





### *Year Scorecard*

- ❖ *All round operational excellence*
- ❖ *All time high Turnover*
- ❖ *Adverse market overcome by cost optimization*
- ❖ *Bottom line boosted by one-off gains*
- ❖ *PBT the second best ever*
- ❖ *PAT records a new peak*

**Directors**

N Gopala Ratnam (*Chairman*)  
 Dr L M Ramakrishnan (*Vice Chairman*) (*till 30.09.2022*)  
 N Ramanathan (*Managing Director*)  
 Arun G Bijur  
 Bimal K Poddar  
 V Sridar  
 Dr Nanditha Krishna  
 K Bharathan  
 Mohan Verghese Chunkath (*from 06.05.2022*)  
 Bharti Chhotubhai Pithawalla (*from 06.05.2022*)  
 P Manoharan (*from 01.10.2022*)

**Audit Committee**

V Sridar (*Chairman*)  
 Dr L M Ramakrishnan (*till 30.09.2022*)  
 Bimal K Poddar  
 K Bharathan  
 Mohan Verghese Chunkath (*from 01.10.2022*)

**Nomination and Remuneration Committee**

V Sridar (*Chairman*)  
 N Gopala Ratnam  
 Dr L M Ramakrishnan (*till 30.09.2022*)  
 K Bharathan (*from 01.10.2022*)

**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

**Company Secretary**

R Madhusudhan

**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

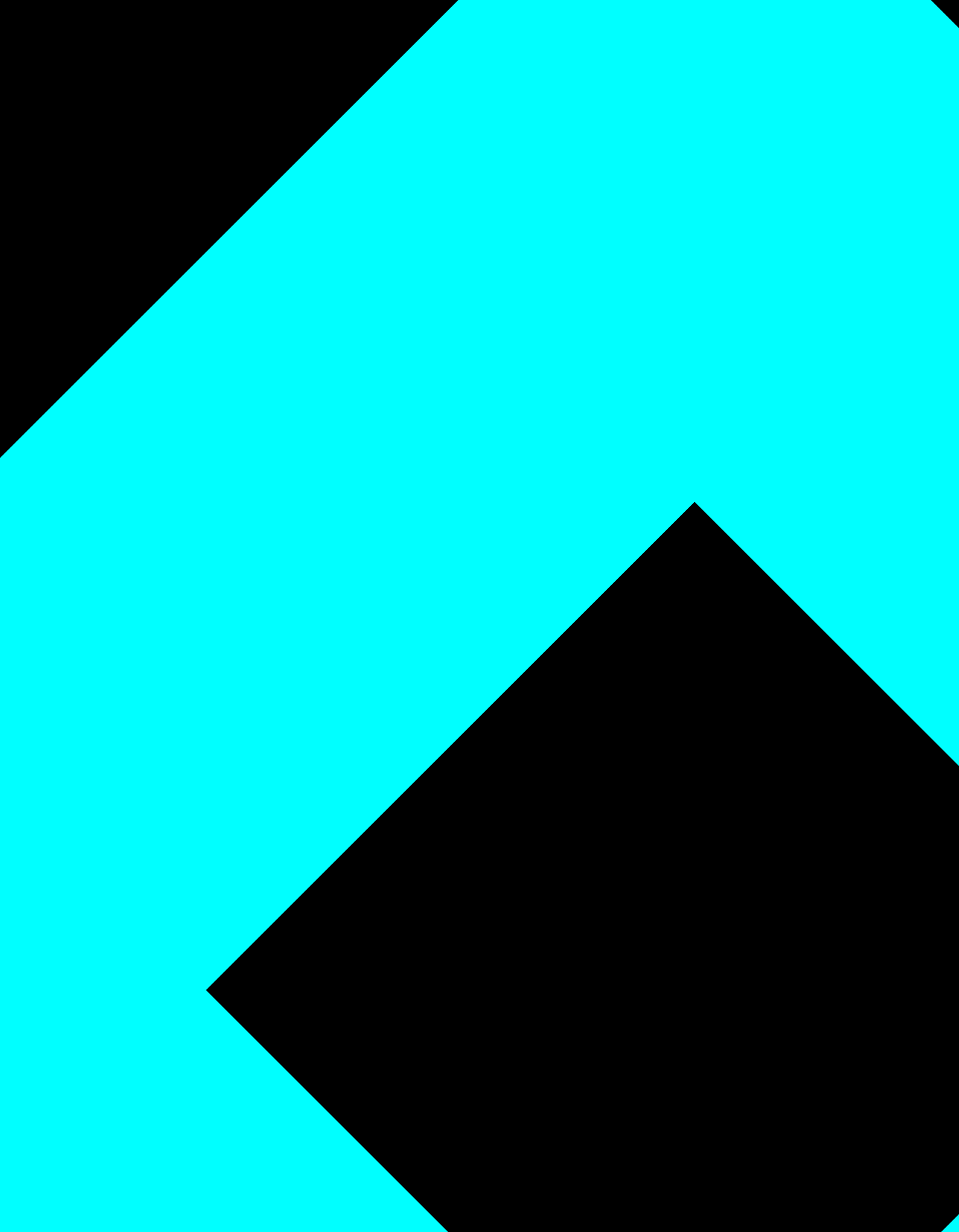
**Works**

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

| <b>Main contents</b>        | <b>Page</b> |
|-----------------------------|-------------|
| Notice                      | 6           |
| Board's Report              | 18          |
| MDA Report                  | 23          |
| Corporate Governance Report | 34          |
| Secretarial Audit Report    | 66          |
| Auditors' Report            | 69          |
| Financial Statements        | 80          |







## Financial Highlights – Ten Years at a Glance

₹ in Lakhs

| For the year                     | 2013-14 | 2014-15 | 2015-16 | 2016-17 | 2017-18 | 2018-19 | 2019-20 | 2020-21 | 2021-22 | 2022-23 |
|----------------------------------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|
| Total Income                     | 17103   | 16153   | 17081   | 25174   | 19859   | 18796   | 31453   | 26255   | 29532   | 45049   |
| Total Expenditure                | 16429   | 16511   | 16758   | 21189   | 17588   | 16523   | 26910   | 22611   | 25279   | 39494   |
| PBIDT                            | 674     | -358    | 323     | 3985    | 2271    | 2273    | 4543    | 3644    | 4253    | 5555    |
| Interest                         | 671     | 512     | 587     | 475     | 197     | 347     | 268     | 54      | 12      | 35      |
| Depreciation                     | 825     | 566     | 564     | 570     | 568     | 593     | 739     | 731     | 644     | 758     |
| Profit before exceptional items  | -822    | -1436   | -828    | 2940    | 1506    | 1333    | 3536    | 2859    | 3597    | 4762    |
| Exceptional Items                | -541    | -893    | -1090   | 776     | 1126    | 133     | -53     | 0       | 0       | 0       |
| PBT                              | -281    | -543    | 262     | 2164    | 380     | 1200    | 3589    | 2859    | 3597    | 4762    |
| Tax                              | 197     | -178    | 72      | 645     | 46      | 357     | 495     | 293     | 672     | 928     |
| PAT                              | -478    | -365    | 190     | 1519    | 334     | 843     | 3094    | 2566    | 2925    | 3834    |
| EPS (₹)                          | -5.56   | -4.24   | 2.21    | 17.66   | 3.88    | 9.80    | 35.98   | 29.84   | 34.01   | 44.58   |
| Cash EPS (₹)                     | 0.03    | 1.81    | 9.61    | 31.80   | 10.49   | 18.55   | 44.14   | 35.93   | 42.41   | 54.27   |
| Dividend %                       | 6       | --      | 12      | 25      | 10      | 20      | 40      | 50      | 55      | 65      |
| <b>As at year end</b>            |         |         |         |         |         |         |         |         |         |         |
| Gross Block                      | 17575   | 17602   | 17638   | 17747   | 13083   | 13141   | 13388   | 13595   | 15048   | 16395   |
| Net Block                        | 13339   | 12773   | 12261   | 11840   | 11952   | 11417   | 10932   | 10419   | 11234   | 11834   |
| Loan Funds                       | 8283    | 7791    | 7663    | 4905    | 725     | 3487    | 2013    | 0       | 0       | 0       |
| Net Worth                        | 12376   | 12011   | 12159   | 13678   | 13752   | 14496   | 17345   | 19587   | 22090   | 25404   |
| Book value per share (₹)         | 143.93  | 139.69  | 141.41  | 159.08  | 159.94  | 168.59  | 201.72  | 227.80  | 256.91  | 295.45  |
| <b>Share Price at NSE (in ₹)</b> |         |         |         |         |         |         |         |         |         |         |
| High                             | 359.45  | 251.00  | 248.00  | 357.05  | 228.80  | 189.40  | 182.00  | 197.00  | 380.00  | 581.00  |
| Low                              | 87.10   | 100.50  | 110.90  | 172.70  | 141.00  | 102.30  | 81.00   | 112.10  | 145.30  | 209.50  |



## 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 27th Annual General Meeting of the Company will be held on Wednesday, the 21st June 2023 at 11.00 AM through 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 2023 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 ₹ 6.50 (Rupees six and paise fifty only) per equity share, for the financial year 2022-23 be and is hereby declared on the 8598418 equity shares of ₹10/- each fully paid-up;
- (ii) the dividend amount to each shareholder be rounded off to the nearest rupee.
- (iii) 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 the National Securities Depository Ltd/ Central Depository Services (India) Ltd as on Wednesday, the 21st June 2023.”

##### 3. Reappointment of retiring Director

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

RESOLVED that Mr N Gopala Ratnam (DIN: 00001945) who retires by rotation, be and is hereby reappointed as a director of the company, liable to retire by rotation”

#### SPECIAL BUSINESS

##### 4. Commission to Non-Executive Directors

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

- (i) RESOLVED that pursuant to Section 197 and other applicable provisions of the Companies Act, 2013 and the Rules made thereunder, applicable provisions of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 and applicable provisions of any other Law, Rules and Regulations for the time being in force, consent of the company be and is hereby accorded for payment of commission to Non-Executive Directors out of the net profit of the company, over and above the sitting fees, for a period of three financial years from 1st April 2023 to 31st March 2026.

PROVIDED that the commission for all the non-executive directors shall in aggregate not exceed in any year one percent of the net profit of the Company computed in terms of Section 198 of the Companies Act, 2013.

- (ii) RESOLVED FURTHER that the commission within the above ceiling be divisible among the directors in such manner and proportion as the Board of Directors may deem fit.

## 5. 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 there under, 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 for the financial year 2023-24 at ₹ 200000 (Rupees two lakh 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  
28th April 2023

**R Madhusudhan**  
Company Secretary

## NOTES:

### 1. AGM thro VC / OAVM

Ministry of Corporate Affairs (“MCA”) vide its Circular dated 28.12.2022 in continuation of its earlier circulars on the subject have allowed companies to hold their Annual General Meeting (“AGM”) through Video Conferencing (“VC”) or Other Audio Visual Means (“OAVM”) till 30th September 2023.

Accordingly, the 27th AGM of the Company will be held through VC / OAVM (e-AGM) and shareholders can attend and participate in the e-AGM through VC/OAVM only. The deemed venue of the e-AGM will be registered office of the company.

### 2. Quorum/ Proxy form / Attendance slip

**A shareholder entitled to attend and vote at the meeting 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 through 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 under Section 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. Particulars of Directors

Particulars of Director seeking reappointment pursuant to Regulation 36 (3) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (SEBI-LODR) is given in Appendix-A that forms part of this Notice.

## 4. Explanatory Statement / Special Business

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

As per the provisions of Clause 3 A II of the MCA General Circular no 20/2020 dt.5th May 2020 and subsequent circulars, the matters of Special Business as appearing at item Nos.4 & 5 of the accompanying Notice, are considered to be unavoidable by the Board and hence form part of this Notice.

## 5. Book Closure

The Register of Members and the Share Transfer Books of the Company will remain closed from Friday, the 9th June 2023 to Wednesday, the 21st June 2023 (both days inclusive).



## 6. Dividend

Dividend on declaration will be paid on or before 29.06.2023.

Shareholders are advised to refer to 'Shareholder information' section of the Corporate Governance Report (page 54 of the Annual Report) for details on dividend entitlement, payment options, tax on dividend and procedure for claiming tax exemption.

## 7. Unpaid Dividend

Unpaid Dividend for over 7 years will be transferred to the Investor Education and Protection Fund. Shareholders may refer to page 55 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 55 of the Annual Report for details.

## 8. Attending e-AGM

The Company has appointed Central Depository Services 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.

## 9. Voting Process

Shareholders can cast their votes through remote e-Voting in advance or at the AGM through e-Voting. The detailed process and instructions are given in Appendix-C.

## 10. Mailing of AGM Notice & Annual Report

In deference to extant MCA / SEBI circulars, Notice of AGM and the Annual Report for FY 2022-23 are being sent only by electronic mode to shareholders whose email address is registered either 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 S.No.11).

The AGM Notice and Annual Report are available on the websites of the Company [www.ponnisugars.com](http://www.ponnisugars.com), Stock Exchanges i.e. BSE Ltd [www.bseindia.com](http://www.bseindia.com) and National Stock Exchange of India Ltd [www.nseindia.com](http://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](http://www.evotingindia.com)

## 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](mailto: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.

## 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. Shareholder can send an email for this purpose to [admin@ponnisugars.com](mailto: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 N Gopala Ratnam [DIN:00001945], aged 76 years has been associated with our company and its sugar mill for four decades. He comes under the promoter category.

Regulation 17(1A) of SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015 (SEBI-LODR) 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. Accordingly, Mr. N Gopala Ratnam was reappointed in 2020 as a director by special resolution and it is proposed to pass a special resolution for the current re-appointment as well.

Mr N Gopala Ratnam is quite agile, active and alert and is presently the Chairman of the Company as well as other group companies. In the opinion of the Board, he is eminently suitable for being continued as a Director of the company despite attaining the age of 76 years. Mr N Gopala Ratnam is not debarred from holding the office of director by virtue of any order of SEBI or any other authority. Particulars required under Reg.36(3) of the SEBI-LODR are given in Appendix A that forms part of this Notice.

Except Mr N Gopala Ratnam, 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

#### Commission to Non-Executive Directors

Non-executive directors play a pivotal role in strengthening corporate democracy and steering the governance process. They are called upon to devote considerable time and effort in discharge of their role and responsibilities. It is but fair and equitable that they receive due compensation

for this by way of permissible commission under the Act over and above the sitting fee.

Having regard to the above, the company in General Meetings has been authorizing payment of commission to Non-Executive Directors from time to time within the ceiling prescribed under the Companies Act, 2013 which is at 1% of the net profit of the company. This limit can be increased and commission can be paid even in the absence of profits with the approval of shareholders by special resolution. The Company had paid Rupees two lakhs commission to each Non-executive director per financial year in FY 2020-21 to FY 2022-23.

It is now proposed to seek fresh authorization of shareholders by way of an Ordinary Resolution for the payment of commission to non-executive directors up to and not exceeding one percent of net profit in the aggregate for a further tenure of three financial years from 1st April 2023.

All directors (other than the Managing Director) and none of the Key Managerial Personnel of the company or their relatives are concerned or interested financially or otherwise, in this item of business. Hence the Board refrains from recommending this resolution and places it directly for the consideration and approval of the shareholders.

### Item No.5

#### Remuneration to Cost Auditor

The Company is engaged in two business segments namely Sugar and Cogeneration. It maintains cost accounting records and get them audited under the provisions of the Companies Act, 2013 (the Act).

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 2023-24 pertaining to both Sugar and Cogen segments and approved the remuneration at ₹.2,00,000/- (Rupees two lakh only), based on the recommendation of the Audit Committee.

It is now placed for the ratification of shareholders in accordance with Section 148 (3) of the Act 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 item of business.

The Board recommends the Ordinary Resolution set out in Item No.5 of the Notice for ratification of the shareholders.

(By Order of the Board)

For **PONNI SUGARS (ERODE) LIMITED**

Chennai  
28th April 2023

**R Madhusudhan**  
Company Secretary

## Appendix 'A'

**Details of the Director seeking reappointment at the 27th Annual General Meeting**

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

|                                                                           |                                                                                                                                                                                                                                                                  |
|---------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Name of Director seeking reappointment                                    | <b>N Gopala Ratnam</b>                                                                                                                                                                                                                                           |
| DIN                                                                       | 00001945                                                                                                                                                                                                                                                         |
| Date of Birth / Age                                                       | 15-04-1947 (76)                                                                                                                                                                                                                                                  |
| Qualification                                                             | B.Sc. (Physics), B.E (Mech)                                                                                                                                                                                                                                      |
| Experience & Expertise                                                    | 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.                                      |
| Terms & conditions of re-appointment                                      | He is proposed to be reappointed 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 (FY 2022/23)                                      | Sitting fee: ₹ 2.60 lakhs<br>Commission: ₹ 2 Lakhs                                                                                                                                                                                                               |
| Date of first appointment on the Board                                    | 26.12.1996                                                                                                                                                                                                                                                       |
| Shareholding in the company                                               | 2823                                                                                                                                                                                                                                                             |
| Relationship with other directors, manager and key managerial personnel   | Nil                                                                                                                                                                                                                                                              |
| Number of Board meetings attended during the FY 2022-23                   | 6                                                                                                                                                                                                                                                                |
| Other Directorships                                                       | <i>Chairman</i><br>Seshasayee Paper and Boards Ltd<br>High Energy Batteries (India) Ltd<br>Esvi International (Engineers & Exporters) Ltd<br>Time Square Investments Private Ltd                                                                                 |
| Memberships/ Chairmanship of Committees in other companies                | Seshasayee Paper and Boards Ltd<br><br><i>Member:</i><br>Audit Committee<br>Stakeholders Relationship Committee<br>Corporate Social Responsibility Committee<br><br>High Energy Batteries (India) Ltd<br><i>Chairman:</i><br>Stakeholders Relationship Committee |
| Resignation of directorships from listed entities during past three years | Nil                                                                                                                                                                                                                                                              |



### Procedure for participation in the 27th 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](mailto:admin@ponnisugars.com) on or before Saturday the 17th June 2023 (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 <b>CDSL</b> or in physical mode | Members facing any technical issue in login can contact CDSL helpdesk by sending a request at <a href="mailto:helpdesk.evoting@cdslindia.com">helpdesk.evoting@cdslindia.com</a> or contact at toll free no. 1800 22 55 33. |
| Individual Shareholders holding securities in Demat mode with <b>NSDL</b>                     | Members facing any technical issue in login can contact NSDL helpdesk by sending a request at <a href="mailto:evoting@nsdl.co.in">evoting@nsdl.co.in</a> or call at 022 - 4886 7000 and 022 - 2499 7000.                    |

You may also refer the Frequently Asked Questions ("FAQs") and e-voting manual available at [www.evotingindia.com](http://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](mailto:helpdesk.evoting@cdslindia.com) or contact at toll free no. 1800 22 55 33.

## 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 27th 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 Saturday, the 17th June 2023 (10.30 AM) and ends on Tuesday, the 20th June 2023 (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 <b>CDSL</b> | <ol style="list-style-type: none"> <li>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 <a href="https://web.cdslindia.com/myeasinew/home/login">https://web.cdslindia.com/myeasinew/home/login</a> or <a href="http://www.cdslindia.com">www.cdslindia.com</a>. Then click on Login icon and select New System Myeasi.</li> <li>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.</li> <li>3) If the user is not registered for Easi/Easiest, option to register is available at <a href="https://web.cdslindia.com/myeasinew/Registration/EasiRegistration">https://web.cdslindia.com/myeasinew/Registration/EasiRegistration</a> or <a href="https://web.cdslindia.com/myeasinew/Registration/EasiestRegistration">https://web.cdslindia.com/myeasinew/Registration/EasiestRegistration</a>.</li> <li>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 <a href="http://www.cdslindia.com">www.cdslindia.com</a> home page or click on <a href="https://evoting.cdslindia.com/Evoting/EvotingLogin">https://evoting.cdslindia.com/Evoting/EvotingLogin</a>. The system will authenticate the user by sending OTP on registered Mobile &amp; 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.</li> </ol> |



| Type of shareholders                                                                                          | Login Method                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           |
|---------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Individual Shareholders holding securities in demat mode with <b>NSDL</b>                                     | <ol style="list-style-type: none"> <li>1) If you are already registered for NSDL IDeAS facility – <ol style="list-style-type: none"> <li>(a) Please visit the e-Services website of NSDL <a href="https://eservices.nsdl.com">https://eservices.nsdl.com</a></li> <li>(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.</li> <li>(c) Enter your User ID and Password.</li> <li>(d) After successful authentication, you will see e-Voting services.</li> <li>(e) Click on “Access to e-Voting” under e-Voting services and you will see e-Voting page.</li> <li>(f) Click on company name or e-Voting service provider name.</li> <li>(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 &amp; voting during the meeting.</li> </ol> </li> <li>2) If the user is not registered for IDeAS e-Services, option to register is available at <a href="https://eservices.nsdl.com">https://eservices.nsdl.com</a>. Select “Register Online for IDeAS “Portal or click at <a href="https://eservices.nsdl.com/SecureWeb/IdeasDirectReg.jsp">https://eservices.nsdl.com/SecureWeb/IdeasDirectReg.jsp</a></li> <li>3) Alternatively, the user can directly visit the e-Voting website of NSDL <a href="https://www.evoting.nsdl.com/">https://www.evoting.nsdl.com/</a>. <ol style="list-style-type: none"> <li>(a) Once the home page of e-Voting system is launched, click on the icon “Login” which is available under ‘Shareholder/Member’ section.</li> <li>(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.</li> <li>(c) After successful authentication, you will be redirected to NSDL Depository site wherein you can see e-Voting page.</li> <li>(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.</li> </ol> </li> </ol> |
| Individual Shareholders (holding securities in demat mode) login through their <b>Depository Participants</b> | <ol style="list-style-type: none"> <li>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.</li> <li>2) After successful login, you will be able to see e-Voting option.</li> <li>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.</li> <li>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 &amp; voting during the meeting.</li> </ol>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        |

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), AADHAAR (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](http://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](http://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)<br>* Shareholders who have not updated their PAN with the Company/ Depository Participant are requested to <b>use the sequence number</b> sent by Company/RTA or contact Company/ RTA. |
| Dividend Bank Details<br><b>OR</b> 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.<br><br>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](http://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](mailto: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](mailto: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](mailto: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 June 2023. 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 and holding Shares as on cut-off date, the company would be mailing the 27th Annual Report for 2022-23 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 Tuesday, 13th June 2023.
- 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](http://www.ponnisugars.com) and on the website of CDSL [www.evotingindia.com](http://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.

### For shareholders holding shares in physical form

As an ongoing measure to enhance the ease of doing business for investment, SEBI vide its circular dated 03.11.2021 has prescribed common and simplified forms for processing any service requests. Accordingly, it is mandatory for holders of physical securities to furnish PAN, KYC details and nomination.

A communication by our RTA was despatched to holders of physical securities on 9.2.2022. Forms prescribed by SEBI have also been uploaded in the Company's website. Shareholders are requested to send the relevant details immediately.

As per SEBI circular dated 16th March 2023, in case a holder of physical securities fails to furnish the PAN, KYC details and nomination before 01st October 2023, our RTA is obligated to freeze such folios. The securities in the frozen folios shall be eligible to receive payments (including dividend) and lodge grievances only after furnishing the complete documents. If the securities continue to remain frozen as on December 31, 2025, the registrar / the Company shall refer such securities to the administering authority under the Benami Transactions (Prohibitions) Act, 1988, and / or the Prevention of Money Laundering Act, 2002.



## BOARD'S REPORT

Your Board is pleased to present its 27th Annual Report and the audited financial statements for FY 2022/23.

|                                               | 2022-23       | 2021-22 |
|-----------------------------------------------|---------------|---------|
| <b>Physical Performance</b>                   |               |         |
| Cane crushed (tonnes)                         | <b>921849</b> | 646407  |
| Sugar recovery (%)                            | <b>9.94</b>   | 9.84    |
| Sugar produced (tonnes)                       | <b>91326</b>  | 63555   |
| Power produced (lakh kwh)                     | <b>1213</b>   | 875     |
| <b>Financial Performance<br/>(₹ crores)</b>   |               |         |
| Total Income                                  | <b>450</b>    | 295     |
| Profit Before<br>Interest, Depreciation & Tax | <b>56</b>     | 43      |
| Profit Before Tax                             | <b>48</b>     | 36      |
| Profit After Tax                              | <b>38</b>     | 29      |

### Dividend

Your Board has recommended a dividend of ₹ 6.50/- (Rupees six and paise fifty only) per equity share of ₹ 10 each for the financial year ended 31st March 2023, subject to the approval of shareholders at the ensuing Annual General Meeting.

### Transfer to General Reserves

Your Board has proposed to transfer ₹ 25 crores to General Reserve.

### Company performance

The company, thanks to its fervid focus on fresh planting and fervent thrust on cane variety and quality, has been able to achieve steady and stupendous surge in cane crushing over the last five years. Our cane volume this year pierced the 9 lakh tonne mark only for the second time since inception that just missed the peak by a whisker. Sugar recovery stayed buoyant that is blissfully the best amongst private mills in the State. Power production and sales zoomed to zenith, though on the flip side our power production in excess of normative PLF gets penalized by a lower tariff rate. Several of our key operating parameters this year were the best in over a decade. Turnover transcended to a crescendo, convincingly crossing ₹ 400 crores marks for the first time. Our operating performance for FY 2022-23 was thus healthy and heart-warmingly on a high sounding note.

We did have our share of problems and were confronted with host of headwinds that in regular and recurring occurrence impeded our plans and operations. Harvest labour challenge both in terms of availability and affordability is ever escalating and fast threatening to pose existential crisis. While mechanization is the sure shot way forward, its pick up is slow and penetration narrow owing to fragmented land holding, undulated terrain, rocky subsoil and huge share of ratoon crops that were planted earlier in narrow rows. This vexatious issue has since taken centre stage with ISMA focussing on macro level challenges. It is all the more relevant and pressing for Tamil Nadu to take the lead, meet the challenge head on and double down efforts to bring in 30-40% of its cane area under mechanical harvesting in the next couple of years. Government, industry research institutions and other stakeholders must act in unison and with unitary focus to resolutely resolve the imbroglio.

Sugar prices hovered around ₹ 3500/ qtl till Nov '21 but thereafter crashed by ₹ 100-150/ qtl. Restricting exports when the world market was bullish and prices ruling at a premium to local market proved party pooper, feeding to the bearish sentiments in the domestic market. As against all round cost escalations, we were to reconcile to a near static sugar price and negative correction in both molasses and power prices. Under such an adverse turn of market, it is all the more creditable for the company to come out with dazzling results for the year.

Our cogen operations encountered egregious cost pressures with rollicking rise in the price of every species of fuel. As if to add fuel to fire, the extended monsoon this time decidedly disrupted the daily flow of external bio-fuel and distorted fuel efficiency norms due to higher moisture, escalating our steam cost. While so, the power tariff revision due from 1st April '22 is yet elusive and excruciatingly evasive, with the Regulator not acting on its own consultation paper issued for this purpose more than a year ago. Further, our power tariff for Feb & Mar '23 denuded by 34% by dint of our annual production crossing the normative PLF. All these have contrived to capriciously cripple our power margin.

REC entitlement and trading through regulatory interventions has been receiving periodical shocks, of late. The latest Rules now seek to disqualify captive consumption of renewable energy from saleable REC entitlement. While the capital investment in cogen project was incentivised on the premise of a premium pricing for the renewable

energy plus REC benefits, mid-course corrections like these are unarguably unjustified and patently opposed to the principle of promissory estoppel. For the present, our future revenue prospects from this source would appear a mirage.

Government of India in June '22 brought in a legislative change to tackle power sector woes and perpetuating payment crisis. It inter alia contemplates liquidation of old outstanding dues from State Discoms to the power producers. While the underlying intent and ultimate objective is for sure unexceptionable, its remedial prescription would seem painfully perverted. In allowing a long tenure of 48 EMIs for paying the past dues, it has instantaneously choked the liquidity of power producers. Much worse, it permits such long tenure for debt servicing at zero interest. In the process, the defaulting party stands to gain, while the gullible power producer, for no fault of him, is saddled with instant liquidity stress and implicit financial loss. In this bargain, TANGEDCO dues of ₹ 48 crores to our company has been made payable in 48 EMIs. On the positive side, we now receive these EMI dues in time, besides our current dues for monthly power supplies getting settled with short delay.

Our financial performance during the year was bolstered by one-time gains in the form of interest credits for past power dues and swapping our export quota. In the end, both our PBT and PAT strikingly shot up by over 30% year on year. For the record, PBT is the second best in the annals of the company while our PAT has scaled to an all-time high. Indeed, the company that operates in a seasonal industry has shown positive results for the past 17 successive quarters that per se is praiseworthy.

The company completed phase-1 of the Energy Efficiency Project on a capital outlay of ₹ 12 crores. This has helped us realise the targeted reduction in energy consumption. It has now planned to embark on phase-2 of the project that involves capex of ₹ 5 crores. This would be completed by Nov '23. These projects are in entirety financed out of internal accruals.

### Ethanol Project

Ethanol Blended Petrol (EBP) programme has been a great success story in India and a gainful game changer for the sugar industry. The country has achieved 10% blend in quick time and is well poised to reach 20% blend by 2024-25. The Government is encouraging new capacities simultaneously from scores of feed stocks including damaged food grains.

Our company was one of the early movers to conceive a 45 KLPD Distillery-cum-ethanol plant in June 2019 and obtain interest subvention support therefor. However, we continue to encounter obstacles in obtaining environment clearance. Ethanol production is increasingly coming from B-heavy molasses and sugarcane juice as opposed to earlier production entirely emanating from C-molasses. It is hence imperative that our ethanol plant is housed within the sugar mill complex as an integral part thereof. Further, the project for its long term sustainability shall in its configuration have a flexible product mix compatible with market dynamics. While Government of Tamil Nadu in Oct '21 relaxed the locational restriction for ethanol, it was not explicitly extended to cover the production of other allied products like ENA and RS.

It is gratifying to observe that the 'Ethanol Blending Policy 2023' of the TN Government released in March '23 seeks to comprehensively address the multifarious issues involved in ethanol projects. In particular, it mandates the 'consent to operate' issued by the pollution authority to specifically cover ENA, RS etc. It is hoped that in sync with this policy, our project should now be able to get requisite environment clearance.

While so, the interest subvention support granted by Gol for a term loan component of ₹ 58 crores has since expired. We remain uncertain on its continuance that in turn will have a major bearing on the ethanol project viability. When once requisite environment clearance is secured, we should be able to take a call on the ethanol project based on extant viability assessment.

### Outlook for FY 2023-24

Monsoon forecast has been varyingly assessed by IMD and the other private player. There is growing concern and consensus that El Nino factor would more likely impact the southwest monsoon, both for its adequacy and efficacy, after the country received four successive years of bountiful monsoon. This would have a considerable bearing on all India sugar production outlook for the next season and Government policy stance, in particular, on sugar exports.

Sugarcane area and yield have been showing decent uptick in Tamil Nadu and sugar production would nearly double this season compared to the trough it touched five years ago. High cost of sugarcane cultivation stemming from an abominable rise in farm labour cost coupled with the re-emergence of competing crops enjoying better remunerative prices has thrown a spanner in works to halt this progress. Fresh cane planting has taken a severe beating throughout the State, though the ratoon support



should for now come as a good buffer to guard against a steep fall in State's next year sugar production. Adverting to and aligning with this adverse trend, our company too is faced with muted growth in fresh cane planting. Considering overall cane availability in Tamil Nadu, it looks more likely that our sugar production next year would suffer a decline, though the degree of decline may not be too deep.

Sugar prices have significantly strengthened in the global markets of late that have an indirect influence on our domestic prices. We expect sugar realization to meaningfully move up that should help neutralize the impact of lower sugar production. Understandably, there could be no repeat of the 'one off' gains that boosted our ultimate bottom-line in FY 2022-23. In all, we expect a correction and climb-down in our profits in FY 2023-24 from the current peak; yet it would be satisfyingly strong on a normative scale, barring the unforeseen.

### 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 (SEBI-LODR), 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 2021-22 has been placed on the website of the company [www.ponnisugars.com](http://www.ponnisugars.com). The same will be done for FY 2022-23 after conclusion of the 27th 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. During the FY 2022-23, the aggregate of RPTs with one of its promoters viz. Seshasayee Paper and Boards Limited (SPB) exceeded the materiality threshold as stipulated under the SEBI-LODR. Anticipating same, prior approval was obtained through ordinary resolution passed by shareholders through postal ballot on 30.12.2022 wherein all the related parties abstained from voting as per the mandate.

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 is given in **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 2023 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 Section 135 of the Companies Act, 2013 for FY 2022-23. The CSR report in the prescribed form as amended 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 not done any one time settlement with Banks or Financial Institutions.

#### (xiii) Particulars of Employees

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

#### Directors and KMPs

Mr.N.Gopala Ratnam (DIN:00001945) retires by rotation at the ensuing 27th Annual General Meeting and being eligible, offers himself for reappointment that would be through Special Resolution. Due disclosure and rationale for his reappointment are furnished in the statement pursuant to Section 102(1) of the Companies Act, 2013 attached to the AGM Notice.

Dr L M Ramakrishnan (DIN: 00001978), as Vice Chairman and Independent Director of the Company completed his second term of office and ceased to be a director of the company from close of 30th September 2022 in accordance with the special resolution passed by shareholders through postal ballot on 29.03.2019. He was associated with the company and the Erode sugar mill for close to four decades. The Board places on record the valued contribution of Dr L M Ramakrishnan to the company's growth and standing.

Mr P Manoharan (DIN: 09706869) was appointed as an additional director in the category of independent director from 01.10.2022 by the Board of Directors at their meeting held on 17.09.2022. Shareholders vide special resolution passed through postal ballot on 30.10.2022 appointed Mr P Manoharan as an Independent Director of the



Company, not liable to retire by rotation and to hold office for a fixed term of five (5) years from 01.10.2022 to 30.09.2027.

Mr N Ramanathan (DIN: 00001033) has been reappointed as Managing Director of the company for a further tenure of 3 years from 01.04.2023 by the Board of Directors of the company at their meeting held on 27th January 2023. Shareholders in turn have approved the reappointment of Managing Director and the terms thereof vide special resolution passed through postal ballot on 12.03.2023.

Mr R Madhusudhan has been appointed as Company Secretary and Compliance officer by the Board of Directors with effect from 19.07.2022; concurrently Mr N Ramanathan ceased to be Company Secretary from that date but continues in his role as the Managing Director of the Company.

### Auditors

M/s S Viswanathan LLP (Firm Regn.No.004770S/S200025) were appointed as statutory auditors for the second term of five years, in the 26th AGM. Accordingly, their term will expire at the conclusion of the 31st AGM.

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

### Acknowledgement

We convey our sincere appreciation and thanks to the Central Government, Government of Tamil Nadu, Banks, customers and suppliers for their understanding and support. We commend the continuing commitment and concerted cooperation shown by our extended family of sugarcane farmers who have weathered daunting challenge and in quick time expanded the area under sugarcane.

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

For Board of Directors

Chennai  
28th April 2023

**N Gopala Ratnam**  
Chairman  
DIN:00001945

### List of Annexures

| Annx No. | Description                                                 | Page No. |
|----------|-------------------------------------------------------------|----------|
|          | Abbreviations used                                          | 31       |
| 1        | Management Discussion and Analysis Report                   | 23       |
| 2        | Corporate Governance Report                                 | 34       |
| 3        | Particulars of contracts or arrangements with related party | 59       |
| 4        | Conservation of Energy                                      | 60       |
| 5        | Corporate Social Responsibility Report                      | 62       |
| 6        | Particulars of Employees                                    | 65       |
| 7        | Secretarial Audit Report                                    | 66       |

## MANAGEMENT DISCUSSION AND ANALYSIS REPORT

### Industry structure and development

#### World Sugar

##### *Industry Structure*

Sugar is produced dominantly from sugarcane, while about a fifth is from beet. Though beet has recorded robust rise in yield, crop area has steeply risen for sugarcane essentially from tropical countries. Ethanol production consumes about 15% of the world sugarcane harvest but consistently constitutes over one-half in Brazil. India is fast catching up in its bid to absorb surplus sugarcane into ethanol production that helps in concomitant cut in sugar production to achieve sustainable demand-supply parity.

Brazil barring few years of exception has been the top world sugar producer and exporter while Thailand is normally the second largest exporter. India occasionally challenges this pecking order to emerge as top producer and second largest exporter. World trade volume represents about one-third of production, the rest being used for captive consumption in the country of origin. Import demand is well geographically distributed as opposed to exports essentially coming from concentrated pockets. China is the world's largest importer followed by Indonesia.

India remains unchallenged as the top consumer of sugar despite low and near static per capita consumption. It has become a structurally surplus sugar producer in the past decade and a regular exporter in the world market, albeit interfered with periodical export quota fixation by the Government.

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. Demand growth is decidedly driven by increasing population and improved per capita income of such growing population. However, direct demand has dampened of late due to heightening health concerns and sterner 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 inverse relationship between prices and stocks, expressed by the relationship of stock to consumption. There exists a small positive co-relation between the price of sugar and oil.

##### *Status update*

World production that remained near flat for three years is well poised to record a robust rise in 2022-23 crossing 180 mln tonnes to mark a new record. This rise is essentially contributed by a significant surge in Brazil's production followed by Thailand. India and EU suffered a reversal. Year-end stock would also mark a new high in absolute volume, though not so as a percentage to consumption.

Trade facilitation remains crucial to the health of the global economy. The impact of the Russia-Ukraine conflict, lockdown in China and container capacity issues have discernibly declined in recent months. This has allowed sugar to be transacted using longer sea voyages, aided by fall in freight rates and helped the Brazilian sugar to be sourced for most distant destinations without compromising competitiveness.

World raw prices showed strident volatility at the start. After touching a 5-year high in May '22, it plummeted to a 4-year low in the next couple of months. Buoyed by the shrinkage in shipment from India, world prices strikingly started strengthening since Nov '22. After crossing a 20 c/lb mark in Feb '23, the strong undertone of the market led to lightning rise to cross 24 c/lb by mid Apr '23 that is an 11-year high! The futures market has for three years been in a contango structure. As a corollary, the backwardated structure in the futures market between spreads has got corrected.

#### Indian sugar

##### *Industry structure*

Indian sugar industry is characterized by the coexistence of private, cooperative and public sector. It is inherently inclusive, supports over 50 million farmers and their families and finely fits into the Aatma Nirbhar Bharat mission of the Government. It is rural centric and hence a key driver and enabler for 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, Maharashtra and Karnataka are the dominant sugar producing States accounting for 85% of country's production that would meet more than entire domestic consumption. Household sugar consumption is about 35% with per capita consumption below 20 kg that is far lower than Brazil, US and Europe.

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 tonnes 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 few players in every geographical area with no single brand penetrating all India market.

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 too came out with a report of its Task Force on Sugarcane and Sugar in April 2020 besides CACP religiously reinforcing its recommendations on this in its annual cane pricing policy reports. Food Ministry in turn constituted a working committee in Apr '21 to engage with stakeholders and evolve a mechanism for implementation of these recommendations. It remains regrettably a work in progress for a little too long.

#### *Paradigm shift to ethanol*

India has since become a structurally surplus sugar producer. Sugar exports to deal with this surplus is impeded by our skewed cost structure on account of high cost of cane. Exports are hence feasible only when world prices are bullish or subsidized through Government sops, the latter facing the wrath of WTO norms.

Realizing this, the Government firing all cylinders has painstakingly promoted the ethanol blending that amidst altruistic advantages helps subsume the surplus sugar in the system. This paradigm shift in ethanol focus has propelled the industry to a higher trajectory and concomitant re-rating in its valuation.

Having achieved the 10% blend in quick time, India is well poised to hit 20% blend by 2024-25 that should push the country to the top slot after only Brazil in achieving such a high mix.

#### *Travails of Tamil Nadu*

Tamil Nadu produced below 10 lakh tonnes of sugar for 4 years in a row till SS 2020-21, a frustrating fall from the peak of 26 lakh tonnes in SS 2006-07. Successive years of drought stoically sucked the staying power of several private sector players. Egregious losses and consequent enervated finances mowed down most private sector mills to a moribund state, while the cooperative mills linger on with liberal Govt funding support. There has been welcome recovery from the low of 7 lakh tonnes in 2017-18 but yet its pace is below par.

The State has been fast losing on its competitive edge in terms of size, season duration and sugar recovery juxtaposed to other major sugar producing regions. Further, TN sugar mills are mandated to bear in full the transport cost for sugarcane, while in all the other States the statutory cane price is inclusive of transport cost. Still worse, TN Government has discontinued its partial subsidy support for this from SS 2020-21. With TN sugar mills already reeling under high cost pressures due to despicable sugar recovery and dismal capacity utilization, this add on burden is outright onerous and overwhelmingly beyond their bearing.

TN sugar industry in collaboration with the renowned ICAR-SBI, Coimbatore launched in Oct '16 a Sweet Bloom project to identify and develop viable cane varieties

Te]

M

India achieved steady and startling rise in sugar exports since 2016-17 that peaked to 11.2 mln tonnes in 2021-22. The Government however in a policy reversal in May '22 shifted sugar exports from OGL to restricted list. It capped SS 2021/ 22 exports to 100 lakh tonnes that later was relaxed to 112 lakh tonnes.

Sugar production during 2022-23 season is slated to slide to below 330 lakh tonnes, a decline of 8 % YoY. This is due to late rains impacting cane yields in both Maharashtra and Karnataka. Indeed, Maharashtra would swiftly slip to the second slot behind UP after regaining its top rank hardly one season before. While the Government in Nov '22 fixed an export quota of 60 lakh tonnes, no additional quota may be forthcoming by reason of lower production over initial estimates. At a time when global prices are ruling at about 18% premium to domestic prices, Indian sugar industry has been shut out of the opportunity to make optimum use of this window.

## Cogen

Cogeneration of power was conceived three decades ago to diversify the revenue stream and counter the cyclicity 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 has lamentably lost much steam in recent years. Returns are hit by surplus power situation, falling tariff and improved connectivity that are no doubt welcome from a macro perspective. This has however turned high cost investments since FY '17 in cogen unviable by dint of declining power tariff and steadily rising maintenance cost, parlously pulling down power margins. Availability and price of alternative fuels remains a challenge.

Having failed in its earlier attempts to bail out State Discoms and discipline the power market, Gol brought in new set of Rules and Regulations in 2022. The Electricity (Late Payment Surcharge and Related Matters) Rules, 2022 that came into effect from 3rd June 2022 brought in sterner measures to deal with liquidation of old outstanding dues as well as clearance of current dues with punitive measures for default. The new Rules however are like the typical curate's egg. In particular, the Rules provide for liquidation of old outstandings over an inordinately long duration of 48 EMLs. Adding fuel to fire, it mandates zero interest compensation during such long period of delay. It is pretty paradoxical that the prodigal Discoms get rewarded at the

cost of a performing and non-defaulting power producer in the bargain! On the positive side, the EMLs to clear past dues are getting paid scrupulously adhering to the timeline, while current dues are also honoured with only marginal delay.

Further, bagasse based cogeneration units suffer undue delay and ultimate loss of revenue by dint of Regulators dragging their feet from timely revision of tariff. The two-part regulatory tariff under the cost plus template unequivocally warrants annual revision in the variable cost component essentially to cover the fuel cost escalation. But the time lag due to dithering and eventual denial of higher tariff for long periods lead to gross under recovery in the cost of producing power and in turn denude the guaranteed ROI. The 'control period' under the tariff regulations would need strict conformance.

REC mechanism was conceived to devise a tradeable instrument to incentivize renewable energy production. With lackadaisical enforcement, its intended objectives get hardly realized. Further the Regulator was periodically lowering the floor and forbearance price and indeed the floor price has since been scrapped. To top it all, CERC-REC Regulations, 2022 now disqualify captive consumption from saleable REC entitlement. This strikes a lethal blow to renewable energy projects like that of our company that came to be established on the strength of stated policy incentives to promote renewable energy capacity in the country.

Bagasse based cogeneration brings to bear multitude of benefits to the 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 times of distressed sugar price. It hence calls for renewed policy thrust to revitalize renewable energy production from bagasse.

## Ethanol

The Ethanol Blending 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 tardy low. For the first time, ethanol blend reached 5% during Ethanol Supply Year 2019-20, that rose to 8.5% in 2020-21 and recorded 10% in 2021-22. The rollicking rise in blend % is thus both swift and substantive.

Gol has doubled-down its efforts to promote ethanol production in the country from multiple feedstocks, while



sugarcane would in all probability remain the principal source. Flex fuel engines would be rolled out to give customer the choice of fuel. Studies are on for developing a technology to blend ethanol with diesel. GST on ethanol blended petrol has been lowered from 18% to 5% from 1st January 2023. Gol is thus blazing all guns to bolster ethanol production and consumption.

GoTN on its part has come out with the 'Ethanol Blending Policy 2023' notified on 18th March 2023. It is holistic to deal with all facets of ethanol production and sale. It has welcome clarification on the regulatory and tax issues as well.

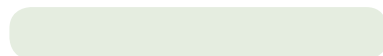
Brazil, the pioneer in EBP which started it way back in 1975 took 25 years to raise the blend mandate from 10 to 20%. Viewed so, India's resolve to double the blend in just about 3 years would seem audacious, but with committed pursuit achievable.

## Government Policies

### (i) Sugar

- Gol imposed stock holding norms and introduced

‡  
‡  
‡  
‡  
‡  
‡  
‡  
‡  
‡



way of sugar substitution. Indeed, the Government has advanced the EBP target to reach 20% blend by 2025 and is encouraging ethanol production from multiple feedstocks besides sugarcane.

Sugar business is intrinsically cyclical, but India has emerged structurally surplus over the last decade. Markets tend to over react to demand-supply disequilibrium, causing volatile change in product pricing. Cogeneration and Ethanol have turned significant value creators to soften the adverse fall out of sugar surplus. Sugar exports and ethanol production from diverted sucrose now play a stellar role to declog the glut and correct closing sugar inventory to desirable level.

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.

Harvest labour shortage increasingly poses an intimidating challenge to both the cane farmers and mills in the State. In particular, harvest charges in TN are twice or thrice compared to other major sugar producing regions. Frequent and excessive absenteeism ineluctably interrupts daily crushing schedule. Mechanization, though not a panacea with several imponderables associated with it, is no longer a matter of choice but is fast emerging as a dire necessity for sugarcane harvest in TN.

The disconnect between sugar and sugarcane prices in the absence of Price Stabilisation Fund advocated by CACP creates periodical pressures, more particularly during industry downturn. Sugarcane pricing reform is overdue.

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 meaningfully 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<br>(tonnes) | Cogen<br>(Lakh units) |
|------------------|-------------------|-----------------------|
| Production       | 91326             | 1213                  |
| Sales            | 89070             | 850                   |
|                  | ₹ lakhs           | ₹ lakhs               |
| Sales            | 30882             | 4148                  |
| Operating Profit | 2727              | 2174                  |

## Outlook

World sugar prices have shown strong resurgence in the backdrop of production pressures in key countries like India, Thailand and China. In turn, it has tilted price parity in favour of sugar over ethanol. As a result, Brazil can be expected to hit a new record in its production. India more likely will have continuing export caps, given its frail stock levels and fastidious focus on ethanol. Global sugar prices should hence stay strong in the near term.

India would for sure start SS 2023-24 with minimal and manageable inventory levels. While production would in all probability be far higher than domestic demand, export and ethanol together should be able to tackle the emerging surplus. Sugar margins can be expected to strengthen, piggybacking on extant demand-supply equilibrium.

Sugarcane planting in TN that picked up in the last couple of years, has again started showing stress. High cost of farm labour and better returns from competing crops have together dampened farmer's interest in cane crop. With sugar prices hovering at levels below those prevailed five years ago, there is persisting margin pressure for the sugar mills that limits their financial capability to offer higher cane price or diverse forms of incentives to rejuvenate cane planting. There is thus a sustainable crisis for the industry in the State.

Amidst macro-level challenges outlined above, our company is relatively better placed to combat these headwinds 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 that is currently unfavourable compared to 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 posing palpable uncertainty in the continuity of current PPA and captive consumption tax. The final outcome on any and all of these would have considerable impact on the company.

Ministry of Power through the Electricity (Late Payment Surcharge and Related Matters) Rules, 2022 mandates that all old dues are now payable over 48 EMIs without interest. This entails considerable interest loss for the affected players, including our company, besides choking current liquidity.

### 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.

Gol policy push to help sugar industry of late is centered on ethanol. The company's plan to set up ethanol unit is making slow progress due to cumbersome and time consuming process for environmental clearance. Specific guidelines/ clarifications have been sought from GoTN under the new Policy for locating the ethanol plant within the existing sugar mill complex with permission to produce all co-related products such as ENA and RS. Its response is awaited.

The company's location is densely populated and distillery project is prone to public resistance on perceived threat of polluting the water-bodies in the neighbourhood. The ethanol project of the company is planned on state of the art technology to ensure zero liquid discharge and protect the environment.

### 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 dated 10.05.2018 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](http://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 158 seasonal and 126 non-seasonal employees. Industry-wide wage settlement expired on 30th September 2018. Renewal talks have since begun and the new accord should be reached soon. Industrial relations remained cordial throughout the year.

### Discussion on Financial Performance with respect to Operational Performance

#### Operational Performance

|                             | Year ended |            |
|-----------------------------|------------|------------|
|                             | 31.03.2023 | 31.03.2022 |
| Number of days              | 306        | 249        |
| Average Crushing rate (tcd) | 3013       | 2596       |
| Cane Crushed (t)            | 921849     | 646407     |
| Recovery (%)                | 9.94       | 9.84       |
| Sugar produced (t)          | 91326      | 63555      |
| Power production (lakh kwh) | 1213       | 875        |

The company's operational performance sets several records during the year. Cane volumes increased by over 40% that was just a tad below the highest 15 years ago. Crushing rate, often times interrupted by harvest labour shortage, was still an all-time high. Power production and sale peaked and for the first time crossed 60% PLF. There was all round operational excellence with optimal utility consumption and cost saving. Details are covered in the Board Report.

#### Financial performance

(₹ crores)

|                                            | Year ended |            |
|--------------------------------------------|------------|------------|
|                                            | 31.03.2023 | 31.03.2022 |
| Total Income                               | 450.49     | 295.32     |
| Profit Before Interest, Depreciation & Tax | 55.55      | 42.53      |
| Profit Before Tax                          | 47.62      | 35.97      |
| Profit After Tax                           | 38.34      | 29.25      |

The financial performance is underpinned by improved operations and marked uptick in off-take. Our turnover for the first time crossed ₹.400 crores benchmark. Despite near static sugar prices and negative correction in molasses and power realization, there is startling improvement in our profit performance. Our bottom-line no doubt was boosted by one time gains through interest realization from power dues and swapping our export quota but is noteworthy for being the highest in over a decade.

**Key Financial Ratios**

| Description                                    | U/M   | 2022-23       | 2021-22 | Change % | Explanation                                        |
|------------------------------------------------|-------|---------------|---------|----------|----------------------------------------------------|
| Operating Profit margin (PBIDT / Total Income) | %     | <b>12.33</b>  | 14.40   | (14.38)  | Narrowing differential between input-output prices |
| Net profit margin (PAT / Net Sales)            | %     | <b>8.81</b>   | 10.14   | (13.12)  | -do-                                               |
| Interest Coverage                              | Times | -             | -       | -        |                                                    |
| Return on capital employed                     | %     | <b>17.80</b>  | 15.59   | 14.18    | Increased volume of operations.                    |
| Return on Net worth                            | %     | <b>18.75</b>  | 16.28   | 15.17    | -do-                                               |
| Earnings per share                             | ₹     | <b>44.58</b>  | 34.01   | 31.08    | -do-                                               |
| Debt Equity ratio                              | Times | -             | -       | -        |                                                    |
| Current ratio                                  | Times | <b>3.00</b>   | 3.29    | (8.81)   | Part of power dues converted to long term EMIs     |
| Net worth per Share                            | ₹     | <b>295.45</b> | 256.91  | 15.00    | Improved results on increased sale of operations.  |
| Debtors Turnover                               | %     | <b>1.73</b>   | 1.18    | 46.61    | Increase in turnover.                              |
| Inventory Turnover                             | %     | <b>5.60</b>   | 4.56    | 22.81    | -do-                                               |

**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

**N Gopala Ratnam**

Chairman

DIN:00001945

Chennai  
28th April 2023

### Abbreviations used

|                                                               |                                                        |
|---------------------------------------------------------------|--------------------------------------------------------|
| APTEL                                                         | Appellate Tribunal for Electricity                     |
| CACP                                                          | Commission for Agricultural Costs and Prices           |
| CAGR                                                          | Compounded Annual Growth Rate                          |
| CERC                                                          | Central Electricity Regulatory Commission              |
| Cogen                                                         | Cogeneration                                           |
| EBP                                                           | Ethanol Blending Program                               |
| FRP                                                           | Fair and Remunerative Price                            |
| FY                                                            | Financial year                                         |
| GoI                                                           | Government of India                                    |
| GoTN                                                          | Government of Tamil Nadu                               |
| ICAR                                                          | Indian Council of Agricultural Research                |
| ISMA                                                          | Indian Sugar Mills Association                         |
| MSP                                                           | Minimum Selling Price                                  |
| MSQ                                                           | Monthly Sale Quota                                     |
| MoP                                                           | Ministry of Power                                      |
| MWh                                                           | Mega Watt Hour                                         |
| OMC                                                           | Oil Marketing Companies                                |
| PAT                                                           | Profit After Tax                                       |
| PBIDT                                                         | Profit Before Interest, Depreciation & Tax             |
| PPA                                                           | Power Purchase Agreement                               |
| REC                                                           | Renewable Energy Certificate                           |
| SDF                                                           | Sugar Development Fund                                 |
| SS                                                            | Sugar Season                                           |
| T                                                             | Tonne                                                  |
| TANGEDCO                                                      | Tamil Nadu Generation and Distribution Corporation Ltd |
| TN                                                            | State of Tamil Nadu                                    |
| TNPCB                                                         | Tamil Nadu Pollution Control Board                     |
| WTO                                                           | World Trade Organization                               |
| Year for industry data is generally for Sugar Season Oct-Sept |                                                        |



## World production, Consumption and ISA Price

140







## 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) and Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (SEBI-LODR) provide the effective framework of Corporate Governance. 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 for FY 2022-23 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 two women directors.
- (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

[illegible]



(h) Directorship in other listed entities as on 31.03.2023

| SI No | Name of Director                        | Name of the other listed entity                                            | Category                                                           |
|-------|-----------------------------------------|----------------------------------------------------------------------------|--------------------------------------------------------------------|
| 1     | Mr N Gopala Ratnam                      | a) Seshasayee Paper and Boards Ltd<br>b) High Energy Batteries (India) Ltd | Executive Chairman<br>Non executive Chairman –<br>Non independent. |
| 2     | Dr L M Rmakrishnan<br>(upto 30.09.2022) | 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                                               |
| 6     | Mr Mohan Verghese Chunkath              | Seshasayee Paper and Boards 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 cyclicity, 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.

| SI 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.<br>- Brings to bear leadership skills in heading SPB Group of Companies and steering them to higher growth trajectories.                                                                                  |
| 2     | Mr N Ramanathan    | - A professional with impressive academic track record.<br>- Vast experience in diverse disciplines of Finance, Taxation and General Management.<br>- Three decades of hands-on experience in sugar industry.<br>- Regular member on the executive committee of industry associations – well networked in industry. |
| 3     | Mr V Sridar        | - A Chartered Accountant having rich experience in Banking, Finance and General Management.<br>- Held several high positions in commercial banks and National Housing Bank.                                                                                                                                         |
| 4     | Mr Arun G Bijur    | - Technocrat with proven experience in project management skills and troubleshooting expertise.<br>- Has overall managerial experience.                                                                                                                                                                             |

| Sl No | Name of Director  | Skill set, expertise and competence |
|-------|-------------------|-------------------------------------|
| 5     | Mr Bimal K Poddar | -                                   |
|       |                   |                                     |
|       |                   |                                     |
|       |                   |                                     |
|       |                   |                                     |
|       |                   |                                     |



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 the four independent directors have been issued the exemption certificate by IICA from passing the online proficiency test. Mr. P Manoharan has to pass the mandatory online proficiency test and is available up to 31st July, 2024.
- (h) No Independent Director has resigned from the company before the expiry of the term of appointment during the financial year ended 31st March 2023.

### (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, 6 Board meetings were held as against the minimum requirement of 4 meetings on 06.05.2022, 19.07.2022, 17.09.2022, 28.10.2022, 27.01.2023 and 18.03.2023. Interval between any two meetings was not more than 120 days. The meeting on 19.07.2022 was held through

Video Conference in due compliance of Rule 3 of the Companies (Meetings of Board and its Powers) Rules, 2014. All other meetings were held in physical mode and VC facility was provided whenever requested by any director.

### 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. Power Point 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 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 2022-23, 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. Signed Minutes are circulated to the directors for their records.

## (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 & Senior Vice President (Operations) are present as invitee while statutory auditors and internal auditors are present in most meetings. The cost auditor is invited 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 06.05.2022, 19.07.2022, 28.10.2022, 27.01.2023 and 18.03.2023. The meeting on 19.07.2022 was held through Video Conference in due compliance of Rule 3 of the Companies (Meetings of Board and its Powers) Rules, 2014. All other meetings were held in physical mode and VC facility was provided whenever requested by any director. The composition of the committee and attendance during 2022-23 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     | 2                      | 100 |
| Mr K Bharathan               | Independent     | 5                      | 100 |
| Mr Mohan Verghese Chunkath** | Independent     | 2                      | 67  |
| <i>Permanent Invitee:</i>    |                 |                        |     |
| Mr N Ramanathan              | Executive       | 5                      | 100 |

\* retired on 30.09.2022 \*\* From 01-10-2022

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.

The Committee meets as per needs but at least once in a year. It met five times during the year on 06.05.2022, 19.07.2022, 17.09.2022, 21.01.2023 and 18.03.2023. The meeting on 19.07.2022 was held through Video Conference in due compliance of Rule 3 of the Companies (Meetings of Board and its Powers) Rules, 2014. All other meetings were held in physical mode and VC facility was provided whenever requested by any director. Its composition and attendance during 2022-23 is given hereunder:

| Name of Member        | Category                       | Attendance at meetings |     |
|-----------------------|--------------------------------|------------------------|-----|
|                       |                                | No.                    | %   |
| Mr V Sridar, Chairman | Independent, Non-Executive     | 5                      | 100 |
| Mr N Gopala Ratnam    | Non-Independent, Non-Executive | 5                      | 100 |
| Dr L M Ramakrishnan * | Independent, Non-Executive     | 3                      | 100 |
| Mr K Bharathan @      | Independent, Non-Executive     | 2                      | 100 |

\* retired on 30.09.2022 @ From 01-10-2022

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.
- To evaluate Independent Director on balance of skills, knowledge and experience on the Board for their appointment.
- Formulation of criteria for evaluation of independent directors and the Board.



- Recommend for extension or continuation of the term of appointment of the independent director, on the basis of the report of performance evaluation of independent directors.
- Devising a policy on Board diversity.
- Identification of persons who are qualified to become directors and who may be appointed in senior management in accordance with the criteria laid down and recommend to the Board their appointment and removal.

The Committee has formulated performance evaluation criteria for independent directors and based on the same the Committee at its meeting held on 18th March 2023 had recommended that all the Independent Directors be continued for the residual term as approved by shareholders.

### iii) Stakeholders Relationship Committee

The Board has a Stakeholders Relationship Committee pursuant to Reg.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. The Chairman of the Committee is a non-executive Director and is present at the AGM of the company. The Committee met once during the year on 17.09.2022. Its composition and attendance is given hereunder:

| Name of Member                      | Category      | Attendance at Meetings |     |
|-------------------------------------|---------------|------------------------|-----|
|                                     |               | No.                    | %   |
| Mr N Gopala Ratnam, <i>Chairman</i> | Non-Executive | 1                      | 100 |
| Mr Arun G Bijur                     | Non-Executive | -                      | -   |
| Mr N Ramanathan                     | Executive     | 1                      | 100 |
| Mr V Sridar                         | Independent   | 1                      | 100 |

Mr. R. Madhusudhan, 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. Annual compliance certificates signed by both the company and the Registrar & Transfer Agent are filed within 30 days from the end of Financial Year.

### iv) Corporate Social Responsibility (CSR) Committee

The company is covered under Section 135 of the Act for FY 2022-23. As against the CSR obligation of ₹ 61 lakhs to be incurred for the year, it has spent ₹ 78 lakhs in the areas specified under Sch.VII of the Act. The CSR Policy was first framed on 6th February 2015 and last reviewed on 22nd October 2021. The composition of CSR Committee is as below:

| Name of Member                      | Category      |
|-------------------------------------|---------------|
| Mr N Gopala Ratnam, <i>Chairman</i> | Non-Executive |
| Mr N Ramanathan                     | Executive     |
| Dr Nanditha Krishna                 | Independent   |

The Committee met once during the year on 18.03.2023, wherein all the members were present. The CSR Budget for FY 2023-24 was considered in that meeting and recommended to the Board.

### v) Other Committees

The Board reconstituted the Finance Committee as under 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, <i>Chairman</i> | Independent |
| Mr K Bharathan               | Independent |
| Mr N Ramanathan              | Executive   |

Its role was 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. No meeting was held during the year.

#### vi) Committee Minutes

Minutes of all the Committees of the Board are prepared by the Company Secretary 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 as under:

| SI No | Date                               | Purpose                                                                                                                                                            |
|-------|------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 1     | 25.11.2022<br>(by Audit Committee) | Approving Postal Ballot Notice to seek shareholder approval (by ordinary resolution) for Material Related Party Transactions with Seshasayee Paper and Boards Ltd. |
|       | 26.11.2022<br>(by Board)           |                                                                                                                                                                    |

### (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 is being periodically reviewed and was last amended in March 2023. 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

- The Committee will identify and ascertain the integrity, qualification, expertise and experience of the person for appointment as director.
- Directors would be chosen from diverse fields of expertise drawn from industry, management, finance and other disciplines.

- 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 there under and the Listing Regulations.
- 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.
- 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](http://www.ponnisugars.com).

##### 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 whose current term ended on the close of 31st March 2023. The Board of Directors of the company at their meeting held on 27th January 2023 have reappointed Mr N Ramanathan as Managing Director of the company for a period of 3 years from 01.04.2023 and approved the remuneration package based on the recommendation of Nomination and Remuneration Committee. Approval of shareholders was obtained by way of special resolution passed through Postal Ballot on 12.03.2023. There is no service contract containing provisions of notice period or severance package.

The Committee also broadly reviews the remuneration of key functionaries in the Senior Management cadre and makes appropriate recommendation to the Board.

No Director or his relative holds an office or place of profit in the Company. Other than direct or indirect equity holding, sitting fee and commission, there is no pecuniary relationship or transaction between the company and its non-executive directors except in the case of Mr P Manoharan whose spouse is a sugarcane supplier and the transaction is at arm's length price. No stock option has been issued by the company to any director, including MD.

Non-Executive Directors are paid sitting fee at ₹ 20000 per meeting of Board or any Committee thereof. Pursuant to the approval of shareholders at its 24th AGM, commission of ₹ 2 lakhs is being paid proportionately to each Non-Executive Director determined on the basis of period of office held during FY 2022-23.

Remuneration particulars of all the Directors are given in Note 38(ii)(c) of the Financial Statements. The same may be treated as required disclosure under Para IV Section II –Part II of the Schedule V to the Act and Clause (6) of Para C of Schedule V to the Listing Regulations.

## (ii) Performance Evaluation

The Board of Directors in Mar'15 on the recommendations of the Nomination and Remuneration Committee approved the Board evaluation framework. It has laid down specific criteria for performance evaluation as set out by the said Committee. This is being reviewed by the Board. The Board has approved the Board evaluation framework. It has laid down specific criteria for performance evaluation as set out by the said Committee. This is being reviewed by the Board. The Board has approved the Board evaluation framework. It has laid down specific criteria for performance evaluation as set out by the said Committee. This is being reviewed by the Board.

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 18th March 2023 meeting further evaluated the functioning of each of the five 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

Pursuant to SEBI (Prohibition of Insider Trading) Regulations, 2015, the Board in March 2015 formulated 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 Designated Persons (Regulation 9).

These Codes are reviewed every three years and amended as required.

The Board in March 2023 amended the Code of Conduct to regulate, monitor and report trading by 'designated persons'.

These codes have been uploaded on the company website and intimated to the Stock Exchanges.

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 2022-23 and a confirmation to this effect has been obtained from each of 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 in deference to the Listing Regulations the Code of Conduct for Directors and Senior Management Personnel of the Company. 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 2022-23.

Further, the senior management personnel have declared to the Board that no material, financial and commercial transactions were entered into by them during FY 2022-23 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 the Company's turnover as per the last audited financial statements. Accordingly, transactions with a related



party individually or taken together in a financial year crossing this 10% threshold would be considered material.

Pursuant to Reg.23 of the Listing Regulations, the RPT Policy is reviewed by the Board once in 3 years and was last amended in January 2023. This policy has been uploaded on the company's website at <https://www.ponnisugars.com/assets/images/Policies/RPT-Policy.pdf>

RPTs during FY 2022-23 are disclosed in Note 38 of the Financial Statements that includes transactions with entity belonging to the promoter holding more than 10% share holding 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 prior approval of Audit Committee. Omnibus approval is obtained, in respect of non-material, routine or unforeseen RPTs. The Board in Feb'16 laid down the criteria for granting omnibus approval in line with the Policy on RPTs. The Audit Committee at its meeting held in March'22 gave its omnibus approval for RPTs during FY 2022-23 in line with such criteria.

RPT with one of its promoters viz. Seshasayee Paper and Boards Limited (SPB) was expected to exceed the materiality threshold during the year. Prior approval for the same was hence obtained before the materiality threshold is hit through ordinary resolution passed by shareholders through postal ballot on 30.12.2022. All the related parties abstained from voting on the above ordinary resolution as required under Listing Regulations.

The company in terms of Regulation 23 of the SEBI LODR submits within the stipulated time from the date of publication of its standalone financial results for the half year, disclosure of related party transactions in the specified format to the Stock Exchanges. The said disclosure is available on the website of the company.

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. Futures market for sugar in India lacks depth due to monthly sale quota that is an impediment to free market. 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. 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 the global market. Hedging through forward/futures contract is done as and when need arises.

The company's Foreign Exchange exposure during the year was insignificant and hence no hedging was done.

## (d) Exposure to commodity / commodity risk during FY 2022-23

| 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 was last amended by Board in March 2023 and it has been uploaded on the Company's website at the following link:

<https://www.ponnisugars.com/assets/images/Policies/Whistle-Blower-Policy%20-Vigil-Mechanism.pdf>

No complaint under this facility was received in FY 2022-23

## (viii) Anti-Sexual Harassment Policy

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

Number of Complaints filed, disposed during and pending at end of FY 2022-23 – 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 2022-23 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 disclosures made by the company to stock exchanges during the year includes the following:

| Sl. No | Date       | Disclosure                                                                                                                                                                                                                                                            |
|--------|------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 1      | 06.05.2022 | a) Appointment of Ms Bharati Chhotubhai Pithawalla as additional director.<br>b) Appointment of Mr Mohan Verghese Chunkath as additional director in the category of Independent Director.<br>c) Re-appointment of M/s S Viswanathan LLP as Auditors for second term. |
| 2      | 19.07.2022 | Appointment of Company Secretary & Compliance Officer                                                                                                                                                                                                                 |
| 3      | 17.09.2022 | Cessation of independent director, Dr L M Ramakrishnan                                                                                                                                                                                                                |
| 4      | 30.09.2022 | Appointment of independent director, Mr P Manoharan                                                                                                                                                                                                                   |
| 5      | 27.01.2023 | Reappointment of Mr N Ramanathan as the Managing Director                                                                                                                                                                                                             |



## (v) Online filing

### NEAPS / Listing centre

Quarterly reports are filed under specified modes with:

- National Stock Exchange of India 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, one complaint posted at SCORES website was resolved.

## (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 | 30.06.2022        | 07.07.2022   |
|                                                                                                    |           | 30.09.2022        | 18.10.2022   |
|                                                                                                    |           | 31.12.2022        | 10.01.2023   |
|                                                                                                    |           | 31.03.2023        | 07.04.2023   |

## (vii) Accounting treatment

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

## (viii) Audit trail

The company's accounting software effective 10th April 2013 has the feature to record audit trail and comply with the requirements under the proviso to Rule 3(1) of the Companies (Accounts) Rules, 2014.

## (ix) 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 2022-23. Their remuneration was ratified by the shareholders at the 26th AGM.

### Cost Audit Report

| Filing Cost Audit Report      | 2022-23              | 2021-22    |
|-------------------------------|----------------------|------------|
| Due date                      | 30.09.2023           | 30.09.2022 |
| Actual date                   | Target<br>31.08.2023 | 05.08.2022 |
| Audit Qualification in Report | ---                  | Nil        |

## (x) (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 2022-23. The Secretarial Audit Report was placed before the Board on 28.04.2023 and there is no qualification therein. It is annexed to Board Report (Annex-7).

## (b) Annual Secretarial Compliance Certificate

Regulation 24(A) of the Listing Regulations mandate 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.

## (xi) 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 2022-23. The Internal Auditor reports directly to the Audit Committee.

#### **(xii) 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 28th April 2023.

#### **(xiii) Review of Directors' Responsibility Statement**

The Board in its Report has confirmed that the annual accounts for the year ended 31st March 2023 have been prepared as per applicable accounting standards and policies and that sufficient care has been taken for maintaining adequate accounting records.

#### **(xiv) 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) .

#### **(xv) Subsidiary Companies**

The Company has no subsidiary.

#### **(xvi) Deposits**

The company has not accepted deposits from the public.

#### **(xvii) Peer review of Auditors**

Regulation 33 (1) (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 valid till 31.01.2024 that was placed before the Audit Committee.

#### **(xviii) Statutory Auditor's fees for FY 2022-23 to M/s S Viswanathan LLP.**

Please refer Note 25A of Financial Statements.

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 2022-23 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.

#### **(iv) Separate posts of Chairperson and the Managing Director**

The Company has appointed separate person as Chairman and the Managing Director. The Chairman is non-executive and is not related to the Managing Director.

### **(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 <https://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 and Sustainability 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 currently covered by this.

### (iv) Dividend Distribution Policy

SEBI has mandated formulation of Dividend Distribution Policy for top 1000 listed entities and disclosure of the same in the Annual Reports and websites of the company. Though our company is not covered by this, in line with the company's proactive pursuit of good corporate governance practices, the Board of Directors of the Company have voluntarily adopted this policy at their meeting held on 28th October, 2022. This policy is available on the company website.

### (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 on company website. These media publication is done in accordance with regulatory prescriptions

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

#### (ii) Financial Results

| Period<br>(Quarter ended)          | Financial Results               |                        | News<br>paper                                  |
|------------------------------------|---------------------------------|------------------------|------------------------------------------------|
|                                    | Date of<br>approval<br>by Board | Date of<br>Publication |                                                |
| 30.06.2022                         | 19.07.2022                      | 20.07.2022             | Business<br>Standard<br>and<br>Makkal<br>Kural |
| 30.09.2022                         | 28.10.2022                      | 29.10.2022             |                                                |
| 31.12.2022                         | 27.01.2023                      | 28.01.2023             |                                                |
| Quarter & Year ended<br>31.03.2023 | 28.04.2023                      | 29.04.2023 *           |                                                |

\*(Publication arranged)

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

- filed online through XBRL / PDF with Stock Exchanges immediately after the conclusion of the Board meeting;
- posted on the company's website [www.ponnisugars.com](http://www.ponnisugars.com) that also displays other official News releases; and
- 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

Chairman's Speech at the Annual General Meeting is placed on the website of the Company and sent to Stock Exchanges.

### (I) General Body Meetings

#### (i) Particulars of past 3 AGMs

| AGM/<br>Year    | Venue                                                                                                  | Date &<br>Time         | Special Resolutions<br>passed                                                                                                                       |
|-----------------|--------------------------------------------------------------------------------------------------------|------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------|
| 24th<br>2019-20 | Through Video<br>Conference/<br>Other Audio<br>Visual Means<br>(Deemed Venue:<br>Registered<br>Office) | 19.08.2020<br>11.00 AM | 1) Reappointment<br>of retiring director<br>Mr. N Gopala<br>Ratnam<br>2) Reappointment of<br>Managing Director                                      |
| 25th<br>2020-21 |                                                                                                        | 20.07.2021<br>11.00 AM | Reappointment of<br>retiring director<br>Mr Bimal K Poddar                                                                                          |
| 26th<br>2021-22 |                                                                                                        | 20.07.2022<br>10.30 AM | 1) Appointment<br>of Director, Mrs<br>Bharti Chhotubhai<br>Pithawalla<br>2) Appointment of<br>Independent Director<br>Mr Mohan Verghese<br>Chunkath |

No Extraordinary General Meeting was convened during the year.

## ii) e-Voting in AGM

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

## iii) Postal Ballots during the year:

| Sl. No | Resolution type & Date | Business                                                                     | Voting Result                             |
|--------|------------------------|------------------------------------------------------------------------------|-------------------------------------------|
| 1      | Special – 30.10.2022   | Appointment of Mr P Manoharan as an independent director                     | Resolution passed with requisite majority |
| 2      | Ordinary - 30.12.2022  | Material Related Party Transactions with Seshasayee Paper and Boards Limited |                                           |
| 3      | Special – 12.03.2023   | Reappointment of Mr N Ramanathan as Managing Director                        |                                           |

In compliance with the provisions of the Companies Act, 2013, the Rules made thereunder and circulars issued by Ministry of Corporate Affairs and in terms of Regulation 44 of the SEBI-LODR, the Company had provided the facility to the Members to exercise their votes electronically through the remote electronic voting (e- voting) facility arranged with CDSL for the above resolutions. Mr A S Kalyanaraman, Practicing Chartered Accountant (Membership No. 201149) was appointed as Scrutinizer by the Board for conducting the postal ballots and e-voting.

## (J) General Shareholder Information

### (i) Details for 27th AGM

|                           |                                                                                  |
|---------------------------|----------------------------------------------------------------------------------|
| Date and Time             | Wednesday, the 21st June 2023 at 11.00 AM                                        |
| Deemed Venue              | Registered Office of the Company                                                 |
| Financial Year            | 2022-23                                                                          |
| Book Closure Dates        | Friday, the 9th June 2023 to Wednesday, the 21st June 2023 (both days inclusive) |
| Dividend                  | ₹ 6.50 per Equity Share (proposed)                                               |
| Dividend payment date     | on or before 29.06.2023                                                          |
| Cut-off Date for e-Voting | Tuesday, the 13th June 2023                                                      |

## (ii) Financial Calendar for FY 2023-24 (tentative)

|                                |               |                   |
|--------------------------------|---------------|-------------------|
| Results for the quarter ending | 30th Jun 2023 | 21st July 2023    |
| -do-                           | 30th Sep 2023 | 3rd November 2023 |
| -do-                           | 31st Dec 2023 | 19th January 2024 |
| Results for the year ending    | 31st Mar 2024 | April 2024        |
| Annual General Meeting         | June 2024     |                   |

## (iii) Listing

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

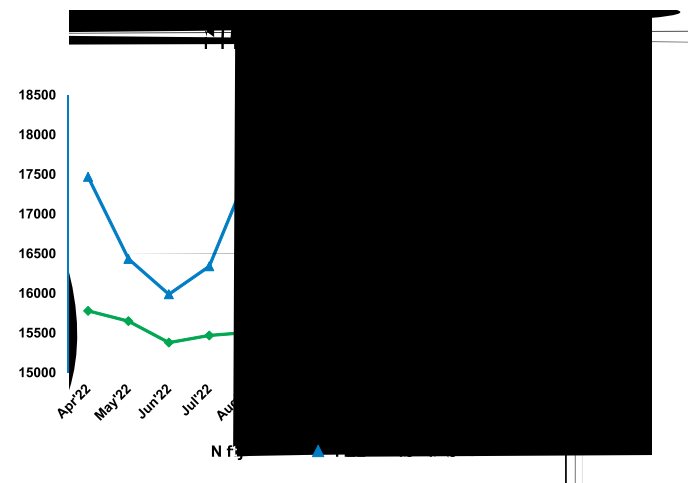
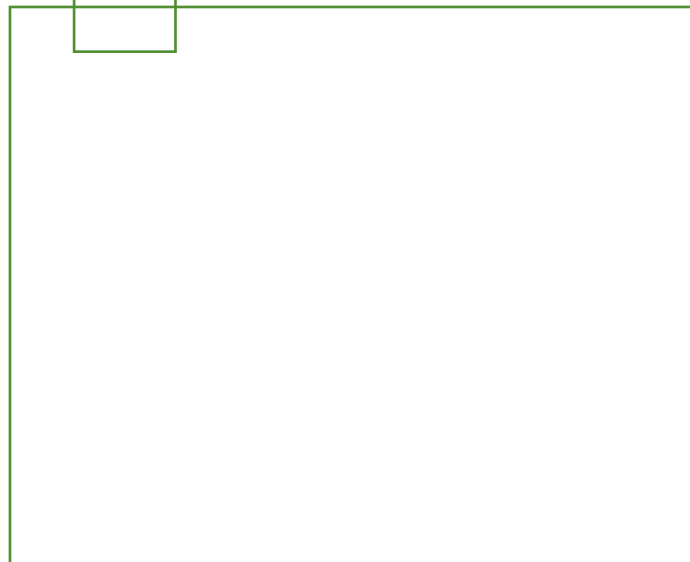
Listing fee has been paid to both the Stock Exchanges for FY 2023-24.



#### (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'22 | 324         | 234 | 141646        | 400.36          | 320                                   | 235 | 1440170       | 4078.31         |
| May'22   | 298         | 221 | 218381        | 595.32          | 304                                   | 226 | 1719632       | 4679.96         |
| June'22  | 270         | 210 | 41708         | 101.56          | 266                                   | 210 | 554818        | 1359.40         |
| July'22  | 267         | 233 | 34522         | 85.04           | 262                                   | 232 | 384064        | 950.72          |
| Aug'22   | 262         | 226 | 42471         | 106.13          | 263                                   | 238 | 490631        | 1235.29         |
| Sept'22  | 275         | 238 | 53572         | 137.78          | 276                                   | 239 | 424536        | 1102.54         |
| Oct'22   | 291         | 225 | 127224        | 365.26          | 291                                   | 240 | 561956        | 1579.17         |
| Nov'22   | 345         | 277 | 192602        | 594.53          | 345                                   | 277 | 2139490       | 6684.51         |
| Dec'22   | 514         | 306 | 679020        | 2865.14         | 514                                   | 305 | 8494223       | 35321.72        |
| Jan'23   | 581         | 427 | 530149        | 2745.17         | 581                                   | 428 | 4905289       | 25364.96        |
| Feb'23   | 505         | 417 | 141560        | 645.67          | 503                                   | 418 | 1006753       | 4634.33         |
| March'23 | 468         | 361 | 60079         | 248.96          | 469                                   | 362 | 727947        | 3053.47         |

#### (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,<br>"Subramanian Buildings",<br>5th Floor<br>1, Club House Road<br>Chennai 600 002. | Phone: 044-28460390 (4 lines)<br>Email: investor@cameoindia.com<br>Web: www.cameoindia.com<br>SEBI Registration No: INR000003753 |
| Contact person:                                                                                                  | Ms K Sreepriya,<br>Vice President and<br>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. These forms 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)(a) 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. The Company obtains from a Company Secretary in practice annual 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.

By further amendment in Jan'22 SEBI prohibited transposition and transmission of shares and other transactions in securities held in physical form.

Hence shareholders are advised to convert their physical holdings into demat form.

**(ix) Distribution of shareholding**

| Slab           | No. of Shareholders |               | No. of Equity Shares |               |
|----------------|---------------------|---------------|----------------------|---------------|
|                | Total               | %             | Total                | %             |
| 1-100          | 11668               | 79.52         | 372998               | 4.34          |
| 101-500        | 2325                | 15.84         | 560835               | 6.52          |
| 501-1000       | 361                 | 2.46          | 276813               | 3.22          |
| 1001-10000     | 284                 | 1.94          | 758639               | 8.82          |
| 10001 - 100000 | 23                  | 0.16          | 576889               | 6.71          |
| 100001 & above | 12                  | 0.08          | 6052244              | 70.39         |
| <b>Total</b>   | <b>14673</b>        | <b>100.00</b> | <b>8598418</b>       | <b>100.00</b> |

**(x) Categories of Shareholding**

| Shares held by                  | No. of shareholders | %             | No. of shares  | %             |
|---------------------------------|---------------------|---------------|----------------|---------------|
| Promoters                       | 6                   | 0.04          | 3642537        | 42.36         |
| FIs / UTI / Mutual Fund / Banks | 4                   | 0.03          | 4020           | 0.05          |
| Corporates                      | 112                 | 0.76          | 348178         | 4.05          |
| FPIs / FIIs / NRIs / OCBs       | 280                 | 1.91          | 2328956        | 27.08         |
| Resident Individuals            | 14271               | 97.26         | 2274727        | 26.46         |
| <b>Total</b>                    | <b>14673</b>        | <b>100.00</b> | <b>8598418</b> | <b>100.00</b> |

**(xi) Shareholder Satisfaction Survey**

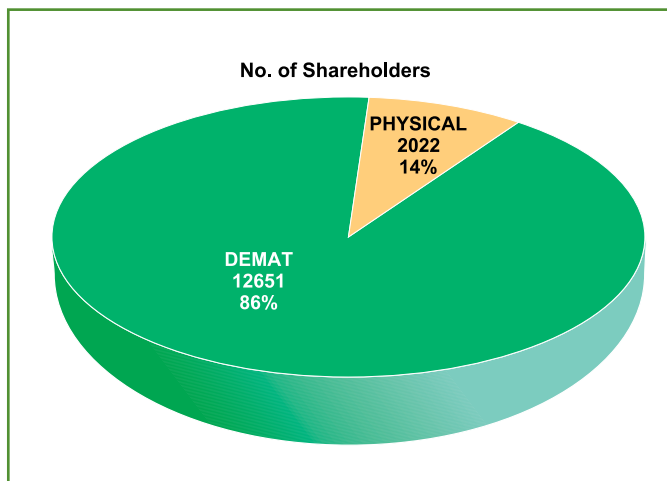
To assess the current level of service standards in all business dealings including investor services a questionnaire has been posted on the company's website. Shareholders are requested to send their views by replying to the questionnaire. No response was received during the year while surveys undertaken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

**(xii) Dematerialization**

The Equity Shares of the Company (ISIN INE838E01017) are traded in compulsory demat mode. Transfer / Transposition / Transmission and other dealings in shares shall be done only in demat form.

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

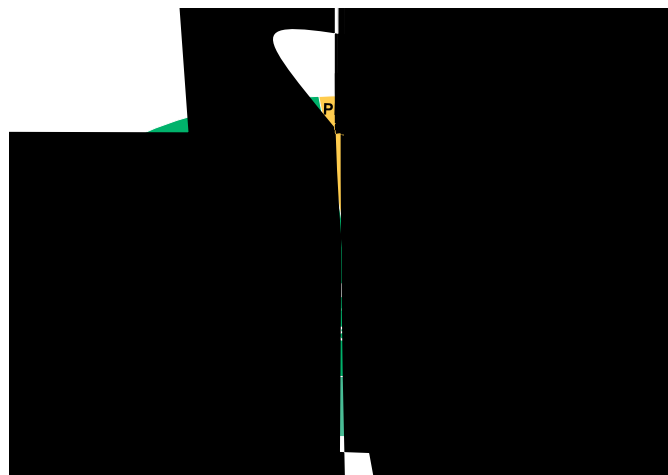
Individual Communication to shareholders holding shares in Physical form are periodically sent. It advises



them to convert their holdings from physical mode to demat mode considering overall merits of the depository system and total prohibition on dealings in shares in physical mode.

#### (xiii) PAN / Bank details

- (1) SEBI vide circular dt. 27.04.07 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. 27.01.10 has made it mandatory to furnish a copy of PAN for transmission and transposition of shares.
- (3) SEBI vide Circular dt. 20.04.18 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.
- (4) SEBI vide Circular dated 03.11.21 / 04.12.21 advised the listed entities to seek PAN, KYC and Nomination details from the shareholders holding shares in physical form. Detailed communication along with required forms and the consequences of not submitting the same were dispatched to shareholders during Feb' 2022.
- (5) SEBI vide its circular dated 16th March 2023 has informed that in case a holder of physical securities fails to furnish the PAN, KYC details and nomination before **01st October 2023**, RTA is obligated to freeze such folios. The securities in the frozen folios shall be eligible to receive payments (including dividend) and



lodge grievances only after furnishing the complete documents. If the securities continue to remain frozen as on December 31, 2025, the registrar / the Company shall refer such securities to the administering authority under the Benami Transactions (Prohibitions) Act, 1988, and / or the Prevention of Money Laundering Act, 2002.

#### (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) | 30.00         | CARE: BBB+<br>Outlook Stable |
| Short Term Bank facilities (Non-fund based)        | 1.00          | CARE: A2                     |

**(xviii) Shareholder Complaints**

Three complaints were received and resolved by Company / RTA during the current year. No complaints were pending at the end of the year.

**(xix) Generating Awareness on availability of Dispute Resolution Mechanism**

In order to generate awareness of investors on availability of dispute resolution mechanism at Stock Exchanges against listed companies / RTAs, SEBI has issued the Circular No. SEBI/HO/OIAE/2023/03391 dated 27-01-2023 advising companies to send the following information either by email or by SMS to all investors who hold shares in physical form:

*"If you have any dispute against a listed company and or its RTA on delay or default in processing your request, t f s C sd se fe u - q o f s p arbitration with Stock Exchange. For more details, see the web links of the stock exchanges".*

The Circular requires the listed companies to coordinate with their RTAs to send the above message latest by 20-02-2023. It also requires RTAs to submit an action taken report in the prescribed format latest by 27-02-2023.

In deference to the above, the company has sent individual communication to shareholders through email to physical shareholders on 13.02.2023 and through SMS on 17.02.2023.

**(xx) Service Standards**

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

| Sl. No. | Particulars                                                         | Service Standards (Maximum number of working days) |
|---------|---------------------------------------------------------------------|----------------------------------------------------|
| 1       | Transmissions                                                       | 21                                                 |
| 2       | Transposition / Deletion of Name                                    | 15                                                 |
| 3       | Folio Consolidation / Change of Name                                | 15                                                 |
| 4       | Demat                                                               | 15                                                 |
| 5       | Consolidation / Split                                               | 15                                                 |
| 6       | Remat of Share Certificates                                         | 30                                                 |
| 7       | Issue of Duplicate Certificates                                     | 30                                                 |
| 8       | Registration of Change of Address / ECS / Bank Details / Nomination | 15                                                 |
| 9       | Revalidation of Dividend warrants / IEPF Letters                    | 5                                                  |
| 10      | Registration of Power of Attorney                                   | 15                                                 |
| 11      | General Correspondence and Complaints                               | 15                                                 |

With requisite systems and procedures in place, the Company has successfully improved its service levels and has received three complaints from investors during the financial year.

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

**(xxi) 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. | 2                   | 80           |
| 2       | Number of shareholders who approached the issuer for transfer of shares from the Unclaimed Suspense Account during the year.      | --                  | --           |
| 3       | Number of shareholders to whom shares were transferred from the Unclaimed Suspense Account during the year.                       | --                  | --           |
| 4       | 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.

## (xxii) Dividend for 2022-23

### (a) Dividend entitlement

Dividend, if declared at the Annual General Meeting, will be paid on or before 29.06.2023 to the members whose names appear on the Register of Members on 21.06.2023 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) Non electronic 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.

### (d) Tax on dividend

- Dividend income is taxable in the hands of shareholders under current tax law 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.
- There will be no TDS from dividend payable to a resident individual shareholder, if the total dividend to be received during FY 2022-23 from the company does not exceed ₹ 5000/-
- 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.
- 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.

- (v) Form 15G/ 15H or Form 10F can be filed online with the RTA thro' their link <https://investors.cameoindia.com>. These can also be downloaded from the company website, duly completed, signed and scanned and emailed to the RTA at [investor@cameoindia.com](mailto:investor@cameoindia.com).

### (xxiii) Particulars of unclaimed dividend

| Year    | Dividend<br>(₹ per share) | Date of warrant | Unclaimed*      |         | Due date for transfer to IEPF |
|---------|---------------------------|-----------------|-----------------|---------|-------------------------------|
|         |                           |                 | No. of warrants | ₹ lakhs |                               |
| 2015-16 | 1.20                      | 01.08.2016      | 3365            | 2.61    | 30.08.2023                    |
| 2016-17 | 2.50                      | 08.08.2017      | 3433            | 5.72    | 06.09.2024                    |
| 2017-18 | 1.00                      | 31.07.2018      | 2020            | 3.25    | 29.08.2025                    |
| 2018-19 | 2.00                      | 31.07.2019      | 1944            | 5.02    | 27.08.2026                    |
| 2019-20 | 4.00                      | 25.08.2020      | 1447            | 8.96    | 23.09.2027                    |
| 2020-21 | 5.00                      | 26.07.2021      | 1366            | 9.48    | 25.08.2028                    |
| 2021-22 | 5.50                      | 26.07.2022      | 1326            | 10.71   | 25.08.2029                    |

\* includes value of demand drafts cancelled beyond validity period.

MCA by Notification G.S.R.352(E) dated 10.05.2012 has stipulated publication of details of unclaimed/unpaid dividend in the company website and MCA website. This is understandably to facilitate investors track unclaimed dividend by checking the status online and real time. Our company has already uploaded the required details on the website. Investors will get upto Rs. 1000/- on the date of publication of details on the website.



- 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 hand-over signed blank delivery instruction slips to any unknown person.
- Deal in Securities only with SEBI Registered Intermediaries.
- Dispatch 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  
DIN: 00001945

**N Ramanathan**  
Managing Director  
DIN: 00001033

Chennai  
28th April 2023

### 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 2022-23.

Chennai  
28th April 2023

**N Ramanathan**  
DIN: 00001033

## 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  
Esvin House, 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](http://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, 2023 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. Arun Gajanan Bijur          | 00024434 | 26.12.1996          |
| 4     | Mr. Bimal Kumar Poddar          | 00031146 | 19.12.2001          |
| 5     | Mr. Krishnamurthy Bharathan     | 00210433 | 28.12.2011          |
| 6     | Ms.Chinny Krishna Nanditha      | 00906944 | 24.12.2010          |
| 7     | Mr. Venkatesan Sridar           | 02241339 | 05.06.2009          |
| 8     | Ms.Bharti Chhotubhai Pithawalla | 00341382 | 06.05.2022          |
| 9     | Mr. Mohan Verghese Chunkath     | 01142014 | 06.05.2022          |
| 10    | Mr. Palanisamy Manoharan        | 09706869 | 01.10.2022          |

Mr Lakkapuram Muthusamy Ramakrishnan (DIN: 00001978) as Vice Chairman and Independent Director of the Company completed his second term of office and ceased to be the director of the Company from close of 30.09.2022.

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

V Suresh  
Senior Partner  
FCS No. 2969  
C.P.No. 6032  
Peer Review Cert. No:667/2020  
UDIN: F002969E000287858

Chennai  
28th April 2023



## 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 2023 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 2023.

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: 23023305BGWNHB5240

Chennai  
28th April 2023

## 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 arms-length transactions under third proviso thereto**

1. Details of contracts or arrangements or transactions not at arm's length basis:
  - (a) Name(s) of the related party and nature of relationship:  
Seshasayee Paper and Boards Ltd (SPB) (CIN: L21012TZ1960PLC000364)  
The Company is an 'associate company' of SPB.
  - (b) Nature of contracts/arrangements/transactions:  
Sale of bagasse to SPB.
  - (c) Duration of the contracts/arrangements/transactions:  
The MoU between the parties is open ended and terminable by mutual consent by either party, and subject to regulatory mandates.
  - (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, subject to a cap to SPB as mutually agreed from time to time. This bagasse is priced on the basis of cost equivalent of alternative fuel actually used plus an incentive component.  
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 pertaining to bagasse sales during FY 2022-23 is ₹ 2644 lakhs
  - (e) Justification for entering into such contracts or arrangements or transactions:  
The bagasse supply arrangement has its roots to and forms the very foundation of the company and its promotion by SPB. It is hence structural and long term in nature, encapsulating a symbiotic relationship between the parties. Its pricing is structured on the basis of full compensation for alternative fuel usage plus an incentive for committed supply. Bagasse supply to other unrelated parties are market driven and hence not comparable with the long term arrangement with SPB. The transactions are in furtherance of company's business and to its benefits.
  - (f) Date of approval by the Board:  
The MoU with SPB was first approved by Board on 29th May 2015 and later amendments were approved on 19th July 2021
  - (g) Amount paid as advances, if any: Nil
  - (h) Date on which the resolution was passed in general meeting as required under first proviso to section 188:  
The MoU was first approved by shareholders on 24.07.2015 and further approvals were obtained on 15.09.2021 and 30.12.2022.
2. Details of material contracts or arrangement or transactions at arm's length basis:  
There are other transactions with SPB in addition to bagasse sales as disclosed in Note 38 of the Financial Statements. However these do not constitute material contracts or arrangement on their own and in aggregate.

For Board of Directors

Chennai  
28th April 2023

**N Gopala Ratnam**  
Chairman  
DIN:00001945



## 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:

- VFD installed in one of the spray pump drives.
- Mechanical circulator installed for 3 pans.
- New energy efficient air compressor with IE3 motor installed for ash conveying.
- Phase 2 of secondary air sealing system completed.

Proposals under consideration

- VFD installation in 2nd spray pump drive.
- Energy saving hydraulic de-hooking for one cane unloader.
- Installation of mechanical circulators for rest of the pans.
- Installation of 2500m<sup>2</sup> falling film evaporator in energy saving Phase II project.
- Installation of planetary gearboxes for minglers and ETP aerators.
- Solar water heater for D type houses in emergency quarters.
- Automation of Boiling house
- Installation of finless cooling tower for energy saving.
- Solar LED lights in the coal handling area.
- VFD installation for coal spreaders.

Impact of the above measures

- Steam consumption reduction by about 2 %.
- Reduction in energy consumption: 330 units (approximate) per day.
- Proposed reduction in energy consumption: 1400 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 its entire surplus power to the State Grid.

(iii) Capital investment on energy conservation equipment:

- Installation of 2500m<sup>2</sup> falling film evaporator for steam conservation. Capex estimated ₹ 450 lakhs.

## B. Technology Absorption

(i) Efforts made towards technology absorption:

- Critical process data integration with cloud.
- Introduction of computerized maintenance management system.
- Introduction of predictive maintenance using thermography, vibration analysis and bearing analysis.

(ii) Benefits derived - Work culture improvement, data analysis improvement, energy reduction etc.,

(iii) Imported technology Nil

(iv) Expenditure incurred on Research and Development

Varietal development of cane through participation with ICAR-SBI, field trials, testing organic inputs for yield improvement and sustainable sugar cane initiative.

₹ 35 Lakhs

## 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 term of actual outflows:

|          | ( ₹ in lakhs) |         |
|----------|---------------|---------|
|          | 2022-23       | 2021-22 |
| Earnings | 96            | 54      |
| Outgo    | 5             | 6       |

Chennai  
28th April 2023

For Board of Directors

**N Gopala Ratnam**  
Chairman  
DIN:00001945



## 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 2017-18.

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, development of agroforestry 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 2022-23 |          |
|---------|---------------------|--------------------------------------|-------------------------------------------------|----------|
|         |                     |                                      | 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.  
<https://www.ponnisugars.com/assets/images/Policies/CSR-Policy.pdf>

4. Provide the executive summary along with web-link(s) 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. (a) Average net profit of the company as per sub-section (5) of section 135: ₹ 3034 lakhs.

(b) Two percent of average net profit of the company as per sub-section (5) of section 135: ₹ 61 lakhs

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

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

(e) Total CSR obligation for the financial year [(b)+(c)-(d)] - ₹ 61 lakhs

6. (a) Amount spent on CSR Projects (both Ongoing Project and other than Ongoing Project):

Ongoing projects: Nil

Other than Ongoing project: ₹ 78 lakhs

(b) Amount spent in Administrative Overheads: Nil

(c) Amount spent on Impact Assessment, if applicable: Not Applicable

(d) Total amount spent for the Financial Year [(a) + (b) + (c)]: ₹ 78 Lakhs

(e) CSR amount spent or unspent for the financial year:

| Total Amount Spent for the FY 2023<br>(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 |
| 78                                                 | Nil                                                                    | Nil              | Nil                                                                                                  | Nil    | Nil              |

(f) Excess amount for set-off, if any:

| Sl. No. | Particular                                                                                                  | Amount<br>(₹ in lakhs) |
|---------|-------------------------------------------------------------------------------------------------------------|------------------------|
| (i)     | Two percent of average net profit of the company as per sub-section (5) of section 135                      | 61                     |
| (ii)    | Total amount spent for the Financial Year                                                                   | 78                     |
| (iii)   | Excess amount spent for the Financial Year [(ii)-(i)]                                                       | 17                     |
| (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)]                                     | 17                     |

7. Details of Unspent Corporate Social Responsibility amount for the preceding three financial years:

| (1)     | (2)                         | (3)                                                                                   | (4)                                                                               | (5)                                       | (6)                                                                                                                          |                  | (7)                                                               | (8)                 |
|---------|-----------------------------|---------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------|-------------------------------------------|------------------------------------------------------------------------------------------------------------------------------|------------------|-------------------------------------------------------------------|---------------------|
| Sl. No. | Preceding Financial Year(s) | Amount transferred to Unspent CSR Account under sub-section (6) of section 135 (in ₹) | Balance Amount in Unspent CSR Account under sub-section (6) of section 135 (in ₹) | Amount Spent in the Financial Year (in ₹) | Amount transferred to a Fund as specified under Schedule VII as per second proviso to sub-section (5) of section 135, if any |                  | Amount remaining to be spent in succeeding Financial Years (in ₹) | Deficiency (if any) |
|         |                             |                                                                                       |                                                                                   |                                           | Amount (in ₹)                                                                                                                | Date of Transfer |                                                                   |                     |
| 1       | FY-1                        | NIL                                                                                   |                                                                                   |                                           |                                                                                                                              |                  |                                                                   |                     |
| 2       | FY-2                        |                                                                                       |                                                                                   |                                           |                                                                                                                              |                  |                                                                   |                     |
| 3       | FY-3                        |                                                                                       |                                                                                   |                                           |                                                                                                                              |                  |                                                                   |                     |



8. Whether any capital assets have been created or acquired through Corporate Social Responsibility amount spent in the Financial Year:

☐ Yes ☒ No

If Yes, enter the number of Capital assets created/ acquired

Furnish the details relating to such asset(s) so created or acquired through Corporate Social Responsibility amount spent in the Financial Year:

| Sl. No.        | Short particulars of the property or asset(s) [including complete address and location of the property] | Pincode of the property or asset(s) | Date of creation | Amount of CSR amount spent | Details of entity/ Authority/ beneficiary of the registered owner |      |                    |
|----------------|---------------------------------------------------------------------------------------------------------|-------------------------------------|------------------|----------------------------|-------------------------------------------------------------------|------|--------------------|
| (1)            | (2)                                                                                                     | (3)                                 | (4)              | (5)                        | (6)                                                               |      |                    |
|                |                                                                                                         |                                     |                  |                            | CSR Registration Number, if applicable                            | Name | Registered address |
| Not Applicable |                                                                                                         |                                     |                  |                            |                                                                   |      |                    |

(All the fields should be captured as appearing in the revenue record, flat no, house no, Municipal Office/Municipal Corporation/ Gram panchayat are to be specified and also the area of the immovable property as well as boundaries)

9. 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

DIN: 00001033

Chennai

28th April 2023

Sd/-

**N Gopala Ratnam**

Chairman-CSR Committee

DIN: 00001945

## 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                                                                  | NIL  | Note-1 & 2 |
|                                                                                                                                                                         | CFO                                                                 | 9%   |            |
|                                                                                                                                                                         | CS                                                                  | NIL  | Note-3     |
| The percentage increase in the median remuneration of employees in the financial year                                                                                   |                                                                     | 6%   |            |
| The number of permanent employees on the rolls of company                                                                                                               |                                                                     | 284  |            |
| 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.
3. New appointment during the year.

The information as per Rule 5(2) of the Rules forms part of this report. However as per second proviso to Section 136(1) of the Act, the Report and Financial Statements are being sent to the members of the Company excluding the same. This is available for inspection and any member interested in obtaining a copy of this statement may write to the Company Secretary.

For Board of Directors

Chennai  
28th April 2023

**N Gopala Ratnam**  
Chairman  
DIN: 00001945



## Form No. MR-3 SECRETARIAL AUDIT REPORT

For the Financial Year 2022-23

[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 2023, 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 2023 according to the provisions of:

- (i) The Companies Act, 2013 (the Act) and the rules made there under;
- (ii) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made there under;
- (iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed there under;
- (iv) Foreign Exchange Management Act, 1999 and the rules and regulations made there under 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 and amendments from time to time;
  - (b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015 and amendments from time to time;
  - (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 and Sweat Equity) Regulations, 2021; (Not applicable to the Company during the audit period)
  - (e) The Securities and Exchange Board of India (Issue and Listing of Non-Convertible Securities) Regulations, 2021; (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, 2021; (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).
- (vi) Other than fiscal, labour, environmental and other general laws which are ordinarily applicable to all manufacturing companies, the following laws / acts are also, inter alia, applicable to the Company:
  - (a) Essential Commodities Act, 1955, and orders issued there under
  - (b) Electricity Act, 2003 and all Regulations issued there under
  - (c) Food Safety and Standards Act, 2006
  - (d) The Tamil Nadu Molasses Control and Regulation Rules, 1958
  - (e) 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. The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act.

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

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.

This report is to be read with our letter of even date vide Annexure-1 that forms part of this report.

**For V Suresh Associates**  
Practising Company Secretaries

Chennai  
28th April 2023

V Suresh  
Senior Partner  
FCS No. 2969  
C.P.No. 6032  
Peer Review Cert. No: 667/2020  
UDIN: F002969E000287761



To,  
The Members,  
**M/s. PONNI SUGARS (ERODE) LIMITED**  
Chennai-600 096

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

1. Maintenance of secretarial records is the responsibility of the management of the Company. Our responsibility is to express an opinion on these secretarial records based on our audit.
2. We have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the Secretarial records. The verification was done on test basis to ensure that correct facts are reflected in secretarial records. We believe that the processes and practices we followed provide a reasonable basis for our opinion.
3. We have not verified the correctness and appropriateness of financial records and books of accounts of the Company.
4. Where ever required, we have obtained the Management representation about the compliance of laws, rules and regulations and happening of events etc.
5. The compliance of the provisions of Corporate and other applicable laws, rules, regulations, standards is the responsibility of management. Our examination was limited to the verification of procedures on test basis.
6. Due to the inherent limitations of an audit including internal, financial and operating controls, there is an unavoidable risk that some mis-statements or material non-compliances may not be detected, even though the audit is properly planned and performed in accordance with the Standards.
7. The Secretarial Audit report is neither an assurance as to the future viability of the Company nor of the efficacy or effectiveness with which the management has conducted the affairs of the Company.

**For V Suresh Associates**  
Practising Company Secretaries

Chennai  
28th April 2023

V Suresh  
Senior Partner  
FCS No. 2969  
C.P.No. 6032  
Peer Review Cert. No: 667/2020  
UDIN: F002969E000287761

## INDEPENDENT AUDITOR'S REPORT

To :

The Members of

M/s. PONNI SUGARS (ERODE) LIMITED

### Report on the audit of Standalone Ind AS Financial Statements

#### Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid Standalone 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, 2023, 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.

#### 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                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  |
|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <p>1. Sale of Bagasse to a Related Party</p> <p>During the year, the Company has sold Bagasse to Seshasayee Paper and Boards Limited, a related party for an aggregate value of ₹ 2644 lakhs, pursuant to a long-term agreement.</p> <p>The transactions has the prior approval of the Audit Committee of the Board and the shareholders through postal ballot as applicable.</p> | <p>We understood and tested the design and operating effectiveness of controls as established by the management in determining the various parameters and the price determination. We have also tested the relevant records and found the price determination is in accordance with the agreement. The transaction amount is within the limits approved by the shareholders.</p> <p>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 and also complied the required legal requirements.</p> |



| Key Audit Matters                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          | Response to Key Audit Matters & Conclusion                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    |
|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <p>2. As on 31st March 2023 the inventory of sugar with carrying value ₹ 7381 lakhs is valued at lower of cost and net realizable value.</p> <p>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</p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                | <p>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 the quantity and net realizable value.</p> <p>Based on the above procedures performed, the management's determination of the cost and net realizable valuation of inventory of Sugar at the end of the year, is considered reasonable.</p>                                                                                                       |
| <p>3. As on 31st March 2023 the amount receivable from TANGEDCO, a Tamil Nadu State Government entity is ₹ 4308 lakhs (Trade Receivable - Current and Non-Current), to whom the surplus power generated by the Cogeneration Power Plant is sold pursuant to a Long Term Power Purchase agreement.</p> <p>During the year, Pursuant to the provisions of the Electricity (Late Payment Surcharge and Related Matters) Rules, 2022 TANGEDCO has opted to avail the Liquidation Plan there under and pay the outstanding dues as of 3rd June 2022 in 48 EMIs with no further interest.</p> <p>Accordingly, the Company has recognised LPSC of ₹ 354 lakhs at fair value in other income. Further the trade receivables including LPSC as on 31-03-2022 are discounted and carried at fair value, with fair value adjustment of ₹ 684 lakhs recognised in the Statement of Profit &amp; Loss.</p> <p>Being a significant account balance and the period of outstanding being long, it is considered as a Key audit matter.</p> | <p>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.</p> <p>We have also tested the judgement made by the management based on the past settlements made by the customer to assess the credit risk, the consequent impairment assessment and fair value measurement for receivables under the scheme.</p> <p>Based on these audit procedures, the management's estimate of credit risk, impairment assessment and fair value measurement is reasonable.</p> |

### 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 mis-statement 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 mis-statement, 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 mis-statement, 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 mis-statement when it exists. Mis-statements 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 mis-statement 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 mis-statement 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 mis-statements 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 mis-statements 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, 2023 taken on record by the Board of Directors, none of the Directors is disqualified as on 31st March 2023 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 with reference to the financial statements 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 financial statements. Refer Note no.29 to the 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.

- iv) (a) The management has represented that, to the best of its knowledge and belief, as disclosed in Note No. 34 to the financial statements no funds have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the Company to or in any other persons or entities, including foreign entities ("Intermediaries"), with the understanding, whether recorded in writing or otherwise, that the intermediary shall, whether directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Company ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.
- (b) The management has represented that, to the best of its knowledge and belief, as disclosed in Note No.34 to financial statements no funds have been received by the Company from any persons or entities, including foreign entities ("Funding Parties"), with the understanding, whether recorded in writing or otherwise, that the Company shall, whether, directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries ; and
- (c) Based on such audit procedures we have considered reasonable and appropriate in the circumstances; nothing has come to our notice that has caused us to believe that the representations under sub-clause (i) and (ii) of Rule 11(e) contain any material mis-statement.
- v) The final dividend paid by the Company during the year relating to financial year 2021 is in accordance with section 123 of the Companies Act 2013. As stated in Note No. 11(f) to financial statements, the Board of Directors of the Company have proposed final dividend for the year which is subject to the approval of the members at the ensuing Annual General Meeting. The dividend proposed is in accordance with section 123 of the Act.
- vi) Proviso to Rule 3(1) of the Companies (Accounts) Rules, 2014 for maintaining books of account using accounting software which has a feature of recording audit trail (edit log) facility is applicable to the Company with effect from April 1, 2023, and accordingly, reporting under Rule 11(g) of Companies (Audit and Auditors) Rules, 2014 is not applicable for the financial year ended March 31, 2023.
2. As required by the Companies (Auditor's Report) Order, 2020 ("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

Chennai  
 28th April 2023

Membership number: 023305  
 UDIN: 23023305BGWNGU8322



## **“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 with reference to the financial statements of PONNI SUGARS (ERODE) LIMITED (“the Company”) as of March 31, 2023 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 with reference to the financial statements 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 with reference to the financial statements of the Company and their operating effectiveness. Our audit of Internal Financial Controls with reference to the financial statements of the Company 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 mis-statement 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 Controls with reference to the financial statements of the Company 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 with reference to the financial statements**

Because of the inherent limitations of, Internal Financial Controls with reference to the financial statements of the Company, including the possibility of collusion or improper management override of controls, material mis-statements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the Internal Financial Controls with reference to the financial statements of the Company to future periods are subject to the risk that the Internal Financial Controls with reference to the financial statements of the Company 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 with reference to the financial statements of the Company and such Internal Financial Controls with reference to the financial statements of the Company were operating effectively as at March 31, 2023, based on the Internal Controls 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

Chennai  
28th April 2023

Membership number: 023305  
UDIN: 23023305BGWNGU8322



**“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:

To the best of our information and according to the explanations provided to us by the Company and the books of account and records examined by us in the normal course of audit, we state that:

i. In respect of the Company’s Property, Plant and Equipment and Intangible Assets:

(a) (i) The Company has maintained proper records showing full particulars, including quantitative details and situation of Property, Plant and Equipment.

(ii) The Company has maintained proper records showing full particulars of intangible assets.

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

(c) Based on our examination of the property tax receipts, registered sale deed/ transfer deed / conveyance deed and confirmation from bank for the title deeds held with them we report that, the title in respect of self-constructed buildings and title deeds of all other immovable properties, disclosed in the financial statements included under Property, Plant and Equipment are held in the name of the Company as at the balance sheet date.

(d) The Company has not re-valued any of its Property, Plant and Equipment and intangible assets during the year.

(e) No proceedings have been initiated during the year or are pending against the Company as at March 31, 2023 for holding any benami property under the Benami Transactions (Prohibition) Act, 1988 and rules made there under

ii (a) The Management has conducted physical verification of inventory at reasonable intervals and in our opinion, the coverage and procedure of such verification by the management is appropriate; Discrepancies of 10% or more were not noticed.

(b) The Company has been sanctioned working capital limits in excess of ₹ 5 crores, in aggregate during the year from Bank on the basis of security of current assets. Monthly statements have been submitted to the Bank and the details of the differences between the books of account and statements submitted to the Bank at the end of each quarter are given in Note No. 34(7) to Financial statement.

iii (a) During the year the Company has not made investments in, provided any guarantee or security or granted any loans or advances in the nature of loans, secured or unsecured, to the Companies, Firms, Limited Liability Partnerships, or any other party and hence reporting under Clause 3(iii)(a) & 3(iii)(b) are not applicable.

(b) The Company has not granted any loans. Hence, reporting under clause 3(iii)(c) of the Order is not applicable.

(c) The Company has not granted any loan during the reporting period. Hence, reporting under clause 3(iii)(d) of the Order is not applicable.

(d) The Company has not granted any loan or renewed or extended or fresh loans granted to settle the over dues of existing loans given to the same parties. Hence, reporting under clause 3(iii)(e) of the Order is not applicable.

(e) The Company has not granted any loans or advances in the nature of loans either repayable on demand or without specifying and terms or period of repayment during the year. Hence, reporting under clause 3(iii)(f) is not applicable.

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

- v. The Company has not accepted any deposit or amounts which are deemed to be deposits. Hence, reporting under clause 3(v) of the Order is not applicable.
- vi. The Central Government has prescribed maintenance of cost records under Sub-section (1) of Section 148 of the Companies Act, 2013. We have broadly reviewed the books of account maintained by the Company pursuant to the rules made by the Central Government for the maintenance of cost records under Section 148 of the Act, and are of the opinion that prima facie, the prescribed and such accounts and records have been made and maintained.
- vii. In respect of statutory dues:
- (a) In our opinion, the Company has generally been regular in depositing undisputed statutory dues, including Goods and Services tax, Provident Fund, Income Tax, Duty of Custom, Cess and other material statutory dues applicable to it with the appropriate authorities.
- (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 that have not been deposited as on 31st March 2023 on account of disputes are given below:

| Name of the Statute      | Nature of dues | Amount<br>(₹ lakhs) | Forum where<br>the dispute is<br>pending | Period to which the<br>dues belong                             |
|--------------------------|----------------|---------------------|------------------------------------------|----------------------------------------------------------------|
| Central Excise Act, 1944 | Excise Duty    | 466.74              | CESTAT                                   | Financial Years<br>2014-15 to 2017-18                          |
| Income Tax Act, 1961     | Income Tax     | 344.63              | CIT(A)&ITAT                              | Financial years 2001-<br>02 to 2003-04 ,2008-<br>09 to 2010-11 |

- viii. There were no transactions relating to previously unrecorded income that have been surrendered or disclosed as income during the year in the tax assessments under the Income Tax Act, 1961 (43 of 1961).
- ix (a) While the Company has been sanctioned working capital facilities, the Company has not availed the same. Hence, reporting under clause 3(ix) (a) and (b) are not applicable.
- (b) The Company has not been declared wilful defaulter by any bank or financial institution or government or any government authority.
- (c) The Company has not taken any term loan during the year and there are no outstanding term loans at the beginning of the year and hence, reporting under clause 3(ix)(c) of the Order is not applicable.
- (d) On an overall examination of the financial statements of the Company, funds raised on short-term basis have, prima facie, not been used during the year for long-term purposes by the Company.
- (e) On an overall examination of the financial statements of the Company, the Company has no subsidiaries. Hence, reporting under Clause 3(ix)(e) not applicable.
- (f) The Company has not raised any loans during the year and hence reporting on clause 3(ix)(f) of the Order is not applicable.
- x (a) The Company has not raised moneys by way of initial public offer or further public offer (including debt instruments) during the year and hence reporting under clause 3(x)(a) of the Order is not applicable.
- (b) During the year, the Company has not made any preferential allotment or private placement of shares or convertible debentures (fully or partly or optionally) and hence reporting under clause 3(x) (b) of the Order is not applicable.



- xi (a) No fraud by the Company and no fraud on the Company has been noticed or reported during the year.
- (b) No report under sub-section (12) of section 143 of the Companies Act has been filed in Form ADT-4 as prescribed under Rule 13 of Companies (Audit and Auditors) Rules, 2014 with the Central Government, during the year and up to the date of this report.
- (c) The Company has not received any whistle blower complaints during the year (and up to the date of this report), while determining the nature, timing and extent of our audit procedure.
- xii. The Company is not a Nidhi Company and hence reporting under clause (xii) of the Order is not applicable.
- xiii. In our opinion, the Company is in compliance with Section 177 and 188 of the Companies Act, 2013 with respect to applicable transactions with the related parties and the details of related party transactions have been disclosed in the standalone financial statements as required by the applicable accounting standards.
- xiv (a) In our opinion the Company has an adequate internal audit system commensurate with the size and the nature of its business.
- (b) We have considered the internal audit reports for the year under audit, issued to the Company during the year and till date.
- xv. In our opinion during the year the Company has not entered into any non-cash transactions with its Directors or persons connected with its Directors, and hence provision of section 192 of the Companies Act, 2013 are not applicable to the Company.
- xvi (a) The Company is not required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934.
- (b) The Company has not conducted any Non-Banking Financial or Housing Finance activities during the year.
- (c) The Company is not a Core Investment Company (CIC), as defined in the Regulations made by Reserve Bank of India.
- (d) We are informed there are three core Investment Companies in the group which are exempted from registration.
- xvii. The Company has not incurred cash losses during the financial year covered by our audit and the immediately preceding financial year.
- xviii. There has been no resignation of the statutory auditors of the Company during the year.
- xix. On the basis of the financial ratios, ageing and expected dates of realisation of financial assets and payments of financial liabilities, other information accompanying the financial statements and our knowledge of the Board of Directors and Management plans and based on our examination of the evidence supporting the assumptions, nothing has come to our attention, which causes us to believe that any material uncertainty exists as on the date of the audit report indicating that Company is not capable of meeting its liabilities existing at the date of balance sheet as and when they fall due within a period of one year from the balance sheet date. We, however, state that this is not an assurance as to the future viability of the Company. We further state that our

reporting is based on the facts up to the date of the audit report and we neither give any guarantee nor any assurance that all liabilities falling due within a period of one year from the balance sheet date, will get discharged by the Company as and when they fall due.

xx.(a) The company has spent the minimum amount required to be spent as stipulated in section 135 of the Companies Act and hence the transfer of unspent amount to a Fund specified in Schedule VII to the Companies Act in compliance with second proviso to sub-section (5) of section 135 of the said Act.

(b) There are no unspent amount towards Corporate Social responsibility (CSR) on ongoing projects

requiring a transfer to a special account in compliance with provisions of sub section (6) of section 135 of the said act.

xxi. The Company has no subsidiary and hence Clause 3(xxi) is not applicable

**For M/S S. Viswanathan LLP**

Regn. No.004770S/S200025

Chartered Accountants

**Chella K Srinivasan**

Partner

Chennai

28th April 2023

Membership number: 023305

UDIN: 23023305BGWNGU8322

**BALANCE SHEET AS AT 31ST MARCH 2023**

(₹ in Lakhs)

| Particulars                              | Note No. | As at 31.03.2023 | As at 31.03.2022 |
|------------------------------------------|----------|------------------|------------------|
| <b>A ASSETS</b>                          |          |                  |                  |
| <b>1 Non-Current Assets</b>              |          |                  |                  |
| (a) Property, Plant and Equipment        | 2        | 11,818           | 11,217           |
| (b) Capital Work-in-Progress             | 2        | 111              | 359              |
| (c) Intangible Assets                    | 2        | 16               | 17               |
| (d) Financial Assets                     |          |                  |                  |
| (i) Investments                          | 3        | 22,456           | 16,957           |
| (ii) Trade Receivables                   | 4        | 2,492            | -                |
| (iii) Other Financial Assets             | 5        | 14               | 15               |
| (iv) Total                               |          | 24,962           | 16,972           |
| (e) Other Non-Current Assets             | 6        | 101              | 64               |
| <b>Total Non-Current Assets</b>          |          | <b>37,008</b>    | <b>28,629</b>    |
| <b>2 Current Assets</b>                  |          |                  |                  |
| (a) Inventories                          | 7        | 8,301            | 7,095            |
| (b) Financial Assets                     |          |                  |                  |
| (i) Trade Receivables                    | 8        | 2,254            | 4,541            |
| (ii) Cash and Cash Equivalents           | 9        | 810              | 110              |
| (iii) Bank balances other than(ii) above | 10       | 2,381            | 879              |
| (iv) Total                               |          | 5,445            | 5,530            |
| (c) Current Tax Assets                   |          | -                | 61               |
| (d) Other Current Assets                 | 11       | 697              | 548              |
| <b>Total Current Assets</b>              |          | <b>14,443</b>    | <b>13,234</b>    |
| <b>TOTAL ASSETS</b>                      |          | <b>51,451</b>    | <b>41,863</b>    |

(₹ in Lakhs)

| Particulars                          | Note No. | As at 31.03.2023 | As at 31.03.2022 |
|--------------------------------------|----------|------------------|------------------|
| <b>B EQUITY AND LIABILITIES</b>      |          |                  |                  |
| <b>I Equity</b>                      |          |                  |                  |
| (a) Equity Share Capital             | 12       | 860              | 860              |
| (b) Other Equity                     | 13       | 44,429           | 35,988           |
| <b>Total Equity</b>                  |          | <b>45,289</b>    | <b>36,848</b>    |
| <b>II Liabilities</b>                |          |                  |                  |
| <b>1 Non-Current Liabilities</b>     |          |                  |                  |
| (a) Deferred Tax Liabilities (Net)   | 14       | 688              | 261              |
| (b) Provisions                       | 15       | 666              | 726              |
| <b>Total Non-Current Liabilities</b> |          | <b>1,354</b>     | <b>987</b>       |
| <b>2 Current Liabilities</b>         |          |                  |                  |
| (a) Financial Liabilities            |          |                  |                  |
| (i) Trade Payables                   | 16       |                  |                  |
| - Micro and Small enterprises        |          | 54               | 39               |
| - Others                             |          | 3,675            | 3,228            |
| (ii) Other Financial Liabilities     | 17       | 168              | 235              |
| (iii) Total                          |          | <b>3,897</b>     | <b>3,502</b>     |
| (b) Other Current Liabilities        | 18       | 828              | 523              |
| (c) Provisions                       | 19       | 55               | 3                |
| (d) Current Tax Liability (net)      |          | 28               | -                |
| <b>Total Current Liabilities</b>     |          | <b>4,808</b>     | <b>4,028</b>     |
| <b>TOTAL EQUITY AND LIABILITIES</b>  |          | <b>51,451</b>    | <b>41,863</b>    |

The accompanying notes 1 to 39 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  
28th April 2023

For and on behalf of the Board

**N Gopala Ratnam**  
Chairman  
DIN: 00001945

**R Madhusudhan**  
Secretary

Chennai  
28th April 2023

**N Ramanathan**  
Managing Director  
DIN: 00001033

**K Yokanathan**  
Chief Financial Officer

**STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31ST MARCH 2023**

(₹ in Lakhs)

| Particulars                                                                                    | Note No | Year ended<br>31.03.2023 | Year ended<br>31.03.2022 |
|------------------------------------------------------------------------------------------------|---------|--------------------------|--------------------------|
| <b>I Revenue from Operations</b>                                                               | 20      | <b>43,543</b>            | 28,835                   |
| <b>II Other Income</b>                                                                         | 21      | <b>1,506</b>             | 697                      |
| <b>III Total Income (I+II)</b>                                                                 |         | <b>45,049</b>            | 29,532                   |
| <b>IV EXPENSES</b>                                                                             |         |                          |                          |
| Cost of Materials Consumed                                                                     | 22      | <b>29,934</b>            | 20,161                   |
| Changes in Inventories of finished goods and work-in-progress                                  | 23      | <b>(920)</b>             | (1794)                   |
| Power and Fuel                                                                                 |         | <b>5,606</b>             | 2,922                    |
| Employee benefits expense                                                                      | 24      | <b>2,079</b>             | 1,884                    |
| Other expenses                                                                                 | 25      | <b>2,795</b>             | 2,106                    |
| <b>Total Expenses (IV)</b>                                                                     |         | <b>39,494</b>            | 25,279                   |
| <b>V Profit before Finance Costs, Depreciation and Amortisation Expense and Taxes (III-IV)</b> |         | <b>5,555</b>             | 4,253                    |
| Finance Costs                                                                                  | 26      | <b>35</b>                | 12                       |
| Depreciation and amortization expenses                                                         | 27      | <b>758</b>               | 644                      |
| <b>VI Profit Before Tax</b>                                                                    |         | <b>4,762</b>             | 3,597                    |
| <b>VII Tax Expenses</b>                                                                        | 28      |                          |                          |
| Current Tax                                                                                    |         | <b>854</b>               | 594                      |
| Deferred Tax                                                                                   |         | <b>74</b>                | 78                       |
| <b>VIII Profit for the year (VI-VII)</b>                                                       |         | <b>3,834</b>             | 2,925                    |
| <b>IX Other Comprehensive Income</b>                                                           |         |                          |                          |
| i. Items that will not be reclassified to profit or loss                                       |         |                          |                          |
| a. Effect of measuring investments at fair value                                               |         | <b>5,499</b>             | 1,823                    |
| b. Remeasurement of the defined benefit plans                                                  |         | <b>(66)</b>              | 12                       |
| ii. Income tax relating to items that will not be reclassified to profit or loss               |         | <b>(353)</b>             | (123)                    |
| Other Comprehensive Income                                                                     |         | <b>5,080</b>             | 1,712                    |
| <b>X Total Comprehensive Income for the year (VIII+IX)</b>                                     |         | <b>8,914</b>             | 4,637                    |
| <b>XI Earnings per equity share (face value of ₹ 10 each)</b>                                  | 37      |                          |                          |
| (1) Basic (₹)                                                                                  |         | <b>44.58</b>             | 34.01                    |
| (2) Diluted (₹)                                                                                |         | <b>44.58</b>             | 34.01                    |

The accompanying notes 1 to 39 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

28th April 2023

For and on behalf of the Board

**N Gopala Ratnam**

Chairman

DIN: 00001945

**R Madhusudhan**

Secretary

Chennai

28th April 2023

**N Ramanathan**

Managing Director

DIN: 00001033

**K Yokanathan**

Chief Financial Officer

## Statement of Changes in Equity for the year ended 31st March 2023

## A) Equity Share Capital

(₹ In Lakhs)

| Particulars             | Balance at the beginning of the reporting year | Changes in equity share capital during the year | Balance at the end of the reporting year |
|-------------------------|------------------------------------------------|-------------------------------------------------|------------------------------------------|
| <b>31st March, 2023</b> | <b>860</b>                                     | -                                               | <b>860</b>                               |
| 31st March, 2022        | 860                                            | -                                               | 860                                      |

## B) Other Equity

| Particulars                                                                  | 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 |               |
| <b>(A) Balance as at 01.04.2022</b>                                          | <b>554</b>                       | <b>160</b>         | <b>15,000</b>   | <b>5,516</b>      | <b>14,758</b>                                         | <b>35,988</b> |
| <b>Additions during the year:</b>                                            |                                  |                    |                 |                   |                                                       |               |
| Profit for the year 2022-23                                                  |                                  |                    |                 | 3,834             |                                                       | 3,834         |
| Items that will not be reclassified to profit or loss:                       |                                  |                    |                 |                   |                                                       |               |
| a. Effect of measuring Investments at fair value                             |                                  |                    |                 |                   | 5,499                                                 | 5,499         |
| b. Remeasurement of the defined benefit plans                                |                                  |                    |                 | (66)              |                                                       | (66)          |
| Income tax relating to items that will not be reclassified to profit or loss |                                  |                    |                 | 19                | (372)                                                 | (353)         |
| <b>(B) Total Comprehensive Income for the year 2022-23</b>                   | -                                | -                  | -               | 3,787             | 5,127                                                 | 8,914         |
| <b>(C) Reduction during the year</b>                                         |                                  |                    |                 |                   |                                                       |               |
| Dividend                                                                     |                                  |                    |                 | (473)             |                                                       | (473)         |
| Transfer to General reserve                                                  |                                  |                    | 2,500           | (2,500)           |                                                       | -             |
| <b>Total</b>                                                                 | -                                | -                  | 2,500           | (2,973)           | -                                                     | (473)         |
| <b>(D) Balance as at 31.03.2023 (A+B+C)</b>                                  | <b>554</b>                       | <b>160</b>         | <b>17,500</b>   | <b>6,330</b>      | <b>19,885</b>                                         | <b>44,429</b> |
| <b>(E) Balance as at 01.04.2021</b>                                          | <b>554</b>                       | <b>160</b>         | <b>12,500</b>   | <b>5,513</b>      | <b>13,054</b>                                         | <b>31,781</b> |
| <b>Additions during the year:</b>                                            |                                  |                    |                 |                   |                                                       |               |
| Profit for the year 2021-22                                                  |                                  |                    |                 | 2,925             |                                                       | 2,925         |
| Items that will not be reclassified to profit or loss:                       |                                  |                    |                 |                   |                                                       |               |
| a. Effect of measuring Investments at fair value                             |                                  |                    |                 |                   | 1,823                                                 | 1,823         |
| b. Remeasurement of the defined benefit plans                                |                                  |                    |                 | 12                |                                                       | 12            |
| Income tax relating to items that will not be reclassified to profit or loss |                                  |                    |                 | (4)               | (119)                                                 | (123)         |
| <b>(F) Total Comprehensive Income for the Year 2021-22</b>                   | -                                | -                  | -               | 2,933             | 1,704                                                 | 4,637         |
| <b>(G) Reduction during the year</b>                                         |                                  |                    |                 |                   |                                                       |               |
| Dividend                                                                     |                                  |                    |                 | (430)             |                                                       | (430)         |
| Transfer to General reserve                                                  |                                  |                    | 2,500           | (2,500)           |                                                       | -             |
| <b>Total</b>                                                                 | -                                | -                  | 2,500           | (2,930)           | -                                                     | (430)         |
| <b>Balance as at 31st March 2022 (E+F+G)</b>                                 | <b>554</b>                       | <b>160</b>         | <b>15,000</b>   | <b>5,516</b>      | <b>14,758</b>                                         | <b>35,988</b> |

Per our Report of even date annexed

For and on behalf of the Board

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

**Chella K Srinivasan**  
 Partner  
 Membership No. 023305

Chennai  
 28th April 2023

**N Gopala Ratnam**  
 Chairman  
 DIN: 00001945

**R Madhusudhan**  
 Secretary

Chennai  
 28th April 2023

**N Ramanathan**  
 Managing Director  
 DIN: 00001033

**K Yokanathan**  
 Chief Financial Officer

**STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31ST MARCH 2023**

(₹ In Lakhs)

| Particulars                                                                                           | Note No. | Year Ended 31.03.2023 | Year Ended 31.03.2022 |
|-------------------------------------------------------------------------------------------------------|----------|-----------------------|-----------------------|
| <b>A. Cash flow from Operating Activities:</b>                                                        |          |                       |                       |
| Profit before tax                                                                                     |          | 4,762                 | 3,597                 |
| <i>Adjustments for:</i>                                                                               |          |                       |                       |
| Depreciation and amortisation expense                                                                 | 27       | 758                   | 644                   |
| Interest Income                                                                                       | 21       | (1,241)               | (276)                 |
| Dividend                                                                                              | 21       | (236)                 | (236)                 |
| Finance costs                                                                                         | 26       | 33                    | 12                    |
| (Profit) / Loss on sale of property, plant and equipment                                              | 21       | (6)                   | -                     |
| Property, plant and equipment retired                                                                 | 2        | 1                     | 145                   |
| Operating Profit before working capital changes                                                       |          | 4,071                 | 3,742                 |
| <i>Adjustments for:</i>                                                                               |          |                       |                       |
| (Increase) / Decrease in Trade Receivables                                                            | 4,8      | 98                    | (447)                 |
| (Increase) / Decrease in Inventories                                                                  | 7        | (1,206)               | (1,917)               |
| (Increase) / Decrease in Other assets                                                                 | (i)      | (1,687)               | 477                   |
| Increase / (Decrease) in Trade payables                                                               | 16       | 462                   | (286)                 |
| Increase / (Decrease) in Other liabilities and provisions                                             | (ii)     | 224                   | 6                     |
| Cash generated from operations                                                                        |          | 1,962                 | 1,575                 |
| Direct Tax paid net of refund                                                                         |          | (825)                 | (487)                 |
| <b>Net cash from operating activities (A)</b>                                                         |          | <b>1,137</b>          | <b>1,088</b>          |
| <b>B. Cash flow from Investing Activities:</b>                                                        |          |                       |                       |
| Purchase / Acquisition of Property , plant and equipment,intangibles,after adjusting capital advances | 2        | (1,123)               | (1,804)               |
| Value of retired property, plant and equipment                                                        | 2        | (1)                   | (1)                   |
| Proceeds from Sale of property, plant and equipment                                                   | 2        | 19                    | 5                     |
| Interest received                                                                                     | 21       | 938                   | 276                   |
| Dividend received                                                                                     | 21       | 236                   | 236                   |
| <b>Net cash used in investing activities (B)</b>                                                      |          | <b>69</b>             | <b>(1,288)</b>        |

**STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31ST MARCH 2023 (Contd.)**

(₹ In Lakhs)

| Particulars                                                                                   | Note No. | Year Ended 31.03.2023 | Year Ended 31.03.2022 |
|-----------------------------------------------------------------------------------------------|----------|-----------------------|-----------------------|
| <b>C. Cash flow from Financing Activities:</b>                                                |          |                       |                       |
| Finance cost Paid                                                                             | 26       | (33)                  | (12)                  |
| Dividend paid                                                                                 | 13       | (473)                 | (430)                 |
| <b>Net cash used in financing activities ( C )</b>                                            |          | <b>(506)</b>          | (442)                 |
| <b>Net increase in cash and cash equivalents (A+B+C)</b>                                      |          | <b>700</b>            | (642)                 |
| Cash and cash equivalents at the beginning                                                    |          | <b>110</b>            | 752                   |
| Cash and cash equivalents at the end                                                          | 9        | <b>810</b>            | 110                   |
| Note:                                                                                         |          |                       |                       |
| (i) (Increase) / Decrease in Other assets                                                     |          |                       |                       |
| (A) Non-Current Financial Assets - others                                                     | 5        | 1                     | 7                     |
| (B) Other Non-Current Assets                                                                  | 6        | (37)                  | (1)                   |
| (C) Bank balances other than Cash and Cash Equivalents                                        | 10       | (1,502)               | 630                   |
| (D) Other Current Assets                                                                      | 11       | (149)                 | (159)                 |
|                                                                                               |          | (1,687)               | 477                   |
| (ii) Increase / (Decrease) in Other Liabilities and Provisions                                |          |                       |                       |
| (A) Other Current Financial Liabilities                                                       | 17       | (67)                  | 102                   |
| (B) Other Current Liabilities                                                                 | 18       | 305                   | (97)                  |
| (C) Current Provisions                                                                        | 19       | (14)                  | 1                     |
|                                                                                               |          | 224                   | 6                     |
| (iii) Policy adopted in determining the composition of cash and cash equivalents - Note 1.13. |          |                       |                       |
| (iv) Disclosure on CSR expenditure - Note 32.                                                 |          |                       |                       |

Per our Report of even date annexed

For and on behalf of the Board

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

**Chella K Srinivasan**  
 Partner  
 Membership No. 023305

Chennai  
 28th April 2023

**N Gopala Ratnam**  
 Chairman  
 DIN: 00001945

**R Madhusudhan**  
 Secretary

Chennai  
 28th April 2023

**N Ramanathan**  
 Managing Director  
 DIN: 00001033

**K Yoganathan**  
 Chief Financial Officer



## Notes forming part of the Financial Statements

### Company Overview

Ponni Sugars (Erode) Limited is a public limited company, incorporated under the Companies Act, 1956 and domiciled in India. It is an associate of Seshasayee Paper and Boards Limited. Its registered office is at 'Esvin House', No. 13, Old Mahabalipuram Road, 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 of India Ltd.

### 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 Accounting Pronouncements

Ministry of Corporate Affairs (MCA) on March 31, 2023 notified the Companies (Indian Accounting Standards) Amendment Rules, 2023 that seeks to amend certain existing standards under the Companies (Indian Accounting Standards) Rules, 2015 issued from time to time. The major amendments are as below:

Ind AS 1 - Presentation of Financial Statements - The amendment requires the entities to disclose their material accounting policies rather than their significant accounting policies and also identify and eliminate immaterial accounting policies from disclosure.

Ind AS 8 - Accounting Policies, Changes in Accounting Estimates and Errors - This amendment has introduced a definition of 'accounting estimates' which was absent hitherto, and included amendments to Ind AS 8 to help entities distinguish changes in accounting policies from changes in accounting estimates.

Ind AS 12 - Income Taxes - This amendment has narrowed the scope of the initial recognition exemption so that it does not apply to transactions that give rise to equal and offsetting temporary differences.

The effective date for adoption of the above amendments is annual periods beginning on or after April 1, 2023. The Company has evaluated these amendments and there is no impact on its financial statement.

### 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 in the year of addition.

## 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 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 other than trade receivables which is recognized at transaction 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.



## Notes forming part of the Financial Statements

### 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.

#### 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 and 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:

## Notes forming part of the Financial Statements

- 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.

### 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:

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



## Notes forming part of the Financial Statements

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

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

### a. Cash Flow Hedges

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

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

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

#### 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 there exists no uncertainty in the ultimate realization of the interest income and the amount 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 income under relevant heads 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 and funded with an Insurer.

## 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.

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 Operating Segment

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 Earnings per Share (EPS) is calculated by dividing the profit attributable to the equity holders of the company by the weighted average number of equity shares outstanding during the period.

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

#### 1.28 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 Equipment

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.



Notes forming part of the Financial Statements

2 . Property, Plant and Equipment and Intangible Assets as at 31st March 2023

(₹ in Lakhs)

| Description                              | Gross Carrying Amount |                           | Depreciation / Amortisation |                  | Net Carrying Amount |                  |
|------------------------------------------|-----------------------|---------------------------|-----------------------------|------------------|---------------------|------------------|
|                                          | As at 01.04.2022      | Additions during the year | Deductions/ Adjustments     | As at 31.03.2023 | As at 31.03.2023    | As at 31.03.2022 |
| <b>(i) Property, Plant and Equipment</b> |                       |                           |                             |                  |                     |                  |
| Land                                     | 460                   | -                         | -                           | -                | 460                 | 460              |
| Buildings                                | 2,092                 | 158                       | 88                          | 488              | 1,674               | 1,604            |
| Plant and Equipment                      | 12,302                | 1,175                     | 640                         | 3,229            | 9,595               | 9,073            |
| Furniture and Fixtures                   | 29                    | 12                        | 4                           | 11               | 15                  | 18               |
| Vehicles                                 | 48                    | 8                         | 5                           | 20               | 25                  | 28               |
| Office Equipment                         | 90                    | 11                        | 13                          | 56               | 31                  | 34               |
| Total                                    | 15,021                | 1,364                     | 750                         | 3,804            | 11,818              | 11,217           |
| <b>(ii) Capital Work-in-Progress</b>     | 359                   | 1,123                     | -                           | -                | 111                 | 359              |
| <b>(iii) Intangible Assets</b>           |                       |                           |                             |                  |                     |                  |
| Computer Software                        | 27                    | 7                         | 8                           | 10               | 18                  | 17               |

Property, Plant and Equipment and Intangible Assets as at 31st March 2022

| Description                              | Gross Carrying Amount |                           | Depreciation / Amortisation |                  | Net Carrying Amount |                  |
|------------------------------------------|-----------------------|---------------------------|-----------------------------|------------------|---------------------|------------------|
|                                          | As at 01.04.2021      | Additions during the year | Deductions/ Adjustments     | As at 31.03.2021 | As at 31.03.2022    | As at 31.03.2021 |
| <b>(i) Property, Plant and Equipment</b> |                       |                           |                             |                  |                     |                  |
| Land                                     | 460                   | -                         | -                           | -                | 460                 | 460              |
| Buildings                                | 2,011                 | 81                        | 84                          | 404              | 1,604               | 1,607            |
| Plant and Equipment                      | 10,960                | 1,348                     | 536                         | 2,697            | 9,073               | 8,263            |
| Furniture and Fixtures                   | 26                    | 3                         | 2                           | 9                | 11                  | 17               |
| Vehicles                                 | 43                    | 10                        | 5                           | 17               | 20                  | 26               |
| Office Equipment                         | 76                    | 14                        | 12                          | 44               | 34                  | 32               |
| Total                                    | 13,576                | 1,456                     | 639                         | 3,171            | 11,217              | 10,405           |
| <b>(ii) Capital Work-in-Progress</b>     | 19                    | 1,804                     | -                           | -                | 359                 | 19               |
| <b>(iii) Intangible Assets</b>           |                       |                           |                             |                  |                     |                  |
| Computer Software                        | 19                    | 8                         | 5                           | 5                | 10                  | 14               |

- All the above assets are owned by the company.
- The Company's working capital borrowings from banks are secured by aforesaid assets (Note 31 (C) 3).
- Contractual commitments for the acquisition of Property, Plant and Equipment as at 31-03-2023 ₹ 273 lakhs (Previous year ₹ 44 lakhs)
- There is no material time or cost overrun in the case of any item in CWIP.
- Age of all items in CWIP in both years - less than one year.

## 2A - Capital Work -in- Progress - ageing schedule

(₹ in Lakhs)

| Particulars                    | As at 31-03-2023               |             |             |                   |            |
|--------------------------------|--------------------------------|-------------|-------------|-------------------|------------|
|                                | Amount in CWIP for a period of |             |             |                   | Total      |
|                                | Less than 1 year               | 1 - 2 years | 2 - 3 years | More than 3 years |            |
| Projects in Progress           | 111                            | -           | -           | -                 | 111        |
| Projects temporarily suspended | -                              | -           | -           | -                 | -          |
| <b>Total</b>                   | <b>111</b>                     | <b>-</b>    | <b>-</b>    | <b>-</b>          | <b>111</b> |

| Particulars                    | As at 31-03-2022               |             |             |                   |            |
|--------------------------------|--------------------------------|-------------|-------------|-------------------|------------|
|                                | Amount in CWIP for a period of |             |             |                   | Total      |
|                                | Less than 1 year               | 1 - 2 years | 2 - 3 years | More than 3 years |            |
| Projects in Progress           | 359                            | -           | -           | -                 | 359        |
| Projects temporarily suspended | -                              | -           | -           | -                 | -          |
| <b>Total</b>                   | <b>359</b>                     | <b>-</b>    | <b>-</b>    | <b>-</b>          | <b>359</b> |

## 3. Investments - Non Current:

|  |  |  |  |  |
|--|--|--|--|--|
|  |  |  |  |  |
|  |  |  |  |  |



## Notes forming part of the Financial Statements

## 4. Trade Receivables - Non Current :

(₹ in Lakhs)

|                                        | As at 31.03.2023 | As at 31.03.2022 |
|----------------------------------------|------------------|------------------|
| Unsecured - Considered good (Note -33) | 2,492            | -                |
| <b>Total</b>                           | <b>2,492</b>     | <b>-</b>         |

## 4A Trade Receivables - Non Current Ageing schedule :

| Particulars                                    | Not due | Outstanding for following periods from due date of payment |                   |             |             |                   | Total |
|------------------------------------------------|---------|------------------------------------------------------------|-------------------|-------------|-------------|-------------------|-------|
|                                                |         | Less than 6 months                                         | 6 months - 1 year | 1 - 2 years | 2 - 3 years | More than 3 years |       |
| As on 31-03-2023                               |         |                                                            |                   |             |             |                   |       |
| Undisputed Trade receivables — considered good | 2,492   | -                                                          | -                 | -           | -           | -                 | 2,492 |
| Undisputed Trade Receivables — credit impaired | -       | -                                                          | -                 | -           | -           | -                 | -     |
| Total                                          | 2,492   | -                                                          | -                 | -           | -           | -                 | 2,492 |
| Previous Year as on 31-03-2022                 | -       | -                                                          | -                 | -           | -           | -                 | -     |

## 5. Other Financial Assets - Non current:

|                             | As at 31.03.2023 | As at 31.03.2022 |
|-----------------------------|------------------|------------------|
| Unsecured - Considered good |                  |                  |
| Security deposit            | 14               | 15               |
| <b>Total</b>                | <b>14</b>        | <b>15</b>        |

## 6. Other Non Current Assets:

|                             | As at 31.03.2023 | As at 31.03.2022 |
|-----------------------------|------------------|------------------|
| Unsecured - Considered good |                  |                  |
| Capital advances            | 58               | 7                |
| Prepaid expenses            | 43               | 57               |
| <b>Total</b>                | <b>101</b>       | <b>64</b>        |

## 7. Inventories:

|                   | As at 31.03.2023 | As at 31.03.2022 |
|-------------------|------------------|------------------|
| Work In Progress  | 241              | 130              |
| Finished Goods:   |                  |                  |
| Sugar             | 7,381            | 6,414            |
| Molasses          | 21               | 179              |
| Stores and Spares | 526              | 355              |
| Bio fuel          | 132              | 17               |
| <b>Total</b>      | <b>8,301</b>     | <b>7,095</b>     |

- (i) Refer Note No 1.14 for Valuation of Inventories  
(ii) Refer Note no 31 ( C )3 for security created on Inventories

## Notes forming part of the Financial Statements

## 8. Trade Receivables - Current :

(₹ in Lakhs)

|                             | As at 31.03.2023 |              | As at 31.03.2022 |              |
|-----------------------------|------------------|--------------|------------------|--------------|
| Unsecured - Considered good | 2,254            |              | 4,541            |              |
| - Credit Impaired           | -                | 2,254        | 203              | 4,744        |
| Less: Impairment            |                  | -            |                  | 203          |
| <b>Total</b>                |                  | <b>2,254</b> |                  | <b>4,541</b> |

## 8 A - Trade Receivables - Current Ageing schedule

|                                                 | As on 31-03-2023 |         |                                                            |                   |             |             |                   |       |
|-------------------------------------------------|------------------|---------|------------------------------------------------------------|-------------------|-------------|-------------|-------------------|-------|
| Particulars                                     | Unbilled         | Not due | Outstanding for following periods from due date of payment |                   |             |             |                   | Total |
|                                                 |                  |         | Less than 6 months                                         | 6 months - 1 year | 1 - 2 years | 2 - 3 years | More than 3 years |       |
| Undisputed Trade receiv-ables — considered good | 3                | 1,986   | 265                                                        | -                 | -           | -           | -                 | 2,254 |
| Undisputed Trade Receiv-ables — credit impaired | -                | -       | -                                                          | -                 | -           | -           | -                 | -     |
| Total                                           | 3                | 1,986   | 265                                                        | -                 | -           | -           | -                 | 2,254 |

|                                                        | As on 31-03-2022 |         |                                                               |                      |                |                |                         |       |
|--------------------------------------------------------|------------------|---------|---------------------------------------------------------------|----------------------|----------------|----------------|-------------------------|-------|
| Particulars                                            | Unbilled         | Not due | Outstanding for following periods<br>from due date of payment |                      |                |                |                         | Total |
|                                                        |                  |         | Less<br>than 6<br>months                                      | 6 months<br>- 1 year | 1 - 2<br>years | 2 - 3<br>years | More<br>than 3<br>years |       |
| Undisputed Trade receiv-<br>ables — considered<br>good | 4                | 732     | 1,574                                                         | 1,621                | 609            | 1              | -                       | 4,541 |
| Undisputed Trade Receiv-<br>ables — credit impaired    | -                | -       | -                                                             | 136                  | 67             | -              | -                       | 203   |
| Total                                                  | 4                | 732     | 1,574                                                         | 1,757                | 676            | 1              | -                       | 4,744 |

## 9. Cash and Cash Equivalents:

|                                                       | As at 31.03.2023 | As at 31.03.2022 |
|-------------------------------------------------------|------------------|------------------|
| Balances with Banks                                   |                  |                  |
| Current accounts                                      | 467              | 38               |
| Deposit account- original maturity less than 3 months | 340              | 70               |
| Cash on hand                                          | 3                | 2                |
| <b>Total</b>                                          | <b>810</b>       | <b>110</b>       |



## Notes forming part of the Financial Statements

## 10. Bank balances other than Cash and Cash Equivalents :

(₹ in Lakhs)

|                                                                               | As at 31.03.2023 | As at 31.03.2022 |
|-------------------------------------------------------------------------------|------------------|------------------|
| Deposit account- original maturity more than 3 months and less than 12 months | 2,335            | 844              |
| Unpaid dividend account                                                       | 46               | 35               |
| <b>Total</b>                                                                  | <b>2,381</b>     | <b>879</b>       |

## 11. Other Current Assets:

|                                    | As at 31.03.2023 | As at 31.03.2022 |
|------------------------------------|------------------|------------------|
| Advance for supplies               | 543              | 357              |
| Advance for services               | 14               | 15               |
| Input Tax Credit Receivable        | 18               | 29               |
| Prepaid expenses                   | 80               | 61               |
| Net defined benefit Asset-Gratuity | -                | 44               |
| Others                             | 42               | 42               |
| <b>Total</b>                       | <b>697</b>       | <b>548</b>       |

## 12. Equity Share Capital:

|                                                                                      | As at 31.03.2023 | As at 31.03.2022 |
|--------------------------------------------------------------------------------------|------------------|------------------|
| <b>Authorised</b><br>1,50,00,000 Equity Shares of ₹ 10 each                          | 1500             | 1500             |
| <b>Issued, Subscribed and Fully paid up:</b><br>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.

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

| Sl No | Name of the Shareholders            | As at 31.03.2023 |                   | As at 31.03.2022 |                   |
|-------|-------------------------------------|------------------|-------------------|------------------|-------------------|
|       |                                     | No. of Shares    | % of Total Shares | No. of Shares    | % of Total Shares |
| 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     | Time Square Investments Private Ltd | 773804           | 9.00              | 773804           | 9.00              |
| 4     | Gothic Corporation                  | 539450           | 6.27              | 539450           | 6.27              |
| 5     | Bharti Chhotubhai Pithawalla        | 500466           | 5.82              | 500466           | 5.82              |

## Notes forming part of the Financial Statements

### d) Shareholding of Promoters

| Sl No | Shares held by promoters                         | As at 31.03.2023 |                   | As at 31.03.2022 |                   |
|-------|--------------------------------------------------|------------------|-------------------|------------------|-------------------|
|       | Promoter Name                                    | No. of Shares    | % of Total Shares | No. of Shares    | % of Total Shares |
| 1     | Seshasayee Paper and Boards Ltd                  | 2360260          | 27.45             | 2360260          | 27.45             |
| 2     | Time Square Investments Private Ltd              | 773804           | 9.00              | 773804           | 9.00              |
| 3     | Bharti Chhotubhai Pithawalla                     | 500466           | 5.82              | 500466           | 5.82              |
| 4     | ESVI International (Engineers and Exporters) Ltd | 4802             | 0.06              | 4802             | 0.06              |
| 5     | High Energy Batteries (India) Ltd                | 382              | 0.00              | 382              | 0.00              |
| 6     | N Gopala Ratnam                                  | 2823             | 0.03              | 2823             | 0.03              |
|       | Total                                            | 3642537          | 42.36             | 3642537          | 42.36             |

Note:

- (i) There is no change in the % of holding in the case of any promoter during the year or in the previous year.

### e) 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 31.03.2023 | As at 31.03.2022 |
|-----------------------------------|------------------|------------------|
| Equity                            | 45,289           | 36,848           |
| Debt                              | -                | -                |
| Cash and Cash Equivalents         | 810              | 110              |
| Net Debt                          | (810)            | (110)            |
| Total Capital (Equity + Net Debt) | 44,479           | 36,738           |
| Net Debt to Capital Ratio         | -                | -                |

### f) Dividend:

|                                                                                                          | FY 2022-23 | FY 2021-22 |
|----------------------------------------------------------------------------------------------------------|------------|------------|
| <b>Dividend on Equity shares paid during the year</b>                                                    |            |            |
| Dividend for the financial year 2021-22 @ ₹ 5.50 per share (Previous Year ₹ 5.00 per share) of ₹ 10 each | 473        | 430        |

### Proposed Dividend

The Board of directors at their meeting held on 28th April, 2023 has recommended payment of dividend of ₹ 6.50 (PY ₹ 5.50) per equity share of face value of ₹ 10 each for the financial year ended 31st March, 2023.

This is subject to approval at the ensuing Annual General Meeting of the company and hence not recognized in these financial statements.



## Notes forming part of the Financial Statements

## 13. Other Equity:

(₹ in Lakhs)

| Particulars                                                                  | Reserves and Surplus |                    |                 |                   | Items of Other Comprehensive Income                   | Total         |
|------------------------------------------------------------------------------|----------------------|--------------------|-----------------|-------------------|-------------------------------------------------------|---------------|
|                                                                              | Capital Reserve      | Securities Premium | General Reserve | Retained Earnings | Equity Instruments through Other Comprehensive Income |               |
| <b>(A) Balance as at 01.04.2022</b>                                          | <b>554</b>           | <b>160</b>         | <b>15,000</b>   | <b>5,516</b>      | <b>14,758</b>                                         | <b>35,988</b> |
| <b>Additions during the year:</b>                                            |                      |                    |                 |                   |                                                       |               |
| Profit for the year 2022-23                                                  |                      |                    |                 | 3,834             |                                                       | 3,834         |
| Items that will not be reclassified to profit or loss:                       |                      |                    |                 |                   |                                                       |               |
| a. Effect of measuring Investments at fair value                             |                      |                    |                 |                   | 5,499                                                 | 5,499         |
| b. Remeasurement of the defined benefit plans                                |                      |                    |                 | (66)              |                                                       | (66)          |
| Income tax relating to items that will not be reclassified to profit or loss |                      |                    |                 | 19                | (372)                                                 | (353)         |
| <b>(B) Total Comprehensive Income for the year 2022-23</b>                   | <b>-</b>             | <b>-</b>           | <b>-</b>        | <b>3,787</b>      | <b>5,127</b>                                          | <b>8,914</b>  |
| <b>(C) Reduction during the year</b>                                         |                      |                    |                 |                   |                                                       |               |
| Dividend                                                                     |                      |                    |                 | (473)             |                                                       | (473)         |
| Transfer to General reserve                                                  |                      |                    | 2,500           | (2,500)           |                                                       |               |
| <b>Total</b>                                                                 | <b>-</b>             | <b>-</b>           | <b>2,500</b>    | <b>(2,973)</b>    | <b>-</b>                                              | <b>(473)</b>  |
| <b>(D) Balance as at 31.03.2023 (A+B+C)</b>                                  | <b>554</b>           | <b>160</b>         | <b>17,500</b>   | <b>6,330</b>      | <b>19,885</b>                                         | <b>44,429</b> |
| <b>(E) Balance as at 01.04.2021</b>                                          | <b>554</b>           | <b>160</b>         | <b>12,500</b>   | <b>5,513</b>      | <b>13,054</b>                                         | <b>31,781</b> |
| <b>Additions during the year:</b>                                            |                      |                    |                 |                   |                                                       |               |
| Profit for the year 2021-22                                                  |                      |                    |                 | 2,925             |                                                       | 2,925         |
| Items that will not be reclassified to profit or loss:                       |                      |                    |                 |                   |                                                       |               |
| a. Effect of measuring Investments at fair value                             |                      |                    |                 |                   | 1,823                                                 | 1,823         |
| b. Remeasurement of the defined benefit plans                                |                      |                    |                 | 12                |                                                       | 12            |
| Income tax relating to items that will not be reclassified to profit or loss |                      |                    |                 | (4)               | (119)                                                 | (123)         |
| <b>(F) Total Comprehensive Income for the Year 2021-22</b>                   | <b>-</b>             | <b>-</b>           | <b>-</b>        | <b>2,933</b>      | <b>1,704</b>                                          | <b>4,637</b>  |
| <b>(G) Reduction during the year</b>                                         |                      |                    |                 |                   |                                                       |               |
| Dividend                                                                     |                      |                    |                 | (430)             |                                                       | (430)         |
| Transfer to General reserve                                                  |                      |                    | 2,500           | (2,500)           |                                                       | -             |
| <b>Total</b>                                                                 | <b>-</b>             | <b>-</b>           | <b>2,500</b>    | <b>(2,930)</b>    | <b>-</b>                                              | <b>(430)</b>  |
| <b>Balance as at 31st March 2022 (E+F+G)</b>                                 | <b>554</b>           | <b>160</b>         | <b>15,000</b>   | <b>5,516</b>      | <b>14,758</b>                                         | <b>35,988</b> |

## 13.1 Description of nature and purpose of Reserve:

- Capital Reserve represents gain of a capital nature and is not available for dividend distribution.
- Securities Premium records the premium component on issue of shares and can be utilised only in accordance with the provisions of Companies Act, 2013.
- 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.

## Notes forming part of the Financial Statements

## 14. Deferred Tax Liabilities (Net):

(₹ in Lakhs)

|                           | As at<br>31.03.2023 | As at<br>31.03.2022 |
|---------------------------|---------------------|---------------------|
| Deferred Tax Liabilities  | 2,072               | 1,880               |
| Less: Deferred Tax Assets | 1,384               | 1,619               |
| <b>Net</b>                | <b>688</b>          | <b>261</b>          |

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

|                                                                              | Balance Sheet<br>31.03.2023 | Profit and Loss<br>2022-23 | OCI<br>2022-23 | Balance Sheet<br>01.04.2022 |
|------------------------------------------------------------------------------|-----------------------------|----------------------------|----------------|-----------------------------|
| <b>Deferred Tax Liability on account of</b>                                  |                             |                            |                |                             |
| Depreciation on Property, Plant and Equipment                                | 2,072                       | 192                        | -              | 1,880                       |
| <b>Deferred Tax Assets on account of</b>                                     |                             |                            |                |                             |
| Expenses allowed for tax purpose on payment basis                            | 165                         | 45                         | -              | 120                         |
| Income tax relating to items that will not be reclassified to profit or loss | (491)                       | 19                         | (372)          | (138)                       |
| MAT Credit Entitlement (Note 28(E))                                          | 1,710                       | 73                         | -              | 1,637                       |
| <b>Sub total</b>                                                             | <b>1,384</b>                | <b>137</b>                 | <b>(372)</b>   | <b>1,619</b>                |
| <b>Deferred Tax Liabilities</b>                                              | <b>688</b>                  | <b>55</b>                  | <b>372</b>     | <b>261</b>                  |

## 15. Non-Current Liabilities - Provisions:

|                                               | As at<br>31.03.2023 | As at<br>31.03.2022 |
|-----------------------------------------------|---------------------|---------------------|
| Provision for Income Tax (net of Advance Tax) | 666                 | 726                 |
| <b>Total</b>                                  | <b>666</b>          | <b>726</b>          |

## 16. Trade Payables:

|                                          | As at<br>31.03.2023 | As at<br>31.03.2022 |
|------------------------------------------|---------------------|---------------------|
| Micro and Small enterprises (Note -16 A) | 54                  | 39                  |
| Others                                   |                     |                     |
| - Goods                                  | 2,769               | 2,498               |
| - Services                               | 906                 | 730                 |
| <b>Total</b>                             | <b>3,729</b>        | <b>3,267</b>        |

## Note 16 (A)

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



## Notes forming part of the Financial Statements

(ii) Additional disclosures:

(₹ in Lakhs)

|                                                                                                                                                                                                                | As at<br>31.03.2023 | As at<br>31.03.2022 |
|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------|---------------------|
| 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 (Note 16 & 17)                                                                                                                                            | 107                 | 44                  |
| - Interest due on above                                                                                                                                                                                        | Nil                 | Nil                 |
| ii) Interest paid by the Company in terms of section 16 of the MSMED Act, 2006 along with 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                 |

## 16 (B) Trade Payables - Ageing schedule

| Particulars                                       | Unbilled  | Not due      | Outstanding for following periods from due date of payment as at 31.03.2023 |           |           |                   | Total        |
|---------------------------------------------------|-----------|--------------|-----------------------------------------------------------------------------|-----------|-----------|-------------------|--------------|
|                                                   |           |              | Less than 1 year                                                            | 1-2 years | 2-3 years | More than 3 years |              |
| (i) Micro and Small Enterprises                   | 6         | 33           | 15                                                                          | -         | -         | -                 | 54           |
| (ii) Others                                       | 68        | 2,522        | 305                                                                         | 20        | 8         | -                 | 2,923        |
| (iii) Disputed dues - Micro and Small Enterprises | -         | -            | -                                                                           | -         | -         | -                 | -            |
| (iv) Disputed dues - Others                       | -         | 752          | -                                                                           | -         | -         | -                 | 752          |
| <b>Total</b>                                      | <b>74</b> | <b>3,307</b> | <b>320</b>                                                                  | <b>20</b> | <b>8</b>  | <b>-</b>          | <b>3,729</b> |

| Particulars                                       | Unbilled  | Not due      | Outstanding for following periods from due date of payment as at 31.03.2022 |           |           |                   | Total        |
|---------------------------------------------------|-----------|--------------|-----------------------------------------------------------------------------|-----------|-----------|-------------------|--------------|
|                                                   |           |              | Less than 1 year                                                            | 1-2 years | 2-3 years | More than 3 years |              |
| (i) Micro and Small Enterprises                   | 10        | 20           | 9                                                                           | -         | -         | -                 | 39           |
| (ii) Others                                       | 38        | 2,073        | 351                                                                         | 10        | 4         | -                 | 2,476        |
| (iii) Disputed dues - Micro and Small Enterprises | -         | -            | -                                                                           | -         | -         | -                 | -            |
| (iv) Disputed dues - Others                       | -         | 752          | -                                                                           | -         | -         | -                 | 752          |
| <b>Total</b>                                      | <b>48</b> | <b>2,845</b> | <b>360</b>                                                                  | <b>10</b> | <b>4</b>  | <b>-</b>          | <b>3,267</b> |

## Notes forming part of the Financial Statements

## 17 - Other Current Financial Liabilities:

(₹ in Lakhs)

|                                                                                                              | As at<br>31.03.2023 | As at<br>31.03.2022 |
|--------------------------------------------------------------------------------------------------------------|---------------------|---------------------|
| Payable for Capital Expenditure                                                                              |                     |                     |
| - Micro and Small enterprises (Note -16 A)                                                                   | 53                  | 5                   |
| - Others                                                                                                     | 57                  | 185                 |
| Unpaid dividends (No amount is due and outstanding to be credited to Investor Education and Protection Fund) | 46                  | 35                  |
| Others                                                                                                       | 12                  | 10                  |
| <b>Total</b>                                                                                                 | <b>168</b>          | <b>235</b>          |

## 18. Other Current Liabilities:

|                                         | As at<br>31.03.2023 | As at<br>31.03.2022 |
|-----------------------------------------|---------------------|---------------------|
| Revenue received in advance #           | 218                 | 81                  |
| Statutory liabilities                   | 306                 | 172                 |
| Interest on Electricity consumption tax | 153                 | 153                 |
| Parallel operation charges              | 151                 | 117                 |
| <b>Total</b>                            | <b>828</b>          | <b>523</b>          |

# Revenue recognised during the year from the Opening Advance

81 68

## 19. Current Provisions:

|                                 | As at<br>31.03.2023 | As at<br>31.03.2022 |
|---------------------------------|---------------------|---------------------|
| Provision for Employee Benefits |                     |                     |
| - Gratuity                      | 52                  | -                   |
| - Others                        | 3                   | 3                   |
| <b>Total</b>                    | <b>55</b>           | <b>3</b>            |

## 19 A - Reconciliation of net defined benefit liability

|                                                        | Gratuity   |            |
|--------------------------------------------------------|------------|------------|
|                                                        | 31.03.2023 | 31.03.2022 |
| Balance at the beginning of the year                   | 575        | 575        |
| Interest Cost                                          | 36         | 36         |
| Current service cost                                   | 33         | 27         |
| Benefits paid                                          | 109        | 51         |
| Actuarial loss/(gain) on obligation (balancing figure) | 67         | (12)       |
| <b>Balance as at the end of the year</b>               | <b>602</b> | <b>575</b> |



## Notes forming part of the Financial Statements

## 19 B - Balance Sheet Reconciliation

(₹ in Lakhs)

|                                                               | As at<br>31.03.2023 | As at<br>31.03.2022 |
|---------------------------------------------------------------|---------------------|---------------------|
| Net defined benefit (liability) asset at beginning of period  | 44                  | 6                   |
| Unrecognised past service cost at the beginning of the period | -                   | -                   |
| Expense in the P& L                                           | (30)                | (24)                |
| Total remeasurements included in OCI                          | (66)                | 12                  |
| Employer's Total Contribution                                 | -                   | 50                  |
| Unrecognised past service cost at the end of the period       | -                   | -                   |
| Net defined benefit (liability) asset as at end of period     | (52)                | 44                  |

## 20. Revenue from Operations:

|                         | 31.03.2023    | 31.03.2022    |
|-------------------------|---------------|---------------|
| Sale of Products        | 42,923        | 28,042        |
| Other Operating Revenue | 620           | 793           |
| <b>Total</b>            | <b>43,543</b> | <b>28,835</b> |

## Disclosure relating to Revenue from contracts with customers

|                                      | 31.03.2023    | 31.03.2022    |
|--------------------------------------|---------------|---------------|
| <b>a. Type of goods</b>              |               |               |
| Sugar                                | 30,882        | 19,841        |
| Bagasse                              | 3,891         | 1,833         |
| Molasses                             | 4,002         | 3,085         |
| Power                                | 4,148         | 3,283         |
| <b>Total</b>                         | <b>42,923</b> | <b>28,042</b> |
| <b>b. Type of Customer</b>           |               |               |
| Government / Government undertakings | 5,410         | 3,929         |
| Others                               | 37,513        | 24,113        |
| <b>Total</b>                         | <b>42,923</b> | <b>28,042</b> |

## Notes forming part of the Financial Statements

## 21. Other Income:

(₹ in Lakhs)

|                                                                            | 31.03.2023   | 31.03.2022 |
|----------------------------------------------------------------------------|--------------|------------|
| Interest on financial assets carried at amortized cost                     |              |            |
| - TANGEDCO power dues under Late Payment Surcharge                         | 572          | -          |
| - Bank Deposits                                                            | 141          | 125        |
| Interest - Others                                                          | 528          | 151        |
| Dividend from quoted equity investments measured at fair value through OCI | 236          | 236        |
| Other non-operating income                                                 | 29           | 185        |
| <b>Total</b>                                                               | <b>1,506</b> | <b>697</b> |

## 22. Cost of Materials Consumed:

|                         | 31.03.2023    | 31.03.2022    |
|-------------------------|---------------|---------------|
| Raw material -Sugarcane | 29,176        | 19,698        |
| Process Chemicals       | 257           | 152           |
| Packing Materials       | 501           | 311           |
| <b>Total</b>            | <b>29,934</b> | <b>20,161</b> |

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

|                                                                      | 31.03.2023 |              | 31.03.2022 |                |
|----------------------------------------------------------------------|------------|--------------|------------|----------------|
| Opening stock - Finished goods                                       | 6,593      |              | 4,826      |                |
| - Work in progress                                                   | 130        | 6,723        | 103        | 4,929          |
| Closing stock - Finished goods                                       | 7,402      |              | 6,593      |                |
| - Work in progress                                                   | 241        | 7,643        | 130        | 6,723          |
| <b>Changes in Inventories of finished goods and Work in progress</b> |            | <b>(920)</b> |            | <b>(1,794)</b> |

## 24. Employee Benefits Expense:

|                                                   | 31.03.2023   | 31.03.2022   |
|---------------------------------------------------|--------------|--------------|
| Salaries and wages                                | 1,732        | 1,572        |
| Contribution to Provident & Other Funds (Note 35) | 168          | 154          |
| Staff Welfare Expenses                            | 179          | 158          |
| <b>Total</b>                                      | <b>2,079</b> | <b>1,884</b> |



## Notes forming part of the Financial Statements

## 25. Other Expenses:

(₹ in Lakhs)

|                                                     | 31.03.2023   | 31.03.2022   |
|-----------------------------------------------------|--------------|--------------|
| Consumption of stores and spare parts               | 62           | 32           |
| Rent                                                | 16           | 15           |
| Repairs and Maintenance                             |              |              |
| -Buildings                                          | 239          | 198          |
| -Plant & Machinery                                  | 1,183        | 1,153        |
| -Others                                             | 9            | 15           |
| Insurance                                           | 54           | 54           |
| Rates and taxes                                     | 87           | 89           |
| Auditors' remuneration (Note 25-A)                  | 12           | 12           |
| Watch & ward                                        | 56           | 56           |
| Travel                                              | 92           | 55           |
| Professional & Consultancy                          | 60           | 53           |
| Directors' sitting fees and commission              | 35           | 27           |
| Freight & handling                                  | 224          | 136          |
| Impairment Loss -Reversal                           | (204)        | 31           |
| Fair Value Adjustment (Note - 33)                   | 684          | -            |
| Corporate Social Responsibility expenses (Note -32) | 78           | 78           |
| Miscellaneous                                       | 108          | 102          |
| <b>Total</b>                                        | <b>2,795</b> | <b>2,106</b> |

## 25-A. Payment to Auditors:

|                                       | 31.03.2023 | 31.03.2022 |
|---------------------------------------|------------|------------|
| Statutory Audit Fees                  | 8          | 8          |
| Tax Audit Fees                        | 1          | 1          |
| Certification Fees and Other Services | 2          | 3          |
| Reimbursement of expenses             | 1          | -          |
| <b>Total</b>                          | <b>12</b>  | <b>12</b>  |

## 26. Finance Costs:

|                                           | 31.03.2023 | 31.03.2022 |
|-------------------------------------------|------------|------------|
| Interest on borrowings                    | -          | -          |
| Other borrowing costs- Processing charges | 33         | 12         |
| Interest - others                         | 2          | -          |
| <b>Total</b>                              | <b>35</b>  | <b>12</b>  |

## 27. Depreciation and Amortisation Expense:

|                                               | 31.03.2023 | 31.03.2022 |
|-----------------------------------------------|------------|------------|
| Depreciation on Property, Plant and Equipment | 750        | 639        |
| Amortisation of Intangible assets             | 8          | 5          |
| <b>Total</b>                                  | <b>758</b> | <b>644</b> |

## Notes forming part of the Financial Statements

## 28. Tax Expense:

(₹ in Lakhs)

|                                                                   | 31.03.2023 | 31.03.2022 |
|-------------------------------------------------------------------|------------|------------|
| <b>(A) Major components of Income Tax expense for the year :</b>  |            |            |
| <b>Tax expense recognised in the Statement of Profit and Loss</b> |            |            |
| <b>(a) Current Tax :</b>                                          |            |            |
| Current tax for the year - Minimum Alternate Tax                  | 854        | 594        |
| <b>(b) Deferred Tax :</b>                                         |            |            |
| Deferred Tax Liability on account of depreciation                 | 192        | 96         |
| Expenses allowed for tax purpose on payment basis                 | (45)       | 12         |
| MAT Credit Entitlement                                            | (186)      | (30)       |
| MAT Credit Reversal - relating to earlier years (Note - 28F )     | 113        | -          |
| <b>Total (b)</b>                                                  | 74         | 78         |
| <b>(c) Applicable tax rate - %</b>                                | 29.12      | 29.12      |
| <b>Total Tax Expense (a) + (b)</b>                                | 928        | 672        |

|                                                                                             | 31.03.2023 | 31.03.2022 |
|---------------------------------------------------------------------------------------------|------------|------------|
| <b>(B) Reconciliation of Tax expenses and the accounting profit for the year :</b>          |            |            |
| <b>Enacted Income tax rate in India applicable to the Company</b>                           | 29.12%     | 29.12%     |
| Profit Before Tax                                                                           | 4,762      | 3,597      |
| <b>Current Tax Expense at the applicable rate</b>                                           | 1,387      | 1,048      |
| Tax effect of the amounts which are not deductible /(taxable) in calculating taxable income |            |            |
| Add/(Less):                                                                                 |            |            |
| Exempted income / Tax holiday under Section 80 (IA)                                         | (714)      | (486)      |
| Difference in depreciation                                                                  | (129)      | (16)       |
| Expenses allowed for tax purpose on payment basis                                           | 121        | (5)        |
| Differences on account of other permanent disallowances                                     | 3          | 23         |
| <b>Total</b>                                                                                | (719)      | (484)      |
| <b>Current Tax for the Year under normal computation</b>                                    | 668        | 564        |
| MAT Credit Entitlement                                                                      | 186        | 30         |
| <b>Current Tax for the Year under MAT computation</b>                                       | 854        | 594        |
| <b>(C) Taxes on items of OCI</b>                                                            |            |            |
| Items that will not be reclassified to profit or loss                                       |            |            |
| - Income Tax on measuring Investment at fair value                                          | 372        | 119        |
| - Income Tax on Remeasurement of the defined benefit plans                                  | (19)       | 4          |
| <b>Total</b>                                                                                | 353        | 123        |



## Notes forming part of the Financial Statements

### (D) Current Tax:

- (i) The company has recognized Minimum Alternate Tax ( MAT) since the tax payable under normal computation is lower than MAT.
- (ii) 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 ₹ 73 lakhs (net) for the year (previous year ₹ 30 lakhs) and ₹ 1,710 lakhs as on 31st March 2023 (₹ 1,637 lakhs as on 31st March 2022 ) is recognised and carried forward as deferred tax asset as there exists reasonable certainty to recover the same in future.

- (F) The company claims tax holiday under Section 80-IA of the Income Tax Act, 1961 for its profits from cogeneration of power. The Transfer Pricing Officer (TPO) has determined the Arm's Length Price (ALP) for AY 2020-21 at a lower rate than adopted by the company. Pending completion of assessment which is subject to appellate remedies, the company on a conservative basis has reworked 80-IA benefit for all the years on the basis of the order of TPO. Pursuant to this, MAT credit receivable is reversed stands reduced by ₹113 lakhs at the close of reporting period.
- (G) The company has obtained a favourable order from the High Court of Madras for its depreciation entitlement based on fair value of assets. In addition, there are appeals pending before the Commissioner of Income Tax (Appeals) on various additions/disallowances for the Assessment Years 2003-04 to 2017-18. Adjustments for the impact of these items will be given effect in the financial statements on receipt of orders from the authorities concerned.

## 29. Contingent Liabilities and Commitments:

(₹ in Lakhs)

|                                                                                                 | As at<br>31.03.2023 | As at<br>31.03.2022 |
|-------------------------------------------------------------------------------------------------|---------------------|---------------------|
| <b>a. Contingent Liabilities</b>                                                                |                     |                     |
| Claims against the company not acknowledged as debt                                             |                     |                     |
| - Indirect tax demands contested                                                                | 7                   | 7                   |
| - Others                                                                                        | 10                  | 10                  |
| <b>b. Commitments</b>                                                                           |                     |                     |
| - Contracts for purchase of sugar cane                                                          | 18,410              | 17751               |
| - Estimated value of contracts remaining to be executed on capital account and not provided for | 273                 | 44                  |

## 30. Government Grant :

The Company has recognised Government Grants in these financial statements under relevant heads as disclosed below:

| Particulars                            | Treatment in Accounts                         | 31.03.2023 | 31.03.2022 |
|----------------------------------------|-----------------------------------------------|------------|------------|
| a. Export quota swapping               | Included in other operating revenue (Note 20) | 332        | -          |
| b. Sale of Renewal Energy Certificates | Included in other operating revenue (Note 20) | 93         | 248        |
| <b>Total</b>                           |                                               | <b>425</b> | <b>248</b> |

## Notes forming part of the Financial Statements

### 31(A). Category wise classification of Financial Instruments:

(₹ in Lakhs)

| Particulars                                                                                | Note  | Non Current         |                     | Current             |                     |
|--------------------------------------------------------------------------------------------|-------|---------------------|---------------------|---------------------|---------------------|
|                                                                                            |       | As at<br>31.03.2023 | As at<br>31.03.2022 | As at<br>31.03.2023 | As at<br>31.03.2022 |
| <b>Financial Assets measured at Fair Value through Other Comprehensive Income (FVTOCI)</b> |       |                     |                     |                     |                     |
| Investments in quoted equity shares                                                        | 3     | 22,447              | 16,948              | -                   | -                   |
| Investments in Unquoted equity shares                                                      | 3     | 9                   | 9                   | -                   | -                   |
| <b>Total</b>                                                                               |       | 22,456              | 16,957              | -                   | -                   |
| <b>Financial Assets measured at amortised cost</b>                                         |       |                     |                     |                     |                     |
| Security Deposit                                                                           | 5     | 14                  | 15                  | -                   | -                   |
| Trade Receivables                                                                          | 4,8   | 2,492               | -                   | 2,254               | 4,541               |
| Cash and Cash Equivalents                                                                  | 9     | -                   | -                   | 810                 | 110                 |
| Other Balances with Banks                                                                  | 10    | -                   | -                   | 2,381               | 879                 |
| <b>Total</b>                                                                               |       | 2,506               | 15                  | 5,445               | 5,530               |
| <b>Financial Liabilities measured at amortised cost</b>                                    |       |                     |                     |                     |                     |
| Payable towards capital expenditure                                                        | 17    | -                   | -                   | 57                  | 185                 |
| Payable towards Micro and Small enterprises                                                | 16,17 | -                   | -                   | 107                 | 44                  |
| Payable towards Goods                                                                      | 16    | -                   | -                   | 2,769               | 2,498               |
| Payable towards services                                                                   | 16    | -                   | -                   | 906                 | 730                 |
| Unpaid/Unclaimed Dividend                                                                  | 17    | -                   | -                   | 46                  | 35                  |
| Payable towards Other expenses                                                             | 17    | -                   | -                   | 12                  | 10                  |
| <b>Total</b>                                                                               |       | -                   | -                   | 3,897               | 3,502               |

1. The fair value of investment in quoted equity shares measured at the closing price in the Stock Exchange 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 counter-parties.



## Notes forming part of the Financial Statements

### 31(B). Fair value Measurements

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

| 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) |               |                                           |                                         |                                           |
| <b>As at 31.03.2023</b>                                                             |               |                                           |                                         |                                           |
| Investments in quoted equity shares                                                 | <b>22,447</b> | <b>22,447</b>                             | -                                       | -                                         |
| Investments in unquoted equity shares - Other Entities                              | <b>9</b>      | -                                         | -                                       | <b>9</b>                                  |
| <b>As at 31.03.2022</b>                                                             |               |                                           |                                         |                                           |
| Investments in quoted equity shares                                                 | 16,948        | 16,948                                    | -                                       | -                                         |
| Investments in unquoted equity shares - Other Entities                              | 9             | -                                         | -                                       | 9                                         |

#### (ii) Financial Instrument measured at Amortised Cost :

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

### 31(C). Financial Risk Management – Objectives and Policies:

The Company's financial liabilities comprise mainly 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 endeavor 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.

## Notes forming part of the Financial Statements

### (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.

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 ₹ 7951 lakhs as at 31st March 2023, and ₹ 5545 lakhs as at 31st March 2022 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.

The credit risk arising for the exposure of investing in other balances with banks and bank balances is limited and there is no collateral held against these because the counter parties are public sector banks / AAA rated Private Sector banks.

## 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 based limit of ₹ 30 crores and non-fund based limit of ₹ 1crore from consortium banks towards working capital loan which is secured by first charge of inventories book debts and immovable. However, utilization against the above facilities as at 31.03.2023 is Nil (PY Nil).

The Company invests its surplus funds in bank fixed deposit, which carry no / low mark to market risks.

Contractual maturities of financial liabilities based on contractual undiscounted payments.

(₹ in Lakhs)

| Particulars                            | As at 31.03.2023   |               |       | As at 31.03.2022   |               |       |
|----------------------------------------|--------------------|---------------|-------|--------------------|---------------|-------|
|                                        | Less than one year | Over one year | Total | Less than one year | Over one year | Total |
| Trade and other payables ( Note 16)    | 3,701              | 28            | 3,729 | 3,253              | 14            | 3,267 |
| Other financial liabilities ( Note 17) | 168                | -             | 168   | 235                | -             | 235   |



## Notes forming part of the Financial Statements

## 32. Corporate Social Responsibility (CSR)

- (i) Amount required to be spent by the company during the year: ₹ 61 lakhs
- (ii) Amount of expenditure incurred: ₹ 78 lakhs
- (iii) Construction / acquisition of asset : Nil
- (iv) Purposes other than (iii) above: ₹ 78 lakhs
- (v) Shortfall at the end of the year: Nil
- (vi) Total of previous years shortfall: Nil
- (vii) Reason for Shortfall: N.A.
- (viii) Carried over surplus to succeeding financial year : ₹ 17 lakhs
- (ix) Nature of CSR activities:

(₹ in Lakhs)

| SI no | CSR Activity                                                                        | 31.03.2023 | 31.03.2022 |
|-------|-------------------------------------------------------------------------------------|------------|------------|
| (a)   | Supporting irrigation infrastructure in rural area                                  | 46         | -          |
| (b)   | Rain water harvesting Arrangement                                                   | -          | 4          |
| (c)   | Primary education for the children of rural area                                    | 6          | 3          |
| (d)   | Community Development                                                               | 3          | -          |
| (e)   | Strengthening rural infrastructure/ improving road connectivity                     | 15         | 30         |
| (f)   | Covid – 19 relief activity                                                          | -          | 4          |
| (g)   | Contribution to Tamil Nadu State Disaster Management Authority Covid-19 relief fund | -          | 25         |
| (h)   | Development of Agro forestry                                                        | 8          | -          |
|       | <b>Total</b>                                                                        | <b>78</b>  | <b>66</b>  |

- (x) Details of related party transactions: Nil
- (xi) Provision made for CSR : Nil

- 33.** (i) In terms of the Electricity (Late Payment Surcharge and Related Matters) Rules, 2022, power dues outstanding as on 03.06.2022 including Late Payment Surcharge (LPS) till that date are made payable over 48 EMIs, with no further LPS thereon.
- (ii) Aggregate outstanding of ₹ 4738 lakhs as on that date has consequently been recognized at fair value.
  - (iii) The fair value adjustment of ₹ 684 lakhs on account of this is disclosed in Other Expenses (Note-25).
  - (iv) Fair value reversals aggregating ₹ 198 lakhs on receipt of the monthly EMIs is included in Other Income (Note-21).
  - (v) EMIs falling due twelve months after the reporting period are classified as non-current trade receivables (Note-4).

## Notes forming part of the Financial Statements

### 34. Additional Regulatory Information :

| Sl. No. | Disclosure requirement as per amended Schedule III to the Companies Act, 2013                               | Reason for non disclosure                  |
|---------|-------------------------------------------------------------------------------------------------------------|--------------------------------------------|
| 1       | Title deeds of immovable properties not held in the name of company                                         | All title deeds are in name of the company |
| 2       | Fair value of investment property                                                                           | Investment property Nil.                   |
| 3       | Revaluation of property, plant and equipment                                                                | Not Applicable                             |
| 4       | Revaluation of intangible assets                                                                            | Not Applicable                             |
| 5       | Loans or advances in the nature of loans are granted to promoters, directors , KMPs and the related parties | Nil                                        |
| 6       | Details of benami property held                                                                             | Nil                                        |

#### 7 Summary of Reconciliation of Stock Statement

(₹ in Lakhs)

| Quarter Ended           | Amount as per books of account | Amount as in the quarterly return / statement | Amount of difference | Reason for material discrepancies                                                                                                                                                                                                                                                         |
|-------------------------|--------------------------------|-----------------------------------------------|----------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Current year 2022-2023  |                                |                                               |                      | Stock valuation as per statement provided to bank is based on 3 months moving average or current selling price, whichever is less as per RBI circular DBOD.No.Dir.BC.16/13.03.00/2014-15 dated July 1, 2014. In the financial statements, stock valuation is in accordance with Ind AS 2. |
| Jun -22                 | 5,842                          | 6,621                                         | (779)                |                                                                                                                                                                                                                                                                                           |
| Sep-22                  | 4,545                          | 5,112                                         | (567)                |                                                                                                                                                                                                                                                                                           |
| Dec-22                  | 5,545                          | 5,979                                         | (434)                |                                                                                                                                                                                                                                                                                           |
| Mar-23                  | 8,060                          | 8,711                                         | (635)                |                                                                                                                                                                                                                                                                                           |
| Previous year 2021-2022 |                                |                                               |                      |                                                                                                                                                                                                                                                                                           |
| Jun-21                  | 3,111                          | 3,033                                         | 78                   |                                                                                                                                                                                                                                                                                           |
| Sep-21                  | 5,513                          | 6,513                                         | (1,000)              |                                                                                                                                                                                                                                                                                           |
| Dec-21                  | 3,018                          | 3,539                                         | (521)                |                                                                                                                                                                                                                                                                                           |
| Mar-22                  | 6,965                          | 7,796                                         | (831)                |                                                                                                                                                                                                                                                                                           |

| Sl. No. | Disclosure requirement as per amended Schedule III to the Companies Act, 2013 | Reason for non-disclosure       |
|---------|-------------------------------------------------------------------------------|---------------------------------|
| 8       | Willful defaulter                                                             | No                              |
| 9       | Relationship with struck off companies                                        | Nil transaction                 |
| 10      | Registration of charges or satisfaction with Registrar of Companies (ROC)     | Charges were registered in time |
| 11      | Compliance with number of layers of companies                                 | No subsidiaries                 |
| 12      | Compliance with approved scheme (s) of arrangement                            | Not Applicable                  |
| 13      | Utilisation of borrowed funds and share premium                               | Nil – See Note below            |
| 14      | Undisclosed income                                                            | Nil                             |
| 15      | Details of Crypto Currency or Virtual Currency                                | No trade / investment in same.  |

Note:

- No funds have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the Company to or in any other person(s) or entity(ies), including foreign entities ("Intermediaries") with the understanding, whether recorded in writing or otherwise, that the Intermediary shall lend or invest in party identified by or on behalf of the Company (Ultimate Beneficiaries).
- The Company has not received any fund from any party(s) (Funding Party) with the understanding that the Company shall whether, directly or indirectly lend or invest in other persons or entities identified by or on behalf of the Company ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.



## Notes forming part of the Financial Statements

### 34 - A Key Financial Ratios

| Ratios                             | Numerator                            | As at<br>31.03.2023 |       | As at<br>31.03.2022 |       | % Variance | Remarks                                                |
|------------------------------------|--------------------------------------|---------------------|-------|---------------------|-------|------------|--------------------------------------------------------|
|                                    | Denominator                          |                     |       |                     |       |            |                                                        |
| Current ratio                      | Current assets                       | 14,443              | 3.00  | 13,234              | 3.29  | (8.81)     |                                                        |
|                                    | Current liabilities                  | 4,808               |       | 4,028               |       |            |                                                        |
| Debt Equity ratio                  | Total Debt                           | 0                   | -     | 0                   | -     | -          | No debt at close of both years                         |
|                                    | Shareholders' Equity                 | 25,404              |       | 22,090              |       |            |                                                        |
| Debt service coverage ratio        | Earnings available for debt service  | 4,587               | -     | 3,568               | -     | -          | No debt during the reporting period                    |
|                                    | Debt to be serviced                  | 0                   |       | 0                   |       |            |                                                        |
| Return on equity ratio             | Net Profit after taxes               | 3,834               | 16.15 | 2,925               | 14.04 | 15.03      |                                                        |
|                                    | Average Shareholders' Equity         | 23,747              |       | 20,839              |       |            |                                                        |
| Inventory turnover ratio           | Cost of Goods Sold                   | 40,206              | 5.60  | 26,580              | 4.56  | 22.81      |                                                        |
|                                    | Average Inventory                    | 7,183               |       | 5,826               |       |            |                                                        |
| Trade receivables turnover ratio   | Net credit sales                     | 8,039               | 1.73  | 5,116               | 1.18  | 46.61      | Increase in turnover                                   |
|                                    | Average Trade Receivables            | 4,644               |       | 4,318               |       |            |                                                        |
| Trade payables turnover ratio      | Net Credit Purchases                 | 35,540              | 10.16 | 23,083              | 6.77  | 50.07      | Increase in volume of operations                       |
|                                    | Average Trade Payables               | 3,498               |       | 3,410               |       |            |                                                        |
| Net capital turn-over ratio        | Revenue                              | 43,543              | 4.52  | 28,835              | 3.13  | 44.41      | Increase in turnover                                   |
|                                    | Working Capital                      | 9,635               |       | 9,206               |       |            |                                                        |
| Net profit ratio                   | Net Profit after taxes               | 3,834               | 8.81  | 2,925               | 10.14 | (13.12)    |                                                        |
|                                    | Revenue                              | 43,543              |       | 28,835              |       |            |                                                        |
| Return on capital employed         | Earnings Before Interest & taxes     | 4,762               | 17.80 | 3,597               | 15.59 | 14.18      |                                                        |
|                                    | Capital Employed                     | 26,758              |       | 23,077              |       |            |                                                        |
| Return on investment<br>(i) Equity | Income Generated from Investments    | 5,263               | 30.74 | 1,587               | 10.38 | 196.15     | Due to steep increase in the fair value of investment. |
|                                    | Time weighted Average of Investments | 17,118              |       | 15,293              |       |            |                                                        |
| (ii) Fixed Income                  | Income Generated from Investments    | 141                 | 4.53  | 125                 | 4.13  | 9.69       |                                                        |
|                                    | Time weighted Average of Investments | 3,112               |       | 3,030               |       |            |                                                        |

## Notes forming part of the Financial Statements

### 35. 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 ₹110 Lakhs (previous year ₹101 Lakhs) for Provident Fund contributions and ₹29 Lakhs (previous year ₹28 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, 2023. 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 31.03.2023

(₹ in Lakhs)

| General description                             |  | Post employment benefit                         |            |
|-------------------------------------------------|--|-------------------------------------------------|------------|
|                                                 |  | Gratuity<br>- Funded plan<br>- Non contributory |            |
|                                                 |  | 31.03.2023                                      | 31.03.2022 |
| <b>(i) Change in Defined Benefit Obligation</b> |  |                                                 |            |
| Present value - opening balance                 |  | 575                                             | 575        |
| Current service cost                            |  | 33                                              | 27         |
| Interest cost                                   |  | 36                                              | 36         |
| Remeasurement (gain) / loss:                    |  |                                                 |            |
| - Effect of changes in financial assumptions    |  | 17                                              | (8)        |
| - Effect of experience adjustments              |  | 50                                              | (5)        |
| - Effect of changes in demographic assumptions  |  | -                                               | (3)        |
| Benefits paid                                   |  | (109)                                           | (47)       |
| Present value - closing balance                 |  | 602                                             | 575        |
| <b>(ii) Change in Fair Value of Plan Assets</b> |  |                                                 |            |
| Opening balance                                 |  | 619                                             | 581        |
| Interest income                                 |  | 39                                              | 39         |
| Return on plan assets                           |  | 1                                               | (4)        |
| Contributions by employer                       |  | -                                               | 50         |
| Benefits paid                                   |  | (109)                                           | (47)       |
| Closing balance                                 |  | 550                                             | 619        |



## Notes forming part of the Financial Statements

(₹ in Lakhs)

| General description |                                                                | Post employment benefit                                 |            |
|---------------------|----------------------------------------------------------------|---------------------------------------------------------|------------|
|                     |                                                                | Gratuity<br>- Funded plan<br>- Non contributory         |            |
|                     |                                                                | 31.03.2023                                              | 31.03.2022 |
| (iii)               | <b>Amount recognized in the Balance Sheet (as at year end)</b> |                                                         |            |
|                     | Present value of obligations                                   | <b>602</b>                                              | 575        |
|                     | Fair value of plan assets                                      | <b>550</b>                                              | 619        |
|                     | Net (asset) / liability recognized                             | <b>52</b>                                               | (44)       |
| (iv)                | <b>Expenses recognized in the profit and loss statement</b>    |                                                         |            |
|                     | Current service cost                                           | <b>33</b>                                               | 27         |
|                     | Interest                                                       | <b>(3)</b>                                              | (3)        |
|                     | Total included in 'Employee benefits expense'                  | <b>30</b>                                               | 24         |
| (v)                 | <b>Expenses recognized in Other Comprehensive Income (OCI)</b> |                                                         |            |
|                     | Remeasurement on the net defined benefit liability:            |                                                         |            |
|                     | - Effect of changes in financial assumptions                   | <b>17</b>                                               | (8)        |
|                     | - Effect of experience adjustments                             | <b>50</b>                                               | (5)        |
|                     | - Effect of changes in demographic assumptions                 | <b>-</b>                                                | (3)        |
|                     | Return on plan assets                                          | <b>1</b>                                                | (4)        |
|                     | Net cost in Other Comprehensive Income (OCI)                   | <b>66</b>                                               | (12)       |
| (vi)                | <b>Asset information</b>                                       | Insurance Policy<br>(100%)                              |            |
| (vii)               | <b>Principal actuarial assumptions</b>                         |                                                         |            |
|                     | Mortality                                                      | Indian assured Lives<br>Mortality<br>(2012-14) Ultimate |            |
|                     | Discount rate (%)                                              | <b>7.16</b>                                             | 6.84       |
|                     | Expected rate of salary increase (%)                           | <b>10.00</b>                                            | 9.00       |
|                     | Expected rate of attrition (%)                                 | <b>9.00</b>                                             | 9.00       |
|                     | Expected average remaining working lives of employees (years)  | <b>8.00</b>                                             | 7.00       |
| (viii)              | <b>Expected contribution (₹ in Lakhs)</b>                      | <b>48.00</b>                                            | 32.00      |

## Notes forming part of the Financial Statements

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

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

(₹ in Lakhs)

| Particulars        | 31.03.2023 | 31.03.2022 |
|--------------------|------------|------------|
| Discount Rate      |            |            |
| - 1% Increase      | 27         | 27         |
| - 1% decrease      | (30)       | (29)       |
| Salary Growth Rate |            |            |
| - 1% Increase      | (27)       | (25)       |
| - 1% decrease      | 25         | 24         |
| Attrition Rate     |            |            |
| - 1% increase      | (6)        | (5)        |
| - 1% decrease      | 5          | 5          |

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                      | 2022-23 | 2021-22 |
|----------------------------------|---------|---------|
| Discount rate                    | 7.16%   | 6.84%   |
| Attrition Rate                   | 9.00%   | 9.00%   |
| Expected rate of salary increase | 10.00%  | 9.00%   |



## Notes forming part of the Financial Statements

## 37. Operating Segments:

(₹ in Lakhs)

| Particulars                                             | Sugar         |               | Cogeneration  |              | Eliminations    |                | Total         |               |
|---------------------------------------------------------|---------------|---------------|---------------|--------------|-----------------|----------------|---------------|---------------|
|                                                         | 31.03.23      | 31.03.22      | 31.03.23      | 31.03.22     | 31.03.23        | 31.03.22       | 31.03.23      | 31.03.22      |
| <b>Revenue</b>                                          |               |               |               |              |                 |                |               |               |
| External Sales                                          | 34,884        | 22,926        | 8,039         | 5,116        | -               | -              | 42,923        | 28,042        |
| Inter – Segment Sales                                   | 5,322         | 3,654         | 5,468         | 3,542        | (10,790)        | (7,196)        | -             | -             |
| Other Operating income                                  | 494           | 529           | 126           | 264          | -               | -              | 620           | 793           |
| <b>Total Revenue</b>                                    | <b>40,700</b> | <b>27,109</b> | <b>13,633</b> | <b>8,922</b> | <b>(10,790)</b> | <b>(7,196)</b> | <b>43,543</b> | <b>28,835</b> |
| <b>Segment Result</b>                                   |               |               |               |              |                 |                |               |               |
| Operating Profit before Exceptional items               | 2,727         | 2,248         | 2,174         | 1,292        | -               | -              | 4,901         | 3,540         |
| Operating Profit                                        | 2,727         | 2,248         | 2,174         | 1,292        | -               | -              | 4,901         | 3,540         |
| Finance Costs                                           |               |               |               |              |                 |                | 35            | 12            |
| Other unallocable expenditure net of unallocable income |               |               |               |              |                 |                | 104           | (69)          |
| <b>Profit Before Tax</b>                                |               |               |               |              |                 |                | <b>4,762</b>  | <b>3,597</b>  |
| Tax Expenses                                            |               |               |               |              |                 |                | 928           | 672           |
| <b>Profit After Tax</b>                                 |               |               |               |              |                 |                | <b>3,834</b>  | <b>2,925</b>  |
| <b>Other Information</b>                                |               |               |               |              |                 |                |               |               |
| Segment Assets                                          | 14,632        | 12,679        | 11,172        | 11,177       | -               | -              | 25,804        | 23,856        |
| Unallocated Corporate Assets                            |               |               |               |              |                 |                | 25,647        | 18,007        |
| Total Assets                                            |               |               |               |              |                 |                | 51,451        | 41,863        |
| Segment Liabilities                                     | 4,313         | 3,747         | 421           | 246          | -               | -              | 4,734         | 3,993         |
| Unallocated Corporate Liabilities                       |               |               |               |              |                 |                | 1,428         | 1,022         |
| Total Liabilities                                       |               |               |               |              |                 |                | 6,162         | 5,015         |
| Capital Expenditure                                     | 1,277         | 1,144         | 94            | 320          | -               | -              | 1,371         | 1,464         |
| Depreciation                                            | 347           | 250           | 411           | 394          | -               | -              | 758           | 644           |

## Information required under 34 of Ind AS 108

Two customers in Sugar (previous year two) and two customers in Cogen(previous year two) individually contribute to more than 10% of the revenue of respective segment.

## 37. Earnings per Share:

| Particulars                                  | 31.03.2023 | 31.03.2022 |
|----------------------------------------------|------------|------------|
| Profit after tax (₹ Lakhs)                   | 3,834      | 2,925      |
| Weighted average number of shares (in lakhs) | 86         | 86         |
| Nominal value per share (₹ )                 | 10         | 10         |
| Basic and diluted earnings per share (₹ )    | 44.58      | 34.01      |

## Notes forming part of the Financial Statements

### 38. Related Party Disclosures:

- i) Names of the transacting : 1. Seshasayee Paper and Boards Ltd (SPB)  
 Related Parties and description : The Company is associate of SPB.  
 of Relationship : 2. Esvi International (Engineers & Exporters) Ltd  
 100% subsidiary of SPB  
 3. Directors– KMP - refer (c) & (d)

ii) Description of Transactions:

a) Seshasayee Paper and Boards Ltd

(₹ in Lakhs)

| Particulars                                 | 31.03.2023 | 31.03.2022 |
|---------------------------------------------|------------|------------|
| Sale of goods                               | 2,651      | 1,194      |
| Purchase of goods                           | 944        | 591        |
| Services (Net)                              | 17         | 18         |
| Dividend received                           | 221        | 221        |
| Dividend paid                               | 130        | 118        |
| Amount outstanding – Receivable - Unsecured | 171        | 284        |

b) Esvi International (Engineers & Exporters) Ltd

| Particulars                          | 31.03.2023 | 31.03.2022 |
|--------------------------------------|------------|------------|
| Rent paid                            | 6          | 6          |
| Rent advance outstanding - Unsecured | 3          | 3          |

The transactions with the above two 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.

c) Key Managerial Personnel - Executive

1. Mr.N.Ramanathan – Managaing Director
2. Mr.K.Yokanathan – President and CFO

| Particulars                                                         | 31.03.2023 | 31.03.2022 |
|---------------------------------------------------------------------|------------|------------|
| i. Short term benefits                                              | 199        | 205        |
| ii. Post employment benefits                                        | 31         | 24         |
| iii. Other long term benefits                                       | 13         | 7          |
| iv. Amount outstanding at the end of the year - payable - Unsecured | 84         | 84         |



## Notes forming part of the Financial Statements

### d) Key Managerial Personnel – Non-executive Directors & Relatives

| Name                             | Position                          |
|----------------------------------|-----------------------------------|
| Mr N Gopala Ratnam               | Chairman & Non-Executive Director |
| Dr L M Ramakrishnan              | 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            |
| Mrs Bharti Chhotubhai Pithawalla | Non-Executive Director            |
| Mr Mohan Verghese Chunkath       | Non-Executive Director            |
| Mr P Manoharan                   | Non-Executive Director            |

(₹ in Lakhs)

| Particulars       | 31.03.2023 | 31.03.2022 |
|-------------------|------------|------------|
| Purchase of goods | 10         | -          |
| Sitting fees      | 17         | 13         |
| Commission        | 18         | 14         |

## 39. Approval of Financial Statements

The financial statements have been approved for issue by the Board of Directors on 28th April 2023.

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

28th April 2023

For and on behalf of the Board

**N Gopala Ratnam**

Chairman

DIN: 00001945

**R Madhusudhan**

Secretary

Chennai

28th April 2023

**N Ramanathan**

Managing Director

DIN: 00001033

**K Yokanathan**

Chief Financial Officer



## 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,  
p*



## **PONNI SUGARS (ERODE) LIMITED**

Regd. Office: ESVIN House, No.13, Rajiv Gandhi Salai (OMR)  
Perungudi, Chennai 600 096.