



# 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

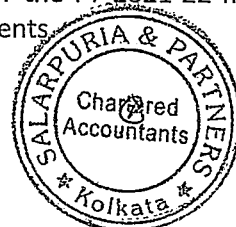
#### Adverse Opinion

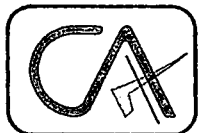
We have audited the accompanying Ind AS financial statements of **Riga Sugar Co Ltd** ("the Company"), which comprise the Balance Sheet as at 31<sup>st</sup> March, 2022, and the Statement of Profit and Loss (including Other Comprehensive Income), the Statement of Changes in Equity and Statement of Cash 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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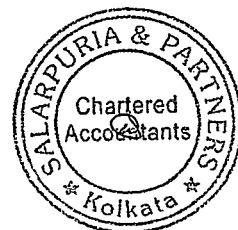
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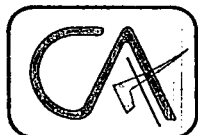
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- B. Pursuant to commencement of CIRP of the company under Insolvency and Bankruptcy Code, 2016, there are various claims submitted by the financial creditors whether secured and unsecured, operational creditors, employees and other creditors to the 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]





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We conducted our audit in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the Companies Act, 2013 (the Act). Our responsibilities under those Standards are further described in the *Auditor's Responsibilities for the Audit of the Standalone Financial Results* section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India together with the ethical requirements that are relevant to our audit of the financial results 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.

### **Emphasis Matter Paragraph**

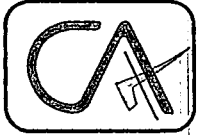
- A. The Company has given a Corporate Guarantee to Bank of India and Union Bank of India for repayment of Loan along with interest towards Kisan Credit Card (KCC) loan availed by cane growers. The Interest is 7% p.a. as per Interest subvention scheme declared by Reserve Bank of India/Government of India. 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-6 of Financial Results)
- 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.

### **Management's Responsibilities for the Standalone Financial Results**

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, the management and operations of the Company were being managed by 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.

These quarterly standalone financial results as well as the year to date standalone financial results have been prepared on the basis of the standalone financial statements. The Company's Management are responsible for the preparation of these standalone financial results that give a true and fair view of the net loss (including other comprehensive income) and other financial information in accordance with the recognition and measurement principles laid down in Indian Accounting Standards prescribed under Section 133 of the Act read with relevant rules issued thereunder and other accounting principles generally accepted in India and in compliance with Regulation 33 of the Listing Regulations. This responsibility also includes maintenance of adequate accounting records in accordance with the





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provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial results that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the financial results, 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 the Management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

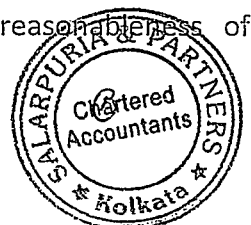
The Management are also responsible for overseeing the Company's financial reporting process.

### ***Auditor's Responsibilities for the Audit of the Standalone Financial Results***

Our objectives are to obtain reasonable assurance about whether the standalone financial results 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 results.

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 standalone financial results, 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, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the management.





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- Conclude on the appropriateness of the Management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial results or, if such disclosures are inadequate, to modify our opinion. Our opinions 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 standalone financial results, including the disclosures, and whether the financial results 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.

### Other Matters

The statement includes the results for the quarter ended March 31, 2022 being the balancing figure between the audited figures in respect of the full financial year ended March 31, 2022 and the published unaudited year-to-date figures upto the 3<sup>rd</sup> quarter of the current financial year, which were subjected to a limited review by us, as required under the listing regulations.

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

Nihar Ranjan Nayak

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

Place : Kolkata  
Date : 20/03/2024  
UDIN: 24057076 BKGDH28516

