

Sakthi Sugars Limited

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Fax : +91 422-4322488, 2220574 E-mail : info@sakthisugars.com CIN : L1542ITZ1961PLC000396

SL/SE/897/2021

13.8.2021

Dear Sirs,

Sub: Unaudited Financial Results (Standalone) for the quarter ended 30.6.2021.

We wish to inform that the Board of Directors of the Company at its meeting held today (13.8.2021) has approved, inter alia, the Unaudited Financial Results of the Company for the quarter ended 30th June 2021.

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

1. Unaudited Financial Results of the Company (Standalone) for the quarter ended 30.6.2021 together with Segment Results.
2. Limited Review Report of the Statutory Auditors, M/s. P.K.Nagarajan & Co., Coimbatore on the Unaudited Financial Results.

The meeting of the Board of Directors of the Company commenced at 12.30 PM and concluded at 2.00 PM.

We request you to take the above on records.

Thanking you,

Yours faithfully
For SAKTHI SUGARS LIMITED

Senior Vice President &
Company Secretary

Encl: As above

To:

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

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

SAKTHI SUGARS LIMITED
CIN : L154217Z1961PLC000396

Regd Office: Sakthinagar PO - 638315, Erode District, Tamilnadu
(Phone: 0422 4322222, 2221551, Fax: 0422 4322488, 2220574)

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

STATEMENT OF STANDALONE UNAUDITED FINANCIAL RESULTS FOR THE QUARTER ENDED 30.06.2021

(Rs. in Lakhs)

Particulars	Three months ended			Year ended
	30.06.2021 (Unaudited)	31.03.2021 (Audited)	30.06.2020 (Unaudited)	31.03.2021 (Audited)
1. Income				
Revenue from operations	18096.73	22500.52	15827.65	63338.33
Other Income	335.67	471.86	100.53	997.51
Total Income	18432.40	22972.38	15928.18	64335.84
2. Expenses				
Cost of material consumed	12783.86	15715.48	11483.27	44418.96
Purchase of stock in trade	16.73	5.77	24.90	77.39
Changes in inventories of finished goods, work-in-progress and stock in trade	(1000.54)	(158.42)	(560.52)	306.88
Employee benefits expenses	1392.68	1630.26	1372.30	5807.53
Finance costs	5323.42	5236.04	4543.47	19639.65
Depreciation and amortization expense	960.70	960.75	967.14	3885.39
Other expenses	3366.87	3709.93	2809.74	11737.97
Total Expenses	22843.72	27099.81	20640.30	85873.77
3. Profit/(Loss) before exceptional items and tax (1-2)	(4411.32)	(4127.43)	(4712.12)	(21537.93)
4. Exceptional Items	--	(11186.77)	--	(11186.77)
5. Profit/(Loss) before extraordinary items and tax (3-4)	(4411.32)	7059.34	(4712.12)	(10351.16)
6. Extraordinary Items	--	--	--	--
7. Profit/Loss before tax (5-6)	(4411.32)	7059.34	(4712.12)	(10351.16)
8. Tax expenses				
Current Tax	--	--	--	--
Deferred tax	(23.57)	14.55	0.09	1275.34
	(23.57)	14.55	0.09	1275.34
9. Profit/(Loss) for the period from continuing operations (7-8)	(4387.75)	7044.79	(4712.21)	(11626.50)
10. Other Comprehensive Income (net of tax)				
i) Items that will not be reclassified to Statement of Profit and Loss	91.97	(56.79)	(0.30)	(120.46)
ii) Income tax expenses on the above	(23.57)	14.55	0.09	26.04
11. Total Comprehensive Income	(4319.35)	7002.55	(4712.42)	(11720.92)
12. Paid-up equity share capital (Face Value of the Shares - Rs. 10 each)	11884.90	11884.90	11884.90	11884.90
13. Other Equity				(39665.03)
14. Earnings per equity share of Rs.10/- each: (not annualised):				
1. Basic	(3.63)	5.89	(3.97)	(9.86)
2. Diluted	(3.63)	5.89	(3.97)	(9.86)



**SEGMENT WISE UNAUDITED FINANCIAL RESULTS
FOR THE QUARTER ENDED 30.06.2021**

(Rs. in Lakhs)

Particulars	Quarter ended			Year ended
	30.06.2021 (Unaudited)	31.03.2021 (Audited)	30.06.2020 (Unaudited)	31.03.2021 (Audited)
1. Segment Revenue:- (Sales/Income from Operations)				
a) Sugar	11709.87	16013.93	10108.36	38490.49
b) Industrial Alcohol	1951.14	2778.13	2237.42	9515.47
c) Soya Products	5745.55	4862.48	4579.48	19070.79
d) Power	2647.12	2350.48	2026.04	6607.84
	22053.68	26005.02	18951.30	73684.59
Less: Intersegment Revenue	3956.95	3504.50	3123.65	10346.26
Sales/Income from Operations	18096.73	22500.52	15827.65	63338.33
2. Segment Results:- (Profit+)/Loss(-) before tax and Finance Cost)				
a) Sugar	(563.73)	16.86	(1392.99)	(5392.22)
b) Industrial Alcohol	642.91	1057.48	1043.53	3180.19
c) Soya Products	1011.20	30.22	390.21	1350.60
d) Power	(167.43)	16.53	(201.83)	(985.32)
	922.95	1121.09	(161.08)	(1846.75)
Less: i) Finance Cost	5323.42	5236.04	4543.47	19639.65
ii) Other un-allocable expenditure	10.85	12.48	7.65	57.43
iii) Un-allocable income	--	(11186.77)	(0.08)	(11192.67)
Total Profit/Loss before tax	(4411.32)	7059.34	(4712.12)	(10351.16)
3. Segment Assets:-				
a) Sugar	123005.45	122362.14	124357.10	122362.14
b) Industrial Alcohol	11514.04	11255.87	11487.14	11255.87
c) Soya Products	13737.38	14003.96	13057.15	14003.96
d) Power	29337.87	29581.78	30209.16	29581.78
e) Unallocated	4296.13	4038.04	5016.72	4038.04
	181890.87	181241.79	184127.27	181241.79
4. Segment Liabilities:-				
a) Sugar	54622.18	59591.66	66616.64	59591.66
b) Industrial Alcohol	1709.33	1749.11	2058.45	1749.11
c) Soya Products	3411.91	4510.85	2865.79	4510.85
d) Power	11857.83	11805.44	11231.76	11805.44
e) Unallocated	142389.10	131364.86	122126.26	131364.86
	213990.35	209021.92	204898.90	209021.92

Note:-

- The above financial results have been reviewed by the Audit Committee and approved by the Board of Directors at their meeting held on August 13, 2021. The statutory auditors have conducted a limited review of the financial results.
- The financial results have been prepared in accordance with the recognition and measurement principles laid down in the applicable Indian Accounting Standards ("Ind AS") prescribed under Section 133 of the Companies Act, 2013, read with relevant rules thereunder and in terms of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("the Regulation") as amended.
- The company has not provided depreciation on the assets forming part of disposal group classified as held for sale in accordance with Ind AS 105. Had the company charged depreciation on those assets, the depreciation for the quarter ended 30.06.2021 would have been higher by Rs.181.35 lakhs.



4. The Auditors have qualified their report for the quarter ended 30.06.2021 as under:-

No provision for the expected credit loss/ impairment on interest receivable from an erstwhile associate company of Rs.25219.69 lakhs has been recognized as per the requirement of Ind AS 109 "Financial Instruments". In view of non-recoveries, non-confirmations/reconciliation from the debtor company, initiation of legal action against the interest claim of the company and in absence of clear forward looking information regarding outcome of pending legal actions initiated and time frame and quantum of realisability of the interest receivable, we are unable to determine the amount of expected credit loss/ impairment as per the requirements of Ind-AS 109 "Financial Instruments" and its consequential impact on the financial results.

This matter was also qualified by the auditor's in their report on the financial statements for the year ended 31.03.2020 and 31.03.2021.

Board of Directors have considered the qualification made by the Auditors and have addressed the same as under:-

With reference to the Statutory Auditors remarks your Directors wish to state that the Company is confident of obtaining favourable award.

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

(a) The Company has incurred a loss of Rs.4319.35 lakhs during the quarter ended June 30, 2021 and as of that date the Company's accumulated losses amount to Rs.74122.08 lakhs resulted in complete erosion of its networth. Further as of that date, Company's current liabilities exceeded its current assets by Rs.106494.32 lakhs. Significant financial ratios are also negative.

(b) The Company has defaulted in repayment of dues to SDF, banks and Asset Reconstruction Companies for principal amount of Rs.41432.55 lakhs and interest amounting of Rs.68996.67 lakhs since February 2012. The Company has received recall notice from one of the Asset Reconstruction Company for non-payment of principal and interest thereon after the due date by the Company.

(c) In terms of Share Pledge Agreement M/s. Asset Reconstruction Company (India) Limited (the "ARCIL") have transferred in their name 6,38,59,394 Equity shares of M/s. Sakthi Auto Component Limited (the "SACL") held by the Company.

The conditions explained above indicate existence of material uncertainty that may cast significant doubt of the Company's ability to continue as going concern due to which the Company may not be able to realize its assets and discharge its liabilities in the normal course of business.

The Company has taken steps for restructuring its liabilities with banks and other lenders/creditors which will result in significant reduction of the liabilities and revive its ability to continue as a going concern. Further, the Company is in the process of selling certain investments, non-core assets and group of core assets subject to approval of Banks, Asset Reconstruction Companies and Members of the Company, as may be required. The management is hopeful of finalizing a restructuring package and sale of assets soon.

Dues to one of the lenders M/s. Indian Overseas Bank have been settled in full under One Time Settlement ("OTS") Agreement. The management is in discussion with other lenders for a similar OTS settlement and favourable consideration is expected. In light of the above, the financial statement has been prepared on going concern basis.

6. The Company had pledged 6,38,59,394 Equity shares held in Sakthi Auto Component Limited (the "SACL") in favour of Asset Reconstruction Company (India) Limited [the "ARCIL"] in terms of Share Pledge Agreement entered into with the ARCIL on March 3, 2020 as security for the credit facilities availed by the Company from ARCIL and various other banks. The ARCIL has invoked the security over the pledged shares vide its pledge invocation notice dated March 8, 2021. The subject shares have been transferred to ARCIL on March 10, 2021. ARCIL has not valued the shares and appropriated such value amongst the lenders. In view of the non-appropriation of value of shares by ARCIL amongst lenders and as per legal opinion obtained Equity shares continue to be shown as asset classified as held for sale.

7. Exceptional items represent remission of liability accounted as per OTS agreements.

8. The company has reviewed the possible impact of COVID-19 on its operations of the company. There has been no material impact on the business of the company.

9. The figures of previous periods / year have been regrouped/reclassified wherever necessary to make them comparable with those of the current period / year.



COIMBATORE
13.08.2021

FOR SAKTHI SUGARS LIMITED

(M. MANICKAM)
CHAIRMAN AND MANAGING DIRECTOR
DIN : 00102233

Independent Auditor's Report on Review of Interim Financial Results for the quarter ended June 30, 2021

The Board of Directors of
Sakthi Sugars Limited

Report on the Statement of Unaudited Financial Results

1. We have reviewed the accompanying statement of unaudited Financial Results of Sakthi Sugars Limited ("the Company") for the Quarter ended on June 30, 2021 ("the Statement"). The Statement has been prepared by the Company pursuant to Regulation 33 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirement) Regulations, 2015, as amended ("Listing Regulations").

Management Responsibility for the Unaudited Financial Results

2. The preparation of the Statement in accordance with the recognition and measurement principles laid down in Indian Accounting Standard 34, "Interim Financial Reporting" (Ind AS 34) prescribed under Section 133 of the Companies Act, 2013 read with Rule 3 of the Companies (Indian Accounting Standards) Rules, 2015 read SEBI Circular No. CIR/CFD/FAC/62/2016 dated July 5, 2016 is the responsibility of the Company's Management and has been approved by the Board of Directors of the Company. Our responsibility is to issue a report on the Statement based on our review.

Auditor's Responsibility

3. We conducted our review of the Statement in accordance with the Standard on Review Engagements (SRE) 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity", issued by the Institute of Chartered Accountants of India. This Standard requires that we plan and perform the review to obtain moderate assurance as to whether the Statement is free of material misstatement. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Basis for Qualified Conclusion

4. No provision for the expected credit loss/ impairment on interest receivable from an erstwhile associate company of Rs. 25219.69 lakhs have been recognized as per the requirement of Ind AS 109 "Financial Instruments". In view of non-recoveries, non-confirmations/reconciliation from the debtor company, initiation of legal action against the interest claim of the company and in absence of clear forward looking information regarding outcome of pending legal actions initiated and time frame and quantum of realisability of the interest receivable, we are unable to determine the amount of expected credit loss/ impairment as per the requirements of Ind-AS 109 "Financial Instruments" and its consequential impact on the financial results.



Qualified Conclusion

5. Based on our review, with the exception of the matter described in Basis for Qualified Conclusion paragraph, nothing has come to our attention that causes us to believe that the Statement has not been prepared in all material respects in accordance with the recognition and measurement principles laid down in the aforesaid Indian Accounting Standards and other accounting principles generally accepted in India and has not disclosed the information required to be disclosed in terms of Regulation 33 of the Listing Regulations, including the manner in which it is to be disclosed, or that it contains any material misstatement.

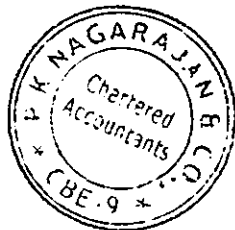
Material Uncertainty Related to Going Concern

6. We draw attention to Note 5 of the Statement. The company has incurred net loss of Rs.4319.35 lakhs during the quarter ended June 30, 2021 and as of that date, the Company's accumulated losses aggregate to Rs. 74122.08 lakhs resulted in complete erosion of net worth. Further, as of that date, company's current liabilities exceeded its current assets by Rs. 106494.32 lakhs. Significant financial ratios are also negative. These factors along with other matters as set forth in said note raise substantial doubt about the company's ability to continue as a going concern in the foreseeable future. However, the company's financial statement has been prepared on going concern basis as disclosed by management in said note. Our conclusion is not modified in respect of this matter.

Emphasis of Matters


7. We draw attention to Note 6 of the Statement. In terms of Share Pledge Agreement M/s. Asset Reconstruction Company (India) Limited (the "ARCIL") have transferred in their name 6,38,59,394 Equity shares of M/s. Sakthi Auto Component Limited held by the Company. In view of the non-appropriation of value of shares by ARCIL amongst lenders and as per legal opinion obtained Equity shares continue to be shown as asset classified as held for sale. Our opinion is not modified in respect of this matter.

8. Certain banks have classified its advance to company as Non-Performing Assets and are not charging/applying interest accrued. In order to account for all probable liabilities, the management in its best judgement has provided interest including penal interest, as per the terms of original sanction, on such borrowings. The management is of the opinion that the difference in interest, if any, shall be accounted for as and when the interest is charged or adjusted by the banks. Our conclusion is not modified in respect of this matter.



Coimbatore
August 13, 2021

For P K NAGARAJAN & CO.,
Chartered Accountants
Firm Registration Number: 016676S


S P Muthusami
Partner

Membership Number: 224171
UDIN: 21224171AAAAIT8427