



# SIDHARTH N JAIN & COMPANY

## Chartered Accountants

### Independent Auditors' Report

To the Members of  
Bajaj Hindusthan Sugar Limited

#### Report on the Audit of the Standalone Financial Statements

##### Qualified Opinion

We have audited the standalone financial statements of Bajaj Hindusthan Sugar Limited ("the Company"), which comprise the standalone balance sheet as at March 31, 2022, and the standalone statement of profit and loss (including other comprehensive income), the standalone statement of changes in equity and standalone statement of cash flows for the year then ended, and notes to the standalone financial statements, including a summary of significant accounting policies and other explanatory information (Collectively referred to as 'standalone financial statements').

In our opinion and to the best of our information and according to the explanations given to us except for the possible effects of the matter described in the Basis for Qualified Opinion section of our report, the aforesaid standalone 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 state of affairs (financial position) of the Company as at March 31, 2022, and its loss (financial performance including other comprehensive income), changes in equity and its cash flows for the year ended on that date.

##### Basis for Qualified Opinion

We draw attention to Note No. 39(I)(d) to the standalone financial statements, regarding the non-provision of contractual obligation related to premium payable on Optionally Convertible Debentures (OCDs) at the time of redemption of OCDs issued to lenders pursuant to the Scheme for Sustainable Structuring of Stressed Assets (S4A Scheme) which stipulates that the yield to maturity (YTM) being the difference between weighted average interest and coupon rate payable as redemption premium at the time of redemption of OCDs redeemable in 13 equal instalments commencing from the Financial year 2024-25. The Company considers such YTM/redemption premium as contingent liability and has not provided for the same in the books of account for the year ended March 31, 2022 amounting to Rs 394.00 crores. The aggregate liability for such YTM from the date of allotment of OCDs till year ended March 31, 2022 is Rs 1784.12 crores. Had such interest been provided, the reported net loss for the year ended March 2022 would have been Rs 612.25 crores and Net worth of the Company would have been Rs 1,093.27 crores.

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 Standalone 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 standalone 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 qualified opinion on the standalone financial statements.

### **Material Uncertainty related to Going Concern**

As stated in Note No. 54 of the standalone financial statements, the Company during the last few years had incurred losses due to high raw material and other inputs costs, relatively lower realization of sugar, higher depreciation and finance expenses. Sugar prices have been relatively lower over the years due to higher production of sugar in the country. All these factors resulted into reduction of net worth of the Company. As at March 31, 2022, the Company has sugar cane dues payable to farmers, outstanding loan installment for March 2022, unpaid coupon rate interest liabilities towards optionally convertible debentures. The above factors indicate a material uncertainty, which may cast significant doubt about the Company's ability to continue as a going concern.

The Company is continuously striving to improve its operational efficiency and other parameters by way of improvement in sugar recovery, increase in production of alcohol/ ethanol by using B heavy molasses, reduction of overheads, finance, other costs and monetization of certain non-core assets etc. The debt restructuring as per RBI's S4A Scheme, has somewhat improved the liquidity position of the Company. The Company is further discussing with the lenders a debt resolution plan to have a lasting solution to improve its liquidity. The Company is also exploring/ evaluating various options for corporate restructuring to streamline the corporate structure and enhance the Company's value.

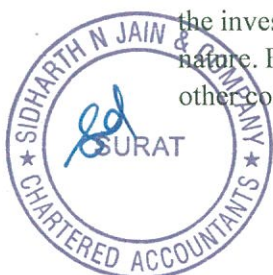
The Government has also taken various measures to improve the financial health of sugar industry. All these measures are expected to turnaround the operations of sugar industry on sustainable basis. The Company also expects to receive accrued benefits under the Sugar Industries Promotion Policy 2004 for which it is entitled to.

In view of the above, the management expects to generate positive cash flow from operation and accordingly, the standalone financial statements are continued to be presented on going concern basis, which contemplates realization of assets and settlement of liabilities in the normal course of business.

Our opinion is not modified in respect of the above matter.

### **Emphasis of Matter**

As stated in Note No. 48 to the standalone financial statements, the Company has exposure aggregating to Rs. 1,739.39 crores, in its three wholly-owned subsidiaries and Rs 503.18 crores in other company, aggregating to Rs 2,242.47 crores, by way of investments, loans, accumulated interest on these loans, and receivables. Management is of the view that sufficient efforts are being undertaken to revive the said subsidiaries in the foreseeable future so as to recover carrying value of the investments, loans, receivables, and the diminution/provisions, if any exists, is only of temporary nature. Further management believes that the investments made, loans given and receivable due from other company is also considered good and recoverable / realizable based on the future business plan





of this company, and on-going efforts towards obligation casted on the Company and its promoters to recover the outstanding loans in phased manner and accordingly no provision, other than those already accounted for, has been considered necessary. Further on the basis of principle of conservatism and prudence, the Company has not recognized interest income for the year ended on March 31, 2022, of Rs. 145.61 Crore, on inter corporate loans, as and when it is recoverable it will be recognized in the books.

Our opinion is not modified in respect of these matters.

### Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the standalone 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.

We have determined the matter described below to be key audit matters to be communicated in our report.

The Key Audit Matter	How the matter was addressed in our audit
<b>Impairment assessment for Investments, loans and interest on loan and receivables</b>	
<p>he Company has exposure aggregating to Rs 1,739.29 crores, in its three wholly-owned subsidiaries and Rs 503.18 crores in other company, aggregating to Rs 2,242.47 crores, by way of investments, loans, accumulated interest on these loans and receivables.</p> <p>Such investments / loans / receivables individually assessed for impairment as per Ind AS 36 - Impairment of Assets.</p>	<p>We focussed on this area due to magnitude of the carrying value of investments, loans, accumulated interest on loan and receivables related to subsidiary companies and other company, which comprise 16.48% of the total assets as at March 31, 2022 and are subject to annual impairment assessment.</p> <p>Our audit procedures, in respect of testing impairment assessment in case of investments, loans given, interest accrued on loans and receivables included the following:</p> <ul style="list-style-type: none"> <li>- Obtained understanding of the process, evaluated the effectiveness of controls in respect of impairment assessment of investments and loans.</li> <li>- Held discussions with management regarding appropriate implementation of policy on impairment.</li> <li>- Evaluated the future business plan and available valuation report.</li> <li>- Confirmations for above exposure.</li> <li>- Validated the S4A Restructuring Scheme clause related to obligation on the Company to recover the loan amount.</li> </ul>





	- We evaluated the impairment assessment performed by management taking into account the requirements of Ind AS 36 Impairment of Assets
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### Other Information

The Company's management and Board of Directors is responsible for 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 standalone financial statements and our auditor's report thereon.

Our opinion on the standalone 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 standalone financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

### Responsibilities of Management and Those Charged with Governance for the Standalone Financial Statements

The Company's management and Board of Directors are 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 (including other comprehensive income), changes in equity and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards ('Ind AS') specified under section 133 of the Act. 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 to the preparation and presentation of the standalone financial statements 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, management and Board of Directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board of Directors either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

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





### **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 financial statements

As part of an audit in accordance with Standards on Auditing ('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 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 Act, we are also responsible for expressing our opinion on whether the company has adequate internal financial controls with reference to financial statements in place and the operating effectiveness of such controls
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by 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 standalone 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 audit findings, including any significant deficiencies in internal control that we identify during our audit.





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

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

### **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 Act, we give in the "Annexure A" a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.
2. As required by Section 143(3) of the Act, we report that:
  - a. We have sought and except for the matter described in Basis for Qualified Opinion section, 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 matter described in the Basis of Qualified opinion paragraph above, 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.
  - c. The Standalone Balance Sheet, the Standalone Statement of Profit and Loss (including other comprehensive income), the Standalone Statement of Changes in Equity and the Standalone Cash Flow Statement dealt with by this Report are in agreement with the books of account.
  - d. In our opinion, except for the matter described in Basis for Qualified Opinion section, the aforesaid standalone financial statements comply with the Indian Accounting Standards prescribed under Section 133 of the Act read with Companies (Indian Accounting Standard) Rules 2016 (as amended).
  - e. The matters described in 'Basis for Qualified Opinion' paragraph and the Going concern matter described under Material Uncertainty related to Going Concern paragraph above, in our opinion, may have an adverse effect on the functioning of the Company.
  - f. On the basis of the written representations received from the directors as on March 31, 2022 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2022 from being appointed as a director in terms of Section 164(2) of the Act.
  - g. The reservation relating to maintenance of accounts and other matters connected





therewith are as stated in the Basis for Qualified opinion paragraph.

- h. With respect to the adequacy of the internal financial controls with reference to financial statements of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure B".
- i. With respect to the matter to be included in the Auditors' Report under Section 197(16) of the Act:

In our opinion and according to the information and explanations given to us, the Company has paid/ provided for managerial remuneration in accordance with the requisite approvals mandated by provisions of section 197 read with Schedule V to the Act. The Ministry of Corporate Affairs has not prescribed other details under section 197(16) of the Act which are required to be commented upon by us.

- j. With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
  - i. The Company has disclosed the impact of pending litigations on its financial position in its financial statements – Refer note 39 to the 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 has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company.
  - iv. (a) The management has represented that, to the best of their knowledge and belief, other than as disclosed in the notes to the standalone financial statements, no funds 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(s) or entity(ies), including foreign entities ("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 their knowledge and belief, other than as disclosed in the notes to the standalone financial statements, no funds have been received by the Company from any person(s) or entity(ies), including foreign entities ("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; and

- (c) Based on our audit procedures as 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 (a) and (b) contain any material mis-statement.

- v. The Company has not declared or paid dividend during the year hence reporting of compliances of section 123 is not applicable.

**For Sidharth N Jain & Company**

Chartered Accountants

Firm registration number: 018311C

  
**Sidharth Jain**

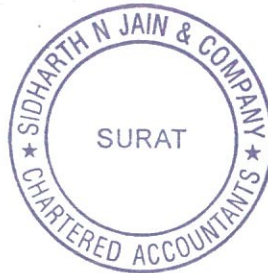
Proprietor

Membership No.: 134684

UDIN: 22134684AJHNWX5835

Place: Lucknow

Date: May 20, 2022



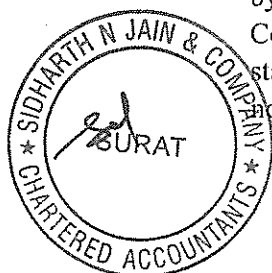


**Annexure 'A'**

**Annexure referred to in paragraph 1 under the heading "Report on other legal and regulatory requirements" of our report of even date**

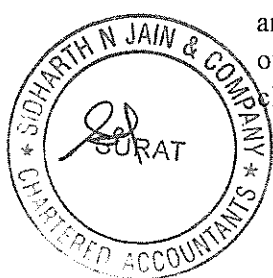
To the best of our information and according to the explanations provided to us by the Company and the books of account and records examined by us in the normal course of audit, we state that:

- (i) In respect of Company's property, plant and equipment and intangible assets:
- (a) (A) The Company has maintained proper records showing full particulars, including quantitative details and situation of Property, Plant and Equipment.
- (B) The Company has maintained proper records showing full particulars of intangible assets.
- (b) As explained to us, the property, plant and equipment have been physically verified by the management in a phased periodical manner, which in our opinion is reasonable, having regard to the size of the Company and nature of its assets. No material discrepancies were noticed on such physical verification.
- (c) According to the information and explanations given to us, the immovable properties (other than properties where the Company is the lessee and the lease agreements are duly executed in favour of the lessee) of the Company have been mortgaged with the lenders and the original title deeds are deposited with the lender's trustee. Based on the confirmation given by the trustee and verification of the copies of the title deeds / lease deeds in respect of immovable properties of free hold land, buildings and immovable properties of land that have been taken on lease and disclosed as property, plant and equipment in the financial statement are held in the Company's name or in the Company's erstwhile name or in the name of companies amalgamated with the Company in past.
- (d) The Company has not revalued its property, plant and equipment (including right of use assets) or intangible assets during the year hence reporting of clause 3(i)(d) of the Order is not applicable to the Company.
- (e) To the best of our knowledge and according to the information and explanations given to us, no proceeding 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, hence reporting of clause 3(i)(e) of the Order is not applicable to the Company.
- (ii) (a) The Inventories of finished goods, stores, spare part and raw materials have been physically verified by the management. In our opinion the frequency of verification is reasonable and coverage and procedure of such verification by the management is appropriate. On the basis of our examination of the records of inventory, we are of the opinion that the discrepancies noticed on verification between the physical stocks and book records were not material and not exceeding 10% in aggregate for each class of inventory and have been properly dealt with in the books of accounts.
- (b) According to records of the Company, the quarterly stock and book debt statements filed by the Company with the lender banks are in agreement with the books of accounts of the Company, except for some differences which are duly explained in standalone financial statements. The Company has working capital limits sanctioned from the banks however not utilized the same during the year due to insufficient drawing power.





- (iii) (a) According to the information and explanations given to us and as per the Company's records, the Company has granted loans to a subsidiary company and other company, during the year, in respect of which:
- (A) In respect subsidiaries, an aggregate amount of loan of Rs 66.32 crores has been given during the year and total outstanding as at the balance sheet date is Rs 1,698.96 crores in respect of loans (including interest).
- (B) In respect of parties other than subsidiary and associate companies, an aggregate amount of loan of Rs 66.32 crore has been given during the year and total loans given (including interest) and securities given (guarantees) of Rs 445.54 crores and Rs 661.25 crores respectively is outstanding as at the balance sheet date.
- (b) The Company has not made any investments and provided any guarantees or securities during the year. In respect of loan given to a subsidiary company and other company in current year, the terms and conditions of the grant of all such loans are not prejudicial to the company's interest.
- (c) In respect of loans and advances in the nature of loans, the arrangement does not have stipulation of schedule of repayment of principal and payment of interest as all the loans are repayable on demand. Therefore, we are not able to make specific comments on the regularity of repayment of principal and payment of interest.
- (d) In respect of loans and advances in the nature of loan granted by the Company, in absence of specific stipulation of repayment of principal and payment of interest and considering the loans are repayable on demand and the Company has not demanded loan and accrued interest, there is no overdue amount remaining outstanding as at the balance sheet date.
- (e) As per the Company's records and explanation provided by management, no loan granted by the Company which has fallen due during the year, has been renewed or extended or fresh loans granted to settle the over dues of existing loans given to the same parties.
- (f) The Company has granted loans which are repayable on demand of Rs 132.64 crores in current year (100% of total loans granted in the current year and 6.35% of total loan outstanding as at year end). Out of same, demand loan granted to the promoters (as defined in section 2(69) of the Act) of Rs 66.32 crores (consisting of 50% of total loan granted in current year) and demand loan granted to the related party (as defined in section 2(76) of the Act) of Rs 66.32 crores (consisting of 50% of total loan granted in current year). As at March 31, 2022, total loans which are repayable on demand (including accrued interest and net of provisions) of Rs 2,088.79 crores is outstanding.
- (iv) In our opinion and according to the information and explanations given to us, the Company has not advanced loans to directors / to a company in which the director is interested to which provisions of section 185 of the Act apply and hence not commented upon. In our opinion and according to the information and explanations given to us, provisions of Section 186 of the Act in respect of loans and advances given, investments made and, guarantees, and securities given have been complied with by the Company to the extent applicable to it.
- (v) According to the information and explanations given to us, the Company has not accepted any deposit or amounts which are deemed to be deposits from the public within the meaning of section 73 to 76 of the Act and the rules framed thereunder. Therefore, the provision of clause 3(v) of the Order is not applicable to the Company.



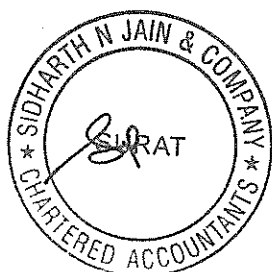


- (vi) To the best of our knowledge and as explained, the Company has maintained the cost records specified under Companies (Cost Records and Audit) Rules, 2014 issued under sub section (1) of Section 148 of the Act, in respect of Company's products to which said rules are made applicable and are of the opinion that prima facie, the prescribed accounts and records have been made and maintained. We have, however, not made a detailed examination of the records with a view to determine whether they are accurate.
- (vii) (a) According to the records of the Company, undisputed statutory dues including Goods and Services Tax, Provident Fund, Income-Tax, Sales-Tax, Service Tax, Duty of Customs, Duty of Excise, Value Added Tax, Cess and any other statutory dues applicable to it have generally been regularly deposited with appropriate authorities except for slight delays due to liquidity shortage which were paid along with due interest. According to the information and explanations given to us, no undisputed amounts payable in respect of the aforesaid dues were outstanding as at March 31, 2022 for a period of more than six months from the date of becoming payable.
- (b) According to the information and explanations given to us, there are no statutory dues referred to in sub-clause (a) which have not been deposited with the appropriate authorities on account of any dispute except as shown below:

Name of the Act	Nature of dues	Amount under dispute (Rs in crores)	Period to which the amount relates (Financial year)	Forum where dispute is pending
Central Sales Tax Act, 1956 and Sales Tax Act /VAT Act of various states & GST Act	Sales Tax, VAT and Entry Tax, GST	46.98	Various year from 1982-83 to 2013-14	Sales Tax Appellate Tribunal
		3.34	Various year from 1990-91 to 2010-11	Hon'ble High Court
Income tax Act, 1961	Income tax demand	1.99	Assessment Year 2014-15	Commissioner of Income tax (Appeal)
Central Excise Act, 1944	Excise and Service Tax	0.80	Various year from 2006-07 to 2017-18	Commissioner of Central Excise (Appeals)
		0.07	1981-82	Central Excise & Service Tax Appellate Tribunal
		5.59	Various year from 2004-05 to 2005-06	Hon'ble Supreme Court

Note: For reporting under this clause only those disputes which are pending before Commissioner (Appeal) and higher authorities are reported. Further disputed matters other than Income tax, Sales tax, service tax, excise duty, custom duty value added tax and goods and service tax are not reported here.

- (viii) There were no 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).
- (ix) Based on our audit procedures performed, according to information and explanations given by the management and on an overall examination of standalone financial statements of the Company, we are of the opinion that:
- (a) In our opinion and according to the information and explanations given to us, the Company has defaulted in repayment of loans and payment of interest thereon to banks and interest on debenture holders. The lender-wise details of the delays and defaults made by the Company as on March 31, 2022 is tabulated as under: -





A) Delay in payment of principal on sustainable debt

Lender Bank	No of Days - Range		Amount (Rs in crore)- Range	
	Min	Max	Min	Max
Bank of Baroda	6	70	0.07	1.73
Bank of India	6	40	0.04	1.77
Bank of Maharashtra	2	67	0.20	4.35
Canara Bank	2	69	0.08	2.35
Central Bank of India	8	70	0.21	3.00
IDBI Ltd	1	74	0.16	3.17
Indian Overseas Bank	8	40	0.06	2.62
Punjab National Bank	6	78	0.15	4.60
Union Bank of India	5	70	0.07	2.24
UCO Bank	2	47	0.54	3.90
Indian Bank	6	80	0.09	3.48
State Bank of India	20	74	0.06	12.00

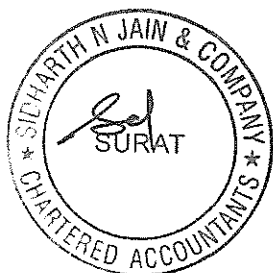
As at March 31, 2022, total principal of Rs 108.60 crores was outstanding towards the instalment of March 2022 as on 31.03.2022, out of this Rs 38.52 crores has been paid till May 06 2022. Due to non-payment of debt obligations, the lenders have signed an ICA (Inter Creditors Agreement) on January 28, 2022.

B) Delay in payment of Interest on sustainable debt

Lender Bank	No of Days - Range		Amount (Rs in crore)- Range	
	Min	Max	Min	Max
Bank of Baroda	1	33	0.00	0.24
Bank of India	7	33	0.00	0.23
Bank of Maharashtra	1	35	0.01	0.60
Canara Bank	1	34	0.01	0.59
Central Bank of India	1	34	0.01	0.77
IDBI Ltd	1	30	0.00	0.62
Indian Overseas Bank	1	18	0.00	0.31
Punjab National Bank	2	33	0.00	1.68
Union Bank of India	1	33	0.01	0.31
UCO Bank	1	34	0.01	0.54
Indian Bank	1	35	0.02	1.19

C) Default in payment of interest on OCD (Optionally Convertible Debentures):

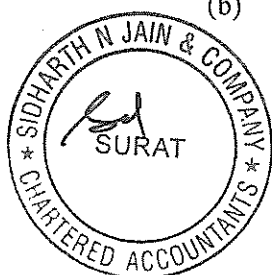
Name of institutions	Amount unpaid (Rs in crores)	Remark
Indian Bank	8.25	Interest was due for payment on 31/03/2022 however not paid till the date of signing of the financial statements (i.e. 20/05/2022).
Bank of Baroda	2.00	
Bank of India	1.18	
Bank of Maharashtra	5.89	
Canara Bank	4.00	



Central Bank of India	6.46
Union Bank of India	3.12
IDBI Bank Ltd	5.75
Indian Overseas Bank	1.78
Punjab National Bank	17.96
State Bank of India	19.37
UCO Bank	2.61
<b>Total</b>	<b>78.37</b>

Note: Information in respect of delay and defaults have been reported lender wise and in aggregate for better understanding.

- (b) According to the information and explanations given to us, we report that the Company has not been declared wilful defaulter by any bank or financial institution or government or any government authority.
- (c) As per the records of the Company, the Company has not obtained any term loans during the year hence reporting of clause (ix)(c) of paragraph 3 of the Order is not applicable to the Company.
- (d) According to the information and explanations given to us, and the procedures performed by us, and on an overall examination of the standalone financial statements of the Company, we report that no funds raised on short-term basis have been used for long-term purposes by the Company.
- (e) According to the information and explanations given to us and on an overall examination of the standalone financial statements of the Company, we report that during the year the Company has not taken any funds from any entity or person on account of or to meet the obligations of its subsidiaries or associates.
- (f) According to the information and explanations given to us and procedures performed by us, we report that the Company has not raised loans during the year on the pledge of securities held in its subsidiaries.
- (x) (a) The Company has not raised money by way of initial public offer or further public offer (including debt instruments) during the year hence clause (x)(a) of paragraph 3 of the Order is not applicable to the Company.
- (b) During the year, the Company has made preferential allotment of shares by way of conversion of outstanding unsecured loan extended by the promoters as a part of promoter's contribution to the restructuring package approved by the lenders. In our opinion the Company has complied with the provision of section 42 and section 62 of the Act. Also, the funds originally raised as a part of restructuring package have been used for the purposes for which the funds were raised.
- (xi) (a) Based upon the audit procedures performed for the purpose of reporting the true and fair view of the standalone financial statements and according to the information and explanations given by the management, we report that no fraud by the Company and no material 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 and upto the date of this report.





- (c) As per the records of the Company and information and explanation given to us by the management, the Company has not received any whistle blower complaints during the year.
- (xii) In our opinion, the Company is not a chit fund or a nidhi / mutual benefit fund / society. Therefore, the provisions of clause 3(xii) of the Order are not applicable to the Company and hence not commented upon.
- (xiii) Based on our audit procedures performed for the purpose of reporting the true and fair view of the financial statements and according to the information and explanations given by the management, transactions with the related parties are in compliance with section 177 and 188 of Act, where applicable and the details have been disclosed in the notes to the standalone financial statements, as required by the applicable accounting standards.
- (xiv) (a) In our opinion and based on our examination, the company has an adequate internal audit system commensurate with the size and nature of its business.
- (b) We have considered, the internal audit reports for the year under audit, issued to the Company during the year and till date, in determining the nature, timing and extent of our audit procedures.
- (xv) Based on our audit procedures performed for the purpose of reporting the true and fair view of the financial statements and according to the information and explanations given by the management, the Company has not entered into any non-cash transactions with directors or persons connected with him.
- (xvi) (a) According to the information and explanations given to us, the provisions of section 45-IA of the Reserve Bank of India Act, 1934 are not applicable to the Company. Hence reporting of clause (xvi)(a) to (xvi)(c) of paragraph 3 of the Order is not applicable to the Company.
- (d) In our opinion and based on our examination, the group has two core investments companies within the group which are the promoter companies.
- (xvii) Based on overall examination of the financial statements of the Company, we report that the company has incurred cash losses of Rs 53.82 crores in the current financial year and Rs 61.01 crores in the immediately preceding financial year.
- (xviii) During the year, the previous statutory auditors of the Company have resigned. We have taken into consideration the issues, objections or concerns raised by the outgoing auditors.
- (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 and based on our examination other evidences supporting the assumptions, nothing has come to our attention, which causes us to believe that no other material uncertainty exists other than those disclosed in Material Uncertainty related to Going Concern paragraph in audit report, as on the date of the audit report indicating that Company is not 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, 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 as and when they fall due.



- (xx) The Company has incurred losses in preceding years hence not requires to spend towards corporate social responsibility as specified in section 135 of the Act. Hence reporting in clause (xx) of paragraph 3 of the Order is not applicable to the Company.

**For Sidharth N Jain & Company**

Chartered Accountants

Firm registration number: 018311C



**Sidharth Jain**

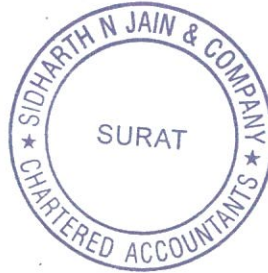
Proprietor

Membership No.: 134684

UDIN: 22134684AJHNWX5835

Place: Lucknow

Date: May 20, 2022





**Annexure 'B'**

**Annexure to the independent auditor's report of even date on the Standalone Financial Statements of Bajaj Hindusthan Sugar Limited**

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

**Qualified Opinion**

We have audited the internal financial controls with reference to financial statements of Bajaj Hindusthan Sugar Limited ("the Company") as of March 31, 2022 in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date.

According to the information and explanations given to us and based on our audit, the following material weakness has been identified as at March 31, 2022:

The Company has not provided the premium payable on Optionally Convertible Debentures (OCDs) at the time of redemption of OCDs as a contractual obligation.

A 'material weakness' is a deficiency, or a combination of deficiencies, in internal financial control with reference to financial statements, 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.

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

In our opinion, except for the effects / possible effects of the material weakness 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 with reference to financial statements and such internal financial controls were operating effectively as on March 31, 2022, based on the internal financial control with reference to financial statements 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 ("the Guidance Note").

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

The Company's management and Board of Directors are responsible for establishing and maintaining internal financial controls based on the internal financial controls with reference to financial statements criteria established by the Company considering the essential components of internal control stated in the Guidance Note. 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 Act.

### **Auditors' Responsibility**

Our responsibility is to express an opinion on the Company's internal financial controls with reference to financial statements based on our audit. We conducted our audit in accordance with the Guidance Note and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Act, to the extent applicable to an audit of internal financial controls with reference to financial statements. 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 with reference to financial statements was established and maintained and whether 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 with reference to financial statements and their operating effectiveness. Our audit of internal financial controls with reference to financial statements included obtaining an understanding of such internal financial controls, 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 we have obtained is sufficient and appropriate to provide a basis for our qualified audit opinion on the Company's internal financial controls with reference to financial statements.

### **Meaning of Internal Financial Controls with reference to Financial Statements**

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

### **Inherent Limitations of Internal Financial Controls with reference to Financial Statements**

Because of the inherent limitations of internal financial controls with reference to financial statements, 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 with reference to financial statements to future periods are subject to the risk that the internal financial control with reference to financial statements may





become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

**For Sidharth N Jain & Company**  
Chartered Accountants  
Firm registration number: 018311C



**Sidharth Jain**  
Proprietor  
Membership No.: 134684  
UDIN: 22134684AJHNWX5835



Place: Lucknow  
Date: May 20, 2022