

PONNI SUGARS (ERODE) LIMITED

CIN : L15422 TN1996 PLC037200

Regd. Office: ESVIN House, No.13, Rajiv Gandhi Salai (OMR)

Perungudi, Chennai 600 096.


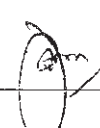
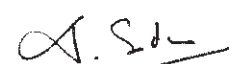
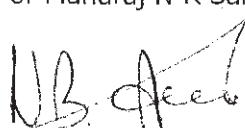

Phone : 044 - 39279300 Fax : 044 - 24960156

E-mail : admin@ponnisugars.com Website : www.ponnisugars.com

FORM A

(Clause 31(a) of the Listing Agreement)

*Format of covering letter of the annual audit report
to be filed with the stock exchanges*

1	Name of the Company	Ponni Sugars (Erode) Limited
2	Annual financial statements for the year ended	31 st March 2015
3	Type of Audit observation	Un-qualified / Emphasis of Matter
4	Frequency of observation	The Company from inception has ensured to remain in the regime of Unqualified financial statements
5	<i>Signed by</i>	
	N Ramanathan <i>Managing Director</i>	
	K Yokanathan <i>Chief Financial Officer</i>	
	V Sridar <i>Audit Committee Chairman</i>	
	Auditors	For Maharaj N R Suresh And Co  N R Suresh Partner Membership No. 21661 For R Subramanian And Company  A Ganesan Partner Membership No. 21438



Ponni Sugars (Erode) Limited

19th
Annual Report
2014-15



Year Scorecard

- ◆ *Diminutive operations due to recurrent drought*
- ◆ *Persistent sugar glut defying trade cycles*
- ◆ *Plummeting sugar prices to 6 year low*
- ◆ *Formidable financial losses*
- ◆ *Depressive near term industry outlook*

Directors

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

Audit Committee

V Sridar (*Chairman*)
 Bimal Poddar
 Dr L M Ramakrishnan
 N R Krishnan

Nomination Cum Remuneration Committee

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

Stakeholders Relationship Committee

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

CSR Committee

N Gopala Ratnam (*Chairman*)
 N R Krishnan
 N Ramanathan

Chief Financial Officer

K Yokanathan

Auditors

R Subramanian And Company
 Chartered Accountants
 No.6 (Old No. 36) Krishnaswamy Avenue
 Luz, Mylapore
 Chennai - 600 004

 Maharaj N R Suresh And Co.
 Chartered Accountants
 No.9 (Old No.5) II Lane, II Main Road
 Trustpuram, Kodambakkam
 Chennai - 600 024

Banks

Bank of India
 IDBI Bank Limited
 Canara Bank

Registered Office

“ESVIN HOUSE”
 13 Old Mahabalipuram Road
 Seevaram Village, Perungudi
 Chennai 600 096
 Ph: 044 39279300
 Email: admin@ponnisugars.com
 Web: www.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

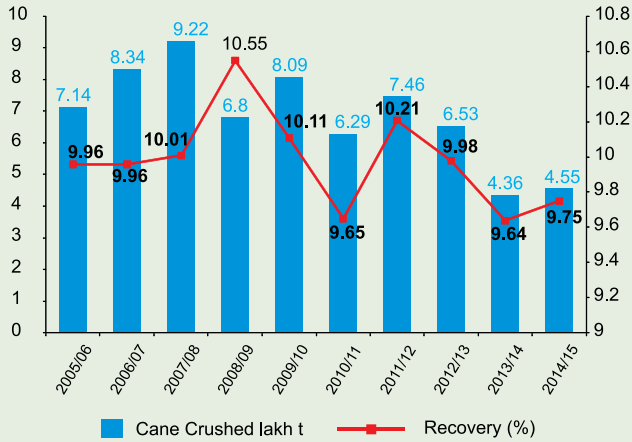
Cameo Corporate Services Ltd
 “Subramanian Buildings”, 5th Floor
 No.1, Club House Road, Chennai 600 002
 Phone: (044) 28460390
 Email: investor@cameoindia.com

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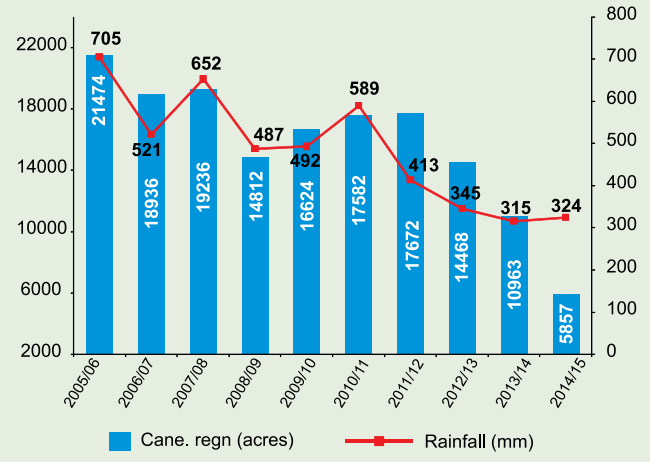


Performance Chart

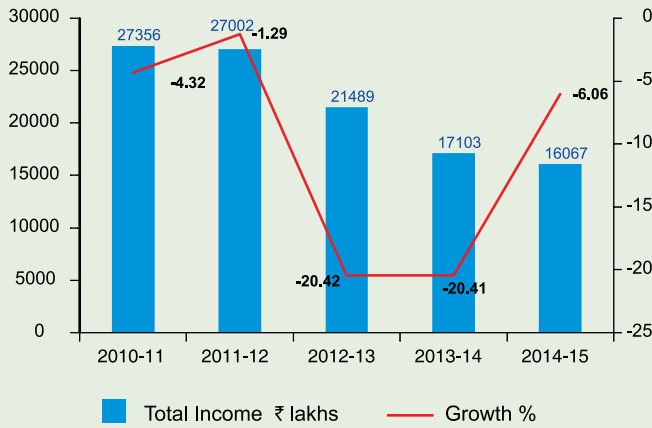
Ten Year Performance



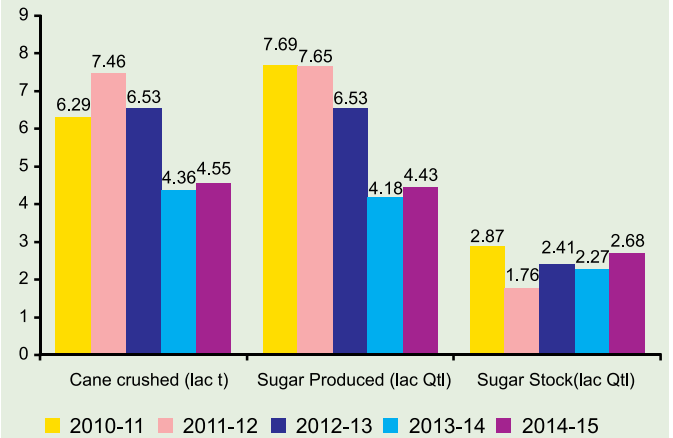
Cane Registration vs Rainfall



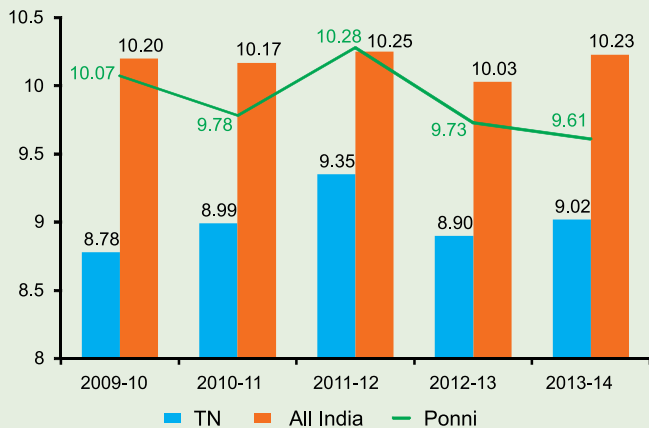
Total Income and Growth



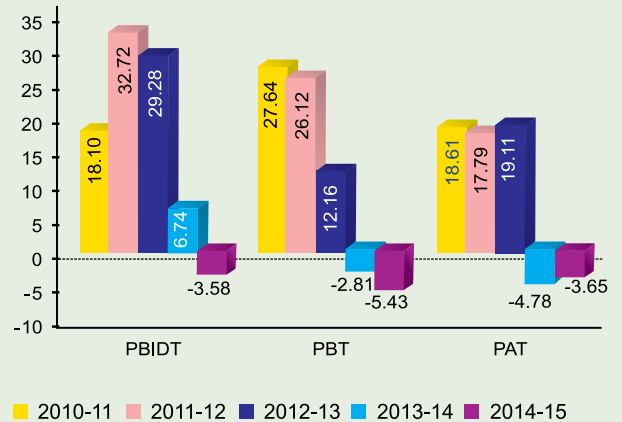
Operating Performance



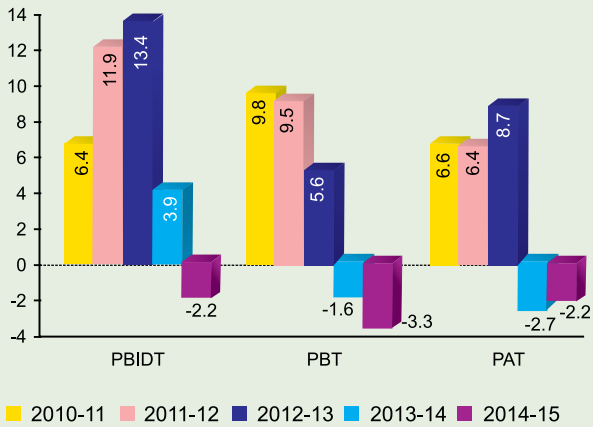
Sugar Recovery % (Season)



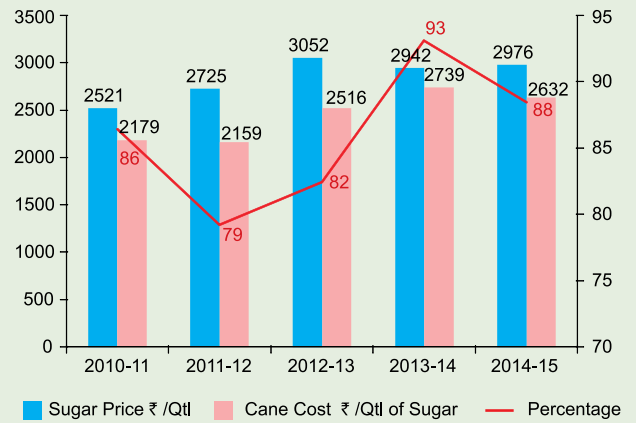
Financial Performance (₹ in crores)



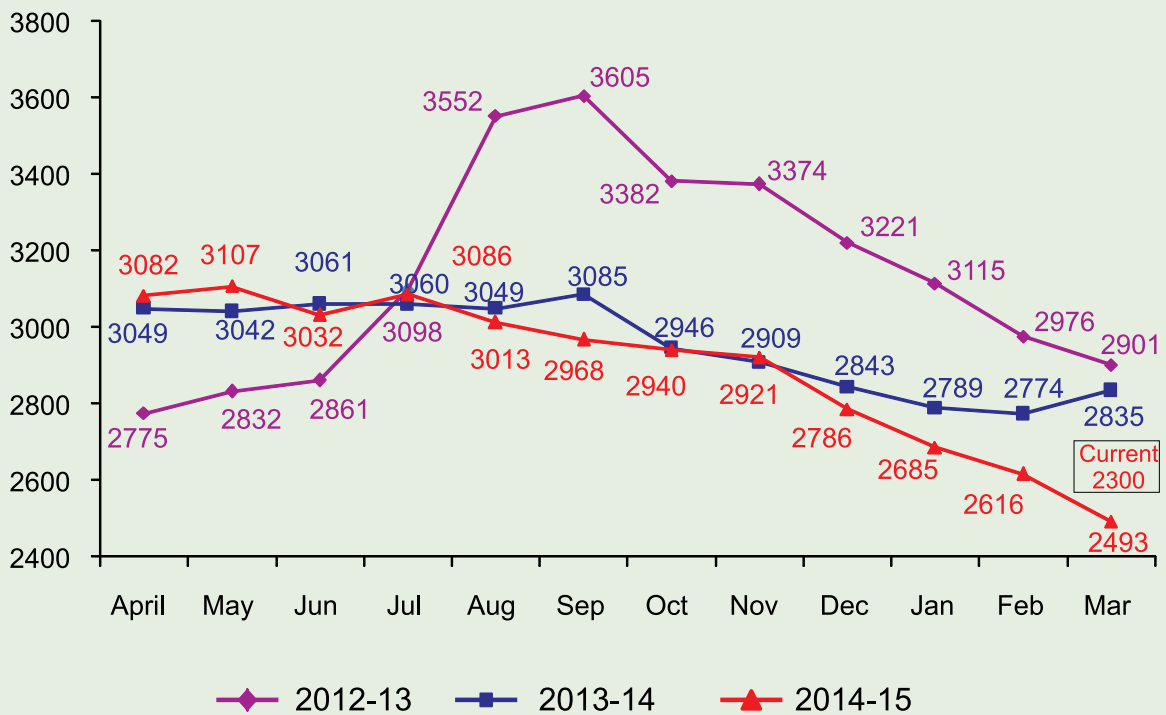
Profit % to Sales



Cane Cost vs Sugar Price

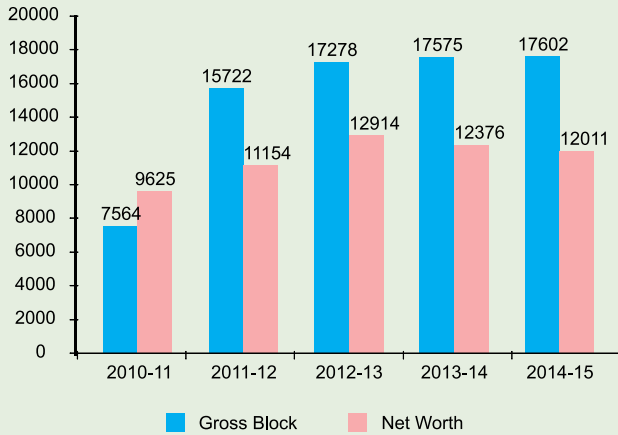


Free Sugar Realization (₹ / Qtl)

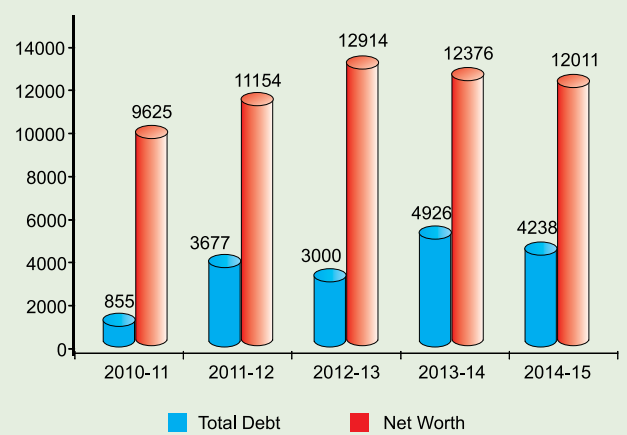




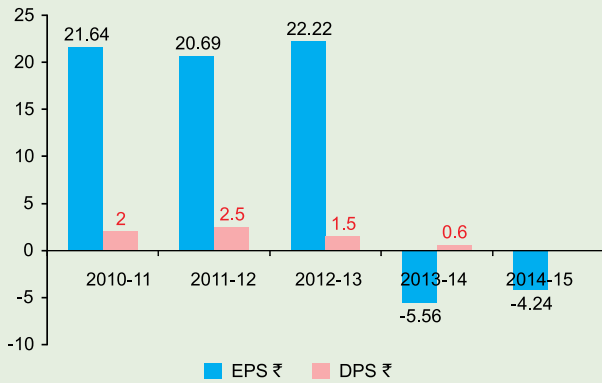
Gross Block and Net Worth (₹ Lakhs)



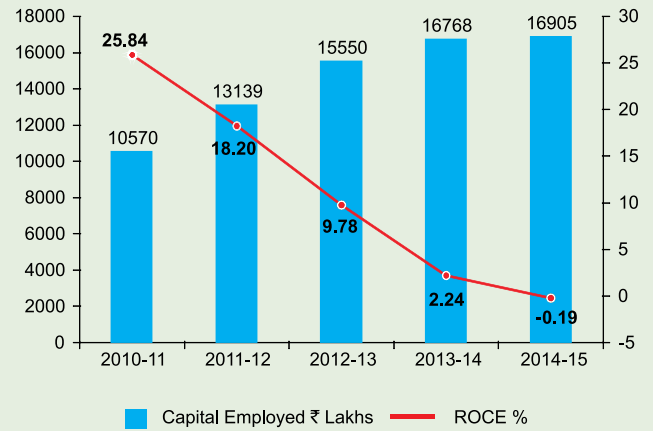
Debt & Net Worth (₹ Lakhs)



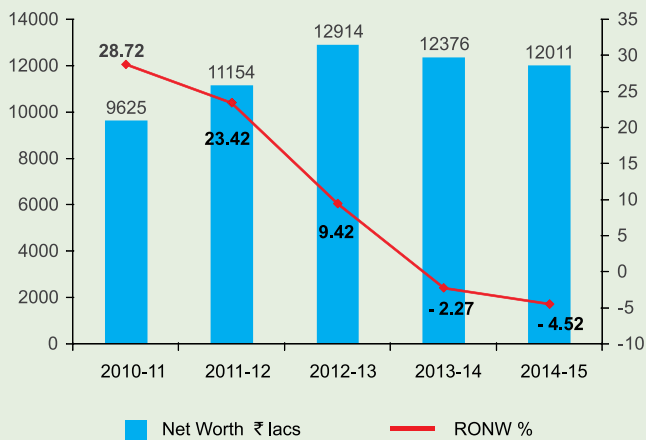
EPS and DPS



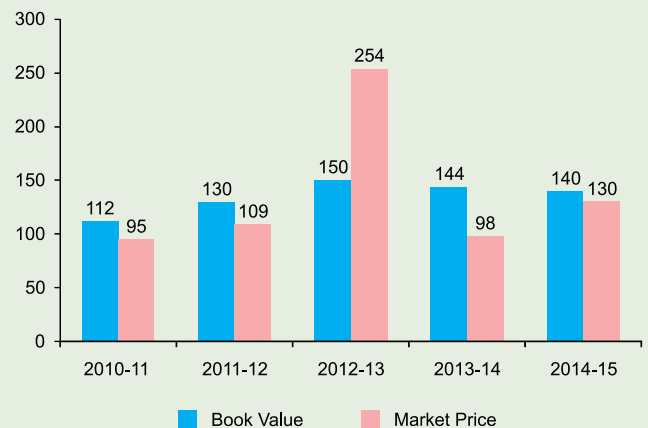
Capital Employed and ROCE



Net Worth and RONW



Book Value and Market Price per Share ₹



Financial Highlights – Ten Years at a Glance

₹ in Lakhs

For the year	2005-06	06-07	07-08	08-09	09-10	10-11	11-12	12-13	13-14	14-15
Total Income	14074	14263	13961	15122	28591	27356	27002	21489	17103	16067
Total Expenditure	11919	13021	13984	12763	21154	25546	23730	18561	16429	16425
PBIDT	2155	1242	-23	2359	7437	1810	3272	2928	674	-358
Interest	217	139	112	189	179	148	119	358	671	512
Depreciation	242	245	282	297	306	309	329	1161	825	566
Profit before exceptional items	1696	858	-417	1873	6952	1353	2824	1409	-822	-1436
Exceptional Items	-38	0	-108	0	1411	-1411	212	193	-541	-893
PBT	1734	858	-309	1873	5541	2764	2612	1216	-281	-543
Tax	598	368	-121	647	1856	903	833	-695	197	-178
PAT	1136	490	-188	1226	3685	1861	1779	1911	-478	-365
EPS (₹)	13.86	5.97	-2.29	14.46	42.86	21.64	20.69	22.22	-5.56	-4.24
Cash EPS (₹)	18.38	8.70	-1.72	21.02	56.40	14.54	24.18	27.64	0.03	1.81
Dividend %	18	9	6	25	40	20	25	15	6	--
As at year end										
Gross Block	5422	5752	6673	6962	7095	7564	15722	17278	17575	17602
Net Block	3940	4093	4737	4771	4703	4917	12834	13309	13339	12773
Loan Funds	2061	2456	4328	3358	3430	1645	5005	8208	8283	7791
Net Worth	3547	3951	3705	4679	7964	9625	11154	12914	12376	12011
Book value per share (₹)	40.82	45.75	42.75	54.42	92.62	111.94	129.72	150.19	143.93	139.69



PONNI SUGARS (ERODE) LIMITED

CIN : L15422TN1996PLC037200

ESVIN House, 13 Old Mahabalipuram Road, Seevaram Village, 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 19th 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 Friday, the 24th July 2015 at 10.15 AM to transact the following business.

ORDINARY BUSINESS

1. Adoption of Financial Statements

To consider and adopt the Financial Statements of the Company for the year ended 31st March 2015 and the Reports of the Board of Directors and Auditors thereon.

2. Reappointment of retiring Director

To appoint a director in the place of Mr Arun G Bijur who retires by rotation and being eligible, offers himself for reappointment.

3. Ratification of Auditors' appointment

To consider and, if thought fit, to pass with or without modifications, the following resolution as an Ordinary Resolution:

"RESOLVED that pursuant to Section 139 and other applicable provisions of the Companies Act, 2013 and the Rules made thereunder, the company do hereby ratify the appointment of auditors made by the shareholders at the 18th AGM as under:

- i) M/s Maharaj N.R.Suresh And Co, Chennai (Firm Registration No.001931S) to hold office till the conclusion of 20th Annual General Meeting.
- ii) M/s R.Subramanian And Company, Chennai (Firm Registration No.004137S) to hold office till the conclusion of 21st Annual General Meeting subject to ratification by members at the 20th Annual General Meeting.
- iii) The Board of Directors be and are hereby authorized to fix their remuneration on the recommendation of Audit committee each year."

SPECIAL BUSINESS

4. Articles of Association

To adopt new Articles of Association of the company containing regulations in conformity with the Companies Act, 2013 and in this regard to consider and if thought fit, to pass, with or without modification(s), the following resolution as a Special Resolution:

"RESOLVED that pursuant to Section 14 and all other applicable provisions of the Companies Act, 2013 read with Companies (Incorporation) Rules, 2014 (including any statutory modification(s) or re-enactment thereof, for the time being in force), the draft regulations contained in the Articles of Association submitted to this meeting be and are hereby approved and adopted in substitution and to the total exclusion of the regulations contained in the existing Articles of Association of the Company;

RESOLVED FURTHER that the Board of Directors of the company (which term shall include any Committee constituted by the Board or any person(s) authorized by the Board to exercise the powers conferred on the Board by this resolution) be and are hereby authorized to take all such actions or steps as may be necessary, desirable or expedient and do all such necessary acts, deeds and things that may be incidental or relevant to give effect to this resolution".

5. Related Party Transaction

To consider and if thought fit, to pass with or without modifications, the following resolution as a Special Resolution:

- (1) "RESOLVED that the company do hereby approve in terms of Section 188 and other applicable provisions of the Companies Act, 2013 and Clause 49 and other applicable Clauses of the Listing Agreement with Stock Exchanges the Memorandum of Understanding (MoU) to be

entered into with Seshasayee Paper and Boards Ltd (SPB), a related party within the meaning of Section 2(76) of the Companies Act, 2013 and Clause 49 of the Listing Agreement with Stock Exchanges, per draft approved by the Audit Committee on 25th March 2015 and the Board on 29th May 2015 comprehensively covering and confirming existing MoUs between the parties and pertaining to –

- i) sale of bagasse to SPB and purchase of coal from SPB
 - ii) supply of raw/ treated water by SPB
 - iii) supply of bio-fuel by SPB
 - iv) sale or purchase of other products and services
 - v) sharing of common expenses
- (2) RESOLVED FURTHER that the company do specifically authorize and approve (a) the pricing formula for the supply of bagasse to SPB in terms of the aforesaid MoU read with the MoU dated 23rd March 2013 between the parties on the basis of fuel equivalent cost for relative calorific value, moisture content and boiler efficiency; and (b) the pricing for other products and services in terms of the above MoU based on market price or cost, as appropriate.
- (3) RESOLVED FURTHER that the Board of Directors of the company on the recommendations of the Audit Committee be and are hereby authorized to make requisite changes or modification to the

above mentioned MoU from time to time in the normal course of business and in the interest of the company.

PROVIDED that any structural change or modification to the terms or the basis for pricing in the MoU in a manner causing or likely to cause a material increase in the financial burden for the company by more than 10% shall be subject to the approval of the company at the immediately following General Meeting.”

6. Remuneration to Cost Auditor

To consider and, if thought fit, to pass with or without modifications, 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, including its Sugar and Cogen segments for the financial year 2015-16 at ₹ 75000/- (Rupees Seventy Five Thousand only) plus 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
29th May 2015

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 less than 24 hours before the meeting.

2. Particulars of Director

Particulars of Director seeking re-appointment

pursuant to Clause 49 of the Listing Agreement is given in Appendix-A.

3. Book Closure

The Register of Members and the Share Transfer Register will remain closed from Friday, the 17th July 2015 to Friday, the 24th July 2015 (both days inclusive).

4. Unpaid Dividend

Unpaid dividend for over 7 years will be transferred to the Investor Education and Protection Fund. Members may refer to Page 40 of the Annual Report and lodge their claim, if any, immediately.



5. E-Communication

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

6. Member identification

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

7. 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 on 19th March 2015, the company provides facility for its members to exercise their voting right by electronic means.

b) Voting through Postal Ballot

Pursuant to Clause 35B(ii) of the Listing Agreement, to enable those shareholders who do not have access to e-voting facility, the Company provides voting through postal ballot.

c) Voting at AGM

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

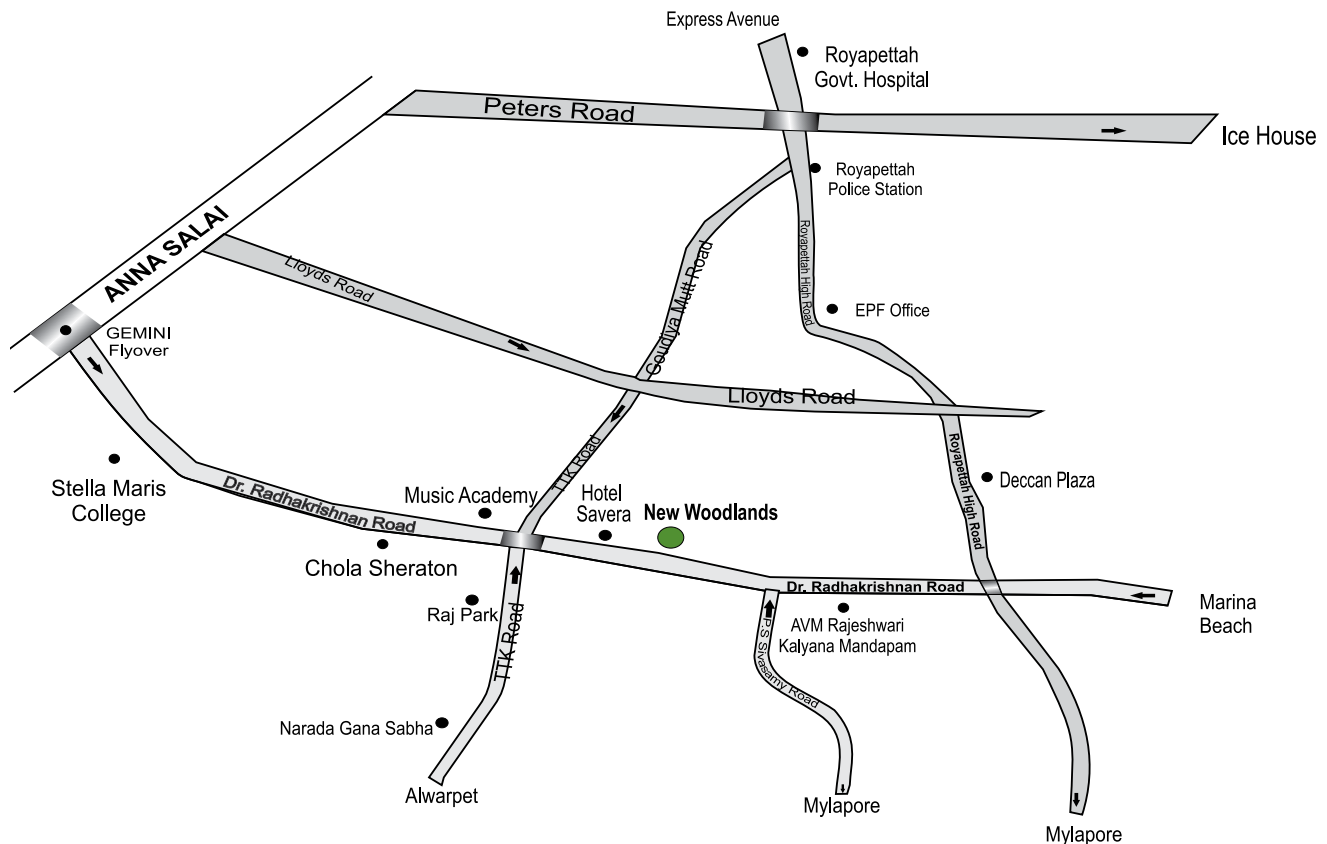
d) Voting option

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

e) Voting instructions

Process and manner of voting containing detailed instructions is given in Appendix-B.

ROUTE MAP



STATEMENT PURSUANT TO SECTION 102(1) OF THE COMPANIES ACT, 2013**Item No.4****Articles of Association**

The company was incorporated on 26th December 1996 and for this purpose it adopted the Memorandum of Association as well as Articles of Association (AoA) signed by the subscribers to the Memorandum on 30th November 1996. This AoA is in line with the provisions contained in the Companies Act, 1956 as well as Table-A of the Schedule I thereto. Several provisions in the AoA contain cross reference to specific sections of the Companies Act, 1956.

The Company Law has since undergone a major change with the Companies Act, 2013 (barring a few sections pending notification) coming into force from 1st April 2014. Table-F of the Schedule-I contains a model AoA that may be followed by a company limited by shares. It is optional for a company to adopt the said Table-F in totality or otherwise.

It is of course not mandatory for a company to change its existing AoA pursuant to the new Law. It is however considered desirable and appropriate that our company following the initiative taken by several other corporates chooses to proactively amend its Articles compatible with the new Act.

It is hence proposed to totally replace the existing AoA with a new set of regulations based on the said Table-F. The proposed AoA is comprehensive and the provisions of the said Table-F would apply only to the extent specifically incorporated therein. Its draft is uploaded on the company's website 'www.ponnisugars.com' for access and perusal by members. Copy of the new draft of AoA is also available for inspection by members during business hours on any working day of the company.

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

The Board commends the Special Resolution set out in Item No.4 of the Notice for approval by the shareholders.

Item No.5**Related Party Transaction**

Seshasayee Paper and Boards Ltd (SPB) took the lead and initiative to set up the Erode Sugar Mill in 1984 with the principal objective to secure continuous and committed raw material supply for its pulp and paper production,

having regard to the growing shortage of forest based raw materials. For this, the Erode Sugar Mill was structured on the unique model, configuring use of alternative fossil fuel to facilitate diversion of bagasse production in its entirety to SPB. The pricing for bagasse was in turn strategically structured in a manner to compensate the sugar mill for the full cost of substitute fuel and further confer an agreed incentive component for dedicated supply of bagasse. The methodology and final contours of this pioneering arrangement between the sugar and paper mills was settled as an enduring commercial relationship. In fact, the All India Financial Institutions could be persuaded to fund the sugar project only based on this business model then.

This arrangement stood the test of time and proved to be a win-win model. With the commissioning of our Cogen plant in August 2012, the bagasse supply arrangement was restructured. Bagasse supply effective 1st October 2012 is confined to an agreed percentage of total bagasse production to facilitate burning the balance bagasse together with substitute fuel in our Cogen plant for steam and power production.

The company thus has a material business transaction with SPB ever since the establishment of its Erode Sugar Mill for supply of bagasse in exchange for alternative fuel and on a formula based pricing. In addition, there are transactions between the two companies in the normal course, though not material in nature, by reason of the close proximity of the paper and sugar mills, in their common interest. This broadly covers purchase or sale of certain goods and rendering or availing certain services.

SPB holds more than 20% in the Equity share capital of the company. It is hence our associate company and regarded as a 'related party' within the meaning of Section 2(76) of the Companies Act, 2013 and Clause 49 of the Listing Agreement. In terms of extant provisions of the new Company Law and revised Clause 49, material related party transactions shall have to comply with the approval process prescribed therein.

The ongoing business transactions of the company with SPB are covered under individual MoUs or arrangement. The Audit Committee of the Board at its 29th May 2014 meeting approved the continuance of these transactions and the Board at its meeting of same date took note of same. While the continuance of existing contracts that came into effect before the commencement of Section 188 of the Companies Act, 2013 do not require fresh



approval under the said Section, SEBI has stipulated that continuance of these contracts beyond 31.03.2015 would require shareholder approval by way of Special Resolution.

Having regard to the combined prescriptions under the Companies Act, 2013 and SEBI stipulations, our company has proposed to enter into a fresh comprehensive MoU with SPB. The underlying objective is to continue with all existing contracts or arrangements with SPB on same terms and conditions and consolidate them under a common MoU in conformity with the changed regulatory environment.

Accordingly a revised MoU has been drafted incorporating in its scope and coverage the transactions between the company and SPB by way of (i) sale of bagasse to SPB and purchase of coal from SPB (ii) supply of raw/ treated water by SPB (iii) supply of bio-fuel by SPB (iv) sale or purchase of other products and services (v) sharing of common expenses. This MoU has been approved by the Audit Committee on 25th March 2015 and the Board of Directors at their meeting held on 29th May 2015. It is now placed for the consideration of shareholders for passing requisite resolution by way of Special Resolution.

Disclosure under Rule 15(3) of the Companies (Meetings of Board and its Powers) Rules, 2014

a)	Name of the Related Party:	Seshasayee Paper and Boards Ltd
b)	Name of the Director or Key Managerial Personnel who is related:	Mr N Gopala Ratnam, Chairman of the company is also the Chairman of SPB and holds an executive position in SPB. He may be deemed to be interested or concerned in this business in terms of Section 184(2) (a) of the Companies Act, 2013.
c)	Nature of relationship:	SPB holds more than 20% of the Equity capital of the company. Hence it is an associate company and in turn a related party.
d)	Nature, material terms, monetary value and particulars of the contract or arrangement:	
	i) Nature of contract:	Purchase or sale of goods and services.

ii)	Duration of contract:	All are ongoing contracts and open ended. They are terminable by mutual consent of both parties, giving 90 days notice.
iii)	Particulars of contract or arrangement:	Bagasse supply, water supply, bio-fuel supply, sale of sugar, purchase of paper, other supplies and services and sharing of common expenses.
iv)	Material terms:	The company commits to supply a fixed percentage of bagasse production to SPB as mutually agreed from time to time. This bagasse is priced on the basis of 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.
v)	Value:	For the actual volume of goods purchased and sold or services received and rendered, based on price methodology specified above. Actual transacted value is disclosed in the Financial Statements of each year.
e)	Any other information relevant or important for the members to take a decision on the proposed resolution:	The bagasse supply arrangement has its roots to the very foundation of Erode sugar mill and its promotion by SPB. It is hence seminal and long term in nature, encapsulating a symbiotic relationship between the parties. Its pricing has been structured on the basis of full compensation for alternative fuel usage plus an incentive for committed supply. This model has been tested and successfully working for three decades. All other transactions are done at market price or cost as appropriate.

A copy of the proposed MoU to be entered with SPB and the resolutions of the Audit Committee passed on 25th March 2015 and by the Board on 29th May 2015 approving this are available for inspection by members at the registered office on any working day during business hours.

Mr N Gopala Ratnam may be deemed to be interested or concerned in this resolution being the Chairman and holding an executive position in SPB. No other Director, Key Managerial Personnel or their relatives are interested in this item of business. No related party to the company is entitled to vote on this resolution.

Item No.6

Remuneration to Cost Auditor

The Company is engaged in two business segments namely Sugar and Cogen. It has been maintaining cost accounting records and getting 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 2015-16 pertaining to both Sugar and Cogen segments and determined the remuneration at ₹ 75000/- 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.

(By Order of the Board)

For **PONNI SUGARS (ERODE) LIMITED**

Chennai
29th May 2015

N Ramanathan
Managing Director

Appendix 'A'

Details of the Director seeking reappointment at the 19th Annual General Meeting

[Pursuant to Clause 49 of the Listing Agreement with Stock Exchanges]

Name of Director/ Qualification/ DIN/ Date of Birth (DOB)/ Date of Appointment (DOA)	Profession/ expertise in specific functional areas	Directorship in other companies	Committee position held in other companies
Arun G Bijur B.Tech. (Chemical Engineering) DIN: 00024434 DOB:11.04.1948 DOA:26.12.1996	Technocrat with proven experience in Project Management skills and trouble shooting expertise. Has overall managerial experience as MD of SPB PC Ltd.	Managing Director SPB Projects & Consultancy Ltd Director Esvi International (Engineers & Exporters) Ltd.	NIL



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 as amended on 19th March 2015, the company is pleased to provide to its members the facility to exercise their right to vote at the 19th 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 Monday, the 20th July 2015 (10.00 AM) and ends on Thursday, the 23rd July 2015 (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 from CDSL 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 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. 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) 150603006 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 under help section or send an email to helpdesk.evoting@cdslindia.com.
- 9. Person responsible to address the grievances connected with the facility for e-Voting:

Name: Mr A R Vasudevan
 Designation: Manager
 Address: CDSL, BSE Investor Service Centre
 No.4 Vijaya Towers, 3rd Floor
 Kodambakkam High Road
 Chennai 600034
 Email ID: vasudevan@cdslindia.com
 Phone No. 93819 95000

B) Voting by Postal Ballot

- 1. A member desiring to exercise vote by postal ballot may complete the Postal Ballot Form (attached) and send it in the self-addressed envelope bearing the address of the Scrutinizer. Postage will be borne by the Company. However envelopes containing postal ballots, physically sent by any other mode at the expense of the member will also be accepted.
- 2. The Postal Ballot form should be completed and signed by the member. In the case of joint holding, this form should be completed and signed (as per the specimen signature registered with the company) by the first named member and in his/her absence, by the next named member.
- 3. Incomplete, incorrect or unsigned Postal Ballot Form will be rejected.
- 4. Duly completed Postal Ballot Form should reach the Company not later than the close of working hours (17:00 hrs) on Thursday the 23rd July 2015. Postal Ballot Form received after this date will be strictly treated invalid.
- 5. Members cannot appoint a proxy to exercise their voting powers through postal ballot.
- 6. Where the Postal Ballot Form has been signed by an authorised representative of a body corporate, a certified copy of the relevant authorisation should accompany the Postal Ballot Form.



7. In case the Postal Ballot Form is signed by a Power of Attorney (POA) holder, POA registration number should be mentioned.
8. A member may request for a duplicate Postal Ballot Form, if required. However, the duly filled in duplicate Postal Ballot Form should reach the Scrutinizer not later than the date specified at item 4 above.
9. Members are requested not to send any other paper along with the Postal Ballot Form in the enclosed self-addressed envelope.
4. In case a shareholder by inadvertence or otherwise has voted under more than one option, his voting by only one mode through remote e-voting, postal ballot or voting at the meeting will be considered in that seriatim.
5. Mr A S Kalyanaraman, Practicing Chartered Accountant (Membership No. 201149) has been appointed as the Scrutinizer.
6. The Scrutinizer will after the conclusion of voting at the AGM:

C) 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 / postal ballot 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.
- i) First count the votes cast at the meeting through polling paper.
- ii) Then unblock the votes cast through e-Voting.
- iii) Thereafter count the votes cast through postal ballot.
- iv) All the above will be done in the presence of two witnesses not in the employment of the company.
- v) Make a consolidated Scrutinizer's report (integrating the votes cast at the meeting, through e-Voting & postal ballot) of the total votes cast in favour or against, if any, to the Chairman.
- vi) 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.

D) General Instructions

1. The cut-off date for the purpose of e-voting has been fixed as Friday, the 17th day of July 2015. Members holding shares as on this cut-off date should endeavour to cast their vote in any one of the three 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 19th Annual Report for 2014-15 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 17th July 2015.
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 and on the website of CDSL 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.

BOARD'S REPORT

Your Board is pleased to present the 19th Annual Report and the audited financial statements for FY 2014/15.

	2014-15	2013-14
Physical Performance		
Cane crushed (tonnes)	454701	436103
Sugar recovery (%)	9.75	9.64
Sugar produced (tonnes)	44288	41781
Power produced (lakh kwh)	444.39	380.04
Financial Performance (₹ crores)		
Turnover	163.40	173.72
Profit Before Interest, Depreciation & Tax	(3.58)	6.74
Profit/ (Loss) Before Tax	(5.43)	(2.81)
Profit / (Loss) After Tax	(3.65)	(4.78)
Surplus from Previous Year	23.84	29.22
Amount available for appropriation	20.19	24.44
Appropriations		
Transfer to General Reserve	--	--
Proposed Dividend	--	0.51
Dividend Tax	--	0.09
Balance carried forward	20.19	23.84

Dividend

No Dividend has been recommended by the Board in view of losses suffered by the Company in FY 2014-15.

Sugar Industry Overview

Both world sugar production and stock are poised to reach an all time high level, recording the fifth consecutive year of net surplus in 2014/15. Higher crops in India and the EU counterbalanced smaller output in Brazil and China. World sugar prices continue to remain under bearish pressure from surplus fundamentals and white sugar prices fell to their lowest in six years. Global prices are indeed down by more than 50% in three years, albeit witnessing some intermittent corrections. With increasing sugar output predicted in major producing countries, there appears little respite from receding sugar prices till credible evidence comes in place for meaningful inventory correction. World market thus looks to ruefully remain in bear's firm grip in the near term.

Indian sugar production following closely the global trend has recorded an unchecked upsurge, leading to a fifth consecutive year of sugar surplus in 2014/15. Still worse, early estimates would seem to portend the proclivity for perilous rise in 2015/16 as well. The prolonged delay on the part of Government in announcing export subsidies (which finally came in February 2015) coupled with the frenetic fall in global prices decisively dented the prospects for sugar exports towards addressing the mounting stockpile. It now looks the current season would end with an alarming inventory in excess of 90 lac tonnes that is clearly some 30 lakh tonnes in excess of normative levels.

While so, sugarcane price continues to accelerate and ascend by abhorrent hikes, determined devoid of economic rationale, by the Central and State Governments. With sugar prices tottering and tumbling to their six-year low, there is clear evidence of an incessant and increasing inverse co-relation between sugar and sugarcane prices. Sugar mills have in fact been losing ₹ 600-800/ tonne of cane in 2014/15 season all over the country. This has not only eroded the profitability and net cash accruals of the industry pushing it to near bankruptcy but also led to cane price arrears to a horrendous all-time high of ₹21000 crores. Yet the farmer is firmly rooted in cane and reluctant to switch crops, unlike the swift response shown in the past, to bring in desired correction to bloated sugar stocks. Evidently, the disproportionately high price for sugarcane fixed on extraneous considerations has come to effectively distort comparable returns from competing crops and make sugarcane the singular choice of the cane grower. The unholy combination of controlled pricing for raw material and market driven prices for the end product inevitably leads to a stratospheric imbalance and poses a structural challenge to the long term sustainability of this core industry.

Government measures

The Central Government, alive to the gravity of challenges being faced by the industry and the consequent hardship caused to farmers in the form of huge unpaid cane dues has since come out with certain ameliorative measures. After the belated export subsidy that frustratingly failed to entice exports, it has increased the import duty on sugar, restricted the scope for duty-free import of raw sugar that sneaks into the domestic market and boosted the ethanol blend programme with fiscal incentive. It is also actively considering the request of the industry on strategic sugar reserve that would help infuse immediate cash flow for clearing cane dues and prop-up market sentiment to propel a rebound in sugar prices.



While these short term measures are at best palliative and no doubt welcome, the long term remedy lies in decisively linking sugarcane price to realization from sugar and its by-products. This is vital to send timely signals to the farmer on his crop choice and avert excessive demand-supply disequilibrium. This is best achieved by implementing the recommendations of Dr C Rangarajan Committee and following the suggestion of CACP in its sugarcane pricing report for 2015-16 season that advocates a 'Sugarcane Price Stabilization Fund' so as to protect the minimum floor price for the benefit of the farmer.

Most of the leading sugarcane and sugar producing States have also come to the rescue of trailing sugar industry in the last couple of years through tax sops and directly subsidizing part of sugarcane price. Plenitude of representations have however failed to trigger similar supportive measures from the Government of Tamil Nadu. While so, the State Government while exempting purchase tax on sugarcane has imposed VAT on sugar from 1st November 2014. In the absence of VAT impost in the neighbouring competing States, this new levy as the proverbial last straw has dealt a lethal blow by further eroding our competitiveness and strangulating sugar off-take. State intervention is also urgently required to promote ethanol production and fix a viable tariff for bagasse based cogeneration compatible with the remunerative rates prevailing in other States. It is fervently hoped that the State Government would soon come to address these vexatious issues and come to the rescue of this agro based industry.

Company Performance

The company continues to face formidable adversity from the severity of drought in its command area of operation for the third successive year. While sugar production in the State of Tamil Nadu is slated to fall by a whopping 50% in the last four years due to recurring monsoon failure, the problem is all the more acute in our plant location. Mercifully the improved power supply for irrigation helped in a swift rebound in sugarcane yield perking up our crushing volume in a painful year also with a modicum of rise in sugar recovery. In striking contrast to its enviable record of operating long sugar seasons, crushing days during the year crumbled to the lowest figure, falling below 180 days.

Sugar off-take was sorely sluggish in the context of sliding sugar prices and muted market sentiment. Indeed, sugar prices throughout the year ruled below cost of production as a pan-industry phenomenon. Neither raw sugar import to spruce up our capacity utilization nor sugar exports to deplete stock levels was viable under extant price parity between global and domestic markets. Molasses price however remained buoyant during most part of the

year. Power tariff revision following the favourable ruling obtained from Appellate Tribunal for Electricity (APTEL) still remains elusive. Despite APTEL upholding several of our contentions and remanding the issue to Tamil Nadu Electricity Regulatory Commission (TNERC) for revised tariff fixation within a definitive deadline, there is little perceptible progress on this till date.

Suffering thus as a silent victim of a hostile external environment, the company on its part unleashed a slew of internal cost cutting measures to combat current adversities. It has proactively pegged cane price for the year at 2013-14 season level in line with other private sector sugar mills, by collectively challenging the enforcement of State Advised Price that is only recommendatory in nature in Tamil Nadu. It has optimized on the chemical consumption and achieved improved efficiencies in its Cogen plant. Employee cost increase is essentially attributable to the industry-wide wage revision and steep hike in Dearness Allowance during the year. Capex and Repairs budgets have been considerably pruned compatible with our constricted cash flow.

The company has changed the method of depreciation during the year pursuant to the dictates of the Companies Act, 2013 to the Financial Statements. It continues to re-estimate provisions made on an ongoing basis and has during the year written down trade payables. These are treated and disclosed as exceptional items in the Financial Statements.

The company has suffered a net loss of ₹ 365 lacs for the year as against the loss of ₹ 478 lacs in the previous year in the backdrop of daunting challenges enumerated above.

Finance

The company has had to fully utilize its working capital limits and further take recourse to temporary additional borrowings during the year for being able to pay the committed cane price. Foreseeing the financial challenges ahead, it has consciously pre-paid term loan installments due till end of March 2016 to Canara Bank. It continues to enjoy the goodwill and support of its working capital banks.

Undue delay and erratic time schedule in realizing the dues from TANGEDCO for the committed power supply under the long term PPA continues to pose redoubtable challenge to our tenuous cash flow. Levy sugar price differential of ₹ 2.2 crores pertaining to 2009-10 season still remains unrealized from FCI, despite No Due Certificate issued during the year by Sugar Development Fund (SDF).

The company has suffered for long due to the unlawful withholding of subsidy amount of ₹ 6.9 crores by SDF on

the specious plea that loan dues of erstwhile Ponni Sugars and Chemicals Ltd would be treated as default by our company. The Hon'ble High Court of Madras decided the issue in our favour in 2010 and the Writ Appeal challenging this verdict has also been now dismissed by the Division Bench in April 2015. It shall be our endeavour to engage with SDF and realize these dues without further legal hassles particularly in the current context of the extremely distressed state in which the sugar industry is placed.

Outlook for 2015-16

There is little evidence both in the domestic and global markets for an early restoration of demand-supply equilibrium and consequent recovery in sugar prices. Barring unforeseen pressures brought about by extreme weather conditions, sugar prices might continue to remain subdued in the near term.

We have witnessed comparatively improved rainfall in our area during the year, though far below our long term average. Planting area in response has recorded commensurate rise. It is however too early days to celebrate as we are still critically dependent on the benevolence of monsoon for being able to fully regain the cane area lost solely on the ground of ground water shortage.

It is thus deeply distressing at this juncture that your company is faced with plentitude of problems and multitude of challenges for the third year in a row brought about by deficient monsoon, depleted water table, depressed market conditions and diminutive power tariff. Much of the problem is industry centric and it is some comfort that your company is relatively better placed as compared to most of its peers. It should hence be able to strike it early as and when the industry turnaround is on the anvil.

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 Clause 49 of the Listing Agreement with the Stock Exchanges, 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.

Section 134(3) of the Companies Act, 2013 requires the Board's report to include several additional contents and disclosures compared to the earlier Law. Most of them

have accordingly been made in the Corporate Governance report at the appropriate 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.

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.
- 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 loss 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.
- 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 provided 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 are no material changes and commitments in the business operations of the company since the close of the financial year on 31st March 2015 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)

Section 135 of the Companies Act, 2013 has imposed CSR mandate on companies having minimum threshold limit of net worth, turnover or net profit as prescribed. Since the company does not meet any one of these criterion, it remains outside the purview of Sec.135 and consequently the reporting requirements thereunder do not at present apply to us.

The company however as a responsible corporate citizen has constituted a CSR Committee and formulated a CSR policy. Its CSR report on voluntary basis is furnished in Annx-6 forming part of this report.

Particulars of Employees

The information required pursuant to Section 197 read with Rule 5 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 is furnished in Annx-7.

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 Arun G Bijur retires by rotation at this meeting and being eligible offers himself for reappointment.

All the independent directors have given the declaration that they met the criteria on independence as laid down under Section 149(6) of the Companies Act, 2013 and Clause 49 of the Listing Agreement. The performance evaluation of independent directors has been done by the entire Board of Directors, excluding the director being evaluated at its 25th March 2015 meeting. The Board on the basis of such performance evaluation determined to continue the term of appointment of all the independent directors who have been appointed by the company at its 18th AGM for a fixed tenure till 31st March 2019.

Auditors

M/s Maharaj N R Suresh And Co. and M/s R Subramanian And Company have been appointed as statutory auditors of the company till the conclusion of 20th and 21st AGM respectively subject to ratification by members at every AGM. Accordingly requisite resolution for ratifying their appointment is proposed in the manner stated in the Notice for the 19th AGM.

Particulars of statutory auditors, cost auditors, internal auditors and the secretarial audit 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 Board thanks the various Central and State Government Departments, Banks and Financial Institutions, customers and suppliers for their continued support. In particular, your directors desire to place on record the deep understanding shown and the unstinted co-operation extended by our cane growers during the current difficult time. Your directors also commend the committed contribution of its employees and the unequivocal support received from the shareholders.

For Board of Directors

Chennai
29th May 2015

N Gopala Ratnam
Chairman

MANAGEMENT DISCUSSION AND ANALYSIS REPORT

Industry structure and development

World Sugar

Sugar is produced in over 120 countries from beet or cane. Overtime, the relevant share of cane sugar has galloped from 56% during 1960s to 80.6% during 2014/15 by reason of growing sugar production out of cane in tropical countries.

Global sugar production has resolutely remained surplus over consumption for the fifth consecutive season in 2014/15. Better crops in India and the EU more than counterbalanced the smaller output in Brazil and China. World sugar prices under pressure from surplus fundamentals have hence suffered the severest of beating. Raw sugar for the near month delivery touched a six year low of 11.93 cents/ pound on 31st March 2015. Indeed, global sugar prices are down by 50% in three years with only a bleak prospect of getting out of bears grip under the current scenario.

Brazil is the dominant sugar producer and exporter, while Thailand is the second largest sugar exporter. India is steadfastly placed as the second largest sugar producer and the numero uno sugar consumer in the world but is just an occasional and marginal player in the global trade.

Indian sugar

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 food, fuel and power needs in an environment 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. Maharashtra and UP are the dominant sugar producing States while of late Karnataka has significantly

stepped up its production. In contrast, sugar production in Tamil Nadu is on a discernible decline during the last four years due to the recurrence of drought, drying up of rivers, poor storage in reservoirs and resultant repressive water shortage.

As if following the global cues, Indian sugar production has outstripped consumption since 2010/11 for five consecutive seasons. Still worse, early estimates are a clear pointer to the persistence of this surge during 2015/16 as well. It is hence no wonder domestic sugar prices have been smothered, weighed by cumulative supply overhang and diminutive scope for sugar exports despite sops for sugar exports periodically, albeit belatedly, announced by the Government. Indeed, sugar prices have now been hovering for several quarters far below the cost of production across regions. As a result, sugar industry, the producer of green power and green fuel, is financially pushed into red.

It looks as though sugar production has convincingly come out of the influence of traditional cyclical swings. For long, lower sugar prices would mean commensurate lower sugarcane prices, consequent delayed payments and boisterous build up of arrears prompting in that process a proactive crop switch by the farmer. In turn, sugar production would decline to push prices up. This conventional and time tested cycle has now been balefully broken due to the huge disparity between the price for cane compared to other competing crops. As a result, the farmer remains deep rooted with the cane crop, where he has the twin benefits of a guaranteed market access and a lucrative price that more than effectively compensates in the end for the delayed price realization. Blighted by such a structural problem and burdened by the high cost of raw material, Indian sugar is preposterously priced out in the export market, obliterating the scope for stock correction. Government interventions through soft loans and other sops to help clear cane arrears prove only palliative, with the fundamental problem posed by the huge mismatch between sugar and cane price manifesting to prove malignant. In this context, it is imperative that sugarcane pricing is structured on a formula towards equitably sharing a pre-determined percentage of realization from



sugar and its by-products. A Cane Price Stabilization Fund could concomitantly be in place to tweak this price for taking care of year on year volatility and bringing in stability to protect the interest of cane farmers.

Government Policies

- The Central Government decided in January 2015 to hike the FRP for sugarcane to ₹ 230/ qtl for 2015/16 sugar season linked to a basic recovery of 9.5%.
- Government of Tamil Nadu announced State Advised Price for cane at ₹ 2650/ tonne for 2014/15, the same as in last year. Private mills in the State have however challenged the legality of SAP and are paying only an agreed price for the cane under the current distraught state of the industry.
- Central Government in December 2014 approved a mechanism for ethanol blend at a fixed price band of ₹ 48.50 to ₹ 49.50 / ltr for delivery at the depots of OMCs. As a further fillip to the ethanol blending programme, the Centre has also decided to totally exempt excise duty on ethanol from October 2015.
- Government of Tamil Nadu while exempting Purchase tax on sugarcane imposed VAT on sugar at 5% from 1st November 2014. Sugar produced prior to that date and remaining in stock would thus suffer a double whammy of having to pay both Purchase tax on input and VAT on output.
- Import duty on sugar has been increased from 15% to 25% in August 2014 and further to 40% from 30th April 2015.
- Import facility for sugar under duty-free import authorization scheme has been withdrawn, while the deadline to fulfill the export obligation under AAS has been reduced from 18 months to 6 months.

Opportunities & Threats

India has low per capita consumption with growing income. Its farm productivity has virtually remained stagnant for decades. There is thus immense scope for higher production to meet growing demand and capture export markets besides strengthening the by-product segment for greater value addition.

Sugar business is intrinsically cyclical. Market sentiments move disproportionate to demand-supply parity causing volatile change in product pricing. Cogeneration and Ethanol bring much desired value addition to by-products and help soften the inimical impact of sugar cycles.

Sugarcane availability is critically dependent upon conductivity of nature. Repeated monsoon failure and poor storage of water in Mettur reservoir catering to our command area pose a severe challenge to agriculture in our neighbourhood, impacting cane cultivation in the process. Unscheduled power tripping disrupting irrigation schedule continues to remain a major impediment. Drip irrigation is only slowly catching up due to its high capital outlay, glitches in getting Government subsidy and draconian deficiency in water resources not enough to meet even the minimal drip requirement for cultivation.

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 on the crutches of Government support measures.

Segment-wise or product-wise performance

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

	Sugar (tonnes)	Cogen (Lakh units)
Production	44288	444.39
Sales	40173	317.92
	₹ lakhs	₹ lakhs
Sales	15140	2172
Operating Profit	34	100

Outlook

Defying earlier estimates of a smaller output for 2014/15 season (October/September period), sugar producers have only added to the global supply and in turn aggravated the pricing pressures during the year. Looking ahead to the 2015/16 season, higher Indian production is a clear dampener to the world sugar market with preliminary data showing an increase in the acreage, undaunted by the record high cane price arrears crossing ₹ 21000 crores. As a corollary, sugar prices have little scope for rebound and little hope for rejoice barring occasional intermittent

corrections. Weather as for ever would be the only unpredictable factor in influencing the ultimate outcome of 2015/16 season.

Six strong headwinds in the near term and macro forces in the medium term are impacting the industry and exerting downward pressure in the futures market.

- Too much supply caused by five successive years of surplus production.
- Considerable lag in the switch from cane (a semi perennial crop) to other crops and lack of incentive for switch due to depressed prices of other agri commodities.
- Strong USD having a negative impact on the price of all global commodities (sugar isn't immune). Brazilian Real hit a 12 year low against USD, thereby sustaining value of world market sugar in local currency terms.
- Crash in global crude oil prices and consequent ongoing uncertainty over the future bio-fuel demand. There is thus depressed demand for sugar based ethanol in US and EU.
- Sugar consumption marginally increasing in emerging markets but demand dropping in developed markets due to health concerns related to obesity and diabetes.
- Widespread farm subsidies, import restrictions and trade blocks that are all in place since the colonial days keeping sugar prices low.

It thus looks obvious that headwinds would continue to haunt global sugar markets in the near term and the hapless industry should reconcile itself for a long battle.

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 vulnerable to commodity cycles is fraught with several risks. It has to source sugarcane from its neighbourhood and out

of command area where growth and availability would depend on monsoon and water flow in the river. Cogen tariff is determined by the Regulator for supply to Tamil Nadu Generation and Distribution Corp. Ltd (TANGEDCO) under a long term Power Purchase Agreement. The rate may vary widely from prevailing market rates. Despite recent liberalization by Centre, there are continuing controls on cane area reservation as well as fixation of cane price by State Governments. The growing mismatch between free market prices for end product and Government controlled price for inputs poses a persistent and grave concern.

Risk mitigation

The Company has built excellent relationship over the years with the local farming community. It has diversified into Cogen. It has of course no control over agro-climatic risks and regulatory interventions.

Risk specific to the Company

Erode Sugar Mill is squeezed for land in its factory area militating against major expansion or diversification plans. It is also surrounded by other sugar mills that limits scope for major cane area expansion. 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.

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.

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 ongoing 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 96 seasonal and 211 non-seasonal employees. Industry-wide wage settlement that expired on 31st March 2013 was renewed for five years valid till 30.09.2018. Industry relations remained cordial throughout the year.

Discussion on Financial Performance with respect to Operational Performance

Operational Performance

	Year ended	
	31.03.2015	31.03.2014
Number of days	177	186
Average crushing rate (tcd)	2569	2345
Cane crushed (t)	454701	436103
Recovery (%)	9.75	9.64
Sugar produced (t)	44288	41781
Power production (lakh kwh)	444	380

Modest rise in cane volume and marginal improvement in sugar recovery have however been below the long term average due to the continuing impact of drought in the region. Power production increased during the year due to improved efficiencies but still remained below par due to reduced cane crushing and consequent lower volume of bagasse production. High cost of alternative bio-fuel and the unremunerative power tariff have compounded the problems of the cogen segment.

Financial Performance

Turnover indeed declined further during the year and the fall is by a formidable 42% compared to the peak achieved

in 2010/11. The only saving grace in the year was the buoyancy in the price of molasses. Operating margins were negative in line with the industry.

Interest cost was lower by reason of interest subvention facility available on the SEFASU Loan. Depreciation is lower due to the impact of new Law as per Schedule II of the Companies Act, 2013. Exceptional gain through write down of trade payables as detailed in Note-31 to the Financial Statements helped in containing the net loss for the year.

In the end, the company has suffered a Net Loss after tax of ₹ 365 lakhs as against the net loss of ₹ 478 lakhs in the previous year. Its operations were decimated by drought and marred by adverse market conditions thereby rendering its overall financial performance unsatisfactory.

Ratios

	2014-15	2013-14
PBIDT to Sales (%)	-2.19	3.88
PBT to Sales (%)	-3.32	-1.62
PBT to Net Worth (%)	-4.52	-2.27
Return on Capital Employed (%)	-0.19	2.24
Earnings (PAT) per Share (₹)	-4.24	-5.56
Interest Coverage (times)	-0.74	1.04
Debt- Equity (times)	0.36	0.41
Current Ratio (times)	1.14	1.25
Net Worth per Share (₹)	139.69	143.93
Price Earning Ratio (times)	-30.59	-17.68

Cautionary Statement

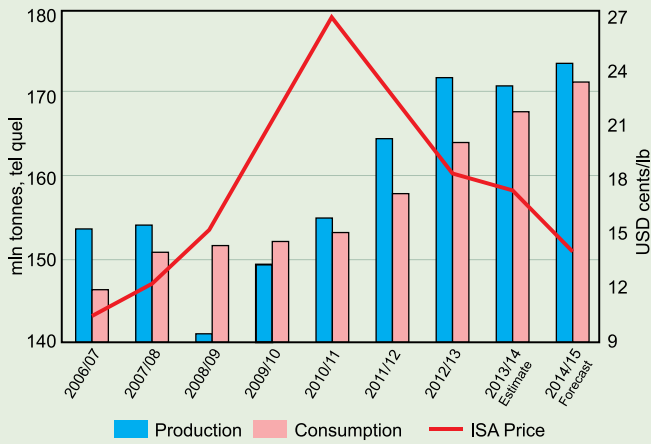
Statements made in this Report describing industry outlook as well as Company's plans, projections and expectations may constitute 'forward looking statements' within the meaning of applicable laws and regulations. Actual results may differ materially from those either expressed or implied.

For Board of Directors

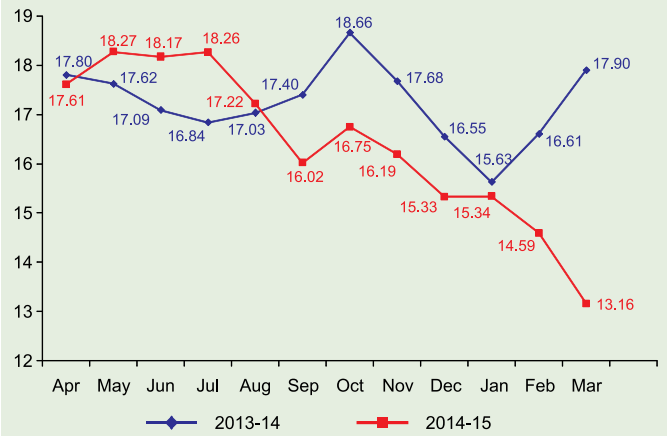
Chennai
29th May 2015

N Gopala Ratnam
Chairman

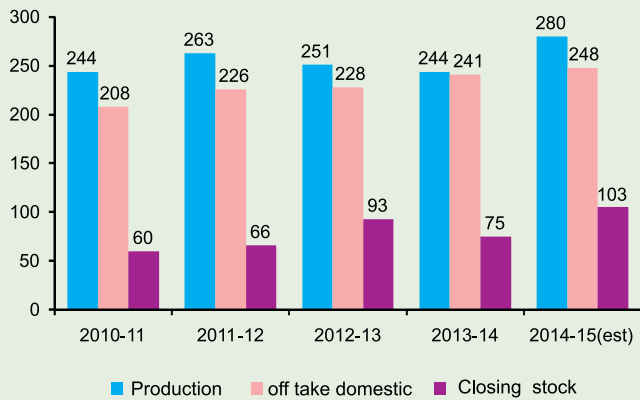
World production, Consumption and ISA Prices



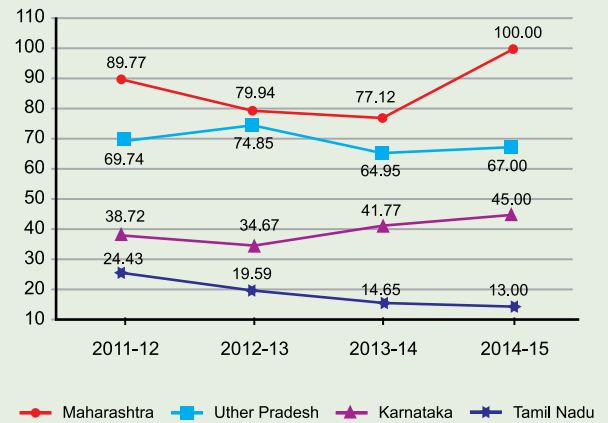
World Raw Sugar Price - ISA Daily Price (c/lb)



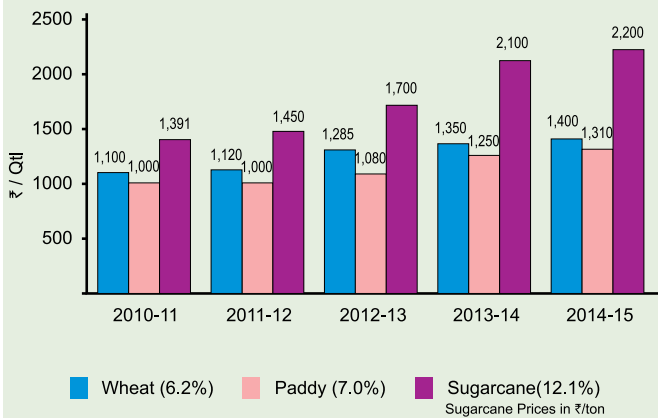
Indian Sugar Balance (lac t)



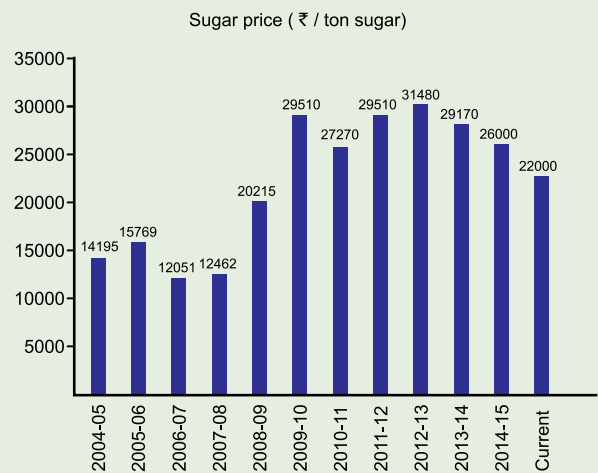
Sugar Production of Top 4 States (lac t)



Minimum Support Prices-Growth Rate

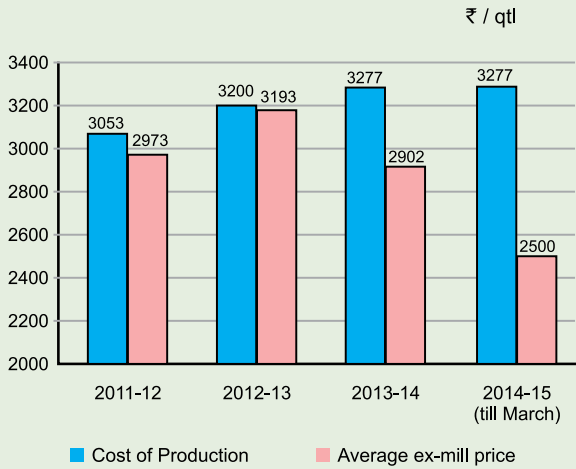


Falling ex-factory sugar prices

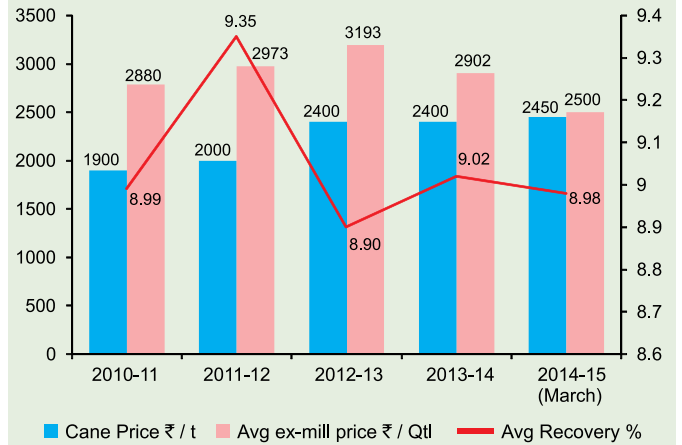




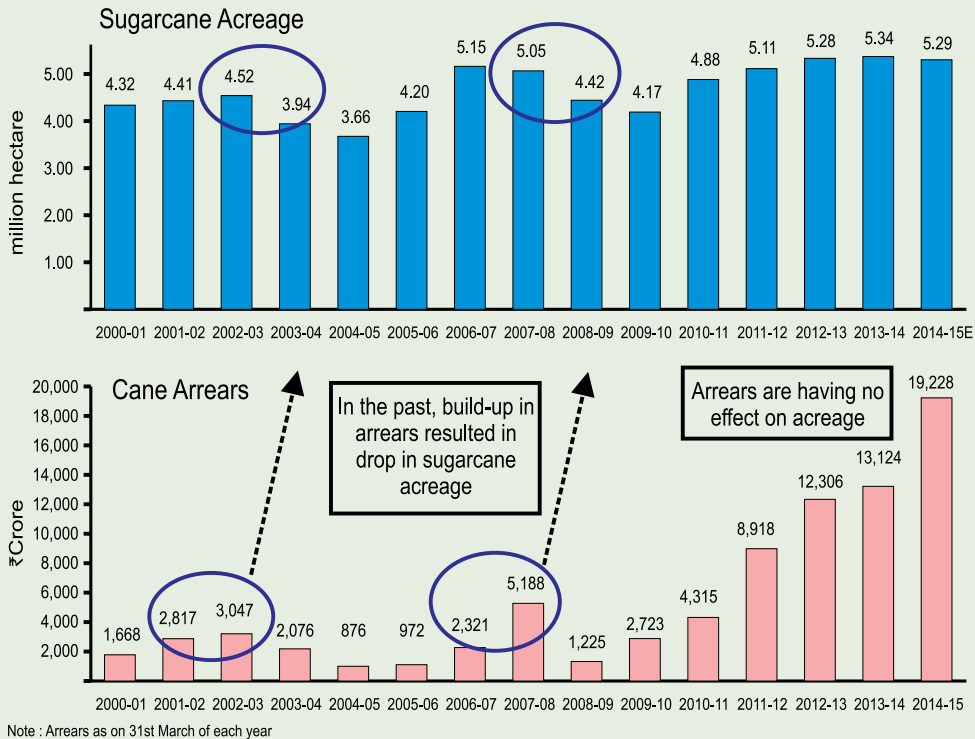
Cost of production vs. Average ex-mill prices



TN Cane price, Sugar Price and Recovery



Sugarcane Acreage & Cane Arrears Trend



CORPORATE GOVERNANCE REPORT

The principles of Corporate Governance introduced by SEBI through Clause 49 of the Listing Agreement with Stock Exchanges and amended from time to time is 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 Clause 49 of the Listing Agreement. Auditors' certificate on Corporate Governance as prescribed is also attached. Further, this Report also discloses relevant information in terms of Section 134(3) of the Companies Act, 2013 and forms an integral part of the Board's Report to shareholders.

Company's philosophy on Corporate Governance

The Company belongs to SPB Group, 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. The Company constantly endeavors to improve on these on an ongoing basis.

Amendments to Corporate Governance provisions

The Companies Act, 2013 (the Act) provides for a major overhaul in the Corporate Governance norms for all Companies. SEBI reviewed the provisions of Listing Agreement with the objective to align same with the Act,

adopt best practices on corporate governance and to make the corporate governance framework more effective. SEBI by its Circular dt. 17th April 2014 advised the changes to Clause 35-B and Clause 49 of the earlier Listing Agreement. The revised Clause 49 has come into force from 1st October 2014.

The Company has taken effective steps to comply with the new prescriptions of the Act, and move towards complying with the revised Clause 49 well before the deadline.

A) Board of Directors

i) Board Composition

- 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 two woman directors. The Managing Director is additionally responsible to continue to discharge the functions of Secretary within the meaning of Section 203 of the Act.
- 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 Director seeking reappointment is given in the Notice of the AGM.
- d) No Director holds membership of more than 10 Committees of Board nor is Chairman of more than 5 such Committees as stipulated in Clause 49. No Director is a relative of any other Director. The age of every Director, including Independent Director, is above 21.



Relevant details of Directors

Name of Director and category	Date of initial Appointment	No. of Equity Shares held	Attendance at Board meetings during 2014-15		As on 31 st March 2015			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	1	Y
Dr L M Ramakrishnan Independent	26.10.2001	536	5	100	4	--	1	Y
Mr Arun G Bijur Promoter Group	26.12.1996	100	4	80	3	--	1	Y
Mr Bimal Poddar Promoter	26.10.2001	NIL	5	100	9	--	1	Y
Mr N Ramanathan Managing Director	01.04.2005	3001	5	100	4	1	1	Y
Mr V Sridar Independent	05.06.2009	NIL	5	100	9	5	5	Y
Mr N R Krishnan Independent	05.06.2009	NIL	5	100	9	2	4	Y
Dr Nanditha Krishna Independent	24.12.2010	NIL	3	60	6	--	--	N
Mr K Bharathan Independent	28.12.2011	NIL	4	80	2	--	--	Y
Mrs Bharti C Pithawalla Promoter	01.02.2013	NIL	2	40	3	--	--	N

* Pertains only to Audit & Share Committee of the Board

ii) Independent Directors

- 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 or the next Board meeting, whichever is later, for ensuring minimum stipulated strength of Independent Directors in the Board.
- Independent directors are appointed for a tenure of 5 years taking into account the transitory provisions u/s 149(11) of the Act. They would be eligible for one more term on passing of a special resolution by members. No independent director of the Company serves in more than 7 listed companies as Independent Director.

- Independent directors have been issued Letter of Appointment and the terms thereof have been posted on the Company website.
- Pursuant to Clause 49 of the Listing Agreement, the Company has formulated a familiarization programme for Independent Directors with the objective of making them familiar with their role, rights & responsibilities, nature of the industry, business model and compliance management. The details of the programme have been uploaded on the Company's website www.ponnisugars.com.
- All the Independent Directors have given the declarations pursuant to Section 149(7) of the Act affirming that they meet the criteria of independence as provided in sub section (6).

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 29.05.2014, 22.07.2014, 31.10.2014, 06.02.2015 and 25.03.2015. 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. Powerpoint presentation is made to facilitate pointed attention and purposive deliberations at the meetings.

The Board periodically reviews compliance reports of all laws applicable to the Company and takes proactive steps to guard against slippages and take remedial measures as appropriate. The Board is apprised of risk assessment and minimization procedures that are periodically reviewed. The Board is committed to discharge all key functions and responsibilities as spelt out in the Act, extant SEBI Regulations and provisions of the Listing Agreement.

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.

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 of the Company. It meets at regular intervals not exceeding 120 days between any two meetings and subject to a minimum of 4 meetings in a year. Board Chairman, MD, CFO and COO are present as invitees while Statutory Auditors, Cost Auditor and the Internal Auditor are also present in most meetings. The Company Secretary acts as the Secretary of the Audit Committee.

The Audit Committee conforms to Section 177 of the Act and extant SEBI guidelines and Clause 49 of Listing Agreement 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 29.05.2014, 22.07.2014, 31.10.2014, 06.02.2015 and 25.03.2015. Its composition and attendance during 2014-15 is given hereunder:

Name of Member	Category	Attendance at meetings	
		No.	%
Mr V Sridar, Chairman	Independent	5	100
Mr Bimal Poddar	Non-Independent	5	100
Dr L M Ramakrishnan	Independent	5	100
Mr N R Krishnan	Independent	5	100
<i>Permanent Invitees:</i>			
Mr N Gopala Ratnam	Non-Independent, Non-Executive	5	100
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 cum Remuneration Committee

The Company has a Nomination-cum-Remuneration Committee. It comprises 4 non-executive Directors of which 3 are independent including its Chairman.

Name of Member	Category
Mr V Sridar, Chairman	Independent, Non-Executive
Mr N Gopala Ratnam	Non-Independent, Non-Executive
Dr L M Ramakrishnan	Independent, Non-Executive
Mr N R Krishnan	Independent, Non-Executive

The powers, role and terms of reference of the Committee cover the areas as contemplated u/s 178 of the Act and Clause 49 of the Listing Agreement, 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 remuneration policy for directors, key managerial personnel and 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.

The Committee meets as per needs. It met once during the year on 25.03.2015.

iii) Stakeholders Relationship Committee

The Board has a Stakeholders Relationship Committee. Its role and responsibility is to expeditiously process and approve transactions in securities, complying with SEBI regulations and listing requirements and redressal of investor grievances. The Committee oversees and monitors the performance of the Registrar & Transfer Agents 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. The Committee met 5 times during the year on 29.05.2014, 22.07.2014, 31.10.2014, 06.02.2015 and 25.03.2015. Its composition and attendance is given hereunder:

Name of Member	Category	Attendance at Meetings	
		No.	%
Mr N Gopala Ratnam, Chairman	Non-Executive	5	100
Mr Arun G Bijur	Non-Executive	4	80
Mr N Ramanathan	Executive	5	100

Status of investor complaints is shown in the Shareholder Information section of this Report. The Secretary is the Compliance Officer.

iv) Corporate Social Responsibility (CSR) Committee

While the Company is not covered by Sec.135 of the Act for FY 2014-15, it has voluntarily constituted a CSR Committee from 21st March 2014.

Name of Member	Category
Mr N Gopala Ratnam, Chairman	Non-Executive
Mr N R Krishnan	Independent
Mr N Ramanathan	Executive

It met once during the year on 06.02.2015.

v) Other Committees

The Board has constituted a Finance Committee to facilitate quick response to the financial needs / obligations of the Company. 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-cum-Remuneration Committee meeting held on 25th March 2015 has 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. This policy is accordingly derived from the said chapter.

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 Agreement.
- 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.

3. Remuneration of Directors & KMPs

The Nomination-cum-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. Mr.N.Ramanathan has been reappointed as Managing Director for a further tenure of three years from 01.04.2014. Considering the losses currently suffered, he is paid minimum remuneration in accordance with the approval granted by special resolution at the Annual General Meeting held on 22.07.2014. His remuneration for FY 2014-15 is disclosed under Note 39 of the Financial Statements. There is no service contract containing provisions of notice period or severance package.

Mr K Yokanathan, CFO is the other KMP and was paid remuneration of ₹ 19.84 lakhs in FY 2014-15.

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 of ₹ 10000 per meeting of Board or any Committee thereof from 1st April 2014. Though the Company obtained the approval of shareholders at its 18th AGM for payment of commission to Non



Executive Directors, no commission is provided for FY 2014-15 in view of losses. Remuneration particulars of all the Directors are also given in Part VI of Form No. MGT-9 vide Annx-3 to the Board's Report. The same may be treated as required disclosure under Para IV-Section II- Part II of the Schedule V to the Act.

Remuneration particulars of all the Directors are also given in Part VI of Form No.MGT-9 vide Annx-3 to the Board's Report. The same may be treated as required disclosure under Para IV - Section II –Part II of the Schedule V to the Act.

4. Remuneration of Non Executive Directors for 2014-15 (in ₹)

Director	Sitting fees for		
	Board meeting	Committee meeting	Total
Mr N Gopala Ratnam	50000	70000	120000
Dr L M Ramakrishnan	50000	60000	110000
Mr Arun G Bijur	40000	40000	80000
Mr Bimal Poddar	50000	50000	100000
Mr V Sridar	50000	60000	110000
Mr N R Krishnan	50000	70000	120000
Dr Nanditha Krishna	30000	---	30000
Mr K Bharathan	40000	---	40000
Mrs Bharti C Pithawalla	20000	---	20000

(ii) Performance Evaluation

The Board of Directors in March 2015 on the recommendations of the Nomination-cum-Remuneration Committee approved the Board evaluation framework. It has laid down specific criteria for performance evaluation covering -

- Evaluation of Board process
- Evaluation of Committees
- Individual evaluation of Board members & the Chairperson
- Individual evaluation of Independent Directors

Evaluation of all Board members is done on an annual basis. Templates incorporating specific attributes are used and commonly agreed comments and remarks are recorded against each attribute.

The Independent Directors in their exclusive meeting on 25.03.2015 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 except one Independent Director were present at this meeting.

The Board at its 25.03.2015 meeting evaluated the performance of each of the 4 Committees and also the functioning of each of the Independent Directors (excluding the Independent Director being evaluated). The Board has recorded its overall satisfaction and decided in terms of Para VIII(2) of Schedule IV to the Act that Independent Directors be continued in their respective offices.

(iii) Insider Trading

The Company had framed a Code of Conduct for prevention of insider trading based on SEBI (Prohibition of Insider Trading) Regulations, 1992. This code was applicable to all directors and designated employees. It is hereby affirmed that all directors and designated employees have complied with this code during FY 2014-15 and a confirmation to this effect has been obtained from them.

SEBI in January 2015 has notified a new set of Regulations, namely, SEBI (Prohibition of Insider Trading) Regulations, 2015 that has come into force from 15th May 2015. In terms of these Regulations, the Board in March 2015 in supersession of the earlier code formulated the:

- Code of Practices and Procedures for Fair disclosure of Unpublished Price Sensitive Information; and
- Minimum Standards for Code of Conduct to Regulate, Monitor and Report Trading by Insiders.

These have been uploaded in the Company's website and Stock Exchanges advised of same.

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 between the twentieth trading day prior to the last day of any financial period for which results are required to be announced by the Company and the second trading day after the disclosure of such 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 Code.

(iv) Code of Conduct

The Board has formulated a Code of Conduct for Directors and Senior Management Personnel of the Company which is posted on its website. It is hereby affirmed that 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 2014-15.

Further, the senior management personnel have declared to the Board that no material, financial and commercial transactions were entered into by them during FY 2014-15 where they have personal interest that may have a potential conflict with the interest of the Company at large.

(v) Related Party Transactions

The Board has formulated in Feb 2015 a Policy on Related Party Transactions (RPTs). It has also 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 in the Company's website.

All RPTs during FY 2014-15 were on an arms-length basis and were in the ordinary course of business. They have been disclosed in deference to Accounting Standard 18 in Note 39 of the financial statements. None of these transactions are likely to have a conflict with the Company's interest.

All RPTs have the approval of Audit Committee. Prior omnibus approval of the Audit Committee is obtained for the transactions that are non material and repetitive in nature.

The Company has a material RPT on a continuing basis with one of its promoters. While this has the approval of Audit Committee and Board obtained in March 2015 and May 2015 respectively, shareholder approval is now being sought by way of special resolution for this material RPT vide item 5 of the business proposed at the 19th AGM.

None of the directors has any pecuniary relationships or transactions other than the remuneration duly disclosed vis-à-vis the Company.

(vi) 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 means of 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.

(vii) Whistle Blower Policy

In deference to Section 177 (9) of the Act read with relevant Rule 7 of the Companies (Meetings of Board and its Powers) Rules, 2014 and Clause 49 of the Listing Agreement, the Company has established a vigil mechanism overseen by the Audit Committee. This has been uploaded in the Company's website.

No complaint under this facility was received in FY 2014-15.

(viii) Anti-Sexual Harassment Policy

The Company has in place an Anti-Sexual Harassment Policy in line with the requirements of the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013. Internal Complaints Committee has been set up to redress complaints received on sexual harassment. All employees (permanent, contractual, temporary, trainees) are covered under this policy.

No complaint on sexual harassment was received during FY 2014-15.

E) Other Compliances**i) Management Discussion and Analysis**

Management Discussion and Analysis Report is made in conformity with Clause 49(VIII)(D) of the Listing Agreement and is attached to the Board's Report forming part of the Annual Report of the Company.

ii) Quarterly Financial Results

Pursuant to Clause 41 of the Listing Agreement, Quarterly Financial Results are approved by the Board



on the recommendations of the Audit Committee. These are communicated to Stock Exchanges by email and fax after the conclusion of the Board Meeting and published in leading 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 2014-15 the Compliance Report on Corporate Governance to Stock Exchanges in the prescribed format within 15 days from the close of each quarter.

(iv) Online filing

NEAPS

Quarterly reports to National Stock Exchange are filed through NSE Electronic Application Processing System (NEAPS) in addition to filing hard copy of such reports.

SCORES

SEBI requires all listed Companies to process investor complaints in a centralized web based complaint system called 'SEBI Complaints Redress System (SCORES). All complaints received from shareholders of listed Companies are posted in this system. Listed Companies are advised to view the complaint and submit Action Taken Report (ATR) with supporting documents in SCORES.

During the year, there were no complaints on our Company posted at SCORES site.

(v) Reconciliation of Share Capital Audit

Description	Frequency	For quarter ended	Furnished on
Reconciliation of Share Capital Audit to Stock Exchanges on reconciliation of the total admitted capital with NSDL / CDSL and the total issued & listed capital	Quarterly	30.06.2014	07.07.2014
		30.09.2014	09.10.2014
		31.12.2014	08.01.2015
		31.03.2015	20.04.2015

(vi) Accounting treatment

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

(vii) Cost Audit

Pursuant to Section 148 read with the Companies (Cost Records and Audit) Rules, 2014, 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 2014-15. Their remuneration was approved by the shareholders at the 18th AGM.

Cost Audit Report

Filing Cost Audit Report	2014-15	2013-14
Due date	30.09.2015	30.09.2014
Actual date	Target 31.08.2015	27.08.2014
Audit Qualification in Report	---	Nil

(viii) Secretarial Standards & Secretarial Audit

Pursuant to Section 118 (10) of the Act, every Company shall observe Secretarial Standards with respect to General and Board meetings specified by the Institute of Company Secretaries of India. The Ministry of Corporate Affairs has accorded approval for the Secretarial Standards on Meetings of Board of Directors (SS-1) and General Meetings (SS-2) that come into force from 1st July 2015. The Company's practices and procedures mostly meet with all these prescriptions and residual requirements will be taken care.

Pursuant to Section 204(1) of the Companies Act, 2013 read with the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, the Company has appointed Mr.V.Suresh, a Practicing Company Secretary (C.P.No.6032) to undertake the Secretarial Audit of the Company for FY 2014-15. The Secretarial Audit Report was placed before the Board on 29th May 2015.

There are no qualifications in the Secretarial Audit Report.

(ix) Internal Auditor

Pursuant to Section 138(1) of the Act the Company has appointed M/s Sengottaiyan & Co., Chartered Accountants (Firm Regn.No.05290S), Erode to conduct internal audit of the functions and activities of the Company for FY 2014-15. The internal auditor reports directly to the Audit Committee.

(x) CEO/ CFO certification

CEO certification by Mr N Ramanathan, Managing Director and CFO certification by Mr.K.Yokanathan,

Chief Financial Officer as required under Clause 49(IX) of the Listing Agreement were placed before the Board at its meeting on 29th May 2015.

(xi) Review of Directors' Responsibility Statement

The Board in its Report has confirmed that the annual accounts for the year ended 31st March 2015 have been prepared as per applicable accounting standards and policies and that sufficient care has been taken for maintaining adequate accounting records.

(xii) Auditor's Certificate on Corporate Governance

Certificate of Statutory Auditors has been obtained on the compliance of conditions of Corporate Governance in deference to Clause 49 (XI) of the Listing Agreement and the same is annexed. Copy of the certificate is furnished to the Stock Exchanges as required.

(xiii) Subsidiary Companies

The Company has no subsidiary.

(xiv) Deposits

The Company has not accepted deposits from the public and there are no outstanding dues in respect thereof.

(xv) Peer Review of Auditors

Clause 41 of the Listing Agreement 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 R Subramanian And Company and M/s Maharaj N R Suresh And Co have undergone the peer review process and been issued requisite certificate that were placed before the Audit Committee.

(F) Compliance with non-mandatory requirements

(i) Board

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

(ii) Shareholders' Rights

Quarterly Audited Results on the Company's financial performance are sent to shareholders on request. These are posted on the Company's Website and advertised in newspapers and soft copy of same

emailed to shareholders whose email ids are available with the Company. Shareholders who have not furnished their email ids are advised to furnish same to *shares@ponnisugars.com*

- (iii) Section 136(1) of the Act and Clause 32 of Listing Agreement permits circulation of abridged Accounts in lieu of full-fledged Annual Report. The Company has however not exercised this option and continues to send Annual Report in full form to all shareholders.

The Company has sought shareholders' cooperation to fall in line with the Green Initiatives of the Central Government by way of sending communications in e-mode.

(iv) Audit Qualifications

The Company since inception has ensured to remain in the regime of unqualified financial statements.

SEBI vide its circular dt. 13th August 2012, has evolved a system to monitor audit qualification covered in Auditor's Report. Accordingly, listed companies while submitting Annual Report under Clause 31 (a) of the Listing Agreement are required to submit Form A in case of Unqualified Auditor's Report and Form B in case of Qualified... / Subject to... / Except for... audit report. Stock Exchanges will initiate further steps as specified in the circular, in case of companies where Form B has been filed. Our Company will comply with this SEBI Circular while filing the Annual Reports for the financial year ended 31st March 2015.

(G) Disclosures

- (i) No strictures / penalties have been 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) No significant and material orders were passed by the Regulators, Courts or Tribunals impacting the going concern status and the Company's operations in future.
- (iii) No loan or advance in the nature of loan was made during or outstanding at the close of the year to Associates or Firms/ Companies in which a director of the Company is interested. Accordingly no disclosure in terms of Clause 32 on this score is applicable.

(H) Means of Communication

Intimation of Board meeting

The Company publishes Notice of Board Meeting to consider financial results in newspapers.



Financial Results – All audited

	Date of publication of Notice of Board meeting	Financial Results		News paper
		Date of approval by Board	Date of Publication	
Quarter ended 30.06.2014	05.07.2014 #	22.07.2014	23.07.2014	# Business Line
Quarter ended 30.09.2014	08.10.2014	31.10.2014	01.11.2014	Business Standard and Makkal Kural
Quarter ended 31.12.2014	09.01.2015	06.02.2015	07.02.2015	
Quarter and Year ended 31.03.2015	01.05.2015	29.05.2015	30.05.2015*	

* Publication arranged

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

- a) emailed & faxed to Stock Exchanges immediately after the conclusion of the Board meeting. A confirmation copy is sent by post.
- b) posted on the Company's website www.ponnisugars.com that also displays other official News releases;
- c) sent to shareholders on request; and
- d) softcopy emailed to shareholders who have registered their email ids.

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.

Chairman's Communiqué:

Printed copy of the Chairman's Speech is distributed to all the shareholders at the Annual General meetings. The

same is also placed on the website of the Company and sent to Stock Exchanges.

Website

The Company maintains a functional website www.ponnisugars.com that contains relevant information updated in time and complies with Clause 54 of the Listing Agreement.

General Shareholder Information

A separate section has been included in the Annual Report furnishing various details viz. AGM time and venue, share price movements, distribution of shareholdings etc.

Business Responsibility Reports

SEBI has mandated by its circular dt.13.08.2012 the inclusion of Business Responsibility Reports (BR Reports) as part of the Annual Reports for listed entities. Clause 55 has been inserted in the Equity Listing Agreement for this purpose. Initially this has been made applicable for top 100 listed entities and our Company is not presently covered by this.

Company commitment

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

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
29th May 2015

General Shareholder Information

Details for 19th AGM

Date and Time	Friday, the 24 th July 2015 at 10.15 AM
Venue	New Woodlands Hotel P Ltd, 72-75, Dr Radhakrishnan Road, Mylapore, Chennai 600 004
Financial Year	2014-15
Book Closure Dates	Friday, the 17 th July 2015 to Friday, the 24 th July 2015 (Both days inclusive)

Particulars of past 3 AGMs

AGM/ Year	Venue	Date & Time	Special Resolutions passed
16th 2011-12	Hotel Deccan Plaza 36 Royapettah High Road Chennai 600014	20.07.2012 10.15 AM	NIL
17th 2012-13	New Woodlands Hotel Pvt Ltd 72-75, Dr Radhakrishnan Road Mylapore, Chennai 600004	24.07.2013 10.30 AM	NIL
18th 2013-14	New Woodlands Hotel Pvt Ltd 72-75, Dr Radhakrishnan Road Mylapore, Chennai 600004	22.07.2014 10.30 AM	1. Reappointment of Managing Director 2. Borrowing Powers 3. Mortgage of Assets

No Extraordinary General Meeting was convened during the year.

Postal Ballot/ Poll

All Resolutions were passed by show of hands for the year ended 2011-12 and 2012-13. No Special Resolution was required to be passed by postal ballot at the last Annual General Meeting. The Company extended e-Voting option to all shareholders for the 18th AGM pursuant to Section 108 of the Act and resolutions were passed on that basis.

Financial Calendar for 2015-16 (tentative)

Results for the quarter ending	30 th June 2015	24 th July 2015
-do-	30 th September 2015	06 th November 2015
-do-	31 st December 2015	29 th January 2016
Results for the year ending	31 st March 2016	May 2016
Annual General Meeting	July 2016	

Listing

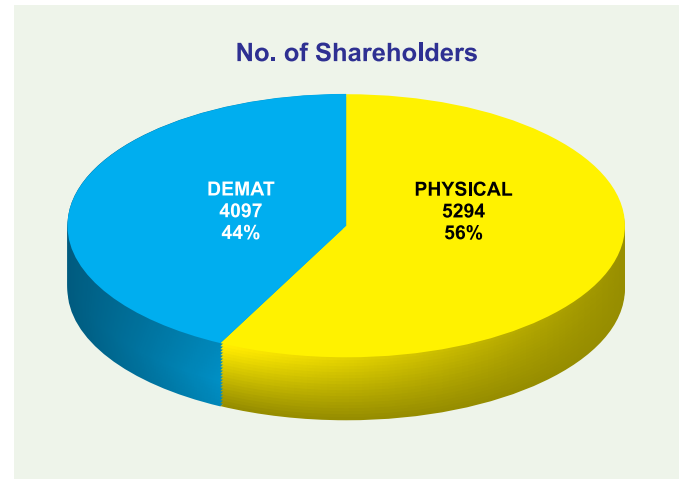
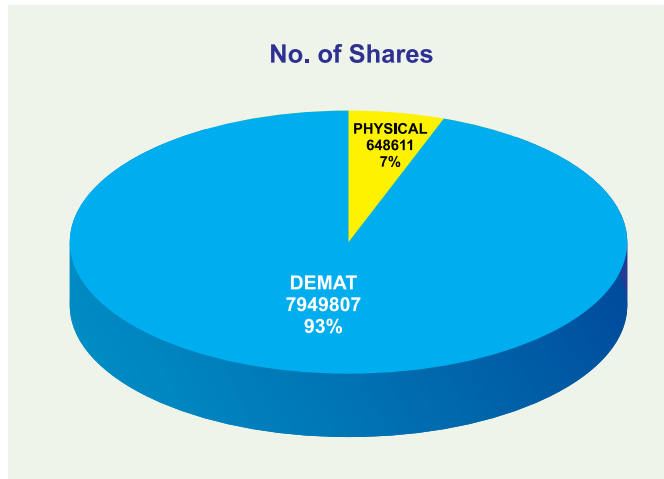
Name & Address	BSE Ltd Phiroze Jeejeebhoy Towers Dalal Street, Mumbai 400 001 Phone:022-22721233/ 22721234 Fax:022-2272 2082 Email:corp.relations@bseindia.com	National Stock Exchange of India Ltd Exchange Plaza, Bandra Kurla Complex Bandra East, Mumbai 400 051 Phone:022-26598235 / 8236 Fax:022-26598237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

Listing fee has been paid well in time to both the Stock Exchanges for the year 2015-16.



Dematerialization

The Equity Shares of the Company are traded in compulsory Demat form. It's ISIN is INE838E01017.



As per SEBI's directive, no investor shall be required to pay any charge for opening of a Beneficiary Owner account (BO) excepting for statutory charges and the custody charges will be paid by the issuers. Custody charges are annually paid 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.

PAN Requirement

- (1) SEBI vide circular dt. 27th April '07 made PAN as the sole identification number for all participants transacting in the securities market irrespective of the amount of such transaction.
- (2) SEBI by its circular dt. 20th May '09 made it mandatory to furnish a copy of PAN card of the transferee to the Company / RTA for registration of transfer of shares of listed companies in physical form and off market / private transactions.
- (3) SEBI Vide its circular dt. 7th January '10 has made it mandatory to furnish a copy of PAN for transmission and transposition of shares.

Investors are advised to take note of same.

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 (6 lines)

Fax:044-28460129

Email:investor@cameoindia.com

Web: www.cameoindia.com

Contact person: Ms C S Vetriselvi, Senior Executive (Shares)

Nomination facility

Shareholders holding shares in physical form and desirous of making a nomination in terms of Section 72 of the Companies Act, 2013 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.

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, Old Mahabalipuram Road
Seevaram Village
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.

Exclusive email ID for investor benefit

Pursuant to SEBI's directive and clause 47(f) of Listing Agreement, 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.

Investors' helpline

SEBI has launched a website <http://investor.sebi.gov.in/> exclusively for investor assistance, awareness and education.

Investors may lodge their complaints against trading members and companies through online Investor Service

Cell launched by the National Stock Exchange of India Limited.

For any assistance or grievance investors can also contact at Office of Investor Assistance and Education, Securities and Exchange Board of India, Exchange Plaza, Wing-II, Fourth Floor, Bandra Kurla Complex, Bandra (E), Mumbai 400 051 (Tel: 022-26598509; Fax: 022- 26598514 / 18, Email: iggc@sebi.gov.in).

Further, SEBI vide its circular dt.03.09.09 has advised Stock Exchanges to disclose details of complaints lodged by clients/ investors against the companies in the website of the Stock Exchanges. Shareholders are advised to view the status of their complaint in the website of Stock Exchanges.

SARAL (AOF)

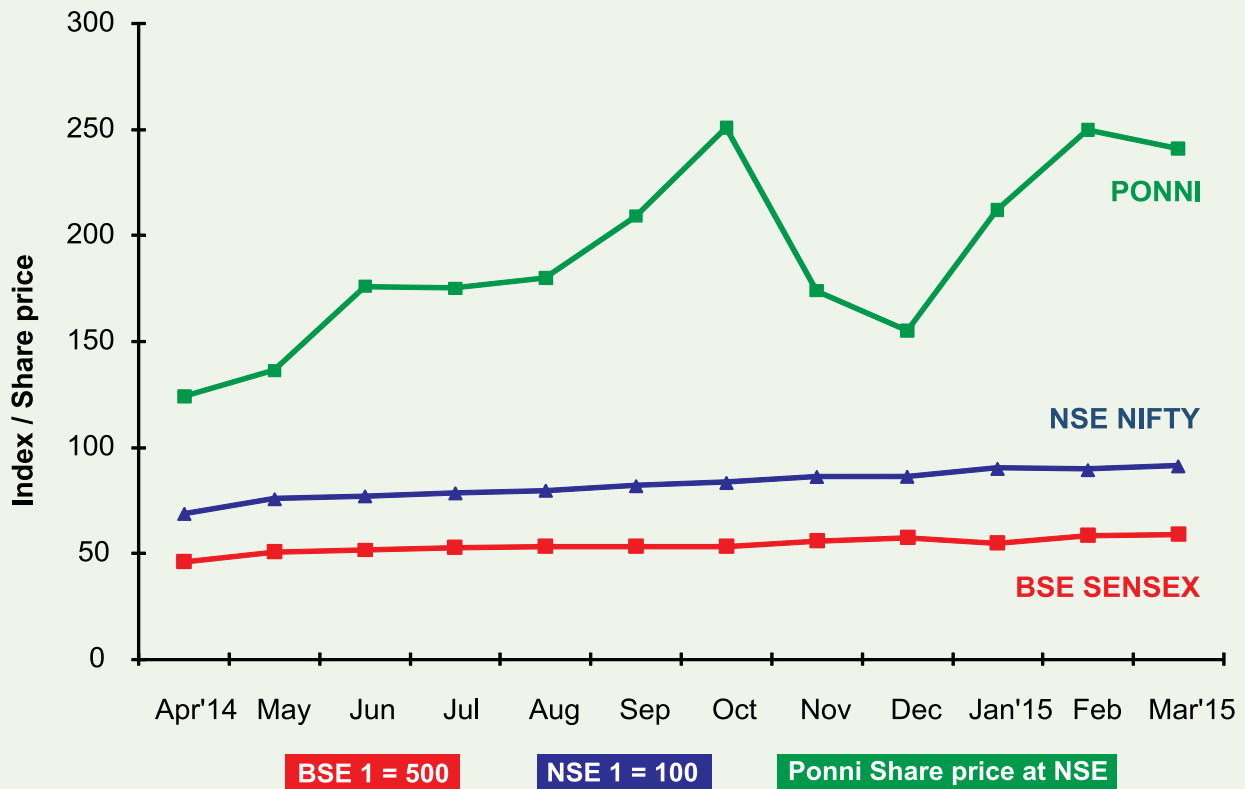
SEBI vide its Circular dt.04.03.2015 has introduced a simplified Account Opening Form (AOF) named SARAL (AOF) to encourage participation in the Securities market. The forms are available with the intermediaries and can also be downloaded from the websites of Depositories and Exchanges. Investors are advised to utilize the opportunities with these simplified documents.

STOCK MARKET DATA

Month	Bombay Stock Exchange				National Stock Exchange			
	Share price		Volume		Share price		Volume	
	High	Low	No. of shares	Value (Rs lacs)	High	Low	No. of shares	Value (Rs lacs)
April'14	123.00	105.20	10735	12.57	123.90	100.50	4243	4.78
May'14	139.00	114.00	11424	14.01	136.20	111.05	9762	12.00
June'14	174.45	129.05	316907	490.96	176.00	134.90	8766	13.69
July'14	189.55	150.00	6992	11.76	175.00	151.05	3370	5.58
Aug'14	184.90	166.50	6314	10.93	180.00	150.00	17529	29.91
Sept'14	215.00	166.05	9647	17.72	209.20	163.00	11635	20.48
Oct'14	250.50	155.00	107287	241.73	251.00	154.00	182001	360.13
Nov'14	172.95	140.20	25651	39.79	173.90	137.00	292012	417.55
Dec'14	162.00	125.05	4533	6.64	155.00	127.40	6950	9.84
Jan'15	184.00	132.00	148459	206.51	211.95	130.00	100179	140.30
Feb'15	247.00	143.00	283400	583.81	250.00	142.95	277155	577.84
March'15	244.00	115.50	546557	871.78	241.00	112.00	512155	809.53



Relative Performance of PEL Share Price Vs BSE Sensex & NSE Nifty



Trading in illiquid shares

SEBI, vide its Circular dt. 14.2.2013 has brought changes for trading of illiquid scrips in Stock Exchanges by introducing Periodic Call Auction route. A scrip is classified as 'illiquid' when in a quarter the average volume is below 10000 and average daily number of trades is below 50. Pursuant to this, the scrips of our Company were traded under 'illiquid' category from 1st April 2013 at both Stock Exchanges.

Since most of the scrips got classified under this category, SEBI in response to complaints made from investors & stake holders, decided to rationalize this mechanism by modifying the stipulations contained in their Circular of Dec.'13. Accordingly under the revised criteria, our scrips got exited from the 'illiquid category' and are now traded under 'Normal' category.

Transfer System

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 Securities Transactions cum Investors Grievance 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 clause 47(c) of the Listing Agreement and files a copy of the said certificate with the Stock Exchanges.

There is no pending share transfer as of 31.03.2015.

Stamp duty for share transfers in physical mode is 25 paise for every Rs.100 or part thereof of the value of the shares vide Notification No.S.O.130(E) dated 28.01.2004 of Ministry of Finance, Department of Revenue.

Shareholder Complaints

No Complaints received over the last five years

Nature of complaints received during 2014-15:

No Complaint was received during the year from Stock Exchanges where the Equity shares are listed.

Outstanding complaints as on 31.03.2015 - Nil

Outstanding GDRs / ADRs / Warrants / Convertible Instruments - Nil

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.

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	10
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

Distribution of shareholding

Slab	No. of Shareholders		No. of Equity Shares	
	Total	%	Total	%
1-100	7842	83.51	278640	3.24
101-500	1303	13.87	302025	3.51
501-1000	115	1.22	91161	1.06
1001-10000	92	0.98	301819	3.51
10001 - 100000	24	0.26	811956	9.44
100001 & above	15	0.16	6812817	79.24
Total	9391	100.00	8598418	100.00

Categories of Shareholding

Shares held by	No. of shareholders	%	No. of shares	%
Promoters	6	0.06	4066737	47.29
FIs / UTI / Mutual Fund / Banks	7	0.07	7720	0.09
Corporates	147	1.57	1904007	22.14
FII's/ NRIs/ OCBs	165	1.76	936207	10.89
Resident Individuals	9066	96.54	1683747	19.59
Total	9391	100.00	8598418	100.00

Top 10 Shareholders of the Company

Sl. No.	Name	Shares	% to Capital
1	Seshasayee Paper and Boards Ltd	2080260	24.19
2	Mr C K Pithawalla	925466	10.76
3	Coromandel Sugars Ltd	810507	9.43
4	Time Square Investments P Ltd	773004	8.99
5	Hridayanath Consultancy P Ltd	471394	5.48
6	Orange Mauritius Investments Ltd	425000	4.94
7	High Energy Batteries (India) Ltd	280382	3.26
8	Hypnos Fund Limited	234794	2.73
9	Acira Consultancy Pvt Ltd	197797	2.30
10	Gandiv Investments Pvt Ltd	173309	2.02
	Total	6371913	74.11



Plant

Location : Odapalli, Cauvery R S Post,
Erode 638 007, Tiruchengode (Tk),
Namakkal District, Tamil Nadu.
Phone: 04288-247351
Fax: 04288-247363

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 .

During Dec'2001 the Company mailed fresh share certificates pursuant to the Scheme of Arrangement sanctioned by the Hon'ble High Court of Madras. Some of the Share certificates were returned to the Company due to insufficient address. After sending three reminders the Company transferred 28277 shares pertaining to 491 shareholders to Unclaimed Suspense Account on 10.01.2012 under Demat Reference No.5426.

Relevant disclosures under Clause 5A of Listing Agreement 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	487	28117
2	Number of shareholders who approached the issuer for transfer of shares from the Unclaimed Suspense Account during the year	2	168
3	Number of shareholders to whom shares were transferred from the Unclaimed Suspense Account during the year	2	168
4	Aggregate number of shareholders and the outstanding shares lying in the Unclaimed Suspense Account at the end of the year	485	27949

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

Unclaimed Dividend

Pursuant to Section 205 A of the Companies Act 1956, 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.

Pursuant to above, the Unpaid / Unclaimed Dividend for the Financial Year ended 31.03.2007 were transferred on 23.08.2014 pertaining to 3859 investors and aggregating Rs.2.00 lacs.

The Unpaid / Unclaimed amount for the Financial Year ended 31.03.2008 will be transferred during August 2015. Shareholders are therefore advised to contact the Company immediately in case of non-receipt or non-encashment of Dividend for that year.

Particulars of unclaimed dividend

Year	Dividend (Rs. per share)	Date	Unclaimed		Due date for transfer to IEPF
			No. of warrants	Rs. lakhs	
2007-08	0.60	28.07.2008	4016	2.20	24.08.2015
2008-09	2.50	05.08.2009	3462	4.56	26.08.2016
2009-10	4.00	05.08.2010	3279	8.24	25.08.2017
2010-11	2.00	29.07.2011	3650	3.81	19.08.2018
2011-12	2.50	06.08.2012	3114	4.61	24.08.2019
2012-13	1.50	07.08.2013	3400	5.24	29.08.2020
2013-14	0.60	31.07.2014	3948	2.08	27.08.2021

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.

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.
- Register your Electronic Clearing Service (ECS) Mandate
- 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 hand over signed blank transfer deeds/ 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.

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 existing 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's/ Mother's/ Spouse's 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.
- xiii) Pursuant to the above, the Register of Members in Form MGT-1 has been modified before the stipulated date ie. 30th September 2014 with the details of shareholders who have already furnished to the Company. Shareholders who have not furnished the same are requested to furnish the same.



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 2015 as stipulated in the Clause 49 of the Listing Agreement 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 Agreement.

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 2015.

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 Maharaj N R Suresh And Co

FRN No. 001931S
Chartered Accountants

N R Suresh

Partner
Membership No. 21661

Chennai
29th May 2015

For R Subramanian And Company

FRN No. 004137S
Chartered Accountants

A Ganesan

Partner
Membership No. 21438

Form No.MGT-9

EXTRACT OF ANNUAL RETURN

as on the financial year ended on 31stMarch 2015

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, Old Mahabalipuram Road Perungudi, Chennai 600 096 Ph: 044 39279300 Fax: 044 24960156 Email: admin@ponnisugars.com Web: www.ponnisugars.com
vi	Whether listed company	Yes
vii	Name, Address and Contact details of Registrar and Transfer Agent, if any	Cameo Corporate Services Ltd 'Subramanian Buildings', 5th Floor, No 1 Club House Road, Chennai 600002 Ph: 04428460390 Fax: 044 28460129 Email: investor@cameoindia.com Web: www.cameoindia.com

II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

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

Sl. No.	Name and Description of main products/ services	NIC Code of the Product/ service	% to total turnover of the company
1	Manufacture and Sale of Sugar	10721	76
2	Bagasse	Not Available	10

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	L21012TZ1960PLC000364	Associate	24.19 %	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 - 01.4.2014			No. of shares held at the end of the year - 31.3.2015			% change the during the year	
	Demat	Physical	Total	% of Total Shares	Demat	Physical		Total
A. Promoters								
(1) Indian								
(a) Individual/HUF	2823	0	2823	0.03	2823	0	2823	0.03
(b) Central Govt	-	-	-	-	-	-	-	-
(c) State Govt(s)	-	-	-	-	-	-	-	-
(d) Bodies Corporate	3423634	0	3423634	39.82	3120646	17802	3138448	36.50
(e) Banks / FI	-	-	-	-	-	-	-	-
(f) Any other	-	-	-	-	-	-	-	-
Sub-Total (A)(1)	3426457	0	3426457	39.85	3123469	17802	3141271	36.53
(2) Foreign								
(a) NRIs - Individuals	925466	-	925466	10.76	925466	-	925466	10.76
(b) Other - Individuals	-	-	-	-	-	-	-	-
(c) Bodies Corporate	-	-	-	-	-	-	-	-
(d) Banks / FI	-	-	-	-	-	-	-	-
(e) Any other	-	-	-	-	-	-	-	-
Sub-Total (A)(2)	925466	0	925466	10.76	925466	-	925466	10.76
Total shareholding of Promoter (A) = (A)(1) + (A)(2)	4351923	0	4351923	50.61	4048935	17802	4066737	47.30
B. Public Shareholding								
(1) Institutions								
(a) Mutual Funds / UTI	7480	240	7720	0.09	7480	240	7720	0.09
(b) Banks / FI	-	-	-	-	-	-	-	-
(c) Central Govt	-	-	-	-	-	-	-	-
(d) State Govt(s)	-	-	-	-	-	-	-	-
(e) Venture Capital Funds	-	-	-	-	-	-	-	-
(f) Insurance Companies	-	-	-	-	-	-	-	-
(g) Fills	0	0	0	0	652364	0	652364	7.59
(h) Foreign Venture Capital Funds	-	-	-	-	-	-	-	-
(i) Others Specify ...	-	-	-	-	-	-	-	-
Sub- Total (B)(1)	7480	240	7720	0.09	659844	240	660084	7.68

(2) Non- Institutions										
(a)	Bodies Corporate - Indian	1991702	12850	2004552	23.31	1896719	7288	1904007	22.14	-1.17
(b)	Individuals									
i	Individual shareholders holding nominal share capital up to Rs.1 lakh	518679	406393	925072	10.76	539909	303162	843071	9.80	-0.95
ii	Individual shareholders holding nominal share capital in excess of Rs.1 lakh	946592	0	946592	11.01	421359	48000	469359	5.46	-5.55
(c)	Others (specify)									
	Directors and Relatives	3001	1124	4125	0.05	3001	1124	4125	0.05	0
	NRI's / OCBs	16718	271435	288153	3.35	12848	270995	283843	3.30	-0.05
	HUF / Clearing Members	42164	0	42164	0.49	28661	0	28661	0.33	-0.16
	Unclaimed Shares	28117	0	28117	0.33	27949	0	27949	0.33	0
	FPI	0	0	0	0	310582	0	310582	3.61	3.61
	Sub- Total (B)(2)	3546973	691802	4238775	49.30	3241028	630569	3871597	45.03	-4.27
	Total Public Shareholding (B)= (B)(1)+(B)(2)	3554453	692042	4246495	49.39	3900872	630809	4531681	52.70	3.32
(C)	Shares held by Custodian for GDRs and ADRs	-	-	-	-	-	-	-	-	-
	GRAND TOTAL (A) + (B) + (C)	7906376	692042	8598418	100.00	7949807	648611	8598418	100.00	0

(ii) Shareholding of promoters

Sl. No.	Shareholder's Name	Shareholding at the beginning of the year				Shareholding at the end of the year			
		No. of shares	% of total shares of the company	% of shares pledged / encumbered to total shares	No. of shares	% of total shares of the company	% of shares pledged / encumbered to total shares	% change in shareholding during the year	
1	Seshasayee Paper And Boards Limited	2080260	24.19	-	2080260	24.19	-	0.00	
2	Chhotubhai Keshavbhai Pithawalla	925466	10.76	4.94	925466	10.76	4.94	0.00	
3	Time Square Investments (P) Ltd	760004	8.84	-	773004	8.99	-	0.15	
4	High Energy Batteries (India) Limited	280382	3.26	-	280382	3.26	-	0.00	
5	Lucky Valley Investments & Holdings Ltd	165405	1.92	-	9	0.00	-	-1.92	
6	Matheson Bosanquet Enterprises Limited	137583	1.60	-	0	0.00	-	-1.60	
7	Esvi International (Eng & Exp) Ltd	4802	0.06	-	4802	0.06	-	0.00	
8	N Gopala Ratnam	2823	0.03	-	2823	0.03	-	0.00	
	Total	4356725	50.67	4.94	4066746	47.30	4.94	-3.37	



iv. SHARE HOLDING PATTERN (Equity Share Capital Breakup as percentage of Total Equity) (Contd.)
 (iii) Change in Promoters' Shareholding (please specify, if there is no change)

Sl No	Name of the Shareholder	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No of shares	% of total shares of the company	No of shares	% of total shares of the company
1	Time Square Investments (P) Ltd				
	At the beginning of the year 31-Mar-2014	760004	8.84	760004	8.84
	Purchase 20-Mar-2015	13000	0.15	13000	0.15
	At the end of the Year 31-Mar-2015	773004	8.99	773004	8.99
2	Lucky Valley Investments & Holdings Ltd				
	At the beginning of the year 31-Mar-2014	165405	1.92	165405	1.92
	Purchase 06-Jun-2014	1	0.00	165406	1.92
	Sale 16-Jun-2014	-165405	-1.92	1	0.00
	Purchase 20-Jun-2014	8	0.00	9	0.00
	At the end of the Year 31-Mar-2015	9	0.00	9	0.00
3	Matheson Bosanquet Enterprises Limited				
	At the beginning of the year 31-Mar-2014	137583	1.60	137583	1.60
	Sale 16-Jun-2014	-137583	-1.60	0	0.00
	At the end of the Year 31-Mar-2015	0	0.00	0	0.00

There is no change in Shareholding during the year in the case of other Promoters

iv. SHARE HOLDING PATTERN (Equity Share Capital Breakup as percentage of Total Equity) (Contd.)
(iv) Shareholding Pattern of top ten shareholders (other than Directors and Promoters):

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	Coromandel Sugars Limited				
	At the beginning of the year 31-Mar-2014	810507	9.43	810507	9.43
	At the end of the Year 31-Mar-2015	810507	9.43	810507	9.43
2	Hridaynath Consultancy Private Limited				
	At the beginning of the year 31-Mar-2014	743255	8.64	743255	8.64
	Purchase 17-Jul-2014	143243	1.67	886498	10.31
	Sale 17-Jul-2014	-143243	-1.67	743255	8.64
	Purchase 10-Oct-2014	70000	0.81	813255	9.46
	Sale 10-Oct-2014	-150000	1.74	663255	7.71
	Purchase 17-Oct-2014	377	0.00	663632	7.72
	Sale 24-Oct-2014	-6630	-0.08	657002	7.64
	Sale 31-Oct-2014	-240	0.00	656762	7.64
	Sale 21-Nov-2014	-710	0.00	656052	7.63
	Sale 28-Nov-2014	-62797	-0.73	593255	6.90
	Sale 05-Dec-2014	-17203	-0.20	576052	6.70
	Purchase 12-Dec-2014	204	0.00	576256	6.70
	Purchase 19-Dec-2014	48	0.00	576304	6.70
	Purchase 31-Dec-2014	90	0.00	576394	6.70
	Purchase 09-Jan-2015	111052	1.29	687446	8.00
	Sale 09-Jan-2015	-176052	-2.05	511394	5.95
	Sale 06-Feb-2015	-40000	-0.47	471394	5.48
	At the end of the Year 31-Mar-2015	471394	5.48	471394	5.48
3	Orange Mauritius Investments Ltd				
	At the beginning of the year 31-Mar-2014	0	0.00	0	0.00
	Purchase 28-Nov-2014	345000	4.01	345000	4.01
	Purchase 27-Mar-2015	80000	0.93	425000	4.94
	At the end of the Year 31-Mar-2015	425000	4.94	425000	4.94
4	Hypnos Fund Limited				
	At the beginning of the year 31-Mar-2014	0	0.00	0	0.00
	Purchase 27-Mar-2015	149794	1.74	149794	1.74
	Purchase 31-Mar-2015	85000	0.99	234794	2.73
	At the end of the Year 31-Mar-2015	234794	2.73	234794	2.73
5	Acira Consultancy Private Limited				
	At the beginning of the year 31-Mar-2014	65263	0.76	65263	0.76
	Purchase 25-Jul-2014	23200	0.27	88463	1.03
	Purchase 01-Aug-2014	43300	0.50	131763	1.53



Ponni Sugars (Erode) Limited

Sl No	Name of the Shareholder	No of shares	% of total shares of the company	No of shares -Cumulative	% of total shares of the company
	Purchase 31-Oct-2014	10500	0.12	142263	1.65
	Sale 31-Oct-2014	-10500	-0.12	131763	1.53
	Sale 07-Nov-2014	-10500	-0.12	121263	1.41
	Purchase 31-Mar-2015	76534	0.89	197797	2.30
	At the end of the Year 31-Mar-2015	197797	2.30	197797	2.30
6	Gandiv Investment Private Limited				
	At the beginning of the year 31-Mar-2014	17708	0.21	17708	0.21
	Purchase 31-Mar-2015	155601	1.81	173309	2.02
	At the end of the Year 31-Mar-2015	173309	2.02	173309	2.02
7	Vijay Khetan				
	At the beginning of the year 31-Mar-2014	0	0.00	0	0.00
	Purchase 31-Oct-2014	63108	0.73	63108	0.73
	Purchase 07-Nov-2014	80000	0.93	143108	1.66
	At the end of the Year 31-Mar-2015	143108	1.66	143108	1.66
8	GHI LTP Ltd				
	At the beginning of the year 31-Mar-2014	0	0.00	0	0.00
	Purchase 20-Jul-2014	139450	1.62	139450	1.62
	At the end of the Year 31-Mar-2015	139450	1.62	139450	1.62
9	Primeasia Investment Pte Ltd				
	At the beginning of the year 31-Mar-2014	125000	1.45	125000	1.45
	At the end of the Year 31-Mar-2015	125000	1.45	125000	1.45
10	Tonecliff Ltd				
	At the beginning of the year 31-Mar-2014	117740	1.37	117740	1.37
	At the end of the Year 31-Mar-2015	117740	1.37	117740	1.37

(v) Shareholding of Directors and Key Managerial Personnel

Sl. No.	For each of the Directors and KMP	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		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	0.00	100	0.00
5	Kolandavelu Yokanathan	10	0.00	10	0.00

There is no change in Shareholding during the year in the case of director or KMP

V. INDEBTEDNESS

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

	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
Indebtedness at the beginning of the financial year				
i) Principal Amount	8283	--	--	8283
ii) Interest due but not paid	--	--	--	--
iii) Interest accrued but not due	13	--	--	13
Total (i+ii+iii)	8296	--	--	8296
Change in Indebtedness during the financial year				
- Addition	225	--	--	225
- Reduction	714	--	--	714
Net Change	(489)	--	--	(489)
Indebtedness at the end of the financial year				
i) Principal Amount	7791	--	--	7791
ii) Interest due but not paid	--	--	--	--
iii) Interest accrued but not due	16	--	--	16
Total (i+ii+iii)	7807	--	--	7807

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL**A. Remuneration to Managing Director, Whole-time Director(s) and / or Manager**

(in ₹)

Sl. No.	Particulars of Remuneration	Name of MD - N Ramanathan	Total Amount
1	Gross salary		
	a) Salary as per provisions contained in Section 17(1) of the Income-tax Act, 1961	4838820	4838820
	b) Value of perquisites u/s 17(2) of the Income-tax Act, 1961	26905	26905
	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	1800000	1800000
5	Others, please specify – Retiral Benefits	768066	768066
	Total(A)	7433791	7433791
	Ceiling as per the Act (Excludes contribution to retirement benefits exempt under Income Tax Act, 1961)	12000000	12000000

B. Remuneration to other directors:

(in ₹)

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	110000 -- --	110000 -- --	120000 -- --	30000 -- --	410000 -- --
	Total (1)	110000	110000	120000	30000	410000
		Mr N Gopala Ratnam	Mr Arun G Bijur	Mr Bimal Poddar	Mrs Bharti C Pithawalla	
2	Other Non-Executive Directors - Fee for attending board / committee meetings - Commission - Others, please specify	120000 -- --	80000 -- --	100000 -- --	20000 -- --	320000 -- --
	Total (2)	120000	80000	100000	20000	320000
	Total = (1+2)					730000
	Total Managerial Remuneration					8163791
	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 ₹)

Sl. No.	Particulars of Remuneration	Key Managerial Personnel	
		CFO	Total
1	Gross salary		
	a) Salary as per provisions contained in Section 17(1) of the Income-tax Act, 1961	1816550	1816550
	b) Value of perquisites u/s 17(2) of the Income-tax Act, 1961	167505	167505
	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...	--	--
5	Others, please specify	--	--
	Total	1984055	1984055

VII. PENALTIES / PUNISHMENT / COMPOUNDING OF OFFENCES:

Type	Section of the Companies Act	Brief description	Details of Penalty/ Punishment/ Compounding fees imposed	Authority [RD/NCLT/ Court]	Appeal made, If any (give details)
A. Company					
Penalty	NIL	NIL	NIL	NIL	NIL
Punishment	NIL	NIL	NIL	NIL	NIL
Compounding	NIL	NIL	NIL	NIL	NIL
B. Directors					
Penalty	NIL	NIL	NIL	NIL	NIL
Punishment	NIL	NIL	NIL	NIL	NIL
Compounding	NIL	NIL	NIL	NIL	NIL
C. Other Officers in Default					
Penalty	NIL	NIL	NIL	NIL	NIL
Punishment	NIL	NIL	NIL	NIL	NIL
Compounding	NIL	NIL	NIL	NIL	NIL

For Board of Directors

Chennai
29th May 2015**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).

An associate company holding more than 20% of the total share capital of the company.
 - b) Nature of contracts/ arrangements/ transactions.

Purchase or sale of goods and services.

This covers bagasse supply, water supply, bio-fuel supply, sale of sugar, purchase of sugar, other supplies and 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 on the basis of 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.
 - 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 29th May 2014.

This has been reapproved by the Audit Committee and Board on 25.03.2015 and 29.05.2015 respectively. Approval of shareholders is being sought at the 19th AGM through Special Resolution pursuant to Section 188 of the Companies Act, 2013 and Clause 49 of the Listing Agreement.
 - f) Amount paid as advances, if any. NIL

For Board of Directors

Chennai
29th May 2015

N Gopala Ratnam
Chairman

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:

- Usage of second body evaporator condensate for superheated wash water system
- Reduced usage of process chemicals at the evaporator station
- Revamping and relocation of Injection water pumps
- Improved surplus hot water cooling system at ETP
- Proposals under consideration:
 - Conducting Energy Audit throughout the plant
 - Raw Juice heating using condensate on Plate Type Heat Exchanger
- Impact of the above measures
 - Reduction of energy consumption and consequent impact on the cost of production of goods:

Power	-	250 Units per Day
Steam	-	15 Tonnes per Day

ii) Steps taken for utilizing alternate sources of energy

The company primarily uses bagasse and other available bio-fuel and produces green power, supplying 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:

Attempts are made to produce low ICUMSA sugar having less sulphur content with suitable modification of process to the existing set up of plant & equipment.

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

Improved sugar quality and reduction in chemical consumption has been achieved besides certain intangible benefits in operations.

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)	
	2014-15	2013-14
Earnings	-	-
Outgo	1	4

For Board of Directors

Chennai
29th May 2015

N Gopala Ratnam
Chairman



CSR Report

Applicability

Section 135 of the Companies Act, 2013 has imposed CSR mandate on companies meeting any one of the following criterion:

- Net worth exceeding ₹ 500 crores
- Turnover exceeding ₹ 1000 crores
- Net profit exceeding ₹ 5 crores

Since the company does not meet with any of the criteria specified above in FY 2014-15, the CSR mandate u/s 135 is presently not applicable to the company. Consequently it is not obligated to spend 2% of average net profit during the three immediately preceding financial years in pursuance of its CSR policy.

Voluntary pursuit of CSR

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 3 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 turning a waste into wealth.

As a responsible corporate citizen, the company has evolved a CSR policy and would be pursuing CSR activities though not presently mandated in terms of Sec.135 of the Act.

CSR Policy

The CSR Committee recommended and the Board approved in Feb 2015 the CSR policy, laying stress on

CSR activities to be undertaken in its neighbourhood. The company would focus on programme areas in the field of community development, water & sanitation, education, health, rural infrastructure and technical training. Its ongoing CSR activities would get aligned to the CSR policy.

The CSR policy has been posted on the official website of the company – www.ponnisugars.com

CSR Budget & Spend

It is the intent of the company to step up CSR spend at the minimum prescribed level of 2% of average profits when once profitability of its operations is restored.

Based on the average profits during FY 2011-12 to FY 2013-14, CSR spend at 2% would be for ₹ 26 lakhs. However the company in clear terms of Sec.135(1) is outside the purview of mandatory CSR spend and hence this minimum spend requirement does not get triggered for FY 2014-15 in its case.

Having regard to the losses suffered during FY 2014-15 and the enormity of financial pressures currently faced by the sugar industry as a whole, the company has confined its CSR activities for the present only towards sustaining ongoing programmes. It has during FY 2014-15 spent ₹ 20 lakhs on CSR as under:

SI No	CSR Activity	₹ lacs
1	Supporting irrigation infrastructure in rural area	18
2	Strengthening rural infrastructure/ improving road connectivity	1
3	Primary education for the children of rural area	1
	Total	20

For Board of Directors

Chennai
29th May 2015

N Gopala Ratnam
Chairman

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

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

Sl No.	Description			
1	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)	25:1	Note-1
2	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 CFO	45% 8%	Note-2
3	The percentage increase in the median remuneration of employees in the financial year		14%	
4	The number of permanent employees on the rolls of company		307	
5	The explanation on the relationship between average increase in remuneration and company performance	Salary increase Company performance (Profit Before Tax)	16% 93%	Note-3
6	Comparison of the remuneration of the Key Managerial Personnel against the performance of the company	KMP increase Company performance (Profit Before Tax)	34% 93%	Note-3
7	Variations in the market capitalisation of the company, price earnings ratio as at the closing date of the current financial year and previous financial year and percentage increase over decrease in the market quotations of the shares of the company in comparison to the rate at which the company came out with the last public offer in case of listed companies, and in case of unlisted companies, the variations in the net worth of the company as at the close of the current financial year and previous financial year	- Market capitalization (₹ crores) PE ratio (%) Increase in market quote (%) *at NSE	<u>31/3/15</u> <u>31/3/14</u> 112 85 Negative Negative 1197% 883%*	Note-4
8	Average percentile increase already made in the salaries of employees other than the managerial personnel in the last financial year and its comparison with the percentile increase in the managerial remuneration and justification thereof and point out if there are any exceptional circumstances for increase in the managerial remuneration	Average percentile increase in the salary of employees other than managerial persons Managerial remuneration	27 67	Note-5
9	Comparison of the each remuneration of the Key Managerial Personnel against the performance of the company	MD CFO	45% 8%	



Sl No.	Description		
10	The key parameters for any variable component of remuneration availed by the directors	MD i) Incentive at 50% to 100% of annual salary as decided by Board on the recommendation of Nomination-cum-Remuneration Committee. ii) In the event of loss or inadequacy of profits in any financial year, incentive shall be restricted to 50% of annual salary. iii) <u>Non executive directors</u> Commission is restricted to one percent of the net profit – No commission in years of no profit.	
11	The ratio of the remuneration of the highest paid director to that of the employees who are not directors but receive remuneration in excess of the highest paid director during the year	NIL	
12	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. All other directors were paid only sitting fee for attending the meetings of the Board and Committees thereof.
2. Revision is done once in three years.
3. The company has suffered increased operating losses during the year and lower loss after tax is due to the impact of exceptional items. The operating losses in entirety are attributable to natural and macro economic factors beyond the control of KMPs and other employees. Hence remuneration levels and periodic increases have no direct correlation to the company performance but are determined in the normal course of business and in line with industry norms.
4. The company did not come out with Public Offer. In terms of a Demerger Scheme sanctioned by High Court of Madras, it issued shares at face value of ₹10 in 2001 and got it listed.
5. MD remuneration is revised only once in 3 years and after FY 2010-11, this was revised in FY 2014-15.

B) Statement of particulars of employees as per Rule 5(2) & (3)

Sl No.	Description	Particulars
1	Name & Designation of the employee	N Ramanathan, Managing Director
2	Remuneration received	₹ 74 lacs
3	Nature of employment	Regular
4	Qualification & experience	B.Com, ACA, ACS, ACMA A professional with creditable academic track record and having vast and variegated experience in disciplines of Finance, Taxation and General Management. Associated with sugar industry for over two decades and well networked with the peer group.
5	Date of commencement of employment	21.10.1991
6	Age of such employee	60 years
7	Last employment	Financial Controller & Secretary with TVS Dupont Ltd, Madurai.
8	% of Equity shares held	0.03
9	Relationship with any director	Not a relative of any director of the company.

Note: Gross remuneration includes salary, incentive, perquisites and company's contribution to retirement benefits.

Chennai
29th May 2015

For Board of Directors

N Gopala Ratnam
Chairman



Form No. MR-3
SECRETARIAL AUDIT REPORT

For the Financial Year 2014-15

[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 2015, 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 2015 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)

- (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, 1992;
 - (c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009; (NOT APPLICABLE)
 - (d) 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;
- (vi) Sugarcane (Control) Order, 1966
- (vii) Sugar Cess Act, 1982
- (viii) Tamil Nadu Sugar Factories Control Act, 1949
- (ix) The Apprentices Act, 1961
- (x) The Contract Labour (Regulation & Abolition) Act, 1970
- (xi) The Child Labour (Prohibition & Regulation) Act, 1986
- (xii) The Industrial Disputes Act, 1946
- (xiii) The Payment of Gratuity Act, 1972
- (xiv) The Industrial Employment Standing Orders Act, 1946
- (xv) The Employees Provident Fund & Miscellaneous Provisions Act, 1952

- (xvi) The Equal Remuneration Act, 1976
- (xvii) The Payment of Bonus Act, 1965
- (xviii) The Payment of Wages Act, 1936
- (xix) The Factories Act, 1948
- (xx) The Employment Exchanges (Compulsory Notification of Vacancies) Act, 1959
- (xxi) The Trade Unions Act, 1926
- (xxii) The Workmen's Compensation Act, 1923
- (xxiii) Inter State Migrant Workmen (Regulation of Employment & Conditions of Service) Act, 1979
- (xxiv) The Water (Prevention and Control of Pollution) Act, 1974
- (xxv) The Air (Prevention and Control of Pollution) Act, 1981
- (xxvi) The Environment (Protection) Act, 1986
- (xxvii) The Hazardous Waste (Management Handling & Transboundary Movement) Rules, 2008
- (xxviii) Income Tax Act, 1961 and Indirect Tax Laws
- (xxix) Tamil Nadu Prohibition Act, 1937
- (xxx) The Electricity Act, 2003
- (xxxi) The Boiler Act, 1923
- (xxxii) Tamil Nadu Lifts Act, 1987
- (xxxiii) Weights and Measures Act, 1976
- (xxxiv) Food Safety and Standards Act, 2006
- (xxxv) Tamil Nadu Panchayats Act, 1994

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

- (i) Secretarial Standards issued by The Institute of Company Secretaries of India.
(Not Applicable for the year under review)

- (ii) The Listing Agreements entered into by the Company with National Stock Exchange and Bombay Stock Exchange.

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.

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.

I further report that during the audit period, there are no instances of:

1. Public / Rights / Preferential issue of shares / debentures / sweat equity.
2. Redemption / buy-back of securities.
3. Merger / amalgamation / reconstruction etc.
4. Foreign technical collaborations.

Place : Chennai

Date : 20.05.2015

V Suresh

Practising Company Secretary

FCS No. 2969

C P No. 6032



INDEPENDENT AUDITORS' REPORT

To :
The Members of
PONNI SUGARS (ERODE) LIMITED

Report on Financial Statements

We have audited the accompanying financial statements of PONNI SUGARS (ERODE) LIMITED which comprise the Balance Sheet as at 31st March 2015, the Statement of Profit and Loss and Cash Flow Statement for the year then ended and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ('the act') with respect to the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the company in accordance with the accounting principles generally accepted in India, including the Accounting Standards Specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) rules 2014. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act, for safeguarding the assets of the company and for preventing and detecting frauds and other irregularities, selection and application of appropriate accounting policies, making judgments and estimates that are reasonable and prudent; and design implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the accuracy and completeness of the accounting records relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit.

We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the act, and the rules made there under.

We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act.

Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the financial statements.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:

- a) in the case of the Balance Sheet, of the state of affairs of the Company as at 31st March 2015; and
- b) in the case of the Statement of Profit and Loss, of the Loss for the year ended on that date.
- c) In the case of Cash Flow Statement, of the cash flows for the year ended on that date.

Emphasis of Matter:

We draw attention to:

- a) *Note No 30 regarding disputed demands (₹1308 lakhs) arising out of disallowance of depreciation claims on*

fair value of the assets acquired under the Scheme of Arrangement sanctioned by the High Court of Madras relating to past years by Income Tax department. The company has been legally advised that the probability of these demands crystallizing into a liability is remote and hence no provision for the liability nor a disclosure as contingent liability is required at this stage.

- b) *Note No 34 regarding writ petition filed in the High Court of Madras by the South Indian Sugar Mills Association (SISMA-TN) challenging the vires of the State Government to fix State Advised Price (SAP). As this issue is covered by a favourable ruling of the Supreme Court, the company does not foresee any adverse impact on its financial position.*

Our opinion is not qualified in respect of these matters.

Report on Other Legal and Regulatory Requirements

- 1 As required by the Companies (Auditor's Report) Order 2015, ('the Order') issued by the Central Government of India in terms of Sub section (11) of Section 143 of the Act, we give in the Annexure a statement on the matters specified in paragraphs 3 and 4 of the Order.
- 2 As required by section 143(3) of the Act, we report that:
 - a) we have sought and obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit;
 - b) in our opinion, proper books of account as required by law have been kept by the Company

so far as it appears from our examination of those books;

- c) the Balance Sheet, Statement of Profit and Loss and Cash Flow Statement dealt with by this report are in agreement with the books of account;
- d) in our opinion, the aforesaid financial statements comply with the Accounting Standards Specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules 2014.
- e) On the basis of written representations received from the directors as on 31st March 2015 and taken on record by the Board of Directors, none of the directors is disqualified as on 31st March 2015 from being appointed as a director in terms of section 164(2) of the Act.
- f) With respect to the other matters to be included in the Auditors report in accordance with Rule 11 of the Companies (Audits and Auditors) Rules 2014, in our opinion and to the best of our information and according to the explanations given to us:-
 - i) The Company has disclosed the impact of pending litigations on its financial position in its financial statements in Note No :18, 30,32 and 33.
 - 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.

For Maharaj N R Suresh And Co
FRN No. 001931S
 Chartered Accountants

N R Suresh
 Partner
 Membership No.21661

Place : Chennai
 Date : 29th May 2015

For R Subramanian And Company
FRN No. 004137S
 Chartered Accountants

A Ganesan
 Partner
 Membership No.21438



Annexure referred to in Paragraph 1 under the heading "Report on other legal and regulatory requirements" of our Report of even date to the members of PONNI SUGARS (ERODE) LIMITED on the accounts of the company for the year ended 31st March, 2015 :

On the basis of such checks as we considered appropriate and according to the information and explanations given to us during the course of our audit, we report that:

- (i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets ;
 - (b) As explained to us, these fixed assets have been physically verified by the management at reasonable intervals; as informed to us no material discrepancies were noticed on such verification;
- (ii) (a) Inventories have been physically verified by the Management at reasonable intervals. In our opinion, the frequency of verification is reasonable.
 - (b) The procedures of physical verification of inventories followed by the management are reasonable and adequate in relation to the size of the company and nature of its business.
 - (c) The Company is maintaining proper records of inventory. The discrepancies noticed on verification between the physical stocks and the book records have been properly dealt with in the books of accounts and were not material.
- (iii) The company has not granted any loans, secured or unsecured to companies, firms or other parties covered in the register maintained under Section 189 of the Act.
- (iv) In our opinion and according to the information and explanations given to us, there is adequate internal control system commensurate with the size of the Company and the nature of its business, for the purchase of inventory, fixed assets and for the sale of goods and services. Further, on the basis of our examination of the books and records of the Company and according to the information and explanations given to us, no major weaknesses in internal controls have been noticed or reported.
- (v) The Company has not accepted any deposits from the public covered under Section 73 to 76 of the Companies Act, 2013
- (vi) On the basis of records produced to us, we are of the opinion that, prima facie, the cost records prescribed by the Central Government under sub-section (1) of Section 148 of the Act have been made and maintained. However, we are not required to and have not carried out any detailed examination of such records.
- (vii) (a) According to the information and explanations given to us and based on the records of the company examined by us, the company is regular in depositing undisputed statutory dues, including Provident Fund, Income-Tax, Sales-Tax, Wealth Tax, Service Tax, Customs Duty, Excise Duty and other material statutory dues, as applicable, with the appropriate authorities in India . The provisions of Employees' State Insurance Act are not applicable to the company. No undisputed amounts payable in respect of Income Tax, Wealth Tax, Service Tax, Sales Tax, Customs Duty, Excise Duty and Cess were in arrears as at 31st March 2015 for a period of more than six months from the date they become payable.
 - (b) According to the information and explanations given to us and based on the records of the company examined by us, the dues of Income Tax, Wealth Tax, Service Tax, Sales Tax, Customs Duty , Excise Duty and Cess and other material statutory dues as on 31st March 2015 which have not been deposited on account of disputes are given below:

Name of the Statute	Nature of Dues	Amount ₹ Lacs	Forum where the dispute is pending	Period to which the dues belong
Central Excise Act, 1944	Rejection of CENVAT Credit	32.27	CESTAT	Financial Years 2006-07 to 2009-10
Finance Act 1994 (Service Tax)	Service Tax	98.13	CESTAT	Financial years 2004-05 to 2008-09
Tamilnadu Tax on Consumption or sale of Electricity Act, 2003	Electricity Consumption Tax	65.99	Supreme Court	Financial Years 2003-04 to 2008-09 and 2011-12 to 2013-14
Income Tax Act, 1961	Income Tax	1340.51	CIT Appeals / High Court	Assessment Years 2001-02 to 2011-12

- (c) The amount required to be transferred to Investor Education and Protection Fund in accordance with the relevant provisions of the Companies Act, 1956 (1 of 1956) and rules made thereunder has been transferred to such fund within time.
- (viii) The company has no accumulated losses as at 31st March 2015. The company has not incurred cash losses in the financial year under report and in the immediately preceding financial year.
- (ix) The company has not defaulted in repayment of dues to banks.
- (x) The company has not given guarantees for loans taken by others from banks or financial institutions.
- (xi) The Term loans have been applied for the purpose for which they were obtained.
- (xii) During the course of our examination of the books and records of the company, carried in accordance with the auditing standards generally accepted in India, we have neither come across any instance of fraud on or by the Company noticed or reported during the course of our audit nor have we been informed of any such instance by the Management.

For Maharaj N R Suresh And Co
FRN No. 001931S
 Chartered Accountants

For R Subramanian And Company
FRN No. 004137S
 Chartered Accountants

N R Suresh
 Partner
 Membership No.21661

A Ganesan
 Partner
 Membership No.21438

Place : Chennai
 Date : 29th May 2015



BALANCE SHEET AS AT 31ST MARCH 2015

	Note No.	As at 31.03.2015 (₹ in Lakhs)		As at 31.03.2014 (₹ in Lakhs)	
I. EQUITY AND LIABILITIES					
1. Shareholders' Funds					
(a) Share Capital	2	860		860	
(b) Reserves and Surplus	3	11151	12011	11516	12376
2. Non-current Liabilities					
a) Long-term Borrowings	4	4238		4926	
(b) Deferred Tax Liabilities (Net)	5	129	4367	307	5233
3. Current Liabilities					
(a) Short-term Borrowings	6	3438		3214	
(b) Trade Payables	7	3175		2541	
(c) Other Current Liabilities	8	749		616	
(d) Short-term provisions	9	1159	8521	1210	7581
TOTAL			24899		25190
II. ASSETS					
1. Non-Current Assets					
(a) Fixed Assets					
(i) Tangible Assets	10	12773		13339	
(ii) Capital Work-in-Progress		16		67	
		12789		13406	
(b) Non-current Investments	11	2079		2079	
(c) Long-term Loans and Advances	12	281	15149	262	15747
2. Current Assets					
(a) Inventories	13	7250		7214	
(b) Trade Receivables	14	1504		1156	
(c) Cash and Bank Balances	15	45		79	
(d) Short-term Loans and Advances	16	260		299	
(e) Other Current Assets	17	691	9750	695	9443
TOTAL			24899		25190

Notes on Financial Statements

1 to 41

Per our Report of even date annexed

For Maharaj N R Suresh And Co
FRN No. 001931S
Chartered Accountants

For R Subramanian And Company
FRN No. 004137S
Chartered Accountants

For Board of Directors

N Gopala Ratnam
Chairman

N R Suresh
Partner
Membership No.21661
Chennai
29th May 2015

A Ganesan
Partner
Membership No.21438

K Yokanathan
Chief Financial Officer

N Ramanathan
Secretary

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31ST MARCH 2015

Particulars	Note No.	Year Ended 31.03.2015 (₹ in Lakhs)		Year Ended 31.03.2014 (₹ in Lakhs)	
I Revenue from Operations					
Sale of Products (Gross)	19	16340		17372	
Less: Excise Duty		553		591	
Net Sale of Products		15787		16781	
Other Operating Revenues	20	89	15876	97	16878
II Other Income	21		191		225
III Total Revenue			16067		17103
IV Expenses:					
Cost of Materials Consumed	22	11971		11774	
Changes in Inventories	23	(53)		132	
Power & Fuel		2047		2363	
Employee Benefits Expense	24	1327		1199	
Repairs & Maintenance	25	666		556	
Other Expenses	26	467	16425	405	16429
Total			16425		16429
V Profit before Finance cost and Depreciation			(358)		674
Finance Costs	27	512		671	
Depreciation and Amortization Expense		566	1078	825	1496
VI Profit / (Loss) before Exceptional items			(1436)		(822)
VII Exceptional Items	28		893		541
VIII Profit / (Loss) Before Tax			(543)		(281)
IX Tax Expenses - Deferred Tax			(178)		197
X Profit / (Loss) After Tax			(365)		(478)
XI Earnings Per Equity Share					
Basic and Diluted Earnings Per Share (₹): (Nominal value ₹ 10 per share)	38		(4.24)		(5.56)
Notes on Financial Statements	1 to 41				

Per our Report of even date annexed

For Maharaj N R Suresh And Co
FRN No. 001931S
Chartered Accountants

N R Suresh
Partner
Membership No.21661
Chennai
29th May 2015

For R Subramanian And Company
FRN No. 004137S
Chartered Accountants

A Ganesan
Partner
Membership No.21438

For Board of Directors

N Gopala Ratnam
Chairman

K Yoganathan
Chief Financial Officer

N Ramanathan
Secretary



CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH 2015

(₹ In Lakhs)

	Year Ended 31.03.2015		Year Ended 31.03.2014	
A Cash flow from Operating Activities:				
Profit before tax		(543)		(281)
<i>Adjustments for:</i>				
Depreciation	699		284	
Interest	508		587	
Dividend	(71)		(74)	
(Profit) / Loss on sale of assets	11		--	
Assets discarded	8		5	
		1155		802
Operating Profit before working capital changes		612		521
<i>Adjustments for:</i>				
Trade and Other Receivables	(323)		922	
Inventories	(36)		169	
Trade and other payables	801	442	(1113)	(22)
Cash generated from operations		1054		499
Direct Tax paid net of refund		--		393
Net cash from operating activities (A)		1054		892
B. Cash flow from Investing Activities:				
Purchase / Acquisition of fixed assets		(112)		(359)
Value of discarded assets		(8)		(5)
Sale of Fixed Assets		19		5
Dividend Received		71		74
Net cash used in investing activities (B)		(30)		(285)
C. Cash flow from Financing Activities:				
Term Loan Received		--		2069
Term Loan repaid		(716)		(177)
Working Capital Loan		224		(1817)
Interest Paid		(509)		(679)
Interest received		4		84
Dividend plus Tax paid		(60)		(151)
Net cash used in financing activities (C)		(1057)		(671)
Net increase in cash and cash equivalents (A+B+C)		(33)		(64)
Cash and cash equivalents at the beginning		48		112
Cash and cash equivalents at the end		15		48

Note: 1. Figures in brackets represent outflows. 2. Previous year figures have been regrouped wherever necessary.

Per our Report of even date annexed

For Maharaj N R Suresh And Co
FRN No. 001931S
Chartered Accountants

For R Subramanian And Company
FRN No. 004137S
Chartered Accountants

For Board of Directors

N Gopala Ratnam
Chairman

N R Suresh
Partner
Membership No.21661
Chennai
29th May 2015

A Ganesan
Partner
Membership No.21438

K Yoganathan
Chief Financial Officer

N Ramanathan
Secretary

NOTES ON FINANCIAL STATEMENTS

1 SIGNIFICANT ACCOUNTING POLICIES

a) Basis of Preparation of Financial Statements

The financial statements have been prepared on historical cost convention and in accordance with generally accepted accounting principles and applicable accounting standards.

b) Use of Estimates

Estimates and assumptions made by management in the preparation of Financial Statements have a bearing on reported amounts of Financial Results, Assets & Liabilities and the disclosure of Contingent Liabilities. Actual results could differ from those estimates. Any revision to accounting estimate is recognized prospectively.

c) Inventories

Inventories other than molasses and bagasse are valued at lower of cost and net realizable value. Cost includes taxes and duties, net of input tax credit entitlement.

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

Cost of work in progress and finished goods includes material, direct labour and production overheads and is determined in accordance with applicable cost accounting standards.

Molasses and bagasse are valued at net realizable value, since the cost is not determinable.

Slow moving and obsolete items are adequately provided for.

d) Depreciation / Amortization

Depreciation on Fixed Assets is provided under Straight line method in accordance with Schedule II to the Companies Act, 2013 adopting the useful life for assets as specified therein and reckoning the residual value at 5% of the original cost of the asset.

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

e) Revenue and Expenditure Recognition

Revenue is recognised and expenditure is accounted for on their accrual.

Excise duty recovery from customer is deducted from Turnover (Gross). Excise duty differential between closing and opening stock of excisable goods is included under Other Expenses.

Sale is recognized on transfer of significant risk and rewards of ownership to the buyer, which generally coincides with delivery of goods to the buyer.

Dividend income is recognized when the right to receive payment is established.

Other items of income are recognized when there is no significant uncertainty as to measurability or collectability.

f) Fixed Assets

Fixed Assets are stated at cost less depreciation. Cost includes taxes and duties (other than those for which input tax credit is available), freight, installation and other direct or allocated expenses and interest on related borrowing during the period of construction.

g) Foreign Exchange Transaction

Transactions in foreign exchange are initially recognised at the rates prevailing on the dates of transactions.



The Company enters in to forward exchange contract to hedge exchange risk which are not intended for trading or speculation purpose. Premium or discount arising at the inception of such forward exchange contract is amortised as income or expense over the life of the contract. Exchange difference on such contracts is recognised in the reporting period in which exchange rates change.

All monetary assets and liabilities are restated at each Balance Sheet date using the closing rate. Resultant exchange difference is recognized as income or expense in that period.

h) Government Grants

Government Grants and subsidies are recognised when there is reasonable assurance that the company becomes eligible to receive same.

Government Grants related to revenue are recognized on accrual to match them with related costs that are intended to be compensated. Such grants towards subsidizing specific expenses are deducted from related expenses. Other grants are shown separately under other income.

i) Investments

Long-term investments are stated at cost. Provision for diminution in the value of long-term investments is made only if such a decline is other than temporary in the opinion of the management.

Current investments are valued at lower of cost and fair value.

j) Employee Benefits

Short term employee benefits are charged at the undiscounted amount to profit and loss statement in the year in which related service is rendered.

Contributions to defined contribution schemes towards retirement benefits in the form of provident fund and superannuation fund for the year are charged to profit and loss statement as incurred.

Liabilities in respect of defined benefit plans are determined based on actuarial valuation made by an independent actuary using Projected Unit Credit Method as at the balance sheet date.

Actuarial gains or losses are recognized immediately in the profit and loss statement. Obligation for leave encashment is recognized in the same manner.

k) Borrowing Costs

Borrowing costs (net of income) directly attributable to the acquisition, construction or production of qualifying assets are capitalized as part of the cost of the assets.

Other borrowing costs are recognized as expense as and when incurred.

l) Segment Reporting

Segment accounting policies are in line with the accounting policies of the company. In addition, the specific accounting policies have been followed for segment reporting 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 recognized at fair value/market price.

Geographical segment - not applicable.

m) Taxes on Income

Current tax is the amount of tax payable on the taxable income for the year as determined in accordance with the provisions of Income Tax Act, 1961. Deferred tax is recognised, on timing differences, being the difference between taxable income and accounting income that originate in one period and are capable of reversal in one or more subsequent periods. Deferred tax assets in respect of unabsorbed depreciation and carry forward of losses are recognised if there is virtual certainty that there will be sufficient future taxable income available to realise such losses.

n) Impairment of Assets

Impairment loss, if any, is provided to the extent the carrying amount of assets exceeds their recoverable amount.

o) Provisions, Contingent Liabilities and Contingent Assets

Provisions are recognized when there is a present obligation as a result of a past event, it is probable that an outflow of resources will be required to settle the obligation and in respect of which reliable estimate can be made. Contingent Liabilities are disclosed, unless the possibility of any outflow in settlement is remote, in the notes on accounts. Contingent Assets are neither recognised nor disclosed.

Outstanding contracts are reviewed at close of the year and material diminution in value provided for or disclosed as Contingent Liability as appropriate.

p) Derivatives

The Company enters into Futures Contracts in sugar to hedge price risk consistent with its Risk Management Policy. The Company does not use these contracts for speculative purposes.

(2) Share Capital:

	31.03.2015		31.03.2014	
	No. of Shares	₹ in Lakhs	No. of Shares	₹ in Lakhs
(a) Authorised:				
Equity Shares of ₹ 10 each	15000000	1500	15000000	1500
(b) Issued, Subscribed and Fully Paid-up:				
Equity Shares of ₹ 10 each	8598418	860	8598418	860
(c) List of shareholders holding more than 5%:				
Name of Shareholder	31.03.2015		31.03.2014	
	No. of Shares	% holding	No. of Shares	% holding
Seshasayee Paper and Boards Ltd.	2080260	24.19	2080260	24.19
Mr.C.K.Pithawalla	925466	10.76	925466	10.76
Coromandel Sugars Ltd.	810507	9.43	810507	9.43
Time Square Investments Private Ltd	773004	8.99	760004	8.84
Hridaynath Consultancy Private Ltd	471394	5.48	743255	8.64



(3) Reserves and Surplus:

(₹ in Lakhs)

	31.03.2015		31.03.2014	
Capital Reserve		472		472
Securities Premium Account		160		160
General Reserve		8500		8500
Surplus in Statement of Profit and Loss				
Opening Balance	2384		2922	
(Less): (Loss) for the year	(365)		(478)	
	2019		2444	
Less: Allocations and Appropriations:				
Dividend:				
- Proposed Dividend ₹ Nil (₹ 0.60) per share	--		51	
- Tax on Dividend	--		9	
	--		60	
Closing Balance		2019		2384
Total		11151		11516

(4) Long-term Borrowings:

	31.03.2015	31.03.2014
Term Loan From Banks - Secured		
Canara Bank	2284	2857
(Secured by (i) first charge on immovables; and (ii) second charge on movables ranking pari passu with Bank of India loan. The Loan carries interest at base rate plus 1% and repayable in 28 quarterly instalments from April 2013. Instalments due till 31st March 2016 have been prepaid)		
Bank of India	1954	2069
(The loan under the "Scheme for Extending Financial Assistance to Sugar Undertakings, 2014" (SEFASU) including current maturities (Note 8) are secured by (i) second charge on immovables ranking pari passu with working capital loans; and (ii) second charge on movables ranking pari passu with Canara Bank loan. The Loan carries interest at 12% and is eligible for interest subvention up to 12% and repayable in 36 monthly instalments from February 2016)		
Total	4238	4926

(5) Deferred Tax Liabilities (Net):

	31.03.2015	31.03.2014
Deferred Tax Liability on account of:		
- Depreciation	2352	2392
	2352	2392
Deferred Tax Assets on account of: (Note 32)		
- Unabsorbed depreciation and loss	1989	1947
- Other timing differences	234	138
	2223	2085
Deferred Tax Liabilities (Net)	129	307

(6) Short-term Borrowings:

(₹ in Lakhs)

	31.03.2015	31.03.2014
From Banks - Secured		
Working Capital Loans - Cash Credit (Secured by (i) first charge on inventories, book debts and specific movables; and (ii) second charge on immovables ranking pari passu with Loan under SEFASU 2014)	3438	3214
Total	3438	3214

(7) Trade Payables:

	31.03.2015	31.03.2014
Micro and Small enterprises	2	1
Goods	2917	2306
Services	256	234
Total	3175	2541

Micro and Small enterprises under the Micro, Small and Medium Enterprises Development Act, 2006 have been determined to the extent such parties have been identified on the basis of information available with the company. There are no over dues to parties on account of principal amount and/ or interest and accordingly no additional disclosures have been made.

(8) Other Current Liabilities:

	31.03.2015	31.03.2014
Current maturities of long term borrowings (Note 4)	115	143
Interest accrued but not due on borrowings	16	13
Advance from customers	466	184
Payable for capital expenditure	6	62
Unpaid dividends*	30	31
Statutory liabilities	112	178
Others	4	5
Total	749	616

* No amount is due and outstanding to be credited to Investor Education and Protection Fund.

(9) Short-term Provisions:

	31.03.2015	31.03.2014
Employee benefits	104	84
Excise duty on finished goods stock	274	237
Electricity consumption tax	78	126
Income tax (net of advance tax)	703	703
Proposed dividend	--	51
Tax on dividend	--	9
Total	1159	1210



(10) Tangible Assets:

(₹ in Lakhs)

Description	GROSS BLOCK				DEPRECIATION / AMORTISATION				NET BLOCK	
	As at 01.04.2014	Additions	Deductions	As at 31.03.2015	Upto 31.03.2014	For the year	Withdrawn	Upto 31.03.2015	As at 31.03.2015	As at 31.03.2014
Land	466	--	--	466	--	--	--	--	466	466
Buildings	2549	--	--	2549	485	87	--	572	1977	2064
Plant & Equipment	14321	145	77	14389	3602	578	49	4131	10258	10719
Furniture & Fixtures	100	2	42	60	69	10	41	38	22	31
Vehicles	56	2	--	58	22	7	--	29	29	34
Office Equipment	24	--	8	16	12	7	8	11	5	12
Computers and data processing units	59	14	9	64	46	10	8	48	16	13
	17575	163	136	17602	4236	699 *	106	4829	12773	13339
Previous Year	17278	319	22	17575	3969	825	558	4236	13339	

* includes ₹ 133 lakhs, being carrying cost (net of residual value) of assets, whose useful life is nil as on 1st April 2014 and disclosed under Exceptional items (Note 28)

(11) Non-current Investments - Long Term:

	31.03.2015		31.03.2014	
	No. of Shares	₹ in Lakhs	No. of Shares	₹ in Lakhs
Investment in Equity shares of ₹ 10/- each fully paid				
Quoted:				
Trade investments				
Seshasayee Paper and Boards Limited	1768181	1970	1768181	1970
Other investments				
High Energy Batteries (India) Ltd.	100000	100	100000	100
		2070		2070
Un Quoted - other investments				
Time Square Investments Private Ltd	80000	8	80000	8
SPB Projects and Consultancy Ltd	5000	1	5000	1
		9		9
Total		2079		2079

Market value of Quoted Investments

3433

3263

(12) Long-Term Loans and Advances:

(₹ in Lakhs)

	31.03.2015	31.03.2014
Unsecured - considered good		
Capital Advances	--	2
Security Deposits	33	11
MAT credit entitlement (Note 32)	228	228
Others	20	21
Total	281	262

(13) Inventories:

	31.03.2015		31.03.2014	
Work in progress		128		124
Finished Goods				
- Sugar	6826		6767	
- Molasses	127		123	
- Bagasse	--	6953	14	6904
Stores and Spares		169		186
Total		7250		7214

(14) Trade Receivables:

	31.03.2015	31.03.2014
Unsecured - Considered Good		
Over six months	583	220
Others	921	936
Total	1504	1156

(15) Cash and Bank balances:

	31.03.2015		31.03.2014	
Cash and cash equivalents				
- Balances with banks	14		46	
- Cash on hand	1	15	2	48
Other bank balances				
- Unpaid dividend accounts		30		31
Total		45		79

(16) Short-term Loans and Advances:

	31.03.2015	31.03.2014
Unsecured - considered good		
- Advance for supplies	101	131
- Advance for services	2	10
- Input tax credit receivable	82	85
- Prepaid expenses	43	41
- Indirect taxes paid under protest	31	31
- Others	1	1
Total	260	299



(17) Other Current Assets:

(₹ in Lakhs)

	31.03.2015	31.03.2014
Unsecured - considered good		
- Incentives/subsidies receivable (Note 33)	690	694
- Others	1	1
Total	691	695

(18) Contingent Liabilities and Commitments:

	31.03.2015	31.03.2014
Contingent Liabilities: - Claims against the company not acknowledged as debts		
- Tax demands contested	161	199
- Interest on Electricity consumption tax contested	97	95
Commitments		
- Estimated value of contracts remaining to be executed on capital account and not provided for	--	81
- Contracts for purchase of sugar cane	9065	7213

(19) Sale of Products:

	31.03.2015	31.03.2014
Sugar	12346	13115
Bagasse	1675	2017
Molasses	1137	1144
Power	1182	1096
Total	16340	17372

(20) Other Operating Revenues:

	31.03.2015	31.03.2014
Sale of pressmud	17	27
Sale of scrap	72	70
Total	89	97

(21) Other Income:

	31.03.2015	31.03.2014
Interest		
- on Income tax refund	--	82
- others	4	2
Dividend		
- Long term investments	71	72
- Current investments	--	2
Other non-operating income	116	67
Total	191	225

(22) Cost of Materials Consumed:

(₹ in Lakhs)

	31.03.2015	31.03.2014
Sugar cane	11658	11443
Process Chemicals	96	120
Packing Materials	217	211
Total	11971	11774

(23) Changes in Inventories:

	31.03.2015		31.03.2014	
	Opening stock - finished goods	6904	7028	7109
- work in progress	124	51		
Closing stock - finished goods	6953	7081	6904	7028
- work in progress	128		124	
Changes in inventories - (increase) / decrease		(53)		132

(24) Employee Benefits Expense:

	31.03.2015	31.03.2014
Salaries and wages	1080	955
Contribution to Provident & other Funds	132	140
Staff welfare	115	104
Total	1327	1199

(25) Repairs and Maintenance:

	31.03.2015	31.03.2014
Buildings	68	107
Plant & machinery	592	442
Others	6	7
Total	666	556

(26) Other Expenses:

	31.03.2015	31.03.2014
Consumption of stores and spare parts	18	21
Rent	10	11
Insurance	29	25
Rates and taxes	38	33
Auditors' remuneration *	13	14
Excise duty provision	37	(25)
Security	50	43
Travel	77	103
Professional & consultancy	23	23
Directors' sitting fees	7	4
Freight & handling	56	56
Miscellaneous	109	97
Total	467	405



* Additional information:

(₹ in Lakhs)

	31.03.2015	31.03.2014
Statutory audit	8.00	8.00
Interim audit	2.00	2.00
Taxation matters	2.00	2.00
Certification	0.57	0.31
Expenses	0.58	1.34
Total	13.15	13.65

(27) Finance Costs:

	31.03.2015	31.03.2014
Interest on borrowings *	487	650
Other borrowing costs	25	21
Total	512	671

* Net of interest subvention under SEFASU 2014 loan.

248 20

(28) Exceptional Items:

	31.03.2015	31.03.2014
Write down of trade payables (Note 31)	(1026)	--
Depreciation on life served assets (Note 29)	133	--
Surplus on recalculation of depreciation	--	(541)
Total	(893)	(541)

(29) The Company has changed the method of providing depreciation from 1st April 2014 as required by the Companies Act, 2013. Accordingly depreciation has been provided in accordance with Schedule II thereof for the current year as against the rates specified in Schedule XIV to the Companies Act, 1956 adopted in the previous year. As a result, depreciation for the current year is lower by ₹ 277 lakhs.

Further, in respect of assets whose remaining useful life is nil, their carrying amounts as on 1st April 2014, after retaining the residual value, have been charged to the Statement of Profit and Loss and disclosed as an exceptional item.

(30) The Company has filed Writ Petitions before 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 Accounting Standard 29.

(31) Consistent with the Accounting Policy No.1(b) and pursuant to the developments during the year which have a material bearing, the related trade payables have been revised, resulting in write down of trade payables by ₹1026 lakhs.

(32) Considering the cyclical nature of sugar industry and favourable order obtained from an appellate authority facilitating an upward revision in regulatory power tariff, the management is of the opinion that the company will have adequate taxable income in the near future and there exists virtual certainty for taking benefit of Deferred Tax Asset and MAT credit and accordingly these have been duly recognized in these Financial Statements.

(33) Sugar Development Fund (SDF) has withheld eligible subsidies of ₹ 690 lakhs (previous year ₹ 690 lakhs) holding the company liable for the loans due from erstwhile Ponni Sugars and Chemicals Ltd (PSCL) amounting to ₹ 1339 lakhs as of 31st March 2013. On the Writ Petition filed by the company, the High Court of Madras by its order dated 9th November 2010 held that the loans due from PSCL cannot be recovered from the company and directed release of withheld subsidies. Writ Appeal filed by SDF before the Division Bench of the High Court of Madras has since been dismissed.

SDF had also withheld the issue of 'No Due Certificate' for the company to claim levy sugar price differential of ₹ 220 lakhs (previous year ₹ 220 lakhs) in respect of 2009-10 sugar season. SDF has during the year issued the requisite 'No Due Certificate' and the company is in pursuit for recovery of this claim.

- (34) South Indian Sugar Mills Association, Tamil Nadu has filed a Writ Petition in the High Court of Madras on behalf of private sector sugar mills in the State, challenging the power of State Govt to fix State Advised Price (SAP) for sugarcane. Since the Hon'ble Supreme Court has already held in 2004 that SAP is only recommendatory in Tamil Nadu, the company does not foresee any adverse impact on its financial position.
- (35) The Company is not covered under Sec. 135 on Corporate Social Responsibility (CSR) for the financial year 2014-15 since it does not meet with any of the minimum threshold criteria specified under sub section (1) thereof. It however continued CSR programs earlier initiated on voluntary basis and incurred CSR expenditure during the year on following:

Sl. no.	CSR Activity	₹ Lakhs
1	Supporting irrigation infrastructure in rural area	17.59
2	Strengthening rural infrastructure/ improving road connectivity	0.52
3	Primary education for the children of rural area	1.47
	Total	19.58

(36) Employee Benefits:

(i) Defined Contribution Plans:

Contribution of ₹105 lakhs (previous year ₹ 92 lakhs) to defined contribution plans is recognized as expense and included in Employee benefits expense in the Statement of profit and loss.

(ii) Defined Benefit Plans:

Disclosure for defined benefit plans based on actuarial valuation as on 31.03.2015 (₹ in Lakhs)

General description		Post employment benefit		Long term compensated absence	
		Gratuity - Funded plan - Non contributory		Leave Encashment -Funded plan -Non contributory	
(i)	Change in Defined Benefit Obligation	31.03.15	31.03.14	31.03.15	31.03.14
	Present value - opening balance	551	493	153	138
	Current service cost	34	30	22	20
	Interest cost	42	42	11	11
	Actuarial (Gain)/ Loss	40	18	25	8
	Benefits paid	(28)	(32)	(21)	(24)
	Present value - closing balance	639	551	190	153
(ii)	Change in Fair Value of Plan Assets				
	Opening balance	505	455	126	117
	Expected return	44	38	11	9
	Actuarial gain/ (loss)	45	4	4	--
	Contributions by employer	30	40	--	--
	Benefits paid	(28)	(32)	--	--
	Closing balance	596	505	141	126
	Actual Return	89	42	15	9



Ponni Sugars (Erode) Limited

(iii)	Amount recognized in the Balance Sheet (as at year end)				
	Present value of obligations	639	551	190	153
	Fair value of plan assets	596	505	141	126
	Net (asset) / liability recognized	43	46	49	27
(iv)	Expenses recognized in the profit and loss statement				
	Current service cost	34	30	22	20
	Interest on obligation	42	42	11	11
	Expected return on plan assets	(44)	(38)	(11)	(9)
	Net actuarial (gain)/ loss	(5)	14	21	8
	Total included in 'Employee benefits expense' (Note 24)	27	48	43	30

(v)	Asset information	Insurance Policy (100%)	Insurance Policy (100%)	
(vi)	Principal actuarial assumptions			
	Mortality	Indian assured Lives Mortality (2006-08) Ultimate		
	Discount rate (%)	7.77	8.84	7.77
	Future salary increase (%)	7	8	7
	Rate of return of plan assets (%)	8	8	8
	Expected average remaining working lives of employees (years)	9	10	9
(vii)	Expected contribution (₹ in Lakhs)	40	50	10
(viii)	The estimates of future salary increases, considered in actuarial valuation, take account of inflation, seniority, promotion and other relevant factors, such as supply and demand in the employment market.			

(ix) Experience Adjustments:

(₹ in Lakhs)

Particulars	Gratuity					Leave Encashment				
	31.03.15	31.03.14	31.03.13	31.03.12	31.03.11	31.03.15	31.03.14	31.03.13	31.03.12	31.03.11
Defined Benefit Obligation	639	551	493	478	436	190	153	138	111	90
Plan Assets	596	505	455	450	357	141	126	117	98	79
Surplus / (Deficit)	43	46	38	28	79	49	27	21	13	11
Experience adjustments										
- on Plan liabilities	(32)	(13)	(4)	7	(58)	(23)	(10)	(19)	(23)	(14)
- on Plan Assets	45	4	10	(1)	(4)	4	--	--	2	--

(37) Segment Reporting

Primary segment information

(₹ in Lakhs)

	Sugar		Cogeneration		Eliminations		Total	
	31.03.15	31.03.14	31.03.15	31.03.14	31.03.15	31.03.14	31.03.15	31.03.14
Revenue								
External Sales	14605	15685	1182	1096	--	--	15787	16781
Inter – Segment Sales	535	463	990	728	(1525)	(1191)	--	--
Other Operating income	89	96	--	1	--	--	89	97
Total Revenue	15229	16244	2172	1825	(1525)	(1191)	15876	16878

	Sugar		Cogeneration		Eliminations		Total	
	31.03.15	31.03.14	31.03.15	31.03.14	31.03.15	31.03.14	31.03.15	31.03.14
Segment Result								
Operating Profit	34	143	100	375	--	--	134	518
Interest							512	671
Other unallocable expenditure net of unallocable income							165	128
Profit Before Tax							(543)	(281)
Provision for taxation							(178)	197
Profit After Tax							(365)	(478)
Other Information								
Segment Assets	12841	13227	9751	9656	--	--	22592	22883
Unallocated Corporate Assets							2307	2307
Total Assets							24899	25190
Segment Liabilities	4283	3311	97	293	--	--	4380	3604
Unallocated Corporate liabilities							8508	9210
Total Liabilities							12888	12814
Capital Expenditure	101	40	62	279	--	--	163	319
Depreciation	197	330	369	495	--	--	566	825

(38) Earnings per Share

	31.03.2015	31.03.2014
Profit / (Loss) after tax (₹ Lakhs)	(365)	(478)
Weighted average number of shares (in lakhs)	86	86
Face value per share (₹)	10	10
Basic and diluted earnings per share (₹)	(4.24)	(5.56)

(39) Related Party Disclosures

a) List of Related Parties where control exists : None

b) Transaction between Related Parties:

i) Names of the transacting

Related Parties : Seshasayee Paper and Boards Ltd
Esvi International (Engineers&Exporters) Ltd

ii) Description of relationship : Presumption of significant influence

iii) Description of Transactions :

a) Seshasayee Paper and Boards Ltd

(₹ in Lakhs)

	31.03.2015	31.03.2014
Sale of goods	1695	2010
Purchase of goods	2000	1862
Services availed (Net)	3	(11)
Dividend received	71	71
Dividend paid	12	31
Amount outstanding	(462)	(154)



b) Esvi International (Engineers & Exporters) Ltd

(₹ in Lakhs)

	31.03.2015	31.03.2014
Rent paid	6	6
Rent advance outstanding	3	3

iv) Key Management Personnel : N. Ramanathan – Managing Director

	31.03.2015	31.03.2014
- Remuneration	74	51
- Amount outstanding towards incentive	18	11

(40) Additional Information:

(i) Raw Materials Consumed:

	31.03.2015		31.03.2014	
	₹ in Lakhs	%	₹ in Lakhs	%
Imported	--	--	--	--
Indigenous	11658	100	11443	100
Total	11658	100	11443	100

(ii) Components and spare parts:

	₹ in Lakhs	%	₹ in Lakhs	%
Imported	--	--	--	--
Indigenous	484	100	356	100
Total	484	100	356	100

(iii) Dividend remitted in Foreign Currency:

(₹ in Lakhs)

Year	No. of Share Holders	No. of Equity Shares	31.03.2015	31.03.2014
2013-14	1	125000	1	--
2012-13	1	125000	--	2
		Total	1	2

(41) Figures for the previous year have been regrouped, wherever necessary.

Per our Report of even date annexed

For Maharaj N R Suresh And Co
FRN No. 001931S
Chartered Accountants

For R Subramanian And Company
FRN No. 004137S
Chartered Accountants

For Board of Directors

N Gopala Ratnam
Chairman

N R Suresh
Partner
Membership No.21661
Chennai
29th May 2015

A Ganesan
Partner
Membership No.21438

K Yokanathan
Chief Financial Officer

N Ramanathan
Secretary



PONNI SUGARS (ERODE) LIMITED

CIN : L15422TN1996PLC037200

Registered Office: 'ESVIN HOUSE', 13 Old Mahabalipuram Road, Seevaram Village, 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 19th Annual General Meeting of the Company held on Friday, the 24th July 2015 at 10.15 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 Old Mahabalipuram Road, Seevaram Village
Perungudi, Chennai 600 096

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 19th Annual General Meeting of the company, to be held on Friday, the 24th day of July 2015 at 10.15 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			
2	Reappointment of Mr Arun G Bijur, who retires by rotation			
3	Ratification of Auditors appointment			
4	New Articles of Association			
5	Related Party Transactions under Section 188 of the Companies Act, 2013			
6	Remuneration to Cost Auditor for FY 2015-16			

Signed this _____ day of _____ 2015

Signature of Shareholder

Signature of Proxy holder(s)

Affix 15 paise Revenue Stamp

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.

2. 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.
3. In case of joint holders, the signature of any one holder will be sufficient, but names of all the joint holders should be stated.
4. 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.



PONNI SUGARS (ERODE) LIMITED

CIN : L15422TN1996PLC037200

Registered Office: 'ESVIN HOUSE', 13 Old Mahabalipuram Road, Seevaram Village, Perungudi, Chennai 600 096

Email: admin@ponnisugars.com Web: www.ponnisugars.com

POSTAL BALLOT FORM – 19th AGM

(in lieu of e-Voting)

Postal Ballot No. _____

- 1 Name(s) of member(s) including joint holders, if any
- 2 Registered address of the sole/first named member
- 3 Folio No./ DP ID, Client ID
- 4 Number of Shares held
- 5 I/We hereby exercise my/our vote in respect of Ordinary & Special Resolutions to be passed through postal ballot for the business stated in the notice of the Company by sending my / our assent or dissent to the said resolutions by placing the (✓) mark at the appropriate box below

Sl. No	Description	No. of Shares	I/We assent to the Resolution (FOR)	I/We dissent to the Resolution (AGAINST)
1	Adoption of Financial Statements for FY 2014-15			
2	Reappointment of director in place of Mr Arun G Bijur, who retires by rotation and being eligible, seeks reappointment			
3	Ratification of the appointment of M/s Maharaj N R Suresh And Co and M/s R Subramanian And Company as the statutory auditors of the Company			
4	Adoption of New Articles of Association of the Company (Special Resolution)			
5	Approval for Related Party Transactions (Special Resolution)			
6	Approval of Remuneration to Cost Auditors for FY 2015-16			

Place :

Date :

Signature of the Member

Note: Please read the instructions in Page 13 of the Annual Report 2014-15 before filling the form.

Vision

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

Mission

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

Values

- *Ethical practices*
- *Customer Focus*
- *Commitment to Society, Safety and Environment*
- *Professional and Transparent Management*
- *Empowerment and Accountability*
- *Adaptability to “Change”*
- *Innovation and Creativity*
- *Emphasis on human resources development, cost reduction, productivity enhancement and resource conservation*



PONNI SUGARS (ERODE) LIMITED

Regd. Office: ESVIN House, No.13, Old Mahabalipuram Road
Perungudi, Chennai 600 096.