

# Salarpuria & Partners

## CHARTERED ACCOUNTANTS

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### INDEPENDENT AUDITOR'S REPORT

To

The Members of  
Riga Sugar Co. Ltd

### Report on the Audit of the Ind AS Financial Statements

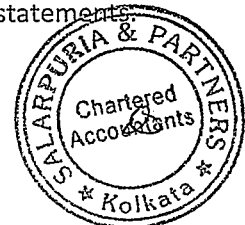
#### Adverse Opinion

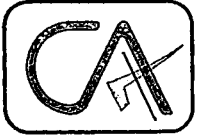
We have audited the accompanying Ind AS financial statements of Riga Sugar Co Ltd ("the Company"), which comprise the Balance Sheet as at 31<sup>st</sup> March, 2022, and the Statement of Profit and Loss (including Other Comprehensive Income), the Statement of Changes in Equity and Statement of Cash Flows for the year then ended, and notes to the financial statements, including a summary of the 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, in view of the pervasive nature of the effect of matters described in the Basis for Adverse Opinion section below, the aforesaid Ind AS Financial Statements does not give the information required by the Companies Act, 2013 in the manner so required and also does not give a true and fair view in conformity with the Indian Accounting Standards prescribed under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended, and other accounting principal generally accepted in India, of the state of affairs of the Company as at March 31, 2022, and its loss including total comprehensive income, changes in equity and its cash flows for the year ended on that date.

#### Basis for Adverse Opinion

- A. The company has been referred to Corporate Insolvency Resolution Process (CIRP) under the Insolvency and Bankruptcy Code, 2016 (as amended) (IBC or Code) vide order of the Hon'ble NCLT, Kolkata Bench (NCLT) dated October 08, 2021. However, since no Resolution Plan was accepted by the Committee of Creditors, liquidation proceedings were initiated w.e.f. April 11, 2023 vide order of the Hon'ble NCLT. During the liquidation process, auction for sale of the Company as a Going Concern was held on August 31, 2023 and the same was successful. Further, prior to commencement of insolvency proceedings, there has been considerable decline in level of operations of the Company and Net worth of the company as on the reporting date is eroded and it continues to incur losses. On the Reporting date, the Company was under CIRP proceedings and in pursuance of the said Code and regulations made thereunder, the company is being run as a going concern. The auction for sale of the company was offered as a going concern and it was successfully held in favour of a bidder on August 31, 2023 who however failed to deposit the sale proceeds except the deposit of EMD amounting to Rs. 2 crore within stipulated time. Therefore, the bid was ultimately cancelled and fresh auction notice has been issued before issue of this audit report. Since such developments have taken place during the Financial Year 2023-24 only, the Financial Statements of the company for the FY 2021-22 have been prepared on Going concern basis. Refer note 26(7) of the financial statements.





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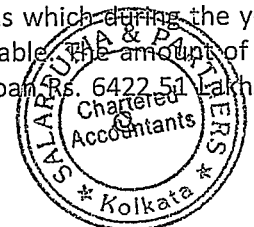
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- B. Pursuant to commencement of CIRP of the company under Insolvency and Bankruptcy Code, 2016, there are various claims submitted by the financial creditors whether secured and unsecured, operational creditors, employees and other creditors to the RP. The overall obligations and Liabilities including interest on loans and the principal amount of loans shall be determined during the CIRP. During CIRP period, no accounting impact in the books of accounts has been made in respect of differences, if any, in the Claims filed by operational and other financial creditors save and except claims from secured financial creditors amounting to Rs. 2203.70 lakhs. [Refer Note -26(10) of the Financial Statement].  
Hence, consequential impact, if any, is currently not ascertainable and we are unable to comment on the accounting treatment of possible financial impact of the same.
- C. Manufacturing Activities of the company has been suspended since 2020-21. However, the company has not assessed or reviewed the plant and machineries and other fixed assets for the impairment and the impairment loss, if any, has not been ascertained. The consequent effect of the same is not ascertainable at this stage [Refer Note- 3 of the Financial Statement].
- D. Non-Reconciliation of Certain debit and credit balances with individual details and confirmation etc. Adjustments/Impacts with respect to these are currently not ascertainable and as such cannot be commented upon by us. [Refer Note- 26(12) of the Financial Statement].
- E. As the company was in CIRP and subsequently in liquidation w.e.f April 11, 2023, there are non-compliances of certain Statutory obligations applicable to the company as we have not been provided with the evidences of compliance thereof. Payment of certain Disputed Statutory Dues are not regular to the extent of information available in the books of accounts. [Refer Annexure A Clause VII(a) of the Audit report]

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

### Emphasis of Matter

- A. We refer to Note 26(11) of the Financial Statement, the Company has given a Corporate Guarantee to Bank of India and Union Bank of India for repayment of Loan along with interest towards Kisan Credit Card (KCC) loan availed by cane growers. The Interest is 7% p.a. as per Interest subvention scheme declared by Reserve Bank of India/Government of India. The repayment of Kisan Credit Card loan which is repayable by the company is irregular in nature. On account of Commencement of CIRP, the IRP/RP has accepted the claim in this regard amounting to Rs. 7,664.85 Lakhs which during the year classified as current borrowings which in previous year treated as trade payable. The amount of Rs. 1,242.34 Lakh which is accepted over and above the carrying value of KCC loan Rs. 6422.51 Lakhs is treated as expenses on the basis of proof of Claim. [Refer Note 25].





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- B. The effect of various litigations are there, the impact of which cannot be ascertained as the Company as on the reporting date as the matter is subjudice. Refer note 26(1) of the Financial statements.

### **Key Audit Matters**

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the Ind AS Financial Statements of the current period. These matters were addressed in the context of our audit of the Ind AS Financial Statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Except for the matter described in the basis for Adverse Opinion section, we have determined that there is no key audit matters to communicate in our report.

### **Information Other than the Ind AS Financial Statements and Auditor's Report Thereon**

The Company's Board of Directors is responsible for the preparation of the other information. The other information comprises the information included in the Management Discussion and Analysis, Board's Report including Annexures to Board's Report, Business Responsibility Report, Corporate Governance and Shareholder's Information, but does not include the Ind AS 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.

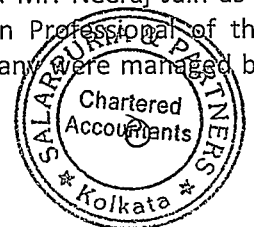
In connection with our audit of the Ind AS Financial Statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the Ind AS Financial Statements or our knowledge obtained during the course of our audit or otherwise 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. Since, we have not obtained the Board's report prior to the date of the Auditor's report, we are unable to conclude whether or not the other information paragraph is materially misstated with respect to this matter.

We expect to obtain the Board's Report including Annexures to Board's Report, Business Responsibility Report, Corporate Governance and Shareholder's Information after the date of the Auditor's report, and if we conclude that there is a material misstatement therein, we are required to communicate the matter with those charge with Governance and describe actions applicable under the applicable laws and regulations.

### **Responsibilities of Management and Those Charged with Governance for the Ind AS Financial Statements**

The Company was under the Corporate Insolvency Resolution Process ('CIRP') under the provisions of the Insolvency and Bankruptcy Code, 2016 ('the Code') vide order dated October 08, 2021 passed by the National Company Law Tribunal ('NCLT'). The powers of the Board of Directors stands suspended as per Section 17 of the Code and such powers are exercised by the Interim Resolution Professional/Resolution Professional (RP) appointed by the NCLT by the said order under the provisions of the Code. As per Section 20 of the Code, upon commencement of CIRP, the management and operations of the Company were being managed by Interim Resolution Professional / Resolution Professional and subsequently company is in liquidation vide order dated April 11, 2023 approved by Hon'ble NCLT, Kolkata Bench and appointed Mr. Neeraj Jain as a Liquidator who was also appointed as Interim Resolution Professional / Resolution Professional of the Company. Prior to commencement of CIRP, the management and affairs of the company were managed by the Board of Directors of the Company.





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The Company's Management is responsible for the matters stated in section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these Ind AS Financial Statements that give a true and fair view of the financial position, financial performance, changes in equity and cash flows of the Company in accordance with the Ind AS and other accounting principles generally accepted in India. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant of 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 Ind AS Financial Statements, the Management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless Management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

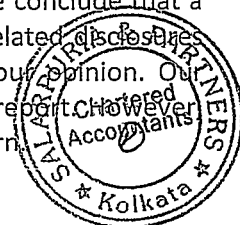
The Management are also responsible for overseeing the Company's financial reporting process.

### ***Auditor's Responsibilities for the Audit of the Ind AS Financial Statements***

Our objectives are to obtain reasonable assurance about whether the Ind AS 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 decision of user taken on the basis of these Ind AS 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 Ind AS 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 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 Ind AS 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.





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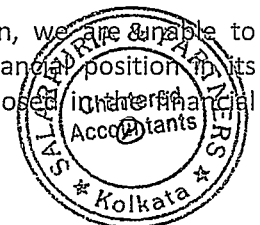
- Evaluate the overall presentation, structure and content of the Ind AS Financial Statements, including the disclosures, and whether the Ind AS Financial Statements represent the underlying transactions and events in a manner that achieves fair presentation.

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.

### 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 sub-section (11) of section 143 of the Companies Act, 2013, 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 obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
  - (b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books save and except for the matter described in basis for adverse opinion section of this report.
  - (c) The Balance Sheet, the Statement of Profit and Loss, the Statement of Changes in Equity and the Cash Flow Statement dealt with by this Report are in agreement with the books of account.
  - (d) Due to the significance of matters described in the Basis for Adverse Opinion section above, in our opinion, the aforesaid financial statements comply with the Indian Accounting Standards specified under Section 133 of the Act, read with Companies (Indian Accounting Standards) Rules, 2015, as amended, except IND AS 1- "Presentation of Financial Statements", IND AS 36- "Impairment of Assets", IND AS 32- "Financial Instruments: Presentation".
  - (e) We have not received any written representation from the directors as on March 31, 2022 with regards to disqualification from being appointed as a director in terms of section 164(2) of the Act.
  - (f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure -B". Our report expresses a qualified opinion on the adequacy and operating effectiveness of the company internal financial controls over financial reporting.
  - (g) The Company has paid/provided for managerial remuneration in accordance with the provisions of Section 197 read with Schedule V to the Act.
  - (h) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
    - (i) As the company was in CIRP and subsequently is in Liquidation, we are unable to comment the impact of the all its pending litigations on its financial position in its financial statements as at 31<sup>st</sup> March 2022 save and except disclosed in the financial statement. [Refer Note No. 26(1) to the financial statements].





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- (ii) As represented by the management, The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.
- (iii) There are no amounts required to be transferred, to the Investor Education and Protection Fund by the Company as at 31<sup>st</sup> March, 2022.
- (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) The Company has neither declared nor paid any dividend during the financial year. Hence, compliance in accordance with Section 123 of the Companies Act, 2013 is not applicable.

For Salarpuria & Partners

Chartered Accountants

(Firm ICAI Regd. No. 302113E)

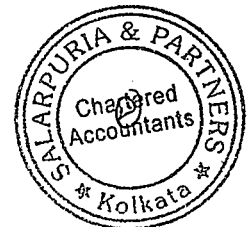
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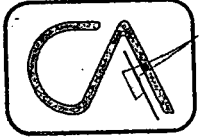
N. R. Nayak  
Chartered Accountant  
Membership No.-57076  
Partner

UDIN: 240 57076 BK6DH1A2428

Place: Kolkata

Date: 30/03/2024





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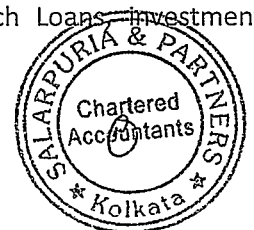
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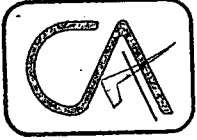
## ANNEXURE 'A' TO THE INDEPENDENT AUDITOR'S REPORT

(Referred to in Paragraph 1 under "Report on Other Legal and Regulatory Requirements" section of our Report of even date)

The Annexure referred to in independent Auditors Report to the members of the Company on the financial statements for the year ended 31<sup>st</sup> March, 2022 we report that:

- i. a) (A) The Company has maintained proper records showing full particulars, including quantitative details and situation of Property, Plant and Equipment.  
  
(B) The Company is maintaining proper records showing full particulars of Other intangible assets.
- b) As per information and explanation given to us, Property, Plant & Equipment were physically verified during the year by the management. No material discrepancies were noticed on such verification.
- c) According to the information and explanation given to us and on the basis of our examination of the records of the Company, the title deeds of immovable properties are held in the name of the Company.
- d) According to the Information and explanations given to us, Company has not Revalued its Property Plant and Equipment (Including Right of use assets) during the year.
- e) According to the Information and explanations given to us, no proceedings have been initiated or are pending against the Company as at March 31, 2022 for holding any benami property under the Benami Transactions (Prohibition) Act, 1988 and rules made thereunder.
- ii. a) As per information and explanation given to us, physical verification of inventory has been carried out during the year by the Management. In our opinion such verification is appropriate and no discrepancies of 10% or more in aggregate were noticed on such physical verification.
- b) On an overall examination of the financial statements of the Company has not been sanctioned working capital limits in excess of ₹ 5 crore, in aggregate, at any points of time during the financial year 2021-22 from banks or financial institutions on the basis of security of current assets. However, the company was sanctioned working capital limit in excess of 5 crore rupees in earlier years, in aggregate, from banks on the basis of security of current asset. According to information and explanation given to us the banks had classified such accounts as non-performing assets on account of continuous defaults committed by the company and Company was in CIRP w.e.f October 08, 2021, the Company had not filed any statements or returns with the banks during the period and hence reporting under clause 3 (ii) (b) of the order could not be made.
- iii. According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company has not made any investments, provided any guarantee and security, or granted any loans or advances in the nature of loans, secured or unsecured, to companies, firms and Limited Liability Partnerships or any other parties during the year accordingly reporting under clause 3 (iii)(a) to (3) (iii) (f) of the order are not applicable.
- iv. According to the information and explanations given to us, there are no such Loans, Investments, guarantees and security for which Section 185 & Section 186 are applicable.





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- v. According to the information and explanations given to us, there is no such deposits, accepted by the Company or amounts which are deemed to be deposits, whether directives issued by the Reserve Bank of India and the provisions of sections 73 to 76 or any other relevant provisions of the Companies Act and the rules made thereunder, where applicable.
- vi. The Central Government has prescribed cost records u/s 148(1) of the Companies Act 2013, which is applicable to the Company and the same has been maintained by the Company to the extent applicable for the F.Y. 2021-22. We have not, however made a detailed examination of the same.
- vii. a) According to the records of the company and as per the information and explanations given to us, it has been irregular in depositing undisputed statutory dues like Income Tax, Sales Tax, Service Tax, duty of Customs, duty of Excise, Value Added Tax, Cess and Other Statutory Dues with the appropriate authorities and out of which irregularities noticed in payment of Tax Deducted at Sources, Goods and Services Tax, Provident Fund and Employee's State Insurance and Rs. 24.97 Lakhs remains outstanding for more than 6 months as at 31<sup>st</sup> March 2022 on account of Tax Deducted at Sources, Goods and Services Tax, Provident Fund and Employee's State Insurance to the extent accounted for in the books of accounts.
- b) On the basis of our examination of the documents and records the following disputed statutory due which have not been deposited with the appropriate authorities to the extent of information available to us are as under:

Sl. No.	Name of the Statute	Nature of Dues	Amount of Demand (Including Interest & Penalty) (₹ in Lakhs)	Amount Deposited under Dispute (₹ in Lakhs)	Period to which amount relates	Forum where Dispute is Pending
1	VAT	VAT on SDS @ 12.5% instead of 4%	95.72	35.62	2009-10 & 2010-11	Commercial Taxes Tribunal, Patna
2	VAT	VAT on SDS @ 12.5% instead of 4%	230.65	41.73	2011-12	Commercial Taxes Tribunal, Patna
3	VAT	VAT on Stock Transfer of RS for CL	61.84	12.99	2012-13	Commercial Taxes Tribunal, Patna
4	VAT	VAT on Stock Transfer of RS for CL	200.15	10.00	2013-14	Commercial Taxes Tribunal, Patna
5	State Excise Dept.	Inferior Quality of Country Liquor supplied at Araria	382.49	-	2015-16	Hon'ble Patna High Court







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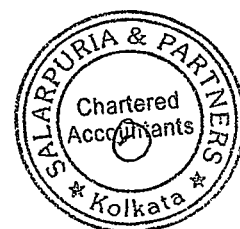
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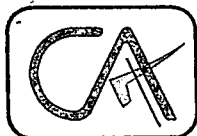
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6	State Excise Dept.	Inferior Quality of Country Liquor supplied at Seohar	98.07	-	2016-17	Hon'ble Patna High Court
7	Employee State Insurance	Employee State Insurance	2.30	2.30	2013-2014 to 2017-2018	Employee State Insurance Court
8	Gratuity	Payment of Gratuity	14.30	-	2020-21	Pending before the Authority Under the Payment of Gratuity Act 1972

viii. According to the information and explanations given to us, there were no such transactions relating to previously unrecorded income that have been surrendered or disclosed as income during the year in the tax assessments under the Income Tax Act, 1961 (43 of 1961). So, comment on Paragraph 3(viii) of the said order does not arise.

ix. a) The Company has defaulted in repayment of loans or in Payment of interest to Banks, Government of India and other Lenders. The period and the amount of default stated in table below: -

Nature of Borrowing	Name of Lenders	Amount not Paid on due date	Whether Principal or Both	No. of days delays or Unpaid	Remarks, if any
Term Loan	Bank of India	Rs. 696.23/- Lakhs including interest upto 08 <sup>th</sup> October 2021 and Rs. 256.58 lakhs accepted and accounted for in CIRP.	Both Principal and Interest		Pursuant to Commencement of CIRP, Secured Financial Creditors, filed proof of claim to IRP/RP which was accepted and accounted for in the books of accounts in CIRP amounting to Rs 13,493.59 lakhs. The excess claims accepted of Rs. 2203.70 lakhs over and above the carrying balance including interest which hitherto was not recognised earlier is accounted as finance cost (refer Note 25).
Term Loan	Union Bank of India	Rs. 189.92/-Lakhs including interest upto 8 <sup>th</sup> October 2021 and Rs 27.49 lakhs accepted and accounted for in CIRP.	Both Principal and Interest		
Working Capital Loan	Bank of India	Rs. 6035.39/-Lakhs including Interest upto 08 <sup>th</sup> October 2021. And Rs. 900.24 lakhs accepted and accounted for in CIRP.	Both Principal and Interest		
Working Capital Loan	Union Bank of India	Rs. 2081.98/- Lakhs including interest upto 08 <sup>th</sup> October 2021 and Rs. 178.40 lakhs accepted and accounted for in CIRP.	Both Principal and Interest		





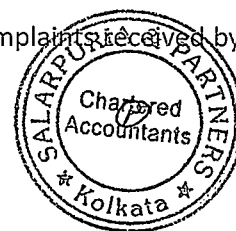
# Salarpuria & Partners

## CHARTERED ACCOUNTANTS

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<b>Sugar Development Fund</b>	Government of India	Rs. 1,009.09 Lakhs including Interest upto 08.10.2021 and 1425.68 lakhs accepted and accounted for in CIRP.	Both Principal and Interest	Branch at New Delhi The company has crystallised the contingent liability in the current year since the claim filed by IFCI as on the CIRP commencement date was admitted.	
<b>Kisan Credit Card (KCC) Loan</b>	Bank of India and Union Bank of India	Rs. 6422.51/- Lakhs including interest and Rs. 1242.34 Lakhs accepted and account for in CIRP as interest.	Both Principal and Interest	More than 3 Years	Refer Note 26(11) to the Financial Statement.
<b>Loans from Body Corporate (Unsecured)</b>		The Company also defaulted in repayment of unsecured Loans amounting Principal Rs. 982.75/- in Lakhs and Interest upto 08 <sup>th</sup> October 2021- Rs 383.65/- in Lakhs and Balance are subjected to confirmation and reconciliation.			

- b) According to the information and explanations given to us, the Company has not been declared willful defaulter by any bank or financial institution or any other lender. So, Comment on paragraph 3(ix)(b) of the said order does not arise.
- c) According to the information and explanations given to us and audit procedures performed by us, the Company has not taken any term loans during the year and there are no outstanding term loans at the beginning of the year pending utilization and hence, reporting under clause 3(ix)(c) of the order is not applicable.
- d) According to the information and explanations given to us, and on an overall examination of the financial statements of the Company, we report that no funds Raised on Short term Basis by the Company. So, comments on paragraph 3(ix)(d) of the said order does not arise.
- e) As the company does not have any subsidiaries, joint ventures or associate companies. So, comment on paragraph 3(ix)(e) &(f) of the said order does not arise.
- x. a) According to the information and explanations given to us, the company has not raised moneys by way of initial public offer or further public offer (including debt instruments) during the year, hence comment on paragraph (x)(a) of the said order does not arise.
- b) According to the information and explanations given to us and based on our examination of records of the company, the Company has not made any preferential allotment or private placement of shares or convertible debentures (fully, partly or optionally) during the year and hence comments on paragraph 3(x)(b) of the said Order does not arise.
- xi. a) According to the information and explanations given to us, no fraud by the Company or any fraud on the Company has been noticed or reported during the year.
- b) No report under sub-section (12) of section 143 of the Companies Act has been filed in Form ADT-4 as prescribed under rule 13 of Companies (Audit and Auditors) Rules, 2014 with the Central Government, during the year.
- c) According to the information and explanations given to us, No Whistle blower complaints received by the company during the year, Hence comment under the said clause does not arise.





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- xii. The Company is not a Nidhi Company and hence reporting under Paragraph 3(xii) of the Order is not applicable.
- xiii. According to the Information and explanations given to us and based on our examinations of the records of the company, transactions with related parties are in compliance with section 177 and 188 of the Act were applicable and it is of such transactions have been disclosed in the financial statements as required by the applicable Indian accounting standards.
- xiv. According to the Information and explanations given to us, the company does not have any internal audit system commensurate with the size and nature of its business hence reporting under Paragraph 3(xiv) of the said order does not arise.
- xv. To the best of our knowledge and belief and as per the information and explanations given to us, the Company has not entered into any non-cash transaction with directors or persons connected with him. So, comment on Paragraph 3(xv) of the said order does not arise.
- xvi. In Our opinion, the Company is not required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934. Hence, reporting under clause 3(xvi)(a), (b), (c) and (d) of the Order is not Applicable.
- xvii. The company has incurred cash loss in the current financial year 2021-22 of Rs. 5484.14 Lakhs and that of Rs. 4235.89 Lakhs immediately preceding financial year 2020-21.
- xviii. There has been no resignation of the Statutory auditors of the company during the year. Hence, Comment on paragraph 3(xviii) of the said order is not applicable.
- xix. 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 and our knowledge of the Board of Directors and Management plans, in our opinion, The company has been referred to National Company Law Tribunal under the Insolvency and Bankruptcy Code, 2016 and is in Corporate Insolvency Resolution Process (CIRP) and Company's Net-worth is fully eroded and also defaulted in repayment of borrowing to its lenders. In Our opinion, there is material uncertainty exists as on the date of audit report that company is capable of meeting its liabilities existing at the date of balance sheet as it is already fallen due. We, however, state that this is not an assurance as to the future viability of the Company. We further state that our reporting is based on the facts up to 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 date, will get discharged by the Company.
- xx. The requirements as stipulated in the provisions of section 135 of the Companies Act 2013 are not applicable to the company. Accordingly reporting under clause (3) (xx)(a) and (b) of the order are not applicable.

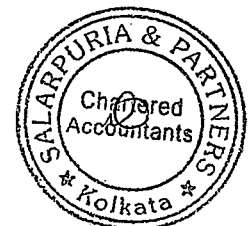
For Salarpuria & Partners

Chartered Accountants

(Firm ICAI Regd. No. 302113E)

Nihar Ranjan Nayak

N. R. Nayak  
Chartered Accountant  
Membership No.-57076  
Partner



UDIN: 24057076BKC2DHA2428

Place: Kolkata

Date: 30/03/2024



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## ANNEXURE 'B' TO THE INDEPENDENT AUDITOR'S REPORT

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

*(Referred to Paragraph 2(g) of Report on Other Legal and Regulatory Requirements of our Report of even date)*

We have audited the internal financial controls over financial reporting of Riga Sugar Co Ltd ("the Company") as of 31<sup>st</sup> March, 2022 in conjunction with our audit of the Ind AS financial statements of the Company for the year ended on that date.

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

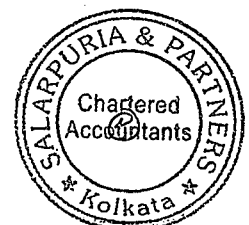
The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Unit considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial 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 Unit's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

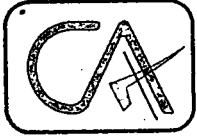
### **Auditors' Responsibility**

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

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls 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 Ind AS financial statements, whether due to fraud or error.

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





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

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

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

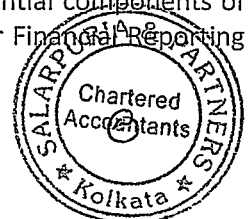
Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal 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 following material weaknesses have been identified in the operating effectiveness of the Company's internal financial controls over financial reporting as at March 31, 2022 as Company was in CIRP as on reporting date and Subsequently in liquidation as on date of this report:

- I. Non-Reconciliation Certain debit and credit balances with individual details and confirmation etc.
- II. The Company has not assessed or reviewed the plant and machineries and other fixed assets for the impairment and the impairment loss, if any, has not been ascertained.

A 'material weakness' is a deficiency, or a combination of deficiencies, in internal financial control over financial reporting, such that there is a reasonable possibility that a material misstatement of the Company's annual or interim financial statements will not be prevented or detected on a timely basis. In our opinion, except for the effects / possible effects of the material weaknesses described above under Qualified Opinion paragraph on the achievement of the objectives of the control criteria, the Company has, in all material respects an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2022, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the ICAI.





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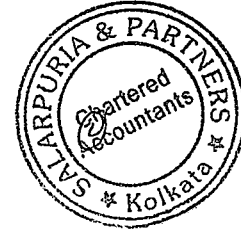
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We have considered material weakness identified and reported above in determining the nature, timing, and extent of audit tests applied in our audit of the March 31, 2022 financial statements of the Company and these material weaknesses affect our opinion on financial statements of the Company for the year ended March 31, 2022 and we have issued an adverse opinion on the IND AS Financial statements.

*For Salarpuria & Partners*  
*Chartered Accountants*  
*(Firm ICAI Regd. No. 302113E)*

**Amhar Ranjan Nayak**

*N.R. Nayak*  
Chartered Accountant  
Membership No.-57076  
Partner



UDIN: 24057073BK4 DHA2428

Place: Kolkata

Date: 30/03/2024