



# Sakthi Sugars Limited

180, Race Course Road, Post Box No. 3775, Coimbatore - 641 018. Phone : + 91 422-2221551, 4322222  
Fax : +91 422-4322488, 2220574 E-mail : info@sakthisugars.com CIN : L1542ITZ1961PLC000396

SL/SE/655/2018

30.5.2018

Dear Sirs,

Sub. : Audited Financial Results (Standalone) for the quarter / year ended  
31<sup>st</sup> March 2018.

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We wish to inform that the Board of Directors of the Company at its meeting held today (30.5.2018) has approved the Audited Financial Results of the Company for the quarter/year ended 31<sup>st</sup> March 2018.

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, 2018 together with Segment Results and Statement of Asset and Liabilities.
2. Report of the Statutory Auditors, M/s. P.K.Nagarajan & 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 3.30 PM and concluded at 4.35 PM.

We request you to take the above on records.

Thanking you,

Yours faithfully  
For SAKTHI SUGARS LIMITED

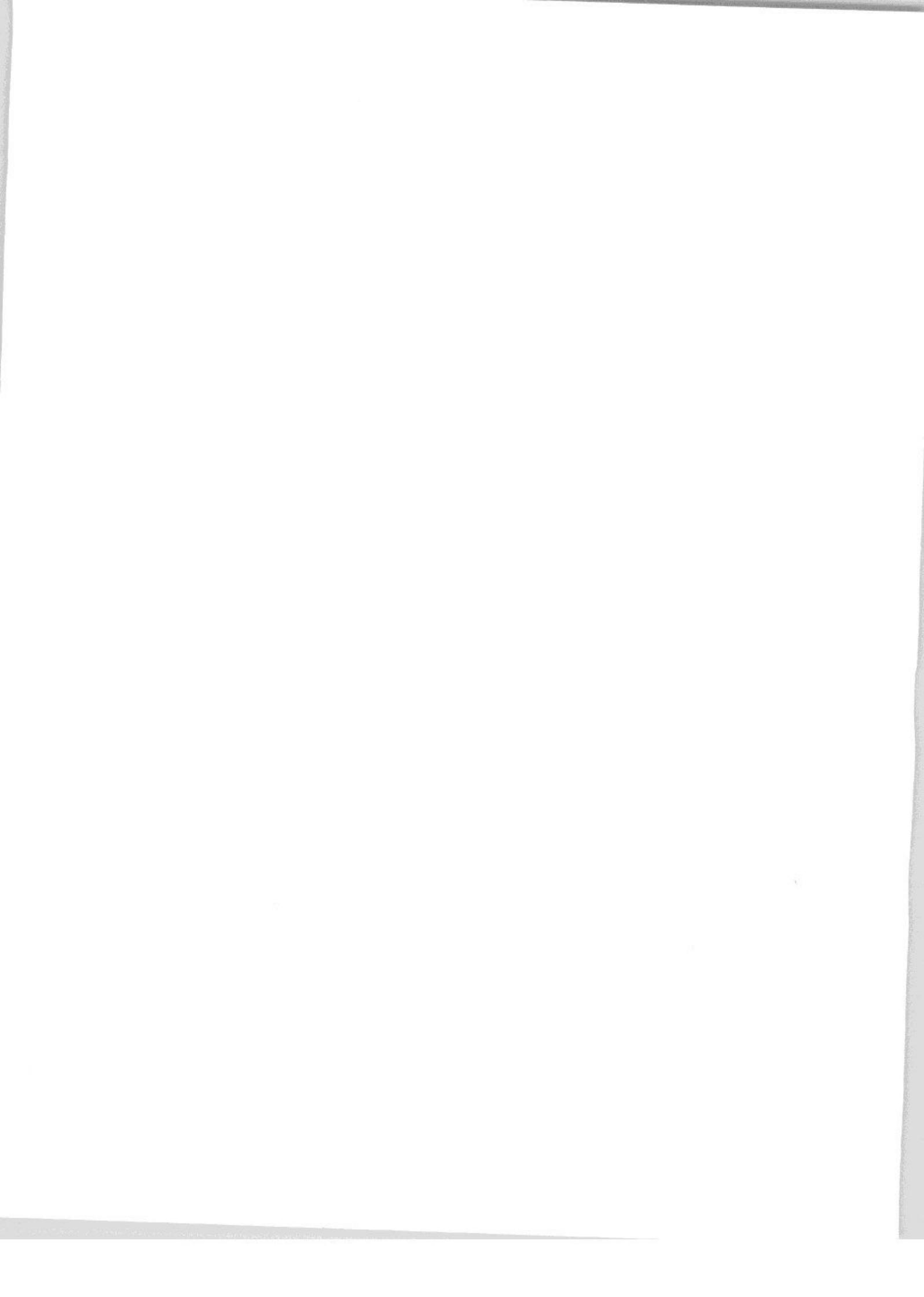
  
CHIEF FINANCIAL OFFICER &  
COMPANY SECRETARY

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 31.03.2018**  
(Rs. in Lakhs)

Particulars	Three months ended			Year ended	
	31.03.2018 (Audited)	31.12.2017 (Unaudited)	31.03.2017 (Audited)	31.03.2018 (Audited)	31.03.2017 (Audited)
<b>1. Income</b>					
Revenue from operations	15581.85	8430.21	28491.34	53020.06	93897.56
Other Income	841.07	161.74	860.96	1139.64	2484.84
<b>Total Income</b>	<b>16422.92</b>	<b>8591.95</b>	<b>29352.30</b>	<b>54159.70</b>	<b>96382.40</b>
<b>2. Expenses</b>					
Cost of material consumed	15099.77	6799.62	21129.98	39636.97	61912.13
Purchase of stock in trade	147.04	79.50	121.89	287.44	429.05
Changes in inventories of finished goods, work-in-progress and stock in trade	-2902.49	-446.80	-3935.96	1554.06	-584.26
Excise Duty on Sales	--	--	408.54	137.13	1259.50
Employee benefits expenses	1390.58	1570.11	1828.12	5906.62	6420.00
Finance costs	4605.56	3410.79	4909.25	14994.92	14019.81
Depreciation and amortization expense	1296.35	1334.28	1463.06	5281.69	5700.47
Other expenses	3276.09	1575.95	4564.04	9331.92	13084.49
<b>Total Expenses</b>	<b>22912.90</b>	<b>14323.45</b>	<b>30488.92</b>	<b>77130.75</b>	<b>102241.19</b>
<b>3. Profit/(Loss) before exceptional items and tax (1-2)</b>	<b>-6489.98</b>	<b>-5731.50</b>	<b>-1136.62</b>	<b>-22971.05</b>	<b>-5858.79</b>
<b>4. Exceptional Items</b>	<b>2,249.33</b>	<b>--</b>	<b>--</b>	<b>2,249.33</b>	<b>-10173.94</b>
<b>5. Profit/(Loss) before extraordinary items and tax (3-4)</b>	<b>-8739.31</b>	<b>-5731.50</b>	<b>-1136.62</b>	<b>-25220.38</b>	<b>4315.15</b>
<b>6. Extraordinary Items</b>	<b>--</b>	<b>--</b>	<b>--</b>	<b>--</b>	<b>--</b>
<b>5. Profit/Loss before tax (3-4)</b>	<b>-8739.31</b>	<b>-5731.50</b>	<b>-1136.62</b>	<b>-25220.38</b>	<b>4315.15</b>
<b>6. Tax expenses</b>					
Current Tax	--	--	--	--	--
Deferred tax	-3116.27	-1508.40	67.44	-7510.12	1280.17
	<b>-3116.27</b>	<b>-1508.40</b>	<b>67.44</b>	<b>-7510.12</b>	<b>1280.17</b>
<b>7. Profit/(Loss) for the period from continuing operations (5-6)</b>	<b>-5623.04</b>	<b>-4223.10</b>	<b>-1204.06</b>	<b>-17710.26</b>	<b>3034.98</b>
<b>8. Comprehensive Income (net of tax)</b>	<b>13.62</b>	<b>--</b>	<b>-41.12</b>	<b>13.62</b>	<b>-169.01</b>
<b>9. Total Comprehensive Income</b>	<b>-5609.42</b>	<b>-4223.10</b>	<b>-1245.18</b>	<b>-17696.64</b>	<b>2865.97</b>
<b>10. Paid-up equity share capital</b> (Face Value of the Shares - Rs. 10 each)	<b>11884.90</b>	<b>11884.90</b>	<b>11884.90</b>	<b>11884.90</b>	<b>11884.90</b>
<b>13. Reserves excluding revaluation reserve</b>				<b>13953.91</b>	<b>31650.55</b>
<b>11. Earnings per equity share of Rs.10/- each:</b>					
1. Basic	-4.72	-3.55	-1.10	-14.89	2.52
2. Diluted	-4.72	-3.55	-1.10	-14.89	2.52

**SEGMENT WISE AUDITED FINANCIAL RESULTS  
FOR THE YEAR ENDED 31.03.2018**

(Rs. in Lakhs)

Particulars	Quarter ended			Year ended	
	31.03.2018 (Audited)	31.12.2017 (Unaudited)	31.03.2017 (Audited)	31.03.2018 (Audited)	31.03.2017 (Audited)
<b>1. Segment Revenue:-</b>					
(Sales/Income from Operations)					
a) Sugar	11489.73	4575.64	24363.58	36551.54	73560.21
b) Industrial Alcohol	1239.72	924.99	3795.44	4937.70	13321.63
c) Soya Products	3514.18	3243.53	2923.02	12821.06	13011.08
d) Power	1166.64	379.80	2942.03	2947.34	13155.29
	17410.27	9123.96	34024.07	57257.64	113048.21
Less: Intersegment Revenue	1828.42	693.75	5532.73	4237.58	19150.65
Sales/Income from Operations	15581.85	8430.21	28491.34	53020.06	93897.56
<b>2. Segment Results:-</b>					
(Profit(+)/Loss(-) before tax and Finance Cost)					
a) Sugar	-1642.95	-2222.62	1593.52	-7046.87	1179.03
b) Industrial Alcohol	506.19	66.61	1071.17	954.98	2395.76
c) Soya Products	419.06	435.35	105.51	1331.83	97.18
d) Power	-1152.99	-598.46	333.27	-3172.86	3289.60
Total	-1870.69	-2319.12	3103.47	-7932.92	6961.57
Less: i) Finance Cost	4605.56	3410.79	4909.25	14994.92	14019.81
ii) Other un-allocable expenditure	13.73	12.08	21.41	59.54	65.84
iii) Un-allocable income	2249.33	-10.49	-690.57	2233.00	-11439.23
Total Profit/Loss before tax	-8739.31	-5731.50	-1136.62	-25220.38	4315.15
<b>3. Segment Assets:-</b>					
a) Sugar	118536.37	102852.93	115050.64	118536.37	115050.64
b) Industrial Alcohol	14457.70	12507.10	14264.78	14457.70	14264.78
c) Soya Products	13756.71	13374.06	13162.17	13756.71	13162.17
d) Power	35280.01	34930.96	35713.81	35280.01	35713.81
e) Unallocated	3870.96	22519.52	21421.73	3870.96	21421.73
	185901.75	186184.57	199613.13	185901.75	199613.13
<b>4. Segment Liabilities:-</b>					
a) Sugar	50410.62	45330.99	50097.30	50410.62	50097.30
b) Industrial Alcohol	275.62	110.80	122.40	275.62	122.40
c) Soya Products	1370.77	1017.96	738.85	1370.77	738.85
d) Power	12762.96	12524.55	11977.71	12762.96	11977.71
e) Unallocated	91031.13	81931.87	81426.69	91031.13	81426.69
	155851.10	140916.17	144362.95	155851.10	144362.95

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, 2018.
- (b) Exceptional Items represents revocation of remission of liability of Rs. 2249.33 lakhs granted by a lender earlier.
- (c) The standalone financial results of the company have been prepared in accordance with Indian Accounting Standards (Ind AS) notified under the Companies (Indian Accounting Standards) Rules, 2015 as amended by the Companies (Indian Accounting Standards) (Amendment) Rules, 2016. The company has adopted Ind AS from 1st April 2017, with a transition date of 1st April 2016 and accordingly results for the quarter and year ended 31st March, 2017 have been restated, to comply with the requirement of Ind AS and to make them comparable with those of the quarter ended 31st December 2017 and 31st March 2018 and year ended 31st March 2018.
- (d) The revenue from Operation for the quarter commenced from 1st July 2017 does not include Goods and Service Tax (GST). Revenue from operations and expenses for the previous periods/quarter being inclusive of excise duty are not comparable with corresponding figures of quarter and year ended 31st March 2018.
- (e) The figures for the last quarter are the balancing figures between the audited figures in respect of the full financial year ended 31st March 2018 and the published year to date figures up to the third quarter ended 31st December 2017.
- (f) The Auditors have qualified their report for the year ended 31.03.2018 as under:-  
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:-  
Non-provision of interest is as per the original Agreement entered into with the Associate Company.
- (g) The figures of previous periods / year have have been regrouped/reclassified wherever necessary to make them comparable with those of the current period / year.

Based on SEBI Circular CIR/CFD/FAC/62/2016 dated 05.07.2016, the Company has presented the results for the previous period under Ind AS. Consequent to transition to Ind AS, the reconciliation of net profit/loss is provided as below, in accordance with the requirements of paragraph 32 of Ind AS 101- First time Adoption of Ind AS.

Reconciliation of Net Profit/Loss under IND AS:-

Particulars	Quarter ended	Year ended
	31.03.2017 (Audited)	31.03.2017 (Audited)
Net Profit /(Loss) after Tax under Indian GAAP	-1211.19	1043.94
Consequent Changes in Transition to Ind AS	-123.43	1732.59
Reversal of Intangible Assets amortized	648.99	2605.13
Foreign Currency Translation Gain/Loss	758.37	851.02
Changes in Fair Value of Quoted Investment	688.73	1248.92
Incremental Depreciation on Fair value of Assets	1401.15	648.19
Increase in Interest Charges on Fair Value	-1188.02	-1188.02
Increase in Stock Valuation	0.80	0.80
Increase in Profit on sale of Fixed assets	-16.40	-16.40
Impact on Deferred tax	-680.00	-680.00
Other Adjustments	-1737.05	-1737.05
Reclassification of actuarial Gain/(Loss) on Defined Benefit plans to Other comprehensive income (net of tax)	130.56	258.45
Net Profit / (Loss) after Tax under Ind AS	-1204.06	3034.98
Other Comprehensive Income (net of Tax)	-41.12	-169.01
Total Comprehensive Income as per Ind AS	-1245.18	2865.97

Reconciliation of Audited Standalone equity as previously reported (referred to as " Previous GAAP") and Ind As is as under:

Particulars	As at
	31.03.2017
<b>Equity as per Previous GAAP (i)</b>	<b>43723.14</b>
Add/(Less): Effect of transition to Ind AS	
Fair Valuation of Property Plant and Equipment	37290.50
Effect of Amortisation of Intangible Assets	-5795.34
Fair Valuation of Non current Investments through Statement of Profit and Loss	96.59
Fair Valuation of Current Investments through Statement of Profit and Loss	2610.60
Gain / (Loss) on fair valuation / remeasurement of financial instruments	-6827.99
Adjustment of transaction cost using effective interest rate method	338.44
Other Adjustments	0.79
Tax Adjustments	-27901.29
Total effect of transition to Ind AS (ii)	-187.70
<b>Equity as reported under Ind AS</b>	<b>43535.44</b>
Comprising:	
Paid up equity share capital	11884.90
Other Equity	31650.55

FOR SAKTHE SUGARS LIMITED



(M. MANICKAM)  
EXECUTIVE CHAIRMAN  
DIN : 00102233

COIMBATORE  
30.05.2018

## STATEMENT OF ASSETS AND LIABILITIES

(Rs. in lakhs)

Particulars	(Rs. in lakhs)	
	As at 31.03.2018 (Audited)	As at 31.03.2017 (Audited)
<b>A. ASSETS</b>		
<b>1. NON-CURRENT ASSETS</b>		
(a) Property, Plant and Equipment	123871.73	135377.84
(b) Capital work-in-progress	3229.22	3216.00
(c) Financial Assets		
i) Investments	1072.38	16477.84
ii) Trade receivable - Unsecured Considered good	5867.83	5320.03
iii) Loans	107.41	107.83
iv) Other financial assets	653.05	208.90
(d) Other Non-current Assets	6402.51	6320.12
<b>Total Non-current Assets</b>	<b>141204.13</b>	<b>167028.56</b>
<b>2. CURRENT ASSETS</b>		
(a) Inventories	10849.77	10894.79
(b) Financial Assets		
i) Other Investments	776.47	2630.60
ii) Trade receivables	984.90	2225.98
iii) Cash and cash equivalents	1495.23	1785.42
iv) Bank Balances Other than Cash and cash equivalents	96.67	27.95
v) Loans	2337.37	7645.72
vi) Other Financial Assets	2733.86	2803.06
(c) Current tax assets (Net)	276.98	82.59
(d) Other current assets	4479.56	4488.46
<b>Total Current Assets</b>	<b>24030.81</b>	<b>32584.57</b>
(e) Assets Classified as held for Sale	20666.81	0.00
<b>Total Current Assets</b>	<b>44697.62</b>	<b>32584.57</b>
<b>TOTAL ASSETS (1 and 2)</b>	<b>185901.75</b>	<b>199613.13</b>
<b>B. EQUITY AND LIABILITIES</b>		
<b>1. EQUITY</b>		
(a) Equity Share Capital	11884.90	11884.90
(b) Other Equity	13953.91	31650.55
<b>Total Equity</b>	<b>25838.81</b>	<b>43535.45</b>
<b>2. LIABILITIES</b>		
<b>A) NON-CURRENT LIABILITIES</b>		
(a) Financial Liabilities		
i) Borrowings	45504.60	56090.59
ii) Other Financial Liabilities	279.21	244.06
(b) Provisions	2462.27	2415.79
(c) Deferred tax liabilities (Net)	4211.81	11714.73
<b>Total Non-Current Liabilities</b>	<b>52457.89</b>	<b>70465.17</b>
<b>B) CURRENT LIABILITIES</b>		
(a) Financial Liabilities		
i) Borrowings	11531.86	11102.19
ii) Trade Payable	25037.19	24808.42
iii) Other Financial Liabilities	64330.53	41392.27
(b) Other current liabilities	6147.10	7772.80
(c) Provisions	558.37	536.83
<b>Total Current Liabilities</b>	<b>107605.05</b>	<b>85612.51</b>
<b>Total Liabilities</b>	<b>160062.94</b>	<b>156077.68</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>185901.75</b>	<b>199613.13</b>

FOR SAKTHI SUGARS LIMITED



(M. MANICKAM)  
EXECUTIVE CHAIRMAN  
DIN : 00102233

COIMBATORE  
30.05.2018

Ref. No. : \_\_\_\_\_

Date : \_\_\_\_\_

**Independent Auditors' Report**

To

**The Members of Sakthi Sugars Limited**

**Report on the Standalone Ind AS Financial Statements**

1. We have audited the accompanying standalone Ind AS financial statements of Sakthi Sugars Limited ("the Company"), which comprise the Balance Sheet as at March 31, 2018, the Statement of Profit and Loss (including Other Comprehensive Income), the Cash Flow Statement and the Statement of Changes in Equity for the year then ended, and a summary of the significant accounting policies and other explanatory information.

**Management's Responsibility for the Standalone Ind AS 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 Ind AS financial statements that give a true and fair view of state of affairs (financial position), profit or loss (financial performance including other comprehensive income), cash flows and changes in equity of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) prescribed under Section 133 of the Act.
3. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the Standalone Ind AS financial Statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

**Auditors' Responsibility**

4. Our responsibility is to express an opinion on these Standalone Ind AS 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 thereunder.

6. We conducted our audit of the Standalone Ind AS financial statements in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that

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Date : \_\_\_\_\_

we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the Standalone Ind AS 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 Standalone Ind AS financial Statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the Standalone Ind AS financial Statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial controls relevant to the Company's preparation of the Standalone Ind AS financial Statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. 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 Standalone Ind AS financial Statements.
8. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Standalone Ind AS financial Statements.

**Basis for Qualified Opinion**

9. 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. This matter was also qualified in the report of the predecessor auditor on the financial statements for the year ended March 31, 2017.

**Qualified Opinion**

10. In our opinion and to the best of our information and according to the explanations given to us, except for the possible effect of the matters described in the Basis for Qualified Opinion Paragraph above, the aforesaid standalone Ind AS 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 (financial position) of the Company as at March 31, 2018, and its loss (financial performance including other comprehensive income), and its cash flows for the year ended on that date.



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Date : \_\_\_\_\_

**Emphasis of Matter**

11. Attention of the members is invited to Note No. 41 of the financial statements, wherein the directors have detailed the reasons for compiling the financial statements on a going concern basis. The appropriateness of the said basis is subject to the Company adhering to the steps for disposal of Investments and non-core assets, restructuring of dues to lenders/creditors, rationalization of operation, etc. We have relied on the representations made to us by the management. Our opinion is not modified in this regard.

**Other Matters:**

12. The comparative financial information of the Company for the year ended March 31, 2017 and the transition date opening Balance Sheet as at April 01, 2016 included in these standalone Ind AS financial statements, are based on the previously issued statutory financial statements prepared in accordance with the Accounting Standards prescribed under Section 133 of the Act read with relevant rules issued thereunder as applicable audited by the predecessor auditor whose report for the year ended March 31, 2017 and March 31, 2016 dated May 30, 2016 and May 27, 2017 respectively expressed a modified opinion on those standalone financial statements, as adjusted for the difference in the accounting principles adopted by the company on transition to the Ind AS, which have been audited by us. 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 exercise of the powers conferred by sub-section (11) of Section 143 of the Companies Act, 2013, we give in the "Annexure A" a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.
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) 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 (including other comprehensive income), the Cash Flow Statement and the statement of changes in equity dealt with by this Report are in agreement with the books of account.



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# P. K. Nagarajan & Co.

Chartered Accountants

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Ramnagar, Coimbatore - 641 009  
E-mail : pknagarajanandco@gmail.com  
Mobile : +91 93829 75577

Ref. No. : \_\_\_\_\_

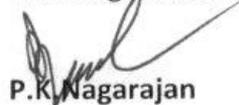
Date : \_\_\_\_\_

- (d) In our opinion, the aforesaid Standalone Ind AS financial statements comply with the Indian Accounting Standards specified under Section 133 of the Act.
- (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 the written representations received from the directors as on March 31, 2018 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2018, from being appointed as a director in terms of Section 164(2) of the Act.
- (g) 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
- (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) The Company has disclosed the impact of pending litigations as at March 31, 2018, on its financial position in its Standalone Ind AS financial Statements as referred to in Note No.40(a) 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 are no amounts, that are required to be transferred, to the Investor Education and Protection Fund by the Company.

**For P.K.Nagarajan & Co.,**

Chartered Accountants

Firm Registration Number: 016676S



**P.K. Nagarajan**

Partner

Membership Number: 025679

Coimbatore

May 30, 2018



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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. 2 on Property, Plant and Equipment 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.2438.28 lakhs as at March 31, 2018.
- 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.2263.93 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) The loan granted is repayable on demand and the repayment of the principal amount is as demanded and thus, there has been no default on the part of the party to whom the money has been lent.
- (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, security provided, 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

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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.

- 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 company 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 and employee state insurance that have not generally been regularly deposited during the year by the Company with the appropriate authorities.

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, goods and services tax and other material statutory dues were in arrears as at March 31, 2018 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 duty of customs and value added tax, which have not been deposited on account of any dispute. The particulars of dues of income tax, sales tax, duty of excise and service tax as at March 31, 2018, which have not been deposited on account of dispute, are as follows:



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Name of the Statute	Nature of dues	Amount (Rs. in lakhs)	Period to which the amount relates	Forum where the dispute is pending
The Income Tax Act, 1961	Penalty	1,521.44	AY 2009-10	Commissioner of Income Tax (Appeals), Coimbatore
Tamilnadu General Sales Tax Act, 1959	Sales Tax	1,056.09	1983-84 to 1995-96, 1989-90 to 1992-93, 1989-90	Madras High Court, Chennai.
		28.25	2000-01	Additional Commissioner (CT)/(RP), Chennai.
The Central Excise Act, 1944	Excise Duty	5.49	2002-03	Madras High Court, Chennai.
		874.08	2006-07, 2008-2015	CESTAT, Chennai.
		105.43	2006-07, 2008-2010	Commissioner of Central Excise
The Bihar & Orissa Excise Act, 1915	Excise Duty	12.63	2002-03	High Court of Orissa, Cuttack.
Finance Act, 1994	Service Tax	284.79	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 31.03.2018 (Rs.in lakhs)		Period of Default	
	Principal	Interest	Principal	Interest
Rupee Term Loan from Bank of India	234.33	536.72	June 2016 to December 2017	April 2016 to February 2018
Term Loan from Bank of India	234.37	536.72	June 2016 to December 2017	April 2016 to February 2018
Corporate Loan from Bank of India	118.31	270.44	June 2016 to December 2017	April 2016 to February 2018
Working Capital Term Loan from Bank of India	83.27	190.34	June 2016 to December 2017	April 2016 to February 2018



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Particulars	Amount of default as at 31.03.2018 (Rs.in lakhs)		Period of Default	
	Principal	Interest	Principal	Interest
Working Capital Term Loan from Bank of India	174.68	399.30	June 2016 to December 2017	April 2016 to February 2018
Funded Interest Term Loan from Bank of India	55.26	126.27	June 2016 to December 2017	April 2016 to February 2018
Funded Interest Term Loan from Bank of India	184.58	437.06	June 2016 to December 2017	April 2016 to February 2018
Rupee Term Loan from Punjab National Bank	2,718.20	2,146.76	October 2012 to January 2018	February 2013 to February 2018
Funded Interest Term Loan from Punjab National Bank	279.88	224.11	October 2012 to January 2018	February 2013 to February 2018
FCCB Term Loan from Axis Bank Limited	1,275.60	220.03	August 2017 to February 2018	August 2017 to February 2018
FCCB Term Loan from Bank of India	330.00	754.02	June 2016 to December 2017	April 2016 to February 2018
Soft Loan from Axis Bank Limited	-	47.91	--	January 2018 to February 2018
SEFASU Loans from Bank of India	2,243.25	483.38	October 2016 to February 2018	June 2017 to February 2018
SEFASU Loans from Indian Overseas Bank	1,724.50	497.68	April 2016 to February 2018	December 2016 to February 2018

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

Particulars	Amount of default as at 31.03.2018 (Rs.in lakhs)		Period of Default	
	Principal	Interest	Principal	Interest
Asset Reconstruction Company (India) Limited [HDFC Bank Limited]	100.90	596.86	May 2016 to February 2018	May 2016 to February 2018
Asset Reconstruction Company (India) Limited [Canara Bank]	505.70	2,022.10	May 2016 to February 2018	May 2016 to February 2018
Asset Reconstruction Company (India) Limited [State Bank of India]	411.99	1,660.27	May 2016 to February 2018	May 2016 to February 2018



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Date : \_\_\_\_\_

Particulars	Amount of default as at 31.03.2018 (Rs.in lakhs)		Period of Default	
	Principal	Interest	Principal	Interest
Asset Reconstruction Company (India) Limited [IDBI Bank]	151.20	911.52	May 2016 to February 2018	May 2016 to February 2018
Asset Reconstruction Company (India) Limited [Indian Overseas Bank]	325.94	1,325.31	May 2016 to February 2018	May 2016 to February 2018
Edelweiss Asset Reconstruction Company Limited [IDFC]	624.00	1,548.48	March 2017 to December 2017	March 2017 to December 2017
Asset Reconstruction Company (India) Limited [Allahabad Bank]	1,451.66	1,255.03	April 2013 to January 2018	April 2013 to February 2018
Edelweiss Asset Reconstruction Company Limited [Oriental Bank of Commerce]	174.25	1,779.86	March 2017 to December 2017	March 2017 to December 2017

## (c) Default in repayment of loan to Government:

Particulars	Amount of default as at 31.03.2018 (Rs.in lakhs)		Period of Default	
	Principal	Interest	Principal	Interest
Sugar Development Fund Loan	4,336.23	2,662.33	May 2013 to February 2018	May 2011 to February 2018

- ix. The Company has neither raised any money by way of initial public offer or further public offer (including debt instruments) nor availed any term loan during the year. Accordingly, paragraph 3(ix) of the Order is not applicable.
- 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.



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# P. K. Nagarajan & Co.

Chartered Accountants

No. 33, Desabandhu Street  
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E-mail : pknagarajanandco@gmail.com  
Mobile : +91 93829 75577

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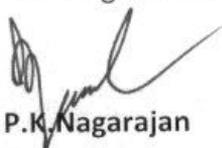
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- xii. According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not paid/provided any managerial remuneration during the year. Accordingly, paragraph 3(xii) of the Order is not applicable.
- xiii. In our opinion and according to the information and explanations given to us, the Company is not a Nidhi company. Accordingly, paragraph 3(xiii) of the Order is not applicable.
- xiv. 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.
- xv. During the year under review, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures.
- xvi. 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(xvi) of the Order is not applicable.
- xvii. The Company is not required to be registered under section 45-IA of the Reserve Bank of India Act 1934. Accordingly, paragraph 3(xvii) of the Order is not applicable.

**For P.K.Nagarajan & Co.,**

Chartered Accountants

Firm Registration Number: 016676S



**P.K. Nagarajan**

Partner

Membership Number: 025679



Coimbatore

May 30, 2018

— Pune Branch Address —

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 Ind AS financial statements for the year ended March 31, 2018

**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 M/s. Sakthi Sugars Limited ("the Company") as of March 31, 2018 in conjunction with our audit of the standalone Ind AS 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



— Pune Branch Address —

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Date : \_\_\_\_\_

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:

- (a). pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company;
- (b). 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
- (c). 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.



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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, 2018, 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.K.Nagarajan & Co.,**

Chartered Accountants

Firm Registration Number: 016676S



**P.K. Nagarajan**

Partner

Membership Number: 025679



Coimbatore

May 30, 2018

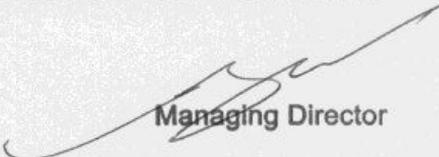
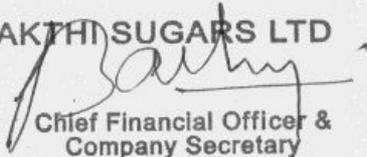
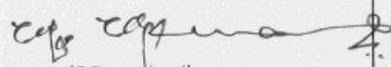
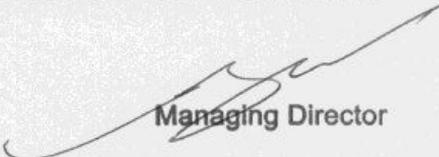
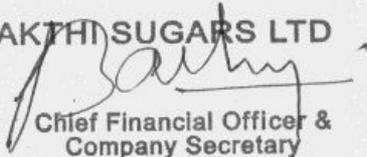
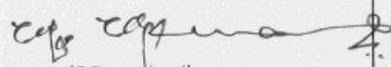
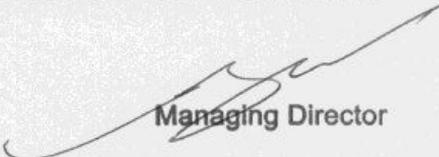
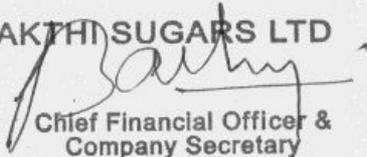
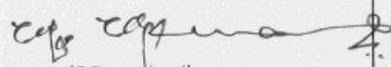
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**Statement on Impact of Audit Qualifications for the Financial Year ended March 31, 2018**

(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	54,159.70	54,159.70
	2	Total Expenditure (including exceptional items)	79,380.08	79,380.08
	3	Net Profit/(Loss)	(25,220.38)	(25,220.38)
	4	Earnings Per Share (in Rs.)	(14.90)	(14.90)
	5	Total Assets	1,85,901.75	1,85,901.75
	6	Total Liabilities	1,85,901.75	1,85,901.75
	7	Net Worth	25,213.57	25,213.57
	8	Any other financial item(s) (as felt appropriate by the management)	Nil	Nil

II	<b>Audit Qualification (each audit qualification separately):</b>
	<b>Audit Qualification - I</b>
a.	<b>Details of Audit Qualification</b> 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.
b.	<b>Type of Audit Qualification: Qualified Opinion/Disclaimer of Opinion/ Adverse Opinion</b> Adverse Opinion
c.	<b>Frequency of qualification: Whether appeared first time/repetitive/since how long continuing</b> Repetitive from the financial year ended 31st March 2016
d.	<b>For Audit Qualification where the impact is quantified by the Auditor, Management's views:</b> Not applicable
e.	<b>For Audit Qualifications(s) where the impact is not quantified by the auditor:</b> <b>(i) Management's estimation on the impact of audit qualification:</b> The impact is unascertainable <b>(ii) If management is unable to estimate the impact, reasons for the same</b> No interest is provided as per the original agreement entered into with the Associate Company <b>(iii) Auditors' Comments on (i) or (ii) above:</b> As per the requirement of Section 186(7) of the Companies Act, 2013, the Report is qualified.

III	Signatories								
	<table border="0" style="width:100%"> <tr> <td style="width:50%; text-align:center">CEO/Managing Director</td> <td style="width:50%; text-align:center"> <b>For SAKTHI SUGARS LIMITED</b>     <b>Managing Director</b> </td> </tr> <tr> <td style="text-align:center">CFO</td> <td style="text-align:center"> <b>For SAKTHI SUGARS LTD</b>     <b>Chief Financial Officer &amp; Company Secretary</b> </td> </tr> <tr> <td style="text-align:center">Audit Committee Chairman</td> <td style="text-align:center">                       (C.Rangamani) -                      Chairman of the Audit Committee                 </td> </tr> <tr> <td style="text-align:center">Statutory Auditors</td> <td style="text-align:center">                          (P.K. NAGARAJAN)                      PARTNER (M.No.025679)                 </td> </tr> </table>	CEO/Managing Director	<b>For SAKTHI SUGARS LIMITED</b>   <b>Managing Director</b>	CFO	<b>For SAKTHI SUGARS LTD</b>   <b>Chief Financial Officer &amp; Company Secretary</b>	Audit Committee Chairman	 (C.Rangamani) - Chairman of the Audit Committee	Statutory Auditors	   (P.K. NAGARAJAN) PARTNER (M.No.025679)
CEO/Managing Director	<b>For SAKTHI SUGARS LIMITED</b>   <b>Managing Director</b>								
CFO	<b>For SAKTHI SUGARS LTD</b>   <b>Chief Financial Officer &amp; Company Secretary</b>								
Audit Committee Chairman	 (C.Rangamani) - Chairman of the Audit Committee								
Statutory Auditors	   (P.K. NAGARAJAN) PARTNER (M.No.025679)								