RAV & ASSOCIATES
CHARTERED ACCOUNTANTS

INDEPENDENT AUDITOR'S REPORT

To the Members of

V.I.R. FOODS LIMITED

Report on the Audit of Financial Statements

Adverse Opinion

We have audited the accompanying financial statements of **V.I.R. FOODS LIMITED** ('the Company'), which comprise the Balance Sheet as at 31 March 2023 and the statement of Profit and Loss for the year then ended, and a summary of significant accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, because of the significance of matters described in the Basis of Adverse opinion section of our report and based upon the other information the aforesaid financial statements give the information required by the Act in the manner so required and does not give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at 31st March, 2023, its losses, changes in equity for the year ended on that date.

The above is subject to the fact that the company is in legal dispute with National Spot Exchange Limited and the matter is under investigation and is sub-judice with various agencies and courts. There have been attachment orders issued against the company and the promoters which impact the realizability of the assets. The pronouncements from various agencies and courts can impact the status and value of assets and liabilities as stated in the financial statements.

Basis for Adverse Opinion

We conducted our audit of the financial statements 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 Financial Statements section of our report. We are independent of the Company in accordance with the code of ethics issued by the Institute of Chartered Accountants of India (ICAI) together with the ethical requirements that are relevant to our audit of the Financial Statements under the provisions of the Act and the rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ICAI's code of ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on the financial statements.

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We draw attention to the matters described in Annexure 'A' the effect of which individually or in aggregate are material and pervasive to the financial statement and matters where we are unable to obtain sufficient and appropriate evidence. The effects of the matters described in said Annexure 'A' which could be reasonably determined are quantified and given therein. Our Opinion is adverse in respect of these matters.

Emphasis of Matters

We draw your attention to Note 1(b) of the Notes on accounts in the Financial Statements which indicate that the Company has accumulated losses of Rs._ 38,24,50,365.87 (P.Y.37,07,63,806.27) and its net worth has become negative. The Company has incurred net loss of Rs. 1,16,86,559.60 (P.Y.2,20,23,933.60) and the Company's current liabilities exceeded the current assets as at the balance sheet date by Rs. 19,34,48,572.78. The Company has ceased to carry out the operation and the decision has been taken by the Management that the Company does not continue to be a going concern. As per accounting convention, were the Company does not continue to be a going concern, all the assets of the Company have to be valued at their realizable value, where lower than cost and all known liabilities fully provided for and recorded in the financial statements on the basis of best estimates of the management. The Company as per Note 1(b) provided that account balances have been accounted for near to their realizable value. The Company has provided for provisions against the amount recoverable from trade receivables and advances given. However, the other assets and liabilities have not been valued as per the accounting convention and Accounting Standards issued by ICAI.

Other Matters

We draw your attention to dues under the MSME Act 2006 have not been disclosed; we have sought but not received details of amount outstanding from MSME Vendors. In the absence of such information, no interests have been calculated and provided for the F.Y. 2022-23, wherever it was applicable.

We draw your attention to Section 55 of the Companies Act 2013 read with Rule 9 of the Companies (Share Capital and Debentures) Rules, 2014 puts bans on issue of irredeemable preference shares. The Company had issued 770,000 Preference Shares of Rs. 10 each amounting to Flora Commodities Private Limited and there is no agreement between the Company and Flora Commodities Private Limited with regard to the Rate of Dividend and Redemption of Shares which is in violation to Companies Act 2013.

Key Audit Matters

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

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

Information Other than the Financial Statements and Auditor's Report Thereon

The Company's Board of Directors are 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 Annexure(s) to Board's Report, but does not include the Financial Statements and our auditor's report thereon. The other information is expected to be made available to us after the date of this auditor's report.

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

In connection with our audit of the Financial Statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the Standalone 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. As we have not received board report till the date of our audit, we are not able to comment on the same.

Management's Responsibility for the Standalone Financial Statements

The Company's Board of Directors are responsible for the matters stated in section 134(5) of the Act with respect to the preparation of these Financial Statements that give a true and fair view of the financial position, financial performance, changes in equity and Cash Flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under section 133 of the Act. 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 financial statement that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the Financial Statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either

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intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

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

Auditor's Responsibility for the Audit of the 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 SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

• Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our 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 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 financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

Materiality is the magnitude of misstatements in the financial statements that, individually or in aggregate, makes it probable that the economic decisions of a reasonably knowledgeable user of
the financial statements may be influenced. We consider quantitative materiality and qualitative factors in

(i) planning the scope of our audit work and in evaluating the results of our work; and
(ii) to evaluate the effect of any identified misstatements in the financial statements.

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

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

Report on Other Legal and Regulatory Requirements

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 the Annexure "B", a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.

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 except for matters stated on Annexure A.

b) In our opinion, proper books of account as required by law have not been kept by the Company so far as it appears from our examination of those books; The Books of accounts have not been fully maintained under the accrual basis as required under Section 128 of the Act.

c) The Balance Sheet and the Statement of Profit and Loss dealt with by this Report are in agreement with the books of account;

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d) In our opinion, and in terms of matters described in "Basis of Adverse Opinion paragraph" of the aforesaid financial statements do not comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014;
In our opinion, the matters described in basis of Adverse Opinion paragraph and matters described in Emphasis of Matter Paragraph may have adverse effect on the functioning of the Company.

e) On the basis of the written representations received from the directors as on 31 March 2023 taken on record by the Board of Directors, none of the directors is disqualified as on 31 March 2023 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 C".**

(g) With respect to the other matters to be included in the Auditor's Report in accordance with the requirements of section 197(16) of the Act, as amended, Section 197 is applicable on the Company. In our opinion and according to the information and explanation given to us, the Company has not paid any remuneration to the directors thus the limit prescribed by Section 197 for maximum permissible managerial remuneration have been complied with.

(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) 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 pending litigations as stated in Point No. 1 (j) and 9 of the Notes to Account which would impact its financial position. However, in the absence of the information available to us, we are unable to comment upon the completeness of the same.

ii. We are unable to comment on the adequacy of the provision made for the doubtful debts(Refer to Basis of Adverse Opinion paragraph)

iii. There were no amounts which required to be transferred to the Investor Education and Protection Fund by the Company.

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iv. The management has represented that, to the best of its knowledge and belief, other than as disclosed in the notes to the accounts, 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;

v. The management has represented, that, to the best of its knowledge and belief, other than as disclosed in the notes to the accounts, 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

vi. Based on audit procedures which we 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.

vii. The company has not declared or paid any dividend during the year in contravention of the provisions of section 123 of the Companies Act, 2013.

viii. The Company did not have any long-term contracts including derivatives contracts for which there were any material foreseeable losses.

For **RAV AND ASSOCIATES.**
Chartered Accountants

FRN: 021000N

RAV & ASSOCIATES CHANDIGARH FRN.021000N CHARTERED ACCOUNTANTS

Rupali Goyal

(Partner)

M. No. : 504847

Place: Chandigarh

Date: 22-09-2023

UDIN- 23504847BGVIDW7033

Annexure A – Referred in Our Report under "Basis of Adverse Opinion Paragraph"

1. **Maintenance of Proper Books of Accounts**
    - In our Opinion, the books of accounts maintained by Company is not adequate and satisfactory to give a true and fair view of the State of the affairs of the Company and the books of accounts are not made on accrual basis as required under Section 128 of the Companies Act 2013,
2. **Accounting Policies inconsistent with Accounting Standards**
    - In some cases, accounting policies adopted by the Company are inconsistent with AS. The cases have been properly dealt elsewhere at the appropriate place in the report.
    - We draw your attention to Note 1(b) of the Notes on accounts in the Financial Statements which indicate that the Company has accumulated losses of Rs *38,24,50,365.87 (P.Y. 37,07,63,806.27)* and its net worth has become negative. The Company has incurred net loss of Rs *1,16,86,559.60 (P.Y. 2,20,23,933.60)* and the Company's current liabilities exceeded the current assets as at the balance sheet date by Rs. *Rs. 19,34,48,572.78*. The Company has ceased to carry out the operation and the decision has been taken by the Management that the Company does not continue to be a going concern. As per accounting convention, were the Company does not continue to be a going concern, all the assets of the Company have to be valued at their realizable value, where lower than cost and all known liabilities fully provided for and recorded in the financial statements on the basis of best estimates of the management. The Company as per Note 1(b) provided that account balances have been accounted for near to their realizable value. The Company has provided for provisions against the amount recoverable from trade receivables and advances given. However, the other assets and liabilities have not been valued as per the accounting convention and Accounting Standards issued by ICAI.
3. **Property, Plant and Equipment**
    - Company does not maintain Fixed Assets register, in the absence of which we are unable to comment upon the exact condition and location of the fixed assets and regarding asset wise depreciation. The total value of the Property Plant and Equipment as stated in Balance Sheet as on 31.03.2023 stood at Rs. 3,65,46,143.91 (P.Y. 4,02,11,283.51).
    - We draw attention that Depreciation has been provided on STRAIGHT LINE METHOD value basis at the rates specified XIV of The Companies Act,1956. This is not as per the applicable provisions of the Companies Act, 2013 which requires the depreciation to be charged as per the useful life of the asset. In the absence of proper information about the date of addition of the fixed assets in the previous years , we are unable to quantify the impact on the profit and Loss for the year ended 31st March 2023.

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- Impairment of Property Plant and Equipment has not been done by the Company as per AS 28.
- No valuation of the Property Plant and Equipment has been done to determine the realizable value of assets and therefore we are unable to comment on whether the total value of the Property Plant and Equipment as stated in the Balance Sheet as on 31.03.2023 is correct value of Property Plant and Equipment to be shown in the financial statements.

4. **Non Current Assets**
   - **Security and Deposits**

     Company has shown Security and Deposits of Rs. 30,04,576. However, we have not received any confirmations from the persons. In the absence of such confirmation we are unable to comment on the truthfulness and fairness of such balances. Further, in respect of the electricity security, as per the information available through the claim filed by PSPCL, the amount of electricity security is Rs. 4,28,876 whereas the amount has been shown at Rs. 7,84,626. Therefore, the Company has shown excess amount of electricity security by Rs. 3,55,750 and no provision for the same has been created in the books of accounts. **Therefore, the loss of the year under consideration has been understated to the extent of Rs. 355750/- and the Security and Deposits has been overstated to the extent of Rs. 355750/-.**

5. **Trade Receivables**
   - There is no proper system to review for identifying doubtful dues. The Company has made 100% provision against the trade receivables. However, due to non availability of any information and explanation, we are not in a position to quantify the amount of provision which is required for irrecoverable or doubtful dues and consequential impact of the same on the financial statement.
   - We have not received the balance confirmation letters from any of the Trade Receivables. In the absence of the balance confirmations, we are unable to comment on the truthfulness and fairness of such balances.

6. **Cash and Cash Equivalents and Bank Balances other than Cash and Cash Equivalents**
   - The Bank Balances could not be verified in the absence of availability of certificates from the bank. In the absence of balance confirmations, we are unable to comment on the truthfulness and fairness of such balances.
   - The Company has shown the Cash Credit Limit amounting to Rs. 14,67,85,090, Funded Interest Term Loan (FITL) amounting to Rs. 3,48,07,000, Working Capital Term Loan (WCTL) Rs. 3,96,68,605 and Adhoc Rs. 4,51,00,863/- and interest payable as pr books is Rs. 1,79,18,380. In the absence of the Bank confirmation we are unable to comment on the truthfulness and fairness of such balances. The decree has been issued by the Debt Recovery Tribunal-III, Chandigarh (DRT) in favour of the Bank wherein the total amount payable by the Company as on 29.12.2017 is Rs.

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31,76,82,707 and also provided for simple interest @ 9.55% p.a. till the date of realization. There is a difference of Rs. 3,34,03,668. No provision/ liability for the same has been made by the Company in the Books for the same. Further the Company has not provided for any interest as per the directions of Debt Recovery Tribunal. **Therefore the loss has been understated by Rs. 3,34,03,668/- plus simple interest on Rs. 31,76,82,707 @9.55% per annum from 29.12.2017 and the balance of the amount due to Punjab National Bank on account of various fund based limits has been understated by equivalent amount.**

7. <u>Other Current Assets</u>

- **<u>Advances:</u>** The Balance Confirmations of the advances made to Suppliers of Goods and Services have not been provided to us. We are unable to comment on the accuracy of the advances reflecting in the Books of accounts. Further, there is no proper system to review for identifying doubtful dues. The Company has made 100% provision against certain advances. However, due to non availability of any information and explanation, we are not in a position to quantify the amount of provision which is required for irrecoverable or doubtful dues and consequential impact of the same on the financial statement.
- **<u>Taxes:</u>**
  - An amount of Rs. 2,41,511/- under the head "Income Tax Recoverable" and amount of Rs. 18,815.99 has been shown under the head "TDS Recoverable". The amount is lying adjusted for more than 8 years and there is no development during the year. As per Schedule III, the excess tax paid which is not recovered/realized within one year should be presented under non-current assets. **Therefore, the current assets are overstated by Rs. 260326.99 and the loss has been understated by Rs. 260326.99**
  - VAT recoverable of Rs. 31518.01 is shown under the head VAT recoverable. The amount has been lying unadjusted since the introduction of GST and further no details of the assessments finalized by the department have been provided after Financial Year 2010-11. There has been no development during the year. **Therefore, the current assets are overstated by Rs. 31518.01 and the loss has been understated by Rs. 31518.01.**
  - IGST Recoverable of Rs. 11754 is shown under the head IGST recoverable. The amount has been lying unadjusted and there is no development during the year. **Therefore, the current assets are overstated by Rs. 11,754.**
  - As per Point No 2 of Notes on Accounts, an assessment order was passed against the Company for FY 2011-12 creating a demand of Rs. 99,24,430 was passed on 31.12.2019 against which appeal has been preferred with Commissioner of Income Tax. But since as per Note 1(b) the Company does not continue to be going concern, the provision for Rs. 99,24,430 has not

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been created. **Therefore, the loss of the Company and the current liabilities are understated to the extent of Rs. 99,24,430**.

8. <u>Trade Payables</u>
    - In respect of the trade payables no balance confirmation or reconciliation has been provided. We are unable to comment on the accuracy of the trade payables reflecting in the Books of accounts.

9. <u>Other Current Liabilities</u>
    - **<u>Statutory Liabilities</u>**
        - We are unable to comment upon the statutory dues payable of Income Tax, Sales Tax, GST, Provident Fund and Electricity bill payable because the Company has not provided the details and copies of the same.
        - The details and subsequent payment of the following liabilities as on 31st March 2023 has not been made available to us:
            - GST Payable: CGST and SGST Payable of Rs. 78621 each is payable upto 31.03.2020 and the details of payment are not available.
            - Income Tax Deducted at Source: TDS for FY 2016-17, 2017-18 and 2018-19 of Rs. 224229, 36217 and 37500 respectively is payable and the details of payments are not available.
            - The TDS defaults liability of Rs. 2,68,459 is appearing on the Income Tax website but no provision and liability for the same has been provided in the books of accounts. **The current liability of the Company has been understated to the extent of Rs. 2,68,459**.
            - Electricity Expenses payable as per Books is Rs. 735,735 whereas as per the claim filed by the Electricity Department, the amount of Electricity Bill Payable by the Company is Rs. 13,26,924. There is difference of Rs. 5,91,189/-. No provision/liability for the same has been provided by the Company in the Books of accounts. **The loss of the Company is understated to the extent of Rs. 5,91,189 and the current liabilities have been understated to the extent of Rs. 5,91,189/-**

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"Annexure C" to the Independent Auditor's Report of even date on the Standalone Financial Statements of VIR FOODS LIMITED.

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

We have audited the internal financial controls over financial reporting of **VIR FOODS LIMITED**("the Company") as of March 31, 2023 in conjunction with our audit of the financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

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

Auditors' Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the GuidanceNote 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 judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

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

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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.

Basis of Adverse Opinion

According to the information and explanation provided to us and based on our audit, the following material weakness have been identified in the operation effectiveness of the Company's internal control systems:

1. The fixed assets register has not been maintained by the Company and the physical verification of the assets has also not been carried out by the Company.
2. In our opinion the Company does not have effective internal control system on all areas of operation.

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Adverse Opinion

In our opinion, for the matters described in "Basis of Adverse Opinion Paragraph" the Company can not be said to have an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting cannot be said to be operating effectively as at March 31, 2023, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

For**RAV AND ASSOCIATES**

Chartered Accountants

FRN: 021000N

RAV & ASSOCIATES CHANDIGARH FRN:021000N CHARTERED ACCOUNTANTS

Rupal G

Rupali Goyal

Place: Chandigarh

(Partner)

Date: 22-09-2023

M. No. : 504847

UDIN- 23504847BGVIOW7033

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