



**Ponni Sugars (Erode) Limited**

**21<sup>st</sup>**  
**Annual Report**  
**2016-17**





### *Year Scorecard*

- ❖ *Robust recovery in sugar prices*
- ❖ *Record high power sales*
- ❖ *Resultant resurgence in profits*
- ❖ *Step up in dividend*
- ❖ *Outlook daunted by dreaded drought*

### 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 LLP  
 Chartered Accountants  
 No.6 ( Old No. 36) Krishnaswamy Avenue  
 Luz, Mylapore  
 Chennai - 600 004

### 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

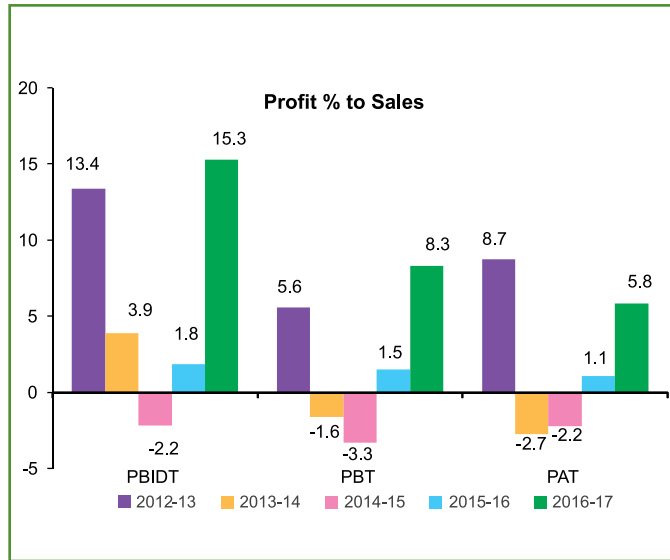
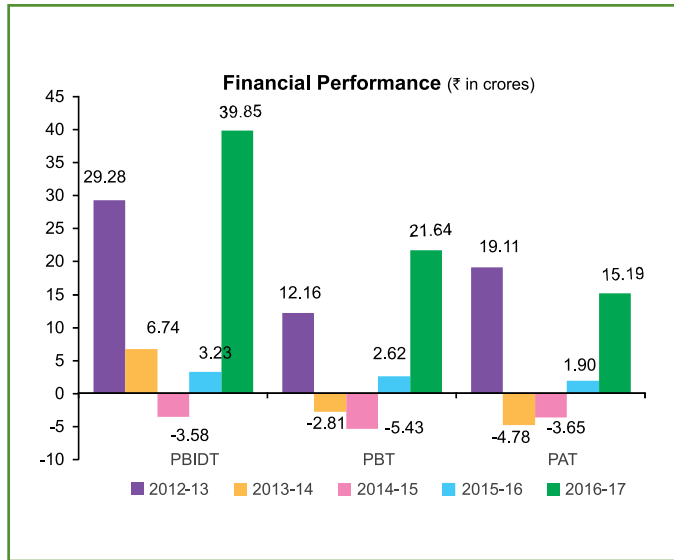
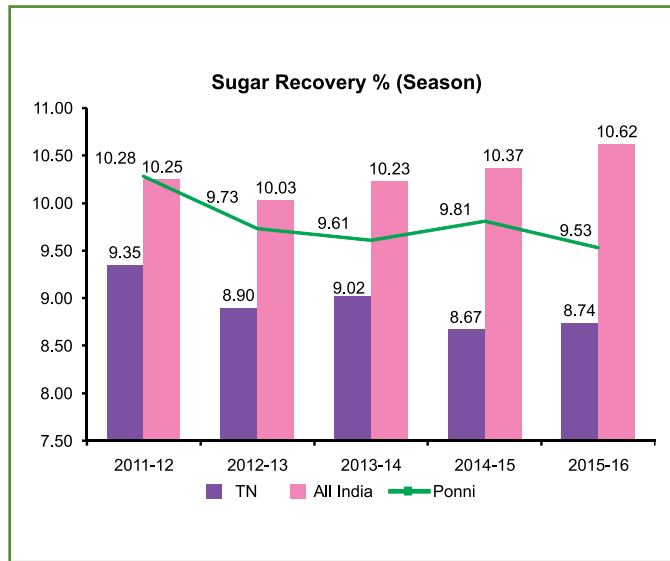
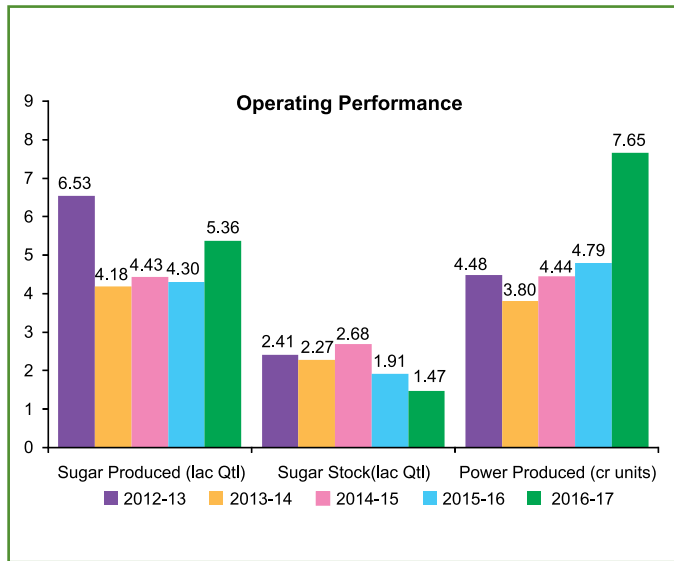
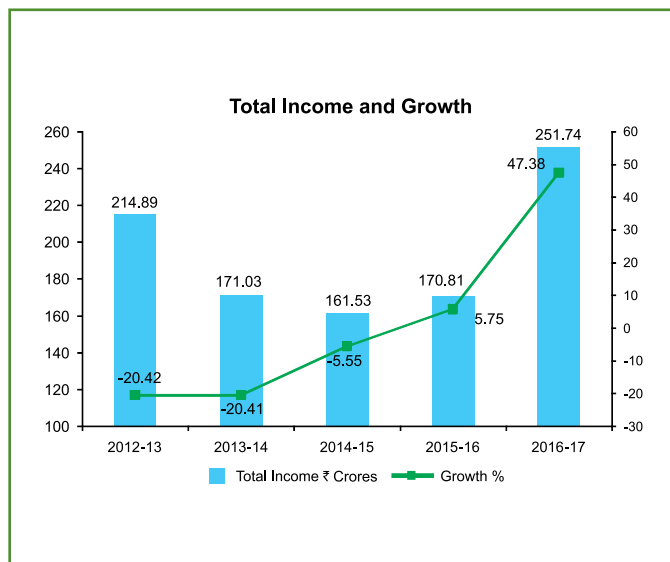
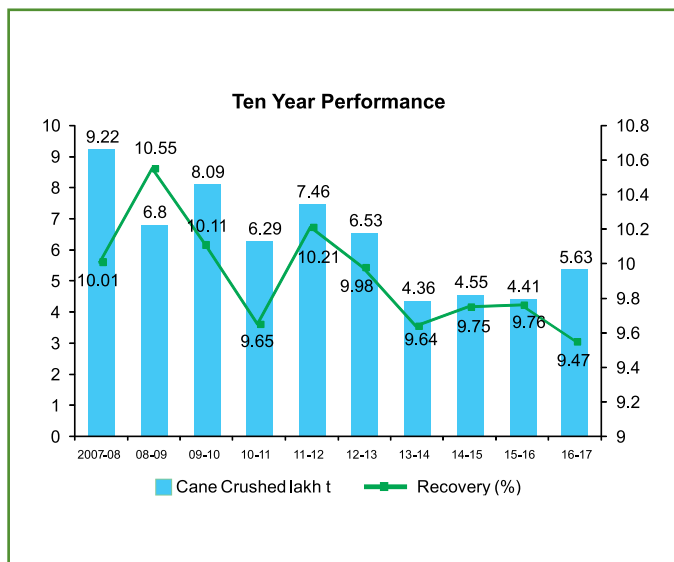
### Email ID for Investor Grievance

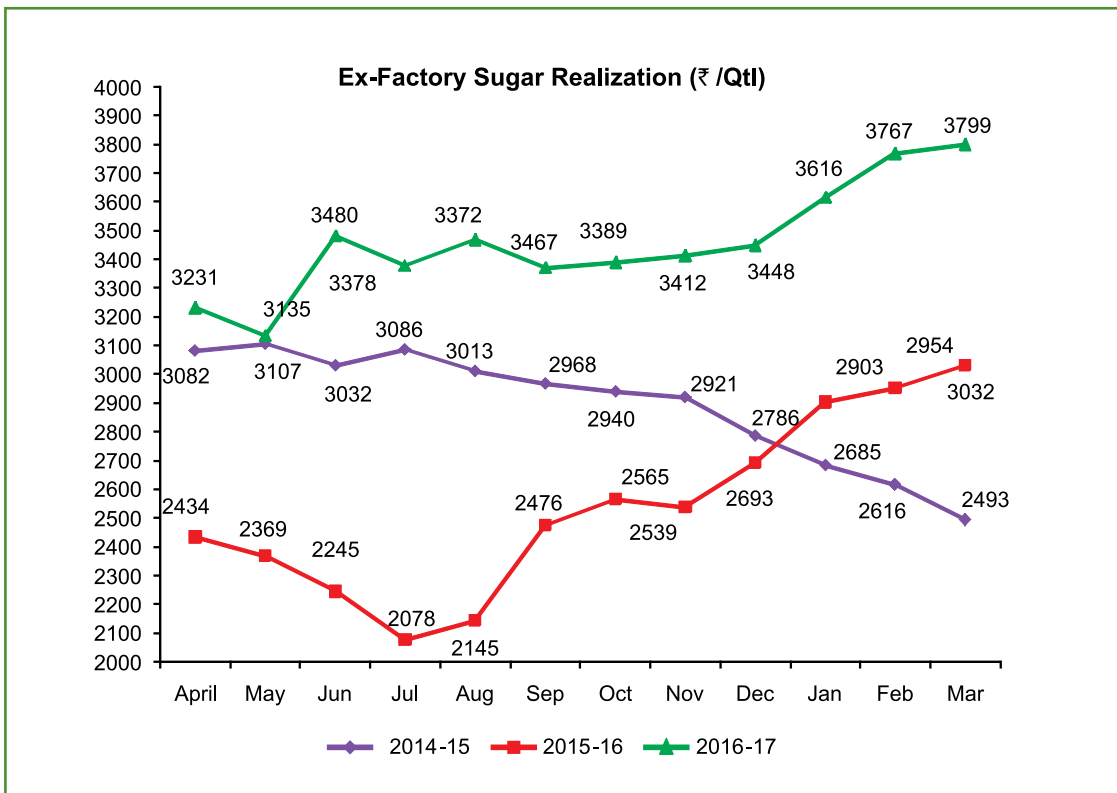
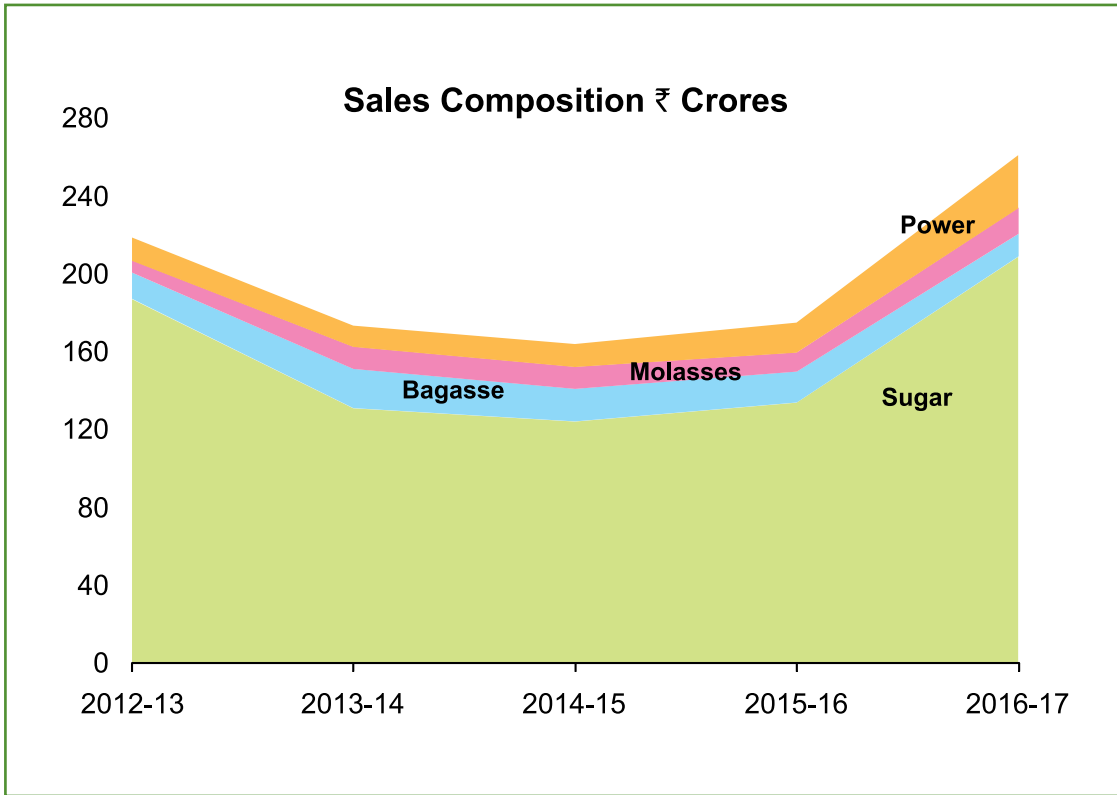
investor@ponnisugars.com

Main contents	Page
Notice	6
Board's Report	17
MDA Report	22
Corporate Governance Report	29
Secretarial Audit Report	61
Auditors' Report	63
Balance Sheet	68
Statement of Profit and Loss	69
Cash Flow Statement	70
Notes on Financial Statements	71
Attendance / Proxy Form	87



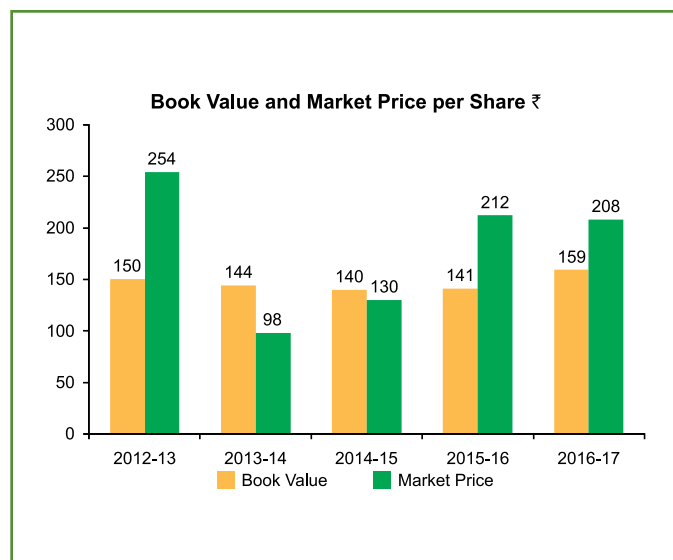
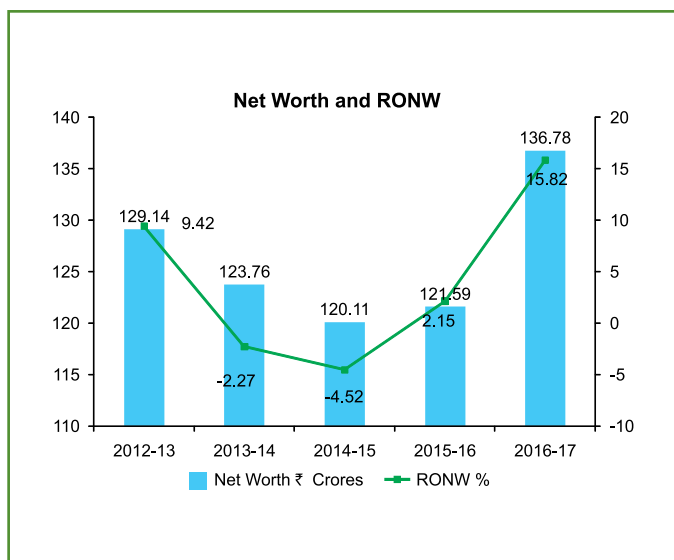
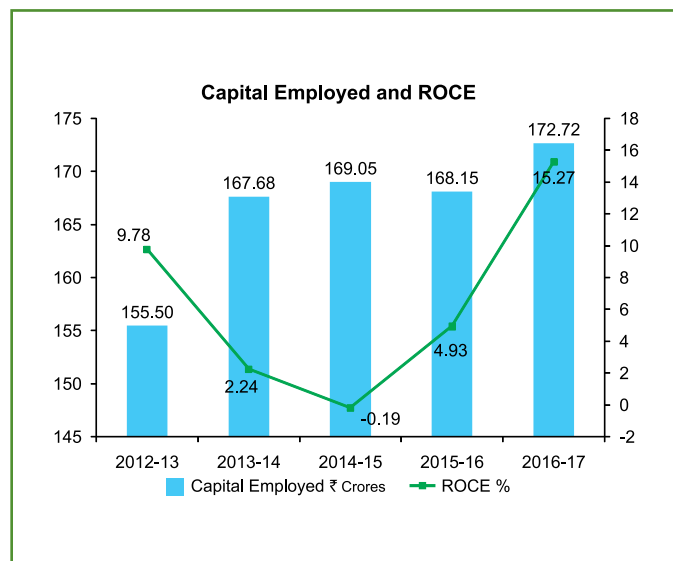
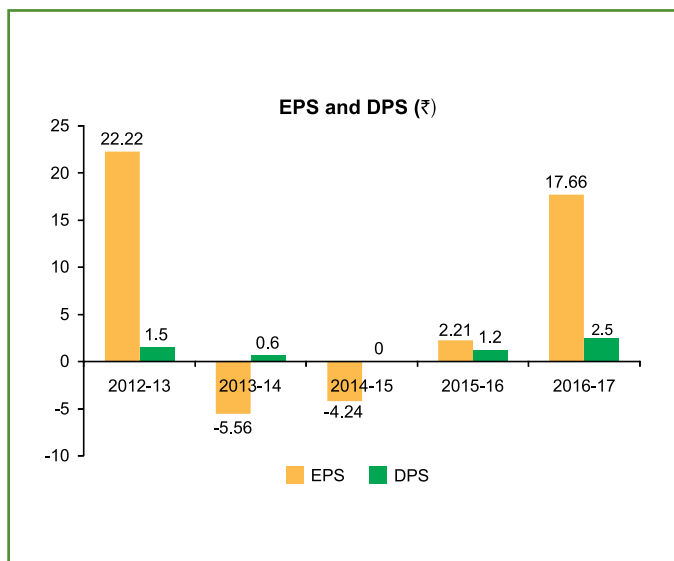
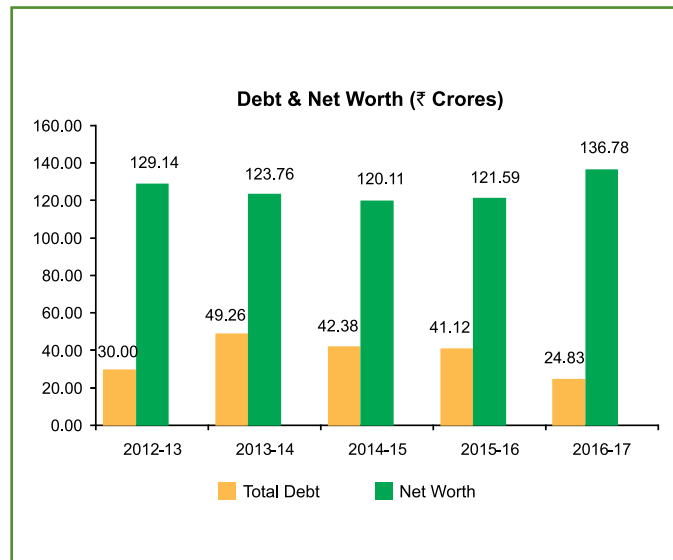
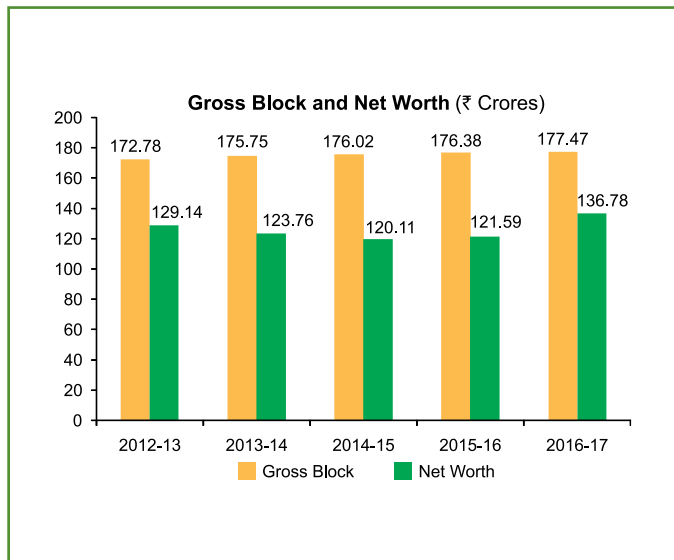
Performance Chart







# Ponni Sugars (Erode) Limited



## Financial Highlights – Ten Years at a Glance

₹ in Lakhs

For the year	2007-08	08-09	09-10	10-11	11-12	12-13	13-14	14-15	15-16	16-17
Total Income	13961	15122	28591	27356	27002	21489	17103	16153	17081	25174
Total Expenditure	13984	12763	21154	25546	23730	18561	16429	16511	16758	21189
PBIDT	-23	2359	7437	1810	3272	2928	674	-358	323	3985
Interest	112	189	179	148	119	358	671	512	587	475
Depreciation	282	297	306	309	329	1161	825	566	564	570
Profit before exceptional items	-417	1873	6952	1353	2824	1409	-822	-1436	-828	2940
Exceptional Items	-108	0	1411	-1411	212	193	-541	-893	-1090	776
PBT	-309	1873	5541	2764	2612	1216	-281	-543	262	2164
Tax	-121	647	1856	903	833	-695	197	-178	72	645
PAT	-188	1226	3685	1861	1779	1911	-478	-365	190	1519
EPS (₹)	-2.29	14.46	42.86	21.64	20.69	22.22	-5.56	-4.24	2.21	17.66
Cash EPS (₹)	-1.72	21.02	56.40	14.54	24.18	27.64	0.03	1.81	9.61	31.80
Dividend %	6	25	40	20	25	15	6	--	12	25
<b>As at year end</b>										
Gross Block	6673	6962	7095	7564	15722	17278	17575	17602	17638	17747
Net Block	4737	4771	4703	4917	12834	13309	13339	12773	12261	11840
Loan Funds	4328	3358	3430	1645	5005	8208	8283	7791	7663	4905
Net Worth	3705	4679	7964	9625	11154	12914	12376	12011	12159	13678
Book value per share (₹)	42.75	54.42	92.62	111.94	129.72	150.19	143.93	139.69	141.41	159.08
<b>Share Price at NSE (in ₹)</b>										
High	61.95	47.50	188.00	142.80	126.50	415.00	359.45	251.00	248.00	357.05
Low	28.10	20.00	25.05	82.00	71.15	108.00	87.10	100.50	110.90	172.70



## 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 21st 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 Wednesday, the 2<sup>nd</sup> August 2017 at 10.30 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 2017 and the Reports of the Board of Directors and Auditors thereon.

##### 2. Dividend declaration

To declare dividend on Equity Shares.

##### 3. Reappointment of retiring Directors

To appoint a director in the place of Ms Bharti Chhotubhai Pithawalla who retires by rotation and being eligible, offers herself for reappointment.

##### 4. Auditors' appointment

To consider and, if thought fit, to pass 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 appoint M/s S Viswanathan LLP, Chartered Accountants, Chennai (Firm Registration No.004770S/S200025) as the Auditors of the company to hold office from the conclusion of this Annual General Meeting till the conclusion of the 26th Annual General Meeting of the company on such remuneration fixed by the Board of Directors on the recommendation of Audit Committee from time to time.

PROVIDED THAT the appointment as above shall be subject to ratification by members at every AGM if so required by the Companies Act, 2013.

#### SPECIAL BUSINESS

##### 5. Reappointment of Managing Director

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

- (i) RESOLVED that Mr N Ramanathan whose current term of office expired on 31.03.2017 be and is hereby re-appointed as Managing Director of the Company for a period of three years from 01.04.2017 to 31.03.2020.
- (ii) RESOLVED FURTHER that pursuant to the provisions of Section 197 read with Schedule V and other applicable provisions of the Companies Act, 2013, approval be and is hereby accorded for the remuneration of Mr N Ramanathan as Managing Director during the above tenure as set out in the Statement pursuant to Section 102(1) of the Act attached hereto.
- (iii) RESOLVED FURTHER that the Board of Directors be and are hereby authorized to increase, vary or amend the remuneration and other terms of the appointment from time to time on the recommendation of the Nomination cum Remuneration Committee.  
PROVIDED that such revised remuneration shall be within the limits of and in conformity with Part II of Schedule V to the Companies Act, 2013 or any statutory modification(s) or re-enactment thereof or relaxation granted thereunder.
- (iv) RESOLVED FURTHER that the Board of Directors be and are hereby authorized to take all such steps as may be necessary, proper or expedient to give effect to this resolution.

##### 6. Commission to Non Executive Directors

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



- (i) RESOLVED that pursuant to Section 197 and other applicable provisions, if any of the Companies Act, 2013, consent of the company be and is hereby accorded for payment of commission to Non Executive Directors out of the net profits of the company, over and above the sitting fees, for a period of three financial years from 1st April 2017 to 31st March 2020.

PROVIDED FURTHER that the aggregate commission for all the non-executive directors shall be within the ceiling prescribed from time to time under the Companies Act, 2013 or any modification or re-enactment thereof.

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

## 7. Remuneration to Cost Auditor

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

RESOLVED that the Company do hereby confirm and ratify in terms of Section 148 and other applicable provisions of the Companies Act, 2013 and the Rules made thereunder the remuneration approved by the Board of Directors on the recommendations of the Audit Committee for M/s S Mahadevan & Co., Cost Accountants (Firm Registration No.000007), for conducting the audit of cost records of the Company, including its Sugar and Cogen segments, for the financial year 2017-18 at ₹100000 (Rupees one lakh only) plus tax and reimbursement of travel & out of pocket expenses incurred for purpose of such audit.

(By Order of the Board)

For **PONNI SUGARS (ERODE) LIMITED**

Chennai  
30th May 2017

**N Ramanathan**  
Managing Director

## NOTES:

### 1. Proxy

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

#### Deposit of proxy

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

### 2. Particulars of Directors

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

### 3. Book Closure

The Register of Members and the Share Transfer Register will remain closed from Thursday, the 27th July 2017 to Wednesday, the 2nd August 2017 (both days inclusive)

### 4. Dividend

Dividend on Declaration will be paid by 8th August 2017.

Members are advised to refer to 'Shareholder information' section of the Corporate Governance Report (Page 44 of the Annual Report) for details on dividend entitlement and payment options.

### 5. Unpaid Dividend

Unpaid dividend for over 7 years will be transferred to the Investor Education and Protection Fund. Members may refer to Page 44 of the Annual Report and lodge their claim, if any, immediately.

Shares in respect of which dividend has not been paid or claimed for seven continuous years or more will be transferred to Investor Education and Protection Fund. Members may refer to Page 44 of the Annual Report for additional details.



## 6. E-Communication

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

## 7. Member identification

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

## 8. Voting facilities

### a) Remote e-Voting

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

### b) Voting at AGM

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

## c) Voting option

Please note that a 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.

## 9. Gifts

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

## 10. Route Map

Route Map showing the location of and directions to reach the venue of the 21st AGM is given hereunder pursuant to Secretarial Standard 2 on General Meetings.

## ROUTE MAP



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

**Item No.4**

**Auditors' appointment**

*This explanatory statement for Auditors Appointment though not required for ordinary business is voluntarily provided.*

M/s R Subramanian And Company LLP shall cease to hold office as Auditors of the company at the conclusion of this AGM. They are not eligible for reappointment, having completed the maximum tenure permissible for a listed company u/s 139(2) of the Companies Act, 2013.

Having regard to the above, the Board of Directors at their meeting held on 24th March 2017 on the recommendation of the Audit Committee approved the appointment of M/s S Viswanathan LLP, Chartered Accountants, Chennai (Firm Registration No.004770S / S200025) as auditors for a tenure of five years from the conclusion of 21st Annual General Meeting till the conclusion of 26th Annual General Meeting. This is subject to the shareholders passing requisite resolution at this Annual General Meeting and subject to ratification by members at every Annual General Meeting, if required under the Companies Act, 2013. Accordingly the resolution is placed for the approval of the shareholders in accordance with Section 139 of the Companies Act, 2013.

M/s S.Viswanathan LLP is a reputed firm of Chartered Accountants, formed in 1951. It is a member of IGAF Polaris, a global association of independent firms. The audit firm has extensive experience in providing audit and assurance services including to large corporates and PSUs.

The company has received the written consent of the proposed auditors to the appointment and requisite certificate prescribed u/s 139 and 141 of the Act. No Director or Key Managerial Personnel of the company or their relatives are concerned or interested financially or otherwise in this business.

**Item No.5**

**Reappointment of Managing Director**

The current term of Mr N Ramanathan as Managing Director ended on 31.03.2017. The Board of Directors at their meeting held on 24th March 2017 have reappointed Mr N Ramanathan as Managing Director of the Company

for a further period of three years from 1st April 2017 and approved the remuneration package on the recommendations of the Nomination cum Remuneration Committee as under, subject to the approval of shareholders:

- |                            |       |  |
|----------------------------|-------|--|
| 1. Period                  | :     | 1st April 2017 to 31st March 2020  |
| 2. Salary                  | (i)   | Basic: ₹ 3,50,000/- per month.   |
|                            | (ii)  | Special Allowance: ₹ 50,000/- per month.   |
| 3. Allowances/ Perquisites | (i)   | Housing or HRA of ₹ 80,000/- per month   |
|                            | (ii)  | Medical, LTA and other perquisites not exceeding in aggregate the annual salary  |
|                            | (iii) | Leave, other benefits and amenities as applicable for Senior Management.   |
| 4. Retirement benefits     | (i)   | Contribution to Provident Fund, Superannuation Fund and New Pension System to the extent exempt from Income tax and in accordance with Company scheme from time to time.   |
|                            | (ii)  | Gratuity as per Company scheme.  |
|                            | (iii) | Leave encashment as per Company Rules.   |
|                            | (iv)  | These shall not be included in the computation of ceiling on perquisites.  |
| 5. Incentive               | :     | Upto and not exceeding 100% of annual salary as decided by the Board on the recommendation of Nomination cum Remuneration Committee.   |
| 6. Minimum Remuneration    | :     | In the event of loss or inadequacy of profits in any financial year, Mr N Ramanathan shall be paid remuneration by way of salary, perquisites and retirement benefits as specified above. Incentive amount shall be as decided by the Board but not exceeding 100% of annual salary. |



7. Overall ceiling : In any event, the aggregate of salary, perquisites and incentive shall be within the overall ceiling specified from time to time in the Companies Act, 2013 or any re-enactment thereof as applicable from time to time. Payment in excess thereof would be subject to the approval of Central Government, where necessary.

*Note: Profit for purpose of Managerial Remuneration shall be as per computation under Section 198 of the Companies Act, 2013.*

Mr N Ramanathan (62) is a Chartered Accountant, Company Secretary and Cost Accountant. He is a University rank holder in B.Com. and All India rank holder in Chartered Accountancy. He brings to bear profound knowledge and rich experience in the fields of Finance, Taxation, Legal and General Management.

Mr N Ramanathan has deep insight into the dynamics of sugar industry. He is on the Executive Committee of industry associations and commands wide acclaim for his role and contribution. He has been successfully steering the company for well over a decade.

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

Sugar industry is intrinsically cyclical and being agro based remains vulnerable to the vagaries of nature. Despite the decontrol of sugar industry by the Central Government, sugarcane price continues to remain susceptible to State intervention. Further, the operational area of the company has been hit by the severest of drought for three successive years, forcing it to operate under distressed conditions and face financial adversities. It would hence be necessary to fix a minimum remuneration for Managing Director in the absence of adequate profits in any year during the current tenure.

The company has not defaulted in debt servicing. Hence the proposed remuneration could be sanctioned by the shareholders, without need for the approval of Central Government. Statement containing prescribed information for this purpose is furnished hereunder.

Memorandum and Articles of Association, relevant resolutions passed by the Nomination cum Remuneration Committee and the Board and the written memorandum setting out the terms of appointment of Managing Director vide Section 190(1)(b) are available for inspection by members at the registered office of the company between 11.00 AM and 1.00 PM on any working day.

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

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

**I. General Information**

**(1) Nature of Industry**

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

**(2) Date of commencement of Commercial production**

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

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

Not Applicable

**(4) Financial performance based on given indicators**

(₹ lakhs)

Particulars	2016-17	2015-16	2014-15
Total Income	25174	17081	16153
Profit before Interest, Depreciation & Tax	3985	323	(358)
Profit Before Tax	2164	262	(543)
Profit After Tax	1519	190	(365)
Net worth	13678	12159	12011
Dividend (%)	25	12	-

**(5) Foreign Investments or collaborators, if any:**

	No. of shares	%
Shareholding by FPI	1820299	21.17
Shareholding by FII	300000	3.49

## II. Information about the appointee

### (1) Background details

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

### (2) Past remuneration

(₹ lakhs)

Particulars	2016-17	2015-16	2014-15
Salary	45	45	45
Allowances/ perquisites	7	9	4
Retirement benefits	8	7	7
Incentive	36	18	18
Total	96	79	74

### (3) Recognition or awards

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

### (4) Job profile and suitability

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

### (5) Remuneration proposed

As set out in the Explanatory Statement above.

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

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

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

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

## III. Other information

### (1) Reasons of loss or inadequate profits

Sugar industry is intrinsically cyclical with huge swings in production between years. Sugar prices precariously fall both in the global and local markets during glut in supply. Since sugar and sugarcane are essential commodities and politically sensitive, they are subject to State intervention like export ban/ duty or arbitrary price fixation. Sugarcane availability for the company is impacted by monsoon, flow in Cauvery river and water table in the region. The operational area of the company has been severely hit by successive years of drought leading to significant drop in cane planting. Hence cane availability would be a key challenge for FY 2017-18 eroding both topline and bottom line.

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

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

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

The Company has remained profitable in most of the years since inception. It has posted good results for the current financial year 2016-17. It maintains commendable control over its operations that are however subject to climatic challenges, State intervention and other external adversities.

## IV. Disclosures

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



### Item No.6

#### Commission to Non Executive Directors

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

Having regard to the above, the company in General Meetings has been authorizing payment of commission to Non Executive Directors from time to time within the ceiling prescribed under the Companies Act, 2013 which is at 1% of the net profit of the company. The company could not pay commission for FY 2014-15 and 2015-16 due to losses / inadequate profits, while the Board has authorized payment of commission at ₹ one lakh for each of the non executive director for FY 2016-17.

It is now proposed to seek fresh authorization of shareholders by way of an Ordinary Resolution for the payment of commission to non-executive directors for a further tenure of three financial years from 1st April 2017.

A copy of the Articles of Association, resolution passed by the Board on the subject and other relevant records are available for inspection by members on any working day of the company between 11.00 AM and 1.00 PM.

All directors (other than the Managing Director) and none of the Key Managerial Personnel of the company or their relatives are concerned or interested financially or otherwise, in this item of business.

Chennai  
30<sup>th</sup> May 2017

### Item No.7

#### 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 2017-18 pertaining to both Sugar and Cogen segments and determined the remuneration at ₹ 100,000 (Rupees One lakh only) based on the recommendations of the Audit Committee.

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

Copies of relevant resolutions of the Audit Committee and Board are available for inspection of the members on any working day of the company between 11.00 AM and 1.00 PM.

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**

**N Ramanathan**  
Managing Director

### Details of the Directors seeking reappointment at the 21st 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
Bharti Chhotubhai Pithawalla G.C.E. – O Level  OND- Business Studies  DIN: 00341382 DOB: 26.02.1948 DOA: 01.02.2013	Global experience in family business.	<b>Director</b>  Pithawalla Techno Industries Pvt Ltd  CKG Pithawalla Pvt Ltd	Nil	<hr/> 500466 shares  NIL
Mr N Ramanathan B.Com, ACA,ACS ACMA  DIN:00001033 DOB: 14.06.1954 DOA: 01.04.2005	<ul style="list-style-type: none"> <li>- A professional with impressive academic track record.</li> <li>- Vast experience in diverse disciplines of Finance, Taxation and General Management.</li> <li>- Two decades of hands-on experience in sugar industry</li> <li>- Regular member on the executive committee of industry associations.</li> <li>- Widely participates in professional forums.</li> </ul>	<b>Director</b>  Esvi International (Engineers & Exporters) Ltd  Hope Textiles Ltd  The Coonoor Tea Estates Company Ltd.  Indian Sugar Exim Corporation Ltd (ISEC)  <b>Committee Member</b>  Hindustan Chamber of Commerce (HCC)  Indian Sugars Mills Association (ISMA)  SISMA-TN	<i>The Coonoor Tea Estates Company Ltd.</i>  Member- Remuneration Committee  <i>Hindustan Chamber of Commerce</i>  Chairman - MSME & Industry.  <i>Indian Sugar mills Association</i>  Chairman- Finance and Costing  <i>South Indian Sugar mills Association</i>  Chairman- Legal Sub Committee  <i>ISEC</i>  Member - Audit & CSR Committee	<hr/> 3001 shares  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 21st 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 Saturday, the 29th July 2017 (10.00 AM) and ends on Tuesday, the 1st August 2017 (5.00 PM). The e-Voting portal will be blocked by CDSL for voting thereafter.

##### Manner of e-Voting

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

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

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

\* Members who have not updated their PAN with the Company/Depository Participant are requested to use the first two letters of their name in block letters and the sequence number (8 digits) printed in the address slip in the PAN field. For e.g. if your name is Ramesh Kumar and sequence number 00002345 then enter RA00002345 in the PAN field.

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

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

(vii) Members holding shares in physical form will then reach directly to the voting screen. However, members holding shares in demat form will now reach 'Password Change' menu wherein they are required to mandatorily change their login password in the new password field. The new password has to be minimum eight characters consisting of at least one upper case (A-Z), one lower case (a-z), one numeric value (0-9) and a



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

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

- (viii) Select EVSN (Electronic Voting Sequence number) 170609003 of Ponni Sugars (Erode) Limited.
  - (ix) On the voting page, you will see Resolution Description and against the same the option "YES/NO" for voting. Select the option as desired. The option YES implies that you assent to the Resolution and option NO implies that you dissent to the Resolution.
  - (x) Click on the "Resolutions File Link" if you wish to view the entire Resolutions.
  - (xi) After selecting the resolution you have decided to vote on, click on "SUBMIT". A confirmation box will be displayed. If you wish to confirm your vote, click on "OK", else to change your vote, click on "CANCEL" and accordingly modify your vote.
  - (xii) Once you "CONFIRM" your vote on the resolution, you will not be allowed to modify your vote.
5. In case of members receiving the physical copy of Notice of AGM [for members whose e-mail IDs are not registered with the company/ depository participant(s) or requesting physical copy]:
- Please follow all steps from sl. no. (ii) to sl. no. (xii) above, to cast vote.
6. E-voting cannot be exercised by a proxy. Institutional shareholders (i.e. other than individuals, HUF, NRI etc.) are required to log on to <https://www.evotingindia.co.in> and register themselves, link their account which they wish to vote on and then cast their vote. They should upload a scanned copy of the Board Resolution in PDF format in the system for the scrutinizer to verify the vote.
7. During the voting period, security holders can login any number of times till they have voted on all the resolutions. They can also decide to vote only on some of the resolutions.

#### Help Centre

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

Name : Mr Rakesh Dalvi

Designation : Deputy Manager

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

Email ID : [helpdesk.evoting@cdslindia.com](mailto: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 Wednesday, the 26th day of July 2017. 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 21st Annual Report for 2016-17 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 26th July 2017.
  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](http://www.ponnisugars.com) and on the website of CDSL [www.evotingindia.co.in](http://www.evotingindia.co.in) immediately after the result is declared and also communicated to NSE and BSE.
  - (iii) Subject to receipt of requisite number of votes, the resolution shall be deemed to be passed on the date of AGM.

### Request to Shareholders

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

- i) Name of the member
- ii) Folio/ DP ID – Client ID
- iii) Email address
- iv) Permanent Account Number (PAN)
- v) CIN (in the case of company)
- vi) Unique Identification Number
- vii) Father'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.

## BOARD'S REPORT

Your Board is pleased to present the 21st Annual Report and the audited financial statements for FY 2016/17.

	2016-17	2015-16
<b>Physical Performance</b>		
Cane crushed (tonnes)	<b>562974</b>	441211
Sugar recovery (%)	<b>9.47</b>	9.76
Sugar produced (tonnes)	<b>53620</b>	43030
Power produced (lakh kwh)	<b>765</b>	479
<b>Financial Performance</b> (₹ crores)		
Turnover	<b>261.32</b>	175.27
Profit Before Interest, Depreciation & Tax	<b>39.85</b>	3.23
Profit Before Tax	<b>21.64</b>	2.62
Profit After Tax	<b>15.19</b>	1.90

### Transfer to Reserves

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

### Dividend

Your Directors recommend a dividend of ₹ 2.50 per Equity Share of ₹ 10 each for the financial year ended 31st March 2017. This is subject to the approval of shareholders at the ensuing Annual General Meeting (AGM) to be held on August 02, 2017.

### Sugar Industry Overview

World sugar production during 2016-17 though moved marginally up YoY yet limped and languished behind consumption growth, leaving a large deficit for the second year in a row. The concomitant combined drawdown in global inventories in the twin deficit years has pushed stock to consumption ratio to below seemingly critical level which is also the lowest since 2011-12. The palpable decline in global production and stock correction has been principally caused by a whopping 20% fall in Indian production.

As a result, raw sugar prices gained momentum since April 2016 and touched a high of 23.3 c/ lb in September that marked a fresh four year peak since mid July 2012. Sugar has been the star performer of 2016 in the commodities basket ending the year by about 30% higher. The price rise fuelled on expectations of huge import demand from India

however was frustrated and faced considerable correction in the later months due to the delay, deferral and downward revision in the Indian demand and heavy selling by Funds. It fell to 15.43 c/lb in April 2017, the lowest daily price for 12 months.

Indian sugar production succumbed under scorched weather for the second season in succession and more severely during 2016-17. The domino effect of drought caused by deficiency in rainfall in Maharashtra and Peninsular India plunged cane growth and plummeted sugar production rather steeply. The State of UP was a solitary exception to this pan Indian phenomenon with a resonant 28% rise in sugar production. Concurrently, sugar consumption witnessed de-growth due partly to demonetization transiently trammeling demand; yet projected stocks at close of season would be at perilously close to comfort levels.

Trade houses and refiners sensing business prospects to bring in large volume of imported sugar turned aggressive and unobtrusively over-pitching the impending shortage orchestrated for duty-free import. The Government unmoved by such sophism showed commendable foresight and restraint, giving due weightage to industry's passionate plea on the issue. After all, it is too early to forget that indiscriminate imports in the past have invariably come to inflict incalculable damage to the domestic industry as well as local sugarcane farmers. The Government has finally chosen the right timing, volume and modus operandi for calibrated duty-free import of raw sugar as buffer to reassure domestic availability and ensure price stability.

Sugar prices in the country staged a robust recovery during FY 2016-17 and for most part ruled at remunerative levels. The rebound in sugar prices that for years stayed suppressed is an overdue and welcome relief to the industry. Yet it must be recognized that current sugar prices just allow the industry to recover its cost of production and recoup the humongous losses suffered in the recent past. In this context, it is gratifying to observe that the Government, alive to this reality and economic rationale, has refrained from knee-jerk reactions for correcting the price for sugar that clearly is at correct level.

### Government Policies

The Central Government foreclosed the export window by scrapping the Minimum Indicative Export Quota (MIEQ) in May 2016 and imposed 20% export duty on sugar exports



in June 2016. It simultaneously scrapped the production subsidy scheme, overlooking the legitimate accrued rights of TN sugar mills for subsidy in respect of special season cane crushing. In fact, TN mills have suffered larger losses on fulfilling MIEQ relying on the compensatory production subsidy from Government that now stands forfeited by the sudden change in policy.

The Central Government amended the Exim Policy in April 2017 for allowing duty-free import of raw sugar. It specified zone wise Tariff Rate Quota (TRQ) and distributed it to individual sugar mills. This is meant to take care of marginal shortfall in sugar availability in respective zones.

Goods and Services Tax (GST) is perceived as a game changer towards indirect tax levy and administration. While the basic legal structure for GST is now firmly in place, actual roll out is expected any time soon. In the rate structure finalized by GST Council that is subject to further vetting before reaching finality, the GST rate is 5% for sugar and sugarcane. The by-products, namely, bagasse and pressmud hitherto totally exempt would now attract 5%, while GST on molasses is 28%. GST will largely subsume multitude of Central and State levies but potable alcohol and electricity are kept outside of GST that would bring in complexities for sugar industry in availing input tax credit.

Sugarcane pricing continues to remain the gravest of challenges for all stakeholders including Government. Global practices, Expert Committee reports and CACP recommendations succinctly suggest and unequivocally underpin the imperative for linking sugarcane price to realization from sugar and primary by-products or in the alternative to a marginally higher percentage of realization only from sugar. Sugar industry has no qualms if the Central or State Governments desire to dole out a higher guaranteed price for sugarcane in the interest of downtrodden farmers. It only emphasizes that such empathized price in excess of what is economically permissible under the revenue sharing formula can and must come only by way of direct Government subsidy to farmers. For this, CACP has time and again stressed on the strategic need for setting up a Price Stabilization Fund that would decisively address the disequilibrium between sugar and sugarcane prices. In its absence, both the industry and cane farmers are periodically caught in a vortex when muted sugar prices under market forces mutilate sugar mills' cash flows and mount cane arrears to the distress of farmers. Sooner this fundamental flaw is corrected, the better for putting the industry on a sustainable platform and make it globally competitive.

### Company's performance

The company crushed 28% higher volume of cane and produced 25% higher volume of sugar during the current financial year. While the delayed start of crushing last year spilled over sizeable quantum of cane to current year, the company was further forced to fore-draw part of cane meant for the next year to avert total perishal thereof. These have doubtless boosted current year performance. Nonetheless, the company can take legitimate credit for being able to operate during one of the most difficult and challenging times at reasonable capacity utilization. It beefed up the bio-fuel mix in power production, leveraging on viable regulatory tariff and environment clearance obtained for the full capacity of Cogen plant at 19 MW. Indeed, the company exported 526 lakh units of power to State Grid during the year, the highest since the commissioning of Cogen plant.

Backed by higher volumes in sugar and power sales and buoyed by the strong rebound in sugar prices, turnover for the year revved up by 49%. Improved efficiencies in operating both the sugar and power plants and tight cost control measures assiduously pursued together helped the company achieve Profit Before Tax of ₹ 21.64 crores for the year as against the modest ₹ 2.62 crores in the previous year.

### Finance & Legal

The Board's Report in the last year drew reference to the favourable orders obtained from the Division Bench of High Court of Madras on the decade old dispute with Sugar Development Fund (SDF). Despite the decision, in principle, taken by SDF for not appealing against the said High Court order, the company was faced with status quo for too long on subsidy disbursement. After repetitive representations, the company filed a fresh Writ Petition and the High Court of Madras by its 12th January 2017 order ruled in favour of the company with a deadline of three weeks for the Government to release pending subsidies.

Pursuant to the above, the company could receive settlement of old claims for buffer stock subsidies and current claim for production subsidy. However the Government has rejected the transport subsidy claim for ₹ 4.16 crores, citing budgetary constraints and closure of the scheme. In fact, on this reasoning claims of several other sugar companies had already got negated. In view of this, the company has derecognized this subsidy so disallowed by the Government in the financial statements of the current year, considering the uncertainty on realization

thereof. However, SISMA-TN of which the company is a member has filed a Writ Petition on this issue in the High Court of Madras to pursue available legal remedy that has since been admitted and notice ordered on the Central Government.

It has indeed come as a huge relief to the company that the Central Government have since conceded ground and decisively delinked our company from the entity that earlier owned the Erode sugar mill. This marks a significant qualitative shift in their stance that would henceforth put our company on par with its peers through the green channel in respect of all Government Schemes.

The company has also received from TANGEDCO the arrears towards power tariff revision dues pending for over 12 months by end of the current financial year. It however continues to witness considerable time delay for realizing monthly bills. Here again, the problem is commonly faced by every sugar company in the State and the choked cash flows in turn come in the way of timely payment of cane price.

### Outlook for 2017-18

Sugar mills in Tamil Nadu for long enjoyed an enviable record for operating a long sugar season, while farmers on their part were benefitted by the highest sugarcane yield in the country. In stark contrast to the distributed rainfall that the State received all along during both the southwest and northeast monsoon, of late it gets neither. Recurring monsoon failure has become a 'new normal' and this year the shortfall in northeast monsoon has the dubious distinction of being the highest in 140 years. No wonder, fresh cane planting is in a forlorn state, while ratoon crops are wilting under woefully water-stressed conditions. As a result, cane area has shrunk, cane productivity stunted, sugar recovery scuttled and overall operations strangulated. It is feared that sugar production in the State would be reduced in the coming season to its lowest in three decades.

Our company would be no exception to this traumatic trend. Its cane sugar production in FY 2017-18 is feared to decline by more than half YoY. While sugar prices should hopefully stay at remunerative levels, tangible gains there from would get pared by parlously low volume of cane sugar production and sale. The normal monsoon forecast for South this year leaves a ray of hope for things to turn better. There is no gainsaying that we remain singularly dependent on this phenomenon that is central to galvanise fresh cane planting and gain the lost ground.

To supplement sugar production under extant cane constraints, the company planned to process raw sugar using the limited window for duty-free imports. It applied for an allocation of 15000 MTs but could secure TRQ allotment of only 6269 MTs. This would be processed along with cane sugar during the special season that is currently on.

In sum, the marked recovery in profit performance achieved during FY 2016-17 would seem short-lived as the company is faced with formidable production and financial challenges in FY 2017-18. It would however steadfastly remain focused to weather the storm and take sustained efforts towards improving operational efficiencies, though meaningful relief has to come mercifully from monsoon resumption.

### General

The Government of Tamil Nadu has been announcing State Advised Price (SAP) for cane that in terms of the Hon'ble Supreme Court ruling is purely recommendatory in nature for our State. Nonetheless, it gives rise to unrealistic expectation for the farmer and creates fissures in relationship. While the industry in a state of immiseration since 2013-14 sugar season volunteered to pay a cane price that is higher than the statutory Fair and Remunerative Price but below the arbitrary SAP, the differential for the four sugar seasons since then has become hugely contentious. The private industry has strongly pleaded and continues to stress its inability to shoulder additional financial burden on this score. The State Government has since initiated tripartite meetings to resolve this imbroglio.

The company currently follows the Companies (Accounting Standards) Rules 2006 and Indian GAAP. It is now required to switch over to the new Accounting Standard, namely Indian Accounting Standards, in short IndAS, from FY 2017-18. It also needs to rework the financial statements for FY 2016-17 for presenting comparative information beginning the first quarter report on financial results under SEBI Regulations. The company has initiated requisite steps for the smooth transitioning and foresees no major impact for its top-line or bottom-line by reason of migrating to IndAS.

### 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:

- (a) in the preparation of the annual accounts, the applicable accounting standards have been followed.
- (b) the directors have selected such accounting policies and applied them consistently and made judgements and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the company at the end of the financial year and of the profit of the company for that period.
- (c) the directors have taken proper and sufficient care for the maintenance of adequate Accounting records in accordance with the provisions of this Act for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities.
- (d) the directors have prepared the annual accounts on a going concern basis.
- (e) the directors have laid down internal financial controls to be followed by the company and that said internal financial controls are adequate and were operating effectively.
- (f) the directors have devised proper systems to ensure compliance with the provisions of all applicable laws and such systems were adequate and operating effectively.

### Particulars of Loans, Guarantees or Investments

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

### Particulars of contracts or arrangements with Related Party

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

### Material changes and commitments

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

There are no material changes and commitments in the business operations of the company since the close of the financial year on 31st March 2017 to the date of this report.

### Conservation of Energy etc.

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

### Corporate Social Responsibility (CSR)

The company is covered under Section 135 of the Companies Act, 2013 for FY 2016-17, though no mandatory spending is required by reason of average loss suffered in the preceding three financial years. Its CSR report is furnished in Annx-6 that forms part of this report.

### Particulars of Employees

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

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

### Adequacy of Internal Financial Control with reference to financial statements

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

### Directors

The present term of Mr N Ramanathan, Managing Director ended on 31st March 2017. Your Directors in recognition of his committed role and valued contribution, have reappointed him as Managing Director for a further period of three years from 1st April 2017. Consent of the members is being sought for his appointment and remuneration, including minimum remuneration at this meeting.

Ms Bharti Chhotubhai Pithawalla retires by rotation at this meeting and being eligible offers herself for reappointment.

### Auditors

M/s R Subramanian And Company LLP, Chennai (Firm Regn. No.S200041) shall cease to hold office at the conclusion of this 21st 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.

Your Board on the recommendations of the Audit Committee has proposed the appointment of M/s S.Viswanathan LLP (Regn. No.004770S/ S.200025) as auditors for a term of five years from the conclusion of this meeting. Necessary resolution for their appointment is placed for the approval of shareholders.

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

### Acknowledgement

Your company continues to receive good support from Central and State Governments, Banks and Financial Institutions, Customers and Suppliers. It enjoys commendable relationship with the cane growers. Your Board wish to convey its deep sense of appreciation and commendation for their unstinted support.

Your Directors also acknowledge the understanding and co-operation shown by the employees at all levels and wish to place on record the continuing patronage received from the shareholders.

For Board of Directors

Chennai  
30th May 2017

**N Gopala Ratnam**  
Chairman



## MANAGEMENT DISCUSSION AND ANALYSIS REPORT

### Industry structure and development

#### World Sugar

##### *Industry Structure*

Sugar is produced in over 120 countries from beet or cane, increasingly more from the latter with a robust rise in its relative share from 56% during 1960s to 80% in 2015-16. While yield increase is better in beet, area increase essentially from tropical countries is far higher for sugarcane. Bio-ethanol production consumes about 15% of the world sugarcane harvest but constitutes more than 50% in Brazil.

Brazil is the dominant sugar producer and exporter, while Thailand is the second largest sugar exporter. World trade volume represents about one-third of production, the rest being captively consumed in the country of origin. Import demand is well geographically distributed as opposed to exports emanating from concentrated locations.

India is steadfastly placed as the second largest producer and the numero uno consumer of sugar 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 domino effect on world prices.

Consumption growth has decelerated from the average of 2.4% since 1960s to around 1.8% in the last decade. Consumption has steadily shifted from the western hemisphere towards east. Also, direct consumption demand has dampened of late due to rising health concerns but non-household consumption has been growing in emerging economies almost parallel to the growth in national income.

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

##### *Status update*

World sugar production that entered a deficit phase in 2015-16 after recording five successive years of surplus is cruising to close 2016-17 again with an equivalent deficit.

The cumulative impact of twin deficits has culminated in considerable draw down of global inventories by over 11 million tonnes, leaving the stock to consumption to its lowest since 2011-12.

Raw sugar prices, taking cue from constricted inventory levels and betting on impending import demand from India gained momentum since April 2016. After touching a four year peak of 23.3 c/ lb in September 2016, it receded reacting to reduced demand prospects from India and rising world production outlook in the coming year. Currently prices hover around 15 c/ lb with futures market showing little trend variance. In sharp contrast to spurt in global prices forecast in last year report, current price outlook for the coming year remains rather muted.

#### 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. UP and Maharashtra are the dominant sugar producing States and the former has not just displaced the latter from top slot after 10 years during 2016-17 but with a wide margin. UP production this year is noticeably more than double compared to Maharashtra. Of late, Karnataka has significantly added capacities and augmented production to occupy the third slot. In contrast, sugar production in Tamil Nadu is on deep decline in recent years due to the recurrence of drought drying up of rivers, ruefully poor storage in reservoirs and resultant repressive water shortage.

##### *Status update*

Sugar production after six years fell formidably below consumption during 2016-17 due essentially to more than



50% decline in the drought hit Maharashtra and Karnataka. Production in many other regions as well dipped barring UP that recorded a resonant 29% rise, riding on increased cane area, improved yield and higher sugar recovery. Sensing impending instability in sugar balance, the Central Government foreclosed the Minimum Indicative Export Quota scheme, scrapped the production subsidy and imposed export duty on sugar. This was followed by opening a small window for duty-free import of raw sugar under Tariff Rate Quota (TRQ) by amending the Exim Policy with a cap of 5 lakh tonnes.

#### *Sugar prices*

Sugar prices that were languishing for long over the last three years finally recovered, decisively so, during FY 2016-17. Despite intermittent corrections, sugar prices largely remained during the year at levels supportive for the industry to recover its cost of production, pay sugarcane prices in time and meet other financial obligations. The Government has indeed played an admirable role in managing domestic supply and balancing diverse stakeholder interests through its measured and matured response. The calibrated imports with stringent end-use stipulations coming after fatiguing global prices to cool off is unarguably a win-win situation for all.

#### *Cane pricing*

The altruistic approach of the Central & State Governments often times leads to arbitrary cane price announcements. It is high time they firmly implement a formula based price by sharing sugar revenue in an equitable manner. Simultaneously the Government must create a price stabilization fund to soften and hedge year on year volatility and bring stability in the earnings of farmers. There is welcome realization of the need to be rational on cane price fixation and hopefully 2017-18 season must be witnessing wider embracing of this concept.

Concerted efforts are equally and eminently called for to protect soil fertility, prop up sugarcane productivity, conserve water through drip and fertigation and shore up 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 a 5% target for blend, the

actual mix never exceeded 2.5%. With the hard push backed by slew of supportive measures of the Government of India, ethanol production and supply blend reached 4.3% in 2015-16. However, the discontinuance of fiscal incentives coupled with downfall in sugarcane production has dispirited and dampened the ethanol program in the current year. It is imperative that the Government has a holistic and long term focus on this with a target to double the blend to 10% within a short timeframe.

#### **Government Policies**

##### *(i) Sugar*

- GOI Order dated 29th Apr'16 imposed stock holding limits for six months on dealers of sugar to rein in rising sugar prices. This was periodically extended and is now valid till 28th Oct'17.
- Food Ministry by Notification dated 19th May'16 foreclosed and abruptly terminated the production subsidy scheme.
- Food Ministry by Order dated 8th June'16 withdrew the Minimum Indicative Export Quota (MIEQ) Scheme.
- GOI by Notification dated 16th June'16 imposed 20% duty on sugar exports.
- GOI by Notification dated 30th Sep'16 amended the Sugarcane (Control) Order, 1966. It bars ethanol production directly from sugarcane juice.
- Ministry of Textiles has been periodically coming with Orders mandating jute packing for sugar at 20%, that is last extended with validity till 30th June'17.
- VAT on sugar at 5% imposed by Government of Tamil Nadu continues despite repeated representation from industry for its abolition. No other major sugar producing State levies VAT on sugar. GST introduction should help resolve the problem.
- The Union Budget 2017/18 scrapped subsidy support for PDS sugar to all the States/ UTs from 1st Apr'17. As per Press Reports, the subsidy is being partly restored to protect the lowest income group.
- DGFT by Notification dated 5th Apr'17 amended the Foreign Trade Policy 2015-2020, allowing TRQ for import upto 5 lakh MT of raw sugar, free of basic customs duty. There is zone-wise quota and host of end-use conditions to avail this facility.

##### *(ii) Cane price*

- GOI by Notification dated 23rd May'16 fixed Fair and Remunerative Price (FRP) for cane unchanged at ₹ 230/ qtl for 2016-17 season linked to 9.5% recovery.



- CCEA on 30th May'17 increased the FRP to ₹ 255/ qtl for 2017-18 season linked to 9.5% recovery. CACP has been recommending Revenue Sharing Formula (RSF) and Price Stabilization Fund (PSF) for the last 2 years from SS 2015-16. However, GOI is acting only on the FRP, ignoring the other recommendations.
- TN Government by G.O. dated 5th Jan'17 notified the State Advised Price (SAP) for sugarcane for 2016-17 season at ₹ 2850/t including ₹ 100/t towards transport charges linked to 9.5% average recovery, same as last year. 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.
- TN Government by G.O.(Ms).No.79 dated 20th Mar'17 has constituted a tripartite Committee to study and recommend the methodology to Government for fixing remunerative sugarcane price.

### (iii) Ethanol

- GOI effective 10th Aug'16 withdrew the excise duty exemption granted on ethanol supplied to OMCs. Simultaneously the special treatment for Cenvat credit available to molasses used in ethanol production was also rescinded.
- CCEA on 13th Oct'16 fixed the administered price for ethanol at ₹ 39/ ltr for the EBP for 2016-17 plus taxes and transport charges (for FY 2015-16 it was between ₹ 48.50 to ₹ 49.50/ ltr).

### (iv) Cogen

- CERC by order dated 30th Mar'17 reduced the forbearance price for non-solar REC from ₹ 3300 to 3000 and floor price from ₹ 1500 to 1000/ kwh under the RE framework to be applicable from 1st Apr'17.
- CERC on 18th Apr'17 issued the CERC (Terms and Conditions for Tariff determination from Renewable Energy Sources) Regulations, 2017 applicable for 2017-20.

### (v) GST rates

The GST Council on 18th & 19th May'17 broadly approved the GST rates that however would be subject to further vetting and some changes. The GST impact for the sugar industry is as under:

- GST rate on sugar, sugarcane, bagasse and other waste products – 5%.
- GST rate on molasses – 28%. Alcohol products - 18%.
- GST exemption available for wide range of services provided in relation to sugarcane cultivation, harvest, transportation and host of related services.
- Services of Goods Transport Agency (GTA) under reverse charge mechanism – GST rate 5% with no ITC.
- General rate for services – 18% with ITC benefit.

Overall impact on industry may not be material.

## Opportunities & Threats

India has a 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 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, posing potent threat to cash flows.

Sugarcane availability is critically dependent upon 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 deficiency in water resources not enough to meet even the minimal drip requirement for cultivation during deficit years.

The disequilibrium between sugar and sugarcane prices in the absence of Price Stabilisation Fund advocated by CACP, creates periodical pressures and more particularly during industry downturn. Most leading sugar producing States have recognized the need for rational cane pricing through Revenue Sharing Formula but the stand of TN Government on this critical issue is awaited.

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:

Particulars	Sugar (tonnes)	Cogen (Lakh units)
Production	53620	764.61
Sales	57944	525.65
	₹ lakhs	₹ lakhs
Sales	23819	6833
Operating Profit	1725	1272

### Outlook

Early estimates of world sugar production suggest a rebound to surplus during 2017-18. The potential switch from deficit to surplus primarily means more uncertainty and more volatility as the foreseen surplus is small in absolute terms relative to two previous deficits and is exposed to downside risks. World sugar prices are in general expected to remain range bound.

In India, with concerns over El-Nino behind and normalcy in south west monsoon ahead as forecast by IMD, sugar production in 2017-18 should resurge more importantly with a strong recovery in Maharashtra. While it is too early to predicate on a precise forecast, there is more likelihood of near parity between demand and supply.

While sugarcane prices are slated to go up with hike in Fair and Remunerative Price based on the reported recommendations of CACP, sugar prices could face resistance, albeit limited, from enhanced supplies. This should put mild pressure on margins for the industry in general but sugar mills in Tamil Nadu are at their wit's end, wilting under weather concerns. They have to grapple with the gruesome impact of recurring drought that has crumbled cane area, crumpled cane quality, compressed crushing days and crippled near term cash flows. Sugar industry in Tamil Nadu has thus a steep mountain to climb in the coming year.

### 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 though currently favourable may vary widely from prevailing market rates. Despite recent liberalization by Centre, there are continuing controls on cane area reservation as well as arbitrary fixation of cane price by few States.

#### Risk mitigation

The Company has built excellent relationship over the years with the local farming community. It has judiciously used surplus cash generated during industry upturn to pare debts and stay lean and financially fit. It has diversified into Cogen. It has of course 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 limit 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 101 seasonal and 179 non-seasonal employees. Industry-wide wage settlement is in force till 30th Sep'18. Industrial relations remained cordial throughout the year..

### Discussion on Financial Performance with respect to Operational Performance

#### Operational Performance

	Year ended	
	31.03.2017	31.03.2016
Number of days	213	170
Average crushing rate (tcd)	2643	2595
Cane crushed (t)	562974	441211
Recovery (%)	9.47	9.76
Sugar produced (t)	53620	43030
Power production (lakh kwh)	765	479

The delay in start of main crushing season during 2015-16 till a negotiated settlement could be reached on cane pricing pushed sizeable cane volume that unintendedly has benefitted current year operations. Further, the company has drawn in advance this year part of cane meant for the

next financial year to save them of total perishal. Current year sugar production has thus come to be boosted by this inter-period cane flow, while the adversity of drought poignantly persists. Cogen plant operated with increased outsourced bio-fuel mix and improved efficiency, recording the highest power production and dispatch this year. The overall operational performance is considered immensely satisfactory under extant constraints.

### Financial Performance

Sugar deficits both in the global and domestic markets enlivened at once the market sentiments and elevated sugar prices from their lows. As a result, the company could stridently improve both the volume and value of sugar sales. The resurgence in sugar prices by 36% YoY and revised regulatory tariff for power have doubtless played a pivotal role in improving the profitability for the current year, besides the steadfast focus of the company in debottlenecking and fine tuning its operations.

As a result, the company has come out with a commendable profit performance with PBT of ₹ 21.64 crores and PAT of ₹ 15.19 crores, the highest in four years.

### Ratios

Description	U/M	2016-17	2015-16
PBIDT to Sales	%	15.25	1.84
PBT to Sales	%	8.28	1.49
PBT to Net Worth	%	15.82	2.15
Return on Capital Employed	%	15.27	4.92
Earnings (PAT) per Share	₹	17.66	2.21
Interest Coverage	times	8.93	2.58
Debt- Equity	times	0.26	0.42
Current Ratio	times	1.43	1.22
Net Worth per Share	₹	159.08	141.41

### Cautionary Statement

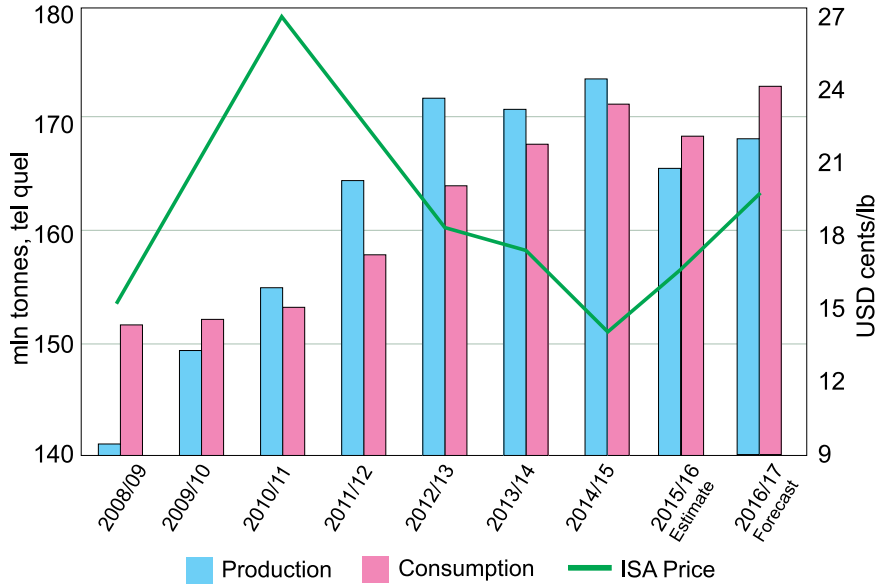
Statements made in this Report describing industry outlook as well as Company's plans, projections and expectations may constitute 'forward looking statements' within the meaning of applicable laws and regulations. Actual results may differ materially from those either expressed or implied.

For Board of Directors

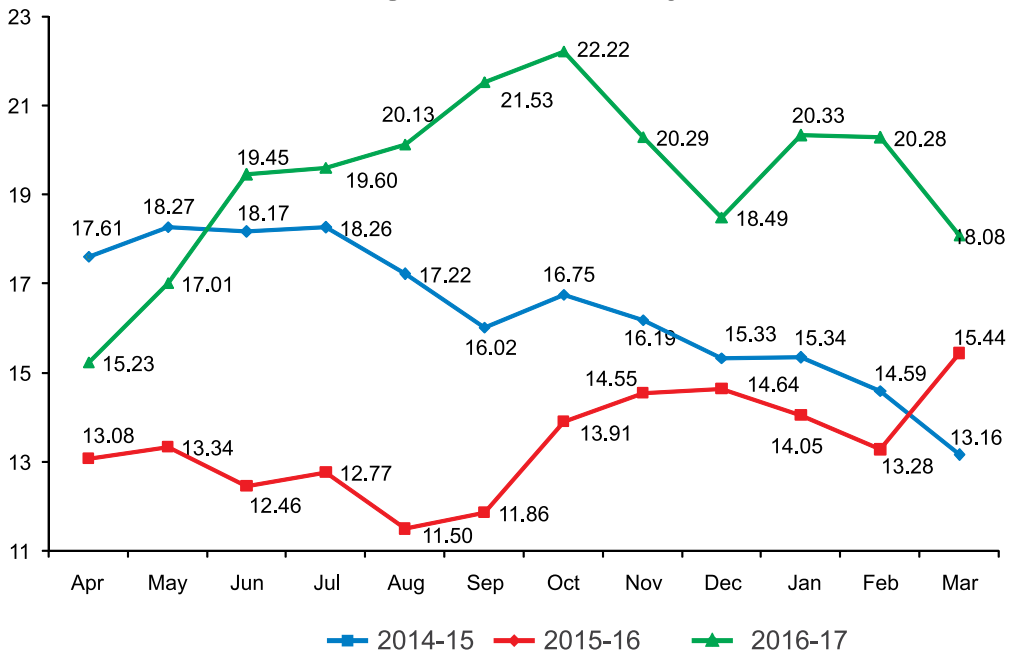
Chennai  
30th May 2017

**N Gopala Ratnam**  
Chairman

**World production, Consumption and ISA Prices**

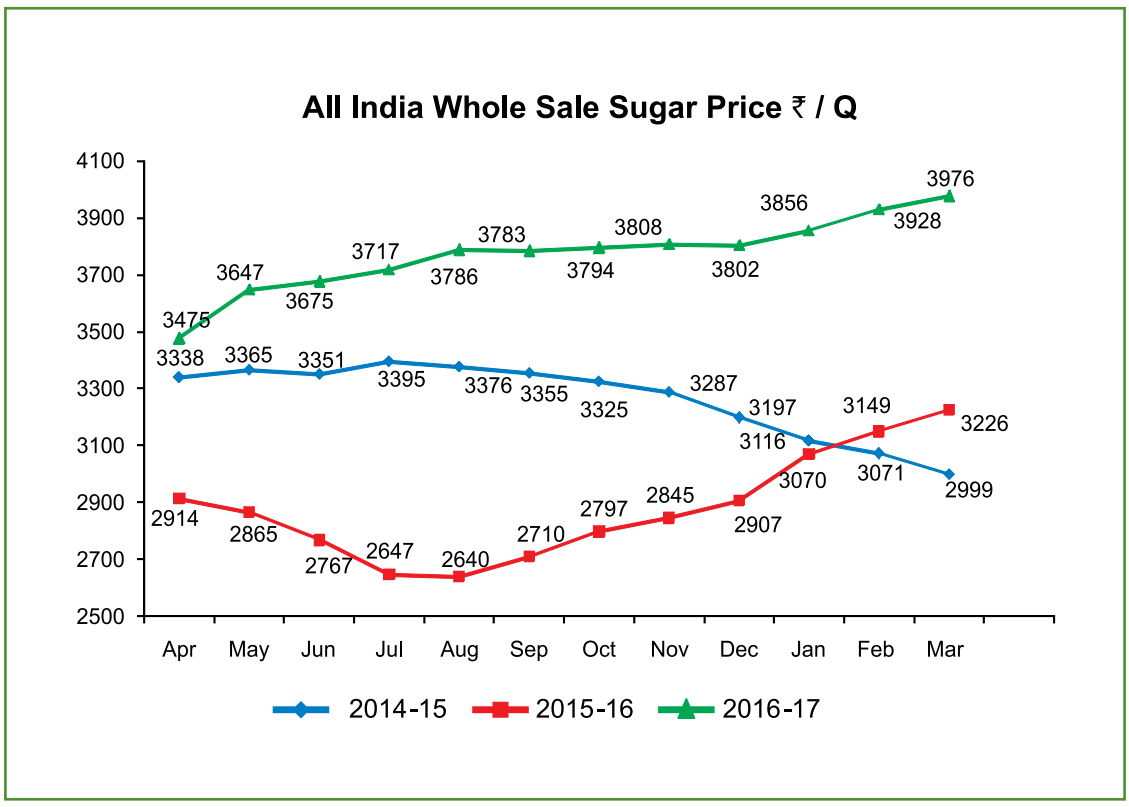
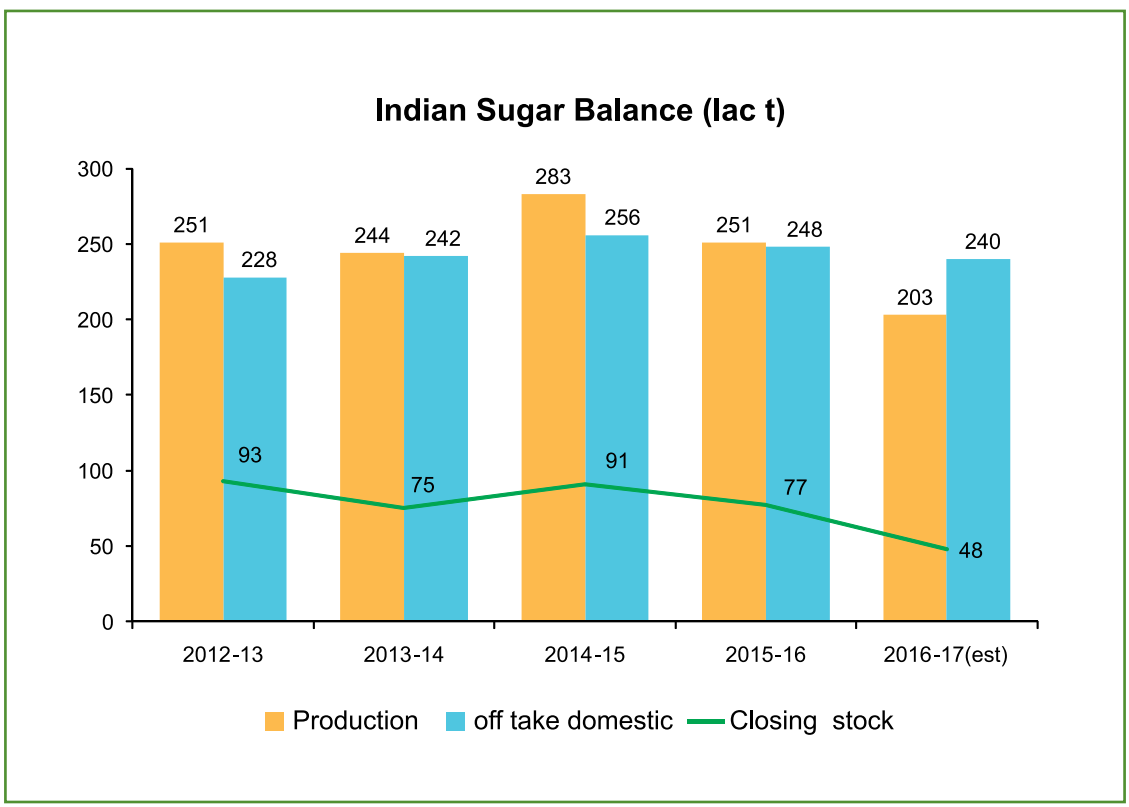


**World Raw Sugar Price-ISA Daily Price c/lb**





# Ponni Sugars (Erode) Limited



## 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. With a view to adopt best practices on Corporate Governance and for effective framework of Corporate Governance, SEBI in December 2015 notified the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations 2015 (Listing Regulations). The principles of Corporate Governance enshrined in these legislations are complied in all respects by the Company. The policies, procedures and processes of the Company are at all times directed in furtherance of following the best practices and institutionalizing the code of corporate governance.

This Report is furnished in terms of Regulation 34(3) and Schedule V of the Listing Regulations. Further, this Report also discloses relevant information in terms of Section 134(3) of the 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 2016-17		As on 31st March 2017			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	4	80	4	--	1	Y
Mr Arun G Bijur Promoter Group, Non-Executive	26.12.1996	100	5	100	3	--	1	Y
Mr Bimal Poddar Promoter, Non-Executive	26.10.2001	NIL	4	80	8	--	1	Y
Mr N Ramanathan Managing Director	01.04.2005	3001	5	100	5	--	2	Y
Mr V Sridar Independent	05.06.2009	NIL	5	100	10	7	3	Y
Mr N R Krishnan Independent	05.06.2009	NIL	5	100	8	2	4	Y
Dr Nanditha Krishna Independent	24.12.2010	NIL	5	100	5	--	--	Y
Mr K Bharathan Independent	28.12.2011	NIL	4	80	2	--	--	Y
Ms 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, responsibilities, rights & responsibilities, nature of the industry, business model and compliance management. The details of the programme have been uploaded on the company website. Link: [www.ponnisugars.com/Policy.htm](http://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 27.05.2016, 26.07.2016, 04.11.2016, 03.02.2017 and 24.03.2017. 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 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 and CFO 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 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 27.05.2016, 26.07.2016, 04.11.2016, 03.02.2017 and 24.03.2017. Its composition and attendance during 2016-17 is given hereunder:

Name of Member	Category	Attendance at meetings	
		No.	%
Mr V Sridar, <i>Chairman</i>	Independent	5	100
Mr Bimal Poddar	Non-Independent	4	80
Dr L M Ramakrishnan	Independent	4	80
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, <i>Chairman</i>	Independent, Non-Executive
Mr N Gopala Ratnam	Non-Independent, Non-Executive
Dr L M Ramakrishnan	Independent, Non-Executive
Mr N R Krishnan	Independent, Non-Executive

The Committee meets as per needs. It met once during the year on 24.03.2017 wherein all the members were present.

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. It revisited the issue in March 2017 pursuant to the SEBI Guidance Note on Board Evaluation issued in January 2017 and broad based the evaluation criteria covering independent directors, non-independent directors and Board as a whole.

### 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 27.05.2016, 26.07.2016, 04.11.2016, 03.02.2017 and 24.03.2017. Its composition and attendance is given hereunder:

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

Mr 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

The company is covered under Section 135 of the Act for FY 2016-17. However, no mandatory spending is required during this year by reason of average loss suffered in the preceding three financial years. The company had voluntarily constituted a CSR Committee on 21st March 2014 and formulated CSR Policy. Its composition and attendance is given hereunder:

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

It met once during the year on 24.03.2017 wherein all the members were present and approved the CSR Budget for FY 2017-18

### v) Other Committees

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

**(vi) Committee Minutes**

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

**(vii) Circular Resolution**

Recourse to circular resolution is made in exceptional and emergent cases that are recorded at the succeeding Board / Committee Meetings. During the year, no circular resolution was passed.

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

The Board on the recommendations of the Nomination-cum-Remuneration Committee meeting in 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.

Managing Director is the only Executive Director entitled for monthly remuneration whose current term expired on the close of 31st March 2017. The Board of Directors of the company at their meeting held on 24th March 2017 have reappointed Mr N Ramanathan as Managing Director of the company for a period of three years from 01.04.2017 and approved the revised remuneration package based on the recommendations of the Nomination cum Remuneration Committee meeting held on 24.03.2017. Approval of shareholders for the reappointment and terms thereof has been sought by special resolution at the Annual General Meeting



vide item-5 of the Notice. 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 ₹ 24.77 lakhs in FY 2016-17.

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 that was revised from April 2014 at ₹ 10000 per meeting of Board or any Committee thereof. The Company obtained the approval of shareholders at its 18th AGM for payment of commission to Non-Executive Directors for three financial years from 2014-15 to 2016-17. No commission was paid for FY 2014-15 and 2015-16 in view of losses suffered computed as per Section 197 & 198 of the Companies Act 2013 but is fixed for FY 2016-17 at ₹ 1 lakh for each non-executive director. Fresh authorization from shareholders by way of an ordinary resolution for payment of commission to Non-Executive Directors for 3 financial years from 1st April 2017 is being sought at the 21st AGM.

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 Mar'15 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.

Pursuant to the Guidance Note on Board Evaluation issued by SEBI in Jan'17 to improve the evaluation process by listed entities, the Board of Directors at their meeting held on 24th March 2017, based on the recommendations of the Nomination-cum-Remuneration Committee approved the revised criteria for performance evaluation for Independent Directors, Non Independent Directors and Board of Directors.

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

The Nomination-cum-Remuneration Committee at its 24th March 2017 meeting evaluated every director's performance that includes the independent and non-independent directors. The director whose performance is being evaluated did not participate during that part of the meeting. The Committee has expressed overall satisfaction on such evaluation.

The Independent Directors in their exclusive meeting on 24.03.2017 did the evaluation on the performance of Chairperson, non-independent directors and the Board as a whole. They have expressed overall satisfaction on such evaluation. All the Independent directors were present at this meeting.

The Board at its 24.03.2017 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

Pursuant to the SEBI (Prohibition of Insider Trading) Regulations, 2015, the Board in Mar'15 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 2016-17 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 in Mar'05 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 2016-17.

Further, the senior management personnel have declared to the Board that no material, financial and commercial transactions were entered into by them during FY 2016-17 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 in Feb'15 formulated 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 2016-17 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 38 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 2016-17.

#### (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 2016-17.

**(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 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 2016-17 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**

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 to the stock exchanges. There was one disclosure so

made during the year pertaining to the environment clearance obtained for the enhanced capacity of cogeneration plant at 19 MW. This has 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	30.06.2016	14.07.2016
		30.09.2016	13.10.2016
		31.12.2016	11.01.2017
		31.03.2017	18.04.2017

**(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 2016-17. Their remuneration was approved by the shareholders at the 20th AGM.

## Cost Audit Report

Filing Cost Audit Report	2016-17	2015-16
Due date	30.09.2017	30.09.2016
Actual date	Target 31.08.2017	04.08.2016
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 Practising Company Secretary (C.P.No.6032) to undertake the Secretarial Audit of the company for FY 2016-17. The Secretarial Audit Report was placed before the Board on 30th May 2017.

There are no qualifications in the Secretarial Audit Report.

**(x) Internal Auditor**

Pursuant to Section 138(1) of the Companies Act, 2013 the company 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 2016-17. 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 30th May 2017.

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

The Board in its Report has confirmed that the annual accounts for the year ended 31st March 2017

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). Copy of the certificate is furnished to the Stock Exchanges as required.

**(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 R Subramanian And Company LLP have undergone the peer review process and been issued requisite certificate that was placed before the Audit Committee.

**(F) Discretionary requirements****(i) Chairperson**

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

**(ii) Shareholders' Rights**

Quarterly 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) Audit Qualifications**

The Company since inception has ensured to remain in the regime of unqualified financial statements. In deference to SEBI's Circular dated 25th May 2016, annual financial results for FY 2016-17 are being filed with the stock exchanges along with the declaration



by the Managing Director confirming that the Auditors' Report on Annual Financial Results is with unmodified opinion.

**(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.

**(vi) Dividend Distribution Policy**

SEBI has by Notification dated 08-07-2016 inserted Regulation 43A in the Listing Regulations. This mandates formulation of Dividend Distribution Policy by top 500 listed entities and disclosure of the same in the Annual Reports and websites of the company. Our Company is not presently covered by this.

**(H) Means of Communication**

**(i) Intimation of Board meeting**

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

**(ii) Financial Results – 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 30.06.2016	05.07.2016	26.07.2016	27.07.2016	Business Standard and Makkal Kural
Quarter ended 30.09.2016	13.10.2016	04.11.2016	05.11.2016	
Quarter ended 31.12.2016	07.01.2017	03.02.2017	04.02.2017	
Quarter and Year ended 31.03.2017	06.05.2017	30.05.2017	31.05.2017*	

\* Publication arranged

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

- (a) emailed to Stock Exchanges immediately after the conclusion of the Board meeting and filed through NEAPS and BSE Listing Centre;
- (b) posted on the company's website [www.ponnisugars.com](http://www.ponnisugars.com) that also displays other official News releases;
- (c) emailed (softcopy) to shareholders who have registered their email ids; and
- (d) sent (hardcopy) to shareholders on request;

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

**(iii) Chairman's Communiqué**

Printed copy of the Chairman's Speech is distributed to all the shareholders at the Annual General Meeting. 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
18th 2013-14		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
20th 2015-16		26.07.2016 10.00 AM	NIL

No Extraordinary General Meeting was convened during the year.

**ii) Postal Ballot / Poll**

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

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 and on Poll at the meeting.

**(b)** No special resolution was passed by Postal Ballot during FY 2016-17.

**(c)** Special resolution for reappointment of Managing Director is proposed to be passed through E-Voting and Poll at the venue of 21st AGM.

**J. General Shareholder Information**

**(i) Details for 21st AGM**

Date and Time	Wednesday, the 2nd August 2017 at 10.30 AM
Venue	New Woodlands Hotel P Ltd, 72-75, Dr Radhakrishnan Road, Mylapore, Chennai 600 004
Financial Year	2016-17
Book Closure Dates	Thursday, the 27th July 2017 to Wednesday, the 2nd August 2017 (both days inclusive)
Dividend	₹ 2.50 per Equity Share (proposed)
Dividend payment date	8th August 2017
Cut-off Date for e-voting	Wednesday, the 26th July 2017

**(ii) Financial Calendar for 2017-18 (tentative)**

Results for the quarter ending	30th June 2017	2nd August 2017
-do-	30th Sep 2017	27th October 2017
-do-	31st Dec 2017	2nd February 2018
Results for the year ending	31st Mar 2018	May 2018
Annual General Meeting	July 2018	

**(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: cmlist@nse.co.in	April 2002	PONNIERODE

Listing fee has been paid to both the Stock Exchanges for the year 2017-18.

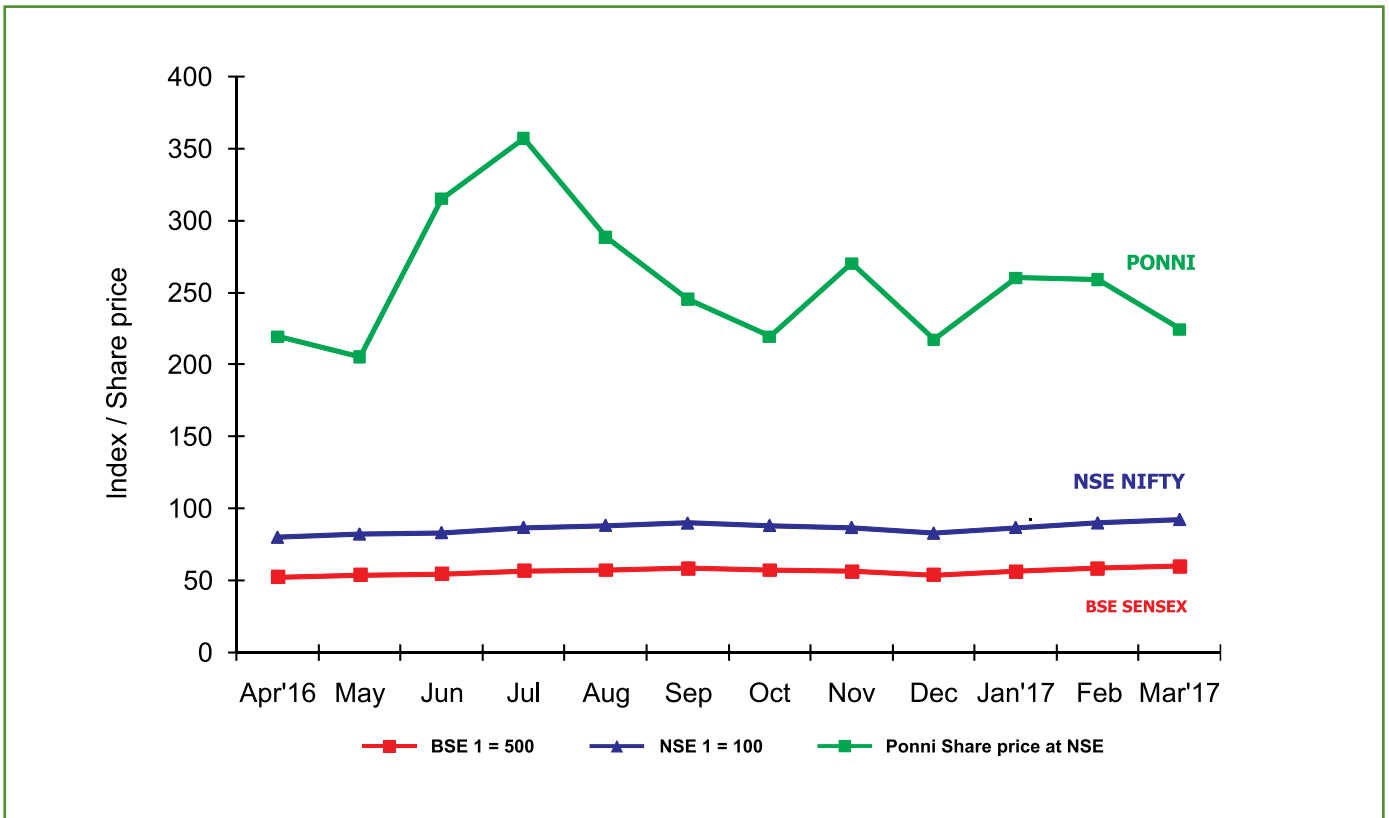


## Ponni Sugars (Erode) Limited

### (iv) Market Price Data

Month	Bombay Stock Exchange				National Stock Exchange			
	Share price		Volume		Share price		Volume	
	High	Low	No. of shares	Value (₹ lacs)	High	Low	No. of shares	Value (₹ lacs)
April'16	221	172	7693	15.55	219	183	52516	106.91
May'16	225	170	9936	19.28	205	173	39424	76.36
June'16	316	190	259015	702.43	315	190	852400	2326.51
July'16	359	241	417419	1313.41	357	213	1435478	4505.54
Aug'16	289	201	147707	336.69	288	200	610353	1410.23
Sept'16	220	189	45227	92.77	245	190	219640	448.53
Oct'16	218	196	41334	86.17	219	193	123269	255.33
Nov'16	269	182	438985	1066.73	270	185	1410032	3444.57
Dec'16	216	189	24419	49.63	217	185	123007	249.90
Jan'17	264	204	77323	183.33	260	202	342488	808.64
Feb'17	259	200	85039	201.63	259	202	416686	987.32
March'17	224	200	60728	131.18	224	201	166142	350.31

### (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 SEBI Registration No: INR000003753
Contact person:	Ms K Sreepriya, Company Secretary

**(vii) Nomination facility**

Shareholders holding shares in physical form and desirous of making a nomination in terms of Section 72 of the 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 Stakeholders Relationship Committee. Investor requests are attended to within 7-15 days from the date of receipt. A summary of such transactions so approved by the Managing Director is placed at every Board Meeting/Stakeholders Relationship Committee. The Company obtains from a Company Secretary in Practice half-yearly Certificate of Compliance with the Share Transfer formalities as required under Regulation 40 (9) of the Listing Regulations and files a copy of the said certificate with the Stock Exchanges.

There is no pending share transfer as of 31.03.2017.

Stamp duty for share transfers in physical mode is 25 paise for every ₹ 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	8588	81.37	310648	3.61
101-500	1593	15.10	379732	4.42
501-1000	199	1.89	156716	1.82
1001-10000	145	1.37	447813	5.21
10001 - 100000	17	0.16	530308	6.17
100001 & above	12	0.11	6773201	78.77
<b>Total</b>	<b>10554</b>	<b>100.00</b>	<b>8598418</b>	<b>100.00</b>

**(x) Categories of Shareholding**

Shares held by	No. of shareholders	%	No. of shares	%
Promoters	6	0.06	3642537	42.36
FIs / UTI / Mutual Fund / Banks	7	0.07	5566	0.07
Corporates	81	0.76	958804	11.15
FPIs / FIIs / NRIs / OCBs	180	1.71	2444896	28.43
Resident Individuals	10280	97.40	1546615	17.99
<b>Total</b>	<b>10554</b>	<b>100.00</b>	<b>8598418</b>	<b>100.00</b>

**(xi) Shareholder Satisfaction Survey**

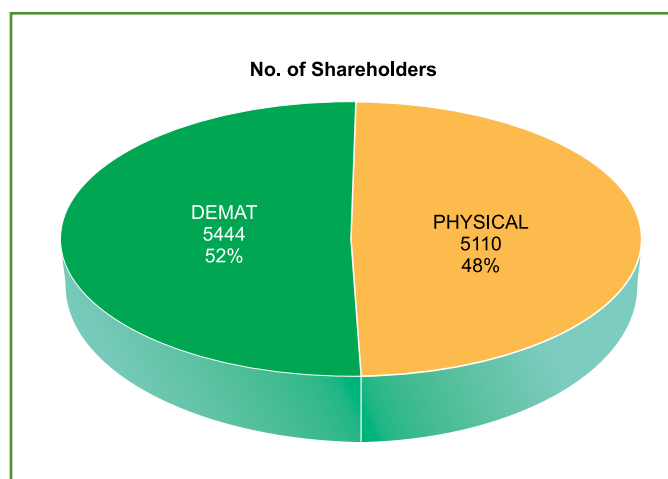
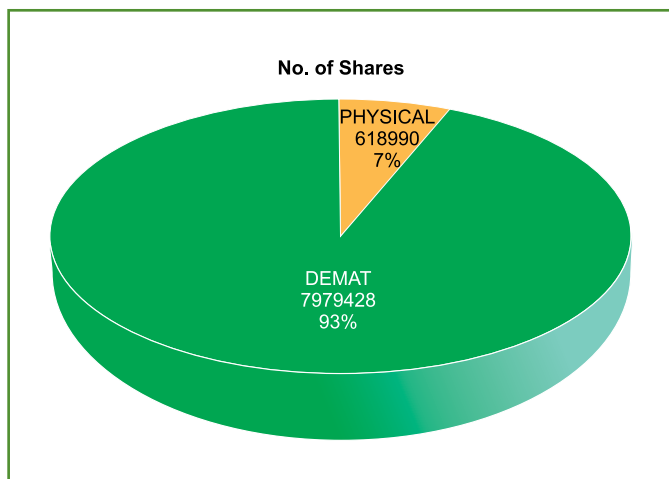
To assess the current level of service standards in all business dealings including investor services a questionnaire has been posted on the company's website. Shareholders are requested to send their views by replying to the questionnaire. No response was received during the year while surveys undertaken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

**(xii) Dematerialization**

The Equity Shares of the Company are traded in compulsory Demat form. 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 by the Company as and when claim is received.

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



### (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 (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	478	27709
2	Number of shareholders who approached the issuer for transfer of shares from the Unclaimed Suspense Account during the year	4	442
3	Number of shareholders to whom shares were transferred from the Unclaimed Suspense Account during the year	4	442
4	Aggregate number of shareholders and the outstanding shares lying in the Unclaimed Suspense Account at the end of the year	474	27267



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

**(xxii) Dividend for 2016-17**

**(a) Dividend entitlement**

Dividend, if declared at the Annual General Meeting, will be paid by 8th August 2017 to the members whose names appear on the Register of Members on 2nd August 2017 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) Particulars of unclaimed dividend**

Year	Dividend (₹ per share)	Date of warrant	Unclaimed		Due date for transfer to IEPF
			No. of warrants	₹ lakhs	
2009-10	4.00	05.08.2010	3250	8.18	25.08.2017
2010-11	2.00	29.07.2011	3619	3.78	19.08.2018
2011-12	2.50	06.08.2012	3084	4.56	24.08.2019
2012-13	1.50	07.08.2013	3377	3.03	29.08.2020
2013-14	0.60	31.07.2014	3910	1.37	27.08.2021
2015-16	1.20	01.08.2016	3425	2.69	30.08.2023

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) Transfer of Unclaimed Dividend to IEPF**

Pursuant to Section 124 of the Companies Act 2013, dividend remaining unpaid or unclaimed for a period of 7 years shall be transferred to the Investor Education and Protection Fund of the Central Government. Reminders for unpaid dividend are sent to the shareholders as per records every year.

The Unpaid / Unclaimed Dividend for the Financial Year ended 31.03.2009 were transferred on 16.09.2016 pertaining to 3450 investors and aggregating ₹ 450561.

**(xxv) Transfer of shares to IEPF**

The Company in terms of Section 124(6) of the Companies Act, 2013 is required to transfer the underlying equity shares where dividend has not been paid or claimed by shareholders for seven consecutive years to the Investor Education and Protection Fund (IEPF) Suspense Account in accordance with the Investor Education and Protection Fund Authority (Accounting, Audit, Transfer and Refund) Rules, 2016.

In respect of Unpaid / Unclaimed dividend for financial year 2008-09, individual communication had already been sent

to the concerned shareholders whose shares are liable to be transferred to IEPF Suspense account. Public Notice in respect of the same was issued in Business Standard and Makkal Kural on 24th Nov 2016. Year wise / Shareholder wise unpaid dividend details are posted on the company website. The Company has thus fulfilled the procedural pre-requisites, while the transfer of shares to the special Demat account is pending final notification of MCA in the matter.

The Unpaid / Unclaimed amount for the Financial Year ended 31.03.2010 will be transferred during August 2017 alongwith the shares. Shareholders are therefore advised to contact the Company immediately in case of non-receipt or non-encashment of Dividend.

You may however note that both the unclaimed dividend and the shares transferred to IEPF Authority / Suspense Account including all benefits accruing on such shares, if any, can be claimed back from IEPF Authority after following the due process prescribed by the Rules.

### (xxvi) 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  
30th May 2017

**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 2016-17.

Chennai  
30th May 2017

**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 2017 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 2017.

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 R Subramanian And Company LLP**  
**FRN No. S200041**  
Chartered Accountants

**N Krishnamurthy**  
Partner  
Membership No.19339

Chennai  
30th May 2017



**Form No.MGT-9**

## EXTRACT OF ANNUAL RETURN

as on the financial year ended on 31st March 2017

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: <i>admin@ponnisugars.com</i> Web: <i>www.ponnisugars.com</i>
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: <i>investor@cameoindia.com</i> Web: <i>www.cameoindia.com</i>

**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	80
2	Power	35106	10

**III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES**

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

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

(i) Category-wise Share Holding

Category of Shareholders	No. of shares held at the beginning of the year - 01.4.2016			No. of shares held at the end of the year - 31.3.2017			% change the during the year
	Demat	Physical	Total	Demat	Physical	Total	
<b>A. Promoters</b>							
<b>(1) Indian</b>							
(a) Individual/HUF	2823	-	2823	2823	-	2823	0.03
(b) Central Govt	-	-	-	-	-	-	-
(c) State Govt(s)	-	-	-	-	-	-	-
(d) Bodies Corporate	3139248	-	3139248	3139248	-	3139248	36.51
(e) Banks / FI	-	-	-	-	-	-	-
(f) Any other ....	-	-	-	-	-	-	-
<b>Sub-Total (A)(1)</b>	<b>3142071</b>	<b>-</b>	<b>3142071</b>	<b>3142071</b>	<b>-</b>	<b>3142071</b>	<b>36.54</b>
<b>(2) Foreign</b>							
(a) NRIs - Individuals	500466	-	500466	500466	-	500466	5.82
(b) Other - Individuals	-	-	-	-	-	-	-
(c) Bodies Corporate	-	-	-	-	-	-	-
(d) Banks / FI	-	-	-	-	-	-	-
(e) Any other ....	-	-	-	-	-	-	-
<b>Sub-Total (A)(2)</b>	<b>500466</b>	<b>-</b>	<b>500466</b>	<b>500466</b>	<b>-</b>	<b>500466</b>	<b>5.82</b>
<b>Total shareholding of Promoter (A) = (A)(1) + (A)(2)</b>	<b>3642537</b>	<b>-</b>	<b>3642537</b>	<b>3642537</b>	<b>-</b>	<b>3642537</b>	<b>42.36</b>
<b>B. Public Shareholding</b>							
<b>(1) Institutions</b>							
(a) Mutual Funds / UTI	4400	240	4640	4400	240	4640	0.05
(b) Banks / FI	-	-	-	926	-	926	0.01
(c) Central Govt	-	-	-	-	-	-	-
(d) State Govt(s)	-	-	-	-	-	-	-
(e) Venture Capital Funds	-	-	-	-	-	-	-
(f) Insurance Companies	-	-	-	-	-	-	-
(g) FIs	1251608	-	1251608	300000	-	300000	3.49
(h) Foreign Venture Capital Investors	-	-	-	-	-	-	-
(i) Any other ....	-	-	-	-	-	-	-
Foreign Portfolio Investors	972935	-	972935	1820299	-	1820299	21.17
<b>Sub- Total (B)(1)</b>	<b>2,228,943</b>	<b>240</b>	<b>2229183</b>	<b>2125625</b>	<b>240</b>	<b>2125865</b>	<b>24.72</b>

Category of Shareholders	No. of shares held at the beginning of the year - 01.4.2016				No. of shares held at the end of the year - 31.3.2017				% change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
<b>(2) Non - Institutions</b>									
(a) Bodies Corporate - Indian	1156835	7128	1163963	13.54	1063600	7128	1070728	12.45	-1.08
(b) Individuals									
i Individual shareholders holding nominal share capital up to ₹ 1 lakh	549614	297378	846992	9.85	798933	292223	1091156	12.69	2.84
ii Individual shareholders holding nominal share capital in excess of ₹ 1 lakh	267948	48000	315948	3.67	207595	48000	255595	2.97	-0.70
(c) Others (specify)									
Directors and Relatives	3001	1124	4125	0.05	3001	1124	4125	0.05	-
NRIs / OCBs	61344	270475	331819	3.86	54322	270275	324597	3.78	-0.08
HUF / Clearing Members	36142	-	36142	0.42	56548	-	56548	0.66	0.24
Unclaimed Shares	27709	-	27709	0.32	27267	-	27267	0.32	-0.01
<b>Sub- Total (B)(2)</b>	<b>2102593</b>	<b>624105</b>	<b>2726698</b>	<b>31.71</b>	<b>2211266</b>	<b>618750</b>	<b>2830016</b>	<b>32.91</b>	<b>1.20</b>
<b>Total Public Shareholding (B) = (B)(1) + (B)(2)</b>	<b>4331536</b>	<b>624345</b>	<b>4955881</b>	<b>57.64</b>	<b>4336891</b>	<b>618990</b>	<b>4955881</b>	<b>57.64</b>	<b>-</b>
<b>Shares held by Custodian for GDRs and ADRs</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>GRAND TOTAL (A) + (B) + (C)</b>	<b>7974073</b>	<b>624345</b>	<b>8598418</b>	<b>100.00</b>	<b>7979428</b>	<b>618990</b>	<b>8598418</b>	<b>100.00</b>	<b>-</b>

**(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 Ltd	2360260	27.45	-	2360260	27.45	-	-	-	
2	Time Square Investments (P) Ltd	773804	9.00	-	773804	9.00	-	-	-	
3	Bharti Chhotubhai Pithawalla	500466	5.82	-	500466	5.82	-	-	-	
4	Esvi International (Engineers and Exporters) Ltd	4802	0.06	-	4802	0.06	-	-	-	
5	High Energy Batteries (India) Ltd	382	0.00	-	382	0.00	-	-	-	
6	N Gopala Ratnam	2823	0.03	-	2823	0.03	-	-	-	
	<b>Total</b>	<b>3642537</b>	<b>42.36</b>	<b>-</b>	<b>3642537</b>	<b>42.36</b>	<b>-</b>	<b>-</b>	<b>-</b>	



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	Promoters' total holding				
	At the beginning of the year 01-04-2016	3642537	42.36		
	Purchase / Sale during the Year	0	0		
	At the end of the Year 31-03-2017			3642537	42.36

There is no change in the total shareholding of Promoters during the year 2016-17.

**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-2016	813525	9.46		
	At the end of the Year 31-Mar-2017			813525	9.46
2	Coromandel Sugars Limited				
	At the beginning of the year 01-Apr-2016	810507	9.43		
	Sale 15-Jul-2016	-14920	0.17	795587	9.25
	Sale 19-Jul-2016	-500	0.01	795087	9.25
	Sale 26-Jul-2016	-19455	0.23	775632	9.02
	At the end of the Year 31-Mar-2017			775632	9.02
3	GHI LTP Ltd				
	At the beginning of the year 01-Apr-2016	539450	6.27		
	At the end of the Year 31-Mar-2017			539450	6.27
4	Vanderbilt University A/C Vanderbilt University - Atyant Capital Management Limited				
	At the beginning of the year 01-Apr-2016	300000	3.49		
	At the end of the Year 31-Mar-2017			300000	3.49
5	GHI JBD Ltd				
	At the beginning of the year 01-Apr-2016	197599	2.30		
	At the end of the Year 31-Mar-2017			197599	2.30
6	Ruchit Bharat Patel Jt1 : Hardik Bharat Patel				
	At the beginning of the year 01-Apr-2016	189954	2.21		
	Purchase 08-Apr-2016	6584	0.08	196538	2.29
	Sale 27-May-2016	-561	0.01	195977	2.28
	Sale 17-Jun-2016	-43644	0.51	152333	1.77
	Sale 08-Jul-2016	-24474	0.28	127859	1.49
	Sale 26-Jul-2016	-47000	0.55	80859	0.94
	Sale 29-Jul-2016	-11567	0.13	69292	0.81
	Purchase 12-Aug-2016	14770	0.17	84062	0.98
	Purchase 19-Aug-2016	40386	0.47	124448	1.45
	Purchase 26-Aug-2016	5671	0.07	130119	1.51



## Ponni Sugars (Erode) Limited

Sl No	Name of the Shareholder	No of shares	% of total shares of the company	No of shares -Cumulative	% of total shares of the company
	Purchase 02-Sep-2016	20900	0.24	151019	1.76
	Sale 04-Nov-2016	-15815	0.18	135204	1.57
	Sale 11-Nov-2016	-2342	0.03	132862	1.55
	Sale 13-Jan-2017	-7500	0.09	125362	1.46
	Sale 03-Feb-2017	-4368	0.05	120994	1.41
	Sale 10-Feb-2017	-2845	0.03	118149	1.37
	Sale 31-Mar-2017	-29838	0.35	88311	1.03
	At the end of the Year 31-Mar-2017			88311	1.03
7	GHI HSP Ltd				
	At the beginning of the year 01-Apr-2016	159410	1.85		
	At the end of the Year 31-Mar-2017			159410	1.85
8	Primeasia Investment Pte Ltd				
	At the beginning of the year 01-Apr-2016	125000	1.45		
	At the end of the Year 31-Mar-2017			125000	1.45
9	Tonecliff Ltd				
	At the beginning of the year 01-Apr-2016	117740	1.37		
	At the end of the Year 31-Mar-2017			117740	1.37
10	GHI ERP Ltd				
	At the beginning of the year 01-Apr-2016	110315	1.28		
	At the end of the Year 31-Mar-2017			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	Bharti Chhotubhai Pithawalla	500466	5.82	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	100	0
6	Kolandavelu Yokanathan	10	0	10	0

**V. INDEBTEDNESS**

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

Particulars	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
Indebtedness at the beginning of the financial year				
i) Principal Amount	7663	--	--	7663
ii) Interest due but not paid	--	--	--	--
iii) Interest accrued but not due	11	--	--	11
Total (i+ii+iii)	7674	--	--	7674
Change in Indebtedness during the financial year				
- Addition	1	--	--	1
- Reduction	2758	--	--	2758
Net Change	(2757)	--	--	(2757)
Indebtedness at the end of the financial year				
i) Principal Amount	4905	--	--	4905
ii) Interest due but not paid	--	--	--	--
iii) Interest accrued but not due	12	--	--	12
Total (i+ii+iii)	4917	--	--	4917

**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
1	Gross salary	
	a) Salary as per provisions contained in Section 17(1) of the Income-tax Act, 1961	5185737
	b) Value of perquisites u/s 17(2) of the Income-tax Act, 1961	17974
	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	3600000
5	Others, please specify – Retiral Benefits	810000
	Total(A)	9613711
	Ceiling as per the Act (Excludes contribution to retirement benefits exempt under Income Tax Act, 1961)	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	90000 100000 --	110000 100000 --	120000 100000 --	50000 100000 --	40000 100000 --	410000 500000 --
	<b>Total (1)</b>	<b>190000</b>	<b>210000</b>	<b>220000</b>	<b>150000</b>	<b>140000</b>	<b>910000</b>
		Mr N Gopala Ratnam	Mr Arun G Bijur	Mr Bimal Poddar	Ms Bharti C Pithawalla		
2	Other Non-Executive Directors - Fee for attending board / committee meetings - Commission - Others, please specify	120000 100000 --	100000 100000 --	80000 100000 --	50000 100000 --		350000 400000 --
	<b>Total (2)</b>	<b>220000</b>	<b>200000</b>	<b>180000</b>	<b>150000</b>		<b>750000</b>
	<b>Total B = (1 + 2)</b>						<b>1660000</b>
	Total Managerial Remuneration (A+B)						<b>11273711</b>
	Overall Ceiling as per the Act						<b>23133000</b>



**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	2052470
	b) Value of perquisites u/s 17(2) of the Income-tax Act, 1961	182217
	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 – Retiral benefits	243000
	<b>Total</b>	<b>2477687</b>

**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)
<b>A. Company</b>					
Penalty			NIL		
Punishment					
Compounding					
<b>B. Directors</b>					
Penalty			NIL		
Punishment					
Compounding					
<b>C. Other Officers in Default</b>					
Penalty			NIL		
Punishment					
Compounding					

For Board of Directors

Chennai  
30th May 2017

**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).  
Holds 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, water, bio-fuel, sugar, other supplies & services and sharing of common expenses.
  - (c) Duration of the contracts/ arrangements/ transactions  
All are ongoing contracts and open ended. They are terminable by mutual consent by either party.
  - (d) Salient terms of the contracts or arrangements or transactions including the value, if any.  
Salient terms  
The company is committed to supply a fixed percentage of bagasse production to SPB as mutually agreed from time to time. This bagasse is priced 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

**N Gopala Ratnam**  
Chairman

Chennai  
30th May 2017

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

**A. Conservation of Energy**

i) Steps taken / impact on conservation of energy:

- Provision of VFD for all molasses pumps of run off tanks.
- Gravity arrangement in lieu of pumping for flow of materials.
- Installation of LED street lights in phased manner.

Proposals under consideration

- Replacement of existing twin drive system in milling tandem with individual planetary drive.
- VFD provision for injection pump and automation of condenser valves.
- Provision of planetary gear box for pug mills, minglers etc.

Impact of the above measures

- Reduction of energy consumption and consequent impact on the cost of production of goods:  
 Power : 700 kwh per day

(ii) Steps taken for utilizing alternate sources of energy

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

(iii) Capital investment on energy conservation equipment

Improving milling efficiency with reduced power consumption – ₹ 560 lakhs

**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)	
	2016-17	2015-16
Earnings	1773	1041
Outgo	9	1

For Board of Directors

**N Gopala Ratnam**  
Chairman

Chennai  
30th May 2017



**Annual Report on CSR Activities**

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

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

The Board of Directors proactively adopted the CSR Policy in February 2015, though CSR mandate u/s 135 of the Companies Act, 2013 has become applicable to the company only from FY 2016-17. It is placed on the company's website [www.ponnisugars.com](http://www.ponnisugars.com)

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

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

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

2. The composition of the CSR Committee.
  - Mr N Gopala Ratnam, Chairman
  - Mr N R Krishnan, Independent Director
  - Mr N Ramanathan, Managing Director.

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

Year	Net profit u/s 135 (₹ lacs)
2013-14	-211
2014-15	-437
2015-16	364
Avg. net profit	-95

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

SI No	CSR Activity	Sector	₹ lacs
1	Supporting irrigation infrastructure in rural area	Livelihood	16.66
2	Strengthening rural infrastructure/ improving road connectivity	Rural development	1.68
3	Primary education for the children of rural area	Education	2.09
4	Improvement of soil fertility in rural area	Environment	2.30
<b>Total</b>			<b>22.73</b>

Note:

- (i) All the above programs have been undertaken in the Local area.
- (ii) In the absence of CSR-spend mandate, there is no budget or unspent amount in respect of above projects.
- (iii) All the above programs are being carried not in project mode, but on continuing basis.
- (iv) All the amounts as above have been spent directly and no implementing agency is involved.

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

Not Applicable

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

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

Sd/-

**N Gopala Ratnam**

Chairman-CSR Committee

Chennai

30th May 2017

Sd/-

**N Ramanathan**

Managing Director



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

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)	29:1	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	21% 6%	Note-1 & 2
3	The percentage increase in the median remuneration of employees in the financial year		4%	
4	The number of permanent employees on the rolls of company		280	
5 (a)	Average percentile increase already made in the salaries of employees other than the managerial personnel in the last financial year.			
(b)	Its comparison with the percentile increase in the managerial remuneration.			
(c)	Justification thereof and point out if there are any exceptional circumstances for increase in the managerial remuneration			Note-2
6	Affirmation that the remuneration is as per the remuneration policy of the company	Yes. Remuneration is as per the remuneration policy of the company.		

Notes:

1. Non executive directors are paid commission and sitting fee as disclosed in Annexure-3 to Board's Report (Form No.MGT-9). Ratio of remuneration and percentage increase are provided only for executive director, since such data would not be meaningful for non executive directors.
2. Remuneration is as per the remuneration policy of the company. The average percentile increase of managerial remuneration is due to higher profit based incentive in the current year.

For Board of Directors

Chennai  
30th May 2017

**N Gopala Ratnam**  
Chairman

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

For the Financial Year 2016-17

[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 2017, 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 2017 according to the provisions of:

- |  |  |
|--|--|
| <ul style="list-style-type: none"> <li>(i) The Companies Act, 2013 (the Act) and the Rules made thereunder;</li> <li>(ii) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the Rules made thereunder;</li> <li>(iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;</li> </ul> | <ul style="list-style-type: none"> <li>(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;</li> <li>(v) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):- <ul style="list-style-type: none"> <li>(a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;</li> <li>(b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;</li> <li>(c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009; (NOT APPLICABLE)</li> <li>(d) The Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999; (NOT APPLICABLE)</li> <li>(e) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008; (NOT APPLICABLE)</li> <li>(f) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client; (NOT APPLICABLE)</li> <li>(g) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009; (NOT APPLICABLE)</li> <li>(h) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998; (NOT APPLICABLE)</li> </ul> </li> </ul> |
|--|--|



## Ponni Sugars (Erode) Limited

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
- (x) Essential Commodities Act, 1955
- (xi) Food Safety and Standards Act, 2006

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

- (i) Secretarial Standards issued by The Institute of Company Secretaries of India.
- (ii) Securities and Exchange Board of India ( Listing Obligations and Disclosure Requirements) Regulations, 2015

I further report that the Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors,

Independent Directors and a Women Director. There is no change 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.

Place : Chennai

Date : 10.05.2017

**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 31 March 2017, 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 judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of 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 2017 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 31 March 2017 and taken on record by the Board of Directors, none of the Directors is disqualified as on 31 March 2017 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. 31 and 33 to the financial statements;
  - ii) the Company did not have any long-term contracts, including derivative contracts, that requires 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.
  - iv) the Company has provided requisite disclosures in the financial statements as to holdings as well as dealings in Specified Bank Notes during the period from 8th November, 2016 to 30th December, 2016. Based on audit procedures and relying on the management representation we report that the disclosures are in accordance with books of account maintained by the Company and as produced to us by the Management – Refer Note 40
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 R Subramanian And Company LLP**  
**FRN No. S200041**  
Chartered Accountants

**N Krishnamurthy**

Partner

Place : Chennai  
Date : 30th May 2017

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, 2017 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 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, 2017, 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 LLP**  
**FRN No. S200041**  
Chartered Accountants

**N Krishnamurthy**

Place : Chennai  
Date : 30th May 2017

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 in terms of provisions of section 73 to 76 of the Companies Act, 2013.
- (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, 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 2017 for a period of more than six months from the date they became payable.
- b) Details of dues of Income Tax, Sales Tax, Service Tax, Duty of Customs, Duty of Excise, Value Added Tax which have not been deposited as on 31st March 2017 on account of disputes are given below:

Name of the Statute	Nature of Dues	Amount ₹ Lacs	Forum where the dispute is pending	Period to which the dues belong
Central Excise Act, 1944	Rejection of CENVAT Credit	32.27	CESTAT	Financial years 2006-07 to 2009-10
Central Excise Act, 1944	Rejection of CENVAT Credit	6.23	Commissioner Appeals	Financial Years 2012-13 to 2015-16
Central Excise Act, 1944	Excise Duty	70.01	CESTAT	Financial Year 2014-15 to 2015-16
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	54.76	Supreme Court	Financial Years 2008-09 to 2010-11
Income Tax Act, 1961	Income Tax	1319.81	CIT Appeals / High Court	Assessment Years 2001-02 to 2011-12

(viii) In our opinion and according to the information and explanations given to us, the Company has not defaulted in repayment of loans or borrowing to financial institutions, banks, Government or dues to debenture holders.

(ix) In our opinion and according to the information and explanations given to us, the Company has not raised any moneys by way of initial public offer or further public offer (including debt instruments) during the year.

(x) In our opinion and according to the information and explanations given to us no fraud by the Company or any fraud on the Company by its Officers or employees has been noticed or reported during the year.

(xi) The Managerial remuneration paid by the company is in accordance with 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) In our opinion and according to the information and explanations given to us, all the 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 of equity shares or private placement or fully convertible debentures during the year under review.

(xv) In our opinion and according to the information and explanations given to us, 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 R Subramanian And Company LLP**  
**FRN No. S200041**  
Chartered Accountants

**N Krishnamurthy**

Place : Chennai  
Date : 30th May 2017

Partner  
Membership No.19339



**BALANCE SHEET AS AT 31ST MARCH 2017**

	Note No.	As at 31.03.2017 (₹ in Lakhs)		As at 31.03.2016 (₹ in Lakhs)	
<b>I. EQUITY AND LIABILITIES</b>					
<b>1. Shareholders' Funds</b>					
(a) Share Capital	2	860		860	
(b) Reserves and Surplus	3	12818	13678	11299	12159
<b>2. Non-current Liabilities</b>					
a) Long-term Borrowings	4	2483		4112	
(b) Deferred Tax Liabilities (Net)	5	846	3329	201	4313
<b>3. Current Liabilities</b>					
(a) Short-term Borrowings	6	1304		2557	
(b) Trade Payables	7	1465		2900	
(c) Other Current Liabilities	8	1742		1656	
(d) Short-term provisions	9	982	5493	1276	8389
<b>TOTAL</b>			<b>22500</b>		<b>24861</b>
<b>II. ASSETS</b>					
<b>1. Non-Current Assets</b>					
(a) Fixed Assets					
(i) Property, Plant and Equipment	10	11839		12261	
(ii) Intangible Assets	10	1		--	
(iii) Capital Work-in-Progress		--		13	
		11840		12274	
(b) Non-current Investments	11	2079		2079	
(c) Long-term Loans and Advances	12	731	14650	304	14657
<b>2. Current Assets</b>					
(a) Inventories	13	4913		6046	
(b) Trade Receivables	14	2398		2822	
(c) Cash and Bank Balances	15	198		85	
(d) Short-term Loans and Advances	16	280		292	
(e) Other Current Assets	17	61	7850	959	10204
<b>TOTAL</b>			<b>22500</b>		<b>24861</b>

Notes on Financial Statements

1 to 41

Per our Report of even date annexed

**For R Subramanian And Company LLP**

FRN No. S200041

Chartered Accountants

**N Krishnamurthy**

Partner

Membership No.19339

Chennai

30th May 2017

For and on behalf of the Board

**N Gopala Ratnam**

Chairman

**N Ramanathan**

Secretary

**N Ramanathan**

Managing Director

**K Yokanathan**

Chief Financial Officer

**STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31ST MARCH 2017**

Particulars	Note No.	Year Ended 31.03.2017 (₹ in Lakhs)		Year Ended 31.03.2016 (₹ in Lakhs)	
<b>I Revenue from Operations</b>					
Sale of Products (Gross)	19	26132		17527	
Less: Excise Duty		1241		674	
Net Sale of Products		24891		16853	
Other Operating Revenues	20	156	25047	74	16927
<b>II Other Income</b>	21		127		154
<b>III Total Revenue</b>			25174		17081
<b>IV Expenses:</b>					
Cost of Materials Consumed	22	15025		11322	
Changes in Inventories	23	1088		1168	
Power & Fuel		2131		1704	
Employee Benefits Expense	24	1366		1352	
Repairs & Maintenance	25	882		479	
Other Expenses	26	697	21189	733	16758
Total			21189		16758
<b>V Profit before Finance costs, Depreciation and Amortization</b>			3985		323
Finance Costs	27	475		587	
Depreciation and Amortization Expense		570	1045	564	1151
<b>VI Profit / (Loss) before Exceptional items</b>			2940		(828)
<b>VII Exceptional Items</b>	28		(776)		1090
<b>VIII Profit Before Tax</b>			2164		262
<b>IX Tax Expenses</b>	29				
- Current Tax		--		--	
- Deferred Tax		645	645	72	72
<b>X Profit After Tax</b>			1519		190
<b>XI Earnings Per Equity Share</b>					
Basic and Diluted Earnings Per Share (₹): (Nominal value ₹ 10 per share)	37		17.66		2.21
Notes on Financial Statements	1 to 41				

Per our Report of even date annexed

**For R Subramanian And Company LLP**

FRN No. S200041

Chartered Accountants

**N Krishnamurthy**

Partner

Membership No.19339

Chennai

30th May 2017

For and on behalf of the Board

**N Gopala Ratnam**

Chairman

**N Ramanathan**

Managing Director

**N Ramanathan**

Secretary

**K Yokanathan**

Chief Financial Officer



**CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH 2017**

(₹ In Lakhs)

	Year Ended 31.03.2017		Year Ended 31.03.2016	
<b>A Cash flow from Operating Activities:</b>				
Profit before tax		2164		262
<i>Adjustments for:</i>				
Depreciation	570		564	
Interest	472		532	
Dividend	(88)		(71)	
(Profit) / Loss on sale of assets	2		(7)	
Assets discarded	--		2	
		956		1020
<b>Operating Profit before working capital changes</b>		<b>3120</b>		<b>1282</b>
<i>Adjustments for:</i>				
Trade and Other Receivables	1337		(1598)	
Inventories	1133		1204	
Trade and other payables	(1580)	890	(265)	(659)
<b>Cash generated from operations</b>		<b>4010</b>		<b>623</b>
Direct Tax paid net of refund		(490)		(25)
<b>Net cash from operating activities (A)</b>		<b>3520</b>		<b>598</b>
<b>B. Cash flow from Investing Activities:</b>				
Purchase / Acquisition of fixed assets		(143)		(61)
Value of discarded assets		--		(2)
Sale of Fixed Assets		5		19
Dividend Received		88		71
<b>Net cash used in investing activities (B)</b>		<b>(50)</b>		<b>27</b>
<b>C. Cash flow from Financing Activities:</b>				
Term Loan Received		--		1153
Capital Subsidy		--		82
Term Loan repaid		(1505)		(400)
Working Capital Loan		(1253)		(881)
Interest Paid		(474)		(592)
Interest received		3		55
Dividend plus Tax paid		(124)		--
<b>Net cash used in financing activities ( C )</b>		<b>(3353)</b>		<b>(583)</b>
Net increase in cash and cash equivalents (A+B+C)		117		42
Cash and cash equivalents at the beginning		57		15
Cash and cash equivalents at the end		174		57

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

Per our Report of even date annexed

**For R Subramanian And Company LLP**

FRN No. S200041

Chartered Accountants

**N Krishnamurthy**

Partner

Membership No.19339

Chennai

30th May 2017

For and on behalf of the Board

**N Gopala Ratnam**

Chairman

**N Ramanathan**

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

The management considers it appropriate to adopt the useful life and residual value of assets specified in Schedule II to the Companies Act, 2013. Depreciation on Property, Plant and Equipment is provided under straight line method. The Depreciation method, residual value and useful life of assets are reviewed at each financial year end and the effect of any change arising thereon is accounted for as a change in accounting estimate.

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) Property, Plant and Equipment**

Property, Plant and Equipment 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 Property, Plant and Equipment 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:**

	31.03.2017		31.03.2016	
	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



## Ponni Sugars (Erode) Limited

(c) List of shareholders holding more than 5%:

Name of Shareholder	31.03.2017		31.03.2016	
	No. of Shares	% holding	No. of Shares	% holding
Seshasayee Paper and Boards Ltd.	2360260	27.45	2360260	27.45
Atyant Capital India Fund I	813525	9.46	813525	9.46
Coromandel Sugars Ltd.	775632	9.02	810507	9.43
Time Square Investments Private Ltd	773804	9.00	773804	9.00
GHI LTP Ltd	539450	6.27	539450	6.27
Bharti Chhotubhai Pithawalla	500466	5.82	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)

	31.03.2017		31.03.2016	
Capital Reserve		554		554
Securities Premium Reserve		160		160
General Reserve				
Opening Balance	8500		8500	
Additions during the year	1000	9500	--	8500
Surplus in Statement of Profit and Loss				
Opening Balance	2085		2019	
Add: Profit for the year	1519		190	
	3604		2209	
Less: Allocations and Appropriations:				
Transfer to General Reserve	1000		--	
Proposed Dividend and Tax thereon (Note 30)	--		124	
	1000		124	
Closing Balance		2604		2085
Total		12818		11299

**(4) Long-term Borrowings:**

(₹ in Lakhs)

	31.03.2017	31.03.2016
Term Loan From Banks - Secured		
Canara Bank	1141	1713
(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 June 2017 have been prepaid.		
Loan under GOI SEFASU 2014		
- Bank of India	574	1264
(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). The Loan is eligible for interest subvention upto 10% for one year.		
- Canara Bank	384	384
[ Interest at base rate plus 1.10% - Repayable in 24 monthly instalments from October 2018]		
- IDBI Bank Ltd	384	384
[Interest at base rate plus 1% - Repayable in 24 monthly instalments from October 2018]		
- Bank of India	--	367
<b>Total</b>	<b>2483</b>	<b>4112</b>

**(5) Deferred Tax Liabilities (Net):**

	31.03.2017	31.03.2016
Deferred Tax Liability on account of:		
- Depreciation	2242	2098
	2242	2098
Deferred Tax Assets on account of:		
- Unabsorbed depreciation and loss	1189	1808
- Other timing differences	207	89
	1396	1897
<b>Deferred Tax Liabilities (Net)</b>	<b>846</b>	<b>201</b>



**(6) Short-term Borrowings:**

(₹ in Lakhs)

	31.03.2017	31.03.2016
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)	1304	2557
<b>Total</b>	<b>1304</b>	2557

**(7) Trade Payables:**

	31.03.2017	31.03.2016
Micro and Small enterprises	--	--
Goods	1104	2640
Services	361	260
<b>Total</b>	<b>1465</b>	2900

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:**

	31.03.2017	31.03.2016
Current maturities of long term borrowings (Note 4)	1118	994
Interest accrued but not due on borrowings	12	11
Advance from customers	252	411
Payable for capital expenditure	13	8
Unpaid dividends (No amount is due and outstanding to be credited to Investor Education and Protection Fund)	24	28
Statutory liabilities	317	200
Others	6	4
<b>Total</b>	<b>1742</b>	1656

**(9) Short-term Provisions:**

	31.03.2017	31.03.2016
Employee benefits	32	104
Excise duty on finished goods stock	295	329
Income tax (net of advance tax)	655	719
Proposed Dividend and Tax there on (Note 30)	--	124
<b>Total</b>	<b>982</b>	1276

**(10) Fixed Assets:**

(₹ in Lakhs)

Description	GROSS BLOCK				DEPRECIATION / AMORTISATION				NET BLOCK	
	As at 01.04.2016	Additions	Deductions	As at 31.03.2017	Upto 31.03.2016	For the year	Withdrawn	Upto 31.03.2017	As at 31.03.2017	As at 31.03.2016
<b>(i) Property, Plant and Equipment:</b>										
Land	460	--	--	<b>460</b>	--	--	--	--	<b>460</b>	460
Buildings	2552	2	--	<b>2554</b>	652	81	--	<b>733</b>	<b>1821</b>	1900
Plant & Equipment	14429	132	37	<b>14524</b>	4585	470	29	<b>5026</b>	<b>9498</b>	9844
Furniture & Fixtures	37	1	1	<b>37</b>	29	2	1	<b>30</b>	<b>7</b>	8
Vehicles	56	13	4	<b>65</b>	32	4	4	<b>32</b>	<b>33</b>	24
Office Equipment	89	7	4	<b>92</b>	64	13	5	<b>72</b>	<b>20</b>	25
	<b>17623</b>	<b>155</b>	<b>46</b>	<b>17732</b>	<b>5362</b>	<b>570</b>	<b>39</b>	<b>5893</b>	<b>11839</b>	<b>12261</b>
Previous Year	17587	64	28	17623	4814	564	16	5362	12261	
<b>(ii) Intangible Assets:</b>										
Computer - Software	15	1	1	<b>15</b>	15	--	1	<b>14</b>	<b>1</b>	--
	15	1	1	<b>15</b>	15	--	1	<b>14</b>	<b>1</b>	--
Previous Year	15	--	--	15	15	--	--	15	--	

**(11) Non-current Investments - Long Term:**

	31.03.2017		31.03.2016	
	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	<b>1768181</b>	<b>1970</b>	1768181	1970
Other investments				
High Energy Batteries (India) Ltd.	<b>100000</b>	<b>100</b>	100000	100
		<b>2070</b>		<b>2070</b>
Un Quoted - other investments				
Time Square Investments Private Ltd	<b>80000</b>	<b>8</b>	80000	8
SPB Projects and Consultancy Ltd	<b>5000</b>	<b>1</b>	5000	1
Esvin Advanced Technologies Ltd	<b>3000</b>	--	3000	--
		<b>9</b>		<b>9</b>
<b>Total</b>		<b>2079</b>		<b>2079</b>
Market value of Quoted Investments		<b>14053</b>		<b>4269</b>



## Ponni Sugars (Erode) Limited

### (12) Long-Term Loans and Advances:

(₹ in Lakhs)

	31.03.2017	31.03.2016
Unsecured - considered good		
Security Deposits	16	15
MAT credit entitlement	695	269
Others	20	20
<b>Total</b>	<b>731</b>	<b>304</b>

### (13) Inventories:

	31.03.2017		31.03.2016	
Work in progress		69		146
Finished Goods				
- Sugar	4700		5670	
- Molasses	56	4756	97	5767
Stores and Spares		88		133
<b>Total</b>		<b>4913</b>		<b>6046</b>

### (14) Trade Receivables:

	31.03.2017	31.03.2016
Unsecured - Considered Good		
Over six months	626	300
Others	1772	2522
<b>Total</b>	<b>2398</b>	<b>2822</b>

### (15) Cash and Bank balances:

	31.03.2017		31.03.2016	
Cash and cash equivalents				
- Balances with banks	172		55	
- Cash on hand	2	174	2	57
Other bank balances				
- Unpaid dividend accounts		24		28
<b>Total</b>		<b>198</b>		<b>85</b>

### (16) Short-term Loans and Advances:

	31.03.2017	31.03.2016
Unsecured - considered good		
- Advance for supplies	69	89
- Advance for services	25	107
- Input tax credit receivable	36	19
- Prepaid expenses	114	40
- Indirect taxes paid under protest	31	31
- Others	5	6
<b>Total</b>	<b>280</b>	<b>292</b>



(₹ in Lakhs)

**(17) Other Current Assets:**

	31.03.2017	31.03.2016
Unsecured - considered good		
- Incentives/subsidies receivable	9	811
- Deposits	51	91
- Others	1	57
<b>Total</b>	<b>61</b>	<b>959</b>

**(18) Contingent Liabilities and Commitments:**

	31.03.2017	31.03.2016
Contingent Liabilities: - Claims against the company not acknowledged as debts		
- Indirect Tax demands contested	237	161
- Electricity related demands contested	18	171
Commitments		
- Contracts for capital expenditure	1	--
- Contracts for purchase of sugar cane	6365	11049
- Contracts for sugar export	--	903

**(19) Sale of Products:**

	31.03.2017	31.03.2016
Sugar	20900	13405
Bagasse	1154	1588
Molasses	1342	988
Power	2736	1546
<b>Total</b>	<b>26132</b>	<b>17527</b>

**(20) Other Operating Revenues:**

	31.03.2017	31.03.2016
Sale of Renewable Energy Certificates	104	24
Sale of pressmud	10	7
Sale of scrap	25	33
Export Incentives	17	10
<b>Total</b>	<b>156</b>	<b>74</b>

**(21) Other Income:**

	31.03.2017	31.03.2016
Interest	3	55
Dividend on long term investments	88	71
Exchange difference - Gain	2	--
Other non-operating income	34	28
<b>Total</b>	<b>127</b>	<b>154</b>



## Ponni Sugars (Erode) Limited

### (22) Cost of Materials Consumed:

(₹ in Lakhs)

	31.03.2017		31.03.2016	
	Sugarcane	14765		11166
Less: Central Government Production Subsidy	40	14725	82	11084
Process Chemicals		121		91
Packing Materials		179		147
<b>Total</b>		<b>15025</b>		<b>11322</b>

### (23) Changes in Inventories:

	31.03.2017		31.03.2016	
	Opening stock - finished goods	5767		6953
- work in progress	146	5913	128	7081
Closing stock - finished goods	4756		5767	
- work in progress	69	4825	146	5913
<b>Changes in inventories - (increase) / decrease</b>		<b>1088</b>		<b>1168</b>

### (24) Employee Benefits Expense:

	31.03.2017	31.03.2016
Salaries and wages	1154	1074
Contribution to Provident & other Funds net of actuarial (gain) / Loss (Note 35)	85	152
Staff welfare	127	126
<b>Total</b>	<b>1366</b>	<b>1352</b>

### (25) Repairs and Maintenance:

	31.03.2017	31.03.2016
Buildings	172	56
Plant & machinery	700	417
Others	10	6
<b>Total</b>	<b>882</b>	<b>479</b>

### (26) Other Expenses:

	31.03.2017	31.03.2016
Consumption of stores and spare parts	20	13
Rent	14	12
Insurance	27	27
Rates and taxes	43	46
Auditors' remuneration *	8	17
Excise duty provision	(34)	55
Watch & Ward	59	58
Travel	101	108
Professional & consultancy	59	25
Directors' commission and sitting fees	17	7
Freight & handling - Domestic	134	157
- Export	92	78
Miscellaneous	157	130
<b>Total</b>	<b>697</b>	<b>733</b>

\* Additional information:

(₹ in Lakhs)

	31.03.2017	31.03.2016
Statutory audit	7.00	10.00
Interim audit	1.00	2.00
Taxation matters	--	2.00
Certification	0.26	2.19
Expenses	0.18	0.31
<b>Total</b>	<b>8.44</b>	<b>16.50</b>

**(27) Finance Costs:**

	31.03.2017		31.03.2016	
Interest on borrowings	640		854	
Less: Interest subvention under	137		248	
- GOI SEFASU Loan				
- GOI Soft Loan Scheme	57	446	59	547
Other borrowing costs		29		40
<b>Total</b>		<b>475</b>		<b>587</b>

**(28) Exceptional Items:**

	31.03.2017	31.03.2016
Disallowance of claims for Incentives / subsidies (Note 32)	464	--
Power tariff revision	105	(1090)
Electricity consumption tax and interest thereon	207	--
<b>Total</b>	<b>776</b>	<b>(1090)</b>

**(29) Tax Expenses:**

**(A) Current Tax:**

	31.03.2017	31.03.2016
Current Tax - MAT	426	41
MAT Credit entitlement	(426)	(41)
<b>Total</b>	<b>--</b>	<b>--</b>

**(B) Deferred Tax comprises:**

	31.03.2017	31.03.2016
Deferred Tax Liability on account of depreciation	144	(254)
Deferred Tax Asset reversed consequent to set off of losses	619	181
Deferred Tax Asset recognised on other timing differences	(118)	145
<b>Total</b>	<b>645</b>	<b>72</b>

**(30) Note on Proposed Dividend**

	31.03.2017
Proposed dividend : ₹ 2.50 Per share	215
Dividend distribution tax on above (DDT)	44
<b>Total</b>	<b>259</b>

- (a) Proposed dividend on equity shares is subject to declaration/ approval at the Annual General Meeting and is not recognised as a liability (including DDT thereon) as at 31st March 2017 pursuant to the Accounting Standard 4 revised by MCA Notification dated 30th March 2016.
- (b) As a result of change in accounting policy to comply with the revised AS-4, Reserves & Surplus is higher by ₹ 259 Lakhs and Short-term provisions lower by equivalent amount. This however has no impact on the profit for the year.



- (31) 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.
- (32) The company recognized eligible subsidies of ₹ 690 lakhs due from Sugar Development Fund (SDF) as income in earlier period and treated the amount outstanding as “incentives/subsidies receivable” under the head “Other current assets”. This is based on the legal stand taken by the company and vindicated later by rulings obtained from both the Ld. Single Judge and Division Bench of the High Court of Madras in its favour.

The company during the year moved a fresh Writ Petition seeking specific direction of the Hon'ble High Court of Madras for immediate payment of pending subsidies. The High Court by its Order dated 12.01.2017 directed such payment within three weeks. While the Central Govt settled the buffer stock subsidy, it by communication dated 14.02.2017 has repudiated the claims for export subsidies on technical and other extraneous grounds.

While the company would persist with its legal remedy for eventual realization of these claims, having regard to the continuing uncertainty and on grounds of prudence and without prejudice to its legal rights to pursue the matter, the company has recognized the disallowance of claims for incentives/ subsidies in these Financial Statements and disclosed its effect as 'Exceptional Item' in the Statement of Profit & Loss.

- (33) 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.
- (34) The Company does not attract the mandatory spend on CSR for the current year pursuant to Sec. 135 (5) of the Companies Act, 2013 in the absence of average net profits made during the three immediately preceding financial years. It however continued CSR programs earlier initiated on voluntary basis and incurred CSR expenditure during the year on following:

(₹ in Lakhs)

Sl. no.	CSR Activity	31.03.2017	31.03.2016
1	Supporting irrigation infrastructure in rural area	16.66	16.67
2	Strengthening rural infrastructure/ improving road connectivity	1.68	0.23
3	Primary education for the children of rural area	2.09	0.67
4	Improvement of soil fertility in rural area	2.30	7.39
	<b>Total</b>	<b>22.73</b>	<b>24.96</b>

**(35) Employee Benefits:**

**(i) Defined Contribution Plans:**

Contribution of ₹ 108 lakhs (previous year ₹ 110 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 31.03.2017

(₹ in Lakhs)

General description	Post employment benefit		Long term compensated absence	
	Gratuity - Funded plan - Non contributory		Leave Encashment -Funded plan -Non contributory	
	31.03.17	31.03.16	31.03.17	31.03.16
<b>(i) Change in Defined Benefit Obligation</b>				
Present value - opening balance	641	639	198	190
Current service cost	33	34	14	25
Interest cost	42	46	12	14
Actuarial (Gain)/ Loss	(24)	(15)	21	(12)
Benefits paid	(44)	(63)	(35)	(19)
Present value - closing balance	648	641	210	198
<b>(ii) Change in Fair Value of Plan Assets</b>				
Opening balance	586	596	160	141
Expected return	48	47	13	12
Actuarial gain/ (loss)	25	(24)	6	(3)
Contributions by employer	70	30	10	10
Benefits paid	(44)	(63)	--	--
Closing balance	685	586	189	160
Actual Return	73	23	19	9
<b>(iii) Amount recognized in the Balance Sheet (as at year end)</b>				
Present value of obligations	648	641	210	198
Fair value of plan assets	685	586	189	160
Net (asset) / liability recognized	(37)	55	21	38
<b>(iv) Expenses recognized in the profit and loss statement</b>				
Current service cost	33	34	14	25
Interest on obligation	42	46	12	14
Expected return on plan assets	(48)	(47)	(13)	(12)
Net actuarial (gain)/ loss	(49)	9	15	(9)
Total included in 'Employee benefits expense' (Note 24)	(22)	42	28	18
<b>(v) Asset information</b>	Insurance Policy (100%)		Insurance Policy (100%)	
<b>(vi) Principal actuarial assumptions</b>	<b>Indian assured Lives Mortality (2006-08) Ultimate</b>			
Mortality				
Discount rate (%)	6.71	7.70	6.71	7.70
Future salary increase (%)	6	7	6	7
Rate of return of plan assets (%)	7.50	8.00	7.50	8.00
Expected average remaining working lives of employees (years)	9	9	9	9
<b>(vii) Expected contribution (₹in Lakhs)</b>	0	46	21	10



## Ponni Sugars (Erode) Limited

(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				
	31.03.17	31.03.16	31.03.15	31.03.14	31.03.13	31.03.17	31.03.16	31.03.15	31.03.14	31.03.13
Defined Benefit Obligation	<b>648</b>	641	639	551	493	<b>210</b>	198	190	153	138
Plan Assets	<b>685</b>	586	596	505	455	<b>189</b>	160	141	126	117
Surplus / (Deficit)	<b>37</b>	(55)	(43)	(46)	(38)	<b>(21)</b>	(38)	(49)	(27)	(21)
Experience adjustments - on Plan Liabilities	<b>30</b>	17	(32)	(13)	(4)	<b>(19)</b>	11	(23)	(10)	(19)
- on Plan Assets	<b>22</b>	(24)	45	4	10	<b>5</b>	(3)	4	--	--

### (36) Segment Reporting

(₹ in Lakhs)

	Sugar		Cogeneration		Eliminations		Total	
	31.03.17	31.03.16	31.03.17	31.03.16	31.03.17	31.03.16	31.03.17	31.03.16
<b>Revenue</b>								
External Sales	<b>21001</b>	13719	<b>3890</b>	3134	--	--	<b>24891</b>	16853
Inter – Segment Sales	<b>2818</b>	1718	<b>2943</b>	1218	<b>(5761)</b>	(2936)	--	--
Other Operating income	<b>52</b>	50	<b>104</b>	24	--	--	<b>156</b>	74
<b>Total Revenue</b>	<b>23871</b>	15487	<b>6937</b>	4376	<b>(5761)</b>	(2936)	<b>25047</b>	16927
<b>Segment Result</b>								
Operating Profit before Exceptional items	<b>2396</b>	(1374)	<b>1377</b>	1390	--	--	<b>3773</b>	16
Exceptional income	<b>(671)</b>	--	<b>(105)</b>	1090	--	--	<b>(776)</b>	1090
Operating Profit	<b>1725</b>	(1374)	<b>1272</b>	2480	--	--	<b>2997</b>	1106
Interest							<b>475</b>	587
Other unallocable expenditure net of unallocable income							<b>358</b>	257
<b>Profit Before Tax</b>							<b>2164</b>	262
Tax Expenses							<b>645</b>	72
<b>Profit After Tax</b>							<b>1519</b>	190
<b>Other Information</b>								
Segment Assets	<b>9204</b>	11843	<b>10522</b>	10670	--	--	<b>19726</b>	22513
Unallocated Corporate Assets							<b>2774</b>	2348
<b>Total Assets</b>							<b>22500</b>	24861
Segment Liabilities	<b>2069</b>	4612	<b>311</b>	377	--	--	<b>2380</b>	4989
Unallocated Corporate liabilities							<b>6442</b>	7713
<b>Total Liabilities</b>							<b>8822</b>	12702
Capital Expenditure	<b>152</b>	33	<b>4</b>	31	--	--	<b>156</b>	64
Depreciation	<b>199</b>	192	<b>371</b>	372	--	--	<b>570</b>	564

**(37) Earnings per Share**

	31.03.2017	31.03.2016
Profit / (Loss) after tax (₹ Lakhs)	1519	190
Weighted average number of shares (in lakhs)	86	86
Nominal value per share (₹)	10	10
Basic and diluted earnings per share (₹)	17.66	2.21

**(38) Related Party Disclosures**

a) List of Related Parties where control exists : None

b) Transaction between Related Parties:

i) Names of the transacting

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

ii) Description of relationship : Presumption of significant influence

iii) Description of Transactions :

a) Seshasayee Paper and Boards Ltd (₹ in Lakhs)

	31.03.2017	31.03.2016
Sale of goods	1164	1594
Purchase of goods	977	1632
Services availed (Net)	25	5
Dividend received	88	71
Dividend paid	28	--
Amount outstanding - Payable	243	405

b) Esvi International (Engineers & Exporters) Ltd

	31.03.2017	31.03.2016
Rent paid	7	7
Rent advance outstanding	3	3

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

	31.03.2017	31.03.2016
- Remuneration (includes incentive)	96	79
- Amount payable towards incentive	36	18

**(39) Additional Information:**

(i) Raw Materials Consumed:

	31.03.2017		31.03.2016	
	₹ in Lakhs	%	₹ in Lakhs	%
Imported	--	--	--	--
Indigenous	14725	100	11084	100
<b>Total</b>	<b>14725</b>	<b>100</b>	<b>11084</b>	<b>100</b>

(ii) Components and spare parts:

	₹ in Lakhs	%	₹ in Lakhs	%
Imported	--	--	--	--
Indigenous	575	100	324	100
<b>Total</b>	<b>575</b>	<b>100</b>	<b>324</b>	<b>100</b>



## Ponni Sugars (Erode) Limited

(iii) Dividend remitted in Foreign Currency:

(₹ in Lakhs)

Year	No. of Share Holders	No. of Equity Shares	31.03.2017	31.03.2016
2015-16	2	242740	3	--
2013-14	1	117740	1	--
2012-13	1	117740	2	--
2011-12	1	117740	3	--
		Total	9	--

(iv) Earnings in Foreign currency:

(₹ in Lakhs)

	31.03.2017	31.03.2016
FOB value of Exports	1773	1041

(40) Details of Specified Bank Notes (SBNs) held and transacted during the period from 8th November, 2016 to 30th December, 2016.

(₹ in Lakhs)

	SBNs	Other denomination notes	Total
Closing cash in hand as on 08.11.2016	3	-	3
(+) Permitted receipts	--	33	33
(-) Permitted payments	--	31	31
(-) Amount deposited in Banks	3	--	3
Closing cash in hand as on 30.12.2016	--	2	2

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

Per our Report of even date annexed

**For R Subramanian And Company LLP**

**FRN No. S200041**

Chartered Accountants

**N Krishnamurthy**

Partner

Membership No.19339

Chennai

30th May 2017

For and on behalf of the Board

**N Gopala Ratnam**

Chairman

**N Ramanathan**

Managing Director

**N Ramanathan**

Secretary

**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 21st Annual General Meeting of the Company held on Wednesday, the 2nd August 2017 at 10.30 am at New Woodlands Hotel Pvt Ltd, 72-75 Dr Radhakrishnan Road, Mylapore, Chennai 600 004.

Signature of Shareholder / Proxy

Note:

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

## PONNI SUGARS (ERODE) LIMITED

CIN : L15422TN1996PLC037200

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

Perungudi, Chennai 600 096

### Form No. MGT-11

### Proxy Form

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

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

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

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

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

3. Name :  
 Address :  
 Email id :  
 Signature :

✂-----  
as my/our proxy to attend and vote (on a poll) for me/us and on my/our behalf at the 21st Annual General Meeting of the company, to be held on Wednesday, the 2nd day of August 2017 at 10.30 am at New Woodlands Hotel Pvt Ltd, 72-75 Dr Radhakrishnan Road, Mylapore, Chennai 600 004 and at any adjournment thereof in respect of such resolutions as are indicated below:

Resolution No	Business	Vote (Optional. See Note 4) (Please mention no. of shares)		
		For	Against	Abstain
1	Adoption of Financial Statements for FY 2016-17			
2	Declaration of Dividend on Equity Shares			
3	Reappointment of Ms Bharti Chhotubhai Pithawalla, who retires by rotation			
4	Auditors' appointment			
5	Reappointment of Managing Director			
6	Commission to Non Executive Directors			
7	Remuneration to Cost Auditor for FY 2017-18			

Signed this \_\_\_\_\_ day of \_\_\_\_\_ 2017

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.