

10th September, 2016

To

All the members of
Savera Industries Limited,

We are enclosing the letter dated 10th September, 2016, together with the Independent Auditors Report dated 27.05.2016 and its Annexure "B", received from our Statutory Auditors M/s. D.A. Reddy & Co., Chartered Accountants, Chennai.

For Savera Industries Limited,



N S Mohan

Company Secretary



C.A.D. AUDISESHA REDDY, B.Com., F.C.A.,
CHARTERED ACCOUNTANT
Membership No : 019352

M/s. D.A. REDDY & CO.,
CHARTERED ACCOUNTANTS
Regd. no. 005719S
'AUDI NIVAS' No.8, KANNAIAH ST.
T.NAGAR, CHENNAI - 600 017.

10th September, 2016

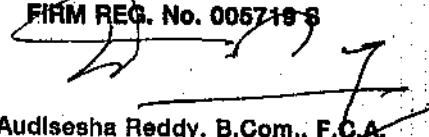
To

M/s. Savera Industries Limited
146 Dr.Radhakrishnan Road
Chennai 600 004.

Dear Sirs,

Due to an inadvertent omission, I have not appended the Annexure 'B' to our Independent Auditors Report dt.27.5.2016, which is attached herewith with the Auditors Report. Please circulate the same to all the Directors and the shareholders of the company, prior to the forthcoming 47th Annual General Meeting of the company.

For D.A. Reddy & Co.
Chartered Accountants
FIRM REG. No. 005719 S


D. Audisesha Reddy, B.Com., F.C.A.
Proprietor, M.No. 019352

INDEPENDENT AUDITORS' REPORT

TO
THE MEMBERS OF
SAVERA INDUSTRIES LIMITED

Report on the standalone Financial Statements

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

Management's Responsibility for the standalone 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 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 these financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

3. Our responsibility is to express an opinion on these standalone 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.

4. 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 misstatements.

5. 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. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by the Company's Board of directors, as well as evaluating the overall presentation of the financial statements.

6. 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 standalone 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, 2016, and its profit and its cash flows for the year ended on that date.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2003 ("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 & 4 of the Order to the extent applicable.

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 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 standalone 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) On the basis of the written representations received from the directors as on March 31, 2016, taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2016, from being appointed as a Director in terms of Section 164 (2) of the Act.
- (f) 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
- (g) 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 on its financial position in its financial statements as of March 31, 2016.
 - (ii) The Company has made provision in its financial statements, as required under the applicable law or accounting standards, for material foreseeable losses, if any on long-term contracts including derivative contracts.
 - (iii) There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company.

For D A Reddy & Co.,
Chartered Accountants
(Firm Regn. No.005719S)

Place : Chennai
Date : 27th May, 2016

CA. D.Audishesha Reddy, B.Com., FCA.,
Proprietor
Membership No.019352

ANNEXURE 'A' TO INDEPENDENT AUDITORS' REPORT

Audit Report containing the matters specified in Paragraph 3 & 4 of Companies (Auditors' Report) Order, 2016

- (i) In respect of the fixed assets of the company:
 - a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
 - b) The fixed assets were physically verified during the year by the Management at reasonable intervals which is satisfactory depending on the size of the company. According to the information and explanations given to us, no material discrepancies were noticed on such verification.
 - c) With respect to immovable properties of acquired land and buildings that are freehold, according to the information and explanations given to us and the records examined by us and based on the examination of the registered sale deed, partnership deed, partnership dissolution deeds, encumbrance certificates, legal opinions, provided to us, we report that, the title deeds of all immovable properties are held in the name of the Company as on 31.3.2016. In respect of lease of immovable properties of land and buildings the lease agreements are in the name of the company as lessee.
- (ii) As per the information and explanation given to us, the inventories were physically verified by the management at reasonable intervals and , no discrepancies were noticed on such 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, except to its subsidiary.
- (iv) The Company has complied with the provisions of Sections 185 and 186 of the Companies Act, 2013 in respect of grant of loans, making investments and providing guarantees and securities, as applicable.
- (v) The Company has not accepted any deposit during the year and accordingly the question of complying with Sections 73 and 76 of the Companies Act, 2013 does not arise.
- (vi) The provisions of clause 3 (vi) of the Order are not applicable to the company as the company is not covered by the Companies (Cost Records and Audit) Rules, 2014.
- (vii) The Company has been regular in depositing undisputed statutory dues including Provident Fund, Employees' State Insurance, Income-tax, Sales tax, Service Tax, Customs Duty, Excise Duty, Value Added Tax, Cess and other material statutory dues applicable to it with the appropriate authorities.

- (viii) The Company has not defaulted in the repayment of loans or borrowings to financial institutions, banks and government.
- (ix) The Company has not raised moneys by way of initial public offer or further public offer (including debt instruments). The company availed a term loan of Rs.20 lakhs from Central Bank of India during the year and utilized the same for the purpose it was availed.
- (x) No fraud by the Company and no material fraud on the Company by its officers or employees has been noticed or reported during the year.
- (xi) The Company has paid / provided managerial remuneration in accordance with the requisite approvals mandated by the provisions of Section 197 read with Schedule V to the Companies Act, 2013.
- (xii) The Company is in compliance with Sections 177 and 188 of the Companies Act, 2013, where applicable, for all transactions with the related parties and the details of related party transactions have been disclosed in the financial statements etc. as required by the applicable accounting standards.
- (xiii) The Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year.
- (xiv) The Company has not entered into any non-cash transactions with its directors or person connected with them.
- (xv) The Company is not required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934.

For D A Reddy & Co.,
Chartered Accountants (Firm
Regn. No.005719S)

Place : Chennai
Date : 27th May, 2016

CA. D.Audisesha Reddy, B.Com., FCA.,
Proprietor
Membership No.019352

ANNEXURE 'B' TO INDEPENDENT AUDITORS' REPORT

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 Savera 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

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 Companies Act, 2013.

Auditors' 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 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 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 were 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

(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

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, 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 on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

For **D A Reddy & Co.,**
Chartered Accountants (Firm
Regn. No.005719S)

Place : Chennai
Date : 27th May, 2016

CA. D.Audishesha Reddy, B.Com., FCA.,
Proprietor
Membership No.019352