



Ponni Sugars (Erode) Limited

19th
Annual Report
2014-15



Year Scorecard

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

Directors

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

Audit Committee

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

Nomination Cum Remuneration Committee

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

Stakeholders Relationship Committee

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

CSR Committee

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

Chief Financial Officer

K Yokanathan

Auditors

R Subramanian And Company
 Chartered Accountants
 No.6 (Old No. 36) Krishnaswamy Avenue
 Luz, Mylapore
 Chennai - 600 004
 Maharaj N R Suresh And Co.
 Chartered Accountants
 No.9 (Old No.5) II Lane, II Main Road
 Trustpuram, Kodambakkam
 Chennai - 600 024

Banks

Bank of India
 IDBI Bank Limited
 Canara Bank

Registered Office

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

Works

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

Registrar & Transfer Agent

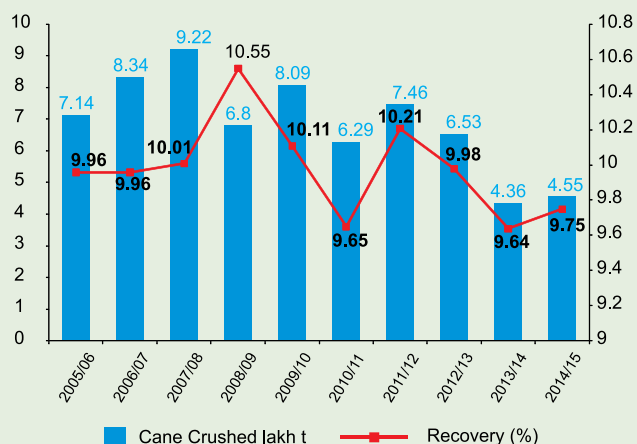
Cameo Corporate Services Ltd
 "Subramanian Buildings", 5th Floor
 No.1, Club House Road, Chennai 600 002
 Phone: (044) 28460390
 Email: investor@cameoindia.com

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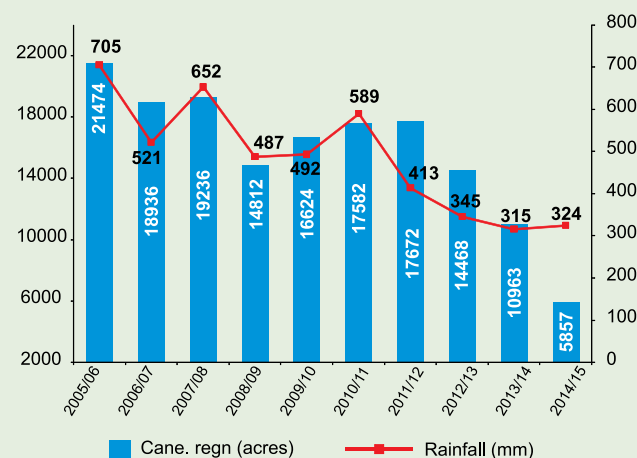


Performance Chart

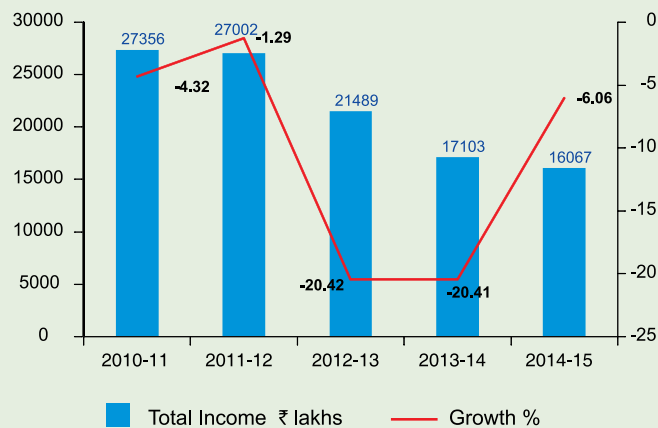
Ten Year Performance



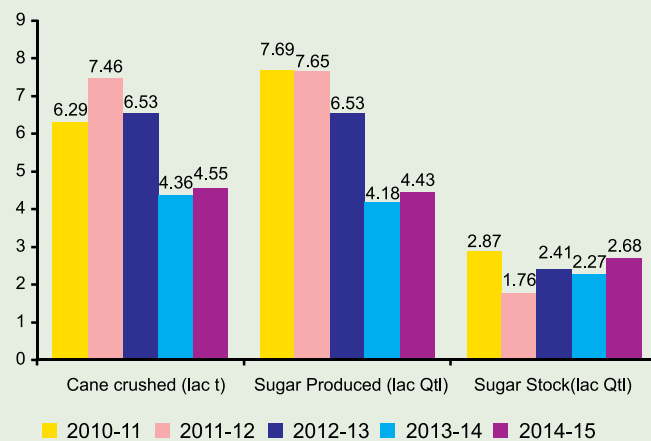
Cane Registration vs Rainfall



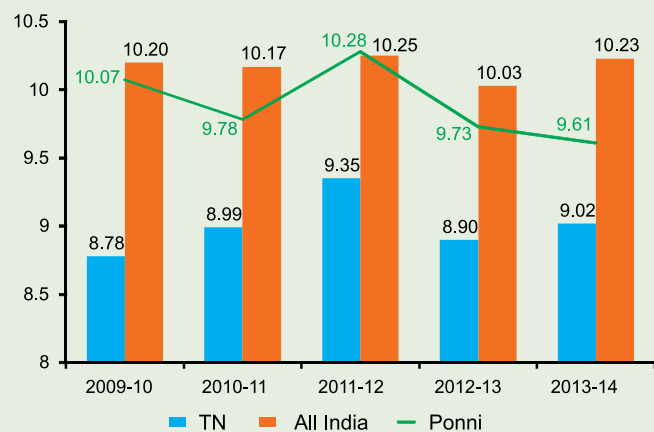
Total Income and Growth



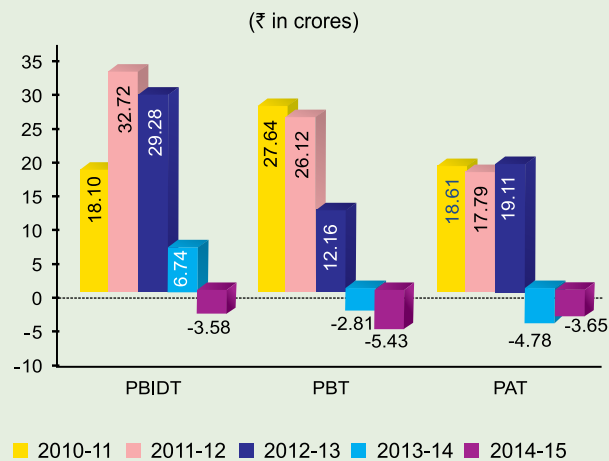
Operating Performance



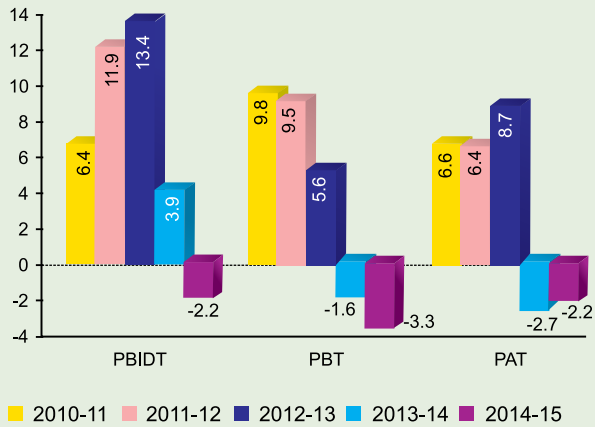
Sugar Recovery % (Season)



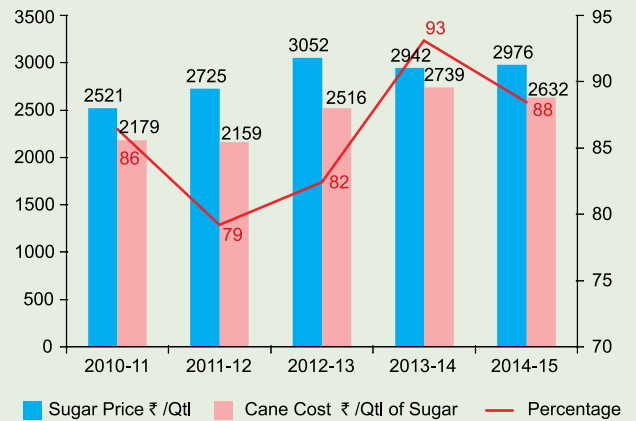
Financial Performance



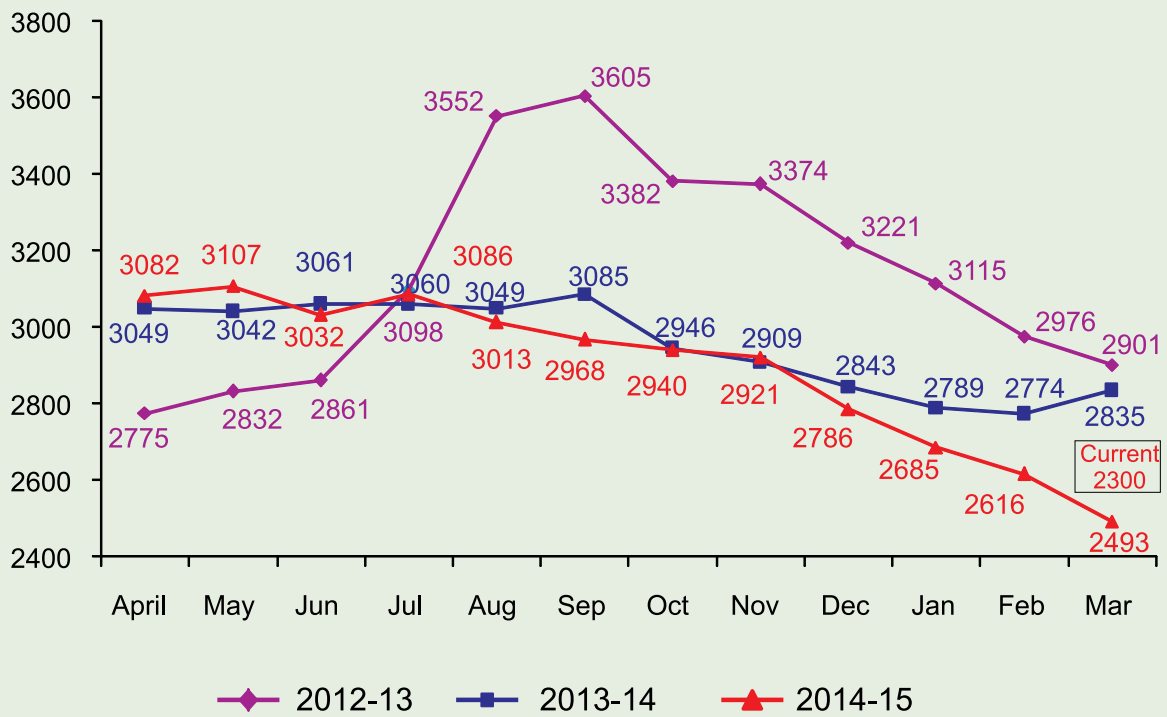
Profit % to Sales



Cane Cost vs Sugar Price

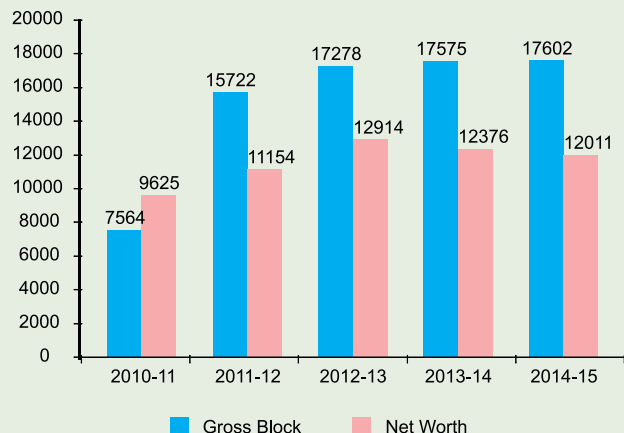


Free Sugar Realization (₹ / Qtl)

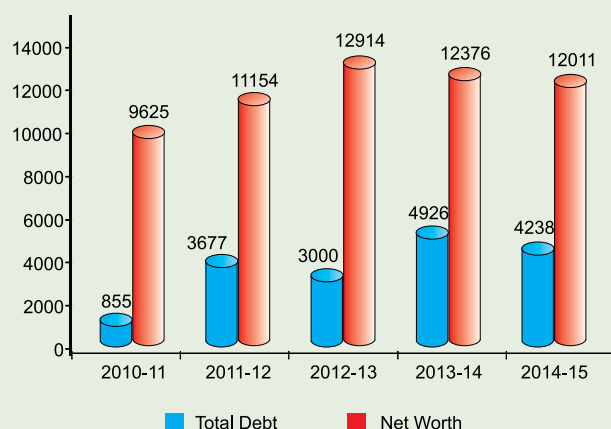




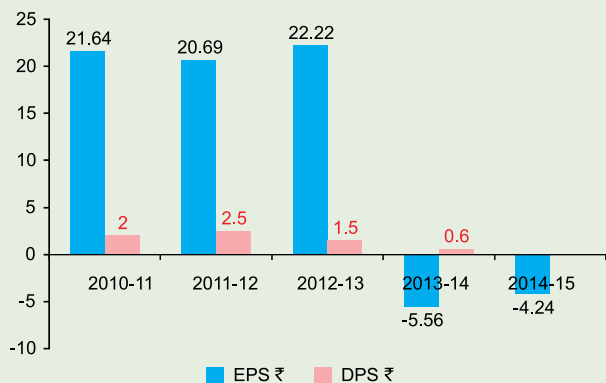
Gross Block and Net Worth (₹ Lakhs)



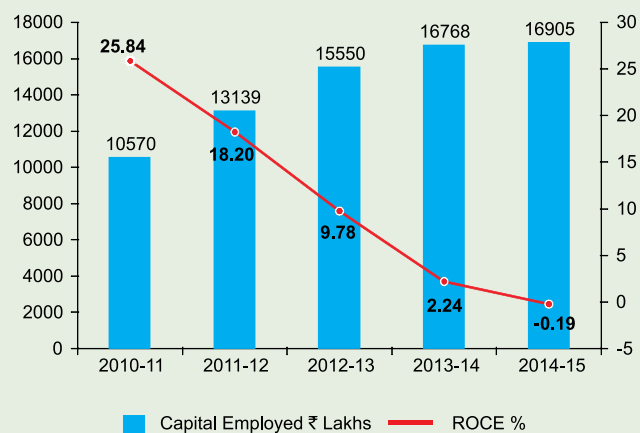
Debt & Net Worth (₹ Lakhs)



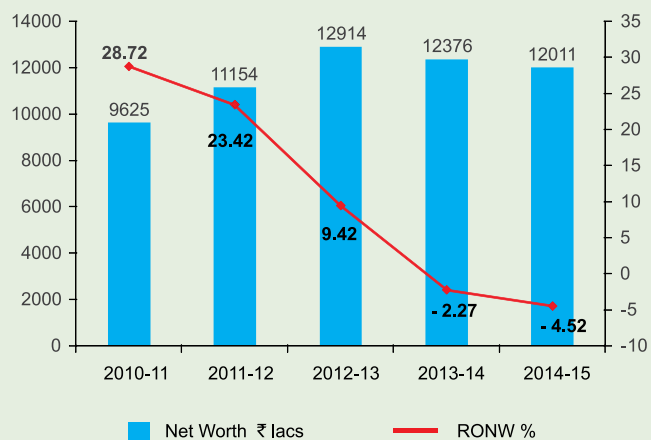
EPS and DPS



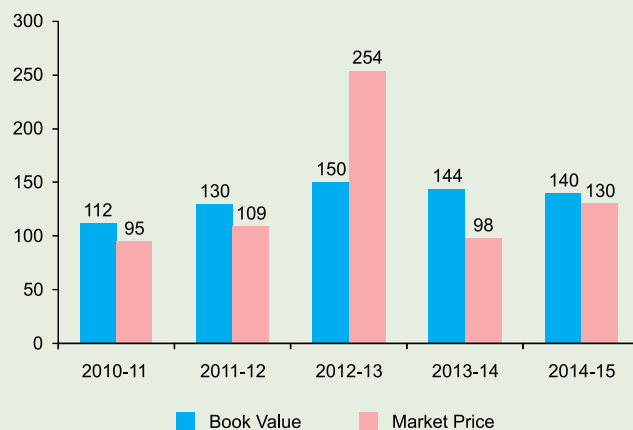
Capital Employed and ROCE



Net Worth and RONW



Book Value and Market Price per Share ₹



Financial Highlights – Ten Years at a Glance

₹ in Lakhs

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



PONNI SUGARS (ERODE) LIMITED

CIN : L15422TN1996PLC037200

ESVIN House, 13 Old Mahabalipuram Road, Seevaram Village, Perungudi, Chennai 600 096

Phone : 044 3927 9300 Fax : 044 2496 0156 E Mail: admin@ponnisugars.com

NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the 19th Annual General Meeting of the Company will be held at New Woodlands Hotel Pvt Ltd, 72-75 Dr Radhakrishnan Road, Mylapore, Chennai 600 004 on Friday, the 24th July 2015 at 10.15 AM to transact the following business.

ORDINARY BUSINESS

1. Adoption of Financial Statements

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

2. Reappointment of retiring Director

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

3. Ratification of Auditors' appointment

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

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

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

SPECIAL BUSINESS

4. Articles of Association

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

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

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

5. Related Party Transaction

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

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

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

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

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

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

6. Remuneration to Cost Auditor

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

“RESOLVED that the Company do hereby confirm and ratify in terms of Section 148 and other applicable provisions of the Companies Act, 2013 and the Rules made thereunder the remuneration approved by the Board of Directors on the recommendations of the Audit Committee for M/s S Mahadevan & Co., Cost Accountants (Firm Regn.No. 000007), for conducting the audit of cost records of the Company, including its Sugar and Cogen segments for the financial year 2015-16 at ₹ 75000/- (Rupees Seventy Five Thousand only) plus reimbursement of travel and out of pocket expenses incurred for purpose of such audit.”

(By Order of the Board)

For **PONNI SUGARS (ERODE) LIMITED**

Chennai
29th May 2015

N Ramanathan
Managing Director

NOTES:

1. Proxy

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

Deposit of proxy

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

2. Particulars of Director

Particulars of Director seeking re-appointment

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

3. Book Closure

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

4. Unpaid Dividend

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



5. E-Communication

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

6. Member identification

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

7. Voting facilities

a) Remote e-Voting

Pursuant to Section 108 of the Companies Act, 2013 read with Rule 20 of the Companies (Management & Administration) Rules 2014 as amended on 19th March 2015, the company provides facility for its members to exercise their voting right by electronic means.

b) Voting through Postal Ballot

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

c) Voting at AGM

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

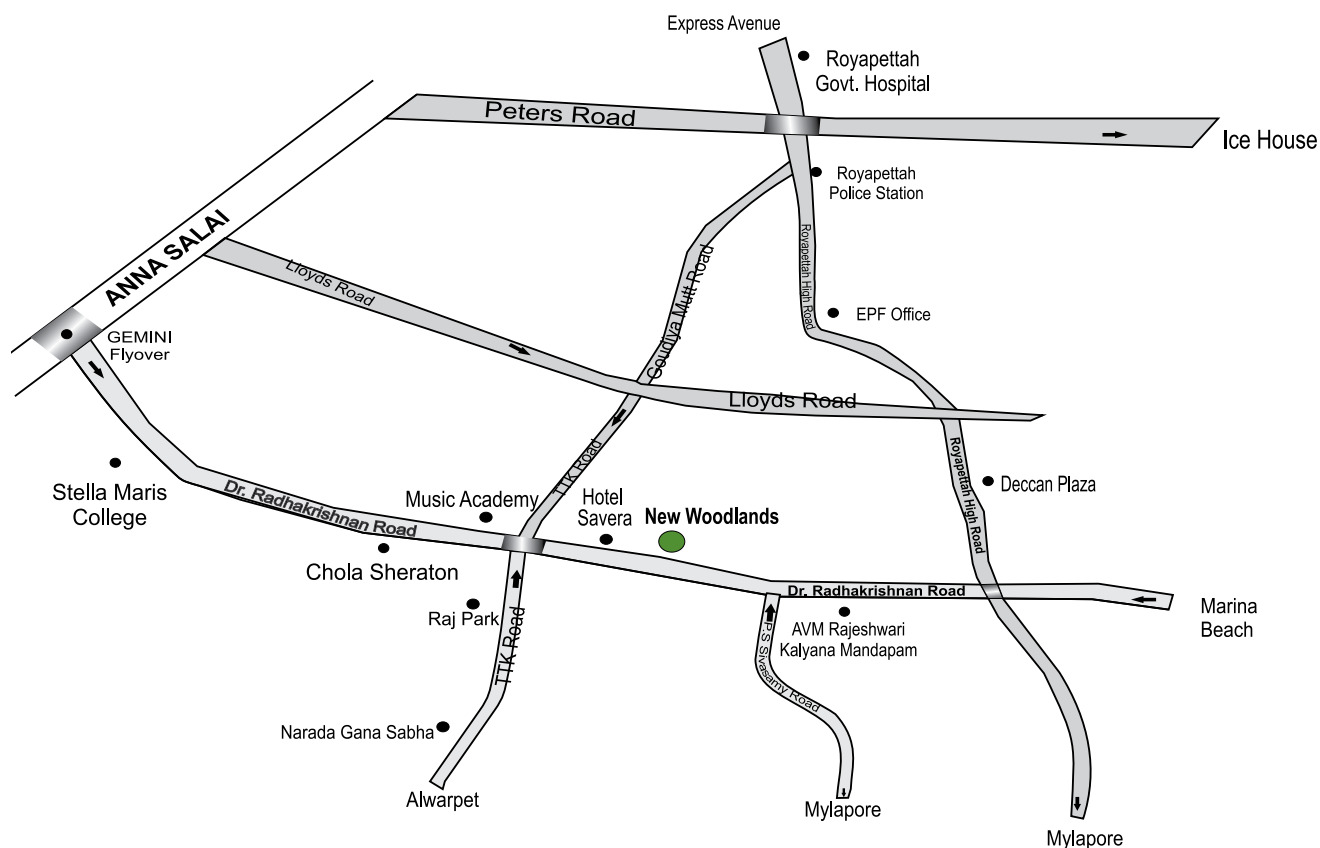
d) Voting option

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

e) Voting instructions

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

ROUTE MAP



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

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

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

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

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

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

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

Item No.5**Related Party Transaction**

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

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

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

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

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

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



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

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

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

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

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

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

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

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

Item No.6

Remuneration to Cost Auditor

The Company is engaged in two business segments namely Sugar and Cogen. It has been maintaining cost accounting records and getting them audited under the provisions of the Companies Act, 2013.

While the remuneration for the audit of cost records is determined by the Board of Directors on the recommendations of Audit Committee, it will have to be ratified by the shareholders at the following General Meeting.

The Board of Directors have appointed M/s S Mahadevan & Co., Cost Accountants (Firm Registration No.000007) for the audit of Cost Records of the company for the financial year 2015-16 pertaining to both Sugar and Cogen segments and determined the remuneration at ₹ 75000/- based on the recommendations of the Audit Committee.

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

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

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

(By Order of the Board)

For **PONNI SUGARS (ERODE) LIMITED**

Chennai
29th May 2015

N Ramanathan
Managing Director

Appendix 'A'

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

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

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



Voting Process & Instructions

A) Remote e-Voting

Remote e-Voting facility

1. In terms of Section 108 of the Companies Act, 2013 read with Rule 20 of the Companies (Management and Administration) Rules, 2014 as amended on 19th March 2015, the company is pleased to provide to its members the facility to exercise their right to vote at the 19th Annual General Meeting (AGM) on resolutions proposed to be considered thereat by electronic means. For this purpose, "remote e-Voting" (hereinafter mentioned 'e-Voting') facility is offered whereby a member can cast his vote using an electronic system from a place of his choice other than the venue of AGM.
2. The e-Voting facility is offered through e-Voting services provided by Central Depository Services (India) Limited (CDSL).
3. E-Voting commences on Monday, the 20th July 2015 (10.00 AM) and ends on Thursday, the 23rd July 2015 (5.00 PM). The e-Voting portal will be blocked by CDSL for voting thereafter.

Manner of e-Voting

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

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

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

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

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

- (vi) After entering these details appropriately, click on "SUBMIT" tab.
- (vii) Members holding shares in physical form will then reach directly to the voting screen. However, members holding shares in demat form will now reach 'Password Change' menu wherein they are required to mandatorily change their login password in the new password field. The new password has to be minimum eight characters consisting of at least one upper case (A-Z), one lower case (a-z), one numeric value (0-9) and a special character(@ # \$ %& *). Kindly note that

this password is also to be used by the demat holders for voting for resolutions of any other company on which they are eligible to vote, provided that company opts for e-voting through CDSL platform.

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

- (viii) Select EVSN (Electronic Voting Sequence number) 150603006 of Ponni Sugars (Erode) Limited.
 - (ix) On the voting page, you will see Resolution Description and against the same the option "YES/NO" for voting. Select the option as desired. The option YES implies that you assent to the Resolution and option NO implies that you dissent to the Resolution.
 - (x) Click on the "Resolutions File Link" if you wish to view the entire Resolutions.
 - (xi) After selecting the resolution you have decided to vote on, click on "SUBMIT". A confirmation box will be displayed. If you wish to confirm your vote, click on "OK", else to change your vote, click on "CANCEL" and accordingly modify your vote.
 - (xii) Once you "CONFIRM" your vote on the resolution, you will not be allowed to modify your vote.
5. In case of members receiving the physical copy of Notice of AGM [for members whose e-mail IDs are not registered with the company/ depository participant(s) or requesting physical copy]:

Please follow all steps from sl. no. (ii) to sl. no. (xii) above, to cast vote.
 6. E-voting cannot be exercised by a proxy. Institutional shareholders (i.e. other than individuals, HUF, NRI etc.) are required to log on to <https://www.evotingindia.co.in> and register themselves, link their account which they wish to vote on and then cast their vote. They should upload a scanned copy of the Board Resolution in PDF format in the system for the scrutinizer to verify the vote.
 7. During the voting period, security holders can login any number of times till they have voted on all the resolutions. They can also decide to vote only on some of the resolutions.

Help Centre

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

Name: Mr A R Vasudevan
Designation: Manager
Address: CDSL, BSE Investor Service Centre
No.4 Vijaya Towers, 3rd Floor
Kodambakkam High Road
Chennai 600034

Email ID: vasudevan@cdslindia.com
Phone No. 93819 95000

B) Voting by Postal Ballot

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



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

C) Voting at AGM

1. The company also offers the facility for voting through polling paper at the meeting. The members as on the cut-off date attending the AGM are entitled to exercise their voting right at the meeting in case they have not already cast their vote by e-Voting.
2. Members who have cast their vote by e-Voting / postal ballot are also entitled to attend the AGM but they cannot cast their vote at the AGM.
3. The Chairman will fix the time for voting at the meeting. Shareholders present in person or by proxy can vote at the meeting.
- i) First count the votes cast at the meeting through polling paper.
- ii) Then unblock the votes cast through e-Voting.
- iii) Thereafter count the votes cast through postal ballot.
- iv) All the above will be done in the presence of two witnesses not in the employment of the company.
- v) Make a consolidated Scrutinizer's report (integrating the votes cast at the meeting, through e-Voting & postal ballot) of the total votes cast in favour or against, if any, to the Chairman.
- vi) The Scrutinizer's report as above would be made soon after the conclusion of AGM and in any event not later than three days from the conclusion of the meeting.

D) General Instructions

1. The cut-off date for the purpose of e-voting has been fixed as Friday, the 17th day of July 2015. Members holding shares as on this cut-off date should endeavour to cast their vote in any one of the three modes.
2. In case of persons who have acquired shares and become members of the company after the despatch of AGM Notice, the company would be despatching the 19th Annual Report for 2014-15 to them as and when they become members. In addition, the Annual Report is available on the company website. They may follow the same procedure for voting.
3. Voting rights of shareholders shall be in proportion to their shareholding in the company as on the cut-off date of 17th July 2015.
7. Voting Results
 - i) The Chairman or a person authorized by him in writing shall declare the result of the voting based on the Scrutinizer's report.
 - ii) The results declared along with the scrutinizer's report will be placed on the company's website www.ponnisugars.com and on the website of CDSL www.evotingindia.co.in immediately after the result is declared and also communicated to NSE and BSE.
 - iii) Subject to receipt of requisite number of votes, the resolution shall be deemed to be passed on the date of AGM.

BOARD'S REPORT

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

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

Dividend

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

Sugar Industry Overview

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

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

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

Government measures

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



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

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

Company Performance

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

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

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

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

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

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

Finance

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

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

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

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

Outlook for 2015-16

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

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

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

Management Discussion and Analysis Report

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

Corporate Governance

Pursuant to Clause 49 of the Listing Agreement with the Stock Exchanges, Corporate Governance report together with the certificate from the company's auditors confirming the compliance of conditions on Corporate Governance is given in Annx-2.

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

have accordingly been made in the Corporate Governance report at the appropriate places that forms an integral part of this report.

Extract of Annual Return

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

Directors' Responsibility Statement

Pursuant to Section 134(3)(c) of the Companies Act, 2013 with respect to the Directors Responsibility Statement, your Board confirms that:

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

Particulars of Loans, Guarantees or Investments

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

Particulars of contracts or arrangements with Related Party

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



Material changes and commitments

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

There are no material changes and commitments in the business operations of the company since the close of the financial year on 31st March 2015 to the date of this report.

Conservation of Energy etc.

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

Corporate Social Responsibility (CSR)

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

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

Particulars of Employees

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

Adequacy of Internal Financial Control with reference to financial statements

- 1) The company maintains all its records in ERP system developed in-house and the work flow and approvals are routed through this system.
- 2) The company has laid down adequate systems and well drawn procedures for ensuring internal financial controls. It has appointed an external audit firm as internal auditors for periodically checking and monitoring the internal control measures.
- 3) Internal auditors are present at the Audit Committee meetings where internal audit reports are discussed alongside of management comments and the final observation of the internal auditor.
- 4) The Board of Directors have adopted various policies like Related Party Transactions Policy and Whistle

Blower Policy and put in place budgetary control and monitoring measures for ensuring the orderly and efficient conduct of the business of the company, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records and the timely preparation of reliable financial information.

Directors

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

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

Auditors

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

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

Acknowledgement

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

For Board of Directors

Chennai
29th May 2015

N Gopala Ratnam
Chairman

MANAGEMENT DISCUSSION AND ANALYSIS REPORT

Industry structure and development

World Sugar

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

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

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

Indian sugar

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

Sugarcane and sugar production are seasonal with more than 90% happening in the winter months of November to March. Sugarcane use for production of sugar has steadily increased over time in preference to alternative sweeteners. Maharashtra and UP are the dominant sugar producing States while of late Karnataka has significantly

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

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

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



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

Government Policies

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

Opportunities & Threats

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

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

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

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

Segment-wise or product-wise performance

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

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

Outlook

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

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

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

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

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

Risks and concerns

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

Industry risk

Sugar industry being agro based and vulnerable to commodity cycles is fraught with several risks. It has to source sugarcane from its neighbourhood and out

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

Risk mitigation

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

Risk specific to the Company

Erode Sugar Mill is squeezed for land in its factory area militating against major expansion or diversification plans. It is also surrounded by other sugar mills that limits scope for major cane area expansion. Of late, its command area for cane has become increasingly susceptible to water stress.

Distillery licensing is subject to State discretion. Standalone Distillery faces local resistance on perceived threat of pollution.

Risk Management

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

Internal Control Systems and their adequacy

The Company has proper and effective internal control systems commensurate with its nature of business and size



of operations to ensure that all controls and procedures function satisfactorily at all times and all policies are duly complied with as required. These are considered adequate to reasonably safeguard its assets against loss or misappropriation through unauthorized or unintended use.

There is adequate and effective internal audit system that employs periodic checks on ongoing process. The Audit Committee of the Board of Directors regularly reviews the effectiveness of internal control system in order to ensure due and proper implementation and due compliance with applicable laws, accounting standards and regulatory guidelines.

Human Resources

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

Discussion on Financial Performance with respect to Operational Performance

Operational Performance

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

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

Financial Performance

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

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

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

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

Ratios

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

Cautionary Statement

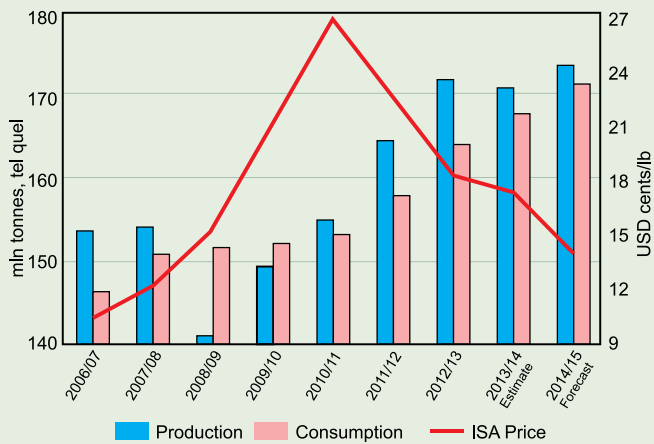
Statements made in this Report describing industry outlook as well as Company's plans, projections and expectations may constitute 'forward looking statements' within the meaning of applicable laws and regulations. Actual results may differ materially from those either expressed or implied.

For Board of Directors

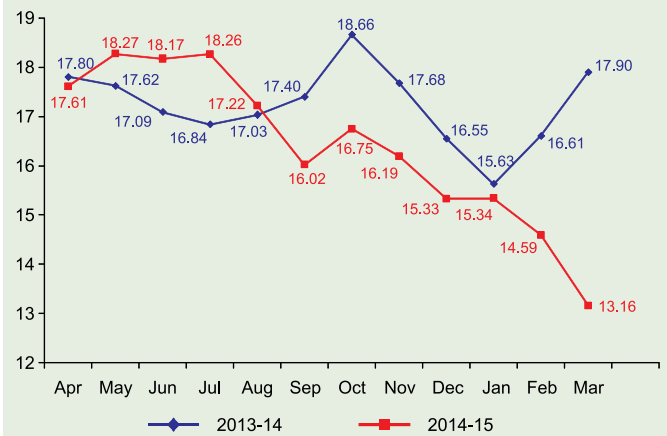
Chennai
29th May 2015

N Gopala Ratnam
Chairman

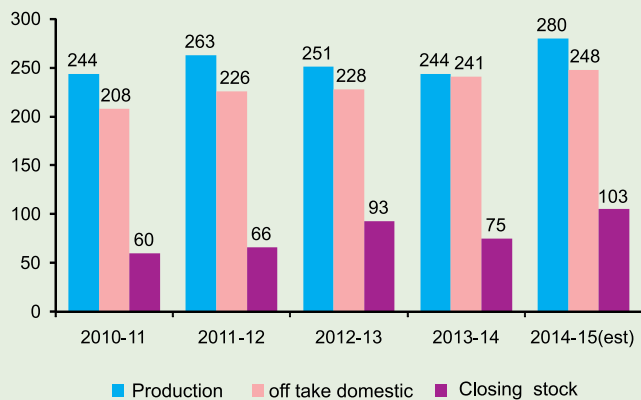
World production, Consumption and ISA Prices



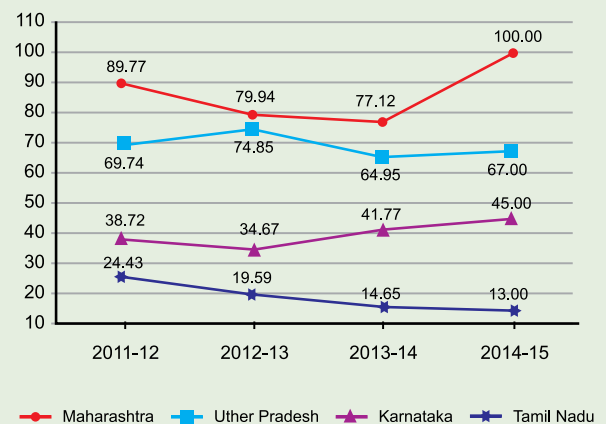
World Raw Sugar Price - ISA Daily Price (c/lb)



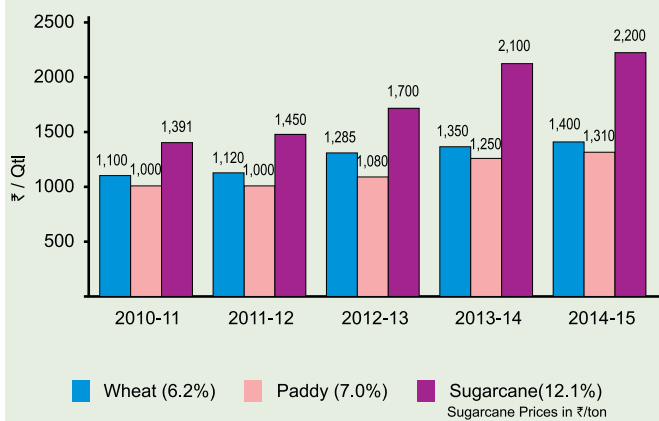
Indian Sugar Balance (lac t)



Sugar Production of Top 4 States (lac t)

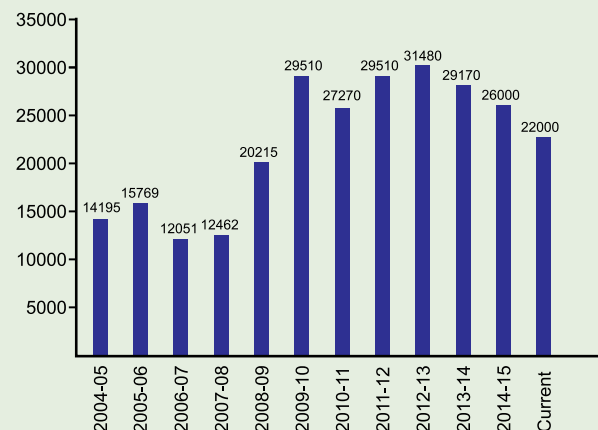


Minimum Support Prices-Growth Rate



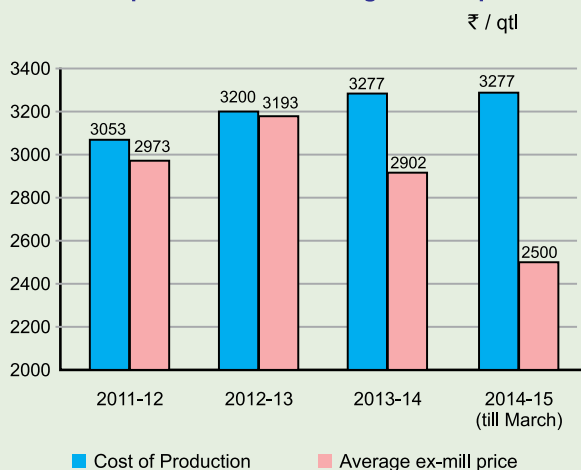
Falling ex-factory sugar prices

Sugar price (₹ / ton sugar)

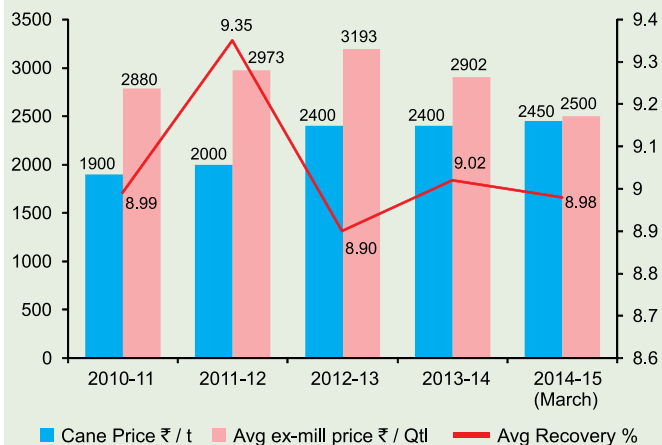




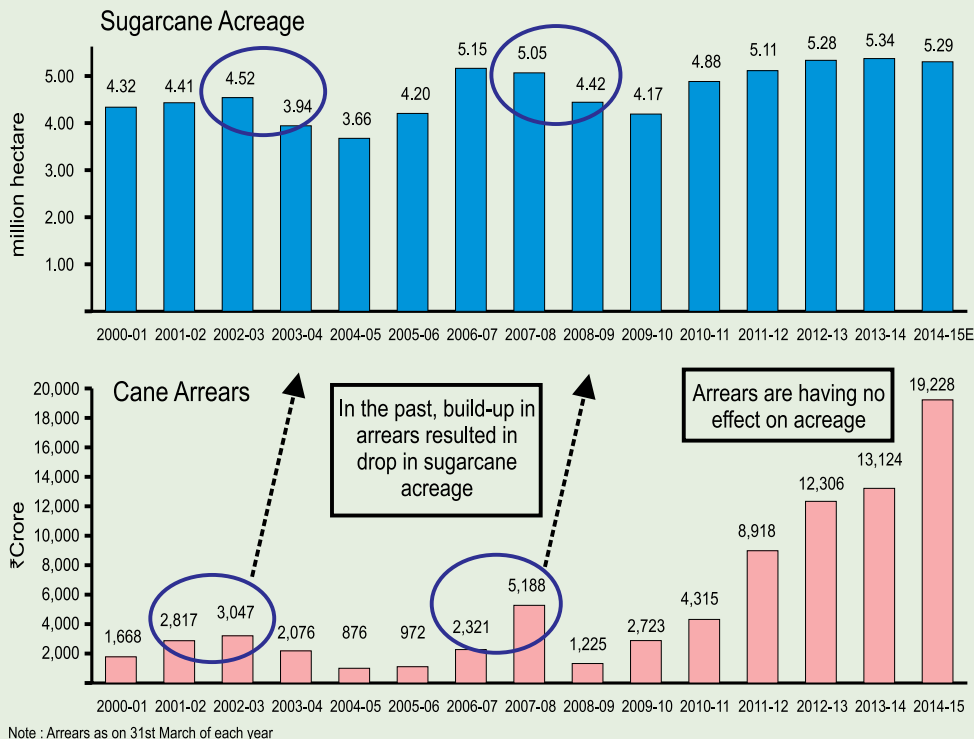
Cost of production vs. Average ex-mill prices



TN Cane price, Sugar Price and Recovery



Sugarcane Acreage & Cane Arrears Trend



CORPORATE GOVERNANCE REPORT

The principles of Corporate Governance introduced by SEBI through Clause 49 of the Listing Agreement with Stock Exchanges and amended from time to time is complied in all respects by the Company. The policies, procedures and processes of the Company are at all times directed in furtherance of following the best practices and institutionalizing the code of corporate governance.

This Report is furnished in terms of Clause 49 of the Listing Agreement. Auditors' certificate on Corporate Governance as prescribed is also attached. Further, this Report also discloses relevant information in terms of Section 134(3) of the Companies Act, 2013 and forms an integral part of the Board's Report to shareholders.

Company's philosophy on Corporate Governance

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

Amendments to Corporate Governance provisions

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

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

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

A) Board of Directors

i) Board Composition

- a) The composition of the Board is devised in a manner to have optimal blend of expertise drawn from Industry, Management and Finance.
- b) All except the Managing Director are non-executive Directors and thus constitute more than one-half of the total number of Directors. The Company has two woman directors. The Managing Director is additionally responsible to continue to discharge the functions of Secretary within the meaning of Section 203 of the Act.
- c) The Managing Director is not liable to retire by rotation. All the other non-independent directors retire by rotation and in the normal course seek re-appointment at the AGM. Brief resume of Director seeking reappointment is given in the Notice of the AGM.
- d) No Director holds membership of more than 10 Committees of Board nor is Chairman of more than 5 such Committees as stipulated in Clause 49. No Director is a relative of any other Director. The age of every Director, including Independent Director, is above 21.



Relevant details of Directors

| Name of Director and category | Date of initial Appointment | No. of Equity Shares held | Attendance at Board meetings during 2014-15 | | As on 31 st March 2015 | | | Attendance at last AGM Y- Yes N- No |
|------------------------------------------------------|-----------------------------|---------------------------|---------------------------------------------|-----|-----------------------------------|---------------------|--------|-------------------------------------------|
| | | | No. of meetings | % | No. of Directorships | Committee position* | | |
| | | | | | | Chairman | Member | |
| Mr N Gopala Ratnam, Non-Executive Chairman, Promoter | 26.12.1996 | 2823 | 5 | 100 | 6 | 2 | 1 | Y |
| Dr L M Ramakrishnan Independent | 26.10.2001 | 536 | 5 | 100 | 4 | -- | 1 | Y |
| Mr Arun G Bijur Promoter Group | 26.12.1996 | 100 | 4 | 80 | 3 | -- | 1 | Y |
| Mr Bimal Poddar Promoter | 26.10.2001 | NIL | 5 | 100 | 9 | -- | 1 | Y |
| Mr N Ramanathan Managing Director | 01.04.2005 | 3001 | 5 | 100 | 4 | 1 | 1 | Y |
| Mr V Sridar Independent | 05.06.2009 | NIL | 5 | 100 | 9 | 5 | 5 | Y |
| Mr N R Krishnan Independent | 05.06.2009 | NIL | 5 | 100 | 9 | 2 | 4 | Y |
| Dr Nanditha Krishna Independent | 24.12.2010 | NIL | 3 | 60 | 6 | -- | -- | N |
| Mr K Bharathan Independent | 28.12.2011 | NIL | 4 | 80 | 2 | -- | -- | Y |
| Mrs Bharti C Pithawalla Promoter | 01.02.2013 | NIL | 2 | 40 | 3 | -- | -- | N |

* Pertains only to Audit & Share Committee of the Board

ii) Independent Directors

- The Chairman is non-executive and falls under Promoter category. The number of Independent Directors is one-half of the total strength. Any reduction in the strength of Independent Directors is filled within 3 months or the next Board meeting, whichever is later, for ensuring minimum stipulated strength of Independent Directors in the Board.
- Independent directors are appointed for a tenure of 5 years taking into account the transitory provisions u/s 149(11) of the Act. They would be eligible for one more term on passing of a special resolution by members. No independent director of the Company serves in more than 7 listed companies as Independent Director.

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

B) Board Process

i) Board Meetings

The Board meeting dates for the entire financial year are tentatively fixed before start of the year. An annual calendar of Board / Committee meetings is circulated to facilitate Directors plan their schedules for attending the meetings. Audit Committee and Board meetings are mostly convened on the same day to obviate avoidable travel and recognizing time constraints of Independent Directors.

Notice for Board meeting is issued normally 3 weeks in advance. Detailed Agenda papers are circulated one week in advance. During the year, 5 Board meetings were held as against the minimum requirement of 4 meetings on 29.05.2014, 22.07.2014, 31.10.2014, 06.02.2015 and 25.03.2015. Interval between any two meetings was not more than 120 days. No Board meeting was conducted through video conferencing or other audio visual means.

ii) Board Proceedings

Board meetings are governed by structured Agenda containing comprehensive information and extensive details that is circulated at least one week in advance. Urgent issues and procedural matters are at times tabled at the meeting with prior approval of Chairman and consent of all present. Powerpoint presentation is made to facilitate pointed attention and purposive deliberations at the meetings.

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

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

iii) Board Minutes

Draft Board minutes prepared by the Company Secretary are placed at the meeting and updated for changes based on discussions thereat. After approval by Chairman, it is circulated within 15 days

of the meeting to all directors for comments and then finalized with the consent of Chairman and recorded in the Minutes Books. These are placed at the succeeding meeting for confirmation and record.

C) Board Committees

i) Audit Committee

The Board has constituted an Audit Committee comprising only non-executive Directors with more than two-third being Independent. The Chairman of Audit Committee is an Independent Director and is present at the Annual General Meetings of the Company. It meets at regular intervals not exceeding 120 days between any two meetings and subject to a minimum of 4 meetings in a year. Board Chairman, MD, CFO and COO are present as invitees while Statutory Auditors, Cost Auditor and the Internal Auditor are also present in most meetings. The Company Secretary acts as the Secretary of the Audit Committee.

The Audit Committee conforms to Section 177 of the Act and extant SEBI guidelines and Clause 49 of Listing Agreement in all respects concerning its constitution, meetings, functioning, role and powers, mandatory review of required information, approved related party transactions and accounting treatment for major items. Appointments of auditors, cost auditors, secretarial auditor and internal auditors are done on the recommendations of the Audit Committee.

During the year, the Audit Committee met 5 times on 29.05.2014, 22.07.2014, 31.10.2014, 06.02.2015 and 25.03.2015. Its composition and attendance during 2014-15 is given hereunder:

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



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

ii) Nomination cum Remuneration Committee

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

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

The powers, role and terms of reference of the Committee cover the areas as contemplated u/s 178 of the Act and Clause 49 of the Listing Agreement, besides other terms as may be referred by the Board of Directors. The role includes –

- Formulation of criteria for determining qualifications, positive attributes and independence of a director.
- Recommending to the Board a remuneration policy for directors, key managerial personnel and senior management.
- Formulation of criteria for evaluation of Independent Directors and the Board.
- Devising a policy on Board diversity.
- Identification of persons who are qualified to become directors and who may be appointed in senior management in accordance with the criteria laid down and recommend to the Board their appointment and removal.

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

iii) Stakeholders Relationship Committee

The Board has a Stakeholders Relationship Committee. Its role and responsibility is to expeditiously process and approve transactions in securities, complying with SEBI regulations and listing requirements and redressal of investor grievances. The Committee oversees and monitors the performance of the Registrar & Transfer Agents and devises measures for overall improvement in the quality of investor services.

The Committee comprises of 3 Directors, out of which 2 are non-executive directors. The Chairman

of the Committee is a non-executive Director. The Committee met 5 times during the year on 29.05.2014, 22.07.2014, 31.10.2014, 06.02.2015 and 25.03.2015. Its composition and attendance is given hereunder:

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

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

iv) Corporate Social Responsibility (CSR) Committee

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

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

It met once during the year on 06.02.2015.

v) Other Committees

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

vi) Committee Minutes

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

vii) Circular Resolution

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

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

The Board on the recommendations of the Nomination-cum-Remuneration Committee meeting held on 25th March 2015 has approved a Nomination and Remuneration Policy. It inter alia deals with the manner of selection of Board of Directors and Managing Director and their remuneration. This policy is accordingly derived from the said chapter.

1. Criteria for selection of Non Executive Directors

- a) The Committee will identify and ascertain the integrity, qualification, expertise and experience of the person for appointment as director.
- b) Directors would be chosen from diverse fields of expertise drawn from industry, management, finance and other disciplines.
- c) In case of appointment of independent directors, the Committee will satisfy itself with regard to the independent nature of the directors vis-à-vis the Company conforming in entirety to the conditions specified under Section 149 of the Act read with Schedule IV thereto and the Rules made thereunder and the Listing Agreement.
- d) The Committee will ensure that the candidate identified for appointment as a director is not disqualified in any manner under Section 164 of the Act.
- e) In the case of reappointment of non independent directors, the Board will take into consideration the performance evaluation of the director and his engagement level.

2. Remuneration Policy

The remuneration policy aims at attracting and retaining suitable talent and devising a remuneration package commensurate with competition, size of the Company, its nature of business and considered appropriate to the respective role and responsibilities of the employee concerned.

The remuneration policy seeks to ensure that performance is recognized and achievements rewarded. Remuneration package is transparent, fair and simple to administer, besides being legal and tax compliant.

The policy recognizes the inherent constraint in relating remuneration to individual performance and fixing meaningful benchmark for variable pay due to the cyclical nature of industry, agro climatic and regulatory risks. Employee compensation is not allowed to get significantly impacted by such external adversities that are admittedly beyond their realm of control.

3. Remuneration of Directors & KMPs

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

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

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

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

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



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

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

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

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

(ii) Performance Evaluation

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

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

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

The Independent Directors in their exclusive meeting on 25.03.2015 did the evaluation on the performance of Chairperson, non-independent directors and

the Board as a whole. They have expressed overall satisfaction on such evaluation. All except one Independent Director were present at this meeting.

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

(iii) Insider Trading

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

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

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

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

The trading window shall remain closed during the period when designated persons in terms of the Regulations can reasonably be expected to have possession of unpublished price sensitive information. In any event, the trading window shall remain closed between the twentieth trading day prior to the last day of any financial period for which results are required to be announced by the Company and the second trading day after the disclosure of such financial results.

The Company Secretary is designated as the compliance officer for this purpose. The Audit Committee monitors the adherence to various requirements as set out in the Code.

(iv) Code of Conduct

The Board has formulated a Code of Conduct for Directors and Senior Management Personnel of the Company which is posted on its website. It is hereby affirmed that all the Directors and Senior Management Personnel have complied with the Code and a confirmation to this effect has been obtained from them individually for FY 2014-15.

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

(v) Related Party Transactions

The Board has formulated in Feb 2015 a Policy on Related Party Transactions (RPTs). It has also fixed the materiality threshold under this policy at 10% of its turnover as per the last audited financial statements. Transactions with a related party individually or taken together in a financial year crossing this 10% threshold would be considered material. This policy has been uploaded in the Company's website.

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

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

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

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

(vi) Risk Management

The Company has a robust risk management framework to identify and evaluate business risks

and opportunities. It seeks to create transparency, minimize adverse impact on the business objective and enhance the Company's competitive advantage. It aims at ensuring that the executive management controls the risk through means of a properly defined framework.

The Company has laid down appropriate procedures to inform the Board about the risk assessment and minimization procedures. The Board periodically revisits and reviews the overall risk management plan for making desired changes in response to the dynamics of the business.

Key areas of risks identified and mitigation plans are covered in the Management Discussion and Analysis Report. The Company is not currently required to constitute a Risk Management Committee.

(vii) Whistle Blower Policy

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

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

(viii) Anti-Sexual Harassment Policy

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

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

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

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

ii) Quarterly Financial Results

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



on the recommendations of the Audit Committee. These are communicated to Stock Exchanges by email and fax after the conclusion of the Board Meeting and published in leading dailies, as required, within the stipulated time. These are also immediately posted on the Company's website.

(iii) Quarterly Compliance Report

The Company has submitted for each of the four quarters during 2014-15 the Compliance Report on Corporate Governance to Stock Exchanges in the prescribed format within 15 days from the close of each quarter.

(iv) Online filing

NEAPS

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

SCORES

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

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

(v) Reconciliation of Share Capital Audit

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

(vi) Accounting treatment

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

(vii) Cost Audit

Pursuant to Section 148 read with the Companies (Cost Records and Audit) Rules, 2014, the Company has appointed M/s S Mahadevan & Co., Cost Accountants (Firm Regn.No.000007), Coimbatore to undertake cost audit of the Company for FY 2014-15. Their remuneration was approved by the shareholders at the 18th AGM.

Cost Audit Report

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

(viii) Secretarial Standards & Secretarial Audit

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

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

There are no qualifications in the Secretarial Audit Report.

(ix) Internal Auditor

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

(x) CEO/ CFO certification

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

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

(xi) Review of Directors' Responsibility Statement

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

(xii) Auditor's Certificate on Corporate Governance

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

(xiii) Subsidiary Companies

The Company has no subsidiary.

(xiv) Deposits

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

(xv) Peer Review of Auditors

Clause 41 of the Listing Agreement stipulates that limited review / audit reports shall be given only by an Auditor who has subjected himself to the peer review process and holds a valid certificate issued by the Peer Review Board of the ICAI. The statutory auditors of the Company M/s R Subramanian And Company and M/s Maharaj N R Suresh And Co have undergone the peer review process and been issued requisite certificate that were placed before the Audit Committee.

(F) Compliance with non-mandatory requirements

(i) Board

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

(ii) Shareholders' Rights

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

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

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

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

(iv) Audit Qualifications

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

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

(G) Disclosures

- (i) No strictures / penalties have been imposed on the Company by the Stock Exchanges or SEBI or any statutory authority on any matters related to the capital market during the last 3 years.
- (ii) No significant and material orders were passed by the Regulators, Courts or Tribunals impacting the going concern status and the Company's operations in future.
- (iii) No loan or advance in the nature of loan was made during or outstanding at the close of the year to Associates or Firms/ Companies in which a director of the Company is interested. Accordingly no disclosure in terms of Clause 32 on this score is applicable.

(H) Means of Communication

Intimation of Board meeting

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



Financial Results – All audited

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

* Publication arranged

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

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

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

Chairman's Communiqué:

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

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

Website

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

General Shareholder Information

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

Business Responsibility Reports

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

Company commitment

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

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

For PONNI SUGARS (ERODE) LIMITED

N Gopala Ratnam
Chairman

N Ramanathan
Managing Director

Chennai
29th May 2015

General Shareholder Information

Details for 19th AGM

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

Particulars of past 3 AGMs

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

No Extraordinary General Meeting was convened during the year.

Postal Ballot/ Poll

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

Financial Calendar for 2015-16 (tentative)

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

Listing

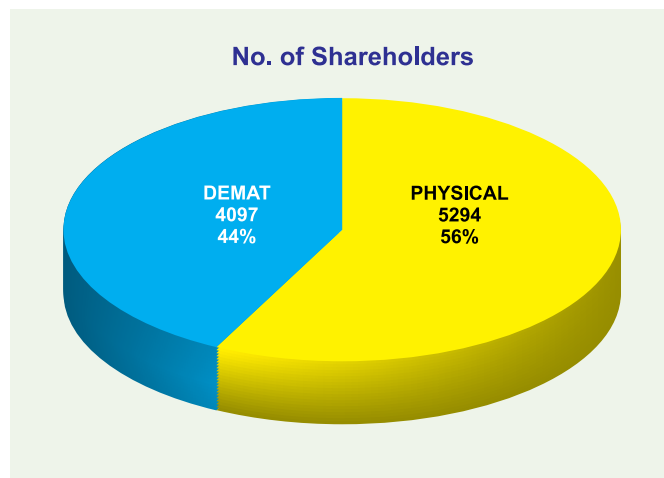
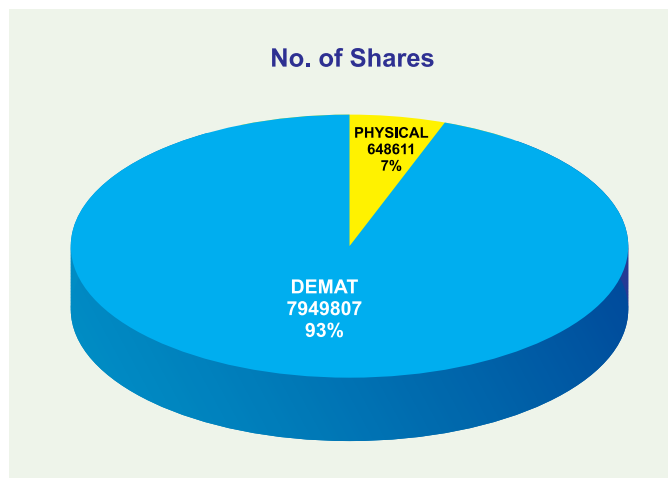
| | | |
|----------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------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

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



Dematerialization

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



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

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

PAN Requirement

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

Investors are advised to take note of same.

Registrar and Share Transfer Agent

(for both Demat and Physical segments)

Cameo Corporate Services Ltd,
"Subramanian Building", 5th Floor
1, Club House Road, Chennai 600 002

Phone: 044-28460390 (6 lines)

Fax:044-28460129

Email:investor@cameoindia.com

Web: www.cameoindia.com

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

Nomination facility

Shareholders holding shares in physical form and desirous of making a nomination in terms of Section 72 of the Companies Act, 2013 are requested to submit to the Registrar and Transfer Agent in the Form No.SH.13 prescribed under Rule 19 of the Companies (Share Capital and Debentures) Rules,2014 which can be had on request or downloaded from Company / MCA website. In the case of Demat holding, shareholders shall submit the same to their Depository Participants.

Investor Correspondence

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

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

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

ESVIN House,
13, Old Mahabalipuram Road
Seevaram Village
Perungudi, Chennai 600 096
Phone: 044 - 39279300
Fax: 044- 24960156
Email: admin@ponnisugars.com
Website: www.ponnisugars.com

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

Exclusive email ID for investor benefit

Pursuant to SEBI's directive and clause 47(f) of Listing Agreement, the Company has created an exclusive Email ID investor@ponnisugars.com for redressal of investor grievances. Queries posted on Company website would also get routed to this Email ID for prompt response.

Investors' helpline

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

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

Cell launched by the National Stock Exchange of India Limited.

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

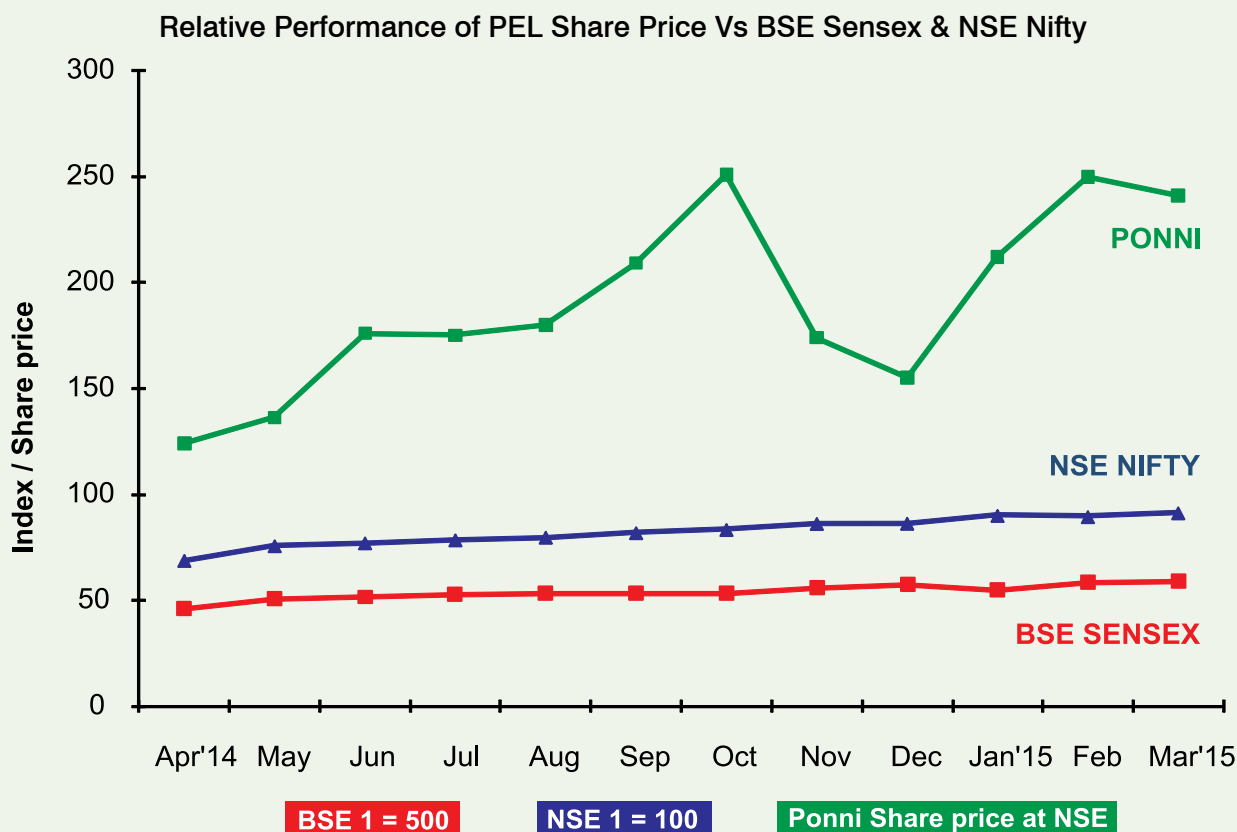
Further, SEBI vide its circular dt.03.09.09 has advised Stock Exchanges to disclose details of complaints lodged by clients/ investors against the companies in the website of the Stock Exchanges. Shareholders are advised to view the status of their complaint in the website of Stock Exchanges.

SARAL (AOF)

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

STOCK MARKET DATA

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



Trading in illiquid shares

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

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

Transfer System

Powers are delegated to Managing Director to deal with and approve regular transactions in securities of small investors, while other cases are decided by the Securities Transactions cum Investors Grievance Committee. Investor requests are attended to within 7-15 days from the date of receipt. A summary of such transactions so approved by

the Managing Director is placed at every Board Meeting / Stakeholders Relationship Committee. The Company obtains from a Company Secretary in Practice half-yearly Certificate of Compliance with the Share Transfer formalities as required under clause 47(c) of the Listing Agreement and files a copy of the said certificate with the Stock Exchanges.

There is no pending share transfer as of 31.03.2015.

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

Shareholder Complaints

No Complaints received over the last five years

Nature of complaints received during 2014-15:

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

Outstanding complaints as on 31.03.2015 - Nil

Outstanding GDRs / ADRs / Warrants / Convertible Instruments - Nil

Shareholder Satisfaction Survey

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

Service Standards

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

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

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

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

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

Distribution of shareholding

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

Categories of Shareholding

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

Top 10 Shareholders of the Company

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



Plant

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

Unclaimed shares

SEBI vide its circular no.CIR/CFD/10/2010 dt.16.12.2010 has advised Stock Exchanges a uniform procedure to deal with unclaimed shares viz. (i) transferring those shares to an Unclaimed Suspense Account (ii) dematerialize the same with one of the Depository Participants (iii) all corporate benefits to be credited to the suspense account (iv) freeze the voting rights on such shares .

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

Relevant disclosures under Clause 5A of Listing Agreement are as under:

| Sl. No. | Particulars | No of Share holders | No of Shares |
|---------|----------------------------------------------------------------------------------------------------------------------------------|---------------------|--------------|
| 1 | Aggregate number of shareholders and the outstanding shares lying in the Unclaimed Suspense Account at the beginning of the year | 487 | 28117 |
| 2 | Number of shareholders who approached the issuer for transfer of shares from the Unclaimed Suspense Account during the year | 2 | 168 |
| 3 | Number of shareholders to whom shares were transferred from the Unclaimed Suspense Account during the year | 2 | 168 |
| 4 | Aggregate number of shareholders and the outstanding shares lying in the Unclaimed Suspense Account at the end of the year | 485 | 27949 |

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

Unclaimed Dividend

Pursuant to Section 205 A of the Companies Act 1956, dividend remaining unpaid or unclaimed for a period of 7 years shall be transferred to the Investor Education and Protection Fund of the Central Government. Reminders for unpaid dividend are sent to the shareholders as per records every year.

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

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

Particulars of unclaimed dividend

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

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

Investor safeguards

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

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

Request to Shareholders

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

- i) Name of the member
- ii) Folio/ DP ID – Client ID
- iii) Email address
- iv) Permanent Account Number (PAN)
- v) CIN (in the case of company)
- vi) Unique Identification Number
- vii) Father's/ Mother's/ Spouse's name
- viii) Occupation
- ix) Status
- x) Nationality
- xi) In case of minor, name of guardian and date of birth of minor
- xii) Instructions, if any for sending Notice etc.
- xiii) Pursuant to the above, the Register of Members in Form MGT-1 has been modified before the stipulated date ie. 30th September 2014 with the details of shareholders who have already furnished to the Company. Shareholders who have not furnished the same are requested to furnish the same.



AUDITORS' CERTIFICATE ON CORPORATE GOVERNANCE

To the Members of Ponni Sugars (Erode) Limited

We have examined the compliance of conditions of Corporate Governance by Ponni Sugars (Erode) Ltd. for the year ended 31st March 2015 as stipulated in the Clause 49 of the Listing Agreement of the said Company with the Stock Exchange(s).

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

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

As required by the Guidance Note issued by the Institute of Chartered Accountants of India, we have to state that as per the records maintained and certified by the Company / Registrars and Transfer Agent of the Company, there was no investor grievances remaining unattended / pending for more than 30 days as at 31st March 2015.

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

For Maharaj N R Suresh And Co

FRN No. 001931S
Chartered Accountants

N R Suresh

Partner
Membership No. 21661

Chennai
29th May 2015

For R Subramanian And Company

FRN No. 004137S
Chartered Accountants

A Ganesan

Partner
Membership No. 21438

Form No.MGT-9

EXTRACT OF ANNUAL RETURN

as on the financial year ended on 31st March 2015

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

I. REGISTRATION AND OTHER DETAILS:

| | | |
|-----|---------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| i | CIN | L15422TN1996PLC037200 |
| ii | Registration Date | 26.12.1996 |
| iii | Name of the Company | Ponni Sugars (Erode) Limited |
| iv | Category / Sub-Category of the Company | Public Limited Company - Limited by Shares |
| v | Address of the Registered office and contact details | <p>"ESVIN HOUSE"</p> <p>13, Old Mahabalipuram Road Perungudi, Chennai 600 096</p> <p>Ph: 044 39279300 Fax: 044 24960156</p> <p>Email: admin@ponnisugars.com</p> <p>Web: www.ponnisugars.com</p> |
| vi | Whether listed company | Yes |
| vii | Name, Address and Contact details of Registrar and Transfer Agent, if any | <p>Cameo Corporate Services Ltd</p> <p>'Subramanian Buildings', 5th Floor, No 1 Club House Road, Chennai 600002</p> <p>Ph: 04428460390 Fax: 044 28460129</p> <p>Email: investor@cameoindia.com Web: www.cameoindia.com</p> |

II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

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

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

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES

| Sl. No. | Name and address of the Company | CIN | Holding/ Subsidiary/ Associate | % of shares held | Applicable Section |
|---------|-------------------------------------|-----------------------|--------------------------------|------------------|--------------------|
| 1 | Seshasayee Paper and Boards Limited | L21012TZ1960PLC000364 | Associate | 24.19 % | Sec 2 (6) |



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

(i) Category-wise Share Holding

| Category of Shareholders | No. of shares held at the beginning of the year - 01.4.2014 | | | | No. of shares held at the end of the year - 31.3.2015 | | | |
|-------------------------------------------------------------|-------------------------------------------------------------|------------|----------------|-------------------|-------------------------------------------------------|--------------|----------------|------------------------------|
| | Demat | Physical | Total | % of Total Shares | Demat | Physical | Total | % change the during the year |
| A. Promoters | | | | | | | | |
| (1) Indian | | | | | | | | |
| (a) Individual/HUF | 2823 | 0 | 2823 | 0.03 | 2823 | 0 | 2823 | 0 |
| (b) Central Govt | - | - | - | - | - | - | - | - |
| (c) State Govt(s) | - | - | - | - | - | - | - | - |
| (d) Bodies Corporate | 3423634 | 0 | 3423634 | 39.82 | 3120646 | 17802 | 3138448 | -3.32 |
| (e) Banks / FI | - | - | - | - | - | - | - | - |
| (f) Any other ... | - | - | - | - | - | - | - | - |
| Sub-Total (A)(1) | 3426457 | 0 | 3426457 | 39.85 | 3123469 | 17802 | 3141271 | -3.32 |
| (2) Foreign | | | | | | | | |
| (a) NRIs - Individuals | 925466 | - | 925466 | 10.76 | 925466 | - | 925466 | 0 |
| (b) Other - Individuals | - | - | - | - | - | - | - | - |
| (c) Bodies Corporate | - | - | - | - | - | - | - | - |
| (d) Banks / FI | - | - | - | - | - | - | - | - |
| (e) Any other | - | - | - | - | - | - | - | - |
| Sub-Total (A)(2) | 925466 | 0 | 925466 | 10.76 | 925466 | - | 925466 | 0 |
| Total shareholding of Promoter (A) = (A)(1) + (A)(2) | 4351923 | 0 | 4351923 | 50.61 | 4048935 | 17802 | 4066737 | -3.32 |
| B. Public Shareholding | | | | | | | | |
| (1) Institutions | | | | | | | | |
| (a) Mutual Funds / UTI | 7480 | 240 | 7720 | 0.09 | 7480 | 240 | 7720 | 0 |
| (b) Banks / FI | - | - | - | - | - | - | - | - |
| (c) Central Govt | - | - | - | - | - | - | - | - |
| (d) State Govt(s) | - | - | - | - | - | - | - | - |
| (e) Venture Capital Funds | - | - | - | - | - | - | - | - |
| (f) Insurance Companies | - | - | - | - | - | - | - | - |
| (g) FIs | 0 | 0 | 0 | 0 | 652364 | 0 | 652364 | 7.59 |
| (h) Foreign Venture Capital Funds | - | - | - | - | - | - | - | - |
| (i) Others Specify ... | - | - | - | - | - | - | - | - |
| Sub- Total (B)(1) | 7480 | 240 | 7720 | 0.09 | 659844 | 240 | 660084 | 7.59 |

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

(ii) Shareholding of promoters

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



iv. SHARE HOLDING PATTERN (Equity Share Capital Breakup as percentage of Total Equity) (Contd.)

(iii) Change in Promoters' Shareholding (please specify, if there is no change)

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

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

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

| Sl No | Name of the Shareholder | No of shares | % of total shares of the company | No of shares -Cumulative | % of total shares of the company |
|-------|------------------------------------------|--------------|----------------------------------|--------------------------|----------------------------------|
| 1 | Coromandel Sugars Limited | | | | |
| | At the beginning of the year 31-Mar-2014 | 810507 | 9.43 | 810507 | 9.43 |
| | At the end of the Year 31-Mar-2015 | 810507 | 9.43 | 810507 | 9.43 |
| 2 | Hridaynath Consultancy Private Limited | | | | |
| | At the beginning of the year 31-Mar-2014 | 743255 | 8.64 | 743255 | 8.64 |
| | Purchase 17-Jul-2014 | 143243 | 1.67 | 886498 | 10.31 |
| | Sale 17-Jul-2014 | -143243 | -1.67 | 743255 | 8.64 |
| | Purchase 10-Oct-2014 | 70000 | 0.81 | 813255 | 9.46 |
| | Sale 10-Oct-2014 | -150000 | 1.74 | 663255 | 7.71 |
| | Purchase 17-Oct-2014 | 377 | 0.00 | 663632 | 7.72 |
| | Sale 24-Oct-2014 | -6630 | -0.08 | 657002 | 7.64 |
| | Sale 31-Oct-2014 | -240 | 0.00 | 656762 | 7.64 |
| | Sale 21-Nov-2014 | -710 | 0.00 | 656052 | 7.63 |
| | Sale 28-Nov-2014 | -62797 | -0.73 | 593255 | 6.90 |
| | Sale 05-Dec-2014 | -17203 | -0.20 | 576052 | 6.70 |
| | Purchase 12-Dec-2014 | 204 | 0.00 | 576256 | 6.70 |
| | Purchase 19-Dec-2014 | 48 | 0.00 | 576304 | 6.70 |
| | Purchase 31-Dec-2014 | 90 | 0.00 | 576394 | 6.70 |
| | Purchase 09-Jan-2015 | 111052 | 1.29 | 687446 | 8.00 |
| | Sale 09-Jan-2015 | -176052 | -2.05 | 511394 | 5.95 |
| | Sale 06-Feb-2015 | -40000 | -0.47 | 471394 | 5.48 |
| | At the end of the Year 31-Mar-2015 | 471394 | 5.48 | 471394 | 5.48 |
| 3 | Orange Mauritius Investments Ltd | | | | |
| | At the beginning of the year 31-Mar-2014 | 0 | 0.00 | 0 | 0.00 |
| | Purchase 28-Nov-2014 | 345000 | 4.01 | 345000 | 4.01 |
| | Purchase 27-Mar-2015 | 80000 | 0.93 | 425000 | 4.94 |
| | At the end of the Year 31-Mar-2015 | 425000 | 4.94 | 425000 | 4.94 |
| 4 | Hypnos Fund Limited | | | | |
| | At the beginning of the year 31-Mar-2014 | 0 | 0.00 | 0 | 0.00 |
| | Purchase 27-Mar-2015 | 149794 | 1.74 | 149794 | 1.74 |
| | Purchase 31-Mar-2015 | 85000 | 0.99 | 234794 | 2.73 |
| | At the end of the Year 31-Mar-2015 | 234794 | 2.73 | 234794 | 2.73 |
| 5 | Acira Consultancy Private Limited | | | | |
| | At the beginning of the year 31-Mar-2014 | 65263 | 0.76 | 65263 | 0.76 |
| | Purchase 25-Jul-2014 | 23200 | 0.27 | 88463 | 1.03 |
| | Purchase 01-Aug-2014 | 43300 | 0.50 | 131763 | 1.53 |



Ponni Sugars (Erode) Limited

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

(v) Shareholding of Directors and Key Managerial Personnel

| Sl. No. | For each of the Directors and KMP | Shareholding at the beginning of the year | | Cumulative Shareholding during the year | |
|---------|-----------------------------------|-------------------------------------------|----------------------------------|-----------------------------------------|----------------------------------|
| | | No. of shares | % of total shares of the company | No. of shares | % of total shares of the company |
| 1 | N Gopala Ratnam | 2823 | 0.03 | 2823 | 0.03 |
| 2 | N Ramanathan | 3001 | 0.03 | 3001 | 0.03 |
| 3 | Dr. L M Ramakrishnan | 536 | 0.01 | 536 | 0.01 |
| 4 | Arun G Bijur | 100 | 0.00 | 100 | 0.00 |
| 5 | Kolandavelu Yokanathan | 10 | 0.00 | 10 | 0.00 |

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

V. INDEBTEDNESS

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

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

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

(in ₹)

| Sl. No. | Particulars of Remuneration | Name of MD - N Ramanathan | Total Amount |
|---------|------------------------------------------------------------------------------------------------------------|---------------------------|--------------|
| 1 | Gross salary | | |
| | a) Salary as per provisions contained in Section 17(1) of the Income-tax Act, 1961 | 4838820 | 4838820 |
| | b) Value of perquisites u/s 17(2) of the Income-tax Act, 1961 | 26905 | 26905 |
| | c) Profits in lieu of salary u/s 17(3) of the Income-tax Act, 1961 | -- | -- |
| 2 | Stock Option | -- | -- |
| 3 | Sweat Equity | -- | -- |
| 4 | Commission | | |
| | - as % of profit | | |
| | - others, specify... | | |
| | Incentive | 1800000 | 1800000 |
| 5 | Others, please specify – | | |
| | Retiral Benefits | 768066 | 768066 |
| | Total(A) | 7433791 | 7433791 |
| | Ceiling as per the Act (Excludes contribution to retirement benefits exempt under Income Tax Act, 1961) | 12000000 | 12000000 |

B. Remuneration to other directors:

(in ₹)

| Sl No | Particulars of Remuneration | Name of Directors | | | | Total Amount |
|-------|-----------------------------------------------------------------------------------------------------------------------------|---------------------|--------------------|--------------------|-------------------------|--------------------|
| | | Dr L M Ramakrishnan | Mr V Sridar | Mr N R Krishnan | Dr Nanditha Krishna | |
| 1 | Independent Directors - Fee for attending board / committee meetings - Commission - Others, please specify | 110000 -- -- | 110000 -- -- | 120000 -- -- | 30000 -- -- | 410000 -- -- |
| | Total (1) | 110000 | 110000 | 120000 | 30000 | 410000 |
| | | Mr N Gopala Ratnam | Mr Arun G Bijur | Mr Bimal Poddar | Mrs Bharti C Pithawalla | |
| 2 | Other Non-Executive Directors - Fee for attending board / committee meetings - Commission - Others, please specify | 120000 -- -- | 80000 -- -- | 100000 -- -- | 20000 -- -- | 320000 -- -- |
| | Total (2) | 120000 | 80000 | 100000 | 20000 | 320000 |
| | Total = (1+2) | | | | | 730000 |
| | Total Managerial Remuneration | | | | | 8163791 |
| | Overall Ceiling as per the Act | | | | | * |

* Minimum Remuneration for Managing Director

Only Sitting Fee for others

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

(in ₹)

| Sl. No. | Particulars of Remuneration | Key Managerial Personnel | |
|---------|------------------------------------------------------------------------------------|--------------------------|----------------|
| | | CFO | Total |
| 1 | Gross salary | | |
| | a) Salary as per provisions contained in Section 17(1) of the Income-tax Act, 1961 | 1816550 | 1816550 |
| | b) Value of perquisites u/s 17(2) of the Income-tax Act, 1961 | 167505 | 167505 |
| | c) Profits in lieu of salary u/s 17(3) of the Income-tax Act, 1961 | -- | -- |
| 2 | Stock Option | -- | -- |
| 3 | Sweat Equity | -- | -- |
| 4 | Commission | | |
| | - as % of profit | -- | -- |
| | - others, specify... | -- | -- |
| 5 | Others, please specify | -- | -- |
| | Total | 1984055 | 1984055 |

VII. PENALTIES / PUNISHMENT / COMPOUNDING OF OFFENCES:

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

For Board of Directors

Chennai
29th May 2015**N Gopala Ratnam**
Chairman



FORM NO.AOC-2

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

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

1. Details of contracts or arrangements or transactions not at arm's length basis. NIL
2. Details of material contracts or arrangement or transactions at arm's length basis.
 - a) Name(s) of the related party and nature of relationship.

Seshasayee Paper and Boards Ltd (SPB).

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

Purchase or sale of goods and services.

This covers bagasse supply, water supply, bio-fuel supply, sale of sugar, purchase of sugar, other supplies and services and sharing of common expenses.
 - c) Duration of the contracts/ arrangements/ transactions

All are ongoing contracts and open ended. They are terminable by mutual consent by either party.
 - d) Salient terms of the contracts or arrangements or transactions including the value, if any.

Salient terms

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

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

Value

For the actual volume of goods purchased and sold or services received and rendered, based on price methodology specified above.
 - e) Date(s) of approval by the Board, if any.

The comprehensive MoU incorporating all subsisting and ongoing contracts and arrangements between the company and Seshasayee Paper and Boards Ltd was approved by the Audit Committee and Board on 29th May 2014.

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

For Board of Directors

Chennai
29th May 2015

N Gopala Ratnam
Chairman

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

A. Conservation of Energy

i) Steps taken / impact on conservation of energy:

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

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

ii) Steps taken for utilizing alternate sources of energy

The company primarily uses bagasse and other available bio-fuel and produces green power, supplying the surplus power to the State Grid.

iii) Capital investment on energy conservation equipment

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

B. Technology Absorption

i) Efforts made towards technology absorption:

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

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

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

iii) Imported technology Nil

iv) Expenditure incurred on Research and Development Nil

C. Foreign Exchange Earnings and Outgo

The Foreign Exchange earned in terms of actual inflows during the year and the Foreign Exchange outgo during the year in terms of actual outflows:

| | (₹ in lakhs) | |
|----------|--------------|---------|
| | 2014-15 | 2013-14 |
| Earnings | - | - |
| Outgo | 1 | 4 |

For Board of Directors

Chennai
29th May 2015

N Gopala Ratnam
Chairman



CSR Report

Applicability

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

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

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

Voluntary pursuit of CSR

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

The company has been pursuing social objectives for long in the interest of rural welfare. It runs a primary school benefitting all the children in the neighbourhood. It promoted and continues to support the establishment of 3 Lift Irrigation Schemes to bring about 950 acres of dry lands under irrigation and crop cultivation, using the treated trade effluents of neighbouring paper mill, thus turning a waste into wealth.

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

CSR Policy

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

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

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

CSR Budget & Spend

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

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

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

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

For Board of Directors

Chennai
29th May 2015

N Gopala Ratnam
Chairman

Annexure - 7 to Board's Report

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

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

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



| Sl No. | Description | | |
|--------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--|
| 10 | The key parameters for any variable component of remuneration availed by the directors | <p>MD</p> <p>i) Incentive at 50% to 100% of annual salary as decided by Board on the recommendation of Nomination-cum-Remuneration Committee.</p> <p>ii) In the event of loss or inadequacy of profits in any financial year, incentive shall be restricted to 50% of annual salary.</p> <p>iii) <u>Non executive directors</u> Commission is restricted to one percent of the net profit – No commission in years of no profit.</p> | |
| 11 | The ratio of the remuneration of the highest paid director to that of the employees who are not directors but receive remuneration in excess of the highest paid director during the year | NIL | |
| 12 | Affirmation that the remuneration is as per the remuneration policy of the company | Yes. Remuneration is as per the remuneration policy of the company. | |

Notes:

1. All other directors were paid only sitting fee for attending the meetings of the Board and Committees thereof.
2. Revision is done once in three years.
3. The company has suffered increased operating losses during the year and lower loss after tax is due to the impact of exceptional items. The operating losses in entirety are attributable to natural and macro economic factors beyond the control of KMPs and other employees. Hence remuneration levels and periodic increases have no direct correlation to the company performance but are determined in the normal course of business and in line with industry norms.
4. The company did not come out with Public Offer. In terms of a Demerger Scheme sanctioned by High Court of Madras, it issued shares at face value of ₹10 in 2001 and got it listed.
5. MD remuneration is revised only once in 3 years and after FY 2010-11, this was revised in FY 2014-15.

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

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

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

Chennai
29th May 2015

For Board of Directors

N Gopala Ratnam
Chairman



Form No. MR-3
SECRETARIAL AUDIT REPORT

For the Financial Year 2014-15

[Pursuant to Section 204(1) of the Companies Act, 2013 and Rule No.9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014]

To,

The Members,

M/s. **PONNI SUGARS (ERODE) LIMITED**

I have conducted the Secretarial Audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by M/s. **PONNI SUGARS (ERODE) LIMITED** (hereinafter called the Company). Secretarial Audit was conducted in a manner that provided me a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing my opinion thereon.

Based on my verification of M/s. **PONNI SUGARS (ERODE) LIMITED** books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, I hereby report that in my opinion, the Company has, during the audit period covering the financial year ended 31st March 2015, complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

I have examined the books, papers, minute books, forms and returns filed and other records maintained by **M/s. PONNI SUGARS (ERODE) LIMITED** ("the Company") for the financial year ended on 31st March 2015 according to the provisions of:

- (i) The Companies Act, 2013 (the Act) and the Rules made thereunder;
- (ii) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the Rules made thereunder;
- (iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;
- (iv) Foreign Exchange Management Act, 1999 and the Rules and Regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings; (NOT APPLICABLE)
- (v) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):-
 - (a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
 - (b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992;
 - (c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009; (NOT APPLICABLE)
 - (d) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client;
- (vi) Sugarcane (Control) Order, 1966
- (vii) Sugar Cess Act, 1982
- (viii) Tamil Nadu Sugar Factories Control Act, 1949
- (ix) The Apprentices Act, 1961
- (x) The Contract Labour (Regulation & Abolition) Act, 1970
- (xi) The Child Labour (Prohibition & Regulation) Act, 1986
- (xii) The Industrial Disputes Act, 1946
- (xiii) The Payment of Gratuity Act, 1972
- (xiv) The Industrial Employment Standing Orders Act, 1946
- (xv) The Employees Provident Fund & Miscellaneous Provisions Act, 1952

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

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

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

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

I further report that the Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors, Independent Directors and a Women Director. The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act.

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

I further report that there are adequate systems and processes in the company commensurate with the size and operations of the company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

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

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

Place : Chennai

Date : 20.05.2015

V Suresh

Practising Company Secretary

FCS No. 2969

C P No. 6032



INDEPENDENT AUDITORS' REPORT

To :

The Members of
PONNI SUGARS (ERODE) LIMITED

Report on Financial Statements

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

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

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

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

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

Opinion

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

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

Emphasis of Matter:

We draw attention to:

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

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

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

Our opinion is not qualified in respect of these matters.

Report on Other Legal and Regulatory Requirements

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

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

- c) the Balance Sheet, Statement of Profit and Loss and Cash Flow Statement dealt with by this report are in agreement with the books of account;
- d) in our opinion, the aforesaid financial statements comply with the Accounting Standards Specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules 2014.
- e) On the basis of written representations received from the directors as on 31st March 2015 and taken on record by the Board of Directors, none of the directors is disqualified as on 31st March 2015 from being appointed as a director in terms of section 164(2) of the Act.
- f) With respect to the other matters to be included in the Auditors report in accordance with Rule 11 of the Companies (Audits and Auditors) Rules 2014, in our opinion and to the best of our information and according to the explanations given to us:-
 - i) The Company has disclosed the impact of pending litigations on its financial position in its financial statements in Note No :18, 30,32 and 33.
 - ii) The company did not have any long term contracts including derivative contracts for which there were any material foreseeable losses.
 - iii) There has been no delay in transferring amounts, required to be transferred to the Investor Education and Protection fund by the Company.

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

N R Suresh
 Partner
 Membership No.21661

Place : Chennai
 Date : 29th May 2015

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

A Ganesan
 Partner
 Membership No.21438



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

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

- (i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets ;

(b) As explained to us, these fixed assets have been physically verified by the management at reasonable intervals; as informed to us no material discrepancies were noticed on such verification;
- (ii) (a) Inventories have been physically verified by the Management at reasonable intervals. In our opinion, the frequency of verification is reasonable.

(b) The procedures of physical verification of inventories followed by the management are reasonable and adequate in relation to the size of the company and nature of its business.

(c) The Company is maintaining proper records of inventory. The discrepancies noticed on verification between the physical stocks and the book records have been properly dealt with in the books of accounts and were not material.
- (iii) The company has not granted any loans, secured or unsecured to companies, firms or other parties covered in the register maintained under Section 189 of the Act.
- (iv) In our opinion and according to the information and explanations given to us, there is adequate internal control system commensurate with the size of the Company and the nature of its business, for the purchase of inventory, fixed assets and for the sale of goods and services. Further, on the basis of our examination of the books and records of the Company

and according to the information and explanations given to us, no major weaknesses in internal controls have been noticed or reported.

- (v) The Company has not accepted any deposits from the public covered under Section 73 to 76 of the Companies Act, 2013
- (vi) On the basis of records produced to us, we are of the opinion that, prima facie, the cost records prescribed by the Central Government under sub-section (1) of Section 148 of the Act have been made and maintained. However, we are not required to and have not carried out any detailed examination of such records.
- (vii) (a) According to the information and explanations given to us and based on the records of the company examined by us, the company is regular in depositing undisputed statutory dues, including Provident Fund, Income-Tax, Sales-Tax, Wealth Tax, Service Tax, Customs Duty, Excise Duty and other material statutory dues, as applicable, with the appropriate authorities in India . The provisions of Employees' State Insurance Act are not applicable to the company. No undisputed amounts payable in respect of Income Tax, Wealth Tax, Service Tax, Sales Tax, Customs Duty, Excise Duty and Cess were in arrears as at 31st March 2015 for a period of more than six months from the date they become payable.

(b) According to the information and explanations given to us and based on the records of the company examined by us, the dues of Income Tax, Wealth Tax, Service Tax, Sales Tax, Customs Duty , Excise Duty and Cess and other material statutory dues as on 31st March 2015 which have not been deposited on account of disputes are given below:

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

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

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

N R Suresh
Partner
Membership No.21661

Place : Chennai
Date : 29th May 2015

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

A Ganesan
Partner
Membership No.21438



BALANCE SHEET AS AT 31ST MARCH 2015

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

Notes on Financial Statements

1 to 41

Per our Report of even date annexed

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

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

For Board of Directors

N Gopala Ratnam
Chairman

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

A Ganesan
Partner
Membership No.21438

K Yokanathan
Chief Financial Officer

N Ramanathan
Secretary

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

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

Per our Report of even date annexed

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

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

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

A Ganesan
Partner
Membership No.21438

For Board of Directors

N Gopala Ratnam
Chairman

K Yoganathan
Chief Financial Officer

N Ramanathan
Secretary



CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH 2015

(₹ In Lakhs)

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

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

Per our Report of even date annexed

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

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

For Board of Directors

N Gopala Ratnam
Chairman

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

A Ganesan
Partner
Membership No.21438

K Yoganathan
Chief Financial Officer

N Ramanathan
Secretary

NOTES ON FINANCIAL STATEMENTS

1 SIGNIFICANT ACCOUNTING POLICIES

a) Basis of Preparation of Financial Statements

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

b) Use of Estimates

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

c) Inventories

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

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

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

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

Slow moving and obsolete items are adequately provided for.

d) Depreciation / Amortization

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

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

e) Revenue and Expenditure Recognition

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

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

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

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

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

f) Fixed Assets

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

g) Foreign Exchange Transaction

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



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

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

h) Government Grants

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

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

i) Investments

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

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

j) Employee Benefits

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

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

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

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

k) Borrowing Costs

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

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

l) Segment Reporting

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

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

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

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

Geographical segment - not applicable.

m) Taxes on Income

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

n) Impairment of Assets

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

o) Provisions, Contingent Liabilities and Contingent Assets

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

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

p) Derivatives

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

(2) Share Capital:

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



(3) Reserves and Surplus:

(₹ in Lakhs)

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

(4) Long-term Borrowings:

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

(5) Deferred Tax Liabilities (Net):

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

(6) Short-term Borrowings:

(₹ in Lakhs)

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

(7) Trade Payables:

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

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

(8) Other Current Liabilities:

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

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

(9) Short-term Provisions:

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



Ponni Sugars (Erode) Limited

(10) Tangible Assets:

(₹ in Lakhs)

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

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

(11) Non-current Investments - Long Term:

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

Market value of Quoted Investments

3433

3263

(12) Long-Term Loans and Advances:

(₹ in Lakhs)

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

(13) Inventories:

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

(14) Trade Receivables:

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

(15) Cash and Bank balances:

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

(16) Short-term Loans and Advances:

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



Ponni Sugars (Erode) Limited

(17) Other Current Assets:

(₹ in Lakhs)

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

(18) Contingent Liabilities and Commitments:

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

(19) Sale of Products:

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

(20) Other Operating Revenues:

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

(21) Other Income:

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

(22) Cost of Materials Consumed:

(₹ in Lakhs)

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

(23) Changes in Inventories:

| | 31.03.2015 | | 31.03.2014 | |
|------------------------------------------------|------------|------|------------|------|
| Opening stock - finished goods | 6904 | 7028 | 7109 | 7160 |
| - work in progress | 124 | | 51 | |
| Closing stock - finished goods | 6953 | 7081 | 6904 | 7028 |
| - work in progress | 128 | | 124 | |
| Changes in inventories - (increase) / decrease | | (53) | | 132 |

(24) Employee Benefits Expense:

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

(25) Repairs and Maintenance:

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

(26) Other Expenses:

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



* Additional information:

(₹ in Lakhs)

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

(27) Finance Costs:

| | 31.03.2015 | 31.03.2014 |
|--------------------------|------------|------------|
| Interest on borrowings * | 487 | 650 |
| Other borrowing costs | 25 | 21 |
| Total | 512 | 671 |
| | 248 | 20 |

* Net of interest subvention under SEFASU 2014 loan.

(28) Exceptional Items:

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

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

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

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

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

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

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

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

(34) South Indian Sugar Mills Association, Tamil Nadu has filed a Writ Petition in the High Court of Madras on behalf of private sector sugar mills in the State, challenging the power of State Govt to fix State Advised Price (SAP) for sugarcane. Since the Hon'ble Supreme Court has already held in 2004 that SAP is only recommendatory in Tamil Nadu, the company does not foresee any adverse impact on its financial position.

(35) The Company is not covered under Sec. 135 on Corporate Social Responsibility (CSR) for the financial year 2014-15 since it does not meet with any of the minimum threshold criteria specified under sub section (1) thereof. It however continued CSR programs earlier initiated on voluntary basis and incurred CSR expenditure during the year on following:

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

(36) Employee Benefits:

(i) Defined Contribution Plans:

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

(ii) Defined Benefit Plans:

Disclosure for defined benefit plans based on actuarial valuation as on 31.03.2015

(₹ in Lakhs)

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



Ponni Sugars (Erode) Limited

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

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

(ix) Experience Adjustments:

(₹ in Lakhs)

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

(37) Segment Reporting

Primary segment information

(₹ in Lakhs)

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

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

(38) Earnings per Share

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

(39) Related Party Disclosures

a) List of Related Parties where control exists : None

b) Transaction between Related Parties:

i) Names of the transacting

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

ii) Description of relationship : Presumption of significant influence

iii) Description of Transactions :

a) Seshasayee Paper and Boards Ltd

(₹ in Lakhs)

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



b) Esvi International (Engineers & Exporters) Ltd

(₹ in Lakhs)

| | 31.03.2015 | 31.03.2014 |
|--------------------------|------------|------------|
| Rent paid | 6 | 6 |
| Rent advance outstanding | 3 | 3 |

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

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

(40) Additional Information:

(i) Raw Materials Consumed:

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

(ii) Components and spare parts:

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

(iii) Dividend remitted in Foreign Currency:

(₹ in Lakhs)

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

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

Per our Report of even date annexed

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

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

For Board of Directors

N Gopala Ratnam
Chairman

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

A Ganesan
Partner
Membership No.21438

K Yoganathan
Chief Financial Officer

N Ramanathan
Secretary



PONNI SUGARS (ERODE) LIMITED

CIN : L15422TN1996PLC037200

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

Attendance Slip

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

*Applicable to Members holding shares in Electronic Form

I, _____ (Name of the Shareholder/Proxy) hereby record my presence at the 19th Annual General Meeting of the Company held on Friday, the 24th July 2015 at 10.15 am at New Woodlands Hotel Pvt Ltd, 72-75 Dr Radhakrishnan Road, Mylapore, Chennai 600 004.

Signature of Shareholder / Proxy

Note:

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

PONNI SUGARS (ERODE) LIMITED

CIN : L15422TN1996PLC037200

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Perungudi, Chennai 600 096

PROXY FORM

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

| | | | |
|-----------------------|--|-----------------|--|
| Name of the member(s) | | Email ID | |
| Registered Address | | Folio | |
| | | DP ID/Client ID | |

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

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

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

3. Name :
 Address :
 Email id :
 Signature :

as my/our proxy to attend and vote (on a poll) for me/us and on my/our behalf at the 19th Annual General Meeting of the company, to be held on Friday, the 24th day of July 2015 at 10.15 am at New Woodlands Hotel Pvt Ltd, 72-75 Dr Radhakrishnan Road, Mylapore, Chennai 600 004 and at any adjournment thereof in respect of such resolutions as are indicated below:

| Resolution No | Business | Vote (Optional. See Note 4) (Please mention no. of shares) | | |
|---------------|-------------------------------------------------------------------------|---------------------------------------------------------------|---------|---------|
| | | For | Against | Abstain |
| 1 | Adoption of Financial Statements | | | |
| 2 | Reappointment of Mr Arun G Bijur, who retires by rotation | | | |
| 3 | Ratification of Auditors appointment | | | |
| 4 | New Articles of Association | | | |
| 5 | Related Party Transactions under Section 188 of the Companies Act, 2013 | | | |
| 6 | Remuneration to Cost Auditor for FY 2015-16 | | | |

Signed this _____ day of _____ 2015

Signature of Shareholder

Signature of Proxy holder(s)

Affix 15
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Revenue
Stamp

Note:

1. Proxy

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

Deposit of proxy

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

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



PONNI SUGARS (ERODE) LIMITED

CIN : L15422TN1996PLC037200

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

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

POSTAL BALLOT FORM – 19th AGM

(in lieu of e-Voting)

Postal Ballot No. _____

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

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

Place :

Date :

Signature of the Member

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

Vision

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

Mission

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

Values

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



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