

Independent Auditor's Report

To The Members of M/s. Parrys Sugar Industries Limited

Report on the Standalone Financial Statements

We have audited the accompanying standalone financial statements of M/s. Parrys Sugar Industries Limited ("the Company"), which comprise the Balance Sheet as at 31st March, 2016, the Statement of Profit and Loss, the Cash Flow Statement for the year then ended, and a summary of the significant accounting policies and other explanatory information.

Management's Responsibility for the Standalone Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on 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.

We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the 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 financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the standalone financial statements.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid 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:

- (i) in the case of the Balance Sheet, of the state of affairs of the Company as at 31st March, 2016, and
- (ii) in the case of Statement of Profit and Loss, of the loss for year ended on that date, and
- (iii) in the case of Cash Flow Statement, of the cash flows for the year ended on that date.

Emphasis of Matter

We draw attention to Note 25(1)(b) to the financial statements, with regard to the preparation of the financial statements on a going concern basis despite erosion in the net worth of the Company.

Our opinion is not qualified in this matter.

Report on Other Legal and Regulatory Requirements

As required by the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Central Government in terms of Section 143(11) of the Act, we give in the Annexure-A a statement on the matters specified in paragraphs 3 and 4 of the Order.



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, and the Cash Flow Statement dealt with by this Report are in agreement with the books of account.
- (d) In our opinion, the aforesaid financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
- (e) The going concern matter described in sub-paragraph (b) under the Emphasis of Matters paragraph above, in our opinion, does 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 31st March, 2016 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2016 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".
- (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 in Note No. 29 of 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. The Company has not delayed in transferring amounts, required to be transferred, to the Investor Education and Protection Fund.

Chennai
May 2, 2016

For **R.G.N. Price & Co.,**
Chartered Accountants
Firm's Registration No: 0027855

Mahesh Krishnan
Partner
Membership No. 206520

Annexures to the Independent Auditor's Report

Annexure-A referred to in Paragraph of Report on Other Legal and Regulatory Requirements of our report of even date on the Accounts of the Company, for the year ended 31st March 2016.

- (i) (a) The Company is maintaining proper records showing full particulars, including quantitative details and situation of fixed assets;
- (b) Fixed Assets are physically verified by the Management, according to a phased programme designed to cover all items over a period of two years which in our opinion is reasonable having regard to the size of the Company and the nature of its assets. As part of the programme, the Company has physically verified the fixed assets during the year and no material discrepancies were noticed.
- (c) The title deeds of the immovable properties (land) is in the erstwhile name of the Company.
- (ii) The inventory has been physically verified by the Management during the year. In our opinion, frequency of verification is reasonable no material discrepancies were noticed during the course of physical verification..
- (iii) The Company has not granted any loans, secured or unsecured to companies, firms, limited liability partnerships or other parties covered in the register maintained under Section 189 of the Act.
- (iv) The provisions of Section 185 and 186 of the Act are not applicable, since the Company has not granted any loans to Directors nor has granted any loan or guarantee or security to any company, body corporate or to any person. The investment made by the Company is in compliance with Section 185 and 186 of the Act.
- (v) The Company has not accepted deposits during the year. Hence, Clause 3(v) of the Order is not applicable.
- (vi) Maintenance of cost records has been specified by the Central Government under sub-section (1) of Section 148 of the Act. We have broadly reviewed the books and records of the Company in this connection and are of the opinion, that prima facie, the prescribed accounts and records have been maintained. We have, however, not made a detailed examination of the records to ascertain whether they are accurate and complete.
- (vii) (a) According to the information and explanations given to us, and records of the Company examined by us, in our opinion, the Company is generally regular in depositing undisputed statutory dues including provident fund, employees' state insurance, income-tax, sales-tax, service tax, duty of customs, duty of excise, value added tax, cess, and any other statutory dues to the appropriate authorities. There are no arrears of undisputed statutory dues outstanding as at March 31, 2016 for a period of more than six months from the date they become payable.
- (b) According to the information and explanations given to us, and the records of the Company examined by us, there are no dues of income tax or sales tax or service tax or duty of customs or duty of excise or value added tax, cess have not been deposited on account of any dispute, except the following:

Name of Statute	Nature of dues	Amount (₹ in lakh), excluding interest, if any	Period to which amounts relate	Forum where the dispute is pending
The Finance Act, 1994	Service Tax	225.38	2012-13	CESTAT
Central Excise Act, 1944	Central Excise	2.53	2012-13	Assistant Commissioner, Belgaum
Central Excise Act, 1944	Central Excise	6.49	2013-14	Additional Commissioner, Belgaum

- (viii) According to the information and explanations given to us, and records of the Company examined by us, the Company has not defaulted in repayment of loans or borrowing to any financial institution or bank or government. The Company has not raised any debentures.
- (ix) The Company has not raised any money by way of initial public offer or further public offer (including debt instruments). The term loans obtained by the Company were applied for the purposes for which these were raised.
- (x) During the course of our examination of the books and records of the Company carried out in accordance with the generally accepted auditing practices in India and according to the information and explanation given to us, we have neither observed any instance of fraud by the Company or any fraud on the Company by its officers or employees of the Company nor have we been informed of such case by the Management, during the year.
- (xi) The Company has not paid any managerial remuneration and hence the provisions of Section 197 read with Schedule V to the Act are not applicable.



- (xii) The Company is not a Nidhi Company and hence, Clause 3(xii) of the Order is not applicable.
- (xiii) All the transactions with the related parties are in compliance with Section 177 and 188 of the Act where applicable and the details have been disclosed in the Financial Statements as required by the applicable accounting standards.
- (xiv) The Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year under review, and hence, Clause 3(xiv) is not applicable.
- (xv) According to the information and explanation provided to us and based on our examination of records, the Company has not entered into any non-cash transactions with Directors or persons connected with him and hence Clause 3(xv) is not applicable.
- (xvi) The Company is not required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934 and hence, Clause 3(xvi) is not applicable.

Chennai
May 2, 2016

For **R.G.N. Price & Co.,**
Chartered Accountants
Firm's Registration No: 0027855

Mahesh Krishnan
Partner
Membership No. 206520



Annexure-B referred to in Clause (h) of Paragraph of Report on Other Legal and Regulatory Requirements of our report of even date on the Accounts of the Company, for the year ended 31st March 2016.

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

Management's Responsibility for Internal Financial Controls

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. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

Auditor's Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls over Financial Reporting and the Standards of Auditing, to the extent applicable to an audit of internal financial controls, both issued by the Institute of Chartered Accountants of India. Those Standards and Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness.

Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system over financial reporting.

Meaning of Internal Financial Controls Over Financial Reporting

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and Directors of the Company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls Over Financial Reporting

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

According to the information and explanations given to us and based on our audit, have, in all material respects, an adequate internal financial control over financial reporting and such internal financial control over financial reporting were operating effectively as at March 31, 2016 based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India.

For **R.G.N. Price & Co.,**
Chartered Accountants
Firm's Registration No: 0027855

Mahesh Krishnan
Partner
Membership No. 206520

Chennai
May 2, 2016