



Sakthi Sugars Limited

Registered Office: Sakthi Sugars Limited, Plot No. C/1, G-Block, Bandra Kurla Complex, Bandra (East), Mumbai - 400 051.
Telephone: 022-25417100-5461, Fax: 022-25417100-5461, E-mail: info@sakthisugars.com

SL/SE/1158/2016

30.5.2016

Dear Sirs,

Sub. : Audited Financial Results (Standalone) for the quarter / year ended 31st March 2016.

We wish to inform that the Board of Directors of the Company at its meeting held today (30.5.2016) has approved the Audited Financial Results of the Company for the quarter/year ended 31st March 2016.

Pursuant to Regulation 33 of SEBI (Listing Obligations and Disclosure Requirements) Regulation, 2015, we are enclosing the following:

1. Audited Financial Results of the Company (Standalone) for the quarter / year ended March 31, 2016 together with Segment Results and Statement of Asset and Liabilities.
2. A copy of the report of the Statutory Auditors, M/s. P.N.Raghavendra Rao & Co., Coimbatore
3. Statement of Impact of Audit Qualifications

We request you to please take the above on record.

Thanking you,

Yours faithfully
For SAKTHI SUGARS LIMITED

CHIEF FINANCIAL OFFICER &
COMPANY SECRETARY

Encl: As above

To:

BSE Limited
Floor - 25,
P.J.Towers
Dalal Street, Fort
MUMBAI - 400 001

The National Stock Exchange of India Limited
Exchange Plaza, 5th Floor, Plot No.C/1,
G-Block, Bandra Kurla Complex,
Bandra (East)
MUMBAI - 400 051

SAKTHI SUGARS LIMITED

CIN : L15421TZ1961PLC000396

Regd Office: Sakthinagar PO - 638315, Erode District, Tamilnadu

(Phone: 0422 4322222, 2221551, Fax: 0422 4322488, 2220574)

(E mail : shares@sakthisugars.com, Website : www.sakthisugars.com)

STATEMENT OF STANDALONE AUDITED FINANCIAL RESULTS FOR THE QUARTER AND YEAR ENDED 31.03.2016

(Rs. in Lakhs)

PARTICULARS	Three months ended 31.03.2016	Previous Three months ended 31.12.2015	Corresponding Three months ended in the previous year 31.03.2015	Year to date figures for Current year ended 31.03.2016	Previous year ended 31.03.2015
	(Audited)	(Unaudited)	(Audited)	(Audited)	(Audited)
1. Income from operations					
a) Net Sales/income from operations (net of excise)	33418.14	14649.87	26084.03	81833.57	83343.31
b) Other Operating income	24.14	82.89	52.72	267.02	307.56
Total income from operations (net)	33442.28	14732.76	26136.75	82100.59	83650.87
2. Expenses					
a) Cost of Materials Consumed	25120.34	11960.46	14767.15	52406.38	45540.94
b) Purchase of stock-in-trade	213.38	133.75	242.61	664.36	525.26
c) Changes in inventories of finished goods, work-in-progress and Stock-in-trade	-798.12	-2136.44	-3636.61	282.20	3721.64
d) Employee benefit expenses	1385.43	1880.81	1869.57	5902.41	6188.08
e) Depreciation and amortisation expense	3102.11	1384.24	1968.54	7437.00	6379.36
f) Consumption of Coal	2093.57	1160.49	4210.84	10543.06	9711.56
g) Other Expenses	2489.12	2642.32	1962.09	8207.47	6833.25
Total expenses	33605.83	17025.63	21384.19	85442.88	78900.09
3. Profit(+)/ Loss(-) from Operations before other Income, Finance costs and exceptional Items (1-2)	-163.55	-2292.87	4752.56	-3342.29	4750.78
4. Other income	2679.10	416.83	2992.71	3667.52	3245.53
5. Profit(+)/Loss(-) from ordinary activities before Finance costs and exceptional Items (3+4)	2515.55	-1876.04	7745.27	325.23	7996.31
6. Finance Costs	537.72	1116.38	-168.45	7849.43	12934.20
7. Profit(+)/Loss(-) from ordinary activities after Finance costs but before exceptional Items (5-6)	1977.83	-2992.42	7913.72	-7524.20	-4937.89
8. Exceptional Items	--	--	--	--	--
9. Profit(+)/Loss(-) from Ordinary Activities before tax (7-8)	1977.83	-2992.42	7913.72	-7524.20	-4937.89
10. Tax expenses	741.94	-987.02	2038.60	-2017.09	-1460.96
11. Net Profit(+)/Loss (-) from Ordinary Activities after tax (9 - 10)	1235.89	-2005.40	5875.12	-5507.11	-3476.93
12. Extraordinary Items (net of tax expenses)	--	--	--	--	--
13. Net Profit(+)/Loss (-) for the period (11 - 12)	1235.89	-2005.40	5875.12	-5507.11	-3476.93
14. Paid-up equity share capital (Face Value of the Shares - Rs. 10)	9621.33	9621.33	9621.33	9621.33	9621.33
15. Reserves excluding revaluation reserve as per Balance Sheet of previous accounting year				-8756.52	-7911.93
16.i Earning per Share (EPS before Extraordinary items)					
a) Basic	1.28	-2.08	6.11	-5.72	-3.61
b) Diluted	1.28	-2.08	6.11	-5.72	-3.61
16.ii Earning per Share (EPS after Extraordinary items)					
a) Basic	1.28	-2.08	6.11	-5.72	-3.61
b) Diluted	1.28	-2.08	6.11	-5.72	-3.61
COIMBATORE					
30.05.2016					

**AUDITED SEGMENT WISE FINANCIAL RESULTS
FOR THE YEAR ENDED 31.03.2016**

(Rs. in Lakhs)

Particulars	Three months ended 31.03.2016	Previous Three months ended 31.12.2015	Corresponding Three months ended in the Previous year 31.03.2015	Year to date figures for Current Year ended 31.03.2016	Previous Year year ended 31.03.2015
	(Audited)	(Unaudited)	(Audited)	(Audited)	(Audited)
1. Segment Revenue:- (Net Sales/Income from Operations)					
a) Sugar	25690.88	7946.13	13993.79	48464.72	48747.40
b) Industrial Alcohol	3275.09	3919.47	3133.18	14463.78	10655.82
c) Soya Products	3211.14	3115.71	2882.19	12104.68	13658.65
d) Power	6950.00	3410.95	9807.73	24840.17	21290.50
	39127.11	18392.26	29816.89	99873.35	94352.37
Less: Intersegment Revenue	5684.83	3659.50	3680.14	17772.76	10701.50
Net Sales/Income from Operations	33442.28	14732.76	26136.75	82100.59	83650.87
2. Segment Results (Profit(+)/Loss(-) before tax and Finance Cost)					
a) Sugar	-2305.40	-2545.76	1254.98	-10051.98	-2251.63
b) Industrial Alcohol	616.04	313.59	1785.33	1974.35	5113.36
c) Soya Products	-187.19	81.40	-69.35	100.26	427.50
d) Power	2806.14	935.62	5637.76	8905.89	8148.53
Total	929.59	-1215.15	8608.72	928.52	11437.76
Less: i) Finance Cost	537.72	1116.38	-168.45	7849.43	12934.20
ii) Other un-allocable expenditure	674.94	674.41	863.98	2880.89	3457.04
iii) Un-allocable income	-2260.90	-13.52	-0.53	-2277.60	-15.59
Total Profit/Loss before tax	1977.83	-2992.42	7913.72	-7524.20	-4937.89
3. Capital Employed (Segment assets - Segment Liabilities)					
a) Sugar	45823.75	42655.50	56975.19	45823.75	56975.19
b) Industrial Alcohol	12284.96	11919.01	11904.46	12284.96	11904.46
c) Soya Products	8078.30	7375.29	8231.39	8078.30	8231.39
d) Power	37245.44	34521.48	43434.47	37245.44	43434.47
e) Unallocated	20728.98	20887.25	20872.20	20728.98	20872.20
	124161.43	117358.53	141417.71	124161.43	141417.71

Note:-

- (a) The above financial results have been reviewed by the Audit Committee and approved by the Board of Directors at their meeting held on May 30, 2016.
- (b) The figures for the last quarter are the balancing figures between the audited figures in respect of the full financial year ended 31st March 2016 and the published year to date figures up to the third quarter ended 31st December 2015.
- (c) Till last year, in statement of Profit and Loss, the amount of additional depreciation on account of upward revaluation of fixed assets was adjusted against transfer from Revaluation reserve. In the current year the company has revised the accounting policy prospectively whereby no transfer from revaluation reserve is made through Statement of Profit and Loss.
- Had the company continued to follow the earlier accounting policy, the loss for the period would have been lower by Rs.1719.28 lakhs.
- (d) The Auditors have qualified their report/s for the year ended 31.03.2016 as under:-
- (i) Interest and Guarantee commission claim of Rs.6579.01 lakhs by its holding company has not been provided and the Loss of the company is understated to that extent.
- (ii) As per the agreement entered, no interest has been provided on the advance given to the Associate company. Non provision of interest at least to the extent of Interest on Government Securities is in violation of Section 186(7) of the Companies Act 2013. Consequential impact of the same on the loss for the year/accumulated loss is not ascertainable.
- Board of Directors have considered the qualification made by the Auditors and have addressed the same as under:-
- (i) The unprovided interest and guarantee commission to holding company will be accounted subject to the approval of the Lenders.
- (ii) Non-provision of Interest is as per the original Agreement entered into with the Associate Company.
- (e) Figures have been regrouped/restated wherever necessary.

FOR SAKTHI SUGARS LIMITED



(M. MANICKAM)
EXECUTIVE CHAIRMAN
DIN : 00102233

STATEMENT OF ASSETS AND LIABILITIES

Particulars	(Rs. in lakhs)	
	As at 31.03.2016 (Audited)	As at 31.03.2015 (Audited)
A. EQUITY AND LIABILITIES		
1. Share Holders Fund:		
(a) Capital	9621.33	9621.33
(b) Reserves & Surplus	26962.62	29626.71
	36583.95	39248.04
2. Non-current liabilities		
(a) Long term borrowings	73224.16	59282.08
(b) Other long-term liabilities	47.90	58.99
(c) Long-term provisions	2536.22	2491.10
	75808.28	61832.17
3. Current liabilities		
(a) Short term borrowings	7998.24	21170.38
(b) Trade payables	28392.39	24545.08
(c) Other current liabilities	55210.30	62169.96
(d) Short-term provisions	1474.18	8518.01
	93075.11	116403.43
TOTAL - EQUITY AND LIABILITIES	205467.34	217483.64
B. ASSETS		
1. Non-Current assets		
(a) Fixed assets	115497.79	122608.01
(b) Non-current investments	16399.41	16308.96
(c) Deferred tax assets (net)	14941.00	12695.46
(d) Long-term loans and advances	13301.30	20607.93
(e) Other non-current assets	6154.29	6147.87
	166293.79	178368.23
2. Current assets		
(a) Inventories	10416.99	9950.79
(b) Trade receivables	12023.50	13135.74
(c) Cash and cash equivalents	2058.27	5375.08
(d) Short-term loans and advances	13096.94	9099.14
(e) Other current assets	1577.85	1554.66
	39173.55	39115.41
TOTAL - ASSETS	205467.34	217483.64

FOR SAKTHI SUGARS LIMITED



(M. MANICKAM)
EXECUTIVE CHAIRMAN
DIN : 00102233

Ref. No.

Date :

Independent Auditor's Report

To

The Members of Sakthi Sugars Limited

Report on the Standalone Financial Statements

1. We have audited the accompanying standalone financial statements of Sakthi Sugars Limited ('the Company'), which comprise the Balance Sheet as at March 31, 2016, the Statement of Profit and Loss, the Cash Flow Statement for the year then ended and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Standalone Financial Statements

2. The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these standalone financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
3. 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 statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.



Ref. No.

Date :

Auditor's Responsibility

4. Our responsibility is to express an opinion on these standalone financial statements based on our audit.
5. We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made there under.
6. We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.
7. An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstance. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the financial statements.
8. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified audit opinion on the standalone financial statements.



Ref. No.

Date :

Basis for Qualified Opinion

9. The Company has not provided for the interest and guarantee commission claim of Rs.6579.01 lakhs (Rs. 5444.38 lakhs) made by the Holding Company. In our opinion, the losses of the Company are under stated to that extent. This matter was also qualified in our report on the financial statements for the year ended March 31, 2015.
10. As per the agreement entered, no interest has been provided on the advance given to the Associate Company. Non provision of interest at least to the extent of Interest on Government Securities is in contravention of sub-section (7) of Section 186 of the Act. Consequential impact of the same on the loss for the year/accumulated loss is not ascertainable.

Qualified Opinion

11. In our opinion and to the best of our information and according to the explanations given to us, except for the effect of the matters described in the Basis for Qualified Opinion Paragraph above, the aforesaid standalone financial statements give the information required by the Act 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 of the Company as at March 31, 2016, and its loss and its cash flows for the year ended on that date.

Emphasis of Matter

12. We draw attention to Note No. 37 (B) (a) to the standalone financial statements which specifies the claims disputed/challenged by the company. Our opinion is not modified in respect of this matter.

Report on Other Legal and Regulatory Requirements

13. As required by the Companies (Auditor's Report) Order, 2016 (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.



Ref. No.

Date :

14. As required by Section 143(3) of the Act, we report that:

- (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
- (b) Except for the effect of the matters described in the Basis for 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 Balance Sheet, the Statement of Profit and Loss and Cash Flow Statement dealt with by this Report are in agreement with the books of account.
- (d) Except for the effect of the matters described in the Basis for Qualified Opinion paragraph above, in our opinion, the aforesaid standalone financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
- (e) The matters described in the Basis for Qualified Opinion paragraph above, in our opinion, may not have an adverse effect on the functioning of the company.
- (f) On the basis of written representations received from the directors as on March 31, 2016, taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2016, from being appointed as a director in terms of Section 164(2) of the Act.
- (g) The qualifications relating to the maintenance of accounts and other matters connected therewith are as stated in the Basis for Qualified Opinion paragraph above.
- (h) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate report in "Annexure - B"; and



Ref. No.

Date :

(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 disclosed the impact of pending litigations, as at March 31, 2016, on its financial position in its standalone financial statements – Refer Note no. 37 (a) and (b) to the 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.

For P.N.Raghavendra Rao & Co.,
Chartered Accountants
Firm Registration Number: 003328S


P.R.Vittel

Partner

Membership Number: 018111

Coimbatore
May 30, 2016

Ref. No.

Date :

Annexure - A to the Independent Auditor's Report

Re: Sakthi Sugars Limited (the "Company")

- i. (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
- (b) These fixed assets have been physically verified by the management at reasonable intervals. No material discrepancies were noticed on such physical verification.
- (c) The title deeds of immovable properties, as disclosed on Note No.9 on tangible assets to the standalone financial statements, are held in the name of the Company, except for land of Soya division acquired, pursuant to scheme of amalgamation having a carrying value of Rs.418.00 lakhs as at March 31, 2016.
- ii. As explained to us, inventories have been physically verified by the management at regular intervals during the year. In our opinion, the frequency of verification is reasonable. No material discrepancies were noticed on such physical verification.
- iii. The Company has granted unsecured loan in earlier years to the Associate Company covered in the register maintained under Section 189 of the Act and outstanding balance of which, as at the date of balance sheet, is Rs.15432.40 lakhs.
 - (a) As per the terms and conditions of the loan granted to the associate company, no interest is chargeable. Non-charging of interest is prejudicial to the interest of the company.
 - (b) In respect of the aforesaid loan, the schedule of repayment is stipulated and as per which no amount of principal has fallen due during the year.
 - (c) In respect of the aforesaid loan, as per the terms and conditions, there is no amount which is overdue for more than ninety days.



Ref. No.

Date :

- iv. In our opinion, and according to the information and explanations given to us, the Company has complied with the provisions of Section 185 and 186 of the Act, in respect of the investments made and guarantee given. With respect to a loan given to the associate, no interest has been charged in contravention of stipulations of sub-section (7) of Section 186 of the Act and with the exception of the above, Company has complied with the provisions of Section 185 and 186 of the Act. As per management representation, interest has not been charged as per the terms of agreement and considering the economic interest of the company in the entity. The Company has not provided any security to others.
- v. The Company has not accepted any deposits from the public within the meaning of Sections 73 to 76 of the Act and the rules framed there under.
- vi. We have broadly reviewed the cost records maintained by the specified under sub-section (1) of Section 148 of the Act, and are of the opinion that, the prescribed accounts and records have been made and maintained.
- vii. (a) According to the information and explanations given to us and on the basis of our examination of the records of the Company, undisputed statutory dues including provident fund, employee state insurance, income-tax, sales tax, service tax, duty of customs, duty of excise, value added tax, cess and other material statutory dues have generally been regularly deposited during the year by the Company with the appropriate authorities, though there has been a slight delay in a few cases.

According to the information and explanations given to us, no undisputed amounts payable in respect of provident fund, employee state insurance, income-tax, sales tax, service tax, duty of customs, duty of excise, value added tax, cess and other material statutory dues were in arrears as at March 31, 2016 for a period of more than six months from the date they became payable.

- (b) According to the information and explanations given to us and the records of the Company examined by us, there are no dues of income tax, duty of customs and value added tax, which have not been deposited on account of any dispute. The particulars of



Ref. No.

Date :

dues of sales tax, duty of excise and service tax as at March 31, 2016, which have not been deposited on account of dispute, are as follows:

Name of the Statute	Nature of dues	Amount (Rs. in lakhs)	Period to which the amount relates	Forum where the dispute is pending
Tamilnadu General Sales Tax Act, 1959	Sales Tax	1056.09	1983-84 to 1995-96, 1989-90 to 1992-93	Madras High Court, Chennai.
		28.25	2000-01	Additional Commissioner (CT)/(RP), Chennai.
The Central Excise Act, 1944	Excise Duty	5.49	2002-03, 2006-07	Madras High Court, Chennai.
		804.59	2006-07, 2008-2012	CESTAT, Chennai.
		8.79	2007-08 and 2008-09	Commissioner of Central Excise (Appeals), Salem
		0.34	June and July 2009	Commissioner of Central Excise (Appeals), Bhubaneswar
The Bihar & Orissa Excise Act, 1915	Excise Duty	12.63	2002-03	High Court of Orissa, Cuttack.
Finance Act, 1994	Service Tax	289.77	2005, 2006, 2007 & 2008, 2009-2011	CESTAT, Chennai.
		21.12	2006, 2009-13, 2014-15	Commissioner of Central Excise (Appeals).

- viii. According to the records of the Company examined by us and the information and explanations given by the management, the Company has not issued debentures. The defaults by the Company as at the balance sheet date in repayment of loans to banks, financial institutions and Government are as under:



Ref. No.

Date :

(a) Default in repayment of loans to Banks:

Particulars	Amount of default as at 31.03.2016 (Rs.in lakhs)		Period of Default	
	Principal	Interest	Principal	Interest
Rupee Term Loan from Bank of India	598.93	273.11	January 2015 to January 2016	January 2015 to February 2016
Term Loan from Bank of India	597.60	274.86	January 2015 to January 2016	January 2015 to February 2016
Corporate Loan from Bank of India	312.47	106.65	January 2015 to January 2016	January 2015 to February 2016
Term Loan from Allahabad Bank	816.13	582.69	April 2013 to January 2015	April 2013 to February 2016
Rupee Term Loan from Punjab National Bank	1759.87	1076.69	October 2012 to January 2016	January 2013 to February 2016
Working Capital Term Loan from Bank of India	206.20	101.85	January 2015 to January 2016	January 2015 to February 2016
Funded Interest Term Loan from Bank of India	105.56	76.06	January 2015 to January 2016	January 2015 to February 2016
Funded Interest Term Loan from Allahabad Bank	77.59	59.58	April 2013 to January 2016	April 2013 to February 2016
Funded Interest Term Loan from Punjab National Bank	179.25	118.72	October 2012 to January 2016	January 2013 to February 2016
FCCB Term Loan from Bank of India	--	416.20	--	January 2015 to February 2016

Ref. No.

Date :

(b) Default in repayment of loans to Financial Institutions:

Particulars	Amount of default as at 31.03.2016 (Rs. in lakhs)		Period of Default	
	Principal	Interest #	Principal	Interest #
Asset Reconstruction Company (India) Limited (HDFC Bank Limited)	--	1578.34	--	July 2012 to December 2015
Asset Reconstruction Company (India) Limited - (Canara Bank)	--	2963.00	--	April 2012 to December 2015
Asset Reconstruction Company (India) Limited (State Bank of India)	--	2399.91	--	October 2013 to December 2015
Asset Reconstruction Company (India) Limited (IDBI Bank)	--	2459.02	--	July 2012 to December 2015
Asset Reconstruction Company (India) Limited (Indian Overseas Bank)	--	1250.02	--	July 2014 to December 2015

As per the restructuring proposal of Asset Reconstruction Company (India) Limited, the overdue interest amounting to Rs. 9280.47 lakhs will be waived on fulfillment of stipulated conditions.

(c) Default in repayment of loan to Government:

Particulars	Amount of default as at 31.03.2016 (Rs. in lakhs)		Period of Default	
	Principal	Interest	Principal	Interest
Sugar Development Fund Loan	2569.66	1420.00	May 2013 to February 2016	November 2011 to February 2016

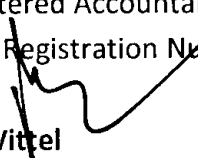
- ix. The Company has not raised any money by way of initial public offer or further public offer (including debt instruments). Term loan availed during the year has been applied for the purpose for which it was raised.
- x. According to the information and explanations given to us, no material fraud by the Company or on the Company by its officers or employees has been noticed or reported during the course of our audit.
- xi. The Company has paid managerial remuneration in accordance with the requisite approvals mandated by the provisions of Section 197 read with Schedule V to the Act.

Ref. No.

Date :

- xii. In our opinion and according to the information and explanations given to us, the Company is not a Nidhi company. Accordingly, paragraph 3(xii) of the Order is not applicable.
- xiii. According to the information and explanations given to us and based on our examination of the records of the Company, transactions with the related parties are in compliance with sections 177 and 188 of the Act where applicable and details of such transactions have been disclosed in the financial statements as required by the applicable accounting standards.
- xiv. According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year.
- xv. According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not entered into non-cash transactions with directors or persons connected with him. Accordingly, paragraph 3(xv) of the Order is not applicable.
- xvi. The Company is not required to be registered under section 45-IA of the Reserve Bank of India Act 1934. Accordingly, paragraph 3(xvi) of the Order is not applicable.

For P.N.Raghavendra Rao & Co.,
Chartered Accountants
Firm Registration Number: 003328S


P.R.Vittel
Partner
Membership Number: 018111

Coimbatore
May 30, 2016

Ref. No.

Date :

Annexure - B to the Independent Auditor's Report

Referred to in paragraph 13(h) of the Independent Auditors' Report of even date to the members of Sakthi Sugars Limited on the standalone financial statements for the year ended March 31, 2016

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

1. We have audited the internal financial controls over financial reporting of Sakthi Sugars Limited ("the Company") as of March 31, 2016 in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

2. 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 Act.

Auditor's Responsibility

3. Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls over Financial Reporting (the "Guidance Note") and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Act, 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 ICAI. 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



Ref. No.

Date :

financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

4. Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.
5. 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.

Meaning of Internal Financial Controls over Financial Reporting

6. 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 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.



Ref. No.

Date :

Inherent Limitations of Internal Financial Controls Over Financial Reporting

7. 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.

Opinion

8. In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2016, 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 P.N.Raghavendra Rao & Co.,
Chartered Accountants
Firm Registration Number: 003328S

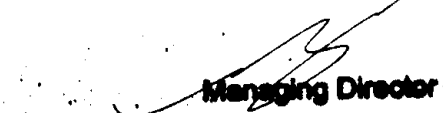
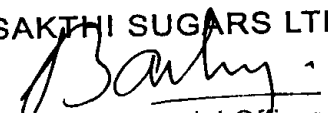
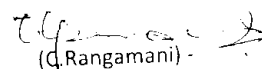


P.R.Vittel
Partner
Membership Number: 018111

Coimbatore
May 30, 2016

Statement on Impact of Audit Qualifications for the Financial Year ended March 31, 2016

I.	Sl.No	Particulars	Audited Figures (as reported before adjusting for qualifications)	Adjusted Figures (audited figures after adjusting for qualifications)
	1	Turnover / Total income	85768.11	85768.11
	2	Total Expenditure	93292.31	99871.32
	3	Net Profit/(Loss	-7524.20	-14103.21
	4	Earnings Per Share	-5.72	-10.45
	5	Total Assets	205467.34	207500.25
	6	Total Liabilities	205467.34	207500.25
	7	Net Worth	864.81	-3681.29
	8	Any other financial item(s) (as felt appropriate by the management)	Nil	Nil
II	<u>Audit Qualification (each audit qualification separately):</u>			
	Audit Qualification - I			
	a.	Details of Audit Qualification Interest and guarantee commission claim of Rs.6579.01 lakhs by its holding company has not been provided and the Loss of the company is understated to that extent.		
	b.	Type of Audit Qualification: Qualified Opinion/Disclaimer of Opinion/ Adverse Opinion Adverse Opinion		
	c.	Frequency of qualification: Whether appeared first time/repetitive/since howlong continuing Repetitive from the financial year ended 31st March 2014.		
	d.	For Audit Qualification where the impact is quantified by the Auditor, Managemet's views: The unprovided interest and guarantee commission to holding company will be accounted subject to the approval of the lenders.		
	e.	For Audit Qualifications(s) where the impact is not quantified by the auditor: (i) Management's estimation on the impact of audit qualification: (ii) If management is unable to estimate the impact, reasons for the same (iii) Auditors' Commentsd on (i) or (ii) above: Not applicable		
	Audit Qualification - II			
	a.	Details of Audit Qualification As per the agreement entered, no Interest has been provided on the advance given to the Associate Company. Non-provision of interest at least to the extent of interest on Government Securities is in violation of Section 186(7) of the Companies Act 2013. Consequential impact of the same on the loss for the year/accumulated loss is not ascertainable.		
	b.	Type of Audit Qualification: Qualified Opinion/Disclaimer of Opinion/ Adverse Opinion Adverse Opinion		
	c.	Frequency of qualification: Whether appeared first time/repetitive/since howlong continuing Appeared first time		
	d.	For Audit Qualification where the impact is quantified by the Auditor, Managemet's views: Not applicable		

	e. <i>For Audit Qualifications(s) where the impact is not quantified by the auditor:</i> <i>(i) Management's estimation on the impact of audit qualification:</i> The impact is unassertaible <i>(ii) If management is unable to estimate the impact, reasons for the same</i> No interest is provided as per the original agreement entered into with the Associate Company <i>(iii) Auditors' Comments on (i) or (ii) above:</i> As per the requirement of Section 186(7) of the Companies Act, 2013, the Report is qualified.	
III	Signatories	
	CEO/Managing Director	For SAKTHI SUGARS LIMITED  Managing Director
	CFO	For SAKTHI SUGARS LTD  Chief Financial Officer & Company Secretary
	Audit Committee Chairman	 (C.Rangamani) Chairman of the Audit Committee
	Statutory Auditors	 