Ponni Sugars (Erode) Limited

22nd Annual Report 2017-18

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

Audit Committee
V Sridar *(Chairman)*
Bimal K Poddar
Dr L M Ramakrishnan
N R Krishnan
K Bharathan

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

Banks
Bank of India
IDBI Bank Limited
Canara Bank

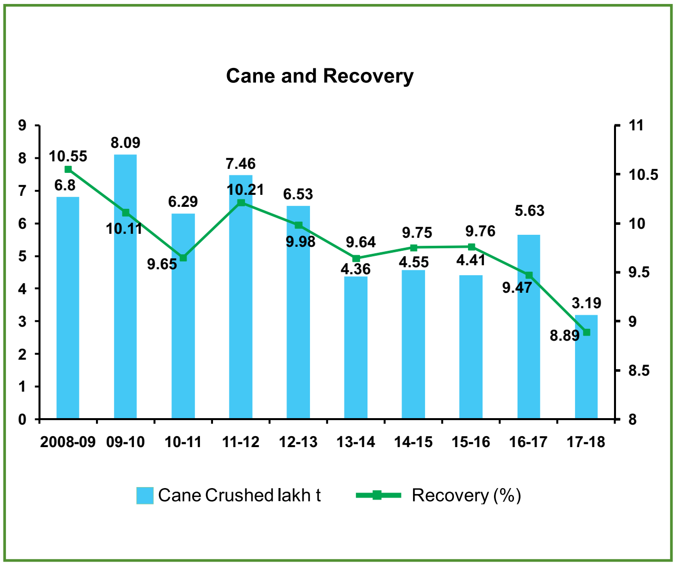
Registered Office
"ESVIN HOUSE"
13 Rajiv Gandhi Salai (OMR)
Perungudi, Chennai 600 096
Ph: (044) 39279300
Email: admin@ponnisugars.com
Web: www.ponnisugars.com

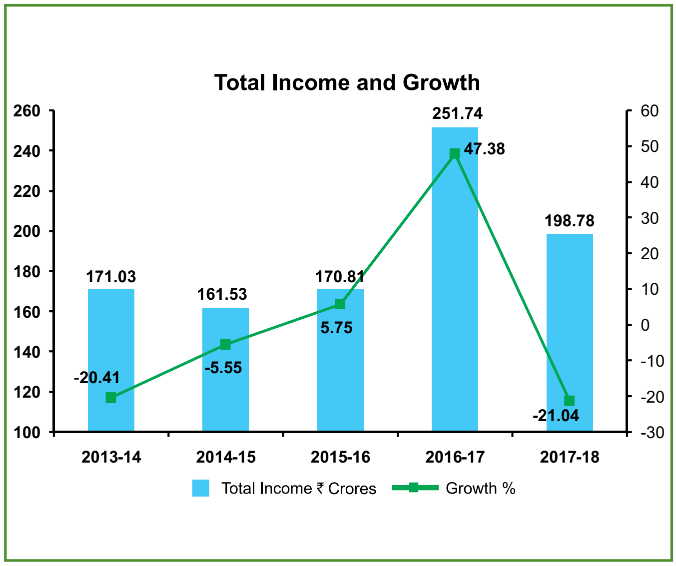
Email ID for Investor Grievance
investor@ponnisugars.com

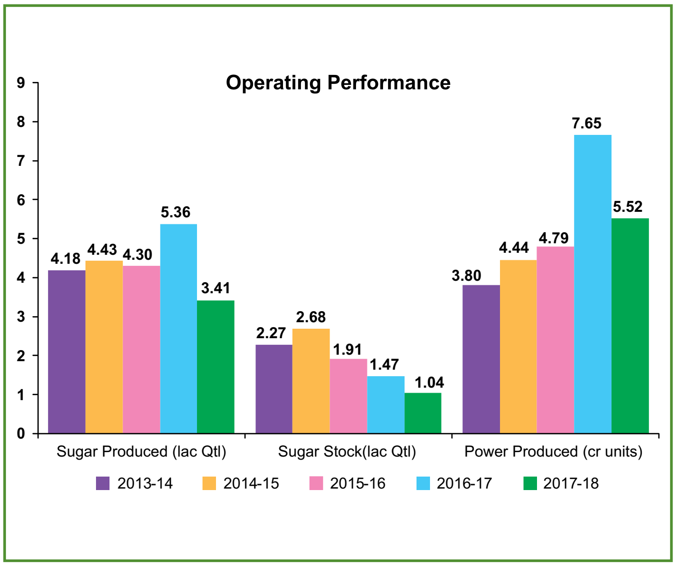
Works
Odappalli, Cauvery R S (Post)
Erode 638 007, Tamil Nadu
Phone: (04288) 247351 to 358
Email: gen@ponnisugars.com

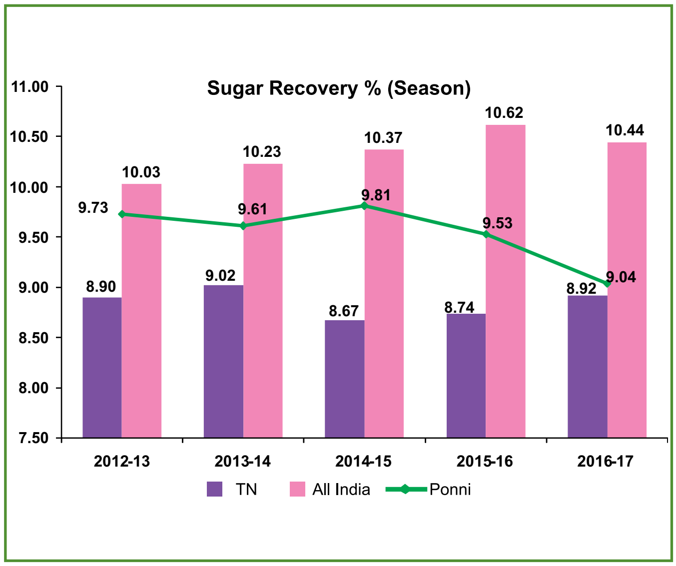
Registrar & Transfer Agent
Cameo Corporate Services Ltd
"Subramanian Building", 5th Floor
No.1, Club House Road, Chennai 600 002
Phone: (044) 28460390
Email: investor@cameoindia.com

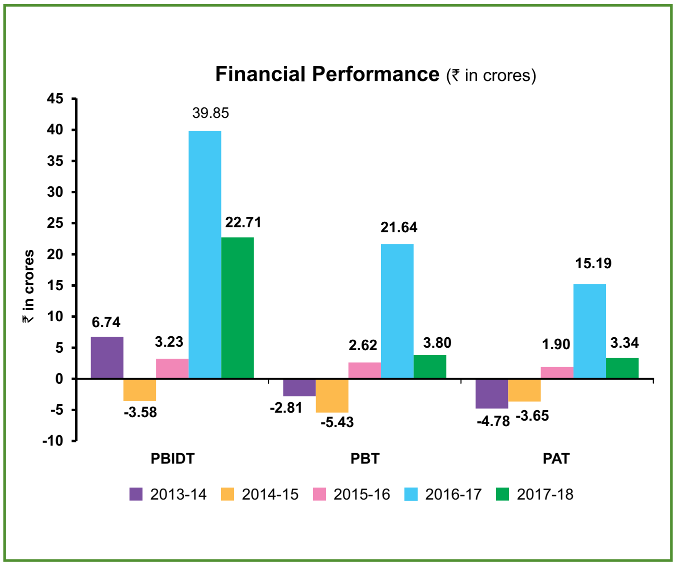
Performance Chart

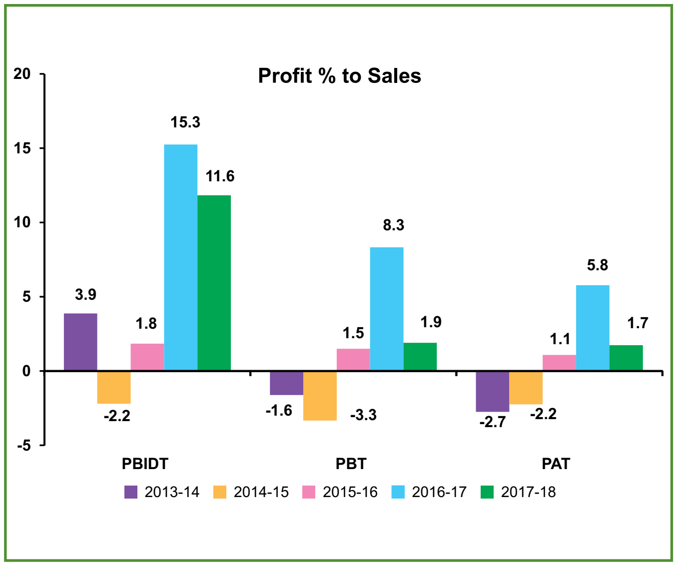


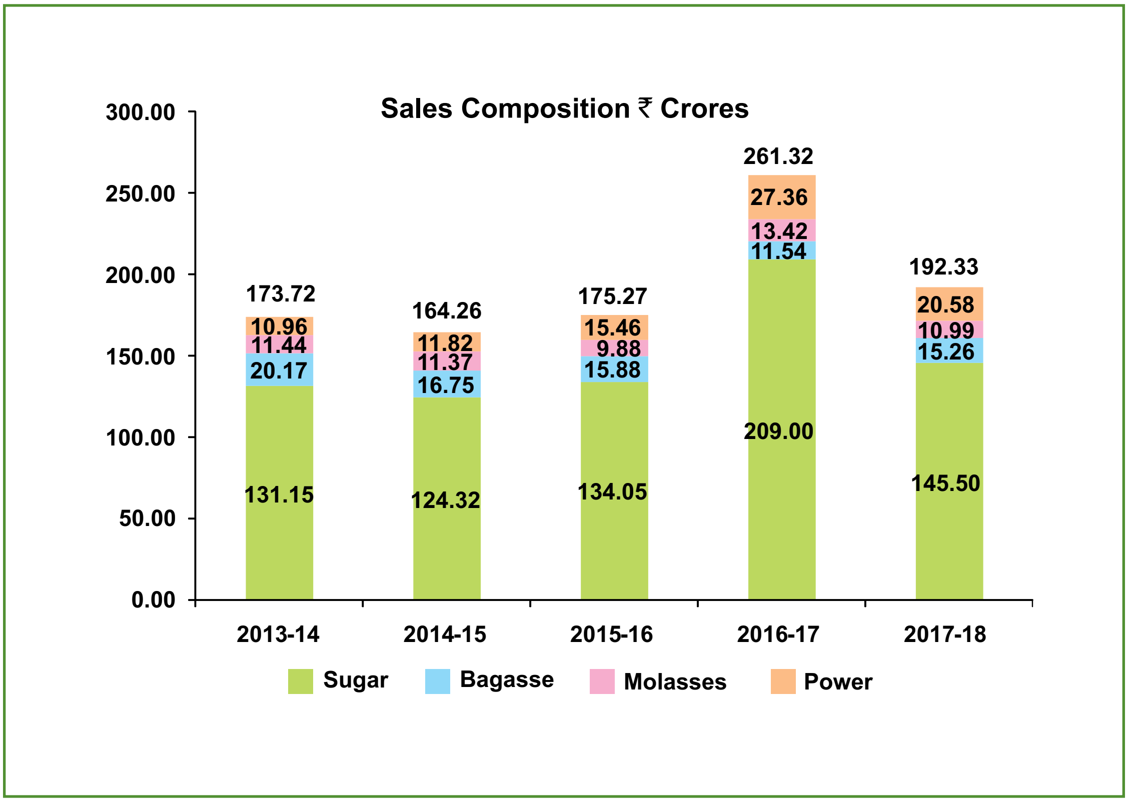


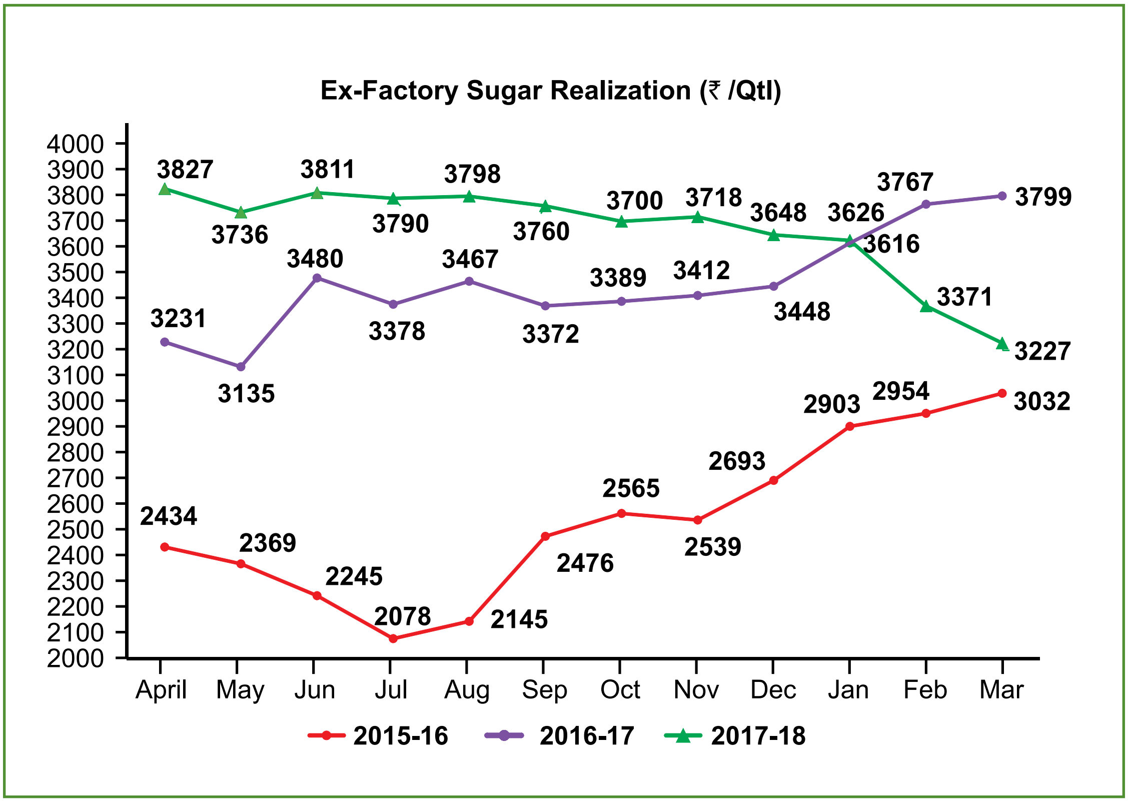









Sales Composition ₹ Crores
300.00
250.00
200.00
150.00
100.00
50.00
0.00
173.72
10.96
11.44
20.17
131.15
164.26
11.82
11.37
16.75
124.32
175.27
15.46
9.88
15.88
134.05
261.32
27.36
13.42
11.54
209.00
192.33
20.58
10.99
15.26
145.50
2013-14
2014-15
2015-16
2016-17
2017-18
Sugar
Bagasse
Molasses
Power


Ex-Factory Sugar Realization (₹ /Qtl)
April
May
Jun
Jul
Aug
Sep
Oct
Nov
Dec
Jan
Feb
Mar
2015-16
2016-17
2017-18
3827
3736
3811
3790
3798
3760
3700
3718
3648
3626
3371
3227
3231
3135
3480
3378
3467
3372
3389
3412
3448
3616
3767
3799
2434
2369
2245
2078
2145
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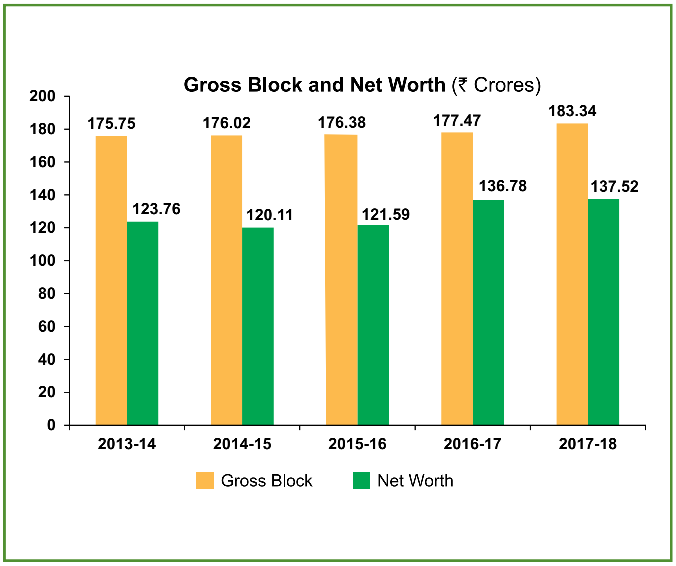
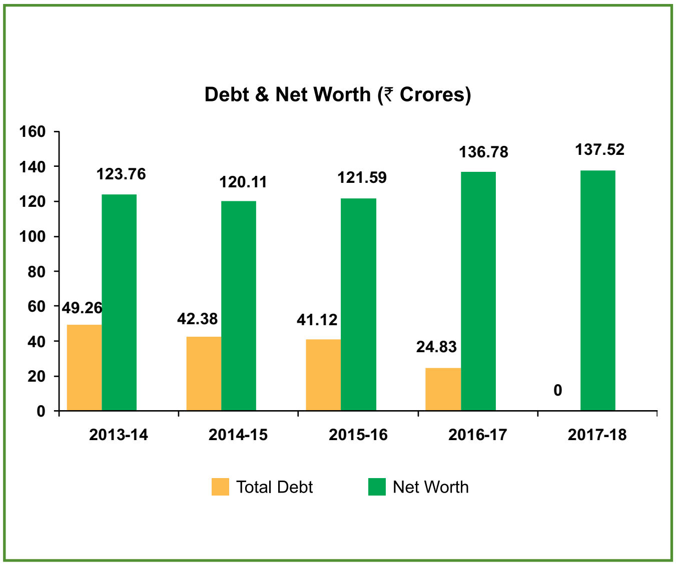
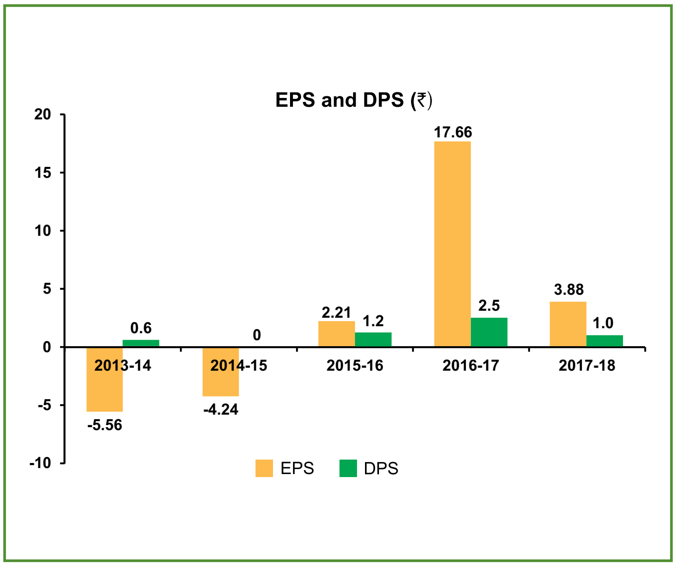
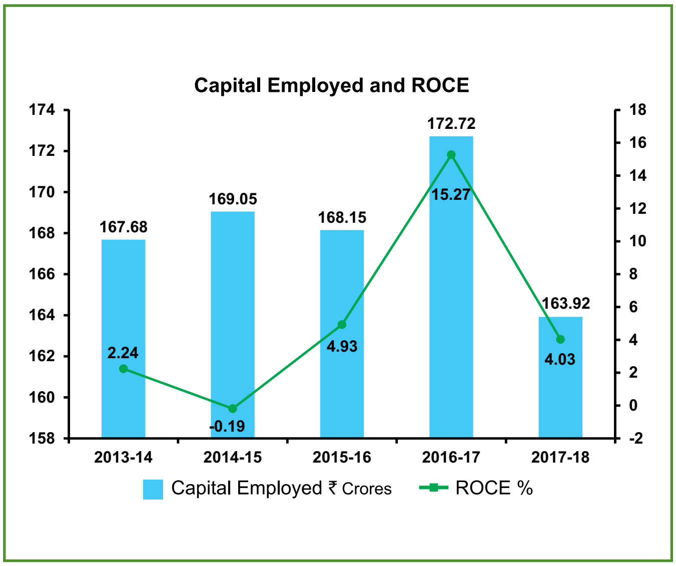
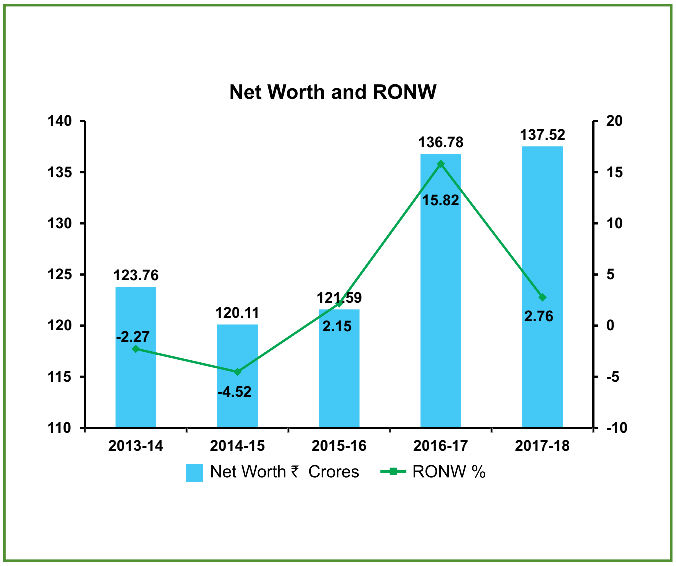
2693
2903
2954
3032

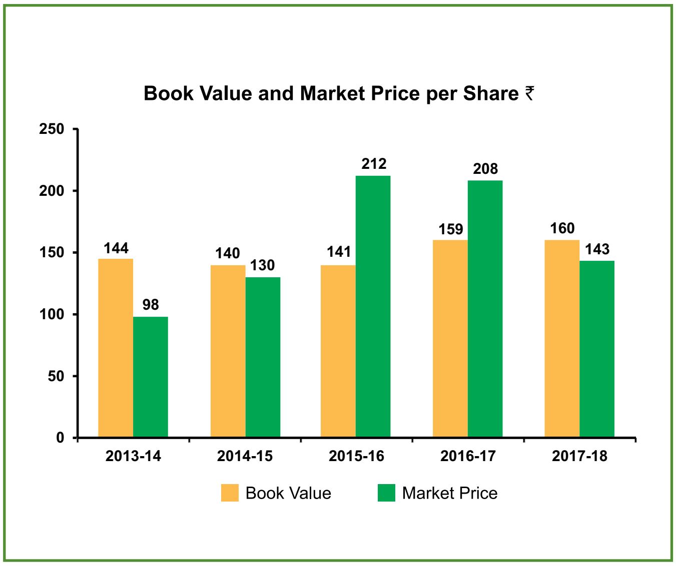

Gross Block and Net Worth (₹ Crores)
200
180
160
140
120
100
80
60
40
20
0
175.75
123.76
176.02
120.11
176.38
121.59
177.47
136.78
183.34
137.52
2013-14
2014-15
2015-16
2016-17
2017-18
Gross Block
Net Worth


Debt & Net Worth (₹ Crores)
160
140
120
100
80
60
40
20
0
49.26
123.76
42.38
120.11
41.12
121.59
24.83
136.78
0
137.52
2013-14
2014-15
2015-16
2016-17
2017-18
Total Debt
Net Worth


EPS and DPS (₹)
20
15
10
5
0
-5
-10
-5.56
0.6
-4.24
0
2.21
1.2
17.66
2.5
3.88
1.0
2013-14
2014-15
2015-16
2016-17
2017-18
EPS
DPS


Capital Employed and ROCE
174
172
170
168
166
164
162
160
158
18
16
14
12
10
8
6
4
2
0
-2
167.68
2.24
169.05
-0.19
168.15
4.93
172.72
15.27
163.92
4.03
2013-14
2014-15
2015-16
2016-17
2017-18
Capital Employed ₹ Crores
ROCE %


Net Worth and RONW
140
135
130
125
120
115
110
20
15
10
5
0
-5
-10
123.76
-2.27
120.11
-4.52
121.59
2.15
136.78
15.82
137.52
2.76
2013-14
2014-15
2015-16
2016-17
2017-18
Net Worth ₹ Crores
RONW %


Book Value and Market Price per Share ₹
250
200
150
100
50
0
144
98
140
130
141
212
159
208
160
143
2013-14
2014-15
2015-16
2016-17
2017-18
Book Value
Market Price

Financial Highlights – Ten Years at a Glance

₹ in Lakhs

For the year	2008-09	09-10	10-11	11-12	12-13	13-14	14-15	15-16	16-17	17-18
Total Income	15122	28591	27356	27002	21489	17103	16153	17081	25174	19878
Total Expenditure	12763	21154	25546	23730	18561	16429	16511	16758	21189	17607
PBIDT	2359	7437	1810	3272	2928	674	-358	323	3985	2271
Interest	189	179	148	119	358	671	512	587	475	197
Depreciation	297	306	309	329	1161	825	566	564	570	568
Profit before exceptional items	1873	6952	1353	2824	1409	-822	-1436	-828	2940	1506
Exceptional Items	0	1411	-1411	212	193	-541	-893	-1090	776	1126
PBT	1873	5541	2764	2612	1216	-281	-543	262	2164	380
Tax	647	1856	903	833	-695	197	-178	72	645	46
PAT	1226	3685	1861	1779	1911	-478	-365	190	1519	334
EPS (₹)	14.46	42.86	21.64	20.69	22.22	-5.56	-4.24	2.21	17.66	3.88
Cash EPS (₹)	21.02	56.40	14.54	24.18	27.64	0.03	1.81	9.61	31.80	11.03
Dividend %	25	40	20	25	15	6	--	12	25	10
As at year end										
Gross Block	6962	7095	7564	15722	17278	17575	17602	17638	17747	18334
Net Block	4771	4703	4917	12834	13309	13339	12773	12261	11840	11952
Loan Funds	3358	3430	1645	5005	8208	8283	7791	7663	4905	725
Net Worth	4679	7964	9625	11154	12914	12376	12011	12159	13678	13752
Book value per share (₹)	54.42	92.62	111.94	129.72	150.19	143.93	139.69	141.41	159.08	159.94
Share Price at NSE (in ₹)										
High	47.50	188.00	142.80	126.50	415.00	359.45	251.00	248.00	357.05	228.80
Low	20.00	25.05	82.00	71.15	108.00	87.10	100.50	110.90	172.70	141.00

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 22nd 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 25th July 2018 at 10.30 AM to transact the following business.

ORDINARY BUSINESS

1. Adoption of Financial Statements

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

"RESOLVED that the Financial Statements for the year ended 31st March 2018, the Auditors' Report thereon and the Board's report be and are hereby approved and adopted."

2. Dividend declaration

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

"RESOLVED that

(i) a dividend of ₹ 1 (Rupees one only) per Equity Share for the Financial Year ended 2017-18 be and is hereby declared on the 8598418 Equity Shares of ₹ 10 each fully paid-up;

(ii) the dividend be paid to the shareholders whose names appear in the Register of Members of the company in physical form and to the beneficial owners of shares recorded with the depositories as per details to be furnished by National Securities Depository Ltd/ Central Depository Services (India) Ltd for the purpose, as on Wednesday, the 25th July 2018."

3. Reappointment of retiring Director

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

"RESOLVED that Mr Bimal K Poddar (DIN:0031146), who retires by rotation, be and is hereby reappointed as a Director of the Company, liable to retire by rotation."

SPECIAL BUSINESS

4. Remuneration to Cost Auditor

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

RESOLVED that the Company do hereby confirm and ratify in terms of Section 148 and other applicable provisions of the Companies Act, 2013 and the Rules made thereunder the remuneration approved by the Board of Directors on the recommendations of the Audit Committee for M/s S Mahadevan & Co., Cost Accountants (Firm Regn. No. 000007), for conducting the audit of cost records of the Company, including its Sugar and Cogen segments for the financial year 2018-19 at ₹ 1,00,000 (Rupees one lac only) plus tax and reimbursement of travel and out of pocket expenses incurred for purpose of such audit.

(By Order of the Board)
For **PONNI SUGARS (ERODE) LIMITED**

Chennai
25th May 2018

N Ramanathan
Managing Director

NOTES:

1. Proxy

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

Deposit of proxy

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

2. Particulars of Directors

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

3. Book Closure

The Register of Members and the Share Transfer Register will remain closed from Thursday the 19th July 2018 to Wednesday, the 25th July 2018 (both days inclusive).

4. Dividend

Dividend on Declaration will be paid by 31st July 2018.

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

5. Unpaid Dividend

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

Shares in respect of which dividend has not been paid or claimed for seven continuous years or more had been transferred to Investor Education and Protection Fund. Members may refer to Page 40 of the Annual Report for additional details.

6. E-Communication

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

7. Member identification

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

8. Voting facilities

a) Remote e-Voting

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

b) Voting at AGM

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

c) Voting option

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

d) Voting instructions

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

9. Gifts

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

10. Route Map

Route Map showing the location of and directions to reach the venue of the 22nd AGM is attached pursuant to Secretarial Standard 2 on General Meetings.

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

Item No.3

Reappointment of retiring Director

Mr Bimal K Poddar aged 75 years has been associated with our company and erstwhile Ponni Sugars and Chemicals Ltd since 1993. He comes under the promoter category and is a member of Audit Committee.

Mr Bimal K Poddar is a Commerce Graduate and has over five decades of experience in diverse business such as Tea, Explosives, Real estate and Construction. He is widely travelled and has global business exposure. His business acumen and overall managerial insight are considered invaluable and he takes keen interest in the deliberations of our company Board meeting.

Mr Bimal K Poddar retires at this Annual General Meeting and is eligible for reappointment. The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) (Amendment) Regulations 2018 requires special resolution to be passed for the appointment of a person or his continuance in the directorship of a company from 1st April 2019 if he has attained the age of 75 years. Since the proposed tenure of Mr Bimal K Poddar to retire by rotation would run beyond 1st April'19, it is necessary for the company to pass a special resolution for the current reappointment.

Mr Bimal K Poddar is quite active and alert and in the opinion of the Board he is suitable for being continued as a non-Executive Director of the company despite attaining the age of 75 years. The Board accordingly recommends his reappointment for the consideration of shareholders. Particulars required under Reg 36(3) of the Listing Regulations are given in Appendix A that forms part of this Notice.

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

Item No.4

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 2018-19 pertaining to both Sugar and Cogen segments and determined the remuneration at ₹ 100,000 (Rupees Onc lac only) based on the recommendations of the Audit Committee.

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

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

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

(By Order of the Board)

For **PONNI SUGARS (ERODE) LIMITED**

Chennai
25th May 2018

N Ramanathan
Managing Director

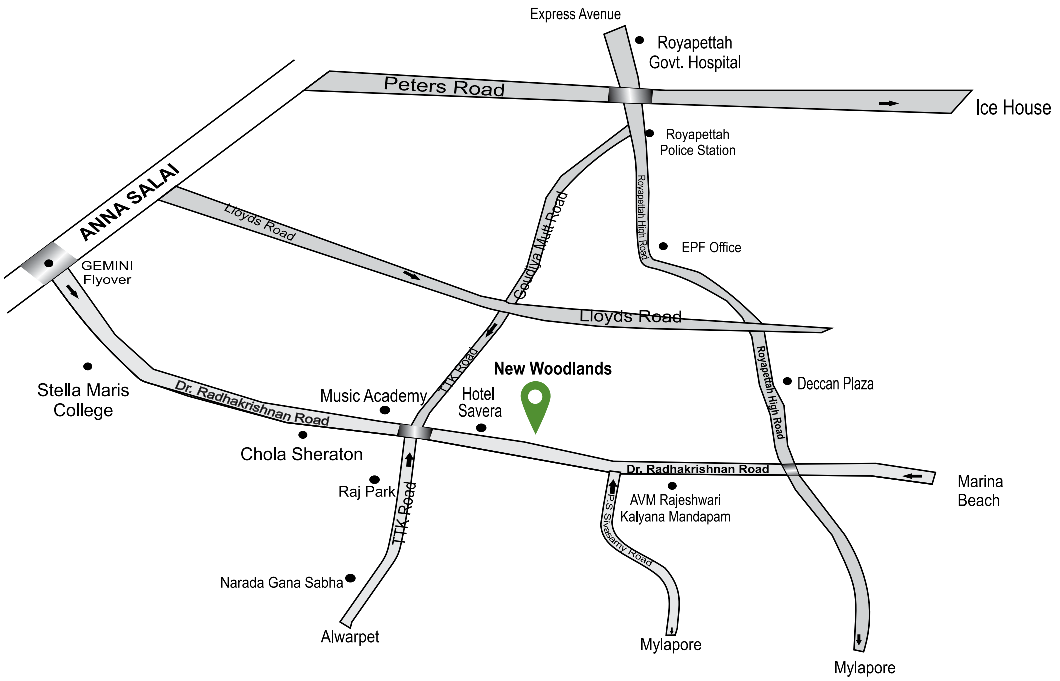
Appendix 'A'

Details of the Director seeking reappointment at the 22nd Annual General Meeting

[Pursuant to Regulation 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 / Relationships between directors inter-se
Bimal K Poddar B.Com DIN : 0031146 DOB : 25.12.1942 DOA : 19.12.2001	Varied experience in the spheres of Finance, Administration and General Management in diverse family businesses. Widely travelled and gained global business exposure.	**Chairman** Matheson Bosanquet Entps Pvt Ltd Hope Textiles Ltd Sua Explosives & Accessories Pvt Ltd **Director** Sua Developers Ltd Ornate Textiles Pvt Ltd Pragati Business Ltd	**Chairman** Hope Textiles Ltd - Remuneration Committee	NIL

ROUTE MAP



Appendix 'B'

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 22nd 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 21st July 2018 (10.30 AM) and ends on Tuesday, the 24th July 2018 (5.00 PM). The e-Voting portal will be blocked by CDSL for voting thereafter.

Manner of e-Voting

4. Instructions for e-Voting for members receiving an email pursuant to their email IDs having been registered with the company/ Depository Participants:

   i) User ID and password are required for e-Voting. If you are holding shares in Demat form and logged on to *www.evotingindia.com* and cast your vote earlier for EVSN of any company, then your existing login id and password are to be used. Else, follow clause (v) to (vii) for login.

   (ii) Launch the internet browser during the voting period. Type the URL in the address bar *www.evotingindia.com*. Home screen opens.

   (iii) Click on "Shareholders" tab to cast your vote.

   (iv) Now, select the Electronic Voting Sequence Number - "EVSN" along with "COMPANY NAME" from the drop down menu and click on "SUBMIT".

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

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

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

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

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

   (vii) Members holding shares in physical form will then reach directly to the voting screen. However, members holding shares in demat form will now reach 'Password Change' menu wherein they are required to mandatorily change their login password in the new password field. The new password has to be minimum eight characters consisting of at least one upper case (A-Z), one lower case (a-z), one numeric value (0-9) and a special character(@ # $ %& *). Kindly note that this password is also to be used by the demat holders for voting for resolutions of any other company on which they are eligible to vote, provided that company opts for e-voting through CDSL platform.

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

(viii) Select EVSN (Electronic Voting Sequence number) 180612005 of Ponni Sugars (Erode) Limited.

(ix) On the voting page, you will see Resolution Description and against the same the option "YES/NO" for voting. Select the option as desired. The option YES implies that you assent to the Resolution and option NO implies that you dissent to the Resolution.

(x) Click on the "Resolutions File Link" if you wish to view the entire Resolutions.

(xi) After selecting the resolution you have decided to vote on, click on "SUBMIT". A confirmation box will be displayed. If you wish to confirm your vote, click on "OK", else to change your vote, click on "CANCEL" and accordingly modify your vote.

(xii) Once you "CONFIRM" your vote on the resolution, you will not be allowed to modify your vote.

5. In case of members receiving the physical copy of Notice of AGM [for members whose e-mail IDs are not registered with the company/ depository participant(s) or requesting physical copy]:

   Please follow all steps from sl. no. (ii) to sl. no. (xii) above, to cast vote.

6. E-voting cannot be exercised by a proxy. Institutional shareholders (i.e. other than individuals, HUF, NRI etc.) are required to log on to *https://www.evotingindia.co.in* and register themselves, link their account which they wish to vote on and then cast their vote. They should upload a scanned copy of the Board Resolution in PDF format in the system for the scrutinizer to verify the vote.

7. During the voting period, security holders can login any number of times till they have voted on all the resolutions. They can also decide to vote only on some of the resolutions.

Help Centre

8. In case you have any queries or issues regarding e-voting, you may refer the Frequently Asked Questions ("FAQs") and e-voting manual available at *www.evotingindia.com* under help section or send an email to *helpdesk.evoting@cdslindia.com*.

9. Person responsible to address the grievances connected with the facility for e-Voting:

Name	:	Mr Rakesh Dalvi
Designation	:	Deputy Manager
Address	:	Central Depository Services (India) Ltd 25th floor, Marathon Futurex Mafatlal Mill Compound N M Joshi Marg, Lower Parel Mumbai 400 013
Email ID	:	helpdesk.evoting@cdslindia.com
Phone No.	:	1800 225 533

B) Voting at AGM

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

C) General Instructions

1. The cut-off date for the purpose of e-voting has been fixed as Wednesday, the 18th July 2018. Members holding shares as on this date should endeavour to cast their vote in any one of the two modes.
2. In case of persons who have acquired shares and become members of the company after the despatch of AGM Notice, the company would be despatching the 22nd Annual Report for 2017-18 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 18th July 2018.

4. In case a shareholder by inadvertence or otherwise has voted under both options, his voting under remote e-voting only will be considered.

5. Mr A S Kalyanaraman, Practicing Chartered Accountant (Membership No. 201149) has been appointed as the Scrutinizer.

6. The Scrutinizer will after the conclusion of voting at the AGM:

   (i) First count the votes cast at the meeting thro polling paper.

   (ii) Then unblock the votes cast through e-Voting.

   (iii) Both the above will be done in the presence of two witnesses not in the employment of the company.

   (iv) Make a consolidated Scrutinizer's report (integrating the votes cast at the meeting & through e-Voting) of the total votes cast in favour or against, if any, to the Chairman.

   (v) The Scrutinizer's report as above would be made soon after the conclusion of AGM and in any event not later than three days from the conclusion of the meeting.

7. Voting Results

   i) The Chairman or a person authorized by him in writing shall declare the result of the voting based on the Scrutinizer's report.

   (ii) The results declared along with the scrutinizer's report will be placed on the company's website *www.ponnisugars.com* and on the website of CDSL *www.evotingindia.co.in* immediately after the result is declared and also communicated to NSE and BSE.

   (iii) Subject to receipt of requisite number of votes, the resolution shall be deemed to be passed on the date of AGM.

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Request to Shareholders

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

i) Name of the member

ii) Folio/ DP ID – Client ID

iii) Email address

iv) Permanent Account Number (PAN)

v) CIN (in the case of company)

vi) Unique Identification Number

vii) Father/ Mother/ Spouse name

viii) Occupation

ix) Status

x) Nationality

xi) In case of minor, name of guardian and date of birth of minor

xii) Instructions, if any for sending Notice etc.

BOARD'S REPORT

Your Board is pleased to present the 22nd Annual Report and the audited financial statements for FY 2017/18.

	2017-18	2016-17
Physical Performance		
Cane crushed (tonnes)	**318716**	562974
Sugar recovery (%)	**8.89**	9.47
Sugar produced (tonnes)	**34102**	53620
Power produced (lakh kwh)	**552**	765
Financial Performance (₹ crores)		
Total Income	**198.78**	264.13
Profit Before Interest, Depreciation &Tax	**22.71**	39.34
Profit Before Exceptional Items & Tax	**15.06**	28.89
Profit Before Tax	**3.80**	22.18
Profit After Tax	**3.34**	15.92

The company hitherto was following the Companies (Accounting Standards) Rules, 2006 and Indian GAAP. It has now adopted the Indian Accounting Standards (Ind AS) from FY 2017-18 as mandated and reworked the financial statements for FY 2016-17 for presenting comparative information. Accordingly, the financial statements for current year including comparative figures of previous year are based on Ind AS and in accordance with the recognition and measurement principles stated therein as well as other accounting principles generally accepted in India. While this has no major impact for the Statement of Profit & Loss, there is and would be periodical impact for "Other Comprehensive Income" in measuring and restating investments at fair value.

Dividend

Your Directors recommend a dividend of ₹1.00 per Equity Share of ₹ 10 each for the financial year ended 31st March 2018. This is subject to the approval of shareholders at the ensuing Annual General Meeting (AGM) to be held on 25th July, 2018.

Sugar Industry Overview

World sugar production has rebounded strongly during 2017-18 season after two years of deficit phase on the back of massive production gains in India, EU, Thailand and China. In particular, the strident rise in India (60%) and Thailand (50%) clocking a new peak for them has catapulted world production to all time high. Despite the recent resurgence in world oil prices driving Brazil to divert higher share of cane for ethanol, global sugar production is predicated to be sizeably in surplus during the ensuing 2018-19 season as well. The twin surplus years together contributing to about 10-15 mln tonnes of excess production have devastatingly dampened market sentiments, exerting excruciating pressure on world sugar prices that have fallen by 28% during the year. Current NY11 prices for raws at 11 cents/ lb are a two and half year low and below cost of production to the most efficient producers.

Indian sugar production was presaged to poignantly rise in 2017-18 on the back of good monsoon; yet, the quantum of increase proved early estimates eventually incorrect. Sugar production forecast originally pegged at 251 lakh tonnes in Sep'17 had to be successively revised significantly upward at regular intervals owing to record high productivity of cane crop witnessed under optimal climatic conditions in Maharashtra and Karnataka. Sugar production for the season is slated to surpass all earlier records and scale to 315-320 lakh tonnes. This marks a monstrous rebound from 203 lakh tonnes produced in the previous season and is markedly much in excess of our domestic consumption requirement hovering around 250 lakh tonnes. With normal monsoon forecast, sugar production during 2018-19 season should score further higher, though it is too early to hazard a guess on the quantum thereof.

It is hence obvious, bountiful sugar production in the two consecutive sugar seasons would throw up a bloated surplus of about 15 mln tonnes for India, devoid of disposal options. The high cost of cane mandated on Indian sugar producers translates to high cost of sugar, unwittingly making it outright uncompetitive for liquidation in the global market.

It is hence no wonder, sugar prices all over the country have been under a free fall by a whopping 25% since the start of current season. Presently they are at levels way below the average cost of production. While so, TN mills are more unviably placed, being confronted with abhorrent fall in cane availability that has crippled their productive operations at 20-25% of capacity and concurrently more than tripled the fixed cost per unit of production. Firefighting measures attempted in fits and starts by the Central Government have so far failed to stem the tide and reverse negative market sentiments that remain deep-rooted. Meantime, sugarcane price arrears have scaled to dizzy heights causing at once significant stress to sugar millers and distress to cane farmers.

The structural problem for the industry, discussed ad nauseam, is readily traceable to the discernible disconnect between the price for sugarcane and sugar. The inverse cost-realization structure inflicted on sugar producers is avowedly antithetic to the basic economic tenets and hence unarguably unsustainable. The problem is further accentuated by the disproportionately higher increase handed out by the Government for cane crop compared to other competing crops. This effectively checkmates the desired correction required for restoring demand-supply equilibrium. In the process, we end up with huge stocks of high cost sugar that is clearly out-priced and uncompetitive in the world market.

Switching between sugar and ethanol like Brazil is no doubt a credible option but it hinges on a long term promotional policy, in particular a remunerative price for ethanol produced from high cost cane. The Government is also dragging its foot in establishing a Price Stabilization Fund as recommended by CACP over the last couple of years as an elegant and pragmatic way to avert cane price arrears. Unless and until the fundamental challenge is firmly faced, decisively dealt and resolutely resolved, band-aid solutions would hardly help address the incipient sickness in the industry.

Company's performance

The fall in cane volume for the company during the current year is in line with the forecast made in last year's report. However our prescient bet, both on normalcy of monsoon and stability in sugar prices, proved miserably misplaced. We were overwhelmed by yet another year of abysmal failure in north-east monsoon in our command area that disrupted cane farming, depressed the cane yield, depleted the sucrose content and decimated our plant performance. We fell formidably short in all these vital factors that are central to optimal operational performance and key drivers of enterprise profitability.

Having regard to the above, we have the dubious record of lowest cane crush, sugar recovery, sugar production and sale for FY 2017-18 in a decade and more. This is despite supplementing our sugar production by over 20% through raw sugar import notified in April 2017 at zero percent customs duty under TRQ facility. We however had to surrender our second quota notified in September 2017 (that came with a concessional customs duty of 25%), foreseeing domestic price vulnerability, a decision that in retrospect proved right. As a corollary to low cane crush, power production that largely depends on captive bagasse too tripped and dropped by 28% despite stepping up outsourced bio-fuel in the mix, while the high cost of coal made it an unviable fuel option for the year.

Sugar prices were quite supportive during the first half but witnessed a cataclysmic crash in the second half of the year, weighed by strong negative fundamentals and stronger negative sentiments. Molasses price was mercifully the sole saving grace, though its benefit was limited, confined to the low production level achieved. The regulatory power tariff is ex facie remunerative but we are more often miffed by the inordinate delay in payment of power bills that is clearly transgressive of extant regulatory dictum. While this immediately chokes our cash flows, the implicit interest cost eventually wipes out our margin in full.

During the year, we were benefitted by the uptick in REC off-take in the Power Exchanges, thanks to stricter enforcement of RPO mandate by several States. We could also secure refund of purchase tax from the State Government referable to the double incidence of duty during transition from VAT to GST. Dividend income from investments also nearly doubled. These have helped in no mean measure to buttress our finances.

Amidst all-round adversities, notable policy change from TN Government on sugarcane pricing is indeed a redeeming feature. As mentioned in earlier Reports, private sector sugar mills in the State were opposed to State Advised Price (SAP) since 2013-14 sugar season that was arbitrarily fixed and often times well beyond their financial capacity. SAP being recommendatory, private mills negotiated and paid cane price for each sugar season from 2013-14 to 2016-17 that is above the statutory Fair & Remunerative Price (FRP) but below the SAP. Nonetheless, strident agitations and persistent protests by cane farmers pressing for payment of SAP was a thorn in the flesh. The logjam was finally broken with most stakeholders sincerely coming forward to strike a pragmatic and workable solution to this vexatious issue. While the State Government discontinued SAP for cane beginning 2017-18 season and ushered in a Revenue Sharing model as suggested by Dr Rangarajan Committee, private mills and their cane farmers were committed to reach a one-time settlement on the SAP claims of all the past four years.

Accordingly, our company had series of meetings with the representatives of cane growers and agreed to pay additional cane price of ₹ 87.50 per tonne for each of the four seasons from 2013-14 to 2016-17. Of the total financial commitment of ₹ 15.61 crores, ₹ 11.58 crores that is referable to cane purchases of previous years is disclosed as an 'exceptional item' in these financial statements. No doubt, this would significantly intimidate our near term cash flows at a critical juncture. Nonetheless, driven by prudence and expediency, we took the call with the clear and cardinal objective to regain the confidence of and rebuild goodwill with our cane growers that is too critical to long term sustainability of our operations.

While our operations were profitable in the first half of the financial year, we were overwhelmed in the later part by the double whammy of sub-optimal plant operations (caused by drought) and sledge-hammering in sugar prices (triggered by market). In these trying circumstances, it is good comfort that our company has ended the year profitably, albeit at a modest level, after absorbing the negative fallout of the exceptional items.

Outlook for FY 2018-19

While the company experienced mixed fortunes in the year passed, it is in for greater turbulence and graver challenge in FY 2018-19. We are staring at an all time low cane availability, while raw sugar route is ruled out. The buffer by way of low cost sugar stocks and REC carry over stood by us last year that now stands exhausted. Sugar prices hold little promise for rebound both in domestic and global arena. The road ahead thus looks daunting and depressive.

We are currently focused on our own and along with our peer group in developing new varieties of cane that are drought resistant and sucrose rich. We are also redoubling our efforts in rejuvenating and revitalizing existing good cane varieties, promoting drip irrigation and improving cultivation methods. The threat of SAP is now firmly behind us, with the State Government embracing the revenue sharing model. We are however dominantly dependent upon resumption of normal monsoon in our command area and improved water storage in Mettur reservoir for meaningful resurgence in cane planting. Having endured bad monsoon for too long, we remain sanguine that the law of average would kick in this time to our rescue.

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 and there are no material departures from the same;

(b) the directors have selected such accounting policies and applied them consistently and made judgements and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the company at the end of the financial year and of the profit of the company for that period;

(c) the directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities;

(d) the directors have prepared the annual accounts on a going concern basis;

(e) the directors have laid down internal financial controls to be followed by the company and that said internal financial controls are adequate and were operating effectively; and

(f) the directors have devised proper systems to ensure compliance with the provisions of all applicable laws and such systems were adequate and operating effectively.

Particulars of Loans, Guarantees or Investments

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

Particulars of contracts or arrangements with Related Party

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

Material changes and commitments

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

The company has entered into a material commitment for one-time settlement of past SAP claim of cane price in May 2018 and its effect has been duly considered in the financial statements for the year. There is no other material change or commitment in the business operations of the company since the closure of 31st March 2018 to the date of this report.

Conservation of Energy etc.

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

Corporate Social Responsibility (CSR)

The company is covered under the mandate of Section 135 of the Companies Act, 2013 for FY 2017-18. This year's CSR report in the prescribed form is in Annx-6 that forms part of this report.

Particulars of Employees

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

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

Adequacy of Internal Financial Control with reference to financial statements

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

Directors

Ms Bharti C Pithawalla pursuant to disqualification suffered u/s 167(2) vacated her office of directorship in the company effective 27th October 2017 in accordance with Section 167 of the Act. The Board wish to place on record the valuable contribution received during her tenure as director.

Mr Bimal K Poddar retires by rotation at this meeting and being eligible offers himself for reappointment.

Auditors

M/s S.Viswanathan LLP (Firm Regn.No.004770S/S200025) were appointed as statutory auditors by shareholders in the 21st AGM for a term of five years till the conclusion of the 26th Annual General Meeting of the company on such remuneration fixed by the Board of Directors on the recommendation of Audit Committee from time to time. This was subject to ratification by members at every AGM, if so required by the Companies Act, 2013. The requirement for annual ratification at AGM has since been dispensed with by the Companies (Amendment) Act, 2017 effective 7th May 2018. Accordingly no ratification is required henceforth and the statutory auditors would continue in the normal course till the conclusion of 26th AGM.

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 is benefitted by the understanding shown and support received from Central and State Governments, Banks and Financial Institutions, customers and suppliers. It is grateful to the large number of cane growers for their continued commitment to grow and supply cane under extreme drought conditions.

The Board further wish to acknowledge the commitment shown by employees at all levels during current tough times and place on record the continuing patronage received from its shareholders

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For Board of Directors

Chennai
25th May 2018

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 before dropping to 77% in 2017/18. 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 pockets. China is the world's largest importer after displacing Indonesia in 2015/16.

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 and State intervention through sin-tax levy and red-labelling mandate. Non-household consumption however has been growing in emerging economies almost in tandem with the growth in national income.

World sugar prices are highly volatile wherein the price volatility for raw sugar is generally higher 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

The deficit phase that began in 2015-16 after five successive years of surplus proved ephemeral and evaporated by end of 2016-17 season. World production is poised to break all past records and reach new high in 2017-18 due to robust rebound and resonant rise in production from India, EU and Thailand. As per early estimates, 2018-19 would again hand out a huge surplus, despite Central South (CS) Brazil diverting much higher share of cane to ethanol and lowering its sugar output by 5 mln tonnes. It is distinctly probable that India will rise above CS Brazil after decades in 2018-19 sugar production and distantly possible that India may close rank with total Brazilian sugar output.

The cumulative surplus of 10-15 mln tonnes during the current and coming seasons has had its domino effect on world sugar prices. NY11 raw sugar futures have halved from 24 c/ lb level in Oct'16 to sub 11 c/ lb by end April'18. Despite the collapse of world market prices, there is little expectation of significant decrease in beet or cane crop for 2018-19. India and Thailand with huge surplus would be in dire need to fiercely compete in the world market. The global sugar price outlook is hence bearish with marginal intermittent corrections in the normal course.

Indian sugar

Industry structure

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

Sugarcane and sugar production are seasonal with more than 90% happening in the winter months of November to March. Sugarcane use for production of sugar has steadily increased over time in preference to alternative sweeteners. UP and Maharashtra are the dominant sugar producing States followed by Karnataka that has decisively displaced Tamil Nadu in occupying the third position. New sugarcane variety introduced in 2016-17 season has worked wonders for UP, bolstering cane yield and boosting sugar recovery. In contrast, Tamil Nadu has suffered scorching slippage in cane volume in recent years due to recalcitrant rainfall and resultant drought, besides abysmal storage of water in major reservoirs. The challenge to cultivate cane crop in TN would appear structural and deep-rooted with water proving eternally elusive, more so in the western part of the State. As a result, farmers have got demoralized, become despondent and remain demotivated for taking up fresh planting.

Status update

Indian sugar production after recording six continuous years of surplus fell below consumption during 2016-17 season, blighted by drought in Maharashtra and Karnataka. Resumption of normal monsoon barring in few Southern States and remunerative cane price however upended this trend and ensured instant expansion in cane area and rebound in cane crop during 2017-18. Early estimates by industry, Government and Global trade houses at 251 lakh tonnes of sugar production for the year in Sep'17 proved miserably misplaced, with the final production number clawing threateningly closer to 320 lakh tonnes. The highest ever sugar production in UP and Maharashtra for 2017-18 has in turn pushed the country's production convincingly to all time high. With IMD forecast for a normal monsoon in 2018, sugar production in the next season is most likely to be at similar high level, if not scaling further higher.

Sugar production far in excess of domestic requirement in the twin seasons of 2017-18 and 2018-19 has had its immediate and ineluctable impact on domestic sugar prices. Ex-factory realizations have crashed by a whopping 25% between Oct'17-Apr'18. At current prices, sugar mills are staring at leviathan of loss by about ₹ 8/ kg, while for TN mills scourged by low capacity run, the loss would be more than double. Government intervention through reverse stock holding limit and MIEQ have hardly helped in perceptible price recovery at a time when market is overly clouded with negative sentiments.

Meantime, sugarcane arrears have shot up to hazardously high levels. While Government is fully seized of the situation and busy crafting calibrated corrective steps, the problem is an offshoot of lopsided policy making. Given the political overtone, it is all the more difficult to combat the Frankenstein.

It is time the Government uses the crisis to hone a holistic sugar policy that must comprehensively address, embrace and encompass (i) rational and sustainable cane pricing model, (ii) establishment of Price Stabilization Fund, (iii) diversion of surplus cane for direct ethanol production, facilitated by full cost recovery and (iv) stable pricing and secured payment in time for cogenerated power. Simultaneously, science and technology has to play a key and stellar role in protecting farmer's income from cane despite periodic correction warranted in its price, through increased productivity, reduced cost and improved quality. This is at once imperative in the larger interest and compelling need to make Indian sugar competitive in the world market.

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 remained pretty low. Since ethanol is a credible option for handling surplus cane demonstrably validated by Brazil well over decades, time has come for India to explore this tested model and push it with supportive policy measures.

Government Policies

(i) Sugar

- GOI increased the duty on sugar import from 40% to 50% in July'17 and further to 100% in Feb'18.
- DGFT in Apr'17 amended the Foreign Trade Policy 2015-20, allowing TRQ for import upto 5 lakh tonnes of raw sugar, free of basic customs duty.
- DGFT in Sep'17 announced additional 3 lakh tonnes of raw sugar import under TRQ with import duty at 25%.
- Stock holding limits on sugar traders imposed in April'16 was withdrawn in Dec'17.
- GOI mandated sugar mills in Feb'18 to maintain minimum stipulated stock levels at the close of Feb & Mar'18.
- GOI in Mar'18 notified Minimum Indicative Export Quotas (MIEQ) of 20 lakh tonnes for SS 2017-18.
- CCEA in Jan'18 approved extension of mandatory packaging of 20% of sugar production in jute bags under the JPMA Act, 1987 for the jute year 2017-18 (1st July 2017 to 30th June 2018).

- GOI reduced the sugar weightage in WPI Index on 12th May'17 - overall basket of sugar related products was reduced by at least half.
- GOI in May'18 announced financial assistance of ₹ 5.50/ qtl for cane crushed in 2017-18 subject to fulfillment of conditions therein.

(ii) Cane price

- GOI announced FRP at ₹ 255/ qtl for basic recovery of 9.5% for SS 2017-18 as against ₹ 230/ qtl for SS 2016-17.
- TN Govt in Budget 2017-18 has announced discontinuance of SAP and replacing it with Revenue Sharing Formula. State Govt as transitory measure would support ₹ 200/ tonne of cane for SS 2017-18.

(iii) Cogen

- TNERC in its Mar'18 order has fixed tariff for two year control period from Apr'18. Applicable tariff to our company is ₹ 5.19/ KWh as against ₹ 5.39/ KWh in 2017-18.
- SISMA-TN has challenged before High Court of Madras the low fuel cost adopted by CERC in its 2017 Tariff Regulations.
- APTEL in its Apr'18 order has upheld the lower floor and forbearance price for REC fixed in Mar'17 by CERC.

(iv) GST

Goods and Services Tax (GST) was introduced from 1st July 2017 as a major reform to indirect taxes. GST rate for sugar and its by-products viz. bagasse and press mud is 5% while sugarcane is fully exempted. Molasses is taxed at 28%. Sugar cess is subsumed in GST while potable alcohol and electricity remain outside of GST. As regards REC, clarity in GST rate is yet elusive.

GST Council is currently examining the proposal for a separate cess on sugar to garner funds for clearing cane price over dues.

Opportunities & Threats

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

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

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

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

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

Segment-wise or product-wise performance

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

Particulars	Sugar (tonnes)	Cogen (Lakh units)
Production	34102	551.87
Sales	38451	389.00
	₹ lakhs	₹ lakhs
Sales	17248	5678
Operating Profit	(230)	1042

Outlook

With both world market and Indian market to remain in huge surplus during 2017-18 as well as 2018-19 sugar seasons, sugar prices would doubtless remain subdued. CACP has reportedly recommended a further increase in FRP for sugarcane in 2018-19 season that if approved by Government bereft of Price Stabilization Fund would be grossly out of sync with prevailing sugar prices and spell disaster for the industry. As for Tamil Nadu, there could be marginal recovery in sugar production in some parts of the State but yet overall production would be woefully below 50% capacity, with all attendant challenges coming therefrom. While the scrapping of SAP by TN Government is overdue and hence most welcome, TN sugar industry has still to climb a steep mountain that urgently cries for not just hand-holding but heavy lifting by both the State and Central Governments.

Risks and concerns

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

Industry risk

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

Risk mitigation

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

Risk specific to the Company

Erode Sugar Mill is squeezed for land in its factory area militating against major expansion or diversification plans. It is also surrounded by other sugar mills that limits the 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. The company in the absence of ethanol facility is denied access to ethanol linked incentives during sugar downturn.

Risk Management

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

Disclosure of strategy

SEBI in terms of Circular dt.10th May'18 requires listed entities to consider disclosure of medium-term and long-term strategy within the limits set by its competitive position based on a timeframe as determined by its Board of Directors. It further requires articulation of a clear set of long-term metrics specific to the company's long-term strategy to allow for appropriate measurement of progress. The Board of Directors have taken note of this and will ensure due compliance as required.

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 104 seasonal and 162 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	
	31.03.2018	31.03.2017
Number of days	**196**	213
Average Crushing rate (tcd)	**1626**	2643
Cane Crushed (t)	**318716**	562974
Recovery (%)	**8.89**	9.47
Raw Sugar processed (t)	**6269**	-
Sugar produced (t)	**34102**	53620
Power production (lakh kwh)	**552**	765

Constricted cane volume caused by severe drought led to lower number of days' operations. Further, our continuous process plant had to operate on a curtailed basis, working for two shifts or less on most days on "stop and start" mode. Compulsion to crush premature cane in Q1 to avert total crop perishal depressed sugar recovery that thankfully recovered during Q4 to acceptable levels. Raw sugar processing using first tranche TRQ at zero duty and outside bio-fuel procurement helped in some good measure supplement our sugar and power production. Overall, several of the operating parameters are at ten year low owing to extremely hostile external factors beyond our control.

Financial Performance

Sugar prices remained remunerative during the first half but turned slippery, drifting downward to dizzy low in the later part of the year. Sub-optimal operating performance and strikingly subdued market price for sugar took a heavy toll of our overall financial performance for the year. Further, our compulsion stemming from commercial prudence in reaching one-time settlement with farmers in respect of past SAP claims cast a lethal blow to our bottomline. In this unenviable milieu, it is gratifying that our company could post positive results in the end.

Ratios

Description	U/M	**2017-18**	2016-17
PBIDT to Sales	%	**11.59**	15.25
PBT to Sales	%	**1.94**	8.28
PBT to Net Worth	%	**2.76**	15.82
Return on Capital Employed	%	**4.03**	15.27
Earnings (PAT) per Share	₹	**3.88**	17.66
Interest Coverage	times	**13.93**	8.93
Debt – Equity	times	**0.04**	0.26
Current Ratio	times	**1.06**	1.43
Net Worth per Share	₹	**159.94**	159.08

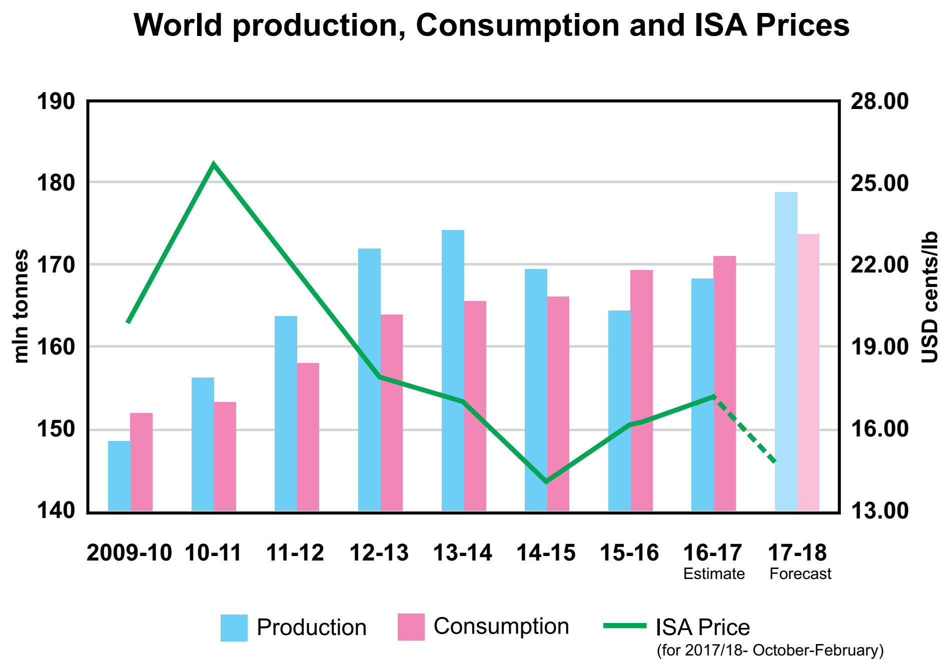
Cautionary Statement

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.

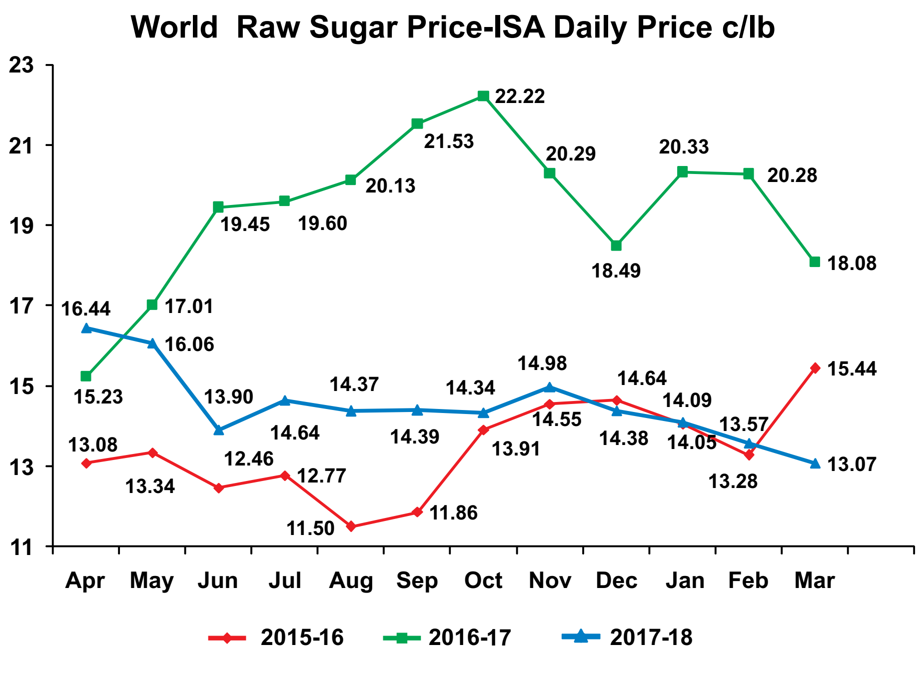
For Board of Directors

Chennai
25th May 2018

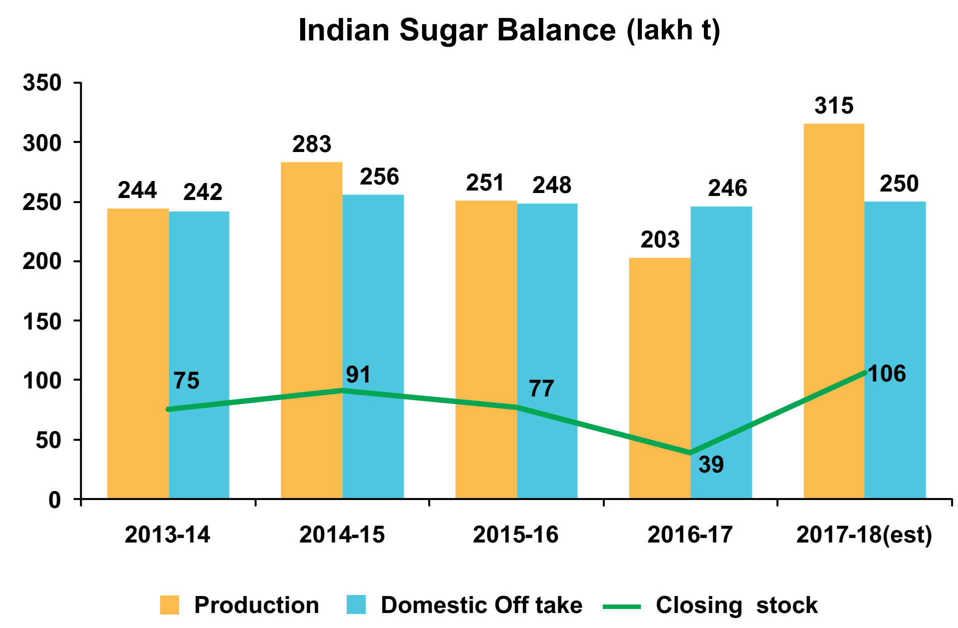
N Gopala Ratnam
Chairman

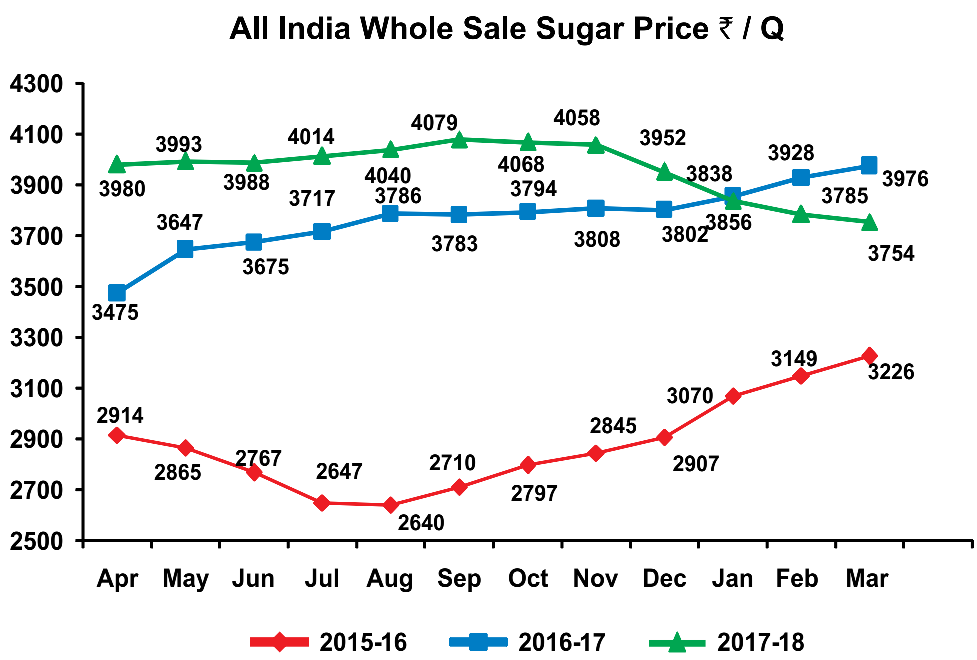


World production, Consumption and ISA Prices
mln tonnes
USD cents/lb
190
180
170
160
150
140
28.00
25.00
22.00
19.00
16.00
13.00
2009-10
10-11
11-12
12-13
13-14
14-15
15-16
16-17
Estimate
17-18
Forecast
Production
Consumption
ISA Price
(for 2017/18- October-February)



World Raw Sugar Price-ISA Daily Price c/lb
23
21
19
17
15
13
11
22.22
21.53
20.13
19.45
19.60
20.29
20.33
20.28
18.49
18.08
17.01
16.44
16.06
15.23
13.90
14.37
14.34
14.98
14.64
14.09
15.44
13.08
14.64
14.39
14.55
14.38
14.05
13.57
13.34
12.46
12.77
13.91
13.28
13.07
11.50
11.86
Apr
May
Jun
Jul
Aug
Sep
Oct
Nov
Dec
Jan
Feb
Mar
2015-16
2016-17
2017-18


Indian Sugar Balance (lakh t)
350
300
250
200
150
100
50
0
244
242
283
256
251
248
203
246
315
250
75
91
77
39
106
2013-14
2014-15
2015-16
2016-17
2017-18(est)
Production
Domestic Off take
Closing stock


All India Whole Sale Sugar Price ₹ / Q
4300
4100
3900
3700
3500
3300
3100
2900
2700
2500
3980
3993
3988
4014
4040
4079
4068
4058
3952
3838
3785
3754
3475
3647
3675
3717
3786
3783
3794
3808
3802
3856
3928
3976
2914
2865
2767
2647
2640
2710
2797
2845
2907
3070
3149
3226
Apr
May
Jun
Jul
Aug
Sep
Oct
Nov
Dec
Jan
Feb
Mar
2015-16
2016-17
2017-18

Annexure - 2 to Board's Report

CORPORATE GOVERNANCE REPORT

Company's philosophy on Corporate Governance

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

Legal and Regulatory Framework

The Companies Act, 2013 (the Act) and the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations 2015 (Listing Regulations) codify the core principles of Corporate Governance that are scrupulously complied with by the Company. SEBI in its Mar'18 Board meeting has considered the Kotak Committee recommendations meant to further strengthen and improve the standards of Corporate Governance of listed companies. Following this, SEBI has notified in May'18 requisite amendments to the Listing Regulations that would mostly come into force from April'19 and in a phased manner. 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

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

(a) The composition of the Board is devised in a manner to have optimal blend of expertise drawn from Industry, Management and Finance.

(b) All except the Managing Director are non-executive Directors and thus constitute more than one-half of the total number of Directors. The Company has a women director.The Managing Director is additionally responsible to continue to discharge the functions of Secretary within the meaning of Section 203 of the Act and Articles of Association of the Company.

(c) The Managing Director is not liable to retire by rotation. All the other non-independent directors retire by rotation and in the normal course seek re-appointment at the AGM. Brief resume of Directors seeking reappointment is given in the Notice of the AGM.

(d) 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 2017-18		As on 31st March 2018			Attendance at last AGM Y- Yes N- No
			No. of meetings	%	No. of Directorships	Committee position* Chairman	Committee position* 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	5	--	1	Y
Mr Arun G Bijur Promoter Group, Non-Executive	26.12.1996	100	5	100	3	--	1	Y
Mr Bimal K Poddar Promoter, Non-Executive	26.10.2001	NIL	5	100	7	--	1	Y
Mr N Ramanathan Managing Director	01.04.2005	3001	5	100	5	--	2	Y
Mr V Sridar Independent	05.06.2009	NIL	4	80	7	5	1	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	5	100	2	--	1	Y
Ms Bharti C Pithawalla, # Promoter, Non-Executive	01.02.2013	500466	1	33	--	--	--	Y

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

#vacated office of Director pursuant to Section 167 of the Companies Act, 2013 effective from 27th October 2017

ii) Independent Directors

(a) The Chairman is non-executive and falls under Promoter category. The number of Independent Directors is one-half of the total strength. Any reduction in the strength of Independent Directors is filled within 3 months for ensuring minimum stipulated strength of Independent Directors in the Board.

(b) 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.

(c) Independent directors are issued Letter of Appointment and the terms thereof are posted on the company website.

(d) Pursuant to Regulation 25 (7) of the Listing Regulations, the company has formulated a familiarization program for Independent Directors with the objective of making them familiar with their role, responsibilities, rights & responsibilities, nature of the industry, business model and compliance management. The details of the programme are uploaded on the company website.

(e) All the Independent directors have given the declaration 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 30.05.2017, 02.08.2017, 27.10.2017, 02.02.2018 and 22.03.2018. 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 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 30.05.2017, 02.08.2017, 27.10.2017, 02.02.2018 and 22.03.2018. Its composition and attendance during 2017-18 is given hereunder:

Name of Member	Category	Attendance at meetings	
		No.	%
Mr V Sridar, *Chairman*	Independent	4	80
Mr Bimal Poddar	Non-Independent	5	100
Dr L M Ramakrishnan	Independent	4	80
Mr N R Krishnan	Independent	5	100
Mr K Bharathan *(from 27.10.2017)*	Independent	3	100
Permanent Invitees:			
Mr N Gopala Ratnam	Non-Independent, Non-Executive	5	100
Mr N Ramanathan	Executive	5	100

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

ii) Nomination cum Remuneration Committee

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

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

The Committee meets as per needs. It met once during the year on 22.03.2018 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 2018 carried out the evaluation of 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 30.05.2017, 02.08.2017, 27.10.2017, 02.02.2018 and 22.03.2018. Its composition and attendance is given hereunder:

Name of Member	Category	Attendance at Meetings	
		No.	%
Mr N Gopala Ratnam, *Chairman*	Non-Executive	5	100
Mr Arun G Bijur	Non-Executive	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 had voluntarily constituted a CSR Committee in March 2014 and formulated CSR Policy. It is now covered under Section 135 of the Act for FY 2017-18. As against the obligation of ₹ 13 lakhs, the company has spent ₹ 36 lakhs on approved CSR activities. The composition of CSR Committee and attendance is given hereunder:

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

It met once during the year on 22.03.2018 wherein all the members were present and the CSR Budget for FY 2018-19 was approved.

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.

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

3. Remuneration of Directors & KMPs

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

The Managing Director is the only executive director entitled for managerial remuneration. Mr N Ramanathan has been reappointed as Managing Director for a tenure of three years from 01.04.2017. There is no service contract containing provisions of notice period or severance package. Mr K Yokanathan, CFO is the other KMP.

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

Non-Executive Directors are paid sitting fee at ₹ 10000 per meeting of Board or any Committee thereof. The Company obtained the approval of shareholders at its 21st AGM for payment of commission to Non-Executive Directors for a period of three financial years from 1st April 2017 to 31st March 2020, but no commission is proposed for FY 2017-18.

Remuneration particulars of all the Directors and KMP are given in Note 41 (iv)of the Financial Statement and are also disclosed in Part-VI of MGT-9. The same may be treated as required disclosure under 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 that was revised in Mar'18. It has laid down specific criteria for performance evaluation of 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 22nd March 2018 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 22.03.2018 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 22.03.2018 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. There is no specific observation made in the previous year or current year evaluation that calls for follow up corrective action.

(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 2017-18 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 2017-18.

Further, the senior management personnel have declared to the Board that no material, financial and commercial transactions were entered into by them during FY 2017-18 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 2017-18 were on an arms-length basis and were in the ordinary course of business. They are disclosed in Note 41 of the Financial Statements. None of these transactions is 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 in line with the Policy on RPTs. As required under Sec.188 of the Companies Act, 2013 read with Rule 6A of the Companies (Meetings of Board and its Powers) Rules, 2017, the Audit Committee at its meeting held in Mar'18 gave its omnibus approval for RPTs during the FY 2018-19.

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 2017-18.

(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 2017-18.

(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 filed with Stock Exchanges online 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 2017-18 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 based on the materiality threshold determined by the Board to the stock exchanges. There were two disclosures so made during the year pertaining to revision in credit ratings received from CARE and TN Budget on rationalizing cane price. These were simultaneously 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 system called 'SEBI Complaints Redress System' (SCORES). Investors are encouraged to lodge complaints thro' e-mode, while SEBI digitizes complaints in physical form and uploads same. Listed companies are advised to view the complaint and submit Action Taken Report (ATR) with supporting documents in SCORES.

During the year, there were no complaints against our company posted on SCORES site.

With a view to enhance investor satisfaction on complaint redressal mechanism, SEBI vide its Circular dated 26th March 2018 revised and streamlined the procedure for filing and redressal of investor complaints effective 1.8.2018. The Circular is available on SEBI website *www.sebi.gov.in* under the category 'Legal / Circulars' .

(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	30.06.2017	09.07.2017
		30.09.2017	11.10.2017
		31.12.2017	22.01.2018
		31.03.2018	11.04.2018

(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 2017-18. Their remuneration was approved by the shareholders at the 21st AGM.

Cost Audit Report

Filing Cost Audit Report	2017-18	2016-17
Due date	30.09.2018	30.09.2017
Actual date	Target 31.08.2018	26.08.2017
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 Revised Secretarial Standards on Meetings of Board of Directors (SS-1) and General Meetings (SS-2) that have come into force from 1st October 2017. The company's practices and procedures meet with all these prescriptions.

Pursuant to Section 204(1) of the Companies Act, 2013 read with the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, the company has appointed Mr. V.Suresh, a Practicing Company Secretary (C.P.No.6032) to undertake the Secretarial Audit of the company for FY 2017-18. The Secretarial Audit Report was placed before the Board on 25th May 2018.

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 Maharaj N R Suresh And Co., Chartered Accountants (Firm Regn.No.001931S), Chennai to conduct internal audit of the functions and activities of the company for FY 2017-18. 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 25th May 2018.

(xii) Review of Directors' Responsibility Statement

The Board in its Report has confirmed that the annual accounts for the year ended 31st March 2018 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 M/s S. Viswanathan 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 Financial Results of the Company are emailed to shareholders whose email ids are available while physical copy is sent 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 2017-18 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) BSE has levied a penalty of ₹ 2.31 lakhs for not uploading on its website PDF copy of the financial results for the Quarter and year ended 31st March'17, though the financial results were uploaded in XBRL format and hard copies of documents were sent to BSE. The Company further represented that it did not receive hard/soft copy of relevant circular on the change in compliance requirement while it invariably gets from NSE such an advice. BSE did not concede and the Company chose to pay the penalty without further appeal.

Barring this,there is neither non-compliance by the company nor strictures imposed on the company by the Stock Exchanges or SEBI or any statutory authority on any matters related to the capital market during the last 3 years.

(ii) 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

Regulation 34(2)(f) of the Listing Regulations mandates the inclusion of Business Responsibility Report as part of the Annual Report for listed entities. This is presently applicable to only the top 500 listed entities and hence our company is not covered by this.

(vi) Dividend Distribution Policy

Regulation 43A of the Listing Regulations 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

Period	Date of publication of Notice of Board meeting	Financial Results		News paper
		Date of approval by Board	Date of Publication	
Quarter ended 30.06.2017 (Unaudited)	08.07.2017	02.08.2017	03.08.2017	Business Standard and Makkal Kural
Quarter ended 30.09.2017 (Unaudited)	06.10.2017	27.10.2017	28.10.2017	
Quarter ended 31.12.2017 (Unaudited)	04.01.2018	02.02.2018	03.02.2018	
Quarter and Year ended 31.03.2018 (Audited)	09.05.2018	25.05.2018	26.05.2018*	

* *Publication arranged*

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

(a) filed online with Stock Exchanges immediately after the conclusion of the Board meeting;

(b) posted on the company's website *www.ponnisugars.com* that also displays other official News releases;

(c) emailed to shareholders who have registered their email ids; and

(d) sent (hardcopy) to shareholders on request.

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

(iii) Chairman's Communiqué

Printed copy of the Chairman's Speech is distributed to all the shareholders at the Annual General Meeting. 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
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
21st 2016-17		02.08.2017 10.30 AM	Reappointment of Managing Director

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 21st 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 2017-18.

(J) General Shareholder Information

(i) Details for 22nd AGM

Date and Time	Wednesday, the 25th July 2018 at 10.30 AM
Venue	New Woodlands Hotel P Ltd, 72-75, Dr Radhakrishnan Road, Mylapore, Chennai 600 004
Financial Year	2017-18
Book Closure Dates	Thursday, the 19th July 2018 to Wednesday, the 25th July 2018 (both days inclusive)
Dividend	₹ 1 per Equity Share (proposed)
Dividend payment date	31st July 2018
Cut-off Date for e-voting	Wednesday, the 18th July 2018

(ii) Financial Calendar for 2018-19 (tentative)

Results for the quarter ending	30th Jun 2018	25th July 2018
-do-	30th Sep 2018	26th October 2018
-do-	31st Dec 2018	8th February 2019
Results for the year ending	31st Mar 2019	May 2019
Annual General Meeting	July 2019	

(iii) Listing

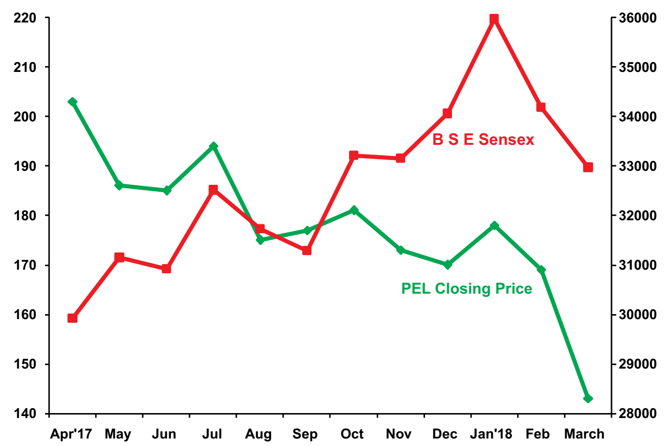
Name & Address	Listed from	Stock Code
BSE Limited Phiroze Jeejeebhoy Towers Dalal Street, Mumbai 400 001 Phone: 022-22721233/ 22721234 Fax: 022-2272 2082 Email:corp.relations@bseindia.com	April 2002	532460
National Stock Exchange of India Ltd Exchange Plaza, Bandra Kurla Complex Bandra East, Mumbai 400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

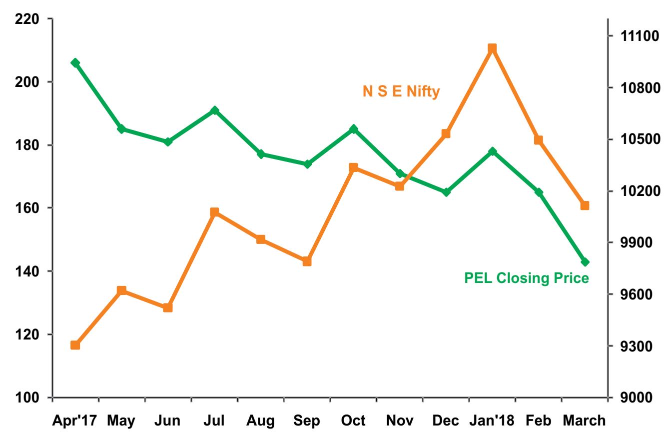
Listing fee has been paid to both the Stock Exchanges for FY 2018-19.

(iv) Market Price Data

Month	Bombay Stock Exchange				National Stock Exchange			
	Share price		Volume		Share price		Volume	
	High	Low	No. of shares	Value (₹ lakhs)	High	Low	No. of shares	Value (₹ lakhs)
April'17	223	203	18252	39.06	222	204	92413	197.14
May'17	212	174	22109	43.91	214	178	109460	217.67
June'17	209	177	5393	10.14	210	173	56653	106.85
July'17	210	178	13923	27.38	229	175	106106	206.79
Aug'17	197	159	8528	15.24	197	167	76265	136.74
Sept'17	193	160	5622	9.70	189	161	42378	73.97
Oct'17	198	161	27006	49.07	198	156	112327	200.49
Nov'17	195	156	23072	39.99	196	153	74569	128.88
Dec'17	190	164	21512	37.89	189	150	79053	138.52
Jan'18	188	167	19204	33.98	188	167	104750	185.57
Feb'18	184	143	13806	23.08	189	154	48974	83.05
March'18	175	141	49691	78.94	172	141	115376	183.96

(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 31.03.2018.

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.

SEBI in Mar'18 Board meeting has decided to amend Reg.40 of the Listing Regulations whereby transfer of listed securities unless held in dematerialized form shall not be processed. The effective date for this change is yet to be notified.

(ix) Distribution of shareholding

Slab	No. of Shareholders		No. of Equity Shares	
	Total	%	Total	%
1-100	6690	78.97	251124	2.92
101-500	1424	16.81	339472	3.95
501-1000	185	2.19	145952	1.70
1001-10000	141	1.66	435402	5.06
10001 - 100000	19	0.22	463837	5.39
100001 & above	13	0.15	6962631	80.98
Total	**8472**	**100.00**	**8598418**	**100.00**

(x) Categories of Shareholding

Shares held by	No. of shareholders	%	No. of shares	%
Promoters	6	0.07	3642537	42.36
FIs / UTI / Mutual Fund / Banks	5	0.06	4020	0.05
Corporates	130	1.53	942829	10.97
FPIs / FIIs / NRIs / OCBs	156	1.84	2443120	28.41
Resident Individuals	8175	96.50	1565912	18.21
Total	**8472**	**100.00**	**8598418**	**100.00**

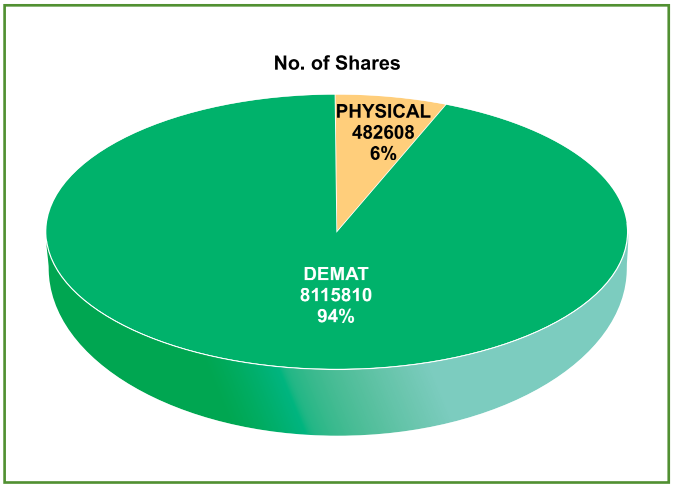
(xi) Shareholder Satisfaction Survey

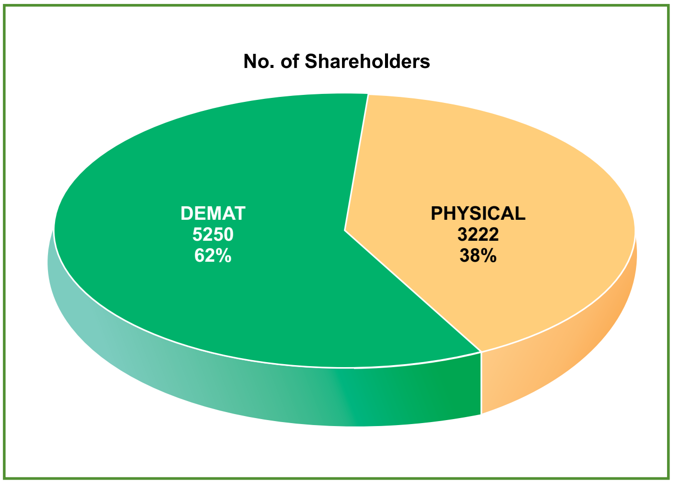
To assess the current level of service standards in all business dealings including investor services a questionnaire has been posted on the company's website. Shareholders are requested to send their views by replying to the questionnaire. No response was received during the year while surveys undertaken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

(xii) Dematerialization

The Equity Shares of the Company are traded in compulsory Demat form. Its 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 from the Depositories viz. NSDL & CDSL.





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

SEBI in Mar'18 has decided to include the option of distribution of cash benefits like dividends through depositories in addition to the present system of distribution directly by the listed companies and/ or share transfer agents. The option will widen the choice for investors with its benefits such as shorter turnaround time for receiving benefits, ability to get the consolidated statements of all such benefits and to receive alerts (SMS/ emails) etc.

(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.

(4) SEBI vide its circular dt. 20th April '18 has advised listed companies to take special efforts to collect PAN and Bank account details of holders of securities in physical mode. Pursuant to this, our RTA would be sending requisite communication(s) to Shareholders under physical mode for collecting requisite details. Shareholders are requested to comply with this requirement.

Investors are advised to take note of same.

(xiv) Plant

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

(xv) Investor Correspondence

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

(a) respective Depository Participants, in case of demat holding

(b) the Registrar & Transfer Agent, in case of physical holding.

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

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

Phone: 044 - 39279300 Fax: 044- 24960156
Email: admin@ponnisugars.com
Website:www.ponnisugars.com

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

(xvi) Exclusive email ID for investor benefit

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

(xvii) Shareholder Complaints

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

(xviii) 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

(xix) 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) transfer those shares to an Unclaimed Suspense Account (ii) dematerialize the same with one of the Depository Participants (iii) all corporate benefits to be credited to the suspense account (iv) freeze the voting rights on such shares.

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

Sl. No.	Particulars	No of Share holders	No of Shares
1	Aggregate number of shareholders and the outstanding shares lying in the Unclaimed Suspense Account at the beginning of the year	474	27267
2	Number of shareholders who approached the issuer for transfer of shares from the Unclaimed Suspense Account during the year	1	20
3	Number of shareholders to whom shares were transferred from the Unclaimed Suspense Account during the year	1	20
4	Aggregate number of shareholders and the outstanding shares lying in the Unclaimed Suspense Account at the end of the year	473	27247

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

(xx) Dividend for 2017-18

(a) Dividend entitlement

Dividend, if declared at the Annual General Meeting, will be paid by 31st July 2018 to the members whose names appear on the Register of Members on 25th July 2018 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.

(xxi) Particulars of unclaimed dividend

Year	Dividend (₹ per share)	Date of warrant	Unclaimed		Due date for transfer to IEPF
			No. of warrants	₹ lakhs	
2010-11	2.00	29.07.2011	3582	3.74	19.08.2018
2011-12	2.50	06.08.2012	3046	4.51	24.08.2019
2012-13	1.50	07.08.2013	3337	2.99	29.08.2020
2013-14	0.60	31.07.2014	3865	1.36	27.08.2021
2015-16	1.20	01.08.2016	3389	2.66	30.08.2023
2016-17	2.50	08.08.2017	3482	5.60	06.09.2024

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 on 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.

(xxii) 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 31.03.2010 were transferred on 12.09.2017 pertaining to 3208 investors aggregating ₹ 7.50 lakhs.

(xxiii) 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.

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

Details of transfers to IEPF

For FY	No. of Holders	No. of Shares	Date of Transfer to IEPF
2008-09	1701	75890	05.12.2017
2009-10	162	7521	16.01.2018

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

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

The Unpaid / Unclaimed amount for the Financial Year ended 31.03.2011 will be transferred during August 2018 along with the shares. Shareholders are therefore advised to contact the RTA or the Company immediately in case of non-receipt or non-encashment of Dividend.

(xxiv) Investor safeguards

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

- Demat your Shares
- Obtain periodic Demat statements from your DP and verify your holdings.
- Register your Electronic Clearing Service (ECS) Mandate
- Encash your Dividends in time
- Update your Address
- Consolidate your Multiple Folios
- Register Nominations
- Treat Security details confidential. Do not disclose your Folio No./ DP Id./ Client Id. to an unknown person.
- Do not hand over signed blank transfer deeds/ delivery instruction slips to any unknown person.
- Deal in Securities only with SEBI Registered Intermediaries.
- Despatch Documents containing certificates of securities and high value dividend/ interest warrants/ cheques/ demand drafts only by registered post/ courier or lodge with the Company's Share Department or the Registrar and Transfer Agents.

Company commitment

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

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

For PONNI SUGARS (ERODE) LIMITED

N Gopala Ratnam
Chairman

N Ramanathan
Managing Director

Chennai
25th May 2018

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 2017-18.

Chennai
25th May 2018

N Ramanathan

Appendix-2

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 2018 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 2018.

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

Chella K Srinivasan
Partner
Membership No.023305

Chennai
25th May 2018

Annexure - 3 to Board's Report

Form No.MGT-9

EXTRACT OF ANNUAL RETURN
as on the financial year ended on 31st March 2018

Pursuant to Section 92(3)of the Companies Act, 2013 and Rule12(1)of the Companies (Management and Administration) Rules, 2014.

I. REGISTRATION AND OTHER DETAILS:

i	CIN	L15422TN1996PLC037200
ii	Registration Date	26.12.1996
iii	Name of the Company	Ponni Sugars (Erode) Limited
iv	Category / Sub-Category of the Company	Public Limited Company - Limited by Shares
v	Address of the Registered office and contact details	"ESVIN HOUSE" 13, Rajiv Gandhi Salai (OMR), Perungudi, Chennai 600 096 Ph: 044 39279300 Fax: 044 24960156 Email: *admin@ponnisugars.com* Web: www.ponnisugars.com
vi	Whether listed company	Yes
vii	Name, Address and Contact details of Registrar and Transfer Agent,if any	Cameo Corporate Services Ltd 'Subramanian Building', 5th Floor, No 1 Club House Road, Chennai 600002 Ph: 044 28460390 Fax: 044 28460129 Email: *investor@cameoindia.com* Web: *www.cameoindia.com*

II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

All the business activities contributing10% or more of the total turnover of the Company shall be stated:

Sl. No.	Name and Description of main products/ services	NIC Code of the Product/ service	% to total turnover of the company
1	Sugar and by-products	10721	74
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 - 01.4.2017				No. of shares held at the end of the year - 31.3.2018				% change the during the year
		Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
A.	**Promoters**									
(1)	**Indian**									
(a)	Individual/HUF	2823	-	2823	0.03	2823	-	2823	0.03	-
(b)	Central Govt	-	-	-	-	-	-	-	-	-
(c)	State Govt(s)	-	-	-	-	-	-	-	-	-
(d)	Bodies Corp.	3139248	-	3139248	36.51	3139248	-	3139248	36.51	-
(e)	Banks / FI	-	-	-	-	-	-	-	-	-
(f)	Any Other	-	-	-	-	-	-	-	-	-
	Sub-Total (A)(1)	**3142071**	**-**	**3142071**	**36.54**	**3142071**	-	**3142071**	**36.54**	**-**
(2)	**Foreign**									
(a)	NRIs - Individuals	500466	-	500466	5.82	500466	-	500466	5.82	-
(b)	Other - Individuals	-	-	-	-	-	-	-	-	-
(c)	Bodies Corp.	-	-	-	-	-	-	-	-	-
(d)	Banks / FI	-	-	-	-	-	-	-	-	-
(e)	Any Other	-	-	-	-	-	-	-	-	-
	Sub-Total (A)(2)	**500466**	**-**	**500466**	**5.82**	**500466**	**-**	**500466**	**5.82**	-
	Total shareholding of Promoter (A)= (A)(1)+(A)(2)	**3642537**	**-**	**3642537**	**42.36**	**3642537**	-	**3642537**	**42.36**	-
B.	**Public Shareholding**									
(1)	**Institutions**									
(a)	Mutual Funds / UTI	4400	240	4640	0.05	4020	-	4020	0.047	-0.01
(b)	Banks / FI	926	-	926	0.01	-	-	0	0	-0.01
(c)	Central Govt	-	-	-	-	-	-	-	-	-
(d)	State Govt(s)	-	-	-	-	-	-	-	-	-
(e)	Venture Capital Funds	-	-	-	-	-	-	-	-	-
(f)	Insurance Companies	-	-	-	-	-	-	-	-	-
(g)	FIIs	300000	-	300000	3.49	300000	-	300000	3.49	-
(h)	Foreign Venture Capital Investors	-	-	-	-	-	-	-	-	-
(i)	Any Other									
	Foreign Portfolio Investors	1820299	-	1820299	21.17	1820299	-	1820299	21.17	-
	Sub- Total (B)(1)	**2125625**	**240**	**2125865**	**24.72**	**2124319**	**-**	**2124319**	**24.71**	**-0.02**

	Category of Shareholders	No. of shares held at the beginning of the year - 01.4.2017				No. of shares held at the end of the year - 31.3.2018				% change the during the year
		Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
(2)	**Non- Institutions**									
(a)	Bodies Corporate - Indian	1063600	7128	1070728	12.45	912326	3256	915582	10.65	-1.80
(b)	Individuals									
i	Individual shareholders holding nominal share capital upto ₹ 1 lakh	798933	292223	1091156	12.69	796178	197989	994167	11.56	-1.13
ii	Individual shareholders holding nominal share capital in excess of ₹ 1 lakh	207595	48000	255595	2.97	435415	16000	451415	5.25	2.28
(c)	Others (specify)									
	Directors and Relatives	3001	1124	4125	0.05	3537	588	4125	0.05	-
	NRIs / OCBs	54322	270275	324597	3.78	58046	264775	322821	3.75	-0.02
	HUF / Clearing Members	56548	-	56548	0.66	32814	-	32814	0.38	-0.28
	Unclaimed Shares	27267	-	27267	0.32	27247	-	27247	0.32	-
	IEPF	-	-	-	-	83391	-	83391	0.97	0.97
	Sub- Total (B)(2)	**2211266**	**618750**	**2830016**	**32.91**	**2348954**	**482608**	**2831562**	**32.93**	**0.02**
	Total Public Shareholding (B)= (B)(1)+(B)(2)	**4336891**	**618990**	**4955881**	**57.64**	**4473273**	**482608**	**4955881**	**57.64**	**-**
(C)	**Shares held by Custodian for GDRs and ADRs**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
	GRAND TOTAL (A)+(B)+(C)	**7979428**	**618990**	**8598418**	**100.00**	**8115810**	**482608**	**8598418**	**100.00**	**-**

(ii) Shareholding of promoters

Sl. No.	Shareholder's Name	Shareholding (April 1, 2017)			Shareholding (March 31, 2018)			% 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	-	-	382	-	-	-
6	N Gopala Ratnam	2823	0.03	-	2823	0.03	-	-
	Total	**3642537**	**42.36**	**-**	**3642537**	**42.36**	-	**-**

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 (April 1, 2017)		Shareholding (March 31, 2018)	
		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 01-04-2017	3642537	42.36		
	Purchase / Sale during the Year	0	0		
	At the end of the Year 31-03-2018			3642537	42.36

There is no change in the total shareholding of Promoters during the year 2017-18.

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-2017	813525	9.46		
	At the end of the Year 31-Mar-2018			813525	9.46
2	COROMANDEL SUGARS LIMITED				
	At the beginning of the year 01-Apr-2017	775632	9.02		
	At the end of the Year 31-Mar-2018			775632	9.02
3	GHI LTP LTD				
	At the beginning of the year 01-Apr-2017	539450	6.27		
	At the end of the Year 31-Mar-2018			539450	6.27
4	VANDERBILT UNIVERSITY A/C VANDERBILT UNIVERSITY - ATYANT CAPITAL MANAGEMENT LIMITED				
	At the beginning of the year 01-Apr-2017	300000	3.49		
	At the end of the Year 31-Mar-2018			300000	3.49
5	GHI JBD LTD				
	At the beginning of the year 01-Apr-2017	197599	2.30		
	At the end of the Year 31-Mar-2018			197599	2.30
6	GHI HSP LTD				
	At the beginning of the year 01-Apr-2017	159410	1.85		
	At the end of the Year 31-Mar-2018			159410	1.85
7	PRIMEASIA INVESTMENT PTE LTD				
	At the beginning of the year 01-Apr-2017	125000	1.45		
	At the end of the Year 31-Mar-2018			125000	1.45
8	TONECLIFF LTD				
	At the beginning of the year 01-Apr-2017	117740	1.37		
	At the end of the Year 31-Mar-2018			117740	1.37

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
9	GHI ERP LTD				
	At the beginning of the year 01-Apr-2017	110315	1.28		
	At the end of the Year 31-Mar-2018			110315	1.28
10	RUCHIT BHARAT PATEL JT1 : HARDIK BHARAT PATEL				
	At the beginning of the year 01-Apr-2017	88311	1.03	88311	1.03
	Sale 28-Apr-2017	-2500	-0.03	85811	1.00
	Sale 19-May-2017	-5000	-0.06	80811	0.94
	Sale 26-May-2017	-1001	-0.01	79810	0.93
	Sale 14-Jul-2017	-588	-0.01	79222	0.92
	Sale 21-Jul-2017	-653	-0.01	78569	0.91
	Sale 26-Jul-2017	-2480	-0.03	76089	0.88
	Sale 04-Aug-2017	-176	0.00	75913	0.88
	Sale 19-Jan-2018	-661	-0.01	75252	0.88
	Sale 25-Jan-2018	-2253	-0.03	72999	0.85
	Purchase 09-Mar-2018	116431	1.35	189430	2.20
	At the end of the Year 31-Mar-2018			189430	2.20

(v) Shareholding of Directors and Key Managerial Personnel

Sl. No.	For each of the Directors and KMP	Shareholding (April 1, 2017)		Shareholding (March 31, 2018)	
		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	4905	--	--	4905
ii) Interest due but not paid	--	--	--	--
iii) Interest accrued but not due	12	--	--	12
Total (i+ii+iii)	4917	--	--	4917
Change in Indebtedness during the financial year				
- Addition	--	--	--	--
- Reduction	4192	--	--	4192
Net Change	(4192)	--	--	(4192)
Indebtedness at the end of the financial year				
i) Principal Amount	725	--	--	725
ii) Interest due but not paid	--	--	--	--
iii) Interest accrued but not due	--	--	--	--
Total (i+ii+iii)	725	--	--	725

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

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

(₹ in Lakhs)

Sl. No.	Particulars of Remuneration	Name of MD - N Ramanathan
1	Gross salary	
	a) Salary as per provisions contained in Section 17(1) of the Income-tax Act,1961	65.46
	b) Value of perquisites u/s 17(2) of the Income-tax Act, 1961	0.23
	c) Profits in lieu of salary u/s 17(3) of the Income-tax Act,1961	--
2	Stock Option	--
3	Sweat Equity	--
4	Commission	
	- as % of profit	
	- others, specify…	
	Incentive	48.00
5	Others, please specify –	
	Retiral Benefits	10.74
	Total(A)	**124.43**
	Ceiling as per the Act (Excludes contribution to retirement benefits exempt under Income Tax Act, 1961)	240.00

B. Remuneration to other directors:

(₹ in Lakhs)

Sl No	Particulars of Remuneration	Name of Directors					Total Amount
		Dr L M Ramakrishnan	Mr V Sridar	Mr N R Krishnan	Dr Nanditha Krishna	Mr K Bharathan	
1	Independent Directors - Fee for attending board / committee meetings - Commission - Others, please specify	 0.90 -- --	 0.90 -- --	 1.20 -- --	 0.50 -- --	 0.80 -- --	 4.30 -- --
	Total (1)	**0.90**	**0.90**	**1.20**	**0.50**	**0.80**	**4.30**
		Mr N Gopala Ratnam	Mr Arun G Bijur	Mr Bimal K Poddar	Ms Bharti C Pithawalla		
2	Other Non-Executive Directors - Fee for attending board / committee meetings - Commission - Others, please specify	 1.20 -- --	 1.00 -- --	 1.00 -- --	 0.10 -- --		 3.30 -- --
	Total (2)	**1.20**	**1.00**	**1.00**	**0.10**		**3.30**
	Total B = (1+2)						**7.60**
	Total Managerial Remuneration (A+B)						**132.03**
	Overall Ceiling as per the Act						*

* Minimum Remuneration for Managing Director
Only Sitting Fee for others

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

(₹ in Lakhs)

Sl. No.	Particulars of Remuneration	Key Managerial Personnel
		CFO
1	Gross salary	
	a) Salary as per provisions contained in Section17(1)of the Income-tax Act,1961	24.82
	b) Value of perquisites u/s17(2) of the Income-tax Act,1961	2.27
	c) Profits in lieu of salary u/s17(3) of the Income-tax Act,1961	--
2	Stock Option	--
3	Sweat Equity	--
4	Commission	
	- as % of profit	
	- others, specify…	--
5	Others, please specify – Retiral benefits	2.57
	Total	**29.66**

VII. PENALTIES / PUNISHMENT / COMPOUNDING OF OFFENCES:

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

For Board of Directors

Chennai
25th May 2018

N Gopala Ratnam
Chairman

Annexure - 4 to Board's Report

FORM NO. AOC-2

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

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

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

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

Seshasayee Paper and Boards Ltd (SPB).

An associate company holding more than 20% of the total share capital of the company

(b) Nature of contracts/ arrangements/ transactions.

Purchase or sale of goods and services.

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

(c) Duration of the contracts/ arrangements/ transactions

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

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

Salient terms

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

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

Value

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

Total value of transactions during FY 2017-18 is disclosed in Note 41 of the Financial Statements.

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

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

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

For Board of Directors

Chennai
25th May 2018

N Gopala Ratnam
Chairman

Annexure - 5 to Board's Report

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:

- Existing twin drive system in the milling tandem replaced with individual drives with planetary gear boxes.
- Provision of VFD for injection pump and automation for condenser.
- Provision of planetary gear boxes for pug mills.

Proposals under consideration

- Automation of movement water line in vacuum pans.
- Provision of LED lights inside the factory in phased manner.

Impact of the above measures

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

  Power : 600 kwh per day

  Improvement in Milling Efficiency

  Improvement in Boiling House Efficiency

(ii) Steps taken for utilizing alternate sources of energy

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

(iii) Capital investment on energy conservation equipment

No new investment is currently under consideration having regard to the tenuous cash flow position of the company.

B. Technology Absorption

(i) Efforts made towards technology absorption:

5-S concept is being practised in all areas of operations.

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

Housekeeping 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)

	2017-18	2016-17
Earnings	--	1773
Outgo	1693	9

For Board of Directors

Chennai
25th May 2018

N Gopala Ratnam
Chairman

Annexure - 6 to Board's Report

Annual Report on CSR Activities

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

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

   The Board of Directors proactively adopted the CSR Policy in February 2015, though CSR mandate and spend u/s 135 of the Companies Act, 2013 has become applicable to the company only from FY 2017-18. It is placed on the company's website *www.ponnisugars.com*

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

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

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

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 198 (₹ lakhs)
2014-15	(524)
2015-16	258
2016-17	2166
Avg. net profit	633

4. Prescribed CSR expenditure (two percent of the amount as in item 3 above). ₹ 13 lakhs

5. Details of CSR spent during the financial year:
   (a) Total amount to be spent for the financial year: ₹ 13 lakhs
   (b) Amount unspent, if any: Not applicable.
   (c) Manner in which the amount spent during the financial year is detailed below:

Sl No	CSR Activity	Sector	₹ lakhs
1	Supporting irrigation infrastructure in rural area	Livelihood	32
2	Strengthening rural infrastructure/ improving road connectivity	Rural development	1
3	Primary education for the children of rural area	Education	1
4	Conservation of natural resources	Environment	2
	Total		**36**

Note:

(i) All the above programs have been undertaken in the Local area.

(ii) All the above programs are being carried not in project mode, but on continuing basis.

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

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

   Not Applicable

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

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

.

	Sd/-	Sd/-
Chennai	**N Gopala Ratnam**	**N Ramanathan**
25th May 2018	Chairman-CSR Committee	Managing Director

Annexure - 7 to Board's Report

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

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

Description			
The ratio of the remuneration of each director to the median remuneration of the employees of the company for the financial year	Managing Director(MD)	40:1	Note -1
The percentage increase in remuneration of each director, Chief Financial Officer, Chief Executive Officer, Company Secretary or Manager, if any, in the financial year	MD	32%	Note-1 & 2
	CFO	12%	
The percentage increase in the median remuneration of employees in the financial year		3%	
The number of permanent employees on the rolls of company		266	
Affirmation that the remuneration is as per the remuneration policy of the company	Yes. Remuneration is as per the remuneration policy of the company.		

Notes:

1. Non executive directors are paid only sitting fee as 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. MD remuneration is normally revised on reappointment once in 3 years.

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For Board of Directors

Chennai
25th May 2018

N Gopala Ratnam
Chairman

Annxure-8 to Board's Report

Form No. MR-3
SECRETARIAL AUDIT REPORT
For the Financial Year 2017-18

[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 2018, 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 2018 according to the provisions of:

(i) The Companies Act, 2013 (the Act) and the Rules made thereunder;

(ii) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the Rules made thereunder;

(iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;

(iv) Foreign Exchange Management Act, 1999 and the Rules and Regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings;

(v) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):-

(a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;

(b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;

(c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009; (NOT APPLICABLE)

(d) The Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999; (NOT APPLICABLE)

(e) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008; (NOT APPLICABLE)

(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)

(g) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009; (NOT APPLICABLE)

(h) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998; (NOT APPLICABLE)

Other Laws specifically applicable to this Company is as follows:

(vi) Essential Commodities Act, 1955, and orders issued thereunder

(vii) Sugar Cess Act, 1982 (rescinded from 01.07.2017)

(viii) Sugar Development Fund Act, 1982

(ix) Sugar (Packing and Marking) Order, 1970

(x) Food Safety and Standards Act, 2006

(xi) The Tamil Nadu Molasses Control and Regulation Rules, 1958

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 material change in the composition of the Board of Directors, except the vacation of office by one Director 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 : 14.05.2018

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

INDEPENDENT AUDITOR'S REPORT

To :

The Members of

PONNI SUGARS (ERODE) LIMITED

Report on the Standalone Ind AS Financial Statements

We have audited the accompanying Standalone Ind AS financial statements of Ponni Sugars (Erode) Limited ('the Company'), which comprise the Balance Sheet as at 31st March, 2018, the Statement of Profit and Loss (including other comprehensive income), the Statement of Cash Flows and the Statement of Changes in Equity for the year then ended and a summary of the significant accounting policies and other explanatory information (herein after referred to as " Standalone Ind AS financial statements").

Management's Responsibility for the Standalone Ind AS Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these Standalone Ind AS financial statements that give a true and fair view of the financial position, financial performance including other comprehensive income, cash flows and changes in equity of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) prescribed 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 Standalone Ind AS financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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

In conducting 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 of the Standalone Ind AS financial statements 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 Standalone Ind AS financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the Standalone Ind AS financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the Standalone Ind AS 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 Standalone Ind AS 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 Standalone Ind AS financial statements.

We believe that the audit evidence obtained by us is sufficient and appropriate to provide a basis for our audit opinion on the Standalone Ind AS financial statements.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid Standalone Ind AS 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 March 31, 2018, and its profit, total comprehensive income, its cash flows and the changes in equity for the year ended on that date.

Other Matters

The comparative financial information of the Company on the transition date opening balance sheet as at 1st April 2016 and balance sheet as on 31st March 2017 included in these standalone IND AS financial statements, are based on the previously issued statutory financial statements prepared in accordance with the Companies (Accounting Standards) Rules, 2006 audited by the predecessor auditor whose report for the year ended 31st March 2016 dated 27th May 2016 and 31st March 2017 dated 30th May 2017 expressed an unmodified opinion on those standalone financial statements, as adjusted for the differences in the accounting principles adopted by the Company on transition to the Ind AS, which have been audited by us. Our opinion is not modified in respect of these matters.

Report on Other Legal and Regulatory Requirements

1 As required by Section 143(3) of the Act, based on our audit we report, to the extent applicable that:

a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.

b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.

c) The Balance Sheet, the Statement of Profit and Loss including Other Comprehensive Income, the Statement of Cash Flows and Statement of Changes in Equity dealt with by this Report are in agreement with the books of account.

d) In our opinion, the aforesaid Standalone Ind AS financial statements comply with the Indian Accounting Standards prescribed under section 133 of the Act.

e) On the basis of the written representations received from the directors as on March 31, 2018 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2018 from being appointed as a director in terms of Section 164(2) of the Act.

f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in **"Annexure A"**.

g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, as amended, 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. 35 and 36 to the Standalone Ind AS Financial Statements.

ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses;

iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company

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

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

Chella K Srinivasan
Partner
Membership number: 023305

Place : Chennai
Date : 25th May 2018

"Annexure A" to the Independent Auditor's Report of even date on the Standalone Ind AS financial statements of Ponni Sugars (Erode) Limited

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

We have audited the internal financial controls over financial reporting of Ponni Sugars (Erode) Limited ("the Company") as of March 31, 2018 in conjunction with our audit of the Standalone Ind AS financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

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

Auditor's Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") issued by the Institute of Chartered Accountants of India and the Standards on Auditing prescribed under Section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls. 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 Standalone Ind AS 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 Standalone Ind AS 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:

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

(2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of Standalone Ind AS 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

(3) 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 Standalone Ind AS 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, to the best of our information and according to the explanations given to us, 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, 2018, 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 M/S S. Viswanathan LLP
Chartered Accountants
Regn No: 004770S/S200025

Chella K Srinivasan
Partner
Membership number: 023305

Place : Chennai
Date : 25th May 2018

"Annexure B" to the Independent Auditor's Report of even date on the Standalone Ind AS financial statements of Ponni Sugars (Erode) Limited.

Referred to in Paragraph 2 under the heading 'Report on Other Legal & Regulatory Requirement' of our report of even date:

(i) In respect of its fixed assets:
   a) The Company has maintained 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) According to the information and explanations given to us, the Management has conducted physical verification of inventory at reasonable intervals and no material discrepancies were noticed.

(iii) According to the information and explanations given to us and on the basis of our examination of the books of accounts, the company has not granted loans to a body corporate covered in the register maintained under Sec 189 of the Companies Act 2013 and hence clause (iii) (a) to (c) are not applicable to the company.

(iv) The company has complied with the provisions of sections 185 and 186 of the companies Act, 2013, in respect of loans, investments, provided by the company. The company has not provided any guarantee or security to any company covered under Section 185.

(v) According to the information and explanations given to us, the Company has not accepted any deposits from the public to which the directives issued by the Reserve Bank of India and the provisions of Sections 73 to 76 of the Companies Act, 2013 and the rules framed there under are applicable.

(vi) According to information and explanations given to us, the maintenance of Cost Records has been specified by the Central Government under sub-section (1) of Section 148 of the Act, in respect of the activities carried on by the company and such accounts have been made and maintained by the company:

(vii) (a) According to information and explanations given to us and on the basis of our examination of the books of account, and records, the Company has been generally regular in depositing undisputed statutory dues including Provident Fund, Employees State Insurance, Income-Tax, Service Tax, Excise Duty, Duties of Customs, Value added tax, Cess, Goods and Services Tax and any other statutory dues with the appropriate authorities. According to the information and explanations given to us, no undisputed amounts payable in respect of the above were in arrears as at March 31, 2018 for a period of more than six months from the date on when they became payable.
   (b) According to the information and explanation given to us, the following dues of income tax, service tax, Duty of Customs, Duty of Excise, Sales Tax and Goods and Services Tax have not been deposited by the company on account of dispute are given below:

Name of the Statute	Nature of Dues	Amount ₹ Lakhs	Forum where the dispute is pending	Period to which the dues belong
Central Excise Act, 1944	Rejection of CENVAT Credit	32.27	CESTAT	Financial years 2006-07 to 2009-10
Central Excise Act, 1944	Excise Duty	70.01	CESTAT	Financial Years 2014-15 to 2015-16
Central Excise Act, 1944	Excise Duty	244.98	Additional Commissioner	Financial Years 2015-16 to 2016-17
Central Excise Act, 1944	Rejection of CENVAT Credit	246.20	Commissioner Appeals	Financial years 2012-13 to 2015-16
Central Excise Act, 1944	Rejection of CENVAT Credit	20.74	Assistant Commissioner	Financial years 2016-17 to 2017-18
Central Excise Act, 1944	Excise Duty	109.87	Commissioner (Appeals)	Financial years 1991-92 to 1992-93
Finance Act, 1994 (Service Tax)	Service Tax	29.47	Commissioner (Appeals)	Financial Years 1997-98 to 1998-99
Finance Act, 1994 (Service Tax)	Service Tax	98.13	CESTAT	Financial Years 2004-05 to 2009-10
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 a financial institution, bank, Government or dues to debenture holders.

(ix) According to the information and explanations given to us, the company has not raised moneys by way of initial public offer or further public offer including debt instruments and term Loans. Accordingly, clause (ix) of the Order is not applicable to the Company.

(x) In our opinion and according to the information and explanations given to us, the company has not noticed any fraud by the company or any fraud on the company by its Officers or employees or reported during the year.

(xi) According to the information and explanations given to us, managerial remuneration paid is in accordance with provisions of section 197, read with schedule V of the Companies Act.

(xii) The Company is not a Nidhi Company. Therefore, Clause (xii) of the Order are not applicable to the Company.

(xiii) In our opinion, all transactions with the related parties are in compliance with section 177 and 188 of Companies Act, 2013 and the details have been disclosed in the Standalone Ind AS Financial Statements as required by the applicable accounting standards.

(xiv) According to the information and explanations given to us, the company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year under review. Accordingly, Clause (xiv) of the Order are not applicable to the Company.

(xv) 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. Accordingly, clause (xv) of the Order are not applicable to the Company.

(xvi) The company is not required to be registered under section 45 IA of the Reserve Bank of India Act, 1934.

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

Chella K Srinivasan
Partner
Membership number: 023305

Place : Chennai
Date : 25th May 2018

BALANCE SHEET AS AT 31ST MARCH 2018

(₹ in Lakhs)

	Particulars	Note No.	As at 31.03.2018	As at 31.03.2017	As at 01.04.2016
A	ASSETS				
1	Non-Current Assets				
	(a) Property, Plant and Equipment	2	**11,949**	11,839	12,261
	(b) Capital Work-in-Progress		**6**	-	13
	(c) Intangible Assets	2	**3**	1	-
	(d) Financial Assets				
	(i) Investments	3	**15,615**	14,061	4,277
	(ii) Other Financial Assets	4	**25**	25	24
	Total Financial Assets		**15,640**	14,086	4,301
	(e) Other Non-Current Assets	5	**55**	31	31
	Total Non-Current Assets		**27,653**	25,957	16,606
2	Current Assets				
	(a) Inventories	6	**3,131**	4,913	6,046
	(b) Financial Assets				
	(i) Trade Receivables	7	**1,839**	2,396	2,712
	(ii) Cash and Cash Equivalents	8	**32**	174	57
	(iii) Other Bank balances	9	**21**	24	28
	(iv) Other Financial Assets	10	**1**	60	958
	Total Financial Assets		**1,893**	2,654	3,755
	(c) Other Current Assets	11	**159**	262	273
	Total Current Assets		**5,183**	7,829	10,074
	TOTAL ASSETS		**32,836**	33,786	26,680

(₹ in Lakhs)

	Particulars	Note No.	As at 31.03.2018	As at 31.03.2017	As at 01.04.2016
B	EQUITY AND LIABILITIES				
1	Equity				
	(a) Equity Share Capital	12	**860**	860	860
	(b) Other Equity	13	**26,427**	24,798	13,511
	Total Equity		**27,287**	25,658	14,371
	Liabilities				
2	Non-Current Liabilities				
	(a) Financial Liabilities				
	(i) Borrowings	14	**-**	2,483	4,112
	(b) Deferred Tax Liabilities (Net)	15	**152**	151	(68)
	(c) Other Non - Current Liabilities	16	**525**	655	719
	Total Non-Current Liabilities		**677**	3,289	4,763
3	Current Liabilities				
	(a) Financial Liabilities				
	(i) Borrowings	17	**151**	1,304	2,557
	(ii) Trade Payables	18	**3,697**	1,465	2,900
	(iii) Other Financial Liabilities	19	**644**	1,173	1,045
	Total Financial liabilities		**4,492**	3,942	6,502
	(b) Other Current Liabilities	20	**356**	569	611
	(c) Provisions	21	**24**	328	433
	Total Current Liabilities		**4,872**	4,839	7,546
	TOTAL EQUITY AND LIABILITIES		**32,836**	33,786	26,680

The accompanying notes 1 to 42 form an integral part of the financial statements

Per our Report of even date annexed

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

Chella K Srinivasan
Partner
Membership No. 023305

Chennai
25th May 2018

For and on behalf of the Board

N Gopala Ratnam
Chairman

N Ramanathan
Managing Director

N Ramanathan
Secretary

K Yokanathan
Chief Financial Officer

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31ST MARCH 2018

(₹ in Lakhs)

	Particulars	Note No	Year ended 31.03.2018	Year ended 31.03.2017
I	**Revenue from Operations**	22	**19,598**	26,288
II	**Other Income**	23	**280**	125
III	**Total Income (I+II)**		**19,878**	26,413
IV	**EXPENSES**			
	Cost of Materials Consumed	24	**10,675**	15,025
	Changes in Inventories of finished goods and work-in-progress	25	**1,789**	1,088
	Power and Fuel		**2,738**	2,131
	Excise duty		**(161)**	1,207
	Employee benefits expense	26	**1,413**	1,420
	Other expenses	27	**1,153**	1,608
	Total Expenses (IV)		**17,607**	22,479
V	**Profit before Finance Costs, Depreciation and Amortisation Expense and Taxes (III-IV)**		**2,271**	3,934
	Finance Costs	28	**197**	475
	Depreciation and amortization expense	29	**568**	570
VI	**Profit before Exceptional items and Tax**		**1,506**	2,889
VII	**Exceptional Items**	30	**1,126**	671
VIII	**Profit Before Tax (VI-VII)**		**380**	2,218
IX	**Tax Expenses**	31		
	Current Tax		**46**	426
	Deferred Tax		**-**	200
X	**Profit for the year (VIII-IX)**		**334**	1,592
XI	**Other Comprehensive Income**			
	i. Items that will not be reclassified to profit or loss			
	a. Effect of measuring investments at fair value		**1,553**	9,784
	b. Remeasurement of the defined benefit plans		**2**	54
	ii. Income tax relating to items that will not be reclassified to profit or loss		**(1)**	(19)
	Other Comprehensive Income		**1,554**	9,819
XII	**Total Comprehensive Income for the year (X+XI)**		**1,888**	11,411
XIII	**Earnings per equity share (face value of ₹ 10 each)**			
	(1) Basic (₹)		**3.88**	18.51
	(2) Diluted (₹)		**3.88**	18.51

The accompanying notes 1 to 42 form an integral part of the financial statements

Per our Report of even date annexed

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

Chella K Srinivasan
Partner
Membership No. 023305

Chennai
25th May 2018

For and on behalf of the Board

N Gopala Ratnam
Chairman

N Ramanathan
Managing Director

N Ramanathan
Secretary

K Yokanathan
Chief Financial Officer

Statement of Changes in Equity for the year ended 31st March 2018

A) Equity Share Capital

(₹ In Lakhs)

	Balance at the beginning of the reporting year	Changes in equity share capital during the year	Balance at the end of the reporting year
31st March, 2017	860	-	860
31st March, 2018	860	-	860

B) Other Equity

	Reserves and Surplus				Items of Other Comprehensive Income	Total
	Capital Reserve	Securities Premium Account	General Reserve	Retained Earnings	Equity Instruments through Other Comprehensive Income	
Balance as at 01.04.2016 (A)	**554**	**160**	**8,500**	**2,099**	**2,198**	**13,511**
Additions during the year:						
Profit for the year 2016-17				1,592		1,592
Items that will not be reclassified to profit or loss:						
a. Effect of measuring Investments at fair value					9,784	9,784
b. Remeasurement of the defined benefit plans				54		54
Income tax relating to items that will not be reclassified to profit or loss				(19)	-	(19)
Total Comprehensive Income for the Year 2016-17 **(B)**	-	-	-	1,627	9,784	11,411
Reduction during the year						
Dividend				(103)		(103)
Income Tax on Dividend				(21)		(21)
Transfer to General Reserve			1,000	(1,000)		0
Total **(C)**	-	-	1,000	(1,124)	-	(124)
Balance as at 31.03.2017 (D) (A+B+C)	**554**	**160**	**9,500**	**2,602**	**11,982**	**24,798**
Additions during the year:						
Profit for the year 2017-18				334		334
Items that will not be reclassified to profit or loss:						
a. Effect of measuring Investments at fair value					1,553	1,553
b. Remeasurement of the defined benefit plans				2		2
Income tax relating to items that will not be reclassified to profit or loss				(1)		(1)
Total Comprehensive Income for the Year 2017-18 **(E)**	-	-	-	335	1,553	1,888
Reduction during the year						
Dividend				(215)		(215)
Income Tax on dividend				(44)		(44)
Total **(F)**	-	-	-	(259)	-	(259)
Balance as at 31st March 2018 (D+E+F)	**554**	**160**	**9,500**	**2,678**	**13,535**	**26,427**

Per our Report of even date annexed

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

Chella K Srinivasan
Partner
Membership No. 023305

Chennai
25th May 2018

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 2018

(₹ In Lakhs)

	Year Ended 31.03.2018		Year Ended 31.03.2017	
A Cash flow from Operating Activities:				
Profit before tax		380		2,218
Adjustments for:				
Depreciation	568		570	
Interest	187		472	
Dividend	(177)		(88)	
(Profit) / Loss on sale of assets	45		2	
Assets discarded	2	625	-	956
Operating Profit before working capital changes		1,005		3,174
Adjustments for:				
Trade and Other Receivables	698		1,229	
Inventories	1,782		1,133	
Trade and other payables	1,739	4,219	(1,526)	836
Cash generated from operations		5,224		4,010
Direct Tax paid net of refund		(176)		(490)
Net cash from operating activities (A)		5,048		3,520
B. Cash flow from Investing Activities:				
Purchase / Acquisition of fixed assets		(758)		(143)
Value of discarded assets		2		-
Sale of Fixed Assets		27		5
Interest received		10		3
Dividend received		177		88
Net cash used in investing activities (B)		(542)		(47)
C. Cash flow from Financing Activities:				
Term Loan repaid		(3,027)		(1,505)
Working Capital Loan		(1,153)		(1,253)
Interest Paid		(209)		(474)
Dividend plus Tax paid		(259)		(124)
Net cash used in financing activities (C)		(4,648)		(3,356)
Net increase in cash and cash equivalents **(A+B+C)**		(142)		117
Cash and cash equivalents at the beginning		174		57
Cash and cash equivalents at the end		32		174

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

Per our Report of even date annexed

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

Chella K Srinivasan
Partner
Membership No. 023305

Chennai
25th May 2018

For and on behalf of the Board

N Gopala Ratnam
Chairman

N Ramanathan
Managing Director

N Ramanathan
Secretary

K Yokanathan
Chief Financial Officer

Notes forming part of the Financial Statements

Company Overview

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

A. Significant Accounting Policies and key Accounting estimates and judgements

1. Significant Accounting Policies

1.1 Statement of compliance

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

Up to the year ended 31st March, 2017, the Company prepared its financial statements in accordance with the requirements of previous Indian Generally Accepted Accounting Principles (IGAAP) that includes Standards notified under the Companies (Accounting Standards) Rules, 2006.

These are the Company's first Ind AS financial statements. The date of transition to Ind AS is 01.04.2016. Please refer Note No. 1.27 for the details of exceptions and optional exemptions availed by the Company and principal adjustments along with related reconciliations.

1.2 Basis of Preparation and Compliance

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

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

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

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

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

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

Level 3 - Unobservable inputs for the asset or liability

Notes forming part of the Financial Statements

1.3 Current / Non-Current Classification

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

(i) the asset / liability is expected to be realized / settled in the Company's normal operating cycle;

(ii) the asset is intended for sale or consumption;

(iii) the asset / liability is held primarily for the purpose of trading;

(iv) the asset / liability is expected to be realized / settled within twelve months after the reporting period;

(v) the asset is cash or cash equivalent unless it is restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period;

(vi) in the case of a liability, the Company does not have an unconditional right to defer settlement of the liability for at least twelve months after the reporting period.

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

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

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

1.4 Property, Plant and Equipment (PPE)

Property, plant and equipment are tangible items that:

(a) are held for use in the production or supply of goods or services, for rental to others, or for administrative purposes; and

(b) are expected to be used during more than one period.

The cost of an item of property, plant and equipment shall be recognised as an asset if, and only if:

(a) it is probable that future economic benefits associated with the item will flow to the entity; and

(b) the cost of the item can be measured reliably.

(i) An item of PPE that qualifies for recognition as an asset is measured on initial recognition at cost. Following initial recognition, PPEs are carried at its cost less accumulated depreciation and accumulated impairment losses.

(i)(a) For transition to Ind AS, the Company has elected to continue with the carrying value of all of its PPE recognised as of April 1, 2016 (transition date) measured as per the previous IGAAP as its deemed cost as on the transition date.

(ii) The cost of an item of PPE comprises purchase price, taxes and duties net of input tax credit entitlement and other items directly attributable to the cost of bringing the asset to its working condition for its intended use. Trade discounts and rebates are deducted. Cost includes cost of replacing a part of a PPE if the recognition criteria are met. Expenses directly attributable to new manufacturing facility during its construction period are capitalized if the recognition criteria are met. Expenditure related to plans, designs and drawings of buildings or plant and machinery is capitalized under relevant heads of PPE if the recognition criteria are met.

(iii) The Company identifies and determines the cost of each part of an item of PPE separately, if the part has a cost which is significant to the total cost of that item of PPE and has useful life that is materially different from that of the remaining item.

(iv) Items such as spare parts, stand-by equipment and servicing equipment that meet the definition of PPE are capitalized at cost. Costs in the nature of repairs and maintenance are recognised in the Statement of Profit and

Notes forming part of the Financial Statements

Loss as and when incurred. All upgradation / enhancements are charged off as revenue expenditure unless they bring significant additional benefits. Borrowing Costs (net of interest earned on temporary investments of those borrowings) directly attributable to acquisition, construction or production of qualifying assets are capitalized as part of the cost of the assets till the asset is ready for its intended use.

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

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

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

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

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

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

1.5 Intangible assets

a. Intangible assets acquired separately

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

b. Useful lives of intangible assets

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

1.6 De-recognition of tangible and intangible assets

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

Notes forming part of the Financial Statements

1.7 Impairment of tangible and intangible assets

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

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

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

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

1.8 Financial instruments

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

1.9 Financial assets

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

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

a. Classification of financial assets

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

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

All other financial assets are subsequently measured at fair value.

Notes forming part of the Financial Statements

b. Effective interest method

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

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

c. Investments in equity instruments at FVTOCI

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

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

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

d. Impairment of Financial Assets

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

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

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

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

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

e. De-recognition of Financial Assets

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

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

(a) Amortised cost, the gain or loss is recognised in the Statement of Profit and Loss.

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

Notes forming part of the Financial Statements

1.10 Financial liabilities and equity instruments

a. Classification as debt or equity

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

b. Equity instruments

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

c. Financial liabilities

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

d. Derecognition of financial liabilities

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

1.11 Derivative financial instruments & Hedge Accounting

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

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

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

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

a. Cash Flow Hedges

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

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

Hedge accounting is discontinued when the hedging instrument expires or is sold, terminated or exercised, or no longer qualifies for hedge accounting. Any gain or loss recognised in Other Comprehensive Income and accumulated

Notes forming part of the Financial Statements

in equity at that time remains in equity and is recognised when the forecast transaction is ultimately recognised in the Statement of Profit and Loss. If a hedged transaction is no longer expected to occur, the net cumulative gain or loss recognised in the Other Comprehensive Income is transferred to the Statement of Profit and Loss.

b. Fair Value Hedges

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

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

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

1.12 Inventories

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

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

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

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

Obsolete, slow moving and defective inventories are periodically identified and provision is made where necessary.

1.13 Revenue Recognition

Revenue is measured at the fair value of the consideration received or receivable for supply of goods or services net of returns, discounts, rebates and allowances.

a. Sale of products

Revenue from sale of products is recognised when the Company transfers all significant risks and rewards of ownership to the buyer, and retains neither continuing managerial involvement nor effective control over the products sold. It is mainly upon delivery and the amount of revenue can be measured reliably and recovery of the consideration is probable.

b. Dividend

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

c. Interest Income

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

d. Insurance Claims

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

Notes forming part of the Financial Statements

e. Renewable Energy Certificates

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

f. Ind AS 115 - Revenue from Contracts with Customers

The standard notified on 28.03.2018 is applicable for the accounting periods commencing on or after 01.04.2018. Accordingly, this standard is not applicable for preparation of the financial statement for the year ended 31.03.2018. However, application of this standard from 01.04.2018 does not have any material impact in the revenue recognition of the Company.

1.14 Government grants

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

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

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

Grants related to income are presented in the Statement of Profit and Loss as 'other income' or is deducted from the related expense.

1.15 Employee Benefits

(a) Short term employee benefits

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

(b) Post employment benefits

(i) Defined Contribution Plans

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

(ii) Defined Benefit Plans

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

All expenses represented by current service cost, past service cost, if any, and net interest on the defined benefit liability/ (asset) are recognised in the Statement of Profit and Loss. Remeasurements of the net defined benefit liability/ (asset) comprising actuarial gains and losses and the return on the plan assets (excluding amounts included in net interest on the net defined benefit liabilities / asset) are recognised in comprehensive income and taken to

Notes forming part of the Financial Statements

"retained earnings". Such re-measurements are not reclassified to the Statement of Profit and Loss in the subsequent periods.

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

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

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

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

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

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

(c) Other Long-term Employee Benefits

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

1.16 Borrowing costs

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

1.17 Foreign Currency Transactions

a. Initial Recognition

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

b. Measurement of foreign currency items at reporting date

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

c. Recognition of exchange difference

Exchange differences arising on the settlement of monetary items or on translating monetary items at rates different

Notes forming part of the Financial Statements

from those at which they were translated on initial recognition during the period or in previous financial statements is recognised in profit or loss in the period in which they arise.

1.18 Provisions

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

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

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

1.19 Taxes on Income

Taxes on income comprise of current tax and deferred tax.

a. Current tax

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

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

b. Deferred tax

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

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

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

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

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

Notes forming part of the Financial Statements

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

c. Current and deferred tax for the year

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

1.20 Events after reporting period

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

1.21 Financial and Management Information System

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

1.22 Segment Reporting

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

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

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

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

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

Geographical segment – not applicable.

Inter Segment Transfer Pricing:
Bagasse and Power – At market price
Steam – At cost

1.23 Earnings per Share (EPS)

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

1.24 Cash flow statement

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

Notes forming part of the Financial Statements

Key Accounting estimates and judgments

1.25 Use of Estimates

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

1.26 Key sources of estimation uncertainty

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

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

a. Fair value measurement and valuation processes

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

b. Useful life of Property, Plant and Equipments

The Company reviews the estimated useful lives of Property, plant and equipment at the end of each reporting period. During the current year, there has been no change in useful life considered for the assets.

c. Estimate on Sugarcane Pricing

The Central Government fixes the Fair and Remunerative Price (FRP) for sugarcane under the Sugarcane (Control Order) 1960 for each sugar season. The Company recognizes the cost of sugar cane at FRP that is mandatory. Any additional cane price based on market conditions and agreement with cane suppliers is recognised in the period in which agreement is reached there for.

d. Actuarial valuation

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

e. Claims, Provisions and Contingent Liabilities

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

Notes forming part of the Financial Statements

resolve and can involve estimation uncertainty. Information about such litigations is provided in the Notes to the financial statements.

1.27 First-time adoption – mandatory exceptions, optional exemptions

a. Overall principle

The Company has prepared the opening Balance Sheet as per Ind AS as of 1st April 2016 (the transition date) by recognising all assets and liabilities whose recognition is required by Ind AS, not recognising items of assets or liabilities which are not permitted by Ind AS, by reclassifying items from previous IGAAP to Ind AS as required under Ind AS, and applying Ind AS in measurement of recognised assets and liabilities. However, this principle is subject to the certain exceptions and certain optional exemptions availed by the Company as detailed below.

b. Materiality

The Company has applied the standards only to items / transactions which are material.

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

c. Classification of debt instruments

The Company has determined the classification of debt instruments in terms of whether they meet the amortized cost criteria or the FVTOCI criteria based on the facts and circumstances that existed as of the transition date.

d. Impairment of financial assets

The Company has applied the impairment requirements of Ind AS 109 retrospectively; however, as permitted by Ind AS 101, it has used reasonable and supportable information that is available without undue cost or effort to determine the credit risk at the date that financial instruments were initially recognised in order to compare it with the credit risk at the transition date. Further, the Company has not undertaken an exhaustive search for information when determining, at the date of transition to Ind ASs, whether there have been significant increases in credit risk since initial recognition, as permitted by Ind AS 101. The Company has determined the classification of debt instruments in terms of whether they meet the amortized cost criteria or the FVTOCI criteria based on the facts and circumstances that existed as of the transition date.

e. Deemed cost for property, plant and equipment

The Company has elected to continue with the carrying value of all of its property, plant and equipment recognised as of 1st April 2016 (transition date) measured as per the previous IGAAP and use that carrying value as its deemed cost as of the transition date.

Notes forming part of the Financial Statements

2 . Property, Plant and Equipment and intangible Assets as at 31st March 2018

(₹ in Lakhs)

Description	Gross Carrying Amount				Depreciation / Amortisation				Net Carrying Amount	
	As at 01.04.2017	Additions during the year	Deductions/ Adjustments	**As at 31.03.2018**	As at 31.03.2017	Additions during the year	Deductions/ Adjustments	**As at 31.03.2018**	**As at 31.03.2018**	As at 31.03.2017
(i) Property, Plant and Equipment										
Land	460	-	-	**460**	-	-	-	**-**	**460**	460
Buildings	2,554	12	-	**2,566**	733	80	-	**813**	**1,753**	1,821
Plant and Equipment	14,524	714	127	**15,111**	5,026	475	63	**5,438**	**9,673**	9,498
Furniture and Fixtures	37	7	3	**41**	30	2	3	**29**	**12**	7
Vehicles	65	8	24	**49**	32	4	17	**19**	**30**	33
Office Equipment	92	9	11	**90**	72	7	10	**69**	**21**	20
Total	17,732	750	165	**18,317**	5,893	568	93	**6,368**	**11,949**	11,839
(ii) Intangible Assets										
Computer Software	15	2	-	**17**	14	-	-	**14**	**3**	1

Property, Plant and Equipment and intangible Assets as at 31st March 2017

Description	Gross Carrying Amount				Depreciation / Amortisation				Net Carrying Amount	
	As at 01.04.2016	Additions during the year	Deductions/ Adjustments	**As at 31.03.2017**	As at 01.04.2016	Additions during the year	Deductions/ Adjustments	**As at 31.03.2017**	**As at 31.03.2017**	As at 01.04.2016
(i) Property, Plant and Equipment										
Land	460	-	-	**460**	-	-	-	**-**	**460**	460
Buildings	2,552	2	-	**2,554**	652	81	-	**733**	**1,821**	1,900
Plant and Equipment	14,429	132	37	**14,524**	4,585	470	29	**5,026**	**9,498**	9,844
Furniture and Fixtures	37	1	1	**37**	29	2	1	**30**	**7**	8
Vehicles	56	13	4	**65**	32	4	4	**32**	**33**	24
Office Equipment	89	7	4	**92**	64	13	5	**72**	**20**	25
Total	17,623	155	46	**17,732**	5,362	570	39	**5,893**	**11,839**	12,261
(ii) Intangible Assets										
Computer Software	15	1	1	**15**	15	-	1	**14**	**1**	-

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

(ii) The Company has taken borrowings from banks which carry second charge over the immovable assets of the Company (Note 17 and 19) towards security.

(iii) Contractual commitments for the acquisition of Property, plant and equipment as at 31-03-2018 - NIL (Previous year Nil).

Notes forming part of the Financial Statements

3. Investments - Non Current:

(₹ in Lakhs)

	No of Shares	Face Value (₹)	**As at 31.03.2018**	As at 31.03.2017	As at 01.04.2016
Investments in Equity Instruments - at Fair Value through Other Comprehensive Income					
a. Quoted :					
Seshasayee Paper and Boards Limited	17,68,181	10	**15,196**	13,841	4,128
High Energy Batteries (India) Limited	1,00,000	10	**410**	211	140
Total - Quoted			**15,606**	14,052	4,268
b. Unquoted :					
Time Square Investments Private Ltd	80,000	10	**8**	8	8
SPB Projects and Consultancy Ltd	5,000	10	**1**	1	1
Esvin Advanced Technologies Ltd	3,000	10	**-**	-	-
Total - Unquoted			**9**	9	9
Total			**15,615**	14,061	4,277
Aggregate amount of quoted investments-At cost			**2,070**	2,070	2,070
Aggregate amount of quoted investments-At market value			**15,606**	14,052	4,268
Aggregate amount of unquoted investments-At cost			**9**	9	9

4. Other Finanical Assets - Non current:

	As at 31.03.2018	As at 31.03.2017	As at 01.04.2016
Unsecured - Considered good			
Security deposit	**16**	16	15
Others	**9**	9	9
Total	**25**	25	24

5. Other Non Current Assets:

Unsecured - Considered good			
Indirect taxes paid under protest	**55**	31	31
Total	**55**	31	31

6. Inventories:

Work In Progress	**146**	69	146
Finished Goods:			
Sugar	**2,836**	4,700	5,670
Molasses	**54**	56	97
Stores and Spares	**95**	88	133
Total	**3,131**	4,913	6,046

Refer Note No 1.12 for Valuation of Inventories

Notes forming part of the Financial Statements

7. Trade Receivables:

(₹ in Lakhs)

	As at 31.03.2018	As at 31.03.2017	As at 01.04.2016
Unsecured - Considered good	**1,839**	2,396	2,712
Doubtful	**-**	2	110
Less:			
Allowance for doubtful receivables	**-**	2	110
Total	**1,839**	2,396	2,712

8. Cash and Cash Equivalents:

Balances with banks	**30**	172	55
Cash on hand	**2**	2	2
Total	**32**	174	57

9 - Other Bank balances:

Unpaid dividend accounts	**21**	24	28
Total	**21**	24	28

10. Other Current Financial Assets:

Interest Receivable	**-**	-	53
Incentives/Subsidies receivable	**-**	9	811
Others	**1**	51	94
Total	**1**	60	958

11. Other Current Assets:

Advance for supplies	**22**	69	89
Advance for services	**21**	25	107
Input Tax Credit Receivable	**18**	36	19
Prepaid expenses	**56**	77	40
Others	**42**	55	18
Total	**159**	262	273

12. Equity Share Capital:

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

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

No change during the period

b) **Rights, preferences and restrictions attached to equity shares**

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

Notes forming part of the Financial Statements

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

Sl No	Name of the Shareholders	**As at 31.03.2018**		As at 31.03.2017		As at 01.04.2016	
		No. of Shares	**% Holdings**	No. of Shares	% Holdings	No. of Shares	% Holdings
1	Seshasayee Paper and Boards Ltd (Associate)	**2360260**	**27.45**	2360260	27.45	2360260	27.45
2	Atyant Capital India Fund I	**813525**	**9.46**	813525	9.46	813525	9.46
3	Coromandel Sugars Ltd	**775632**	**9.02**	775632	9.02	810507	9.43
4	Time Square Investments P Ltd	**773804**	**9.00**	773804	9.00	773804	9.00
5	GHI LTP Ltd	**539450**	**6.27**	539450	6.27	539450	6.27
6	Bharati Chhotubhai Pithawalla	**500466**	**5.82**	500466	5.82	500466	5.82

d) Management of Capital:

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

The following table summarises the capital of the Company: (₹ in Lakhs)

.	**As at 31.03.2018**	As at 31.03.2017	As at 01.04.2016
Equity	**27,287**	25,658	14,371
Debt	**5,549**	8,128	12,309
Cash and Cash Equivalents	**32**	174	57
Net Debt	**5,517**	7,954	12,252
Total Capital (Equity + Net Debt)	**32,804**	33,612	26,623
Net Debt to Capital Ratio	**0.17**	0.24	0.46

e) Dividend:

	FY 2017-18	FY 2016-17
Dividend on Equity shares paid during the year		
Dividend for the year 2016-17 @ ₹ 2.50 per share (Previous Year ₹ 1.20 per equity share)	**215**	103
Dividend distribution Tax on dividend	**44**	21
Total	**259**	124

Proposed Divided

The Board of directors at its meeting held on 25 th May, 2018 have recommended a payment of dividend of ₹ 1.00 (PY ₹2.50) per equity share of face value of ₹ 10 each for the Financial Year ended 31st March, 2018. The same amounts to ₹ 103 Lakhs including Dividend Distribution Tax of ₹ 17Lakhs)

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

Notes forming part of the Financial Statements

13. Other Equity:

(₹ in Lakhs)

	As at 31.03.2018	As at 31.03.2017	As at 01.04.2016
Capital Reserve	**554**	554	554
Securities Premium Account	**160**	160	160
General Reserve	**9,500**	9,500	8,500
Retained Earnings	**2,678**	2,602	2,099
Other Comprehensive Income (OCI)	**13,535**	11,982	2,198
Total	**26,427**	24,798	13,511

Changes during the year in respect of each of the line item above are disclosed in the Statement of changes in Equity for the year ended 31st March 2018.

13.1 Description of nature and purpose of Reserve:

(i) Capital Reserve represents gain of a capital nature and is not available for dividend declaration.

(ii) Securities Premium Account records the premium component on issue of shares and can be utilised in accordance with the provisions of Companies Act, 2013.

(iii) General Reserve is created by transferring part of Retained Earnings from time to time. It is transfer from one component of equity to another and it is not an item of other comprehensive income. It is a free reserve created to strengthen the net worth of the Company.

14. Borrowings - Non current:

(₹ in Lakhs)

	As at 31.03.2018	As at 31.03.2017	As at 01.04.2016
Secured			
- Term Loan from Banks	**-**	1,141	1,713
- Loan under GOI - SEFASU 2014	**-**	574	1,264
- Loan under GOI - Soft Loan Scheme 2015	**-**	768	1,135
Total	**-**	2,483	4,112

15. Deferred Tax Liabilities (Net):

	As at 31.03.2018	As at 31.03.2017	As at 01.04.2016
Deferred Tax Liabilities	**2,088**	2,242	2,098
Less: Deferred Tax Assets	**1,936**	2,091	2,166
Net	**152**	151	(68)

Notes forming part of the Financial Statements

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

As at 31st March 2018 (₹ in Lakhs)

	Balance Sheet 31.03.2018	Profit and Loss 2017-18	OCI 2017-18	Balance Sheet 01.04.2017
Deferred Tax Liability on account of				
Depreciation on Property Plant and equipment	**2,088**	(154)	-	2,242
Sub total	**2,088**	(154)	-	2,242
Deferred Tax Assets on account of				
Unabsorbed depreciation	**1,099**	(109)	-	1,208
Expenses claimed for tax purpose on payment basis	**98**	(108)	-	206
Voluntary Retirement Scheme (VRS) expenditure (allowed in Income Tax Act, 1961 over 5 years)	**18**	17	-	1
Remeasurement benefit of the defined benefit plan through OCI	**(20)**	-	(1)	(19)
MAT Credit Entitlement	**741**	46	-	695
Sub total	**1,936**	(154)	(1)	2,091
Deferred Tax Liabilities (Net)	**152**	-	1	151

As at 31st March 2017

	Balance Sheet 31.03.2017	Profit and Loss 2016-17	OCI 2016-17	Balance Sheet 01.04.2016
Deferred Tax Liability on account of				
Depreciation on Property Plant and equipment	**2,242**	144	-	2,098
Sub total	**2,242**	144	-	2,098
Deferred Tax Assets on account of				
Unabsorbed depreciation	**1,208**	(600)	-	1,808
Expenses claimed for tax purpose on payment basis	**206**	123	-	83
Voluntary Retirement Scheme (VRS) expenditure (allowed in Income Tax Act, 1961 over 5 years)	**1**	(5)	-	6
Remeasurement benefit of the defined benefit plan through OCI	**(19)**	-	(19)	-
MAT Credit Entitlement	**695**	426	-	269
Sub total	**2,091**	(56)	(19)	2,166
Deferred Tax Liabilities (Net)	**151**	200	19	(68)

16. Other Non - Current Liabilities:

	As at 31.03.2018	As at 31.03.2017	As at 01.04.2016
Provision for Income Tax (Net of Advance Tax)(Note35)	**525**	655	719
Total	**525**	655	719

Notes forming part of the Financial Statements

17. Borrowings - Current:

(₹ in Lakhs)

	As at 31.03.2018	As at 31.03.2017	As at 01.04.2016
Secured			
From Banks			
Working Capital Loan - Cash Credit	**151**	1,304	2,557
Total	**151**	1,304	2,557

Working capital loan is 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 .

18. Trade Payables:

Micro and Small enterprises	**-**	-	-
Others			
- Goods	**3,378**	1,104	2,640
- Services	**319**	361	260
Total	**3,697**	1,465	2,900

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

(ii) Disclosure requirement as required under Micro, Small, & Medium Enterprises Development Act, 2006 is as follows:

	As at 31.03.2018	As at 31.03.2017	As at 01.04.2016
i) Principal amount and the interest due thereon remaining unpaid to any supplier as at the end of each accounting year (but within due date as per the MSMED Act)			
- Principal amount due to micro and small enterprise	Nil	Nil	Nil
- Interest due on above	Nil	Nil	Nil
ii) Interest paid by the Company in terms of section 16 of the MSMED Act, 2006 alongwith the amount of the payment made to the supplier beyond the appointed day during the period	Nil	Nil	Nil
iii) Interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the period) but without adding interest specified under the MSMED Act, 2006.	Nil	Nil	Nil
iv) The amount of Interest accrued and remaining unpaid as at the end of each year	Nil	Nil	Nil
v) Interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprise	Nil	Nil	Nil

Notes forming part of the Financial Statements

19. Other Current Financial Liabilities:

(₹ in Lakhs)

	As at 31.03.2018	As at 31.03.2017	As at 01.04.2016
Current maturities of long term borrowings	**574**	1,118	994
Interest accrued but not due on borrowings	**-**	12	11
Payable for Capital Expenditure	**43**	13	8
Unpaid dividends (No amount is due and outstanding to be credited to Investor Education and Protection Fund)	**21**	24	28
Others	**6**	6	4
Total	**644**	1,173	1,045

Current maturities of the Loan under the Scheme for Extending Financial Assistance to Sugar Undertakings, 2014 (SEFASU) is secured by

(i) second charge on immovables ranking pari passu with working capital loans and

(ii) second charge on movables .

20. Other Current Liabilities:

Advance from customers	**13**	252	411
Statutory liabilities	**190**	164	200
Other Liabilities	**153**	153	-
Total	**356**	569	611

21. Current Provisions:

Provision for Employee Benefits	**24**	33	104
Excise Duty on Finished Goods Stock	**-**	295	329
Total	**24**	328	433

22. Revenue from Operations:

	31.03.2018	31.03.2017
Sale of Products	**19,233**	26,132
Other Operating Revenue	**365**	156
Total	**19,598**	26,288

Revenue for the period till 30th June 2017 was inclusive of excise duty. GST imposed from 1st July 2017 is not included in Revenue in accordance with 'Ind AS 18'. For comparability, Revenue excluding excise duty is ₹ 19,464 Lakhs (Previous year ₹ 25,047 Lakhs)

23. Other Income:

	31.03.2018	31.03.2017
Interest on financial assets carried at amortized cost	**10**	3
Dividend from quoted equity investments measured at fair value through OCI	**177**	88
Income from Short term Investments	**41**	-
Other non-operating income	**52**	34
Total	**280**	125

Notes forming part of the Financial Statements

24. Cost of Materials Consumed:

(₹ in Lakhs)

	31.03.2018		31.03.2017	
Raw material -Sugarcane	**8,634**		14,765	
Less: Central Government Production Subsidy	**-**	**8,634**	40	14,725
Raw material -Raw sugar		**1,855**		-
Process Chemicals		**75**		121
Packing Materials		**111**		179
Total		**10,675**		15,025

25. Changes in Inventories of finished goods and Work in progress:

	31.03.2018		31.03.2017	
Opening stock - Finished goods	**4,756**		5,767	
- Work in progress	**69**	**4,825**	146	5,913
Closing stock - Finished goods	**2,890**		4,756	
- Work in progress	**146**	**3,036**	69	4,825
Changes in Inventories of finished goods and Work in progress		**1,789**		1,088

26. Employee Benefits Expense:

	31.03.2018	31.03.2017
Salaries and wages	**1,149**	1,154
Contribution to Provident & Other Funds (Note 38)	**132**	139
Staff Welfare Expenses	**132**	127
Total	**1,413**	1,420

27. Other Expenses:

	31.03.2018	31.03.2017
Consumption of stores and spare parts	**16**	20
Rent	**14**	14
Repairs and Maintenance -Buildings	**83**	172
-Plant & Machinery	**434**	700
-Others	**8**	10
Insurance	**27**	27
Rates and taxes	**61**	43
Auditor's remuneration (Note 27 A)	**9**	8
Watch & ward	**64**	59
Travel	**64**	101
Professional & Consultancy	**47**	59
Directors' commission & sitting fees	**8**	17
Freight & handling - Domestic	**97**	134
- Export	**-**	92
Impairment Loss / (Reversal)	**(2)**	(3)
Loss on sale of assets	**51**	4
Exchange Loss (Net)	**38**	(2)
Miscellaneous	**134**	153
Total	**1,153**	1,608

Notes forming part of the Financial Statements

27A. Payment to Auditors:

(₹ in Lakhs)

	31.03.2018	31.03.2017
Statutory Audit Fees	**7.00**	7.00
Certification Fees and Other Services	**1.00**	1.26
Reimbursement of expenses	**0.62**	0.18
Total	**8.62**	8.44

28. Finance Costs:

	31.03.2018	31.03.2017
Interest on borrowings	**163**	446
Other borrowing costs	**34**	29
Total	**197**	475

29. Depreciation and Amortisation Expense:

	31.03.2018	31.03.2017
Depreciation of Property, Plant and Equipment	**568**	570
Amortisation of Intangible assets	**-**	-
Total	**568**	570

30. Exceptional Items:

	31.03.2018	31.03.2017
Additional cane price for previous periods (Note 36)	**1,158**	-
Purchase tax refund	**(98)**	-
VRS compensation	**66**	-
Disallowance of claims for Incentives / subsides	**-**	464
Electricity consumption tax and interest thereon	**-**	207
Total	**1,126**	671

31. Tax Expenses:

	31.03.2018	31.03.2017
(A) The major components of Income Tax expense for the year are as under:		
(I) Tax expense recognised in the Statement of Profit and Loss		
Current Tax		
Current tax on the taxable income for the year - Minimum Alternate Tax	**46**	426
Total (a)	**46**	426
Deferred Tax comprises:		
Deferred Tax Liability on account of depreciation	**(154)**	144
Deferred Tax Asset on unabsorbed depreciation	**109**	600
Deferred Tax Asset on account of 43B and other temporary disallowances	**91**	(118)
MAT Credit Entitlement	**(46)**	(426)
Total (b)	**-**	200
Note: Applicable tax rate for the year is 33.063% as against 34.608% for the previous year due to change in surcharge on Income Tax		
Total Tax Expense (a)+(b)	**46**	626

Notes forming part of the Financial Statements

(₹ in Lakhs)

	31.03.2018	31.03.2017
(B) Reconciliation of Tax expenses and the accounting profit for the year is as under:		
Enacted Income tax rate in India applicable to the Company	**33.063%**	34.608%
Profit Before Tax	**380**	2,218
Ind AS adjustments	**-**	(54)
Profit Before Tax after Ind AS adjustments	**380**	2,164
Current Tax Expense at the applicable rate	**126**	749
Tax effect of the amounts which are not deductible /(taxable) in calculating taxable income		
Add/(Less):		
Tax on exempted income	**(52)**	(58)
Tax on difference in depreciation	**50**	73
Unabsorbed depreciation adjusted	**(59)**	(730)
Differences on account of 43B and other temporary disallowances	**(81)**	(35)
Differences on account of other permanent disallowances	**16**	1
Total	**(126)**	(749)
Current Tax for the Year	**-**	-

32. Contingent Liabilities and Commitments:

	As at 31.03.2018	As at 31.03.2017	As at 01.04.2016
a. Contingent Liabilities			
- Indirect tax demands contested	**335**	237	161
- Electricity related demands contested	**18**	18	171
b. Commitments			
- Contracts for capital expenditure	**-**	1	-
- Contracts for purchase of sugar cane	**4,700**	6,365	11,049

33 (A) : Category wise classification of Financial Instruments:

Particulars	Note	Non Current			Current		
		As at 31.03.2018	As at 31.03.2017	As at 01.04.2016	**As at 31.03.2018**	As at 31.03.2017	As at 01.04.2016
Financial Assets measured at Fair Value through Other Comprehensive Income (FVTOCI)							
Investments in quoted equity shares	3	**15,606**	14,052	4,268	**-**	-	-
Investments in Unquoted equity shares	3	**9**	9	9	**-**	-	-
		15,615	14,061	4,277	**-**	-	-
Financial Assets measured at amortised cost							
Security Deposit	4	**16**	16	15	**-**	-	-
Others	4	**9**	9	9	**-**	-	-
Trade Receivables	7	**-**	-	-	**1,839**	2,396	2,712
Cash and Cash Equivalents	8	**-**	-	-	**32**	174	57
Other Balances with Banks	9	**-**	-	-	**21**	24	28
Interest Receivable	10	**-**	-	-	**-**	-	53
Incentives/Subsidies receivable	10	**-**	-	-	**-**	9	811
Others	10	**-**	-	-	**1**	51	94
		25	25	24	**1,893**	2,654	3,755

Notes forming part of the Financial Statements

(₹ in Lakhs)

Particulars	Note	Non Current			Current		
		As at 31.03.2018	As at 31.03.2017	As at 01.04.2016	**As at 31.03.2018**	As at 31.03.2017	As at 01.04.2016
Financial Liabilities measured at amortised cost							
Term Loan from Banks	14	**-**	2,483	4,112	**-**	-	-
Loans repayable on demand - Cash Credit	17	**-**	-	-	**151**	1,304	2,557
Current Maturities of Long term borrowings	19	**-**	-	-	**574**	1,118	994
Interest accrued but not due on borrowings	19	**-**	-	-	**0**	12	11
Payable towards capital expenditure	19	**-**	-	-	**43**	13	8
Payable towards services rendered	18	**-**	-	-	**319**	361	260
Payable towards stores, spares and consumables	18	**-**	-	-	**3,378**	1,104	2,640
Unpaid/Unclaimed Dividend	19	**-**	-	-	**21**	24	28
Payable towards Other expenses	19	**-**	-	-	**6**	6	4
		-	2,483	4,112	**4,492**	3,942	6,502

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

33 (B) Fair value Measurements:

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

As at 31st March, 2018

(₹ in Lakhs)

Financial assets/financial liabilities	**Fair value as at 31.03.2018**	Fair value hierarchy		
		Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)
Financial assets measured at Fair Value through Other Comprehensive Income Investments in quoted equity shares (Note 3)	**15,606**	15,606	-	-
Investments in unquoted equity shares - Other Entities (Note 3)	**9**	-	-	9

Notes forming part of the Financial Statements

As at 31st March, 2017

(₹ in Lakhs)

Financial assets/financial liabilities	Fair value as at 31.03.2017	Fair value hierarchy		
		Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)
Financial assets measured at Fair Value through Other Comprehensive Income Investments in quoted equity shares (Note 3)	14,052	14,052	-	-
Investments in unquoted equity shares - Other Entities (Note 3)	9	-	-	9

As at 1st April, 2016

Financial assets/financial liabilities	Fair value as at 01.04.2016	Fair value hierarchy		
		Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)
Financial assets measured at Fair Value through Other Comprehensive Income Investments in quoted equity shares (Note 3)	4,268	4,268	-	-
Investments in unquoted equity shares - Other Entities (Note 3)	9	-	-	9

(ii) Financial Instrument measured at Amortised Cost

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

33 (C): Financial Risk Management – Objectives and Policies:

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

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

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

1. Market Risk

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

(i) Interest Rate Risk

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

(ii) Foreign Currency Risk

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

The Company, as per its forex policy, uses foreign exchange and other derivative instruments primarily to hedge foreign exchange and interest rate exposure.

Notes forming part of the Financial Statements

The Company evaluates the impact of foreign exchange rate fluctuations by assessing its exposure to exchange rate risks. It hedges a part of these risks by using derivative financial instruments in accordance with its forex policy.

No foreign currency exposure at end of the reporting period.

(iii) Equity Price Risk

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

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

2. Credit Risk

Credit Risk is the risk of financial loss arising from counter party default on its contractual obligations resulting in financial loss to the Company. Credit risk encompasses both the direct risk of default and the risk of deterioration of credit worthiness as well as concentration risks.

Financial instruments that are subject to concentrations of credit risk principally consist of trade receivables, loans and advances and derivative financial instruments. None of the financial instruments of the Company result material concentrations of credit risks.

Exposure to Credit Risk – The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to Credit risk was ₹ 1,918 lakhs as at 31st March 2018, ₹ 2,679 lakhs as at 31st March 2017 and ₹ 3,779 lakhs as at 1st April 2016 being the total of the carrying amount of balances with banks, short term deposits with banks, trade receivables and other financial assets excluding equity investments.

3. Liquidity Risk

Liquidity risk refers to the risk that the Company cannot meet its financial obligations. The objective of liquidity risk management is to maintain sufficient liquidity and ensure that funds are available for use as per requirements.

The Company has obtained fund and non-fund based working capital loans from consortium banks. The Company invests its surplus funds in bank fixed deposit and liquid and liquid plus schemes of mutual funds, which carry no / low mark to market risks.

Contractual maturities of financial liabilities based on contractual undiscounted payments. (₹ in Lakhs)

Particulars	**As at 31.03.2018**			As at 31.03.2017			As at 01.04.2016		
	Less than one year	**Over one year**	**Total**	Less than one year	Over one year	Total	Less than one year	Over one year	Total
Term Loan from Banks (Note 14)	**-**	**-**	**-**	-	2,483	2,483	-	4,112	4,112
Borrowings (Note 17)	**151**	**-**	**151**	1,304	-	1,304	2,557	-	2,557
Trade and other payables (Note 18)	**3,697**	**-**	**3,697**	1,465	-	1,465	2,900	-	2,900
Other financial liabilities (Note 19)	**644**	**-**	**644**	1,173	-	1,173	1,045	-	1,045

34.1: FIRST TIME ADOPTION OF Ind AS:

For all periods upto and including the year ended 31st March, 2017, the Company had prepared its financial statements in accordance with the accounting standards notified under Section 133 of the Companies Act, 2013, read together with Rule 7 of the Companies (Accounts) Rules, 2014 ("Previous IGAAP"). This note explains the principal adjustments made by the Company in restating its financial statements prepared under Previous GAAP in accordance with Ind AS for the following:

a) Balance Sheet as at 1st April, 2016 (Transition date);
b) Balance Sheet as at 31st March, 2017,
c) Statement of Profit and Loss for the year ended 31st March, 2017; and
d) Statement of Cash flows for the year ended 31st March, 2017.

The mandatory exception and exemption availed on the transition to Ind As disclosed in Note 1.27

Notes forming part of the Financial Statements

34.2 Effect of Ind AS adoption on the Balance Sheet as at 1st April 2016

(₹ in Lakhs)

	Particulars	Note No	Previous GAAP	Effect of transition to Ind AS	**Ind AS**
A	**ASSETS**				
1	**Non-Current Assets**				
	(a) Property, Plant and Equipment		12,261	-	**12,261**
	(b) Capital Work-in-Progress		13	-	**13**
	(c) Other Intangible Assets		-	-	**-**
	(d) Financial Assets				**-**
	(i) Investments	a	2,079	2,198	**4,277**
	(ii) Other Financial Assets		24	-	**24**
	Total Financial Assets		2,103	2,198	**4,301**
	(e) Other Non-Current Assets		31	-	**31**
	Total Non-Current Assets		14,408	2,198	**16,606**
2	**Current Assets**				
	(a) Inventories		6,046	-	**6,046**
	(b) Financial Assets				
	(i) Trade Receivables	c	2,822	(110)	**2,712**
	(ii) Cash and Cash Equivalents		57	-	**57**
	(iii) Bank balances other than (ii) above		28	-	**28**
	(iv) Other Financial Assets		958	-	**958**
	Total Financial Assets		3,865	(110)	**3,755**
	(c) Other Current Assets		273	-	**273**
	Total Current Assets		10,184	(110)	**10,074**
	TOTAL ASSETS		24,592	2,088	**26,680**
B	**EQUITY AND LIABILITIES**				
1	**Equity**				
	(a) Equity Share Capital		860	-	**860**
	(b) Other Equity		11,299	2,212	**13,511**
	Total Equity		12,159	2,212	**14,371**
	LIABILITIES				
2	**Non-Current Liabilities**				
	(a) Financial Liabilities				
	(i) Borrowings		4,112	-	**4,112**
	(b) Deferred Tax Liabilities (Net)		(68)	-	**(68)**
	(c) Other Non - Current Liabilities		719	-	**719**
	Total Non-Current Liabilities		4,763	-	**4,763**
3	**Current Liabilities**				
	(a) Financial Liabilities				
	(i) Borrowings		2,557	-	**2,557**
	(ii) Trade Payables		2,900	-	**2,900**
	(iii) Other Financial Liabilities		1,045	-	**1,045**
	Total Financial liabilities		6,502	-	**6,502**
	(b) Other Current Liabilities		611	-	**611**
	(c) Provisions	b	557	(124)	**433**
	Total Current Liabilities		7,670	(124)	**7,546**
	TOTAL EQUITY AND LIABILITIES		24,592	2,088	**26,680**

Notes forming part of the Financial Statements

34.3 Effect of Ind AS adoption on the Balance Sheet as at 31st March, 2017

(₹ in Lakhs)

	Particulars	Note No	Previous GAAP	Effect of transition to Ind AS	Ind AS
A	**ASSETS**				
1	**Non-Current Assets**				
	(a) Property, Plant and Equipment		11,839	-	**11,839**
	(b) Capital Work-in-Progress		-	-	**-**
	(c) Other Intangible Assets		1	-	**1**
	(d) Financial Assets				
	(i) Investments	a	2,079	11,982	**14,061**
	(ii) Other Financial Assets		25		**25**
	Total Financial Assets		2,104	11,982	**14,086**
	(e) Other Non-Current Assets		31	-	**31**
	Total Non-Current Assets		13,975	11,982	**25,957**
2	**Current Assets**				
	(a) Inventories		4,913	-	**4,913**
	(b) Financial Assets				
	(i) Trade Receivables	c	2,398	(2)	**2,396**
	(ii) Cash and Cash Equivalents		174	-	**174**
	(iii) Bank balances other than (ii) above		24	-	**24**
	(iv) Other Financial Assets		60	-	**60**
	Total Financial Assets		2,656	(2)	**2,654**
	(c) Other Current Assets		262	-	**262**
	Total Current Assets		7,831	(2)	**7,829**
	TOTAL ASSETS		21,806	11,980	**33,786**
B	**EQUITY AND LIABILITIES**				
1	**Equity**				
	(a) Equity Share Capital		860	-	**860**
	(b) Other Equity		12,818	11,980	**24,798**
	Total Equity		13,678	11,980	**25,658**
	LIABILITIES				
2	**Non-Current Liabilities**				
	(a) Financial Liabilities				
	(i) Borrowings		2,483	-	**2,483**
	(b) Deferred Tax Liabilities (Net)		151	-	**151**
	(c) Other Non - Current Liabilities		655	-	**655**
	Total Non-Current Liabilities		3,289	-	**3,289**
3	**Current Liabilities**				
	(a) Financial Liabilities				
	(i) Borrowings		1,304	-	**1,304**
	(ii) Trade Payables		1,465	-	**1,465**
	(iii) Other Financial Liabilities		1,173	-	**1,173**
	Total Financial liabilities		3,942	-	**3,942**
	(b) Other Current Liabilities		569	-	**569**
	(c) Provisions	b	328	-	**328**
	Total Current Liabilities		4,839	-	**4,839**
	TOTAL EQUITY AND LIABILITIES		21,806	11,980	**33,786**

Notes forming part of the Financial Statements

34.4 Effect of Ind AS adoption on the Statement of Profit and Loss for the year ended 31st March, 2017

(₹ in Lakhs)

	Particulars	Note No	Previous GAAP	Effect of transition to Ind AS	Ind AS 31.03.2017
I	**Revenue from Operations**	d	25,047	1,241	**26,288**
II	**Other Income**		127	(2)	**125**
III	**Total Income (I+II)**		25,174	1,239	**26,413**
IV	**EXPENSES**				
	Cost of Materials Consumed		15,025	-	**15,025**
	Changes in Inventories of finished goods and work-in-progress		1,088	-	**1,088**
	Power and Fuel		2,131	-	**2,131**
	Excise duty	d	(34)	1,241	**1,207**
	Employee benefits expense	e	1,366	54	**1,420**
	Other expenses	c	1,613	(5)	**1,608**
	Total Expenses (IV)		21,189	1,290	**22,479**
V	**Profit before Finance Costs, Depreciation and Amortisation Expense and Taxes (III-IV)**		3,985	(51)	**3,934**
	Finance Costs		475	-	**475**
	Depreciation and amortization expense		570	-	**570**
VI	**Profit before Exceptional items and Tax**		2,940	(51)	**2,889**
VII	**Exceptional Items**	c	776	(105)	**671**
VIII	**Profit Before Tax (VI-VII)**		2,164	54	**2,218**
IX	**Tax Expenses**				
	(1) Current Tax		-	426	**426**
	(2) Deferred Tax	f	645	(445)	**200**
X	**Profit for the year (VIII-IX)**		1,519	73	**1,592**
XI	**Other Comprehensive Income**				
	i. Items that will not be reclassified to profit or loss				
	a. Effect of measuring investments at fair value	a	-	9,784	**9,784**
	b. Remeasurement of the defined benefit plans	e	-	54	**54**
	ii. Income tax relating to items that will not be reclassified to profit or loss	f	-	(19)	**(19)**
	Other Comprehensive Income*		-	9,819	**9,819**
XII	**Total Comprehensive Income for the year (X+XI)**		1,519	9,892	**11,411**

* Under the previous GAAP, there was no concept of Other Comprehensive Income. Under Ind AS, specified items of income, expense, gains or losses are required to be presented in Other Comprehensive Income.

Notes forming part of the Financial Statements

34.5 A. Reconciliation of Total Comprehensive Income for the year ended 31st March 2017

(₹ in Lakhs)

Nature of Adjustment	Note No	For the year ended 31.03.2017
Net Profit as per Previous GAAP		**1,519**
Actuarial gain on employee defined benefit obligation	e	54
Effect of measuring financial instruments at fair value	c	(108)
Deferred taxes	f	(19)
Net Profit as per Ind AS		**1,592**
Other Comprehensive Income (Net of Tax)		9,819
Total Comprehensive Income as per Ind AS		**11,411**

B. Reconciliation of Equity as on 31st March 2017 and 1st April, 2016

Nature of Adjustment	Note No	As at 31.03.2017	As at 01.04.2016
Equity as per Previous GAAP (i)		**13,678**	**12,159**
Effect of measuring Non Current Investments at Fair Value	a	11,982	2,198
Adjustment for proposed dividend	b		124
Impairment provision	c	(2)	(110)
Total effect of transition to Ind AS (ii)		**11,980**	**2,212**
Equity as per Ind AS (i)+(ii)		**25,658**	**14,371**

C. Effect of Ind AS adoption on the Statement of Cash Flow for the year ended 31st March, 2017

	Note No	For the Year ended 31.03.2017		
		Previous GAAP	Effect of transition to Ind AS	**Ind AS**
Net cash flows from operating activities		3,520	-	**3,520**
Net cash flows from investing activities	g	(50)	3	**(47)**
Net cash flows from financing activities	g	(3,353)	(3)	**(3,356)**
Net increase in cash and cash equivalents		117	-	**117**
Cash and cash equivalents at the beginning of the year		57	-	**57**
Cash and cash equivalents at the end of the year		174	-	**174**

34.6: Description of adjustments:

a. Non-Current Investments

In the financial statements prepared under Previous GAAP, Non-current Investments of the Company were measured at cost less provision for diminution. Under Ind AS, the Company has recognized such investments as follows:

Equity shares - At Fair Value through Other Comprehensive Income (FVTOCI) through an irrevocable option. Ind AS requires the investments to be recognized at fair value (except investments in equity shares of subsidiary and associate companies).

On the date of transition to Ind AS, the difference between the fair value of Non- Current Investments as per Ind AS and their corresponding carrying amount as per financial statements prepared under Previous IGAAP, has resulted in an increase in the carrying amount of these investments by ₹ 2,198 lakhs which has been recognized as Effect of Measuring Investments at fair value under Other Comprehensive Income (OCI).

Notes forming part of the Financial Statements

As at 31st March, 2017, the difference between the fair value of Non-Current Investments as per Ind AS and their corresponding carrying amounts as per financial statements prepared under Previous IGAAP, has resulted in an increase in the carrying amount of these investments by ₹ 11,982 lakhs which has been recognized in OCI.

The above has resulted increase in equity by ₹ 2,198 lakhs as at the date of transition to Ind AS and by ₹ 9,784 lakhs as at 31st March, 2017.

b. Proposed Dividend

Till the year ended 31st March, 2016, in the financial statements prepared under Previous IGAAP, dividend on equity shares recommended by the Board of Directors after the end of reporting period but before the financial statements were approved for issue, was recognised as a liability in the financial statements in the reporting period relating to which dividend was proposed. Under Ind AS, such dividend is recognised in the reporting period in which the same is approved by the members in a general meeting.

On the date of transition, the above change in accounting treatment of proposed dividend has resulted increase in Equity with a corresponding decrease in Provisions by ₹ 124 lakhs. The dividend is recognized in the year of declaration (ie.year ended 31st March, 2017) in retained earnings. The above change however, does not affect the Profit before tax and Profit after tax for the year ended 31st March, 2017.

c. Fair Valuation for Financial Assets

On the date of transition to Ind AS in accordance with Ind AS-109, the Company has valued its financial assets at fair value. This has resulted in provision for impairment of ₹ 110 lakhs and is recognized in the 'Retained Earnings' on the transition date. Consequently, the provisions recognized in the financial statements prepared under IGAAP for the year ended 31st March, 2017 is reversed.

d. Revenue from sales of products

In the financial statements prepared under Previous IGAAP, revenue from sale of products was presented net of Excise Duty. However, under Ind AS, revenue from sale of products includes Excise Duty. Excise Duty expense amounting to ₹ 1,207 lakhs is presented separately on the face of the Statement of Profit and Loss for the year ended 31st March, 2017.

e. Re-measurement benefit of defined benefit plans

In the financial statements prepared under Previous IGAAP, re-measurement benefit of defined plans (gratuity), arising primarily due to change in actuarial assumptions was recognized as employee benefit expense in the Statement of Profit and Loss. Under Ind AS, such re-measurement benefit relating to defined benefit plans is recognized in OCI as per the requirements of Ind AS 19 - Employee benefits. Consequently, the related tax effect of the same has also been recognized in OCI.

For the year ended 31st March, 2017, re-measurement of gratuity liability resulted in a net benefit of ₹ 54 lakhs which has now been removed from employee benefits expense in the Statement of Profit and Loss and recognized separately in OCI. This has resulted in increase in employee benefits expense by ₹ 54 lakhs and gain in OCI by ₹ 54 lakhs for the year ended 31st March, 2017. Consequently, tax effect of the same amounting to ₹ 19 lakhs is also recognized separately in OCI.

The above changes do not affect Equity as at date of transition to Ind AS and as at 31st March, 2017. However, Profit before tax and profit for the year ended 31st March, 2017 decreased by ₹ 54 lakhs and ₹ 35 lakhs respectively.

f. Deferred tax

In the financial statements prepared under Previous IGAAP, deferred tax was accounted as per the Income approach and reconciled as per Balance Sheet approach. Under Ind AS 12 deferred taxes are to be accounted as per Balance Sheet approach. However the change to Balance Sheet approach has no impact. Under the previous IGAAP, MAT credit was disclosed as MAT credit receivable under Non current assets. Under Ind AS, the same is disclosed under Deferred Tax assets and accordingly the amounts are reclassified.

g. Statement of Cash Flow for the year ended 31st March, 2017

In the financial statements prepared under Previous IGAAP, interest received was grouped under Financing Activity. However, the same is now grouped under Investment activity in line with Ind AS 7 – Statement of Cash Flows.

Notes forming part of the Financial Statements

35. The Company has filed Writ Petitions in the High Court of Madras in respect of the disallowance of depreciation claim on the transfer value of assets in terms of Scheme of Arrangement by treating the same as Demerger within the meaning of Income Tax Act, 1961 and obtained interim stay for consequent demand of ₹ 1308 lakhs. The Company has been legally advised that probability of outflow of resources arising out of aforesaid legal issues would be remote. Accordingly, no provision or disclosure of contingent liability is required for same in terms of Ind AS 37.

36. Government of Tamilnadu has announced State Advised Price (SAP) from sugar seasons 2013-14 to 2016-17 that has been challenged by South Indian Sugar Mills Association, Tamil Nadu (in which the Company is a member) in Writ Petition before High Court of Madras. Since the Hon'ble Supreme Court had held in 2014 that SAP is only recommendatory in Tamil Nadu, the Company did not foresee any adverse impact.

The Company has since opted to pay an agreed sum to reach one time settlement with cane farmers and remove future uncertainty. The financial impact of this is fully considered in these financial statements.

37. The Company did not attract the mandatory spend on Corporate Social Responsibility (CSR) for the previous years pursuant to Sec.135 (5) of the Companies Act, 2013. It however continued CSR programs earlier initiated on voluntary basis and incurred CSR expenditure. In the current year the Company attract the mandatory spend on CSR and the gross amount to be spent by the Company during the year towards CSR as per the provision of Sec.135 (5) of the Companies Act, 2013 amounts to ₹ 13 lakhs. As against the above, the Company has spent ₹ 36 lakhs towards CSR Activities as under:

(a) Construction/ acquisition of any asset: Nil

(b) On purposes other than (a) above:

(₹ in Lakhs)

Sl no	CSR Activity	**31.03.2018**	31.03.2017
1	Supporting irrigation infrastructure in rural area	**32**	17
2	Strengthening rural infrastructure/ improving road connectivity	**1**	2
3	Primary education for the children of rural area	**1**	2
4	Conservation of natural resources	**2**	2
	Total	**36**	23

38. Employee Benefits:

(i) Defined Contribution Plans

The Company makes Provident Fund and Superannuation Fund contributions which are defined contribution plans, for qualifying employees. Under the Schemes, the Company is required to contribute a specified percentage of eligible pay to fund the benefits. The Company has recognised ₹ 85 Lakhs (previous year ₹ 86 Lakhs) for Provident Fund contributions and ₹ 24 Lakhs (previous year ₹ 21 Lakhs) for Superannuation Fund contributions in the Statement of Profit and Loss. The contributions payable to these plans by the Company are at rates specified in the rules of the schemes.

(ii) Defined Benefit Plans

(a) Gratuity

In respect of Gratuity plan, the most recent actuarial valuation of the plan assets and the present value of the defined benefit obligation were carried out as of March 31, 2018. The present value of the defined benefit obligation and the related current service cost and past service cost, were measured using the projected unit cost method. The following table sets forth the status of the Gratuity Plan of the Company and the amount recognised in the Balance Sheet and Statement of Profit and Loss. The Company provides the gratuity benefit through annual contributions to the funds managed by the ICICI Prudential Life Insurance Company Ltd.

Notes forming part of the Financial Statements

Disclosure for defined benefit plans based on actuarial valuation as on 31.03.2018 (₹ in Lakhs)

	General description		Post employment benefit – Gratuity - Funded plan - Non contributory	
			31.03.18	31.03.17
(i)	**Change in Defined Benefit Obligation**			
	Present value - opening balance		**648**	641
	Current service cost		**28**	33
	Interest cost		**39**	48
	Re-measurement (gain) / loss:			
	- Effect of changes in financial assumptions		**25**	-
	- Effect of experience adjustments		**(28)**	(30)
	- Effect of changes in demographic assumptions		**(1)**	-
	Benefits paid		**(119)**	(44)
	Present value - closing balance		**592**	648
(ii)	**Change in Fair Value of Plan Assets**			
	Opening balance		**685**	586
	Interest income		**44**	49
	Return on plan assets		**(2)**	24
	Contributions by employer		**10**	70
	Benefits paid		**(119)**	(44)
	Closing balance		**618**	685
(iii)	**Amount recognized in the Balance Sheet (as at year end)**			
	Present value of obligations		**592**	648
	Fair value of plan assets		**618**	685
	Net (asset) / liability recognized		**(26)**	(37)
(iv)	**Expenses recognized in the profit and loss statement**			
	Current service cost		**28**	33
	Interest		**(5)**	(1)
	Total included in 'Employee benefits expense'		**23**	32
(v)	**Expenses recognized in Other Comprehensive Income (OCI)**			
	Re-measurement on the net defined benefit liability:			
	- Effect of changes in financial assumptions		**25**	-
	- Effect of experience adjustments		**(28)**	(30)
	- Effect of changes in demographic assumptions		**(1)**	-
	Return on plan assets		**(2)**	24
	Net cost in Other Comprehensive Income (OCI)		**(2)**	(54)
		31.03.18	31.03.17	01.04.16
(vi)	**Asset information**	Insurance Policy (100%)		
(vii)	**Principal actuarial assumptions**			
	Mortality	Indian assured Lives Mortality (2006-08) Ultimate		
	Discount rate (%)	**7.53**	6.71	7.70
	Expected rate of salary increase (%)	**8**	6	7
	Expected rate of attrition (%)	**7.50**	6.00	6.00
	Expected average remaining working lives of employees (years)	**7**	9	9
(viii)	**Expected contribution (₹ in Lakhs)**	**-**	-	46

Notes forming part of the Financial Statements

The Company pays contribution under the Group Gratuity Scheme to ICICI Prudential Life Insurance Company Ltd., that is invested by the insurer in the plan assets in Government Securities, Debt Funds, Equity shares, Mutual Funds and Money Market Instruments. The expected rate of return on plan assets based on expectation of the average long term rate of return expected on investments of the fund during the estimated term of the obligation. Significant actuarial assumptions for the determination of the defined benefit obligation are as discussed above.

The sensitivity analysis below have been determined based on reasonably possible changes of the assumptions occurring at the end of the reporting period, while holding all other assumptions constant. The results of sensitivity analysis are given below:

(₹ in Lakhs)

	31.03.2018	31.03.2017	01.04.2016
Discount Rate			
- 1% Increase	**22**	24	26
- 1% decrease	**(24)**	(28)	(28)
Salary Growth Rate			
- 1% Increase	**(21)**	(25)	(24)
- 1% decrease	**19**	21	24
Attrition Rate			
- 1% increase	**0**	(2)	(1)
- 1% decrease	**0**	0	2

Sensitivity analysis presented above may not be representative of the actual change in the defined benefit obligation as it is unlikely that the change in assumptions would occur in isolation of one another as some of the assumptions may be correlated.

Furthermore, in presenting the above sensitivity analysis, the present value of the defined benefit obligation has been calculated using the projected unit credit method at the end of the reporting period, which is the same as that applied in calculating the defined benefit obligation liability recognised in the balance sheet.

There was no change in the methods of assumptions used in preparing the sensitivity analysis from prior years.

(b) Long Term Compensated Absence

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

Assumptions	**2017-18**	2016-17
Discount rate	**7.53%**	6.71%
Attrition Rate	**7.50%**	6.00%
Expected rate of salary increase	**8.00%**	6.00%

Notes forming part of the Financial Statements

39. Segment Reporting:

(₹ in Lakhs)

Particulars	Sugar		Cogeneration		Eliminations		Total	
	31.03.18	31.03.17	31.03.18	31.03.17	31.03.18	31.03.17	31.03.18	31.03.17
Revenue								
External Sales	**15,650**	22,242	**3,583**	3,890	**-**	-	**19,233**	26,132
Inter – Segment Sales	**1,598**	2,818	**2,095**	2,943	**(3,693)**	(5,761)	**-**	-
Other Operating income	**83**	52	**282**	104	**-**	-	**365**	156
Total Revenue	**17,331**	25,112	**5,960**	6,937	**(3,693)**	(5,761)	**19,598**	26,288
Segment Result								
Operating Profit before Exceptional items	**896**	2,342	**1,042**	1,377	**-**	-	**1,938**	3,719
Exceptional income	**(1,126)**	(671)	**-**	-	**-**	-	**(1,126)**	(671)
Operating Profit	**(230)**	1,671	**1,042**	1,377	**-**	-	**812**	3,048
Finance Costs							**197**	475
Other unallocable expenditure net of unallocable income							**235**	355
Profit Before Tax							**380**	2,218
Tax Expenses							**46**	626
Profit After Tax							**334**	1,592
Other Information								
Segment Assets	**7,426**	9,203	**9,742**	10,522	**-**	-	**17,168**	19,725
Unallocated Corporate Assets							**15,668**	14,061
Total Assets							**32,836**	33,786
Segment Liabilities	**3,919**	2,070	**207**	311	**-**	-	**4,126**	2,381
Unallocated Corporate Liabilities							**1,423**	5,747
Total Liabilities							**5,549**	8,128
Capital Expenditure	**681**	152	**71**	4	**-**	-	**752**	156
Depreciation	**197**	199	**371**	371	**-**	-	**568**	570

Information required under para 34 of Ind AS 108.

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

Notes forming part of the Financial Statements

40. Earnings per Share:

	31.03.2018	31.03.2017
Profit / (Loss) after tax (₹ Lakhs)	**334**	1,592
Weighted average number of shares (in lakhs)	**86**	86
Nominal value per share (₹)	**10**	10
Basic and diluted earnings per share (₹)	**3.88**	18.51

41. Related Party Disclosures:

(a) Transaction between Related Parties :

i) Names of the transacting Related Parties : Seshasayee Paper and Boards Ltd (SPB)
Esvi International (Engineers & Exporters) Ltd

ii) Description of relationship : Associate of SPB

iii) Description of Transactions

a) Seshasayee Paper and Boards Ltd

(₹ in Lakhs)

	31.03.2018	31.03.2017
Sale of goods	**1,586**	1,164
Purchase of goods	**691**	977
Services availed (Net)	**(3)**	25
Dividend received	**177**	88
Dividend paid	**59**	28
Amount outstanding – Receivable/ (Payable)	**523**	(243)

b) Esvi International (Engineers & Exporters) Ltd

	31.03.2018	31.03.2017
Rent paid	**7**	7
Rent advance outstanding	**3**	3

iv) Key Management Personnel:

a) Mr N Ramanathan – Managing Director

The remuneration during the year was as follows

	31.03.2018	31.03.2017
i. Short term benefits	**113**	88
ii. Post employment benefits	**28**	10
iii. Other long term benefits	**7**	10
iv. Amount outstanding at the end of the year - payable	**48**	36

Notes forming part of the Financial Statements

b) Directors

Name	Position
Mr N Gopala Ratnam	Chairman & Non-Executive Director
Dr L M Ramakrishnan	Vice Chairman & Non-Executive Director
Mr Arun G Bijur	Non-Executive Director
Mr Bimal K Poddar	Non-Executive Director
Mr V Sridar	Non-Executive Director
Mr N R Krishnan	Non-Executive Director
Dr Nanditha Krishna	Non-Executive Director
Mr K Bharathan	Non-Executive Director
Smt. Bharathi C. Pithawalla*	Non-Executive Director

* ceased with effect from 27-10- 2017

(₹ in Lakhs)

	31.03.2018	31.03.2017
Sitting fees	**8**	8
Commission	**--**	9
Dividend	**--**	6

42. Approval of Financial Statements:

The financial statements were approved for issue by the Board of Directors on 25th May 2018

Per our Report of even date annexed
For M/S S. Viswanathan LLP
Regn No: 004770S/S200025
Chartered Accountants

Chella K Srinivasan
Partner
Membership No. 023305

Chennai
25th May 2018

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 22nd Annual General Meeting of the Company held on Wednesday, the 25th July 2018 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 22nd Annual General Meeting of the company, to be held on Wednesday, the 25th day of July 2018 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 2017-18			
2	Declaration of Dividend on Equity Shares			
3	Reappointment of Mr Bimal K Poddar, who retires by rotation			
4	Remuneration to Cost Auditor for FY 2018-19			

Signed this ___________ day of _____________ 2018

Signature of Shareholder

Signature of Proxy holder(s)

Affix 15 paise Revenue Stamp

Note:

1. **Proxy**

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

   Deposit of proxy

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

2. A person can act as a Proxy on behalf of members not exceeding fifty and holding in the aggregate not more than 10% of the total share capital of the Company carrying voting rights. A member holding more than 10% of the total share capital of the Company carrying voting rights may appoint a single person as proxy and such person shall not act as a proxy for any other person or shareholder.

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

4. It is optional to indicate your preference. If you leave the for, against or abstain column blank against any or all resolutions, your proxy will be entitled to vote in the manner as he/she may deem appropriate.

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.