



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

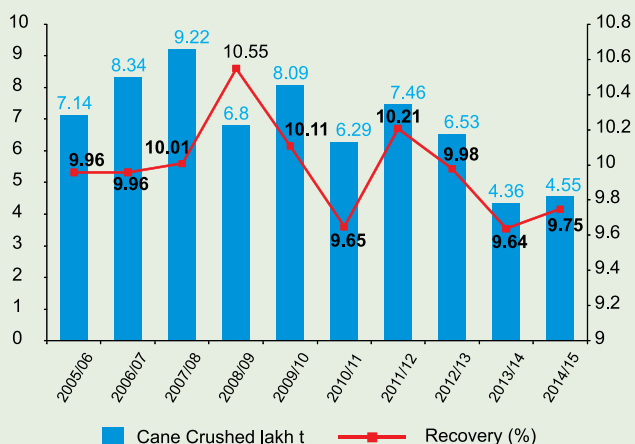
Cameo Corporate Services Ltd
 "Subramanian Buildings", 5th Floor
 No.1, Club House Road, Chennai 600 002
 Phone: (044) 28460390
 Email: investor@cameoindia.com

Main contents	Page
Notice	6
Board's Report	15
MDA Report	19
Corporate Governance Report	25
Secretarial Audit Report	58
Auditors' Report	60
Balance Sheet	64
Statement of Profit and Loss	65
Cash Flow Statement	66
Notes on Financial Statements	67
Attendance / Proxy Form	81
Postal Ballot Form	83

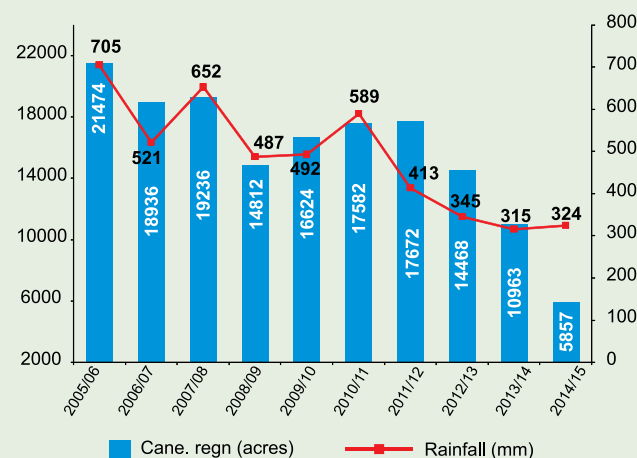


Performance Chart

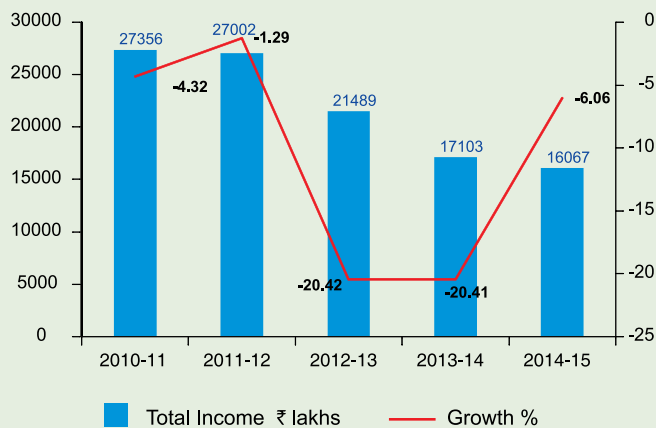
Ten Year Performance



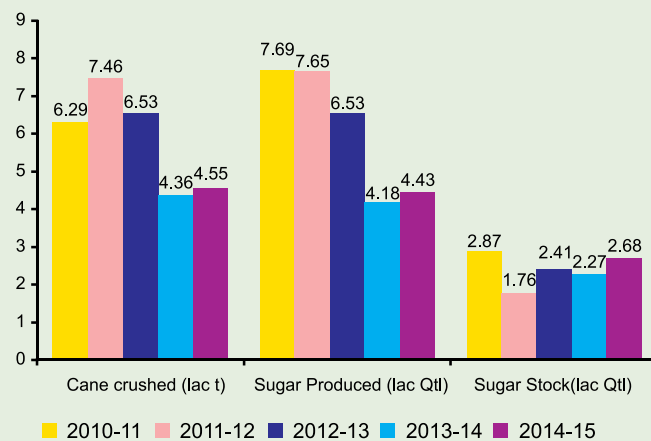
Cane Registration vs Rainfall



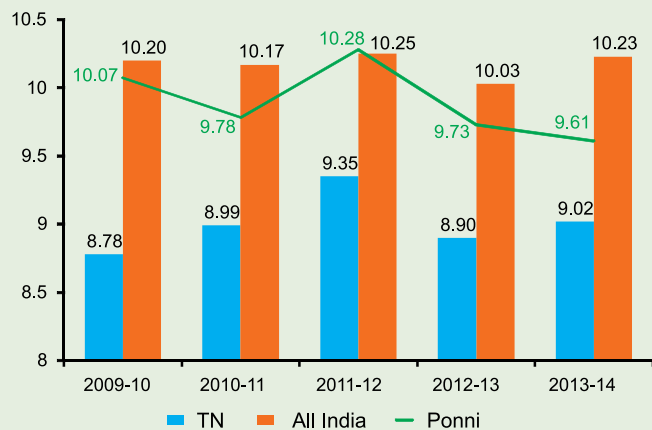
Total Income and Growth



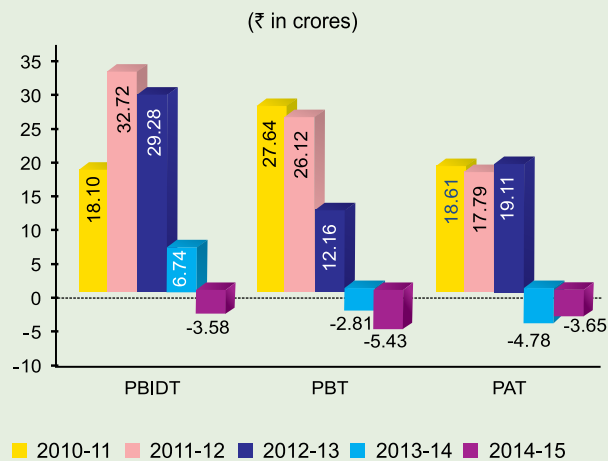
Operating Performance



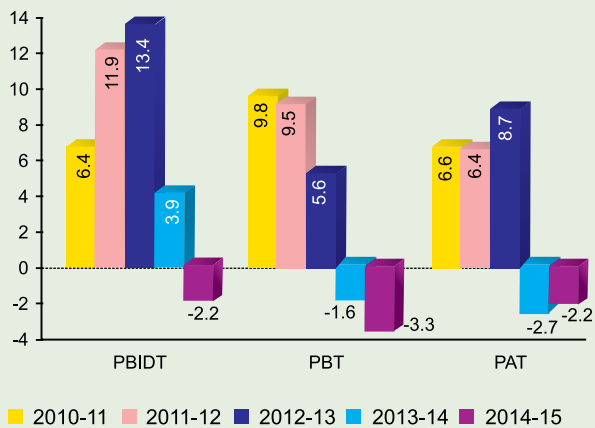
Sugar Recovery % (Season)



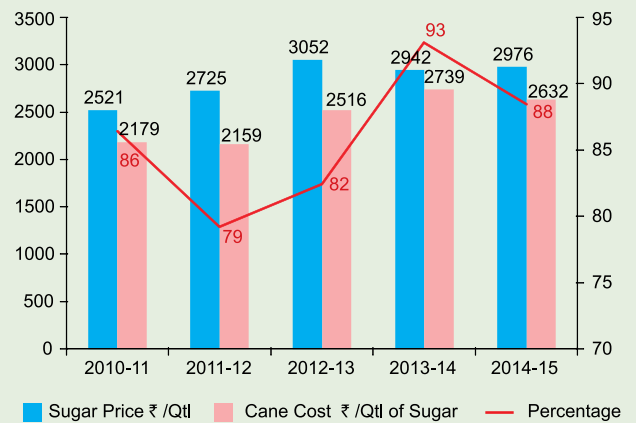
Financial Performance



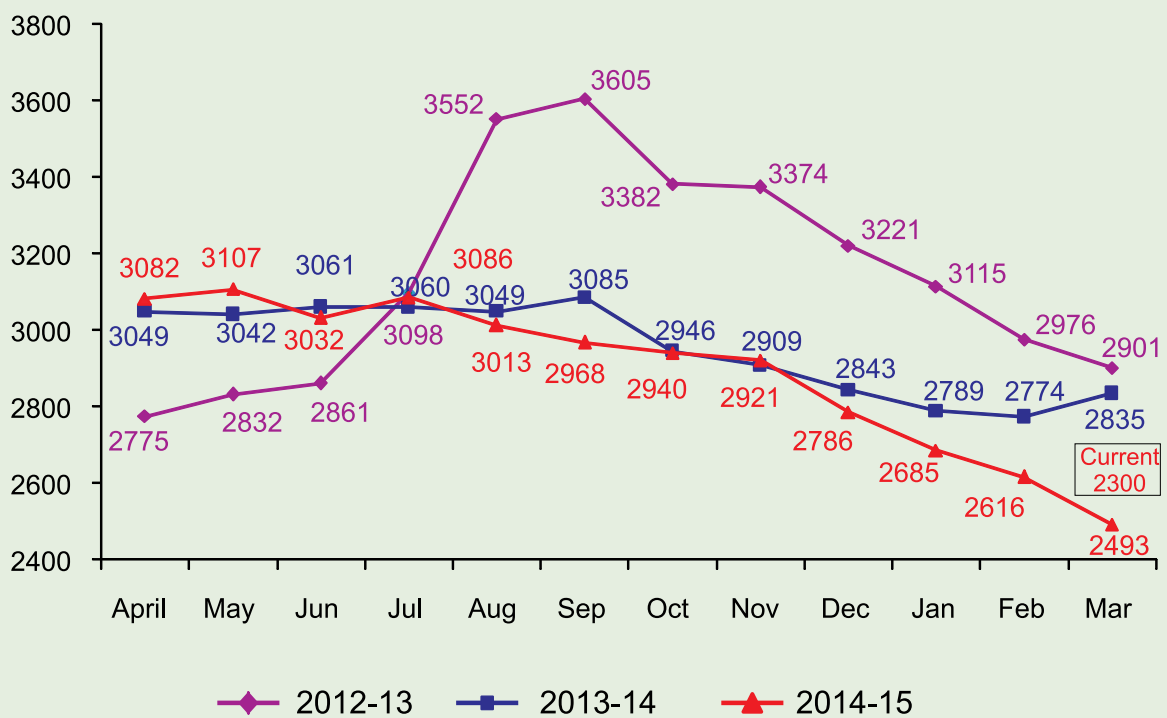
Profit % to Sales



Cane Cost vs Sugar Price

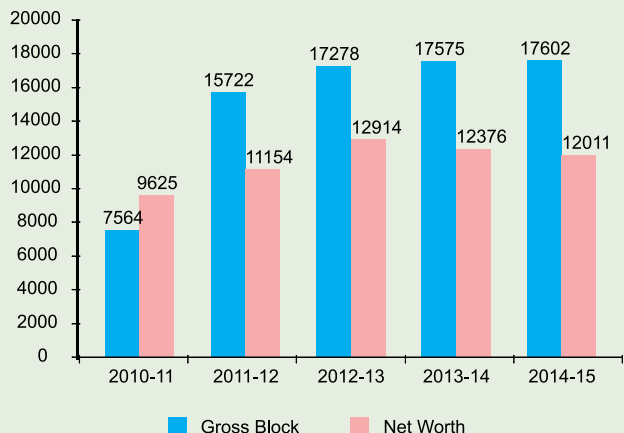


Free Sugar Realization (₹ / Qtl)

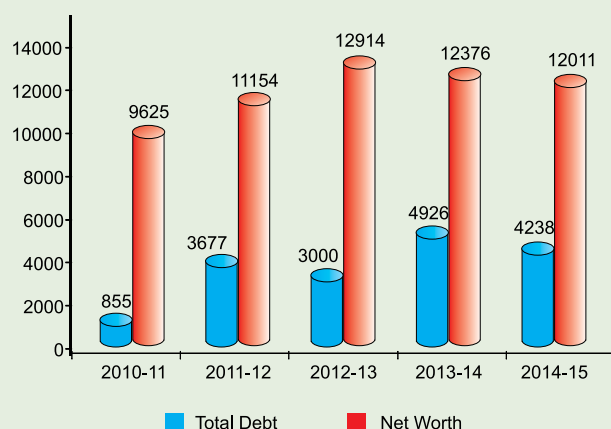




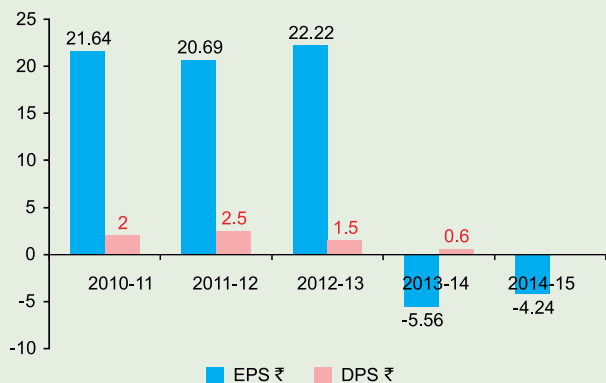
Gross Block and Net Worth (₹ Lakhs)



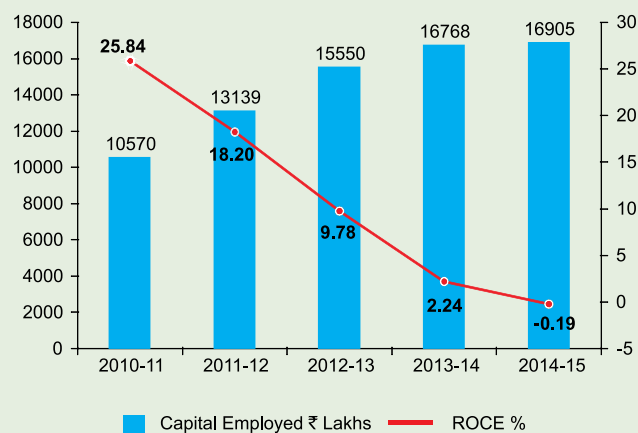
Debt & Net Worth (₹ Lakhs)



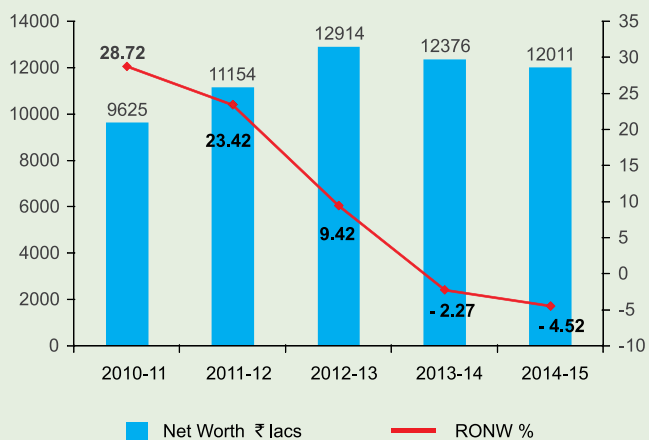
EPS and DPS



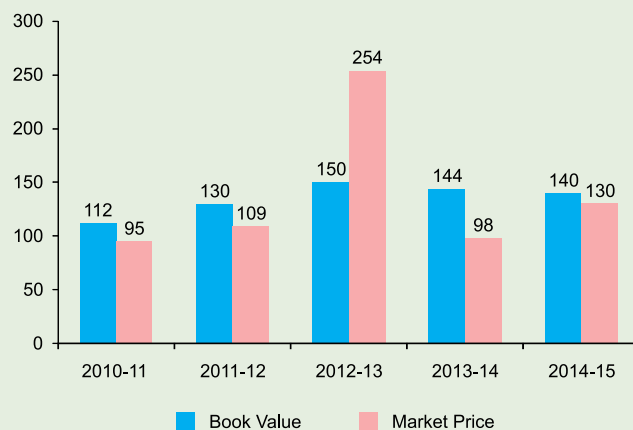
Capital Employed and ROCE



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

