



**Ponni Sugars (Erode) Limited**

**23<sup>rd</sup>**  
**Annual Report**  
**2018-19**





### 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  
 N R Krishnan (*till close of 31.03.2019*)

### Audit Committee

V Sridar (*Chairman*)  
 Bimal K Poddar  
 Dr L M Ramakrishnan  
 K Bharathan  
 N R Krishnan (*till close of 31.03.2019*)

### Nomination and Remuneration Committee

V Sridar (*Chairman*)  
 N Gopala Ratnam  
 Dr L M Ramakrishnan  
 N R Krishnan (*till close of 31.03.2019*)

### Stakeholders Relationship Committee

N Gopala Ratnam (*Chairman*)  
 Arun G Bijur  
 N Ramanathan  
 V Sridar (*from 01.04.2019*)

### CSR Committee

N Gopala Ratnam (*Chairman*)  
 N Ramanathan  
 N R Krishnan (*till close of 31.03.2019*)  
 Dr Nanditha Krishna (*from 01.04.2019*)

### Chief Financial Officer

K Yokanathan

### Banks

Canara Bank  
 IDBI Bank Limited  
 HDFC Bank Limited  
 Bank of India

### 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  
 Ph: (044) 39279300  
 Email: admin@ponnisugars.com  
 Web: www.ponnisugars.com

### Email ID for Investor Grievance

investor@ponnisugars.com

### Works

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

### Registrar & Transfer Agent

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

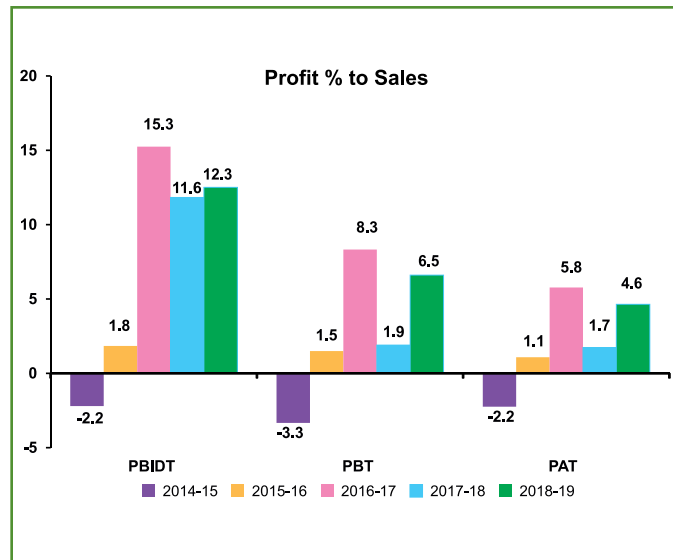
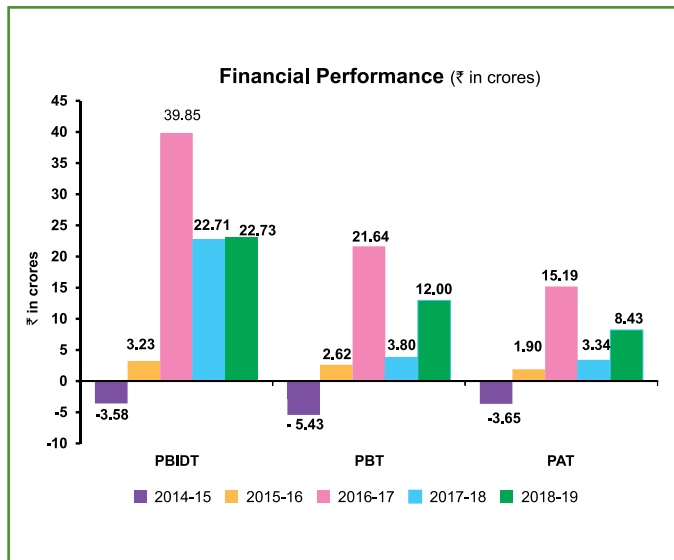
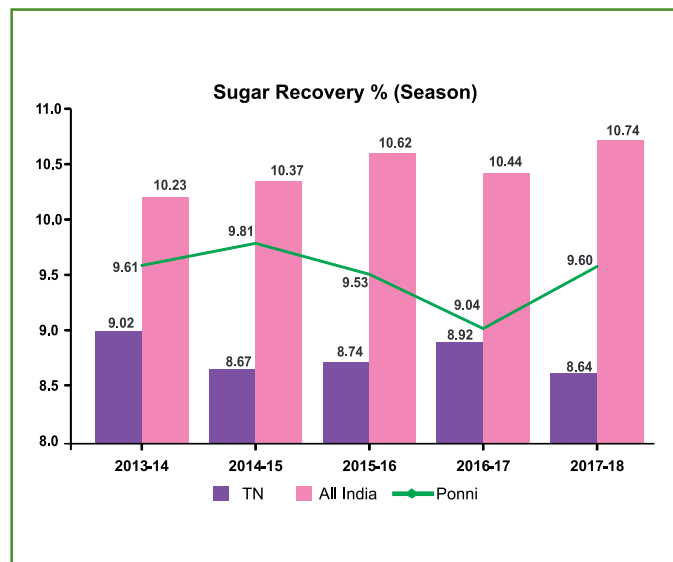
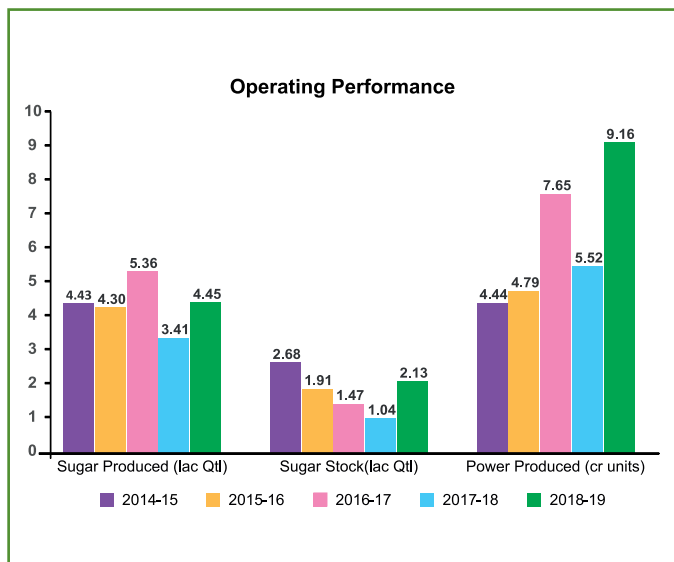
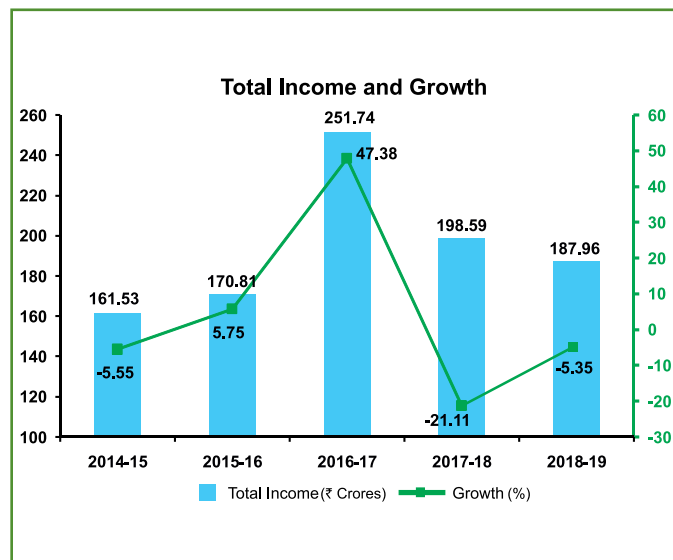
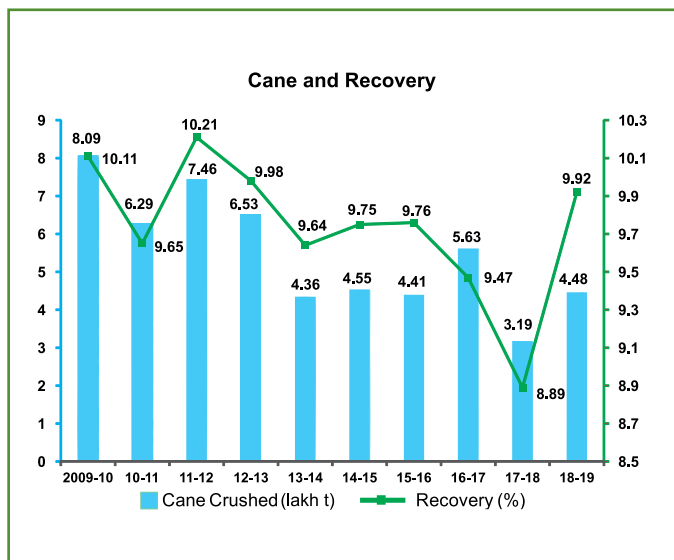
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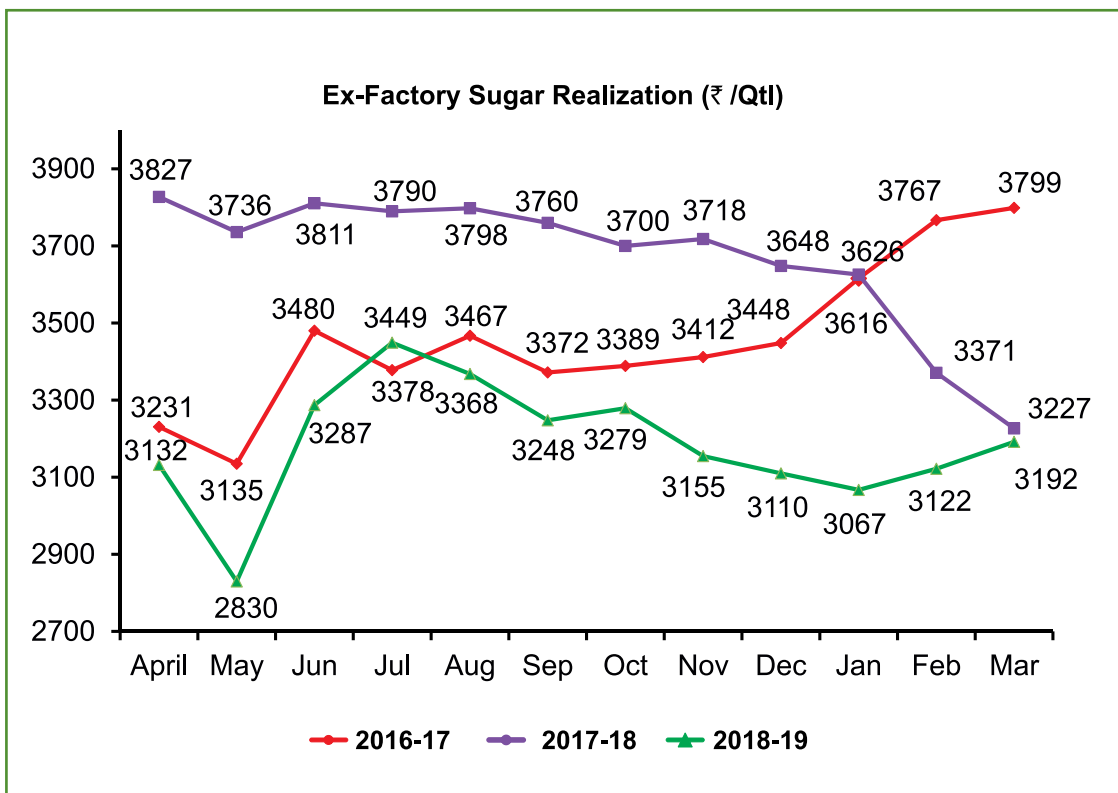
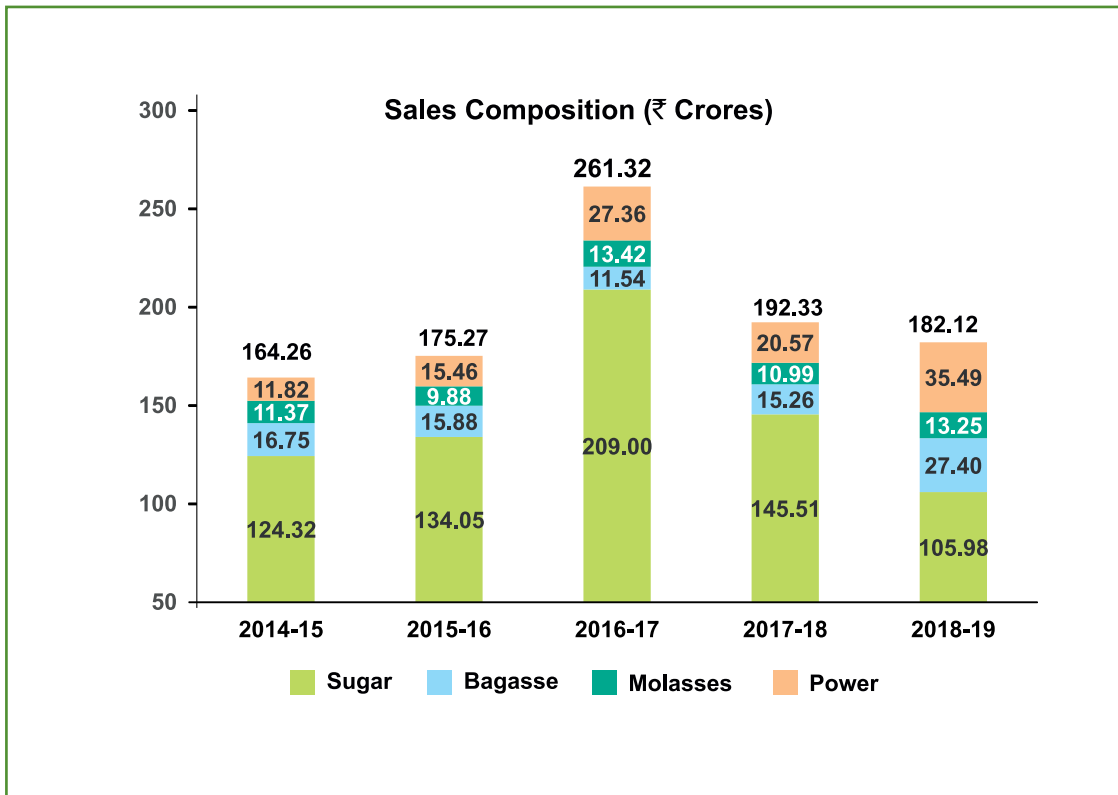
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## Performance Chart

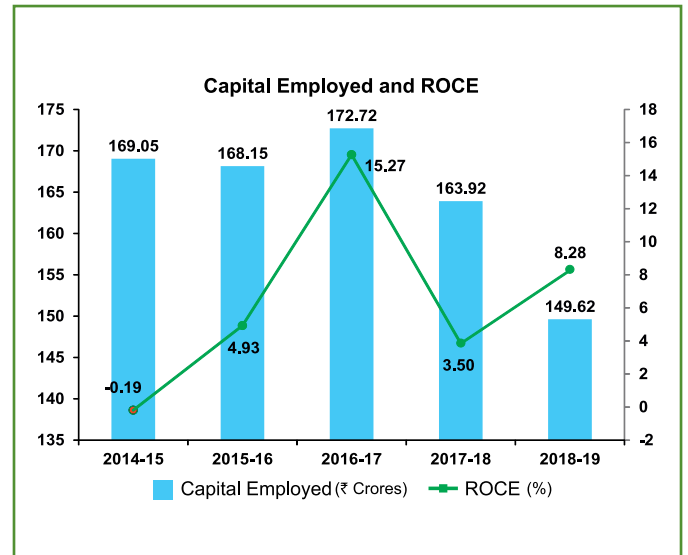
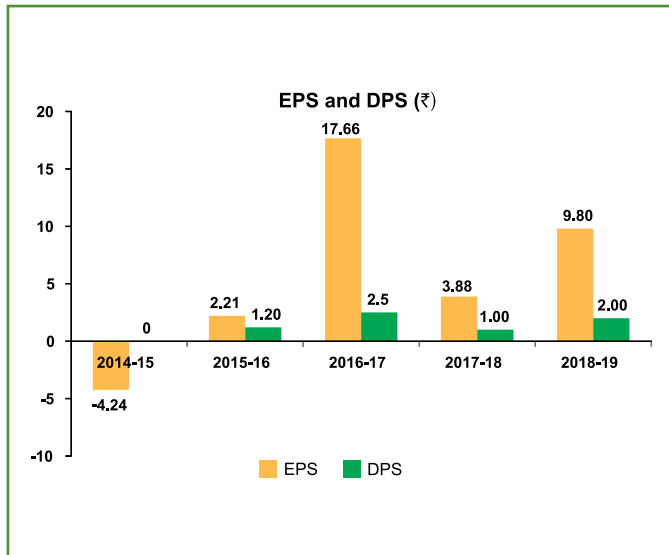
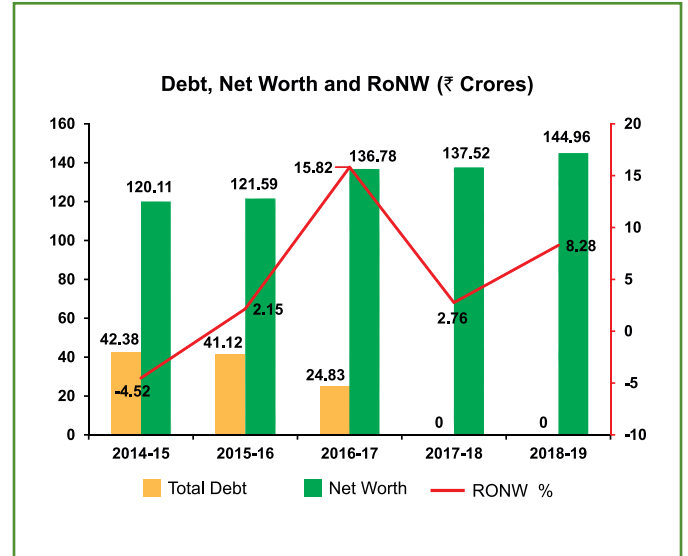
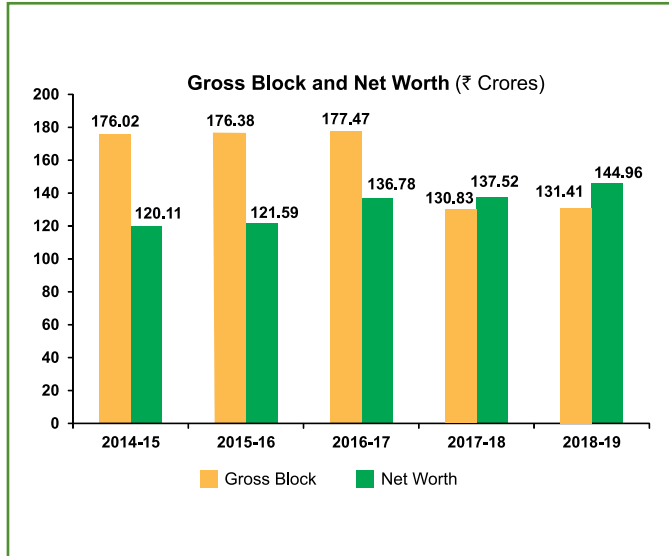








# Ponni Sugars (Erode) Limited



## Financial Highlights – Ten Years at a Glance

₹ in Lakhs

For the year	2009-10	2010-11	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17	2017-18	2018-19
Total Income	28591	27356	27002	21489	17103	16153	17081	25174	19859	18796
Total Expenditure	21154	25546	23730	18561	16429	16511	16758	21189	17588	16523
PBIDT	7437	1810	3272	2928	674	-358	323	3985	2271	2273
Interest	179	148	119	358	671	512	587	475	197	347
Depreciation	306	309	329	1161	825	566	564	570	568	593
Profit before exceptional items	6952	1353	2824	1409	-822	-1436	-828	2940	1506	1333
Exceptional Items	1411	-1411	212	193	-541	-893	-1090	776	1126	133
PBT	5541	2764	2612	1216	-281	-543	262	2164	380	1200
Tax	1856	903	833	-695	197	-178	72	645	46	357
PAT	3685	1861	1779	1911	-478	-365	190	1519	334	843
EPS (₹)	42.86	21.64	20.69	22.22	-5.56	-4.24	2.21	17.66	3.88	9.80
Cash EPS (₹)	56.40	14.54	24.18	27.64	0.03	1.81	9.61	31.80	10.49	18.55
Dividend %	40	20	25	15	6	--	12	25	10	20
<b>As at year end</b>										
Gross Block	7095	7564	15722	17278	17575	17602	17638	17747	13083	13141
Net Block	4703	4917	12834	13309	13339	12773	12261	11840	11952	11417
Loan Funds	3430	1645	5005	8208	8283	7791	7663	4905	725	3487
Net Worth	7964	9625	11154	12914	12376	12011	12159	13678	13752	14496
Book value per share (₹)	92.62	111.94	129.72	150.19	143.93	139.69	141.41	159.08	159.94	168.59
<b>Share Price at NSE (in ₹)</b>										
High	188.00	142.80	126.50	415.00	359.45	251.00	248.00	357.05	228.80	189.40
Low	25.05	82.00	71.15	108.00	87.10	100.50	110.90	172.70	141.00	102.30





## PONNI SUGARS (ERODE) LIMITED

CIN : L15422TN1996PLC037200

ESVIN House, 13 Rajiv Gandhi Salai (OMR), Perungudi, Chennai 600 096  
Phone : 044 3927 9300 Fax : 044 2496 0156 E Mail: admin@ponnisugars.com

### NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the 23rd Annual General Meeting of the Company will be held at New Woodlands Hotel Pvt Ltd, 72-75 Dr Radhakrishnan Road, Mylapore, Chennai 600 004 on Tuesday, the 23rd July 2019 at 10.30 AM 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 Financial Statements for the year ended 31st March 2019, the Auditors' Report thereon and the Board's report be and are hereby approved 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 ₹ 2/- (Rupees Two only) per Equity Share for the Financial Year 2018-19 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 Tuesday, the 23rd July 2019."

##### 3. Reappointment of retiring Director

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

"RESOLVED that Mr Arun G Bijur (DIN: 00024434), who retires by rotation, be and is hereby reappointed as a Director of the Company, liable to retire by rotation."

#### SPECIAL BUSINESS

##### 4. 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 Regn.No.000007), for conducting the audit of cost records of the Company, for the financial year 2019-20 at ₹1,00,000 (Rupees one lakh only) plus GST and reimbursement of travel and out of pocket expenses incurred for purpose of such audit."

(By Order of the Board)

For **PONNI SUGARS (ERODE) LIMITED**

Chennai  
24th May 2019

**N Ramanathan**  
Managing Director



**NOTES:****1. Proxy**

**A Member entitled to attend and vote at the meeting is entitled to appoint one or more proxies to attend and vote on a poll instead of himself and such proxy need not be a Member of the company.**

**Deposit of proxy**

Proxies in order to be effective, must be received at the registered office of the Company not later than 24 hours before the meeting.

**2. Particulars of Directors**

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

**3. Book Closure**

The Register of Members and the Share Transfer Register will remain closed from Wednesday, the 17th July 2019 to Tuesday, the 23rd July 2019 (both days inclusive).

**4. Dividend**

Dividend on Declaration will be paid by 31st July 2019.

Members are advised to refer to 'Shareholder information' section of the Corporate Governance Report (Page 43 of the Annual Report) for details on dividend entitlement and payment options.

**5. Unpaid Dividend**

Unpaid dividend for over 7 years will be transferred to the Investor Education and Protection Fund. Members may refer to Page 44 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 continuous years or more had been transferred to Investor Education and Protection Fund. Members may refer to Page 44 of the Annual Report for additional details.

**6. E-Communication**

Members are requested to opt for electronic mode of communication and support the Green initiatives of Government.

**7. Member identification**

Members are requested to bring the attendance slips duly filled and copy of the Annual Report to the meeting.

**8. Voting facilities****a) Remote e-Voting**

Pursuant to Section 108 of the Companies Act, 2013 read with Rule 20 of the Companies (Management & Administration) Rules 2014, as amended, the company provides facility for its members to exercise their voting right by electronic means and the business set out in the Notice may be transacted through such voting.

**b) Voting at AGM**

The company also offers the facility for voting through polling paper at the meeting.

**c) Voting option**

Please note that a shareholder can vote under only any one of the two options mentioned above.

**d) Voting instructions**

Process and manner of voting containing detailed instructions is given in Appendix-B that forms part of this Notice.

**9. Gifts**

No gifts, gift coupons or cash in lieu of gifts shall be distributed to Members at or in connection with the Annual General Meeting in terms of Clause 14 of Secretarial Standard (SS-2) pertaining to distribution of Gifts at Annual General Meeting.

**10. Route Map**

Route Map showing the location of and directions to reach the venue of the 23rd AGM is attached pursuant to Secretarial Standard 2 on General Meetings.



STATEMENT PURSUANT TO SECTION 102(1) OF THE COMPANIES ACT, 2013 FORMING PART OF THE NOTICE

**Item No.4**

**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 2019-20 pertaining to both Sugar and Cogen segments and determined the remuneration at ₹ 1,00,000 (Rupees one lakh only) based on the recommendations of the Audit Committee.

It is now placed for the approval 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.

Copies of relevant resolutions of the Audit Committee and Board are available for inspection of the members on any working day of the Company during business hours.

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 4 of the Notice for approval of the shareholders.

(By Order of the Board)

For **PONNI SUGARS (ERODE) LIMITED**

Chennai  
24th May 2019

**N Ramanathan**  
Managing Director

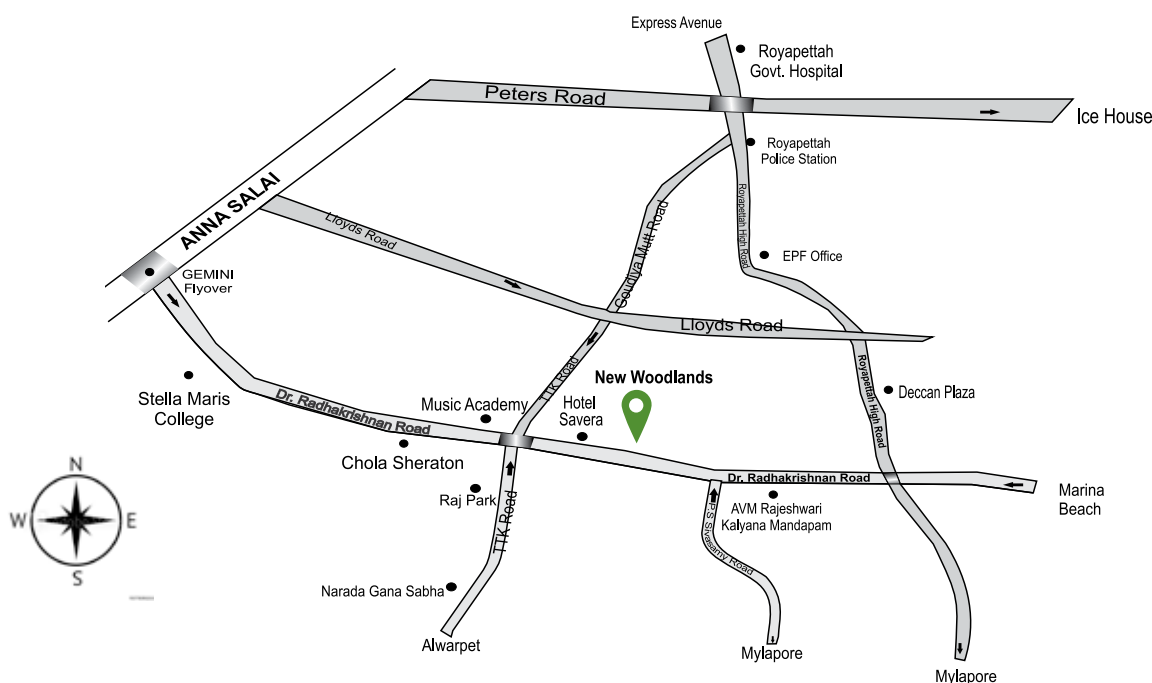


**Details of Directors seeking reappointment at the 23rd Annual General Meeting**

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

Name of Director seeking reappointment	Mr Arun G Bijur
DIN	00024434
Date of Birth / Age	11.04.1948, 71 years
Qualification	B.Tech (Chemical Engineering)
Experience	Technocrat with proven experience in project management skills and trouble-shooting expertise. Has overall managerial experience in successfully steering SPB Projects & Consultancy Ltd for over 3 decades.
Terms & conditions of appointment/ reappointment	He is proposed to be reappointed as non-executive director liable to retire by rotation
Remuneration proposed to be paid	Sitting fee and commission as decided by Board within the ceiling approved by shareholders.
Remuneration last drawn	Sitting fee: ₹ One lakh
Commission	Nil
Date of first appointment on the Board	26.12.1996
Shareholding in the company	100 Equity shares
Relationship with other directors, manager and key managerial personnel	Nil
Number of Board meetings attended during the year	5 (100%)
Other Directorships	Chairman - SPB Projects & Consultancy Ltd Director - Esvi International (Engineers & Exporters) Ltd
Memberships/ Chairmanship of Committees in other companies	Nil

**ROUTE MAP**





## Voting Process & Instructions

### A) Remote e-Voting

#### Remote e-Voting facility

1. 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 members the facility to exercise their right to vote at the 23rd Annual General Meeting (AGM) on resolutions proposed to be considered thereat by electronic means. For this purpose, "remote e-Voting" (hereinafter mentioned 'e-Voting') facility is offered whereby a member can cast his vote using an electronic system from a place of his choice other than the venue of AGM.
2. The e-Voting facility is offered through e-Voting services provided by Central Depository Services (India) Limited (CDSL).
3. E-Voting commences on Friday, the 19th July 2019 (10.00 AM) and ends on Monday, the 22nd July 2019 (5.00 PM). The e-Voting portal will be blocked by CDSL for voting thereafter.

#### Manner of e-Voting

4. Instructions for e-Voting for members receiving an email pursuant to their email IDs having been registered with the company/ Depository Participants:
  - (i) User ID and password are required for e-Voting. If you are holding shares in Demat form and logged on to [www.evotingindia.com](http://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.
  - (ii) Launch the internet browser during the voting period. Type the URL in the address bar [www.evotingindia.com](http://www.evotingindia.com). Home screen opens.
  - (iii) Click on "Shareholders" tab to cast your vote.
  - (iv) Now, select the Electronic Voting Sequence Number - "EVSN" along with "COMPANY NAME" from the drop down menu and click on "SUBMIT".

- (v) Now, fill up the following details in the appropriate boxes:

	For Members holding shares in Demat Form	For Members 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) printed in the address slip in the PAN field. For e.g. if your name is Ramesh Kumar and sequence number 00002345 then enter RA00002345 in the PAN field.

- # Please enter any one of the details in order to login.

- (vi) After entering these details appropriately, click on "SUBMIT" tab.

- (vii) Members holding shares in physical form will then reach directly to the voting screen. However, members 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) 190610005 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 members receiving the physical copy of Notice of AGM [for members whose e-mail IDs are not registered with the company/ depository participant(s) or requesting physical copy]:
- Please follow all steps from sl. no. (ii) to sl. no. (xii) above, to cast vote.
6. E-voting cannot be exercised by a proxy. Institutional shareholders (i.e. other than individuals, HUF, NRI etc.) are required to log on to <https://www.evotingindia.co.in> 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](http://www.evotingindia.com) under help section or send an email to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com).
- 9. Person responsible to address the grievances connected with the facility for e-Voting:
  - Name : Mr Rakesh Dalvi
  - Designation : Deputy Manager
  - Address : Central Depository Services (India) Ltd  
25th floor, Marathon Futurex  
Mafatlal Mill Compound  
N M Joshi Marg, Lower Parel  
Mumbai 400 013
  - Email ID : [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com)
  - Phone No. : 1800 225 533

#### B) Voting at AGM

- 1. The company also offers the facility for voting through polling paper at the meeting. The members as on the cut-off date attending the AGM are entitled to exercise their voting right at the meeting in case they have not already cast their vote by e-Voting.
- 2. Members who have cast their vote by e-Voting are also entitled to attend the AGM but they cannot cast their vote at the AGM.
- 3. The Chairman will fix the time for voting at the meeting. Shareholders present in person or by proxy can vote at the meeting.

#### C) General Instructions

- 1. The cut-off date for the purpose of e-voting has been fixed as Tuesday, the 16th July 2019. Members holding shares as on this date should endeavour to cast their vote in any one of the two modes.
- 2. In case of persons who have acquired shares and become members of the company after the despatch of AGM Notice, the company would be despatching the 23rd Annual Report for 2018-19 to them as and when they become members. In addition, the Annual Report is available on the company website. They may follow the same procedure for voting.
- 3. Voting rights of shareholders shall be in proportion to their shareholding in the company as on the cut-off date of 16th July 2019.



4. In case a shareholder by inadvertence or otherwise has voted under both options, his voting under 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 AGM:
    - (i) First count the votes cast at the meeting thro polling paper.
    - (ii) Then unblock the votes cast through 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 e-Voting) of the total votes cast in favour or against, if any, 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 shall declare the result of the voting based on the Scrutinizer's report.
    - (ii) The results declared along with the scrutinizer's report will be placed on the company's website [www.ponnisugars.com](http://www.ponnisugars.com) and on the website of CDSL [www.evotingindia.co.in](http://www.evotingindia.co.in) 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 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 23rd Annual Report and the audited financial statements for FY 2018/19.

	2018-19	2017-18
<b>Physical Performance</b>		
Cane crushed (tonnes)	<b>448400</b>	318716
Sugar recovery (%)	<b>9.92</b>	8.89
Sugar produced (tonnes)	<b>44484</b>	34102
Power produced (lakh kwh)	<b>916</b>	552
<b>Financial Performance (₹ crores)</b>		
Total Income	<b>187.96</b>	198.59
Profit Before Interest, Depreciation & Tax	<b>22.73</b>	22.71
Profit Before Exceptional Items & Tax	<b>13.33</b>	15.06
Profit Before Tax	<b>12.00</b>	3.80
Profit After Tax	<b>8.43</b>	3.34

### Transfer to Reserves

Your Directors have proposed to transfer ₹ 5 crores to General Reserve.

### Dividend

Your Directors recommend a dividend of ₹ 2/- per equity share of ₹ 10 each for the financial year ended 31st March 2019, subject to the approval of shareholders at the ensuing Annual General Meeting.

### Global sugar scenario

World sugar production after its strong rebound during 2017-18 season, that came after two years of deficit phase, slid from the summit in 2018-19 season but still ranks the second highest on record. Strong oil prices prompted Brazil to significantly step up sucrose use for ethanol production, correspondingly cutting the sugar production and snipping global surplus. As a result, India has re-emerged as the largest sugar producer, displacing Brazil from the pedestal after a decade and more. Ethanol demand should continue to remain dynamic for Brazil in 2019-20 to maintain its ethanol mix closer to last season's record high level of 65%. World production in 2019-20 is punctuated by lower crops in India and Thailand, stable low EU crop and modest rise in Brazil crop. Against modest surplus in 2018-19, the coming season would witness modicum of deficit.

World sugar prices stumbled and tumbled to a decadal low in April 2018, that managed to move up marginally thereafter. The projected decline in production and the return to deficit is too minimal to cause a storage in the backdrop of huge stock pile. This singularly clouds the market mood and strangles the scope for perceptible price recovery. Any supply-side shortfall caused by adverse weather could get instantly off-set by Brazil that enjoys ethanol mix arbitrage by tweaking its output. World prices for now remain largely on a neutral note, varying in a relatively narrow range between 11 & 13 c/lb. The neutral market tone has also resulted in a steady and relatively weak nominal white sugar premium that is far below the long term average.

### Indian sugar overview

After recording an all time high sugar production of 325 lakh tonnes in 2017-18 season, the estimates for the current 2018-19 season at different points in time witnessed wild swings. While the initial prognosis on plummeting sugarcane yield for Maharashtra that had suffered under a short-tailed monsoon turned incorrect, further upsurge in UP's sugar recovery more than made-up for the down-side elsewhere. As a result, the three dominant sugar producing States of UP, Maharashtra and Karnataka have maintained their peak in sugar production, propelling the country's overall production to a new zenith.

Two successive years of record high sugar production, building a surplus of 160 lakh tonnes that is close to 8 months' consumption, left the market in a damp squib. Sugar prices suffered a calamitous collapse, threatening to breach ₹ 20 per kg level. Government came in as saviour with its timely intervention through mandated Minimum Selling Price (MSP) for sugar that stemmed the slide and lifted sugar prices closer to the MSP. It was first fixed at ₹29/ kg in June'18 and later revised to ₹ 31/ kg in Feb'19. While this MSP is unarguably below cost of production, it has doubtless thrown a lifeline for the industry, besides playing a crucial role in containing cane price arrears.

While the monsoon failure in the later parts of last season didn't much impact sugarcane productivity in Maharashtra, it has deplorably dried up reservoirs and dampened fresh cane planting. It is feared Maharashtra would face a formidable fall in sugarcane area and sugar production next season, while UP looks well poised for a further rise. With little change likely from other States, Indian production next year must recede more than 10%



from current high level; yet, the production would outpace domestic consumption and comes on top of current mountainous sugar stocks.

There is hence imminent and imperative need to de-stock sugar to address surplus stockpile. Exports despite prescriptive quotas backed by subsidies repeatedly fall short of set targets owing to inherent uncompetitiveness caused by the cane cost that is the highest amongst large exporters. In this context, it is gratifying to observe the new and path breaking policy initiative to promote ethanol production in substitution of sugar, incentivizing the switch through premium pricing depending on the degree of sugar substitution. Concurrently, financial assistance through interest subvention is being offered for creating fresh and expanded capacities in ethanol production. While this may not bring immediate succour to current sagging sugar prices, it is bound to be a game changer in the next couple of years and reassure long term sustainability of Indian sugar industry.

Amidst aforesaid adversities, sugarcane price arrears has peaked to ₹ 20,000 crores causing considerable anguish and distress to farmers. While some of the current and contemporaneous moves of the Government towards mandatory inventory norms, monthly sale quota, export quota and minimum sugar price are well meant and seen inevitable to bail the industry out and protect cane farmers, it clearly tends to put the clock back on sugar industry reforms.

The long term remedy for this malaise lies only in linking sugarcane price to realization from sugar and primary by-products as recommended in Dr Rangarajan Committee Report and reiterated in successive reports of CACP on sugarcane pricing. The formula might just need a bit of tweaking and refining for the emerging ethanol switch model. This would at once obviate the need for endless Government intervention, often times costing the exchequer quite heavily and yet leaving every stakeholder unhappy in the end.

### Sugar in Tamil Nadu

Government of Tamil Nadu having discontinued the State Advised Price (SAP) for sugarcane from 2017-18 season has enacted 'The Tamil Nadu Sugarcane (Regulation of Purchase Price) Act, 2018.' This provides for a minimum price for sugarcane equivalent to the Fair and Remunerative Price of Central Government. However, this law further mandates sugar mills to bear the full cost of transportation of sugarcane, putting them at a considerable cost disadvantage compared to peers in other States. Sugarcane suppliers would get additional cane price through the revenue sharing formula.

In order that farmers' interest is protected, the State has offered a transitional subsidy to protect the current level of cane price. Towards this, the State has already disbursed ₹ 200/ tonne of cane for 2017-18 season by way of direct credit to sugarcane farmers. It has offered a similar measure of subsidy at ₹ 137.50/ tonne for 2018-19 season. The State Government deserves high praise for implementing the overdue reform in sugarcane pricing.

There is perceptible progress in the development of new sugarcane variety for Tamil Nadu, thanks to the collaborative efforts between SISMA-TN and Sugarcane Breeding Institute. In particular, Co 11015 has proved successful in trial plots promising higher recovery, improved yield and lower maturity time. It is intended to enhance planting of this variety on wider areas during 2019-20 season with the fond hope that the success in trials would transcend to commercial scale cultivation.

### Company's performance

At the start of the year, we were weary of recurring monsoon failure in our region, wary of depressive sugar price outlook and deeply worried over the dystopian prospects for the year. We are indeed glad to be proved wrong. Our committed efforts to shore up operating performance buttressed by the fortuitous turn of events have in the end gleefully infused desired positivity in our financial results.

SW monsoon was bountiful in the neighbouring State of Karnataka that led to improved flow in river Cauvery and filled Mettur reservoir to its near full capacity in many years. The resultant improved water source and access enthused farmers, expanded cane area, enhanced cane yield and ensured higher sucrose content in cane. The one-time settlement reached with our cane farmers on SAP involving huge upfront payout helped in instant restoration of harmonious relationship and motivated more number of farmers to willingly come forward and supply sugarcane to our mill. Indeed, spot registration of standing cane on this score has sizeably supplemented cane availability for current year, besides committing the ratoon crop for the coming year.

We also re-doubled our efforts on power production. For the first time, we operated our Cogen plant on standalone mode during off-season, using disparate varieties of bio-fuel. As a result, our power production touched the maximum permissible 55% Plant Load Factor (PLF) eligible for preferential tariff. While this significantly helped in achieving higher topline and healthier bottomline for the Company, the inordinate delay by TANGEDCO in paying our power



bills has come to squeeze our liquidity besides egregiously eroding margins because of higher interest cost.

Amidst multitude of measures to help the industry, the Central Government has also brought back monthly sugar sale quota through inventory control norms. While this measure might seem necessary in moderating supplies from surplus producing regions, it is ill-conceived and manifestly unwarranted for a deficit region like Tamil Nadu (TN). With abysmally low sugar sale quota choking cash flows and stoking cane price arrears, most sugar companies from the State including our Company had to approach the Hon'ble High Court of Madras for relief. The interim order staying relevant Government order has come to immensely help our Company manage its working capital and service sugarcane payment obligations in time.

The Central Government has also imposed Minimum Indicative Export Quota (MIEQ) but the formula followed in fixing mill-wise quota is felt adversarial to TN sugar mills. Accordingly, SISMA-TN, the industry body, represented to the Central Government for appropriate relaxation in quota, considering the acute adversity faced by TN mills under drought. Pending response, there has been little export from TN mills, including ours. While non-fulfilment of MIEQ could disentitle the concerned sugar mills from access to various Government promotional and incentive schemes, it is hoped that the Government would give due weightage to the current plight of TN sugar industry and take a just and equitable view.

We have achieved considerably higher sugar production with better recovery in the current year. While our power production has peaked, we have concurrently cut down on fuel cost by switching to lower cost biofuels and optimising bagasse sale. Sugar sale volume however slipped and slumped due to Government intervention measures as well as sluggish market. The single most negative factor eclipsing our otherwise strong operating performance was the disconsolate decline in sugar prices by 16%. Despite same, our PBIDT has been sustained. Interest costs have soared on account of higher working capital availment. While we have had to reckon with the huge impact of cane price settlement last year, exceptional items for the current year are nominal. As a result, our PBT for the year has tripled. In all, our performance for the year may not sound commanding but is undoubtedly commendable and comforting under extant external challenges.

### Outlook for FY 2019-20

Monsoon failure is fast turning 'business usual' feature for our region, going by yet another abysmal failure of

the last NE monsoon. Indeed, Government of Tamil Nadu has declared most parts of the State, that includes our region, as affected by hydrological drought. While IMD has forecast a normal SW monsoon at 96% of LPA this year, there are private and overseas forecasts underpinning El Nino threat. Accordingly, sugarcane availability and quality could again pose severe strain and stress. Sugar prices must move up but only moderately, weighed by supply overhang.

Ethanol is becoming increasingly relevant for managing country's sugar surplus. Government policies of late are being directed towards incentivizing sugar industry for supporting sugarcane price payments through the ethanol route. While we have initiated steps to closely evaluate the financial feasibility for setting up an ethanol production facility in our factory, we are daunted by low volume of feedstock availability due to recurring drought in our region. Further, long lead time involved in securing slew of State Government clearances remains a key challenge. Your Board is currently weighing the options and in due course will take the call.

We are doubtless faced with host of hostile challenges during FY 2019-20. We however remain sanguine that on the strength of our committed employees, farmer relationship, cost optimisation thrust, low debt gearing and marginally improved market conditions, we would successfully weather these adversities.

### 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's website – [www.ponnisugars.com](http://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 2019 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 2018-19. 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

Mr N R Krishnan opted not to seek reappointment considering his advanced age and his tenure ended at close of 31.03.2019. The Board wishes to place on record the valuable contribution received during his tenure as director.

M/s L M Ramakrishnan, Nanditha Krishna, V Sridar and K Bharathan, independent directors were reappointed for a second term by special resolution passed through postal ballot and the details are given in the Corporate Governance Report.

Mr Arun G Bijur 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 auditor 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 and State Governments, Banks, customers and suppliers for the understanding shown and support received. It commends the continuing commitment of large number of cane growers in growing and supplying cane under extreme drought and challenging conditions.

Your company desires to acknowledge the involvement and commitment shown by employees at all levels during current tough times. Above all, the Board wishes to place on record the continuing patronage received from its shareholders.

For Board of Directors

Chennai  
24th May 2019

**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 2018-19.

Brazil has been the dominant sugar producer for years but was dislodged by India in 2017-18; in all probability, India should hold on to its *numero uno* status in 2018-19 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 making 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. Non-household consumption however 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 co-related. There is clear statistical relationship between prices and stocks, expressed by the relationship of stocks to consumption. There exists a small positive correlation between the price of sugar and oil.

##### *Status update*

World production in 2018-19 climbed down from the peak of previous year but only marginally to make it the second highest in all times. Surplus for the season has shrunk from earlier estimates, caused by production drops in a number of exporting countries including Brazil and EU. There is near convergence amongst commodity experts that 2019-20 would claw back to deficit, the size of which again would be modest. While global statistical and trade surpluses have turned favourable, considerable surplus stocks continue to overhang the market, blocking buoyancy to be back any time soon. With most of the bearish news have been prized in, world prices could just rise two-bit from the current bottom.

#### 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 in occupying the third position.

Tamil Nadu has suffered scorching slippage in cane volume in recent years due to recalcitrant rainfall and resultant drought, besides abysmal storage of water in major reservoirs. Indeed, Tamil Nadu has slipped to 9th rank in production and is at the bottom of sugar recovery



in 2017-18 season. The challenge to cultivate cane crop in TN would appear structural and deep-rooted with water proving eternally elusive, more so in the western part of the State. As a result, farmers have got demoralized, become despondent and remain demotivated for taking up fresh planting. Industry has collaborated with an accredited agri-research institute for developing drought resistant, high yielding and high sucrose varieties of cane. The progress on this is satisfactory.

#### *Status update*

Indian sugar production vaulted by a whopping 65% in 2017-18 season, marking an all time high of 325 lakh tonnes. Belying interim estimates of palpable decline owing to water stressed conditions in Maharashtra, India is now bracing to surpass last year's production to end 2018-19 season with about 330 lakh tonnes of production. While Maharashtra and Karnataka have sustained their peak, UP has skyrocketed to newer high. As for 2019-20 season, acute water scarcity and abhorrent water storage level in reservoirs should sizeably cut cane availability in Maharashtra. UP can be expected to further scale up production, while little change looks likely in other parts. Overall, Indian production could decline by over 10% that would still be higher than domestic consumption, adding to the inventory pressure.

Sugar exports should cross 25 lakh tonnes which is 50% of the target set for 2018-19. The higher cost structure for Indian sugar caused by the high cost of cane necessarily implies that exports are inherently unviable. Hence exports fail to take off despite Government subsidies that have also come increasingly under challenge before WTO by other exporting countries like Brazil, Australia and Guatemala. Realizing this, the Government has taken the right call to promote the eco-friendly ethanol fuel that brings with it multitude of advantages to all stakeholders.

### **Cogen**

Cogeneration of power after the advent of Electricity Act, 2003 was conceived two decades ago to diversify the revenue stream and counter the cyclicity in sugar business. The promotional measures pursued under Govt 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. CRISIL Research Report–Dec'18 underpins the fall in PBIT margins for the power segment by a poignant 1100 bps, hitting a decadal low. Cogen investments since FY'17 are considered unviable due to declining power tariff and steadily rising maintenance cost pulling down power margins. Purchase of alternative fuels has turned outright unviable.

Sugar companies having the benefit of considerable residual tenure of existing long term power purchase agreements are doubtless better placed. However they too suffer by the inordinate delay in clear transgression of extant regulations in receiving payment for the power supplied. Enforcement of their contractual rights under regulatory mechanism is but elusive and on ground ineffective.

### **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. Accordingly, the three tier price structure for ethanol has been devised depending on the feedstock, viz. final molasses, intermediate stage (B-heavy) molasses or sugarcane juice.

### **Government Policies**

#### *(i) Sugar*

- o Gol in June'18 imposed stock holding norms on sugar producers in terms of Sugar (Control) Order, 1966.
- o Gol issued in June'18 Sugar Price (Control) Order, 2018.
- o Gol in June'18 fixed minimum sale price for sugar at ₹ 29/ kg for sugar producers. This was raised to ₹ 31/ kg in Feb'19.



- o Gol in June'18 notified the 'Scheme for creation and maintenance of Buffer Stock' of 30 lakh tonnes of sugar for a period of one year from 1st July'18. Interest cost, insurance and storage costs on buffer stock are reimbursed by Govt.
- o Gol in Sep'18 notified export target of 50 lakh tonnes for Sugar Season (SS) 2018-19 and allocated sugar factory-wise Minimum Indicative Export Quota (MIEQ).
- o Gol in Oct'18 announced a Scheme of Assistance for Exports – Extent of Assistance ₹ 1000 – 3000/ tonne based on distance to port of shipment from the sugar mill.
- o Gol in Mar'19 notified 'the Scheme for Extending Soft Loan to Sugar Mills' for SS 2018-19 covering 40 lakh MT of sugar stock. Sugar mills are eligible for this for 10.55% of SS 2017-18 sugar production with interest subvention support upto 7% for one year.

### (ii) Cane price

- o Gol in Oct'18 announced financial assistance of ₹ 13.88/ qtl of cane crushed during SS 2018-19 subject to fulfilment of conditions.
- o Gol hiked Fair and Remunerative Price (FRP) to ₹ 275/ qtl for base recovery of 10% for SS 2018-19 with prorata adjustment for actual recovery subject to floor FRP at ₹ 261.25/ qtl (For SS 2017-18 FRP is ₹ 255/ qtl linked to base recovery of 9.5%).
- o Govt of TN discontinued State Advised Price from SS 2017-18. It has enacted 'The Tamil Nadu Sugarcane (Regulation of Purchase Price) Act, 2018' providing for minimum price for sugarcane linked to FRP and additional Revenue Sharing based sugarcane price.
- o Govt of TN as transitional measure announced subsidy of ₹ 137.50/ tonne of cane for SS 2018-19 (subsidy for SS 2017-18 was ₹ 200/ tonne).

### (iii) Ethanol

- o Gol in June'18 notified ex-mill price of ethanol produced from C-heavy molasses (₹ 43.70/ltr) and B-heavy molasses (₹ 47.49/ltr) for the Ethanol Blending Programme (EBP) for SS 2018/19.
- o Gol in July'18 notified 'the Scheme for Extending Financial Assistance to Sugar mills for Enhancement and Augmentation of Ethanol Production Capacity' with 50% interest subvention subject to cap of 6%.

- o Gol in Sep'18 approved price revision for SS 2018-19 for ethanol produced from C-Heavy molasses (₹ 43.46/ ltr), B-Heavy molasses (₹ 52.43/ ltr) and directly from sugarcane juice (₹ 59.13/ ltr).

### (iv) Biofuels

- o Gol in June'18 notified the 'National Policy on Biofuels – 2018'.
- o Policy objectives include increasing the usage of biofuels in the energy and transportation sectors, increasingly substitute fossil fuel and contribute to National Energy Security and climate change mitigation.
- o Increase in ethanol blending % in petrol to 20% by 2030.
- o Incentivise biofuels.

## 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.

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.

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	44484	916
Sales	33594	690
	₹ lakhs	₹ lakhs
Sales	14133	8695
Operating Profit	(72)	1718

### Outlook

The marginal surplus in 2018-19 season and modicum of deficit estimated for 2019-20 season do little to discernibly impact world sugar market fundamentals. Accordingly world sugar prices must remain range bound with a limited upward bias.

With the three successive years of surplus sugar production that include two bumper years, India is struggling to deal with its monstrous surplus. Drooping market sentiments and dropping prices cloud the near term prospects of the industry. Given the humongous rise in sugarcane price arrears, there may not be much rise in sugarcane price next season. Expanded capacity in ethanol should help absorb a part of sugar surplus while sugar exports have to find a way to fructify.

As for Tamil Nadu, the NE monsoon that brings maximum rainfall to the State has yet again fizzled out. There thus lies little scope for cane cultivation to resuscitate and raw material supply to meaningfully improve. The industry may continue to have to operate at far below 50% capacity, with all attendant challenges thrown up therefrom. Cogeneration of power conceived as cash flow supplement continues to suffer by inordinate delay in realization. Accordingly sugar industry in this State remains in a morbid and most unenviable state.

Amidst macro-level challenges outlined above, our company is relatively better placed to 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 Corporation 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.



**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 and market risks.

**Risk specific to the Company**

The Company's 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's website-[www.ponnisugars.com](http://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 114 seasonal and 147 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	
	31.03.2019	31.03.2018
Number of days	201	196
Average Crushing rate (tcd)	2231	1626
Cane Crushed (t)	448400	318716
Recovery (%)	9.92	8.89
Raw Sugar processed (t)	--	6269
Sugar produced (t)	44484	34102
Power production (lakh kwh)	916	552

Current year performance is punctuated by quantum jump in cane crushing, rebound in sugar recovery and peak power production and export. Sale volume however



slumped due to Government intervention measures and sluggish market. 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. Steep fall in sugar prices came to hugely hit our margins and neutralized all internal efficiency gains.

It is indeed a great comfort that our company could maintain PBIDT at comparable level amidst agonizingly adverse market conditions.

### Key Financial Ratios

Description	U/M	2018-19	2017-18	Change (%)	Explanation
Operating profit margin (PBIDT to Total Income)	%	<b>12.09</b>	11.44	6	
Net profit margin (PBT to Total Income)	%	<b>6.38</b>	1.91	234	Note-1
Interest coverage	Times	<b>7.55</b>	13.93	(46)	Due to increased working capital utilization caused by higher inventories and receivables.
Return on Capital Employed	%	<b>8.28</b>	3.50	137	Note-1
Return on Net Worth	%	<b>8.28</b>	2.76	200	Note-1
Earnings per Share	₹	<b>9.80</b>	3.88	153	Note-1
Debt Equity Ratio	times	<b>0</b>	0.04	-	Long Term debt fully repaid
Current Ratio	times	<b>1.20</b>	1.06	13	
Net worth per Share	₹	<b>168.59</b>	159.94	5	
Debtors Turnover	%	<b>6.55</b>	<b>9.26</b>	(29)	Undue delay in settlement of power dues by TANGEDCO
Inventory Turnover	%	<b>3.84</b>	<b>4.75</b>	(19)	

Note-1 Due to lower impact of exceptional items this year – Previous year had much higher impact towards recognition of additional cane price commitment.

### 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.

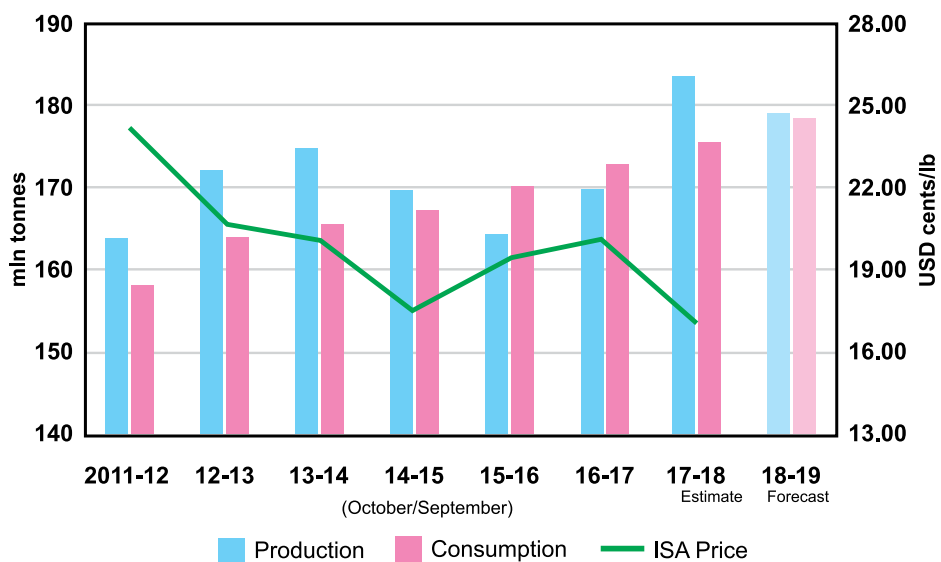
Chennai  
24th May 2019

For Board of Directors

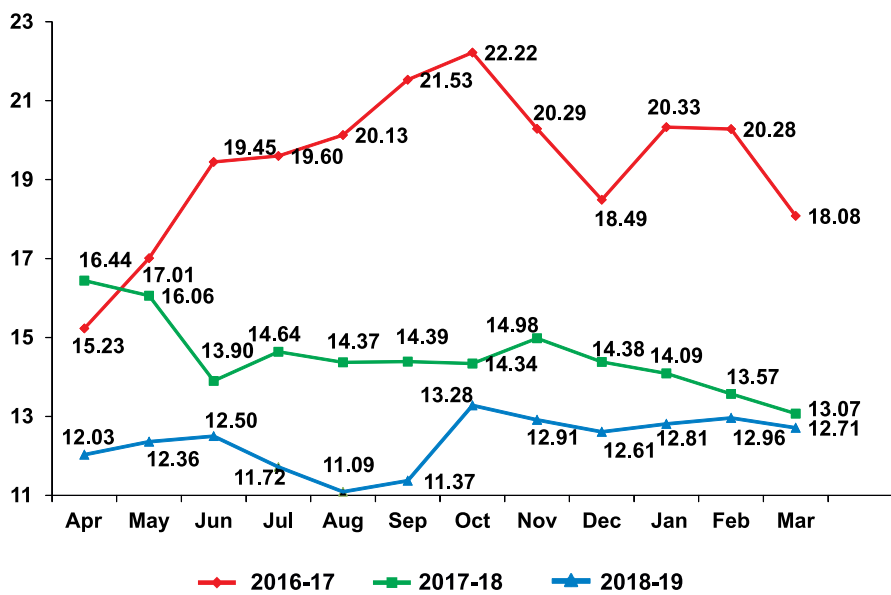
**N Gopala Ratnam**  
Chairman



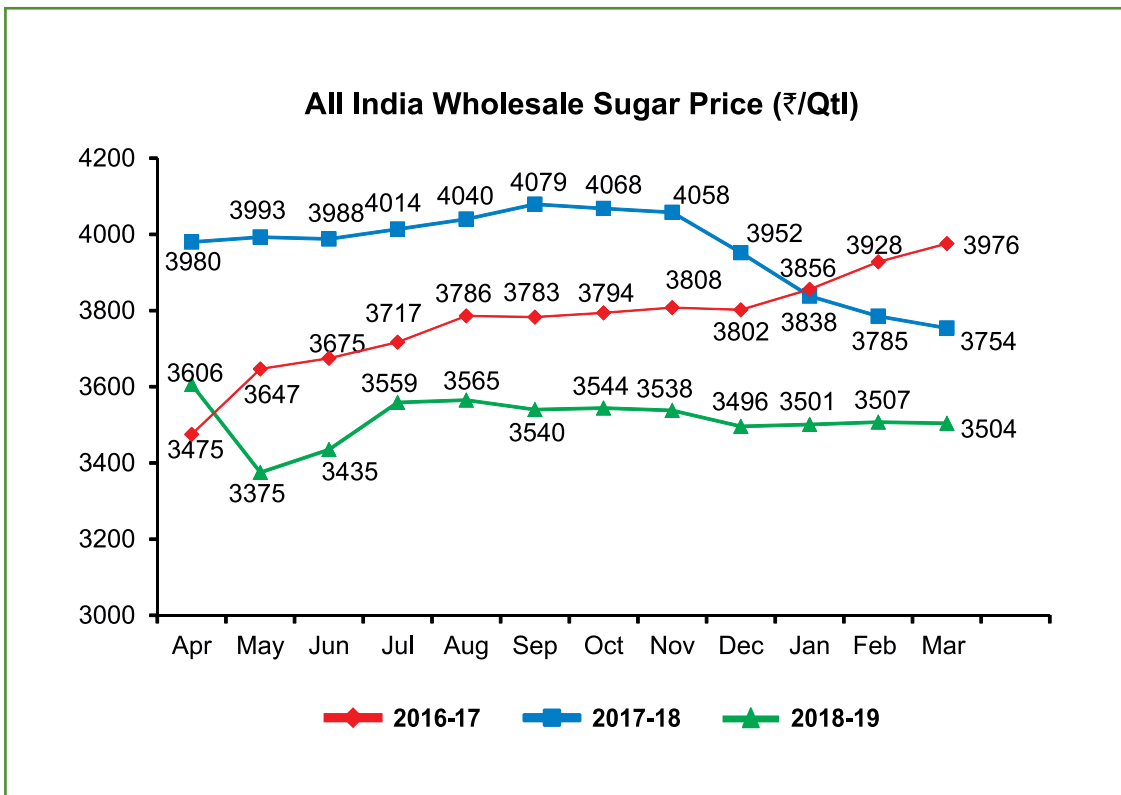
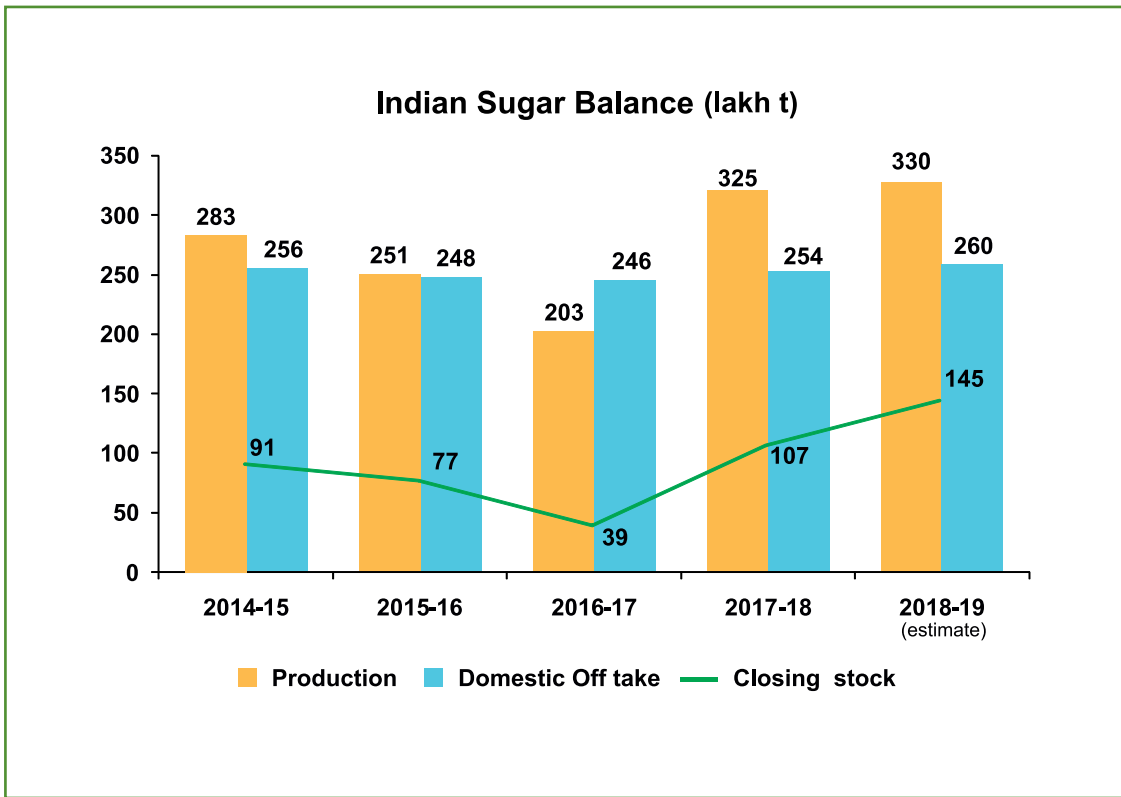
### World production, Consumption and ISA Prices



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









## 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. 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.



(g) Relevant details of Directors

Name of Director and category	Date of initial Appointment	No. of Equity Shares held	Attendance at Board meetings during 2018-19		As on 31st March 2019			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	6	2	2	Y
Dr L M Ramakrishnan Independent	26.10.2001	536	5	100	5	--	1	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	8	5	1	Y
Mr N R Krishnan # Independent	05.06.2009	NIL	5	100	7	2	4	Y
Dr Nanditha Krishna Independent	24.12.2010	NIL	4	80	6	--	--	Y
Mr K Bharathan Independent	28.12.2011	NIL	4	80	2	--	1	No

\$ includes Listed and Unlisted companies

\* Pertains only to Audit & Share Committee of the Board

# Retired & ceased to be Director at the close of 31.03.2019

(h) Directorship in other listed entities as on 31.03.2019

SI 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	Mr V Sridar	a) Seshasayee Paper and Boards Ltd b) ICICI Prudential Life Insurance Company Limited	Independent Director
3	Mr N R Krishnan	a) Tamilnadu Petro Products Limited b) India Cements Capital 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:



## Ponni Sugars (Erode) Limited

- 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"><li>- Technocrat with rich and varied experience in project and operational management of process industries.</li><li>- Brings to bear leadership skills in heading SPB Group of Companies and steering them to higher growth trajectories.</li></ul>
2	Dr L M Ramakrishnan	<ul style="list-style-type: none"><li>- Doctor turned educationist, having wide experience in the establishment and management of educational institutions.</li><li>- Commands goodwill and respect from local farming community.</li></ul>
3	N Ramanathan	<ul style="list-style-type: none"><li>- A professional with impressive academic track record.</li><li>- Vast experience in diverse disciplines of Finance, Taxation and General Management.</li><li>- Two decades of hands-on experience in sugar industry.</li><li>- Regular member on the executive committee of industry associations – well networked in industry.</li></ul>
4	V Sridar	<ul style="list-style-type: none"><li>- A Chartered Accountant having rich experience in Banking, Finance and General Management.</li><li>- Held several high positions in commercial banks and National Housing Bank.</li></ul>
5	Arun G Bijur	<ul style="list-style-type: none"><li>- Technocrat with proven experience in project management skills and troubleshooting expertise.</li><li>- Has overall managerial experience.</li></ul>
6	Bimal K Poddar	<ul style="list-style-type: none"><li>- Varied experience in the spheres of Finance, Administration and General Management in diverse family businesses.</li><li>- Widely travelled and gained global business exposure.</li></ul>
7	Dr Nanditha Krishna	<ul style="list-style-type: none"><li>- Authority in indology and an environmental educationist.</li><li>- Highly committed in promoting arts, education and environment.</li><li>- Contributor of articles covering varied subjects.</li></ul>
8	K Bharathan	<ul style="list-style-type: none"><li>- A Chartered Accountant having rich and varied experience in Banking, Finance and Insurance Business.</li></ul>
9	N R Krishnan <i>(till close of 31.03.2019)</i>	<ul style="list-style-type: none"><li>- Retired IAS Officer</li><li>- Well versed in policy making, planning and management matters.</li><li>- Has intimate knowledge of any segments of industry; was Secretary to the Govt. of India and was actively involved in international and bilateral negotiations.</li><li>- Evinces keen interest in energy related matters and is a regular contributor of articles to leading national newspapers.</li></ul>



**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 at its 18th Annual General Meeting appointed five Independent Directors (IDs) to hold office from 22nd July 2014 to 31st March 2019. All the five IDs retired on the expiry of first term at the close of 31st March 2019 and Mr N R Krishnan opted not to seek reappointment considering his advance age. Accordingly, his tenure ended at the close of 31st March 2019.

The Board of Directors at their meeting held on 8th February 2019 on the basis of the recommendation of the Nomination and Remuneration Committee and based on the performance evaluation of the other four retiring IDs reappointed them for a second term as Independent Directors not liable to retire by rotation subject to the approval of the Shareholders by means of a Special Resolution.

Approval of the Shareholders by way of Special Resolution through Postal Ballot was obtained on 29.3.2019 for the reappointment of four IDs 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	00001798	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 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 of the programme are uploaded on the company website.

- (e) 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.
- (f) In the opinion of the Board, all the Independent Directors fulfill the conditions for being appointed as Independent Director as specified in the Act and Listing Regulations.
- (g) 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 2019.

**(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, Practising 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 25.05.2018, 25.07.2018, 26.10.2018, 08.02.2019 and 22.03.2019. Interval between any



two meetings was not more than 120 days. No Board meeting was conducted through video conferencing or other audio visual means.

**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. Power point 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 2018-19, 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 CFO & VP(O) 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 25.05.2018, 25.07.2018, 26.10.2018, 08.02.2019 and 22.03.2019. Its composition and attendance during 2018-19 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 N R Krishnan <i>(till close of 31.03.2019)</i>	Independent	5	100
Mr K Bharathan	Independent	4	80
<i>Permanent Invitees:</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 4 non-executive Directors of which 3 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
Mr N R Krishnan <i>(till close of 31.03.2019)</i>	Independent, Non-Executive



The Committee meets as per needs. It met twice during the year on 08.02.2019 and 22.03.2019 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 3 Directors, out of which 2 are 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 5 times during the year on 25.05.2018, 25.07.2018, 26.10.2018, 08.02.2019 and 22.03.2019. Its composition and attendance is given hereunder:

Name of Member	Category	Attendance at Meetings	
		No.	%
Mr N Gopala Ratnam, <i>Chairman</i>	Non-Executive	5	100
Mr Arun G Bijur	Non-Executive	5	100
Mr N Ramanathan	Executive	5	100
Mr V Sridar <i>(from 01.04.2019)</i>	Independent	NA	NA

In deference to Reg. 20(2A) of the Listing Regulations, Mr V Sridar, Independent Director, has been inducted into the Committee with effect from 01.04.2019.

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 2018-19. As against the CSR obligation of ₹ 19 lakhs to be incurred for the year, it has spent ₹ 29 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 R Krishnan <i>(till close of 31.03.2019)</i>	Independent
Mr N Ramanathan	Executive
Dr Nanditha Krishna <i>(from 01.04.2019)</i>	Independent

Dr Nanditha Krishna, an Independent Director has been inducted into the Committee from 01.04.2019 consequent to the retirement of Mr N R Krishnan.

The Committee met once during the year on 22.03.2019 wherein all the members were present and the CSR Budget for FY 2019-20 was considered and recommended to the Board.



**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, no circular resolution was passed.

**(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. 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's website [www.ponnisugars.com](http://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.



The Managing Director is the only Executive Director entitled for managerial remuneration. His current tenure enures for three years from 01.04.2017. There is no service contract containing provisions of notice period or severance package. Mr K Yokanathan, CFO is the other KMP.

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. The Company obtained 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. No commission however was paid for FY 2017-18 nor proposed for FY 2018-19.

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. It has laid down specific criteria for performance evaluation as set out by the said Committee. Further, the Board of Directors at their meeting held on 8th February 2019 & 22nd March 2019, based on the recommendations of the Nomination and Remuneration Committee reviewed the above criteria for performance evaluation for Independent Directors, Non Independent Directors and Board of Directors.

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 (a) every Independent Director at its 8th February 2019 meeting; and (b) every Non Independent Director at its 22nd March 2019 meeting.

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 22.03.2019 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 8th February 2019 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 the tenure of Independent Directors in their respective offices be extended for another term.

The Board at its 22nd March 2019 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's 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 2018-19 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 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 2018-19.

Further, the senior management personnel have declared to the Board that no material, financial and commercial transactions were entered into by them during FY 2018-19 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'19 reviewed the RPT Policy and decided that it could continue with no change. All RPTs during FY 2018-19 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'19 gave its omnibus approval for RPTs during FY 2019-20 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 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 2018-19

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	132	44484	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.

No hedging is done in global markets since exports are contracted for immediate delivery and on firm price basis.

(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 2018-19.

(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 and trainees) are covered under this policy.

Number of Complaints filed, disposed during and pending at end of FY 2018-19 - 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's website.

(iii) Quarterly Compliance Report

The Company has submitted for each of the four quarters during FY 2018-19 the Compliance Report on Corporate Governance to Stock Exchanges within 15 days 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. There was one disclosure so made on 16.05.2018 during FY 2018-19 pertaining to payment of additional cane price for sugar seasons from 2013-14 to 2016-17. This was simultaneously uploaded on the Company's 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.

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	30.06.2018	17.07.2018
		30.09.2018	15.10.2018
		31.12.2018	11.01.2019
		31.03.2019	10.04.2019

**(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 2018-19. Their remuneration was approved by the shareholders at the 22nd AGM.

**Cost Audit Report**

Filing Cost Audit Report	2018-19	2017-18
Due date	30.09.2019	30.09.2018
Actual date	Target 31.08.2019	20.08.2018
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, a practising company secretary (C.P.No.6032) was appointed to undertake the Secretarial Audit of the company for FY 2018-19. The Secretarial Audit Report was placed before the Board on 24th May 2019 and there is no qualifications therein. It is annexed to Board Report.

**b) Secretarial Compliance Certificate**

SEBI vide Circular dt.8th Feb'19 has mandated all listed companies to file Annual Compliance Certificate issued by a practising 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) and filed it with the Stock Exchanges.

**(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 2018-19. 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 24th May 2019.

**(xii) Review of Directors' Responsibility Statement**

The Board in its Report has confirmed that the annual accounts for the year ended 31st March 2019 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 2018-19 to M/s S. Viswanathan LLP. (₹ In lakh)**

i	Statutory audit	7.00
ii	Interim Audit / Limited Review of Quarterly results	0.50
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 2018-19 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 500 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 publishes Notice of Board Meeting to consider financial results in newspapers and the details are uploaded in company's website.



**(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 30.06.2018	04.07.2018	25.07.2018	26.07.2018	Business Standard and Makkal Kural
Quarter ended 30.09.2018	05.10.2018	26.10.2018	27.10.2018	
Quarter ended 31.12.2018	08.01.2019	08.02.2019	09.02.2019	
Quarter and Year ended 31.03.2019	08.05.2019	24.05.2019	25.05.2019*	

\* Publication arranged

The results published also show as footnote 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](http://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 Communique**

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
20th 2015-16	New Woodlands Hotel Pvt Ltd 72-75, Dr Radhakrishnan Road, Mylapore Chennai 600004	26.07.2016 10.00 AM	NIL
21st 2016-17		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

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 22nd AGM in addition to e-Voting.

**iii) Postal Ballot**

- (a) Four special resolutions were passed for the re-appointment of Independent directors for a second term through Postal Ballot on 29.03.2019. Shareholders were in addition offered the facility of e-Voting.
- (b) Voting pattern - Re-appointment of Independent Director – Special Resolution

Name of Independent Director reappointed	Votes for			Votes against		
	No. of Members	No. of shares	%	No. of Members	No. of shares	%
Dr Nanditha Krishna	227	3726344	99.99	10	244	0.01
Mr V Sridar	226	3726349	99.99	11	239	0.01
Mr K Bharathan	224	3726217	99.99	13	371	0.01
Dr L M Ramakrishnan	225	3726206	99.99	12	382	0.01



- (c) Mr A S Kalyanaraman, Practising Chartered Accountant (Membership No.201149) was the scrutinizer for Postal Ballot.
- (d) At present there is no proposal to pass Special Resolution through Postal Ballot.
- (e) The company diligently followed the procedures prescribed under the Act and Listing Regulations.

## (J) General Shareholder Information

### (i) Details for 23rd AGM

Date and Time	Tuesday, the 23rd July 2019 at 10.30 AM
Venue	New Woodlands Hotel P Ltd, 72-75, Dr Radhakrishnan Road, Mylapore, Chennai 600 004
Financial Year	2018-19
Book Closure Dates	Wednesday, the 17th July 2019 to Tuesday, the 23rd July 2019 (both days inclusive)
Dividend	₹ 2/- per Equity Share (proposed)
Dividend payment date	31st July 2019
Cut-off Date for e-Voting	Tuesday, the 16th July 2019

### (ii) Financial Calendar for FY 2019-20 (tentative)

Results for the quarter ending	30th Jun 2019	23rd July 2019
-do-	30th Sep 2019	8th November 2019
-do-	31st Dec 2019	31st January 2020
Results for the year ending	31st Mar 2020	May 2020
Annual General Meeting	July 2020	

### (iii) Listing

Name & Address	Listed from	Stock Code
BSE Limited Phiroze Jeejeebhoy Towers Dalal Street, Mumbai 400 001 Phone: 022-22721233/ 1234 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

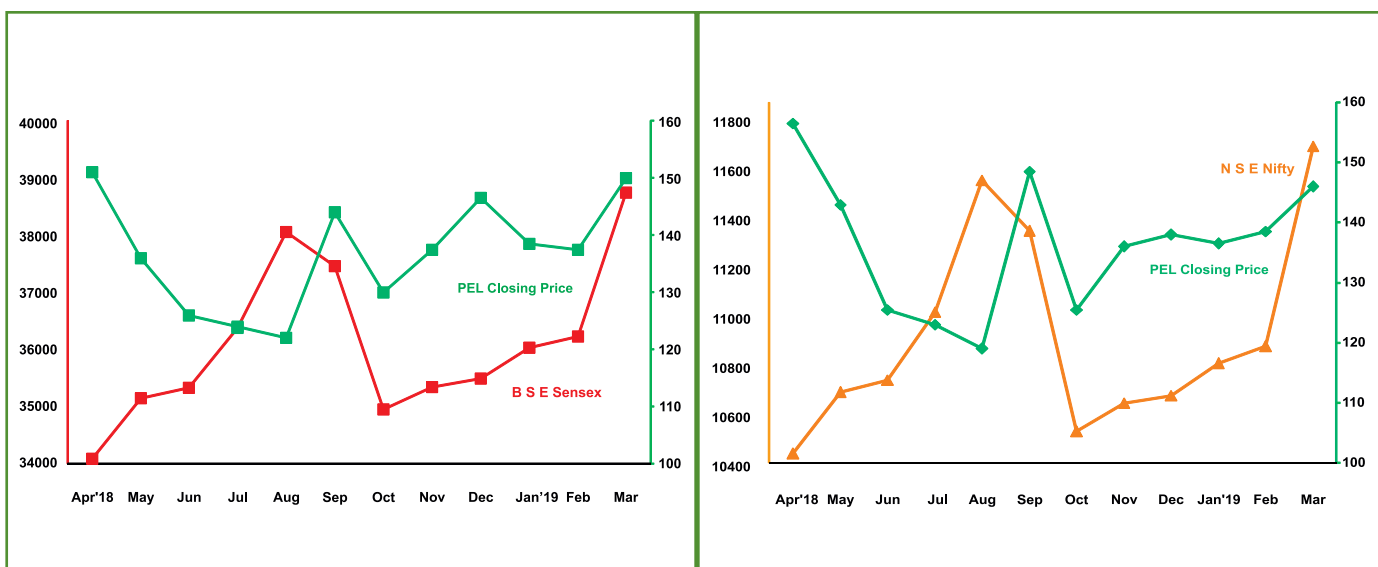
Listing fee has been paid to both the Stock Exchanges for FY 2019-20.

### (iv) 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'18	167	135	26362	39.07	173	140	34744	52.75
May'18	149	123	15437	21.55	156	130	35046	48.89
June'18	141	111	42091	53.66	139	112	24079	30.23
July'18	140	108	27683	32.60	131	115	18473	21.63
Aug'18	139	105	11319	13.27	128	110	20875	24.71
Sept'18	180	108	52083	80.50	189	108	404373	618.27
Oct'18	150	110	14688	18.60	149	102	129635	165.06
Nov'18	160	115	10839	14.76	151	121	55513	76.54
Dec'18	168	125	1026940	1392.30	148	128	31798	43.77
Jan'19	159	118	3895	5.47	143	130	27844	38.46
Feb'19	152	123	8175	11.29	156	121	44821	63.41
March'19	150	132	2685	3.69	146	130	41506	56.40



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



(vi) 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

(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) Share Transfer System

(a) Powers are delegated to Managing Director to deal with and approve regular transactions in securities 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. There is no pending share transfer as of 31.03.2019.

b) Compulsory Demat

SEBI in June'18 has amended Regulation 40 of the Listing Regulations prohibiting transfer of shares held in physical mode that comes into effect from 01.04.2019. Transposition and Transmission are however exempted from this amendment. **Accordingly transfer of shares in physical mode will not be feasible from 01.04.2019.**

(ix) Distribution of shareholding

Slab	No. of Shareholders		No. of Equity Shares	
	Total	%	Total	%
1-100	6368	79.16	234970	2.73
101-500	1329	16.52	319468	3.72
501-1000	175	2.18	139541	1.62
1001-10000	138	1.72	432948	5.04
10001 - 100000	21	0.26	540359	6.28
100001 & above	13	0.16	6931132	80.61
<b>Total</b>	<b>8044</b>	<b>100.00</b>	<b>8598418</b>	<b>100.00</b>



**(x) Categories of Shareholding**

Shares held by	No. of shareholders	%	No. of shares	%
Promoters	6	0.07	3642537	42.36
FIs / UTI / Mutual Fund / Banks	4	0.05	4020	0.05
Corporates	122	1.52	922548	10.73
FPIs / FIIs / NRIs / OCBs	151	1.88	2440347	28.38
Resident Individuals	7761	96.48	1588966	18.48
<b>Total</b>	<b>8044</b>	<b>100.00</b>	<b>8598418</b>	<b>100.00</b>

**(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 form. 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.

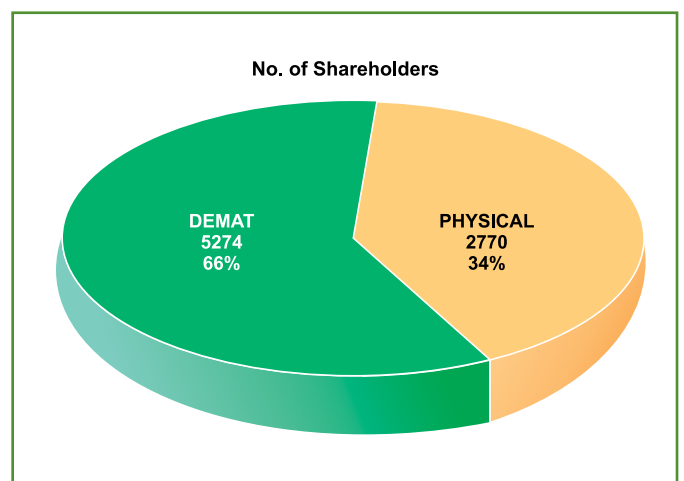
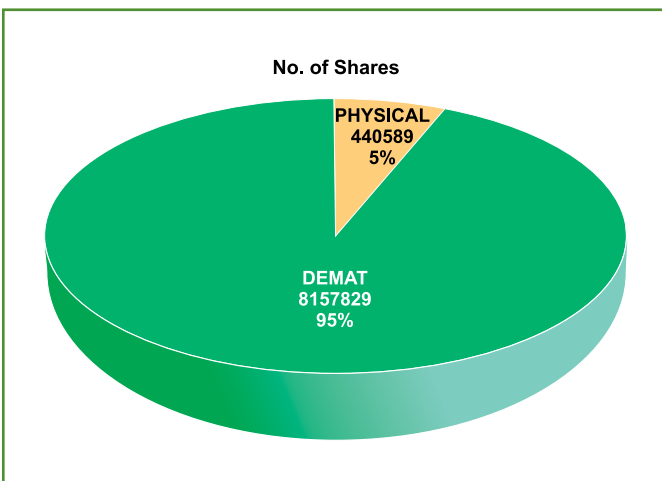
Shareholders are advised to convert their holdings from physical mode to demat mode considering overall merits of the depository system and **total prohibition on transfer of shares in physical mode from 01.04.2019.**

**(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. 20th April '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 - 39279300 Fax: 044- 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)	30.00	CARE: BBB stable
Short term bank facilities (Non-fund based)	21.50	CARE: A3+

**(xviii) Shareholder Complaints**

No Complaint has been received by the company / RTA from shareholders 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 (Maximum number of working days)
1	Transfers / 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	Revalidation of Dividend warrants / IEPF Letters	5
10	Registration of Power of Attorney	5
11	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. : 044-39279300

**(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.	-	-
3	Number of shareholders to whom shares were transferred from the Unclaimed Suspense Account during the year.	-	-
4	Aggregate number of shareholders and the outstanding shares lying in the Unclaimed Suspense Account at the end of the year.	473	27247

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

### (xxi) Dividend for 2018-19

#### (a) Dividend entitlement

Dividend, if declared at the Annual General Meeting, will be paid by 31st July 2019 to the members whose names appear on the Register of Members on 23rd July 2019 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 NECS 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 all the branches of the issuing Bank. Initial validity would be 3 months and payment thereafter would be payable only at limited centres. Members are hence advised to encash the warrants within the initial validity period.

#### (d) Tax on dividend

Dividend, if declared, will be paid without deduction of tax to shareholders, while the company would be paying dividend distribution tax thereon. Taxability of dividend in the hands of recipients is as per applicable tax law.

### (xxii) Particulars of unclaimed dividend

Year	Dividend (₹ per share)	Date of warrant	Unclaimed		Due date for transfer to IEPF
			No. of warrants	₹ lakhs	
2011-12	2.50	06.08.2012	3042	4.50	24.08.2019
2012-13	1.50	07.08.2013	3332	2.97	29.08.2020
2013-14	0.60	31.07.2014	3859	1.35	27.08.2021
2015-16	1.20	01.08.2016	3379	2.63	30.08.2023
2016-17	2.50	08.08.2017	3465	5.55	06.09.2024
2017-18	1.00	31.07.2018	1974	3.24	29.08.2025

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 ₹ 3.76 lakhs pertaining to 3617 investors for the Financial Year ended 31.03.2011 was transferred to IEPF on 27.08.2018.

**(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
2010-11	250	12788	18.09.2018

Details of above transfers are uploaded in our website [www.ponnisugars.com](http://www.ponnisugars.com).

**(xxv) Transfer to IEPF becoming due**

The unpaid / unclaimed amount for the Financial Year ended 31.03.2012 will be transferred during August 2019 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.
- 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.

### Company commitment

Our Company keeps constant track of prevalent practices among bellwether corporates towards formulating and fine tuning 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.

Our Company enjoys considerable goodwill of the residents in its neighbourhood 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.

### For PONNI SUGARS (ERODE) LIMITED

**N Gopala Ratnam**  
Chairman

**N Ramanathan**  
Managing Director

Chennai  
24th May 2019

### Appendix-1

### DECLARATION

[Pursuant to Para D of Schedule V of the  
SEBI (Listing Obligations & 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 2018-19.

Chennai  
24th May 2019

**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 SEBI (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](http://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, 2019 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
9	Mr. Narasimha Raghunathachari Krishnan (till close of 31.03.2019)	00047799	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 : 22.05.2019

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



## 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 2019 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 2019.

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**  
**Regn No. 004770S / S200025**  
Chartered Accountants

Chella K Srinivasan  
Partner  
Membership No.023305

Chennai  
24th May 2019



**Form No.MGT-9**

EXTRACT OF ANNUAL RETURN  
as on the financial year ended on 31st March 2019

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 39279300 Fax: 044 24960156 Email: <a href="mailto:admin@ponnisugars.com">admin@ponnisugars.com</a> Web: <a href="http://www.ponnisugars.com">www.ponnisugars.com</a>
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: <a href="mailto:investor@cameoindia.com">investor@cameoindia.com</a> Web: <a href="http://www.cameoindia.com">www.cameoindia.com</a>

**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 and by-products	10721	64
2	Power	35106	34

**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 - 01.04.2018			No. of shares held at the end of the year - 31.03.2019			% change the during the year
	Demat	Physical	Total	Demat	Physical	Total	
<b>A. Promoters</b>							
<b>(1) Indian</b>							
(a) Individual/HUF	2823	-	2823	2823	-	2823	0.00
(b) Central Govt	-	-	-	-	-	-	-
(c) State Govt(s)	-	-	-	-	-	-	-
(d) Bodies Corp.	3139248	-	3139248	3139248	-	3139248	0.00
(e) Banks / FI	-	-	-	-	-	-	-
(f) Any Other ....	-	-	-	-	-	-	-
<b>Sub-Total (A)(1)</b>	<b>3142071</b>	<b>-</b>	<b>3142071</b>	<b>3142071</b>	<b>-</b>	<b>3142071</b>	<b>0.00</b>
<b>(2) Foreign</b>							
(a) NRIs - Individuals	500466	-	500466	500466	-	500466	0.00
(b) Other - Individuals	-	-	-	-	-	-	-
(c) Bodies Corp.	-	-	-	-	-	-	-
(d) Banks / FI	-	-	-	-	-	-	-
(e) Any Other ....	-	-	-	-	-	-	-
<b>Sub-Total (A)(2)</b>	<b>500466</b>	<b>-</b>	<b>500466</b>	<b>500466</b>	<b>-</b>	<b>500466</b>	<b>0.00</b>
<b>Total shareholding of Promoter (A) = (A)(1) + (A)(2)</b>	<b>3642537</b>	<b>0</b>	<b>3642537</b>	<b>3642537</b>	<b>0</b>	<b>3642537</b>	<b>0.00</b>
<b>B. Public Shareholding</b>							
<b>(1) Institutions</b>							
(a) Mutual Funds / UTI	4020	0	4020	4020	0	4020	0.00
(b) Banks / FI	-	-	-	-	-	-	-
(c) Central Govt	-	-	-	-	-	-	-
(d) State Govt(s)	-	-	-	-	-	-	-
(e) Venture Capital Funds	-	-	-	-	-	-	-
(f) Insurance Companies	-	-	-	-	-	-	-
(g) FIs	300000	0	300000	300000	0	300000	0.00
(h) Foreign Venture Capital Investors	-	-	-	-	-	-	-
(i) Any Other	-	-	-	-	-	-	-
Foreign Portfolio Investors	1820299	0	1820299	1820299	0	1820299	0.00
<b>Sub- Total (B)(1)</b>	<b>2124319</b>	<b>0</b>	<b>2124319</b>	<b>2124319</b>	<b>0</b>	<b>2124319</b>	<b>0.00</b>

Category of Shareholders	No. of shares held at the beginning of the year - 01.04.2018				No. of shares held at the end of the year - 31.03.2019				% change the during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
<b>(2) Non - Institutions</b>									
(a) Bodies Corporate - Indian	912326	3256	915582	10.65	919312	3236	922548	10.73	0.08
(b) Individuals									
i Individual shareholders holding nominal share capital up to ₹ 1 lakh	796178	197989	994167	11.56	786373	174378	960751	11.17	-0.39
ii Individual shareholders holding nominal share capital in excess of ₹ 1 lakh	435415	16000	451415	5.25	465189	0	465189	5.41	0.16
(c) Others (specify)									
Directors and Relatives	3537	588	4125	0.05	4025	100	4125	0.05	0.00
NRIs / OCBS	58046	264775	322821	3.75	57173	262875	320048	3.72	-0.03
HUF / Clearing Members	32814	0	32814	0.38	35475	0	35475	0.41	0.03
Unclaimed Shares	27247	0	27247	0.32	27247	0	27247	0.32	0.00
IEPF	83391	0	83391	0.97	96179	0	96179	1.12	0.15
<b>Sub- Total (B)(2)</b>	<b>2348954</b>	<b>482608</b>	<b>2831562</b>	<b>32.93</b>	<b>2390973</b>	<b>440589</b>	<b>2831562</b>	<b>32.93</b>	<b>0.00</b>
<b>Total Public Shareholding (B) = (B)(1) + (B)(2)</b>	<b>4473273</b>	<b>482608</b>	<b>4955881</b>	<b>57.64</b>	<b>4515292</b>	<b>440589</b>	<b>4955881</b>	<b>57.64</b>	<b>0.00</b>
<b>Shares held by Custodian for GDRs and ADRs</b>	-	-	-	-	-	-	-	-	-
<b>GRAND TOTAL (A) + (B) + (C)</b>	<b>8115810</b>	<b>482608</b>	<b>8598418</b>	<b>100.00</b>	<b>8157829</b>	<b>440589</b>	<b>8598418</b>	<b>100.00</b>	<b>0.00</b>

**(ii) Shareholding of promoters**

Sl. No.	Shareholder's Name	Shareholding (April 1, 2018)				Shareholding (March 31, 2019)				% 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	0	27.45	2360260	27.45	0	0	0
2	Time Square Investments (P) Ltd	773804	9.00	0	9.00	773804	9.00	0	0	0
3	Bharti Chhotubhai Pithawalla	500466	5.82	0	5.82	500466	5.82	0	0	0
4	Esvi International (Engineers and Exporters) Ltd	4802	0.06	0	0.06	4802	0.06	0	0	0
5	High Energy Batteries (India) Ltd	382	0.00	0	0.00	382	0.00	0	0	0
6	N Gopala Ratnam	2823	0.03	0	0.03	2823	0.03	0	0	0
<b>Total</b>		<b>3642537</b>	<b>42.36</b>	<b>0</b>	<b>42.36</b>	<b>3642537</b>	<b>42.36</b>	<b>0</b>	<b>0</b>	<b>0</b>



**(iii) Change in Promoters' Shareholding**

Sl No	Name of the Shareholder	Shareholding (April 1, 2018)		Shareholding (March 31, 2019)	
		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 01-04-2018	3642537	42.36		
	Purchase / Sale during the Year	0	0		
	At the end of the Year 31-03-2019			3642537	42.36

There is no change in the total shareholding of Promoters during the year 2018-19.



## Ponni Sugars (Erode) Limited

### (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-2018	813525	9.46		
	At the end of the Year 31-Mar-2019			813525	9.46
2	Coromandel Sugars Limited				
	At the beginning of the year 01-Apr-2018	775632	9.02		
	At the end of the Year 31-Mar-2019			775632	9.02
3	Gothic Corporation				
	At the beginning of the year 01-Apr-2018	0	0		
	Purchase 28-Dec-2018	539450	6.27	539450	6.27
	At the end of the Year 31-Mar-2019			539450	6.27
4	Vanderbilt University A/C Vanderbilt University - Atyant Capital Management Limited				
	At the beginning of the year 01-Apr-2018	300000	3.49		
	At the end of the Year 31-Mar-2019			300000	3.49
5	The Duke Endowment				
	At the beginning of the year 01-Apr-2018	0	0		
	Purchase 28-Dec-2018	197599	2.30	197599	2.30
	At the end of the Year 31-Mar-2019			197599	2.30
6	Gothic HSP Corporation				
	At the beginning of the year 01-Apr-2018	0	0		
	Purchase 28-Dec-2018	159410	1.85	159410	1.85
	At the end of the Year 31-Mar-2019			159410	1.85



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
7	Ruchit Bharat Patel Jt1 : Hardik Bharat Patel				
	At the beginning of the year 01-Apr-2018	189430	2.20	189430	2.20
	Sale 21-Sep-2018	-31499	-0.37	157931	1.84
	At the end of the Year 31-Mar-2019			157931	1.84
8	Primeasia Investment Pte Ltd				
	At the beginning of the year 01-Apr-2018	125000	1.45		
	At the end of the Year 31-Mar-2019			125000	1.45
9	Tonecliff Ltd				
	At the beginning of the year 01-Apr-2018	117740	1.37		
	At the end of the Year 31-Mar-2019			117740	1.37
10	Employees Retirement Plan of Duke University				
	At the beginning of the year 01-Apr-2018	0	0		
	Purchase 28-Dec-2018	110315	1.28		
	At the end of the Year 31-Mar-2019			110315	1.28

**(v) Shareholding of Directors and Key Managerial Personnel**

Sl. No.	Name	Shareholding (April 1, 2018)		Shareholding (March 31, 2019)	
		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



## Ponni Sugars (Erode) Limited

### 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	725	--	--	725
ii) Interest due but not paid	--	--	--	--
iii) Interest accrued but not due	--	--	--	--
<b>Total (i+ii+iii)</b>	<b>725</b>	<b>--</b>	<b>--</b>	<b>725</b>
Change in Indebtedness during the financial year				
- Addition	2338	1000	--	3338
- Reduction	574	--	--	574
<b>Net Change</b>	<b>1764</b>	<b>1000</b>	<b>--</b>	<b>2764</b>
Indebtedness at the end of the financial year				
i) Principal Amount	2487	1000	--	3487
ii) Interest due but not paid	--	--	--	--
iii) Interest accrued but not due	2	--	--	2
<b>Total (i+ii+iii)</b>	<b>2489</b>	<b>1000</b>	<b>--</b>	<b>3489</b>

### 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	59.00
	b) Value of perquisites u/s 17(2) of the Income-tax Act, 1961	0.21
	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	10.74
	<b>Total(A)</b>	<b>117.95</b>
	Ceiling as per the Act (Excludes contribution to retirement benefits exempt under 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	Mr N R Krishnan	Dr Nanditha Krishna	
1	Independent Directors - Fee for attending board / committee meetings - Commission - Others, please specify	1.20 -- --	1.20 -- --	1.30 -- --	0.40 -- --	4.90 -- --
	<b>Total (1)</b>	<b>1.20</b>	<b>1.20</b>	<b>1.30</b>	<b>0.40</b>	<b>4.90</b>
		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	1.30 -- --	1.00 -- --	0.80 -- --		3.10 -- --
	<b>Total (2)</b>	<b>1.30</b>	<b>1.00</b>	<b>0.80</b>		<b>3.10</b>
	<b>Total B = (1+2)</b>					<b>8.00</b>
	Total Managerial Remuneration (A+B)					<b>125.95</b>
	Overall Ceiling as per the Act					*

\* Minimum Remuneration for Managing Director  
Only Sitting Fee 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	29.95
	b) Value of perquisites u/s17(2) of the Income-tax Act,1961	0.29
	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	2.75
	<b>Total</b>	<b>32.99</b>

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.

Chennai  
24th May 2019

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 2018-19 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

Chennai  
24th May 2019



**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:

- Automation of movement water line in all pans.
- Provision of VFD for injection pump motors, service water pump motors and air blower motor.
- Installation of fan-less cooling tower in place of cooling towers with fans.
- Installation of LED light fittings in Mill house - Phase I.

Proposals under consideration

- Installation of 2 KW roof top solar panel for colony street lighting with on grid and net metering concept.
- Installation of LED light fittings in Boiling House I – Phase II.

Impact of the above measures

- Reduction in energy consumption and consequent impact on the cost of production of goods  
 Power :1000 kwh per day – impact marginal

(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 new investment is currently under consideration having regard to the tenuous cash flow position of the company.

**B. Technology Absorption**

(i) Efforts made towards technology absorption:

5-S concept is being practised in all areas of operation involving all employees of the organization.

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

Scope for product development and improvement is limited. The Company lays stress on quality improvement. Cost reduction was achieved by sourcing diverse species of bio-fuel and considerably reducing coal.

(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 terms of actual outflows:

	(₹ in lakhs)	
	2018-19	2017-18
Earnings	64	-
Outgo	1	1693

For Board of Directors

**N Gopala Ratnam**  
 Chairman

Chennai  
 24th May 2019



## 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 has become applicable to the company only from FY 2017-18. The Policy is placed on the company's website [www.ponnisugars.com](http://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 R Krishnan, Independent Director  
(till 31.03.2019)
- Mr N Ramanathan, Managing Director
- Dr Nanditha Krishna, Independent Director  
(from 01.04.2019)

3. Average net profit of the company for last three financial years:

Year	Net profit u/s 198 (₹ lakhs)
2015-16	258
2016-17	2166
2017-18	426
Avg net profit	950

4. Prescribed CSR expenditure (two percent of the amount as in item 3 above). ₹ 19 lakhs

5. Details of CSR spent during the financial year:

- (a) Total amount to be spent

for the financial year: ₹ 19 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	25
2	Strengthening rural infrastructure/ improving road connectivity	Rural development	1
3	Primary education for the children of rural area	Education	1
4	Contribution to Bharat Ke Veer Corpus Fund	Livelihood	2
<b>Total</b>			<b>29</b>



Note:

- (i) All the above programs under SI No. 1 to 3 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.
- (iv) The company has also contributed ₹ 4.25 lakhs to the Chief Minister's Public Relief Fund in support of GAJA cyclone relief measures.

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

Chennai  
24-05-2019

- 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

Sd/-  
**N Ramanathan**  
Managing Director



## Annexure - 7 to Board's Report

## 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)	38:1	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	23%	
The percentage increase in the median remuneration of employees in the financial year		5%	
The number of permanent employees on the rolls of company		261	
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 only sitting fee as remuneration. Ratio of remuneration and percentage increase are hence 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

Chennai  
24th May 2019**N Gopala Ratnam**  
Chairman



**Form No. MR-3**  
**SECRETARIAL AUDIT REPORT**

For the Financial Year 2018-19

[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 **M/s. PONNI SUGARS (ERODE) LIMITED** (hereinafter called the Company). Secretarial Audit was conducted in a manner that provided me a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing my opinion thereon.

Based on my verification of M/s. **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, I hereby report that in my opinion, the Company has, during the audit period covering the financial year ended 31st March 2019, 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 2019 according to the provisions of:

- (i) The Companies Act, 2013 (the Act) and the rules made thereunder;
- (ii) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder;
- (iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;

- (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'):-
  - (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, 2009; (Not applicable to the Company during the audit period)
  - (d) The Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 and 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 to the Company during the audit period).



- (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, 1998; (Not applicable to the Company during the audit period).

Other Laws specifically applicable to this Company are as follows:

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

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

- (i) Secretarial Standards issued by The Institute of Company Secretaries of India.
- (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 a Women Director. The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act.

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 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.

**V Suresh**

Practising Company Secretary

Place : Chennai

FCS No. 2969

Date : 22nd May 2019

C P No. 6032



## 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, 2019 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, 2019, 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.

#### 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 ₹.1916 lakhs, pursuant to a long-term agreement.</p> <p>We considered sales of Bagasse to the related party as a key audit matter as it constitutes a significant percentage of Cogen segment revenue.</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 2019 the inventory of sugar with carrying value ₹.5933 lakhs is valued at lower of cost and net realisable 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/prevaling in determination of net realisable 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 realisable value. Based on the above procedures performed, the management's determination of the cost and net realisable value of inventory of Sugar as the end of the year, is considered reasonable.</p>



Key Audit Matters	Response to Key Audit Matters & Conclusion
<p>3. As on 31st March 2019 the amount receivable from TANGEDCO, a Tamil Nadu State Government entity is ₹.3429 lakhs (Trade Receivable), to whom the surplus power generated by the Cogeneration Power Plant is sold pursuant to a Power Purchase agreement. 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 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>

### 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

1. As required by Section 143(3) of the Act, we report, that:
  - (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
  - b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
  - c) The Balance Sheet, the Statement of Profit and Loss (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.
  - d) 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.

- e) On the basis of the written representations received from the Directors as on 31st March, 2019 taken on record by the Board of Directors, none of the Directors is disqualified as on 31st March 2019 from being appointed as a Director in terms of Section 164(2) of the Act.
- f) With respect to the adequacy of the Internal Financial Controls over financial reporting of the Company, and the operating effectiveness of such controls, refer to our separate Report in **"Annexure A"**.
- g) 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.

- h) 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:
  - i) The Company has disclosed the impact of pending litigations on its financial position in its Ind AS financial statements.
  - ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.
  - iii. There has been no delay in transferring amounts required to be transferred to the Investor Education and Protection Fund by the company.

2. 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**  
Chartered Accountants  
**Regn No: 004770S/S200025**

**Chella K Srinivasan**

Place : Chennai  
Date : May 24, 2019

Partner  
Membership number: 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 over Financial Reporting 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, 2019 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, 2019, 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**  
Chartered Accountants  
**Regn No: 004770S/S200025**

**Chella K Srinivasan**

Place : Chennai

Partner

Date : May 24, 2019

Membership number: 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:
- The Company is maintaining proper records showing full particulars, including quantitative details and situation of fixed assets;
  - These fixed assets have been physically verified by the Management at reasonable intervals and no material discrepancies were noticed on such verification.
  - 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:
- 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 2019 for a period of more than six months from the date they became payable.
  - 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 2019 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	70.01	CESTAT	Financial Years 2014-15 to 2015-16
Central Excise Act, 1944	Excise Duty	400.36	Commissioner (Appeals)	Financial Years 2015-16 to 2017-18
Central Excise Act, 1944	Excise Duty	109.87	CESTAT	Financial years 1991-92 to 1992-93
Finance Act, 1994 (Service Tax)	Service Tax	29.47	CESTAT	Financial Years 1997-98 to 1998-99
Tamilnadu 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**  
Chartered Accountants  
**Regn No: 004770S/S200025**

**Chella K Srinivasan**

Place : Chennai  
Date : May 24, 2019

Partner  
Membership number: 023305



**BALANCE SHEET AS AT 31ST MARCH 2019**

(₹ in Lakhs)

Particulars	Note No.	As at 31.03.2019	As at 31.03.2018
<b>A ASSETS</b>			
<b>1 Non-Current Assets</b>			
(a) Property, Plant and Equipment	2	11,413	11,949
(b) Capital Work-in-Progress		11	6
(c) Intangible Assets	2	4	3
(d) Financial Assets			
(i) Investments	3	16,852	15,615
(ii) Other Financial Assets	4	28	25
		16,880	15,640
(e) Other Non-Current Assets	5	41	55
<b>Total Non-Current Assets</b>		<b>28,349</b>	<b>27,653</b>
<b>2 Current Assets</b>			
(a) Inventories	6	6,402	3,131
(b) Financial Assets			
(i) Trade Receivables	7	3,806	1,839
(ii) Cash and Cash Equivalents	8	331	32
(iii) Other Bank balances	9	20	21
		4,157	1,892
(c) Other Current Assets	10	172	160
<b>Total Current Assets</b>		<b>10,731</b>	<b>5,183</b>
<b>TOTAL ASSETS</b>		<b>39,080</b>	<b>32,836</b>



(₹ in Lakhs)

Particulars	Note No.	As at 31.03.2019	As at 31.03.2018
<b>B EQUITY AND LIABILITIES</b>			
<b>1 Equity</b>			
(a) Equity Share Capital	11	860	860
(b) Other Equity	12	28,408	26,427
<b>Total Equity</b>		<b>29,268</b>	<b>27,287</b>
<b>Liabilities</b>			
<b>2 Non-Current Liabilities</b>			
(a) Deferred Tax Liabilities (Net)	13	313	152
(b) Provisions	14	576	525
<b>Total Non-Current Liabilities</b>		<b>889</b>	<b>677</b>
<b>3 Current Liabilities</b>			
(a) Financial Liabilities			
(i) Borrowings	15	3,487	151
(ii) Trade Payables	16		
- Micro and Small enterprises		13	-
- Others		3,615	3,697
(iii) Other Financial Liabilities	17	109	644
		<b>7,224</b>	<b>4,492</b>
(b) Other Current Liabilities	18	1,684	356
(c) Provisions	19	2	24
(d) Current Tax Liabilities (Net)		13	-
<b>Total Current Liabilities</b>		<b>8,923</b>	<b>4,872</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>39,080</b>	<b>32,836</b>

The accompanying notes 1 to 40 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  
 24th May 2019

For and on behalf of the Board

**N Gopala Ratnam**  
 Chairman

**N Ramanathan**  
 Managing Director

**N Ramanathan**  
 Secretary

**K Yokanathan**  
 Chief Financial Officer



STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31ST MARCH 2019

(₹ in Lakhs)

Particulars	Note No	Year ended 31.03.2019	Year ended 31.03.2018
<b>I Revenue from Operations</b>	20	<b>18,484</b>	19,598
<b>II Other Income</b>	21	<b>312</b>	261
<b>III Total Income (I+II)</b>		<b>18,796</b>	19,859
<b>IV EXPENSES</b>			
Cost of Materials Consumed	22	<b>12,934</b>	10,675
Changes in Inventories of finished goods and work-in-progress	23	<b>(3,143)</b>	1,789
Power and Fuel		<b>4,101</b>	2,738
Employee benefits expense	24	<b>1,419</b>	1,413
Other expenses	25	<b>1,212</b>	973
<b>Total Expenses (IV)</b>		<b>16,523</b>	17,588
<b>V Profit before Finance Costs, Depreciation and Amortisation Expense and Taxes (III-IV)</b>		<b>2,273</b>	2,271
Finance Costs	26	<b>347</b>	197
Depreciation and amortization expense	27	<b>593</b>	568
<b>VI Profit before Exceptional items and Tax</b>		<b>1,333</b>	1,506
<b>VII Exceptional Items</b>	28	<b>133</b>	1,126
<b>VIII Profit Before Tax (VI-VII)</b>		<b>1,200</b>	380
<b>IX Tax Expense</b>	29		
Current Tax		<b>198</b>	46
Deferred Tax		<b>159</b>	-
<b>X Profit for the year (VIII-IX)</b>		<b>843</b>	334
<b>XI Other Comprehensive Income</b>			
i. Items that will not be reclassified to profit or loss			
a. Effect of measuring investments at fair value		<b>1,237</b>	1,553
b. Remeasurement of the defined benefit plans		<b>6</b>	2
ii. Income tax relating to items that will not be reclassified to profit or loss		<b>(2)</b>	(1)
Other Comprehensive Income		<b>1,241</b>	1,554
<b>XII Total Comprehensive Income for the year (X+XI)</b>		<b>2,084</b>	1,888
<b>XIII Earnings per equity share (face value of ₹ 10 each)</b>			
(1) Basic (₹)		<b>9.80</b>	3.88
(2) Diluted (₹)		<b>9.80</b>	3.88

The accompanying notes 1 to 40 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  
24th May 2019

For and on behalf of the Board

N Gopala Ratnam  
Chairman

N Ramanathan  
Managing Director

N Ramanathan  
Secretary

K Yokanathan  
Chief Financial Officer



Statement of Changes in Equity for the year ended 31st March 2019

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, 2018	860	-	860
31st March, 2019	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	
<b>(A) Balance as at 01.04.2017</b>	<b>554</b>	<b>160</b>	<b>9,500</b>	<b>2,602</b>	<b>11,982</b>	<b>24,798</b>
<b>Additions during the year:</b>						
Profit for the year 2017-18				334		334
Items that will not be reclassified to profit or loss:						
a. Effect of measuring Investments at fair value					1,553	1,553
b. Remeasurement of the defined benefit plans				2		2
Income tax relating to items that will not be reclassified to profit or loss				(1)	-	(1)
<b>(B) Total Comprehensive Income for the year 2017-18</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>335</b>	<b>1,553</b>	<b>1,888</b>
<b>(C) Reduction during the year</b>						
Dividend				(215)		(215)
Income Tax on Dividend				(44)		(44)
Total	-	-	-	(259)	-	(259)
<b>(D) Balance as at 31.03.2018 (A+B-C)</b>	<b>554</b>	<b>160</b>	<b>9,500</b>	<b>2,678</b>	<b>13,535</b>	<b>26,427</b>
<b>Additions during the year:</b>						
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>(E) Total Comprehensive Income for the Year 2018-19</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>847</b>	<b>1,237</b>	<b>2,084</b>
<b>(F) Reduction during the year</b>						
Dividend				(86)		(86)
Income Tax on dividend				(17)		(17)
Transfer to General reserve			500	(500)		
Total	-	-	500	(603)	-	(103)
<b>Balance as at 31st March 2019 (D+E-F)</b>	<b>554</b>	<b>160</b>	<b>10,000</b>	<b>2,922</b>	<b>14,772</b>	<b>28,408</b>

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  
24th May 2019

For and on behalf of the Board

N Gopala Ratnam  
Chairman

N Ramanathan  
Managing Director

N Ramanathan  
Secretary

K Yokanathan  
Chief Financial Officer



**CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH 2019**

(₹ In Lakhs)

	Year Ended 31.03.2019		Year Ended 31.03.2018	
<b>A Cash flow from Operating Activities:</b>				
Profit before tax		1,200		380
<i>Adjustments for:</i>				
Depreciation	593		568	
Interest	324		188	
Dividend	(265)		(177)	
Remeasurement of defined benefit plan	6		2	
(Profit) / Loss on sale of assets	-		45	
Assets discarded	1	659	2	628
Operating Profit before working capital changes		1,859		1,008
<i>Adjustments for:</i>				
Trade and Other Receivables	(1,967)		698	
Inventories	(3,271)		1,782	
Trade and other payables	1,274	(3,964)	1,740	4,220
Cash generated from operations		(2,105)		5,228
Direct Tax paid net of refund		(134)		(176)
<b>Net cash from operating activities (A)</b>		<b>(2,239)</b>		<b>5,052</b>
<b>B. Cash flow from Investing Activities:</b>				
Purchase / Acquisition of fixed assets		(64)		(758)
Value of discarded assets		(1)		(2)
Sale of Fixed Assets		1		27
Interest received		23		10
Dividend received		265		177
<b>Net cash used in investing activities (B)</b>		<b>224</b>		<b>(546)</b>
<b>C. Cash flow from Financing Activities:</b>				
Term Loan repaid		(574)		(3,027)
Working Capital Loan		2,336		(1,153)
Short Term Loan		1,000		-
Interest Paid		(345)		(209)
Dividend plus Tax paid		(103)		(259)
<b>Net cash used in financing activities ( C )</b>		<b>2,314</b>		<b>(4,648)</b>
Net increase in cash and cash equivalents (A+B+C)		299		(142)
Cash and cash equivalents at the beginning		32		174
Cash and cash equivalents at the end		331		32

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  
 24th May 2019

For and on behalf of the Board

**N Gopala Ratnam**  
 Chairman

**N Ramanathan**  
 Managing Director

**N Ramanathan**  
 Secretary

**K Yokanathan**  
 Chief Financial Officer



## 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

#### Leases

On March 30, 2019 Ministry of Corporate Affairs has notified "Ind AS 116, Leases" replacing the existing "Ind AS 17 Leases" and related interpretations. This new standard is applicable for accounting periods commencing on or after 01-04-2019 and hence not applicable for the financial statements for the year ended 31-03-2019. However, application of this standard from 01-04-2019 does not have any significant impact for the Company.

#### Uncertainty over Income Tax Treatments

On March 30, 2019, Ministry of Corporate Affairs has notified Appendix C to Ind AS 12 - Uncertainty over Income Tax Treatments. This is to be applied while performing the determination of taxable profit (or loss), tax bases, unused tax losses, unused tax credits and tax rates, when there is uncertainty over income tax treatments under Ind AS 12.

According to the appendix, the Company needs to determine the probability of the relevant tax authority accepting each tax treatment, or group of tax treatments, that the Company has used or plans to use in its income tax filing which has to be considered to compute the most likely amount or the expected value of the tax treatment when determining taxable profit (or tax loss), tax bases, unused tax losses, unused tax credits and tax rates.

The effective date for adoption of Appendix C to Ind AS 12 is in respect of accounting period beginning on or after April 1, 2019 and the Company will adopt the same accordingly.

### 1.5 Property, Plant and Equipment (PPE)

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.

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
- (i) 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.
  - (i)(a) 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.



## Notes forming part of the Financial Statements

- (ii) 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.
- (iii) 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.
- (iv) 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 part of the cost of the assets till the asset is ready for its intended use.
- (v) 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.
- (vi) 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.
- (vii) 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

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.



## Notes forming part of the Financial Statements

### 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.

### 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

All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way 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.



## Notes forming part of the Financial Statements

- 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.

### 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.



## Notes forming part of the Financial Statements

### 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.

## 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.



## Notes forming part of the Financial Statements

### 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.

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

Effective from April 01, 2018 the Company has adopted Ind AS 115 "Revenue from Contracts with Customers" that does not have any significant impact on the revenue recognition and measurement.

### 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.



## Notes forming part of the Financial Statements

### 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.

### 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.

## 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



## Notes forming part of the Financial Statements

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.

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.



## Notes forming part of the Financial Statements

### 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.

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.



## Notes forming part of the Financial Statements

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.

### 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.



## Notes forming part of the Financial Statements

### 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.

#### 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. During the current year, there has been no change in useful life considered for the assets.

##### 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 2019

(₹ in Lakhs)

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
<b>(i) Property, Plant and Equipment</b>								
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
<b>(ii) Intangible Assets</b>								
Computer Software	3	2	-	5	1	-	4	3

## Property, Plant and Equipment and Intangible Assets as at 31st March 2018

Description	Gross Carrying Amount			Depreciation / Amortisation			Net Carrying Amount	
	As at 01.04.2017	Additions during the year	Deductions/ Adjustments	As at 31.03.2018	Additions during the year	Deductions/ Adjustments	As at 31.03.2018	As at 31.03.2017
<b>(i) Property, Plant and Equipment</b>								
Land	460	-	-	460	-	-	460	460
Buildings	1,902	12	-	1,914	80	-	1,753	1,821
Plant and Equipment	9,968	714	69	10,613	475	5	9,673	9,498
Furniture and Fixtures	9	7	1	15	2	1	12	7
Vehicles	37	8	8	37	4	1	30	33
Office Equipment	33	9	1	41	7	-	21	20
Total	12,409	750	79	13,080	568	7	11,949	11,839
<b>(ii) Intangible Assets</b>								
Computer Software	1	2	-	3	-	-	3	1

(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 15).

(iii) Contractual commitments for the acquisition of Property, Plant and Equipment as at 31-03-2019 ₹ 2 lakhs (Previous year Nil).



Notes forming part of the Financial Statements

3. Investments - Non Current:

(₹ in Lakhs)

	No of Shares *	Face Value (₹)	As at 31.03.2019	As at 31.03.2018
Investments in Equity Instruments - at Fair Value through Other Comprehensive Income				
a. Quoted :				
Seshasayee Paper and Boards Limited	17,68,181	10	16,609	15,196
High Energy Batteries (India) Limited	1,00,000	10	234	410
<b>Total - Quoted</b>			<b>16,843</b>	15,606
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	-	-
<b>Total - Unquoted</b>			<b>9</b>	9
<b>Total</b>			<b>16,852</b>	15,615
* No change during the year.				
Aggregate amount of quoted investments-At cost			2,070	2,070
Aggregate amount of quoted investments-At market value			16,843	15,606
Aggregate amount of unquoted investments-At cost			9	9
Refer Note 1.2 for determination of fair value				

4. Other Financial Assets - Non current:

	As at 31.03.2019	As at 31.03.2018
Unsecured - Considered good		
Security deposit	19	16
Others	9	9
<b>Total</b>	<b>28</b>	25

5. Other Non Current Assets:

	As at 31.03.2019	As at 31.03.2018
Unsecured - Considered good		
Capital advances	8	-
Indirect taxes paid under protest	33	55
<b>Total</b>	<b>41</b>	55

6. Inventories:

	As at 31.03.2019	As at 31.03.2018
Work-in-Progress	160	146
Finished Goods:		
Sugar	5,933	2,836
Molasses	86	54
Stores and Spares	223	95
<b>Total</b>	<b>6,402</b>	3,131

Refer Note No 1.13 for Valuation of Inventories



## Notes forming part of the Financial Statements

## 7. Trade Receivables:

(₹ in Lakhs)

	As at 31.03.2019	As at 31.03.2018
Unsecured - Considered good	3,806	1,839
<b>Total</b>	<b>3,806</b>	<b>1,839</b>

## 8. Cash and Cash Equivalents:

Balances with banks		
Current accounts	80	30
Deposit account	250	-
Cash on hand	1	2
<b>Total</b>	<b>331</b>	<b>32</b>

## 9. Other Bank balances:

Unpaid dividend accounts	20	21
<b>Total</b>	<b>20</b>	<b>21</b>

## 10. Other Current Assets:

Advance for supplies	45	22
Advance for services	16	21
Input Tax Credit Receivable	14	18
Prepaid expenses	69	56
Others	28	43
<b>Total</b>	<b>172</b>	<b>160</b>

## 11. Equity Share Capital:

<b>Authorised</b> 1,50,00,000 Equity Shares of ₹ 10 each	1500	1500
<b>Issued, Subscribed and Fully paid up:</b> 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 31.03.2019		As at 31.03.2018	
		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	-	-
6	Bharati Chhotubhai Pithawalla	500466	5.82	500466	5.82
7	GHI LTP Ltd	-	-	539450	6.27

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 31.03.2019	As at 31.03.2018
Equity	29,268	27,287
Debt	3,487	725
Cash and Cash Equivalents	331	32
Net Debt	3,156	693
Total Capital (Equity + Net Debt)	32,424	27,980
Net Debt to Capital Ratio	0.10	0.02

e) Dividend:

	FY 2018-19	FY 2017-18
<b>Dividend on Equity shares paid during the year</b>		
Dividend for the year 2017-18 @ ₹1.00 per share (Previous Year ₹ 2.50 share) of ₹10 each	86	215
Dividend distribution Tax on dividend	17	44
<b>Total</b>	<b>103</b>	<b>259</b>

**Proposed Dividend**

The Board of directors at their meeting held on 24th May 2019 have recommended payment of dividend of ₹ 2.00 (PY ₹ 1.00) per equity share of face value of ₹ 10 each for the Financial Year ended 31st March 2019. This amounts to ₹ 207 Lakhs including Dividend Distribution Tax of ₹ 35 Lakhs.

The above 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 31.03.2019	As at 31.03.2018
Capital Reserve	554	554
Securities Premium	160	160
General Reserve	10,000	9,500
Retained Earnings	2,922	2,678
Other Comprehensive Income (OCI)	14,772	13,535
<b>Total</b>	<b>28,408</b>	<b>26,427</b>

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 2019.

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. Deferred Tax Liabilities (Net):

	As at 31.03.2019	As at 31.03.2018
Deferred Tax Liabilities	2,030	2,088
Less: Deferred Tax Assets	1,717	1,936
<b>Net</b>	<b>313</b>	<b>152</b>

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

(₹ in Lakhs)

	Balance Sheet 31.03.2019	Profit and Loss 2018-19	OCI 2018-19	Balance Sheet 01.04.2018
<b>Deferred Tax Liability on account of</b>				
Depreciation on Property Plant and equipment	2,030	(58)	-	2,088
	2,030	(58)	-	2,088
<b>Deferred Tax Assets on account of</b>				
Unabsorbed depreciation	641	(458)	-	1,099
Expenses claimed for tax purpose on payment basis	146	48	-	98
Voluntary Retirement Scheme (VRS) expenditure (allowed in Income Tax Act, 1961 over 5 years)	13	(5)	-	18



Notes forming part of the Financial Statements

(₹ in Lakhs)

	Balance Sheet 31.03.2019	Profit and Loss 2018-19	OCI 2018-19	Balance Sheet 01.04.2018
Remeasurement benefit of the defined benefit plan through OCI	(22)	-	(2)	(20)
MAT Credit Entitlement	939	198	-	741
<b>Sub total</b>	<b>1717</b>	<b>(217)</b>	<b>(2)</b>	<b>1,936</b>
<b>Deferred Tax Liabilities (Net)</b>	<b>313</b>	<b>159</b>	<b>2</b>	<b>152</b>

14. Non-Current Liabilities - Provisions:

	As at 31.03.2019	As at 31.03.2018
Provision for Income Tax (net of Advance Tax)(Note 32)	576	525
<b>Total</b>	<b>576</b>	<b>525</b>

15. Borrowings - Current:

	As at 31.03.2019	As at 31.03.2018
<b>From Banks</b>		
<b>Secured</b>		
Working Capital Loan - Cash Credit	2,487	151
<b>Unsecured</b>		
Short Term Loan	1,000	-
<b>Total</b>	<b>3,487</b>	<b>151</b>

Working capital loan is Secured by

- (i) first charge on Inventories, book debts and specific movables; and
- (ii) second charge on immovables.

16. Trade Payables:

	As at 31.03.2019		As at 31.03.2018	
Micro and Small enterprises		13		-
Others				
- Goods	3,258		3,378	
- Services	357	3,615	319	3,697
<b>Total</b>		<b>3,628</b>		<b>3,697</b>



## Notes forming part of the Financial Statements

(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:

(₹ in Lakhs)

	As at 31.03.2019	As at 31.03.2018
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)		
- Principal amount due to micro and small enterprise	13	Nil
- 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

## 17. Other Current Financial Liabilities:

	As at 31.03.2019	As at 31.03.2018
Current maturities of long term borrowings	-	574
Interest accrued but not due on borrowings	2	-
Payable for Capital Expenditure	8	43
Unpaid dividends (No amount is due and outstanding to be credited to Investor Education and Protection Fund)	20	21
Others	79	6
<b>Total</b>	<b>109</b>	<b>644</b>

## 18. Other Current Liabilities:

	As at 31.03.2019	As at 31.03.2018
Revenue received in advance	1,134	13
Statutory liabilities	357	190
Others	193	153
<b>Total</b>	<b>1,684</b>	<b>356</b>



Notes forming part of the Financial Statements

19. Current Provisions:

(₹ in Lakhs)

	As at 31.03.2019	As at 31.03.2018
Provision for Employee Benefits	2	24
<b>Total</b>	<b>2</b>	<b>24</b>

20. Revenue from Operations:

	31.03.2019	31.03.2018
Sale of Products	18,212	19,233
Other Operating Revenue	272	365
<b>Total</b>	<b>18,484</b>	<b>19,598</b>

Revenue till 30th June 2017 was inclusive of excise duty while GST from 1st July 2017 is not included in Revenue in accordance with 'Ind AS 115'. For comparability, Revenue for the previous year excluding excise duty is ₹ 19464 Lakhs.

Disclosure relating to Revenue from contracts with customers

	31.03.2019	31.03.2018
<b>a. Type of goods</b>		
Sugar	10,598	14,551
Bagasse	2,740	1,526
Molasses	1,325	1,099
Power	3,549	2,057
Total	18,212	19,233
<b>b. Geographical region</b>		
Domestic	18,147	19,233
Export	65	-
Total	18,212	19,233
<b>c. Type of Customer</b>		
Government / Government undertakings	3,549	2,950
Others	14,663	16,283
<b>Total</b>	<b>18,212</b>	<b>19,233</b>

21. Other Income:

	31.03.2019	31.03.2018
Interest on financial assets carried at amortized cost	1	9
Interest others	22	1
Dividend from quoted equity investments measured at fair value through OCI	265	177
Income from Short term Investments	-	41
Other non-operating income	24	33
<b>Total</b>	<b>312</b>	<b>261</b>



Notes forming part of the Financial Statements

22. Cost of Materials Consumed:

(₹ in Lakhs)

	31.03.2019	31.03.2018
Raw material -Sugarcane	12,661	8,634
Raw material -Raw sugar	-	1,855
Process Chemicals	106	75
Packing Materials	167	111
<b>Total</b>	<b>12,934</b>	<b>10,675</b>

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

	31.03.2019		31.03.2018	
Opening stock - Finished goods	2,890		4,756	
- Work in progress	146	3,036	69	4,825
Closing stock - Finished goods	6,019		2,890	
- Work in progress	160	6,179	146	3,036
<b>Changes in Inventories of finished goods and Work in progress</b>		<b>(3,143)</b>		<b>1,789</b>

24. Employee Benefits Expense:

	31.03.2019	31.03.2018
Salaries and wages	1,154	1,149
Contribution to Provident & Other Funds (Note 35)	130	132
Staff Welfare Expenses	135	132
<b>Total</b>	<b>1,419</b>	<b>1,413</b>

25. Other Expenses:

	31.03.2019	31.03.2018
Consumption of stores and spare parts	20	16
Excise duty	-	(161)
Rent	14	14
Repairs and Maintenance		
-Buildings	70	83
-Plant & Machinery	578	434
-Others	7	8
Insurance	22	27
Rates and taxes	79	61
Auditors' remuneration (Note 25-A)	9	9
Watch & ward	65	64
Travel	57	64
Professional & Consultancy	66	47
Directors' sitting fees	8	8
Freight & handling	99	97
Impairment Loss / (Reversal)	-	(2)
Loss on sale of assets	-	51
Exchange Loss (Net)	-	38
Miscellaneous	118	115
<b>Total</b>	<b>1,212</b>	<b>973</b>



Notes forming part of the Financial Statements

25-A. Payment to Auditors:

(₹ in Lakhs)

	31.03.2019	31.03.2018
Statutory Audit Fees	7.00	7.00
Tax Audit Fees	0.50	-
Certification Fees and Other Services	0.50	1.00
Reimbursement of expenses	0.57	0.62
<b>Total</b>	<b>8.57</b>	<b>8.62</b>

26. Finance Costs:

	31.03.2019	31.03.2018
Interest on borrowings	301	163
Other borrowing costs	46	34
<b>Total</b>	<b>347</b>	<b>197</b>
Interest on borrowings is net of		
- Interest subvention	29	116
- Buffer stock subsidy	26	-

27. Depreciation and Amortisation Expense:

	31.03.2019	31.03.2018
Depreciation of Property, Plant and Equipment	592	568
Amortisation of Intangible assets	1	-
<b>Total</b>	<b>593</b>	<b>568</b>

28. Exceptional Items:

	31.03.2019	31.03.2018
Indirect tax demands contested	102	-
Electricity - Parallel Operation charges	31	-
Additional cane price for previous periods	-	1,158
Purchase tax refund	-	(98)
VRS compensation	-	66
<b>Total</b>	<b>133</b>	<b>1,126</b>



Notes forming part of the Financial Statements

29. Tax Expense:

(₹ in Lakhs)

	31.03.2019	31.03.2018
<b>(A) The major components of Income Tax expense for the year are as under:</b>		
<b>Tax expense recognised in the Statement of Profit and Loss</b>		
<b>(a) Current Tax :</b>		
Current tax on the taxable income for the year - Minimum Alternate Tax	198	46
<b>(b) Deferred Tax comprises:</b>		
Deferred Tax Liability on account of depreciation	(58)	(154)
Deferred Tax Asset on unabsorbed depreciation	458	109
Deferred Tax Asset on account of 43B and other temporary disallowances	(43)	91
MAT Credit Entitlement	(198)	(46)
<b>Total</b>	<b>159</b>	<b>-</b>
Note: Applicable tax rate for the year is 33.384% as against 33.063% for the previous year due to change in cess on Income Tax		
<b>Total Tax Expense (a) + (b)</b>	<b>357</b>	<b>46</b>

	31.03.2019	31.03.2018
<b>(B) Reconciliation of Tax expenses and the accounting profit for the year is as under:</b>		
<b>Enacted Income tax rate in India applicable to the Company</b>	<b>33.384%</b>	<b>33.063%</b>
Profit Before Tax	1,200	380
<b>Current Tax Expense at the applicable rate</b>	<b>401</b>	<b>126</b>
Tax effect of the amounts which are not deductible /(taxable) in calculating taxable income		
Add/(Less):		
Tax on exempted income	(82)	(52)
Tax on difference in depreciation	80	50
Unabsorbed depreciation adjusted	(460)	(59)
Differences on account of 43B and other temporary disallowances	47	(81)
Differences on account of other permanent disallowances	14	16
<b>Total</b>	<b>(401)</b>	<b>(126)</b>
<b>Current Tax for the Year</b>	<b>-</b>	<b>-</b>



Notes forming part of the Financial Statements

30. Contingent Liabilities and Commitments:

(₹ in Lakhs)

	As at 31.03.2019	As at 31.03.2018
<b>a. Contingent Liabilities</b>		
Claims against the company not acknowledged as debt		
- Indirect tax demands contested	52	335
- Electricity related demands contested	18	18
<b>b. Commitments</b>		
- Contracts for purchase of sugar cane	9,736	4,700

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

Particulars	Note	Non Current		Current	
		As at 31.03.2019	As at 31.03.2018	As at 31.03.2019	As at 31.03.2018
Financial Assets measured at Fair Value through Other Comprehensive Income (FVTOCI)					
Investments in quoted equity shares	3	16,843	15,606	0	0
Investments in Unquoted equity shares	3	9	9	0	0
<b>Total</b>		16,852	15,615	0	0
Financial Assets measured at amortised cost					
Security Deposit	4	19	16	0	0
Others	4	9	9	0	0
Trade Receivables	7	0	0	3,806	1,839
Cash and Cash Equivalents	8	0	0	331	32
Other Balances with Banks	9	0	0	20	21
<b>Total</b>		28	25	4,157	1,892
Financial Liabilities measured at amortised cost					
Loans repayable on demand - Cash Credit	15	0	0	3,487	151
Current Maturities of Long term borrowings	17	0	0	0	574
Interest accrued but not due on borrowings	17	0	0	2	0
Payable towards capital expenditure	17	0	0	8	43
Payable towards Goods	16	0	0	3,271	3,378
Payable towards services	16	0	0	357	319
Unpaid/Unclaimed Dividend	17	0	0	20	21
Payable towards Other expenses	17	0	0	79	6
<b>Total</b>		0	0	7,224	4,492



## Notes forming part of the Financial Statements

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.

### 31(B). Fair value Measurements

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

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)				
<b>As at 31.03.2019</b>				
Investments in quoted equity shares	<b>16,843</b>	<b>16,843</b>	-	-
Investments in unquoted equity shares - Other Entities	<b>9</b>	-	-	<b>9</b>
<b>As at 31.03.2018</b>				
Investments in quoted equity shares	15,606	15,606	-	-
Investments in unquoted equity shares - Other Entities	9	-	-	9

#### (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.

### 31(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.



## Notes forming part of the Financial Statements

### 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.

No foreign currency exposure at end of the reporting period.

#### (iii) Equity Price Risk

Equity price Risk is related to the change in market reference price of the investments in equity securities.

The majority of the Company's investments are in the shares of group companies held for strategic rather than trading purposes.

### 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.

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 ₹ 4185 lakhs as at 31st March 2019, and ₹ 1917 lakhs as at 31st March 2018 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.



Notes forming part of the Financial Statements

Contractual maturities of financial liabilities based on contractual undiscounted payments.

(₹ in Lakhs)

Particulars	As at 31.03.2019			As at 31.03.2018		
	Less than one year	Over one year	Total	Less than one year	Over one year	Total
Borrowings(Note 15)	3487	-	3487	151	-	151
Trade and other payables ( Note16)	3628	-	3628	3697	-	3697
Other financial liabilities ( Note17)	109	-	109	644	-	644

32. 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 ₹ 1308 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 Ind AS 37.

33.(a) The Tamil Nadu Electricity Regulatory Commission by its order dated 4th Jan 2019 has held that Parallel Operation Charges are payable by Cogenerating plants from 7th May 2014. Consequently, the estimated liability is recognised in these financial statements and the amount of ₹ 31 lakhs pertaining to the past periods is considered under 'exceptional items'.

(b) The Assistant Commissioner of GST & Central Excise by order dated 18th Jan 2018 held that the company being the successor of Ponni Sugars and Chemicals Ltd is liable for the excise duty and service tax liabilities of that company. The Commissioner of GST & Central Excise (Appeals) by order dated 24th Jan 2019 has confirmed the same. While the company is contesting same on appeal, it has recognized the tax amount of ₹102 lakhs involved in these financial statements under 'exceptional items'.

34. As against CSR obligation of ₹ 19 lakhs for the year under Sec.135(5) of the Companies Act, 2013, the Company has incurred ₹ 29 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	31.03.2019	31.03.2018
1	Supporting irrigation infrastructure in rural area	25	32
2	Strengthening rural infrastructure/ improving road connectivity	1	1
3	Primary education for the children of rural area	1	1
4	Conservation of natural resources	-	2
5	Contribution to Bharat Ke Veer corpus fund	2	-
	<b>Total</b>	<b>29</b>	<b>36</b>

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 ₹ 81 Lakhs (previous year ₹ 85 Lakhs) for Provident Fund contributions and ₹ 24 Lakhs (previous year ₹ 24Lakhs) 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.



Notes forming part of the Financial Statements

(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, 2019. 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 31.03.2019

(₹ in Lakhs)

General description		Post employment benefit	
		Gratuity - Funded plan - Non contributory	
		31.03.19	31.03.18
<b>(i)</b>	<b>Change in Defined Benefit Obligation</b>		
	Present value - opening balance	592	648
	Current service cost	28	28
	Interest cost	41	39
	Re-measurement (gain) / loss:		
	- Effect of changes in financial assumptions	(3)	25
	- Effect of experience adjustments	(11)	(28)
	- Effect of changes in demographic assumptions	-	(1)
	Benefits paid	(91)	(119)
	Present value - closing balance	556	592
<b>(ii)</b>	<b>Change in Fair Value of Plan Assets</b>		
	Opening balance	618	685
	Interest income	44	44
	Return on plan assets	(8)	(2)
	Contributions by employer	-	10
	Benefits paid	(91)	(119)
	Closing balance	563	618
<b>(iii)</b>	<b>Amount recognized in the Balance Sheet (as at year end)</b>		
	Present value of obligations	556	592
	Fair value of plan assets	563	618
	Net (asset) / liability recognized	(7)	(26)
<b>(iv)</b>	<b>Expenses recognized in the profit and loss statement</b>		
	Current service cost	28	28
	Interest	(3)	(5)
	Total included in 'Employee benefits expense'	25	23
<b>(v)</b>	<b>Expenses recognized in Other Comprehensive Income (OCI)</b>		
	Re-measurement on the net defined benefit liability:		
	- Effect of changes in financial assumptions	(3)	25
	- Effect of experience adjustments	(11)	(28)
	- Effect of changes in demographic assumptions	-	(1)
	Return on plan assets	(8)	(2)
	Net cost in Other Comprehensive Income (OCI)	(6)	(2)



## Notes forming part of the Financial Statements

		31.03. 19	31.03.18
(vi)	<b>Asset information</b>	Insurance Policy (100%)	
(vii)	<b>Principal actuarial assumptions</b>		
	Mortality	Indian assured Lives Mortality (2006-08) Ultimate	
	Discount rate (%)	7.64	7.53
	Expected rate of salary increase (%)	8.00	8.00
	Expected rate of attrition (%)	7.50	7.50
	Expected average remaining working lives of employees (years)	8.00	7.00
(viii)	<b>Expected contribution (₹ in Lakhs)</b>	<b>10.00</b>	-

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 is 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:

(₹ in Lakhs)

Particulars	31.03.2019	31.03.2018
Discount Rate		
- 1% Increase	23	22
- 1% decrease	(25)	(24)
Salary Growth Rate		
- 1% Increase	(22)	(21)
- 1% decrease	21	19
Attrition Rate		
- 1% increase	0	0
- 1% decrease	0	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.



Notes forming part of the Financial Statements

(b) Long Term Compensated Absence

The assumption used for computing the long term accumulated compensated absences on actuarial basis are as follows:

Assumptions	2018-19	2017-18
Discount rate	7.64%	7.53%
Attrition Rate	7.50%	7.50%
Expected rate of salary increase	8.00%	8.00%

36. Segment Reporting:

(₹ in Lakhs)

Particulars	Sugar		Cogeneration		Eliminations		Total	
	31.03.19	31.03.18	31.03.19	31.03.18	31.03.19	31.03.18	31.03.19	31.03.18
<b>Revenue</b>								
External Sales	11923	15650	6289	3583	-	-	18212	19233
Inter – Segment Sales	2210	1598	2406	2095	(4616)	(3693)	-	-
Other Operating income	113	83	159	282	-	-	272	365
<b>Total Revenue</b>	<b>14246</b>	<b>17331</b>	<b>8854</b>	<b>5960</b>	<b>(4616)</b>	<b>(3693)</b>	<b>18484</b>	<b>19598</b>
<b>Segment Result</b>								
Operating Profit before Exceptional items	30	896	1749	1042	-	-	1779	1938
Exceptional income	(102)	(1126)	(31)	-	-	-	(133)	(1126)
Operating Profit	(72)	(230)	1718	1042	-	-	1646	812
Finance Costs							347	197
Other unallocable expenditure net of unallocable income							99	235
<b>Profit Before Tax</b>							<b>1200</b>	<b>380</b>
Tax Expenses							357	46
<b>Profit After Tax</b>							<b>843</b>	<b>334</b>
<b>Other Information</b>								
Segment Assets	10429	7426	11448	9742	-	-	21877	17168
Unallocated Corporate Assets							17203	15668
Total Assets							39080	32836
Segment Liabilities	5072	3919	329	207	-	-	5401	4126
Unallocated Corporate Liabilities							4411	1423
Total Liabilities							9812	5549
Capital Expenditure	58	681	1	71	-	-	59	752
Depreciation	219	197	374	371	-	-	593	568

Information required under 34 of Ind AS 108.

Three customers individually contribute to more than 10% of the revenue of Co-gen segment.



Notes forming part of the Financial Statements

37. Earnings per Share:

	31.03.2019	31.03.2018
Profit / (Loss) after tax (₹ Lakhs)	843	334
Weighted average number of shares (in lakhs)	86	86
Nominal value per share (₹)	10	10
Basic and diluted earnings per share (₹)	9.80	3.88

38. Related Party Disclosures:

(a) Transaction between Related Parties :

- 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)

ii) Description of Transactions:

a) Seshasayee Paper and Boards Ltd

(₹ in Lakhs)

Particulars	31.03.2019	31.03.2018
Sale of goods	1922	1586
Purchase of goods	777	691
Services availed (Net)	6	(3)
Dividend received	265	177
Dividend paid	24	59
Amount outstanding – Receivable/ (Payable)- Unsecured	352	523

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	31.03.2019	31.03.2018
Rent paid	7	7
Rent advance outstanding - Unsecured	3	3

c) Mr N Ramanathan – Managing Director

Remuneration

	31.03.2019	31.03.2018
i. Short term benefits	113	113
ii. Post employment benefits	13	28
iii. Other long term benefits	-	7
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.



## Notes forming part of the Financial Statements

### 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
Mr N R Krishnan	Non-Executive Director
Dr Nanditha Krishna	Non-Executive Director
Mr K Bharathan	Non-Executive Director

	31.03.2019	31.03.2018
Sitting fees	8	8

### 39. Approval of Financial Statements

The financial statements have been approved for issue by the Board of Directors on 24th May 2019.

### 40. 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  
24th May 2019

For and on behalf of the Board

**N Gopala Ratnam**  
Chairman

**N Ramanathan**  
Secretary

**N Ramanathan**  
Managing Director

**K Yokanathan**  
Chief Financial Officer





## PONNI SUGARS (ERODE) LIMITED

CIN : L15422TN1996PLC037200

Registered Office: 'ESVIN HOUSE', 13 Rajiv Gandhi Salai (OMR), Perungudi, Chennai 600 096

### Attendance Slip

Folio No.	DP ID*	Client ID*	No. of Shares

*\*Applicable to Members holding shares in Electronic Form*

I, \_\_\_\_\_ (Name of the Shareholder/Proxy) hereby record my presence at the 23rd Annual General Meeting of the Company held on Tuesday, the 23rd July 2019 at 10.30 am at New Woodlands Hotel Pvt Ltd, 72-75 Dr Radhakrishnan Road, Mylapore, Chennai 600 004.

Signature of Shareholder / Proxy

Note:

- 1 Please complete this attendance slip and hand it over at the entrance of the meeting hall.
- 2 Only shareholders of the Company or their Proxies will be allowed to attend the meeting on production of the attendance slip duly completed and signed.

## PONNI SUGARS (ERODE) LIMITED

CIN : L15422TN1996PLC037200

Registered Office: 'ESVIN HOUSE', 13 Rajiv Gandhi Salai (OMR)

Perungudi, Chennai 600 096

### Form No. MGT-11

### Proxy Form

[Pursuant to Section 105 (6) of the Companies Act, 2013 and Rule 19 (3) of the Companies (Management and Administration) Rules, 2014]

Name of the Member(s)		Email ID	
Registered Address		Folio	
		DP ID/Client ID	

I / We, being the member(s) holding \_\_\_\_\_ shares of the above named company, hereby appoint

1. Name :  
 Address :  
 Email id :  
 Signature : (or failing him)

2. Name :  
 Address :  
 Email id :  
 Signature : (or failing him)

3. Name :  
 Address :  
 Email id :  
 Signature :

✂-----  
as my/our proxy to attend and vote (on a poll) for me/us and on my/our behalf at the 23rd Annual General Meeting of the company, to be held on Tuesday, the 23rd July 2019 at 10.30 am at New Woodlands Hotel Pvt Ltd, 72-75 Dr Radhakrishnan Road, Mylapore, Chennai 600 004 and at any adjournment thereof in respect of such resolutions as are indicated below:

Resolution No	Business	Vote (Optional. See Note 4) (Please mention no. of shares)		
		For	Against	Abstain
1	Adoption of Financial Statements for FY 2018-19			
2	Declaration of Dividend on Equity Shares			
3	Reappointment of Mr Arun G Bijur, who retires by rotation			
4	Remuneration to Cost Auditor for FY 2019-20			

Signed this \_\_\_\_\_ day of \_\_\_\_\_ 2019

Signature of Shareholder

Signature of Proxy holder(s)

Affix Revenue Stamp
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**Note:**

**1. Proxy**

**A Member entitled to attend and vote at the meeting is entitled to appoint one or more proxies to attend and vote on a poll instead of himself and such proxy need not be a Member of the company.**

Deposit of proxy

Proxies in order to be effective, must be received at the registered office of the Company not later than 48 hours before the meeting or in the case of poll not less than 24 hours before the time appointed for the taking of the poll.

- A person can act as a Proxy on behalf of members not exceeding fifty and holding in the aggregate not more than 10% of the total share capital of the Company carrying voting rights. A member holding more than 10% of the total share capital of the Company carrying voting rights may appoint a single person as proxy and such person shall not act as a proxy for any other person or shareholder.
- In case of joint holders, the signature of any one holder will be sufficient, but names of all the joint holders should be stated.
- It is optional to indicate your preference. If you leave the for, against or abstain column blank against any or all resolutions, your proxy will be entitled to vote in the manner as he/she may deem appropriate.



## Vision

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*To excel as a trusted, socially responsible and customer driven organization providing maximum value to all stakeholders*

## Mission

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*To manufacture quality products at competitive cost through technology and team work*

## Values

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- *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**

Regd. Office: ESVIN House, No.13, Rajiv Gandhi Salai (OMR)  
Perungudi, Chennai 600 096.