



# Salarpuria & Partners

CHARTERED ACCOUNTANTS

7, C. R. AVENUE, KOLKATA - 700 072  
 Phone : 2237 5400 / 5401, 4014 5400-5410  
 Website : www.salarpuriajajodia.com  
 E-mail : salarpuria.jajodia@rediffmail.com  
 office@salarpuriajajodia.com  
 Branch at New Delhi

## Independent Auditor's Report

TO

**THE MEMBERS OF NATIONAL JUTE MANUFACTURES CORPORATION LIMITED**  
**REPORT ON THE AUDIT OF THE STANDALONE FINANCIAL STATEMENTS**

### Qualified Opinion

We have audited the accompanying Standalone Financial Statements of **NATIONAL JUTE MANUFACTURES CORPORATION LIMITED** ("The Company"), which comprise the Balance Sheet as at March 31, 2024, the Statement of Profit and Loss and the Cash Flow Statement for the year then ended, and notes to the Standalone Financial Statements, including a summary of significant accounting policies and other explanatory information.

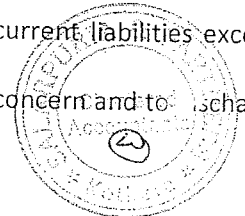
In our opinion and to the best of our information and according to the explanations given to us, except for the effects of matters described in the Basis for Qualified opinion section of our report, the aforesaid Standalone Financial Statements give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2024, its profit and cash flows for the year ended on that date.

### Basis for Qualified Opinion

#### A) Going Concern Assumption:

The accounts have been drawn up on going concern basis which is not appropriate under the circumstances because of the following reasons:

- The Union Cabinet has approved the closure of National Jute Manufactures Corporation Limited (NJMC) and its subsidiary Birds Jute Exports Limited (BJEL) at its meeting held on 10th October, 2018. Disposal of all assets will be in accordance with the guidelines of DPE dated 14.06.2018 and the proceeds from the sale of assets, after meeting the liabilities will be deposited in Consolidated Fund of India. In terms of engagement of MSTC as auctioning agency, all the movable assets of five of its mills namely viz National, Alexandra, RBHM, Kinnison, and Khardah have been disposed off along with building of Khardah.
- During the year the company has recognized the disposal of its movable property, plant, and equipment of Khardah and Kinnison Unit and Building of Khardah. The profit of which is shown as Income from Scrap Sale (refer note 18(B)(ii) of Standalone Financial Statements).
- NBCC who has been appointed as Pre-Land Management Agency submitted its report but the disposal of Land & Building for all units is yet to be taken.
- During the year the disposal of movable property, plant, and equipment along with building which were auctioned and sold along with inventory, the sales value over and above carrying value of such movable Property, Plant and Equipment is shown as Income from Scrap sale.
- The income of the Company for the last several years is primarily from Interest on Fixed Deposits.
- The Financial Statements indicate that the company's current and non-current liabilities exceed its total assets by ₹13,530.64 Lakhs and its net worth is fully eroded. These factors confirm the inability of the company to continue as a going concern and to discharge its liabilities in the normal course of business at present.





# Salarpuria & Partners

## CHARTERED ACCOUNTANTS

7, C. R. AVENUE, KOLKATA - 700 072  
 Phone : 2237 5400 / 5401, 4014 5400-5410  
 Website : www.salarpuriajajodia.com  
 E-mail : salarpuria.jajodia@rediffmail.com  
 office@salarpuriajajodia.com  
 Branch at New Delhi

### B) Non-Compliance with Accounting Standards:

#### **B.1 Accounting Standard-2 – Valuation of Inventories**

During the year company has disposed off its remaining inventories which was carrying since a long period, book value of which was ₹ 322.55 lakhs. Without the details of the inventories, valuation as per Accounting Standard 2 cannot be ascertained. Such book value of inventory of ₹ 322.55 lakhs as on 01.4.2023 was transferred to scrap sale with value of realization is nil as it is sold at a lumpsum auction with movable Property, Plant and Equipment of the Company.

#### **B.2 Accounting Standard -9 – Revenue Recognition:**

The company has recognized interest income of ₹184.88 Lakhs on the loans granted to its subsidiary, Birds Jute & Exports Ltd. But at the same time, it has also made provision on this account towards doubtful interest receivable net of TDS. This process of accounting is causing loss to the company on account of income tax on the interest income being irrecoverable for years. The subsidiary company has not made any repayments of principal as well as interest for several years.

#### **B.3 Accounting Standard 10 – Property Plant & Equipment**

The profit on disposal of Property Plant & Equipment on account of sale is shown as income from scrap sale.

#### **B.3 Accounting Standard -22- Accounting for Taxes on Income:**

The Company has not complied with AS-22 Accounting for Taxes on Income. Ascertainment of Deferred Tax Asset & Liability in accordance with the said standard has not been done.

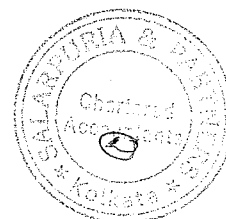
The company has provided income tax provision for F.Y. 23-24 on the basis of estimation and final liability would be determined later at the time of final payment of income tax. If any shortfall/excess, the same will be then recognized subsequently.

#### **B. 4 Accounting Standard – 29 - 'Provisions, Contingent Liabilities and Contingent Assets:**

According to the information and explanations given to us, the company is in litigation with various parties on diverse matters, a number of which are pending for several years. However, against many cases, the company has not estimated and disclosed the amount of possible financial implication of the dispute, as required under AS 29 'Provisions, Contingent Liabilities and Contingent Assets'.

#### **B.4 Accounting Standard – 24 - 'Discontinuing Operations':**

As the company has already started disposing off its movable assets including inventories according to the closure directives, the company cannot be treated to be continuing in operation. The disclosure as contained in accounting standard 24 'Discontinuing Operations' have not been followed in preparation of the accounts of the company.



### **C) Under/Over statement of Income/Expenses and Assets/Liabilities:**

#### **C.1 Property, Plant & Equipment & Depreciation:**

- a) As disclosed in Note 9(4), 'Land & Building', of the Standalone Financial Statements, includes property at 5, Alipore Road, Kolkata, which is not in the possession of the Company though vested in the company under the Jute Companies (Nationalization) Act, 1980. The property is under litigation and the legal experts are having divergent views regarding the ownership right over the property. Though the ownership is disputed, the company is providing liability in respect of municipal taxes payable to Kolkata Municipal Corporation, which amounted to Rs.4.45 Lakhs for the financial year 2023-24 (Previous Year: Rs.4.45 Lakhs). The cumulative Liability so provided up to 31.03.2024 is ₹120.92 Lakhs (upto 31.03.2023: ₹116.47 Lakhs). Refer Note No. 7(b) of the Standalone Financial Statement
- c) The Title Deeds of the land at various location were made available for our verification but could not be properly verified and linked with the records of land (refer note 9(8) of Standalone Financial Statements). However, according to information and explanation given to us, the land property of three mills viz. Khardah, some portion of Kinnison and Alexandra are still continuing in the name of the erstwhile companies. We have been further informed that representation has been made to the Additional District Magistrate & District Land & Land Reforms Officer – North 24 Paraganas, Barasat as well as Secretary Land and Land Reforms and Refugee Relief and Rehabilitation Department, Government of West Bengal for updating the land records in respect of the said properties but, the matter is still pending as on 31<sup>st</sup> March 2024

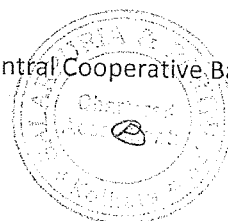
#### **C.2 Investments:**

The company is not maintaining proper Register of its Investments. The details of investments, as disclosed under note no. 10 of the Standalone Financial Statements, is also not matching with the general ledger and there is a difference of Rs.0.37 Lakh. Further, in respect Investments in Govt. securities aggregating to ₹0.74 Lakhs and Share scrips in respect of investments held in Britannia Engineering Ltd. and J.F. Low & Co. Ltd, value 'NIL' could not be made available for our verification and were informed to be not traceable. These investments are very old and it was explained to us that the original certificates might have been provided as security to the various Govt. authorities/departments. It was also noticed that investments include ₹ 0.02 Lakhs in the shares of companies, the names of which have already been struck off. However, full provision has been made against all these investments. Furthermore, investments include shares in Cheviot Company Limited and Birla Corporation Limited against which full provision has been made though dividend of Rs.0.02 Lakhs have been received against these shares.

#### **C. 3 Cash and Bank Balances:**

Bank balances include Rs 0.90 lakhs on account of Kinnison Unit lying with UCO Bank, Titagarh Branch, which is an inoperative account as on balance sheet date.

Bank balance include Rs. 5.91 lakhs on account of RBHM unit lying with Central Cooperative Bank, Katihar district branch, for which details are not available with the management.





## Salarpuria & Partners

### CHARTERED ACCOUNTANTS

7, C. R. AVENUE, KOLKATA - 700 072  
 Phone : 2237 5400 / 5401, 4014 5400-5410  
 Website : www.salarpuriaajajodia.com  
 E-mail : salarpuria.jajodia@rediffmail.com  
 office@salarpuriaajajodia.com  
 Branch at New Delhi

#### C. 4 Short Term Loans & Advances:

- Against the aggregate amount of Rs.1319.71 Lakhs as income tax deducted at source receivable by the company has made a provision of Rs.408.77 Lakhs.(refer note no. 15(b) of standalone financial statements)
- The Income-tax refunds determined for earlier years, together with interest allowed thereon, are being adjusted by the Income tax department against the arrear demand for the assessment year 1990-91. The outstanding demand summary of the company appearing in the Intimation U/s. 143(1) for the assessment year 2023-24 is still showing a sum of Rs.176.16Lakhs (For the A.Y. 1990-91) payable by the company. The demand for 2007-08, 2009-10 and 2023-24, amounting to Rs.1.78 Lakhs was paid by the company on 28/12/23.
- After going through the balance confirmation and the audited financial statements for the year ending 31.03.2024 received from Birds Jute & Exports Ltd., the subsidiary, we observed the balance lying in various accounts with the subsidiary are not matching, the details of which are as follows:

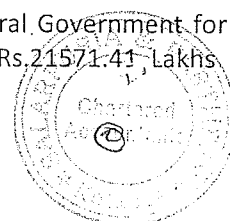
Account	Balance as per NJMC (₹ in Lakhs)	Balance as per Subsidiary (₹ in Lakhs)	Remarks
Loan Given	477.49	477.49	Differences enumerated in the columns have not been reconciled till close of the year.
Interest Accrued on loans granted to Subsidiary	4213.64	4213.64	
Advances given	632.15	631.05	
Creditors for Goods	NIL	94.91	
Creditors for Rent	NIL	0.15	
Trade Receivables A/c Goods	NIL	258.21	
Trade Receivables A/c Expenses	NIL	7.40	

#### C. 5 Other Current Assets:

In absence of party wise details and relevant documents in respect of Security Deposits aggregating to ` 54.70 Lakhs, out of which ` 11.47 Lakhs considered doubtful, it could not be determined how the company is assured of the recovery of balance amount of Rs.43.23 Lakhs which also should have been provided under the current situation. Refer Note No. 16(b) of the Standalone Financial Statement.

#### C. 6 Long Term Borrowings:

- The company has taken loans of ₹ 281.48 Lakhs from Government of West Bengal in earlier years. The Loan agreement or any other document showing the terms and conditions of such loan could not be made available to us for our verification. The company has defaulted in repayment of loan taken from Government of West Bengal Rs 1932.93 lakhs (principal and interest thereon) as on 31.03.2024. (refer note no. 4 of Standalone Financial Statements)
- No balance confirmation have been obtained by the company from the Central Government for the outstanding balance of interest free loan as on 31.03.2024 amounting to Rs.21571.41 Lakhs also defaulted (refer note no. 4 of Standalone Financial Statements).





# Salarpuria & Partners

CHARTERED ACCOUNTANTS

7, C. R. AVENUE, KOLKATA - 700 072  
 Phone : 2237 5400 / 5401, 4014 5400-5410  
 Website : www.salarpuriajajodia.com  
 E-mail : salarpuria.jajodia@rediffmail.com  
 office@salarpuriajajodia.com  
 Branch at New Delhi

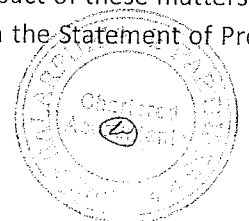
## C. 7 Trade Payables:

Trade Payables aggregating to ₹2036.76 Lakhs (as at 31.03.2023 ₹2104.85 Lakhs) include old outstanding balances carried over for more than three years aggregating to ₹ 1983.50 Lakhs as per age-wise analysis of trade payables prepared by the company Trade payable MSME was Rs 112.58 lakhs as on 31.03.24. Details of such was not made available to us which remain outstanding for more than three years. So, we are not able to comment on the classification and provision for interest of delayed payment to MSME. Furthermore, in case of Kinnison Unit, the number of Sundry Creditors for Services and Sundry Creditors for Stores are being included in Trade Payables at net of debit balance of Rs. 25.32 Lakhs lying in some of these creditor accounts. Consequently, the liability on account of Trade Payables is understated to that extent in the balance sheet. Furthermore, the provision made by the company towards doubtful advances given is also short to that extent, which has the impact of understatement of loss to the extent of Rs.25.32 Lakhs on this account.

## C.8 Other Current Liabilities:

- a) Statutory dues also include Damages due on PF and interest thereon amounting to Rs.903.06 Lakhs, Damages on ESI and interest thereon amounting to Rs. 3240.01 Lakhs, Professional Tax (including interest) amounting to Rs. 70.18 Lakhs, and Fringe Benefit Tax amounting to ₹ 8.93 Lakhs, Provision for TDS Statutory amounting to Rs. 2.74 Lakhs which are brought forward since long back for which no relevant information is provided by the company so, due to absence of relevant information, it could not be ascertained how much of these liabilities are ultimately payable or whether the same have been adequately provided.
- b) In the absence of party-wise details and other necessary information in respect of undisbursed claim of Commissioner of Payment: ₹ 40.29 Lakhs; Performance Guarantee: ₹ 57.47 Lakhs, Advance from Parties: ₹103.55 Lakhs, interest on ISDS Fund of Rs.19.02 Lakhs and old outstanding balances included in Security Deposits/EMD Received amount of which could not be ascertained for want of details. It is not possible for us to ascertain how much of these liabilities are ultimately payable or whether the same have been ultimately provided for. Most of the balance are outstanding from a long period of time.
- c) Liabilities for Employee benefits of ₹337.83 Lakhs include old outstanding liability aggregating to ₹320.60 Lakhs on account of VRS payable, Gratuity Payable and Arrear Salary Payable. The company is maintaining the old balances as liability towards staff related payments. According to the information given to us, the total financial contingent liability in Labour matters, so far, the management could ascertain in a number of cases comes to ₹6987.99 Lakhs. Refer Note No 25 of the Standalone Financial Statements.
- d) Unpaid Other Rates ₹ 113.78 Lakhs, are being carried forward for long. In the absence of relevant information, it could not be ascertained how much of these liabilities are ultimately payable or whether the same have been adequately provided. Refer Note No 7 of the Standalone Financial Statements.

In view of the aforesaid observations, we are unable to determine the impact of these matters on the statement of affairs of the company and the corresponding impact on the Statement of Profit & Loss.





# Salarpuria & Partners

## CHARTERED ACCOUNTANTS

7, C. R. AVENUE, KOLKATA - 700 072  
 Phone : 2237 5400 / 5401, 4014 5400-5410  
 Website : [www.salarpuriajajodia.com](http://www.salarpuriajajodia.com)  
 E-mail : [salarpuria.jajodia@rediffmail.com](mailto:salarpuria.jajodia@rediffmail.com)  
[office@salarpuriajajodia.com](mailto:office@salarpuriajajodia.com)  
 Branch at New Delhi

### 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 of the current period. These matters were addressed in the context of our audit of the Standalone financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Reporting of key audit matters as per SA 701, Key Audit Matters are not applicable to the Company as it is an unlisted company.

### INFORMATION OTHER THAN THE FINANCIAL STATEMENTS AND AUDITOR'S REPORT THEREON

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

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

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

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

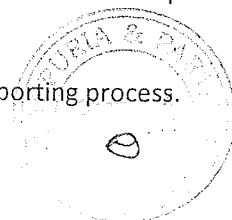
### RESPONSIBILITIES OF MANAGEMENT AND THOSE CHARGED WITH GOVERNANCE FOR THE STANDALONE FINANCIAL STATEMENTS

The Company's Board of Directors is responsible for the matters stated in section 134(5) of the Companies Act, 2013 ('the Act') with respect to the preparation of these Standalone Financial Statements that give a true and fair view of the financial position, financial performance 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.

The 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, design & implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statement that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the standalone financial statements, the Board of Directors 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 the Board of Directors either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

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





# Salarpuria & Partners

## CHARTERED ACCOUNTANTS

7, C. R. AVENUE, KOLKATA - 700 072  
 Phone : 2237 5400 / 5401, 4014 5400-5410  
 Website : [www.salarpuriajajodia.com](http://www.salarpuriajajodia.com)  
 E-mail : [salarpuria.jajodia@rediffmail.com](mailto:salarpuria.jajodia@rediffmail.com)  
[office@salarpuriajajodia.com](mailto:office@salarpuriajajodia.com)  
 Branch at New Delhi

### **AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE STANDALONE FINANCIAL STATEMENTS**

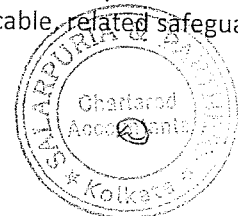
Our objectives are to obtain reasonable assurance about whether the standalone financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not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

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

- Identify and assess the risks of material misstatement of the Financial Statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our qualified 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 Companies Act, 2013, we are also responsible for expressing our opinion on whether the company has adequate internal financial controls system in place and operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the Standalone 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.
- 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.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant 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.





# Salarpuria & Partners

## CHARTERED ACCOUNTANTS

7, C. R. AVENUE, KOLKATA - 700 072  
 Phone : 2237 5400 / 5401, 4014 5400-5410  
 Website : www.salarpuriajajodia.com  
 E-mail : salarpuria.jajodia@rediffmail.com  
 office@salarpuriajajodia.com  
 Branch at New Delhi

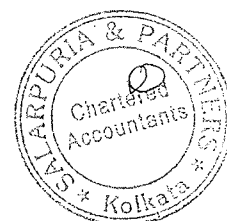
### Other Matters

The Financial Statements of the company for the year ended 31<sup>st</sup> March 2023 has been audited by R.K.Patodia & Co., Chartered Accountants, the predecessor auditor who expressed an modified opinion vide their report dated December 1, 2023.

Our opinion is not modified in respect of matters stated in Other Matter Paragraph.

### REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

1. As required by the Companies (Auditor's Report) Order, 2020 ("the Order") issued by the Central Government of India in terms of section 143(11) of the Act, we give in Annexure-A, a statement on the matters specified in paragraphs 3 and 4 of the order to the extent applicable.
2. As required by section 143(3) of the Act, we report that:
  - (a) We have sought and, except for the matters described in the Basis for Qualified Opinion paragraph, obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
  - (b) Except for the possible effects of the matters described in the Basis for Qualified Opinion paragraph, 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 the books.
  - (c) The Balance Sheet, Statement of Profit and Loss and the Statement of Cash Flow dealt with by this report are in agreement with the books of account.
  - (d) Except for the effects of the matters described in the Basis for Qualified Opinion paragraph, in our opinion, the Standalone Balance Sheet, Statement of Profit and Loss, Cash Flow Statement comply with the accounting standards specified under section 133 of the Act, read with rule of the Companies (Accounts) Rules, 2014.
  - (e) The matters described in the basis for Qualified Opinion Paragraph, in our opinion, may have an adverse effect on the functioning of the Company.
  - (f) We have been informed that the provisions of section 164(2) of the Act in respect of disqualification of directors are not applicable to the Company, being a Government Company in terms of notification No.G.S.R.463(E) dated 5th June, 2015.
  - (g) The qualification relating to the maintenance of accounts and other matters connected therewith are as stated in the Basis for Qualified Opinion Paragraph above.
  - (h) 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.







# Salarpuria & Partners

## CHARTERED ACCOUNTANTS

7, C. R. AVENUE, KOLKATA - 700 072  
 Phone : 2237 5400 / 5401, 4014 5400-5410  
 Website : www.salarpuriajajodia.com  
 E-mail : salarpuria.jajodia@rediffmail.com  
 office@salarpuriajajodia.com  
 Branch at New Delhi

- (i) Since the company is not paying any managerial remuneration to the directors, the provision of Section 197 of the Companies Act, 2013 is not applicable.
- (j) With respect to other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditor's) 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 no 25 of Standalone 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 were no amounts which required to be transferred of the Investor Education Protection Fund by the Company.
  - iv. (a) The Management has represented that, to the best of its knowledge and belief, no funds (which are material either individually or in the aggregate) have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the Company to or in any other person or entity, including foreign entity ("Intermediaries") with the understanding, whether recorded in writing or otherwise, that the intermediary shall, whether, directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Company ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries;
  - (b) The Management has represented, that, to the best of its knowledge and belief, no funds (which are material either individually or in the aggregate) have been received by the Company from any person or entity, including foreign entity ("Funding Parties"), with the understanding, whether recorded in writing or otherwise, that the Company shall, whether, directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries;
  - (c) Based on the audit procedures that have been considered reasonable and appropriate in the circumstances, nothing has come to our notice that has caused us to believe that the representations under sub-clause (i) and (ii) of Rule 11(e), as provided under (a) and (b) above, contain any material misstatement.
  - v. As the company has not declared or paid any dividend during the year, the provisions contained in section 123 of the Companies Act, 2013 are not applicable to it.





# Salarpuria & Partners

## CHARTERED ACCOUNTANTS

7, C. R. AVENUE, KOLKATA - 700 072  
 Phone : 2237 5400 / 5401, 4014 5400-5410  
 Website : www.salarpuriajajodia.com  
 E-mail : salarpuria.jajodia@rediffmail.com  
 office@salarpuriajajodia.com  
 Branch at New Delhi

3. We are enclosing our report in terms of Section 143 (5) of the Act, on the basis of such checks of the books and records of the Company as we considered appropriate and according to the information and explanations given to us, in the "Annexure-C" on the directions issued by the Comptroller and Auditor General of India
4. Proviso to Rule 3(1) of the Companies (accounts) Rules, 2014 for maintaining books of account using accounting software which has a feature of recording audit trail (edit log) facility is applicable to the company with effect from April 1, 2023, and accordingly, reporting under Rule 11(g) of Companies (Audit and Auditors) Rules, 2014 is applicable for the financial year ended March 31, 2024.

As per the above mentioned rule the company has to maintain books of accounts in a software which has the feature of recording audit trail (edit log) but the same is not complied by the company during the financial year 2023-24.

**For SALARPURIA & PARTNERS**

**Chartered Accountants**

**Firm Reg. No. ICAI 302113E**

**Nihar Ranjan Nayak**

**N. R. Nayak**

Chartered Accountant

Membership No.-57076

Partner

**UDIN: 24057076BKGDHK9146**

**Place: KOLKATA**

**Date: 03.09.2024**





# Salarpuria & Partners

CHARTERED ACCOUNTANTS

7, C. R. AVENUE, KOLKATA - 700 072

Phone : 2237 5400 / 5401, 4014 5400-5410

Website : www.salarpuriajajodia.com

E-mail : salarpuria.jajodia@rediffmail.com

office@salarpuriajajodia.com

Branch at New Delhi

## Annexure – A Independent Auditors' Report

The Annexure referred to in Independent Auditors' Report to the members of National Jute Manufactures Corporation Limited (the company) on the Standalone Financial Statements for the year ended 31<sup>st</sup> March, 2024.

We report that:

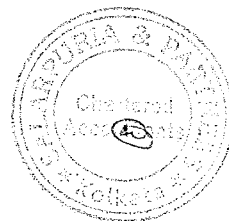
i)(a) (A) The Company is not maintaining proper records of the Property, Plant & Equipment. The records kept by the company in respect of Property, Plant & Equipment lack sufficient information, in many cases, like description of asset to make identification possible, its location/situation, year of purchase, adjustments made on account of revaluation or impairment, if any, its useful life and, in case of land of some of the units of the company, the plot-wise details of the same and specification whether free hold, lease hold or perpetual lease. Furthermore, the company has not updated these records for last several years. We have been informed that the company is in the process of closure and has already disposed-off entire movable assets of all of its units except land and building. Such sale has been accounted for over and above the valuation made for the list of movable assets provided by NBCC (I) Ltd., which was appointed for the purposes of verification, assessment and valuation of assets before undertaking disposal in accordance with the DPE guidelines, with due approval of the Board of Directors.

(B) There is no intangible asset in the books of the company. Accordingly, the reporting under Clause 3(i)(B) of the Order is not applicable to the Company.

(b) According to the information given to us, the management could not carry out any physical verification of Property, Plant & Equipment during the year under review. It was further informed that due to shortage of staff, the management could not carry out any physical verification of Property, Plant & Equipment during the year under review. In the absence of any physical verification we are unable to comment whether there exists any material discrepancy.

We have been further informed that verification of the assets (Property, Plant, Equipment and Land) was conducted through an external agency i.e. NBCC (India) Ltd., a Central Government PSU as part of Pre-LMA activities, and the Board of Directors has accepted the list of movable assets as per the report of NBCC(India) Ltd. without ascertaining any discrepancy, if any.

(c) Though a number of title deeds in respect of various plots of land were produced before us by the management for our verification, the same could not be properly linked with the records kept by the company in respect of its immovable properties held at different locations of the country for want of adequate details in the records of Property, Plant and Equipment. We have been informed by the management that on the basis of verification of Records of Rights conducted by them from various sources, the title of the following immovable properties of the company are not in its name.



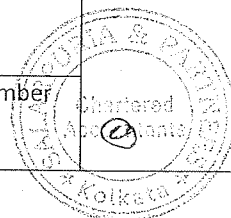


# Salarpuria & Partners

## CHARTERED ACCOUNTANTS

7, C. R. AVENUE, KOLKATA - 700 072  
 Phone : 2237 5400 / 5401, 4014 5400-5410  
 Website : www.salarpuriaajajodia.com  
 E-mail : salarpuria.jajodia@rediffmail.com  
 office@salarpuriaajajodia.com  
 Branch at New Delhi

The details of Immovable Property not held in the name of the Company						
Relevant line item in the Balance Sheet	Description of Item of Property	Gross Carrying Value ( ₹ in lakhs)	Title over property in the Records of Rights appearing in the name of	Whether title deed holder is a promoter director or relative of promoter/director or employee of promoter/director.	Property held since date	Reason for not being held in the name of the company.
Property Plant & Equipment	Land- Unit Alexandra	Included in ₹ 1.34 mentioned in FAR not separately ascertainable	Alexandra Jute Mills Ltd	N. A.	21 <sup>st</sup> December 1980	Though all the mentioned properties were vested on NJMC Ltd. as per the Jute Company Nationalisation Act, the transfer of the same in the name of NJMC is still pending. In case of Land and Building at Alipore Road, the ownership is under litigation. In respect of land at Kalimpong, which was stated to be lease hold, the copy of lease agreement was not available with the company.
	Land- Unit Alexandra	4.86	Mackinon Mackenzie & Co Pvt Ltd. *	N. A.	21 <sup>st</sup> December 1980	
	Land-Unit National	₹ 0.03	Mayarani Devi	N. A.	10th June 1980	
	Land-Unit National	Included in ₹ 2.40 mentioned in FAR not ascertainable separately	National Jute Co. Ltd.	N. A.	10th June 1980	
	Land-Unit Kinnison	Included in ₹ 79.11/- mentioned in FAR not separately ascertainable	The Kinnison Jute Mills Co Ltd.	N. A.	21st December 1980	
	Land – Unit Kinnison	separately ascertainable	The Cable Chut Company Ltd.	N. A.	21st December 1980	
	Land – Unit Khardah	₹ 5.15/-	Khardah Company Ltd.	N.A.	21st December 1980	
	Land-Unit RBHM	₹ 27.00/-	The British India Corporation (Lease)	N.A.	21st December 1980	
	Building Alipore Road	₹ 2.00/-	Mackinon Mackenzie & Co. Pvt. Ltd.	N.A.	21st December 1980	





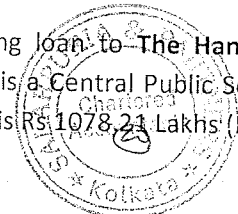
# Salarpuria & Partners

## CHARTERED ACCOUNTANTS

7, C. R. AVENUE, KOLKATA - 700 072  
 Phone : 2237 5400 / 5401, 4014 5400-5410  
 Website : www.salarpuriajajodia.com  
 E-mail : salarpuria.jajodia@rediffmail.com  
 office@salarpuriajajodia.com  
 Branch at New Delhi

As informed and explained to us, the management of six sick Private sector Jute manufacturing companies were taken over by the Central Government under Clause (a) of sub-section (1) of Section 18AA of the Industries (Development and Regulation) Act, 1956 and thereafter the ownership of all the properties and other Assets of these companies were vested in the Central Government through enabling legislations. The National Jute Mill was nationalized under the National Company Limited (Acquisition and transfer of Undertakings) Act, 1980 and the remaining five companies were nationalized under the Jute Companies (Nationalization) Act, 1980. The ownership of these nationalized companies was vested on NJMC Ltd, a company newly created specifically for this purpose on 3<sup>rd</sup> June 1980 (National Jute Mill w.e.f. 10th June, 1980 and the remaining five mills w.e.f. 21<sup>st</sup> December, 1980). It was informed to us the title deeds in respect of some of the land belonging to these units, having approximate total area of 20 acres, though appearing in the Records of Rights, are not available with the company.

- (d) The company has not revalued its property, plant & equipment (including right of use assets) during the year under reference.
- (e) As informed and explained to us by the company, no proceedings have been initiated or are pending against the company for holding any Benami Property under the Benami Transactions (Prohibition) Act, 1988 (45 of 1988) and rules made thereunder.
- ii) (a) According to the information and explanations given to us, all the inventories were auctioned out along with Property, Plant and Equipment during the financial year, hence the closing inventory as on 31.03.2024 is nil. No physical verification has been conducted at reasonable intervals by the management so we are not able to comment on the discrepancies of 10% or more in the aggregate for each class of inventory.
- (b) According to the information and explanations given to us, during any point of time of the year, the Company has not been sanctioned working capital limits in excess of five crore rupees, in aggregate, from banks or financial institutions on the basis of security of current assets.
- iii) According to the information and explanations given to us, the Company has not made investments in or provided any guarantee or security or granted any loans or advances in the nature of loans, secured or unsecured, to companies, firms, Limited Liability Partnerships or any other parties during the year.
- (a) According to the information and explanations given to us, the Company has not provided loans or provided advances in the nature of loans, or stood guarantee, or provided security to any other entity during the year.
- (A) Though no loans or advances in the nature of loan were granted during the year, the company has granted unsecured loan and advances to its subsidiary in earlier years. The Balance of such loans and advances, including interest aggregating to ₹5323.28 Lakhs accrued thereon till 31.03.2024.
- (B) In earlier years the company has granted non interest bearing loan to The Handicrafts & Handlooms Exports Corporation of India Limited (HHEC) which is a Central Public Sector Unit. The balance of the said loan in the Balance Sheet as on 31.03.24 is ₹1078.21 Lakhs (Rs 1078.21 Lakhs as on 31.03.23).





# Salarpuria & Partners

## CHARTERED ACCOUNTANTS

7, C. R. AVENUE, KOLKATA - 700 072

Phone : 2237 5400 / 5401, 4014 5400-5410

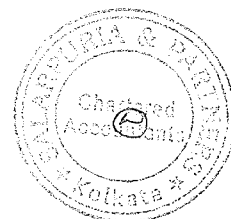
Website : [www.salarpuriajajodia.com](http://www.salarpuriajajodia.com)

E-mail : [salarpuria.jajodia@rediffmail.com](mailto:salarpuria.jajodia@rediffmail.com)

[office@salarpuriajajodia.com](mailto:office@salarpuriajajodia.com)

Branch at New Delhi

- (b) The terms and conditions on which the loans and advances were granted to the subsidiary company in the earlier years could not be made available to us and, therefore, we are unable to comment whether same were prejudicial to the interest of the company. As regards the interest free loan granted in an earlier year to HHEC, which is a central public sector unit, we have been explained by the management that the same was granted as per the decision of the Ministry of Textiles, Government of India and, hence, should not be treated as prejudicial to the interest of the company.
- (c) The terms and conditions on which the loans and advances were granted to the subsidiary company in the earlier years could not be made available to us and, hence, we are unable to comment whether there are any express stipulations as regards due dates for payment of interest and repayment of the principal amount. The Union Cabinet has approved the closure of the said subsidiary company and consequently the said loan is being considered doubtful but the company is charging interest on the loan given to its subsidiary at the agreed rates and also made full provisions for the same, net of TDS thereon, since the amount is being considered doubtful of recovery. As regards the interest free loan granted in an earlier year to the aforesaid another Public Sector Unit HHEC, the said loan was repayable by the party within a maximum period of two years from the date of disbursement of the loans from the sale proceeds of its assets. The said party, vide its email dated 28.01.2021, has requested the company to extend the time stipulated for repayment by a further period of two years or until further direction of MOT, as the party is in advanced stage of the process of closure. As per the minutes of the Board meeting in its 189<sup>th</sup> Board Meeting, it has been decided that a letter may be initiated to the Ministry of Textiles stating the facts regarding the requested extension of the time period for loan repayment and to get the necessary advice.
- (d) In the absence of any document produced before us specifying the terms and conditions on which the loans and advances were granted to the subsidiary company in the earlier years, we are unable to specify the amount overdue for more than 90 days included in the closing balance of ₹5323.28 Lakhs as at the Balance Sheet date, which includes interest aggregating to ₹4213.64 Lakhs accrued thereon till that date. We have been informed that the Central Government has declared closure of the subsidiary company and the recovery, if any, will be made out of funds to be generated by the subsidiary through disposal of its assets. As regards the non-interest bearing loan granted to another central Public Sector Unit HHEC, the balance of ₹ 1,078.21 Lakhs is overdue for more than 90 days on the basis of originally stipulated terms & conditions. As aforesaid, the said party, vide its email dated 28.01.2021, has requested the company to extend the time stipulated for repayment by a further period of two years or until further direction of MOT, as this party is in advanced stage of the process of closure. As per the minutes of the Board meeting in its 189<sup>th</sup> Board Meeting, it has been decided by the management that a letter may be initiated to the Ministry of Textiles stating Facts regarding the requested extension of the time period for loan repayment and to get the necessary advice.
- (e) The company has not renewed or extended or granted fresh loans during the year to settle the over dues of existing loans given to the same parties. The amount of the aforesaid loan awaiting decision of its renewal is ₹ 1,078.21 Lakhs.





# Salarpuria & Partners

## CHARTERED ACCOUNTANTS

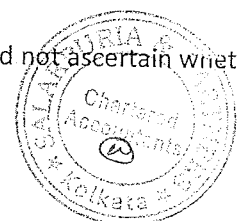
7, C. R. AVENUE, KOLKATA - 700 072  
 Phone : 2237 5400 / 5401, 4014 5400-5410  
 Website : www.salarpuriajajodia.com  
 E-mail : salarpuria.jajodia@rediffmail.com  
 office@salarpuriajajodia.com  
 Branch at New Delhi

- (f) The company, during the year, has not granted any loan or advance in the nature of loan, which is either repayable on demand or without specifying any terms or period of repayment. As regards the loans or advances in the nature of loans granted in earlier years to the subsidiary, the terms and conditions on which the same were granted could not be made available to us and, hence we are unable to comment whether the same were repayable on demand or without specifying any terms or period of repayment. Loan given to HHEC is Rs.1078.21 Lakhs and BJEI (Subsidiary) is Rs.477.49 Lakhs, so the percentage thereof is 225.81%.
- iv) In our opinion and according to the information and explanations given to us, the Company during the year has not granted any loan, made investment, provided any guarantee or security, which attracts the provisions of section 185 and 186 of the Act.
- v) According to information and explanations given to us, the Company has not accepted deposits under the provisions of sections 73 to 76 or any other relevant provisions of the Act and the rules framed thereunder. No order has been passed by Company Law Board or National Company Law Tribunal or Reserve Bank of India or any court of any other tribunal.
- vi) During the year under review, the company was not engaged in any such activities which attracts the maintenance of cost records under section 148 of the Act.
- vii)(a) According to the information and explanations given to us, the company is generally regular in depositing its current undisputed statutory dues with the appropriate authorities except in case of legal charges where the GST liability under RCM basis was paid on 31<sup>st</sup> December 2023 for a period of 9 months (April 23- December 23). Moreover the company was irregular in paying its advance income tax on quarterly basis as they paid more than 90% advance tax on 15<sup>th</sup> March 2024 (Last Quarter) due to which they also had to incur interest on delayed payment u/s 234C.

However, there are many old outstanding statutory dues lying unpaid since long for which no proper defaults and other explanations for non-payment could be made available to us, the breakup of which as follows:-

- Damages for Provident Fund (including interest) : ₹903.06 Lakhs
- Damages for Employees State Insurance (Including Interest): ₹3240.01 Lakhs
- Profession Tax (including Interest): ₹70.18 Lakhs
- Fringe Benefit Tax : ₹8.93 Lakhs
- TDS Statutory : ₹2.74 Lakhs
- Other Rates & Taxes : ₹113.78 Lakhs

Further in absence of any supporting documents for proper explanation we could not ascertain whether there exists any dispute for non-payment of the aforesaid statutory dues.





# Salarpuria & Partners

## CHARTERED ACCOUNTANTS

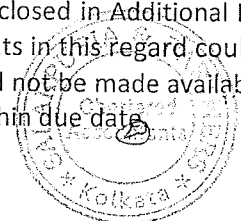
7, C. R. AVENUE, KOLKATA - 700 072  
 Phone : 2237 5400 / 5401, 4014 5400-5410  
 Website : www.salarpuriajajodia.com  
 E-mail : salarpuria.jajodia@rediffmail.com  
 office@salarpuriajajodia.com  
 Branch at New Delhi

vii) (b) According to the information and explanations given to us, the following statutory dues have not been deposited as on 31<sup>st</sup> March, 2024 on account of dispute (Refer Note No. 25 (8)):

Nature of the Statute	Nature of Dues	Forum where dispute is pending	Amount Due (₹ in Lakhs)	Period to which dues relate	Remarks
Finance Act 1994	Service Tax	Deputy Commissioner, Service Tax	0.10	Very Old	
Income Tax Act 1961	Income Tax	NA	676.17	Relating to 1990-91 (As per Portal)	Demands of Interest appearing on the Income-tax Portal in respect of Assessment Years 1990-91, 2007-08 and 2009-10, which according to the company is not appropriate
Income Tax Act 1961	Tax deducted at Source	NA	1.59	Very Old (As per Portal)	Demands raised on account of TDS defaults and interest

viii) According to the information and explanations given to us, there is no undisclosed income during the year disclosed in Tax assessments under Income Tax, 1961;

ix)(a) According to the information and explanations given to us and based on the audit procedures performed by us, the Company has defaulted in repayment of loan taken from Government of West Bengal amounting to ₹ 1932.93 Lakhs (including interest thereon ₹ 1651.45 Lakhs) as on 31.03.2024 and in defaulted in repayment of interest free loan taken from Government of India amounting to ₹ 21571.41 Lakhs. The Company has made request for adjustment of principal amount of Government of West Bengal loan against the compensation receivable by the company towards acquisition of land and conversion of ₹922 Lakhs out of interest payable into a soft loan as disclosed in Additional Information to Note 4(d) of Standalone Financial Statements. However, no documents in this regard could be made available for our verification. Since Terms and conditions of Loan could not be made available to us we are unable to comment on no. of days delayed and amount not paid within due date.







# Salarpuria & Partners

## CHARTERED ACCOUNTANTS

7, C. R. AVENUE, KOLKATA - 700 072  
Phone : 2237 5400 / 5401, 4014 5400-5410

Website : www.salarpuriaajajodia.com

E-mail : salarpuria.jajodia@rediffmail.com

office@salarpuriaajajodia.com

Branch at New Delhi

Nature of Borrowing, including debt securities	Name of lender	Amount not paid on due date	Whether principal or interest	No. of days of delay or unpaid	Remarks
Unsecured Loan	Govt. Of West Bengal	₹281.48 Lakhs	Principal	Since 1994	According to information given to us the company has requested to adjust principal amount against compensation receivable on acquisition of land and to convert ₹ 922 Lakhs out of the total interest payable into soft loan. No consent has yet been received.
DO	DO	₹ 1651.45 Lkhs	Interest	1994 and subsequent years	
Unsecured Loan	Govt. Of India	₹ 21571.41 Lakhs	Principal	Not Available	

- (b) The company has not been declared as a wilful defaulter by any bank or Financial Institution or other lender;
- (c) The Company has obtained loans from both Government of West Bengal and Government of India in earlier years. However, the terms and conditions subject to which the company has obtained the loans including purpose for which such loans were sanctioned were not made available to us. Therefore, we are unable to comment whether the loans were applied for the purpose for which those were obtained.
- (d) According to the information and explanations given to us and based on our examination of the records of the company, the company has not raised any funds on short term basis and accordingly reporting requirements under paragraph 3(ix)(d) of the Order are not applicable to the company.
- (e) The company has not taken any funds from any entity or person during the year on account of or to meet the obligations of its subsidiaries, associates or joint ventures as explained and informed to us by the management.
- (f) According to the information and explanations given to us and based on the audit procedures performed by us, we report that the Company has not raised any loans during the year on the pledge of securities held in its subsidiaries, joint ventures or associate companies. Accordingly, the reporting under Clause 3(ix)(f) of the Order is not applicable to the Company.
- x) (a) According to the information and explanations given to us, the Company has not raised any moneys by way of initial public offer or further public offer (including debt instruments) during the year. Accordingly, the reporting under Clause 3(x)(a) of the Order is not applicable to the Company.
- (b) 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.





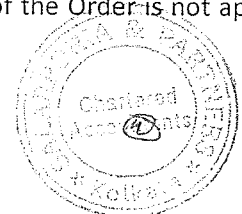
# Salarpuria & Partners

## CHARTERED ACCOUNTANTS

7, C. R. AVENUE, KOLKATA - 700 072  
 Phone : 2237 5400 / 5401, 4014 5400-5410  
 Website : www.salarpuriajajodia.com  
 E-mail : salarpuria.jajodia@rediffmail.com  
 office@salarpuriajajodia.com

Branch at New Delhi

- xi) (a) During the course of our examination of the books and records of the company carried out in accordance with the generally accepted auditing practices in India and according to the information and explanations given to us, we have neither come across any instance of material fraud by the Company or on the Company by its officers or employees noticed or reported during the year, nor have we been informed of such case by the management.
- (b) No report under sub-section 12 of section 143 of the Companies Act has been filed i.e. Form ADT-4 as prescribed under Rule 13 of Companies (Audit and Auditors) Rules, 2014 with the Central Government. Accordingly, the reporting under Clause 3(xi)(b) of the Order is not applicable to the Company.
- (c) As represented to us by the management, no whistle blower complaints were received by the company during the year .
- xii) According to the information and explanations given to us, the Company is not a Nidhi Company and the Nidhi Rules, 2014 are not applicable to it. Accordingly, the reporting under Clause 3(xii) of the 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 related party transactions have been disclosed in the Financial Statements as required by Accounting Standard (AS) 18.
- xiv) (a) As per section 138 of The Companies Act, 2013, no internal audit has been conducted for the financial year 2023-24.
- (b) As no internal audit was conducted during FY 2023-24, consideration of such report does not arise.
- xv) According to the information and explanations given to us, the Company has not entered into any non-cash transactions with its directors or persons connected with them during the year and hence, the provisions of Section 192 of the Act are not applicable to the Company. Accordingly, the reporting under Clause 3(xv) of the Order is not applicable to the Company
- xvi) (a) According to the information and explanations given to us, the Company is not required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934. Accordingly, the reporting under Clause 3(xvi)(a) of the Order is not applicable to the Company.
- (b) According to the information and explanations given to us, the Company is not engaged in any Non-Banking Financial or Housing finance activities. Accordingly, the reporting under Clause 3(xvi)(b) of the Order is not applicable to the Company.
- (c) According to the information and explanations given to us, the Company is not a Core Investment Company (CIC) as defined in the regulations made by the Reserve Bank of India. Accordingly, the reporting under Clause 3(xvi)(c) of the Order is not applicable to the Company.
- (d) According to the information and explanations given to us, there is no Core Investment Company as a part of the group. Accordingly, the reporting under Clause 3(xvi)(b) of the Order is not applicable to the Company





# Salarpuria & Partners

## CHARTERED ACCOUNTANTS

7, C. R. AVENUE, KOLKATA - 700 072  
Phone : 2237 5400 / 5401, 4014 5400-5410

Website : www.salarpuriaajajodia.com

E-mail : salarpuria.jajodia@rediffmail.com  
office@salarpuriaajajodia.com

- xvii) In our opinion and according to the information and explanation given to us, the Company has not incurred cash losses in the current financial year as well as in the immediately preceding financial year. Accordingly, the reporting under Clause 3(xvii) of the Order is not applicable to the Company.
- xviii) There has been no resignation of statutory auditors of the company during the year Accordingly, the reporting under Clause 3(xviii) of the Order is not applicable to the Company.
- xix) According to the information and explanations given to us and on the basis of the financial ratios, ageing and expected dates of realisation of financial assets and payment of financial liabilities, other information accompanying the financial statements, our knowledge of the Board of Directors and management plans, and based on our examination of the evidence supporting the assumptions, has come to our notice that causes us to believe that material uncertainty exists as on the date of the audit report that the company is capable of meeting its liabilities existing at the date of Balance Sheet as and when they fall due within a period of one year from the Balance Sheet date. We further state that our reporting is based on the facts upto the date of the audit report and we neither give any guarantee nor any assurance that all liabilities falling due within a period of one year from the balance sheet, will be met by the company as and when they fall due.
- xx) Since the company has neither formed any fund specified in Schedule VII to the Companies Act 2013 nor spend any amount under section 135 of the said Act, this point does not apply to the company.
- xxi) As our report is not on consolidated financial statements, the reporting under Clause 3(xxi) of the Order is not applicable to the Company

**For SALARPURIA & PARTNERS**

**Chartered Accountants**

**Firm Reg. No. ICAI 302113E**

**Nihar Ranjan Nayak**

**N. R. Nayak**

Chartered Accountant

Membership No.-57076

Partner

UDIN: 24057076BK4DHK9146

Place : KOLKATA

Date : 03.09.2024





# Salarpuria & Partners

## CHARTERED ACCOUNTANTS

7, C. R. AVENUE, KOLKATA - 700 072  
 Phone : 2237 5400 / 5401, 4014 5400-5410  
 Website : [www.salarpuriajajodia.com](http://www.salarpuriajajodia.com)  
 E-mail : [salarpuria.jajodia@rediffmail.com](mailto:salarpuria.jajodia@rediffmail.com)  
[office@salarpuriajajodia.com](mailto:office@salarpuriajajodia.com)  
 Branch at New Delhi

### **Annexure – B**

#### **TO THE INDEPENDENT AUDITORS' REPORT**

#### **REPORT ON THE INTERNAL FINANCIAL CONTROLS UNDER CLAUSE (I) OF SUB-SECTION 3 OF SECTION 143 OF THE COMPANIES ACT, 2013 ("THE ACT")**

We have audited the internal financial controls over financial reporting of **NATIONAL JUTE MANUFACTURES CORPORATION LIMITED** ("the Company") as on 31st March, 2024 in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date.

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

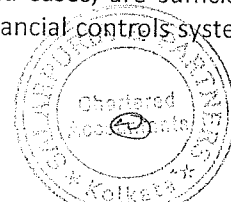
The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial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

#### **Auditors' Responsibility**

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

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 judgment, including the assessment of the risks of material misstatement of the standalone financial statements, whether due to fraud or error.

We believe that the audit evidence obtained in most of the cases, excepting old cases, are sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system over financial reporting.





# Salarpuria & Partners

## CHARTERED ACCOUNTANTS

7, C. R. AVENUE, KOLKATA - 700 072  
Phone : 2237 5400 / 5401, 4014 5400-5410  
Website : www.salarpuriajajodia.com  
E-mail : salarpuria.jajodia@rediffmail.com  
office@salarpuriajajodia.com  
Branch at New Delhi

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

A company's internal financial controls 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 controls 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 authorizations of management and directors of the company; and
- (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the standalone financial statements.

### **Inherent Limitations of Internal Financial Controls Over Financial Reporting**

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

### **Qualified Opinion**

According to the information and explanations given to us and based on our audit, the company and its units being remained inoperative for several years, various information and papers in support could not be made available hence we cannot comment on its internal financial control over financial reporting on criteria based on or considering the essential components of internal control stated in Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by ICAI, e.g. control environment, risk assessment, control activities, information system and communication and monitoring. The Board's report also does not include any risk management policy for the company including identification therein of elements of risk.

In view of above observations, Internal Financial Controls in the Company as on 31.03.2024 is inadequate based on the internal control over financial reporting criteria as stated in Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the ICAI.

We have considered the qualified opinion reported above in determining the nature, timing and extent of audit tests applied in our opinion on the financial statements of the company.

### **For SALARPURIA & PARTNERS**

Chartered Accountants

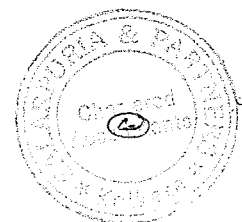
Firm Reg. No. ICAI 302113E

N. R. N. Jena

UDIN: 24057076BK4D1K9146

Place: KOLKATA

Date: 03.09.2024





# Salarpuria & Partners

## CHARTERED ACCOUNTANTS

7, C. R. AVENUE, KOLKATA - 700 072  
 Phone : 2237 5400 / 5401, 4014 5400-5410  
 Website : www.salarpuriajajodia.com  
 E-mail : salarpuria.jajodia@rediffmail.com  
 office@salarpuriajajodia.com  
 Branch at New Delhi

### Annexure – C

#### TO THE INDEPENDENT AUDITORS' REPORT

(Referred to in Paragraph 3 under "Other legal and regulatory requirements "of our report of even date)

1. In response to the directions issued by the Comptroller and Auditor General of India under section 143(5) of the Act, we report that:

- (i) The company does not have an ERP Accounting System or fully integrated IT system among its units and corporate office. The accounts of each unit and corporate office are maintained on accounting software. Consolidation of accounts of the corporate office and the various divisions are done through a separate data entry mode.  
 The present system adopted by the company leaves a scope of absence of data integrity and increases audit risk.
- (ii) According to the information and explanations given to us and the records of the Company examined by us, there have been no cases of waiver/write off of debts/loans/interest etc. made by a lender to the company due to company's inability to repay the loan.
- (iii) (a) The Company is carrying Interest Free loan, sanctioned by the Government of India as additional budgetary support for restructuring/revival of the Company as approved by Cabinet Committee of Economic Affairs (CCEA) and BIFR, as Long Term Borrowings.
- (b) The Company has obtained a Loan of ₹ 281.48 Lakhs from Government of West Bengal in earlier years, repayment of Loan and Interest on which have been defaulted in since 31<sup>st</sup> March 1994. The accumulated balance of Loan and Unpaid Interest is ₹1932.93 Lakhs as on 31.03.2024. In absence of loan documents, terms & conditions, adequacy of the interest provision made cannot be commented upon.
- (c) As disclosed in Note 3 of the Standalone Financial Statements, the Company had received grants from Bihar Government and IJIRA in 1988-89 and subsidy from West Bengal Industrial Development Corporation in 1982-83. The detailed papers of such grant/subsidy as well as the assets acquired out of such grant were not made available to us. As per the discussion with the management we were made aware that the grant was given for the daily expense of the unit. Each year an amount of Rs.0.10 lakhs is transferred from the grant and is shown as income as on 31/03/24 after transferring the amount of ₹ 0.10 lakhs for this F.Y. an amount of ₹ 0.08 lakhs is left in it.

**For SALARPURIA & PARTNERS**

Chartered Accountants

Firm Reg. No. ICAI 302113E

Anar Ranjan Nayak

N. R. Nayak

Chartered Accountant  
 Membership No. 67174  
 Partner

UDIN: 24057076BK4DHK9146

Place: KOLKATA

Date : 03.09.2024





# Salarpuria & Partners

## CHARTERED ACCOUNTANTS

7, C. R. AVENUE, KOLKATA - 700 072  
 Phone : 2237 5400 / 5401, 4014 5400-5410  
 Website : www.salarpuriajajodia.com  
 E-mail : salarpuria.jajodia@rediffmail.com  
 office@salarpuriajajodia.com  
 Branch at New Delhi

- The auditors of subsidiary company have also stated that the balances in Trade Receivables, Creditors, Suppliers and Advances are subject to confirmation/reconciliation and subsequent adjustments, if any.
- During the year the subsidiary company has not accounted for electricity charges recoverable from tenants amounting to ₹ 25.08 lakhs, though notice have been given to tenants for evicting the premises but still electricity being consumed by tenants are recoverable as facilities have been provided to them.
- The Financial Statements indicate that the group's current and non-current liabilities exceed its total assets by ₹23,583.91 Lakhs and its net worth is fully eroded. The manufacturing units of the group are also not in operation for the last several years.

These factors confirm the inability of the group to continue as a going concern and to discharge its liabilities in the normal course of business at present.

### B) Non Compliance with Accounting Standards:

#### **B.1 Accounting Standard-2 – Valuation of Inventories**

During the year company has disposed off its remaining inventories which was carrying since a long period, book value of which was Rs 322.55 lakhs. Without the details of the inventories, valuation as per Accounting Standard 2 cannot be ascertained. Such book value of inventory of Rs 322.55 lakhs as on 01.4.2023 was transferred to scrap sale with value of realization is nil as it is sold at a lumpsum auction with movable Property, Plant and Equipment of the Holding Company.

#### **B. 2 Accounting Standard -10- Property, Plant and Equipment**

The profit on disposal of Property Plant & Equipment of Holding Company on account of sale is shown as Profit on sale of scrap sale.

#### **B. 3 Accounting Standard -22- Accounting for Taxes on Income:**

The Holding Company has not complied with AS-22 Accounting for Taxes on Income. Ascertainment of Deferred Tax Asset & Liability in accordance with the said standard has not been done.

The Holding company has provided income tax provision for F.Y. 23-24 on the basis of estimation and final liability would be determined later at the time of final payment of income tax. If any shortfall/excess, the same will be then recognized subsequently.

#### **B. 4 Accounting Standard – 29 - 'Provisions, Contingent Liabilities and Contingent Assets:**

According to the information and explanations given to us, the Holding Company is in litigation with various parties on diverse matters, a number of which are pending for several years. However, against many cases, the Holding Company has not estimated and disclosed the amount of possible financial implication of the dispute, as required under AS 29 'Provisions, Contingent Liabilities and Contingent Assets'.

#### **B. 5 Accounting Standard – 24 - 'Discontinuing Operations':**

As the Holding Company has already started disposing off its movable assets including inventories according to the closure directives, the Company cannot be treated to be continuing in operation. The disclosure as contained in accounting standard 24 'Discontinuing Operations' have not been followed in preparation of the accounts of the Holding Company.



**Independent Auditors' Report on Consolidated Financial Statements**

**TO THE MEMBERS OF NATIONAL JUTEMANUFACTURES CORPORATION LIMITED REPORT ON THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS**

**Qualified Opinion**

We have audited the accompanying consolidated financial statements of **National Jute Manufactures Corporation Limited** (herein after referred to as the 'Holding Company') and its subsidiary (Holding Company and its subsidiary together referred to as "the Group"), which comprise the Consolidated Balance Sheet as at March 31, 2024, the consolidated Statement of Profit and Loss and the consolidated Cash Flows Statement for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies and other explanatory information (herein after referred to as "the consolidated financial statements").

In our opinion and to the best of our information and according to the explanations given to us, except for the effects of matters described in the Basis for Qualified Opinion section of our report, the aforesaid consolidated financial statements give the information required by the Companies Act, 2013 in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the consolidated state of affairs of the Group as at March 31, 2024, of consolidated Profit, and its consolidated cash flows for the year then ended.

**Basis for Qualified Opinion**

**A) Going Concern Assumption:**

The accounts of the Holding Company and the Subsidiary have been drawn up on going concern basis which is not appropriate under the circumstances because of the following reasons:

- The Union Cabinet has approved the closure of National Jute Manufactures Corporation Limited (NJMC) and its subsidiary Birds Jute Exports Limited (BJEL) at its meeting held on 10th October, 2018. Disposal of all assets will be in accordance with the guidelines of DPE dated 14.06.2011 and the proceeds from the sale of assets, after meeting the liabilities will be deposited in Consolidated Fund of India. In terms of engagement of MSTC as auctioning agency, all the movable assets of five of its mills namely viz National, Alexandra, RBHM, Kinnison, and Khardah have been disposed of along with building of Khardah.
- During the year the holding company has recognized the disposal of its Movable Property, Plant and Equipment of Khardah and Kinnison Unit and Building of Khardah. The profit of which is shown as Profit on sale of Scrap Sale (refer note 22(B)iii) of Consolidated Financial Statements).
- NBCC who has been appointed as Pre-Land Management Agency submitted its report but the disposal of Land & Building for all units is yet to be taken.
- During the year the disposal of movable property, plant, and equipment along with building which were auctioned and sold along with inventory, the sales value over and above carrying value of such movable Property, Plant and Equipment is shown as Profit on Sale of Scrap sale.
- The income of the holding Company for the last several years is primarily from Interest on Fixed Deposits.
- The auditors of subsidiary company have expressed an opinion that there exists material uncertainty which is casting significant doubt on the ability of the subsidiary to continue as a going concern.





# Salarpuria & Partners

## CHARTERED ACCOUNTANTS

7, C. R. AVENUE, KOLKATA - 700 072  
 Phone : 2237 5400 / 5401, 4014 5400-5410  
 Website : www.salarpuriajajodia.com  
 E-mail : salarpuria.jajodia@rediffmail.com  
 office@salarpuriajajodia.com  
 Branch at New Delhi

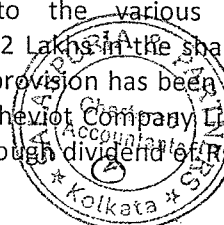
### C) Under/Over statement of Income/Expenses and Assets/Liabilities:

#### C.1 Property, Plant & Equipment & Depreciation:

- a) As disclosed in Note 12(4) of Consolidated Financial Statement, 'Land & Building' includes property at 5, Alipore Road, Kolkata, which is not in the possession of the holding Company though vested in the holding company under the Jute Companies (Nationalization) Act, 1980. The property is under litigation and the legal experts are having divergent views regarding the ownership right over the property. Though the ownership is disputed, the holding company is providing liability in respect of municipal taxes payable to Kolkata Municipal Corporation, which amounted to ₹4.45 Lakhs for the financial year 2023-24 (Previous Year: ₹4.45 Lakhs). The cumulative Liability so provided upto 31.03.2024 is ₹ 120.92 Lakhs (upto 31.03.2023: ₹ 116.47 Lakhs) (refer Note 10(b) of Consolidated Financial Statement)
- b) The Title Deeds of the land of Holding Company at various location were made available for our verification but could not be properly verified and linked with the records of land (refer Note No.12(7)). However according to information and explanation given to us, the land property of three mills viz. Khardah, some portion of Kinnison and Alexandra are still continuing in the name of the erstwhile companies. We have been further informed that representation has been made to the Additional District Magistrate & District Land & Land Reforms Officer – North 24 Paraganas, Barasat as well as Secretary Land and Land Reforms and Refugee Relief and Rehabilitation Department, Government of West Bengal for updating the land records in respect of the said properties but, the matter is still pending as on 31st March 2024.
- e) The auditors of the subsidiary company in their report have stated the title deeds of the immovable properties are partly held in the name of the subsidiary company in digitized form. 48.39 Acres of land is in the name of BJEL and 4.63 Acres of land is in the name of erstwhile Company M/S Lansdowne Jute Company Limited (consisting of plots recorded in the Khatian No. 42,43,44 & 45). However a letter has been received from Chief Secretary, Government of West Bengal, wherein Govt of West Bengal vide Letter No. DONO.878-CS/2022 Dated 06/06/2022 has claimed ownership of the entire Land of BJEL.

#### C.2) Investments:

The Holding company is not maintaining proper Register of its Investments. The details of investments, as disclosed under Note No. 13 of the Consolidated Financial Statements, is also not matching with the general ledger and there is a difference of ₹0.37 Lakh. Further, in respect Investments in Govt. securities aggregating to ₹0.74 Lakhs and Share scrips in respect of investments held in Britannia Engineering Ltd. and J.F. Low & Co. Ltd, value 'NIL' could not be made available for our verification and were informed to be not traceable. These investments are very old and it was explained to us that the original certificates might have been provided as security to the various Govt. authorities/departments. It was also noticed that investments include ₹ 0.02 Lakhs in the shares of companies, the names of which have already been struck off. However, full provision has been made against all these investments. Furthermore, investments include shares in Cheviot Company Limited and Birla Corporation Limited against which full provision has been made though dividend of Rs.0.02 Lakhs have been received against these shares.





# Salarpuria & Partners

## CHARTERED ACCOUNTANTS

7, C. R. AVENUE, KOLKATA - 700 072  
 Phone : 2237 5400 / 5401, 4014 5400-5410  
 Website : www.salarpuriajajodia.com  
 E-mail : salarpuria.jajodia@rediffmail.com  
 office@salarpuriajajodia.com  
 Branch at New Delhi

### C.3) Cash and Bank Balances:

Bank balances of Holding Company include Rs 0.90 lakhs on account of Kinnison Unit lying with UCO Bank, Titagarh Branch, which is an inoperative account as on balance sheet date.

Bank balance of Holding Company include Rs. 5.91 lakhs on account of RBHM unit lying with Central Co-operative Bank, Katihar district branch, for which details are not available with the management.

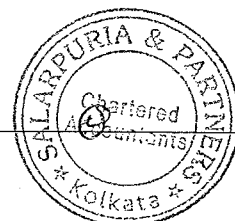
For the following old bank accounts of Birds Jute and Exports Ltd wherein no transactions have been made and are inoperative, no confirmation has been obtained from the banks (Refer Note No. 18 (c) of Consolidated Financial Statements):

Bankers Name	Book Balance as at 31.03.2024 (in ₹)	Book Balance as at 31.03.2023 (in ₹)
Vysya Bank, N.S.Road, Kolkata	NIL	804.15
Syndicate Bank, Madras	NIL	963.00
Syndicate Bank, Calcutta (PCL)	NIL	683.00

### C.4) Short Term Loans & Advances:

- Against the aggregate amount of ₹1,319.71 Lakhs as income tax deducted at source receivable by the holding company has made a provision of ₹408.77 Lakhs. (Refer Note No. 19(b) of consolidated financial statements)
- The Income-tax refunds determined for earlier years, together with interest allowed thereon, are being adjusted by the Income tax department against the arrear demand for the assessment year 1990-91. The outstanding demand summary of the Holding company appearing in the Intimation U/s. 143(1) for the assessment year 2023-24 is still showing a sum of ₹176.16 Lakhs (For the A.Y. 1990-91) payable by the Holding company. The demand for 2007-08, 2009-10 and 2023-24, amounting to ₹1.78 Lakhs was paid by the Holding company on 28/12/23.
- After going through the balance confirmation and the audited financial statements for the year ending 31.03.2024 received from Birds Jute & Exports Ltd., the subsidiary, we observed the balance lying in various accounts with the subsidiary are not matching, the details of which are as follows:

Account	Balance as per NJMC (₹ in Lakhs)	Balance as per Subsidiary (₹ in Lakhs)	Remarks
Loan Given	477.49	477.49	Differences enumerated in the columns have not been reconciled till close of the year.
Interest Accrued on loans granted to Subsidiary	4213.64	4213.64	
Advances given	632.15	631.05	
Creditors for Goods	NIL	94.91	
Creditors for Rent	NIL	0.15	
Trade Receivables A/c Goods	NIL 4	258.21	
Trade Receivables A/c Expenses	NIL	7.40	



*The net difference between holding Company and subsidiary Company amounted to ` 169.44 Lakhs, which has been shown in the Consolidated Balance sheet as "Unreconciled between Holding & Subsidiary subject to reconciliation."*

### C.5 Other Current Assets:

Since party wise details and relevant documents could not be made available to us in respect of holding company's Security Deposits aggregating to ₹ 54.70 Lakhs, out of which ₹ 11.47 Lakhs considered doubtful and provided for, it could not be determined how the Holding company is assured of the recovery of balance amount of ₹43.23 Lakhs which also should have been provided under the current situation. (Refer Note 20(b) of Consolidated Financial Statement)

### C.6 Long Term Borrowings:

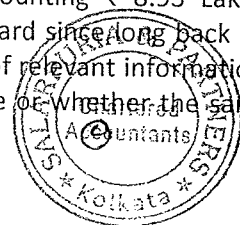
- The holding company has taken loans of ₹ 281.48 Lakhs from Government of West Bengal in earlier years. The Loan agreement or any other document showing the terms and conditions of such loan could not be made available to us for our verification. The Holding company has defaulted in repayment of loan taken from Government of West Bengal ₹ 1932.93 lakhs (principal and interest thereon) as on 31.03.2024.(Refer Note No. 5 of Consolidated Financial Statements)
- The subsidiary company has taken Non-Plan Loan from Government of India of ₹2,159.36 (₹2,159.36 Lakhs in 2022-23) and has defaulted in repayment of this loan and the accumulated balance of Principal including interest unpaid as per the books of account of the company is ₹ 10,015.91 Lakhs as on 31st March, 2024 (as on 31st March, 2023 ₹ 9,626.70 Lakhs).
- No balance confirmation have been obtained by the holding and subsidiary company from the Central Government for the outstanding balance of interest free loan as on 31.03.2024 amounting to ₹ 23,730.77 Lakhs also defaulted (Refer Note No. 5 of Consolidated Financial Statements)

### C.7 Trade Payables:

Trade Payables of holding company aggregating to ₹2,036.76 Lakhs (as at 31.03.2023 ₹ 2104.85 Lakhs) include old outstanding balances carried over for more than three years aggregating to ₹ 1,983.50 Lakhs as per age-wise analysis of trade payables prepared by the Company. Trade Payable MSME WAS 112.58 LAKHS as on 31-3-24. Details of such was not made available to us which remain outstanding for more than three years. So, we are not able to comments on the classification and provision for interest of delayed payment to MSME. Furthermore, in case of Kinnison Unit, the amount of Sundry Creditors for Services and Sundry Creditors for Stores are being included in Trade Payables at net of debit balance of ₹ 25.32 Lakhs lying in some of these creditor accounts. Consequently, the liability on account of Trade Payables is understated to that extent in the balance sheet. Furthermore, the provision made by the Holding company towards doubtful advances given is also short to that extent, which has the impact of understatement of loss to the extent of ₹ 25.32 Lakhs on this account.

### C.8 Other Current Liabilities :

- Statutory dues of holding company include Damages due on PF and interest thereon amounting to ₹ 903.06 Lakhs, Damages on ESI and interest thereon amounting to ₹3,240.01 Lakhs, Professional Tax (including interest) amounting to ₹70.18 Lakhs, and Fringe Benefit Tax amounting ₹ 8.93 Lakhs, provision for TDS Statutory amounting to ₹ 2.74 Lakhs which are brought forward since long back for which no relevant information is provided by the company so, due to absence of relevant information, it could not be ascertained how much of these liabilities are ultimately payable or whether the same have been adequately provided.





# Salarpuria & Partners

## CHARTERED ACCOUNTANTS

7, C. R. AVENUE, KOLKATA - 700 072  
 Phone : 2237 5400 / 5401, 4014 5400-5410  
 Website : www.salarpuriajajodia.com  
 E-mail : salarpuria.jajodia@rediffmail.com  
 office@salarpuriajajodia.com  
 Branch at New Delhi

- b) In the absence of party-wise details and other necessary information with the holding company in respect of undisbursed claim of Commissioner of Payment: ₹40.29 Lakhs; Performance Guarantee: ₹57.47 Lakhs, Advance from Parties: ₹103.55 Lakhs, interest on ISDS Fund of ₹19.02 Lakhs and old outstanding balances included in Security Deposits/EMD Received amount of which could not be ascertained for want of details. It is not possible for us to ascertain how much of these liabilities are ultimately payable or whether the same have been ultimately provided for. Most of the balance are outstanding from a long period of time.
- c) Liabilities for Employee benefits of the holding company of ₹337.83 Lakhs include old outstanding liability aggregating to ₹320.60 Lakhs on account of VRS payable, Gratuity Payable and Arrear Salary Payable. The Company is maintaining the old balances as liability towards staff related payments. According to the information given to us, the total financial contingent liability in Labour matters, so far the management could ascertain in a number of cases comes to ₹6,987.99 Lakhs. (Refer Note 30(11) of Consolidated Financial Statement)
- d) Unpaid Other Rates & Taxes of the holding company ₹113.78 Lakhs, are being carried forward for long. In the absence of relevant information, it could not be ascertained how much of these liabilities are ultimately payable or whether the same have been adequately provided (Refer Note No. 10 (viii) of Consolidated Financial Statements)
- e) The subsidiary company has provided liability towards arrears of dividend on its cumulative preference shares despite incurring losses, whereas, dividend is payable out of profits only. Further, the subsidiary company has treated such dividends as expenditure whereas dividends are not expense but appropriation of profit (Refer Note No. 27 of Consolidated Financial Statements).

In view of the aforesaid observation, we are unable to determine the impact of these matter on the statement of affair of the Group and the corresponding impact on the statement of profit and loss.

### C.9 Ageing Schedules:

Break-up and ageing Schedules of Trade Payables and Trade Receivables have been given in respect of Trade Payables and Trade Receivables of Holding Company along with Trade Receivable of subsidiary company only. We have been informed that the Trade Payables of the Subsidiary could not be included in these schedules as the required information could not be obtained from the subsidiary Company.

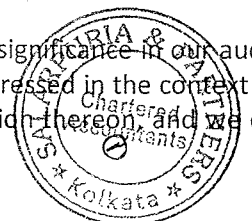
In view of the aforesaid observations, we are unable to determine the impact of these matters on the statement of affairs of the group and the corresponding impact on the Consolidated Statement of Profit & Loss.

### C.10 Others:

The auditors of subsidiary company have opined that in all material respects, the subsidiary Company does not have an adequate internal control system over financial reporting and such internal controls over financial reporting were not operating effectively as at 31<sup>st</sup> March, 2024.

### KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and informing our opinion thereon, and we do not provide a separate opinion on these matters.



Reporting of key audit matters as per SA 701, Key Audit Matters are not applicable to the Group as it is an unlisted company.

***INFORMATION OTHER THAN THE FINANCIAL STATEMENTS AND AUDITORS' REPORT THEREON***

The Holding Company's Board of Directors is responsible for the preparation of the other information. The other information comprises the information included in the Board's Report including Annexures to Board's Report, Business Responsibility Report but does not include the financial statements and our auditor's report thereon.

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

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

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

***RESPONSIBILITIES OF MANAGEMENT AND THOSE CHARGED WITH GOVERNANCE FOR THE CONSOLIDATED FINANCIAL STATEMENTS***

The Holding Company's Board of Directors is responsible for the preparation and presentation of these consolidated financial statements in terms of the requirements of the Companies Act, 2013 (the Act) that give a true and fair view of the consolidated financial position, consolidated financial performance and consolidated cashflows of the Group in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act. The respective Board of Directors of the companies included in the Group are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Group 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 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, which have been used for the purpose of preparation of the consolidated financial statements by the Directors of the Holding Company, as aforesaid.

In preparing the consolidated financial statements, the respective Board of Directors of the companies included in the Group are responsible for assessing the ability of the Group 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 Group or to cease operations, or has no realistic alternative but to do so.

The respective Board of Directors of the companies included in the Group are responsible for overseeing the financial reporting process of the Group.



# Salarpuria & Partners

## CHARTERED ACCOUNTANTS

7, C. R. AVENUE, KOLKATA - 700 072  
 Phone : 2237 5400 / 5401, 4014 5400-5410  
 Website : [www.salarpuriajajodia.com](http://www.salarpuriajajodia.com)  
 E-mail : [salarpuria.jajodia@rediffmail.com](mailto:salarpuria.jajodia@rediffmail.com)  
[office@salarpuriajajodia.com](mailto:office@salarpuriajajodia.com)  
 Branch at New Delhi

### **AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS**

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

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

- Identify and assess the risks of material misstatement of the consolidated 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.
- 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;
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related event 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 consolidated 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.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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





# Salarpuria & Partners

## CHARTERED ACCOUNTANTS

7, C. R. AVENUE, KOLKATA - 700 072  
 Phone : 2237 5400 / 5401, 4014 5400-5410  
 Website : www.salarpuriajajodia.com  
 E-mail : salarpuria.jajodia@rediffmail.com  
 office@salarpuriajajodia.com  
 Branch at New Delhi

### OTHER MATTERS

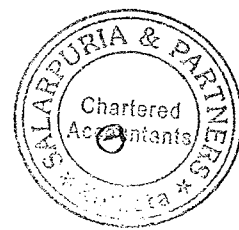
The Financial Statements of the Company for the year ended 31st March 2023, included in these Consolidated Financial Statements have been audited by R.K. Patodia & Co., Chartered Accountants, the predecessor auditor who expressed a modified opinion vide their report dated on December 1, 2023.

We did not audit the financial statements and other financial information of the subsidiary, whose financial statements have been considered in the consolidated financial statements. These financial statements and other financial information have been audited by other auditor whose report have been furnished to us by the Management and our opinion on the consolidated financial statements, in so far as it relates other amounts and disclosures included in respect of this subsidiary, and our report in terms of subsection (3) of Section 143 of the Act, in so far as it relates to the aforesaid subsidiary, is based solely on the reports of the other auditor.

Our opinion is not modified in respect of matters stated in Other Matter Paragraph.

### REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

1. As required by the Companies (Auditor's Report) Order, 2020 (CARO 2020), 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 paragraph 3(xxi) of the Order.
2. As required by Section 143(3) of the Act, based on our audit and on the consideration of report of the other auditors on separate financial statements and the other financial information of the subsidiary, as noted in the 'other matter' paragraph and except for the possible effects of the matter described in "Basis for qualified opinion" paragraph above, we report, to the extent applicable, that:
  - (a) We have sought and, except for the matters described in the Basis for Qualified Opinion paragraph, obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
  - (b) Except for the possible effects of the matters described in the Basis for Qualified Opinion paragraph, 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 the books.
  - (c) The Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss, and the Consolidated Cash Flow Statement dealt with by this Report are in agreement with the relevant books of account maintained for the purpose of preparation of the consolidated financial statements.
  - (d) Except for the effects of the matters described in the Basis for Qualified Opinion paragraph, in our opinion, the Consolidated Financial Statements comply with the accounting standards specified under section 133 of the Act, read with rule 7 of the Companies (Accounts) Rules, 2014.
  - (e) The matters described in the basis for Qualified Opinion Paragraph, in our opinion, may have an adverse effect on the functioning of the Companies comprised in the group.





# Salarpuria & Partners

## CHARTERED ACCOUNTANTS

7, C. R. AVENUE, KOLKATA - 700 072  
 Phone : 2237 5400 / 5401, 4014 5400-5410  
 Website : www.salarpuriajajodia.com  
 E-mail : salarpuria.jajodia@rediffmail.com  
 office@salarpuriajajodia.com  
 Branch at New Delhi

- (f) We have been informed that the provisions of section 164(2) of the Act in respect of disqualification of directors are not applicable to the holding Company, being a Government Company in terms of notification No.G.S.R.463(E) dated 5th June,2015 and as reported by auditors of the subsidiary, on the basis of written representation received from the directors and take non record by the Board of Directors, none of the directors of the subsidiary is disqualified as on 31stMarch, 2024, from being appointed as a director in terms of Section 164(2) of the Act.
- (g) The qualification relating to the maintenance of accounts and other matters connected therewith are as stated in the Basis for Qualified Opinion Paragraph above.
- (h) With respect to the adequacy of the internal financial controls over financial reporting of the group and the operating effectiveness of such controls, refer to our separate Report in Annexure B.
- (i) Since the companies comprised in the group are not paying any managerial remuneration to the directors, the provision of Section 197 of the Companies Act, 2013 are not applicable.
- (j) With respect to other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditor's) Rules,2014,in our opinion and to the best of information and according to the explanations given to us:
- i. In respect of Holding Company, the Company has disclosed the impact of pending litigations on its financial position in its financial statements (Refer Note 30(11) of Consolidated Financial Statements). In respect of Subsidiary Company, the impact of pending litigations on its financial position in its financial statements, as per the report of the other Auditor, are disclosed in Annexure D.
  - ii. The Holding Company and its subsidiary Company did not have any such long-term contracts including derivatives contracts for which there were any material foreseeable losses.
  - iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Holding Company and its subsidiary Company incorporated in India.
  - iv. (a) The respective Managements of Holding Company and its subsidiary companies have represented to us and the other auditors of Consolidated financial statements of subsidiary Company that, to the best of their knowledge and belief, no funds (which are material either individually or in the aggregate) have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the Holding Company and its subsidiary company to or in any other person or entity, including foreign entity ("Intermediaries"), with the understanding, whether recorded in writing or otherwise, that the Intermediary shall, whether, directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Holding Company and its subsidiary Company("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries;







# Salarpuria & Partners

## CHARTERED ACCOUNTANTS

7, C. R. AVENUE, KOLKATA - 700 072  
 Phone : 2237 5400 / 5401, 4014 5400-5410  
 Website : www.salarpuriajajodia.com  
 E-mail : salarpuria.jajodia@rediffmail.com  
 office@salarpuriajajodia.com  
 Branch at New Delhi

- (b) The respective Managements of Holding Company and its subsidiary company have represented to us and the other auditors of Consolidated financial statements of subsidiary Company that, to the best of their knowledge and belief, no funds (which are material either individually or in the aggregate) have been advanced or loaned or invested (either from borrowed funds or share premium or any other source kind of funds) by the Holding Company and its subsidiary company to or in any other person or entity, including foreign entity ("Intermediaries"), with the understanding, whether recorded in writing or otherwise, that the Intermediary shall, whether, directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Holding Company and its subsidiary company ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries;
- (c) Based on the audit procedures that have been considered reasonable and appropriate in the circumstances, nothing has come to our notice that has caused us to believe that the representations under sub-clause(i)and(ii)ofRule11(e), as provided under(a)and(b)above, contain any material misstatement.
- v. As the holding Company and its subsidiary have not declared or paid any dividend during the year, the provisions contained in section 123 of the Companies Act, 2013 are not applicable to it.
3. We are enclosing our report in terms of Section 143 (5) of the Act, on the basis of such checks of the books and records of the Company as we considered appropriate and according to the information and explanations given to us, in the "Annexure-C" on the directions issued by the Comptroller and Auditor General of India.
4. Proviso to Rule 3(1) of the Companies (accounts) Rules, 2014 for maintaining books of account using accounting software which has a feature of recording audit trail (edit log) facility is applicable to the Group with effect from April 1, 2023, and accordingly, reporting under Rule 11(g) of Companies (Audit and Auditors) Rules, 2014 is applicable for the financial year ended March 31, 2024.

As per the above mentioned rule the Group has to maintain books of accounts in a software which has the feature of recording audit trail (edit log) but the same is not complied by the Group during the financial year 2023-24.

**For SALARPURIA & PARTNERS**

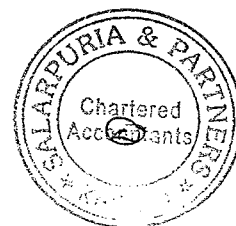
**Chartered Accountants**

**Firm Reg. No. ICAI 302113E**

**Nihar Ranjan Nayak**

**N. R. Nayak**

Chartered Accountant  
 Membership No.-57076  
 Partner



**UDIN: 24057076BK9DHL1952**

**Place: KOLKATA**

**Date: 03.09.2024**



# Salarpuria & Partners

## CHARTERED ACCOUNTANTS

7, C. R. AVENUE, KOLKATA - 700 072  
 Phone : 2237 5400 / 5401, 4014 5400-5410  
 Website : www.salarpuriajajodia.com  
 E-mail : salarpuria.jajodia@rediffmail.com  
 office@salarpuriajajodia.com  
 Branch at New Delhi

### Annexure-A to Independent Auditors' Report

The Annexure referred to in Independent Auditors' Report to the members of National Jute Manufactures Corporation Limited (the Company) on the Consolidated Financial Statements for the year ended 31 March 2024.

As required by paragraph 3(xxi) of the CARO 2020, we report that the auditors of the following companies have given qualification or adverse remarks in their CARO report on the standalone financial statements of the respective companies included in the Consolidated Financial Statements of the Holding Company:

Sl. No	Name of the Company	CIN	Relationship with Holding Company	Date of the respective auditor's report	Paragraph no in the respective CARO Report
1.	National Jute Manufactures Corporation Limited	U17232WB1980GOI032768	Holding Company	23.09.2022	(i)(a)(A), (i)(b), (i)(c), (ii)(a), (iii)(b), (iii)(c), (iii)(d), (iii)(f), (vii)(a), (vii)(b), (ix)(a), (ix)(c), and (xix)
2.	Birds Jute and Exports Limited	U17232WB1904GOI001579	Subsidiary Company	12.08.2024	(i) c), (vii) (a), (vii) (b), (xvii) and (xix)

For SALARPURIA & PARTNERS

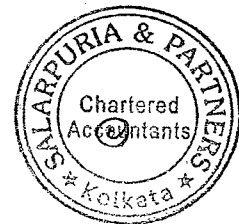
Chartered Accountants

Firm Reg. No. ICAI 302113E

Nihar Ranjan Nayak

N. R. Nayak

Chartered Accountant  
 Membership No.-57076  
 Partner



UDIN: 24057076 BKGDHL1952

Place: KOLKATA

Date: 03.09.2024

**ANNEXURE – B**

**TO THE INDEPENDENT AUDITORS' REPORT**

**REPORT ON THE INTERNAL FINANCIAL CONTROLS UNDER CLAUSE(I) OF SUB-SECTION 3 OF SECTION 143 OF THE COMPANIES ACT, 2013 ("THE ACT")**

We have audited the internal financial controls over financial reporting of National Jute Manufactures Corporation Limited ("the Company") as on 31st March, 2024 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 respective Board of Directors of the Holding Company and its Subsidiary Company is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Holding 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 orderly and efficient conduct of its business, 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 internal financial controls over financial reporting of the Holding Company and Subsidiary Company 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 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 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 in the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained, is sufficient and appropriate to provide basis for our audit opinion on the Consolidated Financial Statements.



# Salarpuria & Partners

## CHARTERED ACCOUNTANTS

7, C. R. AVENUE, KOLKATA - 700 072  
 Phone : 2237 5400 / 5401, 4014 5400-5410  
 Website : www.salarpuriajajodia.com  
 E-mail : salarpuria.jajodia@rediffmail.com  
 office@salarpuriajajodia.com  
 Branch at New Delhi

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

A company's internal financial controls 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 (i) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (ii) provide reasonable assurance that transactions are recorded as necessary to permit preparation of Financial Statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the Company; and (iii) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the Company's assets that could have a material effect on the financial statements.

### ***Inherent Limitations of Internal Financial Controls over Financial Reporting***

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.

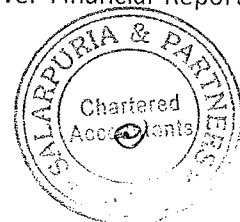
### ***Qualified Opinion***

According to the information and explanations given to us and based on our audit, the Company as well as the subsidiary have not established its internal financial control over financial reporting on criteria based on or considering the essential components of internal control stated in Guidance Note on Audit of Internal Financial Control over Financial Reporting issued by ICAI, e.g. control environment, risk assessment, control activities, information system and communication and monitoring. The Board's report of Holding Company also does not include any risk management policy for the company including identification therein of elements of risk.

In view of above observations, Internal Financial Controls in the Holding Company as on 31.03.2024 is inadequate based on the internal financial control over financial reporting criteria as stated in Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the ICAI.

We have considered the qualified opinion reported above in determining the nature, timing and extend of audit tests applied in our opinion on the financial statement of the company.

As opined by the auditors of the subsidiary company, the subsidiary Company in all material respects, does not have an adequate internal financial controls over the financial reporting and as such internal financial controls over financial reporting were not operating effectively as at 31st March, 2024, based on the internal control over financial reporting criteria established by the subsidiary Company considering the essential components of internal controls as stated in Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the ICAI.





# Salarpuria & Partners

## CHARTERED ACCOUNTANTS

7, C. R. AVENUE, KOLKATA - 700 072  
 Phone : 2237 5400 / 5401, 4014 5400-5410  
 Website : [www.salarpuriajajodia.com](http://www.salarpuriajajodia.com)  
 E-mail : [salarpuria.jajodia@rediffmail.com](mailto:salarpuria.jajodia@rediffmail.com)  
[office@salarpuriajajodia.com](mailto:office@salarpuriajajodia.com)  
 Branch at New Delhi

### Other Matters

Our report under section 143(3)(i) of the Act on the adequacy and operating effectiveness of the internal financial controls over financial reporting with reference to these consolidated financial statements of the Holding Company, in so far it relates to separate financial statements of the subsidiary, which is a Company incorporated in India, is based on the corresponding reports of the auditors of such subsidiary incorporated in India.

We have considered the qualified opinion reported above in determining the nature, timing and extent of audit tests applied in our opinion on the consolidated financial statements of the company.

**For SALARPURIA & PARTNERS**

**Chartered Accountants**

**Firm Reg. No. ICAI 302113E**

**Nihar Ranjan Nayak**

**N.R. Nayak**

Chartered Accountant  
 Membership No.-57076  
 Partner



**UDIN: 24057076 BK4DHL1952**

**Place: KOLKATA**

**Date: 03.09.2024**



# Salarpuria & Partners

## CHARTERED ACCOUNTANTS

7, C. R. AVENUE, KOLKATA - 700 072  
 Phone : 2237 5400 / 5401, 4014 5400-5410  
 Website : www.salarpuriajajodia.com  
 E-mail : salarpuria.jajodia@rediffmail.com  
 office@salarpuriajajodia.com  
 Branch at New Delhi

### Annexure- C

#### TO THE INDEPENDENT AUDITORS' REPORT

(Referred to in Paragraph 3 under "Other legal and regulatory requirements")

1. In response to the directions issued by the Comptroller and Auditor General of India under section 143(5) of the Act, we report that:

i) The holding company does not have an ERP Accounting System or fully integrated IT system among its units and corporate office. The accounts of each unit and corporate office are maintained on accounting software. Consolidation of accounts of the corporate office and the various divisions are done through a separate data entry mode. The present system adopted by the company leaves a scope of absence of data integrity and increases audit risk.

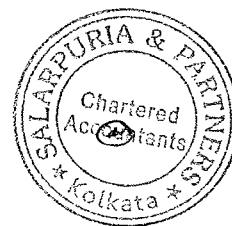
As reported by the auditors of subsidiary company, the subsidiary company is maintaining its accounts through Tally software but the process of accounting is kind of Hybrid system involve manual and computerized process. The auditors of subsidiary have not found any issue on the integrity of the accounts with any financial implication.

ii) According to the information and explanations given to us and the records of the Holding Company examined by us, there have been no cases of waiver/write off of debts/loans/interest etc. made by a lender to the holding company due to company's inability to repay the loan.

The auditors of the subsidiary company have reported that the direction related to cases of waiver/ write off of debts/loans/interest etc. made by a lender to the subsidiary company due to company's inability to repay the loan is not applicable to the subsidiary company.

iii) a) The Holding Company is carrying Interest Free loan, sanctioned by the Government of India as additional budgetary support for restructuring/revival of the Company as approved by Cabinet Committee of Economic Affairs (CCEA) and BIFR, as Long-Term Borrowings.

b) The Holding Company has obtained a Loan of ₹ 281.48 Lakhs from Government of West Bengal in earlier years, repayment of Loan and Interest on which have been defaulted in since 31st March 1994. The accumulated balance of Loan and Unpaid Interest is ₹1,932.93 Lakhs as on 31.03.2024. In absence of loan documents, terms & conditions, adequacy of the interest provision made cannot be commented upon.





# Salarpuria & Partners

## CHARTERED ACCOUNTANTS

7, C. R. AVENUE, KOLKATA - 700 072  
 Phone : 2237 5400 / 5401, 4014 5400-5410  
 Website : www.salarpuriajajodia.com  
 E-mail : salarpuria.jajodia@rediffmail.com  
 office@salarpuriajajodia.com  
 Branch at New Delhi

- c) As disclosed in Note 3 of the Consolidated Financial Statements, the Company had received grants from Bihar Government and IJIRA in 1988-89 and subsidy from West Bengal Industrial Development Corporation in 1982-83. The detailed papers of such grant/subsidy as well as the assets acquired out of such grant were not made available to us. As per the discussion with the management we were made aware that the grant was given for the daily expense of the unit. Each year an amount of Rs.0.10 lakhs is transferred from the grant and is shown as income as on 31/03/24 after transferring the amount of ₹ 0.10 lakhs for this F.Y. an amount of ₹ 0.08 lakhs is left in it.
- d) The auditors of the subsidiary company have not pointed out any deviation in respect of Grant received by the Subsidiary in earlier years for the implementation scheme of R & D Programme and product Diversification from Government of India Jute Special Development Fund.

**For SALARPURIA & PARTNERS**  
**Chartered Accountants**  
**Firm Reg. No. ICAI 302113E**

Nihar Ranjan Nayak

N. R. Nayak

Chartered Accountant  
 Membership No.-57076  
 Partner



UDIN: 24057076BK4DHL1952

Place : KOLKATA

Date : 03.09.2024

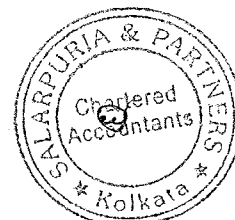


# Salarpuria & Partners

## CHARTERED ACCOUNTANTS

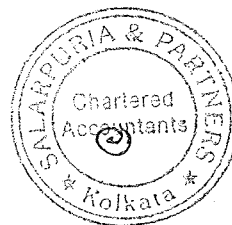
7, C. R. AVENUE, KOLKATA - 700 072  
 Phone : 2237 5400 / 5401, 4014 5400-5410  
 Website : www.salarpuriajajodia.com  
 E-mail : salarpuria.jajodia@rediffmail.com  
 office@salarpuriajajodia.com  
 Branch at New Delhi

ANNEXURE - "D" To The Auditor's Report Pending Court Cases & Litigations		
1	<p>Befor the West Bengal Land Reforms and Tenancy Tribunal, Salt Lake O. A. No. 2210 of 2022</p> <p>Brids Jute &amp; Exports Limited Vs- Rototron Containers Pvt. Ltd. &amp; Ors.</p>	<p>Against unauthorised encroachment and construction by Rototron Containers Pvt. Ltd. &amp; Ors. In BJEL Land Daag No. 104, BJEL's advocate appeared on 02.09.2022 after hearing the counsel for the parties the Ld. Tribunal was fixed the matter on 12th October, 2023.</p> <p>The Judgment was delivered on 29th February, 2024, Wherein the Tribunal dismissed the application M.A. No. 1269 of 2023 after contest. The matter was fixed on 15th March, 2024 for hearing of the Original Application upon consbidering the fact that a WPLRT has been preferred challenging the order dated 29th February, 2024 and as such the matter has been fixed on 02.07.2024 for hearing of the Original Application. Liberty has also been granted to mention.</p>
2	<p>In the Court of the Secnd Civil Judge (Sr. Division) Barasat Title Suit No. 42 of 2013 No. Title Suit No. 8191 of 2014 Jute &amp; Exports Limited Rototron Containers Pvt. Ltd.</p> <p>at New Brids -Vs-</p>	<p>The present suit has been filed by BJEL for decrees for declaration and injunctions in respect of Dag No.104, including decree for recovery of possession of the Land.</p> <p>The matter was fixed for hearing of injunction Application before the LD. 2nd Civil Judge (Sr. Division) at Barasat on 24.01.2023 our counsel appeared on the same date. The Ld. Advocate for the defendant has filed an application under Section 151 of the Code of Civil Procedure inter-alia praying for expeditions disposal of the injection application as filed by BJEL and after hearing the parties the Ld. Court was pleased to fix the matter on 21.03.2023 for hearing the injunction application with a liberty to BJEL to file the objection to the said application in the mean time.</p> <p>The above suit before the Ld. 2nd Civil Judge Senior Divisiion at Barasat on 08.05.2023 for hearing of the applicatiion under section 151 of Civil Procedure Code 1908, after hearing the Ld. Court was pleased to adjourn the matter till 20th July, 2023.</p> <p>Defendant No. 1 filed a put-up npetitionb in the suit on February 9, 2024, seeking permission to file pleadings/ applications. Copies of these documents were served to us on February 6, 2024.</p> <p>In addition, we filed and moved an application on behalf of the BJEL for the extension of the injunction order issued by the Hon'ble High Court at Calcutta in FMAT 583 of 2013; FMA 1455 of 2013. Following arguments from learned advocates representing both parties, the learned advocates representing both parties, the Learned Court has scheduled the hearing for the said applications/pleadings on 16.07.2024.</p>
3	<p>In the Court of the 3rd Civil Judge (Jr. Division), Mayuk Bhavan Title Suit No. 185 of 2004 Birds Jute &amp; Exports Limited -vs- Sovanath Singh</p>	<p>The present Suit has been filed by Bird Jute for decree for injunctions against defendants (heirs of Late Kashi Nath @ Kashi Prasad Singh) in respect of Dag No.104.</p> <p>An ad-intgerim order of status qul was passed by the Learned Court on 14th July, 2004 and from time to time the interim order has been extended and it is still subsisting. Due to non-appearance of the defendants summons of the suit have been to the defendants on number of occasions. Thereafter, an applicatiion has been filed on behalf of BJEL for hearing the suit exparte which was allowed by the Learned Court and the matter is fixed for exparte hearing. Examination in Chief has been completed. Fixed for hearing on the next date.</p> <p>On the 16.09.2022 Company was served with a copy of application under Order 12 Rule 10 read with order 1 Rule 10(2) read with Sec 151 of the Code of Civil procedure for intervention to the matter. Mr. Aritra Basu Advocate (Fox &amp; Manda) will draw the written objection in the above matter, and placved before the court on 09.01.2023.</p> <p>The application for Addition of Party Filed by the Defendaant No.5 was heard by the Ld. Civil Judge (Jr. Division) Salt Lake on n 9th January, 2003 Counsel on our behalf filed the written objection against the application for Addition of Party filed by Rototron Containers (P) Ltd. after hearing The Ld. Tribunal to fix the matter on 18th April, 2023 for further hearing.</p>





		<p>The above matter was fixed for hearing the application under order 12 rule 10 read with order 1 Rule 10(2) and with section 151 of the code of civil procedure before Ld. Civil Judge (Jr. Division) after hearing the Ld. Court was pleased to fix the matter on 18.08.2023 for further hearing.</p> <p>The above matter was fixed for hearing the application under order 12 rule 10 read with order 1 Rule 10(2) and with section 151 of the code of civil procedure before Ld. Civil Judge (Jr. Division) after hearing the Ld. Court was pleased to fix the matter on 18.08.2023 for further hearing.</p> <p>The suit was initially scheduled for hearing of the application under Order XII Rule 10, read with Order I Rule 10(2) and Section 151 of the Code of Civil Procedure, before the Learned Civil Judge (Jr. Division), Salt Lake, on 22nd January, 2024. However, due to a change in the Learned Judge, the court deemed it necessary to rehear the matter afresh. Consequently, this suit has been rescheduled for further consideration 25.06.2024.</p>
4	<p>Before the 2nd Civil Judge (Sr. Div), Barasat T.S. No. 85 of 2012 New No. Title Suit 2651 of 2014 Rototron Containers (P) Ltd. -vs- Birds Jute &amp; Exports Limited</p>	<p>The Plaintiff had filed the suit for obtaining injunction against the defendant restraining them from interfering, obstructing the plaintiff in the development of the said premises in question.</p> <p>Written Statement has been filed on behalf of BJEL. The plaintiff has filed a supplementary affidavit to which written objection has been filed on behalf of Birds Jute.</p> <p>Advocate appeared on BJEL, behalf, after hearing the parties the court was pleased to fix matter on 23rd December, 2022 for hearing.</p> <p>The application under order VI rule 17 of CPC filed by the Plaintiff for amendment of the plaint, when advocate appeared on behalf of BJEL and after hearing the Court was pleased to fix the matter on 13.03.2023 for hearing.</p> <p>A written objection on behalf of BJEL is to be filed in the meantime.</p> <p>The above suit was fixed before the Ld. 2nd Civil Judge (Sr. Division) Barasat on 23.12.2022 for hearing. The application under Order VI Rule 17 of CPC filed by the Plaintiff for amendment of the plaint. Our Counsel appeared on our behalf and after hearing the court was pleased to fix the matter on 30.30.2023 for hearing. Written Objection is to be filed on behalf of BJEL in the meantime.</p> <p>Date is not fix for Hearing. There are four civil suits i.e. TS 185 of 2004, TS 85 of 2012, TS 97 of 2012 and TS 42 of 2013. It is advised by the legal firm to file an application for those 4 cases to file an application before the Hon'ble High Court at Calcutta for consolidation and/or/composite hearing of the said suits. The step will also be in the interest of effective adjudication of the issues involved in the suit together and to avoid conflict adjudication of the issues involved in the suit together and to avoid conflict the decisions by the courts and multiplicity of proceedings. The suit was fixed before Ld. 2nd Civil Judge (Sr. Division), Barasat on 26th June, 2023 for hearing of the application under Order VI Rule 17 of CPC filed by the Plaintiff for amendment of the Plaint. Presiding Officer was transferred and Ld. Judge-in-Charge was preoccupied with his own determination, the said application could not be heard. Next date has been fixed on 6th December, 2023 for hearing of the said application.</p> <p>The suit was scheduled before the Learned 2nd Civil Judge (Sr. Division) Barasat, on 6th December, 2023, for the hearing of the application under Order VI Rule 17 of the Code of Civil Procedure (CPC) filed by the Plaintiff for amendment of the Plaint. During the hearing, when we appeared, we opposed the application. The said application was partially heard, and the Learned Court was pleased to adjourn the suit for further hearing on the said application, date not yet fixed.</p>



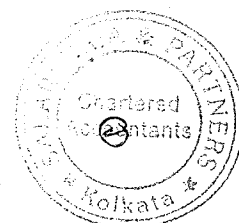


# Salarpuria & Partners

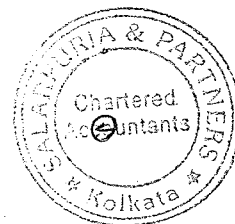
## CHARTERED ACCOUNTANTS

7, C. R. AVENUE, KOLKATA - 700 072  
 Phone : 2237 5400 / 5401, 4014 5400-5410  
 Website : www.salarpuriajajodia.com  
 E-mail : salarpuria.jajodia@rediffmail.com  
 office@salarpuriajajodia.com  
 Branch at New Delhi

5	Before the Learned 2nd Civil Judge (Senior Division) at T.S. No.736 of Birds Jute & Exports Ltd. Vs- South Dum Dum Municipality & Ors. Barasat 2021	<p>The suit has been filed for permanent injunction against South Dum Dum Municipality for encroachment of the land of BJEL. Injunction has been granted which is till 29th April, 2022. The matter is fixed for appearance of the defendants on the next date.</p> <p>Injunction has been granted which is till 07-12-2022. The matter is fixed for appearance of the defendants on the next date.</p> <p>Injunction has been extended till 31-01-2023. The matter is fixed for the next date 31.01.2023 for filing application for further extension of the interim order and for service return of writ of summons upon the defendants.</p> <p>This above matter was fixed before the Ld. 2nd Civil Judge (Sr. Division) at Barasat on 01.04.2023 and filed an application for extension of Interim Order dated 7th October, 2021 after hearing the court was pleased to extend the interim order till 17th June, 2023 for filing application for further extension of the Interim Order and for service return of writ of summons upon the defendants.</p> <p>This suit was scheduled, before the Learned 2nd Civil Judge (Sr. Division) at Barasat on 1st December, 2023, during which we appeared and filed an application for the extension of the interim order dated 7th October, 2021, after serving due notice to the Defendants. After hearing the arguments, the Learned Court Observed that summonses were received by Defendant Nos. 1 and 3, but Defendant No.2 had not yet been served. Consequently, the Learned Court Issued an ex-parte Order against Defendant Nos. 1 and 3 and directed us to file an Affidavit of service for Defendant No. 2 on the next date, i.e., 5th April, 2024. Additionally, the interim Order was extended until 23.07.2024.</p>
6	Before the 5th, Court, Fast Track & Addl. District Judge at Barasat Title Appeal No. 29 of 1996 And CO No.1732 of 2023 Anokhi Manufacturing Products Pvt. Ltd. -Vs- Birds Jute & Exports Limited	<p>We filed an application on behalf of BJEL on 31.01.2024 against the Injunction Petition filed by Anokhi on 11.01.2024. Additionally, we have prepared and sent a draft application for investigation into the misplaced Tin Box on 27.02.2024, along with a compilation documents on 05.03.2024, through a Put-Up Petition. The next hearing is scheduled for 21.08.2024.</p>
7	Before the Ld. Certificate Officer under the Bengal Public Demands Recovery Act, 1913 Certificate Case No.1/ Misc of 2016-17 Birds Jute & Exports Limited -vs- T. K. Warehousing Private Limited	<p>BJEL is advised to proceed with the certificate case under Section 14 of the said Act pending before the District Magistrate, North 24-Parganas, for the recovery of a sum of ₹ 4,47,20,439/- on account of Land Revenue for the period 2008 to 2015, under the head of Unpaid Rent/Damages/Interest. Matter is pending before Certificate Officer Barasat.</p>
8	W. P. No. 1297w/2012 Birds Jute & Exports Limited -vs- South Dum Dum Municipality	<p>The Writ petition has been filed against encroachment of the land of BJEL and for illegal construction of reservoir on the land of BJEL. The matter is not appearing in the list of the Learned Judge taking determination.</p> <p>Ld. Advocate has advised to file a supplementary Affidavit in the matter. Send the all particulars and the photograph evidencing the details of construction of the Reservoir, Play Ground and Party Office on the land of BJEL for drafted the supplementary affidavit.</p> <p>During the hearing of the Writ Petition, WPA No.21128 of 2021, before Hon'ble Justice Amrita Sinha, Mr. Supratim Dhar, Counsel informed the Court about the on going status of the writ petition and requested a fixed date for its hearing. Mr. Dhar advised filing a Supplementary Affidavit considering the subsequent events.</p> <p>In light of the above, we kindly request you to provide us with the particulars and photographs that demonstrate the construction details of the Reservoir, Playground, and Party Office on BJEL's land, as required in our letter dated 16th May, 2023</p>



9	<p>In the High Court at Calcutta WPA No.21128 of 2021 Birds Jute &amp; Exports Limited - vs - South Dum Dum Municipality and Ors.</p>	<p>Writ petition against encroachment by South Dum Dum Municipality in the land of BJEL.</p> <p>The matter is appearing at item No.51 of the daily cause list dated 16.03.2023 before Hon'ble Justice Amirta Sinha. Matter not yet taken up.</p> <p>After hearing Counsel for the parties and upon consideration of the said Declaration-cum-NOC, the court was pleased to pass the following order:</p> <p>There are overwhelming evidences in support of the ownership of said land at the hand of petitioner. Prior to making such declaration, it was the duty of the Chairman of the Municipality to verify all records.</p> <p>It appears that litigation in respect of the selfsame plot of land is continuing from 2012 onwards and the Municipality ought not to have made such incorrect declaration without consulting the records.</p> <p>The Petitioner is litigating for the property for a considerable period of time and during the period the petitioner was moving around the corridors of this Court, the Municipality handed over the plot of land to KMDA for construction of the Elevated Services Reservoir.</p> <p>It has been submitted that at present water is being distributed to the inhabitants of the locality from the said reservoir.</p> <p>At this stage, it will not be proper to direct the Municipality to demolish the said reservoir. The only alternative remedy left right now is to pay adequate compensation to the petitioner on acquisition of the land is question in accordance with law.</p> <p>On the request of the learned advocate representing the Municipality, the matter adjourned till May 16, 2023.</p> <p>The Municipality is directed to ascertain the area of land over which the construction has been made and make proper measurement of the same. At the time of measurement, notice shall be given to the petitioner and the concerned BL &amp; LRO and Amin.</p> <p>The Petitioner shall also be permitted to engage Amin who may remain present at the time of measurement of land.</p> <p>A report by way of affidavit be placed before this Court disclosing the manner in which the Municipality intends to solve the problem that has cropped up.</p> <p>List of May 16, 2023 marked "For Orders".</p> <p>On 16th May Ld. Counsel on behalf of the municipality prayed for extension time to file the affidavit in compliance to the earlier dated 18.04.2023. After hearing the counsel for the parties, the Hon'ble Court was pleased to allow such extension peremptorily and fixed the matter on 21st June, 2023 for further consideration.</p> <p>On 21.06.2023 the direction passed by the Court regarding inspection has not be complied till date.</p> <p>It appears that the Municipality on two earlier occasions failed to comply the direction passed by the court. The Municipality is directed to comply the courts direction immediately.</p>
---	---	---





# Salarpuria & Partners

## CHARTERED ACCOUNTANTS

7, C. R. AVENUE, KOLKATA - 700 072  
 Phone : 2237 5400 / 5401, 4014 5400-5410  
 Website : www.salarpuriajajodia.com  
 E-mail : salarpuria.jajodia@rediffmail.com  
 office@salarpuriajajodia.com  
 Branch at New Delhi

		<p>Let inspection be conducted by June 28, 2023 upon notice to the parties to the parties as mentioned in the order dated April 18, 2023 and May 16, 2023</p> <p>A report shall be placed before this court on the adjourned date.</p> <p>List on June 30, 2023 marked "For Orders".</p> <p>The matter was heard before Hon'ble Justic Amrita Sinha on the 30th instant our Advocate appeared.</p> <p>Counsel on South Dum Dum Municipality filed a Report in the form on an Affidavit. After hearing Counsel for the parties the Hon'ble Court was pleased to grant leave to the Petitioner to consider the affidavit and file their exception if necessary, 10th July 2023. Next date has been fixed on 17th July, 2023. Learned Advocate for KMD has filed a communication dated 11.04.2023. Our Advocate send one copy each of the Report of South Dum Dum Municipality and communication dated 11.04.2023 issued by Chief Engineer, WOS (Water Supply Wind), KMDA.</p> <p>The Municipality has failed to adhee to the Report filed by them in terms of Paragraph 9 of the report. The Municipality has willfully violated the orders dated 18th April, 2023, 30th June, 2023, and 17th July, 2023 and as such we are in the process of filing contempt application in due course.</p>
10	<p>Misc Appeal 29/17 MIS          J. L. Chanddra Family Trust          Misc Appeal 30/17          MIS Benoy Kr. Chandra Family Trust,          Misc Appeal 31/17 MIS          A. K. Chandra Family Trust Misc. Appeal          33/17 MIS Bijoy Kr. Chandra Family Trust</p>	<p>All the five Misc Appeals have been filed against Birds Jute and Exports challenging the order of eviction passed by the Ld.</p> <p>Estate Officer and the last date of the said cases were fixed on 28.07.2022 for Hearing appeal. As the LCR has not yet been received by the Ld. Court. So the next date has been fixed on 15.12.2022 for LCR.</p> <p>All the above noted 5 (five) Misc. Appeals has been filed against Birds Jute &amp; Exports Ld. Challenging the order of eviction passed by the Ld. Estate Officer and the last date of the cases were fixed on 15.12.2022 for LCR. As the LCR has not been received by the Ld. Court so the next date has been fix on 24.03.2023 for LCR.</p> <p>All the above noted 5 (five) Misc. Appeals has been filed against Birds Jute &amp; Exports Ld. Challenging the order of eviction passed by the Ld. Estate Officer and the last date of the cases were fixed on 15.12.2022 for LCR. As the LCR has not been received by the Ld. Court so the next date has been fix on 24.03.2023 for LCR.</p> <p>Next date for further hearing on 11.10.2023.</p>
11	<p>CAN No. 1 of 2023          No. 2 of 2024          No. 3 of 2024          No. 1 of 2023          1408 of 2023          of 2013          Exports Limited            Om Prakash Sahal,          Director of Rototron          Containers Private Limited</p>	<p>CAN          CAN          CAN          CPAN No.          FMA 1455          Birds Jute &amp;          - vs -</p> <p>The matter was heard by Hon'ble Justice Soumen Sen and Hon'ble Justice Uday Kumar on 17.05 13.02.2024. Following arguments from Counsel for the parties, the Hon'ble Court allowed CAN 03 of 2024 and directed substituted service of the contempt application by publishing notices in "The Time of India", "Bartaman," and Dainik Vishyamitra within three weeks. Further more, the Court directed the exchance of affidavits in CAN 02 of 2024 within four weeks. The matter is scheduled to appear next on 21.06.2024.</p>

For SALARPURIA & PARTNERS

Chartered Accountants

Firm Reg. No. ICAI 302113E

Nihar Ranjan Nayak

N. R. Nayak

Chartered Accountant

Membership No.-57076

Partner

UDIN: 24057076BK4DHL1952

Place: KOLKATA

Date: 03.09.2024

