



Ponni Sugars (Erode) Limited

20th
Annual Report
2015-16



Year Scorecard

- ◆ *Water stress weltering cultivation and withering cane crop*
- ◆ *Whopping losses till Q3*
- ◆ *Resurgence in sugar prices in Q4 on macro correction in fundamentals*
- ◆ *Tariff revision by Regulator bestowing a booster dose to bottom line*
- ◆ *Dividend resumed*
- ◆ *Near-term outlook optimistic*

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 Rajiv Gandhi Salai (OMR)
 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

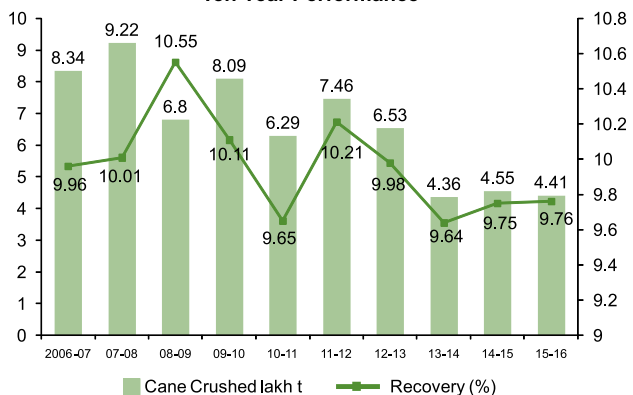
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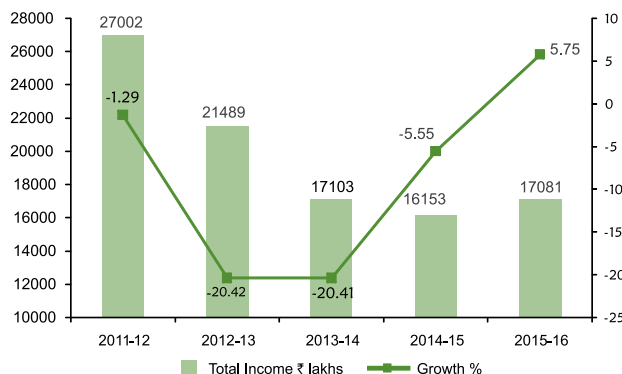
Ponni Sugars (Erode) Limited

Performance Chart

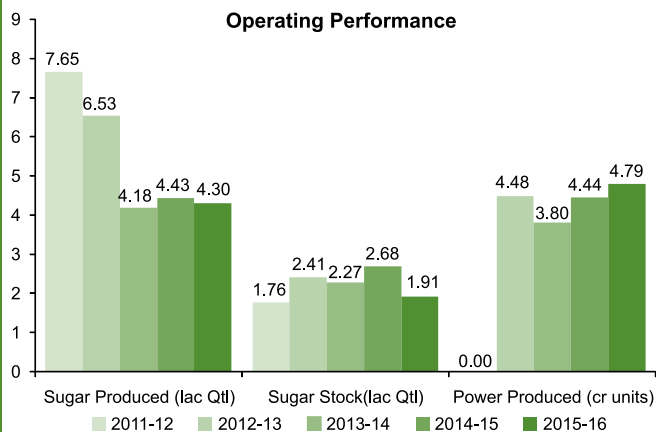
Ten Year Performance



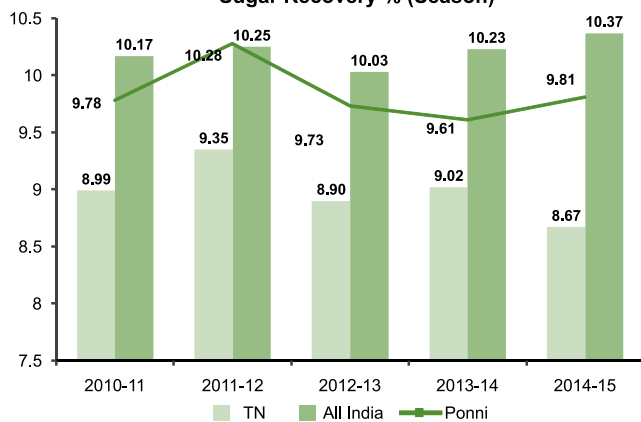
Total Income and Growth



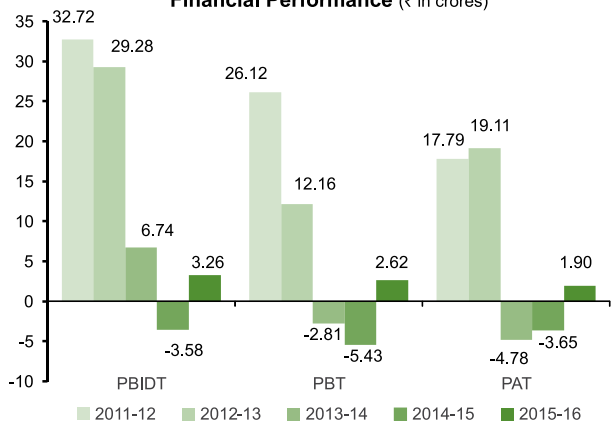
Operating Performance



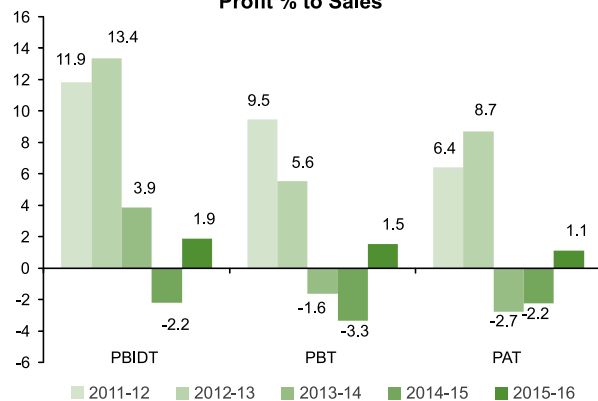
Sugar Recovery % (Season)

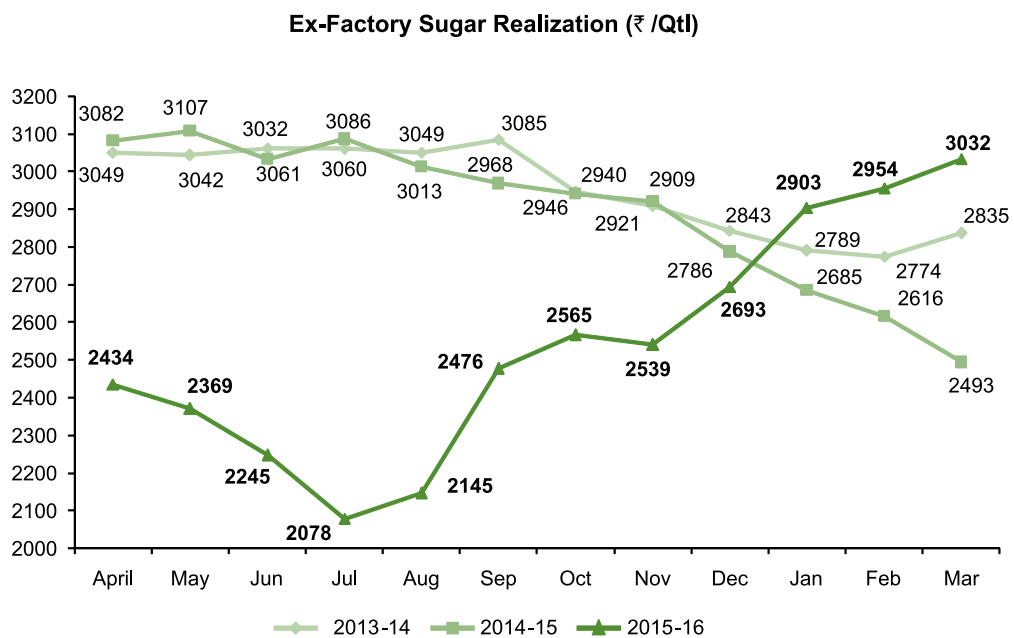
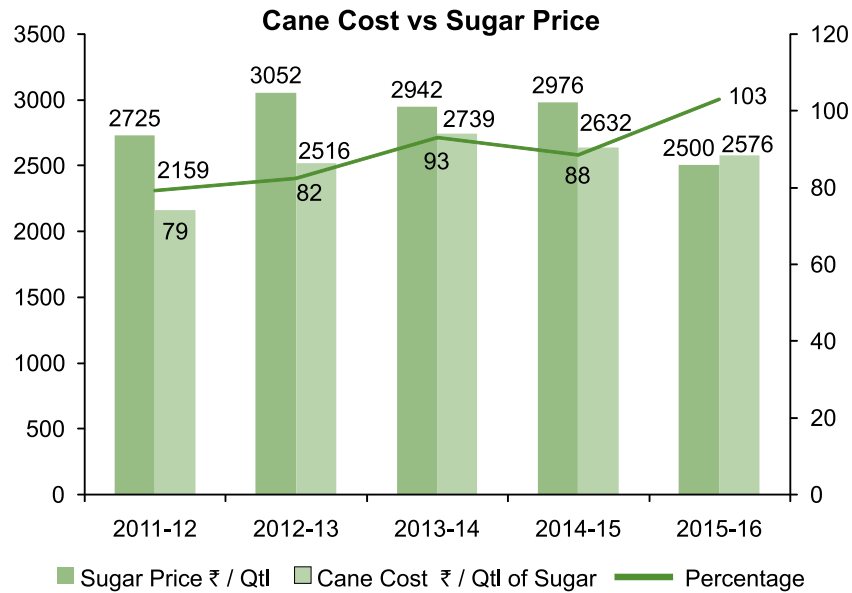


Financial Performance (₹ in crores)



Profit % to Sales

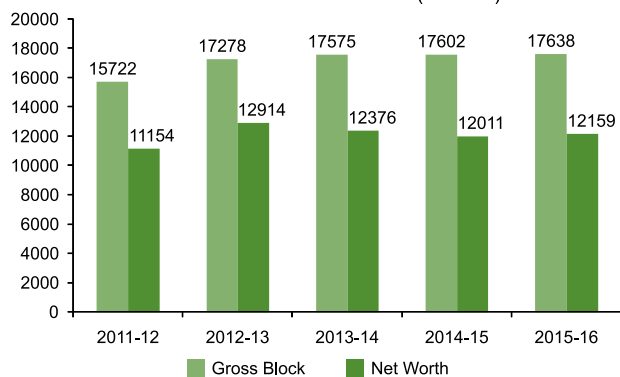




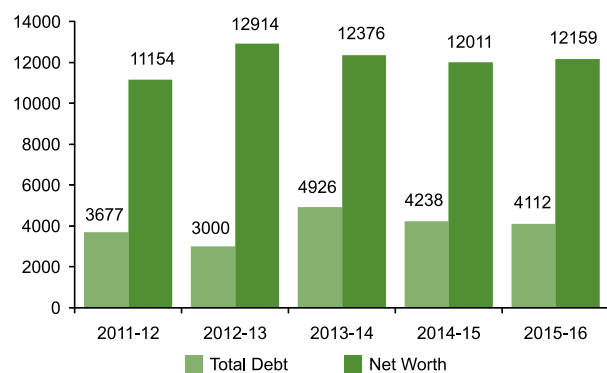


Ponni Sugars (Erode) Limited

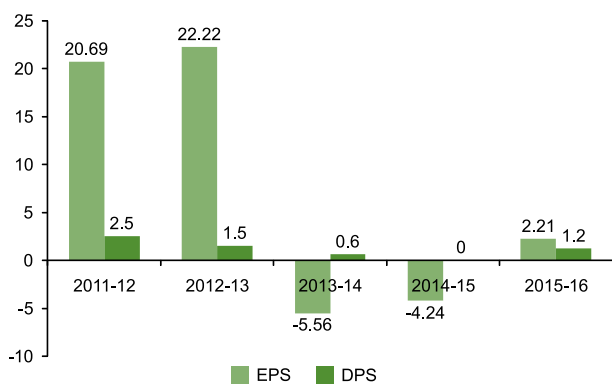
Gross Block and Net Worth (₹ Lakhs)



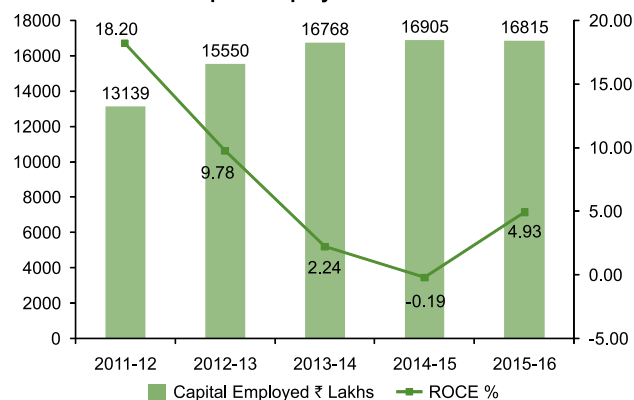
Debt & Net Worth (₹ Lakhs)



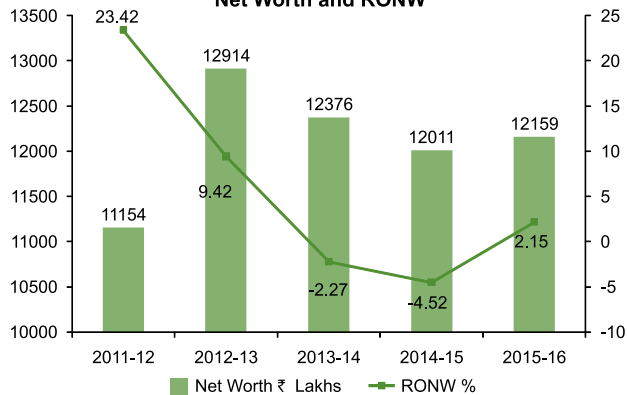
EPS and DPS (₹)



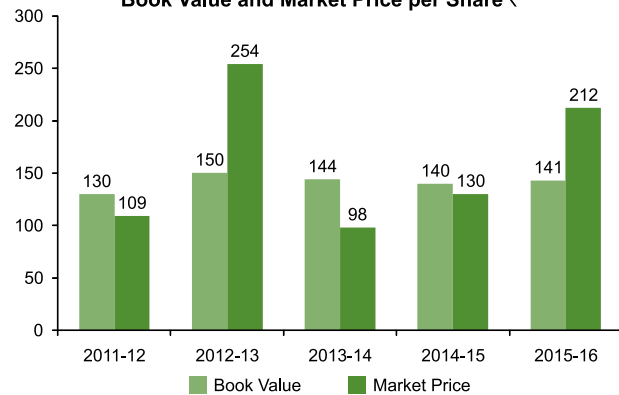
Capital Employed and ROCE



Net Worth and RONW



Book Value and Market Price per Share ₹



Financial Highlights – Ten Years at a Glance

₹ in Lakhs

For the year	2006-07	07-08	08-09	09-10	10-11	11-12	12-13	13-14	14-15	15-16
Total Income	14263	13961	15122	28591	27356	27002	21489	17103	16153	17081
Total Expenditure	13021	13984	12763	21154	25546	23730	18561	16429	16511	16755
PBIDT	1242	-23	2359	7437	1810	3272	2928	674	-358	326
Interest	139	112	189	179	148	119	358	671	512	590
Depreciation	245	282	297	306	309	329	1161	825	566	564
Profit before exceptional items	858	-417	1873	6952	1353	2824	1409	-822	-1436	-828
Exceptional Items	0	-108	0	1411	-1411	212	193	-541	-893	-1090
PBT	858	-309	1873	5541	2764	2612	1216	-281	-543	262
Tax	368	-121	647	1856	903	833	-695	197	-178	72
PAT	490	-188	1226	3685	1861	1779	1911	-478	-365	190
EPS (₹)	5.97	-2.29	14.46	42.86	21.64	20.69	22.22	-5.56	-4.24	2.21
Cash EPS (₹)	8.70	-1.72	21.02	56.40	14.54	24.18	27.64	0.03	1.81	9.61
Dividend %	9	6	25	40	20	25	15	6	--	12
As at year end										
Gross Block	5752	6673	6962	7095	7564	15722	17278	17575	17602	17638
Net Block	4093	4737	4771	4703	4917	12834	13309	13339	12773	12261
Loan Funds	2456	4328	3358	3430	1645	5005	8208	8283	7791	7663
Net Worth	3951	3705	4679	7964	9625	11154	12914	12376	12011	12159
Book value per share (₹)	45.75	42.75	54.42	92.62	111.94	129.72	150.19	143.93	139.69	141.41
Share Price at NSE (in Rupees)										
High	93.75	61.95	47.50	188.00	142.80	126.50	415.00	359.45	251.00	248.00
Low	30.20	28.10	20.00	25.05	82.00	71.15	108.00	87.10	100.50	110.90



PONNI SUGARS (ERODE) LIMITED

CIN : L15422TN1996PLC037200

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

NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the 20th Annual General Meeting of the Company will be held at New Woodlands Hotel Pvt Ltd, 72-75 Dr Radhakrishnan Road, Mylapore, Chennai 600 004 on Tuesday, the 26th July 2016 at 10.00 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 2016 and the Reports of the Board of Directors and Auditors thereon.

2. Dividend declaration

To declare dividend on Equity Shares.

3. Reappointment of retiring Director

To appoint director in the place of Mr N Gopala Ratnam who retires by rotation and being eligible, offers himself for reappointment.

4. 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 19th AGM as under:

- i) M/s Maharaj N.R.Suresh And Co., Chennai (Firm Registration No.001931S) shall cease to hold office on 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.

- iii) The Board of Directors be and are hereby authorized to fix their remuneration on the recommendation of Audit committee."

SPECIAL BUSINESS

5. 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 2016-17 at Rs 100000/- (Rupees One Lakh 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
27th May 2016

N Ramanathan
Managing Director

NOTES:**1. Proxy**

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

Deposit of proxy

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

2. Particulars of Director

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

3. Book Closure

The Register of Members and the Share Transfer Register will remain closed from Tuesday, the 19th July 2016 to Tuesday, the 26th July 2016 (both days inclusive).

4. Dividend

Dividend on Declaration will be paid by 1st August 2016.

Members are advised to refer to 'Shareholder information' section of the Corporate Governance Report (Page 39 of the Annual Report) for details on dividend entitlement and payment options.

5. Unpaid Dividend

Unpaid dividend for over 7 years will be transferred to the Investor Education and Protection Fund. Members may refer to Page 39 of the Annual Report and lodge their claim, if any, immediately.

6. E-Communication

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

7. Member identification

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

8. Gifts

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

9. 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 and the business set out in the Notice may be transacted through such voting.

b) Voting at AGM

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

c) Voting option

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

d) Voting instructions

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



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

Item No.5

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 2016-17 pertaining to both Sugar and Cogen segments and determined the remuneration at Rs 100000/- 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 at the registered office 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
27th May 2016

N Ramanathan
Managing Director

ROUTE MAP



Details of the Director seeking reappointment at the 20th Annual General Meeting

[Pursuant to Clause 36 (3) of the Listing Regulations]

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	No of shares held <hr/> Relationships between directors inter-se
N Gopala Ratnam B.Sc (Physics), B.E.(Mech) DIN: 00001945 15.04.1947 26.12.1996	Technocrat with rich and varied experience in project and operational management of process industries. Brings to bear leadership skills in heading SPB Group of Companies and steering them to higher growth trajectories.	Chairman Seshasayee Paper and Boards Ltd High Energy Batteries (India) Ltd SPB Projects and Consultancy Ltd Esvi International (Engineers & Exporters) Ltd Time Square Investments (P) Ltd	Chairman Stakeholders Relationship Committee in High Energy Batteries (India) Ltd Member Audit Committee and Stakeholders Relationship Committee in Seshasayee Paper and Boards Ltd.	<hr/> 2823 shares <hr/> 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, the company is pleased to provide to its members the facility to exercise their right to vote at the 20th Annual General Meeting (AGM) on resolutions proposed to be considered thereat by electronic means. For this purpose, "remote e-Voting" (hereinafter mentioned 'e-Voting') facility is offered whereby a member can cast his vote using an electronic system from a place of his choice other than the venue of AGM.
2. The e-Voting facility is offered through e-Voting services provided by Central Depository Services (India) Limited (CDSL).
3. E-Voting commences on Friday, the 22nd July 2016 (10.00 AM) and ends on Monday, the 25th July 2016 (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 / company 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 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 - "EVS" 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) 160607004 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 Wenceslaus Futardo
Designation : Deputy Manager
Address : Central Depository Services (India) Limited
16th Floor, Dalal Street, Fort
Mumbai 400001

Email ID : helpdesk.evoting@cdslindia.com
Phone No. : 1800 200 5533

B) Voting at AGM

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

C) General Instructions

1. The cut-off date for the purpose of e-voting has been fixed as Tuesday, the 19th day of July 2016. Members holding shares as on this date alone are entitled to vote under either mode.
2. In case of persons who have acquired shares and become members of the company after the despatch of AGM Notice, the company would be despatching the 20th Annual Report for 2015-16 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 19th July 2016.
 4. In case a shareholder by inadvertence or otherwise has voted under both options, his voting by remote e-voting only will be considered.
 5. Mr A S Kalyanaraman, Practicing Chartered Accountant (Membership No. 201149) has been appointed as the Scrutinizer.
 6. The Scrutinizer will after the conclusion of voting at the AGM:
 - (i) First count the votes cast at the meeting thro polling paper.
 - (ii) Then unblock the votes cast through e-Voting.
 - (iii) Both the above will be done in the presence of two witnesses not in the employment of the company.
 - (iv) Make a consolidated Scrutinizer's report (integrating the votes cast at the meeting & through e-Voting) of the total votes cast in favour or against, if any, to the Chairman.
 - (v) The Scrutinizer's report as above would be made soon after the conclusion of AGM and in any event not later than three days from the conclusion of the meeting.
7. Voting Results
- i) The Chairman or a person authorized by him in writing shall declare the result of the voting based on the Scrutinizer's report.
 - (ii) The results declared along with the scrutinizer's report will be placed on the company's website www.ponnisugars.com 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 20th Annual Report and the audited financial statements for FY 2015/16.

	2015-16	2014-15
Physical Performance		
Cane crushed (tonnes)	441211	454701
Sugar recovery (%)	9.76	9.75
Sugar produced (tonnes)	43030	44288
Power produced (lakh kwh)	479	444
Financial Performance (₹ crores)		
Turnover	175.27	164.26
Profit Before Interest, Depreciation & Tax	3.26	(3.58)
Profit/ (Loss) Before Tax	2.62	(5.43)
Profit / (Loss) After Tax	1.90	(3.65)
Surplus from Previous Year	20.19	23.84
Amount available for appropriation	22.09	20.19
Appropriations		
Proposed Dividend	1.03	--
Dividend Tax	0.21	--
Balance carried forward	20.85	20.19

Dividend

Your Directors recommend a dividend of Rs1.20 per Equity Share of Rs.10 each for the financial year ended 31st March 2016. While the company was compelled to skip dividend for FY 2014-15 for the first time since it started declaring dividend in 2004-05, the swift turnaround achieved in its financial performance and resuming dividend declaration within a year is gratifying.

Sugar Industry Overview

World sugar production has been receding year on year since 2013-14, yet leaving a small surplus for each of the years and building up stocks. However sugar season 2015-16 has put paid to this scourging stock pile with a discernible decline in production, manifestly marking a return to the deficit phase for the first time in the current decade. Responding to the changed global fundamentals, world sugar prices have recovered by more than 50% from the lows touched in August 2015; yet the prices are below the levels obtaining during 2011-14 that clearly underpins

the distance yet to be covered for the industry towards regaining its financial strength. With the bears remaining reticent and in the rearguard for the present, sugar futures in NY-ICE market is mercifully no longer inverted.

Sugar is no stranger to fluctuating fortunes brought about by the cyclical swings in production and consequent demand-supply disequilibrium. Yet, the crisis faced by the Indian sugar industry crescendoed in the last couple of years, leaving it crestfallen due to sugar surplus scornfully building up over five years in a row since 2010-11 sugar season. While this traumatic trend was feared to continue during 2015-16, the dour outcome of drought caused by deficient monsoon in Maharashtra and Karnataka has come to cripple cane availability and crumble sugar production in those States. Still worse, cane planting in these regions during current season, that is intended for sugar production in the ensuing season, has been severely hit. As a result, demand-supply parity has restored for the current season while the deficit to dawn in the coming season can be counted for driving sugar prices north.

Sugar prices were indeed in a sedate state at the start of FY 2015-16 lingering and languishing at a five-year low. They sputtered during most part of the year while nosediving to their nadir by the second quarter. The fortunes of the industry finally got revived by the unfortunate occurrence of drought in the country, revving up sugar prices redoubtably from then on to end the year at a five-year high. While so, cost of production has catapulted during this quinquennium mainly due to the hefty hike in cane prices. It is hence imperative to not lose sight of the fact that sugar prices have just reached a level closer to the cost of production; yet the industry feels much relieved now with improved cash flows promising to and paving way for the payment of cane price in time.

It would seem too naïve to perceive and berate the recent price rise to be bestowing a benevolence and blame the industry to be profiteering. No doubt the recent price spurt in sugar has been rather sharp but such a rebound has occurred from the rock bottom levels at which they remained rooted for long. In fact, there is no gainsaying that sugar prices should rise further, albeit in a benign pace, to levels that would generate commensurate cash flows for the industry towards discharging committed cane price obligations for the current season, besides servicing the special soft loan packages extended by the Centre for clearing cane price dues in the past.

Government Policies

The Central Government with a view to check and correct the unabated rise in sugar inventory fixed 'Minimum Indicative Export Quota' for every sugar mill in the country



with a target to evacuate about 40 lakh tonnes of sugar from the country. It further offered production subsidy of Rs.45/ tonne of cane crushed during 2015-16 season conditional upon the sugar mills complying with stipulated percentage export quota and ethanol blending norms. To augment resources for meeting the subsidy commitment, the rate of sugar cess was hiked by Rs.100/ qtl.

Physical sugar export against the above target is just in the region of 15 lakh tonnes. It looks Government may be persuaded to go soft on the export quota at this juncture, having regard to the pressures on domestic production brought by two years of back to back drought in the country. In fact, the Government has since imposed stock holding limits on sugar dealers, signaling its intent to curb hoarding of and speculative trade in sugar.

It is trite to reiterate that Government intervention in sugar has been frequent, forceful and oftentimes flip-flop, be it to facilitate the rise or fall in sugar prices or formulate soft loan packages to help clear cane price dues. It is time the Government created conditions for 'ease of doing business' in sugar. For this, the reforms initiated in 2013 must remain irreversible and the unfinished agenda must at once be addressed on the sugarcane front so as to decisively link and establish sustainable input-output price parity. Following global models, sugarcane price should firmly be fixed on a revenue sharing formula, embracing the recommendations of Dr C Rangarajan Committee report on the subject.

While it is fair and fully justified on the part of Government to protect farmers' interest through a minimum guaranteed price, such protection should axiomatically come out of a price stabilization fund to bridge the deficit during times of distressed sugar prices as being recommended by the expert body - CACP in its sugarcane pricing reports. Discernible disconnect between sugar and sugarcane prices brought about either by lower market price for sugar or by higher arbitrary State Advised Price (SAP) for cane has long been the bane of the industry. Sooner this is corrected, the better it is for all stakeholders and for the unhindered functioning of the industry to focus on core business value enhancement.

Company performance

Sugarcane availability for the company has become a chronic challenge due to below par monsoon and bottoming water table in its operational area. Further, sugarcane pricing has turned contentious of late due to the distraught state of the industry, forcing private players in the State to challenge the enforcement of SAP that is only recommendatory in nature. For the current season, sugarcane price has been intensely negotiated and agreed at Fair & Remunerative Price, besides voluntarily committing to bear in full the transport cost thereof from field to factory.

The company during the year was daunted by dreaded shortage of harvest labour, forcing it to source labour force in large number from long distances. Operational performance was spruced up with constant vigil and monitoring that helped optimize the consumption of chemicals and utilities and achieve better throughput in power generation.

Sugar off-take was sluggish during most part of the year that finally picked up by year end. Sugar exports against Government mandated quota eventually led to an overall 26% increase in sale volume. Turnover increase in sugar however was muted at 7% due to hugely depressed prices on the whole. The company was indeed faced with formidable losses till end of third quarter but tail-winds in the form of improved fundamentals helped turbo-charge its performance during the last quarter. Significantly, the tariff revision ordered by the State Regulator giving effect to the principles upheld by the Appellate authority on tariff fixation and coming into force from August 2012 has given a booster dose to its overall results. In all, the company could manage to not only wipe out the losses suffered but end the year on a positive note.

Finance

The company during the year availed Rs.11.53 crore of loan under GOI Soft Loan Scheme 2015 from its consortium of working capital bankers. Interest subvention for this loan is available only for the first year, pegged to 10% rate of interest. Nonetheless, the loan has come in time for the company to clear its cane dues.

The company has after regular and long pursuit got disbursement of eligible MNRE subsidy of Rs.82.50 lakhs during the year for its Bagasse based Cogen Project.

The Board's Report in the earlier years bemoaned the dragging dispute with the Sugar Development Fund (SDF) locking up Rs.6.90 crores of our eligible subsidies. Having obtained a favourable ruling from both the Single Judge and Division Bench of the High Court of Madras, it has now come as good comfort that SDF has since decided to accept the High Court ruling and not file an SLP before the Supreme Court in the matter. It has thus laid to rest a long standing suffering, agony and disadvantage for the company in dealing with SDF that is critical for the company to avail diverse forms of financial support from the Central Government from time to time. Disbursement of withheld subsidies and sanction of term loan for Cogen Project are now being pursued with SDF with renewed vigour.

While the company has returned to profits during FY 2015-16, its finances are yet frail with huge sums locked up in receivables. This includes Government subsidies, levy sugar price differential due from FCI and power charges due in pursuance of the tariff revision. It is hoped that the company would be able to swiftly sort out residual procedural issues and realize most part of it in the coming year.

Outlook for 2016-17

The company has witnessed comparatively improved rainfall in its area during the year, but that is still far below its long term average. The delayed start of cane crushing during FY 2015-16 has shifted sizeable chunk of cane to be crushed in FY 2016-17. As a result, we should be able to operate for longer duration and step up our sugar production in the coming year. Further, we are close to obtaining environment clearance for the enhancement in the capacity of Cogen Plant from 15 MW to 19 MW. We also expect to be hugely helped by dovish external environment with improved sugar prices and increased tariff for Cogen power reassuring healthy operating margins. Accordingly we foresee a perceptible improvement in our financial performance during FY 2016-17.

General

The company during the year with the approval of shareholders by special resolution through postal ballot has increased the limit for foreign investment in the Equity Shares of the company from 24% to 49%. RBI has accorded its approval for the increase in this limit by its communication dt.24.02.2016.

Listed entities hitherto have been complying with the listing obligations imposed by SEBI through the listing agreement subsisting between the Stock Exchanges and the listed entities. With a view to consolidate and streamline the provisions of the existing listing agreement for different segments of the capital market, SEBI notified the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 coming into force from 02.12.2015. While the Regulations in most part have reiterated the obligations already in vogue under the listing agreement, there are certain increased compliance requirements brought about by them. Your company has already taken effective steps to comply with the new Listing Regulations in letter and spirit and well in time.

Management Discussion and Analysis Report

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

Corporate Governance

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

Extract of Annual Return

The details forming part of the extract of the Annual Return in Form MGT-9 is given in Annx-3.

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:

- in the preparation of the annual accounts, the applicable accounting standards have been followed.
- the directors have selected such accounting policies and applied them consistently and made judgements and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the company at the end of the financial year and of the profit of the company for that period.
- 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.
- the directors have prepared the annual accounts on a going concern basis.
- 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.
- the directors have devised proper systems to ensure compliance with the provisions of all applicable laws and such systems were adequate and operating effectively.

Particulars of Loans, Guarantees or Investments

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

Particulars of contracts or arrangements with Related Party

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

Material changes and commitments

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

There are no material changes and commitments in the business operations of the company since the close of the financial year on 31st March 2016 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 N Gopala Ratnam 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. The performance evaluation of independent directors has been done by the entire Board of Directors, excluding the director being evaluated at its 19th March 2016 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. Chennai (Firm Registration No.001931S) shall cease to hold office at the conclusion of this 20th Annual General Meeting having regard to the provisions of Section 139(2) of the companies Act, 2013. Your Board wish to place on record the excellent professional services received from them all along.

M/s R Subramanian and Company have been appointed as statutory auditors of the company till the conclusion of 21st AGM 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 20th 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 company continues to receive good support from Central and State Government Departments, Banks and Financial Institutions, Customers and Suppliers. The company during the year has received commendable understanding and cooperation from its cane growers despite hostile challenges under egregious external environment. Your Board wish to convey its deep sense of appreciation and commendation for their unstinted support.

Your Directors also commend the committed contribution of employees at all levels and the continuing understanding and patronage received from the shareholders.

For Board of Directors

Chennai
27th May 2016

N Gopala Ratnam
Chairman

MANAGEMENT DISCUSSION AND ANALYSIS REPORT**Industry structure and development****World Sugar***Industry Structure*

Sugar is produced in over 120 countries from beet or cane. There has been a resounding rise in the relative share of cane sugar, rollicking from 56% during 1960s to a tad over 80% now. This phenomenon is the direct outcome of growth in sugar production coming essentially from out of cane in tropical countries.

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. While it is just an intermittent and irregular player in the global trade, India's alternating position as exporter or importer has a decisive impact on world prices.

Status update

World sugar production that resolutely recorded recurring surplus for five consecutive seasons since 2010/11 finally entered the deficit phase in 2015-16. Significantly, the size of the deficit surged with every successive revision to the production estimates during the year. Indeed, the decline for the year is so pronounced as to mark the second highest deficit in a decade. While high level of inventories on hand initially stemmed the rise in global sugar prices, world markets eventually returned to record a rebound in raw sugar prices from a low of 11.19 cents/ lb touched in August 2015 to a peak of 16.65 cents/ lb during March 2016. Sugar prices have shown increased volatility with a steep correction in April 2016 before scaling to the highest daily quote since October 2014 in the following month at 17.13 cents/ lb.

The slide in sugar production is largely ascribable to adverse weather conditions brought about by the strongest El-Nino since 1997 limiting supplies from top producers - Brazil, India, EU and Thailand besides boosting demand from top importers - China, Indonesia, EU and UAE. Production in exporting countries is practically flat YoY. In contrast, a significant drop in production is projected for the importing countries. It is no wonder the resultant draw-down in stocks stokes sugar prices to higher trajectories.

Indian sugar*Industry structure*

The Indian sugar industry is characterized by the coexistence of private, cooperative and public sector. It is inherently inclusive, supporting over 50 million farmers and their families. It is rural centric and hence a key driver of village level wealth creation. Sugar is India's second largest agro-based industry after Textiles. It has tremendous transformational opportunities to meet the country's food, fuel and power needs in an 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 discernible decline in the recent years due to the recurrence of drought, drying up of rivers, poor storage in reservoirs and resultant repressive water shortage.

Status update

Indian sugar production as if following the global cues outstripped consumption for five consecutive seasons since 2010-11. Defying initial estimates, production during 2015-16 has corrected sharply under stressed water conditions brought about by the two back to back drought years. Facilitated further by exports under the Government mandated quota, sugar stocks have now receded to reasonable levels. More importantly, cane planting has taken a severe beating in the States of Maharashtra and Karnataka, trounced by alarming level of water storage in reservoirs. As a result, the production outlook for 2016-17 remains significantly subdued, fueling in turn the futures market for sugar.

It looks sugarcane has turned anathema to the media and analysts this year prodding platitudinous outcry to label it as water-guzzler and proscribe cultivation thereof. While the underlying concerns would seem unexceptionable, it would be puerile to lose sight of the veritable value creation by the cane crop towards improving the livelihood



of teeming millions having little crop options or other alternative earning opportunities. The focus instead must be on optimization of water use thro' recourse to science and technology and achieve 'more crop per drop' of water. Meaningful reduction in cane area during years of acute water crisis is no doubt necessary but is desirable to achieve this through advance planning and rationalized water allocation concomitant with controlled crop irrigation. In any event, kneejerk responses are better avoided.

Sugar prices

Responding to the changed fundamentals as above, ex-factory sugar prices have leap frogged from levels below Rs. 2050 / quintal in July'15 to Rs. 3400 / quintal in March 2016. While the Government would seem palpably concerned over the spike in sugar prices, it is but incontrovertible that sugar industry has just started recovering its cost of production. In fact it has suffered sizeable under-recovery during the first half of 2015-16 season by about Rs. 400-500/quintal. It has the herculean task to swiftly wipe-out the accumulated losses and gear up to service higher borrowings including the soft loans availed from Government of India for paying cane price dues in the last couple of years out of current earnings. It is hence imperative that the Government takes a considered view from a holistic standpoint and refrains from harsh intervention measures till the industry comes completely out of accumulated troubles and regains its financial equilibrium.

Cane pricing

It is worth reiterating at this juncture that the Government both in the Centre and State should come forward to put in place a long term revenue sharing formula to fix sugarcane prices. It must simultaneously create a price stabilization fund to hedge year on year volatility and bring stability in the earnings of farmers.

Concerted efforts are equally and eminently called for to protect soil fertility, prop up sugarcane productivity, conserve water through drip and fertigation and bolster the sucrose content in cane. In short, the cardinal objective must be to set and achieve a tough target in a definitive timeframe to double our sugar production with no increase in land area and at half the water consumption from current levels.

Ethanol

The Ethanol Blend Programme in the country has had a chequered progress. Introduced first in 2003 and reinforced again in 2007 with 5% target for blend, the actual mix never exceeded 2.5%. With the hard push backed by slew of supportive measures of Government of India, ethanol production and supply is now set to double in 2015-16 season and for the first time fulfill the 5% blend target in the country.

Government Policies

(i) Sugar

- GOI announced on 18.09.2015 the Minimum Indicative Export Quota (MIEQ) of 40 lakh tonnes of sugar for 2015-16 season amongst all sugar mills with a view to liquidate surplus sugar stocks and shore up domestic prices from depressed levels.
- Govt by the Sugar Cess Amendment Act, 2015 hiked the cap for levy of sugar cess from Rs.25/ qtl to Rs.200/qtl. Following this, the Govt by Notification dt.28.01.2016 increased the rate for sugar cess from Rs.24 to Rs.124 / qtl of sugar effective 1st February 2016.
- Ministry of Textiles has been periodically coming with Orders mandating jute packing for sugar at 20% with its latest Order extending the validity till 30th June 2016.
- VAT on sugar at 5% imposed by Government of Tamil Nadu since November 2014 continues despite repeated representation from industry for its abolition. No other major sugar producing State levies VAT on sugar.
- GOI notified on 29th April 2016 the stock holding limits on dealers of sugar to rein in rising sugar prices.

(ii) Cane price

- Government of Tamil Nadu by G.O. dt.11.01.2016 notified the State Advised Price (SAP) for sugarcane for 2015-16 season at Rs.2750 / t plus Rs.100 / t towards transport charges linked to 9.5% average recovery. Private mills in Tamil Nadu 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.

- CACP has recommended Fair and Remunerative Price for 2016-17 sugar season at Rs.230 / quintal linked to a basic recovery of 9.5%, which is the same as for previous season.
- GOI by Notification dt.23.06.2015 announced a 'Scheme for Extending Soft Loan to Sugar Mills' aggregating Rs.6000 crores to help sugar mills clear the arrears of Fair and Remunerative Price for cane for 2014-15 season. Interest subvention is restricted only for the first year and upto 10% simple interest.
- GOI by Notification dt.02.12.2015 extended production subsidy of Rs.4.50 / qtl of cane crushed conditional upon fulfilling 80% of export target fixed under MIEQ and achieving 80% of the target for ethanol supply under the Ethanol Blend Programme.

(iii) Ethanol Blend

- GOI is keen to promote the use of ethanol and enhance its share from 5% to 10%. For this, the Centre has announced a fixed price for ethanol varying between Rs.48.50 to Rs.49.50 / ltr besides granting total exemption from Excise duty for ethanol produced in 2015-16 season.
- GOI by Notification dt.07.10.15 has amended Rule 6 of the CENVAT Credit Rules, 2004. Accordingly ethanol produced from molasses generated from cane crushed in 2015-16 season for supply to public sector oil marketing companies for the purposes of blending with petrol will not trigger denial/ reversal of Cenvat credit in respect of Excise duty on molasses.
- Ethanol producers in Tamil Nadu are unable to effectively participate in the tenders floated by OMCs in the absence of adequate allocation of molasses by the State Government.

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. Recurring disputes on power tariff fixation and prolonged delay in the periodic revision thereof lead to long legal battle. Inordinate delay in payment of tariff so fixed persists to pose potent threat to cash flows.

Sugarcane availability is critically dependent upon conductivity of nature. Repeated monsoon failure and poor storage of water in Mettur reservoir catering to company's command area of cane pose a severe challenge to agriculture in its neighbourhood, impacting cane cultivation in the process. Drip irrigation is just 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 during deficit years.

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	43030	479.31
Sales	50782	304.99
	₹ lakhs	₹ lakhs
Sales	15894	2764
Operating Profit	(917)	2023

Outlook

Going forward, CS Brazil is on course for a giant crop and under extant price parity sugar mix is likely to be driven higher in 2016-17. Higher production is estimated for the EU, China, Central America and Thailand as well, while India might be the sole exception with significant crop loss. The rebound in global production overall in 2016-17 is now viewed sufficient to create a modicum of surplus by some but forecast to have a lower deficit by ISO and others.



While Indian sugar balance is a definitive shortage during 2016-17, higher carryover stocks could largely help meet local demand. IMD has forecast a normal monsoon in India for this year that portends to a perceptible pickup in cane planting in the main sugar producing States. Given the tenuous state, sugar prices should hopefully remain at remunerative levels in the near term.

Government of India is steadfastly focused on and deeply committed to stepping up the ethanol blend from 5% to 10%. This must act as a booster-dose to by-product value addition to sugar industry.

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 Corporation 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 on-going process. The Audit Committee of the Board of Directors regularly reviews the effectiveness of internal control system in order to ensure due and proper implementation and due compliance with applicable laws, accounting standards and regulatory guidelines.

Human Resources

The Company employs 99 seasonal and 192 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	
	31.03.2016	31.03.2015
Number of days	170	177
Average crushing rate (tcd)	2595	2569
Cane crushed (t)	441211	454701
Recovery (%)	9.76	9.75
Sugar produced (t)	43030	44288
Power production (lakh kwh)	479	444

The delay in start of main crushing season during 2015-16 till a negotiated settlement could be reached on cane pricing has its domino effect pushing sizeable cane volume for being crushed in the next financial year. As a result, cane crushed for current year is marginally lower while sugar recovery remained near static. Continuous improvement measures introduced in the sugar plant coupled with stable rate of crushing led to optimised consumption of utilities. Cogen plant operated with improved efficiency producing marginally more power using less fuel. Sale volume improved by 25% due to better off-take in the last quarter and stepping up exports towards fulfilling directed quota. The overall operational performance was satisfactory under extant constraints.

Financial Performance

Turnover increase was muted by hugely depressed sugar prices reigning during most part of the year. Cane cost was lower due to purchase tax abolition but simultaneous impost of VAT at 5% on sugar sales inflicted an effective additional adverse financial impact by Rs.90/ qtl of sugar. Support measures from Central Govt through production subsidy and expansion of interest subvention facility lent considerable comfort to frailing finances.

A welcome turnaround that was eluding for too long was finally witnessed during the last quarter with a robust rebound in sugar prices brought about by changed

fundamentals. Further, the tariff revision pursuant to the favourable ruling obtained from the Appellate Tribunal for Electricity fructified in February 2016 with the Tamil Nadu Electricity Regulatory Commission revising the tariff relevant for our company retrospectively from 17th August 2012.

With the above, the company is gleefully back to profits after two years, recording PBT of Rs.262 lakhs and PAT of Rs.190 lakhs.

Ratios

	2015-16	2014-15
PBIDT to Sales (%)	1.86	-2.18
PBT to Sales (%)	1.49	-3.31
PBT to Net Worth (%)	2.15	-4.52
Return on Capital Employed (%)	4.93	-0.19
Earnings (PAT) per Share (₹)	2.21	-4.24
Interest Coverage (times)	2.59	-0.74
Debt- Equity (times)	0.42	0.36
Current Ratio (times)	1.22	1.14
Net Worth per Share (₹)	141.41	139.69

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.

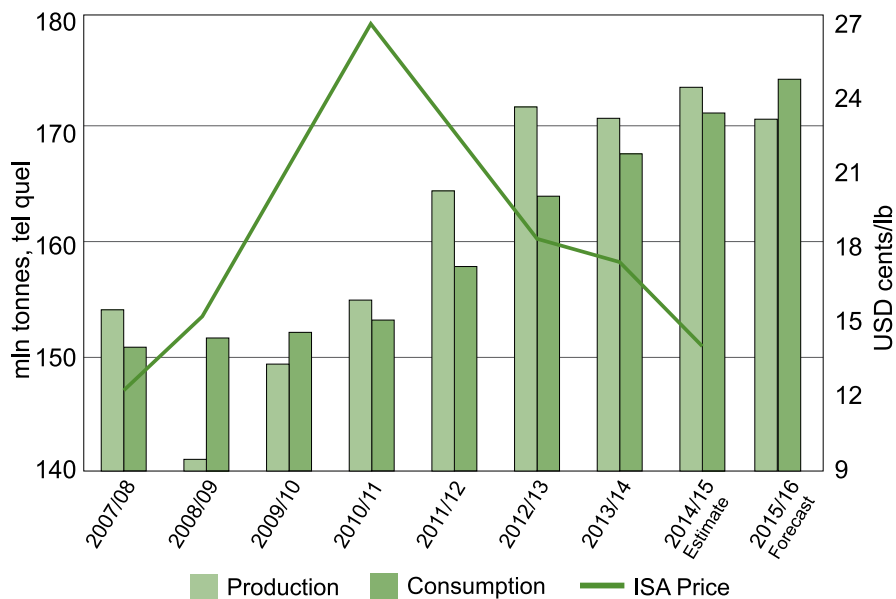
For Board of Directors

Chennai
27th May 2016

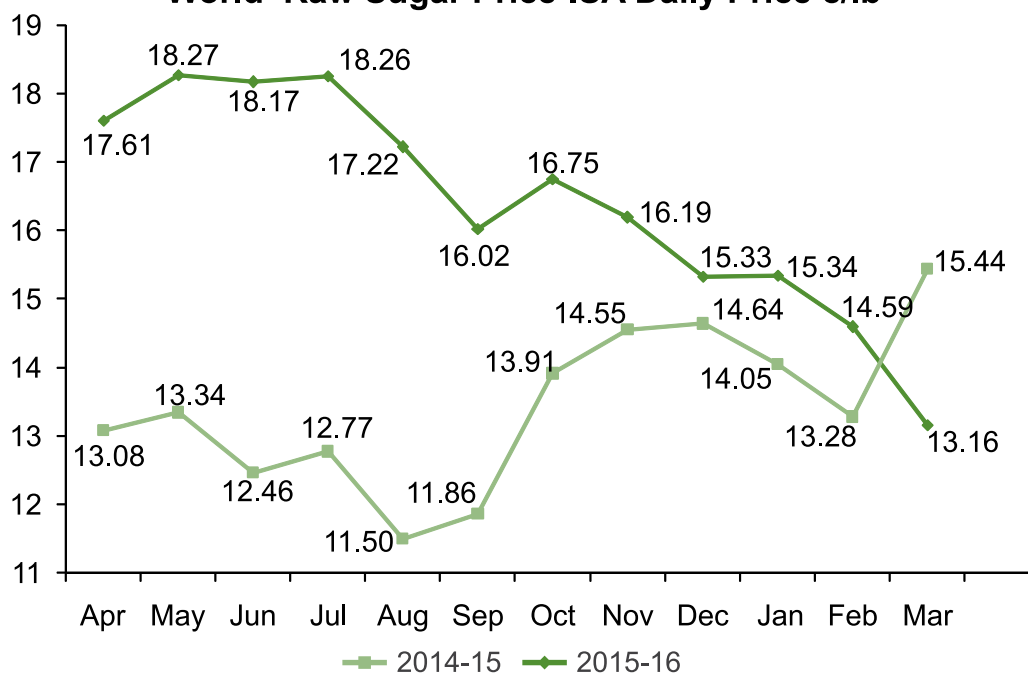
N Gopala Ratnam
Chairman



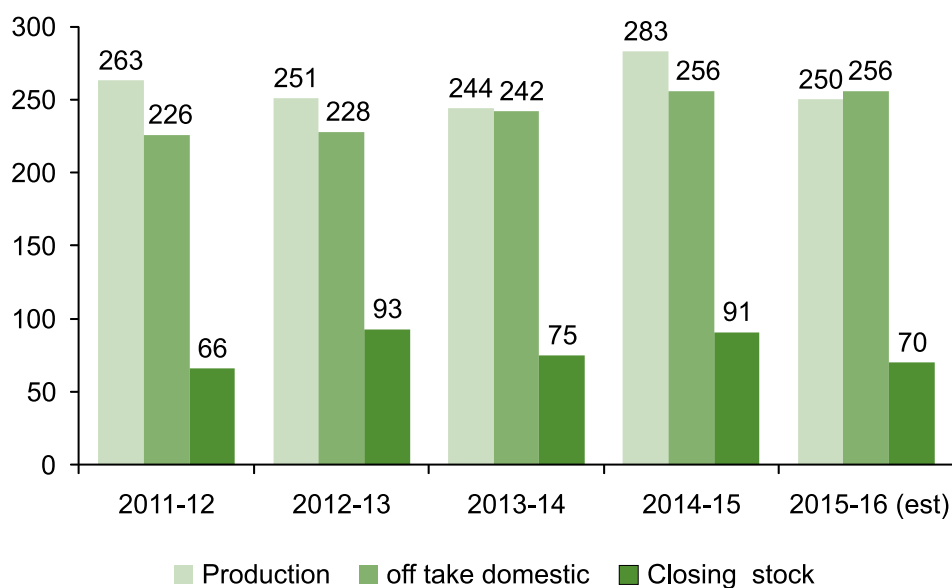
World production, Consumption and ISA Prices



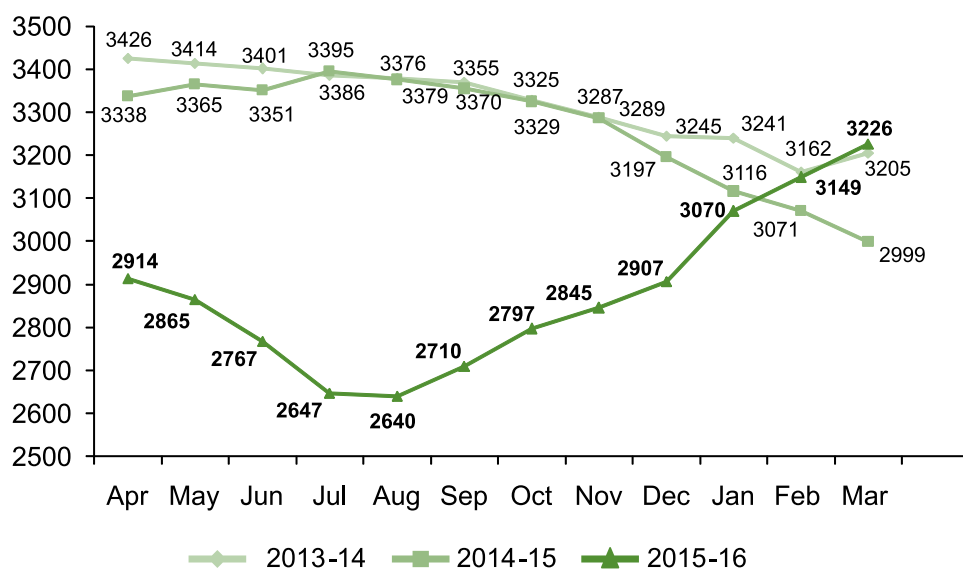
World Raw Sugar Price-ISA Daily Price c/lb



Indian Sugar Balance (lac t)



All India Whole Sale Sugar Price ₹ / Q





CORPORATE GOVERNANCE REPORT

Company's philosophy on Corporate Governance

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

Legal and Regulatory Framework

The Companies Act, 2013 (the Act) provides for a major overhaul in the Corporate Governance norms for all companies. SEBI made a review of 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 vide its circular dated 2nd September 2015 notified the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations 2015 (Listing Regulations), which came into effect from 2nd December 2015.

The Listing Regulations replace the erstwhile Listing Agreement. The principles of Corporate Governance introduced by SEBI through Clause 49 of the Listing Agreement with Stock Exchanges and later modified and reiterated in the Listing Regulations are complied in all respects by the Company. The policies, procedures and processes of the Company are at all times directed

in furtherance of following the best practices and institutionalizing the code of corporate governance.

This Report is furnished in terms of Regulation 34(3) and Schedule V of the Listing Regulations. Further, this Report also discloses relevant information in terms of Section 134(3) of the Companies Act, 2013 and forms an integral part of the Board's Report to shareholders.

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 and Articles of Association of the Company.
- c) The Managing Director is not liable to retire by rotation. All the other non-independent directors retire by rotation and in the normal course seek re-appointment at the AGM. Brief resume of Directors seeking reappointment is given in the Notice of the AGM
- d) No Director holds membership of more than 10 Committees of Board nor is Chairperson of more than 5 such Committees as stipulated in Regulation 26. 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 2015-16		As on 31st March 2016			Attendance at last AGM Y- Yes N- No
			No. of meetings	%	No. of Directorships	Committee position*		
						Chairman	Member	
Mr N Gopala Ratnam Non-Executive Chairman, Promoter	26.12.1996	2823	5	100	6	2	2	Y
Dr L M Ramakrishnan Independent	26.10.2001	536	5	100	4	--	1	Y
Mr Arun G Bijur Promoter Group, Non-Executive	26.12.1996	100	4	80	3	--	1	Y
Mr Bimal Poddar Promoter, Non-Executive	26.10.2001	NIL	4	80	9	--	1	Y
Mr N Ramanathan Managing Director	01.04.2005	3001	5	100	5	--	1	Y
Mr V Sridar Independent	05.06.2009	NIL	5	100	9	3	4	Y
Mr N R Krishnan Independent	05.06.2009	NIL	5	100	7	2	3	Y
Dr Nanditha Krishna Independent	24.12.2010	NIL	5	100	6	--	--	Y
Mr K Bharathan Independent	28.12.2011	NIL	5	100	2	--	--	Y
Mrs Bharti C Pithawalla, Promoter, Non-Executive	01.02.2013	500466	5	100	3	--	--	Y

* 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 Regulation 25 (7) of the Listing Regulations, 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 website: www.ponnisugars.com/Policy.htm
- All the Independent directors have given the declaration 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 29.05.2015, 24.07.2015, 06.11.2015, 05.02.2016 and 19.03.2016. 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 Companies Act, 2013 and extant SEBI Regulations.

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

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 Regulation 18 of the Listing Regulations in all respects concerning its constitution, meetings, functioning, role and powers, mandatory review of required information, approved related party transactions and accounting treatment for major items. Appointments of auditors, cost auditors, secretarial auditor and internal auditors are done on the recommendations of the Audit Committee.

During the year, the Audit Committee met 5 times on 29.05.2015, 24.07.2015, 06.11.2015, 05.02.2016 and 19.03.2016. Its composition and attendance during 2015-16 is given hereunder:

Name of Member	Category	Attendance at meetings	
		No.	%
Mr V Sridar, Chairman	Independent	5	100
Mr Bimal Poddar	Non-Independent	4	80
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 Chairman of the Committee is an independent director and is present at the Annual General Meetings of the company. The powers, role and terms of reference of the Committee cover the areas as contemplated u/s 178 of the Companies Act, 2013 and Regulation 19 of the Listing Regulations, besides other terms as may be referred by the Board of Directors. The role includes –

- Formulation of criteria for determining qualifications, positive attributes and independence of a director.
- Recommending to the Board a 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 in March 2015 determined the performance evaluation criteria for independent director covering:

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

The Committee meets as per needs. No meeting was held during the year.

iii) Stakeholders Relationship Committee

The Board has a Stakeholders Relationship Committee pursuant to Reg.20 of Listing Regulations. Its role and responsibility is to expeditiously process and approve transactions in securities, complying with the Act and SEBI regulations 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 29.05.2015, 24.07.2015, 06.11.2015, 05.02.2016 and 19.03.2016. 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

Mr N Ramanathan, Secretary is the Compliance Officer.

Status of investor complaints is shown in the Shareholder Information section of this Report. Pursuant to Regulation 13 (3) of the Listing Regulations, quarterly reports on the compliance of investor grievances are filed with the stock exchanges. Half-yearly compliance certificates signed by both the company and the Share Transfer Agent are filed within one month in deference to Regulation 7 (3) of the Listing Regulations.

iv) Corporate Social Responsibility (CSR) Committee

While the company is not covered by Sec.135 of the Act for FY 2014-15 or 2015-16, it has voluntarily constituted a CSR Committee on 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 19.03.2016.

v) Other Committees

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

(vi) Committee Minutes

Minutes of all the Committees of the Board are prepared by the Secretary of the Company and approved by the Chairman of the Meeting. These are placed at the succeeding Committee Meetings for



confirmation and then circulated to the Board in the Agenda for being recorded thereat.

(vii) Circular Resolution

Recourse to circular resolution is made in exceptional and emergent cases that are recorded at the succeeding Board / Committee Meetings. During the year, one circular resolution was passed on 7th December 2015 approving the increase in the limit for aggregate Foreign Portfolio Investment in the Equity Shares of the Company from 24% to 49% and the postal ballot notice to seek shareholder approval for same.

(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 Companies Act, 2013 read with Schedule IV thereto and the Rules made thereunder and the Listing Regulations.
- (d) The Committee will ensure that the candidate identified for appointment as a director is not disqualified in any manner under Section 164 of the Companies Act, 2013.
- (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 tenure of three years from 01.04.2014. His remuneration for FY 2015-16 is disclosed under Note 40 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 Rs.22.34 lakhs in FY 2015-16.

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 Rs.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 2015-16 in view of losses computed as per Section 197 & 198 of the Companies Act 2013.

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 Companies Act, 2013 and Clause (5) of Para C of Schedule V to the Listing Regulations.

(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 as set out by the said Committee.

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 19.03.2016 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 Independent directors were present at this meeting.

The Board at its 19.03.2016 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 Companies Act, 2013 that Independent Directors be continued in their respective offices.

(iii) Insider Trading

SEBI in January 2015 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:

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

These have been uploaded in the company website and intimated to the Stock Exchanges.

This code is applicable to all directors and designated persons. It is hereby affirmed that all directors and designated employees have complied with this code during FY 2015-16 and a confirmation to this effect has been obtained from them.

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. 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 2015-16.

Further, the senior management personnel have declared to the Board that no material, financial and commercial transactions were entered into by them during FY 2015-16 where they have personal interest that may have a potential conflict with the interest of the Company at large.

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

(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 on the company's website.

All RPTs during FY 2015-16 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 40 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. Omnibus approval is obtained, if and when required, in respect of non-material and routine or unforeseen RPTs. The Board in February 2016 has laid down the criteria for granting omnibus approval inline with the Policy on RPTs.

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

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

(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 Regulation 22 of the Listing Regulations, the Company has established a vigil mechanism overseen by the Audit Committee and no personnel has been denied access to the Audit Committee. This Policy has been uploaded on the Company's website.

No complaint under this facility was received in FY 2015-16.

(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 2015-16.

(ix) Document preservation

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

E) Other Compliances

i) Management Discussion and Analysis

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

ii) Quarterly Financial Results

Pursuant to Regulation 33 of the Listing Regulations, Quarterly Financial Results are approved by the Board on the recommendations of the Audit Committee. These are communicated to Stock Exchanges by email after the conclusion of the Board Meeting besides publication of the results/ abstract of the results in the prescribed format in leading dailies as required, within the stipulated time. These are also immediately posted on the company website.

(iii) Quarterly Compliance Report

The Company has submitted for each of the four quarters during 2015-16 the Compliance Report on Corporate Governance to Stock Exchanges in the prescribed format within 15 days from the close of each quarter.

(iv) Disclosure of material events or information (Regulation 30)

Pursuant to Regulation 30 of the Listing Regulations, the company during the year disclosed the information/events specified under Schedule III of the Listing Regulations and also based on the materiality threshold determined by the Board on 4 occasions to the stock exchanges. These have simultaneously been uploaded on the company website.

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

Quarterly reports to National Stock Exchange are filed through NSE Electronic Application Processing System (NEAPS) and to Bombay Stock Exchange through 'BSE Listing Centre'.

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 against our company posted at SCORES site.

(vi) 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	30.06.2015	14.07.2015
		30.09.2015	24.10.2015
		31.12.2015	12.01.2016
		31.03.2016	20.04.2016

(vii) Accounting treatment

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

(viii) Cost 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 2015-16. Their remuneration was approved by the shareholders at the 19th AGM.

Cost Audit Report

Filing Cost Audit Report	2015-16	2014-15
Due date	30.09.2016	30.09.2015
Actual date	Target 31.08.2016	29.09.2015
Audit Qualification in Report	---	Nil

(ix) Secretarial Standards & Secretarial Audit

Pursuant to Section 118 (10) of the Companies Act, 2013, 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 have come into force from 1st July 2015. The company's practices and procedures meet with all these prescriptions.

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 2015-16. The Secretarial Audit Report was placed before the Board on 27th May 2016.

There are no qualifications in the Secretarial Audit Report.

(x) Internal Auditor

Pursuant to Section 138(1) of the Companies Act, 2013 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 2015-16. The Internal Auditor reports directly to the Audit Committee.



(xi) CEO/ CFO certification

CEO certification by Mr N Ramanathan, Managing Director and CFO certification by Mr K Yokanathan, Chief Financial Officer as required under Regulation 17 (8) of the Listing Regulations were placed before the Board at its meeting on 27th May 2016.

(xii) Review of Directors' Responsibility Statement

The Board in its Report has confirmed that the annual accounts for the year ended 31st March 2016 have been prepared as per applicable accounting standards and policies and that sufficient care has been taken for maintaining adequate accounting records.

(xiii) Auditors' Certificate on Corporate Governance

Certificate of Statutory Auditors has been obtained on the compliance of conditions of Corporate Governance in deference to Para E of Schedule V of the Listing Regulations and the same is annexed (Appendix-2).

(xiv) Subsidiary Companies

The Company has no subsidiary.

(xv) Deposits

The company has not accepted deposits from the public.

(xvi) Peer review of Auditors

Regulation 33 (d) of the Listing Regulations stipulates that limited review / audit reports shall be given only by an Auditor who has subjected himself to the peer review process and holds a valid certificate issued by the Peer Review Board of the ICAI. The statutory auditors of the Company M/s 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) Discretionary requirements

(i) Chairperson

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

(ii) Shareholders' Rights

Quarterly Audited Financial Results of the Company are emailed to shareholders whose email ids are

available with the company and physical copy sent to shareholders on request. These are posted on the Company's Website and the summary of the results are advertised in newspapers.

(iii) Abridged Accounts

Section 136(1) of the Act 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. Annual financial results for FY 2015-16 are being filed with the stock exchanges along with the unmodified opinion of the auditors in Form-A pursuant to Regulation 33 (3) (d) of the Listing Regulations.

(G) Disclosures

(i) There is neither non-compliance by the company nor strictures / penalties 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) Commodity price risks and hedging

Sugar is traded in spot and futures markets both in the Indian and global commodity markets. The company is exposed to price risk and enters into futures contract in domestic market to hedge price risk based on its evaluation. No hedging is done in global markets since exports are contracted for immediate delivery and on firm price basis.

(iii) Foreign Exchange Risk

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

(iv) Website

The Company maintains a functional website <http://www.ponnisugars.com>. It contains basic information about the company and disseminates all the information spelt out in Regulation 46 of the Listing Regulations. Updates are uploaded within

two working days of change in content in respect of matters specified in Regulation 46 (2).

(v) Business Responsibility Report

SEBI has mandated by its circular dt.13.08.2012 the inclusion of Business Responsibility Reports as part of the Annual Reports for listed entities. Regulation 34 (2) (f) has been inserted in the Listing Regulations for this purpose. This is now applicable for top 500 listed entities and our company is not covered by this.

(H) Means of Communication

Intimation of Board meeting

The Company publishes Notice of Board Meeting to consider financial results in newspapers and the details are uploaded in company's website.

Financial Results – All audited

Period	Date of publication of Notice of Board meeting	Financial Results		News paper
		Date of approval by Board	Date of Publication	
Quarter ended 30.06.2015	08.07.2015	24.07.2015	25.07.2015	Business Standard and Makkal Kural
Quarter ended 30.09.2015	12.10.2015	06.11.2015	07.11.2015	
Quarter ended 31.12.2015	05.01.2016	05.02.2016	06.02.2016	
Quarter and Year ended 31.03.2016	04.05.2016	27.05.2016	28.05.2016*	

* Publication arranged

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

- emailed to Stock Exchanges immediately after the conclusion of the Board meeting and filed through NEAPS and BSE Listing Centre;
- posted on the company's website www.ponnisugars.com that also displays other official News releases;
- emailed (soft copy) to shareholders who have registered their email ids and
- sent (hard copy) to shareholders on request.

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

Chairman's Communiqué:

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

(I) General Body Meetings

(i) Particulars of past 3 AGMs

AGM/ Year	Venue	Date & Time	Special Resolutions passed
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
19th 2014-15	New Woodlands Hotel Pvt Ltd 72-75, Dr Radhakrishnan Road Mylapore Chennai 600004	24.07.2015 10.15 AM	1. Articles of Association 2. Related Party Transaction

No Extraordinary General Meeting was convened during the year.

ii) Postal Ballot / Poll

(a) Postal Ballot for 19th AGM

No special resolution was required to be passed by Postal Ballot at the 19th AGM held on 24.07.2015. However, the facility to vote through Postal Ballot was given as an additional option pursuant to Clause 35B of the then Listing Agreement in respect of all the resolutions proposed thereat.



Mr A S Kalyanaraman, Practising Chartered Accountant (Membership No.201149) was the scrutinizer. All resolutions were passed with requisite majority based on combined voting through E-voting, Postal Ballot and on Poll at the meeting.

(b) Postal Ballot for hiking Foreign Portfolio Investment limit

The company passed special resolution of shareholders through Postal Ballot on 22.01.2016 to increase the aggregate limit for all forms of foreign investment upto 49% of the total paid-up equity share capital of the company and with a sub limit of 24% for NRI/ PIO.

Mr A S Kalyanaraman, Practising Chartered Accountant (Membership No.201149) was the scrutinizer. The resolution was passed with requisite special majority.

Voting pattern:

	No of shares polled	% to Total shares polled
For	4167029	99.99
Against	210	0.01
Total	4167239	100.00

(c) No special resolution is proposed to be passed through postal ballot at the 20th AGM.

J. General Shareholder Information

(i) Details for 20th AGM

Date and Time	Tuesday, the 26th July 2016 at 10.00 AM
Venue	New Woodlands Hotel P Ltd, 72-75, Dr Radhakrishnan Road, Mylapore, Chennai 600 004
Financial Year	2015-16
Book Closure Dates	Tuesday, the 19th July 2016 to Tuesday, the 26th July 2016 (Both days inclusive)
Dividend	Rs 1.20 per Equity Share (proposed)
Dividend payment date	1st August 2016
Cut-off Date for e-voting	Tuesday, the 19th July 2016

(ii) Financial Calendar for 2016-17 (tentative)

Results for the quarter ending	30th June 2016	26th July 2016
-do-	30th Sep 2016	04th November 2016
-do-	31st Dec 2016	3rd February 2017
Results for the year ending	31st Mar 2017	May 2017
Annual General Meeting	July 2017	

(iii) Listing

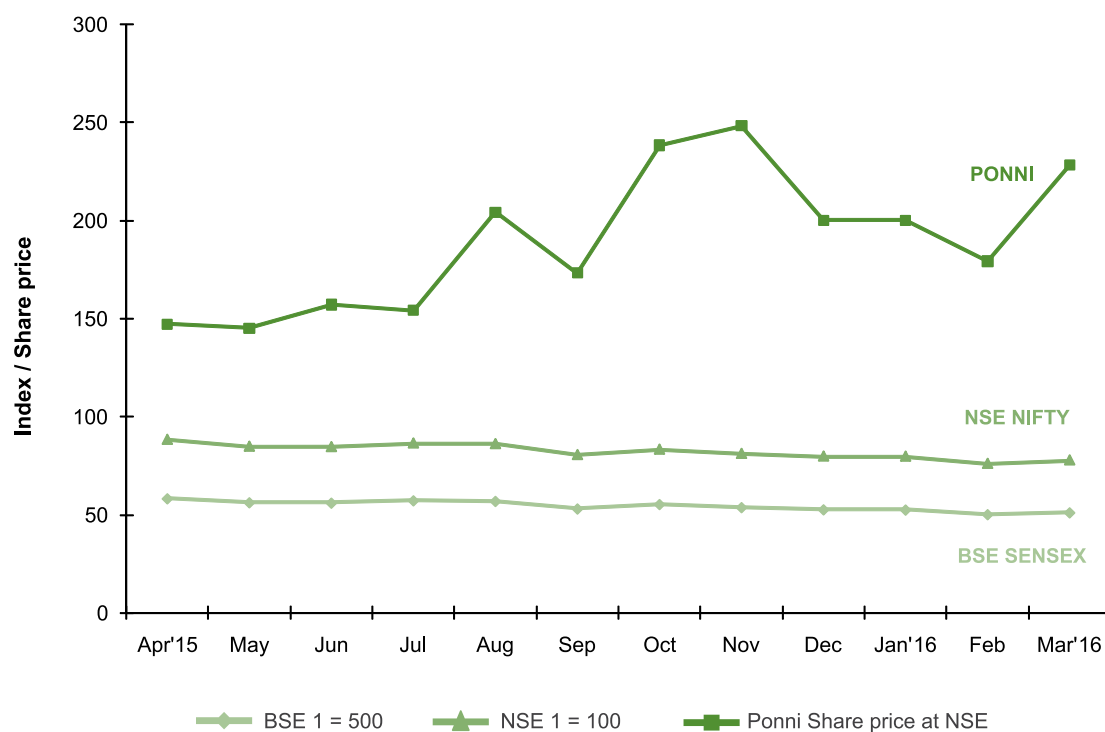
Name & Address	Listed from	Stock Code
BSE Limited Phiroze Jeejeebhoy Towers Dalal Street, Mumbai 400 001 Phone: 022-22721233/ 22721234 Fax: 022-2272 2082 Email: corp.relations@bseindia.com	April 2002	532460
National Stock Exchange of India Ltd Exchange Plaza, Bandra Kurla Complex Bandra East, Mumbai 400 051 Phone 022-26598235 / 8236 Fax 022-26598237 / 8238 Email: cm1ist@nse.co.in	April 2002	PONNIERODE

Listing fee has been paid to both the Stock Exchanges for the year 2016-17.

(iv) Market Price 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'15	153	125	29154	40.08	147	125	5986	8.20
May'15	150	125	1259	1.71	145	119	7890	10.56
June'15	149	127	2475	3.34	157	119	6014	8.10
July'15	149	113	5478	7.50	154	110	19084	25.76
Aug'15	220	131	22623	34.63	204	123	17524	30.02
Sept'15	171	133	3239	5.07	173	126	4552	6.78
Oct'15	249	170	4238	8.91	238	153	10536	21.64
Nov'15	250	175	14.51	2908.05	248	185	659336	1398.26
Dec'15	218	156	22102	41.15	200	170	24283	44.83
Jan'16	196	151	21195	37.97	200	144	340699	672.74
Feb'16	182	130	61595	92.32	179	130	99029	155.17
March'16	228	160	271694	561	228	163	608858	1248.38

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





(vi) Registrar and Share Transfer Agent

(for both Demat and Physical segments)

Cameo Corporate Services Ltd, "Subramanian Building", 5th Floor 1, Club House Road Chennai 600 002.	Phone: 044-28460390 (6 lines) Fax:044-28460129 Email:Investor@cameoindia.com Web: www.cameoindia.com
Contact person:	Ms C S Vetriselvi, Asst. Manager (Shares)

(vii) 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.

(viii) Share 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 Regulation 40 (9) of the Listing Regulations and files a copy of the said certificate with the Stock Exchanges.

There is no pending share transfer as of 31.03.2016.

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.

(ix) Distribution of shareholding

Slab	No. of Shareholders		No. of Equity Shares	
	Total	%	Total	%
1-100	7861	83.47	276650	3.22
101-500	1299	13.79	302133	3.51
501-1000	129	1.37	101491	1.18
1001-10000	100	1.06	330274	3.84
10001 - 100000	15	0.16	485596	5.65
100001 & above	14	0.15	7102274	82.60
Total	9418	100.00	8598418	100.00

(x) Categories of Shareholding

Shares held by	No. of shareholders	%	No. of shares	%
Promoters	6	0.06	3642537	42.36
FIs / UTI / Mutual Fund / Banks	6	0.06	4640	0.05
Corporates	141	1.50	1191672	13.86
FIIIs/ NRIs/ OCBs	170	1.81	1583427	18.42
Resident Individuals	9095	96.57	2176142	25.31
Total	9418	100.00	8598418	100.00

(xi) Shareholder Satisfaction Survey

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

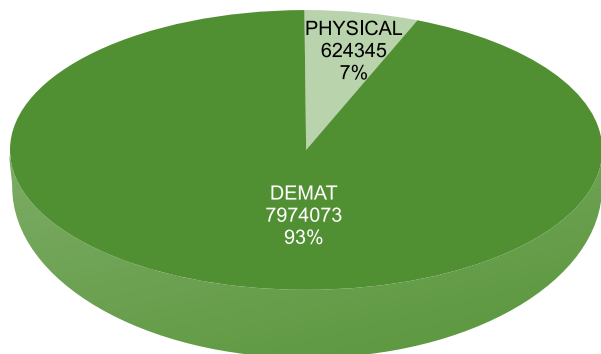
(xii) Dematerialization

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

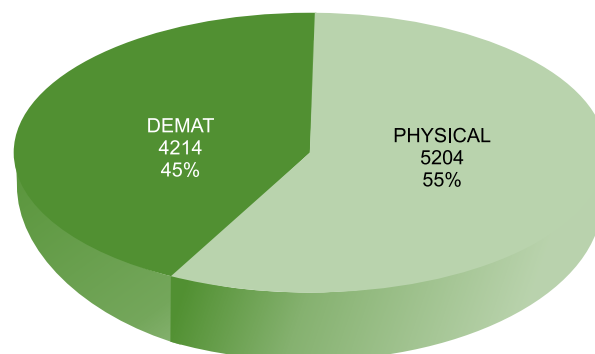
As per SEBI's directive, no investor shall be required to pay any charge for opening of a Beneficiary Owner account (BO) excepting for statutory charges and the custody charges will be paid by the issuers. Custody charges are annually paid as and when claim is received.

Shareholders are advised to convert their holdings from physical mode to demat mode considering overall merits of the depository system.

No. of Shares



No. of Shareholders



(xiii) 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. 27th 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.

(xiv) Plant

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

(xv) Investor Correspondence

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

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

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

ESVIN House, 13, Rajiv Gandhi Salai (OMR),
Perungudi, Chennai 600 096.

Phone: 044 - 39279300 Fax: 044- 24960156

Email: admin@ponnisugars.com

Website: www.ponnisugars.com

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

(xvi) Exclusive email ID for investor benefit

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

(xvii) 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.



(xviii) SARAL (AOF)

SEBI vide its Circular dt.4.3.2015 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.

(xix) Shareholder Complaints

No Complaint has been received by the company from shareholders during the last five years.

(xx) Service Standards

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

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

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

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

Email : investor@ponnisugars.com
Tel.No. : 044-39279300

(xxi) 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 and (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 Part F of Schedule V to the Listing Regulations are as under:

Sl. No.	Particulars	No of Share holders	No of Shares
1	Aggregate number of shareholders and the outstanding shares lying in the Unclaimed Suspense Account at the beginning of the year	485	27949
2	Number of shareholders who approached the issuer for transfer of shares from the Unclaimed Suspense Account during the year	7	240
3	Number of shareholders to whom shares were transferred from the Unclaimed Suspense Account during the year	7	240
4	Aggregate number of shareholders and the outstanding shares lying in the Unclaimed Suspense Account at the end of the year	478	27709

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

(xxii) Dividend for 2015-16

(a) Dividend entitlement

Dividend, if declared at the Annual General Meeting, will be paid by 1st August 2016 to the members whose names appear on the Register of Members on 26th July 2016 or to their mandates. In respect of shares held in electronic form, dividend will be paid to the beneficial owners of shares recorded with the depositories as on that date as per details to be furnished by NSDL / CDSL for the purpose.

(b) Electronic payment

SEBI by its Circular dated 21.03.2013 has modified the framework for payment by listed companies to investors having regard to the advancements in the field of electronic payment systems during the last decade. Accordingly listed companies are mandated to use RBI approved e-mode of payment like NECS or NEFT for making cash payments to investors.

Members are therefore advised to update their Bank details with their Depositories (in case of demat holding) or with our RTA (for physical holding) including details of MICR and IFSC.

(c) Physical payment

In the absence of adequate Bank details facilitating electronic payment, listed companies are allowed to use physical payment instruments for making cash payment to investors. The company however shall mandatorily print the Bank details of investors on such payment instruments. Members are advised to furnish their Bank account details (type of account and account number).

Dividend warrants for physical payment would be issued by the company, payable at par at the designated branches of the Bank printed on the reverse of Dividend Warrant. Initial validity would be 3 months and payment instruments thereafter would be payable only at limited centres. Members are hence advised to encash within the initial validity period.

(d) Tax on dividend

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

(xxiii) 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 31.03.2008 were transferred on 25.08.2015 pertaining to 4010 investors and aggregating Rs.121425.

The Unpaid / Unclaimed amount for the Financial Year ended 31.03.2009 will be transferred during August 2016. 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	
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	3947	1.38	27.08.2021

No dividend declared for the year 2014-15.

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

(xxiv) 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.

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

Chennai
27th May 2016

N Ramanathan
Managing Director

Appendix-1

DECLARATION

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

I, N Ramanathan, Managing Director of Ponni Sugars (Erode) Limited, hereby declare and confirm that all the members of the Board of Directors and the senior management personnel of the Company have affirmed compliance with the code of conduct of Board of Directors and senior management for the financial year 2015-16.

Chennai
27th May 2016

N Ramanathan

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 2016 as stipulated in Para E of Schedule V of the Listing Regulations of the said company with the Stock Exchange(s).

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

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

As required by the Guidance note issued by the Institute of Chartered Accountants of India, we have to state that as per the records maintained and certified by the Company/ Registrars and Transfer Agent of the company, there was no investor grievances remaining unattended / pending for more than 30 days as at 31st March 2016.

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

Place : Chennai
 Date : 27th May 2016

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

N Krishnamurthy
 Partner
 Membership No.19339



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.

Form No.MGT-9

EXTRACT OF ANNUAL RETURN

as on the financial year ended on 31st March 2016

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

I. REGISTRATION AND OTHER DETAILS:

i	CIN	L15422TN1996PLC037200
ii	Registration Date	26.12.1996
iii	Name of the Company	Ponni Sugars (Erode) Limited
iv	Category / Sub-Category of the Company	Public Limited Company - Limited by Shares
v	Address of the Registered office and contact details	“ESVIN HOUSE” 13, Rajiv Gandhi Salai (OMR), Perungudi, Chennai 600 096 Ph: 044 39279300 Fax: 044 24960156 Email: 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: 044 28460390 Fax: 044 28460129 Email: investor@cameoindia.com Web: www.cameoindia.com

II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

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

Sl. No.	Name and Description of main products/ services	NIC Code of the Product/ service	% to total turnover of the company
1	Manufacture and Sale of Sugar	10721	76

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES

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

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

Category of Shareholders	No. of shares held at the beginning of the year - 01.4.2015				No. of shares held at the end of the year - 31.3.2016				% change the during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
A. Promoters									
(1) Indian									
(a) Individual/HUF	2823	0	2823	0.03	2823	0	2823	0.03	0.00
(b) Central Govt	-	-	-	-	-	-	-	-	-
(c) State Govt(s)	-	-	-	-	-	-	-	-	-
(d) Bodies Corporate	3120646	17802	3138448	36.50	3139248	0	3139248	36.51	0.01
(e) Banks / FI	-	-	-	-	-	-	-	-	-
(f) Any other	-	-	-	-	-	-	-	-	-
Sub-Total (A)(1)	3123469	17802	3141271	36.53	3142071	0	3142071	36.54	0.01
(2) Foreign									
(a) NRIs - Individuals	925466	-	925466	10.76	500466	-	500466	5.82	-4.94
(b) Other - Individuals	-	-	-	-	-	-	-	-	-
(c) Bodies Corporate	-	-	-	-	-	-	-	-	-
(d) Banks / FI	-	-	-	-	-	-	-	-	-
(e) Any other	-	-	-	-	-	-	-	-	-
Sub-Total (A)(2)	925466	0	925466	10.76	500466	-	500466	5.82	-4.94
Total shareholding of Promoter (A) = (A)(1) + (A)(2)	4048935	17802	4066737	47.30	3642537	0	3642537	42.36	-4.93
B. Public Shareholding									
(1) Institutions									
(a) Mutual Funds / UTI	7480	240	7720	0.09	4400	240	4640	0.05	-0.04
(b) Banks / FI	-	-	-	-	-	-	-	-	-
(c) Central Govt	-	-	-	-	-	-	-	-	-
(d) State Govt(s)	-	-	-	-	-	-	-	-	-
(e) Venture Capital Funds	-	-	-	-	-	-	-	-	-
(f) Insurance Companies	-	-	-	-	-	-	-	-	-
(g) FIs	652364	0	652364	7.59	1251608	0	1251608	14.56	6.97
(h) Foreign Venture Capital Funds	-	-	-	-	-	-	-	-	-
(i) Any other	-	-	-	-	-	-	-	-	-
Sub- Total (B)(1)	659844	240	660084	7.68	1256008	240	1256248	14.61	6.93

Category of Shareholders	No. of shares held at the beginning of the year - 01.4.2015				No. of shares held at the end of the year - 31.3.2016				% change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
(2) Non- Institutions									
(a) Bodies Corporate - Indian	1896719	7288	1904007	22.14	1156835	7128	1163963	13.54	-8.61
(b) Individuals									
i Individual shareholders holding nominal share capital up to Rs. 1 lakh	539909	303162	843071	9.80	549614	297378	846992	9.85	0.05
ii Individual shareholders holding nominal share capital in excess of Rs. 1 lakh	421359	48000	469359	5.46	267948	48000	315948	3.67	-1.78
(c) Others (specify)									
Directors and Relatives	3001	1124	4125	0.05	3001	1124	4125	0.05	0.00
NRIs / OCBs	12848	270995	283843	3.30	61344	270475	331819	3.86	0.56
HUF / Clearing Members	28661	0	28661	0.33	36142	0	36142	0.42	0.09
Unclaimed Shares	27949	0	27949	0.33	27709	0	27709	0.32	0.00
FPI	310582	0	310582	3.61	972935	0	972935	11.32	7.70
Sub- Total (B)(2)	3241028	630569	3871597	45.03	3075528	624105	3699633	43.03	-2.00
Total Public Shareholding (B) = (B)(1) + (B)(2)	3900872	630809	4531681	52.70	4331536	624345	4955881	57.64	4.93
(C) Shares held by Custodian for GDRs and ADRs	-	-	-	-	-	-	-	-	-
GRAND TOTAL (A) + (B) + (C)	7949807	648611	8598418	100.00	7974073	624345	8598418	100.00	0.00

(ii) Shareholding of promoters

Sl. No.	Shareholder's Name	Shareholding at the beginning of the year			Shareholding at the end of the year			% change in shareholding during 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	
1	Seshasayee Paper and Boards Limited	2080260	24.19	-	2360260	27.45	-	3.26
2	Time Square Investments (P) Ltd	773004	8.99	-	773804	9.00	-	0.01
3	Chhotubhai Keshavbhai Pithawalla	925466	10.76	4.94	0	0.00	-	-10.76
4	Bharti Chhotubhai Pithawalla	0	0.00	0	500466	5.82	-	5.82
5	High Energy Batteries (India) Limited	280382	3.26	-	382	0.00	-	-3.26
6	Esvi International (Eng & Exp) Ltd	4802	0.06	-	4802	0.06	-	0.00
7	N Gopalaratnam	2823	0.03	-	2823	0.03	-	0.00
	Total	4066737	47.30	4.94	3642537	42.36	-	-4.93



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	Seshasayee Paper and Boards Ltd				
	At the beginning of the year 01-April-2015	2080260	24.19		
	Purchase 11-Mar-2016	280000	3.26	2360260	27.45
	At the end of the Year 31-Mar-2016			2360260	27.45
2	Time Square Investments (P) Ltd				
	At the beginning of the year 01-April-2015	773004	8.99		
	Purchase 30-Sep-2015	800	0.01	773804	9.00
	At the end of the Year 31-Mar-2016			773804	9.00
3	Chhotubhai Keshavbhai Pithawalla				
	At the beginning of the year 01-April-2015	925466	10.76		
	Sale 10-Jul-2015	-500466	-5.82	425000	4.94
	Sale 13-Nov-2015 (invocation of Pledge)	-425000	-4.94	0	0.00
	At the end of the Year 31-Mar-2016			0	0.00
4	High Energy Batteries (India) Limited				
	At the beginning of the year 01-April-2015	280382	3.26		
	Sale 11-Mar-2016	-280000	-3.26	382	0.00
	At the end of the Year 31-Mar-2016			382	0.00
5	Bharati Chhotubhai Pithawalla				
	At the beginning of the year 01-April-2015	0	0.00		
	Purchase 10-Jul-2015	500466	5.82	500466	5.82
	Sale 25-Mar-2016	-500466	-5.82	0	0.00
	Purchase 31-Mar-2016	500466	5.82	500466	5.82
	At the end of the Year 31-Mar-2016			500466	5.82

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	Atyant Capital India Fund I				
	At the beginning of the year 01-Apr-2015	36378	0.42		
	Purchase 13-Nov-2015	299352	3.48	335730	3.90
	Purchase 20-Nov-2015	423506	4.93	759236	8.83
	Sale 29-Jan-2016	-95711	-1.11	663525	7.72
	Purchase 11-Mar-2016	150000	1.74	813525	9.46
	At the end of the Year 31-Mar-2016			813525	9.46
2	Coromandel Sugars Limited				
	At the beginning of the year 01-Apr-2015	810507	9.43		
	At the end of the Year 31-Mar-2016			810507	9.43
3	GHI LTP Ltd				
	At the beginning of the year 01-Apr-2015	139450	1.62		
	Purchase 13-Nov-2015	400000	4.65	539450	6.27
	At the end of the Year 31-Mar-2016			539450	6.27
4	Vanderbilt University A/C Vanderbilt University - Atyant Capital Management Ltd				
	At the beginning of the year 01-Apr-2015	0	0.00		
	Purchase 29-Jan-2016	300000	3.49	300000	3.49
	At the end of the Year 31-Mar-2016			300000	3.49
5	GHI JBD Ltd				
	At the beginning of the year 01-Apr-2015	57599	0.67		
	Purchase 13-Nov-2015	200000	2.33	257599	3.00
	Purchase 20-Nov-2015	140000	1.63	397599	4.62
	Sale 29-Jan-2016	-200000	-2.33	197599	2.30
	At the end of the Year 31-Mar-2016			197599	2.30
6	Ruchit Bharat Patel Jt With Hardik B Patel				
	At the beginning of the year 01-Apr-2015	372	0.00		
	Sale 21-Aug-2015	-372	0.00	0	0.00
	Purchase 31-Mar-2016	189954	2.21	189954	2.21
	At the end of the Year 31-Mar-2016			189954	2.21



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
7	GHI HSP Ltd				
	At the beginning of the year 01-Apr-2015	39410	0.46		
	Purchase 13-Nov-2015	120000	1.40	159410	1.85
	At the end of the Year 31-Mar-2016			159410	1.85
8	Primeasia Investment Pte Ltd				
	At the beginning of the year 01-Apr-2015	125000	1.45		
	At the end of the Year 31-Mar-2016			125000	1.45
9	Tonecliff Ltd				
	At the beginning of the year 01-Apr-2015	117740	1.37		
	At the end of the Year 31-Mar-2016			117740	1.37
10	GHI ERP Ltd				
	At the beginning of the year 01-Apr-2015	30315	0.35		
	Purchase 13-Nov-2015	80000	0.93	110315	1.28
	At the end of the Year 31-Mar-2016			110315	1.28

(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	Bharati Chhotubhai Pithawalla				
	At the beginning of the year 01-April-2015	0	0.00		
	Purchase 10-Jul-2015	500466	5.82	500466	5.82
	Sale 25-Mar-2016	-500466	-5.82	0	0.00
	Purchase 31-Mar-2016	500466	5.82	500466	5.82
	At the end of the Year 31-Mar-2016			500466	5.82
3	N Ramanathan	3001	0.03	3001	0.03
4	Ramakrishnan L M	536	0.01	536	0.01
5	Arun G Bijur	100	0.00	100	0.00
6	Kolandavelu Yokanathan	10	0.00	10	0.00

There is no change in Shareholding during the year in the case of any other 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	7791	--	--	7791
ii) Interest due but not paid	--	--	--	--
iii) Interest accrued but not due	16	--	--	16
Total (i+ii+iii)	7807	--	--	7807
Change in Indebtedness during the financial year				
- Addition	1153	--	--	1153
- Reduction	1281	--	--	1281
Net Change	(128)	--	--	(128)
Indebtedness at the end of the financial year				
i) Principal Amount	7663	--	--	7663
ii) Interest due but not paid	--	--	--	--
iii) Interest accrued but not due	11	--	--	11
Total (i+ii+iii)	7674	--	--	7674

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	5317250	5317250
	b) Value of perquisites u/s 17(2) of the Income-tax Act, 1961	29818	29818
	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	768283	768283
	Total(A)	7915351	7915351
	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	Mr K Bharathan
1	Independent Directors - Fee for attending board / committee meetings - Commission - Others, please specify	100000 -- --	100000 -- --	110000 -- --	50000 -- --	50000 -- --
	Total (1)	100000	100000	110000	50000	50000
		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	110000 -- --	80000 -- --	80000 -- --	50000 -- --	320000 -- --
	Total (2)	110000	80000	80000	50000	320000
	Total B = (1+2)					730000
	Total Managerial Remuneration (A+B)					8645351
	Overall Ceiling as per the Act					*

* Minimum Remuneration for Managing Director

Only Sitting Fee for other directors

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

(in ₹)

Sl. No.	Particulars of Remuneration	Key Managerial Personnel
		CFO
1	Gross salary	
	a) Salary as per provisions contained in Section 17(1) of the Income-tax Act, 1961	2062530
	b) Value of perquisites u/s 17(2) of the Income-tax Act, 1961	171652
	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	2234182

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
27th May 2016**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 25.03.2015 and 29.05.2015 respectively. Approval of shareholders was obtained at the 19th AGM through special resolution for same.
 - f) Amount paid as advances, if any. NIL

For Board of Directors

Chennai
27th May 2016

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:

- Evaporator vapour bleeding arrangement modification
- Timer provision for ESP insulator heaters and Hopper heaters
- Pipeline modification in CPU eliminating one stage pumping of water
- Gravity arrangement for transfer of juice from FFE to next body evaporator instead of pumping arrangement

Proposals under consideration:

- Provision of VFD for all molasses pumps of run off tanks
- Raw Juice heating byplate type heat exchangers using condensate

Impact of the above measures

- Reduction of energy consumption and consequent impact on the cost of production of goods:

Power - 1000 Units per Day

Steam - 50 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:

5-S concept was introduced in all areas of operation involving all employees of the organization.

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

In all areas, Kaizen was developed. Housekeeping was improved, waste eliminated and host of intangible benefits realized throughout the organization.

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)	
	2015-16	2014-15
Earnings	1041	-
Outgo	-	1

For Board of Directors

Chennai
27th May 2016

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 or 2015-16, 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

Having regard to 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 2015-16 spent Rs.24.96 lakhs on CSR as under:

SI No	CSR Activity	₹ lacs
1	Supporting irrigation infrastructure in rural area	16.67
2	Strengthening rural infrastructure/ improving road connectivity	0.23
3	Primary education for the children of rural area	0.67
4	Improvement of Soil fertility in rural area	7.39
	Total	24.96

For Board of Directors

Chennai
27th May 2016

N Gopala Ratnam
Chairman

Annexure - 7 to Board's Report

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)	24:1 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	6% 3%
3	The percentage increase in the median remuneration of employees in the financial year		5%
4	The number of permanent employees on the rolls of company		291
5	The explanation on the relationship between average increase in remuneration and company performance	Salary increase Company performance (Profit Before Tax)	6% 2.62 Cr Note-2
6	Comparison of the remuneration of the Key Managerial Personnel against the performance of the company	KMP increase Company performance (Profit Before Tax)	6% 2.62 Cr Note-2
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>31/3/16</u> <u>31/3/15</u> 182 112 96 Negative 2021% 1197%* Note-3
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	38 38
9	Comparison of the each remuneration of the Key Managerial Personnel against the performance of the company	MD CFO	6% 3%



Sl No.	Description	
10	The key parameters for any variable component of remuneration availed by the directors	<p>MD</p> <p>i) Incentive at 50% to 100% of annual salary as decided by Board on the recommendation of Nomination-cum-Remuneration Committee.</p> <p>ii) In the event of loss or inadequacy of profits in any financial year, incentive is restricted to 50% of annual salary.</p> <p>iii) <u>Non executive directors</u> Commission is restricted to one percent of the net profit – No commission in years of no profit.</p>
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:

- All other directors were paid only sitting fee for attending the meetings of the Board and Committees thereof.
- The company has suffered operating losses during the year and earned marginal profit after tax mainly 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.
- 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 Rs.10 in 2001 and got it listed.

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	₹ 79 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	61 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.

For Board of Directors

Chennai
27th May 2016

N Gopala Ratnam
Chairman



Form No. MR-3
SECRETARIAL AUDIT REPORT

For the Financial Year 2015-16

[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 2016, 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 2016 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;

(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; (Upto 14th May 2015)
- (c) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015; (w.e.f. 15th May 2015)
- (d) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009; (NOT APPLICABLE)
- (e) The Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999; (NOT APPLICABLE)
- (f) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008; (NOT APPLICABLE)
- (g) 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;
- (h) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009; (NOT APPLICABLE)
- (i) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998; (NOT APPLICABLE)

Other Laws specifically applicable to this Company is as follows:

- (vi) Sugarcane (Control) Order, 1966
- (vii) Sugar Cess Act, 1982
- (viii) Sugar Development Fund Act, 1982
- (ix) Sugar (Packing and Marking) Order, 1970

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

- (i) Secretarial Standards issued by The Institute of Company Secretaries of India.
- (ii) The Listing Agreements entered into by the Company with National Stock Exchange and Bombay Stock Exchange (till 30th November 2015).
- (iii) Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (W.e.f. 1st December 2015)

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

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 : 14.05.2016

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 the Standalone Financial Statements

We have audited the accompanying Standalone Financial Statements of PONNI SUGARS (ERODE) LIMITED ('the Company'), which comprise the Balance Sheet as at 31st March 2016, the Statement of Profit and Loss and the Cash Flow Statement for the year then ended, and a summary of Significant Accounting Policies and other explanatory information.

Management's Responsibility for the Standalone Financial Statements

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

Auditors' Responsibility

Our responsibility is to express an opinion on these Standalone Financial Statements based on our audit. We have taken into account the provisions of the Act, the Accounting and Auditing Standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.

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 judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the 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 Standalone Financial Statements.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid Standalone Financial Statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at 31 March 2016 and its profit and its cash flows for the year ended on that date.

Report on Other Legal and Regulatory Requirements

- 1 As required by Section 143 (3) of the Act, we report that:
 - (a) we have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
 - (b) in our opinion proper books of account as required by law have been kept by the Company

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

- (c) the Balance Sheet, the Statement of Profit and Loss and the Cash Flow Statement dealt with by this Report are in agreement with the books of account;
- (d) in our opinion, the aforesaid Standalone Financial Statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014;
- (e) on the basis of the written representations received from the Directors as on 31st March 2016 and taken on record by the Board of Directors, none of the Directors is disqualified as on 31st March 2016 from being appointed as a Director in terms of Section 164(2) of the Act; and
- (f) with respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure A".

(g) with respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:

- i) the Company has disclosed the impact of pending litigations on its financial position in its financial statements - Refer Note No.30 and 35 to the financial statements;
- (ii) the Company did not have any long-term contracts, including derivative contracts, that requires a provision for material foreseeable losses in these financial statements ; and
- (iii) there has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company.

2 As required by the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Central Government of India in terms of Sub-section (11) of Section 143 of the Act, we give in the Annexure "B" a statement on the matters specified in the Paragraphs 3 and 4 of the Order, to the extent applicable

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

N R Suresh
 Partner
 Membership No.21661

Place : Chennai
 Date : 27th May 2016

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

N Krishnamurthy
 Partner
 Membership No.19339



ANNEXURE “A” to The Independent Auditors’ Report of even date on the Standalone Financial Statements of Ponni Sugars (Erode) Limited

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

We have audited the internal financial controls over financial reporting of Ponni Sugars (Erode) Limited (“the Company”) as of March 31, 2016 in conjunction with our audit of the Standalone Financial Statements of the Company for the year ended on that date.

Management’s Responsibility for Internal Financial Controls

The Company’s Management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India (ICAI). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to Company’s policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

Auditors’ Responsibility

Our responsibility is to express an opinion on the Company’s internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the “Guidance Note”) and the Standards on Auditing, issued by ICAI and deemed to be prescribed under Section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of Internal Financial Controls, both applicable to an audit of Internal Financial Controls and, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the Auditor’s judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company’s internal financial controls system over financial reporting.

Meaning of Internal Financial Controls Over Financial Reporting

A company’s internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company’s internal financial control over financial reporting includes those policies and procedures that:

- (i) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company;
- (ii) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and Directors of the company; and
- (iii) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use,

or disposition of the company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls Over Financial Reporting

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the

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

N R Suresh
Partner
Membership No.21661

Place : Chennai
Date : 27th May 2016

degree of compliance with the policies or procedures may deteriorate.

Opinion

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2016, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

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

N Krishnamurthy
Partner
Membership No.19339

Annexure "B" to the Independent Auditors' Report of even date on the Standalone Financial Statements of Ponni Sugars (Erode) Limited.

The Annexure referred to in Paragraph 1 under the heading "Report on Other Legal and Regulatory Requirements" of our Report of even date:

- (i) (a) The Company is maintaining proper records showing full particulars, including quantitative details and situation of fixed assets;
- (b) These fixed assets have been physically verified by the Management at reasonable intervals and no material discrepancies were noticed on such verification.
- (c) The title deeds of immovable properties are held in the name of the Company.
- (ii) The Management has conducted physical verification of inventory at reasonable intervals and no material discrepancies were noticed.
- (iii) The Company has not granted any loans to any party covered in the register maintained under section 189 of the Companies Act, 2013.
- (iv) The Company has complied with the provisions of Sections 185 and 186 of the Companies Act, 2013, in respect of, investments, made by the Company. The company has not provided any loans or guarantee or security to any company covered under Section 185.

- (v) The Company has not accepted any deposits from the public.
- (vi) The Central Government has prescribed maintenance of Cost Records under Sub-section (1) of Section 148 of the Companies Act, 2013 and such accounts and records have been made and maintained.
- (vii) According to the information and explanations given to us in respect of Statutory dues:
 - (a) The Company is regular in depositing undisputed statutory dues, including Provident Fund, Income Tax, Sales Tax, Service Tax, Duty of Customs, Duty of Excise, Value Added Tax, Cess and any other Statutory Dues to the appropriate authorities and there were no undisputed amounts payable which were in arrears as at 31st March 2016 for a period of more than six months from the date they became payable.
 - (b) Details of dues of Income Tax or Sales Tax or Service Tax or Duty of Customs or Duty of Excise or Value Added Tax which have not been deposited as on 31st March 2016 on account of disputes are given below:



Ponni Sugars (Erode) Limited

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	33.54	Supreme Court	Financial Years 2011-12 to 2014-15
Income Tax Act, 1961	Income Tax	1340.51	CIT Appeals / High Court	Assessment Years 2001-02 to 2011-12

- (viii) The Company has not defaulted in repayment of loans or borrowing to a financial institution, bank, Government or dues to debenture holders.
- (ix) The Company has not raised any moneys by way of initial public offer or further public offer (including debt instruments) during the year.
- (x) The Company has not noticed any fraud by the Company or any fraud on the Company by its Officers or employees or reported during the year.
- (xi) The managerial remuneration has been paid or provided in accordance with the requisite approvals mandated by the provisions of Section 197, read with Schedule V to the Companies Act.
- (xii) The Company is not a Nidhi Company and hence complying with the provisions of the Nidhi Rules, 2014 does not arise.

- (xiii) All transactions with the related parties are in compliance with Sections 177 and 188 of Companies Act, 2013, where applicable and the details have been disclosed in the Financial Statements, etc., as required by the applicable Accounting Standards.
- (xiv) The Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year under review.
- (xv) The Company has not entered into any non-cash transactions with Directors or persons connected with him.
- (xvi) The Company is not required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934.

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

N R Suresh
Partner
Membership No.21661

Place : Chennai
Date : 27th May 2016

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

N Krishnamurthy
Partner
Membership No.19339

BALANCE SHEET AS AT 31ST MARCH 2016

	Note No.	As at 31.03.2016 (₹ in Lakhs)	As at 31.03.2015 (₹ in Lakhs)
I. EQUITY AND LIABILITIES			
1. Shareholders' Funds			
(a) Share Capital	2	860	860
(b) Reserves and Surplus	3	11299	12011
2. Non-current Liabilities			
a) Long-term Borrowings	4	4112	4238
(b) Deferred Tax Liabilities (Net)	5	201	129
3. Current Liabilities			
(a) Short-term Borrowings	6	2557	3438
(b) Trade Payables	7	2900	3175
(c) Other Current Liabilities	8	1620	749
(d) Short-term provisions	9	1312	1159
TOTAL		24861	24899
II. ASSETS			
1. Non-Current Assets			
(a) Fixed Assets			
(i) Tangible Assets	10	12261	12773
(ii) Intangible Assets	10	--	--
(iii) Capital Work-in-Progress		13	16
		12274	12789
(b) Non-current Investments	11	2079	2079
(c) Long-term Loans and Advances	12	304	281
2. Current Assets			
(a) Inventories	13	6046	7250
(b) Trade Receivables	14	2822	1504
(c) Cash and Bank Balances	15	85	45
(d) Short-term Loans and Advances	16	292	260
(e) Other Current Assets	17	959	691
TOTAL		24861	24899

Notes on Financial Statements

1 to 43

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
27th May 2016

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

N Krishnamurthy
Partner
Membership No.19339

For and on behalf of the Board

N Gopala Ratnam
Chairman

N Ramanathan
Secretary

N Ramanathan
Managing Director

K Yoganathan
Chief Financial Officer



STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31ST MARCH 2016

Particulars	Note No.	Year Ended 31.03.2016 (₹ in Lakhs)		Year Ended 31.03.2015 (₹ in Lakhs)	
I Revenue from Operations					
Sale of Products (Gross)	19	17527		16426	
Less: Excise Duty		674		553	
Net Sale of Products		16853		15873	
Other Operating Revenues	20	74	16927	89	15962
II Other Income	21		154		191
III Total Revenue			17081		16153
IV Expenses:					
Cost of Materials Consumed	22	11322		11971	
Changes in Inventories	23	1168		(53)	
Power & Fuel		1704		2047	
Employee Benefits Expense	24	1352		1327	
Repairs & Maintenance	25	479		666	
Other Expenses	26	730	16755	553	16511
Total			16755		16511
V Profit / (Loss) before Finance costs, Depreciation and Amortization			326		(358)
Finance Costs	27	590		512	
Depreciation and Amortization Expense		564	1154	566	1078
VI Profit / (Loss) before Exceptional items			(828)		(1436)
VII Exceptional Items	28		1090		893
VIII Profit / (Loss) Before Tax			262		(543)
IX Tax Expenses					
- Current Tax	29	--		--	
- Deferred Tax		72	72	(178)	(178)
X Profit / (Loss) After Tax			190		(365)
XI Earnings Per Equity Share					
Basic and Diluted Earnings Per Share (₹):	39		2.21		(4.24)
(Nominal value ₹ 10 per share)					
Notes on Financial Statements	1 to 43				

Per our Report of even date annexed

For Maharaj N R Suresh And Co
FRN No. 001931S
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Chennai
27th May 2016

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For and on behalf of the Board

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Secretary

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Managing Director

K Yokanathan
Chief Financial Officer

CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH 2016

(₹ In Lakhs)

	Year Ended 31.03.2016		Year Ended 31.03.2015	
A Cash flow from Operating Activities:				
Profit before tax		262		(543)
Adjustments for:				
Depreciation	564		699	
Interest	535		508	
Dividend	(71)		(71)	
(Profit) / Loss on sale of assets	(7)		11	
Assets discarded	2		8	
		1023		1155
Operating Profit before working capital changes		1285		612
Adjustments for:				
Trade and Other Receivables	(1598)		(323)	
Inventories	1204		(36)	
Trade and other payables	(265)	(659)	801	442
Cash generated from operations		626		1054
Direct Tax paid net of refund		(25)		--
Net cash from operating activities (A)		601		1054
B. Cash flow from Investing Activities:				
Purchase / Acquisition of fixed assets		(61)		(112)
Value of discarded assets		(2)		(8)
Sale of Fixed Assets		19		19
Dividend Received		71		71
Net cash used in investing activities (B)		27		(30)
C. Cash flow from Financing Activities:				
Term Loan Received		1153		--
Capital Subsidy		82		--
Term Loan repaid		(400)		(716)
Working Capital Loan		(881)		224
Interest Paid		(595)		(509)
Interest received		55		4
Dividend plus Tax paid		--		(60)
Net cash used in financing activities (C)		(586)		(1057)
Net increase in cash and cash equivalents (A+B+C)		42		(33)
Cash and cash equivalents at the beginning		15		48
Cash and cash equivalents at the end		57		15

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
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N R Suresh
Partner
Membership No.21661
Chennai
27th May 2016

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For and on behalf of the Board

N Gopala Ratnam
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Secretary

N Ramanathan
Managing Director

K Yokanathan
Chief Financial Officer



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 on accrual basis in accordance with generally accepted accounting principles and applicable accounting standards. Accounting policies have been consistently applied except where a newly issued accounting standard is initially adopted or a revision to an existing accounting standard requires a change in the accounting policy hitherto in use.

Transactions and balances with values below the rounding off norm adopted by the company have been reflected as "--" in these financial statements.

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. Changes in estimate are reflected in the financial statements in the period in which changes are made and their effects, if material, are disclosed.

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.

Renewable Energy Certificates are recognized upon sale considering the insignificant identifiable cost thereof.

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 / amortization. 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.

Capital Work in Progress comprises of the cost of fixed assets that are not yet ready for their intended use on the reporting date.

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 capital subsidy being in the nature of promoters' contribution are credited to capital reserve.

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

Trade investments are those made to enhance the company's business interests. Classification of investments as current or long-term is based on the management's intention at the time investment is made.

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:

	31.03.2016		31.03.2015	
	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	31.03.2016		31.03.2015	
	No. of Shares	% holding	No. of Shares	% holding
Seshasayee Paper and Boards Ltd.	2360260	27.45	2080260	24.19
Atyant Capital India Fund I	813525	9.46	36378	0.42
Coromandel Sugars Ltd.	810507	9.43	810507	9.43
Time Square Investments Private Ltd	773804	9.00	773004	8.99
GHI LTP Ltd	539450	6.27	139450	1.62
Bharti Chhotubhai Pithawalla	500466	5.82	--	--

(d) Rights preferences and restrictions

The Company has one class of shares ie. Equity shares having par value of ₹ 10 and ranking pari passu in all respects including voting rights and dividend.

(3) Reserves and Surplus:

(₹ in Lakhs)

	31.03.2016		31.03.2015	
Capital Reserve				
Opening Balance	472		472	
Add: Capital subsidy for promotion of 19 MW Cogeneration project	82	554	--	472
Securities Premium Account		160		160
General Reserve		8500		8500
Surplus in Statement of Profit and Loss				
Opening Balance	2019		2384	
Add: Profit for the year	190		(365)	
	2209		2019	
Less: Allocations and Appropriations:				
Dividend:				
- Proposed Dividend ₹ 1.20 (₹ Nil) per share	103		--	
- Tax on Dividend	21		--	
	124		--	
Closing Balance		2085		2019
Total		11299		11151



(4) Long-term Borrowings:

(₹ in Lakhs)

	31.03.2016	31.03.2015
Term Loan From Banks - Secured		
Canara Bank	1713	2284
(Including current maturities thereof (Note 8) are secured by (i) first charge on immovables; and (ii) second charge on movables ranking pari passu with Loans under SEFASU and GOI - Soft Loan Scheme. The Loan carries interest at base rate plus 1% and is repayable in 28 quarterly instalments from April 2013. Instalments due till 30th September 2016 have been prepaid).		
Loan under GOI SEFASU 2014		
- Bank of India	1264	1954
(The Loan under the "Scheme for Extending Financial Assistance to Sugar Undertakings, 2014" (SEFASU) Including current maturities (Note 8) is 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 term loan and GOI - Soft loan. The Loan carries interest at 12%, is eligible for interest subvention upto 12% and is repayable in 36 monthly instalments from February 2016).		
Loan under GOI Soft Loan Scheme 2015		
(The Loan including current maturities thereof (Note 8) is 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 term loan and Loan under SEFASU). Joint documentation / charge creation for this loan is in progress. The Loan is eligible for interest subvention upto 10% for one year.		
- Bank of India	367	--
[Interest at 12% - Repayable in 48 monthly instalments from October 2016]		
- Canara Bank	384	--
[Interest at base rate plus 1.10% - Repayable in 24 monthly instalments from October 2018]		
- IDBI Bank Ltd	384	--
[Interest at base rate plus 1% - Repayable in 24 monthly instalments from October 2018]		
Total	4112	4238

(5) Deferred Tax Liabilities (Net):

	31.03.2016	31.03.2015
Deferred Tax Liability on account of:		
- Depreciation	2098	2352
	2098	2352
Deferred Tax Assets on account of: (Note 33)		
- Unabsorbed depreciation and loss	1808	1989
- Other timing differences	89	234
	1897	2223
Deferred Tax Liabilities (Net)	201	129

(6) Short-term Borrowings:

(₹ in Lakhs)

	31.03.2016	31.03.2015
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 and GOI - Soft loan scheme)	2557	3438
Total	2557	3438

(7) Trade Payables:

	31.03.2016	31.03.2015
Micro and Small enterprises	--	2
Goods	2640	2917
Services	260	256
Total	2900	3175

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:

	31.03.2016	31.03.2015
Current maturities of long term borrowings (Note 4)	994	115
Interest accrued but not due on borrowings	11	16
Advance from customers	411	466
Payable for capital expenditure	8	6
Unpaid dividends*	28	30
Statutory liabilities	164	112
Others	4	4
Total	1620	749

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

(9) Short-term Provisions:

	31.03.2016	31.03.2015
Employee benefits	104	104
Excise duty on finished goods stock	329	274
Electricity consumption tax	36	78
Income tax (net of advance tax)	719	703
Proposed dividend	103	--
Tax on dividend	21	--
Total	1312	1159



Ponni Sugars (Erode) Limited

(10) Fixed Assets:

(₹ in Lakhs)

Description	GROSS BLOCK				DEPRECIATION / AMORTISATION				NET BLOCK	
	As at 01.04.2015	Additions	Deductions	As at 31.03.2016	Upto 31.03.2015	For the year	Withdrawn	Upto 31.03.2016	As at 31.03.2016	As at 31.03.2015
(i) Tangible Assets:										
Land	466	--	6	460	--	--	--	--	460	466
Buildings	2549	3	--	2552	572	80	--	652	1900	1977
Plant & Equipment	14389	59	19	14429	4131	468	14	4585	9844	10258
Furniture & Fixtures	60	--	--	60	38	5	--	43	17	22
Vehicles	58	1	3	56	29	5	2	32	24	29
Office Equipment	16	--	--	16	11	2	--	13	3	5
Computers and data processing units	49	1	--	50	33	4	--	37	13	16
	17587	64	28	17623	4814	564	16	5362	12261	12773
Previous Year	17556	163	132	17587	4221	699	106	4814	12773	
(ii) Intangible Assets:										
Computer - Software	15	--	--	15	15	--	--	15	--	--
	15	--	--	15	15	--	--	15	--	--
Previous Year	19	--	4	15	15	--	--	15	--	

(11) Non-current Investments - Long Term:

	31.03.2016		31.03.2015	
	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
Esvin Advanced Technologies Ltd	3000	--	3000	--
		9		9
Total		2079		2079

Market value of Quoted Investments

4269

3433

(12) Long-Term Loans and Advances:

(₹ in Lakhs)

	31.03.2016	31.03.2015
Unsecured - considered good		
Security Deposits	15	33
MAT credit entitlement (Note 33)	269	228
Others	20	20
Total	304	281

(13) Inventories:

	31.03.2016		31.03.2015	
Work in progress		146		128
Finished Goods				
- Sugar	5670		6826	
- Molasses	97	5767	127	6953
Stores and Spares		133		169
Total		6046		7250

(14) Trade Receivables:

	31.03.2016		31.03.2015	
Unsecured - Considered Good				
Over six months				
- Levy sugar price difference (Note 34)	220		220	
- Others	80	300	363	583
Others		2522		921
Total		2822		1504

(15) Cash and Bank balances:

	31.03.2016		31.03.2015	
Cash and cash equivalents				
- Balances with banks	55		14	
- Cash on hand	2	57	1	15
Other bank balances				
- Unpaid dividend accounts		28		30
Total		85		45

(16) Short-term Loans and Advances:

	31.03.2016	31.03.2015
Unsecured - considered good		
- Advance for supplies	89	74
- Advance for services	107	29
- Input tax credit receivable	19	82
- Prepaid expenses	40	43
- Indirect taxes paid under protest	31	31
- Others	6	1
Total	292	260



(17) Other Current Assets:

	31.03.2016	31.03.2015
Unsecured - considered good		
- Incentives/subsidies receivable (Note 34)	811	690
- Deposits	91	--
- Interest receivable	53	--
- Others	4	1
Total	959	691

(18) Contingent Liabilities and Commitments:

	31.03.2016	31.03.2015
Contingent Liabilities: - Claims against the company not acknowledged as debts		
- Tax demands contested	161	161
- Interest on Electricity consumption tax contested	153	97
- TNEB - scheduling and system operating charges demand contested	18	18
Commitments		
- Contracts for purchase of sugar cane	11049	9065
- Contracts for sugar export	903	--

(19) Sale of Products:

	31.03.2016	31.03.2015
Sugar	13405	12432
Bagasse	1588	1675
Molasses	988	1137
Power	1546	1182
Total	17527	16426

(20) Other Operating Revenues:

	31.03.2016	31.03.2015
Sale of pressmud	7	17
Sale of scrap	33	72
Export Incentives	10	--
Sale of Renewable Energy Certificates	24	--
Total	74	89

(21) Other Income:

	31.03.2016	31.03.2015
Interest	55	4
Dividend on long term investments	71	71
Other non-operating income	28	116
Total	154	191

(22) Cost of Materials Consumed:

(₹ in Lakhs)

	31.03.2016		31.03.2015	
Sugarcane	11166		11658	
Less: Central Government Production Subsidy	82	11084	--	11658
Process Chemicals		91		96
Packing Materials		147		217
Total		11322		11971

(23) Changes in Inventories:

	31.03.2016		31.03.2015	
Opening stock - finished goods	6953		6904	
- work in progress	128	7081	124	7028
Closing stock - finished goods	5767		6953	
- work in progress	146	5913	128	7081
Changes in inventories - (increase) / decrease		1168		(53)

(24) Employee Benefits Expense:

	31.03.2016	31.03.2015
Salaries and wages	1074	1080
Contribution to Provident & other Funds	152	132
Staff welfare	126	115
Total	1352	1327

(25) Repairs and Maintenance:

	31.03.2016	31.03.2015
Buildings	56	68
Plant & machinery	417	592
Others	6	6
Total	479	666

(26) Other Expenses:

	31.03.2016	31.03.2015
Consumption of stores and spare parts	13	18
Rent	12	10
Insurance	27	29
Rates and taxes	46	38
Auditors' remuneration *	17	13
Excise duty provision	55	37
Security	58	50
Travel	108	77
Professional & consultancy	25	23
Directors' sitting fees	7	7
Freight & handling - Domestic	157	142
- Export	78	--
Miscellaneous	127	109
Total	730	553



Ponni Sugars (Erode) Limited

* Additional information:

(₹ in Lakhs)

	31.03.2016	31.03.2015
Statutory audit	10.00	8.00
Interim audit	2.00	2.00
Taxation matters	2.00	2.00
Certification	2.19	0.57
Expenses	0.31	0.58
Total	16.50	13.15

(27) Finance Costs:

	31.03.2016	31.03.2015
Interest on borrowings	854	735
Less: Interest subvention under		
- GOI SEFASU Loan	248	248
- GOI Soft Loan Scheme	59	--
Other borrowing costs	43	25
Total	590	512

(28) Exceptional Items:

	31.03.2016	31.03.2015
Power tariff revision (Note 32)	(1090)	--
Write down of trade payables	--	(1026)
Depreciation on life served assets	--	133
Total	(1090)	(893)

(29) Current Tax:

	31.03.2016	31.03.2015
Current Tax - MAT	41	--
MAT Credit entitlement (Note 33)	(41)	--
Total	--	--

(30) The Company has filed Writ Petitions in the High Court of Madras in respect of the disallowance of depreciation claim on the transfer value of assets in terms of Scheme of Arrangement by treating the same as Demerger within the meaning of Income Tax Act, 1961 and obtained interim stay for consequent demand of ₹ 1308 lakhs. The Company has been legally advised that probability of outflow of resources arising out of aforesaid legal issues would be remote. Accordingly, no provision or disclosure of contingent liability is required for same in terms of Accounting Standard 29.

(31) The Central Government, with a view to offset the cost of sugarcane, notified a production subsidy of ₹ 4.50 per quintal of cane crushed during 2015-16 sugar season. This is conditional upon the company fulfilling at least 80% of the minimum indicative export quota allocated which has since been completed.

(32) Power tariff has been revised by the Tamil Nadu Electricity Regulatory Commission by its order dated 23rd Feb 2016 pursuant to the ruling of Appellate Tribunal for Electricity effective 01st Aug 2012. Accordingly, the company has recognized the differential tariff of ₹ 1503 lakhs as income in these financial statements. Of this, the income of ₹ 1090 lakhs relating to earlier periods is disclosed as 'exceptional item'.

(33) Considering the cyclical nature of sugar industry, turnaround evidenced from improving sugar prices and power tariff revision, 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. Accordingly, these have been duly recognized in these Financial Statements.

(34) Sugar Development Fund (SDF) has withheld eligible subsidies of ₹ 690 lakhs (previous year ₹ 690 lakhs) on a legal dispute that is since decided by the High Court of Madras in favour of the company. Government has accepted this ruling and advised concerned Departments to process pending subsidies/ loan and other payments to the company in the normal course.

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. Though SDF has since issued the clearance, realization is pending departmental procedures.

(35) 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 and having regard to the legal opinion in the matter, the company does not foresee any adverse impact.

(36) The Company is not covered under Sec. 135 on Corporate Social Responsibility (CSR) for the financial year 2015-16 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	16.67
2	Strengthening rural infrastructure/ improving road connectivity	0.23
3	Primary education for the children of rural area	0.67
4	Improvement of soil fertility in rural area	7.39
	Total	24.96

(37) Employee Benefits:

(i) Defined Contribution Plans:

Contribution of ₹ 110 lakhs (previous year ₹ 105 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 31.03.2016

(₹ 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	31.03.16	31.03.15	31.03.16	31.03.15
	Present value - opening balance	639	551	190	153
	Current service cost	34	34	25	22
	Interest cost	46	42	14	11
	Actuarial (Gain)/ Loss	(15)	40	(12)	25
	Benefits paid	(63)	(28)	(19)	(21)
	Present value - closing balance	641	639	198	190



Ponni Sugars (Erode) Limited

(ii)	Change in Fair Value of Plan Assets				
	Opening balance	596	505	141	126
	Expected return	47	44	12	11
	Actuarial gain/ (loss)	(24)	45	(3)	4
	Contributions by employer	30	30	10	--
	Benefits paid	(63)	(28)	--	--
	Closing balance	586	596	160	141
	Actual Return	23	89	9	15
(iii)	Amount recognized in the Balance Sheet (as at year end)				
	Present value of obligations	641	639	198	190
	Fair value of plan assets	586	596	160	141
	Net (asset) / liability recognized	55	43	38	49
(iv)	Expenses recognized in the profit and loss statement				
	Current service cost	34	34	25	22
	Interest on obligation	46	42	14	11
	Expected return on plan assets	(47)	(44)	(12)	(11)
	Net actuarial (gain)/ loss	9	(5)	(9)	21
	Total included in 'Employee benefits expense' (Note 24)	42	27	18	43

(v)	Asset information	Insurance Policy (100%)		Insurance Policy (100%)	
(vi)	Principal actuarial assumptions				
	Mortality	Indian assured Lives Mortality (2006-08) Ultimate			
	Discount rate (%)	7.70	7.77	7.70	7.77
	Future salary increase (%)	7	7	7	7
	Rate of return of plan assets (%)	8	8	8	8
	Expected average remaining working lives of employees (years)	9	9	9	9
(vii)	Expected contribution (₹in Lakhs)	46	40	10	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				
	31.03.16	31.03.15	31.03.14	31.03.13	31.03.12	31.03.16	31.03.15	31.03.14	31.03.13	31.03.12
Defined Benefit Obligation	641	639	551	493	478	198	190	153	138	111
Plan Assets	586	596	505	455	450	160	141	126	117	98
Surplus / (Deficit)	55	43	46	38	28	38	49	27	21	13
Experience adjustments										
- on Plan Liabilities	17	(32)	(13)	(4)	7	11	(23)	(10)	(19)	(23)
- on Plan Assets	(24)	45	4	10	(1)	(3)	4	--	--	2

(38) Segment Reporting**Primary segment information**

(₹ in Lakhs)

	Sugar		Cogeneration		Eliminations		Total	
	31.03.16	31.03.15	31.03.16	31.03.15	31.03.16	31.03.15	31.03.16	31.03.15
Revenue								
External Sales	15307	14691	1546	1182	--	--	16853	15873
Inter – Segment Sales	587	535	1218	990	(1805)	(1525)	--	--
Other Operating income	50	89	24	--	--	--	74	89
Total Revenue	15944	15315	2788	2172	(1805)	(1525)	16927	15962
Segment Result								
Operating Profit before Exceptional items	(917)	(859)	933	100	--	--	16	(759)
Exceptional income	--	893	1090	--	--	--	1090	893
Operating Profit	(917)	34	2023	100	--	--	1106	134
Interest							590	512
Other unallocable expenditure net of unallocable income							254	165
Profit Before Tax							262	(543)
Tax Expenses							72	(178)
Profit After Tax							190	(365)
Other Information								
Segment Assets	11843	12841	10670	9751	--	--	22513	22592
Unallocated Corporate Assets							2348	2307
Total Assets							24861	24899
Segment Liabilities	4612	4283	377	97	--	--	4989	4380
Unallocated Corporate liabilities							7713	8508
Total Liabilities							12702	12888
Capital Expenditure	33	101	31	62	--	--	64	163
Depreciation	192	197	372	369	--	--	564	566

(39) Earnings per Share

	31.03.2016	31.03.2015
Profit / (Loss) after tax (₹ Lakhs)	190	(365)
Weighted average number of shares (in lakhs)	86	86
Nominal value per share (₹)	10	10
Basic and diluted earnings per share (₹)	2.21	(4.24)

(40) 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



Ponni Sugars (Erode) Limited

- ii) Description of relationship : Presumption of significant influence
 iii) Description of Transactions :

a) Seshasayee Paper and Boards Ltd

(₹ in Lakhs)

	31.03.2016	31.03.2015
Sale of goods	1594	1695
Purchase of goods	1632	2000
Services availed (Net)	5	3
Dividend received	71	71
Dividend paid	--	12
Amount outstanding - Payable	405	462

b) Esvi International (Engineers & Exporters) Ltd

	31.03.2016	31.03.2015
Rent paid	7	6
Rent advance outstanding	3	3

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

	31.03.2016	31.03.2015
- Remuneration	79	74
- Amount outstanding towards incentive	18	18

(41) Additional Information:

- (i) Raw Materials Consumed:

	31.03.2016		31.03.2015	
	₹ in Lakhs	%	₹ in Lakhs	%
Imported	--	--	--	--
Indigenous	11084	100	11658	100
Total	11084	100	11658	100

- (ii) Components and spare parts:

	₹ in Lakhs	%	₹ in Lakhs	%
Imported	--	--	--	--
Indigenous	324	100	484	100
Total	324	100	484	100

- (iii) Dividend remitted in Foreign Currency:

(₹ in Lakhs)

Year	No. of Share Holders	No. of Equity Shares	31.03.2016	31.03.2015
2013-14	1	125000	--	1

(42) Earnings in Foreign currency:

(₹ in Lakhs)

	31.03.2016	31.03.2015
FOB value of Exports	1041	--

(43) 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

N R Suresh

Partner

Membership No.21661

Chennai

27th May 2016

For R Subramanian And Company

FRN No. 004137S

Chartered Accountants

N Krishnamurthy

Partner

Membership No.19339

For and on behalf of the Board

N Gopala Ratnam

Chairman

N Ramanathan

Secretary

N Ramanathan

Managing Director

K Yokanathan

Chief Financial Officer



PONNI SUGARS (ERODE) LIMITED

CIN : L15422TN1996PLC037200

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

Attendance Slip

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

*Applicable to Members holding shares in Electronic Form

I, _____ (Name of the Shareholder/Proxy) hereby record my presence at the 20th Annual General Meeting of the Company held on Tuesday, the 26th July 2016 at 10.00 am at New Woodlands Hotel Pvt Ltd, 72-75 Dr Radhakrishnan Road, Mylapore, Chennai 600 004.

Signature of Shareholder / Proxy

Note:

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

PONNI SUGARS (ERODE) LIMITED

CIN : L15422TN1996PLC037200

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

Perungudi, Chennai 600 096

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 20th Annual General Meeting of the company, to be held on Tuesday, the 26th day of July 2016 at 10.00 am at New Woodlands Hotel Pvt Ltd, 72-75 Dr Radhakrishnan Road, Mylapore, Chennai 600 004 and at any adjournment thereof in respect of such resolutions as are indicated below:

Resolution No	Business	Vote (Optional. See Note 4) (Please mention no. of shares)		
		For	Against	Abstain
1	Adoption of Financial Statements for FY 2015-16			
2	Declaration of Dividend on Equity Shares			
3	Reappointment of Mr N Gopala Ratnam, who retires by rotation			
4	Ratification of Auditors appointment			
5	Remuneration to Cost Auditor for FY 2016-17			

Signed this _____ day of _____ 2016

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.

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

Vision

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, Rajiv Gandhi Salai (OMR)
Perungudi, Chennai 600 096.