on the corresponding reports of the other auditors of the branches not visited by us. Our opinion is not modified in respect of this matter.

For Singhi & Co.
Chartered Accountants
Firm Registration No.302049E



(Aditya Singhi)
Partner

Membership No. 305161

UDIN: 20305161AAAA8312

Place: Kolkata

Dated: 31st day of July, 2020



Independent Auditors' Report

To,
The Board of Directors of
Bengal Tea & Fabrics Limited

Report on the audit of the Annual Financial Results

Opinion

We have audited the accompanying annual financial results of **Bengal Tea & Fabrics Limited** ('the Company') for the year ended 31st March 2020 (the "Statement"), attached herewith, being submitted by the Company pursuant to the requirement of regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended ("Listing Regulation"). The annual financial results have been initialed by us for the purposes of identification.

In our opinion and to the best of our information and according to the explanations given to us the aforesaid annual financial Statement:

- (a) are presented in accordance with the requirements of Regulation 33 of the Listing Regulations in this regard; and
- (b) gives a true and fair view in conformity with the recognition and measurement principles laid down in the applicable Indian Accounting Standards (IND AS) and other accounting principles generally accepted in India, of the net Loss and other comprehensive income and other financial information for the year ended 31st March 2020

Basis of Opinion

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

Emphasis of Matter

We draw your attention to note 5 of the financial results which explains the uncertainties and management's assessment of the financial impact on the Ind AS financial statement of the company due to the lockdown and other restrictions imposed by the Government of India and other conditions related to the COVID-19



pandemic situation, for which a definitive assessment in the subsequent period is highly dependent upon circumstances as they evolve.

Our opinion is not modified in respect of this matter.

Management's and Board of Directors' Responsibilities of the Annual Financial Results

These annual results have been prepared on the basis of the annual financial statements.

The Company's Management and the Board of Directors are responsible for the preparation and presentation of the Statement that gives a true and fair view of the net loss and other comprehensive income of the Company and other financial information in accordance with the recognition and measurement principles laid down in Indian Accounting Standards prescribed under Section 133 of the Act read with relevant rules issued there under and other accounting principles generally accepted in India and in compliance with Regulation 33 of the Listing Regulations. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safe guarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the 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 Statement that give a true and fair view and are free from material misstatement, whether due to fraud or error.

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

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

Auditor's Responsibilities for the Audit of the Annual Financial Results

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

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

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

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

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

Materiality is the magnitude of misstatements in the financial results that individually or in aggregate, make it probable that the economic decisions of a reasonably knowledgeable user of the financial results may be influenced. We consider quantitative materiality and qualitative factors in (i) planning the scope of our audit work and in evaluating the results of our work; and (ii) to evaluate the effect of any identified misstatements in the financial results.



Other Matter

- a) We did not audit total revenue of Rs.6320 Lakhs and Rs. NIL and total comprehensive income of Rs. (608) Lakhs and Rs. NIL of Textile Division & Real Estate Division for the year ended March 31, 2020 respectively and the total assets of Rs. 5009 Lakhs and Rs. 2029 Lakhs of Textile Division & Real Estate Division as at March 31, 2020 respectively, (including Revenue amounting to Rs. NIL, profit before tax of Rs. 23 Lakhs and assets of Rs. 90 Lakhs for the discontinued operations as disclosed in the Financial Statement) whose financial information have been audited by the other auditor and whose report has been furnished to us, and our opinion in so far as it relates to the affairs of these divisions is based solely on the report of the other auditor.
Our conclusion is not modified in respect of this matter.
- b) The annual financial results include the results for the quarter ended 31st March, 2020 being the balancing figure between the audited figures in respect of the full financial year and the published unaudited year to date figures up to the third quarter of the current financial year which were subject to limited review by us as required under the listing regulations.
Our opinion is not modified in respect to above matter.

For Singhi & Co.
Chartered Accountants
Firm's Registration No. 302049E



(Aditya Singhi)
Partner

Membership No. 305161
UDIN: 20305161AAAAAZ7CCC

Place: Kolkata

Date: 31st day of July, 2020



BENGAL TEA & FABRICS LIMITED

CIN : L51909WB1983PLC036542

Regd. Office : Century Towers, 4th Floor, 45, Shakespeare Sarani, Kolkata - 700017

Compliance Officer's Email ID : investor@bengaltea.com

Telefax – 91 -33 2283 6416/17 Website: www.bengaltea.com

Statement of Audited Financial Results for the Quarter & Year ended 31st March, 2020

(₹ in lakhs)

	Particulars	Quarter ended			Year ended	
		31 st March, 2020 Audited * Refer Note (6)	31 st December 2019 Unaudited	31 st March, 2019 Audited * Refer Note (6)	31 st March, 2020 Audited	31 st March, 2019 Audited
	Revenue :					
I	Revenue from operation	1,899	2,834	2,296	11,035	11,061
II	Other income	32	25	68	116	164
III	Total Revenue (I+II)	1,931	2,859	2,364	11,151	11,225
IV	Expenses :					
	a. Cost of materials consumed	889	975	940	4,550	4,655
	b. Purchase of stock-in-trade	-	-	-	25	19
	c. Changes in inventories of finished goods, Stock-in-trade and Work-in-progress	156	288	326	(427)	(31)
	d. Employee benefits expense	599	602	461	2,603	2,372
	e. Finance cost	62	53	66	238	246
	f. Depreciation and amortization expense	121	118	121	460	477
	g. Power & fuel	269	355	344	1,485	1,445
	h. Other expenses	643	512	622	2,434	2,219
	Total Expenses	2,739	2,903	2,880	11,368	11,402
V	Profit/ (Loss) before exceptional items & tax (III-IV)	(808)	(44)	(516)	(217)	(177)
VI	Exceptional items	-	-	-	-	-
VII	Profit/ (Loss) before tax (V-VI)	(808)	(44)	(516)	(217)	(177)
VIII	Tax Expense					
	1. Current Tax	(103)	(25)	(86)	-	1
	Less : MAT Credit Entitlement	103	25	68	-	(1)
	2. Deferred Tax	(238)	2	(153)	(77)	(105)
	3. Income Tax for earlier years	-	-	-	-	(1)
IX	Profit / (Loss) for the period from Continuing Operations (VII-VIII)	(570)	(46)	(345)	(140)	(71)
X	(Loss) / Profit from Discontinued Operation	8	-	(11)	23	53
XI	Tax Expense of Discontinued Operation	14	2	-	17	14
XII	(Loss) / Profit from Discontinued Operations (X-XI) (after Tax)	(6)	(2)	(11)	6	39
XIII	Profit/ (Loss) for the Period (IX+XII)	(576)	(48)	(356)	(134)	(32)
XIV	Other Comprehensive Income					
	A (I) Items that will not be re-classified to profit or loss					
	(i) Remeasurement of defined benefit plans	(52)	-	(66)	(52)	(66)
	(II) Income tax thereon	-	-	-	-	-
XV	Total Comprehensive Income for the Period (XIII+XIV)	(628)	(48)	(422)	(186)	(98)
	Paid-up Equity Share Capital (Face value per share ₹ 10/-)	901	901	901	901	901
	Other Equity (as per balance sheet)				8,500	8,687
XVI	Earning per Share					
	Basic & Diluted (Continuing Operations) (In ₹)	(6.33)	(0.51)*	(3.83)*	(1.55)	(0.79)
	Basic & Diluted (Discontinued Operation) (In ₹)	(0.07)	(0.02)*	(0.12)*	0.06	0.43
	Basic & Diluted (Continuing & Discontinued Operations) (In ₹)	(6.40)	(0.53)*	(3.95)*	(1.49)	(0.36)
	* (Figure for the periods are not annualized)					



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(₹ in lakhs)

Statement of Assets & Liabilities as at 31st March, 2020

	Particulars	As at 31 st March, 2020	As at 31 st March, 2019
		Audited	Audited
A	ASSETS		
1	Non-current Assets		
	(a) Property, plant and equipment	6,656	6,780
	(b) Capital work-in-progress	220	89
	(c) Other Intangible assets	20	13
	(d) Intangible assets under development	1	1
	(e) Financial assets		
	(i) Other financial assets	61	36
	(f) Deferred tax assets (Net)	703	643
	(g) Other non-current assets	37	30
	Sub-total- Non-current assets	7,698	7,592
2	Current Assets		
	(a) Inventories	3,878	3,494
	(b) Biological assets other than bearer plants	-	16
	(c) Financial assets		
	(i) Investments	215	796
	(ii) Trade receivables	774	916
	(iii) Cash and cash equivalents	144	42
	(iv) Bank balances other than (iii) above	17	39
	(v) Loans	63	66
	(vi) Other financial assets	27	27
	(d) Current tax assets (Net)	108	81
	(e) Other current assets	437	213
		5,663	5,690
	Assets pertaining to Disposal Group	90	295
	Assets Held for Sale	73	-
	Sub-total Current assets	5,826	5,985
	TOTAL ASSETS	13,524	13,577
B	EQUITY AND LIABILITIES		
1	Equity		
	(a) Equity Share Capital	901	901
	(b) Other Equity	8,500	8,687
		9,401	9,588
2	Liabilities		
	<u>Non-current liabilities</u>		
	(a) Financial Liabilities		
	(i) Borrowings	-	184
	(ii) Other financial liabilities	2	5
	(b) Provisions	94	63
	(c) Other non-current liabilities	22	27
	Sub-total-Non-current liabilities	118	279
	<u>Current Liabilities</u>		
	(a) Financial Liabilities		
	(i) Borrowings	2,113	1,863
	(ii) Trade payables		
	(i) Total Outstanding dues of micro enterprises & small enterprises ; and	22	21
	(ii) Total Outstanding dues of creditors other than micro enterprises & small enterprises	1,375	976
	(iii) Other financial liabilities	123	482
	(b) Other current liabilities	266	268
	(c) Provisions	104	96
		4,003	3,706
	Liabilities pertaining to Disposal Group	2	4
	Sub-total- Current Liabilities	4,005	3,710
	TOTAL EQUITY AND LIABILITIES	13,524	13,577

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Statement of Cash Flows for the period ended 31st March 2020

(₹ in lakhs)

	For the year ended (Audited) 31 st March, 2020			For the year ended (Audited) 31 st March, 2019		
	Continuing Operations	Discontd. Operations	Total	Continuing Operations	Discontd. Operations	Total
A CASH FLOW FROM OPERATING ACTIVITIES						
Net Profit / (Loss) before tax and after exceptional items	(217)	23	(194)	(177)	53	(124)
Finance cost	238	-	238	248	10	256
Depreciation (including amortization & impairment)	460	(4)	456	477	-	477
Interest received	(5)	(25)	(30)	(6)	(8)	(14)
Rent received	(1)	-	(1)	(1)	-	(1)
Deferred Income Written Off	(4)	-	(4)	(5)	-	(5)
Loss / (Profit) on Property, Plant and Equipment sold/discarded (Net)	(13)	1	(12)	14	(58)	(44)
Net (Gain) on sale of investments	(15)	-	(15)	(5)	-	(5)
Mark to Market (gain) on financial instruments under FVTPL	(5)	-	(5)	(52)	-	(52)
Sundry Balances Written Back /Written Off (Net)	(6)	-	(6)	-	-	-
Operating Profit/ (Loss) before Working Capital Changes	432	(5)	427	491	(3)	488
ADJUSTMENT FOR :						
(Increase)/Decrease in trade receivables	143	-	143	(257)	3	(254)
(Increase)/Decrease in Non-current & current financial assets	(9)	-	(9)	13	8	21
(Increase) /Decrease in Non-current & current assets	(211)	187	(24)	(148)	67	(81)
(Increase) /Decrease in Inventories	(383)	-	(383)	(32)	-	(32)
Increase / (Decrease) in Trade Payables	400	-	400	265	-	265
Increase / (Decrease) in Non-current & current financial liabilities	(115)	-	(115)	(38)	-	(38)
Increase / (Decrease) in Non-current & current provisions	39	-	39	50	-	50
(Decrease) in Non-current & current liabilities	4	(2)	2	(95)	(10)	(106)
Cash Generated from Operations	300	180	480	268	65	333
Income Tax (Paid)/ received (Net)	(27)	-	(27)	(2)	-	(2)
Net Cash Flow from Operating Activities	273	180	453	266	65	331
B CASH FLOW FROM INVESTING ACTIVITIES						
Purchase of Property, Plant and Equipment	(562)	-	(562)	(263)	-	(263)
Sale of Property, Plant and Equipment	27	16	43	6	382	388
Purchase of Investments	(251)	-	(251)	(250)	-	(250)
Sale of Investments	851	-	851	254	-	254
Interest Received	6	25	31	7	8	15
Rent Received	1	-	1	1	-	1
Net Cash flow from Investing Activities	72	41	113	(245)	390	145
C CASH FLOW FROM FINANCING ACTIVITIES						
Increase / (Decrease) in Short Term Borrowings from Banks	250	-	250	304	-	304
Decrease in Long Term Borrowings	(484)	-	(484)	(553)	-	(553)
Finance Cost	(230)	-	(230)	(248)	(10)	(256)
Net Cash flow from Financing Activities	(464)	-	(464)	(495)	(10)	(505)
Net Increase / (Decrease) in Cash and Cash Equivalents	(119)	221	102	(474)	445	(29)
Cash and Cash Equivalents at the beginning of the year	42	-	42	71	-	71
Cash and Cash Equivalents at the end of the year	144	-	144	42	-	42



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Segment wise Revenue, Results, Assets and Liabilities as at 31st March, 2020

(₹ in lakhs)

	Particulars	Quarter ended			Year Ended	
		31 st March, 2020 Audited *Refer Note (6)	31 st December, 2019 Unaudited	31 st March, 2019 Audited *Refer Note (6)	31 st March, 2020 Audited	31 st March, 2019 Audited
1	Segment Revenue					
	(a) Textile Division	1,366	1,510	1,946	5,262	6,759
	(b) Tea Division	533	1,324	350	4,773	4,302
	(c) Real Estate Division	-	-	-	-	-
	Less: Inter Segment Revenue					
	Revenue from Operations	1,899	2,834	2,296	11,035	11,061
2	Segment Results					
	(a) Textile Division	(194)	(115)	(107)	(444)	(365)
	(b) Tea Division	(520)	156	(323)	606	541
	(c) Real Estate Division	-	-	-	-	-
	Total	(714)	41	(430)	162	176
	Less: (i) Finance Cost	62	53	66	238	246
	Less: (i) Other Un-allocable Expenditure	37	39	40	163	166
	(ii) Un-allocable (income)/Loss	(5)	(7)	(20)	(22)	(59)
	Total Profit/(Loss) Before Tax	(808)	(44)	(516)	(217)	(177)
3	Segment Assets					
	(a) Textile Division	4,919	4,851	4,443	4,919	4,443
	(b) Tea Division	5,410	5,624	5,244	5,410	5,244
	(c) Real Estate Division	2,029	2,029	2,030	2,029	2,030
	(d) Unallocated	1,076	1,141	1,565	1,076	1,565
	Total Segment Assets	13,434	13,645	13,282	13,434	13,282
4	Segment Liabilities					
	(a) Textile Division	2,638	2,690	2,642	2,638	2,642
	(b) Tea Division	1,442	950	1,291	1,442	1,291
	(c) Real Estate Division	27	37	39	27	39
	(d) Unallocated	13	24	13	13	13
	Total Segment Liabilities	4,120	3,701	3,985	4,120	3,985
5	Capital Employed					
	(Segment Assets - Segment Liabilities)					
	(a) Textile Division	2,281	2,161	1,801	2,281	1,801
	(b) Tea Division	3,968	4,674	3,953	3,968	3,953
	(c) Real Estate Division	2,002	1,992	1,991	2,002	1,991
	(d) Unallocated	1,063	1,117	1,552	1,063	1,552
	Total Capital Employed	9,314	9,944	9,297	9,314	9,297
Note : the segment information stated above does not include the following information relating to discontinued operation as stated in note 2(a) & 3 of the published results.						
6	Information related to Discontinued Operation					
	(a) Segment Revenue	-	-	-	-	-
	(b) Segment Results (Pre-tax)	8	-	53	23	53
	(c) Segment Assets	90	86	295	90	295
	(d) Segment Liabilities	2	-	4	2	4
	(e) Capital Employed	88	86	291	88	291
The Company has reported segment information as per Indian Accounting Standard 108 "Operating Segment" (IND AS 108). The identification of operating segment is consistent with performance assessment and resource allocation by the Chief Operating Decision Maker.						



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- (1) The above results have been reviewed by the Audit Committee and thereafter taken on record by the Board of Directors at their meeting held on 31st July, 2020. The Statutory Auditors have audited the result as required under Regulation 33 of SEBI (Listing Obligations and Disclosure requirements) Regulations, 2015.
- (2) (a) The Company had closed the spinning section (Yarn Segment) at the Textile Unit of the Company situated at Asarwa Mills, Ahmedabad w e f 15th September 2017 after obtaining requisite approvals from the shareholders. Accordingly, the financial results of the Yarn Division has been shown as "Discontinued Operation" in terms of IND AS 105 in the results as published.
- (b) Board of directors of the Company has announced the decision of sale of the Textile Division's bungalow situated at Asarwa House, Dr. Balwantrao Mehta Marg, Shahibaug, Ahmedabad. Board of Directors of the Company has accepted the offer for purchase of the said bungalow in their meeting dated February 8, 2020. Accordingly, the said bungalow has been classified under "Assets held for sale" in terms of "IND AS 105 - Non Current Assets Held for Sale and Discontinued Operations" in the financial statements. As per the said IND AS, it is required to measure the asset at lower of carrying amount and fair value less cost to sale and depreciation on such asset to cease. Accordingly the asset is measured at carrying amount.
- (3) Profit/(Loss) from Discontinued Operations includes
- (a) Profit from sale of machineries of ₹ 8 lakh during the quarter ended and ₹ 4 Lakhs for the year ended March 31, 2020. (Quarter ended December 31, 2019 - ₹ Nil Lakh, Quarter & financial year ended March 31, 2019 - profit of ₹ Nil & ₹ 59 Lakhs) respectively.
- (b) Interest income on VAT refund (net of expenses) of ₹ Nil for the quarter ended March 31, 2020 & ₹ 19 Lakhs for the year ended March 31, 2020 (Quarter ended December 31, 2019 : ₹ Nil Lakhs, during the quarter & financial year ended March 31, 2019 - ₹ Nil Lakhs and ₹ 5 lakhs, respectively).
- (c) Term Loan prepayment charges of ₹ Nil lakhs during the quarter & year ended March 31, 2020 (Quarter ended December 31, 2019 : ₹ Nil lakhs, for Quarter & year ended March 31, 2019 : ₹ 11 Lakhs & ₹ 11 lakhs, respectively).
- (4) The Company has adopted Ind AS 116 Leases which is mandatory for reporting period beginning on or after April 1, 2019. Adoption of this standard do not have any material impact on the financial results.
- (5) The spread of COVID-19 pandemic has impacted the regular business operations of the company post lock-down from March 24, 2020, which includes suspension of production facilities, disruptions in supply chain & adopting work from home policies across the locations. The volumes for the month of March 2020 were impacted partially. The Company is monitoring the situation closely and operations are being resumed/ramped up in a phased manner from April 2020 in Tea Division and from June 2020 in Textile Division, considering various directives from GOI. The management has considered various internal and external sources of information up to the date of approval of its annual financial statements by the Board of Directors in determining the impact of pandemic on the various elements of financial statements. The management has used the principles of prudence in applying judgments, estimates & assumptions and based on the current estimates and expects to fully recover the carrying amount of various non-current & current assets. In case of inventories, the management has performed the year end verification itself subsequent to the year end to obtain the comfort over existence & conditions of the inventories including roll back procedure. Further Considering the uncertainties involved, the eventual outcome of impact of the pandemic may be different from those estimated as on the date of approval of the annual financial statements. The Company will continue to closely monitor any material changes in future economic conditions.
- (6) The figures for the quarter ended 31st March, 2020 and 31st March, 2019 are the balancing figures in respect to full financial year and unaudited published figures upto the third quarter of the respective years. Also the figures upto the third quarter had been reviewed and not subjected to audit.
- (7) Previous quarter / period figures have been re-grouped / re-arranged wherever necessary, to confirm to the classification for the quarter and financial year ended March 31, 2020.

For and on behalf of the Board of Directors

Adarsh Kanoria

Adarsh Kanoria
Managing Director
(DIN: 00027290)

Place: Kolkata
Date: July 31, 2020



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