



Ponni Sugars (Erode) Limited

24th
Annual Report
2019-20



Year Scorecard

- ❖ *Quantum jump in production and sale*
- ❖ *All time high top line*
- ❖ *Spurt in Molasses price*
- ❖ *PBIDT doubled*
- ❖ *PBT tripled*
- ❖ *Bottomline highest in a decade*

Directors

N Gopala Ratnam (*Chairman*)
 Dr L M Ramakrishnan (*Vice Chairman*)
 N Ramanathan (*Managing Director*)
 Arun G Bijur
 Bimal K Poddar
 V Sridar
 Dr Nanditha Krishna
 K Bharathan

Audit Committee

V Sridar (*Chairman*)
 Bimal K Poddar
 Dr L M Ramakrishnan
 K Bharathan

Nomination and Remuneration Committee

V Sridar (*Chairman*)
 N Gopala Ratnam
 Dr L M Ramakrishnan

Stakeholders Relationship Committee

N Gopala Ratnam (*Chairman*)
 Arun G Bijur
 N Ramanathan
 V Sridar

CSR Committee

N Gopala Ratnam (*Chairman*)
 N Ramanathan
 Dr Nanditha Krishna

Chief Financial Officer

K Yokanathan

Banks

Canara Bank
 IDBI Bank Limited
 HDFC Bank Limited

Auditors

M/s. S Viswanathan LLP
 Chartered Accountants
 17, Bishop Wallers Avenue (West)
 Mylapore
 Chennai 600 004

Registered Office

“ESVIN HOUSE”
 13 Rajiv Gandhi Salai (OMR)
 Perungudi, Chennai 600 096
 Phone: (044) 24961920 / 24960156
 Email: admin@ponnisugars.com
 Web: www.ponnisugars.com

Email ID for Investor Grievance

investor@ponnisugars.com

Works

Odappalli, Cauvery RS (Post)
 Erode 638 007, Tamil Nadu
 Phone: (04288) 247351 to 358
 Email: gen@ponnisugars.com

Registrar & Transfer Agent

Cameo Corporate Services Ltd
 “Subramanian Buildings”, 5th Floor
 No.1, Club House Road, Chennai 600 002
 Phone: (044) 28460390
 Email: investor@cameoindia.com

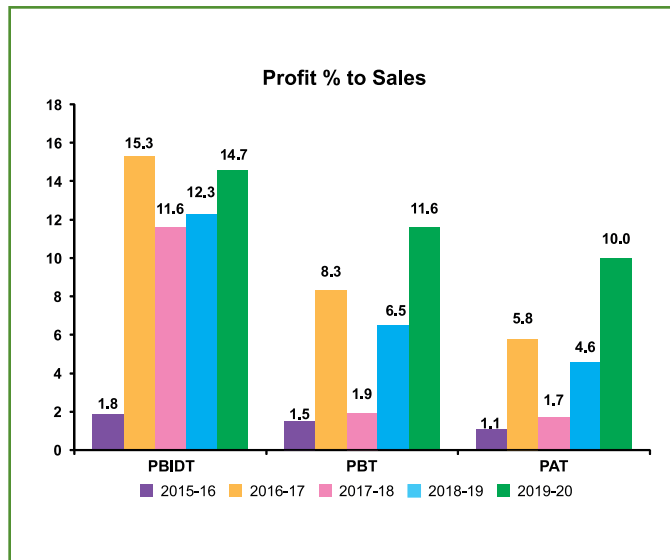
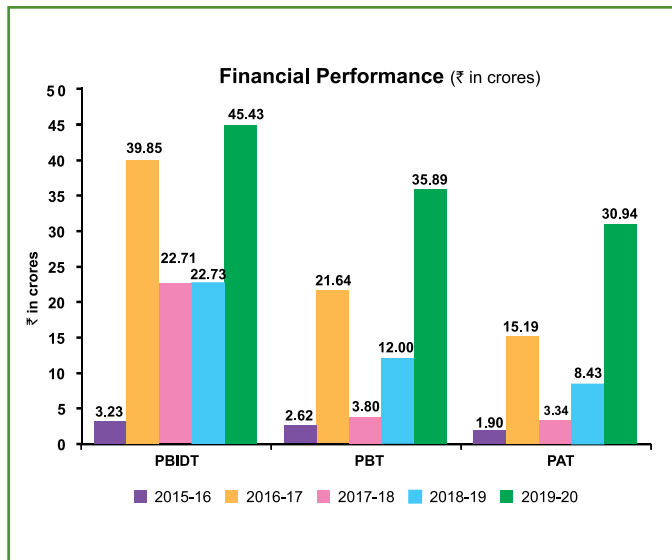
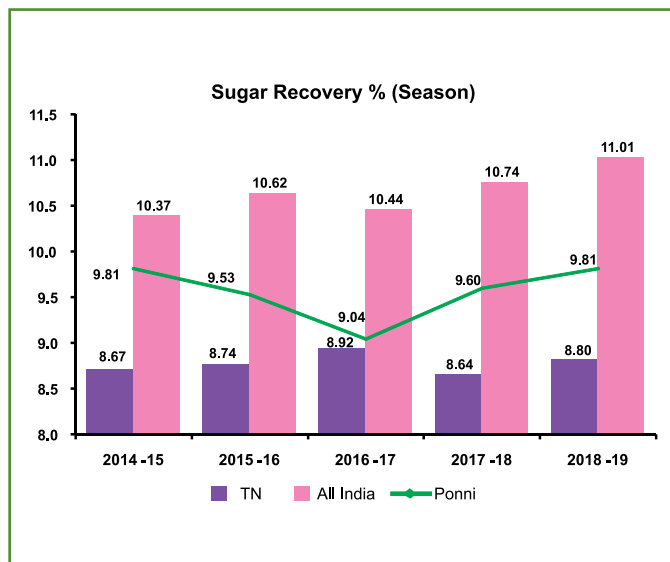
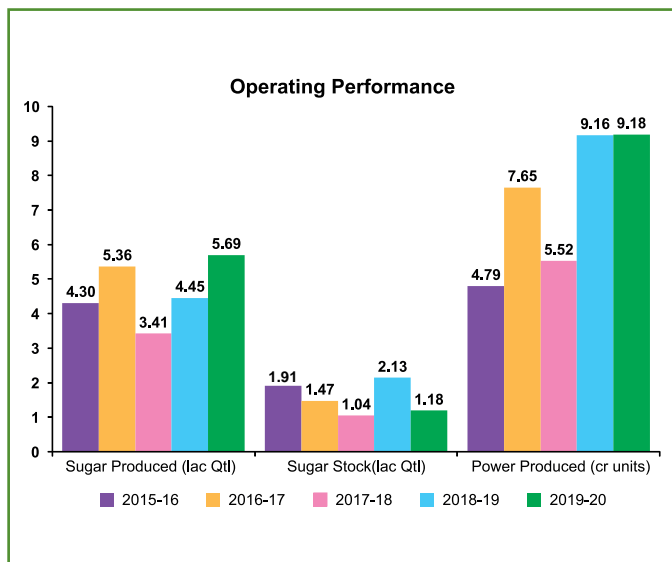
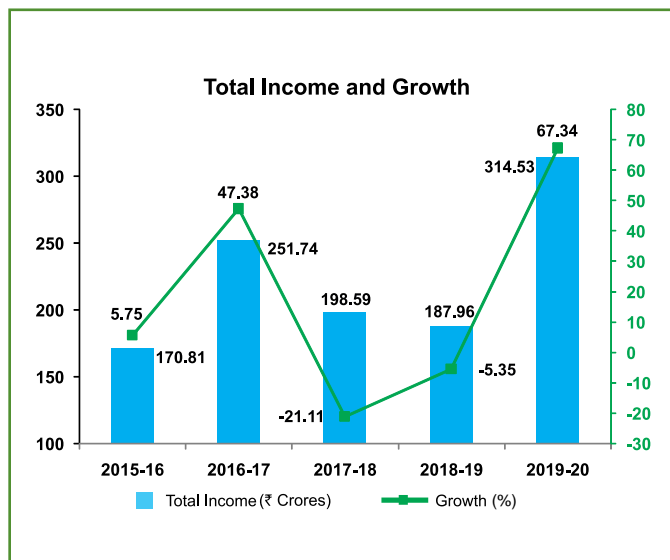
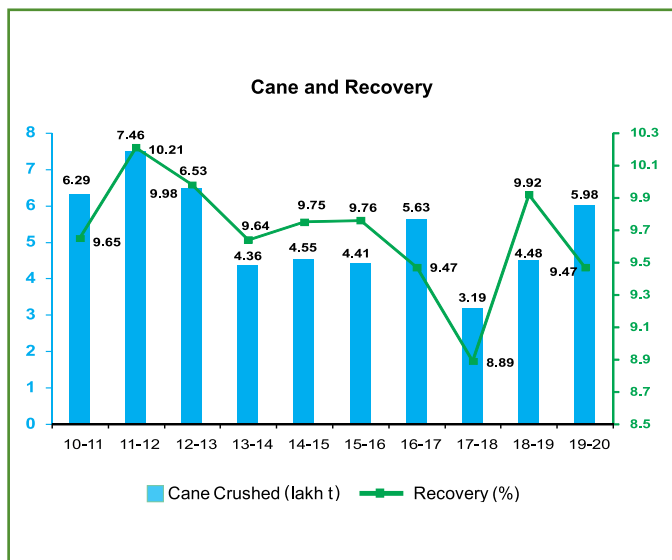
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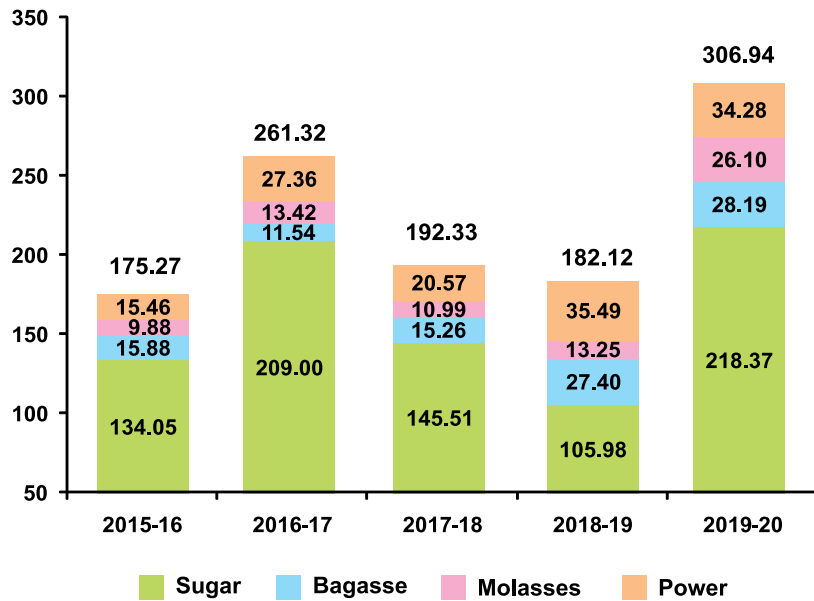
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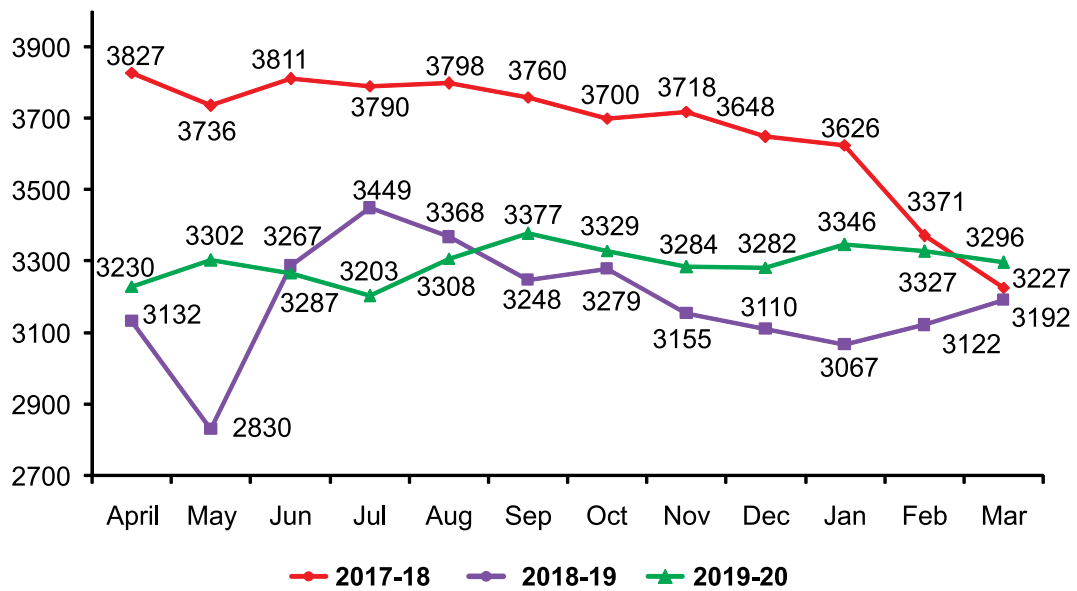
Performance Chart



Sales Composition (₹ Crores)

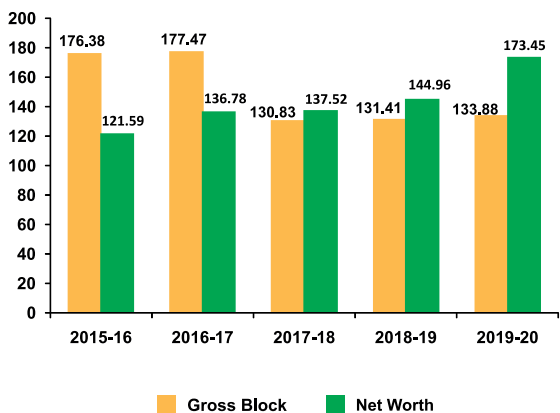


Ex-Factory Sugar Realization (₹ /Qtl)

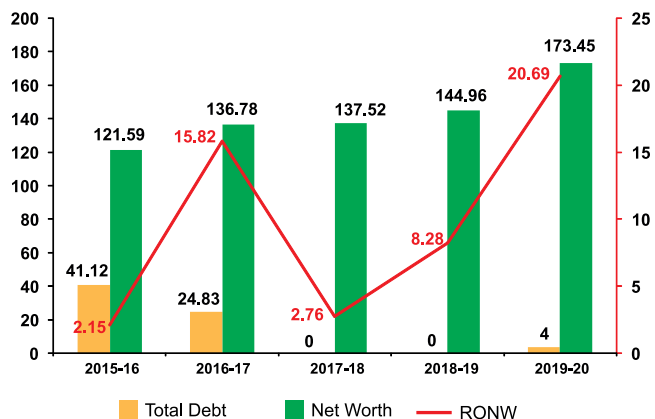




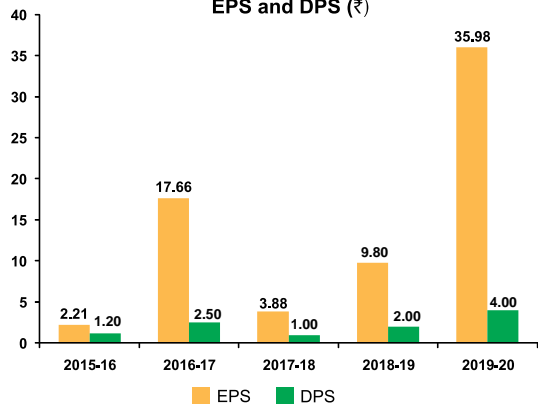
Gross Block and Net Worth (₹ Crores)



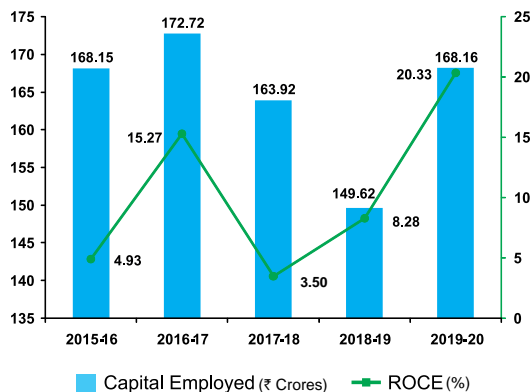
Debt, Net Worth (₹ Crores) and RoNW (%)



EPS and DPS (₹)



Capital Employed and ROCE



Financial Highlights – Ten Years at a Glance

₹ in Lakhs

For the year	2010-11	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17	2017-18	2018-19	2019-20
Total Income	27356	27002	21489	17103	16153	17081	25174	19859	18796	31453
Total Expenditure	25546	23730	18561	16429	16511	16758	21189	17588	16523	26910
PBIDT	1810	3272	2928	674	-358	323	3985	2271	2273	4543
Interest	148	119	358	671	512	587	475	197	347	268
Depreciation	309	329	1161	825	566	564	570	568	593	739
Profit before exceptional items	1353	2824	1409	-822	-1436	-828	2940	1506	1333	3536
Exceptional Items	-1411	212	193	-541	-893	-1090	776	1126	133	-53
PBT	2764	2612	1216	-281	-543	262	2164	380	1200	3589
Tax	903	833	-695	197	-178	72	645	46	357	495
PAT	1861	1779	1911	-478	-365	190	1519	334	843	3094
EPS (₹)	21.64	20.69	22.22	-5.56	-4.24	2.21	17.66	3.88	9.80	35.98
Cash EPS (₹)	14.54	24.18	27.64	0.03	1.81	9.61	31.80	10.49	18.55	44.14
Dividend %	20	25	15	6	--	12	25	10	20	40
As at year end										
Gross Block	7564	15722	17278	17575	17602	17638	17747	13083	13141	13388
Net Block	4917	12834	13309	13339	12773	12261	11840	11952	11417	10932
Loan Funds	1645	5005	8208	8283	7791	7663	4905	725	3487	1657
Net Worth	9625	11154	12914	12376	12011	12159	13678	13752	14496	17345
Book value per share (₹)	111.94	129.72	150.19	143.93	139.69	141.41	159.08	159.94	168.59	201.72
Share Price at NSE (in ₹)										
High	142.80	126.50	415.00	359.45	251.00	248.00	357.05	228.80	189.40	182.00
Low	82.00	71.15	108.00	87.10	100.50	110.90	172.70	141.00	102.30	81.00



PONNI SUGARS (ERODE) LIMITED

CIN : L15422TN1996PLC037200

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Phone : 044 24961920 / 24960156

E Mail: admin@ponnisugars.com; Website:www.ponnisugars.com

NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the 24th Annual General Meeting of the Company will be held on Wednesday the 19th August 2020, at 11.00 AM thro' Video Conference / Other Audio Visual Means (VC / OAVM) to transact the following business:

ORDINARY BUSINESS

1. Adoption of Financial Statements

To consider and, if thought fit, to pass the following resolution as an Ordinary Resolution:

"RESOLVED that the audited Financial Statements for the year ended 31st March 2020 and the reports of the Board of Directors and Auditors thereon be and are hereby considered and adopted."

2. Dividend declaration

To consider and, if thought fit, to pass the following resolution as an Ordinary Resolution:

"RESOLVED that

- (i) a dividend of ₹ 4/- (Rupees four only) per Equity Share for the Financial Year 2019-20 be and is hereby declared on the 8598418 Equity Shares of ₹ 10 each fully paid-up;
- (ii) the dividend be paid to the shareholders whose names appear in the Register of Members of the company in the case of physical holding and to the beneficial owners of shares recorded with the Depositories in the case of demat holding as per details to be furnished by National Securities Depository Ltd/ Central Depository Services (India) Ltd for the purpose, as on Wednesday, the 19th August 2020."

3. Reappointment of retiring Director

To consider and, if thought fit, to pass the following resolution as a Special Resolution:

"RESOLVED that Mr N Gopala Ratnam [DIN:00001945], who retires by rotation, be and is hereby reappointed

as a Director of the Company, liable to retire by rotation."

SPECIAL BUSINESS

4. Reappointment of Managing Director

To consider and, if thought fit, to pass the following resolution as a Special Resolution:

- (i) RESOLVED that Mr N Ramanathan [DIN:00001033] whose current term of office expired on 31.03.2020 be and is hereby re-appointed as Managing Director of the Company for a period of three years from 01.04.2020 to 31.03.2023.
- (ii) RESOLVED FURTHER that pursuant to the provisions of Section 197 read with Schedule V and other applicable provisions of the Companies Act, 2013, approval be and is hereby accorded for the remuneration of Mr N Ramanathan as Managing Director during the above tenure as set out in the Statement pursuant to Section 102(1) of the Act attached hereto.
- (iii) RESOLVED FURTHER that the Board of Directors be and are hereby authorized to increase, vary or amend the remuneration and other terms of the appointment from time to time on the recommendation of the Nomination and Remuneration Committee provided that it shall not result in an increase of 50% or more.
- (iv) RESOLVED FURTHER that the Board of Directors be and are hereby authorized to take all such steps as may be necessary, proper or expedient to give effect to this resolution.

5. Commission to Non-Executive Directors

To consider and, if thought fit, to pass the following resolution as an Ordinary Resolution:

- (i) RESOLVED that pursuant to Section 197 and other applicable provisions, if any of the Companies Act, 2013, consent of the company be and is hereby

accorded for payment of commission to Non-Executive Directors out of the net profits of the company, over and above the sitting fees, for a period of three financial years from 1st April 2020 to 31st March 2023.

PROVIDED FURTHER that the commission for all the non-executive directors shall in aggregate not exceed one percent of the net profit of the Company in terms of Section 197 of the Companies Act, 2013.

- (ii) RESOLVED FURTHER that the commission be divisible among the directors in such manner and proportion as the Board of Directors may deem fit.
- (iii) RESOLVED FURTHER that the Board of Directors be and are hereby authorized to take all such steps as may be necessary, proper and expedient to give effect to the resolution.

6. Remuneration to Cost Auditor

To consider and, if thought fit, to pass the following resolution as an Ordinary Resolution:

“RESOLVED that the Company do hereby confirm and ratify in terms of Section 148 and other applicable provisions of the Companies Act, 2013 and the Rules made thereunder the remuneration approved by the Board of Directors on the recommendations of the Audit Committee for M/s S Mahadevan & Co., Cost Accountants (Firm Registration No.000007), for conducting the audit of cost records of the Company, including its Sugar and Cogen segments, for the financial year 2020-21 at ₹ 150000 (Rupees one lac fifty thousand only) plus tax and reimbursement of travel & out of pocket expenses incurred for purpose of such audit.”

(By Order of the Board)

For **PONNI SUGARS (ERODE) LIMITED**

Chennai
14th July 2020

N Ramanathan
Managing Director

NOTES:

1. AGM through VC/ OAVM

In view of the outbreak of COVID-19 pandemic and the consequent restrictions and requirements like social distancing, the Ministry of Corporate Affairs (“MCA”) vide Circulars No.14/2020 dated April 08, 2020, No.17/2020 dated April 13, 2020 and No.20/2020 dated May 05, 2020 and the Securities and Exchange Board of India (“SEBI”) vide its Circular No.SEBI/HO/CFD/CMD1/CIR/P/2020/79 dated May 12, 2020, have allowed companies to hold their Annual General Meeting (“AGM”) through Video Conferencing (“VC”) or Other Audio Visual Means (“OAVM”) during the calendar year 2020. In terms of the said circulars read with the applicable provisions of the Companies Act, 2013, the 24th AGM of the Company will be held through VC/ OAVM (e-AGM) and the shareholders can attend and participate in the e-AGM through VC/ OAVM only. The deemed venue of the e-AGM will be the registered office of the Company.

2. Quorum/ Proxy form / Attendance slip

A shareholder entitled to attend and vote at the AGM is entitled to appoint a proxy to attend and vote on his/ her behalf and the proxy need not be a shareholder of the company. However, as this AGM is being held through VC/ OAVM, physical attendance of shareholders is dispensed with. Accordingly, the facility for appointment of proxies by the shareholders is not applicable for this e-AGM. Hence the proxy form and attendance slip are not being annexed to this Notice and the resultant requirement for submission of proxy forms does not arise.

The presence of shareholders through VC/ OAVM will be reckoned for the purpose of quorum u/s 103 of the Act.

Corporate shareholders entitled to appoint authorized representatives are requested to send a duly certified copy of Board Resolution authorizing their representative(s) to attend and vote at the e-AGM, pursuant to Section 113 of the Companies Act, 2013 (“the Act”).

3. Explanatory Statement

Statement pursuant to Section 102(1) of the Act in respect of the Special Business and Regulation 17(1A) of the Listing Regulations in respect of Special Resolution, to be transacted at the meeting is annexed hereto.



4. Mailing of AGM Notice & Annual Report

In compliance with relevant MCA/ SEBI circulars, the Notice of AGM and Annual Report for 2019-20 are being sent in electronic mode to shareholders whose email address is registered with the Depository Participants (DP) or the Registrar & Transfer Agent (RTA). Shareholders holding shares in physical / demat form who have not registered their email address with the Company can get the same registered as per the procedure given in SI No.11.

The AGM Notice and Annual Report are available on the websites of the Company www.ponnisugars.com, Stock Exchanges i.e. BSE Limited www.bseindia.com and National Stock Exchange of India Limited www.nseindia.com. The AGM Notice is also available on the website of CDSL (agency for providing the Remote e-Voting facility and e-Voting System during the AGM) www.evotingindia.com.

5. Particulars of Directors

Particulars of Directors seeking re-appointment pursuant to Regulation 36 (3) of the Listing Regulations is given in Appendix-A that forms part of this Notice.

6. Book Closure

The Register of Members and the Share Transfer Books of the Company will remain closed from Thursday the 13th August, 2020 to Wednesday the 19th August, 2020 (both days inclusive).

7. Dividend

Dividend on declaration will be paid on 25.8.2020.

Shareholders are advised to refer to 'Shareholder information' section of the Corporate Governance Report (page 48 of the Annual Report) for details on dividend entitlement, payment options, Tax on dividend and procedure for claiming tax exemption.

8. Unpaid Dividend

Unpaid Dividend for over 7 years will be transferred to the Investor Education and Protection Fund. Shareholders may refer to page 49 of the Annual Report and lodge their claim, if any, immediately.

Shares in respect of which dividend has not been paid or claimed for seven consecutive years or more had been transferred to Investor Education and Protection Fund. Shareholders may refer to page 49 of the Annual report for details.

9. Attending e-AGM

For the purpose of conducting the e-AGM, the Company has appointed Central Depository Services (India) Limited (CDSL), to provide VC / OAVM facility. The detailed procedure for participating in e-AGM through VC / OAVM is given in Appendix-B.

10. Voting Process

Shareholders can cast their votes through Remote e-Voting or at the AGM through e-Voting. The detailed process and instructions are given in Appendix-C.

11. Procedure for obtaining the Annual Report, AGM Notice and e-Voting instructions by the shareholders whose email addresses are not registered with the DPs/ RTA

Shareholders are advised to register/ update their email address and mobile number immediately, in case they have not done so earlier:

- In case of shares held in demat mode, with their respective DPs.
- In case of shares held in physical mode, by accessing the link <https://investors.cameoindia.com> or by email to the RTA at investor@cameoindia.com with details of Folio number and attaching a self-attested copy of PAN card.
- After due verification, the Company/ RTA will send login credentials for attending the AGM and voting to the registered email address.
- Any person who becomes a shareholder of the company after despatch of the AGM Notice and holding shares as on the cut-off date may obtain the user Id and password in the manner provided in the AGM Notice.

12. Inspection of documents

The Register of Directors and Key Managerial Personnel and their shareholding maintained under Section 170 of the Act, the Register of Contracts or arrangements in which the Directors are interested under Section 189 of the Act and all other documents referred in notice will be available for inspection in electronic mode. Shareholders can send an email for the purpose to admin@ponnisugars.com.

**STATEMENT PURSUANT TO SECTION 102(1) OF THE COMPANIES ACT, 2013 AND
REGULATION 17 (1A) OF THE LISTING REGULATIONS FORMING PART OF THE NOTICE**

Item No.3**Reappointment of retiring Director**

Mr N Gopala Ratnam [DIN:00001945], aged 73 years has been associated with our company and erstwhile Ponni Sugars and Chemicals Ltd since 1993. He comes under the promoter category.

Regulation 17(1A) of SEBI (Listing Obligations and Disclosure Requirements) (Amendment) Regulations 2018 from 1st April 2019 requires special resolution to be passed for the appointment of a person or his continuance in the directorship of a company if he has attained the age of 75 years. Since Mr. N Gopala Ratnam would be attaining the age of 75 years during the proposed tenure, it is proposed to pass a special resolution for the current re-appointment.

Mr N Gopala Ratnam is quite active and alert and is presently the Chairman of the Company. In the opinion of the Board, he is suitable for being continued as a Director of the company despite attaining the age of 75 years. The Board accordingly recommends his re-appointment by special resolution for the consideration of shareholders. Particulars required under Reg.36(3) of the Listing Regulations are given in Appendix A that forms part of this Notice.

Except Mr N Gopala Ratnam, no other director or Key Managerial Personnel of the company or their relatives are concerned or interested financially or otherwise, in this business.

The Board recommends the Special Resolution set out in Agenda 3 of the Notice for approval of the shareholders.

Item No.4**Reappointment of Managing Director**

The current term of Mr N Ramanathan [DIN:00001033] as Managing Director ended on 31.03.2020. On the recommendation of the Nomination and Remuneration Committee, the Board of Directors at their meeting held through video conferencing on 27th March 2020 have re-appointed Mr N Ramanathan as Managing Director of the Company for a further period of three years from 1st April 2020. At their meeting held on 29th May 2020,

the Board of Directors have approved the remuneration package on the recommendations of the Nomination and Remuneration Committee as under, subject to the approval of shareholders:

1.Period	1st April 2020 to 31st March 2023.
2.Salary	<ul style="list-style-type: none"> i) Basic: ₹ 5,00,000/- pm (Rupees five lakhs per month) ii) Special Allowance: ₹ 90,000/- pm (Rupees ninety thousand per month).
3.Allowances / Perquisites:	<ul style="list-style-type: none"> i) Housing or HRA of ₹ 100000 p.m. (Rupees one lac per month) ii) Medical, LTA and other perquisites not exceeding in aggregate the annual salary iii) Leave, other benefits and amenities as applicable for Senior Management.
4.Retirement benefits	<ul style="list-style-type: none"> i) Contribution to Provident Fund, Superannuation Fund and New Pension System to the extent exempt from Income tax and in accordance with Company scheme from time to time. ii) Gratuity as per Company scheme. iii) Leave encashment as per Company Rules. iv) These shall not be included in the computation of ceiling on perquisites.
5.Incentive	Upto and not exceeding 100% of basic annual salary as decided by the Board on the recommendation of the Nomination and Remuneration Committee.
6.Minimum Remuneration	In the event of loss or inadequacy of profits in any financial year, Mr.N.Ramanathan shall be paid remuneration by way of salary, perquisites and retirement benefits as specified above. Incentive amount shall be as decided by the Board but not exceeding 100% of basic annual salary.



Mr N Ramanathan (66) is a Chartered Accountant, Company Secretary and Cost Accountant. He is a University rank holder in B.Com and All India rank holder in Chartered Accountancy. He brings to bear profound knowledge and rich experience in the fields of Finance, Taxation, Legal and General Management.

Mr N Ramanathan has deep insight into the dynamics of sugar industry. He is being continually re-inducted into the Executive Committee of ISMA, SISMA-TN and on the Board of Indian Sugar Exim Corporation Ltd besides being part of several sub-committees in these bodies. He is well connected with industry peers and respected for his domain knowledge. He is also associated with a few business chambers and is a speaker on several professional platforms.

The terms of appointment and remuneration of Mr N Ramanathan have been determined by the Board on the recommendations of the Nomination and Remuneration Committee having regard to the extant provisions of the Companies Act, 2013 and Schedule V thereof.

Sugar industry is intrinsically cyclical and being agro based remains vulnerable to the vagaries of nature. Despite the decontrol of sugar industry by the Central Government, sugarcane price continues to remain susceptible to State intervention. Further, the operational area of the company is subject to vagaries of nature which will ultimately affect the cane cultivation and forcing it to operate under distressed conditions and face financial adversities. It would hence be necessary notwithstanding the impressive results achieved in financial year 2019-20 to fix a minimum remuneration for Managing Director in the absence of adequate profits in any year during the current tenure.

The company has not defaulted in debt servicing. Statement containing prescribed information is furnished hereunder.

The Managing Director shall adhere to the company's code of conduct. There is no contract in writing with the Managing Director and the above may be treated as the written memorandum setting out the terms of appointment of Managing Director vide Section 190(1)(b).

Particulars required under Reg.36(3) of the Listing Regulations are given in Appendix A that forms part of this Notice.

Other than Mr N Ramanathan, no Director or Key Managerial Personnel or their relatives are concerned or interested in this item of business.

Statement containing required information as per Part II of Section II of Schedule V to the Companies Act, 2013

I. General Information

(1) Nature of Industry

Manufacture of sugar and its by-products and cogeneration of power.

(2) Date of commencement of Commercial production

The Company was transferred the Erode Sugar Mill Undertaking of erstwhile Ponni Sugars and Chemicals Limited effective 1st April 1999 in terms of a Demerger Scheme sanctioned by High Court of Madras. Commercial production in Erode sugar mill commenced on 3rd December 1984.

(3) In case of new companies, expected date of commencement of activities

Not Applicable

(4) Financial performance based on given indicators

(₹ Lakhs)

Particulars	2019-20	2018-19	2017-18
Total Income	31453	18796	19859
Profit before Interest	4543	2273	2271
Depreciation & Tax	1234	950	614
Profit before Tax	3589	1200	380
Profit After Tax	3094	843	334
Net worth	17345	14496	13752
Dividend (%)	40	20	10

(5) Foreign Investments or collaborations, if any

	No. of shares	%
Shareholding by FPI	18,20,299	21.17
Shareholding by FII	3,00,000	3.49

II. Information about the appointee

(1) Background details

Mr N Ramanathan is professionally qualified as Chartered Accountant, Company Secretary and Cost Accountant with an impressive academic track record. He has made credible contribution during his long stint of association with the Company and Group in diverse role and responsibilities.

(2) Past remuneration

(₹ Lakhs)

Particulars	2019-20	2018-19	2017-18
Salary	58	58	58
Allowances/ Perquisites	23	7	15
Retirement benefits	13	13	27
Incentive	48	48	48
Total	142	126	148

(3) Recognition or awards

Mr N Ramanathan is a University rank holder in B.Com and All India rank holder in Chartered Accountancy. He is presently a Committee member in Indian Sugar Mills Association, SISMA-TN and Hindustan Chamber of Commerce and Chairperson of sub-Committees. He is nominated by ISMA to the Board of Indian Sugar Exim Corporation Ltd. He is also on the board of other corporates as non-executive director.

(4) Job profile and suitability

Mr N Ramanathan is experienced in Sugar industry for close to 3 decades. He had earlier worked in paper and electronics industries. He has proven expertise in business planning and strategic decision making. He is well versed in Finance, Taxation and General Management. He brings to bear commendable inter personal skills and in the opinion of Board has the requisite leadership qualities to head the Company.

(5) Remuneration proposed

As set out in the Explanatory Statement above.

(6) Comparative remuneration profile with respect to Industry, size of the company, profile of the position and person

Considering the profile of Mr N Ramanathan and current trend of compensation package in corporates, the remuneration proposed is in line with comparable remuneration levels in the industry.

(7) Pecuniary relationship directly or indirectly with the company or relationship with the managerial personnel if any.

Mr N Ramanathan holds 3001 Equity Shares in the Company. Other than the remuneration stated above, he has no pecuniary relationship directly or indirectly with the Company. No managerial personnel in the company is a relative of him.

III. Other information*(1) Reasons of loss or inadequate profits*

The Company has achieved profits in most of the years. However, sugar industry is intrinsically cyclical with huge swings in production between years. Sugar prices precariously fall both in the global and local markets during glut in supply. Since sugar and sugarcane are essential commodities and politically sensitive, they are subject to State intervention like export ban/ duty or arbitrary price fixation. Sugarcane availability for the company is impacted by monsoon flow in Cauvery river and water table in the region. Hence cane availability would be a key challenge eroding both top line and bottom line.

(2) Steps taken or proposed to be taken for improvement

The Company has implemented a Cogen Project to derisk its business model and diversify the revenue stream. It is in continuous pursuit of cost reduction measures. It plans to address sugarcane challenge through import of duty-free raw sugar.

(3) Expected increase in productivity and profit in measurable terms.

The Company has remained profitable in most of the years since inception. It has posted exceptionally good results for the current financial year 2019-20. It maintains commendable control over its operations that are however subject to climatic challenges, State intervention and other external adversities.

IV. Disclosures

Remuneration details have been disclosed in the Corporate Governance Report attached to Board's Report as required.

The Board recommends the Special Resolution set out in Agenda 4 of the Notice for approval of the shareholders.

Item No.5**Commission to Non-Executive Directors**

Non-executive directors play a pivotal role in strengthening corporate democracy and governance process. They are called upon to devote considerable time and effort in discharge of their role and responsibilities. It is but fair and equitable that they receive due compensation for this by way of permissible commission under the Act.



Having regard to the above, the company in General Meetings has been authorizing payment of commission to Non-Executive Directors from time to time within the ceiling prescribed under the Companies Act, 2013 which is at 1% of the net profit of the company. This limit can be increased by shareholders by passing special resolution. The company did not pay commission for FY 2017-18 and 2018-19, while commission at Rupees two lakhs for each of the non-executive director was paid for FY 2019-20.

It is now proposed to seek fresh authorization of shareholders by way of an Ordinary Resolution for the payment of commission to non-executive directors for a further tenure of three financial years from 1st April 2020.

All directors (other than the Managing Director) and none of the Key Managerial Personnel of the company or their relatives are concerned or interested financially or otherwise, in this item of business. Hence the Board refrains from recommending this resolution and places it for the consideration and approval of the shareholders.

Item No.6

Remuneration to Cost Auditor

The Company is engaged in two business segments namely Sugar and Cogen. It maintains cost accounting records and get them audited under the provisions of the Companies Act, 2013.

While the remuneration for the audit of cost records is determined by the Board of Directors on the recommendations of Audit Committee, it will have to be ratified by the shareholders at the following General Meeting.

The Board of Directors have appointed M/s S Mahadevan & Co., Cost Accountants (Firm Registration No.000007) for the audit of cost records of the company for the financial year 2020-21 pertaining to both Sugar and Cogen segments determined and approved the remuneration at ₹ 1,50,000/- (Rupees one lac fifty thousand only) based on the recommendations of the Audit Committee.

It is now placed for the ratification of shareholders in accordance with Section 148 (3) of the Companies Act, 2013 read with Rule 14 of the Companies (Audit and Auditors) Rules, 2014.

No director or Key Managerial Personnel of the Company or their relatives are concerned or interested financially or otherwise, in this business.

The Board recommends the Ordinary Resolution set out in Agenda 6 of the Notice for approval of the shareholders.

(By Order of the Board)

For **PONNI SUGARS (ERODE) LIMITED**

Chennai
14th July 2020

N Ramanathan
Managing Director

Details of Directors seeking reappointment at the 24th Annual General Meeting

[Pursuant to Clause 36(3) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015]

Name of Director seeking reappointment	N Gopala Ratnam	N Ramanathan
DIN	00001945	00001033
Date of Birth / Age	15-04-1947 (73)	14-06-1954 (66)
Qualification	B.Sc. (Physics), B.E (Mech)	B.Com., ACA, ACS, ACMA
Experience	Technocrat with rich and varied experience in project and operational management of process industries. Brings to bear leadership skills in heading SPB Group of Companies and steering them to higher growth trajectories.	<ul style="list-style-type: none"> - A professional with impressive academic track record. - Vast experience in diverse disciplines of Finance, Taxation and General Management. - Close to Three decades of hands on experience in sugar industry - Regular member on the executive committee of industry associations. - Widely participates in professional forums.
Terms & conditions of appointment/ reappointment	He is proposed to be re-appointed as non-executive director liable to retire by rotation	He is proposed to be re-appointed as Managing Director for three years from 1st April 2020.
Remuneration proposed to be paid	Sitting fee and commission as decided by Board within the ceiling approved by shareholders	As set out in the Statement vide item no.4 of the Notice
Remuneration last drawn	Sitting fee: ₹ 1.10 lakhs	
Commission	₹ 2 lakhs	
Date of first appointment on the Board	26-12-1996	01-04-2005
Shareholding in the company	2823	3001
Relationship with other directors, manager and key managerial personnel	Nil	Nil
Number of Board meetings attended during the year	5	5
Other Directorships	<p><i>Chairman:</i> Seshasayee Paper and Boards Ltd High Energy Batteries (India) Ltd Esvi International (Engineers & Exporters) Ltd Time Square Investments P Ltd</p>	<p><i>Director</i> Esvi International (Engineers & Exporters) Ltd Hope Textiles Ltd Matheson Bosanquet Enterprises Ltd Indian Sugar Exim Corporation Ltd (ISEC)</p>
Memberships/ Chairmanship of Committees in other companies	<p>Seshasayee Paper and Boards Ltd <i>Chairman:</i> CSR Committee <i>Member:</i> Audit Committee Stakeholders Relationship Committee High Energy Batteries (India) Ltd <i>Chairman:</i> Stakeholders Relationship Committee</p>	<p><i>Committee Member</i> Hindustan Chamber of Commerce (HCC) Indian Sugar Mills Association (ISMA) South Indian Sugar Mills Association, Tamil Nadu (SISMA)</p>



Procedure for participation in the 24th AGM through VC/ OAVM

1. The company has engaged CDSL to provide VC/ OAVM facility to its shareholders for participation in the e-AGM.
2. Shareholders will be able to attend the e-AGM by using their e-Voting login credentials and are advised to follow the procedure given below:
 - (i) Launch internet browser by typing the URL 'https://www.evotingindia.com'
 - (ii) Enter the login credentials (ie. user ID and password for e-Voting).
 - (iii) In case the login credentials are not available or forgotten, retrieve the same by following the procedure given in the e-Voting instructions.
 - (iv) After login, click on 'Live Streaming' link.
 - (v) Enable the camera in your computer/ other devices in the 'settings' menu.
3. Shareholders will be allowed to attend the e-AGM on first come, first served basis.
4. Facility to join the meeting will open 30 minutes before the scheduled time of the e-AGM and will be kept open throughout the proceedings of the e-AGM.
5. Shareholders who need assistance before or during the e-AGM may contact:

Mr Rakesh Dalvi
Manager
Central Depository Services (India) Limited,
P J Towers, 16th Floor, Dalal Street,
Fort, Mumbai 400001
E-mail: helpdesk.evoting@cdslindia.com
Phone: 022-2305 8542/8543/8738, 1800 200 5533
6. Shareholders desiring to express their views/ ask questions during the meeting may register themselves as a speaker. Request for this may be made to admin@ponnisugars.com on or before 17th August 2020 (5.00 PM).
7. Only those shareholders who have registered themselves as a speaker will be allowed to express their views or ask questions at the e-AGM. The company reserves the right to restrict the number of questions and number of speakers depending upon the availability of time for conduct of the e-AGM.
8. Shareholders who do not wish to speak during the AGM but have queries or views may send the same in advance to the company in the same manner stated above. Their queries will be replied suitably by the company through email.
9. Shareholders are advised to quote their name and DP ID-Client ID/Folio No. in all their communications.
10. Recorded transcript of the e-AGM will be made available on the website of the Company as soon as possible.

Voting Process & Instructions

A) Remote e-Voting

Remote e-Voting facility

- In terms of Section 108 of the Companies Act, 2013 read with Rule 20 of the Companies (Management and Administration) Rules, 2014, the company is pleased to provide to its shareholders the facility to exercise their right to vote at the 24th Annual General Meeting (AGM) on resolutions proposed to be considered thereat by electronic means. For this purpose, "remote e-Voting" facility is offered whereby a shareholder can cast his vote using an electronic system from a place of his choice.
- The Remote e-Voting facility is offered through e-Voting services provided by Central Depository Services (India) Limited (CDSL).
- Remote e-Voting commences on Saturday the 15th August 2020, (10.30 AM) and ends on Tuesday the 18th August 2020 (5.00 PM). The e-Voting portal will thereupon be blocked by CDSL.

Manner of e-Voting

- Instructions for Remote e-Voting for shareholders receiving an email from Company/RTA pursuant to their email IDs having been registered with the Depository Participants/ RTA:
 - User ID and password are required for e-Voting.
If you are holding shares in Demat form and logged on to www.evotingindia.com and cast your vote earlier for EVSN of any company, then your existing login ID and password are to be used. Else, follow clause (v) to (vii) for login.
 - Launch the internet browser during the voting period. Type the URL www.evotingindia.com in the address bar. Home screen opens.
 - Click on "Shareholders" tab to cast your vote.
 - Now, select the Electronic Voting Sequence Number - "EVSN" for the company name, ie. Ponni Sugars (Erode) Ltd from the drop down menu and click on "SUBMIT"

- Now, fill in the following details in the appropriate boxes:

	For shareholders holding shares in Demat Form	For shareholders holding shares in Physical Form
User ID	For NSDL: 8 Character DP ID followed by 8 Digits Client ID For CDSL: 16 digits beneficiary ID	Folio Number registered with the Company
PAN*	Enter your 10 digit alpha-numeric *PAN (case sensitive) issued by Income Tax Department when prompted by the system while e-voting (applicable for both demat shareholders as well as physical shareholders).	
DOB#	Enter the Date of Birth as recorded in your demat account or in the company records for the said demat account or folio in dd/mm/yyyy format.	
Dividend Bank Details#	Enter the Dividend Bank Details as recorded in your demat account or in the company records for the said demat account or folio.	

- Members who have not updated their PAN with the Company/Depository Participant are requested to use the first two letters of their name in block letters and the sequence number (8 digits) given in the email to enter in the PAN field. For e.g. if your name is Ramesh Kumar and sequence number is 00002345 then enter RA00002345.
- Please enter any one of the details in order to login.
- After entering these details appropriately, click on "SUBMIT" tab.
- Shareholders holding shares in physical form will then reach directly to the voting screen. However, shareholders holding shares in demat form will now reach 'Password Change' menu wherein they are required to mandatorily change their login password in the new password field. The new password has to be minimum eight characters consisting of at least one upper case (A-Z), one lower case (a-z), one numeric value



(0-9) and a special character(@ # \$ %& *). Kindly note that this password is also to be used by the demat holders for voting for resolutions of any other company on which they are eligible to vote, provided that company opts for e-voting through CDSL platform.

It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.

- (viii) Select EVSN (Electronic Voting Sequence number) 200715005 of Ponni Sugars (Erode) Limited.
 - (ix) On the voting page, you will see Resolution description and against the same the option "YES/NO" for voting. Select the option as desired. The option YES implies that you assent to the Resolution and option NO implies that you dissent to the Resolution.
 - (x) Click on the "Resolutions File Link" if you wish to view the entire Resolutions.
 - (xi) After selecting the resolution you have decided to vote on, click on "SUBMIT". A confirmation box will be displayed. If you wish to confirm your vote, click on "OK", else to change your vote, click on "CANCEL" and accordingly modify your vote.
 - (xii) Once you "CONFIRM" your vote on the resolution, you will not be allowed to modify your vote.
5. In case of shareholders whose e-mail IDs are not registered with the Depository Participants/ RTA:
Please follow the procedure given in page no 8 (sl. no. 11) of the Annual Report.
 6. Institutional shareholders (ie. other than individuals, HUF, NRI etc.) are required to log on to <https://www.evotingindia.com> and register themselves, link their account which they wish to vote on and then cast their vote. They should upload a scanned copy of the Board Resolution in PDF format in the system for the scrutinizer to verify the vote.
 7. During the voting period, security holders can login any number of times till they have voted on all the resolutions. They can also decide to vote only on some of the resolutions.

Help Centre

8. In case you have any queries or issues regarding e-voting, you may refer the Frequently Asked Questions ("FAQs") and e-voting manual available at www.evotingindia.com under help section or send an email to helpdesk.evoting@cdslindia.com.
9. Person responsible to address the grievances connected with the facility for remote E-Voting and E-voting at AGM:

Name : Mr Rakesh Dalvi

Designation : Manager

Address : Central Depository Services (India) Ltd
P J Towers, 16th Floor, Dalal Street,
Fort, Mumbai 400001

Email ID : helpdesk.evoting@cdslindia.com

Phone No. : 022-2305 8542/8543/8738,
1800 200 5533

B) Voting at e-AGM

- a) Shareholders who could not vote through remote e-Voting may avail the e-Voting system provided at the e-AGM by CDSL.
- b) Only those shareholders, who are present in the e-AGM and who have not cast their e-vote through remote e-Voting are eligible to vote at the e-AGM.
- c) If a shareholder casts his vote in the e-AGM without being present, his vote will be treated invalid.
- d) In case of joint holders attending the meeting, only the joint holder who is higher in the order of names will be entitled to vote at the e-AGM.
- e) Shareholders who have voted through Remote e-Voting are eligible to attend the e-AGM, however, they will not be eligible to vote at the meeting.
- f) Voting process is the same as stated in Part A.

C) General Instructions

1. The cut-off date for the purpose of e-voting has been fixed as Wednesday the 12th August 2020. Shareholders holding shares as on this date alone are entitled to vote under either mode.
2. In case of persons who have acquired shares and become shareholders of the company after the dispatch of e-AGM Notice, the company would be mailing the 24th Annual Report for 2019-20 to their

- registered email address as and when they become shareholders. They may follow the same procedure for e-voting.
3. Voting rights of shareholders shall be in proportion to their shareholding in the company as on the cut-off date of 12th August 2020.
 4. In case a shareholder by inadvertence or otherwise has voted under both options, his voting by Remote e-Voting only will be considered.
 5. Mr A S Kalyanaraman, Practising Chartered Accountant (Membership No. 201149) failing him Mr N Basker, Practising Chartered Accountant (Membership No. 207226) have been appointed as the Scrutinizer.
 6. The Scrutinizer will after the conclusion of voting at the e-AGM:
 - (i) First unblock and count the votes cast at the e-AGM through e-voting.
 - (ii) Then unblock the votes cast through Remote e-Voting.
 - (iii) Both the above will be done in the presence of two witnesses not in the employment of the company.
 - (iv) Make a consolidated Scrutinizer's report (integrating the votes cast at the meeting & through Remote e-Voting) of the total votes cast in favour or against, to the Chairman.
 - (v) The Scrutinizer's report as above would be made soon after the conclusion of AGM and in any event not later than three days from the conclusion of the meeting.
7. Voting Results
- i) The Chairman or a person authorized by him in writing will authenticate the result of the voting based on the Scrutinizer's report and have it declared.
 - (ii) The results declared along with the scrutinizer's report will be placed on the company's website www.ponnisugars.com and on the website of CDSL www.evotingindia.com immediately after the result is declared and also communicated to NSE and BSE.
 - (iii) Subject to receipt of requisite number of votes, the resolution shall be deemed to be passed on the date of e-AGM.

Request to Shareholders

The Companies Act, 2013 read with the Companies (Management & Administration) Rules, 2014 requires the Company to keep the Register of Members in Form No.MGT-1. As compared to the Register of Members under the old Act, the new Law calls for certain additional information to be recorded. In order that the Company is facilitated to comply with same, shareholders are requested to send the following information for updating their records in our Register of Members:

- i) Name of the member
- ii) Folio/ DP ID – Client ID
- iii) Email address
- iv) Permanent Account Number (PAN)
- v) CIN (in the case of company)
- vi) Unique Identification Number
- vii) Father/ Mother/ Spouse name
- viii) Occupation
- ix) Status
- x) Nationality
- xi) In case of minor, name of guardian and date of birth of minor
- xii) Instructions, if any for sending Notice etc.



BOARD'S REPORT

Your Board is pleased to present the 24th Annual Report and the audited financial statements for FY 2019/20.

	2019-20	2018-19
Physical Performance		
Cane crushed (tonnes)	597536	448400
Sugar recovery (%)	9.47	9.92
Sugar produced (tonnes)	56942	44484
Power produced (lakh kwh)	918	916
Financial Performance (₹ crores)		
Total Income	314.53	187.96
Profit Before Interest, Depreciation & Tax	45.43	22.73
Profit Before Tax	35.89	12.00
Profit After Tax	30.94	8.43

Dividend

Your Directors recommend a dividend of ₹ 4/- (Rupees four only) per equity share of ₹ 10 each for the financial year ended 31st March 2020, subject to the approval of shareholders at the ensuing Annual General Meeting.

Transfer to General Reserves

Your directors have proposed to transfer ₹ 10 crores to General Reserve.

Global sugar scenario

Global sugar output as per International Sugar Organization (ISO) is set to fall steeply in 2019-20 by 8.4 million tonnes, year on year, the biggest decline since 2008-09. As a result, the year would witness deficit of 9.4 million tonnes, the biggest deficit in 11 years. India and Thailand would together contribute about 12 million tonne decline in production, far too big to be compensated by others. The record high switch by Brazil of cane to ethanol has succinctly sealed the only available scope to scale up global sugar output.

The strong oil prices and low sugar prices in the global market over the last couple of years were instrumental in prompting Brazil to produce more of ethanol in place of sugar, preventing in the bargain addition of about 11 million tonnes of sugar from the global stock pile. In turn, Brazil ceded the *numero uno* position to India in these years. However, the drought induced deep decline in Indian production for 2019-20 has helped Brazil regain the top slot again. Further, the recent crash in global oil

prices, post Covid-19 pandemic, has come to strikingly subvert and decisively dislodge the ethanol-sugar parity. Accordingly Brazil would for sure revert to higher share of cane allocation for sugar in the coming year and firmly remain at the top of the chart.

World sugar prices recorded resounding rise in Jan/Feb'20 on the back of declining production and stocks. After long, the near month price for raw sugar in NY 11 futures crossed 15 c/lb mark that peaked to 15.84 c/lb on 13.02.2020. The price buoyancy was however abruptly upended by the cataclysmic impact of Covid-19, with a 30% fall in global prices. The pandemic has left no part of the world untouched or no business unimpacted. Going forward, the rebound in Indian sugar production, rise in Brazilian sugar mix and demand de-growth in the near term should keep global sugar prices in tight leash.

Indian sugar overview

After a humongous rise for two successive seasons, Indian sugar production is poised to plummet by about 20% in 2019-20. This in large measure is attributable to a near 40% decline in Maharashtra and 20% decline in Karnataka, the second and third large producers respectively. The State of UP, the largest and unrivalled, continues to consistently march ahead with higher production and improved sugar recovery. The State of Tamil Nadu however remains in a forlorn state, yet to emerge out of egregious cane volumes and emaciated sugar recovery.

Despite the discernible decline in production this season, excessive stock pile up out of last two season's high production continues to exert excruciating supply side pressure and dampen market sentiments. Earnest efforts from the Government to incentivise exports and promote ethanol production from B-heavy molasses and cane juice by offering a premium pricing for that part has only met with muted success in managing the menacing sugar surplus.

Exports were picking up from the start of season and peaking in Feb'20. The tumultuous fall in Thailand production this year induced Indonesia turn to India for large scale imports. For this, it extended preferential tariff and altered the raw sugar specification to suit and shore up imports from India. Despite this favourable turn, the formidable fall in world sugar prices, post Covid-19, dented export price parity and denuded fresh exports to our traditional markets. Hence India would again fall short of meeting the export target of 60 lakh tonnes set for this season.

Ethanol off-take has also slackened, with demand for oil drying up for the oil marketing companies under lockdown conditions. None of this is good news for the industry but inevitable under current turbulence in trade and commerce, the world over. While so, it is enlivening that a new window has opened for diversification into production of sanitizers, the demand for which has surged all of a sudden on health concerns. Several sugar producers with an integrated distillery have been swift in getting on to this bandwagon.

India is now staring at the reality of having to start the next season with a huge inventory carry over. With improved monsoon last year and concomitant increased water storage in reservoirs, it is obvious sugar production would soar and sugar prices sour. The industry is clearly in for daunting challenge ahead.

The Central Government has made timely intervention in announcing diverse forms of sops and supportive measures to supplement sugar industry's cash flow in the interest of timely clearance of sugarcane payment. Of late, there is considerable delay in the disbursement of eligible subsidies that defeats the underlying objective. Further, the Minimum Sale Price (MSP) for sugar fixed at ₹ 31/kg in Feb'19 is far below the cost of production. Clearing subsidy dues and hiking MSP without further loss of time is critical to contain the cane price arrears that has already ascended to alarming levels.

Apart from sugar and ethanol, the other major revenue stream for the industry comes from bagasse based power production. Despite the clear mandate and promotional measures under the Electricity Act, sugar mills experience inordinate delay in the realization of power dues from State Discoms. The Central Government now seeks to strengthen the Electricity Act towards protecting the contract enforcement mechanism. It has also cleared a one-time funding package for ₹ 90,000 crores to help State Discoms borrow there from and clear power overdues. This is most welcome, as there is crying need for a credible and functional mechanism towards ensuring timely payment for the power procured by Discoms from sugar mills.

Sugar in Tamil Nadu

Sugar production and recovery in Tamil Nadu (TN) presents a patently pathetic and completely contrarian picture compared to rest of the country. With continual contraction in cane area, depressive decline in cane volume, disconsolate drop in sugar recovery and diminutive rate of capacity utilization, the State has steadily and sadly slipped from the high pedestal. The ineluctable fall out by way of formidable financial losses and frightening funds

deficit has driven even established players in droves to existential challenge. The domino effect of recurring drought has unarguably taken a heavy toll of the industry, leaving it at a point beyond redemption on its own.

TN Government in due recognition and appreciation of the crisis engulfing the industry has been considerate and decisive in coming out with adroit policy response and financial support. While discontinuing the State Advised Price (SAP) for sugarcane from 2017-18 season, it sought to protect the farmer's interest with transitional subsidy equivalent to the difference between last announced SAP of ₹ 2750/ tonne and the Fair and Remunerative Price (FRP) fixed annually by the Central Government. Towards this, the State disbursed ₹ 200/ tonne of cane for 2017-18 season and ₹ 137.50/ tonne for 2018-19 season. The structural solution to an unsustainable and arbitrary SAP pricing model did come not a day sooner and is praise worthy.

While enacting the Tamil Nadu Sugarcane (Regulation of Purchase Price) Act, 2018, the State mandated sugar mills to bear the full cost of transportation of sugarcane over and above the FRP. This came to clearly put TN sugar mills at a considerable cost disadvantage, as the FRP fixed by the Centre and followed in all other States is inclusive of transport charges. Heeding to repetitive pleas from the industry, TN Government has since issued a G.O. in Apr'20 offering State support for reimbursing transport cost upto ₹ 100/ tonne for 2018-19 season. It is sincerely hoped that the TN Government would continue with this concept in the following years and preferably incorporate this feature in the relevant part of legislation itself.

Further, TN Government has been aggressively promoting drip irrigation with the motto to grow more crop per drop of water. For this, it was topping up the Central assistance and extending 100% capital subsidy for small and marginal farmers and 75% for others. However the subsidy eligibility was capped based on a normative capital cost that was far below the actual cost involved in setting up the drip system. Here too, the Government in Oct'19 favourably responded to the industry representation and hiked the normative capital cost that is now pretty close to the actual cost. This is hugely welcome from economic, environmental and farmer welfare stand point.

Above all, sugar industry's major challenge was in realizing the dues from TANGEDCO for power supply. By Mar'20, the dues were pending for over two years. Given the flailing financial status of TANGEDCO, backstopping from TN Government was *sine qua non* to remedy the situation. It is hugely comforting that TN Government by G.O. issued



in Apr'20 sanctioned a special ways and means advance to TANGEDCO that was tied to clearance of power dues to sugar mills. If there are cane price arrears, the amount would directly go to respective farmer's bank account. This has in one stroke helped in settlement of power dues for FY 2018-19. While the industry is still left to contend with one year receivables pertaining to FY 2019-20, it remains grateful to TN Government for this exceptional and timely support.

While the tariff regulations governing bagasse based power production and supply expressly provide for time bound payment and interest for delayed payments, these are observed more in breach owing to hugely strained finances of TANGEDCO. The principal dues eventually get realized, albeit with delay. But interest claims may end up in a compromise involving partial or full waiver, though the company persists in its follow up. This in essence is driven by overall commercial expediency by all the private players in the State endeavouring to take a unified stand in the matter. It is hoped that the amended Electricity Act remedies this situation.

TN was a lead player in sugar until not long ago. Its current troubles and travails have been caused by drought and consequent financial crunch. The industry has already collaborated with the Sugarcane Breeding Institute, Coimbatore for developing drought resistant, high sucrose and high yield varieties of cane. Given the committed State support and innate resilience of the industry, TN sugar must be able to reinvent itself and resurrect from the current bottom before long.

Company's performance

Renascence in cane volume, resurgence in sugar sales and resonant rise in by-product prices have together led to refulgence in overall profitability that succinctly sums up the exhilarating performance of the company for the current year. Cane crushed for the year is one-third higher that was just a tad below 6 lakh tonne mark after six years. Sugar sale volume doubled on the strength of interim order of the High Court of Madras permitting sale in excess of the monthly quota that singularly helped our company pay its cane price dues in time. Molasses price recorded a robust rise. Power production was near flat. Bio-fuel procurement and use was spruced up that helped us cut fossil fuel consumption and sell higher volume of bagasse in the market unlocking its value. In fact, the company has achieved the highest turnover, power production and molasses price realization in FY 2019-20. The sole sore point was the strident slide in sugar recovery caused by adverse climatic conditions.

Buoyed by all round excellence in operating performance, our PBIDT has doubled and PBT tripled in the current year that mark the second best in the annals of the company. Such a stellar show has strikingly come amidst challenging external environment that makes our record of performance all the more commendable.

Ethanol of late is receiving increasing policy thrust from the Government. As mentioned in last year's Report, our company is weighing its options for setting up an ethanol plant. It has filed the application in Dec'19 with the environmental authorities for clearance. It has also secured in principle approval for interest subvention support from the Central Government.

The pandemic Covid 19 has taken the centre stage of world in 2020 for all wrong reasons. To contain its spread in the country, the Central and State Governments imposed total lockdown in late Mar'20. Despite exemption being available for essential manufacturing units like sugar, the lockdown led to instantaneous disruption in harvest labour and posed a slew of logistical challenges on ground. Taking an overall view, our sugar mill operations were closed on 24.03.2020. With phased relaxation in the lockdown conditions, we obtained the permission of District Administration and resumed production from 22.04.2020. Stoppage of crushing operations for close to a month during peak recovery period has ofcourse inflicted considerable financial costs, besides the additional expenditure on hygiene and safety measures we were to necessarily incur following the Standard Operating Procedures for factories to function under the Covid threat. Your company has paid full salary to all its employees during the lock down period and also contributed both in cash and kind to the State Government as token of its support in the present times of distress.

Outlook for FY 2020-21

The pandemic Covid-19 in 2020 has brought in unforeseen and unprecedented challenge to the global economy. Most countries remain on the throes of negative growth while India and China might witness a modicum of positive growth. Such a macroeconomic challenge could for sure leave no industry or corporate untouched or unimpinged.

Sugar production in the country is set to rebound during 2020-21 season, as also in the world. Demand destruction from industrial and commercial segment during the lockdown period and demand deceleration immediately thereafter are clear dampeners. Ethanol off-take has already taken a severe hit due to reduced oil consumption and crash in global crude oil prices. Reacting to these, sugar prices in the country have got repressed and retreated to the floor level at the Minimum Sale Price (MSP)

fixed by the Government. With surplus production, sagging demand, slowing exports and stuttering ethanol off-take, sugar prices have little cause to cheer and would remain woefully stressed in the near term, posing the gravest of challenge to our profitability in FY 2020-21.

Sugarcane harvest in our region is traditionally dependent on migrant labour from outside districts and often times labour mobilised from other States. The reverse migration happening during the lockdown logjam would likely have its ripple effect discouraging for a while the flow back of migrants and in turn impair our harvest schedules. In fact, fresh cane planting has taken a baleful beating since Mar'20 due to labour dislocation, despite specific exemption and relaxation granted for agricultural activities. Winning back the migrant labour is key to revival of economic activities, including agriculture.

We therefore apprehend a fall in cane volume and pressure on sugar prices, adversely impacting our operational and financial performance during most part of FY 2020-21. We however remain fully fortified to meet these challenges, on the strength of our strong liquidity, low debt load and lean cost structure. We will continue to remain steadfastly focussed on cost optimization measures and shore up our performance under extant constraints.

Management Discussion and Analysis Report

A detailed discussion on the industry structure (dealing with world sugar and Indian sugar) as well as on the financial and operational performance is contained in the 'Management Discussion and Analysis Report' that forms an integral part of this Report (Annx-1).

Corporate Governance

Pursuant to Regulation 34(3) of SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015, Corporate Governance Report together with the certificate from the company's auditors confirming the compliance of conditions on Corporate Governance is given in Annx-2. The Corporate Governance Report also includes contents and disclosures required under Section 134(3) of the Companies Act, 2013 at relevant places that forms an integral part of this report.

Extract of Annual Return

The details forming part of the extract of the Annual Return in Form MGT-9 is given in Annx-3. This is also placed on the company website – www.ponnisugars.com

Directors' Responsibility Statement

Pursuant to Section 134(3)(c) of the Companies Act, 2013 with respect to the Directors Responsibility Statement,

your Board confirms that:

- (a) in the preparation of the annual accounts, the applicable accounting standards have been followed and there are no material departures from the same;
- (b) the directors have selected such accounting policies and applied them consistently and made judgements and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the company at the end of the financial year and of the profit of the company for that period;
- (c) the directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities;
- (d) the directors have prepared the annual accounts on a going concern basis;
- (e) the directors have laid down internal financial controls to be followed by the company and that said internal financial controls are adequate and were operating effectively; and
- (f) the directors have devised proper systems to ensure compliance with the provisions of all applicable laws and such systems were adequate and operating effectively.

Particulars of Loans, Guarantees or Investments

The company did not give any Loan or Guarantee or provide any security or make investment covered under Section 186 of the Companies Act, 2013 during the year.

Particulars of contracts or arrangements with Related Party

The Corporate Governance Report contains relevant details on the nature of Related Party Transactions (RPTs) and the policy formulated by the Board on Material RPTs. Particulars of contracts or arrangements with related parties referred in Section 188(1) of the Companies Act, 2013 is furnished in accordance with Rule 8(2) of the Companies (Accounts) Rules, 2014 in Form AOC-2 (Annx-4).

Material changes and commitments

There is no change in the nature of business of the company during the year.



There is no material change or commitment affecting the financial position of the company that has occurred since 31st March 2020 to the date of this report.

Conservation of Energy etc.

Information relating to conservation of energy, technology absorption and foreign exchange earnings and outgo as required under Section 134(3)(m) of the Companies Act, 2013 read with Rule 8 of the Companies (Accounts) Rules, 2014 is given in Annx-5.

Corporate Social Responsibility (CSR)

The company is covered under the mandate of Section 135 of the Companies Act, 2013 for FY 2019-20. The CSR report in the prescribed form is given in Annx-6 that forms part of this report.

Particulars of Employees

The Statement of Disclosure of Remuneration under Rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 ("Rules") is appended as Annexure -7 to this Report.

The information as per Rule 5(2) of the Rules forms part of this report. However as per first proviso to Section 136(1) of the Act and second proviso of Rule 5(2) of the Rules, the Report and Financial Statements are being sent to the members of the Company excluding the statement of particulars of employees under Rule 5(2) of the Rules. Any member interested in obtaining a copy of the said statement may write to the Company Secretary.

Adequacy of Internal Financial Control with reference to financial statements

- 1) The company maintains all its records in ERP system developed in-house and the work flow and approvals are routed through this system.
- 2) The company has laid down adequate systems and well drawn procedures for ensuring internal financial controls. It has appointed an external audit firm as internal auditors for periodically checking and monitoring the internal control measures.
- 3) Internal auditors are present at the Audit Committee meetings where internal audit reports are discussed alongside of management comments and the final observation of the internal auditor.
- 4) The Board of Directors have adopted various policies like Related Party Transactions Policy and Whistle Blower Policy and put in place budgetary control and monitoring measures for ensuring the orderly and efficient conduct of the business of the company, 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.

Directors

The present term of Mr N Ramanathan, Managing Director ended on 31st March 2020. Your Directors in recognition of his committed role and valued contribution, have reappointed him as Managing Director for a further period of three years from 1st April 2020. Consent of the members is being sought for his appointment and remuneration, including minimum remuneration at this meeting.

Mr N Gopala Ratnam retires by rotation at this meeting and being eligible offers himself for reappointment.

Auditors

M/s S Viswanathan LLP (Firm Regn.No.004770S/S200025) were appointed as statutory auditors by shareholders in the 21st AGM for a term of five years till the conclusion of the 26th Annual General Meeting of the company on such remuneration as may be fixed by the Board of Directors on the recommendation of Audit Committee from time to time. There is no fraud reported by auditors under Section 143(12) of the Companies Act, 2013.

Particulars of statutory auditors, cost auditors, internal auditors and the secretarial auditors have been given in the Corporate Governance Report that forms an integral part of this report. Secretarial Audit Report as required by Section 204(1) of the Companies Act, 2013 is attached (Annx-8).

Acknowledgement

Your company wishes to thank the Central Government, Banks, customers and suppliers for their understanding and support. It desires to specifically acknowledge and commend the support received from the Government of Tamil Nadu in coming to the rescue of sugar industry in testing times. It conveys its deep appreciation to sugarcane growers for their continuing commitment to grow and supply cane.

Our employees have played a key role in achieving excellence in overall performance and the company conveys its appreciation to all of them. Above all, the Board wishes to thank the valued shareholders for the continuing patronage.

For Board of Directors

Erode
29th May 2020

N Gopala Ratnam
Chairman

MANAGEMENT DISCUSSION AND ANALYSIS REPORT

Industry structure and development

World Sugar

Industry Structure

Sugar is produced in over 120 countries from beet or cane, increasingly more from the latter, with a robust rise in its relative share from 56% during 1960s to 60% in 1970s, 68% in 1990s that is plateauing a tad below 80% since 2000. While yield increase is better in beet, area increase essentially from tropical countries is far higher for sugarcane. Bio-ethanol production consumes about 15% of the world sugarcane harvest but constitutes more than 50% in Brazil that peaked to 65% in the last couple of years to correspondingly containing global sugar glut.

India dislodged Brazil to take the top producer slot in 2017-18 and retained the numero uno status in 2018-19 as well. It however would cede the top slot in 2019-20 to Brazil which is slated to retain this rank in the next season as well. Brazil however remains unchallenged as world's top exporter followed by Thailand. World trade volume represents about one-third of production, the rest being captively consumed in the country of origin. Import demand is well geographically distributed as opposed to exports emanating from concentrated pockets. China is the world's largest importer after displacing Indonesia in 2015-16.

India is steadfastly placed as top consumer of sugar despite low per capita consumption. While it is just an intermittent and irregular player in the global trade, India's alternating position as exporter or importer has a 'domino effect' on world prices. The unabated spurt in cane area, strident surge in cane productivity and robust rise in sugar recovery in the major sugar producing State of UP is fast transforming India structurally a surplus producer.

Consumption growth has decelerated from the average of 2.4% since 1960s to around 1.8% in the last decade. Consumption has steadily shifted from the western hemisphere towards east. Also, direct consumption demand has dampened of late due to rising health concerns and State intervention through sin-tax levy and red-labelling mandate. Institutional consumption on the other hand has been growing in emerging economies almost in tandem with the growth in national income.

World sugar prices are highly volatile wherein the price volatility for raw sugar is generally higher compared to white sugar. World prices for white and raw sugar are strongly correlated. There is clear statistical relationship between prices and stocks, expressed by the relationship of stocks to consumption. There exists a small positive co-relation between the price of sugar and oil.

Status update

World production in 2019-20 is set to decline for the second year in a row marking a return to deficit. It would be the biggest decline in a decade and the degree of deficit discernibly the biggest in 11 years. Thailand, the second largest exporter, has suffered a 40% decline and is unlikely to recover the lost ground in the following year as well. In all, looking ahead, 2020-21 season despite higher production from India and Brazil would also be deficit in balance.

While the fundamentals as above started driving global sugar prices up, the advent of pandemic Covid-19 dealt a severe blow to trade and business across countries. The correlation between sugar and oil prices turned stronger this time with oil price crash correcting and contracting global sugar price by over 30%. With Brazil returning to higher sugar mix bolstering global sugar availability and demand de-growth caused under Covid-19 spread, world sugar prices would seem to have little cause to cheer in the near term.

Indian sugar

Industry structure

The Indian sugar industry is characterized by the coexistence of private, cooperative and public sector. It is inherently inclusive, supporting over 50 million farmers and their families. It is rural centric and hence a key driver of village level wealth creation. Sugar is India's second largest agro-based industry after Textiles. It has tremendous transformational opportunities to meet the country's food, fuel and power needs in an eco-friendly manner.

Sugarcane and sugar production are seasonal with more than 90% happening in the winter months of November to March. Sugarcane use for production of sugar has steadily increased over time in preference to alternative



sweeteners. UP and Maharashtra are the dominant sugar producing States followed by Karnataka that has decisively displaced Tamil Nadu (TN) in occupying the third position. TN recovered marginally from the bottom in 2018-19 but has again too quickly slipped in the current year. Successive years of drought has stoically sucked the staying power of several players. Recurring losses and consequent exiguous funds position has indeed forced some to fold up. The State has been fast losing on its competitive edge in terms of size, number of days running and sugar recovery compared to other major sugar producing regions. TN Government having realized the travails of sugar sector has since come out with supportive package. The industry on its part has collaborated with sugarcane research institute for developing viable cane varieties relevant to the State. While the journey to recovery has begun, it has a long way to go.

Status update

After two years of record high sugar production leading to unsustainable inventory buildup, sugar production corrected during 2019-20 season owing essentially to drought in Maharashtra and North Karnataka. Yet, the production during the year is well above domestic consumption. Export for both last and current year has fallen below target due to unviable global prices. The opening of Indonesian market, the second largest importer of sugar in the world, for India due to the collapse of Thailand sugar production threw a new ray of hope. In fact, Indonesia amended its import trade regulation giving preferential duty for Indian sugar and also altering the specs to suit Indian sugar. While this should add good strength and volume to India's sugar export, the overall depressed global sugar prices caused by Covid-19 impact is a clear dampener.

With improved rainfall in the later part of last monsoon and increased water storage in the reservoirs, cane planting in Maharashtra has restored to higher levels. It now looks more certain that sugar production in 2020-21 would rebound to higher and unsustainable level. With scope for exports becoming limited, ethanol is the only available option to absorb surplus cane in the system. Here too, the drying up of demand for oil has discouraged, delayed and deferred ethanol off-take. One silver lining is the new business opportunity that has surfaced in the form of sanitizer, driven by heightened health concerns. It may however only supplement but in no way substitute the ethanol programme as the volumes in sanitizer could be no match to the demand for ethanol.

Sugar prices have since corrected close to the level of minimum selling price (MSP) fixed by the Government at ₹ 31/ kg. Urgent upward revision of this coupled with disbursement of pending subsidies is key to shore up the liquidity of sugar mills and contain cane price arrears.

Cogen

Cogeneration of power after the advent of Electricity Act, 2003 was conceived three decades ago to diversify the revenue stream and counter the cyclicity in sugar business. The promotional measures pursued under Government initiative by way of preferential tariff, assured off-take and long term power purchase agreement helped attract huge investment in bagasse based cogeneration of power. Incremental revenue from power supported sugarcane price payment particularly during distressed sugar price scenario.

Cogen however appears to have lost much of steam in recent times. Returns are hit by power surplus situation, competitive bidding and improved connectivity. Cogen investments since FY'17 are considered unviable due to declining power tariff and steadily rising maintenance cost pulling down power margins. Availability and price of alternative fuels remains a challenge.

The Central Government now proposes to amend the Electricity Act and issued a draft for this in April'20. It seeks to address the existing shortcomings. In particular it advocates a mechanism for contract enforcement. Further the Central Government has also cleared a financial package of ₹ 90,000 crores for Discoms to borrow and in turn clear the long overdues to power producers.

Ethanol

The ethanol blend programme in the country has had a chequered progress. Introduced first in 2003 and reinforced again in 2007 with a 5% blend target, the actual mix remained pretty low. With renewed thrust, the blend target of 5% should get achieved for the first time in 2018-19. The 'National Policy on Biofuels – 2018' has set an aggressive, ambitious yet achievable target of 20% ethanol blend in petrol by 2030.

Product switch between sugar and ethanol gives instant arbitrage that in Brazil is market driven. Having regard to Government mandated high cane price, ethanol production in substitution of sugar is now being promoted with an incentivised premium pricing. It comprises of a three tier price structure for ethanol depending on the feedstock,

viz. final molasses, intermediate stage (B-heavy) molasses or sugarcane juice.

Government Policies

(i) Sugar

- o Gol imposed stock holding norms on sugar from June'18 that continues.
- o Gol raised the Minimum Sale Price for sugar from ₹ 29/ kg to ₹ 31/ kg in Feb'19 that continues.
- o Gol in April 2019 announced Soft Loan with interest subvention upto 7% for one year to enable sugar mills to clear sugarcane arrears.
- o Gol in July'19 notified the 'Scheme for creation and maintenance of Buffer Stock' of 40 lakh tonnes of sugar for one year from 01.08.19 to 31.07.20. Interest cost, insurance and storage costs on buffer stock are reimbursed by Govt.
- o Gol in August 2019 approved sugar export policy for 2019-20 season and notified an export target of 60 lakh tonnes. Further it allocated sugar factory-wise Maximum Admissible Export Quota (MAEQ) backed by a lump sum subsidy of ₹10,448/ tonne.
- o Compulsory packing of 20% of sugar in jute bags out of raw jute manufactured in India extended till 30th June 2020.

(ii) Cane price

- o Fair and Remunerative Price (FRP) determined by Gol for 2019-20 season at ₹ 275/ qtl, same as in last year for base recovery of 10%.

(iii) Cogeneration

- o Gol notified in Apr'20 Electricity (Amendment) Bill 2020. It proposes Electricity Contract Enforcement Authority to protect the contract sanctity in the interest of power producers.
- o CERC in Mar'20 notified the proposal to amend REC pricing – Floor price reduced to zero and Forbearance price to ₹1000/ MW.

(iv) Ethanol

- o Gol in Sep'19 notified ex-mill price of ethanol produced from C-heavy molasses (₹ 43.75/ltr), B-heavy molasses (₹ 54.27/ ltr) and Sugarcane juice/ sugar/ sugar syrup (₹ 59.48/ ltr) for the Ethanol Blending Programme (EBP) for 2019-20 season.

- o Environment Ministry by Notification S.O.236(E) dated 16.01.2020 waived green clearance requirements for distilleries planning to produce upto 50% more ethanol than their nameplate capacity without increasing pollution load.

Opportunities & Threats

India has a low per capita consumption of sugar with growing income. The large domestic market provides a strong platform to leverage local production for capturing global market. This however demands cane cost optimization through improved farm productivity and high sugared cane variety, besides effectively tapping the byproducts for greater value addition.

Ethanol presents an elegant value chain for sugar industry. Government policies are directed towards increasing ethanol blend in petrol and for this incentivizing ethanol production with added thrust on concurrently cutting sugar surplus. Covid-19 hit oil sector has witnessed lower demand that in turn has slackened ethanol off-take. However, Covid-19 has hiked health and hygiene concerns leading to larger scale demand for sanitizers that creates an alternative demand for alcohol.

Sugar business is intrinsically cyclical. Market sentiments move disproportionate to demand-supply disequilibrium, causing volatile change in product pricing. Cogeneration and Ethanol from byproducts are significant value creators that help soften the inimical impact of sugar cycles. Regulatory power tariffs for renewable energy meet stiff resistance from Distribution Licensees in the face of falling electricity prices in the open market. This puts cogen plants set up at high capital cost on the promise of long term viable tariff under operational stress and financial distress. Further, the inordinate delay in the absence of effective enforcement mechanism in payment of power bills enervates and eclipses the guaranteed margins besides choking the liquidity of power producers. The proposed amendment to Electricity Act would appear an elegant attempt to plug this problem.

Sugarcane is a robust crop but its availability is critically dependent upon nature. Repeated monsoon failure, frail flow in river Cauvery and dead storage level in Mettur reservoir that caters to the company's command area of cane together throw up a tantalizing challenge to agriculture in its neighbourhood, thwarting cane cultivation in the process. Drip irrigation is catching up but the high capital outlay, glitches in Government subsidy schemes and deficiency in water resources not enough to meet



even the minimal drip requirement for cultivation during deficit years impede its pace of adoption.

The disequilibrium between sugar and sugarcane prices in the absence of Price Stabilisation Fund advocated by CACP creates periodical pressures, more particularly during industry downturn like now.

In view of fragmented capacity and high input costs, India suffers systemic uncompetitiveness in the world market. As a result, sugar exports often times have to rely largely on the crutches of Government support measures.

Sugar industry is criticized on two counts. While its end product, viz. sugar is sledge-hammered as a health hazard, the raw material ie. sugarcane is condemned as water guzzler. Much of these are over-blown but the underlying message should merit and warrant dispassionate introspection. Accordingly, Indian Sugar Mills Association has taken lead to spread right awareness while simultaneously underpinning the need for a holistic and pragmatic approach

Segment-wise or product-wise performance

The Company is engaged in two segments, namely Sugar and Cogeneration of power (Cogen). The segment-wise performance for the year is as under:

Particulars	Sugar (tonnes)	Cogen (Lakh units)
Production	56942	918
Sales	66426	657
	₹ lakhs	₹ lakhs
Sales	27513	9146
Operating Profit	2040	1811

Outlook

Global sugar surplus build up was largely in check in the last couple of years, thanks to Brazil significantly stepping up the allocation of sugarcane for ethanol. Perceptible fall in production in India and Thailand lent further support to keep the fundamentals in fine balance. While Thailand might witness one more year of low sugar production, the output should surge steeply both in Brazil and India. Coupled with Covid-19 induced demand dip, the bearish pressure on world sugar prices should persist in near term.

Barring Tamil Nadu, sugar production in the rest of the country in 2020-21 season should be back at optimum levels. Exports would necessarily hinge on Government policies and sops. Ethanol would no doubt bring good

comfort but the grave challenge of gross mismatch between the price of sugar and sugarcane continues to haunt the industry. Cogeneration of power should get better support from the Centrally directed policy changes. Most sugar corporates in Tamil Nadu would continue to face shortage in cane and below par sugar recovery.

Amidst macro-level challenges outlined above, our company is relatively better placed to effectively combat these constraints as detailed in the Board's Report.

Risks and concerns

The management cautions that the risks outlined below are not exhaustive and are for information purposes only. Investors are requested to exercise their own judgment in assessing various risks associated with the industry and the Company.

Industry risk

Sugar industry being agro-based and in commodity business is fraught with seminal climatic and cyclical risks. It has to source sugarcane from its neighbourhood and out of command area where growth and availability hinges upon monsoon and water table. Cogen tariff is determined by the Regulator for supply to Tamil Nadu Generation and Distribution Corpn. Ltd (TANGEDCO) under a long term Power Purchase Agreement. The rate though currently favourable may vary widely from prevailing market rates. Despite recent liberalization by Centre, there are continuing controls on cane area, cane pricing and periodic market intervention measures.

Covid-19 has brought in higher risks for industries across the spectrum. It has as an immediate fall out lowered sugar demand, slowed down exports, slackened ethanol off-take and pushed sugar prices down. With phased resumption of economic activities and return of institutional demand, its impact in the long term on sugar sector isn't perceived high.

Risk mitigation

The Company has built enviable relationship over the years with the local farming community. It has judiciously used surplus cash generated during industry upturn to pare debts and stay lean and financially fit. It has diversified into Cogen. It has of course little control over agro-climatic risks, regulatory interventions, market risks and short term impact of Covid 19 pandemic.

Risk specific to the Company

Erode Sugar Mill is squeezed for land in its factory area that impedes scope for major expansion or diversification plans. Prospects for cane area expansion is listless. Of late, its command area for cane has become increasingly susceptible to water stress.

Distillery licensing is subject to State discretion. Standalone Distillery faces local resistance on perceived threat of pollution. The company in the absence of ethanol facility is denied access to ethanol linked incentives during sugar downturn.

Risk Management

The Board being responsible for framing, implementing and monitoring the risk management plan for the company has laid down the framework for risk assessment and mitigation procedures. It has set out detailed framework to deal with key areas of risks encompassing raw material risk, product price risk, regulatory risk, finance risk and risk specific to the company. It has put in place adequate system to keep its key operating team aware and beware of the likely risk factors. Internal control systems and internal audit checks help the company continuously monitor emerging risks and take timely corrective action.

Disclosure of strategy

SEBI circular dt.10th May'18 requires listed entities to consider disclosure of medium-term and long-term strategy within the limits set by its competitive position based on a timeframe as determined by its Board of Directors. It further requires articulation of a clear set of long-term metrics specific to the company's long-term strategy to allow for appropriate measurement of progress. Pursuant to the above, the Board of Directors in Oct'18 considered and approved the long-term strategy and medium-term strategy for the company. For this, the Board has set 3-5 years tenure for medium-term and more than 5 years for long-term in deciding appropriate strategy. The long-term and medium-term strategy are disclosed in the company website-www.ponnisugars.com.

Internal Control Systems and their adequacy

The Company has proper and effective internal control systems commensurate with its nature of business and size

of operations to ensure that all controls and procedures function satisfactorily at all times and all policies are duly complied with as required. These are considered adequate to reasonably safeguard its assets against loss or misappropriation through unauthorized or unintended use.

There is adequate and effective internal audit system that employs periodic checks on on-going process. The Audit Committee of the Board of Directors regularly reviews the effectiveness of internal control system in order to ensure due and proper implementation and due compliance with applicable laws, accounting standards and regulatory guidelines.

Human Resources

The Company employs 125 seasonal and 137 non-seasonal employees. Industry-wide wage settlement expired on 30th September 2018 and renewal talks are yet to begin. Industrial relations remained cordial throughout the year.

Discussion on Financial Performance with respect to Operational Performance

Operational Performance

	Year ended	
	31.03.2020	31.03.2019
Number of days	232	201
Average Crushing rate (tcd)	2576	2231
Cane Crushed (t)	597536	448400
Recovery (%)	9.47	9.92
Sugar produced (t)	56942	44484
Power production (lakh kwh)	918	916

Current year performance is punctuated by quantum jump in cane crushing, reduction in sugar recovery, spurt in sugar sales and peak power production and export. Details are covered in the Board's Report.

Financial performance

Higher sugar and power production coupled with cost optimization coming out of our concerted efforts lent considerable strength to our financial performance in the current year. Strong molasses price and stable sugar price boosted our bottom-line.

Our PBIDT has doubled and PBT tripled this year that remain the second best in the annals of the company.



Key Financial Ratios

Description	U/M	2019-20	2018-19	Change (%)	Explanation
Operating Profit margin (PBIDT / Total Income)	%	14.44	12.09	19	
Net profit margin (PBT / Total Income)	%	11.41	6.38	79	Due to higher volume of cane crushing, increased sugar sales volume and robust rise in molasses price.
Interest Coverage	Times	19.41	7.55	157	Due to higher profits
Return on capital employed	%	20.33	8.28	146	Due to increased profit
Return on Net worth	%	20.69	8.28	150	Due to increased profit
Earnings per share	₹	35.98	9.80	267	Due to increased profit
Debt Equity ratio	Times	0.04	0.00	-	
Current ratio	Times	1.97	1.20	64	Due to lower inventory and increased cash inflow
Net worth per Share	₹	201.72	168.59	20	Due to strong profit performance
Debtors Turnover	%	5.78	6.55	(12)	
Inventory Turnover	%	5.77	3.84	50	Due to higher sales and lower stocks

Cautionary Statement

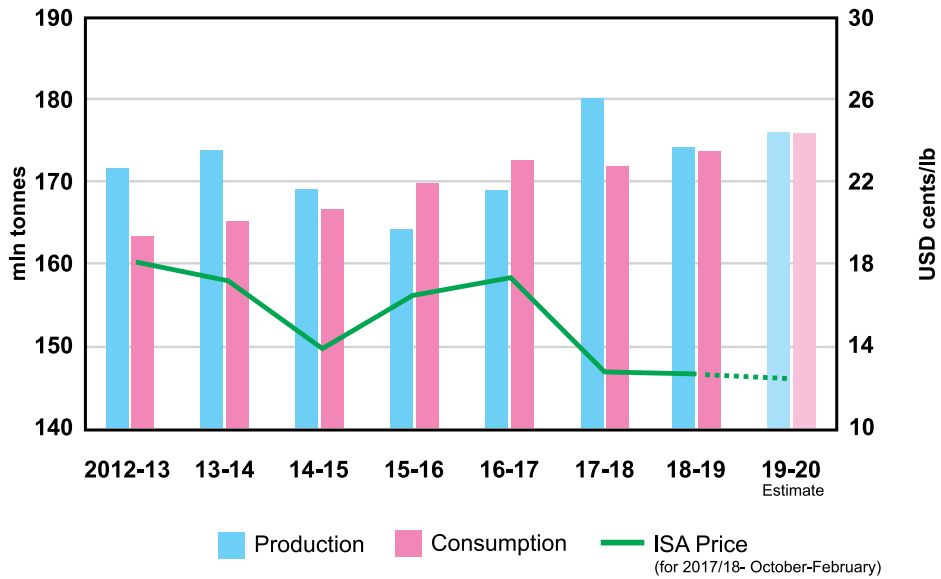
Statements made in this Report describing industry outlook as well as Company's plans, projections and expectations may constitute 'forward looking statements' within the meaning of applicable laws and regulations. Actual results may differ materially from those either expressed or implied.

For Board of Directors

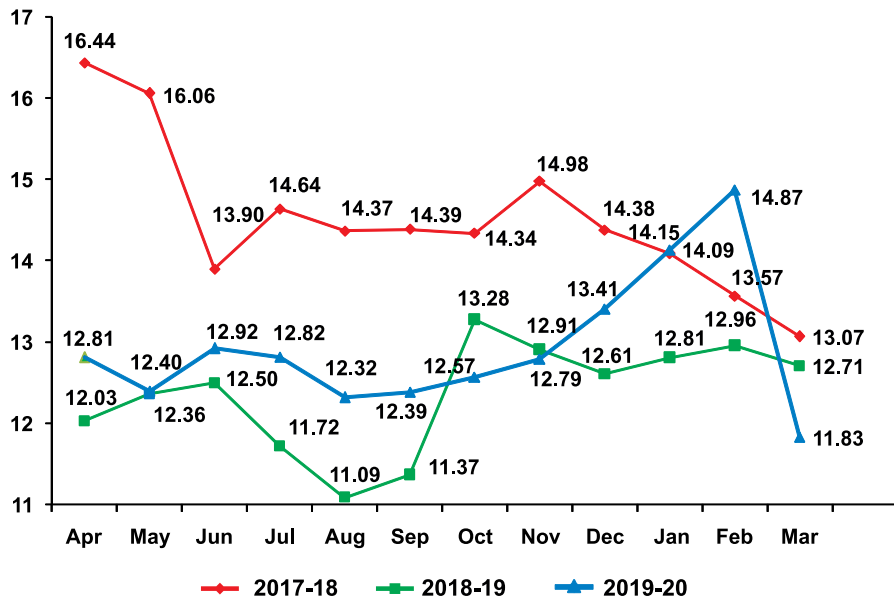
Erode
29th May 2020

N Gopala Ratnam
Chairman

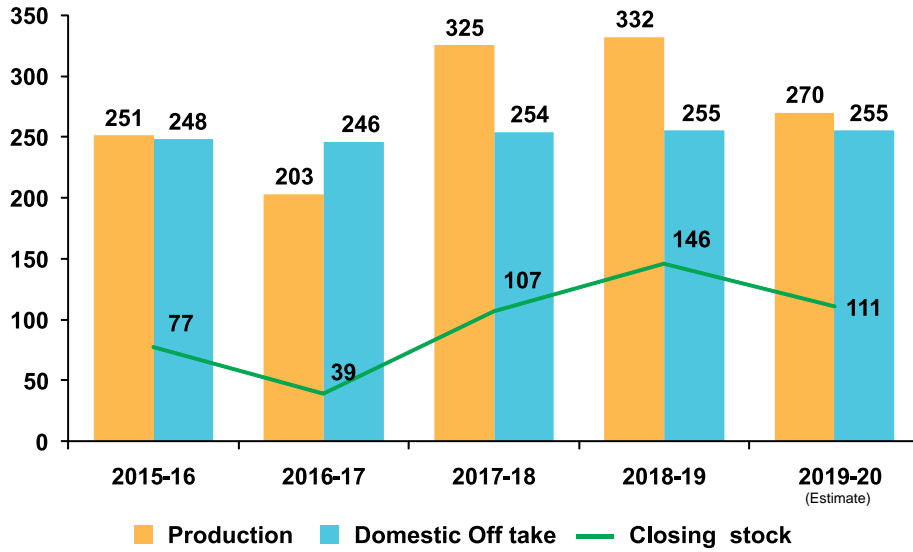
World production, Consumption and ISA Prices



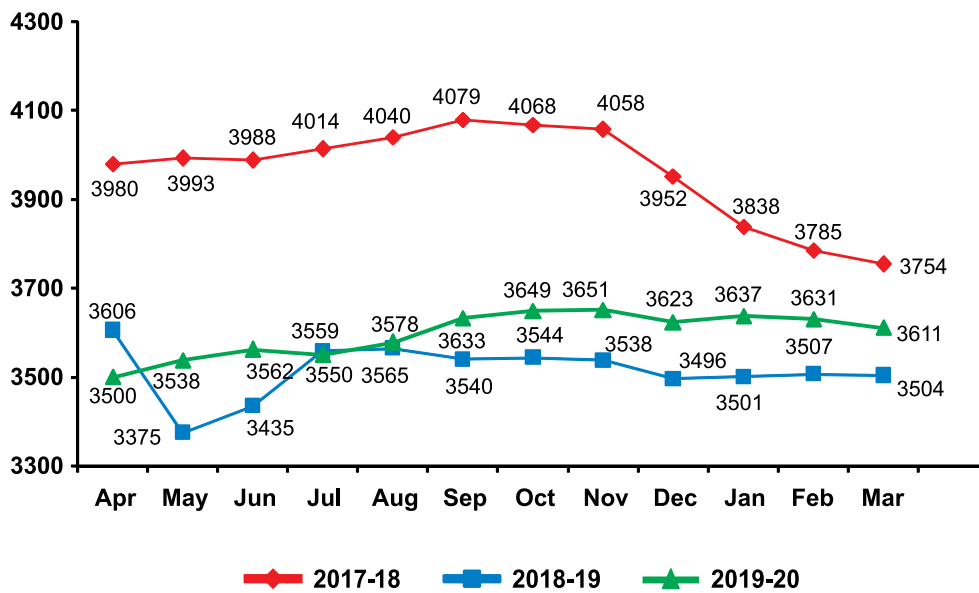
World Raw Sugar Price-ISA Daily Price (c/lb)



Indian Sugar Balance (lakh t)



All India Whole Sale Sugar Price (₹ /Q)



CORPORATE GOVERNANCE REPORT

Company's philosophy on Corporate Governance

The Company belongs to SPB (Seshasayee Paper) Group, is professionally managed and is deeply committed to the core values of Corporate Governance concepts. It strives to maintain the highest ethical standards in its conduct of business. Its executive management has the freedom to run the enterprise within the framework of effective accountability and commit its resources in a manner that meets shareholders' aspirations and societal expectations. The Company's objective is to transcend beyond bare compliance of the statutory requirement of the code and be a responsive and responsible entity through transparency, integrity of information and timely disclosures.

Legal and Regulatory Framework

The Companies Act, 2013 (the Act) provides for a major overhaul in the Corporate Governance norms for all companies. With a view to adopt best practices on Corporate Governance and for effective framework of Corporate Governance, SEBI in December 2015 notified the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations 2015 (Listing Regulations). Further, in order to strengthen and improve the standards of Corporate Governance of listed entities, SEBI in its Mar'18 meeting considered the Kotak Committee recommendations and has notified in May'18 requisite amendments to the Listing Regulations that have mostly come into force from April'19 in a phased manner. The principles of Corporate Governance enshrined in these legislations are complied in all respects by the Company. The policies, procedures and processes of the Company are at all times directed in furtherance of following the best practices and institutionalizing the code of corporate governance.

This Report is furnished in terms of Regulation 34(3) and Schedule V of the Listing Regulations. Further, this Report also discloses relevant information in terms of Section

134(3) of the Act and forms an integral part of the Board's Report to shareholders.

(A) Board of Directors

i) Board Composition

The Board is central to our corporate governance practice. It oversees, monitors and ensures that the management serves and protects the best and balanced long term interest of all our stakeholders.

- a) The composition of the Board is devised in a manner to have optimal blend of expertise drawn from Industry, Management and Finance.
- (b) All except the Managing Director are non-executive Directors and thus constitute more than one-half of the total number of Directors. The Company has a women director who is an Independent Director. The Managing Director is additionally responsible to continue to discharge the functions of Secretary within the meaning of Section 203 of the Act and Articles of Association of the Company.
- (c) The Managing Director is not liable to retire by rotation. All the other non-independent directors retire by rotation and in the normal course seek re-appointment at the AGM. Brief resume of Directors seeking reappointment is given in the Notice of the AGM.
- (d) The ceiling for being Chairman/ Director/ Committee member of Board of Companies stipulated under the Act or Listing Regulations are complied with by all Directors of the company.
- (e) No Director is relative of any other Director.
- (f) The age of every Director, including Independent Director, is above 21. Shareholder approval by special resolution is obtained for appointing or continuing the directorship of a non-executive director beyond 75 years of age.



Ponni Sugars (Erode) Limited

(g) Relevant details of Directors

Name of Director and category	Date of initial Appointment	No. of Equity Shares held	Attendance at Board meetings during 2019-20		As on 31st March 2020			Attendance at last AGM Y- Yes N- No
			No. of meetings	%	No. of Directorships \$	Committee position*		
						Chairman	Member	
Mr N Gopala Ratnam Non-Executive Chairman, Promoter	26.12.1996	2823	5	100	5	2	2	Y
Dr L M Ramakrishnan Independent	26.10.2001	536	5	100	5	--	3	Y
Mr Arun G Bijur Promoter Group, Non-Executive	26.12.1996	100	5	100	3	--	1	Y
Mr Bimal K Poddar Promoter, Non-Executive	26.10.2001	NIL	4	80	7	--	1	Y
Mr N Ramanathan Managing Director	01.04.2005	3001	5	100	5	--	2	Y
Mr V Sridar Independent	05.06.2009	NIL	5	100	5	4	2	Y
Dr Nanditha Krishna Independent	24.12.2010	NIL	5	100	6	--	--	Y
Mr K Bharathan Independent	28.12.2011	NIL	5	100	2	1	2	Y

\$ includes Listed and Unlisted companies

* Pertains only to Audit & Share Committee of the Board

(h) Directorship in other listed entities as on 31.03.2020

Sl No	Name of Director	Name of the other listed entity	Category
1	Mr N Gopala Ratnam	a) Seshasayee Paper and Boards Ltd b) High Energy Batteries (India) Ltd	Executive Chairman Non executive Chairman – Non independent.
2	Dr L M Ramakrishnan	SKM Egg Products Exports (India) Ltd	Independent Director
3	Mr V Sridar	Seshasayee Paper and Boards Ltd	Independent Director
4	Dr Nanditha Krishna	Seshasayee Paper and Boards Ltd	Independent Director
5	Mr K Bharathan	Aban Offshore Ltd	Independent Director

(i) Core skills/ expertise / competence of Directors

The company is engaged in regulated sectors viz. sugar and power. Its business is impacted by cyclicity, seasonality and volatility in commodity prices. Accordingly, the core skills/ expertise/ competencies identified by the Board as required in the context of its business and its segments are:

- o Hands on experience in operating and managing manufacturing business.
- o Expertise in finance, including treasury and foreign exchange.
- o Expertise in overall management and administration.
- o Exposure to global trade and practices.
- o Commitment to comply with legal and regulatory norms.
- o Social and environment consciousness.

The Board is satisfied that its directors together possess requisite skill sets for the effective functioning of the company.

SI No	Name of Director	Skill set, expertise and competence
1	N Gopala Ratnam	<ul style="list-style-type: none"> - Technocrat with rich and varied experience in project and operational management of process industries. - Brings to bear leadership skills in heading SPB Group of Companies and steering them to higher growth trajectories.
2	Dr L M Ramakrishnan	<ul style="list-style-type: none"> - Doctor turned educationist, having wide experience in the establishment and management of educational institutions. - Commands goodwill and respect from local farming community.
3	N Ramanathan	<ul style="list-style-type: none"> - A professional with impressive academic track record. - Vast experience in diverse disciplines of Finance, Taxation and General Management. - Close to three decades of hands-on experience in sugar industry. - Regular member on the executive committee of industry associations – well networked in industry.
4	V Sridar	<ul style="list-style-type: none"> - A Chartered Accountant having rich experience in Banking, Finance and General Management. - Held several high positions in commercial banks and National Housing Bank.
5	Arun G Bijur	<ul style="list-style-type: none"> - Technocrat with proven experience in project management skills and troubleshooting expertise. - Has overall managerial experience.
6	Bimal K Poddar	<ul style="list-style-type: none"> - Varied experience in the spheres of Finance, Administration and General Management in diverse family businesses. - Widely travelled and gained global business exposure.
7	Dr Nanditha Krishna	<ul style="list-style-type: none"> - Authority in indology and an environmental educationist. - Highly committed in promoting arts, education and environment. - Contributor of articles covering varied subjects.
8	K Bharathan	<ul style="list-style-type: none"> - A Chartered Accountant having rich and varied experience in Banking, Finance and Insurance Business.

ii) Independent Directors

- (a) The Chairman is non-executive and falls under Promoter category. The number of Independent Directors is one-half of the total strength. Any reduction in the strength of Independent Directors is filled within 3 months for ensuring minimum stipulated strength of Independent Directors in the Board.
- (b) The company has four Independent Directors. Approval of the Shareholders by way of Special Resolution through Postal Ballot was obtained on 29.03.2019 for their reappointment for a second term as under;



SI No	Name	DIN	Re-appointment tenure	
			From	To
1	Dr Nanditha Krishna	00906944	1.4.2019	31.3.2024
2	Mr V Sridar	02241339	1.4.2019	31.3.2024
3	Mr K Bharathan	00210433	1.4.2019	31.3.2024
4	Dr L M Ramakrishnan	00001978	1.4.2019	30.9.2022

Further, approval was also obtained by the Special Resolution stated above in the case of Dr L M Ramakrishnan and Mr V Sridar who have crossed or would be crossing 75 years of age during their second term.

- (c) Independent Directors are issued Letter of Re-appointment and the terms thereof are posted on the company website.
- (d) The company has formulated a familiarization programme for Independent Directors with the objective of making them familiar with their role, responsibilities, rights & responsibilities, nature of the industry, business model and compliance management. The details are uploaded on the company website.
- (e) All the Independent Directors have applied before 1st March 2020 for inclusion of their name in the data bank maintained by Indian Institute of Corporate Affairs (IICA). Unless exempt, they would need to pass the online proficiency test conducted by IICA within one year, scoring not less than 60%.
- (f) All the Independent Directors have given the declaration affirming that they meet the criteria of independence as provided in Section 149 (6) of the Act and have complied with relevant provisions of Rule 6 of the Companies (Appointment and Qualification) Rules, 2014.
- (g) In the opinion of the Board, (i) all the Independent Directors fulfill the conditions for being appointed as Independent Director as specified in the Act and Listing Regulations (ii) they possess the integrity and expertise and have the experience required for their role as Independent Director of the company, while they would need to pass the online proficiency test, unless exempted, conducted by IICA within the stipulated time limit.
- (h) No Independent Director has resigned from the directorship of the company before the expiry of the term of appointment during the financial year ended 31st March 2020.

(iii) D & O Insurance

The company has proactively taken Directors and Officers insurance covering both Independent and Non-Independent Directors for such sum and risks as determined by the Board as necessary and expedient.

(iv) Certificate on no disqualification

Certificate from Mr V Suresh, Practicing Company Secretary confirming that none of the directors on the board of the company have been debarred or disqualified from being appointed or continuing as directors of companies by SEBI / MCA or any such statutory authority is provided in Appendix -2.

(B) Board Process

i) Board Meetings

The Board meeting dates for the entire financial year are tentatively fixed before start of the year. An annual calendar of Board / Committee meetings is circulated to facilitate Directors plan their schedules for attending the meetings. Audit Committee and Board meetings are mostly convened on the same day to obviate avoidable travel and recognizing time constraints of independent directors.

Notice for Board meeting is issued normally 3 weeks in advance. Detailed Agenda papers are circulated one week in advance. During the year, 5 Board meetings were held as against the minimum requirement of 4 meetings on 24.05.2019, 23.07.2019, 08.11.2019, 31.01.2020 and 27.03.2020. Interval between any two meetings was not more than 120 days. In view of the lock down imposed by Government from 25.03.2020, the Board Meeting scheduled for 27.03.2020 was conducted through Video Conference (VC) duly complying with Rule 3 of the Companies (Meeting of Board and its Powers) Rules, 2014.

ii) Board Proceedings

Board meetings are governed by structured Agenda containing comprehensive information and extensive details that is circulated at least one week in advance. Urgent issues and procedural matters are at times tabled at the meeting with prior approval of Chairman and consent of all present. Powerpoint presentation is made to facilitate pointed attention and purposive deliberations at the meetings.

The Board periodically reviews compliance reports of all laws applicable to the Company and takes proactive steps to guard against slippages and take remedial

measures as appropriate. The Board is apprised of risk assessment and minimization procedures that are periodically reviewed. The Board is committed to discharge all key functions and responsibilities as spelt out in the Act and SEBI Regulations.

The governance process includes an effective post-meeting follow-up, review of ATR (Action Taken Report) and reporting process for decisions taken pending approval of Board.

During FY 2019-20, the Board has accepted all the recommendations of the Committees of the Board that are mandatorily required.

iii) Board Minutes

Draft Board minutes prepared by the Company Secretary are placed at the meeting and updated for changes based on discussions thereat. After approval by Chairman, it is circulated within 15 days of the meeting to all directors for comments and then finalized with the consent of Chairman and recorded in the Minutes Books. These are placed at the succeeding meeting for confirmation and record.

(C) Board Committees

i) Audit Committee

The Board has constituted an Audit Committee comprising only non-executive Directors with more than two-third being Independent. The Chairman of Audit Committee is an independent director and is present at the Annual General Meetings (AGM) of the company. It meets at regular intervals not exceeding 120 days between any two meetings and subject to a minimum of 4 times in a year. MD duly assisted by the CFO & Vice President (Operations) is present as invitee while Statutory Auditors and the Internal Auditor are present in most meetings. The cost auditor is present during consideration of cost audit report and also whenever required by the Committee. The Company Secretary acts as the Secretary of the Audit Committee.

The Audit Committee conforms to Section 177 of the Act and Regulation 18 of the Listing Regulations in all respects concerning its constitution, meetings, functioning, role and powers, mandatory review of required information, approved related party transactions and accounting treatment for major items. Appointments of auditors, cost auditors,

secretarial auditor and internal auditors are done on the recommendations of the Audit Committee.

During the year, the Audit Committee met 5 times on 24.05.2019, 23.07.2019, 08.11.2019, 31.01.2020 and 27.03.2020, the last through VC, Its composition and attendance during 2019-20 is given hereunder:

Name of Member	Category	Attendance at meetings	
		No.	%
Mr V Sridar, <i>Chairman</i>	Independent	5	100
Mr Bimal K Poddar	Non-Independent	4	80
Dr L M Ramakrishnan	Independent	5	100
Mr K Bharathan	Independent	5	100
<i>Permanent Invitee</i>			
Mr N Ramanathan	Executive	5	100

Members of the Audit Committee have requisite financial and management expertise. They have held or hold senior positions in reputed organizations.

ii) Nomination and Remuneration Committee

The Company has a Nomination and Remuneration Committee. It comprises 3 non-executive Directors of which 2 are independent including its Chairman.

Name of Member	Category
Mr V Sridar, <i>Chairman</i>	Independent, Non-Executive
Mr N Gopala Ratnam	Non-Independent, Non-Executive
Dr L M Ramakrishnan	Independent, Non-Executive

The Committee meets as per needs. It met once during the year on 27.03.2020 through Video Conference wherein all the members were present.

The Chairman of the Committee is an independent director and is present at the AGM of the company. The powers, role and terms of reference of the Committee cover the areas as contemplated u/s 178 of the Act and Regulation 19 of the Listing Regulations, besides other terms as may be referred by the Board of Directors. The role includes:

- Formulation of criteria for determining qualifications, positive attributes and independence of a director.
- Recommending to the Board (a) a remuneration policy for directors, key managerial personnel and senior management (b) all remuneration, in whatever form, payable to senior management.



- Formulation of criteria for evaluation of independent directors and the Board.
- Devising a policy on Board diversity.
- Identification of persons who are qualified to become directors and who may be appointed in senior management in accordance with the criteria laid down and recommend to the Board their appointment and removal.

iii) Stakeholders Relationship Committee

The Board has a Stakeholders Relationship Committee pursuant to Reg.20 of Listing Regulations. Its role and responsibility includes expeditious processing and approval of transactions in securities, compliance with the Act and SEBI regulations, review of measures taken for effective exercise of voting rights by shareholders and redressal of investor grievances. The Committee oversees and monitors the performance of the Registrar & Transfer Agents in accordance with service standards adopted by the company and devises measures for overall improvement in the quality of investor services.

The Committee comprises of 4 Directors, of which one is an independent director and 2 are non-independent and non-executive directors. The Chairman of the Committee is a non-executive Director and is present at the AGM of the company. The Committee met 4 times during the year on 24.05.2019, 23.07.2019, 08.11.2019 and 31.01.2020. Its composition and attendance is given hereunder:

Name of Member	Category	Attendance at Meetings	
		No.	%
Mr N Gopala Ratnam, <i>Chairman</i>	Non-Executive	4	100
Mr Arun G Bijur	Non-Executive	4	100
Mr N Ramanathan	Executive	4	100
Mr V Sridar	Independent	4	100

Mr N Ramanathan, Secretary is the Compliance Officer. The company has in place an adequate system for expeditious redressal of investor complaints. Status of investor complaints is shown in the Shareholder Information section of this Report. Quarterly reports on the compliance of investor grievances are filed with the stock

exchanges. Half-yearly compliance certificates signed by both the company and the Share Transfer Agent are filed within one month.

iv) Corporate Social Responsibility (CSR) Committee

The company is covered under Section 135 of the Act for FY 2019-20. As against the CSR obligation of ₹ 25 lakhs to be incurred for the year, it has spent ₹ 42 lakhs in the areas specified under Sch VII of the Act. The company had voluntarily constituted a CSR Committee on 21st March 2014 and formulated CSR Policy. Its composition is given hereunder:

Name of Member	Category
Mr N Gopala Ratnam, <i>Chairman</i>	Non-Executive
Mr N Ramanathan	Executive
Dr Nanditha Krishna	Independent

Dr Nanditha Krishna, an Independent Director has been inducted into the Committee from 01.04.2019.

The Committee met once during the year on 08.11.2019 wherein all the members were present.

v) Other Committees

The Board has constituted a Finance Committee to facilitate quick response to its financial needs/ obligations/compliances. It meets as and when need arises to consider any matter assigned to it. No meeting was held during the year.

vi) Committee Minutes

Minutes of all the Committees of the Board are prepared by the Secretary of the Company and approved by the Chairman of the Meeting. These are placed at the succeeding Committee Meetings for confirmation and then circulated to the Board in the Agenda for being recorded thereat.

vii) Circular Resolution

Recourse to circular resolution is made in exceptional and emergent cases that are recorded at the succeeding Board / Committee Meetings. During the year, one circular resolution was passed on 11.09.2019 for approving the appointment of Nodal Officer for the purpose of verification of claims and coordination with Investor Education and Protection Fund Authorities.

(D) Governance Process & Policies**(i) Policy on Director's Appointment & Remuneration**

The Board on the recommendations of the Nomination and Remuneration Committee meeting in March 2015 approved a Nomination and Remuneration Policy. This was reviewed in Mar'20 and no change was considered necessary. It inter alia deals with the manner of selection of Board of Directors and Managing Director and their remuneration.

1. Criteria for selection of Non Executive Directors

- (a) The Committee will identify and ascertain the integrity, qualification, expertise and experience of the person for appointment as director.
- (b) Directors would be chosen from diverse fields of expertise drawn from industry, management, finance and other disciplines.
- (c) In case of appointment of Independent Directors, the Committee will satisfy itself with regard to the independent nature of the directors vis-à-vis the company conforming in entirety to the conditions specified under Section 149 of the Act read with Schedule IV thereto and the Rules made thereunder and the Listing Regulations.
- (d) The Committee will ensure that the candidate identified for appointment as a director is not disqualified in any manner under Section 164 of the Act.
- (e) In the case of reappointment of Non-Independent directors, the Board will take into consideration the performance evaluation of the director and his engagement level.

2. Remuneration Policy

The remuneration policy aims at attracting and retaining suitable talent and devising a remuneration package commensurate with competition, size of the company, its nature of business and considered appropriate to the respective role and responsibilities of the employee concerned.

The remuneration policy seeks to ensure that performance is recognized and achievements rewarded. Remuneration package is transparent, fair

and simple to administer, besides being legal and tax compliant.

The policy recognizes the inherent constraint in relating remuneration to individual performance and fixing meaningful benchmark for variable pay due to the cyclical nature of industry, agro climatic and regulatory risks. Employee compensation is not allowed to get significantly impacted by such external adversities that are admittedly beyond their realm of control.

The Policy has been uploaded on Company website www.ponnisugars.com under investor information/policy.

3. Remuneration of Directors & KMPs

The Nomination and Remuneration Committee recommends the remuneration of directors and KMPs which is approved by the Board of Directors and where necessary further approved by the shareholders through ordinary or special resolution as applicable. Remuneration comprises of both fixed and variable pay. However the share of variable pay is so devised as to factor in the volatile changes in profit levels inherent to the nature of industry in which the company operates. Bearing this in mind, the remuneration package involves a balance between fixed and incentive pay reflecting short and long term performance objective appropriate to the working of the company and its goals.

Managing Director is the only Executive Director entitled for monthly remuneration whose current term expired on the close of 31st March 2020. The Board of Directors of the company at their meeting held on 27th March 2020 have reappointed Mr N Ramanathan as Managing Director of the company for a period of 3 years from 01.04.2020. His remuneration package based on the recommendation of the Nomination and Remuneration Committee was approved at the Board Meeting held on 29th May 2020. Approval of shareholders for the reappointment and terms thereof has been sought by special resolution at the Annual General Meeting vide item 4 of the Notice. There is no service contract containing provisions of notice period or severance package.



Mr K Yokanathan, President and CFO is the other KMP. He was paid remuneration of ₹ 35.19 lakhs in FY 2019-20.

No Director or his relative holds an office or place of profit in the Company. Other than direct or indirect equity holding and sitting fee, there is no pecuniary relationship or transaction between the company and its non-executive directors. No stock option has been issued by the company to executive director.

Non-Executive Directors are paid sitting fee at ₹ 10000 per meeting of Board or any Committee thereof. Pursuant to the approval of shareholders at its 21st AGM for payment of commission to Non-Executive Directors for three financial years from 1st April 2017 to 31st March 2020, commission of ₹ 2 lakhs is being paid for each Non-Executive Director for FY 2019-20. Fresh authorization from shareholders by way of an ordinary resolution for payment of commission to Non-Executive Directors for three financial years from 1st April 2020 is being sought at the 24th AGM.

Remuneration particulars of all the Directors and KMP are given in Note 38 (c) & (d) of the Financial Statement. The same may be treated as required disclosure under Para IV Section II –Part II of the Schedule V to the Act and Clause (5) of Para C of Schedule V to the Listing Regulations.

(ii) Performance Evaluation

The Board of Directors in Mar'15 on the recommendations of the Nomination and Remuneration Committee approved the Board evaluation framework. The Board scheduled to review the framework in Mar'20 deferred it to next meeting and considered it on 29th May 2020. The specific criteria for performance evaluation were reviewed by the Nomination and Remuneration Committee that felt no change therein is needed. The Board in turn accepted the recommendation of Nomination and Remuneration Committee.

The Board evaluation is internally done on annual basis using templates that incorporate specific attributes. There is oral one-on-one discussion of the template contents relevant to each director and the format is filled on the basis of collective views voiced. The feedback is orally given to all the directors. The Chairman's role is overall mediation to facilitate objective evaluation and collective decision making. The Board evaluation process is reviewed responding to regulatory changes or once in three years.

The Nomination and Remuneration Committee during the year evaluated the performance of every Independent and Non Independent Director at its meeting held on 28th May 2020 thru' Video Conference.

The director whose performance is being evaluated did not participate during that part of the meeting. The Committee has expressed overall satisfaction on such evaluation.

The Independent Directors in their exclusive meeting on 28.05.2020 did the evaluation on the performance of Chairperson, non-independent directors and the Board as a whole. They have expressed overall satisfaction on such evaluation. All the Independent directors were present at this meeting.

The Board at its 29th May 2020 meeting evaluated the performance of each of the Independent Directors (excluding the Independent Director being evaluated) and recorded its overall satisfaction and decided in terms of Para VIII (2) of Schedule IV to the Act that Independent Directors be continued in their respective offices.

The Board at its 29th May 2020 meeting further evaluated the functioning of each of the four committees and evaluated its own performance on the basis of the criteria approved by the Nomination and Remuneration Committee.

There was no specific observation made during Board evaluation last year and current year that is material and requires further action.

(iii) Insider Trading

SEBI (Prohibition of Insider Trading) Regulations, 2015 has been extensively amended, with most changes coming into effect from 1st April 2019. In deference thereto, the Board in March 2019 revisited the Codes earlier formed in March 2015 and reformulated the:

- (i) Code of Practices and Procedures for Fair disclosure of Unpublished Price Sensitive Information (Reg.8); and
- (ii) Minimum Standards for Code of Conduct to regulate, Monitor and Report Trading by Insiders (Reg.9).

These have been uploaded in the company website, intimated to the Stock Exchanges and are applicable from 01.04.2019.

These codes apply to all directors and designated persons. It is hereby affirmed that all directors and

designated persons have complied with the codes as applicable during FY 2019-20 and a confirmation to this effect has been obtained from them.

The company seeks to ensure that material information/event is disseminated as soon as it becomes credible and concrete for maintaining information symmetry in the market except when non-disclosure is considered in the interest of its stakeholders.

The trading window shall remain closed during the period when designated persons in terms of the Regulations can reasonably be expected to have possession of unpublished price sensitive information. In any event, the trading window shall remain closed from the end of every quarter till 48 hours after declaration of financial results.

The company through its RTA maintains a structured digital database containing the details of persons/entities with whom unpublished price sensitive information is shared. This database is maintained with adequate controls and checks such as time stamping and audit trails to ensure that the database cannot be tampered.

The Company Secretary is designated as the compliance officer for this purpose. The Audit Committee monitors the adherence to various requirements as set out in the Codes.

(iv) Code of Conduct

The Board in Mar'05 formulated the Code of Conduct under Listing Regulations for Directors and Senior Management Personnel of the Company which is posted on its website. All the Directors and Senior Management Personnel have complied with the Code and a confirmation to this effect has been obtained from them individually for FY 2019-20.

Further, the senior management personnel have declared to the Board that no material, financial and commercial transactions were entered into by them during FY 2019-20 where they have personal interest that may have a potential conflict with the interest of the Company at large.

Declaration signed by MD affirming the above is attached (Appendix-1).

(v) Related Party Transactions

The Board in Feb'15 formulated the Policy on Related Party Transactions (RPTs). It further fixed the materiality threshold under this policy at 10% of its turnover as per the last audited financial statements. Transactions

with a related party individually or taken together in a financial year crossing this 10% threshold would be considered material. This policy has been uploaded on the company's website.

Pursuant to Reg.23 of the Listing Regulations, the Board in Mar'20 reviewed the RPT Policy and decided that it needs no change. All RPTs during FY 2019-20 were on an arms-length basis and were in the ordinary course of business. They are disclosed in Note 38 of the Financial Statements that includes the transactions with entity belonging to the promoter holding more than 10% shareholding in the company in accordance with the relevant accounting standards. None of these transactions are likely to have a conflict with the company's interest.

All RPTs have the approval of Audit Committee. Omnibus approval is obtained, in respect of non-material, routine or unforeseen RPTs. The Board in Feb'16 laid down the criteria for granting omnibus approval in line with the Policy on RPTs.

The Audit Committee at its meeting held in Mar'20 gave its omnibus approval for RPTs during FY 2020-21 in line with such criteria.

The company has a material RPT on a continuing basis with one of its promoters. This was approved by the Audit Committee in March 2015, the Board in May 2015 and shareholders by Special Resolution at the 19th AGM. All the entities falling under the definition of related party abstained from voting on this resolution at the 19th AGM.

None of the directors had any pecuniary relationships or transactions vis-à-vis the company other than those duly disclosed.

(vi) Commodity / foreign exchange risk and hedging

(a) Risk Management

The company has a robust risk management framework to identify and evaluate business risks and opportunities. It seeks to create transparency, minimize adverse impact on the business objective and enhance the company's competitive advantage. It aims at ensuring that the executive management controls the risk through a properly defined framework.

The company has laid down appropriate procedures to inform the Board about the risk assessment and minimization procedures. The Board periodically revisits and reviews the overall risk management plan for making desired changes in response to the dynamics of the business.



Key areas of risks identified and mitigation plans are covered in the Management Discussion and Analysis Report. The company is not currently required to constitute a Risk Management Committee.

(b) Commodity price risks and hedging

Sugar is traded in spot and futures markets both in the Indian and global commodity markets. The company is exposed to price risk and enters into futures contract in domestic market to hedge price risk based on its evaluation. Export-import contracts are normally on firm price basis with immediate delivery.

(c) Foreign Exchange Risk

The company does not have material foreign exchange risk in the normal course of its business as it is only an occasional player in global market. Hedging through forward/futures contract is done as and when need arises.

(d) Exposure to commodity/ commodity risk during FY 2019-20

Commodity Name	Exposure in INR towards the particular commodity (₹ crores)	Exposure in Quantity terms towards the particular commodity (tonnes)	% of such exposure hedged through commodity derivatives				
			Domestic market		International market		Total
			OTC	Exchange	OTC	Exchange	
Sugar	----	----	NIL	NIL	NIL	NIL	NIL

Having regard to volatile regulatory changes in sugar, the futures market in the country as of now remains on a low key, limiting scope for robust price discovery.

(vii) Whistle Blower Policy

The Company has established a vigil mechanism overseen by the Audit Committee and no personnel has been denied access to the Audit Committee. This Policy has been uploaded on the Company's website.

No complaint under this facility was received in FY 2019-20.

(viii) Anti-Sexual Harassment Policy

The Company has in place an Anti-Sexual Harassment Policy in line with the requirements of the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013. Internal Complaints Committee has been set up to

redress complaints received on sexual harassment. All employees (permanent, contractual, temporary, trainees) are covered under this policy.

Number of Complaints filed, disposed during and pending at end of FY 2019-20 - NIL.

(ix) Document preservation

Pursuant to Regulation 9 of the Listing Regulations, the company has formed a policy for preservation of records. This Policy covers all corporate records of the company whether in paper or digital form and applies to all departments and business functions of the company. This Policy has been uploaded on the company website.

(E) Other Compliances

(i) Management Discussion and Analysis

Management Discussion and Analysis Report is made in conformity with Regulation 34(2)(e) of the Listing Regulations and is attached to the Board's Report forming part of the Annual Report of the Company.

(ii) Quarterly Financial Results

Quarterly Financial Results (unaudited – limited reviewed) are approved by the Board on the recommendations of the Audit Committee. These are filed with Stock Exchanges online, after the conclusion of the Board Meeting besides publication of the abstract of the results in dailies as required, within the stipulated time. These are also immediately posted on the company website.

(iii) Quarterly Compliance Report

The Company has submitted for each of the four quarters during FY 2019-20 the Compliance Report on Corporate Governance to Stock Exchanges within time limit from the close of each quarter.

(iv) Disclosure of material events or information

Pursuant to Regulation 30 of the Listing Regulations, the company discloses the information/events specified under Schedule III of the Listing Regulations and also based on the materiality threshold determined by the Board to the stock exchanges. The Company during the year made three disclosures to the stock exchanges.

Disclosures pertaining to disruption in Company's Business operations and RTA services due to

country wide lock down for Covid-19 and changes in the outlook of Credit Rating were made to Stock Exchanges and simultaneously uploaded on the Company website.

**(v) Online filing
NEAPS / Listing centre**

Quarterly reports are filed with

- National Stock Exchange of India Ltd through NSE Electronic Application Processing System (NEAPS)
- BSE Ltd through 'BSE Listing Centre'.

SCORES

SEBI requires all listed companies to process investor complaints in a centralized web based system called 'SEBI Complaints Redress System' (SCORES). Investors are encouraged to lodge complaints thro' e-mode, while SEBI digitizes complaints in physical form and uploads same. Listed companies are advised to view the complaint and submit Action Taken Report (ATR) with supporting documents in SCORES.

SEBI in March'20 has launched the Mobile App "SEBI SCORES" to help investors access SCORES at their convenience from smart phone. The App has all the features of SCORES otherwise available in the existing internet media. After mandatory registration on the App, for each grievance lodged, investors will get an acknowledgement via SMS and email. Investors can not only file their grievance but also track the status of their complaint redressal. Investors can also key in reminders for their pending grievances.

During the year, there was no complaint against our company posted on the SCORES site.

(vi) Reconciliation of Share Capital Audit

Description	Frequency	For quarter ended	Furnished on
Reconciliation of the total admitted capital with NSDL / CDSL and the total issued & listed capital	Quarterly	30.06.2019	10.07.2019
		30.09.2019	24.10.2019
		31.12.2019	08.01.2020
		31.03.2020	16.04.2020

(vii) Accounting treatment

In the preparation of financial statements, no accounting treatment different from that prescribed in any Accounting Standard has been followed.

(viii) Cost records and Cost audit

The company is required to maintain cost records as specified u/s 148(1) of the Act. The company maintains such accounts and records in respect of sugar and cogeneration of power.

Pursuant to Section 148 of the Act, the company has appointed M/s S Mahadevan & Co., Cost Accountants (Firm Regn.No.000007), Coimbatore to undertake cost audit of the company for FY 2019-20. Their remuneration was approved by the shareholders at the 23rd AGM.

Cost Audit Report

Filing Cost Audit Report	2019-20	2018-19
Due date	30.09.2020	30.09.2019
Actual date	Target 31.08.2020	20.08.2019
Audit Qualification in Report	---	Nil

(ix) (a) Secretarial Standards & Secretarial Audit

The company has complied with all applicable Secretarial Standards during the year. Mr V Suresh, practicing company secretary (C.P.No.6032) was appointed to undertake the Secretarial Audit of the company for FY 2019-20. The Secretarial Audit Report was placed before the Board on 29th May 2020 and there is no qualification therein. It is annexed to Board's Report.

b) Annual Secretarial Compliance Certificate

SEBI vide Circular dt.8th Feb'19 has mandated all listed companies to file Annual Secretarial Compliance Certificate issued by a practicing company secretary with Stock Exchanges within 60 days of the end of the financial year. The Company has obtained the certificate from Mr V Suresh (PCS) that will be filed with the Stock Exchanges in time.

(x) Internal Auditor

The company has appointed M/s Maharaj N R Suresh And Co., Chartered Accountants (Firm Regn.No.001931S), Chennai to conduct internal audit of the functions and activities of the



company for FY 2019-20. The Internal Auditor reports directly to the Audit Committee.

(xi) CEO/ CFO certification

CEO certification by Mr N Ramanathan, Managing Director and CFO certification by Mr K Yokanathan, Chief Financial Officer as required under Regulation 17 (8) of the Listing Regulations were placed before the Board at its meeting on 29th May 2020.

(xii) Review of Directors' Responsibility Statement

The Board in its Report has confirmed that the annual accounts for the year ended 31st March 2020 have been prepared as per applicable accounting standards and policies and that sufficient care has been taken for maintaining adequate accounting records.

(xiii) Auditors' Certificate on Corporate Governance

Certificate of Statutory Auditors has been obtained on the compliance of conditions of Corporate Governance in deference to Para E of Schedule V of the Listing Regulations and the same is annexed (Appendix-3).

(xiv) Subsidiary Companies

The Company has no subsidiary.

(xv) Deposits

The company has not accepted deposits from the public.

(xvi) Peer review of Auditors

Regulation 33 (d) of the Listing Regulations stipulates that limited review / audit reports shall be given only by an Auditor who has subjected himself to the peer review process and holds a valid certificate issued by the Peer Review Board of the ICAI. The statutory auditors of the Company M/s S Viswanathan LLP have undergone the peer review process and been issued requisite certificate that was placed before the Audit Committee.

(xvii) Statutory Auditor's fees for FY 2019-20 to M/s S. Viswanathan LLP

(₹ In lakh)

i	Statutory audit	7.00
ii	Interim Audit / Limited Review of Quarterly results	1.00
iii	Tax Audit	0.50

This excludes GST, travel and out of pocket expenses. No fee or other sum was paid during the year to any entity in the network firm/ network entity of which the statutory auditor is a part.

(F) Discretionary requirements

(i) Chairperson

Chairman's office is separated from CEO. The Chairman is non-executive but does not maintain an office at Company's expense.

(ii) Shareholders' Rights

Quarterly Financial Results of the Company are e-mailed to shareholders whose email ids are available with the company and physical copy sent to shareholders on request. These are posted on the Company's website and the summary of the results are advertised in newspapers.

(iii) Audit Qualifications

The Company since inception has ensured to remain in the regime of unqualified financial statements. Annual financial results for FY 2019-20 are being filed with the stock exchanges along with the declaration by the Managing Director confirming that the Auditors' Report on Annual Financial Results containing unmodified opinion.

(G) Disclosures

(i) The penalty of ₹ 2.31 lakhs levied by BSE during FY 2017-18 was disclosed in the Annual Report of that year. Excepting this, there is neither non compliance by the company nor strictures imposed on the company by the Stock Exchanges or SEBI or any statutory authority on any matters related to the capital market during the last 3 years.

(ii) Website

The Company maintains a functional website <http://www.ponnisugars.com>. It contains basic information about the company and disseminates all the information spelt out in Regulation 46 of the Listing Regulations. Updates are uploaded within two working days of change in content in respect of matters specified in Regulation 46 (2).

(iii) Business Responsibility Report

SEBI has mandated the inclusion of Business Responsibility Reports as part of the Annual Reports

for listed entities that is currently applicable for top 1000 listed entities. Our company is not covered by this.

(iv) Dividend Distribution Policy

SEBI has mandated formulation of Dividend Distribution Policy for top 500 listed entities and disclosure of the same in the Annual Reports and websites of the company. Our Company is not presently covered by this.

(H) Means of Communication

(i) Intimation of Board meeting

The Company intimates Stock Exchanges the Notice of Board Meeting to consider financial results and the results are furnished to Stock Exchanges immediately on conclusion of Board Meeting and concurrently uploaded in company's website. These media publication is done in accordance with regulatory prescriptions.

(ii) Financial Results

Period	Date of publication of Notice of Board meeting	Financial Results		News paper
		Date of approval by Board	Date of Publication	
Quarter ended 30.06.2019	04.07.2019	23.07.2019	24.07.2019	Business Standard and Makkal Kural
Quarter ended 30.09.2019	10.10.2019	08.11.2019	09.11.2019	
Quarter ended 31.12.2019	03.01.2020	31.01.2020	01.02.2020	
Quarter and Year ended 31.03.2020	Exempted*	29.05.2020	Exempted *	

*SEBI vide its Circular dt.12.5.2020 exempted publication of newspaper advt in view of the continuing lock down in the Country.

The results published also show as foot note relevant additional information and/or disclosures to the investors. Financial results are-

- (a) filed online through XBRL / PDF with Stock Exchanges immediately after the conclusion of the Board meeting;
- (b) posted on the company's website www.ponnisugars.com that also displays other official News releases;
- (c) emailed to shareholders who have registered their email ids; and
- (d) sent (hardcopy) to shareholders on request;

No presentation was made during the year to institutional investors or analysts. The Company has no agreement with any media company for public dissemination of its corporate information.

(iii) Chairman's Communiqué

Printed copy of the Chairman's Speech is distributed to all the shareholders at the Annual General Meeting. It is also placed on the website of the Company and sent to Stock Exchanges.

(I) General Body Meetings

(i) Particulars of past 3 AGMs

AGM/ Year	Venue	Date & Time	Special Resolutions passed
21st 2016-17	New Woodlands Hotel Pvt Ltd 72-75, Dr Radhakrishnan Road, Mylapore Chennai 600004	02.08.2017 10.30 AM	Reappointment of Managing Director
22nd 2017-18		25.07.2018 10.30 AM	Reappointment of retiring Director – Mr Bimal K Poddar
23rd 2018-19		23.07.2019 10.30 AM	NIL

No Extraordinary General Meeting was convened during the year.

ii) Poll

In deference to Rule 20 of the Companies (Management & Administration) Rules, 2014, the company offered the facility to vote through polling paper at the venue of 23rd AGM in addition to e-Voting.



iii) Postal Ballot

No special resolutions were passed by Postal Ballot for FY 2019-20.

At present there is no proposal to pass Special Resolution through Postal Ballot.

(J) General Shareholder Information

(i) Details for 24th e-AGM

Date and Time	Wednesday, the 19th August 2020 at 11.00 AM
Mode	Video Conference / Other Audio Visual Means
Deemed Venue	Registered Office ESVIN House, 13 Rajiv Gandhi Salai (OMR), Perungudi, Chennai 600 096
Financial Year	2019-20
Book Closure Dates	Thursday, the 13th August 2020 to Wednesday, the 19th August 2020 (both days inclusive)
Dividend	₹ 4 per Equity Share (proposed)
Dividend payment date	25th August 2020
Cut-off Date for e-Voting	Wednesday, the 12th August 2020

(ii) Financial Calendar for FY 2020-21 (tentative)

Not furnished this time due to Covid-19 uncertainties.

(v) Market Price Data

Month	BSE Ltd.				National Stock Exchange of India Ltd.			
	Share price		Volume		Share price		Volume	
	High	Low	No. of shares	Value (₹ lakhs)	High	Low	No. of shares	Value (₹ lakhs)
April'19	159	127	1572	2.17	142	128	23388	31.27
May'19	139	108	12722	15.05	137	109	48292	59.55
June'19	135	111	10337	12.35	137	110	20985	25.35
July'19	133	100	7448	8.41	139	103	28390	32.83
Aug'19	113	87	4186	4.36	114	97	25154	26.14
Sept'19	120	100	8816	9.91	122	99	37418	41.11
Oct'19	120	103	419	0.46	128	100	21450	23.30
Nov'19	174	110	47191	72.78	174	112	337735	524.38
Dec'19	176	130	32415	51.14	176	132	138650	219.46
Jan'20	184	150	34807	60.01	182	147	187764	317.53
Feb'20	168	131	6011	8.73	164	126	70858	105.19
March'20	148	88	5529	6.59	153	81	49142	59.68

(iii) Listing

Name & Address	Listed from	Stock Code
BSE Limited PhirozeJeejeebhoy Towers Dalal Street, Mumbai 400 001 Phone: 022-22721233/ 22721234 Fax: 022-2272 2082 Email:corp.relations@bseindia.com	April 2002	532460
National Stock Exchange of India Ltd Exchange Plaza, Bandra Kurla Complex Bandra East, Mumbai 400 051 Phone: 022-26598235 / 8236 Fax: 022-26598237 / 8238 Email: cmlist@nse.co.in	April 2002	PONNIERODE

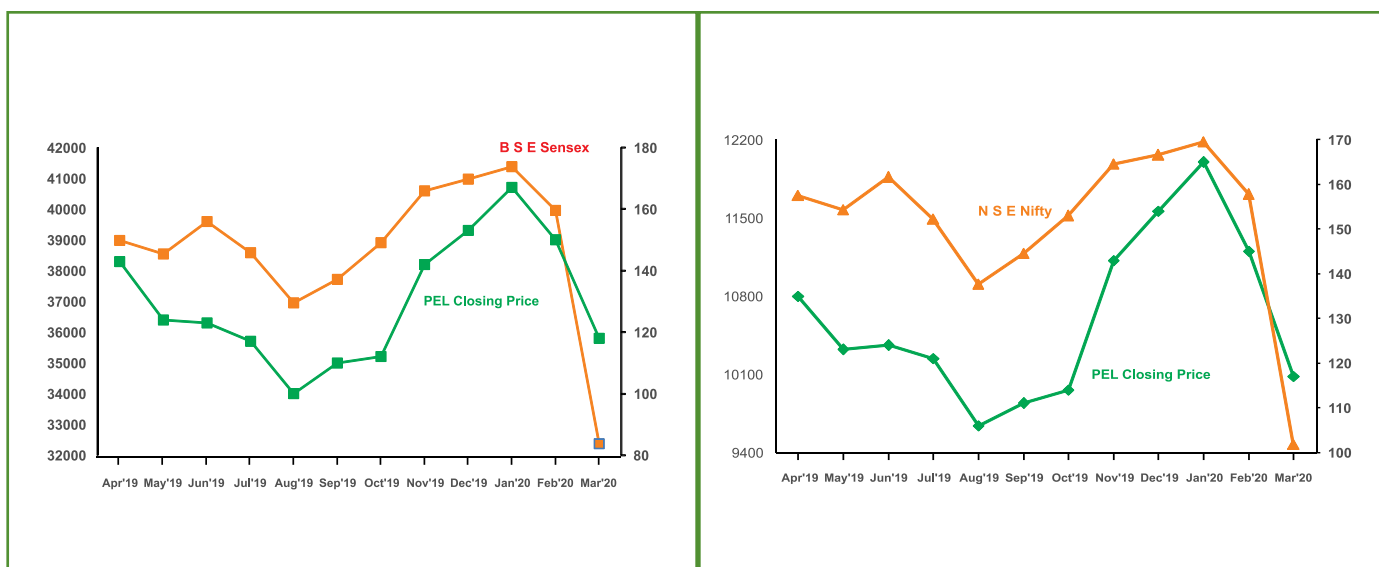
Listing fee will be paid to both the Stock Exchanges for FY 2020-21 as and when claim is received.

(iv) Registrar and Share Transfer Agent

(for both Demat and Physical segments)

Cameo Corporate Services Ltd, "Subramanian Building", 5th Floor 1, Club House Road Chennai 600 002.	Phone: 044-28460390 (4 lines) Email:investor@cameoindia.com Web: www.cameoindia.com SEBI Registration No: INR000003753
Contact person:	Ms K Sreepriya, Company Secretary

(vi) Relative Performance of the Company Share Price Vs BSE Sensex & NSE Nifty



(vii) Nomination facility

Shareholders holding shares in physical form and desirous of making a nomination in terms of Section 72 of the Act are requested to submit to the Registrar and Transfer Agent in the Form No.SH.13 prescribed under Rule 19 of the Companies (Share Capital and Debentures) Rules, 2014 which can be had on request or downloaded from Company / MCA website. In the case of Demat holding, shareholders shall submit the same to their Depository Participants.

(viii) Transactions in Shares

Powers are delegated to Managing Director to deal with and approve regular transactions in securities in the case of small investors, while other cases are decided by the Stakeholders Relationship Committee. Investor requests are attended to within 7-15 days from the date of receipt. A summary of such transactions so approved by the Managing Director is placed at every Board Meeting / Stakeholders Relationship Committee. The Company obtains from a Company Secretary in practice half-yearly Certificate of Compliance with the Share Transfer formalities as required under Regulation 40 (9) of the Listing Regulations and files a copy of the said certificate with the Stock Exchanges.

b) Compulsory Demat

SEBI in June'18 has amended Regulation 40 of the Listing Regulations prohibiting transfer of shares held in physical mode from 01.04.2019. Transposition

and Transmission are however exempted from this amendment. No request for Transfer of shares in physical mode was received during 2019-20.

(ix) Distribution of shareholding

Slab	No. of Shareholders		No. of Equity Shares	
	Total	%	Total	%
1-100	6132	79.11	219365	2.55
101-500	1253	16.17	299919	3.49
501-1000	180	2.32	140348	1.63
1001-10000	155	2.00	499143	5.81
10001 - 100000	17	0.22	407079	4.73
100001 & above	14	0.18	7032564	81.79
Total	7751	100.00	8598418	100.00

(x) Categories of Shareholding

Shares held by	No. of shareholders	%	No. of shares	%
Promoters	6	0.08	3642537	42.36
FIs / UTI / Mutual Fund / Banks	5	0.06	7458	0.09
Corporates	81	1.05	946669	11.01
FPIs / FIIs / NRIs / OCBs	142	1.83	2419664	28.14
Resident Individuals	7517	96.98	1582090	18.40
Total	7751	100.00	8598418	100.00



(xi) Shareholder Satisfaction Survey

To assess the current level of service standards in all business dealings including investor services a questionnaire has been posted on the company’s website. Shareholders are requested to send their views by replying to the questionnaire. No response was received during the year while surveys undertaken in the past indicated good satisfaction level.

(xii) Dematerialization

The Equity Shares of the Company are traded in compulsory Demat mode. No transfer of shares held in physical mode is feasible from 01.04.2019. Its ISIN is INE838E01017.

No investor is required to pay any charge for opening of a Beneficiary Owner account (BO) excepting for statutory charges and the custody charges. Custody charges are annually paid by the Company as and when claim is received.

Shareholders are advised to convert their holdings from physical mode to demat mode considering overall merits of the depository system and **total prohibition on transfer of shares in physical mode from 01.04.2019.**

(xiii) PAN / Bank details

- (1) SEBI vide circular dt.27th April '07 has made PAN as the sole identification number for all participants transacting in the securities market irrespective of the amount of such transaction.
- (2) SEBI vide circular dt.27th January '10 has made it mandatory to furnish a copy of PAN for transmission and transposition of shares.

- (3) SEBI vide Circular dt.20.4.18 has advised listed companies through their RTA to seek PAN / Bank details of shareholders holding shares in Physical form. Necessary communication in this regard was sent to shareholders on 22.06.2018 by registered post followed by reminders in Oct'18 & Feb'19. Shareholders are advised to provide these details without delay.

(xiv) Plant

Location: Odapalli, Cauvery RSPO, Erode 638 007, Komarapalayam (Tk), Namakkal District, Tamil Nadu.
Phone: 04288-247351
Email: gen@ponnisugars.com

(xv) Investor Correspondence

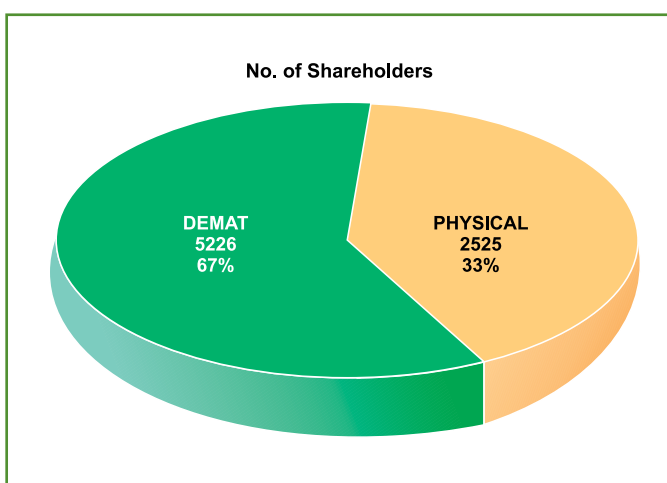
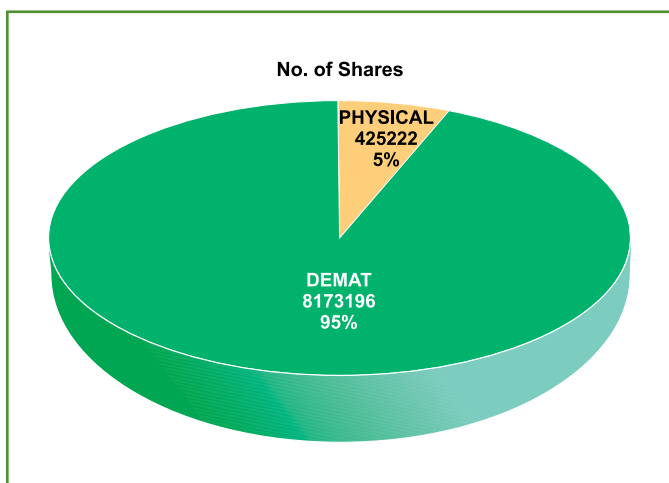
As regards transfers, change of address or status, dividend mandate and other share related queries, investors shall communicate with -

- (a) respective Depository Participants, in case of demat holding
- (b) the Registrar & Transfer Agent, in case of physical holding

All queries on Annual Report, dividend and other clarifications may be addressed to the registered office of the Company at:

ESVIN House, 13, Rajiv Gandhi Salai (OMR), Perungudi, Chennai 600 096.
Phone: 044 -24961920, 24960156
Email: admin@ponnisugars.com
Website: www.ponnisugars.com

Investors may also post the query on the website of the Company



(xvi) Exclusive email ID for investor benefit

Pursuant to SEBI's directive and Regulation 46 (2) (j) of Listing Regulations, the Company has created an exclusive Email ID *investor@ponnisugars.com* for redressal of investor grievances. Queries posted on Company website would also get routed to this Email ID for prompt response.

(xvii) Credit Ratings

The company has made no public issue of debt securities.

Details of Credit Ratings obtained for facilities availed from Bank.

Facility	Amount (₹ Cr)	Rating
Long Term Fund based bank facilities (Cash Credit & Term Loan)	49.06	CARE: BBB Outlook Negative
Short term bank facilities (Non-fund based)	11.50	CARE: A3+ Outlook Negative

(xviii) Shareholder Complaints

Except one complaint received during FY 2019-20, no other complaint was received by the company during the last five years.

(xix) Service Standards

As per the 'standard operating procedures' of the Company, the following are the Service Standards set out for various investor related transactions/ activities and the Company and its Registrars endeavour to achieve these Standards without compromising with the quality of the service to the investors:

Sl. No.	Particulars	Service Standards (Max. No. of working days)
1	Transmissions	15
2	Transposition / Deletion of Name	15
3	Folio Consolidation / Change of Name	15
4	Demat	15
5	Consolidation / Split / Remat of Share Certificates	15
6	Issue of Duplicate Certificates	15
7	Replacement of Certificates	15
8	Registration of Change of Address / ECS / Bank Details / Nomination	5
9	Registration of Power of Attorney	5
10	General Correspondence and Complaints	5

With requisite systems and procedures in place, the Company has successfully improved its service levels and has received no complaints from investors during the last five years.

In case the above service standards are not met or if an investor has any other observations/ comments/ complaints on service levels, he may communicate to us at:

Email :investor@ponnisugars.com
Tel.No.044-24961920, 24960156

(xx) Unclaimed shares

SEBI vide its circular no.CIR/CFD/10/2010 dt.16.12.2010 has advised Stock Exchanges a uniform procedure to deal with unclaimed shares viz. (i) transferring those shares to an Unclaimed Suspense Account (ii) dematerialize the same with one of the Depository Participants (iii) all corporate benefits to be credited to the suspense account (iv) freeze the voting rights on such shares.

Relevant disclosures under Part F of Schedule V to the Listing Regulations are as under:

Sl. No.	Particulars	No of Share holders	No of Shares
1	Aggregate number of shareholders and the outstanding shares lying in the Unclaimed Suspense Account at the beginning of the year.	473	27247
2	Number of shareholders who approached the issuer for transfer of shares from the Unclaimed Suspense Account during the year.	1	80
3	Number of shareholders to whom shares were transferred from the Unclaimed Suspense Account during the year.	1	80
4	Aggregate number of shareholders and the outstanding shares lying in the Unclaimed Suspense Account at the end of the year.	472	27167

The voting rights in respect of these shares shall remain frozen till the rightful owner of such shares claims the shares.



(xxi) Dividend for 2019-20

(a) Dividend entitlement

Dividend, if declared at the Annual General Meeting, will be paid by 25th August 2020 to the members whose names appear on the Register of Members on 19th August 2020 or as per their mandates. In respect of shares held in demat mode, dividend will be paid to the beneficial owners of shares recorded with the Depositories as on that date as per details to be furnished by NSDL / CDSL for the purpose.

(b) Electronic payment

Listed companies are mandated by SEBI to use RBI approved e-mode of payment like NACH or NEFT for making cash payments to investors. Members are therefore advised to update their Bank details with their Depositories (in case of demat holding) or with our RTA (for physical holding) including details of MICR and IFSC.

(c) Physical payment

In the absence of adequate Bank details facilitating electronic payment, listed companies are allowed to use physical payment instruments for making cash payment to investors. The company however shall mandatorily print the Bank details of investors or the address of the investor on such payment instruments. Dividend warrants for physical payment would be issued by the company, payable at par at the designated branches of the Bank printed on the reverse of Dividend Warrant. Initial validity would be 3 months and payment instruments thereafter would be payable only at limited centers. Members are hence advised to encash the warrants within the initial validity period.

In view of the continuing lock-down in most parts of the country, the company shall upon normalisation of postal services despatch the dividend warrant to the shareholders by post as provided in MCA circular no 20/2020 dt 5th May 2020.

(d) Tax on Dividend

Pursuant to the Finance Act, 2020, dividend income will be taxable in the hands of shareholders w.e.f. 1st April 2020 and the company is required to deduct tax at source (TDS) from dividend paid to the

shareholders at the prescribed rates. The company would be sending an email to shareholders of the TDS rates in force for different categories and based on documents furnished by shareholders that would also be placed on the website of the Company. Shareholders are however requested to refer to the Finance Act, 2020 and amendments thereto for full details.

No tax however will be deducted from dividend payable to a resident individual shareholder, if the total dividend to be received during FY 2020-21 does not exceed ₹ 5000/-.

Shareholders are requested to complete and/ or update their residential status, PAN and other details with their Depository Participants (DPs) in the case of demat holding and with the RTA for physical holding.

A resident individual shareholder with PAN who is not liable to pay income tax can submit declaration in Form 15G/ 15H to avail the benefit of non-deduction of tax. In case their PAN is not registered, TDS would be at a higher rate of 20%. Non- resident shareholders can avail beneficial rates under applicable Tax Treaty subject to furnishing Form-10F and providing necessary documents.

Form 15G/ 15H or Form 10F can be filed online with the RTA through their link <https://investors.cameoindia.com>. These can also be downloaded from the company website, duly completed, signed and scanned and emailed to the RTA at investor@cameoindia.com.

(xxii) Particulars of unclaimed dividend

Year	Dividend (₹ per share)	Date of warrant	Unclaimed		Due date for transfer to IEPF
			No. of warrants	₹ lakhs	
2012-13	1.50	07.08.2013	3378	2.97	29.08.2020
2013-14	0.60	31.07.2014	3870	1.35	27.08.2021
2015-16	1.20	01.08.2016	3372	2.63	30.08.2023
2016-17	2.50	08.08.2017	3497	5.78	06.09.2024
2017-18	1.00	31.07.2018	1946	1.96	29.08.2025
2018-19	2.00	31.07.2019	1969	2.55	27.08.2026

No dividend was declared for FY 2014-15.

MCA by Notification G.S.R.352(E) dated 10.05.2012 has stipulated publication of details of unclaimed/unpaid dividend in the company website and MCA website. This is understandably to facilitate investors track unclaimed dividend by checking the status online and real time. Our company has already uploaded the requisite details that will get updated every year within 90 days of Annual General Meeting.

(xxiii) Transfer of Unclaimed Dividend to IEPF

Pursuant to Section 124 of the Act, dividend remaining unpaid or unclaimed for a period of 7 years shall be transferred to the Investor Education and Protection Fund of the Central Government. Reminders for unpaid dividend are sent to the shareholders as per records every year.

The unpaid / unclaimed Dividend of ₹ 4.58 lakhs pertaining to 3090 investors for the Financial Year ended 31.03.2012 was transferred to IEPF on 13.09.2019.

(xxiv) Transfer of shares to IEPF

The Company in terms of Section 124(6) of the Act is required to transfer the underlying equity shares where dividend has not been paid or claimed by shareholders for seven consecutive years to the Investor Education and Protection Fund (IEPF) Suspense Account in accordance with the Investor Education and Protection Fund Authority (Accounting, Audit, Transfer and Refund) Rules, 2016.

Individual communication had been sent to the shareholders whose shares are liable to be transferred to IEPF Suspense account. Public Notice in respect of the same was published in Business Standard and Makkal Kural as required under the Rules.

Details of shares transferred to IEPF

For FY	No of holders	No of shares	Date of transfer to IEPF
2011-12	177	9227	27.09.2019

Details of above transfers are uploaded in our website www.ponnisugars.com.

(xxv) Transfer to IEPF becoming due

The unpaid / unclaimed amount for the Financial Year ended 31.03.2013 will be transferred during August 2020 along with the shares. Shareholders are therefore advised to contact the Company / RTA immediately in case of non-receipt or non-encashment of Dividend.

(xxvi) Claim from IEPF

Shareholders may however note that both the unclaimed dividend and the shares transferred to IEPF Authority / Suspense Account including all benefits accruing on such shares, if any, can be claimed back from IEPF Authority after following the due process prescribed by the Rules. Shareholders whose shares or dividends have been transferred may contact the Registrars and Transfer Agents or the Company at its registered office for necessary guidance in this regard.

(xxvii) Investor safeguards

Members are advised to follow the general safeguards as detailed hereunder to avoid risks while dealing in securities and help the Company serve them better.

- Demat your Shares
- Obtain periodic Demat statements from your DP and verify your holdings.
- Furnish Bank details to the DP/ RTA/ Company
- Encash your Dividends in time
- Update your Address
- Consolidate your Multiple Folios
- Register Nominations
- Treat Security details confidential. Do not disclose your Folio No./ DP ID/ Client ID to an unknown person.
- Do not handover signed blank delivery instruction slips to any unknown person.
- Deal in Securities only with SEBI Registered Intermediaries.



Ponni Sugars (Erode) Limited

- Despatch Documents containing certificates of securities and high value dividend/ interest warrants/ cheques/ demand drafts only by registered post/ courier or lodge with the Company's Share Department or the Registrar and Transfer Agents.

Our Company enjoys considerable goodwill of the residents in its neighborhood for its transparency in dealings and fair practices in place. It would be relentless in its pursuit and strengthen its focus for doing responsible business.

Company commitment

Our Company keeps constant track of prevalent practices among bellwether corporates towards formulating and finetuning its responses to the emerging areas on Corporate Governance and responsible business. It continues to take affirmative steps for substantive compliance commensurate with its size, nature of business and governing structure.

For PONNI SUGARS (ERODE) LIMITED

N Gopala Ratnam

Chairman

Erode

29th May 2020

N Ramanathan

Managing Director

Chennai

Appendix-1

DECLARATION

[Pursuant to Para D of Schedule V of the SEBI (Listing Obligations and Disclosure Requirements), Regulations, 2015]

I, N Ramanathan, Managing Director of Ponni Sugars (Erode) Limited, hereby declare and confirm that all the members of the Board of Directors and the senior management personnel of the Company have affirmed compliance with the code of conduct of Board of Directors and senior management for the financial year 2019-20

Chennai
29th May 2020

N Ramanathan

CERTIFICATE OF NON-DISQUALIFICATION OF DIRECTORS

[Pursuant to Regulation 34(3) and Schedule V Para C clause (10)(i) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015]

To,
The Members of
Ponni Sugars (Erode) Limited
Esvin House, No.13 Old Mahabalipuram Road,
Seevaram Village, Perungudi, Chennai-600 096.

I have examined the relevant registers, records, forms, returns and disclosures received from the Directors of Ponni Sugars (Erode) Limited having CIN:L15422TN1996PLC037200 and having registered office at Esvin House, No.13 Old Mahabalipuram Road, Seevaram Village, Perungudi, Chennai 600 096 (hereinafter referred to as 'the Company'), produced before me by the Company for the purpose of issuing this Certificate, in accordance with Regulation 34(3) read with Schedule V Para-C Sub clause 10(i) of the Securities Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

In my opinion and to the best of my information and according to the verifications (including Directors Identification Number (DIN) status at the portal www.mca.gov.in) as considered necessary and explanations furnished to me by the Company & its officers, I hereby certify that none of the Directors on the Board of the Company as stated below for the Financial Year ended on 31st March, 2020 have been debarred or disqualified from being appointed or continuing as Directors of companies by the Securities and Exchange Board of India, Ministry of Corporate Affairs, or any such other Statutory Authority.

Sl.No	Name of Director	DIN	Date of appointment
1	Mr.Gopalaratnam Natarajan	00001945	26.12.1996
2	Mr. Ramanathan Narayanan	00001033	01.04.2005
3	Mr. Lakkapuram Muthusamy Ramakrishnan	00001978	19.12.2001
4	Mr. Arun Gajanan Bijur	00024434	26.12.1996
5	Mr. Bimal Kumar Poddar	00031146	19.12.2001
6	Mr. Krishnamurthy Bharathan	00210433	28.12.2011
7	Ms. Chinny Krishna Nanditha	00906944	24.12.2010
8	Mr. Venkatesan Sridar	02241339	05.06.2009

Ensuring the eligibility for the appointment / continuity of every Director on the Board is the responsibility of the management of the Company. My responsibility is to express an opinion on these based on our verification. This certificate is neither an assurance as to the future viability of the Company nor of the efficiency or effectiveness with which the management has conducted the affairs of the Company.

Place: Chennai
Date : 22.05.2020

V Suresh
Practising Company Secretary
FCS No. 2969
C.PNo. 6032
UDIN: F002969B000271644



AUDITORS' CERTIFICATE ON CORPORATE GOVERNANCE

To the Members of Ponni Sugars (Erode) Limited

We have examined the compliance of conditions of Corporate Governance by Ponni Sugars (Erode) Ltd for the year ended 31st March 2020 as stipulated in Para E of Schedule V of the Listing Regulations of the said company with the Stock Exchange(s).

The compliance of conditions of Corporate Governance is the responsibility of the management. Our examination was limited to procedures and implementation thereof adopted by the Company for ensuring the compliance of the conditions of Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the company.

In our opinion and to the best of our information and according to the explanations given to us, and the representations made by the Directors and the management, we certify that the company has complied with the conditions of Corporate Governance as stipulated in the above-mentioned Listing Regulations.

As required by the Guidance note issued by the Institute of Chartered Accountants of India, we have to state that as per the records maintained and certified by the Company/ Registrars and Transfer Agent of the company, there was no investor grievances remaining unattended / pending for more than 30 days as at 31st March 2020.

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

For S Viswanathan LLP
FRN No. 004770S / S200025
Chartered Accountants

Chella K Srinivasan
Partner
Membership No.023305

Chennai
29th May 2020

Form No.MGT-9

EXTRACT OF ANNUAL RETURN
as on the financial year ended on 31st March 2020

Pursuant to Section 92(3) of the Companies Act, 2013 and Rule 12(1) of the Companies (Management and Administration) Rules, 2014.

I. REGISTRATION AND OTHER DETAILS:

i	CIN	L15422TN1996PLC037200
ii	Registration Date	26.12.1996
iii	Name of the Company	Ponni Sugars (Erode) Limited
iv	Category/Sub-Category of the Company	Public Limited Company - Limited by Shares
v	Address of the Registered office and contact details	"ESVIN HOUSE" 13, Rajiv Gandhi Salai (OMR), Perungudi, Chennai 600 096 Ph: 044 24961920, 24960156 Email: admin@ponnisugars.com Web: www.ponnisugars.com
vi	Whether listed company	Yes
vii	Name, Address and Contact details of Registrar and Transfer Agent, if any	Cameo Corporate Services Ltd 'Subramanian Building', 5th Floor, No 1 Club House Road, Chennai 600002 Ph: 044 28460390 Fax: 044 28460129 Email: investor@cameoindia.com Web: www.cameoindia.com

II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

All the business activities contributing 10% or more of the total turnover of the company shall be stated:

Sl. No.	Name and Description of main products/ services	NIC Code of the Product/ service	% to total turnover of the company
1	Sugar & by-products	10721	79
2	Power	35106	21

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES

Sl. No.	Name and address of the Company	CIN	Holding/ Subsidiary/ Associate	% of shares held	Applicable Section
1	Seshasayee Paper and Boards Limited Regd. Office : Pallipalayam, Cauvery RSPO, Erode - 638 007	L21012TZ1960PLC000364	The company is an associate of Seshasayee Paper and Boards Limited	27.45 %	Sec 2 (6)

IV. SHARE HOLDING PATTERN (Equity Share Capital Break-up as percentage of Total Equity)
(i) Category-wise Share Holding

Category of Shareholders	No. of shares held at the beginning of the year - 01.04.2019			No. of shares held at the end of the year - 31.03.2020			% change during the year
	Demat	Physical	Total	Demat	Physical	Total	
A. Promoters							
(1) Indian							
(a) Individual/HUF	2823	-	2823	2823	-	2823	0.03
(b) Central Govt	-	-	-	-	-	-	-
(c) State Govt(s)	-	-	-	-	-	-	-
(d) Bodies Corp.	3139248	-	3139248	3139248	-	3139248	36.51
(e) Banks / FI	-	-	-	-	-	-	-
(f) Any Other	-	-	-	-	-	-	-
Sub-Total (A)(1)	3142071	-	3142071	3142071	-	3142071	36.54
(2) Foreign							
(a) NRIs - Individuals	500466	-	500466	500466	-	500466	5.82
(b) Other - Individuals	-	-	-	-	-	-	-
(c) Bodies Corp.	-	-	-	-	-	-	-
(d) Banks / FI	-	-	-	-	-	-	-
(e) Any Other	-	-	-	-	-	-	-
Sub-Total (A)(2)	500466	-	500466	500466	-	500466	5.82
Total shareholding of Promoter (A) = (A)(1) + (A)(2)	3642537	-	3642537	3642537	-	3642537	42.36
B. Public Shareholding							
(1) Institutions							
(a) Mutual Funds / UTI	4020	-	4020	4020	-	4020	0.05
(b) Banks / FI	-	-	-	3438	-	3438	0.04
(c) Central Govt	-	-	-	-	-	-	-
(d) State Govt(s)	-	-	-	-	-	-	-
(e) Venture Capital Funds	-	-	-	-	-	-	-
(f) Insurance Companies	-	-	-	-	-	-	-
(g) FIs	300000	-	300000	300000	-	300000	3.49
(h) Foreign Venture Capital Investors	-	-	-	-	-	-	-
(i) Any Other							
Foreign Portfolio Investors	1820299	-	1820299	1820299	-	1820299	21.17
Sub- Total (B)(1)	2124319	-	2124319	2127757	-	2127757	24.71

Category of Shareholders	No. of shares held at the beginning of the year - 01.04.2019				No. of shares held at the end of the year - 31.03.2020				% change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
(2) Non - Institutions									
(a) Bodies Corporate - Indian	919312	3236	922548	10.73	943453	3216	946669	11.01	0.28
(b) Individuals									
i Individual shareholders holding nominal share capital up to ₹ 1 lakh	786373	174378	960751	11.17	794739	160779	955518	11.11	-0.06
ii Individual shareholders holding nominal share capital in excess of ₹ 1 lakh	465189	-	465189	5.41	451707	-	451707	5.25	-0.16
(c) Others (specify)									
Directors and Relatives	4025	100	4125	0.05	4025	100	4125	0.05	0.00
NRIs / OCBs	57173	262875	320048	3.72	382338	261127	299365	3.48	-0.24
HUF / Clearing Members	35475	-	35475	0.41	38187	-	38187	0.44	0.03
Unclaimed Shares	27247	-	27247	0.32	27167	-	27167	0.32	
IEPF	96179	-	96179	1.12	105386	-	105386	1.23	0.11
Sub- Total (B)(2)	2390973	440589	2831562	32.93	2402902	425222	2828124	32.89	-0.04
Total Public Shareholding (B) = (B)(1) + (B)(2)	4515292	440589	4955881	57.64	4530659	425222	4955881	57.64	0.00
Shares held by Custodian for GDRs and ADRs	-	-	-	-	-	-	-	-	-
GRAND TOTAL (A) + (B) + (C)	8157829	440589	8598418	100.00	8173196	425222	8598418	100.00	0.00

(ii) Shareholding of promoters

Sl. No.	Shareholder's Name	Shareholding (April 1, 2019)				Shareholding (March 31, 2020)				% change in shareholding during the year
		No. of shares	% of total shares of the company	% of shares pledged / encumbered to total shares	% of shares pledged / encumbered to total shares	No. of shares	% of total shares of the company	% of shares pledged / encumbered to total shares	% of shares pledged / encumbered to total shares	
1	Seshasayee Paper and Boards Ltd	2360260	27.45	-	27.45	2360260	27.45	-	-	-
2	Time Square Investments (P) Ltd	773804	9.00	-	9.00	773804	9.00	-	-	-
3	Bharti Chhotubhai Pithawalla	500466	5.82	-	5.82	500466	5.82	-	-	-
4	Esvi International (Engineers and Exporters) Ltd	4802	0.06	-	0.06	4802	0.06	-	-	-
5	High Energy Batteries (India) Ltd	382	0.00	-	0.00	382	-	-	-	-
6	N Gopala Ratnam	2823	0.03	-	0.03	2823	0.03	-	-	-
Total		3642537	42.36	-	42.36	3642537	42.36	-	-	-



(iii) Change in Promoters' Shareholding

Sl No	Name of the Shareholder	Shareholding (April 1, 2019)		Shareholding (March 31, 2020)	
		No of shares	% of total shares of the company	No of shares	% of total shares of the company
1	Promoters' total holding				
	At the beginning of the year 01-04-2019	3642537	42.36		
	At the end of the Year 31-03-2020			3642537	42.36

There is no change in the total shareholding of Promoters during the year 2019-20.

(iv) Shareholding Pattern of top ten shareholders (other than Directors, Promoters and Holders of GDRs and ADRs):

Sl No	Name of the Shareholder	No of shares	% of total shares of the company	No of shares -Cumulative	% of total shares of the company
1	Atyant Capital India Fund I				
	At the beginning of the year 01-Apr-2019	813525	9.46		
	At the end of the Year 31-Mar-2020			813525	9.46
2	Coromandel Sugars Limited				
	At the beginning of the year 01-Apr-2019	775632	9.02		
	At the end of the Year 31-Mar-2020			775632	9.02
3	Gothic Corporation				
	At the beginning of the year 01-Apr-2019	539450	6.27		
	At the end of the Year 31-Mar-2020			539450	6.27
4	Vanderbilt University A/C Vanderbilt University - Atyant Capital Management Limited				
	At the beginning of the year 01-Apr-2019	300000	3.49		
	At the end of the Year 31-Mar-2020			300000	3.49
5	The Duke Endowment				
	At the beginning of the year 01-Apr-2019	197599	2.30		
	At the end of the Year 31-Mar-2020			197599	2.30
6	Gothic HSP Corporation				
	At the beginning of the year 01-Apr-2019	159410	1.85		
	At the end of the Year 31-Mar-2020			159410	1.85
7	Ruchit Bharat Patel Jt1 : Hardik Bharat Patel				
	At the beginning of the year 01-Apr-2019	157931	1.84	157931	1.84
	Sale 15-Nov-2019	-3812	-0.04	154119	1.79
	Sale 20-Dec-2019	-142	0.00	153977	1.79
	At the end of the Year 31-Mar-2020	153977	1.79	153977	1.79



Ponni Sugars (Erode) Limited

Sl No	Name of the Shareholder	No of shares	% of total shares of the company	No of shares -Cumulative	% of total shares of the company
8	Primeasia Investment Pte Ltd				
	At the beginning of the year 01-Apr-2019	125000	1.45		
	At the end of the Year 31-Mar-2020			125000	1.45
9	Tonecliff Ltd				
	At the beginning of the year 01-Apr-2019	117740	1.37		
	At the end of the Year 31-Mar-2020			117740	1.37
10	Employees Retirement Plan of Duke University				
	At the beginning of the year 01-Apr-2019	110315	1.28		
	At the end of the Year 31-Mar-2020			110315	1.28

(v) Shareholding of Directors and Key Managerial Personnel

Sl. No.	Name	Shareholding (April 1, 2019)		Shareholding (March 31, 2020)	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
1	N Gopala Ratnam	2823	0.03	2823	0.03
2	N Ramanathan	3001	0.03	3001	0.03
3	Dr L M Ramakrishnan	536	0.01	536	0.01
4	Arun G Bijur	100	0	100	0
5	Kolandavelu Yokanathan	10	0	10	0

V. INDEBTEDNESS

Indebtedness of the Company including interest outstanding/accrued but not due for payment (₹ in Lakhs)

Particulars	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
Indebtedness at the beginning of the financial year				
i) Principal Amount	2487	1000	--	3487
ii) Interest due but not paid	--	--	--	--
iii) Interest accrued but not due	2	--	--	2
Total (i+ii+iii)	2489	1000	--	3489
Change in Indebtedness during the financial year				
- Addition	662	--	--	662
- Reduction	1130	1000	--	2130
Net Change	(468)	(1000)	--	(1468)
Indebtedness at the end of the financial year				
i) Principal Amount	2013	--	--	2013
ii) Interest due but not paid	--	--	--	--
iii) Interest accrued but not due	8	--	--	8
Total (i+ii+iii)	2021	--	--	2021

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

A. Remuneration to Managing Director, Whole-time Director(s) and/or Manager

(₹ in Lakhs)

Sl. No.	Particulars of Remuneration	Name of MD - N Ramanathan
1	Gross salary	
	a) Salary as per provisions contained in Section 17(1) of the Income-tax Act, 1961	80.64
	b) Value of perquisites u/s 17(2) of the Income-tax Act, 1961	0.23
	c) Profits in lieu of salary u/s 17(3) of the Income-tax Act, 1961	--
2	Stock Option	--
3	Sweat Equity	--
4	Commission	
	- as % of profit	
	- others, specify Incentive	48.00
5	Others, please specify – Retiral Benefits	12.89
	Total(A)	141.76
	Ceiling as per the Act (Excludes contribution to retirement benefits exempt under the Income Tax Act, 1961)	240.00



B. Remuneration to other directors:

(₹ in Lakhs)

Sl No	Particulars of Remuneration	Name of Directors				Total Amount
		Dr L M Ramakrishnan	Mr V Sridar	Dr Nanditha Krishna	Mr K Bharathian	
1	Independent Directors - Fee for attending board / committee meetings - Commission - Others, please specify	1.10 2.00 --	1.50 2.00 --	0.60 2.00 --	1.00 2.00 --	4.20 8.00 --
	Total (1)	3.10	3.50	2.60	3.00	12.20
		Mr N Gopala Ratnam	Mr Arun G Bijur	Mr Bimal K Poddar		
2	Other Non-Executive Directors - Fee for attending board / committee meetings - Commission - Others, please specify	1.10 2.00 --	0.90 2.00 --	0.80 2.00 --		2.80 6.00 --
	Total (2)	3.10	2.90	2.80		8.80
	Total B = (1 +2)					21.00
	Total Managerial Remuneration (A+B)					162.76
	Overall Ceiling as per the Act					*

* Minimum Remuneration for Managing Director
Only Sitting Fee and Commission for others

C. Remuneration to Key Managerial Personnel other than MD / Manager / WTD

(₹ in Lakhs)

Sl. No.	Particulars of Remuneration	Name of Key Managerial Personnel
		K Yokanathan-CFO
1	Gross salary	
	a) Salary as per provisions contained in Section17(1)of the Income-tax Act,1961	32.17
	b) Value of perquisites u/s17(2) of the Income-tax Act,1961	0.07
	c) Profits in lieu of salary u/s17(3) of the Income-tax Act,1961	--
2	Stock Option	--
3	Sweat Equity	--
4	Commission	
	- as % of profit	
	- others, specify...	--
5	Others, please specify – Retiral benefits	2.95
	Total	35.19

VII. PENALTIES / PUNISHMENT / COMPOUNDING OF OFFENCES:

There were no penalties, punishments, compounding of offences against the Company, its Directors or other Officers in Default for Non-compliance / violation by the Company of any provisions of the Companies Act, 2013 during the year.

Erode
29th May 2020

For Board of Directors

N Gopala Ratnam
Chairman



FORM NO. AOC-2

[Pursuant to Clause (h) of Sub-section (3) of Section 134 of the Act and Rule 8(2) of the Companies (Accounts) Rules, 2014]

Form for disclosure of particulars of contracts/ arrangements entered into by the company with related parties referred to in sub-section (1) of section 188 of the Companies Act, 2013 including certain arm's length transactions under third proviso thereto.

1. Details of contracts or arrangements or transactions not at arm's length basis. NIL
2. Details of material contracts or arrangement or transactions at arm's length basis.

(a) Name(s) of the related party and nature of relationship.

Seshasayee Paper and Boards Ltd (SPB).

The Company is an 'associate company' of SPB.

(b) Nature of contracts/ arrangements/ transactions.

Purchase or sale of goods and services.

This covers bagasse, water, fuel, sugar, other supplies & services and sharing of common expenses.

(c) Duration of the contracts/ arrangements/ transactions

All are ongoing contracts and open ended. They are terminable by mutual consent by either party.

(d) Salient terms of the contracts or arrangements or transactions including the value, if any

Salient terms

The company is committed to supply a fixed percentage of bagasse production to SPB as mutually agreed from time to time. This bagasse is priced based on cost equivalent of alternative fuel. Exchange ratio between bagasse and alternative fuel is determined based on relative gross calorific value.

Supply of other goods or services are priced based on market value or cost as appropriate

Value

For the actual volume of goods purchased and sold or services received and rendered, based on price methodology specified above.

Total value of transactions during FY 2019-20 is disclosed in Note 38 of the Financial Statements.

(e) Date(s) of approval by the Board, if any.

The comprehensive MoU incorporating all subsisting and ongoing contracts and arrangements between the company and Seshasayee Paper and Boards Ltd was approved by the Audit Committee and Board on 25.03.2015 and 29.05.2015 respectively. Approval of shareholders was obtained at the 19th AGM in 2015 through special resolution for same.

(f) Amount paid as advances, if any. NIL

For Board of Directors

N Gopala Ratnam
Chairman

Erode
29th May 2020

Conservation of Energy, Technology Absorption, Foreign Exchange Earnings and Outgo
[Section 134(3) (m) of the Companies Act, 2013 read with
Rule 8(3) of the Companies (Accounts) Rules, 2014]

A. Conservation of Energy

(i) Steps taken / impact on conservation of energy:

- Provision of VFD for clear syrup pump, condensate extraction pump, auxiliary cooling water pump & DM water pump.
- Installation of LED lights in boiling house and cane yard.

Proposals under consideration

- Installation of VFD for Air compressor & cane unloader motor.
- Replacement of boiling house motors with energy efficient motors.

Impact of the above measures

- Reduction in energy consumption: 2000 units per day.

(ii) Steps taken for utilizing alternate sources of energy:

The company primarily uses bagasse and other available bio-fuel to produce green power and supplies the surplus power to the State Grid.

(iii) Capital investment on energy conservation equipment:

No major investment is currently considered necessary.

B. Technology Absorption

(i) Efforts made towards technology absorption:

Modernisation of cane handling system - Cane handling system was modified such as deepening the cane carrier, installing new chopper and new leveller with increased number of knives.

(ii) Benefits derived like product improvement, cost reduction, product development:

Reduction of Pol in bagasse to the tune of 0.1% from the existing level.

(iii) Imported technology Nil

(iv) Expenditure incurred on Research and Development Nil

C. Foreign Exchange Earnings and Outgo

The Foreign Exchange earned in terms of actual inflows during the year and the Foreign Exchange outgo during the year in term of actual outflows:

	(₹ in lakhs)	
	2019-20	2018-19
Earnings	-	64
Outgo	3	1

For Board of Directors

N Gopala Ratnam
Chairman

Erode
29th May 2020



Annual Report on CSR Activities

[Pursuant to Section 135 of the Companies Act, 2013 and Rule 8 of the Companies (Corporate Social Responsibility Policy) Rules, 2014]

1. A brief outline of the company's CSR Policy, including overview of projects or programs proposed to be undertaken and a reference to the web-link to the CSR Policy and projects or programs.

The Board of Directors proactively adopted the CSR Policy in February 2015, though CSR mandate and spend u/s 135 of the Companies Act, 2013 became applicable to the company only from FY 2017-18.

The Policy is placed on the company's website www.ponnisugars.com

The company is engaged in sugar sector that is agro based. It is rurally located and has been a value creator for thousands of farmers as well as skilled/ semi-skilled labour in its neighbourhood. It is deeply committed to promoting rural development and contributing to inclusive growth. It broadly distributes more than three-fourth of its total revenue within its rural neighbourhood towards cane purchase, harvest and transportation, direct & indirect labour and outsourcing.

The company has been pursuing social objectives for long in the interest of rural welfare. It runs a primary school benefitting all the children in the neighbourhood. It promoted and continues to support the establishment of three Lift Irrigation Schemes to bring about 950 acres of dry lands under irrigation and crop cultivation, using the treated trade effluents of neighbouring paper mill, thus transforming a waste into wealth.

The CSR policy lays emphasis to work for the welfare and sustainable development of the community in and around the company's area of operation, besides need based response to the requirement in other parts of the country. The company would focus on program areas in the field of community development, water and sanitation, education, health rural infrastructure and technical training. Its ongoing CSR activities would get aligned to the CSR Policy.

The Company also rises up to the call of Central / State Government and contributes to the Relief Funds.

2. The composition of the CSR Committee.
 - Mr N Gopala Ratnam, Chairman
 - Mr N Ramanathan, Managing Director
 - Dr Nanditha Krishna, Independent Director
3. Average net profit of the company for the immediately preceding three financial years:

Year	Net profit u/s 198 (₹ lakhs)
2016-17	2166
2017-18	426
2018-19	1201
Avg net profit	1264

4. Prescribed CSR expenditure (two percent of the amount as in item 3 above). ₹ 25 lakhs
5. Details of CSR spent during the financial year:
 - (a) Total amount to be spent for the financial year: ₹ 25 lakhs
 - (b) Amount unspent, if any: Not applicable.
 - (c) Manner in which the amount spent during the financial year is detailed below:

Sl No	CSR Activity	Sector	₹ lakhs
1	Supporting irrigation infrastructure in rural area	Livelihood	30
2	Construction of rain water harvesting pit	Environment	6
3	Primary education for the children of rural area	Education	4
4	Improvement of soil fertility in rural area	Environment	2
Total			42

Note:

- (i) All the above programs have been undertaken in the Local area.
- (ii) All the above programs are being carried not in

project mode, but on continuing basis.

(iii) All the amounts as above have been spent directly and no implementing agency is involved.

6. In case the company has failed to spend the two per cent of the average net profit of the last three financial years or any part thereof, the company shall provide the reasons for not spending the amount in its Board Report.

Not Applicable

7. A responsibility statement of the CSR Committee that the implementation and monitoring of CSR Policy, is in compliance with CSR objectives and Policy of the company.

We hereby affirm that the CSR Policy, as approved by the Board, has been implemented and the CSR Committee monitors the implementation of CSR Projects and activities in compliance with our CSR objectives

Sd/-

N Gopala Ratnam

Chairman-CSR Committee

Erode

29-05-2020

Sd/-

N Ramanathan

Managing Director

Chennai



Disclosure under the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014

Statement of particulars of remuneration as per Rule 5(1)

Description			
The ratio of the remuneration of each director to the median remuneration of the employees of the company for the financial year	Managing Director(MD)	35:1	Note -1
The percentage increase in remuneration of each director, Chief Financial Officer, Chief Executive Officer, Company Secretary or Manager, if any, in the financial year	MD	0%	Note-1 & 2
	CFO	5%	
The percentage increase in the median remuneration of employees in the financial year		6%	
The number of permanent employees on the rolls of company		262	
Affirmation that the remuneration is as per the remuneration policy of the company	Yes. Remuneration is as per the remuneration policy of the company.		

Notes:

1. Non executive directors are paid sitting fee and commission as remuneration. Ratio of remuneration and percentage increase are provided only for executive director, since such data would not be meaningful in the case of non executive directors.
2. Remuneration is as per the remuneration policy of the company. MD remuneration is normally re-determined on reappointment once in 3 years, while the incentive part is determined annually.

For Board of Directors

Erode
29th May 2020

N Gopala Ratnam
Chairman

Form No. MR-3
SECRETARIAL AUDIT REPORT

For the Financial Year 2019-20

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

To,
The Members,

M/s. **PONNI SUGARS (ERODE) LIMITED**

I have conducted the Secretarial Audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by **PONNI SUGARS (ERODE) LIMITED (hereinafter called the Company)**. Secretarial Audit was conducted in a manner that provided to me a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing my opinion thereon.

Based on my verification of **PONNI SUGARS (ERODE) LIMITED** books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, the explanations and clarifications given to me and considering the relaxations granted by the Ministry of Corporate Affairs and Securities and Exchange Board of India warranted due to the spread of the COVID-19 pandemic, I hereby report that in my opinion, the Company has, during the audit period covering the financial year ended 31st March 2020, complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

I have examined the books, papers, minute books, forms and returns filed and other records maintained by **M/s. PONNI SUGARS (ERODE) LIMITED** ("the Company") for the financial year ended on 31st March 2020 according to the provisions of:

- | | |
|--|---|
| <ul style="list-style-type: none"> (i) The Companies Act, 2013 (the Act) and the rules made there under; (ii) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made there under; | <ul style="list-style-type: none"> (iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed there under; (iv) Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings– (Not applicable to the Company during the audit period) (v) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):- <ul style="list-style-type: none"> (a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011; (b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015; (c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018 and amendments from time to time; (Not applicable to the Company during the audit period) (d) The Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014; (Not applicable to the Company during the audit period) (e) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008; (Not applicable to the Company during the audit period). (f) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client; (Not applicable). |
|--|---|



Ponni Sugars (Erode) Limited

- (g) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009; (Not applicable to the Company during the audit period).
- (h) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 2018; (Not applicable to the Company during the audit period).
- (ii) Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

I further report that the Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors, Independent Directors and Women Director. There is no change in the composition of the Board of Directors during the period under review.

Other Laws specifically applicable to this Company is as follows:

- (vi) Essential Commodities Act, 1955, and orders issued thereunder
- (vii) Sugar Cess Act, 1982 (rescinded from 01.07.2017)
- (viii) Sugar Development Fund Act, 1982
- (ix) Sugar (Packing and Marking) Order, 1970
- (x) Food Safety and Standards Act, 2006
- (xi) The Tamil Nadu Molasses Control and Regulation Rules, 1958
- (xii) The Tamil Nadu Sugarcane (Regulation of Purchase Price) Act, 2018

Adequate notice is given to all directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent to at least seven days in advance and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.

Majority decision is carried through while the dissenting members views are captured and recorded as part of the minutes.

I have also examined compliance with the applicable clauses of the following:

- (i) Secretarial Standards issued by The Institute of Company Secretaries of India.

I further report that there are adequate systems and processes in the company commensurate with the size and operations of the company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

Place : Chennai
Date : 22.05.2020

V Suresh
Practising Company Secretary
FCS No. 2969
C P No. 6032
UDIN:F002969B000271611

INDEPENDENT AUDITOR'S REPORT

To :

The Members of
PONNI SUGARS (ERODE) LIMITED

Report on the audit of Standalone Ind AS Financial Statements

Opinion

We have audited the accompanying Standalone Ind AS Financial Statements of PONNI SUGARS (ERODE) LIMITED ("the Company"), which comprise the Balance Sheet as at March 31, 2020 and the Statement of Profit and Loss (including Other Comprehensive Income), Statement of Changes in Equity and the Statement of Cash Flows for the year ended on that date and Notes to the Financial Statements, including a summary of the Significant Accounting Policies and other explanatory information.

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 Companies Act, 2013 ("Act") in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards prescribed under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended, ("Ind AS") and other accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2020, the Profit (Including Other Comprehensive Income), the changes in Equity, and its cash flows for the year ended on that date.

Basis for Opinion

We conducted our audit in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the Act. Our responsibilities under those Standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India together with the ethical requirements that are relevant to our audit of the financial statements under the provisions of the Act and the Rules thereunder, and we have

fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of Matter - Impact of COVID-19:

- We draw attention to Note No: 40 of the financial statements, which describes the effects of COVID-19 pandemic in the Company's production operations and higher cost of compliances, which does not have any significant impact in the Company's overall performance during the current period.

It is not appropriate to estimate the duration and severity of these consequences, as well as their impact on the financial position and results of the company for future periods.

- Due to Covid-19 related lockdown, we were not able to physically observe the physical verification of inventory that was carried out by the management at the year end. Consequently, we have performed alternate procedures to audit the existence and condition of inventory as per the guidelines provided in SA 501 "Audit evidence -Specific consideration for stipulated items", which includes inspection of supporting documentation relating to purchases, production, sales and such other third party evidences where applicable and have obtained sufficient appropriate audit evidence to issue our unmodified opinion on the standalone financial statements.

Our opinion is not modified in respect of above matters.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the Financial Statements of the current period. These matters were addressed in the context of our audit of Financial Statements as a whole, and in forming our opinion thereon and we do not provide a separate opinion on these matters. We have determined the matters described below to be the key audit matters to be communicated in our report.



Key Audit Matters	Response to Key Audit Matters & Conclusion
<p>1. Sale of Bagasse to a Related Party</p> <p>During the year, the company has sold Bagasse to a related party for an aggregate value of ₹ 1373 lakhs, pursuant to a long-term agreement.</p> <p>The price of Bagasse is fixed for the year pursuant to the terms of the agreement, taking into account the price and the calorific value of fuel supplied by the related party and the calorific value of Bagasse determined by both the parties.</p>	<p>We understood and tested the design and operating effectiveness of controls as established by the management in determining the various parameters and the ultimate price determination. We have also tested the relevant records and found the price determination to be in accordance with the agreement. Based on the above procedures, in our opinion the management's determination of the price of Bagasse for the year is considered to be reasonable.</p>
<p>2. As on 31st March 2020 the inventory of sugar with carrying value ₹ 3445 lakhs is valued at lower of cost and net realizable value.</p> <p>We considered the value of Inventory of Sugar as key audit matter considering the relative size of it in the financial statements and significant judgments involved in the consideration of factors such as the cost determination, selling prices since obtained/ prevailing in determination of net realizable value.</p>	<p>We have verified and tested the design and operating effectiveness of controls with regard to the preparation of the cost sheet and the underlying judgments as well as the procedures and the basis for determination of net realizable value. Based on the above procedures performed, the management's determination of the cost and net realizable value of inventory of Sugar as the end of the year, is considered reasonable.</p>
<p>3. As on 31st March 2020 the amount receivable from TANGEDCO, a Tamil Nadu State Government entity is ₹ 6819 lakhs (Trade Receivable), to whom the surplus power generated by the Cogeneration Power Plant is sold pursuant to a Power Purchase agreement. Impairment Loss of ₹ 142 lakhs have been provided for the above dues in accordance with Ind AS.</p> <p>Being a significant account balance and the period of outstanding being long, it is considered as a Key audit matter.</p>	<p>We have verified the PPA and the records for the quantity of Power wheeled and the related invoices and the related internal controls established by the management. We have also verified that substantial amount of the dues has since been received. We have also tested the judgement made by the management based on the past settlements made by the customer to assess the credit risk and the consequent impairment assessment.</p> <p>Based on these audit procedures, the management's estimates of credit risk and impairment assessment is reasonable.</p>

Information Other Than the Financial Statements and Auditor's Report Thereon

The Company's Board of Directors is responsible for the other information. The other information comprises the Information included in the Annual Report, but does not include the standalone financial statements and our auditor's report thereon.

Our opinion on the standalone financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the standalone financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the standalone

financial statements or our knowledge obtained during the course of our audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that if there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

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 Act with respect to the preparation of these Standalone Financial Statements that give a true and fair view of the Financial Position, Financial Performance (including Other Comprehensive Income), Changes in Equity and Cash

Flows of the Company in accordance with Ind AS and other accounting principles generally accepted in India. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate implementation and maintenance of accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the Standalone Ind AS Financial Statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the Financial Statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

The Board of Directors is also responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these Financial Statements.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit.

We also:

- Identify and assess the risks of material misstatement of the Financial Statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal controls relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3) (i) of the Act, we are also responsible for expressing our opinion on whether the Company has adequate Internal Financial Controls system in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the standalone financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the Financial Statements, including the disclosures, and whether the Financial Statements represent the underlying transactions and events in a manner that achieves fair presentation.

Materiality is the magnitude of misstatements in the standalone financial statements that, individually or in aggregate, makes it probable that the economic decisions of a reasonably knowledgeable user of the Financial



Statements may be influenced. We consider quantitative materiality and qualitative factors in (i) planning the scope of our audit work and in evaluating the results of our work; and (ii) to evaluate the effect of any identified misstatements in the Financial Statements.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings including any significant deficiencies in Internal Control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

Report on Other Legal and Regulatory Requirements

- As required by Section 143(3) of the Act, we report, that:
- 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.
- 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
- The Balance Sheet, the Statement of Profit and Loss (including Other Comprehensive Income), the Statement of Changes in Equity and the Cash Flow Statement dealt with by this Report are in agreement with the books of account.
- In our opinion, the aforesaid standalone Ind AS financial statements comply with the Indian Accounting Standards prescribed under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
- On the basis of the written representations received from the Directors as on 31st March, 2020 taken on record by the Board of Directors, none of the Directors is disqualified as on 31st March 2020 from being appointed as a Director in terms of Section 164(2) of the Act.

- With respect to the adequacy of the Internal Financial Controls over financial reporting of the Company, and the operating effectiveness of such controls, refer to our separate Report in “Annexure A”.
- With respect to the other matters to be included in the Auditor’s Report in accordance with the requirements of section 197(16) of the Act, as amended:

In our opinion and to the best of our information and according to the explanations given to us, the remuneration paid by the Company to its directors during the year is in accordance with the provisions of section 197 of the Act.

- With respect to the other matters to be included in the Auditors’ 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:

- The Company has disclosed the impact of pending litigations on its financial position in its Ind AS financial statements.
- The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.
- There has been no delay in transferring amounts required to be transferred to the Investor Education and Protection Fund by the company.
- As required by the Companies (Auditors’ Report) Order, 2016 (“the Order”) issued by the Central Government in terms of Section 143(11) of the Act, we give in “Annexure B” a statement on the matters specified in paragraphs 3 and 4 of the Order

For M/S S. Viswanathan LLP
Regn No: 004770S/S200025
Chartered Accountants

Chella K Srinivasan
Partner

Place : Chennai
Date : May 29, 2020

Membership No. 023305

“Annexure A” to the Independent Auditor’s Report of even date on the Standalone Ind AS financial statements of Ponni Sugars (Erode) 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 PONNI SUGARS (ERODE) LIMITED (“the Company”) as of March 31, 2020 in conjunction with our audit of the Standalone Ind AS Financial Statements of the Company for the year ended on that date.

Management’s Responsibility for Internal Financial Controls

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.

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 ICAI. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate Internal Financial Controls over Financial Reporting was

established and maintained and if such controls operated effectively in all material respects.

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 Auditors’ 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:

- (i) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company;
- (ii) 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



- (iii) 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

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, 2020, 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 ICAI.

For M/S S. Viswanathan LLP
Regn No: 004770S/S200025
Chartered Accountants

Chella K Srinivasan

Place : Chennai
Date : May 29, 2020

Partner
Membership No. 023305

“Annexure B” to the Independent Auditor’s Report of even date on the Standalone Ind AS Financial Statements of Ponni Sugars (Erode) Limited.

The Annexure referred to in Paragraph 2 under the heading ‘Report on Other Legal and Regulatory Requirements’ of our Report of even date:

- (i) In respect of its fixed assets
- (a) The Company is maintaining proper records showing full particulars, including quantitative details and situation of fixed assets;
- (b) These fixed assets have been physically verified by the Management at reasonable intervals and no material discrepancies were noticed on such verification.
- (c) The title deeds of immovable properties are held in the name of the Company.
- (ii) The Management has conducted physical verification of inventory at reasonable intervals and no material discrepancies were noticed.
- (iii) The Company has not granted loans to any party covered in the register maintained under section 189 of the Companies Act, 2013.
- (iv) The Company has complied with the provisions of Sections 185 and 186 of the Companies Act, 2013, in respect of investments, provided by the Company. The Company has not provided any guarantee or security to any company covered under Section 185.
- (v) The Company has not accepted any deposits from the public.
- (vi) The Central Government has prescribed maintenance of Cost Records under Sub-section (1) of Section 148 of the Companies Act, 2013 and such accounts and records have been made and maintained.
- (vii) According to the information and explanations given to us in respect of Statutory dues:
- (a) The Company is 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, Goods and Service Tax and any other Statutory Dues to the appropriate authorities and there were no undisputed amounts payable which were in arrears as at 31st March 2020 for a period of more than six months from the date they became payable.
- (b) Details of dues of Income Tax or Sales Tax or Service Tax or Duty of Customs or Duty of Excise or Value Added Tax, Cess and Goods and Service Tax have not been deposited as on 31st March 2020 on account of disputes are given below:

Name of the Statute	Nature of Dues	Amount ₹ Lakhs	Forum where the dispute is pending	Period to which the dues belong
Central Excise Act, 1944	Excise Duty	470.37	CESTAT	Financial Years 2014-15 to 2017-18
Tamil Nadu Tax on Consumption or sale of Electricity Act, 2003	Electricity Consumption Tax	54.76	High Court	Financial Years 2008-09 to 2010-11
Income Tax Act, 1961	Income Tax	1327.68	CIT Appeals / High Court	Assessment Years 2001-02 to 2011-12

- (viii) The Company has not defaulted in repayment of loans or borrowing to a financial institution, bank, Government.
- (ix) The Company has not raised any moneys by way of initial public offer or further public offer (including debt instruments) during the year.
- (x) The Company has not noticed any fraud by the Company or any fraud on the Company by its Officers or employees or reported during the year.
- (xi) 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) The Company is not a Nidhi Company and hence complying with the provisions of the Nidhi Rules, 2014 does not arise.
- (xiii) All transactions with the related parties are in compliance with Sections 177 and 188 of the Companies Act, 2013, where applicable and the details have been disclosed in the Financial Statements, etc., 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.
- (xv) The Company has not entered into any non-cash transactions with Directors or persons connected with him.
- (xvi) The Company is not required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934.

For M/S S. Viswanathan LLP
Regn No: 004770S/S200025
Chartered Accountants

Chella K Srinivasan
Partner

Place : Chennai
Date : May 29, 2020

Membership No. 023305



BALANCE SHEET AS AT 31ST MARCH 2020

(₹ in Lakhs)

Particulars	Note No.	As at 31.03.2020	As at 31.03.2019
A ASSETS			
1 Non-Current Assets			
(a) Property, Plant and Equipment	2	10,929	11,413
(b) Capital Work-in-Progress		18	11
(c) Intangible Assets	2	3	4
(d) Financial Assets			
(i) Investments	3	9,481	16,852
(ii) Other Financial Assets	4	27	28
		9,508	16,880
(e) Other Non-Current Assets	5	8	41
Total Non-Current Assets		20,466	28,349
2 Current Assets			
(a) Inventories	6	3,773	6,402
(b) Financial Assets			
(i) Trade Receivables	7	6,945	3,806
(ii) Cash and Cash Equivalents	8	44	331
(iii) Other Bank balances	9	21	20
		7,010	4,157
(c) Other Current Assets	10	277	172
Total Current Assets		11,060	10,731
TOTAL ASSETS		31,526	39,080

(₹ in Lakhs)

Particulars	Note No.	As at 31.03.2020	As at 31.03.2019
B EQUITY AND LIABILITIES			
I Equity			
(a) Equity Share Capital	11	860	860
(b) Other Equity	12	23,886	28,408
Total Equity		24,746	29,268
II Liabilities			
1 Non-Current Liabilities			
(a) Financial Liabilities			
(i) Borrowings	13	356	-
(b) Deferred Tax Liabilities (Net)	14	260	313
(c) Provisions	15	559	576
Total Non-Current Liabilities		1,175	889
2 Current Liabilities			
(a) Financial Liabilities			
(i) Borrowings	16	1,357	3,487
(ii) Trade Payables	17		
- Micro and Small enterprises		36	13
- Others		2,734	3,615
(iii) Other Financial Liabilities	18	443	109
		4,570	7,224
(b) Other Current Liabilities	19	959	1,684
(c) Provisions	20	76	2
(d) Current Tax Liabilities (Net)		-	13
Total Current Liabilities		5,605	8,923
TOTAL EQUITY AND LIABILITIES		31,526	39,080

The accompanying notes 1 to 41 form an integral part of the financial statements

Per our Report of even date annexed

For M/S S. Viswanathan LLP
Regn No: 004770S/S200025
Chartered Accountants

Chella K Srinivasan
Partner
Membership No. 023305
Chennai
29th May 2020

For and on behalf of the Board

N Gopala Ratnam
Chairman

N Ramanathan
Secretary

Erode / Chennai
29th May 2020

N Ramanathan
Managing Director

K Yokanathan
Chief Financial Officer



STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31ST MARCH 2020

(₹ in Lakhs)

Particulars	Note No	Year ended 31.03.2020	Year ended 31.03.2019
I Revenue from Operations	21	31,049	18,484
II Other Income	22	404	312
III Total Income (I+II)		31,453	18,796
IV EXPENSES			
Cost of Materials Consumed	23	17,547	12,934
Changes in Inventories of finished goods and work-in-progress	24	2,553	(3,143)
Power and Fuel		3,662	4,101
Employee benefits expense	25	1,629	1,419
Other expenses	26	1,519	1,212
Total Expenses (IV)		26,910	16,523
V Profit before Finance Costs, Depreciation and Amortisation Expense and Taxes (III-IV)		4,543	2,273
Finance Costs	27	268	347
Depreciation and amortization expense	28	739	593
VI Profit before Exceptional items and Tax		3,536	1,333
VII Exceptional Items	29	(53)	133
VIII Profit Before Tax (VI-VII)		3,589	1,200
IX Tax Expenses	30		
Current Tax		533	198
Deferred Tax		(38)	159
X Profit for the year (VIII-IX)		3,094	843
XI Other Comprehensive Income			
i. Items that will not be reclassified to profit or loss			
a. Effect of measuring investments at fair value		(7,371)	1,237
b. Remeasurement of the defined benefit plans		(53)	6
ii. Income tax relating to items that will not be reclassified to profit or loss		15	(2)
Other Comprehensive Income		(7,409)	1,241
XII Total Comprehensive Income for the year (X+XI)		(4,315)	2,084
XIII Earnings per equity share (face value of ₹ 10 each)			
(1) Basic (₹)		35.98	9.80
(2) Diluted (₹)		35.98	9.80

The accompanying notes 1 to 41 form an integral part of the financial statements

Per our Report of even date annexed

For M/S S. Viswanathan LLP
Regn No: 004770S/S200025
Chartered Accountants

Chella K Srinivasan
Partner
Membership No. 023305
Chennai
29th May 2020

For and on behalf of the Board

N Gopala Ratnam
Chairman

N Ramanathan
Managing Director

N Ramanathan
Secretary

K Yokanathan
Chief Financial Officer

Erode / Chennai
29th May 2020

Statement of Changes in Equity for the year ended 31st March 2020

A) Equity Share Capital

(₹ In Lakhs)

	Balance at the beginning of the reporting year	Changes in equity share capital during the year	Balance at the end of the reporting year
31st March, 2019	860	-	860
31st March, 2020	860	-	860

B) Other Equity

	Reserves and Surplus (Note 12.1)				Items of Other Comprehensive Income	Total
	Capital Reserve	Securities Premium	General Reserve	Retained Earnings	Equity Instruments through Other Comprehensive Income	
(A) Balance as at 01.04.2018	554	160	9,500	2,678	13,535	26,427
Additions during the year:						
Profit for the year 2018-19				843		843
Items that will not be reclassified to profit or loss:						
a. Effect of measuring Investments at fair value					1,237	1,237
b. Remeasurement of the defined benefit plans				6		6
Income tax relating to items that will not be reclassified to profit or loss				(2)	-	(2)
(B) Total Comprehensive Income for the year 2018-19	-	-	-	847	1,237	2,084
(C) Reduction during the year						
Dividend				(86)		(86)
Income Tax on Dividend				(17)		(17)
Transfer to General reserve			500	(500)		-
Total	-	-	500	(603)	-	(103)
(D) Balance as at 31.03.2019 (A+B-C)	554	160	10,000	2,922	14,772	28,408
Additions during the year:						
Profit for the year 2019-20				3094		3094
Items that will not be reclassified to profit or loss:						
a. Effect of measuring Investments at fair value					(7,371)	(7,371)
b. Remeasurement of the defined benefit plans				(53)		(53)
Income tax relating to items that will not be reclassified to profit or loss				15		15
(E) Total Comprehensive Income for the Year 2019-20	-	-	-	3056	(7,371)	(4,315)
(F) Reduction during the year						
Dividend				(172)		(172)
Income Tax on dividend				(35)		(35)
Transfer to General reserve			1,000	(1,000)		-
Total	-	-	1,000	(1,207)	-	(207)
Balance as at 31st March 2020 (D+E-F)	554	160	11,000	4,771	7,401	23,886

Per our Report of even date annexed

For and on behalf of the Board

For M/S S. Viswanathan LLP
Regn No: 004770S/S200025
Chartered Accountants

Chella K Srinivasan
Partner
Membership No. 023305
Chennai
29th May 2020

N Gopala Ratnam
Chairman

N Ramanathan
Managing Director

N Ramanathan
Secretary

K Yokanathan
Chief Financial Officer

Erode / Chennai
29th May 2020



CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH 2020

(₹ In Lakhs)

	Year Ended 31.03.2020		Year Ended 31.03.2019	
A Cash flow from Operating Activities:				
Profit before tax		3,589		1,200
<i>Adjustments for:</i>				
Depreciation	739		593	
Interest	253		324	
Dividend	(354)		(265)	
Remeasurement of defined benefit plan	(53)		6	
(Profit) / Loss on sale of assets	4		-	
Assets discarded	9	598	1	659
Operating Profit before working capital changes		4,187		1,859
<i>Adjustments for:</i>				
Trade and Other Receivables	(3,211)		(1,967)	
Inventories	2,629		(3,271)	
Trade and other payables	(1,481)	(2,063)	1,274	(3,964)
Cash generated from operations		2,124		(2,105)
Direct Tax paid net of refund		(563)		(134)
Net cash from operating activities (A)		1,561		(2,239)
B. Cash flow from Investing Activities:				
Purchase / Acquisition of fixed assets		(279)		(64)
Value of discarded assets		(9)		(1)
Sale of Fixed Assets		14		1
Interest received		15		23
Dividend received		354		265
Net cash used in investing activities (B)		95		224
C. Cash flow from Financing Activities:				
Term Loan availed		906		-
Term Loan repaid		(250)		(574)
Working Capital Loan		(1,130)		2,336
Short Term Loan		(1,000)		1,000
Interest Paid		(262)		(345)
Dividend plus Tax paid		(207)		(103)
Net cash used in financing activities (C)		(1,943)		2,314
Net increase in cash and cash equivalents (A+B+C)		(287)		299
Cash and cash equivalents at the beginning		331		32
Cash and cash equivalents at the end		44		331

Per our Report of even date annexed

For M/S S. Viswanathan LLP
Regn No: 004770S/S200025
Chartered Accountants

Chella K Srinivasan
Partner
Membership No. 023305
Chennai
29th May 2020

For and on behalf of the Board

N Gopala Ratnam
Chairman

N Ramanathan
Managing Director

N Ramanathan
Secretary

K Yokanathan
Chief Financial Officer

Erode / Chennai
29th May 2020

Notes forming part of the Financial Statements

Company Overview

Ponni Sugars (Erode) Limited is a public limited company, incorporated under the Companies Act, 1956 and domiciled in India. It is an associate of Seshasayee Paper and Boards Limited. Its registered office is at 'Esvin House', No. 13, Old Mahabalipuram Road, Seevaram Village, Perungudi, Chennai – 600 096. It has a sugar factory at Erode having a capacity to crush 3500 tonnes of sugarcane per day and generate 19 MW of power. The Company's shares are listed on BSE Ltd and National Stock Exchange.

1. Significant Accounting Policies and key Accounting estimates and judgements

Significant Accounting Policies

1.1 Statement of compliance

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

1.2 Basis of Preparation and Compliance

The financial statements are prepared in accordance with the historical cost convention except for certain items that are measured at fair values at the end of each reporting period, as explained in the accounting policies set out below. The financial statements are prepared on a going concern basis using accrual concept except for the cash flow information.

Historical cost is generally based on fair value of the consideration given in exchange for goods and services.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Company takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these financial statements is determined on such a basis and measurements that have some similarities to fair value but are not fair value, such as net realizable value in Ind AS-2 inventories or value in use in Ind AS 36 – Impairment of Assets.

In addition, for financial reporting purposes, fair value measurements are categorized into Level 1, 2, or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, as described hereunder:

Level 1 - Quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date.

Level 2 - Other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and

Level 3 - Unobservable inputs for the asset or liability.

1.3 Current / Non-Current Classification

An asset or liability is classified as current if it satisfies any of the following conditions:

- (i) the asset / liability is expected to be realized / settled in the Company's normal operating cycle;
- (ii) the asset is intended for sale or consumption;
- (iii) the asset / liability is held primarily for the purpose of trading;



Notes forming part of the Financial Statements

- (iv) the asset / liability is expected to be realized / settled within twelve months after the reporting period;
- (v) the asset is cash or cash equivalent unless it is restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period;
- (vi) in the case of a liability, the Company does not have an unconditional right to defer settlement of the liability for at least twelve months after the reporting period.

All other assets and liabilities are classified as non-current.

For the purpose of current / non-current classification, the Company has reckoned its normal operating cycle as twelve months based on the nature of products and the time between the acquisition of assets or inventories for processing and their realization in cash and cash equivalents.

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

1.4 Recent Accounting Pronouncements

- a) Presently, the company has no leases and Ind AS 116 - Leases is not applicable
- b) The company complies with disclosures as required by IndAS 12 – Appendix C –uncertainty over tax treatments.

1.5 Property, Plant and Equipment (PPE)

- (i) Property, plant and equipment are tangible items that:
 - (a) are held for use in the production or supply of goods or services, for rental to others, or for administrative purposes; and
 - (b) are expected to be used during more than one period.
- (ii) The cost of an item of property, plant and equipment is recognised as an asset if, and only if:
 - (a) it is probable that future economic benefits associated with the item will flow to the entity; and
 - (b) the cost of the item can be measured reliably.
- (iii) For transition to Ind AS, the Company has elected to continue with the carrying value of all of its PPE recognised as of April 1, 2016 (transition date) measured as per the previous IGAAP as its deemed cost as on the transition date.
- (iv) An item of PPE that qualifies for recognition as an asset is measured on initial recognition at cost. Following initial recognition, PPEs are carried at its cost less accumulated depreciation and accumulated impairment losses.
- (v) The cost of an item of PPE comprises purchase price, taxes and duties net of input tax credit entitlement and other items directly attributable to the cost of bringing the asset to its working condition for its intended use. Trade discounts and rebates are deducted. Cost includes cost of replacing a part of a PPE if the recognition criteria are met. Expenses directly attributable to new manufacturing facility during its construction period are capitalized if the recognition criteria are met. Expenditure related to plans, designs and drawings of buildings or plant and machinery is capitalized under relevant heads of PPE if the recognition criteria are met.
- (vi) The Company identifies and determines the cost of each part of an item of PPE separately, if the part has a cost which is significant to the total cost of that item of PPE and has useful life that is materially different from that of the remaining item.
- (vii) Items such as spare parts, stand-by equipment and servicing equipment that meet the definition of PPE are capitalized at cost. Costs in the nature of repairs and maintenance are recognised in the Statement of Profit and Loss as and when incurred. All upgradation / enhancements are charged off as revenue expenditure unless they bring significant additional benefits. Borrowing Costs (net of interest earned on temporary investments of those borrowings) directly attributable to acquisition, construction or production of qualifying assets are capitalized as

Notes forming part of the Financial Statements

part of the cost of the assets till the asset is ready for its intended use.

(viii) Capital advances and capital work- in- progress

Advances given towards acquisition of fixed assets outstanding at each Balance Sheet date are disclosed as Other Non-Current Assets. Cost of assets not ready for intended use, as on the Balance Sheet date, is shown as capital work- in- progress. Such properties are classified to the appropriate categories of PPE when completed and ready for intended use. Depreciation on these assets commences when the assets are ready for their intended use which is generally on commissioning.

(ix) Depreciation is recognised so as to write off the cost of assets (other than freehold land and properties under construction) less their residual values over their useful lives, using the straight-line method. The estimated useful lives and residual values are reviewed at the end of each reporting period and changes, if any, are treated as changes in accounting estimate. The useful lives are based on technical estimates and the management believe that the useful lives are realistic and fair approximation over the period of which the assets are likely to be used.

(x) Estimated useful lives of the assets are as follows:

Asset	Years
Factory Buildings	30
Buildings (other than factory buildings)	60
Plant and Equipment (including continuous process plants)	25
Furniture and Fixtures	8 -10
Vehicles	8-10
Office Equipment	5
IT Hardware – Server	6
- Other than server	3
Energy saving devices	15*
Sugar Mill Rollers	3*

* Based on Technical Evaluation, the management has estimated the useful life as given above and hence the useful life of these assets are different and not longer than the useful life prescribed under Schedule II to the Companies Act, 2013

(xi) Assets costing ₹ 5,000/- and below are depreciated in full within the Financial Year.

1.6 Intangible assets

Intangible assets with finite useful lives that are acquired separately are carried at cost less accumulated amortization and accumulated impairment losses. Amortization is recognised on a straight-line basis over their estimated useful lives. The estimated useful life is reviewed annually with the effect of any changes in estimate being accounted for on a prospective basis.

Intangible assets are amortized equally over the estimated useful life not exceeding three years .

1.7 De-recognition of tangible and intangible assets

An item of tangible or intangible asset is de-recognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item is determined as the difference between the sale proceeds and if any and the carrying amount of the asset and is recognised in the Statement of Profit and Loss.



Notes forming part of the Financial Statements

1.8 Impairment of tangible and intangible assets

The Company annually reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss, if any. When it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs. When a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Recoverable amount is the higher of fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in the Statement of Profit and Loss.

When an impairment loss subsequently reverses, the carrying amount of the asset (or a cash-generating unit) is increased to the revised estimate of its recoverable amount, so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in the Statement of Profit and Loss.

1.9 Financial instruments

A financial instrument is a contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity. Financial assets and financial liabilities are recognised when the Company becomes a party to the contractual provisions of the relevant instrument and are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

1.10 Financial assets

Purchases or sales of financial assets are recognised and derecognised on a trade date basis. Purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

All recognised financial assets are subsequently measured in their entirety at either amortized cost or fair value, depending on the classification of the financial assets.

a. Classification of financial assets

Debt instruments that meet the following conditions are subsequently measured at amortized cost. The debt instruments carried at amortised cost include Deposits, Loans and advances recoverable in cash.

- the asset is held within a business model whose objective is to hold assets in order to collect contractual cash flows; and
- the contractual terms of the instrument give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

All other financial assets are subsequently measured at fair value.

Notes forming part of the Financial Statements

b. Effective interest method

The effective interest method is a method of calculating the amortized cost of a debt instrument and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the debt instrument, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

Income is recognised on an effective interest basis for debt instruments other than those financial assets classified as FVTPL. Interest income is recognised in the Statement of Profit and Loss.

c. Investments in equity instruments at FVTOCI

The Company has irrevocably designated to carry investment in equity instruments as Fair Value Through Other Comprehensive Income (FVTOCI). On initial recognition, the Company makes an irrevocable election (on an instrument-by-instrument basis) to present the subsequent changes in fair value in Other Comprehensive Income pertaining to investments in equity instruments. This election is not permitted if the equity investment is held for trading. These elected investments are initially measured at fair value plus transaction costs. Subsequently, they are measured at fair value with gains and losses arising from changes in fair value recognised in Other Comprehensive Income and accumulated in the 'Reserve for equity instruments through Other Comprehensive Income'. On derecognition of such Financial Assets, cumulative gain or loss previously reported in OCI is not reclassified from Equity to the Statement of Profit and Loss. However, the Company may transfer such cumulative gain or loss into retained earnings within equity.

The Company has equity investments which are not held for trading. The Company has elected the FVTOCI irrevocable option for these investments (Note 3). Fair value is determined in the manner described in Note 1.2.

Dividends on these investments in equity instruments are recognised in the Statement of Profit or Loss when the Company's right to receive same is established, it is probable that the economic benefits associated with the dividend will flow to the Company, the dividend does not represent a recovery of part of cost of the investment and the amount of dividend can be measured reliably.

d. Impairment of Financial Assets

In accordance with Ind AS 109, the Company uses "Expected Credit Loss" (ECL) model, for evaluating impairment of financial assets other than those measured at Fair Value Through Profit and Loss (FVTPL).

Expected credit losses are measured through a loss allowance at an amount equal to:

- The 12 months expected credit losses (expected credit losses that result from those default events on the financial instrument that are possible within 12 months after the reporting date); or
- Full lifetime expected credit losses (expected credit losses that result from all possible defaults events over the life of the financial instrument).

For trade receivable, Company applies 'simplified approach' which requires expected lifetime losses to be recognised from initial recognition of the receivables.

For other assets, the Company uses 12 months ECL to provide for impairment loss where there is no significant increase in credit risk. If there is significant increase in credit risk, full lifetime ECL is used.

e. De-recognition of Financial Assets

The Company derecognizes a financial asset when the contractual rights to the cash flows from the financial asset expire or it transfers the financial asset and the transfer qualifies for de-recognition under Ind AS 109.

Concomitantly, if the asset is one that is measured at:

- (a) Amortised cost, the gain or loss is recognised in the Statement of Profit and Loss.
- (b) Fair Value through Other Comprehensive Income, the cumulative fair value adjustments previously taken to reserves are reclassified to the Statement of Profit and Loss unless the asset represents an equity investment in which case the cumulative fair value adjustments previously taken to reserves is reclassified within equity.



Notes forming part of the Financial Statements

1.11 Financial liabilities and equity instruments

a. Classification as debt or equity

Debt and equity instruments issued by the Company are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

b. Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by a Company are recognised at the proceeds received, net of direct issue costs.

c. Financial liabilities

All financial liabilities are initially recognised at the value of respective contractual obligations. Financial liabilities that are not held-for-trading and are not designated as at FVTPL are measured at amortized cost at the end of subsequent accounting periods. The carrying amounts of financial liabilities that are subsequently measured at amortized cost are determined based on the effective interest method. Interest expense that is not capitalized as part of costs of an asset is included in the 'Finance costs' line item.

d. Derecognition of financial liabilities

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires.

1.12 Derivative financial instruments & Hedge Accounting

The Company enters into derivative financial instruments to manage its exposure to foreign exchange rate risks, including forward contracts, futures and options.

Derivatives are initially recognised at fair value at the date the derivative contracts are entered into and are subsequently remeasured to their fair value at the end of each reporting period. The resulting gain or loss is recognised in the Statement of Profit and Loss immediately unless the derivative is designated and effective as a hedging instrument, in which event the timing of the recognition in profit or loss depends on the nature of the hedging relationship and the nature of the hedged item.

The Company designates hedging instruments in respect of foreign currency risk as either fair value hedges or cash flow hedges.

At the inception of the hedge relationship, the Company documents the relationship between the hedging instrument and the hedged item, along with its risk management objectives and its strategy for undertaking various hedge transactions. Furthermore, at the inception of the hedge and on an ongoing basis, the Company documents whether hedging instrument is highly effective in offsetting changes in fair values or cash flows of the hedged item attributable to the hedged risk.

a. Cash Flow Hedges

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges are recorded in Other Comprehensive Income and are accumulated as 'cash flow hedge reserve'. The gain or loss relating to the ineffective portion is recognised immediately in the Statement of Profit and Loss.

The cumulative gain or loss previously recognised in Other Comprehensive Income remains there until the forecast transaction occurs. When the hedged item is a non-financial asset, the amount recognised in Other Comprehensive Income is transferred to the carrying amount of the asset when it is recognised. In other cases the amount recognised in Other Comprehensive Income is transferred to the Statement of Profit and Loss in the same period when the hedged item affects profit or loss.

Notes forming part of the Financial Statements

Hedge accounting is discontinued when the hedging instrument expires or is sold, terminated or exercised, or no longer qualifies for hedge accounting. Any gain or loss recognised in Other Comprehensive Income and accumulated in equity at that time remains in equity and is recognised when the forecast transaction is ultimately recognised in the Statement of Profit and Loss. If a hedged transaction is no longer expected to occur, the net cumulative gain or loss recognised in the Other Comprehensive Income is transferred to the Statement of Profit and Loss.

b. Fair Value Hedges

The Company designates derivative contracts as hedging instruments to mitigate the risk of change in fair value of hedged item in foreign exchange rates.

Changes in the fair value of hedging instruments and hedged items that are designated and qualify as fair value hedges are recorded in the Statement of Profit and Loss. If the hedging relationship no longer meets the criteria for hedge accounting, the adjustment to the carrying amount of a hedged item for which the effective interest method is used is amortized to Statement of Profit and Loss over the period of maturity.

Hedge accounting is discontinued when the hedging instrument expires or is sold, terminated, or exercised, or when it no longer qualifies for hedge accounting. The fair value adjustment to the carrying amount of the hedged item arising from the hedged risk is amortised to profit or loss from that date.

1.13 Inventories

Inventories other than by-products are stated at lower of cost and net realizable value. Inventory of by-products is stated at net realizable value. Materials and other items intended for use in production of inventories are not written down below cost if the finished goods in which they will be incorporated are expected to be sold at or above cost.

Cost comprises of all costs of purchase (that includes taxes and duties, net of input tax credit entitlement), costs of conversion and other costs incurred in bringing the inventories to their present location and condition.

Cost of raw materials, consumables, stores and spares is determined on weighted average basis and includes inward freight and other direct expenses.

Net realizable value is the estimated selling price less estimated costs for completion and sale.

Obsolete, slow moving and defective inventories are periodically identified and write-down is recognised where necessary.

1.14 Revenue Recognition

a. Sale of products

Revenue is recognized upon transfer of control of the products to customers at a point in time i.e. when the products are delivered to the carrier in an amount that reflects the consideration that the company expects to receive in exchange for those products.

b. Dividend

Dividend income from investments is recognized when the shareholder's right to receive payment has been established.

c. Interest Income

Interest income from a financial asset is recognized when it is probable that the economic benefits will flow to the company and the amount of income can be measured reliably. Interest income is accrued on a time basis, by reference to the principal outstanding and using effective interest rate method.

d. Insurance Claims

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



Notes forming part of the Financial Statements

e. Renewable Energy Certificates

Income from Renewable Energy Certificates is recognised on sale, having regard to the insignificant identifiable cost thereof.

1.15 Government grants

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

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

Grants that are receivable as compensation for expenses or losses incurred or for the purpose of giving immediate financial support to the Company with no future related costs are recognised in the Statement of Profit and Loss in the period in which they become receivable.

Grants related to income are presented in the Statement of Profit and Loss as 'other income' or deducted in reporting the related expense. Receivables of such grants are disclosed under "Other Financial Assets".

1.16 Employee Benefits

(a) Short term employee benefits

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

(b) Post employment benefits

(i) Defined Contribution Plans

Contribution to Defined Contribution Schemes towards retirement benefits in the form of Provident fund and Superannuation fund is recognised as expense in the Statement of Profit and Loss during the period in which the employee renders the related service.

(ii) Defined Benefit Plans

The Company operates Defined Benefit Gratuity Plan for employees. The cost of providing defined benefits is determined using the Projected Unit Credit Method with actuarial valuations being carried out at each reporting date. The defined benefit obligations recognised in the Balance Sheet represent the present value of the defined benefit obligations as reduced by the fair value of plan assets, if applicable. Any defined benefit asset (negative defined benefit obligations resulting from this calculation) is recognised representing the present value of available refunds and reductions in future contributions to the plan.

All expenses represented by current service cost, past service cost, if any, and net interest on the defined benefit liability/ (asset) are recognised in the Statement of Profit and Loss. Remeasurements of the net defined benefit liability / (asset) comprising actuarial gains and losses and the return on the plan assets (excluding amounts included in net interest on the net defined benefit liabilities / asset) are recognised in comprehensive income and taken to "retained earnings". Such re-measurements are not reclassified to the Statement of Profit and Loss in the subsequent periods.

The Company presents the above liability /(asset) as current and non-current in the Balance Sheet as per actuarial valuation by the independent actuary. However, the entire liability towards gratuity is considered as current as the Company will contribute this amount to the gratuity fund within the next twelve months.

Notes forming part of the Financial Statements

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

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

Investment Risk: The probability or likelihood of occurrence of losses relative to the expected return on any particular investment.

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

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

(c) Other Long-term Employee Benefits

Entitlement to earned leave and sick leave is recognised when it accrue to employees. Earned leave/ sick leave can be availed or encashed either during service or on retirement subject to a restriction on the maximum number of accumulation of leave. The Company determines the liability for such accumulated leave using the Projected Unit Credit Method with actuarial valuation being carried out at each Balance Sheet date.

1.17 Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, (which are assets that necessarily take a substantial period of time to get ready for their intended use) are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. Interest income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalization. All other borrowing costs are recognised in the Statement of Profit and Loss in the period in which they are incurred.

1.18 Foreign Currency Transactions

a. Initial Recognition

On initial recognition, transactions in foreign currencies are recorded in the functional currency (i.e. Indian Rupee), by applying to the foreign currency amount the spot exchange rate between the functional currency and the foreign currency at the date of the transaction.

b. Measurement of foreign currency items at reporting date

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

c. Recognition of exchange difference

Exchange differences arising on the settlement of monetary items or on translating monetary items at rates different from those at which they were translated on initial recognition during the period or in previous financial statements is recognised in profit or loss in the period in which they arise.

1.19 Provisions

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that the Company will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.



Notes forming part of the Financial Statements

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (when the effect of the time value of money is material).

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

1.20 Taxes on Income

Taxes on income comprise of current tax and deferred tax.

a. Current tax

Current tax is the amount of income taxes payable in respect of taxable profit for the period. Taxable profit differs from 'profit before tax' as reported in the Statement of Profit and Loss because of items of income or expense that are taxable or deductible in other years and items that are never taxable or deductible under the Income Tax Act, 1961.

Current tax is measured using tax rates and tax laws enacted during the reporting period together with any adjustment to taxes payable as respect of previous years.

b. Deferred tax

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit under Income Tax Act, 1961.

Deferred tax liabilities are recognised for all taxable temporary differences. However, in case of temporary differences that arise from initial recognition of assets or liabilities in a transaction that affect neither the accounting profit nor the taxable profit, deferred tax liabilities are not recognised.

Deferred tax assets are recognised for all deductible temporary differences to the extent it is probable that future taxable profits will be available against which those deductible temporary difference can be utilized. In case of temporary differences that arise from initial recognition of assets or liabilities in a transaction that affect neither the taxable profit nor the accounting profit, deferred tax assets are not recognised.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow the benefits of part or all of such deferred tax assets to be utilized.

Deferred tax assets and liabilities are measured at the tax rates that have been enacted by the Balance Sheet date and are expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled.

MAT Credit Entitlement is in the form of unused tax credit and is accordingly grouped under Deferred Tax Assets.

c. Current and deferred tax for the year

Current and deferred tax are recognised in the Statement of Profit and Loss, except when they relate to items that are recognised in Other Comprehensive Income or directly in equity, in which case, the current and deferred tax are also recognised in Other Comprehensive Income or directly in equity respectively.

1.21 Events after reporting period

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

Notes forming part of the Financial Statements

1.22 Financial and Management Information System

The Company's Accounting System is designed to unify the financial and cost records and also to comply with the relevant provisions of the Companies Act, 2013, and provide financial and cost information appropriate to the businesses and facilitate Internal Control.

1.23 Segment Reporting

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

Segment accounting policies are in line with the accounting policies of the Company. In addition, specific accounting policies followed for segment reporting are as under:

The Company has identified two business segments viz. Sugar and Cogeneration. Revenue and expenses have been identified to respective segments on the basis of operating activities of the enterprise. Revenue and expenses which relate to the enterprise as a whole and are not allocable to a segment on a reasonable basis have been disclosed as unallocable revenue and expenses.

Segment assets and liabilities represent assets and liabilities in respective segments. Other assets and liabilities that cannot be allocated to a segment on a reasonable basis have been disclosed as unallocable assets and liabilities.

Inter segment revenue / expenditure is recognised at fair value/market price.

Geographical segment – not applicable.

Inter Segment Transfer Pricing:

Bagasse and Power – At market price

Steam – At cost

1.24 Earnings per Share (EPS)

Basic EPS is calculated by dividing the profit / loss(after tax and before OCI)attributable to equity shareholders by the weighted average number of equity shares outstanding during the period. Diluted EPS is determined by adjusting the profit or loss attributable to equity shareholders and the weighted average number of equity shares outstanding for the effects of all dilutive potential equity shares.

1.25 Cash flow statement

Cash flows are reported using the indirect method, whereby profit / (loss) before tax is adjusted for the effects of transactions of non-cash nature and any deferrals or accruals of past or future cash receipts or payments. The cash flows from operating, investing and financing activities of the Company are based on classification made in a manner considered most appropriate to Company's business.

Key Accounting estimates and judgments

1.26 Use of Estimates

The preparation of financial statements in conformity with IndAS requires management to make judgments, estimates and assumptions that affect the application of the accounting policies and the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the year. Actual results could differ from those estimates.



Notes forming part of the Financial Statements

1.27 Changes in estimates

The estimates and underlying assumptions are reviewed on an ongoing basis. The effect of change in an accounting estimate is recognized prospectively by including it in profit or loss in (a) the period of the change if the change affects only that period; or (b) the period of the change and future periods, if the change affects both.

However, the change in an accounting estimate that gives rise to changes in assets and liabilities, or relates to an item of equity, is recognized by adjusting the carrying amount of the related asset, liability or equity item in the period of the change.

1.28 Key sources of estimation uncertainty

Key assumption concerning the future, and other key sources of estimation uncertainty at the end of the reporting period that may have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year is as given below.

a. Fair value measurement and valuation processes

Some of the Company's assets and liabilities are measured at fair value for financial reporting purposes. In estimating the fair value of an asset or a liability, the Company uses market-observable data to the extent it is available. Where Level 1 inputs are not available, the Company engages third party qualified valuers to perform the valuation. The management works closely with the qualified external valuers to establish the appropriate valuation techniques and inputs to the model.

b. Useful life of Property, Plant and Equipments

The Company reviews the estimated useful lives of Property, plant and equipment at the end of each reporting period. Any change on review of useful life/Residual value of PPE is a change in accounting estimate and accordingly dealt with prospectively in the financial statements as per Ind AS 8.

c. Actuarial valuation

The determination of Company's liability towards defined benefit obligation to employees is made through independent actuarial valuation including determination of amounts to be recognised in the Statement of Profit and Loss and in Other Comprehensive Income. Such valuation depend upon assumptions determined after taking into account inflation, seniority, promotion and other relevant factors such as supply and demand factors in the employment market. Information about such valuation is provided in the Notes to the financial statements.

d. Claims, Provisions and Contingent Liabilities

The Company has ongoing litigations with various tax and regulatory authorities and third parties. Where an outflow of funds is believed to be probable and a reliable estimate of the outcome of the dispute can be made based on management's assessment of specific circumstances of each dispute and relevant external advice, management provides for its best estimate of the liability. Such issues are by nature complex and can take number of years to resolve and can involve estimation uncertainty. Information about such litigations is provided in the Notes to the financial statements.

Notes forming part of the Financial Statements

2 . Property, Plant and Equipment and Intangible Assets as at 31st March 2020

(₹ in Lakhs)

Description	Gross Carrying Amount			Depreciation / Amortisation			Net Carrying Amount	
	As at 01.04.2019	Additions during the year	Deductions/ Adjustments	As at 31.03.2020	Additions during the year	Deductions/ Adjustments	As at 31.03.2020	As at 31.03.2019
(i) Property, Plant and Equipment								
Land	460	-	-	460	-	-	460	460
Buildings	1,916	84	-	2,000	80	-	1,679	1,675
Plant and Equipment	10,657	163	19	10,801	641	3	8,726	9,220
Furniture and Fixtures	15	3	-	18	1	-	11	9
Vehicles	37	10	5	42	6	3	27	25
Office Equipment	51	11	1	61	9	1	26	24
Total	13,136	271	25	13,382	737	7	10,929	11,413
(ii) Intangible Assets								
Computer Software	5	1	-	6	2	-	3	4

Property, Plant and Equipment and Intangible Assets as at 31st March 2019

Description	Gross Carrying Amount			Depreciation / Amortisation			Net Carrying Amount	
	As at 01.04.2018	Additions during the year	Deductions/ Adjustments	As at 31.03.2019	Additions during the year	Deductions/ Adjustments	As at 31.03.2019	As at 31.03.2018
(i) Property, Plant and Equipment								
Land	460	-	-	460	-	-	460	460
Buildings	1,914	2	-	1,916	80	-	1,675	1,753
Plant and Equipment	10,613	45	1	10,657	497	-	9,220	9,673
Furniture and Fixtures	15	-	-	15	3	-	9	12
Vehicles	37	-	-	37	5	-	25	30
Office Equipment	41	10	-	51	7	-	24	21
Total	13,080	57	1	13,136	592	-	11,413	11,949
(ii) Intangible Assets								
Computer Software	3	2	-	5	1	-	4	3

(i) All the above assets are owned by the company.

(ii) The Company has availed working capital borrowings from banks against security of aforesaid assets (Note 16).

(iii) Contractual commitments for the acquisition of Property, Plant and Equipment as at 31-03-2020 ₹ 4 lakhs (Previous year ₹ 2 lakhs)

(iv) Consequent to change in the estimate of useful life for certain assets, the depreciation for the year is higher by ₹139 lakhs as compared to the previous year.



Notes forming part of the Financial Statements

3. Investments - Non Current:

(₹ in Lakhs)

	No of Shares	Face Value (₹)	As at 31.03.2020	As at 31.03.2019
Investments in Equity Instruments - at Fair Value through Other Comprehensive Income				
a. Quoted :				
Seshasayee Paper and Boards Limited*	88,40,905	2	9,265	-
	17,68,181	10	-	16,609
High Energy Batteries (India) Limited	1,00,000	10	207	234
Total - Quoted			9,472	16,843
b. Unquoted :				
Time Square Investments Private Ltd	80,000	10	8	8
SPB Projects and Consultancy Ltd	5,000	10	1	1
Esvin Advanced Technologies Ltd	3,000	10	-	-
Total - Unquoted			9	9
Total			9,481	16,852
* Share split during the current year.				
Aggregate amount of quoted investments-At cost			2,070	2,070
Aggregate amount of quoted investments-At market value			9,472	16,843
Aggregate amount of unquoted investments-At cost			9	9
Refer Note 1.2 on determination of fair value				

4. Other Financial Assets - Non current:

	As at 31.03.2020	As at 31.03.2019
Unsecured - Considered good		
Security deposit	18	19
Others	9	9
Total	27	28

5. Other Non Current Assets:

Unsecured - Considered good		
Capital advances	1	8
Indirect taxes paid under protest	7	33
Total	8	41

6. Inventories:

Work-in-Progress	54	160
Finished Goods:		
Sugar	3,445	5,933
Molasses	127	86
Stores and Spares	147	223
Total	3,773	6,402

Refer Note No 1.13 for Valuation of Inventories

Notes forming part of the Financial Statements

7. Trade Receivables:

(₹ in Lakhs)

	As at 31.03.2020	As at 31.03.2019
Unsecured - Considered good	7,087	3,806
Less: Impairment	142	-
Total	6,945	3,806

8. Cash and Cash Equivalents:

Balances with banks		
Current accounts	41	80
Deposit account	-	250
Cash on hand	3	1
Total	44	331

9. Other Bank balances:

Unpaid dividend accounts	21	20
Total	21	20

10. Other Current Assets:

Advance for supplies	147	45
Advance for services	31	16
Input Tax Credit Receivable	15	14
Prepaid expenses	64	69
Others	20	28
Total	277	172

11. Equity Share Capital:

Authorised 1,50,00,000 Equity Shares of ₹ 10 each	1500	1500
Issued, Subscribed and Fully paid up: 85,98,418 Equity Shares of ₹ 10 each	860	860

a) Reconciliation of shares outstanding at the beginning and at the end of the year

No change during the period

b) Rights, preferences and restrictions attached to equity shares

The Equity shares of the company having par value of ₹ 10 per share rank pari passu in all respects including voting rights, dividend entitlement and repayment of capital.



Notes forming part of the Financial Statements

c) Details of shareholders holding more than 5% equity shares in the Company

Sl No	Name of the Shareholders	As at 31.03.2020		As at 31.03.2019	
		No. of Shares	% Holdings	No. of Shares	% Holdings
1	Seshasayee Paper and Boards Ltd	2360260	27.45	2360260	27.45
2	Atyant Capital India Fund I	813525	9.46	813525	9.46
3	Coromandel Sugars Ltd	775632	9.02	775632	9.02
4	Time Square Investments P Ltd	773804	9.00	773804	9.00
5	Gothic Corporation	539450	6.27	539450	6.27
6	Bharati Chhotubhai Pithawalla	500466	5.82	500466	5.82

d) Management of Capital:

The company pursues a policy of conservative capital structure that seeks to provide adequate capital to its business for growth and create sustainable stakeholder value. Low gearing levels empower the company to navigate cyclical stresses in business. The company funds its operations through internal accruals and lays emphasis on prepayment of debts during up-swing in business cycles.

The following table summarises the capital of the Company:

(₹ in Lakhs)

	As at 31.03.2020	As at 31.03.2019
Equity	24,746	29,268
Debt	2,013	3,487
Cash and Cash Equivalents	44	331
Net Debt	1,969	3,156
Total Capital (Equity + Net Debt)	26,715	32,424
Net Debt to Capital Ratio	0.07	0.10

e) Dividend:

	FY 2019-20	FY 2018-19
Dividend on Equity shares paid during the year		
Dividend for the year 2018-19 @ ₹2.00 per share (Previous Year ₹ 1.00 per share) of ₹10 each	172	86
Dividend distribution Tax on dividend	35	17
Total	207	103

Proposed Dividend

The Board of directors at their meeting held on 29th May 2020 have recommended payment of dividend of ₹ 4.00 (PY ₹ 2.00) per equity share of face value of ₹ 10 each for the Financial Year ended 31st March 2020.

This is subject to approval at the ensuing Annual General Meeting of the company and hence not recognized as a liability.

Notes forming part of the Financial Statements

12. Other Equity:

(₹ in Lakhs)

	As at 31.03.2020	As at 31.03.2019
Capital Reserve	554	554
Securities Premium	160	160
General Reserve	11,000	10,000
Retained Earnings	4,771	2,922
Other Comprehensive Income (OCI)	7,401	14,772
Total	23,886	28,408

Changes during the year in respect of each of the line item above are disclosed in the Statement of changes in Equity for the year ended 31st March 2020.

12.1 Description of nature and purpose of Reserve:

- (i) Capital Reserve represents gain of a capital nature and is not available for dividend declaration.
- (ii) Securities Premium records the premium component on issue of shares and can be utilised only in accordance with the provisions of Companies Act, 2013.
- (iii) General Reserve is created by transferring part of Retained Earnings from time to time. It is transfer from one component of equity to another and it is not an item of Other Comprehensive Income. It is a free reserve created to strengthen the net worth of the Company.

13. Borrowings - Non current :

	As at 31.03.2020	As at 31.03.2019
Secured		
Term Loan from Banks		
-Loan under GOI - Soft Loan Scheme 2019	356	-
Net	356	-

The Loan including current maturities thereof (Note 18) is secured by first charge on Inventories, book debts and immovables ranking pari passu with working capital loans. The Loan carries interest at 10.30%, is eligible for interest subvention upto 7% for one year and is repayable in 36 monthly instalments from June 2019.

14. Deferred Tax Liabilities (Net):

	As at 31.03.2020	As at 31.03.2019
Deferred Tax Liabilities	1,859	2,030
Less: Deferred Tax Assets	1,599	1,717
Net	260	313



Notes forming part of the Financial Statements

Major Components of Deferred Tax (Liabilities)/Assets arising on account of timing differences are as follows

(₹ in Lakhs)

	Balance Sheet 31.03.2020	Profit and Loss 2019-20	OCI 2019-20	Balance Sheet 01.04.2019
Deferred Tax Liability on account of				
Depreciation on Property, Plant and equipment	1,859	(171)	-	2,030
	1,859	(171)	-	2,030
Deferred Tax Assets on account of				
Unabsorbed depreciation	-	(641)	-	641
Expenses claimed for tax purpose on payment basis	198	52	-	146
Voluntary Retirement Scheme (VRS) expenditure (allowed under Income Tax Act, 1961 over 5 years)	7	(6)	-	13
Remeasurement benefit of the defined benefit plan through OCI	(7)	-	15	(22)
MAT Credit Entitlement	1,401	462	-	939
Sub total	1,599	(133)	15	1,717
Deferred Tax Liabilities (Net)	260	(38)	(15)	313

15. Non-Current Liabilities - Provisions:

	As at 31.03.2020	As at 31.03.2019
Provision for Income Tax (net of Advance Tax)(Note 33)	559	576
Total	559	576

16. Borrowings - Current:

	As at 31.03.2020	As at 31.03.2019
From Banks		
Secured		
Working Capital Loan - Cash Credit	697	1,922
- Buffer Stock	660	565
Unsecured		
Short Term Loan	-	1,000
Total	1,357	3,487

Working capital loan is Secured by first charge on Inventories, book debts and immovables ranking pari passu with Loan under GOI- Soft Loan Scheme 2019.

Notes forming part of the Financial Statements

17. Trade Payables:

(₹ in Lakhs)

	As at 31.03.2020	As at 31.03.2019
Micro and Small enterprises	36	13
Others		
- Goods	2,271	3,258
- Services	463	357
Total	2,770	3,628

- (i) The classification of the suppliers under Micro, Small and Medium Enterprises Development Act, 2006 is made on the basis of information made available to the Company.
- (ii) Additional disclosures:

	As at 31.03.2020	As at 31.03.2019
i) Principal amount and the interest due thereon remaining unpaid to any supplier as at the end of each accounting year (but within due date as per the MSMED Act, 2006)		
- Principal amount due to micro and small enterprise	36	13
- Interest due on above	Nil	Nil
ii) Interest paid by the Company in terms of section 16 of the MSMED Act, 2006 alongwith the amount of the payment made to the supplier beyond the appointed day during the period	Nil	Nil
iii) Interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the period) but without adding interest specified under the MSMED Act, 2006.	Nil	Nil
iv) The amount of Interest accrued and remaining unpaid as at the end of each year	Nil	Nil
v) Interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprise	Nil	Nil

18. Other Current Financial Liabilities:

	As at 31.03.2020	As at 31.03.2019
Current maturities of long term borrowings (Note 13)	300	-
Interest accrued but not due on borrowings	8	2
Payable for Capital Expenditure	21	8
Unpaid dividends (No amount is due and outstanding to be credited to Investor Education and Protection Fund)	21	20
Others	93	79
Total	443	109



Notes forming part of the Financial Statements

19. Other Current Liabilities:

(₹ in Lakhs)

	As at 31.03.2020	As at 31.03.2019
Revenue received in advance	468	1,134
Statutory liabilities	311	357
Others	180	193
Total	959	1,684

20. Current Provisions:

	As at 31.03.2020	As at 31.03.2019
Provision for Employee Benefits	76	2
Total	76	2

21. Revenue from Operations:

	31.03.2020	31.03.2019
Sale of Products	30,694	18,212
Other Operating Revenue	355	272
Total	31,049	18,484

Disclosure relating to Revenue from contracts with customers

	31.03.2020	31.03.2019
a. Type of goods		
Sugar	21,837	10,598
Bagasse	2,819	2,740
Molasses	2,610	1,325
Power	3,428	3,549
Total	30,694	18,212
b. Geographical region		
Domestic	30,694	18,147
Export	-	65
Total	30,694	18,212
c. Type of Customer		
Government / Government undertakings	4,939	4,464
Others	25,755	13,748
Total	30,694	18,212

22. Other Income:

	31.03.2020	31.03.2019
Interest on financial assets carried at amortized cost	8	1
Interest others	7	22
Dividend from quoted equity investments measured at fair value through OCI	354	265
Other non-operating income	35	24
Total	404	312

Notes forming part of the Financial Statements

23. Cost of Materials Consumed:

(₹ in Lakhs)

	31.03.2020	31.03.2019
Raw material -Sugarcane	17,201	12,661
Process Chemicals	131	106
Packing Materials	215	167
Total	17,547	12,934

24. Changes in Inventories of finished goods and Work-in-progress:

	31.03.2020		31.03.2019	
Opening stock - Finished goods	6,019		2,890	
- Work in progress	160	6,179	146	3,036
Closing stock - Finished goods	3,572		6,019	
- Work in progress	54	3,626	160	6,179
Changes in Inventories of finished goods and Work in progress		2,553		(3,143)

25. Employee Benefits Expense:

	31.03.2020	31.03.2019
Salaries and wages	1,347	1,154
Contribution to Provident & Other Funds (Note 35)	142	130
Staff Welfare Expenses	140	135
Total	1,629	1,419

26. Other Expenses:

	31.03.2020	31.03.2019
Consumption of stores and spare parts	22	20
Rent	14	14
Repairs and Maintenance		
-Buildings	134	70
-Plant & Machinery	627	578
-Others	9	7
Insurance	24	22
Rates and taxes	66	79
Auditors' remuneration (Note 26-A)	9	9
Watch & ward	63	65
Travel	58	57
Professional & Consultancy	54	66
Directors' commission and sitting fees	21	8
Freight & handling	149	99
Impairment Loss -Trade Receivables	142	-
Loss on sale of assets	6	-
Miscellaneous	121	118
Total	1,519	1,212



Notes forming part of the Financial Statements

26-A. Payment to Auditors:

(₹ in Lakhs)

	31.03.2020	31.03.2019
Statutory Audit Fees	7.00	7.00
Tax Audit Fees	0.50	0.50
Certification Fees and Other Services	1.15	0.50
Reimbursement of expenses	0.31	0.57
Total	8.96	8.57

27. Finance Costs:

	31.03.2020	31.03.2019
Interest on borrowings	234	301
Other borrowing costs	34	46
Total	268	347
Interest on borrowings is net of		
- Interest subvention	-	29
- Buffer stock subsidy	-	26

28. Depreciation and Amortisation Expense:

	31.03.2020	31.03.2019
Depreciation of Property, Plant and Equipment	737	592
Amortisation of Intangible assets	2	1
Total	739	593

29. Exceptional Items:

	31.03.2020	31.03.2019
Indirect tax demands contested	-	102
Write back under Indirect taxes settlement scheme	(53)	-
Electricity - Parallel Operation charges	-	31
Total	(53)	133

Notes forming part of the Financial Statements

30. Tax Expense:

(₹ in Lakhs)

	31.03.2020	31.03.2019
(A) Major components of Income Tax expense for the year :		
Tax expense recognised in the Statement of Profit and Loss		
(a) Current Tax :		
Current tax on the taxable income for the year - Minimum Alternate Tax	533	198
(b) Deferred Tax :		
Deferred Tax Liability on account of depreciation	53	(58)
Write back of Deferred Tax consequent to reduction in Tax Rates	(224)	-
Deferred Tax Asset on unabsorbed depreciation	641	458
Deferred Tax Asset on account of 43B and other temporary disallowances	(46)	(43)
MAT Credit Entitlement	(462)	(198)
Total	(38)	159
(c) Applicable tax rate - %	29.120	33.384
Total Tax Expense (a) + (b)	495	357

	31.03.2020	31.03.2019
(B) Reconciliation of Tax expenses and the accounting profit for the year:		
Enacted Income tax rate in India applicable to the Company	29.120%	33.384%
Profit Before Tax	3,589	1,200
Current Tax Expense at the applicable rate	1,045	401
Tax effect of the amounts which are not deductible /(taxable) in calculating taxable income		
Add/(Less):		
Tax on exempted income	(180)	(82)
Tax on difference in depreciation	117	80
Unabsorbed depreciation and deductions set off	(1,042)	(460)
Differences on account of 43B and other temporary disallowances	43	47
Differences on account of other permanent disallowances	17	14
Total	(1,045)	(401)
Current Tax for the Year under normal computation	-	-
(C) Taxes on items of OCI		
Items that will not be reclassified to profit or loss		
Income Tax on Remeasurement of the defined benefit plans	(15)	2
	(15)	2



Notes forming part of the Financial Statements

(D) Current Tax:

The company has not exercised the option for the lower rate of tax under section 115BAB of the Income Tax Act, 1961. The company has recognized Minimum Alternate Tax (MAT), there being no taxable income under the normal computation, in view of unabsorbed depreciation/ deduction under Section 80-IA available for set off.

(E) Deferred Tax:

Deferred Tax has been restated at the applicable rate of 29.12 % and consequently ₹ 224 lakhs has been written back. MAT credit of ₹462 lakhs is recognised and carried forward as deferred tax asset as there exists reasonable certainty to recover the same in future.

31. Contingent Liabilities and Commitments:

(₹ in Lakhs)

	As at 31.03.2020	As at 31.03.2019
a. Contingent Liabilities		
Claims against the company not acknowledged as debt		
- Indirect tax demands contested	7	52
- Electricity related demands contested	18	18
b. Commitments		
- Contracts for purchase of sugar cane	10,544	9,736

32(A). Category wise classification of Financial Instruments:

Particulars	Note	Non Current		Current	
		As at 31.03.2020	As at 31.03.2019	As at 31.03.2020	As at 31.03.2019
Financial Assets measured at Fair Value through Other Comprehensive Income (FVTOCI)					
Investments in quoted equity shares	3	9,472	16,843	0	0
Investments in Unquoted equity shares	3	9	9	0	0
Total		9,481	16,852	0	0
Financial Assets measured at amortised cost					
Security Deposit	4	18	19	0	0
Others	4	9	9	0	0
Trade Receivables	7	0	0	6,945	3,806
Cash and Cash Equivalents	8	0	0	44	331
Other Balances with Banks	9	0	0	21	20
Total		27	28	7,010	4,157
Financial Liabilities measured at amortised cost					
Loans repayable on demand - Term Loan	13	356	0	0	0
Loans repayable on demand - Cash Credit	16	0	0	697	1,922

Notes forming part of the Financial Statements

(₹ in Lakhs)

Particulars	Note	Non Current		Current	
		As at 31.03.2020	As at 31.03.2019	As at 31.03.2020	As at 31.03.2019
Loans repayable on demand - Buffer Stock	16	0	0	660	565
Loans repayable on demand - Short Term Loan	16	0	0	0	1,000
Current Maturities of Long term borrowings	18	0	0	300	0
Interest accrued but not due on borrowings	18	0	0	8	2
Payable towards capital expenditure	18	0	0	21	8
Payable towards Micro and Small enterprises	17	0	0	36	13
Payable towards Goods	17	0	0	2,271	3,258
Payable towards services	17	0	0	463	357
Unpaid/Unclaimed Dividend	18	0	0	21	20
Payable towards Other expenses	18	0	0	93	79
Total		356	0	4,570	7,224

1. The fair value of investment in quoted equity shares measured at quoted price on the reporting date.
2. In case of trade receivables, cash and cash equivalents, trade payables, short term borrowings and other financial assets and liabilities it is assessed that the fair values approximate their carrying amounts largely due to the short-term maturities of these instruments.
3. The fair values of the financial assets and financial liabilities included above have been determined in accordance with generally accepted pricing models based on a discounted cash flow analysis, with the most significant inputs being the discount rate that reflects the credit risk of counterparties.

32(B). Fair value Measurements

(i) Fair value measurement hierarchy of the Company's financial assets and liabilities:

(₹ in Lakhs)

Financial assets/financial liabilities	Fair value	Fair value hierarchy		
		Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)
Financial assets measured at Fair Value through Other Comprehensive Income (Note 3)				
As at 31.03.2020				
Investments in quoted equity shares	9,472	9,472	-	-
Investments in unquoted equity shares - Other Entities	9	-	-	9
As at 31.03.2019				
Investments in quoted equity shares	16,843	16,843	-	-
Investments in unquoted equity shares - Other Entities	9	-	-	9



Notes forming part of the Financial Statements

(ii) Financial Instrument measured at Amortised Cost :

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

32(C). Financial Risk Management – Objectives and Policies:

The Company's financial liabilities comprise mainly of borrowings, trade payables and other payables. The Company's financial assets comprise mainly of investments, cash and cash equivalents, other balances with banks, security deposits, trade receivables and other receivables.

The Company is exposed to Market risk, Credit risk and Liquidity risk. The Board of Directors ('Board') oversee the management of these financial risks in its regular meetings. Risk Management guidelines as discussed in the Audit Committee and approved by the Board, states the Company's approach to address uncertainties in its endeavour to achieve its stated and implicit objectives. It prescribes the roles and responsibilities of the Company's management, the structure for managing risks and the framework for risk management. The framework seeks to identify, assess and mitigate financial risks in order to minimize potential adverse effects on the Company's financial performance.

The following disclosures summarize the Company's exposure to financial risks and information regarding use of derivatives employed to manage exposures to such risks.

1. Market Risk

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

(i) Interest Rate Risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Since the Company has insignificant interest bearing borrowings, the exposure to risk of changes in market interest rates is minimal.

(ii) Foreign Currency Risk

The fluctuation in foreign currency exchange rates may have lower impact on the income statement and equity.

The Company, as per its forex policy, uses foreign exchange and other derivative instruments primarily to hedge foreign exchange and interest rate exposure.

The Company evaluates the impact of foreign exchange rate fluctuations by assessing its exposure to exchange rate risks. It hedges a part of these risks by using derivative financial instruments in accordance with its forex policy.

Foreign currency exposure at end of the reporting period - Nil

(iii) Equity Price Risk

Equity price Risk is related to the change in market reference price of the investments in equity securities.

All the investments are held for strategic purposes and not held for trading.

2. Credit Risk

Credit Risk is the risk of financial loss arising from counter party default on its contractual obligations resulting in financial loss to the company. Credit risk encompasses both the direct risk of default and the risk of deterioration of credit worthiness as well as concentration risks.

Notes forming part of the Financial Statements

Financial instruments that are subject to concentrations of credit risk principally consist of trade receivables, loans and advances and derivative financial instruments. None of the financial instruments of the Company result material concentrations of credit risks.

Exposure to Credit Risk – The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to Credit risk was ₹ 7,037 lakhs as at 31st March 2020, and ₹ 4,185 lakhs as at 31st March 2019 being the total of the carrying amount of balances with banks, short term deposits with banks, trade receivables and other financial assets excluding equity investments.

3. Liquidity Risk

Liquidity risk refers to the risk that the Company cannot meet its financial obligations. The objective of liquidity risk management is to maintain sufficient liquidity and ensure that funds are available for use as per requirements.

The company has obtained fund and non-fund based working capital loans from consortium banks. The Company invests its surplus funds in bank fixed deposit and liquid and liquid plus schemes of mutual funds, which carry no / low mark to market risks.

Contractual maturities of financial liabilities based on contractual undiscounted payments. (₹ in Lakhs)

Particulars	As at 31.03.2020			As at 31.03.2019		
	Less than one year	Over one year	Total	Less than one year	Over one year	Total
Borrowings(Note 13)	-	356	356	-	-	-
Borrowings(Note 16)	1,357	-	1,357	3,487	-	3,487
Trade and other payables (Note17)	2,770	-	2,770	3,628	-	3,628
Other financial liabilities (Note18)	443	-	443	109	-	109

33. The Company has filed Writ Petitions in the High Court of Madras in respect of the disallowance of depreciation claim on the transfer value of assets in terms of Scheme of Arrangement by treating the same as Demerger within the meaning of Income Tax Act, 1961 and obtained interim stay for consequent demand of ₹ 1,308 lakhs. The Company has been legally advised that probability of outflow of resources arising out of aforesaid legal issues would be remote. Accordingly, no provision or disclosure of contingent liability is required for same in terms of Appendix C to Ind AS 12 read with Ind AS 37.

34. As against CSR obligation of ₹ 25 lakhs for the year under Sec.135 (5) of the Companies Act, 2013, the Company has incurred ₹ 42 lakhs towards CSR activities as under:

(a) Construction/ acquisition of any asset: Nil

(b) On purposes other than (a) above:

(₹ in Lakhs)

Sl no	CSR Activity	31.03.2020	31.03.2019
1	Supporting irrigation infrastructure in rural area	30	25
2	Construction of Rain water harvesting pit	6	-
3	Primary education for the children of rural area	4	1
4	Improvement of soil fertility in rural area	2	-
5	Contribution to Bharat Ke Veer corpus fund	-	2
6	Strengthening rural infrastructure/ improving road connectivity	-	1
	Total	42	29



Notes forming part of the Financial Statements

35. Employee Benefits:

(i) Defined Contribution Plans

The Company makes Provident Fund and Superannuation Fund contributions which are defined contribution plans, for qualifying employees. Under the Schemes, the Company is required to contribute a specified percentage of eligible pay to fund the benefits. The Company has recognised ₹ 87 Lakhs (previous year ₹ 81 Lakhs) for Provident Fund contributions and ₹ 26 Lakhs (previous year ₹ 24 Lakhs) for Superannuation Fund contributions in the Statement of Profit and Loss. The contributions payable to these plans by the Company are at rates specified in the rules of the schemes.

(ii) Defined Benefit Plans

(a) Gratuity

In respect of Gratuity plan, the most recent actuarial valuation of the plan assets and the present value of the defined benefit obligation were carried out as of March 31, 2020. The present value of the defined benefit obligation and the related current service cost and past service cost, were measured using the projected unit cost method. The following table sets forth the status of the Gratuity Plan of the Company and the amount recognised in the Balance Sheet and Statement of Profit and Loss. The Company provides the gratuity benefit through annual contributions to the funds managed by the ICICI Prudential Life Insurance Company Ltd.

Disclosure for defined benefit plans based on actuarial valuation as on 31.03.2020

(₹ in Lakhs)

General description		Post employment benefit	
		Gratuity - Funded plan - Non contributory	
		31.03.2020	31.03.2019
(i)	Change in Defined Benefit Obligation		
	Present value - opening balance	556	592
	Current service cost	29	28
	Interest cost	39	41
	Re-measurement (gain) / loss:		
	- Effect of changes in financial assumptions	56	(3)
	- Effect of experience adjustments	(30)	(11)
	- Effect of changes in demographic assumptions	(6)	-
	Benefits paid	(76)	(91)
	Present value - closing balance	568	556
(ii)	Change in Fair Value of Plan Assets		
	Opening balance	563	618
	Interest income	40	44
	Return on plan assets	(33)	(8)
	Contributions by employer	-	-
	Benefits paid	(76)	(91)
	Closing balance	494	563

Notes forming part of the Financial Statements

(₹ in Lakhs)

		31.03.2020	31.03.2019
(iii)	Amount recognized in the Balance Sheet (as at year end)		
	Present value of obligations	568	556
	Fair value of plan assets	494	563
	Net (asset) / liability recognized	74	(7)
(iv)	Expenses recognized in the profit and loss statement		
	Current service cost	29	28
	Interest	-	(3)
	Total included in 'Employee benefits expense'	29	25
(v)	Expenses recognized in Other Comprehensive Income (OCI)		
	Re-measurement on the net defined benefit liability:		
	- Effect of changes in financial assumptions	56	(3)
	- Effect of experience adjustments	(30)	(11)
	- Effect of changes in demographic assumptions	(6)	-
	Return on plan assets	(33)	(8)
	Net cost in Other Comprehensive Income (OCI)	53	(6)
(vi)	Asset information	Insurance Policy (100%)	
(vii)	Principal actuarial assumptions		
	Mortality	Indian assured Lives Mortality (2012-14) Ultimate	
	Discount rate (%)	6.56	7.64
	Expected rate of salary increase (%)	9.00	8.00
	Expected rate of attrition (%)	8.50	7.50
	Expected average remaining working lives of employees (years)	8.00	8.00
(viii)	Expected contribution (₹ in Lakhs)	80.00	10.00

The Company pays contribution under the Group Gratuity Scheme to ICICI Prudential Life Insurance Company Ltd., that is invested by the insurer in the plan assets in Government Securities, Debt Funds, Equity shares, Mutual Funds and Money Market Instruments. The expected rate of return on plan assets based on expectation of the average long term rate of return expected on investments of the fund during the estimated term of the obligation. Significant actuarial assumptions for the determination of the defined benefit obligation are as discussed above.

The sensitivity analysis below have been determined based on reasonably possible changes of the assumptions occurring at the end of the reporting period, while holding all other assumptions constant. The results of sensitivity analysis are given below:



Notes forming part of the Financial Statements

(₹ in Lakhs)

Particulars	31.03.2020	31.03.2019
Discount Rate		
- 1% Increase	27	23
- 1% decrease	(29)	(25)
Salary Growth Rate		
- 1% Increase	(26)	(22)
- 1% decrease	24	21
Attrition Rate		
- 1% increase	(5)	0
- 1% decrease	6	0

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

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

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

(b) Long Term Compensated Absence

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

Assumptions	2019-20	2018-19
Discount rate	6.56%	7.64%
Attrition Rate	8.50%	7.50%
Expected rate of salary increase	9.00%	8.00%

36. Segment Reporting:

(₹ in Lakhs)

Particulars	Sugar		Cogeneration		Eliminations		Total	
	31.03.20	31.03.19	31.03.20	31.03.19	31.03.20	31.03.19	31.03.20	31.03.19
Revenue								
External Sales	24,447	11,923	6,247	6,289	-	-	30,694	18,212
Inter – Segment Sales	3,066	2,210	2,899	2,406	(5,965)	(4,616)	-	-
Other Operating income	74	113	281	159	-	-	355	272
Total Revenue	27,587	14,246	9,427	8,854	(5,965)	(4,616)	31,049	18,484
Segment Result								
Operating Profit before Exceptional items	1,987	30	1,811	1,749	-	-	3,798	1,779
Exceptional income	53	(102)	-	(31)	-	-	53	(133)

Notes forming part of the Financial Statements

(₹ in Lakhs)

Particulars	Sugar		Cogeneration		Eliminations		Total	
	31.03.20	31.03.19	31.03.20	31.03.19	31.03.20	31.03.19	31.03.20	31.03.19
Operating Profit	2,040	(72)	1,811	1,718	-	-	3,851	1,646
Finance Costs							268	347
Other unallocable expenditure net of unallocable income		-					(6)	99
Profit Before Tax		-					3,589	1,200
Tax Expenses							495	357
Profit After Tax							3,094	843
Other Information								
Segment Assets	7,852	10,429	14,128	11,448	-	-	21,980	21,877
Unallocated Corporate Assets							9,546	17,203
Total Assets							31,526	39,080
Segment Liabilities	3,778	5,072	141	329	-	-	3,919	5,401
Unallocated Corporate Liabilities							2,861	4,411
Total Liabilities							6,780	9,812
Capital Expenditure	220	58	52	1	-	-	272	59
Depreciation	364	219	375	374	-	-	739	593

Information required under 34 of Ind AS 108.

Three customers individually contribute to more than 10% of the revenue of Co-gen segment.

37. Earnings per Share:

	31.03.2020	31.03.2019
Profit after tax (₹ Lakhs)	3,094	843
Weighted average number of shares (in lakhs)	86	86
Nominal value per share (₹)	10	10
Basic and diluted earnings per share (₹)	35.98	9.80

38. Related Party Disclosures:

i) Names of the transacting Related Parties and description of Relationship :

1. Seshasayee Paper and Boards Ltd (SPB)
The Company is associate of SPB.
2. Esvi International (Engineers & Exporters) Ltd
100% subsidiary of SPB
3. Directors– KMP - refer (c) & (d)



Notes forming part of the Financial Statements

ii) Description of Transactions:

a) Seshasayee Paper and Boards Ltd

(₹ in Lakhs)

Particulars	31.03.2020	31.03.2019
Sale of goods	1,381	1,922
Purchase of goods	599	777
Services availed (Net)	3	6
Dividend received	354	265
Dividend paid	47	24
Amount outstanding – Receivable - Unsecured	219	352

The company has continuing commitment under the agreement with Seshasayee Paper and Boards Ltd for sale of bagasse and related matters as approved by special resolution of shareholders at the Annual General Meeting held on 24th July 2015.

b) Esvi International (Engineers & Exporters) Ltd

Particulars	31.03.2020	31.03.2019
Rent paid	7	7
Rent advance outstanding - Unsecured	3	3

c) Mr N Ramanathan – Managing Director

Remuneration

Particulars	31.03.2020	31.03.2019
i. Short term benefits	115	113
ii. Post employment benefits	13	13
iii. Other long term benefits	14	-
iv. Amount outstanding at the end of the year - payable - Unsecured	48	48

The transactions with related parties are as per the terms of arrangements between the parties in the normal course of business and to be settled through receipt/ payment or sale/ purchase of goods or services.

d) Non-executive Directors

Name	Position
Mr N Gopala Ratnam	Chairman & Non-Executive Director
Dr L M Ramakrishnan	Vice Chairman & Non-Executive Director
Mr Arun G Bijur	Non-Executive Director
Mr Bimal K Poddar	Non-Executive Director
Mr V Sridar	Non-Executive Director
Dr Nanditha Krishna	Non-Executive Director
Mr K Bharathan	Non-Executive Director

Notes forming part of the Financial Statements

	(₹ in lakhs)	
	31.03.2020	31.03.2019
Sitting fees	7	8
Commission	14	-

39. Approval of Financial Statements

The financial statements have been approved for issue by the Board of Directors on 29th May 2020.

40. Covid-19 Impact

The Covid-19 threat led to imposition of lockdown resulting in temporary closure of production operations from 25th March 2020. On restart from 22nd April 2020, the company was adversely impacted by lower sugar recovery (that is not readily quantifiable) and higher compliance cost to meet the Standard Operating Procedures under extant Government directives.

While sugar prices face bearish pressures, the company does not foresee any large scale contraction in demand for its products or disruption to its business. As per current assessment, there is no significant impact on the carrying amounts of property, plant and equipment, investment, inventories, receivables and other financial assets. The actual impact of Covid-19 may however differ from the estimate as at the date of approval of these financial results.

41. Figures for the previous year have been regrouped, wherever necessary.

Per our Report of even date annexed

For M/S S. Viswanathan LLP
Regn No: 004770S/S200025
 Chartered Accountants

Chella K Srinivasan
 Partner
 Membership No. 023305
 Chennai
 29th May 2020

For and on behalf of the Board

N Gopala Ratnam
 Chairman

N Ramanathan
 Managing Director

N Ramanathan
 Secretary

K Yokanathan
 Chief Financial Officer

Erode / Chennai
 29th May 2020

Vision

To excel as a trusted, socially responsible and customer driven organization providing maximum value to all stakeholders

Mission

To manufacture quality products at competitive cost through technology and team work

Values

- *Ethical practices*
- *Customer Focus*
- *Commitment to Society, Safety and Environment*
- *Professional and Transparent Management*
- *Empowerment and Accountability*
- *Adaptability to “Change”*
- *Innovation and Creativity*
- *Emphasis on human resources development, cost reduction, productivity enhancement and resource conservation*



PONNI SUGARS (ERODE) LIMITED

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