

## **EMPEE SUGARS AND CHEMICALS LIMITED**

**CIN : L24110AP1988PLC009291**

<b>Board of Directors</b>	Mr. M. P. Purushothaman Chairman & Managing Director  Ms. Nisha Purushothaman, Director Mr. Shaji Purushothaman, Director (w.e.f.13.8.18) Mr. R. Rangachari, Independent Director Mr. Suresh Raj Madhok, Independent Director
<b>Company Secretary</b>	Harshabardhan BNP
<b>Audit Committee</b>	Mr. R. Rangachari Mr. Suresh Raj Madhok Ms.Nisha Purushothaman
<b>Stakeholders Relationship Committee</b>	Mr. R. Rangachari Mr. Suresh Raj Madhok Ms.Nisha Purushothaman
<b>Nomination and Remuneration Committee</b>	Mr. Suresh Raj Madhok Mr. R. Rangachari Ms.Nisha Purushothaman
<b>Statutory Auditors</b>	M/s.Venkatesh & Co., Chartered Accountants New No.151, Mambalam High Road, T.Nagar, Chennai – 600 017.
<b>Bankers</b>	Indian Bank Union Bank of India Indian Overseas Bank Bank of India Punjab National Bank Oriental Bank of Commerce Andhra Bank
<b>Registered Office</b>	Ayyapareddipalem Village Naidupet - 524 126, Nellore District, Andhra Pradesh. Website: <a href="http://www.empeegroup.co.in">www.empeegroup.co.in</a>

<b>INDEX</b>	<b>Page Nos.</b>
Notice to shareholders	3
Board's Report	12
Management Discussion and Analysis Report	19
Corporate Governance Report and Annexures	36
Auditors' Report	45
Balance Sheet	57
Profit and Loss Account	58
Cash Flow Statement	59
Notes to Financial Statement	61
Auditors' Report on Consolidated Financial Statement	76
Consolidated Balance Sheet	85
Consolidated Profit & Loss Account	86
Consolidated Cash Flow Statement	87
Notes to Consolidated Financial Statement	89
Attendance slip and Proxy form	102

<b>Factories</b>	<b>Administrative Office</b>	<b>Registrars and Share Transfer Agents :</b>	<b>Stock Exchanges where the share are Listed:</b>
1. Ayyapareddipalem Village Naidupet - 524 126, Nellore District, Andhra Pradesh.	Empee Tower, No.59, Harris Road Pudupet, Chennai – 600 002.	M/s.Cameo Corporate Services Ltd No.1, Subramaniam Building, Club House Road, Chennai – 600 002	Bombay Stock Exchange Ltd, Mumbai.
2. Idaikkal Village, Ambasamudram, Tirunelveli District, Tamilnadu.		Phone : 0-44-28460390; Email: investor@cameoindia.com	

**Important Communication to Members**

The Ministry of Corporate Affairs has taken a "Green Initiative in the Corporate Governance" by allowing paperless compliances by the companies and has issued circulars stating that service of notice / documents including Annual Report can be sent by e-mail to its members. To support this green initiative of the Government, members who have not registered their e-mail addresses so far, are requested to register their e-mail addresses in respect of their holdings in demat form through their concerned Depository Participants. Members who hold shares in physical form are requested to fill in and forward the e-mail address Registration Form given in this Annual Report to M/s.Cameo Corporate Services Ltd, No.1, Subramaniam Building, Club House Road, Chennai-600 002 (or) at email: investor@cameoindia.com

## EMPEE SUGARS AND CHEMICALS LIMITED

### NOTICE TO SHAREHOLDERS

NOTICE is hereby given that the 27<sup>th</sup> Annual General Meeting of Empee Sugars and Chemicals Limited (CIN: L24110AP1988PLC009291) will be held on Saturday, 29<sup>th</sup> September, 2018 at 11.30 a.m. at the Registered Office of the Company at Ayyapareddipalem Village, Naidupet Mandal, Nellore District, Pin code-524 126, Andhra Pradesh to transact the following business:

#### ORDINARY BUSINESS:

- 1.(a) To receive, consider and adopt the audited standalone financial statements of the Company for the year ended 31<sup>st</sup> March, 2018 and the Reports of the Board of Directors and the Auditors thereon.
- (b) To receive, consider and adopt the audited consolidated financial statements of the Company for the year ended 31<sup>st</sup> March, 2018 together with report of the Auditors thereon.
2. To appoint a Director in place of Ms. Nisha Purushothaman (DIN 00044868) who retires by rotation and being eligible offers herself for re-appointment.

#### SPECIAL BUSINESS:

3. To consider, and if thought fit, to pass, with or without modification(s), the following resolution as an **Ordinary Resolution**.

“**RESOLVED THAT** pursuant to the provisions of Section 149, 152, 160 and all other applicable provisions, if any, of the Companies Act, 2013 (“Act”) read with the Companies (Appointment and Qualification of Directors) Rules, 2014 (including any statutory modification(s) or re-enactment(s) thereof, for the time being in force Securities and Exchange Board of India (Listing Obligations And Disclosure Requirements) Regulations, 2015, and any other applicable regulations and as approved and recommended by the Nomination and Remuneration Committee of the Board, Mr. Shaji Purushothaman (DIN:

00044893), who was appointed as an Additional Director by the Board of Directors pursuant to provisions of Section 161 of the Companies Act, 2013 w.e.f 13<sup>th</sup> August 2018 be and is hereby appointed as Director of the Company.

**RESOLVED FURTHER THAT** the Board of Directors of the Company be and are hereby authorised to do all such acts, deeds and things and to take all such steps as may be necessary, proper or expedient to give effect to this resolution.

4. To consider and, if thought fit, to pass with or without modification(s), the following Resolution as an **Ordinary Resolution**:

“**RESOLVED THAT** pursuant to provisions of Section 148, and other applicable provisions of the Companies Act, 2013 read with The Companies (Cost Records and Audit) Rules 2014 and the Companies (Audit and Auditors) Rules 2014, approval of the Company be and is hereby given, by way of ratification, for the appointment of M/s G. Sugumar & Co., Cost Accountants, Chennai as Cost Auditor, as recommended by the Audit Committee, to conduct Cost Audit of the cost records of the company, for the purpose of submission of Cost Audit Report, for the Financial Years 2015-16, 2016-17 and 2017-18 in the place of Mr. N. Thiagarjan, Cost Accountant, who has since submitted his resignation.

**RESOLVED FURTHER THAT**, as determined by the Audit Committee, remuneration payable to M/s G. Sugumar & Co., Cost Accountants, Chennai, at Rs.50,000/- (Rupees fifty thousand only), plus out of pocket expenses and applicable GST, for conducting cost audit of the cost records of the company for the purpose of submission of Cost Audit Report, for each of the Financial Years 2015-16, 2016-17 and 2017-18, be and is hereby ratified.

5. To consider and, if thought fit, to pass with or without modification(s), the following Resolution as an **Ordinary Resolution**:

## EMPEE SUGARS AND CHEMICALS LIMITED

**“RESOLVED THAT** pursuant to provisions of Section 148, and other applicable provisions of the Companies Act, 2013 read with The Companies (Cost Records and Audit) Rules 2014 and The Companies (Audit and Auditors) Rules 2014, approval of the company be and is hereby given for the appointment of M/s G.Sugumar & Co., Cost Accountants, Chennai to conduct Cost Audit of the cost records of the company for the purpose of submission of Cost Audit Report, for the Financial Year 2018-19.

**RESOLVED FURTHER THAT** as recommended by the Audit Committee of the Board, M/s G. Sugumar & Co, Cost Accountants be paid a remuneration of Rs.50,000/- (Rupees fifty thousand only), plus out of pocket expenses and applicable GST, for conducting cost audit of the cost records of the company for the purpose of submission of Cost Audit Report, for the Financial Year 2018-19.

6. To consider and, if thought fit, to pass with or without modification(s), the following resolution as a **Special Resolution**:

**“RESOLVED THAT** pursuant to the provisions of Section 188 read with Rule 15 of Companies (Meetings of Board and its Powers) Rules, 2014, and all other applicable provisions of the Companies Act, 2013, and Regulation 23 of the SEBI (LODR) Regulations, 2015 and any other applicable regulations, consent of the members of the company, be and is hereby accorded to enter into transactions for the financial year 2018-19 as per details given below.

Particulars	Amount (Rs. in lakhs)
Office Rent – M/s.Aruna Constructions	18.216

**“RESOLVED FURTHER THAT** the Board of Directors of the Company be and is hereby authorized to take such steps as may be necessary for obtaining approvals, in relation to the above and to settle all matters arising

out of and incidental thereto, and to sign and execute all deeds, agreements, applications and documents that may be required, on behalf of the Company and generally to do all acts, deeds, matters and things that may be necessary, proper, expedient or incidental thereto for the purpose of giving effect to this resolution.”

**“RESOLVED FURTHER THAT** the Board of Directors of the Company be and is hereby authorized to determine the actual sums to be involved in the proposed transaction from time to time within the overall limits stated above and the terms and conditions related thereto and all other matters arising out of or incidental to the proposed transaction.”

7. To consider and, if thought fit, to pass with or without modification(s), the following resolution as a **Special Resolution**:

**“RESOLVED THAT** pursuant to provisions of Section 180, 185, 186, 188 and other applicable provisions, if any, of the Companies Act, 2013 read with The Companies (Acceptance of Deposit ) Rules 2014 and other applicable Rules under the Companies Act, 2013, SEBI (LODR) Regulations 2015 (including any statutory modification(s) or re-enactment thereof for the time being in force and subject to approval of the Central Government, other statutory authorities and stakeholders, if so required, the consent of the Company be and is hereby accorded to the Board of Directors of the Company (hereinafter referred to as “the Board”) which term shall be deemed to include any Committee which the Board may constitute for this purpose or any person(s) authorized by the Board for the conversion of existing Share Application Money of Rs. 140.36 Crores (Rs One Hundred Forty Crores and Thirty Six Lakhs Only) provided by Empee Distilleries Limited (Holding Company – Promoter) into Unsecured Loan.

**RESOLVED FURTHER THAT** for the purpose of giving effect to the above resolution , the Board be and is hereby authorized to agree, make

## EMPEE SUGARS AND CHEMICALS LIMITED

and accept all such term(s), condition(s), modification(s) and alteration(s) as it may deem fit, and the Board is also hereby authorized to finalize and execute all agreements, documents and writings and to do all acts, deeds and things in this connection as the Board in its absolute discretion deem fit, without being required to seek any further consent or approval of the members or otherwise, to give effect to the foregoing resolution.

**By Order of the Board  
For Empee Sugars and Chemicals Ltd**

Place: Chennai  
Date : 13.08.2018

**M.P.Purushothaman  
Chairman & Managing Director**

**Notes:**

1. **A MEMBER ENTITLED TO ATTEND AND VOTE AT THE ANNUAL GENERAL MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE ON A POLL ON HIS BEHALF AND SUCH PROXY NEED NOT BE A MEMBER OF THE COMPANY. THE PROXY FORM DULY COMPLETED AND STAMPED MUST REACH THE REGISTERED OFFICE OF THE COMPANY NOT LESS THAN 48 HOURS BEFORE COMMENCEMENT OF THE MEETING.**
2. **A PERSON CAN ACT AS A PROXY ON BEHALF OF MEMBERS NOT EXCEEDING FIFTY AND HOLDING IN THE AGGREGATE NOT MORE THAN TEN PERCENT OF THE TOTAL SHARE CAPITAL OF THE COMPANY CARRYING VOTING RIGHTS. A MEMBER HOLDING MORE THAN TEN PERCENT, 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 PROXY FOR ANY OTHER PERSON OR SHAREHOLDER.**
3. Corporate Members intending to send their authorized representative to attend the Meeting are requested to send to the Company a certified copy of the Board resolution authorizing their representative to attend and vote on their behalf at the meeting.
4. The Register of members and share transfer books of the company will be closed from 23.09.2018 to 29.09.2018 (both days inclusive).
5. Members/proxies should bring the attendance slip duly filed along with copy of Annual report for attending the meeting.
6. In case of joint holders attending the AGM, the member whose name appears as the first holder in the order of names as per the Register of Members of the Company will be entitled to vote.
7. Members who hold shares in dematerialized form are requested to quote Depository Account number (client ID No.) for recording of attendance at the AGM.
8. Members are requested to intimate changes if any, in their address to the Registrar and share transfer Agents, M/s. Cameo Corporate Services Limited, "Subramanian Building", V Floor, 1, Club House Road, Chennai - 600 002.
9. The Company's equity shares are listed on Bombay Stock Exchange Limited (BSE) and the Company has paid listing fees up to date.
10. The Register of Directors and KMPs and their shareholding maintained under Section 170 of the Companies Act will be available for inspection by the Members at the AGM.
11. The relevant details as required by SEBI (LODR), 2015 of Directors seeking appointment/re-appointment are provided in the annexure..
12. In accordance with provisions of Section 108 of the Companies Act, 2013 read with rule 20 of Companies (Management and Administration) Rules, 2014, as amended from time to time and Regulation 44 of SEBI(Listing Obligations and Disclosure Requirements) Regulations, 2015, the Company is providing facility for voting by electronic means (remote e-voting) and the

## EMPEE SUGARS AND CHEMICALS LIMITED

business may be transacted through such voting. Further, the facility for voting through ballot or polling paper shall also be made available at the venue of meeting and members attending the meeting who have not already cast their vote by remote e-voting shall be able to exercise their right at the meeting. The Board of Directors has appointed M/s. S Dhanapal & Associates, Practising Company Secretaries, Chennai, as the Scrutinizer, for conducting the e-voting process in a fair and transparent manner. The Company has engaged the services of Central Depository Services (India) Limited ("CDSL") to provide e-voting facilities enabling the members to cast their vote in a secured manner. The e-voting facility will be available at the link [www.evotingindia.com](http://www.evotingindia.com) during the voting period.

13. The members who have cast their vote by remote e-voting prior to the meeting may also attend the meeting but shall not be entitled to cast their vote again.
14. The procedure and instructions for remote e-voting is furnished in this notice.
15. The Scrutinizer will submit his report to the Company after completion of the scrutiny and the results of the ballot/ poll/ e-voting will be announced by the Company on its website – [www.empeegroup.co.in](http://www.empeegroup.co.in) within 48 hours of the Annual General Meeting.
16. Members who have not registered their e-mail ID are requested to update the same with the Company, if held in physical form or to the Depository if held in Demat mode.
17. All documents referred to in the Notice and Explanatory Statement shall be open for inspection at the Registered Office of the Company during normal working hours on all working days upto the date of AGM.
18. Explanatory Statement pursuant to Section 102 of the Companies Act, 2013, in respect of businesses to be transacted under item Nos. 3 to 7 of the Notice, is attached herewith.
19. The Route map for the venue of the AGM is annexed.
20. All the concerned shareholders, may please note that the Company has transferred the unclaimed dividend (Interim Dividend) declared on Nov 9, 2010, for the year 2010-11 (18 months ended September 30, 2011) to the IEPF Authority under the IEPF Rules. The Company is in the process of transferring the related shares also. Shareholders are hereby informed that the unclaimed dividend and the respective shares may be claimed by them from the IEPF Authority directly by following procedures prescribed under the IEPF Rules.

### **The instructions for shareholders voting electronically (remote e-voting) are as under:**

- (i) The remote voting period begins on wednesday, 26.09.2018 at 10.00 A.M. and ends on Friday, 28.09.2018 at 5.00 P.M. During this period shareholders' of the Company, holding shares either in physical form or in dematerialized form, as on the cut-off date which has been fixed as 22.09.2018, may cast their vote electronically. The e-voting module shall be disabled by CDSL thereafter.
- (ii) The shareholders should log on to the e-voting website [www.evotingindia.com](http://www.evotingindia.com).
- (iii) Click on Shareholders/Members.
- (iv) Now Enter your User ID
  - a. For CDSL: 16 digits beneficiary ID,
  - b. For NSDL: 8 Character DP ID followed by 8 Digits Client ID,
  - c. Members holding shares in Physical Form should enter Folio Number registered with the Company.
- (v) Next enter the Image Verification as displayed and Click on Login.
- (vi) If you are holding shares in demat form and had logged on to [www.evotingindia.com](http://www.evotingindia.com) and voted on an earlier voting of any company, then your existing password is to be used.
- (vii) If you are a first time user follow the steps given below:

## EMPEE SUGARS AND CHEMICALS LIMITED

### For Members holding shares in Demat Form and Physical Form

PAN	<p>Enter your 10 digit alpha-numeric *PAN issued by Income Tax Department (Applicable for both demat shareholders as well as physical shareholders)</p> <ul style="list-style-type: none"> <li>· Members who have not updated their PAN with the Company/Depository Participant are requested to use the first two letters of their name and the 8 digits of the sequence number in the PAN field.(Sequence number has been provided as Serial Number (SL NO.) in the Address Label</li> <li>· In case the sequence number is less than 8 digits enter the applicable number of 0's before the number after the first two characters of the name in CAPITAL letters. Eg. If your name is Ramesh Kumar with sequence number 1 then enter RA00000001 in the PAN field.</li> </ul>
Dividend Bank Details <b>OR</b> Date of Birth (DOB)	<p>Enter the Dividend Bank Details or Date of Birth (in dd/mm/yyyy format) as recorded in your demat account or in the company records in order to login. If both the details are not recorded with the depository or company please enter the member id / folio number in the Dividend Bank details field as mentioned in instruction (iv)</p>

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| <p>(viii) After entering these details appropriately, click on "SUBMIT" tab.</p> <p>(ix) Members holding shares in physical form will then directly reach the Company selection screen. However, members holding shares in demat form will now reach 'Password Creation' menu wherein they are required to mandatorily enter their login password in the new password field. Kindly note that this password is to be also 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.</p> <p>(x) For Members holding shares in physical form, the details can be used only for e-voting on the resolutions contained in this Notice.</p> <p>(xi) Click on the EVSN for the relevant &lt;Company Name&gt; on which you choose to vote.</p> <p>(xii) On the voting page, you will see "RESOLUTION DESCRIPTION" and against the same the option "YES/NO" for voting. Select the option YES or NO as desired. The option YES</p> | <p>implies that you assent to the Resolution and option NO implies that you dissent to the Resolution.</p> <p>(xiii) Click on the "RESOLUTIONS FILE LINK" if you wish to view the entire Resolution details.</p> <p>(xiv) 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.</p> <p>(xv) Once you "CONFIRM" your vote on the resolution, you will not be allowed to modify your vote.</p> <p>(xvi) You can also take out print of the voting done by you by clicking on "Click here to print" option on the Voting page.</p> <p>(xvii) If Demat account holder has forgotten the changed loginpassword then Enter the User ID and the image verification code and click on Forgot Password&amp; enter the details as prompted by the system.</p> <p>(xviii) Shareholders can also cast their vote using CDSL's mobile app m-Voting available for android based mobiles. The m-Voting app</p> |
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## EMPEE SUGARS AND CHEMICALS LIMITED

can be downloaded from Google Play Store. Apple and Windows phone users can download the app from the App Store and the Windows Phone Store respectively. Please follow the instructions as prompted by the mobile app while voting on your mobile.

(xix) Note for Non – Individual Shareholders and Custodians

- Non-Individual shareholders (i.e. other than Individuals, HUF, NRI etc.) and Custodian are required to log on to [www.evotingindia.com](http://www.evotingindia.com) and register themselves as Corporates.
- A scanned copy of the Registration Form bearing the stamp and sign of the entity should be emailed to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com).
- After receiving the login details they have to create compliance user should be created using the admin login and password. The Compliance user would be able to link the account(s) for which they wish to vote on.
- The list of accounts should be mailed to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com) and on approval of the accounts they would be able to cast their vote.
- A scanned copy of the Board Resolution and Power of Attorney (POA) which they have issued in favour of the Custodian, if any, should be uploaded in PDF format in the system for the scrutinizer to verify the same.

(xx) In case you have any queries or issues regarding e-voting, you may refer the Frequently Asked Questions ("FAQs") and e-voting manual available at [www.evotingindia.com](http://www.evotingindia.com), under help section or write an email to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com).

### General Instructions:

- (i) Any person, who acquires shares of the Company and becomes member of the Company after dispatch of the notice and holding shares as of the Cut Off date i.e. 22.09.2018 may follow the same procedure for e-Voting as mentioned above.
- (ii) A person, whose name is recorded in the register of members or in the register of beneficial owners maintained by the depositories as on the cut-off date only shall be entitled to avail the facility of remote e-voting/voting at the AGM through ballot paper.
- (iii) The Chairman shall, at the AGM, at the end of discussion on the resolutions on which voting is to be held, allow voting with the assistance of scrutinizer, by use of "Ballot Paper" / "Polling Paper" for all those members who are present at the AGM but have not cast their votes by availing the remote e-voting facility.
- (iv) The Scrutinizer shall after the conclusion of voting at the general meeting, first count the votes cast at the meeting and thereafter unblock the votes cast through remote e-voting in the presence of at least two witnesses not in the employment of the Company and shall make, within 48 hours of the conclusion of the AGM, a consolidated scrutinizer's report of the total votes cast in favour or against, if any, to the Chairman or a person authorized by him in writing, who shall countersign the same and declare the result of the voting forthwith.
- (v) The voting rights of shareholders shall be in proportion to their shares of the paid-up equity share capital of the Company as on 22.09.2018.
- (vi) The results declared along with the Scrutinizer's Report shall be placed on the Company's website [www.empeegroup.co.in](http://www.empeegroup.co.in) and on the website of the CDSE e-voting within two days of the passing of the resolutions at the Annual General Meeting of the Company, and communicated to BSE Ltd.



## EMPEE SUGARS AND CHEMICALS LIMITED

### **Explanatory Statement pursuant to Section 102 of the Companies Act, 2013.**

#### **Item No.3**

Mr. Shaji Purushothaman was appointed as an Additional Director of the Company with effect from 13<sup>th</sup> August 2018 in accordance with the provisions of Section 161 of the Companies Act, 2013, read with the Articles of Association of the Company. Pursuant to Section 161 of the Companies Act, 2013, the said Director holds office only up to the date of the ensuing Annual General Meeting of the Company. Appointment of Mr. Shaji Purushothaman as Director has the approval of the Nomination and Remuneration Committee of the Board.

The Board recommends the resolution set forth in item no. 3 for the approval of members of the Company.

None of the Directors and Key Managerial Personnel of the Company and their relatives except Mr. Shaji Purushothaman, being an appointee and Mr. M P Purushothaman, Chairman ( Father of Mr Shaji Purushothaman) and Ms Nisha Purushothaman, Director (Sister of Mr. Shaji Purushothaman) are concerned or interested, financial or otherwise, in the resolution.

#### **Item No.4:**

In terms of Section 148 of the Companies Act, 2013 read with The Companies (Cost Records and Audit) Rules 2014 and The Companies (Audit and Auditors) Rules 2014, maintenance of Cost Records as well as submission of Cost Audit Report is applicable to the Company. Accordingly, the Board, on the recommendation of the Audit Committee, appointed Mr. N. Thiagarajan, Cost Accountant, to conduct audit of the cost records of the company for the purpose of submission of Cost Audit Report for the Financial Years 2015-16, 2016-17 and 2017-18 and also fix the remuneration payable to him. The Company had also taken approval of the shareholders at the Annual General

Meeting for the appointment and payment of remuneration to Mr. N. Thiagarajan, Cost Auditor. However, Mr. N. Thiagarajan, Cost Auditor appointed by the company, citing personal reasons had expressed his inability to conduct Cost Audit and furnish Cost Audit Report for the Financial Years 2015-16, 2016-17 and 2017-18 and consequently the company has to appoint another person in his place.

Accordingly, the Board, on the recommendation of the Audit Committee, appointed M/s G. Sugumar & Co, Cost Accountants, as Cost Auditor for the Financial Years 2015-16, 2016-17 and 2017-18 and fixed their remuneration at Rs.50,000 (Rupees fifty thousand only), plus out of pocket expenses and applicable GST, for each of the said financial years.

The Board recommends the same for approval of the Members.

#### **Item No.5:**

In terms of Section 148 of the Companies Act, 2013 read with The Companies (Cost Records and Audit) Rules 2014 and The Companies (Audit and Auditors) Rules 2014, maintenance of Cost Records as well as submission of Cost Audit Report is applicable to the Company.

Accordingly, It is now proposed to re-appoint M/s G. Sugumar & Co, Cost Accountants, as Cost Auditor for the Financial Year 2018-19. The Audit Committee of the Board had earlier considered and approved the appointment of M/s G. Sugumar & Co, Cost Accountants, as Cost Auditor and also fixed his remuneration at Rs.50,000/- plus out of pocket expenses and applicable GST.

#### **Item No.6**

The Company proposes to enter into transactions with the related parties in the financial year 2018-19 as mentioned in the resolution which requires the approval of the shareholders by means of special resolution. The details regarding the transaction as required under the Act are given below:

## EMPEE SUGARS AND CHEMICALS LIMITED

Name of the related parties	M/s. Aruna Constructions
Name of the Director or Key Managerial Personnel who is related, if any	Mr. M.P.Purushothaman Ms. Nisha Purushothaman
Nature of Relationship	Director / Partner
Nature, Material Terms, Monetary Value and Particulars of the Contract or arrangement	Office Rent : Rs. 18.216 lakhs
Duration of Contract Or arrangement	Rent for Head Office and Guest house as per agreement.

The Directors/KMPs of the respective companies as mentioned above are concerned / interested in the resolution being Directors/KMPs and/or shareholders to the extent of their shareholding in the company.

The Directors recommend the resolution as set out in the Notice for the approval by the members as a Special Resolution.

### Item No.7

As Members may be aware, Empee Distilleries Limited (EDL) , the parent company – promoter , provided share application money to the extent of Rs.140.36 crs to Empee Sugars and Chemicals Ltd (ESCL), being its subsidiary company during the period from 7<sup>th</sup> July 2008 to 30<sup>th</sup> September 2012. ESCL had to allot 0% convertible preference shares to EDL which however could not materialise due to non receipt of BSE and SEBI approvals for allotment of shares, and hence the share application money was kept pending. In the meantime due to erosion of the entire net worth of ESCL, it was registered as a Sick Company under the provisions of SICA with BIFR vide its Orders dated 18.11.2014. When BIFR proceedings were in progress, the GOI abolished SICA and introduced IBC in its place in December 2016 and as a result the BIFR was abolished. Hence ESCL filed an application under the provisions of IBC before NCLT, Hyderabad as a corporate debtor. Further, since most of the Bank loans

aggregating to 92% of their total bank borrowings are assigned to ARC, Edelweiss Asset Reconstruction Company Ltd, Mumbai,(EARC) the Company thought it appropriate to withdraw the IBC application. However the share application is still pending in the books of ESCL to be converted into shares. Due to serious financial issues and impending problems challenging the ESCL's survival, ESCL has decided to convert the said application money into unsecured loan subject to approval of Members of the company, members of EDL, central government and stakeholders concerned. The Board at its meeting held on 30<sup>th</sup> May 2018 decided to convert the share application money into unsecured loan and conveyed the same to EDL. EDL as a matter of abundant caution, will secure their shareholders' approval for conversion of the share application money into unsecured loan in the forthcoming AGM.

The Company is required to take the approval of the shareholders for conversion of Share Application Money into unsecured loan.

The Board recommends the Special Resolution for approval of the members.

Except to the extent of shareholding held by them in their Individual capacity, none of the Directors and Key Managerial Personnel of the Company and their relatives are concerned or interested, financial or otherwise, in the resolution.

**By Order of the Board  
For Empee Sugars and Chemicals Ltd**

**Place: Chennai  
Date : 13.8.2018**

**M.P. Purushothaman  
Chairman & Managing Director**

**EMPEE SUGARS AND CHEMICALS LIMITED**

**Details of Director(s) seeking appointment / re-appointment at the Annual General Meeting**

Name	Ms. Nisha Purushothaman
Qualifications	She is a M.B.A graduate.
Expertise in specific functional areas	She has been actively associated with the Company for the last 18 years and has rich financial, management and administrative experience.
Directorship held in other Public Limited Companies	1. Empee International Hotels & Resorts Ltd 2. Empee Holdings Ltd 3. Empee Hotels Ltd 4. Empee Power Company(India) Ltd 5. Aruna Constructions(India) Ltd 6. Empee Agro Farm Products Pvt. Ltd 7. Universal Spirits Pvt. Ltd. 8. Appollo Distilleries & Breweries Pvt. Ltd
Membership/Chairmanship of Committees of all Public Companies	Audit Committee: Member Empee Distilleries Limited (up to 15.03.2018)
No. of Share held in the Company	28,300
Relationship with any Directors of the Company	Mr. M.P. Purushothaman- Father Mr. Shaji Purushothaman- Brother

Name	Mr. Shaji Purushothaman
Qualifications	He is a Graduate in Arts and completed Oxford A Level from Oxford University
Expertise in specific functional areas	He has more than a decade of management and administrative experience in IMFL Industry.
Directorship held in other Public Limited Companies	1. Empee International Hotels & Resorts Ltd 2. Empee Holdings Ltd 3. Empee Hotels Ltd 4. Empee Power Company(India) Ltd 5. Aruna Constructions(India) Ltd 6. Empee Agro Farm Products Pvt. Ltd 7. Universal Spirits Pvt. Ltd. 8. Appollo Distilleries & Breweries Pvt. Ltd 9. Appollo wind energy Pvt. Ltd 10. Empee Marine Products Pvt. Ltd 11. Empee Communication Ltd
Membership/Chairmanship of Committees of all Public Companies	Audit Committee/ Stakeholder relationship Committee/ CSR Committee : Member Empee Distilleries Ltd
No. of Share held in the Company	28,100
Relationship with any Directors of the Company	Mr. M.P. Purushothaman- Father Ms. Nisha Purushothaman- Sister

## EMPEE SUGARS AND CHEMICALS LIMITED

### BOARDS' REPORT

The Directors have pleasure in presenting their Report together with audited accounts for the year ended March 31, 2018.

#### Financial Results : (Rs. in lacs)

Particulars	2017-18 (Year ended 31.3.2018)	2016-17 (Year ended 31.3.2017)
Operating Profit/ (Loss) before Interest and Depreciation	<b>(1453.17)</b>	<b>(1163.70)</b>
Other income	<b>58.05</b>	<b>44.14</b>
Less: Interest	<b>0.38</b>	<b>46.22</b>
Less: Depreciation	<b>702.60</b>	<b>772.23</b>
Profit / (Loss) before Tax	<b>(2156.15)</b>	<b>(1982.15)</b>
Prior period items	-	-
Provision for Taxation (earlier year)	-	-
Deferred Tax Liability/ (Asset)	-	-
Profit/(Loss) after Tax	<b>(2156.15)</b>	<b>(1982.15)</b>
Brought Forward Profit /(Loss)	<b>(57202.93)</b>	<b>(55220.78)</b>
Carry Forward Profit/ (Loss)	<b>(59359.08)</b>	<b>(57202.93)</b>

#### Current States of Affairs:

Operations of the company at both Naidupet (AP) and Ambasamudram (TN) have come to a standstill due to non availability of sugarcane, non availability of working capital, non payment of old outstanding dues of sugarcane growers etc as can be seen from the current financial year turnover which has been on the declining trend year after year.

Sugar Industry is virtually dependent on the byproducts made by it for its very survival.

Consequent to non crushing of sugarcane, there was hardly any generation of power at Ambasamudram Unit .

Inspite of excess sugarcane production in India, T.N and A.P have low cane crushing due to prevailing draught conditions. Consequently cane availability at Naidupet declined. The IAP unit at Naidupet also could not run due to non-availability of Molasses in Andhra Pradesh purchasing from other states is also not viable due to higher freight costs.

Except for IOB, loan liability of all other banks have been taken over by Edelweiss ARC.

Due to default in repayment of outstanding dues, Sugar Development Fund, represented by IFCI, has filed an OA before DRT Chennai for recovery of its dues aggregating to Rs.63.17 Crores. Similarly, other vendors, suppliers (including suppliers of coal for the cogen plant) and EPC firms have dragged the company to Court/Arbitration for non settlement of their dues.

Your Directors are looking at various options to come out of this difficult situation.

#### Review of Financial Performance:

The operating loss before interest and depreciation for the year under review was Rs 1453.17 lacs. As reported in the Annual Report last year, the Sugar mill at Ambasamudram could not be operated due to non-availability of sugar cane. As a consequence of non-operations of the sugar mill, the 50MW power plant had to be shut due to dearth of Bagasse from Sugar plant and non availability of sufficient working capital for purchase of coal, being an alternate fuel.

During the year under review Sugar Unit at Naidupet crushed 59288 MTs of cane and produced 38190 quintal of Sugar and achieved a recovery rate of 6.80% as against 8.40% in the previous year.

The IAP Unit has produced 418931 litres of ENA, RS, IS/DS during the year under review.

## EMPEE SUGARS AND CHEMICALS LIMITED

### **Future Outlook:**

While the sugar industry in the country as a whole is staring at a glut situation due to host of factors, including supply being more than the domestic demand, farmers dues not being settled by sugar mills due to high sugarcane price fixed by the Govt. of India (FRP) and low realization in market, sugar mills in Tamil Nadu and A.P are facing a different kind of situation which is in stark contrast to the situation prevailing elsewhere in the country. Sugar cane being water intensive crop, due to consecutive failure of North East Monsoon, coupled with low or nil cane availability, most of the sugar mills in Tamilnadu have defaulted on their debt servicing and consequently have become NPAs and most of the banks, without giving the required financial support, have rushed to NCLT or DRT by invoking the provisions of IBC or SARFAESI Act.

Unless the Centre directs the banks to provide additional working capital facilities and also reschedule the loans availed by T.N. sugar mills with liberal moratorium and repayment period after expiry of initial moratorium period, future looks bleak for the T.N. Sugar industry.

### **Dividend :**

In view of accumulated losses since 2013, the Company is unable to declare any dividend.

### **Amounts, if any, Proposed to be carried to any Reserves.**

Due to continuous losses suffered by the Company no amount is being transferred to the General Reserves.

### **Change in the nature of business, if any :**

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

### **Equity Share Capital :**

The paid up share capital of the Company is 41972900 equity shares of Rs.10 each. The share application money of Rs.140.36 crs provided by

Empee Distilleries Ltd, the parent company - promoters, will be converted into unsecured loan subject to necessary approvals and clearances from all concerned.

### **Material Changes and commitments affecting the financial position of the Company between the end of the Financial Year and the date of the Report:**

There are no material changes and commitments affecting the financial position of the company between the end of the financial year and the date of the report.

### **Subsidiaries or Joint Ventures Companies:**

The consolidated accounts of the company includes the audited accounts of subsidiaries namely Empee Power Company (India) Ltd and M/s.Appollo Wind Energy Pvt Ltd.

A statement containing salient features of the subsidiaries in form AOC 1 is annexed herewith marked as **Annexure - E** and forms part of this report. Details of web link for Policy for determining material subsidiaries are given at [www.empeegroup.co.in](http://www.empeegroup.co.in).

### **Extract of Annual Return:**

The details forming part of the extract of the Annual Return in form MGT-9 is posted on the website of the Company [www.empeegroup.co.in](http://www.empeegroup.co.in).

### **Conservation of Energy, Technology Absorption and Foreign Exchange outgo :**

Information regarding conservation of Energy, Technology absorption and Foreign Exchange earnings and outgo is given as **Annexure - G** and forms part of this Report.

### **Changes in the Directorate of the Company:**

Ms. Nisha Purushothaman who retires by rotation offers herself for re-appointment. Mr. Shaji Purushothaman was appointed as an additional Director w.e.f. 13.08.2018

## EMPEE SUGARS AND CHEMICALS LIMITED

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### Number of Board Meetings held during the year 2017-18 :

The Company has duly complied with the provisions of the Companies Act, 2013 in holding Board meetings and the details of the meetings are furnished in the Corporate Governance Report.

### Director's Responsibility Statement :

In terms of Section 134 (5) of the Companies Act, 2013, the directors would like to state that:

- a. In the preparation of the annual accounts, the applicable accounting standards have been followed along with proper explanation relating to material departures;
- b. The directors have selected such accounting policies and applied them consistently and made judgments and estimates that were 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 or loss of the Company for the year under review.
- 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 had laid down internal financial controls to be followed by the company and that such internal financial controls are adequate and were operating effectively.
- f. The directors had devised proper system to ensure compliance with the provisions of all applicable laws and that such system were adequate and operating effectively.

### Board's Evaluation :

Pursuant to the provisions of the Companies Act, 2013 and Regulations of the SEBI (LODR), 2015, the Board has carried out the annual performance evaluation, performance of the Directors as well as the evaluation of the working of its Audit, Nomination and Remuneration and Compliance Committees.

While independent directors in their separate meeting have carried out to assess the performance of Chairman and Managing Director and other Directors of the Board more particularly about their business acumen and contribution to the Company, the performance evaluation of the Independent Directors was carried out by the entire Board.

The Independent Directors expressed their satisfaction with the evaluation process, functioning such as adequacy of the composition of the Board and its Committees, Board culture, execution and performance of duties, obligations, responsibilities and governance

### Details of Directors or Key Managerial personnel who were appointed or have resigned during the year :

#### Chief Financial Officer :

The Company's effort to recruit CFO could not materialize for 1) the Professionals demand huge salaries and perks 2) the Company is unable to match to the requirements of the professionals in view of present financial condition. However constant efforts are being made by the Company to recruit CFO.

#### Declaration by Independent Directors :

The Independent Directors namely, Mr.R.Rangachari and Mr.Suresh Raj Madhok have given declarations that they meet the criteria required under section 149(6) of the Companies Act, 2013. Details of web link for familiarization program of Independent Directors are given at [www.empeegroup.co.in](http://www.empeegroup.co.in)

## EMPEE SUGARS AND CHEMICALS LIMITED

### Details of Polices.

- a. Nomination and Remuneration Policy :**  
The Board has, on the recommendation of the Nomination & Remuneration Committee framed a policy for selection and appointment of Directors, Senior Management and payment of their remuneration. The Company's Remuneration Policy is available on the Company's website [www.empeegroup.co.in](http://www.empeegroup.co.in) and the same is attached herewith as **Annexure - C**.
- b. Risk Management Policy :**  
Business Risk Evaluation and Management is an ongoing process within the Organization. Pursuant to Section 134(3)(n) of the Companies Act, 2013, the Board has framed a Risk Management Policy for the Company. The Company has in place a mechanism to identify, assess, monitor and mitigate various risks to key business objectives. Major risks identified by the business and functions are systematically addressed through mitigating actions on a continuing basis.
- c. Whistle Blower Policy :**  
Your Company has formulated a Vigil Mechanism Policy with a view to provide a mechanism for employees and directors of the Company to approach the Audit Committee to ensure adequate safeguards against victimisation. This policy would help to create an environment wherein individuals feel free and secure to raise an alarm, whenever any fraudulent activity takes place or is likely to take place. It will also ensure that complainant(s) are protected from retribution, whether within or outside the organization. The details of establishment of the Vigil Mechanism Policy as per **Annexure – D** is displayed on the website of the Company [www.empeegroup.co.in](http://www.empeegroup.co.in).

### Auditors'

#### Statutory Auditors :

M/s. Venkatesh & Co, Chartered Accountants, who were appointed as Statutory Auditors for five years in terms of Sec. 139, 141 of the Companies Act, 2013 shall hold office till the conclusion of the 28<sup>th</sup> AGM of the Company to be held in the year 2019.

The Companies Act, 2013 has been amended so as to dispense the requirement of ratification of appointment of Statutory Auditors at every subsequent AGM. Hence seeking approval of shareholders does not arise.

#### Audit Qualification :

##### a. Qualification :

The company Empee Sugars and Chemicals Ltd (ESCL) has received amount of Rs. 140.36 crores from 7<sup>th</sup> July 2008 to 30<sup>th</sup> September 2012 (refer note no 4) towards share application money from holding Company Empee Distilleries Ltd. These shares could not be allotted to the applicant company in view of the non-receipt of approval from the SEBI and stock Exchange. By virtue of the Rules of the Companies Acceptance and Deposit Rules, these are public deposits to be repaid.

#### Reply :

The Company received share application money of Rs.140.36 crs from promoters namely Empee Distilleries Limited (EDL), the holding Company from 7<sup>th</sup> July 2008 to 30<sup>th</sup> September 2012. The Company had to allot 0% convertible preference shares to EDL the holding Company and since stock exchange (BSE) and SEBI approvals could not be obtained, the same is kept pending. In the meantime due to erosion of the entire net worth of the Company, the Company was registered as a Sick Company under the provisions of SICA with BIFR vide its orders dated 18 11 2014. When BIFR proceedings were in

## EMPEE SUGARS AND CHEMICALS LIMITED

progress, the GOI abolished SICA and introduced IBC in its place in December 2016 and as a result the BIFR was abolished. Hence the Company filed an application under the provisions of IBC before NCLT, Hyderabad as a corporate debtor. Since most of the Bank loans aggregating to 92% of the total bank borrowings are assigned to ARC, Edelweiss Asset Reconstruction Company Ltd, (EARC) Mumbai, the Company thought it appropriate to withdraw the IBC application. However the share application is still pending in the books of the Company to be converted into shares. Due to serious financial issues and impending problems challenging the company's survival, the Company thought it appropriate to convert the said money into unsecured loan and hence requested the holding company accordingly. The holding company has accepted the proposal and hence the Company will approach Edelweiss Reconstruction Company Ltd, Mumbai, for the said conversion and also seek the shareholders' approval in the forthcoming AGM.

### **b. Qualification:**

Balances of Sundry debtors amounting to Rs. 87.98 Lakhs, Trade payables of Rs. 4,085.03 Lakhs, Advance to suppliers of Rs. 621.34 Lakhs, Cane advances of Rs. 82.96 Lakhs, Harvester Advances of Rs. 152.76 Lakhs and other deposits of Rs. 181.49 Lakhs is subject to confirmation and reconciliation. The impact of this on the profitability is not ascertainable.

**Reply :** Being reconciled and confirmed

### **c. Qualification:**

The Sugar Unit at Ambasamudram has not been functioning for the last 5 years, However no impairment of assets in accordance with IND AS 36 (Impairment of Assets) at the sugar unit at Ambasamudram has been considered in accounts and the financial impact of the same is not presently ascertainable.

**Reply :** The Company's entire net worth has been eroded and the management is planning to

restructure the operations in consultation with Edelweiss Assets Reconstruction Company Ltd, (EARC) being the major lender after assignment of bank loans (excepting IOB) in favour of EARC.

### **d. Qualification:**

Interest has not been provided on loans amounting in all to Rs.702.05 Crores availed from banks and including Loans assigned by the banks in favour of Edelweiss Asset Reconstruction Company Ltd.

### **Reply :**

Since final agreement with Edelweiss Reconstruction Company Ltd is pending to be concluded, interest on the bank loans are not provided for.

### **e. Qualification:**

Net Bank Balances amounting to Rs. 2.36 Crore is subject to Confirmation and reconciliation.

**Reply :** Being reconciled

### **Secretarial Auditors :**

M/s. S Dhanapal & Associates, a firm of Practicing Company Secretaries, Chennai has been appointed as Secretarial Auditors of the Company for the Financial Year 2018-19 in the Board meeting held on 30.05.2018.

The Secretarial Audit Report received from the Secretarial Auditors is annexed to this report marked as **Annexure-F** and forms part of this report.

### **Cost Auditors :**

The Board has appointed Mr.G. Sugumar & Co. as Cost Auditor of the Company in terms of Section 148 of the Companies Act, 2013 for the financial year 2018-19 in the Board meeting held on 30.05.2018. A resolution to ratify the payment of remuneration to Mr.G. Sugumar & Co, Cost Auditor for the financial year 2018-19 is set out in the notice convening the AGM.



## EMPEE SUGARS AND CHEMICALS LIMITED

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### **Details in respect of Fraud reported by Auditors under section 143 of the act:**

Not Applicable

### **Audit Committee:**

The Audit Committee comprises of Mr.R. Rangachari, Independent Director as the Chairman, Mr. Suresh Raj Madhok, Independent Director and Ms. Nisha Purushothaman, Non-Executive Non – Independent Director as Members.

### **Details of recommendation of audit committee which were not accepted by the Board along with reasons:**

The same is not applicable as the Audit Committee's recommendations were accepted and implemented by the Board.

### **Disclosure under the sexual harassment of women at workplace (prevention, prohibition and redressal) Act, 2013.**

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

The Company has not received any complaint on sexual harassment during the financial year 31.03.2018.

### **Particulars of Loans, Guarantees or Investments under section 186 :**

The particulars of loans, guarantees and investments u/s 186 of the Companies Act, 2013 is annexed herewith as **Annexure-A**.

### **Related party Transactions :**

The details of Related Party Transactions during the year ended 31.03.2018, being arm's length transactions have been reported in the Financial statements and forms part of this report in AOC-2 as per **Annexure –H**

### **Significant and material orders passed by the regulators or courts or tribunals impacting the going concern status and company's operations in future:**

There is no significant and material orders passed by the regulators or courts or tribunals impacting the going concern status and company's operations in future

### **Details of Policy developed and Implemented by the Company on its CSR Initiatives.**

As the Company suffering losses past several years, it is not required to make any policy for Corporate Social Responsibility.

### **Deposits :**

Your Company has not invited or accepted any fixed deposits either from the public or from the shareholders of the Company, during the period under review.

### **Management Discussion and Analysis Report :**

The Management Discussion and Analysis Report is annexed herewith as **Annexure–B**.

### **Corporate Governance :**

As required by Regulation 34 of SEBI's LODR, 2015 with the Stock Exchanges, the Corporate Governance Report and the Auditor's Certificate regarding compliance of Corporate Governance, forms part of the Annual Report.

**EMPEE SUGARS AND CHEMICALS LIMITED**

**Board Committees :**

<b>Name of the Committee</b>	<b>Composition</b>	<b>Details of Meetings held during the year 2017-18</b>
Audit Committee	Mr.R.Rangachari – Chairman Mr.Suresh Raj Madhok Ms.Nisha Purushothaman	29.5.2017, 9.9.2017, 14.12.2017 and 12.2.2018
Nomination & Remuneration Committee	Mr.Suresh Raj Madhok – Chairman Mr.R.Rangachari Ms.Nisha Purushothaman	29.5.2017 , 9.9.2017, 14.12.2017 , 12.2.2018
Stakeholders' Relationship Committee	Mr.R.Rangachari – Chairman Mr.Suresh Raj Madhok Ms.Nisha Purushothaman	7.4.2017, 23.5.2017, 30.5.2017 13.6.2017, 11.11.2017, 25.11.2017, 26.12.2017, 30.12.2017, 21.2.2018

**Details of Pecuniary relationship or transaction of the non-executive independent directors Vis a Vis the Company :**

There is no pecuniary relationship or transactions of the Non-Executive Independent Directors vis-à-vis the company for the year ended 31.3.2018.

**Managerial Remuneration:**

The details of employees/managerial persons remuneration as required to be given u/s 197 of the Companies Act, 2013 read along with Rule 5(2) of the Companies (Appointment and Remuneration of Managerial personnel) Rules 2014 as applicable is attached herewith as **Annexure-I**.

**Adequacy of Internal Financial Controls :**

The Company has a proper and adequate internal control system to ensure that all assets are safeguarded and protected against loss from unauthorized use or disposition and those transactions are authorised, recorded and reported correctly.

The Internal Audit/Control is exercised through an external auditor namely, M/s. Ramesh Subramaniam & Co., Chartered Accountants,

Chennai. The audit observations and corrective action taken thereon are periodically reviewed by the audit committee to ensure effectiveness of the internal audit/control system.

**Industrial Relations:**

The Industrial relations continued to remain congenial during the year.

**Acknowledgement :**

Your Directors wish to express their gratitude for the continuous assistance and support extended by the Banks, Financial Institutions, Customers and Government authorities and also to the shareholders for their confidence in the management. Further, your Directors also place on record their deep sense of appreciation for the contributions made by employees at all levels to the growth and success of the company.

**For and on behalf of the Board of Directors**

**M.P.Purushothaman  
Chairman & Managing Director**

**Place: Chennai  
Date : 13.8.2018**

**Annexure -A**

**LOANS, INVESTMENTS & GUARANTEES U/S. 186 OF THE COMPANIES ACT.**

The Particulars of loans, guarantees and investments under section 186 of the Act read with the Companies (Meeting of Board and its Powers) Rules, 2014, for the financial year 2017-18 are given in the Notes to the Financial statements.

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**Annexure - B**

**MANAGEMENT DISCUSSION AND ANALYSIS REPORT**

**Industry outlook:**

Sugar Industry is an important agro based industry employing lakhs and lakhs of workers. Even though India is the second largest producer of sugar in the world, the problems currently being faced by the farmers and sugar mills are manifold.

Due to cost of production being more than the selling price, coupled with falling sugar prices and sugar supply glut situation, everyone involved in the industry, be it farmers, sugar mills and Central and State governments are in a quandary .

To add to the distress, global sugar prices are so depressed and sugar mills being uncompetitive in the global market, possibility of export of sugar happening also appears remote.

To address the issues faced by the Sugar Industry, the Centre has announced a Rs.7000 Crores bail out package to provide relief to Sugar Mills and farmers.

A Crisil report says that though the bail out package is well intended does nothing to address the structural issues faced by the Sugar Industry, the most acute being non linkage of sugar cane prices to end products realization.

Taking into account the complex nature of the industry, both the Centre and the States should take coordinated efforts to mitigate the sufferings of the ailing industry and farmers.

**Segment wise performance:**

During the year under review Sugar Unit at Naidupet crushed 59288 MTs of cane and produced 38190 quintal of Sugar and achieved a recovery rate of 6.80% as against 8.40% in the previous year.

The IAP Unit has produced 418931 Ltr. of ENA, RS, IS/DS during the year under review.

**Financial Performance**

The Financial performance and outlook is furnished in the Director's Report.

**Internal Control System :**

The company has a well-established internal control system in the form of well-documented policies, authorization guidelines commensurate with the level of responsibility and standard operating procedures, to ensure proper functioning of operations. Moreover, the company appointed an independent external Internal Auditors to periodically review and make continuous assessments of the adequacy and effectiveness of the internal control and systems.

The Board, Audit Committee and the Management, reviewed the findings and recommendations of the Internal Auditors and took corrective action, wherever necessary.

**Cautionary Statement :**

Statements in this Report describing the Company's objectives, estimates and expectations may constitute "forward looking statements" within the meaning of applicable laws and regulations. Actual results might differ materially from those either expressed or implied. Important factors that could make a difference to the Company's operations include global and Indian demand supply conditions, finished goods prices, feedstock availability and prices, cyclical demand and pricing in the Company's principal markets, changes in Government regulations, tax regimes, economic developments within India and the countries within which the Company conducts businesses and other factors such as litigation and labour negotiations. The Company assumes no responsibility to publicly amend, modify or revise any forward looking statements, on the basis of any subsequent development, information or events or otherwise.

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**Annexure –C**

**Nomination and Remuneration Policy**

**INTRODUCTION**

In pursuance of the Company's policy to consider human resources as its invaluable assets, to pay equitable remuneration to all Directors, key managerial personnel and employees of the company, to harmonize the aspirations of human resources consistent with the goals of the company and in terms of the provisions of the Companies Act, 2013 and SEBI (LODR), 2015 this policy on nomination and remuneration of Directors, Key Managerial Personnel (KMP) and Senior Management has been formulated by the Nomination and Remuneration/Compensation Committee ("NRC") and approved by the Board of Directors of the Company.

**CONSTITUTION OF COMMITTEE**

The Board of Directors of the Company (the Board) constituted the committee to be known as the Nomination and Remuneration Committee (NRC) consisting of three non-executive directors. The Chairman of the Committee is an Independent Director.

## EMPEE SUGARS AND CHEMICALS LIMITED

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### OBJECTIVE

The Nomination and Remuneration/Compensation Committee and this Policy shall be in compliance with Section 178 of the Companies Act, 2013 read along with the applicable rules thereto and Regulation 19 of SEBI(LODR), 2015. The objective of this policy is to lay down a framework in relation to remuneration of directors, KMP, senior management personnel and other employees. The Key Objectives of the Committee would be:

- To guide the Board in relation to appointment and removal of Directors, Key Managerial Personnel and Senior Management.
- Formulate the criteria for determining qualifications, positive attributes of a director and recommend to the Board a policy relating to the remuneration of Directors, key managerial personnel and other employees.
- To recommend to the Board on Remuneration payable to the Directors, Key Managerial Personnel and Senior Management.
- To provide to Key Managerial Personnel and Senior Management reward linked directly to their effort, performance, dedication and achievement relating to the Company's operations.
- To retain, motivate and promote talent and to ensure long term sustainability of talented managerial persons and create competitive advantage.

### APPLICABILITY

- Directors (Executive and Non Executive)
- Key Managerial Personnel
- Senior Management Personnel

### DEFINITIONS

“**Act**” means the Companies Act, 2013 and Rules framed there under, as amended from time to time.

“**Board**” means Board of Directors of the Company.

“**Directors**” mean Directors of the Company.

“**Key Managerial Personnel**” means

- i. Managing Director, or Chief Executive Officer or Manager and in their
- ii. absence, a Whole-time Director;
- iii. Chief Financial Officer;
- iv. Company Secretary; and
- v. such other officer as may be prescribed.

“**Senior Management**” means Senior Management means the personnel of the company who are members of its core management team excluding Board of Directors comprising all members of management one level below the executive directors, including the functional heads.

Unless the context otherwise requires, words and expressions used in this policy and not defined herein but defined in the Companies Act, 2013 as may be amended from time to time shall have the meaning respectively assigned to them therein.

## EMPEE SUGARS AND CHEMICALS LIMITED

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### POLICY FOR APPOINTMENT AND REMOVAL OF DIRECTOR, KMP AND SENIOR MANAGEMENT

#### 1. Appointment Criteria and Qualifications

a) The Committee shall identify and ascertain the integrity, qualification, expertise and experience of the person for appointment as Director, KMP or at Senior Management level and recommend to the Board his / her appointment.

b) A person should possess adequate qualification, expertise and experience for the position he / she is considered for appointment. The Committee has discretion to decide whether qualification, expertise and experience possessed by a person is sufficient / satisfactory for the concerned position.

c) The Company shall not appoint or continue the employment of any person as Whole-time Director who has attained the age of seventy years. Provided that the term of the person holding this position may be extended beyond the age of seventy years with the approval of shareholders by passing a special resolution based on the explanatory statement annexed to the notice for such motion indicating the justification for extension of appointment beyond seventy years.

#### 2. Term / Tenure

##### a) Managing Director/Whole-time Director:

The Company shall appoint or re-appoint any person as its Executive Chairman, Managing Director or Executive Director for a term not exceeding five years at a time. No re-appointment shall be made earlier than one year before the expiry of term.

##### b) Independent Director:

An Independent Director shall hold office for a term up to five consecutive years on the Board of the Company and will be eligible for re-appointment on passing of a special resolution by the Company and disclosure of such appointment in the Board's report.

No Independent Director shall hold office for more than two consecutive terms of upto maximum of 5 years each, but such Independent Director shall be eligible for appointment after expiry of three years of ceasing to become an Independent Director.

Provided that an Independent Director shall not, during the said period of three years, be appointed in or be associated with the Company in any other capacity, either directly or indirectly.

At the time of appointment of Independent Director it should be ensured that number of Boards on which such Independent Director serves is restricted to seven listed companies as an Independent Director and three listed companies as an Independent Director in case such person is serving as a Whole-time Director of a listed company or such other number as may be prescribed under the Act.

The Committee shall carry out evaluation of performance of every Director, KMP and Senior Management Personnel at regular interval (yearly).

## EMPEE SUGARS AND CHEMICALS LIMITED

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### **3. Removal**

Due to reasons for any disqualification mentioned in the Act or under any other applicable Act, rules and regulations there under, the Committee may recommend, to the Board with reasons recorded in writing, removal of a Director, KMP or Senior Management Personnel subject to the provisions and compliance of the said Act, rules and regulations.

### **4. Retirement**

The Director, KMP and Senior Management Personnel shall retire as per the applicable provisions of the Act and the prevailing policy of the Company. The Board will have the discretion to retain the Director, KMP, Senior Management Personnel in the same position/ remuneration or otherwise even after attaining the retirement age, for the benefit of the Company.

## **POLICY FOR REMUNERATION TO DIRECTORS/KMP/SENIOR MANAGEMENT PERSONNEL**

### **1. Remuneration to Managing/Whole-time / Executive / Managing Director, KMP and Senior Management Personnel:**

The Remuneration/ Compensation/ Commission etc. to be paid to Director / Managing Director etc. shall be governed as per provisions of the Companies Act, 2013 and rules made there under or any other enactment for the time being in force.

### **2. Remuneration to Non- Executive / Independent Director:**

The Non-Executive Independent Director may receive remuneration / compensation / commission as per the provisions of Companies Act, 2013. The amount of sitting fees shall be subject to ceiling/ limits as provided under Companies Act, 2013 and rules made there under or any other enactment for the time being in force.

## **DUTIES IN RELATION TO NOMINATION MATTERS**

The duties of the Committee in relation to nomination matters include:

- Ensuring that there is an appropriate induction in place for new Directors and members of Senior Management and reviewing its effectiveness;
- Ensuring that on appointment to the Board, Non-Executive Directors receive a formal letter of appointment in accordance with the Guidelines provided under the Act;
- Identifying and recommending Directors who are to be put forward for retirement by rotation
- Determining the appropriate size, diversity and composition of the Board;
- Developing a succession plan for the Board and Senior Management and
- regularly reviewing the plan;
- Evaluating the performance of the Board members and Senior Management in the context of the Company's performance from business and compliance perspective;
- Making recommendations to the Board concerning any matters relating to the continuation in office of any Director at any time including the suspension or termination of service of an Executive Director as an employee of the Company subject to the provision of the law and their service contract.
- Delegating any of its powers to one or more of its members or the Secretary of the Committee;
- Recommend any necessary changes to the Board; and
- Considering any other matters, as may be requested by the Board.

**DUTIES IN RELATION TO REMUNERATION MATTERS**

The duties of the Committee in relation to remuneration matters include:

- Considering and determining the Remuneration Policy, based on the performance and also bearing in mind that the remuneration is reasonable and sufficient to attract retain and motivate members of the Board and such other factors as the Committee shall deem appropriate all elements of the remuneration of the members of the Board.
- Approving the remuneration of the Senior Management including key managerial personnel of the Company maintaining a balance between fixed and incentive pay reflecting short and long term performance objectives appropriate to the working of the Company.
- Delegating any of its powers to one or more of its members or the Secretary of the Committee.
- Considering any other matters as may be requested by the Board.

**REVIEW AND AMENDMENT**

- i) The NRC or the Board may review the Policy as and when it deems necessary.
  - ii) The NRC may issue the guidelines, procedures, formats, reporting mechanism and manual in supplement and better implementation to this Policy, if it thinks necessary.
  - iii) This Policy may be amended or substituted by the NRC or by the Board as and when required and also by the Compliance Officer where there is any statutory changes necessitating the change in the policy.
- 

**Annexure – D**

**Whistleblower Policy**

**Introduction**

EmpeeSugars and Chemicals Limited (ESCL) is firmly committed to conducting its business and relationships with all stakeholders including employees, customers, suppliers, shareholders and business associates in a manner that is lawful and ethically responsible and at all times, in a way that reflects the Company's values. It will not tolerate attitudes or activities that constitute a breach of law or trust or infringe collective or individual liberties in any way. This approach is described in the Company's Code of Conduct & Ethics.

The Whistleblower policy formalisesESCL's commitment to enabling employees and business associates to make fair and prompt disclosure of circumstances where it is genuinely believed that a part of ESCL's business is engaged in inappropriate practices and that the Code of Conduct & Ethics is being violated. The policy sets out arrangements that encourage individuals to report concerns about unethical behaviour, actual or suspected fraud or violations of the Code of Conduct & Ethics, knowing that in so doing, they are acting in the best interests of all ESCL stakeholders. This policy also ensures that the whistleblower will be protected from retaliation and reprisal.

Normally any such concern about a workplace situation should be raised with the employee's immediate line manager or if identified by a business associate, raised with the appropriate member of the ESCL Management Team. However, it is recognised that because of the seriousness and sensitivity of some issues, together with the knowledge of who the employee or business associate thinks may be involved in wrongdoing, this may be difficult or even impossible.



### **Scope of Policy**

This policy is intended to cover any concerns which are in the public interest. These might include:

- Breach of any internal controls or Company policy relating to financial malpractice or fraud
- Failure to comply with a legal obligation
- Dangers to health and safety of the environment
- Criminal activity
- Miscarriage of justice
- Violation of the Company's Code of Conduct & Ethics
- Attempts to conceal any of the above

This is not intended to be a complete list and any matter raised under this policy will be considered seriously. However, matters of purely operational nature should not be raised under this policy. Instead such matters should be raised through the usual organisational channels.

### **Safeguards**

#### **Protection**

This policy is designed to offer protection to those employees or business associates who disclose such concerns provided the disclosure is made in:

- i. Accordance with the procedures laid down,
- ii. Good faith, and
- iii. The reasonable belief of the individual making the disclosure that malpractice has taken place.

### **Confidentiality**

The Company will treat all such disclosures in a sensitive manner and will endeavour to keep the identity of an individual making an allegation confidential. However, the investigation process may inevitably reveal the source of the information and the individual, making the disclosure may need to provide a statement which cannot be kept confidential if legal proceedings arise.

### **Anonymous Allegations**

This policy encourages individuals to put their name to any disclosures they make.

### **Untrue/Malicious/Vexatious Allegations**

If an individual makes an allegation, which is not confirmed by subsequent investigation and then it shows that an individual has made malicious or vexatious allegations for personal leverage and particularly if he or she persists with making them, disciplinary action may be taken against the concerned individual.

### **Procedure for Making a Disclosure**

Employees are entitled to make their disclosure in the first instance through their line manager or if they feel it would be more appropriate to approach directly the Compliance Officer, the Managing Director, the Audit Committee Chairman or the Chairman of the Board.

## EMPEE SUGARS AND CHEMICALS LIMITED

Contact should be made by phone, email or in writing and should include as much detail and evidence as possible. Upon receipt of the disclosure the matter will be investigated immediately to ascertain all the facts and a recommendation will be made to the Board. The recommendation will include a revision of Company policies and procedures to reduce the risk of re-occurrence.

### Protection Against Retaliation

ESCL commits to ensure that no retaliatory action, of any sort, will take place against any employee or business associate making a disclosure in good faith.

### Reporting

The Compliance Officer, the Managing Director, the Chairman of the Audit Committee or the Chairman of the Board will be responsible for reporting any whistleblowing disclosures to the Audit Committee.

### Contacts

The relevant contacts are :

Person	Position	Email Address
Ms.NishaPurushothaman	Director	nishapurushothaman@empeegroup.co.in
Mr.M.P.Purushothaman	Chairman of the Board	mppurushothaman@empeegroup.co.in
Mr. R. Rangachari	Independent Director	sharangachari@gmail.com
Mr. Suresh Raj Madhok	Independent Director	suresh.madhok@gmail.com

### Form AOC-I

Annexure – E

(Pursuant to first proviso to sub-section (3) of section 129 read with rule 5 of Companies (Accounts) Rules, 2014)

### Statement containing salient features of the financial statement of subsidiaries / associate companies/joint ventures

#### Part "A": Subsidiaries

Rs. in lacs

1	Sl. No.	1	2
2	Name of the subsidiary	<b>Empee Power Company (India) Ltd</b>	<b>Appollo Wind Energy Pvt Ltd</b>
3	Reporting period for the subsidiary concerned, if different from the holding company's reporting period	01.4.2017 To 31.3.2018	01.4.2017 To 31.3.2018
4	Reporting currency and Exchange rate as on the last date of the relevant Financial year in the case of foreign subsidiaries.	N.A.	N.A.

**EMPEE SUGARS AND CHEMICALS LIMITED**

5	Share capital	232.75	1.00
6	Reserves & surplus	(3366.47)	-
7	Total assets	7612.33	-
8	Total Liabilities	7612.33	-
9	Investments	-	-
10	Turnover	133.09	-
11	Profit before taxation	(1449.10)	-
12	Provision for taxation/Deferred taxation	-	-
13	Profit after taxation	(1086.10)	-
14	Proposed Dividend	-	-
15	% of shareholding	100	100

- Names of subsidiaries which are yet to commence operations : M/s. Appollo Wind Energy PvtLtd.
- Names of subsidiaries which have been liquidated or sold during the year : Nil

**Part “B”: Associates and Joint Ventures**

Statement pursuant to Section 129 (3) of the Companies Act, 2013 related to Associate Companies and Joint Ventures

<b>Name of Associates/Joint Ventures</b>	<b>N.A</b>
Latest audited Balance Sheet Date	
Shares of Associate /Joint Ventures held by the company on the year end	
No. of shares	
Amount of Investment in Associates /	
Joint Venture	
Extend of Holding %	
Description of how there is significant influence	
Reason why the associate /joint venture is not consolidated	
Net-worth attributable to Shareholding as per latest audited Balance Sheet	
Profit / Loss for the year	
i. Considered in Consolidation ii. Not Considered in Consolidation	

- Names of associates or joint ventures which are yet to commence operations.
- Names of associates or joint ventures which have been liquidated or sold during the year.

## EMPEE SUGARS AND CHEMICALS LIMITED

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ANNEXURE - F

FORM NO. MR-3

### SECRETARIAL AUDIT REPORT FOR THE FINANCIAL YEAR ENDED 31.03.2018

*[Pursuant to section 204(1) of the Companies Act, 2013 and rule No.9 of the Companies (Appointment and Remuneration Personnel) Rules, 2014]*

To,  
The Members,  
**EMPEE SUGARS AND CHEMICALS LIMITED,**  
Nellore District,  
Andhra Pradesh

1. We have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by **M/s.EmpeeSugars and Chemicals Limited**, (hereinafter called the company). Secretarial Audit was conducted based on records made available to us, in a manner that provided us a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing our opinion/understanding thereon.
2. Based on our verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the Company and made available to us and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, we, on strength of those records, and information so provided, hereby report that in our opinion and understandings, the Company has, during the audit period covering the financial year ended on **March 31, 2018**, appears to have complied with the statutory provisions listed hereunder and also in our limited review, that the Company has proper and required Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter.

We have examined the books, papers, minute's book, forms and returns filed and other records maintained by the Company and made available to us, for the financial year ended on **March 31, 2018** according to the applicable provisions of:

- i) The Companies Act, 2013 (the Act) and the rules made thereunder and the Companies Act, 1956 and the rules made thereunder as applicable;
- 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) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI ACT'):-
  - a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
  - b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992;
  - c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009;

## EMPEE SUGARS AND CHEMICALS LIMITED

- d) The Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999; Not applicable as the Company has not issued any shares/options to directors/employees under the said guidelines / regulations during the year under review
  - e) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008; Not applicable as the Company has not issued any debt securities which were listed during the year under review
  - 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 as the Company is not registered as Registrar to Issue and Share Transfer Agent during the year under review
  - g) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009; Not applicable as the Company has not delisted / propose to delist its equity shares from any Stock Exchange during the year under review and
  - h) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998; Not applicable as the Company has not bought back or propose to buy-back any of its securities during the year under review and
- v) The management has informed that it has withdrawn the application filed with the National Company Law Tribunal, Hyderabad Bench during the year.

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

- i) Secretarial Standards issued by The Institute of Company Secretaries of India with respect to Meetings of Board of Directors (SS-1) and General Meetings (SS-2) made effective 1<sup>st</sup>July, 2015 and revised with effect from 01.10.2017
- ii) The Listing Agreements entered into by the Company with BSE Limited and The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

During the period under review, the Company has generally complied with the applicable provisions of the Act, Rules, Regulations, Guidelines, Standards, etc. mentioned above subject to few lapses under the Companies Act, 2013, SEBI (LODR) Regulations, 2015 relating to delay in filing of e-forms, delay in appointment of Cost Auditor, conducting Cost Audit and filing of Cost Audit Report, share application money pending allotment, loan to related entities.

It is represented to us that the company has initiated measures, wherever required, to address issues raised by the statutory authorities and letters/notices received by the Company during the financial year under various enactments as applicable to the company.

We further report that the related documents that we have come across depict, that

The Board of Directors of the Company is constituted as applicable with proper balance of Executive Directors, Non-Executive Directors and Independent Directors during the year and the changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act.

## EMPEE SUGARS AND CHEMICALS LIMITED

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Adequate notice is given to all directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent at least seven days in advance and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.

Majority decision is carried through while the dissenting members' views are captured and recorded as part of the minutes.

**We further report that** based on review of compliance mechanism established by the Company and on the basis of the Compliance Certificate(s) issued by the Company Secretary and taken on record by the Board of Directors at their meeting(s), there appear 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.

**We further report that** during the audit period the Company has sought the approval of its members for following main events:

- Appointment of Mr. Suresh Raj Madhok as an Independent Director
- Ratification of Remuneration Payable to Cost Auditor
- Approval for Transaction with Related Parties

**We further report that**, as per the information provided to us, during the audit period, we also came across a number of legal proceedings pending against the company including proceedings under Insolvency and Bankruptcy Code, 2016 which the management of the company informed is being taken care of at their end.

**We further report that** our Audit is subjected only to verifying adequacy of systems and procedures that are in place for ensuring proper compliance by the Company and we are not responsible for any lapses in those compliances on the part of the Company.

**Place: Chennai**  
**Date: 13.08.2018**

**For S Dhanapal & Associates**  
**(A firm of Practicing Company Secretaries)**

**N.Ramanathan**  
**( Partner)**  
**C.P.No 11084**

**This Report is to be read with our testimony of even date which is annexed as Annexure A and forms an integral part of this report.**

**EMPEE SUGARS AND CHEMICALS LIMITED**

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**Annexure A**

**To**

The Members,  
**EMPEE SUGARS & CHEMICALS LIMITED**  
Nellore District,  
Andhra Pradesh

Our report of even date is to be read along with this supplementary testimony

**Management's Responsibility**

- a. Maintenance of secretarial record is the responsibility of the Management of the Company. Our responsibility is to express an opinion on these secretarial records based on our audit.

**Auditor's Responsibility**

- b. Our responsibility was to express an opinion on the secretarial records, standards and procedures followed by the company with respect to secretarial compliances.
- c. We believe that audit evidence and information obtained from company's management is adequate and appropriate for us to provide a basis for our opinion.
- d. Where ever required, we have obtained Management representation about the compliance of laws, rules and regulations and happenings of events etc.

**Disclaimer**

- e. The Secretarial Audit is neither an assurance as to the future viability of the company nor of the efficacy or effectiveness with which the management conducted the affairs of the Company.

**Place: Chennai**  
**Date: 13.08.2018**

**For S Dhanapal & Associates**  
**(A firm of Practicing Company Secretaries)**

**N.Ramanathan**  
**( Partner)**  
**C.P.No 11084**

## EMPEE SUGARS AND CHEMICALS LIMITED

### ANNEXURE - G

Information pursuant to the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988 and forming part of the Directors report for the year ended 31<sup>st</sup> March, 2018.

#### A. CONSERVATION OF ENERGY

The Company has installed necessary energy conserving machinery as per the standard specification list prescribed by the Government of India for the factory of its size.

#### FORM A

	Year 2017-18 (Naidupet Unit)	Year 2016-17 (Naidupet Unit)
<b>(A) POWER AND FUEL CONSUMPTION</b>		
1. Electricity		
a) Purchased units (Kwh)	471532	2695101
Total Amount (Rs.)	3536490	21102641
Rate / Unit (Rs.)	7.50	7.83
b) Cogen to Sugar (Kwh)	1525576	3600832
Total Amount (Rs.)	6209094	14691395
Rate/Unit (Rs.)	4.07	4.08
c) Own generation	Nil	Nil
(i) Through Diesel Generator Units (Kwh)	Nil	15000
Units/(liter) of Diesel Oil	Nil	3.2
Cost / Unit (Rs.)	Nil	19.8
(ii) Through steam turbine (generated out of our own bagasse Consumption) units (Kwh)	Nil	Nil
2. Coal	Nil	300
Cost / Ton (Rs.)	Nil	4762
3. Furnace Oil	Nil	Nil
4. Others/Internal generation		Nil
a) Fire wood (MTs)	Nil	Nil
Rate per Mt(Rs.)	Nil	Nil
b) Husk (MTs)	509	4700
Rate per Mt (Rs.)	4800	2970
<b>(B) CONSUMPTION PER QUINTAL OF SUGAR</b>		
Sugar Produced (Qtl)	38190	103370
Electricity (Kwh/Qtl)	24.09	24.40
Coal (M.T/Qtl)	Nil	Nil
Furnace Oil (K.L/Qtl)	Nil	Nil
Fire wood (M.T/Qtl)	Nil	Nil



**EMPEE SUGARS AND CHEMICALS LIMITED**

	<b>2017-18 (Ambai Unit)</b>	<b>2016-17 (Ambai Unit)</b>
<b>(A) POWER AND FUEL CONSUMPTION - POWER DIVISION</b>		
1. Electricity		
a) Purchased units(Kwh)	5,53,500	4,42,200
Total Amount (Rs.)	1,11,55,943	98,66,586
Rate / Unit (Rs.)	20.16	22.31
b) Cogen to Sugar (Kwh)	NIL	198
c) Own generation		
(i) Through Diesel Generator Units (Kwh)	NIL	100
Units/(liter) of Diesel Oil	NIL	28.17
Cost / Unit (Rs.)	NIL	4,42,200
(ii) Through steam turbine (generated out of our own bagasse Consumption) units (Kwh)	NIL	4,55,62,300
2. Coal (MTs)	NIL	41,177.92
Cost / Ton (Rs.)	NIL	4481
3. Furnace Oil	NIL	-
4. Others/Internal generation	NIL	
a) Fire wood (MTs)	NIL	36.37
Rate per Mt(Rs.)	NIL	3,300
b) Husk (MTs)	NIL	N.A
Rate per Mt (Rs.)	NIL	N.A
<b>(B) CONSUMPTION PER QUINTAL OF SUGAR</b>		
Sugar Produced (Qtl)	NIL	NIL
Electricity (Kwh/Qtl)	NIL	NIL
Coal (M.T/Qtl)	NIL	NIL
Furnace Oil (K.L/Qtl)	NIL	NIL
Fire wood (M.T/Qtl)	NIL	NIL

**(C) TECHNOLOGY ABSORPTION AND RESEARCH AND DEVELOPMENT : NIL**

D. FOREIGN EXCHANGE EARNINGS	Nil
FOREIGN EXCHANGE OUTGO	Nil

On behalf of the Board

Place : Chennai.  
Date : 13.8.2018

**M.P.PURUSHOTHAMAN**  
Chairman & Managing Director

## EMPEE SUGARS AND CHEMICALS LIMITED

### Annexure - H (a)

#### FORM NO. AOC-2

(Pursuant to clause(h) of sub-section (3) of Section 134 of the Companies 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 arms length transaction under third proviso thereto.

1. Details of contracts or arrangements or transactions not at Arm's length basis :

SL. No.	Particulars	Details
a)	Name (s) of the related party & nature of relationship	-
b)	Nature of contracts/arrangements/transaction	-
c)	Duration of the contracts/arrangements/transaction	-
d)	Salient terms of the contracts or arrangements or transaction including the value, if any	-
e)	Justification for entering into such contracts or arrangements or transactions'	-
f)	Date of approval by the Board	-
g)	Amount paid as advances, if any	-
h)	Date on which the special resolution was passed in General meeting as required under first proviso to section 188	-

2. Details of contracts or arrangements or transactions at Arm's length basis. :

SL. No.	Particulars	Details
a)	Name (s) of the related party & nature of relationship	Aruna Constructions
b)	Nature of contracts/arrangements/transaction	Rent
c)	Duration of the contracts/arrangements/transaction	12 months
d)	Salient terms of the contracts or arrangements or transaction including the value, if any	18.216 lakhs
e)	Date of approval by the Board	12.02.2017
f)	Amount paid as advances, if any	-

On behalf of the Board of Directors

Place : Chennai  
Date : 13.8.2018

**M.P. Purushothaman**  
Chairman & Managing Director

**EMPEE SUGARS AND CHEMICALS LIMITED**

**Annexure - H (b)**

**Remuneration of Directors and Key Managerial Personnel**

**A. Remuneration paid to Chairman & Managing Director for the year ended 31.3.2018 :**

Sl. No.	Name of MD/WTD/ Manager	Particulars of Remuneration	Qualification	Experience	Amount Rs.
1.	Mr.M.P.Purushothaman	Gross Salary Provident Fund	Higher Secondary.	60 years experience in Hotel, Liquor Industry, Power and Sugar.	NIL

**B. Remuneration to key Managerial Personnel other than Managing Director**

(Rs. In Lakh)

Sl. No.	Name of Company Secretary	Particulars of Remuneration	Qualification	Experience	Amount Rs.
1.	Harshabardhan B N Praharaj	Gross Salary	ACS	1 Year in Secretarial	2.34**

\*\*Employed for part of the F.Y.2017-18

**ANNEXURE – I**

**PARTICULARS OF THE EMPLOYEES**

The information required under Section 197 of the Act read with Rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 are given below:

**a. The ratio of the remuneration of each director to the median remuneration of the employees of the company for the financial year :**

SL. No.	Name of Director / KMP	Ratio to median remuneration	% increase in remuneration in the financial year
1	Mr.M.P. Purushothaman	Nil	Nil

- b. The median remuneration for the year 2017-18 : Nil
- c. The percentage increase in the median remuneration of employees in the financial year : Nil
- d. The number of permanent employees on the rolls of Company: Nil
- e. The explanation on the relationship between average increase in remuneration and company performance : N.A.
- f. Comparison of the remuneration of the Key Managerial Personnel against the performance of the Company : N.A.

## EMPEE SUGARS AND CHEMICALS LIMITED

### Report on Corporate Governance in terms of Regulation 34 read with Schedule V of the SEBI's (Listing Obligations and Disclosure Requirements) Regulations, 2015 (LODR)

#### 1. Company's Philosophy on Corporate Governance :

The Company firmly believes that good corporate governance is the foundation of corporate excellence. A sound governance process consists of a combination of business practices which result in enhancement of shareholder value and enable the Company to fulfill its obligations to customers, employees, financiers and to the society in general. The Company aims to increase and sustain its corporate value through growth and innovation. Your Company has been observing the key principles of the code and is committed to take adequate measures towards achieving full compliance of the Corporate Governance code. The areas where the Company is observing the recommendation of SEBI code are given below:

During the year, Board Meetings were held on 29.5.2017, 21.8.2017, 9.9.2017, 14.12.2017 and 12.2.2018

Name of Director	Category	No. of Board meetings attended	Whether attended last AGM	Number of Directorships in other Indian Public Companies	No. of Committee positions held in other Public Companies	No. of Committee Chairmanship held in other Public Companies
Mr.M.P.Purushothaman	Promoter – Executive	5	No	9	2	1
Ms.NishaPurushothaman	Promoter – Non-Executive	3	Yes	8	3	-
Mr R Rangachari	Independent Non-Executive	5	Yes	3	4	2
Mr Suresh Raj Madhok	Independent Non-Executive	5	Yes	6	4	2

#### 2. Board of Directors :

Board of Directors of the Company consists of an Executive Director and three Non-Executive Directors. Two Non-Executive Directors are independent and one Non-Executive Director is a promoter director and they have no pecuniary relationship with the Company in their capacity as Director. During the year ended 31.03.2018, the Board met five times and the maximum gap between two meetings was not more than 120 days. The above composition of the Board meets the requirements of the SEBI's (LODR), 2015 and the Companies Act, 2013.

#### Board and Committee Memberships :

The table below gives the details of Directorships, Committee Memberships and Chairmanships in Indian Companies as on 31<sup>st</sup> March 2018. It excludes Directorships of Private Limited Companies, Foreign Companies and Section 8 Companies. For the purpose of reckoning the limit, the Chairmanship / Membership of the Audit Committee and the Stakeholders' Relationship Committee alone has been considered.

## EMPEE SUGARS AND CHEMICALS LIMITED

### Inter-se relationship of Directors :

Mr. M.P.Purushothaman, and Ms. Nisha Purushothaman are relatives as per the provisions of the Companies Act.

### Meeting of Independent Directors :

During the year, a meeting of Independent Directors was held on 12.02.2018 and reviewed the performance of the Board as a whole on parameters of achievement and assessed the quality, quantity and timeframes of flow of information etc between the management and the Board. Mr.R.Rangachari, Chairman of the meeting presided over the meeting and the independent directors assessed the performance of Executive Director and Chairman.

### Familiarisation Programme:

The Company follows familiarization programme through various reports/statements/internal

Meeting and the attendance during the year were as follows :

Sl. No.	Name of Member	No. of meetings Held	No. of meetings attended
1	Ms. Nisha Purushothaman	4	2
2	Mr R Rangachari	4	4
3	Mr Suresh Raj Madhok	4	4

### 4. Nomination and Remuneration Committee :

The Nomination and Remuneration Committee, comprising of Mr.R.Rangachari, Mr Suresh Raj Madhok and Ms.NishaPurushothaman has been constituted under the Chairmanship of Mr.Suresh Raj Madhok to determine the quantum and components of the remuneration to be paid to the Whole-time Directors/KMPs.

The terms of reference of the Nomination and Remuneration Committee cover the matters

### Executive Directors/ Whole Time Directors :

Name	Designation	(Rs. in lacs)
Mr. M.P. Purushothaman	Chairman & Managing Director	*

policies for all the Directors with a view to make them understand the updates of the Company's policies and programmes. The details of familiarization programme can be had from the Company's website: [www.empeegroup.co.in](http://www.empeegroup.co.in).

### 3. Audit Committee :

The Audit Committee of the Company comprises of the following Directors as members of the Committee.

Mr. R.Rangachari Independent Non-Executive  
(Chairman)  
Mr. Suresh Raj Madhok Independent Non-Executive  
(Member)  
Ms. Nisha Purushothaman Promoter - Non Executive  
(Member)

The terms of reference of the Audit Committee cover the matters specified under regulation 18 of SEBI(LODR),2015 and Section 177 of the Companies Act, 2013, besides other terms as may be referred to by the Board of Directors from time to time.

specified under regulation 19 of SEBI(LODR),2015 and Section 178 of the Companies Act, 2013, besides other terms as may be referred to by the Board of Directors from time to time. Nomination and Remuneration Policy of the Company are given on website: [www.empeegroup.co.in](http://www.empeegroup.co.in)

Details of the remuneration of Executive Directors and Non-Executive Directors for the year ended 31<sup>st</sup> March 2018 are as follows:

## EMPEE SUGARS AND CHEMICALS LIMITED

- \* He is eligible to draw a salary of Rs.5.00 lacs from 11.02.2016 Vide AGM resolution dated 28<sup>th</sup> Sept, 2016 and no payment was made to him during the financial year and the Company has applied for MCA's approval. Further he has not been paid any remuneration w.e.f. 1.11.2015 till date due to the Company's present financial position. He will be paid all the arrears of salary upon receipt of MCA's approval (w.e.f. 1.11.2015)

### Non-Executive Directors :

Name of the Director	Sitting Fee (Rs.)
1. Ms.NishaPurushothaman	19000
2. Mr. R.Rangachari	33000
3. Mr. Suresh Raj Madhok	33000

### 5. Stakeholders' Relationship Committee :

The Stakeholders' Relationship Committee consists of the following:

- i) Mr.R.Rangachari, Chairman of the Committee
- ii) Mr. Suresh Raj Madok Member
- iii) Ms. Nisha Purushothaman Member

The Committee, inter alia, approves share transfers, transmissions and also requests for issue of duplicate certificates, split/consolidation of shares etc and oversees all matters connected with securities transfers and other processes and meetings are held frequently. The Committee

also looks into redressal of shareholders' complaints related to share transfers, non receipt of balance sheets, non-receipt of dividend etc. The committee oversees the performance of the RTA and recommends overall improvement of the quality of investor services. 9 meeting of this Committee was held on 7.4.2017, 23.5.2017, 30.5.2017, 13.6.2017, 11.11.2017, 25.11.2017, 26.12.2017, 30.12.2017 and 21.2.2018 during the year under review. During the year 2017-18, one complaints were received and resolved and hence no investor complaint was pending as on 31.03.2018.

**6. CSR Committee** – The provisions of Section 135 of the Companies Act, 2013 shall not apply and hence CSR Committee has not been constituted so far.

### 7. General Body Meetings :

The last three Annual General Meetings were held as under:

Year	Location	Date	Time	Whether special resolutions passed
2016-17	Ayyapareddipalem, Naidupet Mandal, Nellore District, Andhra Pradesh.	29.09.2017	11.30 a.m.	Yes
2015-16	-do-	28.09.2016	11.30 a.m.	Yes
2014-15	-do-	22.09.2015	11.30 a.m.	Yes

## EMPEE SUGARS AND CHEMICALS LIMITED

### Details of Directors who have attended the last three general meetings held by the Company :

Sl. No.	Name	Designation	Held on 29-9-2017	Held on 28-9-2016	Held on 22-09-2015
1	Mr.M.P.Purushothaman	Chairman & MD	Attended	Attended	-
2	Ms.Nisha Purushothaman	Director	Attended	Attended	Attended
3	Mr.Suresh Raj Madhok	Director	Attended	-	-
4	Mr.R. Rangachari	Director	Attended	Attended	-

#### Postal Ballot / Extra Ordinary General Meetings:

During the year, there was no EGM/postal ballot resolutions passed.

#### 8. Code of Conduct :

In consonance with the requirements of SEBI's (LODR), 2015, Board of Directors has laid down a code of conduct for the Board members and senior management of the Company. The said code of conduct has also been posted on the Website of the company, [www.empeegroup.co.in](http://www.empeegroup.co.in). The directors and senior management are committed to strict adherence of the code and to conduct the business in an ethical and transparent manner.

#### 9. Risk Management :

The company has laid down procedures to inform board members about the risk assessment and minimization procedures. The Board periodically discusses the significant business risks identified by the management and the mitigation process being taken up.

#### 10. Prevention of Insider Trading :

The company has framed a code of conduct for prevention of Insider Trading based on SEBI (Insider Trading) Regulations, 1992. This code is applicable to all directors/officers/designated employees. The code ensures the prevention of

dealing in company's shares by persons having access to unpublished price sensitive information.

#### 11. Disclosures :

- i. There were no materially significant related party transactions that may have potential conflict with the interests of company at large.
- ii. There are no non-compliances by the Company on any matter related to capital markets, during the last three years. There were no penalties, strictures imposed on the Company by Stock Exchange or SEBI or any statutory authority, on any matter related to capital markets, during the last three years.
- iii. The Company has a Whistle Blower policy. No personnel has been denied access to the audit committee.
- iv. The Company has complied with all the mandatory requirements and non mandatory requirements. A remuneration committee has been formed to determine the remuneration of executive directors.
- v. Investor complaints of non-receipt of dividends, non-receipt of annual report etc., forwarded by SEBI are periodically resolved and updated at SCORES (SEBI Complaints Redress System) website and no complaints is pending during the year under review.
- vi. Performance Evaluation of Directors, Board and Committees are given in the Directors report.

## EMPEE SUGARS AND CHEMICALS LIMITED

- vii. Policy on dealing with Related Party Transactions has been disclosed on the website of the Company, which can be accessed at the weblink [www.empeegroup.co.in](http://www.empeegroup.co.in).
- viii. Pecuniary relationship or transactions of the non-executive directors vis-à-vis the company.- Nil
- ix. Number of shares and convertible instruments held by non-executive directors - Nil

### 12. Subsidiary Companies :

The minutes of the Board meetings of the subsidiary companies namely, M/s.Empee Power Company (India) Ltd. and M/s.Appollo Wind Energy Pvt Ltd. are placed before the Board of Directors of the Company for their review.

### 13. Compliance with Corporate Governance Norms :

The Company has complied with the mandatory requirements of the code of corporate governance as stipulated in Regulation 27 of the SEBI's (LODR), 2015 with the Stock Exchanges. The certificate from statutory auditors is annexed to the Directors' Report.

### 14. Means of communication :

The Company is publishing quarterly unaudited / annual audited financial results in Trinity Mirror in English and Andhra Bhoomi (vernacular language). The Company has posted the quarterly/ annual results in the Company's website [www.empeegroup.co.in](http://www.empeegroup.co.in). No presentations were made to institutional investors or to the analysts during the period.

### 15. General Shareholder Information :

i. AGM Date, time and venue	29.09.2018 at 11.30 a.m. at the Registered Office: Ayyapareddipalem Village Naidupet-524 126 Nellore District, Andhra Pradesh
ii. Financial year	April 1, 2017 to March 31, 2018
iii. For the year ended 2018-19 First quarter result Second quarter result Third quarter results Fourth quarter results	Before 14 <sup>th</sup> August, 2018 Before 14 <sup>th</sup> November, 2018 Before 14 <sup>th</sup> February, 2019 Before 31 <sup>st</sup> May, 2019 (Subject to any extension of time granted by the Statutory Authorities.)
iii. Date of Book closure	23 <sup>th</sup> September 2018 to 29 <sup>th</sup> September 2018 (both days inclusive)
iv. Listing on Stock Exchanges	Bombay Stock Exchange Limited
v. Stock Code	500132

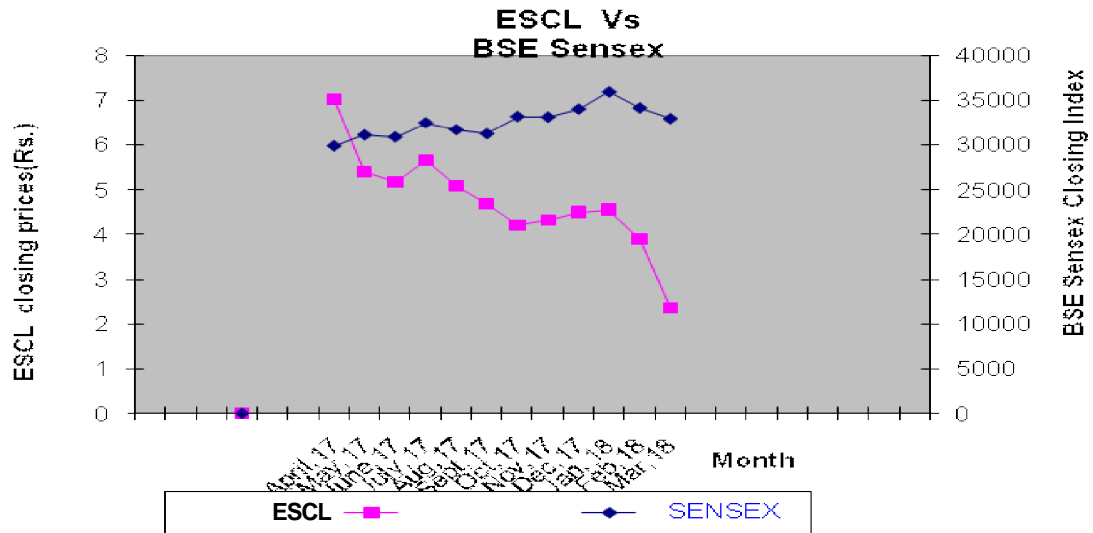


**EMPEE SUGARS AND CHEMICALS LIMITED**

vi. **Stock Market Data** (Face value of Rs.10/-each)

Months	BSE		
	High Price	Low Price	Closing Price
	(Rs.)	(Rs.)	(Rs.)
Apr-17	7.45	5.83	7.03
May-17	7.15	5.15	5.41
Jun-17	5.89	4.79	5.18
Jul-17	6.4	4.77	5.66
Aug-17	6.09	4.85	5.1
Sep-17	5.59	4.37	4.69
Oct-17	4.8	3.72	4.22
Nov-17	4.67	3.92	4.33
Dec-17	4.55	3.61	4.51
Jan-18	5.85	4.2	4.57
Feb-18	4.94	3.75	3.89
Mar-18	4.2	2.37	2.37

vii. (a) **Stock Price performance in comparison to BSE Sensex**



**EMPEE SUGARS AND CHEMICALS LIMITED**

**viii. Registrars and Share Transfer Agents**

M/s.Cameo Corporate Services Limited  
No.1, Subramaniam Building,  
Club House Road, Chennai – 600 002

**ix. Share Transfer system**

Share transfers are registered and returned within a period of 30 days from the date of receipt, if the documents are clear in all respects, by the Committee which meets every week.

**x. Distribution of shareholding as on 31<sup>st</sup> March, 2018**

No. of equity shares held	No. of folios	No. of shares held	% of shareholding
1 to 100	17001	1623309	3.8675
101 to 500	4815	1405840	3.3493
501 to 1000	966	836445	1.9928
1001 to 2000	429	674497	1.6069
2001 to 3000	165	434531	1.0352
3001 to 4000	80	290159	0.6913
4001 to 5000	90	430421	1.0254
5001 to 10000	140	1081885	2.5775
10001 and above	138	35195813	83.8536
Total	23824	41972900	100

**xi. Shareholding pattern as on 31<sup>st</sup> March, 2018**

No. of equity shares held	No. of folio	No. of shares held	% of share-holding
Promoters	8	28807194	68.63
Private Corporate Bodies	105	811918	1.93
Clearing Members	5	92445	0.22
Indian Public	23518	11775674	28.06
NRIs and OCBs	42	113232	0.27
HUF	146	372437	0.89
Total	23824	41972900	100

## EMPEE SUGARS AND CHEMICALS LIMITED

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<b>xii. Dematerialisation of shareholding and liquidity</b>	94.29% of total equity share capital is held in dematerialized form with NSDL and CDSL.
<b>xiii. Outstanding GDR/ADR/Warrants or any convertible instruments, conversion date and impact on equity</b>	Nil
<b>xiv. Plant locations</b>	<b>1.Andhra Pradesh Unit</b> :Ayyapareddipalem Village Naidupet-524 126 Nellore District, Andhra Pradesh. <b>2. Tamilnadu Unit</b> : Idaikkai Village Ambasamudram Taluk Tirunelveli District, Tamilnadu.
<b>xv. Address for correspondence</b>	Empee Tower, No.59, Harris Road Pudupet, Chennai – 600 002 E-mail ID: cs@empeegroup.co.in

**xvi. The following are the details of dividends declared by the Company and the respective due dates for transfer of unclaimed / unpaid dividend to the Investor Education and Protection Fund (IEPF).**

Since the Company has not declared any dividend after 2010 (2010-11), transfer of unclaimed /unpaid dividend to IEPF does not arise.

**Board's Evaluation :**

Pursuant to the provisions of the Companies Act, 2013 and the SEBI(LODR), 2015, the Board has carried out the annual performance evaluation of its own performance, the Directors individually as well as the evaluation of the working of its Audit, Nomination and Remuneration and Compliance Committees.

While independent directors in their separate meeting have carried out to assess the performance of Chairman and other Directors of the Board more particularly about their business acumen and contribution to the Company, the performance evaluation of the Independent Directors was carried out by the entire Board.

The Independent Directors expressed their satisfaction with the evaluation process, functioning such as adequacy of the composition of the Board and its Committees, Board culture, execution and performance of duties, obligations, responsibilities and governance.

## EMPEE SUGARS AND CHEMICALS LIMITED

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### **DECLARATION REGARDING COMPLIANCE BY BOARD MEMBERS AND SENIOR MANAGEMENT PERSONNEL WITH THE COMPANY'S CODE OF CONDUCT PURSUANT TO SCHEDULE V OF SEBI (LODR), 2015.**

As required by Schedule V of SEBI (LODR), 2015, this is to confirm that the Company has adopted a Code of Conduct and Ethics for all Board Members and Senior Management of the Company. The Code is available on the Company's website.

I further confirm that the Company has in respect of the financial year ended 31<sup>st</sup> March, 2018, received from all the Board Members and Senior Management of the Company, a declaration of compliance with the Code, as applicable to them.

For the purpose of this declaration, Senior Management Team shall mean heads of the various functions of the Company.

**For Empee Sugars and Chemicals Ltd**

**M.P. Purushothaman**  
Chairman & Managing Director

Place: Chennai  
Date :13.8.2018

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### **CERTIFICATION BY CHAIRMAN & MANAGING DIRECTOR**

We hereby certify that we have reviewed the Financial Statements and the Cash Flow Statement for the financial year ended 31<sup>st</sup> March, 2018 and that to the best of our knowledge and belief, we report that

1. These statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading.
2. These statements together present a true and fair view of the Company's affairs and are in compliance with existing Accounting Standards, applicable laws and regulations.
3. There are, to the best of our knowledge and belief, no transactions entered into by the Company during the aforesaid period which are fraudulent, illegal or violative of the Company's Code of Conduct.
4. We accept responsibility for establishing and maintaining internal controls for financial reporting and that we have evaluated the effectiveness of the internal control systems of the Company pertaining to financial reporting and we have disclosed to the Auditors and the Audit Committee, deficiencies in the design or operation of such internal control systems, if any, of which we are aware, and that we have taken the required steps to rectify these deficiencies.
5. We have indicated to the Auditors and the Audit Committee that:
  - (a) there have been no significant changes in internal control over financial reporting during the year.
  - (b) there have been no significant changes in accounting policies during the year.
  - (c) there have been no instances of significant fraud of which we have become aware and the involvement therein, if any, of the management or an employee having a significant role in the Company's internal control system over financial reporting.

**For Empee Sugars and Chemicals Ltd**

**M.P. Purushothaman**  
Chairman & Managing Director

Place: Chennai.  
Date: 13.8.2018

## EMPEE SUGARS AND CHEMICALS LIMITED

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### CERTIFICATE ON COMPLIANCE WITH THE CONDITIONS OF CORPORATE GOVERNANCE

To  
The Members of  
M/s. Empee Sugars and Chemicals Ltd

We have examined the compliance of conditions of Corporate Governance by **Empee Sugars and Chemicals Limited** ("the Company") for the year ended 31<sup>st</sup> March 2018 as stipulated in Schedule V of the SEBI (LODR), 2015 of SEBI of the said Company with the relevant Stock Exchanges.

The compliance of the conditions of Corporate Governance is the responsibility of the Management. Our examination was limited to a review of the procedures and implementation thereof, adopted by the Company for ensuring 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 SEBI (LODR), 2015.

We further state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the Management has conducted the affairs of the Company.

**For Venkatesh & Co.,  
Chartered Accountants**

Place: Chennai  
Date : 13.8.2018

**CA Dasaraty V  
Partner, M. No.026336**

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### Independent Auditor's Report

To  
The Members of  
M/s. EMPEE SUGARS & CHEMICALS LIMITED

#### *Report on the Audited Standalone Financial Statements*

We have audited the accompanying Standalone financial statements of M/s. **EMPEE SUGARS & CHEMICALS LIMITED** ("the Company"), which comprise the Balance Sheet as at 31<sup>st</sup> March, 2018, the Statement of Profit and Loss (including Other Comprehensive Income), the Statement of Changes in Equity and the Statement of Cash Flows for the year ended and a summary of the significant accounting policies and other explanatory information.

#### **Management's Responsibility for the Financial Statements**

The Company's Board of Directors are responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these standalone financial statements that give a true and fair view of the financial position, financial performance including other comprehensive income, cash flows and changes in equity of the Company in accordance with the Indian Accounting standards (Ind AS) prescribed under Section 133 of the Act, with the Companies (Indian Accounting Standards) Rules, 2015, as amended, and other accounting Principles Generally Accepted in India

## EMPEE SUGARS AND CHEMICALS LIMITED

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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 financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

### **Auditors' Responsibility**

Our responsibility is to express an opinion on these standalone financial statements based on our audit. 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 and the order issued under section 143(11) of the act.

We conducted our audit in accordance with the Standards on Auditing specified under section 143(10) of the companies Act 2013. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the standalone financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the standalone financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the standalone 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 and fair presentation of the standalone financial statements in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the standalone financial statements.

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

### **Basis for Qualified Opinion**

- a) ***The company has received amount of Rs. 140.37 crores from 7<sup>th</sup> July 2008 to 30<sup>th</sup> September 2012 towards share application money from holding company Empee Distilleries Ltd. These shares could not be allotted to the applicant company in view of the non-receipt of approval from the SEBI and stock Exchange. By virtue of the Rules of the Companies Acceptance and Deposit Rules, these are public deposits to be repaid.***
- b) ***Sundry debtors amounting to Rs. 87.98 Lakhs, Trade payables of Rs. 4,085.03 Lakhs, Advance to suppliers of Rs. 621.34 Lakhs, Cane advances of Rs. 82.96 Lakhs, Harvester Advances of Rs. 152.76 Lakhs and other deposits of Rs. 181.49 Lakhs is subject to confirmation and reconciliation. The impact of this on the profitability is not ascertainable.***

## EMPEE SUGARS AND CHEMICALS LIMITED

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- c) *The Sugar Unit at Ambasamudram has not been functioning for the last 5 years, However no impairment of assets in accordance with IND AS 36 (Impairment of Assets) at the sugar unit at Ambasamudram has been considered in accounts and the financial impact of the same is not presently ascertainable.*
- d) *Interest has not been provided on loans amounting in all to Rs.702.05 Crores availed from banks and including Loans assigned by the banks in favor of Edelweiss Asset Reconstruction Company Ltd.*
- e) *Bank Balances amounting to net of Rs. 2.36 Crore included in Note.17 is subject to Confirmation.*

### **Qualified Opinion:-**

In our opinion and to the best of our information and according to the explanations given to us, except for the effects of the matter described in the Basis for Qualified Opinion paragraph above, the aforesaid standalone financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the company as at March 31, 2018, and its **loss**, total comprehensive income, the changes in equity and its cash flows for the year ended on that date.

### **Report on Other Legal and Regulatory Requirements:-**

1. As required by the Companies (Auditor's Report) Order, 2016 (" the Order") issued by the Central Government of India in terms of sub section (11) of section 143 of the Act, we give in 'Annexure-B' a statement on the matters specified in the paragraph 3 and 4 of the Order, to the extent applicable.
2. As required by section 143(3) of the Act, based on our audit we report that:
  - a) We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;
  - b) In our opinion proper books of account as required by law have been kept by the Company so far as appears from our examination of those books.
  - c) The Balance Sheet, Statement of Profit and Loss including Other Comprehensive Income, statement of changes in equity and statement of Cash Flow Statement, dealt with by this Report are in agreement with the books of account.
  - d) In our opinion, aforesaid standalone financial statements comply with the Indian Accounting Standards referred to in Section 133 of the Companies Act, 2013.
  - e) On the basis of written representations received from the directors as on March 31, 2018, and 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 sub-section (2) of section 164 of the Companies Act, 2013.
  - 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'. Our report expresses an opinion on the adequacy and operating effectiveness of the company's financial controls over financial reporting.

## EMPEE SUGARS AND CHEMICALS LIMITED

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- g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
- I. A statement on the pending litigations of the company which would impact its financial position were given in the "Annexure C";
  - II. The company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses;
  - III. There were no amounts which were required to be transferred to the Investor Education and Protection fund by the company, however amount of 7.92 Lakhs was transferred during the year.

For **Venkatesh & Co.**,  
Chartered Accountants  
F.R.No.004636S

**CA Dasaraty V**  
M.No.026336  
Partner

Place: Chennai  
Date: 30/05/2018

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### **'ANNEXURE A' TO THE INDEPENDENT AUDITOR'S REPORT**

(Referred to in paragraph 1(f) under "Report on Other Legal and Regulatory Requirements" section of our report of even date)

### **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 **EMPEE SUGARS AND CHEMICALS LIMITED** ("the Company") as of March 31, 2018 in conjunction with our audit of the Standalone financial statements of the Company for the year ended on that date.

#### **Management's Responsibility for Internal Financial Controls**

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



**Auditors' Responsibility**

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") 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 judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

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

**Meaning of Internal Financial Controls Over Financial Reporting**

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

- (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 financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and
- (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

**Inherent Limitations of Internal Financial Controls Over Financial Reporting**

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

## EMPEE SUGARS AND CHEMICALS LIMITED

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### Opinion

In our opinion, the Company has, in all material respects, an adequate internal financial control system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31st March, 2018, based on the internal controls over financial reporting criteria established by the Company considering the essential components of internal controls stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by ICAI.

***However the Size and volume of operations, of the company require an extended and enhance scope for the present Internal Audit System to ensure coverage of all areas.***

For **Venkatesh & Co.**,  
Chartered Accountants  
F.R.No.004636S

Place: Chennai  
Date:30/05/2018

**CA Dasaraty V**  
M.No.026336  
Partner

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### ***'Annexure B' to Independent Auditors' Report***

(Referred to in paragraph 1 under the heading of "Report on other Legal and Regulatory Requirements" of our Report of even date)

As required by the Companies (Auditor's Report) Order, 2016 issued by the Central Government in terms of section 143 (11) of the Companies Act, 2013 and on the basis of such checks of the books and records of the Company, as we considered appropriate and according to the information and explanations given to us during the course of the audit, we report that,

1. In respect of Company's fixed assets:
  - a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets on the basis of available information.
  - b) As explained to us, all the fixed assets have been physically verified by the management in a phased periodical manner, which in our opinion is reasonable, having regard to the size of the company and the nature of its assets. No material discrepancies were noticed on such physical verification.
  - c) As per the information provided to us, the title deeds of immovable properties are held in the name of the Company.
2. In our opinion and according to the information and explanations given to us, the inventories have been physically verified during the year by the management and no material discrepancies were noticed during the physical verification.
3. The company has given interest free loan to Empee Power Company India Limited of Rs. 47.93 crores and EDL Marketing Private Limited of Rs. 5.45 crores with stipulation as to the repayment of principal.
  - a) The terms and conditions of the loan are not prejudicial to the interests of the Company.
  - b) The schedule of repayment of principal has not been stipulated.
4. According to information and explanations given to us, the company has complied with Sections 185 and 186 of the Companies Act 2013.

## EMPEE SUGARS AND CHEMICALS LIMITED

5. According to the information and explanations given to us, the Company has not accepted any deposits from the public during the year. Therefore the provisions of section 73 to section 76 the Companies Act 2013 and rules framed there under are not applicable. However, The company has received amount of Rs. 140.37 crores from 7<sup>th</sup> July 2008 to 30<sup>th</sup> September 2012 towards share application money from holding company Empee Distilleries Ltd. Since the shares are not allotted to the company these are treated as deposits, while the company is treating the same as unsecured loan.
6. In our opinion and according to the explanations given to us, maintenance of cost records has been specified by the Central Government under sub-section (1) of section 148 of the Companies Act, 2013. We, are not made available with the cost records with a view to determine whether they are accurate or complete.
7. a) According to the records of the company, there have been delays in depositing undisputed statutory dues including Provident Fund, Income Tax, Service Tax, Duty of Excise, Value Added Tax, Cess and other statutory dues to the appropriate authorities. The details of the same as on the last day of the financial year concerned for a period of more than six months from the date they became payable are as follows:

Name of the State Act	Nature of Dues	Amount involved Rs. in Lakhs	Period to which the case relates	Status
A.P. Sugar Cane regulation of Sugar Cane Act	Andhra Pradesh Purchase tax payable	522.66	1994 – 2001	Paid Rs.168.48 lakhs towards said dues
Finance Act, 1994	Service Tax under Reverse Charge Mechanism – GTA	25.85	2014-2015	
Income Tax Act, 1961	Tax Deducted at Source	6.6	2015-2016	
Central Excise Act, 1944	Excise Duty	31.00	2015-2016	
Finance Act, 1994	Service Tax Reverse Under Charge Mechanism	1.99	2016-2017	
Income Tax Act, 1961	Tax Deducted at Source	5.77	2016-2017	
Central Excise Act, 1944	Excise Duty	5.98	2016-2017	
Income Tax Act, 1961	Tax Deducted at Source	5.55	2017-2018	
Central Excise Act, 1944	Excise Duty	4.82	2017-2018	
Finance Act, 1994	Service Tax Payable	5.92	2017-2018	
Goods and service tax Act, 2017	GST Payable	64.05	2017-18	

## EMPEE SUGARS AND CHEMICALS LIMITED

- b) According to the information and explanations given to us and the records of the company examined by us, there are no dues of Income Tax, Sales Tax, Service Tax, Duties of Customs, Duties of Excise, Value Added Tax which have not been deposited on account of any dispute, except the following.

Name of the State Act	Nature of Dues	Amount involved Rs. in Lakhs	Period to which the case relates	Dispute is pending before
A.P. Sugar Cane regulation of Sugar Cane Act	Andhra Pradesh Purchase tax payable	729.59	1994 – 2001	Asst Cane Commissioner
AP Value Added Tax Act, 2005	Value Added Tax	119.37	2012	High Court of AP
Customs Act, 1962	Duty of Customs	1462.51	2014	Customs and Excise Tribunal – SZ Bench at Chennai
Customs Act, 1962	Duty of Customs	289.24	2014	Customs, Excise & Service Tax Appellate Tribunal, Chennai

8. Based on our audit procedures and according to the information and explanations given to us, the entire borrowings of company over due.
9. According to the records of the company, the company has not raised moneys by way of initial public offer or further public offer and has not obtained any term loans during the financial year. Hence, comments under the clause are not called for.
10. According to information and explanations furnished to us, no fraud by or on the company by its officers or employees has been noticed or reported during the year.
11. No Managerial remuneration has been paid or provided in accordance with the requisite approvals mandated by the provisions of section 197 read with schedule V of Companies Act 2013.
12. As the Company is not a Nidhi Company, we do not comment on Net Owned Funds to Deposit ratio and unencumbered term deposits as specified in Nidhi Rules 2014.
13. All transactions with the related parties are in compliance with Sections 177 and 188 of Companies Act, 2013 where applicable and details have been disclosed in the Financial Statements etc., as required by the applicable accounting standards.
14. The Company has not made any Preferential Allotment or Private placement of shares or fully or partly convertible debentures during the year. Hence we do not comment on Compliance of section 42 of Companies Act 2013.
15. 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.
16. The Company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934.

Place: Chennai  
Date: 30/05/2018

**EMPEE SUGARS AND CHEMICALS LIMITED**

**'Annexure c' to Independent Auditors' Report**

1. The group does not have any pending litigations which would impact its financial position except the cases listed below:

<b>S.No</b>	<b>Case No</b>	<b>Court/party</b>	<b>Details of the case</b>	<b>Status</b>
1	OP by way of Appeal against Arbitration award by three member arbitral tribunal headed by Justice (Retd) A R Lakshmanan	Before High Court of Madras	M/s ISGEC raised disputes against M/s <b>ESCL</b> regarding settlement of dues in the supply and erection of boilers /turbines for our Ambai and Naidupet projects about Rs 13 crores with future interest @24% awarded by the tribunal.	Appeal is Pending.
2	OP No.2580 of 2014	High Court of Madras	Petition under Arbitration Act seeking to furnish Security against <b>ESCL</b> for their claim under Arbitration by ISGEC Ltd.	ISGEC moved EP before the EP court to attach the receivables from TANGEDCO and PNB. EP is pending.
3	Civil suit No.39 of 2006	Before High Court of Madras	Filed by the Company for recovery of claim for Rs.2 crs against M/s Oriental insurance Co. Ltd under Fire Policy towards flood happened by act of God taken place during 2001 a Naidupet factory site	Pending-Defendant's evidence not completed.

**EMPEE SUGARS AND CHEMICALS LIMITED**

<b>S.No</b>	<b>Case No</b>	<b>Court/party</b>	<b>Details of the case</b>	<b>Status</b>
4	WP No.23748 of 2012	High Court of AP	Against demand of Value Added Tax for Rs. 11,93,66,620/-by Sales Tax against <b>ESCL</b>	Interim Stay granted Main Writ Petition is pending
5	Writ Petition no 244944 of 2011	Before High Court of Madras	Writ filed by the Company against TNEB for payment due of Rs 10,00,000,00/- regarding supply of power from Ambai unit.	Arguments completed. Orders reserved
6	WP No. 211147 of 2014	High court of Madras	Against demand of E-Tax for Rs4,56,21938/-against <b>ESCL</b> , Ambasamudram unit	Notice ordered Pending for final disposal. (date not yet fixed)
7(a)	Appeal	Customs and Excise Tribunal- SZ Bench at Chennai	Appeal filed against the order dt. 12-3-2014, of the Commissioner of Customs, Tuticorin who directed to pay differential duty in the purchase of coal amounting to Rs. 6,11,51,119/- with penalty of Rs 8,50,00,000/-and penalty of Rs 1,00,000/- against individual name of GM of <b>ESCL</b> company.	Stay granted and posted before larger bench.
7(b)	CMA1027 of 2015	Before the High court of Madras – Madurai Bench	In the above matter reference has been made by Tribunal to full bench	Pending Counter to be Filed
8	Appeal No C/41475/ 2014-DB	Before Customs ,Excise&Service Tax Appellate Tribunal,Chennai	The commissioner of customs, Tuticorin has filed an appeal against its orders granting exemption for customs duty to the tune of Rs 2,89,24,422/- under notification 46/2011 for import of coal from Asian countries against <b>ESCL</b>	Pending Counter to be filed

**EMPEE SUGARS AND CHEMICALS LIMITED**

<b>S.No</b>	<b>Case No</b>	<b>Court/party</b>	<b>Details of the case</b>	<b>Status</b>
9	O.S.18/2007	Before Principal District Court at Pondicherry	Claim of loss and interest of Rs 40,00,288/-towards sale of Molasses by Pondicherry Co.Op Sugar Mills Ltd against ESCL	Written statement filed posted for evidence.
10	S.A.183of 2015 IANo. 766/2015	Before the Debt Recovery Tribunal, Vishahapattinam	Against notice issued by Indian bank and Union bank of India under Sec13(4) of SARFASI ACT. Issued for possession of hypothecated property and mechinaries at Nayudupet against loan obtained	Pending for withdrawal of SA before DRT. Vizag. Instructed adv to withdraw the SA 83/2015
11	S.A 127 of 2016	Before DRT at Madurai	Against notice issued by consortium of banks under Sec13(4) of SARFASI ACT for possession of hypothecated property and mechinaries at Ambasamudram unit against loan obtained	Pending for withdrawal of SA before DRT. Vizag. Instructed adv to withdraw the SA 127/2016
12	OA No:502/2017 Filed before DRT, Delhi.– filed by Power Finance Corporation Ltd. Against EMPEE POWER COMPANY INDIA LIMITED	DRT II, New Delhi	PFC filed a petition against Empee Power Company India Ltd for Recovery of dues of Rs.30.29 crs inclusive of interest.	Counter filed. Pending for hearing.
13	OA 20 /2018 Filed by Sugar Development Fund (SDF – IFCI ) before DRT, Chennai	DRT, Chennai	SDF filed a petition against ESCL for recovery of Rs. 65. 92 crs. ( inclusive of interest)	Adjourned to 4.6.2018.
14	Yes Es Enterprises Arbitration before Arbitration Tribunal of Justice (Retd) Mrs Aruna Jagadeesan	Arbitration Centre, High Court of Madras	Issues arising out of settlement of dues out of construction contract of factory ( civil works) at Naidupet for Rs3.58 crs	The Company has filed a counter claim for Rs7.86crs. The case is posted for hearing in June 2018 (date to be fixed)

**EMPEE SUGARS AND CHEMICALS LIMITED**

<b>S.No</b>	<b>Case No</b>	<b>Court/party</b>	<b>Details of the case</b>	<b>Status</b>
15	URC private Ltd Arbitration before Arbitration Tribunal of Justice (Retd) Mr. Ibrahim kalifullah	Arbitration Centre High court of Madras	Issues relating to civil construction works at Ambasamudram factory for a claim of Rs.32.82 crs inclusive of interest	The Company has filed a counter claim for Rs83.67 crs. The case is posted for hearing on 21 06 2018 for argument
16(a)	Paharpur Cooling Towers Filed a winding up petition	High Court of Andhra Pradesh	Alleged claim of Rs.5.27 crs against the Company towards contract dues.	Counter filed. Pending for admission
16(b)	Paharpur Cooling Towers	Arbitration Centre, High Court of Madras	Appointment of Arbitrators in the above matter sl. No: 18 (a)	Both sides appointed Arbitrators, but principal arbitrator is yet to be appointed by the High Court.
17	Cs 161/2018 High Court of Madras	High Court of Madras – Gimpex pvt. Ltd violating the settlement agreements entered into with them, filed a suit for recovery of dues of Rs.19.51 crs payable by ESCL. Since EDL has undertaken to pay partly EDL has been included as a Party.	In this case, Gimpex besides filing a suit, moved a garnishee application against EDL to attach the receivables of TASMAC.	Case came up for hearing on 28 3 2018 and High court closed all the applications of Gimpex and EDL and directed TASMAC not to pay dues if any from 9/ 2/2018 to 19/3/2018 to any entity. According to the Company, we had settled by way of transferring the apartments at whitefield to Gimpex. ISuit is pending.

2. The Group any did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.
- 3.. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Holding Company and its subsidiary companies incorporated in India.

For **Venkatesh & Co.**,  
Chartered Accountants  
F.R.No.004636S

**CA Dasaraty V**  
M.No.026336  
Partner

Place : CHENNAI  
Date : 30/05/2018



**EMPEE SUGARS AND CHEMICALS LIMITED**

<b>Balance Sheet as at March 31, 2018</b>			
<b>Rs. In Lacs</b>			
<b>Particulars</b>	<b>Note No.</b>	<b>As at Mar 31, 2018</b>	<b>As at Mar 31, 2017</b>
<b>ASSETS</b>			
<b>A) Non - Current Assets</b>			
a) Property Plant and Equipment	2.1	36,141.54	36,963.82
b) Capital Work in Progress		-	-
c) Financial Assets			
— (i) Investments	2.2	-	666.57
— (ii) Loans & Advances	2.3	3,628.20	3,358.84
<b>B) Current Assets</b>			
a) Inventories	2.4	1,399.15	901.07
b) Financial Assets			
— (i) Trade Receivables	2.5	87.98	40.03
— (ii) Cash and cash Equivalents	2.6	37.81	149.96
— (iii) Loans & Advances	2.7	2,714.71	3,132.99
<b>Total Assets</b>		<b><u>44,009.38</u></b>	<b><u>45,213.28</u></b>
<b>EQUITY &amp; LIABILITIES</b>			
<b>A) Equity</b>			
a) Equity Share Capital	3.1	4,197.29	4,197.29
b) Other Equity	3.2	-55,329.26	-53,592.32
c) Share application money pending allotment		14,036.50	14,036.50
<b>B) LIABILITIES</b>			
<b>Non - Current Liabilities</b>			
a) Financial Liabilities			
— (i) Borrowings	3.3	49,157.48	49,233.87
b) Provisions	3.4	41.70	34.28
<b>Current Liabilities</b>			
a) Financial Liabilities			
— (i) Borrowings	3.5	27,051.72	27,051.72
— (ii) Trade Payables		4,085.03	3,430.10
b) Other Current Liabilities	3.6	642.86	669.88
c) Provisions	3.7	126.06	151.96
<b>Total Equity &amp; Liabilities</b>		<b><u>44,009.38</u></b>	<b><u>45,213.28</u></b>

*The accompanying notes form an integral part of the financial statements ( Note No. 1 )*

*As per our report of even date attached*

for **Venkatesh & Co.,**  
Chartered Accountants  
F.R. No. 004636S

For and on behalf of the Board  
**M.P. Purushothaman**      **Nisha Purushothaman**  
Chairman & Managing Director      Director

**CA. Dasaraty V**  
Partner (M. No. 026336)

**Harshabardan**  
Company Secretary

Place : Chennai  
Date : 30.05.2018

**EMPEE SUGARS AND CHEMICALS LIMITED**

<b>Statement of Profit and Loss for the year ended March 31, 2018</b>		In Lakhs	
<b>Particulars</b>	<b>Note No.</b>	<b>Year ended Mar 31, 2018</b>	<b>Year ended Mar 31, 2017</b>
I	Revenue from Operations	4.1 1,523.42	8,294.13
II	Other Income	4.2 <u>58.05</u>	<u>44.14</u>
III	<b>Total Income</b>	<b><u>1,581.47</u></b>	<b><u>8,338.27</u></b>
IV	<b>Expenses</b>		
	Cost of Materials consumed	5.1 1,595.21	7,908.58
	Changes in inventories of finished goods, Stock-in -Trade and work-in-progress	5.2 -33.47	28.54
	Employee Benefit Expense	5.3 481.59	546.98
	Finance Cost	5.4 0.38	46.22
	Depreciation and amortization expense	2.1 702.60	772.23
	Other expenses	5.5 <u>991.31</u>	<u>1,017.87</u>
	<b>Total Expenses</b>	<b><u>3,737.62</u></b>	<b><u>10,320.42</u></b>
V	Profit / (loss) before exceptional items and tax	<b>-2,156.15</b>	<b>-1,982.15</b>
VI	Exceptional Items		-
VII	Profit / (loss) before tax	-2,156.15	-1,982.15
VIII	<b>Tax Expense:</b>		
	(1) Current Tax	-	-
	(2) Deferred Tax	-	-
IX	<b>Profit/ (loss) for the period</b>	<b><u>-2,156.15</u></b>	<b><u>-1,982.15</u></b>
X	<b>Other comprehensive Income :</b>		
	<i>Items that will be reclassified subsequently to profit or loss</i>		
	Fair Value changes on loans and advances	5.6 <u>269.21</u>	<u>142.02</u>
	<b>Total other comprehensive Income/loss</b>	<b><u>269.21</u></b>	<b><u>142.02</u></b>
XI	<b>Total comprehensive Income/loss (IX + X)</b>	<b><u>-1,886.94</u></b>	<b><u>-1,840.12</u></b>
XII	Earnings Per Share:		
	(1) Basic	-4.50	-4.38
	(2) Diluted	-4.50	-4.38

The accompanying notes form an integral part of the financial statements ( Note No. 1 )

As per our report of even date attached

for **Venkatesh & Co.,**  
Chartered Accountants  
F.R. No. 004636S

For and on behalf of the Board  
**M.P. Purushothaman**      **Nisha Purushothaman**  
Chairman & Managing Director      Director

**CA. Dasaraty V**  
Partner (M. No. 026336)

**Harshabardan**  
Company Secretary

Place : Chennai  
Date : 30.05.2018

**EMPEE SUGARS AND CHEMICALS LIMITED**

**CASH FLOW STATEMENTS FOR THE YEAR ENDED 31st MARCH 2018**

In Lakhs

Particulars	Year ended Mar 31, 2018	Year ended Mar 31, 2017
<b><u>A. Cash Flow from Operating Activities</u></b>		
Net Profit before taxation	-2,156.15	(1,982.15)
<u>Adjustments for:</u>		
Depreciation on fixed assets	702.60	772.23
Interest expense	-	(44.96)
Other Comprehensive Income	269.21	142.02
Interest income	-	-
<b>Operating Profit before Working Capital changes</b>	<b>(1,184.34)</b>	<b>(1,112.86)</b>
<u>Adjustments for :</u>		
(Increase) / Decrease in Inventories	(498.08)	151.09
(Increase) / Decrease in Trade receivables	(47.95)	58.34
(Increase) / Decrease in Current Assets	418.28	(206.05)
(Increase) / Decrease in Non Current Assets	666.57	424.01
(Increase) / Decrease in Long term loans and advances	(269.36)	(349.81)
Increase/(Decrease) in Current Liabilities	627.91	1,320.94
Increase/(Decrease) in Other long term liabilities	-	(127.52)
Increase/(Decrease) in Long term Provisions	7.42	-140.44
Increase/(Decrease) in Provisions	-25.90	25.75
<b>CASH GENERATED FROM OPERATIONS</b>	<b>(305.45)</b>	<b>43.46</b>
Income tax Paid	-	-
Income tax Reversal	-	-
<b>Net Cash inflow from/ (outflow) from Operating activities</b>	<b>(305.45)</b>	<b>43.46</b>
<b><u>B. Cash Flow from Investing Activities</u></b>		
(Purchase) of investments	-	-
Purchase of fixed assets (including CWIP)	-	-
Sale Proceeds from fixed assets	193.30	14.33
Interest received	-	-
<b>Net Cash inflow from/ (outflow) from Investing activities</b>	<b>193.30</b>	<b>14.33</b>

**EMPEE SUGARS AND CHEMICALS LIMITED**

	. In Lakhs	
Particulars	Year ended Mar 31, 2018	Year ended Mar 31, 2017
<b><u>C. Cash Flow from Financing Activities</u></b>		
Increase in Working Capital Loan	-	-
Increase in Term Loan	-	-
Interest paid	-	44.96
Dividend paid	-	-
Increase in share capital and securities premium	-	-
Dividend distribution tax paid	-	-
<b>Net Cash inflow from/ (outflow) from Financing activities</b>	<b>-</b>	<b>44.96</b>
<b>Net increase / (decrease) in cash and cash equivalents</b>	<b>(112.15)</b>	<b>102.75</b>
<b>Opening Cash and Cash Equivalents</b>		
Cash in hand	1.61	10.84
Bank balances	148.35	36.37
	<b>149.96</b>	<b>47.21</b>
<b>Closing Cash and Cash Equivalents</b>		
Cash in hand	0.62	1.61
Bank balances	37.19	148.35
	<b>37.81</b>	<b>149.96</b>

*See accompanying notes to the financial statements*

In terms of our report of even date  
for **Venkatesh & Co.**,  
Chartered Accountants  
F.R. No. 004636S

**CA. Dasaraty V**  
Partner (M. No. 026336)

For and on behalf of the Board

**M.P. Purushothaman**  
Chairman & Managing Director

**Nisha Purushothaman**  
Director

**Harshabardan**  
Company Secretary

Place : Chennai  
Date : 30.05.2018

**Notes forming part of financial statements for the period ended March 31, 2018**

**Note 1: SIGNIFICANT ACCOUNTING POLICIES**

**1.1 Basis of Accounting:**

These consolidated financial statements have been prepared in accordance with the Indian Accounting Standards (referred to as "Ind AS") prescribed under Section 133 of the Companies Act, 2013 read with the Companies (Indian Accounting Standards) Rules as amended from time to time.

**1.2 Current and Non Current Classification:**

All assets and liabilities have been classified as current or non-current as per the Company's normal operating cycle and other criteria set out in the Schedule III to the Companies Act, 2013. Based on the nature of products and the time between the acquisition of assets for processing and their realization in cash and cash equivalents, the Company has determined its operating cycle as twelve months for the purpose of current-non current classification of assets and liabilities.

**1.3 Use of Estimates**

The preparation of consolidated financial statements in conformity with the recognition and measurement principles of Ind AS requires management to make estimates and assumptions that affect the reported balances of assets and liabilities, disclosures of contingent liabilities at the date of the consolidated financial statements and the reported amounts of income and expenses for the periods presented.

**1.4 Revenue Recognition ( Ind AS 18 )**

All income and expenditure are accounted for on accrual basis as stated herein except in respect of such items as are specifically mentioned hereunder and in the notes.

Sales Income is accounted inclusive of excise duty and sales tax wherever applicable but net of trade discounts.

Insurance claims are accounted as and when the claims are settled. Interest due from growers for seed supplied is accounted as and when cane is received from growers.

Excise duty payable on finished goods held in stock at the end of the accounting year (except Molasses stored in pit for which duty is paid as and when molasses are let into the pit) will be accounted for at the time of clearance of these goods. The accounting treatment will have no impact on profit/losses.

Other Income – a) Interest Income is accounted at applicable coupon rates on respective investments, on time basis. b) Dividend income is accounted as and when received.

### **1.5 Property, Plant & Equipment ( Ind AS 16 )**

Fixed assets are stated at cost less accumulated depreciation /amortization. Direct costs are capitalized until fixed assets are ready for use. These costs include freight, installation costs, duties and taxes and other directly attributable costs incurred to bring the assets to their working condition for intended use. The company has been able to complete the Component based depreciation as per the applicable accounting Standard as per the *technical opinion obtained stating that the useful life of significant component of the asset is not different from the useful life of the fixed assets.*

Depreciation on fixed assets is provided using the straight-line method at the rates specified in Schedule II to the Companies Act, 2013 as per the new provisions.

Depreciation is calculated on a pro-rata basis for assets purchased / sold during the year with reference to the month in which the fixed assets are put to use or commissioned.

Capital Work-in-progress comprises outstanding advances paid to acquire fixed assets and the cost of fixed assets that are not yet ready for their intended use at the balance sheet date. Capital work-in progress is stated at cost.

### **1.6 Borrowing cost ( Ind AS 33 )**

Borrowing costs that are attributable to the acquisition or construction of qualifying assets are capitalized as part of the cost of such assets. A qualifying asset is one that necessarily takes substantial period of time to get ready for its intended use. All other borrowing costs are charged to profit and loss account.

### **1.7 Impairment of Fixed Assets ( Ind AS 36 )**

As asset is treated as impaired when the carrying cost of assets exceeds its recoverable value. An impairment loss is charged to the Profit and Loss Account in the year in which an asset is identified as impaired except for the Investments made. The impairment loss recognized in the prior accounting period is reversed if there has been a change in the estimate of recoverable amount.

### **1.8 Cash flow Statement ( Ind AS 7 )**

Cash flows are reported using the indirect method, whereby profit / (loss) after 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.

Cash flows are reported using the indirect method, whereby profit before tax is adjusted for the effects of transactions of a non-cash nature and any deferrals or accruals of past or future cash receipts or payments. The cash flows from regular revenue generating, financing and investing activities of the Company are segregated.

## EMPEE SUGARS AND CHEMICALS LIMITED

### 1.9 Investments ( Ind AS 40 )

Current investments are carried at lower of cost and quoted/fair value. Long term investments are stated at cost. Provision for diminution in the value of long term investments is only if such a decline is other than temporary.

#### *Investment by Empee Sugars and Chemicals Limited in Subsidiaries*

##### **In Equity Shares:**

SI No.	Name of the Company	No of shares held
1	Empee Power Company ( India ) Limited	2,32,75,394
2	Appollo Wind Energy Private Limited	9,994

### 1.10 Inventories ( Ind AS 2 )

Items of inventories are measured at lower of cost and net realizable value after providing for obsolescence, if any. Cost of inventories comprises of cost of purchase, cost of conversion and other costs including manufacturing overheads incurred in bringing them to their respective present location and condition. Cost of raw materials, stores and spares are determined on first-in-first-out basis while finished goods are determined on weighted average basis.

### 1.11 Foreign Currency Transaction ( Ind AS 21 )

- a) Transactions denominated in foreign currencies are recorded at the exchange rates prevailing on the date of transaction or that approximates the actual rate at the date of transaction.
- b) Monetary items denominated in foreign currencies at the year end are restated at year end rates. In case of items which are covered by forward exchange contracts, the difference between the year end rate and rate on the date of contract is recognized as exchange difference and the premium paid on forward contracts is recognized over the life of the contract.
- c) Non monetary foreign currency items are carried at cost.
- d) Any income or expense on account of exchange difference either on settlement or on translation is recognized in the Statement of Profit and Loss except in case of long term liabilities, where they relate to acquisition of fixed assets, in which case they are adjusted to the carrying cost of such assets.

### 1.12 Prior Period and Extra Ordinary Items ( Ind AS 8 )

Prior Period and Extra Ordinary items having material impact on the financial affairs of the Company are disclosed, wherever applicable. There is no major deviation in the accounting policy during the current year.

**1.13 Provision for Current Tax and Deferred Tax ( Ind AS 12 )**

Provision for current tax is made after taking into consideration benefits admissible under the provisions of the Income Tax Act, 1961. Deferred tax resulting from “timing difference” between taxable and accounting income is accounted for using the tax rates and laws that are enacted or substantively enacted as on the balance sheet date. Deferred tax asset is recognized and carried forward only to the extent that there is virtual certainty that the asset will be realized in future.

**1.14 Provisions, Contingent Liabilities and Contingent Assets ( Ind AS 37 )**

Provisions involving substantial degree of estimation in measurement are recognized when there is a present obligation as a result of past events and it is probable that there will be an outflow of resources. Contingent Liabilities are not recognized but are disclosed in the notes. Contingent assets are neither recognized nor disclosed in the financial statements.

**1.15 Earnings per Share ( Ind AS 33 )**

Basic earnings per share is computed by dividing the profit after tax by the weighted average number of equity shares outstanding during the year/period. Diluted earnings per share is computed by dividing the profit after tax as adjusted for dividend, interest and other charges to expense or income relating to the dilutive potential equity shares, by the weighted average number of equity shares considered for deriving basic earnings per share and the weighted average number of equity shares which could have been issued on the conversion of all dilutive potential equity shares.

**1.16 Employee Benefits ( Ind AS 15 )**

- a) Short-term employee benefits are recognized as an expense at the undiscounted amount in the Statement of Profit and Loss of the year in which the related services are rendered.
- b) Post-employment and other long term employee benefits are recognized as an expense in the Statement of Profit and Loss for the year in which employee has rendered services. The expense is recognized at the present value of the amounts payable determined using actuarial valuation techniques. Actuarial gains and losses in respect of post employment and other long term benefits are charged to the Statement of Profit and Loss.



**EMPEE SUGARS AND CHEMICALS LIMITED**

**Notes on accounts \_ ASSETS**

**2.2) Investments**

<b>Particulars</b>	<b>31-Mar-18</b>	<b>31-Mar-17</b>
Investments in Equity Instruments ( Subsidiary )	2,328.54	2,328.54
Less: Provision for Diminution	2,328.54	1,661.97
<b>Total</b>	<b>-</b>	<b>666.57</b>

Aggregate amount of Quoted Investments - -  
 Aggregate amount of Un Quoted Investments 2,328.54 2,328.54

**2.3) Loans ( Unsecured )**

<b>Particulars</b>	<b>31-Mar-18</b>	<b>31-Mar-17</b>
<b>Security Deposits</b>		
Rent Advance	119.18	119.18
Electricity deposit	159.36	159.36
<b>Loans to related parties</b>	<b>3,345.88</b>	<b>3,076.67</b>
<b>Other Loans</b>		
Advance Tax Net Off Provision	3.78	3.63
<b>Total</b>	<b>3,628.20</b>	<b>3,358.84</b>

**2.4) Inventories ( Cost or Market value whichever is lower )**

<b>Particulars</b>	<b>31-Mar-18</b>	<b>31-Mar-17</b>
Raw materials	614.15	165.27
Work-in-progress	62.87	68.72
Finished goods	353.55	314.23
Stores & Spares	368.58	352.85
<b>Total</b>	<b>1,399.15</b>	<b>901.07</b>

**EMPEE SUGARS AND CHEMICALS LIMITED**

**2.5) Trade Receivables**

<b>Particulars</b>	<b>31-Mar-18</b>	<b>31-Mar-17</b>
Unsecured Considered good	87.98	40.03
<b>Total</b>	<b>87.98</b>	<b>40.03</b>

**2.6) Cash and cash equivalents**

<b>Particulars</b>	<b>31-Mar-18</b>	<b>31-Mar-17</b>
Cash in Hand	0.62	1.61
Balances with Banks	37.19	148.35
<b>Total</b>	<b>37.81</b>	<b>149.96</b>

**2.7) Loans**

<b>Particulars</b>	<b>31-Mar-18</b>	<b>31-Mar-17</b>
Advance to Suppliers	621.34	632.32
CENVAT Credit	1,676.16	1,672.65
Cane Suppliers Advance	82.96	240.65
Harvester Advance	152.76	161.49
Other Deposits	181.49	425.88
<b>Total</b>	<b>2,714.71</b>	<b>3,132.99</b>

**3.1) Share Capital**

<b>Particulars</b>	<b>31-Mar-18</b>	<b>31-Mar-17</b>
<b>Authorised Capital</b>		
7,00,00,000 (Previous Year 7,00,00,000)		
Equity Shares of Rs.10/- each	7,000	7,000
1,00,00,000 (Previous Year 1,00,00,000)		
Preference Shares of Rs.10/- each	1,000	1,000
<b>Total</b>	<b>8,000</b>	<b>8,000</b>
<b>Issued, Subscribed &amp; Paid-up Capital</b>		
4,19,72,900 (Previous Year 4,19,72,900)		
Equity Shares of Rs.10/- each fully paid up	4,197.29	4,197.29
<b>Total</b>	<b>4,197.29</b>	<b>4,197.29</b>

**EMPEE SUGARS AND CHEMICALS LIMITED**

**Number of Equity Shares at the beginning and end of the reporting year**

Particulars	As at 31-03-2018		As at 31-03-2017	
	No. of shares	Amount	No. of shares	Amount
Shares outstanding at the beginning of the year	4,19,72,900	4,197.29	4,19,72,900	4,197.29
Shares issued during the year	-	-	-	-
Shares outstanding at the close of the year	<b>4,19,72,900</b>	<b>4,197.29</b>	<b>4,19,72,900</b>	<b>4,197.29</b>

**Details of Shareholders holding more than 5% shares in the company**

Name of Shareholder	As at 31-03-2018		As at 31-03-2017	
	No. of shares	% of Holding	No. of shares	% of Holding
Empee Distilleries Ltd., (Holding Company)	2,63,60,532	62.80%	2,66,22,102	63.43%

**3.2) Other Equity**

Particulars	31-Mar-18	31-Mar-17
<b>Discount on issue of shares</b>		
Opening balance	-600.00	-750.00
Add: Addition during the year	150.00	150.00
	<b>-450.00</b>	<b>-600.00</b>
Less: Deduction during the year	-	-
<b>Closing Balance (A)</b>	<b>-450.00</b>	<b>-600.00</b>
<b>General Reserve</b>		
Opening balance	4,068.57	4,068.57
Add: Addition during the year on account of Transition to Ind AS	-	-
	<b>4,068.57</b>	<b>4,068.57</b>
Less: Deduction during the year	-	-
<b>Closing Balance (B)</b>	<b>4,068.57</b>	<b>4,068.57</b>
<b>Profit &amp; Loss Account</b>		
Surplus from Profit & Loss Account	-57,060.89	-55,220.77
Add: Profit/(Loss) for the year	-1,886.94	-1,840.12
Add: Other adjustments on account of transition to Ind AS	-	-
	<b>-58,947.83</b>	<b>-57,060.89</b>
Less: Deduction during the year	-	-
<b>Closing Balance (C)</b>	<b>-58,947.83</b>	<b>-57,060.89</b>
<b>Total (A to C)</b>	<b>-55,329.26</b>	<b>-53,592.32</b>

**EMPEE SUGARS AND CHEMICALS LIMITED**

**3.3) Borrowings**

<b>Particulars</b>	<b>31-Mar-18</b>	<b>31-Mar-17</b>
Bonds or debentures		
Term Loans		
Secured borrowings		
- - (I) from banks		
<b>Ambasamudram</b>		
Andhra Bank	7,120.05	7,120.05
Bank of India	7,768.21	7,768.21
Indian Overseas Bank	3,768.23	3,768.23
Punjab National Bank	6,098.75	6,098.75
Indian Bank	2,907.85	2,907.85
Oriental Bank of Commerce	5,848.75	5,848.75
Union Bank of India	2,798.82	2,798.82
<b>Naidupet</b>		
Indian Bank	644.50	644.51
Union Bank of India	60.49	60.48
Federal Bank	34.08	34.08
Bank of Maharashtra		
<b>Funded Interest on Term Loan - Ambasamudram</b>		
Andhra Bank	1,184.02	1,184.02
Bank of India	1,413.30	1,413.30
Indian Overseas Bank	866.97	611.12
Punjab National Bank	1,060.33	1,060.33
Indian Bank	455.77	455.77
Oriental Bank of Commerce	1,117.15	1,117.15
Union Bank of India	603.73	603.73
- - (II) from other Parties		
Sugar Development Fund Loan	5,747.48	5,747.48
Edelweiss asset reconstruction company	-341.00	-15.00
Unsecured borrowings		
From NBFCs	-	6.24
<b>Total</b>	<b>49,157.48</b>	<b>49,233.87</b>

*Aggregate amount of Loans Guarenteed by Directors*                      49,157.48                      49,233.87

**3.4) Provisions**

<b>Particulars</b>	<b>31-Mar-18</b>	<b>31-Mar-17</b>
Provision for employee beneflts	41.70	34.28
<b>Total</b>	<b>41.70</b>	<b>34.28</b>

**EMPEE SUGARS AND CHEMICALS LIMITED**

**3.5) Borrowings**

<b>Particulars</b>	<b>31-Mar-18</b>	<b>31-Mar-17</b>
Bonds or debentures		
Term Loans		
- - (I) from banks		
- - (II) from other Parties		
Cash Credit	27,051.72	27,051.72
(Cash credit from banks availed at Naidupet and Ambasamudram Plant are secured by floating Charge on assets under hypothecation and other current assets at respective locations)		
Loans from related Parties	-	-
<b>Total</b>	<b>27,051.72</b>	<b>27,051.72</b>

*Aggregate amount of Loans Guaranteed by directors*                      27,051.72                      27,051.72

**3.6) Other Current Liabilities**

<b>Particulars</b>	<b>31-Mar-18</b>	<b>31-Mar-17</b>
Revenue received in advance	-	-
Statutory Dues	259.29	248.14
Liability for expenses	29.38	23.50
Purchase tax payable	354.17	389.17
Unpaid dividends	-	8.42
Other Liabilities	0.02	0.65
<b>Total</b>	<b>642.86</b>	<b>669.88</b>

**3.7) Provisions**

<b>Particulars</b>	<b>31-Mar-18</b>	<b>31-Mar-17</b>
Provision for Employee Benefits	126.06	151.96
Others		
<b>Total</b>	<b>126.06</b>	<b>151.96</b>

**EMPEE SUGARS AND CHEMICALS LIMITED**

**Notes on accounts \_ PROFIT & LOSS**

**4.1) REVENUE FROM OPERATIONS**

<b>Particulars</b>	<b>31-Mar-18</b>	<b>31-Mar-17</b>
<b>Sale of Products (Gross)</b>		
Sugar	1,343.84	3,859.37
Spirit	92.20	2,536.43
Molasses	51.24	-
Power	-	2,069.61
Organic Manure	33.44	32.04
Fly Ash	2.89	1.09
	1,523.61	8,498.54
Less: Excise Duty	0.19	204.41
<b>Total</b>	<b>1,523.42</b>	<b>8294.13</b>

**4.2) OTHER INCOME**

<b>Particulars</b>	<b>31-Mar-18</b>	<b>31-Mar-17</b>
Interest Receipts	-	2.63
Scrap Sales	0.19	1.87
Insurance Claims received	-	38.89
Sundry Income	57.86	0.75
<b>Total</b>	<b>58.05</b>	<b>44.14</b>

**5.1) COST OF MATERIALS CONSUMED**

<b>Particulars</b>	<b>31-Mar-18</b>	<b>31-Mar-17</b>
Opening Stock of Raw Material	518.12	640.67
Purchase of Raw Material	2059.82	7786.03
	2577.94	8426.7
Closing Stock of Raw Material	982.73	518.12
<b>Total</b>	<b>1595.21</b>	<b>7908.58</b>

**5.2) CHANGES IN INVENTORY OF FINISHED GOODS, WORK-IN-PROGRESS**

<b>Particulars</b>	<b>31-Mar-18</b>	<b>31-Mar-17</b>
<b><u>Opening Inventory</u></b>		
Work in Process	68.72	72.87
Finished Goods	314.23	338.62
<b>Total</b>	<b>382.95</b>	<b>411.49</b>
<b><u>Closing Inventory</u></b>		
Work in Process	62.87	68.72
Finished Goods	353.55	314.23
<b>Total</b>	<b>416.42</b>	<b>382.95</b>
<b>Accretion to Stock</b>	<b>(33.47)</b>	<b>28.54</b>

**EMPEE SUGARS AND CHEMICALS LIMITED**

**5.3) EMPLOYEE BENEFITS**

<b>Particulars</b>	<b>31-Mar-18</b>	<b>31-Mar-17</b>
Salary & Allowance	467.01	576.65
Contribution to Provident Fund and other funds	-	64.63
Gratuity	4.59	-133.99
Bonus	3.09	21.64
Staff Welf. Expenses	6.90	18.05
<b>Total</b>	<b>481.59</b>	<b>546.98</b>

**5.4) FINANCE COSTS**

<b>Particulars</b>	<b>31-Mar-18</b>	<b>31-Mar-17</b>
Interest Expenses	-	44.96
Other Borrowing Costs	0.38	1.26
<b>Total</b>	<b>0.38</b>	<b>46.22</b>

**5.5) OTHER EXPENSES**

<b>Particulars</b>	<b>31-Mar-18</b>	<b>31-Mar-17</b>
Advertisement	0.99	1.54
Auditors Remuneration	1.55	3.00
Conveyance & Travelling	5.14	12.18
Insurance Premium	24.06	29.07
Miscellaneous Expenses	17.78	53.86
Donations	0.47	0.88
Business auxiliary services	-	8.92
Discount on issue of Shares written off	150.00	150.00
Postage, Telephone & Telegram	3.67	8.28
Printing & Stationery	3.42	5.29
Professional & Legal Charges	25.02	25.92
Rates and Taxes	6.64	84.47
Rent	4.99	18.65
Repairs & Maintenance-Buildings	26.24	37.13
Repairs & Maintenance-Machinery	10.03	61.51
Repairs & Maintenance-Others	9.75	33.29
Sitting Fees	1.24	0.97
Vehicle Maint. & Hire Charges	10.53	26.22
Provision for Diminution of Investment	666.57	424.01
Security Service Charges	23.22	32.68
<b>Total</b>	<b>991.31</b>	<b>1,017.87</b>

**EMPEE SUGARS & CHEMICALS LIMITED**  
**2.1 Fixed Assets**

Amount in Rs.

Particulars	Gross Block			Accumulated Depreciation			Net Block		
	As at April 01, 2017	Additions during the year	Deletions during the year	As at March 31, 2018	As at April 01, 2017	Depreciation charged for the year	Depreciation deletions	As at March 31, 2018	As at March 31, 2017
Freehold Land	42,07,00,000	-	-	42,07,00,000	-	-	-	42,07,00,000	42,07,00,000
Factory Buildings	52,53,53,713	-	-	52,53,53,713	1,61,25,790	-	-	49,25,74,210	50,87,00,000
Plant & Machinery	2,80,45,25,071	-	-	2,80,45,25,071	5,17,33,840	-	-	2,68,80,98,160	2,75,18,00,000
Furniture & Fittings	5,50,643	-	-	5,50,643	37,145	-	-	3,53,855	3,91,000
Vehicles	2,16,08,737	-	-	2,16,08,737	75,15,737	22,30,922	-	1,18,62,078	1,40,93,000
Office Equipment	8,66,342	-	-	8,66,342	1,68,342	1,32,620	-	5,65,380	6,98,000
Computers	-	-	-	-	-	-	-	-	-
	<b>3,77,36,04,505</b>	-	-	<b>3,77,36,04,505</b>	<b>7,72,22,505</b>	<b>7,02,60,317</b>	-	<b>3,61,41,53,683</b>	<b>3,69,63,82,000</b>



## EMPEE SUGARS AND CHEMICALS LIMITED

### 6. Other Notes

#### 6.1 Employee Benefits

As per Indian Accounting Standard the details of Employee benefits are given below:

a) **Defined Contribution Plans:** Contribution to defined contribution plan, recognized as expenses for the FY 2017-18 pertaining to employers' contribution to provident fund, Employees State Insurance Funds, Gratuity fund.

b) **Defined Benefit Plans:**

**Leave encashment:**

The company has dispensed off the leave encashment policy during the current period; hence no provision had been recognized in the books of accounts for the period.

**Gratuity:**

The Company operates gratuity plan wherein every employee is entitled to the benefit equivalent to 15 days salary (includes dearness allowance) last drawn for each completed year of service. The same is payable on termination of service, or retirement, or death whichever is earlier. The benefit vests after five years of continuous service.

(i) The changes in the present value of defined benefit obligation representing reconciliation of opening and closing balances thereof are as follows:

Particulars	Rs.in Lakhs	
	As at 31 Mar 2017	As at 31 Mar 2018
1 Present value of obligation at the beginning of the year	174.97	34.53
2 Interest cost	7.85	2.67
3 Current service cost	3.23	2.87
4 Benefits paid	(6.77)	-
5 Actuarial (gain) / loss on obligation	(144.75)	(5.56)
6 Present value of obligation at the end of year	34.53	34.51

The changes in the fair value of plan assets representing reconciliation of opening and closing balances thereof are as follows:

Particulars	Amount in Rs.	
	As at 31 Mar 2017	As at 31 Mar 2018
1 Fair value of plan assets at the beginning of the year	25,276	25,276
2 Expected return on plan assets	1,896	1,959
3 Contributions	6,77,330	-
4 Benefits paid	(6,77,330)	-
5 Actuarial gain / (loss) on plan assets	(1,896)	(1,959)
6 Fair value of plan assets at the end of year	25,276	25,276

## EMPEE SUGARS AND CHEMICALS LIMITED

(i) Actuarial gain / loss recognized as follows:

Rs.in Lakhs

Particulars	As at 31 Mar 2017	As at 31 Mar 2018
1 Actuarial gain / (loss) for the year – obligation	(144.75)	(5.56)
2 Actuarial gain / (loss) for the year – plan assets	0.02	0.02
3 Total gain / (loss) for the year	(144.73)	(5.54)
4 Actuarial gain / (loss) recognized in the year	(144.73)	(5.54)
5 Unrecognized actuarial gains (losses) at the end of year	-	-

(ii) The amounts recognized in Profit and Loss Account are as follows:

Amount in Rs.

Particulars	As at 31 Mar 2017	As at 31 Mar 2018
1 Current service cost	3,23,452	2,87,412
2 Past service cost		
3 Interest cost	7,85,641	2,67,627
4 Expected return on plan assets	(1,896)	(1,959)
5 Net actuarial (gain)/loss recognized in the year	(1,44,73,786)	(5,54,580)
6 Expenses recognized in the statement of profit and losses	(1,33,66,589)	(1,500)

**6.2** Sundry Creditors, Advance to Suppliers, Cane Advances, Harvester advances, Other deposits and Debtors balances are subject to confirmation by the parties concern.

### **6.3 Related party transactions**

#### **Related Parties**

##### **Subsidiary Company**

Empee Power Company (India) Limited  
Appollo Wind Energy Private Limited

##### **Key Management Personnel**

Mr. M. P. Purushothaman Chairman & Managing Director  
Mrs. Nisha Purushothaman Director

##### **Other Related Parties**

Empee International Hotels & Resorts Limited  
South (India) Hotels Private Limited  
Aruna Exports Private Limited  
Empee Hotels Limited  
Aruna Constructions (India) Limited  
Empee Agro Farm Products Private Limited  
Empee Marine Products Limited  
Appollo Beers Private Limited  
Empee Leasing & Finance Limited  
Universal Spirits Limited  
EDL Realty Private Limited  
Empee Power & Infrastructure Private Limited  
Empee Packaging Industries  
Aruna Constructions  
Empee Hospitality Private Limited

## EMPEE SUGARS AND CHEMICALS LIMITED

Particulars	Holding Company	Key Management Personnel	Relatives of Key Management Personnel	Other related parties	For the year ended 31.03.18
Remuneration	Nil(-)	Nil(-)	Nil(-)	Nil(-)	Nil(-)
Receiving of Services	Nil(-)	Nil(-)	Nil(-)	Nil(-)	Nil(-)
Purchase of goods	Nil(-)	Nil(-)	Nil(-)	Nil (-)	Nil(-)
Rent paid	Nil(-)	Nil(-)	Nil(-)	18.20 (18.20)	18.20 (18.20)

*With regard to Group Company Loans and advances there is no stipulation as to Principal or Interest in earlier years, however in the current financial year the said amount is converted into Interest free Unsecured loan with a stipulation as to repay in 8 financial years starting the first installment from FY 2018-19.*

### 6.4 Payment to auditors

(Rs. In Lacs)

Particulars	Year ended 31 March 2018	Year ended 31 March 2017
Statutory audit fee	1.55	1.55
Limited Review Fees	1.00	1.00

**6.5** The Company (EDL) paid share application money of Rs.140.36 Crores to Empee Sugars and Chemicals Ltd (ESCL), the subsidiary company from 7<sup>th</sup> July 2008 to 30<sup>th</sup> September 2012. ESCL had to allot 0% convertible preference shares to EDL and the Company was informed by ESCL that BSE and SEBI approvals could not be obtained for allotment of shares, and hence the share application money is kept pending. In the meantime due to erosion of the entire net worth of ESCL, it was registered as a Sick Company under the provisions of SICA with BIFR vide its orders dated 14/11/2014. When BIFR proceedings were at progress, the GOI abolished SICA and introduced IBC in its place in December 2016 and as a result the BIFR was abolished. Hence ESCL filed an application under the provisions of IBC before NLCT, Hyderabad as a corporate debtor. It was communicated to the Company that since most of the Bank loans aggregating to 92% of their total bank borrowings are assigned to ARC, Edelweiss Reconstruction Company Ltd, Mumbai,(EARC) the Company thought it appropriate to withdraw the IBC application. However the share application is still pending in the books of ESCL to be converted into shares. It was informed to the Company that due to serious financial issues and impending problems challenging the ESCL's survival, the Company thought it appropriate to convert the said application money into unsecured loan subject to approval of EARC. Hence the Company as abundant caution, will secure the shareholders' approval for conversion of the share application money into unsecured loan prior to such conversion.

**6.6** Interest has not been provided on loans amounting in all to Rs.702.05 Crores availed from banks and including Loans assigned by the banks in favor of Edelweiss Asset Reconstruction Company Ltd.

**6.7** Bank Balances amounting to net of Rs. 2.36 Crore included in Note.17 is subject to Confirmation.

**6.8** Figures for the previous year have been regrouped / reclassified wherever necessary.

## EMPEE SUGARS AND CHEMICALS LIMITED

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### **INDEPENDENT AUDITOR'S REPORT**

To The Members of  
**M/s.Empee Sugars & Chemicals Limited.**

*Report on Consolidated Financial Statements*

We have audited the accompanying Consolidated Financial Statements of **EMPEE SUGARS & CHEMICALS LIMITED** ("the Holding Company"), and its subsidiaries (the Holding company and subsidiaries together referred to as "the Group") comprising of the Consolidated Balance Sheet as at March 31, 2018, the Consolidated Statement of Profit and Loss, the Consolidated Cash Flow statement for year ended at that date and the Consolidated Statement of Changes in Equity for the year ended on that date, and a summary of significant accounting policies and other explanatory information (hereinafter referred to as "the Consolidated Financial Statements")

#### **Management's Responsibility for the Financial Statements**

The Holding Company's Board of Directors are responsible for the preparation of these consolidated financial statements in terms of the requirements of the Companies Act, 2013 (hereinafter referred to as "the Act") that give a true and fair view of the consolidated financial position, consolidated financial performance and consolidated cash flows of the Group and change equity of the Group in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards referred to in Section 133 of the Act, read with (Indian Accounting Standards) Rules, 2015 as amended and other Accounting Principles generally accepted in India.

The respective Board of Directors of the companies included in the Group are responsible for maintaining adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Group and for preventing and detecting frauds and other irregularities; the selection and application of appropriate accounting policies; making judgements and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of accounting records, relevant to the preparation and presentation of the consolidated financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error, which have been used for the purpose of preparation of the consolidated financial statements by the Directors of the Holding Company, as aforesaid.

#### **Auditors' Responsibility**

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. While conducting the 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 Rules made there under.

We conducted our audit in accordance with the Standards on Auditing specified under section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

## EMPEE SUGARS AND CHEMICALS LIMITED

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An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated IND AS financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Holding Company's preparation of the consolidated 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 accounting policies used and the reasonableness of the accounting estimates made by the Holding Company's Board of Directors, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence obtained by us and the audit evidence obtained by the other auditors in terms of their reports referred in the Other Matters paragraph below, is sufficient and appropriate to provide a basis for our audit opinion on the consolidated financial statements.

### **Basis for Qualified Opinion**

- a) *The company has received amount of Rs. 140.37 crores from 7<sup>th</sup> July 2008 to 30<sup>th</sup> September 2012 towards share application money from holding company Empee Distilleries Ltd. These shares could not be allotted to the applicant company in view of the non-receipt of approval from the SEBI and stock Exchange. By virtue of the Rules of the Companies Acceptance and Deposit Rules, these are public deposits to be repaid.*
- b) *Sundry debtors amounting to Rs. 87.98 Lakhs, Trade payables of Rs. 4,085.03 Lakhs, Advance to suppliers of Rs. 621.34 Lakhs, Cane advances of Rs. 82.96 Lakhs, Harvester Advances of Rs. 152.76 Lakhs and other deposits of Rs. 181.49 Lakhs is subject to confirmation and reconciliation. The impact of this on the profitability is not ascertainable.*
- c) *The Sugar Unit at Ambasamudram has not been functioning for the last 5 years, However no impairment of assets in accordance with IND AS 36 (Impairment of Assets) at the sugar unit at Ambasamudram has been considered in accounts and the financial impact of the same is not presently ascertainable.*
- d) *Interest has not been provided on loans amounting in all to Rs.702.05 Crores availed from banks and including Loans assigned by the banks in favor of Edelweiss Asset Reconstruction Company Ltd.*
- e) *Bank Balances amounting to net of Rs. 2.36 Crore included in Note.17 is subject to Confirmation.*

### **Qualified Opinion:**

In our opinion and to the best of our information and according to the explanations given to us, except for the effects of the matter described in the Basis for Qualified Opinion paragraph above, the aforesaid consolidated 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 31st March, 2018, and its **loss**, total comprehensive income, the changes in equity and its cash flows for the year ended on that date

## EMPEE SUGARS AND CHEMICALS LIMITED

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### **Other Matters**

Consolidation of financial statements consists of M/s. EmpeeSugars and chemicals Limited, M/s.EmpeePower Company (India) Limited and Appollo Wind Energy Private limited.

We did not audit the financial statements of M/s. Empee Power Company (India) Limited whose financial statements reflects total assets of Rs.76.12 crores as at 31<sup>st</sup> March, 2018, total revenue(net)of Rs.1.33 crores for the year ended on that date, as considered in the consolidated financial statements.

These financial statements M/s. Empee Power Company (India) Limited have been audited by other auditors for the year ended 31<sup>st</sup> March 2018 and whose report have been furnished to us by the management and our opinion is based solely on the reports of the other auditors.

Our opinion on the consolidated Ind AS financial statements, and our report on Other Legal and Regulatory Requirements below is not modified in respect of the above matters with respect to our reliance on the work done and the report of the other auditor and the financial statements certified by the Management.

### **Report on Other Legal and Regulatory Requirements:-**

1. As required by section 143(3) of the Act, 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 purpose of our audit of the aforesaid consolidated financial statements.
  - b) In our opinion proper books of account as required by law relating to the preparation of aforesaid consolidated financial statements have been kept by the Group so far as it appears from our examination of those books and the report of the other auditors.
  - c) The Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss (including other comprehensive income), and Consolidated Cash Flow Statement dealt with by this Report are in agreement with the relevant books of account maintained for the purpose of preparation of consolidated financial statements.
  - d) In our opinion, the aforesaid consolidated financial statements comply with the Indian Accounting Standards referred to in Section 133 of the Act, read with (Indian Accounting Standards) Rules, 2015 as amended.
  - e) With respect to the adequacy of the internal financial controls over financial reporting and the operating effectiveness of such controls, refer to our report in "Annexure A", which is based on the Auditors' Report of the company and its subsidiary companies incorporated in India. Our report expresses an opinion on the adequacy and operating effectiveness of the internal financial controls over financial reporting of the company and its subsidiary companies incorporated in India.

## EMPEE SUGARS AND CHEMICALS LIMITED

- f) On the basis of written representations received from the directors of the Holding Company as on March 31<sup>st</sup>, 2018, and taken on record by the Board of Directors of the Holding Company and the report of the statutory auditor of its subsidiary companies incorporated in India, none of the directors of the Group companies are disqualified as on March 31, 2018, from being appointed as a director in terms of Section 164(2) of the Act.
- g) With respect to the matter to be included in the Auditors' Report in accordance with Rule 11 of the Companies (Audit and Auditor's) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
1. The group does not have any pending litigations which would impact its financial position except the cases listed below:

<b>S.No</b>	<b>Case No</b>	<b>Court/party</b>	<b>Details of the case</b>	<b>Status</b>
1	OP by way of Appeal against Arbitration award by three member arbitral tribunal headed by Justice (Retd) A R Lakshmanan	Before High Court of Madras	M/s ISGEC raised disputes against M/s <b>ESCL</b> regarding settlement of dues in the supply and erection of boilers /turbines for our Ambai and Naidupet projects about Rs 13 crores with future interest @24% awarded by the tribunal.	Appeal is Pending.
2	OP No.2580 of 2014	High Court of Madras	Petition under Arbitration Act seeking to furnish Security against <b>ESCL</b> for their claim under Arbitration by ISGEC Ltd.	ISGEC moved EP before the EP court to attach the receivables from TANGEDCO and PNB. EP is pending.
3	Civil suit No.39 of 2006	Before High Court of Madras	Filed by the Company for recovery of claim for Rs.2 crs against M/s Oriental insurance Co. Ltd under Fire Policy towards flood happened by act of God taken place during 2001 a Naidupet factory site	Pending-Defendant's evidence not completed.

**EMPEE SUGARS AND CHEMICALS LIMITED**

<b>S.No</b>	<b>Case No</b>	<b>Court/party</b>	<b>Details of the case</b>	<b>Status</b>
4	WP No.23748 of 2012	High Court of AP	Against demand of Value Added Tax for Rs. 11,93,66,620/-by Sales Tax against <b>ESCL</b>	Interim Stay granted Main Writ Petition is pending
5	Writ Petition no 244944 of 2011	Before High Court of Madras	Writ filed by the Company against TNEB for payment due of Rs 10,00,000,00/- regarding supply of power from Ambai unit.	Arguments completed. Orders reserved
6	WP No. 211147 of 2014	High court of Madras	Against demand of E-Tax for Rs4,56,21938/-against <b>ESCL</b> , Ambasamudram unit	Notice ordered Pending for final disposal. (date not yet fixed)
7(a)	Appeal	Customs and Excise Tribunal- SZ Bench at Chennai	Appeal filed against the order dt. 12-3-2014, of the Commissioner of Customs, Tuticorin who directed to pay differential duty in the purucase of coal amounting to Rs. 6,11,51,119/- with penalty of Rs 8,50,00,000/-and penalty of Rs 1,00,000/- against individual name of GM of <b>ESCL</b> company.	Stay granted and posted before larger bench.
7(b)	CMA1027 of 2015	Before the High court of Madras – Madurai Bench	In the above matter reference has been made by Tribunal to full bench	Pending Counter to be Filed
8	Appeal No C/41475/ 2014-DB	Before Customs ,Excise&Service Tax Appellate Tribunal,Chennai	The commissioner of customs, Tuticorin has filed an appeal against its orders granting exemption for customs duty to the tune of Rs 2,89,24,422/- under notification 46/2011 for import of coal from Asian countries against <b>ESCL</b>	Pending Counter to be filed



**EMPEE SUGARS AND CHEMICALS LIMITED**

<b>S.No</b>	<b>Case No</b>	<b>Court/party</b>	<b>Details of the case</b>	<b>Status</b>
9	O.S.18/2007	Before Principal District Court at Pondicherry	Claim of loss and interest of Rs 40,00,288/-towards sale of Molasses by Pondicherry Co.Op Sugar Mills Ltd against ESCL	Written statement filed posted for evidence.
10	S.A.183of 2015 IANo. 766/2015	Before the Debt Recovery Tribunal, Vishahapattinam	Against notice issued by Indian bank and Union bank of India under Sec13(4) of SARFASI ACT. Issued for possession of hypothecated property and mechinaries at Nayudupet against loan obtained	Pending for withdrawal of SA before DRT. Vizag. Instructed adv to withdraw the SA 83/2015
11	S.A 127 of 2016	Before DRT at Madurai	Against notice issued by consortium of banks under Sec13(4) of SARFASI ACT for possession of hypothecated property and mechinaries at Ambasamudram unit against loan obtained	Pending for withdrawal of SA before DRT. Vizag. Instructed adv to withdraw the SA 127/2016
12	OA No:502/2017 Filed before DRT, Delhi.– filed by Power Finance Corporation Ltd. Against EMPEE POWER COMPANY INDIA LIMITED	DRT II, New Delhi	PFC filed a petition against Empee Power Company India Ltd for Recovery of dues of Rs.30.29 crs inclusive of interest.	Counter filed. Pending for hearing.
13	OA 20 /2018 Filed by Sugar Development Fund (SDF – IFCI ) before DRT, Chennai	DRT, Chennai	SDF filed a petition against ESCL for recovery of Rs. 65. 92 crs. ( inclusive of interest)	Adjourned to 4.6.2018.
14	Yes Es Enterprises Arbitration before Arbitration Tribunal of Justice (Retd) Mrs Aruna Jagadeesan	Arbitration Centre, High Court of Madras	Issues arising out of settlement of dues out of construction contract of factory ( civil works) at Naidupet for Rs3.58 crs	The Company has filed a counter claim for Rs7.86crs. The case is posted for hearing in June 2018 (date to be fixed)

**EMPEE SUGARS AND CHEMICALS LIMITED**

<b>S.No</b>	<b>Case No</b>	<b>Court/party</b>	<b>Details of the case</b>	<b>Status</b>
15	URC private Ltd Arbitration before Arbitration Tribunal of Justice (Retd) Mr. Ibrahim kalifullah	Arbitration Centre High court of Madras	Issues relating to civil construction works at Ambasamudram factory for a claim of Rs.32.82 crs inclusive of interest	The Company has filed a counter claim for Rs83.67 crs. The case is posted for hearing on 21 06 2018 for argument
16(a)	Paharpur Cooling Towers Filed a winding up petition	High Court of Andhra Pradesh	Alleged claim of Rs.5.27 crs against the Company towards contract dues.	Counter filed. Pending for admission
16(b)	Paharpur Cooling Towers	Abitration Centre, High Court of Madras	Appointment of Arbitrations in the above matter sl. No: 18 (a)	Both sides appointed Arbitrators, but principal arbitrator is yet to be appointed by the High Court.
17	Cs 161/2018 High Court of Madras	High Court of Madras – Gimpex pvt. Ltd violating the settlement agreements entered into with them, filed a suit for recovery of dues of Rs.19.51 crs payable by ESCL. Since EDL has undertaken to pay partly EDL has been included as a Party.	In this case, Gimpex besides filing a suit, moved a garnishee application against EDL to attach the receivables of TASMAC.	Case came up for hearing on 28 3 2018 and High court closed all the applications of Gimpex and EDL and directed TASMAC not to pay dues if any from 9/ 2/2018 to 19/3/2018 to any entity. According to the Company, we had settled by way of transferring the apartments at whitefield to Gimpex. ISuit is pending.

2. The Group any did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.
3. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Holding Company and its subsidiary companies incorporated in India.

For **Venkatesh & Co.**,  
Chartered Accountants  
F.R.No.004636S

**CA Dasaraty V**  
M.No.026336  
Partner

Place : CHENNAI  
Date : 30/05/2018

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**ANNEXURE 'A' TO THE INDEPENDENT AUDITOR'S REPORT**

(Referred to in paragraph (e) under 'Report on Other Legal and Regulatory Requirements' section of our report of even date)

**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 EMPEE SUGARS & CHEMICALS LIMITED ("the Company") and its Subsidiary Companies as of March 31, 2018 in conjunction with our audit of the consolidated financial statements of the Company for the year ended on that date.

**Management's Responsibility for Internal Financial Controls**

The respective of the Board of Directors of the Company and its subsidiary companies incorporated in India, are responsible for establishing and maintaining internal financial controls based on the respective internal control over financial reporting criteria established by the company and its subsidiary companies incorporated in India considering the essential components of the 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 ("The Act").

**Auditors' Responsibility**

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") 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 Consolidated financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained and the audit evidence obtained by the other auditors of the subsidiary companies incorporated in India, in terms of their report referred to in the other Matter paragraph below, is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system over financial reporting.

## EMPEE SUGARS AND CHEMICALS LIMITED

### Meaning of Internal Financial Controls Over Financial Reporting

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

- (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 financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and
- (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

### Inherent Limitations of Internal Financial Controls Over Financial Reporting

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

### Opinion

In our opinion to the best of our information and according to the explanations given to us, the Company and its subsidiaries companies incorporated in India, in all material respects, an adequate internal financial control system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31st March, 2018, based on the internal controls over financial reporting criteria established by the Company and its subsidiary companies incorporated in India considering the essential components of internal controls stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by ICAI.

### Other Matter:

Our aforesaid report under section 143(3)(i) of the Act on the adequacy and operating effectiveness of the internal financial controls over the financial reporting in so far as it relates to M/s Empee Power Company (India) Limited, subsidiary company, incorporated in India, is based on the corresponding report of the auditor of that company incorporated in India.

Place : CHENNAI  
Date : 30/05/2018

For **Venkatesh & Co.**,  
Chartered Accountants  
F.R.No.004636S

**CA Dasaraty V**  
M.No.026336  
Partner

**EMPEE SUGARS AND CHEMICALS LIMITED**

<b>Consolidated Balance Sheet as at March 31, 2018</b>		<b>₹. In Lacs</b>	
		<b>As at Mar 31, 2018</b>	<b>As at Mar 31, 2017</b>
<b>ASSETS</b>			
<b>A) Non - Current Assets</b>			
a) Property Plant and Equipment	2.1	40,735.10	41,872.75
b) Intangible Assets			
(i) Goodwill		-	-
c) Financial Assets			
(i) Investments	2.2	-	-
(ii) Loans & Advances	2.3	3,671.80	3,402.44
(iii) Deferred tax liabilities (net)		1,206.79	1,206.79
<b>B) Current Assets</b>			
a) Inventories	2.4	1,908.49	1,488.32
b) Financial Assets			
(i) Trade Receivables	2.5	1,272.38	1,153.25
(ii) Cash and cash Equivalents	2.6	110.19	233.73
(iii) Loans & Advances	2.7	<u>2,717.63</u>	<u>3,135.91</u>
<b>Total Assets</b>		<b><u>51,622.37</u></b>	<b><u>52,493.19</u></b>
<b>EQUITY &amp; LIABILITIES</b>			
<b>A) Equity</b>			
a) Equity Share Capital	3.1	4,197.29	4,197.29
b) Other Equity	3.2	-56,367.69	-54,211.09
c) Share application money pending allotment		14,036.50	14,036.50
<b>B) LIABILITIES</b>			
<b>Non - Current Liabilities</b>			
a) Financial Liabilities			
(i) Borrowings	3.3	55,538.66	55,494.42
b) Provisions	3.4	41.70	34.28
c) Deferred tax liabilities (net)			-
<b>Current Liabilities</b>			
a) Financial Liabilities			
(i) Borrowings	3.5	27,751.99	27,648.42
(ii) Trade Payables		4,165.40	3,933.54
(iii) Other financial Liabilities		-	342.65
b) Other Current Liabilities	3.6	2,132.42	685.57
c) Provisions	3.7	<u>126.11</u>	<u>331.61</u>
<b>Total Equity &amp; Liabilities</b>		<b><u>51,622.37</u></b>	<b><u>52,493.19</u></b>

*The accompanying notes form an integral part of the financial statements ( Note No. 1 )*

*As per our report of even date attached*

For and on behalf of the Board

**for Venkatesh & Co.,**  
Chartered Accountants  
F.R. No. 004636S

**M.P. Purushothaman**  
Chairman & Managing Director

**Nisha Purushothaman**  
Director

**CA. Dasarthy V**  
Partner (M. No. 026336)

**Harshabardan**  
Company Secretary

Place : Chennai  
Date : 30.05.2018

**EMPEE SUGARS AND CHEMICALS LIMITED**

**Consolidated Statement of Profit and Loss for the period ended March 31, 2018**

		In Lakhs	
Particulars	Note No.	Year ended Mar 31, 2018	Year ended Mar 31, 2017
I	Revenue from Operations	1,656.51	8,681.61
II	Other Income	58.05	44.92
III	<b>Total Income</b>	<b>1,714.56</b>	<b>8,726.53</b>
IV	<b>Expenses</b>		
	Cost of Materials consumed	1,785.40	8,148.14
	Changes in inventories of finished goods, Stock-in -Trade and work-in-progress	-33.47	28.54
	Employee Benefit Expense	547.98	555.09
	Finance Cost	754.93	579.21
	Depreciation and amortization expense	1,017.97	1,087.60
	Other expenses	1,003.53	1,023.97
	<b>Total Expenses</b>	<b>5,076.35</b>	<b>11,422.54</b>
V	Profit / (loss) before exceptional items and tax	<b>-3,361.79</b>	<b>-2,696.01</b>
VI	Exceptional Items		
VII	Profit / (loss) before tax	-3,361.79	-2,696.01
VIII	<b>Tax Expense:</b>		
	(1) Current Tax		
	(2) Deferred Tax	-363.00	-203.64
IX	<b>Profit/ (loss) for the period</b>	<b>-2,998.79</b>	<b>-2,492.37</b>
X	<b>Other comprehensive Income :</b>		
	<i>Items that will be reclassified subsequently to profit or loss</i>		
	Fair Value changes on loans and advances	25.62	-7.71
	<b>Total other comprehensive Income/loss</b>	25.62	-7.71
XI	<b>Total comprehensive Income/loss (IX + X)</b>	<b>-2,973.17</b>	<b>-2,500.08</b>
XII	Earnings Per Share:		
	(1) Basic	-7.08	-10.74
	(2) Diluted	-7.08	-10.74

The accompanying notes form an integral part of the financial statements ( Note No. 1 )  
As per our report of even date attached

for **Venkatesh & Co.,**  
Chartered Accountants  
F.R. No. 004636S

**CA. Dasarthy V**  
Partner (M. No. 026336)

**M.P. Purushothaman**  
Chairman & Managing Director

**Harshabardan**  
Company Secretary

**Nisha Purushothaman**  
Director

Place : Chennai  
Date : 30.05.2018

**EMPEE SUGARS AND CHEMICALS LIMITED**

**CONSOLIDATED CASH FLOW STATEMENTS FOR THE PERIOD ENDED 31st MARCH 2018**

In Lakhs

Particulars	Year ended Mar 31, 2018	Period ended Mar 31, 2017
<b><u>A. Cash Flow from Operating Activities</u></b>		
Net Profit before taxation	(3,361.79)	(2,696.01)
Adjustments for:		
Depreciation on fixed assets	1,017.97	1,087.60
Interest expense	754.53	577.95
Other Comprehensive Income	-	-
Interest Income	-	(3.41)
<b>Operating Profit before Working Capital changes</b>	<b>(1,589.29)</b>	<b>(1,033.88)</b>
Adjustments for :		
(Increase) / Decrease in Inventories	420.17	222.29
(Increase) / Decrease in Trade receivables	(119.13)	99.85
(Increase) / Decrease in Current Assets	418.28	(206.05)
(Increase) / Decrease in Non Current Assets	-	382.51
(Increase) / Decrease in Long term loans and advances	(269.36)	(327.91)
Increase/(Decrease) in Current Liabilities	1,439.62	1,118.20
Increase/(Decrease) in Other long term liabilities	44.24	407.04
Increase/(Decrease) in Long term Provisions	7.42	(140.44)
Increase/(Decrease) in Provisions	(205.50)	25.76
<b>CASH GENERATED FROM OPERATIONS</b>	<b>146.45</b>	<b>547.37</b>
Income tax Paid	-	-
Income tax Reversal	363.00	203.64
<b>Net Cash inflow from/ (outflow) from Operating activities</b>	<b>509.45</b>	<b>751.01</b>
<b><u>B. Cash Flow from Investing Activities</u></b>		
(Purchase) of Investments	-	-
Purchase of fixed assets (including CWIP)	-	(34.17)
Sale Proceeds from fixed assets	166.54	14.33
Interest received	-	3.41
<b>Net Cash inflow from/ (outflow) from Investing activities</b>	<b>166.54</b>	<b>(16.43)</b>

**EMPEE SUGARS AND CHEMICALS LIMITED**

Particulars	` . In Lakhs	
	Year ended Mar 31, 2018	Period ended Mar 31, 2017
<b>C. Cash Flow from Financing Activities</b>		
<i>Increase in Working Capital Loan</i>	-	-
<i>Increase in Term Loan</i>	-	-
<i>Interest paid</i>	(754.53)	(577.95)
<i>Dividend paid</i>	-	-
<i>Increase in share capital and securities premium</i>	-	-
<i>Dividend Distribution tax paid</i>	-	-
<b>Net Cash inflow from/ (outflow) from Financing activities</b>	<b><u>(754.53)</u></b>	<b><u>(577.95)</u></b>
<b>Net increase / (decrease) in cash and cash equivalents</b>	<b>(78.54)</b>	<b>156.63</b>
<b>Opening Cash and Cash Equivalents</b>		
<i>Cash in hand</i>	5.27	14.51
<i>Bank balances</i>	<u>228.46</u>	<u>62.59</u>
	<b><u>233.73</u></b>	<b><u>77.10</u></b>
<b>Closing Cash and Cash Equivalents</b>		
<i>Cash in hand</i>	4.26	5.27
<i>Bank balances</i>	<u>150.93</u>	<u>228.46</u>
	<b><u>155.19</u></b>	<b><u>233.73</u></b>
<i>See accompanying notes to the financial statements</i>		

In terms of our report of even date

for **Venkatesh & Co.,**  
Chartered Accountants  
F.R. No. 004636S

**CA. Dasaraty V**  
Partner (M. No. 026336)

For and on behalf of the Board

**M.P. Purushothaman**  
Chairman & Managing Director

**Nisha Purushothaman**  
Director

**Harshabardan**  
Company Secretary

Place : Chennai  
Date : 30.05.2018



## EMPEE SUGARS AND CHEMICALS LIMITED

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### Notes forming part of Consolidated financial statements for the year ended 31.03.2018

#### Note 1: SIGNIFICANT ACCOUNTING POLICIES

##### A. Principles of consolidation

The consolidated statements relate to Empee Sugars and Chemicals Limited (“the company”) and its subsidiary companies viz Empee Power Company ( India ) Limited, Appollo Wind Energy Private Limited. The consolidated financial statements have been prepared on the following basis:

- a) The financial statements of the company and its subsidiary companies are combined on a line-by-line basis by adding together the book value of like items of assets, liabilities, income and expenses as per the respective financial statements duly certified by the management of the respective companies, after fully eliminating intra-group balances and intra-group transactions in accordance with Indian Accounting Standards
- b) The difference between the cost of investment in the subsidiaries, over the net assets at the time of acquisition of shares in the subsidiary companies is recognized as Goodwill or Capital Reserve as the case may be.
- c) Non Controlling Interest’s share of net profit of consolidated subsidiary companies for the year is identified and adjusted against the income of the group in order to arrive at the net income attributable to the shareholders of the company.
- d) Non Controlling Interest’s share of net assets of consolidated subsidiary companies is identified and presented in the consolidated balance sheet separate from liabilities and equities of the company’s shareholders.
- e) As far as possible, the consolidated financial statements are prepared using uniform accounting policies for like transactions and other events in similar circumstances and are presented in the same manner as the company’s separate financial statements.

**B.** Investments other than in subsidiary companies have been accounted as per Indian Accounting Standard (AS) 27 on “Consolidated and Separate Financial Statements”.

##### C. Other significant accounting policies

These are set out under “Significant Accounting Policies” as given in the company’s separate financial statements.

##### The subsidiary companies considered in the consolidated financial statements are:

Name of the company	Proportion of ownership Interest
Empee Power Company ( India ) Limited	100.00% (Direct)
Appollo Wind Energy Private Limited	99.92% (Direct)

**1.1 Basis of Accounting:**

These consolidated financial statements have been prepared in accordance with the Indian Accounting Standards (referred to as "Ind AS") prescribed under Section 133 of the Companies Act, 2013 read with the Companies (Indian Accounting Standards) Rules as amended from time to time.

**1.2 Current and Non Current Classification:**

All assets and liabilities have been classified as current or non-current as per the Company's normal operating cycle and other criteria set out in the Schedule III to the Companies Act, 2013. Based on the nature of products and the time between the acquisition of assets for processing and their realization in cash and cash equivalents, the Company has determined its operating cycle as twelve months for the purpose of current-non current classification of assets and liabilities.

**1.3 Use of Estimates**

The preparation of consolidated financial statements in conformity with the recognition and measurement principles of Ind AS requires management to make estimates and assumptions that affect the reported balances of assets and liabilities, disclosures of contingent liabilities at the date of the consolidated financial statements and the reported amounts of income and expenses for the periods presented.

**1.4 Revenue Recognition ( Ind AS 18 )**

All income and expenditure are accounted for on accrual basis as stated herein except in respect of such items as are specifically mentioned hereunder and in the notes.

Sales Income is accounted inclusive of excise duty and sales tax wherever applicable but net of trade discounts.

Insurance claims are accounted as and when the claims are settled. Interest due from growers for seed supplied is accounted as and when cane is received from growers.

Excise duty payable on finished goods held in stock at the end of the accounting year (except Molasses stored in pit for which duty is paid as and when molasses are let into the pit) will be accounted for at the time of clearance of these goods. The accounting treatment will have no impact on profit/losses.

Other Income – a) Interest Income is accounted at applicable coupon rates on respective investments, on time basis. b) Dividend income is accounted as and when received.

**1.5 Property, Plant & Equipment ( Ind AS 16 )**

Fixed assets are stated at cost less accumulated depreciation /amortization. Direct costs are capitalized until fixed assets are ready for use. These costs include freight, installation costs, duties and taxes and other directly attributable costs incurred to bring the assets to their working condition for intended use. The company has been able to complete the Component based depreciation as per the applicable accounting Standard as per the *technical opinion obtained stating that the useful life of significant component of the asset is not different from the useful life of the fixed assets.*

Depreciation on fixed assets is provided using the straight-line method at the rates specified in Schedule II to the Companies Act, 2013 as per the new provisions.

Depreciation is calculated on a pro-rata basis for assets purchased / sold during the year with reference to the month in which the fixed assets are put to use or commissioned.

## EMPEE SUGARS AND CHEMICALS LIMITED

Capital Work-in-progress comprises outstanding advances paid to acquire fixed assets and the cost of fixed assets that are not yet ready for their intended use at the balance sheet date. Capital work-in progress is stated at cost.

### 1.6 Borrowing cost ( Ind AS 33 )

Borrowing costs that are attributable to the acquisition or construction of qualifying assets are capitalized as part of the cost of such assets. A qualifying asset is one that necessarily takes substantial period of time to get ready for its intended use. All other borrowing costs are charged to profit and loss account.

### 1.7 Impairment of Fixed Assets ( Ind AS 36 )

As asset is treated as impaired when the carrying cost of assets exceeds its recoverable value. An impairment loss is charged to the Profit and Loss Account in the year in which an asset is identified as impaired except for the Investments made. The impairment loss recognized in the prior accounting period is reversed if there has been a change in the estimate of recoverable amount.

### 1.8 Cash flow Statement ( Ind AS 7 )

Cash flows are reported using the indirect method, whereby profit / (loss) after 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.

Cash flows are reported using the indirect method, whereby profit before tax is adjusted for the effects of transactions of a non-cash nature and any deferrals or accruals of past or future cash receipts or payments. The cash flows from regular revenue generating, financing and investing activities of the Company are segregated.

### 1.9 Investments ( Ind AS 40 )

Current investments are carried at lower of cost and quoted/fair value. Long term investments are stated at cost. Provision for diminution in the value of long term investments is only if such a decline is other than temporary.

#### *Investment by Empee Sugars and Chemicals Limited in Subsidiaries*

##### **In Equity Shares:**

SI No.	Name of the Company	No of shares held
1	Empee Power Company ( India ) Limited	2,32,75,394
2	Appollo Wind Energy Private Limited	9,994

### 1.10 Inventories ( Ind AS 2 )

Items of inventories are measured at lower of cost and net realizable value after providing for obsolescence, if any. Cost of inventories comprises of cost of purchase, cost of conversion and other costs including manufacturing overheads incurred in bringing them to their respective present location and condition. Cost of raw materials, stores and spares are determined on first-in-first-out basis while finished goods are determined on weighted average basis.

**1.11 Foreign Currency Transaction ( Ind AS 21 )**

- a) Transactions denominated in foreign currencies are recorded at the exchange rates prevailing on the date of transaction or that approximates the actual rate at the date of transaction.
- b) Monetary items denominated in foreign currencies at the year end are restated at year end rates. In case of items which are covered by forward exchange contracts, the difference between the year end rate and rate on the date of contract is recognized as exchange difference and the premium paid on forward contracts is recognized over the life of the contract.
- c) Non monetary foreign currency items are carried at cost.
- d) Any income or expense on account of exchange difference either on settlement or on translation is recognized in the Statement of Profit and Loss except in case of long term liabilities, where they relate to acquisition of fixed assets, in which case they are adjusted to the carrying cost of such assets.

**1.12 Prior Period and Extra Ordinary Items ( Ind AS 8 )**

Prior Period and Extra Ordinary items having material impact on the financial affairs of the Company are disclosed, wherever applicable. There is no major deviation in the accounting policy during the current year.

**1.13 Provision for Current Tax and Deferred Tax ( Ind AS 12 )**

Provision for current tax is made after taking into consideration benefits admissible under the provisions of the Income Tax Act, 1961. Deferred tax resulting from "timing difference" between taxable and accounting income is accounted for using the tax rates and laws that are enacted or substantively enacted as on the balance sheet date. Deferred tax asset is recognized and carried forward only to the extent that there is virtual certainty that the asset will be realized in future.

**1.14 Provisions, Contingent Liabilities and Contingent Assets ( Ind AS 37 )**

Provisions involving substantial degree of estimation in measurement are recognized when there is a present obligation as a result of past events and it is probable that there will be an outflow of resources. Contingent Liabilities are not recognized but are disclosed in the notes. Contingent assets are neither recognized nor disclosed in the financial statements.

**1.15 Earnings per Share ( Ind AS 33 )**

Basic earnings per share is computed by dividing the profit after tax by the weighted average number of equity shares outstanding during the year/period. Diluted earnings per share is computed by dividing the profit after tax as adjusted for dividend, interest and other charges to expense or income relating to the dilutive potential equity shares, by the weighted average number of equity shares considered for deriving basic earnings per share and the weighted average number of equity shares which could have been issued on the conversion of all dilutive potential equity shares.

**1.16 Employee Benefits ( Ind AS 15 )**

- a) Short-term employee benefits are recognized as an expense at the undiscounted amount in the Statement of Profit and Loss of the year in which the related services are rendered.
- b) Post-employment and other long term employee benefits are recognized as an expense in the Statement of Profit and Loss for the year in which employee has rendered services. The expense is recognized at the present value of the amounts payable determined using actuarial valuation techniques. Actuarial gains and losses in respect of post employment and other long term benefits are charged to the Statement of Profit and Loss.

**EMPEE SUGARS AND CHEMICALS LIMITED**

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**Notes on accounts \_ ASSETS**

**2.2) Investments**

<i><b>Particulars</b></i>	<i><b>31-Mar-18</b></i>	<i><b>31-Mar-17</b></i>
Investments in Equity Instruments	-	-
Less: Provision for Diminution	-	-
<b>Total</b>	<b>-</b>	<b>-</b>

**2.3) Loans ( Unsecured )**

<i><b>Particulars</b></i>	<i><b>31-Mar-18</b></i>	<i><b>31-Mar-17</b></i>
<b>Security Deposits</b>		
Rent Advance	119.18	119.18
Electricity deposit	202.96	202.96
<b>Loans to related parties</b>	<b>3,345.88</b>	<b>3,076.67</b>
<b>Other Loans</b>		
Advance Tax Net Off Provision	3.78	3.63
<b>Total</b>	<b>3,671.80</b>	<b>3,402.44</b>

**2.4) Inventories ( Cost or Market value whichever is lower )**

<i><b>Particulars</b></i>	<i><b>31-Mar-18</b></i>	<i><b>31-Mar-17</b></i>
Raw materials	1,123.49	752.52
Work-in-progress	62.87	68.72
Finished goods	353.55	314.23
Stores & Spares	368.58	352.85
<b>Total</b>	<b>1,908.49</b>	<b>1,488.32</b>

**EMPEE SUGARS AND CHEMICALS LIMITED**

**2.5) Trade Receivables**

<i>Particulars</i>	<i>31-Mar-18</i>	<i>31-Mar-17</i>
Unsecured Considered good	1,272.38	1,153.25
<b>Total</b>	<b>1,272.38</b>	<b>1,153.25</b>

**2.6) Cash and cash equivalents**

<i>Particulars</i>	<i>31-Mar-18</i>	<i>31-Mar-17</i>
Cash in Hand	4.26	5.27
Balances with Banks	105.93	228.46
<b>Total</b>	<b>110.19</b>	<b>233.73</b>

**2.7) Loans**

<i>Particulars</i>	<i>31-Mar-18</i>	<i>31-Mar-17</i>
Advance to Suppliers	621.34	632.32
CENVAT Credit	1,676.16	1,672.65
Cane Suppliers Advance	82.96	240.65
Prepaid Expenses	2.75	2.75
Harvester Advance	152.76	161.49
Other Deposits	181.66	426.05
<b>Total</b>	<b>2,717.63</b>	<b>3,135.91</b>

**3.1) Share Capital**

<i>Particulars</i>	<i>31-Mar-18</i>	<i>31-Mar-17</i>
<b>Authorised Capital</b>		
7,00,00,000 (Previous Year 7,00,00,000)		
Equity Shares of Rs.10/- each	9,401	9,401
1,00,00,000 (Previous Year 1,00,00,000)		
Preference Shares of Rs.10/- each	1,001	1,001
<b>Total</b>	<b>10,402</b>	<b>10,402</b>
<b>Issued, Subscribed &amp; Paid-up Capital</b>		
4,19,72,900 (Previous Year 4,19,72,900)		
Equity Shares of Rs.10/- each fully paid up	4,197.29	4,197.29
<b>Total</b>	<b>4,197.29</b>	<b>4,197.29</b>

**EMPEE SUGARS AND CHEMICALS LIMITED**

**Number of Equity Shares at the beginning and end of the reporting year**

Particulars	As at 31-03-2018		As at 31-03-2017	
	No. of shares	Amount	No. of shares	Amount
Shares outstanding at the beginning of the year	4,19,72,900	4,197.29	4,19,72,900	4,197.29
Shares issued during the year	-	-	-	-
Shares outstanding at the close of the year	<b>4,19,72,900</b>	<b>4,197.29</b>	<b>4,19,72,900</b>	<b>4,197.29</b>

**Details of Shareholders holding more than 5% shares in the company**

Name of Shareholder	As at 31-03-2018		As at 31-03-2017	
	No. of shares	% of Holding	No. of shares	% of Holding
Empee Distilleries Ltd., (Holding Company)	2,63,60,532	62.80%	2,66,22,102	63.43%

**3.2) Other Equity**

Particulars	31-Mar-18	31-Mar-17
<b>Disount on issue of shares</b>		
Opening balance	-600.00	-750.00
Add: Addition during the year	150.00	150.00
	<b>-450.00</b>	<b>-600.00</b>
Less: Deduction during the year	-	-
<b>Closing Balance (A)</b>	<b>-450.00</b>	<b>-600.00</b>
<b>General Reserve</b>		
Opening balance	4,068.57	4,068.57
Add: Addition during the year on account of Transition to Ind AS	-	-
	<b>4,068.57</b>	<b>4,068.57</b>
Less: Deduction during the year	-	-
<b>Closing Balance (B)</b>	<b>4,068.57</b>	<b>4,068.57</b>
Surplus from Profit & Loss Account	-57,679.68	-55,220.77
Add: Profit/(Loss) for the year	-2,306.60	-2,458.92
Add: Other adjustments on account of transition to Ind AS	-	-
Add: Other adjustments on account of Consolidation	-	-
	<b>-59,986.28</b>	<b>-57,679.68</b>
Less: Deduction during the year	-	-
<b>Closing Balance (C)</b>	<b>-59,986.28</b>	<b>-57,679.68</b>
<b>Total (A to C)</b>	<b>-56,367.71</b>	<b>-54,211.11</b>

**EMPEE SUGARS AND CHEMICALS LIMITED**

**3.3) Borrowings**

<b>Particulars</b>	<b>31-Mar-18</b>	<b>31-Mar-17</b>
Bonds or debentures		
Term Loans		
Secured borrowings		
- - (I) from banks		
<b>Ambasamudram</b>		
Andhra Bank	7,120.05	7,120.05
Bank of India	7,768.21	7,768.21
Indian Overseas Bank	3,768.23	3,768.23
Punjab National Bank	6,098.75	6,098.75
Indian Bank	2,907.85	2,907.85
Oriental Bank of Commerce	5,848.75	5,848.75
Union Bank of India	2,798.82	2,798.82
<b>Naidupet</b>		
Indian Bank	644.50	644.51
Union Bank of India	60.49	60.48
Federal Bank	34.08	34.08
Bank of Maharashtra		
<b>Funded Interest on Term Loan - Ambasamudram</b>		
Andhra Bank	1,184.02	1,184.02
Bank of India	1,413.30	1,413.30
Indian Overseas Bank	1,747.93	1,492.08
Punjab National Bank	1,060.33	1,060.33
Indian Bank	455.77	455.77
Oriental Bank of Commerce	1,117.15	1,117.15
Union Bank of India	603.73	603.73
- - (II) from other Parties		
Sugar Development Fund Loan	5,747.48	5,747.48
Edelweiss asset reconstruction company	-341.00	-15.00
Unsecured borrowings		-
Loans from related Parties	3,011.81	2,771.06
From NBFCs	2,488.41	2,614.77
<b>Total</b>	<b>55,538.66</b>	<b>55,494.42</b>

**3.4) Provisions**

<b>Particulars</b>	<b>31-Mar-18</b>	<b>31-Mar-17</b>
Provision for employee benefits	41.70	34.28
<b>Total</b>	<b>41.70</b>	<b>34.28</b>



**EMPEE SUGARS AND CHEMICALS LIMITED**

**3.5) Borrowings**

<b>Particulars</b>	<b>31-Mar-18</b>	<b>31-Mar-17</b>
Bonds or debentures		
Term Loans		
- - (I) from banks		
- - (II) from other Parties		
Cash Credit	27,751.99	27,648.42
(Cash credit from banks availed at Naidupet and Ambasamudram Plant are secured by floating Charge on assets under hypothecation and other current assets at respective locations)		
Loans from related Parties	-	-
<b>Total</b>	<b>27,751.99</b>	<b>27,648.42</b>

**3.6) Other Current Liabilities**

<b>Particulars</b>	<b>31-Mar-18</b>	<b>31-Mar-17</b>
Revenue received in advance	-	-
Statutory Dues	446.00	252.53
Liability for expenses	29.38	23.50
Purchase tax payable	354.17	389.17
Unpaid dividends	-	8.42
Other Liabilities	1,302.87	11.95
Other Advances	-	-
<b>Total</b>	<b>2,132.42</b>	<b>685.57</b>

**3.7) Provisions**

<b>Particulars</b>	<b>31-Mar-18</b>	<b>31-Mar-17</b>
Provision for Employee Benefits	126.06	331.56
Others	0.05	0.05
<b>Total</b>	<b>126.11</b>	<b>331.61</b>

**EMPEE SUGARS & CHEMICALS LIMITED**  
**2.1 Fixed Assets**

Amount in Rs.

Particulars	Gross Block			Accumulated Depreciation				Net Block	
	As at April 01, 2017	Additions during the year	Deletions during the year	As at March 31, 2018	As at April 01, 2017	Depreciation charged for the year	Depreciation deletions	As at March 31, 2018	As at March 31, 2017
Freehold Land	42,07,00,000	-	-	42,07,00,000	-	-	-	42,07,00,000	42,07,00,000
Factory Buildings	58,93,25,393	-	-	58,93,25,393	1,91,66,033	1,86,38,110	-	55,15,21,250	57,01,59,360
Plant & Machinery	3,26,29,71,165	-	-	3,26,29,71,165	8,17,44,709	8,07,53,478	-	3,08,85,04,978	3,18,12,26,456
Furniture & Fittings	5,50,643	-	-	5,50,643	1,59,643	37,145	-	3,53,855	3,91,000
Vehicles	2,16,08,737	-	-	2,16,08,737	75,15,737	22,30,922	-	1,18,62,078	1,40,93,000
Office Equipment	8,66,342	-	-	8,66,342	1,68,342	1,32,620	-	5,65,380	6,98,000
Computers	12,539	-	-	12,539	5,101	5,101	-	2,338	7,438
	<b>4,29,60,34,818</b>	<b>-</b>	<b>-</b>	<b>4,29,60,34,818</b>	<b>10,87,59,564</b>	<b>10,17,97,376</b>	<b>-</b>	<b>4,07,35,09,879</b>	<b>4,18,72,75,254</b>

**EMPEE SUGARS AND CHEMICALS LIMITED**

**Notes on accounts \_ PROFIT & LOSS**

**4.1) REVENUE FROM OPERATIONS**

<b>Particulars</b>	<b>31-Mar-18</b>	<b>31-Mar-17</b>
<b>Sale of Products (Gross)</b>		
Sugar	1,343.84	3,859.37
Spirit	92.20	2,536.43
Molasses	51.24	-
Power	133.09	2,457.09
Organic Manure	33.44	32.04
Fly Ash	2.89	1.09
	1,656.70	8,886.02
Less: Excise Duty	-	204.41
<b>Total</b>	<b>1,656.70</b>	<b>8,681.61</b>

**4.2) OTHER INCOME**

<b>Particulars</b>	<b>31-Mar-18</b>	<b>31-Mar-17</b>
Interest Receipts	-	3.41
Scrap Sales	0.19	1.87
Insurance Claims received	-	38.89
Sundry Income	57.86	0.75
<b>Total</b>	<b>58.05</b>	<b>44.92</b>

**5.1) COST OF MATERIALS CONSUMED**

<b>Particulars</b>	<b>31-Mar-18</b>	<b>31-Mar-17</b>
Opening Stock of Raw Material	1,105.37	1,299.12
Purchase of Raw Material	2,172.10	7,954.39
	3277.47	9253.51
Closing Stock of Raw Material	1,492.07	1,105.37
<b>Total</b>	<b>1785.40</b>	<b>8148.14</b>

**5.2) CHANGES IN INVENTORY OF FINISHED GOODS, WORK-IN-PROGRESS**

<b>Particulars</b>	<b>31-Mar-18</b>	<b>31-Mar-17</b>
<b>Opening Inventory</b>		
Work in Process	68.72	72.87
Finished Goods	314.23	338.62
<b>Total</b>	<b>382.95</b>	<b>411.49</b>
<b>Closing Inventory</b>		
Work in Process	62.87	68.72
Finished Goods	353.55	314.23
<b>Total</b>	<b>416.42</b>	<b>382.95</b>
<b>Accretion to Stock</b>	<b>(33.47)</b>	<b>28.54</b>

**EMPEE SUGARS AND CHEMICALS LIMITED**

**5.3) EMPLOYEE BENEFITS**

<b>Particulars</b>	<b>31-Mar-18</b>	<b>31-Mar-17</b>
Salary & wages	533.22	580.31
Contribution to Provident Fund and other funds	-	69.08
Gratuity	4.59	-133.99
Bonus	3.09	21.64
Staff Welf. Expenses	7.09	18.05
<b>Total</b>	<b>547.98</b>	<b>555.09</b>

**5.4) FINANCE COSTS**

<b>Particulars</b>	<b>31-Mar-18</b>	<b>31-Mar-17</b>
Interest Expenses	743.53	577.95
Other Borrowing Costs	0.40	1.26
<b>Total</b>	<b>754.93</b>	<b>579.21</b>

**5.5) OTHER EXPENSES**

<b>Particulars</b>	<b>31-Mar-18</b>	<b>31-Mar-17</b>
Advertisement	0.99	1.54
Auditors Remuneration	1.82	3.02
Conveyance & Travelling	5.14	13.48
Insurance Premium	24.06	29.07
Miscellaneous Expenses	18.08	54.37
Donations	0.47	0.88
Business auxiliary services	-	8.92
Discount on issue of Shares written off	150.00	150.00
Postage, Telephone & Telegram	3.67	8.29
Printing & Stationery	3.42	5.29
Professional & Legal Charges	25.02	26.71
Rates and Taxes	6.64	84.47
Rent	4.99	18.65
Repairs & Maintenance-Buildings	26.24	37.13
Repairs & Maintenance-Machinery	21.68	62.54
Repairs & Maintenance-Others	9.75	33.29
Sitting Fees	1.24	0.97
Vehicle Maint. & Hire Charges	10.53	26.22
Provision for Diminution of Investment	666.57	424.01
Security Service Charges	23.22	35.12
<b>Total</b>	<b>1,003.53</b>	<b>1,023.97</b>

## EMPEE SUGARS AND CHEMICALS LIMITED

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- 6.1** Sundry Creditors, Advance to Suppliers, Cane Advances, Harvester advances, Other deposits and Debtors balances are subject to confirmation by the parties concern.
- 6.2** *With regard to Group Company Loans and advances there is no stipulation as to Principal or Interest in earlier years, however in the current financial year the said amount is converted into Interest free Unsecured loan with a stipulation as to repay in 8 financial years starting the first installment from FY 2018-19.*
- 6.3** Figures for the previous year have been regrouped / reclassified wherever necessary.

## ATTENDANCE SLIP

### EMPEE SUGARS AND CHEMICALS LIMITED

CIN: L24110AP1988PLC009291

Regd. Office : Ayyapareddipalem Village, Naidupet, Nellore-524 126, Andhra Pradesh

Phone : 044-28531111; Email: [cs@empeegroup.co.in](mailto:cs@empeegroup.co.in); Website: [www.empeegroup.co.in](http://www.empeegroup.co.in)

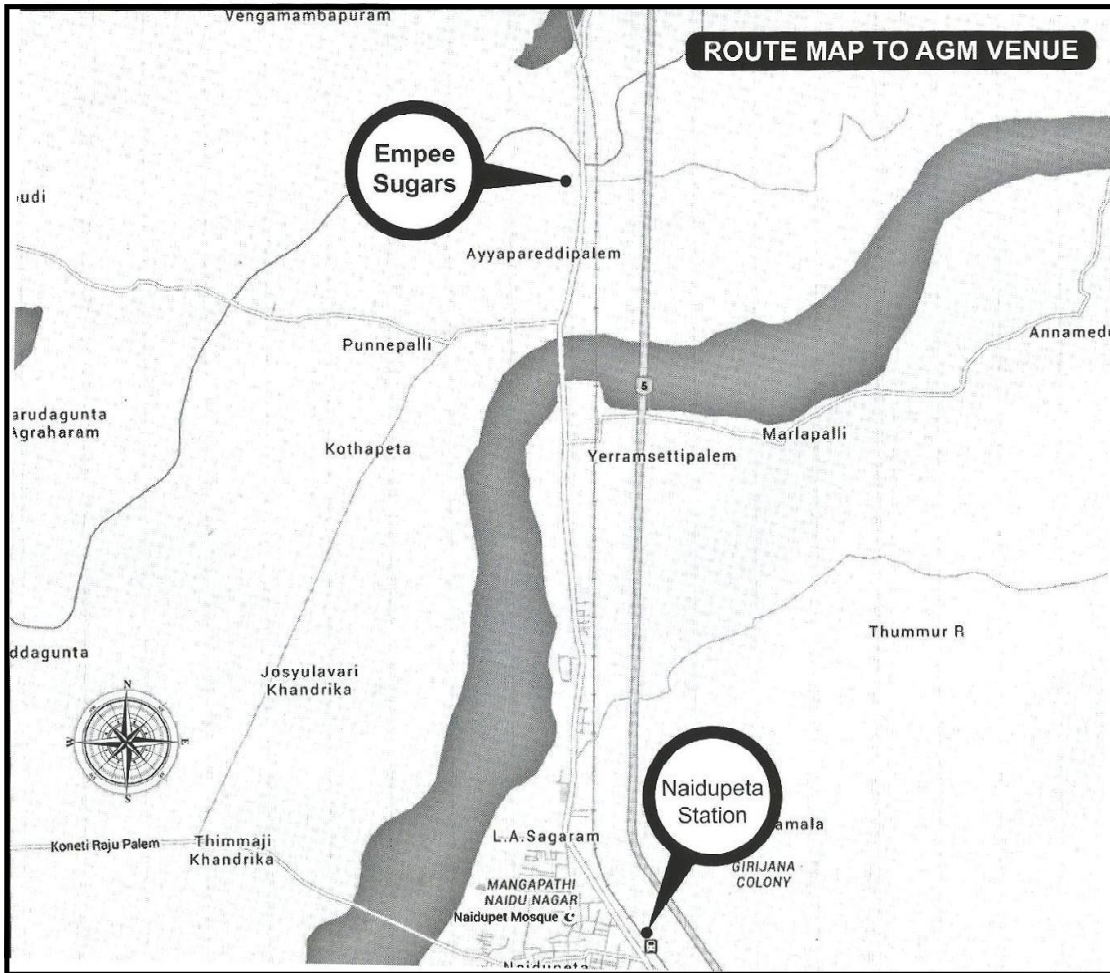
## 27<sup>th</sup> ANNUAL GENERAL MEETING

I/We hereby record my/our presence at the 27<sup>th</sup> Annual General Meeting of the Company being held at Ayyapareddipalem Village, Naidupet Mandal, Nellore - 524 126, Andhra Pradesh on Saturday, the 29<sup>th</sup> September 2018 at 11.30 a.m.

Members Folio No. / Client ID No. :
Member's Name / Proxy's Name :
Member's signature / Proxy's signature :

**Note:**

1. Please complete the Folio/ DP ID-Client ID No. and name, sign this Attendance Slip and hand it over at the Attendance verification counter at the entrance of the meeting hall.
2. Electronic copy of the Annual Report and Notice of the Annual General Meeting (AGM) alongwith Attendance slip and Proxy form is being sent to all the members whose email address is registered with the Company/ DP unless any member has requested for a hard copy of the same. Members receiving electronic copy and attending the AGM can print copy of this Attendance slip.
3. Physical copy of the Annual Report and Notice of the AGM along with Attendance slip and Proxy form is sent in the permitted mode(s) to all members whose email is not registered or have requested for a hard copy.



EMAIL FORMAT :

Date :

Dear Sir / Madam

Pursuant to the Green Initiative in the Corporate Governance initiated by the Ministry of Corporate Affairs (MCA) vide its circular dated 21/4/2011, your company has proposed to send the Notice / Annual Report / documents through electronic mode to our shareholders.

This, you will appreciate, would facilitate fast, secured communication and contribute towards improved environment.

Kindly arrange to send the following details to our above address duly signed, which will be considered by us for sending the future communication through Email.

**Company Name** : **EMPEE SUGARS AND CHEMICALS LTD**  
Folio No. :  
Name (1st / Sole Holder) :  
Email ID :  
Mobile Number :  
Pan (Optional) :

In case if you are holding the shares in electronic mode, you may kindly register / update your correct email id with your DP, so that the future communication can be sent through the same.

Signature of the Shareholder

Thanking You,

Yoursfaithfully,  
For Empee Sugars and Chemicals Ltd.,  
Sd./  
Chairman & Managing Director



**PROXY FORM**

**EMPEE SUGARS AND CHEMICALS LIMITED**

CIN: L24110AP1988PLC009291

Regd. Office : Ayyapareddipalem Village, Naidupet, Nellore -524 126, Andhra Pradesh  
Phone : 044-28531111; Email: [cs@empeegroup.co.in](mailto:cs@empeegroup.co.in); Website: [www.empeegroup.co.in](http://www.empeegroup.co.in)

Name of the member(s)	:	
Registered address	:	
E-mail ID	:	
Folio No./Client ID No.	:	

I/We being the member(s) of ..... 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 :..... or failing him;

as my/our proxy to attend and vote for me/us and on my/our behalf at the 27<sup>th</sup> Annual General Meeting of the Company, to be held on Saturday, the 29<sup>th</sup> September 2018 at 11.30 a.m. at Ayyapareddipalem Village, Naidupet, Nellore -524 126, Andhra Pradesh and at any adjournment thereof in respect of such resolutions as are indicated below :

Res. No.	Resolutions	Optional	
		For	Against
	<b>Ordinary Business</b>		
1.	Adoption of Financial Statements for the year ended 31.3.2018		
2.	Re-appointment of Ms.Nisha Purushothaman, who retires by rotation.		
	<b>Special Business</b>		
3	Regularisation of Appointment of Mr. Shaji Purushothaman as Director.		
4.	Ratification of Remuneration payable to Cost Auditor for previous year		
5.	Ratification of Remuneration payable to Cost Auditor for 2018-19		
6.	Approval for Related Party Transactions.		
7	Conversion of share application money provided by Empee Distilleries Ltd into unsecured Loan.		

Signed this.....Day of September 2018

Signature of shareholder : .....

Signature of Proxy holder :.....

1 Rupee Revenue Stamp
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Note:

1. The Proxy form must be deposited at the Registered office of the Company at Ayyapareddipalem Village, Naidupet, Nellore -524 126, Andhra Pradesh not less than 48 hours before the commencement of the meeting.
2. For the resolution, explanatory statement and notes, please refer to the Notice of the AGM.
3. It is optional to put 'X' in the appropriate column against the Resolutions indicated in the box. If you leave the 'For' or Against column blank against any or all Resolutions, your Proxy will be entitled to vote in the manner as he/she thinks appropriate.
4. Please complete all details including details of member(s) in above box before submission.