



CELLA SPACE LIMITED

CIN: L93000KL1991PLC006207

Regd Office: "SREE KAILAS", 57/2993-94, PALIAM ROAD, ERNAKULAM, COCHIN- 682 016

Phone: (0484) 2382182, E-mail: secretary@sreekailas.com, Website: www.sreekailas.com

17th November 2025

To
The Manager
Listing Compliance Department
BSE Limited
Phiroze Jeejeebhoy Towers
Dalal Street, Mumbai 400001

Dear Sir/ Madam,

Sub:	Scrip Code: 532701, Submission of Auditor's Report Pursuant to Regulation 33 of SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015 for the period ended March 2017
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We, M/s Cella Space Limited, would like to submit the standalone and consolidated Auditor's Report for the period ended March 2017 under Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

At the time of filing the financial results on the BSE Listing Centre on 24th June 2017, the Company inadvertently uploaded only the financial results without attaching the Auditor's Report due to an unintentional oversight.

We are herewith attaching both the standalone and consolidated audit reports for your record.

Thanking You

For Cella Space Limited

S Rajkumar (DIN: 01790870)

Vice Chairman & Managing Director



BALAN & Co.

Chartered Accountants

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CA V. Sivadasa Menon

CAA. Mohanan

CA C.S. Rajeev

CA P. Unnikrishnan

CA Joyal George

Independent Auditor's Report

To the Members of M/s. Sree Sakthi Paper Mills Limited, Kochi.

Report on the Financial Statements

We have audited the accompanying financial statements of M/s. Sree Sakthi Paper Mills Limited, Kochi which comprises of:-

- (a) The Balance Sheet as at 31st March, 2017
- (b) The Statement of Profit and Loss for the year ended 31st March 2017
- (c) Cash Flow Statement for the year ended 31st March 2017, and
- (d) A Summary of significant accounting policies and other explanatory information.

Management's responsibility for the financial statements

The Company's Board of Directors are responsible for the matters stated in Section 134(5) of the Companies Act 2013("the Act") with respect to the preparation of these 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 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 there under. 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 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, but not for the purpose of expressing an opinion on whether the company has in place an adequate internal financial controls system over financial reporting and the operating effectiveness of such controls. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by 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 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 state of affairs of the Company as at March 31, 2017; and its LOSS and its cash flows for the year ended 31st March 2017.

Emphasis of Matter

We invite the attention of the users to-

(a) *Note No. 2 of the Significant Accounting Policies regarding the validity of Going Concern Assumption for the year covered by the financial statements;*

(b) *Note No. 9(b) of the Significant Accounting Policies regarding treatment / disclosure of interest expense on buyers credit in line with to Accounting Standard (AS) 11 'The Effects of Changes in Foreign Exchange Rates (Revised 2003)';*

(c) *Note No. 15(1) and (4) of the Significant Accounting Policies regarding lack of external confirmation for the receivables and payables and non-provision of retrenchment compensation payable to employees, if any, respectively.*

Our report is not qualified in respect of the above matters.

Report on other legal and regulatory requirements

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



2) As required by section 143(1) of the Act, we report that:

During the year, 1,30,597 units of ICICI Prudential Fund costing Rs 30.01 lakhs, 1,25,646 units of L & T Mutual Fund costing Rs 30 lakhs and 23,286 units of UTI Master Growth Fund costing Rs 10 lakhs were sold at Rs 17.93 lakhs, Rs 21.01 lakhs and Rs 7.40 lakhs respectively. Accordingly all investments were sold at a price below the cost.

3) 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 purpose of our audit;
- b) In our opinion proper books of account as required by law have been kept by the Company so far as appears from our examination of those books.
- c) The Balance Sheet, Statement of Profit and Loss, and 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 Companies Act, 2013, read with Rule 7 of Companies (Accounts), Rules 2014, *except for the effect of accounting treatment specified in Note No. 9(b) of the Significant Accounting Policies of the Financial Statements.*
- e) On the basis of written representations received from the directors as on March 31, 2017, and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2017, from being appointed as a director in terms of sub-section (2) of section 164 of the Companies Act, 2013.
- f) The report on internal financial control as required under clause (i) of sub section 3 of section 143 of the Companies Act 2013 is attached as Annexure B.
- g) With respect to other matters to be included in the Auditor's Report in accordance with Rule 11 of 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 on its financial position in its financial statements.
 - ii. The company has made provisions, as required under any law or accounting standard, for material foreseeable losses.



- iii. Unpaid dividend relating to financial year 2008-09, amounting to Rs. 1.50 lakhs were not transferred to Investor Education And Protection Fund as on 31.03.2017. The amount was subsequently transferred on 04.05.2017.
- iv. The company has provided requisite disclosures in its financial statements as to holdings as well as dealings in Specified Bank Notes during the period from 8 November to 30 December 2016 and these are in accordance with the books of accounts maintained by the Company. Refer to Note 28 to the financial statements.

Kochi -11
24.06.2017

For Balan & Co.
Chartered Accountants
Firm Regn. No. 340 S


A. MOHANAN B.Sc., FCA, DISA
Partner (Memb. No. 20627)



Annexure A: Referred to in paragraph 1 of report on other Legal and Regulatory requirements of our report of even date-

- (i) (a) The Company is maintaining proper records showing full particulars including quantitative details and situation of fixed assets.
- (b) The fixed assets have been physically verified by the management at reasonable intervals and the discrepancies noticed have been properly dealt with in the books of accounts.
- (c) According to the information and explanation given to us, the title deeds of immovable properties of the Company are held in the name of the Company, except for 1.75 acres of industrial land in the possession of the Company at Edayar, purchased in financial year 2012-13. The company has paid the entire purchase consideration and is waiting for final clearance for effecting legal transfer of ownership.
- (ii) The inventory has been physically verified during the year by the management. In our opinion, the frequency of verification is reasonable. The discrepancies noticed on verification between the physical stocks and the book records were not material and have been properly dealt with in the books of account.
- (iii)(a) The Company has not granted any loans, secured or unsecured, to Companies , firms, LLPs, or other parties covered in the register maintained under Section 189 of the Companies Act, 2013, except for unsecured loans Rs. 5.36 lakhs, Rs.5.36 lakhs and Rs.7.11 lakhs advanced to the subsidiary companies M/s Sree Adisakthi Mukkuttathode Hydropower Limited, M/s Jalashaayi Alamparathodu Hydro power Limited and M/s Sree Kailas Palchuram Hydro power Limited respectively prior to 2013.
- (b) The terms and conditions of the above loans granted are not prejudicial to the interest of the company.
- (c) The company has not stipulated any schedule of repayment of principal.
- (iv) *The company had received an amount of Rs.712 lakhs from M/s Indospace industrial Park oragadam Walajabad limited(Formerly as Shri Kailash logistics Limited) as advance towards purchase of land, which later on became refundable and classified by the company under 'Inter-Corporate loan'. In our opinion, the said amount as classification as inter-corporate loan is in violation of section 185 of the Companies Act, 2013.*

Further to the above, the company has granted loans/advances to the subsidiary companies as given in(iii)(a) above, which we are informed by the company that the provisions of section 185 and 186 are not applicable as they were made before 12th September,2013 being the effective date of section 185 of companies Act, 2013.



Except as above, in our opinion the company has complied with the provisions of section 185 and 186 of the Companies Act, 2013 in respect of Loans, Investments, Guarantees and securities made by it.

- (v) In our opinion and according to the information and explanations given to us, the Company has not accepted any deposits during the year. Therefore, the provisions of clause 3 (v) of the Companies (Auditor's Report) Order, 2016, are not applicable to the Company.
- (vi) We have broadly reviewed the books and records maintained by the company pursuant to the order of the Central Government 148 (1) of the Companies Act 2013 and are of the opinion that prima facie the prescribed accounts and records have been made and maintained. We have however not made a detailed examination of the records with a view to determining whether these records are accurate or complete.
- (vii) (a) According to the information given to us and on the basis of the checks conducted by us we report that the company has not been 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 other statutory dues with appropriate authorities . The extend of arrears of Statutory dues as at the last day of the financial year concerned outstanding for a period of more than six months as at 31.3.2017, from the date they became payable are income tax of Rs. 48.80 lakhs and TDS of Rs.3.84 lakhs , Service Tax Rs 2.22 lakhs and Excise duty of Rs 46.03 lakhs.
- (b) According to the information and explanations given to us, and based on the records of the company examined by us, the particulars of dues towards income tax, sales tax, wealth tax, service tax, duty of customs, duty of excise, value added tax and cess as at 31st March 2017, which have not been deposited on account of any dispute are furnished as :

Sl. No	Name of the statute	Nature of Dues	Amount of tax disputed (Rs. In lakhs)	Period to which the dispute relates.	Forum where the Dispute is pending.
1	Income tax Act	Income Tax	20.53	A.Y 2007-'08	CIT (Appeals), Kochi
2	Income Tax Act	Income Tax	11.68	A.Y 2011-12	CIT(Appeals), Kochi
3	Central Sales Tax Act	Central Sales tax	15.48	A.Y 2007-'08	Deputy Commissioner (Appeals), Kochi

- (viii) In our opinion and according to the information and explanation given to us, the Company has not defaulted in repayment of loans or borrowings to financial institutions, banks and Government except for temporary delays occurred in the repayment details of which are given in Annexure C .There were no debenture



holders at any time during the year.

- (ix) The company has not made any initial public offer or further public offer or has availed any new term loans during the year.
- (x) To the best of our knowledge and belief and according to the information and explanations given to us, no material fraud by the Company or any fraud on the company by its officers or employees during the year was noticed or reported, nor we were informed of such case by the management.
- (xi) In our opinion, the managerial remuneration has been paid or provided in accordance with the requisite approvals mandated by the provisions of Section 197 read with Schedule V to the Companies Act, 2013.
- (xii) In our opinion, the Company is not a Nidhi Company. Therefore, the provisions of clause 3 (xii) of the Companies (Auditor's Report) Order, 2016, are not applicable to the Company.
- (xiii) In our opinion, all transactions with the related parties are in compliance with Section 177 and 188 of Companies Act, 2013 where applicable and the details have been disclosed in the financial statements etc. as required by the applicable accounting standards.
- (xiv) According to the information and explanations given to us, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year under review.
- (xv) In our opinion and according to the information and explanations given to us, the Company has not entered into any non cash transactions with directors or persons connected with him for which provisions of section 192 are applicable.
- (xvi) In our opinion and according to the information and explanations given to us, the Company is not required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934.

Kochi -11
24.06.2017

For Balan & Co.
Chartered Accountants
Firm Regn. No. 340 S

A. MOHANAN B.Sc., FCA, DISA
Partner (Memb. No. 20627)



ANNEXURE B TO THE INDEPENDENT AUDITOR'S REPORT OF EVEN DATE
ON THE STANDALONE FINANCIAL STATEMENTS OF SREE SAKTHI PAPER
MILLS LIMITED

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

We have audited the internal financial controls over financial reporting of Sree Sakthi Paper Mills Ltd (the company) as of 31st March, 2017 in conjunction with our audit of the standalone financial statements of the company for the year ended on that date.

Management's responsibility for Internal Financial Controls

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 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 (the Guidance Note) and the standards on auditing, issued by ICAI and deemed to be prescribed under Section 143(10) of the Companies Act, 2013 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 Institute of Chartered Accountants of India. Those standards and the Guidance Notes 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 controls based on the assessed risk. The procedures selected depend on the auditor's judgment including the assessment of 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 control systems over financial reporting.

Meaning of internal financial controls over financial reporting

A company's internal financial controls over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of the financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial controls over financial reporting includes those policies and procedures that (1) [pertain to the maintenance of the records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that the transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that the receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding the prevention or timely deduction of unauthorized 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 the 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, the following material weaknesses have been revealed as at March 31, 2017:

The internal control system established by the company for recording of financial transactions in time was not operating effectively due to which there was considerable delay in recording, reconciling and



reporting the financial information on a timely basis. Further no internal audit was conducted during the year.

A 'material weakness' is a deficiency, or a combination of deficiencies, in internal financial control over financial reporting, such that there is a reasonable possibility that a material misstatement of the company's annual or interim financial statements will not be prevented or detected on a timely basis.

In our opinion, except for the effects/possible effects of the material weaknesses described above on the achievement of the objectives of the control criteria, the Company has maintained, in all material respects, adequate internal financial controls over financial reporting and such internal financial controls over financial reporting were operating effectively as of March 31, 2017, based on the internal control over the financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of internal Financial Reporting issued by the Institute of Chartered Accountants of India.

We have considered the material weaknesses identified and reported above in determining the nature, timing, and extent of audit tests applied in our audit of the March 31, 2017 financial statements of the Company, and these material weaknesses does not affect our opinion on the financial statements of the Company.

Kochi -11
24.06.2017

**For Balan & Co.
Chartered Accountants
Firm/Regn. No. 340S**

A. MOHANAN B.Sc., FCA, DISA
Partner (Memb No. 20627)



ANNEXURE C TO THE INDEPENDENT AUDITOR'S REPORT OF EVEN DATE
ON THE STANDALONE FINANCIAL STATEMENTS OF SREE SAKTHI PAPER
MILLS LIMITED

Details of delays occurred in repayment of loans referred in clause (viii) of Annexure A.

Loan	Amount	Due date of payment	Date of payment	No. of days of delay
Axis Bank Car Loan-I	11,044	15.07.2016	26.09.2016	41
	11,044	15.08.2016	26.08.2016	10
	11,044	15.09.2016	15.10.2016	29
	11,044	15.10.2016	29.11.2016	44
	11,044	15.11.2016	29.11.2016	13
	11,044	15.12.2016	16.01.2017	31
	11,044	15.01.2017	21.02.2017	36
	11,044	15.02.2017	21.04.2017	33
	11,044	15.03.2017	21.04.2017	36
Axis Bank Car Loan-II	16,083	15.07.2016	26.08.2016	41
	16,083	15.08.2016	26.09.2016	41
	16,083	15.09.2016	15.10.2016	29
	16,083	15.10.2016	31.10.2016	16
Term Loan (SBT Panampilly Nagar)	13,69,972	11.05.2016	13.06.2016	31
	13,88,441	11.06.2016	20.06.2016	9
	13,69,908	11.08.2016	28.09.2016	47
	13,72,740	11.09.2016	28.09.2016	16
	13,57,255	11.10.2016	31.12.2016	80
	13,64,428	11.11.2016	31.12.2016	49
	13,51,196	11.12.2016	30.01.2017	49
	13,74,685	11.01.2017	01.02.2017	20

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	13,61,973	11.02.2016	01.03.2017	17
	12,96,552	11.03.2016	31.03.2017	20
	13,44,603	11.03.2016	28.04.2016	47
Term Loan (Punjab National Bank)	4,95,522	28.05.2016	09.06.2016	11
	5,01,725	28.06.2016	30.06.2016	2
	4,92,330	28.07.2016	04.08.2016	6
	4,96,557	28.08.2016	27.09.2016	29
	4,945,20	28.09.2016	19.11.2016	51
	4,87,937	28.10.2016	31.12.2016	63
	4,93,889	28.11.2016	30.01.2017	62
	4,93,051	28.12.2016	30.03.2017	91
	4,85,467	28.01.2017	30.03.2017	60
	4,60,177	28.02.2017	29.04.2017	59
	4,79,620	28.03.2017	31.05.2017	63
Term Loan (Federal Bank)	3,34,842	20.07.2016	23.09.2016	64
	3,39,685	20.08.2016	23.09.2016	33
	3,35,054	20.11.2016	31.12.2016	40
	3,26,528	20.12.2016	31.12.2016	41

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[Signature]



BALAN & Co.

Chartered Accountants

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CA V. Sivadasa Menon
CA A. Mohanan
CA C.S. Rajeev
CA P. Unnikrishnan
CA Joyal George

Independent Auditor's Report on Consolidated Financial Statements

To the Members of M/s. Sree Sakthi Paper Mills Limited, Kochi.

Report on the Consolidated Financial Statements

We have audited the accompanying Consolidated financial statements of M/s. Sree Sakthi Paper Mills Limited, Kochi (herein after referred to as "the Holding Company" and its subsidiaries – Sree Adi Sakthi Mukuttathodu Hydro Power limited, Sree Kailas Palchuram Hydro Power Limited and Jalashaayi alamparathodu Hydro Power Limited (the Holding Company and its Subsidiaries together referred to as the "Group" which comprises of:-

- (a) The Consolidated Balance Sheet as at 31st March, 2017
- (b) The Consolidated Statement of Profit and Loss for the year ended 31st March 2017
- (c) Consolidated Cash Flow Statement for the year ended 31st March 2017, and
- (d) A Summary of significant accounting policies and other explanatory information.
(herein after referred to as consolidated financial statements")

Management's responsibility for the Consolidated financial statements

The Holding Company's Board of Directors are responsible for the matters stated in Section 134(5) of the Companies Act 2013("the Act") with respect to the preparation of these financial statements that give a true and fair view of the consolidated financial position, consolidated financial performance and consolidated 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 Companies (Accounts) Rules, 2014. This responsibility of the respective Board of Directors 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 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 consolidated 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 there under. We conducted our audit in accordance with the Standards on



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'POORNIMA', TC 28/1186, Sreekandeswaram, Thiruvananthapuram. Ph : 0471 6544766

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 financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the Consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the Consolidated 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 Consolidated financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on whether the company has in place an adequate internal financial controls system over financial reporting and the operating effectiveness of such controls. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by the Holding Company's Directors, as well as evaluating the overall presentation of the Consolidated 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 Consolidated financial statements.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid Consolidated 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 consolidated state of affairs of the Company as at March 31, 2017; and its consolidated LOSS and its consolidated cash flows for the year ended 31st March 2017.

Emphasis of Matter

We invite the attention of the users to-

- (a) Note No. 2 of the Significant Accounting Policies regarding the validity of Going Concern Assumption for the year covered by the consolidated financial statements;*
- (b) Note No. 9(b) of the Significant Accounting Policies regarding treatment of interest expense on buyers credit in contradiction to Accounting Standard (AS) 11 'The Effects of Changes in Foreign Exchange Rates (Revised 2003)';*
- (c) Note No. 15(1) and (4) of the Significant Accounting Policies regarding lack of external confirmation for the receivables and payables and non-provision of retrenchment compensation payable to employees, if any, respectively.*

Our report is not qualified in respect of the above matters.

Report on other legal and regulatory requirements

1. As required by section 143(1) of the Act, we report that:

During the year, 1,30,597 units of ICICI Prudential Funds costing Rs 30.01 lakhs, 1,25,646 units of L& T Mutual Funds costing Rs 30 lakhs and 23,286 units of UTI Master Growth Fund costing Rs 10 lakhs were sold at Rs 17.93 lakhs, Rs 21.01 lakhs and Rs 7.40 lakhs respectively. Accordingly all investments were sold at a price below cost.



2. 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 purpose of our audit;
- b) In our opinion proper books of account as required by law have been kept by the Company so far as appears from our examination of those books.
- c) The Consolidated Balance Sheet, Consolidated Statement of Profit and Loss, and Consolidated Cash Flow Statement dealt with by this Report are in agreement with the books of account.
- d) In our opinion, the aforesaid Consolidated financial statements comply with the Accounting Standards specified under section 133 of the Companies Act, 2013, read with Rule 7 of Companies (Accounts), Rules 2014, *except for the effect of accounting treatment specified in Note No. 9(b) of the Significant Accounting Policies of the Consolidated Financial Statements.*
- e) On the basis of written representations received from the directors as on March 31, 2017, and taken on record by the Board of Directors of the Holding Company, none of the directors is disqualified as on March 31, 2017, from being appointed as a director in terms of sub-section (2) of section 164 of the Companies Act, 2013.
- f) The report on internal financial control as required under clause (i) of sub section 3 of section 143 of the Companies Act 2013 is attached as Annexure A.
- g) With respect to other matters to be included in the Auditors Report in accordance with Rule 11 of 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 on its financial position in its Consolidated financial statements.
 - ii. The company has made provisions, as required under any law or accounting standard, for material foreseeable losses.
 - iii. Unpaid dividend relating to financial year 2008-09, amounting to Rs. 1.50 lakhs was not transferred to Investor Education And Protection Fund as on 31.03.2017. The amount was subsequently transferred on 04.05.2017.
 - iv. The company has provided requisite disclosures in its Consolidated financial statements as to holdings as well as dealings in Specified Bank Notes during the period from 8 November to 30 December 2016 and these are in accordance with the books of accounts maintained by the Company. Refer to Note 28 to the Consolidated financial statements.

Kochi -11
24.06.2017



For Balan & Co.
Chartered Accountants
Firm Regn. No. 340 S

A. MOHANAN R. S.
A. MOHANAN R. S., FCA, DISA
Partner (Memb. No. 20027)

ANNEXURE A TO THE INDEPENDENT AUDITOR'S REPORT OF EVEN DATE
ON THE CONSOLIDATED FINANCIAL STATEMENTS OF SREE SAKTHI PAPER
MILLS LIMITED

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

We have audited the internal financial controls over financial reporting of Sree Sakthi Paper Mills Ltd (the company) as of 31st March, 2017 in conjunction with our audit of the consolidated 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 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 (the Guidance Note) and the standards on auditing, issued by ICAI and deemed to be prescribed under Section 143(10) of the Companies Act, 2013 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 Institute of Chartered Accountants of India. Those standards and the Guidance Notes 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 controls based on the assessed risk. The procedures selected depend on the auditor's judgment including the assessment of 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 control systems over financial reporting.

Meaning of internal financial controls over financial reporting

A company's internal financial controls over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of the financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial controls over financial reporting includes those policies and procedures that (1) [pertain to the maintenance of the records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that the transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that the receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding the prevention or timely deduction of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the Consolidated 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 the 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, the following material weaknesses have been revealed as at March 31, 2017:



The internal control system and the internal audit system established by the company for recording of financial transactions in time was not operating effectively due to which there was considerable delay in recording, reconciling and reporting the financial information on a timely basis.

A 'material weakness' is a deficiency, or a combination of deficiencies, in internal financial control over financial reporting, such that there is a reasonable possibility that a material misstatement of the company's annual or interim financial statements will not be prevented or detected on a timely basis.

In our opinion, except for the effects/possible effects of the material weaknesses described above on the achievement of the objectives of the control criteria, the Company has maintained, in all material respects, adequate internal financial controls over financial reporting and such internal financial controls over financial reporting were operating effectively as of March 31, 2017, based on the internal control over the financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of internal Financial Reporting issued by the Institute of Chartered Accountants of India.

We have considered the material weaknesses identified and reported above in determining the nature, timing, and extent of audit tests applied in our audit of the March 31, 2017 financial statements of the Company, and these material weaknesses does not affect our opinion on the financial statements of the Company.

Kochi -11
24.06.2017

For Balan & Co.
Chartered Accountants
Firm Regn. No. 340 S

A. MOHANAN
A. MOHANAN B.Sc., FCA, DISA
Partner (Memb. No. 20627)

