



Sakthi Sugars Limited

180, Pace Course Road, Post Box No. 3775, Coimbatore - 641 018. Phone : + 91 422-2221551, 4322222
Fax : +91 422-4322488, 2222874 E-mail : info@sakthisugars.com CIN : L1542ITZ1961PLC000396

SL/SE/775/2017

27.5.2017

Dear Sirs,

Sub. : Audited Financial Results (Standalone) for the quarter / year ended 31st March 2017.

We wish to inform that the Board of Directors of the Company at its meeting held today (27.5.2017) has approved the Audited Financial Results of the Company for the quarter/year ended 31st March 2017.

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

1. Audited Financial Results of the Company (Standalone) for the quarter / year ended March 31, 2017 together with Segment Results and Statement of Asset and Liabilities.
2. Report of the Statutory Auditors, M/s. P.N.Raghavendra Rao & Co., Coimbatore on the Audited Financial Results.
3. Statement of Impact of Audit Qualifications

The meeting of the Board of Directors of the Company commenced at 12 Noon and concluded at 1.35 pm.

We request you to take the above on records.

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 31.03.2017

(Rs. in Lakhs)

| Particulars | Quarter ended | | | Year ended | |
|--------------------------------------------------------------------------------------|-------------------------|---------------------------|-------------------------|-------------------------|-------------------------|
| | 31.03.2017 (Audited) | 31.12.2016 (Unaudited) | 31.03.2016 (Audited) | 31.03.2017 (Audited) | 31.03.2016 (Audited) |
| 1. Income | | | | | |
| Revenue from operations | 28082.80 | 14679.26 | 33442.28 | 92685.96 | 82100.59 |
| Other Income | 188.63 | 168.08 | 2679.10 | 1227.85 | 3667.52 |
| Total Revenue | 28271.43 | 14847.34 | 36121.38 | 93913.81 | 85768.11 |
| 2. Expenses | | | | | |
| Cost of material consumed | 21129.98 | 10841.45 | 25120.34 | 61912.13 | 52406.38 |
| Purchase of stock in trade | 121.89 | 33.43 | 213.38 | 429.05 | 664.36 |
| Changes in inventories of finished goods, work-in-progress and stock in trade | -3935.16 | 115.93 | -798.12 | -583.46 | 282.20 |
| Employee benefits expenses | 1958.68 | 1983.26 | 1385.43 | 6845.09 | 5902.41 |
| Finance costs | 4479.60 | 2781.17 | 537.72 | 13367.11 | 7849.43 |
| Depreciation and amortization expense | 3513.20 | 1820.34 | 3102.11 | 8953.79 | 7437.00 |
| Other expenses | 2826.99 | 2700.90 | 4582.69 | 11519.93 | 18750.53 |
| Total Expenses | 30095.18 | 20276.48 | 34143.55 | 102443.64 | 93292.31 |
| 3. Profit/(Loss) before exceptional and extraordinary items and tax (1-2) | -1823.75 | -5429.14 | 1977.83 | -8529.83 | -7524.20 |
| 4. Exceptional Items | -- | -- | -- | -10173.94 | -- |
| 5. Profit/(Loss) before extraordinary items and tax (3-4) | -1823.75 | -5429.14 | 1977.83 | 1644.11 | -7524.20 |
| 6. Extraordinary Items | -- | -- | -- | -- | -- |
| 7. Profit/Loss before tax (5-6) | -1823.75 | -5429.14 | 1977.83 | 1644.11 | -7524.20 |
| 8. Tax expenses | | | | | |
| Current Tax | 596.43 | -- | 228.45 | 596.43 | 228.45 |
| Deferred tax | -1208.99 | -1697.20 | 513.49 | 3.74 | -2245.54 |
| | -612.56 | -1697.20 | 741.94 | 600.17 | -2017.09 |
| 9. Profit/(Loss) for the year from continuing operations (7-8) | -1211.19 | -3731.94 | 1235.89 | 1043.94 | -5507.11 |
| 10. Paid-up equity share capital (Face Value of the Shares - Rs. 10 each) | 11884.90 | 11884.90 | 9621.33 | 11884.90 | 9621.33 |
| 11. Reserves excluding revaluation reserve | | | | -2146.62 | -8756.52 |
| 12. Earnings per equity share of Rs.10/- each: | | | | | |
| 1. Basic | -1.07 | -3.33 | 1.28 | 0.92 | -5.72 |
| 2. Diluted | -1.07 | -3.33 | 1.28 | 0.92 | -5.72 |

**SEGMENT WISE AUDITED FINANCIAL RESULTS
FOR THE YEAR ENDED 31.03.2017**

(Rs. in Lakhs)

| Particulars | Quarter ended | | | Year ended | |
|--------------------------------------------------------------------------------|-------------------------|---------------------------|-------------------------|-------------------------|-------------------------|
| | 31.03.2017 (Audited) | 31.12.2016 (Unaudited) | 31.03.2016 (Audited) | 31.03.2017 (Audited) | 31.03.2016 (Audited) |
| 1. Segment Revenue:- (Net Sales/Income from Operations) | | | | | |
| a) Sugar | 23967.81 | 10535.34 | 25690.88 | 72351.02 | 48464.72 |
| b) Industrial Alcohol | 3783.80 | 1924.48 | 3275.09 | 13286.43 | 14463.78 |
| c) Soya Products | 2922.39 | 3397.84 | 3211.14 | 13045.36 | 12104.68 |
| d) Power | 2941.53 | 1238.08 | 6950.00 | 13153.80 | 24840.17 |
| | 33615.53 | 17095.74 | 39127.11 | 111836.61 | 99873.35 |
| Less: Intersegment Revenue | 5532.73 | 2416.48 | 5684.83 | 19150.65 | 17772.76 |
| Net Sales/Income from Operations | 28082.80 | 14679.26 | 33442.28 | 92685.96 | 82100.59 |
| 2. Segment Results:- (Profit(+)/Loss(-) before tax and Finance Cost) | | | | | |
| a) Sugar | 3396.99 | -2054.14 | -2305.40 | 2984.66 | -10051.98 |
| b) Industrial Alcohol | 1104.96 | 279.60 | 616.04 | 2527.83 | 1974.35 |
| c) Soya Products | 149.93 | 8.89 | -187.19 | 223.25 | 100.26 |
| d) Power | -1327.47 | -232.75 | 2806.14 | 1756.14 | 8905.89 |
| Total | 3324.41 | -1998.40 | 929.59 | 7491.88 | 928.52 |
| Less: i) Finance Cost | 4479.60 | 2781.17 | 537.72 | 13367.11 | 7849.43 |
| ii) Other un-allocable expenditure | 670.40 | 660.09 | 674.94 | 2670.97 | 2880.89 |
| iii) Un-allocable income | -1.84 | -10.52 | -2260.90 | -10190.31 | -2277.60 |
| Total Profit/Loss before tax | -1823.75 | -5429.14 | 1977.83 | 1644.11 | -7524.20 |
| 3. Segment Assets:- | | | | | |
| a) Sugar | 88127.95 | 86127.89 | 100322.01 | 88127.95 | 100322.01 |
| b) Industrial Alcohol | 11418.34 | 11315.17 | 12503.66 | 11418.34 | 12503.66 |
| c) Soya Products | 9323.93 | 9175.94 | 9160.01 | 9323.93 | 9160.01 |
| d) Power | 36534.64 | 39155.10 | 47811.69 | 36534.64 | 47811.69 |
| e) Unallocated | 20017.74 | 20623.86 | 20728.98 | 20017.74 | 20728.98 |
| | 165422.60 | 166397.96 | 190526.35 | 165422.60 | 190526.35 |
| 4. Segment Liabilities:- | | | | | |
| a) Sugar | 49699.45 | 48446.63 | 59525.35 | 49699.45 | 59525.35 |
| b) Industrial Alcohol | 122.40 | 113.87 | 218.70 | 122.40 | 218.70 |
| c) Soya Products | 738.85 | 790.75 | 1924.98 | 738.85 | 1924.98 |
| d) Power | 11979.17 | 12377.76 | 15167.31 | 11979.17 | 15167.31 |
| e) Unallocated | 74096.86 | 73446.49 | 92047.04 | 74096.86 | 92047.04 |
| | 136636.73 | 135175.50 | 168883.38 | 136636.73 | 168883.38 |

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 27, 2017.
- (b) Exceptional Items represents remission of liability of Rs. 10173.94 lakhs on restructure of loans.
- (c) Results of Power division for the quarter and year ended 31.3.2017 include provision of Rs. 1700 lakhs towards impairment of fixed assets.
- (d) The figures for the last quarter are the balancing figures between the audited figures in respect of the full financial year ended 31st March 2017 and the published year to date figures up to the third quarter ended 31st December 2016.
- (e) The Auditors have qualified their report for the year ended 31.03.2017 as under:-
- (i) Interest and Guarantee commission claim of Rs.7676.27 lakhs by a company (erstwhile holding company) has not been provided and the profit of the company is overstated 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 profit 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 Promoter group company (erstwhile 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.
- (f) Figures have been regrouped/restated wherever necessary.

FOR SAKTHI SUGARS LIMITED



(M. MANICKAM)
EXECUTIVE CHAIRMAN
DIN : 00102233

**COIMBATORE
27.05.2017**

STATEMENT OF ASSETS AND LIABILITIES

| Particulars | (Rs. in lakhs) | |
|---------------------------------------|----------------------------------|----------------------------------|
| | As at 31.03.2017 (Audited) | As at 31.03.2016 (Audited) |
| A. EQUITY AND LIABILITIES | | |
| 1. Share Holders Fund: | | |
| (a) Share Capital | 11884.90 | 9621.33 |
| (b) Reserves & Surplus | 31838.24 | 26962.62 |
| | 43723.14 | 36583.95 |
| 2. Non-current liabilities | | |
| (a) Long term borrowings | 59339.07 | 73224.16 |
| (b) Other long-term liabilities | 34.73 | 47.90 |
| (c) Long-term provisions | 3039.53 | 2536.22 |
| | 62413.33 | 75808.28 |
| 3. Current liabilities | | |
| (a) Short term borrowings | 523.86 | 7261.29 |
| (b) Trade payables | 24808.21 | 28722.66 |
| (c) Other current liabilities | 47356.59 | 55616.98 |
| (d) Short-term provisions | 1534.75 | 1474.18 |
| | 74223.41 | 93075.11 |
| TOTAL - EQUITY AND LIABILITIES | 180359.88 | 205467.34 |
| B. ASSETS | | |
| 1. Non-Current assets | | |
| (a) Fixed assets | | |
| (i) Tangible assets | 89427.42 | 92109.52 |
| (ii) Intangible assets | 5795.34 | 8400.46 |
| (iii) Capital work-in-progress | 11875.92 | 14987.81 |
| | 107098.68 | 115497.79 |
| (b) Non-current investments | 16401.25 | 16399.41 |
| (c) Deferred tax assets (net) | 14937.26 | 14941.00 |
| (d) Long-term loans and advances | 12257.70 | 13301.30 |
| (e) Other non-current assets | 7320.31 | 6154.29 |
| | 158015.20 | 166293.79 |
| 2. Current assets | | |
| (a) Inventories | 10894.00 | 10416.99 |
| (b) Trade receivables | 2171.82 | 10800.95 |
| (c) Cash and cash equivalents | 1845.39 | 2058.27 |
| (d) Short-term loans and advances | 4633.53 | 13096.94 |
| (e) Other current assets | 2799.94 | 2800.40 |
| | 22344.68 | 39173.55 |
| TOTAL - ASSETS | 180359.88 | 205467.34 |

FOR SAKTHI SUGARS LIMITED



(M. MANICKAM)

EXECUTIVE CHAIRMAN

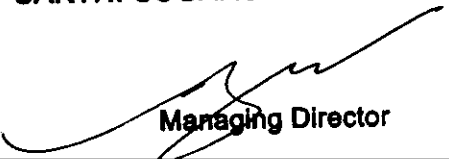
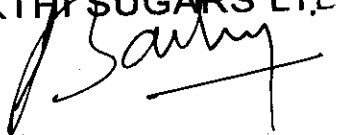
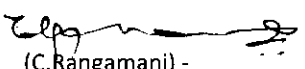

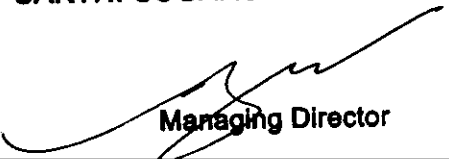
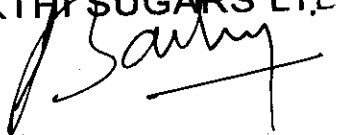
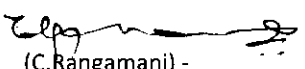

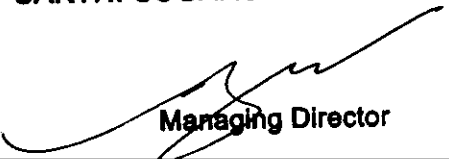
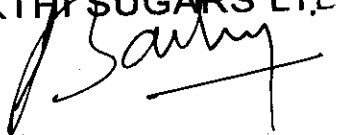
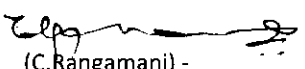

DIN : 00102233

COIMBATORE
27.05.2017

SAKTHI SUGARS LIMITED
CIN : L15421TZ1961PLC000396
Regd Office: Sakthinagar PO - 638315, Erode District, Tamilnadu

Statement on Impact of Audit Qualifications for the Financial Year ended March 31, 2017

| (Rs. In Lakhs) | | | | |
|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------|---------------------------------------------------------------------|-------------------------------------------------------------------|-----------------------------------------------------------------------|
| I. | Sl.No | Particulars | Audited Figures (as reported before adjusting for qualifications) | Adjusted Figures (audited figures after adjusting for qualifications) |
| | 1 | Turnover / Total income | 93,913.81 | 93,913.81 |
| | 2 | Total Expenditure | 1,02,443.64 | 1,10,119.91 |
| | 3 | Net Profit/(Loss) (after exceptional items) | 1,644.11 | (6,032.16) |
| | 4 | Earnings Per Share (in Rs.) | 0.92 | (3.75) |
| | 5 | Total Assets | 1,80,359.88 | 1,82,731.85 |
| | 6 | Total Liabilities | 1,80,359.88 | 1,82,731.85 |
| | 7 | Net Worth | 9,068.81 | 3,764.51 |
| | 8 | Any other financial item(s) (as felt appropriate by the management) | Nil | Nil |
| II | | | | |
| Audit Qualification (each audit qualification separately): | | | | |
| Audit Qualification - I | | | | |
| a. Details of Audit Qualification | | | | |
| Interest and guarantee commission claim of Rs.7676.27 lakhs by a company (erstwhile Holding company) have not been provided and the Profit of the company is overstated 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, Management's views: | | | | |
| The unprovided interest and guarantee commission to a Promoter group company (erstwhile 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' Comments 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 profit 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 | | | | |
| Repetitive from the financial year ended 31st March 2016 | | | | |
| d. For Audit Qualification where the impact is quantified by the Auditor, Management's views: | | | | |
| Not applicable | | | | |

| | | | | | | | | | | | |
|--------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------|-----------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----|--------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------|--|
| | <p>e. For Audit Qualifications(s) where the impact is not quantified by the auditor:</p> <p>(i) Management's estimation on the impact of audit qualification:</p> <p>The impact is unascertainable</p> <p>(ii) If management is unable to estimate the impact, reasons for the same</p> <p>No interest is provided as per the original agreement entered into with the Associate Company</p> <p>(iii) Auditors' Comments on (i) or (ii) above:</p> <p>As per the requirement of Section 186(7) of the Companies Act, 2013, the Report is qualified.</p> | | | | | | | | | | |
| III | <table border="1"> <tr> <td data-bbox="236 495 858 703">Signatories</td><td data-bbox="858 495 1437 703"> <p>For SAKTHI SUGARS LIMITED</p>  <p>Managing Director</p> </td></tr> <tr> <td data-bbox="236 703 858 911">CEO/Managing Director</td><td data-bbox="858 703 1437 911"> <p>For SAKTHI SUGARS LTD.</p>  <p>Chief Financial Officer & Company Secretary</p> </td></tr> <tr> <td data-bbox="236 911 858 1099">CFO</td><td data-bbox="858 911 1437 1099">  <p>(C. Rangamani) - Chairman of the Audit Committee</p> </td></tr> <tr> <td data-bbox="236 1099 858 1301">Audit Committee Chairman</td><td data-bbox="858 1099 1437 1301"> <p>For P.N. Raghavendra Rao & Co, Chartered Accountants</p>  <p>P.R. Vitte Partner</p> </td></tr> <tr> <td data-bbox="236 1301 858 1346">Statutory Auditors</td><td data-bbox="858 1301 1437 1346"></td></tr> </table> | Signatories | <p>For SAKTHI SUGARS LIMITED</p>  <p>Managing Director</p> | CEO/Managing Director | <p>For SAKTHI SUGARS LTD.</p>  <p>Chief Financial Officer & Company Secretary</p> | CFO |  <p>(C. Rangamani) - Chairman of the Audit Committee</p> | Audit Committee Chairman | <p>For P.N. Raghavendra Rao & Co, Chartered Accountants</p>  <p>P.R. Vitte Partner</p> | Statutory Auditors | |
| Signatories | <p>For SAKTHI SUGARS LIMITED</p>  <p>Managing Director</p> | | | | | | | | | | |
| CEO/Managing Director | <p>For SAKTHI SUGARS LTD.</p>  <p>Chief Financial Officer & Company Secretary</p> | | | | | | | | | | |
| CFO |  <p>(C. Rangamani) - Chairman of the Audit Committee</p> | | | | | | | | | | |
| Audit Committee Chairman | <p>For P.N. Raghavendra Rao & Co, Chartered Accountants</p>  <p>P.R. Vitte Partner</p> | | | | | | | | | | |
| Statutory Auditors | | | | | | | | | | | |

Membership No : 200/18111

Place : Coimbatore
Date : 27.5.2017

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, 2017, 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.

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.



Ref. No.

Date :

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.

Basis for Qualified Opinion

9. The Company has not provided for the interest and guarantee commission claim of Rs.7676.27 lakhs (Rs. 6579.01 lakhs) made by a Company (erstwhile holding company). In our opinion, the Profit of the Company is overstated to that extent. This matter was also qualified in our report on the financial statements for the year ended March 31, 2016.
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 profit for the year/accumulated loss is not ascertainable. This matter was also qualified in our report on the financial statements for the year ended March 31, 2016.

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



Ref. No.

Date :

principles generally accepted in India, of the state of affairs of the Company as at March 31, 2017, and its profit and its cash flows for the year ended on that date.

Report on Other Legal and Regulatory Requirements

12. 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.

13. 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, 2017, taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2017, 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.



Ref. No.

Date :

- (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
- (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, 2017, 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.
- (iv) The Company has provided requisite disclosures in the standalone financial statements as to holding as well as dealings in Specified Bank Notes during the period from November 08, 2016 to December 30, 2016, on the basis of information available with the Company. Based on audit procedures and relying on the management representation, we report that disclosures are in accordance with the books of accounts maintained by the Company and as produced to us by the Management. – Refer Note 38.

For P.N.Raghavendra Rao & Co.,
Chartered Accountants
Firm Registration Number: 0033285


P.R.Vittel
Partner
Membership Number: 018111



Coimbatore
May 27, 2017

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, 2017.
- 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.7603.45 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.
- 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



Ref. No.

Date :

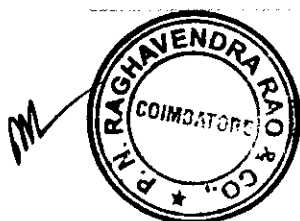
charged as per the terms of agreement and considering the economic interest of the company in the entity. The Company has not provided any security to others.

- 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, the company is generally regular in depositing undisputed statutory dues with appropriate authorities except undisputed statutory dues relating to provident fund, income-tax, sales tax, service tax, duty of excise and value added tax that have not generally been regularly deposited during the year by the Company with the appropriate authorities, though the delays in deposit have not been serious.

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, 2017 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 dues of sales tax, duty of excise and service tax as at March 31, 2017, 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 | 1,056.09 | 1983-84 to 1995-96, 1989-90 to 1992-93, 1989-90 to 1994-95 | Madras High Court, Chennai. |
| | | 28.25 | 2000-01 | Additional Commissioner (CT)/(RP), Chennai. |



Ref. No.

Date :

| Name of the Statute | Nature of dues | Amount (Rs. in lakhs) | Period to which the amount relates | Forum where the dispute is pending |
|-------------------------------------|----------------|-----------------------|------------------------------------|-------------------------------------------------|
| The Central Excise Act, 1944 | Excise Duty | 5.49 | 2002-03 | Madras High Court, Chennai. |
| | | 887.62 | 2006-07, 2008-2015 | CESTAT, Chennai. |
| | | 36.33 | 2011-2016 | Commissioner of Central Excise (Appeals), Salem |
| The Bihar & Orissa Excise Act, 1915 | Excise Duty | 12.63 | 2002-03 | High Court of Orissa, Cuttack. |
| Finance Act, 1994 | Service Tax | 272.69 | 2005, 2006, 2007 & 2008, 2009-2013 | CESTAT, Chennai. |
| | | 1.47 | 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:

(a) Default in repayment of loans to Banks:

| Particulars | Amount of default as at 31.03.2017 (Rs.in lakhs) | | Period of Default | |
|----------------------------------------------|--------------------------------------------------|----------|------------------------------|-------------------------------|
| | Principal | Interest | Principal | Interest |
| Rupee Term Loan from Bank of India | 79.88 | 235.21 | June 2016 to December 2016 | April 2016 to February 2017 |
| Term Loan from Bank of India | 79.90 | 235.25 | June 2016 to December 2016 | April 2016 to February 2017 |
| Corporate Loan from Bank of India | 40.33 | 118.76 | June 2016 to December 2016 | April 2016 to February 2017 |
| Term Loan from Allahabad Bank | 1,071.17 | 845.09 | April 2013 to January 2017 | April 2013 to February 2017 |
| Rupee Term Loan from Punjab National Bank | 2,239.04 | 1,546.99 | October 2012 to January 2017 | January 2013 to February 2017 |
| Working Capital Term Loan from Bank of India | 28.39 | 83.58 | June 2016 to December 2016 | April 2016 to February 2017 |



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Ref. No.

Date :

| Particulars | Amount of default as at 31.03.2017 (Rs.in lakhs) | | Period of Default | |
|-----------------------------------------------------|-----------------------------------------------------|----------|-------------------------------|-------------------------------|
| | Principal | Interest | Principal | Interest |
| Working Capital Term Loan from Bank of India | 59.55 | 175.87 | June 2016 to December 2016 | April 2016 to February 2017 |
| Funded Interest Term Loan from Bank of India | 18.84 | 55.45 | June 2016 to December 2016 | April 2016 to February 2017 |
| Funded Interest Term Loan from Bank of India | 62.93 | 185.14 | June 2016 to December 2016 | April 2016 to February 2017 |
| Funded Interest Term Loan from Allahabad Bank | - | 87.21 | -- | April 2013 to February 2017 |
| Funded Interest Term Loan from Punjab National Bank | - | 172.57 | -- | January 2013 to February 2017 |
| FCCB Term Loan from Axis Bank Limited | - | 52.09 | -- | January 2017 to February 2017 |
| FCCB Term Loan from Bank of India | 112.50 | 331.24 | June 2016 to December 2016 | April 2016 to February 2017 |
| Soft Loan from Axis Bank Limited | - | 51.78 | -- | January 2017 to February 2017 |
| SEFASU Loan from Bank of India | 576.58 | - | October 2016 to February 2017 | -- |
| SEFASU Loan from Indian Overseas Bank | 762.83 | - | May 2016 to February 2017 | -- |

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

| Particulars | Amount of default as at 31.03.2017 (Rs.in lakhs) | | Period of Default | |
|---------------------------------------------------------------------|-----------------------------------------------------|----------|---------------------------|---------------------------|
| | Principal | Interest | Principal | Interest |
| Asset Reconstruction Company (India) Limited [HDFC Bank Limited] | 26.20 | 276.08 | May 2016 to February 2017 | May 2016 to February 2017 |
| Asset Reconstruction Company (India) Limited - [Canara Bank] | 131.35 | 546.72 | May 2016 to February 2017 | May 2016 to February 2017 |
| Asset Reconstruction Company (India) Limited [State Bank of India] | 107.01 | 450.15 | May 2016 to February 2017 | May 2016 to February 2017 |
| Asset Reconstruction Company (India) Limited [IDBI Bank] | 39.27 | 425.64 | May 2016 to February 2017 | May 2016 to February 2017 |
| Asset Reconstruction Company (India) Limited [Indian Overseas Bank] | 84.66 | 360.47 | May 2016 to February 2017 | May 2016 to February 2017 |



Ref. No.

Date :

| Particulars | Amount of default as at 31.03.2017 (Rs.in lakhs) | | Period of Default | |
|----------------------------------------------------------------------------------|-----------------------------------------------------|----------|-------------------|-----------------------------------|
| | Principal | Interest | Principal | Interest |
| Edelweiss Asset Reconstruction Company Limited [IDFC] | - | 70.30 | -- | February 2016 to December 2016 |
| Edelweiss Asset Reconstruction Company Limited [Oriental Bank of Commerce] | - | 74.95 | -- | February 2016 to December 2016 |

(c) Default in repayment of loan to Government:

| Particulars | Amount of default as at 31.03.2017 (Rs.in lakhs) | | Period of Default | |
|-----------------------------|-----------------------------------------------------|----------|------------------------------|------------------------------|
| | Principal | Interest | Principal | Interest |
| Sugar Development Fund Loan | 3,452.95 | 2,158.59 | May 2013 to February 2017 | May 2011 to February 2017 |

- 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 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. According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not paid/provided any managerial remuneration during the year. Accordingly, paragraph 3(xi) of the Order is not applicable.
- 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. During the year under review, the Company has made preferential allotment of equity shares by way of conversion of borrowings as per the Scheme of Restructure and the requirements of Section 42 of the Act have been complied with. Since the borrowings have been converted into shares the question of utilization does not arise. The company has not



Ref. No.

Date :

made any preferential allotment or private placement of 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: 0033285


P.R. Vittal

Partner

Membership Number: 018111



Coimbatore

May 27, 2017

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, 2017

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

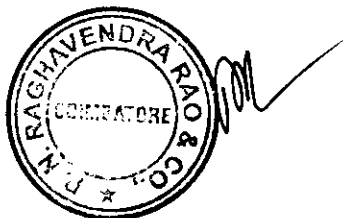
1. We have audited the internal financial controls over financial reporting of Sakthi Sugars Limited ("the Company") as of March 31, 2017 in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date.

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 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



Ref. No.

Date :

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.

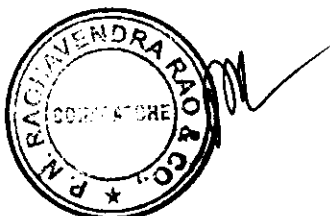
5. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system over financial reporting.

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.

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.



Ref. No.

Date :

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, 2017, 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: 0033285



P.R.Vittel

Partner

Membership Number: 018111



Coimbatore

May 27, 2017