



**SAKTHI SUGARS LIMITED**

B U S I N E S S   W I T H   V A L U E S

**ANNUAL REPORT  
2017-18**



इदं सर्वकार्ययोगोऽयं क्रीया शक्तिः

The capacity to assume any form in the Universe is Kriya Sakthi(Power of action)



## **SAKTHI SUGARS LIMITED**

CIN:L15421TZ1961PLC000396

### **REGISTERED OFFICE**

Sakthinagar - 638 315  
Bhavani Taluk, Erode District,  
Tamilnadu  
Phone : 04256 246241  
Fax : 0422 2220574, 4322488  
E-mail : shares@sakthisugars.com  
Website : www.sakthisugars.com

### **CORPORATE OFFICE**

180, Race Course Road  
Coimbatore - 641 018  
Tamilnadu  
Phone : 0422 4322222, 2221551  
Fax : 0422 2220574, 4322488  
Email : shares@sakthisugars.com  
Website : www.sakthisugars.com

### **AUDITORS**

M/s. P K Nagarajan & Co  
Coimbatore

### **MAIN BANKERS**

Axis Bank Limited  
Bank of India  
Indian Overseas Bank  
Punjab National Bank

### **REGISTRAR & SHARE TRANSFER AGENTS**

Link Intime India Pvt. Limited  
"Surya", 35, May Flower Avenue  
Behind Senthil Nagar  
Sowripalayam Road, Coimbatore - 641 028  
Phone & Fax : 91-422-2314792  
E-mail : coimbatore@linkintime.co.in

### **DIRECTORS**

Dr M MANICKAM  
Chairman and Managing Director

Sri M BALASUBRAMANIAM

Sri M SRINIVAASAN

Sri C RANGAMANI

Sri S S MUTHUVELAPPAN

Sri P K CHANDRAN

Sri N K VIJAYAN

Sri K V RAMACHANDRAN

Sri S CHANDRASEKHAR

Sri S BALASUBRAMANIAN

Smt PRIYA BHANSALI

Sri JIGAR DALAL  
(Nominee of ARCIL)

Sri S BASKAR  
Sr. Vice President &  
Company Secretary

Sri C R SANKAR  
Chief Financial Officer





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### Important Communication to Members

The Ministry of Corporate Affairs has taken a "Green Initiative in the Corporate Governance" by allowing paperless compliances by companies and has issued circulars stating that service of notice / documents including Annual Report can be sent by e-mail to its members. To support this green initiative of the Government, members who have not registered their e-mail addresses so far, are requested to register their e-mail addresses in respect of their holdings in demat form through their concerned Depository Participants. Members who hold shares in physical form are requested to fill in and forward the E-mail Address Registration Form given in page No. 143 of this Annual Report to Link Intime India P. Ltd., Registrar & Share Transfer Agents, "Surya", 35, May Flower Avenue, Behind Senthil Nagar, Sowripalayam Road, Coimbatore - 641 028.



## BOARD'S REPORT

To the Members

The Board of Directors of the Company presents its Annual Report together with the Audited Financial Statements of the Company for the year ended 31st March, 2018.

FINANCIAL HIGHLIGHTS		(Rs in lakhs)	
Particulars	2017-18	2016-17	
Revenue			
Sugar Division	34246.59	61886.47	
Distillery Division	4936.91	13320.46	
Cogeneration Division	1015.50	5679.55	
Soya Division	12821.06	13011.08	
Total Revenue	53020.06	93897.56	
Other Income	1139.64	2484.84	
Total Income	54159.70	96382.40	
Profit before Finance Cost and Depreciation & Amortisation and Exceptional Item	(2694.44)	13861.49	
Finance Cost	14994.92	14019.81	
Provision for Depreciation	5281.69	5700.47	
Net Profit before Exceptional Item and Tax	(22971.05)	(5858.79)	
Exceptional Items Gain / (Loss)	(2249.33)	10173.94	
Net Profit before Tax	(25220.38)	4315.15	
Provision for Tax	(7510.12)	1280.17	
Net Profit after Tax	(17710.26)	3034.98	
Balance brought forward	1681.86	(1353.12)	
Retained Earnings	(16028.40)	1681.86	

### THE INDIAN ACCOUNTING STANDARDS (Ind AS)

The Indian Accounting Standards prescribed under the Companies (Indian Accounting Standards) Rules 2016 are applicable to the Company from 1st April 2017, with 1st April 2016 as transition date. The financial statements for the year ended 31st March 2018 have been prepared in accordance with Ind-AS. The financial results for the previous financial year 2016-17 are adjusted / reconciled as per Ind AS.

### REVIEW OF OPERATION

Due to severe drought condition there had been reduction in the availability of sugarcane and the yield has also come down drastically which has resulted in overall reduction in the Company's performance in all the units. The Company had imported and processed raw sugar of 37,768 MT. The power division has lost its significance on account of surplus availability of power and sluggishness in demand resulting in reduction in per unit price for power. The operational performance of Soya Unit is satisfactory. There has been decrease in the selling price of soya products resulting in reduction in the average realisation. There is no change in the nature of business during the financial year and until the date of this report.

### SUGAR DIVISION

The quantum of sugarcane crushed at various units of the Company during the year 2017-18 is as under:

Name of the Unit	Cane crushed (in MT)
Sakthinagar	: 99,173
Sivaganga	: 1,48,409
Dhenkanal	: 3,01,660

During the year under review, 0.85 lakh MT of sugar was produced by the Company including 0.35 MT out of raw sugar, which is less by 0.91 lakh MT as compared to the previous year. The quantum of sugar sales and the sale value have come down as compared to the previous year.

**DISTILLERY DIVISION**

During the year under review 63.23 lakh litres (previous year 228.91 lakh litres) of industrial alcohol was produced at Sakthinagar Distillery Unit and 47.31 lakh litres (previous year 61.28 lakh litres), at Dhenkanal Distillery Unit.

**SOYA DIVISION**

25,004 tonnes (previous year 21,947 tonnes) of soya bean was crushed in the Soya Plant during the year under review. This Division had exported products worth Rs.1530.58 lakhs (previous year Rs.1495.87 lakhs) to various countries.

**CO-GENERATION DIVISION**

The total power generated in the co-generation plants during the year was 638.41 lakh units (Previous year 2712.09 lakh units) out of which 379.83 lakh units (Previous year 1614.55 lakh units) of power was exported. The Company is selling the power through Indian Energy Exchange (IEX).

**FUTURE OUTLOOK**

The beginning of south-west monsoon has been good and availability of sugarcane could increase from next season. The financial results are expected to improve positively provided economical prices are given for ethanol and power.

**DEPOSITS**

The Company has not accepted any deposit during the financial year under review. At the end of the financial year, no deposit is remaining unclaimed.

**CORPORATE INFORMATION**

In view of the drought condition that prevailed in Tamil Nadu, the Company's operation got affected and it is facing consequential financial strain. The Company is in discussion with the Term lenders for restructuring of the loans with moratorium period till October 2019 and to elongate payment of principal and interest upto 2023.

For the purpose of reducing the liabilities of the Company, the Board of Directors have approved sale of Company's holdings of equity shares in Sakthi Auto Component Limited (SACL), Associate Company, and non-core assets of the Company.

**DIRECTORS AND KEY MANAGERIAL PERSONNEL**

Sri V.K.Swaminathan (DIN:00210869) , Executive Director, has resigned his directorship on 29.05.2018.

Sri M.Srinivaasan (DIN:00102387) has resigned from the office of Joint Managing Directorship on 12th June 2018 and he continues to be a Non-Executive Director.

Sri M.Balasubramaniam (DIN: 00377053) held office as Managing Director of the Company upto 27.6.2018, i.e. upto the end of the tenure of his office as Managing Director. He did not opt for reappointment. He continues to be a Non-Executive Director of the Company. He retires by rotation at the ensuing Annual General Meeting and is eligible for re-appointment.

Dr.M.Manickam (DIN: 00102233), Executive Chairman, has been appointed as Chairman and Managing Director of the Company for a period of five years from 12.6.2018 without remuneration, subject to approval of the members at the ensuing Annual General Meeting. He is liable to retire by rotation.

Sri S.Baskar, Chief Financial Officer and Company Secretary, is relieved as Chief Financial Officer and redesignated as Sr. Vice President and Company Secretary. Sri C.R.Sankar, Vice President-Finance and Accounts, has been appointed as Chief Financial Officer with effect from 13th August 2018.

**DIRECTORS RESPONSIBILITY STATEMENT**

In pursuance of Section 134(5) of the Companies Act, 2013, the Directors hereby confirm that:

- (a) in the preparation of the annual accounts, the applicable accounting standards had been followed along with proper explanation relating to material departures;
- (b) the Directors had selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the loss of the Company for that financial year;
- (c) the Directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- (d) the Directors had prepared the annual accounts on a going concern basis;



- (e) the Directors had laid down internal financial controls to be followed by the Company and that such internal financial controls are adequate and are operating effectively; and
- (f) the Directors had devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

**MEETINGS OF BOARD OF DIRECTORS**

The Board met 4 times during the financial year ended 31st March 2018. The details of the Board Meetings and the attendance of the Directors are given in the Corporate Governance Report.

**COMPOSITION OF AUDIT COMMITTEE**

The Audit Committee comprises the following Directors as its members:

1. Sri C.Rangamani, Chairman
2. Sri N.K.Vijayan
3. Sri K.V.Ramachandran
4. Smt. Priya Bhansali

Details regarding meetings of the Audit Committee and the attendance of the members are given in the Corporate Governance Report.

**BOARD EVALUATION**

Pursuant to the provisions contained in the Companies Act 2013 and SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015, a formal annual evaluation of the performance of the Board, its Committees and of individual Directors has been made. The manner in which the evaluation was carried out and the process adopted are given in the Corporate Governance Report.

**DETAILS OF REMUNERATION TO DIRECTORS**

Details of ratio of remuneration to each Director to the median employee's remuneration and other disclosures required under Section 197(12) of the Companies Act 2013 and Rule 5(1) and 5(2) of the Companies (Appointment and Remuneration) Rules 2014 are given in Annexure-A.

**RISK MANAGEMENT POLICY**

The Company has constituted a Risk Management Committee and the details of the Committee are set out in the Corporate Governance Report. Pursuant to Regulation 17(9) of SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015, the Board has laid down risk management policy to identify, evaluate and mitigate risks. It seeks to ensure transparency and to minimise adverse impact on the business operations of the Company.

**ASSOCIATE COMPANY**

Pursuant to Rule 6 of the Companies (Accounts) Rules 2014, the financial statements for the year ended 31st March 2018 of Sakthi Auto Component Limited, Associate Company, have been consolidated and the consolidated financial results of the Company and the Associate Company form part of the audited financial statements of the Company. In terms of Rule 8 of the said Rules, highlights of the performance of the said Associate Company and its contribution to the overall performance of the Company are given hereunder:

(Rs. in lakhs)

	31.3.2018	31.3.2017
Revenue from operations	75036.84	73952.74
Profit before tax	3836.08	3572.51
Profit after tax	2346.48	1860.02
Total Comprehensive Income	2272.44	1781.84
Contribution to the overall performance of the Company	—	897.06

The statement containing the salient features of the Associate Company in Form AOC-1 form part of the financial statement.

**INTERNAL CONTROL**

The Company has internal control system commensurate with the size of the Company. Adequate procedures are set out for detecting and preventing frauds and for protecting the Company's assets. The head of Internal Audit Team reports to the Chairman of



the Audit Committee for the purpose of maintaining independence and Internal Audit Reports are placed before the Audit Committee together with statement of significant audit observation and the suggested corrective action followed by a report on action taken thereon. Further the Company has adequate internal financial control with respect to the financial statements.

**VIGIL MECHANISM**

The Company has a whistle blower policy and a vigil mechanism for directors and employees to report genuine concerns in the prescribed manner. The vigil mechanism provides adequate safeguards against victimisation and for direct access to the Chairman of the Audit Committee in appropriate or exceptional cases. The details of the whistle blower policy are posted on the website of the Company. No complaint has been received under this mechanism during the year under review.

**CORPORATE GOVERNANCE**

A Report on Corporate Governance along with Auditors Certificate with respect to its compliance forms part of this Report.

A detailed Management Discussion and Analysis Report also forms part of this Report.

**OTHER DISCLOSURES UNDER THE COMPANIES ACT 2013****i. Annual Return**

Extract of the Annual Return has been placed in the Company's website [www.sakthisugars.com](http://www.sakthisugars.com), pursuant to Section 134(3)(a) as amended.

**ii. Changes in Share Capital**

There is no change in the share capital during the financial year under review.

**iii. Policy on Directors' Appointment and Remuneration**

The Company's policy for selection and appointment of directors, senior management personnel and fixation of their remuneration, including criteria for determining qualifications, positive attributes, independence of a director, are available in the Company's website [www.sakthisugars.com](http://www.sakthisugars.com) and the salient features of the Policy are given in Annexure-B

**iv. Related Party Transactions**

All the related party transactions are at arm's length basis and have taken place in the ordinary course of business. Prior approval of the Audit Committee has been obtained for the transactions with related parties. A statement of all related party transactions is placed before the Audit Committee on quarterly basis. There has been no contract or arrangement with related parties attracting the provisions of Section 188(1) of the Companies Act 2013 during the financial year under review.

The Related Party Transactions Policy as approved by the Board is uploaded on the Company's website [www.sakthisugars.com](http://www.sakthisugars.com). The details of the transactions with Related Parties are provided in the accompanying financial statements.

**v. Statement of declarations given by Independent Directors**

The Independent Directors have given their declarations to the Board to the effect that they meet with the criteria of independence as provided in Section 149(6) of the Companies Act, 2013 and the relevant rules.

**vi. Significant material orders passed by court or authorities**

There are no significant orders passed by Court or regulatory authorities which would impact the status of the Company and its future operations.

**vii. Particulars of loans, guarantees or investments**

The Company has not given any loan or guarantee or has acquired any security during the financial year 2017-18 under Section 186 of the Companies Act, 2013.

**viii. Energy Conservation, Technology Absorption and Foreign Exchange Earnings and Outgo**

The information on conservation of energy, technology absorption and foreign exchange earnings and out go as required under Section 134(3)(m) of the Companies Act, 2013 read with Rule 8 of the Companies (Accounts) Rules 2014 is given in Annexure-C.

**ix. There are no material changes affecting the financial position of the Company which has occurred between the end of the financial year and the date of this report.****x. The Company has complied with the Secretarial Standards as may be applicable to the Company.**

**STATUTORY AUDITORS**

M/s. P.K. Nagarajan & Co., Chartered Accountants (Firm Registration Number 016676S), have been appointed by the members as Statutory Auditors of the Company for a period of five consecutive years from the conclusion of the 55th Annual General Meeting held on 27th September, 2017 till the conclusion of the 60th Annual General Meeting. They have confirmed that they are not disqualified for continuing as Statutory Auditors of the Company.

**SECRETARIAL AUDIT**

Pursuant to Section 204 of the Companies Act 2013, the Board of Directors of the Company has appointed M/s.S.Krishnamurthy & Co., Company Secretaries, Chennai as Secretarial Auditors to undertake the secretarial audit of the Company for the year ended 31st March 2019. Secretarial Audit Report of M/s. S.Krishnamurthy & Co., Company Secretaries, Chennai for the year ended 31st March 2018 is annexed as Annexure-D.

**COST AUDIT**

The Company is required to maintain cost records as specified by the Central Government under Section 148(1) of the Companies Act, 2013 and accordingly such accounts and records are made and maintained by the Company. M/s. STR & Associates, Cost & Management Accountants, Tiruchirapalli, are the Cost Auditors for auditing the cost accounting records relating to Sugar, Industrial Alcohol, Power and Soya Divisions of the Company for the year ended 31st March 2018.

The said Firm has been appointed for the financial year ending 31st March 2019 and necessary resolution for ratification of their remuneration is included in the Notice for the ensuing Annual General Meeting.

**CORPORATE SOCIAL RESPONSIBILITY (CSR)**

Pursuant to the provisions of Section 135 of the Companies Act 2013 and Schedule VII thereto, the Company has constituted a CSR Committee and has adopted a CSR Policy and the same is available in the Company's website [www.sakthisugars.com](http://www.sakthisugars.com). As the Company has incurred loss for the three preceding financial years, the requirement of incurring expenditure towards fulfilment of its corporate social responsibility did not arise during the financial year under review.

**DISCLOSURE UNDER SEXUAL HARASSMENT OF WOMEN AT WORKPLACE (PREVENTION, PROHIBITION AND REDRESSAL) ACT 2013**

The Company has complied with the provisions relating to the constitution of Internal Complaints Committee under the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013. The Company has in place an Anti-Sexual Harassment Policy in line with the requirements of the said Act. An Internal Complaints Committee (ICC) has been set up at every work place of business to redress complaints received regarding sexual harassment. All employees (permanent, contractual, temporary, trainees) are covered under this policy. No sexual harassment complaint has been received during the financial year 2017-18.

**AUDITORS' REPORT**

With reference to the Statutory Auditors' remarks, your Directors wish to state that the non-provision of interest is as per the original agreement entered into with the Associate Company.

The Statement of Impact on Audit Qualification is attached as Annexure-E.

**ACKNOWLEDGEMENT**

Your Directors wish to place on record their appreciation of the valuable assistance and co-operation extended by the shareholders, cane growers, banks, financial institutions and Government authorities. They also wish to appreciate the dedicated services rendered by officers, staff and workers of the Company.

On behalf of the Board of Directors

Chennai  
24<sup>th</sup> August 2018

M Manickam  
Chairman and Managing Director



## ANNEXURE - A TO THE BOARD'S REPORT

### PARTICULARS OF REMUNERATION

The information required under Section 197 of the Companies Act 2013 and the Rules made thereunder in respect of Directors/Key Managerial Personnel/employees of the Company is as follows:-

- (a) The ratio of the remuneration of each director to the median remuneration of the employees of the Company for the financial year ended 31st March 2018:

	Name of Persons	Ratio to median remuneration
I	Non-Executive Directors:	
	Sri C.Rangamani	0.39
	Sri S.S.Muthuvelappan	0.23
	Sri P.K.Chandran	0.23
	Sri N.K.Vijayan	0.35
	Sri K.V.Ramachandran	0.35
	Sri S.Chandrasekhar	0.16
	Sri S.Balasubramanian	0.19
	Smt. Priya Bhansali	0.35
	Sri Jigar Dalal	0.08
II	Executive Directors (As at 31.3.2018)	
	Dr. M.Manickam, Executive Chairman	-
	Sri M.Balasubramaniam, Managing Director	-
	Sri M.Srinivaasan, Joint Managing Director	-
	Sri V.K.Swaminathan, Executive Director	-

- (b) The percentage of increase in remuneration of each Director, Chief Financial Officer & Company Secretary in the financial year:

	Name of Persons	% increase in remuneration
I	Non-Executive Directors:	
	Sri C.Rangamani	-
	Sri S.S.Muthuvelappan	-
	Sri P.K.Chandran	-
	Sri N.K.Vijayan	-
	Sri K.V.Ramachandran	-
	Sri S.Chandrasekhar	-
	Sri S.Balasubramanian	-
	Smt. Priya Bhansali	-
	Sri Jigar Dalal	100.00
II	Executive Directors (As at 31.3.2018)	
	Dr. M.Manickam, Executive Chairman	-
	Sri M.Balasubramaniam, Managing Director	-
	Sri M.Srinivaasan, Joint Managing Director	-
	Sri V.K.Swaminathan, Executive Director	-
III	Key Managerial Personnel: (As at 31.3.2018)	
	Sri.S.Baskar, Chief Financial Officer & Company Secretary	39.86



- i. The remuneration to Non-Executive Directors consists of sitting fees paid for the meetings of Board and Committees thereof attended by each Director. The sitting fees paid per meeting attended by the Directors is the same as that of the last year.

No remuneration has been paid during the financial year ended 31.3.2018 to the Executive Chairman, Managing Director, Joint Managing Director and the Executive Director due to non-receipt of approval of the Central Government.

- c) The percentage increase in the median remuneration of employees in the financial year is Nil.
- d) The number of permanent employees on the rolls of the Company as on 31.3.2018 is 1408.
- e) Average percentile increase already made in the salaries of employees other than the managerial personnel in the last financial year and its comparison with the percentile increase in the managerial remuneration and justification thereof and point out if there are any exceptional circumstances for increase in the managerial remuneration:

There is no increase in the average percentile of salaries of employees other than managerial personnel in the year 2017-18. The managerial personnel have not been paid any remuneration.

- f) Affirmation that the remuneration is as per the remuneration policy of the Company:

It is affirmed that the remuneration paid during the financial year ended 31.3. 2018 to Directors, Key Managerial Personnel and other employees is as per the remuneration policy of the Company.

- g) A statement showing the names of top ten employees as required under Rule 5(2) and 5(3) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 is attached.

On behalf of the Board of Directors

Chennai  
24<sup>th</sup> August 2018

M Manickam  
Chairman and Managing Director



Details of the employees as on 31st March 2018 pursuant to Rule 5(2) read with 5(3) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules 2014

S. No.	Name of employee	Designation	Remuneration received (Rs. in Lakhs)	Qualification & experience	Date of commencement of employment	Age (No. of years)	Last employment
1	Sri S. Baskar	Chief Financial Officer & Company Secretary	33.85	M.A., M.Com., FCS 40 years	15.11.1993	63	Company Secretary, Sakthi Soyas Ltd.
2	Sri P. Muthuvelappan	Sr. Vice President - HRD	32.30	MSW, MBA, B.L. 39 years	24.04.1991	62	Asst. Manager-Personnel, L.G.Balakrishnan & Brothers Ltd.
3	Sri M. Ravichandran	Vice President - Projects & Technical	29.24	B.E., BOE 32 years	01.09.2000	54	Asst. General Manager Engg, Sri Ram Sugar Mills Ltd.
4	Sri P. Sankararaja Pandian	Vice President - Taxation & Internal Audit	28.68	M.Com., B.L., FCMA 39 years	17.05.1999	60	Sr. Manager - Legal & Taxation, Hindustan Motors Ltd
5	Sri R. Ramadurai	Sr. Vice President-Orissa Operations	26.82	B.Sc. (Agri), MBA 42 years	12.06.2002	63	General Manager, Nagarjuna International (Vietnam) Ltd.
6	Sri C.R. Sankar	Vice President - Finance & Accounts	25.79	B.Com., FCA 35 years	21.08.1989	58	Sr. Accounts Officer, Sri Rama Machinery Corporation Ltd.
7	Sri S. Mahendra Kumar	Vice President - Systems	25.27	B.Com., MCA 36 years	02.03.1987	54	System Analyst-cum-Programmer, Sree Krishna Data Centre.
8	Sri. K.J. Sreeraj	Vice President - Marketing	23.75	B.Sc., 27 years	10.03.2003	52	Regional Sales Manager Heinz India P. Ltd.
9	Sri S. Duraiswamy	Vice President - Marketing	23.11	B.A. 37 years	01.11.1980	63	-
10	Sri L. Arumugam	Vice President	21.75	B.Sc. (Agri) 37 years	05.02.2004	59	Dy. General Manager - Cane, Thiru Arooran Sugars Ltd

Nature of employment of the above employees is non-contractual. None of the above employees is related to any Director of the Company. They do not hold shares within the meaning of Rule 5(2)(iii) of the aforesaid Rules.



## ANNEXURE - B TO THE BOARD'S REPORT

### SALIENT FEATURES OF POLICY ON APPOINTMENT AND REMUNERATION

In order to identify, attract, retain and motivate competent persons, a clear relationship of remuneration to performance and a balance between rewarding short and long term performance of the Company, the Board of Directors of the Company, as recommended by the Nomination and Remuneration Committee (NR Committee), has adopted a policy on appointment and remuneration as enumerated in Section 178 of the Companies Act 2013. This policy provides a framework for remuneration of members of the Board of Directors, Key Managerial Personnel and other employees of the Company.

#### I. Criteria for selection/appointment of and remuneration to Non-Executive Directors:

##### i. Criteria of selection / appointment

- a. The candidate for Non-Executive Directors shall be of high integrity with relevant expertise.
- b. In the case of Independent Directors, the candidate should also satisfy the criteria of independence.
- c. Not being disqualified under Section 164 of the Companies Act, 2013, shall have personal, professional and business standing and meets with the requirement with respect to Board's diversity.
- d. For re-appointment, the performance evaluation of the Director and his level of participation will be considered.

##### ii. Remuneration to Non-Executive Directors

The Non-Executive Directors are entitled for sitting fees for each meeting of the Board or Committee of Board attended by them and for reimbursement of expenses in connection with participation in the Board/Committee meetings/ General Meetings. The Independent Directors of the Company are not entitled for Stock Option Scheme of the Company, if any.

#### II. Criteria for selection/appointment of and remuneration to Executive Directors:

##### i. Criteria of selection/appointment

Persons of integrity having relevant experience, expertise and leadership quality and fulfil the conditions like age limit under the Companies Act and other applicable laws, if any.

##### ii. Remuneration

Remuneration and perquisites including commission are mutually agreed upon at the time of appointment or re-appointment between the Company and the Executive Directors, taking into consideration the profitability of the Company and the overall limits prescribed under the Companies Act 2013.

#### III. Criteria for selection/appointment of and Remuneration to Senior Management Personnel:

Based on the criticality of the role and responsibility of the Key Managerial Personnel, the NR Committee decides on the required qualifications, experience and attributes for the position and on the remuneration based on the industry bench mark and the current compensation trend in the market.

In respect of other Senior Management Employees and other employees below KMPs, the Chairman and Managing Director is authorised by the NR Committee to fix the remuneration based on the criticality and responsibility of the employees. Annual increments are given on time scale basis and further increase to deserving employees based on performance review.

On behalf of the Board of Directors

Chennai  
24<sup>th</sup> August 2018

M Manickam  
Chairman and Managing Director



## ANNEXURE - C TO BOARD'S REPORT

### INFORMATION PURSUANT TO SECTION 134(3)(m) OF THE COMPANIES ACT 2013

#### A. CONSERVATION OF ENERGY

(i) *Steps taken or impact on conservation of energy:*

Modification of massecuite gutter slope for effective feeding

(ii) *Steps taken for utilising alternate sources of energy:*

Power generated by the Company in its co-generation plants is used

(iii) *Capital investment on energy conservation equipments:*

Nil

#### B. TECHNOLOGY ABSORPTION

(i) *Efforts made towards technology absorption:*

New varieties of Cane VCF517 developed by Viswesvaraiya Cane Farm, Karnataka and Co.212 developed by Sugar cane Breeding Institute, Coimbatore are taken up for trial planting at different locations.

(ii) *Benefits derived*

Yield of sugarcane per acre will go up.

(iii) *In case of imported technology*

a. *details of technology imported*

b. *the year of import*

c. *whether the technology has been fully absorbed*

d. *if not absorbed, areas where absorption has not taken place and reasons thereof*

Not applicable

(iv) *Expenditure on Research and Development - Rs.22.10 lakhs*

#### C. FOREIGN EXCHANGE EARNINGS AND OUTGO

Foreign exchange earned      Rs. 1530.58 lakhs

Foreign exchange used      Rs. 28.86 lakhs

On behalf of the Board of Directors

Chennai  
24<sup>th</sup> August 2018

M Manickam  
Chairman and Managing Director



## ANNEXURE-D TO THE BOARD'S REPORT

### Form No. MR-3

#### Secretarial Audit Report for the financial year ended 31st March 2018

*[Pursuant to Section 204(1) of the Companies Act, 2013 and Rule No.9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014]*

To,

The Members,

**SAKTHI SUGARS LIMITED, [CIN:L15421TZ1961PLC000396]**

Sakthi Nagar, Bhavani Taluk, Erode District, Tamilnadu-638315

We have conducted a Secretarial Audit of the compliance of applicable statutory provisions and adherence to good corporate practices by SAKTHI SUGARS LIMITED (hereinafter called "the Company") during the financial year from 1st April 2017 to 31st March 2018 ("the year"/ "audit period"/ "period under review").

We conducted the Secretarial Audit in a manner that provided us a reasonable basis for evaluating the Company's corporate conducts/statutory compliances and expressing our opinion thereon.

We are issuing this report based on:

- (i) Our verification of the books, papers, minute books and other records maintained by the Company and furnished to us, forms/ returns filed and compliance related action taken by the Company during the year as well as after 31st March 2018 but before the issue of this audit report;
- (ii) Our observations during our visits to the Corporate office of the Company;
- (iii) Compliance certificates confirming compliance with all laws applicable to the Company given by the key managerial personnel / senior managerial personnel of the Company and taken on record by the Audit Committee/ Board of Directors; and
- (iv) Representations made, documents shown and information provided by the Company, its officers, agents and authorised representatives during our conduct of the Secretarial Audit.

We hereby report that, in our opinion, during the audit period covering the financial year ended on 31st March 2018 the Company has:

- (i) Complied with the statutory provisions listed hereunder; and
- (ii) Board processes and compliance mechanism in place

to the extent, in the manner and subject to the reporting made hereinafter.

The members are requested to read this report along with our letter of even date annexed to this report as Annexure – A

#### **Compliance with specific statutory provisions**

We further report that:

1.1. We have examined the books, papers, minute books and other records maintained by the Company and the forms, returns, reports, disclosures and information filed or disseminated during the year, according to the applicable provisions/ clauses of:

- (i) The Companies Act, 2013 and the rules made thereunder (the Act).
- (ii) The Securities Contracts (Regulation) Act, 1956 and the rules made thereunder.
- (iii) The Depositories Act, 1996 and the regulations and bye-laws framed thereunder.
- (iv) The following Regulations prescribed under the Securities and Exchange Board of India Act, 1992 ("SEBI Regulations"):-
  - (a) Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009;
  - (b) Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;



- (c) Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations 1993 regarding the Companies Act, 2013 and dealing with client;
  - (d) Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015; and
  - (e) Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015. (LODR)
  - (v) The following laws are specifically applicable to the Company (Specific laws):
    - (a) Essential Commodities Act, 1955 and the rules / orders made thereunder with respect to sugar;
    - (b) Tamil Nadu Prohibition Act, 1937 and the rules made thereunder with respect to molasses and industrial alcohol;
    - (c) Sugar Development Fund Act, 1982 and the rules made thereunder;
    - (d) Sugar Cess Act, 1982;
    - (e) Food Safety and Standards Act, 2006 and the rules/regulations made thereunder with respect to sugar and soya; and
    - (f) Electricity Act, 2003 and the rules made thereunder, with respect to co-generation and power.
  - (vi) The listing agreements entered into by the Company with the National Stock Exchange of India Limited and BSE Limited (BSE) (Agreements).
  - (vii) Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of External Commercial Borrowings (FEMA);
  - (viii) Secretarial Standards issued by The Institute of Company Secretaries of India (Secretarial Standards).
- 1.2. During the period under review, and also considering the compliance related action taken by the Company after 31st March 2018 but before the issue of this report, the Company has, to the best of our knowledge and belief and based on the records, information, explanations and representations furnished to us:
- (i) Complied with the applicable provisions/ clauses of the Acts, Rules, SEBI Regulations and Specific laws mentioned under sub-paragraphs (i), (ii), (iii), (iv)(a) to (iv)(e), (v) to (vii) of paragraph 1.1 above; and
  - (ii) Complied with the applicable provisions of Secretarial Standards on Meetings of the Board of Directors (SS-1) and Secretarial Standards on General Meetings (SS-2) mentioned under paragraph 1.1.(viii) above to the extent applicable to Board meetings and General meetings.
- 1.3 We are informed that, during/ in respect of the year, due to non-occurrence of certain events, the Company was not required to comply with the following laws/ rules/ regulations and consequently was not required to maintain any books, papers, minute books or other records or file any forms/ returns under:
- (i) Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment and Overseas Direct Investment (FEMA);
  - (ii) Securities and Exchange Board of India (Buy Back of Securities) Regulations, 1998;
  - (iii) Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009; and
  - (iv) Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014.

## **2. Board processes:**

We further report that:

- 2.1 The constitution of the Board of Directors of the Company during the year was in compliance with the applicable provisions of the Act and LODR.
- 2.2 As on 31st March 2018, the Board has:
- (i) Four Executive Directors
  - (ii) One Nominee Director
  - (iii) Eight Non-Executive Independent Directors including a Woman Independent Director.



2.3 The processes relating to the following changes in the composition of the Board of Directors during the year were carried out in compliance with the provisions of the Act and LODR:

(i) Re-appointment of the retiring director at the 55th Annual General Meeting held on 27th September 2017.

2.4 Adequate notice was given to all the directors to enable them to plan their schedule for the Board meetings

2.5 Notice of Board meetings were sent to the directors at least seven days in advance.

2.6 Agenda and detailed notes on agenda were sent to the directors at least seven days before the Board meetings.

2.7 Agenda and detailed notes on agenda for the following items were either circulated separately less than seven days before or at the Board meetings and consent of the Board for so circulating them was duly obtained as required under SS-1:

(i) Supplementary agenda notes and annexures in respect of unpublished price sensitive information such as audited financial statement/ results, unaudited financial results and connected papers; and

(ii) Additional subjects/ information/ presentations and supplementary notes

2.8 A system exists for directors to seek and obtain further information and clarifications on the agenda items before the meetings and for their meaningful participation at the meetings.

2.9 We are informed that, at the Board meetings held during the year:

(i) Majority decisions were carried through; and

(ii) No dissenting views were expressed by any Board member on any of the subject matters discussed, that were required to be captured and recorded as part of the minutes.

### **3 Compliance mechanism**

We further report that:

3.1 There are reasonably adequate systems and processes in the Company, commensurate with the Company's size and operations, to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

### **4 Specific events/ actions**

4.1 During the year, there are no specific events/ actions having a major bearing on the Company's affairs, in pursuance of the above referred laws, rules, regulations and standards.

For S Krishnamurthy & Co.,  
Company Secretaries

R. Sivasubramanian  
Partner

Place : Coimbatore  
Date : 23<sup>rd</sup> August 2018

Membership No. A22289  
Certificate of Practice No. 12052



## Annexure - A to Secretarial Audit Report of even date

To,  
The Members,  
**Sakthi Sugars Limited** [ CIN: L15421TZ1961PLC000396 ]  
Sakthi Nagar, Bhavani Taluk, Erode District, Tamil Nadu - 638315

**Our Secretarial Audit Report (Form MR-3) of even date for the financial year ended 31st March 2018 is to be read along with this letter.**

1. The Company's management is responsible for maintenance of secretarial records and compliance with the provisions of corporate and other applicable laws, rules, regulations and standards. Our responsibility is to express an opinion on the secretarial records produced for our audit.
2. We have followed such audit practices and processes as we considered appropriate to obtain reasonable assurance about the correctness of the contents of the secretarial records.
3. While forming an opinion on compliance and issuing this report, we have also considered compliance related action taken by the Company after 31st March 2018 but before the issue of this report.
4. We have considered compliance related actions taken by the Company based on independent legal/ professional opinion / certification obtained as being in compliance with law.
5. We have verified the secretarial records furnished to us on a test basis to see whether the correct facts are reflected therein. We also examined the compliance procedures followed by the Company on a test basis. We believe that the processes and practices we followed provide a reasonable basis for our opinion.
6. We have not verified the correctness and appropriateness of financial records and books of accounts of the Company.
7. We have not verified the compliances as regards payments of statutory dues, since the same has been covered by the statutory auditor.
8. We have obtained the Management's representation about compliance of laws, rules and regulations and happening of events, wherever required.
9. Our Secretarial Audit report is neither an assurance as to the future viability of the Company nor of the efficacy or effectiveness with which the management has conducted the affairs of the Company.

For S Krishnamurthy & Co.,  
Company Secretaries

R. Sivasubramanian  
Partner

Place : Coimbatore  
Date : 23<sup>rd</sup> August 2018

Membership No: A22289  
Certificate of Practice No: 12052



## ANNEXURE - E TO THE BOARD'S REPORT

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

(Rs. in Lakhs)

I	S.No.	Particulars	Audited Figures (as reported before adjusting for qualifications)	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	<p><b>Audit Qualification</b></p> <p><b>a. Details of Audit Qualification</b> As per 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 on the same on the loss for the year/accumulated loss is not ascertainable.</p> <p><b>b. Type of Audit Qualification: Qualified Opinion / Disclaimer of Opinion / Adverse Opinion</b> Adverse Opinion</p> <p><b>c. Frequency of qualification: Whether appeared first time/repetitive/since how long continuing</b> Repetitive from the financial year ended 31st March 2016.</p> <p><b>d. For Audit Qualification where the impact is quantified by the Auditor, Management's views:</b> Not applicable.</p> <p><b>e. For Audit Qualification(s) where the impact is not quantified by the auditor:</b></p> <p>(i) <b>Management's estimation on the impact of audit qualification</b> The Impact is unascertainable</p> <p>(ii) <b>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</p> <p>(iii) <b>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.</p>			
III	<p><b>Signatories</b></p> <p>CEO/Managing Director <span style="float: right;">Sd. (M. Balasubramaniam) Managing Director</span></p> <p>CFO <span style="float: right;">Sd. (S. Baskar) Chief Financial Officer &amp; Company Secretary</span></p> <p>Audit Committee Chairman <span style="float: right;">Sd. (C.Rangamani) Chairman of the Audit Committee</span></p> <p>Statutory Auditors <span style="float: right;">Sd. (P.K. Nagarajan) Partner M/s. P.K. Nagarajan &amp; Co, Membership No.025679</span></p> <p>Place : Coimbatore Date : 30<sup>th</sup> May 2018</p>			



## CORPORATE GOVERNANCE

### 1. COMPANY'S PHILOSOPHY

The Company's philosophy on corporate governance endeavours attainment of the highest levels of transparency, accountability and equity in all facets of its operations and in all its interactions with stakeholders, including shareholders, employees, cane growers, lenders and the Government.

### 2. BOARD OF DIRECTORS

#### a. Composition and category of Directors

The composition of the Board is in conformity with the provisions contained in the Companies Act 2013 and Regulation 17 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. As on 31st March 2018, the Board consisted of an Executive Chairman, a Managing Director, a Joint Managing Director, an Executive Director, eight Independent Directors including a Woman Director, and a Nominee Director representing Asset Reconstruction Company (India) Limited, a lender. The number of Independent Directors is more than 50% of the total number of Directors on the Board. On 29th May 2018 the Executive Director resigned from his directorship. In June 2018, the Executive Chairman has been appointed as Chairman and Managing Director and the Managing Director and Joint Managing Director have become Non-Executive Non-Independent Directors.

None of the Directors on the Board is in more than 10 Committees or Chairman of more than 5 Committees across all listed companies in which he/she is a Director, as per the disclosures made by the Directors.

The Independent Directors have confirmed that they satisfy the criteria of independence as stipulated under Section 149(6) of the Companies Act 2013. During the year, the Independent Directors had a separate meeting on 14.02.2018 without the participation of Non-Independent Directors and the management team. All the Independent Directors were present at the meeting.

#### b. Attendance of each Director at the Board Meetings and the last Annual General Meeting

During the financial year ended 31st March 2018, the Board met 4 times on 27.05.2017, 11.08.2017, 14.11.2017 and 14.02.2018. The Board is provided with all material information, including the minimum information to be placed before the Board as specified in Part A of Schedule II to the SEBI (LODR) Regulations. The gap between two meetings did not exceed 120 days. The details of attendance of each Director at the Board Meetings and at the last Annual General Meeting held on 27.09.2017 and the number of other Directorships and Committee Chairmanship/ Membership as on 31st March 2018 are given below:

Name of the Director	DIN	Category of Directorship	Attendance at		No. of other Directorships	Committee Position	
			Board Meeting	Annual General Meeting		Chairman	Member
					(Other than SSL)		
Dr.M.Manickam	00102233	Promoter Executive	4	Yes	13	1	-
Sri M.Balasubramaniam	00377053	Promoter Executive*	4	No	14	-	3
Sri M.Srinivaasan	00102387	Promoter Executive*	2	Yes	8	-	2
Sri V.K.Swaminathan**	00210869	Non-promoter Executive	4	Yes	1	-	1
Sri C.Rangamani	00090786	Non-executive Independent	4	Yes	1	-	1
Sri S.S.Muthuvelappan	00273870	Non-executive Independent	4	No	-	-	-
Sri P.K.Chandran	00273738	Non-executive Independent	4	Yes	-	-	-
Sri N.K.Vijayan	00300871	Non-executive Independent	4	Yes	-	-	-



Name of the Director	DIN	Category of Directorship	Attendance at		No. of other Directorships	Committee Position	
			Board Meeting	Annual General Meeting		Chairman	Member
Sri K.V.Ramachandran	00322331	Non-executive Independent	4	Yes	3	-	2
Sri S.Chandrasekhar	00011901	Non-executive Independent	3	No	10	-	1
Sri S.Balasubramanian	00458139	Non-executive Independent	4	Yes	2	-	-
Smt. Priya Bhansali	00195848	Non-executive Independent	4	Yes	2	-	-
Sri Jigar Dalal	07681541	Nominee Director (ARCIL)	2	No	-	-	-

\* Promoter Non-Executive from 28.6.2018 and 12.6.2018 respectively

\*\* Ceased to be a Director on 29.5.2018

**c. Relationships between Directors inter se:**

Dr.M.Manickam, Chairman and Managing Director, Sri M.Balasubramaniam, Director, and Sri M.Srinivaasan, Director, are related to each other as brothers.

**d. Number of shares and convertible instruments held by Non-Executive Directors in the Company as on 31st March 2018:**

Sl. No	Name of the Director	No. of Equity Shares Held
1	Sri C.Rangamani	500
2	Sri S.S.Muthuvelappan	3009
3	Sri P.K.Chandran	6424
4	Sri N.K.Vijayan	1850
5	Sri K.V.Ramachandran	500
6	Sri S.Chandrasekhar	1990
7	Sri S.Balasubramanian	23900
8	Smt. Priya Bhansali	-
9	Sri Jigar Dalal	-

The Non-Executive Directors do not hold any convertible instrument.

**e. Familiarisation programme for Independent Directors**

The familiarisation process followed by the Company includes briefing about the Board's composition and conduct, roles, rights, responsibilities of Directors, nature of the industry, details about the Company, Group and its culture and briefing of amendments on Companies Act, SEBI Regulations, etc. The familiarisation process is disclosed at the Company's weblink [www.sakthisugars.com/investorinformation/familiarisationprog.pdf](http://www.sakthisugars.com/investorinformation/familiarisationprog.pdf).

**f. Performance Evaluation**

Pursuant to the provisions of the Act and SEBI (LODR) Regulations, evaluation of the performance of the Board, Committees and individual Directors was carried out by the Board for the year 2017-18. The questionnaires were prepared in a structured manner taking into consideration the guidance note on Board Evaluation issued by SEBI. The performance of each of the individual Directors was evaluated on parameters such as attendance, level of participation in the meetings and contribution, independence of judgement, safeguarding the interest of the Company and other stakeholders, etc. The performance evaluation of all the Independent Directors was done by the entire Board excluding the concerned independent director based on the criteria of performance evaluation laid down by the Nomination and Remuneration Committee. The performance evaluation of the Chairman and the Non-Independent Directors was carried out by the Independent Directors.

**g. Code of Conduct**

The Board has laid down a code of conduct for all Board Members and Senior Management personnel of the Company and the same has been posted on the website of the Company [www.sakthisugars.com](http://www.sakthisugars.com). All Board Members and Senior Management personnel have confirmed compliance with the code and an annual declaration signed by the Chairman and Managing Director in this regard is attached.

**3. AUDIT COMMITTEE****a. Composition and Meetings**

The Audit Committee comprises the following Independent Non-Executive Directors as its members:

Sri C. Rangamani, Chairman

Sri N.K.Vijayan

Sri K.V.Ramachandran

Smt. Priya Bhansali

The Committee met 4 times during the financial year on 27.05.2017, 11.08.2017, 14.11.2017 and 14.02.2018 and the attendance of its members are given below. The gap between two meetings did not exceed 120 days.

Name of the Director	Category	Number of Meetings	
		Held	Attended
Sri C.Rangamani - Chairman	Independent, Non-Executive	4	4
Sri N.K.Vijayan	Independent, Non-Executive	4	4
Sri K.V.Ramachandran	Independent, Non-Executive	4	4
Smt.Priya Bhansali	Independent, Non-Executive	4	4

All members of the Audit Committee are financially literate. The minutes of the Audit Committee Meetings are placed before the meetings of the Board of Directors. The Chairman of the Audit Committee attended the last Annual General Meeting.

Sri S. Baskar, Company Secretary, functions as Secretary for the Committee.

**b. Terms of reference:**

The Audit Committee assists the Board in fulfilling its oversight responsibilities in monitoring financial reporting, reviewing internal financial controls and the statutory and internal audit activities.

The terms of reference of the Audit Committee are as per the guidelines in the Listing Regulations read with Section 177 of the Companies Act, 2013. The role and terms of reference of the Audit Committee, inter alia, include the following:

1. Examination of the financial statement and draft auditors' report.
2. Oversight of the Company's financial reporting process and disclosure of its financial information to ensure that the financial statements are correct, sufficient and credible.
3. Recommendation for appointment, remuneration and terms of appointment of statutory auditors and cost auditors of the Company.
4. Approval of payment to statutory auditors for any other services rendered by the statutory auditors.
5. Discuss and review, with the management and auditors, the annual / quarterly financial statements before submission to the Board, with particular reference to:
  - a. Matters required to be included in the Directors' Responsibility Statement in the Board's report in terms of sub-section (3)(c) of Section 134 of the Companies Act 2013.
  - b. Disclosure under Management Discussion and Analysis of Financial Condition and Results of Operations.
  - c. Any changes in accounting policies and practices and reasons for them.
  - d. Major accounting entries involving estimates based on exercise of judgment by management.
  - e. Significant adjustments made in the financial statements arising out of audit findings.
  - f. Modified opinions in the draft audit report.
  - g. Disclosure of any related party transactions.



- h. Compliance with listing and other legal requirements relating to financial statements.
  - i. Review the statement for uses/applications of funds by major category on a quarterly basis, with the financial results and annually the statement of funds utilized for purposes other than as mentioned in the offer document /prospectus/notice. Such review shall be conducted till the full money raised through the issue has been fully spent.
  - j. Evaluation of internal financial controls and risk management systems.
6. Review the financial statements, in particular, the investments made by the unlisted subsidiary company, if any.
7. Approval/recommendation to the Board of related party transactions, including omnibus approval and modification, if any, therein.

The matters reviewed and recommended in the meetings of the Audit Committee were appraised to the Board by the Chairman of the Audit Committee for its approval. All the recommendations of the Audit Committee were accepted by the Board.

The Committee has taken appropriate action with regard to the above references that have arisen during the financial year.

#### **4. NOMINATION AND REMUNERATION COMMITTEE**

##### **a. Composition and Meetings:**

The Nomination and Remuneration Committee comprises the following Independent Non-Executive Directors:

- 1. Sri S.S.Muthuvelappan, Chairman
- 2. Sri P.K.Chandran
- 3. Sri C. Rangamani

The Nomination and Remuneration Committee met once during the year on 14.2.2018 and all the members of the Committee were present in the meeting. Sri C.Rangamani, member of the Committee authorised by the Chairman of the Committee, was present at the last Annual General Meeting of the Company.

##### **b. Terms of reference:**

The terms of reference of the Committee includes the following:

- 1. Identifying persons who are qualified to become directors and who may be appointed in senior management in accordance with the criteria laid down.
- 2. Recommend to the Board about appointment and removal of directors and senior management personnel.
- 3. Formulation of criteria for evaluation of performance of Independent Directors and the Board of Directors.
- 4. Carry out evaluation of every Director's performance.
- 5. Formulate the criteria for determining qualifications, positive attributes and independence of a director.
- 6. Recommend to the Board a policy relating to the remuneration for the directors, key managerial personnel (KMP) and other employees and to ensure the following:
  - i. the level and composition of remuneration is reasonable and sufficient to attract, retain and motivate directors of the quality required to run the company successfully.
  - ii. relationship of remuneration to performance is clear and meets the appropriate benchmarks; and
  - iii. remuneration to directors, key managerial personnel and senior management involves a balance between fixed and incentive pay reflecting the short and long term performance, objectives appropriate to the working of the Company and its goals.
- 7. Review and recommend the compensation and variable pay for Executive Directors to the Board.
- 8. Recommend on Board diversification.

##### **c. Performance evaluation criteria for Independent Directors:**

Performance evaluation criteria for the Independent Directors covering evaluation of Board process, evaluation of committees and individual evaluation of Board members and the Chairman has been evolved and these evaluations are done based on structured questionnaires.



## 5. REMUNERATION OF DIRECTORS

### a. Policy on Remuneration:

The Remuneration policy of the Company is in consonance with the industry practices and aims to attract, retain, develop and motivate a high performance workforce. The policy ensures equality, fairness and consistency in rewarding the employees on the basis of performance. The details of Policy on remuneration for Directors, Key Managerial Personnel and other employees of the Company form part of the Board's Report.

### b. Details of remuneration to Directors:

The details of remuneration paid to Executive and Non-Executive Directors during the financial year ended 31st March 2018 are given below:

(Rs. in Lakhs)

Name of Director	Salary	Perquisites	Sitting Fees	Total
Dr.M.Manickam	—	—	—	—
Sri M.Balasubramaniam	—	—	—	—
Sri M.Srinivaasan	—	—	—	—
Sri V.K.Swaminathan	—	—	—	—
Sri C.Rangamani	—	—	1.00	1.00
Sri S.S.Muthuvelappan	—	—	0.60	0.60
Sri P.K.Chandran	—	—	0.60	0.60
Sri N.K.Vijayan	—	—	0.90	0.90
Sri K.V.Ramachandran	—	—	0.90	0.90
Sri S.Chandrasekhar	—	—	0.40	0.40
Sri S.Balasubramanian	—	—	0.50	0.50
Smt.Priya Bhansali	—	—	0.90	0.90
Sri Jigar Dalal	—	—	0.20	0.20

- The Non-Executive Directors were paid sitting fee for attending the meetings of Board and Committee Meetings. There has been no other pecuniary relationship or transactions with the Non-Executive Directors.
- As re-appointment of Dr.M.Manickam as Executive Chairman was made subject to the approval of the Central Government and as the approval was not received, he has not been paid remuneration during the financial year ended 31.3.2018. Similarly Sri M.Balasubramaniam, Managing Director, and Sri M.Srinivaasan, Joint Managing Director, have not been paid remuneration during the financial year for want of the Central Government approval for payment of remuneration. While there was no service contract with the Executive Chairman and the Managing Director, the Company entered into service agreement with the Joint Managing Director.
- As the re-appointment of Sri V.K.Swaminathan, Executive Director, was subject to approval of the Central Government, his remuneration for the financial year was also not paid. The Company did not have any service contract with the Executive Director.
- No severance fee is payable to the Directors on termination of employment.
- The Company has no stock option scheme to its Directors or employees.

## 6. STAKEHOLDERS RELATIONSHIP COMMITTEE:

The Stakeholders Relationship Committee consists of the following Directors as its Members:

Sri S. Chandrasekhar

Dr. M. Manickam

Sri M. Balasubramaniam

Sri S. Chandrasekhar, an Independent Non-Executive Director, heads the Stakeholder Relationship Committee as its Chairman.



Dr.M.Manickam, member of the Committee authorised by the Chairman of the Committee, was present at the last Annual General Meeting of the Company.

Sri S. Baskar, Company Secretary, functions as the Compliance Officer.

The Company had received 1 complaint during the year under review and the said complaint has been resolved to the satisfaction of the shareholder. There is no complaint remaining unresolved or pending as on 31st March 2018.

## 7. RISK MANAGEMENT COMMITTEE:

A Risk Management Committee has been constituted by the Board of Directors of the Company for laying down procedures for risk assessment and mitigation and to report to the Board. The Risk Management Committee consists of the following Directors as its Members:

Sri C. Rangamani, Chairman

Sri P.K. Chandran

Sri K.V. Ramachandran

The Committee did not meet during the financial year. The Board has framed a Risk Management Policy for assessing and mitigating the risks.

## 8. CORPORATE SOCIAL RESPONSIBILITY COMMITTEE:

The Corporate Social Responsibility Committee has been constituted by the Board pursuant to Section 135 of the Companies Act 2013. This Committee consists of the following Directors:

Sri N.K.Vijayan, Chairman

Sri M.Srinivaasan

Sri S.Chandrasekhar

Since the Company has incurred loss during the three immediately preceding financial years, the necessity of incurring expenditure towards Corporate Social Responsibility as specified in the Companies Act read with Schedule VII to the Act, has not arisen during the year under review. The Committee did not meet any time during the financial year under review. The CSR Policy approved by the Board is displayed on the website of the Company [www.sakthisugars.com](http://www.sakthisugars.com).

## 9. OTHER COMMITTEE OF DIRECTORS:

### a. Share Transfer Committee

The Committee met 4 times during the financial year on 13.10.2017, 21.10.2017, 22.11.2017 and 14.12.2017

The details of members and their attendance are as under:

Members of the committee	No. of meetings attended
Dr.M.Manickam, Chairman	4
Sri M.Balasubramaniam	4
Sri M.Srinivaasan	4

### b. Committee of Directors (Borrowing)

The Committee met 3 times during the financial year on 12.5.2017, 11.9.2017 and 4.12.2017. The details of members and their attendance are as under:

Members of the committee	No. of meetings attended
Dr.M.Manickam, Chairman	3
Sri M.Balasubramaniam	3
Sri V.K. Swaminathan	3

Consequent upon the resignation of Sri V.K.Swaminathan from his directorship in the Company, this Committee was reconstituted on 12.6.2018 with the following Directors as members of the Committee:



Dr. M. Manickam, Chairman

Sri M. Balasubramaniam

Sri S. Balasubramanian

#### 10. GENERAL BODY MEETINGS:

##### a. Location and time of last three AGMs:

The venue and time of the Annual General Meetings held during the last three years are as follows:

AGM	Date	Venue	Time
53 <sup>rd</sup>	30.09.2015	Registered Office at Sakthinagar, Bhavani Taluk, Erode District	03.15 p.m.
54 <sup>th</sup>	27.09.2016	- do -	02.45 p.m.
55 <sup>th</sup>	27.09.2017	- do -	03.00 p.m.

##### b. Special Resolutions passed in the previous three AGMs:

No Special Resolution was passed at the previous three Annual General Meetings held on the dates given above.

##### c. Special Resolutions passed through Postal Ballot

No Special Resolution was passed through Postal Ballot during the financial year 2017-18 or is proposed to be conducted through postal ballot.

#### 11. MEANS OF COMMUNICATION:

The quarterly/half yearly/annual financial results of the Company are announced within the stipulated time and are normally published in Financial Express and Maalai Malar, English and Tamil Newspapers respectively. The Company displays its periodical results on the Company's website [www.sakthisugars.com](http://www.sakthisugars.com) as required by the Listing Regulations. No presentations were made to institutional investors or to the analysts.

#### 12. GENERAL SHAREHOLDER INFORMATION:

##### a. Annual General Meeting:

Day and Date	:	Friday, 28th September 2018
Time	:	2.45 p.m.
Venue	:	Sakthinagar-638 315, Bhavani Taluk, Erode district, Tamil Nadu.

##### b. Financial Calendar for the financial year :

From 1st April 2018 to 31st March 2019:	:	Result announcement
Result for the quarter ending	:	On or before 14th August 2018
30th June 2018	:	On or before 14th November 2018
30th September 2018	:	On or before 14th February 2019
31st December 2018	:	On or before 30th May 2019
31st March 2019 (Audited)	:	



**c. Date of Book Closure:**

The Register of Members and the Share Transfer Books of the Company shall remain closed from Saturday, the 22nd September, 2018 till Friday, the 28th September, 2018 (both days inclusive) for the purpose of Annual General Meeting.

**d. Listing on Stock Exchanges:**

The Company's equity shares are listed on the following Stock Exchanges and the Annual Listing Fees have been paid to all the stock exchanges. The Company's Stock Codes are as follows:

Name of Stock Exchange	Stock Code
National Stock Exchange of India Ltd Exchange Plaza, Bandra Kurla Complex Bandra (East), Mumbai – 400 051.	SAKHTISUG
BSE Limited Phiroze Jeejeebhoy Towers Dalal Street, Fort, Mumbai – 400 001.	507315

**e. Market Price Data:**

The high and low quotations of the Company's shares on National Stock Exchange of India Limited (NSE) and BSE Limited (BSE) from April 2017 to March 2018 are given below:

Month	BSE		NSE		BSE (Sensex)	
	High	Low	High	Low	High	Low
April 2017	36.50	32.90	36.50	32.90	30184.22	29241.48
May 2017	34.25	27.10	34.35	25.80	31255.28	29804.12
June 2017	30.95	26.70	30.90	26.60	31522.87	30680.66
July 2017	32.85	28.00	32.85	27.60	32672.66	31017.11
August 2017	31.70	25.70	31.80	25.55	32686.48	31128.02
September 2017	28.75	23.00	28.75	25.10	32524.11	31081.83
October 2017	28.00	25.10	27.95	25.10	33340.17	31440.48
November 2017	29.15	24.50	29.15	24.40	33865.95	32683.59
December 2017	25.65	22.95	25.70	21.70	34137.97	32565.16
January 2018	26.30	22.00	26.20	23.05	36443.98	33703.37
February 2018	23.85	20.20	23.90	20.15	36256.83	33482.81
March 2018	20.65	16.15	20.90	16.00	34278.63	32483.84

Performance in comparison to BSE Sensex:

	31.03.2018	31.03.2017	% change
Company share price (closing)	16.15	33.00	-51.06%
SENSEX (closing)	32,968	29,634	11.25%

- f. The equity shares of the Company have not been suspended from trading by National Stock Exchange of India Limited and by BSE Limited.

**g. Registrar and Share Transfer Agents:**

Registered Office:  
 Link Intime India Pvt Ltd  
 C-13, Pannalal Silk Mill Compound  
 LBS Marg, Bhandup (W), Mumbai - 400078  
 Phone No: 022 - 25963838  
 Fax No: 022 - 25946969  
 Email: mumbai@linkintime.co.in

Branch Office:  
 "Surya" 35, Mayflower Avenue  
 Behind Senthil Nagar,  
 Sowripalayam Road  
 Coimbatore – 641 028.  
 Phone Nos: 0422 - 2314792 & 2315792  
 Fax No: 0422 -2314792  
 Email: coimbatore@linkintime.co.in

**h. Share Transfer System:**

The shares lodged in physical form are processed, registered and returned by the Registrar and Share Transfer Agents within a period of 15 days from the date of receipt, if the documents are in order. SEBI, vide Notification dated 8th June 2018, has amended SEBI listing Regulations to the effect that requests for transfer of securities in physical form should not be processed. This amendment will come into force from 5th December 2018.

**i. Distribution of Shareholding as on 31st March 2018:**

Shareholdings	No. of shareholders	% of shareholders	Number of shares	% of shareholding
1 - 500	32955	83.59	4448791	3.74
501 - 1000	3145	7.98	2592768	2.18
1001 - 2000	1586	4.02	2433264	2.05
2001 - 3000	557	1.41	1424602	1.20
3001 - 4000	279	0.71	1008712	0.85
4001 - 5000	265	0.67	1252229	1.05
5001 - 10000	372	0.94	2718408	2.29
10001 & above	266	0.67	102970262	86.64
Total	39425	100.00	118849036	100.00

**j. Dematerialisation of shares and liquidity:**

The shares of the Company are in compulsory demat segment. The Company's shares are available for demat both with National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL). International Securities Identification Number (ISIN) allotted to the equity shares of the Company is INE 623A01011.

As on 31st March 2018, 11,74,59,509 equity shares of the Company representing 98.83% have been dematerialised.

**k. Outstanding global depository receipts or American depository receipts or warrants or any convertible instruments and impact on equity:**

The Company has not issued any global depository receipts or American depository receipts or warrants. The details of outstanding Foreign Currency Convertible Bonds (Series A) issued by the Company and its impact on the equity shares are given in Note No.18 of the financial statement.

**l. Commodity price risk or foreign exchange risk and hedging activities:**

The prices of the products of the Company are market driven and is fixed based on the prevailing market price. In respect of foreign exchange commitments no hedging has been made.

**m. Plant Location:**

Sugar Unit, Distillery Unit, Ethanol & Co-Generation Plant	:	Sakthi Nagar - 638 315 Erode District, Tamilnadu
Sugar Unit & Beverage Plant and Co-generation Plant	:	Padamathur Village – 630 561 Sivaganga District, Tamil Nadu
Sugar Unit & Distillery Unit and Soya Extrusion Plant	:	Haripur Village, Korian Post -759 013 Dhenkanal District, Orissa
Sugar Unit & Co-Generation Plant	:	Poonthurai Semur Post - 638 115 Modakurichi, Erode District, Tamilnadu
Soya Unit	:	Marchinaickenpalayam Ambarampalayam Post - 642 103 Coimbatore District

**n. Address for correspondence** : Sakthi Sugars Limited  
180, Race Course Road  
Coimbatore – 641 018  
Phone No: 0422-4322222  
Fax Nos: 0422-2220574 & 4322488  
e-mail : shares@sakthisugars.com  
Website :www.sakthisugars.com

**13. OTHER DISCLOSURES****a. Materially significant related party transactions:**

There are no materially significant transactions with the related parties viz. Promoters, Directors, KMPs or the Management, or their relatives or holding company or associate company that may have potential conflict with the Company's interest.

**b. Instances of non-compliance, if any:**

There are no instances of non-compliance by the Company on any matter relating to capital markets, nor have any penalty/strictures been imposed on the Company by Stock Exchanges or SEBI or any other statutory authority on any matter relating to capital markets during the last three years.

**c. Whistle Blower Policy:**

The Company has adopted a Whistle Blower Policy and a vigil mechanism for Directors and employees to report concerns about unethical behaviour, actual or suspected fraud or violation of the Company's code of conduct or ethics. This policy has been posted on the website of the Company. It is affirmed that no personnel has been denied access to the Audit Committee of the Company.

**d. Compliance on Corporate Governance**

The Company has complied with all mandatory requirements of SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015.

The status of adoption of the non-mandatory requirements stipulated by the Regulation is as under:

- Shareholders rights:** As the quarterly/half yearly financial results are published in newspapers and are also posted in the website of the Company, they are not being sent to the shareholders separately.
- Audit qualification:** Provision of interest on the advances given to the Associate Company requires approval of the entities to which the Company has given guarantee. The Company is thriving for a regime of unqualified financial statements.
- Separate posts of Chairman and CEO:** The Articles of Association of the Company permits appointment of the same individual as Chairperson as well as the Managing Director of the company as permitted in the first proviso to Section 203(1) of the Companies Act 2013.



iv. Reporting of Internal Auditor: The Company has in house internal audit system and the head of internal audit team reports to the Audit Committee of the Company.

**e. Subsidiary:**

During the financial year ended 31st March 2018, the Company did not have any subsidiary. As such the need for framing a policy for determining material subsidiary does not arise at present.

**f. Related Party Transactions:**

The details of related party transactions are disclosed in Notes on Financial Statements. Those transactions are not in conflict with the interest of the Company and are on arms length basis. Statements of related party transactions are placed before the Audit Committee periodically.

There are no materially significant transactions with the related parties, viz. Promoters, Directors, KMPs or the Management, or their relatives or holding company or associate company that may have potential conflict with the Company's interest.

The Policy on related party transactions are posted on the Company's website [www.sakthisugars.com/investorinformation/rptpolicy.pdf](http://www.sakthisugars.com/investorinformation/rptpolicy.pdf).

**g. Compliance with Accounting Standards:**

The Indian Accounting Standards notified under the Companies (Indian Accounting Standards) Rules, 2015 has become applicable to the Company for the financial year ended 31st March 2018 and the same has been followed by the Company while preparing Financial Statements and has not adopted a treatment different from that prescribed in the Indian Accounting Standards.

**h. Proceeds from issue of shares:**

The Company has not issued any shares during the financial year ended 31st March 2018.

**i. Reconciliation of Share Capital Audit:**

As stipulated by SEBI, a qualified Practising Company Secretary carries out the share capital audit of Reconciliation of Share Capital to reconcile the total admitted capital with National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL) and the total issued and listed capital with the Stock Exchanges.

**14. CEO/CFO Certification:**

The Managing Director and the Chief Financial Officer of the Company have provided to the Board of Directors of the Company Compliance Certificate as required under Regulation 17(8) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 read with Part B of Schedule II to the said Regulations.

The Senior Management personnel have made disclosures to the Board relating to all material, financial and commercial transaction stating that they did not have personal interest that may have a potential conflict with the interest of the Company at large. The Board of Directors and the Senior Management Personnel have affirmed compliance with the Code of Conduct and Ethics during the year ended 31.3.2018. The Declaration issued by the Chairman and Managing Director in this regard is annexed.

**15. DETAILS OF UNCLAIMED SHARE CERTIFICATES:**

Pursuant to Regulation 39 of the SEBI (LODR) Regulations, 2015, the Company has opened a Demat Account in the name of "Sakthi Sugars Limited Unclaimed Suspense Account" with Stock Holding Corporation of India Limited. The details of unclaimed shares as on 31.3.2018 are as under:

Particulars	No. of Shares	No. of Shareholders
Outstanding at the beginning of the year (01.04.2017)	125636	2775
Shareholders approached for transfer during the year	240	3
Transferred during the year	240	3
Outstanding at the end of the year (31.03.2018)	125396	2772

The voting rights on the above shares in the Suspense Account remains frozen till the rightful owner of such shares claims the shares.



**16. AUDITORS CERTIFICATE ON CORPORATE GOVERNANCE:**

In terms of Regulation 34(3) of the SEBI (LODR) Regulations, 2015, the Auditors Certificate on compliance of conditions of Corporate Governance is annexed.

On behalf of the Board of Directors

Chennai  
24<sup>th</sup> August 2018

M MANICKAM  
Chairman and Managing Director

**Annual Declaration by Chairman and Managing Director pursuant to Schedule V (D) of SEBI (LODR) Regulations, 2015**

As required under Schedule V (D) of the SEBI (LODR) Regulations, 2015, I declare that all Board Members and Senior Management Personnel of the Company have affirmed compliance with the Company's Code of Conduct and Ethics for the year ended 31.03.2018.

On behalf of the Board of Directors

Chennai  
24th August 2018

M. MANICKAM  
Chairman and Managing Director

**AUDITORS' CERTIFICATE ON CORPORATE GOVERNANCE**

To

**The Members of Sakthi Sugars Limited**

We have examined the compliance of conditions of Corporate Governance by M/s. Sakthi Sugars Limited ('the Company'), for the year ended on 31st March 2018, as stipulated in Regulations 17 to 27 and clauses (b) to (i) of sub-regulation(2) of Regulation 46 and para C, D and E of Schedule V of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (collectively referred to as "SEBI Listing Regulations 2015").

The compliance of conditions of Corporate Governance is the responsibility of the Company's management. Our examination was carried out in accordance with the Guidance Note on Certification of Corporate Governance, issued by the Institute of Chartered Accountants of India and was limited to procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In our opinion and to the best of our information and according to the explanations given to us, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in the above mentioned SEBI Listing Regulations 2015.

We further state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the management has conducted the affairs of the Company.

For P.K.NAGARAJAN & Co  
Chartered Accountants (FRN: 016676S)

Place : Chennai  
Date : 24th August 2018

P.K.NAGARAJAN  
Partner  
Membership Number: 025679



## MANAGEMENT DISCUSSION AND ANALYSIS REPORT

### A. Industry Structure and Developments:

The annual sugar consumption in India is pegged at 25.0 million MT. However according to Indian Sugar Mills Association (ISMA), sugar production is estimated to touch a record high at 31.5 million MT in the 2017-18 sugar season (October-September) and is likely to out balance consumption by around 6 to 6.5 million MT. The excess production along with carry forward opening balance of 7.0 million tonnes has put sugar mills into pressure on prices and profitability. The sugar prices had gone down to a low of around Rs. 29,000 per tonne in the first week of February 2018. With the Central Government initiatives, like doubling of import duty to 100%, imposition of limits on sugar sales by sugar mills, and creation of buffer stock, sugar prices picked up.

The Central Government's action regarding scrapping of export duty and allowing export of 2 million MT of sugar under Minimum Indicative Export Quota Scheme (MIEQ) did not yield any positive result in reducing the surplus condition in the country as international prices are very much lower than the domestic price. Over production of sugar in all India level and consequent reduction on sugar realisation has resulted in mounting of sugarcane arrears for 2017-18 season at about Rs.21,000 crores on all India basis. The effort of the Central Government in directly paying Rs.5.50 per quintal of cane crushed could not redeem the problem of arrears as the gap between the sugarcane price and the sugar realisation was huge.

### B. Opportunities and Threats:

#### i. Opportunities:

Sugar business is cyclical in nature and is capable of self-adjusting in the long run.

The target of 20% blending of ethanol set in the National Policy on Bio-fuel will help the industry to switch over to production of ethanol when sugar production exceeds consumption.

Power price upward revision would benefit the Company.

#### ii. Threats

The profitability of sugar mills is under severe stress on account of higher cane price and cost of production (higher FRP for the current season) along with the pressure on sugar realisation.

Availability of main raw material sugarcane depends on the behaviour of monsoon. It also gets affected when price for alternate crops goes up.

### C. Segment wise or Product wise Performance:

Segmentwise results are given in the Notes on Financial Statements for the financial year ended 31.3.2018. Productwise performance is furnished in the Board's Report.

### D. Outlook:

The beginning of south-west monsoon has been good and availability of sugarcane would increase from next season. It is hoped that the policy of the Central Government on bio-fuel will bring a permanent solution.

### E. Risks and Concerns:

Availability of sugarcane for crushing, price of sugar, realisation in sale of sugar and the controls imposed by the Governments are the major risks faced by the sugar industry. These factors have direct impact on the financial liquidity and profitability of the Company.

### F. Internal Control Systems and their adequacy:

The Company has an in-house internal audit team to ensure that all activities are monitored and controlled. Adequate internal checks are built-in to cover all monetary and material transactions in the system developed by the Company. The Internal Audit reports are presented to the Audit Committee on a quarterly basis for review and deliberation. The Company Management has assessed the effectiveness of the Company's internal control over financial reporting as of March 31, 2018 and found the same to be adequate and effective.



**G. Financial Performance with respect to Operational Performance:**

The total revenue for the financial year under review is Rs.54159.70 lakhs (previous year Rs.96382.40 lakhs). The financial year has ended with net loss of Rs.17710.26 lakhs (previous year net profit of Rs.3034.98 lakhs) after providing Rs.14994.92 lakhs (Rs.14019.81 lakhs) for finance cost and Rs.5281.69 lakhs (Rs.5700.47 lakhs) for depreciation.

**H. Material developments in Human Resource/Industrial Relations front, including number of people employed:**

The industrial relations at all plants and offices remain cordial. The total number of employees on the rolls of the Company, including temporary employees and apprentice, was 1517 as at the financial year ended on 31st March 2018. Training programmes are conducted depending on the needs for updating the knowledge with respect to the developments in the industry.

On behalf of the Board of Directors

Place: Chennai

Date : 24th August 2018

M Manickam

Chairman and Managing Director



## INDEPENDENT AUDITORS' REPORT

To The Members of Sakthi Sugars Limited

### Report on the Standalone 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 the 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.

### Auditor's 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 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.

**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 27, 2017 and May 30, 2016 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.
- (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

Coimbatore  
May 30, 2018

P.K. NAGARAJAN  
Partner  
Membership Number: 025679

**Annexure - A to the Independent Auditors' 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 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 thereunder.
- 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:



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	1056.09	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.
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	2006-2007, 2008-2010	Commissioner of Central Excise, Madurai
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), Salem

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
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
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.
- 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 not made any preferential allotment or private placement of shares or fully or partly convertible debentures.
- 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.K. NAGARAJAN & Co.,  
Chartered Accountants  
Firm Registration Number: 016676S  
P.K. NAGARAJAN  
Partner  
Membership Number: 025679

Coimbatore  
May 30, 2018

**Annexure - B to the Independent Auditors' Report**

Referred to in paragraph 14(g) 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 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.

**Opinion**

8. In our opinion, the Company has, in all material respects, an adequate internal financial control 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

Coimbatore  
May 30, 2018

P.K. NAGARAJAN  
Partner  
Membership Number: 025679



## BALANCE SHEET AS AT 31.03.2018

(Rs. in lakhs)

	Note No.	As at 31.03.2018	As at 31.03.2017	As at 01.04.2016
<b>I. ASSETS</b>				
<b>(1) NON-CURRENT ASSETS</b>				
(a) Property, Plant and Equipment	2	123,871.73	135,377.84	139,111.76
(b) Capital work-in-progress	2	3,229.22	3,216.00	4,627.89
(c) Financial Assets				
i) Investments	3	1,072.38	16,477.84	16,465.66
ii) Trade Receivables	4	5,867.83	5,320.03	6,177.56
iii) Loans	5	107.41	107.83	117.03
iv) Other financial assets	6	653.05	208.90	167.44
(d) Other Non-Current Assets	7	6,402.51	6,320.12	5,984.81
Total Non-Current Assets		141,204.13	167,028.56	172,652.15
<b>(2) CURRENT ASSETS</b>				
(a) Inventories	8	10,849.77	10,894.79	10,416.99
(b) Financial Assets				
i) Investments	9	776.47	2,630.60	1,392.00
ii) Trade receivables	10	984.90	2,225.98	12,037.90
iii) Cash and cash equivalents	11	1,495.23	1,785.42	1,959.92
iv) Bank balances other than Cash and cash equivalents	12	96.67	27.95	83.61
v) Loans	13	2,337.37	7,645.72	15,464.34
vi) Other financial assets	14	2,733.86	2,803.06	1,582.97
(c) Current tax assets (Net)	15	276.98	82.59	305.64
(d) Other current assets	16	4,479.56	4,488.46	5,980.50
(e) Assets Classified as held for Sale	17	20,666.81	--	--
Total Current Assets		44,697.62	32,584.57	49,223.87
<b>TOTAL ASSETS (1 to 2)</b>		<b>185,901.75</b>	<b>199,613.13</b>	<b>221,876.02</b>
<b>II. EQUITY AND LIABILITIES</b>				
<b>(1) EQUITY</b>				
(a) Equity Share Capital	18	11,884.90	11,884.90	9,621.33
(b) Other Equity	19	13,953.91	31,650.55	24,936.50
Total Equity		25,838.81	43,535.45	34,557.83
<b>(2) LIABILITIES</b>				
<b>A) NON-CURRENT LIABILITIES</b>				
(a) Financial Liabilities				
i) Borrowings	20	45,504.60	56,090.59	67,926.92
ii) Other financial liabilities	21	279.21	244.06	252.01
(b) Provisions	22	2,462.27	2,415.79	2,006.86
(c) Deferred tax liabilities (Net)	23	4211.81	11714.73	10749.07
Total Non-Current Liabilities		52,457.89	70,465.17	80,934.86



## BALANCE SHEET AS AT 31.03.2018 (CONT....)

(Rs. in lakhs)

	Note No.	As at 31.03.2018	As at 31.03.2017	As at 01.04.2016
<b>B) CURRENT LIABILITIES</b>				
(a) Financial Liabilities				
i) Borrowings	24	<b>11,531.86</b>	11,102.19	17,896.62
ii) Trade payables	25	<b>25037.19</b>	24808.42	29129.33
iii) Other financial liabilities	26	<b>64,330.53</b>	41,392.27	50,270.26
(b) Other current liabilities	27	<b>6,147.10</b>	7,772.80	8,699.58
(c) Provisions	28	<b>558.37</b>	536.83	387.54
Total Current Liabilities		<b>107,605.05</b>	85,612.51	106,383.33
Total Liabilities		<b>160,062.94</b>	156,077.68	187,318.19
<b>TOTAL EQUITY AND LIABILITIES (1 to 2)</b>		<b>185,901.75</b>	199,613.13	221,876.02

Significant Accounting Policies 1  
See accompanying notes to financial statements

Vide our report annexed  
For P K NAGARAJAN & Co  
Chartered Accountants  
Firm Registration Number : 016676S  
P K NAGARAJAN  
Partner  
Membership Number : 025679

Coimbatore  
30<sup>th</sup> May 2018

M MANICKAM  
Executive Chairman

M BALASUBRAMANIAM  
Managing Director

S BASKAR  
Chief Financial Officer &  
Company Secretary



# STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31.03.2018

(Rs. in lakhs)

	Note No.	Year Ended 31.03.2018	Year Ended 31.03.2017
<b>CONTINUING OPERATIONS</b>			
<b>I. Income</b>			
Revenue from Operations	29	53,020.06	93,897.56
Other Income	30	1,139.64	2,484.84
Total Income		54,159.70	96,382.40
<b>II. Expenses:</b>			
Cost of material consumed	31	39,636.97	61,912.13
Purchase of stock in trade	32	287.44	429.05
Changes in inventories of finished goods, work-in-progress and stock in trade	33	1,554.06	(584.26)
Excise Duty on Sale of goods		137.13	1,259.50
Employee benefits expense	34	5,906.62	6,420.00
Finance costs	35	14,994.92	14,019.81
Depreciation and amortization expense	36	5,281.69	5,700.47
Other expenses	37	9,331.92	13,084.49
Total expenses		77,130.75	102,241.19
<b>III. Profit/(Loss) before exceptional items and tax (I-II)</b>		(22,971.05)	(5,858.79)
<b>IV. Exceptional Items</b>	38	2,249.33	(10,173.94)
<b>V. Profit/(Loss) before tax (III-IV)</b>		(25,220.38)	4,315.15
<b>VI. Tax Expense:</b>	23		
1. Current tax		—	—
2. Deferred tax		(7,510.12)	1,280.17
		(7,510.12)	1,280.17
<b>VII. Profit/(Loss) for the year from continuing operations (V-VI)</b>		(17,710.26)	3,034.98
<b>VIII. Other Comprehensive Income</b>			
Items that will not be reclassified to Statement of Profit and Loss			
i) Remeasurement benefit of defined benefit plans		20.82	(258.45)
ii) Income tax expense on remeasurement benefit of defined benefit plans		(7.20)	89.44
<b>IX. Total Comprehensive Income for the year</b>		(17,696.64)	2,865.97
<b>X. Earnings per equity share (for Continuing Operations)</b>			
1. Basic	48	(14.89)	2.67
2. Diluted	48	(14.89)	2.67
Significant Accounting Policies	1		

See accompanying notes to financial statements

Vide our report annexed

For P K NAGARAJAN & Co

Chartered Accountants

Firm Registration Number : 016676S

P K NAGARAJAN

Partner

Membership Number : 025679

Coimbatore

30<sup>th</sup> May 2018

M MANICKAM

Executive Chairman

M BALASUBRAMANIAM

Managing Director

S BASKAR

Chief Financial Officer &

Company Secretary



# CASH FLOW STATEMENT FOR THE YEAR ENDED 31.03.2018

(Rs. in lakhs)

Particulars	2017-18		2016-17	
<b>A. CASH FLOW FROM OPERATING ACTIVITIES:</b>				
Net Profit before tax as per statement of Profit and Loss		(25,220.38)		4,315.15
Adjustment for:				
Depreciation of Property, Plant and Equipment	5,281.69		5,700.47	
Finance Costs	14,994.92		14,019.81	
Remission of Interest (or reversal)	2,249.33		(9,280.47)	
Remission of Liability	—		(893.47)	
Miscellaneous Expenses & Other exp. written off	—		0.27	
(Profit) / Loss on Sale / Redemption of Investments (Net)	14.02		—	
(Profit) / Loss on Property, Plant and Equipment Sold / Discarded (Net)	(377.48)		(37.94)	
Impairment Loss on Property, Plant and Equipment	1.04		—	
(Gain) / Loss on Fair Valuation of Investment through Profit and Loss (Net)	36.66		(1,250.76)	
Dividend Income	(16.33)		(14.53)	
Interest Income	(117.61)		(957.36)	
		22,066.24		7,286.02
Operating Profit before Working Capital / Other Changes		(3,154.14)		11,601.17
Changes in Working Capital:				
Adjustments for (Increase)/Decrease in Operating Assets:				
Inventories	45.02		(477.80)	
Trade Receivables	693.28		10,669.45	
Other Financial Assets	(374.95)		(1,261.55)	
Other Current Assets	13.72		1,481.43	
Other Non-current Assets	(81.97)		(326.11)	
Adjustments for Increase/(Decrease) in Operating Liabilities:				
Trade Payables	228.77		(4,320.91)	
Other Financial Liabilities	169.01		(90.30)	
Other Current Liabilities	(1,747.15)		(904.07)	
Other Long Term Liabilities	67.30		150.48	
		(986.97)		4,920.62
Cash Generated from Operations		(4,141.11)		16,521.79
Income Tax paid (Net)		(194.39)		(2.02)
<b>Net Cash from / (used in) Operating Activities (A)</b>		<b>(4,335.50)</b>		<b>16,519.77</b>
<b>B. CASH FLOW FROM INVESTING ACTIVITIES:</b>				
Purchase of Property, Plant and Equipment	(722.75)		(736.02)	
Proceeds from Disposal of Property, Plant and Equipment	1,801.45		219.30	
Investment in Long Term Investments (Net)	247.60		(12.18)	
Proceeds from Current Investments (Net)	1,803.45		12.16	
Dividend received	16.33		14.53	
Interest Income	117.61		957.36	
Loans and Advances - Related Parties	5,303.52		7,828.96	
<b>Net Cash from / (used in) Investing Activities (B)</b>		<b>8,567.21</b>		<b>8,284.11</b>



## CASH FLOW STATEMENT FOR THE YEAR ENDED 31.03.2018 (CONT....)

(Rs. in lakhs)

Particulars	2017-18		2016-17	
<b>C. CASH FLOW FROM FINANCING ACTIVITIES:</b>				
Proceeds from Issue of Equity Shares	—		2,263.57	
Premium on Issue of Equity Shares	—		3,848.08	
Finance Costs Paid	(3,174.06)		(6,532.15)	
Proceeds from Long Term Borrowings	—		2,312.30	
Loans converted into Equity shares	—		(6,111.65)	
Repayment of Long Term Borrowings	(625.23)		(15,222.66)	
Short Term Borrowings (Net)	(102.11)		(3,627.04)	
Loans from Body corporate (Net)	(551.78)		(1,964.49)	
<b>Net Cash from / (used in) Financing Activities (C)</b>		<b>(4,453.18)</b>		<b>(25,034.04)</b>
<b>Net Increase/(Decrease) in Cash and Cash Equivalents (A+B+C)</b>		<b>(221.47)</b>		<b>(230.16)</b>
Cash and cash equivalents at the beginning of the year		<b>1,813.37</b>		<b>2,043.53</b>
<b>Cash and cash equivalents at the end of the year</b>		<b>1,591.90</b>		<b>1,813.37</b>
Cash and cash equivalents at the end of the year comprises of				
(a) Cash on hand		<b>14.36</b>		<b>21.25</b>
(b) Balances with banks:				
i) In Current Accounts		<b>1,150.87</b>		<b>1,414.65</b>
ii) Unclaimed Dividend / Interest warrants		<b>2.89</b>		<b>2.46</b>
iii) Margin Money with banks / Security against borrowings		<b>423.78</b>		<b>375.01</b>
Cash and cash equivalents as at the end of the year		<b>1,591.90</b>		<b>1,813.37</b>

Vide our report annexed  
For P K NAGARAJAN & Co  
Chartered Accountants  
Firm Registration Number : 016676S  
P K NAGARAJAN  
Partner  
Membership Number : 025679  
  
Coimbatore  
30<sup>th</sup> May 2018

M MANICKAM  
Executive Chairman

M BALASUBRAMANIAM  
Managing Director

S BASKAR  
Chief Financial Officer &  
Company Secretary



## STATEMENT OF CHANGES IN EQUITY

### A. Equity Share Capital

Particulars	Note No.	No of Shares	(Rs. In Lakhs)
Balance as at 01.04.2016	18	96213279	9621.33
Changes in Equity Share Capital during the year ended 31.3.2017		22635757	2263.57
Balance as at 31.03.2017		118849036	11884.90
Changes in Equity Share Capital during the year ended 31.3.2018		--	--
Balance as at 31.03.2018		118849036	11884.90

### B. Other Equity

(Rs. In Lakhs)

Particulars	Note No.	Reserves and Surplus					
		Capital Reserve	Capital Re-deemption Reserve	Securities Premium Account	Retained Earnings	Other Comprehensive Income	Total
<b>Balance as at 01.04.2016</b>	19	<b>625.24</b>	<b>2512.27</b>	<b>23152.11</b>	<b>-1353.12</b>	<b>--</b>	<b>24936.50</b>
Profit / (Loss) for the Year		--	--	--	3034.98	--	3034.98
Other Comprehensive Income		--	--	--	--	-169.01	-169.01
Premium on Allotment of Shares		--	--	3848.08	--	--	3848.08
<b>Balance as at 31.03.2017</b>		<b>625.24</b>	<b>2512.27</b>	<b>27000.19</b>	<b>1681.86</b>	<b>-169.01</b>	<b>31650.55</b>
<b>Balance as at 01.04.2017</b>		<b>625.24</b>	<b>2512.27</b>	<b>27000.19</b>	<b>1681.86</b>	<b>-169.01</b>	<b>31650.55</b>
Profit / (Loss) for the Year		--	--	--	-17710.26	--	-17710.26
Comprehensive Income for the year		--	--	--	--	13.62	13.62
<b>Balance as at 31.03.2018</b>		<b>625.24</b>	<b>2512.27</b>	<b>27000.19</b>	<b>-16028.40</b>	<b>-155.39</b>	<b>13953.91</b>

Vide our report annexed  
For P K NAGARAJAN & Co  
Chartered Accountants  
Firm Registration Number : 016676S  
P K NAGARAJAN  
Partner  
Membership Number : 025679

Coimbatore  
30<sup>th</sup> May 2018

M MANICKAM  
Executive Chairman

M BALASUBRAMANIAM  
Managing Director

S BASKAR  
Chief Financial Officer &  
Company Secretary



## NOTES TO FINANCIAL STATEMENTS

Note No. 1

### SIGNIFICANT ACCOUNTING POLICIES

#### Corporate Information:

Sakthi Sugars Limited is engaged in the business of manufacture of sugar, industrial alcohol, power and soya products. The Company's segments include sugar, industrial alcohol, soya products and power. The by-products/waste products from sugar manufacturing operation include molasses, bagasse and press mud.

The installed capacity of sugar division is 19,000 tons of cane crush per day (TCD). Its power division has co-generation power plants at Sakthinagar, Sivaganga and Modakurichi, and the aggregate power generation capacity of all three plants is 92 MW.

Its distillery produces rectified spirit, extra neutral alcohol and ethanol, and has a distillation capacity of 150 kiloliters per day (KLPD) and ethanol plant capacity of over 50 KLPD.

The Company has capacity to process 90,000 tons soya beans per annum.

The Company's shares are listed in BSE Ltd and National Stock Exchange of India Ltd.

#### Significant Accounting Policies:

##### 1.1 Basis of Preparation and Presentation:

These financial statements are the separate financial statements of the Company (also called standalone financial statements) prepared in accordance with Indian Accounting Standards ('Ind AS') notified under Section 133 of the Companies Act, 2013, read together with the Companies (Indian Accounting Standards) Rules, 2015.

For all periods up to and including the year ended March 31, 2017, the Company had prepared and presented its financial statements in accordance with Accounting Standards notified under Section 133 of the Companies Act, 2013, read together with Rule 7 of the Companies (Accounts) Rules, 2014 ('Previous GAAP'). Detailed explanation on how the transition from previous GAAP to Ind AS has affected the Company's Balance Sheet, financial performance and cash flows is given under Note 52.

These financial statements have been prepared and presented under the historical cost convention, on the accrual basis of accounting except for certain financial assets and financial liabilities that are measured at fair values at the end of each reporting period, as stated in the accounting policies set out below. The accounting policies have been applied consistently over all the periods presented in these financial statements.

##### 1.2 Current/Non-Current Classification:

The Company presents assets and liabilities in the balance sheet based on current / non-current classification.

(a) An asset is treated as current when it is:

- (i) Expected to be realised or intended to be sold or consumed in normal operating cycle
  - (ii) Expected to be realised within twelve months after the reporting period, or
  - (iii) Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period
  - (iv) Held primarily for the purpose of trading
- All other assets are classified as non-current.

(b) A liability is current when:

- (i) It is expected to be settled in normal operating cycle
  - (ii) It is due to be settled within twelve months after the reporting period, or
  - (iii) There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.
  - (iv) Held primarily for the purpose of trading
- All other liabilities are classified as non-current.

Deferred tax assets and liabilities are classified as non-current assets and liabilities.

The operating cycle is the time between the acquisition of assets for processing and their realization in cash or cash equivalents. The Company has identified twelve months as its operating cycle.

##### 1.3 Use of Estimates

The preparation of the financial statements in conformity with Ind AS requires the Management to make judgements, estimates and assumptions considered in the reported amounts of assets and liabilities (including contingent liabilities) as of the date of the financial statements and the reported income and expenses like provision for employee benefits, provision for doubtful



trade receivables/advances/contingencies, provision for warranties, allowance for slow/non-moving inventories, useful life of Property, Plant and Equipment, provision for taxation, etc., during the reporting year. The Management believes that the estimates used in the preparation of the financial statements are prudent and reasonable. Future results may vary from these estimates.

#### 1.4 Inventory:

Inventories of raw materials, work-in-progress, stores, finished products and stock-in-trade are valued at the lower of cost or net realizable value.

Cost is ascertained on seasonal weighted average for sugar and yearly average for stores and soya products.

Soya Bean, Stock-in-trade of fertilizer and newsprint costs are ascertained on FIFO basis.

By-products are valued at net realizable value. Standing crops are valued at net realizable value.

#### 1.5 Property, Plant and Equipment:

**Measurement at recognition :** Property, plant and equipment assets are carried at cost net of tax / duty credit availed less accumulated depreciation and accumulated impairment losses, if any. Cost includes expenditure that is directly attributable to the acquisition of the items.

Historical cost includes taxes, duties, freight, insurance etc., attributable to acquisition and installation of assets and borrowing cost incurred upto the date of commencing operations but excludes duties and taxes that are recoverable from taxing authorities. Indirect expenses during construction period, which are required to bring the asset in the condition for its intended use by the management and are directly attributable to bringing the asset to its position, are also capitalized.

Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. The carrying amount of any component accounted for as a separate asset is derecognized when replaced. All other repairs and maintenance are charged to the Statement of Profit and Loss during the reporting period in which they are incurred.

Assets which are not ready for their intended use and capital work-in-progress are carried at cost comprising direct cost, related incidental expenses and attributable interest.

On transition to Ind AS, the Company has elected to regard the fair values of all its property, plant and equipment as at April 01, 2016 as deemed cost in accordance with the stipulation of Ind AS 101 "First-time Adoption of Indian Accounting Standards". Refer Note No. 52 for the first-time adoption impact.

**Depreciation:** Depreciation on property, plant and equipment is provided on the straight-line method over the useful life in the manner prescribed in the Schedule II of the Companies Act 2013.

Depreciation on addition to assets or on sale/discarding of assets, is calculated on pro-rata from the month of such addition or up to the month of such sale/discarding, as the case may be.

**De-recognition:** An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of asset.

Gains and losses on disposals or retirement of assets are determined by comparing proceeds with carrying amount. These are recognized in the Statement of Profit and Loss.

#### 1.6 Intangible assets

**Measurement at recognition:** Intangible assets acquired separately are measured on initial recognition at cost. Intangible assets arising on acquisition of business are measured at fair value as at date of acquisition. Internally generated intangibles including research cost are not capitalized and the related expenditure is recognized in the Statement of Profit and Loss in the period in which the expenditure is incurred. Following initial recognition, intangible assets are carried at cost less accumulated amortization and accumulated impairment loss, if any.

**Amortization:** Intangible Assets with finite lives are amortized on straight-line basis over the estimated useful economic life. The amortization expense on intangible assets with finite lives is recognized in the Statement of Profit and Loss. The amortization period and the amortization method for an intangible asset with finite useful life is reviewed at the end of each financial year. If any of these estimations differ from previous estimates, such change is accounted for as a change in an accounting estimate.

**Derecognition:** The carrying amount of an intangible asset is derecognized on disposal or when no future economic benefits are expected from its use or disposal. The gain or loss arising from the derecognition of an intangible asset is measured as the difference between the net disposal proceeds and the carrying amount of the intangible asset and is recognized in the Statement of Profit and Loss when the asset is derecognized.



### 1.7 Revenue Recognition:

Revenue is measured at the fair value of the consideration received or receivable. Revenue is reduced for estimated customer returns, rebates and other similar allowances.

#### a) Sale of goods

Revenue from the sale of goods is recognised when the goods are despatched, and titles have passed, at which time all the following conditions are satisfied:

- i) The company has transferred to the buyer the significant risks and rewards of ownership of the goods;
- ii) The company retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- iii) The amount of revenue can be measured reliably;
- iv) It is probable that the economic benefits associated with the transaction will flow to the company; and
- v) The costs incurred or to be incurred in respect of the transaction can be measured reliably.

#### b) Dividend and interest income:

Dividend income from investments is recognised when the shareholder's right to receive payment has been established (provided that it is probable that the economic benefits will flow to the company and the amount of income can be measured reliably).

Interest income from a financial asset is recognised when it is probable that the economic benefits will flow to the company and the amount of income can be measured reliably. Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.

#### c) Insurance Claims:

Insurance claims are accounted for on the basis of claims admitted/ expected to be admitted and to the extent that the amount recoverable can be measured reliably and it is reasonable to expect ultimate collection.

#### d) Export Benefits:

Export benefits are accounted for in the year of exports based on eligibility and when there is no uncertainty in receiving the same.

#### e) Rental Income:

Rental income arising from operating leases is accounted for on a straight-line basis over the lease terms and is included in revenue in the Statement of Profit or Loss due to its operating nature.

### 1.8 Foreign Currency Transactions:

On initial recognition, transactions in foreign currencies entered into by the Company are recorded in the functional currency (i.e. Indian Rupees), by applying to the foreign currency amount, the spot exchange rate between the functional currency and the foreign currency at the date of the transaction. Exchange differences arising on foreign exchange transactions settled during the year are recognized in the Statement of Profit and Loss.

Foreign currency monetary items of the Company are translated at the closing exchange rates. Non-monetary items that are measured at historical cost in a foreign currency, are translated using the exchange rate at the date of the transaction. Non-monetary items that are measured at fair value in a foreign currency, are translated using the exchange rates at the date when the fair value is measured.

Exchange differences arising out of these translations are recognized in the Statement of Profit and Loss.

### 1.9 Employee Benefits:

#### a) Short Term Employee Benefits

All employee benefits payable wholly within twelve months of rendering the service are classified as short-term employee benefits and they are recognized in the period in which the employee renders the related service. The Company recognizes the undiscounted amount of short term employee benefits expected to be paid in exchange for services rendered as a liability (accrued expense) after deducting any amount already paid.

**b) Post-Employment Benefits:****i) Defined Contribution plans:**

Defined contribution plans are employee provident fund and employee state insurance scheme for all applicable employees and superannuation scheme for eligible employees.

**Recognition and measurement of defined contribution plans:**

The Company recognizes contribution payable to a defined contribution plan as an expense in the Statement of Profit and Loss when the employees render services to the Company during the reporting period. If the contribution payable for services received from employees before the reporting date exceeds the contributions already paid, the deficit payable is recognized as a liability after deducting the contribution already paid. If the contribution already paid exceeds the contribution due for services received before the reporting date, the excess is recognized as an asset to the extent that the prepayment will lead to, for example, a reduction in future payments or a cash refund.

**ii) Defined Benefit plans**

**Gratuity:** Liabilities with regard to the gratuity benefits payable in future are determined by actuarial valuation at each Balance Sheet date. Actuarial gains and losses arising from changes in actuarial assumptions are recognized in other comprehensive income and shall not be reclassified to the Statement of Profit and Loss in a subsequent period.

**Leave encashment / Compensated absences:** The Company provides for the encashment of leave with pay subject to certain rules. The employees are entitled to accumulate leave subject to certain limits, for future encashment / availment. The liability is provided based on the number of days of unutilized leave at each Balance Sheet date on the basis of an independent actuarial valuation. Actuarial gains and losses arising from changes in actuarial assumptions are recognised in the other comprehensive income

**1.10 Segment Reporting**

Operating segments are reported in a manner consistent with the internal reporting provided to the Chief Operating Decision Maker ('CODM') of the Company. The CODM is responsible for allocating resources and assessing performance of the operating segments of the Company.

**1.11 Non-Current Assets held for sale**

The Company classifies non-current assets as held for sale if their carrying amounts will be recovered principally through a sale rather than through continuing use of the assets and actions required to complete such sale indicate that it is unlikely that significant changes to the plan to sell will be made or that the decision to sell will be withdrawn. Also, such assets are classified as held for sale only if the management expects to complete the sale within one year from the date of classification.

Non-current assets classified as held for sale are measured at the lower of their carrying amount and the fair value less cost to sell. Non-current assets are not depreciated or amortized.

**1.12 Investment in Associate Company**

The Company has elected to recognize its investments in Associate Company at cost in accordance with the option available in Ind AS 27, 'Separate Financial Statements'. Provision for diminution, if any, in the value of investments is made to recognise a decline in value, other than temporary.

**1.13 Government Grants**

Government grants are not recognised until there is reasonable assurance that the company will comply with the conditions attaching to them and that the grants will be received.

Government grants are recognised in Statement of Profit or Loss on a systematic basis over the periods in which the Company recognises as expenses the related costs for which the grants are intended to compensate. Specifically, government grants whose primary condition is that the company should purchase, construct or otherwise acquire non-current assets are recognised as deferred revenue in the Balance Sheet and transferred to Statement of Profit or Loss on a systematic and rational basis over the useful lives of the related assets.

Government grants that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the company with no future related costs are recognised in profit or loss in the period in which they become receivable.

In respect of government loans at below-market rate of interest existing on the date of transition, the Company has availed the optional exemption under Ind AS 101 - First Time Adoption and has not recognised the corresponding benefit of the government loan at below-market interest rate as Government grant.



#### 1.14 Current Tax and Deferred Tax

The income tax expense or credit for the period is the tax payable on the current period's taxable income based on the applicable income tax rate for each jurisdiction adjusted by the changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred income tax is provided in full, using the Balance Sheet method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the end of the reporting period and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred tax assets are recognised for all deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances relate to the same taxation authority. Current tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Current and deferred tax is recognised in the Statement of Profit and Loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

Minimum Alternative Tax (MAT) credit, which is equal to the excess of MAT (calculated in accordance with provisions of Section 115JB of the Income tax Act, 1961) over normal income-tax is recognized as an item in deferred tax asset by crediting the Statement of Profit and Loss only when and to the extent there is convincing evidence that the Company will be able to avail the said credit against normal tax payable during the period of fifteen succeeding assessment years.

#### 1.15 Earnings per share

Basic earnings per share is computed by dividing net income by the weighted average number of common shares outstanding. Diluted earnings per share is computed by dividing income available to shareholders and assumed conversion by the weighted average number of common shares and potential common shares from outstanding stock options.

#### 1.16 Impairment of Assets

The carrying values of assets/cash generating units are reviewed at each Balance Sheet date to determine whether there is any indication of impairment of the carrying amount of the Company's assets. If any indication exists, an asset's recoverable amount is estimated. An impairment loss is recognised whenever the carrying amount of the asset exceeds the recoverable amount. The recoverable amount is the greater of the net selling price and their value in use. Value in use is arrived at by discounting the future cash flows to their present value based on an appropriate discount factor. When there is indication that an impairment loss recognised for an asset in earlier accounting periods no longer exists or may have decreased such reversal of impairment loss is recognised in the Statement of Profit and Loss.

#### 1.17 Provisions and Contingencies

The Company recognizes provisions when a present obligation (legal or constructive) as a result of a past event exists and it is probable that an outflow of resources embodying economic benefits will be required to settle such obligation and the amount of such obligation can be reliably estimated.

If the effect of time value of money is material, provisions are discounted using a current pre-tax rate that reflects, when appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognized as a finance cost.

A contingent liability is a possible obligation that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the Company or a present obligation that is not recognized because it is probable that an outflow of resources will not be required to settle the obligation. However, if the possibility of outflow of resources, arising out of present obligation, is remote, it is not even disclosed as contingent liability.

A contingent liability also arises in extremely rare cases where there is a liability that cannot be recognized because it cannot be measured reliably. The Company does not recognize a contingent liability but discloses its existence in the notes to



financial statements. A contingent asset is not recognized in financial statements, however, the same is disclosed where an inflow of economic benefit is probable.

### **1.18 Leases**

#### **a) Company as Lessee**

The Company's significant leasing arrangements are in respect of operating leases for premises that are cancelable in nature. The lease rentals under such agreements are recognised in the Statement of Profit and Loss as per the terms of the lease.

Rental expense from operating leases is generally recognised on straight-line basis over the term of the relevant lease or based on the time pattern of user benefit basis. Where the rentals are structured solely to increase in line with expected general inflation to compensate for the lessor's expected inflationary cost increases, such increases are recognised in the year in which such benefits accrue. Contingent rentals arising under operating leases are recognised as an expense in the period in which they are incurred.

In the event that lease incentives are received to enter into operating leases, such incentives are recognised as a liability. The aggregate benefit of incentives is recognised as a reduction of rental expense on straight-line basis, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

#### **b) Company as Lessor**

The Company's significant leasing arrangements are in respect of operating leases for premises that are cancellable in nature. The lease rentals under such agreements are recognised in the Statement of Profit and Loss as per the terms of the lease. Rental income from operating leases is generally recognised on straight-line basis over the term of the relevant lease. Where the rentals are structured solely to increase in line with expected general inflation to compensate for the Company's expected inflationary cost increases, such increases are recognised in the year in which such benefits accrue. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised on a straight-line basis over the lease term.

### **1.19 Borrowing Costs**

Borrowing cost includes interest, amortisation of ancillary cost incurred in connection with the arrangement of borrowings and the exchange differences arising from foreign currency borrowings to the extent they are regarded as an adjustment to the interest cost. General and specific borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalized during the period of time that is required to complete and prepare the asset for its intended use or sale. Qualifying assets are assets that necessarily take a substantial period of time to get ready for their intended use or sale.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalization.

Other borrowing costs are expensed in the period in which they are incurred.

### **1.20 Financial Instrument**

Financial assets and financial liabilities are recognised when an entity becomes a party to the contractual provisions of the instrument.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through Statement of Profit and Loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities are recognised at fair value through profit and loss are recognised immediately in Statement of Profit and Loss.

#### **a) Fair Value Measurement**

The Company measures financial instruments, such as, investments at fair value at each balance sheet date.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- i) In the principal market for the asset or liability, or
- ii) In the absence of a principal market, in the most advantageous market for the asset or liability



The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their best economic interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- i) Level 1 – Quoted (unadjusted) market prices in active markets for identical assets or liabilities
- ii) Level 2 – Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
- iii) Level 3 – Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Company determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

For the purpose of fair value disclosures, the Company has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above.

When the fair values of financial assets and financial liabilities recorded in the Balance Sheet cannot be measured based on quoted prices in active markets, their fair value is measured using valuation techniques, including the discounted cash flow model, which involve various judgements and assumptions.

**b) Financial Assets****i) Initial recognition and measurement**

All financial assets are recognised initially at fair value plus, in the case of financial assets not recorded at fair value through profit or loss, transaction costs that are attributable to the acquisition of the financial asset.

**ii) Subsequent measurement**

For purposes of subsequent measurement: Debt instruments are measured at amortised cost.

**iii) De-recognition**

A financial asset (or, where applicable, a part of a financial asset or part of the group of similar financial assets) is derecognised primarily when:

- (a) The rights to receive cash flows from the asset have expired, or
- (b) The Company has transferred substantially all the risks and rewards of the asset

**iv) Impairment of Financial Assets**

In accordance with Ind AS 109, the Company applies expected credit loss (ECL) model for measurement and recognition of impairment loss on the financial assets and credit risk exposure that are debt instruments, and are measured at amortised cost e.g., loans, debt securities, deposits, trade receivables and bank balance.

The Company follows 'simplified approach' for recognition of impairment loss allowance on trade receivables.

The application of simplified approach does not require the Company to track changes in credit risk. Rather, it recognises impairment loss allowance based on lifetime ECLs at each reporting date, right from its initial recognition.

Lifetime ECL are the expected credit losses resulting from all possible default events over the expected life of a financial instrument. ECL is the difference between all contractual cash flows that are due to the Company in accordance with the contract and all the cash flows that the Company expects to receive, discounted at the original Effective Interest Rate (EIR). When estimating the cash flows, an entity is required to consider:

- (a) All contractual terms of the financial instrument (including prepayment, extension, call and similar options) over the expected life of the financial instrument. However, in rare cases when the expected life of the financial instrument cannot be estimated reliably, then the entity is required to use the remaining contractual term of the financial instrument.



(b) Cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

As a practical expedient, the Company uses a provision matrix to determine impairment loss allowance on portfolio of its trade receivables. The provision matrix is based on its historically observed default rates over the expected life of the trade receivables and is adjusted for forward-looking estimates. At every reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analysed.

ECL impairment loss allowance (or reversal) recognized during the period is recognized as income/ expense in the Statement of Profit and Loss. This amount is reflected under the head 'other expenses' in the Statement of Profit and Loss. The Balance Sheet presentation for various financial instruments is that in the case of financial assets measured as at amortised cost, ECL is presented as an allowance, i.e., as an integral part of the measurement of those assets in the Balance Sheet. The allowance reduces the net carrying amount. Until the asset meets write-off criteria, the Company does not reduce impairment allowance from the gross carrying amount.

For assessing increase in credit risk and impairment loss, the Company combines financial instruments on the basis of shared credit risk characteristics with the objective of facilitating an analysis that is designed to enable significant increases in credit risk to be identified on a timely basis.

#### **c) Financial Liabilities**

##### **i) Initial recognition and measurement**

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs. The Company's financial liabilities include trade and other payables.

##### **ii) Subsequent measurement**

Financial liabilities designated upon initial recognition at fair value through profit or loss (FVPL) are designated as such at the initial date of recognition and only if the criteria in Ind AS 109 are satisfied. For liabilities designated as FVTPL, fair value gains / losses attributable to changes in own credit risks are recognized in other comprehensive income (OCI). These gains/ losses are not subsequently transferred to P&L. However, the Company may transfer the cumulative gain or loss within equity. All other changes in fair value of such liability are recognised in the Statement of Profit or Loss.

##### **iii) De-recognition**

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the de-recognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the Statement of Profit or Loss.

#### **1.21 Events after Reporting date**

Where events occurring after the Balance Sheet date provide evidence of conditions that existed at the end of the reporting period, the impact of such events is adjusted within the financial statements. Otherwise, events after the Balance Sheet date of material size or nature are only disclosed.

#### **1.22 Cash and Cash Equivalents**

Cash and cash equivalents in the Balance Sheet comprise of cash on hand, demand deposits with Banks, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

#### **1.23 Cash flow Statement:**

Cash flows are reported using the indirect method, whereby profit before tax is adjusted for the effects of transactions of non-cash nature and any deferrals or accruals of past or future cash receipts or payments. The cash flows from operating, investing and financing activities of the Company are segregated based on the available information.

#### **1.24 Rounding off amounts**

All amounts disclosed in the financial statements and notes have been rounded off to the nearest Lakh with two decimals, as per the requirement of Schedule III, unless otherwise stated.

#### **1.25 Recent accounting pronouncements**

Standards issued but not yet effective

In March, 2018, the Ministry of Corporate Affairs (MCA) issued Companies (Indian Accounting Standards) Amendment Rules, 2018, notifying Ind AS 115, Revenue from Contract with Customers, Appendix B to Ind AS 21, Foreign Currency transactions and advance consideration and amendments to certain other standards. These amendments are in line with recent amendments made by International Accounting Standards Board (IASB). These amendments are applicable to the Company from April 01, 2018. The Company will be adopting the amendments from their effective date.



## NOTE No. 2

## PROPERTY, PLANT AND EQUIPMENT

(Rs. in Lakhs)

PARTICULARS	Land	Buildings	Plant & Equipment	Furniture & Fixtures	Vehicles	Office Equipment	Others	Total	CWIP*
<b>Gross carrying Amount:</b>									
Deemed cost as at 1st April, 2016	37175.46	15901.70	85728.14	384.20	1032.28	341.10	23.60	140586.48	4627.89
Additions	-	131.88	1653.74	0.86	93.24	125.87	-	2005.59	205.42
Disposals	-	-	24.51	-	101.59	2.59	-	128.69	1617.31
Balance as at 31st March, 2017	37175.46	16033.58	87357.37	385.06	1023.93	464.38	23.60	142463.38	3216.00
<b>Accumulated Depreciation:</b>									
Balance as at 1st April, 2016	-	-	-	337.47	891.04	246.21	-	1474.72	-
Additions	-	647.61	4904.22	15.84	30.34	52.63	-	5650.64	-
Transfer to Retained Earnings	-	0.03	49.80	-	-	-	-	49.83	-
Disposals	-	-	0.10	-	87.14	2.41	-	89.65	-
Balance as at 31st March, 2017	-	647.64	4953.92	353.31	834.24	296.43	-	7085.54	-
<b>Net Carrying Amount:</b>									
Balance as at 1st April, 2016	37175.46	15901.70	85728.14	46.73	141.24	94.89	23.60	139111.76	4627.89
Balance as at 31st March, 2017	37175.46	15385.94	82403.45	31.75	189.69	167.95	23.60	135377.84	3216.00
<b>Gross carrying Amount:</b>									
Deemed cost as at 1st April, 2017	37175.46	16033.58	87357.37	385.06	1023.93	464.38	23.60	142463.38	3216.00
Additions	-	39.26	655.57	0.20	-	14.50	-	709.53	21.40
Disposals	663.50	50.47	818.15	-	29.50	0.61	-	1562.23	8.18
Asset classified as held for sale	5474.25	34.70	-	-	-	-	-	5508.95	-
Balance as at 31st March, 2018	31037.71	15987.67	87194.79	385.26	994.43	478.27	23.60	136101.73	3229.22
<b>Accumulated Depreciation:</b>									
Balance as at 1st April, 2017	-	647.64	4953.92	353.31	834.24	296.43	-	7085.54	-
Additions	-	634.82	4526.92	3.17	32.78	84.00	-	5281.69	-
Disposals	-	2.28	106.43	-	27.91	0.61	-	137.23	-
Balance as at 31st March, 2018	-	1280.18	9374.41	356.48	839.11	379.82	-	12230.00	-
<b>Net Carrying Amount:</b>									
Balance as at 1st April, 2017	37175.46	15385.94	82403.45	31.75	189.69	167.95	23.60	135377.84	3216.00
Balance as at 31st March, 2018	31037.71	14707.49	77820.38	28.78	155.32	98.45	23.60	123871.73	3229.22

\*Capital Work-in-Progress



(Rs. In Lakhs)

	As at 31.03.2018	As at 31.03.2017	As at 01.04.2016
<b>NOTE No. 3</b>			
<b>NON-CURRENT INVESTMENTS</b>			
I. Investments in Equity Instruments			
a. Quoted Equity Shares			
In Other Entities at FVTPL			
Sakthi Finance Limited			
10,40,000 (31.03.17: 1040000, 01.04.16: 1040000)			
Shares of Rs.10 each	328.64	324.48	198.12
ICICI Bank Limited			
2425 (31.03.17: 2205, 01.04.16: 2205)			
Shares of Rs.2 each	6.75	6.11	1.04
NIIT Limited			
2,527 (31.03.17: 2527, 01.04.16: 2527)			
Shares of Rs. 2 each	2.52	2.13	1.99
NIIT Technologies Limited			
759 (31.03.17: 759, 01.04.16: 759)			
Shares of Rs. 10 each	6.56	3.31	3.77
K G Denim Limited			
16,129 (31.03.17: 16129, 01.04.16: 16129)			
Shares of Rs.10 each	7.34	14.60	12.09
IFCI Limited			
100 (31.03.17: 100, 01.04.16: 100)			
Shares of Rs.10 each	0.02	0.03	0.02
The Industrial Development Bank of India Limited			
1,360 (31.03.17: 1360, 01.04.16: 1360)			
Shares of Rs.10 each	0.98	1.02	0.94
The South Indian Bank Limited			
1,65,000 (31.03.17: 165000, 01.04.16: 165000)			
Shares of Rs.1 Each	37.62	35.31	29.12
Total of Quoted equity shares	390.43	386.99	247.09
b. Unquoted Equity Shares			
a. Associates (Measured at Cost)			
Sakthi Auto Component Limited			
Nil (31.03.17: 63860000, 01.04.16: 63860000)			
Shares of Rs.10 each	--	15,157.86	15,157.86
b. Other Entities (Measured at FVTPL)			
The ABT Co-operative Stores Limited			
1,000 (31.03.17: 1000, 01.04.16: 1000)			
Shares of Rs. 10 each	0.10	0.10	0.10
Sakthi Sugars Co-operative Stores Limited			
760 (31.03.17: 760, 01.04.16: 760)			
Shares of Rs.10 each	0.08	0.08	0.08
Angul Central Co-op Bank Limited			
100 (31.03.17: 100, 01.04.16: 100)			
Shares of Rs.100 each	0.10	0.10	0.10
Shamarao Vithal Co-op Bank Limited			
25 (31.03.17: 25, 01.04.16: 25)			
Shares of Rs.25 each	0.01	0.01	0.01
Sri Chamundeswari Sugars Limited			
6,81,146 (31.03.17: 681146, 01.04.16: 681146)			
Shares of Rs.10 each	35.76	35.76	163.48
Total of Unquoted equity shares	36.05	36.05	163.77



## NOTES TO FINANCIAL STATEMENTS

(Rs. in Lakhs)

	As at 31.03.2018	As at 31.03.2017	As at 01.04.2016
II. Investments in Preference shares 6,45,900 (31.03.17: 895900, 01.04.16: 895900) 5% Redeemable Non-Convertible Cumulative Pref. Shares in Sri Chamundeswari Sugars Ltd	645.90	895.90	895.90
III. Investments in Government Securities - Unquoted (Measured at Amortised Cost) Investment in Govt. Securities	--	1.04	1.04
<b>TOTAL</b>	<b>1,072.38</b>	<b>16,477.84</b>	<b>16,465.66</b>
Aggregate cost of Quoted Investments	290.49	290.49	290.49
Aggregate cost of Unquoted Investments	681.95	16,090.85	16,218.57
Aggregate market value of Quoted Investments	390.43	386.99	247.09
<b>NOTE No. 4</b>			
<b>NON-CURRENT TRADE RECEIVABLES</b>			
Trade Receivables (Unsecured, Considered good)	5,867.83	5,320.03	6,177.56
<b>NOTE No. 5</b>			
<b>NON-CURRENT LOANS</b>			
Employee related Loans and advances	107.41	107.83	117.03
<b>NOTE No. 6</b>			
<b>OTHER NON-CURRENT FINANCIAL ASSETS</b>			
Security Deposits	632.71	176.88	152.70
Margin Money /Fixed Deposits - Maturing after 12 Months	20.34	32.02	14.74
<b>TOTAL</b>	<b>653.05</b>	<b>208.90</b>	<b>167.44</b>
<b>NOTE No. 7</b>			
<b>OTHER NON-CURRENT ASSETS</b>			
Capital advances	3,060.64	3,063.15	2,663.63
Sundry Deposits	3,243.86	3,245.43	3,248.47
Advance for Purchases & Others	98.01	11.54	72.71
<b>TOTAL</b>	<b>6,402.51</b>	<b>6,320.12</b>	<b>5,984.81</b>
<b>NOTE No. 8</b>			
<b>INVENTORIES</b>			
<b>(a) Raw Materials:</b>			
Molasses - Distillery Unit	524.32	112.05	460.87
Soyabeans	2,166.85	795.69	128.02
Soya Flour	25.45	50.42	4.35
<b>TOTAL</b>	<b>2,716.62</b>	<b>958.16</b>	<b>593.24</b>



## NOTES TO FINANCIAL STATEMENTS

(Rs. In Lakhs)

	As at 31.03.2018	As at 31.03.2017	As at 01.04.2016
<b>(b) Work in Progress:</b>			
Sugar	241.77	341.26	565.64
Molasses	53.82	88.74	146.41
	<b>295.59</b>	<b>430.00</b>	<b>712.05</b>
<b>(c) Finished goods:</b>			
Sugar	1,991.70	4,489.56	2,901.92
Molasses - Sugar Unit	344.18	190.34	285.06
Industrial Alcohol	1,839.46	913.80	915.80
Ethanol	—	—	0.07
Soya Products	1,125.38	1,117.31	1,660.98
Bio-Earth	46.19	39.20	7.55
Fusel Oil	0.32	0.86	1.74
Bagasse	18.79	4.25	55.51
	<b>5,366.02</b>	<b>6,755.32</b>	<b>5,828.63</b>
<b>(d) Stock in Trade:</b>			
Chemicals, Fertilisers & Others	166.77	197.13	257.51
<b>(e) Stores and spares:</b>			
Stores and spares	2,304.77	2,553.52	3,021.27
<b>(f) Other Stock:</b>			
Standing crop	—	0.66	4.29
<b>TOTAL</b>	<b>10,849.77</b>	<b>10,894.79</b>	<b>10,416.99</b>
For mode of valuation please refer Sl. No. 1.4 in Significant Accounting Policies.			
<b>NOTE No. 9</b>			
<b>CURRENT INVESTMENTS</b>			
Investments in Equity Instruments			
Quoted			
Kovai Medical Centre and Hospital Limited			
62,083 (31.03.17: 2,00,000, 01.04.16: 2,00,000)			
Shares of Rs.10 each	776.47	2,630.60	1,392.00
<b>TOTAL</b>	<b>776.47</b>	<b>2,630.60</b>	<b>1,392.00</b>
Aggregate cost of Quoted Investments	6.21	20.00	20.00
Aggregate market value of Quoted Investments	776.47	2,630.60	1,392.00



## NOTES TO FINANCIAL STATEMENTS

(Rs. In Lakhs)

	As at 31.03.2018	As at 31.03.2017	As at 01.04.2016
<b>NOTE No. 10</b>			
<b>CURRENT TRADE RECEIVABLES</b>			
Trade Receivables (Unsecured, Considered good)	968.55	2,171.33	12,023.51
Receivable from Related Party (Ref. Note No. 50)	16.35	54.65	14.39
	984.90	2,225.98	12,037.90
Less : Allowance for Bad and Doubtful debts	—	—	—
<b>TOTAL</b>	<b>984.90</b>	<b>2,225.98</b>	<b>12,037.90</b>
<b>NOTE No. 11</b>			
<b>CASH AND CASH EQUIVALENTS</b>			
Bank balances in current accounts	1,150.87	1,414.65	1,574.19
Fixed Deposits with maturity of less than three months	330.00	349.52	340.00
Cash on hand	14.36	21.25	45.73
<b>TOTAL</b>	<b>1,495.23</b>	<b>1,785.42</b>	<b>1,959.92</b>
<b>NOTE No. 12</b>			
<b>BANK BALANCES OTHER THAN CASH AND CASH EQUIVALENTS</b>			
Balances with Banks for unclaimed dividend/interest warrants	2.89	2.46	1.91
Fixed deposits with maturity more than 3 months but less than 12 months	93.78	25.49	81.70
<b>TOTAL</b>	<b>96.67</b>	<b>27.95</b>	<b>83.61</b>
<b>NOTE No. 13</b>			
<b>CURRENT LOANS</b>			
(Unsecured, Considered good)			
Loans and Advances to related parties	2,299.93	7,603.45	15,432.41
Employee related loans and advances	37.44	42.27	31.93
<b>TOTAL</b>	<b>2,337.37</b>	<b>7,645.72</b>	<b>15,464.34</b>
<b>NOTE No. 14</b>			
<b>OTHER CURRENT FINANCIAL ASSETS</b>			
Security Deposits	—	3.12	5.12
Outstanding interest receivable	7.33	7.86	9.46
Income Receivable	2,726.53	2,792.08	1,568.39
<b>TOTAL</b>	<b>2,733.86</b>	<b>2,803.06</b>	<b>1,582.97</b>
<b>NOTE No. 15</b>			
<b>CURRENT TAX ASSETS (NET)</b>			
Advance Income Tax and TDS	276.98	82.59	305.64



## NOTES TO FINANCIAL STATEMENTS

(Rs. In Lakhs)

	As at 31.03.2018	As at 31.03.2017	As at 01.04.2016
<b>NOTE No. 16</b>			
<b>OTHER CURRENT ASSETS</b>			
Employee related Loans and advances	10.89	11.37	24.90
Prepaid expenses	367.94	275.51	384.27
Deposits with Government authorities	1,862.66	1,199.66	1,509.55
Advance for purchases & others	2,238.07	3,001.92	4,061.78
<b>TOTAL</b>	<b>4,479.56</b>	<b>4,488.46</b>	<b>5,980.50</b>
<b>NOTE No. 17</b>			
<b>ASSETS CLASSIFIED AS HELD FOR SALE</b>			
Land and Building	5,508.95	—	—
Investment in Associates			
Sakthi Auto Component Limited	15,157.86	—	—
6,38,60,000 (31.03.17: Nil, 01.04.16: Nil) Shares of Rs.10 each			
<b>TOTAL</b>	<b>20,666.81</b>	<b>—</b>	<b>—</b>
<b>NOTE No. 18</b>			
<b>EQUITY SHARE CAPITAL</b>			
<b>Authorised</b>			
12,00,00,000 (31.03.17: 12,00,00,000, 01.04.16: 11,00,00,000)			
Equity Shares of Rs.10 each	12,000.00	12,000.00	11,000.00
50,00,000 (31.03.17: 50,00,000, 01.04.16: 50,00,000)			
Preference Shares of Rs.100 each	5,000.00	5,000.00	5,000.00
	<b>17,000.00</b>	<b>17,000.00</b>	<b>16,000.00</b>
<b>Issued</b>			
11,89,65,705 (31.03.17: 11,89,65,705, 01.04.16: 9,63,29,948)			
Equity Shares of Rs.10 each	11,896.57	11,896.57	9,632.99
	<b>11,896.57</b>	<b>11,896.57</b>	<b>9,632.99</b>
<b>Subscribed and Paid up</b>			
11,88,49,036 (31.03.17: 11,88,49,036, 01.04.16: 9,62,13,279)			
Equity Shares of Rs.10 each fully paid up	11,884.90	11,884.90	9,621.33
<b>TOTAL</b>	<b>11,884.90</b>	<b>11,884.90</b>	<b>9,621.33</b>
<b>Reconciliation of Number of Shares</b>			
	No. of Shares	No. of Shares	No. of Shares
Equity Shares at the beginning of the year	118,849,036	96,213,279	96,213,279
Add: Shares issued/allotted on preferential basis	--	22,635,757	--
Equity Shares at the end of the year	118,849,036	118,849,036	96,213,279

### Rights, Preferences and Restrictions of each class of Shares

The Company has only one class of equity shares having a face value of Rs.10 each. Each shareholder is eligible for one vote per share held. Dividend is payable when it is recommended by the Board of Directors and approved by the Members at the Annual General Meeting. In the event of liquidation, the equity shareholders will get the remaining assets of the Company after payment of all the preferential amounts.



**Shares held by the holding company**

Particulars	As at 31.03.2018	As at 31.03.2017	As at 01.04.2016
ABT Investments (India) Private Ltd.	67463540	67463540	--
ABT Ltd	--	--	67463540

**List of shareholders holding more than 5%**

Particulars	As at 31.03.2018	%	As at 31.03.2017	%	As at 01.04.2016	%
	No. of Shares		No. of Shares		No. of Shares	
ABT Investments (India) Private Ltd.	67463540	56.76	67463540	56.76	--	--
Asset Reconstruction Company (India) Ltd.	22635757	19.05	22635757	19.05	--	--
ABT Ltd	--		--		67463540	70.12

**Terms of security convertible into equity shares**

Particulars	As at 31.03.2018	As at 31.03.2017	As at 01.04.2016
Foreign Currency Convertible Bonds (FCCB)	Series A	Series A	Series A
a. No. of bonds outstanding	10	10	10
b. Date of maturity	30.5.2009	30.5.2009	30.5.2009
c. Value of bonds for conversion (Rs. in lakhs)	448.90	448.90	448.90
d. Conversion price (Rs. per share)	208.00	208.00	208.00
e. Earliest date of conversion	10.07.2006	10.07.2006	10.07.2006
f. Date of expiry of conversion right	30.5.2019	30.5.2019	30.5.2019

**Details of equity shares allotted as fully paid up pursuant to the terms of restructure of loans under CDR Scheme and by an Asset Reconstruction Company.**

Name of the Allottee	Date of allotment	No. of Shares
ABT Ltd	25.03.2014	59,405,940
Asset Reconstruction Company (India) Limited (ARCIL)	24.06.2016	22,635,757

(Rs. in lakhs)

	As at 31.03.2018	As at 31.03.2017	As at 01.04.2016
<b>NOTE No. 19</b>			
<b>OTHER EQUITY</b>			
Capital reserve	625.24	625.24	625.24
Capital redemption reserve	2,512.27	2,512.27	2,512.27
Securities premium account	27,000.19	27,000.19	23,152.11
Retained Earnings	(16,028.40)	1,681.86	(1,353.12)
Other Comprehensive Income	(155.39)	(169.01)	--
	<b>13,953.91</b>	<b>31,650.55</b>	<b>24,936.50</b>



(Rs. In Lakhs)

	As at 31.03.2018	As at 31.03.2017	As at 01.04.2016
<b>Capital reserve</b>			
Balance as per last Balance Sheet	625.24	625.24	625.24
<b>Capital redemption reserve</b>			
Balance as per last Balance Sheet	2,512.27	2,512.27	2,512.27
<b>Securities premium account</b>			
Balance as per last Balance Sheet	27,000.19	23,152.11	23,152.11
Add: Premium on Allotment of Shares during the year	--	3,848.08	--
	27,000.19	27,000.19	23,152.11
<b>Retained Earnings</b>			
Balance as per last Balance Sheet	1,681.86	(1,353.12)	(1,353.12)
Net Profit/(Loss) after tax for the year	(17,710.26)	3034.98	--
	(16,028.40)	1,681.86	(1,353.12)
<b>Other Comprehensive Income</b>			
Balance as per last Balance Sheet	(169.01)	--	--
Addition/Deletion during the year	13.62	(169.01)	--
	(155.39)	(169.01)	--
<b>TOTAL</b>	<b>13,953.91</b>	<b>31,650.55</b>	<b>24,936.50</b>
<b>NOTE No. 20</b>			
<b>NON-CURRENT BORROWINGS</b>			
(a) Secured Loans			
i) Term Loans			
From Banks	11,439.43	18,407.83	19,736.54
From Other Parties	28,973.30	32,671.32	43,395.32
	40,412.73	51,079.15	63,131.86
ii) Long term maturities of finance lease obligations (secured)	9.16	25.83	4.27
Total of Secured Loans	40,421.89	51,104.98	63,136.13
(b) Unsecured Loans			
Term Loans			
From Banks	526.74	595.14	--
From Other Parties	4,555.97	4,390.47	4,790.79
Total of Unsecured Loans	5,082.71	4,985.61	4,790.79
<b>TOTAL</b>	<b>45,504.60</b>	<b>56,090.59</b>	<b>67,926.92</b>



**A) SECURED LOANS FROM BANKS**

Nature of Security	Terms of Repayment
<p>1 Term loans amounting to Rs.Nil (March 31, 2017: Rs.808.45 lakhs and April 1, 2016 : Rs.2222.81 lakhs) are secured by</p> <p>a. Pari passu first charge on the entire movable and immovable properties of the Company except the assets charged on exclusive basis.</p> <p>b. Pari passu second Charge on the current assets of the Company, except the assets charged on exclusive basis.</p>	<p>The loans are restructured and are repayable in 32 quarterly installments commencing from April 2011.</p> <p>Rate of interest 10.50% p.a. (March 31, 2017:10.50% p.a and April 1,2016: 10.50% p.a)</p>
<p>2 Term loans amounting to Rs.7593.58 lakhs (March 31, 2017 Rs.8579.76 lakhs and April 1,2016: Rs.3029.26 lakhs) are secured by</p> <p>a. Pari passu first charge on the entire movable and immovable properties of the Company except the assets charged on exclusive basis.</p> <p>b. Pari passu second Charge on the current assets of the Company, except the assets charged on exclusive basis.</p>	<p>The loans are restructured and are repayable in 24 quarterly installments commencing from June 2016.</p> <p>Rate of Interest 11.50% p.a (March 31, 2017:11.50% p.a and April 1,2016: 10.50% p.a)</p>
<p>3 Term loans amounting to Rs.2735.50 lakhs (March 31, 2017 Rs.4592.49 lakhs and April 1, 2016: Rs.6403.61 lakhs) are secured by subservient charge on the fixed assets of the Company after the existing Loans, except the assets charged on exclusive basis.</p>	<p>Term loan of Rs.2310 lakhs (March 31, 2017 : Rs.2610 lakhs and April 1,2016 : Rs.3000 lakhs ) is repayable in 24 quarterly installments commencing from June 2016.</p> <p>Rate of Interest 11.50% p.a (March 31, 2017:11.50% p.a and April 1,2016: 10.95% p.a)</p> <p>Term loan of Rs.425.50 lakhs (March 31, 2017 : Rs.1982.49 lakhs and April 1, 2016 : Rs. 3403.61 lakhs) is repayable in 8 quarterly installments commencing from August 2017.</p> <p>Rate of Interest 10.55% p.a (March 31, 2017:10.75% p.a and April 1,2016: 11% p.a)</p>
<p>4 Term loans amounting to Rs.80.14 lakhs (March 31, 2017 : Rs.2708.47 lakhs and April 1,2016 : Rs.5336.80 lakhs) are secured by</p> <p>a. Pari passu first charge on fixed assets pertaining to Co-generation Plant at Sakthinagar.</p> <p>b. Subservient pari passu charge on the fixed assets of the Company after the existing loans, except the assets charged on exclusive basis.</p>	<p>The loans are repayable in 36 monthly instalments commencing from April 2016</p> <p>Rate of Interest Nil (March 31, 2017 :Nil and April 1, 2016 : Nil)</p>
<p>5 Term loan amounting to Rs.1125 lakhs (March 31, 2017: Rs.1856.52 lakhs and April 1 ,2016 : Rs.2925 lakhs) is secured by</p> <p>a. Extension of first charge on the Company's property situated at 180 Race Course Road , Coimbatore.</p> <p>b. Subservient charge on the fixed assets of the Company except, the assets charged on exclusive basis.</p>	<p>The loan is repayable in 16 quarterly instalments from September 2016</p> <p>Rate of Interest 11.15% p.a (March 31, 2017: 11.40% p.a and April 1,2016: 12.00% p.a)</p>
<p>6 The loans under 1 and 2 above is further secured by pledge of shares held by promoters in the Company.</p> <p>7 Guarantees given by Directors/Others:</p> <p>a. Term loans amounting to Rs.11534.22 lakhs (March 31,2017 : Rs.18545.69 lakhs and April 1,2016 : Rs.19917.47 lakhs) are guaranteed by Dr. M.Manickam, Sri.M.Balasubramaniam and Sri. M. Srinivaasan.</p> <p>b. Term loan amounting to Rs.2310 lakhs (March 31, 2017 :Rs.2610 lakhs and April 1,2016 : Rs.3000 lakhs) is additionally secured by corporate guarantee and collateral security given by a group company.</p> <p>c. Term loan amounting to Rs.1125 lakhs (March 31, 2017 :Rs.1856.52 lakhs and April 1,2016 : Rs.2925 lakhs) is additionally secured by collateral security given by a promoter.</p>	



8 Period and amount of continuing default as on the date of Balance Sheet:

(Rs. in lakhs)

Particulars	Amount of Default as at 31.03.2018		Period of Default	
	Principal	Interest	Principal	Interest
Rupee Term Loan from Bank of India	234.33	536.72	June 16 to Dec 17	April 16 to Feb 18
Term Loan from Bank of India	234.37	536.72	June 16 to Dec 17	April 16 to Feb 18
Corporate Loan from Bank of India	118.31	270.44	June 16 to Dec 17	April 16 to Feb 18
Rupee Term Loan from Punjab National Bank	2718.19	2146.77	Oct 12 to Jan 18	Feb 13 to Feb 18
Working Capital Term Loan I from Bank of India	83.27	190.34	June 16 to Dec 17	April 16 to Feb 18
Working Capital Term Loan from Bank of India	174.68	399.30	June 16 to Dec 17	April 16 to Feb 18
FITL from Bank of India	55.26	126.27	June 16 to Dec 17	April 16 to Feb 18
FITL from Bank of India	184.58	437.06	June 16 to Dec 17	April 16 to Feb 18
FITL from Punjab National Bank	279.88	224.11	Oct 12 to Jan 18	Feb 13 to Feb 18
FCCB Term Loan from Axis Bank Limited	1275.60	220.03	Aug 17 to Feb 18	Aug 17 to Feb 18
FCCB Term Loan from Bank of India	330.00	754.02	June 16 to Dec 17	April 16 to Feb 18
Soft Loan from Axis Bank Limited	–	47.91	–	Jan 18 to Feb 18
SEFASU Loan from Bank of India	2243.25	483.38	Oct 16 to Feb 18	Jun 17 to Feb 18
SEFASU Loan from Indian Overseas Bank	1724.50	497.68	Apr 16 to Feb 18	Dec 16 to Feb 18

- 9 Amount of Rs.94.79 Lakhs (March 31, 2017 : Rs.137.86 and April 1, 2016 : Rs.180.93 Lakhs) related to deferred expenses towards processing charges is netted off against loan.

**B) SECURED LOANS FROM OTHER PARTIES**

Nature of Security	Terms of Repayment
<p>1 Term Loans amounting to Rs.5515 lakhs (March 31,2017 : Rs.6693 lakhs and April 1,2016 Rs.7666 lakhs) are secured by</p> <p>a. Pari passu first charge on the entire movable and immovable properties of the Company except the assets charged on exclusive basis.</p> <p>b. Paripassu second charge on the current assets of the Company, except the assets charged on exclusive basis.</p>	<p>Term loan of Rs.2112 lakhs (March 31,2017 : Rs.2880 lakhs and April 1, 2016 : Rs.3648 lakhs) is restructured and is repayable in 22 quarterly installments commencing from June 2016</p> <p>Rate of Interest 12.00% p.a (March 31, 2017: 12.00% p.a and April 1,2016: 10.00% p.a)</p> <p>Term loan of Rs.3403 lakhs (March 31,2017: Rs.3813 lakhs and April1,2016 : Rs.4018 lakhs ) is restructured and is repayable in 28 quarterly installments commencing from June 2016</p> <p>Rate of Interest 12.00% p.a (March 31, 2017: 12.00% p.a and April 1,2016: 10.00% p.a)</p>
<p>2 Term Loans amounting to Rs.23625.65 lakhs (March 31,2017 :Rs.25956.69 lakhs and April 1,2016 : 35015.62 lakhs) are secured by</p> <p>a. Pari passu first charge on the entire movable and immovable properties of the Company except the assets charged on exclusive basis.</p> <p>b. Paripassu second charge on the current assets of the Company except the assets charged on exclusive basis.</p> <p>c. Term Loan amounting to Rs. 1500 lakhs included above is further Secured by exclusive first charge on the Coke Bottling Plant at Sivaganga Unit</p>	<p>Term loans amounting to Rs.23625.65 lakhs (March 31, 2017 : Rs. 25956.69 lakhs and April 1,2016 : Rs.35015.62 lakhs) are restructured and are repayable in 24 quarterly installments commencing from June 2016</p> <p>Rate of Interest 12.00% p.a (March 31, 2017: 12.00% p.a and April 1,2016: 12.00% p.a)</p>
<p>3 Term loan amounting to Rs.Nil (March 31, 2017 Rs.Nil and April 1, 2016 Rs.722.91 lakhs) is secured by exclusive second charge on the assets of Sugar and Cogen units of the Company at Sivaganga.</p>	<p>Repayable in 10 half yearly instalments from May 2013.</p> <p>Rate of Interest 4.00% p.a (March 31, 2017: 4.00% p.a and April 1,2016: 4.00% p.a)</p>



Nature of Security	Terms of Repayment
4 Term loan amounting to Rs.Nil (March 31, 2017 Rs.80.19 lakhs and April 1, 2016 Rs.240.56 lakhs) is secured by exclusive second charge on the assets of Sugar and Cogen units of the Company at Modakurichi.	Repayable in 10 half yearly instalments from February 2014. Rate of Interest 4.00% p.a (March 31, 2017: 4.00% p.a and April 1,2016: 4.00% p.a)
5 Loan amounting to Rs.Nil (March 31, 2017 : Rs.150 lakhs and April 1, 2016: Nil) is secured by pledge of shares held by the Company	Bullet Payment in May 2018
6 The loans under 1 & 2 above are further secured by pledge of shares held by promoters in the Company.	
7 Guarantees given by Directors: Term loans amounting to Rs.29140.65 lakhs (March 31, 2017 :Rs.32649.69 Lakhs and April 1, 2016 : Rs.42681.62 lakhs) are guaranteed by Dr. M.Manickam, Sri.M.Balasubramaniam and Sri. M.Srinivaasan	

8 Period and amount of continuing default as on the date of Balance Sheet

(Rs. in lakhs)

Particulars	Amount of Default as at 31.03.2018		Period of Default	
	Principal	Interest	Principal	Interest
Asset Reconstruction Company (India) Limited [HDFC Bank Limited]	100.90	596.86	May 16 to Feb 18	May 16 to Feb 18
Asset Reconstruction Company (India) Limited [Canara Bank]	505.70	2022.10	May 16 to Feb 18	May 16 to Feb 18
Asset Reconstruction Company (India) Limited [State Bank of India]	411.99	1660.27	May 16 to Feb 18	May 16 to Feb 18
Asset Reconstruction Company (India) Limited [IDBI Bank]	151.20	911.52	May 16 to Feb 18	May 16 to Feb 18
Asset Reconstruction Company (India) Limited [Indian Overseas Bank]	325.94	1325.31	May 16 to Feb 18	May 16 to Feb 18
Asset Reconstruction Company (India) Limited [Allahabad Bank]	1451.67	1255.03	Apr 13 to Jan 18	Apr 13 to Jan 18
Edelweiss Asset Reconstruction Company Limited [IDFC]	624.00	1548.48	Mar 17 to Dec 17	Mar 17 to Dec 17
Edelweiss Asset Reconstruction Company Limited [OBC]	174.25	1779.86	Mar 17 to Dec 17	Mar 17 to Dec 17

9 Amount of Rs.167.34 Lakhs (March 31,2017 : Rs.208.56 Lakhs and April, 1 2016 : Rs.249.79 Lakhs) related to deferred expenses towards processing charges is netted off against loan.

Nature of Security	Terms of Repayment
<b>A) UNSECURED LOAN FROM BANKS</b> Term loans amounting to Rs.526.74 lakhs (March 31, 2017: Rs.595.14 lakhs and April 1, 2016: Nil)	The Loan is repayable in 24 quarterly instalments commencing from June 2016 Rate of Interest 11.50% p.a (March 31, 2017: 11.50% p.a and April 1, 2016: 11.50% p.a.)
<b>B) UNSECURED LOANS FROM OTHER PARTIES</b> Loan amounting to Rs.2526.01 lakhs (March 31 2017: Rs.2571.51 lakhs and April 1 2016:Rs.1215 lakhs) .	Rs.Nil (March 31, 2017 Rs.45 lakhs and April 1,2016 : Rs.135 lakhs) is repayable in (March 31, 2017:1 and April 1,2016 : 3) half yearly instalment and the balance amount of Rs.2526.51 lakhs (March 31, 2017 :Rs.2571.51 lakhs and April 1,2016 : Rs 1215 lakhs.) to be adjusted by supply of bagasse. Rate of interest 10.50% p.a. (March 31, 2017:10.50% p.a and April 1,2016: 10.50% p.a)



(Rs. in lakhs)

	As at 31.03.2018	As at 31.03.2017	As at 01.04.2016
<b>NOTE No. 21</b>			
<b>OTHER NON-CURRENT FINANCIAL LIABILITIES</b>			
Provision for super annuation contribution	279.21	244.06	252.01
<b>NOTE No. 22</b>			
<b>NON-CURRENT PROVISIONS</b>			
Provision for gratuity	1,609.17	1,462.68	1,354.54
Provision for compensated absence	853.10	953.11	652.32
<b>TOTAL</b>	<b>2,462.27</b>	<b>2,415.79</b>	<b>2,006.86</b>

**NOTE No. 23**

**INCOME TAXES**

**23.1 Tax expense recognized in the Statement of Profit and Loss**

Particulars	Year ended 31.03.2018	Year ended 31.03.2017
<b>(i) Income Tax recognised in Statement of Profit and Loss</b>		
Current tax		
Current Tax on taxable income for the year	--	--
<b>Total current tax expense</b>	--	--
<b>Deferred tax</b>		
Deferred tax charge/(credit)	-7510.12	683.74
MAT Credit (taken)/utilised	--	596.43
Total deferred income tax expense/(savings)	<b>-7510.12</b>	1280.17
Total income tax expense	<b>-7510.12</b>	1280.17
<b>(ii) Income tax recognised in Other Comprehensive Income</b>		
Deferred Tax		
Deferred Tax Expenses on remeasurement of defined benefit plans	<b>-7.20</b>	89.44

**23.2 A reconciliation of the income tax expenses to the amount computed by applying the statutory income tax rate to the profit before income taxes is summarized below:**

Particulars	Year ended 31.03.2018	Year ended 31.03.2017
<b>Enacted income tax rate in India applicable to the Company</b>	34.608%	34.608%
Profit before tax	-25220.38	4315.15
Current tax expenses on Profit before tax expenses at the enacted income tax rate in India	-8728.27	1493.39
<b>Tax effect of the amounts which are not deductible/(taxable) in calculating taxable income</b>		
Effect of expenses that are not deductible in determining taxable profit	1390.89	-118.15
Effect of expenses deductible for tax purpose	--	804.98
Income exempted from income taxes	-172.74	24.35
Total income tax expense/(credit)	1218.15	711.18
Adjustment in respect of current tax of previous year	--	-924.40
	1218.15	-213.22
<b>Total Tax Expenses</b>	<b>-7510.12</b>	1280.17



## NOTES TO FINANCIAL STATEMENTS

23.3 The major components of deferred tax (liabilities)/assets arising on account of timing differences are as follows:

**As at 31.03.2018**

(Rs. in lakhs)

Particulars	Balance sheet 01.04.2017	Profit & Loss 2017-18	OCI 2017-18	Balance sheet 31.03.2018
<b>A. Deferred tax Liabilities:</b>				
Difference between WDV/CWIP of PPE as per books of accounts and income tax	36442.51	-1391.09	--	35051.42
Total deferred tax liabilities (A)	36442.51	-1391.09	--	35051.42
<b>B. Deferred tax assets:</b>				
Carry forward business loss/unabsorbed depreciation	23273.86	1817.19	--	25091.05
43B Disallowances, etc.	115.18	4301.84	--	4417.02
Remeasurement benefit of the defined benefit plans	89.44	--	-7.20	82.24
MAT Credit Entitlement	1249.30	--	--	1249.30
Total deferred tax assets (B)	24727.78	6119.03	-7.20	30839.61
Net deferred tax liabilities (Net) (A-B)	11714.73	-7510.12	7.20	4211.81

**As at 31.03.2017**

Particulars	Balance sheet 01.04.2016	Profit & Loss 2016-17	OCI 2016-17	Balance sheet 31.03.2017
<b>A. Deferred tax liabilities:</b>				
Difference between WDV/CWIP of PPE as per books of accounts and Income Tax	37922.83	-1480.32	--	36442.51
Total deferred tax liabilities (A)	37922.83	-1480.32	--	36442.51
<b>B. Deferred tax assets:</b>				
Carry forward business loss/unabsorbed depreciation	21061.41	2212.45	--	23273.86
43B Disallowances, etc.	4491.69	-4376.51	--	115.18
Remeasurement benefit of the defined benefit plans	--	--	89.44	89.44
MAT Credit Entitlement	1620.66	-371.36	--	1249.30
Reversal of earlier year MAT Credit	--	-225.07	--	--
Total deferred tax assets (B)	27173.76	-2760.49	89.44	24727.78
Net Deferred tax Liabilities (Net) (A-B)	10749.07	1280.17	-89.44	11714.73

**As at 31.03.2018**

**As at 31.03.2017**

**As at 01.04.2016**

### 23.4 Deferred tax assets / (liabilities)

Significant components of deferred tax asset/(liabilities) recognised in the financial statements are follows:

Deferred tax liabilities (net)	<b>5461.11</b>	12964.03	12369.73
Less : MAT credit entitlement	<b>1249.30</b>	1249.30	1620.66
	<b>4211.81</b>	11714.73	10749.07



(Rs. in lakhs)

	As at 31.03.2018	As at 31.03.2017	As at 01.04.2016
<b>NOTE No. 24</b>			
<b>CURRENT BORROWINGS</b>			
(a) Secured loans			
Loan repayable on demand			
From banks	297.00	297.00	5,775.97
Total of secured loans	297.00	297.00	5,775.97
(b) Unsecured loans			
i) Term loans			
From banks	--	--	625.10
From other parties	124.75	226.86	50.00
Total of unsecured loans	124.75	226.86	675.10
ii) Loan from related party (unsecured)	11110.11	10578.33	11445.55
Total of unsecured loans	11,234.86	10,805.19	12,120.65
<b>TOTAL</b>	<b>11,531.86</b>	<b>11,102.19</b>	<b>17,896.62</b>

#### A) UNSECURED LOAN FROM BANKS

Term Loans amounting to Rs. Nil (March 31, 2017 : Rs.Nil and April 1, 2016: Rs.625.10 lakhs)

#### B) SECURED LOANS FROM BANKS

- 1 Working capital loan amounting to Rs.297 lakhs (March 31,2017 : Rs. 297 lakhs and April 1,2016 : Rs.297 lakhs) is secured by the fixed deposit amounting to Rs.330 lakhs held with them.
- 2 Working capital loans amounting to Rs.Nil (March 31, 2017 : Nil and April 1, 2016: Rs.1675.08 lakhs) is secured by
  - a. Pari passu first charge by way of hypothecation of the current assets of the Company, except TANGEDCO receivables.
  - b. Pari passu second charge on the entire movable and immovable properties of the Company, except Sugar and Co-generation Units in Sivaganga and Modakuruchi and other exclusively charged assets.
- 3 Working capital loan (bills discounting facility) amounting to Rs.Nil (March 31, 2017 : Nil and April 1,2016 : Rs.3617.92 lakhs) is secured by
  - a. Exclusive charge on receivables from TANGEDCO against supply of power from cogeneration plants at Sakthinagar, Sivaganga and Modakurichi.
  - b. Pari passu first charge on the Company's corporate office building at Coimbatore
- 4 Working capital loan amounting to Rs.Nil (March 31,2017 : Rs. Nil and April 1, 2016: Rs.185.97 lakhs) is secured by
  - a. Pari passu first charge on the current assets of sugar division (except Modakuruchi), distillery and soya units.
  - b. Pari passu second charge on the immovable & movable assets of the Company's Sakthinagar distillery unit, Dhenkanal sugar and distillery units and soya units.
- 5 The loan under 2 above is further secured by pledge of shares held by promoters in the Company.
- 6 Guarantees given by Directors:
  - a. Working capital loans amounting to Rs.Nil (March 31, 2017 : Rs. Nil and April 1, 2016 : Rs.5293 lakhs) are guaranteed by Dr. M.Manickam, Sri. M. Balasubramaniam and Sri. M. Srinivaasan.
  - b. Working capital loan amounting to Rs.Nil (March 31,2017 : Nil and April 1,2016 : Rs.185.97 lakhs) is guaranteed by Dr. M.Manickam.



## NOTES TO FINANCIAL STATEMENTS

(Rs. in lakhs)

	As at 31.03.2018	As at 31.03.2017	As at 01.04.2016
<b>NOTE No. 25</b>			
<b>TRADE PAYABLE</b>			
Due to Micro and Small Enterprises (Refer Note.45)	<b>189.69</b>	239.16	160.59
<b>Due to Others:-</b>			
Amount due to Related Party	<b>612.39</b>	362.43	736.95
Other Trade Creditors	<b>24,235.11</b>	24,206.83	28,231.79
	<b>24,847.50</b>	24,569.26	28,968.74
<b>TOTAL</b>	<b>25,037.19</b>	24,808.42	29,129.33
<b>NOTE No. 26</b>			
<b>OTHER CURRENT FINANCIAL LIABILITIES</b>			
Current maturities of long term debts	<b>34,817.37</b>	24,766.81	28,607.01
Current maturities of finance lease obligations	<b>23.47</b>	28.98	2.45
Interest accrued but not due on borrowings	<b>2,304.87</b>	2,410.65	116.74
Interest accrued and due on borrowings	<b>25,274.28</b>	12,409.15	19,685.03
Unclaimed matured deposits	--	0.21	0.21
Unclaimed matured debentures	--	0.01	0.23
Expenses payable	<b>765.07</b>	646.54	715.50
Security deposits	<b>1,145.47</b>	1,129.92	1,143.09
<b>TOTAL</b>	<b>64,330.53</b>	41,392.27	50,270.26
<b>NOTE No. 27</b>			
<b>OTHER CURRENT LIABILITIES</b>			
Statutory remittances	<b>816.25</b>	879.85	1,308.44
Advance from customers	<b>2,355.94</b>	2,809.90	3,616.31
Advance from body corporate	<b>898.78</b>	877.93	840.22
Liabilities for capital expenditure	<b>553.52</b>	553.83	586.25
Employee related obligations	<b>760.54</b>	479.28	495.28
Other liabilities	<b>762.07</b>	2,172.01	1,853.08
<b>TOTAL</b>	<b>6,147.10</b>	7,772.80	8,699.58
<b>NOTE No. 28</b>			
<b>CURRENT PROVISIONS</b>			
Provision for gratuity	<b>403.14</b>	379.68	277.35
Provision for compensated absence	<b>155.23</b>	157.15	110.19
<b>TOTAL</b>	<b>558.37</b>	536.83	387.54



(Rs. in lakhs)

	Year Ended As at 31.03.2018	Year Ended As at 31.03.2017
<b>NOTE No. 29</b>		
<b>REVENUE FROM OPERATIONS</b>		
<b>(a) Sale of products (Including excise duty)</b>		
Manufactured goods		
Sugar	32,516.75	61,216.70
Industrial alcohol	4,725.95	12,959.40
Power	1,003.67	5,652.15
Soya products	12,679.87	12,917.53
Bio earth	144.46	347.42
Carbon-di-oxide	2.86	12.56
Fusel oil	1.50	3.38
Magazines	15.89	16.16
Bagasse	1,243.47	2.27
Ash	11.83	27.40
Seeds	0.78	7.51
	52,347.03	93,162.48
Traded goods		
Fertilisers & chemicals	407.06	504.48
Total (a)	52,754.09	93,666.96
<b>(b) Other operating revenues</b>		
Sale of used materials	178.64	163.39
Duty drawback/other export incentive	87.33	67.21
Total (b)	265.97	230.60
TOTAL (a+b)	53,020.06	93,897.56
<b>NOTE No. 30</b>		
<b>OTHER INCOME</b>		
(a) Interest income from financial assets at amortised cost	117.61	957.36
(b) Dividend income from Investments mandatorily measured at FVTPL	16.33	14.53
(c) Other non-operating income		
Rent receipts	91.16	91.37
Net gain on disposal of property, plant and equipment	482.79	55.84
Net gain on investments carried at FVTPL	--	1,250.76
Sundry balances written back	351.50	30.56
Other miscellaneous income	80.25	84.42
	1,005.70	1,512.95
TOTAL	1,139.64	2,484.84



## NOTES TO FINANCIAL STATEMENTS

(Rs. in lakhs)

	Year Ended As at 31.03.2018	Year Ended As at 31.03.2017
<b>NOTE No. 31</b>		
<b>COST OF MATERIAL CONSUMED</b>		
<b>(a) Opening Stock</b>		
Molasses	112.05	460.87
Soyabean seeds & others	795.69	128.02
Soya products	50.42	4.35
Total (a)	958.16	593.24
<b>(b) Purchases</b>		
Sugarcane	18,299.71	51,172.59
Molasses	1,524.88	824.29
Raw sugar	11,269.38	-
Newsprint paper	3.38	3.68
Soyabean seeds & others	10,218.21	10,276.49
Soya products	79.87	-
Total (b)	41,395.43	62,277.05
<b>(c) Closing Stock</b>		
Molasses	524.32	112.05
Soyabean seeds & others	2,166.85	795.69
Soya products	25.45	50.42
Total (c)	2,716.62	958.16
TOTAL (a+b-c)	39,636.97	61,912.13
<b>NOTE No. 32</b>		
<b>PURCHASES OF STOCK IN TRADE</b>		
Fertiliser & chemicals	287.44	429.05
<b>NOTE No 33</b>		
<b>CHANGES IN INVENTORIES OF FINISHED GOODS, WORK-IN-PROGRESS AND STOCK IN TRADE</b>		
<b>(a) Opening Stock</b>		
Finished goods		
Sugar	4,489.56	2,901.92
Molasses	190.34	285.06
Industrial alcohol	913.80	915.80
Ethanol	-	0.07
Soya products	1,117.31	1,660.98
Bagasse	4.25	55.51
Bio earth	39.20	7.55
Fusel oil	0.86	1.74
	6,755.32	5,828.63



## NOTES TO FINANCIAL STATEMENTS

(Rs. in lakhs)

	Year Ended As at 31.03.2018	Year Ended As at 31.03.2017
<b>NOTE No 33 (Contd.)</b>		
Work in progress and stock in trade		
Sugar in process	341.26	565.64
Molasses in process	88.74	146.41
Fertilisers & chemicals	197.13	257.51
	<b>627.13</b>	<b>969.56</b>
Total (a)	<b>7,382.45</b>	<b>6,798.19</b>
(b) Closing Stock		
Finished goods		
Sugar	1,991.71	4,489.56
Molasses	344.18	190.34
Industrial alcohol	1,839.46	913.80
Soya products	1,125.38	1,117.31
Bagasse	18.79	4.25
Bio earth	46.19	39.20
Fusel oil	0.32	0.86
	<b>5,366.03</b>	<b>6,755.32</b>
Work in progress and stock in trade		
Sugar in process	241.77	341.26
Molasses in process	53.82	88.74
Fertilisers & chemicals	166.77	197.13
	<b>462.36</b>	<b>627.13</b>
Total (b)	<b>5,828.39</b>	<b>7,382.45</b>
TOTAL (a-b)	<b>1,554.06</b>	<b>(584.26)</b>
<b>NOTE No. 34</b>		
<b>EMPLOYEE BENEFIT EXPENSES</b>		
Salaries and wages	4,943.95	5,298.13
Contribution to provident funds and other funds	537.60	558.83
Workmen and staff welfare expenses	425.07	563.04
TOTAL	<b>5,906.62</b>	<b>6,420.00</b>
<b>NOTE No. 35</b>		
<b>FINANCE COSTS</b>		
Interest expense on		
Borrowings	14,233.19	12,163.69
Trade payable	478.86	423.11
Other borrowing costs	292.94	1,230.71
Exchange differences regarded as an adjustment to borrowing costs	(10.07)	202.30
TOTAL	<b>14,994.92</b>	<b>14,019.81</b>



## NOTES TO FINANCIAL STATEMENTS

(Rs. in lakhs)

	Year Ended As at 31.03.2018	Year Ended As at 31.03.2017
<b>NOTE No. 36</b>		
<b>DEPRECIATION AND AMORTIZATION EXPENSES</b>		
Depreciation on property, plant and equipment	5,281.69	5,700.47
<b>NOTE No. 37</b>		
<b>OTHER EXPENSES</b>		
<b>Manufacturing Expenses:</b>		
Consumption of stores and spares	1,122.70	2,365.45
Printing and publication charges	47.97	50.22
Power and fuel	1,032.03	1,084.66
Consumption of coal	3,861.09	2,432.24
Water charges	88.97	103.33
Rent	61.61	65.84
Repairs to buildings	210.32	256.98
Repairs to machinery	849.56	2,484.42
Repairs to others	253.06	299.71
Insurance	121.44	112.08
Rates and taxes, excluding taxes on income	368.58	480.38
Effluent disposal expenses	112.40	183.95
State administrative service fees	31.64	114.51
<b>Selling and Distribution Expenses:</b>		
Selling and distribution expenses	14.34	18.85
Freight & transport on finished goods	245.34	257.56
Commission and brokerage	33.11	29.77
<b>Other Administrative Expenses:</b>		
Travelling expenses	202.40	260.25
Printing, postage, telephone & telex	114.61	177.48
Freight and transport	24.70	32.84
Donations	11.75	14.46
Legal and professional charges	48.17	84.52
Excise duty payments & excise duty on stock adjustments	(102.88)	18.02
Administrative and other expenses	283.26	294.21
Provision for expected credit loss on remeasurement	—	1,737.06
R & D expenses	22.10	24.03
Data processing charges	26.37	18.91
Auditor's remuneration	52.09	54.92
Directors sitting fees	6.18	8.27
Loss on sale of fixed assets	105.31	17.90
Loss on sale of used materials	6.13	—
Deferred revenue expenditure written off	—	0.27
Loss on sale of investments	14.02	—
Net loss on Fair Valuation of Investment through Profit and Loss	36.66	—
Irrecoverable advances written off	25.85	1.40
Impairment loss on investments	1.04	—
<b>TOTAL</b>	<b>9,331.92</b>	<b>13,084.49</b>



NOTES FORMING PART OF FINANCIAL STATEMENTS AS AT 31.03.2018

38 EXCEPTIONAL ITEMS

(Rs. in lakhs)

Particulars	2017-18	2016-17
Remission of Interest	--	-10173.94
Reversal of Remission of Interest	2249.33	--
	2249.33	-10173.94

Asset Reconstruction Company (India) Limited (ARCIL), which had acquired the loan portfolios in respect of the Company from Canara Bank, State Bank of India, HDFC, IOB and IDBI, vide their letter dated 22nd April 2016 restructured the exposures granting remission of liability of Rs.101.74 crores. The same is disclosed under "Exceptional Items" in the Statement of Profit and Loss relating to the previous financial year.

Edelweiss Asset Reconstruction Company Limited (Edelweiss), which had acquired the loan portfolios from IDFC and OBC, vide their letter dated 11th February 2016 restructured the exposures granting remission of liability of Rs.22.49 crores. However, due to delay in servicing of the loans, they have revoked the remission granted earlier. The same is disclosed under "Exceptional Items" in the Statement of Profit and Loss for the financial year ended 31.3.2018.

39 ASSETS CLASSIFIED AS HELD FOR SALE

The Company intends to dispose off, certain non-core assets (Land and Building) it no longer requires, in the next 12 months. A search for buyers is underway and no impairment loss is recognised as the fair value (estimated based on market price) less costs to sell is higher than the carrying amount.

Investment amounting to Rs.15157.86 Lakhs in the associate company (SACL) has been reclassified under 'held for sale'. On reclassification the related investment has been measured at lower of carrying amount and fair value less cost to sell.

40 CONTINGENT LIABILITIES AND COMMITMENTS

(Rs. in lakhs)

a. CONTINGENT LIABILITIES

Particulars	31.03.2018	31.03.2017	01.04.2016
<b>Claims against the Company not acknowledged as debts:-</b>			
a. Income tax matters	4367.30	4457.51	6109.58
b. Purchase tax/sales tax matters	2420.94	2420.94	2420.94
c. Cane price (refer Note. 40.1)	9851.68	11325.46	6655.74
d. Differential price of levy sugar	1858.10	1767.86	1677.62
e. Others	7198.83	6714.11	7898.43

b. CONTINGENT LIABILITIES ON ACCOUNT OF GUARANTEES

Particulars	31.03.2018	31.03.2017	01.04.2016
<b>a. Corporate guarantee given to erstwhile foreign subsidiary</b>			
i. Guarantee amount	--	27699.04	30038.20
ii. Outstanding amount	--	33090.41	34567.51
<b>b. Guarantees issued by bankers</b>	2.75	8.08	72.78
<b>c. Corporate guarantee given for loans to Associate</b>			
i. Guarantee amount	11200.00	11200.00	11200.00
ii. Outstanding amount	2822.59	4247.56	5689.37

c. COMMITMENTS

Particulars	31.03.2018	31.03.2017	01.04.2016
Estimated amount of contracts remaining to be executed on capital account and not provided for			
Towards Property, Plant and Equipment	7.27	28.87	34.15



40.1 The sugarcane price for crushing season 2013-14 notified by the State Government over and above FRP announced by the Central Government is disputed and the writ petition filed by the Association in High Court is pending for disposal. The differential price on this account is Rs.9851.62 lakhs for the seasons from 2013-14 to 2017-18 (Upto 31st March 2018).

#### 41 GOING CONCERN ASSUMPTIONS

The financial statement of the Company has been prepared on going concern basis as in the opinion of the Board of Directors at the time of their approval, there is a reasonable expectation that the Company will continue its operations for a foreseeable future. The Directors have examined the following points in order to ascertain the validity of going concern assumption.

- The Company has incurred a loss before tax of Rs. 25220.38 lakhs during the financial year ended March 31, 2018 against a profit before tax of Rs. 4315.15 lakhs for the previous year ended March 31, 2017 and as on 31st March 2018 the Company's accumulated losses amounted to Rs. 16183.79 lakhs. Further as at the end of the financial year under review, Company's current liabilities exceed the current assets by Rs. 62907.43 lakhs.
- The Company has defaulted in repayment of its dues to financial institutions and banks of an amount of Rs. 17738.10 lakhs towards principal and Rs. 20632.51 lakhs towards interest.

The Company has initiated steps for disposal of certain Investments and non-core assets, restructuring of dues to lenders/creditors, rationalization of operation, etc. Taking into consideration of the steps initiated, your directors have prepared the financial statements of the Company on going concern basis.

#### 42 EXPENDITURE ON RESEARCH AND DEVELOPMENT

##### REVENUE EXPENDITURE

(Rs. in lakhs)

Particulars	31.03.2018	31.03.2017
(i) Revenue expenses (excluding depreciation and fixed assets scrapped):		
a. Employee cost	17.20	15.95
b. Stores and spares	0.05	0.31
c. Materials consumed	2.39	1.23
d. Others	5.60	6.92
	<u>25.24</u>	<u>24.41</u>
Less : Sale of agri products	3.14	0.38
Net revenue expenses on Research and Development	<u>22.10</u>	<u>24.03</u>
(ii) Fixed assets additions in R & D centre made during the year	--	--

#### 43 INVESTMENT IN ASSOCIATE

These Financial statements are separate financial statements prepared in accordance with Ind AS-27 Separate Financial Statement.

The Company's investment in Associate is as under:

Name of the Associate	Country of Incorporation	Portion of Ownership interest as at 31.03.2018	Portion of Ownership interest as at 31.03.2017	Portion of Ownership interest as 01.04.2016	Method used to account for the Investment
Sakthi Auto Component Ltd	India	22.67%	25.93%	25.93%	At cost

#### 44 AUDITORS' REMUNERATION :

Particulars	31.03.2018	31.03.2017
Statutory audit fee	24.00	21.00
Other services	26.40	26.26
Reimbursement of expenses	0.78	0.56
Service tax	0.91	7.10
	<u>52.09</u>	<u>54.92</u>



- 45 Disclosure under the Micro, Small and Medium Enterprises Development Act, 2006 are provided as under for the year 2017-18, to the extent the Company has received intimation from the "Suppliers" regarding their status under the Act.

(Rs. in lakhs)

Particulars	31.03.2018	31.03.2017	01.04.2016
(i) Principal amount and the interest due thereon remaining unpaid to each supplier at the end of each accounting year (but within due date as per the MSMED Act)			
Principal amount due to micro and small enterprise	189.69	239.16	160.59
Interest due on above	--	--	--
(ii) Interest paid by the Company in terms of Section 16 of the Micro, Small and Medium Enterprises Development Act, 2006, along-with the amount of the payment made to the supplier beyond the appointed day during the period	--	--	--
(iii) Interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the period) but without adding interest specified under the Micro, Small and Medium Enterprises Act, 2006	--	--	--
(iv) The amount of interest accrued and remaining unpaid at the end of each accounting year	--	--	--
(v) Interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprises	--	--	--

Dues to Micro and Small Enterprises have been determined to the extent such parties have been identified on the basis of information collected by the Management. This has been relied upon by the auditors.

46 **A. DISCLOSURE AS PER REGULATION 34(3) OF SEBI (LISTING OBLIGATIONS AND DISCLOSURE REQUIREMENTS) REGULATIONS**

Loans and advances in the nature of loans given to subsidiaries, associates and others and investment in shares of the Company by such parties:

Name of the Party	Relationship	Amount as at 31.03.2018	Amount as at 31.03.2017	Maximum balance outstanding during the year 31.03.2018	Maximum balance outstanding during the year 31.03.2017
Sakthi Auto Component Limited	Associate	2263.93 Dr. (7603.45) Dr.	7603.45 Dr. (15432.40) Dr.	7603.45 (15432.40)	15432.40 (15675.34)

The above loan was given to the associate for its business activities (Refer Note 50). Figures in bracket refer to amount as at 1st April, 2017.

**B. DISCLOSURE AS PER SECTION 186 OF THE COMPANIES ACT, 2013**

The Company has not given any loan, guarantee or made any investment under Section 186 of the Companies Act, 2013 read with the Companies (Meetings of Board and its Powers) Rules, 2014 during the Financial year ended 31.03.2018.

47 **EMPLOYEE BENEFITS**

**A. Defined contribution plans**

The Company makes Provident Fund, Superannuation Fund and Employee State Insurance Scheme contributions which are defined contribution plans, for qualifying employees. Under the Schemes, the Company is required to contribute a specified percentage of the payroll costs to fund the benefits. The Company recognised Rs.307.52 Lakhs (year ended March 31, 2017: Rs.327.52 lakhs) for Provident Fund contributions, Rs.46.85 Lakhs (year ended March 31, 2017: Rs.31.36 lakhs) for Superannuation Fund contributions and Rs.12.73 Lakhs (year ended March 31, 2017: Rs.8.94 lakhs) for Employee State Insurance Scheme contributions in the Statement of Profit and Loss for the financial year ended 31st March 2018. The contributions payable to these plans by the Company are at rates specified in the rules of the Schemes.



**B. Defined benefit plans : Gratuity**

In respect of Gratuity plan, the most recent actuarial valuation of the plan assets and the present value of the defined benefit obligation were carried out as at March 31, 2018 by Mr.Srinivasan Nagasubramanian, Fellow of the Institute of Actuaries of India. The present value of the defined benefit obligation, and the related current service cost and past service cost, were measured using the projected unit cost method. The following table sets forth the status of the Gratuity Plan of the Company and the amount recognised in the Balance Sheet and Statement of Profit and Loss. The Company provides the gratuity benefit through annual contributions to a fund managed by the Life Insurance Corporation of India (LIC).

The Company is exposed to various risks in providing the above gratuity benefit which are as follows:

**Interest rate risk :** The plan exposes the Company to the risk of fall in interest rates. A fall in interest rates will result in an increase in the ultimate cost of providing the above benefit and will thus result in an increase in the value of the liability (as shown in financial statements).

**Investment risk :** The probability or likelihood of occurrence of losses relate to the expected return on any particular investment.

**Salary escalation risk :** The present value of the defined benefit plan is calculated with the assumption of salary increase rate of plan participants in future. Deviation in the rate of increase of salary in future for plan participants from the rate of increase in salary used to determine the present value of obligation will have a bearing on the plan's liability.

**Demographic risk :** The Company has used certain mortality and attrition assumptions in valuation of the liability. The Company is exposed to the risk of actual experience turning out to be worse compared to the assumption.

(Rs. in lakhs)

Particulars	Gratuity Funded	
	2017-18	2016-17
<b>Present Value of obligations at the beginning of the year</b>	<b>2039.19</b>	<b>1875.38</b>
Current service cost	108.26	102.05
Interest Cost	155.18	143.59
Re-measurement (gains)/losses:		
- Actuarial gains and losses arising from experience adjustment	29.36	79.09
Benefits paid	-199.08	-160.92
<b>Present Value of obligations at the end of the year</b>	<b>2132.91</b>	<b>2039.19</b>
<b>Changes in the fair value of planned assets</b>		
Fair value of plan assets at beginning of year	<b>196.84</b>	<b>243.49</b>
Interest Income	12.19	17.01
Return on plan assets	0.63	-1.84
Contributions from the employer	110.03	99.10
Benefits paid	-199.08	-160.92
<b>Fair Value of plan assets at the end of the year</b>	<b>120.61</b>	<b>196.84</b>
<b>Amounts recognised in the Balance Sheet</b>		
Projected benefit obligation at the end of the year	2132.91	2039.19
Fair value of plan assets at end of the year	120.61	196.84
<b>Funded status of the plans – Liability recognised in the balance sheet</b>	<b>2012.30</b>	<b>1842.35</b>
<b>Components of defined benefit cost recognised in Profit or Loss</b>		
Current service cost	108.26	102.05
Net interest expense	142.99	126.58
<b>Net Cost in Profit or Loss</b>	<b>251.25</b>	<b>228.63</b>
<b>Components of defined benefit cost recognised in Other Comprehensive Income</b>		
Re-measurement on the net defined benefit liability:		
- Actuarial gains and losses arising from change in financial assumption	29.36	79.09
- Actuarial gains and losses arising from experience adjustment	--	--
Return on plan assets	0.63	-1.84
<b>Net Cost in Other Comprehensive Income</b>	<b>29.99</b>	<b>77.25</b>



## NOTES TO FINANCIAL STATEMENTS

(Rs. in lakhs)

Particulars	31.03.2018	31.03.2017
<b>Assumptions:</b>		
Discount rate	8.00%	8.00%
Expected rate of salary increases	5.00%	5.00%
Expected rate of attrition	3.00%	3.00%
Average age of members	46.24	45.87
Average remaining working life	11.76	12.13
Mortality (IALM (2006-2008) Ultimate)	100%	100%

The Company has invested the plan assets with the insurer managed funds. The insurance company has invested the plan assets in Government Securities, Debt Funds, Equity shares, Mutual Funds, Money Market Instruments and Time Deposits. The expected rate of return on plan asset is based on expectation of the average long term rate of return expected on investments of the fund during the estimated term of the obligation.

Significant actuarial assumptions for the determination of the defined benefit obligation are discount rate, expected salary increase and mortality. The sensitivity analysis below have been determined based on reasonably possible changes of the assumptions occurring at the end of the reporting period, while holding all other assumptions constant. The results of sensitivity analysis is given below:

(Rs. in lakhs)

Particulars	31.03.2018	31.03.2017
Discount rate		
+ 100 Basic Points	2039.81	1947.78
- 100 Basic Points	2236.20	2140.69
Salary growth rate		
+ 100 Basic Points	2237.27	2141.38
- 100 Basic Points	2037.20	1945.48
Attrition rate		
+ 100 Basic Points	2144.91	2051.15
- 100 Basic Points	2119.88	2026.26
Mortality rate		
+ 10% up	2133.51	2039.80

Sensitivity analysis presented above may not be representative of the actual change in the defined benefit obligation as it is unlikely that the change in assumptions would occur in isolation of one another as some of the assumptions may be correlated.

Furthermore, in presenting the above sensitivity analysis, the present value of the defined benefit obligation has been calculated using the projected unit credit method at the end of the reporting period, which is the same as that applied in calculating the defined benefit obligation liability recognised in the balance sheet.

There was no change in the methods of assumptions used in preparing the sensitivity analysis from prior years.

The Company has purchased insurance policy, which is basically a year-on-year cash accumulation plan in which the interest rate is declared on yearly basis and is guaranteed for a period of one year. The insurance Company, as part of the policy rules, makes payment of all gratuity outgoes happening during the year (subject to sufficiency of funds under the policy). The policy, thus, mitigates the liquidity risk. However, being a cash accumulation plan, the duration of assets is shorter compared to the duration of liabilities. Thus, the Company is exposed to movement in interest rate (in particular, the significant fall in interest rates, which should result in increase in liability without corresponding increase in the asset)



Expected contributions to the plan for the next annual periods is given below:

(Rs. in lakhs)

Particulars	31.03.2018	31.03.2017
Year - I - 31.03.2019	287.77	313.69
Year - II - 31.03.2020	175.26	159.37
Year - III - 31.03.2021	206.16	147.50
Year - IV - 31.03.2022	131.27	179.72
Year - V - 31.03.2023	206.28	113.38

**C. Note on Provident Fund:**

With respect to employees, who are covered under Provident Fund Trust administered by the Company, the Company shall make good deficiency, if any, in the interest rate declared by Trust over statutory limit. Having regard to the assets of the Fund and the return on the investments, the Company does not expect any deficiency in the foreseeable future.

**D. Long Term Compensated Absence**

The assumption used for computing the long term accumulated compensated absences on actuarial basis are as follows.

Particulars	2017-18	2016-17
Discount rate	7.70%	7.34%
Attrition rate	3.00%	3.00%
Expected rate of salary increase	8.00%	8.00%

**48 EARNINGS PER SHARE:**

Particulars	Year ended 31.03.2018	Year ended 31.03.2017
Basic earnings per share (Rs.)	-14.89	2.67
Diluted earnings per share (Rs.)	-14.89	2.67

**48.1 Basic Earnings per share**

The earnings and weighted average number of equity shares used in the calculation of basic earnings per share are as follows.

Particulars	Year ended 31.03.2018	Year ended 31.03.2017
Profit after taxation (Rs.in lakhs)	-17710.26	3034.98
Earnings used in the calculation of basic earnings per share	-17710.26	3034.98
Number of equity shares of Rs.10 each outstanding at the beginning of the year	118849036	96213279
Add: Equity shares issued/allotted during the year	--	22635757
Revised number of equity shares of Rs. 10 each outstanding at the beginning of the year	118849036	118849036
(a) Number of equity Shares of Rs.10 each outstanding at the end of the year	118849036	118849036
(b) Weighted average number of equity shares	118849036	113639711

**48.2 Diluted Earnings per share**

The earnings and weighted average number of equity shares used in the calculation of diluted earnings per share are as follows.

Particulars	Year ended 31.03.2018	Year ended 31.03.2017
Earnings used in the calculation of basic earnings per share	-17710.26	3034.98
Adjustments	--	--
Earnings used in the calculation of diluted earnings per share	-17710.26	3034.98



The weighted average number of equity shares for the purposes of diluted earnings per share reconciles to the weighted average number of equity shares used in the calculation of basic earnings per share as follows:

Particulars	Year ended 31.03.2018	Year ended 31.03.2017
Weighted average number of equity shares used in the calculation of basic earnings per share	118849036	113639711
Adjustments	--	--
Weighted average number of equity shares used in the calculation of diluted earnings per share	118849036	113639711

#### 49 FINANCIAL INSTRUMENT

##### 49.1 Capital Management

The Company manages its capital to ensure that the Company will be able to continue as a going concern while maximising the return to stakeholders through the optimisation of the debt and equity balance.

The capital structure of the Company consists of net debt and total equity of the Company.

##### 49.2 Gearing Ratio

The gearing ratio at the end of the reporting period was as follows.

(Rs. in lakhs)

Particulars	As at March 31, 2018	As at March 31, 2017	As at April 01, 2016
Debt	91877.30	91988.57	114433.00
Cash and Cash Equivalent	(1495.23)	(1785.42)	(1959.92)
<b>Net Debt</b>	<b>90382.07</b>	<b>90203.15</b>	<b>112473.08</b>
Total Equity	25838.81	43535.45	34557.83
<b>Net Debt to Equity Ratio</b>	<b>3.50</b>	<b>2.07</b>	<b>3.25</b>

##### 49.3 Category-wise Classification of Financial Instruments

Particulars	Non-Current			Current		
	As at 31.03.2018	As at 31.03.2017	As at 01.04.2016	As at 31.03.2018	As at 31.03.2017	As at 01.04.2016
<b>Financial Assets measured at Fair Value Through Profit &amp; Loss [FVTPL]</b>						
Investment in quoted equity instruments	390.43	386.99	247.09	776.47	2630.60	1392.00
Investment in unquoted equity instruments	35.76	35.76	163.48	--	--	--
	426.19	422.75	410.57	776.47	2630.60	1392.00
<b>Financial assets measured at Amortised Cost</b>						
Investments	646.19	16055.09	16055.09	--	--	--
Trade receivables	5867.83	5320.03	6177.56	984.90	2225.98	12037.90
Loans	107.41	107.83	117.03	2337.37	7645.72	15464.34
Cash and cash equivalents	--	--	--	1495.23	1785.42	1959.92
Other balances with banks	--	--	--	96.67	27.95	83.61
Other financial assets	653.05	208.90	167.44	2733.86	2803.06	1582.97
	7274.48	21691.85	22517.12	7648.03	14488.13	31128.74
<b>Total</b>	<b>7700.67</b>	<b>22114.60</b>	<b>22927.69</b>	<b>8424.50</b>	<b>17118.73</b>	<b>32520.74</b>
<b>Financial Liabilities measured at Amortised Cost</b>						
Borrowings	45504.60	56090.59	67926.92	11531.86	11102.19	17896.62
Trade payables	--	--	--	25037.19	24808.42	29129.33
Other financial liabilities	279.21	244.06	252.01	64330.53	41392.27	50270.26
<b>Total</b>	<b>45783.81</b>	<b>56334.65</b>	<b>68178.93</b>	<b>100899.58</b>	<b>77302.88</b>	<b>97296.21</b>



#### 49.4 Fair Value Measurements

The following table provides the fair value measurement hierarchy of the Company's Financial Assets and Liabilities:

##### 49.4.1 Quoted prices in an active market (Level 1):

This level of hierarchy includes financial assets that are measured by reference to quoted prices (unadjusted) in active markets for identical assets or liabilities. This category consists of investment in quoted equity shares, and mutual fund investments.

##### 49.4.2 Valuation techniques with observable inputs (Level 2):

This level of hierarchy includes financial assets and liabilities, measured using inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices). This level of hierarchy includes Company's over-the-counter (OTC) derivative contracts.

##### 49.4.3 Valuation techniques with significant unobservable inputs (Level 3):

Valuation techniques with significant unobservable inputs (Level 3): This level of hierarchy includes financial assets and liabilities measured using inputs that are not based on observable market data (unobservable inputs). Fair values are determined in whole or in part, using a valuation model based on assumptions that are neither supported by prices from observable current market transactions in the same instrument nor are they based on available market data.

##### 49.4.4 As at March 31, 2018

(Rs. in lakhs)

Particulars	Fair Value as at 31.03.2018	Fair Value Hierarchy		
		Level 1	Level 2	Level 3
Financial Assets measured at Fair Value through Statement of Profit and Loss [FVTPL]				
Investment in quoted equity instruments	1166.90	1166.90	--	--
Investment in unquoted equity instruments	681.95	--	--	681.95

##### 49.4.5 As at March 31, 2017

Particulars	Fair Value as at 31.03.2017	Fair Value Hierarchy		
		Level 1	Level 2	Level 3
Financial Assets measured at Fair Value through Statement of Profit and Loss [FVTPL]				
Investment in quoted equity instruments	3017.59	3017.59	--	--
Investment in unquoted equity instruments	16090.85	--	--	16090.85

##### 49.4.6 As at April 01, 2016

Particulars	Fair Value as at 01.04.2016	Fair Value Hierarchy		
		Level 1	Level 2	Level 3
Financial Assets measured at Fair Value through Statement of Profit and Loss [FVTPL]				
Investment in quoted equity instruments	1639.09	1639.09	--	--
Investment in unquoted equity instruments	16218.57	--	--	16218.57

##### 49.4.7 Financial Instrument measured at Amortised Cost:

The carrying amount of financial assets and financial liabilities measured at amortised cost in the financial statements are a reasonable approximation of their fair values since the Company does not anticipate that the carrying amounts would be significantly different from the values that would eventually be received or settled.

#### 49.5 Financial Risk Management Objectives

The Company's corporate finance department provides services to business, co-ordinates access to domestic and international financial markets, monitors and manages the financial risks relating to the operations of the Company through internal risk reports which analyse the exposures by degree and magnitude of risks. These risks include market risk (including currency risk, interest rate risk and other price risk), credit risk and liquidity risk.



The Company seeks to minimize the effects of these risks by using derivative financial instruments to hedge risk exposures. The use of financial derivatives is governed by the Company's policies approved by the Board of Directors, which provide written principles on foreign exchange risk, interest rate risk, credit risk, the use of financial derivatives and non-derivative financial instruments, and the investment of excess liquidity. Compliance with policies and exposure limits is reviewed by the Management and the internal auditors on a continuous basis. The Company does not enter into or trade financial instruments, including derivatives for speculative purposes.

The corporate treasury function reports quarterly to the Company's risk management committee, an independent body that monitors risks and policies implemented to mitigate risk exposures.

#### 49.5.1 Market Risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risks: interest rate risk, currency risk and other price risk. Financial instruments affected by market risk includes borrowings, investments, trade payables, trade receivables, loans and derivative financial instruments.

#### 49.5.2 Foreign Currency Exchange Rate Risk

The fluctuation in foreign currency exchange rates may have potential impact on the income statement and equity, where any transaction references more than one currency. The Company evaluates the impact of foreign exchange rate fluctuations by assessing its exposure to exchange rate risks.

#### 49.5.3 Credit Risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Company's receivables from customers and investment securities. Credit risk arises from cash held with banks and financial institutions, as well as credit exposure to clients, including outstanding accounts receivable. The maximum exposure to credit risk is equal to the carrying value of the financial assets. The objective of managing counterparty credit risk is to prevent losses in financial assets. The Company assesses the credit quality of the counterparties, taking into account their financial position, past experience and other factors.

#### 49.5.4 Credit Risk Management

The Company does not have significant credit risk exposure to any single counterparty. Concentration of credit risk related to the above mentioned company did not exceed 10% of gross monetary assets at any time during the year. Concentration of credit risk to any other counterparty did not exceed 10% of gross monetary assets at any time during the year.

The Company's exposure to credit risk is influenced mainly by the individual characteristics of each customer. The demographics of the customer, including the default risk of the industry and country in which the customer operates, also has an influence on credit risk assessment.

#### 49.5.5 Liquidity Risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they become due. The Company manages its liquidity risk through credit limits with banks.

The Company's corporate treasury department is responsible for liquidity, funding as well as settlement management. In addition, processes and policies related to such risks are overseen by senior management.

The liquidity position of the Company is given below:

(Rs. in Lakhs)

Particulars	As at March 31, 2018	As at March 31, 2017	As at April 01, 2016
Cash and Cash Equivalents	1495.23	1785.42	1959.92



The table below provides details regarding the contractual maturities of significant financial liabilities as at March 31, 2018, March 31, 2017 and April 1, 2016:

(Rs. in lakhs)

Particulars	As at	Less than 1 Year	1-2 Years	2 Years and above
Borrowings	March 31, 2018	46372.80	12066.20	33700.53
	March 31, 2017	35897.98	12172.75	44264.26
	April 01, 2016	46506.08	21967.85	46389.77
Trade Payables	March 31, 2018	25037.17	--	--
	March 31, 2017	24808.42	--	--
	April 01, 2016	29129.33	--	--
Other financial liabilities	March 31, 2018	29768.90	--	--
	March 31, 2017	16840.54	--	--
	April 01, 2016	21912.81	--	--

#### 49.5.6 Foreign Currency Sensitivity Analysis

The Company is mainly exposed to the currency USD on account of outstanding trade receivables, trade payables and FCCB in USD.

The following table details the Company's sensitivity to a 5% increase and decrease in INR against the USD. 5% is the sensitivity rate used when reporting foreign currency risk internally to key management personnel and represents management's assessment of the reasonably possible change in foreign exchange rates. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the period end for a 5% change in foreign currency rates. A positive number below indicates an increase in profit or equity where the INR strengthens 5% against the relevant currency. For a 5% weakening of the INR against the relevant currency, there would be a comparable impact on the profit or equity, and the balances below would be negative.

Particulars	Year Ended 31.03.2018	Year Ended 31.03.2017
Impact on Profit or (Loss) for the year	207.53	204.28

#### 49.5.7 Interest Rate Risk

Interest rate risk is measured by using the cash flow sensitivity for changes in variable interest rates. Any movement in the reference rates could have an impact on the Company's cash flows as well as costs. The Company is subject to variable interest rates on some of its interest bearing liabilities. The Company's interest rate exposure is mainly related to debt obligations.

#### 49.5.8 Interest Rate Sensitivity Analysis

If interest rates had been 1% higher and all other variables were held constant, the company's profit for the year ended would have impacted in the following manner:

Particulars	Year Ended 31.03.2018	Year Ended 31.03.2017
Impact on Profit or (Loss) for the year	69.14	63.05

**50 INFORMATION ON RELATED PARTY TRANSACTIONS AS REQUIRED BY Ind AS- 24 - 'RELATED PARTY DISCLOSURES' FOR THE YEAR ENDED 31.03.2018.****50.1 Name of Related Parties and nature of relationship:**

Holding Company	ABT Investments (India) Pvt Ltd
Associates	Sakthi Auto Component Limited Sakthi Finance Limited Sri Chamundeswari Sugars Limited
Key Management Personnel (KMP)	Executive Directors:- Sri M Manickam, Executive Chairman Sri M Balasubramanian, Managing Director Sri M Srinivaasan, Joint Managing Director Sri V K Swaminathan, Executive Director  Non-Executive Directors:- Sri N K Vijayan, Independent Director Sri S S Muthuvelappan, Independent Director Sri P K Chandran, Independent Director Sri S Chandrasekar, Independent Director Sri S Balasubramanian, Independent Director Sri K V Ramachandran, Independent Director Smt Priya Bhansali, Independent Director Sri Jigar Dalal, Independent Director  Executive Officer:- Sri S Baskar, Chief Financial Officer & Company Secretary
Relatives of KMP	There have been no transactions with relatives of Key Management Personnel.
Other entities over which there is a significant influence	ABT Limited ABT (Madras) Pvt Ltd ABT Industries Limited ABT Info Systems Pvt.Limited ABT Foods Limited ABT (Madurai) Pvt Ltd ABT Two Wheelers Pvt Ltd Anamallais Bus Transport Pvt. Limited The Anamallais Retreading Company Pvt Ltd Chamundeswari Enterprises Pvt Ltd Nachimuthu Industrial Association Sakthi Coffee Estates (P) Ltd. ABT Textiles (P) Ltd Anamallais Retreading Corporation N.Mahalingam & Company Sakthi Automobiles The Gounder & Co.

Note : Related party relations are as identified by the management and relied upon by the auditors



50.2 Transaction with Related Parties:

50.2.1 Key management personnel compensation

(Rs. in lakhs)

Particulars	Year Ended 31.03.2018	Year Ended 31.03.2017
Employee share-based payment	--	--
Short-term employee benefits	33.85	25.96
Post-employment benefits	--	--
<b>Total Compensation</b>	<b>33.85</b>	<b>25.96</b>
Remuneration / sitting fees to Non-Executive and Independent Directors	6.18	8.27

50.2.2 Details of Related Party transactions during the year ended 31st March, 2018 and Balances Outstanding as at 31.03.2018:

Nature of transactions	Holding Company	Associate	Key Management Personnel	Enterprises in which KMP/ relatives of influence	Total
<b>Purchases:</b>					
Purchase of materials					
- Sakthi Auto Component Limited		4.29 (2.98)			4.29 (2.98)
<b>Purchase of Fuel</b>					
- N. Mahalingam & Co.				20.62 (69.75)	20.62 (69.75)
<b>Purchase of Milk</b>					
- ABT Industries Ltd				4.92 (7.98)	4.92 (7.98)
<b>Sales:</b>					
Sale of materials					
- Sakthi Auto Component Limited		4.43 (--)			4.43 (--)
- N. Mahalingam & Co.				1.65 (1.84)	1.65 (1.84)
- ABT Foods Ltd				1.71 (--)	1.71 (--)
<b>Sale of Assets</b>					
- Sakthi Auto Component Limited		-- (161.83)			-- (161.83)
<b>Sale of Car/Bus</b>					
- Sakthi Auto Component Limited		1.28 (--)			1.28 (--)
- ABT Ltd. - Maruti				1.24 (4.40)	1.24 (4.40)
<b>Sale of Sugar</b>					
- ABT Industries Ltd				8.73 (6.38)	8.73 (6.38)
- Nachimuthu Industrial Association				0.57 (--)	0.57 (--)



## NOTES TO FINANCIAL STATEMENTS

(Rs. in lakhs)

Nature of transactions	Holding Company	Associate	Key Management Personnel	Enterprises in which KMP/ relatives of influence	Total
<b>Rendering of services:</b>					
<b>Rent and other receipts</b>					
- Sakthi Auto Component Limited		6.72			6.72
		(--)			(--)
- ABT Limited				10.89	10.89
				(14.09)	(14.09)
<b>Technical Service Charges Receipts</b>					
- ABT Industries Ltd				18.19	18.19
				(16.85)	(16.85)
<b>Advertisement Receipts</b>					
- Sakthi Finance Limited		3.60			3.60
		(3.60)			(3.60)
- Sri Chamundeswari Sugars Limited		2.40			2.40
		(2.40)			(2.40)
- N. Mahalingam & Co.				4.80	4.80
				(4.80)	(4.80)
- ABT Limited				3.60	3.60
				(3.60)	(3.60)
- ABT Industries Limited				3.60	3.60
				(3.60)	(3.60)
- NIA (MCET)				3.60	3.60
				(3.60)	(3.60)
- ABT Industries Ltd-Dairy Division				1.80	1.80
				(1.80)	(1.80)
- ARC Retreading Co P Ltd				1.80	1.80
				(1.80)	(1.80)
<b>Receiving of services:</b>					
<b>Interest payments</b>					
- ABT Limited		--		1,076.26	1,076.26
		(58.56)		(1,165.71)	(1,224.27)
<b>Printing charges</b>					
- Rukmani Offset Press				22.17	22.17
				(13.39)	(13.39)
<b>Rent payments</b>					
- ABT Limited				14.07	14.07
				(13.79)	(13.79)
<b>Vehicle purchase/maintenance</b>					
- ABT Limited				2.90	2.90
				(27.32)	(27.32)
- ABT Industries Ltd				1.45	1.45
				(3.23)	(3.23)



## NOTES TO FINANCIAL STATEMENTS

(Rs. in lakhs)

Nature of transactions	Holding Company	Associate	Key Management Personnel	Enterprises in which KMP/ relatives of influence	Total
- ARC Retreading Co. P. Ltd				0.33 (2.24)	0.33 (2.24)
- Gounder & Co.				-- (1.19)	-- (1.19)
- N. Mahalingam & Co.				-- (4.73)	-- (4.73)
<b>Transport charges</b>					
- ABT Ltd. - Parcel Service				346.30 (226.49)	346.30 (226.49)
<b>Purchase of computer consumables</b>					
- ABT Ltd. - Infonet				28.89 (25.23)	28.89 (25.23)
<b>Balances outstanding at the end of the year</b>					
Key Managerial Personnel					
- Sri M Manickam, Executive Chairman			11.81 (12.28)		11.81 (12.28)
<b>Loans and advances</b>					
- Sakthi Auto Component Limited		2,263.93 (7,603.45)			2,263.93 (7,603.45)
- Sakthi Finance Limited		0.46 (0.96)			0.46 (0.96)
- Sri Chamundeswari Sugars Limited		0.62 (1.17)			0.62 (1.17)
- ABT Industries Limited				4.14 (7.40)	4.14 (7.40)
- Sakthi Beverages Limited				0.40 (0.40)	0.40 (0.40)
- Dr.Mahalingam College of Engg.				8.00 (5.64)	8.00 (5.64)
- ABT Limited				36.62 (36.30)	36.62 (36.30)
- N.Mahalingam & Co.,				0.21 (0.11)	0.21 (0.11)
- Sakthi Finance Financial Services				0.06 (--)	0.06 (--)
- ARC Retreading Company				1.54 (1.19)	1.54 (1.19)
- Sri Bagavathi Textiles				-- (1.17)	-- (1.17)
- Sakthi Automobiles				0.30 (0.30)	0.30 (0.30)



## NOTES TO FINANCIAL STATEMENTS

(Rs. in lakhs)

Nature of transactions	Holding Company	Associate	Key Management Personnel	Enterprises in which KMP/ relatives of influence	Total
<b>Loans from Body Corporate</b>					
- ABT Investments (India) Limited	400.00				400.00
	(400.00)				(400.00)
- The Anamallais Bus Transports P. Ltd.				1,379.50	1,379.50
				(1,400.00)	(1,400.00)
- ABT Limited				9,330.61	9,330.61
				(1,502.06)	(1,502.06)
<b>Advance from Body Corporate</b>					
- Sri Chamundeswari Sugars Limited		877.93			877.93
		(877.93)			(877.93)
<b>Trade Payables</b>					
- ABT Ltd. - Parcel Service				372.33	372.33
				(321.30)	(321.30)
- ABT Ltd. - Maruti				9.31	9.31
				(10.65)	(10.65)
- ABT Ltd. - Infonet				16.99	16.99
				(0.64)	(0.64)
- ABT Madras Private Limited				27.43	27.43
				(14.61)	(14.61)
- Rukmani Offset Press				20.86	20.86
				(14.74)	(14.74)
- ABT Industries Limited				0.68	0.68
				(0.01)	(0.01)
- ARC Retreading Company				0.12	0.12
				(0.33)	(0.33)
- The Anamallais Bus Transports				184.70	184.70
				(-)	(-)
- N.Mahalingam & Co.				0.82	0.82
				(0.15)	(0.15)

Note:-

- Information has been furnished with respect to individuals/entities with whom/which related party transactions had taken place during the year.
- Figures in bracket pertain to previous year



## 51 SEGMENT REPORTING

### Basis of Segmentation:

Factors used to identify the reportable segments:

The Company has following business segments, which are its reportable segments. These segments offer different products and services, and are managed separately because they require different technology and production processes. Operating segment disclosures are consistent with the information provided to and reviewed by the chief operating decision maker.

Reportable Segment	Products/Service
Sugar	Manufacturing and trading of sugar and its by-products
Industrial alcohol	Manufacturing and trading of industrial alcohol and its by-products
Soya products	Manufacturing and trading of soya and its by-products
Power	Manufacturing and trading of power

Revenue and expenses directly attributable to segments are reported under each reportable segment. Other expenses and income which are not attributable or allocable to segments have been disclosed as net un-allocable expenses/income.

Assets and liabilities that are directly attributable or allocable to segments are disclosed under each reportable segment. All other assets and liabilities are disclosed as un-allocable.

### Inter segment Transfer Pricing:

Inter segment prices are normally negotiated amongst the segments with reference to cost, market prices and business risks, within an overall optimisation objective for the enterprise.

#### 51.1 Operating segments revenue and results:

(Rs. in lakhs)

	Sugar		Industrial Alcohol		Soya Products		Power		Total	
	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017
Revenue (Sales/Income):										
External Customers	34121.01	60532.71	4936.93	13285.26	12680.65	12959.32	1015.50	5678.07	52754.09	92455.36
Inter-segmental Sales	2304.96	11673.75	0.77	1.17	–	–	1931.85	7475.73	4237.58	19150.65
Operating Income	1115.51	392.21	2.23	11.37	153.63	89.21	0.30	--	1271.67	492.79
	37541.48	72598.67	4939.93	13297.80	12834.28	13048.53	2947.65	13153.80	58263.34	112098.80
<b>Operating Profit (+)/ Loss (-)</b>	<b>-7138.99</b>	1006.58	<b>954.78</b>	2394.07	<b>1324.73</b>	92.41	<b>-3191.06</b>	2511.16	<b>-8050.54</b>	6004.22
Interest Income									117.62	957.36
Dividend Income									16.33	14.53
Other Unallocated Expenses/Income (Net)									2,308.86	-11387.91
Finance Cost									14994.92	14019.81
Profit/(Loss) before Tax									-25220.37	4315.15
Less: Income-tax:-										
Current Tax									--	--
Deferred Tax									-7510.12	1280.17
Total Tax									-7510.12	1280.17
<b>Net Profit/Loss after Tax</b>									<b>-17710.26</b>	3034.98
Other Information:-										
Segment Assets	118536.37	88127.95	14457.70	11418.34	13756.71	9323.93	35280.01	36534.64	182030.79	145404.86
Unallocated Corporate Assets									3870.96	20017.74
<b>Total Assets</b>									<b>185901.75</b>	165422.60
Segment Liabilities	50410.63	49699.45	275.62	122.40	1370.77	738.85	12762.96	11979.17	64819.98	62539.87
Unallocated Corporate Liabilities									91031.14	74096.86
<b>Total Liabilities</b>									<b>155851.12</b>	136636.73
Capital Expenditure	185.55	479.49	40.96	167.20	14.84	27.18	481.39	55.90	722.74	729.77
Depreciation & Amortization	3302.53	5445.96	741.83	606.75	367.01	532.43	870.32	2368.85	5281.69	8953.99



51.2 Geographical information

(Rs. in lakhs)

Country	2017-18	2016-17
India	56385.74	110602.93
Korea	823.76	641.77
Malaysia	94.73	104.05
Philippines	31.94	89.18
Turkey	30.64	36.22
Vietnam	549.51	624.65
Total	57916.32	112098.80

51.3 Non-current assets of the Company except Rs.5302.26 Lakhs are located in India.

51.4 There is no transactions with single external customer which amounts to 10% or more of the Company's revenue.

**52 FIRST TIME ADOPTION OF INDIAN ACCOUNTING STANDARDS (Ind AS)**

For all periods up to and including the year ended 31st March, 2016, the Company had prepared its financial statements in accordance with the accounting standards notified under Section 133 of the Companies Act, 2013, read together with Rule 7 of the Companies (Accounts) Rules, 2014 ('Previous GAAP'). This note explains the principal adjustments made by the Company in restating its financial statements prepared under Previous GAAP for the following

- a) Balance Sheet as at 1st April, 2016 (Transition date);
- b) Balance Sheet as at 31st March, 2017;
- c) Statement of Profit and Loss for the year ended 31st March, 2017; and
- d) Statement of Cash flows for the year ended 31st March, 2017.

**52.1 Effect of Ind AS adoption on the Balance sheet as at 01.04.2016**

(Rs. in lakhs)

Particulars	Reclassified Previous GAAP	Effect of Transition to Ind AS	Ind AS
<b>ASSETS</b>			
<b>NON-CURRENT ASSETS</b>			
(a) Property, Plant and Equipment	92,109.52	47,002.24	139,111.76
(b) Capital work-in-progress	14,987.81	(10,359.92)	4,627.89
(c) Intangible assets	8,400.46	(8,400.46)	--
(d) Financial Assets			
(i) Investments	16,379.41	86.25	16,465.66
(ii) Trade Receivables	2,905.82	3,271.74	6,177.56
(iii) Loans	117.03	--	117.03
(iv) Other financial assets	167.44	--	167.44
(e) Deferred tax assets (Net)	14,941.00	(14,941.00)	--
(f) Other Non-current Assets	5,984.81	--	5,984.81
	<b>155,993.30</b>	<b>16,658.85</b>	<b>172,652.15</b>
<b>CURRENT ASSETS</b>			
(a) Inventories	10,416.99	--	10,416.99
(b) Financial Assets			
(i) Investments	20.00	1,372.00	1,392.00
(ii) Trade receivables	12,037.90	--	12,037.90
(iii) Cash and cash equivalents	1,959.92	--	1,959.92
(iv) Bank balances other than Cash and cash equivalents	83.61	--	83.61
(v) Loans	15,464.34	--	15,464.34
(vi) Other Financial Assets	1,582.97	--	1,582.97
(c) Current tax assets (Net)	305.64	--	305.64
(d) Other current assets	5,982.02	(1.52)	5,980.50
	<b>47,853.39</b>	<b>1,370.48</b>	<b>49,223.87</b>
<b>TOTAL ASSETS</b>	<b>203,846.69</b>	<b>18,029.33</b>	<b>221,876.02</b>



## NOTES TO FINANCIAL STATEMENTS

(Rs. in lakhs)

Particulars	Reclassified Previous GAAP	Effect of Transition to Ind AS	Ind AS
<b>EQUITY AND LIABILITIES</b>			
<b>EQUITY</b>			
(a) Equity Share Capital	9,621.33	--	9,621.33
(b) Other Equity	26,962.62	(2,026.12)	24,936.50
	36,583.95	(2,026.12)	34,557.83
<b>LIABILITY</b>			
<b>NON-CURRENT LIABILITIES</b>			
(a) Financial Liabilities			
(i) Borrowings	68,357.63	(430.71)	67,926.92
(ii) Other Financial Liabilities	252.01	--	252.01
(b) Provisions	2,006.86	--	2,006.86
(c) Deferred tax liabilities (Net)	(1,620.66)	12,369.73	10,749.07
	68,995.84	11,939.02	80,934.86
<b>CURRENT LIABILITIES</b>			
(a) Financial Liabilities			
(i) Borrowings	11,317.61	6,579.01	17,896.62
(ii) Trade Payables	29,129.33	--	29,129.33
(iii) Other Financial Liabilities	48,732.83	1,537.43	50,270.26
(b) Other current liabilities	8,699.58	--	8,699.58
(c) Provisions	387.54	--	387.54
	98,266.89	8,116.44	106,383.33
<b>TOTAL EQUITY &amp; LIABILITIES</b>	<b>203,846.69</b>	<b>18,029.33</b>	<b>221,876.02</b>

### 52.2 Effect of Ind AS adoption on the Balance sheet as at 31.03.2017

Particulars	Reclassified Previous GAAP	Effect of Transition to Ind AS	Ind AS
<b>ASSETS</b>			
<b>NON-CURRENT ASSETS</b>			
(a) Property, Plant and Equipment	89,427.42	45,950.42	135,377.84
(b) Capital work-in-progress	11,875.92	(8,659.92)	3,216.00
(c) Intangible assets	5,795.34	(5,795.34)	--
(d) Financial Assets			
(i) Investments	16,381.25	96.59	16,477.84
(ii) Trade Receivables	4,074.88	1,245.15	5,320.03
(iii) Loans	107.83	--	107.83
(iv) Other financial assets	208.90	--	208.90
(e) Deferred tax assets (Net)	14,937.26	(14,937.26)	--
(f) Other Non-current Assets	6,320.12	--	6,320.12
	<b>149,128.92</b>	<b>17,899.64</b>	<b>167,028.56</b>



## NOTES TO FINANCIAL STATEMENTS

(Rs. in lakhs)

Particulars	Reclassified Previous GAAP	Effect of Transition to Ind AS	Ind AS
<b>CURRENT ASSETS</b>			
(a) Inventories	10,894.00	0.79	10,894.79
(b) Financial Assets			
(i) Investments	20.00	2,610.60	2,630.60
(ii) Trade receivables	2,226.47	(0.49)	2,225.98
(iii) Cash and cash equivalents	1,785.42	--	1,785.42
(iv) Bank balances other than Cash and cash equivalents	27.95	--	27.95
(v) Loans	7,645.72	--	7,645.72
(vi) Other Financial Assets	2,803.06	--	2,803.06
(c) Current tax assets (Net)	82.59	--	82.59
(d) Other current assets	4,496.45	(7.99)	4,488.46
	<b>29,981.66</b>	<b>2,602.91</b>	<b>32,584.57</b>
<b>TOTAL ASSETS</b>	<b>179,110.58</b>	<b>20,502.55</b>	<b>199,613.13</b>
<b>EQUITY AND LIABILITIES</b>			
<b>EQUITY</b>			
(a) Equity Share Capital	11,884.90	--	11,884.90
(b) Other Equity	31,838.24	(187.69)	31,650.55
	<b>43,723.14</b>	<b>(187.69)</b>	<b>43,535.45</b>
<b>LIABILITY</b>			
<b>NON-CURRENT LIABILITIES</b>			
(a) Financial Liabilities			
(i) Borrowings	56,437.01	(346.42)	56,090.59
(ii) Other Financial Liabilities	244.06	--	244.06
(b) Provisions	2,415.79	--	2,415.79
(c) Deferred tax liabilities (Net)	(1,249.30)	12,964.03	11,714.73
	<b>57,847.57</b>	<b>12,617.60</b>	<b>70,465.17</b>
<b>CURRENT LIABILITIES</b>			
(a) Financial Liabilities			
(i) Borrowings	3,425.92	7,676.27	11,102.19
(ii) Trade Payables	24,808.21	0.21	24,808.42
(iii) Other Financial Liabilities	40,996.10	396.17	41,392.27
(b) Other current liabilities	7,772.80	--	7,772.80
(c) Provisions	536.83	--	536.83
	<b>77,539.87</b>	<b>8,072.64</b>	<b>85,612.51</b>
<b>TOTAL EQUITY &amp; LIABILITIES</b>	<b>179,110.58</b>	<b>20,502.55</b>	<b>199,613.13</b>



52.3 Effect of Ind AS adoption on the Statement of Profit and Loss for the year ended 31.03.2017

(Rs. in lakhs)

Particulars	Reclassified Previous GAAP	Effect of Transition to Ind AS	Ind AS
<b>INCOME</b>			
Revenue from Operations	92,685.96	1,211.60	93,897.56
Other Income	1,227.85	1,256.99	2,484.84
	93,913.81	2,468.59	96,382.40
<b>EXPENSES</b>			
Cost of material consumed	61,912.13	--	61,912.13
Purchase of stock in trade	429.05	--	429.05
Changes in inventories of finished goods, - work-in-progress and stock in trade	(583.46)	(0.80)	(584.26)
Excise Duty on Sale of goods	--	1,259.50	1,259.50
Employee benefits expense	6,663.90	(243.90)	6,420.00
Finance costs	13,689.29	330.52	14,019.81
Depreciation and amortization expense	8,953.79	(3,253.32)	5,700.47
Other expenses	11,378.94	1,705.55	13,084.49
	102,443.64	(202.45)	102,241.19
<b>Profit/Loss before Exceptional Items and Tax</b>	<b>(8,529.83)</b>	<b>2,671.04</b>	<b>(5,858.79)</b>
Exceptional Items	(10,173.94)	--	(10,173.94)
<b>Profit/Loss before Tax</b>	<b>1,644.11</b>	<b>2,671.04</b>	<b>4,315.15</b>
Tax Expense;			
1. Current tax	--	--	--
2. Deferred tax	600.17	680.00	1,280.17
	600.17	680.00	1,280.17
<b>Profit/Loss after Tax</b>	<b>1,043.94</b>	<b>1,991.04</b>	<b>3,034.98</b>
<b>Other Comprehensive Income:</b>			
<b>Items that will not be reclassified to Statement of Profit and loss</b>			
Remeasurement benefit of the defined benefit plans	--	(258.45)	(258.45)
Income tax expense on remeasurement benefit of the defined benefit plans	--	89.44	89.44
<b>TOTAL COMPREHENSIVE INCOME FOR THE YEAR</b>	<b>1,043.94</b>	<b>1,822.03</b>	<b>2,865.97</b>



**52.4 Reconciliation of Total Comprehensive Income for the year ended 31st March, 2017**

(Rs. in lakhs)

Nature of Adjustments	For the year ended 31.03.2017
Net Profit as per Previous GAAP	1,043.94
Effect of accounting investments at Fair Value through Statement of Profit and Loss	1,248.92
Interest Income from Employee Loan	8.08
Increase in Stock Valuation	0.80
Interest on Employee Loan	(14.55)
Remeasurement benefit of net defined benefit plans	258.45
Foreign Currency transaction Gain/Loss	851.02
Effect of accounting of borrowing cost and amortised cost	(1181.55)
Reversal of Intangible Assets amortized	2,605.13
Incremental Depreciation on Fair value of Property, Plant and Equipment	(1,051.81)
Provision for Expected credit loss on Remeasurement	(1,737.05)
Profit on Sale of Fixed Assets	(16.40)
Deferred tax on Impact of Transition	(680.00)
Reversal of Impairment of Assets	1,700.00
<b>Net Profit as per Ind AS</b>	<b>3,034.98</b>
Other Comprehensive Income	(258.45)
Income tax expense on remeasurement benefit of the defined benefit plans	89.44
<b>Total Comprehensive Income as per Ind AS</b>	<b>2,865.97</b>

**52.5 Reconciliation of Equity as at 31.03.2017 and 01.04.2016**

Nature of Adjustments	As at 31.03.2017	As at 01.04.2016
<b>Equity as per Previous GAAP (i)</b>	<b>43,723.14</b>	<b>36,583.95</b>
Fair Valuation of Property Plant and Equipment	37,290.50	36,642.32
Effect of Amortisation of Intangible Assets	(5,795.34)	(8,400.46)
Fair Valuation of Non current Investments through Statement of Profit and Loss	96.59	86.25
Fair Valuation of Current Investments through Statement of Profit and Loss	2,610.60	1,372.00
Gain / (Loss) on fair valuation / remeasurement of financial instruments	(6,827.99)	(4,844.70)
Adjustment of transaction cost using effective interest rate method	338.43	429.19
Other Adjustments	0.79	--
Tax Adjustments	(27,901.29)	(27,310.73)
<b>Total effect of transition to Ind AS (ii)</b>	<b>(187.71)</b>	<b>(2,026.13)</b>
<b>Equity as per Ind AS (i) + (ii)</b>	<b>43,535.43</b>	<b>34,557.82</b>

**52.6 Effect of Ind AS adoption on the Statement of Cash Flow for the year ended 31.03.2017**

	For the year ended 31.03.2017		
	Previous GAAP	Effect of transition to Ind AS	Ind AS
Net Cash flows from Operating Activities	17247.45	-601.10	16646.35
Net Cash flows from Investing Activities	8235.79	48.32	8284.11
Net Cash flows from financing Activities	-25696.12	535.50	-25160.62
<b>Net Increase in Cash and Cash Equivalents</b>	<b>-212.88</b>	<b>-17.28</b>	<b>-230.16</b>
<b>Cash and cash equivalents at the beginning of the year</b>	<b>2058.27</b>	<b>-14.74</b>	<b>2043.53</b>
<b>Cash and cash equivalents at the end of the year</b>	<b>1845.39</b>	<b>-32.02</b>	<b>1813.37</b>

**52.7 FOOT NOTE:-****a. Property, Plant and Equipment**

The Company has elected to measure items of Property, Plant and Equipment (PPE) at fair value at the date of transition to Ind AS and considered it as deemed cost. Hence, at the date of transition to Ind AS, an increase of Rs.36642.32 Lakhs (Including Impairment of Capital WIP of Rs.10359.92 Lakhs) was recognised in Property, Plant and Equipment with corresponding increase in Retained Earnings. An increase of Rs.37290.50 Lakhs in PPE has been recognized as at 31.3.2017.

Since the Company has elected for fair valuation of PPE at the date of transition to Ind AS, the Revaluation Reserve existing on the date of transition under Previous GAAP amounting to Rs.37538.64 Lakhs has been transferred on the date of transition and Rs.35719.14 lakhs has been transferred, as at 31.03.2017, to the Retained Earnings.

**b. Intangible Assets:**

The carrying amount of intangible asset under previous GAAP of Rs.8400.46 Lakhs has been de-recognised on transition to Ind AS since no future economic benefits are expected from its use or disposal. The loss arising from such de-recognition has been transferred to the Retained Earnings on the date of transition.

The carrying amount of intangible asset under previous GAAP as at 31.03.2017 of Rs.5795.34 Lakhs (Rs.2605.13 Lakhs had been written off under previous GAAP and reduced from Depreciation and amortization expenses in statement of Profit and Loss) has been de-recognised under Ind AS.

**c. Non-Current Investments:**

In the financial statements prepared under Previous GAAP, Non-current Investments of the Company were measured at cost less provision for diminution (other than temporary). Under Ind AS, the Company has recognised such investments as follows:

- Government securities - At amortised cost
- Equity shares of associate company – At cost
- Quoted equity shares - At FVTPL by an irrevocable election
- Unquoted equity shares - At cost

On the date of transition to Ind AS, the difference between the fair value of Non-Current Investments as per Ind AS and their corresponding carrying amount as per financial statements prepared under Previous GAAP, has resulted in an increase in the carrying amount of these investments by Rs.86.25 Lakhs which has been recognised directly in retained earnings.

As at 31st March, 2017, the difference between the fair value of Non-Current Investments as per Ind AS and their corresponding carrying amount as per financial statements prepared under Previous GAAP, has resulted in an increase in the carrying amount of these investments by Rs.96.59 Lakhs. On such fair valuation, net gain amounting to Rs.10.32 Lakhs has been recognised in other income in the Statement of Profit and Loss.

**d. Trade Receivable, Trade Payables & Other Financial Liabilities:**

In the financial statements prepared under Previous GAAP, the company had opted to recognize foreign exchange fluctuation based on settlement of obligations.

In terms of requirement of Ind AS- 21 the effects of changes in foreign exchange rates, foreign currency monetary items of the Company are translated at the closing exchange rates which has resulted in increase of Rs.3271.74 Lakhs in Trade receivable and increase of Rs.1537.43 Lakhs in Other financial liability respectively and net gain of Rs.1734.31 lakhs has been transferred to the Retained Earnings on the date of transition.

Foreign currency monetary items of the Company are translated at the closing exchange rates as at 31.03.2017 which has resulted in net increase of Rs.1245.15 Lakhs in Trade receivable, Rs.0.21 Lakhs in Trade payable and Rs.396.17 Lakhs in Other financial liabilities respectively and net gain of Rs.848.77 lakhs has been transferred to the Statement of Profit and loss.

**e. Inventories:**

Due to Change in Fair value of inventories as at 31.03.2017 the value has been increased by Rs.0.80 Lakhs with a corresponding transfer to Retained earnings as on that date.

**f. Current Investments:**

In the financial statements prepared under Previous GAAP, Current Investments of the Company were measured at lower of cost and market value. Under Ind AS, these investments have been classified as FVTPL on the date of transition. The fair value changes are recognized in the Statement of Profit and Loss.



On the date of transition to Ind AS, the difference between the fair value of Current Investments as per Ind AS and their corresponding carrying amount as per financial statements prepared under Previous GAAP, has resulted in an increase in the carrying amount of these investments by Rs.1372.00 Lakhs, which has been recognized directly in retained earnings.

As at 31st March, 2017, the difference between the fair value of Current Investments as per Ind AS and their corresponding carrying amount as per financial statements prepared under Previous GAAP, has resulted in an increase in the carrying amount of these investments by Rs.2610.60 Lakhs.

Fair valuation gain for the year ended 31st March, 2017, amounted to Rs.1248.92 Lakhs and the same has been recognized in other income in Statement of Profit and Loss.

The above transition has impacted an increase in equity by Rs.1372.00 Lakhs as at transition date and by Rs.2610.60 Lakhs as at 31st March, 2017.

**g. Other Equity:**

Retained earnings as at April 01, 2016 has been adjusted consequent to the above Ind AS transition adjustments.

**h. Revenue from sale of products**

In the financial statements prepared under Previous GAAP, revenue from sale of products was presented net of excise duty. However, under Ind AS, revenue from sale of products includes excise duty. Excise duty expense amounting to Rs.1259.50 Lakhs is presented separately on the face of the Statement of Profit and Loss for the year ended 31st March, 2017.

In the financial statements prepared under Previous GAAP, cash discount and sales promotional expenses were shown as a part of other expenses. However, under Ind AS, such discounts and sales promotional expenses amounting to Rs.47.90 Lakhs for the year ended 31st March, 2017, are reduced from revenue from sale of products.

In light of the above, revenue from sale of products under Ind AS has increased by Rs.1211.60 Lakhs (Rs.1259.50 Lakhs less Rs.47.90 Lakhs) with an corresponding increase in excise duty by Rs.1259.50 Lakhs, decrease in other expenses by Rs.47.90 Lakhs in the Statement of Profit and Loss for the year ended 31st March, 2017.

The above changes do not affect equity as at date of transition to Ind AS, profit after tax for the year ended 31st March, 2017 and Equity as at 31st March, 2017.

**i. Employee benefits**

**i) Remeasurement of defined benefit plans**

In the financial statements prepared under Previous GAAP, remeasurement benefit of defined plans (gratuity), arising primarily due to change in actuarial assumptions was recognised as employee benefits expense in the Statement of Profit and Loss. Under Ind AS, such remeasurement benefits relating to defined benefit plans is recognised in OCI as per the requirements of Ind AS 19 Employee benefits. Consequently, the related tax effect of the same has also been recognised in OCI.

For the year ended 31st March, 2017, remeasurement of gratuity liability resulted in a net benefit of Rs.258.45 Lakhs which has now been removed from employee benefits expense in the Statement of Profit and Loss and recognised separately in OCI. This has resulted in decrease in employee benefits expense by Rs.258.45 Lakhs and expenses in OCI by Rs.258.45 Lakhs for the year ended 31st March, 2017.

**ii) Other Employee benefits:**

Loans to employees are financial assets and should be recorded at fair value on initial recognition. Fair value can be estimated as the present value of the future cash flows, discounted at a market rate for a similar loan. The loan asset is subsequently accounted for in accordance with Ind AS 109. After initial recognition, loans are accounted for at amortised cost with interest income determined using the effective interest method. The difference between the amount of loan given on favourable terms and its fair value is an employee benefit. On the date of Transition an amount of Rs.1.52 Lakhs have been reduced from Loans and Advances to Employees with a corresponding adjustment to Retained earnings. As on 31.03.2017, this resulted in a decrease of Rs.7.99 Lakhs reduced from Loans and advance to Employees, increase of Rs.14.55 Lakhs in employee cost and increase of Rs.8.08 Lakhs in Other Income.

**j. Deferred tax:**

In the financial statements prepared under Previous GAAP, deferred tax was accounted as per the income statement approach which required creation of deferred tax asset/liability on temporary differences between taxable profit and accounting profit. Under Ind AS, deferred tax is accounted as per the Balance Sheet approach which requires creation of deferred tax asset/liability on temporary differences between the carrying amount of an asset/liability in the Balance Sheet and its corresponding tax base.



The application of Ind AS has resulted in recognition of deferred tax on new temporary differences which were not required to be recognised under Previous GAAP. In addition, the above mentioned transitional adjustments relating to current/non-current investments and goodwill have also led to temporary differences and creation of deferred tax thereon.

The above changes have resulted in creation of deferred tax liabilities (net) amounting to Rs.27310.73 Lakhs as at date of transition to Ind AS and Rs. 27901.29 Lakhs as at 31st March, 2017. For the year ended 31st March, 2017, it has resulted in an increase in deferred tax expense by Rs.680.00 Lakhs in the Statement of Profit and Loss and recognition of deferred tax benefit by Rs.89.44 Lakhs in OCI.

**k. Effect of Ind AS adoption on Statement of Cash Flow for the year ended 31.03.2017 :**

In the financial statements prepared under Previous GAAP, cash and cash equivalents represented by short term highly liquid funds were recognised at cost. However, under Ind AS, such cash and cash equivalents being financial instruments, are required to be recognised at fair value. The reconciliation items are furnished in Note 52.6.

**l. Borrowings**

As required under the Ind AS 109 transactions costs incurred towards origination of borrowings have been deducted from the carrying amount of borrowings on initial recognition. These costs are recognised in the Statement of Profit and Loss over the tenure of the borrowing as interest expense, computed using the effective interest rate method corresponding effect being given in borrowings.

Under the previous GAAP, these transaction costs were charged to the Statement of Profit and Loss as and when incurred. Consequently, borrowings as on the date of transition have been reduced by Rs.430.71 Lakhs with a corresponding adjustment to retained earnings. As at 31st March, 2017 borrowings have been reduced by Rs.346.42 Lakhs with a corresponding increase of Rs.84.29 Lakhs in Finance Cost.

After initial recognition, interest-bearing loans and borrowing are subsequently measured at amortised cost using the effective interest rate ("EIR") method. Gains and losses are recognized in Statement of Profit and Loss when the liabilities are de-recognised as well as through EIR amortisation process. The EIR amortization is included in finance cost in the Statement of Profit and loss. Consequently, borrowings as on the date of transition have been increased by Rs. 6579.01 lakhs with a corresponding adjustment in retained in earnings. As at 31.3.2017 the borrowings have been increased by Rs.1097.26 lakhs with corresponding increase in Finance cost.

**m. Depreciation and amortization expenses**

The Company has elected to measure items of Property, Plant and Equipment at Fair value at the date of transition to Ind AS.

It resulted in an increase of Rs.1051.81 Lakhs in Depreciation in statement of Profit and Loss account for the year ended 31.03.2017. The Company has de-recognised intangible assets on the date of transition to Ind AS. Hence for the year ended 31.3.2017, it resulted in a decrease of Rs.2605.13 Lakhs in amortization expenses in Statement of Profit and Loss account. Further impairment loss of Rs. 1700.00 Lakhs recognized under previous GAAP has been reversed on de-recognition of Capital work in progress on the date of transition to Ind AS.

**n. Other Comprehensive income**

Under previous GAAP, there was no concept of Comprehensive Income. Under Ind AS, specified items of income, expense, gains or losses are required to be presented in other comprehensive income. Hence, the company has reconciled previous GAAP profits to Profit as per Ind AS.

Further, previous GAAP profit is reconciled to total comprehensive income as per Ind AS.

**o. Re-grouping/Re-classification**

Figures relating to April 01, 2016 (date of transition) have been regrouped or reclassified to make them comparable with the Ind AS presentation.

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Vide our report annexed  
For P K NAGARAJAN & Co  
Chartered Accountants  
Firm Registration Number : 016676S  
P K NAGARAJAN  
Partner  
Membership Number : 025679

Coimbatore  
30<sup>th</sup> May 2018

**SAKTHI SUGARS LIMITED**

M MANICKAM  
Executive Chairman

M BALASUBRAMANIAM  
Managing Director

S BASKAR  
Chief Financial Officer &  
Company Secretary



## COMPANY'S PERFORMANCE AT A GLANCE

YEAR	SUGARCANE CRUSHED (TONNES)	SUGARCANE PRODUCED (TONNES)	RECOVERY (%)	TURNOVER (Rs.in Lakhs)	PROFIT BEFORE DEPRN (Rs. In Lakhs)	DEPRECIATION (Rs. In Lakhs)	PROFIT AFTER DEPRN (Rs. In Lakhs)	EQUITY DIVIDEND (%)	GROSS BLOCK (Rs. In Lakhs)
1966	332794	28741	8.64	328.24	18.47	11.63	6.84	6	180.66
1967	202641	16750	8.27	346.44	3.08	12.78	-9.70	—	181.33
1968	195997	17614	8.99	346.60	74.97	14.90	60.07	12	173.51
1969	332822	27955	8.40	520.65	31.09	13.74	17.35	12	179.75
1970	460457	38704	8.41	536.07	10.30	15.23	-4.93	6	312.82
1971	434862	40159	9.23	692.62	55.05	20.04	35.01	12	345.52
1972	526103	50063	9.52	1112.43	135.34	29.89	104.45	15	466.18
1973	687892	59691	8.72	1358.41	67.83	34.66	33.17	15	567.55
1974	813430	67776	8.33	1779.28	72.04	46.99	25.05	12	958.57
1975	1002544	84494	8.43	2324.35	128.52	65.61	62.91	—	1014.43
1976	311774	28025	8.98	1395.33	19.20	64.00	-44.80	—	1026.49
1977	298725	22692	7.60	653.64	-98.96	0.00	-98.96	—	1020.98
1978	366487	33883	9.25	706.32	-27.36	0.00	-27.36	—	1021.26
1979	767844	64299	8.37	1201.64	52.40	0.00	52.40	—	1037.86
1980	624399	54680	8.76	2323.30	303.52	58.24	245.28	12	1068.08
1981	648514	57236	8.83	2400.96	138.32	67.22	71.10	17.5	1207.00
1982▲	1121964	104305	9.30	3861.03	322.10	99.89	222.21	20	1396.35
1983	803716	79295	9.87	3371.42	248.52	194.78	53.74	15	1846.66
1984	336704	34375	10.12	3063.41	109.28	108.20	1.08	15	2024.62
1985	697491	70103	10.05	3211.28	297.71	128.91	168.80	16	2122.82
1986	704626	72150	10.24	3739.00	211.46	116.05	95.41	15	2229.53
1987	496762	48791	9.82	3647.90	173.62	150.86	22.76	—	2443.58
1989	934601	96145	10.28	5087.15	849.45	249.08	600.37	30	4530.72
1990	1122219	108421	9.66	8762.84	989.65	377.09	612.56	20	6101.95
1991	1130173	107984	9.55	7474.44	801.55	394.37	407.18	20	6617.61
1992	1091843	103723	9.50	11200.64	1010.49	409.11	601.38	20	8540.39
1993	1115158	107158	9.61	11547.77	1027.03	411.07	615.96	20	11387.44
1994	956993	89163	9.36	18109.42	1521.21	489.38	1031.83	24	17649.21
1995	1724621	159199	9.28	21701.32	1859.60	782.45	1077.15	24	18638.23
1996	2345289	211267	9.00	33568.19	2953.13	857.58	2095.55	24	26042.75
1997	2106840	191940	9.11	33442.13	2022.05	1019.11	1002.94	20	30242.48
1998	1569438	143991	9.21	36753.07	2478.28	1414.47	1063.81	—	32548.89
1999▲	2607462	246609	9.43	40788.52	2298.23	1860.97	437.26	—	35155.94
2000	2161594	212600	9.86	36393.04	2102.55	1485.66	616.89	—	28394.91
2001	2316874	233278	10.04	45197.53	1596.80	1272.83	323.97	—	29463.22
2002	1914453	193302	10.04	45022.47	1791.99	1309.48	482.51	—	30771.78
2003	1472547	192505 ■	9.80	32221.35	-3968.28	1347.49	-5315.77	—	61006.09*
2004	499480	124559 ■	10.15	30313.24	-3339.32	948.67	-4287.99	—	56054.15
2005	847934	257611 ■	9.30	63942.19	3972.94	1158.49	2814.45	—	56273.16
2006	2746916	347702 ■	9.52	89601.78	10835.71	1218.85	9616.86	15	60637.41
2007	3477203	336996 ■	9.56	76651.73	4358.84	1340.87	3017.97	15	91376.04
2008●	4416309	400678	9.07	103847.83	-4419.38	4294.29	-8713.67	—	136053.62*
2009	2045681	427288 ■	9.22	140435.07	15496.43	3025.71	12470.72	—	138730.83
2011▲	2356303	536973 ■	9.47	216553.65	-8915.89	3878.48	-12794.37	—	142173.20
2012	2900630	278431	9.60	112126.99	-2187.62	3162.85	-5350.47	—	143553.93
2013	3056321	286296	9.37	118989.97	-8515.22	3232.54	-11747.76	—	146750.52
2014	1653822	147240	8.82	71704.59	-20165.02	3272.67	-23437.69	—	146898.93
2015	1476477	131893	8.90	84748.61	-1924.07	3013.82	-4937.89	—	147110.70
2016	1562489	121622	7.93	83034.12	-2903.08	4621.12	-7524.20	—	147317.80
2017	1975869	175613	8.83	93897.56	10015.62	5700.47	4315.15	—	145679.38*
2018	549241	84800	8.97	53020.06	-19938.69	5281.69	-25220.38	—	139330.95

▲ 15 Months

● 18 Months

■ Includes sugar produced out of Raw sugar

\* Including increase in value on account of revaluation of fixed assets Rs.30045.71 Lakhs

\* Including increase in value on account of revaluation of fixed assets Rs.38696.60 Lakhs

\* Including net increase of Rs.36642.32 Lakhs on account of adoption of fair value under Ind AS

**FORM AOC-1**

(Pursuant to first proviso to sub-section (3) of section 129 read with Rule 5 of the Companies (Accounts) Rules, 2014)

**Statement containing salient features of the financial statement of associate company****Part B : Associate****Statement pursuant to Section 129 (3) of the Companies Act, 2013 related to Associate Company**

S.No.	Name of Associate	Sakthi Auto Component Limited
1.	Latest audited Balance Sheet Date	31st March 2018
2.	Shares of Associate held by the Company on the year end	
	No. of Shares	6,38,60,000
	Amount of Investment in Associates / Joint Venture	Rs. 15,157.86 lakhs
	Extent of holding %	22.67%
3.	Description of how there is significant influence	The Company holds more than 20% of the total share capital of the Associate Company.
4.	Reason why the Associate is not consolidated	Not applicable
5.	Networth attributable to Shareholding as per latest audited Balance Sheet	Rs. 6,863.28 lakhs
6.	Profit / Loss for the year	
	i. Considered in Consolidation	—
	ii. Not Considered in Consolidation	Rs. 17,068.25 lakhs

Vide our report annexed  
For P K NAGARAJAN & Co  
Chartered Accountants  
Firm Registration Number : 016676S  
P K NAGARAJAN  
Partner  
Membership Number : 025679  
Chennai  
24<sup>th</sup> August 2018

M MANICKAM  
Chairman and Managing Director

M BALASUBRAMANIAM  
Director

S BASKAR  
Sr. Vice President &  
Company Secretary

C R SANKAR  
Chief Financial Officer



## INDEPENDENT AUDITORS' REPORT

To The Members of Sakthi Sugars Limited

### Report on the Consolidated Ind AS Financial Statements

1. We have audited the accompanying consolidated Ind AS financial statements of Sakthi Sugars Limited (hereinafter referred to as "the Holding Company") and its associate company (the Company and its associate company together referred to as "the Group"), comprising the Consolidated Balance Sheet as at 31st March, 2018, the Consolidated Statement of Profit and Loss (including Other Comprehensive Income), the Consolidated Cash Flow Statement and the Consolidated Statement of Changes in Equity for the year then ended, and a summary of the significant accounting policies and other explanatory information (together hereinafter referred to as "Consolidated Ind AS Financial Statements").

### Management's Responsibility for the Consolidated Financial Statements

2. The Holding Company's Board of Directors is responsible for the preparation of these consolidated Ind AS financial statements in terms of the requirements of the Companies Act, 2013 (hereinafter referred to as "the Act") that give a true and fair view of the consolidated financial position, consolidated financial performance and consolidated cash flows of the Group in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) prescribed under Section 133 of the Act. The respective Board of Directors of the companies included in the Group are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Group and for preventing and detecting frauds and other irregularities; the selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the 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, which have been used for the purpose of preparation of the consolidated financial statements by the Directors of the Company, as aforesaid.
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 Consolidated 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 Consolidated Ind AS financial statements based on our audit. In conducting our audit, 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.
5. 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 Consolidated Ind AS financial Statements are free from material misstatement.
6. An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the Consolidated Ind AS financial Statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the Consolidated 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 Consolidated 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 Consolidated Ind AS financial Statements.
7. We believe that the audit evidence obtained by us and other auditors in terms of their reports referred to in sub-paragraph 11 of the Other Matters paragraph below, is sufficient and appropriate to provide a basis for our audit opinion on the Consolidated Ind AS Financial Statements.



### Basis for Qualified Opinion

8. 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 the report of the predecessor auditors on the financial statements for the year ended March 31, 2017.

### Qualified Opinion

9. 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 consolidated 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 Group 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.

### Emphasis of Matter

10. We draw attention to Note No. 42 to the consolidated Ind AS financial statements, with respect to the standalone Ind AS financial statements of Sakthi Sugars Limited and the emphasis of matter observed by us, which cites that "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". Our opinion is not modified in respect of this matter.

### Other Matters

11. We did not audit the financial statements/financial information of associate company, as considered in the Consolidated Ind AS financial Statements. These consolidated financial statements have been audited by other auditors, whose reports have been furnished to us and our opinion on the consolidated Ind AS financial statements, in so far as it relates to the amounts and disclosures in respect of the associate and our report is based solely on the reports of the other auditors. Our opinion is not modified in respect of this matter.
12. The comparative consolidated financial information of the Group for the year ended March 31, 2017 and the related transition date opening Balance Sheet as at April 01, 2016 included in these consolidated Ind AS financial statements, have been prepared after adjusting the previously issued statutory consolidated financial statements prepared in accordance with the Companies (Accounting Standards) Rules 2006 (as amended) to comply with Ind AS. The previously issued consolidated financial statements were audited by the predecessor auditors whose report for the year ended March 31, 2017 and March 31, 2016 dated May 27, 2017 and May 30, 2016 respectively expressed a modified opinion on those consolidated financial statements. Adjustments made to the previously issued consolidated financial statements to comply with Ind AS have been audited by us. Our opinion on the consolidated Ind AS financial statements is not modified in respect of the above matters on the comparative financial information

### Report on Other Legal and Regulatory Requirements

13. As required by Section 143(3) of the Act, based on our audit and on the consideration of the report of the other auditors on separate financial statements of associate company incorporated in India, referred in the Other Matters paragraph above we report, to the extent applicable, 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 Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss (including other comprehensive income), the Consolidated Cash Flow Statement and the consolidated statement of changes in equity dealt with by this Report are in agreement with the books of account.



## INDEPENDENT AUDITORS' REPORT ON CONSOLIDATED FINANCIAL STATEMENTS

- (d) In our opinion, the aforesaid Consolidated 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 group.
- (f) On the basis of the written representations received from the directors of the Holding Company as on March 31, 2018 taken on record by the Board of Directors of the Holding Company and the reports of the statutory auditors of its associate company incorporated in India, none of the directors of the Holding Company and its associate company incorporated in India 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 A"; 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 consolidated Ind AS financial statements disclose the impact of pending litigations, as at March 31, 2018, on the consolidated financial position of the Group – Refer note 41 to the consolidated Ind.AS financial statements.
  - (ii) The Group 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

Chennai  
24th August, 2018



## Annexure - A to the Independent Auditors' Report

Referred to in paragraph 13(g) of the Independent Auditors' Report of even date to the members of Sakthi Sugars Limited on the consolidated 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. In conjunction with our audit of the consolidated Ind AS financial statements of Sakthi Sugars Limited ("the Company") as of and for the year ended March 31, 2018, we have audited the internal financial controls over financial reporting of the Company and its associate company, incorporated in India as of that date.

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

2. The respective Board of Directors of the Company and its associate company incorporated in India are 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 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.

**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.

Chennai  
24th August, 2018

For P.K.Nagarajan & Co.,  
Chartered Accountants  
Firm Registration Number: 016676S  
P.K.Nagarajan  
Partner  
Membership Number: 025679



# CONSOLIDATED BALANCE SHEET AS AT 31.03.2018

(Rs. in lakhs)

	Note No.	As at 31.03.2018	As at 31.03.2017	As at 01.04.2016
<b>I. ASSETS</b>				
<b>(1) NON-CURRENT ASSETS</b>				
(a) Property, Plant and Equipment	2	123,871.73	135,377.84	139,111.76
(b) Capital work-in-progress	2	3,229.22	3,216.00	4,627.89
(c) Financial Assets				
i) Investments	3	1,072.38	8,024.02	14,966.71
ii) Trade Receivables	4	5,867.83	5,320.03	6,177.56
iii) Loans	5	107.41	107.83	117.03
iv) Other financial assets	6	653.05	208.90	167.44
(d) Other Non-Current Assets	7	6,402.51	6,320.12	5,984.81
Total Non-Current Assets		141,204.13	158,574.74	171,153.20
<b>(2) CURRENT ASSETS</b>				
(a) Inventories	8	10,849.77	10,894.79	10,416.99
(b) Financial Assets				
i) Investments	9	776.47	2,630.60	1,392.00
ii) Trade receivables	10	984.90	2,225.98	12,037.90
iii) Cash and cash equivalents	11	1,495.23	1,785.42	1,959.92
iv) Bank balances other than Cash and cash equivalents	12	96.67	27.95	83.61
v) Loans	13	2,337.37	42.27	31.93
vi) Other financial assets	14	2,733.86	2,803.06	1,582.97
(c) Current tax assets (Net)	15	276.98	82.59	305.64
(d) Other current assets	16	4,479.56	4,488.46	5,980.50
(e) Assets Classified as held for Sale	17	20,666.81	--	--
Total Current Assets		44,697.62	24,981.12	33,791.46
<b>TOTAL ASSETS (1 to 2)</b>		<b>185,901.75</b>	<b>183,555.86</b>	<b>204,944.66</b>
<b>II. EQUITY AND LIABILITIES</b>				
<b>(1) EQUITY</b>				
(a) Equity Share Capital	18	11,884.90	11,884.90	9,621.33
(b) Other Equity	19	13,953.91	15,593.28	8,005.14
Total Equity		25,838.81	27,478.18	17,626.47
<b>(2) LIABILITIES</b>				
<b>A) NON-CURRENT LIABILITIES</b>				
(a) Financial Liabilities				
i) Borrowings	20	45,504.60	56,090.59	67,926.92
ii) Other financial liabilities	21	279.21	244.06	252.01
(b) Provisions	22	2,462.27	2,415.79	2,006.86
(c) Deferred tax liabilities (Net)	23	4211.81	11714.73	10749.07
Total Non-Current Liabilities		52,457.89	70,465.17	80,934.86



## CONSOLIDATED BALANCE SHEET AS AT 31.03.2018 (CONT....)

(Rs. in lakhs)

	Note No.	As at 31.03.2018	As at 31.03.2017	As at 01.04.2016
<b>B) CURRENT LIABILITIES</b>				
(a) Financial Liabilities				
i) Borrowings	24	11,531.86	11,102.19	17,896.62
ii) Trade payables	25	25037.19	24808.42	29129.33
iii) Other financial liabilities	26	64,330.53	41,392.27	50,270.26
(b) Other current liabilities	27	6,147.10	7,772.80	8,699.58
(c) Provisions	28	558.37	536.83	387.54
Total Current Liabilities		107,605.05	85,612.51	106,383.33
Total Liabilities		160,062.94	156,077.68	187,318.19
<b>TOTAL EQUITY AND LIABILITIES (1 to 2)</b>		185,901.75	183,555.86	204,944.66

Significant Accounting Policies 1  
See accompanying notes to financial statements

Vide our report annexed  
For P K NAGARAJAN & Co  
Chartered Accountants  
Firm Registration Number : 016676S  
P K NAGARAJAN  
Partner  
Membership Number : 025679  
Chennai  
24<sup>th</sup> August 2018

M MANICKAM  
Chairman and Managing Director

M BALASUBRAMANIAM  
Director

S BASKAR  
Sr. Vice President &  
Company Secretary

C R SANKAR  
Chief Financial Officer



# CONSOLIDATED STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31.03.2018

(Rs. in lakhs)

	Note No.	Year Ended 31.03.2018	Year Ended 31.03.2017
<b>CONTINUING OPERATIONS</b>			
<b>I. Income</b>			
Revenue from Operations	29	<b>53,020.06</b>	93,897.56
Other Income	30	<b>1,139.64</b>	2,484.84
Total Income		<b>54,159.70</b>	96,382.40
<b>II. Expenses:</b>			
Cost of material consumed	31	<b>39,636.97</b>	61,912.13
Purchase of stock in trade	32	<b>287.44</b>	429.05
Changes in inventories of finished goods, work-in-progress and stock in trade	33	<b>1,554.06</b>	(584.26)
Excise Duty on Sale of goods		<b>137.13</b>	1,259.50
Employee benefits expense	34	<b>5,906.62</b>	6,420.00
Finance costs	35	<b>14,994.92</b>	14,019.81
Depreciation and amortization expense	36	<b>5,281.69</b>	5,700.47
Other expenses	37	<b>9,331.92</b>	13,084.49
Total expenses		<b>77,130.75</b>	102,241.19
<b>III. Profit/(Loss) before exceptional items and tax (I-II)</b>		<b>(22,971.05)</b>	(5,858.79)
<b>IV. Exceptional Items</b>	38	<b>2,249.33</b>	(10,173.94)
<b>V. Profit/(Loss) before tax (III-IV)</b>		<b>(25,220.38)</b>	4,315.15
<b>VI. Tax Expense:</b>	23		
1. Current tax		—	—
2. Deferred tax		<b>(7,510.12)</b>	1,280.17
		<b>(7,510.12)</b>	1,280.17
<b>VII. Profit/(Loss) after tax and before share of profit of Associate (V-VI)</b>		<b>(17,710.26)</b>	3,034.98
<b>VIII. Share of Profit from Associate</b>		<b>--</b>	897.06
<b>IX. Profit/(Loss) for the year (VII-VIII)</b>		<b>(17,710.26)</b>	3,932.04
<b>X. Other Comprehensive Income</b>			
Items that will not be reclassified to Statement of Profit and Loss			
i) Remeasurement benefit of defined benefit plans		<b>20.82</b>	(258.45)
ii) Income tax expense on remeasurement benefit of defined benefit plans		<b>(7.20)</b>	89.44
iii) Share of OCI in Associate		<b>--</b>	(22.97)
<b>XI. Total Comprehensive Income for the year</b>		<b>(17,696.64)</b>	3,740.06
<b>XII. Earnings per equity share (for Continuing Operations)</b>			
1. Basic	43	<b>(14.90)</b>	3.46
2. Diluted	43	<b>(14.90)</b>	3.46
Significant Accounting Policies	1		
See accompanying notes to financial statements			

Vide our report annexed  
For P K NAGARAJAN & Co

Chartered Accountants  
Firm Registration Number : 016676S

P K NAGARAJAN  
Partner  
Membership Number : 025679

Chennai  
24<sup>th</sup> August 2018

M MANICKAM  
Chairman and Managing Director

S BASKAR  
Sr. Vice President &  
Company Secretary

M BALASUBRAMANIAM  
Director

C R SANKAR  
Chief Financial Officer



# CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31.03.2018

(Rs. in lakhs)

Particulars	2017-18		2016-17	
<b>A. CASH FLOW FROM OPERATING ACTIVITIES:</b>				
Net Profit before tax as per statement of Profit and Loss		(25,220.38)		4,315.15
Adjustment for:				
Depreciation of Property, Plant and Equipment	5,281.69		5,700.47	
Finance Costs	14,994.92		14,019.81	
Remission of Interest (or reversal)	2,249.33		(9,280.47)	
Remission of Liability	—		(893.47)	
Miscellaneous Expenses & Other exp. written off	—		0.27	
(Profit) / Loss on Sale / Redemption of Investments (Net)	14.02		—	
(Profit) / Loss on Property, Plant and Equipment Sold / Discarded (Net)	(377.48)		(37.94)	
Impairment Loss on Property, Plant and Equipment	1.04		—	
(Gain) / Loss on Fair Valuation of Investment through Profit and Loss (Net)	36.66		(1,250.76)	
Dividend Income	(16.33)		(14.53)	
Interest Income	(117.61)		(957.36)	
		22,066.24		7,286.02
Operating Profit before Working Capital / Other Changes		(3,154.14)		11,601.17
Changes in Working Capital:				
Adjustments for (Increase)/Decrease in Operating Assets:				
Inventories	45.02		(477.80)	
Trade Receivables	693.28		10,669.45	
Other Financial Assets	(374.95)		(1,261.55)	
Other Current Assets	13.72		1,481.43	
Other Non-current Assets	(81.97)		(326.11)	
Adjustments for Increase/(Decrease) in Operating Liabilities:				
Trade Payables	228.77		(4,320.91)	
Other Financial Liabilities	169.01		(90.30)	
Other Current Liabilities	(1,747.15)		(904.07)	
Other Long Term Liabilities	67.30		150.48	
		(986.97)		4,920.62
Cash Generated from Operations		(4,141.11)		16,521.79
Income Tax paid (Net)		(194.39)		(2.02)
<b>Net Cash from / (used in) Operating Activities (A)</b>		<b>(4,335.50)</b>		<b>16,519.77</b>
<b>B. CASH FLOW FROM INVESTING ACTIVITIES:</b>				
Purchase of Property, Plant and Equipment	(722.75)		(736.02)	
Proceeds from Disposal of Property, Plant and Equipment	1,801.45		219.30	
Investment in Long Term Investments (Net)	247.60		(12.18)	
Proceeds from Current Investments (Net)	1,803.45		12.16	
Dividend received	16.33		14.53	
Interest Income	117.61		957.36	
Loans and Advances - Related Parties	5,303.52		7,828.96	
<b>Net Cash from / (used in) Investing Activities (B)</b>		<b>8,567.21</b>		<b>8,284.11</b>



# CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31.03.2018 (CONT....)

(Rs. in lakhs)

Particulars	2017-18		2016-17	
<b>C. CASH FLOW FROM FINANCING ACTIVITIES:</b>				
Proceeds from Issue of Equity Shares	—		2,263.57	
Premium on Issue of Equity Shares	—		3,848.08	
Finance Costs Paid	(3,174.06)		(6,532.15)	
Proceeds from Long Term Borrowings	—		2,312.30	
Loans converted into Equity shares	—		(6,111.65)	
Repayment of Long Term Borrowings	(625.23)		(15,222.66)	
Short Term Borrowings (Net)	(102.11)		(3,627.04)	
Loans from Body corporate (Net)	(551.78)		(1,964.49)	
<b>Net Cash from / (used in) Financing Activities (C)</b>		<b>(4,453.18)</b>		<b>(25,034.04)</b>
<b>Net Increase/(Decrease) in Cash and Cash Equivalents (A+B+C)</b>		<b>(221.47)</b>		<b>(230.16)</b>
Cash and cash equivalents at the beginning of the year		<b>1,813.37</b>		<b>2,043.53</b>
<b>Cash and cash equivalents at the end of the year</b>		<b>1,591.90</b>		<b>1,813.37</b>
Cash and cash equivalents at the end of the year comprises of				
(a) Cash on hand		<b>14.36</b>		<b>21.25</b>
(b) Balances with banks:				
i) In Current Accounts		<b>1,150.87</b>		<b>1,414.65</b>
ii) Unclaimed Dividend / Interest warrants		<b>2.89</b>		<b>2.46</b>
iii) Margin Money with banks / Security against borrowings		<b>423.78</b>		<b>375.01</b>
Cash and cash equivalents as at the end of the year		<b>1,591.90</b>		<b>1,813.37</b>

Vide our report annexed  
For P K NAGARAJAN & Co  
Chartered Accountants  
Firm Registration Number : 016676S  
P K NAGARAJAN  
Partner  
Membership Number : 025679  
Chennai  
24<sup>th</sup> August 2018

M MANICKAM  
Chairman and Managing Director

M BALASUBRAMANIAM  
Director

S BASKAR  
Sr. Vice President &  
Company Secretary

C R SANKAR  
Chief Financial Officer



## STATEMENT OF CHANGES IN EQUITY

### A. Equity Share Capital

Particulars	Note No.	No of Shares	(Rs. In Lakhs)
Balance as at 01.04.2016	18	96213279	9621.33
Changes in Equity Share Capital during the year ended 31.3.2017		22635757	2263.57
Balance as at 31.03.2017		118849036	11884.90
Changes in Equity Share Capital during the year ended 31.3.2018		--	--
Balance as at 31.03.2018		118849036	11884.90

### B. Other Equity

(Rs. In Lakhs)

Particulars	Note No.	Reserves and Surplus					
		Capital Reserve	Capital Re-deemption Reserve	Securities Premium Account	Retained Earnings	Other Comprehensive Income	Total
<b>Balance as at 01.04.2016</b>	19	625.24	2512.27	23152.11	-18284.48	--	8005.14
Profit / (Loss) for the Year		--	--	--	3932.04	--	3932.04
Other Comprehensive Income		--	--	--	--	-191.98	-191.98
Premium on Allotment of Shares		--	--	3848.08	--	--	3848.08
<b>Balance as at 31.03.2017</b>		625.24	2512.27	27000.19	-14352.44	-191.98	15593.28
<b>Balance as at 01.04.2017</b>		625.24	2512.27	27000.19	-14352.44	-191.98	15593.28
Profit / (Loss) for the Year		--	--	--	-17710.26	--	-17710.26
Reversal of Consolidation adjustments		--	--	--	16034.30	22.97	16057.27
Comprehensive Income for the year		--	--	--	--	13.62	13.62
<b>Balance as at 31.03.2018</b>		625.24	2512.27	27000.19	-16028.40	-155.39	13953.91

Vide our report annexed  
For P K NAGARAJAN & Co  
Chartered Accountants  
Firm Registration Number : 016676S  
P K NAGARAJAN  
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24<sup>th</sup> August 2018

M MANICKAM  
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Sr. Vice President &  
Company Secretary

C R SANKAR  
Chief Financial Officer



## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Note No. - 1

### SIGNIFICANT ACCOUNTING POLICIES (Consolidated)

#### Group's Background:

The consolidated financial statements comprise financial statements of Sakthi Sugars Limited (the Parent), and its associate (collectively, the Group) for the year ended 31st March, 2018.

The Group is engaged in the business of manufacture of sugar, industrial alcohol, power, soya products and auto components.

The Company's shares are listed in BSE Ltd and National Stock Exchange of India Ltd.

#### Significant Accounting Policies:

##### 1.1 Basis of Preparation and Presentation:

These financial statements are the consolidated financial statements of the group prepared in accordance with Indian Accounting Standards ('Ind AS') notified under Section 133 of the Companies Act, 2013, read together with the Companies (Indian Accounting Standards) Rules, 2015.

For all periods up to and including the year ended March 31, 2017, the group had prepared and presented its financial statements in accordance with Accounting Standards notified under Section 133 of the Companies Act, 2013, read together with Rule 7 of the Companies (Accounts) Rules, 2014 ('Previous GAAP'). Detailed information of transition from previous GAAP to Ind AS and its impact on the Group's Balance Sheet, financial performance and cash flows is given under Note 45.

These financial statements have been prepared and presented under the historical cost convention, on the accrual basis of accounting except for certain financial assets and financial liabilities that are measured at fair values at the end of each reporting period, as stated in the accounting policies set out below. The accounting policies have been applied consistently over all the periods presented in these financial statements.

##### 1.2 Current/Non-Current Classification:

The Group presents assets and liabilities in the balance sheet based on current / non-current classification.

(a) An asset is treated as current when it is:

- (i) Expected to be realised or intended to be sold or consumed in normal operating cycle
  - (ii) Expected to be realised within twelve months after the reporting period, or
  - (iii) Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period
  - (iv) Held primarily for the purpose of trading
- All other assets are classified as non-current.

(b) A liability is current when:

- (i) It is expected to be settled in normal operating cycle
  - (ii) It is due to be settled within twelve months after the reporting period, or
  - (iii) There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.
  - (iv) Held primarily for the purpose of trading
- All other liabilities are classified as non-current.

Deferred tax assets and liabilities are classified as non-current assets and liabilities.

The operating cycle is the time between the acquisition of assets for processing and their realization in cash or cash equivalents. The Company has identified twelve months as its operating cycle.

##### 1.3 Use of Estimates

The preparation of the financial statements in conformity with Ind AS requires the Management to make judgements, estimates and assumptions considered in the reported amounts of assets and liabilities (including contingent liabilities) as of the date of the financial statements and the reported income and expenses like provision for employee benefits, provision for doubtful trade receivables/advances/contingencies, provision for warranties, allowance for slow/non-moving inventories, useful life of Property, Plant and Equipment, provision for taxation, etc., during the reporting year. The Management believes that the estimates used in the preparation of the financial statements are prudent and reasonable. Future results may vary from these estimates.

**1.4 Inventory:**

Inventories of raw materials, work-in-progress, stores, finished products and stock-in-trade are valued at the lower of cost or net realizable value.

Cost is ascertained on seasonal weighted average for sugar and yearly average for stores and soya products.

Soya Bean, Stock-in-trade of fertilizer and newsprint costs are ascertained on FIFO basis.

By-products are valued at net realizable value. Standing crops are valued at net realizable value.

In determining the cost of raw materials, packing materials, stock-in-trade, stores, spares, components and consumables, weighted average cost method is used. Cost of inventory comprises all costs of purchase, duties, taxes (other than those subsequently recoverable from tax authorities) and all other costs incurred in bringing the inventory to their present location and condition.

Cost of finished goods and work-in-progress includes the cost of raw materials, packing materials, an appropriate share of fixed and variable production overheads, excise duty as applicable and other costs incurred in bringing the inventories to their present location and condition.

**1.5 Property, Plant and Equipment:**

**Measurement at recognition :** Property, plant and equipment assets are carried at cost net of tax / duty credit availed less accumulated depreciation and accumulated impairment losses, if any. Cost includes expenditure that is directly attributable to the acquisition of the items.

Historical cost includes taxes, duties, freight, insurance etc., attributable to acquisition and installation of assets and borrowing cost incurred upto the date of commencing operations but excludes duties and taxes that are recoverable from taxing authorities. Indirect expenses during construction period, which are required to bring the asset in the condition for its intended use by the management and are directly attributable to bringing the asset to its position, are also capitalized.

Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. The carrying amount of any component accounted for as a separate asset is derecognized when replaced. All other repairs and maintenance are charged to the Statement of Profit and Loss during the reporting period in which they are incurred.

Assets which are not ready for their intended use and capital work-in-progress are carried at cost comprising direct cost, related incidental expenses and attributable interest.

On transition to Ind AS, the Company has elected to regard the fair values of all its Property, plant and equipment as at April 01, 2016 as deemed cost in accordance with the stipulation of Ind AS 101 "First-time Adoption of Indian Accounting Standards". Refer Note No. 45 for the first-time adoption impact.

**Depreciation:** Depreciation on Property, plant and equipment is provided on the straight-line method over the useful life in the manner prescribed in the Schedule II of the Companies Act 2013.

Depreciation on addition to assets or on sale/discarding of assets, is calculated on pro-rata from the month of such addition or up to the month of such sale/discarding, as the case may be.

**De-recognition:** An item of Property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of asset.

Gains and losses on disposal or retirement of assets are determined by comparing proceeds with carrying amount. These are recognized in the Statement of Profit and Loss.

**1.6 Intangible assets**

**Measurement at recognition:** Intangible assets acquired separately are measured on initial recognition at cost. Intangible assets arising on acquisition of business are measured at fair value as at date of acquisition. Internally generated intangibles including research cost are not capitalized and the related expenditure is recognized in the Statement of Profit and Loss in the period in which the expenditure is incurred. Following initial recognition, intangible assets are carried at cost less accumulated amortization and accumulated impairment loss, if any.

**Amortization:** Intangible Assets with finite lives are amortized on straight-line basis over the estimated useful economic life. The amortization expense on intangible assets with finite lives is recognized in the Statement of Profit and Loss. The amortization period and the amortization method for an intangible asset with finite useful life is reviewed at the end of each financial year. If any of these estimations differ from previous estimates, such change is accounted for as a change in an accounting estimate.



**Derecognition:** The carrying amount of an intangible asset is derecognized on disposal or when no future economic benefits are expected from its use or disposal. The gain or loss arising from the derecognition of an intangible asset is measured as the difference between the net disposal proceeds and the carrying amount of the intangible asset and is recognized in the Statement of Profit and Loss when the asset is derecognized.

### **1.7 Revenue Recognition:**

Revenue is measured at the fair value of the consideration received or receivable. Revenue is reduced for estimated customer returns, rebates and other similar allowances.

#### **a) Sale of goods**

Revenue from the sale of goods is recognised when the goods are despatched, and titles have passed, at which time all the following conditions are satisfied:

- i) The Group has transferred to the buyer the significant risks and rewards of ownership of the goods;
- ii) The Group retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- iii) The amount of revenue can be measured reliably;
- iv) It is probable that the economic benefits associated with the transaction will flow to the group; and
- v) The costs incurred or to be incurred in respect of the transaction can be measured reliably.

#### **b) Dividend and interest income:**

Dividend income from investments is recognised when the shareholder's right to receive payment has been established (provided that it is probable that the economic benefits will flow to the group and the amount of income can be measured reliably).

Interest income from a financial asset is recognised when it is probable that the economic benefits will flow to the Group and the amount of income can be measured reliably. Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.

#### **c) Insurance Claims:**

Insurance claims are accounted for on the basis of claims admitted/ expected to be admitted and to the extent that the amount recoverable can be measured reliably and it is reasonable to expect ultimate collection.

#### **d) Export Benefits:**

Export benefits are accounted for in the year of exports based on eligibility and when there is no uncertainty in receiving the same.

#### **e) Rental Income:**

Rental income arising from operating leases is accounted for on a straight-line basis over the lease terms and is included in revenue in the Statement of Profit or Loss due to its operating nature.

### **1.8 Foreign Currency Transactions:**

On initial recognition, transactions in foreign currencies entered into by the Group are recorded in the functional currency (i.e. Indian Rupees), by applying to the foreign currency amount, the spot exchange rate between the functional currency and the foreign currency at the date of the transaction. Exchange differences arising on foreign exchange transactions settled during the year are recognized in the Statement of Profit and Loss.

Foreign currency monetary items of the Group are translated at the closing exchange rates. Non-monetary items that are measured at historical cost in a foreign currency, are translated using the exchange rate at the date of the transaction. Non-monetary items that are measured at fair value in a foreign currency, are translated using the exchange rates at the date when the fair value is measured.

Exchange differences arising out of these translations are recognized in the Statement of Profit and Loss.

### **1.9 Employee Benefits:**

#### **a) Short Term Employee Benefits**

All employee benefits payable wholly within twelve months of rendering the service are classified as short-term employee benefits and they are recognized in the period in which the employee renders the related service. The Group recognizes



the undiscounted amount of short term employee benefits expected to be paid in exchange for services rendered as a liability (accrued expense) after deducting any amount already paid.

**b) Post-Employment Benefits:****i) Defined Contribution plans:**

Defined contribution plans are employee provident fund and employee state insurance scheme for all applicable employees and superannuation scheme for eligible employees.

**Recognition and measurement of defined contribution plans:**

The Group recognizes contribution payable to a defined contribution plan as an expense in the Statement of Profit and Loss when the employees render services to the Group during the reporting period. If the contribution payable for services received from employees before the reporting date exceeds the contributions already paid, the deficit payable is recognized as a liability after deducting the contribution already paid. If the contribution already paid exceeds the contribution due for services received before the reporting date, the excess is recognized as an asset to the extent that the prepayment will lead to, for example, a reduction in future payments or a cash refund.

**ii) Defined Benefit plans**

**Gratuity:** Liabilities with regard to the gratuity benefits payable in future are determined by actuarial valuation at each Balance Sheet date. Actuarial gains and losses arising from changes in actuarial assumptions are recognized in other comprehensive income and shall not be reclassified to the Statement of Profit and Loss in a subsequent period.

**Leave encashment / Compensated absences:** The Company and Associate provides for the encashment of leave with pay subject to certain rules. The employees are entitled to accumulate leave subject to certain limits, for future encashment / availment. The liability is provided based on the number of days of unutilized leave at each Balance Sheet date on the basis of an independent actuarial valuation. Actuarial gains and losses arising from changes in actuarial assumptions are recognised in the other comprehensive income

**1.10 Segment Reporting**

Operating segments are reported in a manner consistent with the internal reporting provided to the Chief Operating Decision Maker ('CODM') of the Group. The CODM is responsible for allocating resources and assessing performance of the operating segments of the Group.

**1.11 Non-Current Assets held for sale**

The Group classifies non-current assets as held for sale if their carrying amounts will be recovered principally through a sale rather than through continuing use of the assets and actions required to complete such sale indicate that it is unlikely that significant changes to the plan to sell will be made or that the decision to sell will be withdrawn. Also, such assets are classified as held for sale only if the management expects to complete the sale within one year from the date of classification.

Non-current assets classified as held for sale are measured at the lower of their carrying amount and the fair value less cost to sell. Non-current assets are not depreciated or amortized.

**1.12 Investment in Associate Company**

Associates are all entities over which the company has significant influence but not control or joint control. This is generally the case where the group holds between 20% and 50% of the voting rights. Investments in associates are accounted for using the equity method of accounting, after initially being recognised at cost.

Under the equity method of accounting, the investments are initially recognised at cost and adjusted thereafter to recognise the group's share of the post-acquisition profits or losses of the investee in profit and loss, and the group's share of other comprehensive income of the investee in other comprehensive income. Dividends received or receivable from associate are recognised as a reduction in the carrying amount of the investment.

When the group's share of losses in an equity-accounted investment equals or exceeds its interest in the entity, including any other unsecured long-term receivables, the group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the other entity.

The entity's interest in associate, for FY 2017-18, is classified as assets held for sale in accordance with Ind AS-105. The consolidated accounts have been finalised on the basis that the investment is held for sale.

**1.13 Government Grants**

Government grants are not recognised until there is reasonable assurance that the company will comply with the conditions attaching to them and that the grants will be received.

Government grants are recognised in Statement of Profit or Loss on a systematic basis over the periods in which the Group recognises as expenses the related costs for which the grants are intended to compensate. Specifically, government grants whose primary condition is that the company should purchase, construct or otherwise acquire non-current assets are recognised as deferred revenue in the Balance Sheet and transferred to Statement of Profit or Loss on a systematic and rational basis over the useful lives of the related assets.

Government grants that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Group with no future related costs are recognised in profit or loss in the period in which they become receivable.

In respect of government loans at below-market rate of interest existing on the date of transition, the Group has availed the optional exemption under Ind AS 101 - First Time Adoption and has not recognised the corresponding benefit of the government loan at below-market interest rate as Government grant.

**1.14 Current Tax and Deferred Tax**

The income tax expense or credit for the period is the tax payable on the current period's taxable income based on the applicable income tax rate for each jurisdiction adjusted by the changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred income tax is provided in full, using the Balance Sheet method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the end of the reporting period and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred tax assets are recognised for all deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances relate to the same taxation authority. Current tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Current and deferred tax is recognised in the Statement of Profit and Loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

Minimum Alternative Tax (MAT) credit, which is equal to the excess of MAT (calculated in accordance with provisions of Section 115JB of the Income tax Act, 1961) over normal income-tax is recognized as an item in deferred tax asset by crediting the Statement of Profit and Loss only when and to the extent there is convincing evidence that the Group will be able to avail the said credit against normal tax payable during the period of fifteen succeeding assessment years.

**1.15 Earnings per share**

Basic earnings per share is computed by dividing net income by the weighted average number of common shares outstanding. Diluted earnings per share is computed by dividing income available to shareholders and assumed conversion by the weighted average number of common shares and potential common shares from outstanding stock options.

**1.16 Impairment of Assets**

The carrying values of assets/cash generating units are reviewed at each Balance Sheet date to determine whether there is any indication of impairment of the carrying amount of the Group's assets. If any indication exists, an asset's recoverable amount is estimated. An impairment loss is recognised whenever the carrying amount of the asset exceeds the recoverable amount. The recoverable amount is the greater of the net selling price and their value in use. Value in use is arrived at by discounting the future cash flows to their present value based on an appropriate discount factor. When there is indication



that an impairment loss recognised for an asset in earlier accounting periods no longer exists or may have decreased such reversal of impairment loss is recognised in the Statement of Profit and Loss.

### **1.17 Provisions and Contingencies**

The Group recognizes provisions when a present obligation (legal or constructive) as a result of a past event exists and it is probable that an outflow of resources embodying economic benefits will be required to settle such obligation and the amount of such obligation can be reliably estimated.

If the effect of time value of money is material, provisions are discounted using a current pre-tax rate that reflects, when appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognized as a finance cost.

A contingent liability is a possible obligation that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the Group or a present obligation that is not recognized because it is probable that an outflow of resources will not be required to settle the obligation. However, if the possibility of outflow of resources, arising out of present obligation, is remote, it is not even disclosed as contingent liability.

A contingent liability also arises in extremely rare cases where there is a liability that cannot be recognized because it cannot be measured reliably. The Group does not recognize a contingent liability but discloses its existence in the notes to financial statements. A contingent asset is not recognized in financial statements, however, the same is disclosed where an inflow of economic benefit is probable.

### **1.18 Leases**

#### **a) Group as Lessee**

The Group's significant leasing arrangements are in respect of operating leases for premises that are cancelable in nature. The lease rentals under such agreements are recognised in the Statement of Profit and Loss as per the terms of the lease.

Rental expense from operating leases is generally recognised on straight-line basis over the term of the relevant lease or based on the time pattern of user benefit basis. Where the rentals are structured solely to increase in line with expected general inflation to compensate for the lessor's expected inflationary cost increases, such increases are recognised in the year in which such benefits accrue. Contingent rentals arising under operating leases are recognised as an expense in the period in which they are incurred.

In the event that lease incentives are received to enter into operating leases, such incentives are recognised as a liability. The aggregate benefit of incentives is recognised as a reduction of rental expense on straight-line basis, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

#### **b) Group as Lessor**

The Group's significant leasing arrangements are in respect of operating leases for premises that are cancellable in nature. The lease rentals under such agreements are recognised in the Statement of Profit and Loss as per the terms of the lease. Rental income from operating leases is generally recognised on straight-line basis over the term of the relevant lease. Where the rentals are structured solely to increase in line with expected general inflation to compensate for the Group's expected inflationary cost increases, such increases are recognised in the year in which such benefits accrue. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised on a straight-line basis over the lease term.

### **1.19 Borrowing Costs**

Borrowing cost includes interest, amortisation of ancillary cost incurred in connection with the arrangement of borrowings and the exchange differences arising from foreign currency borrowings to the extent they are regarded as an adjustment to the interest cost. General and specific borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalized during the period of time that is required to complete and prepare the asset for its intended use or sale. Qualifying assets are assets that necessarily take a substantial period of time to get ready for their intended use or sale.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalization.

Other borrowing costs are expensed in the period in which they are incurred.

**1.20 Financial Instrument**

Financial assets and financial liabilities are recognised when an entity becomes a party to the contractual provisions of the instrument.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through Statement of Profit and Loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through Statement of Profit and Loss.

**a) Fair Value Measurement**

The Group measures financial instruments, such as, investments at fair value at each balance sheet date.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- i) In the principal market for the asset or liability, or
- ii) In the absence of a principal market, in the most advantageous market for the asset or liability

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their best economic interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- i) Level 1 – Quoted (unadjusted) market prices in active markets for identical assets or liabilities
- ii) Level 2 – Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
- iii) Level 3 – Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

For the purpose of fair value disclosures, the Group has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above.

When the fair values of financial assets and financial liabilities recorded in the Balance Sheet cannot be measured based on quoted prices in active markets, their fair value is measured using valuation techniques, including the discounted cash flow model, which involve various judgements and assumptions.

**b) Financial Assets****i) Initial recognition and measurement**

All financial assets are recognised initially at fair value plus, in the case of financial assets not recorded at fair value through profit or loss, transaction costs that are attributable to the acquisition of the financial asset.

**ii) Subsequent measurement**

For purposes of subsequent measurement: Debt instruments are measured at amortised cost.

**iii) De-recognition**

A financial asset (or, where applicable, a part of a financial asset or part of the group of similar financial assets) is derecognised primarily when:



- (a) The rights to receive cash flows from the asset have expired, or
- (b) The Group has transferred substantially all the risks and rewards of the asset

**iv) Impairment of Financial Assets**

In accordance with Ind AS 109, the Group applies expected credit loss (ECL) model for measurement and recognition of impairment loss on the financial assets and credit risk exposure that are debt instruments, and are measured at amortised cost e.g., loans, debt securities, deposits, trade receivables and bank balance.

The Group follows 'simplified approach' for recognition of impairment loss allowance on trade receivables.

The application of simplified approach does not require the Group to track changes in credit risk. Rather, it recognises impairment loss allowance based on lifetime ECLs at each reporting date, right from its initial recognition.

Lifetime ECL are the expected credit losses resulting from all possible default events over the expected life of a financial instrument. ECL is the difference between all contractual cash flows that are due to the Group in accordance with the contract and all the cash flows that the Group expects to receive, discounted at the original Effective Interest Rate (EIR). When estimating the cash flows, an entity is required to consider:

- (a) All contractual terms of the financial instrument (including prepayment, extension, call and similar options) over the expected life of the financial instrument. However, in rare cases when the expected life of the financial instrument cannot be estimated reliably, then the entity is required to use the remaining contractual term of the financial instrument.
- (b) Cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

As a practical expedient, the Group uses a provision matrix to determine impairment loss allowance on portfolio of its trade receivables. The provision matrix is based on its historically observed default rates over the expected life of the trade receivables and is adjusted for forward-looking estimates. At every reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analysed.

ECL impairment loss allowance (or reversal) recognized during the period is recognized as income/ expense in the Statement of Profit and Loss (P&L). This amount is reflected under the head 'Other Expenses' in the Statement of Profit and Loss. The Balance Sheet presentation for various financial instruments is that in the case of financial assets measured as at amortised cost, ECL is presented as an allowance, i.e., as an integral part of the measurement of those assets in the Balance Sheet. The allowance reduces the net carrying amount. Until the asset meets write-off criteria, the Group does not reduce impairment allowance from the gross carrying amount.

For assessing increase in credit risk and impairment loss, the Group combines financial instruments on the basis of shared credit risk characteristics with the objective of facilitating an analysis that is designed to enable significant increases in credit risk to be identified on a timely basis.

**c) Financial Liabilities****i) Initial recognition and measurement**

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs. The Group's financial liabilities include trade and other payables.

**ii) Subsequent measurement**

Financial liabilities designated upon initial recognition at fair value through profit or loss (FVTPL) are designated as such at the initial date of recognition and only if the criteria in Ind AS 109 are satisfied. For liabilities designated as FVTPL, fair value gains / losses attributable to changes in own credit risks are recognized in other comprehensive income (OCI). These gains/ losses are not subsequently transferred to P&L. However, the Group may transfer the cumulative gain or loss within equity. All other changes in fair value of such liability are recognised in the Statement of Profit and Loss.

**iii) De-recognition**

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the de-recognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the Statement of Profit and Loss.

**1.21 Events after Reporting date**

Where events occurring after the Balance Sheet date provide evidence of conditions that existed at the end of the reporting period, the impact of such events is adjusted within the financial statements. Otherwise, events after the Balance Sheet date of material size or nature are only disclosed.

**1.22 Cash and Cash Equivalents**

Cash and cash equivalents in the Balance Sheet comprise of cash on hand, demand deposits with Banks, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

**1.23 Cash flow Statement**

Cash flows are reported using the indirect method, whereby profit before tax is adjusted for the effects of transactions of non-cash nature and any deferrals or accruals of past or future cash receipts or payments. The cash flows from operating, investing and financing activities of the Group are segregated based on the available information.

**1.24 Rounding off amounts**

All amounts disclosed in the financial statements and notes have been rounded off to the nearest Lakh with two decimals, as per the requirement of Schedule III, unless otherwise stated.

**1.25 Recent accounting pronouncements**

Standards issued but not yet effective

In March, 2018, the Ministry of Corporate Affairs (MCA) issued Companies (Indian Accounting Standards) Amendment Rules, 2018, notifying Ind AS 115, Revenue from Contract with Customers, Appendix B to Ind AS 21, Foreign Currency transactions and advance consideration and amendments to certain other standards. These amendments are in line with recent amendments made by International Accounting Standards Board (IASB). These amendments are applicable to the Group from April 01, 2018. The Group will be adopting the amendments from their effective date.



**NOTE No. 2**

**PROPERTY, PLANT AND EQUIPMENT**

(Rs. in lakhs)

PARTICULARS	Land	Buildings	Plant & Equipment	Furniture & Fixtures	Vehicles	Office Equipment	Others	Total	CWIP*
<b>Gross carrying Amount:</b>									
Deemed cost as at 1st April, 2016	37175.46	15901.70	85728.14	384.20	1032.28	341.10	23.60	140586.48	4627.89
Additions	-	131.88	1653.74	0.86	93.24	125.87	-	2005.59	205.42
Disposals	-	-	24.51	-	101.59	2.59	-	128.69	1617.31
Balance as at 31st March, 2017	37175.46	16033.58	87357.37	385.06	1023.93	464.38	23.60	142463.38	3216.00
<b>Accumulated Depreciation:</b>									
Balance as at 1st April, 2016	-	-	-	337.47	891.04	246.21	-	1474.72	-
Additions	-	647.61	4904.22	15.84	30.34	52.63	-	5650.64	-
Transfer to Retained Earnings	-	0.03	49.80	-	-	-	-	49.83	-
Disposals	-	-	0.10	-	87.14	2.41	-	89.65	-
Balance as at 31st March, 2017	-	647.64	4953.92	353.31	834.24	296.43	-	7085.54	-
<b>Net Carrying Amount:</b>									
Balance as at 1st April, 2016	37175.46	15901.70	85728.14	46.73	141.24	94.89	23.60	139111.76	4627.89
Balance as at 31st March, 2017	37175.46	15385.94	82403.45	31.75	189.69	167.95	23.60	135377.84	3216.00
<b>Gross carrying Amount:</b>									
Deemed cost as at 1st April, 2017	37175.46	16033.58	87357.37	385.06	1023.93	464.38	23.60	142463.38	3216.00
Additions	-	39.26	655.57	0.20	-	14.50	-	709.53	21.40
Disposals	663.50	50.47	818.15	-	29.50	0.61	-	1562.23	8.18
Asset classified as held for sale	5474.25	34.70	-	-	-	-	-	5508.95	-
Balance as at 31st March, 2018	31037.71	15987.67	87194.79	385.26	994.43	478.27	23.60	136101.73	3229.22
<b>Accumulated Depreciation:</b>									
Balance as at 1st April, 2017	-	647.64	4953.92	353.31	834.24	296.43	-	7085.54	-
Additions	-	634.82	4526.92	3.17	32.78	84.00	-	5281.69	-
Disposals	-	2.28	106.43	-	27.91	0.61	-	137.23	-
Balance as at 31st March, 2018	-	1280.18	9374.41	356.48	839.11	379.82	-	12230.00	-
<b>Net Carrying Amount:</b>									
Balance as at 1st April, 2017	37175.46	15385.94	82403.45	31.75	189.69	167.95	23.60	135377.84	3216.00
Balance as at 31st March, 2018	31037.71	14707.49	77820.38	28.78	155.32	98.45	23.60	123871.73	3229.22

\*Capital Work-in-Progress



(Rs. In Lakhs)

	As at 31.03.2018	As at 31.03.2017	As at 01.04.2016
<b>NOTE No. 3</b>			
<b>NON-CURRENT INVESTMENTS</b>			
I. Investments in Equity Instruments			
a. Quoted Equity Shares			
In Other Entities at FVTPL			
Sakthi Finance Limited			
10,40,000 (31.03.17: 1040000, 01.04.16: 1040000)			
Shares of Rs.10 each	328.64	324.48	198.12
ICICI Bank Limited			
2425 (31.03.17: 2205, 01.04.16: 2205)			
Shares of Rs.2 each	6.75	6.11	1.04
NIIT Limited			
2,527 (31.03.17: 2527, 01.04.16: 2527)			
Shares of Rs. 2 each	2.52	2.13	1.99
NIIT Technologies Limited			
759 (31.03.17: 759, 01.04.16: 759)			
Shares of Rs. 10 each	6.56	3.31	3.77
K G Denim Limited			
16,129 (31.03.17: 16129, 01.04.16: 16129)			
Shares of Rs.10 each	7.34	14.60	12.09
IFCI Limited			
100 (31.03.17: 100, 01.04.16: 100)			
Shares of Rs.10 each	0.02	0.03	0.02
The Industrial Development Bank of India Limited			
1,360 (31.03.17: 1360, 01.04.16: 1360)			
Shares of Rs.10 each	0.98	1.02	0.94
The South Indian Bank Limited			
1,65,000 (31.03.17: 165000, 01.04.16: 165000)			
Shares of Rs.1 Each	37.62	35.31	29.12
Total of Quoted equity shares	390.43	386.99	247.09
b. Unquoted Equity Shares			
a. Associates (Carrying amount determined using the Equity Method of accounting)			
Sakthi Auto Component Limited			
Nil (31.03.17: 63860000, 01.04.16: 63860000)			
Shares of Rs.10 each	--	6,704.04	13,658.91
b. Other Entities (Measured at Cost)			
The ABT Co-operative Stores Limited			
1,000 (31.03.17: 1000, 01.04.16: 1000)			
Shares of Rs. 10 each	0.10	0.10	0.10
Sakthi Sugars Co-operative Stores Limited			
760 (31.03.17: 760, 01.04.16: 760)			
Shares of Rs.10 each	0.08	0.08	0.08
Angul Central Co-op Bank Limited			
100 (31.03.17: 100, 01.04.16: 100)			
Shares of Rs.100 each	0.10	0.10	0.10
Shamarao Vithal Co-op Bank Limited			
25 (31.03.17: 25, 01.04.16: 25)			
Shares of Rs.25 each	0.01	0.01	0.01
	0.29	0.29	0.29



## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(Rs. in Lakhs)

	As at 31.03.2018	As at 31.03.2017	As at 01.04.2016
b. Other Entities (Measured at FVTPL)			
Sri Chamundeswari Sugars Limited			
6,81,146 (31.03.17: 681146, 01.04.16: 681146)			
Shares of Rs.10 each	<b>35.76</b>	35.76	163.48
II. Investments in Preference shares			
6,45,900 (31.03.17: 895900, 01.04.16: 895900)			
5% Redeemable Non-Convertible Cumulative			
Pref. Shares in Sri Chamundeswari Sugars Ltd	<b>645.90</b>	895.90	895.90
III. Investments in Government Securities - Unquoted			
(Measued at Amortised Cost)			
Investment in Govt. Securities	--	1.04	1.04
<b>TOTAL</b>	<b>1,072.38</b>	8,024.02	14,966.71
Aggregate cost of Quoted Investments	<b>290.49</b>	290.49	290.49
Aggregate cost of Unquoted Investments	<b>646.19</b>	7,601.27	14,556.14
Aggregate market value of Quoted Investments	<b>390.43</b>	386.99	247.09
<b>NOTE No. 4</b>			
<b>NON-CURRENT TRADE RECEIVABLES</b>			
Trade Receivables (Unsecured, Considered good)	<b>5,867.83</b>	5,320.03	6,177.56
<b>NOTE No. 5</b>			
<b>NON-CURRENT LOANS</b>			
Employee related Loans and advances	<b>107.41</b>	107.83	117.03
<b>NOTE No. 6</b>			
<b>OTHER NON-CURRENT FINANCIAL ASSETS</b>			
Security Deposits	<b>632.71</b>	176.88	152.70
Margin Money /Fixed Deposits - Maturing after 12 Months	<b>20.34</b>	32.02	14.74
<b>TOTAL</b>	<b>653.05</b>	208.90	167.44
<b>NOTE No. 7</b>			
<b>OTHER NON-CURRENT ASSETS</b>			
Capital advances	<b>3,060.64</b>	3,063.15	2,663.63
Sundry Deposits	<b>3,243.86</b>	3,245.43	3,248.47
Advance for Purchases & Others	<b>98.01</b>	11.54	72.71
<b>TOTAL</b>	<b>6,402.51</b>	6,320.12	5,984.81
<b>NOTE No. 8</b>			
<b>INVENTORIES</b>			
<b>(a) Raw Materials:</b>			
Molasses - Distillery Unit	<b>524.32</b>	112.05	460.87
Soyabeans	<b>2,166.85</b>	795.69	128.02
Soya Flour	<b>25.45</b>	50.42	4.35
	<b>2,716.62</b>	958.16	593.24



## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(Rs. In Lakhs)

	As at 31.03.2018	As at 31.03.2017	As at 01.04.2016
<b>(b) Work in Progress:</b>			
Sugar	241.77	341.26	565.64
Molasses	53.82	88.74	146.41
	295.59	430.00	712.05
<b>(c) Finished goods:</b>			
Sugar	1,991.70	4,489.56	2,901.92
Molasses - Sugar Unit	344.18	190.34	285.06
Industrial Alcohol	1,839.46	913.80	915.80
Ethanol	—	—	0.07
Soya Products	1,125.38	1,117.31	1,660.98
Bio-Earth	46.19	39.20	7.55
Fusel Oil	0.32	0.86	1.74
Bagasse	18.79	4.25	55.51
	5,366.02	6,755.32	5,828.63
<b>(d) Stock in Trade:</b>			
Chemicals, Fertilisers & Others	166.77	197.13	257.51
<b>(e) Stores and spares:</b>			
Stores and spares	2,304.77	2,553.52	3,021.27
<b>(f) Other Stock:</b>			
Standing crop	—	0.66	4.29
<b>TOTAL</b>	<b>10,849.77</b>	<b>10,894.79</b>	<b>10,416.99</b>
For mode of valuation please refer Sl. No. 1.4 in Significant Accounting Policies.			
<b>NOTE No. 9</b>			
<b>CURRENT INVESTMENTS</b>			
Investments in Equity Instruments			
Quoted			
Kovai Medical Centre and Hospital Limited			
62,083 (31.03.17: 2,00,000, 01.04.16: 2,00,000)			
Shares of Rs.10 each	776.47	2,630.60	1,392.00
<b>TOTAL</b>	<b>776.47</b>	<b>2,630.60</b>	<b>1,392.00</b>
Aggregate cost of Quoted Investments	6.21	20.00	20.00
Aggregate market value of Quoted Investments	776.47	2,630.60	1,392.00



## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(Rs. In Lakhs)

	As at 31.03.2018	As at 31.03.2017	As at 01.04.2016
<b>NOTE No. 10</b>			
<b>CURRENT TRADE RECEIVABLES</b>			
Trade Receivables (Unsecured, Considered good)	968.55	2,171.33	12,023.51
Receivable from Related Party (Ref. Note No. 50)	16.35	54.65	14.39
	984.90	2,225.98	12,037.90
Less : Allowance for Bad and Doubtful debts	—	—	—
<b>TOTAL</b>	<b>984.90</b>	<b>2,225.98</b>	<b>12,037.90</b>
The company uses provision matrix to determine the impairment loss on portfolio of its trade receivables. The provision matrix is based on the historically observed default rates over the expected life of trade receivables and is adjusted for forward looking estimates. Based on such analysis no provision is required for expected credit loss.			
<b>NOTE No. 11</b>			
<b>CASH AND CASH EQUIVALENTS</b>			
Bank balances in current accounts	1,150.87	1,414.65	1,574.19
Fixed Deposits with maturity of less than three months	330.00	349.52	340.00
Cash on hand	14.36	21.25	45.73
<b>TOTAL</b>	<b>1,495.23</b>	<b>1,785.42</b>	<b>1,959.92</b>
<b>NOTE No. 12</b>			
<b>BANK BALANCES OTHER THAN CASH AND CASH EQUIVALENTS</b>			
Balances with Banks for unclaimed dividend/interest warrants	2.89	2.46	1.91
Fixed deposits with maturity more than 3 months but less than 12 months	93.78	25.49	81.70
<b>TOTAL</b>	<b>96.67</b>	<b>27.95</b>	<b>83.61</b>
<b>NOTE No. 13</b>			
<b>CURRENT LOANS</b>			
(Unsecured, Considered good)			
Loans and Advances to related parties	2,299.93	--	--
Employee related loans and advances	37.44	42.27	31.93
<b>TOTAL</b>	<b>2,337.37</b>	<b>42.27</b>	<b>31.93</b>
<b>NOTE No. 14</b>			
<b>OTHER CURRENT FINANCIAL ASSETS</b>			
Security Deposits	—	3.12	5.12
Outstanding interest receivable	7.33	7.86	9.46
Income Receivable	2,726.53	2,792.08	1,568.39
<b>TOTAL</b>	<b>2,733.86</b>	<b>2,803.06</b>	<b>1,582.97</b>
<b>NOTE No. 15</b>			
<b>CURRENT TAX ASSETS (NET)</b>			
Advance Income Tax and TDS	276.98	82.59	305.64



## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(Rs. In Lakhs)

	As at 31.03.2018	As at 31.03.2017	As at 01.04.2016
<b>NOTE No. 16</b>			
<b>OTHER CURRENT ASSETS</b>			
Employee related Loans and advances	10.89	11.37	24.90
Prepaid expenses	367.94	275.51	384.27
Deposits with Government authorities	1,862.66	1,199.66	1,509.55
Advance for purchases & others	2,238.07	3,001.92	4,061.78
<b>TOTAL</b>	<b>4,479.56</b>	<b>4,488.46</b>	<b>5,980.50</b>
<b>NOTE No. 17</b>			
<b>ASSETS CLASSIFIED AS HELD FOR SALE</b>			
Land and Building	5508.95	—	—
Investment in Associates Sakthi Auto Component Limited	15157.86	—	—
6,38,60,000 (31.03.17: Nil, 01.04.16: Nil) Shares of Rs.10 each			
<b>TOTAL</b>	<b>20666.81</b>	<b>—</b>	<b>—</b>
<b>NOTE No. 18</b>			
<b>EQUITY SHARE CAPITAL</b>			
<b>Authorised</b>			
12,00,00,000 (31.03.17: 12,00,00,000, 01.04.16: 11,00,00,000)			
Equity Shares of Rs.10 each	12,000.00	12,000.00	11,000.00
50,00,000 (31.03.17: 50,00,000, 01.04.16: 50,00,000)			
Preference Shares of Rs.100 each	5,000.00	5,000.00	5,000.00
	<b>17,000.00</b>	<b>17,000.00</b>	<b>16,000.00</b>
<b>Issued</b>			
11,89,65,705 (31.03.17: 11,89,65,705, 01.04.16: 9,63,29,948)			
Equity Shares of Rs.10 each	11,896.57	11,896.57	9,632.99
	<b>11,896.57</b>	<b>11,896.57</b>	<b>9,632.99</b>
<b>Subscribed and Paid up</b>			
11,88,49,036 (31.03.17: 11,88,49,036, 01.04.16: 9,62,13,279)			
Equity Shares of Rs.10 each fully paid up	11,884.90	11,884.90	9,621.33
<b>TOTAL</b>	<b>11,884.90</b>	<b>11,884.90</b>	<b>9,621.33</b>
<b>Reconciliation of Number of Shares</b>			
	No. of Shares	No. of Shares	No. of Shares
Equity Shares at the beginning of the year	118,849,036	96,213,279	96,213,279
Add: Shares issued/allotted on preferential basis	--	22,635,757	--
Equity Shares at the end of the year	118,849,036	118,849,036	96,213,279

### Rights, Preferences and Restrictions of each class of Shares

The Company has only one class of equity shares having a face value of Rs.10 each. Each shareholder is eligible for one vote per share held. Dividend is payable when it is recommended by the Board of Directors and approved by the Members at the Annual General Meeting. In the event of liquidation, the equity shareholders will get the remaining assets of the Company after payment of all the preferential amounts.



**Shares held by the holding company**

Particulars	As at 31.03.2018	As at 31.03.2017	As at 01.04.2016
ABT Investments (India) Private Ltd.	67463540	67463540	--
ABT Ltd	--	--	67463540

**List of shareholders holding more than 5%**

Particulars	As at 31.03.2018	%	As at 31.03.2017	%	As at 01.04.2016	%
	No. of Shares		No. of Shares		No. of Shares	
ABT Investments (India) Private Ltd.	67463540	56.76	67463540	56.76	--	--
Asset Reconstruction Company (India) Ltd.	22635757	19.05	22635757	19.05	--	--
ABT Ltd	--		--		67463540	70.12

**Terms of security convertible into equity shares**

Particulars	As at 31.03.2018	As at 31.03.2017	As at 01.04.2016
Foreign Currency Convertible Bonds (FCCB)	Series A	Series A	Series A
a. No. of bonds outstanding	10	10	10
b. Date of maturity	30.5.2009	30.5.2009	30.5.2009
c. Value of bonds for conversion (Rs. in lakhs)	448.90	448.90	448.90
d. Conversion price (Rs. per share)	208.00	208.00	208.00
e. Earliest date of conversion	10.07.2006	10.07.2006	10.07.2006
f. Date of expiry of conversion right	30.5.2019	30.5.2019	30.5.2019

**Details of equity shares allotted as fully paid up pursuant to the terms of restructure of loans under CDR Scheme and by an Asset Reconstruction Company.**

Name of the Allottee	Date of allotment	No. of Shares
ABT Ltd	25.03.2014	59,405,940
Asset Reconstruction Company (India) Limited (ARCIL)	24.06.2016	22,635,757

(Rs. In Lakhs)

	As at 31.03.2018	As at 31.03.2017	As at 01.04.2016
<b>NOTE No. 19</b>			
<b>OTHER EQUITY</b>			
Capital reserve	625.24	625.24	625.24
Capital redemption reserve	2,512.27	2,512.27	2,512.27
Securities premium account	27,000.19	27,000.19	23,152.11
Retained Earnings	(16,028.40)	(14,352.44)	(18,284.48)
Other Comprehensive Income	(155.39)	(191.98)	--
	<b>13,953.91</b>	<b>15,593.28</b>	<b>8,005.14</b>



## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(Rs. In Lakhs)

	As at 31.03.2018	As at 31.03.2017	As at 01.04.2016
<b>Capital reserve</b>			
Balance as per last Balance Sheet	625.24	625.24	625.24
<b>Capital redemption reserve</b>			
Balance as per last Balance Sheet	2,512.27	2,512.27	2,512.27
<b>Securities premium account</b>			
Balance as per last Balance Sheet	27,000.19	23,152.11	23,152.11
Add: Premium on Allotment of Shares during the year	—	3,848.08	—
	27,000.19	27,000.19	23,152.11
<b>Retained Earnings</b>			
Balance as per last Balance Sheet	(14,352.44)	(18,284.48)	(18,284.48)
Reversal of Consolidation adjustments	16,034.80	--	--
Net Profit/(Loss) after tax for the year	(17,710.26)	3,932.04	--
	(16,028.40)	(14,352.44)	(18,284.48)
<b>Other Comprehensive Income</b>			
Balance as per last Balance Sheet	(191.98)	--	--
Reversal of Consolidation adjustments	22.97	--	--
Addition/(Deletion) during the year	13.62	(191.98)	--
	(155.39)	(191.98)	--
<b>TOTAL</b>	<b>13,953.91</b>	<b>15,593.28</b>	<b>8,005.14</b>
<b>NOTE No. 20</b>			
<b>NON-CURRENT BORROWINGS</b>			
(a) Secured Loans			
i) Term Loans			
From Banks	11,439.43	18,407.83	19,736.54
From Other Parties	28,973.30	32,671.32	43,395.32
	40,412.73	51,079.15	63,131.86
ii) Long term maturities of finance lease obligations (secured)	9.16	25.83	4.27
Total of Secured Loans	40,421.89	51,104.98	63,136.13
(b) Unsecured Loans			
Term Loans			
From Banks	526.74	595.14	--
From Other Parties	4,555.97	4,390.47	4,790.79
Total of Unsecured Loans	5,082.71	4,985.61	4,790.79
<b>TOTAL</b>	<b>45,504.60</b>	<b>56,090.59</b>	<b>67,926.92</b>



**A) SECURED LOANS FROM BANKS**

Nature of Security	Terms of Repayment
<p>1 Term loans amounting to Rs.Nil (March 31, 2017: Rs.808.45 lakhs and April 1, 2016 : Rs.2222.81 lakhs) are secured by</p> <p>a. Pari passu first charge on the entire movable and immovable properties of the Company except the assets charged on exclusive basis.</p> <p>b. Pari passu second Charge on the current assets of the Company, except the assets charged on exclusive basis.</p>	<p>The loans are restructured and are repayable in 32 quarterly installments commencing from April 2011.</p> <p>Rate of interest 10.50% p.a. (March 31, 2017:10.50% p.a and April 1,2016: 10.50% p.a)</p>
<p>2 Term loans amounting to Rs.7593.58 lakhs (March 31, 2017 Rs.8579.76 lakhs and April 1,2016: Rs.3029.26 lakhs) are secured by</p> <p>a. Pari passu first charge on the entire movable and immovable properties of the Company except the assets charged on exclusive basis.</p> <p>b. Pari passu second Charge on the current assets of the Company, except the assets charged on exclusive basis.</p>	<p>The loans are restructured and are repayable in 24 quarterly installments commencing from June 2016.</p> <p>Rate of Interest 11.50% p.a (March 31, 2017:11.50% p.a and April 1,2016: 10.50% p.a)</p>
<p>3 Term loans amounting to Rs.2735.50 lakhs (March 31, 2017 Rs.4592.49 lakhs and April 1, 2016: Rs.6403.61 lakhs) are secured by subservient charge on the fixed assets of the Company after the existing Loans, except the assets charged on exclusive basis.</p>	<p>Term loan of Rs.2310 lakhs (March 31, 2017 : Rs.2610 lakhs and April 1,2016 : Rs.3000 lakhs ) is repayable in 24 quarterly installments commencing from June 2016.</p> <p>Rate of Interest 11.50% p.a (March 31, 2017:11.50% p.a and April 1,2016: 10.95% p.a)</p> <p>Term loan of Rs.425.50 lakhs (March 31, 2017 : Rs.1982.49 lakhs and April 1, 2016 : Rs. 3403.61 lakhs) is repayable in 8 quarterly installments commencing from August 2017.</p> <p>Rate of Interest 10.55% p.a (March 31, 2017:10.75% p.a and April 1,2016: 11% p.a)</p>
<p>4 Term loans amounting to Rs.80.14 lakhs (March 31, 2017 : Rs.2708.47 lakhs and April 1,2016 : Rs.5336.80 lakhs) are secured by</p> <p>a. Pari passu first charge on fixed assets pertaining to Co-generation Plant at Sakthinagar.</p> <p>b. Subservient pari passu charge on the fixed assets of the Company after the existing loans, except the assets charged on exclusive basis.</p>	<p>The loans are repayable in 36 monthly instalments commencing from April 2016</p> <p>Rate of Interest Nil (March 31, 2017 :Nil and April 1, 2016 : Nil)</p>
<p>5 Term loan amounting to Rs.1125 lakhs (March 31, 2017: Rs.1856.52 lakhs and April 1 ,2016 : Rs.2925 lakhs) is secured by</p> <p>a. Extension of first charge on the Company's property situated at 180 Race Course Road , Coimbatore.</p> <p>b. Subservient charge on the fixed assets of the Company except, the assets charged on exclusive basis.</p>	<p>The loan is repayable in 16 quarterly instalments from September 2016</p> <p>Rate of Interest 11.15% p.a (March 31, 2017: 11.40% p.a and April 1,2016: 12.00% p.a)</p>
<p>6 The loans under 1 and 2 above is further secured by pledge of shares held by promoters in the Company.</p> <p>7 Guarantees given by Directors/Others:</p> <p>a. Term loans amounting to Rs.11534.22 lakhs (March 31,2017 : Rs.18545.69 lakhs and April 1,2016 : Rs.19917.47 lakhs) are guaranteed by Dr. M.Manickam, Sri.M.Balasubramaniam and Sri. M. Srinivaasan.</p> <p>b. Term loan amounting to Rs.2310 lakhs (March 31, 2017 :Rs.2610 lakhs and April 1,2016 : Rs.3000 lakhs) is additionally secured by corporate guarantee and collateral security given by a group company.</p> <p>c. Term loan amounting to Rs.1125 lakhs (March 31, 2017 :Rs.1856.52 lakhs and April 1,2016 : Rs.2925 lakhs) is additionally secured by collateral security given by a promoter.</p>	



(Rs. in lakhs)

8 Period and amount of continuing default as on the date of Balance Sheet:

Particulars	Amount of Default as at 31.03.2018		Period of Default	
	Principal	Interest	Principal	Interest
Rupee Term Loan from Bank of India	234.33	536.72	June 16 to Dec 17	April 16 to Feb 18
Term Loan from Bank of India	234.37	536.72	June 16 to Dec 17	April 16 to Feb 18
Corporate Loan from Bank of India	118.31	270.44	June 16 to Dec 17	April 16 to Feb 18
Rupee Term Loan from Punjab National Bank	2718.19	2146.77	Oct 12 to Jan 18	Feb 13 to Feb 18
Working Capital Term Loan I from Bank of India	83.27	190.34	June 16 to Dec 17	April 16 to Feb 18
Working Capital Term Loan from Bank of India	174.68	399.30	June 16 to Dec 17	April 16 to Feb 18
FITL from Bank of India	55.26	126.27	June 16 to Dec 17	April 16 to Feb 18
FITL from Bank of India	184.58	437.06	June 16 to Dec 17	April 16 to Feb 18
FITL from Punjab National Bank	279.88	224.11	Oct 12 to Jan 18	Feb 13 to Feb 18
FCCB Term Loan from Axis Bank Limited	1275.60	220.03	Aug 17 to Feb 18	Aug 17 to Feb 18
FCCB Term Loan from Bank of India	330.00	754.02	June 16 to Dec 17	April 16 to Feb 18
Soft Loan from Axis Bank Limited	–	47.91	–	Jan 18 to Feb 18
SEFASU Loan from Bank of India	2243.25	483.38	Oct 16 to Feb 18	Jun 17 to Feb 18
SEFASU Loan from Indian Overseas Bank	1724.50	497.68	Apr 16 to Feb 18	Dec 16 to Feb 18

- 9 Amount of Rs.94.79 Lakhs (March 31, 2017 : Rs.137.86 lakhs and April 1, 2016 : Rs.180.93 Lakhs) related to deferred expenses towards processing charges is netted off against loan.

**B) SECURED LOANS FROM OTHER PARTIES**

Nature of Security	Terms of Repayment
<p>1 Term Loans amounting to Rs.5515 lakhs (March 31,2017 : Rs.6693 lakhs and April 1,2016 Rs.7666 lakhs) are secured by</p> <p>a. Pari passu first charge on the entire movable and immovable properties of the Company except the assets charged on exclusive basis.</p> <p>b. Paripassu second charge on the current assets of the Company, except the assets charged on exclusive basis.</p>	<p>Term loan of Rs.2112 lakhs (March 31,2017 : Rs.2880 lakhs and April 1, 2016 : Rs.3648 lakhs) is restructured and is repayable in 22 quarterly installments commencing from June 2016</p> <p>Rate of Interest 12.00% p.a (March 31, 2017: 12.00% p.a and April 1,2016: 10.00% p.a)</p> <p>Term loan of Rs.3403 lakhs (March 31,2017: Rs.3813 lakhs and April1,2016 : Rs.4018 lakhs ) is restructured and is repayable in 28 quarterly installments commencing from June 2016</p> <p>Rate of Interest 12.00% p.a (March 31, 2017: 12.00% p.a and April 1,2016: 10.00% p.a)</p>
<p>2 Term Loans amounting to Rs.23625.65 lakhs (March 31,2017 :Rs.25956.69 lakhs and April 1,2016 : 35015.62 lakhs) are secured by</p> <p>a. Pari passu first charge on the entire movable and immovable properties of the Company except the assets charged on exclusive basis.</p> <p>b. Paripassu second charge on the current assets of the Company except the assets charged on exclusive basis.</p> <p>c. Term Loan amounting to Rs. 1500 lakhs included above is further Secured by exclusive first charge on the Coke Bottling Plant at Sivaganga Unit</p>	<p>Term loans amounting to Rs.23625.65 lakhs (March 31, 2017 : Rs. 25956.69 lakhs and April 1,2016 : Rs.35015.62 lakhs) are restructured and are repayable in 24 quarterly installments commencing from June 2016</p> <p>Rate of Interest 12.00% p.a (March 31, 2017: 12.00% p.a and April 1,2016: 12.00% p.a)</p>
<p>3 Term loan amounting to Rs.Nil (March 31, 2017 Rs.Nil and April 1, 2016 Rs.722.91 lakhs) is secured by exclusive second charge on the assets of Sugar and Cogen units of the Company at Sivaganga.</p>	<p>Repayable in 10 half yearly instalments from May 2013.</p> <p>Rate of Interest 4.00% p.a (March 31, 2017: 4.00% p.a and April 1,2016: 4.00% p.a)</p>



## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Nature of Security	Terms of Repayment
4 Term loan amounting to Rs.Nil (March 31, 2017 Rs.80.19 lakhs and April 1, 2016 Rs.240.56 lakhs) is secured by exclusive second charge on the assets of Sugar and Cogen units of the Company at Modakurichi.	Repayable in 10 half yearly instalments from February 2014. Rate of Interest 4.00% p.a (March 31, 2017: 4.00% p.a and April 1,2016: 4.00% p.a)
5 Loan amounting to Rs.Nil (March 31, 2017 : Rs.150 lakhs and April 1, 2016: Nil) is secured by pledge of shares held by the Company	Bullet Payment in May 2018
6 The loans under 1 & 2 above are further secured by pledge of shares held by promoters in the Company.	
7 Guarantees given by Directors: Term loans amounting to Rs.29140.65 lakhs (March 31, 2017 :Rs.32649.69 Lakhs and April 1, 2016 : Rs.42681.62 lakhs) are guaranteed by Dr. M.Manickam, Sri.M.Balasubramaniam and Sri. M.Srinivaasan	

### 8 Period and amount of continuing default as on the date of Balance Sheet

(Rs. in lakhs)

Particulars	Amount of Default as at 31.03.2018		Period of Default	
	Principal	Interest	Principal	Interest
Asset Reconstruction Company (India) Limited [HDFC Bank Limited]	100.90	596.86	May 16 to Feb 18	May 16 to Feb 18
Asset Reconstruction Company (India) Limited [Canara Bank]	505.70	2022.10	May 16 to Feb 18	May 16 to Feb 18
Asset Reconstruction Company (India) Limited [State Bank of India]	411.99	1660.27	May 16 to Feb 18	May 16 to Feb 18
Asset Reconstruction Company (India) Limited [IDBI Bank]	151.20	911.52	May 16 to Feb 18	May 16 to Feb 18
Asset Reconstruction Company (India) Limited [Indian Overseas Bank]	325.94	1325.31	May 16 to Feb 18	May 16 to Feb 18
Asset Reconstruction Company (India) Limited [Allahabad Bank]	1451.67	1255.03	Apr 13 to Jan 18	Apr 13 to Jan 18
Edelweiss Asset Reconstruction Company Limited [IDFC]	624.00	1548.48	Mar 17 to Dec 17	Mar 17 to Dec 17
Edelweiss Asset Reconstruction Company Limited [OBC]	174.25	1779.86	Mar 17 to Dec 17	Mar 17 to Dec 17

### 9 Amount of Rs.167.34 Lakhs (March 31,2017 : Rs.208.56 Lakhs and April, 1 2016 : Rs.249.79 Lakhs) related to deferred expenses towards processing charges is netted off against loan.

Nature of Security	Terms of Repayment
<b>A) UNSECURED LOAN FROM BANKS</b> Term loans amounting to Rs.526.74 lakhs (March 31, 2017: Rs.595.14 lakhs and April 1, 2016: Nil)	The Loan is repayable in 24 quarterly instalments commencing from June 2016 Rate of Interest 11.50% p.a (March 31, 2017: 11.50% p.a and April 1, 2016: 11.50% p.a.)
<b>B) UNSECURED LOANS FROM OTHER PARTIES</b> Loan amounting to Rs.2526.01 lakhs (March 31 2017: Rs.2571.51 lakhs and April 1 2016:Rs.1215 lakhs)	Rs.Nil (March 31, 2017 Rs.45 lakhs and April 1,2016 : Rs.135 lakhs) is repayable in (March 31, 2017:1 and April 1,2016 : 3) half yearly instalment and the balance amount of Rs.2526.51 lakhs (March 31, 2017 :Rs.2571.51 lakhs and April 1,2016 : Rs 1215 lakhs.) to be adjusted by supply of bagasse. Rate of interest 10.50% p.a. (March 31, 2017:10.50% p.a and April 1,2016: 10.50% p.a)



## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(Rs. in lakhs)

	As at 31.03.2018	As at 31.03.2017	As at 01.04.2016
<b>NOTE No. 21</b>			
<b>OTHER NON-CURRENT FINANCIAL LIABILITIES</b>			
Provision for super annuation contribution	279.21	244.06	252.01
<b>NOTE No. 22</b>			
<b>NON-CURRENT PROVISIONS</b>			
Provision for gratuity	1,609.17	1,462.68	1,354.54
Provision for compensated absence	853.10	953.11	652.32
<b>TOTAL</b>	<b>2,462.27</b>	<b>2,415.79</b>	<b>2,006.86</b>

### NOTE No. 23

#### INCOME TAXES

##### 23.1 Tax expense recognized in the Statement of Profit and Loss

Particulars	Year ended 31.03.2018	Year ended 31.03.2017
<b>(i) Income Tax recognised in Statement of Profit and Loss</b>		
Current tax		
Current Tax on taxable income for the year	--	--
<b>Total current tax expense</b>	--	--
<b>Deferred tax</b>		
Deferred tax charge/(credit)	-7510.12	683.74
MAT Credit (taken)/utilised	--	596.43
Total deferred income tax expense/(benefit)	<b>-7510.12</b>	1280.17
Total income tax expense	<b>-7510.12</b>	1280.17
<b>(ii) Income tax recognised in Other Comprehensive Income</b>		
Deferred Tax		
Deferred Tax Expenses on remeasurement of defined benefit plans	<b>-7.20</b>	89.44

##### 23.2 A reconciliation of the income tax expenses to the amount computed by applying the statutory income tax rate to the profit before income taxes is summarized below:

Particulars	Year ended 31.03.2018	Year ended 31.03.2017
<b>Enacted income tax rate in India applicable to the Company</b>	34.608%	34.608%
Profit before tax	-25220.38	4315.15
Current tax expenses on Profit before tax expenses at the enacted income tax rate in India	-8728.27	1493.39
<b>Tax effect of the amounts which are not deductible/(taxable) in calculating taxable income</b>		
Effect of expenses that are not deductible in determining taxable profit	1390.89	-118.15
Effect of expenses deductible for tax purpose	--	804.98
Income exempted from income taxes	-172.74	24.35
Total income tax expense/(credit)	1218.15	711.18
Adjustment in respect of current tax of previous year	--	-924.40
	1218.15	-213.22
<b>Total Tax Expenses</b>	<b>-7510.12</b>	1280.17



## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

23.3 The major components of deferred tax (liabilities)/assets arising on account of timing differences are as follows:

**As at 31.03.2018**

(Rs. in lakhs)

Particulars	Balance sheet 01.04.2017	Profit & Loss 2017-18	OCI 2017-18	Balance sheet 31.03.2018
<b>A. Deferred tax Liabilities:</b>				
Difference between WDV/CWIP of PPE as per books of accounts and income tax	36442.51	-1391.09	--	35051.42
<b>Total deferred tax liabilities (A)</b>	36442.51	-1391.09	--	35051.42
<b>B. Deferred tax assets:</b>				
Carry forward business loss/unabsorbed depreciation	23273.86	1817.19	--	25091.05
43B Disallowances, etc.	115.18	4301.84	--	4417.02
Remeasurement benefit of the defined benefit plans	89.44	--	-7.20	82.24
MAT Credit Entitlement	1249.30	--	--	1249.30
<b>Total deferred tax assets (B)</b>	24727.78	6119.03	-7.20	30839.61
<b>Net deferred tax liabilities (Net) (A-B)</b>	<b>11714.73</b>	<b>-7510.12</b>	<b>7.20</b>	<b>4211.81</b>

**As at 31.03.2017**

Particulars	Balance sheet 01.04.2016	Profit & Loss 2016-17	OCI 2016-17	Balance sheet 31.03.2017
<b>A. Deferred tax liabilities:</b>				
Difference between WDV/CWIP of PPE as per books of accounts and Income Tax	37922.83	-1480.32	--	36442.51
<b>Total deferred tax liabilities (A)</b>	37922.83	-1480.32	--	36442.51
<b>B. Deferred tax assets:</b>				
Carry forward business loss/unabsorbed depreciation	21061.41	2212.45	--	23273.86
43B Disallowances, etc.	4491.69	-4376.51	--	115.18
Remeasurement benefit of the defined benefit plans	--	--	89.44	89.44
MAT Credit Entitlement	1620.66	-371.36	--	1249.30
Reversal of earlier year MAT Credit	--	-225.07	--	--
<b>Total deferred tax assets (B)</b>	27173.76	-2760.49	89.44	24727.78
<b>Net Deferred tax Liabilities (Net) (A-B)</b>	10749.07	1280.17	-89.44	11714.73

**As at 31.03.2018**

**As at 31.03.2017**

**As at 01.04.2016**

### 23.4 Deferred tax assets / (liabilities)

Significant components of deferred tax asset/(liabilities) recognised in the financial statements are follows:

Deferred tax liabilities (net)	<b>5461.11</b>	12964.03	12369.73
Less : MAT credit entitlement	<b>1,249.30</b>	1,249.30	1620.66
	<b>4211.81</b>	11714.73	10749.07



## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(Rs. in lakhs)

	As at 31.03.2018	As at 31.03.2017	As at 01.04.2016
<b>NOTE No. 24</b>			
<b>CURRENT BORROWINGS</b>			
(a) Secured loans			
Loan repayable on demand			
From banks	297.00	297.00	5,775.97
Total of secured loans	297.00	297.00	5,775.97
(b) Unsecured loans			
i) Term loans			
From banks	--	--	625.10
From other parties	124.75	226.86	50.00
Total of unsecured loans	124.75	226.86	675.10
ii) Loan from related party (unsecured)	11110.11	10578.33	11445.55
Total of unsecured loans	11,234.86	10,805.19	12,120.65
<b>TOTAL</b>	<b>11,531.86</b>	<b>11,102.19</b>	<b>17,896.62</b>

### A) UNSECURED LOAN FROM BANKS

Term Loans amounting to Rs. Nil (March 31, 2017 : Rs.Nil and April 1, 2016: Rs.625.10 lakhs)

### B) SECURED LOANS FROM BANKS

- 1 Working capital loan amounting to Rs.297 lakhs (March 31,2017 : Rs. 297 lakhs and April 1,2016 : Rs.297 lakhs) is secured by the fixed deposit amounting to Rs.330 lakhs held with them.
- 2 Working capital loans amounting to Rs.Nil (March 31, 2017 : Nil and April 1, 2016: Rs.1675.08 lakhs) is secured by
  - a. Pari passu first charge by way of hypothecation of the current assets of the Company, except TANGEDCO receivables.
  - b. Pari passu second charge on the entire movable and immovable properties of the Company, except Sugar and Co-generation Units in Sivaganga and Modakuruchi and other exclusively charged assets.
- 3 Working capital loan (bills discounting facility) amounting to Rs.Nil (March 31, 2017 : Nil and April 1,2016 : Rs.3617.92 lakhs) is secured by
  - a. Exclusive charge on receivables from TANGEDCO against supply of power from cogeneration plants at Sakthinagar, Sivaganga and Modakurichi.
  - b. Pari passu first charge on the Company's corporate office building at Coimbatore
- 4 Working capital loan amounting to Rs.Nil (March 31,2017 : Rs. Nil and April 1, 2016: Rs.185.97 lakhs) is secured by
  - a. Pari passu first charge on the current assets of sugar division (except Modakuruchi), distillery and soya units.
  - b. Pari passu second charge on the immovable & movable assets of the Company's Sakthinagar distillery unit, Dhenkanal sugar and distillery units and soya units.
- 5 The loan under 2 above is further secured by pledge of shares held by promoters in the Company.
- 6 Guarantees given by Directors:
  - a. Working capital loans amounting to Rs.Nil (March 31, 2017 : Rs. Nil and April 1, 2016 : Rs.5293 lakhs) are guaranteed by Dr. M.Manickam, Sri. M. Balasubramaniam and Sri. M. Srinivaasan.
  - b. Working capital loan amounting to Rs.Nil (March 31,2017 : Nil and April 1,2016 : Rs.185.97 lakhs) is guaranteed by Dr. M.Manickam.



## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(Rs. in lakhs)

	As at 31.03.2018	As at 31.03.2017	As at 01.04.2016
<b>NOTE No. 25</b>			
<b>TRADE PAYABLE</b>			
Due to Micro and Small Enterprises	189.69	239.16	160.59
<b>Due to Others:-</b>			
Amount due to Related Party	612.39	362.43	736.95
Other Trade Creditors	24,235.11	24,206.83	28,231.79
	<b>24,847.50</b>	<b>24,569.26</b>	<b>28,968.74</b>
<b>TOTAL</b>	<b>25,037.19</b>	<b>24,808.42</b>	<b>29,129.33</b>
<b>NOTE No. 26</b>			
<b>OTHER CURRENT FINANCIAL LIABILITIES</b>			
Current maturities of long term debts	34,817.37	24,766.81	28,607.01
Current maturities of finance lease obligations	23.47	28.98	2.45
Interest accrued but not due on borrowings	2,304.87	2,410.65	116.74
Interest accrued and due on borrowings	25,274.28	12,409.15	19,685.03
Unclaimed matured deposits	--	0.21	0.21
Unclaimed matured debentures	--	0.01	0.23
Expenses payable	765.07	646.54	715.50
Security deposits	1,145.47	1,129.92	1,143.09
<b>TOTAL</b>	<b>64,330.53</b>	<b>41,392.27</b>	<b>50,270.26</b>
<b>NOTE No. 27</b>			
<b>OTHER CURRENT LIABILITIES</b>			
Statutory remittances	816.25	879.85	1,308.44
Advance from customers	2,355.94	2,809.90	3,616.31
Advance from body corporate	898.78	877.93	840.22
Liabilities for capital expenditure	553.52	553.83	586.25
Employee related obligations	760.54	479.28	495.28
Other liabilities	762.07	2,172.01	1,853.08
<b>TOTAL</b>	<b>6,147.10</b>	<b>7,772.80</b>	<b>8,699.58</b>
<b>NOTE No. 28</b>			
<b>CURRENT PROVISIONS</b>			
Provision for gratuity	403.14	379.68	277.35
Provision for compensated absence	155.23	157.15	110.19
<b>TOTAL</b>	<b>558.37</b>	<b>536.83</b>	<b>387.54</b>



## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(Rs. in lakhs)

	Year Ended As at 31.03.2018	Year Ended As at 31.03.2017
<b>NOTE No. 29</b>		
<b>REVENUE FROM OPERATIONS</b>		
<b>(a) Sale of products (Including excise duty)</b>		
Manufactured goods		
Sugar	32,516.75	61,216.70
Industrial alcohol	4,725.95	12,959.40
Power	1,003.67	5,652.15
Soya products	12,679.87	12,917.53
Bio earth	144.46	347.42
Carbon-di-oxide	2.86	12.56
Fusel oil	1.50	3.38
Magazines	15.89	16.16
Bagasse	1,243.47	2.27
Ash	11.83	27.40
Seeds	0.78	7.51
	<b>52,347.03</b>	<b>93,162.48</b>
Traded goods		
Fertilisers & chemicals	407.06	504.48
<b>Total (a)</b>	<b>52,754.09</b>	<b>93,666.96</b>
<b>(b) Other operating revenues</b>		
Sale of used materials	178.64	163.39
Duty drawback/other export incentive	87.33	67.21
<b>Total (b)</b>	<b>265.97</b>	<b>230.60</b>
<b>TOTAL (a+b)</b>	<b>53,020.06</b>	<b>93,897.56</b>
<b>NOTE No. 30</b>		
<b>OTHER INCOME</b>		
(a) Interest income from financial assets at amortised cost	117.61	957.36
(b) Dividend income from Investments mandatorily measured at FVTPL	16.33	14.53
(c) Other non-operating income		
Rent receipts	91.16	91.37
Net gain on disposal of property, plant and equipment	482.79	55.84
Net gain on investments carried at FVTPL	--	1,250.76
Sundry balances written back	351.50	30.56
Other miscellaneous income	80.25	84.42
	<b>1,005.70</b>	<b>1,512.95</b>
<b>TOTAL</b>	<b>1,139.64</b>	<b>2,484.84</b>



## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(Rs. in lakhs)

	Year Ended As at 31.03.2018	Year Ended As at 31.03.2017
<b>NOTE No. 31</b>		
<b>COST OF MATERIAL CONSUMED</b>		
<b>(a) Opening Stock</b>		
Molasses	112.05	460.87
Soyabean seeds & others	795.69	128.02
Soya products	50.42	4.35
Total (a)	958.16	593.24
<b>(b) Purchases</b>		
Sugarcane	18,299.71	51,172.59
Molasses	1,524.88	824.29
Raw sugar	11,269.38	-
Newsprint paper	3.38	3.68
Soyabean seeds & others	10,218.21	10,276.49
Soya products	79.87	-
Total (b)	41,395.43	62,277.05
<b>(c) Closing Stock</b>		
Molasses	524.32	112.05
Soyabean seeds & others	2,166.85	795.69
Soya products	25.45	50.42
Total (c)	2,716.62	958.16
TOTAL (a+b-c)	39,636.97	61,912.13
<b>NOTE No. 32</b>		
<b>PURCHASES OF STOCK IN TRADE</b>		
Fertiliser & chemicals	287.44	429.05
<b>NOTE No 33</b>		
<b>CHANGES IN INVENTORIES OF FINISHED GOODS, WORK-IN-PROGRESS AND STOCK IN TRADE</b>		
<b>(a) Opening Stock</b>		
Finished goods		
Sugar	4,489.56	2,901.92
Molasses	190.34	285.06
Industrial alcohol	913.80	915.80
Ethanol	-	0.07
Soya products	1,117.31	1,660.98
Bagasse	4.25	55.51
Bio earth	39.20	7.55
Fusel oil	0.86	1.74
	6,755.32	5,828.63



# NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(Rs. in lakhs)

	Year Ended As at 31.03.2018	Year Ended As at 31.03.2017
<b>NOTE No 33 (Contd.)</b>		
Work in progress and stock in trade		
Sugar in process	341.26	565.64
Molasses in process	88.74	146.41
Fertilisers & chemicals	197.13	257.51
	627.13	969.56
Total (a)	7,382.45	6,798.19
(b) Closing Stock		
Finished goods		
Sugar	1,991.71	4,489.56
Molasses	344.18	190.34
Industrial alcohol	1,839.46	913.80
Soya products	1,125.38	1,117.31
Bagasse	18.79	4.25
Bio earth	46.19	39.20
Fusel oil	0.32	0.86
	5,366.03	6,755.32
Work in progress and stock in trade		
Sugar in process	241.77	341.26
Molasses in process	53.82	88.74
Fertilisers & chemicals	166.77	197.13
	462.36	627.13
Total (b)	5,828.39	7,382.45
TOTAL (a-b)	1,554.06	(584.26)
<b>NOTE No. 34</b>		
<b>EMPLOYEE BENEFIT EXPENSES</b>		
Salaries and wages	4,943.95	5,298.13
Contribution to provident funds and other funds	537.60	558.83
Workmen and staff welfare expenses	425.07	563.04
TOTAL	5,906.62	6,420.00
<b>NOTE No. 35</b>		
<b>FINANCE COSTS</b>		
Interest expense on		
Borrowings	14,233.19	12,163.69
Trade payable	478.86	423.11
Other borrowing costs	292.94	1,230.71
Exchange differences regarded as an adjustment to borrowing costs	(10.07)	202.30
TOTAL	14,994.92	14,019.81



## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(Rs. in lakhs)

	Year Ended As at 31.03.2018	Year Ended As at 31.03.2017
<b>NOTE No. 36</b>		
<b>DEPRECIATION AND AMORTIZATION EXPENSES</b>		
Depreciation on property, plant and equipment	5,281.69	5,700.47
<b>NOTE No. 37</b>		
<b>OTHER EXPENSES</b>		
<b>Manufacturing Expenses:</b>		
Consumption of stores and spares	1,122.70	2,365.45
Printing and publication charges	47.97	50.22
Power and fuel	1,032.03	1,084.66
Consumption of coal	3,861.09	2,432.24
Water charges	88.97	103.33
Rent	61.61	65.84
Repairs to buildings	210.32	256.98
Repairs to machinery	849.56	2,484.42
Repairs to others	253.06	299.71
Insurance	121.44	112.08
Rates and taxes, excluding taxes on income	368.58	480.38
Effluent disposal expenses	112.40	183.95
State administrative service fees	31.64	114.51
<b>Selling and Distribution Expenses:</b>		
Selling and distribution expenses	14.34	18.85
Freight & transport on finished goods	245.34	257.56
Commission and brokerage	33.11	29.77
<b>Other Administrative Expenses:</b>		
Travelling expenses	202.40	260.25
Printing, postage, telephone & telex	114.61	177.48
Freight and transport	24.70	32.84
Donations	11.75	14.46
Legal and professional charges	48.17	84.52
Excise duty payments & excise duty on stock adjustments	(102.88)	18.02
Administrative and other expenses	283.26	294.21
Provision for expected credit loss on remeasurement	—	1,737.06
R & D expenses	22.10	24.03
Data processing charges	26.37	18.91
Auditor's remuneration	52.09	54.92
Directors sitting fees	6.18	8.27
Loss on sale of fixed assets	105.31	17.90
Loss on sale of used materials	6.13	—
Deferred revenue expenditure written off	—	0.27
Loss on sale of investments	14.02	—
Net loss on Fair Valuation of Investment through Profit and Loss	36.66	—
Irrecoverable advances written off	25.85	1.40
Impairment loss on investments	1.04	—
<b>TOTAL</b>	<b>9,331.92</b>	<b>13,084.49</b>



NOTES FORMING PART OF FINANCIAL STATEMENTS AS AT 31.03.2018

38 EXCEPTIONAL ITEMS

(Rs. in lakhs)

Particulars	2017-18	2016-17
Remission of Interest	--	-10173.94
Reversal of Remission of Interest	2249.33	--
	2249.33	-10173.94

Asset Reconstruction Company (India) Limited (ARCIL), which had acquired the loan portfolios in respect of the Company from Canara Bank, State Bank of India, HDFC, IOB and IDBI, vide their letter dated 22nd April 2016 restructured the exposures granting remission of liability of Rs.101.74 crores. The same is disclosed under "Exceptional Items" in the Statement of Profit and Loss relating to the previous financial year.

Edelweiss Asset Reconstruction Company Limited (Edelweiss), which had acquired the loan portfolios from IDFC and OBC, vide their letter dated 11th February 2016 restructured the exposures granting remission of liability of Rs.22.49 crores. However, due to delay in servicing of the loans, they have revoked the remission granted earlier. The same is disclosed under "Exceptional Items" in the Statement of Profit and Loss for the financial year ended 31.3.2018.

39 ASSETS CLASSIFIED AS HELD FOR SALE

The Company intends to dispose off, certain non-core assets (Land and Building) it no longer requires, in the next 12 months. A search for buyers is underway and no impairment loss is recognised as the fair value (estimated based on market price) less costs to sell is higher than the carrying amount.

Investment amounting to Rs.15157.86 Lakhs in the associate company (SACL) has been reclassified under 'held for sale'. On reclassification the related investment has been measured at lower of carrying amount and fair value less cost to sell.

40 AUDITORS' REMUNERATION

Particulars	31.03.2018	31.03.2017
Statutory audit fee	24.00	21.00
Other services	26.40	26.26
Reimbursement of expenses	0.78	0.56
Service tax	0.91	7.10
	52.09	54.92

41 CONTINGENT LIABILITIES AND COMMITMENTS OF THE GROUP

a. CONTINGENT LIABILITIES

Particulars	31.03.2018	31.03.2017	01.04.2016
<b>Claims against the Company not acknowledged as debts:-</b>			
a. Income tax matters	4367.30	4457.51	6109.58
b. Purchase tax/sales tax matters	2420.94	2420.94	2420.94
c. Cane price	9851.68	11325.46	6655.74
d. Differential price of levy sugar	1858.10	1767.86	1677.62
e. Others	7198.83	6714.11	7898.43

b. CONTINGENT LIABILITIES ON ACCOUNT OF GUARANTEES

Particulars	31.03.2018	31.03.2017	01.04.2016
<b>a. Corporate guarantee given to erstwhile foreign subsidiary</b>			
i. Guarantee amount	--	27699.04	30038.20
ii. Outstanding amount	--	33090.41	34567.51
<b>b. Guarantees issued by bankers</b>	2.75	8.08	72.78
<b>c. Corporate guarantee given for loans to Associate</b>			
i. Guarantee amount	11200.00	11200.00	11200.00
ii. Outstanding amount	2822.59	4247.56	5689.37



**c. COMMITMENTS**

(Rs. in lakhs)

Particulars	31.03.2018	31.03.2017	01.04.2016
Estimated amount of contracts remaining to be executed on capital account and not provided for Towards Property, Plant and Equipment	7.27	28.87	34.15

**41.1 COMMITMENTS AND CONTINGENT LIABILITIES OF ASSOCIATE**

**a. COMMITMENTS**

Particulars	31.03.2018	31.03.2017	01.04.2016
Estimated amount of contracts remaining to be executed on capital account and not provided for	56.77	60.21	128.57

**b. CONTINGENT LIABILITIES**

Particulars	31.03.2018	31.03.2017	01.04.2016
Share of contingent liabilities incurred jointly with other investors of the associate	10033.57	18050.46	17136.48

**42 GOING CONCERN ASSUMPTIONS**

The Separate Financial Statements of the holding company and the emphasis of matter observed by its auditors cites that 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. The financial statements of the Company has been prepared on going concern basis as in the opinion of the Board of Directors at the time of their approval, there is a reasonable expectation that the Company will continue its operations for a foreseeable future. For the points examined by the Directors to ascertain the validity of going concern assumption refer to Note.41 of Standalone Financial Statements.

**43 INTEREST IN ASSOCIATE**

**43.1 Information on Associate**

Name of the Associate	Country of Incorporation	Percentage of Ownership interest		
		As at 31.03.2018	As at 31.03.2017	As at 01.04.2016
Sakthi Auto Component Limited	India	22.67%	25.93%	25.93%

**43.2 Summarised Financial Information For Associate**

(Rs. in lakhs)

Particulars	31.03.2018	31.03.2017	01.04.2016
Current Assets	68,869.74	54,930.16	62,505.20
Non-current Assets	1,29,850.21	1,09,669.48	93,648.67
	1,98,719.95	1,64,599.64	1,56,153.87
Current Liabilities	98,330.27	1,10,148.48	1,23,107.77
Non-Current Liabilities	60,061.55	34,256.52	18,137.79
	1,58,391.82	1,44,405.00	1,41,245.56
Net Assets	<b>40,328.13</b>	20,194.64	14,908.31

43.3 The entity's interest in associate, for FY 2017-18, is classified as assets held for sale in accordance with Ind AS-105. The consolidated accounts have been finalised on the basis that the investment is held for sale.



#### 43.4 Reconciliation to Carrying Amounts

(Rs. in lakhs)

Particulars	31.03.2018	31.03.2017
Interest as at the beginning of the year	13658.91	12554.09
Share of Profit for the period	897.06	1085.99
Share of Other Comprehensive Income	-22.97	18.83
Changes in Interest during the period	-7828.95	--
Interest as at the end of the year	6704.04	13658.91

#### 43.5 Summarised Statement of Profit And Loss

Particulars	31.03.2018	31.03.2017
Total Income	185863.99	153483.69
Profit from Continuing Operations	17417.74	3994.51
Profit from Discontinuing Operations	--	--
Profit for the year	17417.74	3994.51
Other Comprehensive Income	-67.25	-88.60
Total Comprehensive income	17350.49	3905.91
Dividends received	--	--

#### 44 EARNINGS PER SHARE

Particulars	Year ended 31.03.2018	Year ended 31.03.2017
Basic earnings per share (Rs.)	-14.90	3.46
Diluted earnings per share (Rs.)	-14.90	3.46

##### 44.1 Basic Earnings per share

The earnings and weighted average number of equity shares used in the calculation of basic earnings per share are as follows.

Particulars	Year ended 31.03.2018	Year ended 31.03.2017
Profit after taxation (Rs.in lakhs)	-17710.26	3932.04
Earnings used in the calculation of basic earnings per share (Rs in lakhs)	-17710.26	3932.04
Number of equity shares of Rs.10 each outstanding at the beginning of the year	118849036	96213279
Add: Equity shares issued/allotted during the year	--	22635757
Revised number of equity shares of Rs. 10 each outstanding at the beginning of the year	118849036	118849036
(a) Number of equity Shares of Rs.10 each outstanding at the end of the year	118849036	118849036
(b) Weighted average number of equity shares	118849036	113639711

##### 44.2 Diluted Earnings per share

The earnings and weighted average number of equity shares used in the calculation of diluted earnings per share are as follows.

Particulars	Year ended 31.03.2018	Year ended 31.03.2017
Earnings used in the calculation of basic earnings per share	-17710.26	3932.04
Adjustments	--	--
Earnings used in the calculation of diluted earnings per share	-17710.26	3932.04



## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

The weighted average number of equity shares for the purposes of diluted earnings per share reconciles to the weighted average number of equity shares used in the calculation of basic earnings per share as follows:

Particulars	Year ended 31.03.2018	Year ended 31.03.2017
Weighted average number of equity shares used in the calculation of basic earnings per share Adjustments	118849036	113639711
Adjustments	--	--
Weighted average number of equity shares used in the calculation of diluted earnings per share	118849036	113639711

### 45 FIRST TIME ADOPTION OF INDIAN ACCOUNTING STANDARDS (Ind AS)

These are the Group's first financial statements prepared in accordance with Ind AS.

The following reconciliations provide a quantification of the effect of significant differences arising from the transition from previous GAAP to Ind AS in accordance with Ind AS 101:

- Reconciliation of Total Comprehensive Income for the year ended 31st March, 2017
- Reconciliation of Other Equity as at 31st March, 2017 and 1st April, 2016

#### 45.1 Reconciliation of Total Comprehensive Income for the year ended 31st March, 2017

(Rs. in lakhs)

Nature of Adjustments	For the year ended 31.03.2017
Net Profit as per Previous GAAP	1,043.94
Effect of accounting investments at Fair Value through Statement of Profit and Loss	1,248.92
Interest Income from Employee Loan	8.08
Increase in Stock Valuation	0.80
Interest on Employee Loan	(14.55)
Remeasurement benefit of net defined benefit plans	258.45
Foreign Currency transaction Gain/Loss	851.02
Effect of accounting of borrowing cost and amortised cost	(1181.55)
Reversal of Intangible Assets amortized	2,605.13
Incremental Depreciation on Fair value of Property, Plant and Equipment	(1,051.81)
Provision for Expected credit loss on Remeasurement	(1,737.05)
Profit on Sale of Fixed Assets	(16.40)
Deferred tax on Impact of Transition	(680.00)
Reversal of Impairment of Assets	1,700.00
<b>Net Profit as per Ind AS</b>	<b>3,034.98</b>
Share of Profit of Associate	897.06
<b>Profit/Loss for the year</b>	<b>3,932.04</b>
Other Comprehensive Income	(258.45)
Income tax expense on remeasurement benefit of the defined benefit plans	89.44
Share of OCI in Associate	(22.97)
<b>Total Comprehensive Income as per Ind AS</b>	<b>3,740.06</b>



**45.2 Reconciliation of Equity as at 31.03.2017 and 01.04.2016**

(Rs. in lakhs)

Nature of Adjustments	As at 31.03.2017	As at 01.04.2016
<b>Equity as per Previous GAAP (i)</b>	<b>44,697.49</b>	<b>36,706.89</b>
Fair Valuation of Property Plant and Equipment	37,290.50	36,642.32
Effect of Amortisation of Intangible Assets	(5,795.34)	(8,400.46)
Fair Valuation of Non current Investments through Statement of Profit and Loss	96.59	86.25
Fair Valuation of Current Investments through Statement of Profit and Loss	2,610.60	1,372.00
Gain / (Loss) on fair valuation / remeasurement of financial instruments	(6,827.99)	(4,844.70)
Adjustment of transaction cost using effective interest rate method	338.43	429.19
Other Adjustments	0.79	--
Tax Adjustments	(27,901.29)	(27,310.73)
Ind AS adjustments of Associate	(17,031.60)	(17,054.29)
<b>Total effect of transition to Ind AS (ii)</b>	<b>(17,219.31)</b>	<b>(19,080.42)</b>
<b>Equity as per Ind AS (i) + (ii)</b>	<b>27,478.18</b>	<b>17,626.47</b>

**45.3 Additional Notes:**

- a. Effect of Ind AS adoption on Statement of Cash Flow for the year ended 31.03.2017:

There were no significant reconciliation items between Cash flow prepared under Previous GAAP and those prepared under Ind AS.

- b. Other Comprehensive income

Under previous GAAP, there was no concept of Comprehensive Income. Under Ind AS, specified items of income, expense, gains or losses are required to be presented in Other comprehensive income. Hence, the company has reconciled previous GAAP profits to Profit as per Ind AS.

Further, previous GAAP profit is reconciled to total comprehensive income as per Ind AS.

- c. Re-grouping/Re-classification

Figures relating to April 01, 2016 (date of transition) have been regrouped or reclassified to make them comparable with the Ind AS presentation.

Vide our report annexed  
For P K NAGARAJAN & Co  
Chartered Accountants  
Firm Registration Number : 016676S

P K NAGARAJAN  
Partner  
Membership Number : 025679

Chennai  
24<sup>th</sup> August 2018

M MANICKAM  
Chairman and Managing Director

S BASKAR  
Sr. Vice President &  
Company Secretary

M BALASUBRAMANIAM  
Director

C R SANKAR  
Chief Financial Officer



### **E-MAIL Address Registration Form**

(In terms of Circular Nos. 17/2011 and 18/211 dated 21.04.2011 and 29.04.2011  
respectively issued by Ministry of Corporate Affairs, Government of India)

(For shares held in physical form)

**Link Intime India Pvt. Limited**  
**Unit : Sakthi Sugars Limited**  
"Surya" 35, May Flower Avenue  
Behind Senthil Nagar  
Sowripalayam Road,  
Coimbatore - 641 028.

I/We, Member(s) of Sakthi Sugars Limited, hereby give my/our approval to receive electronically Annual Report(s), Notice(s) of General Meeting(s) and other document(s) that the Ministry of Corporate Affairs may allow to be sent in electronic mode.

I/We request you to note my/our e-mail address as mentioned below. If there is any change in the e-mail address, I/We will promptly communicate the same to you.

Folio No.	
Name of the first/sole Member	
e-mail address (to be registered)	

Place :

Date :

---

(Signature of first/sole Member)





**SAKTHI SUGARS LIMITED**  
CORPORATE OFFICE  
180 RACE COURSE ROAD, COIMBATORE - 641 018