Ponni Sugars (Erode) Limited

25th Annual Report 2020-21

Year Scorecard

- Stable cane volume
- Slide in top line and sugar recovery
- Zero debt status
- Strong bottom line
- Ethanol Project awaits Environment Clearance

Directors

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

Audit Committee

V Sridar *(Chairman)*
Bimal K Poddar
Dr L M Ramakrishnan
K Bharathan

Nomination and Remuneration Committee

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

Stakeholders Relationship Committee

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

CSR Committee

N Gopala Ratnam *(Chairman)*
N Ramanathan
Dr Nanditha Krishna

Chief Financial Officer

K Yokanathan

Banks

Canara Bank
IDBI Bank Limited
HDFC Bank Limited

Auditors

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

Registered Office

"ESVIN HOUSE"
13 Rajiv Gandhi Salai (OMR)
Perungudi, Chennai 600 096
Phone: (044) 24961920 / 24960156
Email: admin@ponnisugars.com
Web: www.ponnisugars.com

Email ID for Investor Grievance

investor@ponnnisugars.com

Works

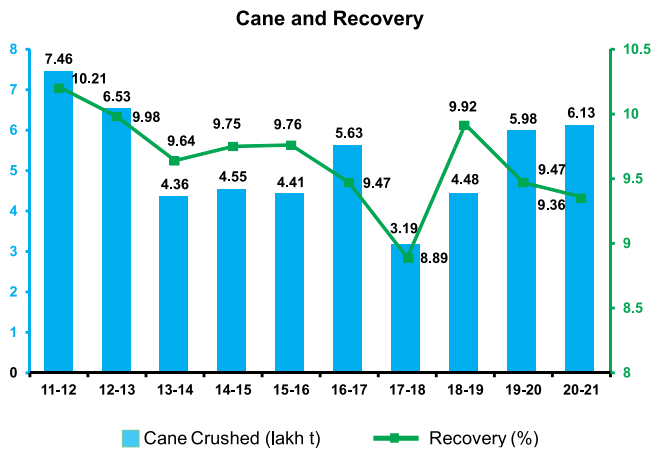
Odappalli, Cauvery RS (Post)
Erode 638 007, Tamil Nadu
Phone: (04288) 247351 to 355
Email: gen@ponnisugars.com

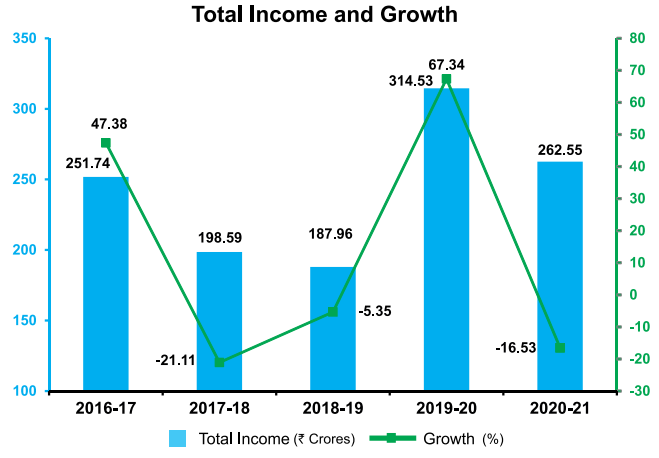
Registrar & Transfer Agent

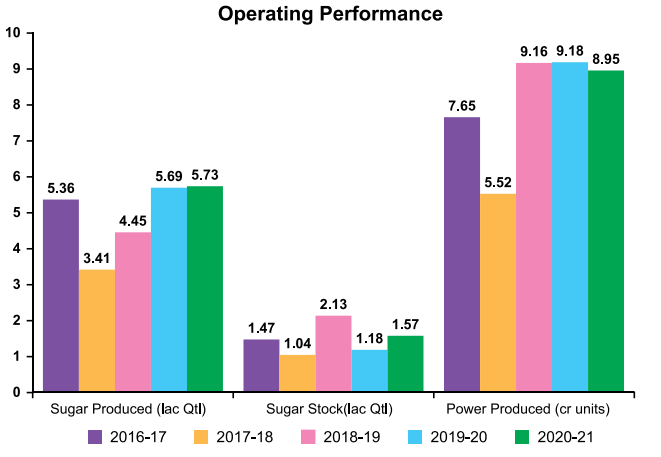
Cameo Corporate Services Ltd
"Subramanian Buildings", 5th Floor
No.1, Club House Road, Chennai 600 002
Phone: (044) 28460390
Email: investor@cameoindia.com

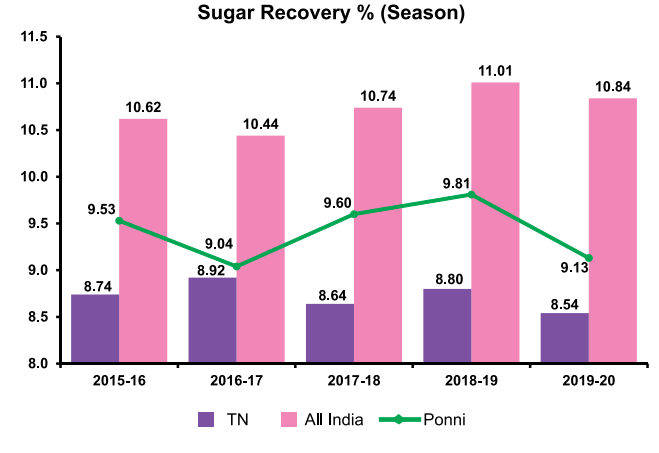
Main contents	Page
Notice	6
Board's Report	17
MDA Report	23
Corporate Governance Report	33
Secretarial Audit Report	63
Auditors' Report	65
Balance Sheet	72
Statement of Profit and Loss	74
Cash Flow Statement	76
Notes on Financial Statements	77

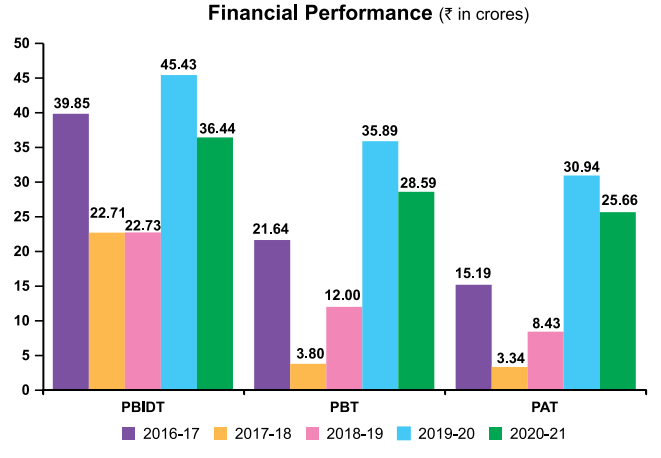
Performance Chart

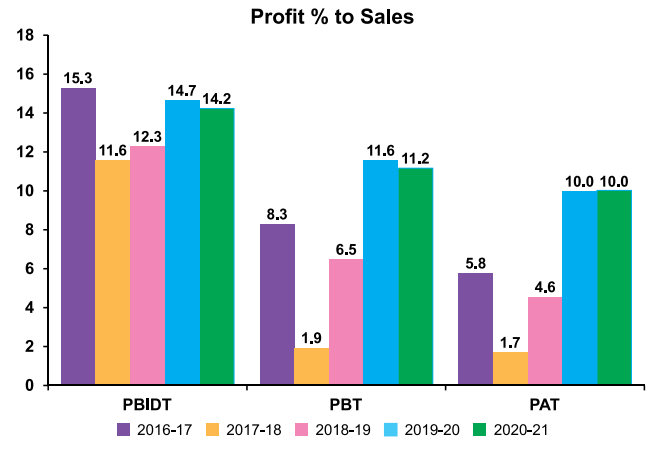


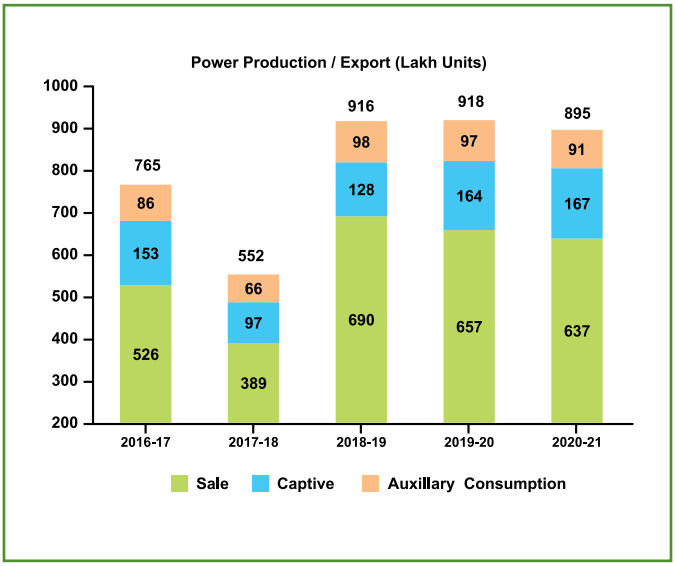


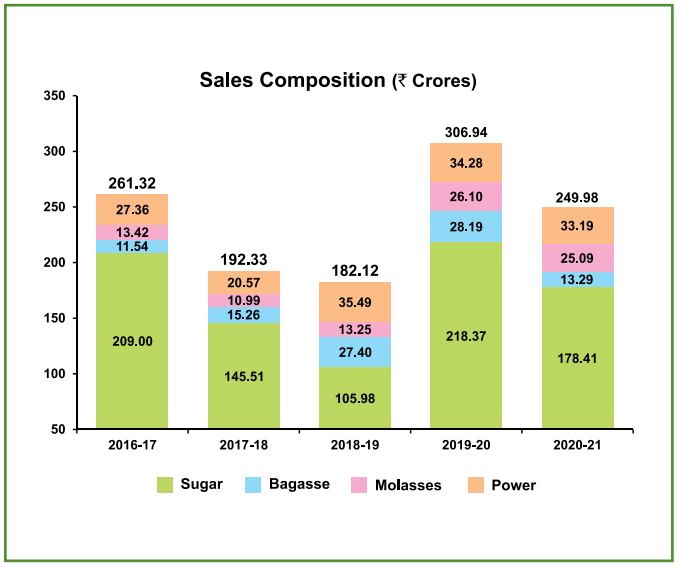


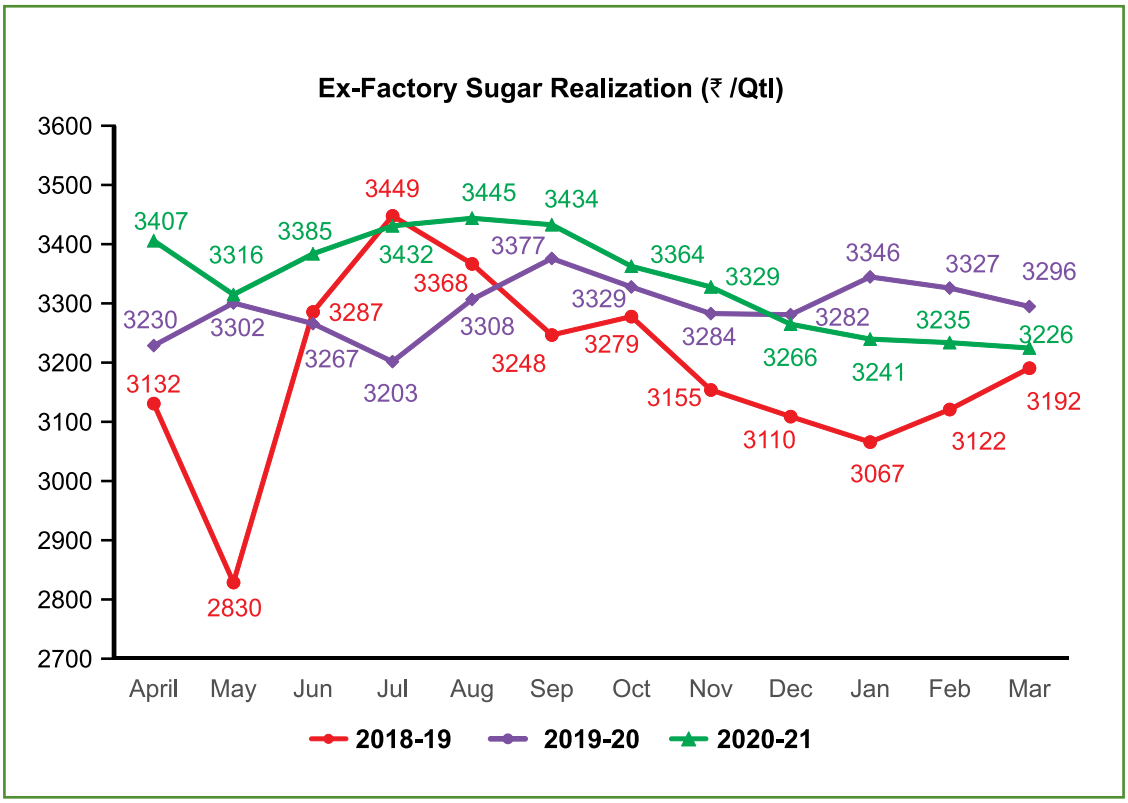


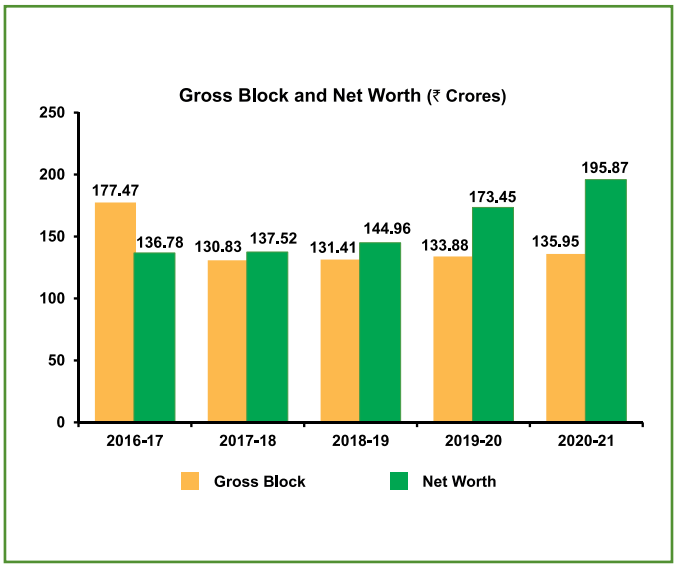


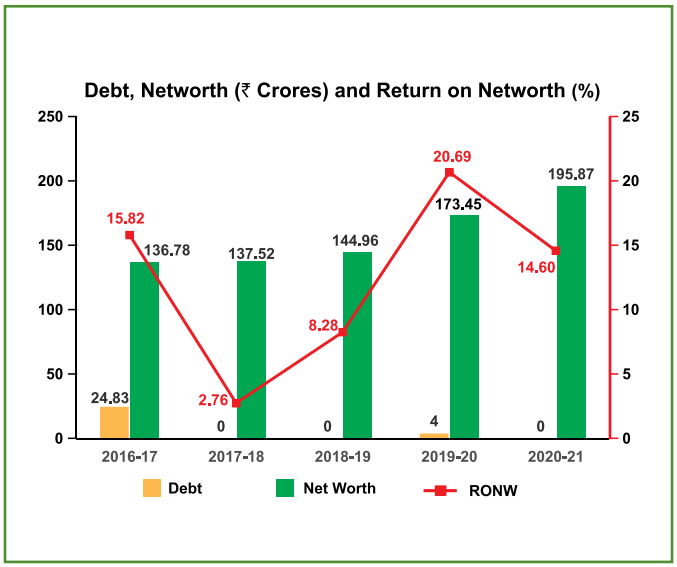


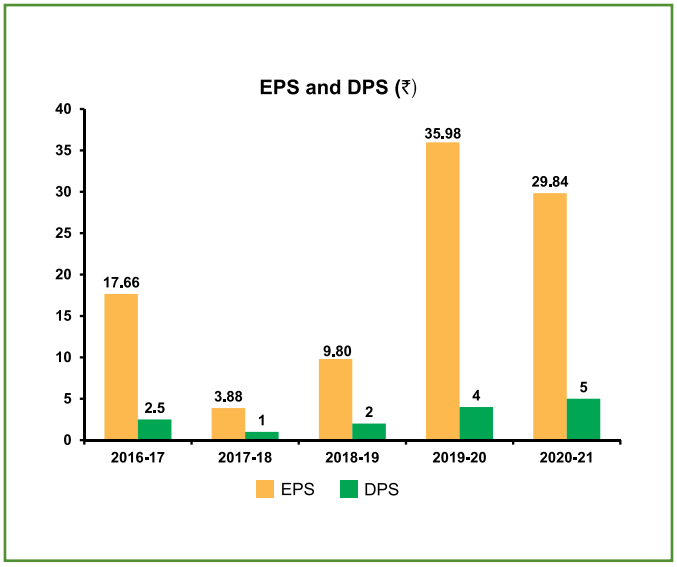

Power Production / Export (Lakh Units)
1000
900
800
700
600
500
400
300
200
765
86
153
526
552
66
97
389
916
98
128
690
918
97
164
657
895
91
167
637
2016-17
2017-18
2018-19
2019-20
2020-21
Sale
Captive
Auxillary Consumption

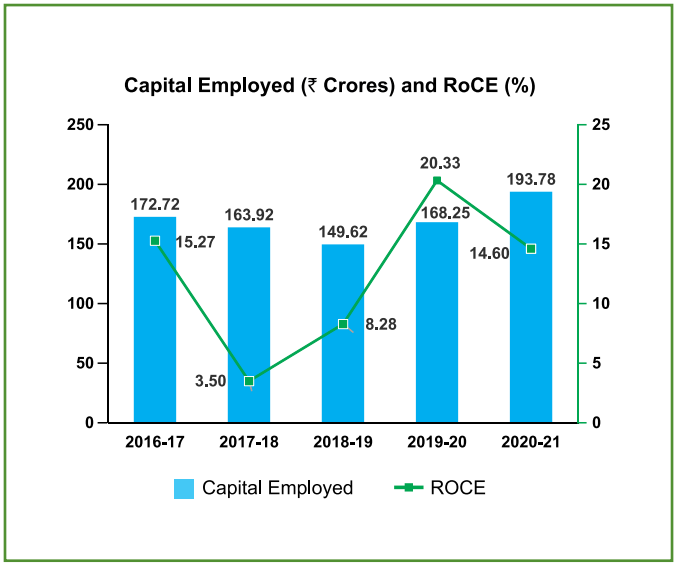

Sales Composition (₹ Crores)
350
300
250
200
150
100
50
261.32
27.36
13.42
11.54
209.00
192.33
20.57
10.99
15.26
145.51
182.12
35.49
13.25
27.40
105.98
306.94
34.28
26.10
28.19
218.37
249.98
33.19
25.09
13.29
178.41
2016-17
2017-18
2018-19
2019-20
2020-21
Sugar
Bagasse
Molasses
Power


Ex-Factory Sugar Realization (₹ /Qtl)
3600
3500
3400
3300
3200
3100
3000
2900
2800
2700
April
May
Jun
Jul
Aug
Sep
Oct
Nov
Dec
Jan
Feb
Mar
2018-19
2019-20
2020-21
3132
2830
3287
3449
3368
3248
3279
3155
3110
3067
3122
3192
3230
3302
3267
3203
3308
3377
3329
3284
3282
3346
3327
3296
3407
3316
3385
3432
3445
3434
3364
3329
3266
3241
3235
3226


Gross Block and Net Worth (₹ Crores)
250
200
150
100
50
0
177.47
136.78
130.83
137.52
131.41
144.96
133.88
173.45
135.95
195.87
2016-17
2017-18
2018-19
2019-20
2020-21
Gross Block
Net Worth


Debt, Networth (₹ Crores) and Return on Networth (%)
250
200
150
100
50
0
25
20
15
10
5
0
15.82
136.78
24.83
2.76
137.52
0
8.28
144.96
0
20.69
173.45
4
14.60
195.87
0
2016-17
2017-18
2018-19
2019-20
2020-21
Debt
Net Worth
RONW


EPS and DPS (₹)
40
35
30
25
20
15
10
5
0
17.66
2.5
3.88
1
9.80
2
35.98
4
29.84
5
2016-17
2017-18
2018-19
2019-20
2020-21
EPS
DPS


Capital Employed (₹ Crores) and RoCE (%)
250
200
150
100
50
0
25
20
15
10
5
0
172.72
15.27
163.92
3.50
149.62
8.28
168.25
20.33
193.78
14.60
2016-17
2017-18
2018-19
2019-20
2020-21
Capital Employed
ROCE

Financial Highlights – Ten Years at a Glance

₹ in Lakhs

For the year	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17	2017-18	2018-19	2019-20	2020-21
Total Income	27002	21489	17103	16153	17081	25174	19859	18796	31453	26255
Total Expenditure	23730	18561	16429	16511	16758	21189	17588	16523	26910	22611
PBIDT	3272	2928	674	-358	323	3985	2271	2273	4543	3644
Interest	119	358	671	512	587	475	197	347	268	54
Depreciation	329	1161	825	566	564	570	568	593	739	731
Profit before exceptional items	2824	1409	-822	-1436	-828	2940	1506	1333	3536	2859
Exceptional Items	212	193	-541	-893	-1090	776	1126	133	-53	0
PBT	2612	1216	-281	-543	262	2164	380	1200	3589	2859
Tax	833	-695	197	-178	72	645	46	357	495	293
PAT	1779	1911	-478	-365	190	1519	334	843	3094	2566
EPS (₹)	20.69	22.22	-5.56	-4.24	2.21	17.66	3.88	9.80	35.98	29.84
Cash EPS (₹)	24.18	27.64	0.03	1.81	9.61	31.80	10.49	18.55	44.14	35.93
Dividend %	25	15	6	--	12	25	10	20	40	50
As at year end										
Gross Block	15722	17278	17575	17602	17638	17747	13083	13141	13388	13595
Net Block	12834	13309	13339	12773	12261	11840	11952	11417	10932	10419
Loan Funds	5005	8208	8283	7791	7663	4905	725	3487	2013	0
Net Worth	11154	12914	12376	12011	12159	13678	13752	14496	17345	19587
Book value per share (₹)	129.72	150.19	143.93	139.69	141.41	159.08	159.94	168.59	201.72	227.80
Share Price at NSE (in ₹)										
High	126.50	415.00	359.45	251.00	248.00	357.05	228.80	189.40	182.00	197.00
Low	71.15	108.00	87.10	100.50	110.90	172.70	141.00	102.30	81.00	112.10

PONNI SUGARS (ERODE) LIMITED

CIN : L15422TN1996PLC037200
ESVIN House, 13 Rajiv Gandhi Salai (OMR), Perungudi, Chennai 600 096
Phone : 044 24961920 / 24960156
E Mail: admin@ponnisugars.com Website: www.ponnisugars.com

NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the 25th Annual General Meeting of the Company will be held on Tuesday, the 20th July 2021, at 11.00 AM thro' Video Conference / Other Audio Visual Means (VC / OAVM) to transact the following business:

ORDINARY BUSINESS

1. Adoption of Financial Statements

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

"RESOLVED that the audited Financial Statements for the year ended 31st March 2021 and the reports of the Board of Directors and Auditors thereon be and are hereby considered and adopted."

2. Dividend declaration

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

"RESOLVED that

(i) a dividend of ₹ 4/- (Rupees Four only) plus a Special Silver Jubilee Dividend of ₹1/- (Rupee One only) totalling to a Dividend of ₹5/- (Rupees Five only) per equity share, for the Financial Year 2020-21 be and is hereby declared on the 8598418 Equity Shares of ₹10 each fully paid-up;

(ii) the dividend be paid to the shareholders whose names appear in the Register of Members of the company in the case of physical holding and to the beneficial owners of shares recorded with the Depositories in the case of demat holding as per details to be furnished by National Securities Depository Ltd/ Central Depository Services (India) Ltd for the purpose, as on Tuesday, the 20th July 2021."

3. Reappointment of retiring Director

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

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

SPECIAL BUSINESS

4. Remuneration to Cost Auditor

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

"RESOLVED that the Company do hereby confirm and ratify in terms of Section 148 and other applicable provisions of the Companies Act, 2013 and the Rules made thereunder the remuneration approved by the Board of Directors on the recommendations of the Audit Committee for M/s S Mahadevan & Co.,Cost Accountants (Firm Registration No.000007), for conducting the audit of cost records of the Company, including its Sugar and Cogen segments, for the financial year 2021-22 at ₹150000 (Rupees one lac fifty thousand only) plus tax and reimbursement of travel and out of pocket expenses incurred for purpose of such audit."

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

Chennai
7th May 2021

N Ramanathan
Managing Director

NOTES:

1. AGM through VC/ OAVM

In view of the outbreak of Covid-19 pandemic and consequent restrictions and requirements like social distancing, the Ministry of Corporate Affairs ("MCA") allowed companies to hold their Annual General Meeting ("AGM") through Video Conferencing ("VC") or Other Audio Visual Means ("OAVM") during the calendar year 2020. Considering continuing threat of Covid-19, MCA vide its Circular No.02/2021 dated 13.01.2021 has allowed companies to hold their AGMs thro VC/OAVM till end of 2021.

Accordingly, the 25th AGM of the Company will be held through VC/ OAVM (e-AGM) and the shareholders can attend and participate in the e-AGM through VC/ OAVM only. The deemed venue of the e-AGM will be the registered office of the company.

2. Quorum/ Proxy form / Attendance slip

A shareholder entitled to attend and vote at the AGM is entitled to appoint a proxy to attend and vote on his/ her behalf and the proxy need not be a shareholder of the company. However, as this AGM is being held thro' VC/ OAVM, physical attendance of shareholders is dispensed with. Accordingly, the facility for appointment of proxies by the shareholders is not applicable for this e-AGM. Hence the proxy form and attendance slip are not being annexed to this Notice and the resultant requirement for submission of proxy forms does not arise.

The presence of shareholders through VC/ OAVM will be reckoned for the purpose of quorum u/s 103 of the Act.

Corporate shareholders entitled to appoint authorized representatives are requested to send a duly certified copy of Board Resolution authorizing their representative(s) to attend and vote at the e-AGM, pursuant to Section 113 of the Companies Act, 2013 ("the Act").

3. Explanatory Statement

Statement pursuant to Section 102(1) of the Act in respect of the Special Business and Regulation 17 (1A) of the Listing Regulations in respect of Special Resolution to be transacted at the meeting is annexed hereto.

4. Mailing of AGM Notice & Annual Report

In deference to extant MCA / SEBI circulars, Notice of AGM and the Annual Report for FY 2021-22 are being sent in electronic mode to shareholders whose email address is registered with the Depository Participants (DP) or the Registrar & Transfer Agent (RTA). Shareholders holding shares in physical / demat form who have not registered their email address with the Company can get the same registered as per the procedure given (refer Sl. No.11).

The AGM Notice and Annual Report are available on the websites of the Company www.ponnisugars.com, Stock Exchanges i.e. BSE Ltd www.bseindia.com and National Stock Exchange of India Ltd www.nseindia.com. The AGM Notice is also available on the website of CDSL (agency for providing the Remote e-Voting facility and e-Voting System during the AGM) www.evotingindia.com.

5. Particulars of Director

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

6. Book Closure

The Register of Members and the Share Transfer Books of the Company will remain closed from Thursday, the 8th July 2021 to Tuesday, the 20th July 2021 (both days inclusive).

7. Dividend

Dividend on declaration will be paid by Monday, the 26th July 2021, subject to there being no constraints due to the ongoing pandemic.

Shareholders are advised to refer to 'Shareholder information' section of the Corporate Governance Report (page 51 of the Annual Report) for details on dividend entitlement, payment options, Tax on dividend and procedure for claiming tax exemption.

8. Unpaid Dividend

Unpaid Dividend for over 7 years will be transferred to the Investor Education and Protection Fund. Shareholders may refer to page 52 of the Annual Report and lodge their claim, if any, immediately.

Shares in respect of which dividend has not been paid or claimed for seven consecutive years or more had been transferred to Investor Education and Protection Fund. Shareholders may refer to page 52 of the Annual Report for details.

9. Attending e-AGM

For the purpose of conducting the e-AGM, the Company has appointed Central Depository Services (India) Limited (CDSL), to provide VC / OAVM facility. The detailed procedure and manner for participating in e-AGM through VC / OAVM is given in Appendix-B.

10. Voting Process

Shareholders can cast their votes thro' Remote e-Voting or at the AGM thro' e-Voting. The detailed process and instructions are given in Appendix-C.

11. Procedure for obtaining the Annual Report, AGM Notice and e-Voting instructions by the shareholders whose email addresses are not registered with the DPs/ RTA

Shareholders are advised to register/ update their email address and mobile number immediately, in case they have not done so earlier:

- In case of shares held in demat mode, with their respective DPs.
- In case of shares held in physical mode, by accessing the link *https://investors.cameoindia.com* or by email to the RTA at *investor@cameoindia.com* with details of Folio number and attaching a self-attested copy of PAN card.
- After due verification, the Company/ RTA will send login credentials for attending the AGM and voting to the registered email address.
- Any person who becomes a shareholder of the company after despatch of the AGM Notice and holding shares as on the cut-off date may obtain the user ID and password in the manner provided in the AGM Notice.

12. Inspection of documents

The Register of Directors and Key Managerial Personnel and their shareholding maintained under Section 170 of the Act, the Register of Contracts or arrangements in which the Directors are interested under Section 189 of the Act and all other documents referred in notice will be available for inspection in electronic mode. Shareholders can send an email for the purpose to admin@ponnisugars.com.

STATEMENT PURSUANT TO SECTION 102(1) OF THE COMPANIES ACT, 2013 AND REGULATION 17 (1A) OF THE LISTING REGULATIONS FORMING PART OF THE NOTICE.

Item No.3

Reappointment of Retiring Director

Mr Bimal K Poddar [DIN:0031146], aged 78 years has been associated with our company and erstwhile Ponni Sugars and Chemicals Ltd since 1993. He comes under the promoter category and is a member of Audit Committee.

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

Mr Bimal K Poddar retires at this Annual General Meeting and is eligible for reappointment. Regulation 17(1A) of SEBI (Listing Obligations and Disclosure Requirements) (Amendment) Regulations 2018, requires special resolution to be passed for the appointment of a person or his continuance in the directorship of a company if he has attained the age of 75 years. Since Mr. Bimal K Poddar already attained the age of 75 years, it is proposed to pass a special resolution for the current re-appointment.

Mr Bimal K Poddar is quite active and alert and in the opinion of the Board, he is suitable for being continued as a Director of the company despite having attained the age of 75 years. The Board accordingly recommends his re-appointment by special resolution for the consideration of shareholders. Particulars required under Regulation 36(3) of the Listing Regulations are given in Appendix A that forms part of this Notice.

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

The Board recommends the Special Resolution set out in Agenda 3 of the Notice for approval of the shareholders.

Item No.4

Remuneration to Cost Auditor

The Company is engaged in two business segments namely Sugar and Cogen. It maintains cost accounting records and get 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 2021-22 pertaining to both Sugar and Cogen segments and approved the remuneration at ₹1,50,000/- (Rupees one lac fifty thousand only), based on the recommendations of the Audit Committee.

It is now placed for the ratification 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.

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

The Board recommends the Ordinary Resolution set out in Agenda 4 of the Notice for ratification of the shareholders.

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

Chennai
7th May 2021

N Ramanathan
Managing Director

Appendix 'A'

Details of Directors seeking reappointment at the 25th Annual General Meeting

[Pursuant to Clause 36(3) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015]

Name of Director seeking reappointment	Bimal K Poddar
DIN	0031146
Date of Birth / Age	25.12.1942 (78)
Qualification	B.Com
Experience	Varied experience in the spheres of Finance, Administration and General Management in diverse family businesses. Widely travelled and gained global business exposure.
Terms & conditions of re-appointment	He is proposed to be re-appointed as non-executive director liable to retire by rotation
Remuneration proposed to be paid	Sitting fee and commission as decided by Board within the ceiling approved by shareholders
Remuneration last drawn	Sitting fee: ₹ 0.90 lakhs
Commission	₹ 2 lakhs
Date of first appointment on the Board	19.12.2001
Shareholding in the company	Nil
Relationship with other directors, manager and key managerial personnel	Nil
Number of Board meetings attended during the year	4
Other Directorships	*Chairman* Matheson Bosanquet Enterprises Pvt Ltd Hope Textiles Ltd Sua Explosives and Accessories Pvt Ltd *Director* Sua Developers Ltd Ornate Textiles Pvt Ltd Pragati Business Ltd
Memberships/ Chairmanship of Committees in other companies	*Chairman* Matheson Bosanquet Enterprises Pvt Ltd Management & Investment Committee Sua Explosives & Accessories Pvt Ltd CSR Committee

Appendix 'B'

Procedure for participation in the 25th AGM through VC/ OAVM

1. The Company has engaged CDSL to provide VC/ OAVM facility to its shareholders for participation in the e-AGM.
2. Shareholders will be able to attend the e-AGM by using their e-Voting login credentials.
3. Facility to join the meeting will open 30 minutes before the scheduled time of the e-AGM and will be kept open throughout the proceedings of the e-AGM.
4. Shareholders desiring to express their views/ ask questions during the meeting may register themselves as a speaker. Request for this may be made to admin@ponnisugars.com on or before Saturday the 17th July 2021 (5.00 PM).
5. Only those shareholders who have registered themselves as a speaker will be allowed to express their views or ask questions at the e-AGM. The company reserves the right to restrict the number of questions and number of speakers depending upon the availability of time for conduct of the e-AGM.
6. Shareholders who do not wish to speak during the AGM but have queries or views may send the same in advance to the company in the same manner stated above. Their queries will be replied suitably by the company through email.
7. Shareholders are advised to quote their Name, DP ID-Client ID and Folio No. in all their communications.
8. Recorded transcript of the e-AGM will be uploaded on the website of the Company as soon as possible.

Help Center

Login type	Helpdesk details
Individual Shareholders holding securities in Demat mode with **CDSL** or in physical mode	Members facing any technical issue in login can contact CDSL helpdesk by sending a request at helpdesk.evoting@cdslindia.com or contact at 022- 2305 8738 / 8542 / 43.
Individual Shareholders holding securities in Demat mode with **NSDL**	Members facing any technical issue in login can contact NSDL helpdesk by sending a request at evoting@nsdl.co.in or call at toll free no.: 1800 1020 990 or 1800 22 44 30.

You may also refer the Frequently Asked Questions ("FAQs") and e-voting manual available at www.evotingindia.com under 'help' section.

All grievances connected with the facility for voting by electronic means may be addressed to Mr. Rakesh Dalvi, Manager, Central Depository Services (India) Limited, A Wing, 25th Floor, Marathon Futurex, Mafatlal Mill Compounds, N M Joshi Marg, Lower Parel (East), Mumbai - 400013 or send an email to helpdesk.evoting@cdslindia.com or call on 022-23058542/43.

Appendix 'C'

Voting Process & Instructions

A) Remote e-Voting Facility

1. In terms of Section 108 of the Companies Act, 2013 read with Rule 20 of the Companies (Management and Administration) Rules 2014, the company is pleased to provide to its shareholders the facility to exercise their right to vote at the 25th Annual General Meeting (AGM) on resolutions proposed to be considered thereat by electronic means. For this purpose, "remote e-Voting" facility is offered whereby a shareholder can cast his vote using an electronic system from a place of his choice.
2. The Remote e-Voting facility is offered through e-Voting services provided by Central Depository Services (India) Limited (CDSL).
3. Remote e-Voting commences on Friday the 16th July'21 (10.00 AM) and ends on Monday the 19th July'21 (5.00 PM). The e-Voting portal will thereupon be blocked by CDSL.

(B) Login for Remote e-Voting / joining the meeting

I Demat Holders

1. Pursuant to SEBI Circular No. SEBI/HO/CFD/CMD/CIR/P/2020/242 dated December 9, 2020 on e-Voting facility provided by Listed Companies, Individual shareholders holding securities in demat mode are allowed to vote through their demat account maintained with Depositories and Depository Participants. Shareholders are advised to update their mobile number and email Id in their demat accounts in order to access e-Voting facility.
2. In order to increase the efficiency of the voting process, all the demat account holders, by way of a single login credential, through their demat accounts/ websites of Depositories/ Depository Participants, will be able to cast their vote without having to register again with the E-voting Service Providers (ESPs).
3. Pursuant to said SEBI Circular, Login for e-Voting and joining virtual meetings for shareholders holding securities in Demat mode is given below:

Type of shareholders	Login Method
Individual Shareholders holding securities in Demat mode with **CDSL**	1) Shareholders (user) who have opted for CDSL's Easi / Easiest facility, can login through their existing user id and password. Option will be made available to reach e-Voting page without any further authentication. The URLs for users to login to Easi / Easiest are https://web.cdslindia.com/myeasi/home/login or www.cdslindia.com. Then click on Login icon and select New System Myeasi. 2) After successful login, the user will see the e-Voting Menu. On clicking the e-voting menu, he/ she will see the holdings along with links of the respective e-Voting service provider which is CDSL in our case. Additionally, we are providing links to e-Voting Service Providers, so that the user can visit the e-Voting service providers' site directly. 3) If the user is not registered for Easi/Easiest, option to register is available at https://web.cdslindia.com/myeasi/Registration/EasiRegistration 4) Alternatively, the user can directly access e-Voting page by providing Demat Account Number and PAN No. from a e-Voting link available on www.cdslindia.com home page or click on https://evoting.cdslindia.com/Evoting/EvotingLogin The system will authenticate the user by sending OTP on registered Mobile & Email as recorded in the Demat Account. After successful authentication, user will be able to see the e-Voting option where the evoting is in progress and also able to directly access the system of all e-Voting Service Providers.

Type of shareholders	Login Method
Individual Shareholders holding securities in demat mode with **NSDL**	1) If you are already registered for NSDL IDeAS facility – (a) Please visit the e-Services website of NSDL https://eservices.nsdl.com (b) Once the home page of e-Services is launched, click on the "Beneficial Owner" icon under "Login" which is available under 'IDeAS' section. A new screen will open. (c) Enter your User ID and Password. (d) After successful authentication, you will see e-Voting services. (e) Click on "Access to e-Voting" under e-Voting services and you will see e-Voting page. (f) Click on company name or e-Voting service provider name. (g) You will be re-directed to e-Voting service provider website for casting your vote during the remote e-Voting period or joining virtual meeting & voting during the meeting. 2) If the user is not registered for IDeAS e-Services, option to register is available at https://eservices.nsdl.com. Select "Register Online for IDeAS "Portal or click at https://eservices.nsdl.com/SecureWeb/IdeasDirectReg.jsp 3) Alternatively, the user can directly visit the e-Voting website of NSDL https://www.evoting.nsdl.com/. (a) Once the home page of e-Voting system is launched, click on the icon "Login" which is available under 'Shareholder/Member' section. (b) A new screen will open. Enter your User ID (i.e. your sixteen digit demat account number held with NSDL), Password/OTP and a Verification Code as shown on the screen. (c) After successful authentication, you will be redirected to NSDL Depository site wherein you can see e-Voting page. (d) Click on company name or e-Voting service provider name and you will be redirected to e-Voting service provider website for casting your vote during the remote e-Voting period or joining virtual meeting and e-voting.
Individual Shareholders (holding securities in demat mode) login through their **Depository Participants**	1) You can also login using the login credentials of your demat account through your Depository Participant registered with NSDL/CDSL for e-Voting facility. 2) After successful login, you will be able to see e-Voting option. 3) Once you click on e-Voting option, you will be redirected to NSDL/CDSL Depository site after successful authentication, wherein you can see e-Voting feature. 4) Click on company name or e-Voting service provider name and you will be redirected to e-Voting service provider's website for casting your vote during the remote e-Voting period or joining virtual meeting & voting during the meeting.

4. Members who are unable to retrieve User ID/ Password are advised to use Forget User ID and Forget Password option available at abovementioned website.

5. **Registration of e-mail with DPs**

Procedure for those shareholders whose email addresses are not registered with the depositories for obtaining login credentials for virtual attendance in AGM/ e-voting for the resolutions proposed in this notice: :

1. For Physical shareholders: please provide necessary details like Folio No., Name of shareholder, scanned copy of the share certificate (front and back), PAN (self attested scanned copy of PAN card), AADHAR (self attested scanned copy of Aadhaar card) by email to Company/RTA email id.
2. For Demat shareholders - Please update your email id & mobile no. with your respective Depository Participant (DP)
3. For Individual Demat shareholders – Please update your email id & mobile no. with your respective Depository Participant (DP) which is mandatory while e-Voting & joining virtual meetings through Depository.

II. Login method for e-voting and joining virtual meeting for Physical shareholders & Non individual shareholders

1. Log on to the e-voting website www.evotingindia.com.
2. Click on "Shareholders" module.
3. Now enter your User ID - :
   I. For CDSL: 16 digits beneficiary ID,
   II. For NSDL: 8 Character DP ID followed by 8 Digits Client ID,
   III. Shareholders holding shares in Physical Form should enter Folio Number registered with the Company.
4. Next enter the Image Verification as displayed and Click on Login.
5. If you are holding shares in demat form and had logged on to www.evotingindia.com and voted on an earlier e-voting of any company, then your existing password is to be used.
6. If you are a first-time user follow the steps given below:

PAN	Enter your 10 digit alpha-numeric *PAN issued by Income Tax Department (Applicable for both demat shareholders as well as physical shareholders) ✶ Shareholders who have not updated their PAN with the Company/ Depository Participant are requested to **use the sequence number** sent by Company/RTA or contact Company/ RTA.
Dividend Bank Details **OR** Date of Birth (DOB)	Enter the Dividend Bank Details or Date of Birth (in dd/mm/yyyy format) as recorded in your demat account or in the company records in order to login. ✶ If both the details are not recorded with the depository or company, please enter the member id / folio number in the Dividend Bank details field.

7. After entering these details appropriately, click on "SUBMIT" tab.
8. Shareholders holding shares in physical form will then directly reach the Company selection screen. However, shareholders holding shares in demat form will now reach 'Password Creation' menu wherein they are required to mandatorily enter their login password in the new password field. Kindly note that this password is 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.
9. For shareholders holding shares in physical form, the details can be used only for e-voting on the resolutions contained in this Notice.
   (i) Click on the EVSN for the relevant <Company Name> on which you choose to vote.
   (ii) On the voting page, you will see "RESOLUTION DESCRIPTION" and against the same the option "YES/NO" for voting. Select the option YES or NO as desired. The option YES implies that you assent to the Resolution and option NO implies that you dissent to the Resolution.

(iii) Click on the "RESOLUTIONS FILE LINK" if you wish to view the entire Resolution details.

(iv) 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.

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

(vi) You can also take a print of the votes cast by clicking on "Click here to print" option on the Voting page.

(vii) If a demat account holder has forgotten the login password then Enter the User ID and the image verification code and click on Forgot Password & enter the details as prompted by the system.

(C) Additional Facility for Non – Individual Shareholders and Custodians –Remote Voting only.

1. Non-Individual shareholders (i.e. other than Individuals, HUF, NRI etc.) and Custodians are required to log on to www.evotingindia.com and register themselves in the "Corporates" module.
2. A scanned copy of the Registration Form bearing the stamp and sign of the entity should be emailed to helpdesk.evoting@cdslindia.com.
3. After receiving the login details a Compliance User should be created using the admin login and password. The Compliance User would be able to link the account(s) for which they wish to vote on.
4. The list of accounts linked in the login should be mailed to helpdesk.evoting@cdslindia.com and on approval of the accounts they would be able to cast their vote.
5. A scanned copy of the Board Resolution and Power of Attorney (POA) which they have issued in favour of the Custodian, if any, should be uploaded in PDF format in the system for the scrutinizer to verify the same.
6. Alternatively Non Individual shareholders are required to send the relevant Board Resolution/ Authority letter etc. together with attested specimen signature of the duly authorized signatory who are authorized to vote, to the Scrutinizer and to the Company at the email address viz; admin@ponnisugars.com, if they have voted from individual tab & not uploaded same in the CDSL e-voting system for the scrutinizer to verify the same.

(D) Voting at e-AGM

1. Shareholders who could not vote through remote e-voting may avail the e-voting system provided at the e-AGM by CDSL. The procedure is the same as mentioned for Remote e-voting.
2. Only those shareholders, who are present in the AGM through VC/OAVM facility and have not cast their vote on the Resolutions through remote e-Voting and are otherwise not barred from doing so, shall be eligible to vote through e-Voting system available during the AGM.
3. If a shareholder cast his vote in the e-AGM without being present, his vote will be treated as invalid.
4. In case of joint holders attending the meeting, only the joint holder who is higher in the order of names will be entitled to vote at the e-AGM.
5. Shareholders who have voted through Remote e-Voting will be eligible to attend the meeting. However, they will not be eligible to vote at the AGM.

(E) General Instructions

1. The cut-off date for the purpose of e-voting has been fixed as Tuesday the 13th July 2021. Shareholders holding shares as on this date alone are entitled to vote under either mode.
2. In case of persons who have acquired shares and become shareholders of the company after the dispatch of AGM Notice, the company would be mailing the 25th Annual Report for 2020-21 to their registered email address as and when they become shareholders. 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 13th July 2021.
4. In case a shareholder by inadvertence or otherwise has voted under both options, his voting by Remote e-Voting only will be considered.
5. Mr A S Kalyanaraman, Practicing Chartered Accountant (Membership No. 201149) failing him Mr N Basker, Practicing Chartered Accountant (Membership No. 207226) have been appointed as the Scrutinizer.

6. The Scrutinizer will after the conclusion of voting at the e-AGM:
   (i) First unblock and count the votes cast at the e-AGM through e-voting.
   (ii) Then unblock the votes cast through Remote e-Voting.
   (iii) Both the above will be done in the presence of two witnesses not in the employment of the company.
   (iv) Make a consolidated Scrutinizer's report (integrating the votes cast at the meeting & through Remote e-Voting) of the total votes cast in favour or against, to the Chairman.
   (v) The Scrutinizer's report as above would be made soon after the conclusion of e-AGM and in any event not later than three days from the conclusion of the meeting.

7. Voting Results
   i) The Chairman or a person authorised by him in writing will authenticate the result of the voting based on the Scrutinizer's report and have it declared.
   (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.com 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 e-AGM.

Request to Shareholders

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

i) Name of the member
ii) Folio/ DP ID – Client ID
iii) Email address
iv) Permanent Account Number (PAN)
v) CIN (in the case of company)
vi) Unique Identification Number
vii) Father/ Mother/ Spouse name
viii) Occupation
ix) Status
x) Nationality
xi) In case of minor, name of guardian and date of birth of minor
xii) Instructions, if any for sending Notice etc.

BOARD'S REPORT

Your Board is pleased to present the 25th Annual Report and the audited financial statements for FY 2020/21.

	2020-21	2019-20
Physical Performance		
Cane crushed (tonnes)	**613226**	597536
Sugar recovery (%)	**9.36**	9.47
Sugar produced (tonnes)	**57276**	56942
Power produced (lakh kwh)	**895**	918
Financial Performance (₹ crores)		
Total Income	**262.55**	314.53
Profit Before Interest, Depreciation &Tax	**36.44**	45.43
Profit Before Tax	**28.59**	35.89
Profit After Tax	**25.66**	30.94

Dividend

Your Directors recommend a dividend of ₹ 4/- (Rupees Four Only) plus a Special Silver Jubilee dividend of ₹.1/- (Rupee One Only) totaling to a dividend of ₹5/-(Rupees Five Only) per equity share of ₹10 each for the financial year ended 31st March 2021, subject to the approval of shareholders at the ensuing Annual General Meeting.

Transfer to General Reserves

Your directors have proposed to transfer ₹15 crores to General Reserve.

Global sugar scenario

ISO had earlier estimated the biggest deficit in 11 years for SS 2019/20 pursuant to the perceptible decline in crop from India and Thailand together contributing about 12 mln tonne fall in production. The advent of Covid-19 however annihilated this prognosis. Global oil price crash goaded and nudged Brazil to notch up cane allocation for sugar, while consumption growth dimmed and dried up during lock down times. In the end, the biggest deficit projected precariously petered out and global balance became near neutral for SS 2019/20. Ergo, the much taunted and most wanted inventory correction failed to fructify.

With the global economy back in growth mode, consumption growth for sugar returned in SS 2020/21. Thanks to the third consecutive year of decreased crop, world sugar balance in 2020/21 is slated to leave a deficit of 5 mln tonnes. The mediocre performance of Thailand, the EU and Russia would seem to prevent a quick return to surplus environment. The marked decrease is of course vulnerable to weather conditions, besides oil price dynamics.

Raw sugar prices in NY 11 for the nearest month demonstrably rebounded from the low of 9.38 c/lb in April 2020 witnessed under Covid impact. After touching a peak of 18.41 c/lb in Feb'21 that is the highest in 4 years, there were intermittent corrections. The lower Brazilian crop because of long dry spell has since gleefully reinfused and reenforced bullish undertone to the market.

Indian sugar overview

Sugar balance

In a convincing departure from oscillating sugar production, India has become a sustainably surplus sugar producer during the last decade, barring the one year that was extremely devastated by drought. The new sugarcane variety introduced in UP is notably the prime mover and principal contributor for this tectonic shift. Maharashtra and Karnataka, having recovered from last year's drought and been benefitted by good monsoon this year, bounced back with 71% and 22% rise in production for SS 2020/21. Overall sugar production is estimated at 30.2 mln tonnes after accounting for about 2 mln tonne of sugar substitution through ethanol production from B-heavy molasses and sugarcane juice.

Sugar consumption in India has remained near static around 25.5 mln tonne over the last 5 years. Despite the delay in deciding export quota for SS 2020/21 by over a quarter and downsizing the subsidy amount from ₹10.45/ kg to ₹6/ kg, the buoyancy in global market helped Indian millers grab and sign export contracts swiftly for over 5 mln tonnes as against the MAEQ of 6 mln tonnes. Coming on top of the all-time high sugar exports made in SS 2019/20 by fulfilling the entire MAEQ for that season, the ebullient export performance has come as a shot in the arm to help de-clog domestic stock pile. Sugar prices during the year have largely been orbiting around the MSP.

Ethanol

Alive to the minatory challenge in continuing sugar export subsidies beyond 2023 under WTO norms, the Government has strategically stepped up gas in promoting ethanol as a long term and lasting solution for absorbing the surplus sugarcane in the system. In this prophylactic pursuit, it is conscientiously continuing with interest subvention

support, passionately monitoring project implementation in coordination with State Governments, fervidly facilitating environment clearance for expansion of capacities and prepensely panning out premium pricing for ethanol that is produced subsuming sugar equivalent. The industry is truly beholden to the Central Government for its steadfast focus and strident thrust to forefend foreseeable sugar glut and forestall price collapse.

Sugarcane pricing

While so, sugarcane pricing remains the boisterous and biggest challenge for the industry, making Indian sugar globally uncompetitive. This perduring problem, by now too well known but caught in a political quagmire, continues to defy a credible solution. As per CACP report, sugarcane guarantees and bestows the best of return for the farmer compared to other competing crops that props up excessive cultivation thereof. The current pricing formula that egregiously fails to address the paying capacity of sugar mills is unwittingly fatuous and unarguably fallacious, frustrating in the process every stakeholder.

It is time the Government acted on the recommendations of both CACP and NITI Aayog Task Force on the Sugarcane and Sugar industry. Both have resoundingly recommended the revenue sharing formula, backed by the setting up of a Sugar Price Stabilization Fund to protect farmer's interest during times of low sugar price.

Cogeneration

The first major diversification for sugar industry came through cogeneration of power, egged by the clear mandate and convincing promotional measures for renewable energy generation under the Electricity Act, 2003. Bagasse based cogeneration plants came in droves on the strength of such favourable policy environment. Its haleyon days would seem all over, going by the multifarious challenges faced of late in the renewal of expired long term PPAs, lowering of power tariffs and most menacingly, the mounting delay in payment by Discoms that stretches even beyond one year.

The Central Government in its bid to resolutely resolve the underlying crisis has come out with yet another one-time funding package to help State Discoms borrow from this Central corpus and clear power over dues. This of course is conditional upon the Discoms agreeing to a committed road map for reforms. While the first instalment of this package has got disbursed and cogenerating units got partially paid, further progress would seem stalled and stalemated. The changes proposed in Electricity Act and related Rules are appreciably aimed at addressing the fundamental malaise but its efficacy would eventually depend on overcoming the overwhelming enforcement challenges on ground.

Sugar in Tamil Nadu

There is little respite for the TN sugar industry from the rueful impact of recurring drought and its concomitant challenges. Not long ago, TN sugar was the third top producer in India, but it has sadly slipped from that high pedestal to an abysmally low level now. Half the private sector mills remain shut for two successive seasons, while the rest are crawling and creeping below their half capacity run. Still worse, sugarcane quality succumbed under water stressed conditions, leaving the State to languish with an average recovery abominably below 9% for six years in a row as against the national average that is cruising towards 11%. The double whammy of an abhorrent sugar recovery and appalling capacity utilization has ineluctably posed an existential crisis for the TN mills.

The State Government, alive to and appreciative of the current plight of TN sugar mills, has commendably come out with slew of support measures to bail the industry out of the imbroglio. This includes discontinuance of SAP backed by a transitional production incentive support to farmers, transport subsidy of ₹100/ tonne of cane from SS 2018-19, higher subsidy for drip and micro irrigation and aggressive promotion of Sustainable Sugarcane Initiative (SSI) programme.

The Sweet Bloom project under the 'Industry–Research Institute collaboration' is on course with the new cane variety Co11015 portending to be the harbinger, promising higher yield and recovery. Commercial scale planting of this variety is now being given increasing impetus in the current sugar season. Besides, there is continuing thrust in developing additional varieties.

As regards Cogeneration, TN mills remain clueless on the timing of realization of power dues from TANGEDCO. After considerable pile up, it was benefitted by the one-time bulk payment in April 2020 with the backstopping from TN Government that extended a special loan package to TANGEDCO for this purpose. Again, with TANGEDCO availing the first instalment of one-time funding package from Central Govt, TN mills received lump sum payment in December 2020. In both the occasions, TANGEDCO could make payments only on the strength of external funding through Central/State support. Worrisomely, there are still whopping power dues pending for more than 15 months as of now. Notwithstanding the mandatory force of electricity regulations and tariff orders issued thereunder

that includes specific provision for interest/ late payment surcharge in the case of delayed payment, bagasse based cogeneration units are often left in the lurch in the realization of dues, with principal eternally delayed and interest effectively denied.

Company's performance

Sugarcane crushing moved up marginally during the year, thanks to improved yield and increased spot registration and supply, the latter in response to company's prompt cane price payment all through the year. Adverse weather however mauled and mowed down sugar recovery during our special season in the second quarter. It however rebounded to normative levels on start of our main season in Dec'20. Given the right age and varietal mix and considering the cane quality improvement measures quintessentially launched by the company last year, the sudden and steep recovery fall during part of the year is baffling that can only be attributed to extraneous factors and in particular adverse weather.

In contrast to strident stock drawdown last year, we were confronted with higher sugar inventory build up this time owing to overall supply glut in the market. Bagasse sale volume more than halved by dint of Covid induced downturn in the paper industry, depriving the company extra earnings through cost effective bio-fuel switch. The company abstained from standalone power generation during off-season, weighed by unviable returns primarily caused by the inordinate delay in realization. As a combined effect, the turnover for the year has declined by about 18%.

The company in its Silver Jubilee is happy to reckon and rejoice the silver lining in key areas of its performance. Cane crushing for the year has gainfully crossed the 6 lakh tonne mark after 7 years. Auxiliary consumption is down to the lowest, ever since the commissioning of Cogeneration Plant in 2012. Operational efficiency was optimal with record low total loss in sugar. MAEQ swap fetched us a fair premium, while the buffer stock subsidy of Central Government and transport subsidy of TN Government benevolently boosted other operating income. REC sales virtually dried up from July 2020 due to suspension of trading in the power exchanges by the interim order of APTEL. The company has become zero debt by end of first quarter, while temporary surplus funds are being parked in Bank FDs, pending capex spend on our ethanol project.

Riding on all round excellence and exuberance in operating performance, our PBIDT, though lower than last year, has been the second highest in over a decade. PBT and PAT predictably followed suit. Overall, the operating and financial performance of the company for FY 2020-21 under extant external environment is eminently creditable.

Tax litigation

The Erode sugar mill undertaking of erstwhile Ponni Sugars and Chemicals Ltd was transferred to your company pursuant to the Scheme of Arrangement sanctioned by the High Court of Madras in 2001. The effective date of transfer was 1st April 1999 for an aggregate consideration of ₹75 crores. The Scheme as approved by all stakeholders in the Explanatory Statement clearly and expressly spelt out that this Scheme of Arrangement is not one of demerger under the Income Tax Act, 1961. The Tax Department however chose to treat the Scheme as one of demerger under the Income tax Act and consequently sought to restrict our depreciation claim based on the written down value of the assets in the hands of the transferor company.

Considering the huge tax implications, our company filed writ petitions in respect of various assessment years from time to time before the Hon'ble High Court of Madras. We have strongly contended that the Scheme of Arrangement under the Companies Act, if and when sanctioned by the High Court following the procedures prescribed therein, is a judgement *'in rem'* and hence binding on all including the tax department. The Hon'ble High Court in its judgement of October 2020 and December 2020 upheld our contention and quashed the assessment proceedings of all the years on this issue. It also directed the tax department to take further course of proceedings taking into consideration the findings of the High Court of Madras in its judgement.

The company has all along felt that its case is well founded and on strong legal footing. Accordingly, it did not recognize the tax/ interest implications in its financial statements but only disclosed the pending litigation in the 'Notes to the financial statements'. The High Court ruling has removed a lingering uncertainty, a Damocles' sword, that has come as huge relief. The company has taken up with the tax department for passing revised assessment orders giving effect to the judgement of the High Court.

Ethanol Project

As regards the ethanol project, the company had secured in June'19 in-principle approval from the Central Government for interest subvention support whose validity has since been extended till December 2021. The key to the launch of ethanol project is environment clearance at the present sugar mill location as an integral part thereof. The State Expert Appraisal Committee (SEAC) in June 2020 considered our proposal to set up a 45 KLPD Distillery-cum-

Ethanol plant. It has conveyed the decision to recommend our proposal for the grant of Terms of Reference (ToR) subject to the conditions laid down therein. This includes obtaining State Government approval for the location of the project. We had earlier received similar approvals for our expansion and cogeneration projects, nonetheless the process does involve long time frame. We have filed requisite online application for this in January 2021 and are in constant pursuit of same.

Covid-19 impact

The Covid-19 pandemic dealt a devastating blow to trade and industry, most mercilessly in Q-1 of FY 2020-21. Sugar industry was thankfully lesser impacted. Our factory had to be abruptly closed for about a month forcing the left over cane to be crushed during peak summer month at lamentably low recovery. Given the gravest nature of lockdown conditions, we have less to complain.

On our part, we restarted the factory soon upon the first phase of relaxation in lockdown conditions. Since then, we have had no Covid induced interruption to our operations. We steadfastly follow the Standard Operating Procedure (SOP) prescribed by both the Central and State Governments, effectively ensuring the safety of all our employees. With the advent of vaccines and extension of its eligibility progressively diluting the age criterion, we have taken proactive steps to enthuse and enable all our eligible employees and their family to have the jab in company organized vaccine centres.

The resurgence of Covid-19 with its variants since March'21 is no doubt alarming and worrisome. With vastly improved health infrastructure and better preparedness, there is fervent hope that the situation would soon come under control. In any event, this is likely to have far less impact on the economy compared to last year when the country was grossly unprepared and under- equipped. Your company hopefully would remain immune from any significant adverse business impact.

Outlook for FY 2021-22

With normal monsoon forecast by IMD for the third year in a row and stable area under sugarcane, sugar production outlook for the country is sure to leave a large surplus in SS 2021-22. Export and ethanol, duly backed by Government sops, would again be the anodyne to help mitigate the supply glut. Sugar fundamentals portend little promise for any big push in price uptick, while the MSP revision that is long overdue should bring succour to souring sugar prices.

Water storage in the Mettur reservoir has been comfortable in the last couple of years. Monsoon was normal, barring the shortfall witnessed in parts of our operational area. The company has come out with promotional measures and financial sops to bolster cane area, supplying free seeds and extending subsidy for ratoon yield improvement. As expected, there is encouraging response to these measures, evidenced by improved cane area registration.

We look towards marginally higher volume of cane crushing and improved sugar recovery, going by current crop conditions. Monsoon performance is of course critical. Barring imponderables, we remain sanguine for repeat of a reasonably good performance in FY 2021-22 as well.

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 of the company is contained in the 'Management Discussion and Analysis Report' that forms an integral part of this Report (Annx-1).

Corporate Governance

Pursuant to Regulation 34(3) of SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015, Corporate Governance Report together with the certificate from the company's auditors confirming the compliance of conditions of Corporate Governance is given in Annx-2. The Corporate Governance Report also includes contents and disclosures required under Section 134(3) of the Companies Act, 2013 at relevant places that forms an integral part of this report.

Disclosures / Confirmation

In deference to Section 134 of the Act read with Rule 8 of the Companies (Accounts) Rules, 2014, disclosures / confirmation are made as below:

(i) Annual Return

A copy of annual return for FY 2020-21 will be placed on the website of the company www.ponnisugars.com after conclusion of the 25th AGM.

(ii) Directors' Responsibility Statement

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

(a) in the preparation of the annual accounts, the applicable accounting standards have been followed and there are no material departures from the same;

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

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

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

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

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

(iii) Particulars of Loans, Guarantees or Investments

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

(iv) 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-3).

(v) Material changes and commitments

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

There is no material change or commitment affecting the financial position of the company that has occurred since 31st March 2021 to the date of this report.

(vi) 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-4.

(vii) Corporate Social Responsibility (CSR)

The company is covered under the mandate of Sec.135 of the Companies Act, 2013 for FY 2020-21. Pursuant to the amendment effective January 2021, where CSR obligation is below ₹50 lacs such companies are exempt from the requirement to have a separate CSR Committee. Instead the Board shall directly discharge the responsibility of the CSR.

Considering the fact that the company's CSR obligation for FY 2020-21 was below the threshold limit, the CSR Committee was dissolved by the Board of Directors from January 2021. However, the company's CSR obligation for FY 2021-22 would be in excess of ₹50 lacs, thereby necessitating the need for CSR Committee again. Accordingly the CSR Committee has been reconstituted from April 2021.

The CSR report in the prescribed form is given in Annx-5 that forms part of this report.

(viii) Public deposit

The company does not accept public deposits and there is no amount outstanding at the beginning or end of the year.

(ix) Adverse orders

No significant or material order has been passed by the regulators or courts or tribunals impacting the going concern status of the company and the company's operations in future.

(x) 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.

(xi) Insolvency and Bankruptcy Code, 2016

No application has been made or proceeding pending under the Insolvency and Bankruptcy Code 2016 in respect of the company.

(xii) Valuation difference

The company has done no one time settlement with Banks or Financial Institutions.

(xiii) Particulars of Employees

The Statement of Disclosure of Remuneration under Rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 ("Rules") is appended as Annx-6 to this Report.

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

Directors

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

All the independent directors of the company have registered their names in the Databank of Indian Institute of Corporate Affairs and they have all been exempt from the requirement of written test under Rule 6 (4) of the Companies (Appointment and Qualifications of Directors) Rules, 2014.

There was no appointment (other than the reappointments made in the normal course at the 24th AGM) or resignation of director or key managerial personnel during the year.

Auditors

M/s S Viswanathan LLP (Firm Regn.No.004770S/ S200025) were appointed as statutory auditors by shareholders in the 21st AGM for a term of five years till the conclusion of the 26th Annual General Meeting of the company on such remuneration as may be fixed by the Board of Directors on the recommendation of Audit Committee from time to time. There is no fraud reported by auditors under Section 143(12) of the Companies Act, 2013.

Particulars of statutory auditors, cost auditors, internal auditors and the secretarial auditors have been given in the Corporate Governance Report that forms an integral part of this report. Secretarial Audit Report as required by Section 204(1) of the Companies Act, 2013 is attached (Annx-7).

Acknowledgement

We are thankful to the Central Government, Banks, customers and suppliers for their understanding and support. We gratefully acknowledge and commend the timely support of the Government of Tamil Nadu in alleviating the travails of the industry in testing times. We convey deep appreciation to our extended family of sugarcane growers for their continuing commitment to grow and supply cane, readily embracing new varieties and improved cultivation practices.

Your company has been able to achieve commendable results, thanks to the committed contribution of its employees in all ranks. The Board, above all, wishes to thank the valued shareholders for their untrammelled patronage.

For Board of Directors

Erode
7th May 2021

N Gopala Ratnam
Chairman

Annexure - 1 to Board's Report

MANAGEMENT DISCUSSION AND ANALYSIS REPORT

Industry structure and development

World Sugar

Industry Structure

Sugar is produced in over 120 countries from beet or cane, increasingly more from the latter, with a robust rise in its relative share from 56% during 1960s to 60% in 1970s, 68% in 1990s that is plateauing a tad below 80% since 2000. While yield increase is better in beet, area increase emanating essentially from tropical countries is far higher for sugarcane. Bio-ethanol production consumes about 15% of the world sugarcane harvest but consistently constitutes more than 50% in Brazil that has in-built flexibility to switch from sugar to ethanol in ready response to emerging market dynamics.

India dislodged Brazil to take the top producer slot in 2017-18 and retained that status in 2018-19 as well. It however ceded the *numero uno* status in 2019-20 to Brazil, restoring the old order. Brazil remains unchallenged as world's top exporter, while India displacing Thailand has emerged as the second largest exporter in 2020-21. World trade volume represents about one-third of production, the rest being captively consumed in the country of origin. Import demand is well geographically distributed as opposed to exports eminently coming from concentrated pockets. China is the world's largest importer after displacing Indonesia in 2015-16.

India is steadfastly placed as top consumer of sugar despite low per capita consumption. Though an intermittent and irregular player in the global trade, India's alternating position as exporter or importer has a 'domino effect' on world prices. With unabated spurt in cane area, strident surge in cane productivity and robust rise in sugar recovery in the major sugar producing State of U.P, India has fast transformed as a structurally surplus sugar producer.

Consumption growth has decelerated from the average of 2.4% since 1960s to around 1.8% in the last decade. Consumption has steadily shifted from the western hemisphere towards east. Consumption growth is decidedly driven by increasing population and improved per capita income of such growing population. However, direct consumption demand has dampened of late due to rising health concerns and State intervention through sin-tax levy and red-labelling mandate. Institutional consumption, on the other hand, has been growing in emerging economies almost in tandem with the growth in national income.

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

Status update

World production in 2020-21 estimated at 169 mln tonnes would be recording its third consecutive decline, down by more than 10 mln tonnes since 2017/18. It is below the 10 year average output. It looks 2021/22 would mark the fourth year of production decline which is exceptional that had last happened 19 years ago. While so, the consumption dynamics has changed with little growth happening in recent years.

The two biggest producers, Brazil and India would be producing close to 67.5 mln tonnes in 2020/21, representing a combined 40% share of global production. This is considerably higher compared to their combined 30% share during the decade up to 2000/01.

Brazil in marked departure from larger allocation of cane for ethanol in the preceding two years, opted for higher mix in sugar during 2020/21 (April-March). As a result, Brazil has achieved an all-time high sugar production but for which the global deficit would have been wider by over 4.8 mln tonnes. Thailand continues to suffer low crop under drought while India has recovered during the current year on the back of good monsoon.

World sugar prices breached 10 c/ lb mark during April'20 in NY11 for the nearest month under Covid-19 stress. Beginning November 2020, they were predominantly on the upward trajectory bringing values to near four year highs. After peaking to 18.41 c/lb in Feb'21, there was an intermittent correction thereafter. In fact, the 2020 bull-run in agri commodities has defied all expectations and proved immune to Covid-19's economic and social consequences with speculators buying record amounts of agri commodity futures, thereby exacerbating the price

upside. The dry spell in Brazil and consequent delay in the start of new season is keeping the near term market tight with an upward bias for world sugar.

Indian sugar

Industry structure

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

Sugarcane and sugar production are seasonal with more than 90% happening in the winter months of November to March. Sugarcane use for production of sugar has steadily increased over time in preference to alternative sweeteners. UP and Maharashtra are the dominant sugar producing States followed by Karnataka that has decisively displaced Tamil Nadu (TN) in occupying the third position. Household sugar consumption is about 35% with per capita consumption below 20 kg that is far below Brazil, US and Europe. Overall sugar consumption in the country is moving in too a narrow band over the last five years.

Sugar is largely sold as a commodity with branded sugar at its nascent stage in India, though growing at a CAGR of 8%. It is a niche market with more people opting for it on the fear that loose commodity may contain dust, foreign particles and touched by multiple people. Out of the household sugar consumption of 11-12 mln tonne a year, hardly 3% is branded as compared to the share of branded product in edible oil segment at 50-55%. Also there are just 2-3 players in every geographical area with no single brand commanding all India market.

Tamil Nadu has been producing below 10 lt of sugar (that is in single digit while U.P and Maharashtra have leapfrogged to three digits!) for 3 years in a row compared to the peak of 26 lakh tonne in SS 2006-07. Successive years of drought has stoically sucked the staying power of several private sector players. Egregious losses and consequent enervated finances have mowed down private sector mills to a moribund state, while the cooperative mills linger on with liberal Govt funding support. The State has been fast loosing on its competitive edge in terms of size, season duration and sugar recovery juxtaposed to other major sugar producing regions. TN Government having realized the travails of this vital sector has responded well with its policy initiative and supportive package. The industry on its part has collaborated with a renowned sugarcane research institute for developing viable cane varieties relevant to the State. The new cane variety Co11015 proves promising in early trials, demonstrating higher yield and recovery. While the journey to recovery has thus begun, it has a long way to go.

Status update

Sugar production as expected rebounded in 2020/21 that is estimated at 302 lt. This is after swapping about 20 lt of sugar into its ethanol equivalent. In the country's Covid-19 fight, sugar industry swiftly responded to the sudden surge in sanitizer demand, with the Government fast-tracking clearances for setting up and expanding production capacities for same. While this did help serve the country in an hour of crisis, the overall demand for sanitizer is limited and hence it can by no means become a substitute for the ethanol program that offers huge upside demand potential.

Significant upsurge in sugar production for 2020/21 has come from two States- Maharashtra and Karnataka, where production in the preceding year plummeted under severe drought. Despite the delay of over three months by GoI in announcing the export target and subsidy for 2020/21 season, buoyant global market conditions helped India consummate contracts covering about 5 mln tonnes in double quick time as against the annual target of 6 mln tonnes. Container shortage is an impediment in whites exports but raw sugar exports in bulk has come to the rescue. With doubled down efforts, Indian sugar exports would touch 12 mln tonnes in two successive seasons, marking a new beginning.

Sugar prices have largely been ruling at unremunerative levels, occasionally breaching the MSP fixed by the Government at ₹31/ kg. This is due to the scourging supply glut, exacerbated by the dented and dried up cash flows of sugar mills inhibiting sugarcane price payment. No wonder, with the mounting mismatch in cash flow, sugarcane arrears vaulted to unsustainable level of ₹22900 crores. Sugar industry has been persistently pleading for an upward revision in the MSP that would help lower the losses and fetch additional resources for clearing the cane dues, but GoI decision on it is yet elusive.

Sugar industry reforms remain overdue despite growing consensus on the economic imperative to not delay same. In particular, the desolate disconnect between sugar and sugarcane price demands a decisive and lasting solution.

NITI Aayog is the latest on this, coming out with a report of its Task Force on Sugarcane and Sugar in April 2020. Food Ministry has in turn constituted a working committee to engage with stakeholders and evolve a mechanism for implementation of these recommendations. It is work in progress as of now..

Cogen

Cogeneration of power was conceived three decades ago to diversify the revenue stream and counter the cyclicality in sugar business. After the advent of Electricity Act, 2003, the promotional measures pursued under Government initiative by way of preferential tariff, assured off-take and long term power purchase agreement helped attract huge investment in bagasse based cogeneration of power.

Cogen however appears to have lost much steam in recent times. Returns are hit by surplus power situation, falling tariff and improved connectivity. Cogen investments since FY'17 are considered unviable due to declining power tariff and steadily rising maintenance cost, pulling down power margins. Availability and price of alternative fuels remains a challenge.

The GoI has now proposed to amend the Electricity Act and issued a draft for this in April'20 that seeks to address existing shortcomings. In particular, it advocates a mechanism for contract enforcement. Further, the GoI has also cleared a financial package of ₹90,000 crores for Discoms to borrow and in turn commit these funds to clear the long overdues to power producers. The disbursement out of this would be conditional upon Discoms coming out with a clear roadmap for rationalizing their operations and sustaining long term finances.

REC mechanism was conceived as a tradable instrument to incentivize renewable energy production. The Regulator fixes the floor and forbearance price to balance the interest of both the eligible and obligated entities under this mechanism. Overtime, the Regulator has been progressively reducing the floor price and has indeed completely dispensed with same in its June 2020 order. Simultaneously, it is also slashing down the forbearance price on every revisit. Aggrieved, renewable energy generators challenged this before APTEL. In turn, APTEL issued an interim order suspending trading in the REC market from July 2020. Consequently, there has been no REC trading till date, pending final orders of APTEL.

Bagasse based cogeneration brings to bear multitude of benefits to economy and environment. Power supply is closer to the destination rural markets, while fuel efficiency gets optimized in the factory. Above all, the incremental revenue from power supports sugarcane price payment particularly during distressed sugar price scenario. It hence calls for renewed policy thrust to revitalize renewable energy production from bagasse.

Ethanol

The Ethanol Blend Program (EBP) with petrol in the country has had a chequered progress. Introduced first in 2003 and reinforced again in 2007 with a 5% blend target, the actual mix remained pretty low. For the first time, ethanol blend achieved 5% during Ethanol Supply Year 2019-20 that is poised to go up to 7.5 - 8% in the current year.

Since export subsidies for sugar may not continue beyond 2023 under extant WTO norms, our surplus sugarcane needs an alternative absorption route that can convincingly come only through ethanol. The GoI on its part is blazing all guns to bolster ethanol off-take by the OMCs. Environment clearance process for capacity expansion has been spruced up. Further, the ethanol blend target advanced to 2022 for 10% blend and 2025 for 20% blend that might seem audacious, yet achievable.

Government Policies

(i) Sugar

- GoI imposed stock holding norms and introduced MSQ for sugar from June'18 that continues till date.
- GoI raised the MSP for sugar from ₹29 to ₹31/ kg in Feb'19 that remains unrevised till date.
- GoI in Dec'20 announced export program for SS 2020-21 and notified an export target of 60 lt. Following this, it allocated sugar factory-wise MAEQ backed by a lump sum subsidy of ₹6000/ tonne.
- GoI in January 2021 allowed the swap between the MAEQ and MSQ for SS 2020-21
- GoI in Apr'20 notified the BIS standards for packing sugar in 50/ 25 kg HDPE/ PP bags.
- Compulsory jute packing for sugar continues at 20% for Jute Year 2020-21 (July-June).

(ii) Cane price

- GoI has increased the FRP by ₹10/ qtl to ₹285/ qtl for SS 2020-21 that is linked to base recovery of 10%.
- GoTN announced and paid Transitional Production Incentive of ₹137.50 /t for SS 2019-20. The package for SS 2020-21 is yet to be notified.

- GoTN by order dated 09.02.2021 sanctioned transport subsidy for SS 2019-20 (at actual restricted to ₹100/t) for transporting registered sugarcane supply from farmers' fields to sugar factories.

(iii) Cogeneration

- GoI notified in Apr'20 Electricity (Amendment) Bill 2020. It proposes Electricity Contract Enforcement Authority to protect contract sanctity in the interest of power producers.
- GoI notified in Feb'21 the Electricity (Late Payment Surcharge) Rules, 2021. The rate is 0.5% above one month that is stepped up for prolonged delay.
- CERC Mar'20 order amending REC pricing – Floor price reduced to zero and forbearance price to ₹1000/ MW challenged – APTEL in its July'20 order suspended trading on REC in the Power Exchanges.
- TNERC issued Tariff Order No.10/2020 on 16-10-2020 for bagasse based cogeneration plants for the control period 2020-2022 – A new clause incorporated permitting Discoms to purchase power through competitive bidding – Tariff increase for the company from ₹5.13 (upto 15-10-2020) per unit to ₹5.28 (from 16-10-2020) per unit.

(iv) Ethanol

- GoI in Oct'20 notified higher ex-mill price of ethanol produced from C-heavy molasses (₹45.69/ltr), B-heavy molasses (₹57.61/ ltr) and Sugarcane juice/ sugar/ sugar syrup (₹62.65/ ltr) for the EBP Petrol for 2020-21 Ethanol Supply Year (from 01.12.20 to 30.11.21).
- GoI in Jan'21 advanced the target of 10% blending by 2022 and 20% blending by 2025 under EBP.

(v) Labour Laws

The GoI has replaced plethora of existing legislations governing labour and introduced four Labour Codes comprising:

- Code on Wages, 2019
- Industrial Relations Code, 2020
- Code on Social Security, 2020
- Occupational Safety, Health and Working Conditions, 2020

Draft Rules have been published but not all State Governments are on board till now. Accordingly the effective date for implementation of the Labour Codes planned from 1st April 2021 stands deferred.

Opportunities & Threats

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

Ethanol presents an elegant value chain for sugar industry. Government policies are directed towards increasing the ethanol blend in petrol and concurrently cutting sugar surplus through premium pricing for ethanol produced by way of sugar substitution. Indeed the Government has advanced the EBP target so as to reach 20% blend by 2025.

Sugar business is intrinsically cyclical. Market sentiments move disproportionate to demand-supply disequilibrium, causing volatile change in product pricing. Cogeneration and Ethanol from byproducts are significant value creators that help soften the inimical impact of sugar cycles. Regulatory power tariffs for renewable energy meet stiff resistance from Discoms in the face of falling electricity prices in the open market. This puts cogen plants set up at high capital cost on the promise of long term viable tariff under operational stress and financial distress. Further, the inordinate delay in the absence of effective enforcement mechanism in the payment of power bills enervates and eclipses the guaranteed margins besides choking the liquidity of power producers. The proposed amendment to Electricity Act would appear an elegant attempt to plug this problem but its efficacy remains to be seen.

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

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

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

Sugar industry is criticized on two counts. While its end product, viz. sugar is sledge-hammered as a health hazard, the raw material i.e., sugarcane is condemned as water guzzler. Much of these are over-blown but the underlying message should merit and sanely warrant dispassionate introspection. Accordingly, ISMA has taken the lead to spread right awareness, while simultaneously underpinning the need for a holistic and pragmatic approach.

Segment-wise or product-wise performance

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

Particulars	Sugar (tonnes)	Cogen (Lakh units)
Production	57276	895
Sales	53337	637
	₹ lakhs	₹ lakhs
Sales	23494	7652
Operating Profit	1295	1395

Outlook

Global sugar balance has remained negative for three years in a row that would seem to persist in the year ahead as well. Nonetheless, the huge inventory carryover dampens the prospects for global price resurgence. Given the current sugar balance outlook, global sugar prices may largely remain range bound with little prospects of rising above 20 c/ lb. With lower crop in Brazil and slower recovery in Thailand, India is well placed to seize larger share of global market and achieve its export targets. Likely resolution of Iranian currency problems would further lend strength to India's sugar export program.

Despite strident surge in domestic production and near static demand, sugar prices are helped by the MSP acting as the floor. Both exports and ethanol through sugar substitution route have come in handy, to rein in sugar surplus. Realization of power dues from State Discoms is of course proving a recurring and redoubtable challenge. The recent MoP mandate on late payment surcharge in the case of delayed payment along with other penal measures seeks to correct this malaise. However, power producers remain nonplussed on the ultimate effect of these laudatory moves at the operational level, in the absence of effective monitoring and efficacious intervention.

All India sugar output in SS 2021/22 would again be well over the domestic demand. The progress in cane planting in TN that demands an urgent upsurge is too slow and too little, given the overarching challenge by way of escalating cost of agricultural operations. Labour turnout for harvest is languid, often times throwing day-to-day crushing plans haywire.

Amidst macro-level challenges outlined above, our company is relatively better placed to combat these crosscurrents as detailed in the Board's Report.

Risks and concerns

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

Industry risk

Sugar industry being agro based and in commodity business is fraught with seminal climatic and cyclical risks. It has to source sugarcane from its neighbourhood and out of command area where growth and availability hinges upon monsoon and water table. Despite recent liberalization by Centre, there are continuing controls on cane area, cane pricing and periodic market intervention measures.

Cogen tariff is determined by the Regulator for supply to TANGEDCO under a long term PPA. The rate, though currently favourable, may vary widely from prevailing market rates. There are growing litigations in the appellate forum (APTEL) on the tariff determination process, multiplicity of charges, purported move to migrate to competitive bidding well ahead of the expiry of current PPA and consumption tax. The final outcome would have considerable impact on the company.

Risk mitigation

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

Risk specific to the Company

Erode Sugar Mill is squeezed for land in its factory area that impedes scope for major expansion or diversification plans. Prospects for cane area expansion is listless. Of late, its command area for cane has become increasingly susceptible to water stress.

Distillery licensing is subject to State discretion. Standalone Distillery faces local resistance on perceived threat of pollution. The company in the absence of ethanol facility is denied access to ethanol linked incentives during sugar downturn.

Covid-19 risk

Covid-19 brought in higher risks for industries across the spectrum. It had as an immediate fall out lowered sugar demand, slowed down exports, slackened ethanol off-take and squeezed sugar prices. Sugar and sugarcane being essential commodities, there was speedy revival for the industry with the phased resumption of economic activities. The second and successive waves of the pandemic are new challenges but are likely to have relatively lower threat to the economy.

SEBI issued an advisory in May'20 on disclosure of material impact of Covid-19 pandemic on listed entities. The company filed requisite disclosure in detail on 21-05-2020 to the Stock Exchanges, a copy whereof is available on the company website. In this, it has underpinned that despite short term disruptions and costs, the company does not foresee any material adverse impact to its business or finances.

The second wave of Covid-19 has prompted State governments to impose restrictions in April 2021 that are selective and not harsh. Continuous process industries like sugar are exempted. In the opinion of the company, these measures may not have any serious impact on it.

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. There is no element of risk in the opinion of the Board which may threaten the existence of the company.

Disclosure of strategy

SEBI circular dt.10th May'18 requires listed entities to consider disclosure of medium-term and long-term strategy within the limits set by its competitive position based on a timeframe as determined by its Board of Directors. It further requires articulation of a clear set of long-term metrics specific to the company's long-term strategy to allow for appropriate measurement of progress.

Pursuant to the above, the Board of Directors in Oct'18 considered and approved the long-term strategy and medium-term strategy for the company. For this, the Board has set 3-5 years tenure for medium-term and more than 5 years for long-term in deciding appropriate strategy. The long-term and medium-term strategies are disclosed in the company website -*www.ponnisugars.com.*

Internal Control Systems and their adequacy

The Company has proper and effective internal control systems commensurate with its nature of business and size of operations to ensure that all controls and procedures function satisfactorily at all times and all policies are duly complied with as required. These are considered adequate to reasonably safeguard its assets against loss or misappropriation through unauthorized or unintended use.

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

Human Resources

The Company employs 134 seasonal and 131 non-seasonal employees. Industry-wide wage settlement expired on 30th September 2018 and renewal talks are yet to begin, having regard to the distressed state of TN sugar industry. Industrial relations remained cordial throughout the year.

Discussion on Financial Performance with respect to Operational Performance

Operational Performance

	Year ended	
	31.03.2021	31.03.2020
Number of days	**233**	232
Average Crushing rate (tcd)	**2632**	2576
Cane Crushed (t)	**613226**	597536
Recovery (%)	**9.36**	9.47
Sugar produced (t)	**57276**	56942
Power production (lakh kwh)	**895**	918

Current year performance was punctuated by marginal increase in cane crushing, marked decline in sugar recovery, modest rise in sugar production, muted volume of sugar sales. Power production and export are marginally lower. Operational efficiencies were optimal. Details are covered in the Board's Report.

Financial performance

Lower volume of sugar and bagasse sales coupled with adverse sugar recovery and absence of REC trading marred our margins. Improved operational efficiencies and boosted other operating income softened the impact. In the end, our PBIDT and PBT are lower YoY, yet second best in over a decade.

Key Financial Ratios

Description	U/M	2020-21	2019-20	Change %	Explanation
Operating Profit margin (PBIDT / Total Income)	%	**13.88**	14.44	(4)	Detailed above
Net profit margin (PBT / Total Income)	%	**10.89**	11.41	(5)	- Do -
Interest Coverage	Times	**165.64**	19.41	753	Lower borrowing and becoming zero debt
Return on capital employed	%	**14.60**	20.33	(28)	Reduced profit
Return on Net worth	%	**14.60**	20.69	(29)	Reduced profit
Earnings per share	₹	**29.84**	35.98	(17)	
Debt Equity ratio	Times	**0.00**	0.04	(100)	Closure of soft loan
Current ratio	Times	**2.76**	1.98	40	Zero utilization of cash credit at year end
Net worth per Share	₹	**227.80**	201.72	13	
Debtors Turnover	%	**4.64**	5.78	(20)	
Inventory Turnover	%	**5.56**	5.77	(4)	

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.

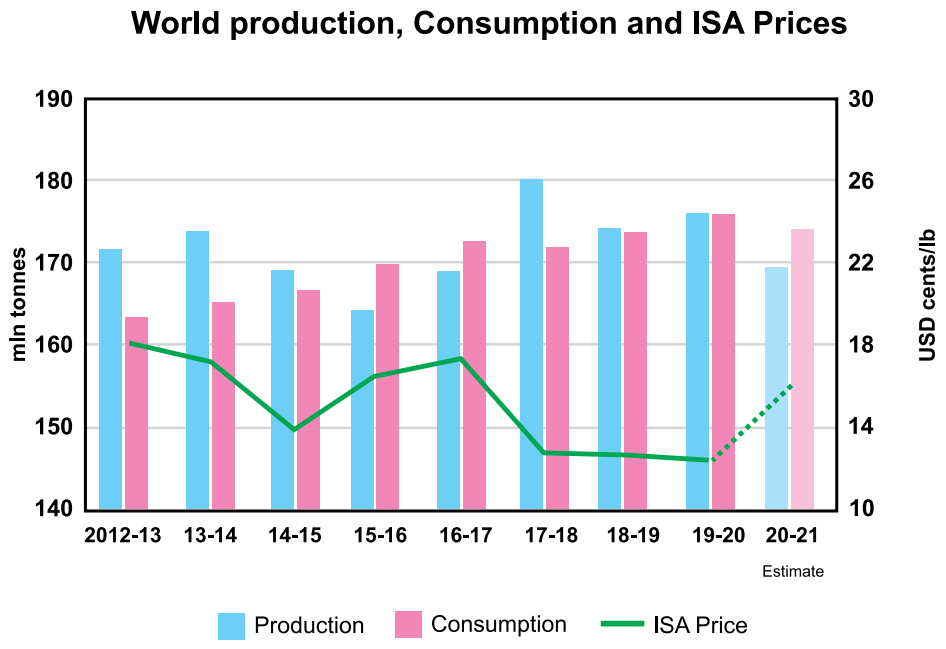
For Board of Directors

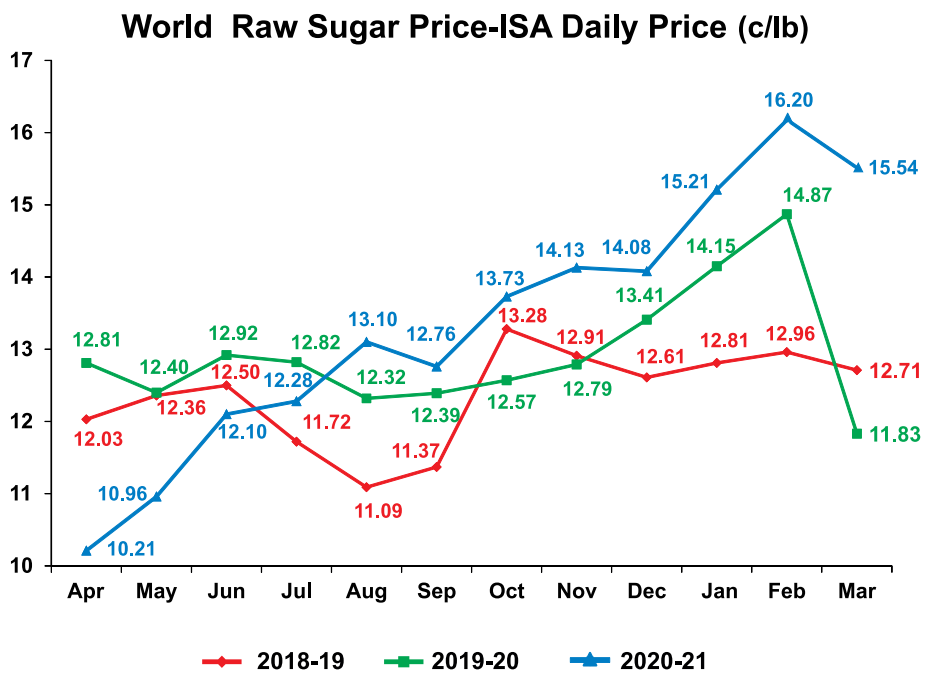
Erode
7th May 2021

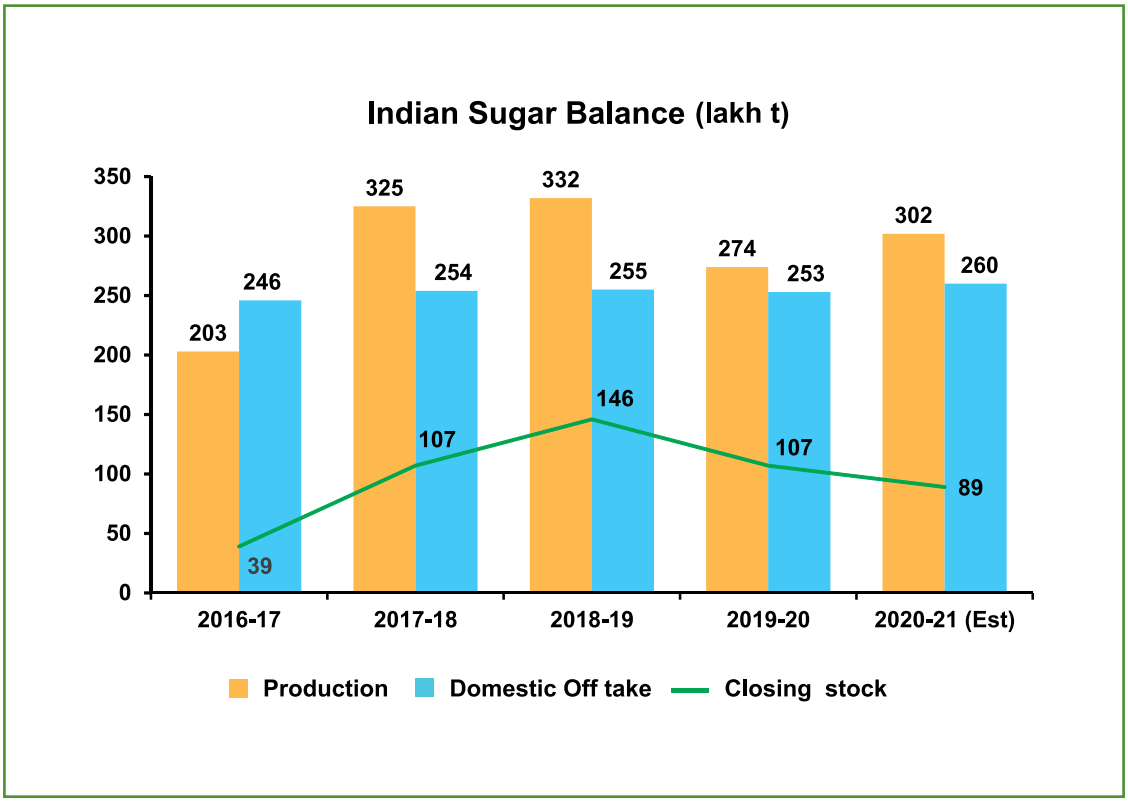
N Gopala Ratnam
Chairman

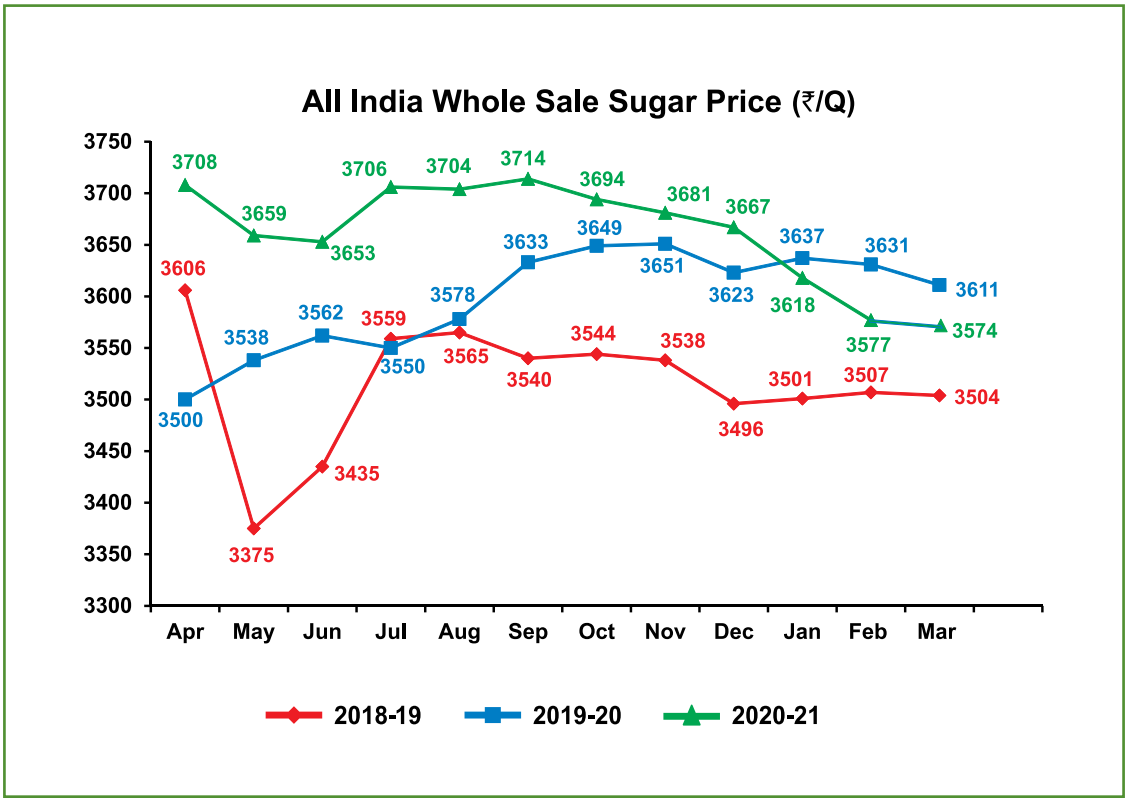
Abbreviations used

APTEL	Appellate Tribunal for Electricity
CACP	Commission for Agricultural Costs and Prices
CAGR	Compounded Annual Growth Rate
CCEA	Cabinet Committee on Economic Affairs
CERC	Central Electricity Regulatory Commission
Cogen	Cogeneration
Cr	Crore
c/lb	US cents/ pound
DISCOMs	Distribution Companies
EBP	Ethanol Blending Program
EU	European Union
FRP	Fair and Remunerative Price
FY	Financial year
GoI	Government of India
GoTN	Government of Tamil Nadu
ISMA	Indian Sugar Mills Association
ISO	International Sugar Organization
Kg	Kilogram
kwh	Kilo watt hour
lt	lakh tonne
ltr	Litre
MAEQ	Maximum Admissible Export Quantity
MSP	Minimum Selling Price
MSQ	Monthly Sale Quota
mlt	million tonne
MoP	Ministry of Power
MW	Mega Watt
NITI Aayog	National Institution for Transforming India
OMC	Oil Marketing Companies
QMO	Quarterly Market Outlook
Qtl	Quintal
PPA	Power Purchase Agreement
REC	Renewable Energy Certificate
SAP	State Advised Price
SS	Sugar Season
T	Tonne
TANGEDCO	Tamil Nadu Generation and Distribution Corporation Ltd
TN	Tamil Nadu
YoY	Year on Year
Year for industry data is generally for Sugar Season Oct-Sept	


World production, Consumption and ISA Prices
mln tonnes
USD cents/lb
190
180
170
160
150
140
30
26
22
18
14
10
2012-13
13-14
14-15
15-16
16-17
17-18
18-19
19-20
20-21
Estimate
Production
Consumption
ISA Price


World Raw Sugar Price-ISA Daily Price (c/lb)
17
16
15
14
13
12
11
10
Apr
May
Jun
Jul
Aug
Sep
Oct
Nov
Dec
Jan
Feb
Mar
12.03
12.36
12.50
11.72
11.09
11.37
13.28
12.91
12.61
12.81
12.96
12.71
12.81
12.40
12.92
12.82
12.32
12.39
12.57
12.79
13.41
14.15
14.87
11.83
10.21
10.96
12.10
12.28
13.10
12.76
13.73
14.13
14.08
15.21
16.20
15.54
2018-19
2019-20
2020-21


Indian Sugar Balance (lakh t)
350
300
250
200
150
100
50
0
203
246
325
254
332
255
274
253
302
260
39
107
146
107
89
2016-17
2017-18
2018-19
2019-20
2020-21 (Est)
Production
Domestic Off take
Closing stock


All India Whole Sale Sugar Price (₹/Q)
3750
3700
3650
3600
3550
3500
3450
3400
3350
3300
3708
3659
3653
3706
3704
3714
3694
3681
3667
3618
3577
3574
3606
3375
3435
3559
3565
3540
3544
3538
3496
3501
3507
3504
3500
3538
3562
3550
3578
3633
3649
3651
3623
3637
3631
3611
Apr
May
Jun
Jul
Aug
Sep
Oct
Nov
Dec
Jan
Feb
Mar
2018-19
2019-20
2020-21

Annexure - 2 to Board's Report

CORPORATE GOVERNANCE REPORT

Company's philosophy on Corporate Governance

The Company belongs to SPB (Seshasayee Paper) Group, is professionally managed and is deeply committed to 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.

Legal and Regulatory Framework

The Companies Act, 2013 (the Act) provides for a major overhaul in the Corporate Governance norms for all companies. With a view to adopt best practices on Corporate Governance and for effective framework of Corporate Governance, SEBI in December 2015 notified the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (Listing Regulations) that is being updated and strengthened from time to time. The principles of Corporate Governance enshrined in these legislations are complied in all respects by the Company. The policies, procedures and processes of the Company are at all times directed in furtherance of following the best practices and institutionalizing the code of corporate governance.

This Report is furnished in terms of Regulation 34(3) and Schedule V of the Listing Regulations. Further, this Report also discloses relevant information in terms of Section 134(3) of the Act and forms an integral part of the Board's Report to shareholders.

(A) Board of Directors

i) Board Composition

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

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

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

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

(d) The ceiling for being Chairman/ Director/ Committee member of Board of Companies stipulated under the Act or Listing Regulations are complied with by all Directors of the company.

(e) No Director is relative of any other Director.

(f) The age of every Director, including Independent Director, is above 21 years. Shareholder approval by special resolution is obtained for appointing or continuing the directorship of non-executive directors beyond 75 years of age.

(g) Relevant details of Directors

Name of Director/ Category/ DIN	Date of initial Appointment	No. of Equity Shares held	Attendance at Board meetings during 2020-21		As on 31st March 2021			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 DIN:00001945	26.12.1996	2823	5	100	5	2	5	Y
Dr L M Ramakrishnan Independent DIN:00001978	26.10.2001	536	5	100	5	1	5	Y
Mr Arun G Bijur Promoter Group Non-Executive DIN:00024434	26.12.1996	100	4	80	3	--	1	Y
Mr Bimal K Poddar Promoter, Non-Executive DIN:00031146	26.10.2001	NIL	4	80	7	--	1	Y
Mr N Ramanathan Managing Director DIN:00001033	01.04.2005	3001	5	100	5	--	2	Y
Mr V Sridar Independent DIN:02241339	05.06.2009	NIL	5	100	4	3	2	Y
Dr Nanditha Krishna Independent DIN:00906944	24.12.2010	NIL	5	100	6	--	--	Y
Mr K Bharathan Independent DIN:00210433	28.12.2011	NIL	5	100	2	1	2	Y

$ includes Listed and Unlisted companies

** Pertains to Audit and Stakeholders Relationship Committee of the Board*

(h) Directorship in other listed entities as on 31.03.2021

Sl No	Name of Director	Name of the other listed entity	Category
1	Mr N Gopala Ratnam	a) Seshasayee Paper and Boards Ltd b) High Energy Batteries (India) Ltd	Executive Chairman Non executive Chairman – Non independent.
2	Dr L M Rmakrishnan	SKM Egg Products Exports (India) Ltd	Independent Director
3	Mr V Sridar	Seshasayee Paper and Boards Ltd	Independent Director
4	Dr Nanditha Krishna	Seshasayee Paper and Boards Ltd	Independent Director
5	Mr K Bharathan	Aban Offshore Ltd	Independent Director

(i) Core skills/ expertise / competence of Directors

The company is engaged in regulated sectors viz. sugar and power. Its business is impacted by cyclicality, seasonality and volatility in commodity prices. Accordingly, the core skills/ expertise/ competencies identified by the Board as required in the context of its business and its segments are:

- Hands on experience in operating and managing manufacturing business.
- Expertise in finance, including treasury and foreign exchange.
- Expertise in overall management and administration.
- Exposure to global trade and practices.
- Commitment to comply with legal and regulatory norms.
- Social and environment consciousness.

The Board is satisfied that its directors together possess requisite skill sets for the effective functioning of the company.

Sl No	Name of Director	Skill set, expertise and competence
1	Mr N Gopala Ratnam	- Technocrat with rich and varied experience in project and operational management of process industries. - Brings to bear leadership skills in heading SPB Group of Companies and steering them to higher growth trajectories.
2	Dr L M Ramakrishnan	- Doctor turned educationist, having wide experience in the establishment and management of educational institutions. - Commands goodwill and respect from local farming community.
3	Mr N Ramanathan	- A professional with impressive academic track record. - Vast experience in diverse disciplines of Finance, Taxation and General Management. - Two decades of hands-on experience in sugar industry. - Regular member on the executive committee of industry associations – well networked in industry.
4	Mr Arun G Bijur	- Technocrat with proven experience in project management skills and troubleshooting expertise. - Has overall managerial experience.
5	Mr Bimal K Poddar	- Varied experience in the spheres of Finance, Administration and General Management in diverse family businesses. - Widely travelled and gained global business exposure.
6	Mr V Sridar	- A Chartered Accountant having rich experience in Banking, Finance and General Management. - Held several high positions in commercial banks and National Housing Bank.
7	Dr Nanditha Krishna	- Authority in Indology and an environmental educationist. - Highly committed in promoting arts, education and environment. - Contributor of articles covering varied subjects.
8	Mr K Bharathan	- A Chartered Accountant having rich and varied experience in Banking, Finance and Insurance Business.

ii) Independent Directors

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

b) The company has four Independent directors who have been reappointed for a second term by way of Special Resolution through Postal Ballot obtained on 29-03-2019 as under:

Sl No	Name	DIN	Re-appointment tenure	
			From	To
1	Dr Nanditha Krishna	00906944	1.4.2019	31.3.2024
2	Mr V Sridar	02241339	1.4.2019	31.3.2024
3	Mr K Bharathan	00210433	1.4.2019	31.3.2024
4	DR L M Ramakrishnan	00001978	1.4.2019	30.9.2022

Further, approval was also obtained by the Special Resolution stated above in the case of Dr. L M Ramakrishnan and Mr. V Sridar, who have crossed or would be crossing 75 years of age during their second term.

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

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

(e) The Independent directors have renewed their registration in the databank maintained by Indian Institute of Corporate Affairs (IICA). All the four Independent directors are exempted from undertaking the online proficiency test conducted by IICA.

(f) All the Independent directors have given the declaration affirming that they meet the criteria of independence as provided in Section 149 (6) of the Act and have complied with relevant provisions of Rule 6 of the Companies (Appointment and Qualification of Directors) Rules, 2014.

(g) In the opinion of the Board, (i) all the Independent Directors fulfill the conditions for being appointed as Independent Director as specified in the Act and Listing Regulations (ii) they possess the integrity and expertise and have the experience required for their role as independent director of the company, (iii) the Board has taken note that all the four independent directors have been issued the exemption certificate by IICA from passing the online proficiency test.

(h) No Independent Director has resigned from the directorship of the company before the expiry of the term of appointment during the financial year ended 31st March 2021.

(iii) D & O Insurance

The company has proactively taken Directors and Officers insurance covering both independent and non-independent directors for such sum and risks as determined necessary and expedient by the Board.

(iv) Certificate of non disqualification

Certificate from Mr V Suresh, Practicing Company Secretary confirming that none of the directors on the board of the company have been debarred or disqualified from being appointed or continuing as directors of companies by SEBI / MCA or any such statutory authority is provided in Appendix -2.

(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.

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 29.05.2020, 06.08.2020, 06.11.2020, 05.02.2021 and 19.03.2021. Interval between any two meetings was not more than 120 days. All the Board Meetings were conducted through Video Conference (VC) in due compliance of Rule 3 of the Companies (Meeting of Board and its Powers) Rules, 2014, having regard to the Covid-19 pandemic and consequent social distancing norms.

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 and SEBI Regulations.

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

During FY 2020-21, the Board has accepted all the recommendations of the Committees of the Board that are mandatorily required.

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 (AGM) of the company. It meets at regular intervals not exceeding 120 days between any two meetings and subject to a minimum of 4 times in a year.

MD duly assisted by CFO & Vice President (Operations) is present as invitee while Statutory Auditors and the Internal Auditor are present in most meetings. The cost auditor is present during consideration of cost audit report and also whenever required by the Committee. The Company Secretary acts as the Secretary of the Audit Committee.

The Audit Committee conforms to Section 177 of the Act and Regulation 18 of the Listing Regulations in all respects concerning its constitution, meetings, functioning, role and powers, mandatory review of required information, approved related party transactions and accounting treatment for major items. Appointments of auditors, cost auditors, secretarial auditor and internal auditors are done on the recommendations of the Audit Committee.

During the year, the Audit Committee met 5 times on 29.05.2020, 06.08.2020, 05.11.2020, 04.02.2021 and 18.03.2021, through VC. Its composition and attendance during 2020-21 is given hereunder:

Name of Member	Category	Attendance at meetings	
		No.	%
Mr V Sridar, *Chairman*	Independent	5	100
Mr Bimal K Poddar	Non-Independent	5	100
Dr L M Ramakrishnan	Independent	5	100
Mr K Bharathan	Independent	5	100
Permanent Invitee:			
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 and Remuneration Committee

The Company has a Nomination and Remuneration Committee. It comprises 3 non-executive Directors of which 2 are independent including its Chairman.

Name of Member	Category	Attendance at meetings	
		No.	%
Mr V Sridar, *Chairman*	Independent, Non-Executive	2	100
Mr N Gopala Ratnam	Non-Independent, Non-Executive	2	100
Dr L M Ramakrishnan	Independent, Non-Executive	2	100

The Committee meets as per needs but at least once in a year. It met twice during the year on 28.05.2020 and 18-03-2021 through VC.

The Chairman of the Committee is an independent director and is present at the AGM of the company. The powers, role and terms of reference of the Committee cover the areas as contemplated u/s 178 of the Act and Regulation 19 of the Listing Regulations, besides other terms as may be referred by the Board of Directors. The role includes–

- Formulation of criteria for determining qualifications, positive attributes and independence of a director.
- Recommending to the Board (a) a remuneration policy for directors, key managerial personnel and senior management (b) all remuneration, in whatever form, payable to 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.

iii) Stakeholders Relationship Committee

The Board has a Stakeholders Relationship Committee pursuant to Regulation 20 of Listing Regulations. Its role and responsibility includes expeditious processing and approval of transactions in securities, compliance with the Act and SEBI regulations, review of measures taken for effective exercise of voting rights by shareholders and redressal of investor grievances. The Committee oversees and monitors the performance of the Registrar & Transfer Agents in accordance with service standards adopted by the company and devises measures for overall improvement in the quality of investor services.

The Committee comprises of 4 Directors, of which one is an independent director and 2 are non-independent and non-executive directors. The Chairman of the Committee is a non-executive Director and is present at the AGM of the company. The Committee met twice through VC during the year on 28.05.2020 and 18.03.2021. Its composition and attendance is given hereunder:

Name of Member	Category	Attendance at Meetings	
		No.	%
Mr N Gopala Ratnam, *Chairman*	Non-Executive	2	100
Mr Arun G Bijur	Non-Executive	2	100
Mr N Ramanathan	Executive	2	100
Mr V Sridar	Independent	2	100

The Company Secretary is the Compliance Officer.

The company has in place an adequate system for expeditious redressal of investor complaints.

Status of investor complaints is shown in the Shareholder Information section of this Report. Quarterly reports on the compliance of investor grievances are filed with the stock exchanges. Half-yearly compliance certificates signed by both the company and the Share Transfer Agent are filed within one month.

iv) Corporate Social Responsibility (CSR) Committee

The company is covered under Section 135 of the Act for FY 2020-21. As against the CSR obligation of ₹35 lakhs to be incurred for the year, it has spent ₹44 lakhs in the areas specified under Sch.VII of the Act. The company had voluntarily constituted a CSR Committee on 21st March 2014 and formulated CSR Policy. Its composition is given hereunder:

Name of Member	Category
Mr N Gopala Ratnam, *Chairman*	Non-Executive
Mr N Ramanathan	Executive
Dr Nanditha Krishna	Independent

The Committee met through VC once during the year on 28.05.2020 wherein all the members were present and the CSR Budget was considered and recommended to the Board.

Pursuant to the changes made by Companies (Amendment) Act, 2020 notified on 22.01.2021, the CSR Committee constituted as above was dissolved on 22.01.21 since the CSR obligation for FY 2020-21 is below ₹50 lakhs and the Board is required to directly discharge the responsibility of the CSR Committee.

However, the company's CSR obligation for FY 2021-22 would be in excess of ₹50 lakhs, thereby necessitating the need for CSR Committee again. Accordingly the CSR Committee comprising the same members has been reconstituted from April 2021.

v) Other Committees

The Board has reconstituted the Finance Committee from 06-08-2020 comprising three directors of which two are independent directors, to facilitate quick response to its financial needs/obligations/ compliances besides framing the investment policy.

Name of Member	Category
Mr V Sridar, *Chairman*	Independent
Mr. K Bharathan	Independent
Mr N Ramanathan	Executive

Its role is expanded to cover choice of investment for deployment of surplus funds and monitoring the investment activities of the company. It meets as and when need arises to consider any matter assigned to it. It met twice through VC during the year on 28-09-2020 and 18-03-2021 wherein all the members were present.

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, one circular resolution was passed on 14.07.2020 for fixing the date of AGM and approving the Notice for convening the 24th AGM of the company through Video Conferencing or Other Audio Visual Means (VC / OAVM).

(D) Governance Process & Policies

(i) Policy on Director's Appointment & Remuneration

The Board on the recommendations of the Nomination and Remuneration Committee meeting in March 2015 approved a Nomination and Remuneration Policy. This was reviewed in March 2020 and no change was considered necessary. It inter alia deals with the manner of selection of Board of Directors and Managing Director and their remuneration.

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 Regulations.

(d) The Committee will ensure that the candidate identified for appointment as a director is not disqualified in any manner under Section 164 of the 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.

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

3. Remuneration of Directors & KMPs

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

Managing Director is the only Executive Director entitled for monthly remuneration. Mr. N Ramanathan has been re-appointed as Managing Director for a tenure of 3 years from 01.04.2020. There is no service contract containing provisions of notice period or severance package.

Mr K Yokanathan, President and CFO is the other KMP and was paid remuneration of ₹41.58 lakhs in FY 2020-21.

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

Non-Executive Directors are paid sitting fee at ₹10000 per meeting of Board or any Committee thereof. Pursuant to the approval of shareholders at its 24th AGM for payment of commission to Non-Executive Directors for three financial years from 1st April 2020 to 31st March 2023, commission of ₹2 lakhs is being paid for each Non-Executive Director for FY 2020-21.

Remuneration particulars of all the Directors and KMP are given in Note 39 (c) & (d) of the Financial Statement. The same may be treated as required disclosure under Para IV Section II –Part II of the Schedule V to the Act and Clause (5) of Para C of Schedule V to the Listing Regulations.

(ii) Performance Evaluation

The Board of Directors in March 2015 on the recommendations of the Nomination and Remuneration Committee approved the Board evaluation framework. It has laid down specific criteria for performance evaluation as set out by the said Committee. Further, the Board of Directors at their meeting held on 19th March 2021, based on the recommendations of the Nomination and Remuneration Committee reviewed the above criteria for performance evaluation for Independent Directors, Non-Independent Directors and Board of Directors and decided that no change is necessary.

The company's Board evaluation policy and practice conform to all the mandatory requirements of the Companies Act 2013 and Listing Regulations. The Board evaluation is internally done on annual basis using templates that incorporate specific attributes. There is oral one-on-one discussion of the template contents relevant to each director and the format is filled on the basis of collective views voiced. The feedback is orally given to all the directors. The Chairman's role is overall mediation to facilitate objective evaluation and collective decision making. The Board evaluation process is reviewed responding to regulatory changes or once in three years.

The Nomination and Remuneration Committee during the year evaluated the performance of every Independent and Non Independent Director at its meeting held on 19th March 2021 through Video Conference.

The director whose performance is being evaluated did not participate during that part of the meeting. The Committee has expressed overall satisfaction on such evaluation.

The Independent Directors in their exclusive meeting on 19.03.2021 did the evaluation on the performance of Chairperson, non-independent directors and the Board as a whole. They have expressed overall satisfaction on such evaluation. All the Independent directors were present at this meeting.

The Board at its March 2021 meeting evaluated the performance of each of the Independent Directors (excluding the Independent Director being evaluated) and 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.

The Board at its March 2021 meeting further evaluated the functioning of each of the four committees and evaluated its own performance on the basis of the criteria approved by the Nomination and Remuneration Committee.

There was no specific observation made during Board evaluation last year and current year that is material and requires further action.

(iii) Insider Trading

SEBI (Prohibition of Insider Trading) Regulations, 2015 was extensively amended, with most changes coming into effect from 1st April 2019. In deference thereto, the Board in March 2019 revisited the Codes earlier formed in March 2015 and reformulated the:

(i) Code of Practices and Procedures for Fair disclosure of Unpublished Price Sensitive Information (Regulation.8); and

(ii) Minimum Standards for Code of Conduct to Regulate, Monitor and Report Trading by Insiders (Regulation 9).

These have been uploaded in the company website, intimated to the Stock Exchanges and are applicable from 01.04.2019.

These codes apply to all directors and designated persons. It is hereby affirmed that all directors and designated persons have complied with the codes as applicable during FY 2020-21 and a confirmation to this effect has been obtained from them.

The company seeks to ensure that material information/ event is disseminated as soon as it becomes credible and concrete for maintaining information symmetry in the market except when non-disclosure is considered in the interest of its stakeholders.

The trading window remains 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 remains closed from the end of every quarter till 48 hours after declaration of financial results. Intimation of this is given to stock exchanges and a system generated alert is sent to all directors and designated persons.

The company on its own maintains a structured digital database containing the details of persons/ entities with whom unpublished price sensitive information is shared. This database is maintained with adequate controls and checks such as time stamping and audit trails to ensure that the database cannot be tampered.

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 Codes.

(iv) Code of Conduct

The Board in Mar'05 formulated the Code of Conduct for Directors and Senior Management Personnel of the Company that continues under Listing Regulations. The same is posted on its website. All the Directors and Senior Management Personnel have complied with the Code and a confirmation to this effect has been obtained from them individually for FY 2020-21.

Further, the senior management personnel have declared to the Board that no material, financial and commercial transactions were entered into by them during FY 2020-21 where they have personal interest that may have a potential conflict with the interest of the Company at large.

Declaration signed by MD affirming the above is attached (Appendix-1).

(v) Related Party Transactions

The Board in Feb'15 formulated the Policy on Related Party Transactions (RPTs). It further fixed the materiality threshold under this policy at 10% of its turnover as per the last audited financial statements. Transactions with a related party individually or taken together in a financial year crossing this 10% threshold would be considered material. This policy has been uploaded on the company's website.

Pursuant to Regulation 23 of the Listing Regulations, the RPT Policy is reviewed by the board once in 3 years. The last of the review was done in March 2019. All RPTs during FY 2020-21 were on an arms-length basis and were in the ordinary course of business. They are disclosed in Note 39 of the Financial Statements that includes transactions with entity belonging to the promoter holding more than 10% shareholding in the company in accordance with the relevant accounting standards. None of these transactions is likely to have a conflict with the company's interest.

All RPTs have the approval of Audit Committee. Omnibus approval is obtained, in respect of non-material, routine or unforeseen RPTs. The Board in February 2016 laid down the criteria that was last reviewed by the Audit Committee in March 2021, for granting omnibus approval in line with the Policy on RPTs. The Audit Committee at its meeting held in March'21 gave its omnibus approval for RPTs during FY 2021-22 in line with such criteria.

The company has a material RPT on a continuing basis with one of its promoters. This was approved by the Audit Committee in March 2015, the Board in May 2015 and shareholders by Special Resolution at the 19th AGM. All the entities falling under the definition of related party abstained from voting on this resolution at the 19th AGM.

None of the directors had any pecuniary relationships or transactions vis-à-vis the company other than those duly disclosed.

(vi) Commodity / foreign exchange risk and hedging

(a) 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 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.

(b) Commodity price risks and hedging

Sugar is traded in spot and futures markets on commodity exchange both in the Indian and global commodity markets. The Company is exposed to usual price risk associated with market fluctuations. Export-import contracts are normally on firm price basis with immediate delivery.

The company in line with industry practice trades in sugar on spot basis. With insignificant trade in futures market, the company did not hedge sugar price risk and there was also no export or import of sugar by the company during the year. The company's power production after meeting its captive needs is committed for supply to the State Discom at regulatory price under long term PPA. Hence, no trade or hedging is done in the Energy Exchange.

(c) Foreign Exchange Risk

The company does not have material foreign exchange risk in the normal course of its business as it is only an occasional player in global market. Hedging through forward/futures contract is done as and when need arises.

(d) Exposure to commodity/ commodity risk during FY 2020-21

Commodity Name	Exposure in INR towards the particular commodity (₹ crores)	Exposure in Quantity terms towards the particular commodity (tonnes)	% of such exposure hedged through commodity derivatives				
			Domestic market		International market		Total
			OTC	Exchange	OTC	Exchange	
Sugar	----	----	NIL	NIL	NIL	NIL	NIL
Power	----	----	NIL	NIL	NIL	NIL	NIL

(vii) Whistle Blower Policy

The Company has established a vigil mechanism overseen by the Audit Committee and no personnel has been denied access to the Audit Committee. This Policy has been uploaded on the Company's website.

No complaint under this facility was received in FY 2020-21.

(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 and trainees) are covered under this policy.

Number of Complaints filed, disposed during and pending at end of FY 2020-21 – Nil.

(ix) Document preservation

Pursuant to Regulation 9 of the Listing Regulations, the company has formed a policy for preservation of records. This Policy covers all corporate records of the company whether in paper or digital form and applies to all departments and business functions of the company. This Policy has been uploaded on the company website.

(E) Other Compliances

(i) Management Discussion and Analysis

Management Discussion and Analysis Report is made in conformity with Regulation 34(2)(e) of the Listing Regulations and is attached to the Board's Report forming part of the Annual Report of the Company.

(ii) Quarterly Financial Results

Quarterly Financial Results (unaudited – limited reviewed) are approved by the Board on the recommendations of the Audit Committee. These are filed with Stock Exchanges, online, after the conclusion of the Board Meeting besides publication of the abstract of the results in dailies as required, within the stipulated time. These are also immediately posted on the company website.

(iii) Quarterly Compliance Report

The Company has submitted for each of the four quarters during FY 2020-21 the Compliance Report on Corporate Governance to Stock Exchanges within time limit from the close of each quarter.

(iv) Disclosure of material events or information

Pursuant to Regulation 30 of the Listing Regulations, the company discloses the information/events specified under Schedule III of the Listing Regulations and also based on the materiality threshold determined by the Board to the stock exchanges. The company during the year made 4 disclosures to stock exchanges.

Sl. No	Date	Disclosure
1	22.04.2020	Restart of company's operations in Erode after relaxation from lock-down granted by authorities
2	11.05.2020	Reopening of registered office at Chennai after relaxation from lock-down granted by authorities
3	21.05.2020	Impact of COVID-19 pandemic in deference to SEBI's circular dt. 20.05.2020
4	03.11.2020	Favourable decision of the HC of Madras on the Income-tax litigation pertaining to Demerger Scheme

(v) Online filing

NEAPS / Listing centre

Quarterly reports are filed under specified modes with:

- National Stock Exchange Ltd through NSE Electronic Application Processing System (NEAPS)
- BSE Ltd through 'BSE Listing Centre'.

SCORES

SEBI requires all listed companies to process investor complaints in a centralized web based system called 'SEBI Complaints Redress System' (SCORES). Investors are encouraged to lodge complaints thro' e-mode, while SEBI digitizes complaints in physical form and uploads same. Listed companies are advised to view the complaint and submit Action Taken Report (ATR) with supporting documents in SCORES.

SEBI in March'20 has launched the Mobile App "SEBI SCORES" to help investors access SCORES at their convenience from smart phone. The App has all the features of SCORES otherwise available in the existing internet media. After mandatory registration on the App, for each grievance lodged, investors will get an acknowledgement via SMS and email. Investors can not only file their grievance but also track the status of their complaint redressal. Investors can also key in reminders for their pending grievances.

During the year, there was one complaint against our company posted on the SCORES site. It was attended on the same day and complaint status treated as closed by SEBI.

(vi) Reconciliation of Share Capital Audit

Description	Frequency	For quarter ended	Furnished on
Reconciliation of the total admitted capital with NSDL / CDSL and the total issued & listed capital	Quarterly	30.06.2020	06.07.2020
		30.09.2020	14.10.2020
		31.12.2020	09.01.2021
		31.03.2021	12.04.2021

(vii) Accounting treatment

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

(viii) Cost records and Cost audit

The company is required to maintain cost records as specified u/s 148(1) of the Act. The company maintains such accounts and records in respect of sugar and cogeneration of power.

Pursuant to Section 148 of the Act, 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 2020-21. Their remuneration was approved by the shareholders at the 24th AGM.

Cost Audit Report

Filing Cost Audit Report	2020-21	2019-20
Due date	30.09.2021	30.09.2020
Actual date	Target 31.08.2021	27.08.2020
Audit Qualification in Report	---	Nil

(ix) (a) Secretarial Standards & Secretarial Audit

The company has complied with all applicable Secretarial Standards during the year. Mr V Suresh, a practicing company secretary (C.P.No.6032) was appointed to undertake the Secretarial Audit of the company for FY 2020-21. The Secretarial Audit Report was placed before the Board on 7th May 2021 and there is no qualification therein. It is annexed to Board's Report.

b) Secretarial Compliance Certificate

SEBI vide Circular dt.8th Feb'19 has mandated all listed companies to file Annual Compliance Certificate issued by a Practicing Company Secretary with Stock Exchanges within 60 days of the end of the financial year. The Company has obtained the certificate from Mr V Suresh, PCS that will be filed with the Stock Exchanges in time.

(x) Internal Auditor

The company has appointed Maharaj N R Suresh And Co LLP, Chartered Accountants (LLP Identification No.AAT-9404), Chennai, to conduct internal audit of the functions and activities of the company for FY 2020-21. The Internal Auditor reports directly to the Audit Committee.

(xi) CEO/ CFO certification

CEO certification by Mr N Ramanathan, Managing Director and CFO certification by Mr K Yokanathan, Chief Financial Officer as required under Regulation 17 (8) of the Listing Regulations were placed before the Board at its meeting on 7th May 2021.

(xii) Review of Directors' Responsibility Statement

The Board in its Report has confirmed that the annual accounts for the year ended 31st March 2021 have been prepared as per applicable accounting standards and policies and that sufficient care has been taken for maintaining adequate accounting records.

(xiii) Auditors' Certificate on Corporate Governance

Certificate of Statutory Auditors has been obtained on the compliance of conditions of Corporate Governance in deference to Para E of Schedule V of the Listing Regulations and the same is annexed (Appendix-3).

(xiv) Subsidiary Companies

The Company has no subsidiary.

(xv) Deposits

The company has not accepted deposits from the public.

(xvi) Peer review of Auditors

Regulation 33 (d) of the Listing Regulations stipulates that limited review / audit reports shall be given only by an Auditor who has subjected himself to the peer review process and holds a valid certificate issued by the Peer Review Board of the ICAI. The statutory auditors of the Company M/s S Viswanathan LLP have undergone the peer review process and been issued requisite certificate that was placed before the Audit Committee.

(xvii) Statutory Auditor's fees for FY 2020-21 to M/s S. Viswanathan LLP.

(₹ In lakh)

i	Statutory audit	8.00
ii	Interim Audit / Limited Review of Quarterly results	2.00
iii	Tax Audit	1.00

This excludes GST, travel and out of pocket expenses. No fee or other sum was paid during the year to any entity in the network firm/ network entity of which the statutory auditor is a part.

(F) Discretionary requirements

(i) Chairperson

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

(ii) Shareholders' Rights

Quarterly Financial Results of the Company are e-mailed to shareholders whose email ids are available with the company. These are posted on the Company's website and the summary of the results are advertised in newspapers.

(iii) Audit Qualifications

The Company since inception has ensured to remain in the regime of unqualified financial statements. Annual financial results for FY 2020-21 are being filed with the stock exchanges along with the declaration by the Managing Director confirming that the Auditors' Report on Annual Financial Results containing unmodified opinion.

(G) Disclosures

(i) There is neither non-compliance by the company nor strictures imposed on the company by the Stock Exchanges or SEBI or any statutory authority on any matters related to the capital market during the last 3 years.

(ii) Website

The Company maintains a functional website *http://www.ponnisugars.com.* It contains basic information about the company and disseminates all the information spelt out in Regulation 46 of the Listing Regulations. Updates are uploaded within two working days of change in content in respect of matters specified in Regulation 46 (2).

(iii) Business Responsibility Report

SEBI has mandated the inclusion of Business Responsibility Reports as part of the Annual Reports for listed entities that is currently applicable for top 1000 listed entities. Our company is not covered by this.

(iv) Dividend Distribution Policy

SEBI has mandated formulation of Dividend Distribution Policy for top 500 listed entities and disclosure of the same in the Annual Reports and websites of the company. Our Company is not presently covered by this.

(H) Means of Communication

(i) Intimation of Board meeting

The Company intimates Stock Exchanges the Notice of Board Meeting to consider financial results. The results are furnished to Stock Exchanges immediately on conclusion of Board Meeting and concurrently uploaded in company's website. These media publication is done in accordance with regulatory prescriptions.

(ii) Financial Results

Period (Quarter ended)	Date of publication of Notice of Board meeting	Financial Results		News paper
		Date of approval by Board	Date of Publication	
30.06.2020	23.07.2020	06.08.2020	07.08.2020	Business Standard and Makkal Kural
30.09.2020	17.10.2020	06.11.2020	07.11.2020	
31.12.2020	13.01.2021	05.02.2021	06.02.2021	
Quarter and Year ended 31.03.2021	23.04.2021	07.05.2021	*08.05.2021	

*(Publication arranged)

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

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

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

(c) 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.

(iii) Chairman's Communiqué

Printed copy of the Chairman's Speech is distributed to all the shareholders at the Annual General Meeting. It is also placed on the website of the Company and sent to Stock Exchanges.

(I) General Body Meetings

(i) Particulars of past 3 AGMs

AGM/ Year	Venue	Date & Time	Special Resolutions passed
22nd 2017-18	New Woodlands Hotel Pvt Ltd 72-75, Dr Radhakrishnan Road, Mylapore Chennai 600004	25.07.2018 10.30 AM	Reappointment of retiring Director – Mr Bimal K Poddar
23rd 2018-19		23.07.2019 10.30 AM	NIL
24th 2019-20	Through Video Conference/ Other Audio Visual Means (Deemed Venue: Registered Office)	19.8.2020 11.00 AM	1) Reappointment of retiring director - Mr. N Gopala Ratnam 2) Reappointment of Managing Director

No Extraordinary General Meeting was convened during the year.

ii) e-Voting in AGM

In addition to remote e-voting, the company offered the e-Voting facility to the members who are present in e-AGM, but could not vote through remote e-voting pursuant to Rule 20 of the Companies (Management & Administration) Rules, 2014.

iii) Postal Ballot

No special resolution was passed by Postal Ballot in FY 2020-21.

At present there is no proposal to pass Special Resolution through Postal Ballot.

(J) General Shareholder Information

(i) Details for 25th e-AGM

Date and Time	Tuesday, the 20th July 2021 at 11.00 AM
Mode	Video Conference/Other Audio Visual Means (VC/OAVM)
Financial Year	2020-21
Book Closure Dates	Thursday, the 8th July 2021 to Tuesday, the 20th July 2021 (both days inclusive)
Dividend	₹ 4/- plus Special Silver Jubilee dividend of ₹ 1/- totalling to ₹ 5/- per equity share (proposed)
Dividend payment date	26th July 2021 subject to there being no constraints due to ongoing pandemic
Cut-off Date for e-Voting	Tuesday, the 13th July 2021

(ii) Financial Calendar for FY 2021-22 (tentative)

Results for the quarter ending	30th Jun 2021	22nd July 2021
-do-	30th Sep 2021	22nd Oct 2021
-do-	31st Dec 2021	21st Jan 2022
Results for the year ending	31st Mar 2022	May 2022
Annual General Meeting	July 2022	

(iii) Listing

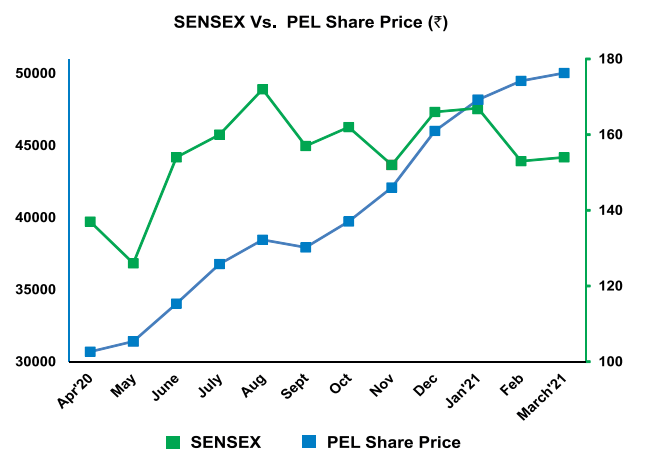
Name & Address	Listed from	Stock Code
BSE Limited Phiroze Jeejeebhoy Towers Dalal Street, Mumbai 400 001 Phone: 022-22721233/ 1234 Fax: 022-2272 2082 Email:corp.relations@bseindia.com	April 2002	532460
National Stock Exchange of India Ltd Exchange Plaza, Bandra Kurla Complex Bandra East, Mumbai 400 051 Phone: 022-26598235 / 8236 Fax: 022-26598237 / 8238 Email: cmlist@nse.co.in	April 2002	PONNIERODE

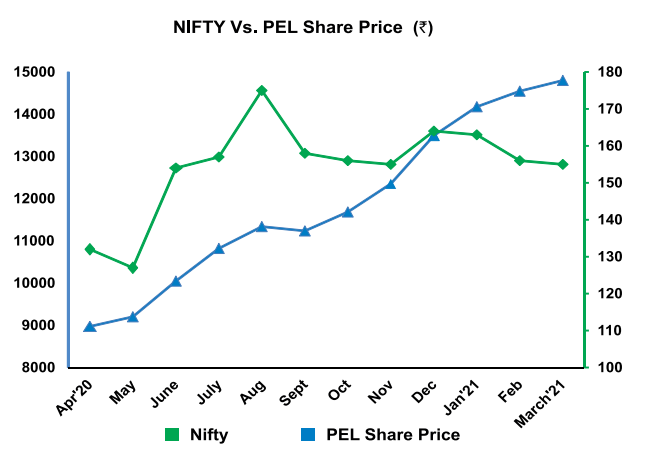
Listing fee has been paid for the FY 2021-22 to both the stock exchanges.

(iv) Market Price Data

Month	BSE Ltd.				National Stock Exchange of India Ltd.			
	Share price		Volume		Share price		Volume	
	High	Low	No. of shares	Value (₹ lakhs)	High	Low	No. of shares	Value (₹ lakhs)
April'20	166	108	4847	6.82	149	115	48029	62.31
May'20	138	114	5312	6.75	141	112	83047	106.14
June'20	168	139	43577	67.13	173	134	339897	524.28
July'20	176	144	121624	183.13	170	144	222349	336.21
Aug'20	193	151	200784	353.07	197	153	1199015	2116.92
Sept'20	172	141	75032	119.72	174	142	207040	331.34
Oct'20	182	141	23485	36.31	164	147	86944	135.77
Nov'20	170	133	13473	20.87	166	144	96514	151.77
Dec'20	177	155	59213	98.17	176	152	247653	412.28
Jan'21	180	154	14216	23.25	172	154	110568	181.76
Feb'21	169	136	40443	58.77	175	136	172727	255.23
March'21	165	142	24564	38.24	167	142	159444	246.21

(v) Relative Performance of the Company Share Price Vs BSE Sensex & NSE Nifty





(vi) Registrar and Share Transfer Agent

(for both Demat and Physical segments)

Cameo Corporate Services Ltd, "Subramanian Buildings", 5th Floor 1, Club House Road Chennai 600 002.	Phone: 044-28460390 (4 lines) Email:investor@cameoindia.com Web: www.cameoindia.com SEBI Registration No: INR000003753
Contact person:	Ms K Sreepriya, Vice President and Company Secretary

(vii) Nomination facility

Shareholders holding shares in physical form and desirous of making a nomination in terms of Section 72 of the Act 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 respective Depository Participants.

(viii) Transactions in Shares

Powers are delegated to Managing Director to deal with and approve regular transactions in securities in the case of small investors, while other cases are decided by the Stakeholders Relationship Committee. Investor requests are attended to within 7-15 days from the date of receipt. A summary of such transactions so approved by the Managing Director is placed at every Board Meeting / Stakeholders Relationship Committee Meetings. The Company obtains from a Company Secretary in practice half-yearly Certificate of Compliance with the Share Transfer formalities as required under Regulation 40 (9) of the Listing Regulations and files a copy of the said certificate with the Stock Exchanges.

b) Compulsory Demat

SEBI in June'18 has amended Regulation 40 of the Listing Regulations prohibiting transfer of shares held in physical mode from 01.04.2019. Transposition and Transmission are however exempted from this amendment. No request for Transfer of shares in physical mode was received during 2020-21.

(ix) Distribution of shareholding

Slab	No. of Shareholders		No. of Equity Shares	
	Total	%	Total	%
1-100	6101	77.49	224938	2.62
101-500	1350	17.15	323641	3.76
501-1000	209	2.65	167527	1.95
1001-10000	184	2.34	566137	6.58
10001 - 100000	16	0.20	398927	4.64
100001 & above	13	0.17	6917248	80.45
Total	**7873**	**100.00**	**8598418**	**100.00**

(x) Categories of Shareholding

Shares held by	No. of shareholders	%	No. of shares	%
Promoters	6	0.07	3642537	42.36
FIs / UTI / Mutual Fund / Banks	4	0.05	4020	0.05
Corporates	78	0.99	943465	10.97
FPIs / FIIs / NRIs / OCBs	138	1.75	2409083	28.02
Resident Individuals	7647	97.14	1599313	18.60
Total	**7873**	**100.00**	**8598418**	**100.00**

(xi) Shareholder Satisfaction Survey

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

(xii) Dematerialization

The Equity Shares of the Company are traded in compulsory Demat mode. No transfer of shares held in physical mode is feasible from 01.04.2019. Its ISIN is INE838E01017.

No investor is required to pay any charge for opening of a Beneficiary Owner account (BO) excepting for statutory charges and the custody charges. Custody charges are annually paid by the Company as and when claim is received.

Individual Communication to shareholders holding shares in Physical form are periodically sent – the last one in Jan'21. It advises them to convert their holdings from physical mode to demat mode considering overall merits of the depository system and **total prohibition on transfer of shares in physical mode from 01.04.2019**.

(xiii) PAN / Bank details

(1) SEBI vide circular dt.27th April '07 has made PAN as the sole identification number for all participants transacting in the securities market irrespective of the amount of such transaction.

(2) SEBI vide circular dt.27th January '10 has made it mandatory to furnish a copy of PAN for transmission and transposition of shares.

(3) SEBI vide Circular dt.20.4.18 has advised listed companies through their RTA to seek PAN / Bank details of shareholders holding shares in Physical form. Necessary communication in this regard was sent to shareholders by registered post followed by reminders during June 2018. Shareholders are advised to provide these details without delay.

(xiv) Plant

Location: Odapalli, Cauvery RSPO,
Erode 638 007, Komarapalayam (Tk),
Namakkal District,Tamil Nadu.
Phone: 04288 247351 to 247355
Email: gen@ponnisugars.com

(xv) Investor Correspondence

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

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

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

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

ESVIN House, 13, Rajiv Gandhi Salai (OMR),

Perungudi, Chennai 600 096.

Phone: 044 –24961920, 24960156

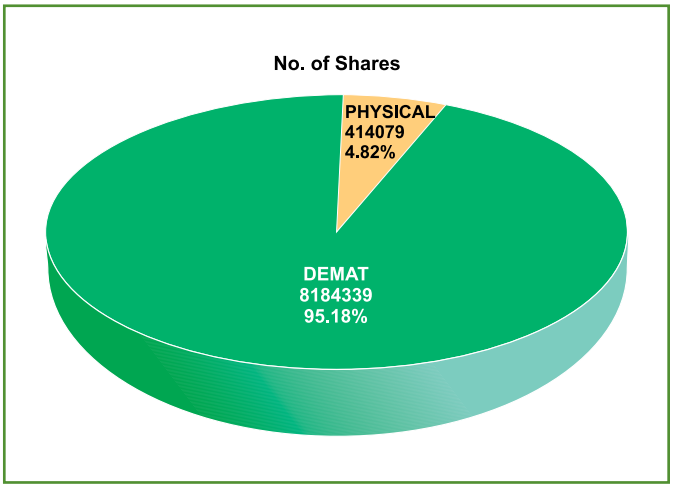
Email: admin@ponnisugars.com

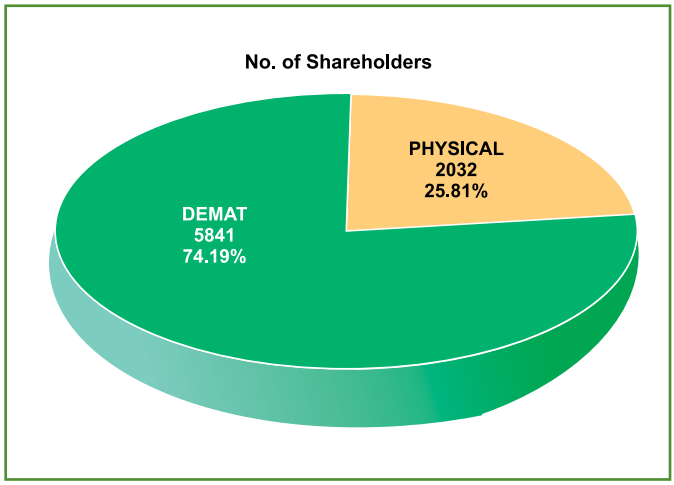
Website:www.ponnisugars.com

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

(xvi) Exclusive email ID for investor benefit

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





(xvii) Credit Ratings

The company has made no public issue of debt securities.

Details of Credit Ratings obtained for facilities availed from Bank.

Facility	Amount (₹ Cr)	Rating
Long Term Fund based bank facilities (Cash Credit)	40.00	CARE: BBB+ Outlook Stable
Long Term / Short term fund based Non-fund based bank facilities	10.00	CARE: BBB + Outlook Stable / CARE A2
Short Term Bank facilities (Non-fund based)	1.00	CARE: A2

(xviii) Shareholder Complaints

No complaint was received by the company or its RTA during the last five years, other than one complaint posted in SEBI SCORES.

(xix) 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 Registrar 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	Transmissions	15
2	Transposition / Deletion of Name	15
3	Folio Consolidation / Change of Name	15
4	Demat	15
5	Consolidation / Split / Remat of Share Certificates	15
6	Issue of Duplicate Certificates	15
7	Replacement of Certificates	15
8	Registration of Change of Address / ECS / Bank Details / Nomination	5
9	Revalidation of Dividend warrants / IEPF Letters	5
10	Registration of Power of Attorney	5
11	General Correspondence and Complaints	5

With requisite systems and procedures in place, the Company has successfully improved its service levels and has received only one complaint from investor 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.044-24961920, 24960156

(xx) 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.

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

Sl. No.	Particulars	No of Share holders	No of Shares
1	Aggregate number of shareholders and the outstanding shares lying in the Unclaimed Suspense Account at the beginning of the year.	472	27167
2	Number of shareholders who approached the issuer for transfer of shares from the Unclaimed Suspense Account during the year.	1	40
3	Number of shareholders to whom shares were transferred from the Unclaimed Suspense Account during the year.	1	40
4	Shares transferred to IEPF during the year	469	27047
5	Aggregate number of shareholders and the outstanding shares lying in the Unclaimed Suspense Account at the end of the year.	2	80

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

(xxi) Dividend for 2020-21

(a) Dividend entitlement

Dividend, if declared at the Annual General Meeting, will be paid by 26th July 2021, subject to there being no constraints due to ongoing pandemic, to the members whose names appear on the Register of Members on 20th July 2021 or as per their mandates. In respect of shares held in demat mode, dividend will be paid to the beneficial owners of shares recorded with the Depositories as on that date as per details to be furnished by NSDL / CDSL for the purpose.

(b) Electronic payment

Listed companies are mandated by SEBI to use RBI approved e-mode of payment like NECS or NEFT for making cash payments to investors. Members are therefore advised to update their Bank details with their Depositories (in case of demat holding) or with our RTA (for physical holding).

(c) Physical payment

In the absence of adequate Bank details facilitating electronic payment, listed companies are allowed to use physical payment instruments for making cash payment to investors. The company however shall mandatorily print the Bank details of investors or the address of the investor on such payment instruments.

Dividend warrants for physical payment would be issued by the company, payable at par at the designated branches of the Bank printed on the reverse of Dividend Warrant. Initial validity would be 3 months and payment instruments thereafter would be payable as per advise of the bankers. Members are hence advised to encash the warrants within the initial validity period.

In case of full or partial lock-down, the company upon normalization of postal services would dispatch the dividend warrant to the shareholders by post as provided in MCA Circular dated 13th January 2021.

(e) Tax on dividend

Dividend income is taxable in the hands of shareholders w.e.f. 1st April 2020 and the company is required to deduct tax at source (TDS) from same at the prescribed rates. The company would be sending an email to shareholders advising TDS rates in force for different categories based on documents furnished by shareholders. This would also be placed on the company website. Shareholders are requested to refer to the Income Tax Act, 1961 and Rules thereunder for full details.

(f) There will be no TDS from dividend payable to a resident individual shareholder, if the total dividend to be received during FY 2021-22 does not exceed ₹5000/-

(g) Shareholders are requested to complete and/ or update their residential status, PAN and other details with (i) their Depository Participants (DPs) in the case of demat holding; and (ii) with the RTA for physical holding.

(h) A resident individual shareholder with PAN who is not liable for income tax can submit declaration in Form 15G/ 15H as applicable to avail the benefit of non-deduction of tax. In case their PAN is not registered, TDS would be at a higher rate of 20%. Non- resident shareholders can avail beneficial rates under applicable Tax Treaty subject to furnishing Form-10F and providing necessary documents.

(i) Form 15G/ 15H or Form 10F can be filed online with the RTA through their link https://investors.cameoindia.com. These can also be downloaded from the company website, duly completed, signed, scanned and emailed to the RTA at investor@cameoindia.com.

(xxii) Particulars of unclaimed dividend

Year	Dividend (₹ per share)	Date of warrant	Unclaimed*		Due date for transfer to IEPF
			No. of warrants	₹ lakhs	
2013-14	0.60	31.07.2014	3849	1.34	27.08.2021
2015-16	1.20	01.08.2016	3368	2.62	30.08.2023
2016-17	2.50	08.08.2017	3449	5.50	06.09.2024
2017-18	1.00	31.07.2018	1942	3.16	29.08.2025
2018-19	2.00	31.07.2019	1963	5.04	27.08.2026
2019-20	4.00	25.08.2020	1481	9.06	23.09.2027

*Includes value of demand drafts cancelled beyond validity period.

No dividend was declared for FY 2014-15.

MCA by Notification G.S.R.352 (E) dated10.05.2012 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.

(xxiii) Transfer of Unclaimed Dividend to IEPF

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

The unpaid / unclaimed Dividend of ₹ 3.04 lakhs pertaining to 3869 investors for the Financial Year ended 31.03.2013 was transferred to IEPF on 03.09.2020.

(xxiv) Transfer of shares to IEPF

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

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

Details of shares transferred to IEPF

For FY	No of holders	No of shares	Date of transfer to IEPF
2012-13	673	38671	14.10.2020

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

(xxv) Transfer to IEPF becoming due

The unpaid / unclaimed amount for the Financial Year ended 31.03.2014 will be transferred during August 2021 along with the shares. Shareholders are therefore advised to contact the Company / RTA immediately in case of non-receipt or non-encashment of Dividend.

(xxvi) Claim from IEPF

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

(xxvii) 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.
- Furnish Bank details to the DP/ RTA/ Company
- 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 handover signed blank delivery instruction slips to any unknown person.
- Deal in Securities only with SEBI Registered Intermediaries.
- Despatch Documents containing certificates of securities and high value dividend/ interest warrants/ cheques/ demand drafts only by registered post/ courier or lodge with the Company's Share Department or the Registrar and Transfer Agents.

Company commitment

Our Company keeps constant track of prevalent practices among bellwether corporates towards formulating and fine tuning 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 neighborhood 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

Erode
7th May 2021

N Ramanathan
Managing Director

Chennai

Appendix-1

DECLARATION

[Pursuant to Para D of Schedule V of the
SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015]

I, N Ramanathan, Managing Director of Ponni Sugars (Erode) Limited, hereby declare and confirm that all the members of the Board of Directors and the senior management personnel of the Company have affirmed compliance with the code of conduct of Board of Directors and senior management for the financial year 2020-21.

Chennai
7th May 2021

N Ramanathan

Appendix-2

CERTIFICATE OF NON-DISQUALIFICATION OF DIRECTORS

[Pursuant to Regulation 34(3) and Schedule V Para C clause (10)(i) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015]

To,
The Members of
Ponni Sugars (Erode) Limited
EsvinHouse, No.13 Old Mahabalipuram Road
Seevaram Village, Perungudi, Chennai 600 096.

We have examined the relevant registers, records, forms, returns and disclosures received from the Directors of Ponni Sugars (Erode) Limited having CIN:L15422TN1996PLC037200 and having registered office at Esvin House, No.13 Old Mahabalipuram Road, Seevaram Village, Perungudi, Chennai - 600 096 (hereinafter referred to as 'the Company'), produced before us by the Company for the purpose of issuing this Certificate, in accordance with Regulation 34(3) read with Schedule V Para-C Sub clause 10(i) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations,2015.

In our opinion and to the best of our information and according to the verifications (including Directors Identification Number (DIN) status at the portal www.mca.gov.in) as considered necessary and explanations furnished to us by the Company & its officers, We hereby certify that none of the Directors on the Board of the Company as stated below for the Financial Year ended on 31st March, 2021 have been debarred or disqualified from being appointed or continuing as Directors of companies by the Securities and Exchange Board of India, Ministry of Corporate Affairs, or any such other Statutory Authority.

Sl.No	Name of Director	DIN	Date of appointment
1	Mr. Gopalaratnam Natarajan	00001945	26.12.1996
2	Mr. Ramanathan Narayanan	00001033	01.04.2005
3	Mr. Lakkapuram Muthusamy Ramakrishnan	00001978	19.12.2001
4	Mr. Arun Gajanan Bijur	00024434	26.12.1996
5	Mr. Bimal Kumar Poddar	00031146	19.12.2001
6	Mr. Krishnamurthy Bharathan	00210433	28.12.2011
7	Ms. Chinny Krishna Nanditha	00906944	24.12.2010
8	Mr. Venkatesan Sridar	02241339	05.06.2009

Ensuring the eligibility for the appointment / continuity of every Director on the Board is the responsibility of the management of the Company. Our responsibility is to express an opinion on these based on our verification. This certificate is neither an assurance as to the future viability of the Company nor of the efficiency or effectiveness with which the management has conducted the affairs of the Company.

For V Suresh Associates
Practising Company Secretaries

Place: Chennai
Date : 26.04.2021

V Suresh
Senior Partner
FCS No. 2969
C.P.No. 6032
Peer Review Cert. No:667/2020
UDIN: F002969C000189751

Appendix-3

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 2021 as stipulated in Para E of Schedule V of the Listing Regulations of the said company with the Stock Exchange(s).

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

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

As required by the Guidance note issued by the Institute of Chartered Accountants of India, we have to state that as per the records maintained and certified by the Company/ Registrars and Transfer Agent of the company, there was no investor grievances remaining unattended / pending for more than 30 days as at 31st March 2021.

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

Chella K Srinivasan
Partner
Membership No.023305
UDIN: 21023305AAAADI9213

Chennai
07-05-2021

Annexure - 3 to Board's Report

FORM NO. AOC-2

(Pursuant to clause (h) of sub-section (3) of section 134 of the Act and

Rule 8(2) of the Companies (Accounts) Rules, 2014)

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

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

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

Seshasayee Paper and Boards Ltd (SPB).

The company is an 'associate company' of SPB.

(b) Nature of contracts/ arrangements/ transactions.

Purchase or sale of goods and services.

This covers bagasse, water, fuel, 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 based on cost equivalent of alternative fuel. Exchange ratio between bagasse and alternative fuel is determined based on relative gross calorific value.

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

Value

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

Total value of transactions during FY 2020-21 is disclosed in Note-39 of the Financial Statements.

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

The comprehensive MoU incorporating all subsisting and ongoing contracts and arrangements between the company and Seshasayee Paper and Boards Ltd was approved by the Audit Committee and Board on 25th March 2015 and 29th May 2015 respectively. Approval of shareholders was obtained at the 19th AGM in 2015 through special resolution for same.

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

For Board of Directors

Erode
7th May 2021

N Gopala Ratnam
Chairman

Annexure - 4 to Board's Report

Conservation of Energy, Technology Absorption, Foreign Exchange Earnings and Outgo

[Section 134(3) (m) of the Companies Act, 2013 read with Rule 8(3) of the Companies (Accounts) Rules, 2014]

A. Conservation of Energy

(i) Steps taken / impact on conservation of energy:

- Provision of VFD for treated juice pump, syrup screw pump and cane unloader -1.
- Energy saving by resizing the motors for sulphur burner air blower and return bagasse carrier.
- Installation of LED lights in FFE and power house.
- Lux level control installed in Cogen, Molasses tank and Guest house.
- Conventional split ACs replaced with energy saving inverter split AC.
- Alternator cooler control valves and exciter cooling fans automated based on temperature conditions.

Proposals under consideration

- Installation of VFD for sugar plant air compressor, spray pump, Mill juice pumps, short span elevator, 5th mill rake elevators, Bagasse conveyors, RO plant HP pump and CPU De Gasser transfer pumps.
- Replacement of boiling house motors with energy efficient motors on failure mode basis.
- Installation of solar water heater for canteen.
- Installation of Solar energy based split Air Conditioners.

Impact of the above measures – estimated

- Reduction in energy consumption: 880 units per day.
- Proposed Reduction in energy consumption: 705 units per day.

(ii) Steps taken for utilizing alternate sources of energy:

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

(iii) Capital investment on energy conservation equipment:

No major investment is currently considered necessary.

B. Technology Absorption

(i) Efforts made towards technology absorption:

- Introduction of DCS automation system - New DCS system replaced with PLC to improve the operation and performance.
- Kicker No 2 and Chopper modification to eliminate cane chocking in preparatory devices and to improve the preparative index.
- Fibrizer anvil setting modified to reduce power consumption.
- Oil lubrication of mill crushing rolls replaced by Grease lubrication to reduce pollution load.

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

Reduction of Pol % in bagasse to the tune of 0.1% from the existing level.

(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)

	2020-21	2019-20
Earnings	-	-
Outgo	5	3

For Board of Directors

Erode
7th May 2021

N Gopala Ratnam
Chairman

Annexure - 5 to Board's Report

Annual Report on CSR Activities

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

1. Brief outline on CSR Policy of the Company.

The Board of Directors proactively adopted the CSR Policy in February 2015, though CSR mandate u/s 135 of the Companies Act, 2013 has become applicable to the company only from FY 2016-17.

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

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

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

The company also rises up to the call of Central / State Government and contributes to the Relief Funds.

2. The composition of the CSR Committee.

Sl. No.	Name of Director	Designation / Nature of Directorship	Meetings of CSR Committee during the FY 2020-21	
			Held	Attended
1	N Gopala Ratnam	Chairman	1	1
2	N Ramanathan	Managing Director	1	1
3	Dr Nanditha Krishna	Independent Director	1	1

3. Provide the web-link where Composition of CSR committee, CSR Policy and CSR projects approved by the board are disclosed on the website of the company.

www.ponnisugars.com/policy.htm

4. Provide the details of Impact Assessment of CSR projects carried out in pursuance of sub-rule (3) of rule 8 of the Companies (Corporate Social responsibility Policy) Rules, 2014, if applicable (attach the report).

Not Applicable

5. Details of the amount available for set off in pursuance of sub-rule (3) of Rule 7 of the Companies (Corporate Social responsibility Policy) Rules, 2014 and amount required for set off for the financial year, if any

Sl. No.	Financial Year	Amount available for set-off from preceding financial years. (₹ in Lakhs)	Amount required to be set- off for the financial year, if any (₹ in Lakhs)
1	2017-18	23.00	Nil
2	2018-19	10.00	Nil
3	2019-20	17.00	Nil
	TOTAL	50.00	-

6. Average net profit of the company as per Section 135(5): ₹ 1743 lakhs

7. (a) Two percent of average net profit of the company as per Section 135(5): ₹ 35 lakhs

(b) Surplus arising out of the CSR projects or programmes or activities of the previous financial years: Nil

(c) Amount required to be set off for the financial year, if any: Nil

(d) Total CSR obligation for the financial year (7a+7b- 7c). ₹ 35 lakhs

8. (a) CSR amount spent or unspent for the financial year:

Total Amount Spent for the FY 2021 (in ₹ lakhs)	Amount Unspent (₹ in lakhs)				
	Total Amount transferred to Unspent CSR Account as per Section 135(6).		Amount transferred to any fund specified under Schedule VII as per second proviso to Section 135(5).		
	Amount	Date of transfer	Name of the Fund	Amount	Date of transfer
44	Nil	Nil	Nil	Nil	Nil

(b) Details of CSR amount spent against ongoing projects for the financial year: NIL

(c) Details of CSR amount spent against other than ongoing projects for the financial year:

(1)	(2)	(3)	(4)	(5)		(6)	(7)	(8)	
Sl. No.	Name of the Project	Item from the list of activities in schedule VII to the Act.	Local area (Yes/ No).	Location of the project.		Amount spent for the project (₹ in lakhs).	Mode of implementation Direct (Yes/No).	Mode of implementation - Through implementing agency.	
				State.	District.			Name.	CSR Registration Number.
1		I	Yes	Tamilnadu	Namakkal	31	Direct	----	----
2		II	Yes	Tamilnadu	Namakkal	1	Direct	----	----
3		IV	Yes	Tamilnadu	Namakkal	8	Direct	----	----
4		X	Yes	Tamilnadu	Namakkal	4	Direct	----	----
	TOTAL					44			

(d) Amount spent in Administrative Overheads: Nil

(e) Amount spent on Impact Assessment, if applicable: N.A

(f) Total amount spent for the Financial Year (8b+8c+8d+8e): ₹ 44 lakhs

(g) Excess amount for set off, if any

Sl. No.	Particular	Amount (₹ in lakhs)
(i)	Two percent of average net profit of the company as per Section 135(5)	35
(ii)	Total amount spent for the Financial Year	44
(iii)	Excess amount spent for the financial year [(ii)-(i)]	9
(iv)	Surplus arising out of the CSR projects or programmes or activities of the previous financial years, if any	----
(v)	Amount available for set off in succeeding financial years [(iii)-(iv)]	9

9. (a) Details of Unspent CSR amount for the preceding three financial years: Nil

(b) Details of CSR amount spent in the financial year for ongoing projects of the preceding financial year(s): Nil

10. In case of creation or acquisition of capital asset, furnish the details relating to the asset so created or acquired through CSR spent in the financial year (asset-wise details): Nil

11. Specify the reason(s), if the company has failed to spend two per cent of the average net profit as per section 135(5): Not Applicable

Sd/-
N Ramanathan
Managing Director
Chennai

Sd/-
N Gopala Ratnam
Chairman-CSR Committee
Erode

7th May 2021

Annexure - 6 to Board's Report

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

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

Description			
The ratio of the remuneration of each director to the median remuneration of the employees of the company for the financial year	Managing Director(MD)	42:1	Note -1
The percentage increase in remuneration of each director, Chief Financial Officer, Chief Executive Officer, Company Secretary or Manager, if any, in the financial year	MD	35%	Note-1 & 2
	CFO	19%	
The percentage increase in the median remuneration of employees in the financial year		6%	
The number of permanent employees on the rolls of company		265	
Affirmation that the remuneration is as per the remuneration policy of the company	Yes. Remuneration is as per the remuneration policy of the company.		

Notes:

1. Non executive directors are paid sitting fee and commission as remuneration. Ratio of remuneration and percentage increase are provided only for executive director, since such data would not be meaningful in the case of non executive directors.

2. Remuneration is as per the remuneration policy of the company. MD remuneration is normally re-determined on reappointment once in 3 years, while the incentive part is determined annually.

For Board of Directors

Erode
07th May 2021

N Gopala Ratnam
Chairman

Annxure-7 to Board's Report

Form No. MR-3
SECRETARIAL AUDIT REPORT
For the Financial Year 2020-21

[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**

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

Based on our verification of **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, the explanations and clarifications given to us and considering the relaxations granted by the Ministry of Corporate Affairs and Securities and Exchange Board of India warranted due to the spread of the COVID-19 pandemic, we hereby report that in our opinion, the Company has, during the audit period covering the financial year ended 31st March 2021, 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:

We 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 2021 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 to the Company during the audit period)

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

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

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

(c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018 and amendments from time to time; (Not applicable to the Company during the audit period).

(d) The Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014; (Not applicable to the Company during the audit period)

(e) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008; (Not applicable to the Company during the audit period).

(f) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client; (Not applicable).

(g) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009; (Not applicable to the Company during the audit period).

(h) The Securities and Exchange Board of India(Buyback of Securities) Regulations, 2018; (Not applicable to the Company during the audit period).

Other Laws specifically applicable to this Company are as follows:

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

(vii) Electricity Act, 2003 and all Regulations issued thereunder

(viii) Sugar Development Fund Act, 1982

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

(x) Food Safety and Standards Act, 2006

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

(xii) The Tamil Nadu Sugarcane (Regulation of Purchase Price) Act, 2018

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

(i) Secretarial Standards issued by The Institute of Company Secretaries of India.

(ii) Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015

We 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 Women Director. There is no change in the composition of the Board of Directors during the period under review.

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

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

We 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.

For V Suresh Associates
Practising Company Secretaries

Place : Chennai
Date : 26.04.2021

V Suresh
Senior Partner
FCS No. 2969
C.P.No. 6032
Peer Review Cert. No: 667/2020
UDIN: F002969C000180487

INDEPENDENT AUDITOR'S REPORT

To :
The Members of
PONNI SUGARS (ERODE) LIMITED

Report on the audit of Standalone Ind AS Financial Statements

Opinion

We have audited the accompanying Standalone Ind AS Financial Statements of PONNI SUGARS (ERODE) LIMITED ("the Company"), which comprise the Balance Sheet as at March 31, 2021 and the Statement of Profit and Loss (including Other Comprehensive Income), Statement of Changes in Equity and the Statement of Cash Flows for the year ended on that date and Notes to the Financial Statements, including a summary of the Significant Accounting Policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid Standalone Financial Statements give the information required by the Companies Act, 2013 ("Act") in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards prescribed under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended, ("Ind AS") and other accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2021, the Profit (Including Other Comprehensive Income), the changes in Equity, and its cash flows for the year ended on that date.

Basis for Opinion

We conducted our audit in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the Act. Our responsibilities under those Standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India together with the ethical requirements that are relevant to our audit of the financial statements under the provisions of the Act and the Rules there under, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of Matter - Impact of COVID-19:

- We draw attention to Note No: 41 of the financial statements, which describes the effects of COVID-19 pandemic in the company`s production operations and higher cost of compliances, which does not have any significant impact in the Company's overall performance during the current period.
- Due to Covid-19 related lockdown, we were not able to physically observe the physical verification of inventory that was carried out by the management at the year end. Consequently, we have performed alternate procedures to audit the existence and condition of inventory as per the guidelines provided in SA 501 "Audit evidence -Specific consideration for stipulated items", which includes inspection of supporting documentation relating to purchases, production, sales and such other third party evidences where applicable and have obtained sufficient appropriate audit evidence to issue our unmodified opinion on the standalone financial statements.

Our opinion is not modified in respect of above matters.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the Financial Statements of the current period. These matters were addressed in the context of our audit of Financial Statements as a whole, and in forming our opinion thereon and we do not provide a separate opinion on these matters. We have determined the matters described below to be the key audit matters to be communicated in our report.

Key Audit Matters	Response to Key Audit Matters & Conclusion
1. Sale of Bagasse to a Related Party During the year, the company has sold Bagasse to a related party for an aggregate value of ₹ 553 lakhs, pursuant to a long-term agreement. The price of Bagasse is fixed for the year pursuant to the terms of the agreement, taking into account the price and the calorific value of fuel supplied by the related party and the calorific value of Bagasse determined by both the parties.	We understood and tested the design and operating effectiveness of controls as established by the management in determining the various parameters and the ultimate price determination. We have also tested the relevant records and found the price determination to be in accordance with the agreement. Based on the above procedures, in our opinion the management's determination of the price of Bagasse for the year is considered to be reasonable.
2. As on 31st March 2021 the inventory of sugar with carrying value ₹4566 lakhs are valued at lower of cost and net realizable value. We considered the value of Inventory of Sugar as key audit matter considering the relative size of it in the financial statements and significant judgments involved in the consideration of factors such as the cost determination, selling prices since obtained/ prevailing in determination of net realizable value.	We have verified and tested the design and operating effectiveness of controls with regard to the preparation of the cost sheet and the underlying judgments as well as the procedures and the basis for determination of net realizable value. Based on the above procedures performed, the management's determination of the cost and net realizable value of inventory of Sugar at the end of the year, is considered reasonable.
3. As on 31st March 2021 the amount receivable from TANGEDCO, a Tamil Nadu State Government entity is ₹ 4160 lakhs (Trade Receivable), to whom the surplus power generated by the Cogeneration Power Plant is sold pursuant to a Power Purchase agreement. Impairment Loss of ₹ 172 lakhs have been provided for the above dues in accordance with Ind AS. Being a significant account balance and the period of outstanding being long, it is considered as a Key audit matter	We have verified the PPA and the records for the quantity of Power wheeled and the related invoices and the related internal controls established by the management. We have also verified that substantial amount of the dues has since been received. We have also tested the judgement made by the management based on the past settlements made by the customer to assess the credit risk and the consequent impairment assessment. Based on these audit procedures, the management's estimates of credit risk and impairment assessment is reasonable.

Information Other Than the Financial Statements and Auditor's Report Thereon

The Company's Board of Directors is responsible for the other information. The other information comprises the Information included in the Annual Report, but does not include the standalone financial statements and our auditor's report thereon.

Our opinion on the standalone financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the standalone financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the standalone financial statements or our knowledge obtained during the course of our audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that if there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Management's Responsibility for the Standalone Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Act with respect to the preparation of these Standalone Financial Statements that give a true and fair view of the Financial Position, Financial Performance (including Other Comprehensive Income), Changes in Equity and Cash Flows of the Company in accordance with Ind AS and other accounting principles generally accepted in India. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate implementation and maintenance of accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation

and presentation of the Standalone Ind AS Financial Statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the Financial Statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

The Board of Directors is also responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these Financial Statements.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional scepticism throughout the audit.

We also:

- Identify and assess the risks of material misstatement of the Financial Statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal controls relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Company has adequate Internal Financial Controls system in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the standalone financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the Financial Statements, including the disclosures, and whether the Financial Statements represent the underlying transactions and events in a manner that achieves fair presentation.

Materiality is the magnitude of misstatements in the standalone financial statements that, individually or in aggregate, makes it probable that the economic decisions of a reasonably knowledgeable user of the Financial Statements may be influenced. We consider quantitative materiality and qualitative factors in (i) planning the scope of our audit work and in evaluating the results of our work; and (ii) to evaluate the effect of any identified misstatements in the Financial Statements.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings including any significant deficiencies in Internal Control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

Report on Other Legal and Regulatory Requirements

As required by Section 143(3) of the Act, we report, that:

- 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.
- 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.
- The Balance Sheet, the Statement of Profit and Loss (including Other Comprehensive Income), the Statement of Changes in Equity and the Cash Flow Statement dealt with by this Report are in agreement with the books of account.
- In our opinion, the aforesaid standalone Ind AS financial statements comply with the Indian Accounting Standards prescribed under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
- On the basis of the written representations received from the Directors as on 31st March, 2021 taken on record by the Board of Directors, none of the Directors is disqualified as on 31st March 2021 from being appointed as a Director in terms of Section 164(2) of the Act.
- With respect to the adequacy of the Internal Financial Controls over financial reporting of the Company, and the operating effectiveness of such controls, refer to our separate Report in "Annexure A".
- With respect to the other matters to be included in the Auditor's Report in accordance with the requirements of section 197(16) of the Act, as amended:

  In our opinion and to the best of our information and according to the explanations given to us, the remuneration paid by the Company to its directors during the year is in accordance with the provisions of section 197 of the Act.
- With respect to the other matters to be included in the Auditors' Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
- The Company has disclosed the impact of pending litigations on its financial position in its Ind AS financial statements.
- The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.
- There has been no delay in transferring amounts required to be transferred to the Investor Education and Protection Fund by the company.
- As required by the Companies (Auditors' Report) Order, 2016 ("the Order") issued by the Central Government in terms of Section 143(11) of the Act, we give in "Annexure B" a statement on the matters specified in paragraphs 3 and 4 of the Order.

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

Chella K Srinivasan
Partner
Membership number: 023305
UDIN: 21023305AAAADH6208

Place : Chennai
Date : 7th May, 2021

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

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

We have audited the Internal Financial Controls over Financial Reporting of PONNI SUGARS (ERODE) LIMITED ("the Company") as of March 31, 2021 in conjunction with our audit of the Standalone Ind AS Financial Statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

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

Auditor's Responsibility

Our responsibility is to express an opinion on the Company's Internal Financial Controls over Financial Reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") and the Standards on Auditing, issued by ICAI and deemed to be prescribed under Section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of Internal Financial Controls, both applicable to an audit of Internal Financial Controls and both issued by ICAI. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate Internal Financial Controls over Financial Reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the Internal Financial Controls System over Financial Reporting and their operating effectiveness. Our audit of Internal Financial Controls over Financial Reporting included obtaining an understanding of Internal Financial Controls over Financial Reporting, assessing the risk that a material weakness exists and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the Auditors' judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's Internal Financial Controls System over Financial Reporting.

Meaning of Internal Financial Controls over Financial Reporting

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

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

(ii) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles and that receipts and expenditures of the Company are being made only in accordance with authorisations of Management and Directors of the Company; and

(iii) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use or disposition of the Company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls over Financial Reporting

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

Opinion

In our opinion, the Company has, in all material respects, an adequate Internal Financial Controls System over Financial Reporting and such Internal Financial Controls over Financial Reporting were operating effectively as at March 31, 2021, based on the Internal Control over Financial Reporting criteria established by the Company, considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by ICAI.

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

Chella K Srinivasan
Partner
Membership number: 023305
UDIN: 21023305AAAADH6208

Place : Chennai
Date : 7th May, 2021

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

The Annexure referred to in Paragraph 2 under the heading 'Report on Other Legal and Regulatory Requirements' of our Report of even date:

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

(b) These fixed assets have been physically verified by the Management at reasonable intervals and no material discrepancies were noticed on such verification.

(c) The title deeds of immovable properties are held in the name of the Company.

(ii) The Management has conducted physical verification of inventory at reasonable intervals and no material discrepancies were noticed.

(iii) The Company has not granted loans to any party covered in the register maintained under section 189 of the Companies Act, 2013.

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

(v) The Company has not accepted any deposits from the public.

(vi) The Central Government has prescribed maintenance of Cost Records under Sub-section (1) of Section 148 of the Companies Act, 2013 and such accounts and records have been made and maintained.

(vii) According to the information and explanations given to us in respect of Statutory dues:

(a) The Company is regular in depositing undisputed statutory dues, including Provident Fund, Employees' State Insurance, Income Tax, Sales Tax, Service Tax, Duty of Customs, Duty of Excise, Value Added Tax, Cess, Goods and Service Tax and any other Statutory Dues to the appropriate authorities and there were no undisputed amounts payable which were in arrears as at 31st March 2021 for a period of more than six months from the date they became payable.

(b) Details of dues of Income Tax or Sales Tax or Service Tax or Duty of Customs or Duty of Excise or Value Added Tax, Cess and Goods and Service Tax have not been deposited as on 31st March 2021 on account of disputes are given below:

Name of the Statute	Nature of Dues	Amount ₹ Lakhs	Forum where the dispute is pending	Period to which the dues belong
Central Excise Act, 1944	Excise Duty	466.74	CESTAT	Financial Years 2014-15 to 2017-18
Tamil Nadu Tax on Consumption or sale of Electricity Act, 2003	Electricity Consumption Tax	54.76	High Court	Financial Years 2008-09 to 2010-11

(viii) The Company has not defaulted in repayment of loans or borrowing to a financial institution, bank, Government.

(ix) The Company has not raised any moneys by way of initial public offer or further public offer (including debt instruments) during the year.

(x) The Company has not noticed any fraud by the Company or any fraud on the Company by its Officers or employees or reported during the year.

(xi) The managerial remuneration has been paid or provided in accordance with the requisite approvals mandated by the provisions of Section 197, read with Schedule V to the Companies Act, 2013.

(xii) The Company is not a Nidhi Company and hence complying with the provisions of the Nidhi Rules, 2014 does not arise.

(xiii) All transactions with the related parties are in compliance with Sections 177 and 188 of the Companies Act, 2013, where applicable and the details have been disclosed in the Financial Statements, etc., as required by the applicable Accounting Standards.

(xiv) The Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year under review.

(xv) The Company has not entered into any non-cash transactions with Directors or persons connected with him.

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

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

Chella K Srinivasan
Partner
Membership number: 023305
UDIN: 21023305AAAADH6208

Place : Chennai
Date : 7th May, 2021

BALANCE SHEET AS AT 31ST MARCH 2021

(₹ in Lakhs)

	Particulars	Note No.	As at 31.03.2021		As at 31.03.2020	
A	ASSETS					
1	Non-Current Assets					
	(a) Property, Plant and Equipment	2	**10,405**		10,929	
	(b) Capital Work-in-Progress	2	**19**		18	
	(c) Intangible Assets	2	**14**		3	
	(d) Financial Assets					
	(i) Investments	3	**15,134**		9,481	
	(ii) Other Financial Assets	4	**22**		27	
			15,156		9,508	
	(e) Other Non-Current Assets	5	**63**		1	
	Total Non-Current Assets			**25,657**		20,459
2	Current Assets					
	(a) Inventories	6	**5,178**		3,773	
	(b) Financial Assets					
	(i) Trade Receivables	7	**4,094**		6,945	
	(ii) Cash and Cash Equivalents	8	**752**		44	
	(iii) Other Bank balances	9	**1,486**		21	
	(iv) Other Current Financial Assets	10	**23**		-	
			6,355		7,010	
	(c) Current Tax Assets (Net)		**32**		18	
	(d) Other Current Assets	11	**377**		284	
	Total Current Assets			**11,942**		11,085
	TOTAL ASSETS			**37,599**		31,544

(₹ in Lakhs)

	Particulars	Note No.	As at 31.03.2021		As at 31.03.2020	
B	**EQUITY AND LIABILITIES**					
I	**Equity**					
	(a) Equity Share Capital	12	**860**		860	
	(b) Other Equity	13	**31,781**		23,886	
	Total Equity			**32,641**		24,746
II	**Liabilities**					
1	**Non-Current Liabilities**					
	(a) Financial Liabilities					
	(i) Borrowings	14	**-**		356	
	(b) Deferred Tax Liabilities (Net)	15	**60**		260	
	(c) Provisions	16	**590**		577	
	Total Non-Current Liabilities			**650**		1,193
2	**Current Liabilities**					
	(a) Financial Liabilities					
	(i) Borrowings	17	**-**		1,357	
	(ii) Trade Payables	18				
	- Micro and Small enterprises		**37**		36	
	- Others		**3,516**		2,734	
	(iii) Other Financial Liabilities	19	**133**		443	
			3,686		4,570	
	(b) Other Current Liabilities	20	**620**		959	
	(c) Provisions	21	**2**		76	
	Total Current Liabilities			**4,308**		5,605
	TOTAL EQUITY AND LIABILITIES			**37,599**		31,544

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

Per our Report of even date annexed

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

Chella K Srinivasan
Partner
Membership No. 023305

Chennai
7th May 2021

For and on behalf of the Board

N Gopala Ratnam
Chairman

N Ramanathan
Managing Director

N Ramanathan
Secretary

K Yokanathan
Chief Financial Officer

Erode / Chennai
7th May 2021

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31ST MARCH 2021

(₹ in Lakhs)

	Particulars	Note No	Year ended 31.03.2021	Year ended 31.03.2020
I	**Revenue from Operations**	22	**25,623**	31,049
II	**Other Income**	23	**632**	404
III	**Total Income (I+II)**		**26,255**	31,453
IV	**EXPENSES**			
	Cost of Materials Consumed	24	**18,496**	17,547
	Changes in Inventories of finished goods and work-in-progress	25	**(1,303)**	2,553
	Power and Fuel		**2,231**	3,662
	Employee benefits expense	26	**1,760**	1,629
	Other expenses	27	**1,427**	1,519
	Total Expenses (IV)		**22,611**	26,910
V	**Profit before Finance Costs, Depreciation and Amortisation Expense and Taxes (III-IV)**		**3,644**	4,543
	Finance Costs	28	**54**	268
	Depreciation and amortization expense	29	**731**	739
VI	**Profit before Exceptional items and Tax**		**2,859**	3,536
VII	**Exceptional Items**		**-**	(53)
VIII	**Profit Before Tax (VI-VII)**		**2,859**	3,589
IX	**Tax Expenses**	30		
	Current Tax		**501**	533
	Deferred Tax		**(208)**	(38)
X	**Profit for the year (VIII-IX)**		**2,566**	3,094
XI	**Other Comprehensive Income**			
	i. Items that will not be reclassified to profit or loss			
	a. Effect of measuring investments at fair value		**5,653**	(7,371)
	b. Remeasurement of the defined benefit plans		**28**	(53)
	ii. Income tax relating to items that will not be reclassified to profit or loss		**(8)**	15
	Other Comprehensive Income		**5,673**	(7,409)
XII	**Total Comprehensive Income for the year (X+XI)**		**8,239**	(4,315)
XIII	**Earnings per equity share (face value of ₹ 10 each)**			
	(1) Basic (₹)		**29.84**	35.98
	(2) Diluted (₹)		**29.84**	35.98

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

Per our Report of even date annexed

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

Chella K Srinivasan
Partner
Membership No. 023305

Chennai
7th May 2021

For and on behalf of the Board

N Gopala Ratnam
Chairman

N Ramanathan
Managing Director

N Ramanathan
Secretary

K Yokanathan
Chief Financial Officer

Erode / Chennai
7th May 2021

Statement of Changes in Equity for the year ended 31st March 2021

A) Equity Share Capital

(₹ In Lakhs)

	Balance at the beginning of the reporting year	Changes in equity share capital during the year	Balance at the end of the reporting year
31st March, 2020	860	-	860
31st March, 2021	860	-	860

B) Other Equity

	Reserves and Surplus (Note 13.1)				Items of Other Comprehensive Income	Total
	Capital Reserve	Securities Premium	General Reserve	Retained Earnings	Equity Instruments through Other Comprehensive Income	
(A) Balance as at 01.04.2019	**554**	**160**	**10,000**	**2,922**	**14,772**	**28,408**
Additions during the year:						
Profit for the year 2019-20				3,094		3,094
Items that will not be reclassified to profit or loss:						
a. Effect of measuring Investments at fair value					(7,371)	(7,371)
b. Remeasurement of the defined benefit plans				(53)		(53)
Income tax relating to items that will not be reclassified to profit or loss				15		15
(B) Total Comprehensive Income for the year 2019-20	-	-	-	3,056	(7,371)	(4315)
(C) Reduction during the year						
Dividend				(172)		(172)
Income Tax on Dividend				(35)		(35)
Transfer to General reserve			1,000	(1,000)		-
Total	-	-	1,000	(1,207)	-	(207)
(D) Balance as at 31.03.2020 (A+B-C)	**554**	**160**	**11,000**	**4,771**	**7,401**	**23,886**
Additions during the year:						
Profit for the year 2020-21				2,566		2,566
Items that will not be reclassified to profit or loss:						
a. Effect of measuring Investments at fair value					5,653	5,653
b. Remeasurement of the defined benefit plans				28		28
Income tax relating to items that will not be reclassified to profit or loss				(8)		(8)
(E) Total Comprehensive Income for the Year 2020-21	-	-	-	2,586	5,653	8,239
(F) Reduction during the year						
Dividend				(344)		(344)
Transfer to General reserve			1,500	(1,500)		-
Total	-	-	1,500	(1844)	-	(344)
Balance as at 31st March 2021 (D+E-F)	**554**	**160**	**12,500**	**5,513**	**13,054**	**31,781**

Per our Report of even date annexed

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

Chella K Srinivasan
Partner
Membership No. 023305

Chennai
7th May 2021

For and on behalf of the Board

N Gopala Ratnam
Chairman

N Ramanathan
Managing Director

N Ramanathan
Secretary

K Yokanathan
Chief Financial Officer

Erode / Chennai
7th May 2021

CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH 2021

(₹ In Lakhs)

	Year Ended 31.03.2021		Year Ended 31.03.2020	
A. Cash flow from Operating Activities:				
Profit before tax		**2,859**		3589
Adjustments for:				
Depreciation	**731**		739	
Interest	**(74)**		253	
Dividend	**(354)**		(354)	
Remeasurement of defined benefit plan	**28**		(53)	
(Profit) / Loss on sale of assets	**4**		4	
Assets discarded	**8**	**343**	9	598
Operating Profit before working capital changes		**3,202**		4,187
Adjustments for:				
Trade and Other Receivables	**1,213**		(3211)	
Inventories	**(1,405)**		2,629	
Trade and other payables	**368**	**176**	(1,481)	(2,063)
Cash generated from operations		**3,378**		2,124
Direct Tax paid net of refund		**(502)**		(563)
Net cash from operating activities (A)		**2,876**		1,561
B. Cash flow from Investing Activities:				
Purchase / Acquisition of fixed assets		**(237)**		(279)
Value of discarded assets		**(8)**		(9)
Sale of Fixed Assets		**14**		14
Interest received		**128**		15
Dividend received		**354**		354
Net cash used in investing activities (B)		**251**		95
C. Cash flow from Financing Activities:				
Term Loan availed		**-**		906
Term Loan repaid		**(656)**		(250)
Working Capital Loan		**(1,357)**		(1,130)
Short Term Loan		**-**		(1,000)
Interest Paid		**(62)**		(262)
Dividend plus Tax paid		**(344)**		(207)
Net cash used in financing activities (C)		**(2,419)**		(1,943)
Net increase in cash and cash equivalents (A+B+C)		**708**		(287)
Cash and cash equivalents at the beginning		**44**		331
Cash and cash equivalents at the end		**752**		44

Note: (i) Components of cash and cash equivalents - Note 8.
(ii) Policy adopted in determining the composition of cash and cash equivalents - Note 1.13 & 1.26.
(iii) Figures for the previous year have been re-grouped wherever necessary.

Per our Report of even date annexed

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

Chella K Srinivasan
Partner
Membership No. 023305
Chennai
7th May, 2021

For and on behalf of the Board

N Gopala Ratnam
Chairman

N Ramanathan
Managing Director

N Ramanathan
Secretary

K Yokanathan
Chief Financial Officer

Erode / Chennai
7th May, 2021

Notes forming part of the Financial Statements

Company Overview

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

1. Significant Accounting Policies and key Accounting estimates and judgements

Significant Accounting Policies

1.1 Statement of compliance

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

1.2 Basis of Preparation and Compliance

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

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

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

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

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

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

Level 3 - Unobservable inputs for the asset or liability.

1.3 Current / Non-Current Classification

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

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

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

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

Notes forming part of the Financial Statements

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

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

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

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

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

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

1.4 Recent Pronouncements

Ministry of Corporate Affairs ("MCA") by notification dated 24.03.2021 has amended Schedule III of the Companies Act, 2013 with effect from April 1, 2021.

Key amendments therein relevant to the company for disclosure are:

Balance Sheet:

(i) Certain additional disclosures in the statement of changes in equity such as changes in equity share capital due to prior period errors and restated balances at the beginning of the current reporting period.

(ii) Specified format for disclosure of shareholding of promoters.

(iii) Specified format for ageing schedule of trade receivables, trade payables, capital work-in-progress and intangible asset under development.

(iv) If a company has not used funds for the specific purpose for which it was borrowed from banks and financial institutions, then disclosure of details of where it has been used.

Statement of Profit and Loss:

Additional disclosures relating to Corporate Social Responsibility (CSR).

The Company will comply with these requirements from the applicable date.

1.5 Property, Plant and Equipment (PPE)

(i) Property, plant and equipment are tangible items that:

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

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

(ii) The cost of an item of property, plant and equipment is recognised as an asset if, and only if:

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

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

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

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

Notes forming part of the Financial Statements

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

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

(vii) Items such as spare parts, stand-by equipment and servicing equipment that meet the definition of PPE are capitalized at cost. Costs in the nature of repairs and maintenance are recognised in the Statement of Profit and Loss as and when incurred. All upgradation / enhancements are charged off as revenue expenditure unless they bring significant additional benefits. Borrowing Costs (net of interest earned on temporary investments of those borrowings) directly attributable to acquisition, construction or production of qualifying assets are capitalized as part of the cost of the assets till the asset is ready for its intended use.

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

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

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

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

Asset	Years
Factory Buildings	30
Buildings (other than factory buildings)	60
Plant and Equipment (including continuous process plants)	25
Furniture and Fixtures	8 -10
Vehicles	8-10
Office Equipment	5
IT Hardware – Server	6
- Other than server	3
Energy saving devices and ESP	15*
Sugar Mill Rollers	3*

*Based on Technical Evaluation, the management has estimated the useful life as given above and hence the useful life of these assets are different and not longer than the useful life prescribed under Schedule II to the Companies Act, 2013.

(xi) Assets costing ₹10,000/- and below are depreciated in full within the Financial Year.

Notes forming part of the Financial Statements

1.6 Intangible assets

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

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

1.7 De-recognition of tangible and intangible assets

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

1.8 Impairment of tangible and intangible assets

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

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

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

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

1.9 Financial instruments

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

1.10 Financial assets

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

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

Notes forming part of the Financial Statements

a. Classification of financial assets

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

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

All other financial assets are subsequently measured at fair value.

b. Effective interest method

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

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

c. Investments in equity instruments at FVTOCI

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

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

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

d. Impairment of Financial Assets

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

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

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

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

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

Notes forming part of the Financial Statements

e. De-recognition of Financial Assets

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

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

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

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

1.11 Financial liabilities and equity instruments

a. Classification as debt or equity

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

b. Equity instruments

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

c. Financial liabilities

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

d. Derecognition of financial liabilities

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

1.12 Derivative financial instruments & Hedge Accounting

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

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

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

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

Notes forming part of the Financial Statements

a. Cash Flow Hedges

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

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

Hedge accounting is discontinued when the hedging instrument expires or is sold, terminated or exercised, or no longer qualifies for hedge accounting. Any gain or loss recognised in Other Comprehensive Income and accumulated in equity at that time remains in equity and is recognised when the forecast transaction is ultimately recognised in the Statement of Profit and Loss. If a hedged transaction is no longer expected to occur, the net cumulative gain or loss recognised in the Other Comprehensive Income is transferred to the Statement of Profit and Loss.

b. Fair Value Hedges

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

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

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

1.13 Cash and cash equivalents

The Company considers all highly liquid financial instruments, which are readily convertible into known amounts of cash that are subject to an insignificant risk of change in value and having original maturities of three months or less from the date of purchase, to be cash equivalents. Cash and cash equivalents consist of balances with banks which are unrestricted for withdrawal and usage.

1.14 Inventories

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

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

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

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

Obsolete, slow moving and defective inventories are periodically identified and write down is recognised where necessary.

Notes forming part of the Financial Statements

1.15 Revenue Recognition

a. Sale of products

Revenue is recognized upon transfer of control of the products to customers at a point in time i.e. when the products are delivered to the carrier in an amount that reflects the consideration that the company expects to receive in exchange for those products.

b. Dividend

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

c. Interest Income

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

d. Insurance Claims

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

e. Renewable Energy Certificates

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

1.16 Government grants

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

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

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

Grants related to income are presented in the Statement of Profit and Loss as 'other income' or deducted in reporting the related expense. Receivables of such grants are disclosed under "Other Financial Assets".

1.17 Employee Benefits

(a) Short term employee benefits

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

(b) Post employment benefits

(i) Defined Contribution Plans

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

Notes forming part of the Financial Statements

(ii) Defined Benefit Plans

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

All expenses represented by current service cost, past service cost, if any, and net interest on the defined benefit liability/ (asset) are recognised in the Statement of Profit and Loss. Remeasurements of the net defined benefit liability / (asset) comprising actuarial gains and losses and the return on the plan assets (excluding amounts included in net interest on the net defined benefit liabilities / asset) are recognised in comprehensive income and taken to "retained earnings". Such re-measurements are not reclassified to the Statement of Profit and Loss in the subsequent periods.

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

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

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

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

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

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

(c) Other Long-term Employee Benefits

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

1.18 Borrowing costs

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

1.19 Foreign Currency Transactions

a. Initial Recognition

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

Notes forming part of the Financial Statements

b. Measurement of foreign currency items at reporting date

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

c. Recognition of exchange difference

Exchange differences arising on the settlement of monetary items or on translating monetary items at rates different from those at which they were translated on initial recognition during the period or in previous financial statements is recognised in profit or loss in the period in which they arise.

1.20 Provisions

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

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

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

1.21 Taxes on Income

Taxes on income comprise of current tax and deferred tax.

a. Current tax

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

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

b. Deferred tax

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

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

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

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

Notes forming part of the Financial Statements

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

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

c. Current and deferred tax for the year

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

1.22 Events after reporting period

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

1.23 Financial and Management Information System

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

1.24 Segment Reporting

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

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

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

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

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

Geographical segment – not applicable.

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

1.25 Earnings per Share (EPS)

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

1.26 Cash flow statement

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

Notes forming part of the Financial Statements

Key Accounting estimates and judgments

1.27 Use of Estimates

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

1.28 Changes in estimates

The estimates and underlying assumptions are reviewed on an ongoing basis. The effect of change in an accounting estimate is recognized prospectively by including it in profit or loss in (a) the period of the change if the change affects only that period; or (b) the period of the change and future periods, if the change affects both.

However, the change in an accounting estimate that gives rise to changes in assets and liabilities, or relates to an item of equity, is recognized by adjusting the carrying amount of the related asset, liability or equity item in the period of the change.

1.29 Key sources of estimation uncertainty

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

a. Fair value measurement and valuation processes

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

b. Useful life of Property,Plant and Equipments

The Company reviews the estimated useful lives of Property, Plant and Equipment at the end of each reporting period. Any change on review of useful life/Residual value of PPE is a change in accounting estimate and accordingly dealt with prospectively in the financial statements as per Ind AS 8.

c. Actuarial valuation

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

d. Claims, Provisions and Contingent Liabilities

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

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Notes forming part of the Financial Statements

2 . Property, Plant and Equipment and intangible Assets as at 31st March 2021

(₹ in Lakhs)

Description	Gross Carrying Amount				Depreciation / Amortisation				Net Carrying Amount	
	As at 01.04.2020	Additions during the year	Deduc-tions/ Adjust-ments	**As at 31.03.2021**	As at 31.03.2020	Additions during the year	Deductions/ Adjustments	**As at 31.03.2021**	**As at 31.03.2021**	As at 31.03.2020
(i) Property, Plant and Equipment										
Land	460	-	-	**460**	-	-	-	**-**	**460**	460
Buildings	2,000	11	-	**2,011**	321	83	-	**404**	**1,607**	1,679
Plant and Equipment	10,801	178	19	**10,960**	2,075	628	6	**2,697**	**8,263**	8,726
Furniture and Fixtures	18	8	-	**26**	7	2	-	**9**	**17**	11
Vehicles	42	8	7	**43**	15	5	3	**17**	**26**	27
Office Equipment	61	18	3	**76**	35	11	2	**44**	**32**	26
Total	13,382	223	29	**13,576**	2,453	729	11	**3,171**	**10,405**	10,929
(ii) Capital Work-in-Progress	18	237	236	**19**	-	-	-	**-**	**19**	18
(iii) Intangible Assets										
Computer Software	6	13	-	**19**	3	2	-	**5**	**14**	3

Property, Plant and Equipment and intangible Assets as at 31st March 2020

Description	Gross Carrying Amount				Depreciation / Amortisation				Net Carrying Amount	
	As at 01.04.2019	Additions during the year	Deductions/ Adjust-ments	**As at 31.03.2020**	As at 31.03.2019	Additions during the year	Deductions/ Adjustments	**As at 31.03.2020**	**As at 31.03.2020**	As at 31.03.2019
(i) Property, Plant and Equipment										
Land	460	-	-	**460**	-	-	-	**-**	**460**	460
Buildings	1,916	84	-	**2,000**	241	80	-	**321**	**1,679**	1,675
Plant and Equipment	10,657	163	19	**10,801**	1,437	641	3	**2,075**	**8,726**	9,220
Furniture and Fixtures	15	3	-	**18**	6	1	-	**7**	**11**	9
Vehicles	37	10	5	**42**	12	6	3	**15**	**27**	25
Office Equipment	51	11	1	**61**	27	9	1	**35**	**26**	24
Total	13,136	271	25	**13,382**	1,723	737	7	**2,453**	**10,929**	11,413
(ii) Capital Work-in-Progress	11	279	272	**18**	-	-	-	**-**	**18**	11
(iii) Intangible Assets										
Computer Software	5	1	-	**6**	1	2	-	**3**	**3**	4

(i) All the above assets are owned by the company.
(ii) The Company's working capital borrowings from banks are secured by aforesaid assets (Note 17).
(iii) Contractual commitments for the acquisition of Property, Plant and Equipment as at 31-03-2021 ₹ 251 lakhs (Previous year ₹4 lakhs).
(iv) Consequent to change in the estimate of useful life for certain assets, the depreciation for the year is higher by ₹ 114 lakhs (Previous year ₹139 lakhs).

Notes forming part of the Financial Statements

3. Investments - Non Current:

(₹ in Lakhs)

	No of Shares	Face Value (₹)	**As at 31.03.2021**	As at 31.03.2020
Investments in Equity Instruments - at Fair Value through Other Comprehensive Income				
a. Quoted :				
Seshasayee Paper and Boards Limited	8,840,905	2	**14,305**	9,265
High Energy Batteries (India) Limited	100,000	10	**820**	207
Total - Quoted			**15,125**	9,472
b. Unquoted :				
Time Square Investments Private Ltd	80,000	10	**8**	8
SPB Projects and Consultancy Ltd	5,000	10	**1**	1
Esvin Advanced Technologies Ltd	3,000	10	**-**	-
Total - Unquoted			**9**	9
Total			**15,134**	9,481
Aggregate amount of quoted investments-At cost			**2,070**	2,070
Aggregate amount of quoted investments-At market value			**15,125**	9,472
Aggregate amount of unquoted investments-At cost			**9**	9
Refer Note 1.2 on determination of fair value				

4. Other Finanical Assets - Non current:

	As at 31.03.2021	As at 31.03.2020
Unsecured - Considered good		
Security deposit	**13**	18
Others	**9**	9
Total	**22**	27

5. Other Non Current Assets:

Unsecured - Considered good		
Capital advances	**63**	1
Total	**63**	1

6. Inventories:

Work-in-Progress	**103**	54
Finished Goods:		
Sugar	**4,566**	3,445
Molasses	**260**	127
Stores and Spares	**249**	147
Total	**5,178**	3,773

Refer Note No 1.14 for Valuation of Inventories

Notes forming part of the Financial Statements

7. Trade Receivables:

(₹ in Lakhs)

	As at 31.03.2021		As at 31.03.2020	
Unsecured - Considered good	**4,094**		6,945	
- Credit Impaired	**172**	**4,266**	142	7,087
Less: Impairment		**172**		142
Total		**4,094**		6,945

8. Cash and Cash Equivalents:

Balances with Banks		
Current accounts	**83**	41
Deposit account- original maturity less than 3 months	**667**	-
Cash on hand	**2**	3
Total	**752**	44

9. Other Bank balances:

Deposit account- original maturity more than 3 months and less than 12 months	**1,459**	-
Unpaid dividend accounts	**27**	21
Total	**1,486**	21

10. Other Current Financial Assets:

Interest Receivable	**23**	-
Total	**23**	-

11. Other Current Assets:

Advance for supplies	**229**	147
Advance for services	**43**	31
Input Tax Credit Receivable	**14**	15
Prepaid expenses	**54**	64
Others	**37**	27
Total	**377**	284

12. Equity Share Capital:

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

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

No change during the period

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

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

Notes forming part of the Financial Statements

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

Sl No	Name of the Shareholders	**As at 31.03.2021**		As at 31.03.2020	
		No. of Shares	**% Holdings**	No. of Shares	% Holdings
1	Seshasayee Paper and Boards Ltd	**2360260**	**27.45**	2360260	27.45
2	Atyant Capital India Fund I	**813525**	**9.46**	813525	9.46
3	Coromandel Sugars Ltd	**775632**	**9.02**	775632	9.02
4	Time Square Investments P Ltd	**773804**	**9.00**	773804	9.00
5	Gothic Corporation	**539450**	**6.27**	539450	6.27
6	Bharati Chhotubhai Pithawalla	**500466**	**5.82**	500466	5.82

d) Management of Capital:

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

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

.	**As at 31.03.2021**	As at 31.03.2020
Equity	**32,641**	24,746
Debt	**-**	2,013
Cash and Cash Equivalents	**752**	44
Net Debt	**(752)**	1,969
Total Capital (Equity + Net Debt)	**31,889**	26,715
Net Debt to Capital Ratio	**-**	0.07

e) Dividend:

	FY 2020-21	FY 2019-20
Dividend on Equity shares paid during the year		
Dividend for the financial year 2019-20 @ ₹ 4.00 per share (Previous Year ₹ 2.00 per share) of ₹ 10 each	**344**	172
Dividend distribution Tax on dividend	**-**	35
Total	**344**	207

Proposed Dividend

The Board of directors at their meeting held on 7th May, 2021 has recommended payment of dividend of ₹4.00 plus a Silver Jubilee Special Dividend of ₹1.00 totaling to a dividend of ₹5.00 (PY ₹4.00) per equity share of face value of ₹10 each for the financial year ended 31st March, 2021.

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

Notes forming part of the Financial Statements

13. Other Equity:

(₹ in Lakhs)

	As at 31.03.2021	As at 31.03.2020
Capital Reserve	**554**	554
Securities Premium	**160**	160
General Reserve	**12,500**	11,000
Retained Earnings	**5,513**	4,771
Other Comprehensive Income (OCI)	**13,054**	7,401
Total	**31,781**	23,886

Changes during the year in respect of each of the line item above are disclosed in the Statement of changes in Equity for the year ended 31st March 2021.

13.1 Description of nature and purpose of Reserve:

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

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

(iii) General Reserve is created by transferring part of Retained Earnings from time to time. It is transfer from one component of equity to another and it is not an item of Other Comprehensive Income. It is a free reserve created to strengthen the net worth of the Company and it is available for dividend distribution in accordance with the provisions of Companies Act, 2013.

14. Borrowings - Non current :

	As at 31.03.2021	As at 31.03.2020
Secured		
Term Loan from Banks		
-Loan under GOI - Soft Loan Scheme 2019	**-**	356
Total	**-**	356

15. Deferred Tax Liabilities (Net):

	As at 31.03.2021	As at 31.03.2020
Deferred Tax Liabilities	**1,784**	1,859
Less: Deferred Tax Assets	**1,724**	1,599
Net	**60**	260

Notes forming part of the Financial Statements

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

(₹ in Lakhs)

	Balance Sheet 31.03.2021	Profit and Loss 2020-21	OCI 2020-21	Balance Sheet 01.04.2020
Deferred Tax Liability on account of				
Depreciation on Property, Plant and Equipment	**1,784**	(75)	**-**	1,859
	1,784	(75)	-	1,859
Deferred Tax Assets on account of				
Expenses claimed for tax purpose on payment basis	**129**	(69)	**-**	198
Voluntary Retirement Scheme (VRS) expenditure (allowed under Income Tax Act, 1961 over 5 years)	**3**	(4)	**-**	7
Remeasurement benefit of the defined benefit plan through OCI	**(15)**	-	**(8)**	(7)
MAT Credit Entitlement (Note 30(E))	**1,607**	206	**-**	1,401
Sub total	**1,724**	133	**(8)**	1,599
Deferred Tax Liabilities (Net)	**60**	(208)	**8**	260

16. Non-Current Liabilities - Provisions:

	As at 31.03.2021	As at 31.03.2020
Provision for Income Tax (net of Advance Tax)	**590**	577
Total	**590**	577

17. Borrowings - Current:

	As at 31.03.2021	As at 31.03.2020
From Banks		
Secured		
Working Capital Loan - Cash Credit	-	697
- Buffer Stock	-	660
Total	**-**	1,357

Working capital loan is secured by first charge on Inventories, book debts and immovables.

Notes forming part of the Financial Statements

18. Trade Payables:

(₹ in Lakhs)

	As at 31.03.2021	As at 31.03.2020
Micro and Small enterprises	**37**	**36**
Others		
- Goods	**2,889**	**2,271**
- Services	**627**	**463**
Total	**3,553**	**2,770**

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

(ii) Additional disclosures:

	As at 31.03.2021	As at 31.03.2020
i) Principal amount and the interest due thereon remaining unpaid to any supplier as at the end of each accounting year (but within due date as per the MSMED Act, 2006)		
- Principal amount due to micro and small enterprise	**37**	36
- Interest due on above	**Nil**	Nil
ii) Interest paid by the Company in terms of section 16 of the MSMED Act, 2006 alongwith the amount of the payment made to the supplier beyond the appointed day during the period	**Nil**	Nil
iii) Interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the period) but without adding interest specified under the MSMED Act, 2006.	**Nil**	Nil
iv) The amount of Interest accrued and remaining unpaid as at the end of each year	**Nil**	Nil
v) Interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprise	**Nil**	Nil

19. Other Current Financial Liabilities:

	As at 31.03.2021	As at 31.03.2020
Current maturities of long term borrowings	**-**	300
Interest accrued but not due on borrowings	**-**	8
Payable for Capital Expenditure	**12**	21
Unpaid dividends (No amount is due and outstanding to be credited to Investor Education and Protection Fund)	**27**	21
Others	**94**	93
Total	**133**	443

Notes forming part of the Financial Statements

20. Other Current Liabilities:

(₹ in Lakhs)

	As at 31.03.2021	As at 31.03.2020
Revenue received in advance	**68**	468
Statutory liabilities	**328**	311
Others	**224**	180
Total	**620**	959

21. Current Provisions:

	As at 31.03.2021	As at 31.03.2020
Provision for Employee Benefits	**2**	76
Total	**2**	76

22. Revenue from Operations:

	31.03.2021	31.03.2020
Sale of Products	**24,998**	30,694
Other Operating Revenue (Note 32)	**625**	355
Total	**25,623**	31,049

Disclosure relating to Revenue from contracts with customers

	31.03.2021	31.03.2020
a. Type of goods		
Sugar	**17,841**	21,837
Bagasse	**1,329**	2,819
Molasses	**2,509**	2,610
Power	**3,319**	3,428
Total	**24,998**	30,694
b. Type of Customer		
Government / Government undertakings	**4,121**	4,939
Others	**20,877**	25,755
Total	**24,998**	30,694

23. Other Income:

	31.03.2021	31.03.2020
Interest on financial assets carried at amortized cost	**126**	8
Interest - Others	**2**	7
Dividend from quoted equity investments measured at fair value through OCI	**354**	354
Other non-operating income (Note 32)	**150**	35
Total	**632**	404

Notes forming part of the Financial Statements

24. Cost of Materials Consumed:

(₹ in Lakhs)

	31.03.2021	31.03.2020
Raw material -Sugarcane	**18,125**	17,201
Process Chemicals	**132**	131
Packing Materials	**239**	215
Total	**18,496**	17,547

25. Changes in Inventories of finished goods and work-in-progress:

	31.03.2021		31.03.2020	
Opening stock - Finished goods	**3,572**		6,019	
- Work in progress	**54**	**3,626**	160	6,179
Closing stock - Finished goods	**4,826**		3,572	
- Work in progress	**103**	**4,929**	54	3,626
Changes in Inventories of finished goods and Work in progress		**(1,303)**		2,553

26. Employee Benefits Expense:

	31.03.2021	31.03.2020
Salaries and wages	**1,469**	1,347
Contribution to Provident & Other Funds (Note 36)	**150**	142
Staff Welfare Expenses	**141**	140
Total	**1,760**	1,629

27. Other Expenses:

	31.03.2021	31.03.2020
Consumption of stores and spare parts	**21**	22
Rent	**14**	14
Repairs and Maintenance		
-Buildings	**142**	134
-Plant & Machinery	**646**	627
-Others	**18**	9
Insurance	**41**	24
Rates and taxes	**84**	66
Auditors' remuneration (Note 27-A)	**11**	9
Watch & ward	**61**	63
Travel	**43**	58
Professional & Consultancy	**62**	54
Directors' sitting fees and commission	**21**	21
Freight & handling	**119**	149
Impairment Loss -Trade Receivables	**30**	142
Loss on sale of assets	**5**	6
Miscellaneous	**109**	121
Total	**1,427**	**1,519**

Notes forming part of the Financial Statements

27-A. Payment to Auditors:

(₹ in Lakhs)

	31.03.2021	31.03.2020
Statutory Audit Fees	**8.00**	7.00
Tax Audit Fees	**0.50**	0.50
Certification Fees and Other Services	**2.75**	1.15
Reimbursement of expenses	**0.04**	0.31
Total	**11.29**	8.96

28. Finance Costs:

	31.03.2021	31.03.2020
Interest on borrowings (Note 32)	**22**	234
Other borrowing costs	**32**	34
Total	**54**	268

29. Depreciation and Amortisation Expense:

	31.03.2021	31.03.2020
Depreciation of Property, Plant and Equipment	**729**	737
Amortisation of Intangible assets	**2**	2
Total	**731**	739

30. Tax Expense:

	31.03.2021	31.03.2020
(A) Major components of Income Tax expense for the year :		
Tax expense recognised in the Statement of Profit and Loss		
(a) Current Tax :		
Current tax on the taxable income for the year - Minimum Alternate Tax	**501**	533
(b) Deferred Tax :		
Deferred Tax Liability on account of depreciation	**(75)**	53
Write back of Deferred Tax consequent to reduction in Tax Rates	**-**	(224)
Deferred Tax Asset on unabsorbed depreciation	**-**	641
Deferred Tax Asset on account of Section 43B and other temporary disallowances	**73**	(46)
MAT Credit Entitlement	**(206)**	(462)
Total	**(208)**	(38)
(c) Applicable tax rate - %	**29.12**	29.12
Total Tax Expense (a)+(b)	**293**	495

Notes forming part of the Financial Statements

(₹ in Lakhs)

	31.03.2021	31.03.2020
(B) Reconciliation of Tax expenses and the accounting profit for the year :		
Enacted Income tax rate in India applicable to the Company	**29.12%**	29.12%
Profit Before Tax	**2,859**	3,589
Current Tax Expense at the applicable rate	**833**	1,045
Tax effect of the amounts which are not deductible /(taxable) in calculating taxable income		
Add/(Less):		
Exempted income / Tax holiday under Section 80 (IA)	**(615)**	(537)
Difference in depreciation	**115**	117
Unabsorbed depreciation set off	**-**	(685)
Differences on account of Section 43B and other temporary disallowances	**(55)**	43
Differences on account of other permanent disallowances	**17**	17
Total	**(538)**	(1,045)
Current Tax for the Year under normal computation	**295**	-
(C) Taxes on items of OCI		
Items that will not be reclassified to profit or loss		
Income Tax on Remeasurement of the defined benefit plans	**8**	(15)
	8	(15)

(D) Current Tax:

The company has recognized Minimum Alternate Tax (MAT) since the tax payable under normal computation is lower than MAT. In view of the deduction available under Section 80 -IA and MAT Credit Receivable which is more beneficial, the company has not exercised the option under Section 115BAA of the Income Tax Act.

(E) Deferred Tax:

MAT credit of ₹ 206 lakhs (previous year ₹ 462 lakhs), ₹ 1607 lakhs as on 31st March 2021 (₹ 1401 lakhs as on 31st March 2020)is recognised and carried forward as deferred tax asset as there exists reasonable certainty to recover the same in future.

31. Contingent Liabilities and Commitments:

	As at 31.03.2021	As at 31.03.2020
a. Contingent Liabilities		
Claims against the company not acknowledged as debt		
- Indirect tax demands contested	**7**	7
- Electricity related demands contested	**18**	18
b. Commitments		
- Contracts for purchase of sugar cane	**13,957**	10,544
- Estimated value of contracts remaining to be executed on capital account and not provided for	**251**	4

Notes forming part of the Financial Statements

32. Government Grant :

(₹ in Lakhs)

The Company has recognised Government Grants in these financial statements under relevant heads as disclosed below:

Particulars	Treatment in Accounts	**31.03.2021**	31.03.2020
a. Cane transport subsidy for 2018-19 season from TN Government	Included in other operating revenue (Note 22)	**439**	-
b. Premium for sale of export quota allocated by Central Government	Included in other operating revenue (Note 22)	**91**	-
c. Sale of Renewal Energy Certificates	Included in other operating revenue (Note 22)	**23**	278
d. Buffer stock subsidy from Central Government	Included under other income (Note 23)	**61**	-
e. Interest subvention claim for Soft Loan	Included under other income (Note 23)	**45**	-
f. Interest subvention claim for Soft Loan	Deducted from finance cost (Note 28)	**9**	-
Total		**668**	278

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

Particulars	Note	Non Current		Current	
		As at 31.03.2021	As at 31.03.2020	**As at 31.03.2021**	As at 31.03.2020
Financial Assets measured at Fair Value through Other Comprehensive Income (FVTOCI)					
Investments in quoted equity shares	3	**15,125**	9,472	**-**	-
Investments in Unquoted equity shares	3	**9**	9	**-**	-
Total		**15,134**	9,481	**-**	-
Financial Assets measured at amortised cost					
Security Deposit	4	**13**	18	**-**	-
Others	4	**9**	9	**-**	-
Trade Receivables	7	**-**	-	**4,094**	6,945
Cash and Cash Equivalents	8	**-**	-	**752**	44
Other Balances with Banks	9	**-**	-	**1,486**	21
Other Current Financial Assets	10	**-**	-	**23**	-
Total		**22**	27	**6,355**	7,010

Notes forming part of the Financial Statements

(₹ in Lakhs)

Particulars	Note	Non Current		Current	
		As at 31.03.2021	As at 31.03.2020	**As at 31.03.2021**	As at 31.03.2020
Financial Liabilities measured at amortised cost					
Loans repayable on demand - Term Loan	14	**-**	356	**-**	-
Loans repayable on demand - Cash Credit	17	**-**	-	**-**	697
Loans repayable on demand - Buffer Stock	17	**-**	-	**-**	660
Current Maturities of Long term borrowings	19	**-**	-	**-**	300
Interest accrued but not due on borrowings	19	**-**	-	**-**	8
Payable towards capital expenditure	19	**-**	-	**12**	21
Payable towards Micro and Small enterprises	18	**-**	-	**37**	36
Payable towards Goods	18	**-**	-	**2,889**	2,271
Payable towards services	18	**-**	-	**627**	463
Unpaid/Unclaimed Dividend	19	**-**	-	**27**	21
Payable towards Other expenses	19	**-**	-	**94**	93
Total		**-**	356	**3,686**	4,570

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

33(B). Fair value Measurements

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

Financial assets/financial liabilities	Fair value	Fair value hierarchy		
		Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)
Financial assets measured at Fair Value through Other Comprehensive Income (Note 3)				
As at 31.03.2021				
Investments in quoted equity shares	**15,125**	**15,125**	**-**	**-**
Investments in unquoted equity shares - Other Entities	**9**	**-**	**-**	**9**
As at 31.03.2020				
Investments in quoted equity shares	9,472	9,472	-	-
Investments in unquoted equity shares - Other Entities	9	-	-	9

Notes forming part of the Financial Statements

(ii) Financial Instrument measured at Amortised Cost :

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

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

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

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

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

1. Market Risk

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

(i) Interest Rate Risk

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

(ii) Foreign Currency Risk

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

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

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

Foreign currency exposure at end of the reporting period - Nil

(iii) Equity Price Risk

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

All the investments are held for strategic purposes and not held for trading.

2. Credit Risk

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

Notes forming part of the Financial Statements

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

Exposure to Credit Risk – The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to Credit risk was ₹ 6377 lakhs as at 31st March 2021, and ₹ 7037 lakhs as at 31st March 2020 being the total of the carrying amount of balances with banks, short term deposits with banks, trade receivables and other financial assets excluding equity investments.

3. Liquidity Risk

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

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

Contractual maturities of financial liabilities based on contractual undiscounted payments.

(₹ in Lakhs)

Particulars	**As at 31.03.2021**			As at 31.03.2020		
	Less than one year	**Over one year**	**Total**	Less than one year	Over one year	Total
Borrowings (Note 14)	**-**	**-**	**-**	-	356	356
Borrowings (Note 17)	**-**	**-**	**-**	1,357	-	1,357
Trade and other payables (Note18)	**3,553**	**-**	**3,553**	2,770	-	2,770
Other financial liabilities (Note19)	**133**	**-**	**133**	443	-	443

34. The Company has challenged the order of Commissioner (Appeals) before the CESTAT, Chennai in respect of Excise duty demand of ₹ 470 lakhs (including interest and penalty) on bagasse and pressmud that are exempted goods and are not final products. The company has been legally advised that probability of outflow of resources arising out of the aforesaid legal issues are remote. Accordingly, no provision or disclosure of contingent liability is required for same in terms of Ind AS 37.

35. As against CSR obligation of ₹ 35 lakhs for the year under Sec.135 (5) of the Companies Act, 2013, the Company has incurred ₹ 44 lakhs towards CSR activities as under:

(a) Construction/ acquisition of any asset: Nil

(b) On purposes other than (a) above: (₹ in Lakhs)

Sl no	**CSR Activity**	**31.03.2021**	31.03.2020
1	Supporting irrigation infrastructure in rural area	**31**	30
2	Construction of rain water harvesting pit	**-**	6
3	Primary education for the children of rural area	**1**	4
4	Improvement of soil fertility in rural area	**-**	2
5	Water and Sanitation	**8**	-
6	Strengthening rural infrastructure/ improving road connectivity	**4**	-
	Total	**44**	42

Notes forming part of the Financial Statements

36. Employee Benefits

(i) Defined Contribution Plans:

The Company makes Provident Fund and Superannuation Fund contributions which are defined contribution plans, for qualifying employees. Under the Schemes, the Company is required to contribute a specified percentage of eligible pay to fund the benefits. The Company has recognised ₹ 95 Lakhs (previous year ₹ 87 Lakhs) for Provident Fund contributions and ₹ 27 Lakhs (previous year ₹ 26 Lakhs) for Superannuation Fund contributions in the Statement of Profit and Loss. The contributions payable to these plans by the Company are at rates specified in the rules of the schemes.

(ii) Defined Benefit Plans

(a) Gratuity

In respect of Gratuity plan, the most recent actuarial valuation of the plan assets and the present value of the defined benefit obligation were carried out as of March 31, 2021. The present value of the defined benefit obligation and the related current service cost and past service cost, were measured using the projected unit cost method. The following table sets forth the status of the Gratuity Plan of the Company and the amount recognised in the Balance Sheet and Statement of Profit and Loss. The Company provides the gratuity benefit through annual contributions to the funds managed by the ICICI Prudential Life Insurance Company Ltd.

Disclosure for defined benefit plans based on actuarial valuation as on 31.03.2021 (₹ in Lakhs)

General description		Post employment benefit Gratuity - Funded plan - Non contributory	
		31.03.2021	31.03.2020
(i)	**Change in Defined Benefit Obligation**		
	Present value - opening balance	**568**	556
	Current service cost	**28**	29
	Interest cost	**35**	39
	Re-measurement (gain) / loss:		
	- Effect of changes in financial assumptions	**-**	56
	- Effect of experience adjustments	**18**	(30)
	- Effect of changes in demographic assumptions	**-**	(6)
	Benefits paid	**(74)**	(76)
	Present value - closing balance	**575**	568
(ii)	**Change in Fair Value of Plan Assets**		
	Opening balance	**494**	563
	Interest income	**35**	40
	Return on plan assets	**46**	(33)
	Contributions by employer	**80**	-
	Benefits paid	**(74)**	(76)
	Closing balance	**581**	494

Notes forming part of the Financial Statements

(₹ in Lakhs)

		31.03.2021	31.03.2020
(iii)	**Amount recognized in the Balance Sheet (as at year end)**		
	Present value of obligations	**575**	568
	Fair value of plan assets	**581**	494
	Net (asset) / liability recognized	**(6)**	74
(iv)	**Expenses recognized in the profit and loss statement**		
	Current service cost	**28**	**29**
	Interest	**-**	**-**
	Total included in 'Employee benefits expense'	**28**	**29**
(v)	**Expenses recognized in Other Comprehensive Income (OCI)**		
	Re-measurement on the net defined benefit liability:		
	- Effect of changes in financial assumptions	**-**	**56**
	- Effect of experience adjustments	**18**	**(30)**
	- Effect of changes in demographic assumptions	**-**	**(6)**
	Return on plan assets	**46**	**(33)**
	Net cost in Other Comprehensive Income (OCI)	**(28)**	**53**
(vi)	**Asset information** .	Insurance Policy (100%)	
(vii)	**Principal actuarial assumptions**		
	Mortality	Indian assured Lives Mortality (2012-14) Ultimate	
	Discount rate (%)	**6.57**	6.56
	Expected rate of salary increase (%)	**9.00**	9.00
	Expected rate of attrition (%)	**8.50**	8.50
	Expected average remaining working lives of employees (years)	**7.00**	8.00
(viii)	**Expected contribution (₹ in Lakhs)**	**60.00**	80.00

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

Notes forming part of the Financial Statements

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

(₹ in Lakhs)

Particulars	**31.03.2021**	31.03.2020
Discount Rate		
- 1% Increase	**28**	**27**
- 1% decrease	**(31)**	**(29)**
Salary Growth Rate		
- 1% Increase	**(27)**	**(26)**
- 1% decrease	**25**	**24**
Attrition Rate		
- 1% increase	**(5)**	**(5)**
- 1% decrease	**6**	**6**

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

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

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

(b) Long Term Compensated Absence

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

Assumptions	**2020-21**	2019-20
Discount rate	**6.57%**	6.56%
Attrition Rate	**8.50%**	8.50%
Expected rate of salary increase	**9.00%**	9.00%

37. Segment Reporting:

(₹ in Lakhs)

Particulars	Sugar		Cogeneration		Eliminations		Total	
	31.03.21	31.03.20	**31.03.21**	31.03.20	**31.03.21**	31.03.20	**31.03.21**	31.03.20
Revenue								
External Sales	**20350**	24447	**4648**	6247	**-**	-	**24998**	30694
Inter – Segment Sales	**3144**	3066	**3004**	2899	**(6148)**	(5965)	**-**	-
Other Operating income	**600**	74	**25**	281	**-**	-	**625**	355
Total Revenue	**24094**	27587	**7677**	9427	**(6148)**	(5965)	**25623**	31049

Notes forming part of the Financial Statements

(₹ in Lakhs)

Particulars	Sugar		Cogeneration		Eliminations		Total	
	31.03.21	31.03.20	**31.03.21**	31.03.20	**31.03.21**	31.03.20	**31.03.21**	31.03.20
Segment Result								
Operating Profit before Exceptional items	**1295**	1987	**1395**	1811	**-**	-	**2690**	3798
Exceptional income	**-**	53	**-**	-	**-**	-	**-**	53
Operating Profit	**1295**	2040	**1395**	1811	**-**	-	**2690**	3851
Finance Costs							**54**	268
Other unallocable expenditure net of unallocable income		-					**(223)**	(6)
Profit Before Tax							**2859**	3589
Tax Expenses							**293**	495
Profit After Tax							**2566**	3094
Other Information								
Segment Assets	**9247**	7852	**10948**	14128	**-**	-	**20195**	21980
Unallocated Corporate Assets							**17404**	9564
Total Assets							**37599**	31544
Segment Liabilities	**4106**	3778	**175**	141	**-**	-	**4281**	3919
Unallocated Corporate Liabilities							**677**	2879
Total Liabilities							**4958**	6798
Capital Expenditure	**208**	220	**28**	52	**-**	-	**236**	272
Depreciation	**237**	364	**494**	375	**-**	-	**731**	739

Information required under 34 of Ind AS 108.

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

38. Earnings per Share:

	31.03.2021	31.03.2020
Profit after tax (₹ Lakhs)	**2,566**	3,094
Weighted average number of shares (in lakhs)	**86**	86
Nominal value per share (₹)	**10**	10
Basic and diluted earnings per share (₹)	**29.84**	35.98

39. Related Party Disclosures:

i) Names of the transacting Related Parties and description of Relationship :

1. Seshasayee Paper and Boards Ltd (SPB)
   The Company is associate of SPB.
2. Esvi International (Engineers & Exporters) Ltd
   100% subsidiary of SPB
3. Directors– KMP - refer (c) & (d)

Notes forming part of the Financial Statements

ii) Description of Transactions:

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

Particulars	**31.03.2021**	31.03.2020
Sale of goods	**560**	1,381
Purchase of goods	**440**	599
Services availed (Net)	**9**	3
Dividend received	**354**	354
Dividend paid	**94**	47
Amount outstanding – Receivable - Unsecured	**24**	219

The company has continuing commitment under the agreement with Seshasayee Paper and Boards Ltd for sale of bagasse and related matters as approved by special resolution of shareholders at the Annual General Meeting held on 24th July 2015.

b) Esvi International (Engineers & Exporters) Ltd

Particulars	**31.03.2021**	31.03.2020
Rent paid	**7**	7
Rent advance outstanding - Unsecured	**3**	3

c) Mr N Ramanathan – Managing Director
Remuneration

Particulars	**31.03.2021**	31.03.2020
i. Short term benefits	**154**	115
ii. Post employment benefits	**22**	13
iii. Other long term benefits	**6**	14
iv. Amount outstanding at the end of the year - payable - Unsecured	**60**	48

The transactions with related parties are as per the terms of arrangements between the parties in the normal course of business and to be settled through receipt/ payment or sale/purchase of goods or services.

d) Non-executive Directors

Name	Position
Mr N Gopala Ratnam	Chairman & Non-Executive Director
Dr L M Ramakrishnan	Vice Chairman & Non-Executive Director
Mr Arun G Bijur	Non-Executive Director
Mr Bimal K Poddar	Non-Executive Director
Mr V Sridar	Non-Executive Director
Dr Nanditha Krishna	Non-Executive Director
Mr K Bharathan	Non-Executive Director

Notes forming part of the Financial Statements

(₹ in Lakhs)

Particluars	**31.03.2021**	31.03.2020
Sitting fees	**7**	7
Commission	**14**	14

40. Approval of Financial Statements

The financial statements have been approved for issue by the Board of Directors on 7th May 2021.

41. Covid-19 Impact

Determination of Covid-19 impact on company's business operations and consequent financial impact involve significant management judgment and estimation. The company has used best available information in making such determination.

The Covid-19 threat led to imposition of lockdown resulting in temporary closure of production operations from 25th March 2020. On restart from 22nd April 2020, the company was adversely impacted by lower sugar recovery (that is not readily quantifiable) and higher compliance cost to meet the Standard Operating Procedures under extant Government directives.

While sugar prices faced bearish pressures, the company did not suffer any large scale contraction in demand for its products or disruption to its business. The second wave of Covid-19 since March 2021 has led to Government intervention and impost of restrictions again but the company does not foresee any material adverse impact arising there from to its business.

As per current assessment, there is no significant impact on the carrying amounts of property, plant and equipment, investment, inventories, receivables and other financial assets. The actual impact of Covid-19 may however differ from the estimate as at the date of approval of these financial results.

42. Figures for the previous year have been regrouped, wherever necessary.

Per our Report of even date annexed

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

Chella K Srinivasan
Partner
Membership No. 023305

Chennai
7th May 2021

For and on behalf of the Board

N Gopala Ratnam
Chairman

N Ramanathan
Managing Director

N Ramanathan
Secretary

K Yokanathan
Chief Financial Officer

Erode / Chennai
7th May 2021

Vision

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

Mission

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

Values

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

PONNI SUGARS (ERODE) LIMITED

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